

SUSTAINABLE VALUE REPORT

89th financial year

Closed as of 31 December 2017



Consolidated Non-financial Statement pursuant to the Articles
3 and 4 of the Legislative Decree no. 254/2016



Nothing is
created, nothing
is destroyed,
everything is
transformed

This Report constitutes the Consolidated Non-financial Statement of the Reno de Medici S.p.A. and its subsidiaries pursuant to the Articles 3 and 4 of the Legislative Decree no. 254/2016 on the communication of non-financial information.

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

Share capital € 140,000,000
Tax code and VAT number 00883670150

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READING GUIDE

This Sustainable Value Report (hereafter also the “Report” or “Consolidated Non-financial Statement”) of Reno de Medici S.p.A. (hereafter also “RDM Group”, “Group” or “Company”) drafted in compliance with the Articles 3 and 5 of the Legislative Decree no. 254/2016 as a separate Report is intended to offer an accurate, comprehensive and transparent representation of the results achieved in developing the Company’s business, taking into consideration the expectations of stakeholders and the impacts generated by the Group’s activities, with particular reference to environmental aspects, social and employee-related matters, respect for human rights and measures to combat bribery and corruption.

In relation to these aspects, disclose is given to:

- the main risks and opportunities facing RDM Group or generated by the Company, illustrated in the section “Reason why it is a key factor” at the beginning of each chapter;
- the strategies and actions undertaken for their effective management, as well as the results achieved, detailed in the section “Management approach and results achieved” which is present in every chapter;
- the objectives of further development, described in the section “Main objectives for 2018” at the end of every chapter.

The Sustainable Value Report was prepared in accordance with the methodologies and principles set out in the Global Reporting Initiative Sustainability Reporting Standards: Core option, established in 2016 and drafted by the Global Sustainability Standards Board (www.globalreporting.org/standards). The content of this document was formulated, taking into consideration the provisions of 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 Company’s business operations with a view to long-term growth and the creation of value for all stakeholders.

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 topic material for the Group, from which the indicators reported in the Statement are taken. The “GRI Content Index”, also attached, contains a precise reference to the page of this Report, which contains the indicators stipulated by the standard. This is for easy reconstruction of the link between the relevant sustainability issues, the indicators of the reference GRI standard and the pages of the document on which they are described and reported. The information and data presented in this Report relate to the financial

year January, 1 2017 - December, 31 2017, offering also a comparison with the previous financial year. For a more adequate understanding of the Company's performance, if useful for comparison purposes or for placing the information in context, data relating to the 2015 financial year are also provided - where available.

Data and information disclosed in the Consolidated non financial statement refers to all the Group's companies consolidated on a line by line basis by Reno De Medici S.p.A. as of December 31, 2017. Information and data referring to R.D.M. La Rochette S.A.S., and the related La Rochette mill (formerly Cascades SAS, acquired in June 2016) are also included in 2016 and 2015 figures and disclosures, to ensure better comparability and understanding of the Group's performance, results and its impacts over a longer timeframe. In particular, environmental data and information include all mills and the cutting centre in Magenta (hereafter also "Production units") where these aspects are material, for the economic/ financial data reference is made to the scope and consolidation principles adopted for drafting of the Consolidated Financial Statements.

The Consolidated Non-financial Statement has been approved by the Board of the Directors, meeting on the 16th March 2018.

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

CEO'S LETTER



Dear Sirs,

I am truly delighted to present the Sustainable Value Report for the RDM Group's 89th year in business, and I say this with no trace of rhetoric.

I believe - and the data reported in this document largely confirms - that numerous and important results have been achieved in the field of sustainability ever since the Group defined a new Vision and Values, while at the same time renewing its governance. This took place just over a year ago, which means that in a decidedly short period of time RDM Group has not only managed to identify new objectives, and rather ambitious ones,

but has also worked towards their achievement. In fact, it began developing a true culture of sustainability, which in the meantime is also significantly strengthening precisely in light of the new identity that RDM Group has successfully created for itself.

In this regard, it suffices to recall that only on 1st December 2016, i.e. one month after my having taken office, did I send a letter to employees in which the first few lines already stressed, and I quote, that "Health and Safety are and will be our priorities!"; on that occasion I pointed out how the Group's performance in that sense was not yet at the level of a modern and multinational company, which RDM Group should be. Although I can't say that we it has been a constant upward climb since then, we have certainly done a great deal. For example, I consider a success the fact that a few assumptions, such as "production counts more than anything else" are not only not considered valid, but are even ostracized by all management and all the employees.

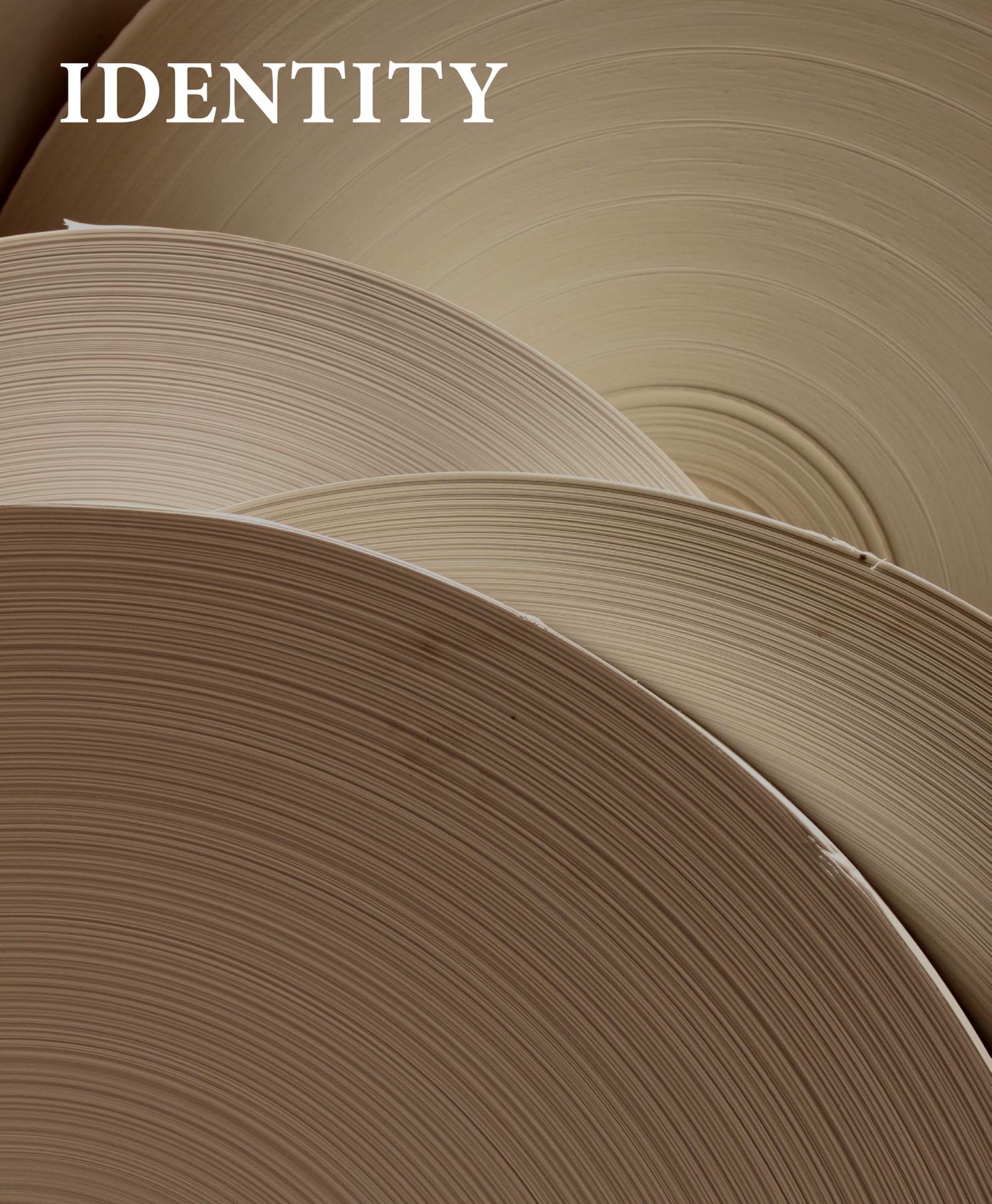
Of course, when I speak of sustainability, I am not only referring to health and safety, but also to a broader context including other issues of primary importance: excellence for customers and end consumers, circular economy and scarcity of resources, climate change and protection of the environment, human rights and the quality of work, legality and relations with local communities. It is important to emphasize that for all the above areas, this document is meant to represent a starting point, a basis on which to build our commitment in the field of sustainability.

There is no coincidence in my choice of the word "commitment": it implies effort, but at the same also determination and a sense of responsibility to ensure that the macro-themes mentioned earlier are not merely taken as concepts, but are translated into concrete objectives. Naturally in order to do this, today more than ever I count on the support and contribution of everyone at RDM Group: sustainability only has value if it is shared, and I am certain that that value is only destined to grow within RDM Group.

Michele Bianchi
RDM Group CEO

A handwritten signature in dark ink, appearing to read "Michele Bianchi". The signature is fluid and cursive, written in a professional style.

IDENTITY



1

- 1.1. Highlight
- 1.2. RDM Group People
- 1.3. Where we are
- 1.4. History
- 1.5. Collaborations

1.1 HIGHLIGHT

RDM Group is the leading Italian and second-ranked European producer of cartonboard made of recycled materials; since 2016, it has also been operating in the folding box board segment from virgin fibres.

The range of applications offered by the RDM Group encompasses various use types: from packaging for foodstuffs, to packaging for medicines, luxury goods, home appliances, cosmetics and personal care products; and also includes creating and implementing commercial displays and toys.

RDM Group has six production plants, three of which are in Italy, two in France and one in Germany. It also has a cutting centre in Italy.



		2017	2016	2015
Employee and collaborators of RDM Group	number of direct employees, temporary workers and interns	1,567	1,596	1,592
Revenue	€ mio	569	478	438
Investments	€ mio	20	18	13
Share capitalisation	€ mio at December 31	190	115	137

Main products

WLC – White Lined Chipboard

coated cartonboard made of recycled fibres.

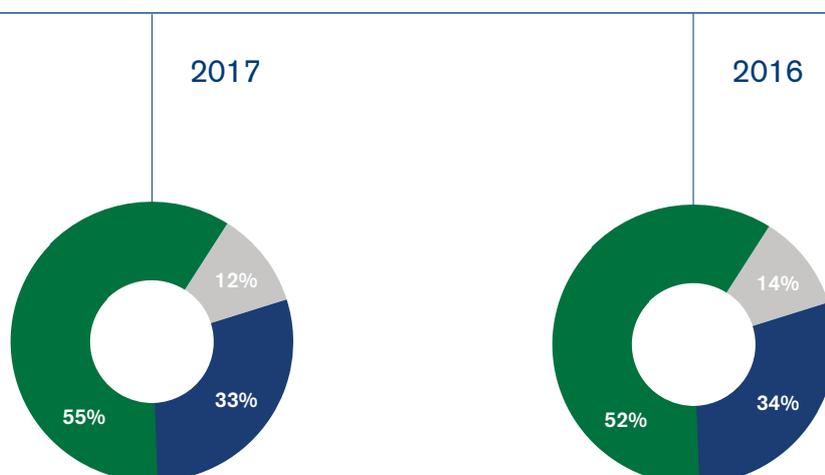
FBB – Folding Box Board

folding box board segment made of virgin fibres.

