



SUSTAIN ABILITY REPORT 2018

 COSTER





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Full commitment
at corporate level

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Letter to Stakeholders

Dear stakeholder,

In 2018 Coster has continued its path to Sustainability, by leveraging our strong commitment towards people and environment as key factors for a successful business.

After the issue of our first non-financial disclosure, the positive feedback we gathered from our stakeholders pushes us to strive to an even enhanced reporting for full accountability, with the same enthusiasm of the very first days.

This year we have promoted the direct engagement of the external stakeholders for our Materiality analysis review.

The common vision between Coster and stakeholders reinforces us to go further down the road of CSR taken together.

The range of targets reached in 2018 is wide and all of them deserve a mention, but it isn't possible.

A particular focus shall be put on the products innovation with a special care to environmental impacts as well as for recycled and recyclability concepts, the Organizational Model for the Governance ex D.Lgs. 231, the voluntary SNETA IV Pillars audit program carried out through the Group, the new Supply Chain solutions customer and sustainability oriented.

These and other results are reflected by the top ranking and Gold medal achieved in 2018 from EcoVadis assessment. Culture, schooling and education have become our common social footprint, in which we recognize. Talented people from resourced community working in ethical, healthy and safe environment are essential to strengthen our highest technology and top-quality competitive position in the market. New important projects and resources are already in the pipeline to get the ambitious targets we have planned for 2019, covering all the aspects of CSR. In Coster we believe that our future will be brighter by following a sustainable path.

Martina Segatta

Forghali



Martina Segatta - President



Bernard Msellati - CEO



Introduction

Year 2018 has vouched the renewed strong Coster's commitment towards new projects addressed to Sustainability and the review of the targets fixed in the previous year when we put the foundations of our journey through corporate social responsibility means. This was done by increasing the direct engagement of the main stakeholders, collecting their voice and put inputs into concrete action.

Moving forward consistently with the road map designed in 2017 and the commonly agreed values outlined in the Group Ethical Code promoted through the supply chain, we want to reflect our belief in conducting responsible business by following up with the issue of the second Sustainability Report, where we have worked with renewed enthusiasm to an even more accurate and complete accountability.

Our environmental commitment is reflected by the certification status and compliance auditing. Three manufacturing facilities keep on operating according to the ISO 14001 certified environmental management system. In 2018 Coster has extended ISO 50001 certification to the Spanish site Costertec, joining the Italian facilities Coster3 and Costerplast. The 2018 campaign of SME-TA 4 pillars audits involved our plants in Argentina, India, Malaysia, Spain and Italy.

Our ambition for 2019 is extending the ISO14001 certification to three additional Italian facilities. Moreover, in 2018 as well as in the years to come Coster aims to keep on with converting its production to electric injection moulding machines as, compared to the hydraulic moulding machines, there is a 50% reduction of energy consumption. Furthermore, most of the neon facilities has been replaced with LED lighting systems, with a 65% reduction of energy consumption.

At the end of 2018 Coster has started a close partnership with a consulting company high-qualified into Life Cycle Assessment, with the purpose of introducing the best tool and developing internal skills supporting the environmental impact study from "nature to nature" and the eco-design of our products.

The world attention to PCR and bio-polymers and sustainable materials couldn't be disregarded, but took a predominant place in our technical processes to fulfil the ambitious goals and programs pushed at governments and business levels concerning packaging industry.

Coster continuously invests on maximizing plants efficiency, cooling systems, industrial building automation, energy recovery systems for a more conscious and respectful use of energy.

The new production area completed in the Barlborough site mirrors Coster's inherent nature towards high technology, fully integrated, automated industrial solutions. Great importance is attached to responsible electric energy purchasing from renewable sources. In 2018, 62,1% of power has been sourced from nature, the green energy rate target is fixed to 70% for 2019.

As packaging takes on a great responsibility in terms of environmental footprint, Coster aims to perform test analysis on recycled fibres in paper boxes and to adopt in 2019 paper boxes obtained by 100% recycled natural fibres or FSC certified. The research of new packaging solutions still goes on: in 2018 reusable plastic pallets (pall-box) have been introduced, in 2019 new solutions will be rolled out to reduce packaging waste amount.

People are at the centre of Coster's policies and strategies. Coster firmly believes and counts on people's value, therefore it is strongly committed to safeguard the human rights, guarantee the best working conditions as well as the labour practices, be active for collectivity by finding ways to do good. Special care has been devoted to our Indian facility, in the light of ensuring the adequate conditions and Coster standards in a local context that could be jeopardized by general background environments and following an accidental fire issue partially harming the building

and equipment.

To assure the importance of employees' well-being, two manufacturing facilities have the certification for the Occupational Health and Safety Management System standard 45001 (Costertec and Costerplast). Moreover, Coster has committed to ensure quality of working conditions by publishing our Statement for ISO 26000, and achieving sustainable procurement best practice by gaining ISO 20400 certification, all of this by the end of 2019.

All facilities have promoted different welfare initiatives addressed to the local population in the areas where Coster operates. In 2018 Coster launched the internal program to adopt a common social footprint, in which we can recognize, representing our credo and the very nature of Coster geared towards the Company pillars. A set of new initiatives directed to external community will be targeted starting from 2019 to support Education and Schooling, every company looking at the specific territorial context where it operates.



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Coster sustainability plan

In transposition of some stakeholders' advice relevant to the first sustainability report issued in 2018, in this second edition it has been added this paragraph at the very beginning of the protocol to disclose KPIs and targets which Coster consider strategical in its roadmap to an even mature CSR system in line with the current global necessities, international programs and market requirements.

The KPIs are strictly connected with the Materiality Assessment reported later in the document, and will be picked up in more details in the specific sections of the Report.

In addition to the following KPIs, several other indicators and targets will be reported in the document in the framework of the wide range of activities undertaken or planned by Coster in the field of sustainability.

ASPECT	DESCRIPTION	RESULT 2018	TARGET 2019	TARGET 2021
ENERGY	Inj molding electric consumption normalized on weight of transformed plastic [kWh/kg plastic]	2,61	-3%	-10%
ENERGY	Assembly electric consumption normalized on assembled finished goods [kWh/1000 pcs]	5,00	-2%	-10%
ENERGY	[%] ENERGY FROM RENEWABLE SOURCES	62.1	70	90
WASTE	[%] total waste to landfill	12%	8%	<5%
H&S	Injury Severity Index	0,16	0,08	< 0,05
H&S	Injury Frequency Index	0,43	0,25	< 0,10
LOGISTICS	Annual Co2 equivalent emission reduction percentage for transports in Italy due to new central warehouse	148 [t]	-50%	-80%



ASPECT	DESCRIPTION	RESULT 2018	TARGET 2019	TARGET 2021
PROCUREMENT	[%] of cardboard boxes from recycled material or FSC certified fibers	60%	/	>90%
PROCUREMENT	Paper consumption reduction in offices	1,9 mln copies	-30%	-50%
PROCUREMENT	[%] of recycled paper used in the offices	65%	>90%	
PRODUCT	Implement LCA from cradle to grave of the products for ecodesign	Project start-up	LCA of 2 products	Method + tool implemented
COMPLIANCE	Increase ISO Certification coverage for integrated management systems	See § in the Report	ISO22716 + ISO14001 in 85% mfg sites ISO26000 + ISO20400 HQ	
ECOVADIS	EcoVadis CSR Rating – Overall score	68%	70%	>70%
CDP	Carbon Disclosure Project – CLIMATE CHANGE SCORING LEVEL	Awareness		Management
GOVERNANCE	Number of issues reported to Whistleblowing Supervisory Board	/		0



WHO IS COSTER

Who is Coster

Who we are

Coster Group is a leading multinational provider of spray packaging solutions and filling equipment. The company addresses to all segments of the market with a complete range of standard aerosol valves and actuators, spray-caps, spray pumps and dispensers, with a global production and distribution network. In addition, Coster makes available significant design resources to its customers, many of whom are multinational firms operating in diverse consumer markets with a range of well-known brands. Coster is the world's only supplier of both aerosol packaging components and filling machinery. Coster was founded in 1963 in Milan and in 1966 moved its production in Calceranica al Lago (TN), in the North of Italy.

It currently employs over 900 people in its activities and, with its world-wide commercial and logistic network, counts more than 600 customers. Its main clients are multinational companies operating in the personal care and beauty industries but also including household and pharma. Today Coster has 18 sites in 4 continents.

The company has two different headquarters: the legal headquarters is based in Calceranica al Lago, Trento, viale Trento 2 - 38050, and the financial and administrative one is located in Pero, Milan Via Vincenzo Monti 23 - 20016.

A significant portion of the Group's global production capacity is located near Trento, in Northern Italy, with its plants Coster 1, Coster 2 and Coster 3. Moreover, the company directly controls the subsidiary companies Costerplast, Tecnocoster, ACR. Coster 4 is a building owned by Coster, who owns also the structure, plants, facilities, and the process is managed by Genssarini S.r.l. for Bag-On-valves production.

Outside of Italy, Coster has facilities in Holland, Spain, the United Kingdom, Argentina, India, Malaysia and the U.S.A.; French and German customers are directly served by sales and distribution centres in Paris and Karlsruhe. Sales offices are also based in Brasil and Singapore.

In year 2018 Coster Ltd completed the production shut-down in the manufacturing plant in Stevenage with a consequential effect on the KPIs related to environmental data, personnel turnover and site closure notice. However, the company has enlarged the facility in Barlborough, not only in terms of size, but also from a productive and employed staff points of view. In fact, the site is now equipped to carry out injection moulding and, together with valves, also produces pumps and actuators.

In 2019 Coster will start the relocation project of the production plant in India, which will be more sustainable and technological than the existing site. The new facility will be aligned with the safety, environmental, quality and social standards set by Coster and the requirements of applicable GMPs for cosmetic primary packaging production.

The production of valves still represents the main source of revenue, followed by dispensers and spray pumps. Half of Coster's (Group) production is dedicated to valves and the main geographical market areas are Europe and Latin America.

The main market sectors in which Coster operates are Personal Care and Beauty Care, which make up 70% of revenue, followed by Pharma, Household, Technical equipment and Food & Beverage.





SOUTH ELGIN, ILLINOIS, USA

BARLBOROUGH, UK

MITRY MORY, FRANCE

TORELLÓ, SPAIN

SÃO PAULO, BRAZIL

PILAR, BUENOS AIRES, ARGENTINA

ZWOLLE, NETHERLANDS

ETTLINGEN, GERMANY

MILAN & TRENTO, ITALY

BHIWADI, INDIA

JOHOR BAHRU, MALAYSIA

SINGAPORE

HEADQUARTERS & MAIN PLANTS

MANUFACTURING PLANTS

SALES / LOGISTIC CENTRES

Vision, mission and values

In its intent to be a reliable, excellent and innovative partner for its clients, and to further establish a forward-looking vision, Coster promotes and pursues its vision of 6 key pillars to drive strategies in the long term period, which for the reporting period are:

Financial independence - featuring the very original nature of Coster, this target shall be kept with a long-term planning combined with a rapid and flexible decision-making process guided by the Executive Committee. Being financially independent is considered an essential factor for the Top Management, an assurance and a responsibility towards the employees who need to be aware that the company is strong and stable.

Product and process innovation - central topic for Coster, as it is directly linked to market performance and competitiveness. The creation of new products and the development of the existing portfolio are surely crucial factors to reach this goal. Strong commitment of specific resources towards eco-design and design for recycling supports the group contribute to customers and public sustainable programs. Reworking the usual product delivery principles into new systems through a dynamic R&I, developing internal technologies to better assemble the products in synergy with the filling machinery division, the value of a clear and fair marketing communication represents a prime necessity.

International Footprint - A global vision project with a worldwide network and regional centres of excellence, considering Coster's presence in the 4 Continents and in the places where the major customers operate.

Industrial and technical excellency – virtue recognized by clients and competitors alike and resulting from an industrial mindset based on the Industry 4.0 model. Coster aims at pursuing this specific target by continuously investing in new and high-tech sites, integrated IT solutions, machinery and tools combined with the development of the Perfumery centre of excellence.

Safety and Sustainability – essential pillar that Coster is fully committed to achieving. Coster pursues transparent accountability, promotes and watches over the Group Ethical Code and Governance Model, provides whistleblowing tools and supervision by independent body and recognized audit protocols, promotes social initiatives and policies addressed to internal and external stakeholders, adopts sustainable procurement measures as well as in logistics and through the supply chain, works on minimizing the impact of industrial activities by looking for sustainable raw materials, participating to industries task force focused on the plastic aerosol stream of sorting & recycling, reducing and rationalizing emissions and energy consumption, managing waste to avoid landfill. Coster investments on sustainable tools, highest Standards and best practices achievement challenge the present to guarantee the future.

Client oriented focus - customer satisfaction represents the prime priority of the Group. The strategy to reach this goal is based on the idea of incrementing the commercial presence of the group (through acquisitions, diversification, licenses and commercial agreements on specific products or technologies) by commercializing in new and potential markets such as LATAM (where Coster is already present in Brazil and Argentina), USA (where Coster has a manufacturing facility in Illinois), Russia and Far East.

Materiality & stakeholders engagement

Stakeholders engagement

In 2017 the materiality analysis had been a powerful tool to align Coster's vision, purpose and portfolio with the material topics dear to stakeholders. It had also helped Coster identifying its major targets taking into account the potential risks and opportunities the Group may have had. The matrix resulting from this analysis was based on Top Management functions' views, in close touch with identified stakeholders.

In the first edition of Coster's sustainability report, the materiality analysis was made up of 20 specific aspects connected to sustainability and engaging Coster's Top Management. At that time, Coster had submitted the Materiality Questionnaire to the following Top Management functions:

- President
- Chief Executive Officer
- Chief Financial Officer
- Quality and Sustainability Manager
- Human Resources
- Group Industrial Director
- Group Technical Director & Site Manager Coster 3
- Group Commercial Director
- Group IT Director
- Group Supply Chain & Procurement Director
- Machinery Division Director & Site Manager Coster 1
- Site Manager Coster 2

In 2018 Coster has then taken a further step in the design of the materiality analysis by directly involving some of the most relevant stakeholders, confirmed from previous report and listed in the following table also reporting the corporate functions managing stakeholders relations on a daily basis.

STAKEHOLDERS	CORPORATE FUNCTION
Clients	Sales
	Marketing
	Supply chain, agents, service network
	Product Development and Manufacture
	Quality Direct involvement through a specific survey
Suppliers and outsourcers	Purchasing & Supply Chain
	Quality
	Direct involvement through a specific survey
Employees	Human Resources
	Environment, Health and Safety
	Regional dedicated function
Trade unions and employee representatives	Industrial relations
Institutions/ Community	Governance
	Institutional relations
	Environment, Health and Safety
Ownership and Shareholders	Governance
	Investor Relations
	Corporate affairs
	Sustainability, Planning and Reporting

In this new approach, topics are considered material if they reflect Coster's economic, environmental, and social impacts, or actually influence the decisions of stakeholders (in line with the materiality reporting principle in the new GRI Standards).

The criteria for selecting and directly involving the most relevant stakeholders in this second edition were based on their business relationship with Coster and on their attention to CSR issues.

Out of this analysis, Coster identified some of the main clients and suppliers and engaged them in the survey through a specific personalized questionnaire.

Stakeholders' responses showed a strong interest and commitment, especially from suppliers.

However due to a slight smaller feedback from clients, Coster has decided to take into account again the internal questionnaires.

The surveyed parties had to both classify, ac-

ording to their position, the importance of the analysed issues from a scale from 1 (not relevant) to 5 (extremely relevant).

The analysis results proved that the stakeholders who provided feedback have an equal or even bigger interest in the surveyed topics than Coster's.

Moreover, areas where greater interest was highlighted are aligned with our awareness and our current and planned activities such as decisional processes and structures, water use, waste management, finished products, Health and Safety, working conditions, bribery, customers' satisfaction, product quality, ethical business principles and supply chain issues.

This updated approach and the results obtained allowed us to configure a new matrix, where Coster's and stakeholders' expectations grow hand in hand in a real virtuous trend.



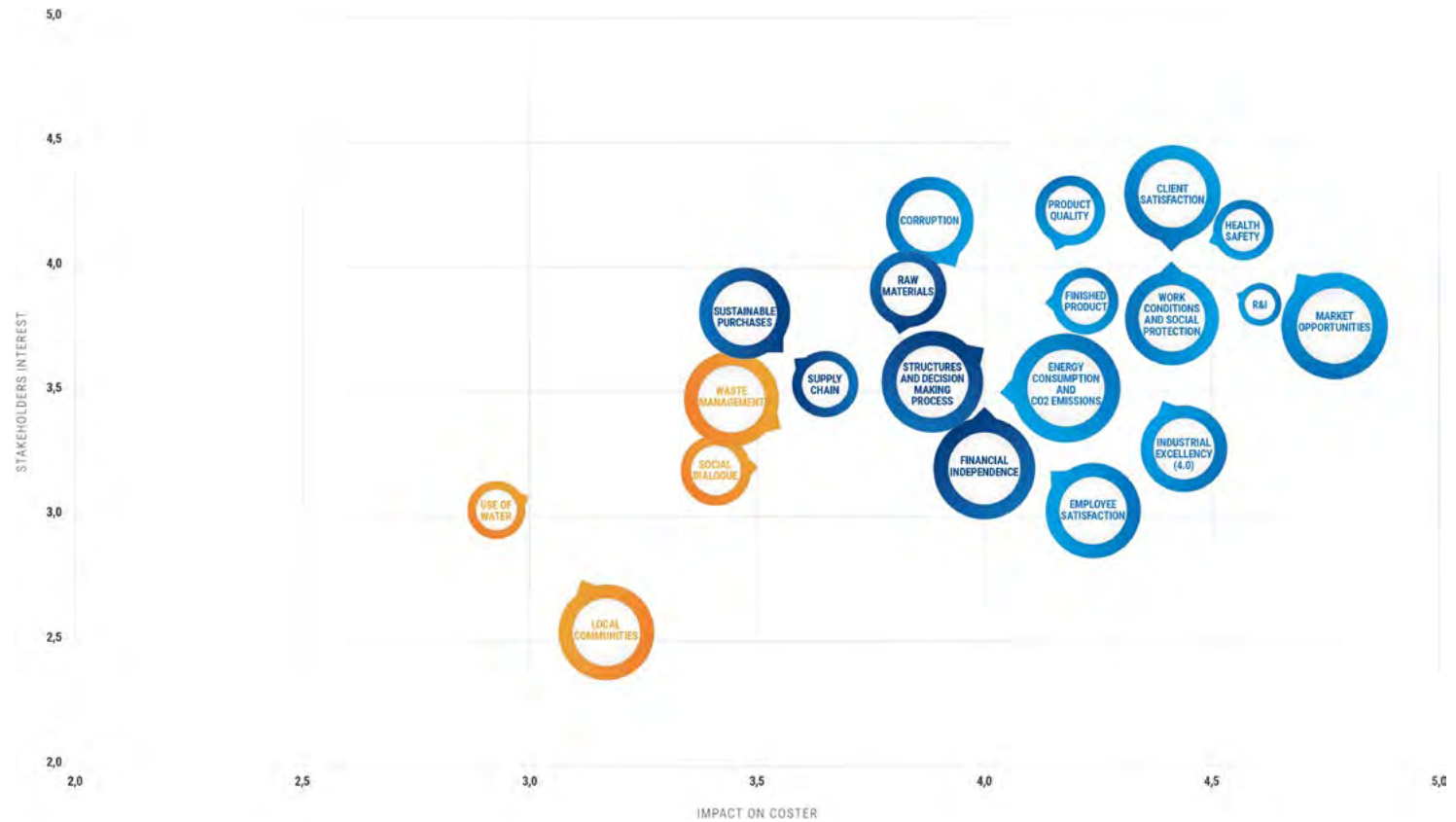
Materiality Matrix

Through the Materiality assessment and the output of the surveyed management and stakeholders, the company was able to prioritize the issues that have the most impact on the economy, society and environment, and that most influence the decision-making of our stakeholders. The analysis of these issues and their relevance resulted into an updated Materiality Matrix.

