

Sustainability Report
Consolidated non-financial statement in accordance
with the Legislative Decree no. 254/2016

Methodology and synthesis of the main cognitive elements

The present document constitutes the consolidated non-financial statement (hereafter also referred to as “**Sustainability Report**”) prepared in accordance with the Legislative Decree no.254/16 and, as required by article 5 of the Decree itself, this document constitutes a separate report from the Directors’ report.

This documents covers, to the extent necessary to ensure the understanding of the business, its performance, its results and of the social and environmental impact it generates, the **matters deemed significant as set out in articles 3 and 4 of Legislative Decree no. 254/16, with reference to 2018** (from January 1 to December 31). In particular, the identification of the material aspects for Italmobiliare Group (hereafter also the “Group”) and its stakeholders was performed through a structured materiality analysis, which is described in the paragraph “Sustainability Management” of the present document.

Italmobiliare S.p.A. is an investment holding that owns and manages a diversified investments and equities portfolio with a strategic vision underpinned by a financial and industrial history of over a hundred and fifty years.

The scope of the **economic and financial data** is the same as the one used in the Consolidated Financial Statements of Italmobiliare Group at December 31, 2018.

The scope of the social and environmental data and information reported varies according to the relevance of these aspects for the various companies of the Group.

The scope of the **social data and information** refers to all companies consolidated on a line-by-line basis in the Consolidated Financial Statements¹ of Italmobiliare Group deemed significant for the reporting of these topics. In particular, given the absence of significant social and environmental impacts and risks and for the lack of relevance in ensuring an understanding of the business activity of Italmobiliare Group, SEPAC and Crédit Mobilier de Monaco are excluded from the scope of this Sustainability Report. With reference to supply chain data, it should be noted that the scope does not include Clessidra SGR S.p.A. as the related information is residual.

The scope of the **environmental data and information** corresponds to that of the production sites of the companies that operate in the industrial sector (Sirap, Italgem and Caffè Borbone) and does not include commercial offices, as these were not considered relevant for ensuring the understanding of the business activities of the Group and the impact generated by it. The reporting for energy consumption and related CO₂ emissions also includes the Milan office of Italmobiliare S.p.A..

It is noted that the social and environmental data and information relating to Sirap Universal Imballaggi S.r.l. are not reported in this Sustainability Report, except for the turnover figure, as the company was liquidated early in 2018.

The data related to 2017, where available, has been included for comparative purposes so to facilitate the assessment of the performance of the business activities. It should be noted that the social and environmental data of Caffè Borbone S.r.l. were accounted for 2018 in order to ensure consistency with the comparison with future years, despite the consolidation in the Group occurred in May 2018.

Furthermore, to give a correct representation of performance and to guarantee the reliability of the data, the use of estimates has been limited as much as possible. Where used, these are based on the best methodologies available and appropriately reported.

¹ For the companies consolidated on a line-by-line basis, reference is made to the table in the “Annex” on the Annual report of Italmobiliare Group at December 31, 2018.

With reference to significant variations to the structure of Italmobiliare Group that occurred in 2018, it should be pointed out that:

- in January 2018 Sirap Gema S.p.A. has acquired four new companies: Kama Europe Ltd, now Sirap UK Ltd. (United Kingdom), Reynold Food Packaging Spain S.L.U., now Sirap Packaging Iberica S.L.U. (Spain), Vitembal Tarascon S.a.s., now Sirap Tarascon S.a.s. (France) and Vitembal G.m.b.H., now Sirap G.m.b.H. (Germany);
- on May, 3 2018 Italmobiliare S.p.A. has finalized the acquisition of 60% of Caffè Borbone S.r.l.;
- in October 2018 Italmobiliare S.p.A. has finalized the agreement for the acquisition of a 40% stake in Iseo's capital (not included in the scope of this Sustainability Report) as this investment was valued using the equity method.

The 2018 Sustainability Report has been prepared in accordance with the «Core» option of the «**GRI Sustainability Reporting Standards**», published in 2016 by the Global Reporting Initiative (GRI). Additionally, the "Electric Utilities Sector Disclosures" and the "Financial Services Sector Disclosures", both published by the Global Reporting Initiative in 2013, have been considered.

Integral to this document is the "Annex", which provides further details and contains the tables that provide the evidence of the thorough coverage of the GRI indicators concerning every matter that was identified as material.

The Group has implemented a process of non-financial information reporting that involved its subsidiaries, both during the definition of the material matters and through the sharing of the reporting model defined by the parent.

The guiding principles underlying Italmobiliare S.p.A.'s sustainable **investment policy** set out basic guidelines in terms of responsibility and sustainability, and act as a guarantee not only for the Group's shareholders but for all of its stakeholders, and allows to maintain a flexible approach in terms of specific investment choices within a balanced portfolio.

Italmobiliare S.p.A and its main subsidiaries have adopted a **Code of Ethics** that expects all employees and those who establish any type of relationship with the Group or that operate to pursue its objectives, to do so in accordance with the principles of **honesty, fairness, integrity, transparency, confidentiality and mutual respect**. The Code of Ethics of Italmobiliare was updated in November 2018. In December 2018 Caffè Borbone S.r.l also adopted its own Code of Ethics. Italmobiliare Servizi S.r.l. and Punta Ala Promozione e Sviluppo Immobiliare S.r.l. have not foreseen the adoption of their own Code of Ethics, however, they refer to that of the Parent Company.

Italmobiliare S.p.A. and its main subsidiaries have also adopted an **Organizational, management and control Model in accordance with Legislative Decree no. 231/2001 (hereafter also "231 Model" or "Model")**, updated during 2018, and founded on a preliminary risk assessment. In 2018 Caffè Borbone S.r.l. has begun the process of adopting a 231 Model, whose approval is expected in 2019.

Within the scope of the risk management system of the parent and of its subsidiaries, **no significant residual risks were identified** in relation to environmental, social and personnel topics, human rights or in relation to the fight against active and passive corruption. The group has begun the process of expanding the analysis of the main risks generated and suffered, with an integration of risks within the ESG sphere ("Environmental, Social, Governance"). For more information on the main risks to which the Group is exposed, please refer to the "Risk Management" section in this document.

THE FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION

The fight against corruption is governed under the 231 Model and through the Code of Ethics, which stipulates that any relation between the Group and third parties must be managed without resorting to illicit means: **practices of corruption**, illegitimate favors, collusive behavior, personal advantages or requests of benefits for themselves or others are explicitly **prohibited**. In this regard, Italmobiliare S.p.A., as well as its subsidiaries, has had in place a reporting system through reserved channels (so-called *Whistleblowing*) for a long time. For Caffè Borbone the reporting system is currently being defined.

SOCIAL ISSUES, CONCERNING PERSONNEL AND THE RESPECT OF HUMAN RIGHTS

The Italmobiliare Group observes and supports universal human rights principles and adopts a **human resources management model** in which the individual is at the center of the Group's success. The Code of Ethics stipulates that the relationships between employees must be founded on the **mutual respect of the rights and freedom of individuals** and that discrimination or retaliations must not be initiated for reasons of nationality, religious belief, political and trade union affiliation, language or gender.

For more information on the Group's policies please refer to the sections "Diversity, equal opportunities and well-being" and "Health and safety of the employees".

Italmobiliare S.p.A, being aware of the fundamental importance of the health and safety of its employees, has adopted a **safety management system**. Among the subsidiaries, Sirap stands out for its special attention to safety at work issues and its "**zero accidents**" objective. Even for Italgen, health and safety at work are fundamental values to be integrated in all of its activities and the attention towards such issues is demonstrated by its **Health and Safety Policy**. Caffè Borbone also promotes and supports the development of a safety management policy and system suitable for guaranteeing and protecting the psycho-physical integrity of the personnel.

ENVIRONMENT

Italmobiliare Group remains committed to a **process of continuous improvement in all aspects of sustainability** in order to adhere increasingly to the best practices in the sector and to the provisions of the legislation on non-financial disclosure and to the recent interpretative documents (including the Implementation Regulation of Legislative Decree no. 254/16, concerning the disclosure of non-financial information by Consob) and their future developments.

In relation to the protection of the environment, while conducting its business activities Italmobiliare Group **promotes the proper use of resources and the respect of the environment**. Specifically, the Parent company supports the portfolio companies in the development of efficient energy management through actions, programs and management systems; it also promotes, also with the implementation of sustainable investments, the reduction of energy consumption from fossil fuels and the production and/or purchase of energy from renewable sources. Over the years, Sirap has dedicated increasing attention to environmental protection: during 2017 it adopted the new **integrated "Development-Quality-Safety-Environment" Company Policy** focused on safeguarding the environment, and has launched the "**Full Certificate Project**", a program that throughout the 2016-2018 three-year period has enabled the achievement of the integrated HSE certification according to the OHSAS 18001 and UNI EN ISO 14001 standards by the Verolanuova headquarters and the Verolanuova, Mantua, San Vito al Tagliamento and Castiglione Fiorentino, Noves (F) Remoulins (F), Murowana (PL), Hatvan (HUN) plants. Italgen has also adopted an **Environmental Policy** and has set up an **integrated Management System for environment and quality in compliance with the UNI EN ISO 14001 and ISO 9001 standards**.

Lastly, it should be noted that Clessidra SGR, manager of Private Equity funds, manages the issues listed above, undertaking to consider **ESG (Environmental, Social, Governance) aspects in the evaluation and choice of its investments**, formalizing the incorporation of the abovementioned themes within its own investment procedures and adhering to **the United Nations Principles for Responsible Investments (UN PRI)**.

During 2018, the **reporting procedure** related to the consolidated non-financial statement adopted by the Parent Company and its subsidiaries was finalized. For next reporting year, Italmobiliare has planned to start the preparation and adoption of a sustainability plan with medium-long term objectives.

The present Sustainability Report is prepared on an annual basis and it has been submitted to the scrutiny of the Risks and Sustainability Committee on February 19, 2019. The Committee expressed its favorable opinion on the document on March 1, 2019. The Sustainability Report was subsequently approved by the Board of Directors of Italmobiliare S.p.A. on March 6, 2019.

The Report is also **subject to a limited review** ("limited assurance engagement" in accordance with the criteria indicated by ISAE 3000 Revised) by KPMG S.p.A which, at the end of its work, releases a specific report on the consistency of the information provided in the consolidated non-financial statement prepared by Italmobiliare S.p.A. in accordance with Legislative Decree no. 254/16.

The 2018 Sustainability Report is also published on the Group's website: www.italmobiliare.it.

1. Italmobiliare Group



Revenues and income: 463.1 million euros



Employees: 1,789

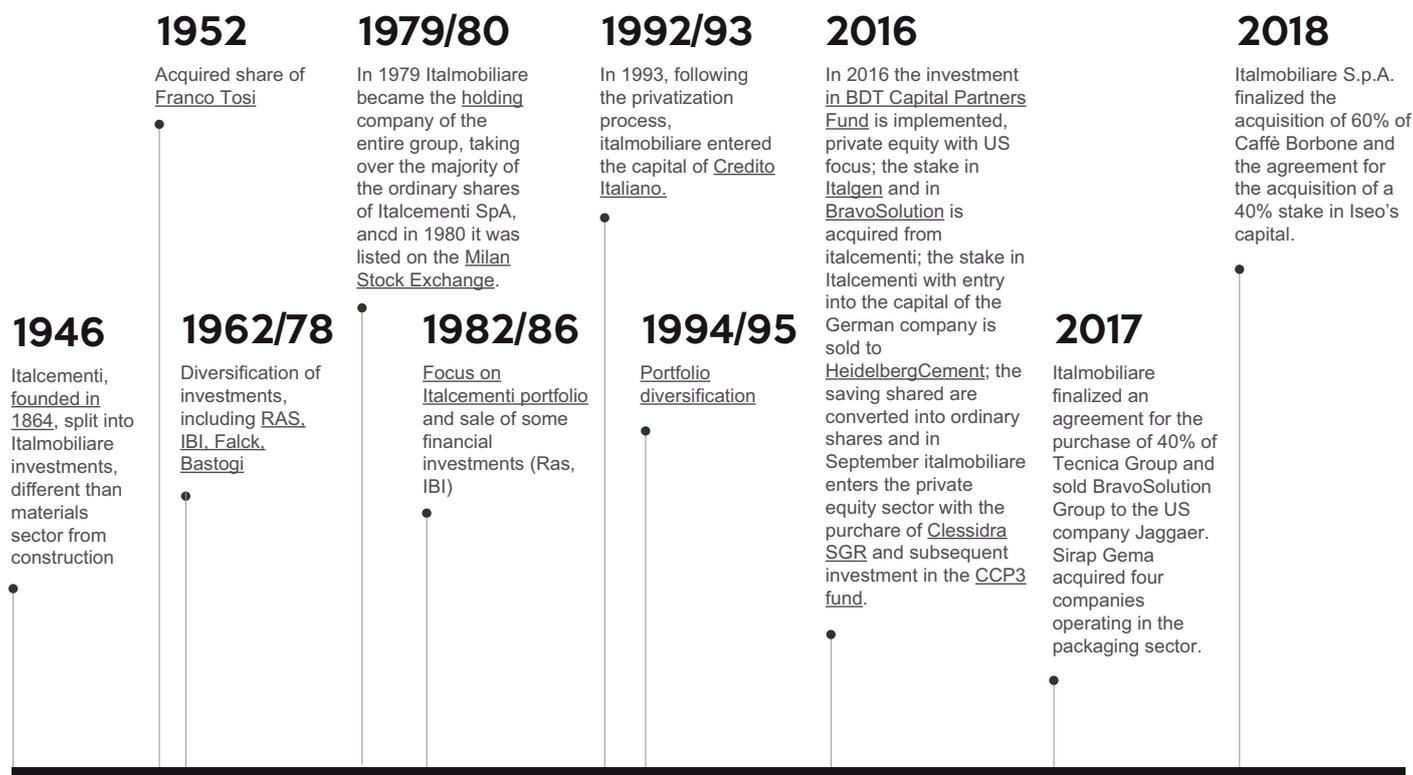


Self-produced energy from renewable sources: 1,042,364.2 GJ

Italmobiliare S.p.A.

Italmobiliare S.p.A. is an **Investment Holding** that holds and manages a diversified investments and equities portfolio with a strategic vision underpinned by a financial and industrial history of over one hundred and fifty years.

The Company, founded in **1946** and **listed in the Milan Stock Exchange since 1980** and controlled by EFIPARIND B.V., a Dutch company, represents one of the major Italian holding companies and operates throughout the entire national and European territory through the production activities of the main subsidiaries.



The **noteworthy events** involving Italmobiliare in 2018 were:

- in January 2018 Sirap Gema S.p.A. has acquired four new companies: Kama Europe Ltd, now Sirap UK Ltd. (United Kingdom), Reynold Food Packaging Spain S.L.U., now Sirap Packaging Iberica S.L.U. (Spain), Vitembal Tarascon S.a.s., now Sirap Tarascon S.a.s. (France) and Vitembal G.m.b.H., now Sirap G.m.b.H. (Germany);
- on the May, 3 2018 Italmobiliare S.p.A. has finalized the acquisition of 60% of Caffè Borbone S.r.l.;
- in October 2018 Italmobiliare S.p.A. has finalized the agreement for the acquisition of a 40% stake in the capital of Iseo (not included in the scope of this Sustainability Report as it has not consolidated on a line by line basis).

Italmobiliare Group at December 31, 2018²



The main subsidiaries of Italmobiliare S.p.A., included in this Sustainability Report, are:

Clessidra SGR S.p.A., an asset management company registered in the relevant register held by Banca d'Italia, is the main manager of Private Equity Funds exclusively dedicated to the Italian market through the Clessidra Capital Partners (CCP), Clessidra Capital Partners II (CCPII) and Clessidra Capital Partners 3 (CCP3) Funds;

Sirap Gema S.p.A., the parent of Sirap Group, is the Italian market leader in the production and sale of containers for fresh food and is one of the most qualified producers in Europe. The Group operates in Europe through six factories in Italy, three in France, one in Spain, one respectively in England, Poland, Hungary and various sales offices in Europe;

² The associated companies indicated with (*) are excluded from the scope of this Report as they are not fully consolidated but valued using the equity method. In addition, the subsidiaries SEPAC and Crédit Mobilier de Monaco (not included in the image) are also excluded due to the absence of significant social and environmental impacts and risks and their non-relevance in order to ensure an understanding of the business activity of the Italmobiliare Group.

Italgen S.p.A., whose activity consists in the production and distribution of electricity from renewable sources on national and international markets. On the Italian territory, Italgen has 15 hydroelectric power plants, in Lombardy, Piedmont and Veneto and almost 300 kilometers of transmission lines. Abroad, Italgen has completed the construction of a wind farm in Bulgaria.

Caffè Borbone S.r.l., established as a coffee roasting and packaging company operating in Caivano (Naples), has quickly become one of the leading national operators and leader in the sale of capsules and pods.

Punta Ala Promozione e Sviluppo Immobiliare S.r.l. and Italmobiliare Servizi S.r.l. are companies that own real estate and land, manage their real estate assets and the second company also performs inter-group services. The two companies have a marginal importance in the Italmobiliare Group as a whole and no significant social and environmental impacts or risks related to the activity carried out have been detected.

Ethics and Integrity

Italmobiliare S.p.A. introduced its own Code of Ethics for the first time in 1993 and has subsequently modified and updated it. In particular, in 2018 the Company adopted a new text, approved by the Board of Directors at its meeting on November 8th, 2018.

The Code of Ethics constitutes the set of values and principles underlying the activity of Italmobiliare and fixes the behavioral and conduct coordinates. This document represents a solid value platform for the Company and its subsidiaries, a necessary condition to ensure a constructive comparison with all stakeholders and interested parties and reaffirms the protection of ethical principles and legality as an essential asset of doing business.

The main subsidiaries of the Group (Sirap Gema S.p.A., Italgen S.p.A., Caffè Borbone S.r.l., Clessidra SGR S.p.A.) have also adopted their own Code of Ethics. Italmobiliare Servizi S.r.l. and Punta Ala Promozione e Sviluppo Immobiliare S.r.l. refer to that of the parent. The companies undertake to disseminate the Code, update it and make available every possible tool that favors its full application. Of fundamental importance is that the rules of the Code apply, without exception, to all employees and to all those who, directly or indirectly, permanently or temporarily, establish relationships or work to pursue their objectives.

The principles upheld by Italmobiliare Group

LEGALITY

Italmobiliare adopts as an indispensable value of its work the respect of the principle of legality and of the legislation in force in Italy and in the international contexts in which it operates. Italmobiliare is committed to ensuring that Personnel and Collaborators are aware of the legal requirements relating to their function or mandate, thus being able to recognize possible risks and understand the behaviour to be adopted.

INTEGRITY

Italmobiliare is committed to act with fairness, honesty, loyalty and good faith both internal relations and in relations with its Stakeholders and requires all Recipients of the Code of Ethics to recognize, promote and implement these values. Italmobiliare pursues its objectives in full and substantial compliance with professional ethics and the agreements signed and requires the Recipients of the Code of Ethics to have a sense of personal and professional responsibility.

EQUITY, DIGNITY, AND PROTECTION OF THE PERSON

Italmobiliare counts among its essential values the fairness and protection of the Person, as a subject with rights and values. Italmobiliare is committed to guarantee the protection of the safety, psycho-physical integrity, freedom and moral personality of all the subjects with whom it comes into contact in carrying out the business activities. Italmobiliare respects the dignity of the Person, relating with equal respect and consideration, regardless of sex, sexual orientation, age, nationality, state of health, political opinions, race, religious beliefs and in general by any personal feature. Italmobiliare condemns any form of exploitation of child labour and workers who are in need.