OG-GK – Laminated Board

cardboard well suited for specialties and luxury packaging

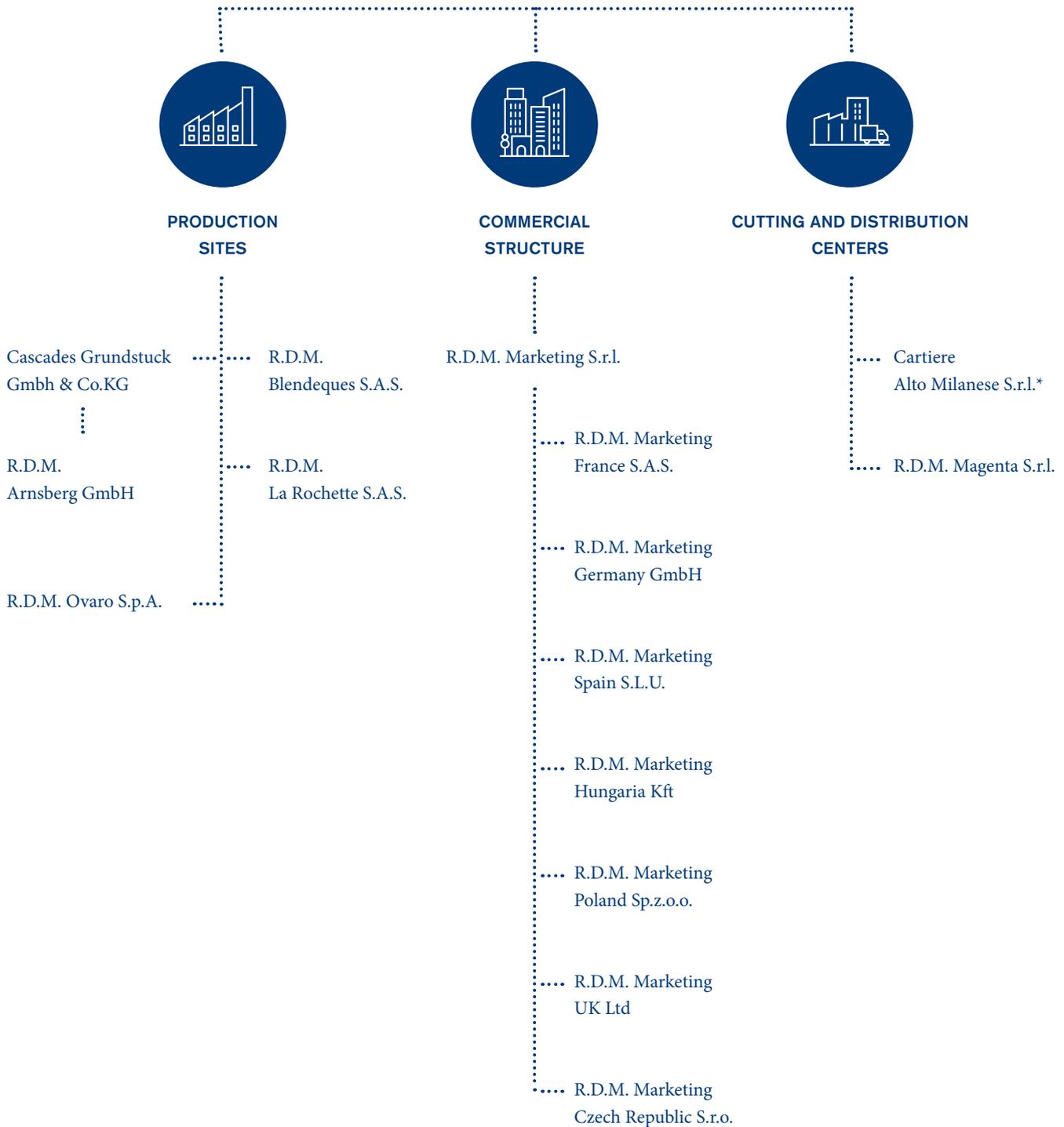
Main markets Percentage of sales revenues



As of 31 December 2017, the Group consists of seven subsidiaries controlled directly and eight controlled indirectly by the Parent Company Reno De Medici S.p.A.; operating in eight European countries. Hereafter all these Companies are also referred to as “All Group Companies”.



RENO DE MEDICI S.P.A.



Only the companies in which Reno De Medici S.p.A. holds directly or indirectly a percentage equal to or greater than 50% are represented.

*Company in liquidation



1.2. RDM GROUP PEOPLE

Over 1,500 people work for the Group, including personnel hired directly (hereafter also “RDM Group People”, “RDM Group Staff”), temporary workers and interns (hereafter also “Collaborators”), maintaining an almost stable employment level over the last three years.

Over the last three years, more than 220 people have joined the Group, which consists of 14% women and 86% men employed directly. Against this must be balanced the loss of 286 RDM Group workers.

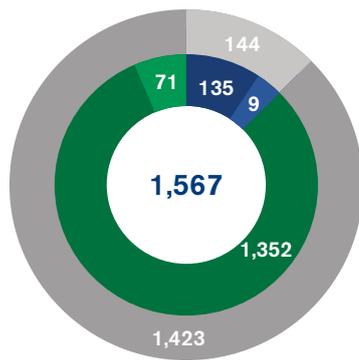
RDM GROUP PEOPLE AND COLLABORATORS, BY GENDER

All Group companies / 2015, 2016, 2017

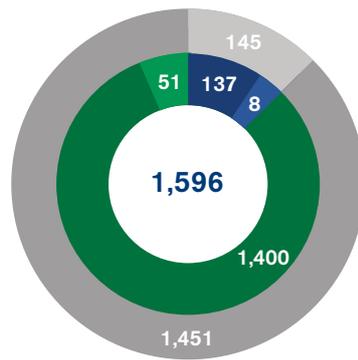
Number, total in the centre of the chart



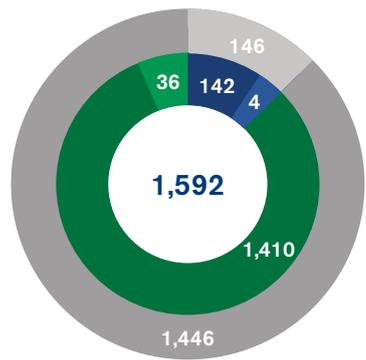
2017



2016



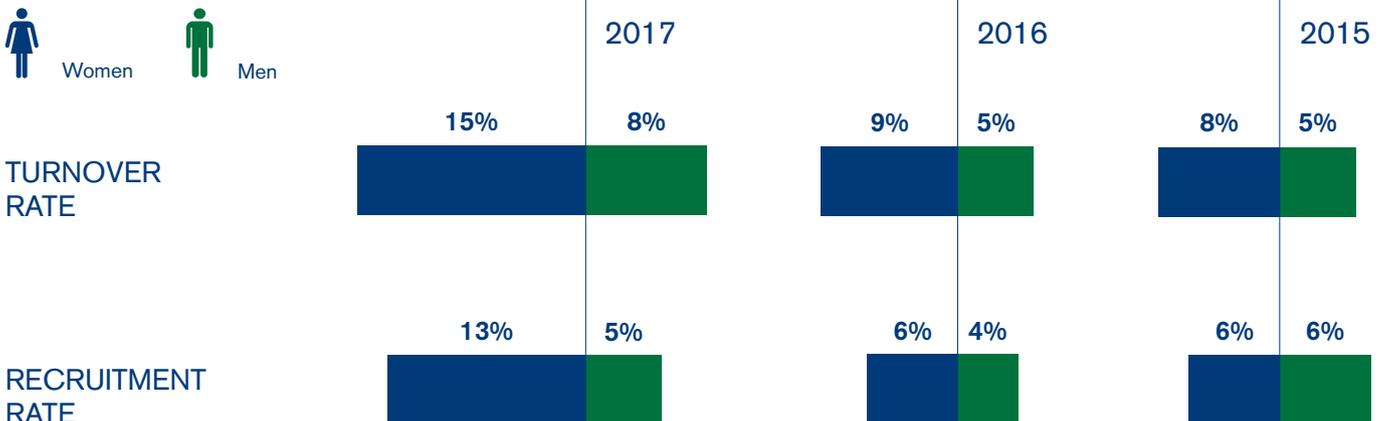
2015



RECRUITMENT AND TURNOVER RATE OVER THE LAST THREE YEARS

All Group companies / 2015, 2016, 2017

Percentage of RDM people joining or leaving the Group over the total population by gender at year end



As is typical in the manufacturing sector, the most representative professional category of RDM Group personnel is that of blue-collar, who make up 72% of the total workforce. This is followed by white-collar at the Group's head office, manufacturing plants and sales offices, who account for 26% of the workforce; and finally executives, who represent 2% of the workforce.

Female staff are concentrated in the white-collar category, where they make up 26% of the total, with a greater incidence of women - on average above 70% - in the Group's commercial companies and at both head office and the La Rochette mill, where women represent 40% of all white-collar.

RDM GROUP PEOPLE BY EMPLOYEE CATEGORY AND GENDER

All Group Companies / 2015, 2016, 2017

Number. Total of the category in the centre of the chart. The executives category includes executives and middle managers with managerial responsibilities



1.3. WHERE WE ARE



In 2017 42% of RDM People were employed in Italy, 34% in France, 22% in Germany, with the remaining 2% in Spain, the Czech Republic, the United Kingdom, Poland and Hungary.

PRODUCTION UNITS

ITALY

Reno De Medici S.p.A.

Villa Santa Lucia Mill
Via Casilina, km 134,5
03030 Villa Santa Lucia (Fr)
renodemedici@pec.rdmgroup.com
Production capacity: 220 000 t

Reno De Medici S.p.A.

Santa Giustina Mill
Località Campo
32035 Santa Giustina (Bl)
renodemedici@pec.rdmgroup.com
Production capacity: 240 000 t

R.D.M. Ovaro S.p.A.

Via Cartiera, 27
33025 Ovaro (Ud)
rdm_ovaro@pec.rdmgroup.com
Capacità produttiva: 95 000 t

R.D.M. Magenta S.r.l.

Via Giacomo de Medici, 39
20013 Magenta (Mi)
renodemedici@pec.rdmgroup.com

FRANCE

R.D.M. La Rochette S.A.S.

23, Avenue Maurice Franck
73110 La Rochette
Production capacity: 165 000 t

R.D.M. Blendecques S.A.S.

Rue de l'Hermitage
CS 53006 - Blendecques
62501 Saint Omer Cedex
contact.blendecques@rdmgroup.com
Capacità produttiva: 110 000 t

GERMANY

R.D.M. Arnsberg GmbH

Hellefelder Strasse, 51
59821 Arnsberg
info.arnsberg@rdmgroup.com
Production capacity: 230 000 t

SALES OFFICES

ITALY

R.D.M. Marketing S.r.l.
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20135 Milano
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Czech Republic
info.praha@rdmgroup.com

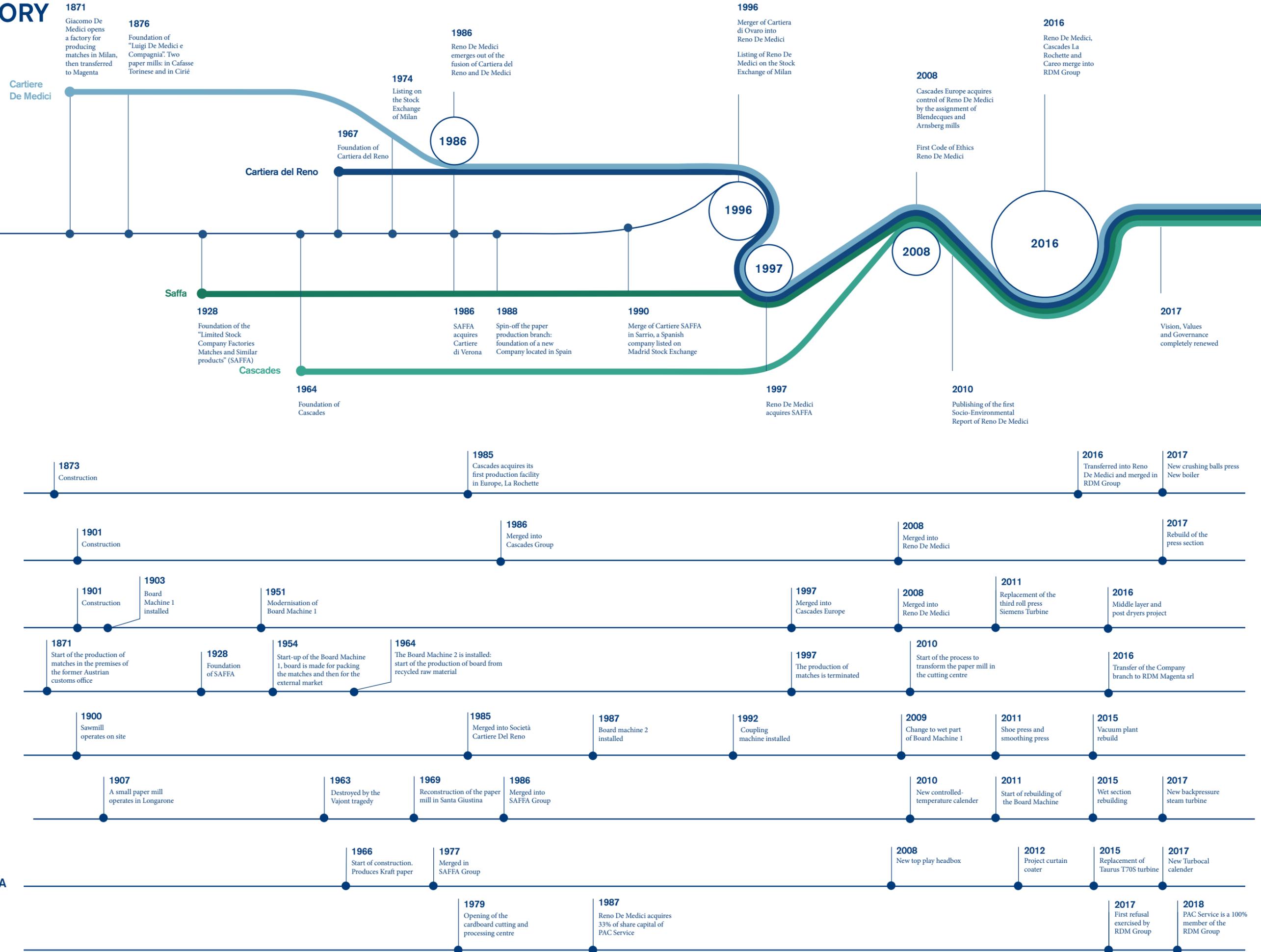
HUNGARY, BOSNIA AND HERZEGOVINA, BULGARIA, CROATIA, MACEDONIA, ROMANIA, SERBIA, SLOVENIA

R.D.M. Marketing Hungaria Kft.
Ötvös Janos u.3
1021 Budapest
Hungary
info.budapest@rdmgroup.com

EXTERNAL CERTIFICATION OF THE MANAGEMENT SYSTEMS, INCLUDING THE YEAR OF APPROVAL

	OHSAS 18001	ISO 9001	ISO 14001	EMAS	BLAUE ENGEL	ISO 50001	FSC	PEFC
Arnsberg	-	1992	1997	1997	-	-	2010	-
Blendecques	-	1995	-	-	-	2014	2008	-
La Rochette	-	1996	-	-	-	-	2014	2006
Magenta	-	1996	-	-	-	-	2010	-
Ovaro	2014	1996	2004	-	2015	2015	2009	2017
S. Giustina	2013	1996	2001	-	-	2015	2010	2016
Villa S. Lucia	2016	1996	2005	-	-	2015	2010	-

1.4 HISTORY



1.5 COLLABORATIONS

Companies, just like living organisms, can only grow within an open system of exchanges, relationships and collaborations. To foster dialog 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, we support the development of the cellulose-based packaging and recycling industry from a systemic point of view; something which, in turn, promotes industry progress and sustainable innovation. With other actors of our value chain, we are part of:

AT INTERNATIONAL LEVEL

CEPI



Brings together at European level paper and cardboard 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.