These topics cover all the relevant areas present in the GRI standard and where subdivided into three categories: moderately material, significantly material and crucially material.

Coster has identified as:

- moderately material the issues that scored below 3,4 for either Stakeholders or Coster
- significantly material the ones between 3,4 and 4,0 for both Stakeholders and Coster
- crucially material the topics rating above 4,0 for either Stakeholders or Coster



The topic related to Corruption has increased upwards from significantly to crucially material.

The topic related to Sustainable purchase has increased upwards from moderately to significantly material.

Other topics, despite remaining in the same category, show an increase in their value thanks to the direct involvement of stakeholders.

Crucially material

- **Energy consumption and CO2 emissions:** implement initiatives aimed at increasing energy and transportation efficiency. Innovation and investments on technologies and products which reduce the energy consumption. Develop LCA on product and processes
- **Employee satisfaction:** adopt welfare initiatives, work-life balance, remuneration and professional growth policies; promote training and employee involvement
- **Product Quality:** respect clients' quality requirements; implement robust quality management systems; guarantee customer and end-user safety; implement Six-sigma and Business Excellence techniques (ex. Problem-solving, process capability, Kaizen, 5S, etc...)
- **Finished product:** promote research and innovation on design, reduce and replace goals, eco-design and design for recycling, and alternative systems which could benefit the environment
- **Industrial Excellency:** advantages resulting from the production of filling lines, Hi-tech technologies and plants, implementation of the new ERP SAP S/4 HANA, creation of Group's centres of excellency
- **Client satisfaction:** increase the commercial dynamism and presence, assistance before and after sale. Anticipate the customer's needs and market trends. Increase the quality of service and product
- **Work conditions and social protection:** ensure that working conditions comply with national laws and norms and are coherent with international norms on labor, give adequate work conditions for what concerns salaries, working hours, weekly rest, holidays, health and safety, protection of maternity (leave) and possibility to combine work with family duties
- **Health and Safety:** adopt all necessary measures to avoid work-related incidents and disease, manage risks connected to formaldehyde and any other risk factor, investments on H&S.
- **Research and innovation:** develop new products, customize products compatible with industrial standardization; define new productive processes, develop new packaging solutions
- **Market opportunities:** opportunities to purchase new market shares throw innovative products and choices (international footprint, increase territorial coverage, development of products portfolio)
- **Corruption:** identify the risks of corruption, implement and maintain anti-bribery and anti-extortion policies and practices. Raise awareness on corruption and how to prevent it and adopting Whistleblowing measures among the employees, representatives, contractors and suppliers. Implement a Governance Model. The topic has become crucially material after the performance of the analysis in 2018.



Significantly Material

- **Supply Chain:** select suppliers through environmental, social and economic criteria. Create values along the supply chain. Favor local suppliers. Adopt sustainable logistic solutions
- **Raw materials:** reduce the impact of acetalic resin (formaldehyde emission), research eco-friendly materials like bioplastics (recyclable resin, biodegradable and/or compostable materials) and PCR materials
- **Structures and decision-making Processes:** implement processes, systems, structures or other mechanisms which enable the implementation of social responsibility principles and practices.
- **Financial Independence:** perform scenario assessment and adopt corporate strategies, long-term planning and decision-making processes to avoid debt
- **Sustainable purchases:** collaborate with suppliers sensitive to corporate social and environmental responsibility topics. Integrate sustainability requests along the purchasing process. Adopt policies and Solidarity Sourcing initiatives

Moderately Material

- **Use of water:** adopt initiatives to reduce water consumption (in particular for cooling systems, air conditioning) and to facilitate its recycling.
- **Local communities:** promote initiatives benefiting local communities. Consult groups representing communities to determine priorities for social investment and activities for community development, take part in local association with the aim of contributing to public good. Encourage and support people in taking part into volunteer work for the community. Even though this topic remains moderately material, it has grown in consideration, especially in light of the specific request from one of the stakeholders that asked for a greater engagement in the development of the community and partnership; Coster is therefore taking actions accordingly
- **Waste Management:** adopt waste disposal strategies to increase waste recycling, reduction and management
- **Social Dialogue:** recognize the importance of social dialogue, also at the international level, and the structures of collective bargaining. Do not obstruct or discriminate employees who wish to adhere to these organizations to promote their interests and to bargain collectively



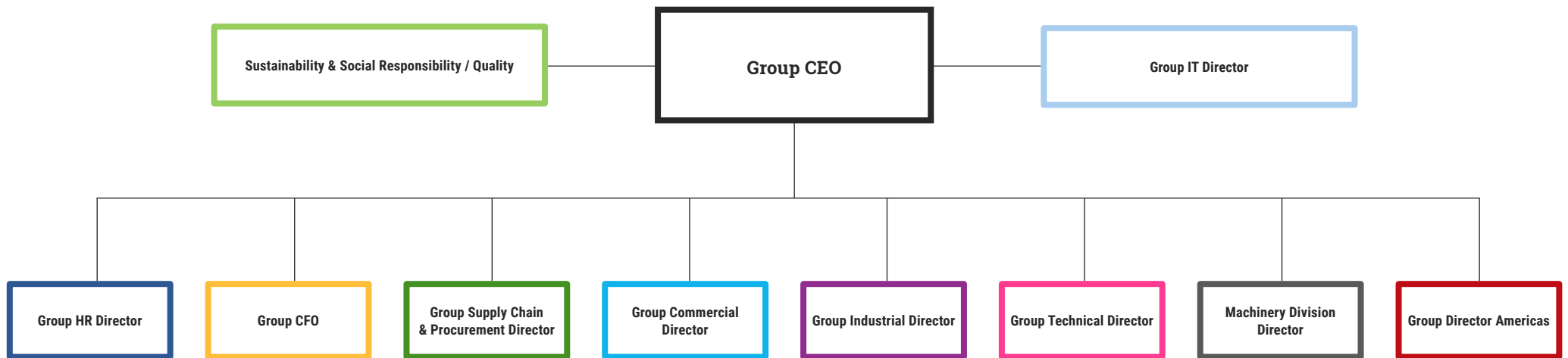
Company structure & Governance

Coster is registered as a joint stock company with 2 main shareholders and Bernard Msellati as the Group's CEO.

In 2018 Coster Tecnologie Speciali SPA has approved and issued its Governance Model in compliance with the Italian law D.Lgs.231/2001, which disciplines the administrative responsibility of the legal persons. It consists of a set of rules of conduct covering all activities which have been mapped and assessed to be exposed to practicable violation risks in the framework of the crimes laid down in the 231 law. The Model has the purpose of preventing risk of committing crimes by deploying correct behaviours, a whistleblowing system, an independent surveillance body report-

ing to the board of directors, periodical auditing and a system of disciplinary sanctions. The Model, thoroughly promoted within the Organization by means of specific training, will be disclosed by the parent company to all subsidiaries in the form of guidelines as representing the standard of behaviours at Coster Corporate level

The main elements of Coster's governance structure are described below. The Executive Committee (ComEx) is composed by President and Vice President, CEO and 9 directors and is responsible for the management and strategic direction of the group.



The general authority to represent the company is vested in the ComEx and the Chief Executive Officer.

Coster's ComEx meets on a monthly basis and discusses on various aspects, decisions and strategies. Group Management meetings are periodically decided and have the purpose to communicate, align and assess strategies through companies managers. The deployment to the functions at Corporate level occurs in the annual General meeting. During 2018, there were 2 Management meetings, 1 General meeting and 15 ComEx meetings.

The responsibilities of managing any issue or decision connected to the sustainability and its three different economic, environmental and social dimensions are in charge to the head of Sustainability, responding to the CEO in the organizational structure.

Coster Governance founds its beliefs in the scouting, development and fostering talents inside and outside the companies and in generational turnover, also pursued in 2018 with important investments and organizational changes, to ensure the present and future business successfully integrated with the global progress and trends.

Economic and financial performance

Coster bases its solid financial state on clearly defined ownership and governance body committed to giving continuity to the business plan, the strategies and peculiar guidelines of the company.

Also in 2018 Coster carefully planned the investment strategy, by approving a Capex representing the 12% of the annual tot turnover (in line with the 2017 result) and regular reviewing the Capex. Moreover, Coster counts on a shareholding structure which represents a major strength and significantly reduces the risks, accomplishes cashflow regular monitoring by Management, careful analyses warehouse and stock, continuously checks customer's credit-worthiness and outstanding payments, reviews financial accounts made by external accredited company as well as for fiscal and legal assistance. A comprehensive scheme of insurance policies including both civil and penal liability for the product and people well covers the company responsibility.

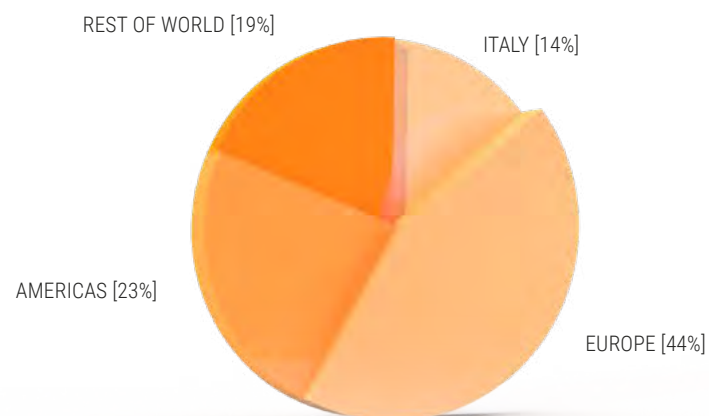
The Governance Model 231 also oversees the fair business practices and disciplines the conduct of trades and financial processes according to all applicable law requirements.

The Economic and Financial performances in 2018 are represented by the total revenues, total sales and net income reported figures. Despite of the negative effects of the ARS invoicing currency conversions, the good results reflect the range of measures put in place at Corporate

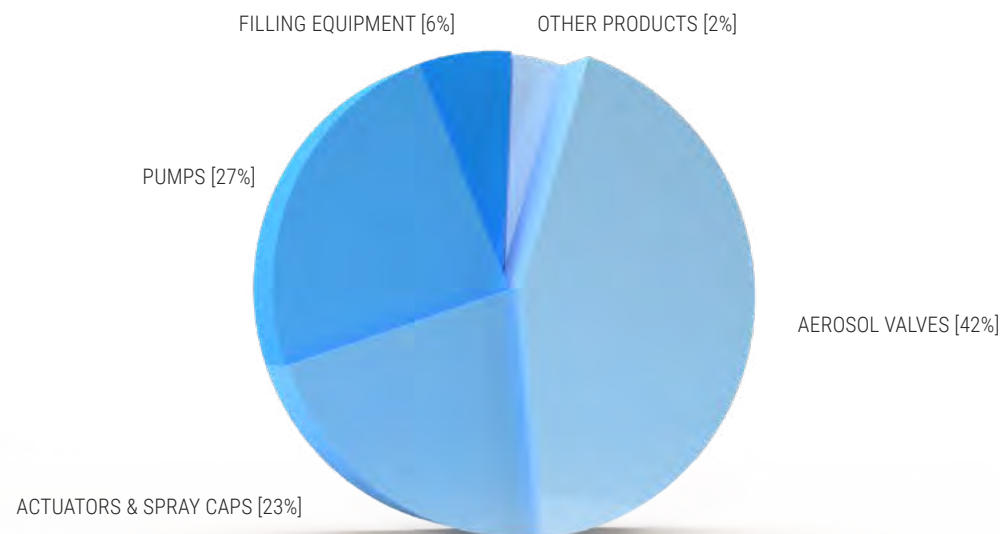
level to grow up the international footprint and the service level to the customers, including the re-organization of many processes and internal working structures aimed at top effectiveness performance, investments on the staff growth in number and skills, the catalogue review, the marketing activity, the logistic-supply chain and ERP system redeployment

	2018 [€/1000]	2017 [€/1000]	Delta [€/1000]
Total revenues	200,250	201,503	-1,253
Total sales	193,054	192,251	+ 803
NET INCOME (EBT)	10,357	12,558	-2,201

TURNOVER BREAKDOWN PER GEOGRAPHICAL AREA [2018]



TURNOVER BREAKDOWN BY PRODUCT LINE [2018]



On date 2018.03.20, Coster cashed in an important sum by the Province of Trento (local district government where manufacturing facilities of Coster Tecnologie Speciali SpA are based), as second instalment accrued in the framework of the provincial law 13 Dicembre 1999, n.6 e ss.mm, art. 5, comma 1 – financial assistance for research and development promotion. This contribution has been reported in the company financial statement under the obligations of transparency given by art. 1, comma 125, of law 4 agosto 2017, n. 124; it only covers Country Italy. The concerned government body is Provincia Autonoma di Trento. The contribution covered the company investments for the LKE valve project in terms of industrial research and experimental development, finalized to optimize the 1" valve design and its manufacturing process, design and produce a new valve with highest performance/reliability at reduced costs.

The shareholding structure doesn't include any government representatives.

For what concerns the **membership to association**, Coster seeks to entertain constructive, ongoing and transparent relations with all its stakeholders, including entities and institutions. Relations with the regulatory authorities, institutions and public entities are based on ethical conduct, transparency, and as from 2018 are disciplined by the Governance Model 231. Coster, in relation to its business activities, has closely worked and collaborated with associations in its operational sector, spanning from the responsible use of raw materials to commercial consortium.

The main institutions which Coster partnered and worked with in 2018 are:

- CONAI, a private non-profit consortium in Italy, established by packaging producers to ensure that they achieve the recycling and recovery target of packaging waste provided for by law. Since Coster Group is a producer of plastic, aluminium and steel packaging, the Group was asked to contribute to three sub-consortiums:
 - > COREPLA
 - > CiAI
 - > RICREA
- Polymer Science Park for Sustainable Innovation in injection moulding
- Aerosol Recycling work group created by the CFA (Comité Français des Aérosols, member of the FEA – European Aerosol Federation), with the aim of identifying the recycling channels per product types and measuring the amount of aerosols currently recycled on the French market; understand the constraints for the recycling of this specific packaging; provide recommendations to improve the aerosols recycling % and limit the safety risks in recycling centres
- European Hygienic Engineering & Design Group
- Assolombarda
- Associazione Industriale Trento
- IBC Ass.Ind.Beni Di Consumo
- Federmeccanica
- Federchimica
- CADEA (Camara Argentina de la Industria del Aerosol)
- BAMA - British Aerosol Manufacturers Association
- BMA – Bhiwadi Manufacturers Association (India)
- In addition, from 2018 Coster joins the Plastic Aerosol Recycling Special Industry Group. The **PetCore Europe** task force purpose, under the Suez aegis, is studying the recyclability of the plastic and multi-materials aerosols, their suitability and interaction within the PET stream of sorting and recycling as well as relevant risks and issues, the different Countries approach to plastic aerosol recycling, the best solutions for effective design for recycling of packaging systems
- IGA – Industrie Gemeinschaft Aerosole EV
- DVI – Deutsches Verpackungsinstitut E.V.
- Institut für Kunststoffverarbeitung

Code of ethics

The Code of Ethics adopted in 2017 by the Board of Directors still represents the essential part of Coster's internal control system. By joining the principles of the ETI Base Code representing the ground for the SMETA compliance, this document sets out the ethical values that are promoted by the Company and that directors, employees and those acting on the Company's behalf are required to support. **The Code of Ethics is one of the pillars of Coster's Governance Model**, which starting from the crime-risks mapping throughout all the company areas and processes, has acknowledged the Code itself and provided a set of additional written protocols ruling the correct behaviours in the framework of the applicable law requirements. In close synergy with the Code, the Model aims at raising all addressees awareness to keep a conduct aligned with Coster ethical values, gaining benefits in the relationships with the stakeholders by increasing personnel engagement, accountability and culture in such aspects, protecting Coster reputation, ensuring that all company activities comply with laws in place. The proper training and promotion of the Code & Model at all levels within the Organization, **the institution of an independent supervisory body in charge of surveillance and reporting, the whistleblowing structure**, the sanctioning system, the inclusion of such provisions in the contracts with suppliers, the SMETA IV Pillars and CSR audit programs both internal and at suppliers', are the means used by Coster to achieve the strongest endorsement from all stakeholders, fostering its values also in the supply chain and preventing from violations in particular for the inherent risks.

The Code of Ethics specifically deals with ethical issues connected to the economic, social and environmental fields. Coster encourages its employees to actively engage in the detection and prevention of misconduct or behaviour issues with the Code of Ethics or international, national or local legal requirements. Reporting potential violations allows Coster to investigate the concerns that have been raised and take the appropriate correcting actions, reducing the risk or damage that could have an impact on the employee in question and on Company Governance, co-workers or the communities in which the Company operates.

Coster is therefore committed to preventing any form of inherent crimes, in particular falling under the definitions of Corporate Crimes as referred in the Italian Civil Code, crimes against the Public Administration, private-to-private corruption, safety norms violations, money laundering, misleading declarations and environmental violations.

All decisions taken on behalf of Coster must be made in the interest of Coster. Coster's management and employees must avoid any possible conflict of interest, with particular regard to personal, financial or family considerations (i.e. the existence of a vested interest in a supplier). Coster's management and employees shall avoid and report any conflicts of interest between personal and family economic activities and their tasks within the company. Any situation that constitutes or might constitute a conflict of interest must be reported immediately to the direct supervisor.

Through the Code of Ethics, Coster has established appropriate and accessible **communication channels** available to all employees to report on the Code. **The Compliance Line** is a mean to confidentially report by email about financial, research, manufacturing, environment, health, safety, ethical matters and any other questions and suggestions relating the Code for the purpose of helping Coster to identify and address them in a positive and constructive way. Although direct discussion with one's supervisor is the preferred mode, in some circumstances an employee may feel the need for a more confidential, sometimes anonymous ability to express good faith concerns about presumed non-compliance. Reports through this option of the Compliance Line are entered directly on a secure server to prevent any possible breach in security. Coster makes these reports available to specific individuals at the Headquarters Company who are charged with evaluating the type of problem and location of the incident, and who understand the importance of maintaining confidentiality. The team and staff are trained and committed to ensure that no report is shared with implicated parties, their peers, or subordinates. The Compliance Line report distribution process is designed so that a report is not shared with implicated parties or their subordinates.

In 2018 there have been no reports Compliance line.

In 2018 Coster continued its program of **SMETA IV Pillars audits** commissioned to external qualified Body. The audits covered the labour practices and human rights, H&S, Environment and fair business practices. It involved Coster Packaging in Argentina, Costertec in Spain, Coster India Packaging (follow-up audit), Coster Tecnologie Speciali in Italy (with 5 facilities) and Costerpack Manufacturing in Malaysia, thus representing 58% of the turnover and 82% of total workforce. All the findings have been properly fixed and put under control in due time.

In 2018 the first CSR audit plan to Coster's productive items and outsourced suppliers has been launched. The audit follows the SMETA IV Pillars protocol, with additional H&S requirements taken from ISO45001 and internal Safety audits. Suppliers are rated with scores specific by subject and as general sustainability performance, SWOT analysis and findings list are also issued. KPIs are collected concerning ethical, environmental and H&S results fulfilled by supplier.

N° 7 supplier audits have been conducted in 2018. These suppliers represent 57% of PI/3PM purchased volumes for Coster S.p.A., 71% of PI/3PM vendor list tot spending for EU Coster companies (7 suppliers in the top-10 spending list).

In 2018 Coster has got 100% of Productive Items suppliers (PI) and outsourcers (3PM) in the Vendor-list formally acknowledging the Coster Ethical Code by signing the commitment form. For the Non-Productive Items suppliers (NPI) having high impact on the quality, processes and expenditure budget, the coverage is 72% in counting - representing 85% of annual expenditure - of top25 vendor list - ref. year 2017.



