Gruppo Zignago Vetro

2018

Consolidated Financial Statements

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Zignago Vetro SpA
Registered office: Fossalta di Portogruaro (VE), Via Ita Marzotto 8
Share Capital: Euro 8,800,000 fully paid-in
Tax and Venice Company Register No.: 00717800247

www.gruppozignagovetro.com

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ZIGNAGO VETRO GROUP STRUCTURE

AT 13 MARCH 2019

ACTIVITIES AND SHAREHOLDINGS

CORPORATE BODIES

Board of Directors
in office for the three-year period 2016 - 2018

chairman
Paolo Giacobbo

vice chairman
Nicolò Marzotto

chief executive officer
Paolo Giacobbo

directors
Alessia Antonelli
Ferdinando Businaro
Giorgina Gallo
Franco Grisan
Daniela Manzoni
Gaetano Marzotto
Luca Marzotto
Stefano Marzotto
Franco Moscetti
Manuela Romei

Control and Risks Committee

Alessia Antonelli
Luca Marzotto
Giorgina Gallo

Remuneration Committee

Franco Moscetti
Stefano Marzotto
Daniela Manzoni

Committee for Transactions with Related Parties

Manuela Romei
Ferdinando Businaro
Alessia Antonelli

Lead Independent Director

Franco Moscetti

Board of Statutory Auditors
in office for the three-year period 2016 - 2018

statutory auditors
Alberta Gervasio - chairman
Carlo Pesce
Stefano Meneghini

alternate auditors
Cesare Conti
Chiara Bedei

Supervisory Board

Alessandro Bentsik - chairman
Massimiliano Agnetti
Nicola Campana

Independent Auditors
for the period 2016 - 2024

KPMG SpA

Management
chief financial officer
and investor relations manager
Roberto Celot

operations director
Roberto Cardini

commercial management
Biagio Costantini
Stefano Bortoli

Directors' Report

on the 2018 Consolidated & Separate Financial Statements

THE ZIGNAGO VETRO GROUP

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.

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the Consob Issuers' Regulation, Zignago Vetro SpA announced that it would employ the exemption from publication of the required disclosure documents concerning significant merger, spin-off, and share capital increase operations through conferment of assets in kind, acquisitions and sales.

* * * * *

The Consolidated Financial Statements at 31 December 2018 are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union at the date of the preparation of this document.

We recall that IFRS 11 - Joint arrangements, applicable for the Group from 1 January 2014, replaces *IAS 31 Interests in Joint Ventures* and *SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and identifies, on the basis of the rights and obligations of the participants, two types of agreements - joint operations and joint ventures - and governs the consequent accounting treatment to be adopted for recognition in the financial statements, removing the option to consolidate jointly controlled companies proportionally and requiring jointly controlled companies defined as joint ventures to be recognised using the equity method.
For the Annual Financial Statements at 31 December 2018 and the comparative Financial Statements at 31 December 2017, the investments in Vetri Speciali and Vetreco, which are defined as joint ventures, have been recognised by the Group using the equity method, rather than the proportional consolidation criteria.

However, in the Directors' Report the figures (and the subsequent comments) are based on the "management view of the Group business", which provides for the proportional consolidation of joint ventures, in continuity with the accounting policies adopted until 31 December 2013. These figures however must not be considered as an alternative to those provided for by IFRS, but rather exclusively for supplementary disclosure and reflective of management's view of the business.
For this purpose, a reconciliation of the Statement of Financial Position and of the Income Statement, prepared according to IFRS in force from 1 January 2014 and those in force at 31 December 2013, is provided in the Directors' Report.

The Notes include all the disclosures required by current regulations and accounting standards, appropriately reported with reference to the financial statements.

In accordance with the provisions of Legislative Decree No. 32 of 2 February 2007, which enacted European Directive EU/2003/51 into Italian legislation, the Company avails of the option to prepare the Directors' Report on Operations of the Parent Company Zignago Vetro SpA and the Consolidated Directors' Report in one single document, included within the Consolidated Financial Statements. Therefore, the present consolidated Directors' Report also contains the disclosures pursuant to Article 2428 of the Civil Code, with reference to the Separate Financial Statements of Zignago Vetro SpA.

Pursuant to CONSOB communication DEM 6064293 of 28 July 2006 and ESMA/2015/1415 recommendations on alternative performance indicators utilised by the Parent - which although not specifically defined by IAS/IFRS are considered particularly useful to monitor the business performance - we provide the following information:

- net financial debt is defined by the Company as the sum of current loans and borrowings and non-current loans and borrowings, net of cash and cash equivalents and current financial assets. This net figure is the same as the net financial position as per CONSOB communication No. DEM/6064293 of 28 July 2006;
- value of production: the Company defines this as the arithmetical sum of revenues, the change in finished products, semi-finished products, and work-in-progress and the internal work capitalised;
- value added: the Company defines this as the difference between value of production and raw materials consumed (purchase costs plus or minus the change in raw materials and service costs);

- EBITDA: the Company defines this as a difference between value added and personnel expense (including those of temporary workers), plus the effect of the measurement of joint ventures using the equity method. EBITDA is a measure utilised by the issuer to monitor and measure operating performance although it is not an accounting measure under IFRS. The measurement criteria of this indicator may not be in line with that utilised by other entities and therefore it may not be entirely comparable.

  Within this context, the issuer utilised a calculation model in line with its core business which included the effects deriving from the application of IFRS 11. The Company considers the results deriving from its equity investments in joint ventures as operating items and non-financial items of the Group’s business, related to a clearly defined investment strategy and as such classified within the Group’s operating results;
- EBIT: the Company defines this as the difference between Ebitda and depreciation & amortisation of property, plant and equipment and intangible assets and accruals to the provision for impairment;
- Operating profit: this performance measure is also contained in IFRS and is defined as the difference between EBIT and the net balance of non-recurring operating costs and income. We point out that this latter item includes incidental income and costs, capital gains and losses on sales of assets, insurance compensation, grants, and other minor positive and negative items;
- Free cash flow: the Company defines this as the sum of the cash flows from operating activities and cash flows from investing activities.

The figures reported in the Directors’ Report and in the tables of the Notes are shown in thousands of Euro for greater clarity, except where specified otherwise. The comments in the Report are however expressed in millions of Euro.

* * * * *

The Zignago Vetro Group, according to management’s view, operates through six Business Units, each being a separate legal entity. Given this, information concerning the operating performance of the various operating and geographical segments (segment reporting under IFRS 8) is included in the illustration of the financial reporting data for each company and is an integral part of this Directors’ Report.

Segment reporting which coincides with the various legal entities is provided below, independently of the respective consolidation method applied.

Disclosure by region is not considered appropriate for the Group.

The operating segments (“Business Units”) are identified as follows:

- Zignago Vetro SpA: this Business Unit carries out the production of glass containers for food and beverages and for cosmetics and perfumery; this business unit includes also the company Vetro Revet Srl;
- Verreries Brosse SAS: this Business Unit carries out the production of glass containers for perfumes;
- Vetri Speciali SpA: this Business Unit includes the production of specialty containers, principally for wine, vinegar and olive oil;
- Huta Szkla Czechy SA: this Business Unit undertakes the production of a wide range of customised products for cosmetic and perfumery containers and also for food and beverage niche markets worldwide;
- -Zignago Glass USA Inc.: this Business Unit carries out the sales promotion of glass containers for food and beverages and for cosmetics and perfumery in North America;
- Vetro Revet Srl and Vetreco Srl: this Business Unit is engaged in the processing of raw glass into the finished material ready for use by glassmakers.

The consolidation scope of the Zignago Vetro Group at 31 December 2018 and 2017 was as follows:

- Zignago Vetro SpA (parent)

The companies consolidated using the line-by-line method are as follows:
- Verreries Brosse SAS
- Huta Szkła “Czechy” S.A. (HSC)
- Zignago Glass USA Inc.
- Vetro Revet S.r.l.

The companies valued under the equity method are the following:
- Vetri Speciali SpA and its subsidiary Unionvetro Srl
- Vetreco Srl

The scope of the Zignago Vetro Group at 31 December 2018 includes for the first time the income statement of the subsidiary Vetro Revet, acquired on 20 December 2017, which was consolidated at 31 December 2017 only with regards to the statement of financial position.

The basis of consolidation and measurement criteria, including the equity investments held by Zignago Vetro S.p.A. are outlined in the paragraph “accounting principles and measurement criteria” in the notes to the consolidated financial statements.

In the Directors’ Report, as previously stated, the figures are based on the “management view of the Group business”, which provides for the proportional consolidation of joint ventures, in continuity with the accounting policies adopted until 31 December 2013.

Legally-required audit

The appointment for the legally-required audit of the Annual Financial Statements of Zignago Vetro S.p.A. was awarded to **KPMG SpA.** for the 2016-2024 period, pursuant to Articles 14 and 16 of Legislative Decree No 39 of 27 January 2010.

Significant events in 2018

Distribution of dividends

The Shareholders' Meeting of Zignago Vetro SpA on 27 April 2018 approved the distribution of a dividend of Euro 0.32 per share, totalling Euro 28.061 million, with payment date of 16 May 2018.

Treasury shares

On 27 April 2018, the Shareholders' Meeting of Zignago Vetro SpA revoked, for the part not executed, the resolution granted in favour of the Board of Directors to purchase and sell treasury shares, as approved by the Shareholders' Meeting of 27 April 2017 and authorised the Board of Directors to purchase and sell treasury shares for a maximum number not exceeding the total nominal amount, including any shares held by subsidiaries, corresponding to one-fifth of the share capital. The new authorisation is proposed for a period of 18 months, commencing from 27 April 2018. The minimum purchase price shall not be less than 20%, and the maximum price not more than 20%, of the share price registered on the trading day prior to each transaction; the sale price shall not be 20% higher or lower than the share price registered on the trading day prior to each transaction. These price limits will not be applied where the sale of shares is to employees, including management, executive directors and consultants of Zignago Vetro and its subsidiaries in relation to incentive stock option plans.
During the year, 750,751 treasury shares were sold, for a total amount of Euro 6.3 million and a gain of Euro 3.6 million recognised to an equity reserve.
At 31 December 2018, the company still had in portfolio 308,975 treasury shares, corresponding to 0.35% of the share capital, purchased for Euro 1.09 million. In 2018, no treasury shares were acquired.

Operating performance

2018 featured generally favourable market conditions across all Group sectors. Both Italy and Europe in general saw growing Beverage and Food glass container demand across all the main market segments, thanks to strong end consumption, buoyant exports and an increasing preference among users for glass packaging.
The global Perfumery markets also performed strongly, particularly in the specialised categories and more specifically the luxury segment. For the Cosmetics market, the Skincare and Make up segments appeared to expand, while the nail varnish container market, impacted by the reduced sell-out, continues to display signs of weakness.

Within this environment, Zignago Vetro Group **consolidated revenues** in 2018 were Euro 376.5 million, up 11.7% on 2017 (Euro 336.9 million).

Materials and external services in 2018, including changes in inventories of semi-finished and finished products and internal production of fixed assets, amounted to Euro 185.4 million compared to Euro 163.3 million in the previous year (+13.5%). These costs on revenues decreased from 49.2% to 48.5%.

The 5.6% increase in personnel expenses is mainly due to investments in new product areas and greater volumes of activity. These costs amount to Euro 86.7 million, compared to Euro 82.1 million in 2017, and account for 23% of revenues (24.4% in 2017). Personnel expense includes the actuarial valuation of post-employment benefits, excluding actuarial gains/losses, in addition to temporary staff costs.

EBITDA in 2018 amounted to Euro 104.3 million, compared to Euro 91.6 million in 2017 (+13.9%), corresponding to 27.7% and 27.2% of revenues respectively.

EBIT in 2018 was Euro 64.5 million, compared to Euro 53.3 million in the previous year (+21.1%). The margin rose to 17.1% from 15.8% in 2017.

The **operating profit** in 2018 of Euro 63 million was up 17.2% on the previous year (Euro 53.7 million). The revenue margin was 16.8%, compared to 15.9%.

The **Group profit** was Euro 45 million, up 13.1% on Euro 39.8 million in 2017. This amounted to 12% of revenues from 11.8%. The tax rate decreased from 24.5% to 23.6%.

The **cash flow** generated from profit and depreciation/amortisation increased in 2018 to Euro 84 million (Euro 77 million in the previous year), representing 22.3% of revenues (22.8% in the previous year).

The key data of the Zignago Vetro Group **reclassified consolidated income statement** for 2018 and 2017, according to management's view as described previously, are shown below:

	2018		2017 restated		Change	2017	
	Euro thou.	%	Euro thou.	%	%	Euro thou.	%
Revenues	376,486	100.0%	336,989	100.0%	11.7%	346,372	100.0%
Changes in finished and semi-finished products and work in progress	865	0.2%	8,520	2.5%	(89,.%)	8,520	2.5%
Internal production of fixed assets	5,296	1.4%	4,518	1.3%	17.2%	4,518	1.3%
Value of production	382,647	101.6%	350,027	103.9%	9.3%	359,410	103.8%
Cost of goods and services	(191,571)	(50,.%)	(176,317)	(52.3%)	8.7%	(185,005)	(53.4%)
Value added	191,076	50.8%	173,710	51.5%	10.0%	174,405	50.4%
Personnel expense	(86,739)	(23.0%)	(82,111)	(24.4%)	5.6%	(82,111)	(23.7%)
EBITDA	104,337	27.7%	91,599	27.2%	13.9%	92,294	26.6%
Ammortisation & Depreciation	(39,006)	(10.4%)	(37,258)	(11.1%)	4.7%	(37,858)	(10.9%)
Accruals to provisions	(799)	(0.2%)	(1,045)	(0.3%)	(23.5%)	(1,045)	(0.3%)
EBIT	64,532	17.1%	53,296	15.8%	21.1%	53,391	15.4%
Net recurring non-operating income	(1,569)	(0.4%)	449	0.1%	n.a.	449	0.1%
Operating Profit	62,963	16.7%	53,745	15.9%	17.2%	53,840	15.5%
Net financial expense	(3,199)	(0.8%)	(2,079)	(0.6%)	53.9%	(2,079)	(0.6%)
Net exchange rate gains/(losses)	(1,407)	(0.4%)	423	0.1%	n.a.	423	0.1%
Profit before taxes	58,357	15.5%	52,089	15.5%	12.0%	52,184	15.1%
Income taxes *(tax-rate 2018: 24.5%)* *(tax-rate 2017 23.6%)*	(14,302)	(3.8%)	(12,283)	(3.6%)	16.4%	(12,310)	(3.6%)
Non-controlling interest profit (loss)	965	0.3%	---			---	
Group Profit	45,020	12.0%	39,806	11.8%	13.1%	39,874	11.5%

Consolidated revenues for 2018 and 2017 were as follows:

(Euro thousands)	2018	2017 restated	Change %
Zignago Vetro SpA	201,351	184,454	9.2%
Verreries Brosse SAS	59,186	55,563	6.5%
Vetri Speciali SpA (*)	83,182	73,706	12.9%
Huta Szkla Czechy S.A.	43,141	30,455	41.7%
Zignago Glass USA Inc.	422	331	27.5%
Vetro Revet Srl	4,942	---	n.a.
Vetreco Srl (*)	4,595	4,687	(2.0%)
Total aggregate	396,819	349,196	13.6%
Elimination of intergroup sales & adjustments	(20,333)	(12,207)	66.6%
Total consolidated	376,486	336,989	11.7%

* For Group share

Group revenues outside Italy amounted to Euro 146.5 million (Euro 132.4 million in 2017; +10.7%) and account for 38.3% of total revenues (2017: 39.3%). In detail:

(Euro thousands)	2018	2017 restated	Change %
Zignago Vetro SpA	43,405	42,027	3.3%
Verreries Brosse SAS	56,853	52,888	7.5%
Zignago Glass USA Inc.	316	236	33.9%
Vetri Speciali SpA (*)	16,927	16,701	1.4%
HSC SA	29,023	20,529	41.4%
Total	146,524	132,381	10.7%
% of total revenues	38.9%	39.3%	

(*) For group share

Breakdown of **foreign sales**:

(Euro thousands)	2018	2017 restated	Change %
E.U.	125,058	116,697	7.2%
Other countries	21,466	15,684	36.9%
Total	146,524	132,381	10.7%

The contribution to **profit** in 2018 and 2017 was as follows:

(Euro thousands)	2018	2017 restated	Change %
Zignago Vetro SpA	34,035	29,658	14.8%
Verreries Brosse SAS	4,026	3,369	19.5%
Vetri Speciali SpA (*)	14,757	14,157	4.2%
HSC SA	2,830	2,171	30.4%
Zignago Glass USA Inc.	(187)	(232)	n.a.
Vetro Revet Srl	(1,969)	---	n.a.
Vetreco Srl (*)	155	161	(3.7%)
Total aggregate	53,647	49,284	8.9%
Consolidation adjustments	(8,627)	(9,478)	(9.0%)
Profit for the year	45,020	39,806	13.1%

(*) For group share

The key data of the **reclassified consolidated IFRS income statement** of the Zignago Vetro Group in 2018 and 2017, applying IFRS 11, are illustrated below.

	2018		2017 restated		Change	2017	
	Euro thou.	%	Euro thou.	%	%	Euro thou.	%
Revenues	289,838	100.0%	261,186	100.0%	11.0%	269,540	100.0%
Changes in finished and semi-finished products and work in progress	2,469	0.9%	3,177	1.2%	(22.3%)	3,177	1.2%
Internal production of fixed assets	5,296	1.8%	4,518	1.7%	17.2%	4,518	1.7%
Value of production	297,603	102.7%	268,881	102.9%	10.7%	277,235	102.9%
Cost of goods and services	(152,217)	(52.5%)	(138,951)	(51.6%)	9.5%	(146,705)	(54.4%)
Value added	145,386	50.2%	129,930	49.7%	11.9%	130,530	48.4%
Personnel expense	(67,474)	(23.3%)	(63,924)	(24.5%)	5.6%	(63,924)	(23.7%)
Effect of measurement of JV using Equity method	15,454	5.3%	14,189	5.4%	8.9%	14,257	5.3%
EBITDA	93,366	32.2%	80,195	30.7%	16.4%	80,863	30.0%
Amortisation & Depreciation	(31,115)	(10.7%)	(30,628)	(11.7%)	1.6%	(31,228)	(11.6%)
Accruals to provision	(563)	(0.2%)	(822)	(0.3%)	(31.5%)	(822)	(0.3%)
EBIT	61,688	21.3%	48,745	18.7%	26.6%	48,813	18.1%
Net recurring non-operating income	(3,832)	(1.3%)	38	---	n.s.	38	---
Operating Profit	57,856	20.0%	48,783	18.7%	18.6%	48,851	18.1%
Net financial expense	(2,704)	(0.9%)	(1,693)	(0.6%)	59.7%	(1,693)	(0.6%)
Net exchange rate gains/(losses)	(1,399)	(0.5%)	473	0.2%	n.s.	473	0.2%
Profit before taxes	53,753	18.5%	47,563	18.2%	13.0%	47,631	17.7%
Income taxes *(Tax-rate 2018: 18%)* *(Tax-rate 2017: 16.3%)*	(9,698)	(3.3%)	(7,757)	(3.0%)	25.0%	(7,757)	(2.9%)
Non-controlling interest profit (loss)	965	0.3%	-			-	
Group Profit	45,020	15.5%	39,806	15.2%	13.1%	39,874	14.8%

For a better understanding of the performances for 2018, stated in accordance with management's view, a reconciliation is provided below of the reclassified income with joint ventures measured using the equity method and that utilising the proportional consolidation method, as adopted by the Zignago Vetro Group until 31 December 2013.

Statement of financial position

	2018 IAS/ IFRS	Proportional consolidation: Vetri Speciali SpA	Vetreco Srl	Adjustment to Parent principles	Neutralisation JV using the equity criteria	2018 pre-IFRS 11 (*management view*)
	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.
Revenues	289,838	83,182	4,595	(1,129)	---	376,486
Changes in finished and semi-finished products and work in progress	2,469	(1,468)	(136)	---		865
Internal production of fixed assets	5,296			---		5,296
Value of production	297,603	81,714	4,459	(1,129)	---	382,647
Cost of goods and services	(152,217)	(37,842)	(3,350)	1,838	---	(191,571)
Value added	145,386	43,872	1,109	709	---	191,076
Personnel expense	(67,474)	(18,889)	(376)	---		(86,739)
Effect of measurement of JV using Equity method	15,454	---	---	---	(15,454)	---
EBITDA	93,366	24,983	733	709	(15,454)	104,337
Amortisation & Depreciation	(31,115)	(7,577)	(315)			(39,007)
Accruals to provisions	(563)	(224)	(12)			(799)
EBIT	61,688	17,182	406	709	(15,454)	64,531
Net recurring non-operating income	(3,832)	2,218	4	42		(1,568)
Operating Profit	57,856	19,400	410	751	(15,454)	62,963
Net financial expense	(2,704)	(299)	(196)			(3,199)
Net exchange rate gains/(losses)	(1,399)	(8)				(1,407)
Profit before taxes	53,753	19,093	214	751	(15,454)	58,357
Income taxes	(9,698)	(4,336)	(59)	(209)		(14,302)
Consolidated profit	44,055	14,757	155	542	(15,454)	44,055
Non-controlling interest profit (loss)	965	---	---			965
Profit for the year	45,020	14,757	155	542	(15,454)	45,020

The **reclassified statement of financial position** of the Zignago Vetro Group, prepared according to management's view as described previously, at 31 December 2018 and 31 December 2017 are summarised below:

	31.12.2018		31.12.2017 restated		31.12.2017	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	81,207		81,935		81,935	
Other receivables	25,075		22,321		22,321	
Inventories	99,241		95,638		91,334	
Current non-financial payables	(92,573)		(87,226)		(82,828)	
Payables on fixed assets	(25,640)		(10,193)		(10,193)	
A) Working capital	87,310	20.9%	102,475	27.5%	102,569	27.5%
Net tangible and intangible assets	294,681		239,426		239,426	
Goodwill	43,184		42,969		42,969	
Other equity investments and non-current assets	8,169		5,372		5,346	
Non-current provisions and non-financial payables	(16,124)		(17,759)		(17,759)	
B) Net fixed capital	329,910	79.1%	270,008	88.6%	269,982	72.5%
A+B = Net capital employed	417,220	100.0%	372,483	100.0%	372,551	100.0%
Financed by:						
Current loans and borrowings	108,534		88,431		88,431	
Cash and cash equivalents	(36,253)		(41,319)		(41,319)	
Current net debt	72,281	17.3%	47,112	12.6%	47,112	12.6%
Non-current loans and borrowings	144,798	34.7%	148,370	39.8%	148,370	39.8%
C) Net financial debt	217,079	52.0%	195,482	52.5%	195,482	52.5%
Opening Group entity	177,497		155,519		155,519	
Dividends paid	(28,061)		(21,818)		(21,818)	
Other equity changes	5,676		3,990		3,990	
Group Profit for the year	45,020		39,806		39,874	
D) Closing equity	200,132	48.0%	177,497	47.7%	177,565	47.7%
E) Non-controlling interest equity	9	0.0%	(496)	(0.2%)	(496)	(0.2%)
D+E = Group Equity	200,141	48.0%	177,001	47.5%	177,069	47.5%
C+D+E = Total financial debt and equity	417,220	100.0%	372,483	100.0%	372,551	100.0%

Working capital decreased overall by Euro 15.2 million compared to 31 December 2017. Trade receivables were substantially stable, while other receivables increased Euro 2.8 million, inventories increased Euro 3.6 million, current non-financial payables rose Euro 5.3 million and payables to fixed asset suppliers increased Euro 15.4 million for capital expenditure in the year.

Net fixed capital increased from Euro 270 million at 31 December 2017 to Euro 330 million at 31 December 2018 (+Euro 60 million; +22.2%). In particular, net property, plant and equipment and intangible assets increased Euro 55.3 million, following new investments exceeding amortisation and depreciation.

Capital expenditures of the companies of the Zignago Vetro Group in 2018 amounted to Euro 94.3 million (Euro 66.8 million in 2017; +42.6%).
This principally concern:

- **Zignago Vetro SpA**, for Euro 69.1 million (Euro 35.6 million in 2017), net of Euro 2 million for advances on supplies, principally for new production plant, equipment and moulds;
- **Verreries Brosse SAS**, for Euro 3.2 million (Euro 3.1 million in 2017), principally for the renewal of industrial equipment, including moulds;
- **Huta Szkła "Czechy" S.A**., for Euro 2.5 million (Euro 14.8 million in 2017), principally for improvements on production plant and moulds;
- **Vetri Speciali SpA** (for its share) for Euro 16.4 million (Euro 13.2 million in 2017), principally for the renewal of production plant and new moulds;
- **Vetro Revet Srl** (for its share) of Euro 2.8 million, principally for production facility works;

  -**Vetreco S.r.l.** (for its share) for Euro 0.4 million (Euro 0.1 million in 2017), for the extension and improvement of plant.

Consolidated equity amounted to Euro 200.1 million (at 31 December 2017: Euro 177.5 million; +12.7%). The increase of Euro 22.6 million concerns the consolidated profit (Euro 45 million), exceeding the dividend distributed (Euro 28.1 million) and other changes, principally relating to positive effects from the sale of treasury shares, employee benefits and the translation reserve.

The **net financial debt** at 31 December 2018, following the changes illustrated above, was Euro 217.2 million - increasing Euro 21.6 million (+11%) on 31 December 2017.

The **reclassified statement of financial position** of the Zignago Vetro Group at 31 December 2018 according to IFRS in force, including the effects of applying IFRS 11, compared to 31 December 2017 is shown below:

	31.12.2018		31.12.2017 restated		31.12.2017	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	64,903		67,493		67,493	
Other receivables	20,602		17,865		17,865	
Inventories	79,183		76,209		72,840	
Current non-financial payables	(72,748)		(69,211)		(65,842)	
Payables on fixed assets	(23,793)		(6,992)		(6,992)	
A) Working capital	68,147	18.5%	85,364	25.9%	85,364	25.8%
Net tangible and intangible assets	229,567		183,224		183,224	
Goodwill	2,694		2,884		2,884	
Equity investments measured using the equity method	74,757		69,264		69,332	
Other equity investments and non-current assets	5,645		4,405		4,405	
Non-current provisions and non-financial payables	(13,291)		(14,973)		(14,973)	
B) Net fixed capital	299,372	81.5%	244,804	74.1%	244,872	74.2%
A+B = Net capital employed	367,519	100.0%	330,168	100.0%	330,236	100.0%
Financed by:						
Current loans and borrowings	81,948		60,245		60,245	
Cash and cash equivalents	(32,338)		(31,686)		(31,686)	
Current net debt	49,610	13.5%	28,559	8.6%	28,559	8.6%
Non-current loans and borrowings	117,768	32.0%	124,608	37.7%	124,608	37.7%
C) Net financial debt	167,378	45.5%	153,167	46.4%	153,167	46.4%
Opening Group equity	177,497		155,519		155,519	
Dividends paid	(28,061)		(21,818)		(21,818)	
Other equity changes	5,676		3,990		3,990	
Group Profit for the year	45,020		39,806		39,874	
D) Closing equity	200,132	54.5%	177,497	53.8%	177,565	53.8%
E) Non-controlling interest equity	9	0.0%	(496)	n.a.	(496)	n.a.
D)+E) Group Equity	200,141	54.5%	177,001	53.6%	177,069	53.6%
C+D+E = Total financial debt and equity	367,519	100.0%	330,168	100.0%	330,236	100.0%

For a better understanding of the statement of financial position at 31 December 2018, stated in accordance with management's view, a reconciliation is provided below of the financial position with joint ventures measured using the equity method and that utilising the proportional consolidation method, as adopted by the Group until 31 December 2013.

		Proportional consolidation				
	31.12.2018 IAS/IFRS	Vetri Speciali SpA	Vetreco Srl	Adjustment to Parent principles	Neutralisation JV using the equity criteria	31.12.2018 pre-IFRS 11 (*management view*)
	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.
Trade receivables	64,903	15,634	725	(55)		81,207
Other receivables	20,602	3,784	690	---		25,075
Inventories	79,183	19,800	258			99,241
Current non-financial payables	(72,748)	(19,296)	(1,282)	751		(92,575)
Payables on fixed assets	(23,793)	(1,151)	---	(696)		(25,640)
A) Working capital	68,147	18,771	391	---	---	87,308
Net tangible and intangible assets	229,567	60,650	4,463	---	---	294,681
Goodwill	2,694	40,490	---			43,184
Equity investments measured using the equity method	74,757	---	---		(74,757)	---
Other equity investments & non-current assets	5,645	2,517	7			8,169
Non-current provisions and non-financial payables	(13,291)	(2,802)	(28)	---	---	(16,122)
B) Net fixed capital	299,372	100,855	4,442	---	(74,757)	329,912
A+B = Net capital employed	367,519	119,626	4,833	---	(74,757)	417,220
Financed by:						
Current loans and borrowings	81,948	26,017	570			108,534
Cash and cash equivalents	(32,338)	(2,851)	(1,064)	---		(36,253)
Current net debt	49,610	23,166	(494)	---	---	72,281
Non-current loans and borrowings	117,768	22,216	4,814			144,798
C) Net financial debt	167,378	45,382	4,320	---	---	217,079
Opening equity	177,497	69,448	358	(542)	(69,264)	177,497
Dividends	(28,061)	(9,962)			9,962	(28,061)
Other equity changes	5,676	1			(1)	5,676
Profit for the year	45,020	14,757	155	542	(15,454)	45,020
D) Closing equity	200,132	74,244	513	---	(74,757)	200,132
E) Non-controlling interest equity	9	---	---	---	---	9
D)+E) Group Equity	200,141	74,244	513	---	(74,757)	200,141
C+D+E = Total financial debt and equity	367,519	119,626	4,833	---	(74,757)	417,220

The **cash flow** movements in the consolidated net financial debt of the Zignago Vetro Group at 31 December 2018 and 31 December 2017, stated in accordance with management's view, were as follows:

(Euro thousands)	31.12.2018	31.12.2017
Net financial debt at 1 January	**(195,482)**	**(156,428)**
Self-financing:		
- Group profit for the year	45,020	39,874
- amortisation & depreciation	39,006	37,858
- net change in provisions	(1,635)	739
- Net gains (losses) on sale of property, plant & equipment	(1,704)	694
	80,687	**79,165**
(Increase)/decrease in working capital	(282)	(25,769)
Investments in property, plant and equipment	(79,687)	(76,297)
Investments in intangible assets	(215)	(2,055)
Decrease (increase) of other medium/long term assets	(2,797)	1,129
Realisable value of property, plant and equipment sold	2,576	7,333
	(80,405)	**(95,659)**
Free cash flow	**282**	**(16,494)**
Dividends distributed	(28,061)	(21,818)
Consolidation Vetro Revet	---	(4,750)
Sale of treasury shares	6,275	2,954
Effect on equity of translation of foreign currency financial statements & other changes	(93)	1,054
	(21,879)	(22,560)
Increase of net financial debt	**(21,597)**	**(39,054)**
Net financial debt at 31 December	**(217,079)**	**(195,482)**

The principal **equity and financial indicators** taken from the Consolidated Financial Statements of the Zignago Vetro Group for the years ended 31 December 2018 and 2017, stated in accordance with management's view, are summarised in the table below:

Performance & financial indicators	FY 2018	FY 2017 restated
ROE		
Profit for the year/Average Consolidated Equity for the year	23.84%	23.97%
ROI		
Operating margin (Ebit)/Average capital employed for the year	16.34%	15.57%
ROS		
Operating margin (Ebit)/Revenues	17.14%	15.90%
Rotation of Capital Employed		
Revenues/Average capital employed for the year	0.95	0.98
(Euro thousands)		
Gross Operating Margin (EBITDA)	104,337	91,599
Net financial debt	217,079	195,482
Net financial debt/EBITDA	2.08	2.13
Free cash flow	0.2	(16.5)

The Zignago Vetro Group **workforce** at 31 December 2018 numbered 2,567 compared to 2,249 at 31 December 2017. The employees of Vetri Speciali SpA and Vetreco Srl have been fully incorporated.
The breakdown of the Group workforce at 31 December 2018 is shown below.

Composition	Executives	White-collars	Blue-collars
Workforce	32	500	1,896
Average age	52	42	42
Years of service in Group Companies	12	16	14

In addition to the workforce indicated in the table, the Group utilises 139 workers hired under temporary contracts.

Related party transactions

The Zignago Vetro Group has undertaken commercial and service transactions with related parties during the year, as detailed in the Notes, to which reference should be made.

Research, development and advertising costs

The companies of the Zignago Vetro Group undertook research and development focused on process and product innovation which resulted in, among other developments, the use of new materials, the introduction of new products and the application of new technical-production solutions for the "food and beverages", "cosmetics and perfumery" and "special containers" sectors.
Zignago Vetro SpA also carried out research and development for the design and introduction of new information management systems, including improvements to the process IT set up, in order to create more efficient and effective operating instruments.
Therefore, Zignago Vetro SpA avails of the tax credit under Law 190/2014, establishing this amount according to the methodologies communicated in the Tax Agency Circular.

Environmental information

In 2018, the commitment of the Zignago Vetro Group continued in the protection of the environment with the continual improvement of the policies of territorial protection and management of environmental issues with actions aimed to reduce atmospheric emissions and energy consumption in the utilisation of natural resources and the optimisation of the production cycle, while remaining continually attentive to new and future technology developed internationally.

Risks related to personnel, safety and management

The Companies of the Zignago Vetro Group implement plant management policies to minimise the risk of accidents ensuring high levels of security in line with best industrial practices, utilising insurance to guarantee an extensive degree of protection for company structures, third party risks and interruptions in production activity. The company trains and motivates the workforce to guarantee efficiency and normal operational continuity.

Personal data security and protection

With regards to the obligations under Regulation (EU) 679/2016 (European General Data Protection ("GDPR")), the Group companies adopted the technical and organisational measures necessary to ensure the confidentiality and protection of processed data as set out in Article 32 of the Regulation.

Financial instruments: Group objectives & policies and description of risks

With regard to point No. 6 bis, paragraph 3 of Article 2428 of the Civil Code and Article 40, paragraph 2, lett. d) *bis* of Legs. Decree 127/1991, the main financial instruments used by Zignago Vetro SpA, the Parent, and the Zignago Vetro Group companies consist of trade receivables and payables, cash & cash equivalents, loans and borrowings, leasing contracts and interest rate swaps.

As regards the Zignago Vetro Group's financial management, the cash flow from operating activities are considered to be consistent with objectives for repayment of existing debt and such as to assure appropriate financial balance and adequate return on equity via dividend flows.

The Zignago Vetro Group undertook seven interest rate swaps in order to hedge the interest rate risk on medium-long term loans.
The characteristics of the derivative contracts, their notional value and the market value at 31 December 2018 are as follows:

Company	Bank	Underlying	Date of signing	Notional amount at reference date	Expiry	Market value at 31.12.2018
Zignago Vetro SpA	UBI	Loan	18/12/2014	3,827,776	18/12/2019	(20,272)
Zignago Vetro SpA	BNL	Loan	22/12/2014	34,000,000	22/06/2021	(404,361)
Zignago Vetro SpA	Mediobanca	Loan	21/01/2015	6,994,286	31/12/2020	(64,105)
Zignago Vetro SpA	Mediobanca	Loan	31/03/2015	9,325,714	31/12/2020	(85,473)
Zignago Vetro SpA	Unicredit	Loan	27/10/2017	43,000,000	27/10/2021	(388,636)
Zignago Vetro SpA	Intesa San Paolo	Loan	13/12/2018	40,000,000	30/12/2022	(346,653)
Zignago Vetro SpA	Credit Agricole Friuladria	Loan	27/12/2018	10,000,000	29/12/2023	(95,019)
Total				147,147,776		(1,404,519)

The above-mentioned transactions were undertaken for hedging purposes and provide for the payment of a fixed interest rate against the receipt of a variable interest rate. However, these transactions do not comply with all the requirements of IFRS to qualify for hedge accounting. Therefore, the Zignago Vetro Group does not use the so-called hedge accounting method and records the economic effects of hedging directly to profit or loss.

We consider that the Zignago Vetro Group is not exposed to credit risk any higher than the industry average, given that most receivables relate to customers of well-established commercial reliability and also that most are insured. Allowance for impairment debts has in any case been made to cover against any residual credit risks. We specify that such allowance was made in the period and in previous periods against specific positions involved in procedures or with longer past-due status than the Group companies’ average collection times. Collective allowances for impairment have also been made for potential bad debts.
The currency risk is currently not considered significant, as transactions are almost exclusively carried out in Euro.

In relation to the currency risk, the Group did not subscribe to any currency hedging instruments and, in accordance with the Group policy to date, derivative financial instruments are not taken out for trading purposes. Therefore, the Zignago Vetro Group remains exposed to the currency risk on the assets and liabilities in foreign currencies at year-end, which is not considered significant. A number of subsidiaries of the Zignago Vetro Group are located in countries not within the Eurozone: the United States and Poland. As the Zignago Vetro Group’s functional currency is the Euro, the income statements of these companies are translated into Euro at the average exchange rate and, on like-for-like basis for revenues and profit in the local currency, changes in the exchange rate may impact the value in Euro of revenues, costs and profit (loss).

Zignago Vetro SpA is exposed to fluctuations in some commodity prices, in particular those relating to energy factors, such as fuel, utilised in the production process. Where considered appropriate, in order to neutralise the price effect, the Company undertook hedging transactions through the use of derivative financial instruments.
At 31 December 2018, Zignago Vetro SpA did not have any commodity swap contracts to hedge against fluctuations in energy factors.

The Zignago Vetro Group’s present reference market does not involve areas possibly requiring country-risk management. Trade transactions substantially take place in western countries, primarily in the Euro and USD areas.

Pursuant to the Bank of Italy/ Consob /Isvap document No. 2 of 6 February 2009 and IAS 1.25-26, it is considered, based on the Group`s strong profitability, solid financial position and in spite of the current economic environment, that there are no uncertainties or risks on the going concern of the business.

It is considered that the information provided, together with the information illustrated below and relating to the performance of the individual companies, represents a true, balanced and exhaustive analysis of the situation of the Zignago Vetro Group and of the results of operations, for the overall operations and in the various sectors, in accordance with the size and complexity of the Group’s business operations.

Reconciliation between the Group and Zignago Vetro SpA profit for the year and equity

The reconciliation of the equity and profit of Zignago Vetro SpA and the consolidated accounts at 31 December 2018 and 2017 are disclosed below as per Consob communication No. DEM/6064293 of 28 July 2006.

Reconciliation at 31 December 2018.

(Euro thousands))	2018	
	Profit 2018	Equity 31/12/2018
Financial statements of the Parent	34,035	125,869
Consolidation adjustments:		
- interests in joint ventures measured using equity method	15,454	48,357
- reversal of inter-group Dividends	(9,962)	---
- reversal of inter-company Profit	(194)	(231)
- goodwill on acquisition of HSC SA and adjustment to year-end exchange rate	---	714
- goodwill on acquisition of Vetro Revet	---	2,017
- Loan HSC	22	(176)
	5,320	**50,681**
Carrying amount of equity investments:		
Verreries Brosse SAS	---	(4,000)
Zignago Glass USA Inc.	---	(189)
HSC SA	---	(10,327)
Vetro Revet Srl		(3,030)
	---	**(17,546)**
Profit/(loss) and equity of the subsidiaries:		
Verreries Brosse SAS	4,026	19,895
Zignago Glass USA Inc.	(187)	(556)
HSC SA	2,830	21,771
Vetro Revet Srl	(1,969)	18
	4,700	**41,128**
Non-controlling interest profit (loss)	**965**	**9**
Consolidated Financial Statements	**45,020**	**200,141**

Reconciliation at 31 December 2017.

(Euro thousands)	2017	
	Profit 2017	Equity 31/12/2017
Financial statements of the Parent	29,658	113,554
Adjustments for change in accounting principles		
and consolidation adj.:		
- interests in joint ventures measured using equity method	14,257	42,972
- reversal of inter-group dividends	(9,157)	---
- reversal of inter-company Profit	(51)	(76)
- goodwill on acquisition of HSC SA and adjustment to year-end exchange rate	---	773
- goodwill on acquisition of Vetro Revet	---	2,017
- Loan HSC	(141)	(198)
	4,908	**45,488**
Carrying amount of equity investments:		
Verreries Brosse SAS	---	(4,000)
Zignago Glass USA Inc.	---	(189)
HSC SA	---	(10,327)
Vetro Revet Srl		(1,500)
	---	**(16,016)**
Profit/(loss) and equity of the subsidiaries:		
Verreries Brosse SAS	3,369	15,869
Zignago Glass USA Inc.	(232)	(348)
HSC SA	2,171	19,535
Vetro Revet Srl		(1,013)
	5,308	**34,043**
Consolidated Financial Statements	**39,874**	**177,069**

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SIGNIFICANT EVENTS AFTER 31 DECEMBER 2018

There were no significant events after 31 December 2018.

OUTLOOK

Based on the information available, demand in the sectors in which the Group operates is again in the current year expected to remain at a good level.

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In the following pages, we review and comment upon the results of the Zignago Vetro SpA and of the individual subsidiaries.

For greater clarity, the operating results and statement of financial position of Zignago Vetro SpA and its subsidiaries are presented according to the contribution of each to the consolidated financial statements, in accordance with management’s view. They are presented according to normal reporting practices. The figures concern 100% of the joint subsidiary Vetreco Srl.

THE COMPANY

Zignago Vetro SpA

In 2018, the Beverages and Foods glass containers market featured improving demand, driven by a recovery in end-consumption, buoyant exports and an increasing preference among users for glass packaging.

The Perfumery market also reported continued growth, particularly for the higher-quality product brackets and in the emerging markets. The Cosmetics market reported good levels of Skincare and Make up container demand, while nail varnish container demand remained weak.

The **reclassified income statement** of Zignago Vetro SpA in 2018 and 2017 is shown below:

	2018		2017 restated		Change	2017	
	Euro thou.	%	Euro thou.	%	%	Euro thou.	%
Revenues	201,351	100.0%	184,454	100.0%	9.2%	192,808	100.0%
Changes in finished and semi-finished products and work in progress	509	0,3%	264	0.1%	n.a.	264	0.1%
Internal production of fixed assets	4,507	2.2%	3,652	2.0%	23.4%	3,652	2.0%
Value of production	206,367	102.5%	188,370	102.1%	9.6%	196,724	102.0%
Cost of goods and services	(110,023)	(54.6%)	(102,205)	(55.4%)	7.6%	(109,959)	(57.0%)
Value added	96,344	47.8%	86,165	46.7%	11.8%	86,765	47.0%
Personnel expense	(39,314)	(19.5%)	(37,869)	(20.5%)	3.8%	(37,869)	(19.6%)
EBITDA	57,030	28.3%	48,296	26.2%	18.1%	48,896	25.4%
Amortisation & Depreciation	(19,741)	(9.8%)	(20,162)	(10.9%)	(2.1%)	(20,762)	(10.8%)
Accruals to provisions	(233)	(0.1%)	(177)	(0.1%)	31.6%	(177)	(0.1%)
EBIT	37,056	18.4%	27,957	15.2%	32.5%	27,957	14.5%
Net recurring non-operating income	(3,781)	(1.9%)	82	---	n.a.	82	---
Operating Profit	33,275	16.5%	28,039	15.2%	18.7%	28,039	14.5%
Investment income	9,962	4.9%	9,157	5.0%	8.8%	9,157	4.7%
Net financial expense	(1,418)	(0.7%)	(591)	(0.3%)	139.9%	(591)	(0.3%)
Net exchange rate gains/(losses)	(111)	(0.1%)	105	0.1%	n.a.	105	0.1%
Profit before taxes	41,708	20.7%	36,710	19.9%	13.6%	36,710	19.0%
Income taxes *(tax-rate 2018: 18.4%)* *(tax-rate 2017: 19.2%)*	(7,673)	(3.8%)	(7,052)	(3.8%)	8.8%	(7,052)	(3.7%)
Profit for the year	34,035	16.9%	29,658	16.1%	14.8%	29,658	15.4%

Revenues amounted to Euro 201.4 million, up 9.2% on the previous year (Euro 184.5 million). Sales of glass containers and accessories (the latter referring to Zignago Vetro SpA's services on the market) amounted to Euro 193.3 million, up 9% on Euro 177.3 million in 2017.

Exports in 2018 decreased slightly 0.9% on 2017, accounting for 20.8% of containers and accessories revenues (22.9% in 2017).

Revenues by geographic segment, excluding sundry materials and services

(Euro thousands)	2018	2017	Change %
Italy	153,063	136,679	12.0%
E.U. (excluding Italy)	32,828	31,030	5.8%
Other segments	7,375	9,548	(22.8%)
Total	193,266	177,257	9.0%
of which export	40,203	40,578	(0.9%)
%	20.8%	22.9%	

Materials costs and external services, including changes in inventories of finished and semi-finished products and internal production of fixed assets, increased from Euro 98.3 million in 2017 to Euro 105 million in 2018 (+6.8%), decreasing as a percentage of revenues from 53.3% to 52.1%.

Personnel expense increased 3.8%, principally due to higher volumes and new plant. They include the actuarial measurement of post-employment benefits, excluding actuarial gains/losses, in addition to temporary staff. These costs accounted for 19.5% of revenues in 2018 compared to 20.5% in 2017.

EBITDA in 2018 was Euro 57 million compared to Euro 48.3 million in 2017 (+18.1%). The EBITDA margin was 28.3% in 2018 (26.2% in 2017).

EBIT in 2018 increased 15.2% on the previous year (Euro 37.1 million compared to Euro 28 million). The margin was 18.4% in 2018 (15.2% in 2017).

