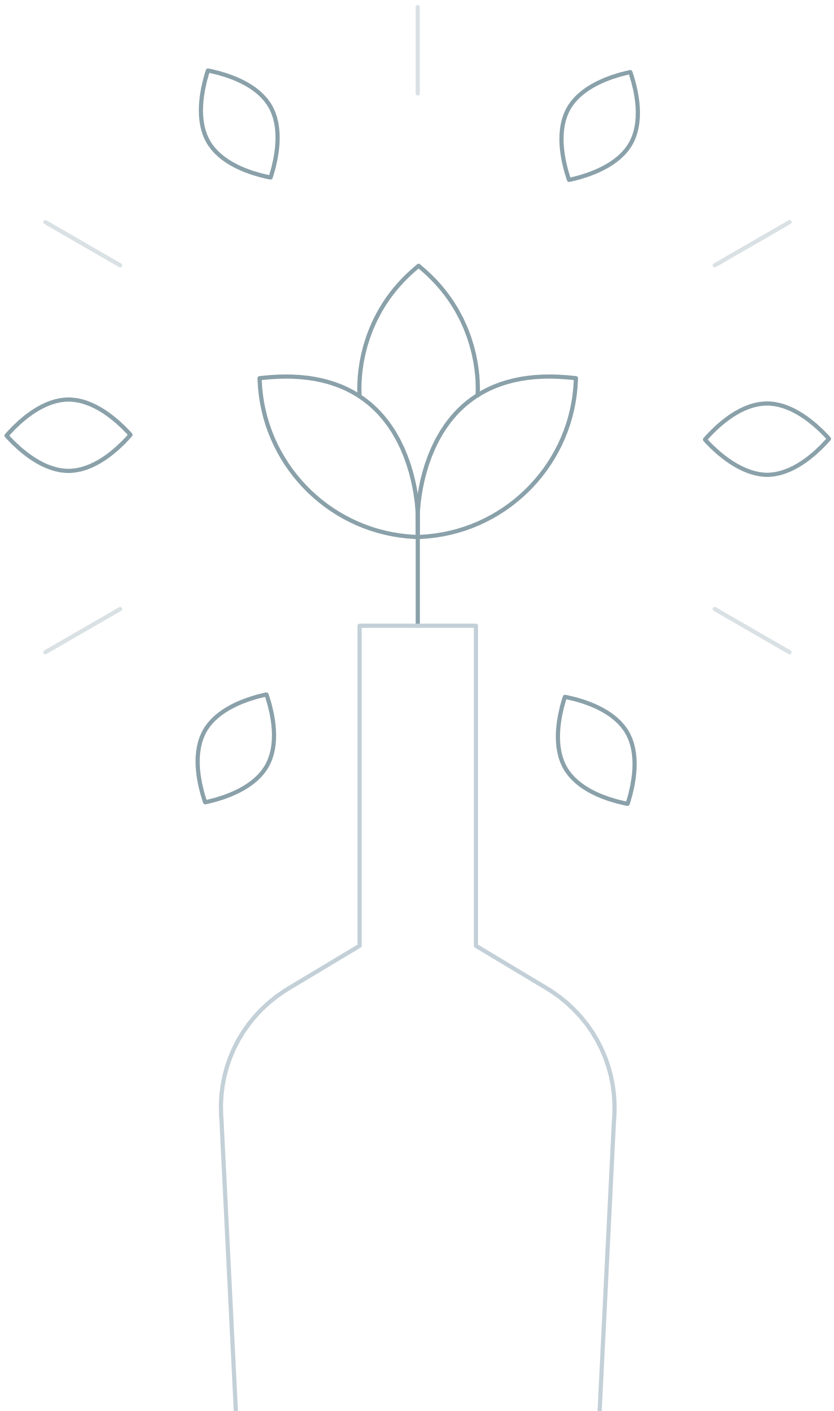
CONSOLIDATED NON-FINANCIAL REPORT IN ACCORDANCE WITH ITALIAN LEGISLATIVE DECREE 254/2016

Sustainability Report 2019



ZIGNAGO VETRO

Table of Contents

1. Introduction

The 2019 Sustainability Report is our means for communicating the annual results of the Zignago Vetro Sustainability program to its own stakeholders.

This document was prepared using the "**Global Reporting Initiative Sustainability Reporting Standards**" (hereinafter GRI Standards) issued by the "Global Reporting Initiative" in 2018 as a technical-methodological reference. These standards are integrated with the **Sustainable Development Goals**, or **SDGs**, developed with the United Nations 2030 Agenda.

The perimeter of this Report extends to all the Group's companies that fall under the consolidated report prepared in compliance with the IFRS 11.

More specifically, this includes:

- (A) Zignago Vetro S.p.A. - holding company
- (B) Zignago Vetro Brosse S.A.S
- (C) Zignago Vetro Polska S.A.
- (D) Vetro Revet S.r.l.

However, Zignago Glass USA is not included, as for the purposes of this report it as considered irrelevant. The period of reference taken into consideration is 2019.

Hereinafter, the above-mentioned parent company of Zignago Vetro S.p.A. is also simply referred to as the Group, or Zignago Vetro.

2. Letter to Stakeholders

The year 2019 was another important year for Zignago Vetro, during which the Group reached new goals, above all in terms of turnover and marginality. The investments made over recent years and the management decisions taken have continued to produce significant results, which have gone well beyond forecasts.

All this was made possible thanks to decisions shared within the organisation and the commitment of all personnel: a close-knit, capable, and above all strong team with an extraordinary capacity to focus on corporate objectives, as well as an outstanding sense of identification with the company, and a solid corporate culture that is continually fuelled and consolidated.

The challenges that our companies must face every year also serve this purpose: they test us, prompting the constant rethinking of issues, the cautious assessment of decisions, and the taking of actions that may also be particularly difficult, above all when they are bucking the trend.

This was a positive year for glass, a packaging material with extraordinary qualities in terms of safety, healthiness and recyclability. An ancient material yet always new, which is rediscovering an increasing demand among consumers.

In this context, we believe that our Group has been successful in presenting itself, gaining visibility, and earning the trust of new clients, new investors, and new contacts in general.

And like glass, which is always true to itself while adapting to the needs of our contemporary society, the Group has also continued to renew itself, without ever betraying its own identity, and in this way decided to adopt a new company logo.

It was a year during which attention to the topics of sustainability were boosted in all the Group's companies: tangible actions were taken to make overall improvements, including increased efficiency and upgrading, and obtaining new certifications.
The recovering and recycling of glass cullet has grown further and significantly, with a new plant dedicated specifically for this purpose – currently under construction – and expected to open early next year. Production with the reuse of glass scraps, and so with recycled material, has also increased again, reaching 47%. Concerning the energy aspect, the Group has further improved its own efficiency in the use of energy sources by approximately 5.5% and has significantly increased the amount of electricity from renewable sources, which has reached almost 41% of the total. Moreover, the Group has succeeded in further optimising the production process by reducing specific CO_2 emissions by nearly 6%. Finally, just to mention the main results achieved, specific consumptions of water resources were reduced by 33.9%; a highly significant result and the result of important investments made.

We have succeeded in focussing on a high and growing level of attention on topics related to health and safety in the workplace, especially concentrating on the continuous improvement of all aspects of the working environment.

Once again, this year, the Group presented itself as a player capable of offering training and career opportunities, significantly increasing the number of people employed. We continued an ongoing and constructive dialogue with the trade-unions, reaffirming a positive and collaborative environment of which we are extremely proud.

Therefore, it was a year during which we have achieved outstanding results for sustainability, certainly a topic that is increasingly important and of interest to us all. For this reason, we have decided to invest in corporate culture, embarking on training initiatives and, for the first time, publishing our first Sustainability Report (and third Non-Financial Disclosure).

It was an important result, achieved through the ESG Committee's effort, which for the past few years has been paving the way towards a management that is increasingly aware of and attentive to sustainability issues. This Sustainability Report was intended as a means of sharing more information about our companies, their management logics, the sustainability objectives that we have established and their measurement, as well as our sustainability governance that is structured, strict, and rewarding.

Additionally, for those different types of stakeholders who consider us a source of value and an opportunity to profit from savings and capital, we believe that we have continued to act as a serious and reliable counterparty.

All this makes us proud and gives us reason to believe that the Group is following a virtuous path, capable of combining attention, care, and passion in corporate management while meeting the demands of our own stakeholders, fully aware that the foundations of our company's growth and profits lie therein.

Regardless of the progress made and regardless of the achievements, there is still much to do, and this is our commitment: "to continue and to improve every day to build our future".

"This Sustainability Report was intended as a means of sharing more information about our companies, our management logics, our sustainability objectives that we have established and their measurement, as well as our sustainability governance that is structured, strict, and rewarding".

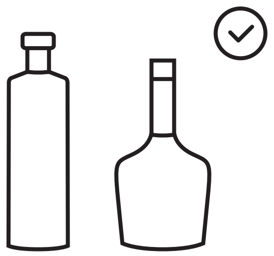
Paolo Giacobbo
PRESIDENT AND CHIEF EXECUTIVE OFFICER

3. Glass: sustainable raw material

Glass has no equals: it is hygienic, healthy, eco-friendly, infinitely recyclable, and safe. An ancient material yet perfectly contemporary, made of recycled glass, sand, sodium and calcium carbonates and other elements, all of which are 100% natural materials.

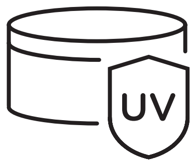
Classified by 78% of Europeans as the best packaging[1], glass presents unique qualities in terms of health, taste, and sustainability.

The sustainable characteristics of glass as a raw material mean that **any glass product itself is, in turn, sustainable**. Once a glass product is no longer used, it is returned to the recycling chain, making it possible, on one hand, to reduce the use of virgin raw materials and, on the other, to reduce emissions.



FOOD SAFETY

Glass is chemically and biologically inert, with a consequential absence of reactions with the substances that it contains and without the release of hazardous chemical substances; glass can also be easily sterilized and sanitized.

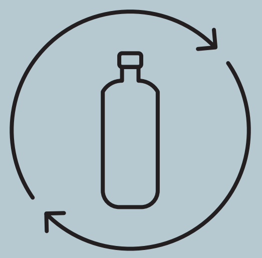


PERFECT PRESERVATION

Glass is the only material that perfectly preserves the original flavour of foods and drinks without altering the content. Thanks to its structure, it is a perfect barrier against gases from both outside-in and vice-versa; it also makes it possible to protect foods from external factors, like UV rays, light, and sudden climatic changes.

TRANSPARENCY, ELEGANCE, AND IDENTITY

Thanks to its intrinsic qualities, glass makes it possible to easily see the colour and consistency of the contents. Moreover, glass packaging has a peerless appeal in terms of quality, sensory perception, and aesthetic design, capable of creating a unique consumer experience.



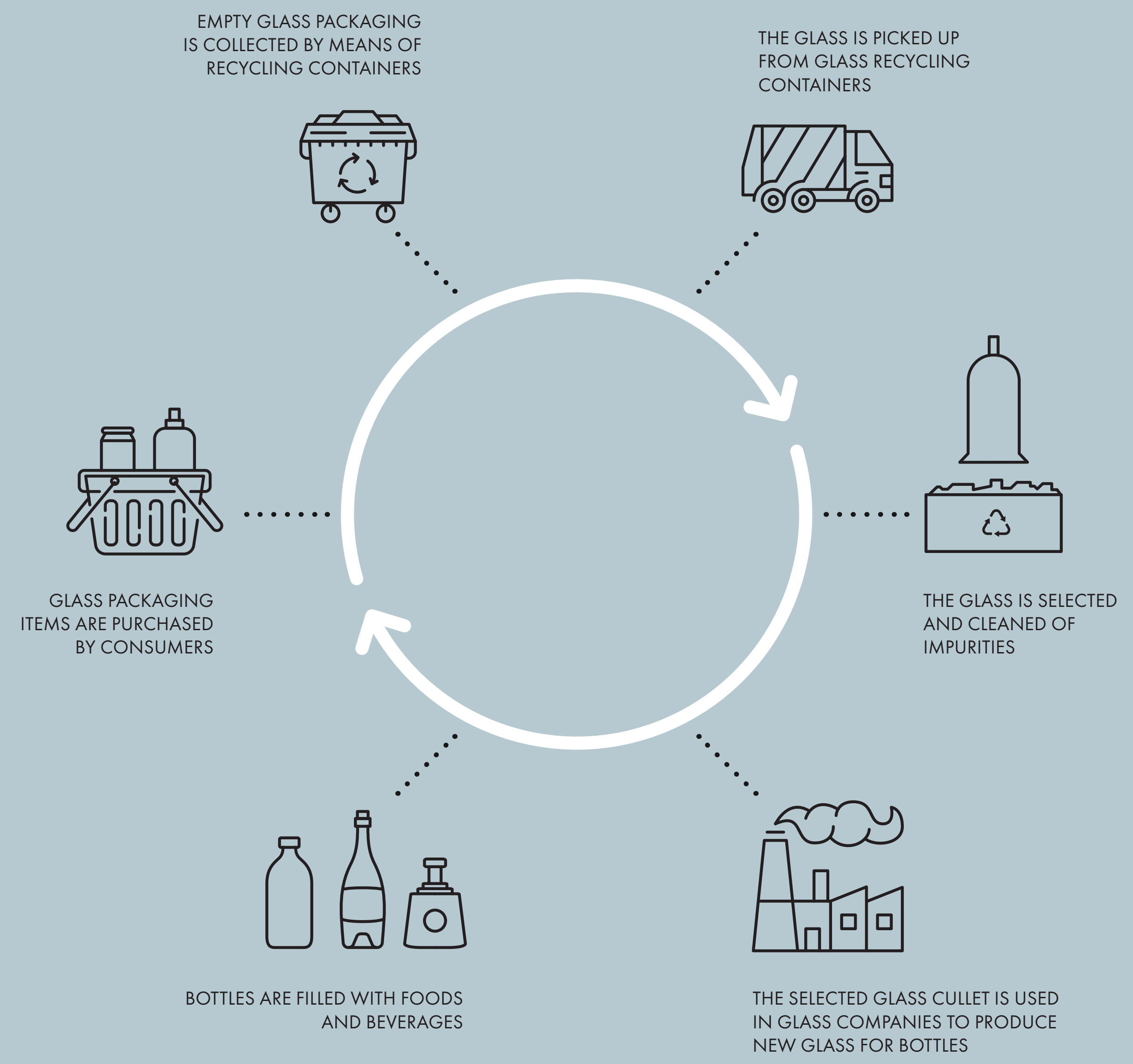
TOTAL AND INFINITE RECYCLABILITY

Glass is in harmony with nature and makes it possible to protect natural resources. Glass does not dissolve into microparticles that are dangerous for the eco-system and can be used an infinite number of times: a glass container always gives rise to another glass container, with the same characteristics and qualities of the previous one.

3.1 THE CIRCULAR ECONOMY OF ZIGNAGO VETRO

Glass adapts perfectly to a circular economy as it is 100% recyclable, for an infinite number of times, and without deteriorating the quality of the new container[2].

Today, glass cullet is Zignago Vetro's main raw material: using cullet makes it possible to reduce the energy consumption necessary for its fusion, to lower CO_2 emissions, to lower the consumption of virgin raw materials, and to dispose a smaller quantity of wastes in landfills. The use of **1t of glass cullet** adds up to **a savings of 1.2 t of virgin raw materials** (sand, sodium and calcium carbonates, dolomite). For every 10% of cullet used instead of raw materials, there is a savings of up to 3% in fusion energy and a 5% reduction in CO_2[3] emissions. Zignago Vetro's commitment to recycling and the use of cullet is demonstrated by the important investments made over the years in plants for the collection and processing of glass cullet: this not only represents a real Group commitment to reduce the environmental impact, but also establishes Zignago Vetro as a driving force in the circular economy.



Today Zignago Vetro works in the treatment and processing of glass cullet through three companies:

1.
Vetreco S.r.l.
since 2012

2.
Vetro Revet S.r.l.
since 2017

3.
Julia Vitrum S.p.A.
founded in 2019

Furthermore, the Group continues to invest in the recycling supply chain with the aim to improve the treatment process and increase the recycling itself.

Therefore, glass collected from the recycling loop represents a priority for Zignago Vetro's production process and for the entire glass packaging industry. As of today, the limits to the usage of cullet rely on its availability: currently the average European collection rate for recycling amounts to 76%.
For this reason, Zignago Vetro is involved in several actions whose purpose is to increase clients' and consumers' awareness of recycling: the company collaborates with glass associations on both national and European levels (FEVE and Assovetro) in order to promote the quality and quantity of collected glass; it also joined FEVE's initiative to reach – by 2030 – **a 90% average collection rate for recycled glass**[4].

4. 2019 in brief

Below is a brief report of the most significant KPIs for the Group, in terms of economic, environmental, and social performance.
These indicators will be analysed in greater detail in Chapter 8.

KPIs	2017	2018	2019	VARIATION 2019/2018
Group Turnover	337,0	376,5	420,5	11,7%
EBITDA	91,6	104,3	118,1	13,2%
EBIT	53,3	64,5	69,2	7,2%
Technical investments (Mln€)	66,8	94,3	66,1	-29,9%
Group ROI	15,57%	16,34%	15,53%	-6,11%
% Glass cullet out of total raw materials	40,8%	42,9%	46,5%	+8,4%
Total energy/glass produced (kWh_{eq}/kg)	2,532	2,546	2,406	-5,5%
% Renewable electricity out of total	28%	30,9%	40,6%	+31,4%
Water consumption/glass produced (m^3/ton)	6,12	6,41	4,24	-33,9%
CO_2 Emissions (scope1+ scope 2)/ glass produced (ton CO_2 /ton)	0,695	0,686	0,647	-5,7%
Total wastes/glass produced (kg/ton)	16,23	12,35	10,65	-13,8%
Group Employees as of 31 December	1.608	1.679	1.733	+3,2%
Employees in Italy	635	704	752	+6,8%
Employees in other nations	973	975	981	+0,6%
Accidents in the workplace	56	47	46	-2,1%
Hours of training	13.460	16.594	16.874	+1,69%

5. Zignago Vetro: identity of a Group that continues to grow and evolve.

Zignago Vetro is part of Zignago Holding, a company where glassworks merge with other businesses, in particular those of wine production and of electricity generation from renewable sources.

Zignago Vetro was founded in the middle of the past century when Gaetano Marzotto decided to convert a vast stretch of land that had always been uncultivated to agricultural-industrial productions, which successively gave rise to the first productions of glass containers. This was the birth of Zignago Vetro, with its first plant located in Fossalta di Portogruaro.

The founder's original objective was to radically transform the quality of agricultural labour through the mechanisation of production and professional education.

It was not only an entrepreneurial experience, but also a social one: together with the company the founder created a working structure and buildings dedicated to the society (a nursery school, elementary school, theatre, etc.) and to the people (dwellings for employees), that represented a fundamental step in the birth and development of a new social-economic context that over time evolved considerably, and even today continues in its growth trajectory.

Zignago Vetro has succeeded in assimilating the essence of its founder's message, developing its businesses over the decades , thanks to the fundamental contribution of the employees, their ties to the territory, and to the strategic vision that has made it possible to seize the growth opportunities that the market offered.

The commitment of the Marzotto family to the community has remained constant, growing alongside the company, and finds its expression through an ongoing attention on the reduction of its environmental impact and important investments in infrastructures and social initiatives.

Today, the Zignago Vetro Group is among the leading producers of hollow glass containers in Italy and is one of the most important companies in its sector on an international level. This result is the result of steady growth, thanks both to the development of its own plants and the acquisition of manufacturing glass companies and plants, many of which were dealing with situations of dire financial insolvency.

Zignago Vetro has succeeded in integrating the new businesses acquired, boosting their development and profitability while safeguarding jobs and promoting the social-economic context. Since 1987, six production plants have been acquired – and a new one has been built – which today operate within the four glass companies of the Group, distributed among Italy, France, and Poland. They were carefully developed, following a logic of cautious investment and efficient allocation of assets.

Moreover, starting from 2011, the Group has integrated its glass-related activities with those dedicated to glass collection and recycling: this was a fundamental step for the sustainable development and for the glass production. Indeed, glass is a packaging material that is 100% recyclable, for an infinite number of times and without deteriorating the quality of the new container.

Today the Group works with two glass treatment plants, while a third one is under construction.

This will enable Zignago Vetro to further reinforce its own position as an absolute leader in this sector in Italy.

The parent company Zignago Vetro has been listed since 2007 on the Milan Stock Exchange, where it is present in the FTSE Italia Mid Cap and FTSE Italia STAR indexes.

