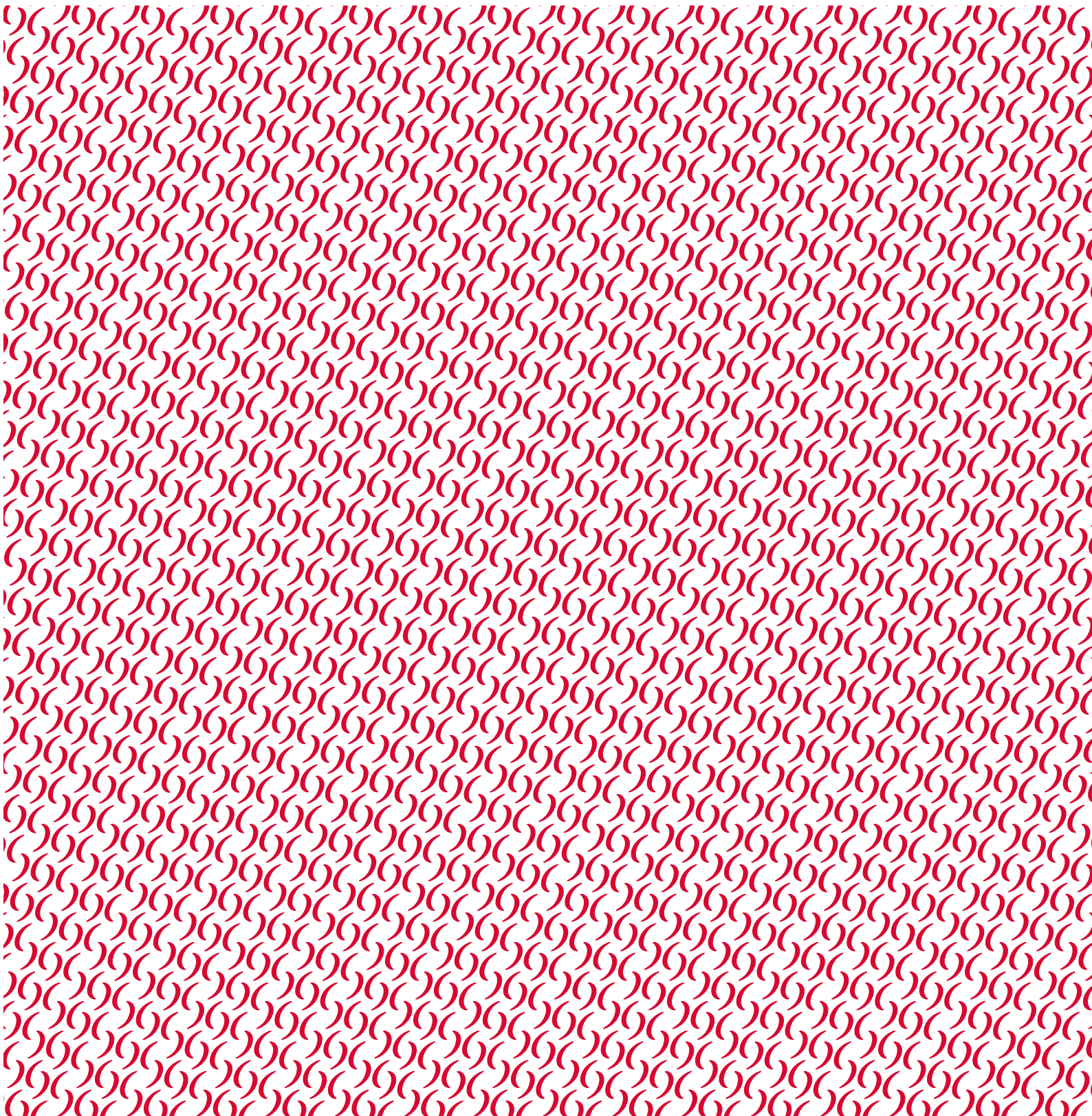


**Coesia**

Sustainability Report

2015

coesia



*It is with great pleasure that we present to you the first Coesia Sustainability Report, a tool to share our values and communicate our initiatives in the economic, environmental and social sphere. After years of significant growth of the Group, we felt the need to convey the ethical awareness that has always guided our work through an annual reporting process that documents our worldwide contribution to the sustainable development of territory and community.*

*In the belief that the enterprise must create economic worth but also support values and cultural elements in the business community and in the broader community, we put people at the center of our activity. In fact, the 6,000 employees are the driving force of Coesia's success and the shared values bring them together, deeply motivating their ability to innovate.*

*Respect, responsibility, knowledge and passion: these are the values that hold all the pieces of Coesia together, making it a cohesive system. Moreover, these are the values that have driven the significative growth in recent years, allowing us to successfully deal with the constant evolution of the macroeconomic scenario. Today we are a global industrial player, an international reliable partner that takes on new business opportunities and looks towards the future from the values that have characterized our history.*

*The purpose of this first Sustainability Report is to share these values with all Coesia's stakeholders and to inform them about the strategy and the Group's performance in the context of sustainable development, providing an overview as complete as possible of the Company's activities.*

*This report represents the first landmark of our commitment to all of you: a practical commitment, because it aims at refining and extending the data scope in the coming years and, above all, it represents an ethical commitment aspiring to always match the financial results and the attention for the environment, society and people.*

*Isabella Seràgnoli*  
President

*Angelos Papadimitriou*  
CEO

# Index

**COESIA AT A GLANCE** 6

**METHODOLOGY AND MATERIALITY ANALYSIS** 8

## WHO WE ARE 10

**Our history and our future: ambitious choices and clear values.** 12

A HISTORY OF EXCELLENCE AND RESPONSIBILITY  
GROUP MISSION  
OUR VALUES  
OUR CODE OF ETHICS  
LEADERSHIP MODEL

**Coesia: a sophisticated Organization to support our businesses globally.** 16

GROUP PROFILE  
GROUP COMPANIES  
GOVERNANCE  
ORGANIZATION  
BUSINESS MODEL AND STRATEGY

**Minimize risks and uncertainty: our everyday focus.** 23

ANTI-CORRUPTION  
RISK MANAGEMENT AND COMPLIANCE

## OUR PEOPLE, OUR STRENGTH 24

**Our people: the engine of our Organization.** 26

THE HUMAN SIDE OF INNOVATION  
DIVERSITY  
OUR INDUSTRIAL RELATIONS

**Improving everyday: as a Group, as professionals, as people.** 30

BEST GLOBAL TALENT  
GLOBAL RECRUITMENT  
PEOPLE PERFORMANCE AND DEVELOPMENT  
COESIA LEARNING CENTER

**How we take care of our people.** 36

WELFARE  
MAST  
COESIA FOR ME

**Safety and security: our day-by-day commitment.** 40

SAFETY  
SECURITY

## BUILDING OUR FUTURE 46

**Customers: the focal point of our vision.** 48

EACH BUSINESS HAS ITS OWN STORY  
SERVICES  
GLOBAL KEY ACCOUNT MANAGEMENT  
COMPASS

**Innovation: our way of thinking, our way of making the difference.** 53

OUR INNOVATION MODEL  
KEEPING UP WITH THE TIMES: INNOVATION AND SUSTAINABILITY  
COESIA ENGINEERING CENTER  
PRODUCT INNOVATION CENTER  
OPERATIONAL EXCELLENCE

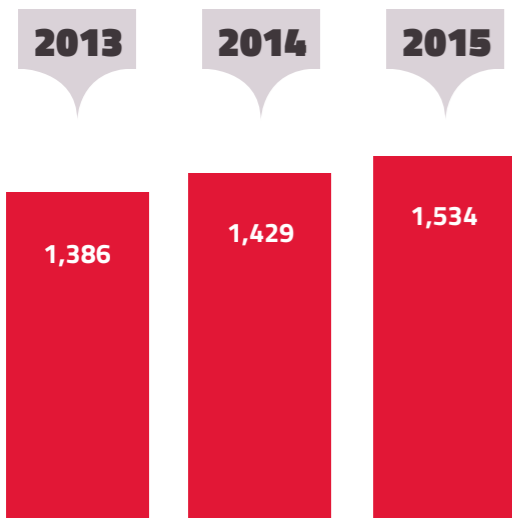
**Our world: how we take care of it.** 58

OUR ENVIRONMENTAL IMPACT  
ENERGY  
EMISSIONS  
WATER  
WASTE  
OUR SUPPLY CHAIN  
OUR COMMUNITY

# Coesia at a glance

## COESIA WORLDWIDE

### REVENUE



Million Euros

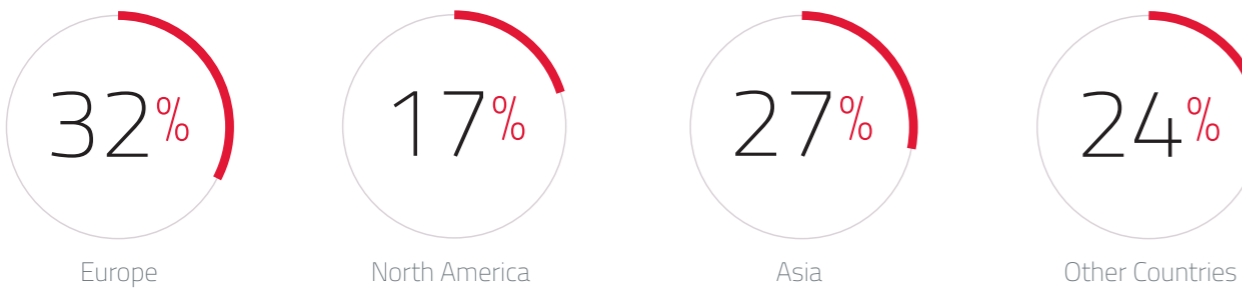
### RESEARCH & DEVELOPMENT\*

53.7  
Million Euros

### OUR GLOBAL PRESENCE\*



### REVENUE GEOGRAPHICAL BREAKDOWN\*



\* As of 31/12/2015.

5,928

PEOPLE

88

OPERATING UNITS

34

COUNTRIES

54

PRODUCTION FACILITIES

## METHODOLOGY

The aim of Coesia's first Sustainability Report is to circulate the Group's values, strategy and performance in the area of sustainable development and to give a comprehensive overview of the Company's operations, reporting financial results together with our commitment to environmental and social issues. The document provides qualitative and quantitative information on the activities carried out by the Group during recent years on environmental and social aspects with particular focus on last year's performance. Unless stated otherwise, this report contains data, information and figures referring to Coesia S.p.A. and its fourteen Companies and subsidiaries as of 31/12/2015.\*

## MATERIALITY ANALYSIS

The topics covered in this Sustainability Report originate from our materiality analysis, with the main objective of determining which topics are considered important and to enable the Group to continue to create value in the short, medium and long term.

For Coesia, material aspects are those that have a significant financial, environmental and social impact on the Organization and could substantially influence stakeholders' considerations and decisions.

The resulting material issues have been grouped in three main areas:

- Who we are: overview of the Group, the values we believe in and our concept of ethics, shared at all levels of the Organization;
- Our people: a key asset for a Company like Coesia, the real strength of our Group;
- Building our future: our focus on customers, innovation, our relations with suppliers and the community, without forgetting our environmental impact.

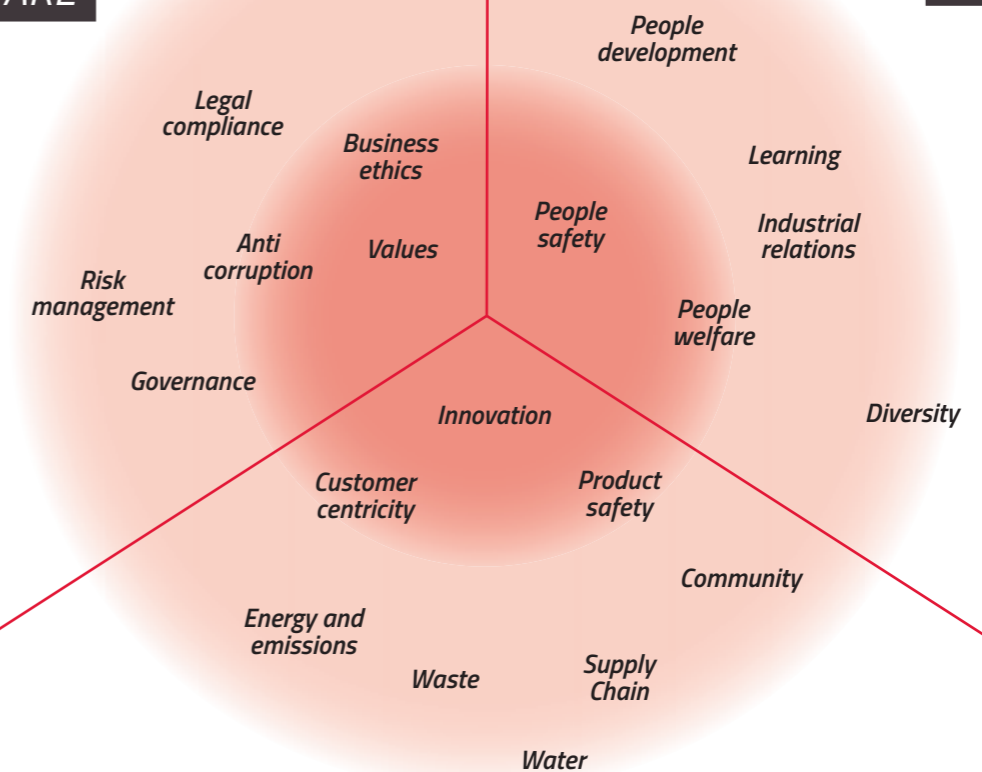
These issues have been analyzed by assigning them a priority in terms of their impact for Coesia, in order to generate the following materiality representation and define the content of the 2015 Sustainability Report.

Coesia confirms its efforts for the continuous involvement of its stakeholders in order to develop a beneficial dialogue and a long-lasting and responsible partnership.

### WHO WE ARE

### OUR PEOPLE

### BUILDING OUR FUTURE



\*During 2015, the former AcmaVolpak was split into Acma and Volpak, while Coesia has divested the Company Laetus and its legal entities.



# WHO WE ARE

*We are the result  
of the choices and  
the commitments  
we make.*

1

Our choice is to follow simple but fundamental values such as respect, responsibility, knowledge and passion. The resulting commitment is always to combine financial achievements and attention to social and environmental issues.

---

# Our history and our future: ambitious choices and clear values.

## A HISTORY OF EXCELLENCE AND RESPONSIBILITY

Over its 100 years history, Coesia has increased its global presence thanks to strategic expansion, internal growth and the progressive acquisition of companies specialized in different business sectors, and has become the World's leading Company in industrial packaging solutions.

Coesia, a private Group fully owned by Isabella Seràgnoli, has its headquarter in Bologna and counts fourteen Companies\* present in five continents: it operates globally through 88 units located in 34 countries.

\*Companies acquired during 2016: EMMECI S.p.A. and GF S.p.A. have not been included in the scope of this report.

### GROUP MISSION

Creation of long term sustainable economic, social and environmental value for our clients, employees, shareholder and the communities we operate in.