TRASPARENCY AND CONFIDENTIALITY

Italmobiliare acts with transparency towards its Stakeholders, staff members, collaborators creditors and the general public. Italmobiliare is committed to disseminate truthful, complete and understandable communications and information, so as to allow all Recipients to make informed decisions regarding confidentiality an essential value of the investment activities and the foundation of its reputation and of the trust that the shareholders and, in general, the stakeholders place in it.

FIGHT AGAINST CORRUPTION

Italmobiliare excludes and condemns any phenomenon of corruption, bribery, undue induction and traffic of influences, both in the public and private sectors, and adopts prevention and control measures aimed at avoiding the commission of such crimes in the performance of its activities.

CONTRAST TO THE PHENOMENON OF RECYCLING

Italmobiliare operates in compliance with the principle of maximum transparency in the commercial and financial transactions and prepares the most appropriate tools in order to combat the phenomenon of money laundering and the re-use of illicit proceeds, at transnational level.

CONTRAST TO CRIMINAL ORGANIZATIONS

Italmobiliare condemns all forms of criminal organization of a national and transnational nature and adopts suitable measures to prevent the danger of its own involvement in relations and activities held in any capacity and by any means, even in the form of mere assistance and help, with such organizations. Italmobiliare does not establish any relationship of a work, collaboration or investment nature with individuals, whether they natural or legal persons, whose involvement in terrorism or criminal organizations is known or suspected, nor does it finance or facilitate any activity related to such organizations.

Principles of conduct in relations with Italmobiliare's stakeholders

RELATIONS WITH SHAREHOLDERS AND INVESTORS

In the respects of the Mission, its identity and the values that inspire the strategies and investment policies, Italmobiliare promotes and guarantees:

- transparent, clear, accurate and complete communication of information relating to company development and performance;
- equal information for all shareholders and investors, without unjustifiable discrimination or preferential behaviour. The information is made available through a plurality of channels, including the institutional website where the financial statements;
- the widest participation of shareholders in the shareholder's meetings.

RELATIONS WITH THE PUBLIC ADMINISTRATION AND PUBLIC INSTITUTIONS

Italmobiliare intends to promote constructive and transparent dialogue in the context of its activities with Institutions and the Public Administration, also in order to foster greater mutual knowledge in the context of the dialogue between the public and private sectors functional to the development of corporate culture.

RELATIONS WITH THE JUDICIAL AUTHORITY AND THE SUPERVISORY AND CONTROL AUTHORITIES

Relations with the judicial authority and the supervisory and control authorities are based on maximum collaboration and transparency. Italmobiliare is committed to collaborate with the judicial authority and the supervisory and control authorities, if investigations are carried out against it or towards commercial partners, avoiding to hinder in any way, active or passive, the institutional activity.

RELATIONS WITH POLITICAL AND TRADE UNION ORGANIZATIONS

Personnel participation in political organizations takes place outside working hours and without any connection with the function performed at Italmobiliare. Italmobiliare refrains from any direct or indirect pressure towards politicians in order to obtain undue advantages. Any possible provision of direct or indirect contributions, in cash, in kind, or in any other form to political parties, movements, committees and other political and trade union organizations is provided within the limits and in compliance with the transparency required by law and duly registered pursuant to internal accounting procedures.

RELATIONS WITH THE MEDIA

Italmobiliare recognizes and appreciates the informative role played by the media and analysts in terms of financial education and communication to the public. These are objectives that Italmobiliare intends to contribute to, collaborating fully with the media, respecting their mutual roles. The communications of Italmobiliare to the media must result truthful, clear, transparent, and must be consistent, accurate and compliant with company policies and programs, with the sole limitation of the confidentiality requirements that certain information may present.

RELATIONS WITH THE COMMUNITY AND THE TERRITORY

Italmobiliare considers the relationship with the territory to be of the greatest importance and supports the initiatives of associations, foundations and non-profit organizations on the themes of culture, social issues, the environment, health, sport, entertainment and art. Financial support is intended only for events or bodies that offer guarantees of seriousness and against which activities aimed at jeopardizing compliance with the values and principles of conduct expressed by the Code of Ethics may be excluded.

RELATIONS WITH SUPPLIERS

The selection criteria of the Suppliers are subject to transparent and objective assessment about the professionalism and the entrepreneurial structure, and take into account the quality, the price and the methods of carrying out the service. Suppliers are selected also assessing their ability to meet the obligations of confidentiality that the nature of the service offered requires. Suppliers are sensitized to carry out their activity following standards of conduct consistent with those indicated in the Code of Ethics. Italmobiliare, in order to protect its image and safeguard its resources, will not entertain relations with subjects that do not intend or have demonstrated that they do not operate in compliance with the regulations in force and/or according to the values expressed in the Code of Ethics.

RELATIONS WITH COMPETITORS

Italmobiliare believes in the value of free and fair competition as a tool fundamental for the development and definition of the best offer in all the fields in which it operates. To this end, it commits to operate with the maximum transparency in compliance with current antitrust regulations and in full compliance with its competitors. In the case of contacts with third-party companies or competitors, the Recipients must refrain from providing information, news or confidential data that may lead to initiatives or behaviour contrary to the rules and laws relating to market protection and competition.

ENVIRONMENTAL PROTECTION

Italmobiliare is committed to complying with the current legislation regarding environmental protection and to promote the conduct of its activities based on the correct use of resources and respect for the environment. Italmobiliare promotes environmental policies and actions with Group companies that carry out industrial activities.

Violations of the Code of Ethics norms harms the relationship of trust established with the Group and may lead to **legal or disciplinary actions or criminal proceedings**, and, in serious cases, may result in the interruption of employment or of the termination of the employment contract.

With reference to compliance with the rules **protecting privacy**, in line with the previous year, the Group adopts security and privacy management systems. During the year there were no complaints or cases of data loss.

Governance

Italmobiliare S.p.A. adopts a **traditional governance model**, characterized by the presence of a **Board of Directors and a Board of Statutory Auditors**, both appointed by the Shareholders' Meeting: this governance model is considered to be the most suitable to combine the "efficiency of management" with the "effectiveness of controls", in the fulfillment of its mission and implementation of the investment strategy.

The Corporate Governance system is composed by the following elements:



Italmobiliare S.p.A, in its role as a holding, firmly believes that the continuous modernization of its Corporate Governance rules encourages and reinforces the sharing of values and the dissemination of an entrepreneurial culture that has objectives of transparency, adequate management and effective controls.

Italmobiliare S.p.A. is administered by a Board of Directors, in office until the approval of the December 31st, 2019 financial statements, and composed at December 31st, 2018 as follows:³

	Members of the Board	Age group	Executive	Independent	In charge	Other roles covered
	ZANETTI Laura (*) (***)	30 - 50	No	Yes	19/04/2017 – Report 2019	Chairwoman Chairwoman of the Executive Committee
	STRAZZERA Livio (***)	> 50	No	Yes	19/04/2017 – Report 2019	Deputy chairman Member of the Executive Committee
	PESENTI Carlo	> 50	Yes	No	19/04/2017 – Report 2019	Chief Executive Officer Chief Operating Officer Director in charge of the internal control and risk management system Member of the Executive Committee
	BERTAZZONI Vittorio (**)	30 - 50	No	Yes	19/04/2017 – Report 2019	Member of the Remuneration Committee
	BONOMI Giorgio	> 50	No	No	19/04/2017 – Report 2019	Member of the Risks and Sustainability Committee
	CARTIA D'ASERO Mirja (*) (**)	30 - 50	No	Yes	19/04/2017 – Report 2019	Member of the Risks and Sustainability Committee Member of the Committee for transactions with related parties
	CASELLA Valentina (**)	30 - 50	No	Yes	19/04/2017 – Report 2019	Member of the Risks and Sustainability Committee Member of the Committee for transactions with related parties
	FORNERO Elsa Maria Olga (*) (**)	> 50	No	Yes	27/07/2017 – Report 2019	Member of the Committee for transactions with related parties
	MAZZOLENI Sebastiano	> 50	No	No	19/04/2017 – Report 2019	
	MINOLI Luca	> 50	No	No	19/04/2017 – Report 2019	Member of the Executive Committee
	PALMIERI Chiara (*) (**)	30 - 50	No	Yes	19/04/2017 – Report 2019	Member of the Executive Committee Member of the Remuneration Committee
	REBECCHINI Clemente (*) (***)	> 50	No	Yes	19/04/2017 – Report 2019	
	SALERNO Antonio (**)	30 - 50	No	Yes	19/04/2017 – Report 2019	
	SFAMENI Paolo Domenico (**)	> 50	No	Yes	31/07/2018 – Report 2018	Member of the Remuneration and Nomination Committee Member of the Supervisory body

³ Directors indicated (*) hold positions in other companies that publish non-financial statements, the Directors indicated (**) are independent pursuant to the Corporate Governance Code and Legislative Decree no. 58 of 24 February 1998, the Directors indicated (***) are independent pursuant to Legislative Decree 24 February 1998 n. 58.

As shown in the table, 36% of the **Board of Directors** is composed of women, while in relation to the registry composition, 57% of the directors are over 50 and 43% belong to the 30 to 50 age group.

The **Board of Statutory Auditors** of Italmobiliare is composed by Francesco Di Carlo (Chairman) Angelo Casò (acting auditor), Luciana Ravicini (acting auditor), Alberto Giussani (substitute auditor), Paolo Ludovici (substitute auditor) and Giovanna Rita (substitute auditor).

Italmobiliare S.p.A. has adopted a **231 Model** since 2004, and established the related Supervisory Body, based on a preliminary risk assessment process that allowed the Company to identify, with reference to its activities and taking into account its organization, the potential risk profiles in relation to the commission of the crimes indicated by the Decree. The 231 Model is constantly updated, in order to maintain a constant compliance with the law, in particular the last revision was approved by the Board of Directors on 11 July 2018. In relation to this specific macro area, the Group supervises all those behaviors that, if implemented, would lead to the configuration of situations that could be sanctioned under the law.

Regarding potential illegal behavior, Italmobiliare S.p.A. identifies the main activities that may involve the risk of committing the following categories of crime:

- crimes against the Public Administration;
- corporate crimes;
- market abuse;
- murder and negligent injury in violation of the accident prevention regulations;
- receiving, laundering, using money of illicit origin, self-laundering;
- organized crime and transnational crimes;
- crimes related to copyright infringement;
- computer crime.

The rules contained in the Model apply to all those who perform management, administration, management or control functions in Italmobiliare S.p.A., to employees who may also be posted abroad for the performance of the activity, and to those who, although not belonging to the Company, operate on the mandate of the same or are related to it.

Italmobiliare S.p.A. is committed to guaranteeing the **dissemination and effective knowledge** of the 231 Model to all recipients: the training activity is mandatory and is differentiated, in terms of contents and delivery methods, depending on the qualification of the recipients, the level of risk of the area in which they operate, on the degree of involvement of the same in the sensitive activities indicated in the Model, the exercise of any representative functions of the Company.

Italmobiliare S.p.A. communicates to the directly controlled companies the Model 231 and any subsequent edition or update.

The task of continually monitoring the effective functioning and observance of the 231 Model, as well as proposing its update, is entrusted to the **Supervisory Body** of Italmobiliare S.p.A, endowed with autonomy, independence in the performance of its functions and adequate professionalism regarding the control of risks connected to the specific activity carried out by the Company.

The holding company adopts the measures deemed most appropriate to facilitate the discovery of violations of the 231 Model and their prompt reporting. The report can also be anonymous and can be made using the model used by Italmobiliare S.p.A. In November 2018 Italmobiliare S.p.A. also updated the Code of Ethics, providing for its dissemination to the subsidiaries, and reaffirmed its commitment to sustainability.

In 2018 Italmobiliare S.p.A. adopted the **Investment and Development Guidelines in 2018**, which define the main investment criteria of the Group (for details see the paragraph "Sustainable investments" in this document).

Governance of subsidiaries

The main subsidiaries of Italmobiliare S.p.A., with the sole exception of Clessidra SGR S.p.A., are subject to the management and coordination of Italmobiliare. Each investee company has an administrative and a supervisory body (the Board of Statutory Auditors, in some cases a single-member body composed by an Auditor), in which also Italmobiliare executives and independent directors sit. Sirap Gema S.p.A. also has its own Risk and Sustainability Committee.

Italmobiliare S.p.A. has an **Investment Management Department**, whose Director reports to the Managing Director and General Manager, and carries out the following tasks:

- monitoring of the operational management of the investee companies, providing support to the management of the subsidiaries themselves for defining the budgets, the development plans and participating in periodic reviews of the results;
- monitoring of operational risks and opportunities connected to the investment portfolio, taking part in the evaluation and approval of strategic investments and/or divestments and other M&A opportunities, in coordination with the Development and Investments Department.

Italmobiliare Group companies, with the exception of Italmobiliare Servizi S.r.l. and Punta Ala Promozione e Sviluppo Immobiliare S.r.l., adopt their **own Organization, Management and Control Model pursuant to Legislative Decree 231/2001** and, in defining their model, are inspired by the principles and contents of that of the Parent Company, unless they exist specific situations (relating to the nature, size, type of activity or structure of internal power delegations) that impose or suggest the adoption of different measures in order to pursue, in a rational and effective manner, the objectives of responsibility for the administrative offenses. In 2018 Caffè Borbone S.r.l. has begun the process of adopting a 231 Model, whose approval is expected in 2019.

Clessidra SGR S.p.A. is also subject to regulatory control by CONSOB and the Bank of Italy.

Risk Management

Italmobiliare S.p.A. also has an **Internal Control and Risk Management System** ("SCIGR") which constitutes an essential element of corporate governance and represents the **set of rules, procedures and organizational structures** aimed at enabling identification, measurement, the management and monitoring of the main risks to which the Company and its subsidiaries are exposed.

Italmobiliare S.p.A., subject to the favorable opinion of the Risk and Sustainability Committee, has defined the **Guidelines for the Internal Control and Risk Management System**. These guidelines, taking into account the specific structure of the Group, tend to ensure consistency and harmonization between the various existing control units and therefore define the roles and functions involved in the identification, measurement, management and monitoring of the main risks relating to the Company and its subsidiaries.

The guidelines **have been transmitted to the subsidiaries** so that they can take them into account in the establishment and maintenance of their internal control system, without prejudice to the autonomy and independence of each company.

The Internal Control and Risk Management System must contribute to a management of the Company consistent with the corporate objectives defined by the Board of Directors, favoring the assumption of **informed decisions**: this contributes to ensuring the safeguarding of corporate assets, efficiency and the effectiveness of business processes, the reliability, accuracy, reliability and timeliness of financial information, compliance with laws and regulations as well as the bylaws and internal procedures.

The Board of Directors, with the assistance of the Risk and Sustainability Committee, defines the **nature and level of risk compatible** with the strategic objectives of the Company and assesses, on an annual basis, the adequacy, effectiveness and effective functioning of the Internal control system with respect to the characteristics of the company. With reference to the subsidiaries with independent internal control structures with tasks similar to those assigned by

the Code to the Risks and Sustainability Committee, the verifications carried out by the Risk and Sustainability Committee of Italmobiliare consist in the examination and evaluation of the reports received from these structures: the Board of Directors monitors and examines the risks to which the Company and the entire Group are subject to. The risk management process is also operational in the main subsidiaries.

During 2018, a process of integrating sustainability risks has started within the corporate risk management system.

Here are the main potential risks generated and sustained in the area of sustainability, and the related management methods, related to the activities of Italmobiliare Group and its subsidiaries, relating to the following macro-categories:

Health and safety of the employees

The risk with relation to the health and safety of employees, is the possibility that norms and regulations on occupational health and safety are not respected and that there is a major incident involving personnel.

The risk analysis is constantly carried out in compliance with regulatory requirements, and the issue is also managed through management systems that are aimed at guaranteeing the protection, the health and safety of workers inside and outside the production sites.

Environment

For the activities carried out by the subsidiary companies operating in industrial sectors the main risks are connected to the possibility of determining an environmental impact, which could occur due to industrial accidents, high energy consumption and uses of the water resource and related releases.

These companies, in order to safeguard the environment and minimize their impact, promote the sustainable use of resources by adopting integrated company policies, together with implementing progressive certification projects related also to environmental aspects. In addition to this, the main environmental aspects and impacts are identified through environmental analyzes where the main levels of theoretical risks and their significance are identified, so as to define the intervention priorities and improvement objectives.

Corruption

With reference to the dormant risk of active and passive corruption, the main risks factors are connected to certain behaviors and negligence that, if they occur in the performance of business activities with private individuals and public bodies, could be configurable as punishable by current legislation.

These risks are mapped and monitored in accordance with the 231 Model and the parent and its main subsidiaries, including through the application of mechanisms for reporting potential unlawful conduct, in order to combat and prevent corruption.

Sustainable investments

For the activities carried out by Italmobiliare and Clessidra SGR the main risks are the possible lack of a strategy based on sustainable investment principles, in the management of the ineffective acquisitions/divestments process, also due to the failure to identify risks related to ESG issues and in the possibility that the subsidiaries do not act in line with the ESG strategies of the parent.

These risks are controlled through the Italmobiliare Investment and Development Guidelines, where the principles of responsibility and sustainability in the social and environmental sphere are confirmed and through the adoption of Clessidra SGR of a policy on responsible investments and adherence to the Principles for Responsible Investment (UN PRI).

Human rights

With regard to the issue of direct impacts on human rights, this was assessed but considered to be not significant, given the policies implemented at Group level and the reference context in which the Group operates. However, over

the next few years Italmobiliare aims to investigate the potential impact on human rights deriving from the supply chain, with particular reference to the new acquisitions that were completed during the year.

Furthermore, for the Group's single production companies, the risks relating to the relationship with suppliers, product quality and safety, research and development processes and local communities, whose management remains with the individual subsidiaries were identified.

Within the risk management system of the Parent Company and of the subsidiaries, **no significant residual risks have been identified** in terms of sustainability.

For details on how to manage these risks, see the specific sections of this document.

Sustainability Management

Italmobiliare Group recognizes the importance of a transparent dialogue with its stakeholders and with all those involved in the life of its companies. One of the Group's major ambitions, is to develop a correct approach in terms of sustainability, both from an economic point of view, creating value for a medium/long-term period, and from the point of view of other impacts caused by its activities.

Currently there is no single methodological framework for the dialogue with stakeholders, but the Group subsidiaries regularly listen to their stakeholders when carrying out their activities (for example, through open dialogue with trade union representatives, constant dialogue with customers, periodic meetings with investors and initiatives for listening to local communities).

In 2018, Italmobiliare focused mainly on the integration of Caffè Borbone and the new subsidiaries of Sirap, also from the point of view of sustainability aspects. Starting from the next financial years, the Group will undertake a progressive path of extension of its activities and stakeholder engagement initiatives also for the purpose of updating the materiality analysis.

Identification of the stakeholders

Through a careful benchmark analysis and the peculiarities of the companies belonging to the Group, Italmobiliare has developed a process of identification of the main stakeholders that has allowed to define the map of the Group's stakeholders, as represented below:

Map of the stakeholders of Italmobiliare Group:



For 2018, in the process of defining Italmobiliare Group's stakeholder map, the assessments of Caffè Borbone and the peculiarities of the sector in which it operates were also taken into consideration.

In particular, with respect to the 2017 Sustainability Report, the following additions have been made:

- "collaborators" are stakeholders included in the category of "employees";
- "consumers" are stakeholders included in the category of "customers".

