

SUSTAINABLE VALUE REPORT

90th financial year

Closed as of 31 December 2018

Consolidated Non-financial Statement pursuant to the Articles
3 and 4 of the Legislative Decree n. 254/2016



Together we
shape the Future



SUSTAINABLE VALUE REPORT

90th financial year

Closed as of 31 December 2018



Reno De Medici S.p.A.
Milan, Viale Isonzo, 25

Share Capital Euro 140,000,000
Tax code and VAT number. 00883670150

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CEO'S LETTER



Dear Sir/Madam,

While presenting RDM Group's Sustainability Report, I would like to start by underlining the fact that for us, Sustainability constitutes a responsibility we must face, but above all, an opportunity we must grasp.

After all, this is the only way since the core business of the Group is based on the very ability to give new life to recovered raw materials that are otherwise destined to become waste.

This is why we believe that Sustainability is not merely an empty word – as often happens – but rather, it translates to concrete facts and data.

This is even more true in light of the new identity that RDM Group has created for itself by identifying new goals, which are rather ambitious, but also by working tirelessly to achieve them. In fact, we have given ourselves a Vision, to be a “Partner of Choice”. We have chosen Values to build our brand around: Our group-wide Vision, Responsible Decision-Making, Empathy and Togetherness.

From there, we defined a new business approach which has allowed us to combine the economic approach to business management and a 360° approach to creating value. The new approach includes the individuals that make up RDM Group, the communities of our paper mills and every other stakeholder.

I do not make this statement lightly. Health and safety form the cornerstone of the strategic approach with which we have decided to offer a concrete response to the 17 Sustainable Development Goals (SDGs) set by the United Nations.

In the aim of being concrete and incisive, we have decided to concentrate the commitment of RDM Group over 10 specific areas of responsibility, covering 12 SDGs. The first is health and safety, which is based on the adoption of a “Zero Accidents” program, as well as management systems based on the OHSAS 18001 standard. These are voluntarily subject to regular audits by independent third parties. Moreover, the Group has a Quality, Environmental and Safety policy for the integrated management of QHSE issues, and implements a governance system for these issues based on sharing best practices.

As regards product sustainability and recyclability, as mentioned previously, our production model goes hand in hand with the circular economy model. Over 90% of the fibres bought by the Group to produce cartonboard come from recycled fibres, whilst 84% of the materials used are renewable.

Everything pertaining to product quality and safety is also essential for food safety to be protected and excellence for end clients and consumers to be achieved. The latter is one of the goals we have set ourselves and is also possible thanks to the Group's responsibility in supply chain management.

Within the strategic approach we have decided to adopt, all environmental matters are of particular importance. For us, this includes both the area that we have defined energy and climate change and that of responsible water use. For the former, we are committed to maximising energy efficiency, whereby we also meet the economical convenience approach. For the latter, continuous investments in technology and systems are allowing RDM Group to reuse steam condensate and process water throughout several processing cycles, with a structural reduction in water consumption. The Group operates by promoting continuous improvement and adopting management systems for the proper use of energy resources (ISO 50001) and environmental management (ISO 14001).

It then goes without saying that a primary role is played by the areas that directly involve Group employees and which regard individual well-being and talent development. In fact, the goal is to develop and encourage an efficient and merit-based work environment whilst recognizing the centrality of the expertise and know-how of all our employees.

In this sense, I refer back to the different business approach mentioned at the beginning. If we do indeed successfully set aside a primary role for all issues falling within the scope of Sustainability, this is also possible thanks to something we have defined as our “One Company Culture”, meaning a single brand, single strategy and single management approach for the entire Group.

Even from these few lines, therefore, it is easy to deduce what has already been done achieved, at the same time, what remains to be achieved.

In fact, it seems fitting to highlight that for all the areas mentioned above, RDM Group’s Sustainability Report seeks not to form a point of arrival, but rather of departure, which we will use to build our commitment to Sustainability. It is not by chance that I have chosen the word “commitment”. It implies effort, but at the same time, also determination and a sense of responsibility in achieving concrete goals. Naturally, with the support and contribution of all RDM Group individuals.

Michele Bianchi
RDM Group CEO



READING GUIDE

The second edition of the Sustainable Value Report (hereafter “Report” or “Consolidated Non-financial Statement”) of the companies belonging to the Group consisting of Reno De Medici S.p.A. and its subsidiaries (hereafter also “RDM Group”, “Group” or “Company”), drafted in compliance with the Italian Legislative Decree no. 254/2016 as a separate Report, as foreseen by the art. 5 of the aforementioned Decree, is intended to offer an accurate, comprehensive and transparent representation of the results achieved in pursuing the Company’s business, taking into consideration the expectations of stakeholders and the impacts generated by the Group’s activities, with particular reference to the topics deemed relevant and envisaged by Articles 3 and 4 of Legislative Decree 254/16.

In relation to these aspects, disclosure is given to:

- the main risks and opportunities faced by RDM Group or generated by the Company, illustrated in the section “Management of risks and opportunities”;
- the results achieved and goals set, presented in greater detail in the “Strategy and commitments” section;
- the policies implemented by the Group with respect to the provisions envisaged by Legislative Decree 254/16, described in the sections of this document where these topics are addressed.

The Sustainable Value Report, relating to the period between January 1 and December 31, 2018, was prepared in accordance with the methodologies and principles set out in the GRI Sustainability Reporting Standards: Core option, published in 2016 by the GRI – Global Reporting Initiative (www.globalreporting.org/standards). The content of this document was formulated, taking into consideration the provisions of the Italian Legislative Decree no. 254/2016 and the results of the materiality analysis process aimed at identifying the areas in which the main risks and opportunities are concentrated, so as to develop the Group’s business operations with a view to long-term growth and creation of value for all stakeholders. In fact, this Report was drafted to the extent necessary to ensure an understanding of the Group’s business, its performance, its results and impacts.

As part of the listening and engagement activities of its stakeholders, following the engagement of customers for the purposes of the materiality analysis carried out in 2017, the Group will continue its commitment to conduct stakeholder engagement activities during the subsequent reporting exercises.

To monitor and disclose the performance of the Group when managing these topics, the key indicators were selected based on the set of KPIs envisaged by the GRI standard: the section attached to this document contains a table showing the GRI Aspects relevant for each sustainability material topic for the Group, the related topic-specific GRI Standard, from which the indicators reported in the Consolidated Non-financial Statement are taken. “The GRI Content Index”, also attached, contains a precise reference to the page of this Report, which contains the indicators required by the standard to facilitate the reconstruction of the

link between the relevant sustainability topics, the indicators of the GRI standard, and the pages of the document where they are described and reported.

Where possible, the information and data presented in this Report relate to the financial 2017 and 2016, offering also a comparison with the two previous financial years for a more adequate understanding of the Group's performance. Restatements of the comparative data published in the previous Report are clearly indicated as such. Furthermore, in order to guarantee a correct representation of the performance and reliability of the data, estimates have been limited as much as possible and, if used, they are based on the best available methodologies and clearly reported.

The scope of the economic data is the same as the Group's Consolidated Financial Statements 2018; the scope of the social and environmental data and information includes the Parent Company and the companies consolidated on a line-by-line basis in the Consolidated Financial Statements - including RDM Barcelona Cartonboard, fully consolidated within the Group as of October 31, 2018. It should be noted that, with reference to the environmental aspects, the data and information relating to the offices have not been reported as they are not considered material. The environmental data and information relating to all the Group's production sites were instead reported. Any further exceptions to the scope of consolidation are appropriately explained in the text of the Report.

The Non-financial Statement has been approved by the board of directors on March 18th 2019. The entity appointed to perform the legal audit of this Consolidated Non-financial Statement is Deloitte & Touche SpA, which expresses, with a separate report, an attestation regarding the compliance of the information provided pursuant to Article 3, paragraph 10, of the D. Lgs. 254/2016. The audit was carried out according to the procedures indicated in the section of this document "Report of the Independent Auditor".

For information or comments on this Report, please contact the Group at sustainability@rdmgroup.com.

For more information on the initiatives conducted by the Group, the main risks generated or faced, the related management methods and the goals set in these areas, please refer to the relevant sections contained in this document.

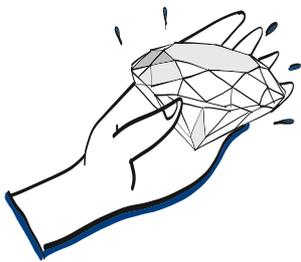
OUR VISION

RDM's Vision is to work together, sharing best practices in order to achieve the full potential of the Group. In doing so, RDM Group can propose itself as

PARTNER OF CHOICE

for all its main stakeholders.

To achieve this vision, the Group has set three main objectives:



TO OFFER EXCELLENT
PRODUCTS AND
SERVICES



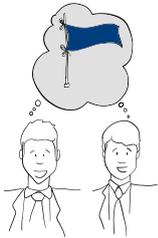
TO OPTIMISE
COSTS



TO MAXIMISE
STAKEHOLDERS'
SATISFACTION

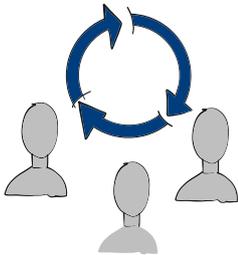
OUR VALUES

The Group's ability to pursue its Vision and achieve its objectives is the result of the embedding of the values that guide the actions of its employees every day.



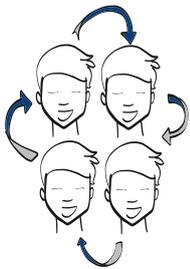
GROUP-WIDE VISION

The capacity to build a Vision that leads to the success of the Group



RESPONSIBLE DECISION-MAKING

The awareness that decisions have effect on others also



EMPATHY

The attitude of understanding others and being empathetic with them



TOGETHERNESS

The mix between shared Vision and sense of belonging

HIGHLIGHT

31 December 2018

Employees and
collaborators of
RDM Group

n°

1,824

Revenues

€ mln

606

+ 6.5% compared to 2017

Investments

€ mln

25

+ 25% compared to 2017

Share capitalisation

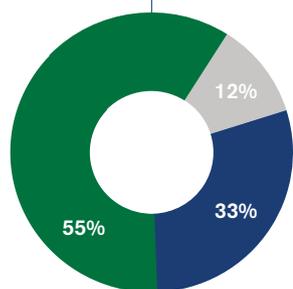
€ mln

234

+ 22.7% compared to 2017

Main geographical markets

Percentage of sales revenues



Energy intensity
2.14 MWh/ton*

Specific emissions
0.398 tons CO₂eq/ton*

Water intensity
19.39 m³/ton*

92% of recovered fibres on
the total fibres used

84% Renewable resources
on the total materials used

Cartonboard recyclable
and biodegradable for
over 90%

Accident frequency rate
3.6

Accident severity rate
88.5

Over 19,000 hours
of training

* Tons of gross production

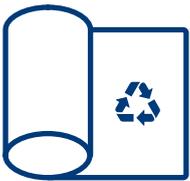
External certifications of existing management systems for all productive sites as of 2018, with indication of the year of first achievement.

	OHSAS 18001	ISO 9001	ISO 14001	EMAS	BLAUER ENGEL	ISO 50001	FSC®	PEFC™	BRC FOOD
Arnsberg	-	1992	1997	1997	-	-	2010	-	-
Barcelona	2009	1996	1998	2000	-	-	2010	-	-
Blendecques	-	1995	-	-	-	2014	2008	-	-
La Rochette	-	1996	-	-	-	-	2014	2006	-
Magenta	-	1996	-	-	-	-	2010	-	-
Ovaro	2014	1996	2004	-	2015	2015	2009	2017	-
PAC Service	-	1997	-	-	-	-	2010	2009	2018
S. Giustina	2013	1996	2001	-	-	2015	2010	2016	-
Villa S. Lucia	2016	1996	2005	-	-	2015	2010	-	-

BUSINESS AREAS

RDM Group is the second largest producer of coated recycled cartonboard in Europe, the first in Italy, France and the Iberian Peninsula and it also manufactures virgin fibre board. The range of applications offered by RDM Group includes various types of use: from the packaging of foodstuffs to the packaging of pharmaceuticals, luxury goods, home appliances, cosmetics and personal care products, up to publishing and the creation of commercial and toy displays.

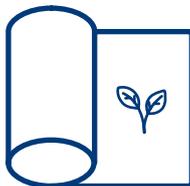
RDM Group operates in three main segments:



WLC – WHITE LINED CHIPBOARD

coated board made of recycled fibres.

RDM Group is the second-biggest European manufacturer of board made from recycled material, as well as the biggest in Italy, France and Iberian Peninsula



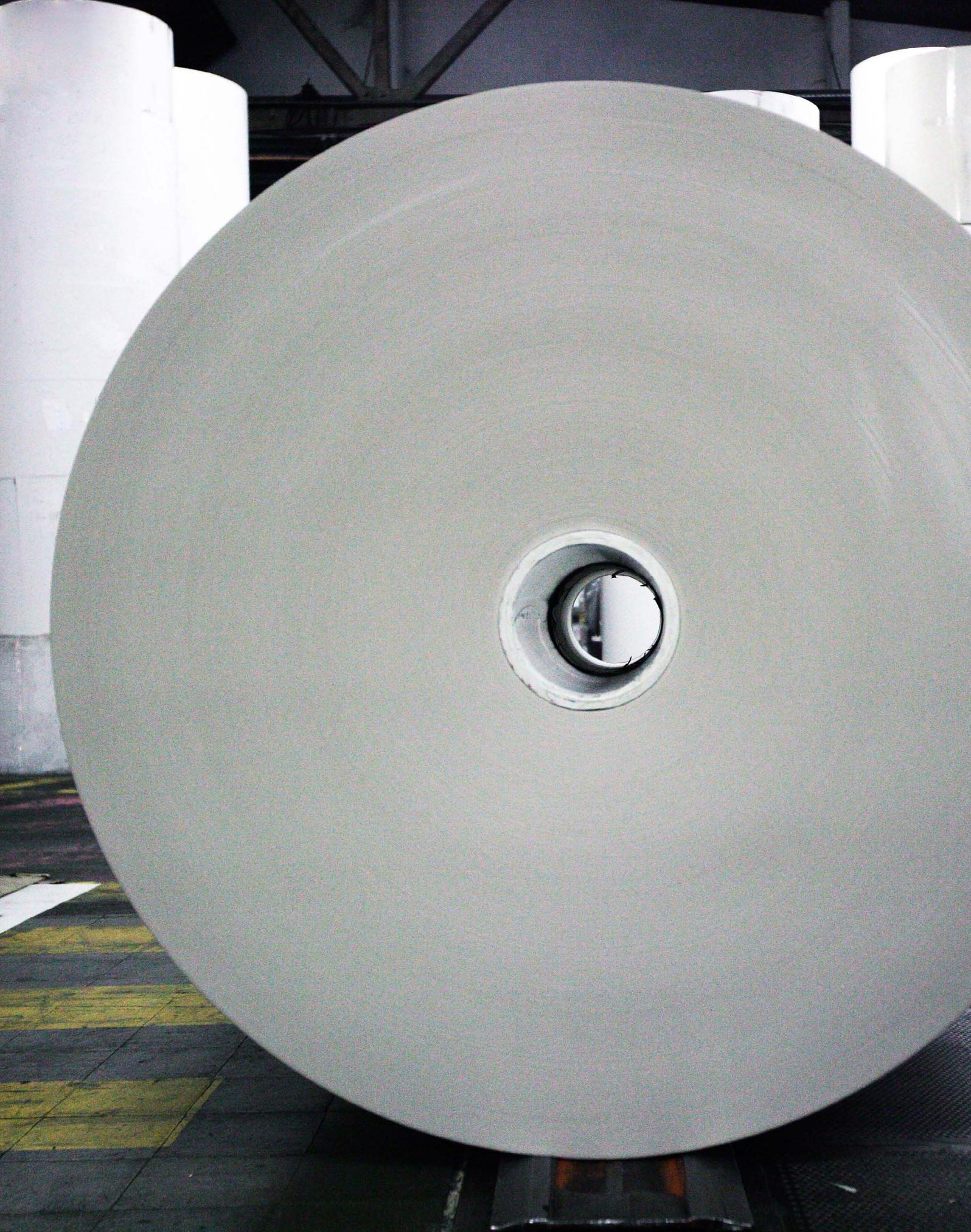
FBB – FOLDING BOX BOARD

cartonboard for folding boxes made of virgin fibres. RDM Group operates in this segment as a result of the acquisition of R.D.M. La Rochette



OG – UD – UT

cartonboard produced at the Ovaro plant, which is well suited to specialties and luxury packaging



MAIN EVENTS OF 2018



1 JANUARY

PAC SERVICE BECOMES 100% PART OF RDM GROUP

PAC Service, a company operating in the cartonboard cutting and processing sector, has been 100% consolidated. PAC Service, other than representing a strategic partner, allows RDM Group to integrate its value chain, enhancing the Group's ability to provide personalized and just in time services.



8-9 FEBRUARY 2018 / 3-4 OCTOBER

HEALTH & SAFETY MEETING

Villa Santa Lucia e Arnsberg

Also in 2018, two Group-wide events dedicated to Health and Safety issues were organized. Among their objectives, a comparison amongst the mills on the accident Frequency and Severity Rates, the reinforcement of a true security culture, the identification of best practices and the activities to be carried out.



29-30 MAY

LEADERSHIP EVENT

All the Group's first and second lines meet in what is perhaps the most important internal meeting, namely the Leadership Event. The goal is to confront and learn more about the transformation process that the Group is experiencing. The place chosen for the occasion is Padua, in honour of the newly acquired PAC Service.



JUNE, JULY AND SEPTEMBER

PEOPLE SURVEY EVENT

At the Headquarter in Milan and in all the Group's mills, open events are organized for employees to discuss the People Survey, i.e. the Survey that was done in April (in both digital and paper format) to assess their commitment and the degree of propensity for change.



31 OCTOBER

BARCELONA CARTONBOARD 100% PART OF RDM GROUP

Reno De Medici S.p.A. finalizes the agreement for the acquisition of 100% of Barcelona Cartonboard S.A.U., a Spanish company and seventh European player in the coated cartonboard sector. By this transaction, RDM Group becomes the first producer in the Iberian Peninsula, in addition to Italy and France and strengthens its leadership as the second largest European producer of coated, recycled cartonboard.

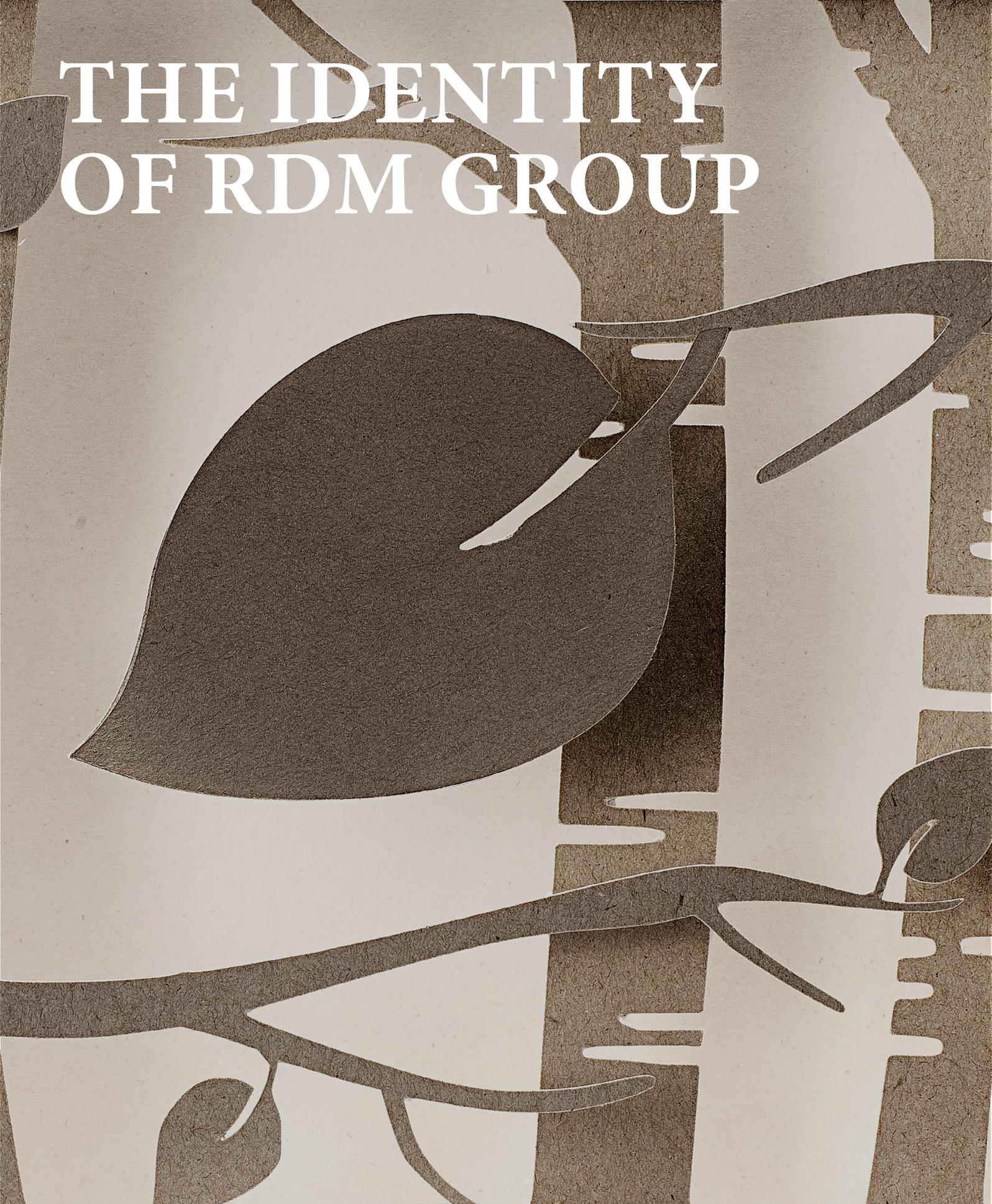


5 DECEMBER

RDM GROUP AMONG THE FINALISTS OF THE SOCIAL REPORT LIBRARY AWARD

As proof of its growing commitment to sustainability, RDM Group has been nominated among the finalists of the 5th edition of the "Biblioteca Bilancio Sociale" Award, a nationwide recognition for companies that stand out in the field of sustainability applied to their production area through reporting.

THE IDENTITY OF RDM GROUP



1

- 1.1 Together we shape the Future
- 1.2 History
- 1.3 Where we operate
- 1.4 Business model
- 1.5 Collaborations

1.1 TOGETHER WE SHAPE THE FUTURE

Together we shape the Future is RDM Group's claim.

To portray itself. What it does. And how it does it.

And in that how, the starting point is the concept of unity, of the whole, that **“Together”** which implies the **“One Company culture”**, i.e. one of the pillars at the base of the Group. A single brand, a single strategy, a single integrated management. Hence the choice of **“Togetherness”** as one of the 4 Group Values.

“We” to reinforce that concept of an overall vision well represented by the other 3 Values: **“Empathy”**, **“Group-wide Vision”**, and **“Responsible decision-making”**, with the awareness that the decisions taken have effects on others too.

“Shape” refers to what we do, the cartonboard, a material in itself simple, although coated, white and clean, but which can be given the most sophisticated forms. Similar to an origami, that represents the know-how, and therefore the tradition and the history from which it takes shape; and at the same time, the ability to transform that knowledge, projecting it into the Future.

And, as stated in our claim, it is there, in the **“Future”**, where RDM Group looks.



1.2 HISTORY

1871
Giacomo De Medici opens a factory for producing matches in Milan, then transferred to Magenta

1876
Foundation of "Luigi De Medici e Compagnia". Two paper mills: in Cafasse Torinese and in Cirié

1965
The largest industrial plant in Spain is built for the production of coated cardboard

1990
Enso Gutzeit Group acquires Tampella Group

1999
Following the merger of the Stora and Enso Groups, the company becomes Stora Enso Barcelona

Cartiere De Medici

Barcelona Cartonboard

Cartiera del Reno

Saffa

Cascades

1974
Listing on the Stock Exchange of Milan

Reno De Medici emerges out of the fusion of Cartiera del Reno and De Medici

1967
Foundation of Reno

1986

Merger of Cartiera di Ovaro into Reno De Medici
Listing of Reno De Medici on the Stock Exchange of Milan

Cascades Europe acquires control of Reno De Medici by the assignment of Blendecques and Arnsberg

First Code of Ethics Reno De Medici

Reno De Medici, Cascades La Rochette and Careo merge into RDM Group

2018
Merged into Reno De Medici

1996

1997

2008

2016

1928
Foundation of the "Limited Stock Company Factories Matches and Similar products" (SAFFA)

1986
SAFFA acquires Cartiere di Verona

1988
Spin-off the paper production branch: foundation of a new Company located in Spain

1990
Merger of Cartiere SAFFA in Sarrio, company listed on Madrid Stock Exchange

2017
Vision, Values, and Governance completely renewed

2018
Pac Service becomes 100% part of RDM Group

1964
Foundation of Cascades

1997
Reno De Medici acquires SAFFA

2010
Publishing of the first Socio-Environmental Report of Reno De Medici

2016
Transferred to Reno De Medici and merged into RDM Group

2017
New crushing balls press and new boiler

LA ROCHETTE

1873
Foundation

1985
Cascades acquires its first production facility in Europa, La Rochette

BLENDECQUES

1901
Foundation

1986
Merged into Cascades Group

2008
Merged into Reno De Medici

2017
Rebuild of the press section

ARNSBERG

1901
Foundation

1903
Board Machine 1 installed

1951
Modernisation of Board Machine 1

1997
Merged into Cascades Europe

2008
Merged into Reno De Medici

2011
Replacement of the third roll press Siemens Turbine

2016
Middle Layer e Post Dryers project

MAGENTA

1871
Star of the production of matches at the premises of the former Austrian customs office

1928
Foundation of SAFFA

1954
Start-up of the Board Machine 1, board is made for packing the matches and subsequently for the external market

1964
The Board Machine 2 is installed: start of the production of board from recycled raw material

1997
The production of matches is terminated

2013
Start of the process to transform the paper mill in the cutting centre

2016
Transfer of the Company branch to RDM Magenta srl

OVARO

1900
sawmill operates on site

1985
Merged into Società Cartiere Del Reno

1987
Board machine 2 installed

1992
Coupling machine installed

2009
Change to wet part of Board Machine 1

2011
Shoe press and smooting press

2015
Vacuum plant rebuild

SANTA GIUSTINA

1907
A small paper mill operates in Longarone

1963
Destroyed by the Vajont Dam tragedy

1969
Reconstruction of the paper mill in Santa Giustina

1986
Merged into SAFFA Group

2010
New controlled-temperature calender

2011
Start of rebuilding of the Board Machine

2015
Wet section rebuilding

2017
New backpressure steam turbine

VILLA SANTA LUCIA

1966
Start of construction. Produces Kraft paper

1977
Merged into SAFFA Group

2008
New top play headbox

2012
Project curtain coater

2015
Replacement of Taurus T70S turbine

2017
New calender before the winder

PAC SERVICE

1979
Opening of the cardboard cutting and processing centre

1987
Reno De Medici acquires 33% of the share capital of PAC Service

2017
First refusal exercised by RDM Group

2018
PAC Service is 100% member of RDM Group

BARCELONA CARTONBOARD

1965
A plant for the production of coated cardboard was built at Castellbisbal

1969
The company is called Tampella Española

1990
Enso Gutzeit Group acquires Tampella Group

1999
After the merger of the Stora and Enso Groups, the company becomes Stora Enso Barcelona

2015
Transfer to the German investment group Quantum Capital Partners

2018
Transfer to Reno De Medici and becomes RDM Barcelona Cartonboard

1.3 WHERE WE OPERATE



PRODUCTIVE UNIT



SALES OFFICE



HEADQUARTER



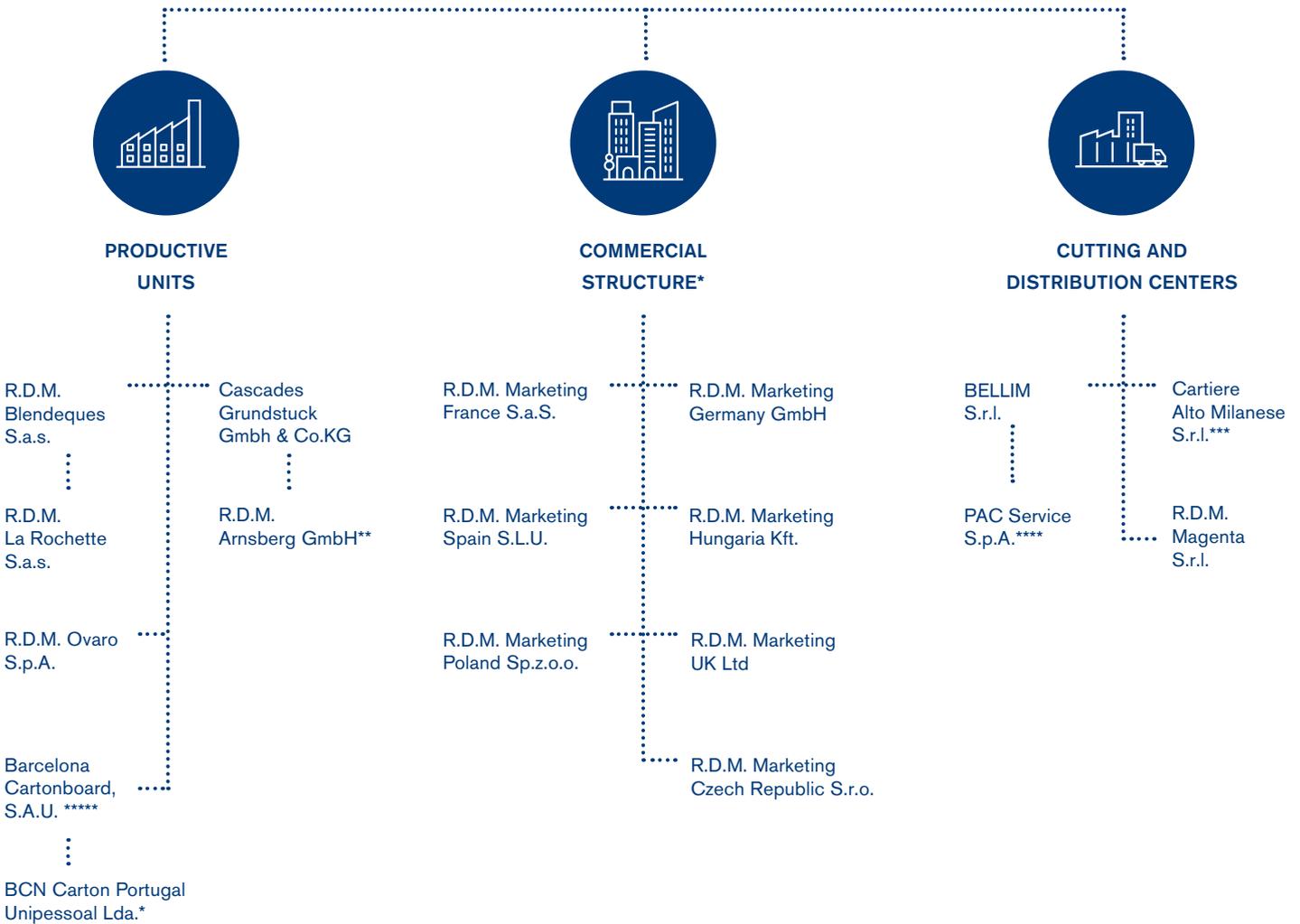
CUTTING CENTER

RDM Group is present in Europe with 7 production plants, 2 specialized cutting centres and 9 commercial offices in 9 countries (Italy, France, Germany, Spain, Poland, Czech Republic, Hungary, United Kingdom and Portugal). The acquisition of Barcelona Cartonboard, completed on 31 October 2018, made it possible to strengthen the Group's presence in the Iberian Peninsula with the mill in Barcelona and the Portuguese sales office in Matosinhos.