Fair business and anti-corruption

Anti-corruption and fair business practices are a central topic of the abovementioned Code of Ethics and Governance Model 231. To this regard Coster is also committed to fully comply with all national and international anti-corruption laws, in particular:

- OECD Convention on Combating Bribery of Foreign Public Officials
- OCSE Guidelines and Foreign Corrupt Practices Act

In 2018, the external qualified company Governance Consulting has conducted a **risk assessment** through all the 5 “operations” being part of the parent company Coster Tecnologie Speciali S.p.A., as referring by definition of “operations” to single locations used by the organization for the production, storage and/or distribution of its goods and services or for administrative purposes. The 5 operations represent the 25% of the total number of operations forming the whole Coster Group. The inherent risks specifically related to corruption, therefore to actions made in the interest or advantage of the Company, identified through the risk assessment are:

- recognition of rewards, bonus, free services,
- disposal of operating assets at unfair price,
- career facilitation to public-sector workers,
- recruiting employees close to public sector,
- passive or brokers invoicing to gain benefit from public offices,
- incitement to corruption of public officers,
- creation of slush funds for procurement overbilling or inexistent purchase,
- customs corruption,
- any corruption form of inspection authorities,
- any corruption form private-to-private with customers, consultants, accountants, suppliers, subsidiaries or controlled companies aimed to: altering the balance sheet, managing fictitious-cash-false invoicing/market unfair payments/fictitious intercompany transactions, offering work relationship or career advantage, disregarding or not checking contracts terms, winning tenders or business, debts collection, gaining advantages from purchasing, altering the corporate merging and spin-offs.

The mapped areas are: controlling, treasury, finance and administration, sales, procurement, operations, inspections and authorizations, government.

The Protocol finally provides the provisions for correct behaviours for sales (including brokers),

purchase, HR, Finance and accounting/administration, quality and sustainability areas.

Coster recognizes the importance of a competitive market and is committed to fully comply with all anti-trust and pro-consumer laws in force in all countries where it operates. Every one of Coster’s management members and employees have read, understood and agreed upon the contents of the Code of Conduct and Governance Model and are required to not engage in business practices (i.e. price cartels) which may represent an anti-trust violation. All information about Coster’s competitors is obtained legitimately and will only be used for legitimate purposes in compliance with all anti-trust laws and regulations. To this regard, in 2018 Coster has never had any legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation.

Furthermore, all of Coster’s business and commercial dealings must be transparently and accurately performed and recorded in the books and records.

Coster’s management and employees will not be engaged or involved in any activity which may imply the laundering of proceeds of criminal activities in any form or manner whatsoever. Before establishing any business relationship with a third party, Coster shall check available information (including financial information) on its proposed business partners and suppliers to ensure that they are reputable and involved in a legitimate business. Coster shall always comply with anti-laundering legislation in all countries where it operates.

Coster’s management and employees are strictly required to comply with the insider trading legislation in all countries where it operates. In particular, Coster’s management and employees shall never make use of information not in the public domain and obtained as a result of her/his position within Coster in order to obtain a personal advantage or to favour third parties.

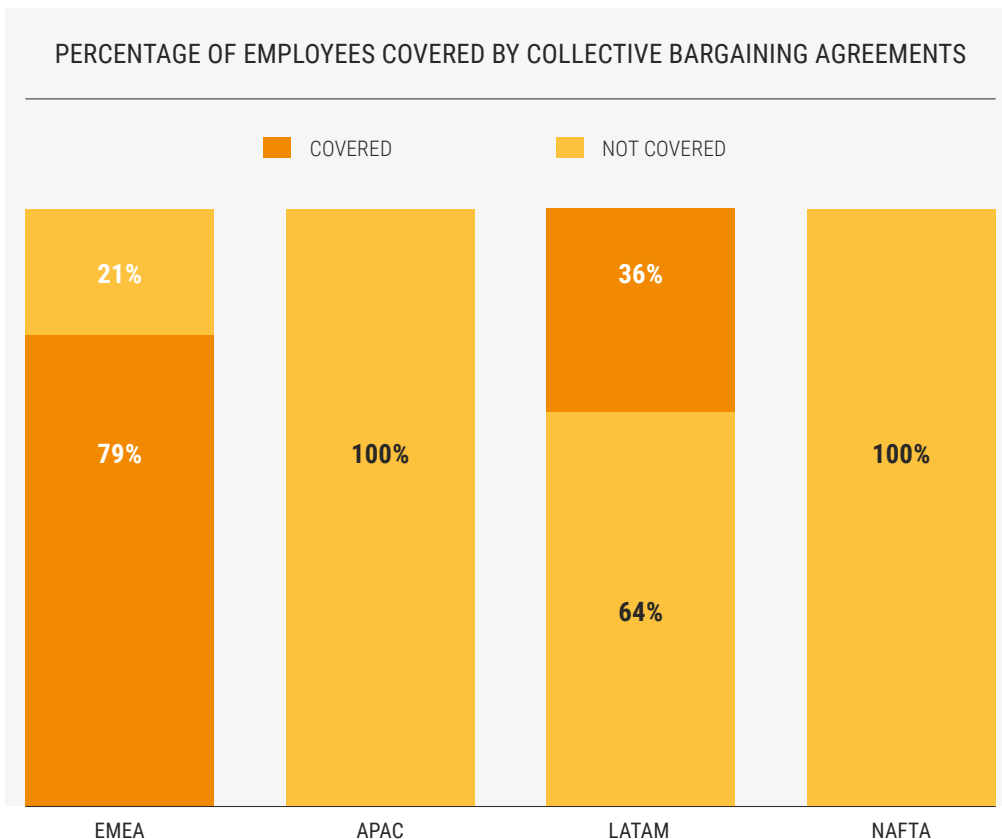
In addition, any risk of fraud, concussion, induction crime, cyber-crime, racketeering, crimes against industry and commerce, corporate crimes, fencing, induction of misleading declarations, market abuse, crimes against public faith, copyright, as well as of crimes in the labour, individual, environment, Safety, terrorism are duly mapped through the organization, assigned with conduct rules and monitored by independent body.



Freedom of Association and Collective Bargaining

According to the Code of Ethic, Coster recognizes and respects the right of its employees to be represented by trade unions or other representatives established in accordance with local applicable legislation. When engaging in negotiations with such representatives, Coster seeks a constructive approach and relationship and no employee is intimidated or harassed in the exercise of her/his rights to join or refuse from joining any organisation.

The figures achieved in 2018 do not show significant differences in comparison with the 2017 results in terms of percentages of employees covered by collective bargaining agreements .



Forced and Child Labour

As stated in the Code of Ethics and Governance Model with relevant Corporate guidelines, Coster does not employ any form of forced, mandatory or child labour, i.e. it does not employ people below the permissible working age established by the laws of the place where the work is carried out. In any case, no workers under the age of 15 will be employed under no circumstance. Coster is also committed to not establishing or maintaining working relationships with suppliers that employ child labour as per the above definition.

Work is conducted on a voluntary basis within Coster. Employees working within Coster do it freely and on agreed and documented terms of employment that satisfy at least the applicable minimum standards of the legislation of the countries where Coster operates. All employment contracts are in a language understood by the worker.

Any form of forced labour is not accepted. Mental and physical coercion, slavery and human trafficking are prohibited, there is no use of child or forced labour at the plants of its suppliers. Coster watches over the compliance to said prescriptions by using the means of audits SMETA, audit to the Governance Model, CSR audit to suppliers, whistleblowing procedure and compliance line.

Land rights and Indigenous people

Coster adopts a zero-tolerance approach to land grabs and guarantees that the rights and title to property and land of the individual, indigenous people and local communities are respected. Coster adheres to the principles of Free, Prior and Informed Consent (FPIC) in all negotiation in regard to the property or land of the individual, indigenous people and local communities.

A due diligence is undertaken to uphold individual or indigenous people's established rights to property and land, where applicable. Whenever deemed necessary, e.g. in case of relocations or purchase of lands for buildings enlargement, qualified external consultants are commissioned to check the compliance with laws and regulations of the adopted procedures and action plans. In 2018 and in its existence, Coster has never received any firm of complaint concerning the rights of indigenous people.

Commitment to sustainability

In our position of leading manufacturer in the Aerosol and Dispensing Packaging business, we in Coster have put Sustainability as a crucial pillar of our strategy and feel our responsibility towards all stakeholders as an essential company mission.

The Sustainability and Social Responsibility Group function translates the Governance strategies and policies into assessments, Material action plans, objectives, metrics, monitoring and Accountable reporting. ISO 26000 guidelines are taken as reference for the roadmap and tools to “make SR” with a systematic approach.

The foundations of our beliefs are the **lawful and integrity business**, the **respect of human rights** that also reflects the commitment to continuously **enhance the life in the workplace**, **Safety, health and environment protection** also for the safeguard of future generations.

For this reason, Coster communicates and raises awareness throughout its sites and among its employees through specifically targeted trainings. Specifically:

- Stimulating our employees to collaborate in teams at all levels
- Building open, honest, transparent and challenging working environments
- Empower our employees to develop their ideas and share them to improve the quality of Coster’s production and environment

Among the main examples of Coster’s commitment to the cause of sustainability are the Code of

Ethics and the Organizational Model complying with the Italian law D.Lgs 231/2001 and translated into Corporate guidelines outside the Italian facilities. In addition to the Group profile, to the presentations made in occasion of General Meeting and internal special events, to the present Sustainability Report and to the training sessions arranged on specific purposes, these means are delivered so as to reach all employees and business partners, summarizing the operating pillars and principles which personnel and associates must comply with to ensure the company’s integrity and compliance with the national law.

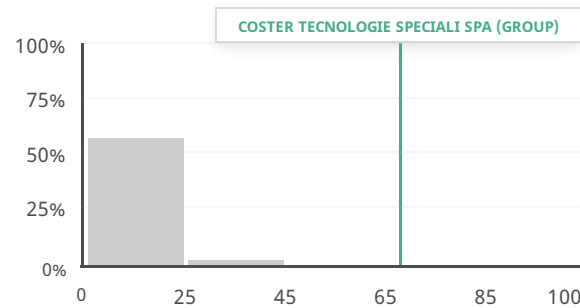
Furthermore, Coster fully believes in the importance of international initiatives, such as those endorsed by the United Nations. In particular, Coster believes that the 1992 Rio de Janeiro Conference is a key initiative that must be supported where, Principle No. 16 states that:

“In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.”

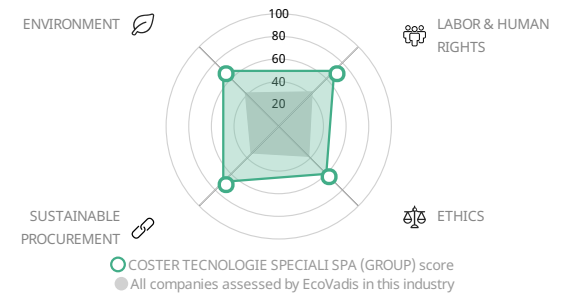
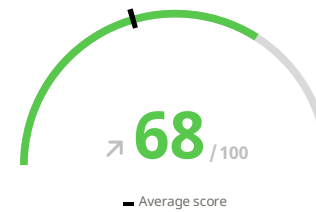
Hence, Coster applies the precautionary principle both in designing its products and in managing its manufacturing processes. To further ensure the compliance with the precautionary principle, Coster has set up Quality and Sustainability departments, supported by Teams for Safety, Energy and Environment with the aim of implementing a monitoring process, continuously working with its’ stakeholders to prevent hazardous accidents, negative environmental impacts, etc.



As prestigious and qualified recognition of the efforts made by Coster and big pledge towards sustainable operations, in February 2019 Coster was awarded for the first time with the **Gold Medal** based on **EcoVadis CSR rating**. The overall score for 2018 of 68%, figuring out an **advanced** CSR performance, reflects a significant improvement from the 56% score gained in 2017 and put Coster alongside the **top 1%** ranking of the companies - assessed by EcoVadis – working in the same industry segment. The breakdown by CSR theme sees Coster in the Top 5% of suppliers assessed by EcoVadis in Environment, in top 4% for labour and human rights, in top 1% for sustainable procurement and in top 15% of ethics ranking (taking the same industry reference).



Overall score distribution

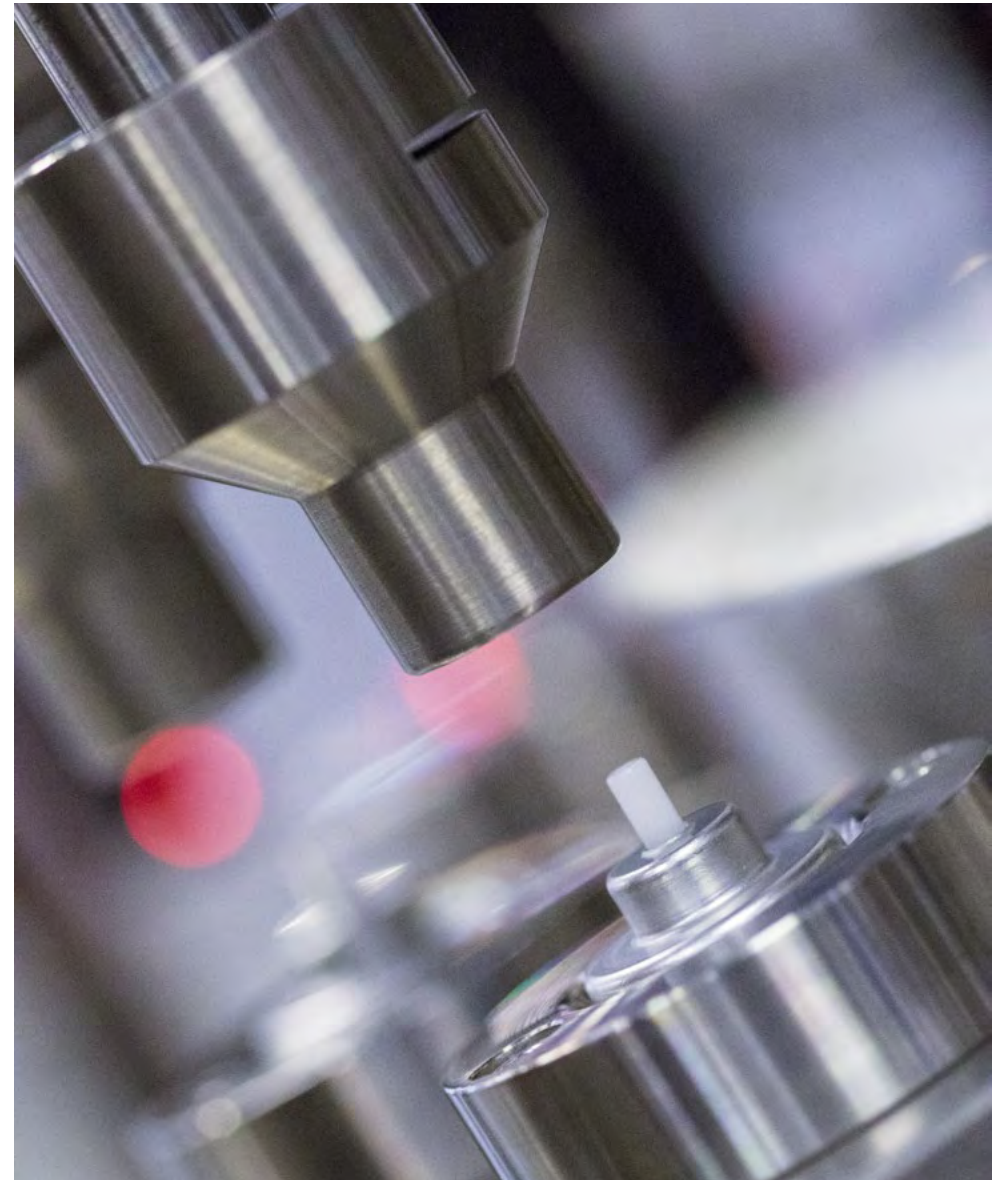


YEAR	OVERALL SCORE [%]	ENVIRONMENT [%]	LABOUR & HUMAN RIGHT [%]	ETHICS [%]	SUSTAINABLE PROCUREMENT [%]
2017	56	60	60	50 *	40
2018	68	70	70	60	70

*defined in 2017 as Fair Business Practices

The sustainability management system consists of the following tools:

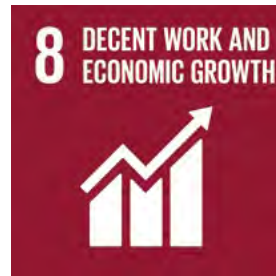
- the Code of Conduct and related Company policies, approved by the Board of Directors, which set out the Company's approach to key issues
- a set of policies to manage specific issues
- the Materiality Matrix, which defines social and environmental priorities
- the Sustainability Program, which includes initiatives, long-term targets, identifies action priorities and confirms commitments undertaken
- the annual Sustainability Report, which discloses the Company's performance on sustainability aspects, expanding on and completing the information provided in the Annual Report
- a set of approximately 40 sustainability-related Key Performance Indicators (KPIs) connected with GRI Standards for the Material topics (in addition to the General Disclosure), calculated using a set of 67 specific KPIs designed to provide maximum coverage of all the key environmental, social, and governance aspects
- an improvement plan with 5 sustainability projects opened in 2018 covering materials, packaging and transport solutions. In 2019, 4 new improvement projects have been opened to also include green energy, LCA and logistic measures
- Coster's website, where there is a dedicated top-level sustainability section presenting the contents of the most recent Sustainability actions, along with regular updates.



Sustainable developments goals

Coster is aware of the importance of collaboration and building alliances with influential partners when tackling critical items like environmental issues and knows that the idea of sustainability covers a wide range of topics that need to be addressed one by one in order to pursue common results. It is for this reason that the company keeps on fully supporting the **Sustainable Develop-**

ment Goals set by the **United Nations**. In particular, besides the four previously identified SDGs, in 2018 Coster decided to include two additional in the current analysis: **Quality Education** and **Climate Action**. All the six goals perfectly mirror Coster's sustainability areas of commitment and most material topics.



4 · Quality education represents one of the pillars to build a more sustainable world. In fact, inclusive education gives to locals the instruments to come up with innovative solutions to the trickiest world's problems.

7 · Ensure access to affordable, reliable, sustainable and modern energy for all

8 · Promote inclusive and sustainable economic growth, employment and decent work for all

9 · Build resilient infrastructure, promote sustainable industrialization and foster innovation. Technological progress is the foundation of efforts to achieve environmental objectives, such as increased resource and energy-efficiency. Without technology and innovation, industrialization will not happen, and without industrialization, development will not happen.

12 · Ensure sustainable consumption and production patterns. Sustainable consumption and production is about promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and a better quality of life for all. Its implementation helps to achieve overall development plans, reduce future economic, environmental and social costs, strengthen economic competitiveness and reduce poverty. Sustainable consumption and production aims at “doing more and better with less,” increasing net welfare gains from economic activities by reducing resource use, degradation

13 · Climate action comprises the need to develop adaptive capacity to climate change-related hazards and strengthens resilience against them. It also implies the spread of education and awareness on the matter and the enhancement of least developed countries in order for them to address the problem in the best way possible.

Coster's sustainability areas of commitment and most material topics are aligned with the United Nations Sustainable Development Goals (SDG's) and the objectives identified in the internationally-agreed 2030 Agenda for Sustainable Development.



Quality



The “voice of the customers” describes **Quality as one of the major strengths beneficial to Coster competitiveness**. Through its years of activity, Coster has acquired an extraordinary expertise in managing the production of different types of aerosol valves and actuators, spray-caps, spray pumps and dispensers under the concepts of “specialization” by means of plants producing single product lines, “vertical integration” standing for moulding and assembly in the same facility, and “automation” covering 100% of logistic flow in production. Highly automated solution, machinery, mistake-proofing systems, visual management, human error reduction tools are supported by avant-garde IT systems (e.g. M.E.S., SPC) and adequate working environments to achieve the highest quality levels.