Materiality Analysis

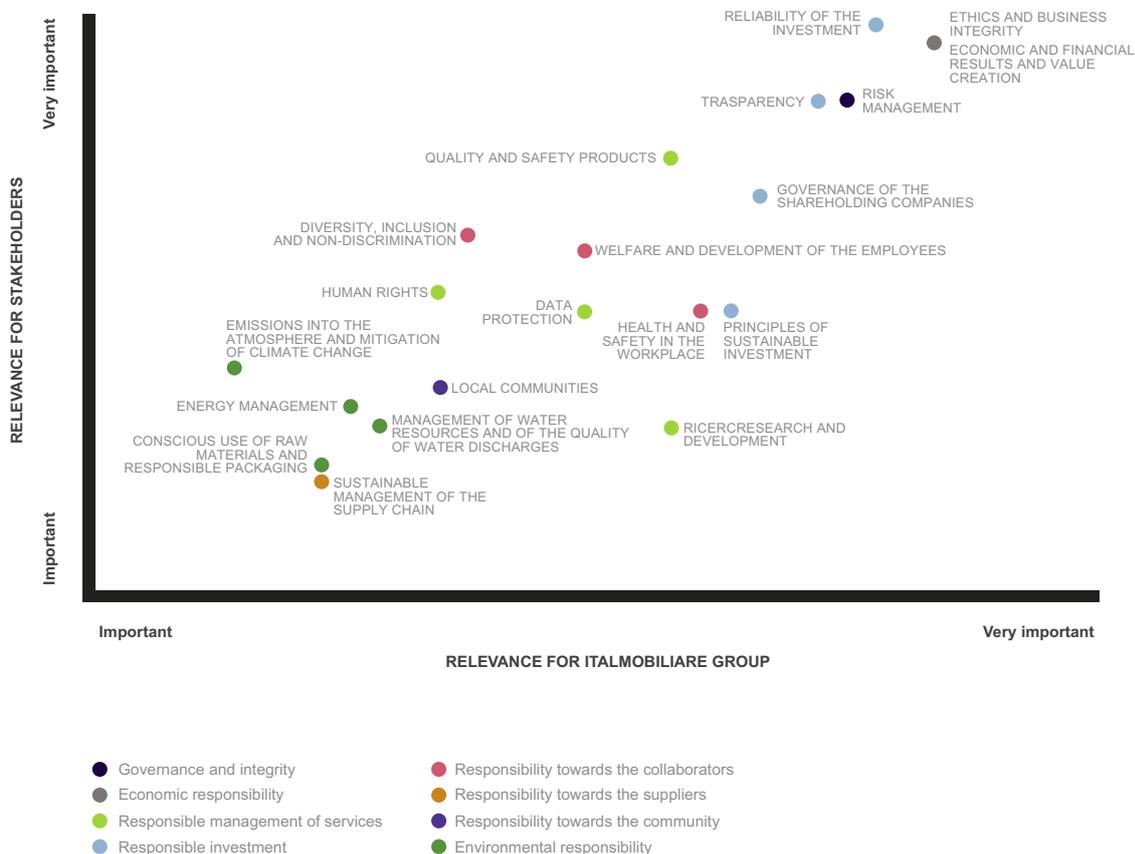
At the beginning of 2017, the Italmobiliare Group began its sustainability reporting process, starting from a materiality analysis to identify the most relevant topics for the Company from an economic, social and environmental point of view (the so-called *material topics*) that will be presented and explained further on.

The identification of the relevant issues was based on an analysis of the activities of Italmobiliare S.p.A. and of the main subsidiaries in terms of both the opportunities and the impacts that characterize the performance of their activities. The issues were also identified on the basis of a benchmark with comparable organizations and by consulting the guidelines and the main sustainability reporting standards. The list of emerging issues was then submitted to an evaluation carried out during a dedicated work seminar attended by representatives of the main functions of the holding company and its subsidiaries.

Following the new acquisition, in 2018 the materiality matrix was updated in order to also consider the specificities of Caffè Borbone.

The final result is the materiality matrix shown below.

Materiality matrix of Italmobiliare Group



2. Italmobiliare Group: economic responsibility



Revenues and income: 463.1 million euros



Economic value generated and distributed: 487.6 million euros



Profit for the year: 31.7 million euros

Economic performance of Italmobiliare Group

The consolidated profit for the year of Italmobiliare Group, which amounted to € 31.7 million, shows a good economic management, attentive to a medium/long-term profit, with a view to achieving sustainable profitability and growth targets.



Revenues and income 463.1 million euros (507.6 million euros in 2017)



Gross Operating Profit 41.2 million euros (146.6 million euros in 2017)



Operating Profit 21.3 million euros (127.6 million euros in 2017)

As of December 31, 2018, the share capital of the parent Italmobiliare S.p.A amounted to 100.2 million euros, divided into 47.633.800 ordinary shares with no nominal value.

Value generated and distributed

The economic aspects of Italmobiliare Group's activities are corroborated through the calculation of Added Value. In the sustainability report, this calculation, which can be defined as the **value created by the activities** of the organization and distributed to the stakeholders, is one of the elements that allows the assessment of the Group's impact on the social fabric.

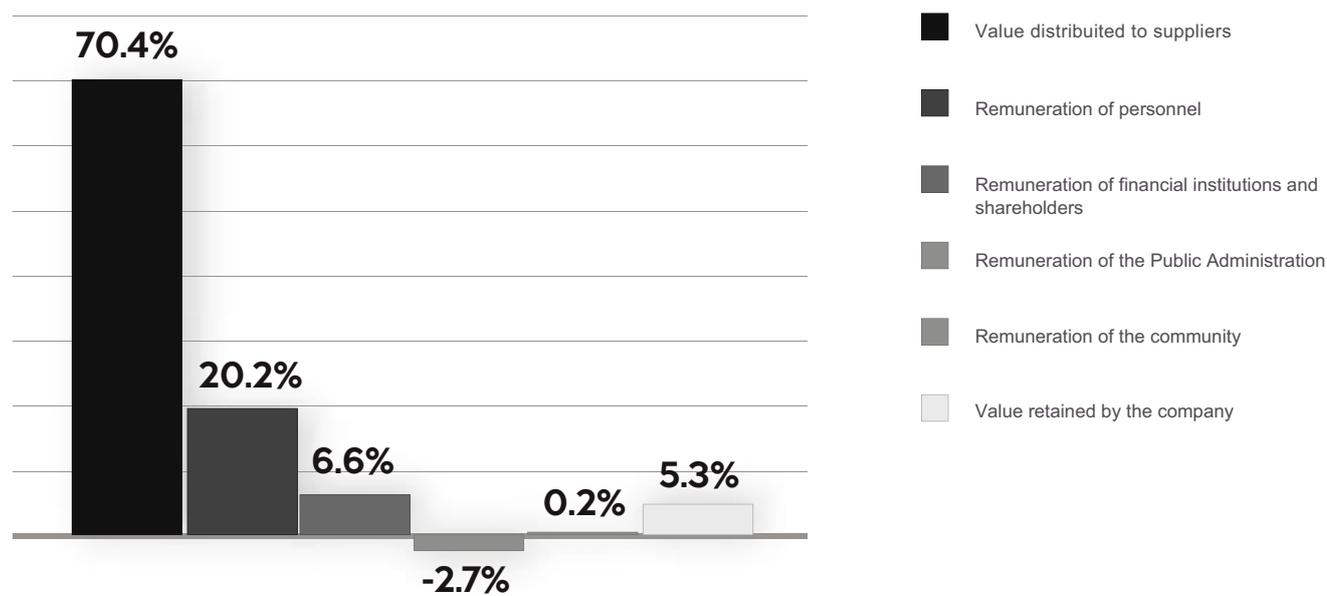
The value generated, according to the reclassification of the Income Statement at December 31st, 2018, is 487.6 **million euros**, the most significant portion of which is used to **remunerate suppliers** (70.4% corresponding to 343.4 million euros). The portion earmarked **for staff remuneration** (20.2%) is equal to 98.7 million euros and corresponds to the sum of salaries, termination benefits and, among others, training costs.

The **value retained by the company** (depreciation and profit not distributed) is equal to 5.3%, corresponding to 25.8 million euro, while the **shareholders** are allocated 5.5% (27.0⁴ million euro) and to **financial institutions** 1.1% (5.1 million euro). Donations for the **Community** amounted to 823 thousand euros (0.2%).

⁴ The value indicated for the distribution of the profits to Shareholders corresponds to what the Board of Directors of Italmobiliare S.p.A has decided to propose to the Shareholders' Meeting for approval.

Distribution of Added Value 2018*

Economic value distributed 2018



Sustainable investments

The Italmobiliare Group's investment policy, although aimed at creating value, is not focused solely on evaluating financial performance parameters, but also takes into account references related to the promotion of human development, social responsibility and the environment. During 2018 Italmobiliare has adopted its own **Investment and Development Guidelines**, where the principles of social and environmental responsibility, and sustainability, along with the creation of sustainable economic and human value over time are reiterated among the guiding principles of investment activity. Therefore, investments in all fields that can directly or indirectly hinder development or violate human rights, undermine civil liberties or that are based on the exploitation of children are excluded. Also excluded are investments that can refer to the arms trade or to the production of goods that are harmful to health or incompatible with the theme of environmental protection.

* The Remuneration of the Public Administration item consists of 5,647 thousand euros of current and prior-year taxes and -18,864 thousand euros of deferred taxes (in 2017, respectively 4,354 and 1,884 thousand euros).

Italmobiliare S.p.A.

The investment activity of Italmobiliare S.p.A. has the objective of increasing the value of the portfolio in the medium to long term, by increasing the value of the investments and a constant flow of dividends. The Company invests primarily, with majority or qualified minority shareholdings, in companies characterized by the potential for growth of the business and the reference market, with an aptitude for innovation and sustainability and that can count on the competence and quality of a dedicated management. From a geographical point of view, Italmobiliare focuses its participatory investments on selected markets, particularly in Italy, with European or global exposure. The evaluation of environmental and social aspects takes place mainly during the M&A processes by carrying out specific due diligence.

These guiding criteria which form the basis of Italmobiliare's investment policy, sanctioning basic guidelines also in terms of responsibility and sustainability of its activities as a guarantee not only for shareholders but for all stakeholders, make it possible to maintain a flexible approach to specific choices of investment in a balanced portfolio composition. The identification of investment opportunities takes place through an active analysis of the sectors and markets of potential interest for the company which, among others, aims to assess the environmental and social aspects of the potential investment, including the degree of compliance with the Principles for responsible investments of the United Nations and where relevant environmental and insurance checks. Therefore, the Group pays great attention to identifying companies that are characterized by the potential for business growth and that have proven ability to generate cash flows and profits over time but that place the emphasis on innovation and sustainability.

Clessidra SGR S.p.A.

Clessidra SGR S.p.A., one of the leading private equity fund managers exclusively dedicated to the Italian market, represents an investment strategy for Italmobiliare in diversifying its portfolio. Primarily Clessidra implements an investment strategy in leveraged buyout operations focused on controlling interests in unlisted Italian medium size companies characterized by market or technological leadership, with high-standing management and significant growth potential.

For Clessidra the integration of ESG criteria is a fundamental part of all investment decisions and therefore the SGR complies to the **Principles for Responsible Investment (UN PRI)** and follows the **guidelines for responsible investments** published by the Private Equity Council. Clessidra also adopted in December 2018 a **policy on responsible investments** that defines the approach to the management of environmental, social and governance aspects in the analysis and investment and divestment processes, in corporate policies and practices and in supporting portfolio companies in their path to sustainability. In particular:

- in the pre-investment phase, Clessidra integrates the evaluation of ESG issues through the use of a proprietary checklist aligned with the main international guidelines in order to carry out a high-level screening aimed at identifying ESG risks to be assessed during the due diligence phase. The results of the ESG due diligence are examined by the Investment Committee and subsequently by the Board of Directors;
- in the investment management phase, the Investment Team collaborates with the companies in the Portfolio to support the management of risks and opportunities in ESG topics, promoting, supporting the adoption of action plans in the field of sustainability and monitoring their implementation and development;
- in the divestment phase, Clessidra is committed to highlight the ESG performance of the companies in the portfolio to potential buyers.

Clessidra is committed to promoting compliance with applicable regulations and the highest ethical, health and safety and environmental standards with the Portfolio Companies. In particular, it collaborates with the Portfolio Companies in order to adopt or update their Management and Control Organizational Models, including ethical principles, codes of conduct, control tools, procedures and training activities aimed at preventing crimes (including the abuse of office and corruption) in compliance with Legislative Decree 231/2001 and other applicable regulations.

In addition, Clessidra is committed to ensuring that the portfolio companies report annually on the implementation status of ESG action plans, on the ESG initiatives undertaken and on the risks and opportunities identified. In particular, Clessidra has defined an ESG Plan approved by the Board of Directors which provides:

- by 2010 100% of the Portfolio Companies with a formal communication process of ESG performances and metrics established for the entire portfolio;
- by 2020 100% of the Portfolio Companies with an ESG plan;
- by the end of 2019 a report at least annually to the investors of the Funds ("Limited Partners") with ESG performance data of the Portfolio Companies.

To this end, a data collection process was initiated during 2018, defining 38 ESG indicators co-related to all the Portfolio Companies.

On an annual basis, Clessidra responds to the PRI questionnaire and the "Transparency Report" is available on the PRI website. Furthermore, to guarantee transparency towards investors, in the financial reports prepared in accordance with the provisions issued by the Bank of Italy, a specific paragraph is provided concerning the activity concerning responsible investments. A quarterly report is added to this, drawn up on the basis of the guidelines for the presentation of the financial information (IPEV Reporting Guidelines) and of evaluation (International Private Equity and Venture Capital Valuation Guidelines), which illustrates Clessidra's activity in the field of investments responsible.

3. Italmobiliare Group: environmental responsibility



Energy consumed: 458,636.7 GJ



Electricity produced from renewable sources: 1,042,364.2 GJ



Water consumption: 507,370.8 m³

Italmobiliare Group operates in full respect of the environment and, in carrying out its activities, promotes the **proper use of resources and a high level of environmental protection**. In particular, the Holding company supports the portfolio companies in the development of efficient energy management through actions, programs and management systems; further promotes, also with the implementation of sustainable investments, the reduction of energy consumption related to fossil fuels and the production and/or purchase of energy from renewable sources.

This chapter indicates the environmental data of Italmobiliare Group, including the companies operating in the industrial sector (Sirap, Italgen and Caffè Borbone) for which environmental issues are most significant.

In 2018 the Italmobiliare Group consumed **458,636.7 GJ** of energy, 72% more compared to 2017, mainly due to the entry into the perimeter of Caffè Borbone and of the four companies acquired by Sirap. **Electricity** consumption was **107,094,310.8 kWh**, 52% more compared to 2017, while for **natural gas**, consumption was equal to 1,718,105.3 m³ (compared to 333,141.0 m³ in 2017), 97% of which is due to the inclusion of Caffè Borbone.

Sirap, Caffè Borbone and Italgen are the entities of Italmobiliare Group which, due to the peculiarity of their business, have a greater impact on the environment: for this reason they are the companies that are more committed to the preparation and implementation of pollution reduction initiatives and in general to environmental protection.

Energy consumption of Italmobiliare Group at December 31⁵

Energy Consumption	Total 2018	Total GJ 2018	Total 2017	Total GJ 2017
Purchased Electricity	151,518,711.8 kWh	545,467.4	69,042,683.0 kWh	248,553.7
Self-produced electricity from renewable sources	289,545,601.0 kWh	1,042,364.2	254,084,542.1 kWh	914,704.4
Electricity sold	333,970,002.0 kWh	1,202,292.0	252,619,525.0 kWh	909,430.3
<i>Of which renewable</i>	289,473,002.0 kWh	1,042,102.8	252,619,525.0 kWh	909,430.3
Electricity consumption	107,094,310.8 kWh	385,539.3	70,507,700.1 kWh	253,827.8
Consumption of fuel from non-renewable sources				
Natural gas	1,718,105.3 m ³	60,689.5	333,141.0 m ³	11,728.0
<i>Of which used for production processes</i>	1,497,335.2 m ³	52,891.1	n.a.	n.a.
Diesel for heating	32,000.0 lt	1,145.7	34,000 lt	1,217.3
Diesel for automotive ⁶	273,375.6 lt	9,823.8	n.a.	n.a.
Gasoline for automotive	45,386.6 lt	1,438.2	n.a.	n.a.
Total energy consumed	n.a.	458,636.7	n.a.	266,773.1

⁵ Sources of conversion factors: GRI Sustainability Reporting Guidelines, Version 3.1; Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to the Legislative Decree No. 30 of 2013 - updated 2018 and 2017; <https://enigaseluce.com/info/coefficiente-c-gas>; Average value from diesel fuel safety data sheet ENI-2012; Italian Greenhouse Gas Inventory 1990 - 2016 - National Inventory Report 2018 Annex 6 National Emission Factors - Higher Institute for Environmental Protection and Research (ISPRA).

⁶ For the values referred to the fuels used for the car fleet and the relative emissions reported in this chapter, some estimates were made. For mixed-use cars, 70% of the total consumption was considered. The consumptions of the Caffè Borbone fleet are currently not monitored and are therefore not available with reference to the year 2018.

During 2018, Italmobiliare Group produced **4,228.2 t CO₂ of direct** greenhouse gas emissions (Scope 1) and **35,587.2 t CO₂ of indirect** greenhouse gas emissions (Scope 2 - Location Based).⁷

Direct GHG emissions (Scope 1) of Italmobiliare Group at December 31⁸

Source	t CO ₂ 2018	t CO ₂ 2017
Natural gas	3,394.6	655.6
Diesel for heating	84.3	89.6
Diesel for automotive	707.9	n.a.
Gasoline for automotive	99.4	n.a.
Total	4,286.2	745.2

GHG emissions generated by energy consumption (Scope 2) Location Based of Italmobiliare Group at December 31⁹

Source	t CO ₂ 2018	t CO ₂ 2017
Electricity - Italy	19,228.7	15,809.2
Electricity - France	1,181.7	742.4
Electricity - England	4,451.5	-
Electricity - Spain	665.4	-
Electricity - Poland	9,383.1	5,499.5
Electricity - Hungary	676.8	773.1
Total	35,587.2	22,824.2

GHG emissions generated by energy consumption (Scope 2) Market-based of Italmobiliare Group at December 31¹⁰

Source	t CO ₂ 2018	t CO ₂ 2017
Electricity - Italy	25,452.0	19,608.0
Electricity - France	1,278.4	799.9
Electricity - England	5,263.2	-
Electricity - Spain	1,169.4	-
Electricity - Poland	10,000.8	5,909.4
Electricity - Hungary	802.3	986.3
Total	43,967.0	27,303.6

With regard to water resources, during 2018 Italmobiliare Group withdrew 507,370.8 m³ of water, of which 40,143.8 m³ from aqueducts and 467,227.0 m³ from wells, most of which is due to the Sirap production activity.

⁷ In this NFS, Scope 1 and Scope 2 emissions calculated using the Location based and Market based methods are expressed in tons of CO₂.

⁸ Source of emission factors: standard national parameters table updated in 2016 and 2017. UK Government GHG Conversion Factors for Company Reporting – Conversion Factors 2018.

⁹ Source of emission factors: Terna, international comparisons 2016 and 2016. <https://www.terna.it/it-it/sistemaelettrico/statisticheprevisioni/dati/statistici.aspx>.

¹⁰ Source of emission factors: European Residual Mixes 2017 e 2016.

Water consumed by Italmobiliare Group at December, 31¹¹

Source	Volume (m ³) 2018	Volume (m ³) 2017
Aqueducts	40,143.8	19,726.9
Wells	467,227.0	541,944.0
Total water consumption	507,370.8	561,670.9

Waste water discharged by Italmobiliare Group at December 31

Destination	Volume (m ³) 2018	Volume (m ³) 2017
Sewers	246,899.4	253,802.0
Acquifers	2,070.0	-
Total	248,969.4	253,802.0

Sirap

Environmental management policies

Over the years, Sirap has devoted increasing attention to issues concerning environmental protection: in 2017 it adopted the new integrated Company Policy "Development-Quality-Safety-Environment" focused on **environmental protection**. This policy also intends to promote the reduction of consumption and the **sustainable use of resources**, providing for the involvement of all Sirap personnel: the idea is to implement the policy also as an evaluation criterion for professional development of Sirap itself.