### OUR HISTORY BEGINS AT THE DAWN OF THE 20th CENTURY

<b>1930s</b>	G.D, legendary motorcycle Company, was purchased by Enzo Seràgnoli at the end of 1930s.	<b>1939</b>	Enzo and Ariosto Seràgnoli launched their first automatic wrapping machine.
<b>1950s</b>	G.D became the world leader in the automated industrial machinery industry.	<b>1960s</b>	G.D entered the tobacco sector.
<b>1980</b>	CIMA	<b>1986</b>	ACMA
<b>1995</b>	GDM	<b>1996</b>	VOLPAK
<b>2005</b>	The Group was renamed COESIA to represent the cohesion behind the Group.	<b>2006</b>	HAPA LAETUS
<b>2008</b>	ADMV CITUS KALIX NORDEN SACMO	<b>2011</b>	FLEXLINK SASIB
<b>2012</b>	R.A JONES	<b>2013</b>	IPI
<b>2015</b>	New brand identity.	<b>2016</b>	EMMECI* GF*

Image: ACMA, Bologna: Assembly shop for model '713' in the early 1930s.

## OUR VALUES

### RESPECT

Respect for people, rules, local communities, environmental and economic resources.

### RESPONSIBILITY

Responsibility for the consequences of one's own decisions and actions, responsibility to lead by example, to practice fair leadership, to be committed, to achieve results, to grow talent, to reward merit.

### KNOWLEDGE

Knowledge comes from culture, from the territory, relationships, experience, research, training and education; knowledge as professional and personal growth.

### PASSION

Passion for the product, for innovation, excellence, beauty, work and performance.

*Respect implies rigor and integrity*

*Even collective responsibility starts with individual accountability*

*Sapere Aude: dare to know*

*Passion allows us to envision results even before achieving them*

## OUR CODE OF ETHICS

For Coesia, the Code of Ethics is first and foremost a cultural project: it lays out the values, guidelines and standards of behavior that are already an intangible asset of our Group. In the last years, we have extended the implementation of the Code to nearly all our Italian Companies and we will deploy it globally.

## LEADERSHIP MODEL

The Coesia Leadership Model aims at supporting Coesia's strategy and it is consistent with our values.

The Leadership Model is part of the Coesia Way, the culture we would like to spread in order to achieve our ambition and build a positive working environment.

Its purpose is to be a compass to define a common language that identifies the key behaviors for individual and organizational success; help to communicate and understand the results that are expected; increase awareness on what is required in the different phases of individual professional growth while focusing on individual strengths and improvement areas.

The model has been recently reviewed to better support people development and performance and to be more consistent with the present and future strategy.

INNOVATE

BE CUSTOMER CENTRIC

MAKE DECISIONS

DELIVER RESULTS

INSPIRE OTHERS

COLLABORATE

MANAGE COMPLEXITY

*The Leadership Model is part of the Coesia Way, the culture we would like to spread in order to build a positive working environment.*



# Coesia: a sophisticated Organization to support our businesses globally.

## GROUP PROFILE

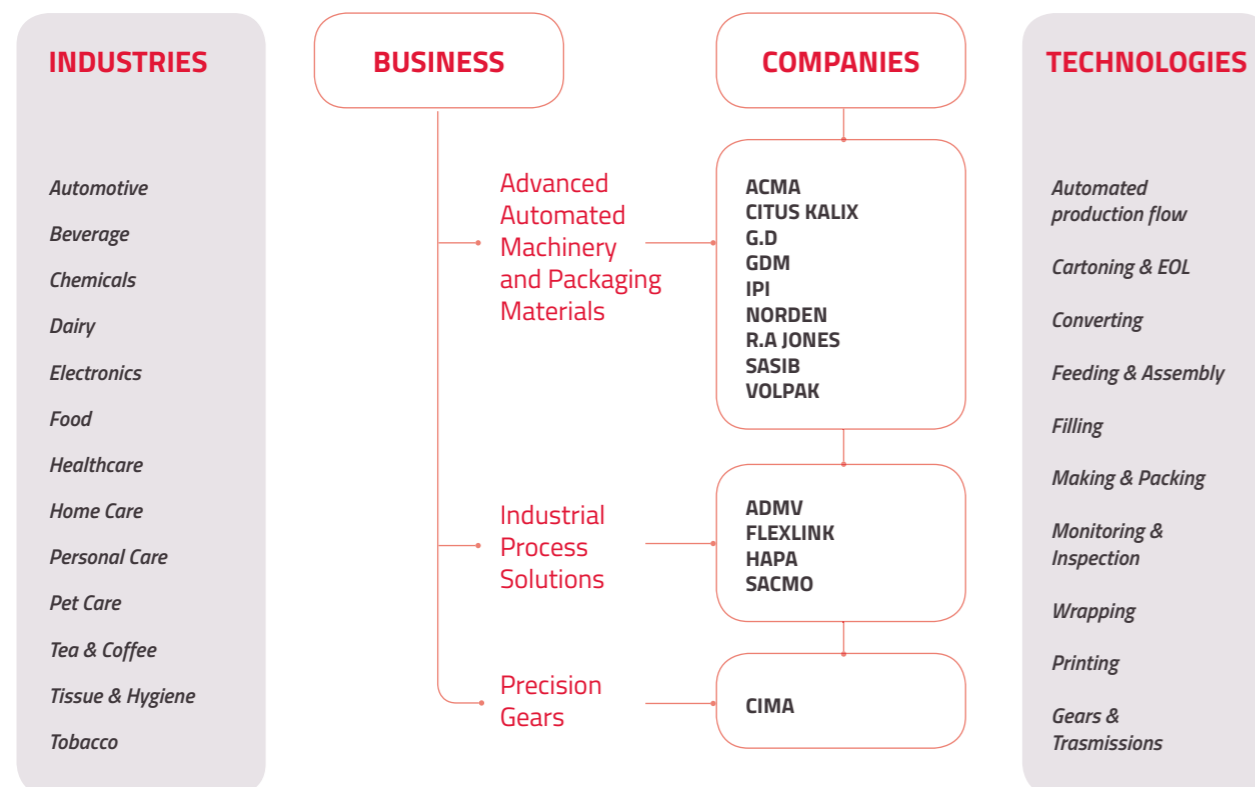
Coesia is an innovation-based Group of industrial and packaging solutions, directly controlling 14 companies.

In their turn, some of the Group Companies control others, thus making Coesia a real corporate galaxy, held together by the gravitational pull of a common mission, its values and purposes.

Coesia Companies are structured according to the following 3 main business lines:

- *Advanced Automated Machinery and Packaging Materials;*
- *Industrial Process Solutions;*
- *Precision Gears.*

Coesia Companies offer a wide range of technical and design solutions, ranging from automation and packaging processes to the production of precision gears for several industries and customers.



## GROUP COMPANIES

Coesia's 14 Companies are mainly established in Europe.

**In Bologna and surroundings:**  
G.D, Sasib, Acma, Cima

**In Italy:**  
GDM and IPI

**In Spain:**  
Volpak

**In Switzerland:**  
Hapa

**In France:**  
ADMV, Citus Kalix and Sacmo

**In Sweden:**  
Norden and Flexlink

**In the U.S.A.:**  
R.A Jones.

Relations between Group Companies are particularly intense in order to develop synergies and to obtain the full use of all Companies' assets.

Companies acquired during 2016, EMMECI S.p.A. and GF S.p.A., have not been included in the scope of this report.

### ACMA

Manufactures packaging machinery for confectionary, soap and detergents, together with bottling lines for high-value or viscous/foaming products. The division Tecnomeccanica is dedicated to tea-packaging machines and coffee capsule filling.

### ADMV

Produces bowl feeders, blade elevators, disk feeders, depalletizers, palletizers, robot and vision systems.

### CIMA

Has been producing gear transmissions and power trains for high-performance applications.

### CITUS KALIX

Manufactures filling and cartoning machines for tube, lipstick, mascara and jars for the cosmetic industry.

### FLEXLINK

Is the factory automation expert and leading provider of automated solutions to produce goods smarter, safer and at lower operating costs.

### G.D

Is the leading supplier of high technology machinery for making-packing solutions for the tobacco industry.

### GDM

Manufactures converting lines and packaging solutions for hygiene disposables.

### HAPA

Is the leading supplier of on-demand printing systems for the pharmaceutical and cosmetic packaging industry and of Flexographic printing technology for pharmaceutical, nutraceutical and consumer goods sectors.

### IPI

Provides aseptic filling machines and multilayer carton packaging material.

### NORDEN

Is the leading supplier of high-performance tube filling and cartoning machines for pharmaceutical, toothpaste, cosmetic and other industrial applications.

### R.A JONES

Produces packaging machinery for food and consumer goods: pouch filling and cartoning, chub packaging, cup filling and sealing, aerosol machinery, bottle filling and patented solutions for improving shelf life.

### SACMO

Designs complete lines in the packaging machinery industry, refurbishment of existing customer machinery and retrofit of machines.

### SASIB

Manufactures making and packing lines for the tobacco industry.

### VOLPAK

Produces packaging lines for horizontal form-fill-seal (HFFS) pouches for food, beverage, personal and home care, pharmaceutical and chemical industries.

## GOVERNANCE

Coesia's Corporate Governance structure assigns the Group management to the Board of Directors, together with the Statutory Board and the external Audit Firm.

The Board of Directors promotes the interests of the Company, defines the strategic orientation and promotes sustainable growth.

ISABELLA  
SERÀGNOLI

PRESIDENT

ANGELOS  
PAPADIMITRIOU

CEO

The Board of Directors of Coesia comprises the following members:

ROGER  
ABRAVANEL

LUCA CORDERO  
DI MONTEZEMOLO

FABIO  
GALLIA

LUCA  
GARAVOGLIA

DAVID  
GOSSET

LEONARDO  
GUERRA  
SERÀGNOLI

LORENZA GUERRA  
SERÀGNOLI

MAURIZIO  
PETTA

ROBERTO  
POLI

FRANCESCO  
TATÒ

*The Consolidated financial statements are annually submitted to an Audit Company for an independent third party opinion.*

# ORGANIZATION

In Coesia, Corporate Communication and Corporate Social Responsibility report to both the President and the CEO directly. For business related activities, Coesia is a matrix-structured organization. On one side, there are the Group Functions: Finance, Human Resources and Research and Development center, namely the CEC (Coesia Engineering Center), which support, coordinate and foster synergies among all Companies and subsidiaries. On the other side, there are our businesses: Advanced Automated Machinery and Packaging Materials (9 Companies), Industrial Process Solutions (4 Companies)

and Precision Gears (1 Company). Advanced Automated Machinery and Packaging Materials is in turn divided into:

- Consumer Goods Machinery (6 Companies)
- Tobacco Machinery (2 Companies)
- Aseptic Filling Machinery and Packaging Materials (1 Company)

Moreover, in 2015 Coesia International was founded, with the aim of covering all the Regions where Coesia does not have direct headquarters.

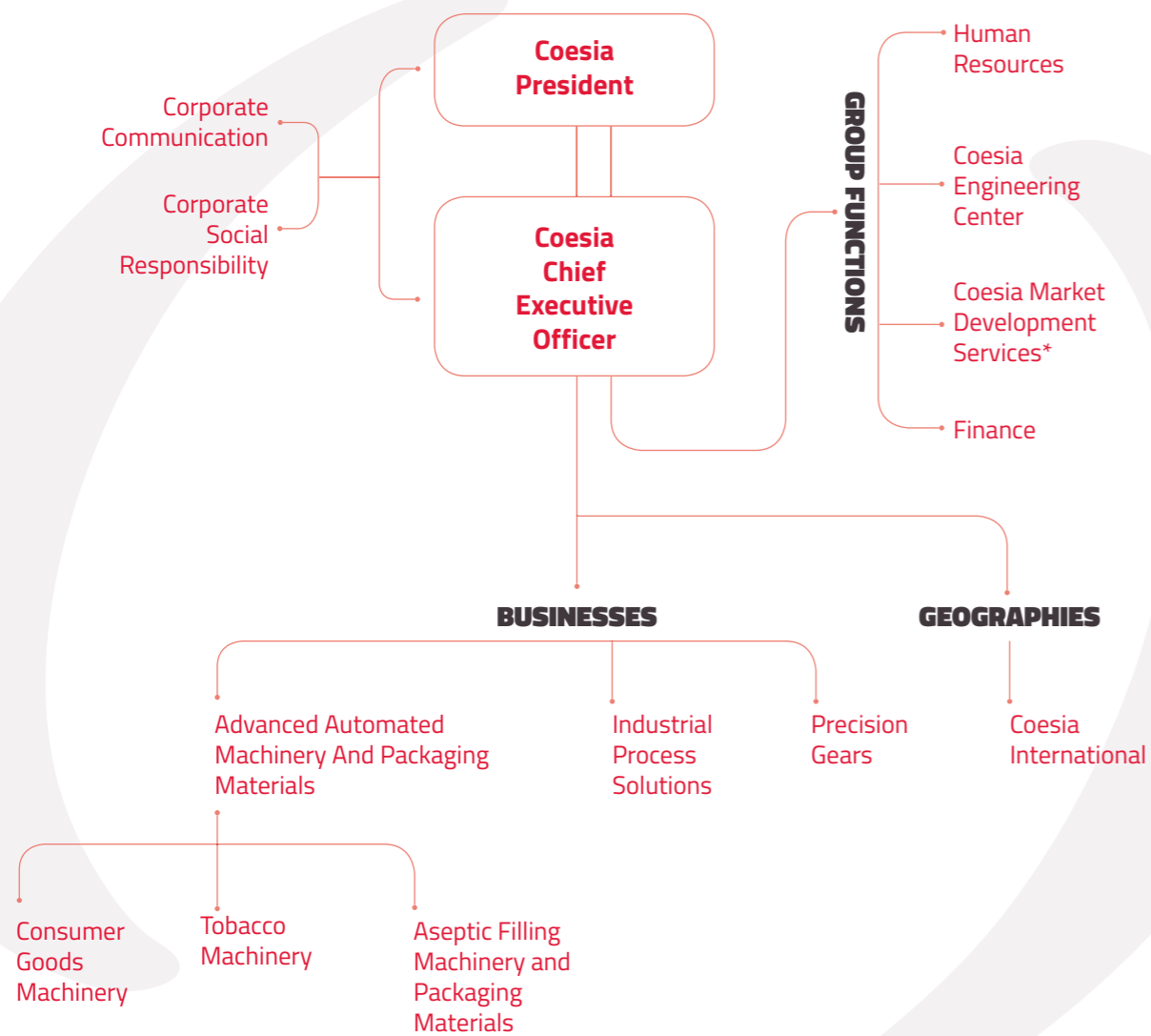
## COESIA INTERNATIONAL

Coesia began to establish Regions (strategic geographical areas) back in 2011, as hubs of local expertise close to the customers and part of the same market they need to serve.

From then onwards, the Group has shown great progress in those territories, and also the need for a more systematic and homogeneous approach.

To answer this need for coordination and standardization, and to foster the expansion in new markets, Coesia International was created in April 2015 and includes the Coesia Regions.

The current strategic intent is the same that led to the creation of the Regions: global footprint expansion and optimization with the aim of reinforcing the presence of Coesia worldwide, capturing emerging markets' growth, and improving our ability to customize products for regional markets.