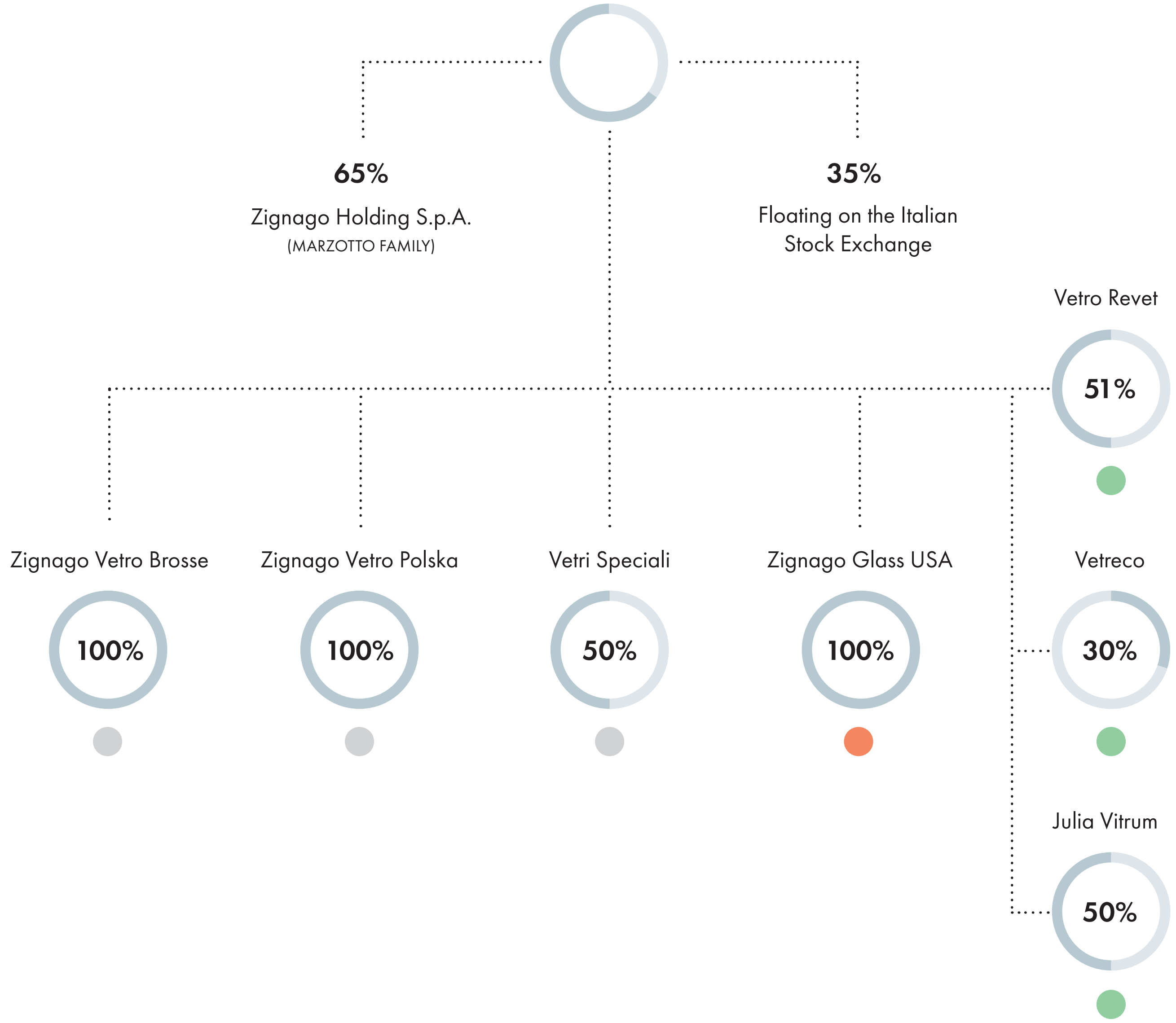
- 1979 – **Portogruaro** Plant: F&B + C&P
- 1987 – Acquisition of the **Empoli** plant: F&B
- 1994, 1995, 2002, 2004 – Acquisition of plants for the production of special containers, later grouped in **Vetri Speciali**
- 2002 – Acquisition of **Zignago Vetro Brosse** in France: : luxury perfumery
- 2007 – Listed on the Italian Stock Exchange
- 2011 – Acquisition of **Zignago Vetro Polska** in Poland: C&P + F&B
- 2013 – **Vetreco**: recycling of glass cullet
- 2017 – Acquisition of **Revet**: recycling of glass cullet.
- 2019 – **Julia Vitrum** (start-up): recycling of glass cullet

5.1 STRUCTURE AND ACTIVITY OF THE ZIGNAGO VETRO GROUP

The Zignago Vetro Group is now one of the leading companies in the production and commercialization of glass containers both in Italy and globally. The growth of the Group is marked by a progressive diversification of its activities in a variety of market sectors, which range from beverages to foods, to cosmetics, to perfumery, to special containers, and even pharmaceuticals.
This aspect makes Zignago Vetro the most diversified manufacturing glass company in the world.

The Group's growth occurred and even today continues to be based on some strategic principles and business models that focus on flexibility and efficiency in production, on customer service, and on innovation. All these characteristics were made possible by the expertise gained over the years in all the business units that form the Group.

2019 (€m)	MARKET SEGMENTS	PRODUCTS	MAIN CHARACTERISTICS	COMPETITIVE ADVANTAGES
Sales € 230,1	Food & Beverage Cosmetics & Perfumery		Flexibility, efficiency, and technical know-how are keys to success. Focus on selected segments of food & beverage and cosmetics & perfumery.	✓ **Flessibility** ✓ **Quality**
BROSSE Sales € 56,9	Luxury Perfumery		Extraordinary catalogue of high-quality and efficient products. Focus on the luxury perfumes market.	✓ **Quality** ✓ **Innovation**
POLSKA Sales € 49,4	Food & Beverage Cosmetics & Perfumery		Wide range of personalised products for niches of the global glass containers market for cosmetics & perfumery and for food & beverage.	✓ **Personalisation** ✓ **Production of small lots**
VETRI SPECIALI Sales € 93,2	Special containers		Highly personalised special glass containers, produced in very small lots with the utmost attention to efficiency.	✓ **Personalisation** ✓ **Production of small lots**
VETRECO Sales **€ 4,6** **VETRO REVET** Sales € 7,3 **JULIA VITRUM** Sales € n.a.	Glass cullet recycling		Cutting-edge technology for processing cullet according to the highest standards of colour separation to produce the best quality of finished cullet.	✓ **Located in strategic areas with a strong growth potential**



GLASS COMPANIES SALES OFFICE GLASS RECYCLING

Business units

ZIGNAGO VETRO

Zignago Vetro S.p.A. operates in the food & beverage, cosmetics & perfumery and pharmaceutical markets with two plants, one in Fossalta di Portogruaro (VE) and one in Empoli (FI).

ZIGNAGO GLASS USA

Zignago Glass USA Inc. works as a sales agency to promote the European glass productions of the Group on the American market.

ZIGNAGO BROSSE FRANCE

Zignago Vetro Brosse S.A.S. is a French company that works in the glass containers market for high-end perfumery with a plant located in Normandy, in the heart of a district with a historic tradition in the production of sophisticated bottles for luxury perfumes. It also produces quality bottles to be used for luxury perfumery and spirits, created with semi-industrial production processes.

VETRI SPECIALI

Vetri Speciali S.p.A. produces and markets personalised bottles, targeting premium and high-end wines, oils, and liqueurs, created in original shapes with a wide range of colours and also in very small lots. The company operates with 4 plants located in north-eastern Italy.

ZIGNAGO VETRO POLSKA

Zignago Vetro Polska S.A., with offices and a production plant in the region of Mazovia, near Warsaw, works in specific niches of the worldwide market of glass containers for cosmetics and perfumery as well as for food and beverage, offering a wide range of personalised products.

vetreco vetro revet JVLIAVITRVM RECYCLING

Vetreco S.r.l. and Vetro Revet S.r.l. are companies that operate in the areas of processing and commercialization of glass cullet intended for the reuse in glass companies.

Julia Vitrum S.p.A., a company just recently incorporated in 2019, operates in the same sector. The launch of its operations is set for the first months of 2021.

The historic growth and evolution of the Group goes together with a steady growth not only in turnover, but also in economic-financial results.
The data presented below concerns all the Business Units.

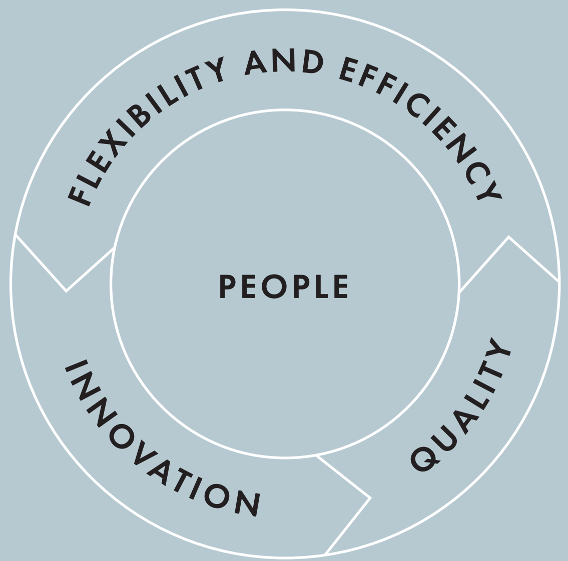
The Zignago Vetro Group in brief (2019)

420,5 million	10	2608	4	over 2,5 billion
TURNOVER	PLANTS	EMPLOYEES	NATIONS	CONTAINERS PRODUCED EVERY YEAR

Sales and EBITDA (1988-2019)

5.2 THE BUSINESS MODEL AND STRATEGIC ORIENTATION

The outstanding factors that characterise the Zignago Vetro's business model, on which the Group's strategic orientation is founded, are the following:



- **production flexibility and efficiency**, essential conditions that enable the Group to operate in often truly diversified niche markets. Indeed, Zignago Vetro offers products that differ greatly, ranging from standard manufacturing to personalised items, to those offering very significant innovations, up to the production of special containers featuring shapes, colours, dimensions, and production lots that are extremely far from the conventional ones;

- **customer service**, intended as an added value that is expressed through flexibility in responding to changing market demands, after-sales assistance, and a transparent and collaborative approach;

- **product and process innovation**, which allows to constantly pay a high attention in making products in the best possible way;

- focus on the **human component**, an essential and distinctive element for the growth and strengthening of the Group's position in the market.

Another particular element of Zignago Vetro's strategy is vertical integration, which has made it possible to flank glass container production with other complementary activities, more specifically:

- decoration services - silk screening and lacquering - on glass containers produced by Zignago Vetro Polska, which has built and developed over the year a business unit capable of providing Group's companies and the market with top quality services;

- mould production, installed in a specific workshop managed by Zignago Vetro Polska;

- processing and commercialization of glass cullet from differentiated urban waste collection: this activity has been expanded steadily over the years and it is also part of the Group's growth guidelines for the near future as Julia Vitrum – a new company located in north-eastern Italy – will be opened. The Group wants to maximise the recycling of glass because it represents a significant source of savings in terms of consumption of raw materials and energy, as well as a reduction in climate-altering emissions. **Glass recycling is therefore one of the key points of the Group's sustainability strategy**.

5.3 THE MISSION, THE VISION, AND THE VALUES

As early as 2008, the Zignago Vetro Group adopted its own Code of Ethics, which defines the underlying inspirational and behavioural principles of the process for value creation (for shareholders, for employees, and for the community in general) and the development of business. These principles must be implemented in a long-term and sustainable manner through fair relationships with clients and suppliers and with respect for the dignity of all people who, through their work, contribute to the success of the company itself [5].

The Code of Ethics is subject to constant updating and revision in realtions with contributions received from stakeholders, as well as with the evolution of legislative measures, international best practises and, finally, according to the know-how acquired in the application of the Code itself.

Below is a significant extract of this document:

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

5.3.2 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.

5.3.3 VALUES

The founding values shared by the Group are:

1. Rigour in the performance of work at all levels

2. Transparency in internal and external relations

3. An ethical approach to corporate conduct

4. Passion in the implementation of the Group's mission

5. Sustainability as an integral part of the strategy of Zignago Vetro Group.

6. ESG Governance

The integration of ESG ("Environmental, Social, Governance") factors within the organisational and industrial process of Zignago Vetro enables a better understanding of the risks and opportunities, while optimising the value creation for all the stakeholders in the long term.

In compliance with the main contents in the Sustainable Development Goals of the United Nations for 2030 (SDGs), Zignago Vetro is committed to:

1. incorporating ESG issues in all corporate functions;

2. integrating ESG issues in the business model and in the industrial and economic management;

3. asking for adequate informative documentation concerning ESG issues from the company's suppliers;

4. promoting the acceptance and actuation of the principles among company personnel, in the community, and in social projects that the Group promotes;

5. collaborating to improve the efficiency in the implementation of the principles. More specifically, Zignago Vetro is committed to foster the awareness of sustainability topics for their own stakeholders, especially concerning their own products and their evolution;

6. regularly consulting with stakeholders on the main issues;

7. communicating out of the company and to all stakeholders the activities carried out and the progress made in the realization of the principles.

Zignago Vetro has progressively integrated the ESG issues and the SDGs principles in its own Business Model.

The reason is linked to the full awareness that "sustainability" - a series of intangible elements that go hand in hand with the assets and the tangible elements of business - is the only guarantee to be able to hypothesise a long-term leading position of the Group within its industrial category.

Furthermore, sustainability is a characteristic that Zignago Vetro believes can be traced directly to the **circularity of production factors typical of this sector**.

6.1 ESG STRUCTURE AND GOVERNANCE

ESG Committee (ESG guide and responsibility)	✓
ESG Coordinator	✓
ESG Consultants	✓
ESG Policies	✓
System of ESG objectives and measurement of their achievement	✓
ESG Strategy	✓

In order to correctly define the roles and responsibilities and reach **ESG objectives**, Zignago Vetro has set up an **ESG Structure** and **ESG Governance**, believing that they are fundamental for the progressive actuation of the 2030 Agenda. This document initially defines the ESG objectives generally, followed by a more definitive plan over a precise period of time.

ESG Governance requires an explicit attribution of responsibility throughout the organisation and is structured as follows:

ESG Committee: guide and responsible for the Group's ESG plan

In order to make sustainability an integral part of the organization, the Group has constituted an internal Committee (named "ESG Committee") consisting of some of the most important Group's executives, members of the Internal Executive Committee, so as to guarantee that all the main corporate functions are represented.

During the meeting held on 2nd May 2019, the Zignago Vetro Board of Directors formally instituted this Committee, which meets at least once a month.

This organisational model is deemed to be the best method for guaranteeing efficient and effective action of ESG issues.

The ESG Committee is required to identify the Group's ESG policies and strategy. It therefore defines the degree of importance of ESG factors that may have an impact on Zignago Vetro business, on its investments, and on its stakeholders, taking into account the reports drafted by the ESG Coordinator.

The ESG Committee is also charged with monitoring, analysing and addressing all the processes, activities, results and initiatives that directly or indirectly concern the sustainability issues in the Group's subsidiaries.

ESG Committee, left to right: Maurizio Guseo (President and General Manager France), Roberto Cardini (General Manager Italy), Paolo Zannier (Safety and Environmental Quality Manager and ESG Coordinator), Roberto Celot (Chief Financial Officer and Investor Relations), Michele Pezza (General Manager Poland), Sergio Pregliasco (Technical Director). The Committee also includes Leonardo Gestri (Human Resources Manager).

The Committee deals with any potential updates of the list of stakeholders and the materiality matrix that contains the most important sustainability issues for the Group. The Committee is also required to identify and monitor the corporate sustainability objectives formally assigned to each company function. The ESG Committee report to the Zignago Vetro Internal Executive Committee.

ESG Coordinator

Reports to the ESG Committee and is responsible for guaranteeing, supervising, and improving the implementation of the Zignago Vetro ESG policy within the organisation by collecting reports and information provided by the operating companies and subsidiaries and by the main company functions.

ESG Consultants

In order to better focus on the ESG issues and to effectively concentrate the efforts on the pursuit of the SDGs, Zignago Vetro cooperates with some external consultants with experience and multidisciplinary training. The collaboration with these professional figures covers aspects linked to both the initiatives taken to improve performance on ESG issues and the relative communications.

Consultants were involved, or may be involved in the future, in specific topics like:

– policies and procedures for all the ESG issues;

– training programmes on health and safety;

– training on other ESG topics;

– internal and external audits on ESG topics;

– Diversity Programs with the purpose of promoting various know-how and skills and reaching an increasingly integrated working environment that is sensitive to people.

ESG Policies

Consistently with the descriptions above, the objective of Zignago Vetro ESG Policies is to affirm and clarify how said principles will be integrated into the industrial and operational process of all the businesses.

Through the integration and the implementation of these principles within the Corporate Governance and all the other company's policies and procedures (ESG Objectives Policy, Human Resources Policy, Payment Policy, etc.) Zignago Vetro has set the objective to increase the creation of value for its own stakeholders, especially thanks to:

– the optimisation of all corporate activities and the creation and assessment of new business opportunities deriving also from the correct management of sustainability issues over the long term, as well as from ESG opportunities in a broader sense;

– the reduction of costs, increasing efficiency, saving resources, and limiting exposure to potential passivity;

– the reduction of financial and reputation risks through an in-depth knowledge of all the main non-financial metrics;

– the ESG system of periodic reporting to stakeholders;

– an engagement and reporting commitment with the stakeholders in case of events with significant fall-out on ESG matters (ESG material events);

– the collaboration with ESG consultants and external experts.

System of ESG objectives and measurement of their achievement

The Zignago Vetro ESG Governance system has made it possible to adopt specific management methods of ESG issues for some time.

More specifically, **a Roadmap defining objectives and the timing deemed necessary for implementing them is defined and updated annually**.

Zignago Vetro operates with a corporate system of formalised annual objectives, assigned to each company function and approved by the CEO.

Specific ESG objectives are identified among these targets.

The achievement of these objectives is regularly monitored (reporting system) at least once a year.

For a larger number of highly diversified objectives the monitoring becomes monthly.

Since 2020, this system of ESG objectives is also associated with the incentive payment policies for executives and managers.

The above-mentioned reporting system continues to evolve (with a constant improvement aim).

More specifically, in addition to ESG reporting for internal management purposes, and in addition to the reporting required by law, it is evolving as follows:

– for all stakeholders, we are preparing the quarterly/biannually communication regarding the main sustainability and ESG improvements achieved during the period, comparing them to the same time span of the previous year;

– for all stakeholders, we are rebuilding the ESG section of the Corporate website, which is expected to present increased contents and details, including general principles, policies and documents, news and presentations;

– for trade-unions, there will be periodic communications on topics like numerousness, contractual categories and types, organisation of labour, labour loads, welfare and contract management with external companies.

ESG Strategy

Zignago Vetro has adopted a formalised system of strategic guidelines concerning the main ESG issues. For more on this topic, please see the information in the specific Chapter 9 of this document.

6.2 RISK MANAGEMENT AND OPPORTUNITIES FROM AN ESG VIEWPOINT

Group's companies adopt a continuous management of business risks for all corporate functions, carrying out careful monitoring with the purpose of identifying and mitigating the same, effectively safeguarding the interests of shareholders and other stakeholders.

More specifically, Group's companies are equipped with an internal control and risk management system, defined as the set of rules, procedures, and organisational structures aimed at enabling the identification, measurement, management, and monitoring of the main risks.

For the development of the entire framework, Zignago Vetro makes use of external consultants specialised in ESG and environmental issues and may continue to do so in the future.

6.3 ORGANISATIONAL MODEL PURSUANT TO LGS. DECREE 231/2001 AND ISO MANAGEMENT SYSTEMS

Since 2007, Zignago Vetro has adopted the Organisation, Management, and Control Model pursuant to Italian Lgs. Decree 231/2001. The supervision of the actual functioning and updating of this organisational model is required of the Supervisory Body, which is nominated by the Board of Directors. The areas to which the perimeter of the organisational model ex 231/2001 extends are, among others:

– workplace safety management;

– pollution, disaster, and environmental crime;

– discharges of industrial waste water;

– waste management;

– temporary deposit of hazardous wastes;

– remediation of contaminated sites;

– registers and forms of waste loading/unloading;

– emission limits and air quality;

– safeguarding of stratospheric ozone.

We also declare that, although not required by the laws of Countries of reference, the ESG Committee is now studying the possibility of extending the logics and structures of the Zignago Vetro Model 231 also to the companies abroad.

6.4 SUMMARY OF THE ZIGNAGO VETRO CERTIFIED MANAGEMENT SYSTEMS

The management systems implemented in each plant are:

- compliant with **ISO 9001:2015** standard for quality management systems in the plants, present in Fossalta, Empoli, Vetro Revet, and Poland;

- compliant with **ISO 14001:2015** standard for environmental management systems, present in the plants of Fossalta di Portogruaro, Empoli, and Vetro Revet.

Even if excluded from this document, it is hereby declared that even Vetri Speciali has adopted an Environmental Management System based on **ISO 14001:2015** model, which takes into accounts the "AIA" (*Autorizzazione Integrata Ambientale*/Integrated Environmental Authorisation) prescriptions of the individual regions and Vetri Speciali sites. This system is configured as "Special Part E - Environmental crimes" of the Organisational Model 231/2001.

CERTIFICATIONS	(Fossalta)	(Empoli)	BROSSE	POLSKA	VETRO REVET
MOG 231/2001	✓	✓	N.A.	N.A.	✓
LAW 262/2005	✓	✓	N.A.	N.A.	N.A.
ISO 9001:2015	✓	✓	IN PROGRESS	✓	✓
ISO 14001:2015	✓	✓	-	IN PROGRESS	✓
UNI EN 15593:2008	✓	✓	-	✓	N.A.
FSSC 22000:2019	-	IN PROGRESS	-	-	N.A.

6.5 SUMMARY OF THE ZIGNAGO VETRO ESG ASSESSMENT

The Group joined the "EcoVadis"[6], sustainability performance monitoring platform and "CDP"[7], an international non-governmental organisation dedicated to the development of the green economy and, in particular, to the fight against climate changes.

Following the actions in the ESG area adopted by Zignago Vetro until now, below is a report on the evaluations formally received by the above-mentioned rating company:

RATING COMPANY	RANGE	SCORE		
		2017	2018	2019
EcoVadis	0-100	50	55	59
CDP	D - A	B	B	B

Additionally, it should be mentioned that Zignago Vetro is also a member of the SEDEX platform, a sustainable supply chain reporting tool.

7. Group stakeholders and important sustainability issues

The founding values of the Group are at the basis of the integrated management system, oriented towards the success of the company and a constant and positive relationship with its own stakeholders.

The stakeholders that the Group deems most important for the activities carried out and the context in which it operates are the following:

1. Employees
2. Clients
3. Shareholders
4. Community and local bodies
5. Suppliers
6. Trade associations
7. Regulatory bodies

For these categories, the Group has identified the sustainability issues and their relations and interconnections.

Thus, to comply with the corporate mission, the Group's companies hold constant interaction with both internal and external stakeholders, with the purpose of better understanding their needs, interests, and expectations.

