Reasoned proposal of the Board of Statutory Auditors in accordance with section 13 of Legislative Decree no. 39/2010

Shareholders,

the Board of Statutory Auditors analysed the proposal dated 29.10.2018, KPMG S.p.A. (" **KPMG** ") submitted to the Company and concerning the additional remuneration fees be paid to the auditing company for supplementary activities not included in the statutory auditing services the Shareholders' Meeting had already approved on 26 September 2017.

As is known, the establishing of the auditing company's remuneration fees falls within the authority of the Shareholders' Meeting on the basis of a reasoned proposal of the control body in accordance with section 3 of Legislative Decree no. 39/2010.

Therefore, the Board of Statutory Auditors submits to the Shareholders' Meeting for approval this reasoned proposal of additional remuneration fees to be paid to KPMG, a company already in charge of the statutory auditing of the Company's accounts.

It should be noted that the Company, which at the time of incorporation was called "Space4 S.p.A.", had entrusted KPMG with the statutory auditing of its accounts for three financial years, more specifically until the financial year ending 31 December 2019.

Subsequently, following the listing of the Company on the MIV - Professional Segment, organized and managed by Borsa Italiana S.p.A. (" **Borsa Italiana** "), the shareholders' meeting held on 26.09.2017, entrusted KPMG with the task of auditing the accounts for a nine-year period (2017-2025).

Such latter resolution provided for a fee of € 16,000, of which € 11,000 for the statutory auditing of the financial statements, including verification during the financial period of the correct keeping of the company accounts and correct accounting for management facts in the Company's records and € 5,000 relating to the auditing of the condensed half-year financial statements.

The aforementioned tariffs were calculated taking into the account the Company at the time of the assignment of the task, which then consisted of a SPAC (*Special Purpose Acquisition Company*), listed on MIV and, as such, having (i) only one single cash flow provision to finance the purchase of a *target company* (subsequently identified in "Guala Closures S.p.A.” company (the " ***former*** **Guala** "), then merged by incorporation into the Company, as illustrated below), (ii) a very simplified structure and (iii) a very limited number of transactions.

The task entrusted to KPMG with resolution dated 26.09.2017 provided for the updating of the fees, on a basis to be agreed, in case, among other things, there were circumstances involving the increase in time, or changes in the professional level of auditing *team members*, such as, by way of example, the change in the group structure, size, company activities, etc.

During the first months of 2018, Space4 S.p.A. carried out the relevant transaction with the former Guala, a company specialising in packaging, in which it is a global leader in the production and marketing of closures for alcoholic beverages and wine, and with significant presence in closures for water, oil and pharmaceuticals.

Particularly, on 16 April 2018, the Boards of Directors of Space4 S.p.A., GCL Holdings S.C.A., Peninsula Capital II Sarl and Guala Closures S.p.A., approved the company integration transaction to be carried out:

- through Space4’s and other control partners’ acquisition of Guala Closures S.p.A. and its Group from GCL Holdings SCA, owner of the entire share capital of Guala Closures S.p.A.
- and the subsequent merger by incorporation of Guala Closures S.p.A. into Space4 S.p.A.. Space4. The acquisition of Guala Closures S.p.A. took place on 31 July 2018.

The merger by incorporation of Guala Closures S.p.A. into Space4 S.p.A. took place on 6 August 2018, the first day Guala Closures S.p.A. was listed on the STAR segment of Borsa Italiana.

It is clear that, following the acquisition of the *target company,* which took place on 31.07.2018, and the subsequent *business combination,* which took place on 06.08.2018, the nature, size, activity and structure of the Company, which from 06.08.2018 - after the merger by incorporation of the *former* Guala - had turned the company name to "Guala Closures S.p.A.", have changed significantly.

In particular, the structure and activity of the *post*- merger company substantially coincides with that of the *former* Guala, having become a company at the top of an articulated industrial group with over twenty subsidiaries in the world and being world *leader* in its industry. Furthermore, following the *business combination* , the Company's ordinary shares are now listed on the STAR segment of the Mercato Telematico Azionario (" **MTA** "), organized and managed by Borsa Italiana.

