

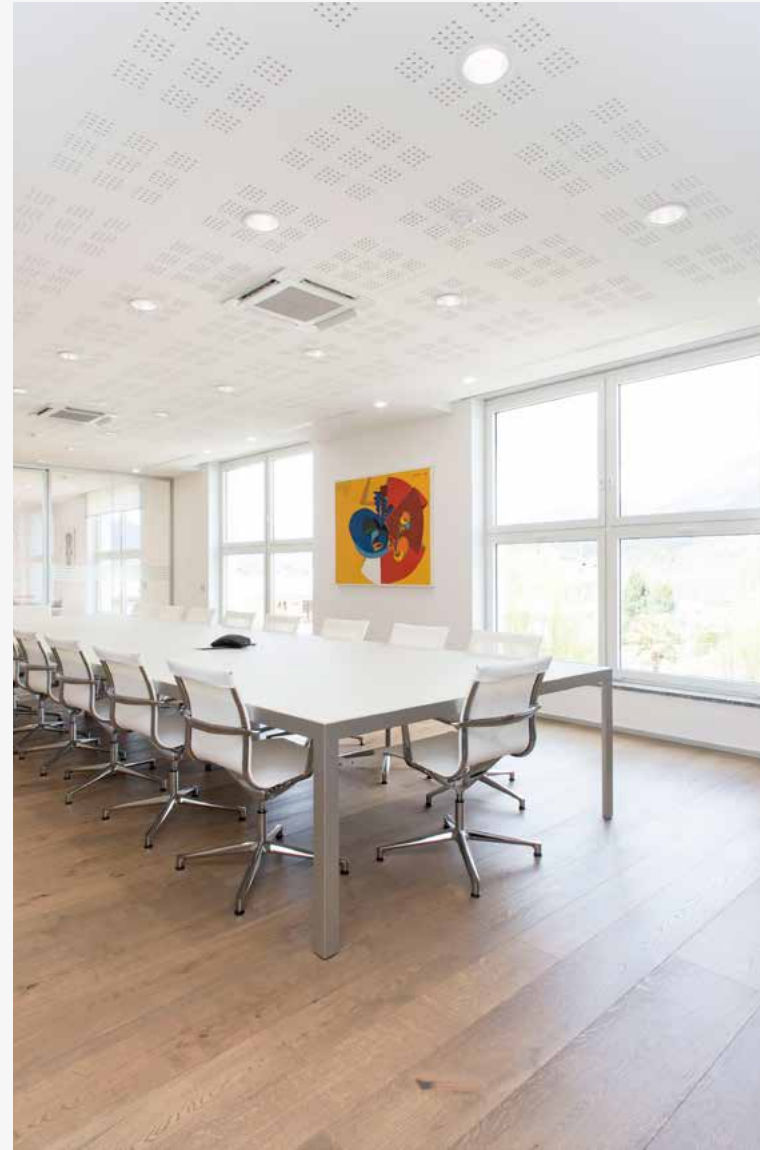


Sustainability Report 2019





SUSTAINABILITY REPORT 2019



Dear stakeholder,

the world of business has significantly changed throughout recent years and one of the buzzwords driving this change is Sustainability. In this scenario of big challenges for planet and society, Coster has continued supporting its customers to achieve their own programs and targets addressed to CSR, as a B2B industry priority.

In 2019 we achieved the ISO 26000 - ISO 20400 certifications, thus bringing our Group sustainable model to the top standards and disseminating our beliefs through the supply chain.

We have gained the score "A-" from CDP Climate Change assessment, which reflects our ambition to the leadership approach in tackling the carbon emission reduction tasks.

This year we have worked to increase energy efficiency in our plants and big efforts have been addressed in purchasing energy from renewable sources. We are delighted to announce that 100 % of the electric power used in EU plants, and 76 % worldwide, is sourced from renewable sources starting from January 2020.



At the turn of 2019 and 2020 we have become signatories of the "New Plastic Economy Global Commitment".

Our technicians and R&D actively work to drive innovation through the circular economy model, PCR materials and recyclability solutions are inspiring different projects to revolutionise the packaging design, which together with the Life Cycle Analysis tool enable us to measure our products impacts on the environment.

The Coster Academy expresses the best of our Group schooling and education program. Our people can recognize in the investments and efforts made to improve our working environment, like the new Corporate House in Milan, family days across the group, new welfare solutions and compliance upgrading for EHS and GHGs.

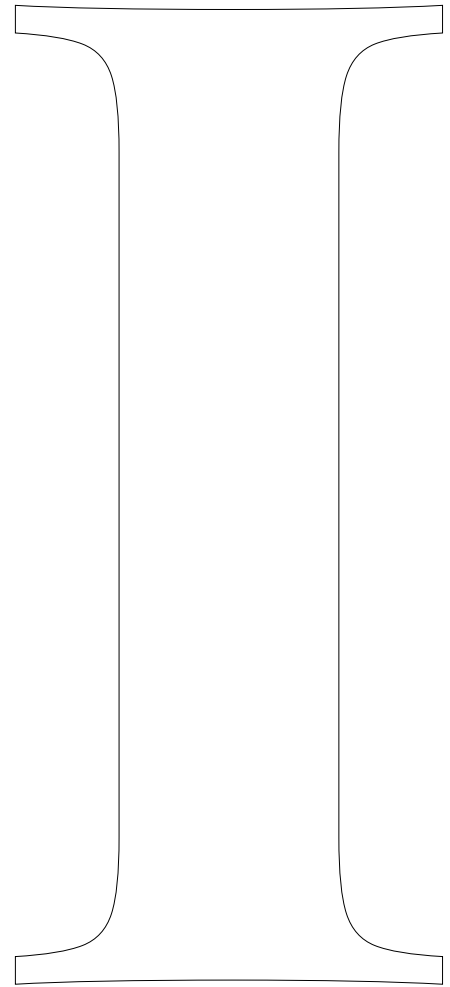
We have fixed ambitious goals of business growth jointly with transparent targets of carbon emission and waste to landfill reduction, renewable energy sourcing, H&S performance and sustainable procurement achievement. Our confidence in the future success on all these fronts lies on the strong company commitment and the talented and motivated staff at all organisational levels.



People are a fundamental pillar of our corporate strategy, they drive our future with a passion and sense of responsibility that distinguishes them. The start of 2020 has brought a big challenge in the life of all of us with the Coronavirus sanitary emergency. The sense of duty, loyalty and the team spirit showed by all our workers in these dramatic conditions of restrictions and isolation must be given grateful prominence and reinforce our firm belief in the strong values that we all share in Coster, to continue our sustainable journey.¹

Bernard MSELLATI
GROUP CEO

Martina SEGATTA
GROUP PRESIDENT



Introduction

2019 was a year of big achievements in Coster's sustainable journey. Driven by the strong and consistent commitment fielded at all Management levels, this wave of energy and motivation has pulsed through the whole organization with a genuine passion to forge ahead and obtain notable results.

At the heart of all our actions, the ethical behaviour and fair business conduct, the respect for the environment with a special eye to the material aspects of responsible energy consumption and plastic circular economy, the people well-being and talents within a healthy and prosperous community framework are the values in which we firmly believe.

Moving forward consistently with the road map designed in 2018 and the commonly agreed values promoted in the organisation, some achievements shall be spotlighted for year 2019

Signatory of the New Plastic Economy Global Commitment

At the turn of 2020 Coster has joined the global movement led by the Ellen MacArthur Foundation in tackling the challenge of turning the circular economy model into reality. Eco-design and recyclable solutions are under development to drive big changes in our packaging concepts

ISO 26000 & ISO20400 certifications

These statements, applicable to the whole Group, attest to the top-level compliance achieved by the CSR and sustainable procurement models implemented in Coster. In 2019 we defined the 3 year roadmap of supply chain and procurement sustainable practices to achieve better operational performance

Environmental Management Systems

The ISO14001 certification obtained by 3 Coster Tecnologie Speciali SpA Italian facilities, joining Costerplast, Costertec and Coster USA represents 43% of all the manufacturing sites, attests to the striving efforts to protect the environment by means of a systemic, lawful and responsible approach

Renewable energy sourcing increase

At the end of 2019, 67% of the electric energy purchased by the Group comes from renewable sources. As of Jan 2020, the contracted terms take this green power sourced amount to 76% for the Group and 100% for the European facilities

Carbon emissions improvements

Coster scored "A-" from CDP (Carbon Disclosure Project) for Climate Change assessment, which places the Group in the Leadership band for this category and reflects the commitment which has brought a further -11,1% Scope 1 + Scope 2 Market Based absolute CO2 emissions from 2018 to 2019

External recognitions

The Gold Medal awarded by EcoVadis has ranked Coster in the top 1% of the companies assessed for CSR in the same industry sector
Coster sustainable business and accountability has been recognized with the "Highly Commended Award" by BAMA (British Aerosol Manufacturers' Association) in the sustainability category

Product solutions

Capri is the first aerosol actuator moulded with PCR resins available as a stock item. The LCA indicates 36% of Carbon Footprint reduction towards the standard version. Other PCR and bio-based plastic solutions have been tested and released in the catalogue

People and community

New welfare solutions, the first Coster Family Day and working environments of excellence represented by the new Corporate House in Milan are for our people whom are at the centre of Coster policies and strategies.
The Academy on Sustainability for high school students has been a successful expression of the Education & Schooling initiative fostered in the Group

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


























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Coster sustainability plan

The KPIs and targets disclosed in this section are the ones that Coster considers strategical and in line with the current global necessities, international programs and market requirements. These 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 compliance with the GRI Standards requirements.

ASPECT	DESCRIPTION	RESULT 2018	RESULT 2019	TARGET 2019	RESULT VS TARGET 2019	TARGET 2021
 Energy - 1	Injection moulding electric consumption normalized on weight of transformed plastic [kWh/kg plastic]	2,61	2,35	-3%	-10% OK	-10%
 Energy - 2	Assembly electric consumption normalized on assembled finished goods [kWh/1000 pcs]	5,00	4,70	-2%	-6% OK	-10%
 Energy - 3	[%] Energy from renewable sources	60,48	67,35	70	KO	90
 Carbon emission - 1	Absolute Scope 1 + 2 (Market based) - CDP [metric tons CO2e]	7802,72 (base year)	6936,73	/	-11,1%	-40% (target 2024)
 Carbon emission - 2	Intensity (normalized) Scope 2 (Location based) - CDP [metric tons CO2e/mln of product units sold]	4,35 (base year)	3,76	/	-13,6%	-10% (target 2024) OK
 Waste	[%] total waste to landfill	12,5%	4,4%	8%	OK	<5%
 H&S - 1	Injury Severity Index	0,16	0,01	0,08	OK	< 0,05
 H&S - 2	Injury Frequency Index	0,43	0,15	0,25	OK	< 0,10

ASPECT	DESCRIPTION	RESULT 2018	RESULT 2019	TARGET 2019	RESULT VS TARGET 2019	TARGET 2021
Procurement – 1 	[%] of cardboard boxes from recycled material or FSC certified fibers	60%	58%	/	/	>90%
Procurement – 2 	Paper consumption reduction in offices	1,9 mln copies	1,85 mln copies	-30%	-3% KO	-50%
Procurement – 3 	[%] of recycled paper used in the offices	65%	92%	>90% OK		
Product  	Implement LCA from cradle to grave of the products for ecodesign	Project start-up	Issue of LCA for V21.88 and CAPRI actuators	LCA of 2 products	OK	Method + tool implemented
Compliance               	Increase ISO Certification coverage for integrated management systems	See § in the Report	Certification ISO26000 +ISO20400 ISO22716 in 43% mfg sites ISO14001 in 43% mfg sites	ISO22716 + ISO14001 in 85% mfg sites ISO26000 + ISO20400 HQ In progress		
EcoVadis               	EcoVadis CSR Rating – Overall score	68%	74%	70%	OK	>70%
CDP 	Carbon Disclosure Project – Climate Change scoring level	Awareness	Leadership	Management OK		
Governance	Number of issues reported to Whistle-blowing Supervisory Board	/	0	0 OK		

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 supports 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 almost 1000 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.

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, Latin America and South East Asia.

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.

Today Coster has 16 sites in 4 continents.

The company has two different headquarters in Italy: the legal headquarter is based in Calceranica al Lago, Trento, viale Trento 2 - 38050, the commercial and financial one is located in Pero, Milan, Via Leonardo da Vinci 2 - 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. The company also includes the Machinery Division in Pero (Milan) and directly controls the subsidiary companies Costerplast and Tecnocoster.

Outside of Italy, Coster has manufacturing 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.

Coster 4, ACR and Central Warehouse

As of July 2019 Coster has converted Coster 4, the facility producing Bag-On-Valves, into a Coster Tecnologie Speciali SpA site where previous production processes were outsourced to Genssarin S.r.l..

Earlier in 2019 Coster Tecnologie Speciali SpA has also incorporated the subsidiary ACR which manufactures the proprietary assembly machines, at the same time work began on enlarging the ACR production facilities with a new energy efficient and sustainable construction.

The introduction of a "logistic control tower" in the new central warehouse of Novaledo will be completed in Q2, 2020. The new building is grounded on green and sustainable solutions. Meanwhile the logistics have been reorganized with a centralized vision in the rented warehouse of Scurelle (Trento).

New Barlborough facility

In year 2019 Coster Ltd started running regular production in the new building of Barlborough site, where injection moulding, actuators and pump assembly manufacturing takes place with new employed staff and equipment.

The Corporate House

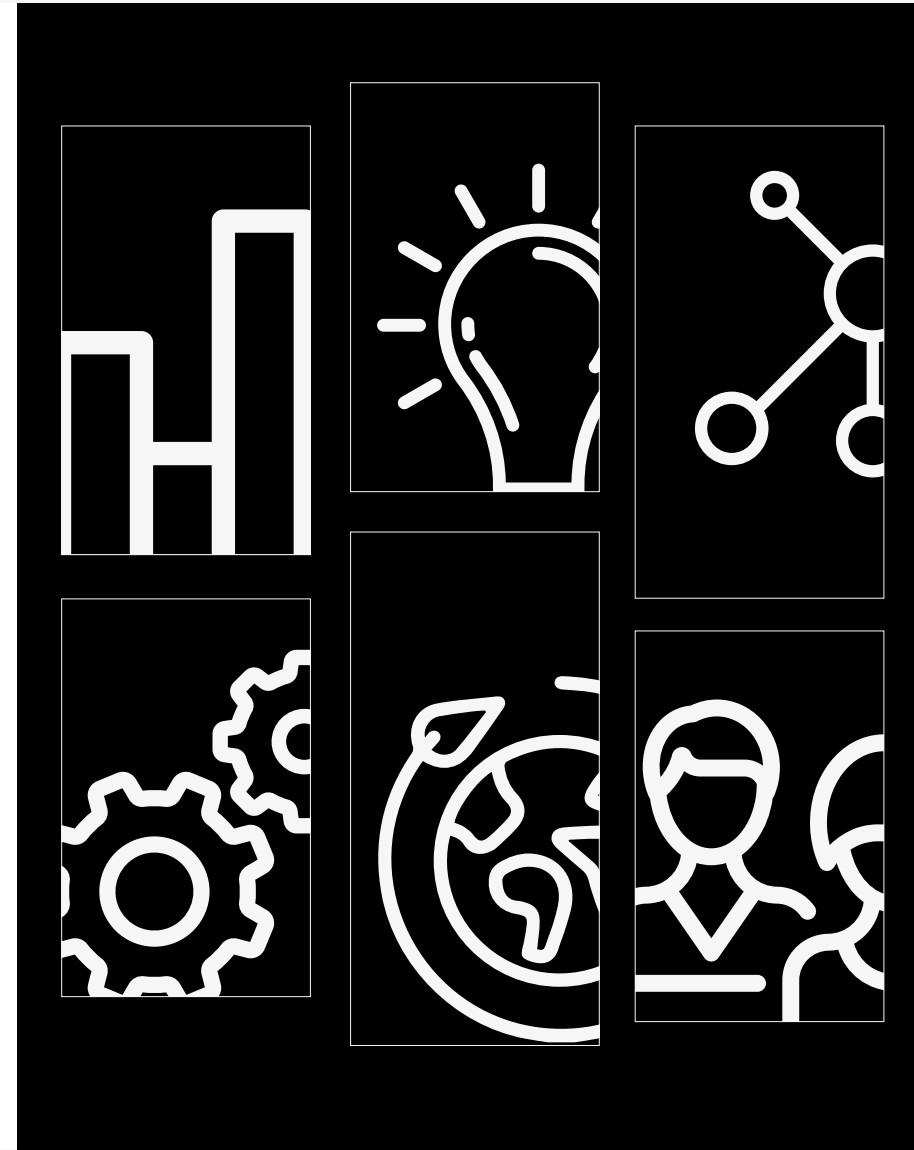
The new state of the art Corporate House in Pero – Milan – was inaugurated on Nov, 27th. The new building combines the latest in workplace design and sustainable technology, to create a workspace which is employee centric and one where people can prosper in a vibrant and engaging environment.

New Coster India at Neemrana

Also, in 2019 Coster started the relocation project of the production plant from Bhiwadi to Neemrana, in India. The new location enables the realisation of the latest sustainable and technological solutions, in line with the labour practices, environmental, industrial and social standards and stringent requirements set by Coster and the applicable GMPs for cosmetic primary packaging production.

