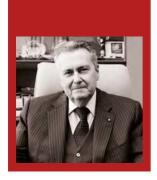
SUSTAINABILITY REPORT 2017





DEAR STAKE HOLDERS

We continue to share with you the Group's main non-financial performance through our annual Sustainability Report, which we have been publishing for three years.

We have chosen to voluntarily publish this document, which integrates and further elaborates the Group's Consolidated Financial Statement, because we are aware that our success results from our reputation, which remains our biggest asset. Every day and everywhere it is an asset that we must preserve and strengthen, striving to guarantee high standards of integrity, legality, transparency and respect¹.

Sustainability is not just the machinery we make but also how we make it. We strive to achieve the goals of the 2030 Agenda² and we respect and promote the principles of our specific business perimeter in compliance with our customers' indications.

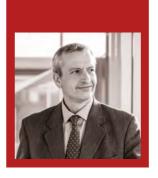
We also believe that sustainability means ongoing innovation of both product and process. I have always believed that a businessman is driven by innovation and not just by profit, otherwise he would be a mere speculator.

Above all, we create shared value for and with our local communities, respecting their cultures and diversities. We aim to stay at the top of the market powered by our strong ambition to contribute toward the sustainable development of the society and our stakeholders. Thanks to the inestimable commitment of all our people, we are certain we can continue to achieve even greater success and reach new targets, which they too will benefit from.

/ / / Maurizio Marchesini PRESIDENT

¹ Code of Ethics of the Marchesini Group, page 9.

² Resolution implemented by the United Nations General Assembly, 25th September 2015, Transforming our world: the 2030 Agenda for Sustainable Development.



Dear stake holders,

2017 was my first year as Chief Executive Officer of Marchesini Group.

Marchesini is an economically, productively and socially important enterprise, which is experiencing an exceptional evolution.

From a national point of view, where the social role of the business is often underestimated, 2017 was another year of expansion for the Marchesini Group, exceeding an impressive figure of 1400 employees.

The Group has grown constantly in terms of employment, production and technological innovation.

It is indeed thanks to its strong vocation for innovation, a trait of its DNA, that the Marchesini Group is presently a reference point within the national context of Industry 4.0.

Innovation and sustainability are two MUSTS for the Marchesini Group: a modern business will die away if it fails to innovate and thus is not sustainable. Innovating is a dynamic concept: it means to think outside the box, which can be stimulating and gratifying. Opportunities of innovation are endless if you put the just amount of perseverance and tenacity into a process that favours creativity. Marchesini Group sows ideas daily, whose fruits will be harvested in years to come. The rules imposed by environmental policies must however be respected throughout this process, also fostering the social, cultural and economic growth of the community to which one belongs, to keep astride of a continuously evolving world. And it is from our community that we select the resources and talents needed to ensure our company's success.

Marchesini Group also feels the responsibility to act when needed, as was the case of the project shared with IMA s.p.a. to resolve the difficult situation of 84 people employed by a company in Monghidoro (BO) that was winding up.

In 2017, the group achieved important goals but I do not believe this would have been possible without the fundamental contribution of all those people involved in the organisation. I thank these people for having embraced the culture of innovation and sustainability and translating it every day into solid actions. A lot has been done and a lot has still to be done, but we are used to challenges and they motivate us to build our future.

Pietro Cassani

Pietro Com

INDEX

PREFACE	12	9.6 IN-HOUSE COMMUNICATIONS AND INVOLVEMENT ACTIVITIES	59
		9.7 HEALTH AND SAFETY	60
1. METHODOLOGICAL NOTE	14	9.8 SUSTAINABLE MOBILITY	64
		9.9 PRIVACY	65
2. SUSTAINABILITY APPROACH	15	9.10 RELATIONS WITH INSTITUTIONS	66
2.1 OUR STAKEHOLDERS	16		
2.2 MATERIALITY MATRIX FOR 2017	16	10. CHARITY COMMITMENTS – A YEAR OF SUSTAINABILITY	67
3. OUR HISTORY	18	CASE HISTORY	68
		ANTONIANO NON-PROFIT ORGANISATION	69
4. HIGHLIGHTS 2017	26	NOVA ASSOCIATION	70
		DIOCESI OF CARPI	71
5. ECONOMIC AND FINANCIAL RESPONSIBILITY	28	MAMA ANAKUJA	72
5.1 CORPORATE GOVERNANCE	28	ITACA FOUNDATION	73
5.2 CORPORATE SET-UP	29	PAPA GIOVANNI ASSOCIATION	74
5.3 MARCHESINI GROUP IN THE WORLD	30	HAPPY HAND	75
5.4 GENERATED ECONOMIC VALUE	31	AVIS BOLOGNA	76
		ARCIDIOCESI OF BOLOGNA	77
6. PRODUCT, R&S AND INDUSTRIA 4.0 RESPONSIBILITY	32	MYRMICA ASSOCIATION	78
6.1 CUSTOMER SATISFACTION	36	A.I.S.A. EMILIA ROMAGNA - REGIONAL DEPARTMENT	79
		VALLE LAVINO ONLUS	80
7. OPERATIONS	37	FRIENDS OF TAMARA AND DAVIDE ASSOCIATION	81
7.1 PROVISIONING AND LOGISTICS	37	MANZONI AUDITORIUM THEATRE	82
7.2 PROVISIONING SUSTAINABILITY	38	RADIO IMMAGINARIA	83
		SPOSTA-MENTI FESTIVAL	84
B. ENVIRONMENTAL RESPONSIBILITY	39	MODERNISSIMO CINEMA	85
8.1 ENERGY	39	SAN DOMENICO CENTRE	86
3.2 WASTE	40	A.I.L.	87
3.3 WATER	41	TELETHON FOUNDATION	88
8.4 CARBON FOOTPRINT	42	IL BENE NON-PROFIT FOUNDATION	89
		MEDICI SENZA FRONTIERE (DOCTORS WITHOUT BORDERS)	90
9. SOCIAL RESPONSIBILITY	45	ITALIAN CATHOLIC DOCTORS ASSOCIATION	91
9.1 PROMOTING THE CULTURE OF LEARNING	46	NATALINO CORAZZA FOUNDATION	92
9.2 PEOPLE AT THE CENTRE	47	ALIAV - ASSOCIAZIONE DIPLOMATI ISTITUTO ALDINI VALERIANI	93
9.3 WORK FORCE AND ORGANISATIONAL STRUCTURE	48	COMPREHENSIVE SCHOOL - CENTRO CASALECCHIO	94
9.4 INVESTING IN PEOPLE	50	SAN GIUSEPPE INSTITUTE	95
9.4.1 TALENT ACQUISITION	51	ITALIAN OLYMPIAD OF INFORMATICS	96
9.4.2 TRAINING AND DEVELOPMENT	52	FUTA BIKE	97
9.4.3 PERFORMANCE MANAGEMENT	55	GOLF CLUB IL MOLINO DEL PERO	98
9.5 WELFARE AT MARCHESINI GROUP	56	10.1 CHARITABLE ACTIVITIES PROMOTED BY EMPLOYEES OF MARCHESINI GROUP	99

REFERENCES GRI-4 E AGENDA 2030

SUSTAINABILITY REPORT MARCHESINI GROUP	PAG.	GRI 4	CONTENTS GRI 4	AGENDA 2030	GOALS
		G4-1	PROVIDE A STATEMENT FROM THE MOST SENIOR DECISION-MAKER OF THE ORGANIZATION (SUCH AS CEO, CHAIR, OR EQUIVALENT SENIOR POSITION) ABOUT THE RELEVANCE OF SUSTAINABILITY TO THE ORGANIZATION AND THE ORGANIZATION'S STRATEGY FOR ADDRESSING SUSTAINABILITY.		
		G4-2	PROVIDE A DESCRIPTION OF KEY IMPACTS, RISKS, AND OPPORTUNITIES.		
		G4-24	PROVIDE A LIST OF STAKEHOLDER GROUPS ENGAGED BY THE ORGANIZATION.	3 – ENSURE HEALTHY LIVES AND PROMOTE	3 GOOD HEALTH AND WELL-SEING
		G4-25	REPORT THE BASIS FOR IDENTIFICATION AND SELECTION OF STAKEHOLDERS WITH WHOM TO ENGAGE.	WELL-BEING FOR ALL AT ALL AGES 6 - ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL 7 - ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL 11 - MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE 12 - ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS 13 - TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS 15 - PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION	6 CLEAN WATER AND SANTATION
SUSTAINABILITY APPROACH	15	G4-26	REPORT THE ORGANIZATION'S APPROACH TO STAKEHOLDER ENGAGEMENT, INCLUDING FREQUENCY OF ENGAGEMENT BY TYPE AND BY STAKEHOLDER GROUP, AND AN INDICATION OF WHETHER ANY OF THE ENGAGEMENT WAS UNDERTAKEN SPECIFICALLY AS PART OF THE REPORT PREPARATION PROCESS.		7 GENERAL ME 7 GENERAL MEDIO 11 SOCIAMENTES
		G4-27	REPORT KEY TOPICS AND CONCERNS THAT HAVE BEEN RAISED THROUGH STAKEHOLDER ENGAGEMENT, AND HOW THE ORGANIZATION HAS RESPONDED TO THOSE KEY TOPICS AND CONCERNS, INCLUDING THROUGH ITS REPORTING. REPORT THE STAKEHOLDER GROUPS THAT RAISED EACH OF THE KEY TOPICS AND CONCERNS.		12 EDPORTE A PRODUCTION TO CHARLE 13 CHARLE 15 IFE O CLASS 15 O'LLASS
		G4-28	REPORTING PERIOD (SUCH AS FISCAL OR CALENDAR YEAR) FOR INFORMATION PROVIDED.	AND HALT BIODIVERSITY LOSS	<u>•</u>
		G4-29	DATE OF MOST RECENT PREVIOUS REPORT (IF ANY).		
		G4-30	REPORTING CYCLE (SUCH AS ANNUAL, BIENNIAL).		
		G4-56	DESCRIBE THE ORGANIZATION'S VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR SUCH AS CODES OF CONDUCT AND CODES OF ETHICS.		

SUSTAINABILITY REPORT MARCHESINI GROUP	PAG.	GRI 4	CONTENTS GRI 4	AGENDA 2030	GOALS
		G4-3	REPORT THE NAME OF THE ORGANIZATION.		
		G4-4	REPORT THE PRIMARY BRANDS, PRODUCTS, AND SERVICES.		
		G4-5	REPORT THE LOCATION OF THE ORGANIZATION'S HEADQUARTERS.		
		G4-6	REPORT THE NUMBER OF COUNTRIES WHERE THE ORGANIZATION OPERATES, AND NAMES OF COUNTRIES WHERE EITHER THE ORGANIZATION HAS SIGNIFICANT OPERATIONS OR THAT ARE SPECIFICALLY RELEVANT TO THE SUSTAINABILITY TOPICS COVERED IN THE REPORT.		
		G4-7	REPORT THE NATURE OF OWNERSHIP AND LEGAL FORM.		
	G4-8	REPORT THE MARKETS SERVED (INCLUDING GEOGRAPHIC BREAKDOWN, SECTORS SERVED, AND TYPES OF CUSTOMERS AND BENEFICIARIES).			
		G4-9	REPORT THE SCALE OF THE ORGANIZATION, INCLUDING EMPLOYEES, OPERATIONS,	8 – PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL	8 DECENT WORK AND ECONOMIC GROWTH
ECONOMIC AND FINANCIAL RESPONSIBILITY	28 G4-13 G4-15	G4-13	REPORT ANY SIGNIFICANT CHANGES DURING THE REPORTING PERIOD REGARDING THE ORGANIZATION'S SIZE, STRUCTURE, OWNERSHIP, OR ITS SUPPLY CHAIN.	AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL 12 - ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		G4-15	LIST EXTERNALLY DEVELOPED ECONOMIC, ENVIRONMENTAL AND SOCIAL CHARTERS, PRINCIPLES, OR OTHER INITIATIVES TO WHICH THE ORGANIZATION SUBSCRIBES OR WHICH IT ENDORSES.		
		G4-17	LIST ALL ENTITIES INCLUDED IN THE ORGANIZATION'S CONSOLIDATED FINANCIAL STATEMENTS OR EQUIVALENT DOCUMENTS.		
		G4-18	EXPLAIN THE PROCESS FOR DEFINING THE REPORT CONTENT AND THE ASPECT BOUNDARIES. EXPLAIN HOW THE ORGANIZATION HAS IMPLEMENTED THE REPORTING PRINCIPLES FOR DEFINING REPORT CONTENT.		
		G4-EC1	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED.		
	G.	G4-34	REPORT THE GOVERNANCE STRUCTURE OF THE ORGANIZATION, INCLUDING COMMITTEES OF THE HIGHEST GOVERNANCE BODY. IDENTIFY ANY COMMITTEES RESPONSIBLE FOR DECISION-MAKING ON ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS.		



SUSTAINABILITY REPORT Marchesini Group	PAG.	GRI 4	CONTENTS GRI 4	AGENDA 2030	GOALS													
PRODUCT, R&S AND INDUSTRIA 4.0 RESPONSIBILITY	32	G4-DMA	A. REPORT WHY THE ASPECT IS MATERIAL. REPORT THE IMPACTS THAT MAKE THIS ASPECT MATERIAL. B. REPORT HOW THE ORGANIZATION MANAGES THE MATERIAL ASPECT OR ITS IMPACTS. C. REPORT THE EVALUATION OF THE MANAGEMENT APPROACH.	4 - ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL 8 - PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL	4 GOALITY 4 EDUCATION B DECENT WHICH AND ECONOMIC CROWTH													
		G4-PR5	RESULTS OF SURVEYS MEASURING CUSTOMER STATISFACTION.	AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL	M													
ODEDATIONS	27	G4-EC9	PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION.	13 - TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS 17 - STRENGTHEN THE MEANS OF	13 CLIMATE ACTION													
OPERATIONS 37	3/	G4-EN1	MATERIALS USED BY WEIGHT OR VOLUME.	IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT	17 PARTINEESIAPS FOR THE GOALS													
ENVIRONMENTAL RESPONSIBILITY	39	G4-EN27	EXTENT OF IMPACT MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES.	12 - ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS 13 - TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS	12 REPORTED AND PROPERTY AND PR													
ENERGY	39	G4-EN3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION.	7 – ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL	7 AFFORMABLE AND CLEAN EMBERT													
															G4-EN2	PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS.	3 - ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES	3 GOOD HEALTH
WASTE	40	G4-EN23	TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD.	11 - MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE	11 SISTAMABLE CITIES AND COMMUNES													
		G4-EN28	PERCENTAGE OF PRODUCTS SOLD AND THEIR PACKAGING MATERIALS THAT ARE RECLAIMED BY CATEGORY.	12 - ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS	12 ESPONDELE CONSUMPTION AND PRODUCTION													
WATER	41	G4-EN8	TOTAL WATER WITHDRAWAL BY SOURCE.	6 - ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL	G CLEAN WATER AND SAMEULDN													

SUSTAINABILITY REPORT MARCHESINI GROUP	PAG.	GRI 4	CONTENTS GRI 4	AGENDA 2030	GOALS
· · · · · · · · · · · · · · · · · · ·		G4-EN3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION.	7 -ENSURE ACCESS TO AFFORDABLE.	7 AFFORDABLE AND CLEAN EMPROY
		G4-EN4	ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION.	RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL	Ö
CARBON FOOTPRINT	42	G4-EN15	DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1).	12 - ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS 13 - TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS	12 ESPONSHIE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
		G4-EN16	ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2).	15 - PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND	15 JEFE ON LAND
		G4-EN19	REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS.	HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS	
SOCIAL RESPONSIBILITY	45			4 - ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL 8 - PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL	4 CONSTRUCTION B CONSIDER CONSTRUCTION
WORK FORCE AND ORGANIZATIONAL STRUCTURE	48	1011AL NUMBER AND RATES OF NEW EMPLOYEE HIRES 48 G4-LA1 AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION AND PRODU		8 – PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL	8 DECENT WORK AND ECONOMIC DISJUTTS
INVESTING IN PEOPLE; TALENT ACQUISITION; TRAINING AND DEVELOPMENT; PERFORMANCE MANAGEMENT	50	G4-LA9	AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY.	4 - ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL 5 - ACHIEVE GENDER EQUALITY AND	4 GUALTY EDUCATION 5 GENDER COULDING
	52 G4-LA10		PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS.	EMPOWER ALL WOMEN AND GIRLS 8 - PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL	8 DECENT WORK AND EDWOOMS CROWTH



SUSTAINABILITY REPORT Marchesini Group	PAG.	GRI 4	CONTENTS GRI 4	AGENDA 2030	GOALS
WELFARE AT MARCHESINI GROUP; IN-HOUSE COMMUNICATIONS AND INVOLVEMENT ACTIVITIES	56			1 - END POVERTY IN ALL ITS FORMS EVERYWHERE 3 - ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES 4 - ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL 5 - ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS	3 COLOR SELECTION 3 COLOR SELECTION 4 COLOR SELECTION 5 COLOR SELECTION 5 COLOR SELECTION 5 COLOR SELECTION 5 COLOR SELECTION 6 COLOR SELECTION 5 COLOR SELECTION 6 COLOR SELEC
HEALTH AND SAFETY	60	GA-LA6	TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER.	3 – ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES	3 GOOD HEALTH AND WELL-BIRNO
CHARITY COMMITMENTS - A YEAR OF SUSTAINABILITY	67			1 - END POVERTY IN ALL ITS FORMS EVERYWHERE 2- END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE 3 - ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES 4 - ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL 5 - ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS 9 - BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION 10 - REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES 11 - MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE 16 - PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS 17 - STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT	1 Porter Porter Porter



PREFACE

by STEFANO ZAMAGNI³

The 2017 Sustainability Report of Marchesini Group herein deserves great appreciation and thought for two reasons. On one hand, for the accuracy and completeness of the information given, as well as its wisely chosen layout. On the other, and above all, for the message that it promotes, on which I would like to meditate briefly.

Theoretic and empirical research confirms that our society no longer believes, even if it realises it is necessary, that a business should just seek profit alone to deserve full social legitimacy. It is by now a well known fact that the economic value and the social value must go hand in hand, just like the famous philosopher Plato reminds us: "The furrow will be straight [and the harvest abundant] if the two horses pulling the plough proceed at the same pace" (*Phaedrus*). Well, the activity of Marchesini written so clearly in these pages is the perfect confirmation of Plato's intuition.

Generating value today – similar to what happened at the time of Civic Humanism in the XV century – needs open minded business people who think outside the box – thus innovators – capable of creating connections. This is the real meaning of that model of market economy known as "shared capitalism". Shared capitalism is an organisational structure that aligns the interests of the various classes of stakeholders with those of the shareholders and where the business communicates with all the contexts in which it works. Empirical proof shows that, where applied, this way of doing business strongly boosts the level of many corporate performance indicators. Value and wealth can indeed only grow through loyal, and not corporative, collaboration between businesses, public authorities and organised civil societies.