Of particular importance is the attention of the parent Sirap Gema S.p.A. towards environmental sustainability: since 2012, in fact, it has an **Environmental Policy** document which contains guidelines that express the Group's desire to comply with the environmental regulations of the states in which it operates and to adopt the best ecological standards for sustainable and responsible development.

Sirap carries out in-depth technical-administrative analyses on the environmental theme, to identify, in a preventive manner, the effects of the presence of the Group's plants on the local community. The particular activities of the company, active in the production of food packaging made of rigid and expanded plastic polymers, uses different technologies such as thermoforming and extrusion. These processes, accurately monitored by the Companies of the Group, do not appear to have a significant impact on the territory where they are installed as they do not release polluting substances into the air and harmful emissions that exceed the legal limits of the individual countries. No impacts emerge on groundwater beneath the plants and there is provision for the installation of storage silos to avoid potential harmful spills on the ground.

Waste management is managed individually by each plant which, through the appropriate dedicated signage, identifies the areas for storing the material before the disposal or recovery process. The management of asbestos deserves a specific in-depth analysis since, starting from 2015, in compliance with the specific laws on the subject, work began to partially remove the structures and to assess the state of conservation of the materials: corrective actions were implemented (for example the removal of the roof slabs, the cladding panels) while other actions are in progress. The productive activities are subjected to strict environmental regulations in order to protect the environment and the surrounding population, in line with the European Directives.

As a demonstration of its constant commitment to the implementation of company processes based on internationally recognized best practices, Sirap has launched the **"Full Certificate Project"**, a development program in the 2016-2018 three-year period, with the aim of reaching a certified environmental management system for all production sites.

¹¹ The water withdrawal and water discharges of the Italmobiliare Group include the values of Sirap, Italgem and Caffè Borbone. The water withdrawal of the latter is limited to sanitary use, as water is not used in the production processes, and the value for the last four-month period of 2018 was estimated as it was unavailable.

This is involving the entire organization, allowing the different plants to improve processes related to safety at work, environmental protection, quality and food safety. In the 2016-2018 three-year period, the project enabled the achievement of integrated HSE certification according to the OHSAS 18001 and UNI EN ISO 14001 standards by the Verolanuova headquarters and the Verolanuova, Mantua, San Vito al Tagliamento, Castiglione Fiorentino and Noves (F) Remoulins (F), Murowana (PL), Hatvan (HUN) plants.

Energy consumption and emissions

Sirap represents the most energy-intensive business of the Group and, for this reason, it has developed strategies to reduce energy consumption and carbon dioxide emissions.

During 2018 Sirap consumed **364,509.9 GJ** of energy, also considering the four new acquisitions of Sirap that took place during the year.

Energy consumption of Sirap at December 31¹²

Energy Consumption	Total 2018	Total GJ 2018	Total 2017	Total GJ 2017
Purchased electricity	94,752,343.8 kWh	341,108.4	68,724,421.0 kWh	247,407.9
Self-produced renewable energy	81,944.0 kWh	295.0	84,542.1 kWh	304.4
Electricity sold	9,345.0 kWh	33.6	9,525.0 kWh	34.3
<i>of which renewable</i>	9,345.0 kWh	33.6	9,525.0 kWh	34.3
Electricity consumption	94,824,942.8 kWh	341,369.8	68,799,438.1 kWh	247,678.0
Consumption of non-renewable fuels				
Natural gas	363,488.7 m ³	12,839.7	319,302.0 m ³	11,240.8
<i>of which used for production processes</i>	157,027.6 m ³	5,546.8	n.a.	n.a.
Diesel for automotive	252,004.6 lt	9,055.8	n.a.	n.a.
Petrol for automotive	39,277.0 lt	1,244.6	n.a.	n.a.
Total energy consumption	n.a.	364,509.9	n.a.	258,918.8

In 2018 Sirap produced **1,456.7 t CO₂** of direct greenhouse gas emissions (Scope 1) and 31,170.2 t CO₂ of indirect greenhouse gas emissions (Scope 2 - Location Based).

¹² Sources of conversion factors: GRI Sustainability Reporting Guidelines, Version 3.1; Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - 2018 and 2017 update; <https://enigaseluce.com/info/coefficiente-c-gas>; Average value from diesel fuel safety data sheet ENI - 2012; Italian Greenhouse Gas Inventory 1990 - 2016 - National Inventory Report 2018 Annex 6 National Emission Factors - Higher Institute for Environmental Protection and Research (ISPRA).

Direct GHG emissions (Scope 1) of Sirap at December 31¹³

Source	t CO ₂ 2018	t CO ₂ 2017
Natural Gas	718.2	628.3
Diesel for automotive	652.5	n.a.
Petrol for automotive	86	n.a.
Total	1,456.70	628.3

GHG emissions generated by energy consumption (Scope 2) Location Based of Sirap at December 31¹⁴

Source	t CO ₂ 2018	t CO ₂ 2017
Electricity – Italy	14,811.7	15,689.8
Electricity - France	1,181.7	742.4
Electricity - England	4,451.5	-
Electricity - Spain	665.4	-
Electricity - Poland	9,383.1	5,499.5
Electricity - Hungary	676.8	773.1
Total	31,170.2	22,704.8

GHG emissions generated by energy consumption (Scope 2) Market Based of Sirap at December, 31¹⁵

Source	t CO ₂ 2018	t CO ₂ 2017
Electricity – Italy	19,606.2	19,460.0
Electricity – France	1,278.4	799.9
Electricity – England	5,263.2	-
Electricity – Spain	1,169.4	-
Electricity - Poland	10,000.8	5,909.4
Electricity - Hungary	802.3	986.3
Total	38,120.3	27,155.6

Sirap's commitment to reducing energy consumption began in 2012, when the parent Sirap Gema S.p.A. implemented the "**Energy Saving**" project with the aim of making the company more energy efficient by reducing waste and its environmental impact. The effect of the control and analysis of waste is twofold: it encourages an evaluation of the most efficient technical solutions oriented to the "Best Available Technologies" and allows the involvement and awareness of the personnel towards environmental issues. Energy Saving was launched with an Energy Audit at the Castiglion Fiorentino site and was progressively extended to all Group plants, identifying an "**Energy Team**".

¹³ Source of emission factors: National standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 – updated in 2018 and 2017; UK Government GHG Conversion Factors for Company Reporting - Conversion Factors 2018.

¹⁴ Emission factor source: Terna, international comparison 2016 and 2015.

¹⁵ Emission factor source: European Residual Mixes 2017 and 2016.

The project aims to reduce waste by acting on multiple areas of action:



The detection and analysis of the information is carried out by means of specific systems installed on the systems that monitor the equipment. The data relating to the consumption of the main machinery of the plant are sent to a server and can be remotely controlled in real time. Periodically the site's Energy Team organizes a meeting in which the new proposals/ideas are analyzed and feedback is provided regarding the actions taken. Furthermore, all personnel can collaborate by reporting areas of waste to be corrected that are promptly taken into consideration and processed.

Moreover, in relation to energy consumption, Sirap has developed an **energy performance indicator**, the KEI (**Key Energy Indicator**), obtained from the ratio between the kWh used and tons of raw material processed.

Management of the water resources

Sirap, attentive to the development of projects and initiatives that favor the optimization of water consumption also through water recovery initiatives in production processes, uses water coming from 94% of the total from wells and 6% from aqueducts. In most establishments there is a **closed-cycle system for reusing and cooling technological water** through the use of evaporative towers or closed heat exchangers. The water taken from the production sites where this system is present corresponds to the quantity necessary for **replenishing the circuit** (due to evaporation or losses); the remaining part of the water circulates continuously in order to cool the machinery and, in turn, is cooled by cooling towers or refrigeration systems with a closed heat exchanger.

Water consumed by Sirap at December 31¹⁶

Source	Volume (m ³) 2018	Volume (m ³) 2017
Aqueduct	29,113.8	18,329.9
Wells	461,292.0	536,641.0
Total	490,405.8	554,970.9

Water discharged by Sirap at December 31¹⁷

Destination	Volume (m ³) 2018	Volume (m ³) 2017
Sewers	235,869.4	252,405.0
Acquifers	2,070.0	-
Total	237,939.4	252,405.0

¹⁶ The value of the withdrawal and discharge of water resources of Rosa Plast Due S.r.l. for the months of November and December 2018 was estimated on the basis of the punctual consumption available for the other months of the year.

¹⁷ For plants equipped with a recirculation systems, the estimate of water discharged corresponds to the quantity of water withdrawn for sanitary purposes, as the water used in the process is kept in the closed circuit and reused, and partially lost by evaporation during normal system processes.

Materials and packaging

In the last three years Sirap, with the Parent Company Sirap Gema S.p.A. at the forefront, has activated multiple **research and development activities** to create **products** that reduce the environmental impacts of the production and disposal process:

- the **"Bio Rigid"** project aimed at the realization of a compostable packaging system which provides, on the one hand, the use of raw materials from renewable sources, on the other, the total valorization of the finished product, through a composting cycle industrial that allows a reduction of the environmental impact according to a circular perspective;
- the **"Bio expanded"** project involves the construction of trays in expanded compostable material to replace those in expanded polystyrene. This is an innovative solution that reduces material consumption and at the same time increases the composting speed;
- the **"Skin"** project concerns the creation of a packaging system based on the vacuum system, without the use of a modified atmosphere, which results in an increase in the useful life of the product.

The parent Sirap Gema S.p.A. has launched a series of partnerships for the development of **cutting-edge products**. In particular, the following collaborations are of fundamental importance:

- Novamont for the realization of compostable products with Mater-Bi;
- NatureWorks for the development of compostable products with Poly-lactic Acid (PLA);
- Saes-Getters for the integration of gas absorbing getters for creating vacuum packs.

An agreement with GAP is being completed for the definition of a PET film to be coupled with PET, which pushes in the direction of single-materiality to replace the current solution for packaging meat in PET EVOH PE.

Materials used by the Sirap at December 31

Type of material	Tons 2018	Tons 2017
Raw materials	79,423.0	42,858.0
<i>of which renewable</i>	22,473.0	n.a.
Semi-finished goods	17,974.0	12,857.0
<i>of which renewables</i>	564.0	n.a.
Additives, packaging, consumables	8,698.0	7,284.0
Materials for packaging	2,800.0	n.a.
Total materials used	108,895.0	62,999.0
<i>of which renewable</i>	23,037.0	n.a.

Italgen

Environmental Management Policies

Sustainable Development has always been one of the fundamental drivers of Italgen, which strongly believes in the interdependence between economic growth and social and environmental responsibility. Since its inception the company has been constantly committed to safeguarding the environment, aiming at a growing production of energy from renewable sources and adopting sustainable technologies in order to continuously improve environmental performances. **The Environmental Policy** of Italgen is one of the fundamental elements for strategic planning as it provides a general guideline and short to medium-long term objectives related to environmental and economic performance and to reducing the impact on the ecosystem. This policy permeates the entire organization through various initiatives aimed at training and sharing information and objectives with all levels of staff.

Italgen has set up an integrated Management System for the Environment and Quality in compliance and certified with the **ISO 9001:2015** and **UNI EN ISO 14001:2015** standards, certifications obtained in 2008 and renewed according to the new ISO-EN-UNI versions of 2015.



Italgen is also in the EU registry of **EMAS** (Eco Management & Audit Scheme) and has obtained the renewal of the EMAS Registration Certificate 2016 for the three-year period of 2016-2019 on September 28, demonstrating once again that environmental sustainability is a fundamental element in the company's mission.

In compliance with the provisions of the EU EMAS Regulation 1221/2009 and the new EU Regulation 1505/2017, the **Environmental Declaration EMAS 2018**, including the **Environmental Analysis** in which the environmental aspects and impacts of the activities carried out by Italgen were identified, was validated on 26 June 2018 by the Certiquality Institute.

In this regard, the direct aspects, i.e. those over which Italgen has full control, and the indirect aspects, i.e. those where it exercises or can exercise an influence, without having full management control, were both taken into account. The direct environmental aspects identified are:

- production of effluents/discharges;
- waste production;
- noise emissions;
- handling of hazardous substances;
- use and handling of flammable substances;
- use of water resources.

With regard to indirect environmental aspects, the activities carried out by the suppliers operating within Italgen's sites were identified.

For Italgen, one of the central elements for the management of the business is the protection of the environment and the containment of **polluting factors**, as stated also in the Environmental Policy. For this reason, according to its philosophy of continuous improvement, Italgen constantly focuses its attention on the development of innovative technologies **to improve the efficiency of plants**, to save natural resources and to use renewable energy sources. One of the most important initiative to reduce the environmental impact is the "**Clean Energy Distributors**" project, in the context of **sustainable mobility**. Distributors that supply electricity produced by hydroelectric plants are located inside the headquarters and in some of Italgen plants, are contributing to the charging of the car fleet and electric bicycles. Thanks to the distributor, it is possible to monitor in real time the production of energy from renewable sources



at the owned hydroelectric plants, the number of equivalent oil barrels saved, and the simultaneous reduction of CO₂ emissions.

For Italgas, climate change has an implication in economic terms: in fact, by actively investing in the production of energy from renewable sources, a possible increase in government incentives for the production and sale of energy from renewable sources would lead to an increase in investments in both new plants and in revamping. This type of opportunity is constantly monitored by a dedicated company function.

Energy consumption and emissions

In 2018 Italgas produced 289,362,000 kWh, entirely sold to third parties, and bought 52,447,000 kWh, 7,950,000 kWh of which was consumed.

Energy consumption of Italgas at December 31¹⁸

Type of consumption	Total 2018	Total GJ 2018	Total 2017	Total GJ 2017
Purchased electricity	52,447,000.0 kWh	188,809.2	-	-
Self-produced renewable energy	289,362,000.0 kWh	1,041,703.2	254,000,000.0 kWh	914,400.0
Electricity sold	333,859,000.0 kWh	1,201,892.4	252,610,000.0 kWh	909,396.0
<i>of which renewable (hydroelectric)</i>	289,362,000.0 kWh	1,041,703.2	252,610,000.0 kWh	909,396.0
Electricity consumed	7,950,000.0 kWh	28,620.0	1,390,000.0 kWh	5,004.0
Consumption of non-renewable fuels				
Diesel for automotive	14,621.0 lt	525.4	n.d.	n.d.
Gasoline for automotive	4,834.6 lt	153.2	n.d.	n.d.
Total energy consumption	n.a.	29,298.6	1,390,000.0 kWh	5,004.0

During 2018 Italgas did not consume natural gas, but produced 48.4 t CO₂ of direct greenhouse gas emissions (Scope 1) linked to its fleet. Having purchased electricity, it produced 2,862.0 t CO₂ of indirect greenhouse gas emissions (Scope 2 - Location Based), corresponding to 3,788.4 t CO₂ of indirect greenhouse gas emissions (Scope 2 - Market Based).

In the 2016-2018 three-year period, Italgas has implemented some initiatives to reduce the environmental impacts linked to the energy efficiency of the production cycle and the reduction of self-consumption through the installation of **new lighting systems with low-consumption LED lamps** at the hydroelectric power plants and appliances (intake structures, tunnels, dams, etc.). Of fundamental importance are also the projects of awareness raising and training of personnel that have been implemented and included in the existing Environmental Management, certified UNI EN ISO 14001 and registered EMAS.

¹⁸ Source of conversion factors: GRI Sustainability Reporting Guidelines, Version 3.1; Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - updated 2018 and 2017; <https://enigaseluce.com/infocoefficiente-c-gas>; Average value from diesel fuel safety data sheet ENI - 2012; Italian Greenhouse Gas Inventory 1990 - 2016 - National Inventory Report 2018 Annex 6 National Emission Factors - Higher Institute for Environmental Protection and Research (ISPRA).

Management of water resources

Italgen's main source of water supply is represented by the rivers Adda, Oglio, Dezzo, Povo, Brembo, Stabina, Serio, Gesso, Vermenagna and Meschio: almost all of the water is used for productive purposes. In particular, the water is drawn by **water intake from surface watercourses** and used by the plants for the production of electricity, after which it is almost completely released downstream. The amount of water withdrawn for conversion into electricity in 2018 is 5,489,298,227 m³. With regard to the use of water in the process and its release, water supply was assessed as a significant environmental aspect of medium importance, while the use of water for civil use was not significant. In order to minimize the environmental impact related to downstream interference on the ecosystem of the grips and/or barrier works, Italgen releases a minimum quantity of water called "**Minimum Vital Flow**" (DMV) which allows the course to run water to preserve the characteristics suitable for the growth and development of fish fauna. With reference to the return of the turbinated water, Italgen has assessed the environmental impact as significant but with low relevance: the water, collected from the plant's intake and swirled, is then released through restitution works without causing physical or chemical alterations. With regard to water discharges, it is necessary to make a distinction between civil and meteoric discharges. The former are occasional and of low entity, generated by the sanitary facilities of the plants and channeled into the pit before being drained by sub-irrigation in the surface layers of the subsoil, subject to authorization. For the latter, the environmental relevance has been assessed as extremely low as there are no operations carried out externally, except for the extraordinary maintenance that is carried out during major machinery revisions.

The renewal of the hydroelectric park, implemented by Italgen in line with the sustainability objectives, allows for the continuous improvement of production performances and for the requalification of the surrounding environment. Below are listed some examples of the impact assessment of Italgen's facilities on the territory and community:

- a hydroelectric plant was built in Vetra, minimizing the environmental impact: it currently operates in synergy with the nearby Palazzolo sull'Oglio plant, representing an excellent example of efficiency and better use of water resources;
- in Kavarna¹⁹, Bulgaria, innovative hybrid towers in metal and concrete were built, following research and development aimed at satisfying the construction needs of the local customer.

Water withdrawn by Italgen at December 31²⁰

Source	Volume (m ³) 2018	Volume (m ³) 2017
Aqueduct	712,0	1,397.0
Wells	5,935.0	5,303.0
Total	6,647.0	6,700.0

Water discharged by Italgen at December 31

Destination	Volume (m ³) 2018	Volume (m ³) 2017
Sewer	712.0	1,397.0
Total	712.0	1,397.0

¹⁹ Italgen holds 49% of the company that owns the wind farm which is not included in the present document

²⁰ The value indicated in the table is considered net of water withdrawn for the production of electricity.

Caffè Borbone

Environmental Management Policies

Caffè Borbone believes in the need to combine economic development, social equity and environmental protection. The Company therefore complies with the current legislation on environmental protection and protection and conducts its activities inspired by the correct use of resources and respect for the environment, promoting the adoption of the highest standards of quality, safety and environmental protection.

With particular reference to the impacts that production could have, the Company is not subject to regulatory restrictions. For the construction of the site it was not necessary to formalize an environmental impact assessment, an aspect that leads to believe that the productive activities carried out within the site do not represent a risk for the surrounding community. It should be noted that, in addition to compliance with the regulations, in line with the Group's guidelines, Caffè Borbone adopts policies and practices aimed at minimizing, mitigating and balancing the environmental impacts generated by the activities, as well as privileges of risk prevention and continuous improvement of technologies used and management and control practices.

Energy consumption and emissions

Caffè Borbone promotes the adoption of international best practices in the field of industrial processes, in order to use natural resources responsibly and reduce energy consumption.

In 2018, Caffè Borbone consumed **3,987,180 kWh of electricity**, 97% of which for the production process and for the headquarters and 3% for finished product warehouse activities. Caffè Borbone has also **produced and sold 101,657 kWh of renewable electricity**, produced through monocrystalline photovoltaic panels.