EUROPEAN CARTON MAKERS ASSOCIATIONS



Brings together and represents cardboard 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 cardboard 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, cardboard 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 member 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 member forming the Board of Directors.

EN-CEL-PA

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

MEDEF



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,
ASSOCIATION OF
MANUFACTURERS AND
ENTERPRISES OF ROME,
FROSINONE, LATINA, RIETI,
VITERBO, CONFINDUSTRIA
BELLUNO



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 between companies.

COMIECO - NATIONAL
CONSORTIUM FOR THE
RECOVERY AND RECYCLING
OF CELLULOSE-BASED
PACKAGING



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 member 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 cardboard 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
CONSORTIUM



Brings together companies that use most of the 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.

HOW WE BUILD OUR TOMORROW

2

- 2.1. Vision
- 2.2. Values
Our Code of Ethics
- 2.3. Those who support our growth
Stakeholders
Expectations and interests
- 2.4. Key Factors for creating sustainable value
Scenario of risks and opportunities
- 2.5. Sustainability governance framework

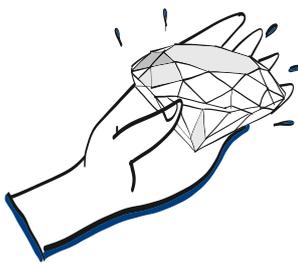
2.1 VISION

In conjunction with a recent update to the Group's strategic development guidelines, a process of internal engagement has helped to redefine the Vision of the RDM Group: this consists essentially of working together and sharing our best practices, so as to realize the Group's full potential. Doing this enables RDM Group to put itself forward as the:

PARTNER OF CHOICE

for all main stakeholder.

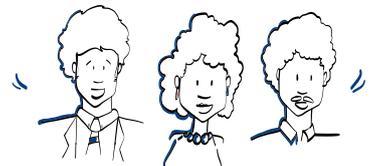
In order to achieve this vision, the Group has set itself three main strategic objectives:



OFFERING SUPERB
PRODUCTS AND
SERVICES



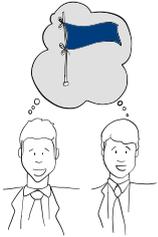
OPTIMIZING COSTS



MAXIMIZING
STAKEHOLDERS'
SATISFACTION

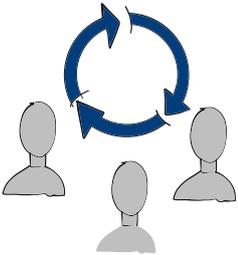
2.2 VALUES

There are four main values that inspire the RDM Group:



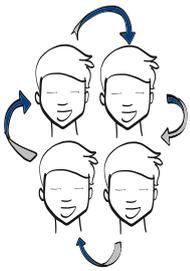
GROUP-WIDE VISION

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



RESPONSIBLE DECISION-MAKING

The awareness that decisions have effects on others too



EMPATHY

The ability to understand others and empathize with them



TOGETHERNESS

A mix of shared vision and a sense of belonging



OUR CODE OF ETHICS

The Group's Code of Ethics, which was adopted in 2008 and has been periodically updated since then and last revised in 2013 is aimed at all Group stakeholders and clarifies the set of values, principles and rules of conduct shared at Group level; whereby the observance of these is considered essential for every person who represents RDM Group for any reason, works for the Company or carries out activities in the interest of or on behalf of the Group. The Code of Ethics is therefore valid not only for all RDM Group workers, but also for the Directors of Group Companies, for suppliers, agents and in general, for everyone who collaborates with the RDM Group.

The Code itself embodies the rules of conduct aimed at supporting responsible and sustainable management of business activities and protecting the Company's reputation; and it promotes the inspiring principles that have always characterized the RDM Group: respect for laws and regulations, fairness, moral rigour, trust and collaboration with stakeholders.

The RDM Group's Code of Ethics has been brought to the attention of everyone at RDM Group: it has been disseminated in a variety of ways, including publication on the Company's website, supply when recruiting a new employee and requiring its subscription. It is the responsibility of the Directors, the Supervisory Body, the Internal Audit Department and all of Company management to guarantee and verify the effective implementation of the Code of Ethics; however, it is also up to all the recipients of the Code to collaborate in its observance, and this includes an obligation to report to the Supervisory Body any breaches or suspected breaches of the Code.

In 2015, 2016 and 2017 no breaches of the Code of Ethics were reported, either involving the Group's personnel or the Group's collaborators.



THE CODE OF ETHICS IS AVAILABLE ON THE RDM GROUP WEBSITE AT
[HTTP://RDMGROUP.COM/EN/SOCIET-12](http://rdmgroup.com/en/societ-12)



ANY REPORTS OF BREACHES OR SUSPECTED BREACHES MAY BE COMMUNICATED IN A NON-ANONYMOUS FORM TO ORGANISMODIVIGILANZA@RDMGROUP.COM

2.3. THOSE WHO SUPPORT OUR GROWTH

RDM Group recognizes that significant repercussions - both positive and negative - could ensue for the actors that participate in the Group's activities in various ways or make them possible or that are even just affected by them indirectly.

Ongoing, effective dialogue with internal and external stakeholders is a strategic objective for RDM Group when it comes to realizing 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 the legitimate expectations and interests of interlocutors; 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.

STAKEHOLDERS

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 the 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 the 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

RDM PEOPLE AND COLLABORATORS

More than 1,500 people working in the Group; trade unions and employees' representatives

SUPPLIERS

More than 4,000 suppliers of goods and services, local businesses created by the activities of the mills

INVESTORS

Cascades inc, Caisse dépôt et placement du Québec, institutional investors and other shareholders, investment banks, rating agencies

LOCAL COMMUNITIES

Families of the RDM Group
People and collaborators, local Administrations and Authorities, citizens living in the areas where the mills of the Group are located, Non-Governmental Organizations and universities



FUTURE GENERATIONS

Environment, environmental associations, analysis from the scientific community

CUSTOMERS

- Companies in the carton folding, packaging and converting industry
- End customers in the food, consumer goods, pharma, cosmetics, luxury, retail, publishing and refurbishing

END CONSUMERS

People buying products packaged or made with materials produced by the Group

NATIONAL AND INTERNATIONAL INSTITUTIONS

National and international Parliaments and Authorities, with particular reference to Bodies implementing EU waste management and recovery policies, to financial markets supervisory Authorities and Food Safety Authorities

PEERS AND COMPETITORS

Companies that produce cellulose-based and packaging, trade associations

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 ENGAGEMENT TOOLS

EXPECTATIONS AND INTERESTS

INVESTORS



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

- Economic performance and growth in share value
- Portfolio risk reduction
- Solidity of corporate governance structures
- Transparency regarding the strategy and the Company performance, as implemented by management, with reference also to environmental and social performance
- Opportunity to seize new investment opportunities

CUSTOMERS



- Daily interactions and on-site visits, as promoted by the RDM Group sales network
- Customer satisfaction surveys
- Evaluation and interaction questionnaires 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 online 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

RDM PEOPLE AND COLLABORATORS



- Activities and daily relationships of the Department in charge of human resources development and management
- Forum with Trade Unions
- Tools for collecting suggestions for improvement (so called "Ideas Box")
- 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
- Transparent selection process based on objective criteria
- 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
- Training activities, orientation and involvement of high school students and university institutions
- 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 staff 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 the RDM Group obtains supplies
- Support for schools and collaboration with universities and research centres in the development and dissemination of engineering and technical-scientific knowledge and skills

NATIONAL AND INTERNATIONAL INSTITUTIONS



- Forum and initiatives for institutional dialogue
- Involvement in trade associations representing paper and cardboard 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 economic 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 achieving 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

FUTUR GENERATIONS



- Evaluation of the content of awareness campaigns promoted by environmental associations
- Attention to research and analysis of the scientific community
- Conservation of natural resources and development of circular economic models
- Protection of ecosystems and natural biodiversity, with particular reference to forest resources
- Contrast with air pollution and global warming

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. KEY FACTORS FOR CREATING SUSTAINABLE VALUE

In accordance with the principles of the reporting standard adopted and also observing the criteria of proper business management, in order to define the content of this document and in order to identify the priorities on which to focus its corporate strategy of sustainable development, RDM Group has conducted an analysis of the areas in which the Group's activities can contribute most to the improvement or deterioration of the social, economic and environmental conditions of the communities, which it is part of.

This analytical process, which is coordinated by the Head of the Sustainability and Risk Management Department, with over twenty top management figures across all Group companies also involved, has been divided into three main phases:

1 IDENTIFICATION OF RISKS AND OPPORTUNITIES FOR THE SUSTAINABLE DEVELOPMENT OF RDM GROUP BUSINESS

2 ASSESSMENT OF THE INTERNAL AND EXTERNAL RELEVANCE OF IDENTIFIED FACTORS

3 APPROVAL OF MATERIALITY ANALYSIS BY THE COMPANY MANAGEMENT

1

The first phase of identification of the sustainability factors 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 "MOGC 231") 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 MOGC 231 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 factors 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 factor 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

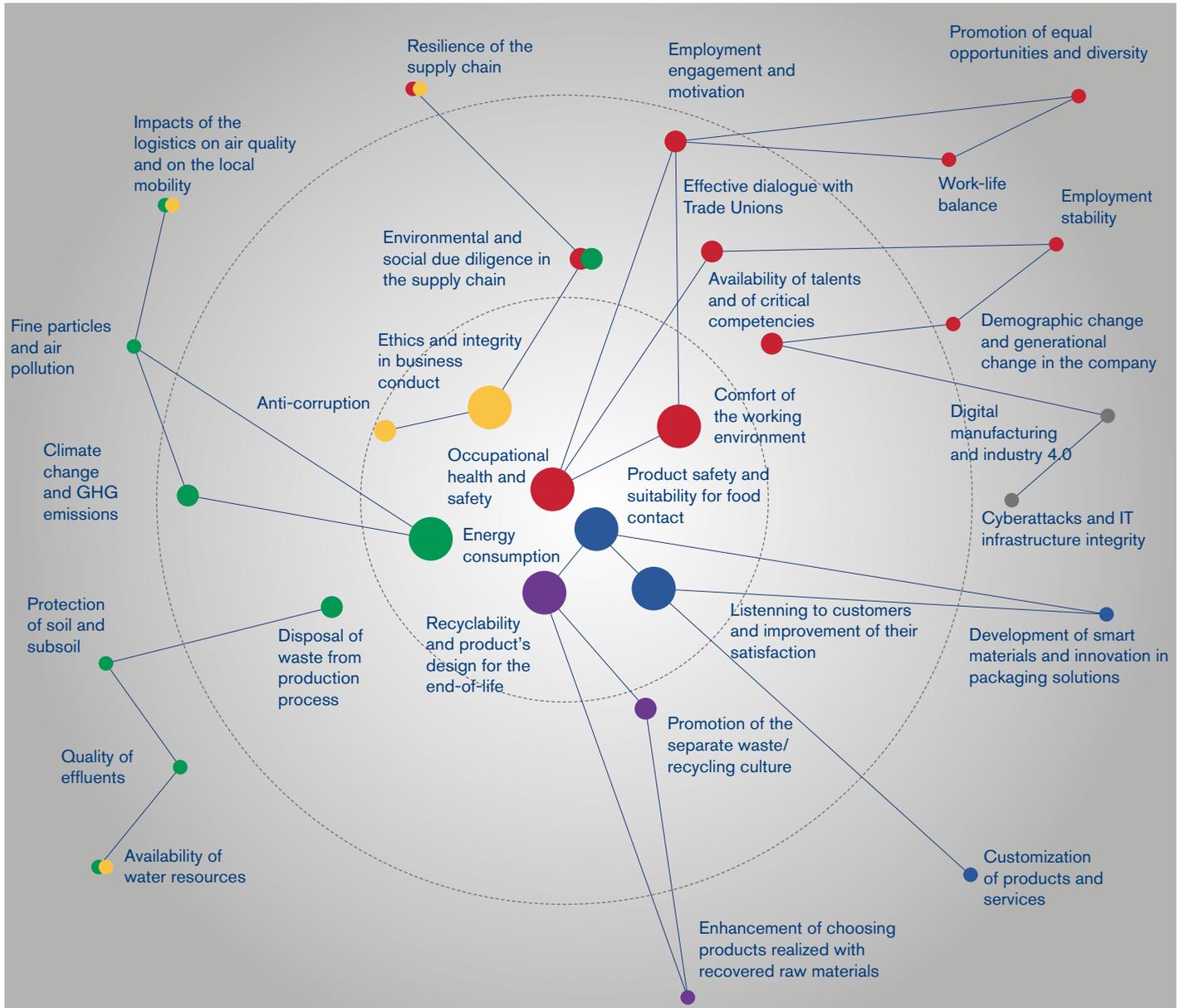
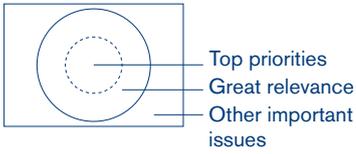
3

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

SCENARIO OF RISKS AND OPPORTUNITIES

The results of the materiality analysis process are illustrated graphically in the positioning of the 30 relevant factors within the risk and opportunity scenario map. The latter places the most significant factors at the centre of the quadrant and describes the interconnections between the different factors.