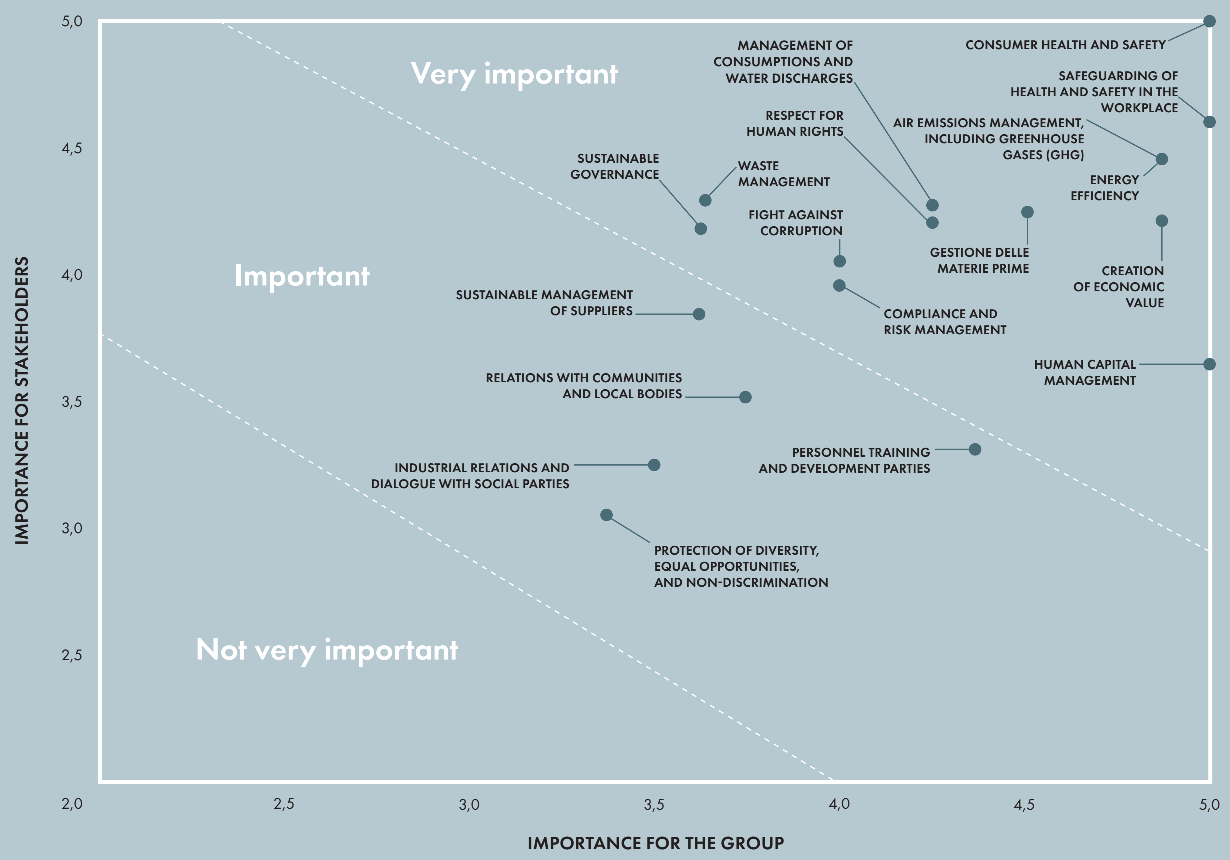
Anticipating the changes and identifying the emerging trends through dialogue with the parties involved, enabled the Group to generate shared, long-term added value. So, every year the Group's companies adopt new and more challenging objectives, sometimes even long-term ones, defining action plans and monitor levels of the results.

Zignago Vetro, through periodic assessments, identifies sustainability issues that are important to the Group and its stakeholders, involving the main corporate functions with the purpose of identifying the more significant aspects for the organisation from an environmental, social, and economic viewpoint.

The Group is actively involved in consulting with stakeholders on ESG issues and reporting regularly on these topics by means of the Sustainability Report and other institutional channels, like the quarterly reports and the new Zignago Vetro website.

STAKEHOLDERS	INTERACTION TOOLS	STAKEHOLDERS EXPECTATIONS
Employees	✓ Training plans ✓ Dialogue with the Human Resources Manager ✓ EGS culture/awareness	✓ Equal opportunities ✓ Training and development
Clients	✓ Constant relations with the sales force ✓ Client satisfaction questionnaires ✓ Website feedback	✓ Product quality ✓ Product sustainability
Shareholders	✓ Shareholders' Meeting ✓ Seminars ✓ Sector conferences and roadshows	✓ Transparent and responsible management ✓ Creation of value ✓ Respect for ESG issues
Community and local bodies	✓ Dialogue with the community and local bodies	✓ Support and development of the territory
Suppliers	✓ Supplier selection policies	✓ Collaborative and continuative relations ✓ Fulfilment of contractual conditions
Trade associations	✓ Meetings with trade union representatives	✓ Responsible management ✓ Dialogue between parties
Regulatory bodies	✓ Specific meetings	✓ Compliance with legal obligations

7.1 THE MATERIALITY MATRIX



In the following paragraphs, the sustainability issues presented above will be discussed in depth and analysed in the light of the risks and opportunities resulting from their management.

In addition to what will be more extensively illustrated in the paragraphs below, it is also important to declare that the above-mentioned potential risks deriving from the sustainability issues identified, are mitigated above all by the fact that the company, since the first months of 2008, has been using an organisational Model pursuant to the Italian Legislative Decree 231/01 (hereinafter also referred to as "Model 231"), equipped by a Code of Ethics. For more information, see also Chapter 8, where the introduction of an organisational structure is given, along with a system of procedures and powers, general principles, rules of conduct and control tools, as well as training and informative activities and a disciplinary method, overall aimed at ensuring that crimes outlined in the Italian Lgs. Decree 231/2001 are not committed.

The Board of Directors has also nominated a Supervisory Body, which has been entrusted with the task of supervising the correct functioning of the Model and to update it as required. This body reports every six months to the Board of Directors and to the Board of Auditors. The Model 231 is subject to regular updates. The updated version of the model is indexed as 7.0 and was approved by the Board of Directors of the company on 26th July 2019.

The Code of Ethics, consistently with international best practises, defines the founding principles and values of the company ethics, as well as the relative rules of conduct and the implementing rules.

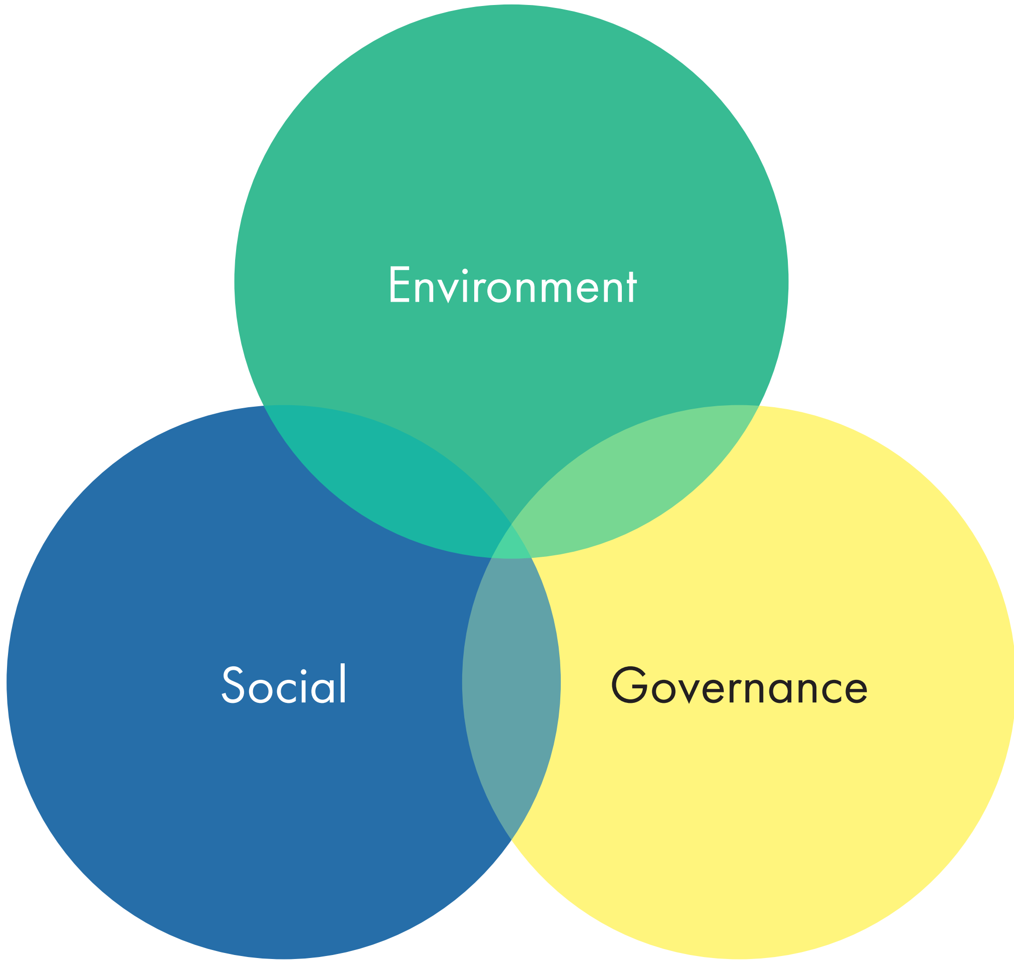
The Code of Ethics, which is an integral part of the Organisation, Management, and Control Model as outlined in Italian Lgs. Decree 231/01, is binding for the behaviour of the administrators, employees, and all collaborators of the company. A specific procedure has been established for the reporting of potential violations of the Code of Ethics and the Model 231.

8. The ESG relevant topics and the 2030 agenda

In September 2015, more than 150 international leaders defined, at the United Nations, the 2030 Agenda for Sustainable Development, with the objective of contributing to the global development, promoting the humans' well-being, and protecting the environment.

The Agenda is based on 17 objectives (SDGs, Sustainable Development Goals) to be reached by 2030.

Fully aware of its own role for sustainable development, **Zignago Vetro has linked its own activities to the UN Agenda** with the aim to give its own contribution to the achievement of the SDGs. Given the type of business and the operational characteristics of the Group, **Zignago Vetro focuses mainly on the following goals:**



Environment

- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 7 AFFORDABLE AND CLEAN ENERGY
- 6 CLEAN WATER AND SANITATION
- 13 CLIMATE ACTION
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 14 LIFE BELOW WATER

Social

- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 8 DECENT WORK AND ECONOMIC GROWTH
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 11 SUSTAINABLE CITIES AND COMMUNITIES

Governance

- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The selection process of the most significant goals for Zignago Vetro went through a punctual analysis of the 2030 targets established to complement each goal, and the verification of their declination within the Zignago Vetro system: the targets that are most coherent with the corporate improvement objectives in the short (2020) and medium-long term (2025) were selected.
The ESG Committee has also formalised the coherence of the goals selected in this way with the mid- to long-term corporate strategy.

Following is a summary of the significant goals for the activity of the Group, for materiality issues, for the risks and opportunities connected to them, for the activity that Zignago Vetro has already undertaken, for their measurement, where possible, and for the pre-fixed short-term and mid- to long-term objectives (strategic guidelines):

PILLAR	SDGs	MATERIAL TOPICS	RISKS/ OPPORTUNITIES	ACTIVITIES COMPLETED/ OBJECTIVES REACHED	KPI	2019-2020 GOALS	2025 GOALS
Environment	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Raw material management	Resource consumption Energy consumptions Polluting emissions	Investments in technologies for glass recycling Increase in the percentages of recycled glass	See Paragraph 8.1.1.	See Paragraph 8.1.1.	See Chapter 9
	7 AFFORDABLE AND CLEAN ENERGY	Energy efficiency	Process energy consumptions	Investment in innovative melting furnaces Revamping plants Self-production of electricity from renewable sources Increase in the percentages of recycled glass	See Paragraph 8.1.2.	See Paragraph 8.1.2.	See Chapter 9
	6 CLEAN WATER AND SANITATION	Management of water intake and discharge	Process water consumptions Compliance with discharging laws-regulations	Technological investments in process water recirculation systems Introduction of environmental matrix monitoring systems (ISO 1400)	See Paragraph 8.1.3.	See Paragraph 8.1.3.	See Chapter 9
	13 CLIMATE ACTION	Management of air emissions, including greenhouse gases (GHG)	Polluting emissions	Technological investments to optimise processes and reduce greenhouse gas emissions Increase in the percentages of recycled glass	See Paragraph 8.1.4.	See Paragraph 8.1.4.	See Chapter 9
	11 SUSTAINABLE CITIES AND COMMUNITIES	Efficiency of transports and raw material and finished product logistics	Polluting emissions Packaging circularity	Transport rationalisation Train freight Reduction in plastic packaging	See Paragraph 8.1.5.	In progress	See Chapter 9
		Waste management	Pollution linked to inappropriate waste management	Introduction of specific procedures for waste management (ISO 14001) Increase in the quantity of waste destined for recycling compared to landfill Investments in technologies for glass recycling	See Paragraph 8.1.6.	See Paragraph 8.1.6.	See Chapter 9
	13 CLIMATE ACTION	Glass container recycling	Resource consumption Polluting emissions	Investments and increase in the processing capacity and glass cullet recycling	See Paragraph 8.1.7.	See Paragraph 8.1.7.	See Chapter 9
	14 LIFE BELOW WATER	Environmental initiatives	Involvement of the group in the eco-system	Various environmental initiatives	See Paragraph 8.1.8.	See Paragraph 8.1.8.	See Chapter 9

PILLAR	SDGs	MATERIAL TOPICS	RISKS/ OPPORTUNITIES	ACTIVITIES COMPLETED/ OBJECTIVES REACHED	KPI	2019-2020 GOALS	2025 GOALS
Social	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Respect for human rights	Discriminations Corporate image	Code of Ethics System of Italian Lgs. Decree 231 Supplier code of conduct and questionnaire	n.a.	n.a.	n.a.
	8 DECENT WORK AND ECONOMIC GROWTH	Human resource management	Safeguarding and creating jobs	Hiring policies Labour management initiatives Corporate welfare programme Work/life balance	See Paragraph 8.2.2	See Paragraph 8.2.2	See Chapter 9
	3 GOOD HEALTH AND WELL-BEING	Workplace heath and safety	Worker safety	Increase in security surveillance Technological investments Information campaigns to employees	See Paragraph 8.2.3	See Paragraph 8.2.3	See Chapter 9
		Consumer health and safety	Safeguarding consumers from risks linked to the use of products	Certifications: UNI EN 15593	See Paragraph 8.2.4	See Paragraph 8.2.4	See Chapter 9
	4 QUALITY EDUCATION	Personnel training and development	Suitability of skills to meet corporate needs Improvement of corporate performances Corporate culture	Specific training for personnel Academy Managerial training Training on Italian Lgs. Decree 231/01 Sustainability awareness training	See Paragraph 8.2.5	See Paragraph 8.2.5	See Chapter 9

PILLAR	SDGs	MATERIAL TOPICS	RISKS/ OPPORTUNITIES	ACTIVITIES COMPLETED/ OBJECTIVES REACHED	KPI	2019-2020 GOALS	2025 GOALS
Social	5 GENDER EQUALITY	Diversity, equal opportunities, and non-discrimination	Diversity of treatment	Introduction of a Code of Ethics followed by both personnel and suppliers	See Paragraph 8.2.6	See Paragraph 8.2.6	n.a.
	11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable supply chain management Selection policies for suppliers and supplies	Construction of a positive social fabric	Local supplier selection policies	See Paragraph 8.2.7 e 8.2.8	See Paragraph 8.2.7 e 8.2.8	See Chapter 9
		Dialogue with social partners and community initiatives	Group involvement in the local communities	Investments for the well-being of the local community Various initiatives to support local communities	See Paragraph 8.2.9	See Paragraph 8.2.9	n.a.
		Creation and distribution of economic value	Inappropriate allocation of resources Creation of shared value	Increase in corporate profitability and dividends Increase in resources destined for generic labour High fiscal contribution	See Paragraph 8.2.10	See Paragraph 8.2.10	See Chapter 9

PILLAR	SDGs	MATERIAL TOPICS	RISKS/ OPPORTUNITIES	ADEQUACY OF THE ORGANISATION
Governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Governance structure	Structure and functioning capable of ensuring excellent levels of management	Achieved/conform
		Remuneration system	Adequate compensation as an incentive to results	Achieved/conform
		The internal control, risk management and compliance system	Guarantee stakeholders the utmost control possible over risks	Achieved/conform
		Tax transparency and the fight against corruption	Respect the laws Avoid sanctions	Achieved/conform
			Corruption Damage to corporate image	Introduction of Italian Lgs. Decree 231 organisational system

8.1 ENVIRONMENT

SDGs	MATERIAL TOPICS
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Raw material management
7 AFFORDABLE AND CLEAN ENERGY	Energy efficiency
6 CLEAN WATER AND SANITATION	Management of water intake and discharge
13 CLIMATE ACTION	Management of air emissions, including greenhouse gases (GHG)
11 SUSTAINABLE CITIES AND COMMUNITIES	Efficiency of transports and raw material and finished product logistics
	Waste management
13 CLIMATE ACTION	Glass container recycling
14 LIFE BELOW WATER	Environmental initiatives recycling

8.1.1 RAW MATERIALS MANAGEMENT

The main raw materials used in the production of glass are silica sand, fluxes like soda, stabilisers like calcium and magnesium carbonates and other colouring agents or fining agents.

The most important raw material used in producing new glass is, however, recycled cullet.

The use of recycled glass in the composition has a three-fold advantage:

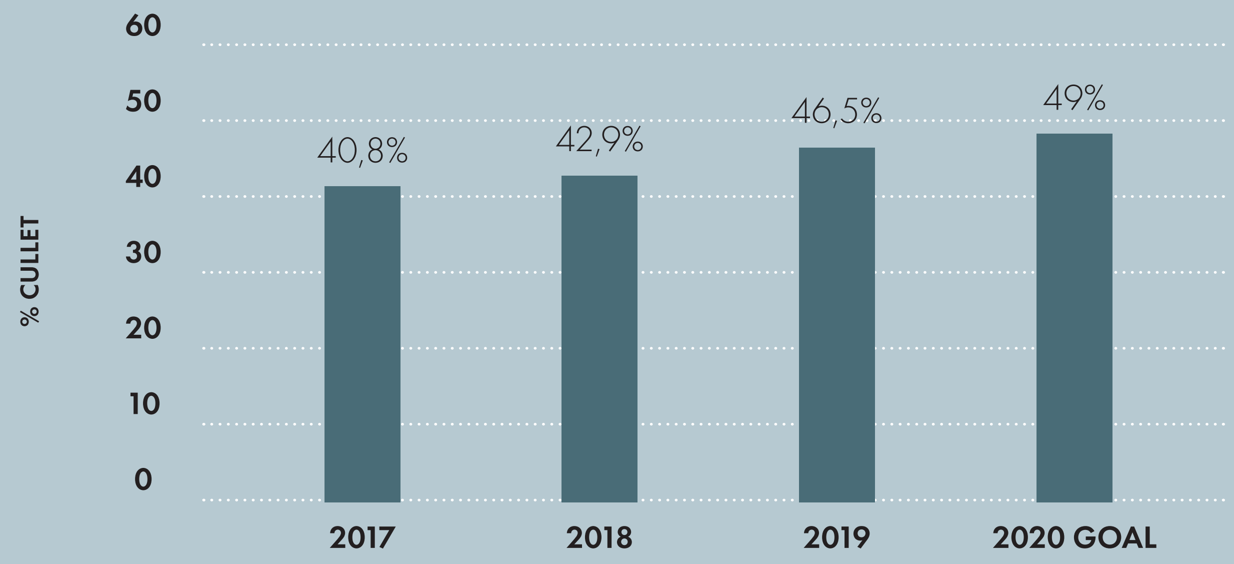
- Savings on resources: containing the consumption of virgin raw materials and stimulus to develop the circular economy.
- Energy savings: a composition with a high percentage of cullet makes it possible to lower the fusion temperature of the glass and save energy (up to -3% of energy consumption for every +10% of cullet).
- Lower CO_2 emissions: in addition to a lower fuel consumption for fusion, the use of cullet enables the use of lesser quantities of other raw materials (carbonates) that release CO_2 during the fusion process.

Over the years, the Group has established a standing objective, given the necessary conditions, to increase the quantity of cullet used in glass containers' production and to increase the range of containers that can be made with recycled glass.

Currently, **46.5% of the raw materials used by Zignago Vetro consist of recycled glass**.

% Cullet used as raw material over the past 3 years

	2017	2018	2019	Δ% 19/18	2019 Goal	2020 Goal	2025 Strategic Goal
% glass cullet out of total raw materials	40,8%	42,9%	46,5%	8,4%	Reached	49%	53,2%



NATURAL GREEN GLASS, FOR SUSTAINABLE COSMETICS

Zignago Vetro commitment to the environment also extends to the range of products manufactured and marketed. Indeed, in 2017 Zignago Vetro was the first company to introduce, with the Natural Green line, containers for cosmetics produced in green glass.

This type of glass, other than providing increased UV protection to the content, is produced with percentages of recycled glass reaching up to 90%, enabling up to a 36% reduction in CO_2 process emissions compared to the same article in flint glass.

8.1.2 ENERGY EFFICIENCY

Energy consumption represents a significant component of production activities in the glass sector; the energy is indeed mainly consumed during the glass fusion.

