

CREATING LONG-TERM VALUE

How RDM Group is developing
a sustainable business model

Highlights 2018



Together we
shape the Future



CORPORATE HIGHLIGHTS

At RDM Group we are committed to developing a sustainable business model capable of combining the growth of economic profitability with the wellbeing of our employees, the protection of the interests of our stakeholders and respect for the environment. The Group favors the regeneration of the raw materials used in manufacturing and the sustainability of the production process. This occurs also through the efficient use of energy, responsible sourcing and sustainable management of water resources, discarded material and waste.

PEOPLE



1,824 personnel and collaborators of RDM Group
692 in Italy **517** in France **259** in the Iberian Peninsula
356 in Germany and the rest of the EU
95% hired under permanent contract

PLANET



Total materials consumed
(equal to **1,386,932 tons**):
98% becomes cartonboard
84% is renewable
62% is composed of recycled fibres

PROFIT



606 mln € Revenues (+6%)
63 mln € EBITDA (+38%)
39 mln € EBIT (+67%)
27 mln € Net profit (+86%)

VISION

Promotes itself as **Partner of Choice** by...



**OFFERING SUPERB
PRODUCTS AND
SERVICES**

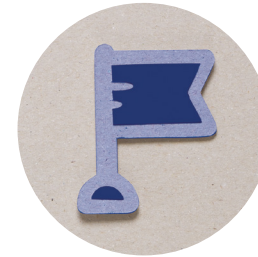


OPTIMIZING COSTS



**MAXIMIZING
STAKEHOLDERS'
SATISFACTION**

VALUE



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 effects on others also



EMPATHY

The attitude to understanding others and being empathetic with them



TOGETHERNESS

A mix between a shared vision and sense of belonging



CODE OF ETHICS OF THE GROUP AVAILABLE ONLINE AT:
[RDMGROUP.COM/GOVERNANCE/CODE-OF-ETHICS/](https://rdmgroup.com/governance/code-of-ethics/)

TOGETHER WE SHAPE THE FUTURE

...is RDM Group's claim.

To represent 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”, as one of the basic pillars 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.

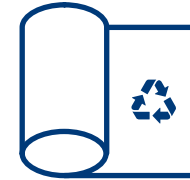
“Shape” refers to what we do, cartonboard, a material in itself simple, but which can be given the most sophisticated forms. Exactly like an origami, that represents the know-how, and, therefore, the tradition and the history from which it takes shape; and, at the same time, the ability to transform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

And it is there, in the future, in the “Future” of the claim, to which RDM Group looks.

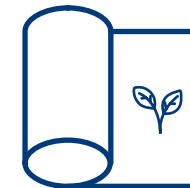


BUSINESS AREAS

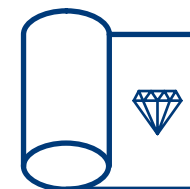
There are three main segments in which RDM Group operates:



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

BUSINESS MODEL

RDM GROUP

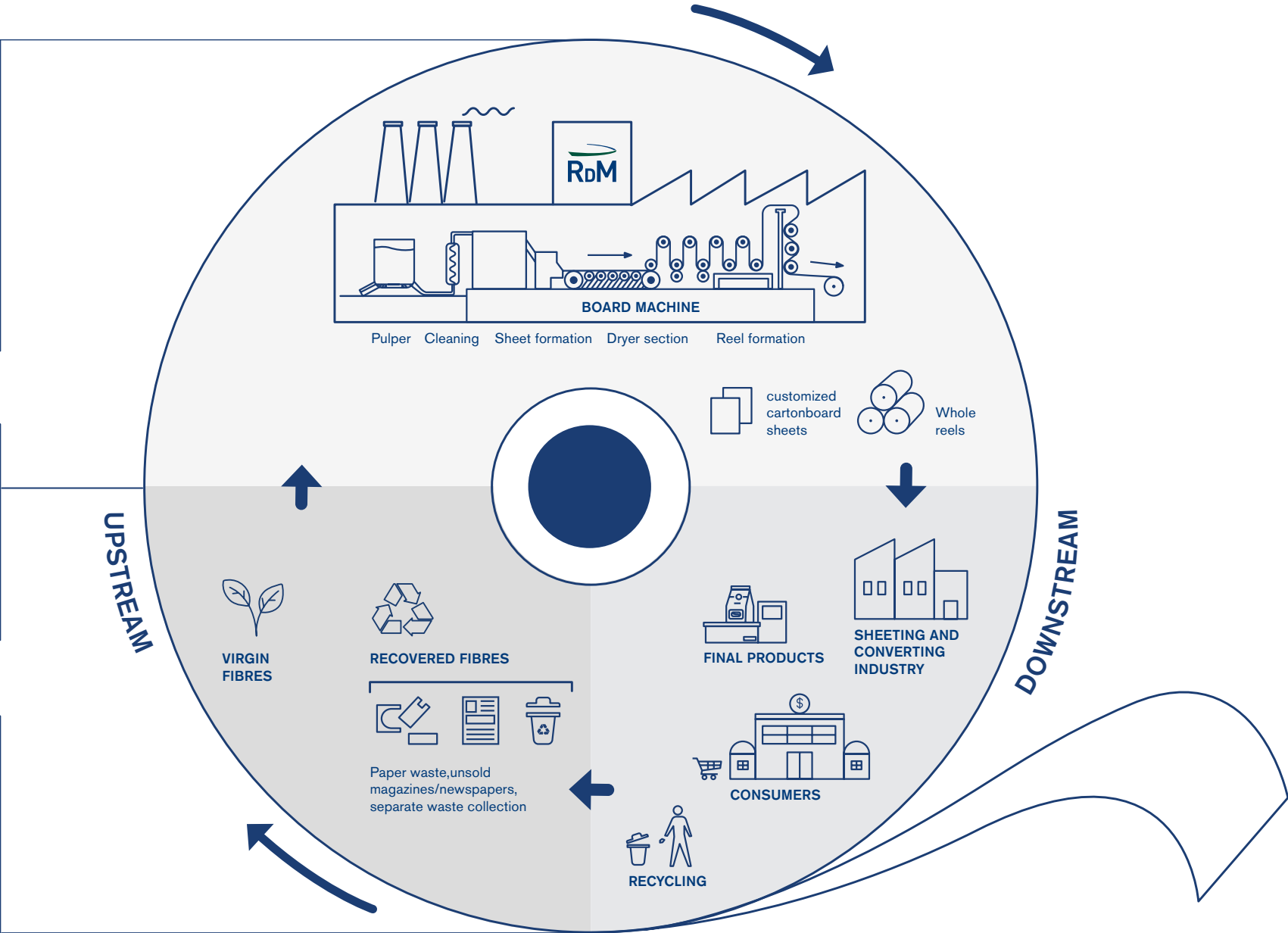
Raw materials are mixed with water supplied on site for extrapolation of cellulose fibres. Through a complex system of purge, the foreign bodies present in the raw materials are eliminated. The board machine uses an articulated sheet forming system, a pressing system by means of rollers and felts and finally a drying section, to remove the water present in the mixture. According to the type of cartonboard, an exterior coating is applied. The cartonboard, once completed, is rolled into special reels or packaged in the desired formats using the sheeters.