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



EMPLOYEE-RELATED MATTERS

MAIN RISKS AND OPPORTUNITIES

DESCRIPTION

OCCUPATIONAL HEALTH AND SAFETY

- Effective Occupational Health and Safety management system (training, auditing, certification)
 - Raising awareness on safety risks and fostering of the safety culture
 - Programs of accidents prevention
-

COMFORT OF THE WORKING ENVIRONMENT

- Appropriate working conditions
 - Control, monitoring and removal of the asbestos
-

AVAILABILITY OF TALENTS AND CRITICAL COMPETENCIES

- 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

- Protection of the right to collective bargaining
 - Initiatives for promoting dialogue with Trade Unions
-

EMPLOYEE ENGAGEMENT AND MOTIVATION

- 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

- Extension of the pension age and aging of the workforce, with potential impacts on the adequacy of the employees to the task assigned
 - Risk of losing know-how / competencies
 - Effective integration of younger workers
-

WORK-LIFE BALANCE

- Employees' well-being and development of corporate welfare systems
 - Smart working and work-life balance initiatives, also for preventing and managing work-related stress
-

EMPLOYMENT STABILITY

- Responsible management of reorganization
 - Impact of technological innovation on the unemployment
-

PROMOTION OF EQUAL OPPORTUNITIES AND DIVERSITY

- Fight against discrimination based on gender, age, nationality, maternity/paternity, religion, sexual orientation, physical condition and disabilities
- Gender equality and gender pay gap
- Programs and projects for promoting equal opportunities

SOCIAL AND PRODUCT-, SERVICE- AND SUPPLY CHAIN-RELATED MATTERS

MAIN RISKS AND OPPOTUNITIES	DESCRIPTION
PRODUCT SAFETY AND SUITABILITY FOR FOOD CONTACT	<ul style="list-style-type: none"> • Safety of products for food contact, reduction of the migration risk of mineral oil • 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"> • Products' 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 (selection criteria, suppliers' assessment and monitoring, payment and disputes resolution)
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 (consumer-goods companies, retailers, chemical industry) for product innovation • Development of smart packaging solutions and biopackaging
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 MATTERS

MAIN RISKS AND OPPORTUNITIES

DESCRIPTION

ENERGY CONSUMPTION

- 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

- Efficient use of raw materials, by reducing waste/scrap
 - Waste recovery for their using in other industrial processes and valorization in collateral sectors in the view of “zero waste to landfill”
 - Proper management of industrial waste disposal, with particular reference to hazardous waste
-

CLIMATE CHANGE AND GHG EMISSIONS

- 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 THE EFFLUENTS

- Water treatment and purification of industrial wastewater
 - Protection of water bodies receiving the treated wastewater
-

PROTECTION OF THE SOIL AND SUBSOIL

- Protection of the soil and subsoil from spills and contamination, related also to waste storage
-

FINE PARTICLES AND AIR POLLUTION

- Respect for the emissions limits for air pollution (e.g. nitrogen and sulfur oxides, particulate matter, carbon monoxide, ozone-depleting substances)
 - Use of technologies / systems for reducing air polluting substances
-

AVAILABILITY OF WATER RESOURCES

- 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

- Environmental impacts of the inbound and outbound logistics
 - Preferred use of means of transport with reduced environmental impact, intermodality, optimization of the logistics
 - Traffic and interferences on the local mobility
-

RESPECT FOR HUMAN RIGHTS ANTI-CORRUPTION AND BRIBERY MATTERS

MAIN RISKS AND OPPORTUNITIES

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 and action taken following incidents of 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 phase
- Traceability and control of the origin of virgin fibers and fight against illegal logging
- Precompetitive partnership to improve the supply chain sustainability

OTHER ASPECTS

MAIN RISKS AND OPPORTUNITIES

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

- Risks in terms of faults, interruptions, tampering of IT infrastructures and archives
-

2.5 SUSTAINABILITY GOVERNANCE FRAMEWORK

To ensure continuous control of the sustainability performance of RDM Group and to strengthen the Group's ability to protect the interests and legitimate expectations of its stakeholders, the Group makes use of a sustainability management system. This, while involving the entire organisation transversally, is firmly centred on certain key bodies and figures:

SHAREHOLDERS' MEETING	<p>This is the corporate body in which the will of the company is formed and then expressed by the Board of Directors.</p> <p>By means of the presentation of this document, the Shareholders' Meeting is informed annually of the main risks and opportunities of an extra-financial nature, as generated by the RDM Group or as presented to the Group; it also receives details of the strategies and actions taken by the Group for their effective management, as well as the results achieved during the year and any guidelines for further development for the years to follow.</p>
BOARD OF DIRECTORS	<p>This is the Administrative Body in charge of the Group, which is responsible for managing the Company, without prejudice to the functions that the Articles of Association reserve to the Shareholders' Meeting. Its tasks include the drafting and approval of this document and the adoption of rules that govern decision-making and the processes that monitor Company operations; this being in order to prevent the commission of the crimes provided for by the Legislative Decree 231/2001, established in the interest of the Company by those who represent and administer it or work in it. This system, which is outlined by MOGC 231, is intended to prevent the commission of certain offences, including crimes relating to corruption, breach of environmental regulations and protection of workers' health and safety.</p>
STATUTORY AUDITORS	<p>This is the Corporate Body appointed by the Shareholders' Meeting to supervise compliance with both the general law and the Company's Articles of Association; this also includes compliance with provisions on workplace safety, privacy and compliance with environmental regulations. It supervises compliance with the principles of correct administration and adequacy of the organizational, administrative and accounting system. Within the framework of these tasks, it supervises adequacy of the organizational set-up and the processes aimed at achieving strategic objectives in the social-environmental field and monitoring of and external information on the results achieved in their implementation.</p>
EXTERNAL AUDITOR	<p>This is an independent third party, the functions of which include conducting activities of limited assurance of this document pursuant to Article 3 of the L.D. 254/2016 in accordance with the criteria established by the ISAE 3000 Revised principle, analysing the process of defining the significant factors reported in the Consolidated Non-Financial Statement; as well as the proper functioning of the processes that underlie the generation, identification and management of qualitative and quantitative data included in this document (For more information on this, see the Report of the Independent Auditor).</p>
SUPERVISORY BODY	<p>Established pursuant to Legislative Decree 231/2001, this assesses the adequacy of the MOGC with respect to regulatory developments, and also oversees its effective implementation, in order to prevent the commission of criminal offences.</p>

CHIEF EXECUTIVE OFFICER The CEO approves the policies and strategic guidelines for sustainable management of the social, economic and environmental impacts associated with RDM Group operations. The CEO monitors and is informed on a regular basis on the Group's main sustainability performance and informs the Board of Directors accordingly.

To boost and coordinate the integration programmes associated with the sustainability strategy adopted for business operations, the CEO benefits from the role of the Sustainability and Risk Manager. The latter is responsible for formulating analyses and developing monitoring tools; for identifying possible priority areas for intervention and defining the related action plans, favouring synergies at Group level and monitoring the progress of projects.

OPERATIONAL GROUPS Established at mill level and joined by the plant managers and the occupational health and safety, environment, quality and energy managers, the Operational Groups permit the effective implementation in daily operations of sustainable development strategies and assessment of the risks associated with each production unit. They also permit timely monitoring of sustainability performance.

FURTHER DETAILS



ARTICLES OF ASSOCIATION



REPORT ON CORPORATE GOVERNANCE



CODE OF ETHICS



INTEGRATED QUALITY, ENVIRONMENTAL, HEALTH AND SAFETY POLICY



MOGC231



POLICY ON ENERGY

When assessing performance and the associated compensation and reward systems that may be derived from it, the achievement of the Company's objectives for the year is taken into consideration, including the effective implementation of the sustainability strategy. Starting with determination of the CEO's incentive system and the employees results-based bonuses derived from second-level bargaining, criteria relating to implementation of the Group's sustainability strategy are included; these being, for example, the achievement of objectives related to occupational health and safety performances.

EXCELLENCE FOR CUSTOMERS AND FINAL CONSUMERS



3

- 3.1. Product quality and safety
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018
- 3.2. Listening to customers and developing customized services and solutions
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018
- 3.3. Innovation in packaging solutions
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018

3.1 PRODUCT QUALITY AND SAFETY

REASONS WHY IT IS A KEY FACTOR

RDM Group's carton board has several applications: it can be part of publishing products, commercial displays and toys; but even more frequently it is used as secondary packaging material, in order to package drugs, foodstuffs and beverages, luxury goods, appliances, cosmetics, personal care products and home cleaning.

In some cases, however, it can also be used as primary packaging for dry, non-fat solid foods, including - for example - the packaging of pasta, rice, salt and sugar. Quality and safety are therefore key characteristics for RDM Group carton board, with particular reference to minimising that chemical substances will migrate - including mineral oils - from packaging to contained products. In this way, both food and consumer safety are protected.

On the contrary, if packaging materials are not of excellent quality, this could have a direct impact on the protection and conservation of their content: packaging plays a key role in safeguarding this content and in influencing the perception of the characteristics of such content by the consumer. In fact, packaging is also a strategic tool for marketing and for "dialogue" when offering a product on the market. Anomalies in performing the functions of barrier, product containment or presentation may give rise to withdrawals and recalls of goods from the market. Non-compliance with regulations pertaining to the safety and quality of packaging materials may result in significant damage to the Company's reputation, as well as attract penalties from public authorities.

0 WITHDRAWALS OR RECALLS

from the market of RDM Groups' products
due to food safety risks

All Group Companies / 2015, 2016, 2017

MANAGEMENT APPROACH AND RESULTS ACHIEVED

The process of treating and cleaning of raw materials and the subsequent production phase are designed so that RDM Group carton board that is intended for applications in the food sector, under normal or foreseeable conditions of use, does not transfer substances in quantities that constitute a danger to human health or else degrade the organoleptic characteristics of the foods contained.

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

Downstream of the production process, laboratory analysis is used to verify both the chemical characteristics of RDM Group products for food contact; these include the presence of lead, heavy metals and ash, and physical characteristics, such as weight and other important properties including odour. It is established in this way that RDM Group carton board does not release components into food in quantities that may endanger human health or cause unacceptable changes in the composition, taste and smell of foodstuffs.

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 that are intended to come into contact with food comply with EU Directives 1935/2004 and 2023/2006.

All RDM Group products, regardless of whether they have a food application or not, contain no concentrations higher than 100 ppm (parts per million in weight) of heavy metals, such as lead, cadmium, hexavalent chromium and mercury. In addition, all RDM Group boards comply with EU regulation 1907/2006 REACH and contain no suspected carcinogens, mutagens, substances toxic for reproduction, PBT (persistent and bioaccumulative and toxic) or vPvB (particularly persistent and bioaccumulable) with concentration levels above the 0.1% threshold.

In application of the precautionary principle, this quality management system is also structured in such a way as to deal with any critical issues in an effective and timely manner. This is designed to rapidly activating diagnostics and problem solutions in case of failures. A key element in this sense is the traceability system of the 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 instance of supply, also the raw materials, the substances and the products that have been used for their processing. This information is made available to the competent authorities requesting it.