GROUP STRUCTURE, AS OF DECEMBER 31ST 2018



RENO DE MEDICI S.P.A.



*The companies Reno De Medici S.p.A and BCN Carton Portugal Unipessoal Lda include commercial offices

** Company held 94% by Reno De Medici S.p.A. and 6% by Cascades Grünstuck GmbH & Co. KG.

***Company in winding-down

****Company held 60% by Reno De Medici S.p.A. and 40% by BELLIM S.r.l.

*****Undergoing modification of company name in RDM Barcelona Cartonboard S.A.U.

1.4 BUSINESS MODEL



1.5 COLLABORATIONS

To foster dialogue and to improve the identification of possible synergies with the institutions and the main actors in this sector, in a perspective of general interest, RDM Group joins various associations and working groups, both locally and internationally. In this way, the Group supports the development of the cellulose-based packaging and recycling industry from a systemic point of view; this, in turn, promotes industry progress and sustainable innovation.

Along with other players of our value chain, we are part of:

AT INTERNATIONAL LEVEL

CEPI



Brings together at European level paper and cartonboard manufacturers, representing their interests in relations with European institutions, enhancing the image and visibility of the sector; thereby promoting its competitiveness and sustainability.

CEPI CARTONBOARD



It is the European association that brings together about 20 paper groups, located in over 10 European countries, which together account for over 95% of the total European production capacity of the sector. It offers analysis and statistics to improve the knowledge and understanding of the sector.

CEPI CONTAINER BOARD



It is an European industry association of producers of corrugated case materials, also known as containerboard. Its members represent a total European production capacity of more than 25 million tonnes of corrugated case materials.

EUROPEAN CARTON MAKERS ASSOCIATIONS



Brings together and represents cartonboard production and processing companies at European level, encouraging the sharing of best practices and debate on common topics, such as improving operational performance, food safety and sustainability.

PRO CARTON



Brings together cartonboard and cartonboard manufacturers to promote the use of this type of packaging, enhancing the technical, manufacturing, product safety and environmental sustainability advantages deriving from the choice of this packaging material.

AT LOCAL LEVEL

ASSOCARTA



Brings together and represents companies manufacturing paper, cartonboard and paper pulp in Italy, promoting the protection of their legitimate interests in relations with institutions, trade unions and other stakeholders. RDM Group is one of the members forming the Board of Directors of the Association.

COPACEL



It brings together companies operating in France in the paper sector, representing them in the relations with institutions and other professional organizations, contributing to fostering the industry's competitiveness, improving social dialogue, employee safety and training and facilitating the exchange of good practices among paper companies, with particular reference to environmental impacts and energy efficiency. RDM Group is one of the members forming the Board of Directors.

EN-CEL-PA

Within COPACEL, Environment-Cellulose-Papier is a financial company that supports the funding of environmental capital expenditure for the benefit of French companies in the paper sector.



Brings together and represents over 750,000 industrial and service companies operating in France. It promotes entrepreneurship and free enterprise, facilitating dialogue with all the actors of the civil society and promoting a better understanding of the constraints and strengths of French companies.

CLUB MCAS



The Association Matériaux pour Contact Alimentaire et Santé brings together all the actors in the value chain producing, processing and using paper and board intended for food contact, with the aim of providing a forum where discussing the continuous improvement of food safety of this type of packaging materials.

ASSOLOMBARDA, UNIONE DEGLI INDUSTRIALI E DELLE IMPRESE DI ROMA FROSINONE LATINA RIETI E VITERBO, CONFINDUSTRIA BELLUNO, CONFINDUSTRIA UDINE



These are the associations that represent the manufacturing and service companies operating in Italy and, in particular, in the territories hosting the Group's mills. They protect their legitimate interests vis-à-vis institutions and social partners; and they provide consultancy services for members and promote collaboration among companies.

COMIECO - CONSORZIO NAZIONALE RECUPERO E RICICLO DEGLI IMBALLAGGI A BASE CELLULOSICA



Brings together producers, importers and converters of cellulose materials and packaging, promoting - through policies of prevention and separate waste collection - the objective of recycling cellulose packaging waste, as stipulated by European legislation. RDM Group is one of the members forming the Board of the Directors of the Association.

GIFCO - ASSOGRAFICI



The Italian Corrugated Carton Manufacturers Group (GIFCO), which operates as part of the Italian National Association of Paper Processing and Transforming Industries, brings together and represents companies in Italy producing corrugated cartonboard and subsidiary materials, thereby encouraging the growth of the sector.

ATICELCA



The Italian Technical Association for Cellulose and Paper brings together technicians and experts working in the paper industry, thereby encouraging the sharing of technical-scientific knowledge and know-how; this in turn enables the improvement of methods of paper-making and production of raw materials for the paper industry.

GIPSE



Brings together companies in the paper industry operating in the South-eastern region of France, offering consulting services to its members as well as a forum for economic operators and local institutions where discussing the legitimate interests of the paper industry.

GAS INTENSIVE SOCIETÀ CONSORTILE A.R.L.



Brings together companies that rely mostly on the consumption of gas in Italy, in order to coordinate and optimize purchases of natural gas; thereby also acting as the spokesperson for the interests of Italian industrial gas consumers.

SUSTAINABILITY IN RDM GROUP

2

- 2.1 Strategy and commitments
- 2.2 Group's Stakeholders
- 2.3 Materiality Analysis
- 2.4 Management of risks and opportunities

2.1 STRATEGY AND COMMITMENTS

RDM Group’s business is based on the valorisation of recovery raw materials to give new life to what would otherwise become waste. Sustainability is therefore embedded into of the Group’s strategy and DNA.

With the previous edition of the Sustainable Value Report (1st Edition), RDM Group stressed out its commitment to improve its sustainability performances, by setting for 2018 challenging and punctual objectives. With this edition of the Report, the Group intends to reaffirm its commitment, by setting broader goals that reflect its medium-long term vision and its contribution to the achievement of the United Nations Sustainable Development Goals (Sustainable Development Goals, or simply, SDGs).

To further strengthen its commitment to ESG (Environmental, Social and Governance) issues, the Group will be working on the implementation of a well-defined sustainability planning process, capable of systematizing the plurality of initiatives carried across all countries of presence.

In any case, the commitments made, the results achieved and the goals set by the Group for the medium and long term, with respect to the ESG issues and the SDGs towards which RDM Group contributes the most, are reported below.

HEALTH & SAFETY



Strategic approach

Ensuring the health and safety of the Group’s people is a Group priority. As part of the “Zero Accidents” program, the Group has developed health and safety management systems and processes based on the standard OHSAS 18001 and voluntarily subjects them to periodic audits by independent third-party bodies. The Group adopted a Quality, Environment and Safety policy for the integrated management of the QHSE issues and implements an H&S governance system based on the sharing of best practices.

2018 COMMITMENTS

- Reduction by 50% of the accident frequency rate compared to 2015
- Reduction by 45% of the severity rate of accidents compared to 2015
- Development of health promotion programs in the Company

RESULTS ACCOMPLISHED

- Reduction of the accident frequency rate by 47% compared to 2015
- Reduction of the accident severity rate by 61% compared to 2015
- Activation of a voluntary course on pathological addictions

OBJECTIVES

- Continuous reduction of the accident frequency and severity rates within the broader “Zero Accidents” program
- Activation of events and health promotion campaigns in the Group’s mills
- Transition to the ISO 45001 health and safety management system to replace the OHSAS 18001 system

SDGs





Strategic approach

RDM Group develops technologies and production systems based on the transformation of recycled fibres that, in the context of a circular economy model, limit the supply of virgin raw materials: over 90% of the fibres purchased by the Group to produce cartonboard originates in fact from recycling. More than 80% of the materials used to produce the cartonboard is made of renewable materials.

2018 COMMITMENTS

- Further improve efficiency in the use of raw materials by reducing scraps and enhancing the recovery of fibrous material
- Maintaining leadership in the Italian and European market for packaging materials made from paper recycling
- Ensure 100% purchases of virgin fibrous materials certified to international standards FSC®, PEFC™, FSC Controlled Wood®
- Maintenance of existing certification schemes

RESULTS ACCOMPLISHED

- Installation of a machinery in a Group's mill for the recovery of fibres from processing waste and the reduction of waste sent to landfill
- Acquisition of the company RDM Barcelona Cartonboard to further consolidate the market position of the Group
- 100% of virgin fibres purchased from FSC/PEFC certified sources, also in 2018
- All management system certifications (e.g. ISO 9001, ISO 14001, OHSAS 18001 etc.) adopted by the Group have been maintained

OBJECTIVES

- Continue to invest to improve the efficiency of production processes, also through fibres recovery in the manufacturing processes and waste reduction from the cleaning process
- Continue to guarantee the certified origin of virgin fibres purchased by the Group to international standards FSC®, PEFC™, FSC Controlled Wood®

SDGs



PRODUCT QUALITY AND SAFETY



Strategic approach

Quality and safety are key characteristics of RDM Group cartonboard. By minimizing the risk of migration of chemical substances, including mineral oils, from packaging to contained products, the Group safeguards food and consumer's safety. RDM Group pays the utmost attention to product and service non-compliance and adopts systems to verify the quality and food safety requirements throughout the production cycle.

2018 COMMITMENTS

- Continuation of trials for the industrial application of cartonboard barrier treatments that prevent the migration of possible residues of mineral oils
- Launch of the third party certification process of the food safety management system of a pilot mill
- Development of specific protocols for measuring the presence of bisphenol A residues

RESULTS ACCOMPLISHED

- Completion of the development of the mineral oil barrier treatment of the cartonboard produced in of the Arnsberg mill
- Preparatory activities for the food safety management system certification process, including documental analysis, gap analysis and requirements identification
- Implementation of an internal protocol for the measurement of Bisphenol A in the cartonboard produced by the Group mills every six months

OBJECTIVES

- Transfer of the barrier solutions identified to other mills
- Strengthening the safety of RDM Group products, also with external certifications relating to food packaging hygiene

SDGs



EXCELLENCE FOR CUSTOMERS AND END CONSUMERS



Strategic approach

The Group can pursue objectives of economic growth and strengthen its competitive advantage only if it is able to satisfy its customers' needs. RDM Group is aware that quality of products is an essential element of its business. Therefore, the Group considers it essential to understand the ability of products and commercial services to meet customer expectations.

Listening and engaging with customers are therefore the fundamental means for further strengthening the Group's offer.

2018 COMMITMENTS

- Further expansion of the range of solutions and services offered to customers due to the acquisition of the company PAC Service
- Enhancement of customer satisfaction measurement methods and development of specific projects to improve the satisfaction and quality perceived by customers
- Experimentation of new technologies and protocols for the selection of the best quality raw materials

RESULTS ACCOMPLISHED

- Acquisition of 100% of the Pac Service company
- Implementation of an engagement campaign with customers to measure their satisfaction on a six monthly basis
- Follow-up on the customer satisfaction survey results to identify projects to be included in an action plan
- Adoption of instrumentations to monitor the qualitative data of waste paper supplies of a Group mill

OBJECTIVES

- Consolidation of the process of surveying customer satisfaction within the company processes
- Implementation of action plans to improve customer satisfaction following the results of customer satisfaction surveys
- Reduction of complaints on fibrous raw materials supplies

SDGs



ENERGY AND CLIMATE CHANGE



Strategic approach

RDM Group constantly monitors its energy consumption in order to systematically identify opportunities to increase efficiency, reducing primary consumption and emissions. The Group's strategy focuses on increasing the use of alternative and renewable energy sources, including biomass for energy production. The use of high yield cogeneration plants for the combined production of electricity and heat is part of the Group's strategy, which combines energy efficiency, environmental protection and economic convenience.

2018 COMMITMENTS

- Reduction by 12% of the energy intensity rate compared to 2015
- Continuation of the program to increase energy use from renewable sources and /or from high-efficiency cogeneration plants through the evaluation of the possible development of a hydroelectric plant in Ovaro, the increase in the high-efficiency cogeneration share in the Villa Santa Lucia and Santa Giustina's plants, and through the reduction of fossil sources used in the Arnsberg plant
- 12% reduction in the emission intensity index compared to 2015 levels
- Development of projects for thermal recovery on gaseous and liquid effluents released into the atmosphere and into water bodies

RESULTS ACCOMPLISHED

- Reduction of the energy intensity* rate of 5% compared to 2015
- Improvement of the specific consumptions for the mills of S. Giustina and Villa S. Lucia thanks to, respectively, the installation of a new high yield gas turbine and the calibration of an existing cogeneration plant
- Completion of the study to improve the energy mix of the Arnsberg mill
- Reduction of 11% of the emission intensity* rate compared to 2015
- Launch of the executive project for the substitution of the heat recovery boiler of the S. Giustina mill

OBJECTIVES

- Shutdown of one of the two coal-fired boilers at the Arnsberg mill
- Start the evaluation process for the conversion of Arnsberg's mill coal boiler into a gas boiler
- Increase the share of use of alternative and renewable energy sources, including biomass
- Evaluation of the possible development of a hydroelectric plant in Ovaro

SDGs



*In order to ensure greater comparability, in this version of the Sustainable Value Report the energy intensity and emission targets have been adjusted compared to the previous version using gross production as a reference parameter.

RESPONSIBLE USE OF WATER RESOURCES



Strategic approach

The Group invests in continuous technological and machinery improvements, for example for the reuse of condensed steam and process water in several processing cycles, obtaining a permanent reduction in water consumption over the years. The quality of water discharges is monitored systematically to ensure that industrial wastewater is treated in chemical-physical treatment plants, so as to ensure its suitability for remission in the environment or to convey it to consortium plants for subsequent further treatment.

2018 COMMITMENTS

- Reduction by 10% of the water intensity* compared to 2015
- Testing of new filtration systems to reduce water consumption

RESULTS ACCOMPLISHED

- Water intensity reduced by 0.5% compared to 2015
- Feasibility studies preliminary to the adoption of water filtration plants

OBJECTIVES

- Testing of filtration systems aimed at reducing water consumption in the production process

SDGs



*To ensure greater comparability, in this version of the Sustainable Value Report, the target on the water intensity has been adjusted compared to the previous version using the gross production as a reference parameter.

RESPONSIBILITY IN THE SUPPLY CHAIN



Strategic approach

RDM Group requires its suppliers of forest products to go through a specific qualification process, favouring thus the purchase of FSC® or PEFC™ certified raw materials. For virgin fibres of forest origin, a specific procedure has been implemented: it requires purchases of raw materials to be exclusively certified according to schemes that guarantee the supply from controlled and sustainable sources. RDM Group evaluates its suppliers also with respect to broader criteria of environmental and social sustainability.

2018 COMMITMENTS

- Harmonize the suppliers' qualification and assessment process at Group level, also with reference to environmental and social due diligence
- Increase to 40% of the share of new suppliers subjected to social-environmental screening

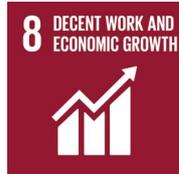
RESULTS ACCOMPLISHED

- Approval of a new procedure that introduces controls on the selection and qualification of suppliers
- Increase to 26% in the share of suppliers subjected to social-environmental screening

OBJECTIVES

- Continue to harmonize the qualification and assessment procedures of suppliers at Group level

SDGs



PEOPLE'S WELL-BEING



Strategic approach

RDM Group promotes the experimentation of new working flexibility formulas to favour the reconciliation of private life - work, such as smart-working and other flexibility solutions, such as part-time employment, to favour the employment of women after maternity leave.

The Group promotes an efficient and meritocratic work environment, implementing employee engagement activities to seize new opportunities for improvement.

2018 COMMITMENTS

- Strengthen the sense of belonging to the Group
- Evaluation of the enhancement of work-life balance and flexibility solutions
- Implementation of a People Survey to measure the level of staff satisfaction

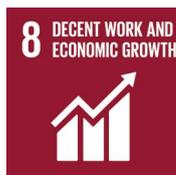
RESULTS ACCOMPLISHED

- Conducting company meetings to share internal policies with the first and second managerial level
- Completion of the People Survey and implementation of specific meetings to share the results in each of the Group's mills
- Enhancement and increase of the frequency of internal communications

OBJECTIVES

- Definition of a smart-working policy for the Group's Italian entities
- Strengthening the sense of belonging to the Group by implementing team building initiatives and branding enhancements of the mills

SDGs



VALORISATION OF TALENTS



Strategic approach

The Group recognizes the centrality of the knowledge and know-how of its employees as critical elements to ensure the high standards of quality and efficiency required by customers. The enhancement of this corporate asset is closely linked to training systems, on-the-job training and development of skills implemented by the Group, as well as to individual performance assessment processes that promote a dynamic and meritocratic work environment.

2018 COMMITMENTS

- Increase of average training hours
- Increase the number of employees involved in formal performance evaluation mechanisms
- Expansion of the talent mapping process and identification of potential high-flyers
- Attention to female talent enhancement within the processes of selection and growth
- Enhancement of knowledge sharing tools to strengthen synergies and productivity

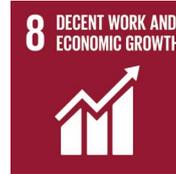
RESULTS ACCOMPLISHED

- Investment in training for an amount of 2.1 million euros in the last three years
- Performance evaluation mechanisms extended to the second level managerial level
- Completion of the talent mapping for employees belonging to the first and second managerial level
- Implementation of an employee selection process that ensures gender equality
- Enhancement of the intranet as a platform to share business working tools

OBJECTIVES

- Continuation of the training investment plan, including that on the development of managerial skills
- Extension of employees included in the performance evaluation mechanisms
- Enhancement of internal communication tools to further strengthen the sense of belonging to the Group

SDGs



LEGAL E GOVERNANCE



Strategic approach

The Group adopts the instruments necessary to ensure the integrity of the business conduct of all employees. Those instruments also include the Organisation, Management and Control Model pursuant to the Italian Legislative Decree 231/2001, the Group's Code of Ethics, other regulations on conduct and procedures. RDM Group promotes a culture of compliance that enhances the sense of responsibility of its people which, in turn, further strengthens the internal control environment.

2018 COMMITMENTS

- Review and harmonization of the Group policies on antitrust and anti-corruption
- Adjustment of governance and internal procedures to the provisions of Regulation (EU) 2016/679 on the protection of personal data of natural persons
- Development of training activities on integrity in the business conduct

RESULTS ACCOMPLISHED

- Approval and adoption by the Board of Directors of Reno De Medici S.p.A. of the Group's Antitrust Compliance Program
- Approval and adoption of the Privacy Manual by the Board of Directors of Reno De Medici S.p.A. and appointment of the data protection officer at Group level, for the full implementation of the European GDPR regulation
- Planning of training activities on antitrust matters

OBJECTIVES

- Adoption of the Antitrust RDM policy by each Board of the Group companies
- Strengthen the monitoring system for compliance with the Antitrust rules at Group level
- Approval of the new Code of Ethics and the Group's Anti-bribery Code of Behavior
- Continuation of the Group-wide harmonization of internal anti-corruption policies

SDGs



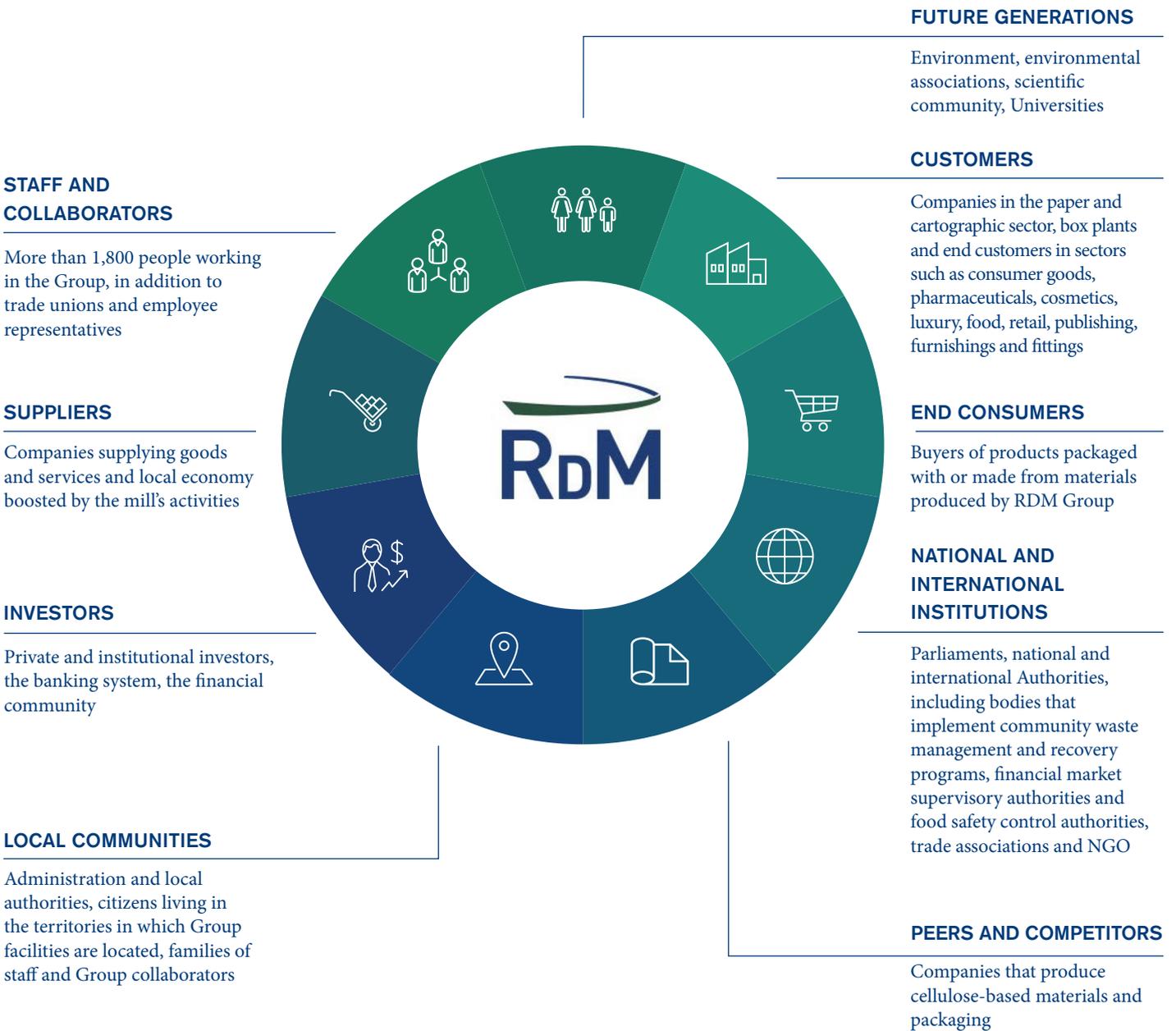
2.2 GROUP'S STAKEHOLDERS

A continuous and active dialogue with internal and external stakeholders is a strategic objective for RDM Group, as it is necessary to achieve its Vision; and it is also a decisive tool for gathering information on the context of operations and for obtaining feedback on the impact generated by corporate activities on the wider environment and society.

By listening carefully to stakeholders, it is possible to assess the extent to which we practise sufficient understanding and responsiveness to their legitimate expectations and interests; and this enables areas to be identified, in which the commitment needs to be strengthened and other areas where the correctness of existing approaches can be confirmed.

CRITERION	THE GROUP'S STAKEHOLDERS HAVE BEEN IDENTIFIED, TAKING INTO CONSIDERATION THESE ENTITIES AND GROUPS:
DEPENDENCY	> which depend directly or indirectly on the activities, products or operations of RDM Group, or on which the Group itself depends in order to carry out its activities
RESPONSIBILITY	> to which RDM Group has, or could have, legal, commercial, operational or moral responsibilities under custom and usage, laws, regulations, contracts, policies or codes of conduct
INFLUENCE	> which can influence the activities or the strategic choices of RDM Group, or in general those persons who, by custom and culture, can legitimately act as spokespersons for requests or interests towards the Group
FREQUENCY	> with which the Group interacts primarily, with particular reference to internal stakeholders, such as RDM Group People and collaborators
DIVERSE PERSPECTIVES	> which can provide clues about emerging issues and risks, enabling a different understanding of context or the identification of new opportunities, such as opinion leaders, the academic world and civil society organisations

ECOSYSTEM OF THE GROUP'S STAKEHOLDERS



EXPECTATIONS AND INTERESTS

Different channels for listening and dialoguing are available to the various stakeholder groups; and through these, RDM Group can identify the expectations and interests of anyone involved or who can influence the Group's activities.

LISTENING AND INVOLVEMENT TOOLS

EXPECTATIONS AND INTEREST

INVESTORS



- Shareholders' meeting
- Meetings, roadshows and conference calls with analysts and investors
- Support offered by the Investor Relations Department
- Institutional website and dedicated e-mail boxes
- Press releases and presentations

- Optimization of the yield / risk ratio of the Reno De Medici share within the investment portfolio management
- Transparency and clarity of corporate communication
- Credibility of corporate management
- Solidity of corporate governance

CUSTOMERS



- Daily interactions and on-site visits, as promoted by RDM Group sales network
- Customer satisfaction surveys
- Evaluation questionnaires and interaction with Quality and Vendor ratings by customers in the course of RDM Group's qualification and evaluation processes
- Customer support channels

- Quality of products and safety of materials in contact with foodstuffs
- Cost reductions
- Reliability and flexibility of production processes and transport, so as to ensure business continuity and compliance with delivery times
- Adequacy of technical support for assessment of product characteristics, for analysis of any problems and for identification of solutions

END CONSUMERS



- Feedback from customers on the perceived quality of end products made with RDM Group materials
- Monitoring of trade magazines, communities and discussion forums on the topics of recycling, environmental sustainability of packaging and food safety
- Meetings at the plant on opening days held at the paper mills

- Quality of products made with RDM Group materials
- Suitability of packaging materials for food contact
- Information on the environmental impact of packaging and on correct disposal methods

PEOPLE AND COLLABORATORS



- Activities and daily relationships of the human resources Department
- Forum with Trade Unions
- Tools for collecting suggestions for improvement
- Channels for reporting breaches of the Code of Ethics
- Internal communications tools (newsletters and bulletin boards)
- Training, sharing of company strategies and assessment of individual performance

- Safe and healthy work environment to protect People's health and well-being
- Employment stability and remuneration policies
- Work-life balance solutions
- Training pathways and skills development
- Personal and professional growth opportunities
- Gender equality and enhancement of diversity

SUPPLIERS



- Activities and daily relations of the Purchasing Department
- Qualification process for new suppliers
- Supplier engagement and constant feedback from the production sites regarding the use of the materials
- Compliance with the contractual agreements
- Continuity in supply requests
- Opportunity to develop strategic partnerships for the improvement of company activities

LOCAL COMMUNITIES



- Initiatives for opening paper mills to the public
- Forums and other mechanism of dialogue with the Public Authorities
- Participation in public meetings in the communities where the Group is present
- Channels for reporting the breaches of the Code of Ethics
- Monitoring via mass media (press, specialist magazines, TV, web, social networks)
- Offering job opportunities and transparent, merit-based personnel selection processes
- Creation and protection of employment in the Group and related industries
- Protection of the health and safety of those working in the Group
- Safeguarding environmental conditions and collective health for those living near the Group's mills and the companies from which RDM Group obtains supplies

NATIONAL AND INTERNATIONAL INSTITUTIONS



- Forum and initiatives for institutional dialogue
- Involvement in trade associations representing paper and cartonboard companies in their relations with national and European institutions
- Monitoring of regulatory developments
- Ensure full observance and compliance with current regulations
- Support for the implementation of community programmes for waste management and recovery, development of circular economy models and implementation of strategies to combat climate change and protect water resources
- Contribution to energy security by joining the electrical continuity service
- Protection of public health with regard to packaging intended for food contact
- Promoting local development and contributing to the achievement of the objectives of the 2030 Agenda for Sustainable Development
- Control of the suppliers for the management of social and environmental risks throughout the value chain

FUTURE GENERATIONS



- Evaluation of the content of awareness campaigns promoted by environmental associations
- Attention to research and analysis of the scientific community
- Training activities, orientation and involvement of high school students and university institutions
- Conservation of natural resources and development of circular economy models
- Protection of ecosystems and natural biodiversity, with particular reference to forest resources
- Contrast with air pollution and global warming
- Support for schools and collaboration with universities and research centres for the development and dissemination of engineering and technical-scientific knowledge

PEERS AND COMPETITORS

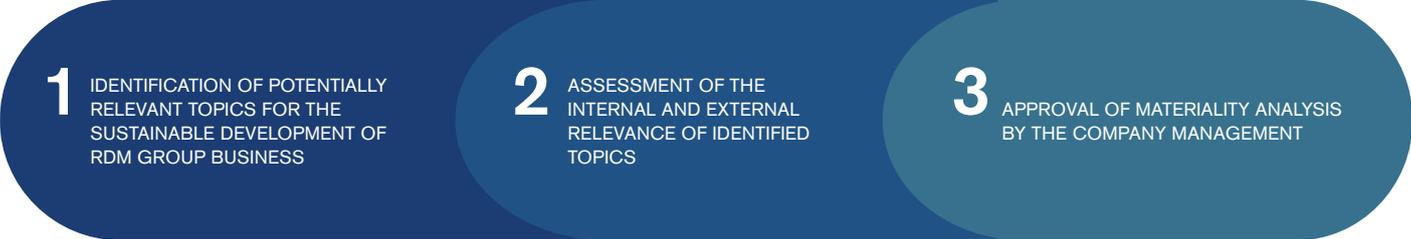


- Participation in the work and thematic projects of trade associations
- Protection of free competition
- Definition of common strategies to strengthen competitiveness, sustainability and the image of the industry
- Openness to pre-competitive collaboration in key areas designed to improve the sustainability of the sector

2.3 MATERIALITY ANALYSIS

To identify the priority topics for the Group and its stakeholders, as well as the content of this document, RDM Group has conducted a process of analysis of the areas in which the Group's activities can contribute more to the improvement or deterioration of social, economic and environmental aspects of the territories and communities in which it operates.