Investment income amounted to Euro 10 million (Euro 9.2 million in 2017) and solely concerned dividends from Vetri Speciali SpA.

Net financial expense of Euro 1.4 million (Euro 0.6 million in 2017) related to the increase in the net debt.

The profit for 2018 was Euro 34 million (Euro 29.7 million in 2017: +14.8%), after income taxes of Euro 7.7 million (Euro 7.1 million in 2017). The tax rate was 18.4% in 2018 compared to 19.2% in 2017.

The cash flow generated from profit and depreciation/amortisation amounted to Euro 53.8 million in 2018 compared to Euro 49.8 million in 2017 (+7.9%) and represents 26.7% of revenues.

The **reclassified statement of financial position** of Zignago Vetro SpA at 31 December 2018 and 2017 was as follows:

	31.12.2018		31.12.2017 restated		Change	31.12.2017	
	Euro thou.	%	Euro thou.	%	Euro thou.	Euro thou.	%
Trade receivables	50,964		52,630		(1,666)	52,630	
Other receivables	14,786		13,099		1,687	13,099	
Inventories	49,337		49,255		82	45,886	
Current non-financial payables	(53,216)		(49,936)		(3,280)	(46,567)	
Payables on fixed assets	(23,357)		(5,925)		(17,432)	(5,925)	
A) Working capital	38,514	16.8%	59,123	30.4%	(20,609)	59,123	30.4%
Net tangible and intangible assets	153,697		102,307		51,390	102,307	
Equity investments	43,925		42,395		1,530	42,395	
Other equity investments and non-current asset	3,025		2,057		968	2,057	
Non-current provisions and non-financial payables	(10,421)		(11,664)		1,243	(11,664)	
B) Net fixed capital	190,226	83.2%	135,095	69.6%	55,131	135,095	69.6%
A+B = Net capital employed	228,740	100.0%	194,218	100.0%	34,522	194,218	100.0%
Financed by:							
Current loans and borrowings	62,428		38,514		23,914	38,514	
Cash and cash equivalents	(69,125)		(75,471)		6,346	(75,471)	
Current net debt	(6,697)	(2.9%)	(36,957)	(19.0%)	30,260	(36,957)	(19.0%)
Non-current loans and borrowings	109,568	47.9%	117,621	60.6%	(8,053)	117,621	60.6%
C) Net financial debt	102,871	45.0%	80,664	41.5%	22,207	80,664	41.5%
Opening equity	113,554		102,765			102,765	
Dividends paid	(28,061)		(21,818)			(21,818)	
Profit for the year	34,035		29,658			29,658	
Other changes	6,341		2,949			2,949	
D) Closing equity	125,869	55.0%	113,554	58.5%	12,315	113,554	58.5%
C+D = Total financial debt and equity	228,740	100.0%	194,218	100.0%	34,522	194,218	100.0%

Working capital at 31 December 2018 reduced Euro - 20.6 million compared to 31 December 2017, mainly due to lower trade receivables (-Euro 1.7 million), increased current non-payables (+Euro 3.3 million) and an increase in payables for fixed assets (+Euro 17.4 million).

Net fixed capital at 31 December 2018 increased Euro 55.1 million compared to 31 December 2017; the increase is due to the greater expenditure on tangible and intangible assets than amortisation and depreciation in the year. "Other investments and non-current assets" increased due to the re-capitalisation of the subsidiary Vetro Revet and includes a tax asset of Euro 0.5

million following investments in the second half of 2014 and the first half of 2015, which enabled use of the tax break under Legislative Decree 91/2014.
Investments in the year amounted to Euro 71.1 million (Euro 39.9 million in 2017), mainly for new plant and due to the replacement of plant, machinery and equipment, including moulds.

The increase in equity at 31 December 2018 of Euro 12.3 million results from the profit for the year (Euro 34 million) being higher than the dividends distributed in the year (Euro 28.1 million) and the change in other reserves (+Euro 3.4 million), principally concerning the sale of treasury shares in the year.

The net financial debt at 31 December 2018, following the movements in net capital employed and equity described above, was Euro 102.9 million - an increase of Euro 22.2 million (+27.5%) on 31 December 2017. Cash and cash equivalents were Euro 75.5 million compared to Euro 84.6 million at 31 December 2016. Cash and cash equivalents were Euro 69.1 million compared to Euro 75.5 million at 31 December 2017.

Employees of the Company at 31 December 2018 numbered 671, broken down as follows: 13 executives, 143 white-collars and 515 blue-collars. At 31 December 2017, employees numbered 629: 12 executives, 125 white-collars and 492 blue-collars.
The table below shows the composition of the Zignago Vetro SpA workforce at 31 December 2018.

Composition	Executives	White-collars	Blue-collars
Workforce	13	143	515
Average age	52	42	42
Years of service in the Company	12	16	14

Current year operating performance.

Buoyant market conditions were confirmed in the initial months of the year. Based on the available information, it would appear reasonable to forecast that these conditions shall continue also for the coming months of the year.

THE CONSOLIDATED SUBSIDIARIES

Verreries Brosse SAS

Registered office: Vieux-Rouen-sur-Bresle (France)
Business sector: glass bottles for luxury fragrances

Chairman	Paolo Giacobbo
“Board of Directors”	Maurizio Guseo - General Manager Roberto Celot Alberto Faggion Franco Grisan Nicolò Marzotto Michele Pezza Sergio Pregliasco

“Luxury perfume” container demand in 2018 continued to grow, driven mainly by emerging economy sales. Skincare container demand was also again strong.
The Carafes market for quality spirits is stable.

The **reclassified consolidated income statement** compared to the previous year is shown below:

	2018		2017		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	59,186	100.0%	55,563	100.0%	6.5%
Changes in finished & semi-finished products & work in progress	2,076	3.5%	127	0.2%	n.a.
Value of production	61,262	103.5%	55,690	100.2%	10.0%
Cost of goods and services	(33,294)	(56.3%)	(27,735)	(49.9%)	20.0%
Value added	27,968	47.3%	27,955	50.3%	0.0%
Personnel expense	(17,379)	(29.4%)	(18,094)	(32.6%)	(4.0%)
EBITDA	10,589	17.9%	9,861	17.7%	7.4%
Amortisation & Depreciation	(4,351)	(7.4%)	(5,308)	(9.6%)	(18.0%)
Accruals to provisions	(75)	(0.1%)	(554)	(1.0%)	(86.5%)
EBIT	6,163	10.4%	3,999	7.2%	54.1%
Net recurring non-operating income (charges)	41	0.1%	15	0.0%	173.3%
Operating Profit	6,204	10.5%	4,014	7.2%	54.6%
Net financial expense	(261)	(0.4%)	(312)	(0.6%)	(16.3%)
Net exchange rate gains/(losses)	(36)	(0.1%)	(98)	(0.2%)	(63.3%)
Profit before tax	5,907	10.0%	3,604	6.5%	63.9%
Income taxes	(1,881)	(3.2%)	(235)	(0.4%)	700.4%
Profit for the year	4,026	6.8%	3,369	6.1%	19.5%

Revenues in 2018 amount to Euro 59.2 million, up 6.5% on 2017 (Euro 55.6 million). Revenues of glass containers amounted to Euro 57.8 million (Euro 54 million in 2017).

Revenue by geographic segment

(Euro thousands)	2018	2017	Change %
Italy	2,332	2,675	(12.8%)
Europe (excluding Italy)	52,586	49,796	5.6%
Other countries	4,268	3,092	38.0%
Total	59,186	55,563	6.5%

Material costs and external services, including changes in inventories, amounted to Euro 31.2 million compared to Euro 27.6 million in 2017 (+ 13.1%). They accounted for 52.7% of revenues (compared to 49.7%).

Personnel expense reduced from Euro 18.1 million to Euro 17.4 million (-4%), mainly due to workforce and salary movements. As a percentage of revenues, these costs decreased from 32.6% in 2017 to 29.4% in 2018.

EBITDA amounted to Euro 10.6 million, compared to Euro 9.9 million in the previous year (+7.4%), with a 17.9% margin (17.7% in 2017).

Amortisation and depreciation decreased 18% in the year and was 7.4% of revenues compared to 9.6% in 2017.

Net financial expense in the year reduced -16.3% on 2017.

A profit of Euro 4 million is reported for 2018, up 19.5% on 2017 (Euro 3.4 million), after income taxes of Euro 1.9 million (Euro 0.2 million in 2017).

The cash flow generated from profit and amortisation and depreciation in 2018 was Euro 8.4 million, -3.5% on 2017 (Euro 8.7 million), amounting to 14.2% of revenues (15.6% in 2017).

The **reclassified consolidated statement of financial position** at 31 December 2018 and 2017 was as follows.

	31.12.2018		31.12.2017		Change
	Euro thou.	%	Euro thou.	%	Euro thou.
Trade receivables	8,562		9,760		(1,198)
Other receivables	3,410		3,140		270
Inventories	20,994		17,622		3,372
Current non-financial payables	(11,110)		(10,588)		(522)
Payables on fixed assets	(634)		(482)		(152)
A) Working capital	21,222	55.4%	19,452	50.6%	1,770
Net tangible and intangible assets	18,250		19,440		(1,190)
Non-fully consolidated eq. investments & other medium/long-term assets	437		1,171		(734)
Non-current provisions and non-financial payables	(1,576)		(1,602)		26
B) Net fixed capital	17,111	44.6%	19,009	49.4%	(1,898)
A+B = Net capital employed	38,333	100.0%	38,461	100.0%	(128)
Financed by:					
Current loans and borrowings	26,791		27,067		(276)
Cash and cash equivalents	(11,486)		(9,513)		(1,973)
Current net debt	15,305	39.9%	17,554	45.6%	(2,249)
Non-current loans and borrowings	3,133	8.2%	5,038	13.1%	(1,905)
C) Net financial debt	18,438	48.1%	22,592	58.7%	(4,154)
Opening equity	15,869		12,500		
Other equity changes					
Profit for the year	4,026		3,369		
D) Closing equity	19,895	51.9%	15,869	41.3%	4,026
C+D = Total financial debt and Equity	38,333	100.0%	38,461	100.0%	(128)

Working capital at 31 December 2018 increased Euro 1.8 million on the end of 2017, particularly due to the increase in inventories.

Current non-financial payables at 31 December 2018 were Euro 11.1 million (Euro 10.6 million at the end of 2017, +5%). Payables on fixed assets reduced approx. Euro 0.2 million.

Net capital employed at 31 December 2018 was substantially stable on the end of 2018 (-Euro 0.1 million).

The net debt was Euro 18.4 million, compared to Euro 22.6 million at 31 December 2018 and Euro 27 million at 31 December 2017, indicating therefore a strong capacity to generate cash.

Equity at year-end amounted to Euro 19.9 million, compared to Euro 15.9 million at 31 December 2017, following the recognition of a profit of Euro 4 million.

Capital expenditure in the year was as follows:

(Euro thousands)	31.12.2018	31.12.2017
Capital expenditure in the year:		
Plant and machinery	1,221	681
Equipment (moulds)	1,668	2,290
Others	256	138
Intangible assets	45	137
Total	3,190	3,246

At 31 December 2018, employees numbered 280, in addition to 84 personnel on temporary contracts (at 31 December 2017: 293 employees). The composition of Verreries Brosse workforce at 31 December 2018 is shown in the table below.

Composition	Executives	White-collars	Blue-collars
Workforce	4	73	203
Average age	49	41	44
Years of service in the Company	14	13	17

Current year operating performance

On the basis of the available information, it is expected that in the coming months of the year market conditions shall continue to remain favourable, permitting the company to further grow sales and margins.

Huta Szkła "Czechy" S.A. (HSC SA)

Registered office: Trabkj (Poland)
Business sector: glass containers

Chairman:	Paolo Giacobbo
"Management Board":	Michele Pezza – General Manager Roberto Cardini Roberto Celot Ovidio Dri Alberto Faggion Franco Grisan Nicolò Marzotto Stefano Marzotto
"Supervisory Board":	Paolo Nicolai - chairman Stefano Perosa Carlo Pesce

In 2018, the global Perfumery market maintained the growth of the previous year, supported by strong emerging market demand, against stability in Europe.
For the Cosmetics market, Skincare and Make Up container demand were strong, while remaining weak for nail varnish containers.
The European Beverage and Foods market continues to perform well, supported by strong consumption.

The **reclassified income statement** is shown below:

	2018		2017		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	43,141	100.0%	30,455	100.0%	41.7%
Change in finished and semi-finished products and work in progress	(137)	(0.3%)	2,786	9.1%	n.s.
Internal production of fixed assets	789	1.8%	866	2.8%	(8.9%)
Value of production	43,793	101.5%	34,107	112.0%	28.4%
Cost of goods and services	(22,843)	(52.9%)	(18,437)	(60.5%)	23.9%
Value added	20,950	48.6%	15,670	51.5%	33.7%
Personnel expense	(8,696)	(20.2%)	(7,528)	(24.7%)	15.5%
EBITDA	12,254	28.4%	8,142	26.7%	50.5%
Amortisation & Depreciation	(6,654)	(15.4%)	(5,176)	(17.0%)	28.6%
Accruals to provisions	(75)	(0.2%)	(91)	(0.3%)	(17.6%)
EBIT	5,525	12.8%	2,875	9.4%	92.2%
Net recurring non-operating income (charges)	142	0.3%	(59)	(0.2%)	n.a.
Operating Profit	5,667	13.1%	2,816	9.2%	101.2%
Net financial expense	(849)	(2.0%)	(572)	(1.9%)	48.4%
Net exchange rate gains/(losses)	(1,252)	(2.9%)	467	1.5%	n.s.
Profit before taxes	3,566	8.3%	2,711	8.9%	31.5%
Income taxes	(736)	(1.7%)	(540)	(1.8%)	36.3%
Profit for the year	2,830	6.6%	2,171	7.1%	30.4%

2018 revenues significantly increased (+41.7%) to Euro 43.1 million (Euro 30.5 million in 2017). Revenues of glass containers amounted to Euro 39.4 million (in 2017: Euro 26.6 million; +48.3%).

Revenues include, in addition to glass containers, also product decoration services.

Revenues breakdown

(Euro thousands)	2018	2017	Change %
Glass containers	39,437	26,595	48.3%
Other materials and services	3,704	3,860	(4.0%)
Total	43,141	30,455	41.7%

Revenue by geographic segment

(Euro thousands)	2018	2017	Change %
Italy	14,118	9,926	42.2%
Europe (excluding Italy)	24,683	16,654	48.2%
Other countries	4,340	3,875	12.0%
Total	43,141	30,455	41.7%

Materials and external services, including changes in inventories and internal work capitalized, amounted to Euro 22.2 million compared to Euro 14.8 million in 2017 (+50%). They accounted for 51.4% of revenues (compared to 48.5% in 2017).

The increase in personnel expense from Euro 7.5 million in 2017 to Euro 8.7 million in 2018 (+15.5%) is due to the expanded workforce, as well as salary increases.

EBITDA amounted Euro 12.3 million (28.4% margin), compared to Euro 8.1 million in the previous year (26.7% margin; +50.5%).

Amortisation and depreciation amounted to Euro 6.7 million (in 2017: Euro 5.2 million; + 28.6%).

Net financial expense totaled Euro 0.8 million.

Net exchange differences principally concern the translation into Euro at year-end of trade receivables and payables in foreign currencies.

The tax rate was 20.6% in 2018, compared to 19.9% in 2017.

The profit in 2018 was Euro 2.8 million (6.6% margin) compared to Euro 2.2 million in 2017 (7.1% margin) - an increase of 30.4%.

The cash flow generated from profit and amortisation and depreciation amounted to Euro 9.5 million (22% of revenues) compared to Euro 7.3 million in the previous year (24.1% of revenues) an increase of + 29.1%.

The **reclassified statement of financial position** at 31 December 2018 and 2017 was as follows.

	31.12.2018		31.12.2017		Change
	Euro thou.	%	Euro thou.	%	Euro thou.
Trade receivables	6,520		5,063		1,457
Other receivables	803		660		143
Inventories	9,099		9,421		(322)
Current non-financial payables	(6,471)		(5,332)		(1,139)
Payables on fixed assets	(498)		(585)		87
A) Working capital	9,453	15.6%	9,227	14.3%	226
Net tangible and intangible assets	49,869		55,556		(5,687)
Non fully consolidated eq. investments & other medium/long term assets	2,077		1,143		934
Non-current provisions and non-financial payables	(989)		(1,559)		570
B) Net fixed capital	50,957	84.4%	55,140	85.7%	(4,183)
A+B= Net capital employed	60,410	100.0%	64,367	100.0%	(3,957)
Financed by:					
Current loans and borrowings	4,186		5,798		(1,612)
Cash and cash equivalents	(3,539)		(1,433)		(2,106)
Current net debt	647	1.1%	4,365	6.8%	(3,718)
Non-current loans and borrowings	37,992	62.9%	40,467	62.9%	(2,475)
C) Net financial debt (funds)	38,639	64.0%	44,832	69.7%	(6,193)
Opening equity	19,535		16,405		
Other equity changes	(594)		959		
Profit for the year	2,830		2,171		
D) Closing equity	21,771	36.0%	19,535	30.3%	2,236
C+D = Total financial debt/(funds) and equity	60,410	100.0%	64,367	100.0%	(3,957)

Working capital at 31 December 2018 was substantially stable compared to the end of 2017.

The net financial debt at 31 December 2017 was Euro 44.8 million, compared to Euro 38.6 million at 31 December 2018: -Euro 6.2 million.

Equity at year end amounted to Euro 19.5 million compared to Euro 16.4 million at 31 December 2017 (+19.1%), after the profit for the year (Euro 2.2 million) and exchange losses at 31 December 2017 recognised to the translation reserve (-Euro 0.9 million).

At 31 December 2018, employees numbered 582, in addition to 52 personnel on temporary contracts; employees at 31 December 2017 numbered 578.
The table below shows the composition of the HSC SA workforce at 31 December 2018.

Composition	Executives	Managers	Blue-collars
Workforce	4	90	488
Average age	51	38	40
Years of service in the Company	25	25	21

Current year operating performance

It is forecast that market conditions permitting continued company business volume growth shall again be apparent in the current year.

Vetri Speciali SpA

Registered office: Trento – Via Manci, 5
Business sector: specialty glass containers

Chairman:	Stefano Marzotto
Vice Chairman:	Vitaliano Torno
Chief Executive Officer:	Osvaldo Camarin
Directors:	Luca Marzotto
	Massimo Noviello
Statutory Auditors:	Lorenzo Buraggi - chairman
	Carlo Pesce
	Stefano Meneghini

In 2018, special container demand grew across all market segments, driven in particular by the wines and sparkling wines and spirits market. The continued demand for specialised container operators who can add value to the final product is one of the main factors driving the expanding market.

The **reclassified income statement** for 2018 and 2017 of Vetri Speciali SpA, for the share pertaining to Zignago Vetro SpA (50%), was as follows:

	2018		2017 restated		Change	2017	
	Euro thou.	%	Euro thou.	%	%	Euro thou.	%
Revenues	83,182	100.0%	73,706	100.0%	12.9%	74,735	100.0%
Changes in finished and semi-finished products and work in progress	(1,468)	(1.8%)	5,328	7.2%	n.a.	5,328	7.2%
Value of production	81,714	98.2%	79,034	107.2%	3.4%	80,063	108.6%
Cost of goods and services	(37,842)	(45.5%)	(36,404)	(49.4%)	4.0%	(37,338)	(50.0%)
Value added	43,872	52.7%	42,630	57.8%	2.9%	42,725	57.2%
Personnel expense	(18,889)	(22.7%)	(17,736)	(24.1%)	6.5%	(17,736)	(23.7%)
EBITDA	24,983	30.0%	24,894	33.8%	0.4%	24,989	33.4%
Amortisation & Depreciation	(7,577)	(9.1%)	(6,313)	(8.6%)	20.0%	(6,313)	(8.4%)
Accruals to provisions	(224)	(0.3%)	(198)	(0.3%)	13.1%	(198)	(0.3%)
EBIT	17,182	20.7%	18,383	24.9%	(6.5%)	18,478	24.7%
Net recurring non-operating income	2,218	2.7%	561	0.8%	295.4%	561	0.8%
Operating Profit	19,400	23.3%	18,944	25.7%	2.4%	19,039	25.5%
Net financial expense	(299)	(0.4%)	(247)	(0.3%)	21.1%	(247)	(0.3%)
Net exchange rate gains/(losses)	(8)	---	(51)	(0.1%)	n.a.	(51)	(0.1%)
Profit before taxes	19,093	23.0%	18,646	25.3%	2.4%	18,741	25.1%
Income taxes *(tax-rate 2018: 23%)* *(tax-rate 2017: 24.1%)*	(4,336)	(5.2%)	(4,489)	(6.1%)	(3.4%)	(4,516)	(6.0%)
Profit for the year	14.,757	17.7%	14,157	19.2%	4,2%	14,225	19.0%

Revenues in 2018 amounted to Euro 83.1 million compared to Euro 73.7 million in the previous year (+12.9%).

Exports in the year accounted for 20.3% of revenues in 2018 (22.7% in 2017) and amounted to Euro 16.7 million (Euro 16.9 million in 2017; -1.7%).

Revenue by geographical segment (for relative share):

(Euro thousands)	2018	2017 restated	%
Italy	66,255	57,005	16.2%
Europe (excluding Italy)	11,711	11,077	5.7%
Other segments	5,216	5,624	(7.2%)
Total	83,182	73,706	12.9%
of which export	16,927	16,701	1.4%
%	20.3%	22.7%	

Material costs and external services, including the changes in inventories of finished and semi-finished products, represent 47.2% of revenues (42.2% in 2017).
The share of personnel expense decreased in the year from 24.1% in 2017 to 22.7% in 2017.

EBITDA was Euro 25 million, slightly improving (+0.4%) on the previous year. The margin was 30% (in 2017: 33.8%).

The share of EBIT in 2017 amounted to Euro 17.2 million, compared to Euro 18.4 million in 2017 (-6.5%), with a margin of 20.7% (24.9% in 2017).

The share of net financial expense in the year reduced - 21.1% on 2017. They accounted for 0.3% of revenues in 2017, compared to 0.4% in 2018.

The tax-rate was 23% in 2018 compared to 24.1% in the previous year.

The share of profit was Euro 14.8 million, compared to Euro 14.2 million in the previous year (+4.2%), equal to 17.7% of revenues (19.2% in 2017).

The share of cash flow generated from profit and depreciation/amortisation amounted to Euro 22.3 million in 2018 compared to Euro 20.5 million in 2017 (+9.1%) and represents 26.8% of revenues (27.5% in 2017).

The **reclassified statement of financial position** of Vetri Speciali SpA at 31 December 2018 and 2017, for the share pertaining to Zignago Vetro SpA (50%), was as follows:

	31.12.2018		31.12.2017 restated		Change	31.12.2017	
	Euro thou.	%	Euro thou.	%	Euro thou.	Euro thou.	%
Trade receivables	15,634		13,678		1,956	13,678	
Other receivables	3,784		3,852		(68)	3,852	
Inventories	19,800		19,852		(52)	18,918	
Current non-financial payables	(19,296)		(16,968)		(2,328)	(15,938)	
Payables on fixed assets	(1,151)		(3,197)		2,046	(3,197)	
A) Working capital	18,771	15.7%	17,217	16.1%	1,554	17,313	16.1%
Net tangible and intangible assets	60,649		51,852		8,797	51,852	
Goodwill	40,490		40,086		404	40,086	
Other equity invest. & non-current assets	2,517		752		1,765	726	
Non-current provisions and non-financial payables	(2,802)		(2,764)		(38)	(2,764)	
B) Net fixed capital	100,854	84.3%	89,926	83.9%	10,928	89,900	83.9%
A+B = Net capital employed	119,625	100.0%	107,143	100.0%	12,482	107,213	100.0%
Financed by:							
Current loans and borrowings	26,017		27,250		(1,233)	27,250	
Cash and cash equivalents	(2,851)		(9,394)		6,543	(9,394)	
Current net debt	23,166	19.4%	17,856	16.7%	5,310	17,856	16.7%
Non-current loans and borrowings	22,216	18.6%	19,841	18.5%	2,375	19,841	18.5%
C) Net financial debt	45,382	37.9%	37,697	35.2%	7,685	37,697	35.2%
Opening equity	69,447		64,407			64,407	
Dividends paid	(9,962)		(9,157)			(9,157)	
Other equity changes	1		39			39	
Profit for the year	14,757		14,157			14,227	
D) Closing equity	74,243	62.1%	69,446	64.8%	4,797	69,516	64.8%
C+D= Total financial debt and equity	119,625	100.0%	107,143	100.0%	12,482	107,213	100.0%

The increase in the share of working capital compared to 31 December 2017 (+Euro 1.5 million: +9%) is principally due to the reduction in payables to suppliers of fixed assets.

The share of net fixed capital is higher than the end of 2017 by Euro 10.9 million due to higher net investments in tangible and intangible fixed assets than depreciation and amortisation (net investments Euro 16.4 million, amortisation and depreciation Euro 7.6 million).

The share of equity at 31 December 2018, including the profit for the year and after the distribution of dividends, increased Euro 4.8 million (+6.9%), amounting to Euro 74.2 million (Euro 69.4 million at 31 December 2017).

The share of net financial debt increased from Euro 37.7 million at 31 December 2017 to Euro 45.4 million at 31 December 2018 (+Euro 7.7 million; +20.4%), taking into account the liquidity needs to meet the scheduled investment programme.

At 31 December 2018, the workforce numbered 774, as follows: 9 executives, 180 white-collar office, commercial and technical staff and 576 blue-collars, in addition to 39 personnel hired on temporary contracts. At 31 December 2017, employees numbered 749, of which: 8 executives, 172 white-collars and 569 blue-collars. The above data refers to 100% of the group’s workforce.

Current year operating performance.

Results for the current year are expected to remain at good levels, once again benefitting from strong demand.

For completeness the reclassified income statement and statement of financial position of Vetri Speciali SpA (100% of the data) are shown below.

The **reclassified income** of Vetri Speciali SpA for the year and the previous year is shown below:

	2018		2017 restated		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	166,363	100.0%	147,412	100.0%	12.9%
Changes in finished and semi-finished products and work in progress	(2,935)	(1.8%)	10,656	7.2%	n.a.
Value of production	163,428	98.2%	158,068	107.2%	3.4%
Cost of goods and services	(75,683)	(45.5%)	(72,808)	(49.4%)	3.9%
Value added	87,745	52.7%	85,260	57.8%	2.9%
Personnel expense	(37,777)	(22.7%)	(35,471)	(24.1%)	6.5%
EBITDA	49,968	30.0%	49,789	33.8%	0.4%
Amortisation & Depreciation	(15,153)	(9.1%)	(12,625)	(8.6%)	20.0%
Accruals to provisions	(447)	(0.3%)	(395)	(0.3%)	13.2%
EBIT	34,368	20.7%	36,769	24.9%	(6.5%)
Net recurring non-operating income (charges)	4,436	2.7%	1,120	0.8%	296.1%
Operating Profit	38,804	23.3%	37,889	25.7%	2.4%
Net financial expense	(597)	(0.4%)	(493)	(0.3%)	21.1%
Net exchange rate gains/(losses)	(15)	---	(102)	(0.1%)	n.a.
Profit before taxes	38,192	23.0%	37,294	25.3%	2.4%
Income taxes *(Tax-rate 2018: 22.7%)* *(Tax-rate 2017: 24.1%)*	(8,672)	(5.2%)	(8,979)	(6.1%)	(3.4%)
Profit for the year	29,520	17.7%	28,315	19.2%	4.3%

The **reclassified statement of financial position** of Vetri Speciali SpA at 31 December 2018 compared to 31 December 2017 is summarised below:

	31.12.2018		31.12.2017 restated		Change
	Euro thou.	%	Euro thou.	%	Euro thou.
Trade receivables	31,272		27,356		3,916
Other receivables	7,567		7,704		(137)
Inventories	36,066		39,704		(3,638)
Current non-financial payables	(35,056)		(33,934)		(1,122)
Payables on fixed assets	(2,301)		(6,394)		4,093
A) Working capital	37,548	15.7%	34,436	16.1%	3,112
Net tangible and intangible assets	121,297		103,702		17,595
Goodwill	80,979		80,171		808
Other equity investments & non-current assets	5,033		1,503		3,530
Non-current provisions	0		0		---
and non-financial payables	(5,603)		(5,527)		(76)
B) Net fixed capital	201,706	84.3%	179,849	83.9%	21,857
A+B= Net capital employed	239,254	100.0%	214,285	100.0%	24,969
Financed by:					
Current loans and borrowings	52,033		54,500		(2,467)
Cash and cash equivalents	(5,701)		(18,788)		13,087
Current net debt	46,332	19.4%	35,712	16.7%	10,620
Non-current loans and borrowings	44,431	18.6%	39,680	18.5%	4,751
C) Net financial debt	90,763	37.9%	75,392	35.2%	15,371
Opening equity	138,893		128,813		
Dividends paid	(19,924)		(18,313)		
Other equity changes	2		78		
Profit for the year	29,520		28,315		
D) Closing equity	148,491	62.1%	138,893	64.8%	9,598
C+D = Total financial debt and equity	239,254	100.0%	214,285	100.0%	24,969

Vetreco Srl (*)

Registered office: Supino (FR) – Via Morolense km. 5.500
Business sector: treatment and sale of recycled glass

Chairman:	Roberto Celot
Vice Chairman:	Rocco Furia
Directors:	Roberto Cardini
	Pietro Iallonardo
	Christian Pierucci
	John Gerard Sadlier
Statutory Auditors:	Alberto Faggion - chairman
	Riccardo Bolla
	Augusto Valchera

(*) The amounts reported in the comments represent 100% of the Company data.

Significant events in 2018

The company returned good operating results in 2018, increasing quantities and continuing to improve from a technical and organisational standpoint.

The **reclassified income statement** of Vetreco Srl in 2018 compared to the previous year is shown below:

	2018		2017		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	15,316	100.0%	15,622	100.0%	(2.0%)
Changes in finished and semi-finished products and work in progress	(452)	(3.0%)	50	0.3%	n.a.
Value of production	14,864	97.0%	15,672	100.3%	(5.2%)
Cost of goods and services	(11,166)	(72.9%)	(11,747)	(75.2%)	(4.9%)
Value added	3,698	24.1%	3,925	25.1%	(5.8%)
Personnel expense	(1,255)	(8.2%)	(1,502)	(9.6%)	(16.4%)
EBITDA	2,443	16.0%	2,423	15.5%	0.8%
Amortisation & Depreciation	(1,051)	(6.9%)	(1,052)	(6.7%)	(0.1%)
Accruals to provisions	(40)	(0.3%)	(83)	(0.5%)	(51.8%)
EBIT	1,352	8.8%	1,288	8.2%	5.0%
Net recurring non-operating income (charges)	14	0.1%	---	---	n.a.
Operating profit	1,366	8.9%	1,288	8.2%	6.1%
Net financial expense	(652)	(4.3%)	(463)	(3.0%)	40.8%
Profit before taxes	714	4.7%	825	5.3%	(13.5%)
Income taxes *(tax-rate 2018: 27.7 %)* *(tax-rate 2017: 34.8 %)*	(198)	(1.3%)	(287)	(1.8%)	(31.0%)
Profit for the year	516	3.4%	538	3.4%	(4.1%)

Revenues derive almost exclusively from the processing of raw glass for furnaces and glass treatment services on behalf of third parties.

The principal cost items are raw materials and external services, labour costs and amortisation and depreciation.

A profit of Euro 0.5 million is reported for the year, in line with the previous year.

The **reclassified statement of financial position** of Vetreco Srl at 31 December 2018 and 2017 was as follows:

	31.12.2018		31.12.2017		Changes
	Euro thou.	%	Euro thou.	%	Euro thou.
Trade receivables	2,417		3,157		(740)
Other receivables	2,301		2,457		(156)
Inventories	861		1,083		(222)
Current non-financial payables	(4,273)		(4,552)		279
Payables on fixed assets	---		(12)		12
A) Working capital	1,306	8.1%	2,133	12.9%	(827)
Net tangible and intangible assets	14,876		14,491		385
Other equity investments and non-current assets	22		22		0
Non-current provisions and non-financial payables	(94)		(66)		(28)
B) Net fixed capital	14,804	91.9%	14,447	87.1%	357
A+B = Net capital employed	16,110	100.0%	16,580	100.0%	(470)
Financed by:					
Current loans and borrowings	1,903		3,113		(1,210)
Cash and cash equivalents	(3,548)		(798)		(2,750)
Current net debt	(1,645)		2,315		(3,960)
Non-current loans and borrowings	16,046		13,072		2,974
C) Net financial debt	14,401	89.4%	15,387	92.8%	(986)
Opening equity	1,193		655		
Shareholder capital payment					
Other equity changes	516		538		
Profit for the year					
D) Closing equity	1,709	10.6%	1,193	7.2%	516
C+D = Total financial debt and equity	16,110	100.0%	16,580	100.0%	(470)

Working capital at 31 December 2018 decreased on 31 December 2017 by Euro 0.8 million, principally due to the reduction in trade receivables.

Net fixed capital at 31 December 2018 of Euro 14.8 million decreased on 2017 due to amortisation and depreciation.

Equity amounts to Euro 1.7 million, increasing Euro 0.5 million on 2017, due to the profit for the year.

At 31 December 2018, a net debt of Euro 14.4 million was reported, reducing Euro 1 million on 31 December 2017.

At 31 December 2018, the Company workforce numbered 27, of which 14 temporary staff.

Current year operating performance.

It is expected that the company will continue to report good results, although this will depend on a number of issues, such as procurement costs of raw scrap, its quality and its availability.

Vetro Revet Srl (*)

Registered office: Empoli (FI) – Via 8 marzo No. 9
Business sector: treatment and sale of recycled glass

Chairman:	Sergio Pregliasco
Directors:	Mauro Biason Alessandro Canovai Roberto Celot Alessia Scappini
Statutory Auditors:	Stefano Peppolini - chairman Alberto Faggion Stefano Meneghini

Significant events in 2018

2018 featured the stoppage of the main treatment plant to facilitate major technical measures to improve the technology-plant utilised. This stoppage, together with other operating issues, and the poor quality of incoming raw glass, further impacted the company's results.

Initiatives are ongoing to streamline plant performance, and improve production organisation. Another area of improvement is identified in the quality of raw glass provided and the consequent reduction in processing waste, which currently is at very high levels. These actions - expected to be undertaken in the first half of the year - should significantly improve operating results.

The **reclassified income statement** of Vetro Revet Srl in 2018 compared to the previous year is shown below:

	2018		2017		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	4,942	100.0%	4,720	100.0%	4.7%
Changes in finished and semi-finished products and work in progress	21	0.4%	(162)	(3.4%)	n.a.
Value of production	4,963	100.4%	4,558	96.6%	8.9%
Cost of goods and services	(4,908)	(99.3%)	(4,299)	(91.1%)	14.2%
Value added	55	1.1%	259	5.5%	(78.8%)
Personnel expense	(1,624)	(32.9%)	(1,775)	(37.6%)	(8.5%)
EBITDA	(1,569)	(31.7%)	(1,516)	(32.1%)	3.5%
Amortisation & Depreciation	(387)	(7.8%)	(288)	(6.1%)	34.4%
Accruals to provisions	(180)	(3.6%)	(33)	(0.7%)	445.5%
EBIT	(2,136)	(43.2%)	(1,837)	(38.9%)	16.3%
Net recurring non-operating income	(193)	(3.9%)	(38)	(0.8%)	407.9%
Operating Profit/(loss)	(2,329)	(47.1%)	(1,875)	(39.7%)	24.2%
Net financial expense	(167)	(3.4%)	(173)	(3.7%)	(3.5%)
Profit/(loss) before taxes	(2,496)	(50.5%)	(2,048)	(43.4%)	21.9%
Income taxes *(tax-rate 2018: n.a.)* *(tax-rate 2017: n.a.)*	527	10.7%	(124)	(2.6%)	n.a.
Profit/(loss) for the year	(1,969)	(39.8%)	(2,172)	(46.0%)	(9.3%)

Revenues derive almost exclusively from the processing of raw glass for furnaces and glass treatment services on behalf of third parties.

The principal cost items are raw materials and external services, labour costs and amortisation and depreciation.

A loss of Euro 2 million is reported for the year, reducing on the previous year (Euro 2.2 million).

The **reclassified statement of financial position** of Vetro Revet Srl at 31 December 2018 was as follows:

	31.12.2018		31.12.2017	
	Euro thou.	%	Euro thou.	%
Trade Receivables	1,559		2,197	
Other receivables	1,402		1,256	
Inventories	37		16	
Current non-financial payables	(3,946)		(5,387)	
Payables on fixed assets	---		---	
A) Working capital	(948)	(12.7%)	(1,918)	(45.6%)
Net tangible and intangible assets	8,722		6,295	
Other equity investments & non-current assets	27		7	
Non-current provisions and non-financial payables	(308)		(182)	
B) Net fixed capital	8,441	112.7%	6,120	145.6%
A+B= Net capital employed	7,493	100.0%	4,202	100.0%
Financed by:				
Current loans and borrowings	1,554		2,680	
Cash and cash equivalents	(393)		(1)	
Current net debt	1,161		2,679	
Non-current loans and borrowings	5,572		1,794	
C) Net financial debt	6,733	89.9%	4,473	106.4%
Opening equity	(271)		(534)	
Shareholder capital payment	3,000		2,436	
Other equity changes				
Profit/(loss) for the year	(1,969)		(2,173)	
D) Closing equity	760	10.1%	(271)	(6.4%)
C+D = Total financial debt and equity	7,493	100.0%	4,202	100.0%

Working capital at 31 December 2018 decreased on 31 December 2017 by Euro 0.9 million, principally due to the reduction in trade receivables.

Net fixed capital at 31 December 2018 of Euro 8.4 million increased on 2017 due to investments.

Equity amounts to Euro 0.8 million, increasing Euro 1 million on 2017, due shareholder capital payments.

At 31 December 2018, a net debt of Euro 6.7 million was reported, increasing Euro 2.2 million on 31 December 2017.

At 31 December 2018, the Company workforce numbered 40, of which 2 temporary staff.

Current year operating performance.

The company is expected to gradually improve results during the course of the year.

2018 Non-Financial Report

As per Legs. Decree 254/2016

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.

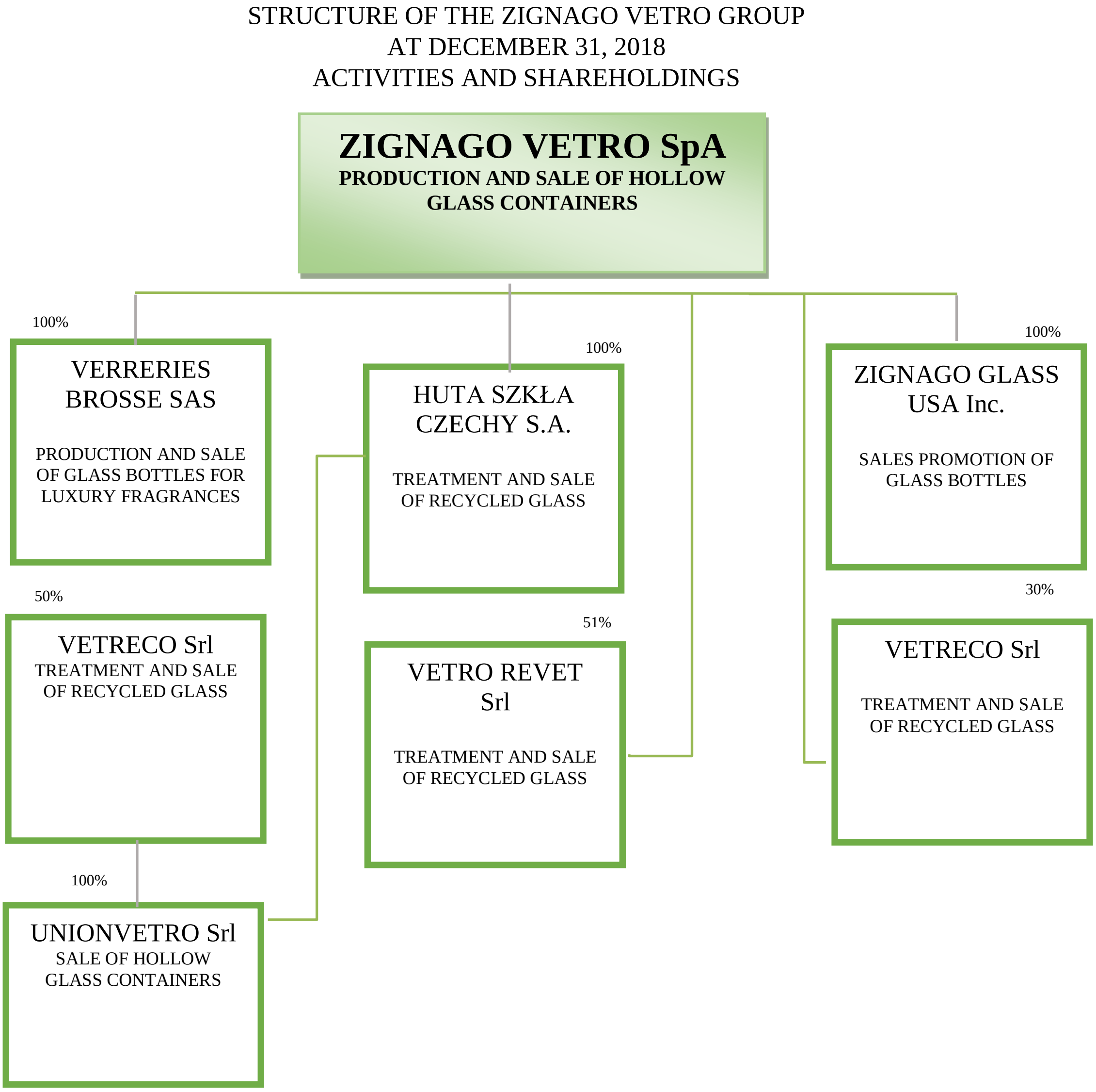
Finally, for all those who regard the Group as a source of value and opportunity in making use of their savings and capital, we believe we continue to represent a trusted partner capable of offering ever greater satisfaction.

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



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.

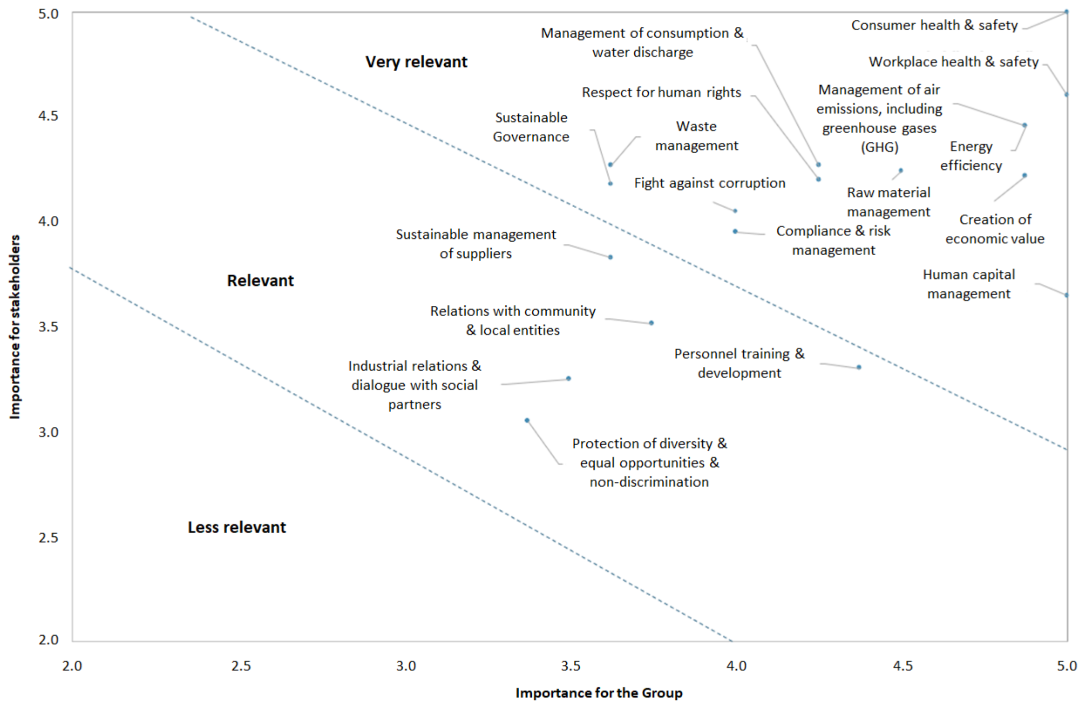
The sharing of sustainability matters with its stakeholders through appropriate tools is among the Group objectives.

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.

