



RenoDeMedici

**SOCIAL AND  
ENVIRONMENTAL  
REPORT 2011**





# SOCIAL AND ENVIRONMENTAL REPORT 2011



This is a Zero Impact® Social and Environmental Report:  
the CO<sub>2</sub> emissions associated with its production have been offset by contributing to the creation  
and protection of growing forests in Madagascar.



RenoDeMedici



## Chairman's Letter

**W**hat appeared initially to be a financial crisis likely to end up with the reorganisation of financial balances turned out to be a crisis of the entire social and economic model of what we call the 'modern' era. It appears that we can only sit back and watch as the propellant force of the modern system gradually works its way through: the economic and financial crisis has highlighted a lack of governance in the interdependence between the economic players in the globalisation system, accompanied by a significant fall in competitiveness compared to the emerging countries by almost all of the old industrialised countries, which has broken up the traditional international division of labour by altering the balances of trade at an international level. What is more, the signs pointing to uneasiness, a rising malaise in Italy, in Europe and in the western world, are becoming increasingly stronger and more evident: namely greater inequalities, a persistent economic crisis, the loss of social ties together with a broader crisis in the sense of belonging to a community, rising environmental degradation and uncertainty about the future.

The only solution when faced with these signs is to take strong action. As the Reno De Medici Group, we believe that any form of recovery must be sustainable: meaning based on the principles of responsibility, equity, cooperation, precaution and participation. And indeed sustainability means that our companies are asked to plan their future so as to predict, anticipate, innovate, build and put into practice different methods of growth by means of an integrated action of the various dimensions that determine its evolution: the economic dimension, being the ability to guarantee income, profit and jobs; the social dimension, being the ability to eliminate inequalities, promote social cohesion and improve the quality of life; and the environmental dimension, being the ability to maintain the quality and the reproducibility of natural resources and enrich and enhance our historic, artistic and cultural heritage. Adherence to these principles together with the ability to rally behind them is in our

view the driving force for creating an economy and a society which are truly sustainable. The Reno De Medici Group's response lies in the passion and commitment of every one of us to pursue a desire to improve the quality of life with practical solutions that can benefit society as a whole. Balancing respect for these needs with our economic and financial objectives is an integral part of our business culture, and the 2010 Social and Environmental Report and this second experiment are proof of the sensitivity of the RDM Group and its constant commitment to reaching the objectives of creating shareholder value and protecting the interests of all the other stakeholders.

**Christian Dublè, Chairman**



## Managing Director's Letter

Last year's Sustainability Report was our Group's first experiment in that sense, and it ended with certain commitments. That is therefore the point from which I would like to start in presenting this year's Sustainability Report, because in our view responsibility consists in just that: the ability to provide answers and be accountable for the promises made. The first important goal we have reached is precisely this New Report, with which we want to show our commitment and achieve a standard recognised at an international level. This also as a means of arriving at a stage where we can shortly have full compliance with international standards audited by an outside party.

To succeed in this first step we have been working in the Group throughout 2011 to establish new responsibilities, identify and assign precise duties and objectives, refine management processes, intensify internal controls and improve information flows. The result of all this is that each piece of information, each statement reported, is traceable and has been prepared on the basis of rigorous methodologies complying with the best international standards. But thanks to this commitment we have also succeeded in testing the validity of the processes and systems used for continuing our progress down the sustainability road.

Nevertheless, besides our commitment to an increasingly precise and detailed 'sustainable' communication, our principal duty is to direct our efforts externally. As a leading player in our sector, but also and above all as an attentive witness participating sincerely in the grand process of change taking place, we believe that our main objectives lie on the energy front and in a further reduction in carbon dioxide emissions. We cannot remain silent about the fact that being inherently green, our business, by its very nature, contributes to sustainable development. It may be superfluous to

recall that our raw material is waste paper, which is therefore reused instead of being sent for less environmentally worthy forms of disposal!

We would like to emphasise that the benefits obtained are of the following nature:

- 1) environmental, connected for example with a lower use of virgin fibre in production and the resulting safeguarding of resources regarding the countryside and other natural resources;
- 2) economic, connected for example with the reduction in costs due to a lack of disposal needs (in other words the avoided costs for the tonnes of paper used in recycling instead of being sent for disposal);
- 3) social, connected for example with the contribution made to maintaining employment levels in the paper industry and, more generally, the industry for the production and transformation of cellulose-based products.

But everybody's road towards sustainable growth is 'constantly uphill'. It is not only the item 'crisis' that is slowing down our journey. The problem is rather to be clear, and hence work as a team, about what we ought to understand by sustainability and how the relationship between industry and the local area should be understood at this stage of development. The progress of a genuinely sustainable economy in the more and less rich parts of the planet calls for consensus, the shared participation of all the players, and calls especially for the need to overcome a reasoning based on conflict and for a total opening towards «doing things together» in the search for common solutions. Industry remains a key player in the growth process and should be recognised not only as a link in the production of tangible value but also as a source of intangible value for the local area. A transparent and innovative industry, one that is open to change and attentive to the needs of the community with its various localisations and infrastructure, must be perceived as an ally rather than as a hostile presence, a player taking part in a genuine process of economic and social improvement. That, today, is the first condition for continuing down the long road towards sustainability.

**Ignazio Capuano, Managing Director**





# Summary



## Introduction

Chairman's Letter

Managing Director's Letter



## 1. The concept of Sustainability and corporate social responsibility

The role of businesses in Sustainability



## 2. The RDM Group

Who the RDM Group is



## 3. The values of the RDM Group

The Code of Ethics



## 4. RDM and the environment

The 'Reno De Medici' product and the recycled cartonboard industry

The environmental responsibility of the RDM Group

Process impact indicators

Future plans and prospects



## 5. RDM and people

Human resources

Customers and suppliers

The local community

Stakeholder involvement



## 6. Conclusions



**"one thing leads to another..."**



# 1. The concept of Sustainability and corporate social responsibility

**O**ver the past few years the industrialised countries have felt an increasingly pressing need to tackle the subject of sustainability and the preservation of resources to limit the harm being caused by climate change. The concept of Sustainable Development first arose 25 years ago: it was presented for the first time in 1987 in a paper (the Brundtland Report) issued by the World Commission on Environment and Development (the WCED) and was defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

The first practical commitments towards safeguarding the planet were those made during the Rio de Janeiro “Earth Summit” (in particular Agenda 21, which for the first time

introduced an approach based on increasing the awareness of all the jointly concerned parties, namely authorities, citizens and businesses) and in the Protocol drawn up at the Kyoto meeting in 1997, which expires in 2012, which requires a reduction of 5.2 per cent of greenhouse gases compared to their 1990 levels and which sets the objective of encouraging a more sustainable conception of economic development.

The most recent conference in chronological order was the Durban conference. To avoid the failure of the three previous Conferences of the Parties (COPs), Copenhagen, Singapore and Seoul, it was decided to extend the Kyoto Protocol restrictions until 2020, deferring the negotiations for a new agreement (which for the first time should involve all

the large CO<sub>2</sub> producers from the United States to China, passing by way of India and Brazil but also Canada and Australia) to COP 18, which is scheduled to take place in Qatar, and giving clearance to the Green Climate Fund to provide aid to developing countries for adjusting to global warming.

As confirmed at these conferences, the aim of sustainable development is to create systems of production and a consumption of goods and services that are capable of combining the needs of development and economic growth with respect for the environment and the people who live in each environment. The business world has a priority role to play in this sphere: its awareness of these issues, in fact, can considerably revolutionise the social and ecological impact that human activities have on our planet.

## The role of businesses in Sustainability

The past ten years have seen a change in the role of the business in society. Certain key events which have led to this

are the globalisation of the markets, the emergence of social and environmental global challenges such as HIV/Aids and climate change, as well as the decrease in the ability of national governments to find solutions to these issues on their own. In addition, there has been a rising influence in the number of organisations in society.

At an international level we have been seen a process taking place in which businesses and society have become closer as the result of the increasing emphasis being placed on the issues of sustainability and corporate responsibility. Businesses must conduct themselves in an ethical manner, which means not only complying with the law but also setting up a proper relationship with the environment, adopting policies which respect the individual and more generally take on a positive role towards the economic and social context in which they work. The RDM Group adopts forms of conduct and measures aimed at making its activities more sustainable on a voluntary basis. We will show you how it does so in this report.

# Responsibility

## We take this word very seriously

**At the foundations of the RDM Group's mission is the commitment to contribute in a practical way to the creation of a better world. We are aware that businesses like ours can have a considerable impact on the planet and we are convinced that by responsible conduct we can minimise the negative effects and maximise the positive ones. We believe that every business which calls itself responsible must be involved in the preservation of the environment on which our future, but first and foremost that of our children, depends.**

The RDM Group does not only believe in the value of preserving natural resources but also in that of having a positive impact on the society in which it operates. We do our best to create a healthy, correct and honest working environment in which our workers (employees and non-employees) can operate in the best way possible. Not only this, but we also concern ourselves with the impact that our activities may have on the local communities, and are committed to interacting with all the parties concerned to find the best solutions for everyone.

Our values require us to carry out our work with respect for the planet and the people who live on it. We should like to share our experience, our plans and our efforts with you by means of the Social and Environmental Report, the second we have produced but undoubtedly one of the first of a long series.

# What we want to communicate

Until a short while ago a business mainly concerned itself with winning the trust of its shareholders by using accounting data; in particular, the bottom line of its income statement provided an excellent summary for this purpose.

Reporting now starts out from an approach called the “triple bottom line”, by which data are measured not only on the basis of economic criteria but also those of an environmental and social nature.

The main aim of this report is to share our commitment and path towards Sustainability with our stakeholders. In this report you will find:

- Transparency in the provision of data and information
- Pride in belonging to a Group that stands out in Italy and Europe for the quality of the way it works
- Commitment to increasingly bettering ourselves.

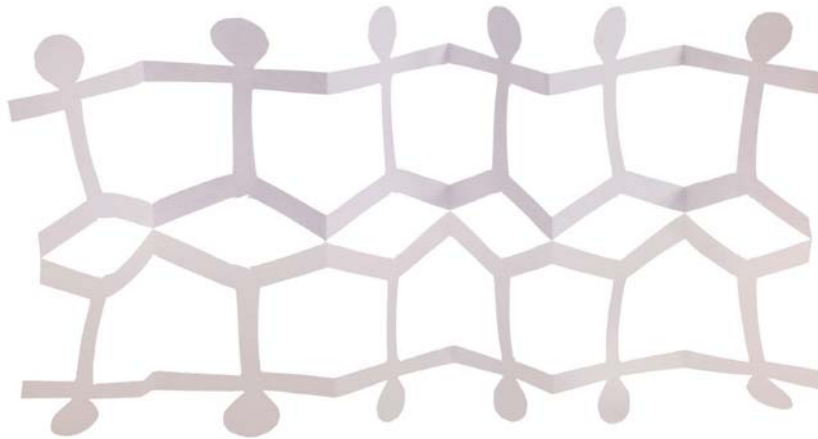
## Note on method

The intention of this report is to explain the link between:

- the Group’s values
- our commitment in and towards the Company and the Environment
- the management of stakeholder relations.

The report’s scope comprises the companies of the RDM Group excluding Manucor S.p.A., Packservice S.r.l. and those headed by Careo S.r.l., and this is consistent with the consolidation scope of the annual financial report. For information of an economic and financial nature and that relating to litigation reference should be made to the statutory accounts and the consolidated financial statements.





**"A peer group does everything  
one can if they share the same goal"**



## 2. The RDM Group

### Who the RDM Group is

**t**he Reno De Medici Group is the leading Italian and second ranked European producer of cartonboard based on recycled material. The various types of cartonboard produced by the Group find application in all sectors, although their main use is in the packaging sector.