UPSTREAM

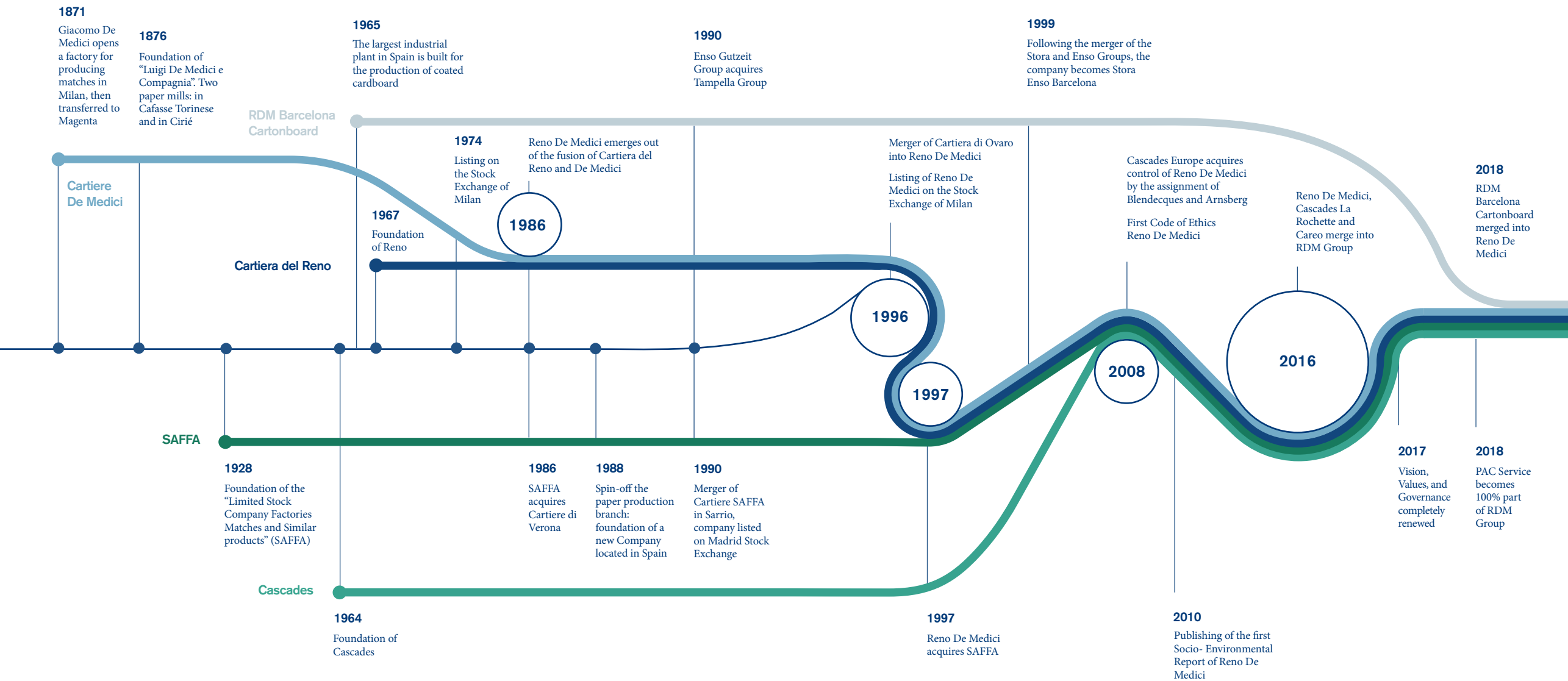
RDM Group transforms recycled materials, deriving from the industrial and commercial sectors, and from the city waste paper collection, enhancing leftovers and scraps, discarded or unsold goods, such as newspapers and magazines. For some types of cartonboard, the Group uses, exclusively or partially, virgin fibres.

DOWNSTREAM

RDM Group products are mainly destined to the paper processing industry that uses the cartonboard to produce the final packaging of the products. After use by the end consumer, the product is hopefully placed back into the virtuous cycle of recycling, fuelling the sustainable business model of recycled cartonboard.