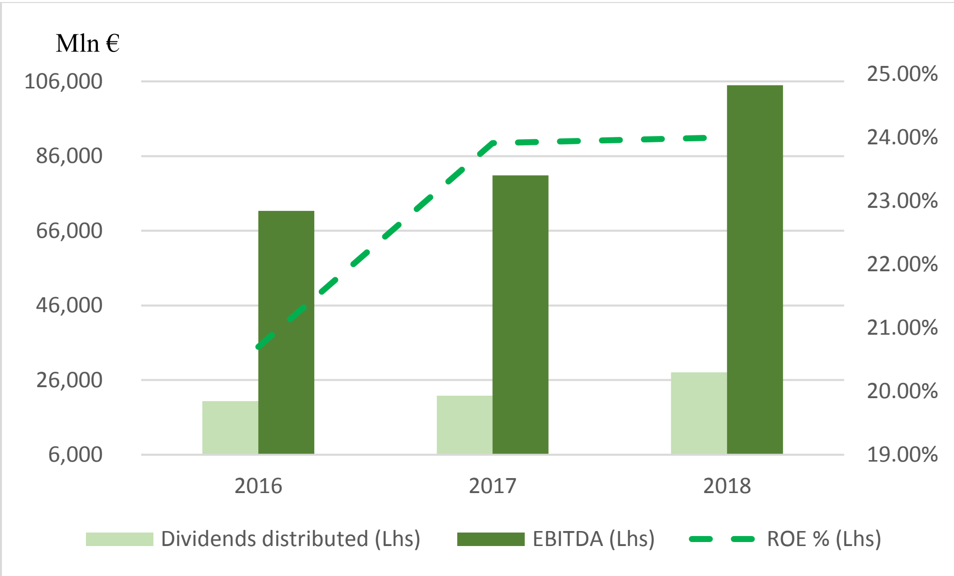
Performance Indicators

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:

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

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

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

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

Each Group company individually possesses procedures and standard practices for the management of environmental issues, based on its organizational and professional specificities, characteristics and needs. Such tools allow all employees to operate in full compliance with regulations on the basis of their corporate roles under the guarantee of a precise and detailed framework of responsibilities.

Zignago Vetro's commitment to the implementation of environmental protection processes has attained standard ISO 9001:2015 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:

1. Natural resources consumption;
2. Inefficient use of natural resources.

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

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

The Group undertakes to:

a) Reduce the use of virgin raw materials in favour of an ever-greater use of recycled, or more properly 'Post Consumer Recycled' (PCR), glass. Already, the Empoli plant makes large-scale use of recycled glass in the production of recycled glass.

b) Increase recycled glass reuse. This aspect requires a constant research and development effort that has increasingly formed part of the group's operations in recent years.

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

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

Performance Indicators

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 corporate sectors. Over the years, all Group plants have made significant efforts to introduce more technologically advanced industrial

[1] As defined by GRI 301-2

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 31/12/182 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.

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.

[2] Zignago Vetro and Huta Szkla Czechy aggregated data, as VB is exempt from TEE's.
[3] 2017 = base 100

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%
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

[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

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%.

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**			
	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

[6] As defined by GRI 303-1

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%.

[7] Data from internal systems and/or outside body certifications[7]
[8] As defined by GRI 305-7

Waste management

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

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.

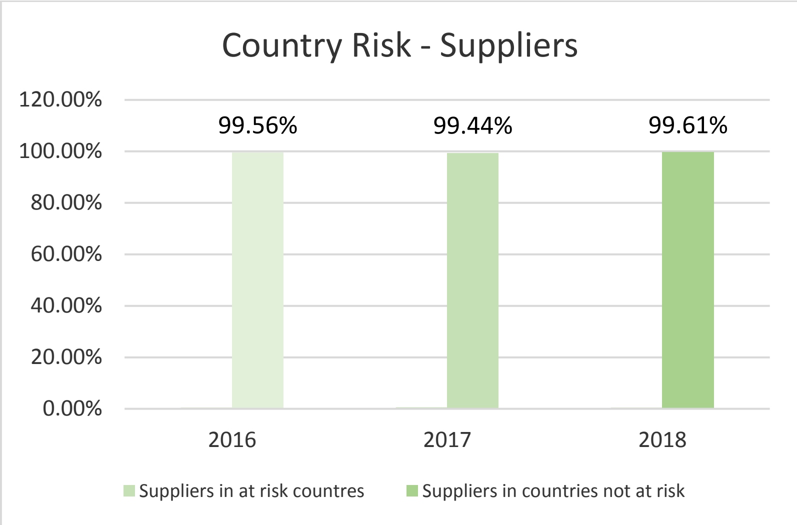
With regard to raw material usage, the Group has, over the years, increased the use of glass waste deriving from the recovery and recycling of used glass, with the aim of reducing the use of virgin raw materials. In particular, Zignago Vetro has made important investments in the processing of raw waste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

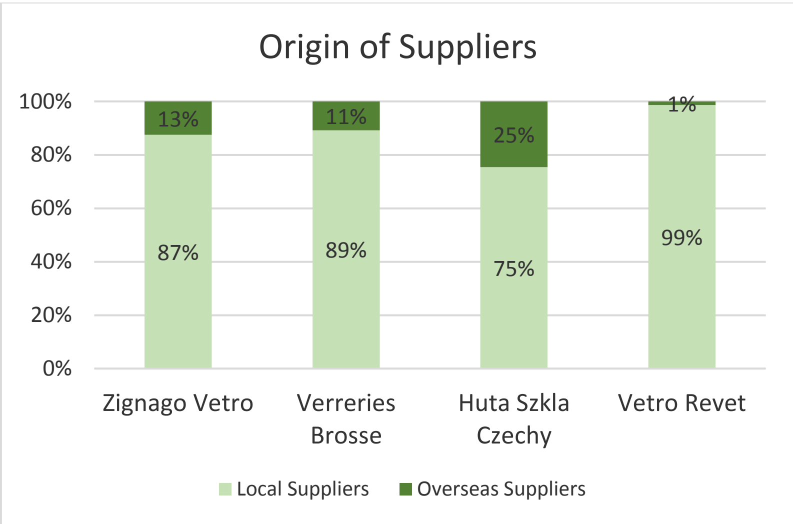
Performance Indicators

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 Poland, mainly due to the

[10] 2017 figures do not include Vetro Revet

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

[11] Considering only permanent employees
[12] Calculated out of total permanent employees
[13] Considering only permanent employees
[14] Calculated out of total permanent employees

%	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.

[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.

Personnel training and development

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

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

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

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**
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**
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.

[19] Calculated only on non-seasonal workers

% 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 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:

[20] As defined by GRI 102-41

- 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	66	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	94	Number of employees by contract and gender
102-9	87	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	104	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	67	Statement from the most senior decision-maker of the organization
Ethics and integrity		
102-16	70	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	71	List of stakeholders involved
102-41	102	Percentage of total employees covered by collective bargaining agreements
102-42	71	Principles for identifying and selecting stakeholders with whom to engage
102-43	72	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	73	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns, also

GRI STANDARD	PAGE NUMBER	DISCLOSURE
		through its reporting. List of stakeholder groups that raised each of the key topics and concerns
Reporting Practice		
102-45	66	Entities included in the organization's consolidated financial statements or equivalent documents
102-46	66	The process for defining the report content and the topic boundaries
102-47	74 - 75	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	104	Reporting period (fiscal or calendar year)
102-51	66	Date of the most recent previous report (if available)
102-52	annually	Reporting cycle (annual, biennial)
102-54	104	Claims of reporting in accordance with the GRI Standards
102-55	105	GRI Content Index

Topic-specific Standards

GRI STANDARD	PAGE NUMBER	DISCLOSURE
MATERIAL TOPICS		
Economic		
ECONOMIC PERFORMANCE		
GRI 103: Management Approach 2018		
103-1	75	Explanation of why the topic is material and the boundaries for the material topic
103-2	76	General information on the management approach and characteristics
103-3	76	Evaluation of the management approach
GRI 201: Economic Performance 2018		
201-1	77	Economic value directly generated and distributed
PROCUREMENT PRACTICES		
GRI 103: Management Approach 2018		
103-1	88	Explanation of why the topic is material and the boundaries for the material topic
103-2	89	General information on the management approach and characteristics
103-3	89	Evaluation of the management approach
GRI 204: Procurement Practices 2018		
204-1	90	Percentage of the procurement budget used spent on local suppliers.
ANTI CORRUPTION		

GRI STANDARD	PAGE NUMBER	DISCLOSURE
GRI 103: Management Approach 2018		
103-1	102	Explanation of why the topic is material and the boundaries for the material topic
103-2	102	General information on the management approach and characteristics
103-3	102	Evaluation of the management approach
GRI 205: Anti-corruption 2018		
205-2	102	Communication and training on anti-corruption policies and procedures
205-3	102	Confirmed incidents of corruption and actions taken
Environmental		
MATERIALS		
GRI 103: Management Approach 2018		
103-1	79	Explanation of why the topic is material and the boundaries for the material topic
103-2	80	General information on the management approach and characteristics
103-3	80	Evaluation of the management approach
GRI 301: Materials 2018		
301-2	80	Percentage of recycled input materials used
ENERGY		
GRI 103: Management Approach 2018		
103-1	81	Explanation of why the topic is material and the boundaries for the material topic
103-2	82	General information on the management approach and characteristics
103-3	82	Evaluation of the management approach
GRI 302: Energy 2018		
302-1*	82	Fuel consumption within the organization OMISSION: absolute value not given due to confidentiality restrictions
302-3	82	Energy intensity
302-4	82	Reductions in energy consumption
WATER		
GRI 103: Management Approach 2018		
103-1	83	Explanation of why the topic is material and the boundaries for the material topic
103-2	83	General information on the management approach and characteristics
103-3	83	Evaluation of the management approach
GRI 303: Water 2018		
303-1	84	Water withdrawn by source
EMISSIONS		

GRI STANDARD	PAGE NUMBER	DISCLOSURE
GRI 103: Management Approach 2018		
103-1	85	Explanation of why the topic is material and the boundaries for the material topic
103-2	85	General information on the management approach and characteristics
103-3	85	Evaluation of the management approach
GRI 305: Emissions 2018		
305-1	85	Direct GHG emissions (Scope 1)
305-7	85	NO_X, SO_X and other significant air emissions
EFFLUENTS AND WASTE		
GRI 103: Management Approach 2018		
103-1	86	Explanation of why the topic is material and the boundaries for the material topic
103-2	86	General information on the management approach and characteristics
103-3	86	Evaluation of the management approach
GRI 306: Effluents and waste 2018		
306-2	86	Total weight of waste by type and disposal method
SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 103: Management Approach 2018		
103-1	87	Explanation of why the topic is material and the boundaries for the material topic
103-2	88	General information on the management approach and characteristics
103-3	88	Evaluation of the management approach
GRI 308: Supplier Environmental Assessment 2018		
308-2	89	Current and potential significant negative environmental impacts in the supply chain and measures undertaken
Treasury		
EMPLOYMENT		
GRI 103: Management Approach 2018		
103-1	92	Explanation of why the topic is material and the boundaries for the material topic
103-2	93	General information on the management approach and characteristics
103-3	94	Evaluation of the management approach
GRI 401: Employment 2018		
401-1	95	Total number and rate of new employee hires and turnover by age, gender and region
LABOUR/MANAGEMENT RELATIONS		
GRI 103: Management Approach 2018		
103-1	96	Explanation of why the topic is material and the boundaries for the material topic
103-2	96	General information on the management approach and

GRI STANDARD	PAGE NUMBER	DISCLOSURE
		characteristics
103-3	97	Evaluation of the management approach
WORKPLACE HEALTH AND SAFETY		
GRI 103: Management Approach 2018		
103-1	97	Explanation of why the topic is material and the boundaries for the material topic
103-2	97	General information on the management approach and characteristics
103-3	97	Evaluation of the management approach
GRI 403: Occupational Health and Safety 2018		
403-2	97	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	98	Explanation of why the topic is material and the boundaries for the material topic
103-2	98	General information on the management approach and characteristics
103-3	98	Evaluation of the management approach
GRI 404: Training and Education 2018		
404-1*	99	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	99	Explanation of why the topic is material and the boundaries for the material topic
103-2	99 - 100	General information on the management approach and characteristics
103-3	100	Evaluation of the management approach
GRI 405: Diversity and Equal Opportunities 2018		
405-1	100	Diversity governance bodies and employees
NON-DISCRIMINATION		
GRI 103: Management Approach 2018		
103-1	99	Explanation of why the topic is material and the boundaries for the material topic
103-2	99 – 100	General information on the management approach and characteristics
103-3	100	Evaluation of the management approach
GRI 406: Non-Discrimination 2018		
406-1	101	Incidents of discrimination and remediation actions taken
HUMAN RIGHTS ASSESSMENT		
GRI 103: Management Approach 2018		

GRI STANDARD	PAGE NUMBER	DISCLOSURE
103-1	101	Explanation of why the topic is material and the boundaries for the material topic
103-2	101 - 102	General information on the management approach and characteristics
103-3	102	Evaluation of the management approach
GRI 412: Human Rights Assessment 2018		
412-2	102	Employee training on human rights policies or procedures
LOCAL COMMUNITIES		
GRI 103: Management Approach 2018		
103-1	86	Explanation of why the topic is material and the boundaries for the material topic
103-2	86	General information on the management approach and characteristics
103-3	86	Evaluation of the management approach
GRI 413: Local Communities 2018		
413-1	87	Local community engagement, impact assessments, and/or development programs
SUPPLIER SOCIAL ASSESSMENT		
GRI 103: Management Approach 2018		
103-1	87	Explanation of why the topic is material and the boundaries for the material topic
103-2	88	General information on the management approach and characteristics
103-3	89	Evaluation of the management approach
GRI 414: Supplier Social Assessment 2018		
414-1	89	Percentage of new suppliers that were screened using social criteria
CUSTOMER HEALTH AND SAFETY		
GRI 103: Management Approach 2018		
103-1	91	Explanation of why the topic is material and the boundaries for the material topic
103-2	91 - 92	General information on the management approach and characteristics
103-3	92	Evaluation of the management approach
GRI 416: Customer Health and Safety 2018		
416-2	92	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.

KPMG S.p.A.
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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.

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

Financial Statements

Consolidated Statement of Financial Position

(Euro thousands)	31.12.2018	Of which related parties	31.12.2017 restated	Of which related parties	Note	31.12.2017
ASSETS						
Non-current assets						
Property, plant and equipment	229,391		182,957		(1)	182,957
Goodwill	2,694		2,883		(2)	2,883
Intangible assets	176		267		(3)	267
Equity-accounted Joint Ventures	74,757		69,264		(4)	69,332
Equity investments	391		387		(5)	387
Other non-current assets	1,175		806		(6)	806
Deferred tax assets	4,078		3,212		(7)	3,212
Total non-current assets	**312,662**		**259,776**			**259,844**
Current assets						
Inventories	79,183		76,209		(8)	72,840
Trade Receivables	64,903	934	67,493	1,083	(9)	67,493
Other current assets	16,830		13,275		(10)	13,275
Tax Assets	3,773	1,235	4,590	2,295	(11)	4,590
Cash and cash equivalents	32,338		31,686		(12)	31,686
Total current assets	**197,027**		**193,253**			**189,884**
TOTAL ASSETS	**509,689**		**453,029**			**449,728**
EQUITY & LIABILITIES						
EQUITY						
Share capital	8,800		8,800			8,800
Reserves	41,765		37,146			37,146
Treasury shares	(1,093)		(3,748)			(3,748)
Retained earnings and profit for the year	105,640		136,351			136,419
Other equity items	45,020		(1,052)			(1,052)
TOTAL EQUITY OWNERS OF THE PARENT	**200,132**		**177,497**			**177,565**
NON-CONTROLLING INT. EQUITY	**9**		**(496)**			**(496)**
TOTAL EQUITY	**200,141**		**177,001**		(13)	**177,069**
LIABILITIES						
Non-current liabilities						
Provisions for risks and charges	4,257		4,377		(14)	4,377
Post-employment benefits	4,529		5,405		(15)	5,405
Non-current loans and borrowings	117,768		124,608		(16)	124,608
Other non-current liabilities	2,415		2,965		(17)	2,965
Deferred tax liabilities	2,090		2,225		(18)	2,225
Total non-current liabilities	**131,059**		**139,580**			**139,580**
Current liabilities						
Bank loans and borrowings current portion	81,948		60,245		(19)	60,245
Trade and other payables	72,748	900	56,770	1,114	(20)	53,401
Other current liabilities	19,927		18,747		(21)	18,747
Current income taxes	3,866		686		(22)	686
Total current liabilities	**178,489**		**136,448**			**133,079**
TOTAL LIABILITIES	**309,548**		**276,028**			**272,659**
TOTAL EQUITY AND LIABILITIES	**509,689**		**453,029**			**449,728**

Consolidated Income Statement

(Euro thousands)	2018	Of which related parties	2017 restated	Of which related parties	Note	2017
Revenues	**289,838**	**4,717**	**261,186**	**4,710**	(23)	**269,540**
Raw material, ancillaries, consumables and goods	(61,255)	(305)	(59,983)	(403)	(24)	(67,737)
Service costs	(86,604)	(3,928)	(73,587)	(7,994)	(25)	(73,587)
Personnel expense	(67,474)		(63,924)		(26)	(63,924)
Amortisation & Depreciation	(31,115)		(30,628)		(27)	(31,228)
Other operating costs	(8,581)		(4,215)		(28)	(4,215)
Other operating income	7,593		5,745		(29)	5,745
Effect of measurement of Joint Ventures using equity method	15,454		14,189		(30)	14,257
Operating Profit	**57,856**		**48,783**			**48,851**
Financial income	240		753		(31)	753
Financial expense	(2,944)		(2,446)		(32)	(2,446)
Net exchange rate gains/(losses)	(1,399)		473		(33)	473
Profit before taxes	**53,753**		**47,563**			**47,631**
Income taxes	(9,698)		(7,757)		(34)	(7,757)
Profit for the year	**44,055**		**39,806**			**39,874**
Non-controlling interests profit (loss)	**965**		**---**			**---**
Group Profit	**45,020**		**39,806**			**39,874**
Attributable to:						
Owners of the parent	45,020		39,086			39,874
Non-controlling interests	(965)		---			---
	44,055		**39,086**			**39,874**
Earnings per share:						
Basic (and diluted) earnings per share	**0.513**		**0.460**			**0.461**

Consolidated Statement of Comprehensive Income

(Euro thousands)		2018	2017 restated	2017
Profit for the year		**45,020**	**39,806**	**39,874**
Items that will subsequently be reclassified to profit or loss				
Translation difference for foreign operations		(615)	994	994
Tax effect			---	---
Total items that will subsequently be reclassified to profit or loss	A)	(615)	994	994
Items that will not subsequently be reclassified to profit or loss				
Actuarial gains/(losses) on defined benefit plans		46	55	55
Tax effect		(11)	(13)	(13)
Total items that will not subsequently be reclassified to profit or loss for the year	B)	35	42	42
Other comprehensive income (expense) for the period, net of taxes	A+B)	(580)	1,036	1,036
Total comprehensive income for the year		**44,440**	**40,842**	**40,910**
Attributable to:				
Owners of the parent		44,440	40,842	40,910
Non-controlling interests		(965)	---	---
		43,475	40,842	40,910

Consolidated Statement of Cash Flows

(Euro thousands)		2018	2017 restated	2017
CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before taxes		**53,753**	**47,563**	**47,631**
Adjustments to reconcile net profit with cash flow generated from operating activities				
Amortisation & Depreciation		31,133	30,645	31,245
Losses/(gains) on sale of property, plant & equipment		52	(346)	(346)
Accrual to allowance for impairment		72	59	59
Net changes to post-employment benefits		(876)	241	241
Net changes to other provisions		(120)	836	836
Financial income and exchange gains		2,699	(2,441)	(2,441)
Financial expenses and exchange losses		4,343	1,220	1,220
Income taxes paid in the year		(6,703)	(10,231)	(10,231)
Measurement of joint ventures at equity		(15,454)	(14,189)	(14,257)
Dividends distributed by equity-accounted joint ventures		9,962	9,157	9,157
Changes in operating assets and liabilities:				
Decrease/(increase) in trade receivables		2,518	(10,886)	(10,886)
Decrease/(increase) in other current assets		(3,555)	(1,044)	(1,044)
Decrease/(increase) in inventories		(2,974)	(6,593)	(3,224)
Increase/(decrease) in trade & other payables		(1,519)	8,256	4,887
Increase/(decrease) in other current liabilities		1,180	1,929	1,929
Change in other non-current assets and liabilities		(910)	1,037	1,037
Total adjustments and changes		**19,848**	**7,650**	**8,182**
Net Cash Flows from operating activities	**(A)**	**73,601**	**55,213**	**55,813**
CASH FLOW FROM INVESTING ACTIVITIES:				
Gross investments in intangible assets		(85)	(186)	(186)
Investments in property, plant and equipment		(78,848)	(56,933)	(57,533)
Increase/(decrease) in payables for purchases of non-current assets		17,497	(6,258)	(6,258)
Equity investments		(4)	(1,500)	(1,500)
Sales price of securities		6,275	2,954	2,954
Sales price of property, plant and equipment		86	4,826	4,826
Net cash flow used in investing activities	**(B)**	**(55,079)**	**(57,097)**	**(57,697)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid in the year		(4,359)	(1,973)	(1,973)
Interest received in the year		(1,159)	753	753
Net increase (decrease) of short-term bank payables		11,139	(39,247)	(39,247)
Net change non-current loans and borrowings		3,724	34,577	34,577
Dividends distributed		(28,061)	(21,818)	(21,818)
Net cash flow used in financing activities	**(C)**	**(18,716)**	**(27,708)**	**(27,708)**
Change in assets and liabilities items due to translation effect	**(D)**	**(615)**	**994**	**994**
Net change in cash and cash equivalents	**(A+B+C+D)**	**(809)**	**(28,598)**	**(28,598)**
Vetro Revet cash and cash equivalents		**1,461**	**923**	**923**
Cash & cash equivalents at beginning of the year		**31,686**	**59,361**	**59,361**
Cash & cash equivalents at end of the year		**32,338**	**31,686**	**31,686**

Statement of changes in Consolidated Equity

(Euro thousands)

	Share capital	Legal reserve	Revaluation reserve	Other reserves	Capital paid-in	Treasury shares	Translation reserve	Actuarial gains/(losses) on defined benefit plans	Retained earnings	Profit for the year	Total Owners of parent Equity	Total Non-controlling interest Equity	Total Consolidated Equity
Balance at 31 December 2016	**8,800**	**1,760**	**27,334**	**6,270**	**157**	**(5,027)**	**(1,627)**	**(999)**	**87,660**	**31,191**	**155,519**	**---**	**155,519**
Net profit	---	---	---	---	---	---	---	---	---	39,874	---	---	39,874
Other comp. income, net of tax	---	---	---	---	---	---	994	42	---	---	---	---	1,036
Total comprehensive profit (loss)	---	---	---	---	---	---	994	42	---	39,874	---	---	40,910
Sale treasury shares	---	---	---	1,675	---	1,279	---	---	---	---	---		41,946
Allocation of the result	---	---	---	---	---	---	---	---	(31,191)	(31,191)	---		---
Allocation of non-controlling interests result	---	---	---	---	---	---	---	---	---	---	---	---	(496)
Distribution of dividends	---	---	---	---	---	---	---	---	(21,818)	---	---	---	(21,818)
Balance at 31 December 2017	**8,800**	**1,760**	**27,334**	**7,945**	**157**	**(3,748)**	**(633)**	**(957)**	**97,033**	**39,874**	**177,565**	**(496)**	**177,069**
Application IFRS 15	---	---	---	---	---	---	---	---	---	(68)	(68)	---	(68)
Balance at 31 December 2017 restated	**8,800**	**1,760**	**27,334**	**7,945**	**157**	**(3,748)**	**(633)**	**(957)**	**97,033**	**39,806**	**177,497**	**(496)**	**177,001**
Net profit/(loss)	---	---	---	---	---	---	---	---	---	45,020	45,020	(965)	44,055
Other comp. income, net of tax	---	---	---	---	---		(615)	35	---	---	(580)	---	(580)
Total comprehensive profit (loss)	---	---	---	---	---	---	(615)	35	---	45,020	44,440	(965)	43,475
Allocation of the result	---	---	---	---	---	---	---	---	45,020	(45,020)	---	---	---
Sale of treasury shares	---	---	---	3,620	---	2,655	---	---	---	---	6,275	---	6,275
Other changes	---	---	---	(19)	---	---	---	---	---	---	(19)	---	(19)
Changes in non-controlling interests equity	---	---	---	---	---	---	---	---	---	---	---	1,470	1,470
Distribution of dividends	---	---	---	---	---	---	---	---	(28,061)	---	(28,061)	---	(28,061)
Balance at 31 December 2018	**8,800**	**1,760**	**27,334**	**11,546**	**157**	**(1,093)**	**(1,248)**	**(922)**	**113,992**	**39,806**	**200,132**	**9**	**200,141**

Notes to the Financial Statements

GENERAL INFORMATION

Zignago Vetro SpA is an Italian joint stock company limited by shares domiciled at Fossalta di Portogruaro, via Ita Marzotto 8. Together with the subsidiaries, 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 publication of the financial statements of Zignago Vetro SpA was approved by the Board of Directors on 13 March 2018.

ACCOUNTING POLICIES AND MEASUREMENT CRITERIA

Accounting policies

The Consolidated Financial Statements for the years ended 31 December 2018 of Zignago Vetro SpA were prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union in force at the date of the preparation of this document.

They consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of changes in Equity and these Notes.

The Consolidated Financial Statements include the separate financial statements of the Parent Zignago Vetro S.p.A. and of the Italian and foreign Subsidiaries upon which Zignago Vetro has the right to exercise control, directly or indirectly.

The Notes include all the disclosures required by current regulations and accounting policies, appropriately presented with reference to the format of the financial statements used.

The Company, under the various options allowed by IAS 1, has chosen to present separately in the statement of financial position current and non-current assets and liabilities based on their realisation or settlement within the normal operating cycle, not after 12 months subsequent to the reporting date and in the income statement costs based on their nature. The statement of cash flows is prepared applying the indirect method.

The Consolidated Financial Statements, as for the Directors' Report, presents, for greater clarity, the statement of financial position and the income statement and the relative notes thereto, in thousands of Euro, unless otherwise indicated.

For comparison, it is stated that the consolidation scope of the Zignago Vetro Group at 31 December 2018 changed on 31 December 2017 due to the inclusion of the company Vetro Revet Srl, acquired on 20 December 2017. The consolidation criteria at 31 December 2018 (and for comparative purposes at 31 December 2017) are as follows:

Consolidation at 31 December 2018 and 2017:

- Zignago Vetro SpA (parent)

- under the line-by-line method:
  - Verreries Brosse SAS;
  - Huta Szkła "Czechy" SA (HSC SA);
  - Zignago Glass USA Inc.
  - Vetro Revet Srl

- with joint ventures measured using the equity method:
  - Vetri Speciali SpA and its subsidiary Unionvetro Srl (50%)
  - Vetreco Srl (30%)

Statement of conformity with IFRS international accounting standards

The consolidated financial statements information for the year ended 31 December 2018 were prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB), endorsed by the European Union and in force at the reporting date.
IFRS include all the revised international accounting standards (IAS), and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

New accounting policies and interpretations adopted by the Group from 1 January 2018

The accounting policies adopted for the preparation of the financial statements at 31 December 2018 are the same as those utilised for the consolidated financial statements of the Zignago Vetro Group at 31 December 2017, except for the adoption of new standards and interpretations approved by the IASB and endorsed in Europe, application of which is obligatory for accounting periods beginning 1 January 2018 - as listed in the following table:

- Document title	Date of issue	Effective entry date	Date approved	EU Regulation and publication date
IFRS 15 - Revenue from contracts with customers	May 2014 (Note 1)	1 January 2018	22 September 2016	(EC) 2016/1905 29 October 2016
IFRS 9 - Instruments	July 2014	1 January 2018	22 November 2016	(EC) 2016/2067 29 November 2016
Clarifications to IFRS 15	April 2016	1 January 2018	31 October 2017	(EC) 2017/1987 9 November 2017
Joint application of IFRS 9 Financial instruments and IFRS 4 Insurance contracts (Amendments to IFRS 4)	September 2016	1 January 2018	3 November 2017	(EC) 2017/1988 9 November 2017
Classification and measurement of share-based payments (amendments to IFRS 2 Share-based payments)	June 2016	1 January 2018	26 February 2018	(EC) 2018/289 27 February 2018
Changes to the allocation of investment property (amendments to IAS 40)	December 2016	1 January 2018	14 March 2018	(EC) 2018/498 March 15, 2018
Interpretation IFRIC 22 Foreign currency transactions and advance consideration	December 2016	1 January 2018	28 March 2018	(EU) 2018/519 3 April 2018
Improvements to IFRS (2014-2016 cycle) – Amendments to IFRS 1 and IAS 28	December 2016	1 January 2018	7 February 2018	(EC) 2018/182 – 8 February 2018

(Note 1) The amendment changed the effective date of IFRS 15 published in September 2015.

In particular, with regards to IFRS 15 "Revenue from contracts with customers", on 28 May 2014 the IASB published the document establishing that revenue is recognised on the transfer of control of the goods or services to customers for an amount equal to the consideration for which a right emerges in exchange for these products or services. The standard introduces a revenue recognition model in five steps:
1) Identification of the contract with the client;
2) Identification of the performance obligations;
3) Calculation of the transaction price;
4) Allocation of the remuneration related to the provision of the service;
5) Recognition of the revenues related to the provision of the service.
The new standard furthermore requires additional information concerning the nature, amount, times and uncertainty regarding the revenues and the cash flows from contracts with customers.

With regards to IFRS 9 "Financial instruments", on 24 July 2014 the IASB published the final document in conclusion of the process, broken down into three phases "*Classification and*

Measurement", "*Impairment*" and "*General Hedge Accounting*", in full review of IAS 39. The document introduces new criteria for the classification and measurement of financial assets and liabilities. The new standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. For financial liabilities however the standard is mainly amended with regard to the accounting treatment of the fair value changes of a financial liability allocated as valued at fair value through the income statement, in the case in which these relate to changes in the credit position of the financial liability. According to this new standard, these changes should be recorded to other items of the statement of comprehensive income. The new document includes a single model for the impairment of financial assets based on expected losses.

With regards to IFRS 4 "*Insurance Contracts*", on 12 September 2016 the IASB issued a number of amendments to resolve inconsistencies regarding the differing dates for the entry into force of IFRS 9 and IFRS 4.

The amendments to IFRS 2 "Share-based payments" concern the classification and measurement of share-based payments. The IASB clarified that the approach for the measurement of liabilities from a cash-settled plan is similar to that utilised for equity settled plans ("modified grant date method"). A number of issues concerning the classification of plans and the accounting treatment in the case of the amendment of a plan with share-based payments were also clarified.

With regards to IAS 40 "Investment property", the IASB clarified the circumstances by which the entity is authorised to transfer ("reclassify") an asset from/to the "investment property" category, i.e. only when the asset complies with or ceases to comply with the definition of "investment property" and there has been a clear change in the utilisation of the asset. The intention of company management alone to change the use of the asset is not sufficient.

The interpretation of IFRS 22 "Foreign currency transactions and advance consideration" clarifies how to measure transactions involving the receipt or payment of advance consideration in foreign currencies. The IASB clarified that these are non-cash assets and liabilities and, therefore, the initial recognition value in the functional currency, calculated applying the forward exchange rate at the date of payment or receipt of the advance consideration, should thereafter not be restated. They are therefore recognised to the financial statements according to the forward exchange rates utilised for initial recognition of the advance consideration.

The IAS/IFRS endorsed by the EU at 30 June 2018 and the relative IFRIC interpretations applicable to financial statements for periods beginning from 1 January 2019 are reported below.

Document title	Date of issue	Effective entry date	Date approved	EU Regulation and publication date
IFRS 16 Leasing	January 2016	1 January 2019	31 October 2017	(EC) 2017/1986 9 November 2017
Amendments to IFRS 9 Financial Instruments - Prepayment features with negative compensation	October 2017	1 January 2019	22 March 2018	(EC) 2018/498 26 March 2018

For IFRS 16 “Leasing”, on 13 January 2016 the IASB published a new standard IFRS 16 - Leases, which replaces IAS 17. This document was adopted by the European Union through publication on 9 November 2017. IFRS 16 applies to financial statements for periods beginning 1 January 2019 or subsequently. The new standard eliminates the difference in the recognition of operating and finance leases, while also presenting elements which simplify application and introduces the concept of control within the definition of leasing. In particular, in order to determine whether a contract represents leasing, IFRS 16 requires to verify whether the lessee has the right to control the use of a determined asset for a determined period of time.

With regards to the amendments to IFRS 9, the IASB clarified the methods to be used for the SPPI Test in the case of early repayment clauses which require negative compensation and described the means to calculate the effects related to a change in the cash flows of a liability valued at amortised cost.

Below we report the IFRS, interpretations and amendments to existing accounting policies and interpretations, or specific provisions within the standards and interpretations approved by the IASB, which have not yet been endorsed for adoption in Europe at the approval date of these consolidated financial statements.

Document title	Date of issue by the IASB	Effective entry date of the IASB document	Expected endorsement date by EU
Standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	Endorsement date not set
IFRS 17 Insurance Contracts	May 2017	1 January 2021	TBD
Interpretations			
IFRIC 23 Uncertainty over Income Tax Treatments	June 2017	1 January 2019	2018
Amendments			
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Deferred until the completion of the IASB project on the equity method	Postponed ahead of the conclusion of the IASB project on the equity method
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	October 2017	1 January 2019	2018
Annual Improvements to IFRS Standards (2015-2017 Cycle)	December 2017	1 January 2019	2018
Amendments to References to the Conceptual Framework in IFRS Standards	March 2018	1 January 2020	2019
Plan Amendment, Curtailment or Settlement (amendments to IAS 19)	February 2018	1 January 2019	2018

Change of accounting standards

The Group adopted IFRS 15 *Revenue from contracts with customers* and IFRS 9 *instruments* from 1 January 2018, choosing the "retrospective without stopgap measures" transition option, which requires the adjustment of opening equity at 1 January 2017.

IFRS 15 introduces a single general model to establish whether, when and to what extent to recognise revenue and replaces IAS 18 and the relative interpretations.

The effects from application of the new standard "IFRS 15 *Revenue from contracts with customers"* refer in particular to the recognition of revenues for packaging returns. These revenues carry in fact, in accordance with the standard, an obligation, although time limited, arising from the commitments to repurchase that which the company provides on initial sale. All of the packaging which the customer, within a reasonable timeframe, returns in good condition shall be repurchased at the same sales price.

With the introduction of the new standard, the revenues recognised from the sale of packaging returns and the costs incurred for their repurchase from the customer in the period were completely reversed. In addition, for the sale of packaging with a right to return, the application of IFRS 15 resulted in the recognition of an asset for the right to recover the product from customers, and of a corresponding liability for future repayments of an amount equal to the value of the packaging returns held by customers at the present reporting date. The probability of return is measured by the company as 100%.

The following table indicates the impact from adoption of IFRS 15 on the individual affected items of the statement of financial position at 31 December 2018 and of the Group income statement for 2018.

In thousands of Euro	As reported	Adjustments	Balances without considering the effect from application of IFRS 15
Inventories	79,183	3,573	75,610
Liabilities	309,548	3,573	305,975
Equity	200,141	-	174,741
Revenues	289,838	13,936	303,774
Costs	244,818	13,936	258,754
Net result	45,020	-	45,020

Some of the effects outlined above concern the fact that, until 31 December 2017, a portion of the above-stated packaging (pallets) was recognised as assets by the Parent; from 1 January 2018, the standard was amended, recognising such as inventory (as for all other types of packaging materials).

IFRS 9 introduces new provisions for the recognition and measurement of financial assets, of financial liabilities and of contracts for the sale of non-financial items.
The adoption of the new standard did not have significant impacts on the accounting policies applied by the Group to liabilities and derivative financial instruments.
Although substantially absent, the only effects from the introduction of "IFRS 9 Financial instruments" concerned application of the new provisions for impairment losses, which introduce the expected loss on receivables model in replacement of the sustained loss model. The new model is applied to financial assets valued at amortised cost, assets deriving from contracts and debt securities, with the exception of capital securities, where the financial assets valued at amortised cost include trade receivables and cash and cash equivalents.
The Group therefore assessed the doubtful debt provisions and the assets deriving from contracts at an amount equal to the expected losses over the life cycle of the receivable. In order to establish whether the credit risk concerning a financial asset has increased significantly after initial recognition in order to assess expected losses on receivables, the Group considers reasonable and demonstrable information which is pertinent and available without excessive cost or burden.
IFRS 9 replaces the impairment model of IAS 39 and based on the 'incurred loss' with an 'expected credit loss' ('ECL') forecast model. With reference to these new provisions, it is not necessary that an impairment trigger event occurs for consequent recognition to the financial statements, although immediate recognition of the expected future loss is required, utilising past and present data, in addition to forward looking information.
The Group has reviewed its impairment verification process for recognised assets, applying, with regards to trade receivables, the simplified method according to which the probability of loss

deriving from all possible defaults through the expected life of the financial instrument (“lifetime expected credit losses”) is considered. Deteriorated receivables are analysed on the basis of the reliability and capacity of the debtor to pay the sums due, in addition to the effective level of coverage of any secured and unsecured underlying guarantees. With regards to the other trade receivables, the Group has developed an approach for the estimate of impairments, on the basis of the existing matrix. Country risk is not identified with regards to the exposure of each subsidiary.
Finally, the other financial assets valued at amortised cost and in particular cash and cash equivalents, were measured according to the new rules, although the impact, in terms of expected losses, was not considered material and for this reason no adjustments were made to the balances published at 31 December 2017.

The retrospective option was applied and therefore in the financial statements and the tables reported below, the “restated” column presents the historic amounts restated to reflect the effects of the application of these new standards. Movements between periods are calculated with reference to the above-stated column.

Estimated effects of adopting IFRS 16

The Group, required to adopt IFRS 16 Leasing from 1 January 2019, has estimated the effects, as reported below, from initial application of this standard on the consolidated financial statements. The actual effects from the adoption of the above standard at 1 January 2019 may differ as:
- the Group has not yet completed the verification and assessment of the controls on the new IT systems; and
- the new calculation criteria may change until the presentation of the first Group consolidated financial statements which include the date of initial application.

IFRS 16 introduces a single model for the recognition of leases in the financial statements of the lessee, according to which the lessee records an asset representing the right to use the underlying asset and a liability which reflects the obligation to pay the lease charges. Exemptions from applying IFRS 16 are permitted for short-term leases and those concerning assets of modest value. Recognition methods for the lessor are similar to those under the currently applicable standard, i.e., the lessor continues to classify leases as operating or financial.
IFRS 16 replaces the current provisions on leasing, including IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27 Evaluating the substance of transactions in the legal form of a lease.

The Group, where acting as lessee, shall record new assets and liabilities for operating leases of structures hosting warehouses and production facilities. The nature of the costs concerning these leases shall change as the company will amortise the assets relating to the usage right and the financial charges on the leasing liabilities.
Previously, the Group recognised operating lease costs equally over the duration of the lease and the assets and liabilities only amid temporary differences between the point at which the leasing charges were paid and the costs recorded.

In addition, the Group shall no longer record operating lease provisions considered to be onerous, including lease payments under leasing liabilities.
On the basis of the information currently available, the Group expects to record additional leasing liabilities of Euro 4.5 million at 1 January 2019. The Group does expect that the adoption of IFRS 16 not shall affect its capacity to comply with the covenants regarding the maximum debt limit permitted under the existing loan contracts.

The group intends to apply IFRS 16 at the date of initial application (i.e. 1 January 2019), utilising the modified retrospective method.
Therefore, the cumulative effect from the adoption of IFRS 16 shall be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating the comparative disclosure.
The Group intends to apply the practical option exempting adoption of the new leasing definition on passage to the new standard. In other terms, the Group shall apply IFRS 16 to all contracts signed before 1 January 2019 which have been identified as leases as per IAS 17 and IFRIC 4.

Consolidation scope and basis of consolidation

The main consolidation criteria adopted were as follows:

- the elimination of the carrying amount of equity investments against recognition of the relevant assets and liabilities of the subsidiary using the line-by-line method;
- the recognition of non-controlling interests in equity and profit for the period, if any;
- the elimination of all intragroup transactions, consisting of payables and receivables, sales and purchases, and unrealised profits and losses;
- the financial statements of the investees utilised for the preparation of the consolidated financial statements are those approved by the respective Board of Directors which will be presented to their respective shareholders' meetings for approval. The reporting date of the consolidated companies is the same as the parent. The financial statements of the investees are adjusted, where necessary, in line with the accounting principles utilised by the Parent, which are in accordance with the IFRS endorsed by the European Union.

The assets and liabilities, expenses and income of the companies consolidated using the line-by-line method are fully included in the consolidated financial statements; the book value of the investments is eliminated against the corresponding portion of equity of the investees.

Group investments in associates are measured using the equity method.

The Companies included in the Consolidated Financial Statements at 31 December 2018 are shown in the following table:

Consolidated Companies (Euro)	Registered office	Share capital (in local currency)	Percentage holding of the Group
Zignago Vetro SpA (Parent)	Fossalta di Portogruaro (VE)	8,800,000	---
Companies consolidated using the line-by-line method:			
Verreries Brosse SAS	Vieux-Rouen-sur-Bresle (France)	4,000,000	100%
Huta Szkła "Czecky" SA (HSC SA)	Trabkj (Poland)	PNL 3,594,000	100%
Zignago Glass USA Inc.	New York (U.S.A.)	USD 200,000	100%
Vetro Revet Srl	Empoli (FI)	402,000	51%
Equity-accounted investees:			
Vetri Speciali SpA and its subsidiary Uninovetro	Trento (TN)	10,062,400	50%
Vetreco Srl	Supino (FR)	400,000	30%

Translation of financial statements in currencies other than the Euro

The functional and presentation currency adopted by the Zignago Vetro Group is the Euro.
The rules for the translation of financial statements of Companies which operate in a currency other than the Euro are the following:

- the assets and the liabilities are translated using the exchange rate at the reporting date;
- the costs and revenues, and income and expenses, are translated using the average exchange rate for the period;
- the "Translation reserve" includes both the exchange rate differences generated from the translation of foreign currency profit and loss items and at a rate different from the closing rate, and also those generated from the translation of opening equity at an exchange rate which is different from the closing exchange;
- goodwill related to the acquisition of a foreign entity is treated as assets and liabilities of the foreign entity and translated at the closing date.

The exchange rates applied are reported in the following table – those published by the Italian Exchange Office:

	2018 Exchange Rates		2017 Exchange Rates	
Curr.	at 31 December	year average	at 31 December	year average
USD	1.1450	1.1809	1.1993	1.1297
PLN	4.3014	4.2614	4.1770	4.2573

Accounting policies

The Consolidated Financial Statements of the Zignago Vetro Group at 31 December 2018 were prepared using the historical cost method, except for investments in financial assets and in derivative instruments, which are recorded at fair value.

The Consolidated Financial Statements were prepared on the going concern basis, which is considered to have been largely satisfied. For further information, reference should be made to the Directors' Report.

Property, plant and equipment

Property, plant & equipment are recognised at historical cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired. Land, both constructible and relating to civil and industrial buildings, is generally accounted for separately and is not depreciated in that it has an unlimited useful life. Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalised.
Property, plant and equipment are recorded net of the relative accumulated depreciation and impairment losses. Depreciation of property, plant and equipment is calculated on a straight-line basis over the useful life of the asset, net of the estimated realisable value. Depreciation is generally recorded in the profit and loss account. The depreciation methods, the useful lives and the residual values are assessed at the reporting date and adjusted where necessary.

The principal depreciation rates applied are as follows:

Class	**Depreciation rate**
Industrial buildings	1% -5.5%
General plant and machinery	4%-10%
Specific plant and machinery	8%-15%
Equipment (moulds)	25% - 100%
Kilns and related equipment	10% - 22%
Office furniture and fittings	12%
EDP	20%
Commercial equipment and furnishings	15%
Internal communication systems	25%
Transport vehicles	25%

At each reporting date, the company tests property, plant and equipment for impairment.
Where, based on this verification, an impairment loss arises, the company estimates their recoverable amount.
The recoverable amount of an asset is the higher between the fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds the recoverable amount an impairment loss is recorded. Impairment losses are recorded in profit and loss. The impairment losses recorded in prior years are restated up to the carrying amount which would have been recorded (net of depreciation) where the impairment was never recorded.

Leased assets

The assets acquired through finance lease contracts, which transfer the majority of the risks and benefits related to the ownership of an asset to the Group, are capitalised among property, plant and equipment at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. A payable is recorded under liabilities for a similar amount, which is progressively reduced based on the repayment of the capital portion included in the contractual instalments.
Lease instalments are allocated to principal and interest to obtain application of a constant interest rate on the balance of the debt (principal). Financial expenses are charged to the income statement.
The depreciation of these assets is calculated based on the economic useful life similar to the property, plant and equipment.
Leases in which the lessor substantially retains all of the typical risks and rewards of ownership are classified as operative.
The initial costs incurred on operating leasing contracts are considered increases in the cost of the asset leased and are recorded over the duration of the lease contract against the revenues generated from the lease.
Operative lease instalments are expensed to the income statement over the duration of the lease contract.

Business combinations and goodwill

Business combinations are recognised using the purchase method. At the control acquisition date, the equity of the investees is established attributing to the relevant assets and liabilities their present value. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recognized in “Goodwill”; if negative, it is recognised in profit and loss.

In the case of full control not being acquired the non-controlling interest equity is established based on the share of the present value attributable to the assets and liabilities at the date of acquisition of control, excluding any attributable goodwill (so-called partial goodwill method). Alternatively, in the case of assuming non-total control,

the entire amount of goodwill generated by the acquisition is recorded considering, therefore, also the shareholding of minority interests (full goodwill method); minority interests are recorded at their overall fair value including therefore the share of goodwill. The goodwill calculation method is chosen on a case by case basis for each business combination.

In the case of business combinations undertaken in a series of phases, the previous holding is remeasured at fair value at the acquisition date and any gain or loss is recorded to the income statement. It is therefore considered in the determination of goodwill.

Any potential payment to be recognised is recorded by the acquirer at fair value at the acquisition date. The change in the fair value of the potential consideration classified to assets or liabilities, such as financial, are recognised and measured as per IFRS 9.

With regard to equity investments acquired subsequent to the acquisition of control (non-controlling interest acquisitions), any positive difference between the acquisition cost and the corresponding portion of equity acquired is recognised to equity; similarly, the effects from the sale of the non-controlling share without loss of control are recognised to equity.