\*Created in 2016.

## BUSINESS MODEL AND STRATEGY

Every Group needs to spread its culture, values and vision, especially when its growth is also due to mergers and acquisitions.

Coesia's business model is based on a Group Governance having the task to coordinate and guide such a sophisticated Organization, comprising 14 Companies, Global Functions and Divisions in continuous development and evolution. Coesia's strategy is supported by six pillars that underpin the strengthening phase we are facing: Coesia aims at growing through customer-centric innovation of products and services in a way that adds value for customers and Coesia itself.

We want to be a global leader in providing advanced industrial and packaging solutions to leading manufacturers.



*Customer-Centric Innovation*

*Global Footprint*

*Growth Platforms*

*Service*

*Implementation Excellence*

*Best Global Talent*

## Minimize risks and uncertainty: our everyday focus.

### ANTI-CORRUPTION

Ethics is a founding element of our sustainable business activity and it inspires us in our day-by-day conduct. As an international organization operating in different economic, institutional, social and cultural contexts, it is our responsibility to act in compliance with the different laws and regulations applicable to the many countries in which we operate. Loyalty, fairness, transparency, honesty and integrity are the way we do business: these have been formalized by developing the Anti-Corruption Guidelines, launched in 2015 to promote the highest standard in all business dealings. Based on our Group activities, as well as International Best Practices, we have identified areas that are potentially critical. All Coesia Companies have to adhere to these guidelines, in addition to applicable laws and regulations.

In Italy Coesia adopted the Organizational Model as per Decree n. 231/2001 on the "Administrative liability of legal persons of Companies and associations without legal personality". Decree n. 231/01 offers a significant opportunity for involving, raising awareness and promoting accountability on legal aspects that may affect all employees. The adoption of the 231 Model is also considered an important business requirement, able to generate competitive advantages by promoting an honest and solid reputation and minimizing the risk of crimes being committed.

We also implemented an Anti-Corruption System made of defined roles and responsibilities and initiatives based on the principle that everyone needs to be fully aware of our anti-corruption guidelines. In addition to the Supervisory Body (*Organismo di Vigilanza*), in order to manage and control the above-mentioned system, a specific body has been appointed: the Anti-Corruption Committee. A whistleblowers'

device has been put in place, which protects privacy and expressly prohibits retaliation against anyone who in good faith reports an actual or potential Anti-Corruption violation. Moreover, we have developed training and awareness material, initiatives and activities, enhancing continuous update of Anti-Corruption requirements, risks and expected conduct. During 2015, all managers were trained and instructed to cascade communication to the whole Coesia population, as well as all people who can play a key role in this field.

### RISK MANAGEMENT AND COMPLIANCE

The Group Companies are exposed to risks and uncertainties typical of international industrial businesses related to high-tech durable goods design, production and sales. Coesia actively works on identifying potential risk factors in its operations, in order to minimize their impact but also to focus on opportunities deriving from these assessments, leading to more competitive advantages.

Coesia established a strategy for managing risks and opportunities that is integrated throughout the operating model of all Group's Companies, covering different strategic and operational risks, such as raw material prices, mergers and acquisitions, financial, legal and human resources areas.

In 2015, no significant final rulings were issued against Coesia regarding non-compliance with laws and regulations, including matters concerning:

- *Product safety;*
- *Environmental aspects;*
- *Customer privacy and loss of customer data;*
- *Information, labeling, provision and use of products and services.*



OUR  
PEOPLE,  
OUR  
STRENGTH

*We believe that people are the best engineering work that was ever created, with two features that technology cannot replicate: imagination and passion.*

2

That is why we never cease listening to the suggestions and ideas of every person that is part of our world. That is why we aim at providing our employees with the best conditions to passionately work, grow and imagine.

---

# Our people: the engine of our Organization.)

WITH 6,000  
EMPLOYEES  
IN 34  
COUNTRIES,  
COESIA  
INVESTS IN  
ITS PEOPLE,  
WHO HAVE  
ALWAYS BEEN  
THE DRIVING  
FORCE  
BEHIND THE  
COMPANY'S  
EVOLUTION.

## THE HUMAN SIDE OF INNOVATION

In Coesia we consider our people an essential asset and our success is achieved first and foremost through the talent and passion of skillful individuals considering that we are called to compete at the highest levels of industry, pursuing the ambitious goal of creating sustainable and long lasting value.

The strategies that will ensure long-term profitable business become visible each and every day through the actions of our people. We want to attract and retain the best people and develop the leaders today for tomorrow, leaders who will have a strong influence and will build the sustainable future of our business.

Moreover, the geographical and organizational expansion of our Group has further fuelled the effort to enhance both the unique characteristics of each of its Companies and the expertise provided by every single employee.

As of 31 December 2015, the internal community of the Group amounted to 5,928 resources. With respect to 2013, the number of people has slightly decreased: this is due to the divestment of the German Company Laetus, which was sold at the end of 2015.

68% of our people are mainly located in Western Europe, due to the presence of most of our Companies' headquarters.

Perfectly in line with our core business, Coesia employs 1,149 highly specialized designers, engineers and technicians, working in Research and Development and Engineering areas. To put their ideas into practice, more than half of Coesia's population works in our operations: from procurement to quality, from planning to assembly and testing Departments, we make innovation a concrete reality.

Such a stimulating work environment, the recognition of merit, the possibility to expand professional horizons through opportunities in different roles, Functions and countries, make sure that Coesia is able to retain its talents and knowledge.

WE  
RECOGNIZE  
THAT  
DIVERSITY  
IN OUR  
WORKFORCE  
WILL DRIVE  
FUTURE  
INNOVATION.

## DIVERSITY

We have expanded our view of diversity, creating a broader and deeper understanding of the power of diverse perspectives from different cultures, abilities, genders, generations, ethnicities, orientations, and points of view.

Since internationality and multiculturalism are its characteristic elements, the Group undertakes to include and respect every individual, regardless of age, gender, ethnicity, nationality.

The promotion of equal opportunities for men and women in the workplace is an objective shared by the Company and by employees.

As far as gender diversity is concerned, Coesia is facing the challenge of improving gender balance, like many manufacturing companies. The Group is committed to spreading maximum awareness of the positive differences

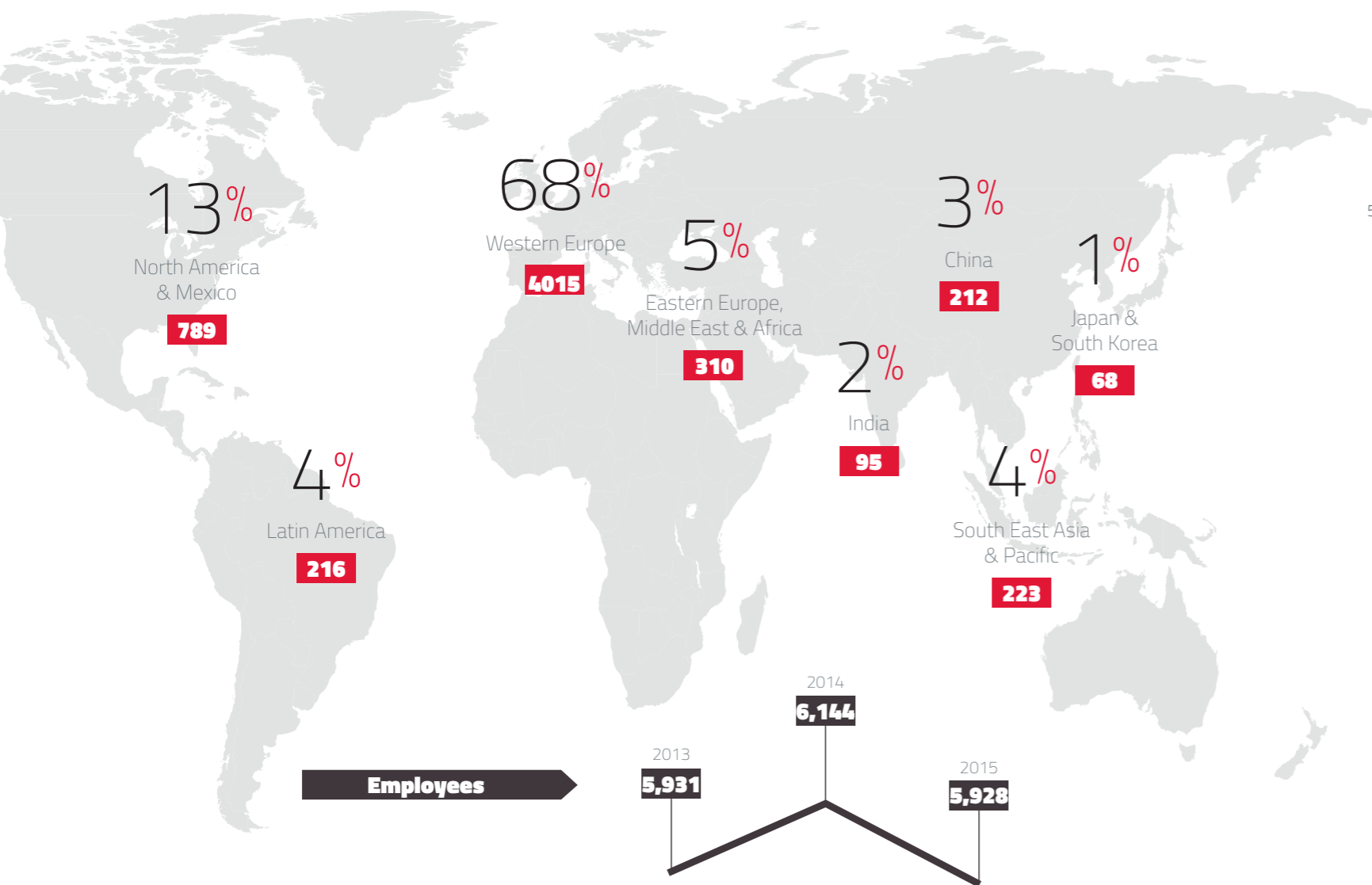
between genders in such a global Organization. The presence of women in the Group's workforce has been stable for years, around 15%, in line with the general trends in the automatic machinery sector.

## OUR INDUSTRIAL RELATIONS

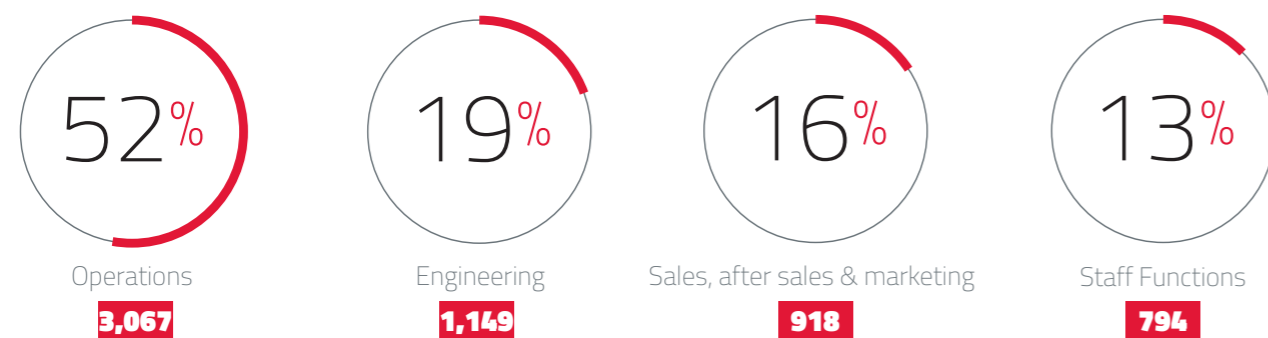
Coesia's industrial relations are based on constructive dialogue and respect of the various roles involved. Relations and negotiations with trade unions are managed locally in accordance with the law, national collective bargaining agreements, and the prevailing customs and practices in each country. In 2015, Coesia continued to work with trade unions and employee representatives to reach consensus-based solutions for each of its Companies.

## The human side of innovation

### People geographical breakdown

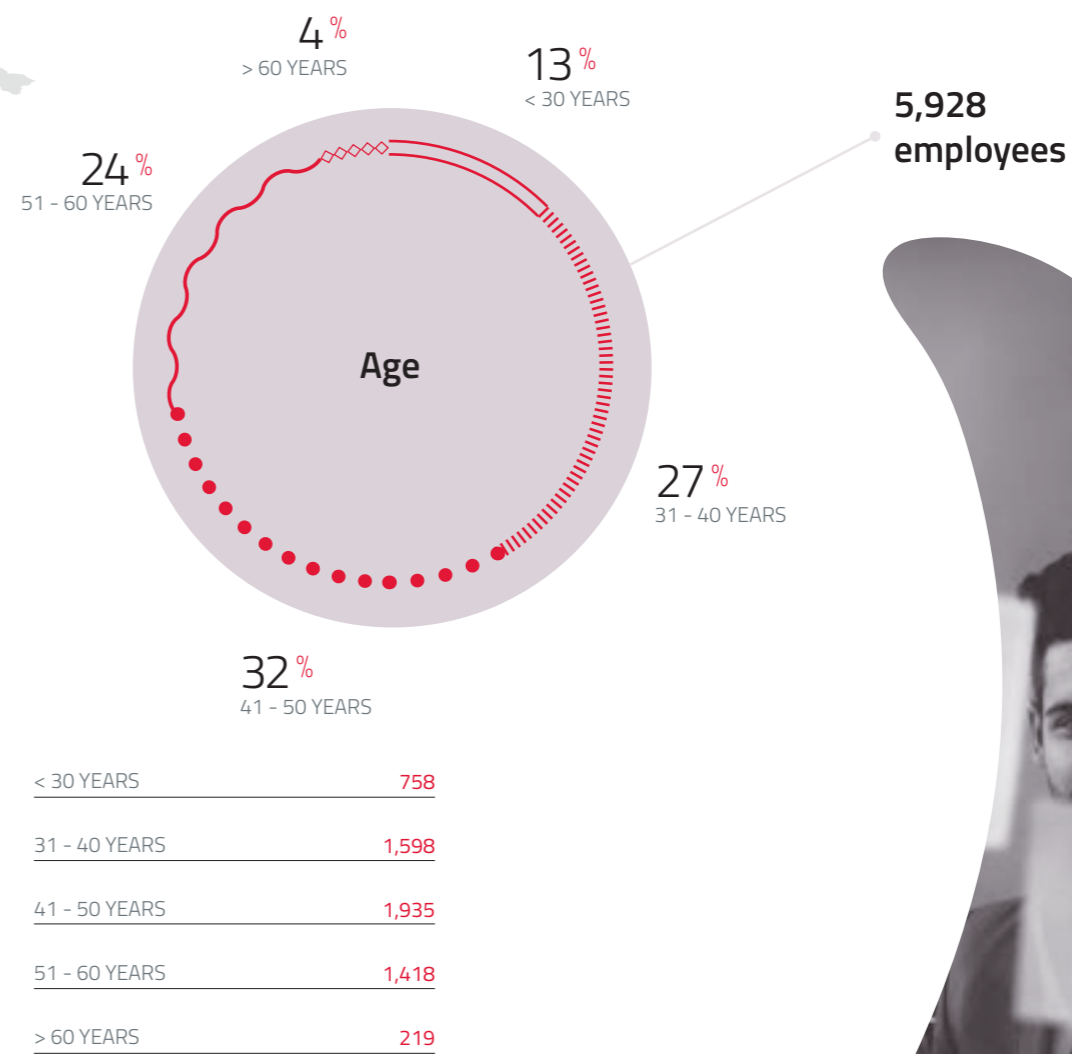


### People in our departments



## Diversity

### People breakdown by age



*Coesia's population includes 54 different nationalities.*

# Improving everyday: as a Group, as professionals, as people.

## BEST GLOBAL TALENT

Coesia has experienced a journey of transformation that started from people and processes and is currently facing a strengthening phase that needs continuous development of guidelines and competencies. Everyday, in order to support this phase, Coesia is committed to attract, select, develop and retain the best people at international level to pursue long-term managerial continuity and economic performance, strongly monitoring market best practices.