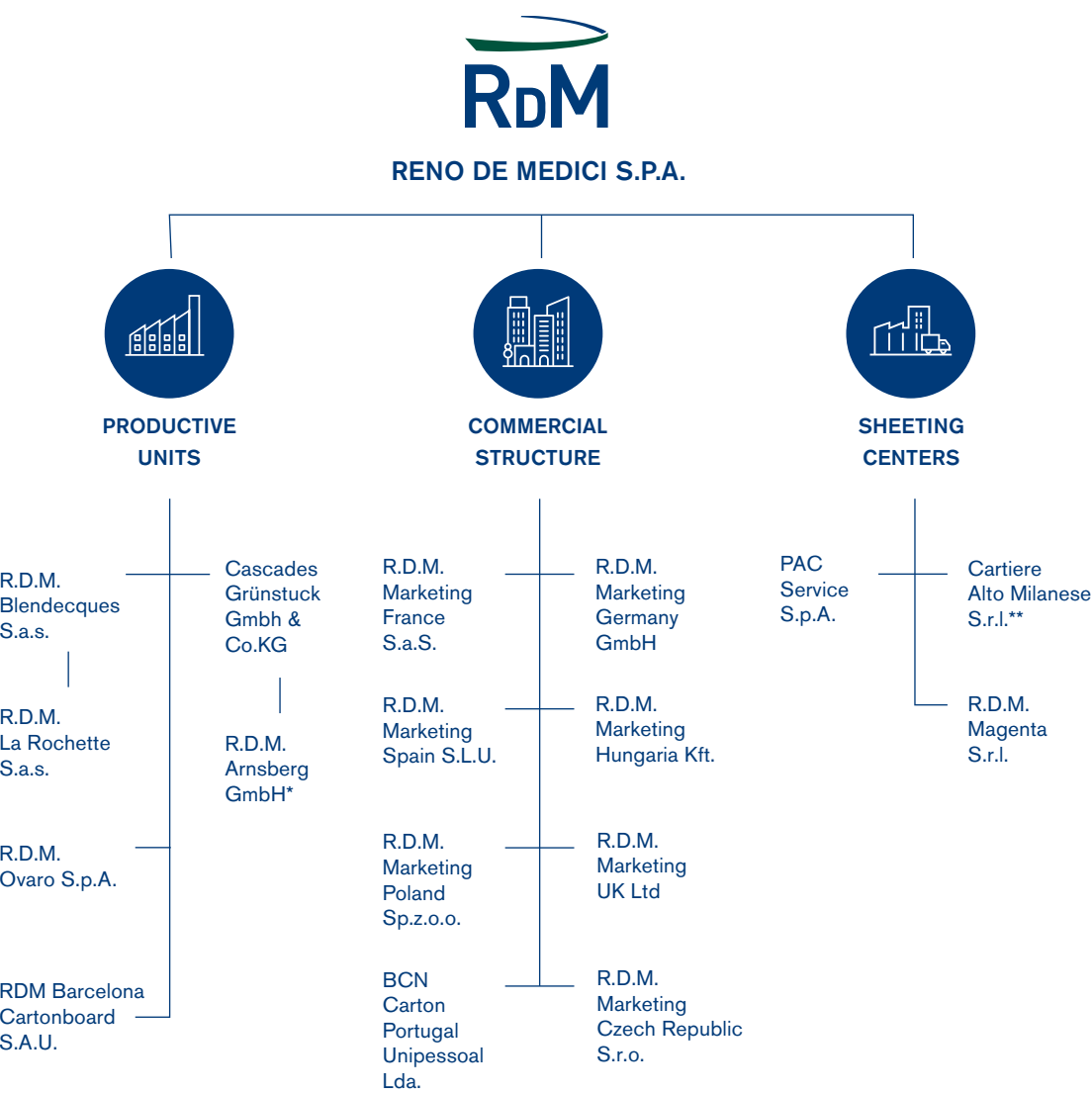
OUR HISTORY



WHERE WE OPERATE



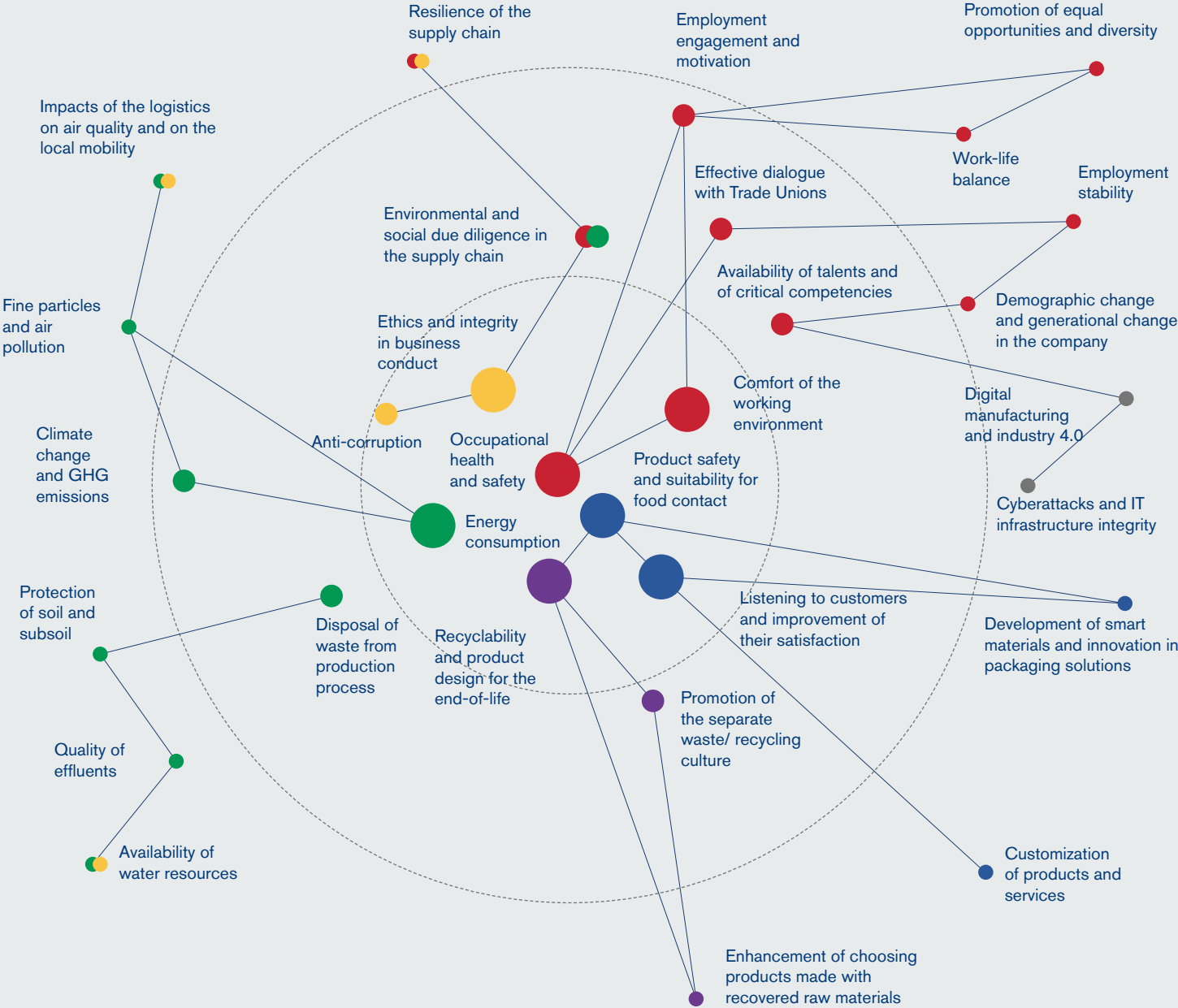
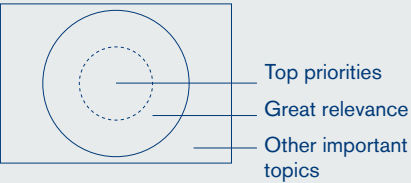
GROUP STRUCTURE