The analysis of materiality, for the identification of the Report's content, is coordinated by the Head of the Sustainability and Risk Management department and it is regularly implemented with the aim of assessing the company's priorities for sustainable development and strategic alignment of the business. More than 20 top managers belonging to all the Group companies in 2017 were involved in the last analysis, which was divided into three main phases:

- 
- 1** IDENTIFICATION OF POTENTIALLY RELEVANT TOPICS FOR THE SUSTAINABLE DEVELOPMENT OF RDM GROUP BUSINESS
 - 2** ASSESSMENT OF THE INTERNAL AND EXTERNAL RELEVANCE OF IDENTIFIED TOPICS
 - 3** APPROVAL OF MATERIALITY ANALYSIS BY THE COMPANY MANAGEMENT

1

The first phase of identification of the sustainability topics potentially relevant to the sector and to the Group's entities took into consideration different sources of internal and external analysis, such as:

- company documents, including Group Financial Reports, the Corporate Governance Report, the Group's strategic plans and communications from top management, the Organisation, Management and Control Model (hereafter also referred to as "231 Model" or "MOGC") adopted pursuant to Legislative Decree 231/2001 and the Code of Ethics, presentations and notices to investors, policies, manuals and procedures concerning the management of quality, environment, workers' safety and energy (hereafter also "QSEE"), risk assessment documents deriving from QSEE systems, of 231 Model and the audit plans, internal control and third party audit reports for the monitoring of the QSEE systems, previous Company Socio-Environmental reports, the press review;
- public analysis documents drafted inter alia by the United Nations and the European Commission (Agenda 2030 for Sustainable Development), by national statistical institutes and Eurostat and by think-tanks, NGOs and consulting firms, including the World Economic Forum, GRI, Freedom House, Amnesty International, Transparency International, KPMG Advisory, Deloitte and Mc Kinsey;
- international accountability standards, including the Global Compact, the United Nations "Protect, Respect and Remedy" framework, the OECD Guidelines for Multinational Enterprises, the Guidelines on non-financial reporting issued by the European Commission, the GRI Standards 101, 102, 103 and the series 200, 300 and 400, the SASB standard, the UNI ISO 26000 guidelines for Corporate Social Responsibility of organisations;
- questionnaires for the qualification and evaluation of RDM Group sent by the customers;
- sustainability reports of other multinational groups engaged in the production of paper, pulp and cellulose-based packaging.

The mapping process has led to the identification of about 50 topics of potential importance for the Group; and these have been assessed by top management by means of interviews, focus groups and the compilation of assessment questionnaires.

2

Each sustainability topic has been assessed on a five-point priority scale in relation to its capacity of significantly influencing the stakeholders' decisions and opinions, as well as in relation to its impact on the Group in economic-financial, operational, legal and reputation terms. The external perspective has been evaluated based on the critical professional judgement of top management, by taking also into account the information needs of interested parties.

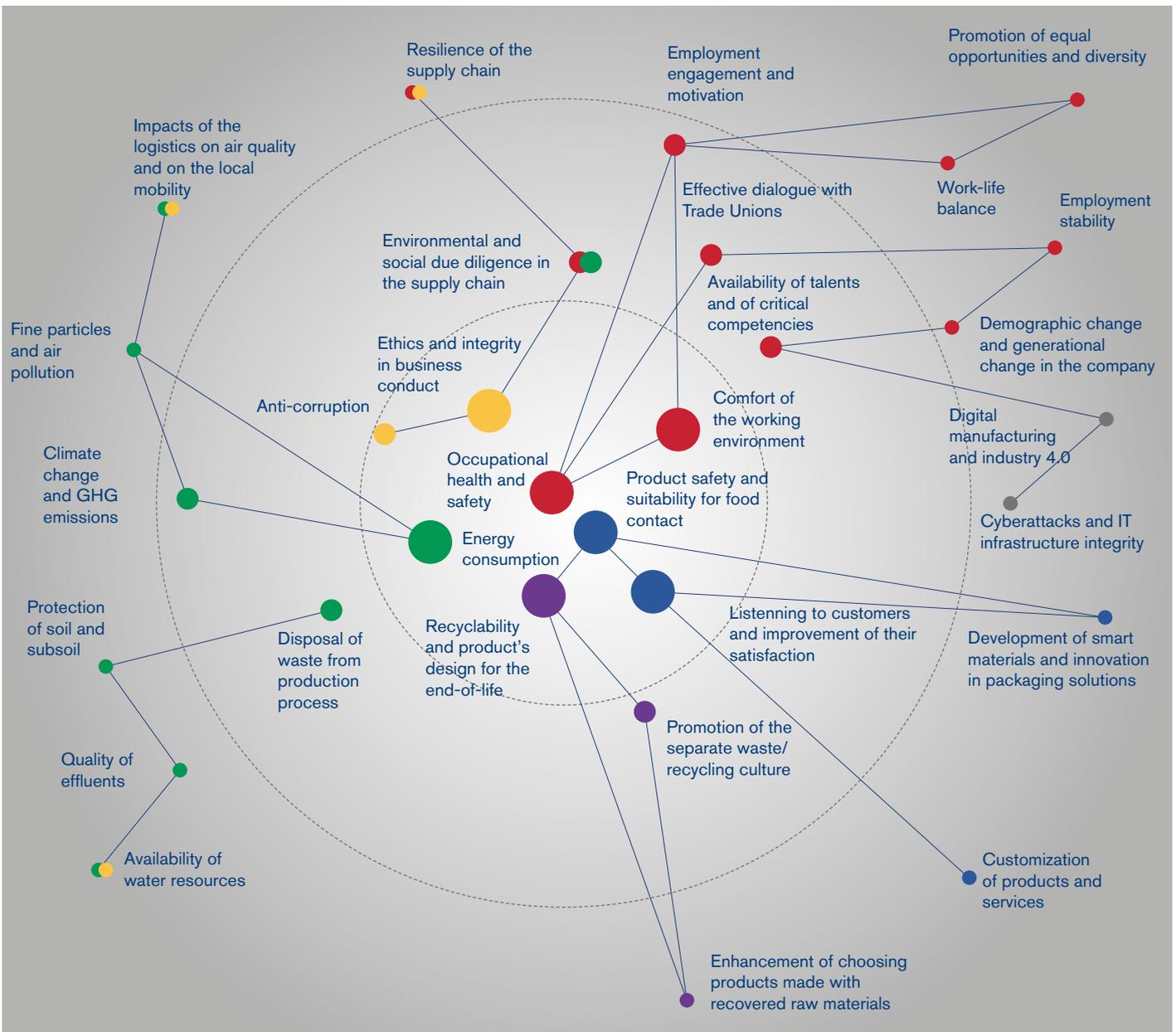
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At the end of this analysis phase, 30 relevant topics emerged in the materiality matrix; whereby the matrix was then presented, discussed and approved by top management in 2017.

MATERIAL TOPICS MAP

The results of the materiality analysis process are illustrated graphically in the positioning of the 30 relevant topics within map below. The latter places the most significant topics, for the Group and its Stakeholders, at the centre of the quadrant and describes the interconnections between the different topics.

The different colours of the themes identify the macro-areas to which the key factors in sustainable business development refer.



EMPLOYEE-RELATED MATERIAL TOPICS

MATERIAL TOPIC	DESCRIPTION
OCCUPATIONAL HEALTH AND SAFETY	<ul style="list-style-type: none"> • Effective Occupational Health and Safety management system • Raising awareness on safety risks and fostering of the safety culture • Programs of accidents prevention
COMFORT OF THE WORKING ENVIRONMENT	<ul style="list-style-type: none"> • Appropriate working conditions • Control and monitoring of risks to workers' health
AVAILABILITY OF TALENTS AND CRITICAL COMPETENCIES	<ul style="list-style-type: none"> • Training and development of skills/competencies and lifelong learning • Talents' attraction and retention • Succession planning for key people, knowledge transfer and risk of losing critical know-how
EFFECTIVE DIALOGUE WITH TRADE UNIONS	<ul style="list-style-type: none"> • Protection of the right to collective bargaining • Initiatives for promoting dialogue with Trade Unions
EMPLOYEE ENGAGEMENT AND MOTIVATION	<ul style="list-style-type: none"> • Effective internal communication • Transparency and sharing of strategic priorities within all the levels of the organization • People survey and other channels for tracking employees morale
DEMOGRAPHIC CHANGE AND GENERATIONAL CHANGE IN THE COMPANY	<ul style="list-style-type: none"> • Extension of the pension age and aging of the workforce • Know-how and collective/individual skills management • Effective integration of younger workers
WORK-LIFE BALANCE	<ul style="list-style-type: none"> • Personnel well-being and the development of corporate welfare systems • Smart working and programs upholding life-work balance
EMPLOYMENT STABILITY	<ul style="list-style-type: none"> • Responsible management of reorganization • Opportunities for stable collaboration
PROMOTION OF EQUAL OPPORTUNITIES AND DIVERSITY	<ul style="list-style-type: none"> • Fight against discrimination based on gender, age, nationality, maternity/paternity, religion, sexual orientation, physical condition and disabilities • Gender equality • Programs and projects for promoting equal opportunities

SOCIAL AND PRODUCT-, SERVICE- AND SUPPLY CHAIN-RELATED MATERIAL TOPICS

MATERIAL TOPIC	DESCRIPTION
PRODUCT SAFETY AND SUITABILITY FOR FOOD CONTACT	<ul style="list-style-type: none"> • Safety of products for food contact • Traceability and prompt management of recalls/withdrawals • Collaboration among all the actors in the paper value chain to promote product safety
LISTENING TO CUSTOMER AND IMPROVEMENT OF THEIR SATISFACTION	<ul style="list-style-type: none"> • Engagement with the customers and end consumers for monitoring their satisfaction and continuous improvement based on their feedbacks • Non-conformity of products/services and effective management of claims
RECYCLABILITY AND PRODUCT'S DESIGN FOR THE END-OF-LIFE	<ul style="list-style-type: none"> • Product development with a view to the end of life/their recycling • Innovation of the materials for the food sector and recoverability of the new composite materials
PROMOTION OF THE SEPARATE WASTE / RECYCLING CULTURE	<ul style="list-style-type: none"> • Promotion of separate waste collection and enhancement of recycling pulp-based products at the end of their life • Raising awareness on the value of green packaging
RESILIENCE OF THE SUPPLY CHAIN	<ul style="list-style-type: none"> • Soundness and stability of the commercial relationships • Transparency, fairness and integrity in the relations with suppliers
CUSTOMISATION OF PRODUCTS AND SERVICES	<ul style="list-style-type: none"> • Customer engagement for product development and innovation
DEVELOPMENT OF SMART MATERIALS AND INNOVATION IN PACKAGING SOLUTIONS	<ul style="list-style-type: none"> • Defining of the new applications for conventional recycled carton paper and development of new materials • Partnership with players within and outside the paper value chain for product innovation • Development of smart packaging solutions and bio-packaging
ENHANCEMENT OF CHOOSING PRODUCTS REALIZED WITH RECOVERED RAW MATERIALS	<ul style="list-style-type: none"> • Emphasis in the customer value proposition of the offering of products based on a circular economy model, underlining the contribution in the waste recovery and forest protection

ENVIRONMENTAL MATERIAL TOPICS

MATERIAL TOPIC	DESCRIPTION
ENERGY CONSUMPTION	<ul style="list-style-type: none">• Reduction of energy use, energy audit and certification• Investments in energy efficiency and adoption of the Best Available Technologies• Supply of energy to the national power grid and support for the energy security
DISPOSAL OF WASTE FROM PRODUCTION PROCESS	<ul style="list-style-type: none">• Efficient use of raw materials and waste/scrap reduction• Waste recovery for their using in other industrial processes and valorisation in collateral sectors in the view of “zero waste to landfill”• Proper management of industrial waste disposal
CLIMATE CHANGE AND GHG EMISSIONS	<ul style="list-style-type: none">• Control and reduction of direct and indirect emissions of greenhouse gases• Purchase/production of energy from renewable sources• Emission trading and evolution of the regulatory environment concerning emissions
QUALITY OF EFFLUENTS	<ul style="list-style-type: none">• Water treatment and purification of industrial wastewater• Protection of water bodies receiving the treated wastewater
PROTECTION OF THE SOIL AND SUBSOIL	<ul style="list-style-type: none">• Protection of the soil and subsoil from spills and contamination
FINE PARTICLES AND AIR POLLUTION	<ul style="list-style-type: none">• Respect for the emissions limits for air pollution• Use of technologies / systems for reducing air polluting substances
AVAILABILITY OF WATER RESOURCES	<ul style="list-style-type: none">• Reduction of water use• Wastewater and vapor recovery for their reuse in the production processes
IMPACTS OF THE LOGISTICS ON AIR QUALITY, AND ON THE LOCAL MOBILITY	<ul style="list-style-type: none">• Environmental impacts of the inbound and outbound logistics• Preferred use of means of transport with reduced environmental impact, intermodally, optimisation of the logistics• Traffic and interferences on the local mobility

RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND BRIBERY

MATERIAL TOPICS

MATERIAL TOPIC

DESCRIPTION

ETHICS AND INTEGRITY IN BUSINESS CONDUCT

- Mechanisms for reporting alleged illegal or unethical conducts, or issues related to the business integrity
 - Raising awareness, training, and monitoring of the effective implementation of the Code of Ethics
 - Effective management of the alleged violations of the Law, and the Code of Ethics
-

ANTI-CORRUPTION

- Operations monitored for risks related to active and passive corruption
 - Employee trained on anti-corruption policies and procedures
 - Lobbying and public influence activities
-

ENVIRONMENTAL AND SOCIAL DUE DILIGENCE IN THE SUPPLY CHAIN

- Assessment and control of the suppliers' capacity of safeguarding human rights, employees' health and safety, proper environmental management in the qualification, selection and vendor management process
 - Traceability and control of the origin of virgin fibres and fight against illegal logging
 - Pre-competitive partnership to improve the supply chain sustainability
-

OTHER MATERIAL TOPICS

MATERIAL TOPIC

DESCRIPTION

DIGITAL MANUFACTURING AND INDUSTRY 4.0

- Use of big data for increasing flexibility and better managing the variability and the variety of the demand
 - Artificial intelligence for continuous monitoring and increasing the efficiency, predictive maintenance and throughput debottlenecking
 - Automation of the logistics/stocking and remote process control
 - Digital tools and processes to ease knowledge sharing
-

CYBERATTACKS AND IT INFRASTRUCTURE INTEGRITY

- Efficiency and soundness of IT infrastructures and archives
-

2.4 MANAGEMENT OF RISKS AND OPPORTUNITIES

RDM Group has adopted tools for the identification, assessment and monitoring of risks with the aim of supporting the business in strategic and operational decisions. Risk assessment processes, also integrated into the Group's management systems tools, ensure the monitoring of performance, compliance with regulatory requirements and identification of development opportunities for all Group companies.

Among the risks identified, particular attention is given to those considered most relevant in terms of probability and impact. The risk management of RDM Group does not distinguish amongst the factors linked to corporate profitability and those related to the responsible management of the company activities.

The Group has decided to disclose, within its Consolidated non-financial Statement, the analysis carried out with respect to the main ESG risks (environmental, social and governance) generated and faced, as reported below.



RISKS RELATED TO THE COST OF RAW MATERIALS AND ENERGY SOURCES

The nature of the Group's business entails an exposure to fluctuations in the price of electricity, natural gas, some chemicals (e.g. latexes) and fibrous raw materials. With regard to the purchase of raw materials, the Group aims at the contractual and geographical diversification of its supplies in order to counter sudden pressures on purchase prices and to preserve continuity of production and economic performance. With regard to energy procurement, the Group has a working group, coordinated centrally by the Group Energy Manager and supported by specialized analysts, who constantly assesses the regulatory trends and economic performance of the regional markets in which the Group operates. The team's objectives include the study of technological solutions for optimizing the energy mix, considering for the purposes of its assessments, both economic factors and environmental factors.

The development of a multi-year strategy in the management of the energy portfolio is one of the instruments adopted for the mitigation of price risk on energy commodities together with the use of contractual risk hedging instruments.



SUPPLY-RELATED RISKS

The characteristics and provenance of raw materials, that allow sustainability to permeate the Group's business model, are certainly among the distinctive elements of RDM Group. The Group manages large quantities of incoming raw materials and is subject to issues related to the quality and provenance of the materials supplied. RDM Group relies on qualified suppliers who are required to comply with environmental and safety standards. RDM Group counters the risk of fibrous virgin raw materials coming from uncontrolled sources through the exclusive purchase from FSC / PEFC certified suppliers that sustainably manage their own forest products.



RISKS CONNECTED TO DANGEROUS NATURAL EVENTS

The Group operates mills in locations that may be subject to climatic stress events such as floods and increasing storm frequency and intensity. To reduce the impact of natural disasters such as fires, floods or storms, RDM Group has implemented a comprehensive prevention program that involves third-party audits to assess exposure to risks from climate change, and requires the identification of diversified action plans for each Group mill.



ENVIRONMENTAL IMPACT AND IMAGE DAMAGE

Due to the nature of the technologies used in paper production, RDM Group employs a certain amount of energy and water resources. To optimally manage the processes that require the use of these resources, the Group adopts environmental management systems (ISO 14001) and energy management systems (ISO 50001) for various Group companies, all certified by accredited third party bodies.

To reduce the environmental impact downstream of its value chain, RDM Group manufactures products that contain more than 90% of recyclable and biodegradable materials. Furthermore, the environmental impact of its waste is reduced thanks to the business model based on the reuse of recovered paper and the recycling activities by end customers who feed the worthy cycle of recovery.



PRODUCT SAFETY AND SUITABILITY FOR FOOD CONTACT

RDM Group produces packaging products intended for contact with food that are subject to possible risks of contamination, with potential impacts on consumer health. To prevent this and possible violations of relevant laws and regulations, RDM Group applies high standards of quality management, production and product control standards that reduce the risk of migration of mineral oils and undesired contaminants while ensuring, at the same time, the traceability of production batches and prompt management of withdrawals and complaints.



CYBERSECURITY

For RDM Group, the risks associated with cybersecurity have a potentially significant impact, both due to the strong interconnections existing within the Group, and to the increasing dependence on technology in carrying out company activities. In addition to the unavailability of online services and the interruption of communications, among the major risks associated with cybersecurity there are damages resulting from the possible violation or theft of sensitive data. In order to guarantee business continuity, the Group has implemented a data backup system to prevent the loss of relevant data and information.



RISK RELATED TO THE HEALTH AND SAFETY OF WORKERS

The paper production process is based on the use of automated technologies that require, however, also manual intervention and constant supervision by the operators. The Group invests in updating equipment and machinery, providing adequate and safe equipment to its workforce. RDM Group adopts OHSAS 18001 management systems (certified in several of its plants) and manages this topic through a system of periodic meetings for the assessment of accidents and the sharing of best practices amongst the mills. The centralized coordination on health and safety issues foresees the implementation of improvement plans based on quantitative and measurable objectives and a constant monitoring of the performance of each paper mill.



RISKS RELATED TO PRODUCT DEFECTS

Failure to comply with the quality standards that characterize the products of RDM Group would have a potentially significant impact on the Group's reputation and, consequently, on its turnover. In order to guarantee high quality standards to its customers, RDM Group's mills are adequate to meet customer requirements and have an effective product control system which, through specific operating tools, laboratory analysis and testing, ensures compliance with cartonboard specifications and significantly reduces the risk of defects and product waste.



RISKS RELATED TO THEFT, DAMAGE AND UNAUTHORIZED ACCESS

The physical structure of paper mills, with large open areas and extensive spaces for the raw materials storage, makes this type of organizations vulnerable to acts of vandalism and unauthorized access. The location of RDM Group mills in politically stable areas and where the presence of the paper mill is an integrated part of the local community's history, make such risk negligible. To further protect its assets, RDM Group protects sites employing specific security services.



RISKS RELATED TO BREAKDOWNS AND PRODUCTION INTERRUPTION

The production process for the construction of cartonboard, relying on board machines working 24/7, is potentially subject to failures due to the perpetual machinery stress. RDM Group, thanks to its "multi-mill" strategy, has the possibility of producing similar products in several plants, ensuring to its customers the continuity of supply. Moreover, RDM Group has implemented a prevention program based on third-party assessment of the conditions of machinery, buildings and cogeneration plants for the assessment of exposure to business interruption risks. The implementation of action plans to follow-up on the risk assessment operations, together with the investments on modernization of the structures and programmed maintenance protocols, allow RDM Group to provide a stable control of this risk.



RISKS RELATED TO CHANGES IN CORPORATE DEMOGRAPHICS AND THE ENHANCEMENT OF KEY PROFESSIONAL SKILLS

Like any other organization, RDM Group is also exposed to the risk of loss of know-how linked to staff turnover. This risk is connected both to the turnover of senior resources, and of junior resources, who are involved in the strategic processes of the business and more affected by the dynamics of the labour market. RDM Group provides mentoring tools, to transfer skills and know-how from senior workers to younger ones, so that company skills and values can be handed down and remain within the Group.

Thanks to the training plans, the verification of its effectiveness and a process of assessment of skills, RDM Group is able to map the skills within the company and convey the training investments in a more targeted way. Furthermore, thanks to its talent attraction and retention policies, the Group has competitive tools to attract young talent and retain the most strategic resources, including programs to facilitate work-life balance.



RISKS RELATED TO THE COMMISSION OF ILLEGAL ACTIVITIES / VIOLATION OF HUMAN RIGHTS

RDM Group, as a multinational organization with over 1,800 employees, is integrated into a system of exchanges and relationships that can favour the commission of certain crimes, damaging thus the interests of the Group and of the entire society.

In order to reduce the possibility of such incidents, RDM Group has defined within the Code of Ethics rules of conduct and prohibitions in conducting business to prevent corruption, illegitimate favours and collusive behaviour. The Code of Ethics is acknowledged through the signing of contracts by suppliers, requiring them ethical conduct and integrity in relations with the Group. With specific reference to the Italian companies, an Organisation, Management and Control Model has also been adopted pursuant to Legislative Decree 231/01 which, within the broader internal control system, defines roles, responsibilities and protocols that ensure the protection of activities at risk and the prevention of the commission of the different types of offences.

With regard to the integrity of the Group's operations, the presence of RDM Group in countries at low risk of violation of human rights and the adoption, where possible, of national collective work agreements allows the Group to operate within the framework of the United Nations' Universal Declaration of Human Rights and the Conventions of the ILO.

GOVERNANCE AND BUSINESS ETHICS



3

3.1 Corporate Governance
3.2 Integrity in company conduct



3.1 CORPORATE GOVERNANCE

The main objective of corporate governance system of RDM Group is the creation of value for its shareholders and for all the Group's stakeholders in the medium-long term. In fact, the Group is aware of the social relevance of its own activities and the consequent need to consider adequately, in carrying out those activities, all the interests involved.

The governance of RDM Group is consistent with the traditional administration and control model, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The Board of Directors was appointed by the Shareholders' Meeting of 28 April 2017, with a term of office set for three financial years, specifically until the shareholders' meeting of approval of the financial statements as at 31 December 2019.



Éric Laflamme – President (non-executive), 54 years old
Independent Director,
President of Emballage Gregso.
Formerly President & COO of
Cascades SA – European
Boxboard Group



Michele Bianchi – Chief Executive Officer, 47 years old
Chemical Engineer, with more
than 18 years of experience in the
European packaging industry



Giulio Antonello – Independent Director (non-executive), 50 years old
Formerly investment banker
and CEO of listed companies.
Currently strategic advisor in the
asset management field



Laura Guazzoni – Independent Director (non-executive), 54 years old
Accountant-Professor at
Università Bocconi



Gloria Marino – Independent Director (non-executive), 50 years old
Business
Accountant
and auditor



Alan Hogg – Director (non-executive), 52 years old
CFO of Cascades Group
since 2010 – Graduate in
Business Administration
and Accounting



Sara Rizzon – Director (non-executive), 37 years old
Attorney at Jones Day
Milan office. Expert in M&A
and corporate compliance

Further information on the corporate governance system of RDM Group can be found in the Report on Corporate Governance and Ownership Structures for the financial year 2018.

The composition of the Board of Directors reflects a balanced combination and integration of managerial and professional profiles, including international, respecting the principle of diversity in relation to aspects such as gender composition, age groups and seniority of office. The members of the three Board committees are all independent and non-executive directors.

SHAREHOLDERS' MEETING

The body that expresses the will of the social structure implemented subsequently by the Board of Directors. It decides on the matters indicated by the Law, such as, for example, the approval of the Financial Statements, the appointment of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors and amendments to the Articles of Association.

BOARD OF DIRECTORS

The administrative body responsible for the ordinary and extraordinary management of the Parent Company, responsible - among others - to approve the Group's strategic, industrial and financial plans, while also defining the guidelines for the internal control and risk management system. The Board of Directors is also responsible for approving the Consolidated Non-financial Statement.

CONTROL AND RISKS COMMITTEE

Consults and makes proposals towards the Board and provides assistance and support for the same in the decisions and assessments relating to the internal control and risk management system and the definition of the guidelines for the system itself.

APPOINTMENT COMMITTEE

Formulates opinions to the Board of Directors regarding the size and composition thereof and expresses recommendations on the professional figures whose presence on the Board is considered appropriate.

REMUNERATION COMMITTEE

Performs advisory and propositional functions vis-à-vis the Board of Directors regarding the remuneration of Executive Directors and other Directors with special offices, and with regard to the definition of remuneration policies for Directors and Managers with strategic responsibilities.

RELATED PARTIES COMMITTEE

It has advisory and propositional functions towards the Board of Directors regarding transactions with related parties.

BOARD OF STATUTORY AUDITORS

The body responsible for monitoring the observance of the Law and the Company Bylaws, including the provisions concerning safety at work, environment and privacy. Supervises compliance with the principles of correct administration, adequacy of the organizational, administrative and accounting procedures.

AUDIT FIRM

Must verify the regular keeping of the corporate accounting and the correct recording of the management facts in the accounting records; it is also in charge of expressing an opinion on the Consolidated Financial Statements and the Consolidated Non-financial statement.

SUPERVISORY BODY

Established pursuant to the Italian Legislative Decree 231/2001, it assesses the adequacy of the Management and Control Organization Model with respect to regulatory developments, while monitoring at the same time its effective implementation to prevent the commission of crimes.

EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS

Prepares and implements appropriate administrative and accounting procedures for the preparation of the Consolidated Financial Statements and certifies that its content is consistent with the international accounting standards.

INTERNAL AUDIT FUNCTION

Supervises and verifies the adequacy, effectiveness and effective functioning of the Internal Control System and ensures the supervisory activities on the 231 Model.

Board of Directors and board committees

Control bodies appointed by the Board of Directors

In order to increase the knowledge of the Directors of the Group's business sector and of the Company's dynamics, the Chief Executive Officer provides the Board of Directors with adequate, specific and detailed information as part of an induction program. To complete the information for the benefit of the Directors, the Legal and Corporate Affairs Department also provides the Directors with updates on the evolution of the legislative and regulatory framework.

In line with the application criteria of the Corporate Governance Code, also in 2018, the Board implemented an annual self-assessment process on the size, composition and functioning of the Board itself and its Committees. The process of Board Review self-assessment, implemented through individual compilations of specific "self-assessment questionnaires" collected by the Corporate Affairs Department, highlighted a general level of adequacy of the elements subject to self-assessment, also with reference to the composition of the independent Directors.

SUSTAINABILITY GOVERNANCE

In order to give impetus and a correct coordination to the programs of integration of the sustainability into the business activities and strategy, RDM Group set up in 2017 the "Sustainability & Risk Management" function, with the task of formulating analyses, developing monitoring tools, identifying possible areas of intervention and defining the related action plans with reference to the management areas relevant to the ESG sphere. The "Sustainability & Risk Management" function performs a functional coordination between all Group mills and their H&S managers. The goal is to strengthen the process of continuous improvement, by paying particular attention to health and safety issues, essential priorities for RDM Group.

To foster synergies at Group level and monitor the progress of specific projects, operational groups have also been set up, involving mill managers as well as H&S, environment, quality and energy managers. The operating groups are the means through which RDM Group promotes the implementation of sustainable development strategies in daily operations, evaluating the risks in relation to each mill and allowing timely monitoring of sustainability performance.

The responsibilities of the "Sustainability & Risk Management" function includes also the maintenance of the management systems (e.g. ISO 9001, ISO 14001, OHSAS 18001, FSC), by regularly carrying out internal audit activities to assess both the compliance with the standards and the performance of the system with respect to the goals defined as part of its continuous improvement plan.

MANAGEMENT INCENTIVE SYSTEM

The Group has implemented a performance incentive system based on the recognition of monetary premiums related to the achievement of goals and measurable corporate objectives. These objectives are determined, on an annual basis, through formal mechanisms of evaluation of the results, which in the course of 2018 were extended also to the second level of managerial areas. In evaluating performance and the associated premium systems, the effective implementation of the sustainability strategy is also taken into consideration. Starting from the determination of the incentive system of the Chief Executive Officer, specific criteria regarding the implementation of the Group's sustainability strategy have been determined, including for example the achievement of health and safety performance goals.

3.2 INTEGRITY IN COMPANY CONDUCT

Among the fundamental values that influence the daily activity of the people of RDM Group lies the awareness that decisions have effects on others too. The decision-making process of the Group is based on the concept of responsibility, as a principle that guides the daily activities of all employees and that requires all people to act within a framework of legality.

CODE OF ETHICS OF RDM GROUP

The Code of Ethics is aimed at all RDM Group's stakeholders and clarifies the set of values, principles and behavioural rules shared at Group level, whose observance is considered an essential element for every person who represents RDM Group for various reasons, works internally or performs activities in the interest or on behalf of the Group itself.

The Code of Ethics is valid not only for all employees, but also for the Directors of Group companies, suppliers, agents and, in general, for those who relates with RDM Group.

The rules contained in the Code of Ethics constitute the principles of reference and the guidelines of conduct aimed at supporting a responsible and sustainable management of the business and protecting the corporate reputation, in line with the inspiring principles that have always characterized RDM Group: compliance with laws and regulations, transparency, correctness and moral rigor, trust and collaboration with stakeholders.

The Code of Ethics has been brought to the attention of all the people of RDM Group, through adaptation to the main working languages of the Group and providing for specific dissemination methods that include publication on the website and supply when recruiting a new employee and requiring its subscription.

It is the responsibility of the Directors, the Supervisory Body, the Internal Audit function and all the company management to guarantee and verify the effective implementation of the Code of Ethics; it is up to all the recipients of the Code to collaborate in its compliance, including the obligation to report to the Supervisory Body any violations or suspicions of violation of the Code.