Recruitment is centrally coordinated, managing not only the selection processes, but also employer branding activities, in order to make Coesia attractive in the employment market and competitive with respect to other companies.

New employees are supported with on-boarding programs to foster their initial integration within the Group as well as familiarization with the business.

Employees are then progressively offered learning and development programs in order to improve their potential, skills and leadership, taking Coesia's strategic inputs, collective and individual needs into account.

Moreover, Coesia has also established a Talent Management System aimed at enhancing people's merit, potential and competencies in order to guarantee opportunities for professional growth together with motivation and engagement through the definition and monitoring of performance and individual development plans.

Furthermore, a global compensation, grading and titling system is in place to guarantee internal fairness and external competitiveness and to succeed in attracting and retaining people.

## GLOBAL RECRUITMENT

The Global Recruiting Process provides a standard approach for all recruiting activities. One of the main goals is to identify and hire talents in line with Coesia's Values and Leadership model. It provides a common framework and tools for:

- *Standard Budget Template;*
- *Selection activation and profile definition;*
- *Selection approval;*
- *Accessing and managing candidates;*
- *Interviews standard;*
- *Candidate experience.*

The new Global Recruiting Process was officially presented in July 2015 and launched in September 2015. This process affects all Coesia's Companies and businesses. All selections are managed with the same recruiting tools, providing a highly increased visibility over all different steps. It also allows Coesia to use a common database of global talents, improve the candidate's experience and it allows the Human Resources Function to manage the selection process in a structured way (in terms of tools, communication, output, etc.). We also want to build a pipeline of "Best Global Talent" to support Coesia's needs at international level.

**The main goal it is to identify and hire talents in line with Coesia's Values and Leadership model.**

In 2015 we received an average of 1,000 CVs and around 800 selections were activated.

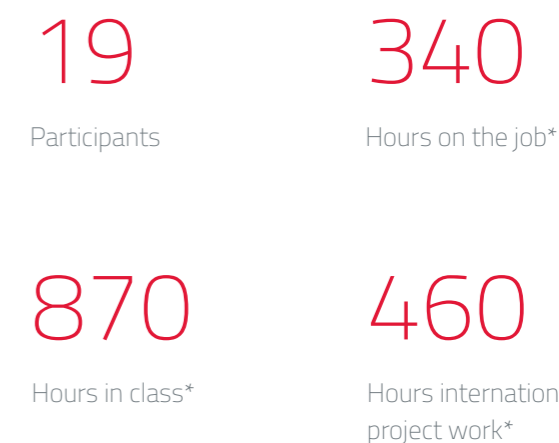
### COESIA ENGINEERING GRADUATE PROGRAM

The Engineering Graduate Program (EGP) is a technical and managerial training path organized by the Coesia Learning Center and offered to talented new graduates in mechanical and electronic engineering with an international mindset selected from the best international Universities. The program aims at:

- *Selecting talented new graduates for placement in various Coesia Companies and Functions;*
- *Developing a global culture in the industrial automation and process solutions areas and specific skills regarding the Group's processes and tools;*
- *Favoring the proper placement within the different business areas in line with the interests, skills and competencies of the new graduates.*

The Engineering Graduate Program consists of three parts: classroom training, on the job training and international project work, for a total period of 10 months. Company managers are used as trainers, tutors and mentors during the whole period, giving a real overview of everyday life in Coesia's working environment in all the different Departments.

### EGP 2014/2015 at a glance



\*Hours per participant.



## PEOPLE PERFORMANCE AND DEVELOPMENT

Performance Management drives the Organization to high performance leveraging on people contribution and creating a link between performance, reward systems and development paths. People Performance Dialogue (PPD) is, for all intents and purposes, a business process that aims at strengthening the link between business performance and each individual contribution. Through PPD, Coesia leads its employees towards the achievement of individual, team and business results, whilst fostering their continuous improvement and people development. Through PPD, Coesia also provides a large number of employees with an objective and structured process in order to guarantee merit and, consequently, internal equity. The name itself sums up the contents of the process, along with its three main objectives:

### PEOPLE

*Leading people in their professional growth within the Organization;*

### PERFORMANCE

*Aligning individual goals with corporate strategy, so that the global performance is the sum of clear and measurable goals;*

### DIALOGUE

*Facilitating and promoting dialogue between employees and supervisors.*

PPD is focused on both quantitative and qualitative objectives in line with business needs and behaviors that reflect the Coesia Leadership Model. The entire process is supported by a continuous dialogue between supervisors and employees and includes a feedback session at the end of the year in order to increase individual self-awareness and define a proper development plan.

The PPD population coverage is gradually increasing: when it was first implemented, in 2013, it involved more than 900 people, whereas in 2015 around 3,600 employees took part in the process.

To further support the process, during 2015 we have invested heavily on communication and involvement of employees and supervisors: we have provided around 100 hours of training, e-learning and other informative material.

## Development and Change Initiatives

Development and change initiatives are aimed at supporting the development of a one-group approach in terms of systems and processes by spreading the Coesia culture and building a sense of belonging to Coesia while leveraging on diversity. The main goals are the identification, development and retention of internal talent with a focus on the increase of self-awareness, competencies and skills within the Group.

During 2015 Coesia has improved and put in place a number of programs including performance, potential and competencies evaluation and development.

### THE LEADERSHIP SANDBOX

Initiative dedicated to Coesia junior population, which consists in a path during which participants are involved in different activities in order to foster their long-term development. Focus areas of the program are: creativity and innovation, managing relationships through diversity, coaching and team building, and visibility to the Senior Management.

### COESIA LEADERSHIP LAB

Every year, Coesia organizes a Leadership Lab involving a number of people at international level to mobilize the participants' collective intelligence to address issues that are relevant to Coesia. The program is structured to develop strategic out-of-the box thinking, support team working in a multicultural environment and the self-leadership to become effective change agents. It includes opportunities for visibility to Coesia Management.

### PPD POPULATION COVERAGE

15.6%  
in 2013

33.7%  
in 2014

60.7%  
in 2015

## COESIA LEARNING CENTER

Learning is a strategic asset for Coesia's success. The Coesia Learning Center manages all the training initiatives with a global approach managed locally, in order to:

- Ensure the satisfaction of the Group's learning needs, by supporting the development of role competencies. This allows employees to grow professionally and work at their best to reach Coesia's business goals;
- Map the Group's learning at global level, by ensuring quality, effectiveness, efficiency and promoting innovative methodologies and tools.

The Coesia Learning Center is supported by the Training Needs Analysis, a process that involves all the key people of each Organizational Unit with the aim of fully understanding the learning needs of each organizational context and getting a comprehensive and integrated perspective of various information in order to finalize the training plans and programs.

The Coesia Learning Center guarantees coordination and support during the year in designing training and learning solutions, organizing targeted programs, held by internal or external trainers, and sharing the best practices within the Group.

# 23 HOURS OF TRAINING FOR EACH EMPLOYEE

*As evidence of our continuous investment in people, in 2015 we have provided 136,118 hours\* of training. This means that we have provided on average almost 23 hours of training for each employee.*

\* These hours include training on managerial and technical/professional skills, on safety, ICT and languages. They do not comprise those of the Engineering Graduate Program and other development and change management initiatives.

## BeLeader@ Coesia

"BeLeader@Coesia" is a Coesia Learning Center training project, launched in June 2014, involving all the supervisors with the aim of:

- Fostering managerial responsibility acquisition from the leaders within the Organization;
- Aligning their practices to Coesia Leadership Model competencies;
- Making supervisors fully engaged on people management processes and tools, as levers of their managerial role.

The project has been designed following input from both Management and Human Resources Department, with the aim of adapting it to the Coesia culture and its current and future challenges. 290 supervisors have been involved so far.

LEARNING  
PROGRAMS  
AND  
TRAINING  
PLANS ARE  
STRATEGIC  
ASSETS FOR  
COESIA'S  
SUCCESS.

# How we take care of our people.

## WELFARE

We take care of our employees and of their wellbeing, promoting initiatives in all our different sites with the aim of maintaining a good state of health and a balance between work and private life.

The initiatives provided by Coesia have always varied from country to country, to respond to the specific needs that are typical of the various social contexts in which the personnel operates and they are aimed at all employees, such as social health care services and prevention plan, insurance (intended as refund of medical fees) and mandatory visits by an occupational doctor.

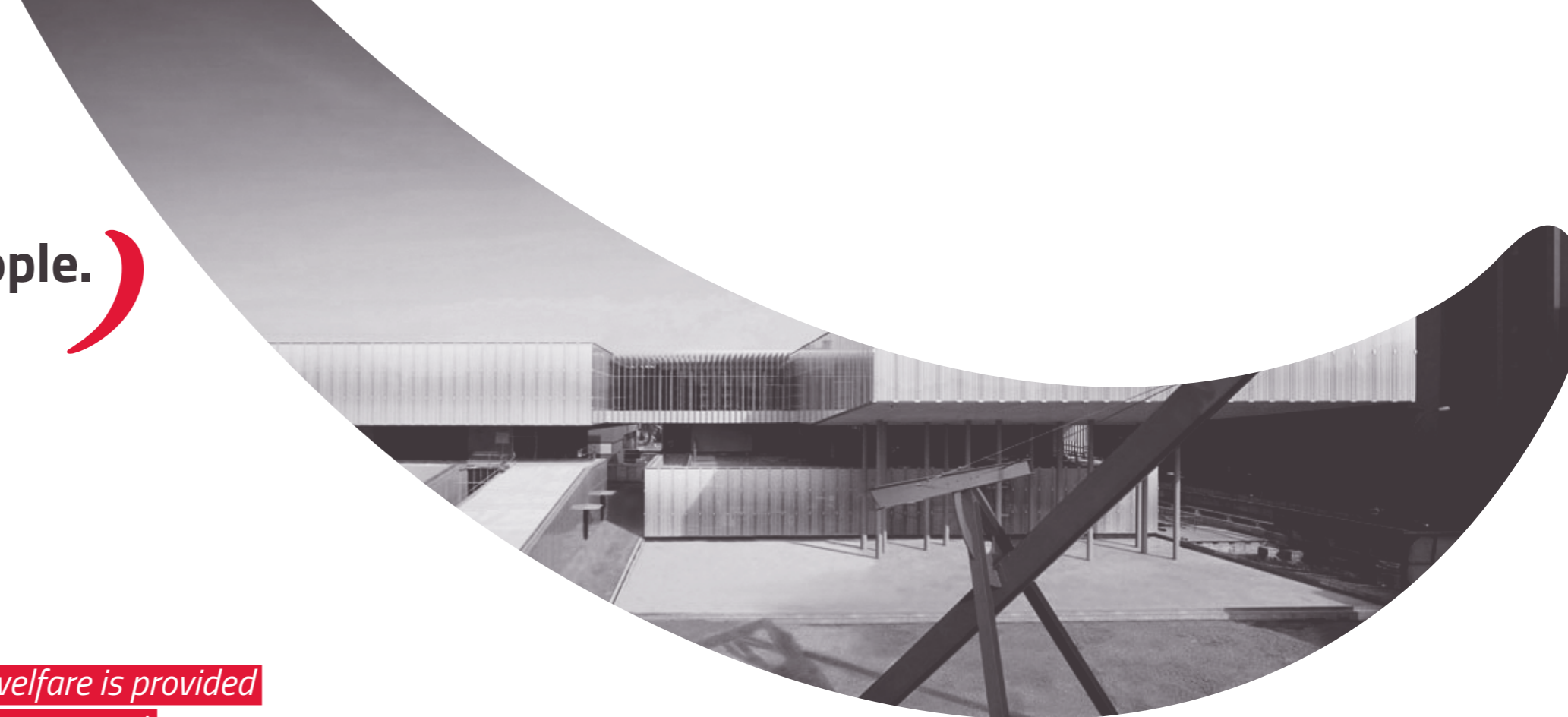
To encourage a proactive approach to wellness, some countries provide access to gyms or leisure centers, and canteen/restaurant vouchers.

Equal choice opportunities in maternity, paternity and adoption

*For Coesia, employee welfare is provided for the comfort and improvement of employees, exceeding the requirements of local legislation and with the intention to lead among our peers.*

matters are manifestations of the Group's commitment to encourage both female and male employees to balance parental responsibilities and work. Coesia guarantees parental leaves to all its employees in compliance with local regulations.

In Bologna, Coesia's commitment to the wellbeing of its employees is embodied in MAST, which embraces a broader vision of welfare and is aimed at involving the community too.



## MAST

Coesia and the Isabella Seràgnoli Foundation are founding partners of the MAST Foundation a non-profit organization that coordinates all the activities of the multifunctional center that bears the same name. The term MAST refers to the key feature of a sail boat and at the same time, it is also the acronym for Manufacture of Arts, Experimentation and Technology.

The Foundation provides corporate welfare services with the scope of increasing the wellbeing of Coesia employees and takes steps to make them available to the community through a process of osmosis between the Company and the city, without marking a sharp distinction between citizens, young people and workers.

The concept of identity is an integral component of MAST. An abandoned industrial structure in Bologna adjacent to G.D, one of the historic members of the Coesia Group, it was successfully transformed to create a center for participation and sharing in a complex of spaces, designed by the Labics architectural studio.

The building houses a variety of activities with the primary mission of promoting a cultural process that will stimulate motivation and interest in the mechanical industry, technology and entrepreneurship among the younger generations, together with a sense of belonging to one of the most virtuous territories in Italy for the development of enterprise.

MAST is a platform that unites business and the community. Synergy and collaboration with public and private institutions were developed from the time of initial planning, which involved several different offices in the Organization and management of various services such as the technological and photographic Galleries, the Academy, the Auditorium, the Cafeteria, the Daycare Center, the Company Restaurant and the Wellness Center.



With regard to training, the **Academy** opens its doors to Companies, schools, universities and the community as a center for the elaboration of technical and managerial culture. Company employees, for example, contribute to the Academy's external training project for young people in the schools of the territory, taking technological and managerial know-how outside of the business enterprise.

In **the Auditorium**, with a seating capacity of 410, the sound has been carefully studied and designed so as to be adjustable depending on the type of event hosted.

The **Cafeteria**, located beneath the Auditorium, provides its guests and the Group employees with a convivial meeting place and, at the same time, an experimentation and learning environment.