*Company owned 94% by Reno De Medici S.p.A. and 6% by Cascades Grünstuck Gmbh & Co. KG.
**Company in winding-down

OVERVIEW OF MATERIAL TOPICS

The Group’s materiality analysis has led to the identification of 30 relevant topics. The priority topics are placed in the middle of the graph.



CERTIFICATIONS OF RDM GROUP

100%

certified
production units
ISO 9001

100%

certified
production units
FSC® / PEFC™

56%

certified
production units
ISO 14001

44%

certified
production units
OHSAS 18001

44%

certified
production units
ISO 50001

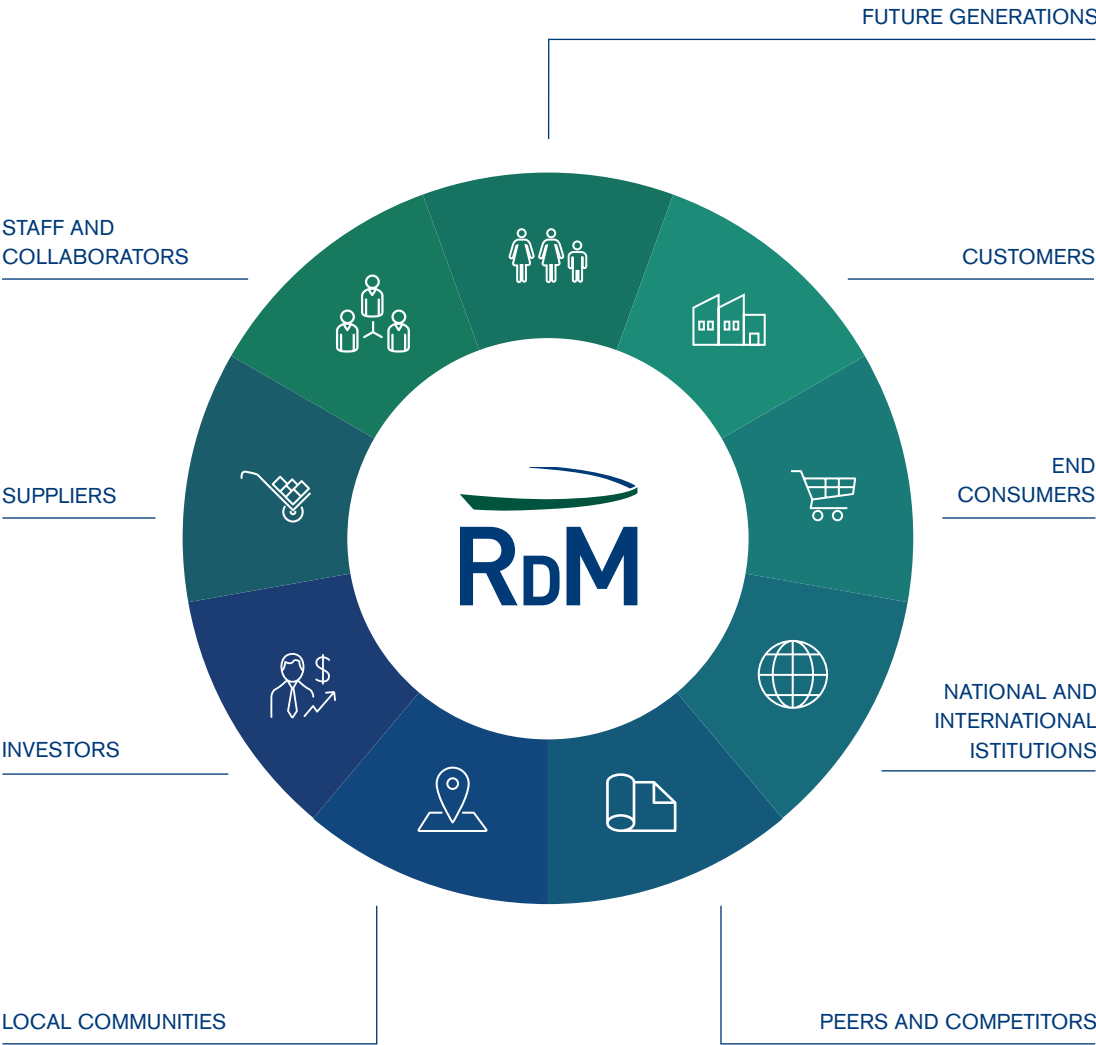
CERTIFICATIONS OF RDM GROUP

The Group promotes continuous improvement and implements management systems certified by independent third party bodies to guarantee a rational and efficient use of resources. Below are reported the management systems active in 2018 in our mills, 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	-	-

STAKEHOLDERS

By virtue of the constant engagement with our stakeholders we evaluate the extent to which we respond to their expectations and their legitimate interests, identifying our strengths and areas in which to enhance our commitment.





COLLABORATIONS

AT INTERNATIONAL LEVEL

	CEPI
	CEPI CARTONBOARD / CEPI CONTAINER BOARD
	EUROPEAN CARTON MAKERS ASSOCIATIONS
	PRO CARTON

AT LOCAL LEVEL

	Assocarta
	Copacel / EN-CEL-PA
	MEDEF
	CLUB M.C.A.S.
	Assolombarda, Unione degli Industriali e delle Imprese di Roma, Frosinone, Latina, Rieti e Viterbo, Confindustria Belluno, Confindustria Udine
	Comieco – Italian National Consortium for the Recovery and Recycling of Cellulosic Packaging
	GIFCO – Assografici
	Aticelca
	Gipse
	Gas Intensive Società Consortile

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

The 2030 Agenda of the United Nations summarizes in a detailed program of “Sustainable Development Goals” (SDGs) the most urgent challenges at global level. RDM Group, with its business and its sustainability strategy, operates in a responsible manner and contributes concretely to the achievement of many of these objectives.