Goodwill deriving from the acquisition of investees is initially recorded at cost and represents the surplus of acquisition cost compared to the purchaser's share of net fair value with respect to identifiable amounts of the assets and liabilities acquired, current and potential. After initial recognition, goodwill is not amortised and is reduced for impairment loss. This is determined following an impairment test, as described below.

If the goodwill is allocated to a cash-generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash generating unit.

On the first-time adoption of IFRS, the Group has chosen not to apply IFRS 3 - Business Combinations in retrospective manner for the acquisition of companies prior to 1 January 2004 - consequently, the possible goodwill generated on the acquisitions prior to the transition date to IFRS was maintained at the previous value determined in accordance with Italian GAAP, with the prior impairment testing and recording of any impairment loss.

Intangible assets

Intangible assets with definite lives are subject to verification of any loss in value when events or changes occur indicating that the carrying amount can no longer be recovered.
Intangible assets acquired separately are recorded under assets at purchase price including incidental costs directly attributable to the asset.
After their initial recognition, intangible assets with definite useful lives are recognised net of the relative accumulated amortisation and any impairment loss, determined in the same manner as that for property, plant and equipment.
The useful life is reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates.
The amortisation rates of intangible fixed assets with definite useful life were as follows:

Class	**Rate**
Concessions, licences and trademarks	8.33% -20% - 33.33%

The Group does not hold intangible assets with indefinite useful lives.

The gains and losses deriving from the disposal of intangible assets are determined as the difference between the disposal amount and the carrying amount of the asset and are recorded in the income statement at the moment of the disposal.

Research and development costs

Research costs are recognised profit or loss in the year in which they are incurred.
The development costs incurred in relation to a specific project are capitalised only when the following are demonstrated: i) the technical possibility to complete the intangible asset in order to make it available for use or sale, ii) the intention of the company to complete this asset for use or sale, iii) the manner in which it will generate probable future economic benefits, iv) the availability of technical and financial resources in order to complete the development and v) the capacity to evaluate in a reliable manner the cost attributable to the activity during its development and the existence of a market for the products and services deriving from the activities or their use for internal purposes.

After initial recognition, the development activities are measured at cost, reduced for amortisation or accumulated impairment losses. Amortisation begins when the development is completed and the asset is available for use. Development activities are amortised over the period of expected benefits. During the development period the asset is subject to an annual impairment test.

Impairments of goodwill and intangible and property, plant and equipment

At each reporting date, the Group assesses for the existence of indicators of impairment of goodwill, intangible assets with definite useful lives, any development costs capitalised and property, plant and equipment (including under finance leases). Where such indicators arise, an impairment test is made.

Goodwill is subject to an impairment test, independently of the existence of any indicators of impairment.

In both cases, an annual verification of the carrying amount of the goodwill and of the intangible assets with indefinite useful life is carried out, or of the property, plant and equipment and intangible assets with definite useful life; in the presence of indicators of impairment, the Group makes an estimate of the recoverable amount. The recoverable amount is the higher between the fair value of an asset or a cash generating unit less costs to sell and its value in use and is determined for each asset, except when the asset does not generate cash flows which are sufficiently independent from those generated from other assets or groups of assets, in which case the Group estimates the recoverable amount of the unit generating the cash flows of the asset to which it belongs. In particular, as goodwill does not generate cash flows independent from other assets or group of assets, the verification for the reduction in value relates to the unit or the group of units to which the goodwill was allocated.

In the determination of the value in use, the estimated future cash flows are discounted by the Group at a pre-tax rate that reflects the market assessment of the time value of money and the risks specific to the asset.

For the purposes of the estimate of the value in use of the future revenue streams, the business plans approved by Management are used, which constitute the best estimate made by the Group on the expected economic conditions in the period of the plan. The projections of the plan normally cover a period of three years; the long-term growth rate utilised for the purposes of the estimate of the terminal value of the asset or of the unit is normally lower than the average long-term growth rate of the sector, of the country or of the market and, if appropriate, may amount to zero or may even be negative. Future cash flows are estimated taking account of current conditions: the estimates therefore do not consider the benefits deriving from future restructurings to which the company has not committed or future investments or optimisation of the assets or of the unit.

When the carrying amount of an asset or cash-generating unit is higher than its recoverable amount, this asset has incurred an impairment loss and is consequently written down to the recoverable amount.

Impairment losses incurred by operating assets are recorded in the income statement in the category of costs relating to those assets. At each balance sheet date, the Group evaluates, in addition, the existence of indicators of a decrease in the loss of value previously recorded and, where these indicators exist, makes a new estimate of the recoverable value. The value of an asset previously written down, except for goodwill, may be restate

d only if there have been changes in the estimates used to determine the recoverable amount of the asset after the last recording of an impairment loss. In this case, the carrying amount of the asset is recorded at the recoverable value, while the restated value must not exceed the carrying amount which would have been determined, after amortization or depreciation, if no loss in value had been recognized in previous years. Each revaluation is recorded as income in the income statement;

after the recording of the amount restated, the depreciation of the asset is adjusted in future years, in order to record the adjusted book value, net of any residual value, over the useful life of the asset.

Interests in joint ventures

The Group holds investments in two joint ventures classified as jointly controlled operations.

A joint venture is a joint control agreement, in which the parties who jointly hold control maintain rights on the net assets of the agreement. Joint control concerns the sharing, on the basis of a contract, of control, which exists only where the decisions regarding significant activities requires unanimity by all parties sharing control.
Group investments in associates are measured using the equity method. Under this method, the investment is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the group's share of the profit or loss after the date of acquisition. Goodwill pertaining to joint ventures was included in the carrying amount of the investment and is subject to an individual impairment test by the Directors of the Joint Venture.
The income statement reflects the Group's share of the joint venture's result for the year, net of income taxes, within the operating result. The company, in line with the management of its core business, considers the results deriving from its holdings in joint ventures as operating items and non-financial items of the Group's business, related to a clearly defined investment strategy and as such classified within the Groups operating result.
Any change to the other comprehensive income statement items concerning this investment are presented within the Group comprehensive income statement. In addition, if a joint venture records a change directly to equity, the Group records its share (where applicable) in the statement of changes in equity. Unrealised gains and losses from transactions between the Group and a joint venture are eliminated in proportion to the share of the investment in the joint ventures.
The financial statements of associates and joint ventures are prepared at the same reporting date as the Group financial statements. Where necessary, the financial statements are adjusted in line with those utilised by the Group.

Subsequent to the application of the equity method, the Group assesses whether it is necessary to recognise an impairment loss in joint ventures. The Group at each reporting date assesses whether these investments have incurred an impairment loss. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the joint venture and the carrying amount in the financial statements, recognising this difference in the income statement, to the account "investments measured at equity".

On the loss of joint control of a joint venture, the Group recognises the residual investment at fair value. The difference between the carrying amount of the investment at the date joint control no longer exists and the fair value of the residual investment and the amount received is recognised to the income statement.

As per IFRS 11, the Group consolidates its investment in joint ventures using the equity method. The joint ventures prepare their financial statements on the basis of the same financial year as the parent company and apply uniform accounting principles.

The share of unrealised gains and loss relating to transactions between the Group and the joint ventures were eliminated from the Group consolidated financial statements. The consolidation at equity of the joint-venture is interrupted when the Group ceases to have joint control.

Once joint control is lost the Group assesses and records its residual investment at fair value. Any difference between the carrying amount of the former jointly controlled enterprise and the fair value of the residual investment and the income deriving from the sale are recorded in the income statement. When the residual investment comprises an enterprise with significant influence it is recognised as an associate.

Equity investments in associates and other investments

An associate is a Company in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an investee, however not exercising control or joint control. Significant influence is presumed when the holding is between 20% and 50%.

The investments in associated companies are measured using the equity method, as described previously for joint ventures.

The other investments, which concern long-term investments recognised as financial assets, are determined based on the purchase or subscription price or the value attributed to assets conferred, including possible accessory charges.

Investments are tested for impairment each year, or if necessary, more frequently. Where there is an indication that these investments have incurred an impairment loss, the loss is recognised in the income statement as a write-down; the original value is written back in subsequent years if the reasons for the write-down no longer exist.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined by the weighted average cost method annually and the net realisable value or substitution cost. The net realisable value is determined based on the estimated selling price in normal market conditions, net of direct sales costs.
Obsolete and/or slow-moving inventories are written down in relation to their presumed utilisation or future realisable value. The write-downs made are restored in future years should the reason for the write-down no longer exist.

Financial assets

With IFRS 9, the receivables and loans recognised to financial assets are classified to the following three categories on the basis of the characteristics of the cash flows of these assets (verified through SPPI Test) and the business model by which they are managed:

- assets valued at amortised cost;
- assets measured at fair value with recognition to other comprehensive income items ('FVOCI' - fair value through other comprehensive income);
- assets measured at fair value recognised to the income statement ('FVTPL' - fair value through profit or loss).

The above categories established by IFRS 9 replace the previous categories of IAS 39, i.e. held-until-maturity, loans and receivables, assets available-for-sale and assets valued at FVTPL.
In particular, a financial asset shall be measured at amortised cost where not designated to FVTPL and where both the following conditions are satisfied:

- the financial asset is held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows; and
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

A financial asset should be measured at FVOCI where not designated to FVTPL and both the following conditions are satisfied:

- the financial asset is held within a business model whose objective is achieved both through the collection of contractual cash flows and the sale of the financial assets; and
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market. This category also includes trade and other receivables.
After initial recognition, these instruments are measured in accordance with the amortised cost criteria, using the effective discount rate method net of all provisions for impairments.

The gains and losses are recognised to the income statement when the loans and receivables are eliminated or if there is an impairment, also through the amortisation process.
Write-downs from impairments are recognised to the income statement as financial expenses if concerning loans, while allocated to other operating expenses where concerning trade and other receivables.

Impairments of financial assets

The Company annually assesses whether a financial asset or group of financial assets has incurred an impairment.
A financial asset or group of financial assets is written-down only if there is an objective indication of an impairment as a result of one or more events occurring after the initial booking of the asset or the group of assets and which has had an impact, reliably estimated, on the future cash flows generated by the asset or the group of assets. In particular, the impairments on trade receivables represented by the accruals to the provision, reflect the evidence that the Company will not be able to collect the receivable for the original value and considering the general sector conditions.

Cash and cash equivalents

This includes the balances and those values which are available on demand at short notice, certain in nature and with no payment expenses and not subject to significant risks related to changes in value.
Cash and cash equivalents are measured at fair value which coincides with their nominal value, net of any deteriorations in the expected value.

Non-current bank loans and borrowings

The non-current loans and borrowings are initially recognised at fair value, net of transaction costs. After initial recognition, the financial liabilities are measured at amortised cost using the original effective interest rate, which is the rate that renders equal, on the initial recognition, the present cash flow value and the initial recognition value.

Derivative financial instruments

The Group may hold financial derivatives in order to cover its exposure to interest rate risk regarding specific liabilities.
In line with the strategy chosen, the Group does not carry out operations and derivatives for speculative purposes. However, in the case where these operations may not be accounted for as hedging operations, they are recorded as speculative operations.

The derivatives are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect
the changes in fair value associated to the risk covered. When the derivatives hedge the risk of changes in the cash flows of the hedge instrument (cash flow hedge; e.g. coverage of changes in cash flow of asset/liabilities at variable interest rate due to changes in the interest rates), the changes in the fair value are initially recognised under equity and subsequently through the income statement in line with the economic effects produced from the operation hedged.
The changes in the fair value of the derivatives compared to their initial value, which do not satisfy the conditions for hedge accounting, are recorded through the income statement.

Derecognition of financial assets and liabilities

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised from the financial statements when:

- the right to receive the financial flows of the asset terminate;
- the company retains the right to receive cash flows from the asset, but has a contractual obligation to pay them fully and without delay to a third party;
- the company has transferred its right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset or (ii) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control.

Where the Company has transferred all the rights to receive the financial flows of an asset and has not substantially transferred or withheld all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Company up to the amount of its residual holding in the asset.
A financial liability is derecognised from the financial statements when the underlying liability is settled or cancelled.
If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

Treasury shares

Treasury shares are recorded as a reduction of equity based on the relative acquisition cost. No profit or loss is recorded to the income statement on the acquisition, sale or cancellation of treasury shares. Any difference between the book value and the amount paid is recorded in other capital reserves.

Provisions for risks and charges

The provisions for risks and charges are recorded when a legal or implicit current obligation exists that derives from a past event and a payment of resources is probable to satisfy the obligation and the amount of this payment can be reliably estimated. Provisions are recorded at the amount representing the best estimate that the Company would pay to discharge the obligation or to transfer it to a third party at the reporting date. If the effect of discounting is significant, the provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate which reflects the current market assessment of the time value of money. Where discounting is applied, the increase in the provision due to the passage of time is recognised as an interest expense.

Gas emissions

The Group receives free gas emission rights in Italy under the European Emission Trading Schemes. The rights are conferred annually and in exchange the Group must offset the emissions made. The Group has adopted a policy which provides for the recording of the assets/liabilities relating to the emission rights granted. Therefore, a provision is recorded only when the effective emissions exceed the emission rights granted and still available. The costs related to the emissions are recorded under other operating costs. When the emission rights are acquired from other parties, they are recorded at cost and treated as repayment rights and therefore recorded as emission liabilities.

Post-employment benefits

The benefits guaranteed to employees paid on the conclusion of employment (post-employment benefits) or other long-term benefits are recognised in the period the right matures.

The amounts due from Italian companies of the Group concerning benefits due on termination of employment are categorised by type:

- defined contribution plans, concerning amounts matured since 1 January 2007;
- defined benefit plans, concerning the post-employment benefit provision matured until December 31, 2006.

For defined contribution plans, the legal or implied obligation of an entity is limited to the amount of contributions to be paid: consequently, the actuarial risk and the investment risk is borne by the employee. For defined benefit plans, the obligation of the entity concerns the granting and

assurance of the agreed employee plans: consequently, the actuarial and investment risk is borne by the company.
The liability for defined benefit plans, net of any plan assets, is calculated on the basis of actuarial assumptions and is recorded using the accrual method consistent with the years of employment necessary to obtain such benefits. The liability is calculated by independent actuaries utilising the projected unit credit method, on the basis of demographic assumptions in relation to mortality rates and population rotation, and financial assumptions concerning the discount rate which reflects the value of money over time and the inflation rate.
The cost to be recognised to the income statement is based on:

- current service cost, recognised to personnel costs;
- the cost of interest, recognised to borrowing costs;
- the expected return on plan assets, if existing, recognised to financial items.

Actuarial gains and losses deriving from the revaluation of net liabilities for defined benefit plans are recognised immediately in the statement of comprehensive income.

Trade payables

The trade payables, which mature within the normal commercial terms, are not discounted and are recognised at amortised cost (identified by their nominal value).
This account includes certain liabilities both in their amount and due date.

Other current liabilities

The other current liabilities are recorded at their nominal value.

Revenues and costs

Revenues and costs are accounted for on an accrual basis. Revenues and incomes are recorded at fair value, net of returns, discounts, premiums and indirect taxes. Revenues from the sale of products are recognised at the moment of the transfer of ownership which generally coincides with the shipment of the goods and which transfers all the risks and benefits connected to the products sold.
Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.
Personnel costs include the amount of remuneration paid, pension fund provisions, provisions for vacation days matured and social security charges due according to existing contracts and applicable legislation.

Grants

Grants are recorded at fair value when there is a reasonable certainty that they will be received and that the conditions required to obtain them will be satisfied.
When the grants refer to specific components of operating costs (excluding depreciation) they are recorded directly as a reduction of these costs.
In particular:

i) the tariff subsidies received as an industrial enterprise consuming large amounts of energy (so-called energy consuming enterprise) are recognised on the basis of consumption recorded and as a reduction of energy costs;
ii) the energy efficiency securities (TEE, or also white certificates) against energy efficiency projects authorised by the GSE (electric service operator) are recorded on the basis of production volumes and the consequent energy absorbed and as a reduction of energy costs; The Group values the TEE’s available at 31 December at fair value according to the latest available prices. Those matured but not yet assigned are considered receivables from the Authority and are valued at expected realisable value, taking account of the timeline for their assignment and the outlook for prices in the subsequent year. Any changes between the recognition price and the effective realisable value are considered as financial income and charges when not settled within a reasonable timeframe;
iii) the tariff incentives related to the self-production of energy with photovoltaic plant are recognised based on the self-produced volumes and also recorded as a reduction of energy costs;
iv) the tax credit for new investments in machinery under Legislative Decree No. 91 of 24 June 2014 was recognised to other non-current assets of the balance sheet and will be used according to the means established by the applicable regulation. Recognition to the income statement is carried out on a straight-line basis according to the depreciation of the fixed assets to which it refers, with consequent recognition to other current and non-current liabilities of the balance sheet of the portion of the grant not yet matured.

Financial income and expenses

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate.

Dividends

The dividends are recorded when the right of the shareholders to receive the payment arises.

Income taxes

Income taxes for the year are calculated based on the fiscal charge in accordance with current fiscal legislation. The provisions for current income taxes are recorded in the statement of financial position net of payments on account and withholding taxes. Deferred tax assets and liabilities are calculated on temporary differences between the amounts recorded in the financial s and the corresponding amounts recognised for fiscal purposes, except goodwill deriving from business combinations. Deferred tax assets are recorded only when their future recovery is probable - that it to say that is expected that sufficient tax profits will be attained by them to allow their recovery - while the deferred tax liabilities are not recorded where the relative payable is improbable. Deferred tax assets and liabilities are determined with the tax rates that are expected to be applied, in accordance with the regulations of the countries in which the Group operates, in the years in which the temporary differences will be realised or settled. In accordance with IAS 12, the Group records deferred tax liabilities on the suspended taxes in an equity reserve, only where these reserves are not considered by Management to be permanently acquired by the Group and when it is not probable that the realisation will result in a fiscal liability.

Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the comprehensive income statement, in line with the item to which they refer.

Foreign currency transactions

The functional and presentation currency adopted by the Zignago Vetro Group is the Euro. The transactions in currencies other than the functional currency of the individual companies are recognised, initially, at the exchange rate at the date of the transaction. The monetary assets and liabilities in foreign currencies other than the functional currency are translated to the operating currency at the exchange rate at the balance sheet date. The exchange rate differences realised or based on the conversion of monetary items are booked to profit or loss.
The non-monetary accounts measured at historical cost in foreign currencies are translated using the exchange rate at the date of initial recognition of the transaction. The non-monetary accounts in foreign currencies recorded at fair value are translated using the exchange rate at the date the value was determined.

Earnings per share

The basic earnings per share of the Group is calculated by dividing the consolidated profit for the year attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year, net of treasury shares.
In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect. The Group's net result is also adjusted to account of the effects of the conversion of potential shares, net of taxes.

Discretional valuations and use of estimates

The preparation of the financial statements and the relative notes in application of IFRS require that Management make estimates and assumptions on the values of the assets, liabilities, expenses and revenues in the financial statements and on the disclosures relating to the contingent assets and liabilities at the reporting date. The uncertainty concerning these assumptions and estimates could result in significant changes in the book value of these assets and/or liabilities in the future.
The estimates are used to determine the accruals to the allowance for impairment, provision for inventory write-down, depreciation and amortisation, impairment losses on assets, employee benefits, income taxes, other provisions and funds, goodwill, the valuation of joint ventures and the valuation of energy efficiency securities (TEE). The amounts of the individual categories and the method for their determination are reported in the notes to the financial statements.

The estimates and assumptions are reviewed periodically and the effects of any changes are recorded immediately in profit or loss in the period of the revision of the estimate, if the revision has effect only on that period, or also in subsequent periods if the revision has effect on the current year and on future years.

IFRS 13 requires that the financial instruments measured at fair value are classified based on three fair value hierarchy levels which reflect the significance of the input utilised in the determination of fair value. Based on the standard, the three fair value levels are as follows:
- Level 1 of fair value: the measurement inputs of the instruments are listed prices for identical instruments in active markets with access at the measurement date;
- Level 2 of fair value: the measurement inputs of the instruments are different than the prices listed at the previous point, which are directly or indirectly observable on the market;
- Level 3 of fair value: the measurement inputs of the instruments are not based on observable market data.

As indicated by the regulation, the hierarchy of the approaches adopted for the determination of all financial instruments (shares, units, bonds and derivatives), attributes priority to official prices available on active market for the assets and liabilities to be measured and, in their absence, to the measurement of assets and liabilities based on significant quotations, where they refer to similar assets and liabilities. On a residual basis, measurement techniques may be utilised based on non-observable inputs, and, therefore, more discretional.
Assets and liabilities valued at fair value on a recurring basis: breakdown by fair value level.
The following table shows the assets and liabilities measured at fair value at 31 December 2018 by fair value hierarchy level.

	Carrying Amount	Fair Value Level			
		1	2	3	Total
Financial assets not measured at Fair Value					
Cash and cash equivalents (*)	32,338			31,686	31,686
Trade receivables (*)	64,903			67,493	67,493
Financial assets measured at Fair Value					
Other receivables for TEE (white certificates)	3,955	3,955	0	---	3,955
Hedges	---	---	---	---	---
Financial liabilities not measured at Fair Value					
Non-current loans and borrowings (*)	117,768			117,768	117,768
Bank loans & borrowings and current portion of non-current loans & borrowings	81,948		1,405	80,543	81,948
Other non-current payables (*)	2,415			2,415	2,415
Trade and other payables (*)	72,748			72,748	72,748

(*) The amounts refer to financial assets and liabilities whose book value reasonably approximates fair value, which consequently has not been stated.

NOTES TO THE MAIN STATEMENT OF FINANCIAL POSITION ITEMS

		31.12.2018	31.12.2017 restated
NON-CURRENT ASSETS	(Euro thousands)	312,662	259,776

		31.12.2018	31.12.2017 restated
1 – Property, plant and equipment	(Euro thousands)	229,391	182,957

The table below shows the historical cost, accumulated depreciation and carrying amount of property, plant and equipment in the two periods:

(Euro thousands)	Balance at 31.12.2018			Balance at 31.12.2017 restated		
	Historic Cost	Accumulated Depreciation	Net Value	Historic Cost	Accumulated Depreciation	Net Value
Land and buildings	80,269	(35,505)	44,764	77,103	(33,460)	43,643
Plant and machinery	309,525	(216,868)	92,657	305,845	(198,884)	106,961
Commercial and industrial equipment	82,566	(71,645)	10,921	78,827	(67,037)	11,790
Other assets	9,225	(6,193)	3,032	8,510	(5,449)	3,061
Assets in progress	78,017	---	78,017	17,502	---	17,502
Total	559,602	(330,211)	229,391	487,787	(304,830)	182,957

The table below shows the movements in property, plant and equipment in 2018:

(Euro thousands)	Balance at 01.01.2018	Acquisitions & capital-isations	Decreases	Depreciation	Exchange differences	Balance at 31.12.2018
Land and buildings	43,643	3,574	(17)	(1,860)	(576)	44,764
Plant & machinery	106,961	7,238	(123)	(20,508)	(911)	92,657
Industrial & commercial equipment	11,790	6,917	(45)	(7,705)	(36)	10,921
Other assets	3,061	860	(10)	(862)	(17)	3,032
Assets in progress and advances	17,502	61,544	(1,030)	---	---	78,016
Total	182,957	80,133	(1,225)	(30,935)	(1,540)	229,390

The balance at 31.12.2017 already included the fixed assets from the acquisition of the company Vetro Revet Srl during the year by Zignago Vetro Spa.

The table below shows the movements in property, plant and equipment in 2017 (restated):

(Euro thousands)	Balance at 01.01.2017	Acquisitions & capital-isations	Decreases	Depreciation	Exchange differences	Balance at 31.12.2017
Land and buildings	23,184	22,359	(248)	(1,829)	177	43,643
Plant & machinery	81,067	47,192	(30)	(21,739)	471	106,961
Industrial & commercial equipment	9,386	13,761	(4,354)	7,052	49	11,790
Other assets	2,470	1,195	(15)	(609)	20	3,061
Assets in progress and advances	36,446	13,719	(34,065)	---	1,402	17,502
Total	152,553	98,226	(38,712)	(31,229)	2,119	182,957

Land and buildings

The following table reports the value of land and buildings owned for 2018:

(Euro thousands)	Balance at 01.01.2018	Increases	Decreases & reclass.	Depreciation	Exchange differences	Balance at 31.12.2018
Value of rental contract		---	---	---	---	---
Leasehold improvements	---	---	---	---	---	---
Total buildings leased	---	---	---	---	---	---
Total buildings owned	43,643	3,574	(17)	(1,860)	(576)	44,764
Total land and buildings	43,643	3,574	(17)	(1,860)	(576)	44,764

The balance at 31 December 2018 was Euro 44,764 thousand compared to Euro 43,643 thousand at 31 December 2017.
Depreciation in the year amounted to Euro 1,860 thousand and to Euro 1,829 thousand in 2017.

Plant and machinery

The balance at 31 December 2018 was Euro 92,657 thousand, compared to Euro 106,961 thousand at 31 December 2017.
The increases in 2018 of Euro 7,238 thousand mainly relate to the scheduled renewal of plant.
Depreciation amounted to Euro 20,508 thousand in 2018, compared to Euro 21,739 thousand in 2017.

Industrial and commercial equipment

The balance at 31 December 2018 was Euro 10,921 thousand compared to Euro 1,790 thousand at 31 December 2017.
The increases in 2018, amounting to Euro 7,082 thousand, refer to the renewal of equipment, in particular moulds and pallets.

Other assets

The balance at 31 December 2018 was Euro 3,032 thousand compared to Euro 3,061 thousand at 31 December 2017.

Property, plant and equipment in progress and advances

The balance at 31 December 2018 was Euro 78,017 thousand compared to Euro 17,502 thousand at 31 December 2017.
The amount mainly relates to the installation of new plant by Zignago Vetro Spa.

		31.12.2018	31.12.2017 restated
2 - Goodwill	(Euro thousands)	2,694	2,883

Goodwill comprises Euro 2,017 thousand regarding the gain paid for the acquisition by Zignago Vetro Spa of the 51% stake in Vetro Revet Srl. The goodwill arises from the possibility to ensure the procurement of recycled glass in Tuscany in service of the adjacent Empoli facility.
Consequently, this goodwill not only relates to Vetro Revet Srl, but was also allocated to Zignago Vetro.

The total goodwill of Euro 2,694 thousand includes goodwill on the gains paid for the acquisition of Vetro Revet Srl (Euro 2,017 thousand) and the gains paid for the acquisition of HSC SA (Euro 714 thousand) in 2011, gross of currency difference adjustments for assets in foreign currencies for Euro 21 thousand

Both impairment tests did not indicate the necessity to record a write-down in the value of goodwill.

In consideration of the results of the impairment test it was not considered necessary to provide information on the sensitivity analysis of the parameters utilised for the determination of the recoverable amount.

		31.12.2018	31.12.2017 restated
3 - Intangible assets (Euro thousands)176 267			

The following tables show the movements in intangible assets in the years considered:

(Euro thousands)	Balance at 31.12.2018			Balance at 31.12.2017 restated		
	Historic Cost	Accumulated Amortisation	Net Value	Historic Cost	Accumulated Amortisation	Net Value
licenses, trademarks & similar rights	838	(662)	176	1,183	(916)	267

(Euro thousands)	Balance at 01.01.2018	Acquisitions	Decreases	Amortisation	Balance at 31.12.2018
Concessions, licenses, trademarks & similar rights	394	99	(137)	(180)	176

The account principally refers to costs incurred for the purchase of long-term application software, used for operational management.
The decrease refers to the write-down of the residual portion of goodwill recognised to the statement of financial position of the subsidiary Vetro Revet Srl.

		31.12.2018	31.12.2017 restated
4 - Investments in companies measured using equity method	(Euro thousands)	74,757	69,264

The Group holds two investments in jointly-controlled companies:
- Vetri Speciali SpA;
- Vetreco Srl.

Vetri Speciali SpA derives from a corporate restructuring operation undertaken in 2004 and is involved in the production and sale of specialty glass containers. The company's registered offices are at via Manci 5, Trento. Production is carried out at the Pergine Valsugana and Gardolo (TN), Ormelle (TV) and San Vito al Tagliamento (PN) facilities.
The JV is a strategic investment for the Group, undertaken as part of the production diversification pursued by the Parent.
The Zignago Group holds 50% of ordinary company shares; all shares guarantee equal rights.

In 2018, the Company distributed dividends totalling Euro 19.9 million to shareholders.

Vetreco Srl is an Italian limited liability company domiciled in Supino (FR), incorporated in July 2010 as a joint venture, involved in the processing of raw glass and the supply of cullet ready for re-use in production.
The investment percentage of Zignago Vetro SpA is 30%.

As previously stated, in accordance with IAS 31 *Interests in joint ventures* (before adoption of IFRS 11), the share of assets, liabilities, revenues and costs of the Group in both companies were consolidated proportionally until 31 December 2013. Since the adoption of IFRS 11 they have been valued at equity.

The valuation of both joint ventures at equity and the movements in the year are summarised below:

(Euro thousands)	31.12.2018	31.12.2017 restated
Value of Vetri Speciali SpA investment in Zignago Vetro	25,320	25,320
Vetri Speciali NE at 100%	148,487	139,032
Vetri Speciali NE at 50%	74,244	69,421
Difference between value of investment and share of Equity of the subsidiary	48,924	44,101
Valuation using the equity method of Vetri Speciali investment		
Share of equity	74,244	69,421
Uniform accounting principles	20	(522)
Total valuation using the equity method	74,264	68,899
Increase/(decrease) of carrying amount of investment compared to valuation using the equity method	48,944	43,579
Movement in valuation using the equity method		
Valuation using the equity method at beginning of year	68,974	64,109
Profit: pro quota	14,757	14,157
Other statement of comprehensive income items in year:		
IAS 19 effect	(66)	41
Dividends	(9,962)	(9,157)
Uniform accounting principles	542	(129)
Valuation under the equity method at end of year	74,245	69,021
P&L effect of valuation using the equity method of the investment	15,299	14,028

(Euro thousands)	31.12.2018	31.12.2017
Value of Vetreco Srl investment in Zignago Vetro	1,059	1,059
Vetreco NE at 100%	1,708	1,193
Vetreco NE at 30%	512	358
Difference between value of investment and share of Equity of the subsidiary	(546)	(702)
Valuation using the equity method of Vetreco Srl investment		
Share of equity	512	358
Uniform accounting principles	---	---
Total valuation using the equity method	512	358
Increase/(decrease) of carrying amount of investment compared to valuation using the equity method	(547)	(701)
Movement in valuation using the equity method		
Valuation using the equity method at beginning of year	357	197
Profit: pro quota	155	161
Other statement of comprehensive income items in year:		
IAS 19 effect		
Increase of share capital portion	---	---
Uniform accounting principles	---	---
Valuation under the equity method at end of year	512	358
P&L effect of valuation using the equity method of the investment	155	161

The key financial and performance indicators of the jointly-controlled companies recognised to the consolidated financial statements and valued at equity are also reported.

These figures relate also to the Parent reporting date and incorporate the totality of investments held. All investments operate on a going concern basis. The figures do not take account of the effects, although contained, from the standardisation of the accounting principles adopted by the individual investee companies with the Parent.

The statement of financial position and income statement of Vetri Speciali SpA (100%) is summarised below:

(Euro thousands)	31.12.2018	31.12.2017 restated
Goodwill	80,979	80,171
Other non-current assets	126,330	105,153
Non-current assets	207,309	185,324
Cash and cash equivalents	5,701	18,788
Other current assets	78,439	74,764
Current assets	84,140	93,552
TOTAL ASSETS	291,449	278,876
Capital and reserves	148,489	138,841
Equity	148,489	138,841
Non-current bank loans and borrowings	44,431	39,680
Other non-current liabilities	5,603	5,527
Non-current liabilities	50,034	45,207
Bank loans & borrowings and current portion of medium/long-term loans	52,033	54,500
Other current liabilities	40,893	40,328
Current liabilities	92,926	94,828
TOTAL LIABILITIES	291,449	278,876

(Euro thousands)	31.12.2018	31.12.2017 restated
Revenues	166,363	146,967
Costs of production	(112,406)	(96,262)
Amortisation & Depreciation	(15,153)	(12,625)
Operating Profit	38,804	38,080
Financial Income	88	77
Financial Expense	(685)	(570)
Exchange gains/(losses)	(15)	(102)
Profit before taxes	38,192	37,485
Income taxes	(8,672)	(9,032)
Profit for the year	29,520	28,453
Other positive (negative) components of statement of comprehensive income	---	---
Total comprehensive income	29,520	28,453

The statement of financial position and income statement of Vetreco Srl (100%) is summarised below:

(Euro thousands)	31.12.2018	31.12.2017
Other non-current assets	14,898	14,513
Non-current assets	14,898	14,513
Cash and cash equivalents	3,548	798
Other current assets	5,579	6,697
Current assets	9,127	7,495
TOTAL ASSETS	24,025	22,008
Capital and reserves	1,709	1,192
Equity	1,709	1,192
Other non-current liabilities	16,140	13,139
Non-current liabilities	16,140	13,139
Bank loans & borrowings and current portion of medium/long-term loans	1,903	3,113
Other current liabilities	4,273	4,564
Current liabilities	6,176	7,677
TOTAL LIABILITIES	24,025	22,008

(Euro thousands)	31.12.2018	31.12.2017
Revenues	15,316	15,621
Costs of production	(12,899)	(13,281)
Amortisation & Depreciation	(1,051)	(1,052)
Operating Profit	1,366	1,288
Financial Expense	(652)	(463)
Profit before taxes	714	825
Income taxes	(198)	(287)
Profit for the year	516	538
Other positive (negative) components of statement of comprehensive income	---	---
Total comprehensive income	516	538

Neither joint venture is quoted and a fair value deriving from a quoted market price is not available.

Relating to the goodwill which constitutes part of the book value attributed to the Vetri Speciali joint venture following the application of the equity method - this was separately subject to an impairment test by the directors of the joint venture Vetri Speciali SpA, as per IAS 36. The recoverability of this goodwill shall also be considered in any impairment tests on the value of the investment. In relation to this there was no indication of an impairment loss on the joint venture.

		31.12.2018	31.12.2017 restated
5 - Equity Investments	(Euro thousands)	391	387

The table below shows the composition, unchanged in the year, of the investments in other companies at 31 December 2018:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
La Vecchia Scarl	349	349
National Packaging Consortium (CONAI)	10	10
Energy (A.I.C.E.)	10	10
Vega - Tecnology Park	9	9
Glass Recovery Consortium (CO.RE.VE.)	6	6
Others	7	3
Total	391	387

La Vecchia Scarl undertakes the preliminary treatment of primary water and management of the wastewater purification plant, for the industrial facilities at Fossalta di Portogruaro.

The following information concerning La Vecchia Scarl, associated company, is reported below.

Company & registered office (Euro thousands)	Parent share	Total assets		Share capital	Equity		Profit for the year		Carrying amount at 31.12.2018
		Total amt.	Pro-quota amt.		Total amt.	Pro-qouta amt.	Total amt.	Pro-quota amt.	
Investments recorded under financial assets									
Associates									
La Vecchia Scarl via Ita Marzotto, 8 Fossalta di Portogruaro (Ve)	25%	1,898	475	100	1,620	405	23	6	349

		31.12.2018	31.12.2017 restated
6 - Other non-current assets	(Euro thousands)	1,175	806

The receivable mainly concerns advances to suppliers of fixed assets paid by the subsidiary HSC.

		31.12.2018	31.12.2017 restated
7 - Deferred tax assets	(Euro thousands)	4,078	3,212

The table below shows the composition of the deferred tax assets:

(Euro thousands)	Balance at 31.12.2018		Balance at 31.12.2017 restated	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Doubtful debt provision not deductible	1,171	283	1,171	283
Tax losses carried forward	831	277	2,277	759
Pension fund	944	171	2,268	595
Depreciation deductible in future years	3,222	612	2,230	424
Provision for industrial risks	806	225	806	225
Costs deductible in future years	1,068	212	850	170
Agents' supplementary indemnity	224	60	213	60
Inventory provision	3,579	407	1,225	259
Provision for contractual risks	1,035	248	885	212
Provision for emission trading	---	---	437	122
Intercompany profit on inventories		---	---	---
Other	5,615	1,583	490	103
Total		4,078		3,212

The companies of the Group recorded the deferred tax assets relating to temporary differences between the value of the assets and liabilities for statutory purposes and the corresponding tax value considering that the future assessable amounts will absorb all the temporary differences.
The deferred tax assets principally refer to temporary deductible differences on risk provisions, the doubtful debt provisions, the pension indemnity provision, costs deductible in future years, in addition to tax losses carried forward.

In calculating deferred taxes, for the parent, the IRES rate of 24% and the IRAP rate of 3.9% were utilised.

Movements during the years of deferred tax assets are as follows:

(Euro thousands)	**31.12.2018**	**31.12.2017 restated**
Balance at 31 December 2016	2,883	2,883
Utilisations	(799)	(799)
Provisions	1,128	1,128
Balance at 31 December 2017		3,212
Utilisations	(1,102)	(1,102)
Provisions	1,968	1,968
Balance at 31 December 2018		4,078

		31.12.2018	31.12.2017 restated
CURRENT ASSETS	(Euro thousands)	197,027	193,253

		31.12.2018	31.12.2017 restated
8 - Inventories	(Euro thousands)	79,183	76,209

The table below shows the composition of inventories:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Raw materials, ancillaries and consumables	13,647	14,823
Work-in-progress and semi-finished products	6,157	7,047
Finished products	62,072	57,166
Inventory provision	(2,693)	(2,827)
Total	79,183	76,209

The increase in inventories (+3.9%), principally relating to finished products, is also due to the business development plans.

The Inventory provision is calculated by the warehouse managers of the various Group divisions, together with the Finance Department and taking into consideration any product non-compliance, production by lots, the highly customised nature of certain products and slow-moving stock. The provision also takes into account the recoverable value of materials through production process recycling.

The movement during the year in the provision for inventory write-down is as follows:

(Euro thousands)		
Balance at 31 December 2016	1,739	1,739
Utilisations	1,088	1,088
Provisions	---	---
Balance at 31 December 2017		2,827
Utilisations	(1,232)	(1,232)
Provisions	1,098	1,098
Balance at 31 December 2018		2,693

		31.12.2018	31.12.2017 restated
9 - Trade receivables	(Euro thousands)	64,903	67,493

The table below illustrates the trade receivables and the relative doubtful debt provision:

Trade receivables decreased on the previous year (-3.8%), principally due to the increase in revenues.

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Trade receivables - Italy	30,116	42,409
Trade receivables - foreign	20,548	20,247
Receivables from parent companies	---	930
Bills	15,846	5,431
Doubtful debt provision	(1,607)	(1,524)
Total	64,903	67,493

The table below shows the breakdown of trade receivables by geographical segment:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Italy	44,598	47,577
E.U.	17,696	17,324
Other countries	2,609	2,592
Total	64,903	67,493

The movement during the year for the doubtful debt provision was as follows:

(Euro thousands)	Written-down individually	Written-down collectively	Total
At 31 December 2016	1,769	1,566	3,335
Provisions	103	752	855
Utilisations	(558)	(2,108)	(2,666)
At 31 December 2017	1,314	210	1,524
Provisions	---	190	190
Utilisations	---	(107)	(107)
At 31 December 2018	1,314	293	1,607

At 31 December 2018 and 2017 the overdue trade receivables, but not individually written down were as follows:

(Euro thousands)	Not overdue	< 30 days	30 - 60 days	60 - 90 days	other	Total
2018	50,045	9,546	1,436	1,570	2,306	64,903
2017	52,581	9,616	1,948	1,419	1,929	67,493

The largest part of the receivables of Zignago Vetro SpA, representing 79% of the Group receivables, is covered by insurance policies.

The trade receivables are non-interest bearing and are payable within 60 days.

		31.12.2018	31.12.2017 restated
10 - Other current assets	(Euro thousands)	16,830	13,275

The table below shows the composition of "Other current assets":

(Euro thousands)		Balance at 31.12.2018	Balance at 31.12.2017 restated
VAT receivables		11,056	4,311
Advances to social security institutions and receivables from employees and agents		148	84
Tax receivables as per Law 91/14		534	1,793
Other receivables		4,321	6,570
	sub)	16,059	12,758
Accrued income for:			
- interest on bank deposits			---
- services			---
Prepayments:			
- insurance premiums		409	399
- rent expenses and leases			---
- services		362	118
Total		16,830	13,275

The investments receivable relates to the current portion of the receivable matured in 2015 and related to Article 18 of Legislative Decree 91/2014, utilisable from 1 January 2017.
The account "Other Receivables" includes the receivable from the Energy Market (totalling Euro 3,955 thousand) for energy efficiency securities matured following a number of projects completed in previous years.

		31.12.2018	31.12.2017 restated
11 - Tax assets	(Euro thousands)	3,773	4,590

The table below shows the breakdown of current income tax receivables:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Parent - IRES reimburse. on IRAP deduction	1,235	1,235
Income taxes	685	1,139
Receivables for other taxes	1,853	2,216
Total	3,773	4,590

The account "Fiscal Parent receivables - reimbursement tax on IRAP tax deductions" of Euro 1,235 thousand concerns the requested IRES repayment based on the deductibility of IRAP on the cost of labour for the years from 2007 to 2011 inclusive.

Current tax receivables relate to the subsidiary Vetro Revet Srl.
Other tax assets principally concern the tax receivables of the French Group company Verreries Brosse Sas related to energy costs and increased personnel expense.

	31.12.2018	31.12.2017 restated
12 - Cash and cash equivalents (Euro thousands)	32,338	31,686

The table below shows the composition of cash and cash equivalents:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Time deposits	7,000	7,000
Bank and postal accounts	25,314	24,642
Cash in hand and similar	24	44
Total	32,338	31,686

Cash and cash equivalents at 31 December 2018 amounted to Euro 32,338 thousand, compared to Euro 31,686 thousand at 31 December 2017. They are not subject to restrictions which may significantly impact their value. Reference is made to the treatment of cash flows in relation to liquidity.

		31.12.2018	31.12.2017 restated
CONSOLIDATED EQUITY	(Euro thousands)	200,141	177,001

		31.12.2018	31.12.2017 restated
13 - Group Equity	(Euro thousands)	200,132	177,497

The increase in Group equity at 31 December 2018 on the end of 2017 of Euro 23,140 thousand is attributable principally to the Group profit for the year (+ Euro 45,020 thousand), the distribution of dividends (- Euro 28,061 thousand), the change in the translation reserve (- Euro 615 thousand) and the treasury shares reserve (+ Euro 6,275 thousand).

With reference to the "Statement of changes in Consolidated Equity" the following information is provided.

Share capital
The share capital of Zignago Vetro SpA, the Parent Company, at 31 December 2018, of Euro 8,800 thousand, which is fully subscribed and paid-in, comprises 88,000,000 ordinary shares with a par value of Euro 0.10 each.

Legal reserve
The legal reserve of Zignago Vetro SpA at 31 December 2018 had reached one-fifth of the share capital.

Revaluation reserve
The revaluation reserve derives essentially from the application of the following laws:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Reserve as per law 342/2000, in suspension of taxes	24,823	24,823
Reserve as per law 72/1983, in suspension of taxes	932	932
Reserve as per law 413/1991	1,579	1,579
Total	27,334	27,334

The "reserve as per law No. 342/2000" is shown net of the substitute tax (19%).

Translation reserve
The "Translation reserve", a negative Euro 615 thousand at 31 December 2018 compared to +Euro 994 thousand at 31 December 2017, mainly reflects the translation differences in the accounts of the currency of HSC SA.

Other reserves
The *"Other reserves"* of Euro 11,565 thousand (Euro 7,945 thousand at 31 December 2017) include the "extraordinary reserve" of Euro 103 thousand and the "reserve as per Article 55 - DPR 597/1973 and 917/1986" for Euro 6,167 thousand, and for 2018 alone the gains from the sale of treasury shares in the year for Euro 5,295 thousand.

The composition of the reserves in suspension of income taxes is shown below:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Reserve as per law 72/1983	932	932
Reserve as per law 342/2000	24,823	24,823
Contributions as per art. 55 DPR 917/1986	6,044	6,044
Contributions as per art. 55 DPR 598/1973	123	123
Total	31,922	31,922

On the first-time adoption the Group considered it prudent to record the deferred tax liabilities on the suspension of taxes for grants reserve as per Article 55 of Presidential Decree 917/1986, amounting to Euro 6,044 thousand.
On the remaining suspension of taxes reserves no deferred tax liability was recorded as no distribution is expected.

The account "*Acquisition of treasury shares*" of Euro 1,093 thousand comprises the acquisitions made at 31 December 2018, net of the sale of 1,112,415 shares during the year for an amount of Euro 2,954 thousand, generating a realised gain of Euro 1,675 thousand and during 2018 for an amount of Euro 6,275 thousand, generating a realised gain of Euro 3,620.