In an active interchange with the municipal administration, the Foundation opened the **Daycare Center** ahead of schedule in 2012 to satisfy the need for the service in the territory. Since 2015, the Daycare Center has extended its activities to include two experimental nursery school sections so that it now welcomes children from infancy to six years of age.

Two services, the Company Restaurant and Wellness Center, were designed as part of a unified project where nutrition and physical activity are salient features of the MAST identity. One of the driving values that inspires the project is the promotion of an idea of health connected to awareness, information, and a nutritional culture related to health and wellbeing in order to improve the quality of life.

The **Restaurant** for Coesia employees intends not only to provide meals but also to offer a place where quality, free flow service, basic ingredients, and culinary transformations comply with the most recent guidelines and are in line with the quality indicators established with the nutritionists of the Gruber Center in Bologna, who work with MAST.

The **Wellness Center**, which is supplied and managed by Technogym (world leader in fitness equipment), offers a variety of services based on a model of integrated and holistic wellbeing and will also be running dedicated programs for the community.

MAST, a private initiative but open to the community, was founded with the goal of becoming a place for the common good of the people: the business community and the citizens. MAST's ambition is to bring together the energies that begin with the community and the Company and that are aimed at the community and the Company, in an ongoing, virtuous and creative relationship.

## COESIA FOR ME

"Coesia welfare and engagement" is a program created in 2014 with the purpose of mapping the current status of Coesia's corporate welfare worldwide, collecting employees' opinions and feedback and guaranteeing people's wellbeing. Coesia for me was Coesia's first global Engagement survey and its results were analyzed and shared at the beginning of 2015.

The overall results were positive: as a first survey, both the redemption rate and the Commitment Index, on employees' overall sense of belonging and level of involvement according to Mercer's International Index, were high compared to market reference.

With the slogan "Growing together" our employees highlighted Coesia's strengths in the areas of people engagement, strategy and values, diversity and meritocracy. Our employees are proud to work for Coesia and strive for the Group's success and reputation.

Nonetheless the survey was also an opportunity for employees to share their opinion regarding the Group's needs for improvement. Employees also contributed to the definition of an action plan in the areas of communication, welfare and people development, whose implementation started during 2015 and will be completed in 2016.

Coesia for me is a two-year cycle survey and the second edition will be launched in late 2016/early 2017.



# Safety and Security: our day-by-day commitment.

## SAFETY

Safety for Coesia means that all employees benefit from the safest conditions during every working activity and in every workplace.

In particular, Coesia guarantees:

- *Safe and healthy workplaces in comfortable buildings;*
- *Safe plants and equipment, selected according to the highest safety standards, correctly used and well maintained;*
- *Safe work systems, based on safe practices, in all the activities performed by its workers;*
- *Safe people, trained and competent in what they do.*

All Coesia Companies are undergoing a process to develop and implement a common approach on Health, Safety and Environment (HSE) topics. The resulting rules and policies will provide an overall framework to implement Safety management systems inside each Company, according to national regulations and international standards.

## Group Safety Structure

Each Company manages HSE issues through Safety Departments, appointed persons and safety committees according to the relevant national legislations. Through the Group Safety Service and the HSE Policies, Coesia is working to establish a centrally coordinated HSE Corporate structure. The preliminary phases of growth of the network among the Companies Safety Functions took place in 2015. A program of periodical alignment events to share knowledge and experiences and to improve the techniques of safety management has been initiated and will be progressively extended to all Companies in 2016.

## Safe work places

Through the coordinated activity of Safety, Facility and Asset Functions, Coesia is progressively working to make sure that all its facilities and buildings are safe and comfortable and contribute to the workers' health and welfare. This is achieved by providing adequate lighting, effective ventilation and temperature control systems and basic services such as drinking water, bathroom facilities, rest and eating facilities and changing rooms.

Particular attention is paid to the design of workplaces and workstations in order to prevent and avoid any harmful effects on the workers' health.

Moreover, all premises and equipment are properly maintained and cleaned.

## SAFETY IS CONSIDERED A KEY DRIVER.

## Safe plants and equipment

Coesia, as a designer and manufacturer of high technology machines, pays considerable attention to the use of safe equipment inside its Companies. Safety is a key driver for the Group and measures complying

with international and national regulations range from the initial selection of the production machines up to the their installation and use, and consider ergonomic principles, human interface aspects and risk evaluation.

During use, safe conditions and effective machine protection is ensured by continuous maintenance, adequate level of supervision, trained workers and safety procedures.

\*Occupational Health and Safety Assessment Series (OHSAS) and International Organization for Standardization (ISO).

## Safe work systems

Companies have developed their own procedures to ensure safe ways to work, according to risk assessments and legal requirements. These procedures are the basis of worker training and working methods. Inside the Group, the OHSAS 18001 Safety Management systems and the ISO 14001\* environmental management systems cover more than 40% of the total population. This figure will increase soon: other site certifications are expected in 2016 and the following years.

## Safe people

Trained and competent workers are key to obtain an effective safety management within the Group. Coesia commits time and resources to increase the safety know-how, competencies and skills of its workforce. We believe that the human factor, behaviors and risk assessment can be driven and oriented by effective and constant training programs.

Workers are directly involved and committed to safety management and are encouraged to report dangerous situations and to suggest improvements.

**Coesia commits time and resources to increase the safety know-how, competencies and skills of its workforce.**

## Safety training

Safety training is recognized as a focal activity to ensure good understanding of risks and hazards, safe work practices and adequate commitment on safety management. Coesia has increased its training activities year by year, by implementing customized plans and training programs. In line with the development and implementation of common HSE Policies in all Companies, the Group is developing common induction and training programs.

## Safety performance

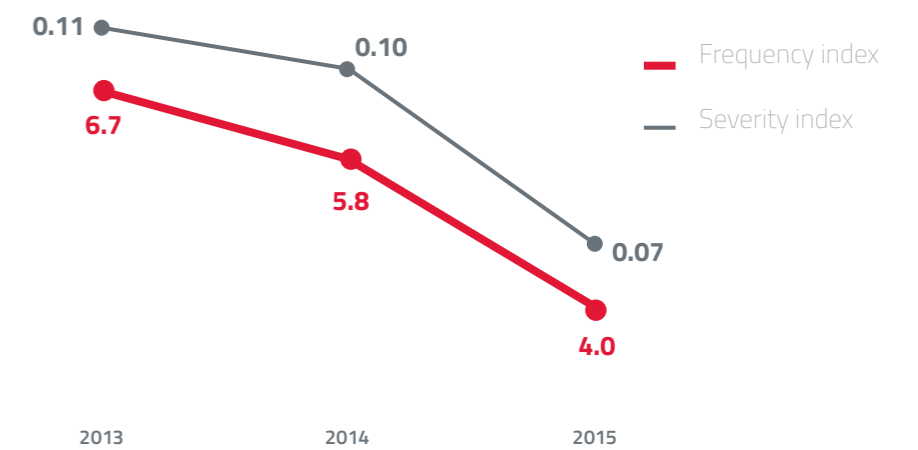
Coesia has developed a specific set of indicators to measure its safety performance, to monitor the effectiveness of the actions implemented to manage safety and to plan future improvement actions. The key indicators are:

- *Frequency index: the number of injuries on worked hours normalized over 1 million worked hours;*
- *Severity index: the number of lost days on worked hours normalized over 1,000 worked hours.*

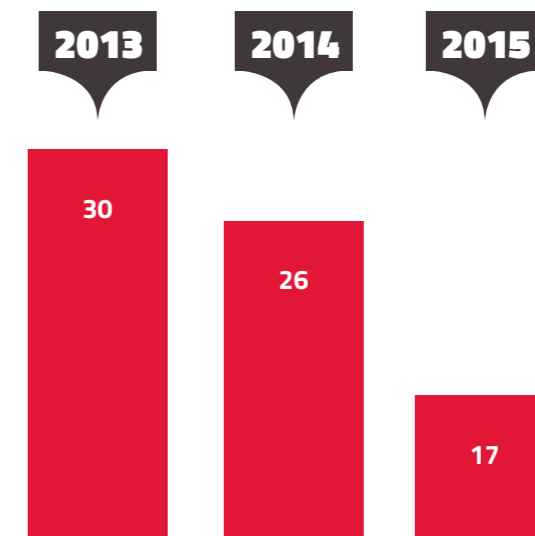
As a result of the actions and control measures carried out, the trend of these indicators is constantly decreasing.

The Group Safety Function is currently developing specific methodologies for accident management, which are in line with the HSE Corporate Policies. Structured tools to monitor, manage and plan corrective actions will be in place in 2016. Their aim is to increase the effectiveness of control measures, and, consequently, workers' commitment and participation.

## Safety performances



## Number of injuries



### METHODOLOGICAL NOTE

Data concerning safety performance are referred to employees working in the Italian sites, accounting for 46% of the total Group headcount.

## Supervisory Body

In order to provide an effective link between HSE management and the 231 Model, each of the Italian Companies has implemented its own Supervisory Body (*Organismo di Vigilanza*), which includes one external member, a President, and two internal ones. One of the tasks of these Bodies is to control and manage actual and potential violations of HSE issues. Moreover, each Company has established:

- Periodical information flow between health and safety managers and Supervisory Body about injury statistics;
- Extraordinary information flow in case of serious injury, reported by health and safety managers to the Supervisory Body within 24 hours;
- Annual information flow on HSE management system;
- Audit activities performed by the Supervisory Body to evaluate the correct implementation of policies and procedures.

Moreover, the Supervisory Body members periodically meet to report their activity and possible concerns to the Board of Directors and to the Statutory Board.

## SECURITY

The Security Function is committed to reduce the risks of the Group's most valuable assets.

Its goal is to protect people, infrastructures, products, information and reputation of the Group, to provide specific support against threats and risks of different nature and to make sure that any necessary condition is in place on a strategic, operational and tactical level. These conditions range from attack prevention and system protection and monitoring, to measures that can mitigate the damage, respond to and recover from an attack.

The policies, procedures and standards that protect the enterprise integrate and combine different countermeasures, either currently available or to be implemented. In addition, the Function provides training on security awareness both focusing on specific needs and ad-hoc projects that support the business environments, such as security surveys, risk assessments, business impact analyses, etc.

**Information and Physical security measures are designed to deny unauthorized access to facilities, equipment and resources, and to protect personnel and property from damage or harm.**

Since 2015, Coesia has implemented travel security services to minimize risks and exposure for both the Company and individuals, including a comprehensive travel security risk program, training initiatives and hotel security minimum standards.

The Security Function also deals with cyber security: it protects computers, networks, programs and data from unintentional or unauthorized access, modification or elimination. With the growing volume and sophistication of cyber-attacks, continuous attention

is required to protect sensitive business and personal information.

Information and Physical security measures are designed to deny unauthorized access to facilities, equipment and resources, and to protect personnel and property from damage or harm.

It is worth mentioning that the Security Function acts as a business partner during critical situations that require special support, such as disruptions in which corporate travelers could be affected.



BUILDING  
OUR  
FUTURE

*We believe  
that the future  
belongs to those  
who can look at  
the world with  
a broader vision  
that goes beyond  
pure technology.*

3

That is why our vision for the future cannot exclude customer-centricity, sustainable innovation and environmental protection.

---



# Customers: the focal point of our vision.

## EACH BUSINESS HAS ITS OWN STORY

*In Coesia we are customer-centric by:*

*Anticipating customer needs*

*Having a service mindset*

*Partnering with customers*

### ADVANCED AUTOMATED MACHINERY AND PACKAGING MATERIALS

This sector includes three divisions, contributing to 80% of the total revenue in 2015.

#### Tobacco machinery

Our partnership with Tobacco industry customers has progressively increased over the years, making Coesia the undisputed leader in this field. Coesia has strongly pushed on innovation over the years and it is now the only supplier able to provide a complete making-packing solution for the secondary tobacco sector, making flexibility and high-speed its strongest features. These excellent results have been achieved in a complex market, which faces illicit trade and the trend of big tobacco players to go towards innovative products. Coesia makes its own contribution by performing customer due diligence in order to always pursue fair relationships and promptly respond to new requests by designing and assembling machines for so-called "New Generation Products" or "Reduced Risk Products".

#### Consumer Goods machinery

The Consumer Goods Machinery division is the most competitive market in which Coesia operates.

By means of six Companies active in the Fast Moving Consumer Goods sector through a wide range of products, Coesia can supply several types of industry, thus being a key partner for big international corporations. Consumers have changed over the years becoming more confident, dynamic and demanding: these facts are clearly shown by their purchase attitudes and patterns.

A better understanding of how final consumers think and act allows Business to Business Companies to be perceived as valuable business partners by their customers, supporting them in unlocking profitable opportunities and delivering successful innovations.

In order to fully satisfy its customers, Coesia proactively analyzes market trends, seeking to anticipate them and optimizing its products and services.

#### Aseptic Filling Machinery and Packaging Materials

The acquisition of IPI made by Coesia in 2013 was in the field of aseptic filling machinery and materials. This is the best example of how our most advanced technology has been exploited as a spill-over for another market, to provide a better product to our customers. Coesia is not only working to design what it normally does best, packaging machines, but it is also proactively exploring the use of new, lower-impact materials and innovative methods for sterilization.

### INDUSTRIAL PROCESS SOLUTIONS

Industrial Process Solutions (IPS) is a key sector for Coesia, generating 19% of the total revenue in 2015 and operating in different industries. This sector provides customers with the connection of machines into production lines and processes, including physical, automated flow, logic controls and production monitoring, printing and labeling systems, special equipment and integration.

The Companies in IPS develop new technologies, products and solutions which are enhancing the efficiency and profitability of their customers' production systems. Development is carried out in a combination of internal resources and in partnerships with customers, technical institutes or together with business partners.

Intense collaboration with customers and partners allows Coesia to meet diversified and increasing requirements and to be able to help customers enhancing their competitiveness and strengthening bottom line results.

### PRECISION GEARS

Coesia is also present in the niche market of Precision Gears, 1% of our total revenue.

The diversification and the mix of customers in racing, aerospace, automotive and many other industries, has supported a constantly increasing performance over the last years, consolidating a strong brand reputation and an excellent level of quality. Coesia partners with its customers, contributing to engineering powertrains and gear applications and providing an integrated manufacturing process, qualified under the high standards required from the sector.

## SERVICES

Customers' loyalty is the most fruitful investment for the future, and Coesia also pursues it through building an excellent after-sales service, which is a successful factor for all the Companies.

"Customer-centricity" for Coesia means global presence, flexibility and continuous support.

Global presence means being closer: we respond quicker to our customers' requests, by establishing new sites in which we perform and provide tailored services.

Nowadays, our customers demand much more than just spare parts or the availability of on-call technicians: this is why Coesia is building up a comprehensive services portfolio.