A new entrepreneurial season has just begun, which denies the model of exploiting nature and people, but favours a model focused on reciprocity, both to commit to make the business meaningful, which cannot just consider itself a "Money-making machine". (David Hevesi – not Pope Francesco! – wrote in the *New York Times* on 5/9/2008: "I am sad and offended by the idea that businesses exist just to make their owners rich...This is the least important tasks they fulfil; they are much more honourable and more important than that"). Indeed, more and more talented businessmen and women – and the Marchesini family are definitely among these – believe that mere profit cannot be the *only* goal of the company and above all that there cannot be trade-off between profit and civil commitment. Because "how" profit is generated is just as important as "how much" profit is generated.

We now know that the success of a business goes hand in hand with that of the land where it started. If the latter is not able to guarantee suitable levels of education, for example, or to provide efficient health services, or organised employment conditions compatible with a decent family life and work life and so on, the business will never be able to achieve long-lasting success however competent its management is. This is why an illuminated businessman cannot neglect the development of the territory, believing that this is solely up to the public authority alone. The transaction we are experiencing moves from the concept of "what is good for the business is good for society", to the reverse concept of "what is good for society is good for the business". It takes a great deal of courage and wisdom.

The famous writer Gilbert Chesterton wrote: "The whole difference between building and creating is this: something you have built can only be loved after you have built it, but something you have created is loved before you create it". Marchesini is indeed a creative business because it nourishes hope and does not believe that the future will be unsettled just because it is not here yet.



³ Stefano Zamagni, former professor of Political Economy at the University of Bologna, and Adjunct Professor, Johns Hopkins University, SAIS Europe and member of the Pontifical Academy of Social Sciences.

. METHODOLOGICAL NOTE

Marchesini Group⁴ publishes its third Sustainability Report, referred to 2017, to consolidate communications with its stakeholders and so that it can be better exploited with particular focus on the group's social and environmental performance. To be able to promptly provide quality-quantitative information concerning sustainability indicators, the economic-financial information is not included, which will be given in the consolidated financial statement of the Group⁵.

The document has been written according to the "Sustainability Reporting Guidelines G4" defined in 2013 by GRI - Global Reporting Initiative and the quality-quantitative information is compared with at least that of the previous financial year.

This year again, the Sustainability Report has been written by the Corporate Social Responsibility function, supervised by the CSR Manager of the Group that follows a consolidated procedure and involves all the corporate functions working at Marchesini. The reporting process is based on the company's IT systems (control systems of the management, accounting, quality, environment, internal audits, safety, personnel, HR development etc.), which have been integrated with specific data collection and analysis tools. The documented information respects the principles of materiality, importance, accuracy, comparability, punctuality and reliability.

The reporting perimeter comprises the group's Italian branches and refers to 31st December 2017, unless indicated otherwise in the relevant chapters.

The 2017 Sustainability Report of Marchesini Group, in compliance with the GRI principles, focuses in particular on the analysis of the contexts in the materiality matrix elaborated in the 2016 Sustainability Report, through which the most important aspects concerning social-environmental and economic impact that the group's business generates inside and outside the organisation have been identified.

The information written herein refers to measurable parameters and estimations; reference to the latter is appropriately indicated in the document.

2. SUSTAINABILITY APPROACH









Marchesini Group's sustainability commitments focus on its long-lasting success, progressively reducing its impact on the environment and substantially contributing to improving the quality of life of its reference communities. For this reason, in view of the growing challenges in terms of sustainability, the group has pinpointed some priority activities for its business and for its stakeholders.

The company is indeed aware that the sustainability of its business, broadly speaking, is fundamental to create value for all the stakeholders, ensuring the development of the group but also of the local area.

The contents dealt with are presented with the modular approach of the previous editions, based on three qualifying mainstays, clarified in the group's Code of Ethics:

- 1. Creating value through behavioural integrity, innovation skills and promoting excellence at all levels.
- 2. Enhancing people, protecting their safety and motivating teamwork and collaboration.
- 3. Transparency and completeness of information flows, bonds with the territory and sustainable development.

The mission ("Because you are our mission" 6.7) and the vision ("constantly pursuing excellence and innovation in full compliance with law and the Code of Ethics"8) of the group always represent all the principles around which its activities rotate.

Observing these principles, Marchesini Group continues to focus on customer centricity°, which is substantially fulfilled by giving its customers the best the market can offer to satisfy their needs with effective, efficient and sustainable solutions. In 2017, the Group was again one of the four top worldwide leaders of its sector 10. It is also for this reason that its approach in facing sustainability themes focuses on satisfying the growing importance that multinational companies working in the reference markets give to the relevant topics when deciding the ratings of partner companies.



⁴ By "Marchesini Group" (hereafter called Group or Company) we mean the organisational setup represented in the diagram on page 29.

⁵ The Group's consolidated financial statement will be approved and published within June 30th 2018 according to current legal and fiscal standards.

⁶ Cf. Sustainability Report 2015, pages 18 and 19, Code of Ethics, pages 16, 26 and 30.

^{7 &}quot;Because you, the customers, are our mission", as stated by Maurizio Marchesini, President of Marchesini Group S.p.a. in the Company Profile of the corporate website at www.marchesini.com

⁸ Code of Ethics of Marchesini Group, page 16.

^{9 &}quot;Customer Centricity is the only end-to-end approach focused around individual customers and their individual needs. Customer Centricity is an entrepreneurial, organisational, strategic and operational basis of a business model adapted to changes and a management method and basic strategy and fundamentally new strategy and approach." Wilkes, Stange - Customer Centricity and Corporate Management - Die stenerung des gesamten Unternehmens nach Kundenprioritaten was es ist, was es ist nicht und warum erfolgreight wirkt" in Erfolgsketten Management, 3. Auflage, 2013.

¹⁰ Transparency Market Research, Pharmaceutical Packaging Equipment Market By Product Type (Solids Packaging Equipment, Semi-solids Packaging Equipment and Liquids Packaging Equipment) and By Package Type (Primary Packaging Equipment and Secondary Packaging Equipment, - Global Industry Analysis, Size, Share, Growth, Trends and Forecast 2015 - 2021, Albany (NY), 2015.

2.1 OUR STAKEHOLDERS

Marchesini Group pays great attention to the legitimate expectations and needs of its stakeholders¹¹, encouraging them to participate and get involved, in order to comprehend their opinions and to develop solutions capable of creating shared value on the long run.

Based on the reference geographic and operational contexts, the Group implements diversified and flexible involvement strategies. Investors, customers, partners, governments and media are key corporate stakeholders, just like the main stakeholders in terms of operation are the employees, partners, customers, suppliers, communities and local authorities and other organisations, such as the Trade Unions and the NGOs.

The Group has always communicated openly and constantly with all of its stakeholders. Transparency is indeed the basis of its sustainability strategy.

This approach has enabled Marchesini Group to build solid relationships with its customers, institutes, employees, suppliers, communities and others around the world.

2.2 MATERIALITY MATRIX FOR 2017

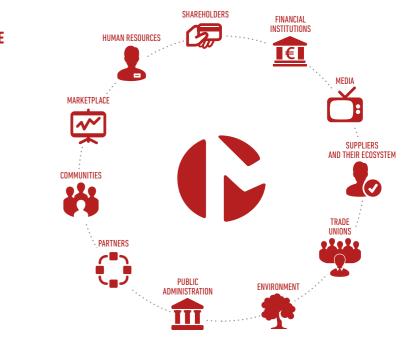
Following the G4 Guide Lines, the materiality analysis is a periodic process used to pinpoint economic, environmental and social aspects that could have major impact on the group's economic performance or substantially influence the assessments and decisions of its stakeholders. This analysis, carried out in 2016 and, in view of its solidity, which is considered to be still valid, involved all of our major internal and external stakeholders.

The process has four main phases, which can be summarised as follows:

- In-house identification of possible important sustainability aspects for our sector
- In-house prioritizing of the aspects identified with the Group's management, by consulting the corporate management, including human resources, Quality and Health and Safety Executives (HSE), provisioning, production, and technical departments and relations with investors
- Out-of-house prioritizing of the aspects identified with the group's main stakeholders, by interviewing the
 representatives of customers, employees, suppliers etc., surveying a sample group of employees
 and interviewing employees who hold relations with the stakeholders, both at the investors' and customers'
 premises and during specific projects of local communities and authorities
- Final Approval of the list of priority aspects by the Group's management

Thanks to this process, we have pinpointed 14 priority aspects, which are indicated in the following materiality matrix, which are the basis of our Sustainability Report.

STAKEHOLDERS AND OTHER PARTIES TO WHOM THE CODE OF ETHICS IS ADDRESSED.



MATERIALITY MATRIX 2017



LOW PRIORITY MEDIUM PRIORITY HIGH PRIORITY











Secondary Packaging





1975



PIANORO (BO)

Warehouse







1986 UK Leighton Buzzard, Bedfordshire



PIANORO (BO)

1987

2M

Filling division

1974 **2M**

Cartoners

1976 **GENERALMAC**

Sachet machines

and rigid tube machines

1978 **UNIMAC** 1979

1979 IPACK IMA 1980 M80

Cartoners

1981

1981 First partecipation to INTERPACK trade fair in Düsseldorf

CARPI (MO) CALDERINO (BO) 1985

GAMMA

Blister machines

DI GAMMA Blister machines



MB440 First Blister machine

BA50 Cartoner

> T400 Counting machine for tablets in rigid tubes



BA100 Cartoner

- · Infeed conveyor on machine front side
- Safety guard integrated in the machine structure
- Separated Electric System (placed on machine upper side)





BA400

Cartoner New redesigned layout

- Drum for carton opening (Patented)
- Pusher opposite operator side • Ergonomic carton magazine on

Official launch

BA400

- operator side • Carton translation system to
- prevent bucket displacement • Designed from a machine layout that already included the safety guards



THREE-CHANNELS **TUBE CAROUSEL GROUP**







1977 - 1980 Collaboration with CASIMIRO ADANI leading to:

- Automatic fase generator
- Led synoptic panel
- Cmos Logic





3. OUR HISTORY



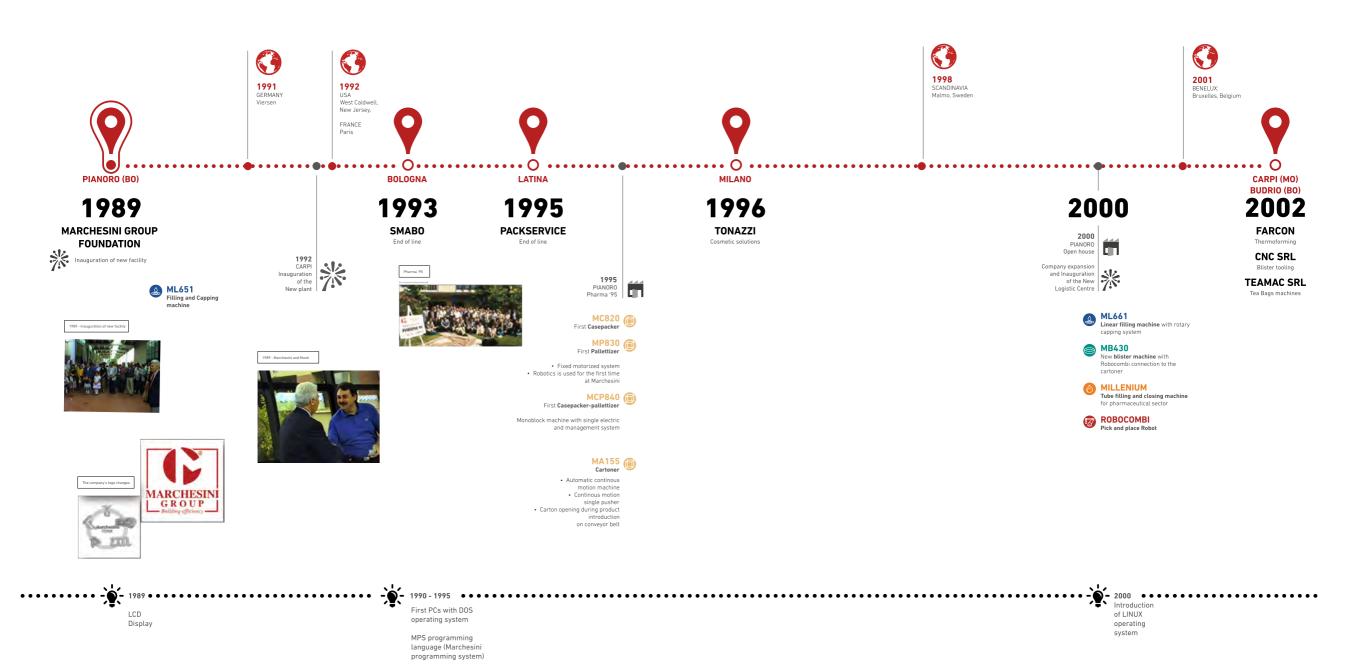






Corporate Social Responsibility

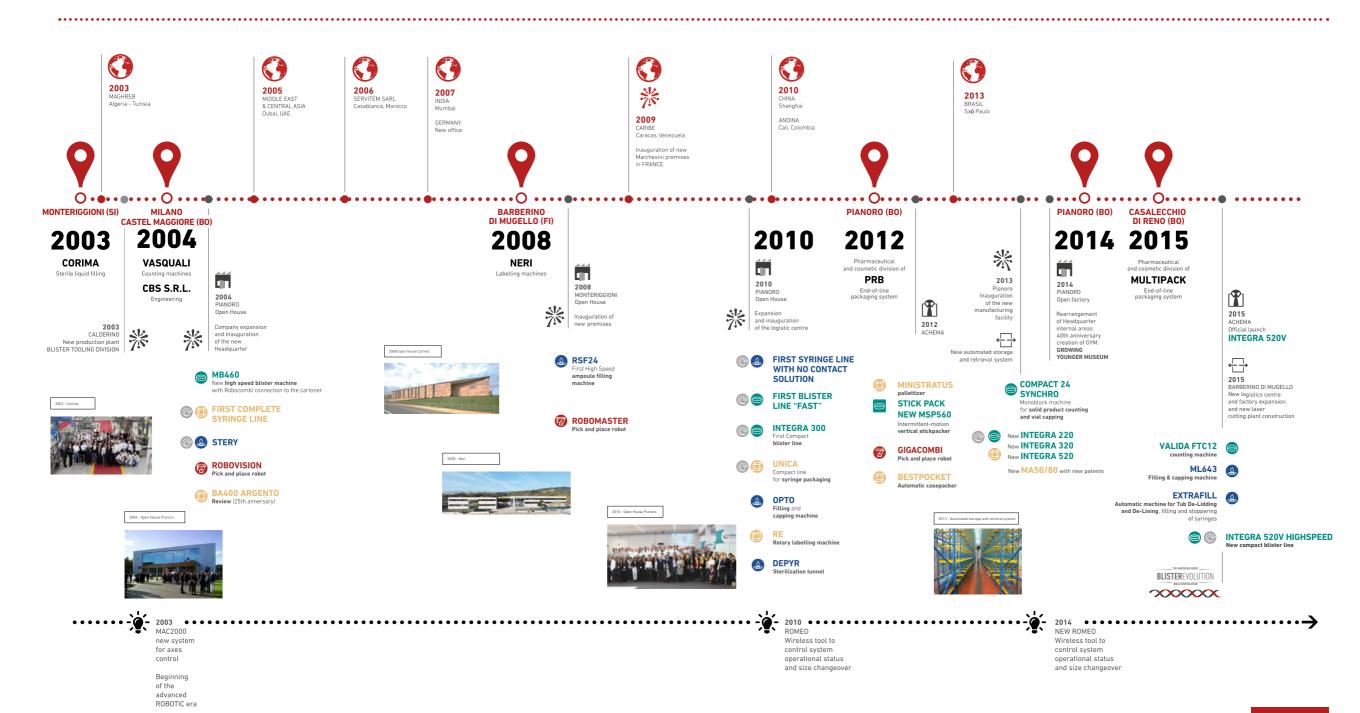






3. OUR HISTORY





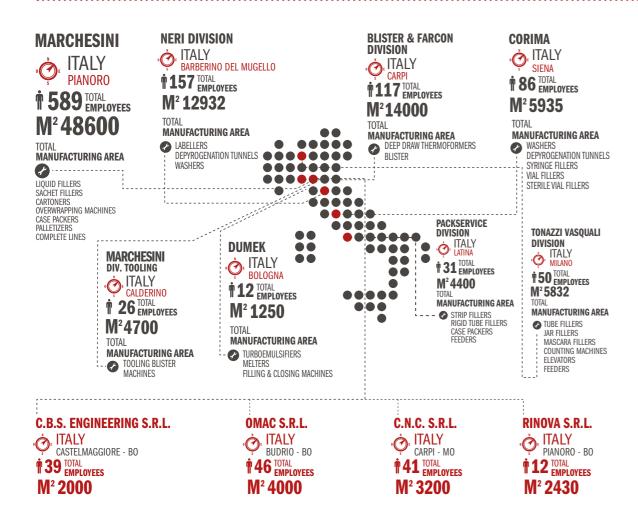


3. OUR HISTORY





4. 2017 HIGHLIGHTS



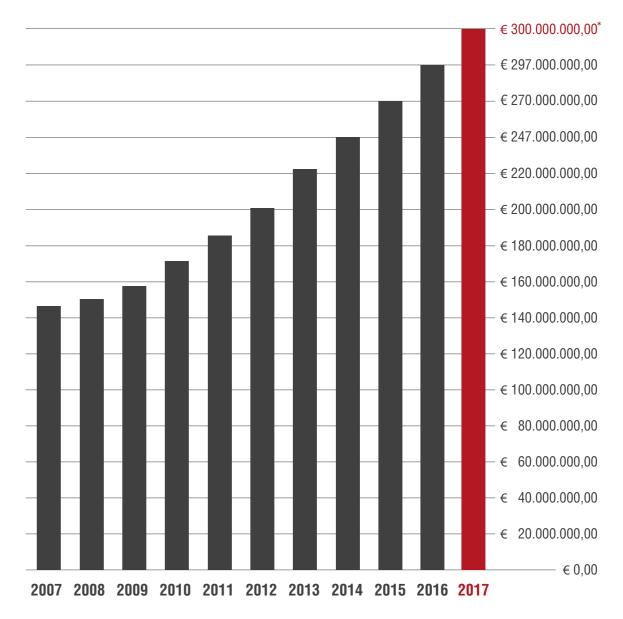
MAIN FACT&FIGURES

NEW MACHINES IN THE LAST 3 YEARS

28 AUTOMATIC WAREHOUSES

1 AUTOMATED STORAGE AND RETRIEVAL SYSTEM 97.650 SQUARE METRES OF FACILITIES
380 NEW FEEDING GROUPS/YEAR
125.000 NEW DRAWINGS/YEAR

ABOUT US





^{*} Group consolidated turnover (estimated value to be confirmed after approval of financial statement on 30th June 2018, according to current legal and fiscal regulations).