Energy consumption of Caffè Borbone at December 31²¹

Energy consumption	Total 2018	Total GJ 2018
Purchased electricity	3,987,180.0 kWh	14,353.8
Self-produced and sold renewable energy	101,657.0 kWh	366.0
Electricity consumption	3,987,180.0 kWh	14,353.8
Natural gas ²²	1,340,307.6 m ³	47,344.4
<i>Of which used for production processes</i>	1,340,307.6 m ³	47,344.4
Total energy consumption	n.a.	61,698.2

In 2018, Caffè Borbone produced **2,648.2 t CO₂** of direct greenhouse gas emissions (Scope 1) and **1,435.4 t CO₂** of indirect greenhouse gas emissions (Scope 2 - Location Based), corresponding to **1,900.0 t CO₂** of emissions of indirect greenhouse gases (Scope 2 - Market Based).

²¹ Sources of conversion factors: GRI Sustainability Reporting Guidelines, Version 3.1; Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - updated 2018 and 2017; <https://enigaseluce.com/info/coefficiente-c-gas>; Average value from diesel fuel safety data sheet ENI - 2012.

²² The consumption of natural gas in December 2018 was estimated.

GHG emissions (Scope 1) of Caffè Borbone at December 31²³

Source	t CO ₂ 2018
Natural Gas	2,648.2
Total	2,648.2

Materials and packaging

The consumption of raw materials is an aspect of fundamental importance for Caffè Borbone, which mainly purchases:

- raw coffee;
- packaging materials, such as waffle paper, packaging paper and cardboard, plastic and aluminum;
- other products, such as sugar, cups and plastic, merchandising, branded products.

Currently supplies are mainly carried out on the basis of production needs, with the aim of minimizing waste and the company has not adopted procedures for the responsible consumption of raw materials.

Starting from 2019 the raw materials will be traced in a more precise way: the new production management system will allow the tracing of raw material consumption data which can be the basis for allowing efficiency, savings and waste reduction policies in the medium term as well as reporting the origin of the materials.

Type of material	Tons 2018
Raw materials (coffee)	17,379.4
Additives, packaging, subsidiary	1,644.6
<i>of which paper for pods and capsules</i>	251.7
<i>of which plastic for capsules</i>	1,392.9
Materials for packaging	5,165.4
<i>of which aluminium</i>	2,204.8
<i>of which cardboard</i>	2,895.6
<i>of which plastic for packaging</i>	65.0
Total materials used	24,189.4

The Caffè Borbone research and innovation team has achieved the great goal of making its own compostable pods, thus produced by using organic materials that can be reused to create compost, which will be useful for cultivating land and fields. Having obtained the certification relating to the "Compostable C.I.C." trademark in November 2017, in 2018, Caffè Borbone marketed only compostable coffee pods, for a total of about 639 million pods. The total number of marketed capsules instead amounted to 689 million.

²³ Source of emission factors: National standard parameters table updated 2018 and 2017.

4. Italmobiliare Group: Responsibility for Business Management

Human Resource Management



Group employees: 1,789



Employees with a permanent contract: 1,620



Women employed: 494

Italmobiliare Group adopts a human resource management model in which the **person is the focal point** of the Group's success: for this reason Italmobiliare believes that employees are the main resource, to be valued and respected.

The complex of each person's relational, intellectual, organizational and technical skills is considered a strategic resource, which Italmobiliare protects and enhances, in the light of corporate social responsibility, so that individual attitudes find fulfillment and recognition, also through appropriate professional training courses.

The Group is committed to encouraging the work of employees in a positive work environment that allows the performance of the tasks assigned to each one. Through the procedures developed in favor of the needs and development of human resources, the Group favors the involvement and sharing of growth objectives among all employees. Moreover, each company, by virtue of the characteristics that distinguish it, independently manages its employees and collaborators.

At December 31, 2018 the **total workforce** of the Italmobiliare Group is **composed of 1,789 units**. To confirm the trust that the Group places in its employees, **permanent contracts** are **90.6%** of the total (1,620 employees) compared to 9.4% of temporary contracts. As for the type of contract, in 95.9% of cases it is a **full-time contract** (1,715 employees in 2018) while part-time contracts are only 4.1%. Furthermore, the Group employs **220 collaborators**, mostly self-employed, external collaborators or temporary workers, interns or agents.

Total number of employees by contract type and gender at December 31

	Italmobiliare Group					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Permanent	1,176	444	1,620	863	314	1,177
Temporary	119	50	169	98	103	201
Total	1,295	494	1,789	961	417	1,378

Total number of employees by full-time and part-time contract at December 31

	Italmobiliare Group					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Full-time	1,276	439	1,715	942	383	1,325
Part-time	19	55	74	19	34	53
Total	1,295	494	1,789	961	417	1,378

During 2018, **321 new hires** were made, while a total of **310** terminations took place, with an incoming turnover rate of 17.9% (of which 18.5% men and 16.6% women, 57.8% younger than 30 years old, 15.1% aged 30-50, 6.7% older than 50 years old) and exit turnover rate of 17.3% (15.9% men and 21.1% women, 37.7% with less than 30 years, 14.1% with 30-50 years, 15.1% with over 50 years).

New hires in the Italmobiliare Group

	Italmobiliare Group							
	2018				2017			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	107	117	15	239	61	72	18	151
Women	22	40	20	82	10	33	21	64
Total	129	157	35	321	71	105	39	215

Number of terminations in the Italmobiliare Group

	Italmobiliare Group							
	2018				2017			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	62	98	46	206	40	56	38	134
Women	22	49	33	104	16	22	34	72
Total	84	147	79	310	56	78	72	206

The **types of contracts** adopted differ on the basis of the employees' companies: in particular, the Cement and National Collective Labor Agreement for Industry Managers are adopted in Italmobiliare and Italgem; the CCNL Commercio e Servizi is in Clessidra, for Sirap companies based in Italy, the CCNL Rubber and Plastic Industry and the CCNL Industry Executives, while in Caffè Borbone the CCNL Confapi - CCNL of the Agribusiness Industry. 92% Group employees are covered by collective bargaining agreements, with the exception of employees of Sirap UK and Sirap G.m.b.H.

Diversity, equal opportunities and well-being

The Code of Ethics of Italmobiliare Group provides that all employees and those who establish relations with the Group or work to pursue its goals, base their relationships and conduct on the principles of honesty, correctness, integrity, transparency, confidentiality and mutual respect. Italmobiliare carries out its activities in accordance with the legislation in force to protect working conditions without discrimination or retaliation for reasons of nationality, religious belief, political and trade union membership, language and gender.

In fact, in the context of its organization, Italmobiliare promotes and supports working conditions and interpersonal relationships that favor the integration and enhancement of different cultures and lifestyles. Respect for different nationalities, language, age, gender and sexual orientation, political or union opinions, philosophical guidelines or

religious convictions and physical disabilities are essential elements of the fundamental rights and freedoms of every individual.

The Group employs **494 women** (corresponding to 27.6% of the total employees), 50.8% of whom are workers, 46.0% white-collar workers and 3.2% occupy management positions. With reference to the professional categories employed in the Group, the majority of employees (64.2%) fall into the category of **blue-collar**, **white-collar** are 30.8%, while **managers** are 5%.

Italmobiliare Group employees by professional category and gender at December 31 (n.)

	Italmobiliare Group					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Management	73	16	89	70	14	84
White-collar	324	227	551	259	178	437
Blue-collar	898	251	1,149	632	225	857
Total	1,295	494	1,789	961	417	1,378

In terms of **age**, the Group's employees are mainly concentrated in the age group which includes employees aged between 30 and 50 (58.2%). The age range of less than 30 years corresponds to 12.5% of employees and lastly, to over 50 years corresponds to 29.3%.

Italmobiliare Group employees by professional category and age group at December 31 (n.)

	Italmobiliare Group							
	2018				2017			
	<30	30-50	>50	Totale	<30	30-50	>50	Totale
Management	-	63	26	89	-	64	20	84
White-collar	51	364	137	552	39	304	94	437
Blue-collar	172	615	361	1,148	96	460	301	857
Total	223	1,042	524	1,789	135	828	415	1,378

The Italmobiliare Group also employs employees belonging to protected categories, which correspond to 10% of the total, as indicated in the following table.

Italmobiliare Group employees belonging to protected categories by gender ²⁴

	Italmobiliare Group					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Management	-	-	-	-	-	-
White-collar	4	7	11	6	4	10
Blue-collar	73	92	165	86	119	205
Total	77	99	176	92	123	215

²⁴ With particular reference to the Group company operating in Poland (Inline Poland), a special regime is in place regarding the placement of invalids for which the Law of 27 August 1997, Dz.U.1997 Nr 123 poz.776 is applied "on vocational rehabilitation and social employment people with disabilities".

Valorization and Development of Human Capital

Italmobiliare is very attentive to the development and growth of its employees and each Group company independently manages the training provided in order to obtain an ever greater qualitative level of the skills of its staff.

During 2018 the training hours provided were **12,864**, with an average per capita of about 7.2 hours. As shown in the following table, the training hours were more numerous for workers (69%) compared to white-collar (19%) and managers (12%).

Hours of training carried out by the Italmobiliare Group by professional category and gender

	Italmobiliare Group											
	2018						2017					
	Men		Women		Total		Men		Women		Total	
	Hours	Average	Hours	Average	Hours	Average	Hours	Average	Hours	Average	Hours	Average
Management	1,272	17.4	274	17.1	1,545	17.4	1,304	18.6	396	28.3	1,700	20.2
White-collar	1,279	3.9	1,200	5.3	2,479	4.5	2,712	10.5	2,166	12.3	4,877	11.2
Blue-collar	8,024	8.9	816	3.3	8,840	7.7	5,984	9.5	2,295	10.2	8,279	9.7
Total	10,574	8.2	2,290	4.6	12,864	7.2	10,000	10.4	4,857	11.6	14,856	10.8

Another fundamental aspect for the growth and enhancement of employees is the **performance evaluation** that in 2018 was carried out in the Holding and in the subsidiaries Italgoen and Sirap, covering 363 employees of the Group (20.3% of the total), according to the table shown in the attachment.

Following the objective of enhancing its staff, each Group company has a **corporate remuneration and welfare system** in place that also includes some benefits that allow a better balance between working life and private life.

Italmobiliare and Italgoen

Italmobiliare guarantees equal opportunities and treatment in respect of every diversity. In the context of remuneration policies, Italmobiliare establishes, supporting the value of meritocracy, objective and transparent incentive systems.

Italmobiliare and Italgoen operate a remuneration policy based on a merit matrix that combines performance and weight of the position on the external market in terms of pay. There is also a mapping of skills for key positions aimed at monitoring the expected level in terms of technical knowledge and managerial attitudes.

The main benefits provided are: occupational and non-occupational accident insurance and contractual health insurance for all employees, life insurance and over-contractual health insurance for managerial staff and the period of mandatory maternity leave is integrated at 100% of the salary value. In addition, the company car is assigned to managers.

Clessidra

Clessidra has adopted a remuneration and incentive system in line with the long-term corporate strategy, the objectives, values and interests of the Alternative Investment Funds managed and the investors of these funds, including measures to avoid conflicts of interest, through careful management of corporate risks. These remuneration and management incentive mechanisms favor the competitiveness and the governance of the company and allow to attract and keep in the company subjects having professionalism and abilities adequate to the needs of the same. The remuneration and incentive policy supports the alignment of interests with investors, company results and sustainability, values, development and retention of professional skills, thus creating a continuous interaction that allows, on the one hand, a constant improvement of the remuneration practices adopted and, on the other hand, the consolidation of the elements considered above.

The main benefits provided for executives are an extra-professional life/injury policy, a medical expenses reimbursement policy and a Permanent Disability plus an annual medical check-up and the company car. For managers and white-collar, a policy is provided for Permanent Disability cases from illness, while a welfare plan is provided for all employees.

Sirap

Sirap uses a Management by Objectives system for executives and key people.

The main benefits provided by the parent Sirap Gema alone are a birth bonus and the possibility of transforming the company bonus (regulated by the second level contract) into a package of welfare services. For all Sirap companies there is a car policy which applies to members of the Group Management Committee, executives and managers who have the right to be assigned company cars for mixed use, i.e. work and private.

For executives, a performance management system is envisaged which provides for the annual review of the potential and skills held in relation to the activities and role. This system will be progressively extended to key people and young people with a high potential.

Caffè Borbone

Caffè Borbone is defining the processes for evaluating employee performance, but plans to start this activity in 2019 for managers and key figures.

At the moment the main benefits provided for Caffè Borbone managers are the assignment of the company car and the mobile phone and an additional health insurance policy.

Health and Safety of Employees

Italmobiliare S.p.A., aware of **the fundamental importance of the health and safety of its employees** operates in compliance with Legislative Decree 81/2008, the Risk Assessment Document (DVR) is processed and periodically updated.

The company monitors the accident trend of workers and provides general and specific training on risks related to health and safety in the workplace.

During 2018, the Italmobiliare Group recorded 22 accidents, none of which were fatal, mainly related to cuts, crushing fingers, distortions, fractures, stumbling and falls. 77% of the accidents recorded in 2018 occurred in the companies acquired during the year. The hours worked by Italmobiliare Group employees amounted to 2,642,300.²⁵

²⁵ The perimeter of the health and safety data does not include Sirap G.m.b.H., a commercial company that represents 1% of the total employees.

Indicators of Health and Safety in Italmobiliare Group²⁶

	Employees	
	2018	2017
Total number of fatalities as a result of work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding fatalities)	-	-
Total number of recordable work-related injuries	22	7
Total number of hours worked	2,642,300	1,816,705
Multiplier	1,000,000	1,000,000

	Employees	
	2018	2017
Rate of fatalities as a result of work-related injuries	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	8.3	3.8

Sirap

Among the companies controlled by Italmobiliare, Sirap stands out for its special attention to the issues of safety in the workplace and for its **"zero injuries"** objective. For over eight years, the **"work in safety"** project has been launched, which has resulted in a progressive change of behavioral approach throughout the organization. In order to eliminate accidents, Sirap has developed multiple **communication and operational tools**:

- the Security Policy, an integral part of the "Development - Quality - Safety - Environment" policy;
- the "counts days without accidents";
- the "Blue Cards", paper forms for reporting dangerous and almost accident conditions;
- a monthly report to report the salient facts.
- a periodic HSE Committee to start, coordinate and monitor the implementation of the aforementioned company policy;
- safe work procedures (PLS) related to riskier activities;
- the 5S project (separating, sweeping, arranging, standardizing, supporting) aimed at improving safety, productivity and quality and reducing waste;
- the Behavior Observation System (BOS) which envisions checks by the General Management at the plants;
- the Sirap Safety Dialogue (SDS), is an observation system aimed at consolidating positive attitudes, actions and behaviors and identifying areas for improvement.

Furthermore, at each site, HSE committees are convened by the site management, which involves the hierarchical line and the Prevention and Protection Service (SPP). The trend of accidents and of the prevention tools in use are analyzed at periodical meetings, which are attended by the Workers' Safety Representatives.

As a demonstration of the cultural change of Sirap towards issues relating to the health and safety of employees, in 2018 the accident rate (i.e. the ratio between the total number of injuries and the total hours worked per million), calculated on the establishments already present in the group the previous year, it is 2.51 down compared to 2017. By recalculating the accident rate considering the new acquisitions in 2018 (Tarascon, Puig Reig, Sedgefield) where the activities are being implemented, the rate accident rate for the group rose to 8.0 in 2018.

²⁶ The new GRI Standard 403, published by the Global Reporting Initiative (GRI) in 2018, replacing the 2016 version used in the 2017 Sustainability Report, was used for the reporting of the 2018 injuries data. For historical data previously published, please refer to the 2017 Sustainability Report.

Furthermore, for each Sirap Gema, Inline Poland, Noves, Remoulins and Petruzalek site a **HSE Integrated Management System certified according to the international standards OHSAS 18001 and UNI EN ISO 14001** has been progressively implemented. The system was developed on a voluntary basis for optimization and continuous improvement of the processes related to the health of workers, safety at work and environmental protection.

Group companies use a risk identification and assessment system through an integrated process which includes:

- elimination of the source of risk;
- replacement of the source of risk with one of lower impact;
- technical structural measures;
- organizational measures, training, health surveillance.

The main hazards identified for production plants concern:

- accidents with forklift trucks;
- crushing and dragging with moving parts;
- fires at machinery or products;
- manual handling of loads.

The actions taken to reduce risks include technical interventions (CE marked machines equipped with safety systems and subject to periodic checks, forklifts subjected to periodic checks and equipped with warning systems such as horns and flashing lights), procedural (specific procedures, plans emergency) and behavioral methods through continuous information and training of personnel. In particular, the training courses differ in:

- training required by the binding regulation (for example, the basic safety course and specialized courses for particular tasks or use of equipment);
- internal training on the cultural approach to health and safety to promote safe behavior and involvement at all levels.

In addition, all Group companies follow the policy "Development - Quality - Safety - Environment", in which workers' health and safety are fundamental elements and adopt communication systems, tools, training and information, as well as the methods worker participation, such as weekly meetings and HSE committees.

Rosaplast, Sirap Iberica, Sirap UK and Sirap Tarascon (these last three recently acquired) have not yet adopted a certified health and safety management system with procedures and practices, in order to promote a shared culture of injury prevention, common to the Group's plants.

Italgen

For Italgen, safety and health protection in the workplace are fundamental values to be integrated in all of its activities. Attention to these issues is demonstrated by the **Health and Safety Policy** and by the operational implementation and dissemination of the Occupational Safety Management System according to the UNI-INAIL Guidelines. Italgen's commitment translates first and foremost into the adoption of concrete measures to prevent accidents, accidents at work and work-related illnesses and, in parallel, in training, awareness-raising and equipment for workers to enable them the performance of tasks in conditions of complete safety and health. The main dangers and risks in work activities and consequent actions for their elimination and/or reduction are reported in the Risk Assessment Document, in accordance to the Legislative Decree 81/08 and subsequent amendments.

Caffè Borbone

Caffè Borbone fulfills the obligations relating to health and safety in accordance with current legislation and has an "Action Plan" in place, approved by the Board of Directors, which provides for strengthening the management of the issue. The company adopts an effective system for reporting possible dangers identified by the workers or inefficiencies in the means and devices through an immediate communication process that aims to reduce situations of serious and imminent danger. In order to reduce the risk, Caffè Borbone uses a prevention system based on continuous training that involves all employees and follows a program aimed at making workers aware of the risks and methods of behavior and improving health levels and physical integrity. For the improvement of safety levels over time, a program of interventions based on the many main elements is also planned, including a periodic health check to prevent the occurrence of any occupational diseases. The main dangers identified in the work phases are mainly related to fires, explosions, explosive atmospheres, heat, flames, accidents and overturning.

Clessidra

Clessidra has implemented an occupational health and safety management system, pursuant to Legislative Decree no. 81/08. The occupational safety management system aims to assess all the health and safety risks of workers present within the organization in which they provide their activity, aimed at verifying the adequacy of the prevention and protection measures adopted and to verify the program of measures to guarantee the improvement over time of the levels of health and safety already in place, and possibly supplement it / modify it as appropriate.

Clessidra also makes use of a consulting company that carries out preventive activities and is in charge of advising the employer, the workers and their representatives in the organization, on the requirements to establish and maintain a healthy and safe work environment, which facilitates health optimal physical and mental health in relation to work and the adaptation of work and the skills of workers in light of their state of physical and mental health.

Finally, the company disseminates to its workers the health and safety at work management system through the distribution of documentation and specific training and provides health insurance to all employees at its own expense.

Italmobiliare Servizi and Punta Ala Promozione e Sviluppo Immobiliare

The companies do not have an ISO 18001 certified system, but operate in compliance with Legislative Decree no. 81/2008. All employees carried out general and specific training courses on health and safety risks identified in the DVR and information documents were distributed to all employees.

Information is guaranteed by means of information documents pursuant to the Law, including the Emergency Plan and the names and relative references of colleagues in the Emergency Team are available on the corporate intranet for Italmobiliare Servizi.