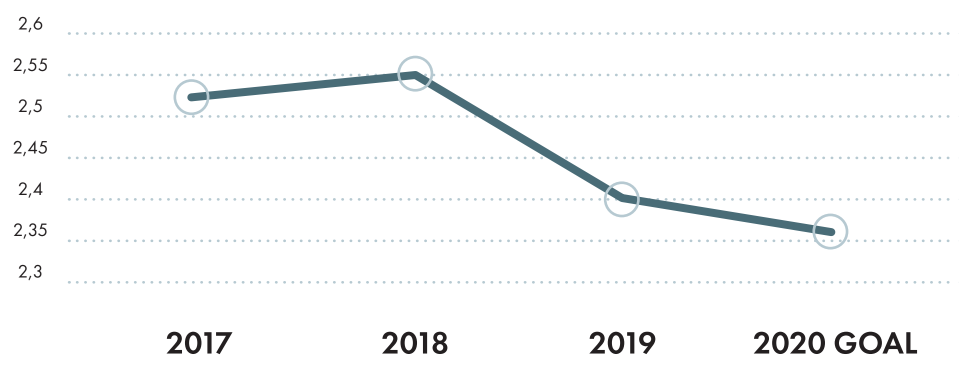
Over the course of years, all the Group's plants have made extensive efforts to introduce technologically advanced industrial installations as well as optimise and improve the management of existing ones, all aimed at reducing energy consumptions. The main energy optimisation measures implemented over the years have resulted in numerous initiatives like:

- investment in innovative technologies and materials for the engineering and construction of more energy-efficient fusion furnaces;
- ongoing revamping of auxiliary plants with increasingly efficient and sustainable solutions;
- installation of a turbine recovery boiler and photovoltaic panels for the self-production of electricity from thermal waste and renewable sources;
- increase in the use of glass cullet to reduce the energy demands for the fusion process;
- extension of the use of LED light bulbs for indoor lighting.

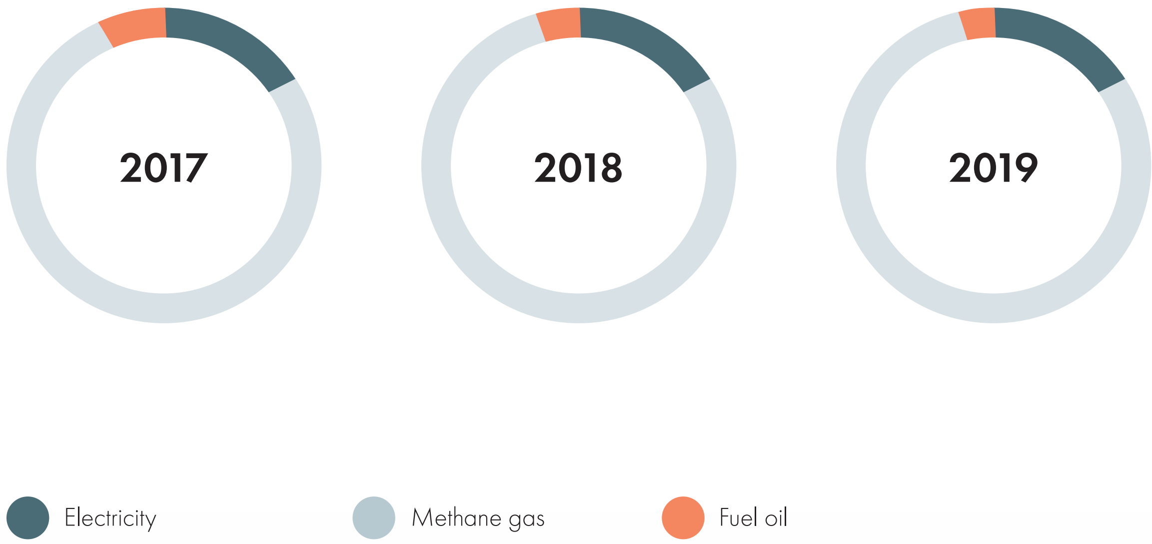
These optimisation measures have enabled a **reduction in energy consumption**s during 2019 amounting to **5.5%** in proportion to the amount of glass produced, while for 2020 the Group's goal is a reduction of a further 1.7%.

Energy consumptions/ton of glass produced

		2017	2018	2019	Δ% 19/18	2019 Goal	2020 Goal	2025 Strategic Goal
Total energy/ glass produced	kWh equivalents/ kg glass produced	2,532	2,546	2,406	-5,5%	Reached	2,365	2,246



The energy consumed by the Group derives from the following main sources: electricity, methane gas, fuel oil.



During the period between 2017 and 2019 the Group, given the expansion of its production capacity with the installation of a new furnace in the Fossalta plant, has increased the energy consumptions in absolute values while diminishing the specific ones compared to the quantity of glass produced. In order to make this consumption more sustainable, besides than improving the energy efficiency, greater use was also made of sources such as methane and electricity, whereas the use of BTZ fuel oil was decreased.

In this scenario even the pursuit of the objective of a balanced mix of energy sources is outstanding, as we seek to maximise the use of renewable and self-produced sources.

In 2019 the percentage of electricity from **renewable sources** rose by **31.4%** compared to the previous year, reaching **40.6%** of the total energy consumed, thanks to:

- direct supply of electricity consumed by the Fossalta di Portogruaro plant from Zignago Power;
- installation of photovoltaic panels for a total of 11,260 square metres in the Fossalta di Portogruaro and Empoli plants;
- use in the Fossalta di Portogruaro plant of a steam turbine to recover the heat contained in the furnace fumes for the production of electricity.

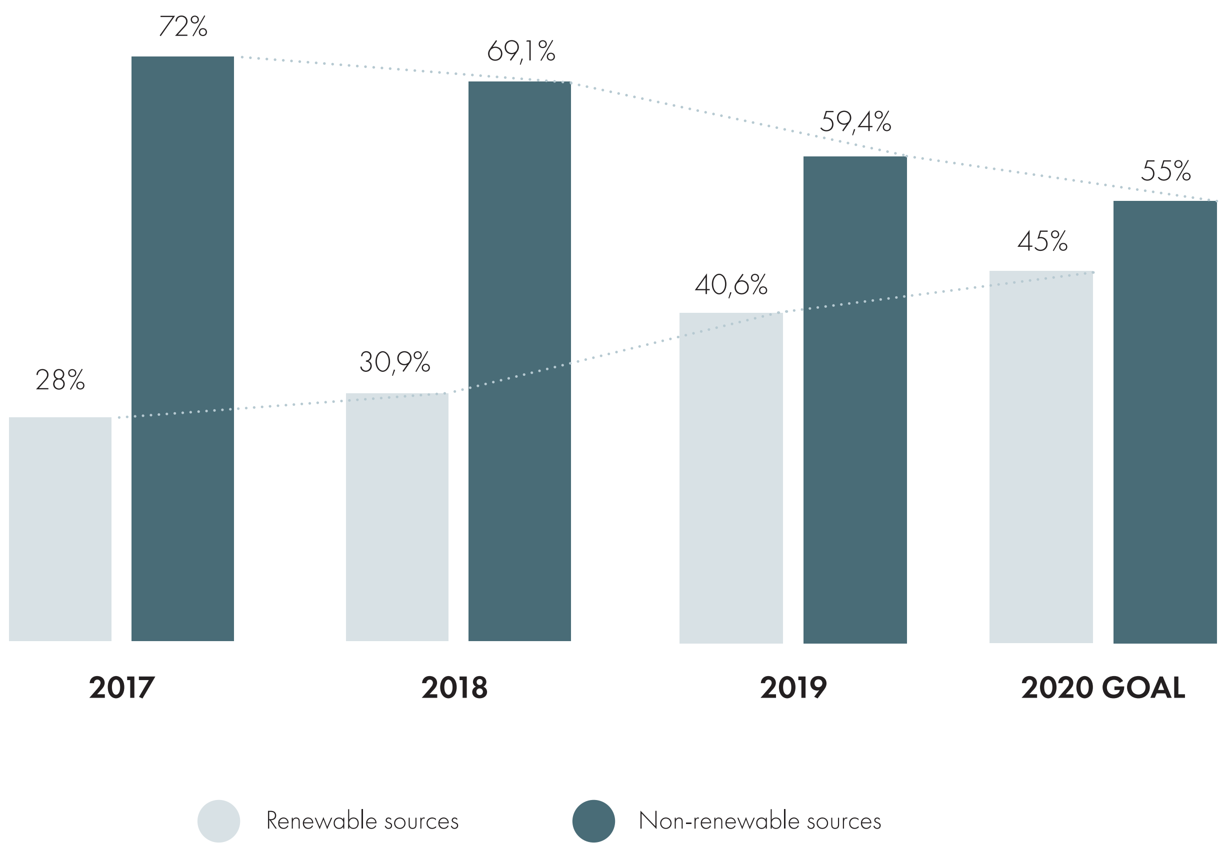
It is hereby noted that during the year 2019 the functioning of the photovoltaic panels in the Fossalta plant suffered a shut-down of approximately 2 months for the replacement of 30% of the modules installed. Therefore, the production of electricity from photovoltaic installations underwent a reduction (a total of -10.84% compared to 2018). The recovery turbine also suffered brief shut-downs for extraordinary maintenance during 2019, reducing its production by 9.86% compared to 2018.

In any case, the use of electricity from renewable sources eliminated a total of 23,410 tons of CO_2[8] emissions during 2019.

Percentages of electricity use from renewable sources

	2017	2018	2019	Δ% 19/18	2019 Goal	2020 Goal	2025 Strategic Goal
% E from renewable sources out of total	28%	30,9%	40,6%	+31,4%	Reached	45%	77,7%

Percentages of electricity use from renewable and non-renewable sources



ZIGNAGO POWER FOR RENEWABLE ENERGY

Zignago Power S.r.l. was founded in 2008 in Fossalta di Portogruaro with the objective of meeting the energy demands of the Zignago Holding group, using renewable energy sources that respect the environment.

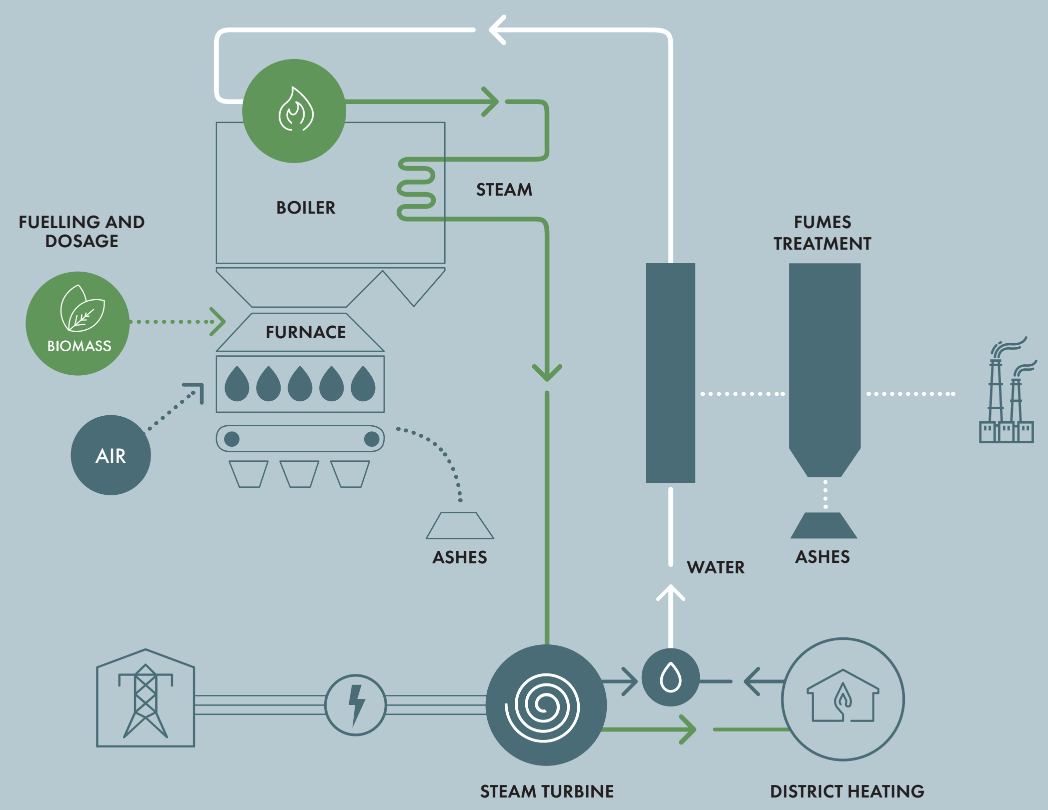
The company owns two thermo-electric plants fuelled by solid biomass: one in Fossalta di Portogruaro (VE) – Italy and one in Bagnolo di Po (RO) - Italy.

The fuel used consists only of uncontaminated plant matter from agricultural and forestry sectors, above all residues (pruning, treetops, trimmings, other untreated woody scrap material...), also originating from forest and riverbed management interventions.

The Fossalta di Portogruaro plant, which directly supplies the relative Zignago Vetro plant, has a thermal power of 49.2 MWt and electrical power of 17 MWe, the latter of which is more than sufficient to meet the total needs of the Group company at that site.

It is also a cogeneration plant as, thanks to the recovery of thermal waste from fumes, it provides hot water for process uses in the production site itself and fuels a civil district heating system that extends to the surrounding town.

AET Biomass Power Plant (Villanova, Fossalta di Portogruaro - VE)



8.1.3 MANAGEMENT OF WATER INTAKE AND DISCHARGE

The use of water resources is an important factor in the Group's production activities; it is not without risks, which must be managed and minimised, especially in relation to the need to prevent and avoid water pollution phenomena, as well as reducing water consumption as much as possible, which also implies avoiding wastes and dispersions.

Zignago Vetro's commitment through the introduction of technological upgrades has been constant and over the years has led to **important reductions in terms of water intake and discharges**, as illustrated in the table below:

Water consumptions

		2017	2018	2019	Δ% 19/18	2019 GOAL	2020 GOAL	2025 Strategic Goal
WATER CONSUMPTIONS	m^3/ton glass produced	6,12	6,41	4,24	-33,9%	Reached	3,16	2,97
Surface waters (rivers, lakes, etc.)	% on total consumptions	71,5%	70,6%	62,1%	-12,0%	-	-	
Wells' groundwater	% on total consumptions	26,6%	26,7%	35,2%	+31,8%	-	-	
Water distribution network (aqueduct)	% on total consumptions	1,9%	2,7%	2,8%	+3,7%	-	-	

During 2019 the value of specific water consumptions per ton of glass produced was reduced noticeably, with a decrease of -33.9% compared to 2018. It is reported that 2017 consumptions were lower than 2018 due to the shut-down of some plants for programmed reconstruction interventions. Therefore, the comparison with 2017 is only partially significant.

The **tangible measures deployed to optimise the reduction of consumptions** can be summarised as follows:

- systematic technical interventions to reduce water consumptions in the production process, mainly by means of the installation of closed-circuit water systems and recycling and recovery systems;
- the use of proper plants for the wastewater and rainwater's treatment and disposal.

More specifically, Zignago Vetro has invested in a closed-circuit system for each furnace. This means that after the initial intake of water from wells and surface waters, the system continues reusing the same water for both cooling the glass during the production process and for cooling the processing system (compressors and vacuum pumps). The reuse of water within the closed circuit enables, on the one hand, to reduce its consumption and, on the other, its purification according to set deadlines.

In strategic terms (ESG Roadmap) Zignago Vetro calls for a detailed wastewater management plan (Effluent Management) that includes, among other things:

1. procedures aimed at managing and reducing the use of water in general, effusions and chemical agents;

2. technical upgrades with identified technologies and initiatives to progressively increase the percentage of water reused in the closed circuit;

3. a periodic reporting system for the purpose of monitoring the quantity of water used in the closed circuit compared to the total quantity used in the production cycles of different plants;

4. the monitoring and measurement of water savings following an increase in the use of recycled water.

Water discharges

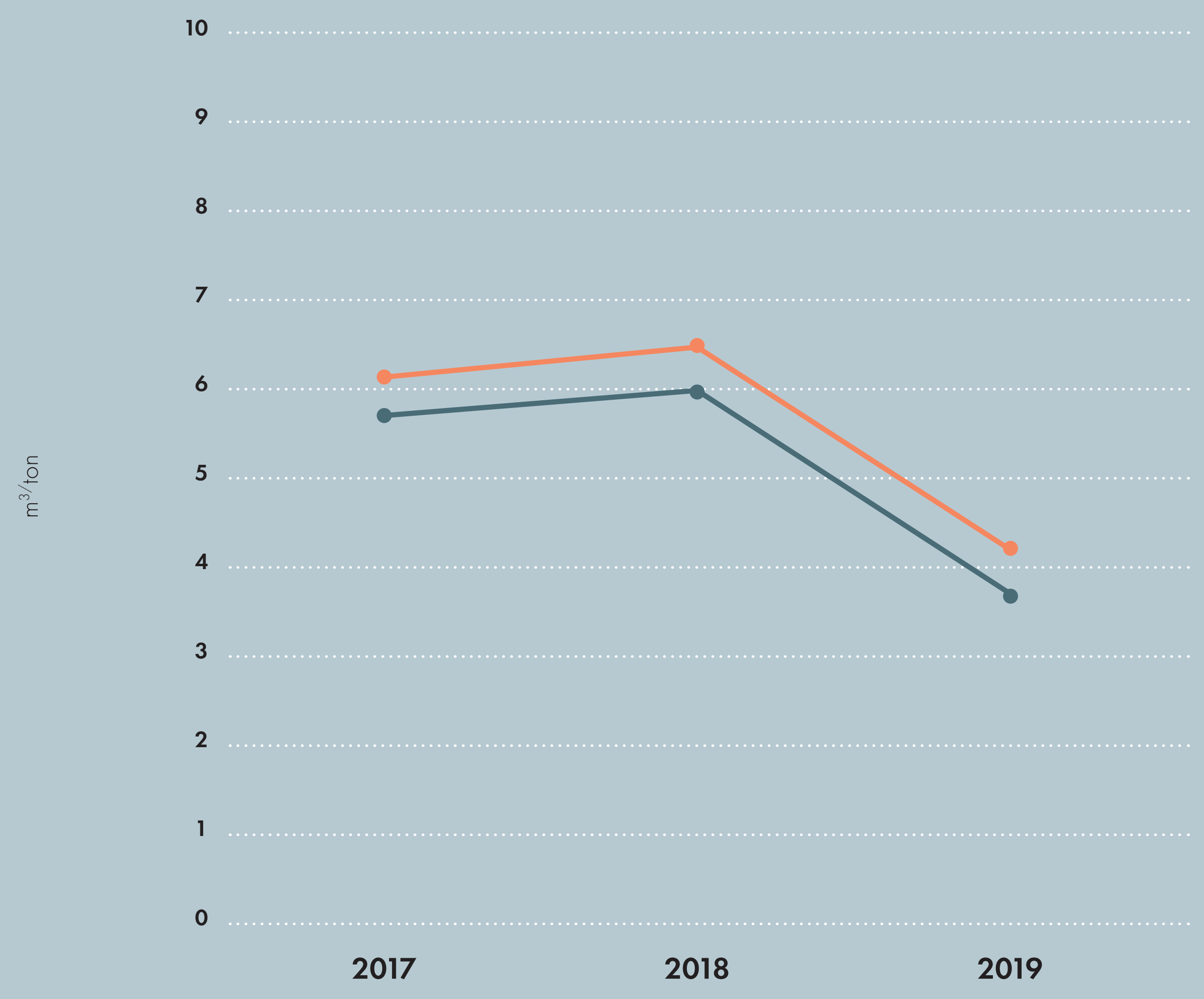
		2017	2018	2019	Δ% 19/18
TOTAL DISCHARGES	m^3 /ton glass produced	5,86	5,99	3,82	-36,2%
Sewer discharges	%	9,3%	9,5%	15%	+57,9%
Surface water discharges	%	90,7%	90,5%	85%	-6,1%

As a note to the data presented above, it should be specified that surface water discharges originate mostly from production plant cooling activities and from rainwater runoff. These amounts are therefore variable depending on the meteorological conditions, but a drop in absolute terms is expected due to planned future reductions for process water intakes.

It is hereby noted that surface water discharges are subject to legal limitations that are much more restrictive than those established for sewage discharges.

The concentration of discharge parameters always complies with laws currently in force.

Total water intake and discharge trends over the past 3 years



	2017	2018	2019
Water intakes	6,12	6,41	4,24
Water discharges	5,86	5,99	3,82

8.1.4 AIR EMISSIONS MANAGEMENT

The production activity of the plant requires the use of fusion furnaces that imply the emission of volatile substances, more specifically greenhouse gases (GHG, mainly CO_2).

Zignago Vetro monitors, in addition to their own direct emissions of carbon dioxide (denominated "Scope 1"), also the indirect emissions due to the production of electricity ("Scope 2" emissions) and is further developing its methods of estimating the other indirect emissions ("Scope 3" emissions due to transport, commuting, etc.).

The Group manages this aspect of its production activity very carefully, applying all the technological solutions that are available today to not only respect laws currently in force, but also to reach the highest possible standards of environmental protection.

The Group has established the following objectives with a view to reducing CO_2 emissions:

- reducing energy consumptions;

- maximising the quantity of glass cullet put in the furnaces;

- introduction of "lightened" products, intended as reducing the quantity of glass necessary for their production.

		2017	2018	2019	Δ% 19/18	2019 GOAL	2020 GOAL	2025 Strategic Goal
CO_2 Emissions (Scope 1+Scope 2)/ Glass produced	ton CO_2/ton	0,695	0,686	0,647	-5,7%	Reached	0,640	0,533

In order to fully represent the phenomenon of air emissions, as well as the improvements that the Group intends to pursue, it is believed that the most appropriate indicator is the quantity of Scope 1 and Scope 2 CO_2 emitted in proportion to the total quantity of glass produced.

Investments in advanced technologies made by Zignago Vetro have been considerable and decisive: indeed, specific emissions (Scope 1 + Scope 2) of CO_2 in proportion to the glass produced are steadily decreasing, while in absolute terms there has been an increase due to the expansion in the production capacity (as the new Furnace 13 in the Fossalta plant was commissioned and has been operative for 10 months).

The company foresees that the absolute value of emissions will increase in 2020 due to the full functioning of the new furnace for the entire year, but that the specific emissions will continue to decrease, continuing with the improvements made during 2019 and previous years: indeed, since 2017, specific emissions decreased by -6.9% and this reduction will reach -7.9%, considering the 2020 objective.