GRI - G4 | 3, 5, 6, 7, 8, 9, 13, 15, 17, 34, EC1

5. ECONOMIC AND FINANCIAL RESPONSIBILITY





5.1 CORPORATE GOVERNANCE

The *Corporate Governance* system is the combination of tools, rules, relations, processes and systems of the company aimed at correctly and efficiently running the business. It is a system that compensates the interests of the shareholders and the administrators of a company. The structure of the corporate governance system therefore expresses the rules and the processes exploited in making decisions within a company, the methods with which the company objectives are decided, as well as the means used to reach and measure the results obtained.

The rules of the *Corporate Governance* system refer to the laws and regulations of the judicial order of the country in which the business works, as well as the regulations within the company itself. Relations include those between all the people involved in the company: the owners (shareholders), managers, administrators, regulating authorities, employees and the society as a whole. The processes and systems refer to the mechanisms of delegating authority, to measuring performance, to safety and to reporting and accounting.

At the Marchesini Group the *Corporate Governance* system is based on the central role of the Board of Administrators (as the main body in charge of controlling the company by the shareholders), on transparency in operational decisions, effectiveness of in-house audits, strict control and prevention rules concerning conflicts of interest and solid behavioural and governance principles of interactions with the subjects involved.

Massimo Marchesini, Honorary President

Maurizio Marchesini, President of the Board of Administrators

Pietro Cassani, CEO, member of the Board of Administrators

Marco Marchesini, Production Director, member of the Board of Administrators

Marinella Alberghini, Organisation Director, member of the Board of Administrators

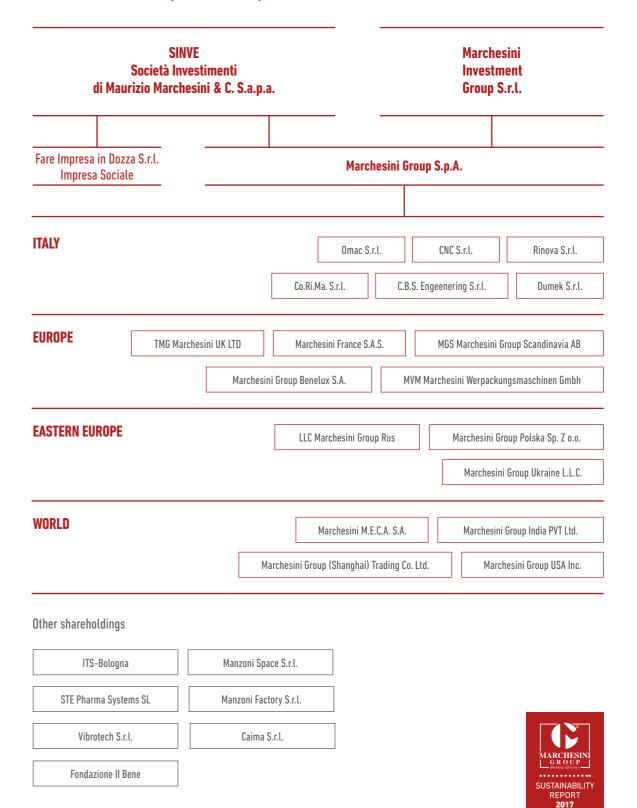
Giuseppe Monti, Technical Director, member of the Board of Administrators

Valentina Marchesini. Human Resources Director, member of the Board of Administrators

Pietro Tomasi. Sales Director

Fabio Degli Esposti, Financial Director

5.2 CORPORATE SET-UP (AT 31/12/2017)





5.3 MARCHESINI GROUP IN THE WORLD

With exports worth over 85% of its turnover, Marchesini Group is an enterprise with a very high international vocation. To maintain this role and to consolidate its presence across the continuously changing world scenario, the group has always focused on creating a widespread commercial network abroad ever since it started up.

In 2017, through a team of **136 people**, the group is represented in **116 countries** worldwide, with **13 foreign branches** and a network of **35 agencies**, which have grown alongside the company to prove its will to assist customers locally every day.



MARCHESINI GROUP BENELUX

· BELGIUM - LUXEMBOURG

MARCHESINI GROUP ESPAÑA (STE PHARMA SYSTEMS)

*O SPAIN

MARCHESINI GROUP MAGHREB (STE MAGHREB)

ALGERIA - TUNISIA - MOROCCO

MARCHESINI GROUP SCANDINAVIA

* SCANDINAVIA

MARCHESINI GROUP GERMANY

GERMANY - SWITZERLAND - NETHERLANDS

MARCHESINI GROUP SWITZERLAND

· SWITZERLAND

MARCHESINI GROUP RUS

RUSSIA - ARMENIA - AZERBAIJAN - BELARUS GEORGIA - KAZAKHSTAN - UZBEKISTAN

MARCHESINI GROUP POLSKA

POLAND - ESTONIA - LATVIA - LITHUANIA

MARCHESINI GROUP UKRAINE

MOLDOVA - UKRAINE

MARCHESINI GROUP INDIA

MUMBAI HEADQUARTERS

MARCHESINI GROUP SHANGHAI

*CHINA

MARCHESINI GROUP MECA

MIDDLE EAST & CENTRAL ASIA:
HEADQUARTERS IN GENEVA SWITZERLAND
DUBAI - AFGHANISTAN - SAUDI ARABIA

BANGLADESH - CYPRUS - EGYPT - UNITED ARAB EMIRATES

JORDAN - GREECE - IRAN - IRAQ - ISRAEL

KUWAIT - LEBANON - OMAN - PAKISTAN - QATAR

SYRIA - TURKEY - YEMEN

MARCHESINI GROUP BRASIL

· BRAZIL - ARGENTINA - BELIZE - BOLIVIA - CHILE - COLOMBIA COSTA RICA - CUBA - DOMINICAN REPUBLIC - ECUADOR EL SALVADOR - GUATEMALA - HONDURAS - MEXICO - NICARAGUA PANAMÀ - PARAGUAY - PERÙ - URUGUAY - VENEZUELA

5.4 GENERATED ECONOMIC VALUE

Marchesini Group realises the importance of equally distributing the value generated by its business among its stakeholders, since they have also directly or indirectly contributed to producing such value.

It is estimated that the economic value generated by the group in 2017 is around 300 million Euro, which is 3-4 % more than 2016, thanks mainly to the rise in production and consequent profits.



6. PRODUCT, R&S AND INDUSTRIA 4.0 RESPONSIBILITY





In 2017, Marchesini strived even harder in its activities of *product stewardship*¹², which drive its policy of product responsibility. Topics of Industry 4.0¹³ in particular have become a strategic part of the group's business, likewise for all the Italian companies.

Its *core business* means that the group works in close contact with industrial sectors, which naturally require constant updating of topics related to innovative investments.

This translates into two advantages: the first circumstantial advantage is due to the fact that the pharmaceutical market has not been affected by the great recession that other markets have suffered. The second contingent advantage does indeed take us closer to Industry 4.0 themes, because by working with customers of the pharmaceutical and cosmetic industries, we are constantly involved with companies that have to promote the matter and are very responsive to it.

Marchesini Group therefore started to get involved with Industry 4.0 concepts well before this topic became contemporary. The group had already started to consider its affects on the internal processes and end products at the beginning of the century. In terms of the processes, for example, the group avails of algorithms derived from dynamic analyses of the management data, which it uses to "core sample" and obtain specific information about a certain machine.

The group is also a leader in terms of *cyber security*, because it protects its computerised systems with anti-intrusion software and encrypted channels for sensitive data.

The most interesting aspect however concerns the 3D printers integrated into the production process: Marchesini Group presently has a dedicated department that exploits three-dimensional printers that work 24/7 to make prototypes and specific production parts on a case-to-case engineered project.

Thanks to rapid prototyping technology developed in-house called "Fast Format Maker", the company is able to deliver finished, tested and ready-to-use spare parts very quickly from receiving an order. Thanks also to 3D printers, the group is able to design much more directly and quickly, without printing a single piece of paper and "virtually" identifying the best processing strategies. This makes it possible to cut times and part production costs, also monitoring production planning, wear and tear of machinery and error management.

From a point of view of the product, and subsequently collaboration with the pharmaceutical industries and direct involvement concerning topics of Industry 4.0, year after year the Group has created increasingly flexible and robotised packaging lines.

In-house development of robotic arms enable the group to speed-up production, thanks to the fact that they can efficiently manage the steps upstream, for example putting the pill into the blister, and also downstream, where the blister is placed into its carton. These robots are specifically designed for the packaging industry. They are

completely integrated into the machines and can automatically adapt themselves to the product to be packaged, which is usually very different in size, shape and weight.

Innovative are also the vision systems (wireless cameras) integrated into the groundbreaking machines, which guarantee maximum flexibility in managing the various products and materials to be packaged. These cameras are used within the serialization systems to unmistakeably code each packet so that it can be recognised, traced and identified.

The group is also a pioneer in developing production data analysis to foresee maintenance requirements – so-called predictive maintenance – and in teach-in systems, namely software that automatically optimises the packaging process.

The output of the production process of Marchesini is never just a mere packaging machine, but a real combination of assets and services of high technological content as those listed in the National Industry 4.0 Plan¹⁴ that comprises eligible assets.

From this point of view, because they are rapidly-evolving topics, Marchesini Group strives to meet the requirements of its customers by providing them with complete information, not just concerning the technical contents of the machine purchased, which it has always done, but also illustrating which technical features are used to identify the machines as assets "4.0" and possibly the suggestions to integrate them to abide by current regulations. For this activity, the group has set-up "tailored" training processes for personnel, aware that it is impossible to provide innovative services without organising new professional members or re-qualifying existent staff members.

One of the most strategic units of the Research and Development (R&D) activity of the group is that appointed to developing robotised applications. This specialised team consists mainly of automation engineers who build robots that are completely integrated into the machines that package pharmaceuticals and cosmetics.

The total integrability of the robots into the production process means that all the robots and software programs that manage them must be designed and assembled in-house so that they are perfectly able to manage all the product conveyance steps throughout the entire packaging process. Fundamentally speaking therefore, it is the use of the "pick and place" techniques, which are very popular on both standard lines and ultra-customised ones.

Over the years, the constant development of robotic applications has increased the number of patents registered by the group. In 2017, it had over 500 registered patents.

In 2017, the group continued to invest in research and development to confirm that innovation is a part of its DNA. In financial terms, investments in R&D activities were worth around 3.2 million Euro¹⁵, namely 1% of the generated economic value^{16,17}.



¹² Verdantix, Smart Innovators: Product Stewardship Solutions, London, UK, Dicembre 2015.

¹³ Ministry of Economic development, National Industry 4.0 Plan, www.sviluppoeconomico.gov.it/index.php/it/industria40.

¹⁴ Law no. 232 dated 11 December 2016, n. 232 – Estimated Budget of the State for the financial year 2017 and Multi-annual Budget for the 3 year period 2017-2019, Appendix A, published in the Official Journal General Series no.297 dated 21-12-2016 – Ordinary supplement no. 57).

¹⁵ Parameter corresponding to the capitalised costs of R&S and depreciations. In actual fact, in addition to the official figures of the financial statement, the total number of hours and investments dedicated are much higher, if one considers that almost every single machine roduced has specific features that are studied on a case-to-case basis according to the specific needs of the customer.

¹⁶ The mean value in terms of investments in the intensity of Research and Development of the 2500 most important companies in Europe is around 4% (Cf. Héctor Hernández, Fernando Hervás, Alexander Tübke, Antonio Vezzani, Mafini Dosso, Sara Amoroso, Nicola Grassano, Alexander Coad, Petros Gkotsis, The 2015 EU Industrial R&D Investment Scoreboard, European Commission – Joint Research Centre, Seville (Spain), 2015.

¹⁷ According to Vera Negri Zamagni the Country's spending in R&S is a percentage of the GDP, around 1.4% (half public and half private), compared with a mean EU value of 2% in V. Zamagni, Italian Economy in times of globalization, Bologna, Il Mulino, 2018.

SUPPLIERS



INTERACTIVE PLATFORM

Computer based platform to manage orders:

- It avoids activities with low added value level, and it optimizes process allowing to measure supply chain performances.
- It allows suppliers to have direct access to data and 3D models needed to complete each order.





DATA ANALYTICS

Dynamics calculation of Total Cost of Ownership.

CYBER SECURITY

Advanced Threat Protection, Next Generation Firewall, encryption VPN data transmission.

MOBILE WORKERS

Workers with mobile devices to have a real time information.

3D PRINTERS

3D printer integrated with productive process.





PRODUCT

ACTIVE PLANNING

Use of planning system connected with production and 3D models integrated with building technology.

MODELLING

Systematic use of software to determinate efficient models of production.

INNOVATIVE ROBOTICS

Research and development of technological innovative robots.

CUTTING-EDGE SENSOR TECHNOLOGY

The use of wireless integrated videocamera with machines.

PREDICTIVE MAINTENANCE

Analysis of production data to anticipate interventions.

AUTO-LEARNING SYSTEMS

The use of software that automatically optimize the process of packaging.

WHAT ARE WE TALKING ABOUT? Industry 4.0 may mean:

The evolution of CIM (Computer Integrated Manufacturing), "informatics-centric" central strong view, that is a concept found out at the end of 80s and nowadays made possible by Internet of Machines or Things (IoM o IoT) and by the improved calculation power of modern computer.

The "smart fabric" is based on smart integration between technologies of machines and ICT (Information and Communication Technologies), as defined by the European program of research (7th Framework program and Horizon 2020), following a manufacturing principle about sustainability, circularity and lean manufacturing.

1 INTERACTIVE - PLATFORM

We activated a platform for managing orders, that simplifies and automates the purchasing processes, p.o. management process. It allows to delete all activities with a low level of added value, and assesses performance of supply chain. In addition, application for a continuous interaction between production and suppliers has been activated; it let suppliers to download 3D models regarding only requested particulars from order.

2 DATA ANALYTICS -

We provide decisional processes based on algorithms that are given from dynamic analysis on managerial data. Recently, this procedure has been applied to determinate Total Cost of Ownership (T.C.O), related to spare parts for homogenous groups of machines. T.C.O is provided as percentage of average sale price of each machine. It is also possible determinate T.C.O. for the life period of every group of machines model, such as discounted annual installments obtained discounting them by WACC (weighted average capital cost).

4 MOBILE WORKERS —

Our workers operating outside the firm are enabled to use mobile systems that provide them a real time access to the Marchesini network and Company's data base.

5 INTERACTIVE - PLATFORM

We activated a department that uses 3D printers. These printers operate 24 hours/day in order to realize prototypes and workpieces, in both plastics and metallic materials. Last year we totalized about 6500 hours for each machine.

6 ACTIVE PLANNING — & MODELLING

We designed and created an integrated system able to receive 3D models, elaborate them, simulate creation process and, finally, materially realize them.
All the process doesn't need to print any paper and automatically finds the best realization strategies. This innovative project allows to reduce time and costs in parts production, by monitoring production, wear of cnc machines as well as the mistakes management.

7 INNOVATIVE -

We matured an important know how regarding complex robotic controls. The added value of ours robots consists of their own nature: they are specifically designed for the packaging sector, therefore they are completely integrated and able to independently adapt themselves to the process variability (products of different size, weight, shape, at different speeds and randomly placed).

8 INNOVATIVE - SENSORS

We adopted these new generation vision systems new generation allow to improve the automation of machines. They read and recognize (= understand) shapes; they are used on new generation machines in order to guarantee the highest elasticity that is needed in different products and packaging materials process. Moreover applications of 3D videocameras for robots management are currently been studied.

9 PREDICTIVE – MAINTENANCE PLATFORM

We are implementing monitoring activities on operational functionality of machines, by obtaining information that can be used on networks for a systematic monitoring (IOT, applications that alert technician etc.) in order to activate a signal of predictive maintenance.

10 AUTOLEARNING - SYSTEMS

We are particularly focused

on auto-learning systems and, in particular, on their application-oriented solutions, in order to resolve issues on variability of packaging materials and items to be packaged. By the way it happens always keeping in mind that in the real world anything can be approached with reference to rigid algorithms.

3 CYBER SECURITY —

We adopted the following safeguard informatics systems: • Email > solutions A.T.P that actively control specific components, by isolating and

- destroying damaging ones;
 Browsing > N.G.F. and Intrusion
 Prevention Systems;
- Encrypted channels (VPN) > to transmit data about functioning of machines to costumers;
- Protection of strategically relevant, sensible, and reserved data > Data Lost Prevention system, that allows to encrypt data of the firm from outside.

AT MARCHESINI GROUP, INNOVATION IS TO CONVERT A GOOD IDEA INTO A DIFFERENT AND COMPETITIVE ACTIVITY. INNOVATION IS THE KEY FOR A SUCCESSFUL COMPETITION.



6.1 CUSTOMER SATISFACTION

According to its *Mission*, which is implemented in its Customer Centricity system, the innovation of the offer and of the integrated combinations of products and services has the main goal of generating customer fidelity and becoming the *preferred partner* of the latter rather just a mere supplier.

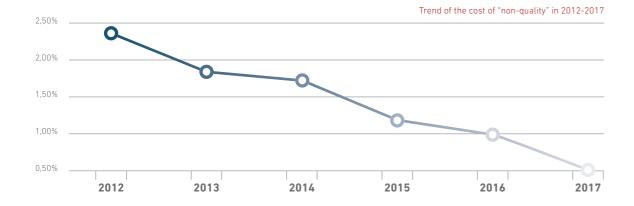
This means that to be able to increase the satisfaction of customers and their perception of the value received from Marchesini Group, not only must the main service indicators be monitored, such as efficiency, reliability and punctuality, but other Key Performance Indicators (KPI) have to be monitored too because, following experience, they are more meaningful in assessing customer satisfaction.

These are:

- Stand-alone machines and lines Delay Index
- Non-quality costs index of stand-alone machines and lines
- After-sales global consignment delays index
- Response time to customers for after-sales enquiries index
- Results of the Management processes of Customer audits, Complaints and Customer claims

This activity has been proven to be fundamental; focus on the general performance improvement is highlighted by the KPI "after-sales non-quality costs which, in 2017 settled satisfactorily at 0.41% of the cost¹⁸ of the consigned product, which confirms an even greater improvement of the performance of 2016.