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 entrepreneurial project 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.
- **Innovation** – a central topic for Coster, it is directly linked to market performance and competitiveness. The creation of new products, the development and evolution of the existing portfolio and the optimization of manufacturing processes are critical factors for this important pillar. Strong commitment of specific resources towards eco-design and design for recycling supports the group contribution to customers and public sustainability 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 together with the value of a clear and fair marketing communication represents a prime requirement.
- **International Footprint** - a global vision with a worldwide network and regional centers of excellence. Coster's presence in the 4 Continents and in the places where the major customers operate remains of strategic importance to stay connected to the needs and wants of customers and consumers alike.
- **Industrial and technical excellency** – a virtue recognised by clients, suppliers and competitors alike and one which results 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 its centers of excellence.
- **Sustainability and CSR** – an essential pillar to challenge the present and guarantee the future. Coster pursues transparent accountability, promotes and watches over the Group Ethical Code and Governance Model, provides whistleblowing tools and supervision by an independent body and recognised audit protocols. Social policies and initiatives addressed to all stakeholders, sustainable procurement and supply chain measures, global emissions reduction, switch to renewable energy, proper waste management to avoid landfill, product eco-design with focus on sustainable materials and recyclability are central to Coster strategies.
- **People** – will remain at the heart of what we do as a business, unleashing the potential and harnessing the talent of the workforce remains a key driver for the future. The sense of belonging that builds our strong identity must be fueled by genuine attention to working conditions, labour practices, career growth and job rotation, motivation, respectful and positive collaboration. We want to ensure our families, people in our communities including local suppliers and indirect partners are all included. We must promote education and schooling wherever we operate and we need to target the under privileged to realise how this will turn into a good impact for us.



Materiality & Stakeholder Engagement

STAKEHOLDERS ENGAGEMENT

The materiality analysis is a powerful tool to **align company vision and strategy** with the **topics dear to stakeholders**. It also helps Coster identifying its major targets taking into account the potential risks and opportunities the Group may have had.



The matrix resulting from this analysis is based on top Management functional views, in close relation with identified stakeholders, and on feedback received from Customers and Suppliers identified through internal evaluation of revenue/spend figures in terms of business and specific expression of interest into CSR issues. These internal and external stakeholders have been engaged through a specific personalized survey. In Coster's sustainability report, the materiality analysis is made up of 20 specific aspects connected to sustainability and submitted in the form of a Materiality Questionnaire to the following Management functions:

- President
- Chief Executive Officer
- Chief Financial Officer
- Quality and Sustainability Manager
- Human Resources Group Director
- Group Industrial Director
- Group Technical Director
- Group Commercial Director
- Group IT Director
- Group Supply Chain & Procurement Director
- Site Managers Coster 1, 2, 3 and 4

The most relevant stakeholders concerned in the analysis, confirmed from the previous report, are listed in the following table which also outlines the daily relationship between the corporate functions and each of the stakeholders.

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

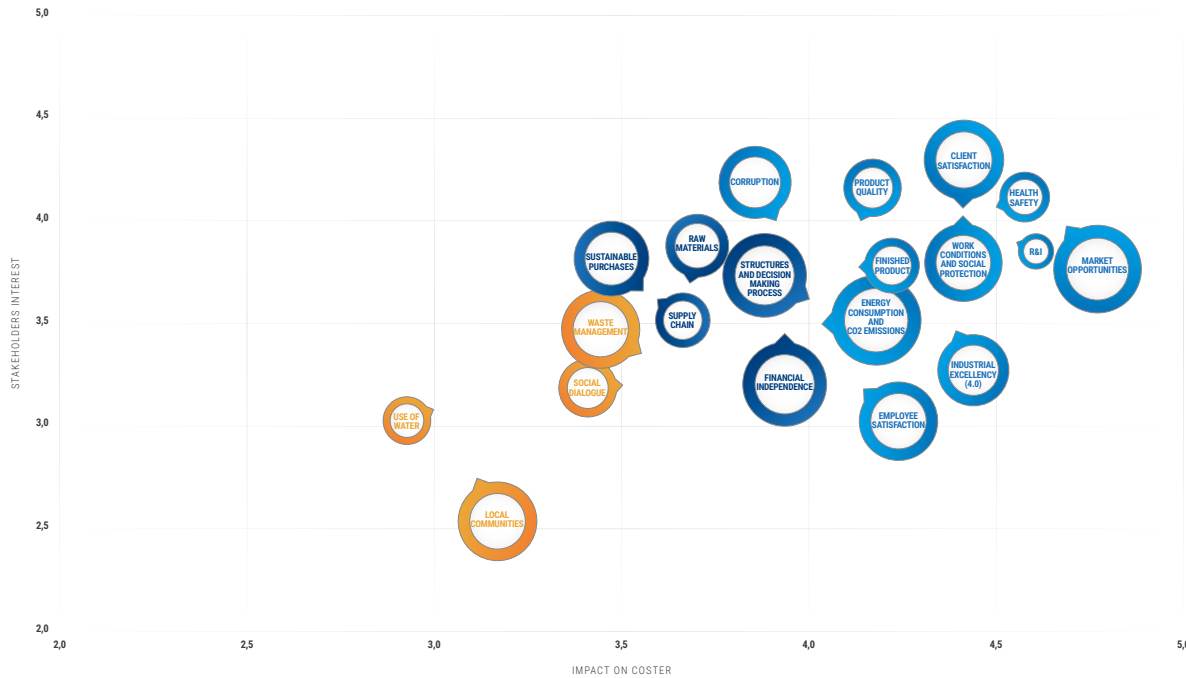
In this approach, topics are considered material if they reflect Coster's economic, environmental, and social impacts, or actually influence the decisions of stakeholders (in line with the materiality reporting principle in the new GRI Standards). For 2019, the materiality analysis previously issued in 2018 has confirmed to be still valid as far as it concerns both internal management's and external stakeholders' surveys results. The surveyed parties had to classify, according to their position, the importance of the analyzed issues from a scale from 1 (not relevant) to 5 (extremely relevant). The analysis results showed that the stakeholders' interests in the surveyed topics are aligned with Coster's. In particular, that areas of greatest stakeholders' interest are reflected by Coster's awareness and deployment of resources strategic to our crucially material topics development. This confirmed approach has resulted into the 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 the Materiality Matrix. These topics cover all the relevant areas present in the GRI standard and were 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



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. Invest on energy from renewable sources.
- Employee satisfaction: adopt welfare initiatives, work-life balance, professional growth and job rotation policies; promote training and employee involvement
- Product quality: respect clients' quality requirements, implement robust and integrated quality management systems, increase perfumery product's quality standards, guarantee customer and end-user safety;
- Finished product: promote R&I on design, eco-design for materials reduction or eradication, fit product into circular economy models, in particular for plastics. Design full recyclable systems and alternative solutions beneficial to the environment. Develop LCA on products.
- Industrial Excellency: advantages resulting from the production of filling lines, Hi-tech technologies and plants, implementation of the new IT infrastructures and networks, creation of Group's centers of excellency
- Client satisfaction: increase the commercial dynamism, presence and assistance before and after sale. Anticipate the customer's needs and market trends. Increase the quality of service and product. Diversification to expand offering, improve service and lead-times
- Work conditions and social protection: ensure that working conditions comply with national laws and norms and are coherent with international norms on labour, give adequate work conditions and environments, protection of unprivileged categories and minorities, 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, customise products compatible with

- industrial standardization; define new productive processes, develop new packaging solutions
- Market opportunities: opportunities to purchase new market shares through innovative products and choices (international footprint, increase territorial coverage, development of products portfolio). Diversification in new technologies and markets.
- 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: agility and resilience of manufacturing models. Select suppliers through sustainability criteria. Create values along the supply chain. Favour local suppliers. Adopt sustainable logistic solutions and logistic footprint network. Global connection of the Group with the new ERP SAP S/4 HANA
- Raw materials: reduce the impact of POM resin (formaldehyde emission), reduce materials' consumption, research eco-friendly materials like bio-based and PCR plastics, introduce recycled materials and reuse model wherever possible like in offices and secondary packaging
- Structures and decision-making processes: implement processes, systems, structures or other mechanisms which enable the implementation of social responsibility principles and practices. Boost fast decision-making process, even for big capital investments
- Financial Independence: perform scenario assessment and adopt corporate strategies, long-term planning and decision-making processes to avoid debt
- Sustainable purchases: bring positive economic and social impact in local context. Integrate sustainability requests along the purchasing process. Support social inclusion, cultural and economic developments in the territory of operations. 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. Pursue ISO14001 certification at Group level.
- 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

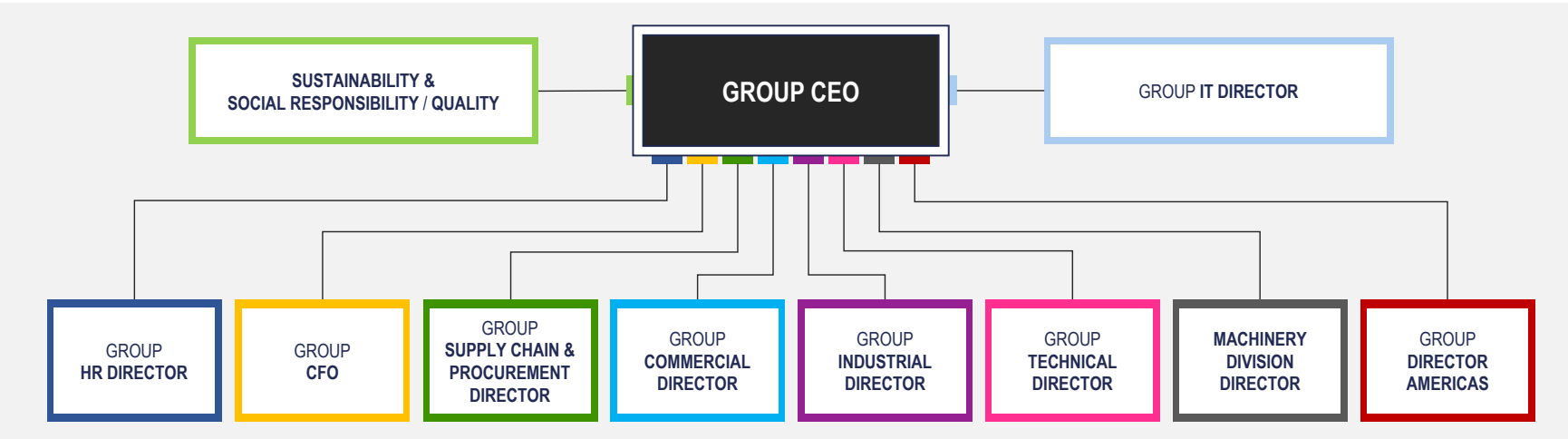


Company structure & governance



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

The Executive Committee (ComEx) is composed by President and Vice President, CEO and 9 directors who make up the Coster's Governance structure.



The ComEx 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 2019, there were 2 Management meetings, 1 General meeting and 11 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.

The Governance Model

The Governance Model, adopted and implemented in Coster Tecnologie Speciali SPA in year 2018 in compliance with the Italian law D.Lgs.231/2001, disciplines the administrative responsibility of the legal persons. The Model has the purpose of preventing risk of committing crimes by deploying correct behaviours, a whistleblowing system, an independent surveillance body reporting to the board of directors, periodical auditing and a system of disciplinary sanctions. 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. During 2019 the Supervisory Body continued work in accordance with its tasks. Also, in year 2019 the Model, thoroughly promoted within the Organization by means of specific training, has been disclosed by the parent company to all subsidiaries in the form of guidelines as representing the standard of behaviours at Coster Corporate level

Coster Governance founds its beliefs in the scouting, development and fostering talents inside and outside the companies and in generational turnover, also pursued in 2019 with important investments and organizational changes, to ensure the present and future business successfully integrated with the global progress and trends.

Women-owned enterprise



Coster is proud of its ownership and leadership exercised by our Chairwoman in decision making processes, accountability, management and control. In year 2019 Coster registered its business with **WEConnect International**. By joining this Group, Coster has become part of the global network that connects women-owned businesses to qualified buyers around the world.



Economic & financial performance

The solid financial state and clearly defined ownership are the drivers to the business plan continuity and company strategy plans.



ECONOMIC & FINANCIAL PERFORMANCE

- Capex approved for 2019 representing the 10% of the annual tot turnover (in line with the previous years)
- Sales growth in 2019: +5,8%

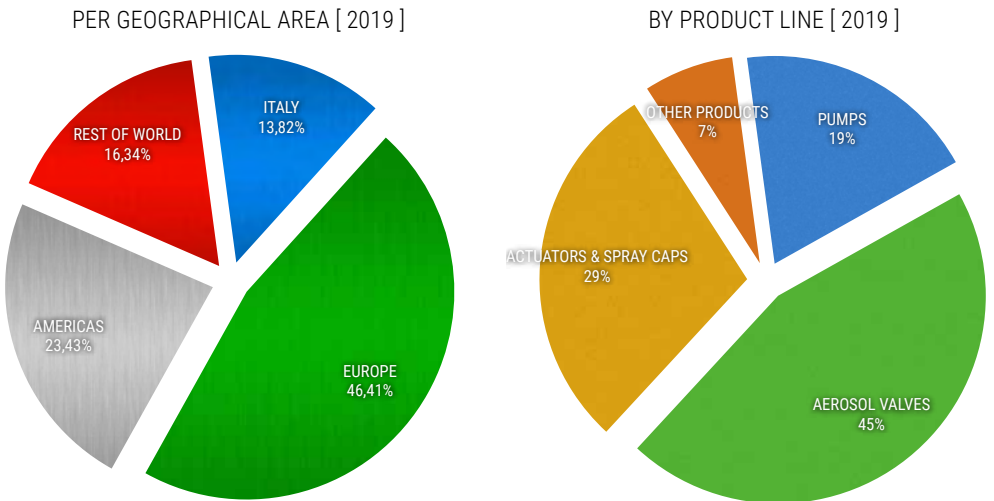
Coster counts on the following main economic and financial levers:

- a solid shareholding structure,
- regular Capex and cashflow review process,
- careful analysis of warehouse and stock,
- continuous checks of customer's credit-worthiness and outstanding payments,
- financial accounts reviews made by external accredited company as well as for fiscal and legal assistance,
- a comprehensive scheme of insurance policies well covering the company responsibility including both civil and penal liability for the product and people,
- The Governance Model 231 to oversee 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 2019 are positive, both in terms of revenues and net income. This was achieved despite the negative impacts of the devaluating ARS currency, thanks to the 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

	2019 [€/1000]	DELTA [€/1000]	2018 [€/1000]	2017 [€/1000]
Total revenues	209.056	+ 8.806 (4%)	200.250	201.503
Total sales	201.527	+ 8.473 (4%)	193.054	192.251
NET INCOME (EAT)	11.764	+ 1.407 (14%)	10.357	12.558

TURNOVER BREAKDOWN



ECONOMIC & FINANCIAL PERFORMANCE

Financial assistance received from government (GRI201-4)

In year 2019, the Italian Coster companies altogether cashed in the sum of € 202.532,52 by the Italian State as Energy Contribution relevant to years 2016 and 2017. It consists of an annual incentive granted by the national government to the high energy-consuming companies, to facilitate the global competitiveness of those organizations highly impacted by the costs of energy (particularly unfavourable in Italy within the UE scenario) thus presenting a high energy intensity. It only covers Country Italy. Starting from Jan 1st 2018, the Italian Ministry for Economic Development has changed the concerned law in the direction of directly reducing the cost of electricity for said companies more exposed to foreign competition, in order to introduce in Italy the measures promoted in Europe and align the costs for energy supply to the ones applied to EU companies, therefore this annual Energy Contribution will disappear as of the next Reports.

Coster LTD cashed £3,000 allowance against National Insurance deductions called "Employment Allowance". Country: UK

Costertec received tax relief amount of 23.022,50 €. Country: Spain

Coster Packaging received tax relief amount of 43.534.321 for export vat and 43.108.295 for export reimbursements. Government body: Argentinian Fiscal Authority. Country: Argentina

Costerpack Manufacturing received the Wage Credit Scheme from the Tax Authority (Government co-funding to support business embarking on transformation efforts) of 1095 \$ + 980 \$ for Qualifying years respectively 2019 and 2018. Currency in Singapore dollars. Country: Malaysia

The shareholding structure doesn't include any government representatives.

Membership to associations

Relations with the regulatory authorities, institutions and public entities are based on ethical conduct, transparency and are disciplined by the Governance Model 231.

The main institutions which Coster partnered and worked with in 2019 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, in the Netherlands
- CFA (Comité Français des Aérosols). Aerosol Recycling work group created by the CFA, 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 Industriali Trento
- IBC Ass.Ind.Beni Di Consumo
- Federmeccanica
- Federchimica
- CADEA (Camara Argentina DEI Aerosol)
- CAIP (Camara Argentina de la Industria Plastica)
- BAMA - British Aerosol Manufacturers Association
- BMA – Bhiwadi Manufacturers Association (India)
- 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
- NAV (Nederlandse Aerosol Vereniging)
- DVI – Deutsches Verpackungsinstitut E.V.
- Institut für Kunststoffverarbeitung

Code of Ethics

The Coster Code of Ethics represents the core 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 connected to the economic, social and environmental fields that are promoted by the Company and that directors, employees and those acting on the Company's behalf are required to support. 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.



Code of Ethics & Governance Model

The Coster's Governance Model builds upon the Code of Ethics, which integrates with a set of additional written protocols dictated by the applicable law requirements starting from the crime-risks mapping throughout all the company areas and processes. In close synergy with the Code, the Model aims at raising all addressee's awareness to keep a conduct aligned with Coster ethical values, 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 fostering its values to all stakeholders and preventing from violations in particular for the inherent crimes. The latter, falling under the definitions of Corporate Crimes as referred in the Italian Civil Code, are:

- crimes against the Public Administration
- private-to-private corruption
- safety norms violations
- money laundering
- misleading declarations
- environmental violations

Conflict of interest

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.

Whistleblowing

Through the Code of Ethics and the Governance Model, Coster has established appropriate and accessible communication channels available to all employees.