THE CODE OF ETHICS IS AVAILABLE ON THE RDM GROUP WEBSITE
[HTTP://RDMGROUP.COM/WP-CONTENT/UPLOADS/2018/05/CODICE-ETICO-ING.PDF](http://rdmgroup.com/wp-content/uploads/2018/05/codice-etico-ing.pdf)



ANY REPORTS OF VIOLATIONS OR SUSPECTED VIOLATIONS MAY BE COMMUNICATED ANONYMOUSLY TO ORGANISMODIVIGILANZA@RDMGROUP.COM

FIGHT AGAINST CORRUPTION

In order to strengthen monitoring safeguards to protect the integrity of its operations, RDM Group adopts specific controls and procedures. Among these, in addition to the Code of Ethics, the Italian companies adopt an Organization, Management and Control Model pursuant to the Italian Legislative Decree 231/01.

This model establishes a set of rules and principles of behaviour and control that must be adopted and implemented in order to prevent the risk of committing the offenses referred to in Italian Legislative Decree 231/01 which, among others, include offenses against the environment, relating to health and safety of workers and corruption. It should be noted that the 231 Model of Reno De Medici S.p.A. also provides for the responsibility of the individual Group companies to adopt the most appropriate measures to ensure compliance with local regulations, by setting up their own risk assessment process and developing the most appropriate organizational, decision-making, operational and control measures. With the adoption of the Model, the appointment of the Supervisory Body, the adoption of the Code of Ethics of the Group and the other compliance protocols, RDM Group responds to the need to ensure conditions of fairness and transparency in its conduct and in the management of the business.

The Group also promotes joint initiatives with sector associations designed to strengthen business ethics and to promote lawful conduct. In this regard, RDM Group adheres to and undertakes to observe:



the CEPI Code of Conduct for the Paper Industry, which recalls, among other things, the commitment to anti-corruption efforts, with particular reference to illegal deforestation



the Code of Ethics and the Charter of Values of Confindustria, which places lawfulness among the cardinal principles shared by Associates. This promotes respect for laws, rules and standards and forms the basis of the social contract

ANTITRUST PROGRAM

In 2018 the Antitrust Compliance Program was approved and adopted by the Board of Directors of Reno De Medici S.p.A. with the aim of preventing and reducing the potential risk of violating the antitrust legislation, ensuring prompt reaction in the event of criticalities and strengthening the culture compliance within RDM Group.

The Antitrust Compliance Program consists of a Policy containing internal rules and procedures to ensure compliance with antitrust regulations. The document was prepared taking into account the new Guidelines of the Antitrust Authority and on the basis of the nature, activities and markets in which the Group operates.

GRIEVANCE MECHANISMS

RDM Group has implemented information channels to ensure the communication of irregularities or violations inherent to the Group's Code of Ethics and to the Organization, Management and Control Model, as well as the occurrence of possible anomalies or weaknesses in the internal control system adopted by the Group companies.

With the aim of promoting a culture of transparency and strengthening the current information tools, which have been adopted to report suspected irregularities or violations within the organization, RDM Group adopted a whistleblowing procedure. This tool allows the timely reporting and analysis of possible violations and irregularities related to the defined behavioural standards. The whistleblowing system is structured in such a way as to ensure the confidentiality of the reporter and the confidentiality of the information received, and also provides an adequate protection against any erroneous reports or made in bad faith.

In light of the aforementioned safeguards, the Group is not aware of situations in which there is a high and tangible profile of the risk of corruption. Furthermore, during the three-year period, the Group has not been accused of any unlawful conduct with regard to active or passive corruption. No cases of challenging RDM Group to fail to comply with laws, regulations or standards of business ethics, nor violations of environmental laws and regulations, cases of discrimination or violations of the Code of Ethics.

FURTHER DETAILS



ARTICLE OF ASSOCIATION



REPORT ON CORPORATE GOVERNANCE



CODE OF ETHICS



POLICY ANTITRUST

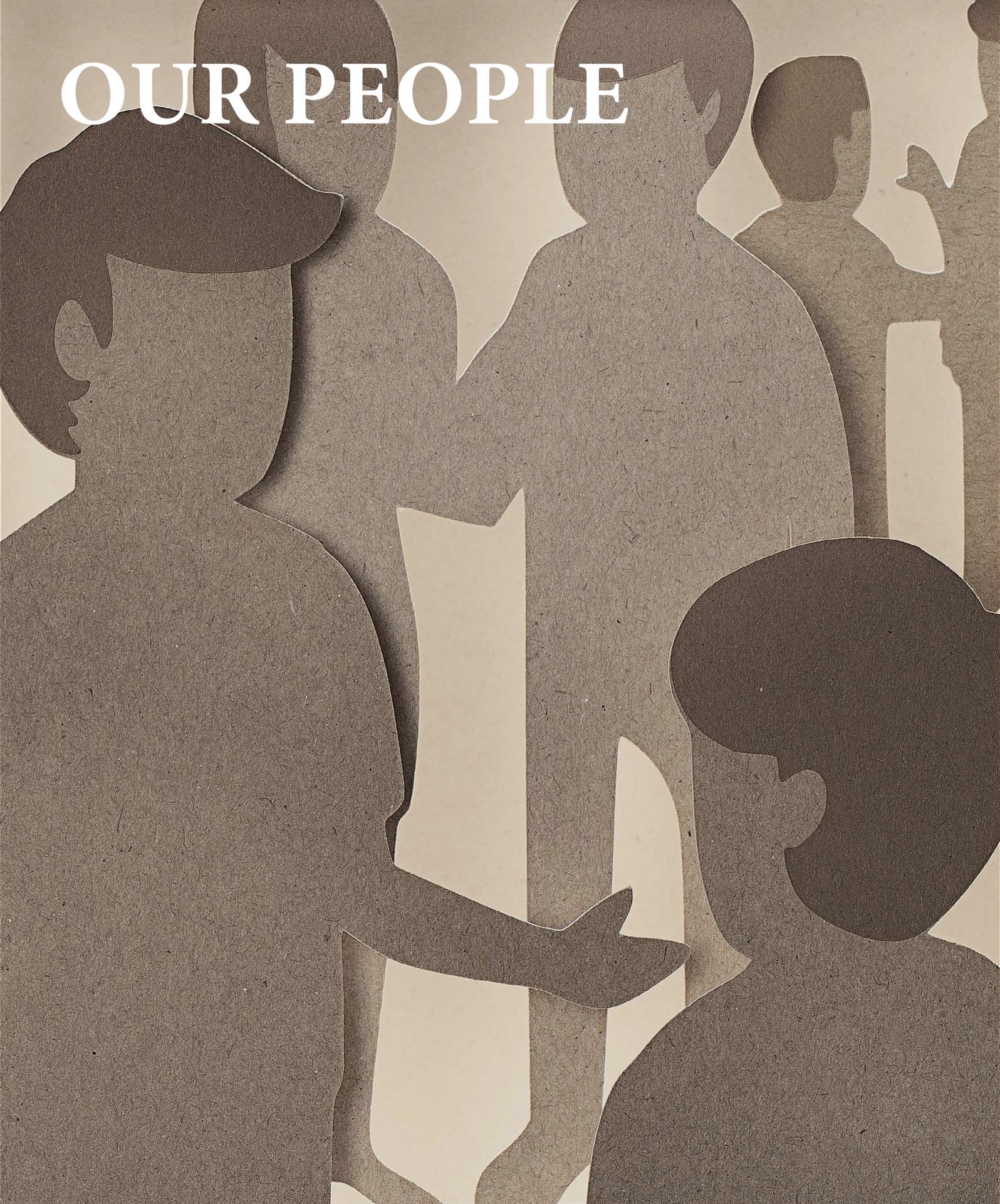


MOGC231



DIVERSITY POLICY

OUR PEOPLE



4

- 4.1 Employment
- 4.2 Health and safety at work
- 4.3 Enhancement of talents and skills
- 4.4 Diversity
- 4.5 People engagement

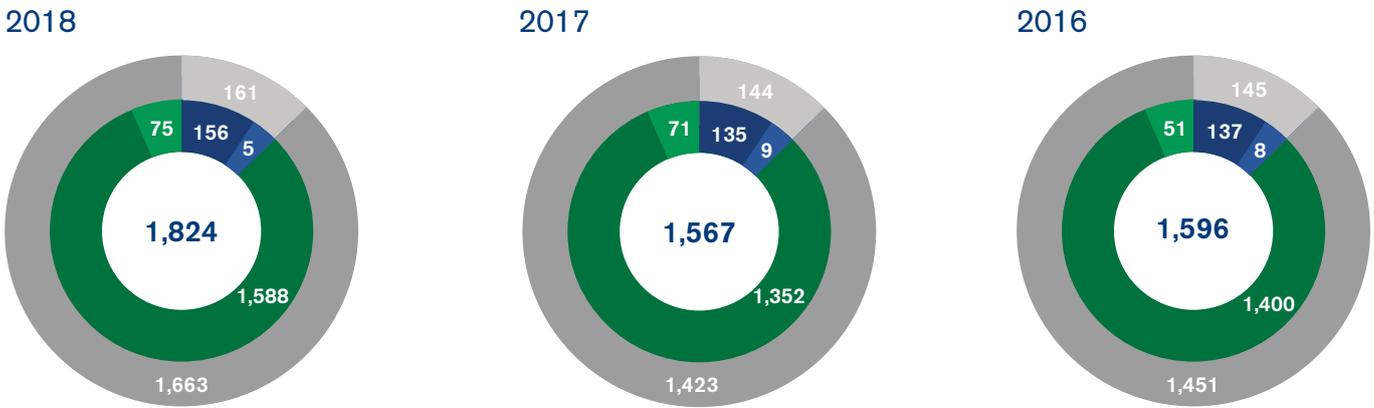


4.1 EMPLOYMENT

RDM Group relies on the collaboration of over 1,800 people, including RDM Group personnel and interim workers, hereinafter also “collaborators”, ensuring an adequate level of employment in the countries where it operates.

RDM GROUP PERSONNEL AND COLLABORATORS BY GENDER

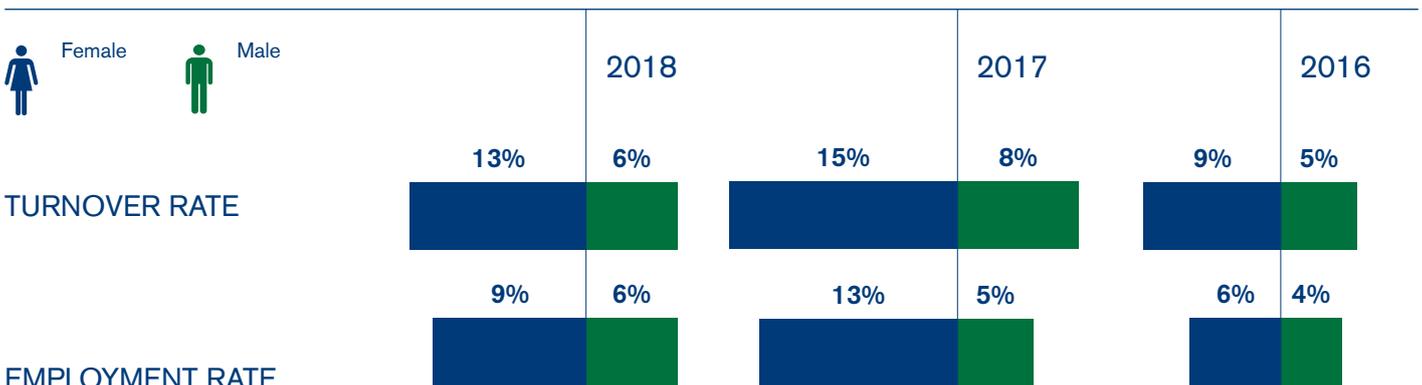
All Group companies / 2018, 2017, 2016
 Number, total in the centre of the chart



Over the last three years, more than 230 people joined the Group, of which women (16%) and men (84%) hired directly by the Group, against the exit due to voluntary retirement or termination of over 300 workers. The personnel selection process is based on a meritocratic approach that guarantees the identification of the most qualified and appropriate persons to fill open positions.

RECRUITMENT AND TURNOVER RATE OVER THE LAST THREE YEARS

All Group companies / 2016, 2017, 2018 (excluding RDM Barcelona Cartonboard)
 Percentage of people entering and leaving the Group on the total population by gender at end of the year



Considering the overall workforce of RDM Group as of December 31st 2018, the turnover and recruitment rates for 2018 are respectively 6.9% and 6.4%.

The type of activity and the work carried out in the paper mills lead physiologically to a concentration of male personnel within the Group, which in the factories stands at over 90% of the company population. As is typical in the manufacturing sector, the most representative professional category of staff is that of the blue-collar, which make up 72% of the total workforce. This is followed by the white-collar, who are employed at the Group Headquarters, the offices of the mills and the sales offices, thus representing 26% of the workforce; finally, managers represent 2% of the workforce.

The female presence is concentrated in the white-collar category, within which women make up 26% of the employed, with a greater incidence. Female employees exceed the average of 60% in the Group's commercial companies and account for approximately 40% of staff employed in the Headquarters.

Overall, 37% of RDM Group employees works in Italy, 29% in France, 19% in Germany, 14% in the Iberian Peninsula, the remaining 1% in the other countries where the Group operates.

GEOGRAPHICAL DISTRIBUTION OF PERSONNEL AND COLLABORATORS RDM GROUP

All Group companies / 2018

Number, total in the centre of the chart



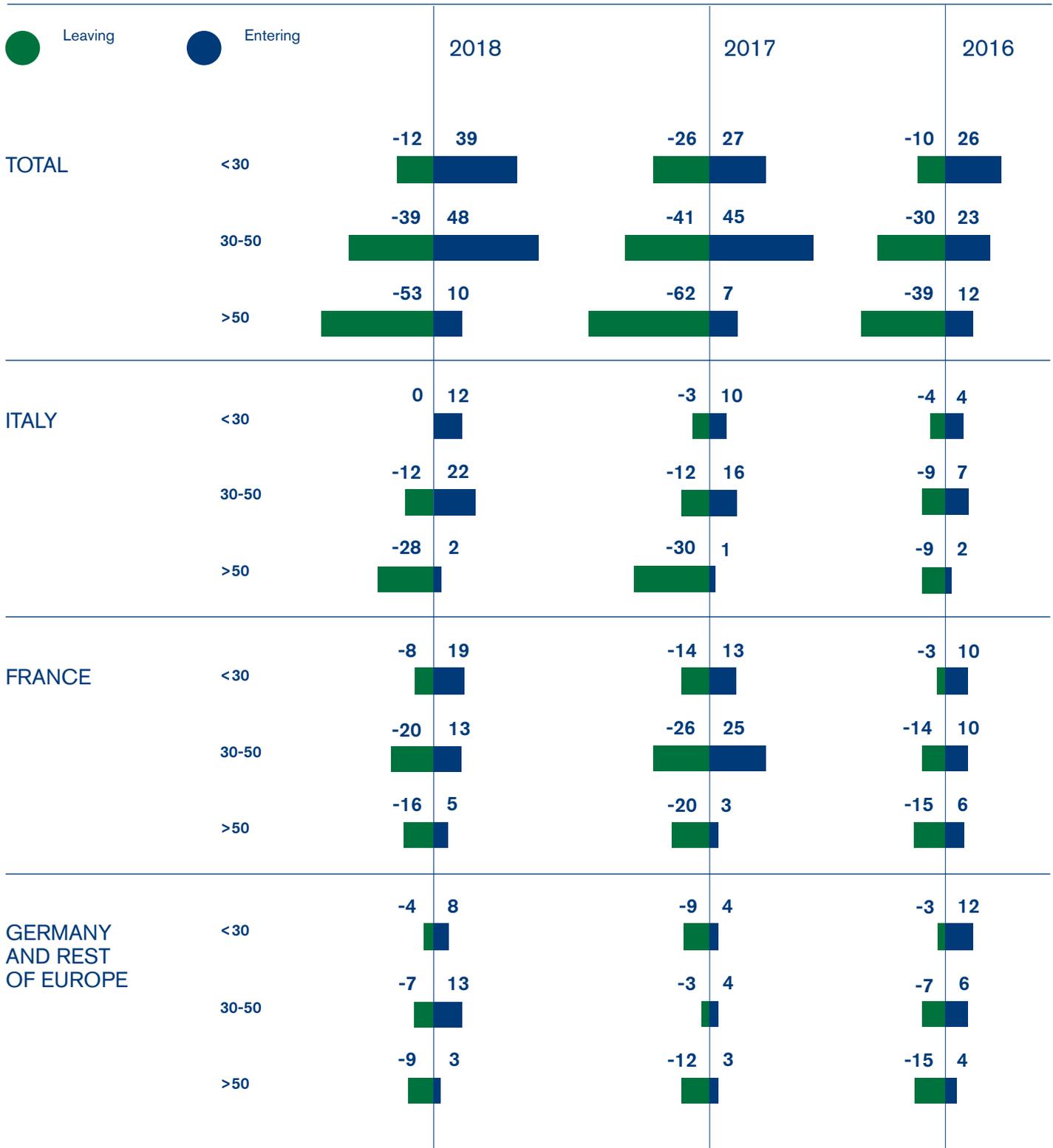
* Hereinafter the data of the geographical region "Iberian Peninsula" are included within the area "Germany and rest of Europe"

The employment generated in the various countries of presence responds to the policy to favour local employment within the communities where the Group operates and where the presence of the paper mill is often perceived as part of the history of the territories themselves.

RDM GROUP PERSONNEL ENTERING AND LEAVING BY AGE GROUP AND GEOGRAPHICAL AREA

All Group companies / 2016, 2017, 2018 (excluding RDM Barcelona Cartonboard)

Number



4.2 OCCUPATIONAL HEALTH AND SAFETY

The industrial processes of a paper mill might present significant risks for the workers, considering the complexity of the working machines, the organization of production on continuous cycles of 24 hours for 7 days a week, and the temperature and humidity conditions of the production environments.

RDM Group considers the protection of the health and safety of its workers as an essential company priority. The management of the organizational and operational aspects for workers' health and safety is regulated by specific manuals and procedures based on the OHSAS 18001 standard, and voluntarily submitted to periodic external audit procedures by independent third-party bodies.

On top of the procedural architecture in terms of health and safety, there is the integrated Quality, Environment and Safety policy, which reaffirms the Director's commitment to continuous improvement and, at the same time, the Group's engagement with respect to health and safety in the workplace.

Thanks to the wide application of the principle of continuous improvement, in recent years the Group has recorded considerable progress in terms of reducing both the frequency and the severity of accidents.

44% of production units with a certified management system in compliance with the OHSAS 18001 standards

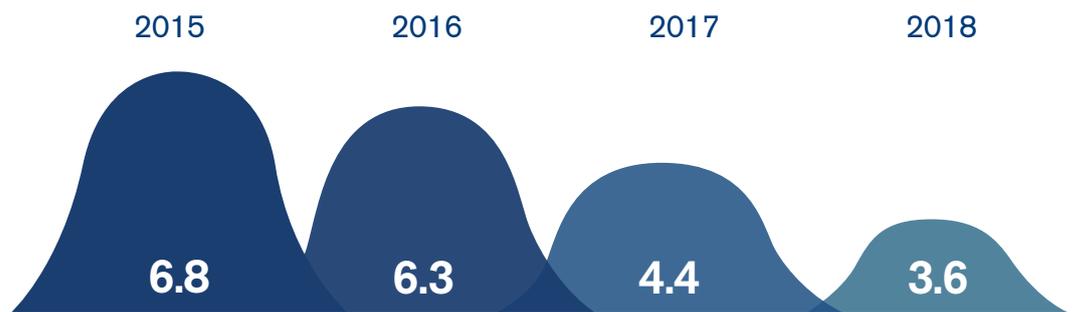
FREQUENCY AND SEVERITY OF ACCIDENTS OF RDM GROUP PERSONNEL AND COLLABORATORS

All Group companies / 2015, 2016, 2017, 2018. OSHA calculation methodology.

REDUCTION OF THE
FREQUENCY RATE
COMPARED TO 2015

-47%

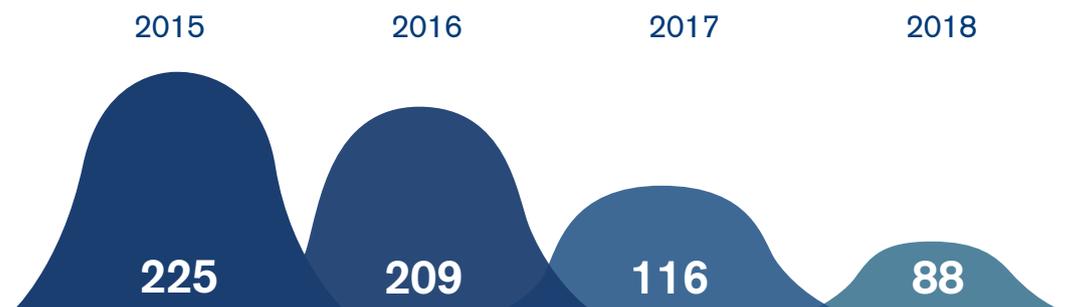
FROM 2015



REDUCTION OF
THE SEVERITY RATE
COMPARED TO 2015

-61%

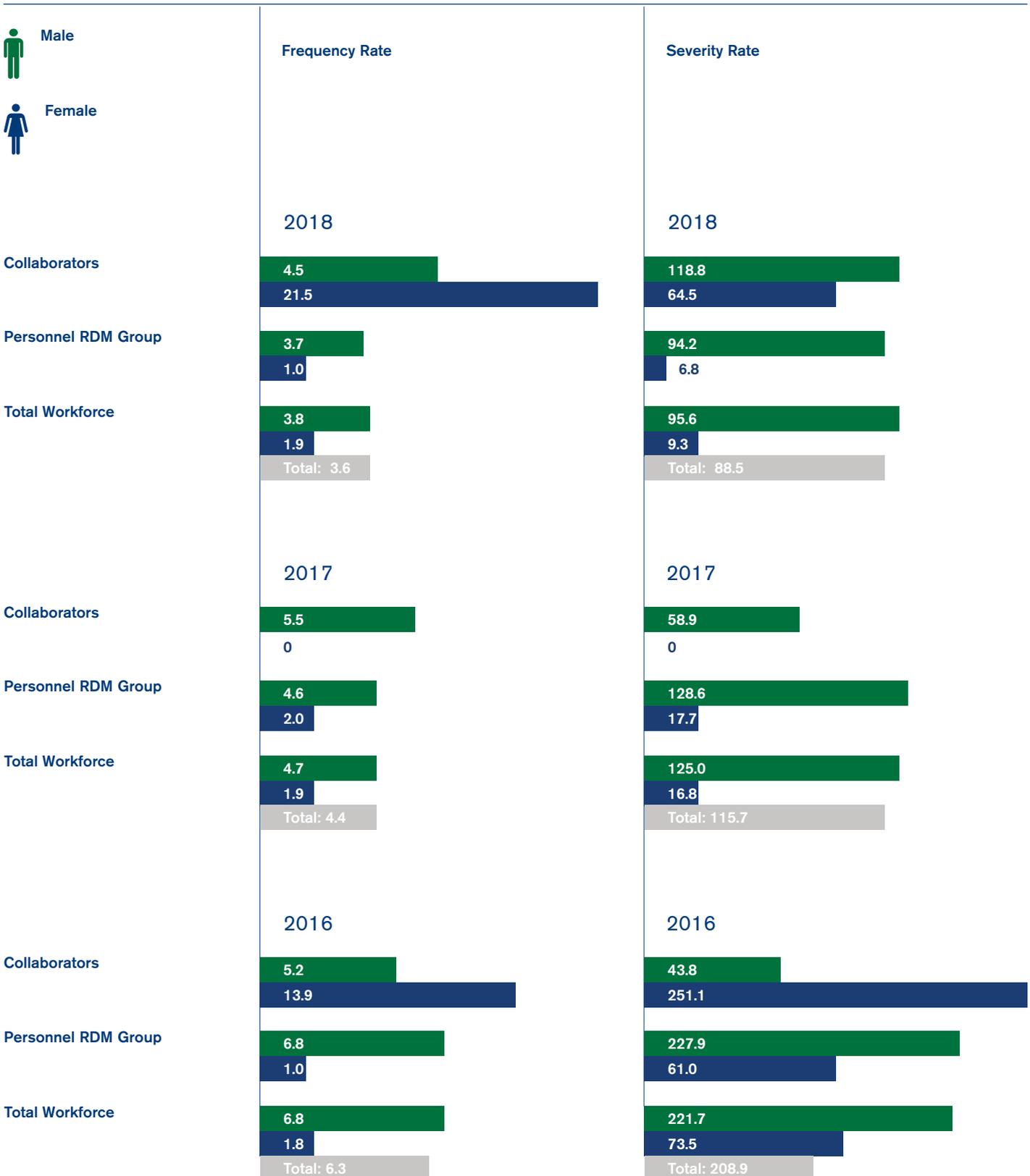
FROM 2015



FREQUENCY AND SEVERITY OF ACCIDENTS OF RDM GROUP PERSONNEL AND COLLABORATORS, BY GENDER

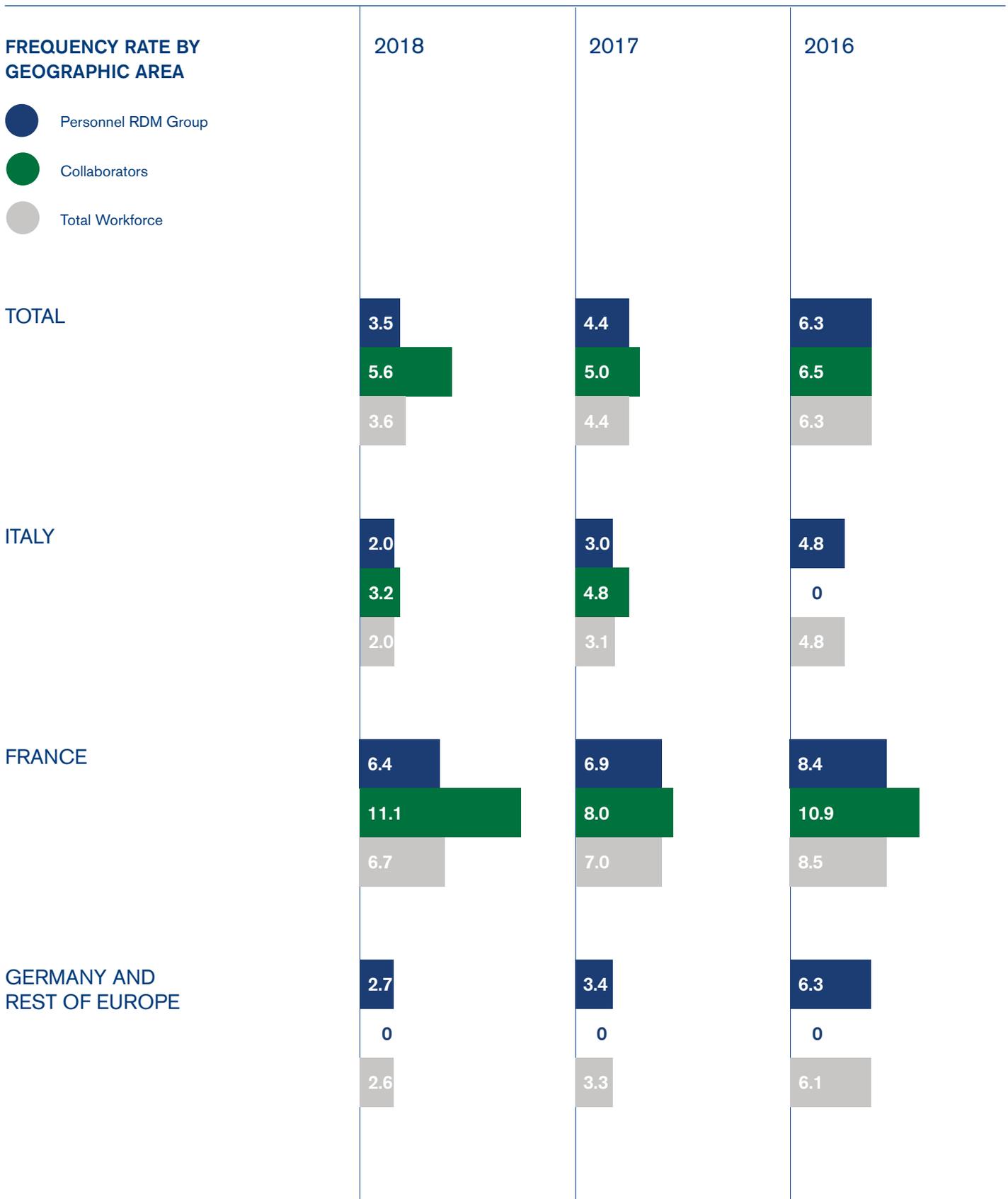
All Group companies / 2018, 2017, 2016. OSHA calculation methodology:

FR: ratio between the number of accidents and hours worked, multiplied by 200,000; SR: ratio between number of days lost due to injury and hours worked, multiplied by 200,000. Commuting accidents are not included.