In 2018 Coster started opening at new **diversification** and acquisition projects, to offer an even wider range of products and services with the best continuity and supply chain conditions. Quality is an overriding criteria to assess the project and keep the top competitive position gained by Coster under this feature.

Coster is equipped with a wide range of tools and proper equipment, also manufactured by internal specialized workshops, to control product compliance. Coster counts on external certified metrological laboratories to manage such tools used to make a big variety of visual, dimensional, mechanical, chemical, physical and functional tests, which also reflect the valued Coster capability in providing qualified technical support to the customers.

The quality level offered by Coster is powered and assured by **robust Quality Management System**, which covers the risk-based thinking, the change management, the validation & qualification approach additional to the standard requirements concurring to the objectives of product & service quality, continuous improvement and customer satisfaction. The effectiveness of the management systems is assessed by the notified body and clients, who regularly make quality audits and monitor the performances, as well as by means of the internal audits which are considered a strong tool to drive improvement and sharing information thus increasing cross-skills through auditors and auditees.

The Executive Committee reviews on a monthly and annual basis the performances and the quality inputs, then guards the corrective or improvement actions implementation and effectiveness. In 2018 Coster launched a Corporate **integration** initiative for the Quality Management Systems of the single companies aimed at bringing out the best practices, standardizing the tools and sharing information in a new agreed common language. A new maturity awareness and the ambi-

tious targets pushed by the new management have put the basis for an inter-company re-thinking about Quality Assurance and relevant relationships between companies’ offices, fostered within the first Group QA Workshop event organized in 2018 for the beginning of 2019. Increase of speed and effectiveness, enhance of existing strengths to create standards, cost reduction and critical-to-customer focus are our needs as forward-looking industry in an ever more demanding business and changing world.



Certifications

The commitment to reach the objectives of the 17 Sustainable Development Goals and the adoption of voluntary technical standards are closely connected. In fact, standards not only support the three pillars to sustainable development (economic, social and environmental), but they also respond to specific market and social needs in a way that embodies the mission and values of ISO and reflects the objectives set out by the UN.

Coster, demonstrates its commitment to sustainability by adopting new certifications and expanding the existing ones to its plants. This is why, in 2018, it certified its Spanish site Costertec for the ISO 50001. The following chart provides an overview of the Certification status of Coster facilities, every ISO Standard has been associated in the table with the SDGs numbers fulfilled in Coster among the ones officially assigned by the ISO body to the Standards themselves:

PLANT	ISO 9001 (9, 12)	OHSAS 18001 (8, 9)	ISO 50001 (7, 12, 13)	ISO 22716 (8)	ISO 14001 (4, 7, 8, 9, 12, 13)	ISO 15378	BRC
COSTER 1	•					•*	
COSTER 2	•			•		•*	
COSTER 3	•		•	•			
COSTER - PERO HQ	•					•	
COSTERPLAST S.P.A..	•	•	•	•	•		
TECNOCOSTER	•			•			
MACHINERY DIV. - PERO							
COSTER B&S (HOLLAND)	•						
COSTER GMBH (GER)							
COSTER S.A.R.L. (FR)							
COSTERTEC S.A. (SPAIN)	•	•	•	•	•		
COSTER AEROSOLS LTD STEVENAGE UK	•						•
COSTER AEROSOLS LTD – BALBOROUGH UK	•						•
COSTER USA	•				•		
COSTER PACKAGING S.A. ARGENTINA	•						•
COSTER DO BRASIL							
COSTER INDIA PACKAGING PVT LTD	•						
COSTER ASIA PACIFIC - MALAYSIA	•						

* = (ONLY CENTRALIZED PROCESS)

CERTIFICATIONS – Roadmap 2019

In 2019 Coster plans to obtain a third-party Statement to demonstrate its engagement in the implementation of the guidelines established by the **ISO 26000** (all SDGs from 1 to 16 are covered) on corporate social responsibility. It also plans to adopt the **ISO 20400** on Sustainable Procurement practices (ref of covered SDGs are 1, 2, 5, 8, 10, 11, 12 and 16. Coster fulfils the nbrs 8 and 12), and plans to extend **ISO 14001** in its 3 Coster Tecnologie Speciali SpA sites in Trento-Italy. Cosmetic certification GMPs **ISO 22716** will be rolled out in Coster Packaging

Risk management

Coster is committed to managing and mitigating the risks to our business and its risk assessments covers a broad range of topics, including: socio-economic scenario; regulatory initiatives; competitive actions; financial issues; industrial accidents; natural disasters and other applicable environmental impacts; urban context; product and facility security; impacts of changes; new products design; liability claims and lawsuits, insurance coverage; portfolio management and investor decisions; organizational resources (HR), working environment, cyber and technological resources, energy and natural resources; employee health, safety, and retention issues; raw materials, suppliers and similar exposures among Coster's supply chain.

Risks are indexed by priority and can be classified as local, regional or global risks. They are often tangible – usually quantified in financial terms – or more qualitative, such as the reputational risk among business partners, clients or shareholders. During this phase of assessment, operations are analysed in terms of their relative vulnerability and the potential impact of disruptions. After first identifying the risks, Coster takes pre-emptive measures to reduce their likelihood of occurrence, develops plans for responding to risks should they occur, and where possible, secures

Cyber risk management

In 2018 Coster has made new steps forward to guarantee the highest standards of its cyber structure, data management and cyber risk prevention in the framework of the Group business contingency policy. The cybercrimes have been mapped throughout the Organization's areas within the Governance Model according to Italian law D.Lgs 231/2001, and resulted to be not inherent for Coster. Nevertheless, Coster is committed to achieve the best practices and technologies for collecting and processing data, including electronic data, paper documents and verbal exchanges via phone calls and direct communications, in compliance with the legal provisions in force.

Within the group, information is processed and managed regarding sensitive information such as: transactions, contracts and confidential customers, staff and products.

Coster is committed to protecting such data from unauthorized or accidental alteration, loss or unauthorized disclosure. Coster ensures that the clients' data and information must be available and usable on the part of the client.

Coster is fully compliant with national laws on preserving personal data and, to this end, con-

insurance to cover potential losses.

Specific risk management covers crimes scenario relevant to Italian decree D.Lgs 231/2001.

HACCP is conducted where food packaging is manufactured.

In 2018 Coster maintains the Business Contingency Policy which covers the following aspects: computer system, power and energy disruption, communication; emergency plans; raw materials and components; hot alternate sites and equipment; management continuity; personnel; insurance.

Subsequently, significant global focus risks are identified and risk dashboards created to monitor major risk indicators as well as current and go-forward mitigation efforts.

In 2018 Coster Tecnologie Speciali SpA continued the activity for the implementation of the Safety Management Systems and launched the activities to gain the certification ISO14001, thus issuing the environmental impacts assessment.

forms with the D.Lgs 193/2003 in force in Italy. The procedures put in action to comply with the Italian law will be used by the other Coster sites around the world as a guideline.

To this regard, it must be mentioned the Coster's approach to European Union's GDPR – General Data Protection Regulation, enforced from May 25th 2018 and aiming at aligning the different European laws concerning data management and the user's right to have full control on information regarding them. In 2018 Coster has been supported by external qualified consultants to assess the range of data through the different areas, identify the existing gaps and actuate the necessary correctives, and to finally complete the establishment of the cyber solutions, procedures, policies and tools necessary to conform to the Regulation. In 2019 this system will be deployed through the Organization using all necessary means for a capillary spread.

In 2018 Coster has approved and started the project of changing the ERP to SAP, with the purpose of adopting a tool actually fitting with the Coster reality and specific needs with the guarantee that all applicable norms and regulations are fully respected. The migration started with the parent company Coster Tecnologie Speciali SpA, to be completed in 2019 with a roadmap to roll-

out to subsidiaries step by step. Data security related to SAP has been achieved by hosting the hardware in a remote data centre managed by the main telecom company in Italy and certified to the applicable norm.

In 2018 Coster also started working on the implementation of an International network connecting all the foreign companies, by means of hardware upgrading and systems reconfiguration

For what concerns interruption of business activities, Coster has established and set up measures aiming at reducing the risks and consequences caused by failure of the computer systems and communication. The cyber risk management involves:

- Protection of data and servers: through mirroring the main data archives on-line, virtualize servers with regular back-ups using electronic and tape back-up, robotized multi-store libraries, high technology data compression system, hardware redundancy, connectivity controls. Different back up strategies are in place to achieve the maximum reliability. ERP software is centralized. Written disaster recovery, systems restore, data retention and protection, policies for use of computer assets are in place
- All hardware in the main computer site is protected from power disruption through a continuity system and a diesel generator automatically triggered. The communication lines of the European network are completely backed up.
- Different communication means are in place, including Internet and emails. In 2018 Coster started working on the implementation of a SharePoint to manage different functionalities and improve communication among the facilities



IT – Roadmap 2019

- Go Live SAP S4 Hana in Italian facilities
- Deployment of GDPR system, Group networking connection, SharePoint tool



ENVIRONMENT

Environment

Coster is committed to continuously improve the environmental performance of its production processes by adopting enhanced technologies and by acting responsibly to mitigate its environmental impact.

Decouple growth from environmental impact: our environmental mission is to provide a better quality of life today and a more environmentally responsible world tomorrow, by continually improving our business performance to minimise the impact that our operations have on the environment.

Furthermore, in Coster we aim to embed environmental sustainability as **new business mindset** because we believe that business success and sustainability are mutually beneficial. To achieve this goal, we will continue implementing sustainable practices to achieve better operational performance in environmental management.

In 2018, Coster was committed to reduce its environmental footprint by conducting various initiatives related in particular to energy consumption, CO2 emission, waste management.

Environment



Energy consumption

Coster is primarily an energy – consumer company and has been seeking solutions to further reduce its consumptions. Energy is provided by regional networks which rely on different partners and distribution lines.

The company mainly uses energy for the injection moulding process and the auxiliary systems for assembly. Hence, Coster has decided to normalize the electrical consumption data using as a benchmark the volume on transformed plastic and the volume of assembled finished product. In this way, Coster is able to properly evaluate the trend on energy consumption for the following years and to evaluate the correlated improvement goals.

	2018	2017	%
Total Energy consumption (kWh)	34.887.862	32.450.991	8%
Energy consumption normalized for the production of 1kg of plastic – avg value for the 9 sites with inj molding facility (kWh)	2,61	2,75	-5%
Energy consumption normalized for the assembly of 1000 items – avg value for the 11 sites with assembly process providing the data (kWh)	5,00	5,36	-7%

In 2018, although total energy consumption has increased due to increase of production, Coster has exceeded the goal of reducing by 3% its normalized energy consumption to both transform 1kg of plastic material and to produce 1000 assembled items.

This good result was reached thanks to the implementation of several initiatives during 2018 as shown in the table at the end of this chapter. In 2018, it's worthy a mention that Costertec obtained the ISO50001 certification, another step forward along the way of energy efficient management, joining Coster 3 and Costerplast already certified in 2017.

ENERGY CONSUMPTION – Roadmap 2019

Coster aims to **reduce the use of energy by 3% to transform 1kg of plastic material and by 2% to assemble 1000 pieces**. The key to achieve such a positive target is through investments in new energy saving technologies and managing properly resources and assets currently present.

Renewable energy

Coster plans to source renewable energy where this is offered and available. This can be achieved by combining on-site production (solar cells) and direct purchasing of green power from the grid. For what concerns the Machinery Division site located in Pero (MI), it relies on solar panels to autonomously produce energy to reduce the dependence on external energy providers.

	2018
Renewable energy generation: energy self-consumption (Pero site) - kWh	209.531
% on total consumption (Pero site)	38%
% on total consumption COSTER	0,61%

The following table shows the amount of energy purchased from renewable sources at corporate level:

	2018
Electricity purchase from renewable sources - kWh	21.454.162
% on total purchase	62,09%

In 2018 and 2019 Coster keeps on investing on several energy consumption reduction initiatives in order to reach the stated goals, for a total estimated saving of over 650.000 kWh in 2019 (in addition also natural gas and compressed air savings are expected).



RENEWABLE ENERGY – Roadmap 2019/2021

In 2019, Coster plans to install a new Photovoltaic system in ACR plant, in the central warehouse of Novaledo and in the new Pero headquarters building in order to improve renewable energy self-generation

The goal for 2019 is 70% renewable energy purchase worldwide The goal for 2021 is at least 90% of our energy from renewable sources

List of major energy efficiency and emission reduction initiatives through the facilities for 2018/2019:

SITE	INITIATIVE
BARLBOROUGH	Reduction of air usage on valve assembly machines so that only minimum air is being used for moving components along tracks
TECNOCOSTER	Replacement of garden lights with LED lamps in order to reduce light pollution and energy consumption
ACR	Improvement of the thermal recovery of the building
COSTER 1	Replacement of production lighting with automatic and timed LED lamps in order to reduce energy consumption
COSTER 2	Implementation of a monitoring system related to energy consuming centres, building and users-management plants, with automatic and timed on/off regulation system
COSTER 2	Installation of data loggers for direct detection of energy consumption on every energy consuming centre in the factory; implementation of SW for energy monitoring system
COSTER 3	Implementation of 6-months measurement by ultrasound of localized compressed air losses, in order to improve energy efficiency of compressors and make predictive maintenance
COSTER 3	Optimization of mounting cups punching dept lighting with new LED lamps in place of end-of-life ones
COSTER PACKAGING	High frequency charger for forklifts, to reduce electricity and water consumption.
COSTER USA	Install LED Lighting in order to reduce electricity consumption
COSTERPLAST	Thermal blankets for molding machines mounted progressively starting from 2016
COSTERPLAST	Replacement of hydraulic molding machines with electrical ones
COSTERPLAST	Optimization of compressor room
COSTERPLAST	Installation of inverters on the pumps of the molding machines cooling system and on the pump of water from the well; implementation of an automatic system to interface all the water lines to optimize the picking of the water from the well and to reduce the referred electrical consumption
COSTERPLAST	Analysis of air leaks on the compressed air line and on the main machineries, and consequent loss repair
COSTERPLAST	VOC collection system on a specified molding machine using acetal resin
COSTERTEC	Increased maintenance in HVAC installations and improvements on temperature control and insulation systems
COSTERTEC	Replace some tubes for LED lamps in many areas

Water consumption

Coster's Head office is located in Trentino region in the North of Italy, in Calceranica al Lago, near the lakes of Caldonazzo and Levico Terme.

Although water is not a key element in the production process and is only used in the cooling system of injection moulding and work place conditioning, Coster is fully aware that water is an essential element for the environments' wellbeing and has always aimed at preserving its integ-

rity by not impacting water sources with its production.

In 2018, Coster used a total of 621.915 m³ of water, prevalently from ground water and wells.

97,7% of water is withdrawn by ground/well and, after passing through heat exchangers for the purpose of cooling machines down, it's returned to the nature, as clean as water withdrawn.

	2018 - [m3]
Total water usage (input)	621.915
Total volume of water withdrawn by Ground water (return to nature)	607.732
Total volume of water consumed by Municipal water or other public or private water utilities.	14.183

Relating to 2017, in 2018 data collection was much more accurate and involved all operations worldwide: for this reason 2018 data are significantly different from 2017 ones, and a real comparison between the two years doesn't make real sense.

Coster will assume 2018 data as a baseline for future comparisons and goals.

Due to a good data quality, and on the base of the tot amount of 3.470.700 (Q/1000) of products sold by Coster Packaging Division, Coster calculated in 2018 for the first time the quantity of water needed to produce 1000 finished items, **this quantity is 0,179m3/1000items.**

Coster aim is to continue this conscious approach, trying to integrate water saving activities and sensitising its employees on a more mindful use of it.



Waste management & recycling

To reduce the consumption of raw materials and related environmental impacts, Coster has implemented procedures to pursue optimal recovery and reuse with minimal waste. We strive to recycle what cannot be reused. If neither reuse nor recovery is possible, waste is disposed of using the method available that has the least environmental impact (waste-to-energy conversion or treatment) with landfills used only as last resort.

In 2018, only 7,6% of total waste produced were hazardous, and anyway the most part of them

	2018 - [ton]
Total Waste	2.651
Total hazardous waste	201
Of which sent to disposal	6
Of which sent to recycling	195
Transport of hazardous waste	4
Total non hazardous waste	2.449
Of which sent to landfill	307
Of which sent to recovery, including energy recovery	151
Of which sent to incineration (mass burn), without energy recovery	0
Of which sent to recycling	1.992

WASTE MANAGEMENT- Roadmap 2019

In 2019, Coster aims to reduce from 12% to 8% the total amount of waste sent to landfill.

This goal will be reached through a re-definition of the contract agreement related to CER 150106 (mixed packaging) in Italian operations: our supplier will recover more than 80% of this non hazardous waste, against about 85% (164 ton) disposed to landfill in 2018

was sent to recycling.

Coster is firmly committed to reducing waste production relating in particular to hazardous waste, and to constantly increasing the quantity sent to recycling.

The waste disposal method in Coster depends on the CER code associated with the single item, and it is always handled by qualified third-party or collection companies.

Coster does not transport waste neither in country nor abroad.

Due to a good data quality Coster calculated in 2018, and on the base of the tot amount of 3.470.700 (Q/1000) of products sold by Coster Packaging Division, Coster calculated in 2018 for the first time the quantity of waste generated to produce 1000 finished products, **this quantity is 0,76kg/1000 items**

In 2018, Coster launched and was able to complete several initiatives aimed at improving waste management, among which the following deserve a mention:

- Re-definition of the contract agreement with waste collecting suppliers in Italian operations, in order to reduce waste to landfill and improve waste collection efficiency
- Re-definition of the waste management procedure, flow and ecological areas in the framework of the ISO14001 certification scheduled in 2019 for Coster Tecnologie Speciali S.p.A. sites

Concerning recycling topic, in 2018 Coster published and applied a new **Paper Policy**, in order to reduce paper consumptions and to increase recycled paper use in the offices. As well, Coster has participated to International multi-stakeholders working tables to define the sorting stream and recycling strategy for aerosols. Furthermore, in 2019 Coster started working on the project to increase the % of recycled fibres in cardboard boxes used as secondary packaging.

Environmental management

Thanks to an accurate environmental management and a progressive ISO14001 Certification extension to all operations, in 2018 no monetary fines on environmental matters and no legal disputes were identified in Coster plants.

Furthermore in 2018 no spills occurred.