The table below shows the reconciliation of the number of shares issued and those outstanding at the beginning of the acquisition operations and until 31 December 2018:

Period	Description	Number shares	Treasury shares	Shares in circulation	Unitary value	Total
FY 2007	Opening bal.	80,000,000	---	80,000,000	0.10	8,000,000
	Acquisition	---	(40,000)	79,960,000	0.10	7,996,000
FY 2008	Acquisition	---	(1,014,900)	78,945,100	0.10	7,894,510
FY 2009	Acquisition	---	(237,240)	78,707,860	0.10	7,870,786
FY 2012	Scrip issue	8,000,000	---	---	---	---
	Allocation from scrip issue	---	(129,250)	86,578,610	0.10	8,657,861
FY 2013		---	---	---	---	---
FY 2014		---	---	---	---	---
FY 2015		---	---	---	---	---
FY 2016		---	---	---	---	---
FY 2017		---	361,664	361,664	0.10	36,166
FY 2018		---	750,751	750,751	0.10	75,075
Total at 31 December 2018		88,000,000	(308,975)	87,691,025	0.10	8,769,103

		31.12.2018	31.12.2017 restated
NON-CURRENT LIABILITIES	(Euro thousands)	131,059	139,580

		31.12.2018	31.12.2017 restated
14 - Provisions for risk and charges	(Euro thousands)	4,257	4,377

The table below shows the composition of the provisions for risks and charges:

	Balance at 31.12.2018	Balance at 31.12.2017 restated
Post-employment benefits provision	988	997
Provision for industrial risks	2,010	1,846
Agents' supplementary indemnity provision	224	213
Provision for contractual risks	1,035	885
Provision for emission trading risks	---	436
Total	4,257	4,377

Post-employment benefits

The "Post-employment benefit provision", recorded by Verreries Brosse SAS, refers to the liability estimated against employees who terminate their employment with their company only due to pension, net of the amounts paid to a separate insurance fund.

The table below shows the movements in the provision in the year:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	997	1,262
Provisions	---	25
Utilisations	(9)	(290)
Balance at 31 December	988	997

Provision for industrial risks

The "Industrial risk provision" is made against claims by clients for defects in production to be determined and potential losses on packaging material for which the commitment to repurchase is agreed.

The table below shows the movements in the provision in the year:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	1,846	1,253
Provisions	209	663
Utilisations	(45)	(70)
Balance at 31 December	2,010	1,846

Agents' supplementary indemnity provision

The "Agents' supplementary indemnity provision" is made on the basis of legislative provisions and collective agreements relating to the termination of agents' mandates.

The table below shows the movements in the provision in the year:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	213	204
Provisions	11	9
Utilisations	---	---
Balance at 31 December	224	213

Provision for contractual risks

The Provisions for contractual risks is made based on legal disputes principally in relation to employees.

The table below shows the movements in the provision in the year:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	885	285
Provisions	150	600
Utilisations	---	---
Balance at 31 December	1,035	885

Provision for emission trading risks

The "Emission trading risks provision" reduced to zero against the recognition to service costs of the effective purchase value of the amounts accruing in the year, provisioning to the same account also the costs relating to the residual debt at 31.12.2018, valued at mark-to-market at year-end.

The table below shows the movements in the provision in the year:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	436	537
Provisions	---	228
Utilisations	(436)	(329)
Balance at 31 December	---	436

	31.12.2018	31.12.2017 restated
15 - Post-employment benefits		
(Euro thousands)	4,529	5,405

Post-employment benefits entirely refer to the employee leaving indemnity provision whose changes at 31 December 2018 and 2017 were as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017
Balance at 1 January	5,405	5,314
Interest	246	316
Costs for services prior years	---	---
Actuarial loss (profit)	(88)	42
Of which change in assumptions	*(94)*	*35*
Of which experience adjustments	*6*	*7*
Liquidations	(1,034)	(267)
Balance at 31 December	4,529	5,405

Following the amendments to post-employment benefits introduced by Law No. 296 of 27 December 2006 (Finance Law 2007) and subsequent Decrees and Regulations issued in the first months of 2007, the Post-Employment Benefit of the Group companies matured from 1 January 2007, or from the option date chosen by the employee, is included under defined contribution plans, both in the case of supplementary pension options and in the case of allocation to the INPS Treasury Fund. The accounting treatment of this Post-Employment Benefit is therefore the same as other contribution payments, not including therefore any annual cost for the service provided. However, an actuarial calculation was made on the post-employment benefit matured until 31 December 2015 by an independent expert in accordance with IAS 19, actuarial method, which allows for an estimate of the present value of the obligation based on a series of demographic and financial assumptions.

The principal assumptions adopted for the actuarial recalculation of the provision at 31 December 2018, compared with those used at the end of the previous year, are summarised below:

	31.12.2018	31.12.2017
Actual mortality rate:	ISTAT 2004	ISTAT 2004
Actual invalidity rate	INPS inability/ invalidity tables	INPS inability/ invalidity tables
Advanced rate of employee departures (dismissal and resignations):	constant annual average frequency of 2.5%	constant annual average frequency of 4.5%
Rate of post-employment benefit advances	constant annual average rate of 2.5% - average amount of 70% of accumulated Post-employment Benefit	constant annual average rate of 2.5% - average amount of 70% of accumulated Post-employment Benefit
Annual technical discounting rate	1.55% was assumed based on the bond yields with comparable duration of those subject to valuation	1.3% was assumed based on the bond yields with comparable duration of those subject to valuation
Future annual inflation rate	1.5%	1.5%
Date of pension	in line with the applicable regulation	in line with the applicable regulation
Annual increase in employee leaving indemnity	a fixed rate of 2.63% plus the 75% of the inflation rate recorded by ISTAT in December of the previous year.	a fixed rate of 2.63% plus the 75% of the inflation rate recorded by ISTAT in December of the previous year.

	31.12.2018	31.12.2017 restated
16 – Non-current bank loans and borrowings (Euro thousands)	117,768	124,608

The table below shows the composition of non-current bank loans and borrowings:

(Euro thousands)		Balance at 31.12.2018	Balance at 31.12.2017
(A)	Unsecured loan, nominal value Euro 70 million, Unicredit / Mediobanca, Euribor 3 months variable rate, maturity 31 December 2020, repayment by half-yearly instalments	15,738	22,811
(B)	Unsecured loan, nominal value Euro 40 million, BNL, Euribor 3 months variable rate, maturity 22 June 2021, repayment by quarterly instalments in arrears	33,915	20,878
(C)	Unsecured loan, nominal value Euro 15 million, Banco di Brescia, Euribor 3 months variable rate, maturity 18 December 2019, repayment by half-yearly instalments in arrears	3,813	7,573
(D)	Unicredit Bank Austria AG loan, nominal value Euro 50 million, Euribor 3 months variable rate, maturity 27 October 2021, repayment by half-yearly instalments	42,888	49,850
(E)	Banca Intesa SpA loan, nominal value Euro 40 million, Euribor 3 months variable rate, maturity 31 December 2022, repayment by half-yearly instalments	39,920	39,900
(F)	Banca Credit Agricole Friuladria S.p.A. loan, nominal value Euro 10 million, Euribor 3 months variable rate, maturity 31 December 2023, repayment by half-yearly instalments	9,994	---
(G)	BNL loan	2,222	3,333
(H)	French banking system loan to Verreries Brosse SAS	---	900
(I)	BPI France Loan	700	900
(J)	BNP Paribas Loan	520	661
(K)	CRCA Loan	519	619
(L)	Societè Generale Loan	507	647
(M)	Casse D'Epargne Loan	452	621
(N)	Bank Pekao Loan HSCSA	38	13
(O)	Credit du Nord Loan	---	125
(P)	Vetro Revet Outstanding Loans	6,294	2,452
	Total non-current loans & borrowings	157,520	151,283
	Less current portion	(39,752)	(26,675)
	Non-current portion	117,768	124,608

At 31 December 2018 and 2017, the future capital repayments of the non-current bank loans and borrowings were as follows:

(Euro thousands)		Balance at 31.12.2018	Balance at 31.12.2017 restated
Year	2017	---	---
Year	2018	---	26,675
Year	2019	39,752	40,259
Beyond	2019	117,768	84,349
Total		157,520	151,283

The increase in the total amount of non-current bank loans and borrowings from Euro 151,283 thousand to Euro 157,520 thousand mainly follows the payment of instalments due in 2018 of existing loans of approx. Euro 24 million and the undertaking of new non-current loans, as described above, of Euro 30 million.

The non-current bank loans and borrowings loans existing at 31 December 2018 and 31 December 2017 were as follows:

(A) Syndicated loan originally undertaken by Zignago Vetro SpA with Unicredit (as lending and agent bank for Euro 40,000 thousand) and Mediobanca (as lending bank for Euro 30,000 thousand), of a nominal Euro 70,000 thousand. Repayment is through 7 half-yearly instalments from 30 June 2017, each corresponding to 11.40% of the total and a final instalment on 31 December 2020 of 20.20% of the total.

On 27 October 2017, Zignago Vetro SpA, Unicredit and Mediobanca signed an addendum to the original contract mentioned above, stipulating:

i) the full repayment of the residual amount of the Unicredit loan, for an amount of Euro 35,469 thousand, including interest matured until repayment;

ii) alteration of the margin;

iii) alteration of the financial commitments.

At 31 December 31, 2018, this loan concerned only the counterparty Mediobanca.

In order to hedge interest rate risk, the company has put in place with Mediobanca an Interest rate swap (IRS) for a total original notional amount of Euro 30,000 thousand, in addition to a payment plan. At 31 December 2018, this transaction reported an overall negative mark to market of Euro 150 thousand;

(B) The BNL Loan, undertaken by Zignago Vetro SpA, of a nominal Euro 40,000 thousand, is repayable over 20 quarterly instalments in arrears of Euro 2,000 thousand each, beginning from 29 April 2018. In order to hedge interest rate movements, the Group put in place with BNL an Interest rate swap (IRS) for a total notional amount of Euro 40,000 thousand, in addition to a repayment plan, which presents at 31 December 2018 a negative mark to market of Euro 404 thousand;

(C) The Banco di Brescia Loan, undertaken by Zignago Vetro SpA, of a nominal 15,000 thousand, is repayable over 8 half-yearly instalments in arrears from 18 June 2016. In order to hedge interest rate movements, the Group put in place with Banco di Brescia an Interest rate swap (IRS) for a total notional amount of Euro 15,000 thousand, in addition to a repayment plan, which presents at 31 December 2017 a negative mark to market of Euro 20 thousand.

(D) Loan signed by Zignago Vetro SpA on 27 October 2017 with Unicredit Bank Austria AG for a nominal Euro 50,000 thousand, utilised also to repay in advance the syndicate loan at letter “A”. Repayment is through 7 half-yearly instalments from 30 June 2018, in addition to the final maturity date instalment, corresponding to 7% of the total in 2018, 10% of the total in 2019, 14% of the total in 2020 and at 30 June 2021 and 24% of the total on maturity established for 27 October 2021. In order to hedge interest rate risk, the company has put in place with Unicredit an Interest rate swap (IRS) for a total notional amount of Euro 50,000 thousand, in addition to a payment plan. At 31 December 2018, this transaction reported an overall negative mark to market of Euro 389 thousand;

(E) Loans signed by Zignago Vetro SpA on 27 October 2017 with Banca Intesa for a nominal Euro 40,000 thousand. Payment is through 7 half-yearly equal instalments of Euro 4,286 thousand from 28 June 2019, in addition to an instalment of Euro 10,000 thousand on final maturity of 30 December 2022. In order to hedge interest rate risk, the company put in place on 13 February 2018 with Intesa two Interest rate swaps (IRS) for a total original notional amount of Euro 40,000 thousand, in addition to a payment plan. At 31 December 2018, this transaction reported an overall negative mark to market of Euro 347 thousand;

(F) Loan signed by Zignago Vetro SpA on 12 November 2018 with Banca Credit Agricole Friuladria for a nominal Euro 10,000 thousand. Payment is through 7 half-yearly equal instalments of Euro 1,429 thousand from 31 December 2020, with final maturity of 31 December 2023. In order to hedge interest rate movements, the company put in place on 27 December 2018 with Credit Agricole Friuladria an Interest rate swap (IRS) for a total original notional amount of Euro 10,000 thousand, in addition to a repayment plan covering the loan duration. At 31 December 2018, this transaction reported an overall negative mark to market of Euro - 95 thousand;

(G) Loan signed by Verreries Brosse with BNL, with maturity in 2022 for Euro 3,333 thousand;

(H) French banking system loan to Verreries Brosse SAS;

(I) Loan signed by Verreries Brosse with BPI France, with maturity in 2022 for Euro 900 thousand;

(J) Loan signed by Verreries Brosse with BNP Paribas, with maturity in 2022 for Euro 661 thousand;

(K) Loan signed by Verreries Brosse with CRCA, with maturity in 2022 for Euro 619 thousand;

(L) Loan signed by Verreries Brosse with Societè Generale, with maturity in 2022 for Euro 647 thousand;

(M) Loan signed by Verreries Brosse with Casse d’Epargne, with maturity in 2022 for Euro 621 thousand

(N) Finance leases of HSC SA of Euro 13 thousand;

(O) Loan signed by Verreries Brosse with Credit du Nord, with maturity in 2022 for Euro 125 thousand;

(P) The item includes the Loans drawn down by Vetro Revet srl, principally from Banca di Cambiano and with maturity FY 2027. These are also payables for loans arising from the acquisition of the 51% investment in Vetro Revet Srl by the parent Zignago Vetro Spa.

Loan covenants

Against the loan reported in the table at letters (A) and (D), the company is bound by a set of financial covenant ratios to be calculated on the consolidated financial statements, as follows:

(i) ratio between net financial debt and equity not above 1.5 for the period until 31 December 2018 inclusive and 1.0 between 1 January 2019 until final maturity;

(ii) ratio between net financial debt and EBITDA not above 2.5 for the period until 31 December 2018 inclusive and 2.0 between 1 January 2019 until final maturity.

Against the loans reported in the table at letter (B), the company is bound by a set of financial covenants to be calculated on the consolidated financial statements, for the duration of the loan:

(*i*) ratio between net debt and equity of less than 1 on the BNL contract (letter B);

(ii) ratio between net debt and EBITDA of below 2.

Against the loan reported in the table at letter (C), the Parent is bound by a set of financial covenant ratios to be calculated on the separate financial statements, for the duration of the loan:

(i) ratio between net financial debt and equity of not greater than 1.25;

(ii) ratio between net financial debt and EBITDA of not greater than 3.

Against the loan reported in the table at letter (E), the Parent is bound by a set of financial covenant ratios to be calculated on the separate financial statements, for the duration of the loan:

(*i*) ratio between net debt and equity of under or equal to 1.5 for the duration of the loan;

(*ii*) ratio between net debt and EBITDA of less than or equal to 3.5 until 31 December 2019 inclusive and less than or equal to 3.0 from 1 January 2020 until final maturity.

These covenants had been complied with at 31 December 2018.

Reconciliation of financial liabilities deriving from loans

As required by IAS 7, the following table summarises the cash flows concerning financial and derivative liabilities arising in the year:

Account	**31 Dec 2017 restated**	**Cash flow**	**Non-cash changes**		**Dec 31, 2018**
			Acquisition	**Other**	
Bank borrowings - non-current	124,608	(7,051)	-	211	117,768
Other non-current financial liabilities	2,965	(550)	-	-	2,415
Non-current financial liabilities (A)	127,753	(7,601)	-	211	120,183
Bank borrowings - current	26,675	13,077	-		39,752
Bank overdrafts on borrowings for anticipation effects	10,333	9,830	-	-	20,163
Other current financial liabilities	18,747	1,180	-	-	19,927
Current financial liabilities (B)	55,755	24,087	-	-	79,842
Financial liabilities (A) + (B)	183,508	16,486	-	211	200,025

Net financial position

In accordance with Consob Communication No. DEM/6064293 of 28 July 2006, the net financial position is determined in accordance with CESR recommendation of 10 February 2005 "Recommendations for the uniform implementation of the European Commission regulations on information prospectus".

(Euro thousands)			31.12.2018	31.12.2017 restated
A.	Cash		24	20
B.	Other cash equivalents		32,314	31,666
C.	Securities held for trading			---
D.	**Liquidity**	**(A) + (B) + (C)**	32,338	31,686
E.	**Current financial assets**		---	---
F.	Current bank loans & borrowings		40,791	28,042
G.	Current portion of non-current debt		39,752	31,257
H.	Other current fin. payables (derivatives)		1,405	946
I.	**Current financial debt**	**(F) + (G) + (H)**	81,948	60,245
J.	**Net current financial position**	**(I) - (E) - (D)**	49,610	28,559
K.	Non-current loans and borrowings		117,768	124,608
L.	Bonds issued		---	---
M.	Other non-current payables		---	---
N.	**Non-current financial debt**	**(K) + (L) + (M)**	117,768	124,608
O.	**Net financial debt**	**(J) + (N)**	167,378	153,167

Financial instrument classes and hierarchical levels of fair value measurement

The following table outlines the classes of financial instruments held by the Company:

(Euro thousands)	31.12.2018						
	Loans and receivables	Financial assets *at fair value* through P&L	Derivative instr.	Investments held to maturity	Financial assets available for sale	Total	Note
Financial assets as per accounts							
Other non-current assets	5,253	---	---	---	---	5,253	(6)
Trade receivables and others	77,778	3,955	---	---	---	81,733	9) & (10)
Cash and cash equivalents	32,338	---	---	---	---	32,338	(12)
Total	115,369	3,955	---	---	---	119,324	

(Euro thousands)	31.12.2018				
	Other liabilities at amortised cost	Financial liabilities at fair value to income statement	Derivative instruments	Total	Note
Financial liabilities as per accounts	---	---	---	---	---
Provisions for risks and charges	---	---	---	---	(1)
Bank payables and loans	198,311	---	1,405	199,716	(16) & (19)
Trade payables and other	32,338	---	---	32,338	(20) & (21)
Total	230,649	---	1,405	232,054	

The company only values energy efficiency securities and derivative contracts at fair value. The value of bank and other lenders loans and borrowings, recorded at amortised cost and variable interest rate contracts, are not significantly different compared to fair value.

All financial instruments recorded at fair value are classifiable in the three following categories:
Level 1: market listing.
Level 2: technical valuations (based on observable market data)
Level 3: technical valuations (not based on observable market data)
All assets and liabilities measured at fair value at 31 December 2018 are classifiable at Level 2. During the year, no transfers occurred from Level 1 to Level 2 or Level 3 or vice-versa.

		31.12.2018	31.12.2017 restated
17 – Other non-current liabilities	(Euro thousands)	2,415	2,965

This account comprises capital grants on the investments reported in the following table:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Contributions for plant as per Law 91/2014	2,415	2,965

The account includes at 31 December 2018 the deferred income recognised against the tax receivable for investments in new machinery under Legislative Decree 91/2014 matured in 2014 and 2015, which will be recognised in profit or loss on the basis of the depreciation calculated on the investments.

		31.12.2018	31.12.2017 restated
18 - Deferred tax liabilities	(Euro thousands)	2,090	2,225

The table below shows the composition of the deferred tax liabilities:

	Balance at 31.12.2018		Balance at 31.12.2017 restated	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Adjustment suspension of taxes reserve	6,044	1,686	6,044	1,686
Adjustment to inventories at average cost	541	170	541	170
Excess and accelerated depreciation	94	51	132	22
Valuation of post-employ. as per IAS 19	210	50	319	88
Accounting of leases as per IAS 17	70	13	54	10
Allocation of higher fixed asset values				
Substitute tax effect on accel. depreciation				
Other	579	120	1,214	249
Total		2,090		2,225

The Deferred tax liabilities include the temporary differences relating to depreciation calculated by the companies based on previous Italian fiscal regulations, the temporary differences arising on the adoption of IAS originating from the value of inventories calculated under the LIFO method, utilised for tax purposes, and those calculated under the average weighted cost method and the tax effects from the measurement of leases using the finance method.

Deferred tax liabilities were also recorded for Euro 1,686 thousand relating to the reserves in suspension of taxes amounting to Euro 6,044 thousand and relating to the capital grant reserves (Reserves as per article 55, DPR 597/1973 and 917/1986).

The following table shows the movements in the deferred tax liabilities:

(Euro thousands)		
Balance at 31 December 2016		2,316
Utilisations	(250)	
Increases	159	(91)
Balance at 31 December 2017		2,225
Utilisations	(282)	
Increases	147	(135)
Balance at 31 December 2018		2,090

		31.12.2018	31.12.2017 restated
CURRENT LIABILITIES	(Euro thousands)	178,489	133,079

		31.12.2018	31.12.2017 restated
19 - Bank payables and current portion of medium/long-term loans	(Euro thousands)	81,948	60,245

The table below shows the composition of bank payables and the current portion of non-current loans and borrowings:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Current accounts		
Loan advances	10,809	10,000
Current loans	15,793	13,865
Current portion of medium/long-term loans	39,752	31,257
Advances on bank drafts	14,189	4,177
Bank loans and borrowings for mark to market	1,405	946
Total	81,948	60,245

For the non-current bank loans and borrowings and leasing, the current portion of which is included in this account for a value of Euro 39,752 thousand at 31 December 2018 and Euro 31,257 thousand at 31 December 2017, reference should be made to the paragraph "*Non-current bank loans and borrowings*".

		31.12.2018	31.12.2017 restated
20- Trade and other payables	(Euro thousands)	72,748	58,020

The table below shows the breakdown of trade and other payables by geographic segment at 31 December 2018 and 2017:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Italy	58,402	42,664
E.U.	14,260	15,326
Other countries	86	30
Total	72,748	58,020

Trade and other payables at 31 December 2018 increased on 31 December 2017 mainly due to the increased business volumes.

		31.12.2018	31.12.2017 restated
21 – Other non-current liabilities	(Euro thousands)	19,927	18,747

The table below shows the breakdown of “other current liabilities" at 31 December 2018 and 2017:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Employee payables	13,203	10,862
Social security institutions	3,595	3,800
Employees and consultants withholding taxes	1,899	1,530
VAT payables	220	416
Current portion of tax credit on Law 91/2014 investments	550	556
Contribution payables	38	38
Other payables	400	588
Accrued liabilities and deferred income:		
- employees	---	919
- interest	22	38
Total	19,927	18,747

Employee payables

The table below shows the breakdown of employee payables at 31 December 2018 and 2017:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Vacation days, month due & premiums matured	11,194	8,640
December salaries and wages	2,009	2,222
Total	13,203	10,862

Employee payables refer to vacation days matured but not taken at year-end and productivity premiums and managerial bonuses matured and to be paid in the following year.

Payables social security institutions

The payables to social security institutions principally refer to payables for contributions on salaries in the month of December and agents' commissions and consultants' fees accrued in the year and paid in the following year.

Current portion of tax credit on Law 91/2014 investments

The account at 31 December 2018 includes the portion maturing within 12 months of the tax credit for investments in new machinery under Legislative Decree No. 91/2014.

		31.12.2018	31.12.2017 restated
22- Current tax payables	(Euro thousands)	3,866	686

The account is broken down in the following table.

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Income taxes	3,866	686
Foreign subsidiary taxes	---	---
Total	3,866	686

NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

		2018	2017 restated
23- Revenues	(Euro thousands)	289,838	261,186

The following table shows the breakdown of revenues by product line:

(Euro thousands)	2018	2017 restated
Core business products	280,129	252,522
Various materials	2,093	1,969
Service revenue	3,419	1,846
Others	4,197	4,849
Total	289,838	261,186

The following table shows the breakdown of revenues by geographic region:

(Euro thousands)	2018	2017 restated
Italy	167,406	149,777
E.U.	106,180	95,724
Other countries	16,252	15,685
Total	289,838	261,186

Total revenues increased on the previous year 10.9%. For further information, reference should be made to the Directors’ Report.

		2018	2017 restated
24- Raw materials, consumables and goods	(Euro thousands)	61,255	59,983

The table below shows the costs for raw materials, ancillaries, consumables and goods:

(Euro thousands)	2018	2017 restated
Purchases	68,161	63,383
Changes in inventories of raw materials, ancillaries, consumables and finished goods	(7,813)	(891)
Changes in inventory of work-in-progress, semi-finished and finished	907	(2,509)
Total	61,255	59,983

These costs increased 2.12%, due in particular to the increased production volumes and an altered mix, in addition to the purchase of materials for cosmetic and perfumery container finishing.

		2018	2017 restated
25 - Service costs	(Euro thousands)	86,604	73,587

The following table shows service costs:

(Euro thousands)	2018	2017 restated
Energy and industrial services	56,462	48,702
Transport and other trading costs	16,554	14,412
Conai contribution	2,510	2,865
Other costs	11,078	7,608
Total	86,604	73,587

The increase in these costs (+6.22%) relates in particular to lower energy costs in the year. Transport costs and other commercial costs increased due to higher sales revenue.

		2018	2017 restated
26 - Personnel expense	(Euro thousands)	67,474	63,924

The following table reports personnel expense:

(Euro thousands)	2018	2017 restated
Wages and salaries	50,051	47,402
Social security charges	15,346	14,805
Defined contribution plans	2,077	1,717
Total	67,474	63,924

These costs increased 5.5% on 2017, principally due to increased business activity.

The movement of Group employees in 2018, divided by category, is reported below:

	31.12.2017	Hires	Departures	31.12.2018	Average
Executives	20	2	(1)	21	20.5
White-collars	306	57	(26)	337	322
Blue-collars	1,172	335	(152)	1,355	1,264
Total	1,498	394	(179)	1,713	1,606

		2018	2017 restated
27 - Amortisation & Depreciation	(Euro thousands)	31,115	30,628

The following table reports amortisation & depreciation:

(Euro thousands)	2018	2017 restated
Depreciation of fixed assets	30,935	31,111
Amortisation of intangible assets	180	117
Total	31,115	31,228

Further details are reported in the "Intangible and tangible fixed assets" section.

		2018	2017 restated
28 - Other operating expenses	(Euro thousands)	8,581	4,215

The following table reports the other operating expenses:

(Euro thousands)		2018	2017 restated
Provision for emission trading		---	228
Provision for contractual risks		150	600
Provision of industrial risk fund		254	663
Post-employment benefits provision			25
Agents' supplementary indemnity provision		90	9
Total provision for risks	*sub)*	494	1,525
Doubtful debt provision	*sub)*	119	98
Various taxes		1,525	1,576
Membership fees		276	280
Prior year charges		518	321
Losses on asset disposals		372	243
Other		5,277	172
Total other charges	*sub)*	7,968	2,592
Total		8,581	4,215

Other costs in 2018 include mainly a "one-off" bonus in favour of the chief executive officer and some executives based on the results objectives, according to the "Long Term Incentive" regulation approved in 2016. The bonus shall be settled subsequent to approval of the financial statements at December 31, 2018.

		2018	2017 restated
29 - Other operating income	(Euro thousands)	7,593	5,745

The following table reports other operating income:

(Euro thousands)	2018	2017 restated
Prior year income	1,791	822
Gain on asset disposals	88	346
Release of provisions	694	919
Insurance claim reimbursements	244	251
Others	4,776	3,407
Total	7,593	5,745

The gains on fixed asset disposals relates to sales and in particular of Zignago Vetro SpA.
Other operating income refers principally to the capitalisation of costs concerning the current and future investments of Zignago Vetro Spa.

		2018	2017 restated
30 - Investments in JV's measured using equity method	(Euro thousands)	15,454	14,257

Reference should be made to note No. 4 "Companies measured at Equity", which indicates - both for the investments held in Vetri Speciali SpA and in Vetreco Srl - the effect on the 2018 and 2017 income statement from the measurement of these investments using the equity method.

		2018	2017 restated
31 – Financial income	(Euro thousands)	240	753

The following table reports financial income:

(Euro thousands)	2018	2017 restated
Bank interest	69	84
Other	171	669
Total	240	753

The financial income includes the effect of the fair value measurement of IRS derivatives signed in order to fix the interest rate on part of the financial debt. Overall, the movement in interest rates in the 2018 tax year and the re-establishment of the short and medium/long-term interest rate curve resulted in decreased financial expenses, according to the group's accounting policies, of approx. Euro 152 thousand.

		2018	2017 restated
32- Financial expense	(Euro thousands)	2,944	2,446

The following table shows financial expense:

(Euro thousands)	2018	2017 restated
Interest on current accounts	166	113
Loan interest	750	1,374
Financial charges on interest rate hedges	985	741
Derivative fair value measurement effect	610	---
Discounts and other financial charges	58	164
Other	375	54
Total	2,944	2,446

In 2018, the account "Discounts and other financial charges" included financial expenses relating to the actuarial measurement of Post-Employment Benefits as per IAS 19 of Euro 57 thousand (Euro 58 thousand in 2017).

The financial income includes the effect of the fair value measurement of IRS derivatives signed in order to fix the interest rate on part of the financial debt. Overall, the movement in interest rates in the 2018 tax year and the re-establishment of the short and medium/long-term interest rate curve resulted in increased financial expenses, according to the group's accounting policies, of approx. Euro 610 thousand.

		2018	2017 restated
33 - Net exchange rate gains/(losses)	(Euro thousands)	(1,399)	(473)

The account in 2018 relates to exchange losses.

		2018	2017 restated
34 - Income taxes	(Euro thousands)	9,968	7,757

The table below shows the composition of the income taxes between deferred and/or current taxes:

(Euro thousands)	2018	2017 restated
Current income tax	11,971	8,273
Deferred tax (income)/charge	(2,068)	(446)
Consolidation adjustments	65	(70)
Total	9,968	7,757

The income tax charge, estimated in accordance with current tax legislation, amounted to Euro 9,968 thousand (Euro 7,757 thousand in the previous year).

The 2018 tax-rate was 18%, compared to 16% in 2017.
The IRES income tax and IRAP regional tax rates reflect the effective tax charge payable by the Group. The table below shows the reconciliation between the theoretical fiscal charge and the effective charge for the years under consideration:

(Euro thousands)	2018	Tax charge	2017 restated	Tax charge
Profit before taxes	53,573		47,631	
Ordinary rate applied	24.00%		24.00%	
Theoretical tax charge	*12,858*		*11,431*	
Other permanent differences	(4,833)		(4,894)	
IRES rate change effect	---		---	
Current IRAP	1,673		1,220	
Total tax charges	*9,698*	*18.1%*	*7,757*	*16.3%*

OTHER INFORMATION

Earnings per share

Basic and diluted earnings/(loss) per share

The share capital of Zignago Vetro SpA at 31 December 2018 and 2017, consists of 88,000,000 ordinary shares with a par value of Euro 0.10 each, fully subscribed and paid-in.

The earnings per share for 2018 and 2017 is calculated based on the result attributable to the Parent in the respective periods, taking account of the average weighted number of shares in circulation, excluding treasury shares. No calculation of the diluted earnings per share was made as in both periods financial instruments with dilutive effects on the earnings concerning the shares in circulation were not in place.

The average weighted number of shares and the profit attributable is reported below:

	Values at 31.12.2018	Values at 31.12.2017 restated
Profit attrib. to shareholders of the parent (Euro '000)	45,020	39,806
Average weighted number of ordinary shares, including treasury shares, for earnings per share	88,000,000	88,000,000
Weighted average number of treasury shares	(308,975)	(1,059,726)
Average weighted number of ordinary shares, excluding treasury shares, for earnings per share	87,691,025	86,940,274
Earnings per share (in Euro)	0.513	0.460

Segment information

Segment reporting which coincides with the various legal entities is provided below.

Disclosure by region is not considered appropriate for the Group.

The operating segments (“Business Units”) are identified as follows:

- Zignago Vetro SpA: this Business Unit carries out the production of glass containers for food and beverages and for cosmetics and perfumery, in addition to the treatment and sale of raw glass through the subsidiary Vetro Revet Srl;
- Verreries Brosse SAS: this Business Unit carries out the production of glass containers for perfumes;
- HSC SA: this Business Unit undertakes the production of a wide range of customised products for cosmetic and perfumery containers and also for food and beverage niche markets worldwide.

The criteria applied for the identification of the reporting segment were based on, among other issues, the manner in which management directs the Group and attributes managerial responsibility. The joint ventures in Vetri Speciali SpA (production of specialty containers, principally for wine, vinegar and olive oil) and Vetreco Srl: (processing of raw glass into the finished material ready for use by glassmakers) are considered by management as independent business units, which under IFRS 11 may only be measured at equity. Consequently, the share of profit of the two joint ventures previously consolidated proportionally, in the subsequent tables are identified within the operating result under consolidation adjustments.

The segment disclosure is provided below:

(Euro thousands)	2018						
	Zignago Vetro SpA	Verreries Brosse SAS	HSC SA	Zignago Glass USA Inc.	Vetro Revet	Consolidation adjustments	Consolidated
Revenues	201,351	59,186	43,141	422	4,942	(19,204)	289,838
Amort. & Deprec.	(19,741)	(4,351)	(6,654)	(3)	(387)	21	(31,115)
Operating Result	33,275	6,204	5,667	(178)	(2,329)	15,217	57,856
Net Result	34,035	4,026	2,830	(187)	(1,969)	6,285	45,020
Assets	384,858	63,139	71,906	164	12,141	(22,519)	509,689
Liabilities	258,989	43,244	50,135	720	11,381	(54,921)	309,548
Investments in:							---
Intangible assets	28	108	3	---	37	2,694	2,870
Property, plant & equipment	153,668	18,142	49,865	15	8,685	(984)	229,391

(Euro thousands)	2017 restated					
	Zignago Vetro SpA	Verreries Brosse SAS	HSC SA	Zignago Glass USA Inc.	Consolidation adjustments	Consolidated
Revenues	184,454	55,563	30,455	331	(9,617)	261,186
Amort. & Deprec.	(20,162)	(5,307)	(5,176)	(1)	18	(30,628)
Operating Result	27,972	4,014	2,816	(227)	14,208	48,783
Net Result	29,658	3,369	2,171	(232)	12,665	47,631
Assets	347,676	60,646	73,276	185	(28,104)	453,679
Liabilities	234,726	44,778	53,742	533	(57,751)	276,028
Investments in:						
Intangible assets	242	---	137	---	2,772	3,151
Property, plant & equipment	107,929	19,440	55,537	17	34	182,957

Related party transactions

The table below shows the composition of the receivables, principally trade receivables, of Group companies with related party companies at the balance sheet date:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017
Zignago Holding SpA	1,235	1,235
Santa Margherita SpA and its subsidiaries	850	1,080
Zignago Servizi Srl	5	---
Zignago Power Srl	79	---
Total receivables from related companies	2,169	2,330

The receivables from Zignago Holding SpA, the Parent, of Euro 1,235 thousand, reflect the IRES related to the IRAP repayment request presented by Zignago Vetro SpA.
The receivables from Santa Margherita SpA and its subsidiaries derive from commercial transactions.

The table below shows the composition of the payables of Group companies to related companies at the reporting date:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Zignago Power Srl	576	474
Zignago Servizi Srl	231	374
Santa Margherita SpA and its subsidiaries	60	120
Zignago Holding SpA	---	---
La Vecchia Scarl	33	86
Zignago Immobiliare Srl	---	15
Multitecno Srl	---	14
Total payables to related companies	900	1,083

The table below shows the composition of Group company revenues from related companies in the year:

(Euro thousands	2018	2017 restated
Santa Margherita SpA and its subsidiaries	4,614	4,643
Zignago Immobiliare Srl	---	65
La Vecchia Scarl	1	1
Multitecno Srl	34	---
Zignago Power Srl	1	---
Zignago Servizi Srl	44	1
Zignago Holding Spa	23	---
Total revenues to related companies	4,717	4,710

The table below shows the composition of Group company costs

(Euro thousands)	2018	2017 restated
Zignago Power Srl	408	4,670
Zignago Servizi Srl	2,290	1,968
Zignago Holding SpA	456	488
La Vecchia Scarl	403	409
Santa Margherita SpA and its subsidiaries	340	301
Zignago Immobiliare Srl	238	147
Multitecno Srl	98	11
Capitalised costs for the purchase of fixed assets		
Zignago Power Srl	---	2,617
Zignago Immobiliare Srl	---	2,262
Santa Margherita SpA and its subsidiaries	---	27
Total costs from related companies	4,233	12,900

Management of capital

The share capital includes the shares and the equity attributable to owners of the parent.
The primary capital management objective of the Group is to guarantee the maintenance of a strong credit rating in order to support operations and to maximise value for shareholders.
In order to achieve this objective, the management of Group capital aims, among other matters, to ensure compliance with covenants, related to interest bearing loans, based on financial performance indicators. Breaches in the covenants would permit the banks to request immediate repayment of the loans. There were no breaches of the covenants in the current year in relation to interest bearing loans for any of the Group companies.
The Zignago Vetro Group has payables to financial intermediaries and has a financial debt position related to the business development plan. The high generation of operating cash flows enables Group Companies not only to repay existing loans, but also to guarantee an adequate dividend to Shareholders and pursue a growth strategy.
In this context, the Group, in order to maintain or amend the capital structure, may pay dividends to Shareholders, acquire treasury shares on the market or issue new shares.
No substantial amendments were made to these objectives, to policies or to processes in 2018 or 2017.

Risk management policies

The Group will continue to prudently manage risks in all departments with careful monitoring in order to identify, reduce and eliminate such risk, therefore extensively protecting shareholder interests.

Currency risk

The currency risk is the risk that the fair value or the future cash flows of a financial instrument are altered following changes in exchange rates.
The exposure of the Group to changes in exchange rates principally concerns the operating activities of the Group (when revenues and costs are denominated in a currency other than the presentation currency of the Group). Where these transactions are significant, the Group Companies assess the possibility of undertaking currency hedges in order to mitigate these fluctuations. During the years presented the Group has not undertaken exchange risk hedge operations, as such transactions undertaken by the companies of the Group are not considered significant.

Credit and country risks

The credit risk represents the exposure of the Group to potential losses deriving from non-compliance with obligations by trading partners; this activity is subject to ongoing monitoring within the normal management of business operations, in order to minimise the exposure to “counterparty” credit risk, also utilising appropriate insurance instruments to protect the solvency of the client or of the country risk in which this latter operates.

The Group Companies constantly assess political, social and economic risks in the areas in which they operate. No significant cases of non-fulfilment by trading partners have occurred and no significant credit risk by individual area and/or client exists.
The Group in fact only deals with established and reliable clients. Customers that request extensions of payment are subject to a credit rating check. Moreover, the collection of receivables is monitored during the year so that the exposure to losses is not substantial. Finally, in the case of new clients operating in non-EU countries, the Group companies obtain letters of credit and advance payments.

Interest rate risk

The interest rate risk is a risk that the fair value for the future cash flows of a financial instrument alters due to changes in market interest rates. The Companies of the Group are exposed to the risk of fluctuations in interest rates principally in relation to the non-current bank loans and borrowings, negotiated at floating interest rates, and amount to Euro 108 million. Where these risks are considered significant, the Companies of the Group undertake interest rate swaps in order to convert the floating rate of the non-current loans into fixed rates, which reduces the impact of the fluctuations in interest rates
Therefore, the Parent undertook interest rate swaps whose notional amount decreases in line with the loan in order to hedge the interest rate risk on non-current loans and borrowings for a notional value of Euro 102 million.

The characteristics of the derivative contracts, their notional value and the market value at 31 December 2018 are as follows:

Company	Bank	Underlying	Date of signing	Notional value at reporting date	Expiry	Market value at 31.12.2017
Zignago Vetro SpA	UBI	Loan	18/12/2014	3,827,776	18/12/2019	(20,272)
Zignago Vetro SpA	Mediobanca	Loan	21/01/2015	6,994,286	31/12/2020	(64,105)
Zignago Vetro SpA	Mediobanca	Loan	31/03/2015	9,325,714	31/12/2020	(85,473)
Zignago Vetro SpA	Unicredit	Loan	27/10/2017	43,000,000	31/12/2021	(388,636)
Zignago Vetro SpA	BNL	Loan	29/01/2018	34,000,000	29/01/2023	(404,361)
Zignago Vetro SpA	Intesa SanPaolo	Loan	13/02/2018	40,000,000	29/12/2023	(346,653)
Zignago Vetro SpA	Credit Agricole Friuladria	Loan	27/12/2018	10,000,000	29/12/2023	(95,019)
Total				147,147,776		(1,404,520)

Liquidity risk

The Group monitors the risk of a deficiency in liquidity utilising liquidity planning instruments.
The Group objective is to maintain a balance between continuity of available funds, flexibility of utilisation through utilisation of instruments such as bank overdrafts, bank loans, finance leases and adequate remuneration of its liquidity, temporarily investing exclusively with banking counterparties.

In particular the profile of the financial liabilities at 31 December 2018 on the basis of the non-discounted contractual payments, including trade payables and other current liabilities, is summarised as follows:

(Euro thousands)	2018				
31 December 2018	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Beyond	Total
Non-current loans and borrowings	---	---	117,768	---	117,768
Other non-current liabilities	---	---	2,415	---	2,415
Bank loans & borrowings and current portion of medium/long-term loans	30,791	49,752	1,405	---	81,948
Trade and other payables	72,748	---	---	---	72,748
Other current liabilities	19,927	---	---	---	19,927
Current tax payables	---	3,866	---	---	3,866
Total	123,466	53,618	121,588	---	298,672

Against payables due within three months, the Group may avail of liquidity of Euro 3.8 million and payables to banks due within 12 months may be extended with the current lenders. The Group therefore assessed the risk concentration, with reference to the debt refinancing, and concluded that the risk was low.

The same profile at 31 December 2017 was as follows:

(Euro thousands)	2017 restated				
31 December 2017 restated	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Beyond	Total
Non-current loans and borrowings	---	---	122,972	1,636	124,608
Other non-current liabilities	---	---	2,965	---	2,965
Bank loans & borrowings and current Portion of medium/long-term loans	25,684	33,615	946	---	60,245
Trade and other payables	56,770	---	---	---	56,770
Other current liabilities	18,747	---	---	---	18,747
Current tax payables	---	686	---		686
Total	101,201	34,301	126,883	1,636	264,021

The terms and conditions of financial liabilities are listed below:

- There is no interest on trade payables and they are normally paid at 60 days;
- Other payables are normally paid within the month following recognition.

Risks related to the fluctuation in energy prices

The Group is exposed to fluctuations in energy purchase costs, a significant cost component in the glass sector. Where this risk is considered as significant, hedging operations may be undertaken in order to convert the variable cost into a fixed cost, which reduces the impact of fluctuations.
From 2012 the supply of energy at Fossalta di Portogruaro facilities of the Parent Zignago Vetro SpA has been guaranteed by Zignago Power Srl, a company wholly-owned by the parent company Zignago Holding SpA., which started up a natural biomass energy production plant. The risk concerning energy cost fluctuation is therefore greatly reduced.
In 2018, the Parent also agreed supply contracts at fixed prices, in line with its production programmes. The exposure of the Group to the risk of fluctuations in energy prices is therefore considered marginal.

Disclosure pursuant to Article 149 of the Consob Issuers' Regulation

The following table, prepared pursuant to Article 149 of Consob Issuer's Regulations, reports the payments made in 2018 for audit and other services carried out by the audit firm and entities associated with the audit firm.

(Euro thousands)

Type of service	Company providing the service	Company	Fees 2018
Legally-required audit	Auditor of the Parent	Parent	87
Other services	Parent audit firm network	Parent	18
		sub)	105
Legally-required audit	i) Auditor of the Parent	Subsidiaries	8
	ii) Parent audit firm network	Subsidiaries	67
Legally-required audit	i) Third Party Auditor	Joint venture	
	ii) Parent audit firm network	Jointly held companies	---
Other services	i) Auditor of the Parent	Subsidiaries	---
	ii) Parent audit firm network	Subsidiaries	
		sub)	75
		Total	180

PROPOSALS TO THE SHAREHOLDERS' MEETING

The proposals to be presented to the Shareholders' Meeting approved by the Board meeting of 15 March 2018 of Zignago Vetro S.p.A., the parent company, are shown below.

«**Dear Shareholders**,

We trust that you will be in agreement with the criteria for the preparation of the financial statements for the year ended 31 December 2018 and we invite you to approve them.

As the Legal Reserve has reached one-fifth of the share capital,
We propose also the allocation of the profit of Euro 34,035,292.92, as follows:

- to dividends the amount of as Euro 0.36 for each of the 87,691,025 ordinary shares	Euro	31,568,769.00
- to "Retained earnings" the residual amount of with this reserve amounting to Euro 46,976,833.72	Euro	2,466,523.92
	Euro	34,035,292.92»

Fossalta di Portogruaro, 13 March 2019

For the BOARD OF DIRECTORS
The Chairman
Mr. Paolo Giacobbo

SHAREHOLDERS' MEETING CALL

Those with the right to attend and vote are called to the Ordinary Shareholders' Meeting at the registered office of the company in Fossalta di Portogruaro (VE), Via Ita Marzotto, 8 on 29 April 2019 at 11 AM in first call and on 2 May 2019 at the same time and place in second call, to discuss and vote upon the following

AGENDA

1) Annual Financial Statements for the year ended 31 December 2018, Directors' Report, Board of Statutory Auditors' Report and Independent Auditors' Report.
   1.1 Review and approval of Annual Financial Statements for the year ended 31 December 2018, Directors' Report, Board of Statutory Auditors' Report and Independent Auditors' Report.
   1.2 Allocation of the profit
2) 2018 Remuneration Report – motions concerning the First Section, in accordance with Article 123-ter of Legislative Decree 58/1998 and Article 84-quater of Consob Regulation 11971/1999.
3) Authorisation for the purchase and utilisation of treasury shares, with prior revocation, where not utilised, of the previous Shareholders' Meeting motion of 27 April 2018;
4) Appointment of the Board of Directors:
   4.1 Establishment of the number of Board members;
   4.2 Establishment of the duration of office;
   4.3 Appointment of the Board of Directors;
   4.4 Establishment of Directors' remuneration;
   4.5 Authorisation of exercise of competitive activities as per Article 2390 of the Civil Code;
5) Appointment of the Board of Statutory Auditors for the three-year period 2019-2020-2021:
   5.1 Appointment of the Board of Statutory Auditors;
   5.2 Appointment of the Chairman of the Board of Statutory Auditors
   5.3 Establishment of remuneration for the Board of Statutory Auditors.
6) Proposal to authorise a share-based incentive plan concerning the ordinary shares of Zignago Vetro S.p.A. called the "2019-2021 Stock Option Plan".