PROTECTING THE HEALTH AND WELLBEING OF PEOPLE AT THE WORKPLACE

How we contribute: “Zero Accidents” policy and constant improvement of our injury rates



PROMOTE LEARNING AND DEVELOPMENT OPPORTUNITIES

How we contribute: investments in training and strengthening of knowledge sharing and informal learning tools



PROMOTE GENDER EQUALITY

How we contribute: evaluation and selection of candidates through a balanced shortlist between the two genders. Promotion of tools for reconciling personal-work life especially after maternity leave



ENSURE THE AVAILABILITY OF WATER RESOURCES AND PROTECT THE WATER-RELATED ECOSYSTEMS

How we contribute: programs to reduce water consumption and wastewater quality monitoring



INCREASE ENERGY EFFICIENCY AND PROMOTE THE DIFFUSION OF TECHNOLOGIES FOR PRODUCTION OF CLEAN ENERGY

How we contribute: progressive reduction of energy consumption per ton of cartonboard produced and increase in the share of alternative energy sources



ENSURE FULL EMPLOYMENT, OFFERING RESPECTABLE WORK OPPORTUNITIES

How we contribute: job opportunities for over 1,800 people and activation of satellite activities that include over 4,000 suppliers



MODERNIZING INDUSTRIAL PROCESSES, UPHOLDING THE DIFFUSION OF THE BEST AVAILABLE TECHNOLOGIES

How we contribute: investments of more than € 96 million over the last 5 years in favor of plant and technological modernization



REDUCE WASTE PRODUCTION THROUGH PREVENTION, REDUCTION, RECYCLING AND REUSE STRATEGIES

How we contribute: development of a production system based on a circular economy model, where over 90% of the purchased fibres originate from recycling. Investments in machinery capable to reduce process waste



ADOPT URGENT MEASURES TO FIGHT CLIMATE CHANGE AND ITS CONSEQUENCES

How we contribute: reduction of greenhouse gas emissions and other pollutants through energy efficiency programs, review of the energy mix and environmental interventions



PROMOTE A SUSTAINABLE MANAGEMENT OF FORESTS, FIGHTING AGAINST ILLEGAL DEFORESTATION AND PROMOTING REPLANTING

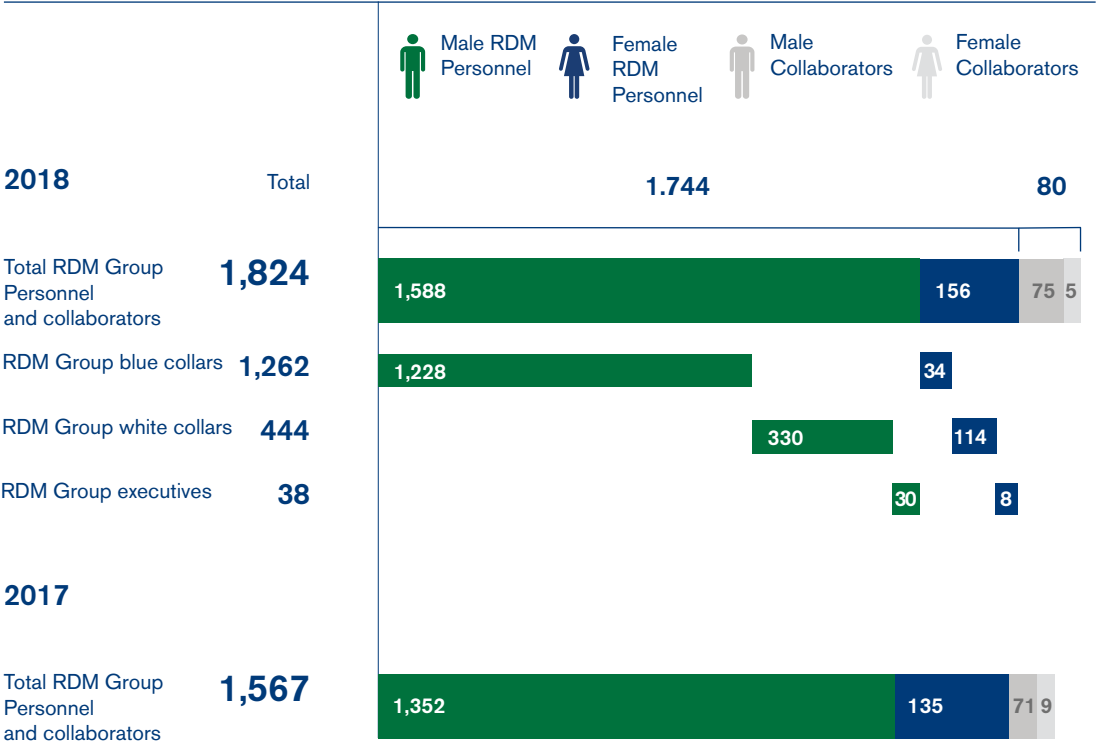
How we contribute: purchase of virgin raw materials of forest origin from controlled and sustainable suppliers certificated according to FSC®/PEFC™ standards