Products, services and customer care

In the area of sustainability of Italmobiliare Group products and services, the following significant indicators are reported: the electricity produced from renewable sources of Italgem, the Full Certificate Project of Sirap, and the procurement practices implemented by the Group.



Electricity produced from renewable sources: 1,042,364.2 GJ



Full Certificate Project by Sirap



Group suppliers: approximately 5,500

The quality and reliability of the service and customer satisfaction are significant issues for the Group and in particular for the companies operating in the industrial sector (Sirap, Italgem and Caffè Borbone) for which more detailed information is provided in this section.

Quality of products and services

Sirap

Sirap invests a lot of effort in **developing innovative solutions** for every packaging need, including rigid containers in expanded polystyrene, polypropylene and a wide range of marketed products dedicated to the fresh food industry and large-scale food distribution. One of the focal points of the Group's policy is **continuous improvement** which translates into actions to optimize and strengthen the effectiveness of health, safety, quality and environmental management systems. Sirap constantly strives to guarantee the **highest quality of its products**, subjecting each phase of the production process to more than 1100 daily checks in all the plants: in this way, overall, over 200 thousand quality controls are a guarantee for customers and make it possible to consolidate the high levels of competitiveness. Furthermore, every year the **internal laboratory** collaborates with Universities and Research Institutes to test more than 3000 products in relation to their food and technological suitability, mechanical, thermal, optical, chemical-physical properties of materials, gas permeability and structural analysis. The legislative compliance of the finished products is periodically verified by accredited third-party laboratories, guaranteeing the production of compliant and healthy products together with the constant control of the process and the use of suitable raw materials. The legislative compliance of finished products is periodically checked by accredited third-party laboratories. Process control and the use of suitable raw materials guarantees the production of compliant and healthy products.

Specifically, most of Sirap's plants are ISO 9001 certified, concerning the quality management system, except for the Hungarian Petruzalek plant where the process to obtain the certification will begin in 2019. With reference to the "**Full Certificate Project**", Sirap has provided for the achievement of external certifications concerning company processes also in the area of quality, food and environmental safety now extended to all companies in the 2017 perimeter (excluding new acquisitions 2018).

Italgem

For over a century, Italgem has been operating as a **producer and distributor of electricity from renewable sources** in Italy and abroad. In particular, in Italy the production conformation consists of 15 hydroelectric power plants, whose installed capacity is equal to 57.5 MW) in Lombardy, Piedmont and Veneto and almost 300 kilometers of transmission lines (of which 115 km are high voltage, 140 km at medium voltage and 25 km at low voltage). Abroad, Italgem has completed the construction of a wind farm in Bulgaria.

In 2017 Italgas served 77 POD (Point of Delivery), 67 of which were industrial. In 2018 the total number of PODs fell to 60, of which 51 industrials, 3 wholesalers, 1 stock exchange and the reduction was completely recorded in the supply segment to industrial customers. This variation is the consequence of the implementation of a new, but gradual, sales strategy, aimed at selling all the energy produced to wholesalers or on the platforms of the power exchange. During 2018 there were three service interruptions, of a total duration of 0.5 hours, which affected two customer sites served: the service interruption frequency index is therefore equal to 1.5 (calculated as the ratio between the number of outages occurred and the number of establishments affected by interruption) and the average service interruption duration equal to 0.25 (calculated as the ratio between the total duration of service interruptions and the number of establishments affected by interruption). The causes of service interruptions are due to meteorological events (lightning) or connected to them, the frequency index remains substantially in line with 2017 while the average duration of service interruption recorded a sharp decrease (from 4 to 0.25). With reference to Italgas's distribution network, in 2018 there were 6,583,00 kWh of transmission and transformation losses.

One of the fundamental objectives that characterize the Italgas's mission, also explained in the specific Quality Policy, is the constant improvement of the quality of the product and the service offered to customers. In this sense, the main focus is on three levels: to consolidate over time the **high quality standards** of the production of electricity coming mainly from water sources, to **optimize** company processes and to continuously verify the efficiency and performance of the plants. In order to guarantee production efficiency, service continuity, timely identification of any critical issues and, consequently, the satisfaction of product and service requirements, an automated system has been developed for constant monitoring of the entire production process and of the operating parameters of the plants. Starting from the results of this activity, conformity assessment and internal audits, opportunities are defined for improvement and updating of the Integrated Management System and of products and services.

Caffè Borbone

For Caffè Borbone the quality of the product is an essential element and, for this reason, it promotes the adoption of international best practices in the field of industrial processes, the highest standards of quality, safety, environmental protection and process innovation policies and of product.

With a view to continuous improvement of the company organization, Caffè Borbone has adopted an internal **Quality Management System** in compliance with the **IFS food safety standards** (International Food Standard) and has obtained the **ISO 9001: 2015 certification**.

In addition to this, the Company plans the realization of its products by appropriately defining the **microbiological, chemical, physical and nutritional and allergenic characteristics**. This information is shared with customers who analyze and approve the technical data sheet of the finished product containing the related requirements, reviewed by the entire HACCP team based on the results of the analyzes, customer requests, regulatory changes and/or updates, of the changes in raw materials, recipes, packaging and processes that have a direct impact on the finished product. Furthermore, the quality control function periodically stores daily production lots also for the purpose of testing them over time.

For Caffè Borbone the supply of the main raw material takes place from suppliers or through brokers/intermediaries, qualified according to the "Procurement, receiving and storage" procedure, directly from foreign collection warehouses. The purchase process for shipment of coffee batches is characterized by the quality control of samples of pre-boarding tests and by pre-clearance, product and organoleptic checks aimed at verifying the quality of the raw coffee received.

Attention towards customers/investors

Italmobiliare

As far as Italmobiliare is concerned, given the peculiarity of the activity carried out, the activity is carried out through the relationship with its investors and financial analysts. This activity is carried out by the Investor Relator, according to the indications of the Managing Director and General Manager and in collaboration with other competent company Departments/Functions.

Clessidra

The key concept on which Clessidra bases the relationship with its customers, both actual and potential, is **transparency**. The SGR declines it in two ways: by making it the fulcrum of interaction with customers, and by basing its choices and decision-making processes on its customers on reconstructive evidence. Furthermore, for Clessidra the quality of the services offered is of fundamental importance, since the performance of the Fund and its solidity are essential requirements to be assured to the subscribers. With regards to the creation of value, the investment strategy developed by the Company is relevant, and is based on some fundamental pillars:

- control or co-control investments in medium and large Italian companies;
- acquisition of minority interests;
- strong involvement of the management of the acquired companies;
- solid industrial approach aimed at creating value in collaboration with the entrepreneur and management.

Sirap

Attention to the customer is rooted in the work of Sirap and is a cornerstone of the company policy "Development - Quality - Safety - Environment". The aim is to guarantee the best final product, characterized by high quality standards, together with food safety obtained with the best technologies to protect consumers. The customer can rely on Sirap both in the research among the food packaging products already developed, and in the development of new tailor-made solutions. The purpose of the Group is to continuously improve the product/service offered annually, in order to assess the degree of **customer satisfaction** with regard to the quality of the products, service and technical assistance and development of new products, Sirap carries out some direct interviews with customers of the various channels (distributors, retail and industry) through the preparation of a specific form. Compared to 2017, no substantial changes were made in the management of the customer satisfaction assessment.

In confirmation of the above, during 2018 Sirap commissioned a major field consultant to a major consulting firm with major European clients. This research aimed at a better understanding of the service offered to the customer and possible areas for improvement, as well as a greater understanding of market trends with particular focus on environmental sustainability and product innovation.

Italgen

Relations with customers are managed by Italgen through **different methods**, depending on whether the sale of the energy produced is aimed at consumer customers, the energy services manager or the national stock exchange. Among the objectives of the company quality policy are the proposition of **tailor-made solutions** and timely feedback to any problems encountered by customers as well as the guarantee of high competence in solving the problems associated with the supply of electricity and the billing of the related consumption. In accordance with the provisions of the Integrated Management System, Italgen pays particular attention to customer satisfaction, collecting **information, comments and complaints** from them that constitute the starting point for implementing solutions and improvement plans. At the moment there are no surveys dedicated to the specific measurement of customer satisfaction, but individual requests are simply evaluated and processed.

Caffè Borbone

Caffè Borbone pays particular attention to the needs and expectations of customers regarding the product and the company. In order to monitor them, the Customer Care office annually sends customers a **satisfaction assessment questionnaire**, the results of which are generally discussed during the review for the definitions of improvement objectives. The Company also **uses indirect or alternative means of assessing customer needs**, such as evaluations acquired from e-commerce, reviews on online sales sites, sales trends, and customer loyalty. In the event of special requests from the customer, which generate changes to the activity flows or the agreed production specifications, the Operation Director, with the Haccp team, will activate the internal communication systems to ensure that these needs are shared, implemented and respected.

Responsible procurement practices

The Italmobiliare Group has defined procedures for a **responsible** and structured **procurement** of goods and services, so that the process of qualification, assessment and selection of suppliers is carried out in compliance with the principles of economy, timeliness and effectiveness, ensuring free competition and the equality of treatment; at the same time, the compliance of the requested good or service with the use and regulatory requirements must also be guaranteed.

In order to obtain the **maximum level of service** and efficiency in the selection process of the approximately **5,500** Group suppliers²⁷, the technical capacity, punctuality, compliance of the delivery with the requests, the existing relationships with other Group companies are considered, the specific nature of the assignment and the adequacy to the structure and needs of the Group. In addition to this, the assessment of the suppliers must take into account the reputation and reliability (including ethical and legal) of the subject and the adhesion of the same to the common values contained in the Code of Ethics of the companies of the Group. Similarly, for the assignment of consulting assignments, the principles of economic efficiency, competence, transparency, correctness, objectivity and traceability of activities are brought to the fore.

The aim pursued through the policies and procedures implemented in the Group relating to the purchase of goods, services and consultancy is to establish relations based on the principles set out above with all suppliers.

Proportion of spending on local suppliers at December 31²⁸

	Italmobiliare Group	
	2018²⁹	2017
Estimated total monetary value of payments made to suppliers (in euros)	522,186,480	274,845,647
Purchase revenue from local suppliers (in euros) ³⁰	402,379,091	180,778,776
Percentage of procurement budget used for significant operating locations spent on local suppliers	77%	66%

The most significant companies in terms of purchases from suppliers are Sirap, Caffè Borbone and Italgem which, being production companies, have a more structured management, as specified below, while for the parent Italmobiliare S.p.A. and Clessidra SGR typical supply is mainly made up of consulting services.

²⁷ The perimeter of the data does not include Clessidra SGR as the supply chain is not considered significant

²⁸ By local supplier we mean the supplier whose geographical location coincides with that of the company considered from time to time

²⁹ The figure for the 2018 financial year includes the purchase of the investment in Caffè Borbone by Italmobiliare S.p.A.

³⁰ The information does not include the purchase turnover from local Petruzalek suppliers as the management software in use does not allow the extraction of the data

Sirap

For the procurement process, Sirap is oriented towards the **exclusive selection of reliable and qualified** suppliers who are able to ensure the consistency and quality of the products and services offered and, for this purpose, a **periodic monitoring system** has been developed. Furthermore, the choice of suppliers is made through an objective and transparent assessment that also takes into consideration the ability to provide and guarantee services of an adequate level, the honesty and integrity of the supplier. Similarly to what happened in the past, also for 2018 the environmental and social parameters did not constitute, in a structured way, a criterion for selecting suppliers, except for the activity of communicating the rules of the Code of Ethics. In fact, during 2018, 37 (+54% vs 2017) suppliers were evaluated with reference to environmental parameters (in particular, reference is made to compliance with the environmental regulations contained in the Code of Ethics and to the collection and verification of the certifications of the suppliers that deal with of waste disposal) while 31 with reference to social parameters (in particular, reference is made to the signing of the Code of Ethics), out of a total of 490³¹ new registered suppliers (5.3% and 4.4% respectively). The data refers almost entirely to the parent Sirap Gema S.p.A., Rosa Plast Due S.r.l. and Sirap UK Ltd in the environmental field.

Italgen

In the supplier selection phase, Italgen checks that the processes, products and services it procures do not negatively influence its clients' ability to ensure punctuality and high quality standards. **Suppliers are assessed annually** by analyzing data collected relating to non-compliance and the parameters reported in a dedicated Policy. Furthermore, each supplier is assigned scores based on the results of the acceptance checks on supplies and procured services. As regards the **environmental parameters**, in the selection process the possession of environmental and quality certification is taken into consideration, in addition to any authorizations necessary for the provision of the requested activity. To date, environmental and social parameters are not a criterion for selecting suppliers. In the purchase contracts, the supplier is in any case required to adhere to the principles of the Code of Ethics and Model 231.

Risk management linked to the purchasing process is based on compliance with the principles contained in particular:

- in the Management and Control Organization Model and in the Code of Ethics of Italgen;
- in the Service and Works Assets Purchase Procedure, PR075;
- in the Procedure P. 6.1.1. - Risks and Opportunities;
- in the Manual of Occupational Health & Safety Management System;
- in the Procedure P 6.1.2 - Environmental aspects and compliance obligations;
- in the instruction I 8.1.4 "Suppliers management operating at the Italgen sites";
- in the Integrated Management System Management Manual.

Caffè Borbone

The selection process of Caffè Borbone suppliers is characterized by transparent and objective assessments of their professionalism and entrepreneurial structure, as well as their ability to meet the obligations of confidentiality that the nature of the service offered requires. In addition to this, the criteria used for the selection mainly focus on the quality, the price and the methods of carrying out the service offered.

³¹ The figure does not include the total of new suppliers of Petruzalek, Sirap Tarascon and Sirap G.m.b.H., as it is not available

The suppliers, due to the nature of the relationship, are expressly required to know and respect the Code of Ethics of Caffè Borbone, which establishes the principles of conduct in relations with stakeholders, including the protection of human dignity and human rights, the protection of safety, respect for the principles of integrity, fairness and transparency and protection of the environment.

As for the supply of raw coffee, the main raw material, Caffè Borbone acquired two qualities in 2018: *arabica* from Latin America, more precisely from Brazil, and *robusta* from Africa and India.

For most of the purchases of raw coffee, Caffè Borbone was supplied in 2018 by Olam, an international supplier, equipped with various standards and tools to ensure compliance with social, environmental and economic principles. This raw coffee broker has also developed a code of conduct for its suppliers that provides a series of conditions to support the goal of procuring coffee produced in a socially responsible, economically profitable and environmentally sustainable manner. In addition to this there is the "Olam Livelihood Charter" which summarizes the principles, such as access to credit, better performance, fair labor, market access, quality, traceability, social investments and environmental impacts, for which sustainability initiatives are carried out.

Responsibility towards the community

Initiatives and sponsorships

ITALMOBILIARE

In 2018, Italmobiliare S.p.A. provided an important contribution to the Fondazione Cav. Lav. Carlo Pesenti, of whom he is the promoter, whose main areas of activity are education, training, scientific research, the enhancement of artistic and cultural heritage, humanitarian and social initiatives, support for cultural events and charity.

Italmobiliare Group continued its collaboration with the Teatro alla Scala Foundation in Milan by supporting the project "Grandi Spettacoli per Piccoli" with the aim of promoting the dissemination of innovative programs and initiatives for the development of ideas, projects and actions capable of creating a positive social and cultural impact, with particular attention to the new generations.

The company also confirmed its adherence to the **Corporate Golden Donor** program of the FAI - Italian Environment Fund as a choice of social responsibility in line with the values of Corporate Social Responsibility, confirming its attention and concrete commitment to protecting and enhancing the artistic heritage and Italian environment.

Finally, Italmobiliare S.p.A. and Italgas sponsored the MED Forum 2018 event - Mediterranean Dialogues, organized by the Ministry of Foreign Affairs and International Cooperation and by ISPI (Institute for International Political Studies) under the High Patronage of the Presidency of the Italian Republic.

The companies in the portfolio have always been committed to developing initiatives of involvement and dialogue aimed at the communities and the territory in which they operate.

Sirap

The relationship with the local community of Verolanuova, in the province of Brescia, is very strong, where Sirap Gema S.p.A. has its own headquarters; here the company is engaged with the social cooperative of the area from which it hires employees with disabilities for the management of services such as maintenance of green spaces, cleaning of offices, establishments and other activities.

In particular, the Polish subsidiary Inline Poland, located in Murowana Goslina about 40 km from the city of Poznan, has a very strong relationship with the local community: in fact a share of employees currently between 40 and 50% suffers from small disabilities that do not prevent them from operating on the production lines and interacting within the company. Inline Poland benefits from government grants aimed at supporting the inclusion of these resources in the company.

Italgen

Italgen aims to enhance and develop its relations with the territory through openness and dialogue with local communities and listening to the demands of the territory. There are numerous initiatives that fall within this sphere, including:

- the contribution to public lighting in the Municipality of Olmo al Brembo;
- support for students in education, training and education by providing scholarships;

Clessidra SGR S.p.A.

Clessidra SGR, in the course of 2018, provided its support to the Anlaids association, an Italian association created to stop the spread of the HIV virus. It was founded in 1985 by a group of researchers, doctors, journalists, activists and members of civil society. Erected Moral Entity with DPR in 1988, it has been an ONLUS since 1998. The Company has also sponsored the Spazio Teatro No'hma Teresa Pomodoro.