We can summarize Coesia's service offer in 4 main categories:

### MACHINE MODERNIZATION

Our modernization services therefore range from standard technical upgrades to complete machine rebuilds. Coesia offers a vast modernization product portfolio to enhance productivity, machine reliability, product quality, reduce maintenance costs and add new functionalities. All upgrade kits are always in line with current safety regulations and operator ergonomics. With rebuilding services, Coesia Companies provide the customers with the opportunity to return machine to its "original delivery condition", up to "as-new" condition or to the level needed; it can also be a partial and customized refurbishment according to the condition of the machine and the customer's requirements. This top-quality operation involves machine disassembly, and replacement of any damaged or old parts, raising the machine to top-quality performance standards and incorporating the latest technical innovations to provide a completely renewed machine.

### LIFECYCLE SUPPORT AND PARTS

Spare parts management has become an important asset for Coesia: all Companies of the Group ensure a comprehensive parts supply for all installed machines from the newest to the oldest one. All items are manufactured to the same quality standards of the original parts, and the order processing systems are built to guarantee a rapid response times and the minimum delivery times. All the Companies of the Group provide a prompt and effective technical assistance service all over the world. Each Company proposes customized assistance services, ranging from the telephone support for advice and emergency to a team of dedicated technicians, who perform on-site intervention in all countries. Moreover, Remote Production Assistance is a service through which customers can receive qualified technical assistance on demand by means of a remote-access line. It allows Coesia experts to access most of the machines control components, using a secure connection and ensuring data privacy.

### INSPECTION AND MAINTENANCE

Coesia Companies also provide inspection services, during which technicians analyze the current equipment conditions and determine the level of service and maintenance needed to ensure high performance and reliability. In addition, regular and preventive maintenance is carried out within agreed intervals, including necessary repairs and upgrades, to keep the entire line in a performance optimizing condition.

### TRAINING SERVICES

All Coesia Companies offer tailored training courses, aimed at teaching operators how to use the machines and how to develop the operators' skill set in order to enhance production efficiency and obtain the maximum level of performance. These courses are held both at our plants and at the customer plant. Technical coaching sessions are also available aimed at optimizing all interactions between machine, operators and production processes. During these sessions we perform a Root Cause Analysis (RCA) in order to improve processes through ad hoc actions.

Coesia does not simply end by delivering an installation; we offer comprehensive and flexible service packages pursuing the

goal to turn us into an industrial partner, able to continuously support its partners during their everyday production.

*In each of our businesses,  
the safety of the technicians  
who operate our lines daily,  
is of primary importance to us.*

## GLOBAL KEY ACCOUNT MANAGEMENT

The aim of the GKAM Program is to develop and maintain strategic relations with Coesia's most important international customers, establishing long-term and fruitful partnerships.

The GKAM's role allows a better understanding of market trends, transferring them to each Division/ Company in an integrated way in order to create a Coesia portfolio strategy dedicated to each customer, securing a steady growth path. In fact, the GKAM aims at increasing the level of awareness of Coesia and its Brands, embodying the highest example of the customer-centric approach we implement in everything we do.

*It proves to be essential in identifying the most suitable solutions to cater to Coesia customers' needs.*

## COMPASS

Mainly developed for Sales and Marketing Departments, Compass is an online tool collecting all Coesia product-related information and making it available online through an appealing and user-friendly database: basic product knowledge is thus fully independent of people and more easily retrievable anywhere and anytime. Compass database is searchable by technology, by Company or by industry and contains about 300 Coesia products, currently produced and sold by Consumer Goods machinery, Aseptic Filling machinery and Materials and Industrial Process Solutions divisions. Through the "linked machines" and "related machines" sections within the machine tab, Compass also helps the user identify and enhance existing synergies among different divisions, Companies or Departments.

**Linked machines** are all Coesia machines that can be offered to our customers to complete the line either upstream or downstream, thus providing a more comprehensive and turn-key solution.

**Related machines**, on the contrary, are alternatives to the current machine, either within the same technology or serving the same market segment.

This simple but effective tool proves to be essential in identifying the most suitable solutions to cater to Coesia customers' needs.

**Innovation:** our way of thinking, our way of making the difference.

## OUR INNOVATION MODEL

Throughout their history, Coesia Companies have always introduced relevant technological innovations in their respective production sectors. Nowadays technological transfer among the Companies of Coesia is an essential part of Coesia's innovation process. Industrial research and innovation are the core of our business universe. Innovation is not just an improvement in the product or production process but a creative and interactive mechanism that involves many players.

In a Standard Product Development Process, Marketing Department studies customers' needs, converting them in design specifications.

In the Model adopted by Coesia, Customers, Marketing and Engineering have a strong collaboration: often the most innovative solutions are born from the collaboration between our Engineering Department and the customer.

In Coesia the cooperation between Departments is essential in order to develop and finalize a satisfying, innovative technical-commercial proposal that meets the customer's expectations and consequently the consumers' needs. Collaboration is extended to customers, to obtain

better compliance with their needs and a shorter time to market. According to the situation, Coesia adopts 2 different kinds of innovative approaches.

### Incremental innovation

The basic concepts stay the same, but they are refined and optimized to improve performance. Performance increases steadily, but with continuity.

Small or medium improvements arising from:

- *technical refinements*
- *observations in the field*
- *introduction of better/newer technologies*

### Breakthrough innovation

Basic concepts change. New possibilities are opened, such as a doubling of the production speed or one or more performances increasing stepwise.

For Coesia, an example of a technological "leap" forward is considered the introduction of continuous packaging machines, that made it possible to increase the intrinsic speed limit of indexing machines.



## KEEPING UP WITH THE TIMES: INNOVATION AND SUSTAINABILITY

The way to create innovation has significantly changed over the decades. Nowadays, the market is driven by consumers' needs and innovation is now following a path that cannot exclude environmental sustainability.

20<sup>th</sup>  
CENTURY

*Demands arise from customers: functional products that meet a known need.*

*Need to generate a large-scale production machine.*

*Innovation that generates solutions to create a mass market.*

21<sup>st</sup>  
CENTURY

*Companies look at end users' unspoken wishes: to find desires yet to be explored.*

*Innovation that looks at the changing dynamics of the market and consumer evolution.*

*Consumers are loyal to the brands that promote the values they share.*

*Products need to evolve in accordance with the emerging consumers' needs and behaviors.*

Coesia is strongly committed to integrate sustainability at each stage of design and production, by delivering increasingly more efficient solutions.

For Coesia, Sustainable Innovation means: less waste, less scrap,

less specific energy consumption, lower footprint, improved work environment, new packaging materials with lower environmental impact, new packaging shapes that minimize material consumption and logistic costs (less volume), new technical solutions for production

and packaging processes (for example sealing or sterilization systems with lower energy consumption), increased flexibility in format and brand change-over to optimize time and consumption at the production plant.



### WHEN SUSTAINABILITY SPRINGS FROM BREAKTHROUGH INNOVATION

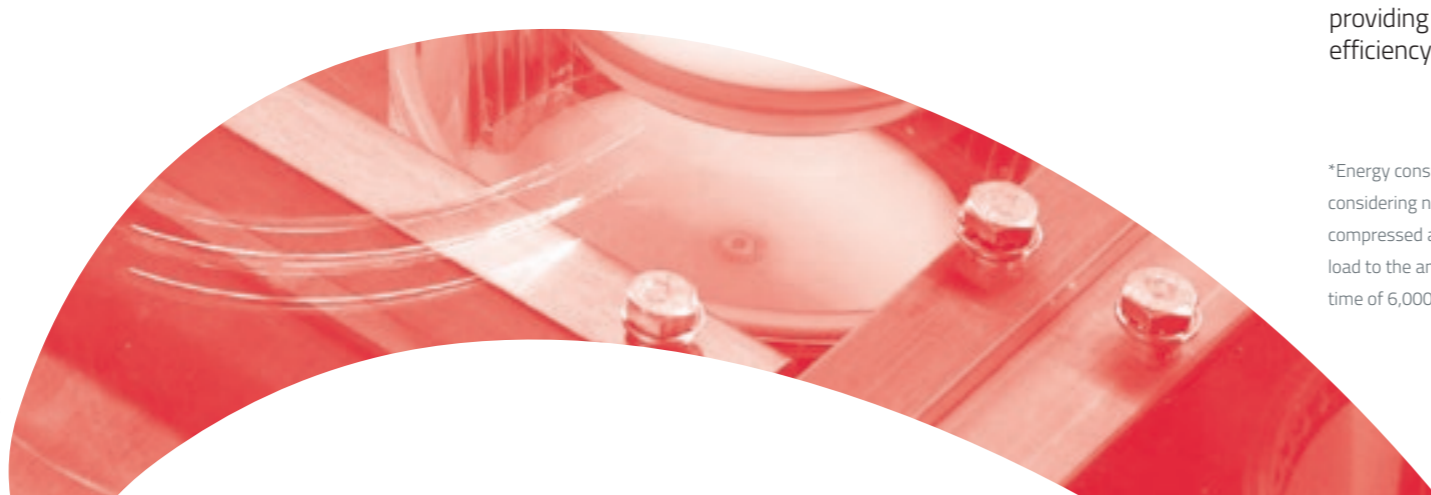
The technology of continuous motion machines took quite a few years to be developed but its introduction made it possible to increase the intrinsic speed limit of tobacco machineries.

This technology was born in Acma, but has been transferred to other Coesia Companies in order to be more competitive in other markets too. Continuous motion engineering technology gently handles products at a very high speed, reducing stress on materials and machine mechanical parts, providing the machine with better overall reliability and efficiency. Still focusing on modularity, compactness and

ergonomics, noise and vibrations are drastically reduced due to very low stress and acceleration on mechanical parts. As a consequence there is also a strong environmental implication on energy consumption: continuous motion machines consume less energy with respect to alternate motion thanks to the non-stop movement of products and wrapping materials. The comparison between two machines working at the same speed on the basis of energy consumption during a year\* shows that the continuous motion machine consumes at least 20% less compared to the alternate motion one.

\*Energy consumption has been calculated considering nominal consumed electrical power, compressed air, vacuum air and convection heat load to the ambient assuming annual production time of 6,000 hours.

**The continuous motion machine consumes at least 20% less compared to the alternate motion one.**



## COESIA ENGINEERING CENTER

The Coesia Engineering Center is a highly skilled team, including both technical and managerial expertise, created to carry out strategic projects for Coesia.

Established in 2012, with the mission of promoting excellence, best practices, methodologies and technological transfer, CEC continuously supports Coesia Companies and generates synergies among them.

Even if the team has grown over the years with resources from different Coesia Companies and with young designers, CEC's structure is flexible and very responsive in order to better support and provide solutions to the customers' demands. The team carries out accurate feasibility analyses in terms of technical solutions, timelines, resources and costs identifying long-term trends and developments.

Moreover, CEC also supports sustainability and packaging solutions in order to meet the needs of the most ambitious and sensitive worldwide customers. Thanks to these multiple skills, CEC has achieved significant results over the years and the collaboration among the Group Companies is aimed at sharing technical know-how and their managerial approach.

## PRODUCT INNOVATION CENTER

Since 2003, the concept of packaging innovation in Coesia has evolved in recent years, becoming a whole Research and Development Department, with the main purpose of creatively and proactively responding to new customer requests.

Packaging design, the core activity of the Product Innovation Center, combines different skills: mechanical and chemical engineering together with graphic design, improving usability and ergonomics of the packaging. It strongly supports the Engineering Departments, which are responsible for designing the machines, by performing a preliminary technical analysis and feasibility study, together with the development of the new packaging solutions requested by customers.

The Product Innovation Center greatly contributed and continues to contribute to Coesia's success, by creating added value, attracting new customers and reinforcing our partnership with the existing ones.

Coesia's customers are expressing a strong awareness on the environmental impact of their products: following their needs and requirements, our R&D develops high technological solutions, keeping a strong eye on sustainable innovation.

## OPERATIONAL EXCELLENCE

Coesia's significant recent growth has created a remarkable business momentum and performance. At the same time, size brings with it the risk of complexity and inefficiency. A systematic approach to Operational Excellence is fundamental to Coesia's ongoing success and for always delivering the level of quality required. For this reason, the Operational Excellence function was created at the beginning of 2014, by introducing Coesia's Lean Six Sigma program and by conducting a thorough review of the Company's indirect expenses.

### INDIRECT COSTS

Coesia is committed to optimizing the indirect cost basis to sustain its Business Growth: a Global Program, InCo, launched in 2014, has an impact on overall operations, aiming at freeing-up resources and achieving world class excellence, improving the capacity to adapt the Company to Market changes, enabling new processes and addressing behaviors.

As a result of 2015, the Program was deployed in all Companies and Regions, involving a large part of Functional Owners in the identification of initiatives at global and local level, achieving a widespread cost-conscious culture, reducing waste and attacking activities with no added value.

**100 Green and Black Belts**  
**400 people on the program**  
**30 projects completed**  
**100 projects ongoing**

### LEAN SIX SIGMA

Coesia has recently launched its own Continuous Improvement Program based on the Lean Six Sigma (LSS) approach aimed to provide a common platform and language for Operational Excellence. The objective is to drive all the Organization's Units through a never-ending change and improvement cycle in order to always better meet customers' and shareholders' needs.

The Program is adopted globally, operating in all the businesses and all functions and processes. Dedicated people are engaged to develop and execute critical improvement projects by using world-class tools to build sustainable processes, resulting in superior performance to meet current and future customer needs.

For Coesia employees, the Lean Six Sigma Program also represents a Leadership and Talent Development program: the best talented people are selected to lead the Lean Six Sigma improvement projects, working with cross-functional teams on the highest improvement priority and being part of the Leadership Team.

In 2015, Coesia set the framework for an effective Lean Six Sigma, which consolidated the structural support to the program, completed full alignment with Business Strategy, provided the competencies and the coaching to more than 100 Belts, Green and Black, trained more than 400 people on the program, completed more than 30 projects with direct and consistent impact on EBIT and Working Capital, currently runs more than 100 LSS projects.

# Our world: how we take care of it

## OUR ENVIRONMENTAL IMPACT

Coesia continuously aims at maintaining high economic and environmental efficiency of its sites around the world without forgetting to increase the wellbeing and quality of life for its employees. For Coesia, acting responsibly for the environment means being committed to improving the environmental performance of its manufacturing processes and on prevention and mitigation of the impacts by introducing new technologies.

Coesia reflects its sophisticated nature by having a heterogeneous system of small and medium-sized sites that are in different countries of the world. Although present worldwide, Coesia has a strong Western European presence, coherently with the position of the majority of the headquarters: about 43% of the total number of sites

and more than 60% of the total production facilities are located in Western Europe. Maintaining a high level of production performance and customer satisfaction is also closely connected to plant management.

The Group Facility Function is in charge of the management of architectural and plant design and maintenance, development of related projects, definition of Energy Saving Programs and related investments, Car Fleet Management, Company Mobility and General Services, Waste Management, that is, a series of responsibilities with a direct and high impact on the environment. The Central Function coordinates and drives company facility teams, with an involvement on both economic and technical aspects, according to Coesia policies and standards, taking into account all

local characteristics. The activity starts from a deep analysis of the functioning of buildings and related plants, which can be executed using different methods, comprising audits, inspections or surveys, and it moves on to the definition of the best methodologies of maintenance or the identification of requalification interventions, when and where required.

In order to support all these activities, Coesia has implemented a monitoring system that includes a set of indicators that allow the Organization to collect all significant environmental data directly related to Coesia business. We keep track of energy, emissions, water and waste: thanks to this monitoring system, Coesia has started a process of analysis and planning of actions for improvement.