Concerning other emissions, more specifically NO_x and SO_x, that are considerably less than those of CO_2, all the Group's plants are equipped with the best abatement technologies available, capable of guaranteeing a great margin of compliance with the limits imposed by law. Therefore, it seems superfluous for the purposes of this document to use specific indicators.

8.1.5 EFFICIENCY OF RAW MATERIAL AND FINISHED PRODUCT TRANSPORT AND LOGISTICS

There are many issues concerning transport and logistics.

Currently, transport for Zignago Vetro and for the glass industry in general, occurs mainly by roads. The Zignago Vetro strategic Roadmap calls for the implementation and the implementation of the "multimodal" project launched in 2019.

This project is based on the willingness to diversify the means of transport, also with alternative and more sustainable ones, for the purpose of reducing CO_2 emissions.

More specifically, rail freight was identified as an alternative means that would permit, given equal efficiency, an appropriate saving of emissions.

Currently a part of the raw materials is already delivered by rail. The impact in terms of lower CO_2 emissions is undergoing assessment under Scope 3 indirect emissions standards, also through the introduction of a specific KPI.

Likewise, the external Packaging issue is particularly relevant for the Zignago Vetro ESG Roadmap.

The R&D division is studying, in collaboration with main clients, packaging solutions that can reduce the total use of plastic, in terms of both weight and dimensions of the packaging, in the future.

8.1.6 WASTE MANAGEMENT

Zignago Vetro constantly monitors, through specific registers and database, the volume of waste produced by all the plants, the compliance with all legal obligations and the relative storage requirements.

More specifically, there are procedures that describe the process of the waste collection and management adopted by the Group. The documents define in detail the operational indications and the responsibilities in the process in order to guarantee compliance with laws and adequate disposal of all wastes, favouring forms of recycling and recovery.

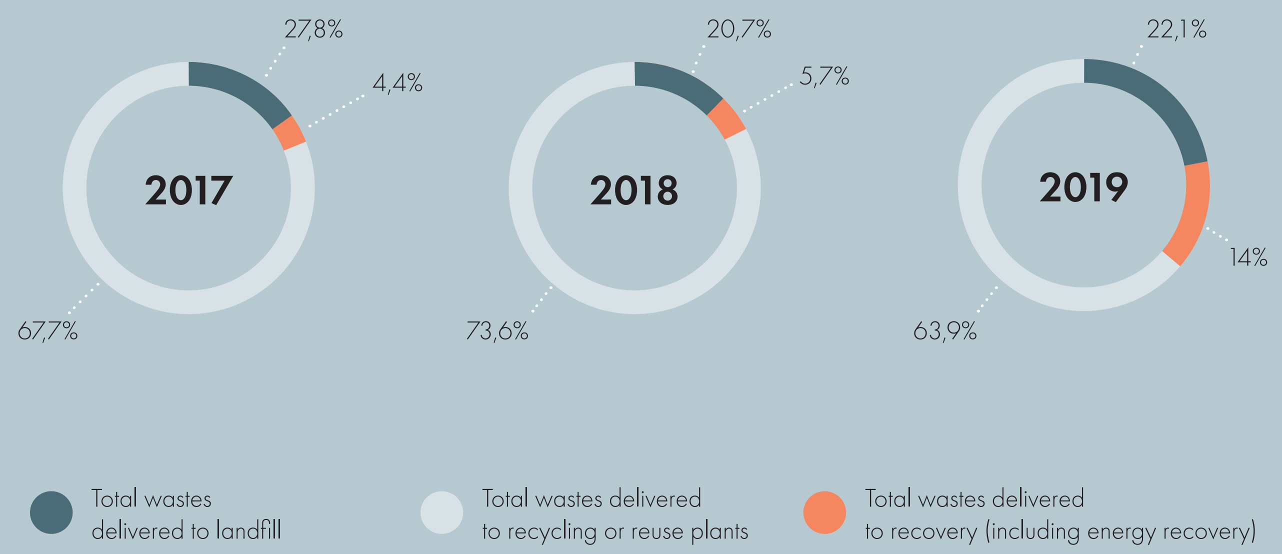
The company is indeed committed to the diffusion of eco-compatible processes and technologies capable of reducing the generation of wastes, as well as initiatives intended as incentives to establish the circular economy, like:

- return by clients of wooden pallets and plastic interlayer pads used for transport of the finished product, which are then reselected and washed at the production sites before being recycled for further transport;
- recycling of all glass cullet of production departments in the vitrifiable mix;
- recycling of part of the dusts produced from the treatment of fumes by means of electrofilters in the vitrifiable mix;
- delivery to recycling of all the materials that make up the packaging of finished products, raw materials, and supply materials to various plants (paper, plastic, metal). The materials are collected in a differentiated way and delivered to companies specialised in the reuse and recycling of the materials.

Below is the data concerning the transfer of wastes from routine activity[9] in the Group's glass companies:

		2017	2018	2019	Δ% 19/18
TOTAL WASTES/GLASS PRODUCED	kg/ ton	**16,23**	**12,35**	**10,65**	**-13,8%**
Total wastes delivered to landfill	%	27,8%	20,7%	22,1%	+6,8%
Total wastes delivered to recovery (including energy recovery)	%	4,4%	5,7%	14,0%	+145,6%
Total wastes delivered to recycling or reuse plants	%	67,7%	73,6%	63,9%	-13,2%
TOTAL HAZARDOUS WASTES/ GLASS PRODUCED	kg/ ton	**1,81**	**2,02**	**1,88**	**-6,9%**
Hazardous in landfill	%	87,0%	86,3%	66,1%	-23,4%
Total hazardous wastes delivered to recovery (including energy recovery)	%	12,5%	13,3%	33,7%	+153,4%
Total wastes delivered to recycling or reuse plants	%	0,5%	0,4%	0,2%	-50,0%
TOTAL NON-HAZARDOUS WASTES/ GLASS PRODUCED	kg/ ton	**14,42**	**10,33**	**8,77**	**-15,1%**
Total non-hazardous wastes delivered to landfill	%	20,4%	7,9%	12,7%	+60,8%
Total non-hazardous wastes delivered to recovery (including energy recovery)	%	3,4%	4,2%	9,8%	+133,3%
Total non-hazardous wastes delivered to recycling or reuse plants	%	76,2%	87,9%	77,5%	-11,8%

Total wastes per destination



From 2018 to 2019, there has been an overall drop in the ordinary wastes generated in proportion to the tons of glass produced (-13.8%). This can be traced above all to the great efforts made by the entire Group to reduce wastes and optimise the production process.

This decrease in specific terms compared to the production unit is evident for both non-hazardous wastes (-15,1%), and for hazardous wastes (-6.9%), testifying the extreme effectiveness in pursuing the principle of eliminating or replacing hazardous substances used in the production processes.

Much of the wastes produced (amounting to 77.9%) is delivered to recycling, reuse, or recovery (also energetic one), while only the residual fraction (the remaining 22.1%) is delivered to the landfill. This demonstrates the **ongoing attention that the Group pays to waste management in terms of ecology and circularity**.

Given that the volumes of wastes produced collectively by the Group are strongly influenced by cyclical events like the reconstruction of fusion furnaces and the revamping of production plants, the Group has not established numerical targets on these overall parameters. However, the short- and long-term waste management strategy of Zignago Vetro includes fundamental objectives like:

- the optimisation of processes to reduce wastes produced;
- the commitment to the reduction of hazardous wastes through the replacement of chemical substances used with less dangerous substances;
- the favouring of forms of recycling or recovery compared to delivery to a landfill.

8.1.7 GLASS CONTAINER RECYCLING

As already cited, the Group pursues the principle of circularity and the reduction of wastes, also by investing and operating in the glass treatment segment and through the valorisation of the same.

Indeed, in this area Zignago Vetro operates through the following companies:

- Vetro Revet S.r.l., with head offices in Empoli, of which it owns 51% of the capital stock;

- Vetreco S.r.l., with head offices in Supino (FR), of which it owns 30% of the shares;

- Julia Vitrum S.p.A., with head offices in San Vito al Tagliamento (PN), of which it owns 50%. This company was constituted in 2019 and is currently in a start-up phase.

Both the above-mentioned companies acquire and process glass cullet from urban collection, carry out a cleaning treatment and separation of foreign materials (ceramic, plastic, metal, etc.), in order to obtain a material, defined as "end of waste", ready to be reused in the glass sector as a secondary raw material.

In 2019 these companies processed about 400,000 tons of glass wastes, representing, overall, one of the most important enterprises in this sector in Italy.

Below is the data concerning the quantity of wastes processed in the Vetro Revet plant:

		2017	2018	2019	Δ% 19/18
Raw glass cullet from urban collection processed in the plant	ton	43.117	49.380	101.980	+106,5%

From 2017 to 2019 **the percentage of glass recovered from treated cullet has increased noticeably, reaching about 75%**.

The remaining part is represented by other materials recovered (aluminium and iron) as well as wastes delivered to landfills.

The Company is drafting a development and investment plan that will enable the increase of both the glass cullet treatment capacity and the fraction recovered, consequently reducing the quantity of wastes sent to landfills.

8.1.8 ENVIRONMENTAL INITIATIVES

Zignago Vetro has always been sensitive towards environmental issues and for this reason has promoted activities for financing the maintenance of biodiversity and the protection of the eco-system. Through the supporting of eco-sustainable projects and activities designed to reduce CO_2 emissions, the Group intends to accept the challenge launched by the 2030 Agenda.

- ENDLESS OCEAN: Since 2018, Zignago Vetro and Assovetro have promoted the European Endless Ocean of Friends of Glass Campaign, aimed at different local activities to increase awareness of plastic pollution in marine environments.

- MEGLIOINVETRO: in collaboration with ASSOVETRO and COREVE: creation of a platform brimming with news, information, facts, and research on the world of glass.

- ENVIRONMENTAL EDUCATION: in collaboration with COREVE and ASSOVETRO, participation in the annual programme of environmental education in schools, with a view to increasing awareness of the positive characteristics of glass in young people.

- PLASTIC-FREE policy in corporate common spaces and awareness of the use of glass containers instead of plastic one.

- CREATION OF THE SUPPLIER'S CODE OF CONDUCT: greater control over the sustainability efforts of suppliers, formal commitment not to acquire minerals (tin, tungsten, tantalum, gold and their by-products) from war zones.

- 90/95% reduction of paper linked to invoices and policies.

- "INSIEME PER LA MONTAGNA VENETA" (Together for Veneto Mountains): through the collaboration with other companies in the territory, 40,000 bottles of spumante were donated to the Associazione Nazionale Alpini (Italian Association of Alpine Soldiers), the earnings of which were used to restore the territory destroyed by the Vaja cyclone.

- TREEDOM Project: in 2019, for the Christmas holiday season, 400 trees were gifted to our most important clients. The trees will be planted in Kenya, with benefits for both the environment and for local communities.

- Event with the maximum exponents on ESG issues: in 2019 all company functions were involved in a conference on sustainability and business issues, held by a representative of primary importance and authority in this area.

Beginning in 2020 Zignago Vetro has planned to adopt a precise system for defining the objectives and monitoring the impacts of financing activities for these types of projects.
More specifically, as proposed by the ESG Committee, the Board of Directors has set an allocation of funds amounting to €100,000 for 2020 for environmental protection initiatives.

8.2 SOCIAL

SDGs	MATERIAL TOPICS
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Respect for human rights
8 DECENT WORK AND ECONOMIC GROWTH	Human resource management
3 GOOD HEALTH AND WELL-BEING	Workplace health and safety
	Consumer health and safety
4 QUALITY EDUCATION	Personnel training and development
5 GENDER EQUALITY	Diversity, equal opportunities and non-discrimination
11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable supply chain management Selection policies for suppliers and supplies
	Dialogue with social partners and community initiatives
	Creation and distribution of economic value

8.2.1 RESPECT FOR HUMAN RIGHTS

Zignago Vetro is committed to total respect for all forms of human rights and promotes this commitment among its stakeholders.

In this regard, please refer to the Code of Ethics.

None of the Group companies have ever been involved in human rights violations, nor have disputes ever been raised in this regard.

8.2.2 HUMAN RESOURCE MANAGEMENT

Zignago Vetro Group, well-aware that the human aspect plays a fundamental role, in terms of individual professionalism and motivation as well as 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 Zignago Vetro Group's "Sustainability Policy").

Zignago Vetro is compliant in terms of collective bargaining agreements, applying both the reference CBA and any supplementary collective bargaining contracts for all its staff.

The following tables summarize key data regarding the Group's human resources.

Employees by professional category divided by age group

	2017				2018				2019			
AGE	<=29	From 30 to 50	>=51	Tot	<=29	From 30 to 50	>=51	Tot	<=29	From 30 to 50	>=51	Tot
Executives		9	11	**20**		10	12	**22**		9	14	**23**
Managers	2	40	26	**68**	2	41	23	**66**	4	42	23	**69**
White-collar	21	161	58	**240**	24	169	52	**245**	21	180	54	**255**
Blue-collar	201	711	368	**1.280**	210	745	391	**1.346**	213	755	418	**1.386**
Total	**224**	**921**	**463**	**1.608**	**236**	**965**	**478**	**1.679**	**238**	**986**	**509**	**1.733**
Of which temporary	12	57	39	**108**	14	75	45	**134**	19	77	41	**137**

Employees by geographical area at 31.12.

	2017	2018	2019
ITALY	635	704	752
FRANCE	362	354	296
POLAND	611	621	685
TOTAL	**1.608**	**1.679**	**1.733**

Breakdown by contract

	2017	2018	2019
PERMANENT	**1.329**	**1.359**	**1.419**
M	1.018	1.039	1.060
F	311	320	359
FIXED-TERM	**279**	**320**	**314**
M	143	156	182
F	136	164	132
TOTAL	**1.608**	**1.679**	**1.733**

Incoming turnover by geographical area (excl. temporary employees)

%	2017	2018	2019
ITALY	8,3%	8,8%	7,1%
FRANCE	3,6%	4,2%	8,0%
POLAND	28,3%	12,2%	16,4%
TOTAL	**14,6%**	**9,2%**	**10,8%**

NUMBER	2017	2018	2019
ITALY	51	58	50
FRANCE	11	12	22
POLAND	149	70	97
TOTAL	**211**	**140**	**169**

Outgoing turnover by geographical area (excl. temporary employees)

%	2017	2018	2019
ITALY	2,9%	3,2%	4,1%
FRANCE	7,6%	5,6%	6,5%
POLAND	8,9%	13,8%	6,6%
TOTAL	**6,1%**	**7,6%**	**5,5%**

NUMBER	2017	2018	2019
ITALY	18	21	29
FRANCE	23	16	18
POLAND	47	79	39
TOTAL	**88**	**116**	**86**

Employees by contract type (part-time/full-time)

N.	2017			2018			2019		
	M	F	Total	M	F	Total	M	F	Total
PART TIME	6	6	**12**	4	8	**12**	5	5	**10**
FULL TIME	1.155	441	**1.596**	1.191	476	**1.667**	1.237	486	**1.723**
TOTAL	**1.161**	**447**	**1.608**	**1.195**	**484**	**1.679**	**1.242**	**491**	**1.733**

New hires by gender

	2017	2018	2019
MALE	117	89	110
FEMALE	94	51	59
TOTAL	**211**	**140**	**169**

Outgoing employees by gender

	2017	2018	2019
MALE	63	72	55
FEMALE	25	44	31
TOTAL	**88**	**116**	**86**

Companies within the Group are managed with absolute respect for personal diversity, whether it relates to gender, religion, political opinions, ethnicity, nationality, sexual orientation, age or anything else.

Zignago Vetro condemns and refrains from engaging in conduct that may be inadequate in guaranteeing equal gender opportunities. The Group is committed 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.

Zignago Vetro 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 personal growth and the achievement of corporate objectives.

Any form of discrimination is explicitly prohibited by the Ethics Code.

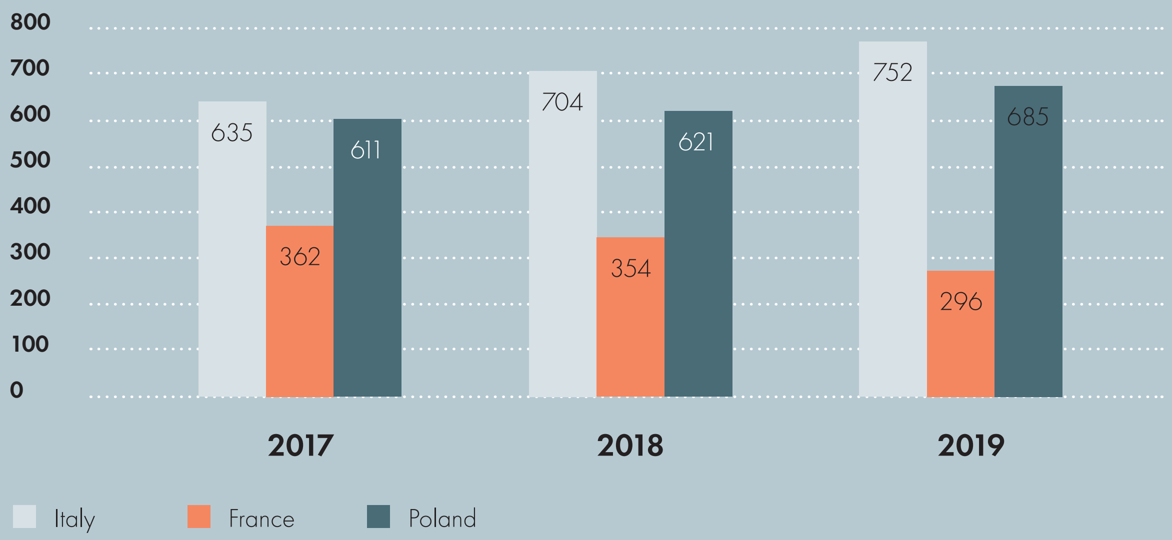
The above highlights the Group's commitment to implementing labour policies aimed at stability and long-term collaboration with its employees.

Indeed, **in 2019, over 58% of employees were on permanent contracts**, with the greatest improvement seen in Poland, mainly due to the development of Zignago Vetro Polska since it became part of the Group, despite the relative seasonality and variability of its activities.

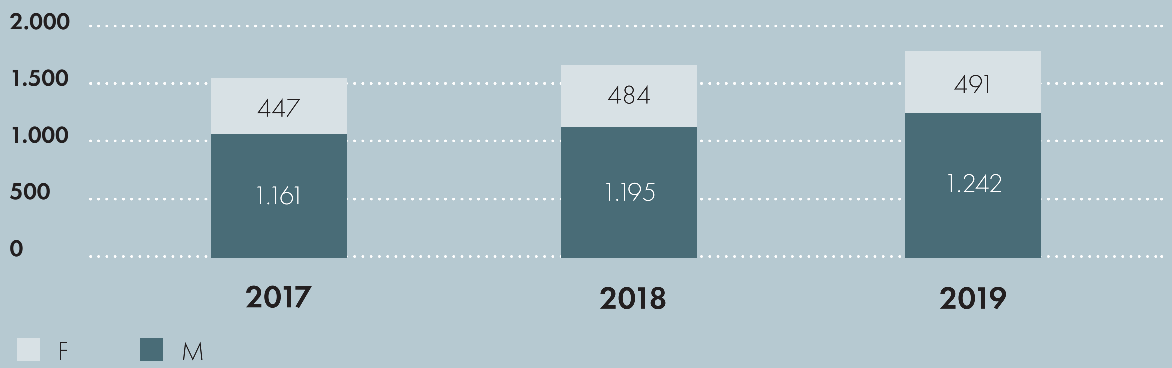
The Group's total personnel at December 31, 2019 numbered 1,733 staff, an increase of +54 employees over the previous year (+3.22%), with the substantial maintenance of full-time women employees.

During 2019, **a total of 169 employees joined the Group, most of whom were between 30 and 50 years old.**
The incoming turnover rate was 10.8%.