The **Compliance Line** is a mean to confidentially report by email about any concerns and suggestions relating the Code for the purpose of helping Coster to identify and address them in a positive and constructive way. It's a more confidential and anonymous tool to express good faith concerns about presumed non-compliance alternative to the preferred mode represented by direct discussion with one's supervisor. Coster makes the necessary arrangements to prevent any possible breach in data security, sharing with implicated parties, their peers or subordinates and to guarantee a distribution process strictly addressed to individuals at the Headquarters Company trained to manage the issues.

The **Whistleblowing scheme** is a procedure that enables all addressees to confidentially report to the Supervisory Body any concern about the Governance Model. The minimum contents of the communication and the protection of the whistleblower, as required by applicable law, are dealt with in the Governance Model protocol.

In 2019 there have been no reports neither to Compliance line nor to Whistleblowing scheme.

SMETA IV Pillars audits in Coster

Coster continues 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. In 2019 it involved Coster B&S in the Netherlands, which follows Coster Packaging in Argentina, Costertec in Spain, Coster India Packaging, Coster Tecnologie Speciali in Italy (with 5 facilities) and Costerpack Manufacturing in Malaysia, thus representing 63% of the consolidated group sales and 86% of total workforce in year 2019. All the findings have been properly fixed and put under control in due time.



Fair business and anti-corruption

Fair business and anti-corruption, as well as the respect of a competitive market, anti-trust and pro-consumer laws in force in all countries of operation, are crucial points of the Code of Ethics and Governance Model. This reflects Coster's commitment to comply with all applicable anti-corruption laws, in particular:

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

The inherent risks specifically related to corruption, therefore to actions made in the interest or advantage of the Company, previously assessed through all the facilities and offices of the parent company Coster Technologie Speciali S.p.A. (representing the 25% of the total number of operations of the whole Coster Group) 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, procure-

ment, operations, inspections and authorizations, government. The Governance Model finally provides the provisions for correct behaviours for sales (including brokers), purchase, HR, Finance and accounting/administration, quality and sustainability areas.

Anti-trust

Every one of Coster's management members and employees 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 laws and regulations. To this regard, in 2019 Coster has not had any legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation.

Anti-laundering

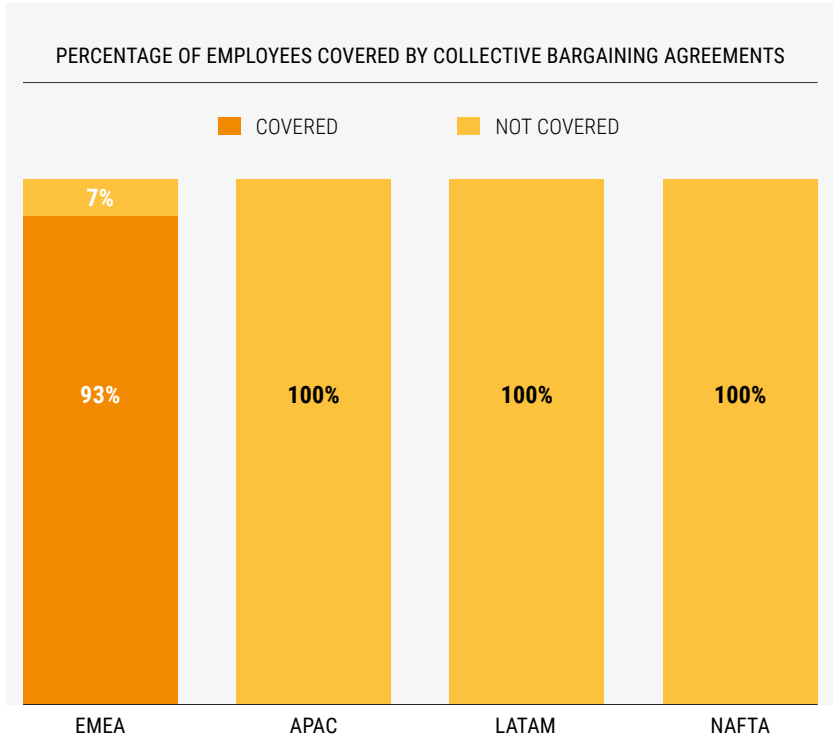
Coster's management and employees will not be engaged or involved in any activity which may imply the laundering of proceeds of criminal activities in any form, anti-laundering legislation shall be strictly adhered. Before establishing any business relationship with a third party, Coster shall check available information (including financial information) on its proposed business partners and suppliers to ensure that they are reputable and involved in a legitimate business. Furthermore, Coster's grants transparent and accurate records of business and commercial dealings

Insider trading

All personnel in Coster are strictly required to comply with the insider trading legislation in all countries where it operates. In particular, Coster doesn't accept any use of information not in the public domain and obtained as a result of individual's position within Coster in order to obtain a personal advantage or to favour other 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



Coster guarantees the right of its workers to join associations and bargain collectively in accordance with local law without interference, discrimination, retaliation, or harassment (ref. ILO Conventions n. 87 and n. 98). Employees can 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 2019 do not show significant differences in comparison to previous years results in terms of percentages of employees covered by collective bargaining agreements.



Forced and Child Labour

Coster does not employ any form of forced, mandatory or child labour, whereby the term "child" refers to a person who is younger than 15 years old or who has not yet reached the age for completing compulsory education, whichever is greater. (ref. ILO Convention n. 138). Work is conducted on a voluntary basis within Coster. Employees working within Coster do it freely and on agreed and documented legal terms of employment. Employment is voluntarily and freely chosen, and proceeds by previous verifying the legal employment eligibility of all persons to work and not use any form of prison, indentured, forced, involuntary, bonded or slave labour. Involuntary labour includes the transportation, harbouring, recruitment, transfer, receipt or employment of persons by means of threat, force, mental or physical coercion, abduction, fraud or payments to any person having control over another person for the purpose of exploitation. Neither Coster nor recruitment agency contracted by Coster require employees to lodge deposits or identity papers, or to pay recruitment fees. All employment contracts are in a language understood by the worker. Coster is also committed to not establishing or maintaining working relationships with suppliers that employ child labour or forced labour as per the above definitions.



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. 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 land for buildings enlargement, qualified external consultants are commissioned to check the compliance with laws and regulations of the adopted procedures and action plans. In 2019 and in its existence, Coster has never received any form of complaint concerning the rights of indigenous people.



Commitment to Sustainability

As a leading manufacturer in the Aerosol and Dispensing Packaging business, Sustainability is a crucial pillar of our strategy. Coster has a clear responsibility to all of its stakeholders to make sustainability an essential company mission.

The Sustainability and Social Responsibility Group structure translates the Governance strategies and policies into assessments, Material action plans, objectives, metrics, monitoring and accountable reporting. In year 2019 the Group has certified its Sustainability model to the requirements of the ISO 26000-20400 guidelines, thus reflecting the assumption of responsibility towards all the 7 Core Subjects mentioned at Clause 6 of the Guideline and the implementation of all mechanisms to adequately respond to their requirements.

The foundations of our beliefs disclosed in the Coster Code of Ethics and Governance Model are the **lawful and fair business**, the **respect of human rights**, the commitment to continuously **enhance the working conditions** and the **protection of the environment**. These values are communicated throughout all sites and among stakeholders with different informative means, with the intent of raising awareness, stimulating proactive collaboration, sharing and developing ideas in an open and transparent working environment at all levels of the organization, supply chain and interested parties. 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.

External reporting

Coster accountability consists in the annual disclosing commitments and performances in public and transparent way with the means of:

- Sustainability Report for non-financial information
- CDP Climate Change for GHG management, direct + indirect carbon emissions (Scopes 1 and 2), fuels and energy consumption, renewable energy achievements,
- CDP Water
- EcoVadis CSR assessment



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.

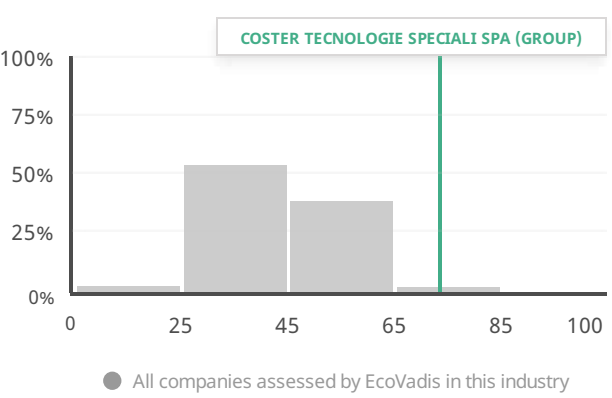
EcoVadis

As prestigious and qualified recognition of the efforts made by Coster and big pledge towards sustainable operations, in April 2020 Coster was awarded for the first time with the **Platinum Medal** based on **EcoVadis CSR rating**. This is the recognition granted to the companies that obtain a score higher than 74/100 and that **rank among the top 1 percent of all companies assessed by EcoVadis**, even more so alongside the **top 1%** ranking in the same industry segment. The overall score for 2020 of 74%, figuring out an **advanced** CSR performance, reflects the constant year by year scores improvement of the company. The breakdown by CSR theme sees Coster in the top 1% of suppliers assessed by EcoVadis for both Environment and Sustainable Procurement, in the top 3% of Ethics and in the top 4% for Labour and Human Rights rankings (taking the same industry reference).

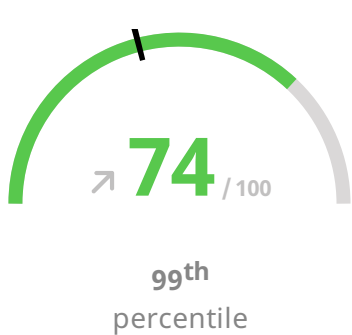


YEAR	OVERALL SCORE [%]	ENVIRONMENT [%]	LABOUR & HUMAN RIGHT [%]	ETHICS [%]	SUSTAINABLE PROCUREMENT [%]
2017	56	60	60	50	40
2018	68	70	70	60	70
2019	74	80	70	70	80

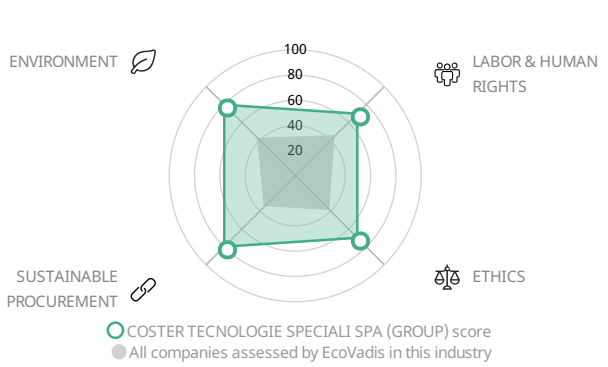
Overall score distribution



Overall score



Theme score comparison





SUSTAINABLE DEVELOPMENT GOALS



Coster is aware of the importance of collaboration and building alliances with influential partners when tackling critical items 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 Development Goals** set by the **United Nations**, and has therefore selected the six SDGs that primarily and best mirror Coster's sustainability areas of commitment and most material topics. Nevertheless, within the document every section has been referred to the SDGs which well fit or can be also (marginally) correlated with the specific contents.



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.



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



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



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



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.



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.

SUSTAINABLE DEVELOPMENT GOALS

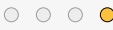


Coster's sustainability areas of commitment and most material topics are aligned with the United Nations Sustainable Development Goals (SDG's) and the objectives identified in the internationally-agreed 2030 Agenda for Sustainable Development.

COSTER' MATERIAL SUSTAINABILITY TOPICS	4 QUALITY EDUCATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Market opportunities		●	●	●	●	
Research and innovation		●	●	●	●	●
Health and Safety			●	●		●
Work conditions and social protection	●		●	●		
Client satisfaction				●	●	
Industrial Excellency			●	●		●
Finished product				●	●	●
Product Quality				●	●	
Employee satisfaction			●	●		
Energy consumption and CO2 emissions	●	●		●	●	●
Financial Independence			●			
Structures and decision-making Processes			●			
Corruption			●			



SUSTAINABLE DEVELOPMENT GOALS



COSTER' MATERIAL SUSTAINABILITY TOPICS	4 QUALITY EDUCATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Raw materials		●			●	●
Supply Chain	●	●	●	●	●	●
Sustainable purchases	●				●	●
Social Dialogue	●		●			
Waste Management	●				●	
Local communities	●		●	●	●	
Use of water	●				●	●



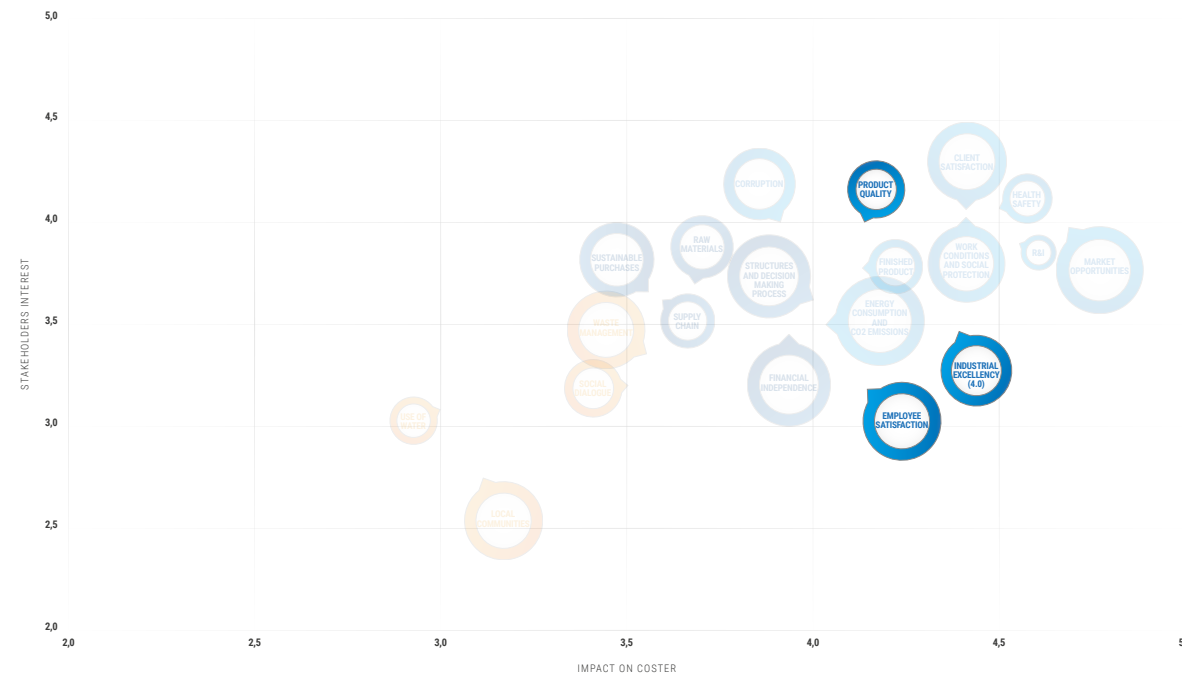
Quality



Following many years of operating at such high standards, Coster's name is now synonymous with Quality and this attribute is widely recognised in the industry.



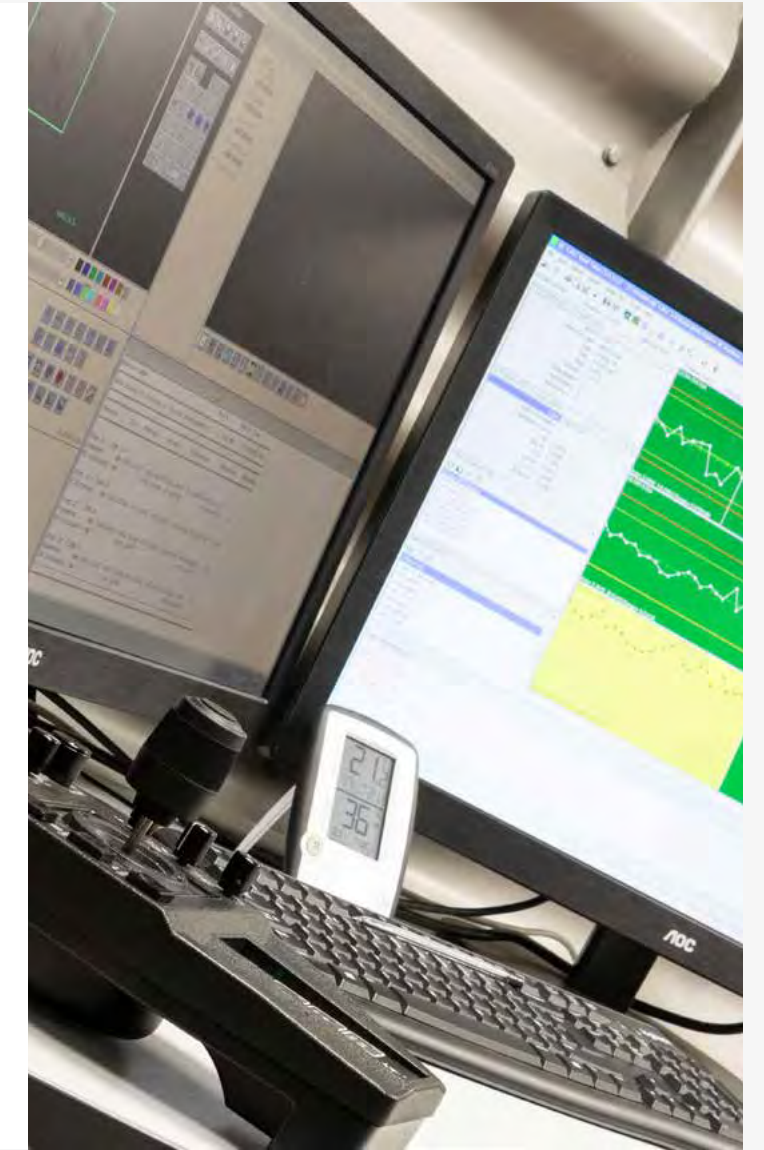
The “voice of the customers” describes Quality as one of the major strengths beneficial to Coster competitiveness.