### METHODOLOGICAL NOTE

The current monitoring system involves all sites with surface >100sqm. All the data are collected as absolute value, however, because of the heterogeneity of the sites and the dynamism of Coesia, normalized indicators to allow a comparison and evaluation of the environmental performance trends have been developed. Normalization with respect to production level (revenue) allows changes in the relevant variables to be taken into account in order to compare the environmental performance of the Organization in "equivalent conditions".\*

\*Some changes in the reporting scope have been made during 2015, but coherently they can be considered non significant (due to refinements and divestments). Note also that in 2013 the Group acquired IPI, whose figures have been integrated in the data for 2014.

Coesia continuously aims at maintaining high economic and environmental efficiency of the sites around the world without forgetting to increase the wellbeing and quality of life for its employees.

## ENERGY

Coesia Energy management has its own organizational structure, part of the Facility Central Function, composed by a team based in Coesia Headquarters, having plants and architectural competencies, and local site managers and coordinators or employees working in the Maintenance Department.

The Energy Management deals with the implementation of auditing processes, analyzes the required

mandatory interventions or opportunities of investment, with the aim of being always compliant with all local law requirements and implementing the best practices for energy consumption reduction. Using automatic systems to measure, monitor and control plants and related settings, it is possible to control, drive and optimize the infrastructure and to reduce the consumption of electric energy, gas and water. In

some cases, the enhancement of the energy trend in the buildings is executed through architectural renovation interventions on the shells, using new high performing materials (e.g. for roofing, glass walls, exterior insulation and finishing systems), while in other cases it is obtained installing new plants, according to the state-of-the-art technology (e.g. photovoltaic, LED lighting systems, solar thermal panels).

### IMPLEMENTED INITIATIVES

2008

Gradual replacement of thermal plants with updated systems.

Integrated software solutions for plant control and management.

2015

Implementation of automatic systems for consumption measurement.

2013

2015

Gradual replacement of vacuum plants and compressors with inverter equipped systems.

2015

Tests and consecutive implementation of LED lighting systems, with dimmer control.

2015

Coordination at European Level of the Energy Audit, according to the European Directive 2012/27/UE.

Implementation of a "Total Infrastructure and Facilities Management (TIFM)" System to map, supervise, manage and control all plants and maintenance activities, from the request of intervention to the execution.

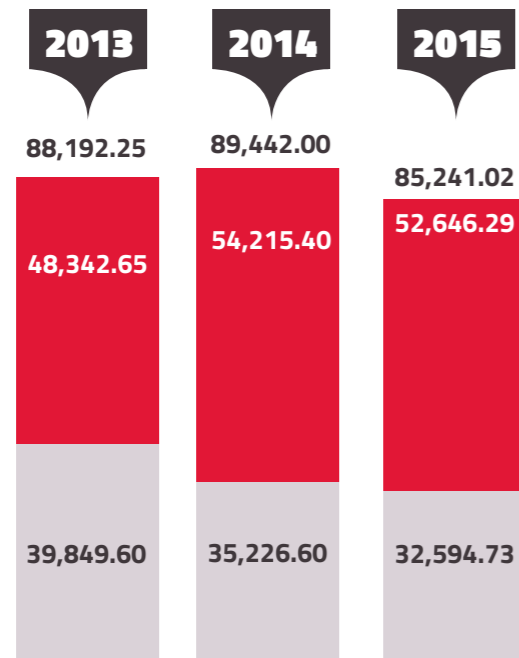
Mobility plan for Coesia HQ employees.

We have shown the data for fuel and electricity consumption for the whole Group in the last three years. All the data have been converted in MWh (Megawatt

hour) thanks to appropriate national converting factors (Lower Heating Value, LHV).



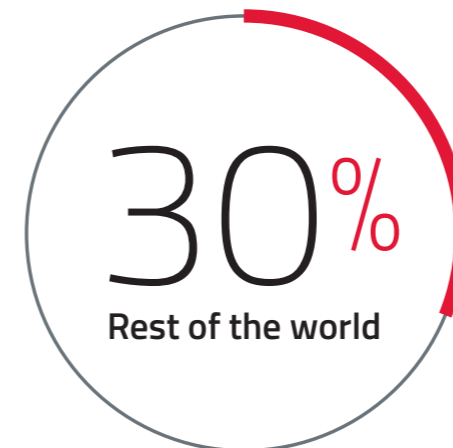
## Total energy demand



The overall energy demand has decreased, in spite of the economic growth of the Group. These results have to be linked both to environmental factors (fuel for heat) and to structured improvements in the energy efficiency, i.e. behavioral, upgrading and building management interventions.

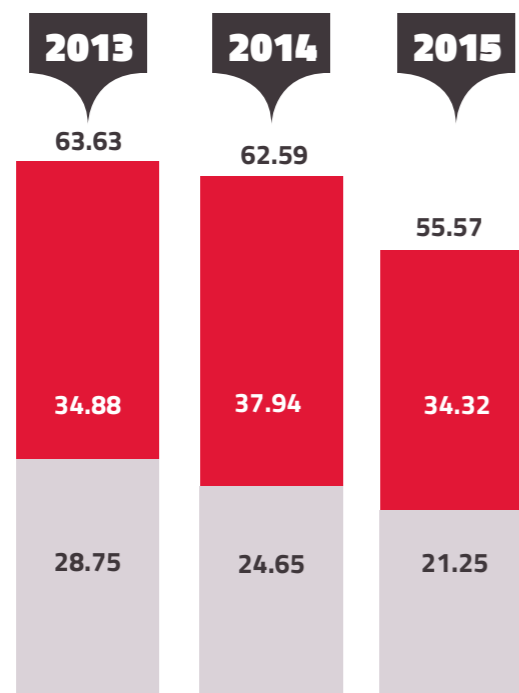
■ Electricity (MWh)  
■ Fuel for heat (MWh)

## Electricity Geographical Breakdown



Due to the use of national converting factors, only electricity demand has been shown for the geographical breakdown showing that the consumption is mainly due to Western European sites (70%).

## Energy normalized by revenue



The normalization of the data shows that in 2015 we have consumed 55.57 MWh per million Euros of revenue, an overall decrease of about 11% with respect to 2014. Both fuel for heat and electricity have decreased, demonstrating the effective economic growth of the Group in the last years.

■ Electricity (MWh/M€)  
■ Fuel for heat (MWh/M€)



## EMISSIONS

Coesia annually monitors greenhouse gas emissions, for reporting it uses the GHG Protocol\* as a reference, by splitting emissions into scope 1 and scope 2.

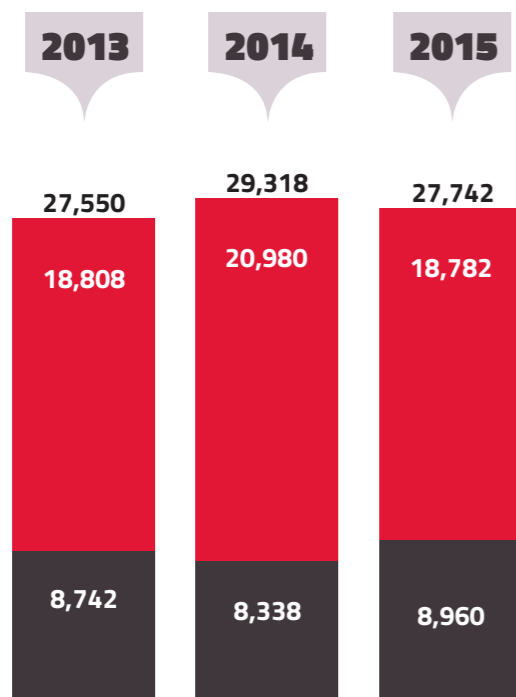
### SCOPE 1: DIRECT EMISSIONS

Emissions due to a company's owned or controlled sources. For Coesia, this category includes emissions from fuel consumptions for heating purposes, refrigerant refilling, owned diesel, gasoline and hybrid-powered vehicles.

### SCOPE 2: ENERGY INDIRECT EMISSIONS

Emissions from the generation of imported electricity, heat or steam consumed by the Organization.

## Total emissions

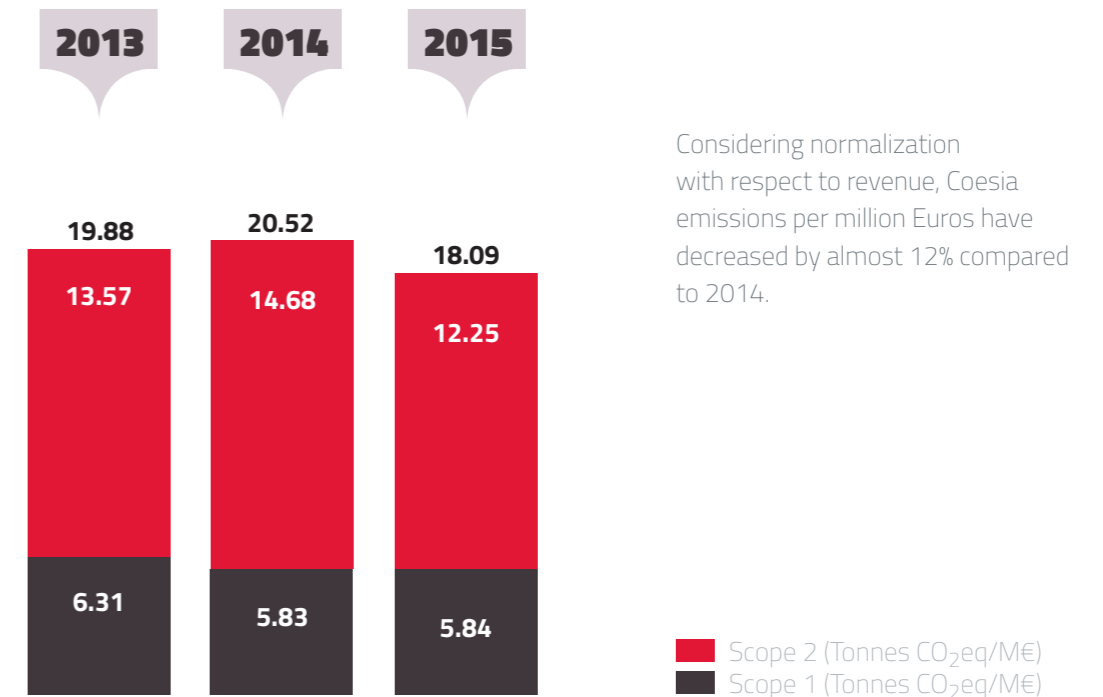


Scope 1 and scope 2 emissions have remained almost constant during the last three years.

■ Scope 2 (Tonnes CO<sub>2</sub>eq)  
■ Scope 1 (Tonnes CO<sub>2</sub>eq)

The same considerations made for the energy data apply: these figures are linked both to environmental factors and to efficiency improvements implemented during 2015.

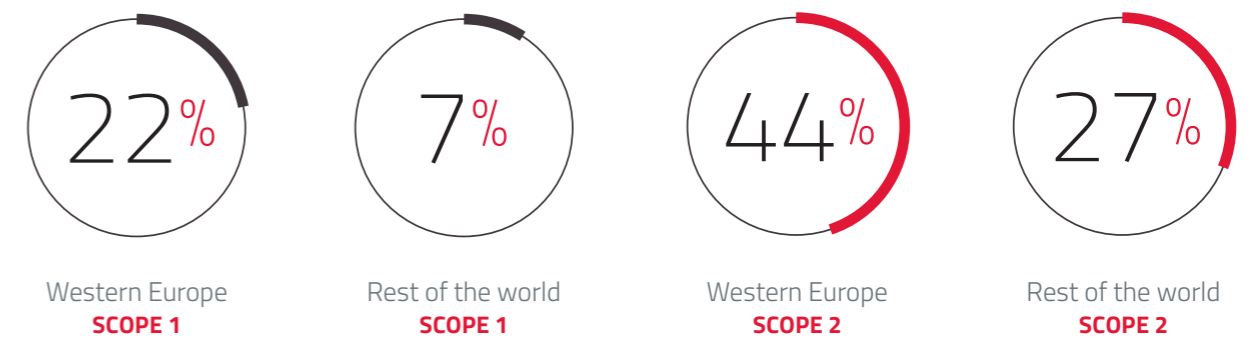
## Emissions normalized by revenue



Considering normalization with respect to revenue, Coesia emissions per million Euros have decreased by almost 12% compared to 2014.

■ Scope 2 (Tonnes CO<sub>2</sub>eq/M€)  
■ Scope 1 (Tonnes CO<sub>2</sub>eq/M€)

## Emissions Geographical Breakdown



Geographical breakdown is aligned with energy demand, underlining that 66% of emissions (scope 1 + scope 2) is linked to Western European sites.

Coesia is also improving the process of quantification of scope 3 emissions (all indirect emissions, not included in scope 2, that occur in the value chain of the reporting company, including both upstream and downstream emissions).

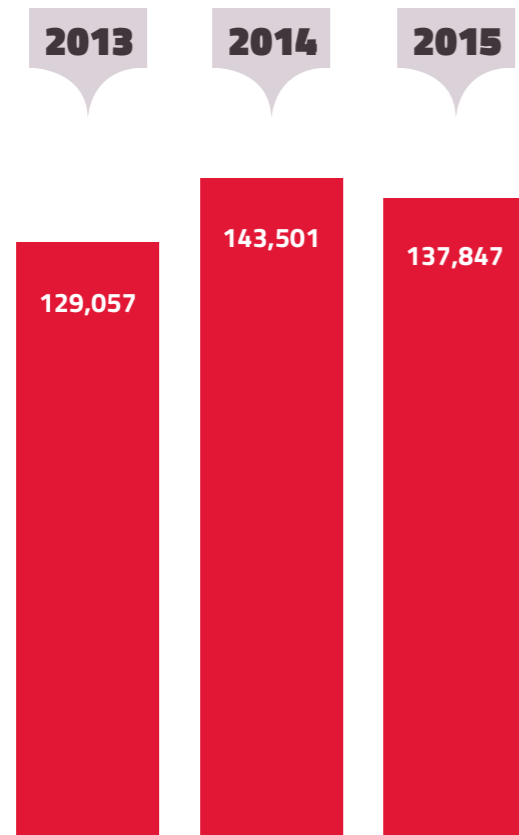
\*GHG Protocol: [www.ghgprotocol.org](http://www.ghgprotocol.org)



# WATER

Water consumption in Coesia is mainly connected to production, building hydraulic and thermal plants and, to a lesser extent, to canteens and irrigation.