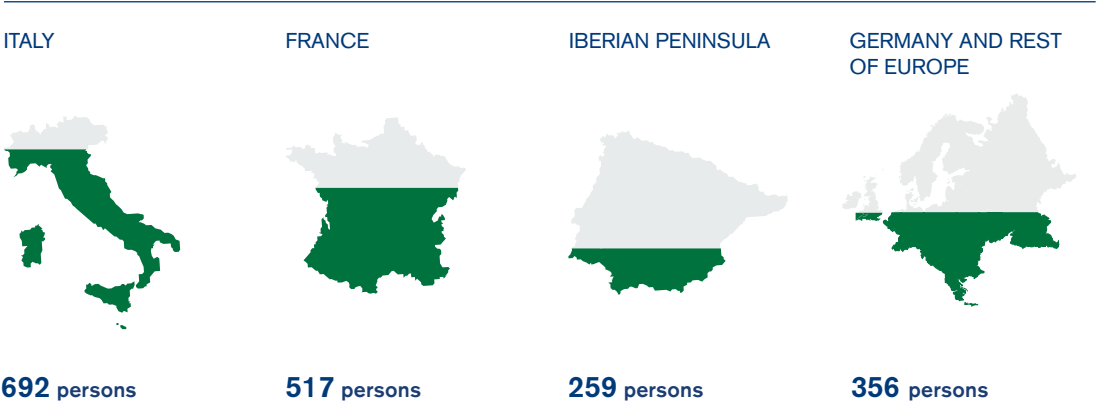
STRENGTHEN THE MEANS OF IMPLEMENTATION AND RENEW THE PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

How we contribute: adherence to various working groups, at local and international level, which support the innovation and sustainable development of the cellulose-based packaging industry and the recycling sector

PEOPLE OF RDM GROUP



GEOGRAPHIC DISTRIBUTION



INTELLECTUAL CAPITAL

Thanks to the low turnover and significant seniority within the Group, a rich strategic patrimony of skills and knowledge is concentrated, and this represents the main intangible asset of RDM Group.



OVER THE LAST THREE-YEAR PERIOD:

more than 55,000 hours of training provided



€ 2.1 million invested in training activities

IN 2018:



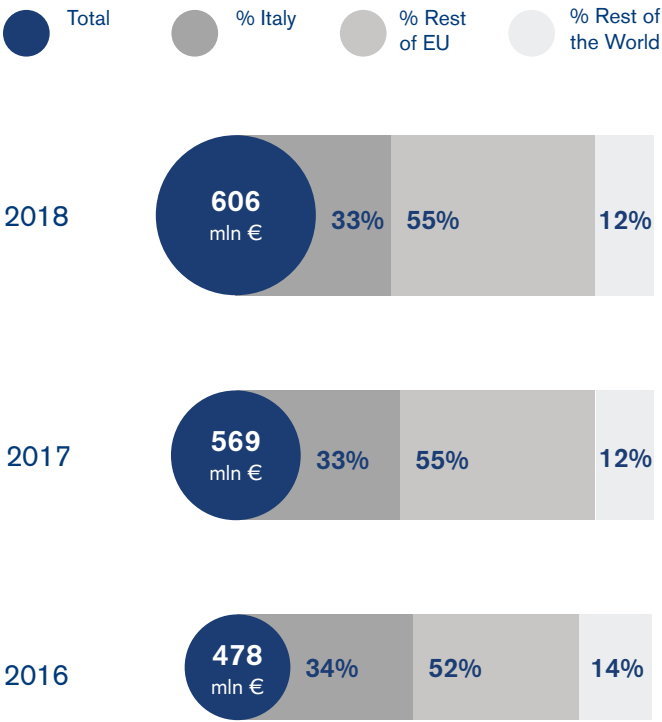
907 people involved in training courses, equal to 60% of RDM Group personnel on average employed during the year.



on average 13 hours of training per capita

CUSTOMERS AND END CONSUMERS

SALES BY GEOGRAPHICAL AREA



COMPLAINTS

number of complaints received for every 100 tons of saleable net production



PRODUCTION UNITS WITH ISO 9001-CERTIFIED QUALITY MANAGEMENT SYSTEM



KEY CUSTOMERS EXPRESSES A POSITIVE OPINION ON RDM GROUP

Customer satisfaction survey results. Sample: 1,395
Response rate: 51%

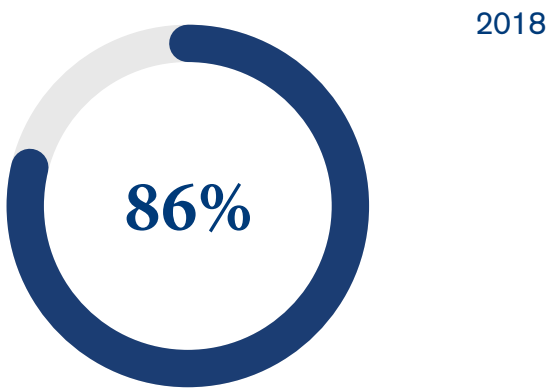


MARKET RECALLS FOR RISKS RELATED TO FOOD SAFETY OR OTHER REASONS

SUPPLY CHAIN

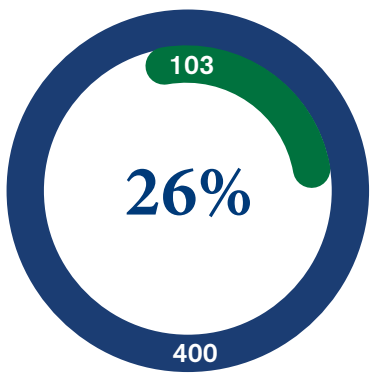
With over 4,000 suppliers, of which over 90% are located in the same countries of presence, RDM Group represents an important driving force for the economy of the territories.

- Purchases from companies operating in the same countries where RDM Group is present
- Purchases from companies operating in countries where RDM Group is not present



We invest in a supply chain that shares the commitment to develop a sustainable business model. Compliance with our Code of Ethics is an integral part of RDM Group purchase contracts.