As a result Coster's products and service offerings have been founded on the following concepts:

- **Specialization**, by means of plants producing single product lines,
- **Vertical Integration**, standing for moulding and assembly in the same facility,
- **Automation**, covering 100% of logistic flow in production, machinery and equipment, avant-garde IT systems (e.g. M.E.S., SPC).
- **Business Excellence**, translated into the processes of manufacturing, with mistake-proof systems, visual management, human error reduction tools and Lean methodologies, and product design supported by lean project management and PLM tools
- **Quality Management System**, based on the global strategy of standardising **Cosmetic GMPs (ISO 22716)** across all factories as further step forward from the already robust current platform.
- Inter-company **Integration**, aimed at bringing out the best practices, standardizing the tools and sharing information in a Group maturity awareness and under common targets. In year 2019 the first Group QA Workshop focused on this need of speed and effectiveness increase, agreed standards and critical-to-customer approach
- **Working Environments** designed to achieve the highest quality levels. Clean and tidy, modern, spacious, healthy areas as appropriate to forward-looking industry operating in highly demanding markets
- **Diversification**, applicable to acquisition of in-house metal anodization and also beneficial to Quality as a feature under the direct control of the company

In year 2019, a special package of solutions has been deployed to increase the quality standards of **per-fumery pumps** made in Costertec to the most stringent requirements of this market



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 2019, it certified the following Standards:

- ISO 22716 in Coster Packaging – Argentina
- ISO 22715 in all companies already certified ISO 22716
- ISO 14001 in Coster Technologie Speciali S.p.A.
- ISO 26000 in the Group
- ISO 20400 in the Group



The next chart provides an overview of the Certification status of Coster manufacturing and logistic facilities as of starting 2020, 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- 45001 (8, 9)	ISO 50001 (7, 12, 13)	ISO 22716- 22715 (8)	ISO 14001 (4, 7, 8, 9, 12, 13)	ISO 15378	BRC	ISO 26000 (ALL SDGS)	ISO 20400 (1, 2, 5, 8, 10, 11, 12, 16)
Coster 1 (Ita)	●				●	● only centralized processes		●	●
Coster 2 (Ita)	●			●	●	● only clean room and centralized processes		●	●
Coster 3 (Ita)	●		●	●	●			●	●
Coster 4 (Ita)								●	●
ACR (Ita)								●	●
Coster –headquarters (Ita)	●					●		●	●
Costerplast (Ita)	●	●	●	●	●			●	●
Tecnocoster (Ita)	●			●				●	●
Coster Machinery (Ita)								●	●
Coster B&S (Ned)	●							●	●
Coster GmbH (Ger)								●	●
Coster Sarl (Fr)								●	●
Costertec (Spain)	●	●	●	●	●			●	●
Coster Aerosols (UK)	●						●	●	●
Coster USA	●				●			●	●
Coster Packaging (Arg)	●			●				●	●
Coster India	●							●	●
Costerpack (Malaysia)	●							●	●

CERTIFICATIONS – Roadmap 2020-2021

In the two years 2020-2021 Coster plans to extend:

ISO 14001 in sites **Coster 4** and **Coster Packaging** - **ISO 50001** in **Coster 2** - **ISO 22716** in **Coster 1, Coster 4, Coster USA, Coster India**



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: sanitary emergencies; socio-economic scenario; sustainability core subjects; regulatory initiatives; competitive actions; financial issues; industrial accidents; natural disasters and all 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); cyber and technological resources; energy and natural resources; employees Health&Safety; 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 measures to reduce their likelihood of occurrence and/or increase their detectability, develops plans

for responding to risks should they occur, and where possible, secures 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.

Also in response to the Coronavirus emergency started in Asia at the end of 2019, Coster reinforces the Business Contingency Policy which covers the following aspects: computer system, power and energy disruption, communication; emergency plans; raw materials and components sourcing; hot alternate sites and equipment; supply chain; 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.



Cyber Risk Management



Coster guarantees 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.

GDPR and privacy

Coster is fully compliant with national laws on preserving personal data and, to this end, conforms with the D.Lgs 196/2003 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. After assessing data through all areas and once the gaps have been identified, Coster has worked to conform to the European Union's GDPR – General Data Protection Regulation, enforced from May 25th 2018 – by means of the establishment of the cyber solutions, procedures, policies and tools necessary to conform to the Regulation. During the 2020 this system will be deployed through the Organization using all necessary means for a capillary spread.

ERP – Migration to SAP

In 2019 Coster has completed the migration of the ERP to SAP S4 Hana in all the Italian companies, to go-live at the start of 2020. The roadmap is to roll-out to subsidiaries step

by step in the two years period 2020-2021, to finally connect the whole Group with a fully regulations-compliant tool responding to Coster real needs. Coster achieves with SAP the global footprint and advanced interrelations tool which allows to better analyse all the data that are collected at different plant and functions levels, thus enabling to take faster and more informed decisions. This project is also beneficial to reach the whole processes review, integration and robust management through the worldwide organization. Despite the major investments and the massive deployment of resources, the result reflects the strategic model of centralized computer operations, systems' scalability both vertical and horizontal, modular but integrated approach to work that best fits with our reality. Modernity and quality through mistake risk reduction, rigour with agility, control with streamlining, full traceability and clear reporting have been the keys to develop the new Group ERP based on a process flow structure. 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.



Connecting Coster

In 2019 the project concerning the implementation of an International network connecting all the foreign companies, by means of hardware upgrading and systems reconfiguration, has gone on.

For what concerns interruption of business activities, Coster has 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. Microsoft SharePoint and Office 365 have been introduced to manage different functionalities and improve communication among the facilities

IT – Roadmap 2020
Go Live SAP S4 Hana in EU Subsidiaries

Environment

Environment

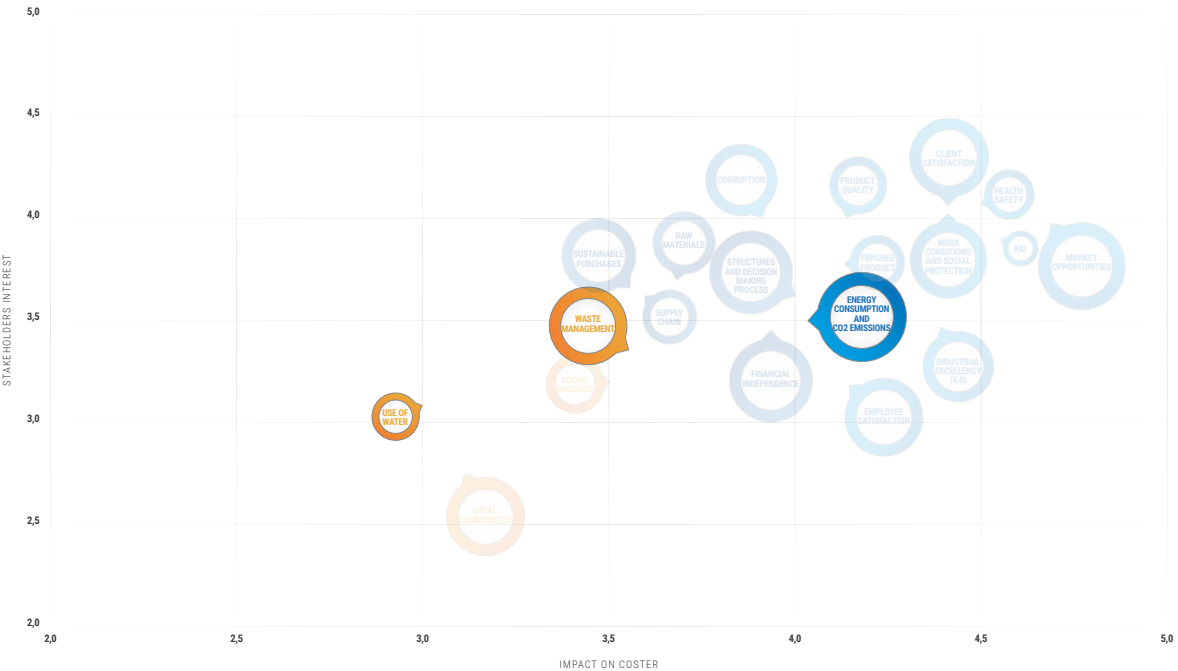


Our Environmental Policy

Coster is committed to continuously improving the environmental performance of the 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 a business mindset because we believe that business success and sustainability are mutually beneficial. Here we continue implementing sustainable practices to achieve better operational performance in environmental management.



- We will pursue the specific targets by implementing appropriate measures in the Material fields of:
- Energy consumption reduction, in terms of energy efficiency
 - Energy purchase from renewable sources, as well as other sourcing and supply chain achievements according to the Sustainable Procurement Roadmap in place
 - CO2 emission reduction under Scopes 1 and 2, as disclosed in the Carbon Disclosure Project
 - Waste management, by reducing disposal to landfill
 - Plastic circular economy, addressed through eco-design and design for recycling projects in the framework of our signing the New Plastic Economy Global Commitment
 - Coster strives to implement best practices and tools to assess the products life cycle (LCA), addressed to measure and reduce impacts in the whole stream from-nature-to-nature and in the disposal scenario

Coster is fully aware that water is an essential element for the environments' wellbeing and constantly aims at preserving its integrity by reducing as far as possible its impacts on water sources. Coster commits to regularly assess, measure and address all environmental aspects, as indicated by laws or having any type of impact on local pollutions. In this framework we pursue the materials consumption reduction, in priority to hazardous and chemicals, and the preferred selection of those generated from renewable resources and concurring with full recyclability and circular economy purposes.

Our ambition is sharing our environmental best practices with our stakeholders, through the network of suppliers and business partners, also supporting sustainable development and consumption in our local communities joining forces with the territory where we operate.



Energy consumption



By its nature of energy – consuming manufacturing, Coster continuously seeks solutions to further reduce its consumptions. Energy is provided by regional networks which rely on different partners and distribution lines.

Methodology and results

The company mainly uses energy for the injection moulding process and the auxiliary systems for assembly. Hence, Coster has decided to fix "intensity targets" by normalising the electrical consumption data using as benchmarks the quantity 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 in terms of real energy-efficiency increase.

	2019	2018	2017	Δ% 2019 VS 2018	TARGETS
Total Energy consumption (kWh) purchased from the grid	36.818.962	34.661.084	32.450.991	6,2%	/
Energy consumption normalized for the production of 1kg of plas- tic – avg value for the 9 sites with inj moulding facility (kWh)	2,35	2,61	2,75	-10%	-3% (2019) -10% (2021)
Energy consumption normalized for the assembly of 1000 items – avg value for the 11 sites with assembly process (kWh)	4,70	5,00	5,36	-6%	-2% (2019) -10% (2021)

Data interpretation

- In 2019, although total energy consumption has increased due to increase of produc-
tion, Coster has achieved the annual goals of reducing respectively by 3% and 2% its
energy consumption normalized on weight of transformed plastic and on number of
assembled finished parts.
- These good results of the intensity targets are due to the partial or complete imple-
mentation of the several initiatives disclosed at page #44 of the Sustainability report
2018.
- The 6,2% increase of absolute electric consumption mainly derives from the + 1554
MWh used in Coster Ltd Barlborough injection moulding factory, commenced late
2018 and in operation for a full year in 2019. The start of new custom spraycaps
production in Costerpack Malaysia also accounts for the 579 MWh increase in 2019.
Significant reductions are showed by Coster Packaging, Costerplast, Coster B&S and
Coster USA, due to work re-organization and efficiency me

ENERGY CONSUMPTION – Roadmap 2021

Coster aims to **reduce both the energy intensity consumption** for moulding and
assembly **by 10 %** (base year 2018). The key to achieve such a positive target is
through investments in new energy saving technologies and managing properly re-
sources 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.

Internal generation

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.



	2019	2018	Δ%
Renewable Energy Generation: (Pero site) – [kWh]	231.548	213.471	+8,5%
Renewable Energy Generation: energy self-consumption (Pero site) – [kWh]	176.788	171.454	+3,1%
Renewable Energy Generation: energy sold to the grid (Pero site) – [kWh]	54.760	42.017	+30,3%
% of tot REG on total consumption (Pero site)	47,0%	37,5%	+9,5%
% of tot REG on total consumption COSTER Group	0,63%	0,61%	0,02%

Data interpretation

- Out of an overall consumption reduction of 76316 kWh equal to 13,4% from 2018 to 2019 in the Pero site, the amount of domestic consumption from solar panel has increased by 3,1%
- The green energy generation has reached almost half the total site's consumption

Green purchase from the grid

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

	2019	2018	Δ%	TARGET
Electricity purchase from renewable sources [kWh]	24.797.524	20.963.851	18,3 %	/
% on total purchase	67,35%	60,48%	6,87	70% (2019) >90% (2021)

Data interpretation

- Despite an 18,3% absolute increase of electricity purchased from renewable sources in 2019, accounting for 3833,7 MWh, it wasn't reached the annual targeted 70% coverage. This is mainly due to big increase of energy consumption in Coster Ltd, still not purchased from renewable sources. The delay of the green energy purchase contract start in Coster B&S also contributed
- As of Jan 2020, Coster Ltd, Coster Sarl and Coster B&S new contracts are in place, together with the relocation form Pero2 to Pero1 facilities, thus achieving the result of **100% green electricity purchase in EU**

RENEWABLE ENERGY– Roadmap 2021

Coster plans to install a new Photovoltaic system in ACR plant, in the central warehouse of Novaledo and in the new Pero headquarter building, in order to improve renewable energy self-generation. The goal for 2021 is at least 90% of renewable energy purchase worldwide

It follows the list of major energy efficiency and emission reduction initiatives through the facilities aimed at reaching the goals set. To the ones disclosed in 2019 and still reflecting or open in 2020 are added the new initiatives under investigation or implementation phase. They account for a total estimated 1.1 GWh saving, in addition also natural gas and compressed air savings are expected.

SITE	INITIATIVE
Barlborough	Reduction of air usage on valve assembly machines so that only minimum air is being used for moving components along tracks
Barlborough	New. Behavioral training: "Lights off / air-conditioning off", facilities turned off when rooms not in use
Tecnocoster	Replacement of garden lights with LED lamps in order to reduce light pollution and energy consumption
	New. New VSD90 and air compressor implementation
	New. New air drying machine implementation
	New. Use of synthetic oil in the new air compressor
	New. New electric moulding machine Full-electric
	New. Use of thermal blankets for the moulding machines
	New. Install inverter and a new software to manage the pumps of the cooling system of moulds and moulding machines
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 centers, building and users-management plants, with automatic and timed on/off regulation system
	Installation of data loggers for direct detection of energy consumption on every energy consuming center 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
	Optimization of mounting cups punching dept lighting with new LED lamps in place of end-of-life ones
	New. Replacement of the cooling unit Aermec RV1401 used for environmental conditioning (back-up unit)
	New. Test of cylinder with electrovalve integrated with moulds, aimed at reducing air wastes in the pipes and connections mould/auxiliaries
	New. Test of thermal blankets for electric moulding machines

SITE	INITIATIVE
Coster Packaging	High frequency charger for forklifts, to reduce electricity and water consumption. New. Purchasing and Installation on a new VSD Air Compressor
Coster USA	Install LED Lighting in order to reduce electricity consumption
Costerplast	Thermal blankets for moulding machines mounted progressively starting from 2016
	Replacement of hydraulic moulding machines with electrical ones
	New. Recirculated water used to condition and to climatize the working areas and offices
	Analysis and repair of air leaks on the compressed air line and on the main machineries. Optimization of compressor room
	Installation of inverters on the pumps of the moulding 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
Costertec	VOC collection system on a specified moulding machine using acetal resin
	Increased maintenance in HVAC installations and improvements on temperature control and insulation systems
	Replace some tubes for LED lamps in many areas
	New. 99 kWp PV installation
	New. 250 kWp PV installation
	New. Replace all metal halide lamps for LED lamps at one of our manufacturing halls
	New. Replace all mercury vapor lamps for LED lamps at main warehouse
	New. Use gas instead of fuel for HVAC installation





Carbon emissions



Coster adheres to the Carbon Disclosure Project initiative for Climate Change, thus making the set of emission data and breakdowns, performance and targets, risk/opportunities and strategies available in transparent way, also validated on annual base by an external accredited company making on-site audit. Emissions metrics and methodology indicated by CDP are fully respected.

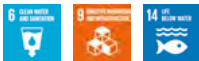


The next table recap the emission targets reported in CDP Climate Change 2019 under the Scopes 1 and 2 for direct and indirect emissions. The progress for year 2019 will be reported in the next CDP submission.

EMISSION TARGET TYPE	SCOPE	BASE YEAR	BASE YEAR EMISSIONS [METRIC TONS CO _{2e}]	REDUCTION TARGET YEAR 2024	RESULT 2019
Absolute	1 + 2 (Market Based)	2018	7802.72	40%	6936.73 (- 11.1%)
Intensity (normalized): Metric tons CO _{2e} per mln of product units sold	2 (Location Based)	2018	4.35	10%	3.76 (-13.6%)



Water consumption



Water represents neither a crucially nor significantly material aspect in Coster Materiality Assessment since it is only used in the cooling system of injection moulding and workplace conditioning. Nevertheless, Coster is fully aware that water is an essential element for the environments' well-being and constantly aims at preserving its integrity by reducing as far as possible its impacts on water sources.