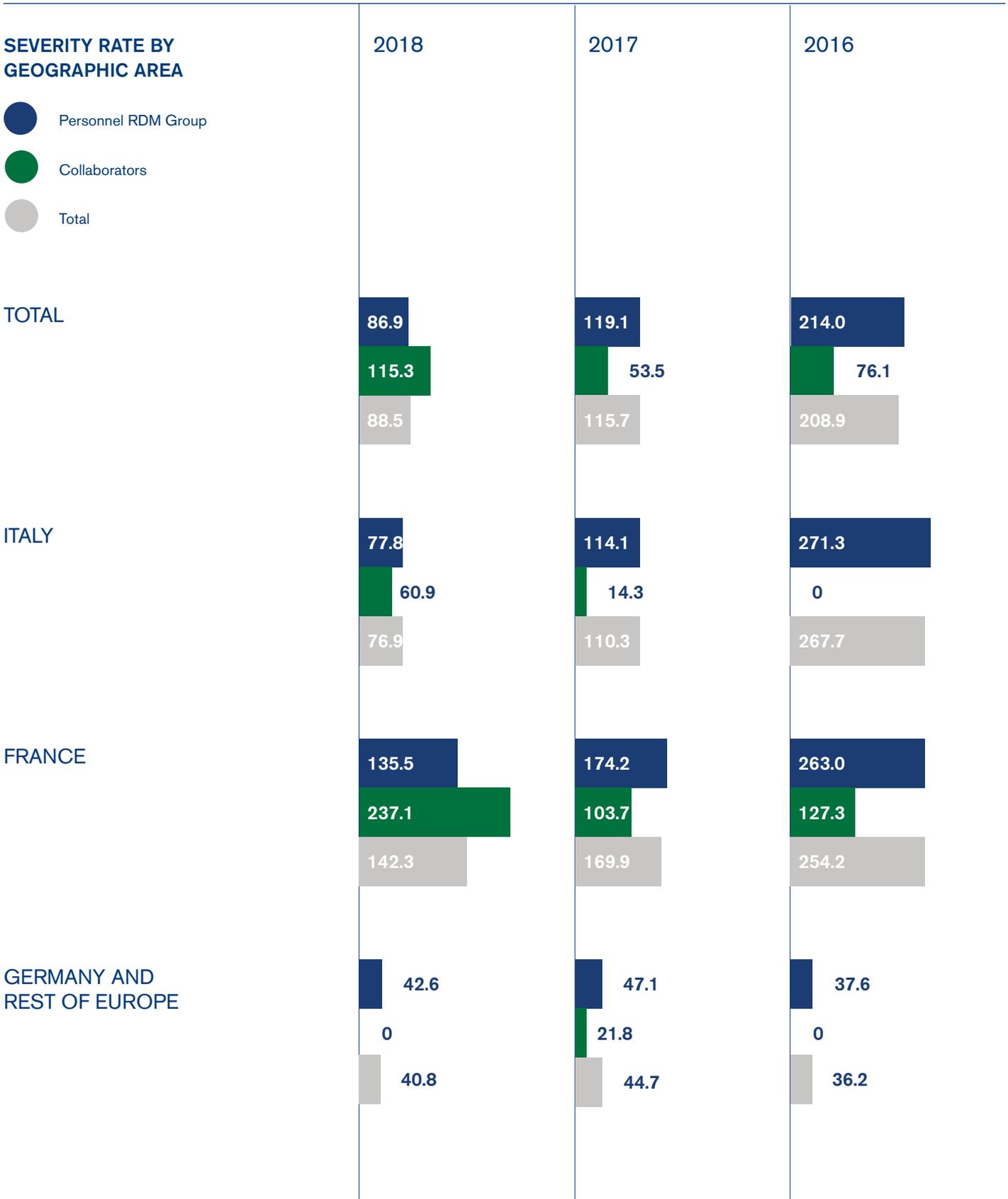
FREQUENCY RATE OF ACCIDENTS OF RDM GROUP PERSONNEL AND COLLABORATORS, BY GEOGRAPHIC AREA

All Group companies / 2018, 2017, 2016. OSHA calculation methodology.



SEVERITY RATE OF ACCIDENTS OF RDM GROUP PERSONNEL AND COLLABORATORS, BY GEOGRAPHIC AREA

All Group companies / 2018, 2017, 2016. OSHA calculation methodology.



Despite the accident rates of RDM Group are constantly decreasing, a fatal accident occurred in one of the Group's mills during 2018. The investigation activities by the judicial authorities are still underway to ascertain the causes of the accident. Although the dynamics are not yet clear, given the special nature of the event, an extraordinary awareness campaign was held, aimed at paper mill workers to strengthen the message on the importance of safety and highlight the contribution of all workers to the improvement of collective wellbeing.

SAFETY CULTURE

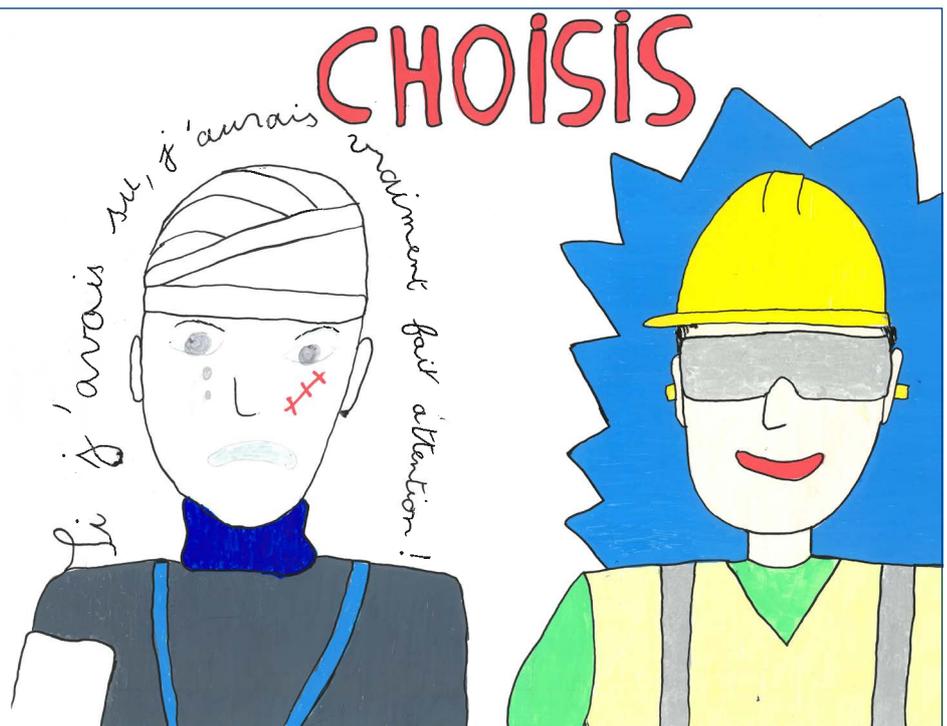
RDM Group is aware that the majority of accidents at work are linked to behavioural factors. In this sense, it supports and encourages a culture of safety to be understood as a driving force.

As part of the "Zero Accident" program of RDM Group, together with the development of effective systems and processes for the management of occupational health and safety, the Group promotes widespread accountability and the establishment of a culture of risk and prevention of accidents at all levels to reduce the likelihood of dangerous situations. It is a culture that encourages cooperation between workers, collaborators and management to safeguard the safety and wellbeing of all.

RDM Group has also implemented an effective system of risk analysis and accident prevention, based on the adoption of tools for continuous benchmarking and on the sharing of best practices between mills. Through the creation of a work team at Group level, RDM Group further strengthen its action plan, reducing thus the number and severity of accidents per worked hours. The H&S team analyses regularly all accidents and injuries, evaluating their dynamics, causes and circumstances, and identifying the corrective actions to be implemented for risk reduction. From an operational point of view, not only the analysis of the accidents, but also of the so-called "near misses" and "dangerous occurrences" represents a further element for continuous improvement.

SAFETY CONTEST

In 2018, a safety awareness initiative was launched through a contest that awarded the best drawings made by the employees' children about safety. Divided by age groups, the children participated in the contest at each mill; the best drawings were then rewarded also at Group level. The participation and creativity of the children have allowed to send a strong message to all the workers, remembering that safety is a top priority that needs to be taken care of both at individual level and at organizational level.



PEOPLE'S WELLBEING

RDM Group promotes the wellbeing and health of its employees. With this in mind, awareness campaigns are carried out to promote healthy lifestyles and medical prevention programs, not only within the mandatory health checks required local legislations. Alongside the initiatives planned for the entire Group, each mill independently undertakes further activities to protect the health of their own workers.

During 2018, at Group level two specific initiatives were launched: the no-smoking campaign, to incentivize workers to stop smoking, and the flu vaccination campaign, promoted by Headquarters for the benefit of all employees who wanted to participate.

All employees of the Italian mills, within the frame of the local legislation, are given the possibility of converting the result premium into welfare services, with the possibility of an additional monetary integration from the Company.

The Italian companies of the Group are considering a smart-working policy on an experimental basis, aimed at enhancing work-life balance.

For employees at Headquarters, the company promotes psycho-physical wellness through agreements with fitness centers and through training sessions/information on possible addictions (smoking, smartphones ...).

With respect to people's health, there is an average rate of occupational diseases for male employees of 0.004 cases per 1,000 hours worked (0.006 in 2017), a clear reduction compared to 2015 when there were 0.01 cases per 1,000 hours worked. There were no cases of professional disease for female employees during the last three years.



RdM

MeetUp

n.1
JAN 2019



Another small but important element for reinforcing that "One Company Culture" we've been working on for some time now. I am pleased to present "MeetUp" RDM Group's house organ, an in house newsletter that, every two months, will keep all employees updated about RDM Group and about the industry in which we operate. I hope that "MeetUp" will help strengthen the pride that we should all feel being part of RDM Group. Full steam ahead!

Un altro piccolo ma importante step verso quella "One Company Culture" su cui da tempo stiamo lavorando. E così che vedo MeetUp, l'house organ di RDM Group, ovvero la newsletter che, con cadenza bimestrale, permetterà a tutti i suoi dipendenti di essere aggiornati sul Gruppo e sul settore in cui operiamo. Mi auguro poi che MeetUp aiuti a rafforzare quell'orgoglio che io per primo ho a essere parte di RDM Group. Full steam ahead!

Michele Bianchi
RDM Group CEO

4.3 ENHANCEMENT OF TALENTS AND SKILLS

The knowledge and know-how of the paper mill technicians working for RDM Group are a decisive element in guaranteeing the Group's operations and ensuring the quality and efficiency standards required by customers.

Thanks to the low turnover and the significant seniority of the workers, a rich strategic heritage of skills and knowledge is concentrated within the Group, which is also one of its most important assets, even if intangible.

With the aim of spreading and consolidating the most strategic know-how at all levels, the Group's manuals and operating procedures have been prepared and approved, and designed as proper tools for managing the activities and business of RDM Group.

Consistently with 2018 commitment, the Group continued to promote training and coaching courses in favour of workers with less seniority and amongst different work departments, providing - in particular at the beginning of the workshift - moments dedicated to training and informal sharing of experiences.

In addition to informal learning tools, specific training activities are also planned and conceived to guarantee a differentiated training offer, oriented towards the involvement of all the Group's professional categories. In addition to the technical training and those required by local legislations, the Group also promotes language training and soft skills. On average each RDM Group worker in 2018 received about 13 hours of training.



Overall, over the last three years 2.1 million euros have been invested in training activities, of which more than 780,000 Euros in 2018.

AVERAGE HOURS OF TRAINING BY GENDER

All Group companies / 2016, 2017, 2018 (excluding RDM Barcelona Cartonboard)

Number of hours per capita



AVERAGE HOURS OF TRAINING PER PROFESSIONAL CATEGORY

All Group companies / 2016, 2017, 2018 (excluding RDM Barcelona Cartonboard)

2018 figures are calculated on the basis of the new classification method for employees by professional category (see note on page 69)

Number of hours per capita



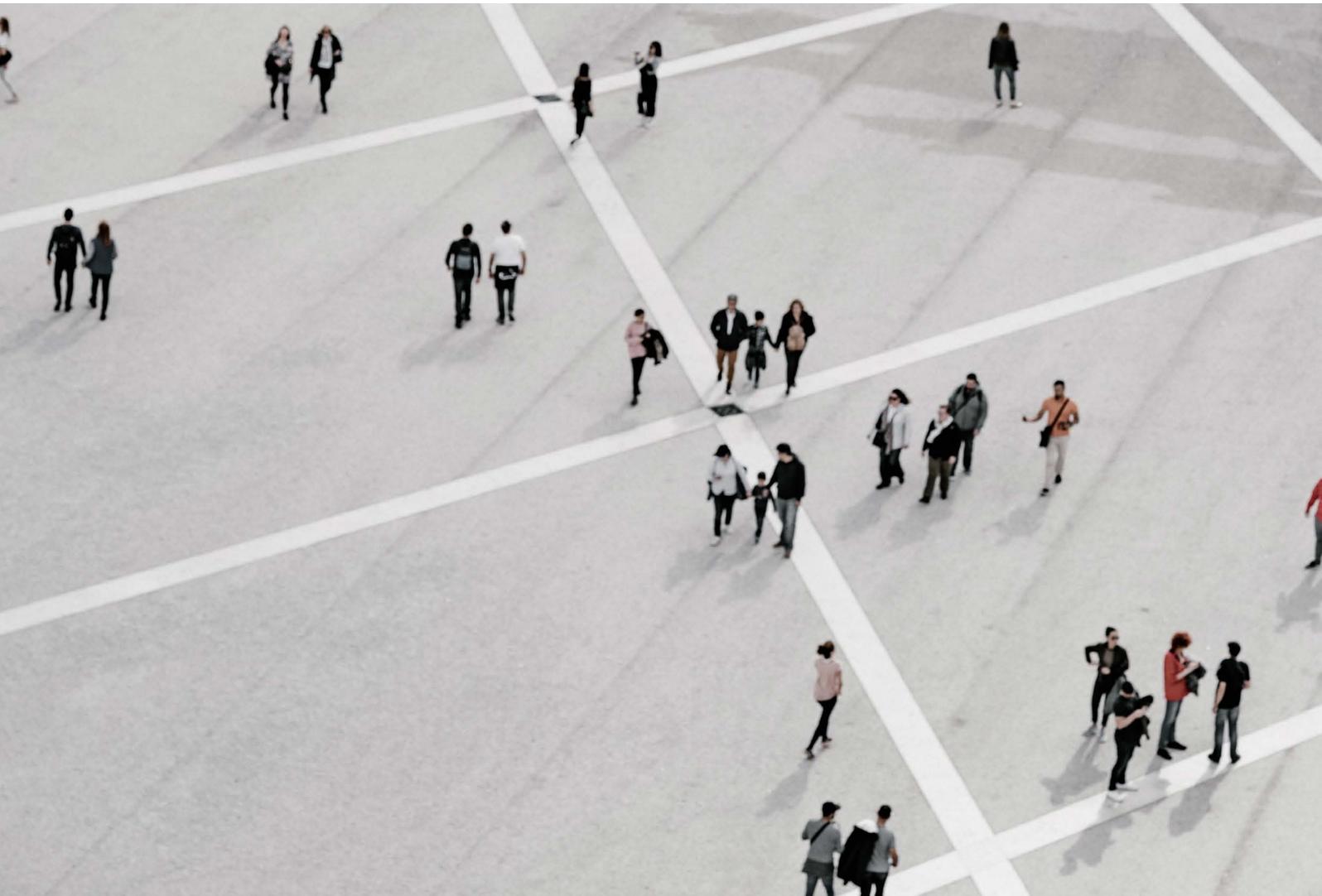
To promote the development and dissemination of skills and know-how on products and paper technologies, RDM Group supports the Association for the Training of Paper Technicians, which promotes initiatives aimed at professional training and technical/cultural growth of workers in the paper sector, also by means of grants and scholarships.

4.4 DIVERSITY

RDM Group's inclination toward internationality leads the Group itself to be present with production units and commercial offices in 9 countries in Europe, thus operating in territories and contexts with different languages, traditions and socio-cultural habits.

Given the recent acceleration of the integration process between the various Group companies, which sees an increasingly decisive impulse to exchange, compare and share experiences and good practices among colleagues across Europe, the creation of a common attitude that enhances diversity and mutual respect is considered as a key success factor for RDM Group. For the Group priority is given to the promotion of a work environment in which everyone's point of view and individuality are taken into account and where everyone can feel as an integral part of the Group's identity.

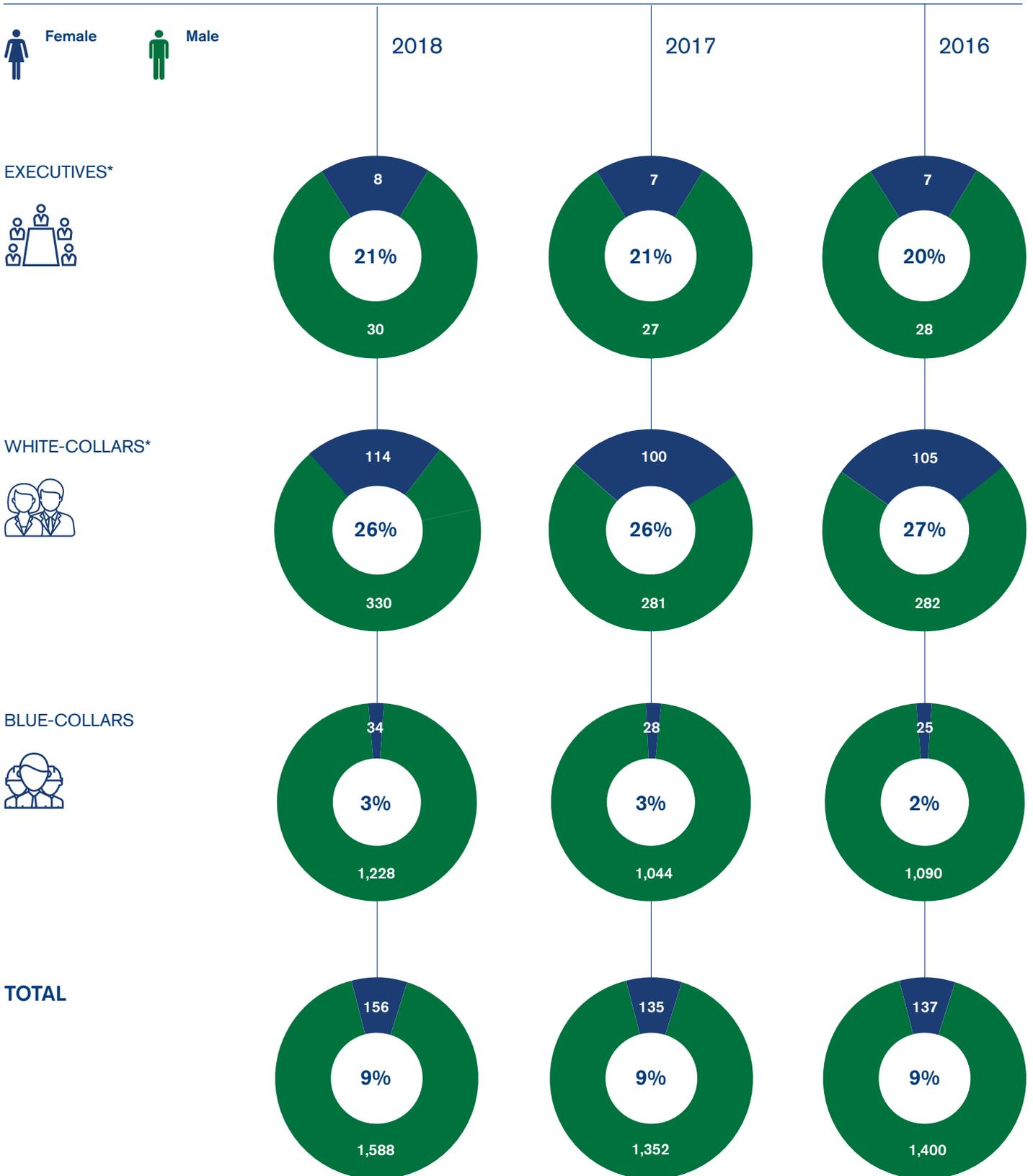
Compatibly with the nature of the activities in the paper mill, RDM Group implements a process of evaluation and selection of personnel based on the principles of fairness and transparency that guarantees balanced selection shortlists between the two genders, especially for clerical positions.



RDM GROUP PERSONNEL BY PROFESSIONAL CATEGORY AND GENDER

All Group companies / 2018, 2017, 2016

Number, percentage of women in the centre of the chart



* 2017 and 2016 figures have been recasted with respect to the Sustainable Value Report 2017 in order to ensure greater consistency in classifying employees by professional category within the entire Group. For historical data published in the past, please refer to the Sustainable Value Report 2017.

Staff recruitment, management and development processes are oriented toward the promotion of equal opportunities and non-discrimination based on personal considerations, including nationality, gender, age or religion. In this regard, no cases of discrimination or damaging the dignity and rights of a person that have involved employees or collaborators of RDM Group, have been brought to the Group's attention.

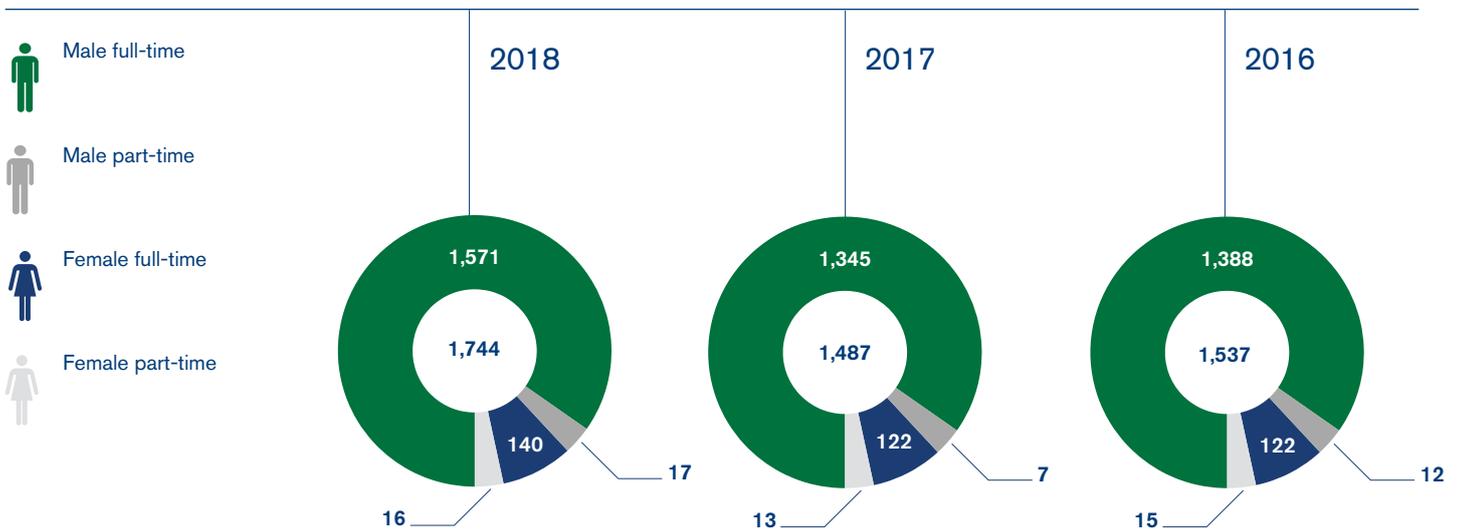
Considering the active policies for diversity enhancement, the Group promotes engagement opportunities among colleagues employed in the various countries of presence, offering tools that facilitate cultural exchanges.

To develop an inclusive working environment, facilitate the attraction of qualified personnel and reduce the turnover rate, especially of female talents after maternity leave, there exist active forms of flexibility and reconciliation between work and private life, including formulas of part-time work which 80 people joined in the three-year period.

RDM GROUP PERSONNEL WHO BENEFIT FROM PART-TIME FORMULAS BY GENDER

All Group companies / 2018, 2017, 2016

Number



4.5 PEOPLE ENGAGEMENT

The ability to guarantee adequate staff participation in the company life and its transformations translates into an improvement in the climate and internal involvement, as well as a reinforcement of individual motivation, with positive impacts also on productivity. Of this RDM Group is aware, so much so that the realization of the 2018 People Survey wanted to investigate the level of staff satisfaction and its sense of belonging to RDM Group.

45% Response rate

74% of people say they feel involved with the company

The Group regularly monitors and analyses the rate of absenteeism in its deviations, as an indicator of organizational wellbeing. With reference to the Italian geographical area, the rate of absenteeism was 4.3% for male and 2.6% for female in 2018.

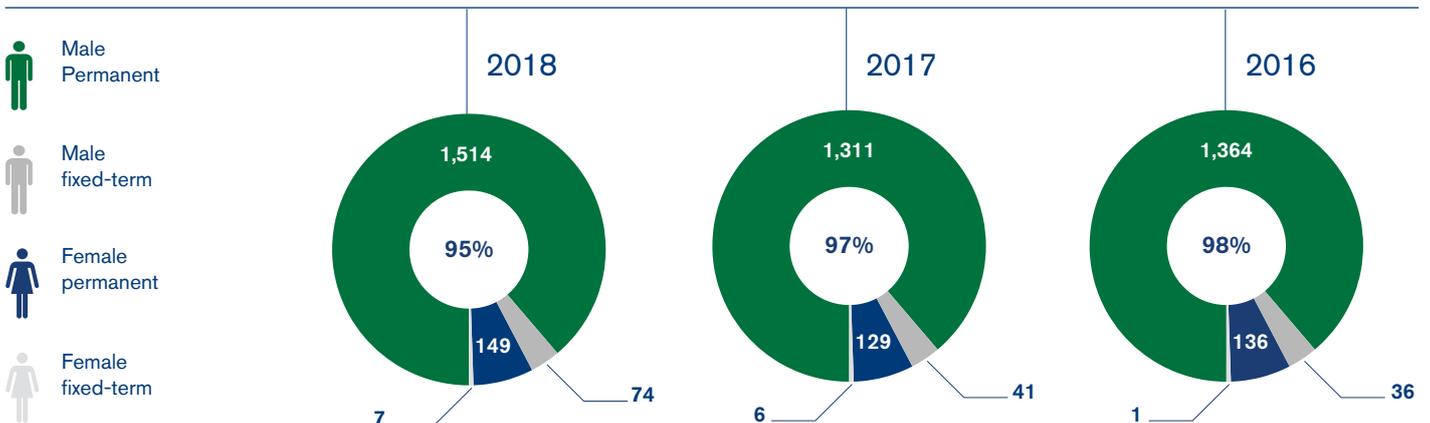
4.2% Absenteeism in Italy

To promote the sense of belonging and the motivation of employees, those who work with the Group are offered a prospect of stable collaboration. 95% of the Group employees are in fact hired under a permanent contract.

RDM GROUP PERMANENT AND FIXED-TERM PERSONNEL BY GENDER

All Group companies / 2018, 2017, 2016

Number, percentage of permanent personnel on the total in the center of the chart



To facilitate the involvement of RDM Group personnel in this phase of change and deep innovation of the Group, meetings are held at local level to share the vision, the values and the strategy of the Group and the results achieved. This happens within the framework of an internal communication boost that also favoured the creation of an internal bi-monthly newsletter drafted in 5 languages, the creation of the Group Intranet, the redesigning of the Website, the distribution to all employees of the Sustainability Brochure, and the enhancement of employees communication through monitors and bulletin boards at the mills.

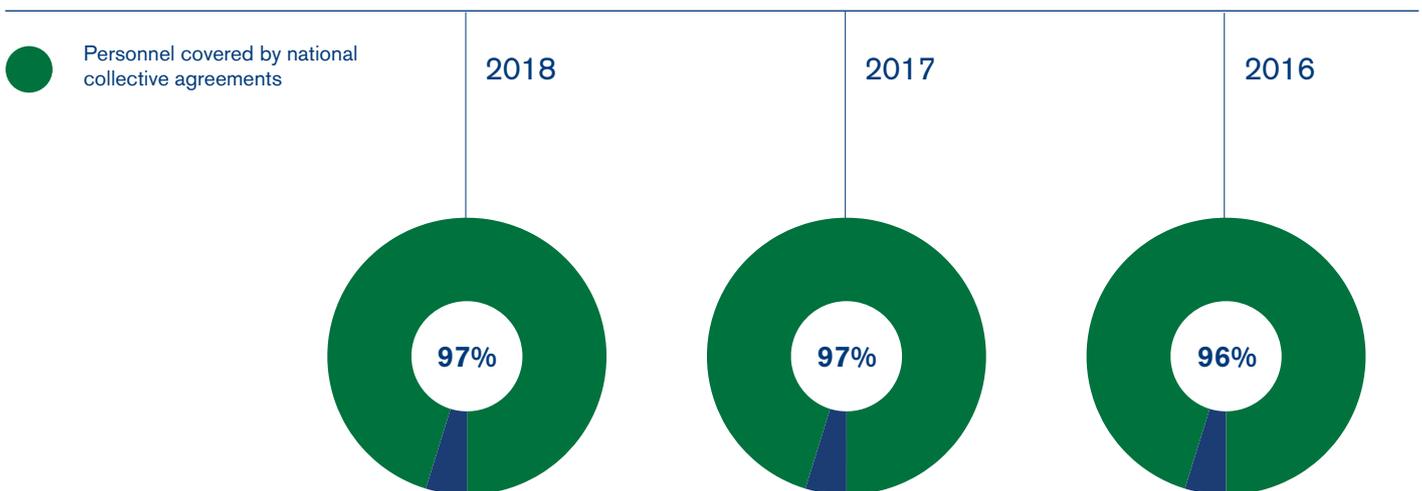
RDM Group has also developed mechanisms to facilitate and enhance the sharing of ideas and suggestions for the continuous improvement of company performance. These mechanism are powered by the establishment of information collection systems for suggestions, the creation of improvement task forces, as well as idea contests that foresee in some cases also the awarding of the most innovative contributions. In addition to improving company performance, these tools are also considered as valid levers to strengthen the spirit of collaboration and the sense of belonging to the Group.

During significant organizational changes, consultation processes with workers' representatives are promptly activated, encouraging their involvement in the definition of new organizational structures. Agreements deriving from union bargaining or national laws establish minimum notice periods ranging from one to sixteen weeks in relation to the countries in which the Group operates.

RDM Group works towards a transparent dialogue with the trade union representatives, whereby the most essential aspects of the employment relationship are defined and with which the most suitable solutions are identified to contain negative social repercussions of any reorganization process.

SHARE OF RDM GROUP PERSONNEL COVERED BY COLLECTIVE BARGAINING AGREEMENTS

All Group companies / 2016, 2017, 2018
 Percentage on the total in the centre of the chart



EXCELLENCE FOR CUSTOMERS AND END CONSUMERS

5

- 5.1 Customer satisfaction and development of customized services and solutions
- 5.2 Product quality and safety
- 5.3 Innovation in packaging solutions



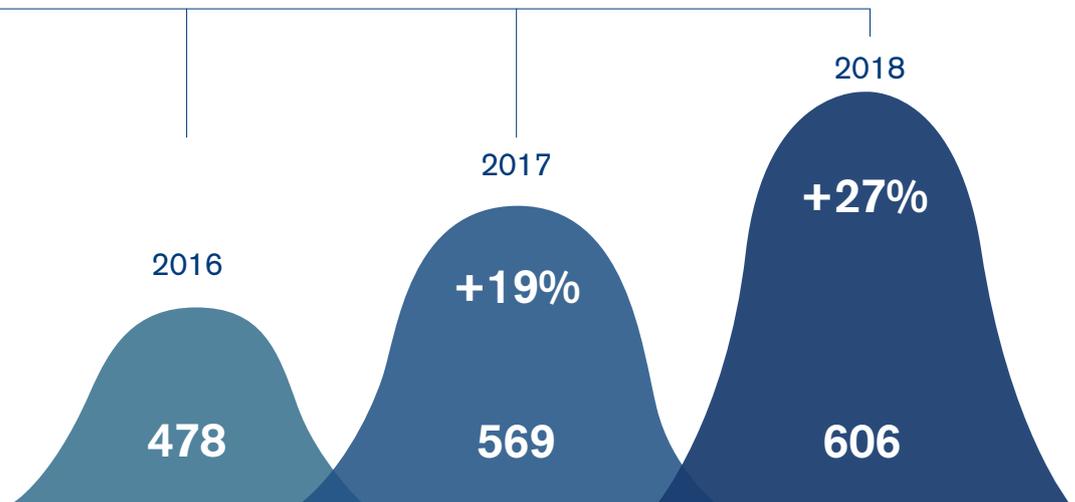
5.1 CUSTOMER SATISFACTION AND DEVELOPMENT OF CUSTOMIZED SERVICES AND SOLUTIONS

The Group's ability to pursue economic growth objectives and strengthen its competitive advantage depends primarily on its ability to satisfy its customers. It is therefore essential to understand precisely how much the Group's products and commercial services really meets customer expectations, allowing RDM Group to further enhance its offer. This is even more true when considering the commercial expansion of the Group's customers, the continuous geographical diversification and the variety of sectors in which RDM Group products are applied. Essential tools for the improvement of the Group's offer are the heeding and comparison with those who choose and use RDM Group products.