The Group is present not only in Italy but also in Spain, France, Germany and the United Kingdom. The various types of cartonboard produced by the Group are used for all applications in the packaging and publishing sectors. RDM products are proposed to the market through a series of marketing lines so as to come close to customer needs and improve the effectiveness of the service provided. Cus-

tomers service, in fact, is an essential value for RDM, which pursues the objective of responding to the needs of both manufacturing and using the product, becoming the ideal partner of converters and end users for ensuring quality, innovation and convenience.

RDM is also actively committed towards the environment through its attentive management of the energy resources and natural resources required in the manufacturing process. The closed cycle value chain of the recycling-based product is one of the Group's strengths as far as the sustainability of its activities is concerned. RDM pursues its mission in strict obedience to the objective of creating value for its shareholders.



## Profile of the Group

**1,500 employees**  
between Italy and Europa

**The European market**  
Second ranked European producer of  
cartonboard based on recycled material.



**8 manufacturing sites in Europe**

**Established in 1926**

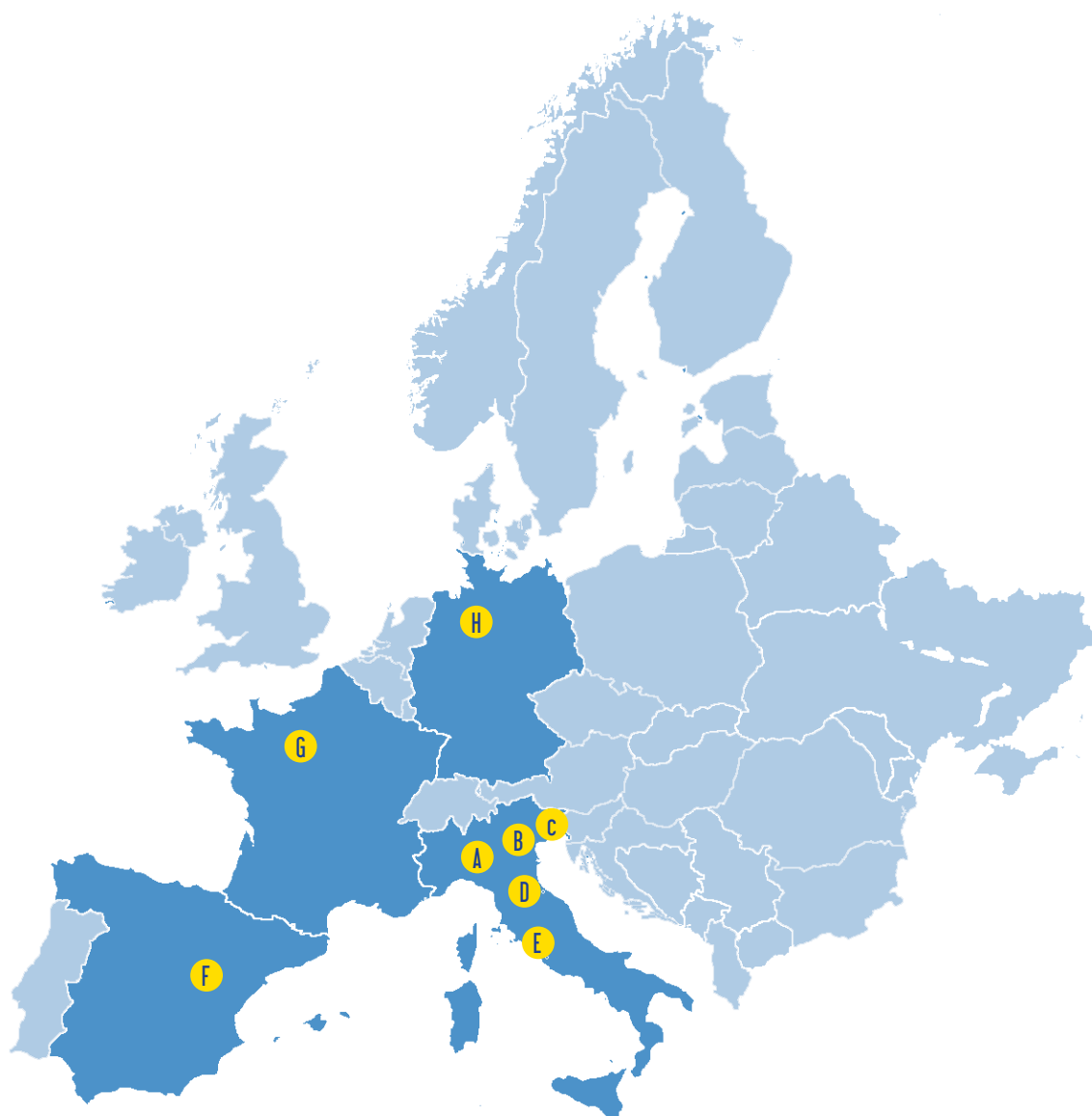


**Turnover**  
Turnover amounted to 505 million euros  
in 2011.

**Products**  
The Group's products are used in all  
applications in the packaging and  
publishing sectors.



## Production Sites



### MAP OF MANUFACTURING SITES IN EUROPE

A) Magenta, Milan, Italy

B) Santa Giustina, Belluno, Italy

C) Ovaro, Udine, Italy

D) Marzabotto, Bologna, Italy

E) Villa S. Lucia, Frosinone, Italy

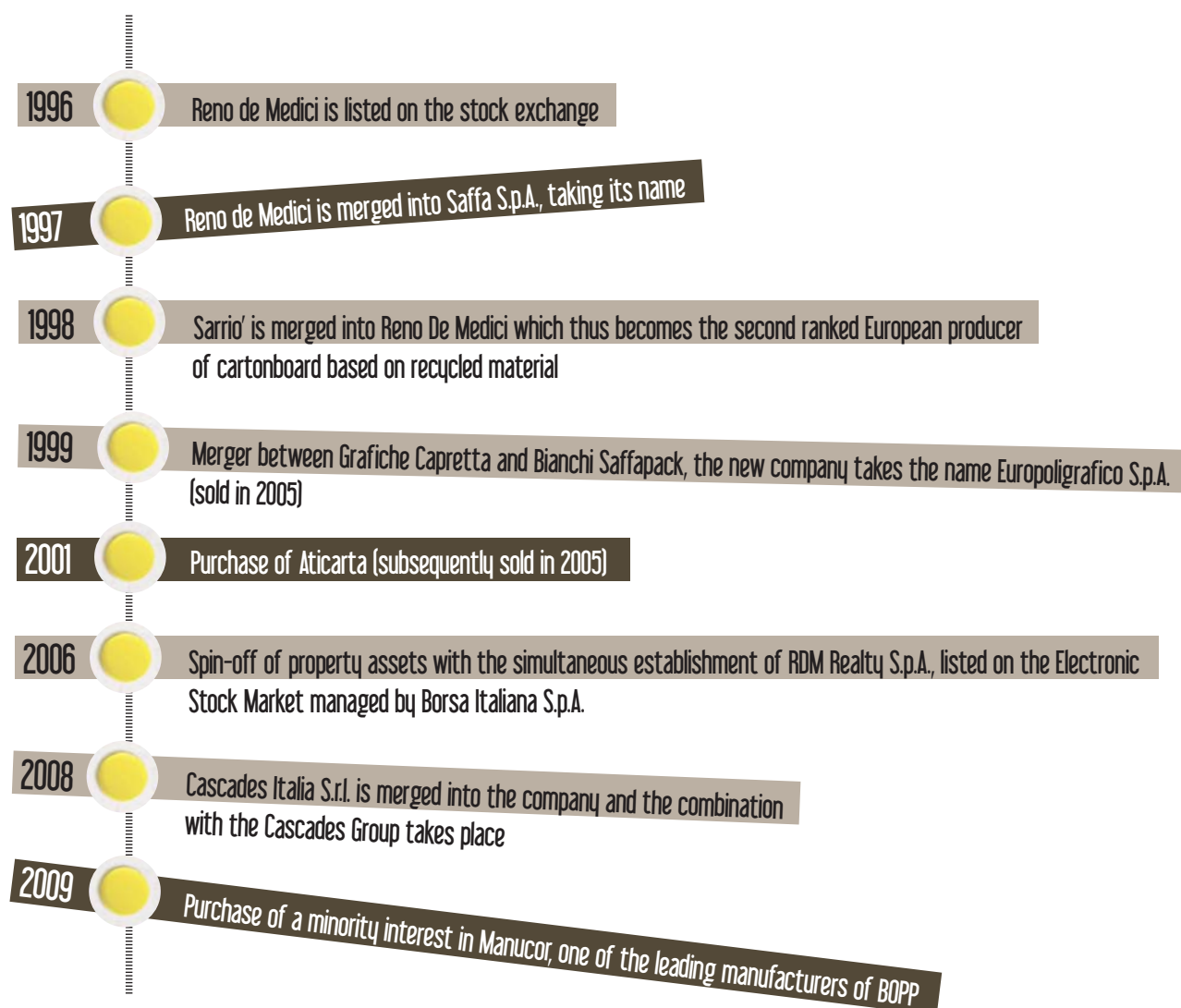
F) Almazan, Spain

G) Blendecques, France

H) Arnsberg, Germany

## The Group's History

As far as its structure is concerned Reno De Medici is the result of various operations which are summarised in the following. The chronology has been limited to the events of the past 15 years given that the Group was originally established in 1926.



### The RDM Group's system of corporate governance

RDM's organisation is based on the traditional model and complies with the requirements for listed issuers. RDM adhered to the Corporate Governance Code adopted by Borsa Italiana in March 2006. The system of corporate governance

established by the Company sets itself the main objective of creating shareholder value, being aware of the importance of transparency in selecting and forming business decisions and the need to have an effective internal control system.

Set out below are the main tools used by the Company in complying with the most recent laws and regulations, the requirements of the Corporate Governance Code and national and international best practice:

- Bylaws
- Code of Ethics
- Organisational, Management and Control Model pursuant to Legislative Decree no. 231/01 and related protocols and procedures.
- Internal Control Committee regulations.
- Procedure for related party transactions. Procedure adopted pursuant to article 4 of Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments and additions.
- Regulations for handling Inside Information and the establishment of a Register of persons having access to that information.
- Internal Dealing Code.

## Company Bodies

### Shareholders' General Meeting

This body has competence for adopting resolutions in ordinary and extraordinary session on matters reserved for it by the law and/or the Company's bylaws.

### Board of Directors

This body is granted the widest powers for the ordinary and extraordinary management of the Company, having the faculty to take all such actions as may be appropriate for achieving the corporate purpose, excluding those reserved - by the law or the bylaws - for the shareholders' general meeting.

### Internal Committees of the Board of Directors

The Internal Control Committee, the Related Party Transaction Committee and the Compensation Committee have been established within the Board of Directors to increase the effectiveness and efficiency of the Board's work.

### Executive Director in charge of the Internal Control System

On 27 April 2011, the Board of Directors appointed the Managing Director, Ignazio Capuano as the executive director in charge of supervising the working of the internal control system.

### Internal Control Officer

A important role in the internal control system is performed by the Internal Auditor who also holds the position of Internal Control Officer.

The Internal Control Officer must:

- ensure that the supervisory activities as per Legislative Decree no. 231/2001 are being performed;
- update the system for the identification, classification and assessment of risk areas for the purpose of planning testing;
- carry out scheduled (with the programme approved by the Supervisory Body) and unscheduled testing;
- ensure that relations with the independent auditors are maintained;
- maintain relations with the Supervisory Body, the Internal Control Committee and the Board of Statutory Auditors and ensure that information flows with these bodies are taking place.

### Supervisory Body

The Board has approved the establishment of a Supervisory Body, selecting a collegiate structure for this body. More specifically, the body currently consists of 2 Independent Directors and one member coming from the Company who holds particular and specific skills in matters regarding Legislative Decree no. 231/2001.