Methodology and results

On the base of the tot amount of 3.575.289 (Q/1000) of products sold by Coster Packaging Division in 2019, with an increase +3% from 2018, Coster calculates the quantity of water needed to produce 1000 finished items. Such volumes of sold products is taken from the annual Group Sales Report, excluding the figures relevant to special products and components, for homogeneity with previous years calculation

	2019- [M3]	2018 - [M3]	Δ%
Total water usage (input)	618573	626090	-1,2
Total volume of water withdrawn by Ground water (return to nature)	603054	611907	-1,4
Total volume of water consumed by Municipal water or other public or private water utilities.	15519	14.183	9,4
Intensity KPI: water consumption normalized by number of sold finished parts * 1000 [m³/1000 parts]	0,173	0,180	-3,9

Data interpretation

- The slight decrease of total water consumption reflects the positive effects of the projects implemented in different sites to optimize water recirculation and heat exchange systems, mainly addressed to energy consumption reduction
- 97,5% of water is withdrawn by ground/well, municipal water being used mainly for civil and sanitary use. **98% of ground water, equal to 95,5% of total water usage, after passing through closed circuits and heat exchangers for the purpose of cooling machines down, is directly returned to the nature, as clean as water withdrawn.**

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



In the spirit of reducing material consumption, the environmental impacts of the disposal scenarios and fostering the circular economy, also to follow up the New Plastic Economy Global Commitment, Coster has implemented initiatives to increase recovery and reuse rates. In particular, Coster is firmly committed to reducing waste production, with a special focus on hazardous waste and to constantly increase the quantity sent to recycling. We strive to recycle what cannot be reused. If neither reuse nor recovery is possible, waste is disposed of by using the available method that has the least environmental impact (e.g. waste-to-energy conversion) with landfills used only as a last resort.



Methodology and results

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

Coster does not transport waste neither in country nor abroad.

With reference to year 2018 figures, figures have been amended by adding the liquid and humid wastes relevant to site Coster Packaging, not included by mistake in the previous report.

On the base of the total amount of 3.575.289 (Q/1000) of products sold by Coster Packaging Division in 2019, +3% from 2018, Coster calculates the quantity of waste generated to produce 1000 finished items. Such volumes of sold products is taken from the annual Group Sales Report, excluding the figures relevant to special products and components, for homogeneity with previous years calculation

	2019 - [TON]	2018 - [TON]	Δ%
Total Waste	2409	2753	-12,5
Total hazardous waste	193	200	-3,5
Of which sent to disposal	6	4,82	24,5
Of which sent to recycling	187	195	-4,0
Transport of hazardous waste	/	/	/
Total non hazardous waste	2216	2553	-13,2
Of which sent to landfill	100	340	-70,6
Of which sent to recovery, including energy recovery	134	151	-11,3
Of which sent to incineration (mass burn), without energy recovery	100	70	42,9
Of which sent to recycling	1882	1992	-5,5
	2019 - [KG/1000]	2018 - [KG/1000]	Δ%
Intensity KPI: tot waste normalized by number of sold finished parts * 1000 [kg/1000 parts]	0,67	0,79	-15,2

Data interpretation

- **12,5% to 4,4% reduction of the tot waste to landfill** (vs tot waste)
- **12,5% drop down of the tot waste as absolute KPI**, also reflected by the 15,2% decrease showed by the intensity KPI of waste normalized on production
- Only 8% of total waste produced were hazardous, and anyway the 97% of that was sent to recycling
- 70,6% reduction of non-hazardous waste to landfill, mainly due to the re-definition of the contract agreement with waste collecting suppliers in Coster Tecnologie Speciali SpA operations, which has cut from 170,1 to 4,3 ton the waste to landfill for the code CER 150106 assigned to mixed material packaging waste. Also, with the certification ISO14001 the company introduced new and more appropriate waste management procedure.



About waste recycling

- Plastic waste from injection moulding is separated by material and disposed for 100% recycling in the apposite streams (external Post Industrial Recycling)
- Plastic scraps from injection moulding reprocessed in-line (internal Post Industrial Recycling)
- **Paper Policy** contribution, which succeeded in substantial increase of recycled paper use in the offices, now around 100%. Office supplies are also purchased from PCR
- In 2019 Coster joined international multi-stakeholders working tables to define the sorting stream and recycling strategy for aerosols (like PetCore Europe and FCA Aerosol Recycling)
- Project launched in 2019 to increase the % of recycled fibers in cardboard boxes used as secondary packaging

WASTE MANAGEMENT- Roadmap 2021

Consolidate the tot waste to landfill result 2019, aiming at a zero-landfill objective



Environmental Management



Thanks to an accurate environmental management and a progressive ISO14001 Certification extension to all operations, in 2019 no monetary fines on environmental matters and no legal disputes were identified in Coster plants.

Furthermore, in 2019 no spills occurred.

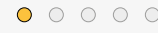
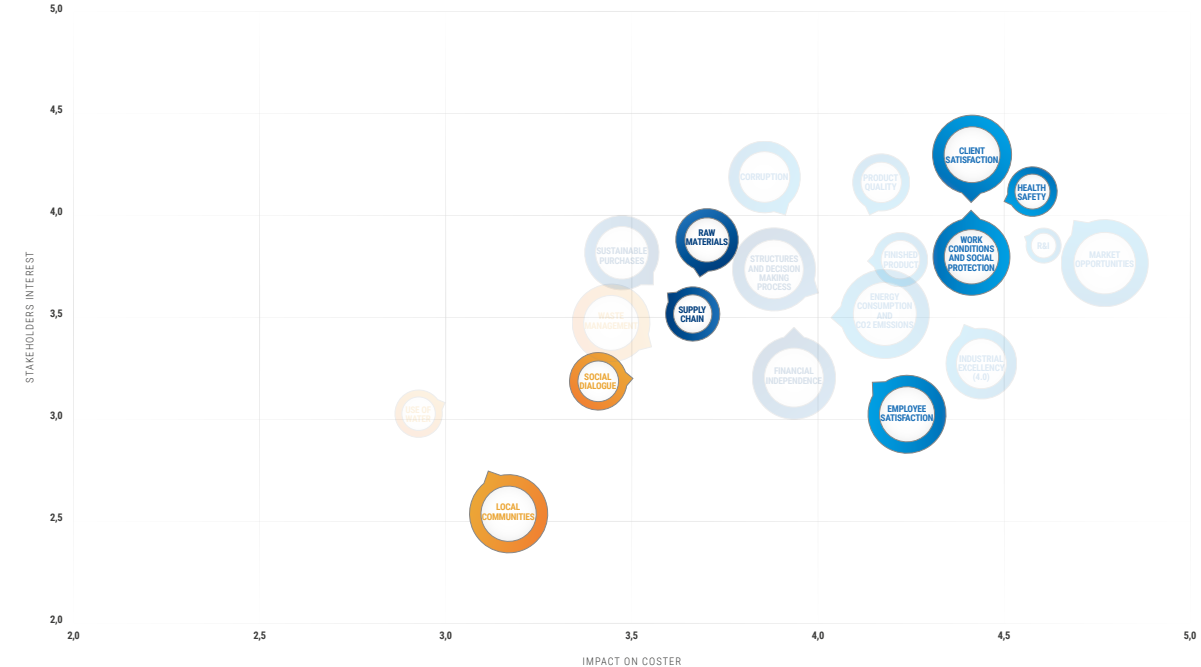


Community





Community



Potential impact of operations on local communities



Even if the Materiality Matrix 2018 shows that the topic "Local Communities" has been classified moderately material from both Coster and Stakeholder, Coster considers this matter important.

From its foundation, Coster has directly and indirectly contributed to the economic development of the local areas and communities where the group operates. This is the foundation of the following policy, annually reviewed with real life outcomes.



Community Development Policy

On Environment and landscape. Coster pays the utmost attention to the respect the local landscape features, wherever the operations are based. The building design, external areas and maintenance status always assure the greatest landscape compatibility whether facilities are located in industrial and commercial areas or in residential district. None of Coster facilities produce emissions that may negatively affect the atmosphere, nor produces odours, noise, light pollution or discharges into ground or water beyond the limits imposed by law. All possible sources of environmental impacts are mapped and found either not applicable, as for biologic, electromagnetic, radiogenic or vibration sources, or regularly checked according to provisions in place if any risk of minimum contamination may appear.

The vehicle traffic doesn't impact on normal traffic flow.

The use of natural resources is respectful to the fullest possible extent, renewable sources are privileged as for electric energy, the best technologies are used to minimize consumptions.

Waste management is guaranteed the maximum care, targeted to reduce disposal to landfill closest to zero.

On local economies. 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 of operations 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. Solidarity sourcing initiatives shall be evaluated wherever valid opportunities should appear.



On social footprint. Coster is 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 H&S and working conditions (attention to their work environment and on having clean facilities) and services (canteen, laundry service). Legal, equal and transparent conditions of recruitment and employment, careers management and talents retention, promotion of social dialogue and proactive collaboration with the trade-unions associations build up our approach to human resources. We don't accept any abuses, labour coercions and discrimination in any form of penalising diversity nor any violation of human rights whatever the stakeholders concerned.

The company is actively involved in civil society with a miscellaneous of initiatives addressed to the local communities. EDUCATION and SCHOOLING represents our credo, in which we recognise and to be targeted with local initiatives that each company deems appropriate in the specific context where it operates.

On Transparency. There are no records of tensions with the local administration, whereas there is a mutual beneficiary relationship. Should any concern arise through the communication lines in place, made publicly available in the ethical code and governance model, the appointed team shall guarantee the due analysis and appropriate processing.

The facts and initiatives

Education and Schooling



The field of applications of the initiatives are:

- aiding the access to education to disadvantaged people
 - supporting high-tech and innovation centres, highly specialized institutes, fab-labs
 - promoting scholarships for unprivileged students
- From 4th to 8th Nov 2019, Coster Italy has hold the first Coster Academy on Sustainability, addressed to a classroom of 20 students attending the fifth grade at the Technical&Technological Institute of Trento "ITT Buonarroti" with which a solid partnership has been established. 20 modules for total 32 hours taught by our experts and external authoritative guests to explain how an important territorial packaging industry has translated the economic, environmental and social topics of sustainability in reality.
 - In 2019 Coster India supported Bright Future, an after-school education centre, a community and safe hub in Gazipur, one of the poorest slums in Delhi. Born from an individual initiative, this small organisation is growing every year with very limited resources providing a nursery, education, focused classes, e-learning, restoring, blossoming potentials, fostering self-esteem, attention, occasions for celebration.
 - Costertec in Spain established a collaboration partnership for access to work addressed to students of "Fundació Eduard Soler" (FES), a vocational training centre specialized in mechatronics and industrial programming. Also, a sponsorship has been provided to the event "mercat de tecnologia d'Osona", an open tribune to foster the students' scientific vocations, organized by the local University of Vic (UVIC).



Social inclusion



- Coster B&S in 2019 worked at establishing an agreement with Vakmensen, a work centre in Zwolle, where Coster is based, where people with a distance to the labour market, often with a mental health background, perform work for companies, but especially for themselves. Vakmensen's professionals look for partnerships with parties like schools, chain partners in healthcare, companies and guide to a job people who are not (yet) ready for this.

Solidarity Initiatives



- **Christmas solidarity.** In 2019, for the 2nd year the Italian Coster sites devolved 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 personnel again chose ANVOLT Onlus Trento (volunteers in fight against cancer) and AIRC in Milan (Foundation for research on cancer)
- **In 2019 Coster B&S helped the Happy Smile foundation**, which addresses families with seriously ill or disabled children and offer them experience of a carefree day or weekend as a guest on a circuit in the Netherlands, Germany or Belgium in occasion of international motor racing events. In the Vip box, balcony and paddock, close to the world of riders and racing engines, the families get the chance of living a different moment. Coster B&S in 2019 donated 800 foundation's mascot teddy bears to be offered to these special guests
- **Among other voluntary contributions to events for charity or donations of Coster companies to the local humanitarian, health and social care associations**, we mention: Unicef, Bombreros Voluntarios, Fundación Fatima and Fundación San Jose Providente in Argentina, Somnàmbula race St. Tomàs, Germanetes dels Pobres, processed food project TAC Osona Foundation in Spain, Bluebel wood and Movember - Means Health charity event, Killamarsh under 10's football team in UK.

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 schools and with universities in Germany and the Netherlands.



Employees

KEY FIGURES



YEAR	NBR EMPLOYEES
2019	946
2018	978

WORKFORCE BY GENDER		
year	Male	Female
2019	723	223
2018	748	230

WORKFORCE BY GEOGRAPHIC AREA				
YEAR	EMEA	NAFTA	LATAM	APAC
2019	571	23	136	216
2018	587	22	136	233



In 2019 Coster counts **946 employees**.
The decrease from year 2018 mainly depends on the typical characteristic of employment in India, where workers often choose temporary jobs back at family farms in different periods of the year or to look for different job opportunities in their local area. If including these temporary workers, hired also to tackle the fire that destroyed most of the automated machines in 2018 and therefore not counted due to this situation, the number grows up to 1090 (vs 1110 in 2018).
Considering diversity as a company richness, Coster pursues an inclusive workplace that enhances everyone's contributions to the Company, enables employees to collaborate in ways that break down barriers and transform differences into strengths. In almost all the facilities, senior managers come from the same region where the plant operates. In the aforementioned vision, the local Operation Managers in Coster Packaging and Coster do Brasil have been called to share their experience within the Group in the new functions respectively of Group Industrial Director (based in Italy headquarters) and Coster USA General Manager.
Moreover, the fact that most employed people belong to the surrounding community facilitates both Coster's activities in the region and the relationship with the community.

NEW HIRED PERSONNEL



In 2019 Coster hired 139 new employees, 76 of whom are male and 63 are female thus significantly reducing the gender gap of new hires recorded in 2018. 47,5% of the new hires concerns the age group of under 30 years old, the over 50s represent the 8,6%.
Many of the new hires were recruited to replace retiring or resigning personnel but also for strategical and growth reasons in specific areas.
The greatest staff recruitment occurred in Coster Tecnologie Speciali SpA and Costertec.

	YEAR	TOT
	2019	139
	2018	159

	YEAR	TOT
	2019	76
	2018	109

	YEAR	TOT
	2019	63
	2018	50

TRAINING



In 2019 the launch of SAP as new company ERP required an intensive training program at all levels of the organization. This large amount of training hours provided during the year has not been considered otherwise unbalancing the figures for comparison purposes.
Coster still invested in organizational human resources, to both secure **talent** and provide employees with opportunities during their entire career. This approach pushes employees to dynamism and job rotation thus driving openness, competence and experience sharing, awareness and commitment, personal and careers progression.

YEAR	HOURS OF TRAINING
2019	20166
2018	24108

EQUAL EMPLOYMENT - DISABILITY – PROTECTED CATEGORIES



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. Salary conditions and payment process are clearly communicated to employees during hiring and formalised in the employment contract. Meetings and social dialogue means are the channels used to interactively communicate about working conditions.

YEAR	PRESENCE OF DISABLED/PROTECTED CATEGORIES WORKERS
2019	2.5%
2018	1.7%



REMUNERATION WOMEN TO MEN



SITE	RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN BASED ON AGE GROUPS [%]					
	<30 YEARS OLD		30<X<50 YEARS OLD		>50 YEARS OLD	
	2019	2018	2019	2018	2019	2018
Coster Technologie Speciali	103,4	102,3	101,08	83,24	91,13	91,76
Coster Ltd. Barlborough	116	94	100	65	100	87
Coster Ltd. Stevenage	N/A	N/A	N/A	N/A	N/A	108
Coster B&S	100	100	100	100	100	100
Tecnocoster	N/A	N/A	94	94	77	77
Costerplast	100	100	100	100	100	100
Coster SARL	N/A	N/A	N/A	N/A	N/A	N/A
Coster GmbH	N/A	N/A	105	105	N/A	N/A
Coster USA	76	N/A	85	77	54	91
Coster Packaging	76	75	96	93	90	83
Coster India	92,5	92	80	87	N/A	N/A
Costertec	95	75	79	70	57	77
Costerpack Manufacturing	100	100	100	100	100	100

Coster is aligned with the vision of the United Nations Sustainable Development Goal on Gender Equality. Non-discrimination in the workplaces is one of the strongest values in which Coster believes and commits to achieving 50-50 representation of women and men in all parts of our Company, aiming at giving its male and female employees equal opportunities and treatment. The 2019 analysis for basic salary and remuneration ratio women to men on age groups (considering the average pay of each gender grouping within each employee category) shows improvements in almost all the operations, whereas Coster Technologie Speciali and Coster Ltd have joined Costerplast, Costerpack, Coster B&S and Coster GmbH standing out, for both homogeneity and performance in the 3 age groups. The results marked as N/A mean that there are no women or men employed in the facility belonging to that age groups. That cases of bigger gaps within the same age group are generally due to few workers representing their gender and in these cases with some inhomogeneities in job profile, responsibility and seniority which explain differences in spite of equal category.

Smeta IV Pillars audits
Coster cares and monitors the internal application of core equity and fairness principles to compensation levels, annual salary reviews and promotions, and work-life balance arrangements like working in the area of global parental leave and employee flexibility. Also in 2019, Coster commissioned an accredited notified body to conduct ethical, social and labour assessments, on the base of SMETA IV PILLARS audits made in the course of the year in Coster site in the Netherlands, thus joining facilities in Argentina, India, Spain, Italy and Malaysia to finally cover 56% of operations, 83,6% of employees and 63% of the tot turnover.