Community

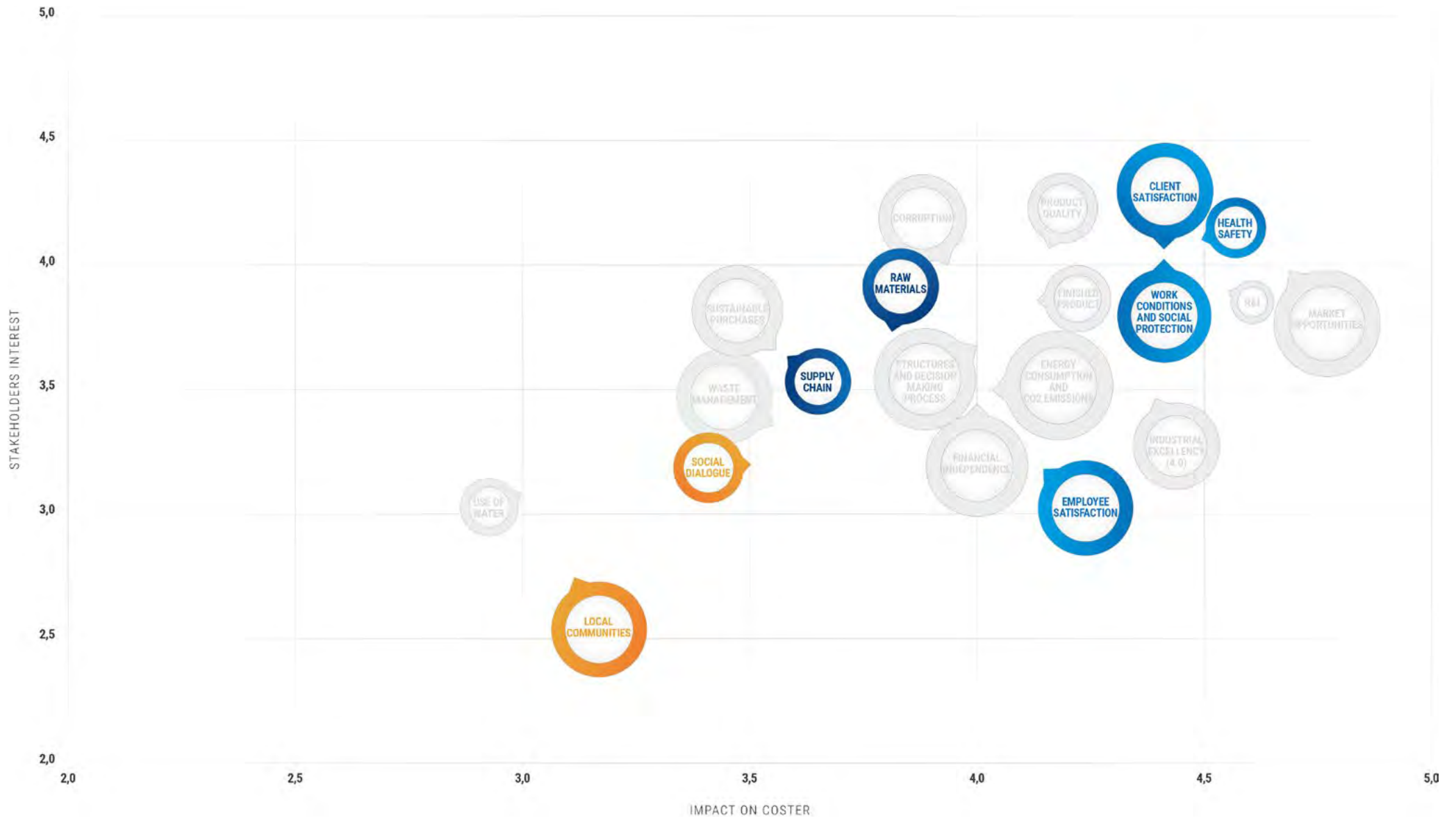
Potential impact of operations on local communities

The Materiality Matrix 2018 shows that the topic “Local Communities” has been classified moderately material from both Coster and Stakeholders. However, Coster is giving increasing importance to the matter, also in light of the reporting of one of the involved stakeholders that marked room for a greater involvement from Coster for what concerns the development of communities and partnership.

For more than 50 years, Coster has directly and indirectly contributed to the economic development of the local areas and communities where the group operates.

Coster Italian facilities are located in industrial and commercial areas, apart from Coster 1 that, despite being established in a residential district, respects the local landscape features. Anyway Coster provide utmost care in its building design, external areas and maintenance status to assure the greatest landscape compatibility. None of Coster facilities produce emissions that may negatively affect the atmosphere, nor produces odours, noise, light pollution or discharges into environment beyond the limits imposed by law. The vehicle traffic doesn't impact on normal traffic flow. There are no records of tensions with the local administration, whereas there is a mutual beneficiary relationship.

Community



Coster's employees are mostly hired from local sites' municipalities, and represent a relevant source of direct and indirect income for the families, industry and commerce in the area by generating wealth and employment opportunities. By hiring local employees, Coster is also able to minimize transport-related environmental impacts. Furthermore, Coster collaborates with local companies by purchasing products, services and assistance, also contributing to these companies' growth together with Coster in terms of know-how, skills, best practices and capabilities.

This is how in Coster we produce turnover in different economies thus leveraging our global scale but remaining locally connected with the territory where we operate.

Coster has always been locally active and has always included the well-being of its employees and the communities in its business policy of continuous investments on modern and ergonomic structures, aiming at providing its employees with excellent working conditions (attention to their work environment and on having clean facilities) and services (canteen, laundry service, etc.).

The company is actively involved in civil society with a miscellaneous of initiatives addressed to the local communities. All of them are worth to be mentioned and cover a broad range of areas from sport, to education and health.

First, in 2018 Coster Group Management decided to adopt a common social footprint, in which we can recognize, representing our credo and the very nature of Coster geared towards the Company pillars. Therefore, alongside the local initiatives that each company can promote in its specific context, every company will evaluate the best opportunities targeted to common social theme of **EDUCATION AND SCHOOLING**. The activities which shall be implemented starting from 2019 in the whole Group will be addressed to the specific territorial context, like:

- aiding the access to education to disadvantaged people
- supporting high-tech and innovation centres, highly specialized institutes, fab-labs
- promoting scholarships for unprivileged students

At Christmas 2018, the Italian Coster sites launched together a **solidarity initiative** by devolving

the value of the internal Christmas gift-pack for all employees, doubled up by the company, to no profit associations operating in social or health contexts in the local territory where facilities are based. The choice, which involved all the personnel, fell on ANVOLT Onlus Trento (volunteers in fight against cancer) and CADMI in Milan (anti-violence centre and hostel for abused women). Among other voluntary donations of the Coster subsidiaries to humanitarian associations, we mention Unicef, Bombreros Voluntarios, Fundación Pilaes and Fundación San Jose Providente in Argentina, Germanetes dels Pobres in Spain, Cysticfibrosis, Cancer Reasearch, Ashgate Hospice and Bluebel wood in UK

Employees in Coster Ltd Barlborough participate to the sponsorship of the children football team Killamarsh Dynamos U10s.

From a social point of view, some workers in Coster Tecnologie Speciali S.p.A. volunteer in the public Fire Brigades and the company provides them with permission to render their service during working hours in case of emergency calls.

The Group is also carrying on an intense collaboration with local universities in Germany and the Netherlands.



COMMUNITY- Roadmap 2019

In 2019, Coster will start implementing activities directed to education and schooling in all the local context where it operates



Employees

Coster counts **978 employees**, each contributing with their experience and skillset to the creation of value for stakeholders. In almost all the facilities, senior managers come from the same region where the plant operates. Moreover, the fact that the majority of employed people belongs to the surrounding community facilitates both Coster's activities in the region and the relationship with the community.

In 2018 Coster continued investing in human resources, also from organizational perspective

in order to strengthen robust capability and tools to both secure the **talents** required by the business and to provide employees with opportunities during their entire career, from recruiting to retirement. The new approach pushing employees to internal mobility across job functions and dynamism achieved openness, competence and experience sharing, awareness and commitment, personal and careers progression, new impulse for company growth.



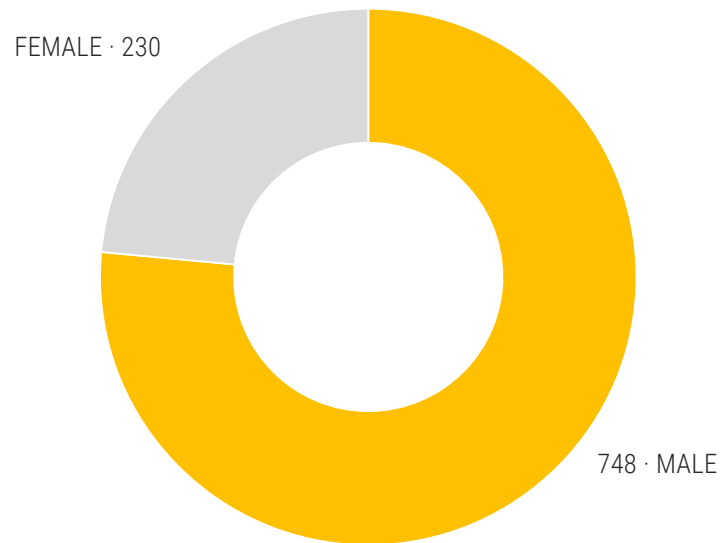
978
employees



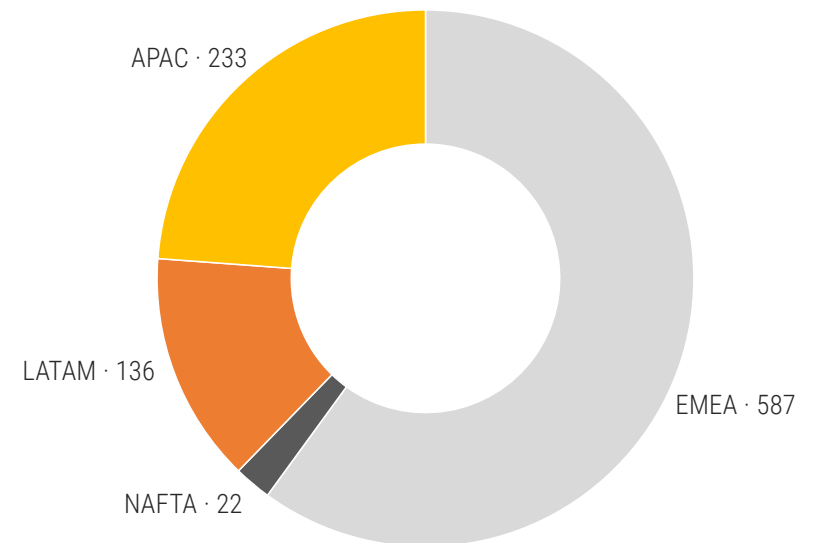
24.108
hours of training

Conscious of the fact that diversity is a source of richness since it brings a more comprehensive idea of the world, Coster creates a rewarding, safe and healthy, inclusive workplace that enhances everyone's unique contributions to the Company, enables employees to collaborate in ways that break down barriers and transform differences into strengths, as well Coster expects employees at all levels to bring their knowledge, skills and experience to the job, in order to identify opportunities and act as catalysts for change.

WORKFORCE BY GENDER



WORKFORCE BY GEOGRAPHIC AREA




159
NEW HIRED PERSONNEL

109
MEN

50
WOMEN

In 2018 Coster hired 159 new employees, 109 of whom are male and 50 are female, most of them replacing retired or resigning personnel but also bolstering the staff for strategical and growth reason in specific areas.

The greatest staff reinforcement occurred in Coster Tecnologie Speciali S.p.A. and Costertec, while 19 more employees were hired in Barlborough due to the new manufacturing department start-up.

It is important to underline that in India 132 temporary workers were hired as a result of a fire that destroyed most of the automated machines in the plant. However, due to the contingency of this situation, these workers were not included in the calculation.

Coster is committed to ensure equal employment opportunities for all members of our workforce based on merit, prohibiting any form of discrimination based on race, colour, sex, sexual orientation, gender identity, transgender status, age, marital status, religion, national origin, disability status, or other information. The company promotes equal opportunities in the workplace as a crucial quality to human resource management and an indicator of long-term success. In 2018, the number of disabled people employees in the company is 1.7% (from 1.5% in 2017).

Training hours in 2018 show an overall increase of 2.2% from 2017 (24108 vs 23600).

In light of its commitment to pursue non-discrimination on workplaces, Coster is committed to achieving 50-50 representation of women and men in all parts of our Company and aims at giving its male and female employees equal opportunities and treatment. The table below, showing the ratio of basic salary and remuneration of women to men based on age groups, depicts a various situation in which the results obtained by Costerplast, Costerpack Manufacturing and Coster B&S stand out, for both homogeneity and performance (all the three facilities reach 100% in the 3 age groups). Coster Tecnologie Speciali results are equally remarkable, all the three age groups exceeding 80% and the group under 30 even overtaking 100%, meaning that women are provided a higher wage than men.

As in 2017, results among facilities display some discrepancies. Some of them show a ratio equal to zero in some groups (marked as N/A), meaning that there are no women or men employed

in the facility belonging to one of the age groups. This is the case of Coster Ltd in Stevenage, despite exhibiting the highest result in the chart in the over 50s group, and of Coster Sarl, where the breakdown by age could not be calculated due to the lack of employed men and women in the same age groups. Highly remarkable gender equality approach results in the German office, Coster GmbH.

The table below shows the ratio of basic salaries and remuneration of women to men by site and age group.

Ratio of basic salary and remuneration of women to men based on age groups			
Site	<30 years old	30<x<50 years old	>50 years old
Coster Tecnologie Speciali	102,3	83,24	91,76
Coster Ltd. Barlborough	94	65	87
Coster Ltd. Stevenage	N/A	N/A	108
Coster B&S	100	100	100
Tecnocoster	N/A	94	77
Costerplast	100	100	100
Coster SARL	N/A	N/A	N/A
Coster GmbH	N/A	105	N/A
Coster USA	N/A	77	91
Coster Packaging	75	93	83
Coster India	92	87	N/A
ACR	N/A	N/A	N/A
Costertec	75	70	77
Costerpack Manufacturing	100	100	100

Coster is aligned with the vision of the United Nations Sustainable Development Goal on Gender Equality through a variety of activities that aim to advance the roles of women in the manufacturing workforce. These include, among others, formal processes to monitor the application of our core equity and fairness principles to compensation levels, annual salary reviews and promotions, and work-life balance arrangements. In fact, also in 2018 the company continued to work

in the area of global parental leave and employee flexibility.

In 2018, Coster commissioned an accredited notified body to conduct ethical, social and labor assessments, on the base of SMETA IV PILLARS audits made in the course of the year in Coster sites in Argentina, India, Spain, Italy (only Coster SpA), and Malaysia, covering 50% of operations, 81,3% of employees and 58% of the tot turnover.



Turnover rate

In 2018 the employees' turnover in Coster group shows some differences in the considered regions.

As gathered in the table below, the overall percentages display a slightly higher rate for the male turnover in comparison to the female one. Total male and female turnovers are respectively 1,1% and 2,8% higher than the relevant figures registered in 2017.

These data mainly result from the high percentage measured in the APAC region. The male turnover registered in APAC is greater than the corresponding values in the other regions. The reason behind this percentage is due to the contingent situation occurred in the Indian plant, where 132 temporary workers were hired, as explained in the previous paragraph. To be also considered a normal mobility typically registered in India where workers are more used to change job for family reasons or looking for new career opportunities.

In small sites with few employees, the resignation or the hiring of single individuals determines a great percentage impact and considerable percentage differences between years; this is the case of the NAFTA Region, represented by the sole Coster USA, where the female turnover doubled up with respect to 2017 even though the difference in the total number of women is due to the resignation of one single person.

The percentages displayed by EMEA result from different factors. The most relevant one also explaining the gap with corresponding figures in 2017, is that Coster Stevenage plant closed and 7 out of 11 male employees and the totality of 6 women resigned, although they were offered the possibility to work in the new plant in Barlborough. This caused an increase in Stevenage percentage that, in turn, affected the overall regional value.

Employee turnover REGION	% M (nr.M)	%F (nr.F)
EMEA	9.3% (39)	8.4% (14)
NAFTA	21% (3)	25% (2)
LATAM	4,8% (6)	16,7% (2)
APAC	32,3% (61)	20,4% (9)
TOT	14,6% (109)	11,7% (27)



Occupational health & safety

Coster considers the promotion of health and safety as one of the priorities. For this reason, Coster aims to achieve, maintain and comply with the requirements set in this area by the applicable regulations in the countries where the Group operates with an approach based on continuous improvement, provide all employees with a safe, healthy and productive work environment with ergonomic work-stations strictly fulfilling the technical norms in place, adequate lighting (led are replacing halogens in most areas), air conditioning or fresheners where necessary, noise monitoring, use of all necessary personal protective equipment, emergency tests, regular medical checks.

Safety risks assessments, ISO45001 certification in place at Costerplast and Costertec, the safety management procedures, the new Governance Model launched in 2018, the SMETA IV Pillars audits, the CSR audits at suppliers, the regular training sessions to employees and induction for visitors are among the means used by Coster to guarantee that the safest conditions are provided every time and everywhere in each facility.

All the sites, except for Coster USA, Coster Sarl and Coster GmbH, have a formal Health and Safety Committee that monitors programs and sets guidelines regarding occupational health and safety; these committees represent 100% of Coster workers both staff and blue collars.

In 2018, no work related fatalities occurred in Coster, tot 7 employees (6 male + 1 female) had a workplace accident causing one or more days of work absence, 9 less than 2017 corresponding to a 56% reduction. The total number of calendar days work loss reached 142 days, 140 of which for male workers and 2 for female employees.

Plant	Number of people Injured	Male or Female
Coster 1 (Coster Tecnologie Speciali SPA)	1	M
Coster 2 (Coster Tecnologie Speciali SPA)	2	1M + 1F
Coster 3 (Coster Tecnologie Speciali SPA)	0	/
COSTERTEC	1	M
Coster USA	0	/
Coster Ltd Barlborough	0	/
Coster Ltd Stevenage	0	/
Coster Packaging	1	M
Coster B&S	0	/
Pero 1 (Coster Tecnologie Speciali SPA)	0	/
Pero 2 (Coster Tecnologie Speciali SPA)	0	/
ACR	0	/
Coster India	0	/
Tecnocoster	0	/
Costerplast	0	/
Costerpack Manufacturing	1	M
Coster SARL	1	M
Coster GMBH	0	/
TOT	7	/

The average Injury Severity Index calculated considering all the plants accounts for 0.16, while the average Injury Frequency Index equals 0.43 (both KPIs breakdowns by site are shown in the related table in the Fact&Figures section at the end of the report).

Coster keep pursuing the goal of achieving zero accidents at corporate level. This target can be achieved in a constant safety culture improvement process through pushing for the global adoption of robust Occupational Health and Safety Management System (OHSMS) in all the facilities and developing all the best practices and technologies to combine appropriate people behaviours with avant-garde production means, protection and prevention effective solutions.

The table below displays the absenteeism rate for gender groups. The relevant considerations can be borrowed by the Safety comments, whereby injuries, the small staff of some facilities, also in terms of gender breakdown in some local cases, as well as some regional habits (e.g. in India) can explain the absence figures for any reasons different from paid leave.



Plant	Absentee rate M	Absentee rate F
Coster Technologie Speciali SpA	5,19%	9,13%
Costertec	1,39%	2,62%
Coster USA	0%	0%
Coster Ltd Barlborough	0%	0%
Coster Ltd Stevenage	0%	0%
Coster Packaging	1,39%	1,32%
Coster B&S	4,46%	1,08%
ACR	3,86%	0%
Coster India	12%	8%
Tecnocoster	3,20%	5,51%
Costerplast	6,54%	6,00%
Costerpack Manufacturing	5,66%	3,14%
Coster SARL	7,25%	8,80%
Coster GMBH	0,92%	5,93%

Employee satisfaction and health promotion

Employees are Coster's greatest treasure and, for this reason, the group has always strived to ensure that they feel valued and are included in the decisions making process. To this regard, Coster believes that having happy employees is essential to create a rewarding and positive work place environment. Every year Coster invests significant capital in office renewal to provide employees with a more modern and comforting working environment, as for the facilities Coster1 completed in 2018, ACR and the new headquarters building which will be inaugurated in 2020.

Among the miscellaneous of local initiatives that Coster facilities took in 2018, they can be mentioned: mobility for operators, meals and snacks, Christmas box, school supplies for children, gifts for Easter and father's - mother's day, gift for births, gifts for retirement, time flexibility for study, open day with families, free parking benefits, financial benefits in distress conditions, extra-holidays depending on workers age, scholarships, flexible working hours for mothers, free travel to public transport places.

Coster takes care of the health of its employees as well by ensuring assistance in many ways. In fact, alongside the local initiatives that each company promoted in its specific context, Coster companies offered to their workers prepaid medicines, medical benefits, sport activities, bicycle purchase plans, the access to flu shot, psychological coaching, specialist cardiovascular check-up, health insurance, training on correct lifestyle. Finally, all the employees are subjected to periodic medical screening.