INCREASE IN SALES

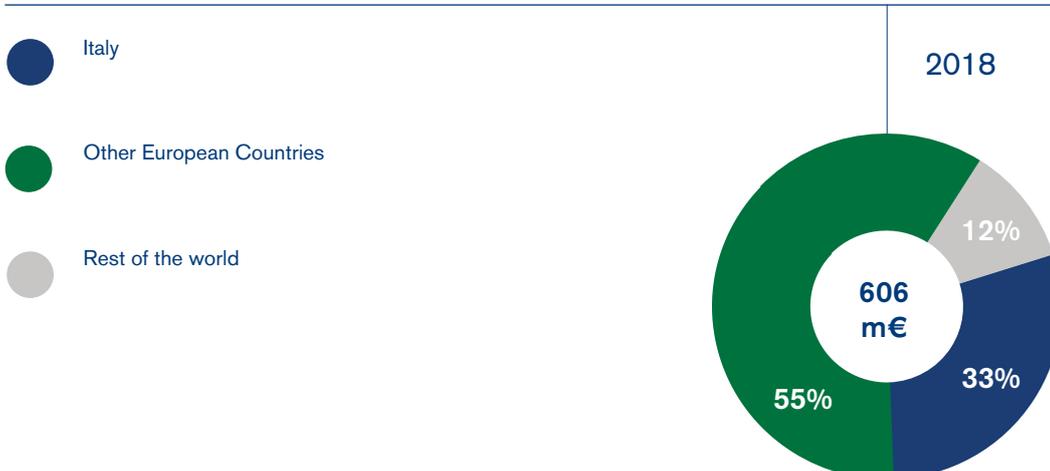
All Group companies / 2016, 2017, 2018
Millions of Euro, percentage change

CHANGE COMPARED TO 2016



GEOGRAPHICAL DIVERSIFICATION OF SALES

All Group companies / 2018
Millions of Euros, percentage of total



Listening to customers and monitoring their satisfaction are ensured through a sales network in the main Group markets and composed of approximately 50 people.

During 2018 RDM Group reviewed its own process of analysing customer satisfaction and perceiving the quality of RDM Group products, from an annual survey to a six-monthly report. The results of the last survey conducted confirmed “quality” and “customer service” as the main positive elements associated with RDM Group.

79% of the key customers contacted expresses a positive opinion towards RDM Group



71%
OF THE
CUSTOMERS
CONTACTED
EXPRESSES A
POSITIVE OPINION



1,395
NUMBER
OF CLIENTS
CONTACTED



51%
RESPONSE RATE

Compared to the last survey, the response rate increased by 3%, while 85% of customers contacted expressed a feedback on the market norm of 73%, which demonstrates a high level of involvement of our customers. Overall, the opinion expressed by customers remains stable with a score of 7.49 out of 10.

At the same time particular attention is paid to the systematic collection and management of all reports and any complaints from customers. Any feedback from customers for quality and satisfaction issues is traced, documented and managed according to detailed and specific procedures, with the primary objective of ensuring clarity in the judgments, completeness and timeliness of the responses.

The monitoring and continuous improvement of the quality of the products and services offered by RDM Group have allowed to maintain over time a low incidence per ton of complaints and reports. In any case, the 2018 goal of reducing the frequency of complaint and reports on the quality of products or service by 30% compared to 2015 levels was only partially achieved (-8%). The analysis of the information collected, together with the examination of the main reasons for complaints received from customers, allow the identification of possible improvement actions.

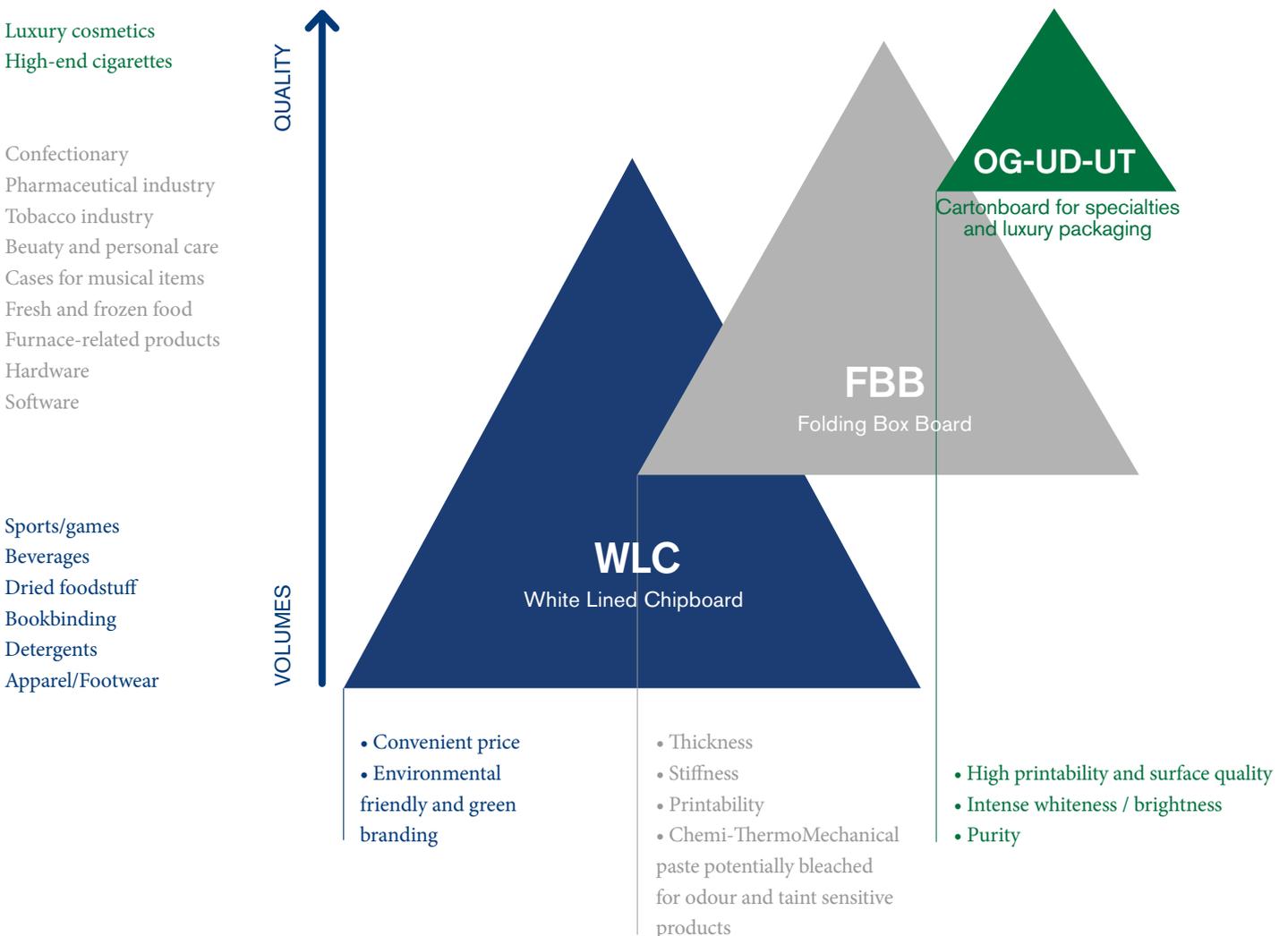
IMPACT OF COMPLAINTS AND REPORTS RECEIVED IN RELATION TO THE QUALITY OF THE SERVICE OR PRODUCTS

All Group companies / 2016, 2017, 2018 (excluding Pac Service)

Number per 100 tons of saleable net production



The diversification strategy of the range of products, based on both recycled paper and virgin fibre, as well as the services offered by RDM Group allows to cover a wide range of applications and customer needs. The range of products produced allows RDM Group to serve both standardized and niche markets, offering cartonboards with specificities suitable for any type of packaging.



Thanks to the acquisition of 100% of the shares of the Pac Service cutting centre, RDM Group has strengthened its range of services by integrating into the Group a company that stands out in Italy for quality, speed and customization capacity.



5.2 PRODUCT QUALITY AND SAFETY

RDM Group's cartonboard has several applications: it can be part of editorial products and commercial displays, but even more often it is used as secondary packaging material, for example packaging for medical drugs, food and beverages, luxury goods, appliances, cosmetics, toys and products for personal care and detergents.

It can also be used as primary packaging for dry non-fat solid foods, including - as an example - pasta, rice, salt and sugar. Quality and safety are therefore key characteristics for RDM Group's cartonboard, with particular reference to the minimization of the risk of migration of chemical substances, including mineral oils, from packaging to the products therein contained. In fact, the Group's objective is to guarantee food safety and, therefore, the safety of the consumer.

THE QUALITY CONTROL PROCESS

To assure the quality of packaging materials and to avoid possible direct impacts on product protection and conservation and on the perception and characteristics of the content by the consumer, the Group follows a strict quality control process, with the aim of identifying product anomalies.

0

RECALLS of RDM Group's products due to food safety risks

All Group companies / 2018, 2017, 2016

The process of treatment and cleaning of raw materials and the subsequent production phase are designed so that RDM Group's cartonboard intended for applications in the food sector, under normal or foreseeable conditions of use, does not transfer components in quantities that constitute a danger to the human health or deteriorate the organoleptic characteristics of the foods contained.

Therefore, a system of punctual control of the quality and food safety requirements has been developed throughout the production cycle of RDM Group materials, starting from the analysis of the raw materials used and specific controls that concern, among others, the presence of lead and aldehydes, as well as the absence of pollutants or biological contaminants.

Through laboratory analysis, both the chemical characteristics of RDM Group products for food contact, such as the presence of lead, heavy metals and ashes, and the physical properties, such as weight and other important properties such as the odor, are verified. It is thus verified that RDM Group cartonboard does not release components in quantities that endanger human health and cause unacceptable changes in the composition, taste and smell of food.

Compared to these parameters, the materials used for product packaging, mainly propylene, are also investigated, in order to verify their suitability for use. Finally, specific procedures for storage in warehouses and for monitoring transportation means ensure the presence of conditions that guarantee the quality of RDM Group products during the final stages of the distribution process, before arrival to the customers.

The quality management system ensures that RDM Group products intended to come into contact with food comply with the EU Directives 1935/2004 and 2023/2006. The main products of RDM Group are also certified by the ISEGA laboratories, which guarantees their safety in the food sector.

All RDM Group products, regardless of food application or not, do not contain concentrations higher than 100 ppm (parts per million weight) of heavy metals, such as lead, cadmium, hexavalent chromium and mercury. In addition, all RDM Group products comply with the EU regulation 1907/2006 REACH, not containing suspected carcinogens, mutagens, toxic substances for reproduction, PBT (persistent and bio-accumulative and toxic) or vPvB (particularly persistent and bio-accumulable) with concentration levels above the 0.1% threshold.

In application of the precautionary principle, RDM Group has recently decided to stop the production of coated polyethylene cartonboard. Although all laboratory analyses have shown that the implemented barrier solutions allow carton to block the transmigration of any chemicals within the parameters established by the Italian authorities, the continuous change of the legislation and evaluations on the economic significance of the specific segment led the Group to outsource the production to specialized companies.

Also in line with the precautionary principle, the quality management system is also structured to be able to deal with any critical issues in an effective and timely manner, quickly activating diagnostic and problem neutralization paths. A key element in this sense is the traceability system of RDM Group supplies, which allows the prompt identification and possible withdrawal of batches of defective products. The Group's systems and procedures make it possible to identify the companies to which RDM Group products have been supplied and, for each supply, the raw materials, the substances and the products that have been used for their processing. This information is made available to the competent authorities, if requested.

 **100%** of production units with a certified quality management system in compliance with the ISO 9001 Standard

All Group companies / 2018

To further protect customers, the Group has specific insurance policies for product liability arising from any damage caused by supplies of non-compliant products.

TO KNOW MORE



ISEGA CERTIFICATIONS

5.3 INNOVATION IN PACKAGING SOLUTIONS

The packaging materials sector is going through a phase of strong innovation, which concerns the design of the materials, as well as the identification of new uses and applications for conventional products.

One of the assets that drives the transformation of the sector, also compelled by legislative developments and public opinion, concerns the reduction of the environmental impacts of packaging at the end of its life.

In this sense the segment of paper and cartonboard packaging can rely on a competitive advantage since their post-consumer recovery is sustainable from an environmental and economic point of view.

The aspect on which the industry's efforts are being more concentrated is product quality and safety. The end of the life cycle of paper packaging, which involves the repeated use and recovery materials, requires in fact an increasing ability to control and neutralize the chemicals used in printing, such as pigments and mineral oils, and in coupling of materials that tend to accumulate and mix up with recycled products.

INNOVATION IN THE SERVICE OF CONSUMER HEALTH

Scientific studies indicate that the residues of mineral oils, normally used in printing inks and found in recycled paper and board, do not have harmful effects in the detected proportions. Nevertheless, as a precautionary approach, the Group has been promoting for years a proactive and open approach to research and innovation in this area, together with the trade associations, the Food Safety Authority and all the other interested parties, including the ink producers and the printing and converting industry.

Collaboration with the cartographic and printing chemistry sectors is crucial to preventing unwanted substances from mixing with the materials. By means of system solutions, promoted as part of the interaction between operators of supply chains and other stakeholders, the Group works to improve the identification of alternative production substances and technologies capable of eliminating the risk of contamination.

At the same time, the Group continues to develop new technologies and methods for monitoring incoming raw materials, improving the differentiation of waste to better identify contaminants.

A further strategic response developed in this field by RDM Group regards the continuous design and development of barrier treatments able to create a protection between the recycled material structure and the food content, while preserving the recyclability characteristics of the cartonboard. In implementing this strategy, RDM Group relies on the collaboration of universities and research centres.

CIRCULAR ECONOMY AND SCARCITY OF RESOURCES

6

- 6.1 Product Sustainability
- 6.2 Efficient use of energy
- 6.3 Responsible management of water resources



WHAT IS CIRCULAR ECONOMY?

The circular economy targets the regeneration of all the raw materials used in the production processes. Although the production systems are mainly oriented towards satisfying the needs of the final consumer, the need to consider the aspects related to the sustainability of the processes, the recycling and re-use of the materials and environmental protection is increasingly evident.

In a context where raw materials are precious resources, the circular economy model is based on a regenerative system capable of enhancing waste, within which the different stages of production processes are reprogrammed to recycle as much material used in production as possible. Therefore, recyclability of the materials used for packaging plays a key role in developing sustainable consumption models.

The collection of paper and cartonboard waste has a significant impact on the process of transformation of waste, both from a quantitative and a qualitative point of view. The promotion of a recycling culture is therefore a crucial step to ensure the success of the circular economy model.

On 2 December 2015, the European Commission adopted an ambitious circular economy package, consisting of an action plan with measures related to the entire life cycle of products, including the phases of design, procurement, production, consumption, waste management and secondary raw materials market. The development of the EU circular economy action plan and the debate leading to its definition make it possible to see further growth in the markets of recovery and recycled packaging.



6.1 PRODUCT SUSTAINABILITY

RDM Group has developed technologies and production systems based on the transformation of recycled materials, deriving both from the industrial and commercial sectors, and from the urban waste collection. Paper scraps and rejection are recovered from paper producers and converters, as well as discarded or unsold goods, such as newspapers and magazines. A considerable part of the Group's raw materials derives from the urban separate paper collection, which is recovered from the cities often in the areas adjacent to the mills.

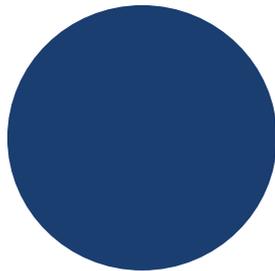
Although recycled cartonboard is a simple product, its production requires the implementation of a complex production process and the use of numerous materials. The latter converge mainly in the finished product but are also used for the production of shipping materials and as auxiliary products to manufacturing.

VOLUMES OF THE MAIN MATERIALS USED FOR PRODUCING THE CARTONBOARD AND ITS COATING, THE PACKAGING AND THE MAINTAINANCE OF THE PRODUCTION EQUIPMENT

All the Group's production unit / 2018

Percentage on the total

97.9%



MATERIALS USED FOR PRODUCING THE CARTONBOARD AND COATING LAYERS

-  fibres of forest origin
-  auxiliary chemical substances
-  wood
-  lattices
-  starches
-  paper for GK laminated multilayer board

1.6%



MATERIALS USED FOR THE PACKAGING OF RDM GROUP PRODUCTS

-  polythene
-  wooden pallets
-  cartonboard core spacer for reels

0.5%



OTHER AUXILIARY MANUFACTURING PRODUCTS

-  chemicals
-  oil and grease

TOTAL OF MATERIALS CONSUMED

All the Group's production units / 2018, 2017, 2016.

The total amount of materials used in 2018 does not include biomass consumed as an alternative fuel. If biomass consumption was also excluded in 2017 and 2016, the total material consumed would equal to 1,350,300 tons and 1,307,576 tons, respectively.

Tons



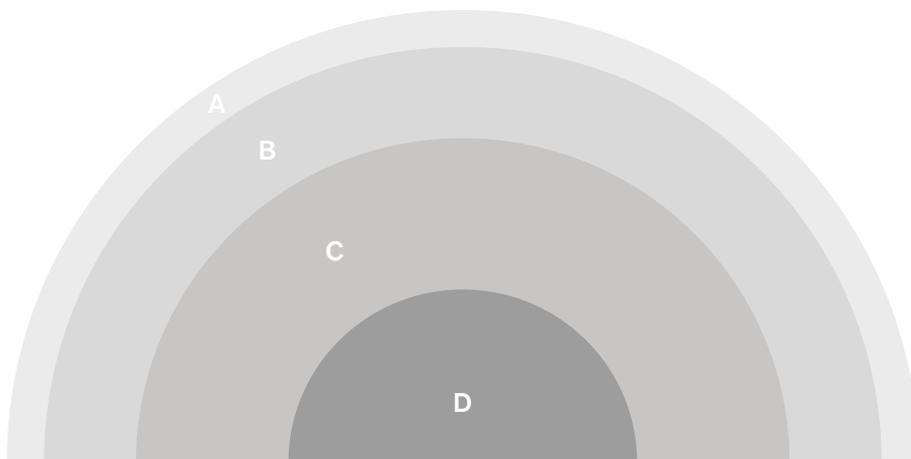
Overall, if we consider all the materials used in the production of RDM Group cartonboard, including packaging materials and auxiliary products, in 2018 the recycled materials represented the 62% of the overall consumption, whilst the renewable ones the 84%.

TYPES OF MATERIALS USED

All the Group's production units / 2018

Tons, percentage of the types of materials used on the total consumed

- A total materials consumed: **1,386,932 tons**
- B total materials used in the cartonboard: **1,357,938 tons**
- C total renewable materials*: **1,167,592 tons**
- D total recycled materials: **859,042 tons**



- A TOTAL OF MATERIALS CONSUMED (100%), OF WHICH:**
- B 98% BECOMES CARTONBOARD**
- C 84% IS RENEWABLE***
- D 62% IS MADE OF RECYCLED FIBRES**

*Includes also the wooden pallets used for packaging (0.99%)

Only in 2018, over 850,000 tons of fibrous raw materials were regenerated at the end of their life cycle; considering that an average European citizen produces approximately 68 kg of paper and cartonboard waste per year, RDM Group's mills give new life to waste generated by more than 12.5 million inhabitants, more than, for example, the amount of household waste from paper and cartonboard packaging generated in 2015 by the whole Swedish and Finnish population together considered (reworking RDM Group on Eurostat data).



90%

Consistently with the raw materials used for the production, RDM Group cartoboards are for over 90% recyclable and biodegradable according to the EN13430 and EN13432 technical standards

For a transparent and scientifically valid communication regarding the environmental performance of products, RDM Group makes use of Life Cycle Assessments for some of its products, an international analysis and communication tool subjected to verification by an external body that complies with ISO 14040 and ISO 14044.



6.2 EFFICIENT USE OF ENERGY

The paper industry is heavily dependent on energy as an input to its value creation process. The Cartonboard manufacturing process requires a quick dehydration and drying of the paper sheet: in less than two minutes the water present in the paper mixture with an initial concentration of about 99% is reduced to less than 10% in the finished product.

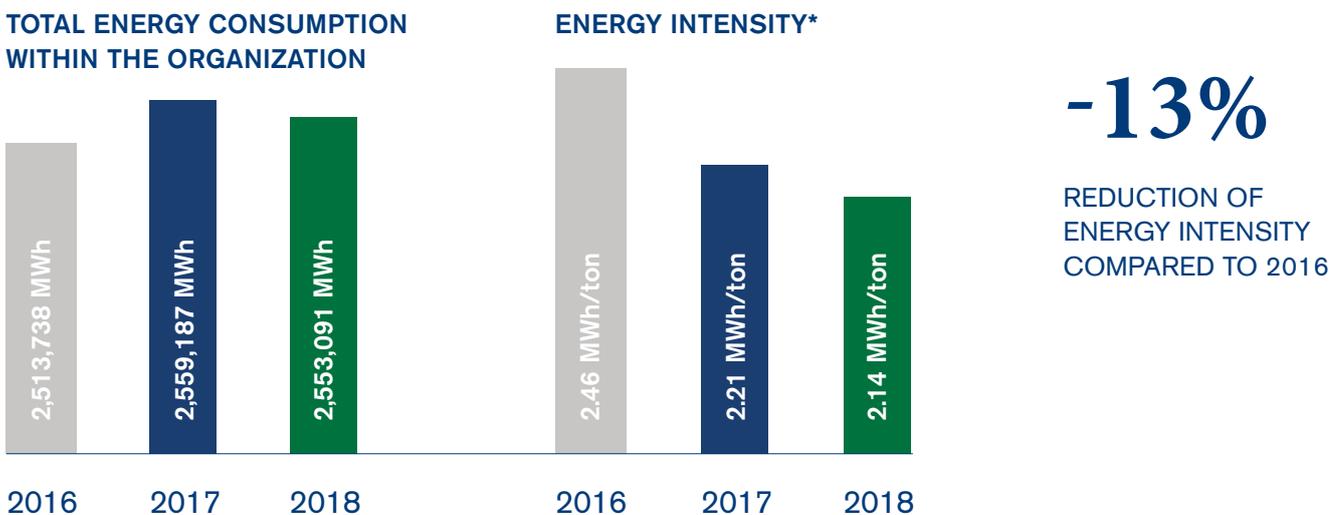
To ensure efficient management of energy resources and strengthening of the continuous improvement process in this area, RDM Group's energy management department is constantly working to improve the energy supply mix of the mills, some of which are equipped with management systems compliant with ISO 50001 certified by independent third-party bodies. The Group also has an energy policy that clearly states the Group's commitment to reduce energy consumption, increase in the use of alternative and renewable energy sources and, in general, protect natural resources.

44% of production units with a certified energy management system in compliance with the ISO 50001 standard

In 2018, a total of 2.5 million MWh of energy were used, with a slight decrease compared to 2017, yet considering a gross production which in the same period increased by 3%.

All the Group's production unit / 2016, 2017, 2018

Consumption of energy in absolute terms within the organization / Energy intensity MWh per ton of gross production



* 2017 and 2016 figures have been recasted with respect to Sustainable Value Report 2017 to improve the calculation methodology, by using the gross production instead of the net sealable production as a denominator. For historical data published in the past, please refer to the Sustainable Value Report 2017.

With the acquisition of RDM Barcelona Cartonboard, the Group also acquired an important cogeneration plant powered by natural gas for the production of electricity. About 70% of the natural gas consumed is destined to the production of electricity for the national Spanish electricity grid. Approximately 30% is instead related to the paper mill activities and is therefore included among the total consumption of RDM Group.

For the two months of consolidation of RDM Barcelona Cartonboard, the mill entered approximately 62,397 MWh of electricity into the grid, produced by using approximately the equivalent of 120,779 MWh of natural gas, corresponding to 22,218 tons of CO₂eq.

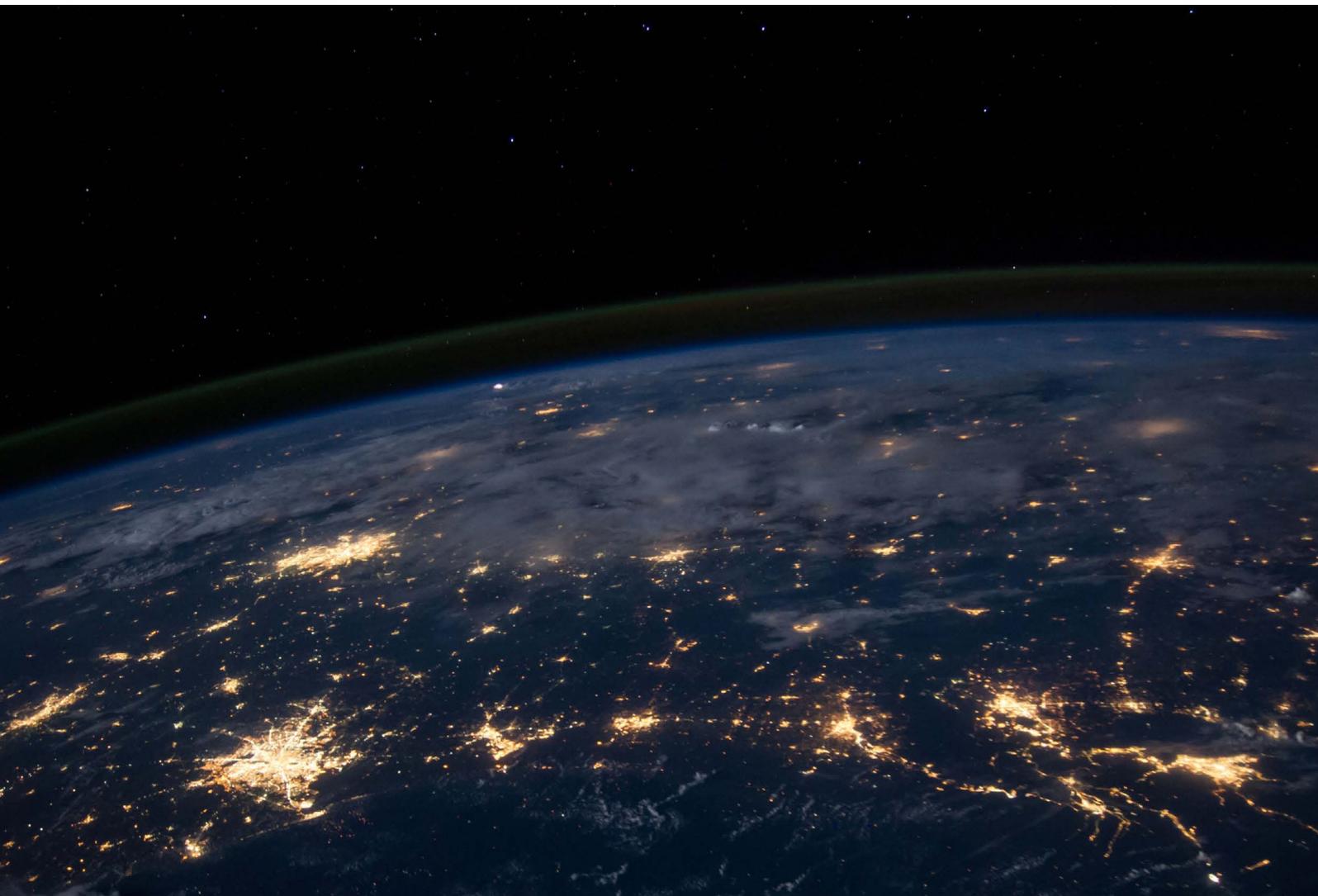


RDM Group has developed systems to monitor energy consumption and to systematically identify efficiency measures. To increase the efficiency deriving from the use of non-renewable primary energy sources, the Group uses several cogeneration plants, which allow the combined production of electricity and heat, with yields widely exceeding the thresholds established by Directive 2004/8/EC. These plants are subject to periodic performance certification by independent third-party bodies.

When purchasing new technologies and machineries, overhauling or improving existing ones and designing new processes, the Group takes into account, among the binding parameters, the expected consumptions and energy efficiency parameters, and applies a policy that favours purchase of energy of a better energy-class when available.

Thanks to the presence in each production unit of professionals dedicated to the analysis and development of solutions for the conservation and rational use of energy, RDM Group regularly identifies and implements measures to reduce energy requirements and improve efficiency. This process is continuous and is subject to periodic reviews, both internal and by external certification bodies.

In order to reduce the risks related to business continuity and gain the possibility to optimize costs according to the energy market prices, RDM Group has adopted a strategy to diversify the sources of energy supply. In 2018 the use of energy from renewable sources increased by 11% compared to 2017, driven by greater use of biomass in the La Rochette mill, where after the completion in 2018 of the renovation activities of the biomass power plant, the use of biomass itself has been restored.