- New suppliers
- New suppliers subject to environmental or social screening



CIRCULAR ECONOMY

Materials used to manufacture our products

FIBRES AND FOREST PRODUCTS



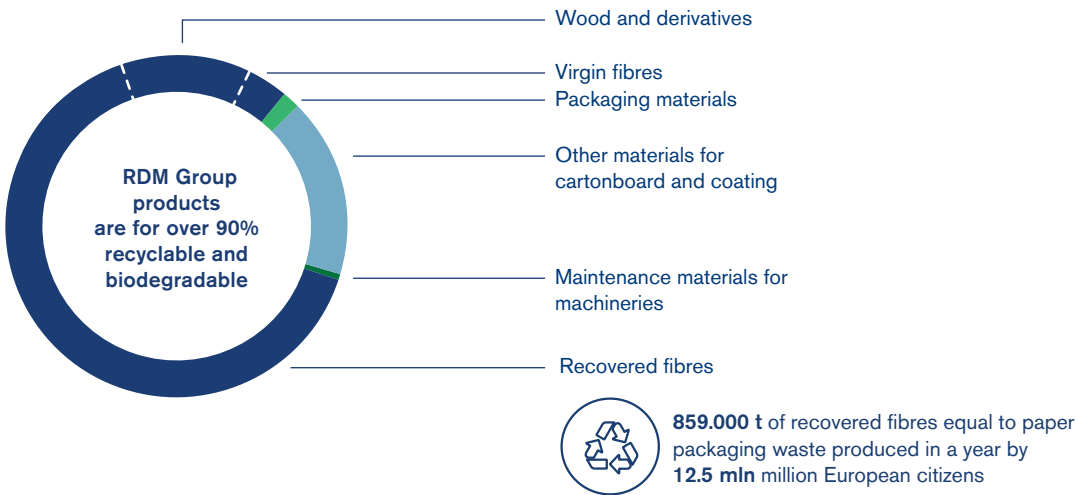
OTHER MATERIALS FOR CARTONBOARD AND COATING



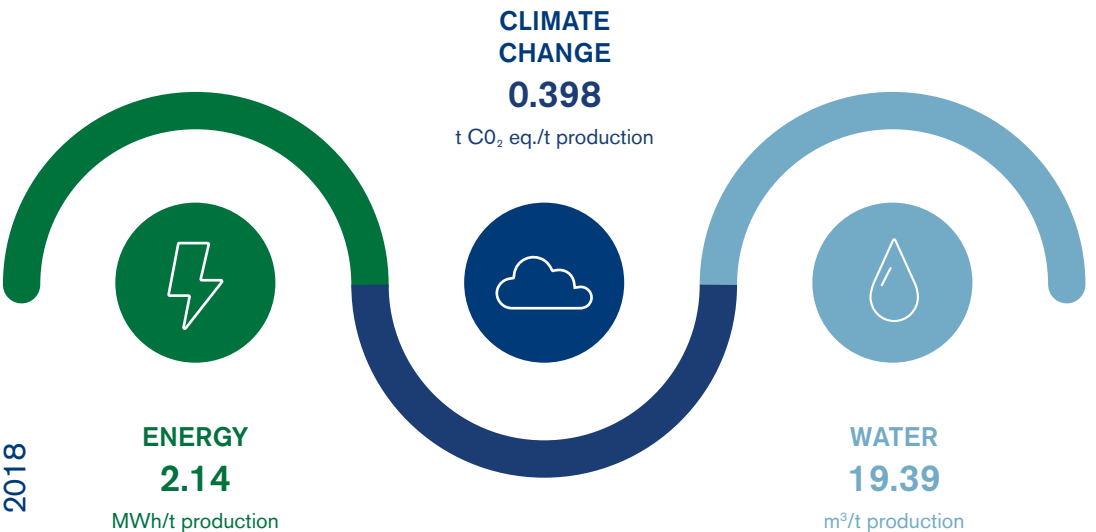
PACKAGING MATERIALS



MAINTENANCE MATERIALS FOR MACHINERIES



ENVIRONMENTAL PROTECTION



- Consumption monitoring
- Efficiency improvements
- Cogeneration plants
- Certification ISO 50001
- Emissions monitoring
- Review of the energy mix
- Exchange system of EU-ETS emission allowances
- Monitoring of withdrawals and quality of wastewater
- Reuse of process water in multiple processing cycles
- Certification ISO 14001

2017	2.21	0.447	19.2
2016	2.46	0.492	20.8



SAFETY IN RDM GROUP

RDM Group adopts a “Zero Accidents” policy and promotes a safety culture at all levels, in order to reduce the likelihood of dangerous situations. At the same time it encourages collaboration between workers and management to safeguard safety and everyone’s well-being. RDM Group is proud of the safety results achieved in recent years.

FREQUENCY RATE (FR)

Ratio between number of injuries and hours worked, multiplied by 200,000*

SEVERITY RATE (SR)

Ratio between number of days lost due to accidents and hours worked, multiplied by 200,000*

2017 RESULTS					2018 RESULTS			
Mills	Injuries number	Lost Days	FR	SR	Injuries number	Lost Days	FR	SR
Arnsberg	9	123	3.5	47.9	7	123	2.7	47.8
Blendecques	13	347	7.7	204.7	11	341	6.6	204.9
La Rochette	15	358	6.3	151.5	16	233	7.0	101.6
Magenta	3	135	5.5	249.0	3	104	5.6	192.7
Ovaro	5	162	3.8	123.4	3	196	2.3	148.9
S. Giustina	6	112	3.5	65.5	4	130	2.3	73.8
Villa S. Lucia	3	203	2.1	141.2	1	19	0.7	12.8
PAC Service	–	–	–	–	1	6	4.4	26.5
Barcelona**	–	–	–	–	11	305	5.3	147.2