TURNOVER RATE



EMPLOYEE TURNOVER REGION	% M (NR.M)		%F (NR.F)	
	2019	2018	2019	2018
EMEA	5.8% (24)	9.3% (39)	12,9% (20)	8.4% (14)
NAFTA	7.7% (1)	21% (3)	30% (3)	25% (2)
LATAM	4.0% (5)	4.8% (6)	0% (0)	16.7% (2)
APAC	16.5% (28)	32.3% (61)	39.1% (18)	20.4% (9)
TOT	8,0% (58)	14.6% (109)	18.4% (41)	11.7% (27)

In 2019 the overall employees' turnover in Coster group displays a reversal in the distribution by gender from the previous year, where female turnover is now higher than male turnover. Total male turnover decreased by 6.6%, female turnover is 6.7% higher than in 2018. Such differences can be explained at a regional level, where the major discrepancies can be observed. Percentage figures in APAC region confirm to be usually high for both genders, also compared to corresponding values in the other regions. The reason is the already said temporary nature of employment in India, normally marked by workers mobility which is often unpredictable, as well as the contingency situation of the fire which occurred in the Indian plant where caused a need of temporary recruitment. 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 resignation of one single person reflects in major turnover fluctuations. The percentages displayed by EMEA are mostly impacted by the reorganizations in Coster Ltd with the relocation from Stevenage to Barlborough and the important assets change.



Occupational health and safety

WORK ACCIDENTS



Coster keeps pursuing the **goal of zero accidents** at corporate level, with the promotion of health and safety being our priority. The company therefore endeavours to comply with the requirements set in this area by the applicable regulations in all the countries of operations, by adopting a continuous improvement approach and providing all employees with a safe, healthy and productive work environment. Systematic risk monitoring, respect of deadlines for law-compliant operations, use of all necessary personal protective equipment, emergency tests, regular medical checks are among the prevention and protection activities in place. Best practices and avant-garde technologies go hand in hand with continuous training the safety culture to guide the people behaviours in the day-to-day. The ISO45001 certification in place at Costerplast and Costertec, the H&S management systems, the Governance Model, the SMETA IV Pillars audits, the CSR audits at suppliers, induction for visitors are 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 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.

PLANT	2019		2018	
	NUMBER OF PEOPLE INJURED	MALE OR FEMALE	NUMBER OF PEOPLE INJURED	MALE OR FEMALE
Coster 1 (Coster Tecnologie Speciali SPA)	0	/	1	M
Coster 2 (Coster Tecnologie Speciali SPA)	1	M	2	1M + 1F
Coster 3 (Coster Tecnologie Speciali SPA)	0	/	0	/
COSTERTEC	1	M	1	M
Coster USA	0	/	0	/
Coster Ltd Barlborough	0	/	0	/
Coster Ltd Stevenage	0	/	0	/
Coster Packaging	0	/	1	M
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	/	1	M
Coster SARL	1	M	1	M
Coster GMBH	0	/	0	/
TOT	3	3M	7	6M + 1F

Methodology

It has been considered any workplace accident causing one or more calendar days of work absence, excluding accidents "in itinere". The day-lost count considers the calendar days, begins the day after the accident and includes Saturday and Sunday. Injury Severity and Frequency KPIs breakdowns by site are shown in the related table in the Fact&Figures section at the end of the report.

Data Interpretation

- Total 3 injuries registered in 2019, significantly decreased from tot 7 registered in 2018 (16 in 2017). All the 3 involving males.
- Total 23 work loss days, with an 84% reduction from the 142 recorded in 2018.
- The Injury Severity Index (ISI) calculated as average of all the sites accounts for 0.03 (0.16 in 2018). This calculation is mostly affected by the result of Coster Sarl, where incidents weigh heavily on a small staff; the ISI calculated from the overall effectively worked hours in the Group is 0.011 (0.066 in 2018).
- The Injury Frequency Index (IFI) calculated as average of all the sites equals 0.29 (0.43 in 2018). This calculation is mostly affected by the result of Coster Sarl, where incidents weigh heavily on a small staff; the IFI calculated from the overall effectively worked hours in the Group is 0.15 (0.33 in 2018).
- No accidents occurred to contractors employees during 2019
- In 2019, no work-related fatalities occurred in Coster.

ABSENTEEISM RATE



The considerations for the absenteeism rate by gender groups 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	2019		2018	
	ABSENTEE RATE M	ABSENTEE RATE F	ABSENTEE RATE M	ABSENTEE RATE F
Coster Tecnologie Speciali SpA	9,62%	13,97%	5,19%	9,13%
Costertec	0,39%	0,10%	1,39%	2,62%
Coster USA	0%	0%	0%	0%
Coster Ltd Barlborough	0,06%	0,01%	0%	0%
Coster Ltd Stevenage	0%	0%	0%	0%
Coster Packaging	1,80%	1,76%	1,39%	1,32%
Coster B&S	*	*	4,46%	1,08%
Coster India	14,5%	9%	12%	8%
Tecnocoster	*	*	3,02%	5,51%
Costerplast	*	*	6,54%	6,00%
Costerpack Manufacturing	5,16%	6,38%	5,66%	3,14%
Coster SARL	1,23%	0,67%	7,25%	8,80%
Coster GMBH	2,96%	2,48%	0,92%	5,93%

*Figures for 2019 assumed to be the same as in 2018

Employee satisfaction and health promotion



Employees are Coster's greatest asset. The group always strives to ensure that they feel valued and to develop that sense of belonging which creates a rewarding and positive workplace environment.



Working environment

Every year Coster invests significant capital in buildings and facilities renewal to provide employees with a more modern and comforting workplaces. In 2019 these efforts concerned the new Corporate House offices in Pero (Milan), the manufacturing sites ACR and the new Neemrana plant in India.

The welfare

Alongside the miscellaneous of local initiatives that Coster facilities took in 2019, they can be mentioned:

- **Benefits**
In 2019 a new flexible benefits plan of company welfare has been concluded with WTW including a wide package of goods and services alternative to 2nd level contract bonus scheme available to Coster S.p.A. employees. Other benefits offered in the Group consist in redundancy payments over and above legal minimums, bonus and performance rewards, layoff pays, layaway plans, medical benefits and expenses reimbursements, prepaid medicines, bicycle purchase plans, free travel to public transport places, free parking benefits, extra-holidays depending on workers age, financial benefits in distress conditions, health and life insurance, death benefits
- **Work-life balance**
mobility for operators, time flexibility for study, work flexi-time to leave the company so that to avoid traffic jams, work flexi-time for mothers, remote working schemes
- **Health**
access to flu shot, psychological coaching, specialist cardiovascular check-up and medical screening, vaccination for business travels to certain foreign countries, training on correct lifestyle
- **Other initiatives**
Christmas box, school supplies for children, gifts for Easter, gifts for father's/mother's day, gift for births, gifts for retirement, scholarships, sport activities, meals and snacks

The Coster family day

In the weekend of 23-24 Nov 2019, recalling the Coster's deed of incorporation dated 25 Nov 1963, all our facilities celebrated the first Group Family Day. Our workers with their families could visit the shopfloor and workplaces, feel how much the family support is crucial in the daily work of their own relatives' and how Coster itself is part of the family. The organizational fantasy of each site expressed in different fun and entertainment areas for all ages, contributing to the worldwide big success of the initiative



EMPLOYEE SATISFACTION – Roadmap 2020

2nd edition of Coster Family Day

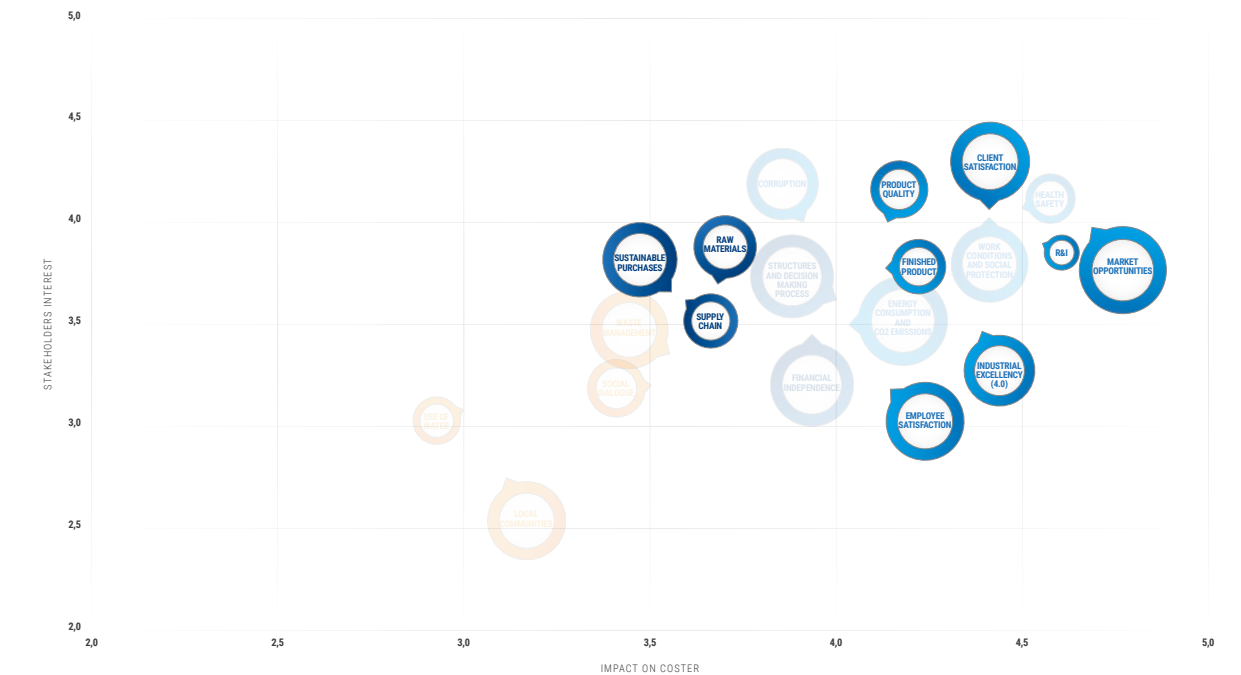
Products

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. From the end of 2019 Coster offers also direct manufacturing and sales of anodized components, following the strategic acquisition of French metal anodizing company Catidom.



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 2019 the filling equipment covered 6.5% of the total group consolidated sales.



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)

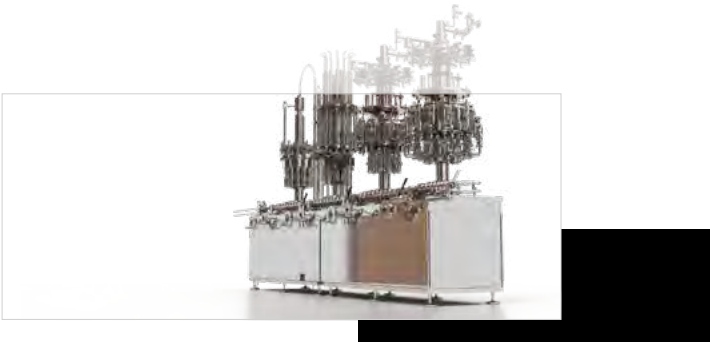


PUMPS

- Spray pumps
- Perfumery pumps
- Dispensing pumps



ANODIZED COMPONENTS



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

PRODUCTS



In 2019, Coster sold a total of:

>1,8 billion valves

>1,4 billion spraycaps and actuators

>500 million pumps



PRODUCTS LCA



Life Cycle Assessment (LCA) is a methodology to assess the life cycle of a product or of a service, in order to quantify its potential environmental impacts.

In 2019 Coster has completed the first studies "from cradle to grave" for the spraycaps and actuators Capri, V21.88 and (predictive) Vega.

These studies have been carried out using the software SimaPro, accomplishing the requirements of the ISO 14040-44 [3-4] and the PCR 36490:2019 for dispensing systems from the International EPD System. System boundaries include upstream-core-downstream processes. Further to primary data, secondary data have been used for the production of raw materials and disposal processes selected from the database Ecoinvent. Goal and Scope definition, Inventory analysis, Impacts Assessment and Interpretation are the followed process steps, resulting in an LCA protocol arranged for gaining the Environmental Product Declaration. The main goal is to provide transparency about the product's global warming potential (IPCC GWP 100a) and to compare the impact change if using virgin PP vs PCR PP, but also acidification, photochemical oxidation, eutrophication, abiotic depletion potential (elements and fossil fuels) and water use have been analyzed.

PRODUCTS RECYCLABILITY CERTIFICATION



In 2019 Coster started submitting requests for products verification and examination of recyclability to an Institute qualified for EU-wide certification. Since recyclability is defined by the two parameters of product's composition and the real recycling paths after usage, the recyclability certificate founds on scientifically validated criteria assessed with the main insiders and associations in the packaging manufacture, waste sorting and recycling business. The recyclability rating is between 0% (non-recyclable) and 100% (fully recyclable), where the latter means that the packaging meets all the prerequisites to become, after its usage, a secondary product comparable to a primary product with identical material. This absolute quantified parameter therefore indicates the material ability to close material cycles in established collection and recycling structures, in practice and at scale.

This project has started with the products AirNext and PCR printed overcap V20.60, certifications expected during 2020.

Innovation



2019 has been a brilliant year in which Coster has brought innovation in processes, product design and custom solutions, targeted sustainability and recyclability, time to market reduction and cost optimization.

The development of ground-breaking, high-quality products that anticipate or go along with the global needs and contribute to customers' success, is a key pillar in Coster sustainable strategy for future growth.

PRODUCTS INNOVATION

The primary R&I technical centre located at our head office in Italy resorts to:

- skilled teams of designers, project managers and lab technicians
- modern project management techniques like **Agile and Oobeya room**, scrum sprints, minimum viable product, QFD, DFMEA, statistical tolerancing design to adopt a lean and efficient approach.
- PLM software supporting process and document management
- 3D printing machines for quick prototyping and better project definition in the first crucial proof of concepts steps
- Filling room, with filling heads manufactured by Coster to reproduce the real conditions at customer's sites with all range of propellants
- Avant-garde SW and HD technologies, like CAD drawing, mechanical FEM and mould flow simulation, computer 3D tomography, metrology systems with automatic measures acquisition and a complete set of lab instruments also including high speed camera, particle size meter, DSC, FT-IR, climatic cells to reproduce ageing conditions



NSCP - ISTA 6 Ready - dispenser pump

Some product innovation completed in 2019 are listed below, whereas other projects addressed to recyclability, reuse, reduce & replace models have been launched but protected by confidentiality or NDA with customers.

- **AIRNEXT**, the new aerosol generation consisting in delivering a complete pre-pressurised aerosol pack to the client. The new concept of standard bag-on-valve with plastic mounting cup laser welded on the PET bottle, thus eliminating the gas filling process, represents a new business model for Coster and the client. It brings benefits in improving operating efficiency, reducing the number of suppliers and transportation cost, simplified and safe filling operations, LPGs elimination, 6% of total weight reduction, ALU metal reduction from 86% to 1% in weight, 40% secondary packaging reduction, >500% increase of energy efficiency in terms of net calorific gain, marketing messages and improved logistics. In 2019 Airnext has won the ADF Innovation Awards for aerosol packaging technology
- Clip for the **first lock-up Amazon ISTA 6 ready dispensing pump**. This patented solution strengthens the pump thus being the first worldwide to fulfil the e-commerce shipment requirements
- **BREEZE**, the new special micromist insert designed to deliver a sophisticated and gentle spray, elevating the performance of pumps and aerosols in combination with the use of compressed gas.
- **TEXTURE** effect on actuators. The design personalisation of actuators targeting eye catching special effects, offers the client the chance to choose the aesthetic effect without the need to invest in dedicated equipment. An infinite choice of effects is pos-

sible (e.g. bubbles, soft touch, glittering, iridescent, "golf ball", etc...) for all standard actuators and spray caps as well as custom developments for brands

- **1" valves and micromist system for compressed air delivery**, achieved by conferring specific features to the valves components for good spraying performance with non-VOCs propellants

PROCESS INNOVATION

The process innovation is strictly related to the activities of the two Innovation Centres of Excellence (CoE) with more than 40 technicians involved stock-item and custom product development in:

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

The major process innovation implemented in 2019 is the manufacturing cell integrated for injection molding and in-line assembly of the **dispenser pump NSCP**. This new pump production concept installed in the Italian facility Coster 2 is available to run regular production from 2020.

COLLABORATIONS

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).

Industry 4.0



Over the years, it has been commonly recognised that the high levels of automation implemented in its facilities are a specific Coster hallmark.

It comes from the forward looking and engineering focus of the company where new technologies are constantly being pioneered. This has lead to Industry 4.0 which is seen as a business goal and leverage for growth which forms part of the industrial vision.

Keys Enablers for success

- **Connection and networks.** Strong communication between facility systems, plants, equipment, avant guard M.E.S. and ERP with the new SAP 4/Hana, in the direction of paperless facility, within the scope of the Big data aspect. Multi-devices connection.
- **Flexible configuration** of production processes, by the introduction of manufacturing cell integrated for injection moulding and in-line assembly. In 2019 we completed the projects to produce the new dispenser pump at Coster SpA (Coster2 facility) and a new custom spraycap at Coster Ltd (Barlborough plant).
Production model set on small / replicable / multiple units.
Low capex / timing product customisation options: platform and texture technologies
- **Automation** of our factories for operational excellence, injection and assembly synchronisation. Automatic warehouses, computer driven production management and full intra-plant goods automation with LGV systems (1st company in Italy, 3rd worldwide), "unmanned" injection at night and weekend, IT and digital devices with remote access aid the processes to quality, efficiency, reduction in WIP and full traceability



- **In-house facilities**

Proprietary assembly machine construction and service by Coster ACR unit

New mounting cups stamping facility in Coster Packaging

Interconnection with the Machinery Division for an integrated 360° vision at technologies to manufacture and use products

Digital 3D printing machine, purchased in 2019 to offer a different option to customize product in small scale industrial production

See the section "Who is Coster" for the action plan regarding the enlargement of the ACR facility and the relocation of Coster India to the new site of Neemrana. Both solutions will be undertaken to achieve the technological principle of Coster excellence, where no compromise is accepted.