FURTHER DETAILS



ISEGA CERTIFICATION



 **100%**

of production units with a certified quality management system in compliance with the ISO:9001

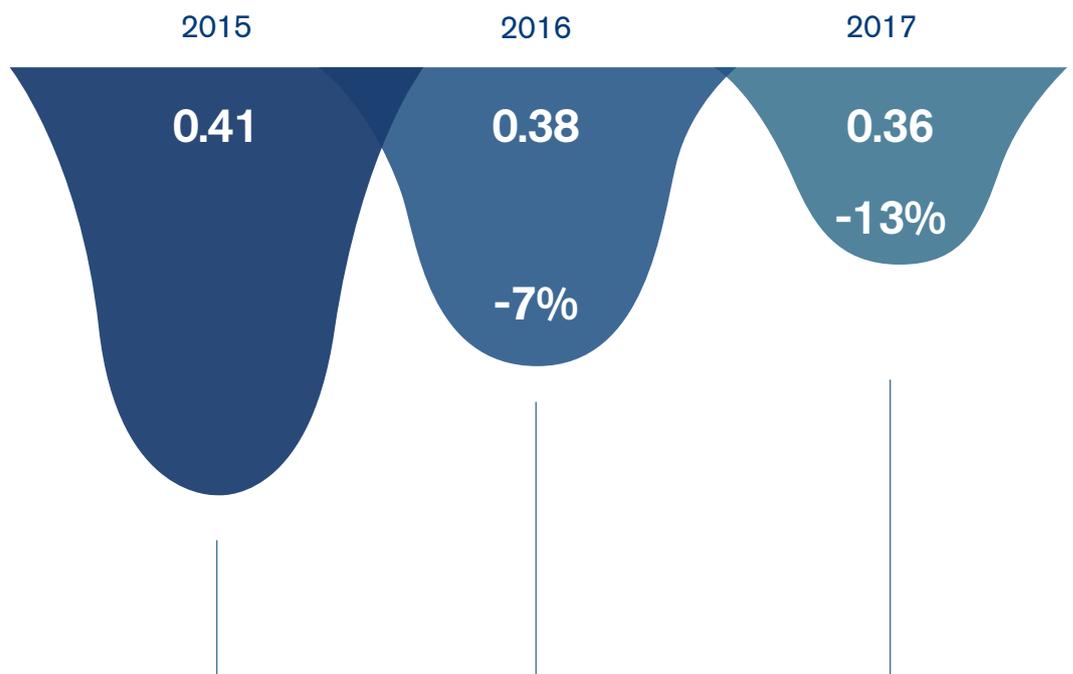
To further protect customers, the Group has specific insurance coverage for product liability arising from any damage caused by supplies of non-compliant products.

The effective implementation of the RDM monitoring and quality improvement system has enabled the Group over time to reduce the incidence per tonne of production of complaints and of the reports concerning the quality of the service or products.

FREQUENCY OF COMPLAINTS AND REPORTS ON THE QUALITY OF PRODUCTS OR SERVICE

All Group Companies / 2015, 2016, 2017

Number per 100 tons of net sealable production



REDUCTION OF COMPLAINTS AND QUALITY REPORTS COMPARED TO 2015

MAIN OBJECTIVES FOR 2018

- Reduction by 30% of the frequency of complaints and reports on the quality of products or service per tonne of saleable net production compared to 2015 levels
- Start of the process of third party certification of the food safety management system of a pilot mill

3.2 LISTENING TO CUSTOMERS AND DEVELOPING CUSTOMIZED SERVICES AND SOLUTIONS

REASONS WHY IT IS A KEY FACTOR

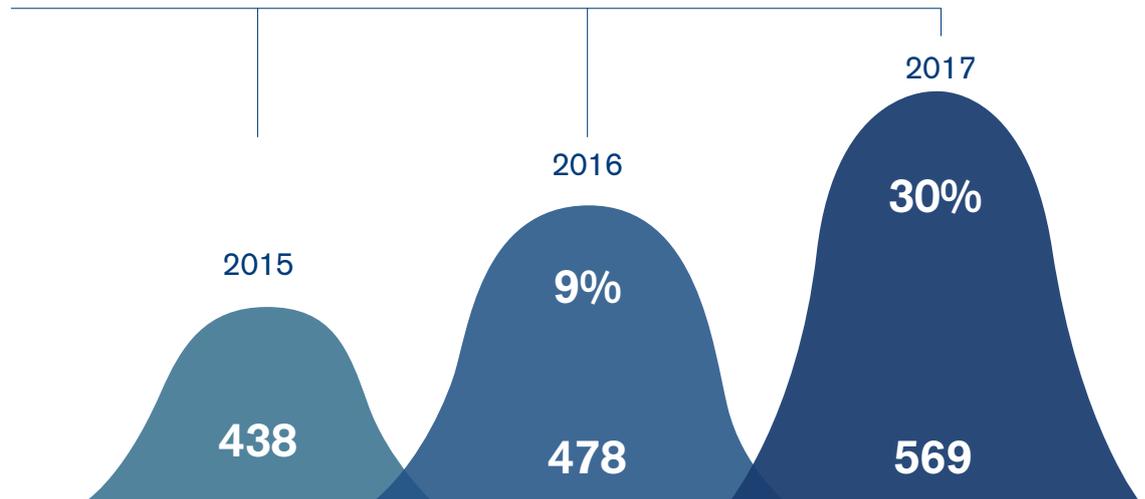
The Group can pursue objectives of economic growth and strengthen its competitive advantage only if it is able to satisfy its customers. It is therefore essential to understand precisely how the Group's products and services meet customer expectations, further enhancing the offer. This is even more true considering the expansion of the customers' networks, the greater geographical diversification and the variety of sectors in which RDM Group products are used. The essential tools in this regard are listening and comparison with those who choose and use RDM Group products.

INCREASE IN SALES

All Group Companies / 2015, 2016, 2017

Millions of Euros, percentage variation

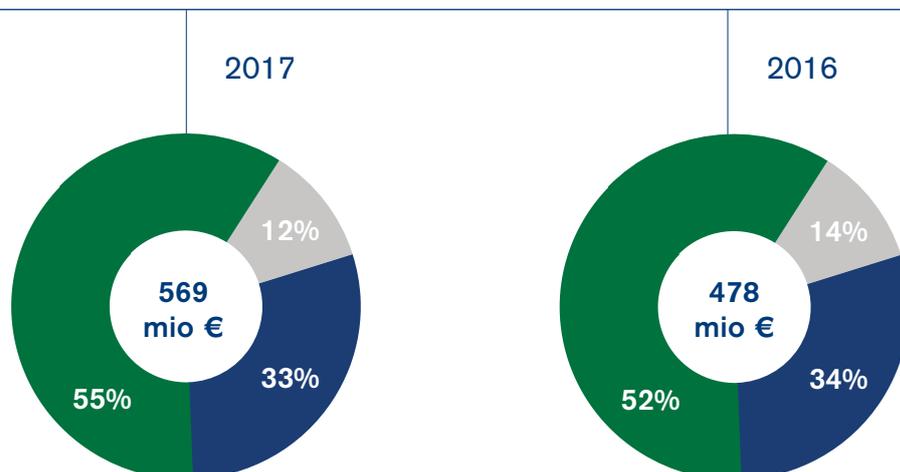
INCREASE OF SALES COMPARED TO 2015



GEOGRAPHICAL DIVERSIFICATION OF SALES

Millions of Euros, Percentage over the total

- Italy
- Other EU Countries
- Rest of the world



MANAGEMENT APPROACH AND RESULTS ACHIEVED

Listening to customers and monitoring their satisfaction is ensured by a sales network in the Group's main markets and consisting of over 50 people.

An in-depth customer satisfaction survey is carried out once a year. The results of the survey conducted in 2017 indicated "quality" and "service" factors as the main positive elements that customers associate with the RDM Group. On the other hand, the factor in which room for improvement has been identified relates to delivery times.

At the same time, particular attention is paid to systematic collection and management of all reports and complaints from customers. All feedbacks from customers for issues relating to quality and satisfaction are tracked, documented and managed according to detailed procedures and specific methodology, with the primary objective being to ensure the clarity of assessment, the completeness and the timeliness of the answers.

Analysis of the information collected, together with an examination of the main reasons for the complaints received from customers, enables possible improvement measures to be identified.

76% of customers contacted express a positive opinion of RDM Group



76%
EXPRESSED A
POSITIVE OPINION

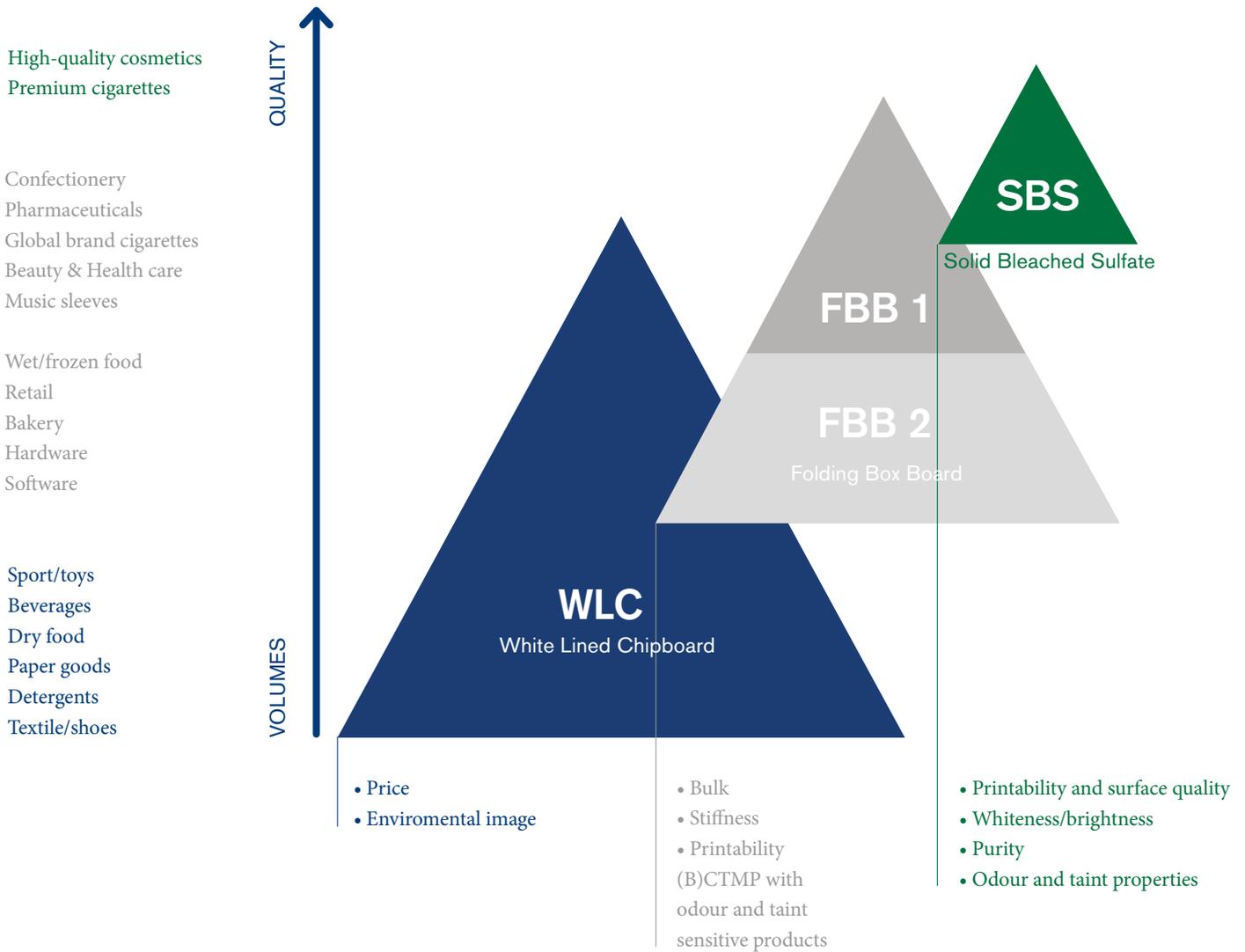


1,584
NUMBER OF
REFERENCE
CUSTOMERS



47%
RESPONSE RATE

The diversification strategy behind the range of products and services offered by RDM Group, which includes products made from both recycled and virgin fibres, covers a wide range of applications and customer requirements.



MAIN OBJECTIVES FOR 2018

- Further expansion of the range of solutions and services offered to customers due to the acquisition of PAC Service Company
- Boosting the methods used to measure customer satisfaction and the perception of RDM Group by customers, scheduling an increase in the frequency of surveys
- Development of specific projects to improve satisfaction and the quality perceived by customers, based on the results of customer satisfaction surveys and perceived positioning

3.3 INNOVATION IN PACKAGING SOLUTIONS

REASONS WHY IT IS A KEY FACTOR

The packaging materials sector too is going through a phase of strong innovation. This concerns both the design of the materials themselves and the identification of new uses and applications for conventional products.

One of the assets that drives the transformation of the sector, which is also driven 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 paper and cardboard packaging segment can boast a competitive advantage, since post-consumer recovery of packaging is sustainable from environmental and economic points of view. The factor on which more efforts are concentrated is thus ensuring the quality and safety of the product.

In fact, completing the life cycle of paper packaging, which involves the repeated use and recovery of the material itself, requires an increasing ability to control and neutralize the chemicals used in printing, such as pigments and mineral oils, as well as those used to bind materials that tend to accumulate and combine in recycled products.