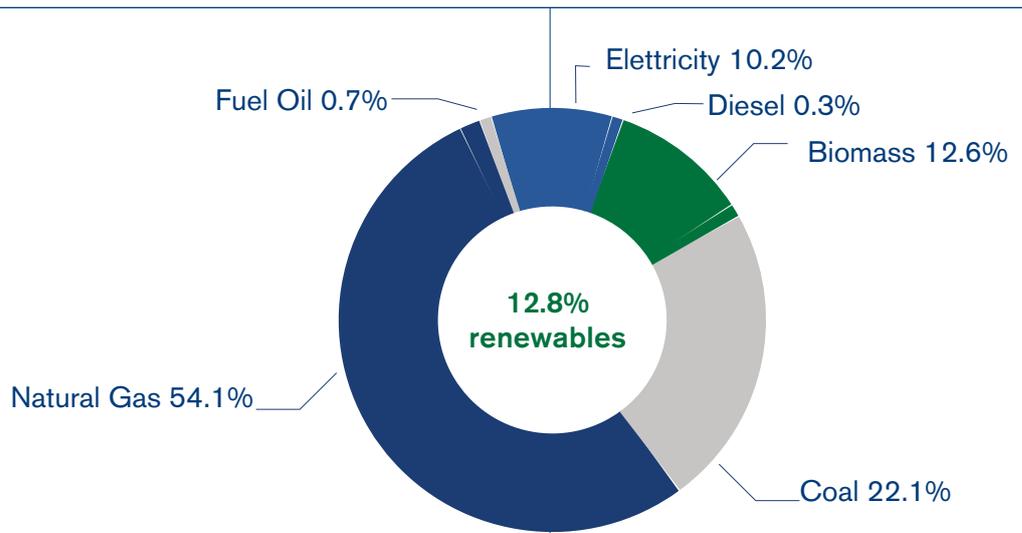


ENERGY CONSUMPTION BY SOURCE AND TYPE

All the Group's production units / 2018, 2017, 2016 (excluding natural gas consumption of RDM Barcelona Cartonboard to produce electricity for the grid). Hydroelectric (303 MWh) and LPG (566 MWh) are not represented as they are negligible (<0.04%).
 Percentage of energy consumption by source, percentage from renewable sources at the center of the chart

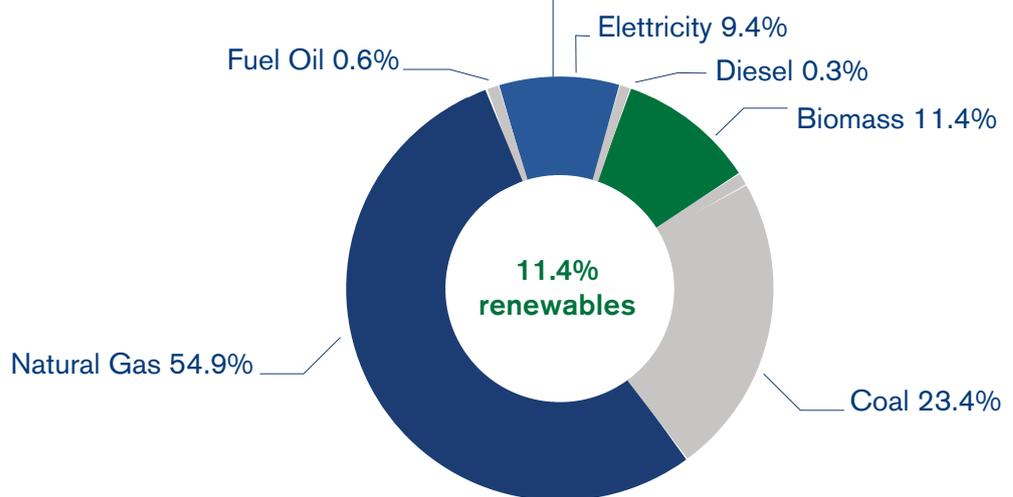
2018

Total energy consumption:
2,553,091 MWh



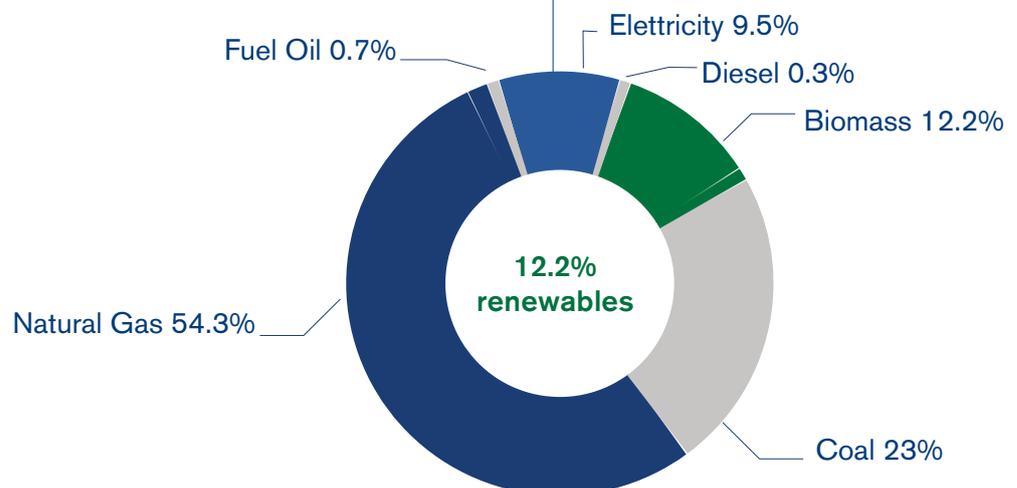
2017

Total energy consumption:
2,559,187 MWh



2016

Total energy consumption:
2,513,738 MWh



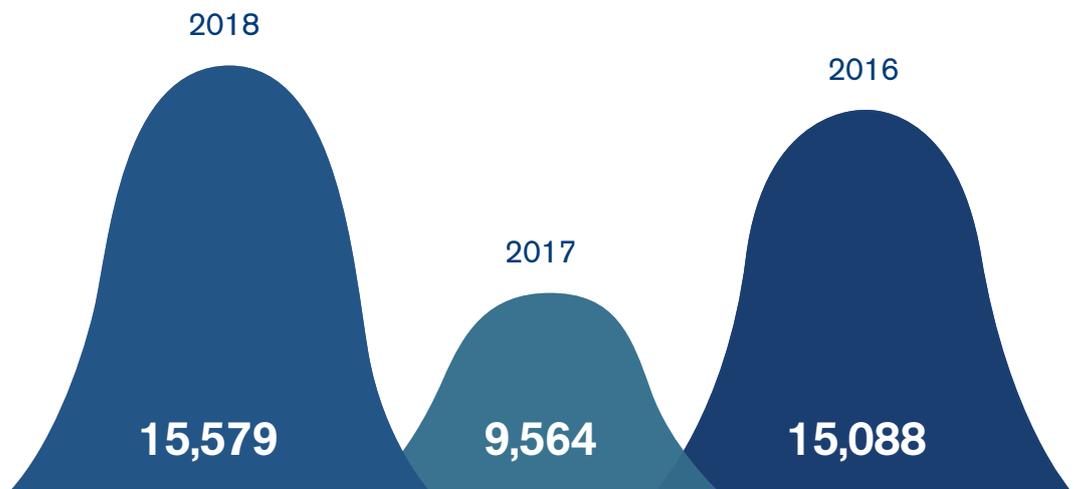
RDM Group is part of the national energy security defence system. In fact, the Group adheres to the interruptibility system, granting, in the event of an emergency, the managing company of the Italian electricity grid access to energy produced by the mills for the national electricity system.

In the last three years, RDM Group has introduced into the networks connected to the plants approximately 40,000 MWh of electricity, which constitute the surplus of production under cogeneration with respect to domestic needs.

SUPPLIES OF ELECTRICITY INTO THE GRID

All the Group's production units, 2016, 2017, 2018 (excluding RDM Barcelona Cartonboard which input 62,397 MWh into the grid in the two-month consolidation period).

MWh



6.3 RESPONSIBLE MANAGEMENT OF WATER RESOURCES

The pulp and paper industry is a sector notoriously characterized by the large volumes of water used in its production processes. In particular, the cleaning of raw materials and the preparation of the mixture used to produce cartonboard are the phases that require the greatest quantities of water resources.

The location of the paper mills near water basins meets the need to ensure continuity of supply to the production process, through direct withdrawals or access to groundwater.

WATER WITHDRAWAL BY SOURCE

All Group's productive units / 2018, 2017, 2016

Cubic meters (including water withdrawals for plant cooling)



The optimization of water use is a critical factor whereby the Group measures, in addition to its own ecological footprint, also its own efficiency. The Group has indeed adopted systems that allow for an accurate management of water resources through the timely monitoring of the quantities of water withdrawn and the identification of technological solutions that allow the reduction of consumption.

The technological improvements made by the Group over the years meet the objective of increasing the share of recovered water resources and allowing the use of process water in several production cycles. Over the years, the existing systems have been improved by also using heat exchangers for the recovery of condensed steam. RDM Group has thus been able to reduce and stabilize the use of water per ton of production over time. Moreover, consistently with 2018 commitment, a project for the collection and treatment of rainwater for an Italian mill was approved and authorized.



CHANGE IN WATER REQUIREMENTS PER TON OF PRODUCTION

All Group's productive units / 2018, 2017, 2016

Cubic meters per ton of gross production (including water withdrawals for plant cooling), percentage change



The location of the Group's mills features a distribution of the 7 production units with high water needs organized as follows: 4 production units are located in areas with low risk of water scarcity, 2 are located in medium-risk areas, and 1 is located in a high risk area (re-elaboration of RDM Group based on data from the World Resources Institute – Aqueduct Water Risk Atlas). In this regard, there are no critical issues that, due to frequency or impact, could cause significant damage to natural river environments adjacent to the Group's mills.

In order to synergistically act along the institutions and the various business and industrial entities, RDM Group has joined the Alliance of Italian companies for water and climate change, with the aim of encouraging the development of strategies and instruments suitable for an integrated and coherent management of water resources and adaptation to climate change.

* For more information on the recast of the 2017 and 2016 figures, please refer to the note on p. 86.

CLIMATE CHANGE AND ENVIRONMENTAL PROTECTION



7

7.1 Atmospheric emissions
7.2 Responsible management of waste and discharges



7.1 ATMOSPHERIC EMISSIONS

The paper sector generates direct emissions of greenhouse gases deriving from the combustion of primary energy sources. In particular, those sources are used to produce the electrical and thermal energy to dry the paper sheet in the manufacturing process and machinery handling. As known, greenhouse gas emissions contribute to climate change, generating costs and risks for companies, both direct and indirect.

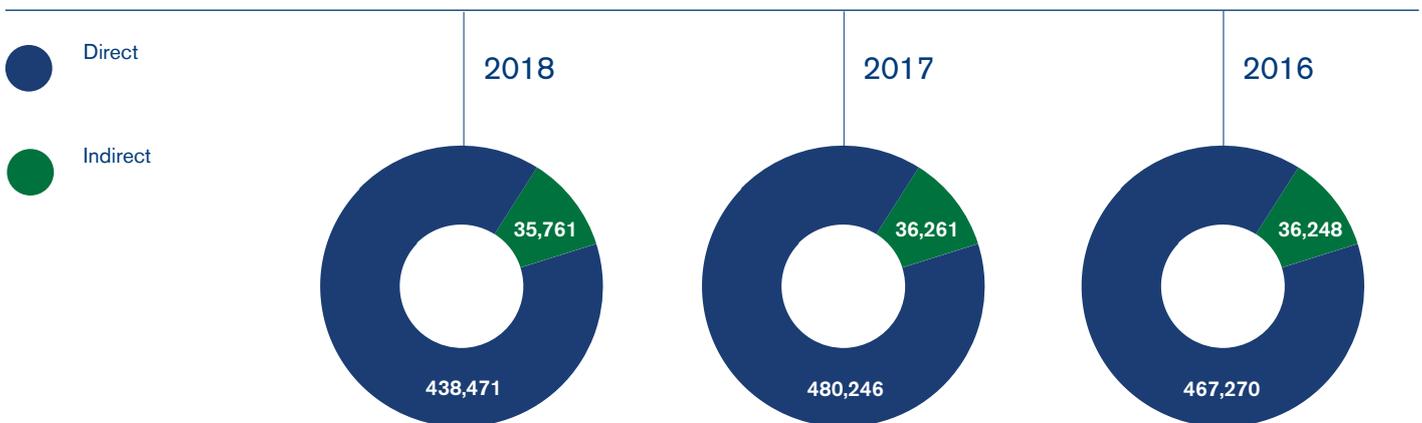
Given the investments made, the improved energy efficiency and the use of cleaner fuels offer RDM Group significant advantages that regard, for example, in the reduction of operational risks and costs related to the purchase of the emission allowances within the Emission Trading System (EU-ETS).

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

All Group's productive units / 2018, 2017, 2016. Emissions (equal to 22,218 tCO₂eq) deriving from the consumption of natural gas of RDM Barcelona Cartonboard used for the production of electricity sold on the grid, are excluded. The emissions from the company fleet are excluded as these are not material. Gas included in the calculation: CO₂, CH₄, N₂O, HFC.

Emissions deriving from the combustion of biomass are excluded from the figures below, and equal to: 131,387 tCO₂ in 2018; 118,069 tCO₂ in 2017; 124,132 tCO₂ in 2016, Sources of emission factors 2018: EU Guidance Document Biomass issues in the EU-ETS; UK 2018 Government GHG conversion factors for company reporting; AIB 2017 Residual mix results v 1.13; Terna – 2017 confronti internazionali. Sources emissions factors 2017 and 2016: EU Guidance Document Biomass issues in the EU-ETS; UK Government GHG conversion factors for company reporting; AIB 2016 Residual mix results v 1.2. Indirect emissions are calculated using the "location-based" method and are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO₂ eq) as it can be deduced from the technical literature of reference.

tCO₂eq



For the sake of data comparability, it should be noted that, using Terna's emission factors to calculate the "location-based" indirect emissions also for 2017 and 2016, the emissions figures would have been respectively 32,966 tCO₂ and 32,879 tCO₂.

For the improvement of the energy supply mix and the reduction of GHG emissions, RDM Group has decided to plan the shutdown of one of the two coal-fired boilers at the Arnsberg plant in Germany by 2019. The decision, which reflects the Group's commitment of increasingly rely on environmentally friendly fuels, is expected to reduce the consumption of coal by approximately 27% by 2019, with a corresponding reduction of GHG emissions.

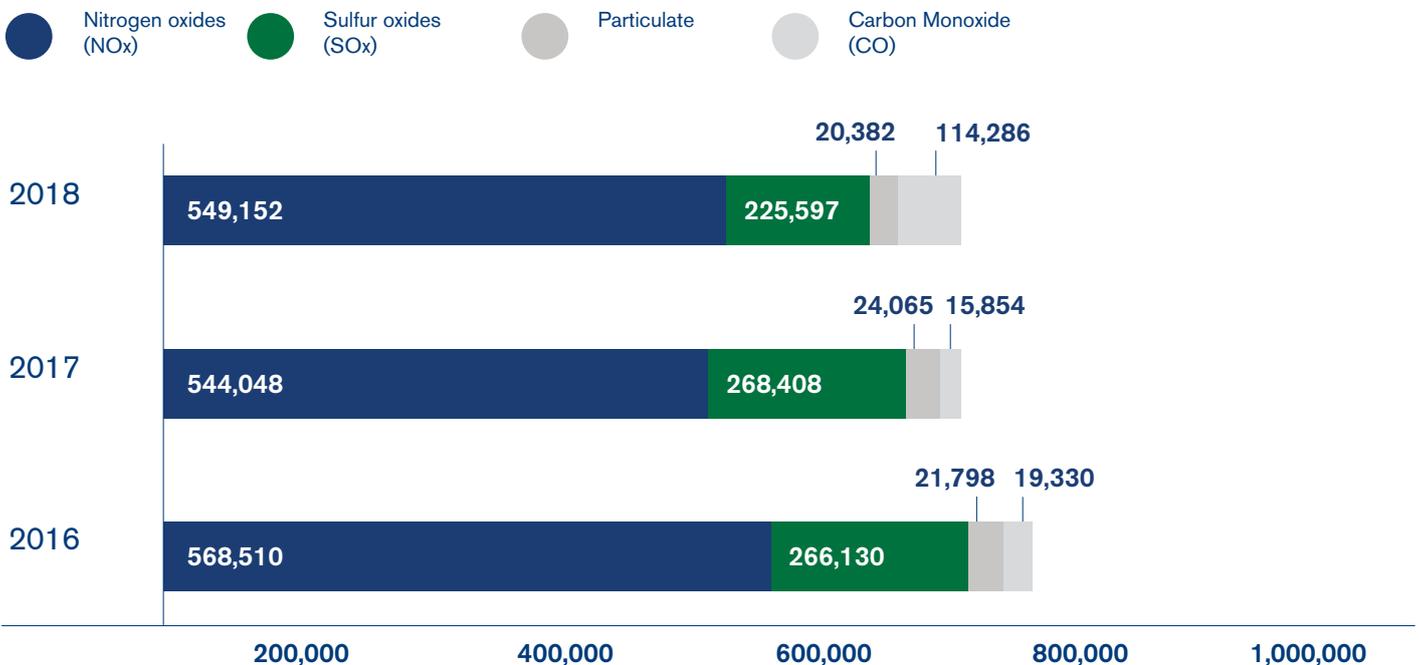
In addition to the emission of greenhouse gases, the combustion of primary energy sources also determines the dispersion of specific pollutants into the atmosphere. Among these, the main ones are sulfur and nitrogen oxides, as well as particulate matter and carbon monoxide.

In addition to the investments made in 2017 (for a total value of over 6 million euros) to upgrade our thermal power plants in La Rochette and Santa Giustina, the investment program also continued in 2018, for example, to improve energy efficiency of boilers, steam turbines and sheet dryers. These interventions have allowed the containment of nitrogen oxide emissions to be well below the permitted levels. These results were achieved by the Group despite the fact that gross production has increased in recent years due to the growth of RDM Group's business.

OTHER POLLUTANTS EMITTED INTO THE ATMOSPHERE: NITROGEN AND SULFUR OXIDES, CARBON MONOXIDE AND FINE PARTICLES

All Group's productive units / 2018, 2017, 2016

Kilograms, values calculated on the basis of periodic measurements. For emissions generated by the combustion of biomasses, emissions are calculated on the basis of the quantity consumed and the parameters provided by the French Authority for Déclaration Annuelle des Émissions Polluantes et des Déchets (GEREP). The Group's plants do not emit of persistent organic pollutants (POPs), volatile organic compounds (VOC) and dangerous volatile substances (HAP).



The increase of carbon monoxide's emission figure recorded in 2018 is due to the widening of the calculation boundary compared to 2017 and 2016.



To monitor in a structured manner the environmental impacts generated by the Group, including GHG emissions, an environmental management system has been implemented based on the ISO14001 standard, which is constantly updated and, for over half of the Group's mills, it is also subject to external verification by a third-party certification body.



56%

of productive units with a certified environmental management system in compliance with the ISO 14001 standard

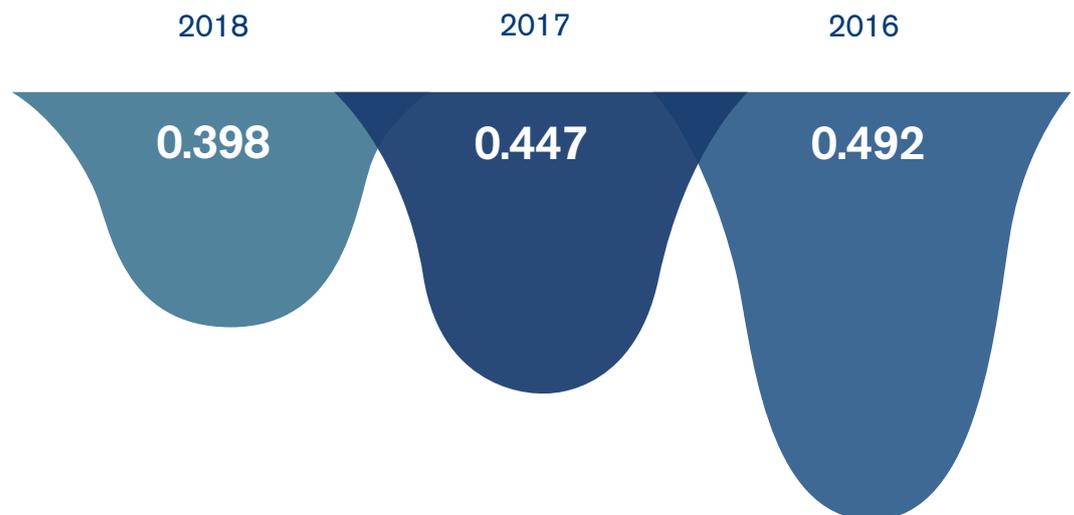
The timely monitoring of emissions, the development of a system of continuous improvement of energy efficiency, as well as regular environmental measures for emissions, have allowed the Group to reduce over time the emissions of greenhouse gases and pollutants into the atmosphere per ton of production.

Furthermore, by joining the EU ETS system, the Group compensates a part of the emissions of greenhouse gases that it releases into the atmosphere through the purchase of certificates that finance activities aimed at reducing or containing emissions.

DIRECT AND INDIRECT GHG EMISSION INTENSITY*

All Group's productive units / 2018, 2017, 2016. The emissions of 22,218 tCO₂eq deriving from the consumption of natural gas of RDM Barcelona Cartonboard used for the production of electricity sold in the grid, are excluded.

tCO₂eq per ton of gross production, excluding emissions from biomass combustion. Indirect emissions valued according to the "location based" approach.



* For more information on the recast of 2017 and 2016 figures, please refer to the note on p. 86.

For the sake of data comparability, it should be noted that, using Terna's emission factors to calculate the "location-based" indirect emissions, also for 2017 and 2016, the emission intensity figures would have been respectively 0.444 t CO₂eq and 0.489 t CO₂eq per ton of gross production.

7.2 RESPONSIBLE MANAGEMENT OF WASTE AND DISCHARGES

To ensure effective protection of natural habitats in the areas where the Group's mills are located and reduce the risks to the environment generated by discharges and industrial waste, the Group embraces the principle of continuous improvement which, in more than half of its facilities, has been formalized by implementing an environmental management system developed according to the standard ISO 14001, subject to external verification by a third certification body. To strengthen the monitoring of environmental issues, two Group factories have also implemented the EMAS system, also certified by an independent third party.

MANAGEMENT OF DISCHARGES OF PROCESS WATERS

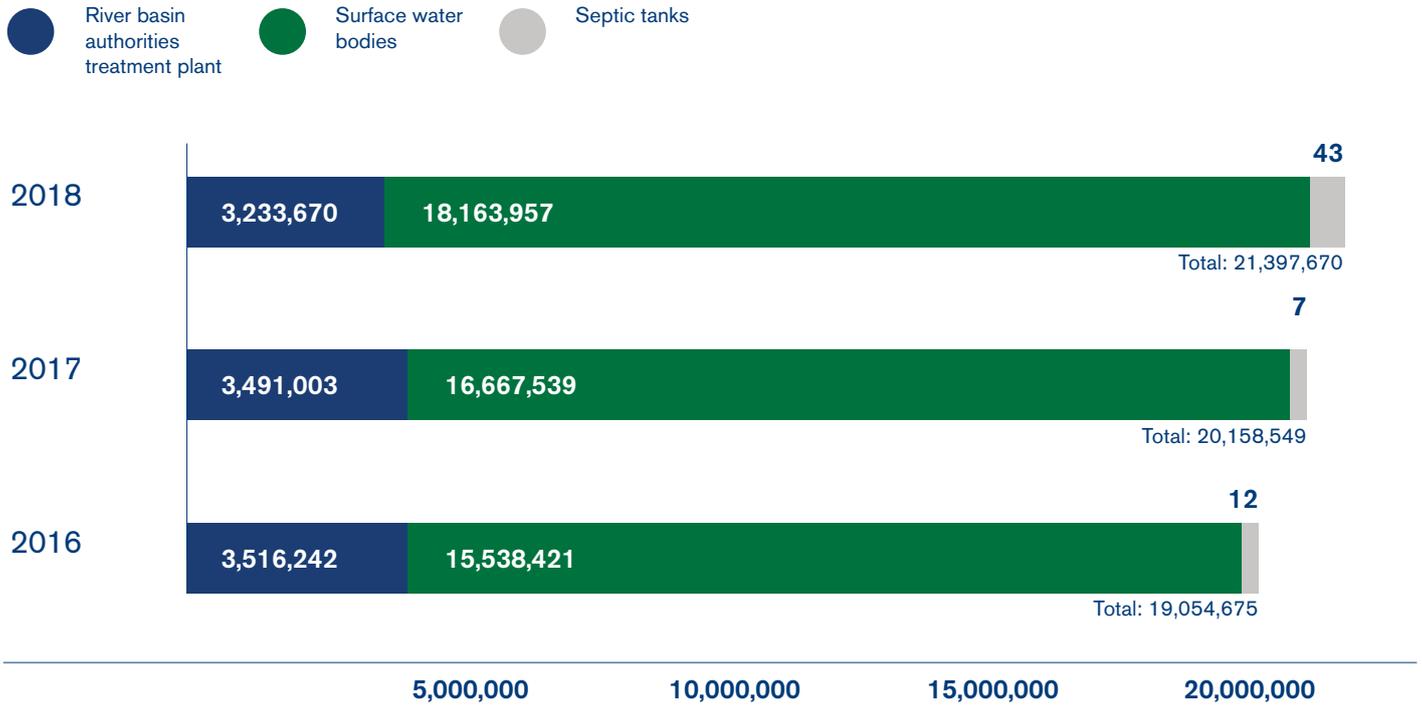
The management of the environmental impacts of a paper mill regards mainly production waste and process water discharges. The production of cartonboard generates discharges that contain suspended solids, including fibres and constituents of wood, salts and organic pollutants.

Therefore, the implementation of a water reuse strategy in several production cycles goes hand in hand with the water treatment systems implemented by the Group. All plants are equipped with industrial wastewater treatment plants, which through chemical-physical processes and aerobic digestion, reduce the content of diluted organic substances, making them suitable for remission in the environment or to be channelled into plants managed by public consortia for subsequent additional treatment. The exception is the water used in the machinery's cooling systems which, if not reused in the production processes, is re-introduced directly into the environment.

VOLUMES OF WATER DISCHARGES

All Group's productive units / 2018, 2017, 2016

Cubic meters. The quality parameters of the water discharges are determined according to local regulations and vary according to the destination of the waste water (rivers or consortium plants for subsequent additional treatment).



2018- 2016 COMPARISON

+12% Increase of water discharges

+16% Increase of gross production

Against a gross production increased by 16% in the last three years, the quantity of water discharges has increased less than proportionally (+12%), which is a sign of efficiency in water management thanks to its reuse in the production processes.

No penalties were imposed on the Group during the three-year period in connection to the violation of the limits of contaminants present in the waste water. In 2018 only one accidental spill case has been recorded for pre-treated waste waters discharged into a river, with no significant risks for the environment and for which no administrative or financial fines have been imposed on the Group. Also, no significant accidental spills of chemicals, greases, petroleum derivatives or anything else that could pose a risk to the environment has been recorded. These substances are also stored in dedicated areas and managed through specific procedures that guarantee the containment of spills.

WASTE MANAGEMENT

Thanks to a careful selection of recycled raw materials during the acceptance phase, the Group prevents the entry into the production cycle of materials that contain impurities and foreign bodies, not meeting the quality requirements set by the Group. This allows RDM Group to significantly reduce the waste from the production process. 99.4% of the total waste produced by the Group is non-hazardous and consists mainly of plastics, glass, metals and sludges for paper and process water purification. Therefore, by their nature, the disposal of most of the waste produced by the paper mills does not present particular critical aspects in terms of environmental impact. At the end of the manufacturing process, non-hazardous waste is mainly transferred to waste disposal companies to be recycled, transferred to waste-to-energy plants for energy recovery or stored in landfills.

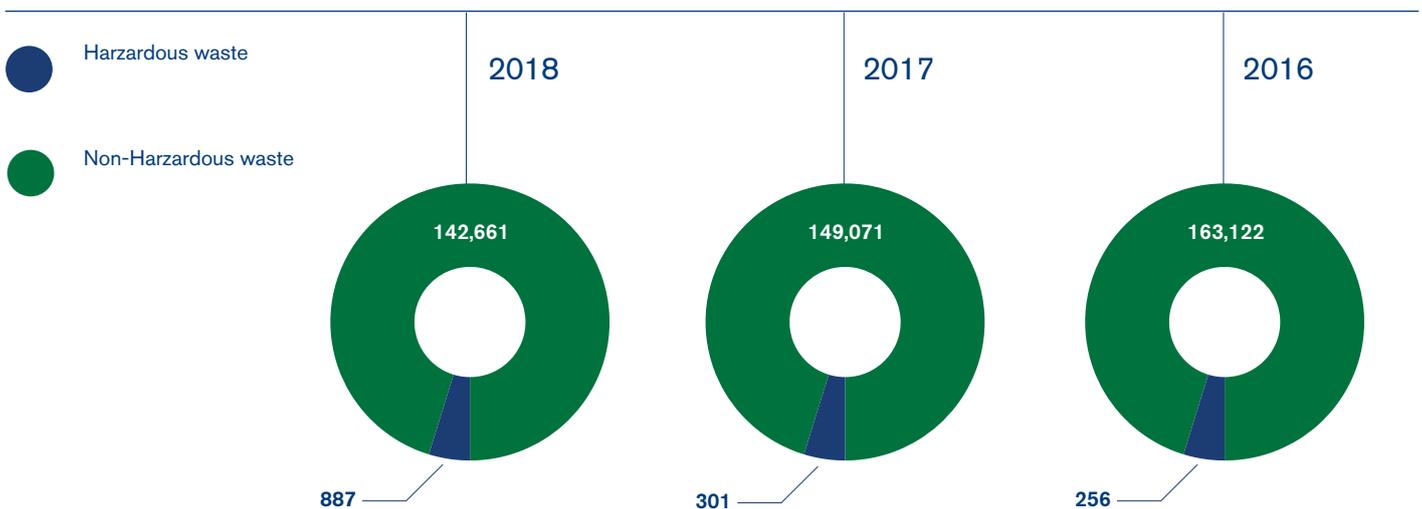
In order to optimize the environmental footprint, all finished product rejects are reused in the manufacturing process and do not in any way constitute waste, as they are considered as a precious productive resource.

The main hazardous waste, which in 2018 reached a volume of 887 tons, are generally made up of chemicals and oils used for plant maintenance, entrusted to external specialized companies for disposal. 2018 recorded an anomalous increase in hazardous waste produced by the Group, due to the extraordinary maintenance of a coal boiler, which led to the production of 578 tons, of bituminous mixtures destined for reuse as asphalt mix. With regard to hazardous waste, in 2018 the asbestos disposal program continued as per the commitment of 2018, through the planning of specific interventions for the replacement of some fire doors containing asbestos fibres and the removal of asbestos from the roofs of some Group buildings.

WASTE BY TYPE

All Group's production unit / 2018, 2017, 2016

Tons



The overall amount of waste produced by paper mills depends, in general, on the quality of incoming raw materials and, consequently, on the propensity of people to properly recycle their paper and cartonboard waste. RDM Group, through COMIECO, the Italian National Consortium for the recovery and recycling of cellulose-based packaging waste, promotes the development and diffusion of the recycling culture.

RESPONSIBLE PROCUREMENT



8.1 Protection of forest resources in the wood supply chain
8.2 Responsible supply chain relationships



8.1 PROTECTION OF FOREST RESOURCES IN THE WOOD SUPPLY CHAIN



THE ILLEGAL LOGGING PHENOMENON

According to both United Nations Environment Program and INTERPOL, a considerable proportion, estimated at between 15% and 30% of global timber production, is illegal and it generates a turnover of between 30 and 100 billion US dollars. This phenomenon is known as “illegal logging” and is one of the most serious threats to the conservation of forest resources on the planet and biodiversity. On this topic there is special attention from the international public opinion, environmental movements and national and international organizations dealing with the protection of biodiversity, the fight against corruption and protection of human rights. At European level, specific measures have been devised to combat illegal logging by contrasting it with trade in related products; these measures include principally the FLEGT regulation - Forest Law Enforcement, Governance and Trade and the EUTR Regulation - European Union Timber Regulation.