	2012	2013	2014	2015	2016	2017
COST (€)	73.614.051	79.719.772	82.290.787	89.590.085	99.285.000	99.006.105
NON-QUALITY COST (€)	1.675.647	1.389.060	1.361.004	855.005	731.000	402.774
NON-QUALITY %	2,28%	1,74%	1,65%	0,95%	0,74%	0,41%



¹⁸ By "non quality" costs we mean all the costs borne to resolve what happens after sales and that reduces the efficiency or the operation of the machinery guaranteed to the customers. The yearly amount of these costs is compared with the total sum of the production costs. The index of 2017 may feasibly be rectified following negative feedback received in 2018.

7. OPERATIONS



The ability to promptly respond to market demands is another factor of success, which enables the group to hold its leadership in the field of automatic machinery.

In 2017, the industrial strategy based on keeping a widespread presence across the world and concentrating provisioning and production in factories in Italy was maintained. This enabled the Group to pursue its growth, in terms of organisation, through attentively selected investments and development of synergistic commercial and productive collaborations.

7.1 PROVISIONING AND LOGISTICS

The Logistics department manages the short-term and medium-term productive assignments and plans and distributes the requirements of materials and services through a Sales & Operation Planning process that links the active cycle to the passive cycle.

In terms of provisioning, the group works with many material suppliers. The main raw materials used by the group in the production processes are ferrous materials, non-ferrous materials (aluminium) and by-products of petroleum, such as PVC, PET and other polymers.

In 2017, the group used about 500 thousand tons of raw material, which is 19% more than the previous year. In 2017, the use of unfinished material increased strongly, which is certainly correlated to some factors among which are:

- Start-up of the new metal cutting department in Barberino, which increased the consumption of parts produced internally
- Start-up of the new automatic warehouse and of the new machine for cutting plastic at the factory in Calderino

The Group continued to promote the shared principles of the Code of Ethics in selecting its suppliers, doing everything possible to monitor the origin of the materials and how they are processed: once a supplier starts doing business with the Group it has to share these values.

Throughout the year, the group continued to audit the quality standards that its suppliers have to comply with. 62 audits were carried out with 100% positive results¹⁹.

In 2017, 813 thousand tons of packaging and packaging materials were consumed, which is 19% more than the previous year²⁰.

²⁰ Despite corporate actions aimed at cutting down on the consumption of packaging materials, the increase of 6% is correlated to the rise in production. In 2017, more pallet sizes in the various warehouses were managed that had never been monitored before. They account for an additional 3% approximately.



¹⁹ By "positive result" of the audit, we mean that the entity audited maintained its supplier status, possibly with declassifications or warnings of "minor non-compliances" following which the corrective measures were communicated.

	CONSUMPTIONS 2017 (KG)	CONSUMPTIONS 2016 (KG)	Δ%
FERROUS MATERIAL	233.462	214.897	9%
NON-FERROUS MATERIAL	208.207	176.308	18%
MISCELLANEOUS PLASTIC MATERIAL	56.749	28.656	98%
TOTAL	498.418	419.861	19%

Considering that the specific weight of wood is 300 Kg/m3, the quantity in kilograms used in 2016 and 2017 has been calculated by comparing the values obtained and written in the table below:

WOODEN	787.494	724.196	9%
PAPER AND CARDBOARD	21.621	18.454	17%
PET FILM	3.969	3.861	3%
TOTAL	813.084	746.511	9%

7.2 PROVISIONING SUSTAINABILITY

On the 1st of January 2021, throughout the whole of the European Union, the Regulation 2017/821 of the European Parliament and of the Council dated 17th May 2017²¹ will be enforced. It lays down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores and gold, originating from conflict-affected and high-risk areas. Marchesini Group, in compliance with the values expressed in its Code of Ethics, sustains the fight against violence, against the violation of human rights and environmental deterioration caused by the mining and trading of some minerals from the geographic zone delimited as "Region of Conflict", which includes the Democratic Republic of Congo (DRC) and neighbouring countries²².

In the meantime, Marchesini Group has decided to refer to the current American law related to the requirements for the identification and publication of "Minerals of Conflict", as indicated in the "Riforma Dodd-Frank Wall Street and Consumer Protection Act" of 2010. Producers who comply with this initiative must find out whether the products created contain metal mined in the oriental provinces of the Democratic Republic of Congo (DRC) and neighbouring countries, where mineral mining may directly or indirectly finance the breach of human rights or provide benefits to armed groups in those countries. In 2017, Marchesini Group forwarded a request to its suppliers of metal and manufactured metal articles or those that contain metal, for which they declare that they comply with the initiative and with the current standard in the USA, in order to pursue the goal of avoiding the use of minerals that are not certified as "conflict free".



²¹ Published in in the Official Journal of the European Union L130, 19th May 2017.

8. ENVIRONMENTAL RESPONSIBILITY²³

	GRI - G4 EN2, EN3, EN4, EN8, EN15, EN16, EN19, EN27, EN28						
H ING	G CLEAN WAITER AND SANTIATION	7 AFFORMABLE AND CLEAN ENERGY	11 SUSTAINABLE CITES AND COMMUNITIES	12 RESPONSELY CONSUMPTION AND PRODUCTION	13 action	15 ON LAND	17 PAR

Again in 2017, Marchesini Group focused on continually improving its environmental performance by involving and informing the whole management structure and all the employees, fostering a culture of responsibility and participation, providing the resources and the training necessary.

We are convinced not only that we are able to do business respecting the environment and social context in which we work, but that this is a fundamental factor to develop long-term competitiveness and solidity. For this reason, the Group promotes sustainable development, favouring initiatives aimed at safeguarding the environment and at energy efficiency and researching production and distribution technologies with low environmental impact.

Marchesini Group strives to respect all the environmental safeguard laws and regulations, avoiding environmental pollution in the form of illegal emissions into the atmosphere, water courses and subsoil, but also in the form of excessive noise and, above all, incorrect waste management. It does not mix waste and entrusts waste management to professionals, filing all the necessary documentation.²⁴

The Group first and foremost guarantees compliance of its in-house activities with current environmental laws. It also collaborates with Public Authorities and holds relations of reciprocal trust with Employees, Customers and Suppliers. It monitors the environmental parameters so that the organisation can reduce all forms of pollution and environmental impact. It guarantees the following in particular:

- Implementation of a preventive approach with the aim to reduce pollution;
- Optimisation of Energy consumptions²⁵;
- Compliance with current standards by the whole organisation;
- It privileges waste management companies that reuse/recycle waste;
- Where possible, implementation of corrective/preventive actions if necessary;
- Promotion of a culture of sustainability and environmental respect within its corporate network.

8.1 ENERGY

The group continues to make the workplace as comfortable as possible 26 . The microclimatic comfort of all the production factories and offices of the Group (heating and air conditioning) accounts for about 50% of the total energy consumptions. The energy consumptions in TOE (Tons of Oil Equivalent 27) in 2017 rose by 11% due to higher consumption of electricity following increased production and of gas following extension of the factories. In 2017, the emissions in Tons of CO_2 e (see paragraph 8.4), was just 0.4% higher than 2016, despite increased production and factory extensions, thanks to the use of photovoltaic installations and hybrid corporate vehicles.



²² Democratic Republic of Congo, Republic of Congo, Republic of South Sudan, Republic of Central Africa, Republic of Uganda, Republic of Republic of Republic of Republic of Tanzania and Republic of Zambia.

²³ The data of this section refer to Marchesini Group S.p.a. and CO.RI.M.A. S.r.l.

²⁴ Code of Ethics of the Marchesini Group, page 31.

²⁵ In this field, special attention is also paid to designing and building the new factories, such as the one in Carpi inaugurated in October 2016, which has innovative technological solutions aimed at eliminating the consumption of fossil fuels for heating.

²⁶ Code of Ethics of the Marchesini Group, page 26.

²⁷ The TOE is the quantity of Energy released through the combustion of a ton of crude oil and is about 42 GJ.

This is a conventional value because various types of oil have different heating powers and there are various conventions in use.

	CONSUMPTIONS 2017 (TEP)	T CO ₂ EQ.	CONSUMPTIONS 2016 (TEP)	T CO ₂ EQ.	Δ 2017/2016 TEP	Δ 2017/2016 T CO ₂ EQ.
DIRECT ENERGY (TOE)	399,80	1.093,00	418,10	1.238,81	-4,4%	-11,8%
GAS FOR HEATING	279,80	658,00	260,90	668,00	7,2%	-1,5%
OTHER HEATING FUELS	0	0	1,50	0,81	-100%	-100%
AUTOMOTIVE FUELS	120,00	435,00	155,70	570,00	-22,9%	23,7%
INDIRECT ENERGY (TOE)	1.405,08	2.307,00	1.208,10	2.146,00	16,3%	7,5%
ELECTRICITY	1.368,08	2.307,00	1.208,10	2.146,00	13,2%	7,5%
SELF-PRODUCED ELECTRICITY	37,00	0				
TOTALE	1.804,88	3.400,00	1.626,20	3.384,81	11,0%	0,4%

8.2 WASTE

Marchesini Group's attention to sustainable waste management topics is confirmed again. The company does indeed dedicate areas and resources to reduce, recover and recycle industrial waste before disposing of unrecoverable waste.

Such commitment in 2017 is proven by the following parameters compared with 2016:

- The waste produced was 5% less despite orders and production were higher;
- The amount of waste sent for recovery increased by 1%;
- The amount of waste sent for thermo-valorization decreased by 29%;
- The amount of waste sent for disposal decreased by 4%;

Most of the Group's waste consists of the material used for production tests on the automatic machines and is mainly mixed packaging, paper packaging and pharmaceuticals (mostly placebo products).

Liquid waste comes from washing the parts or cold mechanical processes. It is stored and subsequently disposed of according to current standards without discharging anything into the sewers.

DETAILS:	2017 (KG)	%	Δ% '17/'16	2016 (KG)	%
NON-HAZARDOUS WASTE	753.896	80%	1%	744.493	75%
HAZARDOUS WASTE	189.792	20%	-25%	252.258	25%
TOTAL	943.688		-5%	996.751	

IN PARTICOLAR:	2017 (KG)	%	Δ% '17/'16	2016 (KG)	%
PACKAGING	399.040	42,3%	8%	368.450	37%
PHARMACEUTICALS	141.029	14,9%	-29%	197.738	19,8%
METAL	146.143	15,5%	-8%	158.594	15,9%
RAW MATERIAL PROCESSING WASTE	172.860	18,3%	6%	162.862	16,3%
EMULSIONS	41.868	4,4%	-19%	51.400	5,2%
AQUEOUS SOLUTIONS	28.070	3,0%	32%	21.330	2,1%
ELECTRIC AND ELECTRONIC WASTE	11.909	1,3%	-58%	28.160	2,8%
OTHER WASTE	2.769	0,3%	44%	1.917	0,2%
WASTE FROM DEMOLITIONS	-			6.300	0,6%
TOTAL	943.688		-5%	996.751	
OF WHICH:					
WASTE SENT FOR RECYCLING	727.511	77%	1%	721.230	72%
WASTE SENT FOR INCINERATION	138.895	15%	-29%	194.966	20%
WASTE SENT FOR DISPOSAL	77.282	8%	-4%	80.555	8%

8.3 WATER

The Marchesini Group takes all the water it needs for its factories from the public water mains. In 2017, it took 24.156 cubic meters, which is 32.7% more than 2016.

This rise is correlated to the overall expansion of the factories (+16.8%) and to the rise in employees (+4.3%).

The water drains of the group's factories consist exclusively of domestic type drains from the bathrooms, canteen and uncovered yards of the production factories. These drains run into the public sewers, in compliance with current standards. Any liquid backflow originated from the business production activities is collected and stored as waste and then disposed of according to law by plants that implement purification processes.

	2017 (MC)	2016 (MC)	Δ% '17/'16
WATER WITHDRAWAL FROM PUBLIC WATERWORK	24.156	18.204	32,7%



8.4 CARBON FOOTPRINT

The Carbon Footprint is an environmental indicator that measures the impact that human activities have on the global climate. It quantitatively expresses the effects produced by the so-called Greenhouse Gases (GHG) generated by a person, an organisation, an event or a product, be it a product or a service. For organisations, this tool is regulated internationally by ISO 14064 standard that defines how to plan, develop, manage and account for the GHG values of an organisation, business or individual production factory. It is similar to environment management systems but differs in terms of its focus on just one environmental aspect: the emissions of climate-changing gases. Its similarity to environment management systems makes it rather simple and straightforward to switch from one tool to the other.

The Product Carbon Footprint (PCF), is expressed in tCO_2eq^{28} , and considers the overall emissions of all the phases of the life cycle of the product/service from end-to-end seen in the light of the Global Warming Potential²⁹ of CO_2 . Its calculation starts right from the provisioning phase and treatment of the raw materials, subsequently considering the processing and production phases of the product, through to transport to the customer and also the operational and disposal activities, where necessary.

Again in 2017, the group continued to assess its Carbon Footprint of all the factories of Marchesini Group S.p.a.³⁰, selected based on similar activities carried out, using the method of the Enea - Life CLIM'FOOT³¹ project.

The company has decided to carry out this survey for the following reasons:

- To pinpoint climate-change effects of the factories of the group in order to reduce and/or mitigate them;
- To monitor impact variations from a climatic point of view.

The survey considered the direct emissions (Scope 1) and indirect emissions (Scope 2)³² of climate-changing gases associated with the factories included in the survey.

The data have been collected as follows:

- Data collection sheets arranged for the various Scopes;
- Coordination and discussion meetings at the headquarters in Pianoro (BO);
- Requests for further information and data by telephone or e-mail.

There are currently different ways to quantify the CFO. This survey complies with UNI ISO, as this is the international reference standard. For some specific aspects, it refers to the GHG Protocol.

²⁸ The Product Carbon Footprint (PCF), is expressed in tCO₂eq, and considers the overall emissions of all the phases of the life cycle of the product/service from end-to-end seen in the light of the Global Warming Potential of CO₂, its calculation starts right from the provisioning phase and treatment of the raw materials, subsequently considering the processing and production phases of the product, through to transport to the customer and also the operational and disposal activities, where necessary.

²⁹ The Global Warming Potential represents the green house effect of CO₂₂ whose reference potential is 1. Each GWP value is calculated for a specific time interval (generally 20, 100 or 500 years).

As for the climate-changing gas emissions of an organisation, the GHG Protocol, distributes the greenhouse gas emissions into three categories:

- Scope 1: direct emissions of GHG deriving from activities in situ;
- Scope 2: indirect emissions of GHG linked to the use of electric energy taken from the national grid or the amount of self-produced and consumed electric energy;
- Scope 3: indirect emissions of GHG not included in Scopes 1 and 2.

Since it is currently not mandatory, but to the discretion of the company to quantify the emissions of the latter category, the survey is limited to scopes 1 and 2 for which the given activities have been established based on the information written in the utility bills or fuel receipts for the consumptions of fuel of the corporate vehicles.

In 2017, the emissions of climate-changing gases are 2.18% less than 2016.

Specifically speaking, the emissions that mostly contribute toward the total value are the indirect emissions from the consumption of electric energy, which contributes by 65.8%. Such consumptions are however strictly related to the type of production process carried out by the company that requires constant room conditioning.

In terms of the total carbon footprint of the various factories, for both years analysed, the highest impact is associated with the Group headquarters.

Comparing the contribution of the individual processes over the three years shows that the impact related to corporate vehicles has dropped by 24% in 2017, thanks to the use of hybrid vehicles, whereas the impact related to all the other processes has risen.

To reduce impact from electrical consumptions, the group has decided to buy electric energy produced exclusively from renewable sources (with certificate of origin), which actually has no impact in terms of CFO. This goal should be reached in 2018.

Thanks to this survey, Marchesini Group has contributed also to experimenting the calculation of the carbon footprint within the LIFE Clim'Foot project (*Climate Governance: implementing public policies to calculate and reduce organizations' carbon Footprint*³³), aimed at providing a cognitive and operative contribution to support policies and actions to reduce greenhouse gases.

³³ LIFE Clim'Foot - Climate Governance: Implementing public policies to calculate and reduce organisations' carbon footprint LIFE14 GIC/FR/000475, http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n proj id=5259.



³⁰ Specifically speaking, the factories included in the survey are the following:

[•] via Nazionale 100 (management and machinery production facilities);

via Garganelli 20 (warehouse);

[•] via Allende (trial material warehouse);

[•] via Emilia Romagna – Carpi

[•] via Belice – Latina (machine production and small storage facilities);

[•] via Kennedy – Cerro Maggiore (machine production and small storage facilities).

For all the premises above, the direct emissions (Scope 1) and indirect emissions from Energy consumptions (Scope 2) have been taken into account, as requested by ISO and GHG Protocol.

³¹ The project is coordinated by the French Environment Agency (Agence de l'Environnement et de la Maîtrise de l'Energie - ADEME) and Italian partners ENEA (Agenzia Nazionale per le Nuove Tecnologie, l'Energia e lo Sviluppo Economico Sostenibile) and its spin-off Ecoinnovazione S.c.L.

³² Greenhouse Gas Protocol

		EMISSION FACTORS	2016	2017	% '17/'16
	DIRECT EMISSIONS	COMPANY CARS	570	436	-24%
SCOPE 1	OPE 1 FOR PLANT AND MACHINERY OPERATION	CONDITIONING	196	101	-48%
	(tCO ₂ EQ)	HEATING - CNG	668	658	-1%
TOTAL SCOPE	TOTAL SCOPE 1			1.195	-17%
SCOPE 2	INDIRECT EMISSIONS FROM ENERGY CONSUMPTIONS (tCO ₂ EQ)	ELECTRICITY	2.146	2.307	8%
TOTAL SCOPE	2	2.146	2.307	8%	
TOTAL EMISS	SIONS	3.580	3.502	-2,18%	

2016-2017 EMISSIONS COMPARISON



9. SOCIAL RESPONSIBILITY







Our people are fundamental for the company's development and success. The technical and managerial skills, as well as experience gained following involvement in projects around the world, are decisive factors in guaranteeing expertise and goal achievement for the whole Group.

Our priorities for employees are the following:

- Improving personal skills through development and training projects to consolidate and transfer competences to our staff members;
- Improving and aligning all the people into just one corporate culture to strengthen their sense of belonging to the Group and respecting its values;
- · Attracting and cultivating talented people, with special focus on university graduates and young professionals through employer branding projects and working with the best schools in the area. In this way we aim to build a new of class of employees who are able to guarantee business continuity.

At the end of 2017, the Marchesini Group employed 1408 direct employees worldwide, of which 1027, or rather approximately 73% at the factories of Marchesini Group S.p.a.

To improve the abilities and skills within the company, it strives to create a workplace that enhances individual competences and promotes employee potentials, by developing the key skills needed for the business.

Ongoing training is a must for our employees and for the group's future. This is why we define and implement a yearly training plan with the aim to consolidate and develop the key competences that we need to excel in terms of professional standards, performances and results. This plan is decided by analysing the training needs pinpointed through possible gaps in real needs, consequently identifying the most appropriate types of training required to fill them.