### Board of Statutory Auditors

This body has the duty to supervise the following:

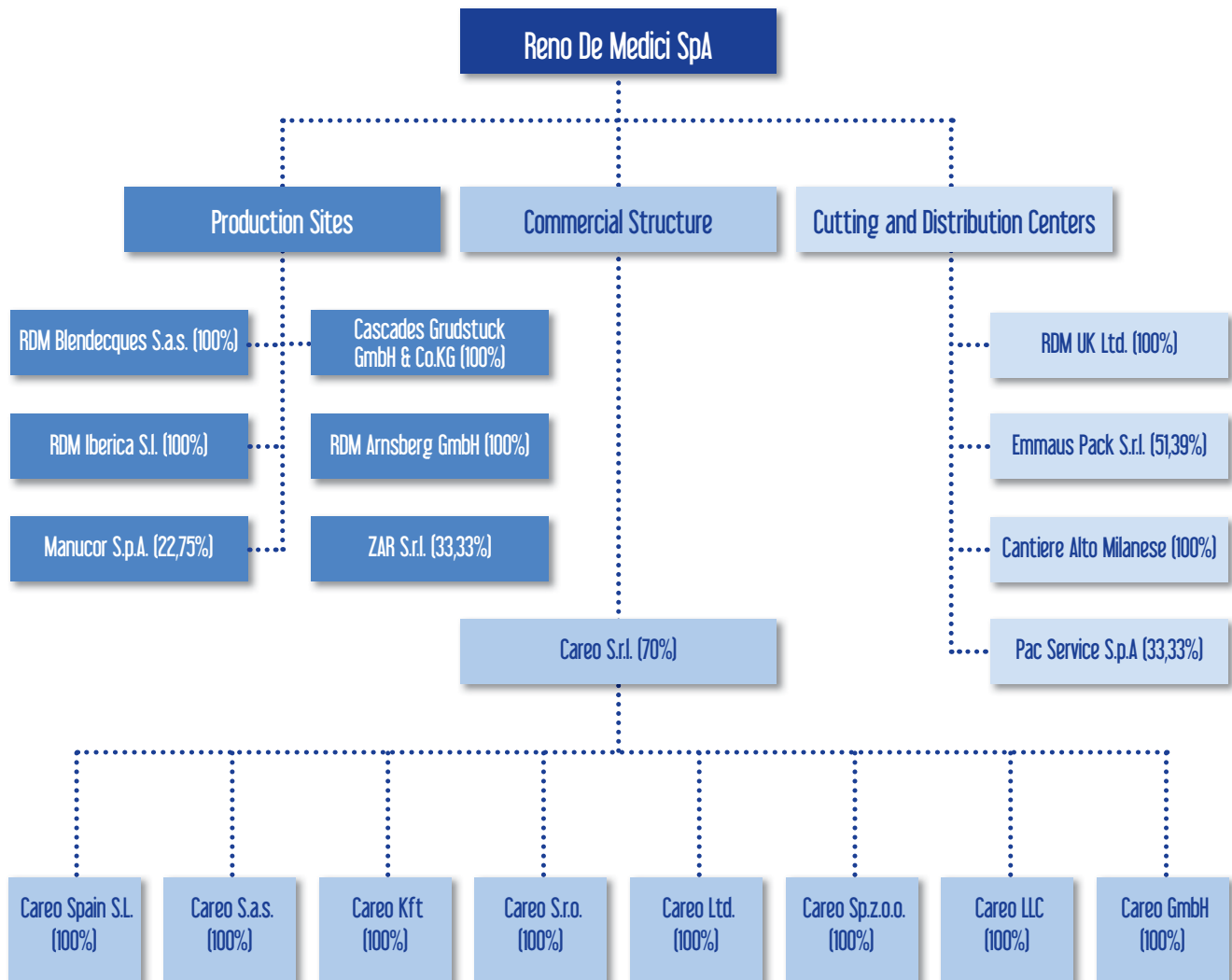
- that the law and the Company's bylaws are complied with together with the principle of proper management;
- that the Company's organisational structure, its system of internal control and its administrative and accounting system are adequate; this includes ensuring that the latter system is reliable for representing operations correctly and that the means by which the corporate governance rules provided by codes of conduct prepared by companies managing regulated markets or by trade associations, which in public statements the Company declares it complies with, are implemented in practice;
- that the instructions given to subsidiaries in respect of the information to be provided to satisfy communication obligations are adequate.

### Independent Auditors

Auditing is performed by a specialised company registered in the Consob roll, appointed by the shareholders' meeting on the opinion of the Board of Statutory Auditors.

PricewaterhouseCoopers S.p.A. has been appointed to as RDM's auditor and is engaged in a similar manner in almost all of the companies of the RDM Group. PricewaterhouseCoopers S.p.A.'s appointment will expire on the approval of the financial statements for the year ended 31 December 2011.

# Group Structure



## Value added

DIRECTLY GENERATED ECONOMIC VALUE		
Revenues	Revenues consist of: <ul style="list-style-type: none"> <li>• net sales</li> <li>• income from financial investments</li> <li>• revenues from the sale of tangible and intangible assets</li> </ul>	505.105
DISTRIBUTED ECONOMIC VALUE		
Operating costs	Operating costs consist of all the payments made to third parties for the purchase of materials, product components, plant and equipment and services	434.940
Payroll and benefits	Total payroll consists of employee wages and salaries, including payments to the public administration made on behalf of employees (employees' taxes, social security contributions and unemployment funds). Total benefits consist of the regular contributions and support tools for employees, such as lodging, loans without interest, subsidies for public transport, study grants and lay-off schemes (cassa integrazione in Italy)	52.500
Payments to providers of capital	These payments consist of: <ul style="list-style-type: none"> <li>• Dividends to all of the shareholders</li> <li>• The payment of interest to lenders including those of all forms of debt and loans</li> </ul>	7784
Payments to the public administration	This item consists of taxes and duties (on income, receipts, property, etc.) and the related penalties paid by the organisation at an international, national and local level	4.129
<b>RETAINED ECONOMIC VALUE</b> (calculated as the difference between directly generated economic value and distributed economic value)		5752



**“we will go a long away  
thank to our value system”**



### 3. The values of the RDM Group

**f**rom the time it was first established, RDM initially and then the Group as it currently is, have been committed to applying and complying with rigorous ethical principles in performing their activities.

The RDM Group believes that complying with ethical rules in managing a business, qualifying its own reputation and that of those working with it, is an essential condition for the success of its mission and reaching the objectives it has set. Complying with and applying rigorous ethical principles has enabled the RDM Group to stand out for its seriousness, reliability and professionalism, and this has always allowed it to be held in esteem at a national and international level.

#### The Code of Ethics

The Code of Ethics is the Group's "Constitutional Charter", namely a charter of rights and moral duties setting out the ethical and social responsibility of every person who is a member of the business organisation. Since this acts as a practical guide to doing business, containing as it does the moral standards of conduct for everyone working in the Group, it assumes a strategic role for the business.

The standards contained in the RDM Group's Code of Ethics act as the reference principles and lines of conduct to which all those people acting on behalf of the RDM Group must use as an example, including in their inter-personal relations within the Group itself. Our Code of Ethics is a means of preventing irresponsible or illegal conduct being performed by anyone acting in the name of and on behalf of the Group.

Compliance with laws and regulations, propriety, moral rigour, trust and collaboration with stakeholders are the ethical principles inspiring the Company and the Group as a whole, all of which with the aim of competing effectively and loyally on the market, creating shareholder value, increasing the satisfaction of the Group's customers and looking after the professional and human growth of the Group's human resources.

The Code of Ethics is brought to the attention of all its recipients and anyone with whom the Company has business relations. The directors and employees of RDM have the responsibility for supervising that the Code of Ethics is implemented and applied, and if they find any breaches they must report these to the Supervisory Body. The Code of Ethics is published on the website: [www.renodemedici.it](http://www.renodemedici.it)



**"Our fathers did not give us away the Earth; they  
consigned It in order to leave to young generation"**





## 4. RDM and the environment

**t**he awareness that natural resources are finite and that the level of pollution generated by human activity can cause the disruption of the balances between the various sectors of the environment, leading also to potentially negative repercussions on populations, is increasingly widespread.

Human activity is an extremely influential factor on the health of our planet. Businesses play a fundamental role in containing this environmental burden and it is therefore important for them to make a practical commitment to reducing the impact they have through a series of measures aimed at reducing consumption and greenhouse gas emissions.

This chapter consists of a presentation of the Reno de Medici product in the context of the paper and recycled cartonboard industry, together with an explanation of its environmental qualities. Further on the RDM Group's environmental commitment is discussed.

### The 'Reno De Medici' product and the recycled cartonboard industry

The RDM Group operates in the packaging sector, producing cartonboard starting from secondary raw material. The main function of packaging is to provide protection for the item inside during the various stages ranging from production to shipping and sale. Nevertheless, it does not only act as a pure and simple protective casing, it is also a genuine identity card of the marketed item which enables information to be communicated.

The first image which is useful for describing a product and making it visibly interesting is accompanied by a series of information regarding, for example, the production chain, the components or ingredients, the instructions for use, the nutritional characteristics or the material with which the packaging is produced and any specific means of disposal.

Increasing emphasis is being given to this last point, since we can no longer fail to have an analysis and design of packaging that does not place emphasis on the ethical use of production resources and the need to be able to reuse or recycle the packaging once it has been used.

Cartonboard packaging plays a key role from this point of view. Products such as paper and cartonboard packaging, in fact, are used by millions of people every day, are appreciated for their external characteristics and make it possible to aim at a good level of sustainability, as they can be reused or in any case easily sent for recovery by the consumer by means of the differentiated collection of paper.

Given an increasingly entrenched emphasis placed by the consumer on the proper disposal of cartonboard packaging, together with an increasingly efficient system of collecting and recycling this item, an ever rising proportion of cellulose packaging is derived from secondary raw material rather than virgin raw material. According to the BIR (Bureau of International Recycling), approximately 365 million tonnes of paper and cartonboard are produced each year in the world, of which around 46% derives from recycled paper and cartonboard.

The consumer has become increasingly demanding and careful about the details contained on the label, and the wrapping, the packaging, is at the centre of his attention because it is the bearer “at first sight” of the product’s sustainability values.

Wrapping in recycled material, in bio-plastic or in Forest Stewardship Council certified paper, studied to save space and raw materials, sends a clear, visible and direct message to the consumer as to the full circle sustainability of the product, so well looked after and ecological that it must also be so starting from the packaging.

The role of packaging has undergone a profound transformation over the past few years, passing from a simple containing and distributing element to a truly strategic tool of marketing and for “dialogue” with the consumer of the product. In this context the innovation and development of new products become basic and essential elements for a business that wants to propose itself in an effective and proactive manner within an increasingly complex and rapidly evolving market.

The RDM Group’s aim is to propose itself in this scenario with

the objective of representing a skill centre and a centre of excellence in the development of packaging solutions.

In order to pursue this objective, the development of new products in the RDM Group is based on principles aiming at reducing the use of non-renewable resources and water consumption and increasing the use of secondary raw materials (such as waste paper) in the production chain, but also ensuring food safety for the end consumer.

From an environmental standpoint the main strengths of cartonboard packaging may be summarised as follows.

### **a. Sustainable management of the primary resource**

Paper and cartonboard derive from biomass, a resource that is constantly increasing and which may therefore be called renewable.

This specific quality would lose all its meaning if man were to begin withdrawing more than nature can naturally recreate. European forests, though, do not present this problem. As in fact stated in the 5th MCPFE (Ministerial Conference on the Protection of Forests in Europe) report, Europe’s forested area has increased by almost 13 million hectares over the past 15 years, an area roughly the size of Greece<sup>1</sup>. This is also made possible by a constant increase in the use of trademarks regarding the sustainability of forest management, amongst which for example are the FSC (Forest Stewardship Council) and PEFC (Programme for Endorsement of Forest Certification Scheme) trademarks. Reno De Medici has obtained FSC multisite certification, which guarantees that the portion of virgin raw materials used to produce cartonboard derives from forests which are managed responsibly in accordance with environmental standards.