In 2018, Coster management launched a common social initiative at corporate level directed to internal community, that is celebrating an Open Day for workers' families to give the occasion to visit shopfloor and work places in Coster to get people more familiar to our facilities. The first Coster Open Day will takes place at Group level in the week-end of 23-24 Nov 2019. This date has a particular significance since Coster's deed of incorporation is dated 25 Nov 1963.



EMPLOYEE SATISFACTION – Roadmap 2019

First Coster **Open Day** for employees families

Coster S.p.A. will promote a **new welfare plan** to employees in alternative to the already existing bonus scheme



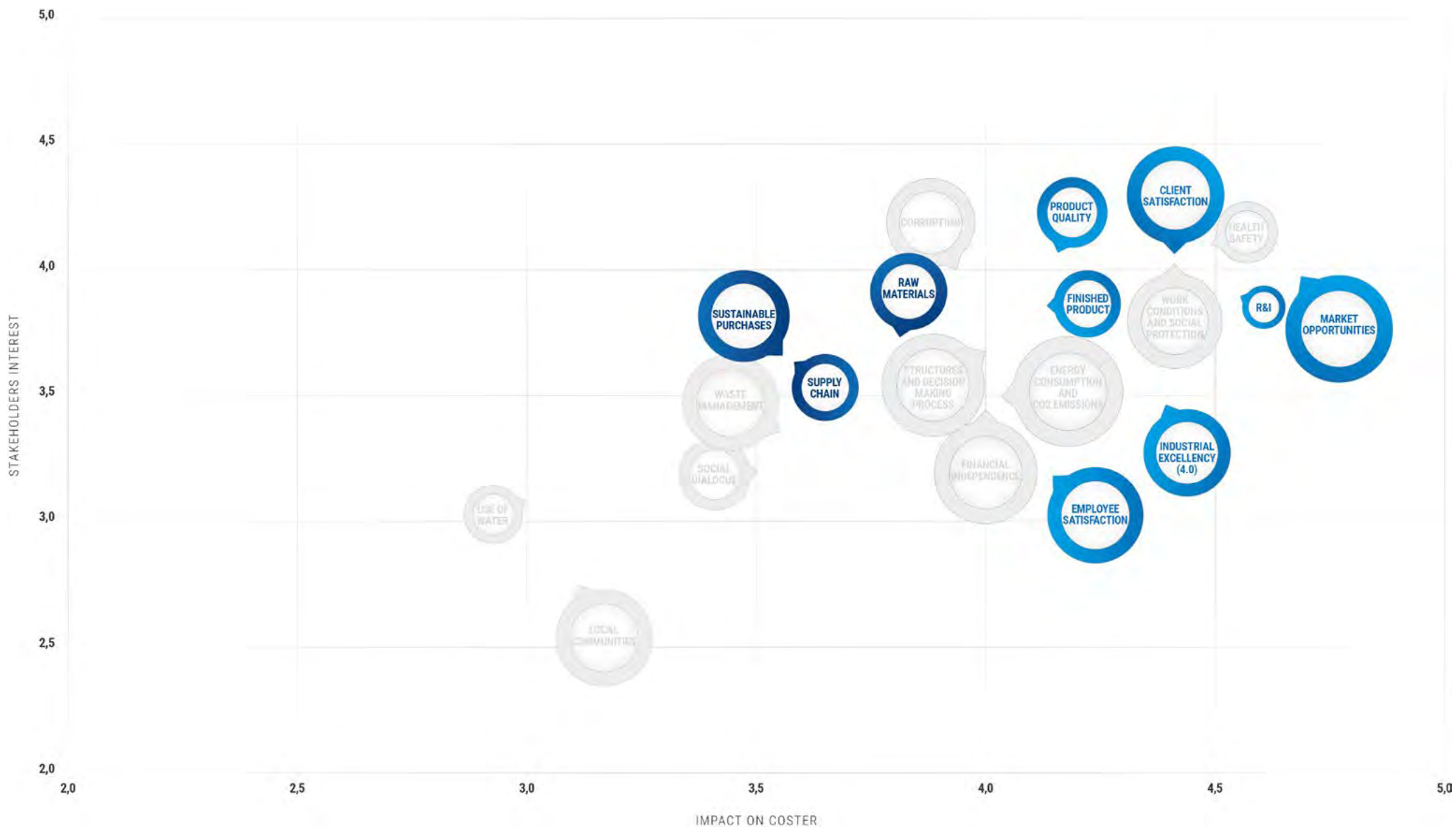
PRODUCTS

Products

Since 1963, Coster designs and manufactures high-quality filling systems and a complete range of spray and dispensing packaging components such as aerosol valves and actuators, special actuators, spray caps, spray and perfumery pumps, dispensers. The market application covers a variety of product forms, from aerosols to spray and dispensing products for personal care & cosmetics, pharmaceutical, perfumery, food, home and technical products.

Coster is the world's only company to produce both packaging components and filling equipment. The product range covering fully and semiautomatic lines and lab scale equipment, the manufacturing capacity of 10 complete lines per year, the features to offer tailor made solutions for pharma and aerosol applications with a special sight to new technology, bring Coster to be the second worldwide supplier. In 2018 the filling equipment covered nearly 8% of the total group turnover.

Products



Aerosol valves



- 1 inch valves
- 20 mm valves
- BOV: bag-on-valves
- Metering valves
- Special valves

Actuators & spray caps



- Actuators
- Spray caps
- Special actuators & spray caps (custom)

Pumps



- Spray pumps
- Perfumery pumps
- Dispensing pumps

Filling machines



Coster machines fill a variety of product forms, from aerosols to sprays and dispensing products:

- Personal Care & Cosmetics: deodorants, shaving gels / foams, sun-screens
- Pharmaceutical: MDIs, nasal sprays, saline solutions, topical aerosols
- Perfumery: perfumes, body sprays
- Home: room fresheners, iron starches, insecticides, dust and spot removers
- Technical: car repair products, paints.

HIGHLIGHTS 2018

1,8

Billion valves



1,4

Billion actuators



480

Million pumps



Innovation

In 2018 Coster has given an even greater boost to innovation and product design processes, to reinforce the already strong and well proven reputation in new product development, as part of Group strategy and a key driver of growth for the future. Coster knows that its success depends on its ability to develop innovative, high-quality products that anticipate or go along with the global needs and contribute to customers' success. The Group's emphasis on products and process innovation, particularly focused on both custom and sustainable solutions with enhanced environmental footprint, plays a key role in product research and development.

Two Innovation Centres of Excellence (CoE) with more than 40 technicians involved in:

- Italy: Valves, Pumps and Actuators CoE
- Spain: Perfumery Pump CoE

Coster's innovation centres are responsible for all product development, which consists in both introduction of new stock items that responds to specific market needs and the development of custom solutions based on client's briefs.

Coster introduced the BOV (Bag-on-Valves) in the market in the early '80s, on a technical application, and in 2018 announced the latest innovation of **AirNext**, the new aerosol generation. The innovative solution consists in delivering a complete pre-pressurized (with compressed gas instead of LPG) aerosol pack to the client. With this new concept we eliminate the gas filling process for the client and simplify the overall traditional way of manufacturing aerosols. The standard bag on valve with innovative plastic mounting cup is laser welded on the PET bottle, specifically designed for Coster with special resin material and in exclusive partnership, also achieving increased stability on the shelf and stacking for easy transportation / handling.

Sustainable, integrated and efficient benefits consist in:

- reducing working capital, by improving operating efficiency
- financial benefits, by reducing the number of suppliers and transportation cost
- filling process operation simplification, also reducing barriers to filling operation start-up
- technical features of LPGs elimination, 360° dispensing, 100% airless, suitability for high range of aerosol applications, no need of compatibility tests since using same current BoV spec
- differentiation
- new business model, both at Coster and at customer's sites
- marketing, by sleeving advantages and reducing time to market
- sustainability, by 6% of total weight reduction, ALU metal reduction from 86% to 1% in weight, 40% less secondary packaging (cardboard reduction), increase of energy efficiency in terms of net calorific gain (higher than 500%), transportation impact reduction as well as for carbon footprint



In 2019 Airnext has won the ADF Innovation Awards for “aerosol packaging technology”

In 2018 Coster also worked to the development of the following innovation projects:

- Clip for the **first lock-up Amazon compliant pump**. This patented solution supports the actuator during the drop and protects the stem from flexure, thus first worldwide fulfilling the e-commerce requirements for parcel delivery shipments (ref. ISTA 6 testing procedure)
- **Breeze**, the new special micromist insert developed by Coster for selected pumps and aerosols. Thanks to a particular design, it delivers a sophisticated, soft and gentle spray, elevating the performance of pumps and aerosols to the next level
- **Texture** effect on actuators: Coster realized a new way of seeing the actuator where the personalization is related to the eye catching effect and not to the shape, with the purpose to give the client the freedom to choose the aesthetic effect given from the actuator without the need to invest in dedicated equipment. Infinite effects choices are possible (e.g. bubbles, soft touch, glittering, iridescent, “golf ball”, etc...) for all standard actuators and spray caps as well as custom developments, also branded



In 2018 the PLM software design has been completed to support the technical team in the product lifecycle management with workflows, document and data tools. Go-live will follow in 2019. Coster resorts to skilled teams of designers, project managers and lab technicians, as well as to the modern project management techniques like **Agile and Oobeya room** to adopt a lean approach which permits a team to steer its projects efficiently and reduce the time to market of its products. Further tools like scrum sprints, minimum viable product, QFD, DFM/A, tolerance design are also going to be introduced to assist Coster R&I activities in their aim at improving the

Industry 4.0

Over the years, it has been commonly recognized the highest levels of automation implemented in its facilities as specific Coster hallmark. It comes from the looking forward and engineering very nature of the company, which looked at most avant-garde technology, then lead to Industry 4.0, as a goal and business leverage to growth from as part of the industrial vision of the ownership.

Among the four fundamental pillars of the Industry 4.0 model, represented by Internet of devices, flexible and adaptive configuration of the production processes, collaborative automation and big data, Coster has been a precursor in particular for the Internet of devices aspect. Facility systems, plants, equipment and ERP have been strongly connected and communicate by means of different protocols. Coster has also gone down the road of the paperless facility, within the scope of the Big data aspect. The **Skyway project** launched in 2018 to integrate the **SAP S/4 HANA** as new ERP system actually falls under the scope to re-configure the network structures and extend the multi-devices connection. As well, the M.E.S. renewal works alongside the ERP one to represent the current leverage Coster put in place to keep the leadership in the industrial and technological excellence.

In 2018 Coster has then worked to the completion of some projects to boost the pillar of Industry 4.0 facilities modelling also with a growth in terms of flexible configuration of production processes. In particular, the major projects concerned the introduction of manufacturing cell integrated for injection molding and in-line assembly as new successful concepts for the production of:

design, performance, safety, energy efficiency, reliability, consumer perception and sustainability of the Group's products and services.

During the first sustainability-focused stakeholder engagements, Coster's top management confirmed research and innovation as one of the key material aspects for the Group. The primary R&I Coster departments are located in Italy, at our head office in Coster 1 plant, in Calceranica al Lago.

- the new dispenser pump and actuator at Coster S.p.A. (Coster2 facility). The cell has been completed at the beginning of 2019
- a new custom spray cap at Coster Ltd (Barlborough plant)

What mentioned represents the approach adopted by Coster towards our Industry 4.0 concept and development, made of fully automated factories for operational excellence, injection and assembly synchronization, cut of WIP and intermediary stocks, automatic warehouses filled by LGVs, computer driven production management (1st company in Italy) and full intra-plant goods flow automation with LGV systems (1st company in Italy, 3rd worldwide), "unmanned" injection at night and weekend, IT and digital devices with remote access aiding operation & quality processes as well as full traceability.

In 2018, Coster B&S has completed the design review of the first pilot 6-axis handling robot to automatically pick and place finished valves into the box. The box loading optimization allows increase of 15÷20% the box content and box reduction > 10%. The system is flexible and can be used with all types of valves, pumps, box sizes and pallbox. The final project delivery is planned in May 2019.

In the industrial roadmap to 2021, Coster has started in 2018 working at the projects of:

- enlargement of the ACR facility, the owned site designing and manufacturing assembly lines for the Group
- relocation of Coster India to the new site of Neemrana, where all solutions will be undertaken to achieve the Coster standards of CSR, quality and cosmetic GMPs fixed by regulations in place and market requirements, under the technological principle founding Coster excellence

Customer care

Coster cares about its customers providing all necessary support in the different areas of interest, including sales, supply chain and logistics, quality, sustainability and technical service. Coster counts on a technical structure, headquartered in Italy but also branched in subsidiary companies, available to provide assistance to clients. In the lab of Pero, the main customer care and service location, the focus is to check the compatibility between client's and Coster's products, supporting the customer with the best delivery system selection according to the product formulation, providing training sessions to the customers and internally about aerosol, giving necessary technical support in team with the centralized technical headquarters in Trento.

Compatibility, functionality, swelling, spray rate, spray pattern, flammability, corrosion, sealing, new formulations, optimization of client's formulas and analytical tests, are conducted according to both internal Coster protocols and international standards referring to the specific test/product. Also in 2018 the lab has conducted more than 2000 tests supporting the clients.

Regarding the Machinery Division, a full set of documentation for operation, maintenance and validation purposes enables conformance with regulatory requirements. Declaration of Compliance with European safety regulations and of conformance to Atex standards for areas at risk of explosion are provided too

Coster customer care provides worldwide pre and post-sales technical support. This can be granted not only at the beginning but also throughout the years.

In 2018 Coster reinforced the staff of its central **Regulatory Office** in Trento, in order to add new master personnel to provide qualified regulatory feedback in timely manner.

Coster also disposes of a central sampling department which, within the technical organization

in Trento, collaborates with the sales to provide customers with sample orders without disrupting the production processes. With 5,264 sample orders delivered in 2018, of which 84% manually assembled, this facility is aimed to help the marketing, testing and approval operations at customer side to promote their competitiveness and the efficiency targets.

Coster pursues agility with the customers by offering rapid prototyping of STL and 3D printing mock-up and inserts fluid-dynamic simulations from "trial and error" to predictive simulation

Coster collaborates with Universities and Research Institutions: the Faculty of Pharmacy of the University of Parma uses a Coster MDI filling machine for testing and developing formulations, the Polymer Science Park in the Netherlands works with the local Coster company at innovation and development for applied plastics technology (with special focus on circular economy, Recycling, 3D Printing, Biobased, Coatings and Smart Materials) and offers complementary services, such as consultancy, trial production, product testing, training/study programmes/workshops and a learning place for students and starters). Moreover, Coster has strategic partnerships with end-of-line packing machinery providers and complementary machine manufacturers. Coster collaborates with its customers since the early stages, from development to production, installation and training

Supply chain

A sustainable management of a supply chain implies that, as materials moves through the chain tiers, impacts generated are continuously given the highest consideration, monitored and kept under control.

For Coster the supply chain represents a best in class service, taking in charge the management of pre and post-production orders for the client.

Supply Chain maintains the relationships with suppliers and customers upstream and downstream, aiming at delivering a high-quality service value while trying to minimize costs, since the sourcing and logistic management of products are critical to the way Coster takes responsibility for the social and environmental impacts of its activities.

Coster's supply chain has the objectives of reducing uncertainty in order to boost competitiveness, decreasing the overall working capital and increasing EBITDA at a Group level. These goals can only be achieved by directly influencing planning, logistics, sourcing, third partied manufacturing, export, customer service and sustainability.

Responsible supply chain practices extend beyond procurement and manufacturing. For example sustainable logistic aims to systematically decrease the environmental burden of transportation. Every year millions of components and finished products are transported efficiently to their destinations, from suppliers to Coster and from Coster to customers.

Optimizing transport networks improves efficiencies in the supply chain. That is the reason why Coster works to identify and implement initiatives with the objectives to limit the travel required to move finished products and components. Efforts such as removing intermediate storage locations and considering the locations of potential suppliers are among the actions taken.



2018 was a fruitful year for the Company as the set short-term objectives have been fulfilled on time. For example, Coster succeeded in defining and setting up a bimodal haulage road and railway for tin-plate coils supplied by Rasselstein ThyssenKrupp; this solution allowed us to avoid about 110 trucks per year travelling from Germany to Italy and to reduce road transport for each route by 590 km (64500 km on annual base) with 22,6 ton/year of equivalent CO2 emission reduction.

In 2018, the product catalogue rationalization was of great benefit to supply chain efficiency and supported the production re-organization of some items in a more optimized and competitive configuration. Such new re-organization, on the base of the successful model represented by Barlbrough plant enlargement and perfumery pumps manufacturing relocation in Costertec, will continue in 2019, with a roadmap to start punching mounting cups in Argentina, arrange molding facilities of components where needed, allocate the productions through third part manufactures according to a strategical supply chain view.

For 2019 Coster is planning to introduce best practices as for example better routing and truck loading in order to improve fuel efficiency. In this framework, in 2019 the Company will close its warehouse in Pero and start a new centralized logistic one in Trento for all productive plants in Italy. This solution would allow to eliminate trucks on the lane Trento-Pero thus optimizing our logistic network and reducing CO2 emissions. Also, in 2019 Supply Chain will select the location of our warehouses and distribution centres to optimize the routes between our production sites and our customers, to avoid double handling and inventory when not necessarily required.

The roadmap of future activities also includes taking up the intercompany transportation plan “road to rail” again, and operating a partial shift from aerial to sea transportation to India as a result of an improvement in production planning.



SUPPLY CHAIN – Roadmap 2019

Continue the catalogue rationalization activity

Opening new central warehouse in Trento to optimize Italian logistic network

Analyse the warehouse network in all countries where we operate to reduce handling and inventory

Suppliers

Coster is a converter company and does not produce any of the raw materials necessary for its production. Hence, Coster purchases materials such as plastic, metals and rubber, which are then molded and assembled to produce its wide range of items.

Coster uses over 600 suppliers of materials, goods and services of every type, enabling the company to carefully select suppliers based on their qualifications and clients' needs, to have alternatives and monitor the benefits provided. Furthermore, in 2018, an average of 67% of overall Coster's procurement budget for all Italian companies and 76% for Latam companies (the two major areas of operations) is spent on local suppliers - those operating in the same country as the Coster's sites - and most of them are from the EU and from Italy. These figures are aligned with the ones reported in 2017 analysis.