This change in the *status* of the Company explains the adjustment of the remuneration fees to be paid to the Auditing company, as the circumstances already foreseen at the time of assignment of the task for the purpose of updating the remuneration exist and they certainly entail not only an increase in the activity, but also the different type of activity.

The updating of the KPMG fees, as per proposal 29.10.2018, relates to the assignment of the task of (i) statutory auditing of the Company's financial statements as an industrial company listed on the MTA, STAR Segment, (ii) auditing of the consolidated financial statements of the group headed by the Company (the " **Guala Closures Group** "), (iii) carrying out additional procedures resulting from the accounting impacts of the *business combination* transaction, (iv) limited audit of the condensed consolidated half-year financial statements of Guala Closures Group.

KPMG, as the entity in charge for auditing the Company and its consolidated financial statements, must undertake full responsibility for the annual and semi-annual *report package in* accordance with the provisions of current legislation (Legislative Decree No. 39/2010).

As a result, approval of the additional remuneration fee relating to the current auditing task to KPMG is necessary, in order to take into account the change in the activities and size of the group and to provide for the execution of the specific additional audit activities than have become necessary.

In order to evaluate the proposal KPMG submitted on 29.10.2018, it is necessary to compare the task assigned not to the one previously conferred by the Company (considering that at the time of the conferment it was a SPAC), but with regard to the *former* Guala, which had a structure substantially similar to that of the Company at the date of this reasoned opinion, with the exception that in the meantime the Group set up a company in Kenya called Guala Closures East Africa and performed the important acquisition of the Scottish company United Closures and Plastics (UCP).

The table below compares the costs envisaged for the task of auditing the financial statements for the years 2017-2019 of the *former* Guala and those envisaged in the supplementary offer dated 29.10.2018 relating to the Company.

Assets	*former* Guala 2017-2019	Guala Closures S.p.A. 2018-2025 Post-Merger
Auditing of the parent company financial statements	€ 91,000	€ 110,000
Auditing of the consolidated financial statements of Guala Closures Group	€ 72,000	€ 100,000
Additional procedures	N.A.	€ 70,000

resulting from the accounting impacts of the *business combination* transaction, applicable only to the 2018 financial statements		
limited auditing of the condensed consolidated half-year financial statements of Guala Closures Group.	€ 48,000	€ 48,000

The Board of Statutory Auditors has evaluated this proposal and submit it for approval to the Meeting along with a positive opinion for the following reasons:

- The positive assessment of the technical suitability of KPMG company is confirmed given the high level of knowledge of Guala Closures Group organization and of its accounting and internal control system
- Furthermore, it is confirmed that KPMG's organization complies with the complexity and size of the Company and of Guala Closures Group
- The increases in costs are motivated not by a change in hourly rate, but - despite the size of the Group remains similar to that of Guala Closures pre-merger group - by the fact that the financial statements include new accounting items and/or evaluation aspects that were not present before and by the change in the reference regulations for the Company and Guala Closures Group, which - as a company listed on the MTA, STAR Segment - is asked to provide further information and/or documents to the market on the basis of the requirements of Italian and European Union laws and international accounting standards (IFRS).

Indeed, (i) a new format for the audit report and its impacts (in particular the inclusion of the *Key Audit Matters*) will be necessary as well as (ii) additional activities required to the auditing company for *compliance* with the law and accounting principles (ie CONSOB file, meetings and certifications by members of the corporate *Governance*, wider involvement of labour *second partner review*), (iii) other documents that require the auditor's opinion or preparation (Corporate Governance Report, Report on the Fundamental issues, Auditing of the additional notice required by IFRS, Consob directives and other regulations), (iii) an increase in the auditing procedures to increase the risk / reduction of the level of significance deriving from the new *status* of listed company, etc.