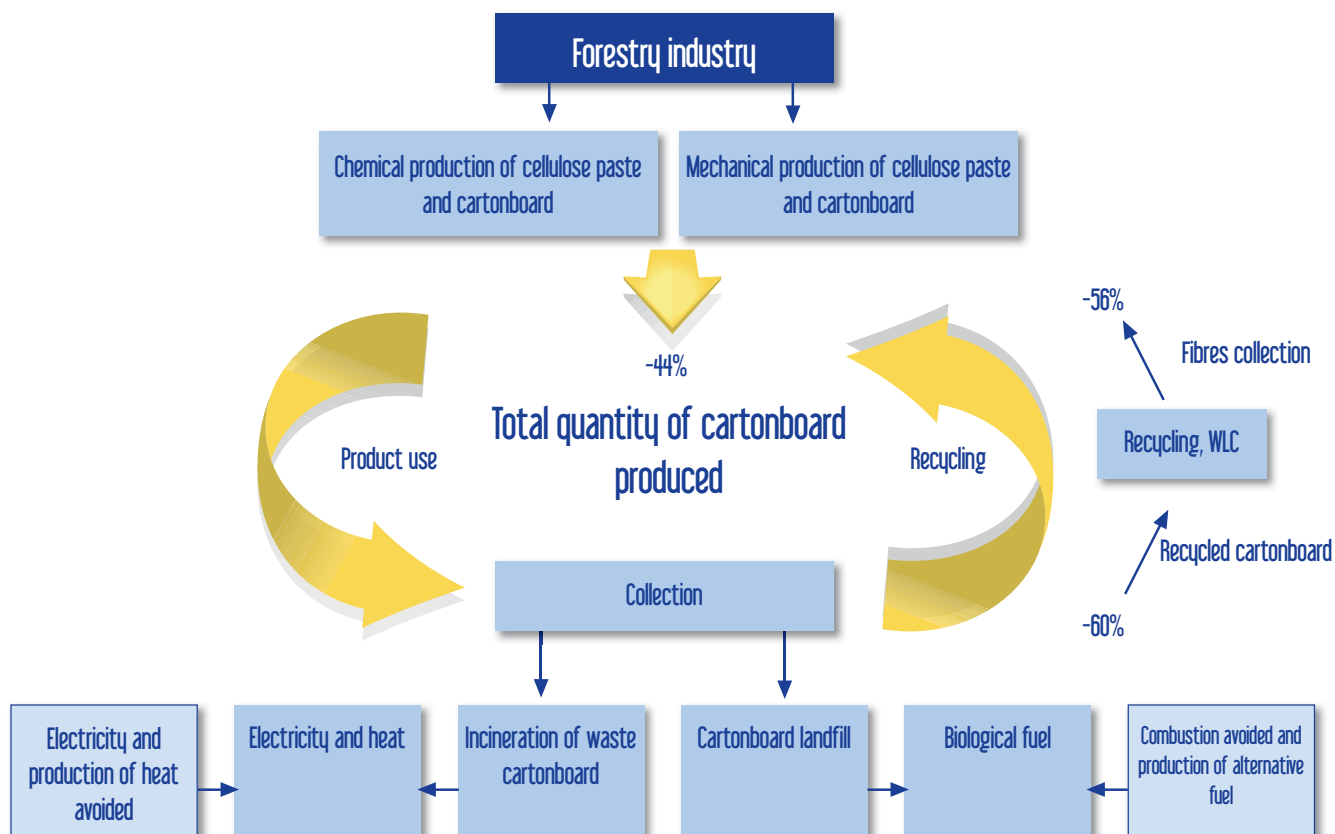
### **b. CO<sub>2</sub> storage**

During its natural growth period, wood, a raw material used in the production of paper and cartonboard, absorbs carbon and stores it internally; if this carbon were otherwise to remain in the atmosphere in the form of CO<sub>2</sub> it would contribute to global warming. The recycling of paper and cartonboard is fundamental from this standpoint as it lengthens the time period during which the carbon remains fixed in the product. It is estimated that to one tonne of cartonboard packing, CO<sub>2</sub> storage of 1,474 kg<sup>1</sup> can be associated.

<sup>1</sup> FIFTH MINISTERIAL CONFERENCE ON THE PROTECTION OF FORESTS IN EUROPE - 2007

<sup>2</sup> “Carbon Footprint of Cartons in Europe - Carbon Footprint methodology and biogenic carbon sequestration” – IVL - 2010

## Life Cycle of a Cartonboard Product



### c. Paper and cartonboard can be reused and recycled

The recycling of paper and cartonboard in Europe is very efficient and enables composite products to be obtained which are even made completely out of recycled fibre.

By using suitable equipment, paper and cartonboard are pulped, thus obtaining a homogenous paste which can be used for producing new cellulose materials. The use of pulp enables a reduction to be achieved in the volume of material sent to landfills, thus saving a precious resource which would otherwise be destroyed.

Paper cannot be infinitely recycled, though: Pro Carton has estimated that the fibres can be recycled efficiently 5 to 7 times, after which the material loses its characteristics and cannot be further recycled, at that stage inevitably destined for final disposal in a landfill or through energy recovery.

The following brief diagram enables the life cycle of a cartonboard product to be understood better.

### d. Use of renewable resources

According to the CEPI (Confederation of European Paper Industries) the European paper industry is the largest consumer and user of renewable energy in Europe<sup>1</sup>. In fact the European paper industry is extremely virtuous, both in its reuse of the waste and residues from the biomass processing and in its use of efficient cogeneration systems. These latter enable heat and electricity to be obtained at the same time and these are then used in the various manufacturing activities, ensuring a considerable saving in the use of fossil resources and thus avoiding the environmental impact connected with these.

<sup>3</sup> CEPI – Sustainability report – 2009

## Our environmental responsibility

The RDM Group works from the standpoint of environmental sustainability, having as its objectives on the one hand economic growth and on the other social progress and the protection of the environment.

As a consequence the Group is constantly committed to reconciling the search for competitiveness on its reference market with an increasingly high level of performance in protecting the environment.

The RDM Group contributes to sustainable growth by endeavouring to plan and conduct its processes in such a way as to take the usage of resources to a maximum and hence the waste of resources to a minimum. For this reason short- medium- and long-term improvement programmes have been set up with the aim of constantly improving the Group's environmental performance.

### The environmental aspects of the production process

The cartonboard production process can be separated into three basic stages: the preparation of the paste, the formation of the sheet and the finishing.

**The first stage** takes place in the pulpers which carry out the pulping of the fibrous raw materials, separating the fibres at an elementary stage in aqueous solution and thus preparing them for the subsequent refining and cleansing treatments. This stage envisages a high consumption of raw material (wood pulp, waste paper, etc.) and water.

**The second stage** leads to the formation of the reels and takes place on the board machine: the fibrous mixtures are channelled into the flow boxes of the shaping drums and of the paper machine and the sheet thus formed is sent to the pressing and drying area.

**The third and final stage** envisages the cutting of the reel and the packaging of the end product.

The second and third stages envisage a high consumption of energy (in particular to allow for the evaporation of the water contained in the sheets).

The environmental aspects of the Reno de Medici processes therefore regard the use of raw materials and water and the consumption of energy. A short description of these is provided in the following.

### a. The recovery of secondary raw materials

The main raw material used in the production cycle consists of waste paper selected to ensure a product that is reliable in qualitative terms and respectful of the environment. In substance, RDM's manufacturing process has its bases in the principle of the recyclability of the secondary raw materials and hence a constant optimisation of resources. Two benefits are achieved with this approach: on the one hand less pressure is put on the forests and on the other there is a reduction in waste thanks to the allocation of the waste paper collected by differentiated means.

### b. Water: what is used is returned to the environment

An alarm is arising from various sources throughout the world about the availability of water. Although there are large quantities of water on the earth (consider the oceans), in actual fact it is estimated that by 2025 water withdrawal will increase by 50% in the emerging countries and by 18% in the developed countries. The scenario envisaged for the scarcity of water by 2025 appears dramatically worse than the present one. The areas characterised by a high withdrawal level of available resources (that exceeding 20%) will substantially increase, extending to the whole territory of the United States, continental Europe and southern Asia and worsening in percentage terms in large areas of Africa and the Indian peninsula<sup>4</sup>. It is increasingly evident that the issue of water is becoming at least as important as that of greenhouse gas emissions.

Given this situation, the paper industry is being loudly called upon, as the paper and cartonboard production processes use a considerable quantity of water and the role of the manufacturers is therefore becoming fundamental for putting the right steps into practice to minimise consumption, regardless of the ease of access to water resources.

Over the past decade Reno De Medici has placed a great deal of emphasis on the issue of water by starting up improvement programmes which have enabled consumption to be reduced by up to one third over the starting point. In addition to this purification equipment is present at all plants, which allows used water to be treated and returned to the environment.

<sup>4</sup> Barilla Center for Food and Nutrition, 2011. Water Economy. [[http://www.barillacfn.com/paper/it-watereconomy\\_bcf2011.pdf](http://www.barillacfn.com/paper/it-watereconomy_bcf2011.pdf)]



### c. Energy saving

The consumption of energy, and in particular the use of fossil fuels, is certainly one of the main aspects leading to emissions of greenhouse gases. That is why it is fundamental to reduce energy consumption and, secondly, to direct that consumption towards renewable resources. In this context too Reno de Medici has started up numerous improvement programmes which have enabled consumption to be reduced.

One fundamental aspect is the fact that all of the Group's facilities are equipped with cogeneration plants which allow for the combined production of heat and electricity, both of which are used a great deal in the paper-making process, starting from a single energy source. The EU in its 2005 Green Book (Directive 2004/8/EC) has also recognised that cogeneration is one of the most efficient

systems for producing energy. This Directive recognises cogeneration as a valid solution for reducing primary energy consumption and CO<sub>2</sub> emissions and as a possible rationale for satisfying future energy needs. One need only consider that a cogeneration plant can reach conversion efficiencies exceeding 50%, while conventional thermoelectric power stations arrive at around 35%.

### d. Attention to logistics

We obtain our supplies from the area closest to the facility (100-200 Km) and we deliver to our customers' closest conversion sites. We have introduced procedures with our customers aimed at minimising the impact of transport and the production chain.





# Certifications

All protocols and regulations driving constant improvement start out from the assumption that to achieve that improvement “the first point is to measure”, meaning by this the fact that it is impossible to follow any improvement programme if the right indicators for measuring advances have not been identified. For this reason Reno De Medici has decided to proceed by using certified environmental management systems (ISO 14001), standards which define the requirements for quality management systems (ISO 9001) and certifications that ensure that the raw materials used come from sustainably managed forests (FSC).

The goal which RDM would like to reach is that of obtaining certification (ISO14001, OHSAS 18001, etc.) in accordance with the standards currently valid for the specific locations, the various operating sites of Group companies, to arrive at an EMAS registration for those which are owned. The Reno De Medici has decided to join international schemes to enable it to communicate certain values connected with its products.

A list of already existing certifications is set out below by factory.



## Focus ISO 14001

A system certification which identifies one of the international standards of the ISO 14000 series relating to the environmental management of organisations. The standard establishes the requirements for an “environmental management system” of any organisation and compliance with those requirements is certified by an accredited certification body.

ISO 14001 certification is voluntary: a company decides to establish/implement/ keep active/improve its environmental management system. The certification does not attest an organisation’s environmental performance but demonstrates its commitment to a continuous and systematic monitoring of the environmental aspects (emissions, discharges and waste) of its activities and to improving its performance in these areas.



## Focus FSC

FSC is an international, independent and not-for-profit NGO which has as its members environmental and social groups, indigenous communities, forest owners, industries which process and sell wood, scientists and technicians who all work together to improve forestry management throughout the world.