SHARE CAPITAL AND VOTING RIGHTS

The share capital subscribed and paid-in amounts to Euro 8,800,000.00, comprising 88,000,000.00 ordinary shares, each with a nominal value of Euro 0.10. At the date of the present call notice, the company holds 308,975 treasury shares in portfolio, comprising 0.3511% of the share capital, for which the voting right is suspended. Any change in treasury shares will be communicated at the Shareholders' Meeting.

Each ordinary share assigns the right to one vote at the Shareholders' Meeting (excluding ordinary treasury shares for which the voting right is suspended in accordance with law). However, the Shareholders' Meeting of April 28, 2015 amended Article 8 of the By-Laws, introducing the loyalty shares mechanism, as per Article 127-*quinquies* of the CFA. In particular, in accordance with the stated Article 8, two votes are assigned to each ordinary Zignago Vetro share held by the same shareholder of the company for a continuous period of at least 24 months, from their registration in a special list, set up and maintained by the company at the registered office. For the

list of Shareholders maturing loyalty share voting rights, reference should be made to the website www.gruppozignagovetro.com, Investors section - Loyalty Shares”.
At the date of the call notice, exercisable voting rights totalled 145,275,351.

RIGHT TO ATTEND AND VOTE AT THE SHAREHOLDERS’ MEETING

In accordance with Article 83-*sexies* and Legislative Decree 58/98 (the "CFA") those who have sent to the company the relative communication through an authorised intermediary based on the accounting records on the seventh trading day before the Shareholders’ Meeting, therefore 16 April 2019, have the right to attend and vote at the Shareholders’ Meeting. Those who hold shares only after 16 April 2019 will not have the right to attend or vote at the Shareholders’ Meeting. The Communication of the intermediary must be received by the Company by the end of the third trading day before the Shareholders’ Meeting is held in first call (therefore by 24 April 2019). The right to attend and vote at the Shareholders’ Meeting remains valid if the communication of the above-stated intermediary is sent to the Company outside the stated time period, although by the beginning of the relative Shareholders’ Meeting.

PROXY REPRESENTATION AND VOTING

Each shareholder who has the right to attend the Shareholders’ Meeting can be represented by written proxy in accordance with current regulations. For this purpose, a proxy form is available at the registered office of the company, on the company internet www.gruppozignagovetro.com, Investors - Shareholders’ Meeting section, and through authorised intermediaries. The form may be sent to the registered office of the company at Via Ita Marzotto, 8, Fossalta di Portogruaro (VE) for the attention of Mr. Roberto Celot (Investor Relation Manager) or through fax to 0421/246401. Prior notice does not exempt the proxy granted the right to attend the shareholders’ meeting from the obligation to declare, in good faith, conformity with the original notified copy and to identify the principal. In accordance with applicable regulations, the proxy must maintain the original proxy form and any voting instructions received for one year from the conclusion of the shareholders' meeting. Proxy may also be conferred, in accordance with law, electronically through a document signed in electronic form in accordance with Article 20, paragraph 1-*bis*, of Legislative Decree No 82 of 7 March 2005.
In accordance with the Company By-Laws, a designated agent has not been appointed for the Shareholders’ Meeting in accordance with Article 135-*undecies* of Legislative Decree No. 58 of 24 February 1998.
Voting may not take place through correspondence or electronic means.

SUPPLEMENTS TO THE AGENDA AND PRESENTATION OF NEW PROPOSALS

In accordance with Article 126-*bis* of Legislative Decree 58/98 shareholders who, also jointly, represent at least one-fortieth of the share capital, may apply to supplement the Shareholders’ Meeting Agenda within 10 days of publication of the present notice, indicating the further matters proposed or by presenting proposals concerning matters already on the Agenda. The request must be sent in writing to the registered office of the company at Via Ita Marzotto, 8, Fossalta di Portogruaro (VE) for the attention of Mr. Roberto Celot (Investor Relations Manager) or through fax to 0421/246401. Within the above-stated timeframe certification confirming ownership of the holding, approved by an intermediary who holds the accounts where the shares of the requesting party are registered, must be sent together with a report containing the reasons for resolutions on new matters to be added to the agenda by the applicant, or the reasoning for the further proposals on matters already on the agenda. Supplementation is not permitted for matters on which the Shareholders’ Meeting will vote, in accordance with law, on proposals of the directors or concerning projects or reports other than those prepared in accordance with Art.125 *term* paragraph 1 of the CFA. The above-stated report, supplemented by any evaluations by the Board of Directors, will be made available to the public at least 15 days before the Shareholders’ Meeting using the same means as for the publication of the present notice and the other Shareholders’ Meeting documentation, together with the publication of the agenda supplementation notice or the presentation of further proposals on matters already on the Agenda.

RIGHT TO SUBMIT QUESTIONS REGARDING MATTERS ON THE AGENDA

In accordance with Article 127-*ter* of Legislative Decree No. 58/98, those with the right to vote may submit questions regarding the matters on the agenda, also before the Shareholders’ Meeting, through registered email to assembleezignagovetro@legalmail.it within three days prior to the Shareholders’ Meeting in first call (therefore by 26 April 2019). In order to exercise this right, certification by the intermediary confirming the right to vote must be sent to the Company. For questions submitted, responses will be made at the latest during the meeting itself. Responses may be provided in written form at the Shareholders’ Meeting and made available to all those with voting rights at the beginning of the Shareholders’ Meeting.

APPOINTMENT OF THE BOARD OF DIRECTORS

In accordance with Article 15 of the By-laws, it is announced that the members of the Board of Directors are elected on the basis of slates of candidates, in accordance with the following procedures:

- Shareholders who represent at least 2.5% of the paid-in and subscribed share capital at the date of the presentation of the slate (a threshold confirmed by Consob executive motion No. 13 of 24 January 2019) can present a slate of candidates with no more candidates than those to be elected, progressively numbered;
- Each shareholder may present or be a candidate on only one slate; in case of breach, they are excluded from all slates. Shareholders belonging to the same shareholder pact as per Article 122 of Legislative Decree No. 58 of February 24, 1998 and subsequent modifications and additions, the parent company, subsidiary companies and those subject to the common control, also in the case in which they act through nominees or trust companies, may present and vote on only one slate. The votes in breach of this are not attributed to any slate. Each candidate can be presented only on one slate, at the risk of being declared ineligible;
- The slates must be filed at the registered office of the Company or through email toassembleezignagovetro@legalmail.it, at least 25 days before the date fixed for the Shareholders’ Meeting in first call (therefore by 4 April 2019). Together with each slate, within the time periods indicated above, (i) the information concerning the identity of shareholders presenting the slate and the percentage holding of such shareholders must be filed. The documentation declaring ownership for the presentation of slates, where not filed together with the slate, must be filed 21 days before the Shareholders’ Meeting (therefore by 8 April 2019); (ii) the declarations with which the individual candidates accept their candidature and attest to the inexistence of causes of

ineligibility and of incompatibility and the existence of the requisites required by regulations in force for the assumption of office, including any possible declarations of independence required in accordance with the Self-Governance Code and regulations in force (iii) the curriculum vitae of each candidate, with indication of the offices held.

- Each slate must contain and expressly indicate the candidature of at least one party considered independent in accordance with Article 148, paragraph 3, of Leg. Decree No. 58 of February 24, 1998 as amended and Article 147-*ter*, paragraph 4, of the above-mentioned Leg. Decree 58/1998 ("**Independent Directors as per Article 147-*ter***"). In this regard, in accordance with Article IA.2.10.6 of the Instructions to the Regulation for Markets Organised and Managed by Borsa Italiana S.p.A., the number of independent directors should be considered sufficient in view of the total number of Directors on the Board;
- Each slate presenting a number of candidates equal to or above three must present a number of candidates from the under-represented gender (rounded upwards where required) which ensures, within the slate itself, compliance with the regulatory gender quota in force. Therefore, the slates presenting a number of candidates of three or above should be composed for at least one-third of candidates belonging to the under-represented gender;
- Slates presented in violation of the above rule are considered null. Finally, it is noted that Consob Communication DEM/901893 of February 26, 2009 recommends on the election of the Board of Directors that the shareholders presenting a "minority slate" file together with the slate of candidates a declaration stating the absence of relations, even indirect, as defined by Article 147-ter, paragraph 3 of the CFA and Article 144-quinquies of the regulation approved with Consob Motion No. 11971 of May 19, 1999, as subsequently amended and supplemented (the "Issuers' Regulation"), with shareholders who hold, even jointly, a controlling or relatively significant holding.

APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

In accordance with Article 20 of the By-laws the appointment of the Statutory Auditors is carried out based on slates presented by the shareholders according to the procedure set out below, in accordance with legislation in force, in order to ensure that the minority slate appoints a Statutory Auditor holding the position of the Chairman and an Alternate Auditor:

- Slates are presented in which the candidates are listed by progressive numbering. The slates comprise two sections: one for candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor;
- Only shareholders who, individually or together with others, represent at least 2.5% of the subscribed and paid-in share capital on presentation of the slate have the right to present slates, as confirmed by Consob executive motion No. 13 of 24 January 2019;
- Each shareholder may present only one slate; in case of breach, they are excluded from all slates. Shareholders belonging to the same shareholder pact as per Article 122 of Legislative Decree No. 58 of February 24, 1998 and subsequent modifications and additions, the parent company, the subsidiary companies and those subject to the common control, may present and vote on only one slate. The votes in breach of this are not attributed to any slate;
- each slate for the re-appointment of the Board of Statutory Auditors should present three or more candidates - both with regards to the Standing Auditor and Alternate Auditor sections - ensuring the presence of both genders and that candidates belonging to the under-represented gender comprise at least 1/3 of the total (with rounding upwards where required);

- the slates must be filed at the registered office of the Company or through email toassembleezignagovetro@legalmail.it, at least 25 days before the date fixed for the Shareholders' Meeting in first call (therefore by 4 April 2019);

In the case where only one slate is filed at the expiry date of the term for presentation of the slates, or slates are only presented by related shareholders pursuant to the applicable directives, slates can be presented up to the third day subsequent to such date, therefore until Sunday 7 April 2019. In this case, the threshold established for the presentation of the slate is reduced by half (1.25%).

Together with each slate, within the time period stated above, the information concerning the identity of shareholders presenting the slate and the percentage holding held by them must be filed. The documentation declaring ownership for the presentation of slates, where not filed together with the slate, must be filed 21 days before the Shareholders' Meeting (ii) the declarations with which the individual candidates accept their candidature and attest to the inexistence of causes of ineligibility and of incompatibility and the existence of the requisites required by regulations in force for the assumption of office (iii) the curriculum vitae of each candidate, with indication of the offices held. In addition to that established by the previous points, in the case of the presentation of a slate by shareholders other than those who hold, also jointly, a controlling or majority holding of the share capital of the Company, such slates must be accompanied by a declaration of the shareholders presenting, declaring the absence of association with one or more of the main shareholders, as defined by existing regulations. Those wishing to present slates for the appointment of the Board of Statutory Auditors are requested to comply with the recommendations drawn up by Consob in Communication No. DEM/9017893 of 26 February 2009, to which reference should be made.

- Slates presented that do not comply with all of the above formalities are considered as not presented;
- All those entitled to vote shall vote for only one slate.

The slates shall be made available to the public through publication on the company website and the 1Info authorised storage mechanism at www.1Info.it, within twenty-one days before the date of the Shareholders' Meeting, therefore by 8 April 2019.

DOCUMENTATION

Documentation relating to the Shareholders' Meeting, including the reports of the Board of Directors and the proposals regarding the matters of the Agenda, will be made available to the public under the terms and conditions and in the manners established by the applicable regulations, with shareholders and those with voting rights permitted to obtain a copy.

This documentation will be available at the registered office of the company, on the website www.gruppozignagovetro.com in the Investors section, as well as at the storage mechanism 1Info at www.1info.it. Specifically:

- from today, the Illustrative Report on the appointment of the Board of Directors, the appointment of the Board of Statutory Auditors and the authorisation for the purchase and utilisation of treasury shares;
- by 29 March 2019, the Annual Financial Report, together with the Corporate Governance and Ownership Structure Report prepared in accordance with Article 123-*bis* of Legislative Decree 58/1998, the Board of Statutory Auditors' Report, the Auditors' Report, the Non-Financial Report and the Remuneration Report prepared in accordance with Article 123-*ter* of Legislative Decree 58/1998 and the other documentation required by Article 154-*ter* of Legislative Decree No. 58/98;

- on 29 March 2019, the Illustrative Report on the proposal concerning the "2019 - 2021 Stock Option Plan", drawn up as per Article 114-*bis*, of Legs. Decree 58/98 and the Disclosure Document prepared as per Article 84-*bis*, Consob Issuers' Regulation, drawn up as per Annex 3A, Table 7, Issuers' Regulation;

ORGANISATIONAL ASPECTS

The shareholders are kindly requested to register at least one hour before the commencement of the Shareholders' Meeting.
Fossalta di Portogruaro, 13 March 2019

For the Board of Directors
Mr. Paolo Giacobbo

SUMMARY OF THE SHAREHOLDERS' MEETING RESOLUTIONS

▪

Summary of the Shareholders' Meeting resolutions

Statement of the Consolidated Financial Statements

(art. 81-ter Consob
Regulation No. 11971/1999 and
subsequent amendments and additions)

Statement of the Consolidated Financial Statements as per Article 81-*ter* of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments

1. The undersigned Paolo Giacobbo, CEO, and Roberto Celot, Executive Officer for Financial Reporting of Zignago Vetro SpA, also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998 state:

   - the accuracy of the information on company operations and
   - the effective application of the administrative and accounting procedures for the consolidated financial statements for the period from 1 January 2017 to 31 December 2017.

2. No significant aspect emerged concerning the above.

3. We also state that:

   3.1. the consolidated financial statements:

      a) are drawn up in conformity with the applicable international accounting standards endorsed by the European Union in conformity with EU Regulation No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
      b) correspond to the underlying accounting documents and records;
      c) provides a true and fair view of the financial position, financial performance and cash flow of the issuer and of the other companies in the consolidation scope.

   3.2. The Directors' Report on operations includes a reliable analysis on the performance and operating result, as well as the situation of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

Fossalta di Portogruaro, 13 March 2019

Zignago Vetro SpA

Mr. Paolo Giacobbo,	Mr. Roberto Celot
Chief Executive Officer	Executive Officer for Financial Reporting

Independent Auditors' Report

(Pursuant to Articles 14 and 16 of Legislative Decree No. 39 of 27/1/2010)

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.

KPMG S.p.A.
Revisione e organizzazione contabile
Piazza Salvemini, 20
35131 PADOVA PD
Telefono +39 049 8249101
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Zignago Vetro S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Zignago Vetro Group (the "Group"), which comprise the statement of financial position as at 31 December 2018, the income statement and statements of other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Zignago Vetro Group as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Zignago Vetro S.p.A. (the "Company") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the investment in Vetri Speciali S.p.A.

Notes to the consolidated financial statements: section "4 – Equity-accounted investments"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2018 include equity-accounted investments of €74.8 million, comprising the investment of €74.2 million in the joint venture Vetri Speciali S.p.A. (the "joint venture"), which is 50% held by the Company. The joint venture's equity used for its measurement includes goodwill attributable to the Company of €40.5 million. The joint venture calculated the recoverable amount of goodwill by estimating its value in use, using a method that discounts its expected cash flows. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective, about: — the expected cash flows, calculated by taking into account the general economic performance and that of the joint venture's sector, the actual cash flows for recent years and the projected growth rates; — the parameters used to calculate the discount rate. For the above reasons, we believe that recoverability of the investment in Vetri Speciali S.p.A. is a key audit matter.	Our audit procedures included: — understanding the process adopted to test the joint venture's goodwill for impairment; — understanding the process adopted to prepare the 2019-2023 business plan approved by the joint venture's board of directors (the "2019-2023 plan") from which the expected cash flows used for impairment testing have been derived; — analysing the reasonableness of the assumptions used by the joint venture's directors to prepare the 2019-2023 plan; — checking the actual figures at 31 December 2018, including the work performed by the joint venture's auditors; — checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the joint ventures' directors' estimation process.; — comparing the cash flows used for impairment testing to the cash flows forecast in the joint venture's 2019-2023 plan and analysing any discrepancies; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about the measurement of the investment in Vetri Speciali S.p.A..

Measurement of inventories

Notes to the consolidated financial statements: section 8 "Inventories"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2018 include inventories of €79.2 million, net of the allowance for inventory write-down of €2.7 million. Determining the allowance for finished product write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including: - the characteristics of the group's business segment; - the subjectivity inherent in a specific batch measurement method; - slow-moving issues; - the products' strong customisation. For the above reasons, we believe that the measurement of inventories is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of inventories and the related IT environment and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; — checking any discrepancies between the previous years' forecast and actual inventory write-downs and losses, in order to check the accuracy of the joint ventures' directors' estimation process; — analysing the reasonableness of the assumptions used to measure the allowance for inventory write-down through discussion with the relevant internal departments and checks of the supporting documentation; comparing the assumptions with historical figures and our knowledge of the Group and its operating environment; — assessing the appropriateness of the disclosures provided in the notes about inventories.

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

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 28 April 2016, the shareholders of Zignago Vetro S.p.A. appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2016 to 31 December 2024.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Collegio Sindacale, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The directors of Zignago Vetro S.p.A. are responsible for the preparation of the Group's directors' report and report on corporate governance and ownership structure at 31 December 2018 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Group's consolidated financial statements at 31 December 2018 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the consolidated financial statements of the Zignago Vetro Group at 31 December 2018 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Zignago Vetro S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Padua, 28 March 2019

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit

Corporate Governance and Ownership Structure Report

pursuant to article 123 of the Consolidated Finance Act

(traditional administration and control model)

Issuer: **Zignago Vetro S.p.A.**
Website: www.gruppozignagovetro.com
Financial Period of Report: year ended December 31, 2018
Date of approval of Report: March 13, 2019

CONTENTS

GLOSSARY

Italian Stock Exchange: Borsa Italiana S.p.A.

Code/Self-Governance Code: the Self-Governance Code of listed companies approved in March 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available to the public on the Borsa Italiana website www.borsaitaliana.it.

Civil code: the civil code.

Board of Statutory Auditors: the Board of Statutory Auditors of the Issuer.

Board: The Board of Directors of the Issuer.

Issuer or **Zignago Vetro** or the **Company:** Zignago Vetro S.p.A.

Year: financial year 2018, to which the Report refers, therefore the year ending December 31, 2018.

Regulation Instructions: the Instructions to the Regulations for Markets organised and managed by Borsa Italiana S.p.A..

Stock Exchange Regulation: the Regulation for Markets organised and managed by Borsa Italiana S.p.A..

Issuers` Regulation: the Issuers’ Regulation issued by Consob resolution No. 11971 of 1999 (as subsequently amended), concerning the governance of the issuer.

Market Regulations: the Market Regulations issued by Consob resolution No. 16191 of 2007 (as subsequently amended), concerning the governance of the markets.

Report: the corporate governance and ownership structure report which the company must prepare as per Art. 123-*bis* CFA.

By-Laws: the By-Laws of the Company in force at the date of the Report.

CFA: Legislative Decree of February 24, 1998, No. 58 and subsequent amendments and additions.

1. PROFILE OF THE ISSUER

The present Report, (hereafter the "**Report**"), prepared in compliance with the obligations for listed companies on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A. (hereafter "**Borsa Italiana**"), illustrates the corporate governance system of Zignago Vetro S.p.A (hereafter "**Zignago Vetro**" or the "**Company**" or the "**Issuer**"), whose general guidelines are the subject of the present Section 1.

The corporate governance structure of Zignago Vetro is a traditional system comprising of a Board of Directors and a Board of Statutory Auditors; an audit is undertaken by an independent audit company in accordance with law. The Company, as much as possible in line with the recent regulations introduced and with the principles contained in the Self-Governance Code, has adopted the following governance structure:

- Shareholders' Meeting;
- Board of Directors;
- Control and Risks Committee;
- Appointments and Remuneration Committee;
- Committee for Transactions with Related Parties
- Lead Independent Director;
- Board of Statutory Auditors;
- Independent Auditors;
- Supervisory Board;
- Executive responsible for the preparation of the corporate accounting documents;
- Internal Audit Manager;
- Director in charge of the Internal Control and Risk Management System.

<u>Shareholders' Meetings</u>

The Shareholders' Meeting represents all of the shareholders and is called in accordance with the provisions of law and regulations for companies with listed shares to pass motions reserved for them by law or by the Company By-Laws.

<u>Board of Directors</u>

The central role in planning the strategy of the Company is attributed to the Board of Directors which, in accordance with article 15 of the By-Laws is composed of between 5 and 15 members. The Shareholders' Meeting decides the number of members on the Board of Directors, their appointments within the above-mentioned limits and the duration of office, which cannot be more than 3 years. The offices held by the directors appointed conclude on the date of the Shareholders' Meeting called for the approval of the financial statements of the final year of office and they may be re-elected.

The appointment of the Board of Directors must occur through the voting of slates, which allows the minority shareholders to elect at least one director. The minimum shareholding required for the presentation of the slate of candidates is 2.5% of the ordinary shares, or where otherwise established by Consob with regulations taking into consideration the capitalisation of the share float and of the share ownership of listed companies. Each slate must indicate at least one independent candidate in possession of the necessary legal requisites, or 2 in the case of a Board of Directors which is composed of more than 7 members.

The Board of Directors, in accordance with Article 17 of the By-Laws, on March 22, 2007, set up a Control and Risks Committee (previously called the Internal Control Committee) and on March 15, 2018 set up an Appointments and Remuneration Committee (previously called the Remuneration Committee).

Control and Risks Committee

The Control and Risks Committee is composed of three non-executive directors, with sufficient accounting, financial and risk management experience, of which two are independent and have the duty, among others, to identify and evaluate the business issues and risks and carry out the consultative and prepositional functions required by the Self-Governance Code.

Appointments and Remuneration Committee.

The Appointments and Remuneration Committee is composed of three non-executive Directors, with an adequate knowledge and experience of finance and remuneration policies, of which two independent and has the duty to formulate proposals regarding the identification of the professionalism and competences of the directors, particularly on the appointment of the Board, in order to streamline and improve the functioning of the Board and in addition, with regards to the remuneration of the executive directors and senior executives, oversee the correct application of the relative criteria applied, taking account also of the information provided by the chief executive officers and draws up for the Board of Directors general recommendations in this regard.

Lead Independent Director

As per Article 2 of the Self-Governance Code, the Company has designated a lead independent director. The other non-executive directors, and in particular the independent directors, report to the lead independent director, for a better contribution to the activities and the functioning of the Board of Directors.

Board of Statutory Auditors

The Board of the Statutory Auditors verifies, among other issues (i) compliance with law and the By-Laws, (ii) respect of the principles of correct administration and in particular on the adequacy of the organisational structure of the Company, of the internal control system as well as the administration and accounting structure and its ability to correctly represent the operational events and (iii) the method for establishing corporate governance regulations which the company declares it is in observance of.

The functions in accordance with law are reserved to the Statutory Auditors. In accordance with article 20 of the By-Laws, the Board of Statutory Auditors consists of three Statutory Auditors and two alternate auditors, shareholders or non-shareholders. Each of the members of the Board of Statutory Auditors must possess the honourability and professionalism requisites and be independent in accordance with law.

The appointment of a Statutory Auditor and an Alternate Auditor, in accordance with the By-laws (Article 20), is reserved for the minority slate of Shareholders with a minimum holding of at least 2.5% of ordinary shares or an alternative amount established by Consob, taking account of the capitalisation and Shareholder structure of listed companies. The statutory auditor elected by the minority slate is elected the Chairman of the Board of Statutory Auditors.

Independent Auditors

The legally-required audit is carried out by an independent audit firm in accordance with applicable regulations, appointed by the Shareholders` Meeting on the reasoned proposal of the Board of Statutory Auditors. The independent auditors who carry out the audit of Zignago Vetro also carry out the audit of the subsidiary companies.

Supervisory Board

The Supervisory Board, appointed by the Board of Directors, has the responsibility to ensure the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 is adequate and efficient, effective and updated.

Executive responsible for the preparation of the corporate accounting documents

The executive officer for the financial reporting, among other matters, has the responsibility to implement adequate administrative and accounting procedures for the preparation of the parent company accounts, the consolidated financial statements and all other financial documents, certifying, together with the appointed boards, the adequacy and application of these procedures and that the accounting information including interim reports correspond to the underlying accounting documents, records and accounting entries.

Internal Audit Manager

The Internal Audit Manager is charged with, among other issues, establishing that the Internal Control and Risk Management System is functional and adequate, in addition to verifying the functionality and appropriateness of the Internal Control and Risk Management System.

Director in charge of the Internal Control and Risk Management System (previously called the Executive responsible to oversee the Internal Control System).

The Director in charge of the Internal Control and Risk Management System ensures the correct functioning of the internal control system, and among other matters, proposes to the Board of Directors the appointment and revocation of the Internal Audit Manager position, identifying the principal company risks and implementing the guidelines outlined by the Board of Directors. He/she may also request the Internal Audit Manager to carry out verifications on the specific operating areas and on compliance with the internal rules and procedures and reports promptly to the Control and Risks Committee (or the Board of Directors) in relation to problem issues emerging in the course of their activities or which they have however become aware of in carrying out their duties.

The present Report and all related documents may be downloaded from the Company website at www.gruppozignagovetro.com, “Investors” section.

2. DISCLOSURES ON SHAREHOLDERS (ARTICLE 123, PARAGRAPH 1 OF THE CONSOLIDATED FINANCE ACT)

The present Section 2 is also prepared in accordance with article 123-*bis* of the Finance Act. We report that: (a) the disclosures required by Article 123-*bis* paragraph 1, letter i) of the CFA are illustrated in the section of the Report concerning Directors’ remuneration (section 9); (b) the disclosures required by Article 123-*bis* paragraph 1, letter l) of the CFA are illustrated in the section concerning the Board of Directors (section 4.1); (c) the disclosure required by the above provision and not reported upon in the present Section 2 are not applicable to the Company.

a) Shareholders (as per Article 123-*bis*, paragraph 1, letter a), CFA)

The share capital is Euro 8,800,000, entirely subscribed and paid in, and is composed of 88,000,000 ordinary shares having a nominal value of 0.10 Euro each.

As illustrated in the following table, at the Reporting date no special classes of share had been issued, such as shares without voting rights or limited voting rights, nor other financial instruments which attribute the right to undertake newly issued shares.

SHARE CAPITAL STRUCTURE				
	No. of shares	% of share capital	Listed	Rights and obligations
Ordinary shares	88,000,000	100%	35% MTA market - STAR	-
Shares with multiple votes	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

No financial instruments allocating the right to subscribe to newly issued shares, such as convertible bonds and/or warrants have been issued.

b) Restriction on the transfer of shares (as per article 123-bis, paragraph 1, letter b), CFA)

At the date of the present Report, the shares of the Company are freely transferable by a deed between individuals or by succession following death and are subject to the rules for shares issued by listed companies in Italy.

c) Significant holdings (as per article 123-bis, paragraph 1, letter c), CFA)

At the date of the present Report, and based on the results of the Shareholders' Register and communications received in accordance with Article 120 of the Finance Act, the following parties hold at least 5% of the share capital, directly or indirectly:

Shareholder	Direct shareholder	Number of ordinary shares held	% of share capital	% of voting capital
Zignago Holding SpA	Zignago Holding SpA	57,200,000	65.0%	65.0%

d) Shares which confer special rights (as per article 123-bis, paragraph 1, letter d), CFA)

At the date of the present Report, all of the Company's shares are nominative, freely transferable and indivisible and each - except where indicated below - has a right to one vote at the ordinary and extraordinary Shareholders' Meeting of the Company, as well as other equity and other administrative rights, in accordance with law and the applicable By-Laws.
On April 28, 2015, the Shareholders' Meeting of Zignago Vetro amended Article 7 of the Company's By-Laws in order to provide for shares with increased voting rights (loyalty shares), as established and governed by Article 20, first paragraph of Legislative Decree No. 91 of June 24, 2014, converted into Law No. 116 of August 11, 2014), whereby against enrolment of the shareholder in the register kept by the Company in relation to a certain number of shares, and following the conclusion of the maintenance of these shares for a period of 24 months, the shareholder has double voting rights for all such shares..

In the subsequent meeting of July 30, 2015, the Board of Directors approved the Regulation concerning shares with increased voting rights, which governs, among other matters, the manner of requesting enrolment in the special list established under Article 127-*quinquies*, paragraph 2 of the CFA. Further details are available on the Company website www.gruppozignagovetro.it/ Investors section/Increased Voting Rights.
At the Reporting date, there were 88,000,000 Zignago Vetro shares, corresponding therefore to 88,000,000 voting rights at Ordinary and Extraordinary Shareholders' Meetings of the Company.

In addition to that indicated above in relation to majority voting, the Company has also not issued shares with special rights, privileges or restrictions at the date of the present report and has not issued securities which confer special control rights.

e) Employee shareholdings: voting mechanism (as per Article 123-*bis*, paragraph 1, letter f), CFA)

At the date of the present Report, there are no shareholding agreements with employees in relation to the share capital of the company.

f) Voting restrictions (as per article 123-bis, paragraph 1, letter f), CFA)

At the date of the present report, there are no restrictions on voting rights.

g) Shareholder agreements (as per article 123-bis, paragraph 1, letter g), CFA)

At the date of the present Report, the share capital of Zignago Vetro is held 65% by Zignago Holding S.p.A. (hereafter "**Zignago Holding**"), with the current shareholders of Zignago Holding having signed a shareholder Agreement (the "**Agreement**").

The parties subject to the Agreement are the shareholders of Zignago Holding: GA.MA. S.r.l. ("**GA.MA.**"), MARVIT S.r.l. ("**MARVIT**"), LIBRA S.r.l. ("**LIBRA**"), LUMAR S.r.l. ("**LUMAR**") and Koris Italia S.r.l. ("**Koris**") (jointly the "**Zignago Holding shareholders**"), in addition to Gaetano Marzotto, Stefano Marzotto, Nicolò Marzotto and Luca Marzotto (hereafter, together with the shareholders of Zignago Holding, the "**Parties**").

The financial instruments of Zignago Holding held by shareholders of Zignago Holding are as follows:

Shareholder	**Zignago Holding Share**
GA.MA (1)	19484%
MARVIT (2)	23.512%
LUMAR (3)	24.569%
LIBRA (4)	23.765%
Koris (5)	8.670%
Total	**100.00%**

(1) The share capital of GA.MA. S.r.l. of Euro 10,383.36 is 49% held by Gaetano Marzotto and for the remaining 51%, jointly and in equal co-ownership, by Lavinia Marzotto, Matilde Marzotto and Giacomo Marzotto.
(2) The share capital of MARVIT S.r.l. of Euro 98,641.92 is held 25% by Stefano Marzotto and for the remaining 75% by Vittorio Emanuele Marzotto, Alessandro Marzotto and Sebastiano Marzotto, jointly and in equal shares.
(3) The share capital of LUMAR S.r.l. of Euro 10,400.00 is held for a nominal amount of Euro 10,296.00 by Luca Marzotto and for a nominal amount of Euro 104.00 by Nicolò Marzotto.
(4) The share capital of LIBRA S.r.l. of Euro 11,000.00 is held for a nominal amount of Euro 10,890.00 by Nicolò Marzotto and for a nominal amount of Euro 110.00 by Luca Marzotto.
(5) The share capital of Koris Italia S.r.l. of Euro 93,600.00 is held for a nominal Euro 31,200.00 by Cristina Marzotto, for a nominal Euro 31,200.00 by Margherita Marzotto and for a nominal Euro 31,200.00 by Maria Rosaria Marzotto.

The Agreement, originally signed on July 11, 2006 and subsequently amended on December 19, 2008 and renewed tacitly on July 11, 2009, July 11, 2012 and latterly renewed on July 11, 2015, was undertaken between, among others, FIMIZ S.r.l. ("**FIMIZ**") and the shareholders of FIMIZ and concerned, among other issues, the conduct rules and regulations which govern the transactions between the shareholders of FIMIZ, as well as the Corporate Governance regulations of FIMIZ, and through this company of Zignago Holding (whose share capital, at the date of first signing, was entirely held by FIMIZ).

On December 17, 2009, the reverse merger deed (the "**Merger**"), under which FIMIZ was incorporated into Zignago Holding, with effectiveness from December 31, 2009, whose share capital before the Merger was entirely held by FIMIZ (and which post-Merger was held by the former shareholders of FIMIZ based on the shareholdings indicated in the table above).

Therefore on December 21, 2009, the shareholders of FIMIZ signed a private contract establishing that the shareholder agreements contained in the Agreement relating to the corporate governance of FIMIZ must concur with the corporate governance of Zignago Holding (due to the discontinuation of FIMIZ as a result of the Merger), for the entire duration of the Agreement. Except for that relating to the Merger, the Agreement remains in force and fully effective without amendment of any of the conditions contained therein.

The Agreement became effective on July 11, 2006 with an original duration of three years. Upon expiry, the Agreement renews automatically for three years with the exception of the case in which one of the Parties revokes the renewal through sending a written communication to the other Parties at least six months before the expiry of the relative term. On first expiry on July 11, 2009, the agreement was tacitly renewed for a period of three years; this period was then tacitly extended on July 11, 2012 for a further period of three years, on July 11, 2015 for a further 3 years and latterly on July 11, 2018 for a further 3 years.

h) Change of control clause (as per article 123-bis, paragraph 1, letter h), CFA)

The Company or its subsidiaries have not stipulated significant agreements that are effective or would be modified or discharged in the case of a change in control of the Issuer.

i) Power to increase the share capital and authorisation to purchase treasury shares (as per Article 123-*bis*, paragraph 1, letter a), CFA)

The Company By-Laws do not permit the Board of Directors to increase the share capital in accordance with Article 2443 of the civil code.

The Shareholders' Meeting of April 27, 2018 authorised, following revocation of the motion passed by the Meeting of April 27, 2017 for the part not executed, the Board of Directors of the Issuer, and on its behalf the Chairman including proxies nominated by him, pursuant to Article 2357 of the Civil Code, to acquire treasury shares of the Company, for the amount, price and terms and conditions as illustrated below:

- the purchases may be made on one or more occasions, within 18 months from the date of the shareholders' meeting resolution and within the limits of the available reserves and distributable profits from the last approved financial statements and will be accounted in accordance with the provisions of law and applicable accounting principles;

- the purchase price of each share may not be 20% above or below the share price recorded on the Stock Exchange in the trading day prior to each operation;

- the maximum number of shares purchased cannot have a nominal value, including any shares held by Subsidiary companies, exceeding one-tenth of the share capital;

- the purchase of shares must be made in compliance with the current regulations for listed companies and thus in accordance with article 144 - *bis* of Issuers' Regulation, article 132 of the CFA and the Stock Exchange Regulations and any other regulation applicable including those of the EU Directive 2003/6 of January 28, 2003 and relative European Union and National legislation and EU Regulation No. 2273/2003 of December 22, 2003,

The same Shareholders' Meeting of Zignago Vetro, in ordinary session, also decided, among other matters, to:

h) authorise the Board of Directors, in accordance with article 2357-ter, first paragraph of the Civil Code, to utilise all or part, without time limits, of the shares acquired also before exhausting the purchases; the shares may be transferred in one or more tranches, including through a public offer and/or to the shareholders, on regulated markets and/or non-regulated markets, or outside of the stock exchange, also through a public offer and/or an offer to shareholders, on regulated and/or unregulated markets, or outside the stock exchange, on regulated and/or unregulated markets, institutional placement,

placement of warrants, or as payment for acquisition or of public exchange offer, at a price not higher than 20% above the share price recorded on the trading day preceding each operation; however these price limits will not be applied where the sale of the shares is to employees, including management, executive directors, and consultants of Zignago Vetro and its subsidiaries in relation to Incentive Stock Option plans;

i) authorise the Board of Directors, in accordance with article 2357-*ter*, third paragraph of the Civil Code, to carry out all accounting registrations considered necessary or appropriate, in relation to the treasury shares operations, in accordance with that required by law and the applicable accounting principles; in addition to

j) confer to the Board of Directors, and on its behalf to the Chairman, all powers necessary to undertake the purchases and in any case to implement the above motions, including through attorneys where necessarily appointed, complying with any requests by the relevant authorities.

In accordance with article 144-*bis* of the Issuers' regulation, the Company, on April 28, 2016, communicated to the public the details of its buy-back programme.

At December 31, 2018, the Company held in portfolio 308,975 ordinary shares for a total investment of Euro 1.09 million.

The Board of Directors, in the meeting of March 13, 2019, decided to propose to the Shareholders' Meeting the renewal of the authorisation to purchase and utilise the treasury shares at the same terms and conditions as that decided by the previous Shareholders' Meeting.

l) Direction and co-ordination activities (as per Article 2497 of the Civil Code)

Zignago Vetro is not subject to direction or control by Zignago Holding and operates autonomously and with entrepreneurial independence of its holding company Zignago Holding. Zignago Vetro avails of some services supplied by Zignago Holding and of its subsidiary companies, at market conditions and for reasons of technical, economic and commercial benefit.

* * *

The information required by Article 123-*bis*, first paragraph, letter i) of the CFA (indemnities of directors in the case of dismissal and termination of employment following a public purchase offer) are set out in the section of the report concerning director's remuneration.

The information required by article 123-bis, first paragraph, letter l) of the CFA (appointment and replacement of directors and amendments to the by-laws) is illustrated in the section of the Report dedicated to the Board of Directors.

3. COMPLIANCE

The Company adopts the Self-Governance Code in substantial compliance with the applicable regulations.

The sections below disclose procedures implemented by the Company or the amendments which the Company is currently implementing in relation to the Organisational Model outlined in the Self-Governance Code, accessible on the website www.borsaitaliana.it, or the reasons for which the Company has adopted differing solutions.

The present Report and all related documents may be downloaded from the Company website at www.gruppozignagovetro.com "Investors" section.

The Issuer and its strategic subsidiaries are not subject to laws in force outside Italy which affect the corporate governance structures of the Issuer.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT (as per Article 123-bis, paragraph 1, letter l), CFA)

The Board of Directors, in accordance with Article 15 of the By-Laws is composed of between 5 and 15 members, including the Chairman, with the number of members of the under-represented gender matching at least the regulatory required minimum in force.
The Shareholders' Meeting decides the number of members on the Board of Directors, their appointments within the above-mentioned limits and the duration of office which cannot be more than 3 years. The offices held by the directors appointed conclude on the date of the Shareholders' Meeting called for the approval of the financial statements of the final year of office and they may be re-elected. The Shareholders' Meeting can change the number of directors during the course of its mandate, within the limits set out above and in the manner that is described as follows; the mandate of these directors ceases with that of the other directors previously appointed.

Article 15 of the By-Laws of the Issuer, in relation to the appointment and replacement of the Board, and/or its members, establishes that the election of members takes place on the basis of slates of
candidates in the manner outlined below, in order to ensure that minority shareholders may elect at least one Director and in compliance with the applicable regulations in relation to gender balance. Shareholders who represent at least 2.5% of the paid-in and subscribed share capital at the date of the presentation of the slate can present a slate of candidates with no more candidates than those to

be elected, progressively numbered. This quota is in line with that established by Article 144 quarter of the Issuer Regulations. The call notice will indicate the holding required to present slates.

Each shareholder may present or be a candidate on only one slate; in case of breach, they are excluded from all slates. Shareholders belonging to the same shareholder agreement as per Article 122 of the CFA and subsequent modifications and additions, the parent company, subsidiary companies and those subject to the common control, also in the case in which they act through nominees or trust companies, may present and vote on only one slate. The votes in breach of this are not attributed to any slate. Each candidate can be presented only on one slate at the risk of being declared ineligible.

The slates shall be filed at the Company's registered office at least 25 (twenty-five) days prior to the date established for the Shareholders' Meeting in first call or within a differing minimum timeframe established by applicable regulation. The call notice will indicate at least one means of distance communication of the filing of slates which enables the identification of those presenting or involved in the presentation of slates. Ownership of the minimum shareholding necessary to present a slate must be declared in the manner and under the terms and conditions established by the existing law and regulations.

Together with each slate, within the terms indicated above, the following must be filed (i) information relating to the identity of the shareholders presenting the slate and their shareholding; (ii) declarations that the individual candidates accept their candidature and attest to the inexistence of causes of ineligibility and of incompatibility and the existence of the requisites required by regulations in force for the assumption of office, including any possible declarations of independence required in accordance with the Self-Governance Code and regulations in force, and (iii) the curriculum vitae of each candidate, with indication of offices held.

Each slate must contain and expressly indicate the candidature of at least one party, or two in the case of a Board of Directors composed of more than seven members, being independent in accordance with article 148, paragraph 3, of the Finance Act and with article 147-*ter*, paragraph 4, of the Finance Act (hereafter "**Independent Directors ex article 147-*ter***").
Each slate presenting a number of candidates equal to or above three must present a number of candidates from the underrepresented gender which ensures, within the slate itself, compliance with the regulatory gender quota in force.

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

e) From the slate which obtained the highest number of votes (hereafter the "**Majority Slate**") all of the members of the Board of Directors are elected except one, as established by the Shareholders' Meeting; the candidates are elected, up to the number required from the slate;

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

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

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

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

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

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

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

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

The Board of Directors, in consideration of the structure and the size of the Group, has not adopted retirement plans for Executive Directors, considering the methods for replacement adapted appropriate to ensure continuity and certainty in operational management.

Currently, the Company has not set up an Appointment Committee as the Board of Directors considers that such committee is substantially not necessary for considering the Company's profile. The Board of Directors periodically reviews this choice.

The table attached to the present Report sub 1 indicates the Independent directors in accordance with article 147-ter of the CFA and those also considered independent in accordance with article 3 of the Self-Governance Code.

4.2. COMPOSITION (as per article 123-bis, paragraph 2, letter h), CFA)

Article 15 of the By-Laws establishes that the Company is governed by a Board of Directors composed of a minimum of 5 and a maximum of 15 members, including the Chairman, with members of the under-represented gender holding at least the minimum number required by applicable law and regulations. At least one of the members of the Board of Directors, or two if the Board of Directors comprises of more than seven members, must be considered independent in accordance with Article 148, paragraph 3 of the CFA.

The Shareholders' Meeting of April 28, 2016 appointed the Board of Directors, establishing the number of members at 12, who will remain in office until the approval of the financial statements at December 31, 2018. All of the members were elected from the only slate presented by the majority shareholder Zignago Holding S.p.A..

This slate included the following candidates:

- Paolo Giacobbo, born in Vicenza on April 21, 1949;
- Gaetano Marzotto, born in Valdagno (VI) on 21 December 1952;
- Stefano Marzotto, born in Valdagno (VI) on April 24, 1955;
- Nicolò Marzotto, born in Rome on September 28, 1968;
- Luca Marzotto, born in Rome on January 9, 1971;
- Ferdinando Businaro, born in Padova on February 26, 1965;
- Alessia Antonelli, born in Rome on May 22, 1971;
- Giorgia Gallo, born in Turin on April 2, 1960;
- Daniela Manzoni, born in Udine on February 8, 1969;
- Manuela Romei, born in Ancona on February 15, 1943;
- Franco Grisan, born in Pola on June 24, 1942;
- Franco Moscetti, born in Tarquinia on October 9, 1951.

All of the candidates on the only slate presented were elected by a majority of those present. In particular, the candidates were elected with 61,689,504 favourable votes, comprising 99.79% of votes cast, with 131,494 opposing shares, comprising 0.21% of votes cast. The share capital present with voting rights totalled 71.97% of the entire share capital.

Of the 12 directors appointed, 5 are independent. The Board evaluates annually the independence of the Directors, based on the information provided by the parties. The presence of five independent directors has the objective of achieving the greatest possible “best governance” through debate and dialogue between all of the Directors. The contribution of the independent directors in addition permits the Board of Directors to verify whether adequate independent opinion exists in cases of potential conflicts of interest of the Company with the controlling shareholder.

The composition of the Board of Directors and of the Committees is reported in Table 1 at Attachment 1, along with the number of meetings and attendances, while Attachment 2 contains the profile of each director. The offices held by each Director at December 31, 2018 on Boards of Directors or Boards of Statutory Auditors of listed and non-listed companies are reported in Attachment 2.

The Board of Directors has not defined the general criteria relating to the maximum number of offices of administration and control in other companies that may be considered compatible with the proper carrying out of their duties as directors of the Issuer as no circumstances have arisen which necessitates such a requirement.

In order to remain fully briefed on the sector in which the company operates, the Board periodically receives information and updates from the Issuer, on the principles of correct management of the risks and on sector regulations also through material prepared by the company. In the meetings of the Board of Directors the directors have undertaken detailed discussions on significant matters, such as performances on the various markets in which the Company and Group operates, including through meetings with the participation of some senior management.

The composition of the Board of Directors of the Company has not changed since year-end.

It should be noted that the company has not yet adopted specific diversity policies on the composition of the administrative and management bodies. The company considers that the Board of Directors' current composition broadly reflects criteria aimed at meeting diversity requirements, both in terms of gender and age, but also as regards directors' professionalism.

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

(i) candidates with adequate experience - including managerial - and expertise regarding economic, accounting, legal, financial, risk management and/or remuneration policy matters;

(ii) an adequate number of candidates considered independent, so as that at least one-third of its members are Independent Directors, in addition to

(iii) with reference to the slates containing a number of candidates equal to or greater than three, candidates belonging to both genders, so that the composition of the Board of Directors ensures gender equality in the proportion established by Article 2 Law No. 120/11.

4.3. ROLE OF THE BOARD OF DIRECTORS (as per article 123-bis, paragraph 2, letter d), CFA)

Article 16 of the By-Laws provides that the Board of Directors is convened in the place indicated on the convocation notice, even if a place differing from the registered office, but in Italy or in another European Union country, whenever the Chairman or the Vice-Chairman if nominated, or the Chief Executive Officer if nominated, considers it necessary or when it is requested in written form by at least three of its members. The Board of Directors can be convened by the Board of Statutory Auditors, also individually, in accordance with article 151 of the Finance Act.