Marchesini Group also invests in professionally developing the various geographic areas where it works in order to arrange qualified personal for the local projects in progress and those for the future.



9.1 PROMOTING THE CULTURE OF LEARNING

In 2017 the Growing Younger experience launched in 2014, continued, with the aim to promote a new model of training to boost existent abilities and skills and to share knowledge throughtout the organisation.

2017 featured training focused around Leadership, Knowledge Sharing and technical - operational topics.

Managerial training focused particularly on personnel management and assessment with class lessons. Training to support the corporate Performance Management Program favoured the sharing of a mutually supportive approach aimed at the growth and professional development of workers.

In 2017 we held over 160 hours of manager and staff training, both at our premises and externally, which involved 4% more people than the previous year.

In the area of Bologna in particular, where the Group's headquarters are situated, the company has priviliged relations with the main technical and scientific schools and with the University of Bologna (Alma Mater Studiorum), the University of Modena and Reggio and the University of Siena.

In Bologna, furthermore, it has longstanding and consolidated relations with the Salesiano B.V. insitute in San Luca and High School Aldini Valeriani Sirani, to convey specialist technical skills, sending its highly qualified personnel to carry out "on the part" educational courses.

Another initiative in which the Group is actively involved is the Technical High School Foundation³⁴ for Mechanics and Mechatronics, and ITS Maker Foundation in Bologna. The ITS MAKER foundation follows the program of the regional technical colleges and is a post high school educational institute that prepares national students coming from mechanical, motoring mechatronics and packaging education. It also sustains integration between the educational chain (education and professional technical training) and the economic and productive chain with special reference to technical/professional high schools and the measures to innovate and transfer technology to small and medium businesses. It fosters technical, technological and scientific culture aiming to strengthen and innovate technical-professional competences driving youngsters and their families towards technical employment.

Another very important social commitment, both in terms of its value and its results, is the "Fare Impresa in Dozza S.r.L." project, established thanks to some of the main industrial enterprises of Bologna such as IMA S.p.a. and G.D S.p.a. Alongside the Aldini Valeriani Foundation, the project aims to provide the inmates of the Prison of Bologna (Dozza prison) with an opportunity of stable and long-term employment after they leave prison to help them settle back into society.

The core business of the company deals with carpentry, assembly and installation of mechanical components within the prison for members and companies belonging to their industrial groups.

³⁴ The Technical High Schools, added to the national order by the Decree of the President of the Committee of Ministers dated 25th January 2008, stating the Guide lines for the reorginasation of the Technical Educational and Formation System and the consitutation of the Technical High Schools, published in the Offical Journal General Series no. 86 on 11-04-2008, represent the keys to reorganising the overall technical educational and formation system founded on the formation offer of the Regioal deparmtnets, linking public institutes to private individuals interested in view of a goal of shared results, according to real social-economic needs of the local area and the country.

The selection and training activity of personnel is carried out continuously as each individual is released consequently interrupting the work relationship.

At 31/12/2017 the Marchesini Group participated by 30% in the Social Enterprise "Fare Impresa in Dozza" (FID) S.r.L.

Yet another commitment of Marchesini Group is Caima S.r.l., set-up with IMA Group and two other local business leaders of the electronic plant design, robotics and automation sectors and: CAT progetti s.r.l. and IEMA s.r.l. Caima srl was established to help 84 production employees of a company in Monghidoro (Bologna) who were left without a job after the company shut down. Marchesini Group and the other companies involved are convinced that the social role of businessmen is to support the economic and productive fabric of the area where they work, especially in industrial areas, such as mountain areas affected heavily by the crisis and where manufacturing facilities need to be maintained.

9.2 PEOPLE AT THE CENTRE

The people who work for the Group are the founding assets of the human resources policies, aware that they are the main resource and that to compete with multinational enterprises and generate sustainable value, it is necessary to create bonds and a sense of belonging.

Marchesini Group is aware that innovation, which is the distinguishing feature of its DNA, does not depend solely on physical capital but on external factors among which the so-called 'intangible assets', people first and foremost, who are always the distinguishing and competitive factors of the business. When investing in technology, the Group also always simultaneously invests in training to manage it better, to optimise its use, and to create new and more efficient technology:

The strength of Marchesini Group is its People, thanks to their passion and enthusiasm. Therefore the group commits constantly to respecting them, their well-being and their diversities.

An engaging and motivating work environment characterised by teamwork and cooperation improves the performance of each work team and of the Marchesini Group as a whole.³⁶

The underlying anthropological model of the group's decisions now has even more substantial and decisive implications for the challenges ahead. Even if it may seem that this perspective is not within the strategic Italian plan³⁷, it definitely has a merit, as well as having provided specific resources also through research plans with top universities to face the topic once and for all.



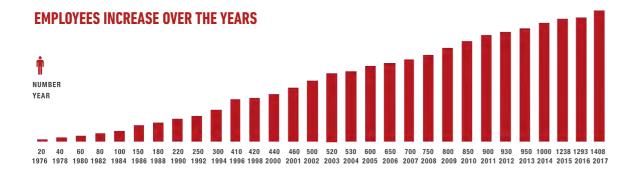
The scope of the social activity is disciplined by Legislative Decree no. 155 dated 24th March, stating Discipline of the social business, according to law 118 dated 13th June 2005, published in the Official Journal, General Series no.97 dated 27-04-2006.

³⁶ Code of Ethics, page 24.

³⁷ Analyses and notes of Valentina Marchesini, HR Manager of Marchesini Group Spa in Formation, a social responsibility to be shared, Com.Pack, 2017 n. 30, pag. 50-53.

9.3 WORK FORCE AND ORGANISATIONAL STRUCTURE³⁸

The human capital is a fundamental factor for the Group, which is called upon to compete at top levels in such a challenging global context and to pursue the goal of maintaining a leading position in the market and creating sustainable and long-term value.



TOTAL STAFF AT 31ST DECEMBER 2017*

At 31st December 2017, Marchesini Group employed **1408 people**, of which **935 directors and clerks** and **473 factory workers**.

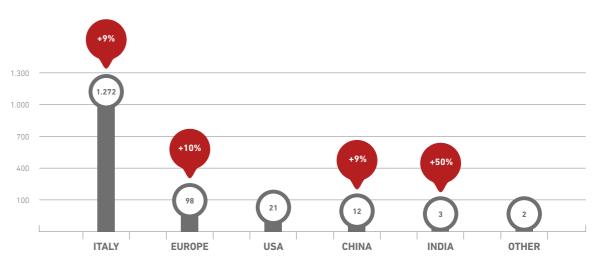
The final balance of 2017 shows **a clear rise of 115 members** (105 directors and clerks and 10 factory workers), **which is 9% higher than 2016**.





GEOGRAPHIC DISTRIBUTION OF PERSONNEL COMPARISON

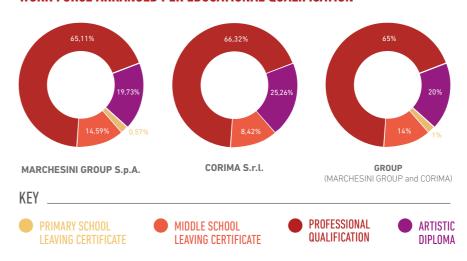
AT 31ST DECEMBER 2017



PERSONNEL OF MARCHESINI GROUP S.P.A. PER FACTORY



WORK FORCE ARRANGED PER EDUCATIONAL QUALIFICATION





³⁸ The data written herein refer just to Marchesini Group S.p.A, Corima srl, Omac srl, CNC srl, Dumek srl, C.B.S. Engineering srl and foreign branches and subsidiaries.

^{*} For contractual reasons, Technical Office (UTM) and Electronic Office (UTE) technicians are included in the managers & clerks category.

9.4 INVESTING IN PEOPLE

Marchesini Group strives to look after its people. It promotes their personal and professional development and creates initiatives to improve their abilities, knowledge and skills. Every single person is guaranteed equal opportunities of professional formation and growth according to criteria of merit and results achieved.

We believe in the strength of teamwork; we want our people to cooperate effectively with shared values, objectives and methods, sustained by the passion for their work. Interpersonal relations should be distinguished by constant and ongoing exchanging of reciprocal ideas concerning the activity carried out and how people behave in order to consolidate a feedback culture.

The assessment of individual performance must bear in mind not only the results achieved but also how they are achieved, awarding integrity, honesty, enthusiasm, positive thinking, hard work and innovative ideas.³⁹

The management processes of the resources, of individual encouragement and motivation implemented offer Marchesini's people great opportunities of professional growth. In fact, the following activities continue:

- Talent acquisition: Process of recruitment and employment of talented high school leavers and university graduates;
- Training and development. Managerial and professional training activities;
- Performance management: the assessment program of the performance of the employees based on responsible communication and on contextualising the results achieved.

There are also various benefits, such as:

- Integrative pension plans;
- · Medical and health insurance;
- Agreements with independent partners for discounted products and services for employees (discounted products and admission fees to theatres, gyms, editorial groups and shops);
- Corporate welfare plan.

9.4.1 TALENT ACQUISITION

2017 was once again another year of strong focus on the core business, on the industrial and productive processes, on rationalising costs and international competitiveness.

Similar to its competitors, one of the strategic critical challenges was to find human resources suitable for a continuously growing organisation.

Considering that factories are starving for technicians who cannot be found on the marketplace⁴⁰, in Italy focus is now placed on the school – business gap and on educational aversions first and later training toward the more technical disciplines⁴¹ that have brought the system almost to a stall.

This is why Marchesini Group's strategy focuses on talent acquisition instead of mere recruitment, aware that recruiting is important for talent acquisition, like tactics (short-term action) are important for strategies (long-term planning).

Recruiting does indeed aim at finding a candidate for a vacant role while talent acquisition aims at finding specialists, future leaders and managers of the company. Talent acquisition therefore tends to focus on the long-term planning of the human resources to find suitable candidates to cover positions with an exact skillset.

Long-term planning is needed because it often takes a long time to cover specialist or leadership positions. It should however be explained that recruiting is a sub-group of talent acquisition and includes sourcing, CV screening, interviewing, assessment, selection and employment activities and, in companies like Marchesini Group, also the initial onboarding activities. Talent acquisition is impossible without recruiting, but recruiting is possible without a specific talent acquisition strategy.

Talent acquisition implies a more efficient yet relatively simpler (once it has been setup and started) process focused on the applicants. The process is not linear but cyclic: it is not focused simply on managing a temporary need for personnel but looks ahead and sets the foundations to be able to cover similar positions in the future⁴².

In 2017, the Marchesini Group took part in two events aimed at supporting its talent acquisition activity: the Career day organised by "Lavoro più" at the football stadium in Bologna "dall'Ara" on March 24th (21 CVs were received of which 10 were considered suitable candidates) and the Career Day organised by the University of Calabria on December 1st (30 CVs were received of which 18 were considered suitable candidates).

In 2018, the Group will take part in the Career Day at the Universities of Pisa, Bari, Brescia, Modena, Florence and Padua.



50 • 51

 $^{^{40}\} llaria\ Vesentini, \textit{Allarme dell'industria Bolognese: servono periti tecnici o non si cresce, } Il\ Sole\ 24\ Ore,\ 22\ April\ 2017.$

⁴¹ La formazione, responsabilità sociale da condividere, Valentina Marchesini interview, HR Manager Marchesini Group on COM.PACK n. 30/2017, pag. 50-53.

⁴² Baid, P and Rao, A.R. (2006) Employer Branding, Concepts and Cases, ICFAI University Press, Hyderbad.

9.4.2 TRAINING AND DEVELOPMENT

In promoting the personal and professional development of the People who pursue the Group's goals, the training activity is an important investment aiming at building, strengthening and developing the Business.

Formation within Marchesini Group is strictly technical, having to keep all the staff members constantly up-to-date on the implementation of the new technologies developed by the design team. Great attention is also paid to transversal skills and to Health & Safety training.

One of the most important courses is that for school and university leavers in the technical mechanical office: it involves two separate modules; one of four weeks in which newcomers are trained to use the parametric CAD system and corporate management programs as well as some rules related to in-house technical standards. The other part lasts about eight weeks during which new employees are assisted by a person in charge of the mechanical functions. In this second part, the youngsters work in facilitated educational conditions to speed up and improve their introduction to the production department. The whole procedure is subjected to periodical audits to monitor the participants' progress.

Other technical courses involve the updating of software and procedures of the technical/electronic department. These are normally held by the research and development team and involve all the personnel, not just of the related area, but also all the mechanical and electrical testing personnel too who must know how to use the control panel and its functions.

The world of standards, patents and tool management has to be constantly updated by highly qualified personnel and this is why the courses are carried out in collaboration with the Union of Automatic Packaging Machinery Manufacturers (UCIMA).

All the staff is then trained on the Quality System; updates concern the adaptation of procedures, guidelines and in-house documents through to updates of the ISO 9001 standard itself.

Apprentices are also managed and trained specifically according to their new position. Their course finishes by working "on the job" next to an expert for about twelve months until they reach a good level of operational self-sufficiency.

Transversal formation is also an increasingly important part of yearly training: there are courses such as foreign languages, IT, team building, assessment methods, and leadership management for all those in charge.

In 2017, 19.405 hours of training were dispatched. That is 16.2% more than 2016.

In 2017, the group also promoted 111 training projects for 30 university graduates and 81 high school leavers. 25% of the personnel taken on 43 had previously carried some form of internship within the group.

Managerial training too covered a large part of the investment in financial and organisational resources in terms of the people involved. In particular, in 2017, about 168 hours of managerial training were issued, involving about 166 managers and middle *managers* of all the Italian facilities.

A particularly important training activity was organised and offered in September 2017. It consisted in the so-called "Welcome Day" for newly employed people.

On these days, the main topics concerning the life of the business are discussed to help newcomers to the Group in fulfilling their daily tasks and in exploiting all the services the Group offers them.

Newcomers are illustrated the Code of Ethics, the Behavioural Code, How the Corporate Intranet system works (with special attention to the dedicated HR portal), Privacy rules, corporate welfare activities (from the canteen to the Easywelfare platform⁴⁴) and the Quality system.

The training activities are coordinated by the Human Resourcees Development function and are dispatched by those in charge of the relevant areas involved.

LOOKING TO THE FUTURE

INTERNALLY
DEVELOPED FOR THE
PHARMACEUTICAL
INDUSTRY

MARCHESINI GROUP

R&D TEAM

PHARMACEUTICAL INDUSTRY

ROBOTICS SOLUTIONS COMPLETELY DEVELOPED BY

AUTOMATIC
PRODUCT
ORIENTATION
AND FEEDING SYSTEMS

OUALITY PERFORMANCE
MONITORING
ISO 9001 - UNI EN
ISO 9001-2008
CERTIFICATION

INTERNAL TRAINING*

19405 AVERAGE ANNUAL

194070 TOTAL HOURS COUNT

1747 HOURS OF HUMAN RESOURCES DEVELOPMENT**

4269 HOURS OF HEALTH & SAFETY COURSES

LANGUAGES SPOKEN

ENGLISH FRENCH ITALIAN SPANISH GERMAN CHINESE PORTUGUESE

970 O HOURS OF LANGUAGES UPDATE COURSES

10479 HOURS OF TECHNICAL AND **

971 O HOURS OF QUALITY TRAINING

* AVERAGE HOURS COUNT 2017 GROUP DATA

** HR COURSES + WELCOME DAYS

	2017	Δ% 2017/2016	2016	Δ% 2016/2015	2015
MANAGERIAL TRAINING	168	-81%	304	103%	150
PERSONS INVOLVED	166	4%	160	7%	150

INVESTMENTS IN TRAINING	2017	Δ% 2017/2016	2016	Δ% 2016/2015	2015
TRAINING COST (€)	157.374	28%	113.600	55%	73.055



 $52 \cdot 53$

44 See page 57.

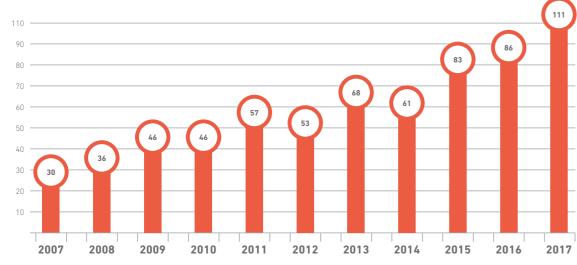
TRAINING ACTIVITY (HOURS - PERSONS INVOLVED)





Investments in training in 2017 increased by 28% compared with 2016

INTERNSHIPS PER YEAR



In 2017, the group held 4 Welcome Days for 105 participants overall

DISTRIBUTION OF TRAINING HOURS PER TOPIC





9.4.3 PERFORMANCE MANAGEMENT

The assumption according to which

the assessment of individual performance must bear in mind not only the results achieved, but also how they are achieved, awarding integrity, honesty, enthusiasm, positive thinking, hard work and innovative ideas.⁴⁵

is still the keystone of the entire performance management system of Marchesini Group, whose model, according to the values expressed in the Code of Ethics, is that of the "3P" or rather the position that establishes the "organisational context" in which a resource works. The position profile describes the "characteristics" requested by the organisation and performance that represents the contribution that a resource, with a certain profile of competence and working in a certain position, provides to the organisation in which he/she works.

The core basis is the awareness that the people involved in the organisation are not only reactive just to their retribution but also to the overall conditions of the social experience (needs and expectations) and working experience (retribution, but also work content in terms of self-sufficiency and responsibility, career opportunities etc.).⁴⁷

Since 2014, when the "IMPORTANT" project was launched, the crucial element on which the performance review of the human resources of the group is hinged is "MOTIVATION", namely the energy that drives behaviours and actions of individuals and aiming it toward the achievement of general and specific goals.⁴⁸

Performance assessment at the Marchesini Group is not just a "tool" used to align the management with the corporate goals, but above all it is a process that has enabled the management and development of the human capital in terms of the following objectives:

- Integration of the human capital into the organisational system focusing on the objectives and the factors of success of the business:
- Improvement of vertical communication (leader-worker relationships);
- Enhancing the organisational development needs (modifying roles, career plans, training, formation etc.);
- Awarding the best resources (coherently with the corporate retribution policies).

This process is backed by an online platform and has 5 main steps:

- Performance definition: to establish targets and expected behaviour;
- Constant feedback: consolidated and lasting relations between leader and worker;
- Overall assessment: assessment process of the quantitative and qualitative results reached;
- Control: sharing and comparing activities of the assessments of the management;
- Feedback: feedback to the worker.



 $^{^{\}rm 45}$ Code of Ethics, page 25.

⁴⁶ Nicola Longo, Performance Management - Assessing results and highlighting competences, Director, no. 10/2007, Manager Italy, Milan 2007.