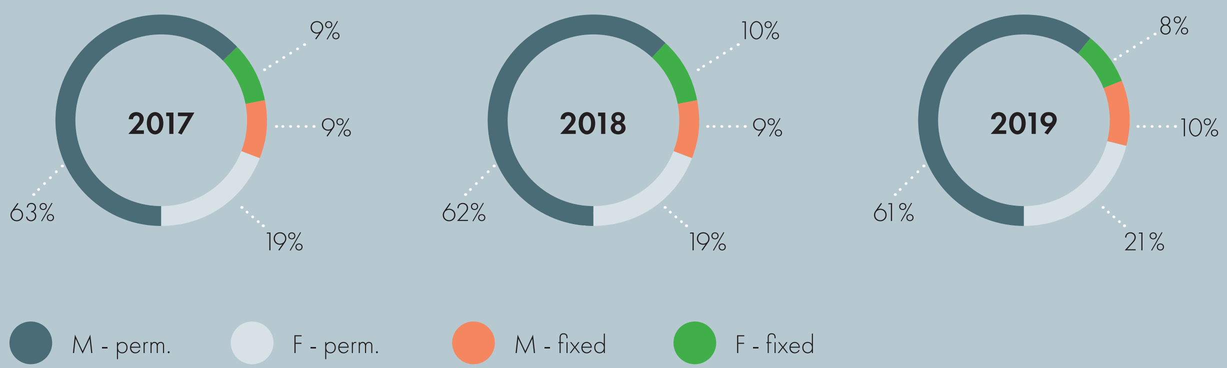
Workforce over the last 3 years by geographical area



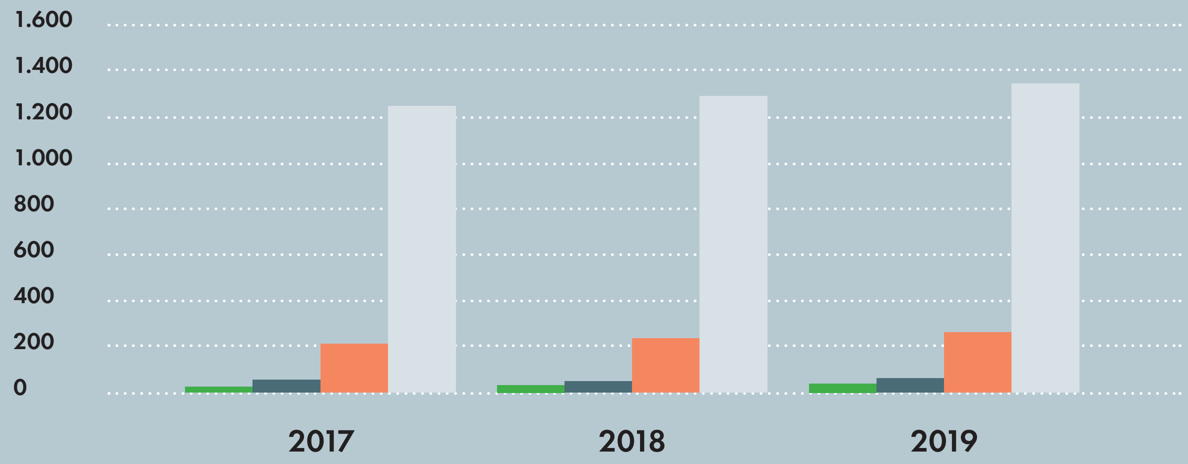
Workforce over the last 3 years by gender



Workforce over the last 3 years by contract type

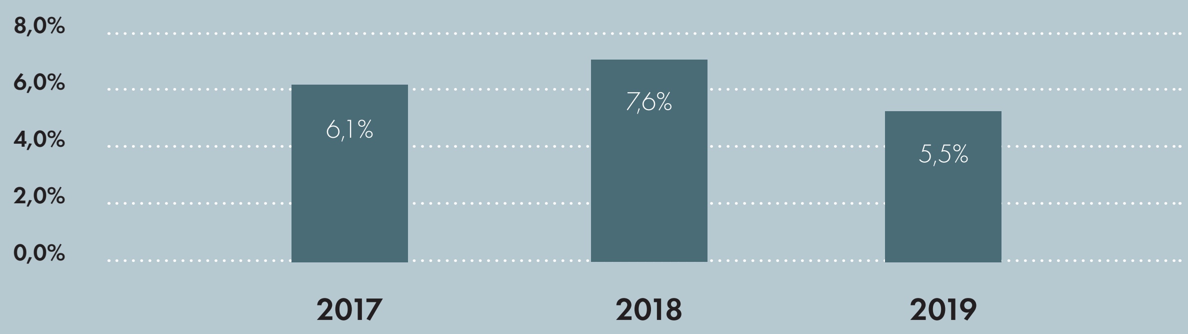


Workforce over the last 3 years by professional category

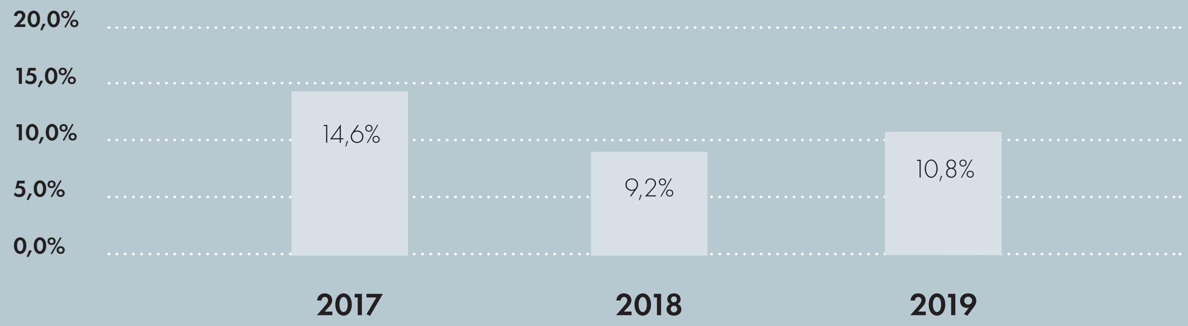


	2017	2018	2019
Executives	20	22	23
Managers	68	66	69
White-collar	240	245	255
Blue-collar	1.280	1.346	1.386

Outgoing turnover rate



Incoming turnover rate



COMPANY WELFARE

With an eye to improving and developing human resources and increasing the sense of belonging among its employees, the Zignago Vetro Group:

- has undertaken actions aimed at developing and favouring a positive work/life balance;
- has introduced forms of insurance coverage for non-work situations;
- has launched a corporate welfare plan (CWP), in addition to the company's supplementary agreement. The initiative has been implemented at Zignago Vetro S.p.A.'s plants and is expected to be rolled out at additional plants in 2020.

The Zignago Vetro Corporate Welfare Plan is provided through the DayWelfare platform and provides access to various benefits, including:

- Nurseries
- Schools
- Summer camps and after-school activities
- University costs
- School books
- Purchases and shopping
- Sport and gym costs
- Travel
- Training courses
- Health and well-being
- A healthcare fund
- Dentists

- Additional contributions
- Cultural events and performances
- News and magazines

WORK-LIFE BALANCE

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.

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

8.2.3 WORKPLACE HEALTH AND SAFETY

The companies of the Group pay the utmost attention to issues of workplace health and safety and their prevention.

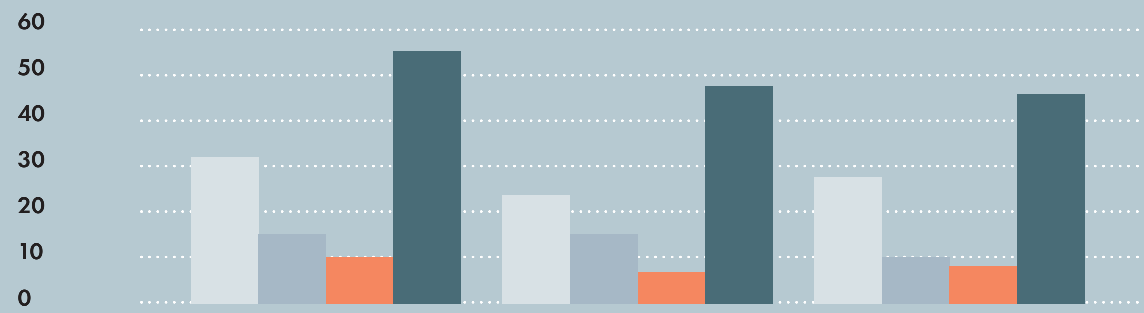
In this regard, Zignago Vetro is well aware of all legal obligations (Legislative Decree 81/2008 and subsequent amendments) and takes all necessary (or simply appropriate) measures to:

- analyse all current risks;
- implement all the prevention and protection measures necessary to minimise risks.

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 health, safety and accidents in the workplace, and in investing energy, resources and time in the continuous training of their employees, through a structured and formalised KPI system.

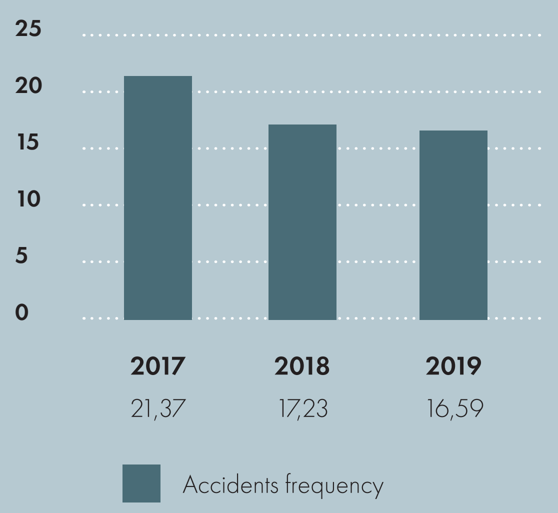
Accident rate



	2017	2018	2019
Italy	32	24	27
France	15	15	10
Poland	10	8	9
Total	56	47	46

Accidents are steadily decreasing, from 56 in 2017 to 47 in 2018, and to 46 in 2019; likewise, the frequency index[10] is decreasing, reaching 16.59 in 2019, a value only slightly higher than average for glass container manufacturers[11] in Italy, for which the value stood at 13.42 in 2018.

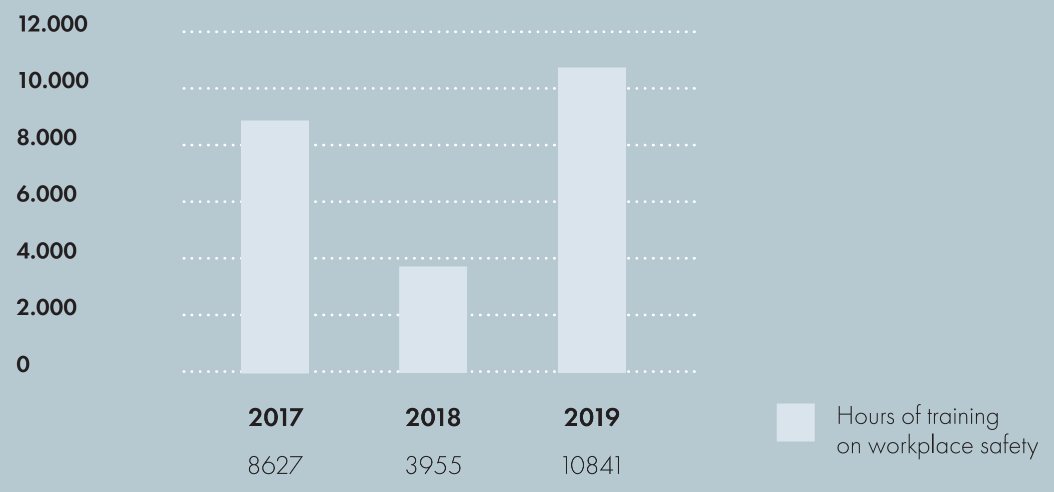
Accident frequency index



Accident severity index

The company's commitment to workplace health and safety has materialised in many ways, including through the provision of training. The Group's total training hours more than doubled in 2019 compared to 2018, and also grew compared to 2017.

Hours of training on workplace safety



8.2.4 CONSUMER HEALTH AND SAFETY

Zignago Vetro adopts and continuously perfects procedures and operating systems aimed at:

- **guaranteeing the highest quality, hygiene and food safety standards for its finished products;**
- **guaranteeing the traceability of finished products** in order to maximise 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.
- **ensuring the correct labelling of products;**
- **adopting a correct and transparent sales and marketing style** with regard to its customers, while avoiding the implementation of incorrect or misleading marketing policies.

In particular, Zignago Vetro S.p.A.'s quality certifications are as follows:

STANDARD	IMPLEMENTATION
UNI EN 15593:2008	✓
FSSC 22000	In progress (Empoli plant by 2020)

The UNI EN 15593:2008 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.
In the context of a wider awareness of the issues, the company has also recently initiated a process to obtain certification to the International Standard FSSC 22000 (Food Safety System Certification 22000); this process 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 according to FSSC 22000 is scheduled for 2020.

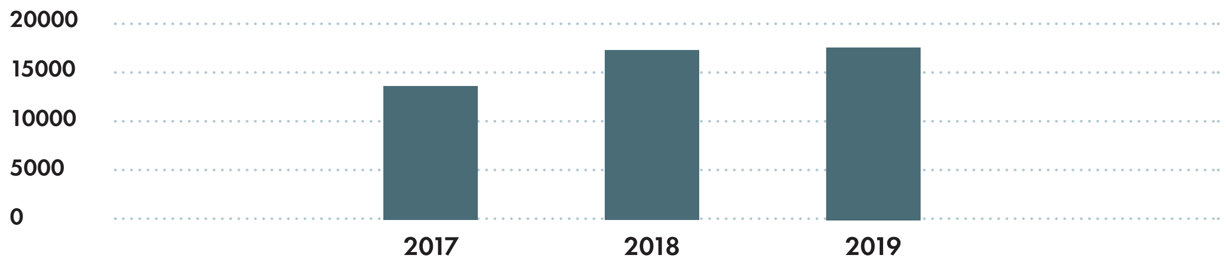
The voluntary UNI EN 15593 and FSSC 22000 certifications are used by the Group to demonstrate its compliance with Good Manufacturing Practices (GMP[12]).

As proof of this commitment, 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. This indicator has remained at zero since 2016.

8.2.5 PERSONNEL TRAINING AND DEVELOPMENT

Zignago Vetro has always been attentive to the professional development of its employees 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 organised 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. Furthermore, the Group organises specific training programs for new hires, as well as general training programs for white-collar workers, middle managers and executives.
The Group is in the process of preparing training plans that cover all company areas in detail. These plans are of a recurring nature and concern all the Group's plants.

Training hours



Average training hours by professional category

	2017			2018			2019		
	M	F	Total	M	F	Total	M	F	Total
Executives	361	21	**381**	90	75	**165**	161	101	**262**
Managers	1.644	338	**1.982**	884	75	**959**	696	177	**873**
White-collar	2.379	885	**3.263**	3.711	1.091	**4.801**	2.694	917	**3.611**
Blue-collar	5.396	2.438	**7.833**	9.648	1.022	**10.670**	10.194	1.935	**12.129**
Total	**9.779**	**3.681**	**13.460**	**14.332**	**2.262**	**16.594**	**13.745**	**3.129**	**16.874**
Hours/person		**9**			**9,9**			**9,7**	

Collectively, employees received approximately 16,874 hours of training in 2019, a slight increase in comparison to 2018.

In 2018, the Group launched an internal training program entitled '**Zignago Academy**', which is aimed at promoting the interdisciplinary skills, engagement and managerial development of recently hired young employees with the greatest potential.

The program, which largely took place in 2019, saw the participation of a total of around 25 staff members.

SUSTAINABILITY AWARENESS TRAINING

In 2019, Zignago Vetro established a partnership with professor Enrico Giovannini, former President of ISTAT, Italian Government Minister, and currently a spokesperson for ASVIS, the Alliance for Sustainable Development, as well as a university professor.

Professor Giovannini led a seminar organised by Zignago Vetro on sustainability for all company departments.

The initiative was coordinated by the ESG Committee and represented an opportunity to reflect on the awareness surrounding ESG issues within the company.

Zignago Vetro intends to follow up on this type of sustainability discussion and training session by involving external stakeholders, such as customers and suppliers.

8.2.6 DIVERSITY, EQUAL OPPORTUNITIES AND NON-DISCRIMINATION

Zignago Vetro companies are managed with complete respect for personal diversity. Specifically, 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 which lead to unequal treatment for staff in similar roles and with similar merit. Careful monitoring is carried out, in particular, to prevent violations of international conventions on the protection of workers' rights.

The Zignago Vetro Group is committed to promoting diversity and equal opportunities, especially 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. In this regard, it is important to highlight that no cases of human rights violations have ever been reported in connection with the Group.

SOCIAL INCLUSION POLICIES

Zignago Vetro undertakes to create and maintain the conditions necessary to ensure that, in all the countries in which the Group operates, social inclusion policies are promoted and offer employment and growth opportunities to disadvantaged social groups.

Specifically:

- Since 2016, Zignago Vetro has entrusted the implementation of some general services to the Pegaso Social Cooperative, which supports disabled members of staff;

- Zignago Vetro Brosse has collaborated with small companies in an area with high unemployment rates since 2017, with the aim of promoting local industrial development;

- Zignago Vetro launched a partnership with the Noncello Cooperative in 2018, in order to help people with disabilities to contribute to the production sector;

- in 2019, Zignago Vetro Polska started a project to recruit Ukrainian employees from war zones. The project has the dual purpose of training an adequate number of qualified employees and increasing the company's social role through social diversity.

8.2.7 SUSTAINABLE SUPPLY CHAIN MANAGEMENT

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

- **to hire suppliers who hold views that are in keeping with Zignago Vetro's policy**, and with the principles of ethical, social and environmental responsibility promoted by the company;

- **to guarantee a responsible supply chain selection and qualification process** by constantly monitoring supplier requirements.

- **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.

The Group has implemented a formalised policy of sustainability principles for relations with suppliers, while every company belonging to the Group applies the relevant company procedure when selecting and qualifying suppliers.

In this regard, the Group adopts formalised 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.

With regard to raw material usage, the Group has, over the years, increased the use of waste glass through 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 very pertinent aspect of the raw material supply chain, over which it is able to exert direct control.

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.

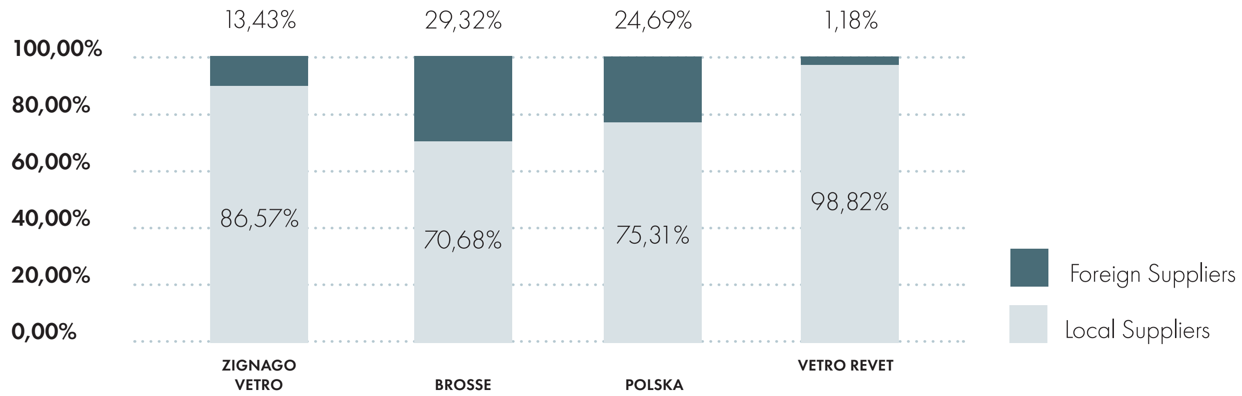
As standard practice, the Group reserves the contractual right to adopt all appropriate measures (including contract terminations) in the event that any supplier, in carrying out activities in the name of or on behalf of the Company, violates any rule of legislation or Zignago Vetro's requirements in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

8.2.8 SELECTION POLICIES FOR SUPPLIERS AND SUPPLIES

The Zignago Vetro Group has decided to increasingly involve suppliers in its 2030 Agenda, in line with evolving legislation, the SDG principles and its stakeholder engagement policies.

It should be noted that as the Group's plants are located in the Eurozone (Italy, France and Poland), the purchase of raw materials takes place almost exclusively through suppliers located in areas near the Group's production plants.

Origin of suppliers



Although it is reasonable to assume that Zignago Vetro's suppliers must comply with the same legal obligations as regards suppliers, the company has created a "supplier code of conduct" which covers some of the more pertinent ESG issues.

By signing the Zignago Vetro Code of Conduct, suppliers agree to commit to a series of important social principles.

The key points of the supplier code of conduct include:

- the specific commitment not to purchase minerals from areas of conflict (so-called Conflict Minerals). A declaration regarding the origin of materials will be requested from suppliers of materials that could potentially be affected (tin, tungsten, tantalum, gold and their derivatives);

- the commitment to pay a minimum wage;

- the commitment to guarantee a maximum limit of daily working hours.

Similarly, the supplier must agree not to engage with suppliers who do not guarantee:

- free participation in trade unions;

- the presence of minimum workplace safety measures;

• a ban on child labour, except in cases explicitly provided for by law;

• the prohibition of forced labour;

• a policy that requires suppliers not to indirectly engage with other suppliers who might inflict corporal or similar punishment on their employees.

The Quality Office is committed to collaborating with the Environment and Safety Office to develop a Group procedure in 2020 that sets out a method and methodological principles for choosing suppliers on the basis of factors such as price, quality of service or supply, sustainability and a respect for ethical issues and social rights.

The annual tool used to assess these commitments is the Management Review.

In addition, Zignago Vetro has sent a questionnaire to its largest suppliers asking them which certifications they possess, prior to an official assessment in line with the Group's code of conduct. The following certifications are considered to be particularly relevant: ISO 14001, SA8000, ISO 45001 (or OHSAS 18001), ISO 37001 and ISO 50001.

8.2.9 DIALOGUE WITH SOCIAL PARTIES AND COMMUNITY INITIATIVES

The Zignago Vetro Group has always paid the utmost attention to developing local communities by continuously investing in the area and sponsoring sporting and cultural activities. In 2019, initiatives were funded in the following main areas:

• in collaboration with other companies, 3,000 air fresheners were donated to the Tommasino Bacciotti Foundation (which supports families with children admitted to the Meyer Children's Hospital). The air fresheners were then sold by the Foundation to help with financing;

• the redevelopment of urban heritage and local roads;

• support for sports associations and other philanthropic activities;

• annual funding of 25 scholarships;

• support for artistic initiatives - the ZIGNAGO VETRO e L'ARTE project will be launched in 2020 to finance specific art-based projects;

• social initiatives - cooperation with Coop Noncello and Coop Pegaso (paragraph 8.2.6);

• social inclusion projects (paragraph 8.2.6).

In addition, the Group contributed to the financing of social activities by Zignago Holding.

The above projects resulted in a rather significant financial outflow for the Group in 2019.

In 2020, Zignago Vetro plans to adopt a precise system for setting objectives and monitoring the financing of this type of project.

In particular, following a proposal by the ESG Committee, the Board of Directors has agreed to allocate Euro 100,000 to community support initiatives in 2020.

8.2.10 CREATION AND DISTRIBUTION OF ECONOMIC VALUE

The Group's ability to produce and redistribute wealth extends beyond shareholders to employees, other stakeholders in general and the social context in which the Group operates.