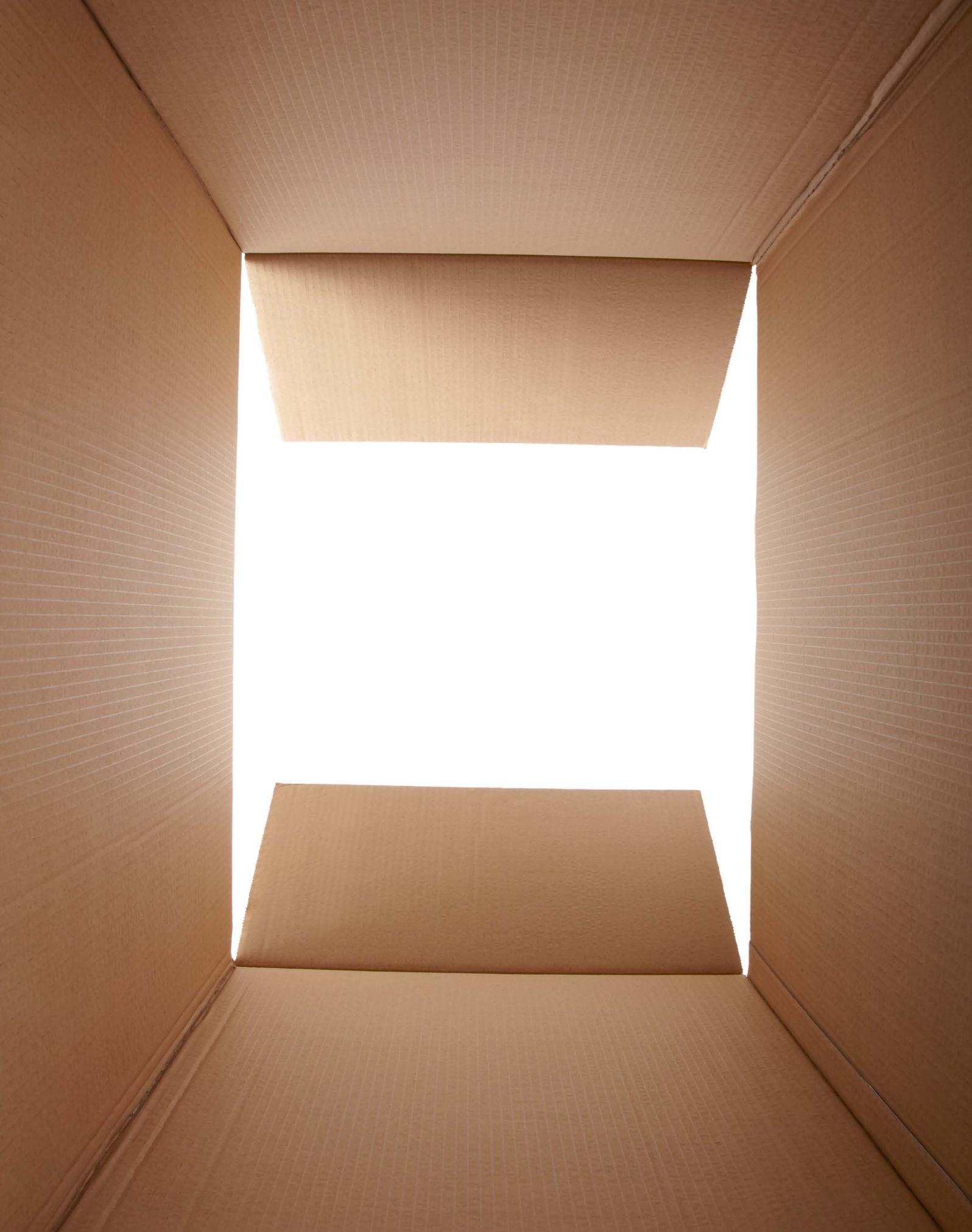
MANAGEMENT APPROACH AND RESULTS ACHIEVED

Despite the fact that scientific studies show that residues of mineral oils normally used in printing inks and found in paper materials and cardboard recycled have no harmful effects in the proportions measured, as a precaution, the Group - together with the trade associations - has for years been promoting a proactive and open approach towards research and innovation in this area in conjunction with food safety authorities and all other interested parties, starting from the ink producers and the printing and converting industry.

Collaboration with the cartographic and printing chemistry sector is crucial to preventing unwanted substances from entering the flow of 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.

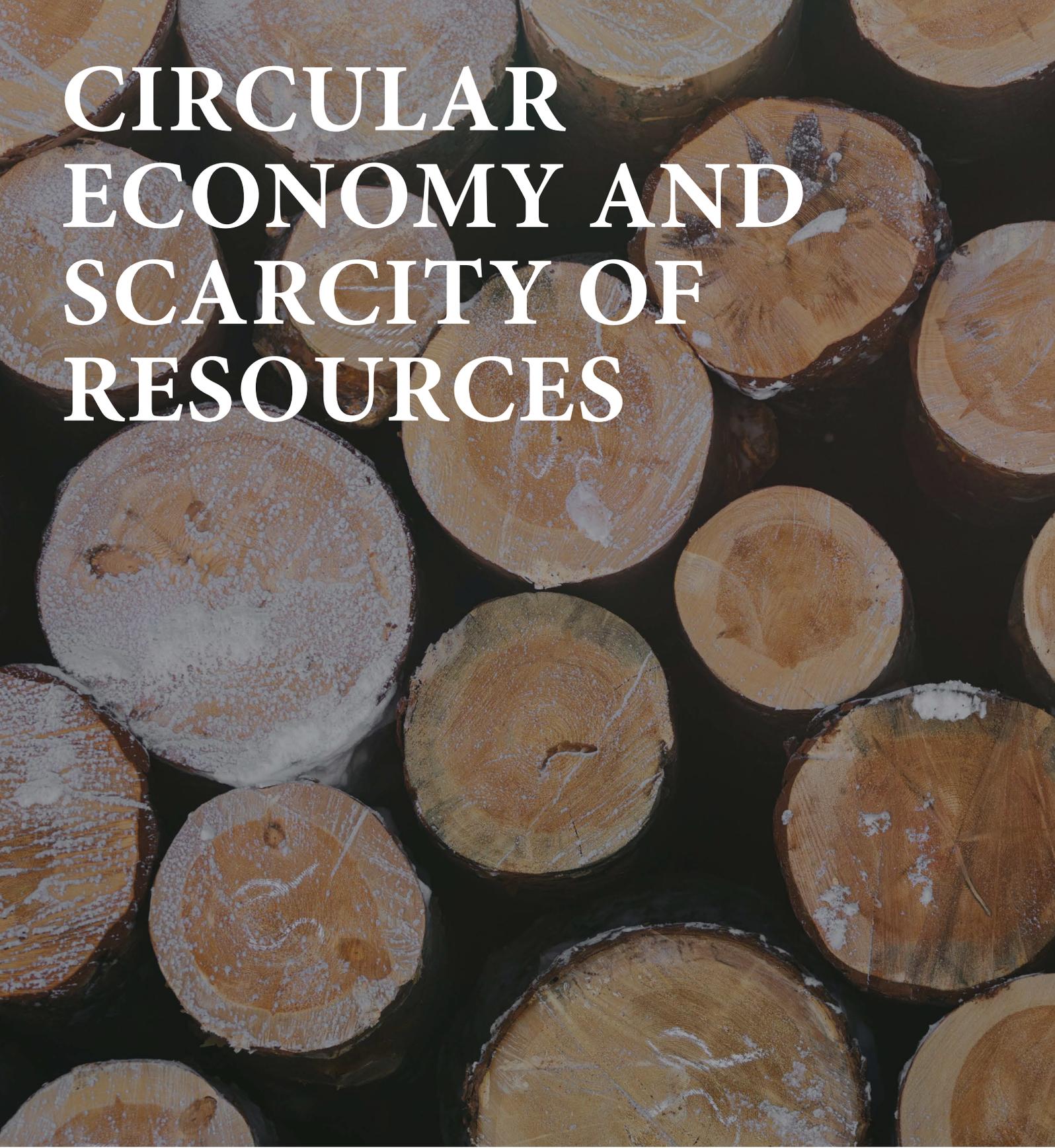
At the same time, the Group continues to develop new technologies and methods for monitoring incoming raw materials; in turn, this improves the differentiation of waste and helps to better identify contaminants.

A further strategic response developed by RDM Group in this area concerns the design of barrier treatments capable of protecting foodstuffs from the recycled material in their containers, while still retaining the recyclability properties of cardboard. In implementing this strategy, RDM Group relies on the collaboration of universities and research centres.



MAIN OBJECTIVES FOR 2018

- Continue trials of industrial applications of cardboard barrier treatments that prevent the migration of possible residues of mineral oils
- Development of specific protocols for measuring the presence of bisphenol A residues



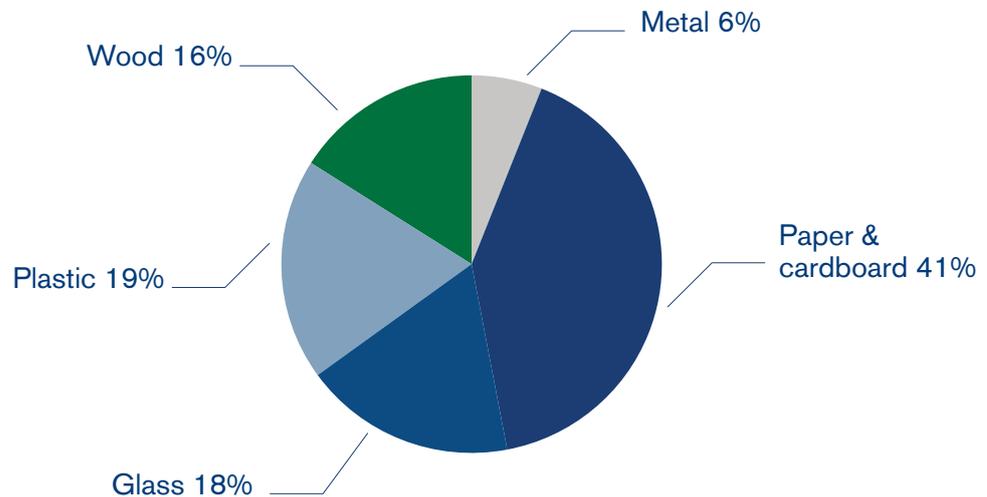
CIRCULAR ECONOMY AND SCARCITY OF RESOURCES

4

- 4.1. Product recyclability and promotion of recovery culture
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018
- 4.2. Efficient use of energy
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018
- 4.3. Availability of adequate water resources
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018

4.1 PRODUCT RECYCLABILITY AND PROMOTION OF A CULTURE OF RECYCLING

REASONS WHY IT IS A KEY FACTOR



Shares of packaging waste generated by weight, EU-28, 2014

Source: Eurostat

On average, an inhabitant of Europe produces about 163 kg of packaging waste per year (source: Eurostat). This amount varies between 48 kg per inhabitant in Croatia and 220 kg per inhabitant in Germany. Paper, cardboard, glass, plastic, wood and metal are, in that order, the most common types of packaging waste. In the view of the enormous environmental impact of waste production and disposal, more stringent waste recycling obligations have been introduced at European level and their disposal in landfills has been discouraged.

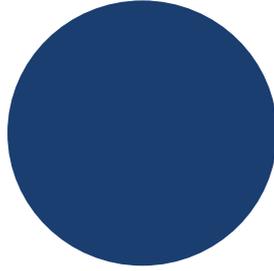
Recycling paper, as well as helping to solve the problem of managing these materials at the end of their life reduces consumption of the energy and raw materials needed to produce new ones.

The recyclability of the materials used for packaging therefore plays a key role in developing sustainable consumption models. In this regard, on December, 2 2015, the European Commission adopted an ambitious circular economy package, consisting of an action plan comprising measures related to the entire life cycle of products: from design to supply, from production to consumption up to waste management and the secondary raw materials market. The development of the EU circular economy action plan and the debate leading to its definition both make it possible to envisage further growth in the recovery and packaging markets for recyclable materials.

VOLUMES OF THE MAIN MATERIALS USED FOR PRODUCING THE BOARD AND ITS COATING, THE PACKAGING OF THE PRODUCTS, AND THE MAINTENANCE OF THE PRODUCTION EQUIPMENT

All Group production units / 2015, 2016, 2017
% over the total

98.2%



MATERIALS USED FOR PRODUCING THE BOARD AND ITS COATING

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

1.4%



MATERIALS USED FOR THE PACKAGING OF RDM GROUP PRODUCTS

-  polythene
-  wooden pallets
-  cartonboard core spacer for reels

0.4%



AUXILIARY MATERIALS FOR THE MAINTENANCE OF THE PRODUCTION EQUIPMENT

-  chemicals
-  oil and grease

TOTAL VOLUME OF MATERIALS USED



COMPARISON 2016–2017

+2%

increase of the materials used

+4%

increase of the net saleable production



MANAGEMENT APPROACH AND RESULTS ACHIEVED

RDM Group has developed technologies and production systems based on the transformation of recycled materials; these derive from the industrial and commercial sector, and from urban waste collections. Cuttings and scraps of processing, discarded or unsold goods, such as newspapers and magazines, are recovered from paper producers and converters.

A considerable part of the Group's raw materials derives from separated urban collections, with a prevalence of paper which is recovered by the city's inhabitants in the areas adjacent to the plants.