⁴⁷ Galimberti, V., *Psiche e Techne*, Feltrinelli, Milano, 1999.

⁴⁸ Quaglino, G.P., Voglia di fare, motivazioni per essere nell'organizzazione, Guerrini e Ass., Milano, 1999.

9.5 WELFARE AT MARCHESINI GROUP

Corporate welfare is a combination of benefits and services aimed at offering employees more than just a salary to improve their private and working life, also by introducing the concept of "time saving support activities", which are normally used to manage the family, health, education etc.

Marchesini Group took a few measures some time ago with regard to corporate catering⁴⁹, nursery school supplements for employees living outside Pianoro⁵⁰, discounts for yoga, postural gymnastics and Pilates courses. It also set up the initiative entitled "Ci pensa la mensa"⁵⁰, where employees can order takeaway meals from the company canteen at a very low cost, picking them up at the end of the work day to eat at home.

In 2017, the group implemented the projects entitled "Local to you" and the "Breast project", respectively a nutritional program and a tobacco addiction dissuasion program.

Local To You is a young company, set up in 2016 by some social cooperatives in Bologna working in the agricultural field. It employs people in need and focuses in particular on farming ethics. Through the website www.localtoyou. it, employees of the Group⁵¹ can buy a wide choice of seasonal and biological produce at discounted prices and receive it directly at work. The group implemented this project to complement "Ci pensa la mensa". It was awarded by the Regional Emilia Romagne ER.RSI institute in 2017, which highlights productive associations with the best practices related to equal opportunities and overcoming remunerative gaps.

The "Breast project" of the ANT Foundation (Onlus) is one of the prevention activities that Marchesini Group sustains for its employees, aware that prevention is the best way to fight cancer. The ANT foundation has indeed been paying great attention to health awareness and education in schools and in the area. The company economically sponsors the ANT project; the foundation sent a specialist for 5 days to examine employees under 45 years of age. 64 employees benefitted from this check-up.

In 2018, the group will sponsor the "Thyroid project" of the ANT foundation.

Considering that:

the totalist model (not totalitarianist: beware) of welfare state where the State manages the conditions of life of the society (from cradle to tomb) is no longer economically sustainable because it fuels the public debt gap and because it does not respect the dignity of the people it assists, since it is a paternalistic and dependency model. Over the last ten years there has been a cultural transition toward plural welfare in which the public authority, private subjects, the third sector fill the gaps of totalist welfare, which have been left open by reduced social funds (for health, pensions, supplements, education etc.).⁵²

⁴⁹ The company catering service is to the charge of the Group for all the companies, except for Co.Ri.M.A. S.r.L., where personnel contribute with € 2.45 per meal.

50 Initiative activated just in Pianoro (BO), Headquarters.

Since 2016, the group has activated a corporate welfare program through a multiservice platform. This new system⁵³ of retribution, which is becoming more and more popular in every field, has enabled the group to introduce a system of services to support its workers with tax benefits for the company and the employee (the so-called "tax incentive" introduced by the state stability law for 2016).

In addition to the voluntary welfare plan, following the integrative agreement dated 27th February 2017, which modified the current National Collective Agreement of the sector⁵⁴, as of 1st June 2017, companies offer their workers welfare goods and services worth 100 euro, upgraded to 150 and 200 euro, respectively as of 1st June 2018 and 1st June 2019, to be used by 31st May of the following year.⁵⁵

In 2017, each employee was given a welfare budget of 300 euro to be used on the multiservice portal "marchesinigroupwelfare" activated on the Easywelfare platform, to exploit an array of different services: education, loans, health, pensions, family, sport, shopping, discounts and much more.

The fully outsourced service is simple, straightforward and assisted and was used by 70% of the employees. On just one platform, users can choose how to spend their welfare budget in whichever way they prefer.

- $^{\rm 51}$ Of the facilities in Pianoro, Calderino and C.B.S. Engineering S.r.l.
- ⁵² Laura La Posta, *Social sustainability key to development*, interview with Stefano Zamagni, Il Sole 24 Ore Dossier n. 6 "Sustainable Development Report, 2 March 2016.
- 53 Actually introduced with Law no. 208 in 2015 stating the provisions for forming the annual and multi-annual budget of the State (stability law 2016), published in the Official Journal of the Italian Republic, General Series no.302 dated 30-12-2015 – Ordinary Supplement no. 70.
- ⁵⁴ National Collective Agreement of the Mechanical Engineering Industry, Fourth Section, Title IV, art. 17 Welfare.
- 55 Those who have the right to this offer of welfare goods and services are employees who have been working for the company since 1st June or who are taken on within the 31st December of each year, provided they have passed the test and are actively working for the whole period from 1st June 31st December (not on unpaid leave, or on leave for illness or studies etc.).

 Workers taken on with a closed-end contract must have worked for at least three months consecutively during each calendar year (1st January 31st December).

For part-time workers, the value of the aforesaid welfare tools is not re-proportional in relation to their lower contractual working hours. As for workers with administration contract, according to the principle of non-discrimination, subject to article art. 35, first sub-section, of the Legislative Decree no. 81 dated 15th June 2015,

the companies who are interested will inform the administration companies of what is established in the welfare renewal agreement. To make the contractual standard easier to apply, the parties have agreed, for example, a list of welfare instruments and relative conditions to exploit tax and salary relief regulations. At the same time, it has been established that the 100, 150 and 200 Euro agreed for 2018 and 2019 can be put into the Cometa Fund and MètaSalute Fund, even for just one year, according to the regulations and methods foreseen by the actual Funds. In such case, but also foreseeing possible modifications to the current regulating conditions, we have stated that the above-mentioned values must comprise feasible tax costs or contributions to the charge of the company. On the contrary, feasible commercial or administrative costs deriving from the activation or management of the welfare services cannot be deducted.



In 2017, the group⁵⁶ funded an overall 1.414.300 euro for corporate welfare, which was 24% more than in 2016, thus distributed:

	2017	2016
WELFARE PLATFORM SPENT BUDGET	298.900,00	120.580,00
PLATFORM SERVICE COST	29.792,40	20.173,00
COMPANY CANTEEN	1.052.282,79	974.000,00
OTHER INITIATIVES	33.325,00	28.000,00
TOTAL CORPORATE WELFARE	1.414.300,19	1.142.753,00

With reference to the services issued in 2017 through the Marchesini Group Welfare platform, the spending choice is distributed in the following graph.⁵⁷

GIFT COUPONS AND BOXES O









END OF PERIOD BALANCE



9.6 IN-HOUSE COMMUNICATIONS AND INVOLVEMENT ACTIVITIES

Again in 2017, in-house communication revealed to be an important tool, because the Marchesini Group, before the processes, the functions, the departments, is made of people, human resources that offer their skills and know-how to the company and represent the absolute strategic asset for the company.

In fact, there are in-house communication goals aimed at promoting a cultural attitude that awards all levels of the organisation, such to eliminate all gaps between the human resources and the business.

Communication becomes necessary so that the people feel they belong to the company and share its values and strategies, as well as the procedures and methods to carry out the productive activities correctly.

Not only: communication is necessary for change because active participation and sharing overcome resistance to change, be it dictated by in-house needs or environmental contingencies and to highlight and share activities, projects and goals reached with the company.

Communication is fundamental to create a positive-thinking work environment so that personnel feel motivated in achieving mutual targets; it is a tool that informs all the employees on the strategic business lines and what happens throughout the rest of the group. Suitable communication systems are the way to create transparent and reciprocally trustworthy relations.

Involvement is promoted by the Communications function. The customary Summer Party 2017 edition was held on September 23rd and was organised at the Junior Club Sports centre in Rastignano (Pianoro), near the Headquarters. The event involved over 400 people from all the Italian facilities, who enjoyed bike rides, beach volley, tennis and football tournaments.





⁵⁶ Just related to Marchesini Group S.p.a. e CO.RI.M.A. S.r.l.

⁵⁷ The item entitled "end-of-plan residue management" refers to the unused amount envisaged by the National Collective Agreement for the financial year 2017and restored in 2018.

9.7 HEALTH AND SAFETY

Again in 2017, according to the values expressed in its Code of Ethics⁵⁸, the Marchesini Group strived to guarantee total protection of integrity, health and wellbeing of its workers.

According to the current standards on this subject⁵⁹ educational and formation programs are held on safety at the workplace, on first-aid, on fire-fighting standards, on the consequences of consuming alcohol and drugs, on the specific risks of the various tasks and on the environment, even if these are not actually mandatory by local law.

For each operating unit, the group provides its personnel with training courses on the environment and safety, which are programmed according to the activity carried out by each employee. The courses may concern the correct management of mechanical and electrical risks or those deriving from handling chemical substances or the instructions to follow to reduce impact on the environment (for example, waste management).

As is customary, in 2017 the group held the Safety Meetings concerning its Italian premises to discuss the following topics:

- Accident statistics of the previous year
- Training and informative activities concerning safety
- Trend of the use of personal protection equipment
- Actions carried out following the meeting of the previous year
- Measures and improvements for the current year
- Risk assessment
- · Health monitoring activities.

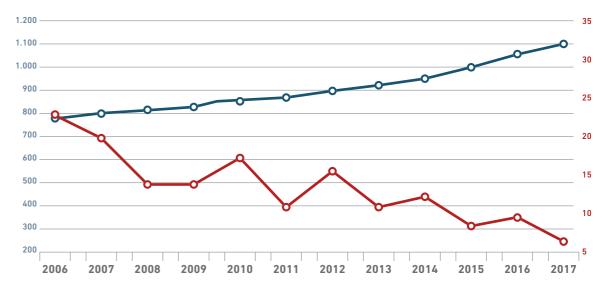
The positive-thinking attitude of the group on these topics has allowed the company to take advantage of the INAIL premium discount⁶⁰ following the improvements in the field of accident prevention and hygiene at the workplace. In 2017, for the activities carried out in 2016 the premium discount was €. 32.695,00 on the activities carried out at the facilities of Carpi and Pianoro concerning the monitoring of noise and electromagnetic fields at the factories and the purchase of a cardiac defibrillator.

2006-2017 ACCIDENT TREND ACCORDING TO LEGISLATIVE DECREES 81/108 AND 106/09

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NUMBER OF ACCIDENTS (1)	23	20	14	14	18	11	16	11	13	9	10	6
ABSENCE FOR ACCIDENTS - DAY(2)	418	197	207	273	280	299	404	144	175	204	166	82
HOURS WORKED (3)	1.355.199	1.387.640	1.443.037	1.429.996	1.476.247	1.478.463	1.532.390	1.598.829	1.665.696	1.761.484	1.814.540	1.923.608
AVERAGE N. OF EMPLOYEES (4)	776	800	820	826	849	861	897	923	952	996	1.054	1099
INCIDENCE INDICATOR (5)	3,0	2,5	1,7	1,7	2,1	1,28	1,78	1,19	1,37	0,90	0,95	0,55
FREQUENCY INDICATOR (6)	17,0	14,4	9,7	9,8	12,2	7,4	10,4	6,9	7,8	5,1	5,5	3,1
SERIOUSNESS INDICATOR (7)	0,31	0,14	0,14	0,19	0,19	0,20	0,26	0,09	0,11	0,12	0,09	0,04

⁽¹⁾ Only those which have caused an absence from work for 1 day or more (including the day of the accident), and that, according to art. 4, paragraph 5, letter o) of the Legislative Decree 626 should be noted on the appropriate register.

- (2) Total days of absence from work due to accidents reported in point (1).
- (3) Total number of hours worked during the year.
- (4) Average number of employees from January to December of each year.
- (5) Calculated according to the formula: N. of accidents/N. of employees x 100.
- (6) Calculated according to the formula: N. of accidents/N. of hours worked x 1,000,000.
- (7) Calculated according to the formula: ABSENCE FOR ACCIDENTS/N. of hours worked x 1,000.



KEY | • EMPLOYEES N. • ACCIDENTS N.



⁵⁸ Code of Ethics, page 27.

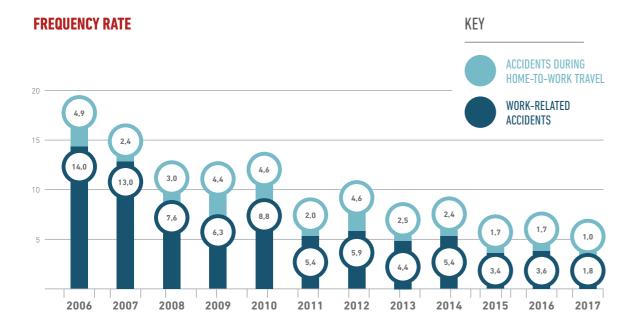
⁵⁹ Law 81 dated 9th April 2008 – Text coordinated with Law 106 dated 3th August 2009, Implementation of article 1 of Law 123 dated 3 August 2007, concerning safeguard of health and safety at workplaces. Official Journal no. 101 dated 30th April 2008 – Ordinary Supplement no. 108 Integrative and corrective decree: Official Journal no. 180 dated 05th August 2009 – Ordinary Supplement no. 142/L.

⁶⁰ Inail offers a "discount" called "oscillation for prevention" (OT/24) to companies that have been in business for at least two years, which make improvements to the health and safety and hygiene conditions at the workplace in addition to the minimum conditions stated by the relevant standards (law 81/2008 and s.m.i.)."oscillation for prevention" reduces the tax premium that the company has to pay, establishing a saving on the premium due to Inail. According to the ministerial decree dated 3rd March 2015 that substitutes the wording of article 24 of the ministerial decree dated 12th December 2000, as subsequently amended by the ministerial decree dated 3rd December 2010, the tax discount is a fixed amount based on the number of workers-year of the period.

With reference to accident statistics in particular⁶¹, the table that follows provides data for 2005-2017 indicating the frequency⁶² and seriousness⁶³.

As for safety training, in 2017, 4.023 hours for 495 employees were fulfilled. About 80% of the training hours were fulfilled for new employees⁶⁴.

The main projects on health and safety fulfilled in 2017 concerned infrastructure improvements at the factories of the various branches, installation of more efficient machinery and optimisation of processes. Voluntary courses to give up smoking and to eat healthily were fulfilled and, at the headquarters in Pianoro, a new and very comfortable room has been setup for postural gymnastics, yoga and Pilates courses.



- ⁶¹ Just the Italian premises.
- 62 The accident frequency measures the incidence of accidents per thousand hours in a given period, sector and territory, related to the number of hours worked in the same period, sector and territory. The indicator is multiplied by one thousand (10^3) to avoid figures that are numerically too small. This indicator is of general validity and being standardised in relation to a period, sector and territory, it is used to compare through these three separate dimensions.

In calculating the frequency of accidents, reference is made to three different categories instead of the overall total entity:

- Accidents that caused temporary disability
- · Accidents that caused permanent disability
- Fatal accidents
- 63 It measures the seriousness of the accidents, indicated in conventional days lost per thousand hours worked. The indicator is multiplied by one thousand (10 3) to avoid figures that are numerically too small.

This indicator is of general validity and being standardised in relation to the seriousness category, it is used to make comparisons of all types..

In calculating the seriousness of the accidents, instead of the overall total, you can refer to three different categories whose seriousness is expressed in conventional days lost:

- Accidents that caused temporary disability, where the seriousness coincides with the number of days lost
- · Accidents that caused permanent disability, where the seriousness is calculated by multiplying the disability score of each case by 75, and is expressed in number of conventional days lost
- Fatal accidents, where the seriousness is calculated by multiplying each death by 7.500 (corresponding to the number of average work days throughout the whole life of a worker), and it is expressed in conventional number of days lost..

The overall total is calculated as the sum of the conventional days lost for each of three categories.

SERIOUSNESS INDICATOR

2006

2007

2008

2009

2010



2011

	HOURS 2017	Δ% 2017/2016	HOURS 2016	HOURS 2015	Δ% 2016/2015
FIRST-AID	201		42	92	-54%
FIRE-FIGHTING	291		0	40	-100%
HEALTH AND SAFETY MANAGER	72		184	64	188%
DIRECTORS & COMPANY'S REPRESENT.	104		288	276	4%
NEW EMPLOYEES/UPDATING	3222		1.599	1.815	-12%
MACHINERY	133		181	176	3%
TOTAL	4.023	75%	2.294	2.463	-7%

2012

2013

2014

2015

2016

2017

	P. TRAINED 2017	Δ% 2017/2016	P. TRAINED 2016	P. TRAINED 2015	Δ% 2016/2015
FIRST-AID	49		13	22	-41%
FIRE-FIGHTING	51		0	8	-100%
HEALTH AND SAFETY MANAGER	9		11	8	38%
DIRECTORS & COMPANY'S REPRESENT.	13		33	39	-15%
NEW EMPLOYEES/UPDATING	352		153	168	-9%
MACHINERY	21		51	16	219%
TOTAL	495	90%	261	261	0%

⁶⁴ Safety training represents about 14% of all the training fulfilled. However, the number of people for whom these training projects were fulfilled is only available to the Marchesini Group S.p.A.



9.8 SUSTAINABLE MOBILITY

In 2017, the topic of sustainable mobility was considered at the group's headquarters.

Sustainable mobility is a system of urban mobility that reconciles the right to mobility with the need to reduce the so-called negative externalities related to them.

It basically involves all the provisions that, once implemented, allow the society to move around without causing negative effects in terms of harmful emissions, smog, acoustic pollution, excessive traffic and accidents, with obvious benefits for the company promoting them in terms of fewer injuries deriving from ongoing accidents and gridlocks of company parking areas.

In 2017, the preferences and mobility methods of personnel of the Pianoro headquarters were assessed and the results will be processed in 2018 to evaluate possible improvements.

In 2017, Marchesini Group, aided by the Transport councillor of the Emilia Romagna region, Raffaele Donini, managed to adapt the train times to reach Pianoro from Bologna and nearby areas, making the train the easiest and therefore more "appealing" way to get to work for employees who do not live in Pianoro.

Marchesini Group also participated in "Bella mossa", the new promotional project for sustainable mobility coordinated by SRM-Reti and Mobility, a the municipal and metropolitan agency of Bologna for local public transport and mobility, co-funded by the European EMPOWER project of which Bologna is the pilot city.

The project hopes to involve 10.000 individual residents, students and businesses of the metropolitan area.

It is quite simple: you download the BetterPoints App free of charge from AppStore and PlayStore, install it and register. Using the App, you can register your trips by bicycle, bus, train, car-sharing, car-pooling and on foot and gain "MobilityPoints" for each one. When you reach certain goals, which are established based on the number of "sustainable trips" made, the points can be converted into discounts usable in lots of commercial businesses that are members of the project. In this way, you obtain incentives to stimulate and favour sustainable mobility in the whole metropolitan city of Bologna.

Some of Marchesini Group's employees have participated in the project. The points gained by each employee – in addition to being useable individually for discounts – help to boost the team's classification points. Companies with the most points at the end of the project will win group prizes, such as bike stands and lots of vouchers for the more worthy employees.