The **economic value** generated by the Group from 2017 to 2019 is outlined below:

[€/000]	2017	2018	2019
ECONOMIC VALUE GENERATED BY THE GROUP	**275.848**	**303.893**	**342.116**
Revenues	261.186	289.838	323.725
Other income			
Financial income	0	0	0
Impairments on financial assets	14.189	15.454	18.087
Doubtful debt provision			
Exchange differences	473	(1.399)	304
Income/charges from sale of property, plant and equipment	0	0	0
Impairments on tangible & intangible assets	0	0	0
ECONOMIC VALUE DISTRIBUTED BY THE GROUP	**234.143**	**260.154**	**280.759**
Operating costs	138.951	152.217	165.522
Remuneration of collaborators	63.924	67.474	72.130
Remuneration of lenders	1.693	2.704	1.878
Remuneration of investors	21.818	28.061	31.569
Remuneration of the public sector	7.757	9.698	9.660
External processing	0	0	0
ECONOMIC VALUE RETAINED BY THE GROUP	**41.705**	**43.739**	**61.357**
Depreciation & amortization	37.258	39.007	48.436
Provisions	822	563	467
RESERVES	**4.447**	**4.732**	**12.921**

The table above highlights the calculation and distribution of the economic value directly generated and distributed by the Group as a whole. Economic value represents the total wealth created by Zignago Vetro and subsequently distributed among its various stakeholders.

Specifically:
- Euro 72.1 million was distributed to employees through the payment of wages and salaries, social security contributions, remuneration and benefit programs;
- Euro 9.7 million was distributed to the public sector via the payment of income taxes;
- Euro 165.6 million was spent on operating costs (raw materials, costs for services, etc.).

It should be noted that the Group companies carried out various social and cultural initiatives during 2019 with regard to community investments.

However, there are other indicators that help to measure the Group's ability to generate economic value, in particular:

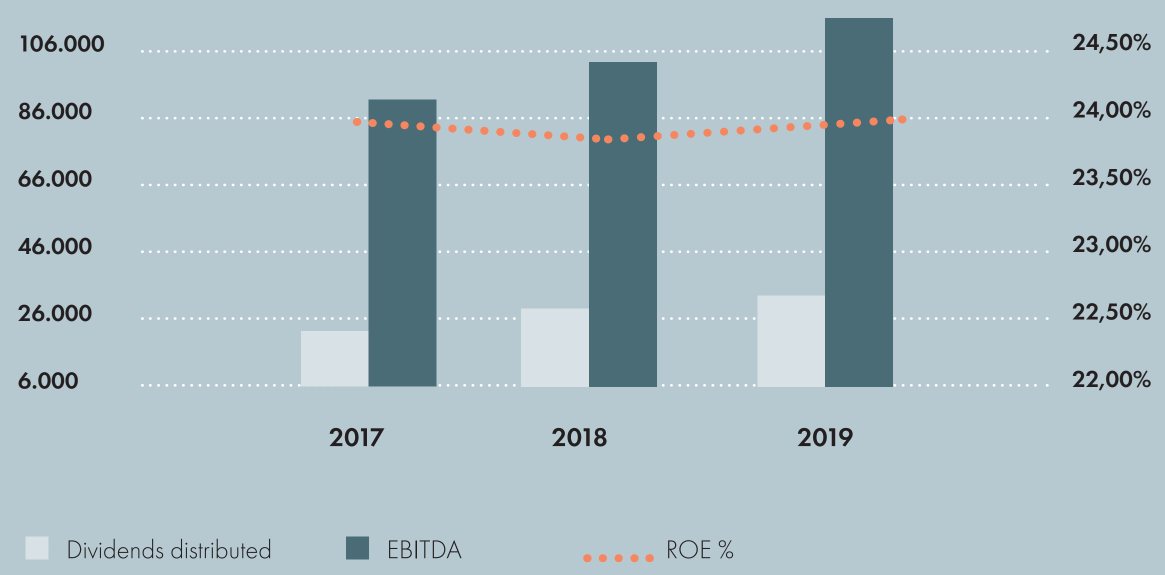
- the **Group's operating margin** (EBITDA) and **return on equity** (ROE), inasmuch as they give an indication of the business' sustainability, of its current and future capacity to remunerate and hire human resources in the general social interest and of the degree of appreciation of its customers for the products it offers, their quality and the services associated with them;

- **the distribution of dividends and the increase in Zignago Vetro's share value**. 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 and the appreciation of the company's market value.

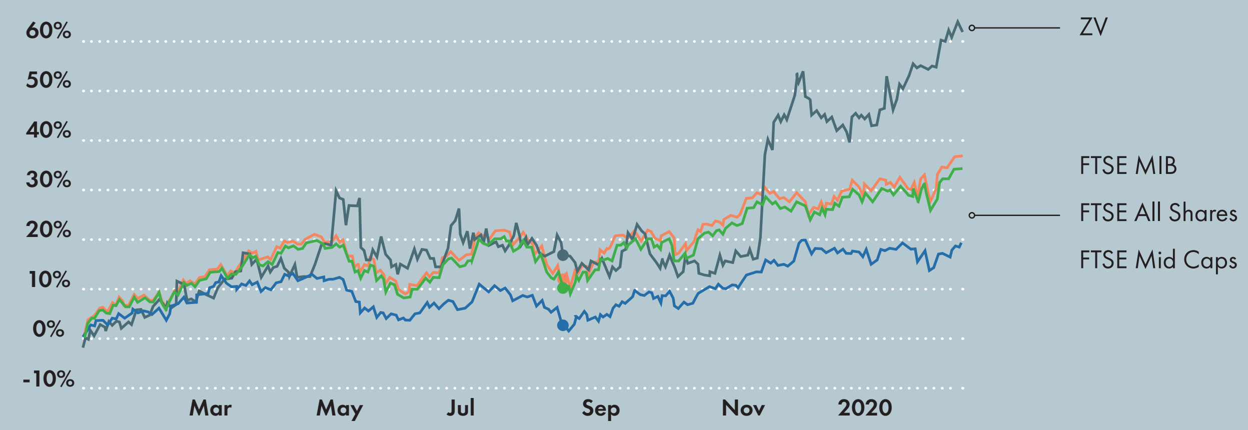
The tables and graphs on the opposite page provide a measurement of the value creation indicators mentioned above.

In 2019, dividends of Euro 31.6 million were distributed to shareholders.

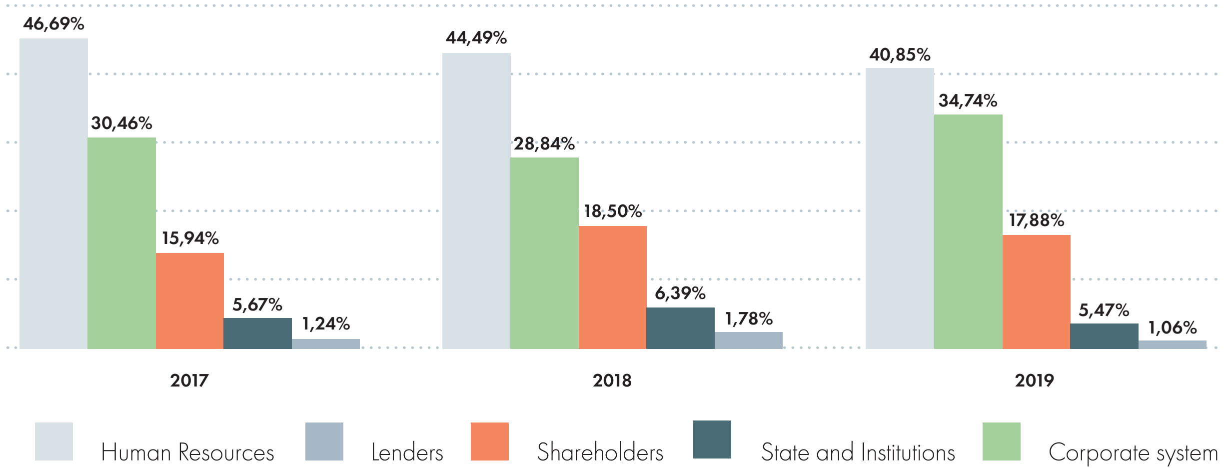
EBITDA and DIVIDENDS



Zignago Vetro share performance
(01/01/19 - 14/02/20)



Zignago Vetro: distribution of economic value:



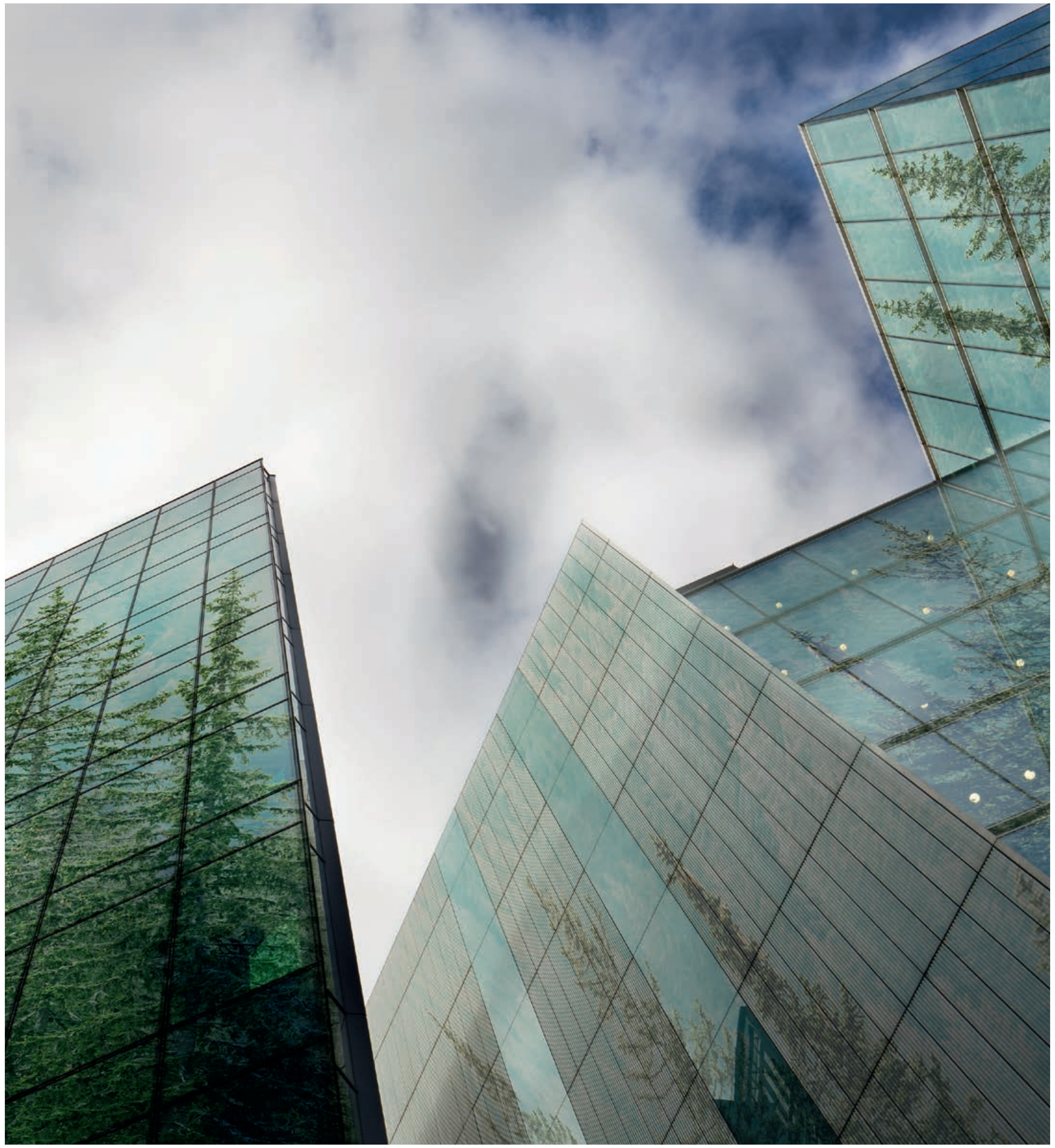
Other indicators of economic value creation are certainly possible.

Specifically, measurements regarding the Group's generation of cash flow are shown below:

Data in Euro/000	31/12/17	31/12/18	31/12/19
Operating Cash Flow	**58.340**	**79.097**	**82.590**
Net investments	(66.031)	(94.262)	(66.101)
Change Payables to Fixed asset Suppliers	(8.803)	15.447	(14.078)
Cash flow investments	(74.834)	(78.815)	(80.179)
Free Cash Flow	**(16.494)**	**282**	**2.411**

Over the years, the Group has generated an increasing flow of operating cash, which has been allocated to investment activities in order to ensure the Group's future growth.

That being said, thanks to a significant ability to generate cash flows, Zignago Vetro has continued to pay dividends to its shareholders, thereby guaranteeing good financial stability.



8.3 GOVERNANCE

SDGs	MATERIAL ASPECT
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Governance structure
	Remuneration system
	The internal control, risk management and compliance system
	Tax transparency and the fight against corruption

8.3.1 GOVERNANCE STRUCTURE

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;
- Remuneration Committee;
- Related Party Transactions Committee;
- Lead Independent Director;
- Board of Statutory Auditors;
- Independent Audit Firm;
- Supervision Body;
- Executive responsible for the preparation of the corporate accounting documents;
- Internal Audit Manager;
- Director in charge of the Internal Control and Risk Management System.

In addition to the below, please refer to the Corporate Governance and Ownership Structure Report at December 31, 2019.

SHAREHOLDERS' MEETING

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 capital structure at December 31, 2019 was as follows:

Shareholder	% of Share Capital
Zignago Holding S.p.A.	65%
Other shareholders	35%

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.

In 2015, the Shareholders' Meeting of Zignago Vetro introduced multi-vote rights, as required and governed by Italian law, 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. Subsequently, the company's Board of Directors approved the Regulations relating to the shares with multi-vote rights. Further details are available on the Company's website.

The introduction of multi-vote rights is intended to allow all shareholders who permanently hold shares in the Company – and who therefore express a view regarding medium to long-term investment – to influence the decisions of the Shareholders' Meeting. Therefore, any minority shareholder who intends to avail themselves of said rights can do so upon request pursuant to the relevant procedure and following the uninterrupted maintenance of shares for two years.

At December 31, 2019, the number of voting rights amounted to 145,275,351, of which 114,550,702 were for shares that have already acquired multi-vote rights.

BOARD OF DIRECTORS

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 may not be more than three years. The offices held by the Directors appointed conclude on the date of the Shareholders' Meeting called to approve financial statements of the final year of office, and they may be re-elected.

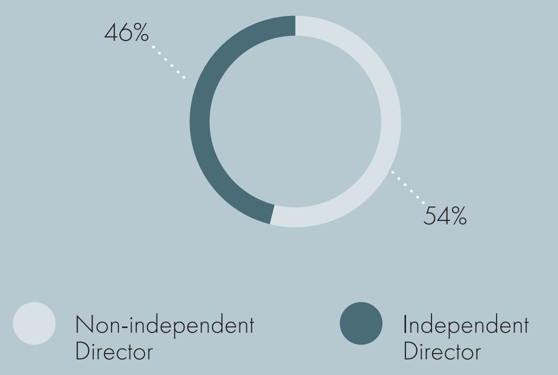
The appointment of the Board of Directors occurs through the voting of slates, which allows the minority shareholders to elect at least one Director.
The minimum shareholding required for the presentation of the slate of candidates is 2.5% of the ordinary shares, or where otherwise established by Consob 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.

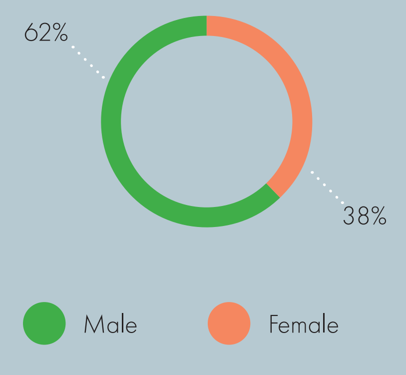
The composition of the Board of Directors, elected on 2 May 2019, is shown below.

Its mandate will expire with the approval of the financial statements at December 31, 2021.

Name	Date of birth	• Executive • Non-Executive • Indipendent • Minority List	Committee: • Control & risks • Appointments and Remuneration • Related parties	Experience in the glass sector	Board of Directors attendance in 2019	Offices held in other listed companies
Paolo Giacobbo	21.04.49	E	-	YES	100%	-
Nicolò Marzotto	28.09.68	E	-	YES	100%	-
Alessia Antonelli	22.05.71	NE, I	CR	-	100%	-
Ferdinando Businaro	26.02.65	NE	RP	YES	100%	-
Roberto Cardini	11.11.55	E	-	YES	100%	-
Giorgina Gallo	02.04.60	NE, I	CR	-	100%	-
Daniela Manzoni	08.02.69	NE, I	AR	-	100%	-
Gaetano Marzotto	21.12.52	NE	-	YES	100%	1
Luca Marzotto	09.01.71	NE	CR	YES	100%	1
Stefano Marzotto	24.04.55	E	AR	YES	100%	-
Franco Moscetti	09.10.51	NE, I	AR	-	100%	4
Barbara Ravera	21.01.75	NE, I, ML	RP	-	100%	-
Manuela Romei	15.02.43	NE, I	RP	-	100%	-

Composition of the Board of Directors





The Board of Directors of Zignago Vetro S.p.A. has carried out a process of self-assessment regarding its composition and functioning in accordance with the recommendations of the Borsa Italiana's Self-Governance Code, to which the Company adheres. Reference is also made to the letter dated December 21, 2018 sent by the Chairman of the Corporate Governance Committee to all issuing companies.

The aim of this process was to evaluate the adequate composition and correct functioning of the Board of Directors and its Committees, as these conditions constitute a guarantee with regard to Company balance and stability, as well as a guarantee factor for stakeholders.
As such, they represent a key element for generating value for shareholders in the medium-to-long term.

The Board of Directors has therefore assessed its performance with the aim of identifying potential areas of improvement, aimed not only at increasing the efficiency of the management body and committees as a whole, but also at encouraging company development by leveraging skills and professionalism.

With this in mind, the self-assessment process involved the following actions:

- an assessment of the correct and effective functioning and adequate composition of the Company's Board of Directors and Committees;

- the updating of internal regulations, which oversee the functioning of the aforementioned corporate bodies, in order to ensure their suitability in light of any changes that may occur to business activities and the operating context;

- identification of areas for potential improvement in the Group's governance bodies, promoting their discussion within the Board of Directors and its Committees;

- the strengthening of collaboration and trust between individual members and between the strategic supervision and management departments;

- the encouragement of the active participation of individual members and their contribution to debate among the Board, so that decisions taken by the Board may benefit from the contribution of the diverse professionals present within the body.

The Self-Assessment Process was carried out with the following methodology:

- Preliminary phase: information and data collection via specific questionnaires;

- Processing phase: analysis of responses and preparation of a summary report, including any suggestions;

- Process results preparation phase: general assessment summary carried out to identify Group governance improvement areas, and taking into account the recommendations of the Borsa Italiana Corporate Governance Committee Chairman in the aforementioned letter.

The Self-Assessment Process judged the following material topics adequately covered:

The size and composition of the Board of Directors in relation to the company's organizational structure and operations.	✓
The competence and time availability of Non-Executive Directors and Independent Directors.	✓
The workings of the Board of Directors and the Committees.	✓
The adequacy and completeness of documentation and information to support board and committee meetings.	✓
The information provided by delegated bodies for assessing ongoing operations and foreseeable developments, particularly those of greatest economic, financial and capital importance, as well as the general scenario of the sector in which the Company operates.	✓
The timeliness and effectiveness of the communication of information to support board meetings.	✓
The organizational, administrative and accounting structure of the company, particularly concerning the internal control and risk management system and the management of conflicts of interest and related party transactions.	✓
The various competences of Directors in relation to the risks to which the company is exposed.	✓

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.

For the composition of the Committee, refer to the previous table.

REMUNERATION COMMITTEE

The Remuneration Committee is composed of three Non-Executive Directors (of which two independent) with adequate knowledge and experience of finance and remuneration policies, and has the duty to formulate proposals with regard to the remuneration of Chief Executive Officers and those who hold particular offices.

For the composition of the Committee, refer to the previous table.

THE RELATED PARTY TRANSACTIONS COMMITTEE

In 2010, via a special resolution of the Board of Directors, the company established the Committee for Transactions with Related Parties, which has a vital role in monitoring transactions with related parties and compliance with the aforementioned procedure. The Committee has the task of guaranteeing the propriety of transactions with related parties by issuing opinions on the interests of the company in carrying out specific transactions and on the benefit and suitability of related conditions.

The Committee comprises Non-Executive Directors, two of which considered independent, in accordance with the Self-Governance Code.

For further information, refer to paragraph 8.3.3.

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) adherence to 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 operational events and (iii) the method for establishing the corporate governance regulations to which the company adheres.
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.

At 31/12/19, the Board of Statutory Auditors was composed as follows:

Name & surname	Office
Alberta Gervasio	Chairman
Andrea Manetti	Statutory Auditor
Carlo Pesce	Statutory Auditor
Chiara Bedei	Alternate Auditor
Cesare Conti	Alternate Auditor

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 justified 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 (SB) is appointed by the Board of Directors and is responsible for ensuring the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 is adequate and efficient, effective and updated.

At 31/12/19, the Supervisory Board was composed as follows:

Office	Name & surname
Chairperson SB	Alessandro Bentsik
Member	Massimiliano Agnetti
Member	Nicola Campana

EXECUTIVE OFFICER RESPONSIBLE FOR THE PREPARATION OF FINANCIAL STATEMENTS

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 Appointed to oversee 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 of which they have however become aware in carrying out their duties.

8.3.2 REMUNERATION SYSTEM

Performance-related pay	✓
Medium-to long-term performance-related pay	✓
Stock option plans	✓
ESG performance-related pay	✓

PERFORMANCE-RELATED PAY

The remuneration policy of the Company both recognises the contribution of Directors and personnel through a remuneration policy based in part on the reaching of company and individual performance objectives and also seeks to ensure the retention of Directors and strategic personnel.