The FSC® trademark identifies products containing wood coming from forests managed in a correct and responsible manner in accordance with rigorous environmental, social and economic standards. The Group has multi-site FSC certification which ensures that the wood used in the cartonboard packaging production process at each factory comes from properly managed forests.



## Focus ISO 9001

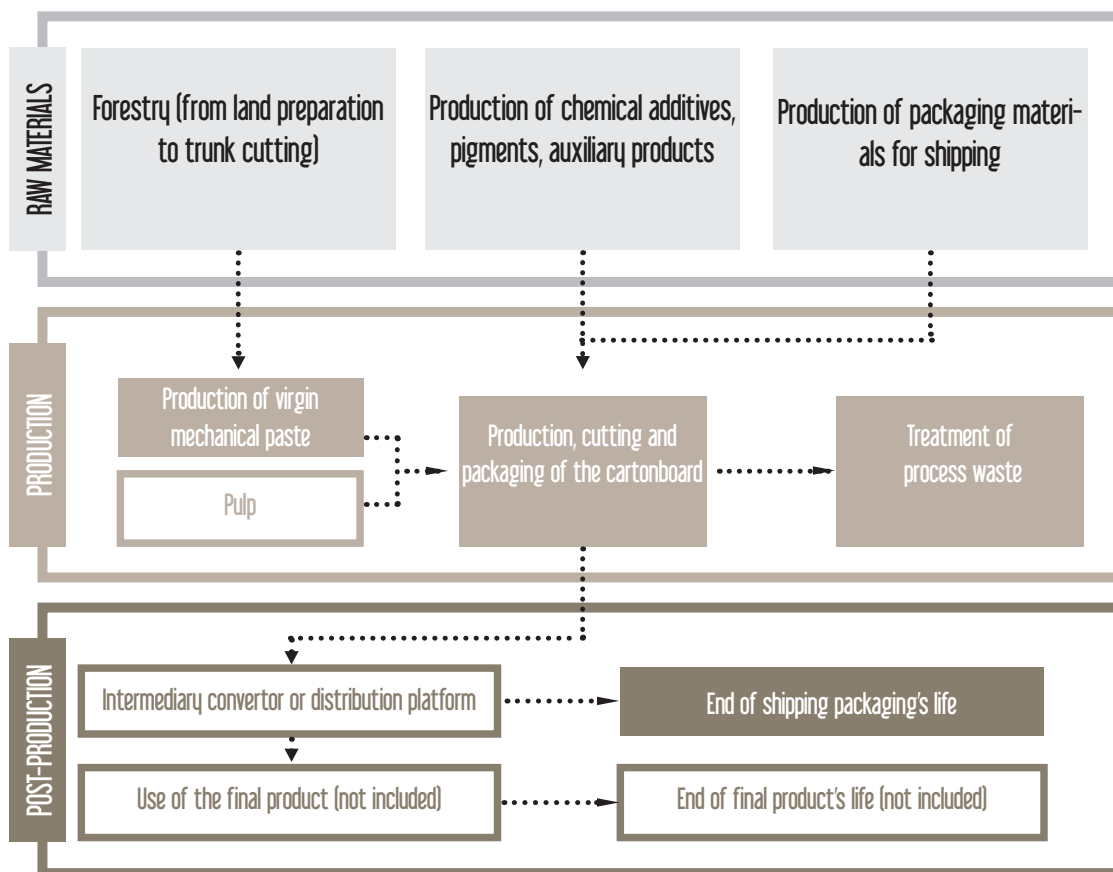
ISO 9001:2008 is the reference standard, recognised worldwide, for the certification of the quality management system of organisations in all production sectors and of all sizes.

The ISO 9000 standards are universal and are applicable regardless of a business’s size or industry. Standard ISO 9001 establishes the requirements for creating a quality management system and compliance with those requirements is certified by an accredited third party certification body. Certification is voluntary.

## Our Certifications

	ISO 9001, ISO 14001, FSC
	ISO 9001, ISO 14001, FSC
	ISO 9001, ISO 14001, FSC
	ISO 9001, FSC
	ISO 9001, FSC
	ISO 9001, ISO 14001, FSC, OHSAS 18001, QSE, HACCP
	ISO 9001, ISO 14001, FSC, EMAS

# Production Process Environmental Analysis



## Life Cycle Assessment and the EPD

To assess the environmental effect of each stage in the production cycle for its products, Reno De Medici uses Life Cycle Assessment (LCA) methodology and publishes its results by means of the Environmental Product Declaration (EPD).

The EPD is a voluntary environmental label which contains a description of the product's environmental performance, a sort of environmental identity card, constructed on the basis of three main guidelines: standard ISO 14025, the rules of the International EPD System and Product Category Rules (PCR).

EDPs are based on three fundamental principles:

- Objectivity, as the declared environmental performance is assessed using life cycle assessment methodology;
- comparability, as it is possible to make a comparison with other products of the same category whose environmental impact has been calculated following the same specific rules;
- credibility, as both the LCA and the EPD are tested by an independent third party.

As of today the Group has published two EPDs which relate to Vincicoat 112-350 g/m<sup>2</sup> cartonboard and Vinciliner 115-210 g/m<sup>2</sup> cartonboard, and these may be downloaded from the website [www.environdec.com](http://www.environdec.com), and it is planning to develop further EDPs for other types of cartonboard.



## The safety of our products

A significant part of the RDM Group's production is dedicated to food packaging, where one of the most recent concerns connected with the health and safety of food products regards the phenomenon of the possible migration of substances from the packaging material to the food it contains.

It should firstly be pointed out that all of the RDM Group's products comply with the legislation in force at both a national and European level (EC 1935/2004, Ministerial Decree 21/03/1973, BfR Recommendation XXXVI, etc.) and are therefore safe and suitable for the food market. In addition, in order to be certain that it is supplying its customers with efficient and safe products, the RDM Group has created a control system for the raw materials used and for any possible points of its processes requiring attention. The working methods adopted by the RDM Group comply with the requirements of standard UNI EN 15593:2008 regarding the acceptance of the reel and the winding, cutting, packaging and shipping of cartonboard coming into contact with dry solid foodstuffs (certificate issued by Bureau Veritas on 11 January 2012 which is valid until 10 January 2015).

Although our products respond perfectly to whatever may be prescribed, our business philosophy, namely to provide customers with packaging materials which respond to requirements of the utmost reliability in terms of quality and safety, goes beyond this with a constant commitment to research and development, and therefore we will go into further detail on the subject known as migration.

What does migration mean? As is known, our raw material is waste paper. At times, this product (for example because of print) contains mineral oils which might migrate from the cartonboard to the product it contains. For completeness, it should be pointed out that the scientific community has not yet identified with any clarity the substances which are really harmful for human health, nor the related tolerance/danger limits nor even a single method of analysis. The result has simply been a flourish of articles and short pseudo-scientific television programmes which, in our opinion, have not informed the consumer in any way but have rather simply given rise to confusion.

On 15 December 2011, the most reliable scientific source in the industry, the UK Food Standards Agency (FSA), published the results of a survey which looked at over 350 food

products sold in both virgin fibre and recycled cartonboard containers. The conclusions of Dr. Alison Gleadle, the FSA Director of Food Safety, speak for themselves. She stressed that 'based on these survey results, people don't need to change their eating habits!', because although the presence of mineral oils in food packaging cannot be denied, the results show that there are no risks to human health.

The RDM Group has in any case continued with its research, which is aimed at constantly improving its products and which concentrates on the production of recycled fibre cartonboard with low mineral oil content and on the development of a barrier to prevent the migration of the oils. Both lines of research aim to provide a product that is even safer and continuingly suitable for the use to which it is put. To take our research project ahead, we have engaged two of the most important and prestigious Italian universities to carry out scientific studies aimed at providing further validation of our products within the realm of food use.

The first is the Department of Food Science at the University of Udine, which has been asked to perform research aimed at assessing the presence of mineral oil saturated hydrocarbons (MOSH) and mineral oil aromatic hydrocarbons (MOAH) in cellulose matrices and their ability to migrate into food products and their simulants.

The second is the Department of Management and Technology at the Sapienza University in Rome, which is creating a qualification and certification system for the production cycle and the end product which is based on a direct analysis of these and on a specific Quality Management System, applicable to paper and cartonboard made from recycled material and to be used for the production of packaging for food products.

To all of this should be added the project being conducted with a leading operator of the management sector in the health area for bringing Reno Dei Medici's production infrastructure and Quality System (QMS) into line with the strictest voluntary quality standards. When the Quality Management System has been completed, and this is expected to occur by the end of 2012, the RDM Group will be a manufacturer of recycled paper and cartonboard for food products at the highest level to be found on the market.

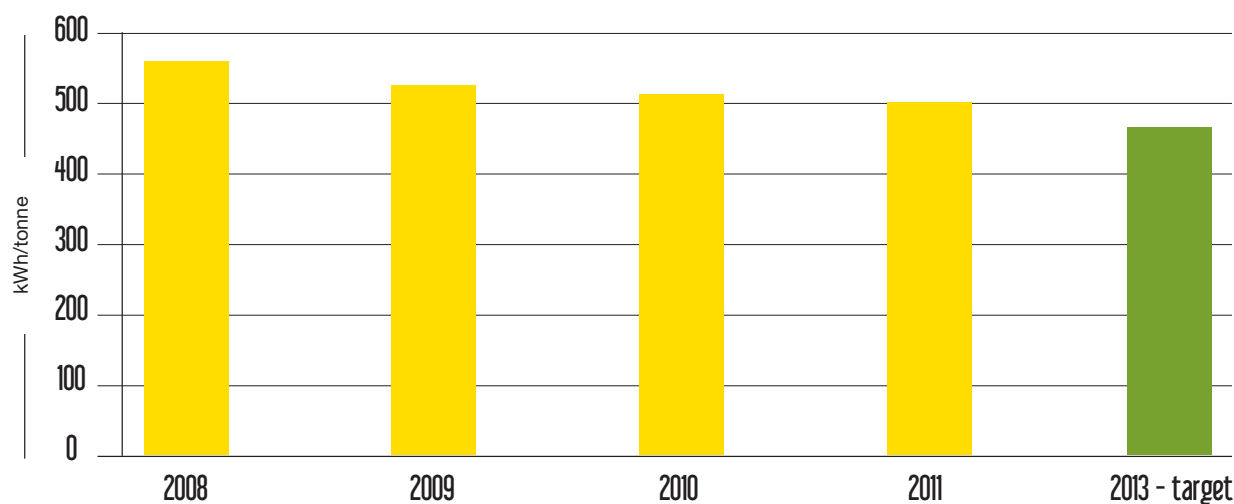
## Process impact indicators

The main parameters for monitoring the environmental characteristics of the RDM processes concern electricity consumption, carbon dioxide emissions and water usage. These values are monitored systematically and this section provides an analysis of these from 2008 onwards.

	2008	2009	2010	2011	2013 (target)
Electricity consumption (Kwh/tonne)	552	534	510	501	475
CO <sub>2</sub> emissions (kg/tonne)	514	469	445	491	420
Water usage (m3/tonne)	25,6	22	21,4	18,6	20

### Electricity consumption

This indicator is calculated by exclusively considering the total consumption of electricity for every tonne of product coming out of the processes. The electricity used by the Group arrives from two main sources: that self-produced through cogeneration and that purchased from the network. Seven factories were used in the analysis, six of which having a cogenerator. The tonnes of product used as a basis for the indicators were calculated by referring to gross production, meaning that including production waste. The table shows that there was a reduction of 9% in consumption over the 4 years monitored.