Set up in collaboration with Tper, the project is sponsored by the metropolitan municipality and city of Bologna, Emilia-Romagna Regional departments, Chamber of Commerce and University of Bologna, as well as the municipal departments of Anzola dell'Emilia, Calderara di Reno, Castenaso, Granarolo dell'Emilia, Castel Maggiore, Casalecchio di Reno, San Lazzaro di Savena, Sasso Marconi, Zola Predosa and the Reno-Galliera Union.

9.9 PRIVACY

The EU Regulation 2016/679 of the European Parliament and of the Council, dated 27th April 2016 related to the protection of people concerning the treatment of personal data and the free circulation of such data will be enforced on May 25th 2018, which eliminates directive 95/46/CE (General Data Protection Regulation)⁶⁵ (GDPR).

Marchesini Group considers the "adaptation" of the corporate "privacy system" a useful opportunity for innovation and to create additional value according indeed to its business philosophy.

During 2017, the group started to align its privacy policy (c.d. *compliance assessment*). Qualified professionals appointed a Personal Data Processing Director who will become the Data Protection Officer. Through transversal and integrated competences, this officer will guide the various corporate functions involved in complying appropriately with the changed market needs (re-organisation of the business, human resources, processes, certifications, quality, customer experience, etc.).

The adaptation project will have 9 phases, as shown in figure..... and will be completed by May 25th 2018. Through this challenge, the group has a virtuous course and the adaptation to the new Privacy regulation is an opportunity to turn an area of corporate risk into a stronghold and opportunity to increase the company's reputation and its business, at the same time integrating actions of enhancing governance and activating a social innovation course with definite positive advantages.



COMPLIANCE ASSESSMENT

Raccolta e analisi delle informazioni sull'organizzazione aziendale.



RECORD OF PROCESSING ACTIVITIES

Un registro delle attività di trattamento svolte sotto la responsabilità del titolare del trattamento.



DOCUMENTS AND INFORMATION PRODUCTION

Tutta la documentazione deve essere aggiornata e completa.



APPOINTMENT OF ROLES AND RESPONSIBILITIES





DATA BREACH

Al fine di assicurarsi di aver adottato tutte le procedure idonee a scoprire eventuali violazioni.



PERSONAL DATA IMPACT ASSESSMENT

Consente di valutare gli aspetti relativi alla protezione dei dati, prima che questi vengano trattati.



RIGHTS OF THE DATA SUBJECT

Al fine di assicurarsi di aver adottato tutte le procedure idonee a scoprire eventuali violazioni.



APPOINTMENT OF THE DATA PROTECTION OFFICER

La sua responsabilità principale è quella di osservare, valutare e organizzare la gestione del trattamento di dati personali.



9.10 RELATIONS WITH INSTITUTIONS

Marchesini Group is actively involved in its area and is a member of several associations and institutes to promote not only industrial and cultural development, but also to foster sustainability and innovation.

In particular, it is a member of the Industrialists Association of Emilia Romagna, Central area, of UCIMA (Italian Manufacturers' of Automatic Machinery Union, of which the President Maurizio Marchesini is also a member of the Board of Directors), Friends Association of the industrial heritage museum, AIDAF (Italian Association of Family Businesses) and Mechanical Association.

The Group collaborates with several institutes and associations with "utmost transparency, clearness and correctness" so as not to induce partial, falsified, mistakable or deviating interpretations"66, in full compliance with current standards and respecting the public nature of the function.

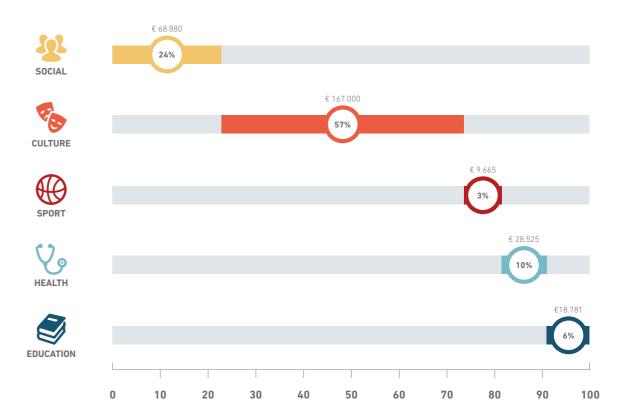
66 ⋅ 67

10. CHARITY COMMITMENTS - A YEAR OF SUSTAINABILITY

Doing business in a way that is "deeply bound to promoting sustainable development, focused on safeguarding the environment and bonding with the social contexts in which the group operates" 67, is a fundamental aspect of Marchesini's sustainability approach, which is consolidated with the direct or indirect economic support of social, cultural, artistic and scientific research projects and activities.

It is a true virtuous circle that brings many competitive advantages, further motivating the group in cultivating its participation and its active role in such relationships and participating substantially in projects and initiatives of public interest.

Throughout 2017 Marchesini Group, aware that relations with local communities are the starting point to create value around the business, continued to promote the economic, social and cultural economy of the areas where it works by contributing with 293.000 Euro, which is 4.8% more than 2016, thus distributed:





67 Code of Ethics, page 30 and subs.

SUSTAINABILITY REPORT

••••••

CASE HISTORY

Here are the details of the most important direct initiatives⁶⁸ of 2017.



ANTONIANO NON-PROFIT ORGANISATION

•••••

PROJECTS COMMENCED
IN 2017: CANTEEN DINNER







CONTRIBUTION 2017 **5.000 EURO** AND SOCIAL RE-INTEGRATION.



PROJECT DESCRIPTION

www.onlus.antoniano.it

Antoniano Onlus is a charitable, entertainment and social communication organisation in Bologna.

The economic contribution of Marchesini Group helped toward some important activities of the non-profit association, such as social secretarial services and educational workshops, and above all, the dinner canteen service for poor people, inaugurated in 2016 (they serve an average of 60 people at dinnertime). Our support goes to families in need who have been to the canteen and who have been helped to become self-sufficient; these people are poor and have been reported by the social services or they are running from war zones and are asylum seekers in Italy.

In turns, the employees of Marchesini and their family and friends go to the Padre Ernesto canteen, which has been completely renewed and is animated by 40 famous chefs who take turns and freely offer their skills and creativity, cooking what the canteen has to offer, to serve dinner to people who are unable to provide for their own primary needs and those of their children and who have economic and relational difficulties. All this is possible thanks to the Food for Soul project, which is a non-profit association working against food wastage and strongly promoted by the famous chef Massimo Bottura, who has also helped to open a canteen in Rio de Janeiro.



NOVA ASSOCIATION

BUILDING AND SUPPORT OF A MEDICAL BUILDING NEAR KINSHASA CONTRIBUTION 2017 **5.000 EURO** (DEMOCRATIC REPUBLIC OF CONGO).











PROJECT DESCRIPTION

www.associazionenova.org

One of the institutes that Nova helps in the Democratic Republic of Congo is the Aurore di Kinshasa orphanage. The rural community where the Aurora orphanage is located is very large and one of the many lackings is its health service. There are no health services nearby and the nearest ones are all private clinics that most of the population cannot afford.

The medical building was completed at the beginning of 2016, thanks to funds of the Valdese church (through income from 0.8% tax payments) and to major funds from companies in Bologna, among which Marchesini Group as well as individual donations.

"Long distance" support is however only enough to cover the schooling costs. The medical surgery is not self-sufficient yet, because the earnings are still not enough to cover the wages of the doctor and nurse, the expenses to buy medicine and medical supplies. For this reason, Marchesini Group confirmed its intention in 2017 to help the Aurore project.

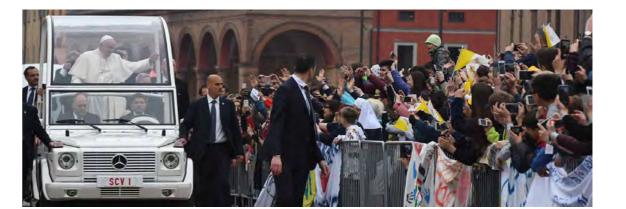
DIOCESE OF CARPI

CONTRIBUTION 2017 3.000 EURO

SUPPORT OF ECCLESIASTICAL







PROJECT DESCRIPTION

www.carpi.chiesacattolica.it

Following the solemn reopening of the place of worship on March 25th 2017 - made possible thanks to the funds raised after the earthquake in 2012, to renovate the seriously damaged diocese of Carpi - Marchesini Group decided to offer a donation to support the charitable and ecclesiastical activities.



MAMA ANAKUJA







CONTRIBUTION 2017 **5.000 EURO**

DONATION FOR THE NEW FLOORING OF "MAMA ANAKUJA CHILDREN'S HOME".





PROJECT DESCRIPTION www.mamaanakuja.org

The history of the Mama Anakuja association dates back to 2004 when a business woman from Brianza, Liliana Ostinelli - who died tragically on March 16th 2018 - chose to go to Kenya on holiday. In the very poor village of Muyeye, near Malindi, she saw some orphans, who were mostly ill. These children lived in a ramshackle hut, they were starving, with no beds and slept and ate off the floor, and had no clothes. In 2005, Liliana's friends wanted to help substantially and raised some funds to build an orphanage for the children in need and offer them a better future and the possibility to live and play like every child in the world should. In 2006, the children finally saw the "Mamma Anakuja children's home": a home where they could sleep, a medical surgery where they could get care and a place where they could eat and play. There is always a lot of work to do and there are more and more children to help, therefore much work has to be done, such as installing new flooring thanks to Marchesini's donation.

ITACA FOUNDATION

ECONOMIC HELP TO THE ASSOCIATION TO FULFIL CONTRIBUTION 2017 3.000 EURO





SOCIAL



PROJECT DESCRIPTION

www.progettoitaca.org

The Itaca Foundation was thought up by a group of friends who had been volunteering individually and separately with the elderly and the disabled. The name "Itaca" stands for the island of Ulysses, which represents the safe place of dreams and wishes; for the lonely, it is a place where they can find true and sincere affection and trust. The Itaca non-profit organisation has always worked mainly in Bologna, but has also extended its actions to Rimini, Ravenna, Pesaro and Ancona. It helps those in need despite their pathology or disability and covers various activities: constant and long-term recovery; work placement; entertainment and assistance; specific recovery programs; Pranotherapy and recreational activities.

Throughout the year, about 400 people are helped directly at their homes. The members of the foundation are well over 5.000.



PAPA GIOVANNI ASSOCIATION









•••••

SUPPORT TO THE "OPERATION COLOMBA" PROJECT.



PROJECT DESCRIPTION www.apg23.org

Operation Colomba started in 1992 when some volunteers and conscientious objectors of the Papa Giovanni XXIII Community, questioned about the Yugoslavia conflict and moved by the desire to live without violence in war zones, tried and managed to reach some refugee camps in Croatia, as foreigners, civilians and unarmed. The volunteers started to spend time at the refugee camps, which are now more and more civilised and therefore no longer where people in war live but the helpless: children, women, the disabled and the elderly. The volunteers subsequently organised continuous assistance and this brought to light another sad fact: war creates victims all around and great fear, pain and psychological problems. One huge mutual desire was sensed: the hope for peace. This is why the Non-violent Peace Army of the Papa Giovanni XXIII Community, called Operation Colomba, came to life with its great mission: that of eliminating the mechanism of hate and destruction through the strength of love, true support and sharing.

HAPPY HAND

CONTRIBUTION 2017 3.000 EURO

ECONOMIC SUPPORT TO FULFIL THE YEARLY EVENT





SOCIAL



PROJECT DESCRIPTION www.happyhand.it

The WTKG "Willy the King Group" is an association named after Willy Boselli who has been promoting social events for people with special needs for years. Each year, through the event entitled "Happy Hand - Games without barriers", the association aims to knock down the barriers separating the Olympics from the Paralympics. The intention is to focus on the people and not on their ability or disability. It is a sports and social integration festival focusing on abilities and disabilities, Olympic sports are played with Paralympics sports to sustain that this is the way to a new culture on disability.

Using sport as a way of gathering and sharing, it has become more and more important to focus on the topic of disability, offering "strength" and motivation to those who start physically disadvantaged.



AVIS BOLOGNA

CONTRIBUTION 2017 **5.000 EURO**contribution to help fund the 45th edition of the "Galayerna" 2017.





SOCIAL



PROJECT DESCRIPTION

www.bologna.avisemiliaromagna.it

Every year, the people from Pianoro and all other running and walking enthusiasts look forward to the "Galaverna" which has now come to its 45th edition. On Sunday 22nd January 2017 at 9 am, the competitors met to walk or run together. Each participant can choose his/her preferred course from 3.5 - 6.5 - 10.5 - 16.0 - 20.0 km on asphalt or gravel roads and country paths. The only rule is that they have to complete the race in 4 hours. The event is organised by Gruppo podistico Proloco Avis Pianoro and sponsored by the Sport Department of the town hall of Pianoro. Since 2014, the Galaverna event has been dedicated to Alice Gruppioni, who passed away in 2013. Marchesini Group sponsored the event, which has become a meaningful symbol for the people of Pianoro who knew Alice. Many of Marchesini's employees took part in the event in groups.

ARCHDIOCESE OF BOLOGNA

CONTRIBUTION 2017 **30.000 EURO**

CONTRIBUTION TOWARD

THE POPE'S VISIT TO BOLOGNA
ON 15T OCTOBER 2017.





SOCIAL



PROJECT DESCRIPTION

www.chiesadibologna.it

It was the Arch bishop of Bologna S. E. Mons. Matteo Maria Zuppi who announced that Pope Francesco would have come to Bologna on a pastoral visit during the Diocesan Eucharistic Congress, on Sunday 1st October 2017, the day on which "Pledge Sunday" is celebrated when the commitment to promote, comprehend and explain the Holy Scripture was renewed.

The day began at 10:30 when Pope Francesco visited the regional hub in via Mattei and continued, meeting young north African immigrants; at midday the Angelus was recited in Piazza Maggiore; at 12:30 pm the Pope had lunch with the poor people at the San Petronio Cathedral; at 2:30 pm the clergy met; at 3:30pm the Pope met the university world at the church of San Domenico; at 5 pm the day ended with the Holy Mass at the Dall'Ara Stadium. 80.000 worshippers were able to attend thanks to an efficient organisation and sponsorship of the various public and private organisations, among which was Marchesini Group.



MYRMICA ASSOCIATION

CONTRIBUTION 2017 1.000 EURO

SPONSORSHIP OF THE







PROJECT DESCRIPTION

www.apianoro.it/associazione-myrmica

In September 2008, a group of youngsters from Pianoro expressed their desire to enhance the town's identity by developing some initiatives aimed at getting the residents of Pianoro together, especially youngsters. The Myrmica association was set up as a result of this and in September 2010 the event entitled "Ri-Mescolone" came to life. It replicates a sports event that was held in Pianoro in the 70's. The idea was to unite all the youngsters from the various areas of the municipality in a sports and entertainment event. The first event was so successful that the association continued to strongly believe in the project in the attempt to bring Pianoro back to life by organising entertaining events for all its residents.

Marchesini Group sponsors the association because its spirit is indeed that of enhancing the municipality's identity.

A.I.S.A. EMILIA ROMAGNA - REGIONAL DEPARTMENT

THE ASSOCIATION'S ACTIVITIES IN MONITORING AND SAFEGUARDING





CONTRIBUTION 2017 **1.000 EURO**



PROJECT DESCRIPTION

www.aisa-on-line.org

AISA, the Italian Association of environmental sciences, was founded in 1996 in Naples, and took its first steps in universities as student association.

Today AISA is a non-profit association of professionals. It represents all those professionals belonging the category of Environmental Experts, that actually is unregulated. It is possible through a certification of the supplied services, a specific Code of Ethic and a continuing training activity.

The main goals of the association are:

- To promote the Environmental Experts' skill-sets in every field;
- Environmental scientific education;
- To promote and sustain an organic and holistic approach to environmental issues;
- To set up and maintain a knowledge network of all the disciplines involved in.



VALLE LAVINO ONLUS

SPONSORSHIP TOWARD THE FULFILMENT OF THE NEW VOLUNTARY CONTRIBUTION 2017 1.000 EURO







A&E GROUP FACILITIES.

PROJECT DESCRIPTION www.vallelavino.it

In 1987, the Public Assistance Group was set up G.V.S. (Voluntary A&E Group) Valle Lavino Onlus in collaboration with the National Health Department of Bologna. The GVS association, with headquarters in Monte San Pietro and operational facilities in Zola Predosa, has been working for 30 years in Accident and Emergency assistance services (A&E). It has about 120 active members of all ages (from 18 to 70 years of age), it is registered with the National Public Assistance Association (ANPAS Emilia Romagna), has 3 ambulances – all certified for 118 Emergency calls - and a 9-seater bus to transport people with mobility difficulties and the disabled.

Seeing as the headquarters in Zola Predosa was no longer able to fulfil all the requirements of its area, a new facility had to be created with all the requirements to be granted authorisation and consequently funds were raised for this purpose. Marchesini Group sponsored 1000 euro. The "Home of the Volunteer" (La casa del Volontario) was inaugurated on Sunday 8th October 2017.

FRIENDS OF TAMARA AND DAVIDE ASSOCIATION

FOR ACTIVITIES OF THE ASSOCIATION AND FOR THE SCHOOL FESTIVAL















CONTRIBUTION 2017 1.000 EURO



PROJECT DESCRIPTION

www.amiciditamaraedavide.it

The friends of Tamara and Davide association commemorates Tamara and Davide, two "ordinary yet extraordinary" people. They both experienced the difficulties of a life of sufferance and illness. Their life and death are treasured by the founding members as a gift to pass-on to those who never had the opportunity to meet them. The humanitarian association helps people, physically and spiritually, to grow and find their place in society and is open to all people of all ages. Marchesini helped to pay for the expenses to organise the school festival on September 22nd 2017, as well as the social, cultural and sports activities organised by the association.



MANZONI AUDITORIUM THEATRE

SPONSORSHIP OF THE THEATRICAL SEASON





CONTRIBUTION 2017 **120.000 EURO**

PROJECT DESCRIPTION www.auditoriumanzoni.it

Manzoni Factory s.r.l., a company of which Marchesini Group S.p.a. detains 20% of the corporate shares, manages the Manzoni Auditorium Theatre in view of a lease contract of a branch of the company stipulated with the Municipal Theatre Foundation of Bologna. The artistic management is entrusted to the famous Director and Flautist Giorgio Zagnoni, who guarantees the highest possible quality standards of the offer. The aim of the economic support is to promote musical culture, especially symphonic and chamber music, in the area.

In view of the corporate shareholding and sponsorship, the Marchesini Group is also able to offer its employees special discounts and promotes the musical culture also within the company.