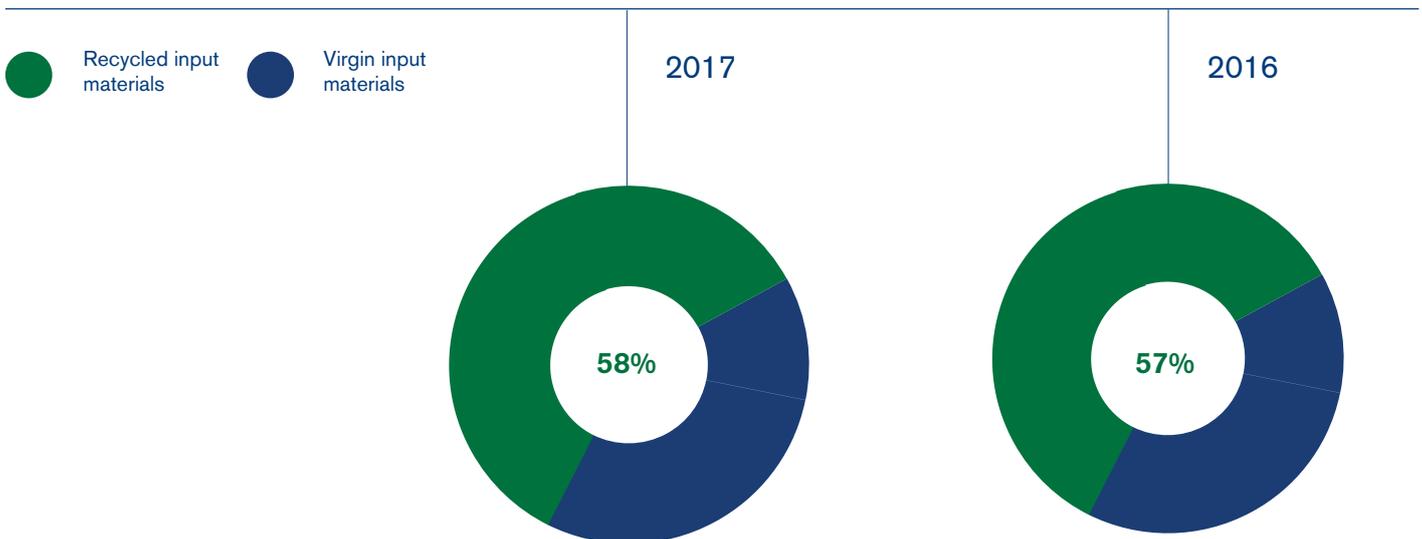
In 2017 alone, over 800,000 tons of fibrous raw materials were regenerated at the end of their life; if we consider that an average European citizen produces about 68 kg of paper and board waste per year, RDM Group mills give new life to what more than 11.7 million inhabitants themselves generate: e.g. the quantity of packaging waste in paper and cardboard generated in 2015 by the Swedish and Finnish population taken together (RDM Group re-elaborate data from Eurostat).

Overall, if we consider the fibres recovered, the remaining raw materials that make up the products themselves, the packaging materials and the products ancillary to production, more than half of the main materials used are in fact recycled materials.

INCIDENCE OF RECYCLED INPUT MATERIALS USED

All Group production units / 2017, 2016

Percentage of the recycled input material over the total materials used



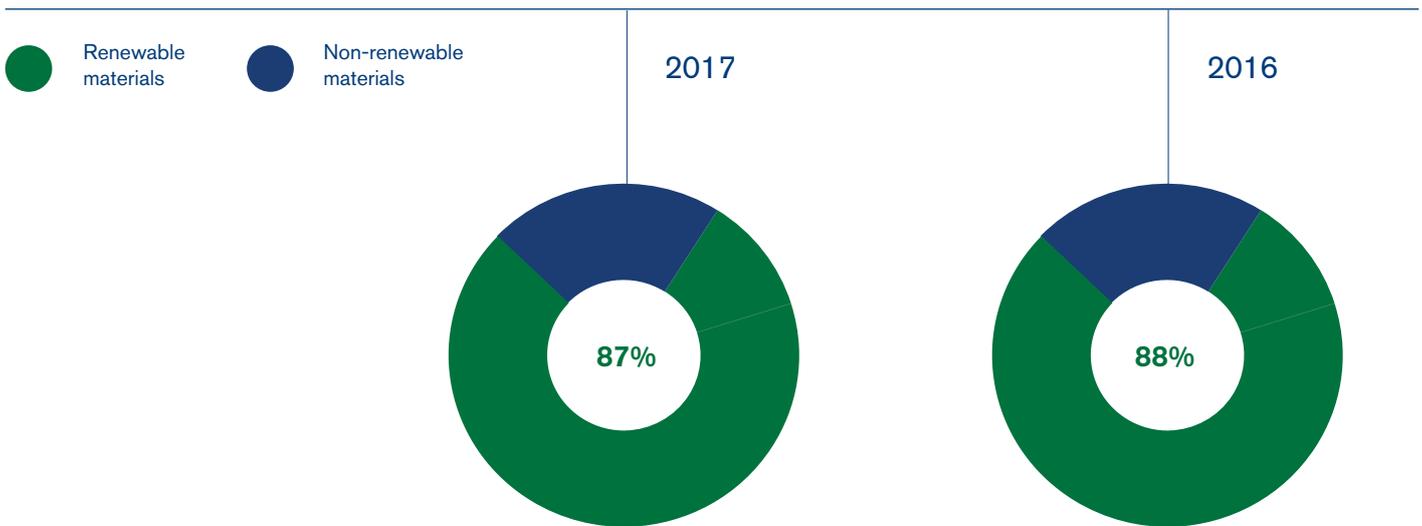
Over 87% of the materials used by RDM Group for production come from renewable materials.

INCIDENCE OF RENEWABLE MATERIALS USED ON TOTAL VOLUME OF MATERIALS USED

All Group production units / 2016, 2017

Tons, Percentage of renewable materials used over the total in the centre of the chart / Data source: measurement by physical inventory.

All raw materials are purchased from suppliers: the Group does not carry out any mining or forestry.



 **90%** Consistent with the raw materials used for production, RDM Groups products are over 90% recyclable and biodegradable according to the technical standards EN13430 and EN13432.

For transparent and scientifically sound communications regarding the environmental performance of products throughout their life cycle, RDM Group has developed the Environmental Product Declaration - EPD - for some of its products. This is an international analysis and communications tool, which has been submitted for verification by an external body that complies with ISO: 14025.

5 Products covered by life-cycle investigation and EPD certification

All of the Group's production units / 2017

MAIN OBJECTIVES FOR 2018

- Further improve the efficiency in the input material use, by reducing the scraps and through the experimentation of new equipment that is able to enhance the extraction of fibres from the raw materials
- Optimize the use of recycled fibres as the main raw material for the production process pursuing a model of circular economy which requires a limited use of virgin input materials
- Maintain leadership position in the Italian and European markets for packaging materials made from paper recycling

4.2 EFFICIENT USE OF ENERGY

REASONS WHY IT IS A KEY FACTOR

The paper industry is heavily dependent on energy for creating value. In fact, the cardboard production process requires the rapid dehydration and drying of paper sheets: in less than two minutes, the water present at an initial concentration of circa 99% in the pulp must reduce evaporating to less than 10% in the finished product.

In 2017, 2.5 million MWh of energy were used, a slight increase compared to 2015 (+1.6%) compared to an increase in production of 3% during the same period.

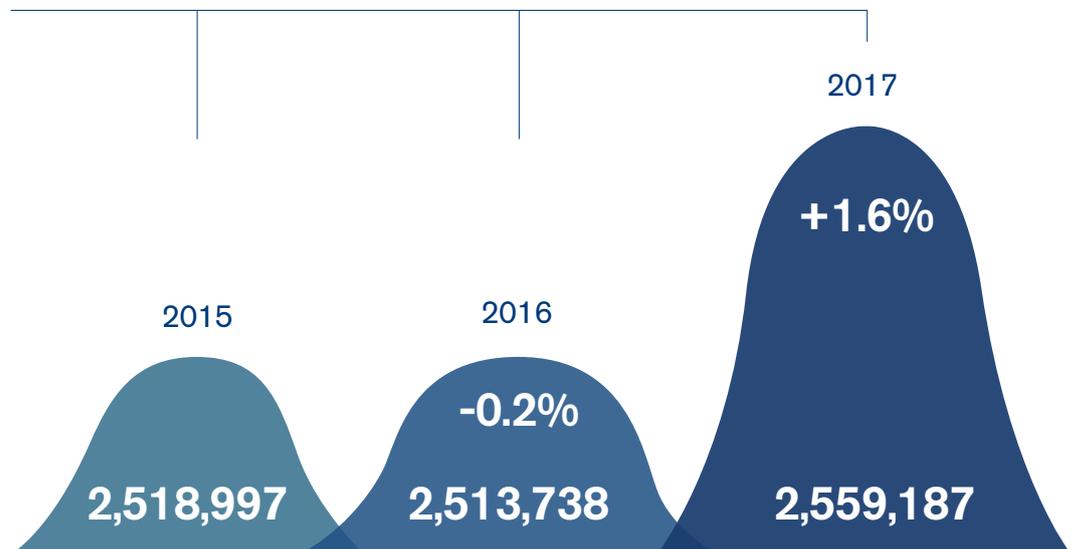
In the current context energy is therefore one of the paper sector's main cost components; for this reason, it represents one of the key levers for improving returns. Energy efficiency, the control of energy intensity, the types of sources with which to meet the Group's requirements and the ability to access alternative energy sources constitute a critical factor for RDM Group and influence both its profitability and its risk profile.

TOTAL ENERGY CONSUMPTION

All Group production units / 2015, 2016, 2017

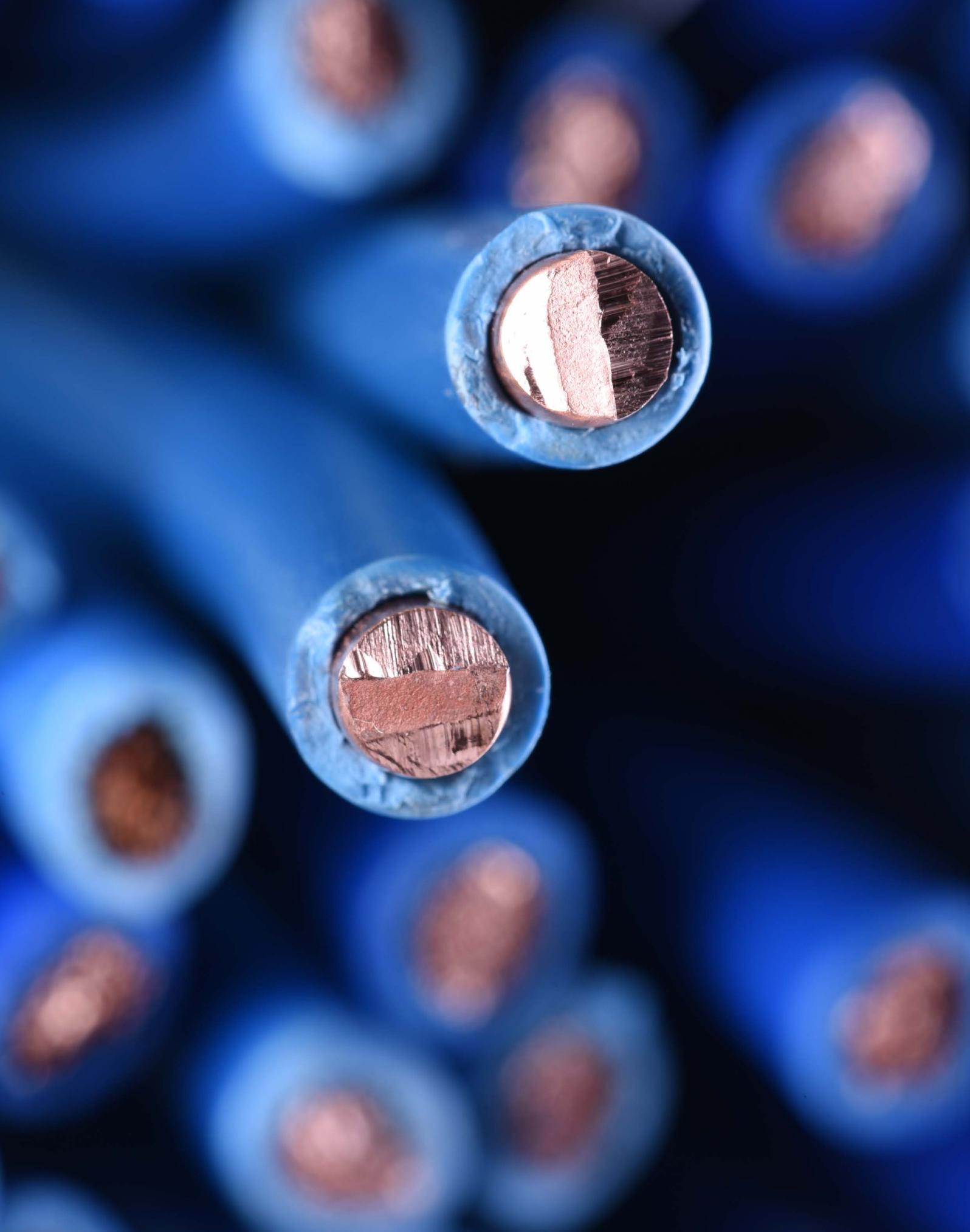
MWh, Percentage change

VARIATION OF ENERGY CONSUMPTION COMPARED TO 2015



MANAGEMENT APPROACH AND RESULTS ACHIEVED

RDM Group has developed systems to monitor energy consumption and identify any efficiency measures on a systematic basis.





57%

Of production units with a certified energy management system in compliance with the ISO:50001 standard

With the main objective being to increase the return from the exploitation of non-renewable primary energy sources, the Group uses co-generation plants, that enable the combined production of electricity and heat with an overall combined efficiency above 85%. The performance of the co-generation plants are subjected to periodic performance certification.