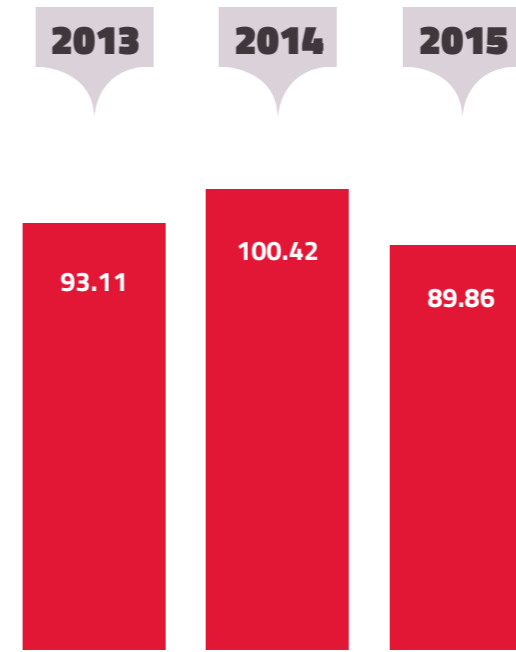
## Total water consumption



Water consumption has remained almost the same in the last three years, despite the economic growth of the Group.

■ Total water consumption (m³)

## Water normalized by revenue



Normalization with respect to revenue shows the decrease of consumption per million Euros of revenue, more than 10% with respect to 2014.

■ Water per revenue (m³/M€)

## Water Geographical Breakdown



In line with the previous figures, water consumption is also strongly concentrated in Western Europe, where we have about 73% of total water usage.

Waste water deriving from all the activities is managed and sent to the dedicated treatment plant, as required by national law.

## WASTE

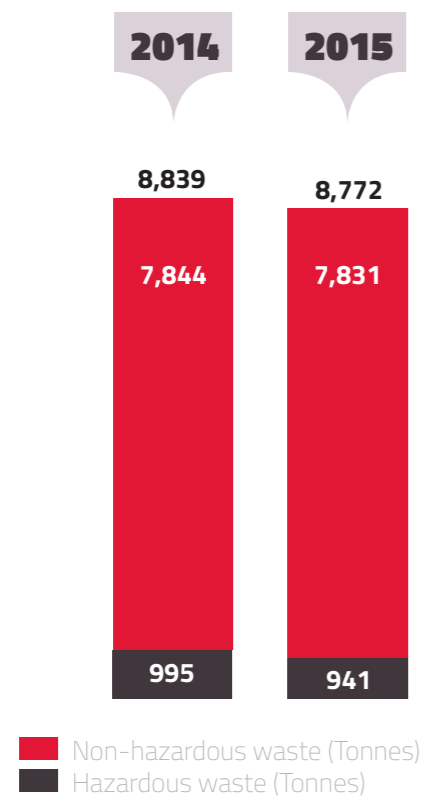
Coesia considers waste management activities as integrated in the production process of the facilities because they are strictly related to the optimization of efficiency.

Over the years, Coesia has invested in the optimization of production processes in order to minimize waste. Waste is classified and divided, after specific technical and chemical analysis, between hazardous and non-hazardous and disposed of in accordance with national legislation.

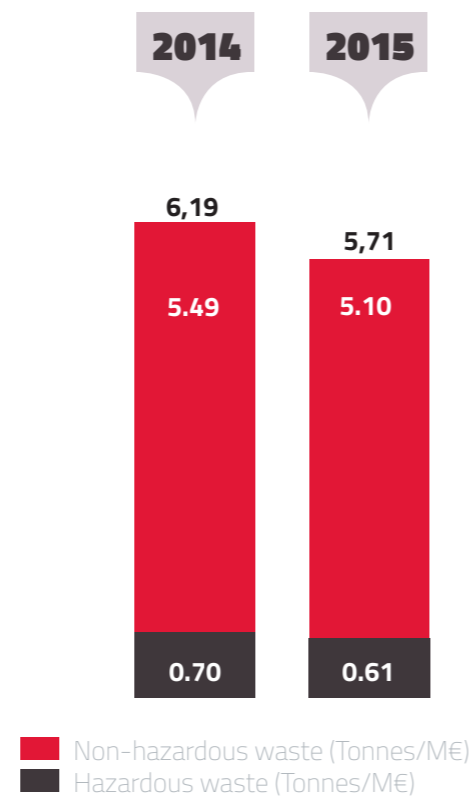
Total waste has remained almost constant in 2015 with respect to the previous year, as shown in the chart below.

Waste is strongly linked to production and normalization shows that waste has actually decreased by almost 8% compared to 2014.

### Total waste production



### Waste normalized by revenue

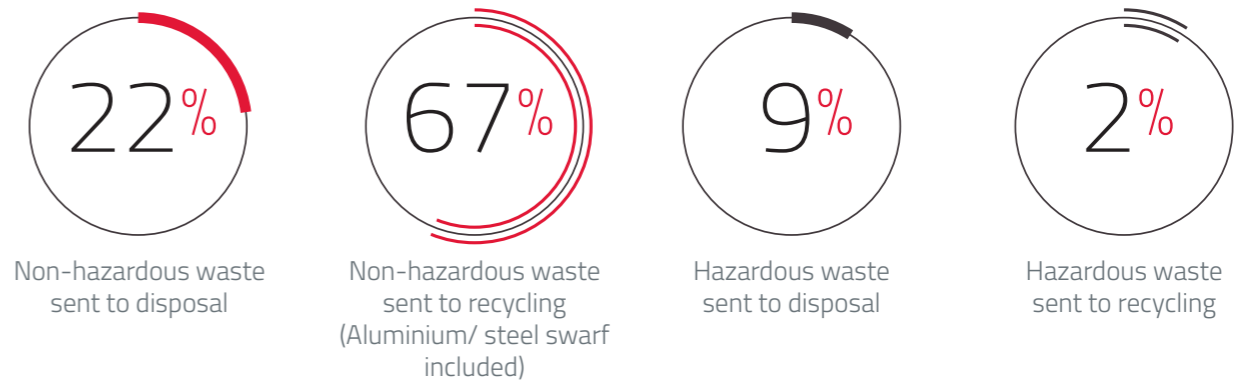


*The type of production of Coesia, the materials used and the processes implemented mean that only 11% hazardous waste is produced.*

### Waste Category Breakdown

The type of production of Coesia, the materials used and the processes implemented determine that the hazardous waste produced is a very small portion, only 11%, of total waste.

Moreover, thanks to waste collection, separation and management activities in place in all Coesia sites, in 2015 it was possible to send a consistent portion for recycling and recovery, almost 70% of total waste.



### Waste Geographical Breakdown



Geographical breakdown shows that about 86% of total waste is produced by Western European sites.

This slightly higher result with respect to the other environmental figures is due to the nature of the business of the production facilities located in Europe.

## OUR SUPPLY CHAIN

The way Coesia works with its suppliers is representative of the commitment towards a global and sustainable growth of the whole supply chain.

The Group Purchasing Department was established in 2011 to define a global strategy that supports Coesia's growth and consequently its Supply Chain development.

Among the wide range of suppliers, some strategic ones are managed at Group level, while the rest is voluntarily managed at company/local level in a matrix form, thanks to the creation of the Group category management. In fact, Coesia purchasing is divided into 3 main categories in order to manage our supply chain more efficiently.

A dedicated team for each category has been established, achieving access to higher purchased volumes, better visibility of the growth prospects and stronger consolidation of the relationship with our suppliers.

The 3 categories are grouped into 2 main lines:

### INDIRECT GOODS AND SERVICES

Those with no direct connection to Coesia production

### DIRECT GOODS AND SERVICES

Those with direct connection to Coesia production

#### Commercial parts (mechanical and electrical)

*These are the beating heart of the machines, influencing the entire quality of the system. This is why suppliers must ensure the highest quality and safety standards.*

#### Raw Materials and machined parts

*These are the raw materials we purchase for production but also the parts, which our Engineering Departments design everyday, guaranteeing the high performance and reliability of our machines.*

## Total purchasing turnover

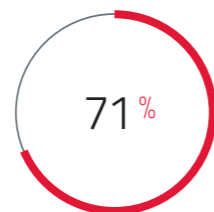


70%  
DIRECT PURCHASING

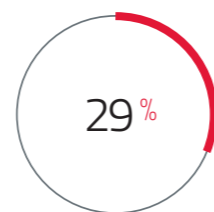
30%  
INDIRECT PURCHASING

As shown from the charts, 70% of the total turnover is connected to Coesia production (direct purchasing), of which 71% is for Raw materials, machined and custom parts, the Coesia know-how spread throughout its companies and subsidiaries.

2015 Direct Purchasing distribution

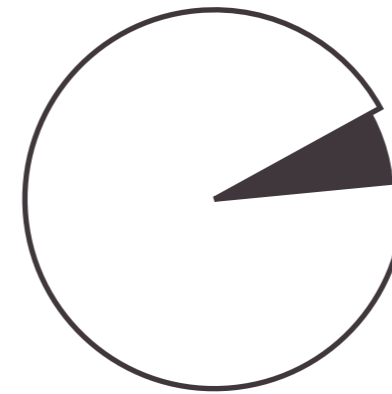


Raw materials and machined parts



Commercial parts

## Locally purchased products



90%  
LOCAL TURNOVER

10%  
NON-LOCAL TURNOVER

Across the value chain, Coesia is committed to improving its way of doing business and fostering the growth of its suppliers and communities by buying locally.

A highly connected supply chain helps us in detecting and responding quickly to emerging issues, while enhancing a mutual collaboration.

In 2015, about 90% of our products were purchased locally.

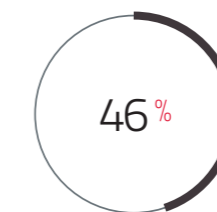
### METHODOLOGICAL NOTE

The percentage of locally purchased products has been calculated on the total turnover. The data shown represent 56% of the direct purchasing turnover, without intercompany transactions.

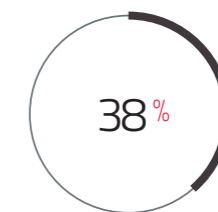
## Geographical distribution of G.D suppliers

As an example of how much Coesia cares about improving knowledge within the local communities, we have shown the data for Italian G.D plants, which in 2015 purchased 95% of their products in Italy, considering their total purchasing turnover.

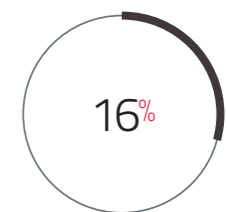
On the basis of the number of suppliers, 46% are located in the Region Emilia Romagna, 38% are situated in the rest of Italy and only 16% outside Italy.



EMILIA ROMAGNA



REST OF ITALY



ABROAD

The Group has always preferred to develop a long-lasting partnership with our suppliers, with a view to achieving a higher level of quality through a driven improvement process.

A standardized vendor rating for all Coesia companies was launched in 2015. Its purpose is to map suppliers' performance and to start a mutual dialogue to improve supply chain quality.

The number of audits in recent years has grown in relation to the process of starting a beneficial dialogue. Audits are based on a standard form, which consists in several questions regarding quality system, traceability process, sub-supplier management and claims' management, deployed in all process phases.

A new process has taken root for new supplier scouting: a self-assessment questionnaire on several topics, including health and safety issues.

The challenges we face today are increasingly more complex and require collaboration with our partners to create added value: sustainability commitment is one of them.

For Coesia, sustainability in the value chain means looking beyond corporate boundaries and strategically and effectively promoting a sense of shared responsibility towards social and environmental issues.

In 2016, our commitment is to share our code of ethics with our suppliers, to enhance relationship with partners believing in the same high standards for ethics, labor practices and human rights, health and safety and environmental respect, we have set for ourselves.

The screening that we will promote will then include also these topics and will be gradually extended to our entire value chain.

*Our commitment is to share the Suppliers' Code of Ethics with our value chain, to enhance the relationship with partners believing in the same high standards for ethics.*

## OUR COMMUNITY

All the Coesia companies are committed to promoting the wellbeing of all communities worldwide, with a specific focus on the ones in which we are based and where we have created links, relationships and partnerships.

As a Group, we support non-profit organizations, both financially and with in-kind support, whose missions relate to a variety of areas such as social inclusion, gender issues, the homeless, disability of both adults and children, the elderly, immigrants and refugees, environmental catastrophes, scientific research and health, arts, sports, culture and education.

All around the world, we also promote employees' volunteering initiatives.

Coesia supports a large number of local initiatives directly promoted by single Companies and their subsidiaries. For this first year of reporting, we have decided to highlight a few examples of the most relevant projects developed in Bologna.

ALL AROUND  
THE WORLD,  
WE ALSO  
PROMOTE  
EMPLOYEES'  
VOLUNTEERING  
INITIATIVES.

## FLAGSHIP INITIATIVE

*An innovative approach between profit and non-profit.*

### **FID (FARE IMPRESA IN DOZZA) MAKING BUSINESS IN BOLOGNA'S PRISON**

Coesia, through its Company G.D and with two other companies of the same territory and sector (Ima and Marchesini Group) and FAV (Fondazione Aldini-Valeriani), an organization focused on mechanical training, launched a social enterprise in November 2010, to provide both theoretical and on-the-job training and work for detainees inside the prison, aiming at increasing their skills in order to facilitate their finding employment after completing their prison term. FID financed also the restoration of a building inside the prison that was turned into a mechanical workshop where the detainees, who are now FID workers too, became the supplier of the companies that founded the social enterprise, helped by pensioners of the same companies that, on a voluntary basis, have acted as their tutors.

This unique private initiative, set up as a social enterprise, has been an example of integration and of exchange of skills, as well as of improving human dignity.

## CARING FOR OUR FUTURE

*Education and training of younger generations.*

### **EXPEDITIONS**

**Exploratory trails of aspiring young pioneers.**

In collaboration with schools and the University of Bologna, this MAST educational project about innovation, launched in September 2015, is designed for young people in schools and in their first university years. It features a unique learning path that lasts for a week and covers some aspects of technological innovation by means of "discovering" an enterprise such as Coesia, facilitating acquaintances with its structure, markets and technologies, and an "innovation journey" going back to its history and past and present Organization, entering also in deeper contact and use with the MAST Gallery, by visiting the exhibition related to industrial photography, stimulating motivation for entrepreneurship.

### **ITS MAKER**

**A Corporate project in collaboration with the State, the Region Emilia Romagna and other companies and training foundations.**

Operating on behalf of Coesia, G.D is a founding member of the Foundation ITS MAKER, The Higher Institute for Mechanical Engineering, Mechatronics, Mechanics and Packaging for the "Made in Italy" which provides post diploma bi-annual courses with the aim of training young high level technicians to work in the mechanical, mechatronic and hydraulic sectors in the territory.

ITS institutes are technology schools created by the Ministry of Education with the aim of offering cutting-edge professional training to high-school graduates. These two-year post high-school courses are free of charge to students and focus on empowering them by providing the up-to-date training required by the Region Emilia Romagna's industrial network.

ITS MAKER promotes technical and scientific know-how with the objective of meeting the demand for highly trained technicians coming from strategic sectors of the domestic economy.

This Sustainability Report is the outcome of the contribution of our employees.  
All information and data have been centrally collected, managed and integrated.

Feedback from readers is extremely welcome in view of continuous improvement of our commitment towards sustainability.

For additional information: [sustainability@coesia.com](mailto:sustainability@coesia.com)

**Graphic design**

*Le Balene*

*In line with our internal policy on environmental sustainability, this document will be available only in digital format. Printed copies will be prepared only upon request.*

# coesia

**COESIA S.p.A.**

Via Battindarno, 91  
40133 Bologna - ITALY

*[www.coesia.com](http://www.coesia.com)*