RADIO IMMAGINARIA

SUPPORT TO THE STANDARD ACTIVITY AND THE INTERNATIONALISATION







CONTRIBUTION 2017 **15.000 EURO**



PROJECT DESCRIPTION www.radioimmaginaria.it

Radioimmaginaria is the first and only radio channel in Europe managed and run by youngsters aged between 11 and 17. It began in 2010 in Castel Guelfo, near Bologna and broadcasts via web on the "Spreaker" platform. It is a weekly program and registered about 250.000 listeners at the end of 2017. The social presence of Radioimmaginaria boasts a global reach on Facebook of up to 10.500.000 weekly contacts, over 27.000 page fans, over 7.000 Spreaker fans, over 1.000 followers on Twitter and other social networks. About 200 youngsters are involved in Italy and abroad, of which 100 are regulars. It has Antennae in Turin, Sanremo, Varese, Cremona, Bergamo, Verona, Padua, Bologna (and province), Riccione, Florence, Terni, Rome, Naples, Brussels, London and Montreal. It broadcasts in Italian, French and English, with about 1.500 single episodes, an audience share of 77% younger than 24 and is listened to in over 30 countries, mainly in Italy, the UK, USA, Canada and Germany.

In 2017, Marchesini Group decided to economically sponsor the installation of 2 editorial rooms abroad, in France and in Spain, as well as the costs for additional equipment and a small group of junior Jays (DJs?) in their activities.



SPOSTA-MENTI FESTIVAL

ECONOMIC SUPPORT TOWARD THE FESTIVAL ENTITLED





"SPOSTAMENTI" FROM SEPTEMBER 15TH TO 17TH 2017 IN PIANORO (BO) AND TO FINANCE THE PROJECT





CONTRIBUTION 2017 **5.500 EURO**

PROJECT DESCRIPTION

www.spostamentifestival.it

SpostaMenti is an initiative all about boundaries, plots and opportunities of our times aimed at giving a different view on currently popular topics, such as the environment, migration, work, mental health and diversity through the tool of narration. The headquarters in Pianoro was chosen to encourage people to move out of the city centre to the outskirts. The festival's challenge was indeed that of drawing attention to boundary lands and to the relations that can be developed there.

The title "SpostaMenti" is meaningful because the festival talks about moving nowadays: moving the way we live, the way we relate with others, the way we make choices and all the relevant processes. It was a 2-day event of documentaries, art, theatre and music. The Festival "SpostaMenti", of which Marchesini Group is a partner, took place in Pianoro from September 15th to 17th September 2017; during the festival, the "ZED work of art" was presented as a part of the program. The work of art was inaugurated at the Headquarters of Marchesini Group before 200 guests and more. It is an amazing multisensory and futuristic creation designed by the visual artist Julia von Stietencron that catches the eye and the heart of those who admire it. The human heart is indeed what drives this interactive luminous-textile installation, which thanks to special sensors, shows how the heart rate changes and turns the spectator into an explorer of the actual work of art itself. According to the explorer's state of mind, ZED will change colour, actually reflecting the feelings that power the human heart. An acoustic mat helps the explorers to settle their heart rate: consequently, they will see distorted and stressed depictions turning into meditative harmonic sounds capable of restoring a coherent heart rate, at least temporarily, in people who may have lost it due to various psychological or physical reasons.

MODERNISSIMO CINEMA

SPONSORSHIP OF THE RECOVERY AND RENOVATION ACTIVITIES OF THE MODERNISSIMO CINEMA











CONTRIBUTION 2017 20.000 EURO



PROJECT DESCRIPTION

www.cinetecadibologna.it/cineteca/progetto_cinema_modernissimo

On the contrary to the multiplex idea, the Film Library of Bologna complies with the new international awareness for the recovery of early century film libraries and is ready to face a very important cultural and entrepreneurial challenge to bring the old Modernissimo cinema back to life. The goal is to restore the original Liberty style of the interiors and to create the conditions for an amazing viewing experience thanks to current technological standards, both in terms of image screening (the projection room will have projectors for both film and digital formats up to 4K, the highest resolution possible today) and in terms of sound quality. The recovery of the underground theatre is a unique opportunity for the city of Bologna. In the heart of the old city centre, within the 'quadrilateral zone', the 'new' Modernissimo Cinema will be the perfect place to promote the culture of cinematography in a wonderful historical context alongside the Festival entitled "Il Cinema Ritrovato" (New found cinema), which brings Piazza Maggiore alive every summer. The project to bring the historical cinema back to life in Piazza Maggiore entails an agreement protocol between the municipal department of Bologna, the Cineteca foundation of Bologna and owner of the Emmergi Cinema, with the collaboration of Unindustria Bologna. The work started in the first quarter of 2016 and should be completed by mid 2019. Thanks to the contribution of Marchesini Group and other important industrial businesses in Bologna, this project will be fulfilled.



SAN DOMENICO CENTRE

CONTRIBUTION 2017 **5.000 EURO**

•••••

SUPPORT TOWARD CULTURAL CATHOLIC ACTIVITIES.







PROJECT DESCRIPTION

www.centrosandomenico.it

The San Domenico Centre was set up in Bologna in 1970, thanks to its founders, among who was Michele Casali. It is a non-profit cultural catholic association, which through conferences, debates, conventions, seminars and other forms of cultural communication, promotes the catholic faith and challenges ethic, philosophic, religious, artistic and modern-day problems; the topics are discussed by exchanging opinions with utmost respect for the opinions of others and constantly focusing on what brings people together rather than what sets them apart. During the ten year anniversary of the foundation, Papa Giovanni Paolo II explained the spirit of the San Domenico

Centre to perfection: "A provident cultural institute and live presence and Christian witness in the city and diocese

of Bologna, worthy of praise and open to other voices in a spirit of collective dialogue".

A.I.L.

ORGANISING THE EVENT ENTITLED "UN PUNTO IN PIÙ" HELD IN BOLOGNA





CONTRIBUTION 2017 **1.500 EURO**



PROJECT DESCRIPTION www.ailbologna.it

An important event was held on the 5th October, at the MAST in Bologna, promoted by AIL Bologna, Un punto in più. The emblematic trainer, Julio Velasco attended the event (a truly charming and very likeable coach) who turned the National Volley team into the "team of the century" and who, on that occasion, spoke about teamwork and change through managerial figures of speech, to stimulate and motivate performance improvement. Marchesini Group contributed toward fulfilling the event.



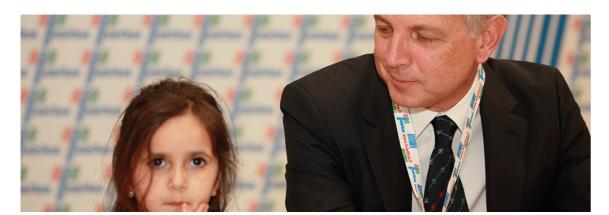
TELETHON FOUNDATION

CONTRIBUTION 2017 **5.000 EURO**

SUPPORT FOR THE FOUNDATION'S RESEARCH ACTIVITY.







PROJECT DESCRIPTION www.telethon.it

In 1966 in the United States, Jerry Lewis invented a non-stop television event to raise funds in aid of muscular dystrophy. It was a success and was used from 1987, also in Europe by the French Association in aid of myophathy (Afm). In 1990, Susanna Agnelli met with the Italian Union for the fight against muscular myopathy (Uildm) and Telethon was launched in Italy with its first television marathon. Since then, it works daily to provide substantial answers to all those who fight against genetic diseases that are so rare that they are often forgotten by major public or private investments in research. Telethon sponsors the best researchers and research institutes because it believes in merit and excellence: only in this way have they been able to achieve some initial important results for treating genetic diseases.

In 2017 again, the Marchesini Group sponsored the foundation for research in genetic diseases.

IL BENE NON-PROFIT FOUNDATION

SUPPORT FOR THE FOUNDATION'S
DIAGNOSTIC AND TREATMENT ACTIVITIES
AND CONTRIBUTION TOWARD PURCHASING





CONTRIBUTION 2017 3.000 EURO



PROJECT DESCRIPTION www.fondazioneilbene.org

Set up in September 2011, the Non-profit Foundation "Il Bene" supports the activity of the Il BeNe Centre (an acronym of the Bellaria Neuroscience hospital), which is authorised to diagnose and treat syndromes recognised as rare and neuroimmune neurological diseases. The Centre is directed by Dr. Fabrizio Salvi and is a part of the Neurosciences department of the National Health Service of Bologna at the "Unità Operativa Complessa" (U.O.C.) of Neurology of the Bellaria hospital in Bologna. The "Il BeNe" Centre of the IRCCS (Scientific Hospitalisation and Treatment Insitute) Bellaria in Bologna presently treats about 2.000 patients, of which 1.300 suffer from multiple sclerosis, 300 from myasthenia and over 300 from other rare diseases. The main goal of the "Il BeNe" centre is to provide complete answers to patients suffering from rare and neuroimmune neurological diseases such as Amyloidosis, Ataxia, Behcet disease, Charcot Marie Tooth disease, spastic Paraparesis, Amyotrophic lateral sclerosis, Syndrome of Von Hippel-Lindau, Myasthenia gravis, Multiple Sclerosis.

Marchesini Group contributed to purchasing an echo Doppler, which will ensure more accurate and detailed diagnosis of the state of the diseases.



MEDICI SENZA FRONTIERE (DOCTORS WITHOUT BORDERS)



CONTRIBUTION 2017 5.000 EURO



ECONOMIC SUPPORT TOWARD

PROJECT DESCRIPTION

www.medicisenzafrontiere.it

At the end of the 90s, Medici Senza Frontiere realised a dramatic situation: the same people being treated and assisted by MSF thousands of kilometres away, were also suffering in Italy and Europe and very often in extremely precarious and needful conditions.

This is how "Mission Italy" started. Since 2002, MSF has been helping immigrants who land in Lampedusa, the seasonal workers of South Italy, and at the refugee camps in various regions. Since 2016, 180.740 people have disembarked in Italy, mainly at the ports of Sicily and Calabria. "Mission Italy" has provided health aid to all those people who have reached our country after long and risky sea or land journeys.

ITALIAN CATHOLIC DOCTORS ASSOCIATION

ECONOMIC CONTRIBUTION TOWARD THE PROJECT ENTITLED









PROJECT DESCRIPTION www.amci.org

The Italian Catholic Doctors Association, in relation to the dramatic problem of child abandonment, fosters the culture of welcoming life through "Life Cradles". It is a modern version of the antique "Foundling Wheel", which in past centuries proved the efforts of the society to help the helpless: a substantial possibility of life for the helpless newborns: Today's cradles are much more technological but still exist for the same reason as the old "Foundling Wheel": the newborn babies are saved and the mothers remain anonymous. Marchesini Group, contributed economically in purchasing a "Life Cradle".



NATALINO CORAZZA FOUNDATION

SUPPORT TOWARD THE PROJECT





CONTRIBUTION 2017 6.000 EURO

ENTITLED "PSORIASIS:



PROJECT DESCRIPTION

www.fondazionecorazzapsoriasiandco.it

At the dermatology department of the Sant'Orsola hospital in Bologna, about 500 patients are currently treated for moderate or severe psoriasis (affecting or not affecting the joints). For this reason, the hospital of Sant'Orsola and the Natalino Corazza Foundation collaborate to treat patients at home with the most modern of psoriasis treatment methods: phototherapy. This treatment is normally carried out at the surgery, however, for reasons of age, physical disabilities caused by the disease, work commitments or distance, this treatment is impossible for many patients.

ALIAV - ASSOCIAZIONE DIPLOMATI ISTITUTO ALDINI VALERIANI

INAUGURATING THE CONFERENCE CONTRIBUTION 2017 5.000 EURO







CONTRIBUTION TOWARD

PROJECT DESCRIPTION www.aliav.it

The new Conference Hall "G. Sedioli" was inaugurated on Wednesday 29th November 2017 at the IIS ALDINI VALERIANI SIRANI. Guests at the opening ceremony - before the deputy mayor, Marilena Pillati - were from the School Committee, the Parents' committee, former teachers of the Aldini school and the Students' Committee.



COMPREHENSIVE SCHOOL - CENTRO CASALECCHIO

•••••





CONTRIBUTION 2017 **1.000 EURO**

SCHOOL TO PURCHASE THE FURNISHINGS



PROJECT DESCRIPTION www.iccentro.org

The comprehensive school of Casalecchio di Reno won the MIUR tender to create a Creative Atelier. A laboratory will be set up at the "Garibaldi" primary school, which can be used by all the students of the institute, from nursery school to secondary school, with courses integrated into the disciplinary and inter-disciplinary curriculum. The purposes of this laboratory are many: to boost the students' problem assessment and problem solving abilities, using the tools and methods of computational thought through digital technologies and more traditional instruments; to stimulate digital and manual creative interaction, also through experience, educational robotics and the Internet.

The comprehensive school has raised funds to purchase the furnishings of the atelier, because the organisation and the "beauty" of spaces stimulate and support learning and teaching. The result is a great place where children can learn through creating, manual activities and play, and through the knowledgeable use of the media and project thought.

SAN GIUSEPPE INSTITUTE

CONTRIBUTION 2017 **10.000 EURO**

ECONOMIC SUPPORT TO EXTEND THE EDUCATIONAL OFFER OF 2017.







PROJECT DESCRIPTION

www.scuolesangiuseppe.net

The Educational Project of the San Giuseppe Institute is linked to the original educational experience of its Founder, the Servant of God Mother Lucia Noiret, who, in Imola, gave life to a Religious Congregation dedicated to human-Christian formation and education of youngsters.

The educating community of the San Giuseppe Institute sees itself in these three words: RECEPTION, LISTENING, INDEPENDENCE. They are the key to our daily school lives and they accompany everyone's service and the growth of the children throughout their lives.

- · Reception is the starting point of any relationship, which becomes solidarity in the professional sphere, collaboration between equals and sharing of free time.
- Listening makes Reception meaningful, putting it at the centre of personal and educational relationships.
- Independence is the expression of one's own self, being aware of the respect of others. It starts with small steps of independence in everyday life through to awarefully expressing personal ideas, feelings and resources.



ITALIAN OLYMPIAD OF INFORMATICS

CONTRIBUTION 2017 1.500 EURO

•••••

SPONSORSHIP OF THE EVENT ENTITLED







PROJECT DESCRIPTION

Marchesini's contribution helped to organise the event.

www.olimpiadi-informatica.it

The International Olympiad of Informatics (IOI) is one of the six international scientific Olympiads, alongside maths, physics, chemistry, biology and astronomy. Italy took part for the first time in 2000 as an experiment and since 2001 it has become a yearly event. Access to the Olympiads of Italian Informatics (OII) is open to all secondary high schools. 500 schools did indeed register during the first year. The event is particularly important because it offers an opportunity to highlight and enhance some excellent talents at Italian schools, with a positive effect on the entire educational system. More importantly, scientific subjects are strategic to develop scientific and technological research and to culturally and professionally educate youngsters.

FUTA BIKE

CONTRIBUTION 2017 1.000 EURO

•••••

SPONSORSHIP OF THE SPORTING EVENT.









PROJECT DESCRIPTION www.teamfutabike.com

ASD Team Futabike was set up in 2008 by 5 enthusiasts who gave life to a very popular sport in our region: road and off-the-road cycling. The association continues thanks to some sponsors, among which is the Marchesini Group, who have helped to set up a group of 15 members who decided that Pianoro needed an amateur and cycle-touring group. The number of members has continued to grow over the years and there are now 78.



GOLF CLUB IL MOLINO DEL PERO

CONTRIBUTION 2017 3.665 EURO

SPONSORING GOLF
IN PIANORO AND IN THE HILLS
OF BOLOGNA.









PROJECT DESCRIPTION

www.golfmolinodelpero.it

Golf is a great sport for all ages. It provides excellent exercise for body and mind and is a way to socialise and have fun. More and more people of all ages practice this sport at golf clubs such as Molino del Pero at affordable prices. For the over 40's, but also others, golf is a great way to do physical and mental exercise, to meet people and to have fun. It is also great for those who are not-so-active and don't want to commit daily to going to the gym or to go swimming or exercising in other ways twice a week; All you need to do in fact is get the ball into 18 holes once a week. Clinical studies also confirm that golf:

- · Contributes to preventing forms of disability (many golf associations are being set up for people with special needs)
- Helps to prevent depression
- Prevents reduced mental faculties (attention, concentration, game tactics, strategies to use to reach goals are functions used every time you hit the ball)
- Improves balance and therefore prevents risks of accidental falls (thanks to the swing movement)
- Increases resistance (you walk a lot)
- Increases flexibility of the joints and muscular strength (a lot of muscles are used _ buttocks, thighs and arms)
- Improves the respiratory system and heart (thanks to long walks)
- Improves the cardiovascular system (reducing cholesterol levels)
- Improves the mood (you play in the open air in the countryside).

10.1 CHARITABLE ACTIVITIES PROMOTED BY EMPLOYEES OF MARCHESINI GROUP

The Marchesini Group has always encouraged its employees to do volunteering work, convinced that it is an enriching and personally gratifying experience from various points of view⁶⁹.

In fact, this has lead to consolidating a procedure in which the company doubles the funds raised by its personnel.

In 2017 Marchesini's people, throughout the Italian facilities, promoted the following activities by raising overall funds worth € 57.294,36:

- Summer Party 2017: € 3.800, of which €1.900 raised by the employees and € 1900 doubled by the company and donated to GVC Onlus (http://www.gvc-italia.org) to sponsor projects of international cooperation with complex strategies of intervention, humanitarian reconstruction assistance, food safety, education of women and infants.
- Christmas lottery: € 8.910 of which € 4.455 raised by the employees and € 4.455 doubled by the company, donated equally to:
- Banco Alimentare Emilia Romagna Foundation (https://www.bancoalimentare.it/en/emiliaromagna) to promote policies against food waste, poverty and social exclusion;
- Don Mario Campidori Onlus Foundation (http://www.simpatiaeamicizia.it) to contribute to creating places where disabiled people are welcomed.



⁶⁹ Psychological research on the topic states that the most well known model that identifies classes of motivation to do volunteering work is the "functionalist" one of Snyder and collaborators (Omoto, Snyder, 1995; Clary et al., 1998; Snyder, Omoto, Crain, 1999; Stukas, Snyder, Clary, 1999; Snyder, Clary, Stukas, 2000; Snyder, Omoto, 2001):

 $[\]bullet$ Personal (values): it indicates the level of altruism

[•] Understanding: it enables the use of abilities, capabilities and knowledge that would otherwise remain unexpressed.

 $[\]bullet$ Social values: it enables important relationships with others

[•] Career: it enables advantages for one's own career

[•] Protection: it protects one against the feeling of guilt for being luckier than others and to stop thinking about one's own personal problems

[•] Enhancement: one's own positive resources are used to raise self-confidence and self-esteem.