Customer care



With its global footprint and worldwide network Coster gives its customers the necessary support in the different areas of interest and is present from the early stages of development to production, installation, training until the product's end of life.

- The Customer care organization provides widespread pre and post-sales assistance for both packaging and machinery, offering the preferred point of contact and answers for all needs concerning products and services offered by Coster.
- The Technical assistance is provided by both centralized and local facilities. With more than 2000 tests per year, the lab of Pero is focused 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 about aerosol. 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. Rapid prototyping of STL and 3D printing mock-up and inserts fluid-dynamic simulations from "trial and error" to predictive simulation are also available
- The Machinery Division ensures the post sales technical assistance and maintenance service as well as the full set of documentation for operation, maintenance and validation and compliance with safety, Atex and applicable regulations in place

- In the central Regulatory Office in Trento qualified staff responds to the regulatory needs
- The central Sampling department, part of the technical structure, is equipped with all necessary tooling to arrange the sample orders without disrupting the production processes. Processing more than 5000 sample orders per year, this facility helps the marketing, testing and approval operations at customer side pursuing efficiency and time-competitiveness goals
- Supply chain and Logistics offer lean and agile support, solutions for special stocks management, support for short time frame launchings, small productions requests, short time deliveries when needed (down to less than one day), global logistic connection
- QA and Sustainability structures respond to all needs concerning management systems, certifications, audits, complaints, documentation, products LCA, reports and disclosures on company performances.
- Collaboration by means of strategic partnerships with end-of-line packing machinery providers and complementary machine manufacturers.

Full information about Coster organization, facilities, contacts, products&services are available in the website www.coster.com



Supply Chain



Coster supply chain has the ambition to be a source of competitive advantage.

To achieve this goal we are building a group organization and introducing new processes and ways of working to manage upstream and downstream relationship with suppliers and customers to deliver superior value to the supply chain as a whole. We are moving from a siloed supply chain that optimised each area to an integrated network. For Coster the key to supply chain responsiveness is synchronisation that requires that each entity in the network is closely connected to the others and that they share the same information to align internal and external interfaces. Our dedicated structure governs planning, transports and materials flows, sourcing, third parties manufacturing, export, customer service.

Key Enablers for Supply Chain

- Top level On-Time and In-Full deliveries (OTIF)
- Leaner and synchronised interface within the group and with customers
- Agile and resilient manufacturing model, founded on standardisation and consistency
- Fast decision making, supported by periodical assessment and address of risk factors
- Maximum reactivity for reduced lead times within a global and interchangeable manufacturing footprint
- Supporting customer's product launches and short time frame situations
- Pro-active stock management, also in circumstances of discontinuations and disruption risks
- Responding to small production requests
- Optimised logistic footprint network
- Responsibility for the social and environmental impacts of activities



The scheme of our initiatives

- Review intercompany production organization and moulding facilities. In 2019 the special actuators moulding moved from Coster USA to Coster Argentina.
- Start punching mounting cups in Coster Argentina, arranged in 2019 with the necessary equipment and shared know-how
- Implementation of a central warehouse in Italy to optimise and take control of logistic flows
- Improve logistic network to retain local agility and lower stock level
- Implementing SAP to start digital transformation
- Increasing capacities in product's portfolio according to market requirements
- Secure diversified and global supplier base, with double sourcing on all materials. Allocate the productions through third part manufactures according to a strategical supply chain view
- Regularly monitor the product catalogue rationalization, to re-organize production in a more optimized and competitive configuration



The 3-years roadmap for sustainable supply chain

Launched in 2019 consisting of the following action plan:

Ambition 1 – Sustainable logistic



Sustainable logistic aims to systematically decrease the environmental burden of transportation. We have the ambition to optimize our logistic network and reduce the kilometres driven to deliver our products. We are planning to introduce best practices, for example better routing and truck loading in order to improve fuel efficiency. We want to take up the intercompany transportation plan “road to rail” again and operating shift from aerial to sea intercompany transportation where made possible by production organization.

Actions & achievements: -550km road transports per route with railway for the transportation of tin plate coils from Germany to Italy. -80% Kg CO2 with a new central warehouse in Trento.

For 2020: measurement and reduction of CO2 emission for transport.

Ambition 2 – Warehouse network



We select the location of our warehouses and distribution centres to optimize the routes between our production sites and our customers.

Actions & achievements: we have optimised our warehouse network in Italy to minimize movement of finished products and raw materials. We will analyse the warehouse network in all countries where we operate to avoid double handling and inventory when not required.

Ambition 3 – Impact on local communities



We want to use our scale to bring positive economic and social impact. Our operations impact local economies and, whenever possible, we utilise local suppliers for all Productive Items and Non-Productive Items we buy. Support social inclusion and cultural and economic development in local communities
Actions & achievements: we select suppliers near major locations of operation. As part of our global procurement strategy we try to leverage our global scale remaining locally connected with the territory where we operate.

Ambition 4 – Joining forces with local suppliers



Share best practices related to sustainable sourcing, waste management, energy efficiencies, etc. with our network of local suppliers and business partners. Support social and economic development in local communities.
Actions & achievements: plan workshops during 2020. The target is to raise awareness for local and small players that can see Coster as a reference for Sustainable agenda.

SUPPLY CHAIN – Roadmap 2019

Pursue the sustainable supply chain roadmap 2019-2021

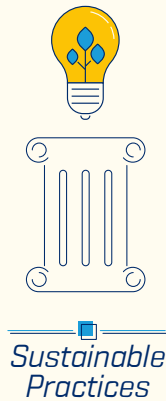
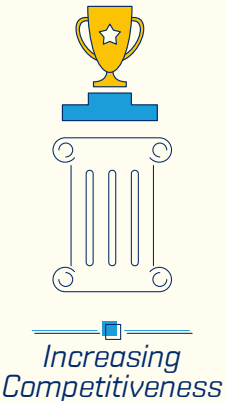
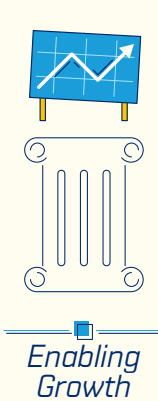
Procurement



Coster believe in the importance of building long term relationships with our suppliers and consider them as critical partners, contributing to the ongoing and sustainable success of our business.

The procurement function supplies the company with raw materials, goods and services. Coster believe in the importance of building long term relationships with our suppliers and consider them as critical partners, contributing to the ongoing and sustainable success of our business. Coster believe that a professional and common approach can enhances collaboration and increases the performance of the company as well as that of our suppliers.

The ambition is to be recognised as a company that inspires trust and respect and that creates value both for our suppliers and for ourselves, taking into account our environmental, social and economic requirements.



Coster purchases goods and services worth more than €130 million from over 1000 suppliers (figure 2019). Over the last two years the Procurement function expanded the number of suppliers under its area of responsibility to include Non-Productive Items related suppliers. The suppliers are classified in three main spend categories:

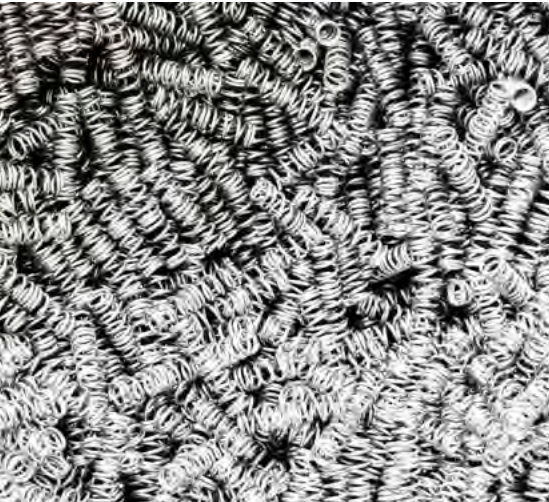
- a. Productive Items (PI): that includes Raw Materials, Components and Packaging
- b. Non Productive Items (NPI): that includes spend areas such as Utilities, Equipments and MRO, Logistics, Professional Services, IT & Telecom, Site Materials & Services, Employee Materials & Services
- c. 3rd party manufacturing (3PM): that includes contract manufacturing for moulded and assembled components



Procurement operates to established procurement and supplier management processes. Long term contracts and active supplier management for strategically important goods and services are important elements. The objective is to safeguard the company's competitiveness and ensure smooth production processes.

Qualification and audit programs, performance evaluation and quality check are managed within the company's integrated system.

2019 Awards
Coster has been awarded with the **Pallet Return System (PRS) Green Label 2019** for pallet pooling with polymers manufacturers. This is an award for partners that actively contributed to the circular model of reuse and shared use of CP-type pallets for European polymer industry.



Local suppliers



In 2019, an average 60% of overall Coster's procurement budget for all Italian companies (packaging division) and 62% for Latam companies - the two major areas of operation - is spent on local suppliers - those operating in the same country as the Coster's sites. Most of these supplies are from the EU and from Italy. 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.

The definition of significant location of operation is relevant to the turnover, covering a total of 45% of the 2019 Group turnover, associated to manufacturing facility.

Supplier environmental and social assessment

The CSR audit plan to Coster's productive items and out-sourced suppliers has continued in 2019. 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.

N° 3 supplier audits have been conducted in 2019, which add to the 7 ones made in 2018 to represent 53% of PI/3PM purchased volumes for Coster SpA, 48% of PI/3PM vendor list tot spending for EU Coster companies including Coster SpA (6 suppliers in the top-15 spending list). The audits didn't reveal suppliers identified as having significant actual or potential negative impacts. Local deficiencies have been reported and addressed 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 audit plan for 2020 aspires to cover respectively 66% and 67% of PI/3PM purchased volumes at Italian and EU levels.

The 100% of Productive Items suppliers (PI) and out-sourcers (3PM) in the Vendor-list formally acknowledged 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).

The 3-years roadmap for sustainable sourcing

Launched in 2019 consisting of the following action plan:

Ambition 1 – Renewable energy

We plan to 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. Actions & achievements: 100% green energy in EU starting from 2020, >90% at Group level by 2021 (see Energy consumption section)

Ambition 2 – Cardboard

We have the objective to source +90% of the cardboard we use for our boxes from certified sustainably managed forests (FSC, PEFC) or introduce recycled material by 2021. By doing that we provide our small but important contribution to end deforestation. Actions & achievements: in 2019 we have organized workshops with key suppliers of corrugated boxes, we have built and started the plan for implementation (see Raw Material section). Finally, we will encourage our suppliers to follow the initiative.

Ambition 3 – Office materials

Main target is to support the Group Paper Policy and buy paper-based office materials (printer paper, note books and envelopes) from either certified sustainable forests or recycled sources. In addition, for all other office materials, where possible, we are buying "green products". Actions & achievements: we partner with Lyreco in order to have access to a wide range of office materials certified, to the final target of 100% recycled paper use (see Raw Material section)

Ambition 4 – Plastic

We commit to support our customers to reach their goals on plastic packaging to accelerate progress towards the circular economy. To do so we have started a number of activities in order to offer PCR on our products. Actions & achievements: working with our suppliers to identify opportunities. We will stay vigilant in order to support introduction of new resins and our customers to achieve their own goals



Ambition 5 – Fleet

We aim to reduce the environmental impact of vehicles we drive and the CO2 emissions of our fleets. Actions & achievements: in 2019 we have changed our car policy and we will start to convert our fleet to hybrid when existing contracts expire. Year to date 18%

Ambition 6 – Supplier Code of Conduct

The Supplier Code of Conduct should be a reference point for all our suppliers. It will represent Coster commitment to high standards of integrity and sustainability. Actions & achievements: in 2019 we have submitted the Supplier Code of Conduct to the approval of the Board, implementation to start in 2020 to all our suppliers worldwide.

Ambition 7 – Certification on sustainable procurement ISO20400

By implementing ISO 20400, Coster organization contributes positively to society and the economy through making sustainable purchasing decisions and encouraging suppliers and other stakeholders to do the same. Actions & achievements: in 2019 Certification achieved at Group level



PROCUREMENT

Pursue the sustainable sourcing roadmap 2019-2021

Raw materials



In 2019 Coster worked hard at new solutions targeted at Reducing the weights and Replacing materials both with ones less problematic for the recycling streams and with more eco-friendly solutions.

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 tinplate (mounting caps and covers) and rubber (seals/gaskets).

In 2019 Coster worked hard at new solutions targeted at Reducing the weights and Replacing materials both with ones less problematic for the recycling streams and with more eco-friendly solutions. This activity falls in the framework of the commitment undertaken for the New Plastic Economy, looks at the wide media resonance given to global trends on the impact packaging has on the environment and supports the customers' campaigns oriented to SDGs.



Products

The main technical projects completed or launched in 2019 are listed below:

- **PCR** (Post Consumer Recycled) plastics introduced in the following products where the parts are not in direct contact with the product (for regulatory reason of food contact compliance):
CAPRI - actuator's shell and overcap
V21.88 - custom spraycap for hairspray application
32MSPUP - mounting cup and overcap of the snap-on spray pump
Dark Matter - custom spraycap for deodorants application
- **Bio-based** polypropylene sourced from renewable raw material feedstock introduced in the following products:
Sferino actuator
Standard dip-tube for 1" valves application
- **Black masterbatch carbon-black free NIR detectable**, suitable for sorting streams
- 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 "GWP100" reduction respectively of 9% and 39% compared to the fossil based standard 4-plex laminate
- Introduce mono-material laminated film for bag-on-valves, addressed to product recyclability
- **POM removal** from stem and housing of LKE valves
- **Micromist POM-free**
- 0.42 to 0.38 mm thickness reduction of ALU mounting cups for 1" valves
- 1-2 g/m2 tin-plating reduction of epoxy and plain mounting cups versions
- **BPA-NI** (Not In) alu and tin-plate mounting cups for 1" valves, as alternative to lacquering containing BPA traces
- **CrVI** process free mounting cups for 1" tin plate valves, as alternative solution to eliminate this substance from the tin plate passivation process

Ancillary materials

The main projects completed or launched in 2019 concerning materials auxiliary to production are listed below:

- New film stretch for pallet wrapping. In 2019 start of purchase for all Italian plants of the film stretch with thickness reduction to 15 µm, in place of the previous specs of 23, 20 and 17µm.
- Office stationery - in 2019 Coster started purchasing the office stationery produced with recycled materials
- Paper Policy in the offices. Sustainable sourcing initiative launched to purchasing paper responsibly. 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 2019 Coster achieved a result of 92% of recycled paper use**, out of around 1850 thousands of sheets, vs annual target of >90%



Material consumption

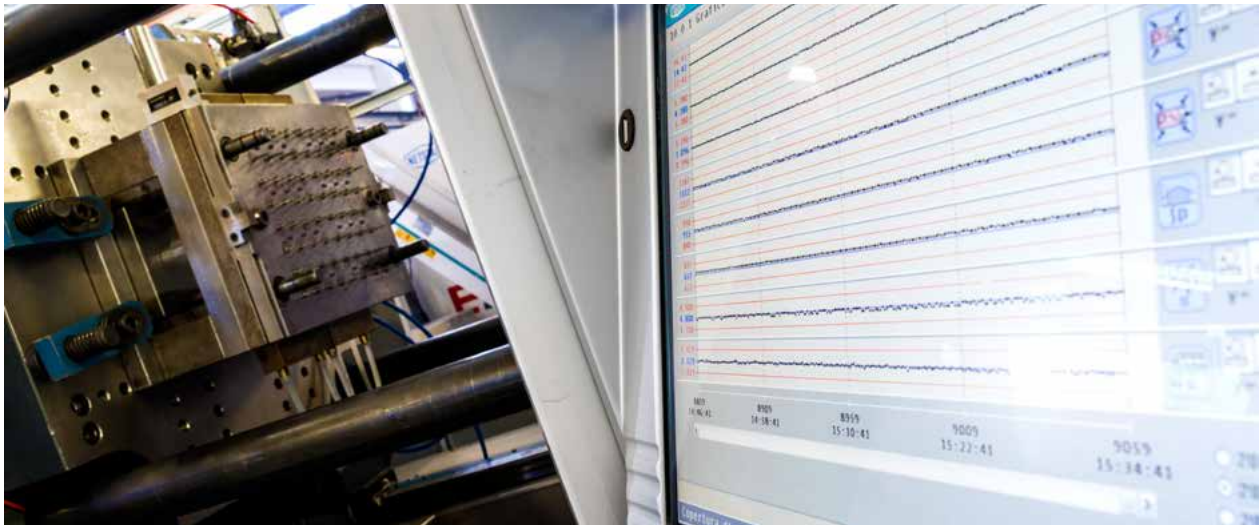
Methodology and results

The following 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 2019, taking into consideration the weight of each component. For the paper, it has been referred to the KPI of used carton boxes count, assigned with the equivalent weight of 1kg.

	TOT [t]	PLASTIC RESIN [t]	STEEL [t]	ALUMINUM [t]	RUBBER [t]	TIN PLATE [t]	LAMINATE FOIL [t]	PAPER [t]
2019	23795	13489	629	543	758	5581	232	2563
2018	22444	12455	603	530	754	5539	236	2327

Data interpretation

- 23795 tonnes of materials used in 2019 correspond to a consumption increase of 6%.
- In 2019, Coster used 2,555 million carton boxes for finished product packaging, with an increase of 236k units due to corresponding higher use made at Coster Barlborough (+171k), Costerpack (+135k) and Coster Packaging (+56k) as consequence of new businesses won in spraycaps. The total use of recycled fibers amounts to 58%, in line with the previous year.
- The higher consumptions recorded in 2019 reflects the general increase of sales volumes disclosed in the Product section.