Milan, March, 6 2019

For the Board of Directors
The Managing Director
(Carlo Pesenti)

Annexes

Italmobiliare S.p.A. - Participation in initiatives and trade associations

Assonime	Italian - Egyptian Business Council
Assolombarda	ISPI – Institute for International Political Studies
AIDAF – Family Business Network	Italian Initiative Group of the Italian Embassy in Brussels
American Chamber of Commerce in Italy	Europeanissuers
Business Forum Italia - Thailand	

Sirap Gema S.p.A. - Participation in initiatives and trade associations

Industrial Associations of Brescia, Mantova, Arezzo e Pordenone

Italgen - Participation in initiatives and trade associations

Confindustria Bergamo
RES4MED+RES4AFRICA
Althesys
Future Electricity

Clessidra SGR S.p.A. - Participation in initiatives and trade associations

AIFI
Invest Europe
AODV

Caffè Borbone S.r.l. - Participation in initiatives and trade associations

CONFIDA – Italian Vending Association

Conversion Factors Applied

Conversion factors 2018			
Electricity	GJ/kWh	0.0036	GRI Sustainability Reporting Guidelines, Version 3.1
Natural gas	TJ/smc	0.000035253	Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - updated 2018
Natural gas	smc/mc	1.002	https://enigaseluce.com/info/coefficiente-c-gas
Diesel	GJ/t	42.877	Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - updated 2018
Diesel	kg/l	0.835	Average value from diesel fuel safety data sheet ENI - 2012
Diesel	GJ/t	42.78	Italian Greenhouse Gas Inventory 1990 - 2016 - National Inventory Report 2018 Annex 6 National Emission Factors - Higher Institute for Environmental Protection and Research (ISPRA)
Diesel	kg/l	0.84	Annex 1 of Legislative Decree No. 28 of 03/03/2011
Gasoline	GJ/t	42.82	Italian Greenhouse Gas Inventory 1990 - 2016 - National Inventory Report 2018 Annex 6 National Emission Factors - Higher Institute for Environmental Protection and Research (ISPRA)
Gasoline	kg/l	0.74	Annex 1 of Legislative Decree No. 28 of 03/03/2011

Conversion factors 2017			
Electricity	GJ/kWh	0.0036	GRI Sustainability Reporting Guidelines, Version 3.1
Natural gas	TJ/smc	0.000035134	Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - 2017 update
Natural gas	smc/mc	1.002	https://enigaseluce.com/info/coefficiente-c-gas
Diesel	GJ/t	42.877	Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - 2017 update
Diesel	kg/l	0.835	Average value from diesel fuel safety data sheet ENI – 2012

Emission Factors Applied

Emission factor			Sources 2018
Natural gas	tCO ₂ /TJ	55.934	Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - updated 2018
Diesel	tCO ₂ /TJ	73.578	Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - updated 2018
Diesel	kg CO ₂ /lt	2.58935	UK Government GHG Conversion Factors for Company Reporting - Conversion Factors 2018
Gasoline	kg CO ₂ /lt	2.18943	UK Government GHG Conversion Factors for Company Reporting - Conversion Factors 2018
Market Based			
Electricity (Italy)	gCO ₂ /kw h	476.53	European Residual Mixes 2017
Electricity (France)	gCO ₂ /kw h	57.34	European Residual Mixes 2017
Electricity (England)	gCO ₂ /kw h	366.52	European Residual Mixes 2017
Electricity (Spain)	gCO ₂ /kw h	446.38	European Residual Mixes 2017
Electricity (Poland)	gCO ₂ /kw h	834.55	European Residual Mixes 2017
Electricity (Hungary)	gCO ₂ /kw h	341.4	European Residual Mixes 2017
Location Based			
Electricity (Italy)	gCO ₂ /kw h	375	Terna, international comparisons 2016
Electricity (France)	gCO ₂ /kw h	43	Terna, international comparisons 2016
Electricity (England)	gCO ₂ /kw h	310	Terna, international comparisons 2016
Electricity (Spain)	gCO ₂ /kw h	254	Terna, international comparisons 2016
Electricity (Poland)	gCO ₂ /kw h	792	Terna, international comparisons 2016
Electricity (Hungary)	gCO ₂ /kw h	289	Terna, international comparisons 2016
Emission factors			Sources 2017
Natural gas	tCO ₂ /TJ	55.897	Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - 2017 update
Diesel	tCO ₂ /TJ	73.578	Table of national standard parameters for monitoring and reporting of greenhouse gases pursuant to Legislative Decree No. 30 of 2013 - 2017 update
Market Based			
Electricity (Italy)	gCO ₂ /kw h	465.11	European Residual Mixes 2016
Electricity (France)	gCO ₂ /kw h	46.33	European Residual Mixes 2016
Electricity (Poland)	gCO ₂ /kw h	851.04	European Residual Mixes 2016
Electricity (Hungary)	gCO ₂ /kw h	368.71	European Residual Mixes 2016
Electricity (Italy)	gCO ₂ /kw h	375	Terna, international comparisons 2015
Electricity (France)	gCO ₂ /kw h	43	Terna, international comparisons 2015
Electricity (Poland)	gCO ₂ /kw h	792	Terna, international comparisons 2015
Electricity (Hungary)	gCO ₂ /kw h	289	Terna, international comparisons 2015

Table concerning the material aspect boundaries and the reconciliation with the relevant GRI topics

AREA	Material topics	Boundary	Main stakeholder interested	Role of Italmobiliare Group	Reconciliation with the GRI Topics
GOVERNANCE AND INTEGRITY	Risk management	Italmobiliare Group	All	Direct	N.A.
	Ethics and business integrity	Italmobiliare Group	All	Direct	Socio-economic compliance Anti-competitive behavior Anti-corruption
ECONOMIC RESPONSIBILITY	Economic and financial results and value creation	Italmobiliare Group	Shareholders, Investee Companies, Financial community	Direct	Economic performance
	Research and development	Sirap, Italgen, Caffè Borbone S.r.l.	Customers, Territory/Community	Direct, Contribution	N.A.
RESPONSIBLE MANAGEMENT OF SERVICES	Data protection	Italmobiliare Group	Customers, Regulatory bodies	Direct	Customer privacy
	Human rights	Italmobiliare Group	All	Direct	Freedom of Association and Collective Bargaining Child labor Forced or compulsory labor
	Quality and safety of products	Sirap, Italgen, Caffè Borbone S.r.l.	Customers, Suppliers, Territory/Community	Direct, Direct contribution	Customer Health and Safety Organizational profile - Electric Utility Sector Efficiency of the system – Electric Utility Sector Access - Electric Utility Sector
	Principles of sustainable investments	Italmobiliare S.p.A., Clessidra SGR S.p.A.	Shareholders, Financial community	Direct	Active Property - Financial Sector
INVESTMENTS RESPONSIBILITY	Governance of the shareholding companies	Italmobiliare Group	Shareholders, Investee companies, Financial community	Direct	N.A.
	Transparency	Italmobiliare S.p.A., Clessidra SGR S.p.A.	Shareholders, Financial Community, Regulatory Bodies	Direct	N.A.
RESPONSIBILITY TOWARDS COLLABORATORS	Reliability of the investments	Italmobiliare S.p.A., Clessidra SGR S.p.A.	Shareholders, Financial Community	Direct	N.A.
	Welfare and development of the employees	Italmobiliare Group	Employees	Direct	Employment Training and Education
	Health and safety in the workplace	Italmobiliare Group employee ³²	Employees	Direct	Occupational Health and Safety Diversity and Equal Opportunity Non-discrimination
	Diversity, inclusion and non-discrimination	Italmobiliare Group	Employees	Direct	

³² The company will deepen the analysis with respect to the significance of other workers who are not employees, in order to assess the need to collect data from employers of external collaborators and suppliers operating at Group sites and/or under the control of the Group, evaluating the quality and accuracy of such data over which it does not exercise direct control.

AREA	Material topics	Boundary	Main stakeholder interested	Role of Italmobiliare Group	Reconciliation with the GRI Topics
RESPONSIBILITY TOWARDS SUPPLIERS	Sustainable management of the supply chain	Sirap, Italgen, Caffè Borbone S.r.l.	Suppliers, Customers	Direct	Supplier Social Assessment Supplier Environmental Assessment Portion of spending on local suppliers
	Conscious use of raw materials and responsible packaging	Sirap, Caffè Borbone S.r.l.	Suppliers, Customers	Direct	Materials
RESPONSIBILITY TOWARDS THE COMMUNITY	Local communities	Sirap, Italgen, Caffè Borbone S.r.l.	All	Direct	Local communities
ENVIRONMENTAL RESPONSIBILITY	Management of water resources and of the quality of water discharges	Sirap, Italgen, Caffè Borbone S.r.l.	Territory/ Community	Direct	Water
		Sirap, Italgen, Caffè Borbone S.r.l.	Territory/ Community	Direct	Effluents and Waste
	Energy management	Italmobiliare S.p.A., Sirap, Italgen, Caffè Borbone S.r.l.	Territory/ Community	Direct	Energy
	Emissions into the atmosphere and mitigation of climate change	Italmobiliare S.p.A., Sirap, Italgen, Caffè Borbone S.r.l.	Territory/ Community	Direct	Emissions

Chapter: Economic responsibility

Determination of the Generated Value (values in thousands of euro)	2018	2017
Revenues and income	463,069	507,625
Change in inventories	11,221	-424
Internal work capitalized	329	5,072
Other income	9,453	9,629
Financial income	635	481
Exchange rate differences and net losses on derivatives	-296	-2,714
Impairment losses on financial assets	-	-21
Share of profit of equity-accounted investees	1,975	246
Value adjustments on fixed assets	1,218	-
Economic value directly generated	487,604	519,894
Economic value distributed (values in thousands of euro)	2018	2017
Reclassified operating expense	343,350	235,200
<i>Raw materials and supplies</i>	227,350	136,159
<i>Services</i>	77,326	67,880
<i>Other operating income</i>	38,674	31,161
Personnel remuneration	98,676	139,537
<i>Personnel expense</i>	98,676	139,537
Remuneration of lenders	5,148	4,107
<i>Financial costs</i>	5,148	4,107
Shareholder remuneration	27,042	23,374
<i>Profit distribution for the year¹</i>	23,071	23,100
<i>Non-controlling interests</i>	3,971	274
Remuneration of the Public Administration	-13,217	6,238
<i>Taxes for the year²</i>	-13,217	6,238
Community remuneration	823	578
<i>Liberality and sponsorships</i>	823	578
Value retained by the Company	25,782	110,860
<i>Profit for reserve year</i>	4,630	91,872
<i>Amortization and depreciation</i>	21,152	18,988
Distributed economic value	487,604	519,894

¹ The value indicated regarding the distribution of profits to the Shareholders for the year 2018 corresponds to the Italmobiliare S.p.A. resolved to propose to the Assembly for approval.

² Including 5,647 thousand euros of current and prior-year taxes and -18,864 thousand euros of deferred taxes (in 2017 respectively of 4,354 and 1,884 thousand euros).

Chapter: Responsibility in the activity management of - Management of Human Resources

Total number of employees by geographical segment by type of contract and gender as of December 31

	Italy					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Permanent contract	571	128	699	458	118	576
Temporary contract	59	3	62	32	7	39
Total	630	131	761	490	125	615

	France					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Permanent contract	200	56	256	163	39	202
Temporary contract	6	4	10	1	1	2
Total	206	60	266	164	40	204

	Poland					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Permanent contract	111	121	232	93	95	188
Temporary contract	50	43	93	65	90	155
Total	161	164	325	158	185	343

	Hungary					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Permanent contract	144	75	219	149	62	211
Temporary contract	4	-	4	-	5	5
Total	148	75	223	149	67	216

	UK					
	2018			2017		
	Men	Women	Total	Men	Women	Total
Permanent contract	100	25	125	-	-	-
Temporary contract	-	-	-	-	-	-
Total	100	25	125	-	-	-

Spain

	2018			2017		
	Men	Women	Total	Men	Women	Total
Permanent contract	41	30	71	-	-	-
Temporary contract	-	-	-	-	-	-
Total	41	30	71	-	-	-

Germany

	2018			2017		
	Men	Women	Total	Men	Women	Total
Permanent contract	9	9	18	-	-	-
Temporary contract	-	-	-	-	-	-
Total	9	9	18	-	-	-

Total number of external workforce by gender

Italmobiliare Group

	2018			2017		
	Men	Women	Total	Men	Women	Total
Temporary workers, self-employed workers, external collaborators	127	64	191	74	45	119
Interns	6	2	8	9	1	10
Agents	20	1	21	n.a.	n.a.	n.a.
Total	153	67	220	83	46	129

Number of new hires, terminations and staff turnover rate by geographical area³³

Italy										
2018						2017				
New hires						New hires				
<30 years old	30-50 years old	>50 years old	Total	Rate		<30 years old	30-50 years old	>50 years old	Total	Rate
Men	49	55	6	110	17.5%	32	35	7	74	15.1%
Women	2	4	3	9	6.9%	2	5	-	7	5.6%
Total	51	59	9	119	15.6%	34	40	7	81	13.2%
Rate	48.1%	13.3%	4.3%	15.6%		67%	11%	4%	13%	
Terminations						Terminations				
<30 years old	30-50 years old	>50 years old	Total	Rate		<30 years old	30-50 years old	>50 years old	Total	Rate
Men	13	43	25	81	12.9%	16	25	21	62	12.7%
Women	3	7	5	15	11.5%	4	3	2	9	7.2%
Total	16	50	30	96	12.6%	20	28	23	71	11.5%
Rate	15.1%	11.2%	14.3%	12.6%		39%	8%	12%	12%	

France										
2018						2017				
New hires						New hires				
<30 years old	30-50 years old	>50 years old	Total	Rate		<30 years old	30-50 years old	>50 years old	Total	Rate
Men	9	3	-	12	5.8%	1	-	2	3	1.8%
Women	5	3	1	9	15.0%	-	1	1	2	5.0%
Total	14	6	1	21	7.9%	1	1	3	5	2.9%
Rate	127.3%	3.4%	1.3%	7.9%		25%	1%	6%	3%	
Terminations						Terminations				
<30 years old	30-50 years old	>50 years old	Total	Rate		<30 years old	30-50 years old	>50 years old	Total	Rate
Men	8	7	3	18	8.7%	1	3	2	6	3.7%
Women	4	1	5	10	16.7%	2	3	1	6	15.0%
Total	12	8	8	28	10.5%	3	6	3	12	5.9%
Rate	109.1%	4.5%	10.3%	10.5%		75%	4%	5%	6%	

Poland										
2018						2017				
New hires						New hires				
<30 years old	30-50 years old	>50 years old	Total	Rate		<30 years old	30-50 years old	>50 years old	Total	Rate
Men	10	24	4	38	23.6%	22	18	8	48	30.4%
Women	4	12	15	31	18.9%	7	20	18	45	24.3%
Total	14	36	19	69	21.2%	29	38	26	93	27.1%
Rate	29.2%	23.7%	15.2%	21.2%		47%	24%	21%	27%	
Terminations						Terminations				
<30 years old	30-50 years old	>50 years old	Total	Rate		<30 years old	30-50 years old	>50 years old	Total	Rate
Men	10	16	9	35	21.7%	18	10	9	37	23.4%
Women	10	21	21	52	31.7%	9	7	24	40	21.6%
Total	20	37	30	87	26.8%	27	17	33	77	22.4%
Rate	41.7%	24.3%	24.0%	26.8%		44%	11%	27%	22%	

Hungary										
2018						2017				
New hires						New hires				
<30 years old	30-50 years old	>50 years old	Total	Rate		<30 years old	30-50 years old	>50 years old	Total	Rate
Men	6	14	1	21	14.2%	6	19	1	26	17.4%
Women	4	12	-	16	21.3%	1	7	2	10	14.9%
Total	10	26	1	37	16.6%	7	26	3	36	16.7%
Rate	43.5%	17.0%	2.1%	16.6%		39%	16%	8%	17%	
Terminations						Terminations				
<30 years old	30-50 years old	>50 years old	Total	Rate		<30 years old	30-50 years old	>50 years old	Total	Rate
Men	2	12	5	19	12.8%	5	18	6	29	19.5%
Women	1	9	1	11	14.7%	1	9	7	17	25.4%
Total	3	21	6	30	13.5%	6	27	13	46	21.3%
Rate	13.0%	13.7%	12.8%	13.5%		33%	17%	33%	21%	

³³ The turnover has been calculated by dividing the total number of new hires for the year by the total number of the staff employed throughout the year, in percentage.

UK										
2018						2017				
New hires						New hires				
<30 years old	30-50 years old	>50 years old	Total	Rate	<30 years old	30-50 years old	>50 years old	Total	Rate	
Men	32	15	3	50	50.0%	-	-	-	-	-
Women	2	6	-	8	32.0%	-	-	-	-	-
Total	34	21	3	58	46.4%	-	-	-	-	-
Rate	130.8%	30.4%	10.0%	46.4%		-	-	-	-	-
Terminations						Terminations				
<30 years old	30-50 years old	>50 years old	Total	Rate	<30 years old	30-50 years old	>50 years old	Total	Rate	
Men	29	18	3	50	50.0%	-	-	-	-	-
Women	2	6	-	8	32.0%	-	-	-	-	-
Total	31	24	3	58	46.4%	-	-	-	-	-
Rate	119.2%	34.8%	10.0%	46.4%		-	-	-	-	-

Spain										
2018						2017				
New hires						New hires				
<30 years old	30-50 years old	>50 years old	Total	Rate	<30 years old	30-50 years old	>50 years old	Total	Rate	
Men	-	4	-	4	9.8%	-	-	-	-	-
Women	4	3	-	7	23.3%	-	-	-	-	-
Total	4	7	-	11	15.5%	-	-	-	-	-
Rate	80.0%	18.9%	0.0%	15.5%		-	-	-	-	-
Terminations						Terminations				
<30 years old	30-50 years old	>50 years old	Total	Rate	<30 years old	30-50 years old	>50 years old	Total	Rate	
Men	-	1	-	1	2.4%	-	-	-	-	-
Women	-	3	-	3	10.0%	-	-	-	-	-
Total	-	4	-	4	5.6%	-	-	-	-	-
Rate	0.0%	10.8%	0.0%	5.6%		-	-	-	-	-

Germany										
2018						2017				
New hires						New hires				
<30 years old	30-50 years old	>50 years old	Total	Rate	<30 years old	30-50 years old	>50 years old	Total	Rate	
Men	1	2	1	4	44.4%	-	-	-	-	-
Women	1	-	1	2	22.2%	-	-	-	-	-
Total	2	2	2	6	33.3%	-	-	-	-	-
Rate	50.0%	22.2%	40.0%	33.3%		-	-	-	-	-
Terminations						Terminations				
<30 years old	30-50 years old	>50 years old	Total	Rate	<30 years old	30-50 years old	>50 years old	Total	Rate	
Men	-	1	1	2	22.2%	-	-	-	-	-
Women	2	2	1	5	55.6%	-	-	-	-	-
Total	2	3	2	7	38.9%	-	-	-	-	-
Rate	50.0%	33.3%	40.0%	38.9%		-	-	-	-	-

Italmobiliare Group health and safety indicators by geographical area³⁴

Italy	Employees	
	2018	2017
Total number of fatalities as a result of work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding fatalities)	-	-
Total number of recordable work-related injuries	8	1
Total number of hours worked	1,124,120	998,242
Rate of fatalities as a result of work-related injuries	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	7.1	1.0
France	2018	2017
Total number of fatalities as a result of work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding fatalities)	-	-
Total number of recordable work-related injuries	5	2
Total number of hours worked	397,051	309,448
Rate of fatalities as a result of work-related injuries	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	12.6	6.5
Poland	2018	2017
Total number of fatalities as a result of work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding fatalities)	-	-
Total number of recordable work-related injuries	1	4
Total number of hours worked	645,559	509,015
Rate of fatalities as a result of work-related injuries	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	1.5	7.9

³⁴ The multiplier used to calculate the rates is 1,000,000

Hungary	Employees	
	2018	2017
Total number of fatalities as a result of work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding fatalities)	-	-
Total number of recordable work-related injuries	-	-
Total number of hours worked	75,103	-
Rate of fatalities as a result of work-related injuries	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	-	-
UK	2018	2017
Total number of fatalities as a result of work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding fatalities)	-	-
Total number of recordable work-related injuries	3	-
Total number of hours worked	256,540	-
Rate of fatalities as a result of work-related injuries	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	11.7	-
Spain	2018	2017
Total number of fatalities as a result of work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding fatalities)	-	-
Total number of recordable work-related injuries	5	-
Total number of hours worked	143,927	-
Rate of fatalities as a result of work-related injuries	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	34.7	-

Employees that have received a performance and career development review in 2017 and 2018³⁵

Italmobiliare Group												
	2018						2017					
	Men	% Men	Women	% Women	Total	% Total	Men	% Men	Women	% Women	Total	% Total
Management	58	79.5%	12	75.0%	70	78.7%	55	78.6%	13	92.9%	68	81.0%
White-collar	97	29.9%	76	33.5%	173	31.4%	81	31.3%	63	35.4%	144	33.0%
Blue-collar	106	11.8%	14	5.6%	120	10.4%	57	9.0%	13	5.8%	70	8.2%
Total	261	20.2%	102	20.6%	363	20.3%	193	20.1%	89	21.3%	282	20.5%

Italmobiliare S.p.A.												
	2018						2017					
	Men	% Men	Women	% Women	Total	% Total	Men	% Men	Women	% Women	Total	% Total
Management	11	100%	4	100%	15	100%	10	100%	4	100%	14	100%
White-collar	6	100%	16	100%	22	100%	3	100%	16	100%	19	100%
Blue-collar	-	-	-	-	-	-	-	-	-	-	-	-
Total	17	100%	20	100%	37	100%	13	100%	20	100.0%	33	100%

Clessidra SGR S.p.A.												
	2018						2017					
	Men	% Men	Women	% Women	Total	% Total	Men	% Men	Women	% Women	Total	% Total
Management	11	100%	1	100%	12	100%	11	100%	2	100%	13	100%
White-collar	6	100%	8	100%	14	100%	6	100%	8	100%	14	100%
Blue-collar	-	-	-	-	-	-	-	-	-	-	-	-
Total	17	100%	9	100%	26	100%	17	100%	10	100.0%	27	100%

Sirap												
	2018						2017					
	Men	% Men	Women	% Women	Total	% Total	Men	% Men	Women	% Women	Total	% Total
Management	32	72.7%	7	70.0%	39	72.2%	29	65.9%	7	87.5%	36	69.2%
White-collar	55	20.5%	43	23.0%	98	21.5%	44	19.8%	34	22.8%	78	21.0%
Blue-collar	93	13.1%	14	5.6%	107	11.1%	57	9.9%	13	5.8%	70	8.8%
Total	180	17.6%	64	14.3%	244	16.6%	130	15.4%	54	14.2%	184	15.0%

Italgen S.p.A.												
	2018						2017					
	Men	% Men	Women	% Women	Total	% Total	Men	% Men	Women	% Women	Total	% Total
Management	4	100%	-	-	4	-	5	100%	-	-	5	100%
White-collar	25	100%	4	100%	29	100%	28	100%	5	100%	33	100%
Blue-collar	-	0.0%	-	-	-	-	-	0.0%	-	-	-	0.0%
Total	29	39.7%	4	100%	33	42.9%	33	36.7%	5	100%	38	40.0%

Italmobiliare Servizi S.r.l.												
	2018						2017					
	Men	% Men	Women	% Women	Total	% Total	Men	% Men	Women	% Women	Total	% Total
Management	-	100%	-	100%	-	100%	-	-	-	-	-	-
White-collar	5	100%	5	100%	10	100%	-	-	-	-	-	-
Blue-collar	13	100%	-	100%	13	100%	-	-	-	-	-	-
Total	18	100%	5	100%	23	100%	-	-	-	-	-	-

³⁵ During 2018 the employees of Caffè Borbone S.r.l. and Punta Ala Promozione e Sviluppo Immobiliare S.r.l. they have not received a performance and career development review.