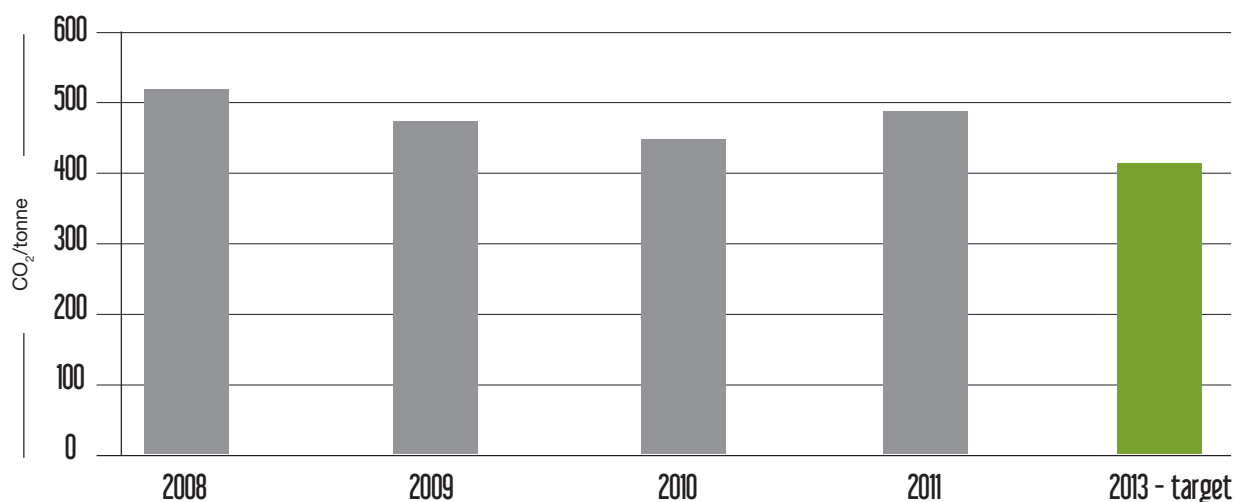


## Carbon dioxide emissions

The carbon dioxide emissions which were monitored were calculated using European Union guidelines for monitoring greenhouse gases<sup>1</sup>, starting from the quantity of fuel used as the Group falls under the ETS Directive. The fuel used by the Group is prevalently methane and carbon dioxide emissions were calculated using the following formula:

$$\text{CO}_2 \text{ emissions} = \text{fuel consumption [TJ]} * \text{emission factor [tCO}_2\text{/TJ]} * \text{oxidation factor}$$

To calculate fuel consumption a lower calorific value of methane of 34.47 MJ/Nm<sup>3</sup> was used and as an emission factor 54.9 tCO<sub>2</sub>/TJ. The oxidation factor takes into consideration unoxidised carbon and is expressed as a fraction. The emissions calculated in this way for all of the factories were then divided by the gross annual production, in order to obtain the indicators being monitored. There was a gradual fall in the indicator between 2008 and 2010, while during 2011 it rose mainly as the result of a decrease in production of approximately 9% over 2010. Taken overall, however, carbon dioxide emissions fell by around 4% over the years monitored.

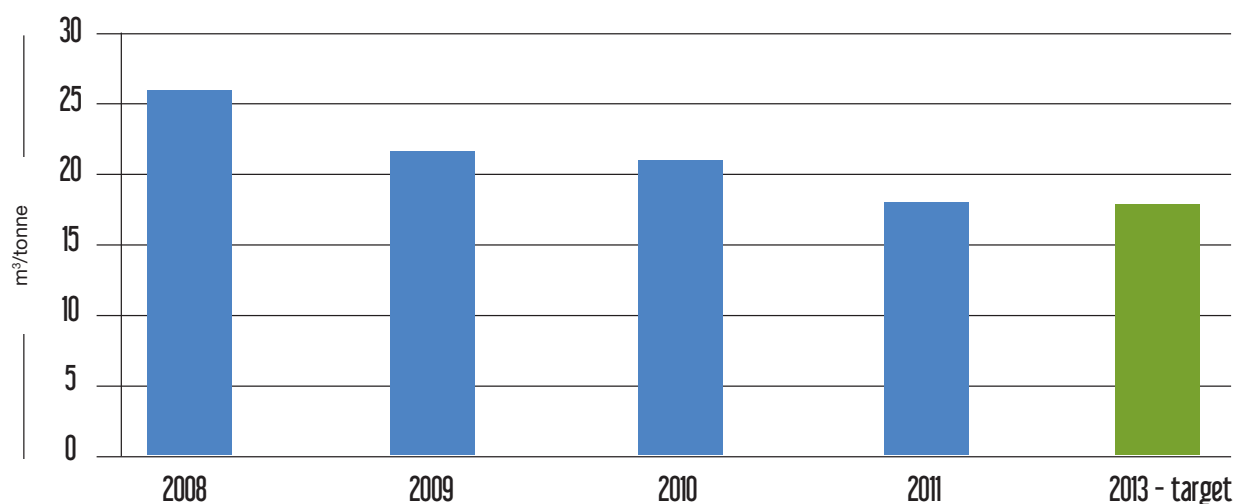


## Water usage

The main sources of supply are as follows:

- Underground water extracted from wells, in the majority of cases those at the sites
- Surface water (river water)
- Aqueducts.

The values monitored show a fall of 19% since 2008. In this case too the index is based on gross production.



## Greenhouse gas emissions

Greenhouse gas emissions have been evaluated for 2010 and 2011 and have been calculated by considering the energy consumption for the whole Group (fossil fuels and electricity).

The conversion and emission coefficients used in the calculation are taken from the Ecoinvent data bank (version 2.2) and are reported in the table below.

Ecoinvent is one of the leading data banks used internationally to conduct life cycle analyses ([www.ecoinvent.ch](http://www.ecoinvent.ch)).

## Conversion factors

Energy vector	Unit of measure	Factor
methane	MJ/Nm <sup>3</sup>	38,8
coal	MJ/kg	28,01

## Emission factors

Energy vector	Unit of measure	Factor
methane	kgCO <sub>2</sub> /MJ	0,0677
coal	kgCO <sub>2</sub> /MJ	0,13
cogenerator electricity	kgCO <sub>2</sub> /kWh	0,584
electricity (Spain)	kgCO <sub>2</sub> /kWh	0,508
electricity (Germany)	kgCO <sub>2</sub> /kWh	0,65
electricity (France)	kgCO <sub>2</sub> /kWh	0,0898
electricity (Italy)	kgCO <sub>2</sub> /kWh	0,572

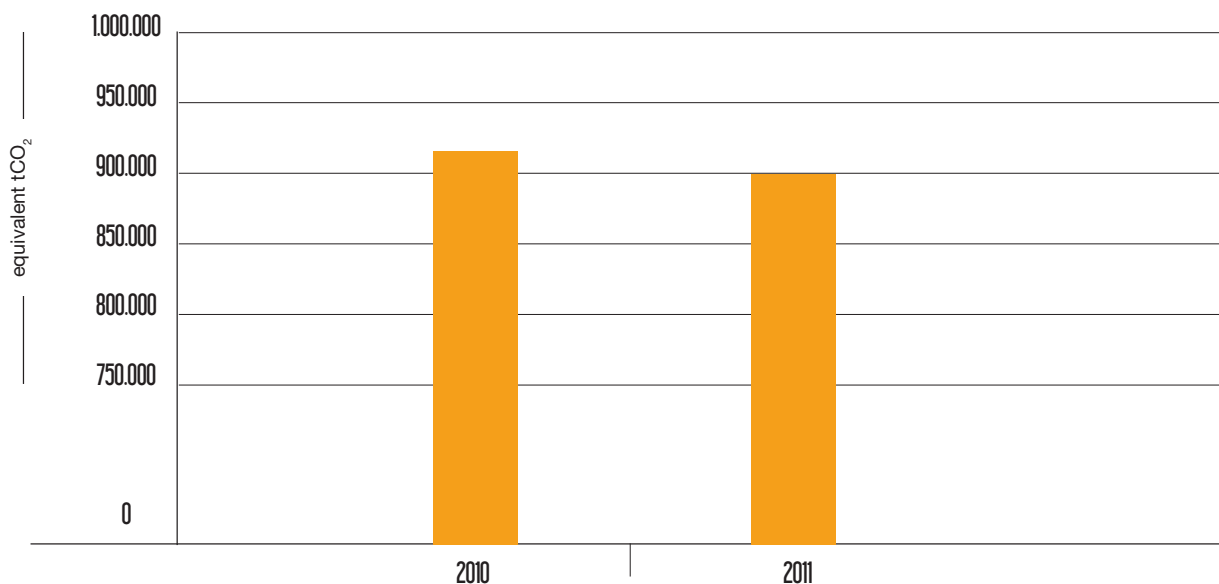
# Greenhouse gas effect



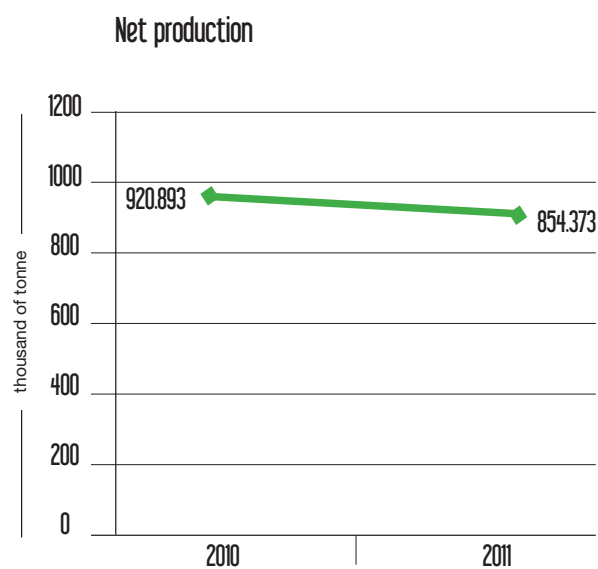
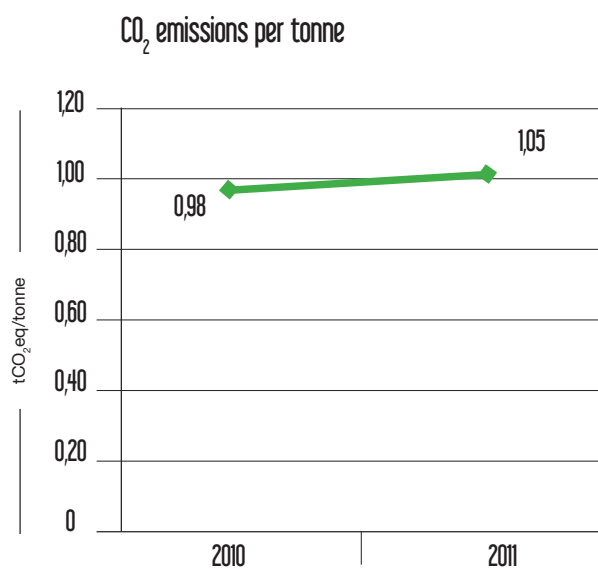
The greenhouse effect is a phenomenon which occurs when certain gases, known as “greenhouse gases” absorb the infra-red radiation emitted by the earth’s surface, stopping it from leaving the atmosphere and causing a rise in temperature which can have serious consequences on the earth’s climate.

The main greenhouse gases are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), the chlorofluorocarbons (CFC), pentafluorocarbons (PFC) and sulphur hexafluoride (SF<sub>6</sub>). Global Warming Potential (GWP) is the indicator used to measure global warming and this is measured in terms of carbon dioxide equivalent; a weight is given to each greenhouse gas with respect to carbon dioxide (called the characterisation factor), which is taken as a reference with a weight of 1. Characterisation factors are issued by the Intergovernmental Panel on Climate Change (IPCC), a body set up in 1988 by the World Meteorological Organisation (WMO) and may also be found in a United Nations environmental programme (UNEP).

Come si evince dal grafico, le emissioni totali di gas serra diminuiscono nel biennio 2010 2011 dell'ordine di circa il 2%, passando da circa 915000 tonnellate di CO<sub>2</sub> equivalente a circa 901000 tonnellate.