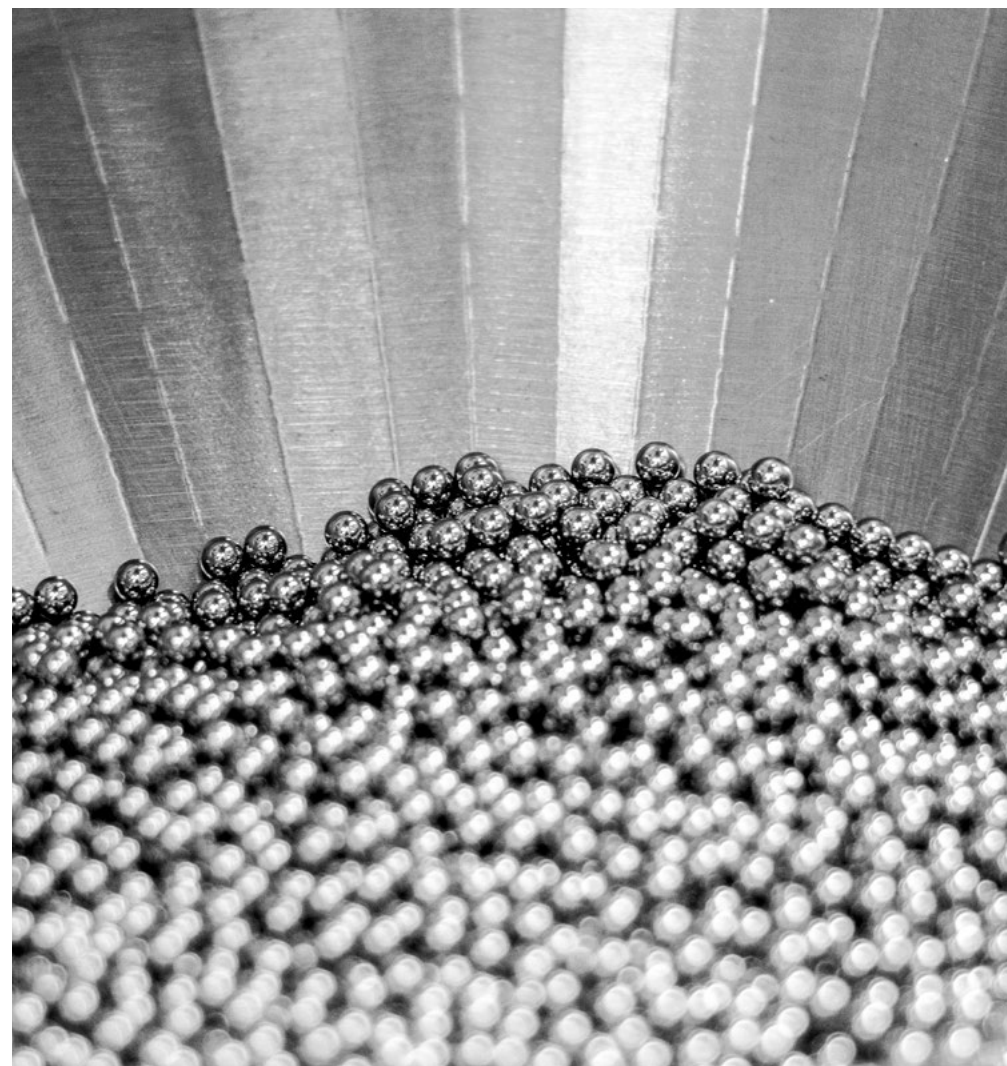
The definition of significant location of operation is relevant to the turnover, covering a total of 44% of the 2018 Group turnover, associated to manufacturing facility.

In the aerosol packaging sector suppliers are reference companies shared among the whole network of competitors operating in this market segment. Coster relies on a multi-supplier purchasing network where most suppliers are able to globally distribute the same item. Most of Coster's outsourced suppliers are located in Trentino or nearby, they are subcontracted to produce plastic components or assembly finished products; with many of them, the company has been maintaining a longstanding relationship, or has supported their growth from a small family scale (also created by former employees) to a more solid and healthy reality.

Suppliers are selected and qualified through auditing and monitoring processes according to specific documented procedures. All the relevant documents are shared with the suppliers within the WorkPlaceSupplier platform on Coster's extranet, which is connected to the company's intranet.

Controls and assessments are performed also for the vendor-list suppliers by Coster's purchasing department, while on an annual basis the Quality Assurance department issues a Vendor-Rating used to prepare the annual Audit Plan.

The respect of the Coster Code of Ethics from suppliers is a key element that shapes the Com-



pany's activities and choices, and focuses on the aspects related to human rights, working conditions, H&S, environment safeguard, respect of local communities, fair and ethic business.

In 2018 Coster has got 100% of Productive Items suppliers (PI) and outsourcers (3PM) in the Vendor-list formally acknowledging the Coster Ethical Code by signing the commitment form.

For the Non-Productive Items suppliers (NPI) having high impact on the quality, processes and expenditure budget, the actual coverage is 72% in counting - representing 85% of annual expenditure of top25 vendor list.

In 2018, the Company conducted 7 CSR audit at its outsourced and productive items suppliers as already described in the Code of Ethics section.

All the 7 audited suppliers have been assessed for both environmental and social impacts. The audits didn't reveal suppliers identified as having significant actual or potential negative impacts, as well as in the supply chain. Local deficiencies and improvements have been reported and issued in a plan of improvement actions agreed with 5 suppliers (71% of audited companies) for both environmental and social aspects. Anyway in an overall picture which doesn't disclose critical situations. No relationships have been terminated with suppliers as a result of the assessment.

The new 3 years roadmap starting from 2019 includes different activities and targets:

- gaining the ISO 20400 certification on Sustainable Procurement practices
- source renewable energy where this is offered and available. This can be achieved through a combination of: on-site production (solar cells) and direct purchasing of green power from the grid. The goal to 2021 is to buy at least 90% of our energy from renewable sources
- source +90% of the cardboard we use for our boxes from certified sustainably managed forests or from recycled material

- buy paper-based office materials (printer paper, note books and envelopes) from either certified sustainable forests or recycled sources. See also the Paper Policy adopted by the Group in 2018. In addition, for all other office materials, where possible, buying "green products" made from PCR
- support our customers to reach their goals on plastic packaging to accelerate progress towards the circular economy. We will work with our suppliers to identify opportunities for PCR and biopolymers, we will also stay vigilant on the market in order to support introduction of new resins or green materials solutions
- reduce the environmental impact of vehicles we drive and the CO2 emissions of our fleets. In 2019 we will issue a new car policy and move to hybrid cars wherever possible

As part of our global procurement strategy we try to leverage our global scale remaining locally connected with the territory where we operate. This contributes to generate direct and indirect income and employment opportunities in the communities where our business is located.



PROCUREMENT – Roadmap 2019

- Certification ISO20400
 - Target of 70% of renewable energy sourcing
 - Reduce by 30% the paper consumption and increase to >90% the use of recycled fibres in offices. Buy "green" office materials
 - Car fleet: 2019 starts hybrid
-

Raw materials

Coster mainly uses polyolefin (PE and PP), acetalyc resin (POM) and masterbatches in its production process. Moreover, Coster purchases different components made from plastic (dip-tube), steel (springs and balls), aluminium or tin-plate (mounting caps and covers) and rubber (seals/gaskets).

For what concerns components, these are controlled by the incoming goods inspection departments function, which analyses the supplies through sampling plans, test methods, control cycles, lists of defects with AQL criteria issued by the Technical department. The process is governed by the Quality Unit (Quality assurance and technical area) while the management of OOS (Out of Stock) is handled with the Supply Chain in accordance with the applicable documented procedures.

In 2018 Coster carefully looked at the sudden media resonance given to global trends on the impact materials have on the environment and immediately took on board these drivers to study new solutions targeted at **Reducing** the weights and **Replacing** materials with more sustainable ones. In this framework, the activities put in the high priority agenda for 2018 and 2019 are the following:

- introduce **PCR** (Post Consumer Recycled) plastics into products, starting from actuators, overcaps and spraycaps where the parts are not in direct contact with the product (for regulatory reason of food contact compliance). Roll-out to pumps components, like plastic mounting cups. This activity combines with the collaboration with PetCore Europe and French CFA to study aerosols recyclability, and with introduction of LCA tools for DfR and Eco-Design
- introduce **bioplastics**, like bio-based polymers sourced from renewable raw material feedstock and compostable resins. Initial focus on actuators and dip-tubes
- Introduce PE bio-based for internal layer of the BOV3 quadruplex laminate (PET/ALU/OPA/

LDPE) and remove ALU foil from the film structure, the relevant LCA studies indicating a "global warming 100" reduction respectively of 9% and 39% compared to the fossil based standard 4-plex laminate

- **BPA-NI** (Not In) mounting cups for 1" valves, as alternative to lacquering containing BPA traces; homologated and available in 2018 for 1" valves ALU m.cups, under testing also in 2019 for tin plate
- **CrVI** process free mounting cups for 1" tin plate valves, as alternative solution to eliminate this substance from the tin plate passivation process – homologated and available in 2018
- **POM** removal from stem and housing of 1 inch valves. In 2018 Coster studied and tested with production trials the replacement of POM with **PBT** (and PA) on 1inch valves applications. In 2019 Coster will realize one production cell
- New film stretch for pallet wrapping. In 2018 Coster tested and approved in all Italian plants the reduction of the film stretch to the 15 µm thickness, in place of the previous specs of 23, 20 and 17µm. The eco-balance efficiency, corresponding to annual consumption reduction of 25,3%, has been calculated in the supplier's LCA study
- Paper adhesive tape for box sealing – 100% replaced Havana paper with fibres from FSC wood pulp, adhesive in natural rubber directly harvested from rubber trees, packed in boxes 95% made from recycled fibers, roll cores 100% made from recycled paper
- Paper Policy in the offices. In 2018 Coster launched the initiative to purchasing paper responsibly and optimizing consumption. Targets are maximizing efficiency by reducing paper consumption wherever possible, maximizing the content of recycled fibers, by using products resulting from the treatment of waste paper (post-consumer). In 2018 Coster achieved a result of 65% of recycled paper use, out of around 901 thousands of sheets, vs annual target of 50%

In 2018, Coster used a ground total of 22444 ton of materials, subdivided into plastic resin, steel, aluminum, rubber, tin plate laminate foil and paper. In comparison with the 21927 ton used in 2017, it results the consumption increase of 2,3%. The abovementioned quantities are an estimation based on the quantity of single product category - using as a benchmark the most representative items in terms of sale and weight - sold by Coster Group in 2018, taking into consideration the weight of each component.

It must be reported an important refining of the calculation system adopted in 2018, which has reduced the approximation rate and enhanced accuracy thus also explaining some discrepancy in the comparison with 2017 figures. In particular:

- Paper is used in the rolling tapes of the Bag-On-Valves and in carton boxes. It has been introduced the KPI of used carton boxes count, assigned with the equivalent weight of 1kg, in place of the estimate based on production volumes and items benchmark for average box quantity. In 2018, Coster used **2,319 mln of carton boxes** for finished product packaging , **the tot use of recycled fibres amounts to 60%**.
- It has been fine-tuned the benchmarking of special actuators category and introduced the standard actuator one, to better distinguish from spray caps and represent weights throughout the big variety of actuation systems
- It has been obtained the breakdown of alu and tin-plate use for valves mounting cups from crossing data of cups purchase split by materials and valves production volumes

	Plastic resin [t]	Steel [t]	Aluminum [t]	Rubber [t]	Tin plate [t]	Laminate foil [t]	Paper [t]
2018	12455	603	530	754	5539	236	2327
2017	11345	594	1174	787	4251	266	3220

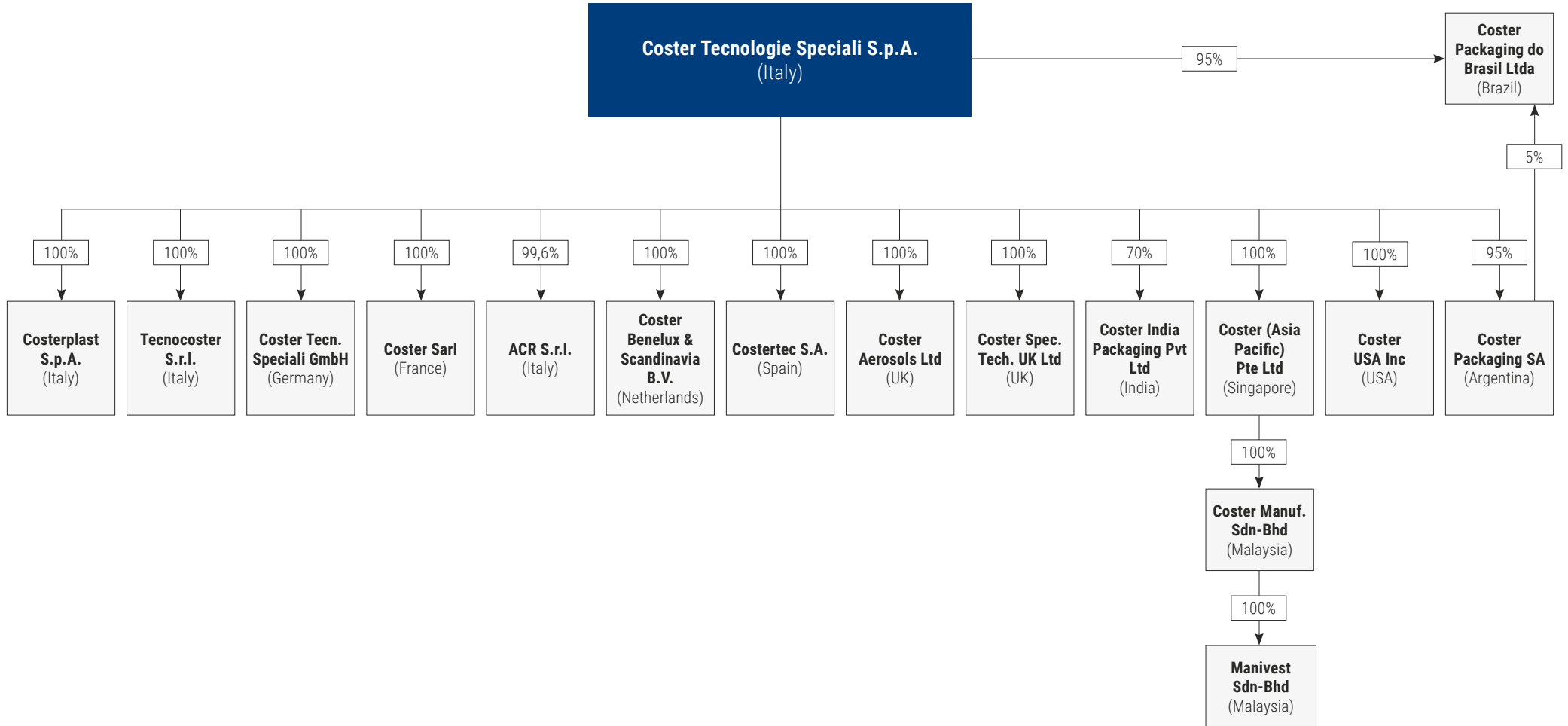
RAW MATERIALS – Roadmap 2019

New initiatives regarding materials:

- testing ALU mounting cups for 1" valves and BOVs with thickness reduction from 0,42 to 0,38 mm
- testing on mounting cups with reduced tin-plating of 1-2 g/m2 both on epoxy and on plain versions
- increase to 90% the content of recycled fibres in the box content used as secondary packaging in combination with use of FSC certified cardboard



Facts & figures



Employees

Workforce by Geographic Area and Gender

	TOTAL	MALE	FEMALE
EMEA	587	421	166
NAFTA	22	14	8
LATAM	136	124	12
APAC	233	189	44

Total number of employees by employment contract by gender

	TOTAL	PERMANENT	TEMPORARY
MALE	748	721	27
FEMALE	230	208	22

Total number of employees by employment contract by region

	TOTAL	PERMANENT	TEMPORARY
EMEA	587	538	49
NAFTA	22	21	1
LATAM	136	136	0
APAC	233	233	0

Total number of employees by employment type and by gender

	TOTAL	MALE	FEMALE
FULL-TIME	926	734	192
PART-TIME	52	14	38

Turnover rate by site and age group

Site	<30 years old	30<x<50 years old	>50 years old
Coster Tecnologie Speciali	13%	7%	5%
Coster Ltd Barlborough	0	0	8%
Coster Ltd Stevenage	0	75%	75%
Coster B&S	4,5%	4%	11%
ACR	0	0	0
Tecnocoster	25%	0	0
Costerplast	0	0	0
Coster SARL	0	0	0
Coster GmbH	0	0	0
Coster USA	0	30%	18%
Coster Packaging	21%	4%	0
Coster India	4%	15%	13%
Costertec	23%	17%	0
Costerpack Manufacturing	7%	9%	0



Occupational health and safety

Plant	Injury Frequency Index (IF)	Injury Severity Index (IG)
Coster 1 (Coster Tecnologie Speciali SPA)	1,04	0,07
Coster 2 (Coster Tecnologie Speciali SPA)	1,24	0,04
Coster 3 (Coster Tecnologie Speciali SPA)	0	0
Costertec	1,19	0,12
Coster USA	0	0
Coster Ltd Barlborough	0	0
Coster Ltd Stevenage	0	0
Coster Packaging	0,37	0,14
Coster B&S	0	0
Pero 1 (Coster Tecnologie Speciali SPA)	0	0
Pero 2 (Coster Tecnologie Speciali SPA)	0	0
ACR	0	0
Coster India	0	0
Tecnocoster	0	0
Costerplast	0	0
Costerpack Manufacturing	0,60	0,01
Coster SARL	3,23	2,59
Coster GMBH	0	0

Procurement budget on local suppliers

Plant	% of procurement budget spent on local suppliers
ACR	90
Coster Tecnologie Speciali S.p.A.	71,4
Costerplast	41,7
Tecnocoster	35,9
Coster Sarl and Coster GmbH	≤ 5 (Note: sales and distribution centers purchasing from Coster manufacturing factories)
Coster B&S	15 (Note: packaging material, services, transport, canteen)
Coster Packaging	76,25
Coster India	38
Coster USA	9,5 (Note: the geographical definition of local is within 2 hours driving time from the facility)
Costertec	43,3
Costerpack Manufacturing	100
Coster Ltd - Stevenage	10
Coster Ltd - Barlborough	1 (Note: local means based in the county of Derbyshire)

Note: by Local it is usually meant the same Country where the facility operates, unless diversely indicated in the notes inside the table

Total Material Used

	TOT [ton]	Valves [kg]	Dispensers [kg]	Spray pumps [kg]	Perfumery pumps [kg]	Spray caps [kg]	Special actuators [kg]	Actuators [kg]
Plastic resin	10747	1.284.000	1.114.000	718.000	342.000	3.772.000	3.120.000	397.000
Steel	603	323.000	82.000	83.000	115.000	/	/	/
Alu	530	385.000	/	/	145.000	/	/	/
Dip-tube <i>Included in plastic resin</i>	1708	1.560.000	80.000	45.000	24.000	/	/	/
Rubber	754	748.000	/	1.700	4.200	/	/	/
Tin-plate	5539	5.539.000	/	/	/	/	/	/
Laminate foil	236	236.000	/	/	/	/	/	/
Paper	2327	7.800	/	/	/	/	/	/

Recycled Input Material Used

	TOT [ton]	% of recycled
Plastic resin	10747	0
Steel	603	80 ÷ 90
Alu	530	60 ÷ 75
Dip-tube <i>Included in plastic resin</i>	1708	0
Rubber	754	0
Tin-plate	5539	65 ÷ 75
Laminate foil	236	0
Paper	2327	60

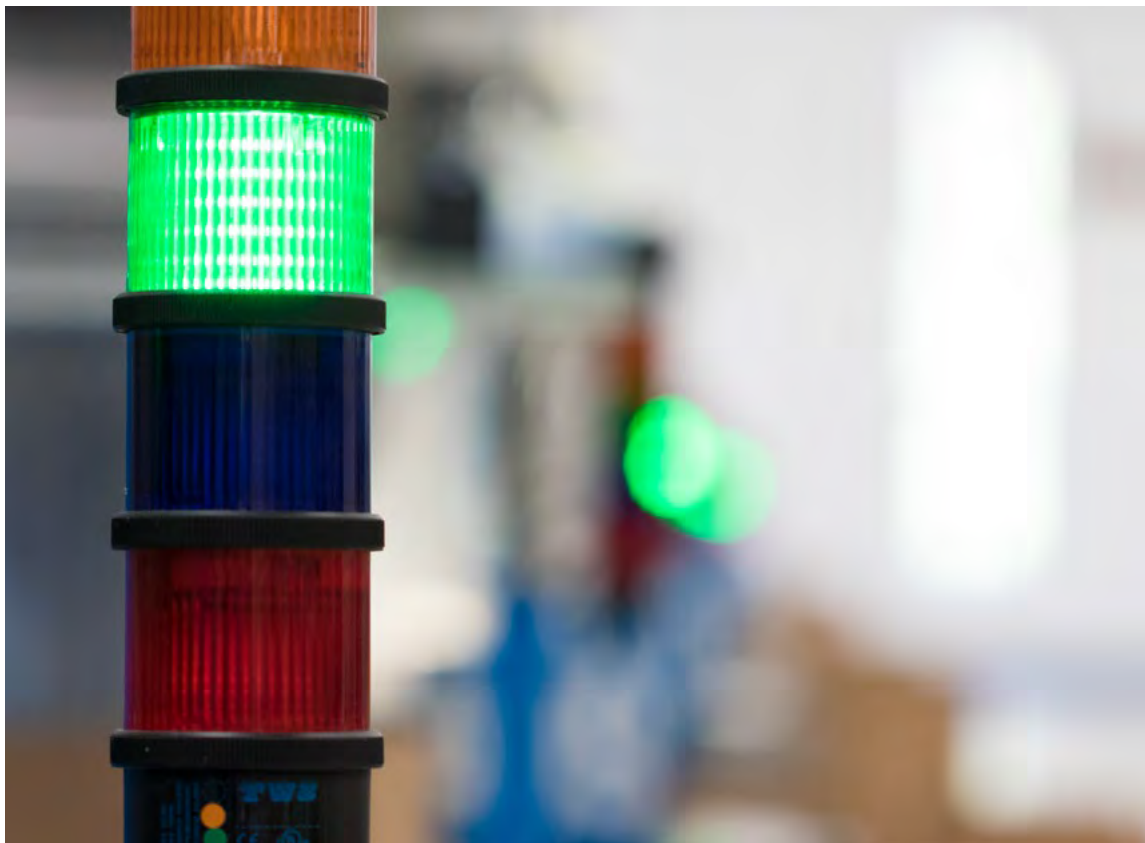




For metallic materials (steel, aluminum, tin plate), the data of recycled input material used in percentage has been provided by the suppliers enquired on purpose. For paper, the data result from the total number of cardboard boxes used, the assumption of average weight of 1 Kg per box (also based on data) and the % of recycled fibres used in cardboard declared by the box sup-

pliers. These data have been provided by each facility enquired. If more box suppliers have been used in the same site, and the % of recycled paper vary among suppliers, it has been considered the allocation of supplies to every suppliers or, if not possible, the average recycle % among the different suppliers.