Global Reporting Initiative Content Index

The following table depicts a summary of the main contents of the Consolidated Non-Financial Statement 2017 of Italmobiliare Group, according to the structure required by the «GRI Sustainability Reporting Standards», published in 2016 by the Global Reporting Initiative. For 2018 it was decided to move to the reporting of injuries data using the new GRI 403 Standard, published by the Global Reporting Initiative (GRI) in 2018 to replace the version used so far, published in 2016. The "Electric Utilities Sector Disclosures" and the "Financial Services Sector Disclosures", both published by the Global Reporting Initiative in 2013 to report on some specific material issues, respectively of Italgas, Italmobiliare S.p.A. and Clessidra SGR S.p.A..³⁶

Universal Standards		
GRI Standard	Page number	Information
GRI 102: General Disclosures		
Organizational profile		
102-1	292	Name of the organization
102-2	297-298	Activities, brands, products and services
102-3	Quarta di copertina	Location of headquarters
102-4	297-298	Location of operations
102-5	301-304	Ownership and legal form
102-6	297 - 298, 332 - 335	Markets served
102-7	296, 308 - 309, 312, 324, 332	Scale of the organization
102-8	324 - 326, 345 - 346	Information on employees and other workers
102-9	335 - 337	Supply chain
102-10	292 - 295, 335 - 337	Significant changes to the organization and its supply chain
102-11	304 - 306	Precautionary Principle or approach
102-12	305, 310, 333	External initiatives
102-13	339	Membership of associations
GRI G4 EU-1*	332 - 333	Installed capacity, broken down by primary energy source and by Regulatory regime
GRI G4 EU-2*	332 - 333	Net energy output broken down by primary energy source and by regulatory regime
GRI G4 EU-3*	332 - 333	Number of residential, industrial, institutional and commercial customer accounts
GRI G4 EU-4*	332 - 333	Length of above and underground transmission and distribution lines by regulatory regime

³⁶ The perimeter of the marked indicators (*) is limited to Italgas; the perimeter of the marked indicators (**) is limited to Sirap and Caffè Borbone S.r.l.; the perimeter of the marked indicators (***) is limited to Italmobiliare S.p.A. and Clessidra SGR S.p.A.

Universal Standards		
GRI Standard	Page number	Information
Strategy		
102-14	8, 9	Statement from senior decision-maker
Ethics and integrity		
102-16	305, 310, 333, 339	Values, principles, standards and norms of behavior
Governance		
102-18	301 - 303	Governance structure Composition of the highest governance bodies and its committees
102-22	302	
Stakeholder Engagement		
102-40	306	List of stakeholder groups
102-41	325	Collective bargaining agreements
102-42	306 - 307	Identifying and selecting stakeholders
102-43	300, 306 - 307	Approach to stakeholder engagement
102-44	307	Key topics and concerns raised
Reporting practice		
102-45	292 - 293	Entities included in the consolidated financial statements
102-46	292 - 293	Defining report content and topic Boundaries
102-47	292 - 293, 306 - 307	List of material topics
102-48	The information entered in the previous reports has not been changed.	Restatements of information
102-49	The significant changes compared to the previous reporting period are related to the acquisition of Caffè Borbone S.r.l. and the four Sirap companies. The material topic "Conscious use of raw materials and responsible packaging" has been included and the two topics "quality and reliability of the service and customer satisfaction" and "safety of the products/services provided" have been aggregated within the topic "quality and safety of products".	Changes in reporting
102-50	293	Reporting period
102-51	The last Sustainability Report was approved by the Board of Directors of Italmobiliare S.p.A. on the 6th of March 2018.	Date of most recent report
102-52	295	Reporting cycle
102-53	Back cover	Contact point for questions regarding the report
102-54	293	Claims of reporting in accordance with the GRI Standard
102-55	352 - 361	GRI Content Index
102-56	362 - 365	External assurance

GRI Standard	Page number	Topic-specific Standards	
		Omission	Information
ECONOMIC			
Material topic: ECONOMIC PERFORMANCE			
GRI 103: Management Approach (2016)			
103-1	308 - 311		Explanation of the material topic and its Boundary
103-2	308 - 311		The management approach and its components
103-3	308 - 311		Evaluation of the management approach
GRI 201: Economic performance (2016)			
201-1	308 - 309		Direct economic value generated and distributed
201-2*	309 - 311, 320		Financial implications and other risks and opportunities due to climate change
Material topic: SUPPLY PRACTICES			
GRI 103: Management Approach (2016)			
103-1	335 - 337		Explanation of material aspects and relative boundaries
103-2	335 - 337		The management approach and its components
103-3	335 - 337		Evaluation on the management approach
GRI 204: Proportion of expenditure on local suppliers (2016)			
204-1	335		Proportion of spending on local suppliers
Material topic: ANTI-CORRUPTION			
GRI 103: Management Approach (2016)			
103-1	298 - 299		Explanation of the material topic and its Boundary
103-2	298 - 299		The management approach and its components
103-3	298 - 299		Evaluation of the management approach
GRI 205: Anti-corruption (2016)			
205-3	In 2018 no case of corruption was registered.		Confirmed incidents of corruption and actions taken

Topic-specific Standards			
GRI Standard	Page number	Omission	Information
Material topic: ANTI-COMPETITIVE PRACTICES			
GRI 103: Management Approach (2016)			
103-1	298 - 299		Explanation of the material topic and its Boundary
103-2	298 - 299		The management approach and its components
103-3	298 - 299		Evaluation of the management approach
GRI 206: Anti-competitive practices (2016)			
		With reference to the appeal against the decision of the European Commission regarding the fine of 35.8 million euros imposed for anticompetitive conduct, on 11 October 2017 the hearing was held in the Court of the European Union in case T-523/15. During the hearing the parties initially made pleading, focusing on the most important issues raised by the case. The panel, composed of three judges, subsequently asked questions to the appellant as well as to the defendant, concerning all the issues raised in the appeal. However, the date of the Court's ruling will be announced in advance. The Court can confirm, cancel change the size of the sanction.	
206-1			Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
GRI Sector Specific Indicators (2013)			
EU-12*	332 - 333		Transmission and distribution losses as a percentage of total energy
ENVIRONMENT			
Material topic: MATERIALS			
GRI 103: Management Approach (2016)			
103-1	318, 323		Explanation of the material topic and its Boundary
103-2	318, 323		The management approach and its components
103-3	318, 323		Evaluation of the management approach
GRI 301: Materials (2016)			
301-1**	318, 323		Materials used by weight or volume

Topic-specific Standards			
GRI Standard	Page number	Omission	Information
Material topic: ENERGY			
GRI 103: Management Approach (2016)			
103-1	312 - 313, 314 - 317, 319 - 320, 322 - 323		Explanation of the material topic and its Boundary
103-2	312 - 313, 314 - 317, 319 - 320, 322 - 323		The management approach and its components
103-3	312 - 313, 314 - 317, 319 - 320, 322 - 323		Evaluation of the management approach
GRI 302: Energy (2016)			
302-1	312 - 313, 314 - 317, 319 - 320, 322 - 323		Energy consumption within the organization
Material topic: WATER			
GRI 103: Management Approach (2016)			
103-1	313 - 314, 317 - 318, 321		Explanation of the material topic and its Boundary
103-2	313 - 314, 317 - 318, 321		The management approach and its components
103-3	313 - 314, 317 - 318, 321		Evaluation of the management approach
GRI 303: Water (2016)			
303-1	313 - 314, 317 - 318, 321		Water withdrawal by source
Material topic: EMISSIONS			
GRI 103: Management Approach (2016)			
103-1	312 - 313, 314 - 316, 320, 322 - 323		Explanation of the material topic and its Boundary
103-2	312 - 313, 314 - 316, 320, 322 - 323		The management approach and its components
103-3	312 - 313, 314 - 316, 320, 322 - 323		Evaluation of the management approach
GRI 305: Emissions (2016)			
305-1	312 - 313, 314 - 316, 320, 322 - 323		Direct (Scope 1) GHG emissions
305-2	312 - 313, 314 - 316, 320, 322 - 323		Energy indirect (Scope 2) GHG emissions
Material topic: DISCHARGES AND WASTE			
GRI 103: Management Approach (2016)			
103-1	313 - 314, 317 - 318, 321		Explanation of the material topic and its Boundary
103-2	313 - 314, 317 - 318, 321		The management approach and its components
103-3	313 - 314, 317 - 318, 321		Evaluation of the management approach
GRI 306: Effluents and Waste (2016)			
306-1	313 - 314, 317 - 318, 321		Water discharge by quality and destination

Topic-specific Standards			
GRI Standard	Page number	Omission	Information
Material topic: ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach (2016)			
103-1	312, 314 - 315, 319 - 320, 322		Explanation of the material topic and its Boundary
103-2	312, 314 - 315, 319 - 320, 322		The management approach and its components
103-3	312, 314 - 315, 319 - 320, 322		Evaluation of the management approach
GRI 307: Environmental compliance (2016)			
307-1		In 2018, no sanctions for non-compliance with environmental laws and regulations were received	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
Material topic: SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 103: Management Approach (2016)			
103-1	335 - 337		Explanation of the material topic and its Boundary
103-2	335 - 337		The management approach and its components
103-3	335 - 337		Evaluation of the management approach
GRI 308: Supplier Environmental Assessment (2016)			
308-1	335 - 337		New suppliers that were screened using environmental criteria
SOCIAL			
Material topic: EMPLOYMENT			
GRI 103: Management Approach (2016)			
103-1	324 - 328		Explanation of the material topic and its Boundary
103-2	324 - 328		The management approach and its components
103-3	324 - 328		Evaluation of the management approach
GRI 401: Employment (2016)			
401-1	325, 347 - 348		New employee hires and employee turnover
401-2	327 - 328		Benefits provided to full-time employees that are not provided to temporary or part-time employees

Topic-specific Standards			
GRI Standard	Page number	Omission	Information
Material topic: OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach (2016)			
103-1	328 - 331		Explanation of the material topic and its Boundary
103-2	328 - 331		The management approach and its components
103-3	328 - 331		Evaluation of the management approach
GRI 403: Management Approach (2018)			
403-1	328 - 331		Occupational health and safety management system
403-2	328 - 331		Hazard identification, risk measurement, accident investigation
403-3	328 - 331		Occupational health and safety services
403-4	328 - 331		Worker participation, consultation and communication on health and occupational safety
403-5	327		Training courses for workers on health and safety at work
403-6	328 - 331		Promotion of workers' health
403-7	328 - 331		Prevention and mitigation of occupational health and safety impacts directly related to business relationships
GRI 403: Occupational health and safety (2018)			
403-9	329, 349 - 350		Work-related injuries
Material topic: TRAINING AND EDUCATION			
GRI 103: Management Approach (2016)			
103-1	327 - 328		Explanation of the material topic and its Boundary
103-2	327 - 328		The management approach and its components
103-3	327 - 328		Evaluation of the management approach
GRI 404: Training and Education (2016)			
404-1	327		Average annual training hours per employee, broken down by gender and category.
404-3	327, 351		Percentage of employees who regularly receive performance reviews of their career development
Material topic: DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management Approach (2016)			
103-1	302, 324 - 326		Explanation of the material topic and its Boundary
103-2	302, 324 - 326		The management approach and its components
103-3	302, 324 - 326		Evaluation of the management approach
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	302, 324 - 326		Diversity of governance bodies and employees

Topic-specific Standards			
GRI Standard	Page number	Omission	Information
Topic materiale: NON-DISCRIMINATION			
GRI 103: Management Approach (2016)			
103-1	298 - 301		Explanation of the material topic and its Boundary
103-2	298 - 301		The management approach and its components
103-3	298 - 301		Evaluation of the management approach
GRI 406: Non-discrimination (2016)			
406-1	In 2018, no discrimination case was registered.		Incidents of non-discrimination and corrective actions taken
Material topic: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
GRI 103: Management Approach (2016)			
103-1	298 - 301, 335 - 337		Explanation of the material topic and its Boundary
103-2	298 - 301, 335 - 337		The management approach and its components
103-3	298 - 301, 335 - 337		Evaluation of the management approach
GRI 407: Freedom of association and collective bargaining (2016)			
407-1	In the context of the risk management system of the parent and of the investee companies, with reference to the direct activities of the Group, no significant risks were found in relation to the violation of human rights. Italmobiliare aims to investigate the potential risks of human rights violations along the supply chain in the coming years, also following the new acquisitions that were finalized during the year.		Operations and suppliers in which the right to freedom of association and collective bargaining are assessed at risk.
Material topic: CHILD LABOR			
GRI 103: Management Approach (2016)			
103-1	298 - 301, 324 - 326		Explanation of the material topic and its Boundary
103-2	298 - 301, 324 - 326		The management approach and its components
103-3	298 - 301, 324 - 326		Evaluation of the management approach
GRI 408: Child labor (2016)			
408-1	In the context of the risk management system of the parent and of the investee companies, with reference to the direct activities of the Group, no significant risks were found in relation to the violation of human rights. Italmobiliare aims to investigate the potential risks of human rights violations along the supply chain in the coming years, also following the new acquisitions that were finalized during the year.		Operations and suppliers assessed at significant risk of accidents relating to child labor.

Topic-specific Standards			
GRI Standard	Page number	Omission	Information
Material topic: FORCED OR COMPULSORY LABOR			
GRI 103: Management Approach (2016)			
103-1	298 - 301, 324 - 326		Explanation of the material topic and its Boundary
103-2	298 - 301, 324 - 326		The management approach and its components
103-3	298 - 301, 324 - 326		Evaluation of the management approach
GRI 409: Forced or compulsory labor (2016)			
409-1	In the context of the risk management system of the parent and of the investee companies, with reference to the direct activities of the Group, no significant risks were found in relation to the violation of human rights. Italmobiliare aims to investigate the potential risks of human rights violations along the supply chain in the coming years, also following the new acquisitions that were finalized during the year.		Operations and suppliers assessed at significant risk for forced labor accidents.
Material topic: LOCAL COMMUNITIES			
GRI 103: Management Approach (2016)			
103-1	298 - 301, 314 - 315, 319 - 320, 322		Explanation of the material topic and its Boundary
103-2	298 - 301, 314 - 315, 319 - 320, 322		The management approach and its components
103-3	298 - 301, 314 - 315, 319 - 320, 322		Evaluation of the management approach
GRI 413: Local communities (2016)			
413-2	298 - 301, 314 - 315, 319 - 320, 322		Operations with significant actual and potential negative impacts on local communities
Material topic: SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach (2016)			
103-1	335 - 337		Explanation of the material topic and its Boundary
103-2	335 - 337		The management approach and its components
103-3	335 - 337		Evaluation of the management approach
GRI 414: Supplier social assessment (2016)			
414-1	335 - 337		New suppliers that were screened using social criteria

Topic-specific Standards			
GRI Standard	Page number	Omission	Information
Material topic: CUSTOMER HEALTH AND SAFETY			
GRI 103: Management Approach (2016)			
103-1	332 - 333		Explanation of the material topic and its Boundary
103-2	332 - 333		The management approach and its components
103-3	332 - 333		Evaluation of the management approach
GRI 416: Customer health and safety (2016)			
416-2**	In 2018, no incidents of non-compliance concerning health and safety impacts of products and services occurred.		Incidents of non-compliance concerning the health and safety impacts of products and services.
GRI Sector Specific Indicators (2013)			
EU-25*	In 2018 there was no injury or fatality to the public involving company assets.		Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases
EU-28*	332 - 333		Power outage frequency
EU-29*	332 - 333		Average power outage duration
FS-10***	309 - 311		Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues
Material topic: CUSTOMER PRIVACY			
GRI 103: Management Approach (2016)			
103-1	298 - 301, 334 - 335		Explanation of the material topic and its Boundary
103-2	298 - 301, 334 - 335		The management approach and its components
103-3	298 - 301, 334 - 335		Evaluation of the management approach
GRI 418: Customer privacy (2016)			
418-1	In 2018 there were no substantiated complaints concerning breaches of customer privacy and losses of customer data		Substantiated complaints concerning breaches of customer privacy and losses of customer data
Material topic: SOCIO-ECONOMIC PERFORMANCE			
GRI 103: Management Approach (2016)			
103-1	298 - 301		Explanation of the material topic and its Boundary
103-2	298 - 301		The management approach and its components
103-3	298 - 301		Evaluation of the management approach
GRI 419: Socio-economic compliance (2016)			
419-1	In 2018 no significant sanction for non-compliance with laws and regulations in the socio-economic area were received.		Non-compliance with laws and regulations in the social and economic area



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

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
Italmobiliare 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 consolidated non-financial statement of the Italmobiliare Group (the "Group") for the year ended 31 December 2018 prepared in accordance with article 4 of the Decree and approved by the board of directors on 6 March 2019 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Italmobiliare S.p.A. (the "Company") for the NFS

The directors are responsible for the preparation of a NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of a NFS 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 NFS, 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 NFS, the Group's policies for the identification and management of the risks generated or borne.



The *Collegio Sindacale* is responsible for overseeing, within the terms established by 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. Our firm 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 based on the procedures performed about the compliance of the NFS 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 applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS 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 consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the Company's personnel responsible for the preparation of the information presented in the NFS, 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 NFS, 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 NFS 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 entity'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 NFS 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 NFS.

Specifically, we held interviews and discussions with the Company's management personnel and personnel of Sirap Gema S.p.A., Italgem S.p.A., Clessidra SGR S.p.A. and Caffè Borbone S.r.l.. We also performed limited 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 NFS.

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

- at company and subsidiaries level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check the correct aggregation of data in the quantitative information;
- we visited Sirap Gema S.p.A., Italgem S.p.A., Clessidra SGR S.p.A., Caffè Borbone S.r.l. and the Mantova, Angolo Terme, Caivano and Murowana Goślina (Poland) sites, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.



Italmobiliare Group
Independent auditors' report
31 December 2018

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement of the Italmobiliare Group for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards").

Milan, 25 March 2019

KPMG S.p.A.

(signed on the original)

Stefano Azzolari
Director