The remuneration of Executive directors, Senior Executives, other Executives and a significant portion of company managers is made up of a fixed component and a variable performance-related component, which are suitably balanced according to the Group companies' strategic objectives, risk management policy and specific sector. The fixed component of this remuneration should sufficiently remunerate the level of professional service of the beneficiary in the case in which the variable component was not paid due to the performance objectives not being met, indicated by the Board of Directors for the Executive Directors, or by the Chief Executive officer for Executives and Senior Managers.

With reference to the variable components, the remuneration policy of the Company ensures that a significant part of the remuneration of Executive Directors and Senior Management is incentive-based, subject to the achievement of company and individual performance objectives.

On this basis the appointments and remuneration committee drew up the proposal

for the structure of the remuneration of directors and senior executives of the Company for the years 2019-2021.

The Board of Directors approved the remuneration policy of the Directors of the company, in line with the proposal of the Appointments and Remuneration Committee, based on the economic results of the Group and/or the achievement of specific particularly challenging objectives indicated by the Board of Directors or by the CEO. For Senior Executives and managers, the variable component depends on the achievement of the aforementioned objectives, measured according to quantitative Group economic and financial indicators, such as turnover, EBITDA, EBIT and ROI.

MEDIUM- TO LONG-TERM PERFORMANCE-RELATED PAY

In 2016, the company introduced performance-related pay linked to the achievement of medium/long-term objectives in order to:

- adopt a motivation and engagement instrument, linking the remuneration of Top Management to the medium/long-term performance;

- align managerial goals with the interests of shareholders, in line with best practice for listed companies and the Self-Governance Code;

- introduce an ongoing remuneration package component which is currently absent, which is:

- frequently used by the market and appreciated by stakeholders (investors, proxy advisors);
- effective in terms of retention and attraction.

The 2016-2018 Plan constituted an effective incentivisation and loyalty tool that strongly contributed to the Group's results, and, in terms of Zignago Vetro's remuneration policy, rewarded beneficiaries for surpassing the growth objectives set for the 2016-18 three-year period.

STOCK OPTION PLANS

On March 13, 2019, the Board of Directors, upon conclusion of the 2016-2018 performance-related pay remuneration period, on the proposal of the Appointments and Remuneration Committee, and with the favourable opinion of the Board of Statutory Auditors, approved the proposal to the Shareholders' Meeting of the stock options plan addressed to Directors and Senior Executives, linked to share value increases on the electronic stock market, and entitled "The Long-term Monetary Incentive Plan 2019-2021".

The Plan provides for the assignment to beneficiaries, identified by the Board of Directors on the proposal of the Appointments and Remuneration Committee, of options to subscribe or purchase issuer shares according to the Plan's terms and conditions. Among such terms and conditions, the main condition for activating the Plan requires that on the maturity of the options, or within a reasonable period of time thereafter, the unit price of the issuer's share is at least equal to Euro 9.7.

The vesting period is set between the date of assignment and the date of approval by the Board of Directors of the draft financial statements at 31/12/2021.

The exercise period has been set until 31/12/2024. At the same meeting held on March 13, 2019, the Board of Directors, on the proposal of the Appointments and Remuneration Committee, resolved to issue a number of options equal to 1.5% of the capital of the issuer, corresponding to 1,320,000 shares.

The Zignago Vetro Shareholders' Meeting, held on May 2, 2019, approved the aforementioned stock option plan.

ESG PERFORMANCE-RELATED PAY

Finally, from 2020, the company has linked a significant component of performance-related pay remuneration to the achievement of specific sustainability objectives, drawn from the formalized system of ESG objectives adopted by Zignago Vetro.

8.3.3 THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE SYSTEM

Ethics Code	✓
Adequacy of the organizational structure	✓
Adequate system of powers and duties	✓
Adequacy of the system for setting objectives, budgeting, management control and reporting	✓
Adequacy of the internal communications system	✓
Adequacy of the system of corporate operating procedures	✓
Adequacy of IT systems	✓
Protection of personal data and privacy	✓
Organizational Model 231/01	✓
Adequacy of the Financial Reporting Accounting Control Model (as per Legislative Decree 262/2005)	✓
Safety, Environment and Quality Management Model	✓
System for the management and protection of privileged information and internal dealing	✓
Director in charge of the Internal Control and Risk Management System	✓
Internal Audit Manager	✓
Procedures for the management of related party transactions	✓
System for combatting active and passive corruption	✓
Whistleblowing	✓

The internal control and risk management system concerns the set of rules, procedures and organizational 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 only ensuring correct management of the business, but also the achievement of the strategic objectives identified.

In particular the ICRMS, integrated into the more general organizational 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 controls' mechanism, the ICRMS guidelines describe in detail the respective duties and responsibilities.

Specifically, the set of skills and relative functions is based on profiling of the following bodies/parties:

- The Board of Directors, which directs and assesses 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 into account the characteristics of the activities carried out by the Company, implements the guidelines drawn up by the Board of Directors, overseeing the design, implementation and management of the ICRMS 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 Organization 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 organization of the ICRMS, duties and responsibilities are segregated among the separate organizational 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. Specifically, 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 prioritization 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 international best 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, appointment of senior managers and assignment of main operational roles is led 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 corporate operating 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 interconnected software packages. Since the beginning of 2019, Zignago Vetro has used the SAP management system, with highly integrated modules that guarantee the maximum congruity, completeness and protection of company information and data. This management system is also currently being implemented in the other Group companies.

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.

- **Data security and privacy** - the confidentiality of data and information is guaranteed by a segregation system based on user profiles and permissions.

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 continuously updated, with the latest version approved by the Board of Directors on July 26, 2019.

- **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 data security (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 and insider dealing** – The Company has adopted a procedural system for internal management and external communication of confidential information, consistent with the requirements introduced by the EU directive in relation to market abuse. For further information, refer to the section of the report on Corporate Governance and Ownership Structures at 31/12/19.

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.

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 Mr. Roberto Cardini as Executive Director to oversee the functioning of the 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 main 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.

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 that any necessary changes during the year can be promptly integrated.

The appointment was made on the proposal of the Director in charge of the Internal Control and Risk Management System, following the favourable opinion of the Control and Risk Committee and the Board of Statutory Auditors.

The Internal Audit Manager reports to the Control and Risk Committee, the Board of Statutory Auditors and to the Director in charge of supervising 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 2019, 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.

Throughout the year, the Internal Audit Manager supports the activities of the Control and Risk Committee.

Procedure for the management of transactions with related parties - the Company has adopted a specific procedure for the management of transactions with related parties, in compliance with the new regulatory provisions introduced by the Consob Commission.

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.

As required by the reference legislation, the Related Party Transactions Committee has given its preliminary approval to the new Procedure for the Management of Transactions with Related Parties, verifying its compliance with the regulatory provisions.

As of the date of this Report the Committee is composed of:
- Manuela Romei (Independent)
- Ferdinando Businaro (Non-Executive)
- Alessia Antonelli (Independent).

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.

Topics relating to combatting active and passive corruption - Zignago Vetro SpA has formalised and adopted an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001. The model analyses and identifies risk areas and control measures to prevent the commission of corruption offences, as per Articles 24 et seq. of Legislative Decree 231/21.

In compliance with legislation regarding the administrative responsibility of entities, the Organizational Model adopted by the company establishes the specific commitment to respect the principles of Legislative Decree 231/2001 and of the Ethics Code, which complies with the Organizational Model.

The Ethics Code clearly defines a set of values that Zignago Vetro recognises 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 Organisational, 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 organisational mechanisms adopted to prevent conduct in violation of the regulatory provisions and to the detriment of the company.

Whistleblowing

Zignago Vetro SpA has adopted an organisational whistleblowing system aimed at reporting incidences of legal non-compliance and fraud against the interests of the company.

This system came into operation in 2019. Any alleged violation is reported to the Supervisory Board.

8.3.4 TAX TRANSPARENCY AND ANTI-CORRUPTION MEASURES

The Group operates according to the principles of utmost fiscal correctness.

None of the tax audits of Group companies gave rise to significant observations by the auditors.

Incidence of corruption reported:

2017	2018	2019
0	0	0

Regarding relations between Group companies, Zignago Vetro has adopted a formalised protocol, as per current legislation, to regulate transactions between Group companies according to the principles of maximum objectivity and transparency.

Tax data are subject to double control by the auditing firm and the tax consultants appointed by the group companies.

During 2019, Zignago Vetro SpA was audited by the Guardia di Finanza financial enforcement agency, as a result of which no significant findings emerged.

9. Zignago Vetro's ESG strategy until 2025

Zignago Vetro Group's ESG commitment has evolved over time, gradually assuming a more precise and strategic orientation. The strategic framework guides the definition of a system of annual objectives, the structuring of which has been outlined in the previous paragraphs.

Highlighted below, however, are the main strategic guidelines defined by the ESG Committee and approved by Zignago Vetro's Board of Directors.

9.1 ENVIRONMENT

- **Increases in the percentage of recycled glass** used in the production process, defined as the ratio of the weight of reused glass cullet, to that of the glass produced by the furnaces.

The target value in 2025 is 53.2%, representing a 14.4% improvement on 2019. This strategic objective is achievable, above all, through the strengthening of the cullet supply system to ensure availability of greater quantities, better quality and color separation (e.g. transparent, aquamarine and green). In this regard, as already discussed in the previous paragraphs, the Group is investing heavily in cutting-edge technology to improve cullet recycling capacity.

- **Reductions in specific energy consumption**, defined as the ratio of overall energy used (expressed in equivalent kWh) to the weight of packed glass (expressed in kg).

The target value in 2025 is 2.246 kWh/kg, a reduction of 6.7% on 2019. This strategic objective is achievable mainly through:
- Maximizing cullet reuse;
- Reuse or better exploitation of thermal waste;
- Plant efficiency improvements and renewals;
- Cost-cutting interventions on heating, air conditioning and lighting systems;
- Increased electricity production from photovoltaic panels.

- **Increases in the percentage of electricity from renewable sources**, defined as the ratio of renewable electricity used to the total electricity used.

The target value in 2025 is 77.7%, an improvement of 91.4% with respect to 2019.
This strategic objective is achievable through:
- Greater procurement of electricity supplies from suppliers guaranteeing renewable sources;
- Greater self-production (photovoltaic panels).

- **Reductions in specific water consumption**, defined as the ratio of water used (in cubic metres) to the weight of packed glass (expressed in tons).

The target value in 2025 is 2.97 cubic metres per ton, a significant 30% reduction on 2019.
This objective is achievable through:
- The completion of the closed circuit systems in all plants;
- The installation of more efficient systems;
- Selective improvements in existing plants.

- **Reductions in specific greenhouse gas (GHG) emissions**, defined as the ratio of the weight sum of direct and indirect emissions (Scope 1 and Scope 2) to the weight of packed glass.

The target value that Zignago Vetro Group has set itself by 2025 is 0.533 tons of CO_2/ ton, a 17.6% reduction on 2019.
This objective is achievable mainly through:
- Lower consumption of virgin materials;
- Greater use of cullet;
- Greater use of a mix of energy sources with lower environmental impact;
- Improvements in the efficiency of technical infrastructures, particularly furnaces;
- A programme of reforestation or sustainable forest management.

- **Transport and logistics efficiency** - according to the following guidelines:
- Progressive reduction of road transport in favour of rail;
- Optimisation of transport;
- Reductions in the use of plastic packaging.

- **Achievement of ISO 14001 Environmental Certification for all group plants** (currently achieved in 3 out of 5 plants). **Zignago Vetro also allocates funding to support various environmental protection projects**. As already mentioned, the funding budget allocated for such projects in 2020 is Euro 100,000.

9.2 SOCIAL

- **To continue to support personnel development and satisfaction**, in particular through:
- The growth of the Group and, therefore, of employment and promotion opportunities;
- Facilitation, where possible, of job flexibility;
- Staff retention initiatives and therefore the reduction of outgoing turnover;
- Continuous improvements in the corporate welfare system.

- **Further improvements to occupational health and safety measures**, with the aim of reducing the incidence of accidents to zero.

- **Greater emphasis on consumer health and safety**, continuing to pursue the zero defect policy and seeking further performance indicators in this area, in collaboration with stakeholders.

- **Increased staff training and development** throughout all group plants and at all levels. Specifically:
- Increased training on occupational health and safety;
- Increased training on ESG topics;
- Increased training on topics in relation to Legislative Decree 231 and also foreign companies;

- **Creation of ever more convenient work environments** that allow staff to combine work and personal needs.

- **Continuous improvements in terms of ESG sustainability topics, at all company levels**, and increased training activities in this regard.

- **Measures to protect diversity and equal opportunity**, particularly by increasing the number of female employees.

- Continued promotion of **diversity awareness** at every level of the company.

- **Increased support for local communities and social activities**.

Zignago Vetro also allocates funding to support various community projects. As already mentioned, the funding budget allocated for such projects in 2020 is Euro 100,000.

9.3 GOVERNANCE

- **Increased performance-related remuneration for top managers linked to the achievement of ESG objectives.**

- **Completion of the development of a system of policies and procedures on ESG topics**, to be extended to all group companies.

10. Methodological note

The Zignago Vetro Sustainability Report has been drawn up pursuant to Legislative Decree 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 Sustainability Report 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 Report 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 in this Sustainability Report refer to the companies belonging to Zignago Vetro Group at December 31, 2019, fully consolidated within the annual financial report.

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 represents the Group's first Sustainability Report. Further such reports will published on an annual basis. The reporting period refers to the 2019 calendar year.

11. GRI Index

GRI STANDARD	PAGE NUMBER	DISCLOSURE
GRI 102: GENERAL DISCLOSURES		
ORGANIZATIONAL PROFILE		
102-1	p. 20	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	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	p. 65	Number of employees by contract and gender
102-9	p. 76	Description of the organization's supply chain
102-10	Directors' Report	Significant changes to the organization and its supply chain in the reporting period
102-11	p.102	Application of the Precautionary principle or approach
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	p. 6-7	Statement from the most senior decision-maker of the organization
ETHICS AND INTEGRITY		
102-16	p. 25	Values, principles, standards, and norms of behavior adopted by the organization
GOVERNANCE		
102-18	p. 84	Governance structure of the organization
STAKEHOLDER ENGAGEMENT		
102-40	p. 34	List of stakeholders involved
102-41	p. 64	Percentage of total employees covered by collective bargaining agreements
102-42	p. 34	Principles for identifying and selecting stakeholders with whom to engage
102-43	p. 34	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	p. 34	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns, also through its reporting. List of stakeholder groups that raised each of the key topics and concerns

GRI STANDARD	PAGE NUMBER	DISCLOSURE
REPORTING PRACTICE		
102-45	p. 4	Entities included in the organization's consolidated financial statements or equivalent documents
102-46	p. 4	The process for defining the report content and the topic boundaries
102-47	p. 40-43	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	p. 102	Reporting period (fiscal or calendar year)
102-51	p. 102	Date of the most recent previous report (if available)
102-52	annual	Reporting cycle (annual, biennial)
102-54	p. 102	Claims of reporting in accordance with the GRI Standards
102-55	p. 104	GRI Content Index
102-56	Sust. Report	External assurance

Topic-specific Standards

GRI STANDARD	PAGE NUMBER	DISCLOSURE
MATERIAL TOPICS		
ECONOMIC PERFORMANCE		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 80	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 80	General information on the management approach and characteristics
103-3	p. 80	Evaluation of the management approach
GRI 201: ECONOMIC PERFORMANCE		
201-1	p. 79	Economic value directly generated and distributed
PROCUREMENT PRACTICES		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 76	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 77	General information on the management approach and characteristics

GRI STANDARD	PAGE NUMBER	DISCLOSURE
103-3	p. 77	Evaluation of the management approach
GRI 204: PROCUREMENT PRACTICES		
204-1	p. 77	Percentage of the procurement budget used spent on local suppliers
ANTI-CORRUPTION		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 98	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 98	General information on the management approach and characteristics
103-3	p. 98	Evaluation of the management approach
GRI 205: ANTI-CORRUPTION		
205-2	p. 98-99	Communication and training on anti-corruption policies and procedures
205-3	p. 99	Confirmed incidents of corruption and actions taken
ENVIRONMENTAL		
ASSETS		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 46	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 46	General information on the management approach and characteristics
103-3	p. 46	Evaluation of the management approach
GRI 301: ASSETS		
301-2	p. 47	Percentage of recycled input materials used
ENERGY		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 49	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 49	General information on the management approach and characteristics
103-3	p. 49	Evaluation of the management approach
GRI 302: ENERGY		
302-1*	p. 49	Energy consumption within the organization OMISSION: absolute value not given due to confidentiality restrictions
302-3	p. 49	Energy intensity
302-4	p. 49	Reductions in energy consumption
WATER		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 54	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 54	General information on the management approach and characteristics

GRI STANDARD	PAGE NUMBER	DISCLOSURE
103-3	p. 54	Evaluation of the management approach
GRI 303: WATER		
303-1	p. 54	Water withdrawn by source
EMISSIONS		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 57	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 57	General information on the management approach and characteristics
103-3	p. 57	Evaluation of the management approach
GRI 305: EMISSIONS		
305-1	p. 57	Direct GHG emissions (Scope 1)
305-2	p. 57	Energy indirect GHG emissions (Scope 2)
EFFLUENTS AND WASTE		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 58	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 58	General information on the management approach and characteristics
103-3	p. 58	Evaluation of the management approach
GRI 306: EFFLUENTS AND WASTE		
306-2	p. 59-60	Total weight of waste by type and disposal method
SUPPLIERS ENVIRONMENTAL ASSESSMENT		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 76	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 77	General information on the management approach and characteristics
103-3	p. 77	Evaluation of the management approach
SOCIAL		
EMPLOYMENT		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 64	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 64	General information on the management approach and characteristics
103-3	p. 64	Evaluation of the management approach

GRI STANDARD	PAGE NUMBER	DISCLOSURE
GRI 401: EMPLOYMENT		
401-1	p. 66-67	Total number and rate of new employee hires and turnover by age, gender and region
LABOR/RELATIONS MANAGEMENT		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 67	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 67	General information on the management approach and characteristics
103-3	p. 67	Evaluation of the management approach
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 71	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 71	General information on the management approach and characteristics
103-3	p. 71	Evaluation of the management approach
GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
403-2	p. 72	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		
103-1	p. 74	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 74	General information on the management approach and characteristics
103-3	p. 74	Evaluation of the management approach
GRI 404: TRAINING AND EDUCATION		
404-1*	p. 74	Average annual hours of training undertaken by gender and employee category OMISSION: data not always available. The company is endeavoring to make this information available.
DIVERSITY AND EQUAL OPPORTUNITIES		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 75	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 75	General information on the management approach and characteristics
103-3	p. 75	Evaluation of the management approach
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES		
405-1	p. 65, 86	Diversity governance bodies and employees
NON-DISCRIMINATION		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 75	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 75	General information on the management approach and characteristics

GRI STANDARD	PAGE NUMBER	DISCLOSURE
103-3	p. 76	Evaluation of the management approach
GRI 406: NON-DISCRIMINATION		
406-1	p. 75	Incidents of discrimination and corrective actions taken
HUMAN RIGHTS ASSESSMENT		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 64	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 64	General information on the management approach and characteristics
103-3	p. 64	Evaluation of the management approach
GRI 412: HUMAN RIGHTS ASSESSMENT		
412-2	p. 64	Employee training on human rights policies or procedures
LOCAL COMMUNITIES		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 78	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 78	General information on the management approach and characteristics
103-3	p. 78	Evaluation of the management approach
GRI 413: LOCAL COMMUNITIES		
413-1	p. 78	Local community engagement, impact assessments, and/or development programs
SUPPLIER SOCIAL ASSESSMENT		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 76	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 76	General information on the management approach and characteristics
103-3	p. 76	Evaluation of the management approach
CUSTOMER HEALTH AND SAFETY		
GRI 103: MANAGEMENT APPROACH		
103-1	p. 73	Explanation of why the topic is material and the boundaries for the material topic
103-2	p. 73	General information on the management approach and characteristics
103-3	p. 73	Evaluation of the management approach
GRI 416: CUSTOMER HEALTH AND SAFETY		
416-2	p. 73	Incidents of non-compliance concerning the health and safety impacts of products and services

12. Notes

[1] Source: Consumer Barometer 2018 - Friends of Glass Survey addressing consumers in 12 European countries, including Italy.

[2] https://www.crcpress.com/Pollution-Prevention-Sustainability-Industrial-Ecology-and-Green-Engineering/Dupont-Ganesan-Theodore/p/book/9781315368436

[3] FEVE data https://feve.org/about-glass/facts-product-details/

[4] FEVE data https://feve.org/wp-content/uploads/2019/11/Introducing-FEVE-Close-the-Glass-Loop-leaflet.pdf

[5] hiips://www.gruppozignagovetro.com/files/pdf/01_corporate_governance_ita/2019Codice_Etico_ZV.pdf

[6] hiips://support.ecovadis.com/hc/it/articles/115002531307-Cos-%C3%A8-EcoVadis-

[7] hiips://www.minambiente.it/pagina/carbon-disclosure-project-cdp

[8] This value is calculated on the basis of the emission factor associated with electricity consumption for 2018 (preliminary estimates), see ISPRA 303/2019 Report.

[9] Excludes waste from extraordinary activities such as construction sites, kiln refurbishment, glass scrapping from kiln start-ups, etc.

[10] 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.

[11] Average value of accident indices provided by Assovetro.

[12] EC Regulation 2023 of 2006.

KPMG

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 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 2019 consolidated non-financial report of the Zignago Vetro Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 13 March 2020 (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 Fossalta di Portogruaro plant, which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to meet its 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 2019 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.

Padua, 27 March 2020

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit

ZIGNAGO VETRO

Zignago Vetro S.p.A.
Via Ita Marzotto 8, 30025 Fossalta di Portogruaro (VE) – Italy
Tel (+39) 0421 246111 - info@zignagovetro.com