As may be seen from the graph, total emissions of greenhouse gases fell by the order of 2% over the two-year period 2010-2011. If the relative greenhouse gas emissions are analysed (hence referring to the total annual production) an increase of approximately 7% may be noted in the two-year period; this increase is directly due to a decrease in production in 2011, as the following graph shows.



## Future plans and prospects

Starting from the current situation, RDM has set itself the objective of improving its own processes and those of the whole chain. These objectives can only be reached by introducing specific improvement programmes, for which a brief summary is provided in the following.

### Reno De Medici's Green Plan

Climate changes are a challenge of a global dimension to which governments, businesses and individuals are all called to play their part. Acknowledging its responsibilities and aware that it can contribute in that sense, the RDM Group is engaged in the fight against climate change, with the conviction that an improvement in environmental performance can contribute to safeguarding the planet's balances and, at the same time, provide the Group with the opportunity of creating value.

To this should be added that the increasing awareness and environmental consciousness amongst consumers is ensuring that the demand for environmental quality is constantly on the increase. Consumers require information on products, on the proper use of these to minimise environmental impact at both the pre- and post- consumption stage and on the environmental and health safety of products, and not only food products.

Abiding by the spirit of transparency that distinguishes its work, the RDM Group intends to make people aware of its strategies, present but above all future, for putting through its Green Plan, which is essentially geared to restricting environmental factors with particular emphasis on energy consumption, and hence greenhouse gas emissions, on reducing waste, continuing therefore with the decision to carry out production starting from secondary raw materials, and on saving water.

To reach these objectives work must be carried out by means of structural measures which can change industrial policy and the plants, and through simpler measures which enable results to be achieved using a "small efforts by many people" reasoning.

Since the final objective is to create an industrial system capable of being a balanced synthesis of economics, social cohesion and the protection of natural resources, it is important to involve all the players of the chain in sharing their efforts. For this reason, besides providing constant training and keeping their staff's awareness high, the purchasing departments of Reno de Medici use specific supplier selec-

tion procedures in their work which also take into account compliance with the best standards, including those of an environmental nature.

RDM's offices use energy saving lighting; room temperature never exceeds 20° during the winter period; and at the end of each working day and/or after use all technological systems must not only be switched off but also disconnected from the electricity supply. A differentiated collection system is used at the Group's factories.

RDM staff are made sensitive to the need to reduce the consumption of paper through the spreading of a reuse culture: a single sheet of paper must be used on both sides.

Use of recycled paper: company documents are printed on recycled paper.

When establishing supply policies the impact that transport may have is also taken into consideration, giving priority where possible to suppliers located nearby.

RDM's goods and products are transported by road in vehicles having the lowest possible emission levels, with priority given to those classified as "Euro 5".

### Our vocation for recycling: RE-Paper-ME

The RDM Group is profoundly convinced that the recycling culture can only establish itself through daily behaviour which becomes a habit. As a result, we have designed and implemented a project that is both beneficial for the environment and engaging for consumers: Re-Paper-Me.

The present system of differentiated waste collection in Italy, as far as the portion relating to paper and cartonboard is concerned, has reached absolute levels of excellence at both European and world levels. This has taken place despite the fact that significant quantities of material, in particular packaging, end up scattered amongst the undifferentiated portion, not captured by the recovery and recycling chain.

With this as an assumption, the RePaperMe circuit of paper and cartonboard packaging collection machines has been created and installed at certain Sadas Despar sales points. This initiative is based on returning packaging to the sales point where a product was purchased. For each kilo of packaging returned, the customer collects points on his loyalty card which enable him to win prizes, obtain discount coupons, etc. as part of existing loyalty programmes. The aim of this initiative lies in the reduction of the use of resources (use less, use better), the spreading and encouragement of ethical and responsible behaviour by consum-

ers and the integration and accountability of all the partners of the industrial packaging recovery and recycling chain.

The results ...

...measurable: approximately 20 tonnes of product recovered

...unmeasurable: considerable consumer appreciation and a high level of participation.

### Eco-sustainable design: Collection Reno

Recycled cartonboard is not only useable and used for packaging and similar products, and in fact it was from a combination of creative genius, love for the environment and recycled fibre cartonboard that the brand's products were born.

Original, amusing and ecological, the Christmas trees and games for toddlers are just some of the many novelties for

ecodesign lovers. Produced in pressed recycled cartonboard, the products of the Collection Reno line are as resistant as traditional ones but have the advantage of being lighter (and hence easy to shift when cleaning or moving), cheaper and 100% recyclable. Perfect, therefore, for lovers of modern style and chic and for people who love the taste of tradition.

Based on the principle of respect for the environment and the reuse of materials obtained from the environment itself EcoDesign is increasingly present in our daily lives, due both to its aesthetics and functionality and to an increased sense of responsibility in respecting the environment. Those who do not want to renounce style and wish to contribute to the protection of the environment should visit: [www.collectionreno.com](http://www.collectionreno.com).

## Re Paper Me



# Collection Reno









**"there is strength in numbers"**



## 5. RDM and people

**t**he RDM Group recognises that what it does has consequences on its employees, on local communities having contact with the Group and, in general, on its stakeholders, meaning all public and private Italian and non-Italian persons and entities, companies, groups, public and private bodies and more generally all ‘bearers of interest’ towards the Group’s economic initiative.

This chapter sets out the main stakeholder groups and our relationship with them, certain important information concerning the health and safety of our workers and the means we use to involve and dialogue with all the interest bearers of our Group.

### Human Resources

The RDM Group believes that human resources are an essential element for its existence and success on the market, and believes that it is necessary to imprint relations between employees with respect for the rights and fundamental liberties of people. Honesty, loyalty, skill, professionalism,

trust, preparation, seriousness and dedication are the characteristics which RDM requires of its directors, employees and co-workers under their various headings. RDM encourages employees to communicate and cooperate together and with their superiors. It is essential for relations between employees, at all levels, to always be based on the criteria and conduct of correctness, loyalty and mutual respect.

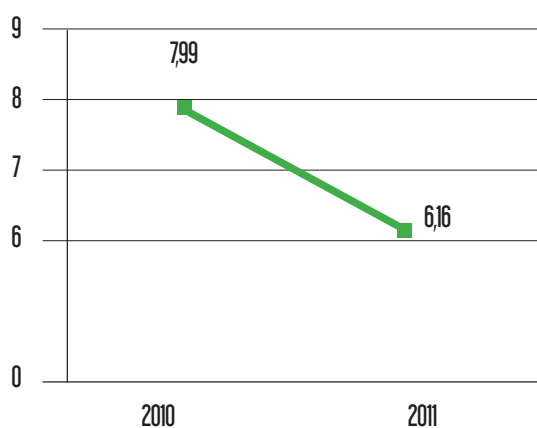
### Safety and the working environment

RDM applies all effective laws and regulations concerning safety in the workplace, believing that safeguarding its workers’ health is an asset and a primary concern of the Company. The Company ensures that the working environment complies with current health and safety legislation by monitoring, managing and preventing risks connected with the performance of working activities.

Performance in the health and safety area is an essential aspect for measuring the organisation’s commitment on this front. In order to quantify this performance certain indi-

cators have been calculated in accordance with the guidelines of the GRI (Global Reporting Initiative<sup>1</sup>), and these are described in detail below (injury rate, lost day rate, occupational disease rate, absentee rate). These indicators show that health and safety management practices are resulting in fewer accidents in the workplace.

## INJURY RATE



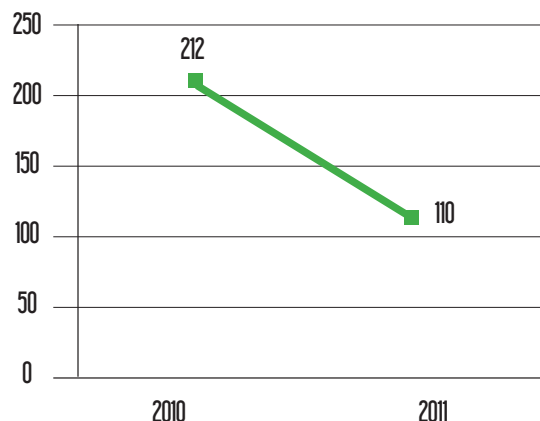
(Total number of injuries/Employee hours worked) x 200,000<sup>3</sup>  
The injury rate is the frequency of injuries relative to the total time worked by the total workforce in the reporting period (GRI Guidelines, Indicator LA7).

In 2011 a total of 65 injuries were recorded compared to 92 in the previous year; this reflects on the injury frequency rate which, as the figure below shows, fell by 30% between 2010 and 2011.

## LOST DAY RATE

The lost day rate is the impact of occupational accidents and diseases as reflected in time off work by the affected workers. It is expressed by comparing the total lost days to the total number of hours scheduled to be worked by the workforce in the reporting period (GRI Guidelines, Indicator LA7).

The number of days lost for absence for injury fell drastically over the two year period, affecting the lost day rate which dropped by 94%.



(Total lost days/Employee hours worked) x 200,000

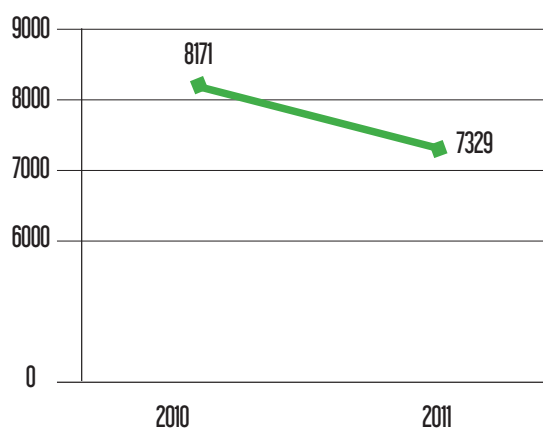
## OCCUPATIONAL DISEASE RATE

The occupational disease rate is the frequency of occupational diseases relative to the total time worked by the total workforce in the reporting period (GRI Guidelines, Indicator LA7).

There were no cases of occupational disease in 2011, while the frequency in other years was low, with only one case occurring in 2010.

## ABSENTEE RATE

The absentee rate refers to a measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by the workforce for the same period (GRI Guidelines, Indicator LA7). As the figure shows the absentee rate fell by 11% in the two year period 2010-2011.



## Selection policy and the growth

(Days of absence/Employee days worked) x 200,000

## and development of human resources

A basic principle underlying the selection procedure is respect for equal opportunities, avoiding any form of favouritism or facilitation on the one hand or discrimination on the basis of the private sphere or a candidate's views on the other. The interest of the RDM Group is in fact to ensure that the people hired correspond to those actually required for business needs.

It is in the interest of the whole of the RDM Group, and it is also its commitment, to create and constantly maintain the conditions required for the skills and know-how of each of its employees to be able to grow further. To this end the Group provides specific programmes aimed at professional updating and the acquisition of additional skills.

Managers and function heads are required to put the maximum emphasis on identifying, enhancing and increasing the professionalism of the Group's collaborators by creating the best conditions for them to develop their skills and realise their potential.

## Suppliers

The good standing of suppliers and contractors is an essential presupposition for creating and maintaining relations with the RDM Group. The qualification and assessment of suppliers, which is carried out by the Group under the responsibility of the Group Purchasing Department, has begun by developing a base of qualified suppliers historically linked to RDM. The Group's effort has continued by verifying the continuance of the prerequisite of propriety in relations and identifying and applying minimum requirements, based on respect for human rights and work, health, safety and occupational and business ethics practices. In addition, the Group has updated and supplemented its checklists for qualifying suppliers and for field audits. As of today, the Group has qualified 100% of its suppliers on the basis of its Supplier Management procedure, in line with its priorities. The Purchasing Department checks suppliers on an annual basis and updates the relative list.