In accordance with the same article, the convocation of the meetings can be through telegram, telefax, or electronic message sent to each member of the Board of Directors and each member of the Board of Statutory Auditors at least three calendar days before the meeting. In cases of urgency,

the By-Laws establish that the convening can be carried out, in the same manner, with notice of at least one day. In any case, also if the above-stated formalities are not observed, the Board of Directors is considered validly constituted when all of the Directors and all of the Statutory Auditor.

The third paragraph of the same article provides moreover for the possibility that the meetings of the Board of Directors are held by teleconference or video-conference and is permitted on condition that all of the participants can be identified and that they can follow the discussions and intervene in real time in relation to the subject matters under discussion.

A meeting of the Board of Directors shall be validly constituted when the majority of its members in office are present. Resolutions shall be adopted by a majority of Directors present; in case of a tie, the vote of the person chairing the meeting shall be decisive.

The meetings are chaired by the Chairman or, in his absence or impediment, by the Vice Chairman if appointed. In the case of absence or impediment of the Vice Chairman, the meetings are chaired by the most senior director or by seniority established by age.

The minutes of the Board meetings are prepared by the secretary of the Board of Directors and signed by the Chairman of the meeting and by the secretary.

The Board of Directors must be convened at least four times during the year on the occasion of the preparation of the accounting results for the period. In 2018, the Board of Directors held 6 meetings with a duration of between twenty minutes and five hours and twenty minutes.

Five meetings are scheduled for the current year.

In relation to the board meetings, the Chairman organises the duties of the Board of Directors. For this reason, the Board of Directors and Board of Statutory Auditors, in a timely and adequate manner, are provided the documentation and the information necessary to ensure a correct and full evaluation of the facts to be examined by the Board, to enable them to express with full disclosure and knowledge, opinions on the matters provided for their examination upon which decisions are made and ensures that the matters on the Agenda are allocated the time necessary for a constructive debate. For these reasons, the necessary information, as well as that relating to the principal regulatory and legislative developments and updates regarding the Company and the corporate boards, are issued to the directors in a timely manner before the meeting, except in the case where other requirements limit the information provided (in particular urgent cases and for reasons of extreme confidentiality). During the year, information was provided in relation to all of the significant matters on the Agendas of the board meetings.

It is underlined that the Chief Executive Officer, in accordance with the consolidated practices of the Company, report extensively to the Board of Directors on the principal operations having a significant economic, equity and financial impact.

Parties other than board members may attend Board of Director meetings if invited. In particular, management of the Issuer and of the Group participate, whose presence assists greater understanding of the matters on the Agenda. A number of executives of the Issuer and of Zignago Holding attended the meetings held in 2018.

In relation to the role of the Board of Directors, the powers of the Board of Directors, in accordance with article 17 of the By-Laws and with that established by the Self-Governance Code, relate to the ordinary and extraordinary management of the Company, extending to all acts which the Board considers necessary for the reaching of the corporate objectives, excluding only that which is reserved by law to the Shareholders' Meeting.

The matters at point 1.C.1 of the Self-Governance Code, not having been delegated to the CEO, are reserved for consideration by the Board of Directors. In particular, in accordance with the Self-Governance Code, the examination and approval of the strategic, industrial and financial plans of the Issuer and of the Group, the nature and levels of risk compatible with the strategic objectives of the Group, the Corporate Governance System of the Issuer, the adequacy of the organisational structure of the Company and of the structure of the Group which the Issuer heads, are reserved to the Board of Directors.

In accordance with Article 17, the Board of Directors is attributed the powers to: (i) deliberate on mergers in accordance with Articles 2505 and 2505 *bis* of the Civil Code; (ii) the establishment and closing of secondary offices; (iii) the reduction of share capital in the case of a decrease in the number of shareholders; (iv) the amendment of the by-laws in accordance with regulations; (v) attributing the right of representation of the Company to directors; (vi) the appointment of executives responsible for the preparation of the corporate accounting documents; (vii) the transfer of the registered office within the national territory.

Wherever reasons of urgency exist in relation to transactions with related parties not within the ambit of the shareholders' meetings or which must not be authorised by the meeting, the Board of Directors may approve these transactions with related parties, which may be carried out also through subsidiary companies, in place of the normal procedures established in the internal procedure for transactions with related parties adopted by the company, although in compliance with and under the terms and conditions established by the same procedure.

The following areas are also reserved for the exclusive competence of the Board of Directors: (i) the appointment and revocation of office of the executive responsible for the preparation of the corporate accounting documents; and (ii) the verification that the executive responsible for the preparation of the corporate accounting documents may avail of sufficient powers and means for the exercise of duties attributed by law, as well as full conformity with the administrative and accounting procedures.

The Board of Directors, after examining the proposals by the relevant committee and the Board of Statutory Auditors, set the remuneration of the Chief Executive Officer.

In addition, the Board of Directors assesses the adequacy of the organisational, administration and general accounting system of the Issuer and of the subsidiaries with strategic relevance, prepared by the Chief Executive Officers, with particular reference to the internal control and risk management system and the management of conflicts of interest. In relation to the management of conflict of interests, the CEO, at least quarterly reports to the Board of Directors on operations in which the directors are found to be in a situation of potential conflict of interest.

In accordance with Article 1 and the relative Self-Governance Code criteria, the Board of Directors approved the governance system of the Company, resulting in, in particular, the delegation of powers and functions, including the establishment of internal and related committees to the Board, in addition to the internal procedural regulations relating to operations with related parties and in which a director has an interest.

The Board of Directors monitors the general performance of operations, taking into account, in particular, the information received from the executive directors, as well as periodically comparing the results with the budgets.

During the year no operations having significant strategic, economic and equity importance for the Issuer or its subsidiaries were undertaken.

The Board of Directors, as part of the self-assessment, considered the size and composition of the Board as adequate, considering its number appropriate in view of the operational structure of the company and in addition considered the expertise and availability of the Non-executive Directors and of the Independent Directors as adequate.

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The directors are subject to the curtailment under Article 2390 of the civil code, except in the case where they are exonerated by the Shareholders' Meeting. At the date of the present report, the Shareholders' Meeting has not authorised exceptions to the competition prohibition.

4.4. EXECUTIVE BODIES

In accordance with Article 18 of the By-Laws, the representation of the Company in relation to judicial or administrative authorities and with third parties, as well as the corporate signature, lies with the Chairman of the Board of Directors as well as the Vice Chairman, and in a residual manner, to the Directors and the legal representatives to which the Board of Directors has delegated powers, within the limits of those delegations.

The Vice-Chairman Nicolò Marzotto exercises the function of Chairman in the case of the absence or impediment of this latter (appointed in the person of Paolo Giacobbo).

In accordance with article 17 of this By-Law, the Board of Directors' can delegate part of its responsibilities and powers, with the right of sub-delegation, including signature powers, to one or more of its members, determining the responsibilities and remuneration. The office of Chairman and Chief Executive Officer may be unified. The Board of Directors may also (i) institute an Executive Committee composed of members chosen from the Board including the Chairman, (ii) incorporate committees, comprised of members of the Board, of a consultative and/or propositional nature, (iii) appoint general directors, agents, attorneys and proxies in general for certain deeds or category of deeds chosen from among the employees of the Company or third parties.

As set out above, the By-Laws provide that the Board of Directors can establish committees, from members of the same Board, of a consultative and/or proposing nature, determining the number of members of these committees and the functions attributed to them, in accordance with regulations in force in relation to companies with shares listed on the regular markets.

The Board of Directors has set up a Control and Risks Committee, a Remuneration and Appointments Committee and a Related Party Transactions Committee.
The Board of Directors' meeting of March 15, 2018 conferred to the Chairman Mr. Paolo Giacobbo the following duties and responsibilities:

- to call the meetings of the Board of Directors and ensure that the members are provided, within a reasonable period in advance of the meeting (except in the cases of necessity and urgency), the necessary documentation and information to discuss the matters submitted for examination and approval;
- to coordinate the activities of the Board of Directors and direct the meetings of the board;
- to express to the Board of Directors his opinion in relation to the objectives, policies and strategic organisational decisions (key roles and positions) of the Companies of the Group;
- within the strategies approved, to implement and supervise the introduction of new development initiatives of the Group, utilising for these purposes the organisational structures of the Company and external organisations within an approved budget;
- to represent the Company, where this power has not been conferred by the Board of Directors, at the Industry Confederation, with the Industrial Unions and the Chambers of Commerce and with local interest groups and organisations, participating at meetings and with the power to sign agreements;
- to oversee the implementation of the resolutions approved by the Board of Directors;
- to co-ordinate the financial communication activities of the Company;

The same Board of Directors' meeting of March 15, 2018 conferred to Mr. Paolo Giacobbo, as Chief Executive Officer, the following duties and responsibilities:

- to report to the Board of Directors on the management, operations and development of the Company and of the Group. Specifically, he is responsible for the results based on the objectives, strategies and policies approved;
- to ensure the timely and valid drawing up, for the purposes of the decisions of the Board of Directors, of strategic objectives (of portfolio, business etc.) and policies (human resources, financial resources etc.) for the management, operations and development of the Group;

The Chief Executive Officer Mr. Paolo Giacobbo was independently allocated following powers:
- purchase, sell or exchange, utilising the annual budget, by individual investment, approved by the Board of Directors, machinery and other mobile vehicles in general, purchase and

sell vehicles establishing the conditions and the prices;

- purchase, sell or exchange, for investments not within the annual budget approved by the Board of Directors, machinery and other mobile vehicles in general, purchase and sell vehicles establishing the conditions and the prices for values not exceeding Euro 1.5 million for each investment project, and with subsequent disclosure to the Board of Directors;
- purchase of raw materials, services and stock, agreeing prices and purchase conditions and within the annual budget approved;
- sign agreements and orders for the supply of energy and other utilities, and agreeing upon prices and purchasing terms and conditions;
- implement, within the scope and limits of the approved annual budget, all the company's real estate interventions by entering into and concluding the necessary contracts;
- implement all the company's real estate interventions by entering into and concluding all the necessary contracts, even if not expressly provided for in the annual budget approved by the Board of Directors. However, each investment project will not exceed values of Euro 5 million and with subsequent disclosure to the Board of Directors;
- establish servitudes of passage on real estate in favour of third parties;
- sell company products, establishing the prices and sales conditions;
- acquire, sale or exchange shares, holdings, bonds as well as holdings in Consortiums in companies and/or non-commercial entities, with exclusion of holdings in subsidiary or associated companies, comprising fixed assets, for amounts not above Euro 500 thousand;
- cancel judicial and/or voluntary mortgages registered or to be registered in favour of the Company, against creditor positions of the same Company;
- to issue letters of patronage or other forms of guarantee in favour of its subsidiaries and/or associate companies, within the limits of a maximum of Euro 5 million;
- sign sureties or other forms of guarantee in favour of third parties, for amounts not exceeding Euro 1 million;
- represent, with power to sub-delegate, the Company at the Shareholders' Meetings of the subsidiary Vetri Speciali SpA, including the exercise of all relative rights, powers or faculties of the Company, informing the Board of Directors of such at the first possible meeting;
- represent, with power to sub-delegate, the Company at the Shareholders' Meetings of the subsidiary Vetreco Srl, including the exercise of all relative rights, powers or faculties of the Company, informing the Board of Directors of such at the first possible meeting;
- represent, with power to sub-delegate, the Company at the Shareholders' Meetings of the subsidiary Vetro Revet Srl, including the exercise of all relative rights, powers or faculties of the Company, informing the Board of Directors of such at the first possible meeting.
- represent, with power to sub-delegate, the Company in the Shareholders' Meetings of companies in which a holding exists, with power to exercise all the Company's rights and faculties, with prior approval of the Board of Directors;
- represent the Company at civil authorities or entities, administrative or legal of any level, as well as at the Revenue Office and every other Tax Office and in front of the Tax and Administrative Commissions of any type or level, presenting petitions, records,

proceedings, declarations; propose and accept transactions (however within a limit of Euro 500 thousand per individual transaction), initiate proceedings, convened or appealed, proposing all of the deeds deemed necessary and represent the Company at creditor meetings, make proposals or approve debts in bankruptcies, approve agreements and request relative amounts, settle any amount or claim (although within a limit of Euro 500 thousand for individual transaction or claim), compromising arbitration (although within the limit of Euro 500 thousand for individual arbitration), also friendly, also in a non-appealable manner, administer the execution of rulings, defer, refer, accept legal decisions, petition seizures or sequestrations or other acts from debtors or third parties and the revocation, appointment of attorneys, lawyers and experts, and revoking, substituting and electing such persons;

- to represent the Company at the Regional Tax Offices and the central and local offices of the Cassa Depositi e Prestiti;
- sign ordinary correspondence;
- sign with all appropriate clauses, including arbitration clauses, amend or settle contracts for the rental, transport, tender, granting of a loan, administration, or operation and concerning the presentation of services in general, mediation, commission, sending, agency and concession of sale and filing with the State administration, with public and private entities and in particular with the Railway Administration;
- undertake the necessary deeds for trade patents such as, for example purposes, the corrections, amendments, extension of confidentiality, divisions, proposed or resisted by opposing administrations, interferences, appeals and to complete any other necessary deed useful to seek, obtain or maintain trademarks, sign all necessary deeds for fulfilling that conferred above, appoint trade patent agents in Italy and abroad, conferring their relative powers;
- complete with the public administration, entities and public offices, all of the deeds and necessary operations to obtain concessions, licences and authorisations in general, signing, and settling as far as possible based on the applicable regulations, conventions, deeds and any other preliminary deeds of the above-mentioned provisions;
- fulfil obligations, including those related to production and consumption taxes and revenue and monopoly duties;
- sign all documentation relating to import and export operations;
- receive from post, telegraph, custom, rail, transport and shipping companies, and in general any public office, or any company or factory, money orders, packages, letters, including registered, and insured with declarations of value, goods, money, etc., issuing acknowledgments for that received;
- pay or receive sums, receivables, interests, dividends, cheques and payment mandates from whoever issues them in favour of the Company;
- receive any types of grants from Ministries, Regions, Provinces and other national public bodies and European Union bodies;
- authorise persons to use vehicles owned by the company in Italy and abroad and in any European State, in compliance also with applicable laws;
- administrate the property of the Company signing and settling rental contracts;

- sign and settle contracts concerning the rental of property, within the operational requirements of the Company;
- deposit and withdraw amounts from banks, credit issuing institutions, also through third party cheques for liquidity and related needs and utilisation of credit lines granted to the Company, acquire or sell currencies relating to significant import or export operations, with total value not above Euro 2,500,000 thousand for each operation or a set of similar operations;
- sign and transfer amounts, receipts and transfers to banks for deposit in current accounts of the Company;
- sign loan agreements, including non-interest-bearing loans, directly or indirectly with associate and subsidiary companies, for an individual principal amount not exceeding Euro 1 million;
- disburse cash advances and short-term loans, including non-interest-bearing loans, directly or indirectly to associate companies and subsidiaries, with the right to revoke them;
- disburse and accept bills of exchange, in Euro or in foreign currency to suppliers for payment of raw materials, machinery, inventories and auxiliary materials in general to satisfy company requirements;
- make any types of deposits and withdrawals from post offices, banks, credit institutions, Regional Tax Offices, at the central and local offices of the Cassa Depositi e Prestiti, customs, transport and shipping companies etc.;
- stipulate and resolve insurance contracts of any type, signing the relative policies with power also to settle and request, in the case of a claim, the relative indemnity, issuing acknowledgments to the competent authorities, settling any other indemnity due to third parties for any type of claim;
- agree, within the budget, outsourcing contracts;
- agree, within the budget, temporary and fixed term contracts;
- sign agreements with the trade union representatives and the workers' unions, as well as agreements with trade union management;
- provide for the recruitment and dismissal of executives, managers, employees and workers with indefinite or fixed-term contracts;
- source staff and maintain relations with the district employment division;
- ensure the constant and rigorous observance of the laws and, in general, of regulations relating to labour relations, the recruitment and dismissal of workers and to implement any requirements imposed on such matters by the responsible institutions;
- ensure the constant and rigorous observance of the laws and, in general, of regulations on social insurance and compulsory social security for workers;
- as a withholding agent, ensure the accuracy of all payments to which the company is liable for social security and tax purposes in respect of employees;
- sign the company's correspondence concerning relations with staff, sales agents and with all social security, welfare and trade union organisations or, in any case, connected to staff issues;
- represent the company with labour offices, trade unions, trade union representatives and any other trade bodies;

- represent the company in conciliation and arbitration proceedings concerning employment relations or other relations referred to in Art. 409 of the Code of Civil Procedure, both before Conciliation and Arbitration Committees set up at the Provincial Labour Offices and in trade union offices or before colleges provided for by collective agreements or economic agreements, with the right to examine the related documents, to settle and reconcile, waive rights and accept the waiver in these cases, however, within the limits of Euro 250,000 (two hundred and fifty thousand) for each transaction or waiver;
- limited to the judgments referred to in Art. 409 of the Code of Civil Procedure, to examine the case file pertaining to legal action by and against the company, to respond to informal or formal questioning, to give, administer and refer oaths of any kind and nature, to settle and reconcile disputes, to waive the right of action and ascertain the waiver (in any case, within the limits of Euro 250,000 (two hundred and fifty thousand) for each transaction or waiver), to assist in the procurement of evidence and the hearings of the case and represent the company before any Judicial Authority of the Italian Republic in any state and degree of judgment, to appoint attorneys-of-record, lawyers and experts, and to revoke them, replace them and elect domicile;
- place and withdraw sums from banks, issuing and credit institutions, including by means of cheques to the order of third parties to be financed through cash and overdraft credit facilities granted to the companies to be used for staff commitments or for institutions and entities howsoever relating to the employment relationship;
- confer and revoke by single act or category including those above, procure from third parties also from non-employees of the company.

The Chief Executive Officer Mr. Paolo Giacobbo also has the following powers, to be exercised with joint signature:

- purchase, sell or exchange shares, quotas, bonds and financial instruments in general, not comprising fixed assets, with joint signature of the Chief Financial Officer Mr. Roberto Celot and with the Legal Representative Mr. Alberto Faggion;
- purchase, sell or exchange shares, quotas, bonds as well as holdings in Consortium companies and/or non-commercial Entities, with the exclusion of shareholdings in subsidiary and associated companies, including fixed assets, in the case in which prior approval is given by the Corporate Boards, for values above Euro 500 thousand, with joint signature with the Chief Financial Officer Mr. Roberto Celot or the Legal Representative Mr. Alberto Faggion;
- represent the Company at civil authorities or entities, administrative or legal of any level, as well as at the Revenue Office and every other Tax Office and in front of the Tax and Administrative Commissions of any type or level, presenting petitions, records, proceedings, declarations; propose and accept transactions, for amounts above Euro 500 thousand, per individual transaction, with joint signature of the Chief Financial Officer Roberto Celot or the legal representative Alberto Faggion, initiate proceedings, convened or appealed, proposing all of the deeds deemed necessary and represent the Company at creditor meetings, make proposals or approve debts in bankruptcies, approve agreements and request relative amounts, settle any amount or claim, for amounts above Euro 500

thousand, per individual transaction or case, with joint signature of the Chief Financial Officer Roberto Celot or the legal representative Alberto Faggion, compromising arbitration, for amounts above Euro 500 thousand, per individual transaction, with joint signature of the Chief Financial Officer Roberto Celot or the legal representative Alberto Faggion, also friendly, also in a non-appealable manner, administer the execution of rulings, defer, refer, accept legal decisions, petition seizures or sequestrations or other acts from debtors or third parties and the revocation, appointment of attorneys, lawyers and experts, and revoking, substituting and electing domicile relating to the operations above with joint signature of the Chief Financial Officer Roberto Celot or the legal representative Alberto Faggion;

- request from banking institutes and sign current accounts and loans of any type, also bills for any amount, within with joint signature of the Chief Financial Officer Mr. Roberto Celot or the Legal Representative Mr. Alberto Faggion;
- deposit and withdraw amounts from banks, credit issuing institutions, also through third party cheques for liquidity and related needs and utilisation of credit lines granted to the Company, acquire or sell currencies relating to significant import or export operations, with total value above Euro 2,500,000 thousand for each operation or a set of similar operations, with joint signature of the Chief Financial Officer Mr. Roberto Celot or the Legal Representative Mr. Alberto Faggion;
- sign loan agreements, including non-interest-bearing loans, with the Chief Financial Officer Roberto Celot, or with the legal representative Alberto Faggion directly and indirectly with
  associate companies and subsidiaries for an individual principal amount exceeding Euro 1 million.

The Chief Executive Officer Mr. Paolo Giacobbo may, in exercising the above stated powers, utilise qualified partners, whom however he must oversee.

Considering the powers delegated by the Board of Directors, the Chief Executive Officer, Mr. Paolo Giacobbo, qualifies as the person in charge of Company operations. Mr. Paolo Giacobbo is not subjected to any interlocking situations.

The Board has also delegated to the Chairman and Chief Executive Officer the functions of:

– manage, address and organise security aspects and workplace health, in all of the productive units and in the other work areas of the Company, and to attribute him the position of employer in accordance with Legislative Decree 81/2008 and subsequent amendments and additions, with mandate to put in place every act and function necessary to comply with applicable regulations;
– manage, address and organise all aspects in relation to environmental protection, with mandate to carry out every necessary act for the compliance with applicable regulations;
– manage, address and organise all aspects in relation to the protection of personal data held by the Company, with mandate to carry out every necessary act for the compliance with applicable regulations.

Disclosure to the Board of Statutory Auditors

The directors report to the Board of Statutory Auditors in a timely manner, and at least quarterly at the meetings of the Board of Directors, or also through written communication to the Chairman of the Board of Statutory Auditors on the activities carried out and on the most significant economic, financial and balance sheet operations carried out by the Company and by the subsidiary companies, in order to enable the Board of Statutory Auditors to evaluate if the operations decided upon and implemented conform with law and the By-Laws and are not broadly imprudent or in conflict with the motions undertaken by the Shareholders' Meeting or such as to compromise the value of the company. In particular, the Directors report on operations in which they have an interest, either on their own behalf or on behalf of third parties, or that are affected by any individual who directs and coordinates the operation.

At the date of the present Report, the Company has not set up an Executive Committee.

4.5. OTHER EXECUTIVE DIRECTORS

On April 28, 2016, the Board of Directors conferred to Mr. Stefano Marzotto the power to represent, with faculty to sub-delegate, the Company at the shareholders' meeting of the subsidiary Vetri Speciali S.p.A., including all related powers exercised by the Company, with prior approval of the Board of Directors.

4.6. INDEPENDENT DIRECTORS

The Board of Directors in the meeting of March 15, 2018 considered, based on the available information and taking account of the parameters established by the Self-Governance Code and the Stock Exchange Regulation Instructions, the Directors Daniela Manzoni, Manuela Romei, Alessia Antonelli, Giorgina Gallo and Franco Moscetti as independent. The number of independent Directors in comparison with the total number of Board members is in line with that established by the CFA and the Stock Market Regulation Instructions (Article 1.A.2.10.6). The review of independent standing was announced in the press release of March 15, 2018.

The Board of Statutory Auditors also verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members.

During the year the independent directors held one meeting in the absence of the other directors. As far as the Issuer is aware, the Independent Directors, which within the slates for their appointment to the Board of Directors indicated their independence, are committed to maintain such independence throughout the Board mandate.

4.7. LEAD INDEPENDENT DIRECTOR

The Board of Directors, in accordance with that suggested by criterion 2.C.4 of the Self-Governance Code, considering that the Chairman of the Board of Directors Mr. Paolo Giacobbo, is principally responsible for the issuer’s management (CEO), complied with the recommendation contained in criterion 2.C.4 stated above, appointing a Lead Independent Director and appointed on April 28, 2016 Mr. Franco Moscetti as Lead Independent Director, who is a non-executive director, and in particular one of the independent directors, which allows a greater contribution to the activities and the functioning of the Board of Directors.

In fact, the Self-Governance Code recommends establishing this figure to ensure a balanced situation within the Board: the Lead Independent Director will be called upon to collaborate with the Chairman to ensure that Directors receive complete and timely flows of information. The Lead Independent Director consults with the Non-Executive Directors, and particularly the Independent Directors for a better contribution to the activities and the functioning of the Board.

The Lead Independent Director provides a point of reference and coordination for the petitions and contributions of non-executive Directors, improving the functioning of the Board of Directors, working together with the Chairman of the Board of Directors in order to ensure that Directors receive complete and timely information and has the power to call meetings of the independent Directors to discuss issues considered of interest in relation to the functioning of the Board and the management of the company.

During the year the Lead Independent Director, Mr. Franco Moscetti, coordinated where necessary and also opportune, the requests and the contributions of the non-executive directors and in particular the independent directors.

5. PROCESSING OF CORPORATE INFORMATION

In accordance with the principles contained in the Self-Governance Code, the Board of Directors of the Company adopted regulations for the handling of corporate information and the setting up of the relative register (so-called Insider Register and RIL), which regulates internal management procedures and the manner for the communication externally of documents and disclosure relating to the Company and its subsidiaries, with particular regard to confidential information. This regulation concerns: (i) preserve the secrecy of the confidential information, ensuring at the same time that the information provided to the market of the corporate data is correct, complete, adequate, timely and non-selective; and (ii) regulate, as per Regulation (EC) No. 569/2014, the enacting and execution Regulations, and also in light of the Consob Guidelines 1/2017 - October 2017, a procedure for the management of the registers or information reported to anyone who, for working or professional reasons or in the ambit of the functions carried out by the Company, regularly or occasionally accesses inside information or relevant information.

The Board of Directors on December 22, 2006 appointed Mr. Roberto Celot as the person responsible for the above-mentioned register. With regards to this, the person responsible reports to the Chairman of the Board of Directors with regard to the updating of the register and the criteria adopted for the management and research of the data which it contains.

In accordance with that contained in the Self-Governance Code, the Board of Directors of the Company adopted a regulation (Internal Dealing Code), which governs the information to be made public relating to the operations undertaken and the financial instruments issued by the Company by relevant parties and parties to them in accordance with Article 19 of EU Regulation 596/2014 and subsequent of the Issuers' Regulations. This regulation provides for the so-called "black out period". The company also adopted a regulation governing disclosure to be announced to the market for parties controlling the company or possessing more than 10% of the share capital, as set out under Article 114, paragraph 7 of the Consolidated Finance Act and Article 152-*sexies* of the Consob Issuers' Regulation.

We report that, in accordance with the provisions of Executive Regulation (EU) 2016/347 of the Commission of March 10, 2016, which enacted (EU) Regulation 596/2014 of the European Parliament and Council of April 16, 2014 relating to market abuse, the company enacted the provisions introduced by the above-mentioned regulation, with prior illustration to the Board of the principal provisions introduced. The Board of Directors, on March 15, 2018, updated and supplemented the procedure in view of new issues emerging, in particular, the Consob Guidelines for the management of Inside Information.

During the year the company published 20 press releases in relation to internal dealing, and available on the company's website www.gruppozignagovetro.com, section "Investors", having received such communications in accordance with due procedure on the significant operations pursuant to Article 19-of EU Regulation No. 596/2014.

6. INTERNAL COMMITTEES TO THE BOARD (as per Article 123-*bis*, paragraph 2, letter d) CFA)

The Board of Directors, in accordance with Article 17 of the By-Laws, on March 22, 2007, incorporated a Control and Risks Committee (previously the Internal Control Committee), which has the duty, among others, to identify and evaluate the business issues and risks and carry out the consultative and proposal functions required by the Self-Governance Code, and a Remuneration Committee, with the duty to formulate proposals regarding the remuneration of executive directors and those holding certain positions.

For further information in relation to the Remuneration and Appointments Committee and the Control and Risks Committee, reference is made to the subsequent sections 7 and 9.

The Board of Directors of the Company, in the meeting of November 26, 2010, created a Committee for Transactions with Related Parties, with a significant role in the evaluation of the Transactions with Related Parties and in compliance with the above-stated procedure. This Committee has the duty to guarantee substantial correctness of the transactions with related parties, through the issue of an opinion on the interest of the company served through the specific transaction as well as the suitability and correctness of the conditions. For further information on the Committee for Transactions with Related Parties, reference should be made to section 11.

No further committees were constituted or committees which carry out the functions of 2 or more committees.

7. APPOINTMENTS AND REMUNERATION COMMITTEE

It should be noted that the disclosures in the present section relating to the functions of the Remuneration Committee are made in Section 1, paragraph "**Remuneration Committee**" of the Remuneration Report published in accordance with Article 123-*ter* of the Finance Act. As already described in the previous paragraph, on March 15, 2018 the Remuneration Committee now includes also the functions of the Appointments Committee.

The Committee was appointed with Board motion of March 22, 2007. The Board of Directors' meeting of April 28, 2016 re-elected the members of the Committee, whose mandate expired, in the persons of Franco Modcetti (Non-Executive and Independent Director), Stefano Marzotto (Non-Executive Director) and Daniela Manzoni (Non-Executive and Independent Director). The Remuneration and Appointments Committee appointed Mr. Franco Moscetti as the Chairman of the Committee. The Board of Directors, at the time of appointments, evaluated and considered adequate the financial and accounting qualifications of the members of the Committee, in addition to their knowledge and experience in terms of remuneration policies.

During the year, the Committee met twice. The average duration of meetings was approximately two hours.

In table 1 attached to the present Report the number of meetings of the Committee in 2018 is reported along with the relative attendances.

Considering the type of activities carried out by the Committee, the Company did not consider it necessary to provide the above stated Committee with a pre-established budget, establishing periodically the funding requirements necessary.

At least three Appointment and Remuneration Committee meetings are scheduled for 2019 and at the date of the present Report the Committee has met once. The Chairman of the Committee informed the next Board of Directors' Meeting held.

The Directors abstained from participating in drawing up proposals for the Board of Directors regarding their remuneration. No parties attended the Committee meetings who are not members.

8. REMUNERATION OF DIRECTORS

It should be noted that the disclosures in the present section relating to the general remuneration policy, the share-based incentive plans, the remuneration of executive directors, of the executives with strategic responsibilities and non-executive directors, are reported through reference to Section I of the Remuneration Report issued in accordance with Article 123-*ter* of the Finance Act.

No agreements have been signed between the Parent Company and the directors which provide indemnity in the case of resignation or dismissal/revocation of office without just cause or termination of employment following a public purchase offer.

9. CONTROL AND RISKS COMMITTEE

The Control and Risks Committee was appointed with Board of Directors' Resolution of March 22, 2007 and confirmed subsequently with Board of Directors' Resolution which provides for the change in name and duties attributable, in line with the amendments to the Self-Governance Code. At the date of the present Report, the Control and Risks Committee is composed of Ms. Giorgina Gallo (independent non-executive director), Luca Marzotto (non- executive director pursuant to Article 2 of the Self-Governance Code) and Alessia Antonelli (independent non-executive director). These directors, all non-executive and two of which independent, were conferred the task to identify and evaluate the problems and risks concerning company operations. At the date of the present Report the director Alessia Antonelli is also the Chair of the Committee.
The Control and Risks Committee, in compliance with the Self-Governance Code, in relation to identification and evaluation of risks substantially carries out a role of a consultative and proposing nature for the Board of Directors, working together with the existing Committees. The proposal duties which the Committee is required to discharge concern certain matters identified by the Self-Governance Code, although not considered compulsory.

The Board of Directors, at the time of the appointment, evaluated and considered adequate the financial, accounting and risk management expertise of the members of the Control and Risks Committee.

The Control and Risks Committee meets at least quarterly and outlines its activities at least half-yearly.

In 2018, the Control and Risks Committee met on 4 occasions. Minutes are kept of the Committee meetings. The Chairman of the Control and Risks Committee informed the next Board of Directors' Meeting held. The average duration of meetings was approximately two hours.

At least six Control and Risks Committee meetings are scheduled for 2019 and at the date of the present Report the Committee has met three times.

The Chairman of the Statutory Auditors or another standing statutory auditor designated by him/her attends the meetings.

In table 1 attached to the present Report at Attachment 1 the number of meetings of the Committee in 2018 is reported along with the relative attendances.

The Control and Risks Committee has the consultative and proposal functions listed in Article 7 of the Self-Governance Code.

In the undertaking of their functions, the Control and Risks Committee may access all information and departments necessary for the undertaking of their duties, as well as utilising external consultants, within the terms established by the Board of Directors.

Considering the type of activities carried out by the Control and Risks Committee, the Company did not consider it necessary to provide the above stated Committee with a pre-established budget, establishing periodically the funding requirements necessary.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system concerns the set of rules, procedures and organisational structures which enable the identification, measurement, management and monitoring of the principal risks.

Zignago Vetro S.p.A. has adopted an Internal Control and Risk Management System (hereafter "ICRMS") which ensures an adequate management of the company's risk exposure, not just ensuring correct management of the business, but also the achievement of the strategic objectives identified.

In particular the "ICRMS", integrated into the more general organisational and corporate governance structures adopted by the Company, oversees the propriety of corporate operations, promoting efficiency and efficacy of processes, the reliability of financial information, compliance with law and regulations, in addition to the by-laws and the internal procedures, and guarantees and safeguards the capital base and the value generated by operations.

On the basis of these principles, the Board of Directors, also to incorporate the amendments introduced by the 2011 Self-Governance Code and to update its model to changing operating conditions and to the altered external environment, approved, with the support of the Control and Risks Committee and the Director in charge of the internal control and risk management system, the "ICRMS" Guidelines.

In relation to the various actors involved in the control's mechanism, the "ICRMS" guidelines describe in detail the respective duties and responsibilities. In particular, the set of skills and relative functions is based on the profiling of the following bodies/parties:

- The Board of Directors, which directs and assesses of the System's adequacy;
- The Director in charge of the Internal Control and Risk Management System, who oversees the functioning and adequacy of the System, identifies and manages the principal corporate risks and taking account of the characteristics of the activities carried out by the Company implements guidelines drawn up by the Board of Directors, overseeing the design, implementation and management of the SCI and verifying its adequacy and efficacy on an ongoing basis;
- The Control and Risks Committee, with the duty to support the assessments and the decisions of the Board of Directors concerning the Internal Control and Risk Management System;
- The Internal Audit Manager, appointed to verify that the Internal Control and Risk Management System is adequate and operational;
- the Board of Statutory Auditors, which oversees the efficacy of the Internal Control and Risk Management System;
- The Supervisory Board, which guarantees the adequacy of the Organisation and Management Model as per Legislative Decree 231/2001, oversees its observance, promotes initiatives for the formation and circulation of the model and periodically informs the Control and Risks Committee and the Board of Directors upon any issues encountered, identifying the corrective actions to be undertaken.

In relation to the involvement of the boards and employees in the organisation of the "ICRMS", duties and responsibilities are segregated among the separate organisational units or within them, with a distinct separation between the roles of risk management, allocated to the Risk Owners of the various departmental units, and those of risk controllers. In particular, the monitoring of the correct and effective functioning of the internal control system and the follow up actions required is based on three levels of control:

- first level controls: directed to ensure the correct management of corporate processes. In this regard, the operating units identify and evaluate risks and define specific mitigation actions.
- second-level controls: directed to verify that the first level controls are operative and appropriate to prevent risks. In relation to these categories, the functions proposed for the control of risks define methods and instruments for the management of risks (recording, assessment and monitoring of risks);
- third-level controls: comprises verifications carried out on the design and functioning of the internal control and risk management system and on the monitoring of the execution of the improvement plans drawn up by

management. This category of controls was undertaken by an independent corporate department.

The “ICRMS” structure defined through these guidelines is structured on the major international models, in particular those established in accordance with Enterprise Risk Management (ERM) and according to a structured analysis and prioritisation of principal risks in the areas of greatest exposure, identified as the strategic, operative, financial and regulatory compliance level and seeks to ensure a unified approach and in line with the operating strategies.

This approach, which further identifies and evaluates risks, the control measures and the relative action plans, was undertaken on the basis of the professional experience developed over the years by individuals involved in corporate risk management and however considering the following aspects:

- the nature and level of risk compatible with the strategic objectives of the Company;
- the organisational structure in place;
- the mapping of the risk areas as per Legislative Decree 231/2001;
- The analysis of significant processes in relation to control risks and objectives related to administrative-financial disclosure in accordance with Law 262/2005.

In relation to the method to identify and measure risks, the process was developed considering the organisational structure and the businesses of the company and classifying the risks relating to each, thereafter assessing them through combining the parameters concerning frequency/probability and the gravity of consequences.

The risk evaluation analysis and the relative measurement was preliminarily focused on the potential exposure to risk in the absence of any mitigation action and subsequently focused on the level of “residual” risk, considering the existing controls to subsequently draw up any improvement actions.

The principal elements upon which the internal control system of the Company is based are as follows:

The Ethics Code – in February 2008, the Company adopted an Ethics Code, in line with best international practice, which 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.

Organisational structure – The general organisational structure and the appointment of senior managers and of their principal operating roles was drawn up by the Chief Executive Officer. The Board of Directors is systematically informed in relation to principal organisational amendments.

Powers and delegations – the Board of Directors on April 28, 2016 (and through subsequent amendments and additions) attribute the powers of management.

The principal conditions adopted for achieving the strategic and operational objectives, as well as the monitoring of the efficacy and efficiency of the activities and the safeguarding of the company's assets, are as follows:

Drawing up of objectives, budgets, reporting and management control – the Company operates a structured system for the definition of corporate objectives (strategic and operational), for the development of annual budgets, of their interim review, of the monitoring and analysis of the variance between objectives and performance, through a structured system of management control and reporting.

Internal communication – A system of internal communication which is structured to facilitate and promote the communication of significant information to specific parties within the Company and the Group is operational.

System of operational procedures – For the correct application of corporate directives and the reduction of risks related to the reaching of corporate objectives, the Company has put in place an ISO procedure which regulates internal processes, governing both the activities carried out within departments and relations with other entities.

Information Systems – Almost all of the corporate information processes, both operational and accounting and financial, are facilitated by an IT system, based on highly integrated software packages.
The use of the systems is governed by internal procedures which guarantee security, privacy and correct utilisation by users.
The availability of data when required is guaranteed by an abundant hardware and software infrastructure.
Confidentiality of data and information is guaranteed principally through a system of segregation, principally based on user authorisation profile.
Security is guaranteed by a hardware and software infrastructure designed with the necessary remit in mind and subject to constant maintenance and undergoing periodic tests.
The platforms and the applications utilised are integrated in order to minimise the introduction of multiple data sets and to render automatic the process flows. The services are supplied by outsourcers.

The principal guides for the achievement of conformity with law and applicable regulations (compliance) and for correct and transparent disclosure to the market are the following:

Organisational model as per legislative decree 231/01 – in March 2008 the Company approved the Organisational model in accordance with legislative decree 231/01, in order to avoid the possibility of the commission of significant offences under the decree and consequently by the administrative of the Company. The Model adopted provides for an organisational structure, a system of procedures and delegations, general principles, rules of conduct, instruments of control and organisational procedure, as well as training activity and information and a disciplinary system, drawn up in order to ensure the prevention of the commission of offences. The Board of

Directors 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 model is continually updated, with the most recent version 6.0 of March 11, 2016, 2016 approved by the Board of Directors on March 11, 2016. For further information, reference should be made to section 10.3.

Model of accounting control as per law 262/2005 in relation to financial disclosure – In compliance with the above-stated law on the protection of savings, the Company adopted a model for the management of administrative and accounting procedures, for the drawing up of financial and accounting control communications, as well as management regulations, periodic verification and the declaration of adequacy of the model, attributing the responsibility within the organisation in particular to the Executive Responsible for the preparation of the corporate accounting documents. In particular, the model seeks to provide the reasonable certainty that accounting disclosure is provided to users with a true and correct representation of the facts, and corresponding to the documented results, the books and accounting entries and communications of the company provided to the market.

Security, environment and quality – the Company has adopted a system of organisational structures and procedures dedicated to the management of security of data (which also fulfils the Privacy regulation), the protection of the environment, security of plant and personnel and the quality of service provided. The Evaluation Document of Risks is constantly monitored and updated.

Confidential information – The Company has adopted a procedural system for internal management and external communication of confidential information, in conformity with the requirements introduced by the EU directive in relation to market abuse. For further information, reference should be made to section5.

Considering the activities carried out by the Control and Risks Committee, by the Supervisory Board, the contribution of the Board of Statutory Auditors, management, the Executive Director appointed to oversee the internal control system, the Internal Audit Manager and the Executive appointed for the preparation of the accounting and corporate documents, the Board of Directors considers the system of internal control adequate and effective.

10.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In order to implement a rigorous internal control system, the Board of Directors, on the proposal of the Chair of the Control and Risks Committee, Ms. Antonelli, appointed Paolo Giacobbo as Executive Director in Charge of the internal control system. The Board of Directors has assigned functions indicated by the Self-Governance Code to the Director in charge of the internal control and risk management system.

The Director in charge of the Internal Control and Risk Management System: (a) identifies the principal corporate risks, considering the principal features of the activities carried out by the Issuer and its subsidiary, and periodically submit them for the review of the Board of Directors; (b) implements the guidelines established by the Board of Directors, designing, implementing and managing the internal control and risk management system and verifying its adequacy and efficacy on an ongoing basis; (c) adopts the system to operating conditions and the legislative and regulatory framework; (d) may request the internal audit department to carry out checks on specific operating areas and compliance with the internal rules and the procedures in the execution of company operations, contemporaneously communicating to the Chairman of the Board of Directors, the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors; (e) reports in a timely manner to the Control and Risks Committee (or to the Board of Directors) in relation to problems and issues which have emerged during the course of their activity or of which they have become aware, so that the Committee (or the Board) can take necessary action.

10.2. INTERNAL AUDIT MANAGER

Since December 2014, the Internal Audit Department has outsourced to Mr. Alessandro Bentsik, previously Chairman of the Supervisory Board, the verification, on an ongoing basis and in relation to the specific requirements, the operational viability and suitability of the internal control and risk management system, through an audit plan, approved by the Board of Directors, with the prior approval of the Control and Risks Committee and the Board of Statutory Auditors.

The audit plan constitutes a defined operating instrument, although not of a rigid nature, verifying that the internal control and risk management system of the Company is functional and adequate, in accordance with application criteria 7.C.5 of the Self-Governance Code. Its flexibility guarantees the appropriateness of the Plan to quickly incorporate any amendments considered necessary during the year.

The appointment was made on the proposal of the Director in charge of the internal control and risk management system, with the prior approval of the Control and Risks Committee and the Board of Statutory Auditors.

The Internal Audit Manager reports to the Control and Risks Committee, to the Board of Statutory Auditors and to the Director in charge of the internal control and risk management system.
He is not responsible for any operational area of the Issuer. In carrying out his/her duties, he/she has direct access to all useful information for the discharge of office and reports exclusively to the Control and Risks Committee.

In 2018, the previously appointed Internal Audit Department Manager reported periodically on activities to the Control and Risks Committee, to the Chairman of the Board of Statutory Auditors, to the Chairman of the Board of Directors and to the Director in charge of the internal control and risk management system.

During the year, the Internal Audit Manager supported the activities of the Control and Risks Committee.

10.3. ORGANISATION MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

The Board of Directors of the Company, in the meeting of March 14, 2008, in relation to Legislative Decree No. 231 of June 8, 2001 (and successive modifications and integrations), which introduced a specific code of responsibility for companies for any type of offence established by the regulations of Borsa Italiana for listing on the STAR segment, adopted the "Model of organisation, management and control in accordance with Legislative Decree 231/2001", addressing the requirements of the same Legislative Decree and prepared in accordance with the guidelines issued by Confindustria. At the reporting date, the Board of Directors have not considered the allocation of supervisory board duties to the Board of Statutory Auditors.

The adoption and efficient implementation of the organisational, management and control model is appropriate to prevent offences under the Legislative Decree; the Company may be exonerated from the responsibility consequent of offences made by "applicable" parties and by persons subject to their supervision and direction.

The Model provides for a series of regulations on conduct, procedures and control activities, as well as a system of powers and delegations, in order to prevent the above responsibility arising. Moreover, a disciplinary system was introduced which is applied in the cases in which the above model is not complied with.

To implement the model set out by Legs. Decree 231/2001, a Supervisory Board ("**SB**"), appointed by the Board of Directors, was created, which has the responsibility to ensure the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 is adequate and efficient, effective and updated.

The Supervisory Board is currently comprised of:

Office	**Name**
Chairman of the Supervisory Board	Alessandro Bentsik
Member	Massimiliano Agnetti
Member	Nicola Campana

For the carrying out of the duties, the Supervisory Board is allocated its own budget.

Also at the meeting of March 14, 2008, the Board of Directors approved the By-Laws of the Supervisory Board, establishing the method for its appointment and composition, as well as its functions and powers.

The Supervisory Board (SB) in the year carried out monitoring of the functioning, efficacy and compliance with the model as well as the recording of significant updates of the model and of the corporate procedures and protocols. In this remit, the SB coordinated with the Control and Risks Committee, reporting on the results of the verification and the modifications to the model following changes in the internal organisation, in the corporate activities and in the relevant regulatory provisions, particularly in relation to the updates to Legislative Decree 231/201, with the addition of new types of offences.
The Supervisory Board, through the Control and Risks Committee, communicates to the Board of Directors, half-yearly, a written report on the Organisational, Management and Control Model.
The implementation of the detailed aspects of the activities contained in the Model has been substantially completed. The Model has been communicated to all personnel and third-party consultants, clients, suppliers and partners, where deemed suitable and necessary.