- The additional activities appear to be consistent and, indeed, necessary due to the complex *business combination* transaction that took place in the financial period ended on 31 December 2018 and to the *status* of the Company
- The timing specified in the assessments seem to be appropriate for the adequate performance of the additional task to protect the correctness of the corporate notice to shareholders. The number of hours foreseen to perform the audit activity seem, in fact, in line with the, total hours already contemplated for the services rendered to the former Guala, with increase justified by the new status of listed company.
- The average hourly rate in the proposal dated 29.1.2018 remains unchanged compared to the hourly rate adopted for the task conferred by the *former* Guala, being an improvement element of 15% compared to the rates contemplated by the letter of appointment in force
- The proposal dated 26.10.2018, compared to the services rendered to the *former* Guala, provides for a broader involvement of more qualified figures, as there is an increase in the participation of shareholders and

senior managers and the corresponding decrease of senior figures and assistants. The changed professional mix, which is partly due to the increase in costs, will result in a higher level of services required as a result of the *status* of a listed company (with reference to the balance sheet of Guala Closures, the activities of the partners have been increased from 6% to 7% of the total hours, while the involvement of the senior manager has moved from 16% to 18%; with reference to the condensed balance sheet the the activities of the partners have been increased from 9% to 10% of the total hours, while the involvement of the senior manager has moved from 21% to 24%);.

- The changes in the structure of the Guala Closures Group and the additional activities fall within the circumstances of the integration of the fees included in the original KPMG proposal for auditing services
- For completeness, in relation to the financial period ending on 31 December 2018, an additional audit activity of 750 hours (equal to an amount of € 70,000) was contemplated relating to the performance of the activities deriving from the complex aggregation operation carried out during the year consisting (i) in the verification of initial balances at 31 July 2018 of Guala Closures Group pre-acquisition for the purpose of verifying, pursuant to IFRS3, the accurate posting into the accounts of the business combination that has taken place and (ii) in verifying the *purchase price allocation*

  The activity carried out to verify the initial balances, used to account for the business combination, consists of an accounting audit of such balances with a particular *focus* on the balance sheet items and the end-of-period cut-off. The reference value to consider in order to evaluate this type of activity is, once again, the activity related to the auditing of the *former* Guala consolidated financial statements, which amounted to a total of

1,730 hours. The time used, in the case of the initial balances check, was less than that necessary for an auditing of the year-end balances for different circumstances (i.e. Special *focus* on balance sheet items and less emphasis on financial items; being it a work carried out within the audit of the 2018 annual financial statements, it was not required to issue a separate audit report on these balances and it was not necessary to verify a complete disclosure balance sheet, as in the case of an auditing of annual financial statements; there was no activity for the quarterly checks and meetings with the *governance* bodies; in the coordination and *review* of the work of foreign correspondents, significant synergies were taken into account deriving from the work just concluded on the interim financial statements as at 30 June 2018; in addition, other efficiencies resulting from the work carried out as at 30 June 2018 and the fact that part of the work carried out on the initial balances for the *audit as* at 31 December 2018 was reused: these efficiencies were considered reducing the hours requested to verify the initial balances);

It is also acknowledged that the administrative and financial management of the Company, the main operational interlocutor of the auditors, deems the proposal to be reasonable.

For the foregoing reasons, the Board of Statutory Auditors (i) after having assessed the reasons underlying the request for additions to the remuneration fees as submitted by KPMG on 29.10.208; and (ii) considering the consideration requested by KPMG to be appropriate, taking into account the activities carried out, proposes to approve the integration of the remuneration fees of KPMG auditing company for carrying out additional activities with respect to the statutory audit services already approved by the Meeting on 26 September 2017 to the extent indicated in the proposal dated 29.10.2018, as summarized *ut supra*.

Alessandria, 15th January 2019

Signed by

The Board of Statutory Auditors

Avv. Benedetta Navarra - Chairman of the Board of Statutory Auditors

Dott. Franco Abbate – Standing Auditor

Dott. Piergiorgio Valente - Standing Auditor