Experience has shown the need to improve current procedures in order to align the various approaches and make the process more flexible. Improvement initiatives are in progress. In addition, the Group is also updating its prequalification procedure by simplifying the form that is used. The innovative data collection for the prequalification of suppliers and the respective updates will enable an open dialogue to be established between the Group and its community

# Fight against corruption

The Group has for a long time had a "zero tolerance" policy towards corruption: employees, suppliers, officers and managers must perform their work in line with the Group's binding values and principles, reinforcing a compliance and integrity culture, becoming active bearers of these principles through their conduct and 'educating' all the employees and third parties who interface with them by setting an example.

The development of documents such as the «Organisational, Management and Control Model» are the demonstration of RDM's commitment to identifying and remedying any illegal acts and preventing corruption in compliance with Legislative Decree no. 231/2001. In this context, RDM has initiated a programme of surprise audits designed to test compliance with procedures at all offices and factories and also at subsidiaries and associates.



176-761

of suppliers. All the data is recorded in the Supplier Archive together with the evidence of any updates, which in this way may be subjected to control. The Group will extend the qualification process to its subsidiaries, providing guidelines, information, data collection methods, updates and storage systems.



## The local community

We have a positive impact on the community in which we work by generating economic value through the creation of jobs and the use of local suppliers. But there is something else. We also want our factories to have a positive social impact on the communities in which we work. And in fact we involve ourselves in listening and responding to the needs of local communities in order to promote healthy and open neighbourly relations. We also provide support by funding certain local sports initiatives, such as football and cycling teams.

In order for us to understand better the real perception which the individual local communities have of the Group, in 2010 we commissioned one of the most well-known Italian universities, the Bocconi, to carry out a survey in this respect. The survey regarded the relationship between the three Italian factories and the surrounding community and highlighted both the positive and negative aspects of having the factory in the community.

In general terms, the survey showed that despite one or two negative aspects, such as the limited social role played by certain mills locally, their impact on the eye and the inevitable loss of agricultural and craftwork skills by the local population as the result of setting up the factories, the RDM mills have brought a series of benefits to the local communities, such as an increase in the number of jobs, good wages, a reduction in poverty and, in certain places, an end to emigration.

RDM has additionally improved its local impact over time, gradually reducing the acoustic impact of its factories, improving water purification and increasing collaboration with many of its stakeholders, for example by arranging "open door" events (further information about this survey is provided in Appendix 1).

As mentioned, RDM has also supported sports activities in certain of the areas in which it works by sponsoring sports groups over the years such as the Cartai Group and the Ovarase amateur sports association.

## Stakeholder involvement

The RDM Group believes that involving stakeholders is a fundamental nowadays for the success of any kind of business. We also believe that the creation of value for all the parties involved in a business is an essential for the construction of a common goal and for approaching the challenges that our planet has to tackle.

Given the RDM Group's position as a national and interna-

tional leader, the issues of social and environmental responsibility which we find ourselves having to deal with are of many types and, often, of a certain complexity. In order to understand these issues better, we encourage open dialogue with our stakeholders so that we may understand their point of view and share ours with them. Understanding the priorities of our stakeholders helps us to understand the issues which are important for them and to plan our responses as a consequence.

Relations between RDM and its stakeholders abide by the principles underlying our Code of Ethics, which may be stated as compliance with laws and regulations, correctness, moral rigour, trust and collaboration.

RDM requests all its associated companies to align their activities to the principles inspiring the Group; in addition, the Group not only requires all directors, employees and co-workers to comply with the rules of its Code of Ethics, but also to ensure that third parties (such as consultants, agents, suppliers, distributors and collaborators in general) who may act in the interest and/or on behalf of RDM and/or any Group company under whatever title abide by the Code.

## Our involvement events

Two involvement events were held in 2011 which we have called "An example of sustainable development locally". The events were arranged at the Group's two manufacturing sites, Villa Santa Lucia and Santa Giustina.

These opportunities to meet up with the community, which were attended by hundreds of people including employees, inhabitants of the communities in which we work, local representatives of the authorities, the media and representatives of the various institutions, encountered great success. During these events various representatives of the Group presented the results of the survey conducted by the Milan Polytechnic and Bocconi University on the environmental, economic and social impact associated with the paper mills over the years, pointing out both the positive and negative aspects. During these meetings the stakeholders present were invited to intervene with questions and comments in order to establish an open dialogue and a two-way conversation capable of leading to the identification of the additional successes which have been achieved and areas for future improvement.

The success of these events has led RDM to conclude that they are ideal methods for involving people and to take the decision to organise a further event in 2012 at the Ovaro site.





**"...one thing leads to another"**





## 6. Conclusions

**O**ur journey to Sustainability, as that of many other businesses, takes time, energy and devotion; abandoning a “business as usual” model, even gradually, to embrace another, a “people planet profit” model, is a decision that is anything but taken for granted and one not lacking in difficulties.

It has been our wish this year as well to present our results, our commitments and our areas for improvement with reference to the social and environmental aspects of our activity.

The RDM Group, which operates in an industry with very widespread eco-compatible features (consider for example of the use of renewable resources), can boast of several environmental pluses, such as an advanced carbon management policy, developed through an LCA - Life Cycle Assessment - of many products (publishing the results amongst other things using the Environmental Product Declaration - EPD), ISO 14001 certification, FSC, ISO 9001 certification of almost all of its factories and a constant monitoring and improvement of its environmental impact in terms of energy consumption, water usage and CO<sub>2</sub> equivalent emissions. The Group interfaces with its stakeholders in a structured manner by organising get-togethers at which it welcomes

all forms of suggestions and ideas for improvement and has been a good performer in managing the health and safety of its employees, who are hired and treated with full respect for their rights, their diversity and their personal and professional aspirations.

There are areas of our business where we know we must improve, such as for example defining our environmental and social performance in quantitative terms. It is also our intention to set an increased number of goals in the various impact areas and establish increasingly challenging targets for the years to come.

From a social and environmental reporting point of view, we believe that with this document we have already taken large strides compared to the previous version. Our objective however is to be able to draw up a report as soon as possible that complies with international guidelines for Corporate Social Responsibility (those issued by the Global Reporting Initiative - GRI).

We are aware that we still have a long way to go and that there are still many aspects to be worked on, but the RDM Group has set out on this journey because it strongly believes that this is the only way to contribute to a better world.

## Appendix 1

### The community and RDM

In order to obtain a better understanding of the real perception that individual local communities have of the Group in 2010 we commissioned a survey on this question from one of the most well-known Italian universities. At its present stage this survey regards only relations between the three Italian factories and the neighbouring community.

The conclusions may be summarised as follows.

### RDM at a local level: its social and economic impact

From an economic standpoint RDM is an important player in the local communities in which its production facilities are located.

The local communities subject to the survey exist in different social and economic contexts. More specifically the provinces of Belluno and Udine have high economic standards in terms of low unemployment (of respectively 2.4% and 4%) and high value added per inhabitant (respectively 28,124 and 26,370). To these high economic standards corresponds a high quality of living: Belluna is in 10th position and Udine in 15th position. A situation of this nature causes greater pressure regarding the role of local businesses from the standpoint of respect for the environment and social development. This pressure is significantly lower, if not absent altogether, in Ovaro, given that in this case the paper mill has a very close link with the valley surrounding the town.

The situation in the province of Frosinone is diametrically opposed to this: unemployment at 9.3%, value added per inhabitant 21,054, 84th position in terms of the quality of living. In this case the relationship between the Group and the local area pays the consequences of increased pressure on the employment front and on the strictly economic front.

Let us now see how the local authorities see the Group:

#### 1) Santa Giustina

##### a. History

- The mill has been present since the end of the nineteen sixties and enabled emigration to come to an end. In addition, with the passage of time, it has enabled a good wage to be earned ("almost all the workers have built themselves a house").

##### b. Reputation and local relations

- The mill occupies a large portion of the local municipality and has a considerable visual impact: environmental issues are becoming increasingly important and the mill is adapting;
- up until today the mill has had a social role in the local area which has been of little importance: "they never joined in locally" (this was especially true in the past when managers "came from outside". Today the Plant Manager is a local), more must be done on this front. And in fact in the first part of 2011 the Company has signed an obligation by which it has undertaken to make a substantial contribution (€ 150,000.00) to the relaying of the municipal road surface.

#### 2) Ovaro

##### a. History

- The history of the mill was determined, starting from the end of the nineteen twenties, by the role of Mrs. Herker ("when she came to Ovaro she was a guest of the factory workers");
- in the mid nineteen sixties many people were dismissed (in particular women) with the closing down of the dryer as the result of technological progress.

##### b. Reputation and local relations

- The mill is the pivot on which the valley hinges: the mill's siren has beaten time for the whole valley for more than eighty years;
- the mill is like a person of a certain age: it forms part of the overall environment;

- the relationship between the mill and the local area is one of collaboration (for example, the conversion of the valley to methane);
  - the situation of the valley has changed considerably. Working conditions have improved. Earlier the population was more involved in the life of the community and in that of the mill, now, as in the whole of the country, an economic logic prevails.
- c. Economic impact
- The mill is the only industrial reality in the valley (“the eyeware factories have been decimated”);
  - the mill supports certain local events (the football association, the ‘Giro d’Italia’) as much as it can in a situation dominated by the economic crisis.
- d. The mill has deep roots locally, there is a relationship of mutual collaboration between the local administration and the mill.

### 3) Villa Santa Lucia

#### a. History

- The mill was one of the first industrial sites in the area (“the first stone was laid in 1961”) and it has contributed to transforming the area from one which was typically agricultural to an industrial area having its positive aspects (jobs) and negative aspects (the loss of farming and craftwork skills).

#### b. Reputation and local relations

- The mill occupies a strategic portion of the local area;
- the mill, though, is a fundamental business for the area, job levels have been maintained (“they closed Marzabotto and not us ...”), the acoustic impact has fallen, a considerable investment was made in 2002 to optimise the production cycle and the investments made in 2008 regard a new water purification plant which allows the water to be reused;
- it is a better place to work than the Fiat factory in Cassino (“Fiat has killed everything, there was no diversification”; “the mill workers are privileged”);
- b.v. In general terms dialogue is possible with the company (“the manager, who is not local, has been here for two years”): last year they opened the gates.

#### c. Economic impact

- Jobs;
- a minimum as far as taxes are concerned.
- L’impatto acustico è diminuito, nel 2002 c’è stato un importante investimento per l’ottimizzazione del ciclo produttivo e nel 2008 gli investimenti hanno riguardato la realizzazione di un nuovo impianto di depurazione delle acque che ne permette anche il riutilizzo;
- rappresenta un posto di lavoro migliore rispetto allo stabilimento Fiat di Cassino (“la Fiat ha ucciso tutto, non c’è stata diversificazione”; “I lavoratori della cartiera sono dei privilegiati”);
- in linea di massima con l’azienda c’è dialogo (“il direttore, che non è della zona, è qui da 2 anni”): l’anno scorso hanno aperto i cancelli.

d. The mill is important, there were one or two moments of tension in the past but at the end of it all the company has made investments and has kept up job levels (something which Fiat has not done).

For the community:

At a general level it should be noted that RdM has achieved a decent level of legitimisation in the three areas looked at in the survey and therefore going beyond the impact on the economy and jobs has considerable social capital at its disposal.

**We will be pleased to receive your comments!**  
Write to the following address: [renodemedici@pec.it](mailto:renodemedici@pec.it)

**Reno De Medici S.p.A.**  
Share capital Euro 185.122.487,06 i.v.  
Registered office n. 00883670150  
Tax and VAT code n. 00883670150

Via Durini, 16/18  
20122 – Milano (Italy)  
Tel. +39 02 89966 111 (r.a.) – Fax +39 02 89966 200  
[renodemedici@pec.it](mailto:renodemedici@pec.it)  
<http://www.renodemedici.it/>  
Graphic design by LifeGate