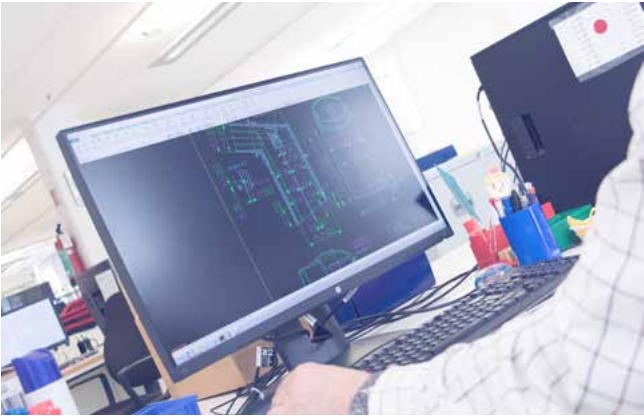
Facts & FIGURES

Total number of employees by employment type and by gender

	TOTAL		MALE		FEMALE	
	2019	2018	2019	2018	2019	2018
FULL-TIME	898	926	712	734	186	192
PART-TIME	48	52	11	14	37	38

New employee hires by age group

AGE GROUP	TOTAL	
	2019	2018
Under 30	66	89
30 - 50	61	59
Over 50	12	11



Turnover rate by site and age group

SITE	<30 YEARS OLD		30<X<50 YEARS OLD		>50 YEARS OLD	
	2019	2018	2019	2018	2019	2018
Coster Technologie Speciali	21,4%	13%	3,1%	7%	3,2%	5%
Coster Ltd. Barlborough	36%	0	35%	0	21%	8%
Coster Ltd. Stevenage	0	0	0	75%	0	75%
Coster B&S	50%	4,5%	19%	4%	8%	11%
Tecnocoster	0	25%	5,9%	0	0	0
Costerplast	0	0	5%	0	0	0
Coster SARL	0	0	0	0	0	0
Coster GmbH	0	0	0	0	0	0
Coster USA	33%	0	13%	30%	9%	18%
Coster Packaging	10,5%	21%	2,9%	4%	0	0
Coster India	39%	4%	6%	15%	0	13%
Costertec	11,1%	23%	11,8%	17%	4,5%	0
Costerpack Manufacturing	33%	7%	31%	9%	0	0

Occupational Health And Safety

PLANT	INJURY FREQUENCY INDEX (IF)		INJURY SEVERITY INDEX (IG)	
	2019	2018	2019	2018
Coster 1 (Coster Technologie Speciali SPA)	0	1,04	0	0,07
Coster 2 (Coster Technologie Speciali SPA)	0,65	1,24	0,03	0,04
Coster 3 (Coster Technologie Speciali SPA)	0	0	0	0
Costertec	0,91	1,19	0,02	0,12
Coster USA	0	0	0	0
Coster Ltd Barlborough	0	0	0	0
Coster Ltd Stevenage	0	0	0	0
Coster Packaging	0	0,37	0	0,14
Coster B&S	0	0	0	0
Pero 1 (Coster Technologie Speciali SPA)	0	0	0	0
Pero 2 (Coster Technologie Speciali SPA)	0	0	0	0
ACR	0	0	0	0
Coster India	0	0	0	0
Tecnocoster	0	0	0	0
Costerplast	0	0	0	0
Costerpack Manufacturing	0	0,60	0	0,01
Coster SARL	3,66	3,23	0,55	2,59
Coster GMBH	0	0	0	0

Procurement budget on local suppliers

PLANT	% OF PROCUREMENT BUDGET SPENT ON LOCAL SUPPLIERS	
	2019	2018
Coster Technologie Speciali SPA	72,8	71,4
Costerplast	46,9	41,7
Tecnocoster	59,6	35,9
All Italian sites	geographical definition of local is: Italy	
Coster Sarl and Coster GmbH	≤ 5 (Note: sales and distribution centers purchasing from Coster manufacturing factories)	
Coster B&S	15	15
	geographical definition of local is: NL	
Coster Packaging	62,2	76,2
	geographical definition of local is: Argentina	
Coster India	38	38
	geographical definition of local is: India	
Coster USA	9,5	9,5
	geographical definition of local is: within 2 hours driving time from the facility)	
Costertec	43,5	43,3
	geographical definition of local is: Spain	
Costerpack Manufacturing	100	100
	geographical definition of local is: Malaysia	
Coster Ltd - Stevenage	10	10
Coster Ltd - Barlborough	1	1
	geographical definition of local is: 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	11760	1.291.000	1.139.000	818.000	374.000	5.737.000	1.986.000	415.000
Steel	629	325.000	84.000	94.000	126.000	/	/	/
Alu	543	385.000	/	/	158.000	/	/	/
Dip-tube	1729	1.571.000	81.000	51.000	26.000	/	/	/
rubber	758	752.000	/	1.900	4.600	/	/	/
Tin plate	5581	5.581.000	/	/	/	/	/	/
Laminate foil	232	232.000	/	/	/	/	/	/
Paper	2563	7.700	/	/	/	/	/	/



Recycled Input Material Used

	TOT [TON]	% OF RECYCLED
Plastic resin	11760	0
Steel	629	80 ÷ 90
Alu	543	60 ÷ 75
Dip-tube Included in plastic resin	1729	0
Rubber	758	0
Tin plate	5581	65 ÷ 75
Laminate foil	232	0
Paper	2563	58

For metallic materials (steel, aluminum, tin plate), the data of re-cycled 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 fibers used in cardboard declared by the box suppliers. 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 supplier or, if not possible, the average recycle % among the different suppliers.

	TECNO-COSTER	B&S	COSTER LTD BB	COSTER PACKAG-ING	COSTER USA	COSTER-PLAST	COSTER-TEC	COSTER LTD STEV.	COSTER-PACK	COSTER INDIA	COSTER1	COSTER2	COSTER3	TOT
Nr box used	204733	148858	446175	344560	33457	417608	122143	0	164282	33542	27380	216428	396040	2.555.206
% recycled fibers	74	82	100	0	30	40	100	100	25	85	50	50	68	58
Nr box re-cycled	151502	122063	446175	0	10037	167043	122143	0	41070	28510	13690	108214	269307	1.479.754

Direct (Scope 1) GHG emissions

		GHG EMISSIONS [tons CO2e]		FUEL CONSUMPTION		FUEL UNIT
PLANT	FUEL TYPE	2018	2019	2018	2019	
TECNOCOSTER	Natural gas	44,379	50,689	23,521	26.865	m3
	Diesel oil	0,201	0,201	75	75	l
PERO 2	Natural gas	47,317	55,261	234.080	273.380	kWh
PERO 1	Any fuel	0,000	0,000	-	-	
COSTER USA	Natural gas	86,331	114,809	14.571	19.378	therm
COTERTEC	Gas / Diesel oil	33,864	36,364	12.611	13.542	l
COSTER SARL	Natural gas	18,321	27,114	9.691	133.868	kWh
COSTER PACKAGING	Gas / Diesel oil	3,853	5,773	1.435	2.150	l
	Natural gas	48,089	42,528	25.487	22.540	m3
COSTER GMBH	Natural gas	20,246	19,632	10.709	10.384	m3
ACR	Natural gas	16,938	16,868	8.977	8.940	m3
COSTER 3	Natural gas	145,036	111,789	76.869	59.248	m3
	Diesel oil	0,403	0,000	150	-	l
COSTERPLAST	Natural gas	43,260	38,219	22.928	20.256	m3
	Diesel oil	0,604	1,208	225	450	l
COSTER 2	Natural gas	193,590	163,906	102.603	86.870	m3
COSTER 1	Natural gas	88,574	88,798	46.944	47.063	m3
COSTERPACK MALAYSIA		0,000	0,000	-	-	m3
COSTER B&S	Natural gas	25,077	26,541	13.291	14.067	m3
COSTER Ltd	Natural gas	251,212	162,725	1.242.760	805.012	kWh
COSTER INDIA	Diesel oil	22,180	16,877	8.260	6.285	l
TOTAL		1089,475	979,302			

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

FUEL CONSUMPTION FOR HEAT GENERATION AND GENERATORS			TOTAL 2019	TOTAL 2018
LPG for Heat	LPG	Sm³	0	0
Diesel for Heat	Diesel	l	22502	22686
Fuel oil for Heat	Fuel Oil	l	0	0
Natural gas for Heat	Natural Gas	Therm	19378	16351
		KWh	1212260	974226
		Sm³	296233	338907



Energy indirect (Scope 2) GHG emissions

PLANT	GHG EMISSIONS [tons CO2e]				ENERGY CONSUMPTION [kWh]			
	2018 LOCATION BASED	2018 MARKET BASED	2019 LOCATION BASED	2019 MARKET BASED	2018	2019	RENEWABLE 2019	
TECNOCOSTER	1.521,193	0,000	1.574,000	0,000	3.746.782	3.876.847	3876847	100%
ACR	13,206	0,000	9,910	0,000	32.526	24.408	24408	100%
PERO 2	41,940	41,940	36,090	36,090	103.300	88.892	0	no
PERO 1	161,529	161,529	128,379	0,000	397.855	316.205	316.205	100%
COSTER USA	327,121	579,230	276,865	442,082	626.669	530.392	0	4,39% bills energy mix
COTERTEC	345,743	566,554	372,346	59,199	1.452.703	1.564.481	1.408.695	100% from 01/02/2019
COSTER SARL	2,744	2,744	2,565	2,296	48.050	44.913	4703	100% from 01/12/2019
COSTER B&S	492,337	492,337	523,696	523,696	1.186.354	1.261.917	0	100% from 01/01/2020
COSTER GMBH	8,614	0,000	8,046	0,000	18.686	17.454	17.454	100%
COSTER 3	1489,588	0,000	1491,206	0,000	3.668.936	3.672.921	3.672.921	100%
COSTERPLAST	1682,016	0,000	1832,092	0,000	4.142.896	4.512.543	4.512.543	100%
COSTER 2	2812,106	0,000	2934,026	0,000	6.926.370	7.226.665	7.226.665	100%
COSTER 1	985,628	0,000	972,707	0,000	2.427.655	2.395.830	2.395.830	100%
COSTERPACK MALAYSIA	1271,294	1271,294	1692,515	1692,515	1.748.685	2.328.081	0	no
COSTER PACKAGING	2224,922	224,922	1991,557	1774,393	6.062.457	5.426.586	591728	From May 2019 (one provider)
COSTER Ltd	518,464	518,464	1148,924	499,865	1.134.495	2.514.057	749524,6	100% from 01/10/2019 for BB, 100% from Oct 2018 Unit3 Stevenage
COSTER INDIA	854,238	854,238	927,294	927,294	936.665	1.016.770	0	no
TOTAL	14752,683	6713,252	15922,218	5957,430	34.661.084	36.818.962	24.797.524	

Conversion factors taken from ADEME platform.
The emission factors were calculated considering 100% electricity consumption per plant

PRODUCT GROUP	VALVES	DISPENSERS	SPRAY PUMPS	PERFUMERY PUMPS	SPRAY CAPS	SPECIAL ACTUATORS	ACTUATORS
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Methodological

NOTE

Methodological note

Coster’s 2019 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 2019 – with coincides with the calendar year-consolidated in the Annual Report as of December 31, 2019. 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 third 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 SpA.
- 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 2019 (January 1, 2019 to December 31, 2019) and to all Coster companies worldwide falling within the scope of consolidation at December 31, 2019.

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 report-ing because of their significant environmental and social impacts.

For any Claims connected to this third non-fiscal report, please contact Andrea Rain-eri, 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 2019 Sustainability Report.

GRI STANDARDS	REPORTING REQUIREMENT	COSTER'S RESPONSE
GRI 102 GENERAL DISCLOSURES		
102-1	Name Of The Organization	p 14
102-2	Activities, Brands, Products, And Services	p 15, p 82
102-3	Location Of Headquarters	p 15
102-4	Location Of Operations	p 15, p 100
102-5	Ownership And Legal Form	p 23
102-6	Markets Served	p 15
102-7	Scale Of The Organization	p 15, p 26, p 70, p 83
102-8	Information On Employees And Other Workers	p 24, p 102
102-9	Supply Chain	p 89
102-10	Significant Changes To The Organization And Its Supply Chain	p 15
102-11	Precautionary Principle Or Approach	p 34
102-12	External Initiatives	p 36
102-13	Membership Of Associations	p 27, 69
STRATEGY		
102-14	Statement From Senior Decision-Maker	p 4
ETHICS AND INTEGRITY		
102-16	Values, Principles, Standards, And Norms Of Behavior	p 16, p 34
102-17	Mechanisms for advice and concerns about ethics	p 29



METHODOLOGICAL NOTE



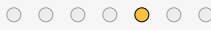
GRI STANDARDS	REPORTING REQUIREMENT	COSTER'S RESPONSE
GRI 102 GENERAL DISCLOSURES		
GOVERNANCE		
102-18	Governance Structure	p 24
102-19	Delegating authority	p 24
102-21	Consulting stakeholders on economic, environmental, and social topics	p 19
102-25	Conflicts of interest	p 29
102-26	Role of highest governance body in setting purpose, values, and strategy	p 24
102-30	Effectiveness of risk management processes	p 44
102-32	Highest governance body's role in sustainability reporting	p 112
102-33	Communicating critical concerns	p 29
102-34	Nature and total number of critical concerns	p 29
STAKEHOLDER ENGAGEMENT		
102-40	List Of Stakeholder Groups	p 19
102-41	Collective Bargaining Agreements	p 31
102-42	Identifying And Selecting Stakeholders	p 19
102-43	Approach To Stakeholder Engagement	p 19
102-44	Key Topics And Concerns Raised	p 20
102-45	Entities Included In The Consolidated Financial Statements	p 100
102-46	Defining Report Content And Topic Boundaries	p 18, p 19
102-47	List Of Material Topics	p 20
102-48	Restatements Of Information	p 112
102-49	Changes In Reporting	p 112
102-50	Reporting Period	p 112
102-51	Date Of Most Recent Report	p 112
102-52	Reporting Cycle	p 112
102-53	Contact Point For Questions Regarding The Report	p 112
102-54	Claims Of Reporting In Accordance With The Gri Standards	p 112
102-55	Gri Content Index	p 113
GRI 103 MANAGEMENT APPROACH		
103-1	Explanation Of The Material Topic And Its Boundary	p 21

METHODOLOGICAL NOTE



GRI STANDARDS	REPORTING REQUIREMENT	COSTER'S RESPONSE
103-2	The Management Approach And Its Components	p 7, p 8, p 14, p 16, p 17, p 20, p 23, p 29
103-3	Evaluation Of The Management Approach	p 7, p 8, p 14, p 16, p 17, p 20, p 23, p 29, p 40, p 41
200 ECONOMIC DISCLOSURES		
GRI 201: ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	p 26
201-4	Financial assistance received from government	p 27
GRI 202: MARKET PRESENCE		
202-2	Proportion of senior management hired from the local community	p 71
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 93
GRI 205 ANTI-CORRUPTION		
205-1	Operations assessed for risks related to corruption	p 30
205-2	Communication and training about anti-corruption policies and procedures	p 30
205-3	Confirmed incidents of corruption and actions taken	As of the date the Compliance Line was launched, Coster does not have: <ul style="list-style-type: none">• 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 30
300 ENVIRONMENTAL TOPICS		
GRI 301 MATERIALS		
301-1	Materials used by weight or volume	p 98, p 105
301-2	Recycled input materials used	p 106
GRI 302 ENERGY		
302-1	Energy consumption within the organization	p 50
GRI 303 WATER		
303-1	Water withdrawal by source	p 58

METHODOLOGICAL NOTE



GRI STANDARDS	REPORTING REQUIREMENT	COSTER'S RESPONSE
GRI 305 EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	p 56, p 107
305-2	Energy indirect (Scope 2) GHG emissions	p 56, p 109
GRI 306 EFFLUENTS AND WASTE		
306-2	Waste by type and disposal method	p 60
306-3	Significant spills	p 62
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 62
GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT		
308-1	New suppliers that were screened using environmental criteria	In 2019 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 94
400 SOCIAL TOPICS		
GRI 401 EMPLOYMENT		
401-1	New employee hires and employee turnover	p 74
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 75, p 76, p 77

METHODOLOGICAL NOTE



GRI STANDARDS	REPORTING REQUIREMENT	COSTER'S RESPONSE
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 71
GRI 405 DIVERSITY AND OPPORTUNITY		
405-2	Ratio of basic salary and remuneration of women to men	p 72
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 31
GRI 408 CHILD LABOR		
408-1	Operations and suppliers at significant risk for incidents of child labor	p 31
GRI 409: FORCED OR COMPULSORY LABOR		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p 31
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 32
GRI 412: HUMAN RIGHTS ASSESSMENT		
412-1	Operations that have been subject to human rights reviews or impact assessments	p 73
GRI 413: LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development program	p 63
413-2	Operations with significant actual and potential negative impacts on local communities	p 63

METHODOLOGICAL NOTE



GRI STANDARDS	REPORTING REQUIREMENT	COSTER'S RESPONSE
GRI 414: SUPPLIER SOCIAL ASSESSMENT		
414-1	New suppliers that were screened using social criteria	In 2019 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 94
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	Not Applicable
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable
GRI 417: MARKETING AND LABELING		
417-1	Requirements for product and service information and labelling	Not Applicable
417-2	Incidents of non-compliance concerning product and service information and labelling	Not Applicable
417-3	Incidents of non-compliance concerning marketing communications	In 2019 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 45
GRI 419: SOCIOECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	In 2019 Coster has not recorded any fines for non-compliance with laws and/or regulation





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