Also in relation to the activities carried out and implemented by the Organisational and Management Model in accordance with Legislative Decree 231/2001, the Board of Directors on March 14, 2008 adopted the Ethics Code of the Company. In fact, as evidenced in the Guidelines for the construction of the models in accordance with Legislative Decree 231/2001, issued by Confindustria, the adoption of the relative ethics principles in order to prevent offences constitute an essential element of the preventative control system. In particular, the Ethics Code identifies the corporate values, together with the rights and the responsibilities of its subject, and applies sanctions in the case of breaches of the principles expressed in the same Code.

In 2018, the Supervisory Board met eight times.

10.4. INDEPENDENT AUDIT COMPANY

The legally-required audit is carried out by an independent audit company in accordance with applicable regulations. The Independent Audit Firm is appointed by the Shareholders' Meeting, with prior consultation of the Board of Statutory Auditors

The auditor of the consolidated and separate financial statements of Zignago Vetro for the years 2016-2024, of the limited audit of the half-year consolidated reports for the same period, as well as the verification and control of the accounting and the correct recording of the operational events in the accounting records of the above-mentioned years was conferred, in accordance with article 159 of the Finance Act, to KPMG SpA by the ordinary Shareholders' Meeting of April 28, 2016, in accordance with the modifications introduced by Legislative Decree 303/2006 published in the Official Gazette on January 10, 2007.

The independent auditors who carry out the audit of Zignago Vetro also carry out the audit of the subsidiary companies.

10.5. EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS AND OTHER CORPORATE ROLES AND FUNCTIONS

The executive officer for financial reporting has the responsibility to implement adequate administrative and accounting procedures for the preparation of the parent company accounts, the consolidated financial statements and all other financial documents, certifying their application, and that accounting information including interim reports correspond to the underlying accounting documents, records and accounting entries.

In accordance with article 23 of the By-Laws and in conformity with the regulations currently in force, the Board of Directors, in the meeting of July 30, 2007, appointed Mr. Roberto Celot, Administration, Finance and Control Director of the Issuer, as executive responsible for the preparation of the corporate accounting documents in accordance with article 154 *bis* of the Finance Act, considering satisfactory his appointment criteria and in particular his proven accounting and financial experience.

10.6. Coordination of the parties involved in the Internal Control and Risk Management System.

In accordance with Principle 7.P.3 of the Self-Governance Code and in order to ensure a responsive system, the guidelines established, in addition, the means for the coordination and collaboration between parties involved in the “ICRMS”.

In order to ensure an efficient Corporate Governance structure, the re-consideration of the functional and operating connections between the various parties involved in the “ICRMS” allows, on the one hand, informational synergies and on the other ensures these risk areas are appropriately overseen and that there is no duplication of controls in the activities of the various control bodies.

In particular, communication flows and processes are provided for, in addition to periodic meetings, to be held jointly, between the various bodies involved in internal control and risk management (Control and Risks Committee, the Board of Statutory Auditors, the Supervisory Board and the Internal Audit department). In particular:

- The meetings of the Control and Risks Committee are attended also by the Director in charge of the “ICRMS”, by the Chairman of the Board of Statutory Auditors and, upon their unavailability, by a statutory auditor nominated by this latter, while the other statutory auditors may also attend, in addition to the Internal Audit Manager in order to ensure they are fully informed.
- The appointed Director and the Internal Audit Manager meet on a monthly basis to review their respective activities in progress and to establish any lesser significant actions, in relation to which it is not considered appropriate to inform the Board of Directors upon.

- The appointed Director and the Internal Audit Manager compare, before approval by the Board of Directors, their annual activity plans in order that inappropriate overlapping does not occur between the development and assessment actions.

It is in addition established that the Internal Audit Manager must communicate periodically prepared reports or respond to specific requests of the Chairman of the Board of Statutory Auditors, of the Control and Risks Committee and of the Board of Directors, in addition to the Director in charge of the Internal Control and Risk Management System and, where required in relation to events subject to review, also the Supervisory Board.

Finally, it is established that at least annually the Independent Audit Company meets jointly with the Control and Risks Committee, the Board of Statutory Auditors and the Executive Responsible for the preparation of corporate accounting documents in order to, among other issues, assess the correct use of the accounting policies and their consistency in the preparation of the consolidated financial statements.

11. TRANSACTIONS WITH RELATED PARTIES

In accordance with the Self-Governance Code, in addition to the regulation issued by Consob through resolution No.17221 of March 12, 2010 and subsequent interpretations, the Board of Directors of the Company in the meeting of November 26, 2010 approved a new procedure for transactions with related parties, in compliance with the new regulatory provisions introduced by the Commission with the above-stated Consob regulation and in line with the recommendations of the Commission in relation to Interpretative Communications.

The most significant aspects of the new procedure include:

(i) "transactions with related parties" are classified as transactions of significant value (concerning transactions exceeding thresholds established by Consob), of insignificant value (those of a value which prima facia do not pose significant risk for investor interests and therefore excluded from the application of the new procedure) and those of intermediate value (a residual category comprising transactions with related parties not covered by the first two categories);

(ii) the transparency and market communication regulations are more stringent in relation to transactions of significant value, requiring publication of a disclosure document;

(iii) the procedural regulations which establish the involvement of the Committee for Transactions with Related Parties for the transaction approval procedure.

The Board of Directors of the Company, in the meeting of November 26, 2010, created a Committee for Transactions with Related Parties, with a significant role in the evaluation of the Transactions with Related Parties and in compliance with the above-stated procedure. This Committee in fact has the duty to guarantee substantial correctness of the transactions with related parties, through the issue of an opinion on the interest of the company served through the specific transaction as well as the suitability and correctness of the conditions.

The Committee comprises non-executive directors, two of which considered independent, in accordance with the Self-Governance Code.

As established by Consob regulation No.17221 of March 12, 2010 and subsequent interpretations, the Committee for Transactions with Related Parties preliminarily approved the procedure for transactions with related parties, establishing compliance with the regulatory provisions.

At the date of the present Report, the Committee is composed of three directors in the persons of Ms. Manuela Romei (independent non-executive director), Mr. Ferdinando Businaro (non-executive director) and Ms. Alessia Antonelli (independent non-executive director).

Considering that from adoption of the procedure which governs transactions with related parties, no significant events or changes to the shareholder structure took place and that the procedure has been demonstrated as effective, no changes have been made by the Company to the procedure.

12. APPOINTMENT OF STATUTORY AUDITORS

The appointment of the Statutory Auditors is carried out based on slates presented to the shareholders according to the procedure set out by article 20 of the By-Laws, reported below, in order to ensure that the minority slate appoints a Statutory Auditor holding the position of the Chairman and an alternate Auditor.

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

Only shareholders who together or with others represent at least 2.5% of the subscribed and paid-in share capital at the moment of presentation of the slate or another limit established by Consob with regulations taking account of the floating capital and the ownership of the listed companies have the right to present slates. The call notice indicates the holding required to present slates.

Each shareholder may present only one slate; in case of breach, they are excluded from all slates. Shareholders belonging to the same shareholder agreement as per Article 122 of the CFA and subsequent modifications and additions, the parent company, the subsidiary companies and those subject to the common control, may present and vote on only one slate. The votes in breach of this are not attributed to any slate.

The slates shall be filed at the Company's registered office at least 25 (twenty-five) days prior to the date established for the Shareholders' Meeting in first call or within a differing minimum time frame established by applicable laws or regulations. The call notice will indicate at least one means of distance communication of the filing of slates which enables the identification of those presenting or involved in the presentation of slates. Each slate presenting a number of candidates equal to or above three must present a number of candidates from the underrepresented gender which ensures, within the slate itself, compliance with the regulatory gender quota in force. Ownership of the minimum shareholding necessary to present a slate must be declared in the manner and under the terms and conditions established by the existing law and regulations. In the case where only one slate is filed at the expiry date of the term for presentation of the slates, or slates are only presented by related shareholders pursuant to the applicable directives, slates can be presented up to the third day subsequent to such date. In this case, the threshold established for the presentation of the slate is reduced by half.

Together with each slate, within the terms indicated above, the following must be filed (i) information relating to the identity of the shareholders presenting the slate and their shareholding; (ii) declarations that the individual candidates accept their candidature and declare to the inexistence of causes of ineligibility and of incompatibility and the existence of the requisites required by regulations in force for the assumption of office, (iii) the curriculum vitae of each candidate, with indication of offices held. In addition to that established by the previous points, in the case of the presentation of a slate by shareholders other than those who hold, also jointly, a controlling or majority holding of the share capital of the Company, such slates must be accompanied by a declaration of the shareholders presenting, declaring the absence of association with one or more of the main shareholders, as defined by existing regulations.

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

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

When the first two slates obtain an equal number of votes, a new vote is taken by the Shareholders' Meeting, putting only the first two slates concerned to the meeting. The same rule will apply in the case of parity between the slates with the second highest number of votes.
The Chairman of the Board of Statutory Auditors shall be the first candidate on the Minority Slate. In the case in which the minimum established requirement for the underrepresented gender of Standing or Alternate Auditors is not elected, within the slate which attracted the highest number of votes the necessary substitutions of candidates elected to the roles of Standing or Alternate Auditor is made, according to the progressive order in which the candidates were elected. In the absence of candidates from the underrepresented gender within the relevant section of the majority slate of a sufficient number to proceed with replacement, the Shareholders' Meeting appoints the Standing or Alternate Members required through statutory majority, ensuring compliance with the requirements.
Where his/her legal requisites no longer exist, the statutory auditor must leave office.

In the case of the substitution of a Statutory Auditor until the next Shareholders' Meeting, the Alternate Auditor is taken from the same list as the auditor vacating office. If the replacement as indicated above does not allow compliance with the applicable Gender Balance Regulation, the Shareholders' Meetings must be called at the earliest opportunity to ensure compliance with the regulation.
When a Statutory Auditor vacates office, including the chairman of the Board of Statutory Auditors, the chair is assumed until the next Shareholders' Meeting by the alternate member of the same slate from which the Chairman was elected.

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

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

13. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (as per Article 123-bis, paragraph 2, letter d) CFA)

The Board of the Statutory Auditors verifies compliance with law and the By-Laws, in respect of the principles of correct administration and in particular the adequacy of the internal control system, as well as of the organisation, administration and accounting structure and its functioning, in addition to the method for establishing corporate governance regulations which the company declares it is in observance of.

In accordance with Article 20 of the By-laws, the Board of Statutory Auditors is composed of three Standing Members and two Ultimate Members, Shareholders and Non-Shareholders, with the underrepresented gender complying with the applicable regulation, and appointed by the Shareholders' Meeting, which determines their annual remuneration and the duration of office. The attributes, duties and duration of the Board of Statutory Auditors are based on that required by law. In accordance with law, the outgoing statutory auditors may be re-elected.
Each of the members of the Board of Statutory Auditors must possess the honourability requisites and be independent in accordance with law.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of April 28, 2016 and will remain in office until the approval of the 2018 Annual Accounts.

Name	**Office**
Alberta Gervasio	Chairman
Stefano Meneghini	Statutory Auditor
Carlo Pesce	Statutory Auditor
Chiara Bedei	Alternate Auditor
Cesare Conti	Alternate Auditor

The Chairman of the Board of Statutory Auditors, and an alternative auditor, were elected by a slate presented by the minority shareholders Anima SGR S.p.A., Arca SGR S.p.A., Eurizon Capital SGR S.p.A., Fideuram Investimenti SGR S.p.A:, Fideuram Asset Management (Ireland), Interfund Sicav, Medolanum Gestione Fondi SGRPA and Mediolanum Gestion Fondi SGRPA. All of the members were elected from the slate presented by the majority shareholder Zignago Holding S.p.A..

The slate presented by the majority shareholder included the following candidates:

Statutory Auditors:
– Carlo Pesce, born in San Martin (Argentina) on March 8, 1951;
– Stefano Meneghini, born in Vicenza on June 2, 1966;
– Carmen Pezzuto, born in Sacile (PN) on November 22, 1967;

Alternate Auditors:
– Chiara Bedei, born in Padova on February 8, 1969;
– Alessandro Bentsik, born in Venice on February 13, 1962.

The slate presented by the minority shareholder included the following candidates:

Statutory Auditors:
– Alberta Gervasio, born in Udine on September 13, 1965;

Alternate Auditors:
– Cesare Conti, born at Bergamo on March 16, 1963.

The candidates of the slate presented by the majority shareholder were elected with the favourable votes of 57,212,046, while the candidates of the slate presented jointly by the minority shareholders were elected by the favourable vote of 6,125,610 shares. With reference to the slates proposed a total of 756 votes were contrary. The share capital present with voting rights totalled 71.98% of the entire share capital.

In table 2 attached to the present report sub 2 the number of meetings of the Board of Statutory Auditors during the year is reported along with the relative attendances.

In Attachment 2 a brief description of the personal profiles and professional characteristics of each of the members of the Board of Statutory Auditors is provided, while the offices held at December 31, 2015 by each statutory auditor are reported as an attachment to the Report in accordance with Article 148-*bis* of the CFA.

Following the Shareholders' Meeting resolution of April 28, 2016 for the appointment of the new Board of Statutory Auditors in replacement of the Board concluding their mandate with the approval of the 2015 Annual Accounts, during the year Ms Carmen Pezzuto and Mr. Alessandro Bentsik ceased to be statutory auditors of the company on the expiry of their mandate.

The composition of the Board of Statutory Auditors has not changed since the beginning of the year.

During the year the Statutory Auditors met at least quarterly for a total of seven meetings, whose average duration was approx. 2 hours. The Board of Statutory Auditors also attended regularly the meetings of the Control and Risks Committee.

In order to remain fully briefed on the sector in which the company operates, the Board periodically receives information and updates from the Issuer, on the principles of correct management of the risks and on sector regulations also through material prepared by the company.

Five meetings are scheduled for the current year.

The Board of Statutory Auditors assessed during the year and in any case in the first occasion possible after their nomination the continuance of the independence of their members. In the assessment of these requirements all the criteria established by the Self-Governance Code were applied with reference to their independence and the results of this verification were communicated to the Board of Directors.

The statutory auditor who, on his/her own behalf or that of third parties, has an interest in a determined transaction of the issuer informs the other statutory auditors and the chairman of the Board, in a timely and comprehensive manner, regarding the nature, terms, origin and extent of his/her interest.

The Board of Statutory Auditors reviewed the independence of the independent audit firm, ensuring compliance with regulatory provisions, and the nature and extent of the various services provided to the Company and its subsidiaries by the independent audit firm and its network of firms.
The remuneration of the statutory auditors takes account of the commitment required, the importance of the role, in addition to the size and business sector.

The Board of Statutory Auditors, in discharging its duties, coordinated with the Control and Risks Committee, the Supervisory Board and the Internal Audit department.

It should be noted that the company has not yet adopted specific diversity policies on the composition of control bodies, since it considers that the current composition of the Board of Statutory Auditors broadly reflects criteria aimed at meeting diversity requirements, both in terms of gender and age, but also in terms of Statutory Auditors' career and professional experience.
However, this area could be the subject of future intervention, in particular in relation to the approaching expiry of the current Board of Statutory Auditors' mandate.

The Board of Statutory Auditors carried out the procedures to verify the independence of its members. No irregularities emerged from these verifications.

14. RELATIONS WITH SHAREHOLDERS

In order to maintain a constant dialogue with the shareholders and the financial world in general, the Company has created an "Investors" function.

On December 22, 2006, the Board of Directors appointed an Investor Relator, in the person of Mr. Roberto Celot, responsible for the relations with the institutional investors and others shareholders; the Investor Relator also maintains the Insider register.

In 2018, the Company regularly held meetings with the financial community, some of which were open to all operators within the sector, and the financial press.

For the publication of information to the public, the Company adheres to the principles contained in the "Market Information Guide" and the Regulations and Communications of Consob.

Particular attention is paid to the Company Internet site (www.gruppozignagovetro.com), in which in the "Investors" section, it is possible to view the corporate accounting documents (financial statements, half-yearly statements and quarterly reports etc.), in both Italian and English, as well as other corporate documents addressed to the market (presentations, press releases, financial notices etc.).

15. SHAREHOLDER MEETINGS (as per Article 123-*bis*, paragraph 2, letter c), CFA)

The Shareholders' Meeting represents all of the shareholders and is called in accordance with the provisions of law and regulations for companies with listed shares to pass motions reserved for them by law or by the Company By-Laws.

The Shareholders' Meetings' provide periodic opportunities to meet and communicate with the shareholders. The Ordinary and Extraordinary Shareholders' Meetings are validly constituted through statutory majority.

In the case in which the Shareholders' Meeting is called to approve matters in accordance with law, or to authorise in accordance with the By-Law, a transaction with related parties qualifying as significant in accordance with the internal procedure for transactions with related parties adopted by the Company and the committee for transactions with related parties has expressed a negative opinion in relation to the proposal submitted for approval to the Shareholders' Meeting, the Shareholders' Meeting may approve or authorise this transaction resolving, in addition to the statutory majority required by law, also the favourable vote of the majority of non-related shareholders attending the Shareholders' Meeting, if at the time of the vote such shareholders represent at least 10% of the share capital with voting rights of the Company. Where the non-related shareholders present at the Shareholders' Meeting do not represent the voting capital percentage required, for the approval of the transaction, the reaching of statutory majority will be sufficient. A relevant motion by the Company in accordance with the preceding provisions will also be necessary in the case of significant transactions with related parties approved by the Shareholders' Meeting in relation to which the Committee for Transactions with Related Parties has expressed a negative opinion.

In accordance with law and Article 11 of the By-Laws, the Shareholders' Meetings, both Ordinary and Extraordinary, of the Company are called by the Board of Directors, and may be called in a place other than the registered office although in Italy or in another member state of the European Union, through a notice to be published on the internet site of the Company as well as through the other means established by law and applicable regulations.
The Shareholders' Meeting can be called by the Board of Directors on the request of shareholders holding at least one-twentieth of the share capital, within that provided by Article 2367, final paragraph, of the civil code, or by the Board of Statutory Auditors or by at least 2 of its members.
The shareholders which, including jointly, represent at least one-fortieth of the share capital may request supplementation of the matters on the Agenda, or present proposals on matters already on the Agenda, within the limits and manner established by law. The addition of the matters to the Agenda is not permitted for those matters on which the Shareholders' Meeting passes motions, as prescribed by law, on proposals of the Board of Directors or in relation to a project or report prepared by the Board, other than the Report on the Agenda as per Article 125-*ter*, paragraph 1 of the CFA. The call notice must indicate the day, hour and place for the meeting, the agenda of the meeting and any other information required by current legislation and regulations.

Article 13 of the by-laws state: all those with voting rights may attend the Shareholders' Meeting, on the provision that such right is declared according to the manner and within the time periods established by the legislation and regulations in force. Each shareholder who has the right to attend the Shareholders' AGM may be represented by others, through written proxy, in accordance with law. Proxy may be granted through a computer-generated document signed in electronic form in accordance with Article 21, paragraph 2 of Legislative Decree No. 82 of March 7, 2005. Electronic notification of proxy to the company may be carried out through e-mail to the certified e-mail address of the company indicated in the call notice. The Company does not appoint an agent for the conferment of proxy by the shareholders. The Chairman of the meeting shall verify the propriety of the proxies and announce the results of the voting.

Those with voting rights may draw up questions on the matters on the agenda, in accordance with the law. The Company has not adopted a shareholders' meeting regulation as it is considered that the statutory powers attributed to the Chairman of the Shareholders' Meeting, who oversees the workings of the meeting, including the determination of the agenda and the voting system, allows them to undertake a correct functioning of the shareholders' meeting, avoiding therefore the risks and the inconvenience which could derive from non-compliance, by the Shareholders' Meeting, of the regulatory provisions.

The Board of Directors reported to the Shareholders' Meeting on the activities carried out and planned at the Shareholders' Meetings and endeavour to ensure shareholders had all necessary information so that they could take, with sufficient knowledge, the decisions within the authority of a Shareholders' Meeting. All directors and statutory auditors attended the Shareholders' Meeting of April 28, 2016, with the exception of the directors Chiara Mio and Giovanni Tamburi, who were justifiably absent.
During the year, the majority Shareholder did not submit to the Shareholders' Meeting any further matters than those proposed by the Board of Directors.

In the year there were no significant changes in the market capitalisation of the shares of Zignago Vetro or in the composition of its shareholders, and therefore the Board does not consider it necessary to evaluate the possibility to propose to the Shareholders' Meeting changes to the by-laws in relation to the percentages established for the exercise of the shares and of the protection of minority shareholders.

16. CHANGES SUBSEQUENT TO THE YEAR-END

There were no further changes to the corporate governance structure subsequent to year-end.

17. CONSIDERATIONS ON THE LETTER OF DECEMBER 21, 2018 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

It should be noted that the recommendations formulated in the aforementioned letter were brought to the attention of the members of the Board of Directors and of the Board of Statutory Auditors in relation to their remit on December 28, 2018 and, also on the same date, to the attention of the Remuneration Committee, the Control and Risks Committee, the Appointments Committee and the Lead Independent Director.
The recommendations drawn up in the stated letter were examined by the Control and Risks Committee at the meeting of February 12, 2019 and by the Appointments and Remunerations Committee at the meeting of March 12, 2019, within their respective scopes.
On March 13, 2019, the same recommendations were considered, even during the self-assessment, in order to identify possible governance developments.

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

													Control and Risks Committee		Appointments and Remuneration Committee		Related Party Transactions Committee	
Office	**Members**	**Date of birth**	**In office from**	**In office until**	**Date of first appointment**	**Slate (M/m) (A)**	**Exec.**	**Non-Exec.**	**Ind. as per Code**	**Ind CFA**	**% (B)**	**No. of other offices (C)**	**(D)**	**(B)**	**(D)**	**(B)**	**(D)**	**(B)**
Chairman & Chief Executive Officer	Paolo Giacobbo	1949	28/04/2016	Approv. 2018 Accounts	29/04/2010	M	X				100%	2 of which: 2						
Vice Chairman	Nicolò Marzotto	1968	28/04/2016	Approv. 2018 Accounts	30/09/2005	M	X				100%	4 of which:						
Director	Alessia Antonelli	1971	28/04/2016	Approv. 2018 Accounts	28/04/2016	M		X	X	X	100%		X	100%			X	100%
Director	Ferdinando Businaro	1965	28/04/2016	Approv. 2018 Accounts	22/03/2007	M		X			100%	2 of which: 2					X	100%
Director	Giorgina Gallo	1960	28/04/2016	Approv. 2018 Accounts	28/04/2016	M		X	X	X	100%	1	X	100%				
Director	Franco Grisan	1942	28/04/2016	Approv. 2018 Accounts	08/03/1993	M		X			100%	2 of which: 2						
Director	Daniela Manzoni	1969	28/04/2016	Approv. 2018 Accounts	29/04/2013	M		X	X	X	100%				X	100%		
Director	Gaetano Marzotto	1952	28/04/2016	Approv. 2018 Accounts	22/03/2007	M		X			100%	4 of which: 2						
Director	Luca Marzotto	1971	28/04/2016	Approv. 2018 Accounts	22/03/2007	M		X			100%	5 of which: 4	X	80%				
Director	Stefano Marzotto	1955	28/04/2016	Approv. 2018 Accounts	22/03/2007	M	X				100%	5 of which: 5			X	100%		
Director	Manuela Romei	1943	28/04/2016	Approv. 2018 Accounts	29/04/2013	M		X	X	X	100%	1					X	100%
Director Lead Independent Director	Franco Moscetti	1951	28/04/2016	Approv. 2018 Accounts	28/04/206	M		X	X	X	100%	4			X	100%		

		Quorum required for the presentation of slates for last appointment: 2.5%				
		Number of meetings held in the year:	BOD: 5	CRC: 4	ARC: 2	RPTC: 4

NOTE

(A) In this column M/m is indicated according to whether the director was elected by the majority (M) or minority (m) slate.

(B) This column indicates the attendance of Directors respectively at Board of Directors and Committee meetings (no. of attendances/no. of meetings held during the effective term of office).

(C) This column indicates the number of offices a Director or Statutory Auditor holds in other companies listed on regulated markets, including foreign markets, in holding, banking or insurance companies or large enterprises, indicating whether the company in which the office is held is part of a Group containing the Issuer (also as Parent Company). This is stated after “of which:”.

(D) This column indicates with an “X” whether the member of the BoD is a member of the Committee.

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Office	**Date of birth**	**Date of first appointment**	**Members**	**In office from**	**In office until**	**Slate (M/m) ***	**Ind. as per Code**	**% (**)**	**Other Office held (***)**
Chair. Board of Statutory Auditors	1965	28/04/2016	Alberta Gervasio	28/04/2016	Approv. 2018 Accounts	m	X	83%	1
Statutory Auditor	1951	22/03/2007	Carlo Pesce	28/04/2016	Approv. 2018 Accounts	M	X	83%	1
Statutory Auditor	1966	08/05/2012	Stefano Meneghini	28/04/2016	Approv. 2018 Accounts	M	X	100%	1
Alternate Auditor	1969	29/04/2013	Chiara Bedei	28/04/2016	Approv. 2018 Accounts	M	X		
Alternate Auditor	1963	28/04/2016	Cesare Conti	28/04/2016	Approv. 2018 Accounts	m	X		1
		Quorum required for the presentation of slates for last appointment: 2.5%							
		Number of meetings held during the year: 7							

NOTE

* In this column M/m is indicated according to whether the director was elected by the majority (M) or minority (m) slate.

** In this column the attendance percentage of the statutory auditors at the meetings of the Board is indicated (No. of attendances/No. of meetings carried out during the effective period of office of the statutory auditor).

*** This column indicates the number of offices of director or statutory auditor in accordance with article 148-bis of the CFA. The complete list of offices held is published by Consob on its website pursuant to Article 144- quinquiesdecies of the Consob Issuers' Regulations.

Attachment 1 - Summary of the curriculum vitae of the members of the Board of Directors

A brief curriculum vitae of the members of the Board of Directors is provided:

Paolo Giacobbo. He graduated in Engineering from the University of Padua in 1972, completing his military service as an officer in the Alpine division and began working in the hollow glass industry in 1974 (Vetrerie Italiane) as a production engineer. Subsequently he became a production manager and factory director, and as part of the St. Gobain Group carried out roles in general management, direction, coordination and company restructuring in various countries. Subsequently he became a production manager and factory director, and as part of the St. Gobain Group carried out roles in general management, direction, coordination and company restructuring in various countries. His last role with this company was as Senior Corporate Executive VP for investment, production, quality, technology, engineering and R&D. Between June 2009 and June 2014 he was president of the European Glass Industry Confederation, Glass Alliance Europe, in Brussels, of which he is still a Director. He is also the Chairman of Verreries Brosse SAS and Huta Szkla Czechy SA.

Nicolò Marzotto. Graduated in Economics and Commerce and gained experience, in the following sectors: commercial policies and structures, asset management and trading on currencies and securities, valuation of credit risk, financial and tax product studies, financial consultancy and economic-financial analysis of businesses and groups in specific sectors and marketing techniques. Since 2000, he has been a member of the Board of Directors of various companies controlled by the Marzotto family. He is a member of the Board of Directors of Huta Szkła "Czechy" S.A. He is directly involved in entrepreneurial initiatives in the area of distribution.

Alessia Antonelli. Graduated in Law at the Bologna University in 1995.
In 1998 passed the bar exams at the Ancona Appeals Court. In the following year she was appointed Senior Associate in the law firm Grimaldi & Clifford Chance in Milan, initially in the Project Financing sector and subsequently in M&A.
Since 2000 she has gained significant experience in corporate governance and corporate law at Tod's S.p.A., company listed on the Milan Stock Exchange, where she is currently the head of the Corporate Affairs and Governance Office. This activity includes, among others, the coordination and assistance for the corporate boards in setting the governance structure and regarding compliance problems from the preparation and updating of procedures and regulations (internal dealing, inside information, related party transaction etc.), the preparation and maintenance of inter-company contracts. It supports, in addition, the company in dealings with the oversight authorities, preparing the documentation required by the applicable regulation (corporate governance report, remuneration reports, disclosure documents, 120 models, filing models etc.).
Between 1995 and 2000 she collaborated in Commercial and Civil Law, firstly as the Chair of Civil Rights at the Bologna University, and subsequently as the Chair of Private Law at the State University and at the Bocconi University in Milan.

Ferdinando Businaro. Graduated in Political Science, following which he completed a Masters in International Economics and Management from the SDA Bocconi of Milan. He has worked in major Italian and foreign businesses, principally in the area of management and market development. He is member of the Board of Directors of various companies including Zignago Holding SpA, Zignago Immobiliare Srl, Santa Margherita SpA, Santex Rimar Group Srl, Santex Rimar A.G. CH, M31 SpA, M31 Srl, Centervue SpA and Chairman of Smit Srl, Sole Director of Koris Italia Srl and CEO of Associazione Progetto Marzotto and Fondazione Progetto Marzotto.

Giorgina Gallo. Graduated in Company Administration at Turin University, and completed her managerial training at Cedep de l'Insead at Fontainebleau (Paris).
She pursued her career in the multinational company L'Oréal where she covered increasingly important managerial roles until becoming CEO and General Director of L'Oréal Saipo in 2001, head of two of the largest business units and of the production facilities.
From 2008 to 2013 she was appointed Chair and CEO of L'Oréal Italia, sector leader in Italy, which covered all the activities in the country (approx. 2,000 employees and Euro 1 billion revenues).
She has held numerous positions in various associations, among which: Vice Chairman of Cosmetica Italia, Vice Chairman of CentroMarca, member of the Council and Board of: Federchimica, Assolombarda, Unione Industriale Torino, GS1-ECR, Upa, Auditel. She has received important institutional recognition for her achievements obtaining, in 2015, the title of "Grande Officiale della Repubblicia Itaaliana" and in 2006 "Chevalier de l'Ordre National du Mérite della Repubblica Francese" and in 2012, the "Premio Bellisario".
Since 2014 she undertakes strategic consultancy for businesses and retail. From 2014 to 2017 she was an independent director of Telecom Italia and Autogrill and since 2016 of Intesa – S. Paolo.

Franco Grisan Graduated in Mechanical Engineering, and after working in the commercial and technical sectors with a major Italian oil group, in 1979 joined the Holding company of the Zignago Group as Director of Development Activities. He joined Zignago Vetro SpA in 1984 as the Commercial Director. In 1992, he was appointed the General Manager. He was Chief Executive Officer between 2000 and 2011 and Chairman from 2003 to 2016. Currently he is a Director of Zignago Vetro S.p.A., of Huta Szkła "Czechy" S.A. and of Verreries Brosse SAS, Chairman of Co.Re.Ve., Director of CONAI and member of the General Council of Confindustria Venezia.

Daniela Manzoni Suppiej She graduated in Corporate Economics from the Cà Foscari University in 1995.
Between 1995 and 1996 she carried out her Accountancy and Corporate Consultancy apprenticeship at the Michelutti firm of Udine, undertaking a masters at IAL FVG of Pordenone on the international expansion of SME's.
Between 1997 and 2012, she worked for the Coin S.p.A. Group as store manager, buyer and finally product manager, coordinating Fragrances and Cosmetics purchasing and positioning.
Since 2012 she carries out strategic, marketing and development consultancy for companies within the cosmetics and accessories sector.

Gaetano Marzotto. Graduated in Business Economics from the Bocconi University of Milan and carried out professional duties in various companies (Deloitte, Olivetti and Necchi), developing a great deal of experience in the sectors of business finance, management and control. In 1980, he joined the Mazotto Group, where he remained until becoming Vice-Chairman. He was the Chairman of Pitti Immagine and a board member of GGDB Holding SpA.
Between 2000 and the current date he has been Vice Chairman of J.Hirsch & Co Management & Consulting Srl, Chairman of Gruppo Vini Santa Margherita and a Director of Zignago Holding SpA, Hugo Boss AG., and Tipo SpA.
Since 2016 he is Chairman of Style Capital Sgr SpA.

Luca Marzotto. He graduated in Law from the "La Sapienza" University in Rome in 1995 and worked at the Marzotto Group since 1995.
In 1997, he assumed responsibility for sales in Asian markets for the Marzotto Textile Division, after a training course that spanned the entire production process of the textile-clothing supply chain: from production to management control, to marketing.

In 1998, he was Assistant to the Chief Executive Officer of Guabello S.p.A., a company specialised in the production of the highest quality wool and cashmere fabrics.
In 2000, he was in Tokyo as a Director of Marzotto Japan.
In 2002, he was appointed General Manager of Marzotto Trading Hong Kong, with control over all Marzotto S.p.A.'s activities in Asian markets.
In 2003, he was appointed Director of the Marlboro Classics Division, the sportswear division of Valentino Fashion Group S.p.A.
From September 27, 2005 to April 3, 2007 he held the office of Chief Executive Officer of Industrie Zignago Santa Margherita S.p.A. and was appointed Chief Executive Officer of Zignago Holding S.p.A. on May 10, 2007. On September 30, 2007, he was appointed Chief Executive Officer and Vice Chairman of Santa Margherita S.p.A.; he also became a Board member of the listed company Zignago Vetro SpA in this year.
He was a Board member of the Banca Popolare Friuladria S.p.A between 2007 and 2012, a Board member of the Valentino Fashion Group until November 2012 and is a Board member of Hugo Boss AG, as well as a member of the Working Committee and the Staff Committee of Hugo Boss AG.

He was a Board member of H-Farm Ventures S.p.A, Golden Goose SpA and GGDB Holding SpA and was an Independent
Board Member of Telecom Italia from 2014 till 2017.
Since May 2017, he in addition has been a Director of Forte_Forte Srl and since May 2018 of Isotex Engineering Srl, Sperotto Rimar Srl, Solwa Srl, Santex Rimar Group Srl and Smit Srl.
He has been the Chief Executive Officer of Cà del Bosco Srl – Società Agricola since June 2018 and the Sole Director of Lupo Srl - Società Agricola and Corte Servizi Srl since December 2018.

Stefano Marzotto. Graduated in Business Economics at the Ca' Foscari University of Venice and has held many professional positions or management roles with Italian businesses. Since 1980 he has been Responsible for Marketing at Gresicotto SpA, a company operating in the construction sector; from 1984 to 1991, he was the Purchasing Office Manager and Director of the Hotel Supply Centre of Jolly Hotel SpA.
He was the Chief Executive Officer of Margraf Industria Marmi Vicentini SpA between 1992 and 1996. Since 1988, he has held, and holds, the office of Director in some of the companies belonging to the Marzotto family, among which: Marzotto SpA, Gresicotto SpA, Zignago Vetro SpA, Santa Margherita SpA, Cà del Bosco Srl –agriculture company, S.M. Tenimenti Pile e Lamole e Vistarenni e San Disdagio Srl – Società Agricola, Zignago Power Srl and Villanova Servizi Srl. Since 2005 he has been the Chairman of Zignago Holding SpA and of Zignago Immobiliare Srl.
Since March 24, 2017 he has been Chairman of Vetri Speciali SpA, following the position of Vice Chairman from April 28, 2014. He is currently also Chairman of Tenute Santa Margherita Srl – Società Agricola, of Cantina Mesa Srl – Società Agricola, Chairman and since January 2019 of Cà Maiol Srl – Società Agricola.
Since September 2017, he has been the Chairman of Gest Hotel Immobiliare Srl and since November of the same year Chief Executive Officer.

Franco Moscetti. Born in Tarquinia (VT) in 1951, he began his career at the Air Liquide Group in 1973. After various experiences, in 1989 he was appointed General Director of Vitalaire Italia, a company specialised in home assistance services, with head office in Rome. In 1992 he transferred to Milan and in 1995 was appointed General Director and CEO of Air Liquide Sanità, sub-holding which covers all the health activities of the Group in Italy. In 1999, he was appointed CEO of the parent company Air Liquide Italia. While maintaining his responsibilities in Italy, in 2001 he transferred to Paris where he was head of the Hospital Division at international level and simultaneously, *Président-*

Directeur Général of Air Liquide Santé France, which is the most important subsidiary of the AL Group in the sector. He is a member of the Board of Directors of the most important international branches of the Group.
He received the "Oscar di Bilancio" (non-listed business category) in December 2000 by the then Treasury Minister Vincenzo Visco. In 2002, he was also honoured with the "Stella al merito del Lavoro" and the title "Maestro del lavoro" by the President of the Italian Republic Azeglio Ciampi. In June 2003, he received the "Ambrogino d'Oro" by the Mayor of Milan Gabriele Albertini and on December 5, 2013 with Presidential Decree of the French Republic was appointed "*Officier de l'Ordre National du Mérite*".
From December 2004 until October 2015 he was General Director and CEO of the Amplifon Group, listed on the Milan Stock Exchange and global leader in the "personal hearing solutions" sector and between November 2016 and June 2018 Chief Executive Officer of 24 Ore Group. He is currently the Sole Director of Axel Glocal Business S.r.l., company which he founded, and is also a member of the Board of Directors of Fideuram Investimenti SGR (as Vice Chairperson), of Diasorin S.p.A. and of SIAS Group (of which he is the Vice Chairman).
Holding a Doctorate in Industrial Sciences, with an Economic - Commercial focus, from the Akademie Herisau AR (CH), he is also a Senior Advisor at UBI Banca and Chairman of the Advisory Board of the "Life Care Capital" SPAC.

Manuela Romei Pasetti she Graduated in Jurisprudence from the University of Padova in 1965.
Between 1965 and 1969 she worked as a lawyer in relation to arbitration, tenders and public works; between 1970 and 1978 she was a Magistrate in Bassano del Grappa and between 1978 and 1987 she was a Magistrate in Venice.
She sat on the Court of Appeal of Venice until 1990, handling many processes, a number of which with important consequences in relation to the issues of drugs and kidnapping.
Between 1990 and 1998 she was the Vice General Prosecutor of Venice, handling preventative measures for the seizure of assets and collaborating – as a member of the commission of Prof. Gallo – on the Law Reform Bill.
Between 1998 and 2002 she acted as a member of the High Court, subsequently from 2002 to 2008 as a General Lawyer of the Milan Prosecutors Office.
Between March 2008 and February 2012, she was the first woman to act as the Chair of the Venice Court of Appeal.
On February 2, 2012, she was appointed as Head of the Department of Juvenile Justice of the Ministry of Justice, with the duty to re-organise the Department, a role which she held until March 31, 2012.
In June 2009 she was awarded the Marisa Bellisario Award "Women for Real Justice";
Between April 1, 2012 and February 25, 2013 (resignation) she was a member of the Supervisory Board of Finmeccanica.
Since October 1, 2012 she has been a member of Board of Directors of Banca Nuova. She resigned on December 2, 2016.

Attachment 2 – List of offices held by each director in other listed companies including overseas, in financial, banking and insurance companies or of significant size.

In the table below, the offices held on Board of Directors' or Board of Statutory Auditors' in quoted or non-quoted companies by members of the Board of Directors of the Company at December 31, 2018 are reported:

Name	**Company**		**Office**	
Paolo Giacobbo	Verreries Brosse SAS	*	Chairman	**
	Huta Szkla Czechy S.A.	*	Chairman	**
Nicolò Marzotto	Zignago Holding SpA	*	Director	**
	Santa Margherita SpA	*	Director	**
	Verreries Brosse SAS	*	Director	**
	Huta Szkła Czechy S.A.	*	Director	**
	Retail Food Srl		Chairman & Chief Executive Officer	
	Rome Innovation Hub		Chairman	
Alessia Antonelli	--		--	
Ferdinando Businaro	Santex Rimar Group Srl		Chairman	
	Santex Rimar A.G. CH		Director	
	Zignago Holding SpA	*	Director	**
	M31 SpA		Director	
	Centervue SpA		Director	
	Koris Italia Srl		Sole Director	
	Santa Margherita SpA	*	Director	**
	Zignago Immobiliare Srl	*	Director	
	Adant Srl		Director	
	M31 Italia Srl		Director	
	Associazione Progetto Marzotto		Executive Director	
	Fondazione Progetto Marzotto		Executive Director	
	Smit Srl		Chairman	
	Isotex Engineering Srl		Director	
Giorgina Gallo	Intesa S. Paolo SpA		Director	**
	Giga 14 Sas		Sole Director	
Franco Grisan	Huta Szkła "Czechy" S.A.	*	Director	**
	Verreries Brosse SAS	*	Director	**
	Co.Re.Ve		Chairman	
	CONAI		Director	
	Confindustria Venezia		Member of the General Council	
Daniela Manzoni	--			
Gaetano Marzotto	J. Hirsch & Co. Management & Consulting Srl		Vice Chairman	
	Zignago Holding SpA	*	Director	**
	Santa Margherita SpA	*	Chairman	**
	Hugo Boss AG		Director on Supervisory Board	**
	Tipo SpA		Director	

	Style Capital sgr SpA		Chairman	**
Luca Marzotto	Zignago Holding SpA	*	Chief Executive Officer	**
	Santa Margherita SpA	*	Vice chairman	**
	Ca' del Bosco Srl - Società Agricola	*	Chief Executive Officer	**
	Lupo Srl – Società Agricola	*	Sole Director	**
	Corte Servizi Srl	*	Sole Director	**
	S.M. Tenimenti Pile e Lamole e Vistarenni e San Disdagio Srl - Società Agricola	*	Chairman	
	Vetri Speciali SpA	*	Director	**
	Zignago Power Srl	*	Chairman	
	Zignago Servizi Srl	*	Sole Director	
	Multitecno Srl	*	Director	
	Villanova Servizi Srl	*	Chairman	
	Villanova Energia Srl		Chairman	
	Hugo Boss AG		Director and member Working Personnel Committee	**
	Centervue SpA		Chairman	
	Forte_Forte Srl		Director	
	Isotex Engineering Srl		Director	
	Sperotto Rimar Srl		Director	
	Solwa Srl		Director	
	Santex Rimar Group Srl		Director	
	Smit Srl		Director	
Stefano Marzotto	Zignago Holding SpA	*	Chairman	**
	Santa Margherita SpA	*	Director	**
	Ca' del Bosco Srl. - Società Agricola	*	Director	**
	S.M. Tenimenti Pile e Lamole e Vistarenni e San Disdagio Srl - Società Agricola	*	Vice Chairman	
	Tenute Santa Margherita Srl – Società Agricola	*	Chairman	
	Cantina Mesa Srl – Società Agricola	*	Chairman	
	Cà Maiol Srl – Società Agricola	*	Vice Chairman	
	Vetri Speciali SpA	*	Chairman	**
	Huta Szkła Czechy S.A.	*	Director	**
	Zignago Power Srl	*	Director	
	Zignago Immobiliare Srl	*	Chairman	
	Multitecno Srl	*	Chairman	
	Villanova Servizi Srl	*	Director	
	Gest Hotel Immobiliare Srl	*	Chairman and CEO	
Franco Moscetti	Axel Glocal Business Srl		Sole Director	
	Diasorin SpA		Director	**
	Fideuram Investimenti Sgr		Director (Vice Chairman)	**
	Il Sole 24 Ore SpA		Chief Executive Officer (departing in June)	**

	SIAS Group	Director (since November - Vice Chairman	**
Romei Manuela	Banca Nuova	Director	

* related company

** Disclosure pursuant to article 144 of the Consob Issuer's Regulation

Attachment 3 – curriculum vitae of the members of the Board of Statutory Auditors

Alberta Gervasio. She graduated in Economic Sciences and Banking at Udine University and received an Executive Master for Board of Directors and Statutory Auditors of public and private companies at the Business School Il Sole24Ore. Enrolled is in the Auditors’ Register since 1999.
She has been a member of Nedcommunity, an association of non-executive and independent directors, since 2015.
After a decade of experience in the auditing sector within the Group Ernst & Young she was appointed Administration and Finance Director of Snaidero Rino Spa.
In 2012, she joined the Bluenergy Group Spa where she is the General Director.
She is the Chairman of the Board of Statutory Auditors of Zignago Vetro Spa since April 28, 2016.

Stefano Meneghini. Graduated in Economics and Commerce from the University of Studies of Venice "Ca' Foscari". He is a member of the Accountants’ Register and of the Auditors’ Register and since 1994 has provided tax and corporate consultancy services to companies.
He has been a statutory auditor with Zignago Vetro SpA since May 2012.

Carlo Pesce. Graduated in Economics and Commerce from the University of Studies of Venice "Ca' Foscari". He is a member of the Accountants’ Register of Venice and of the Auditors’ Register. He is involved in tax, corporate and financial statements consultancy with businesses.
He is a founding partner of Studio Grimani & Pesce, Certified Accountants, with head offices in Venice Mestre.
He is a member of the Board of Statutory Auditors of various Italian companies, Chairman of the Board of Statutory Auditors of the co-operative credit institution, a member of the Supervisory Board of foreign companies and member of the Credit Union Audit Board. He is an expert in business and corporate evaluations.
He has been a statutory auditor with Zignago Vetro SpA since March 22, 2007.

Chiara Bedei. Graduated in Economics and Commerce from the University of Studies of Venice "Ca' Foscari" in 1994. Member of the Accountants Register of Padova since 1998 and of the Auditors Register since 1999. In 1996 she became a Professional Consultant at the Studio Associato di Consulenza Tributaria of Padova, becoming an Associate in 2007.
He has been a Partner of the firm since January 2012.
He has been an alternate auditor with Zignago Vetro SpA since April 29, 2013.

Cesare Conti. He is an Associate Professor of Business Finance in the Finance Department of the Bocconi University in Milan, where he teaches “Business Finance”, “Financial Management & Markets” and “Financial Risk Management in Companies”, for undergraduate, graduate and Master courses in Italian and in English. He is author of numerous publications in: 1) company finance and business valuations; 2) management of business risk and financial risks; 3) governance, management, reporting, valuations and reporting in financial statements of derivative products.
He is an independent consultant on business evaluations, company finance and financial risk management, with particular reference to operations of new funding, refinancing, debt restructuring and settlement/restructuring, closure of derivative products.
He has been an alternate auditor with Zignago Vetro SpA since April 28, 2016.

ZIGNAGO VETRO S.p.A.
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