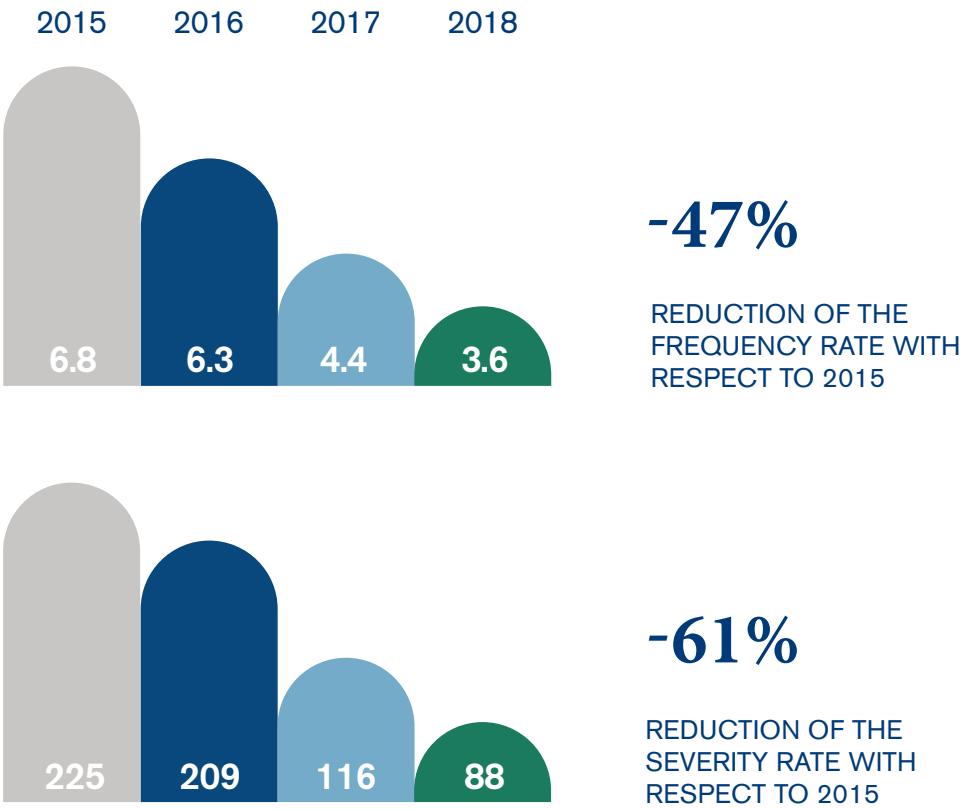
* OSHA methodology. Statistics include RDM Group personnel and collaborators.
** The integration of the Barcelona into RDM Group took place in November 2018. The results are reported for the entire 2018.

Thanks to everyone’s commitment, over the last few years RDM Group has substantially reduced the frequency and severity of the injuries



FREQUENCY AND SEVERITY OF ACCIDENTS OF THE RDM GROUP PERSONNEL AND COLLABORATORS

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



SAFETY CULTURE

With a view to continuous improvement, RDM Group promotes the implementation of best health and safety practices. The Group has a Quality, Environment and Safety policy for the integrated management of QHSE (Quality, Health, Safety and Environment) and implements a Health and Safety governance system based on sharing best practices within the Group.

RDM Group has developed systems and processes to manage the health and safety of workers based on the OHSAS 18001 standard and has voluntarily submitted it to periodic audits by independent third party bodies.



44% of production facilities with a certified health and safety system in compliance with the OHSAS 18001 standard

IMPROVEMENT OBJECTIVES

 **01**

TO CONTINUE THE REDUCTION OF THE FREQUENCY AND SEVERITY RATES OF INJURIES IN LINE WITH THE "ZERO ACCIDENTS" POLICY

 **02**

TO INITIATE CAMPAIGNS AND HEALTH PROMOTION INITIATIVES IN GROUP PLANTS

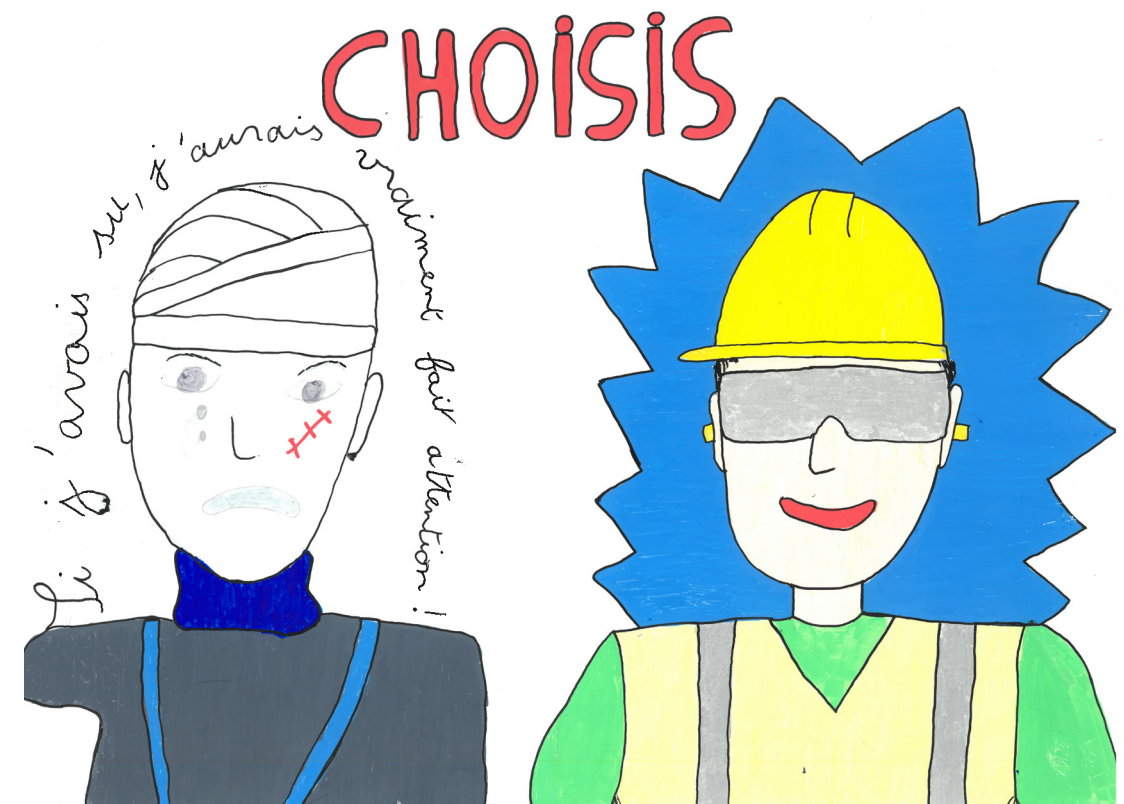
 **03**

TO MOVE TO THE NEW HEALTH AND SAFETY MANAGEMENT SYSTEM ISO 45001 REPLACING THE OHSAS 18001 SYSTEM

SAFETY AS SEEN BY THE YOUNGSTERS

In 2018, a H&S awareness-raising initiative was launched through a competition that awarded the best drawings made by employees' children and grandchildren on safety.

The participation and creativity of children have enabled us to send a strong message to all workers, recalling that safety is an absolute priority which must be taken care of at both individual and organizational level.



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