	Tecnocoster	B&S	Coster Ltd BB	Coster Pack-aging	Coster USA	Costerplast	Costertec	Coster Ltd Stev.	Costerpack	Coster India	Coster1	Coster2	Coster3	Tot
Nr box used	208773	138000	275000	288000	34559	425167	116619	60000	29237	28760	27167	284000	403040	2.318.322
% recycled fibres	74	82	100	0	30	40	100	100	100	85	50	50	68	60
Nr box recycled	154492	113160	275000	0	10367	170067	116619	60000	29237	24446	13583	142000	274067	1.383.038



Fuel consumption for Heat Generation and Generators

			Total 2018
LPG for Heat	LPG	Sm3	0
Diesel for Heat	Diesel	l	22686
Fuel oil for Heat	Fuel Oil	l	0
Natural gas for Heat	Natural Gas	Therm	16351
		KWh	974226
		Sm3	338907

Direct (Scope 1) GHG emissions

Plant	Fuel type	GHG emissions [tons CO2e]	Fuel consumption	
		2018	2018	Fuel unit
Tecnocoster	Natural gas	44,3	23.521	m3
Pero2	Natural gas	31,3	16.585	m3
Pero1	Any fuel	0,0	-	
Coster USA	Natural gas	87,6	16.531	therm
Costertec	Gas/Diesel oil	33,7	12.611	l
Coster Sarl	Natural gas	15,8	8.371	m3
Coster Packaging	Gas/Diesel Oil	3,8	1.440	l
	Natural gas	9,3	4.926	m3
Coster GmbH	Natural gas	19,5	10.357	m3
ACR	Natural gas	18,8	10.000	m3
Coster 3	Natural gas	144,9	76.869	m3
	Diesel oil	0,4	150	l
Costerplast	Natural gas	43,2	22.928	m3
	Diesel oil	0,6	225	l
Coster 2	Natural gas	193,4	102.603	m3
Coster 1	Natural gas	88,5	46.944	m3
Costerpack		0,0	-	m3
Coster B&S		29,8	15.803	m3
Coster Ltd	Natural gas	196,7	974.226	KWh
Coster India	Diesel oil	22,1	8.260	l
Total 2018		984		

Conversion factors were calculated based on The Greenhouse Gas Protocol Initiative data.

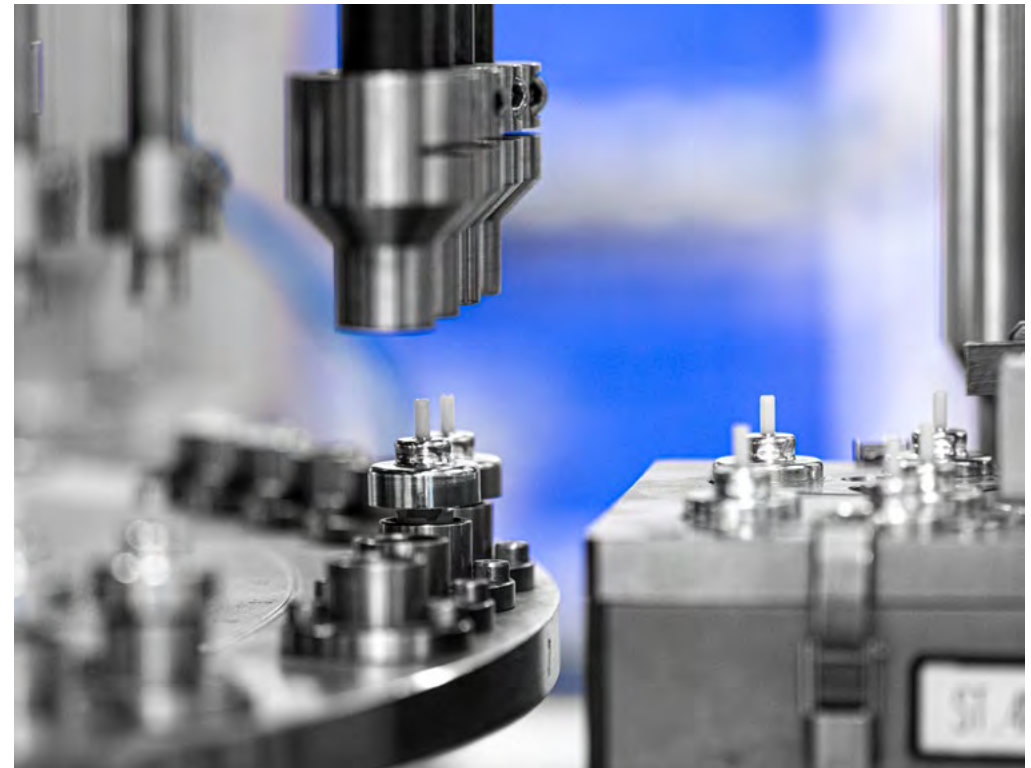
Energy indirect (Scope 2) GHG emissions

Plant	GHG emissions [tons CO2e]	Energy consumption [Kwh]
	2018	2018
Tecnocoster	1.486,1	3.700.318
ACR	14,6	36.300
Pero2	41,5	103.300
Pero1	218,6	544.380
Coster USA	443,0	626.669
Costertec	422,7	1.452.703
Coster Sarl	2,9	48.000
Coster B&S	451,1	1.117.000
Coster GmbH	9,2	19.270
Coster 3	1.473,5	3.668.936
Costerplast	1.663,9	4.142.896
Coster 2	2.781,8	6.926.370
Coster 1	975,0	2.427.655
Costerpack	1.202,7	1.748.685
Coster Packaging	2.343,0	6.004.661
Coster Ltd	600,8	1.363.418
Coster India	819,3	957.300
Total 2018	14.950	34.887.861

Conversion factors were calculated based on The Greenhouse Gas Protocol Initiative data. The emission factors were calculated considering 100% electricity consumption per plant.

Material quantity: benchmark item used per category group

Product group	Valves	Dispensers	Spray pumps	Perfumery Pumps	Spray Caps	Special actuators	Actuators
Benchmark item	*NKPM 125.827 150LPS *NKWBU 470.834 + V14.46/141 20 D 6/100 *10% Alu and 90% tinplate m.cups	SCP199/2000 + V05.1571 + V07.5 120LPS 58,7% Steel ball V16.76, 41,3% ball POM V16.227	GMSP 312/100 + V08.57 + V04.1442 + V20.5 PP 168 LPS	15 MPE 56/90 + V04.1224 + V01.160 100LPS	V21.88/222	V04.1836 + V20.60 V21.140/82 (Petal) V21.116/261 (Polaris) V21.76/235 (Xena)	V04.702



Methodological notes

Coster's 2018 Sustainability Report represents the main means of communicating to the stakeholders the Company's commitment and the path towards Sustainability. Coster is developing and implementing the Corporate Social Responsibility along its chain of values, making Sustainability an integral part of its business. For this reason, Coster has adopted precise, measurable and reproducible key performance indicators (KPI), which are an objective for all corporate functions.

Unless otherwise stated, the scope (reporting period) of Coster's Sustainability Report covers information and data for the year 2018 – with coincides with the calendar year- consolidated in the Annual Report as of December 31, 2018. Coster issued this document in compliance with the GRI Standard, issued in 2016, and follows the core option. As this non-fiscal report is at its second edition, Coster believes it is of utmost importance to provide the stakeholders with a yearly document outlining the company's efforts in implementing its Corporate Social Responsibility policy. The complete review of the annual Sustainability Report is made by the entire Executive Committee (ComEx), including the President and the CEO, where all the executive officers check the contents with a specific focus on the material topics covered by their position in the Organization. The CEO finally approves the Sustainability Report and ensures that all material topics are adequately covered and reported.

Unless otherwise specified or required by the context in which they are used:

- The terms "Coster", "Coster Group", "Group" and "Company" refer to all companies consolidated within Coster Tecnologie Speciali S.p.A.
- the term "customer" as used in this Report refers to the end user of our products or services

Unless otherwise indicated or required by the context, the information and data contained in this Sustainability Report relate to financial year 2018 (January 1, 2018 to December 31, 2018) and to all Coster companies worldwide falling within the scope of consolidation at December 31, 2018.

The exclusion of any geographical area, Group company, or specific site from the scope of reporting is attributable to the inability to obtain data of satisfactory quality, or to its immateriality in relation to the Group as a whole, as may be the case for newly-acquired entities or production activities that are not yet fully operational. In some cases, entities that are not consolidated in the financial statements were included in the scope of reporting because of their significant environmental and social impacts.



Some of the GRI KPI stated, show a substantial difference from 2017 to 2018, because in 2018 data collection was deeply improved by using a specific checklist and by involving directly every single operational site.

For any Claims connected to this second non-fiscal report, please contact Andrea Raineri, Quality Assurance, Sustainability and Social Responsibility Manager by phone at +39 0461 726457, or by email at andrea.raineri@coster.com.



GRI Content index

The GRI Content Index is made up of two parts. The first contains references to the disclosures reported in accordance with the core option, based on the materiality analysis carried out in the reporting year. The second contains references to additional GRI disclosures that complete the outline of Coster's performance.

For each disclosure, the page number refers to the 2018 Sustainability Report.

<i>GRI STANDARDS</i>	<i>REPORTING REQUIREMENT</i>	<i>COSTER'S RESPONSE</i>
GRI 101 FOUNDATION		
GRI 102 GENERAL DISCLOSURES		
102-1	Name Of The Organization	p 13
102-2	Activities, Brands, Products, And Services	p 13
102-3	Location Of Headquarters	p 13
102-4	Location Of Operations	p 13
102-5	Ownership And Legal Form	p 21
102-6	Markets Served	p 13
102-7	Scale Of The Organization	p 14, p 22, p 52, p 62
102-8	Information On Employees And Other Workers	p 21, p 75
102-9	Supply Chain	p 67
102-10	Significant Changes To The Organization And Its Supply Chain	There have been no significant changes to the organization size, structure, ownership or supply chain during the reporting period
102-11	Precautionary Principle Or Approach	p 29
102-12	External Initiatives	p 32
102-13	Membership Of Associations	p 24, p 50
STRATEGY		
102-14	Statement From Senior Decision-Maker	p 5
ETHICS AND INTEGRITY		
102-16	Values, Principles, Standards, And Norms Of Behavior	p 15, p 29
102-17	Mechanisms for advice and concerns about ethics	p 26

<i>GRI STANDARDS</i>	<i>REPORTING REQUIREMENT</i>	<i>COSTER'S RESPONSE</i>
GRI 102 GENERAL DISCLOSURES		
GOVERNANCE		
102-18	Governance Structure	p 21
102-19	Delegating authority	p 22
102-21	Consulting stakeholders on economic, environmental, and social topics	p 16
102-25	Conflicts of interest	p 25
102-26	Role of highest governance body in setting purpose, values, and strategy	p 22
102-30	Effectiveness of risk management processes	p 38
102-32	Highest governance body's role in sustainability reporting	p 82
102-33	Communicating critical concerns	p 26
102-34	Nature and total number of critical concerns	p 26
STAKEHOLDER ENGAGEMENT		
102-40	List Of Stakeholder Groups	p 16
102-41	Collective Bargaining Agreements	p 28
102-42	Identifying And Selecting Stakeholders	p 16
102-43	Approach To Stakeholder Engagement	p 16
102-44	Key Topics And Concerns Raised	p 18
102-45	Entities Included In The Consolidated Financial Statements	p 74
102-46	Defining Report Content And Topic Boundaries	p 16, p 17, p 18
102-47	List Of Material Topics	p 18
102-48	Restatements Of Information	p 82
102-49	Changes In Reporting	p 82
102-50	Reporting Period	p 82
102-51	Date Of Most Recent Report	p 82
102-52	Reporting Cycle	p 82
102-53	Contact Point For Questions Regarding The Report	p 83
102-54	Claims Of Reporting In Accordance With The Gri Standards	p 83
102-55	Gri Content Index	p 84
GRI 103 MANAGEMENT APPROACH		
103-1	Explanation Of The Material Topic And Its Boundary	p 13, p 18, p 19, p 20
103-2	The Management Approach And Its Components	p 6, p 7, p 13, p 15, p 16, p 18, p 21, p 25
103-3	Evaluation Of The Management Approach	p 6, p 7, p 13, p 15, p 16, p 18, p 21, p 25, p 36

<i>GRI STANDARDS</i>	<i>REPORTING REQUIREMENT</i>	<i>COSTER'S RESPONSE</i>
200 ECONOMIC DISCLOSURES		
GRI 201: ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	p 22
201-4	Financial assistance received from government	p 23
GRI 202: MARKET PRESENCE		
202-2	Proportion of senior management hired from the local community	p 52
GRI 203: INDIRECT ECONOMIC IMPACTS		
203-1	Infrastructure investments and services supported	Coster has never supported the development of infrastructure investments and services
GRI 204 : PROCUREMENT PRACTICES		
204-1	Proportion of spending on local suppliers	p 69
GRI 205 ANTI-CORRUPTION		
205-1	Operations assessed for risks related to corruption	p 27
205-2	Communication and training about anti-corruption policies and procedures	p 27
205-3	Confirmed incidents of corruption and actions taken	As of the date the Compliance Line was launched, Coster does not have: any confirmed incidents of corruption, any confirmed incidents in which employees were dismissed or disciplined for corruption, any confirmed incidents when contracts with business were terminated or not renewed due to violations related to corruption, any public legal cases regarding corruption brought against the organization or its employees during the reporting period
GRI 206: ANTI-COMPETITIVE BEHAVIOUR		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	p 27
300 ENVIRONMENTAL TOPICS		
GRI 301 MATERIALS		
301-1	Materials used by weight or volume	p 72, p77
301-2	Recycled input materials used	p 77
GRI 302 ENERGY		
302-1	Energy consumption within the organization	p 42
GRI 303 WATER		
303-1	Water withdrawal by source	p 45
GRI 305 EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	p 80
305-2	Energy indirect (Scope 2) GHG emissions	p 80
GRI 306 EFFLUENTS AND WASTE		
306-2	Waste by type and disposal method	p 46
306-3	Significant spills	In 2018 Coster does not have any significant spills recorded
306-4	Transport of hazardous waste	Coster does not use any material that could lead to the production of hazardous waste
GRI 307 ENVIRONMENT COMPLIANCE		
307-1	Non-compliance with environmental laws and regulation	p 48

<i>GRI STANDARDS</i>	<i>REPORTING REQUIREMENT</i>	<i>COSTER'S RESPONSE</i>
GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT		
308-1	New suppliers that were screened using environmental criteria	In 2018 there have been no new suppliers. Existing suppliers have been screened upon environmental criteria
308-2	Negative environmental impacts in the supply chain and actions taken	p 70
400 SOCIAL TOPICS		
GRI 401 EMPLOYMENT		
401-1	New employee hires and employee turnover	p 56
GRI 402 LABOR/MANAGEMENT RELATIONS		
402-1	Minimum notice periods regarding operational changes	In the European Union (EU), the Council Directive 01/23/EC stipulates that in the event of a transfer of businesses, plants, or parts of businesses or plants, as a result of a contractual sale or merger, an information and consultation procedure must be conducted with employee representatives. The procedure must be initiated a reasonable period of time prior to the transfer. Moreover, the Council Directive 98/59/EC on the approximation of the laws of the EU member states relating to collective redundancies requires the employer to hold consultations with workers' representatives whenever collective redundancies are being contemplated. For this reason, Coster's notice period is of 90 days (3 months)
GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p 57
403-3	Workers with high incidence or high risk of diseases related to their occupation	Coster values its employees' safety and has enforced severe mechanisms to prevent incidents and diseases connected to the workplace – such as SMETA 4 pillars.
GRI 404 TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	p 52
GRI 405 DIVERSITY AND OPPORTUNITY		
405-2	Ratio of basic salary and remuneration of women to men	p 54
GRI 406 NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	During the reporting period, there were no cases of discrimination identified by or notified to Coster
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p 28
GRI 408 CHILD LABOR		
408-1	Operations and suppliers at significant risk for incidents of child labor	p 28
GRI 409: FORCED OR COMPULSORY LABOR		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p 28

<i>GRI STANDARDS</i>	<i>REPORTING REQUIREMENT</i>	<i>COSTER'S RESPONSE</i>
GRI 410: SECURITY PRACTICES		
410-1	Security personnel trained in human rights policies or procedure	100% of security personnel, where employed, have received formal training in human rights policies and procedures and their application to security
GRI 411: RIGHTS OF INDIGENOUS PEOPLES		
411-1	Incidents of violations involving rights of indigenous peoples	p 28
GRI 412: HUMAN RIGHTS ASSESSMENT		
412-1	Operations that have been subject to human rights reviews or impact assessments	p 55
GRI 413: LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development program	p 48
413-2	Operations with significant actual and potential negative impacts on local communities	p 48
GRI 414: SUPPLIER SOCIAL ASSESSMENT		
414-1	New suppliers that were screened using social criteria	In 2018 there have been no new suppliers. Existing suppliers have been screened upon social criteria
414-2	Negative social impacts in the supply chain and actions taken	p 70
GRI 415: PUBLIC POLICY		
415-1	Political contributions	Coster Group does not support with donations any political party or political entities
GRI 416: CUSTOMER HEALTH AND SAFETY		
416-1	Assessment of the health and safety impacts of product and service categories	N/A
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417: MARKETING AND LABELING		
417-1	Requirements for product and service information and labelling	N/A
417-2	Incidents of non-compliance concerning product and service information and labelling	N/A
417-3	Incidents of non-compliance concerning marketing communications	in 2018 Coster has not recorded any non-compliance related to marketing communication
GRI 418: CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p 38
GRI 419: SOCIOECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	In 2018 Coster has not recorded any fines for non-compliance with laws and/or regulation

WE ARE

ECONOMIC

ENVIRONMENT

SOCIAL



The background is a complex grid of numerous small, semi-transparent images. These images depict various scenes of people in professional or corporate environments, such as conferences, meetings, and networking events. The overall color palette is dark, with many blues and greys, and the text is rendered in a bright, clean white font.

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