To ensure that the raw materials used are sustainable, RDM Group subjects its requires its suppliers of forest products to go through a specific qualification process, preferring the purchase of certified raw materials. In this regard, a procedure has been adopted that provides for the exclusive purchase of fibrous raw materials certified according to the FSC® or PEFC™ schemes. These two standards, the most widespread and globally recognized guarantee that the raw materials come from controlled and sustainable supply chains. In fact, they aim to ensure the correct management of forests and traceability of derivative products, ensuring that these are made with raw materials coming from forests managed responsibly and according to the respective standards.

 **100%** of production units with forest raw materials management system in compliance with FSC® or PEFC™ standards

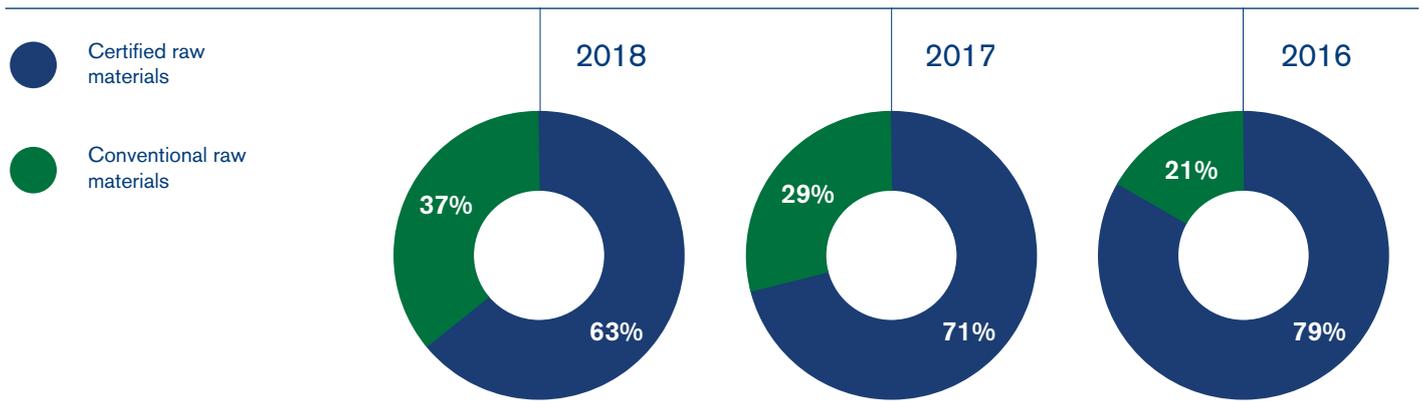
In order to guarantee the legal and sustainable origin of forest-based products within the entire value chain, RDM Group has developed specific systems for managing raw materials, their processing and the finished products in compliance with FSC® and PEFC™ standards. These systems are regularly subjected to external audits by an independent body. In this way, RDM Group is able to offer its customers products certified according to these standards.

As part of these certified management systems, RDM Group purchases virgin fibres, wood and other wood-derived products certified for a total of 63%. This still allows all Group mills to commercialize certified products, thanks to the tools adopted to preserve their chain of custody.

INCIDENCE OF CONSUMPTION OF VIRGIN FIBRES, WOOD AND OTHER WOOD DERIVATIVES CERTIFIED TO FSC®, PEFC™ OR FSC CONTROLLED WOOD® STANDARDS

All Groups' production units / 2018, 2017, 2016

Percentage over the total in the centre of the chart

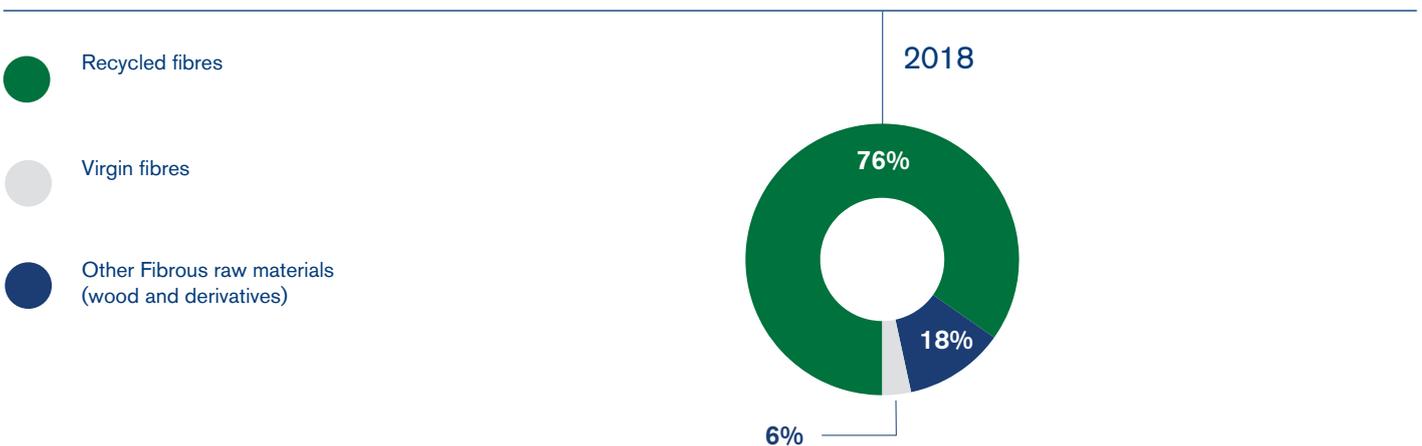


With reference to the Group's strategy, and consistently with the commitment made for 2018, the Group is constantly working to optimize the use of recycled fibres as the main raw material of the production process: in 2018 over 90% of the fibres used by RDM Group were recycled. This percentage becomes 76% if also the other forest-related raw materials are considered (e.g. wood derivatives). In particular, every year the Group consumes on average over 260,000 tons of virgin fibres, wood and derivatives. The latter are transformed by the Group to obtain fibrous raw material used in the production process.

PERCENTAGES OF CONSUMPTION OF RECOVERED FIBRES AND FOREST PRODUCTS FOR PRODUCTION

All Group Production Units / 2018.

Tons purchased, percentage over the total consumption



Excluding the mill of La Rochette, entirely dedicated to the production of virgin fibre cartonboard, the percentage of recycled fibres on the total reaches 97%. With the exception of some specific productions that can do without virgin fibre, its use is generally dictated by the need to ensure the finished product the physical-mechanical characteristics necessary for its use as packaging. It is therefore normal that a minimum amount of recycled cartonboard contains virgin fibres, even in small quantities.



8.2 RESPONSIBLE SUPPLY CHAIN RELATIONSHIPS

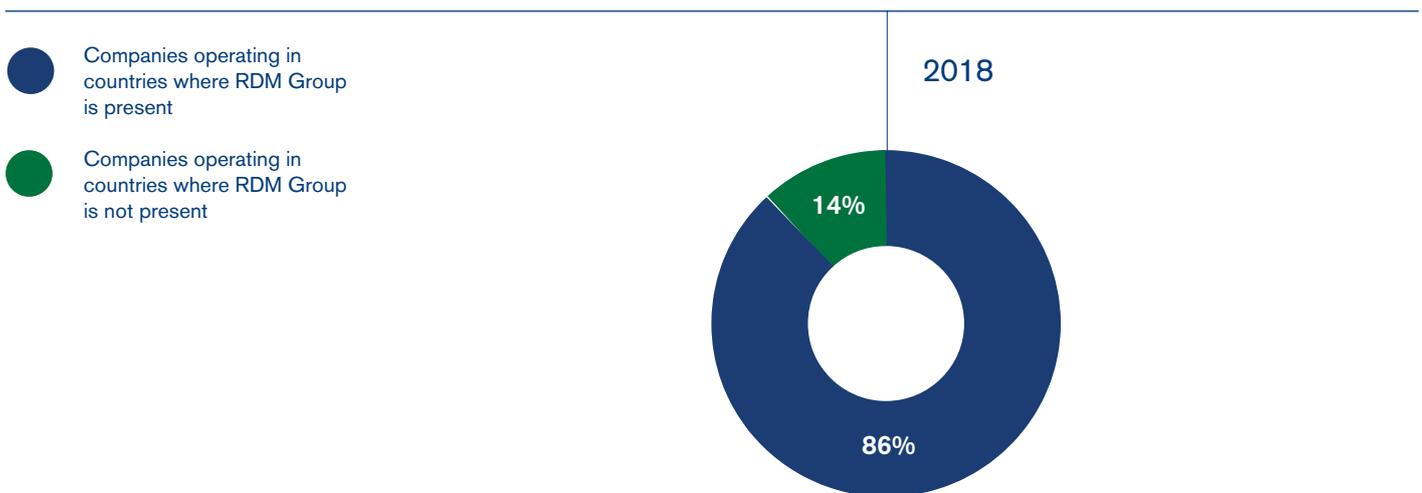
The Group's attention to ensuring and developing correct business practices is not limited to the scope of RDM Group activities, but also extends to suppliers. In fact, RDM Group is increasingly committed to making responsible procurement an integral part of its processes. A sustainable and transparent supply from reliable business partners who in turn share the same values is a necessary condition to guarantee safety and high quality products while, at the same time, creating value to local economies.

RDM Group relies on a very large network of suppliers that exceeds 4,000 companies, from which it purchases goods and services. Over 90% of the supplier network is located in the same countries where RDM Group operates with its mills, cutting centres and commercial offices. The Group therefore is aware of being an important driver for the economy of the territories to which it belongs.

INCIDENCE OF PURCHASES FROM COMPANIES OPERATING IN THE COUNTRIES IN WHICH THE GROUP ALSO OPERATES

All Group companies / 2018

Percentage of payments for the sale of goods or the provision of services, made during the reference year, in favor of suppliers with registered offices in the same countries where RDM Group operates



Moreover, the paper mills have a very strong territorial rooting that in Italy, for example, sees over 95% of the workers living in the same communities bordering the mills. This union with the local communities allows RDM Group to be a crucial presence for the economy of the territories and a partner in their development.

SELECTION AND QUALIFICATION OF SUPPLIERS

Sourcing from partners in the territory can trigger off virtuous circles that benefit local economies through a boost of the ancillary businesses connected to the mills' territories. For RDM Group, the choice of local suppliers responds to a logic of business efficiency: by favouring local companies, the Group benefits from the advantages of geographical proximity, allowing - above all - to reduce environmental impacts and GHG emissions linked to supply logistics.

RDM Group entrusts supplies only to companies that share the Group's commitment to conducting their business responsibly, in order to ensure that the induced development is sustainable over time, supporting the healthy part of the economy.

In the supply contracts, the Group makes explicit the expectations regarding suppliers also in terms of integrity in conducting business activities, requiring compliance with the values and good practices detailed in RDM Group's Code of Ethics, in terms of integrity, human rights and reduction of the environmental impact. The Group reserves the right to interrupt the business relationship if the Group becomes aware of suppliers' behaviours that do not comply with the Law or the Code of Ethics.

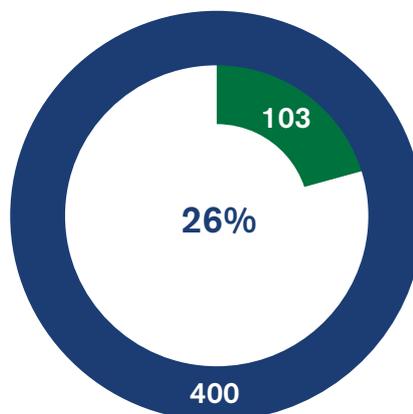
Depending on the product category, the suppliers are subject to a selection process that entails the control of specific social and environmental requirements, which concern, for example, the possession of certifications in compliance with international quality standards, worker safety, proper environmental management and protection of human rights. For example, the lawful recruitment of workers and the fulfilment of social security obligations by the employer, the possible presence of health and safety, environmental and corruption litigation and the presence of the necessary authorizations for the performance of activities with a particular impact on the environment.

NEW SUPPLIERS SUBJECT TO ENVIRONMENTAL OR SOCIAL DUE DILIGENCE

All Group companies / 2018

New suppliers are considered to be those engaged with purchases for the first time in 2018; except for the mills of La Rochette and Arnsberg, where new suppliers are considered to be those with whom purchases have not been made for the last three years.

Number, percentage over the total in the centre of the chart



Almost all of our suppliers are located in countries, which, based on the annual “Freedom in the World 2019” report prepared by Freedom House and the report “The state of the World’s human rights - Report 2017/18” of Amnesty International, are considered to be at low risk of breaches of human rights. During 2018, RDM Group has not received any reports, nor has become aware of any breaches of human rights, abuse of workers or serious damage to the environment, or for which suppliers or collaborators maintaining relationships with the Group were alleged to have been responsible. No commercial relationships have been terminated with suppliers or collaborators for similar failings.

APPENDIX

9

- 9.1 Matrix linking material topics and related GRI aspects
- 9.2 GRI Content Index
- 9.3 Report of the independent auditor

9.1 MATRIX LINKING MATERIAL TOPICS AND RELATED GRI ASPECTS

The table below outlines for each material sustainability topic, the correspondent relevant aspect of the GRI Standards, whose indicators are reported on in the Report.

The “Material topics boundary” column points out the entities that generate effects linked to each topic, while the “Type of impact” column indicates if the Group generated said effects directly or, alternatively, if the Company contributed to these effects indirectly by virtue of its business relationships.

MATERIAL TOPIC	GRI STANDARD DISCLOSURES	SCOPE OF MATERIAL TOPIC	TYPE OF IMPACT
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EMPLOYEE RELATED MATTERS

OCCUPATIONAL HEALTH AND SAFETY	403-2	RDM Group*	Generated by the Group
COMFORT OF THE WORKING ENVIRONMENT	–	RDM Group	Generated by the Group
AVAILABILITY OF TALENTS AND CRITICAL COMPETENCIES	404-1	RDM Group	Generated by the Group
EFFECTIVE DIALOGUE WITH TRADE UNIONS	402-1	RDM Group	Generated by the Group
EMPLOYEE ENGAGEMENT AND MOTIVATION	–	RDM Group	Generated by the Group
DEMOGRAPHIC CHANGE AND GENERATIONAL CHANGE IN THE COMPANY	401-1	RDM Group	Generated by the Group
WORK-LIFE BALANCE	–	RDM Group	Generated by the Group
EMPLOYMENT STABILITY	402-1	RDM Group	Generated by the Group
PROMOTION OF EQUAL OPPORTUNITIES AND DIVERSITY	405-1, 406-1	RDM Group	Generated by the Group

SOCIAL AND PRODUCTS , SERVICE AND SUPPLY CHAIN-RELATED MATTERS

PRODUCT SAFETY AND SUITABILITY FOR FOOD CONTACT	416-2	RDM Group	Generated by the Group
LISTENING TO CUSTOMER AND IMPROVEMENT OF THEIR SATISFACTION		RDM Group	Generated by the Group
RECYCLABILITY AND PRODUCT'S DESIGN FOR THE END-OF-LIFE	301-1	RDM Group	Generated by the Group
PROMOTION OF THE SEPARATE WASTE / RECYCLING CULTURE	306-2	RDM Group	Generated by the Group
RESILIENCE OF THE SUPPLY CHAIN	204-1	RDM Group, Suppliers	Generated by the Group and linked to the Group through its business activities
CUSTOMIZATION OF PRODUCTS AND SERVICES	-	RDM Group	Generated by the Group
DEVELOPMENT OF SMART MATERIALS AND INNOVATIONS IN PACKAGING SOLUTIONS	-	RDM Group	Generated by the Group
ENHANCEMENT OF CHOOSING PRODUCT REALIZED WITH RECOVERED RAW MATERIALS	301-1	RDM Group	Generated by the Group

ENVIRONMENTAL MATTERS

ENERGY CONSUMPTION	302-1, 302-3	RDM Group	Generated by the Group
DISPOSAL OF WASTE FROM PRODUCTION PROCESS	306-2	RDM Group	Generated by the Group
CLIMATE CHANGE AND GHG EMISSIONS	305-1, 305-2, 305-4, 305-6, 305-7	RDM Group	Generated by the Group
QUALITY OF THE EFFLUENTS	306-1	RDM Group	Generated by the Group
PROTECTION OF THE SOIL AND SUBSOIL	-	RDM Group	Generated by the Group

FINE PARTICLES AND AIR POLLUTION	305-6, 305-7	RDM Group	Generated by the Group
AVAILABILITY OF WATER RESOURCES	303-1	RDM Group	Generated by the Group
IMPACT OF THE LOGISTICS ON AIR QUALITY, AND ON THE LOCAL MOBILITY	–	RDM Group, Suppliers and logistic partner	Generated by the Group and linked to the Group through its business activities

RESPECT FOR HUMAN RIGHTS ANTI-CORRUPTION BRIBERY AND OTHER MATTERS

ETHICS AND INTEGRITY IN BUSINESS CONDUCT	307-1, 419-1	RDM Group	Generated by the Group
ANTI-CORRUPTION	205-3	RDM Group	Generated by the Group
ENVIRONMENTAL AND SOCIAL DUE DILIGENCE IN THE SUPPLY CHAIN	308-1, 414-1	RDM Group, Suppliers	Generated by the Group and linked to the Group through its business activities
DIGITAL MANUFACTURING AND INDUSTRY 4.0	–	RDM Group	Generated by the Group
CYBERATTACKS AND IT INFRASTRUCTURE INTEGRITY	–	RDM Group	Generated by the Group

* The health and safety data refer to permanent and interim workers of the Group. The Group will examine the relevance of this indicator in relation to other external workers so as to ascertain the need to collect their data. In doing so, the Group will consider the quality and accuracy of data, as well as the presence of direct control with respect to these data.

9.2 GRI CONTENT INDEX

The table below reports on information useful to retrieve from the Report or from other public documentation of the Group the information envisaged by the Global Reporting Initiative (GRI) Standards.

The first two columns, i.e. “GRI Standard” and “Disclosure” list the name of the standards and the GRI series with respect to which the Group disclosed the information.

The “Page or external Document and notes” column indicates the pages of the Report or of the public documentation where the information envisaged by the reporting standard are communicated. Specifically, with reference to the documents recalled, it is noted that the Corporate Governance Report and Corporate Assets, the Remuneration Report, and the Code of Ethics are available on the website of the Group in the “Governance” section.

The final column reports on additional information, provided for the purposes of proper compliance with the relevant Disclosure.

Below is the GRI indicators table, pursuant to the GRI Standards: Core option. Any omissions are addressed as notes to each individual indicator, where provided.

GRI STANDARD	DISCLOSURE	PAGE OR EXTERNAL DOCUMENT / NOTE
GRI 101: GENERAL DISCLOSURES (2016)		
GRI 102: GENERAL DISCLOSURES (2016)		
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	p. 8
102-2	Activities, brands, products, and services	p. 14
102-3	Location of headquarters	p. 3
102-4	Location of operations	p. 20
102-5	Ownership and legal form	Report on Corporate Governance and Ownership Structure
102-6	Markets served	p. 13
102-7	Scale of the organization	p.12 Consolidated Financial Statements
102-8	Information on employees and other workers	pp. 56; 70-71 Number of employees with permanent contract by region and % over the total: ITA: 2018: 642 98% 2017: 625 99% 2016: 646 100% FR: 2018: 483 96% 2017: 500 98% 2016: 517 98% DE and rest of UE: 2018: 308 88% 2017: 309 91% 2016: 331 93% IBERIAN PENINSULA: 2018: 230 97% 2017: 6 100% 2016: 6 100%

102-9	Supply chain	pp. 106-108
102-10	Significant changes to the organization and its supply chain	pp. 8-9; 19-20
102-11	Precautionary Principle or approach	pp. 44-47; 83; 86; 95
102-12	External initiatives	pp. 53; 93
102-13	Membership of associations	pp. 23-24

STRATEGY

102-14	Statement from senior decision-maker	pp. 6-7
102-15	Key impacts, risks, and opportunities	pp. 44-47

ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behavior	pp. 10-11; 52
102-17	Mechanisms for advice and concerns about ethics	pp. 52, 54

GOVERNANCE

102-18	Governance structure	pp. 49-50 Report on Corporate Governance and Ownership Structure
102-19	Delegating Authority	pp. 50-51
102-22	Composition of the highest governance bodies and its committees	pp. 49, 50 Report on Corporate Governance and Ownership Structure
102-23	Chair of the highest governance body	Report on Corporate Governance and Ownership Structure
102-24	Nominating and selecting the highest governance body	p.50 Report on Corporate Governance and Ownership Structure
102-25	Conflicts of interest	Report on Corporate Governance and Ownership Structure Code of Ethics of RDM Group
102-26	Role of the highest governance body in setting purpose, values and strategy	p. 50

102-28	Evaluating the highest governance body's performance	p. 51 Report on Corporate Governance and Ownership Structure
102-31	Review of economic, environmental, and social topics	p. 50
102-32	Highest governance body's role in sustainability reporting	p. 50
102-33	Communicating critical concerns	pp. 52, 54
102-34	Nature and total number of critical concerns	p. 54
102-35	Remuneration policies	p. 51 Remuneration Report
102-36	Process for determining remuneration	Remuneration Report

STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	p. 34
102-41	Collective bargaining agreements	p. 72
102-42	Identifying and selecting stakeholders	p. 33
102-43	Approach to stakeholder engagement	pp. 35-36
102-44	Key topics and concerns raised	pp. 35-36

REPORTING PRACTICE

102-45	Entities included in the consolidated financial statements	pp. 8-9 Consolidated Financial Statements
102-46	Defining report content and topic Boundaries	pp. 37-39; 110-112
102-47	List of material topics	pp. 39-43
102-48	Restatements of information	pp. 8-9

102-49	Changes in reporting	pp. 39 ; 110-112
102-50	Reporting period	pp. 8-9
102-51	Date of most recent report	The previous Sustainable Value Report was published in April 2018
102-52	Reporting cycle	The Sustainable Value Reports are published annually
102-53	Contact point for questions regarding the report	p. 9
102-54	Claims of reporting in accordance with the GRI Standards	p. 8
102-55	GRI content index	pp. 113-124
102-56	External assurance	pp. 9; 124-126

TOPIC-SPECIFIC STANDARDS

GRI 200: ECONOMIC SERIES (2016)

TOPIC: PROCUREMENT PRACTICES

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112	-
103-2	The management approach and its components	pp. 44; 106-108	-
103-3	Evaluation of the management approach	106-108	-

GRI-204: Procurement Practices (2016)

204-1	Proportion of spending on local suppliers	p. 106	-
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TOPIC: ANTI-CORRUPTION

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39, 110-112
103-2	The management approach and its components	pp. 47; 53
103-3	Evaluation of the management approach	pp. 47; 53-54

GRI-205: Anticorruption (2016)

205-3	Confirmed incidents of corruption and actions taken	p. 54
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TOPIC: ANTI-COMPETITIVE BEHAVIOR

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 47;54
103-3	Evaluation of the management approach	pp. 47;54

GRI-206: Anti-Competitive Practices (2016)

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 54
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GRI 300: ENVIRONMENTAL SERIES (2016)

TOPIC: MATERIALS

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 44;103
103-3	Evaluation of the management approach	pp. 44; 103-104

GRI-301: Materials (2016)

301-1	Materials used by weight or volume	p. 84 Total renewable resources used (ton): 2018: 1,167,592 2017: 1,264,661 2016: 1,248,346 2018 figure does not include biomass consumption
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TOPIC: ENERGY

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 45-46; 86; 95; 98

103-3	Evaluation of the management approach	pp. 45-46; 86; 98
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GRI-302: Energy (2016)

302-1	Energy consumption within the organization	p. 86 Total energy consumption form non renewable source (GJ): 2018: 8,016,352 2017: 8,156,812 2016: 7,939,072 Total energy consumption form renewable source (GJ): 2018: 1,174,773 2017: 1,056,258 2016: 1,110,386
302-3	Energy intensity	p. 86

TOPIC: WATER

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 45; 91; 93
103-3	Evaluation of the management approach	pp. 45; 91; 93

GRI-303: Water (2016)

303-1	Water withdrawal by source	p. 91
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TOPIC: EMISSIONS

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 95-96; 98
103-3	Evaluation of the management approach	pp. 95-96; 98

GRI-305: Emissions (2016)

305-1	Direct (Scope 1) GHG emissions	p. 95 Figures include 4 ton of CO ₂ eq related to the dispersion of 2 kg of R22 gas (replacement of gas in air conditioning systems)
305-2	Energy indirect (Scope 2) GHG emissions	p. 95 Indirect emissions calcuted with the “market-based” approach” (tCO ₂ eq): 2018: 46,833 2017: 39,846 2016: 39,645
305-4	GHG emissions intensity	p. 98

305-6	Emissions of ozone-depleting substances (ODS)	<p>2018: 0.00011 ton of CFC-11 eq related to 2 kg of R22 gas</p> <p>2017: 0.00105 tons of CFC-11 eq arising from 19 kg of R22 gas related to refrigerant gas leakages</p> <p>2016: -</p> <p>The conversion factors refers to Handbook for the Montreal Protocol on Substances that Deplete the Ozone Layer, Tenth edition (2016) published by the UNEP (Ozone Secretariat United Nations Environment Programme)</p>
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	p. 96

TOPIC: EFFLUENTS AND WASTE

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 45; 99; 101
103-3	Evaluation of the management approach	pp. 45; 99; 101

GRI-306: Effluents and waste (2016)

306-1	Water discharge by quality and destination	p. 100
306-2	Waste by type and disposal method*	p. 101
306-3	Significant spills	p. 100

TOPIC: ENVIRONMENTAL COMPLIANCE

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 45; 52-53
103-3	Evaluation of the management approach	pp. 45, 52, 53

GRI-307: Environmental Compliance (2016)

307-1	Non-compliance with environmental laws and regulations	p. 54
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*Information not available for 306-2. The organization is working to provide this information starting from future reporting years.

TOPIC: SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 103; 107
103-3	Evaluation of the management approach	pp. 103; 107

GRI-308: Supplier Environmental Assessment (2016)

308-1	New suppliers that were screened using environmental criteria	p. 107
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GRI 400: SOCIAL SERIES (2016)

TOPIC: EMPLOYMENT

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 47; 56-57
103-3	Evaluation of the management approach	pp. 47; 56-57

GRI-401: Employment (2016)

401-1	New employee hires and employee turnover	<p>pp. 56-58</p> <p>Rates of employees hires by age group: <30 years: 2018 31%; 2017 23%; 2016 19% 30-50 years: 2018 6%; 2017 6%; 2016 3% >50 years: 2018 2%; 2017 1%; 2016 2%</p> <p>Employees turnover rate by age group: <30 years: 2018 10%; 2017 23%; 2016 7% 30-50 years: 2018 5%; 2017 5%; 2016 4% >50 years: 2018 8%; 2017 10%; 2016 6%</p>
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TOPIC: LAVORO E RELAZIONI INDUSTRIALI

GRI-103: Approccio gestionale (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	p. 72

103-3	Evaluation of the management approach	p. 72
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GRI-402: Labor-Management Relations (2016)

402-1	Minimum notice periods regarding operational changes	p. 72
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TOPIC: OCCUPATIONAL HEALTH AND SAFETY

GRI-103: Approccio gestionale (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
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103-2	The management approach and its components	pp. 46; 59; 63-64
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103-3	Evaluation of the management approach	pp. 46; 59; 63-64
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GRI-403: Occupational Health and Safety (2016)

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	pp. 59 - 62, 110-112 Due to the continuous improvement of the absenteeism rate calculation methods and refinement of the related data collection system currently under way within the Group, the 2018 absentee rate is calculated only for the Italian scope, excluding Pac Service.
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Occupational disease rate (cases every 1000 worked hours):

- male: **2018** 0.004; **2017** 0.006; **2016** 0.009
- female: **2018** 0; **2017** 0; **2016** 0
- ITA: **2018** 0.004; **2017** 0.006; **2016** 0.004
- FR: **2018** 0.004; **2017** 0.001; **2016** 0.001
- DE and the rest of UE: **2018** 0; **2017** 0.010; **2016** 0.025

TOPIC: TRAINING AND EDUCATION

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
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103-2	The management approach and its components	pp. 47; 66
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103-3	Evaluation of the management approach	pp. 47; 66
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GRI-404: Training and Education (2016)

404-1	Average hours of training per year per employee	p. 67
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TOPIC: DIVERSITY AND EQUAL OPPORTUNITY

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 49; 68
103-3	Evaluation of the management approach	pp. 49; 68

GRI-405: Diversity and Equal Opportunity (2016)

405-1	Diversity of governance bodies and employees	pp. 49; 69 Breakdown of employees by age group (at 2018.12.31): <30 years: 8%; 30-50 years: 51%; >50 years: 42%
		RDM Group is working to provide the breakdown by professional categories and age groups starting from the next reporting period.

TOPIC: NON-DISCRIMINATION

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 54; 68
103-3	Evaluation of the management approach	pp. 54; 68

GRI-406: Non Discrimination (2016)

406-1	Incidents of discrimination and corrective actions taken	p. 54
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TOPIC: SUPPLIER SOCIAL ASSESSMENT

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 44; 107
103-3	Evaluation of the management approach	pp. 44; 107

GRI-414: Supplier social assesment (2016)

414-1	New suppliers that were screened using social criteria	p. 107
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TOPIC: PUBLIC POLICY

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 52-53
103-3	Evaluation of the management approach	pp. 52-53

GRI-415: Public Policy (2016)

415-1	Political contributions	As stated in the Code of Ethics, RDM Group does not support in any way, directly or indirectly, organizations having a political and/or trade union scope, however they may be organized.
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TOPIC: CUSTOMER HEALTH AND SAFETY

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 45; 78-80
103-3	Evaluation of the management approach	pp. 45; 78-80

GRI-416: Customer Health and Safety (2016)

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 78
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TOPIC: SOCIOECONOMIC PERFORMANCE

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 39; 110-112
103-2	The management approach and its components	pp. 47; 52-54
103-3	Evaluation of the management approach	pp. 47; 52-54

GRI-419: Socioeconomic Compliance (2016)

419-1	Non-compliance with laws and regulations in the social and economic area	Consolidated Financial statements
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**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018**

**To the Board of Directors of
Reno De Medici S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Reno De Medici S.p.A. and its subsidiaries (hereinafter "Reno De Medici Group" or "Group") as of December 31, 2018 prepared on the basis of art. 4 of the Decree and approved by the Board of Directors on March 18, 2019 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Reno De Medici Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Reno De Medici S.p.A. and with the employees of R.D.M. Arnsberg GmbH, R.D.M. Ovaro S.p.A., R.D.M. La Rochette S.A.S. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries and sites, Milan Headquarter and Villa Santa Lucia mill for Reno De Medici S.p.A. and Arnsberg mill for R.D.M. Arnsberg GmbH, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Reno De Medici Group as of December 31, 2018 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Other matters

The data for the year ended December 31, 2016 presented for comparative purposes in the NFS have not been subject to a limited or to a reasonable assurance engagement.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
April 5, 2019

This report has been translated into the English language solely for the convenience of international readers.

CREDITS



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