When purchasing new technologies and systems, when altering or upgrading existing ones and when designing new processes, one of the binding parameters always taken into account is energy consumption and efficiency; whereby this policy favours purchases of technologies featuring a better energy class when available, or envisions a self-developed ranking of the energy class.

Thanks to the presence in each production unit of managers dedicated to the analysis and development of solutions for the conservation and rational use of energy, measures to reduce energy requirements and improve efficiency are regularly identified and implemented. This process is continuous and is subject to periodic reviews, both for internal controls and by certification bodies.

CHARGE IN ENERGY INTENSITY

All Group production units / 2015, 2016, 2017

MWh per net ton of saleable production



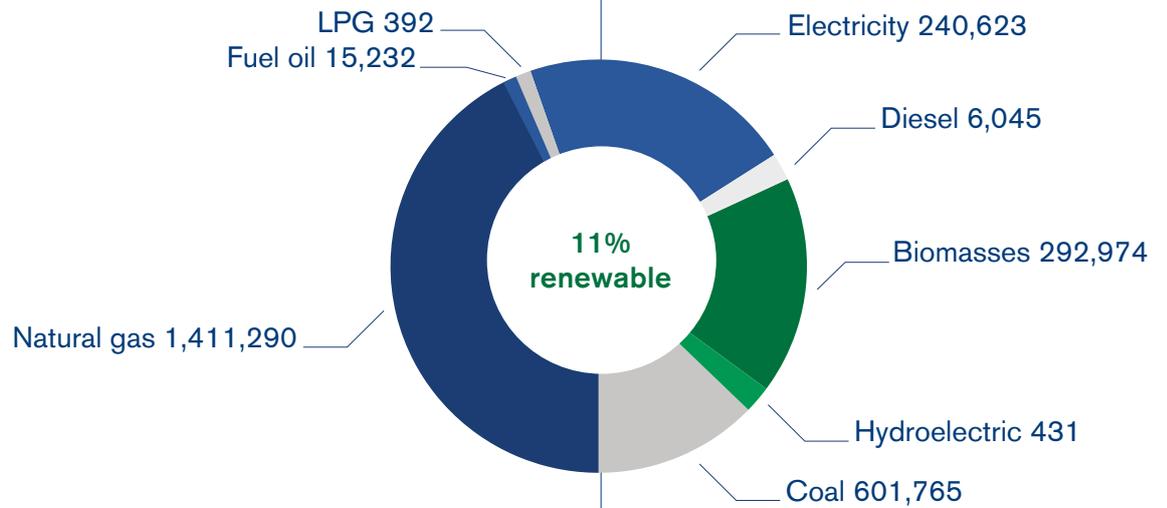
In order to reduce the risks related to business continuity and in order to optimize costs in accordance with the price trends of energy sources, RDM Group has adopted a strategy for diversifying its energy supplies. In 2017, the use of energy from renewable sources reduced slightly compared to 2015 (-3%) following the reconstruction and improvement of the biomass plant at the La Rochette mill, which resulted in a temporary reduced use of the plant.

ENERGY CONSUMPTION BY SOURCE AND TYPE

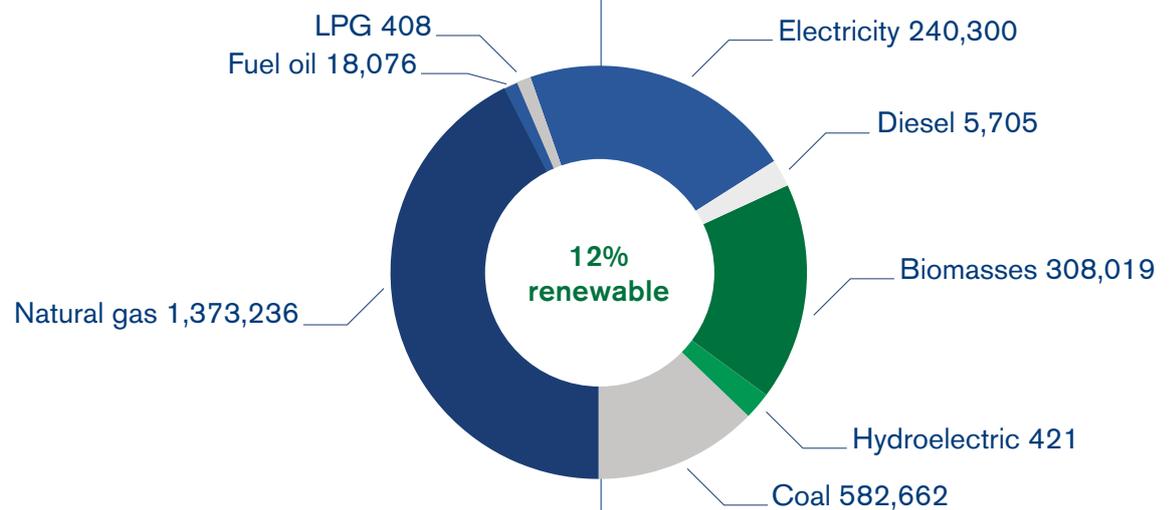
All Group production units / 2015, 2016, 2017

MWh percentage of energy from renewable sources over the total

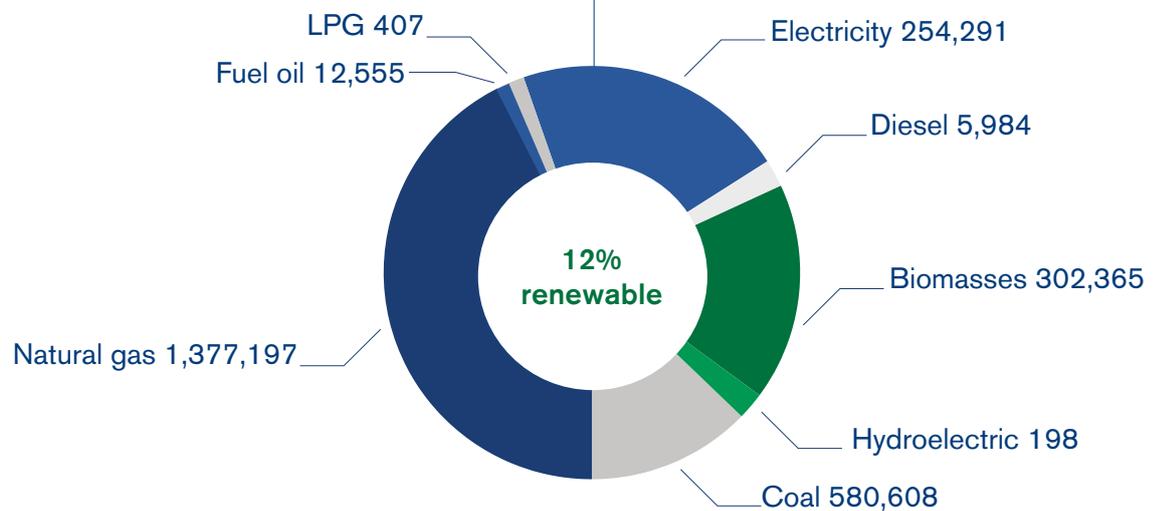
2017



2016



2015



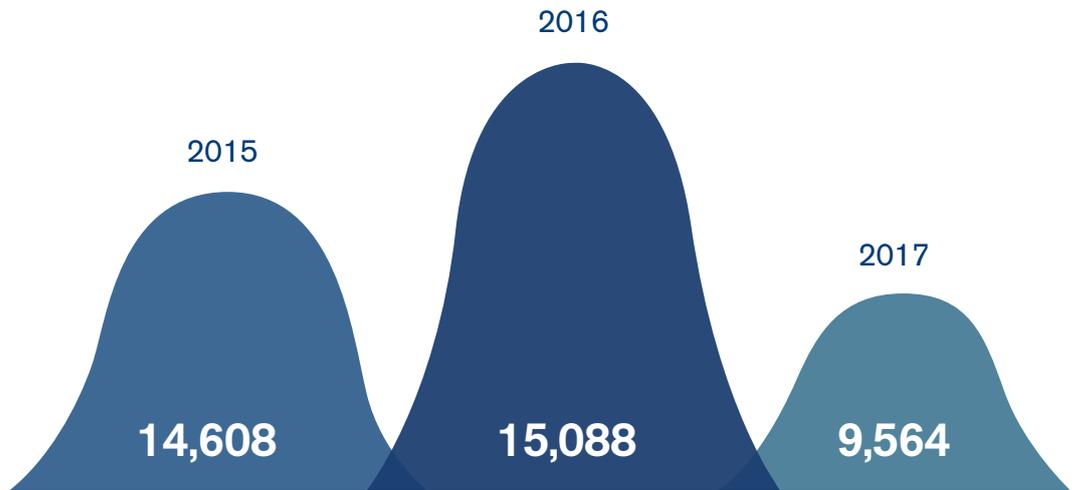
RDM is an integral part of the national energy security defence system: in fact, the Group is a member of the interruptibility system, giving the Italian electricity grid une access to energy in the national electricity system in the event of an emergency.

During the three-year period, RDM Group sold approximately 40,000 MWh of electricity to the grid to which the mills are connected. The electricity sold represents the surplus with respect to internal needs deriving from the co-generation plants. In 2017, following an increase in production and related energy requirements, the portion of electricity sold was reduced.

SUPPLIES OF ELECTRICITY INTO THE GRID

All Group production units / 2015, 2016, 2017

MWh



MAIN OBJECTIVES FOR 2018

- Reduction by 11% of the energy intensity 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

4.3 AVAILABILITY OF ADEQUATE WATER RESOURCES

REASONS WHY IT IS A KEY FACTOR

The pulp and paper industry is one of the main consumers of both power and water; this being at a level equal to the mining sector but more than the foodstuffs and chemical sectors.

The cleaning of raw materials and the preparation of pulp with which cardboard is made are the processes that consume the most water, along with the production of steam and factory cooling.

Therefore, having adequate quantities of water is a critical factor for the paper industry; and it takes on increasing relevance, given the progressive reduction of its availability due to population growth, rapid urbanization and climate change. Water scarcity can in fact lead to an increase in procurement costs and can even pose risks to the business continuity.

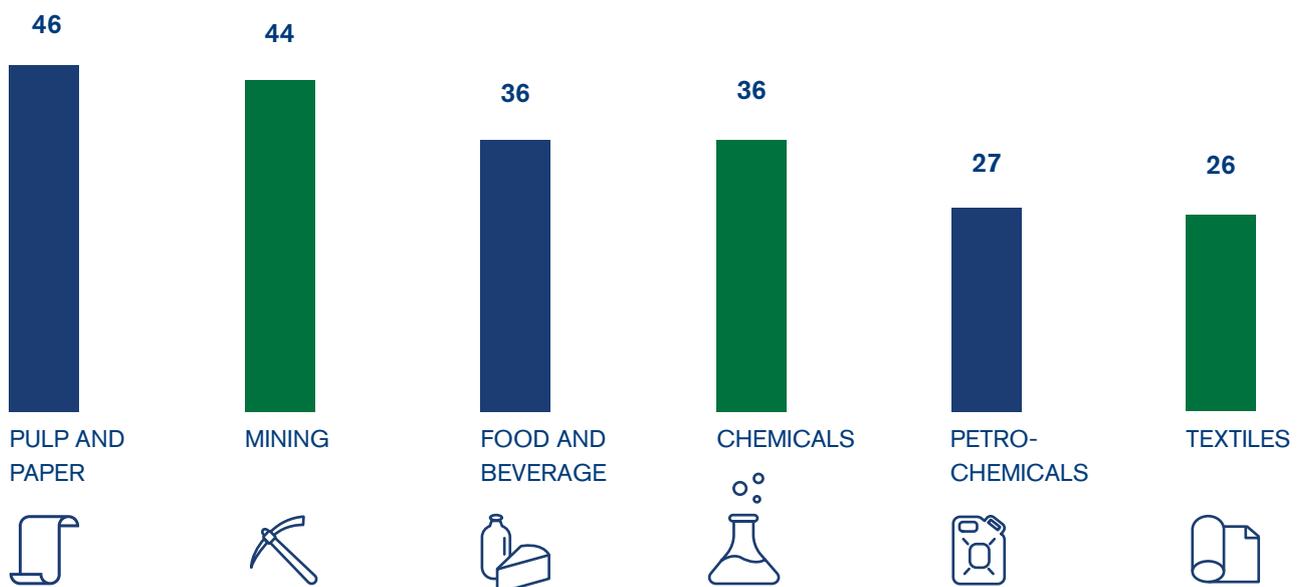
The location of the Group's mills provides for the distribution of the six production units with high water intake organised as follows: four production units are located in water basins with a low risk of water unavailability, while two are located in medium-risk basins (re-elaboration of RDM Group based on data from the World Resources Institute - Aqueduct Water Risk Atlas).

In 2017 the Group employed over 22 million cubic metres of water, with a slight increase compared to 2015 (+2%) against a production increase of 3% in the same period.

WATER WITHDRAWAL BY SECTOR

Millions of cubic meters per year

Source: Mc Kinsey, Value creation in the pulp and paper industry through sustainability transformation, 2013

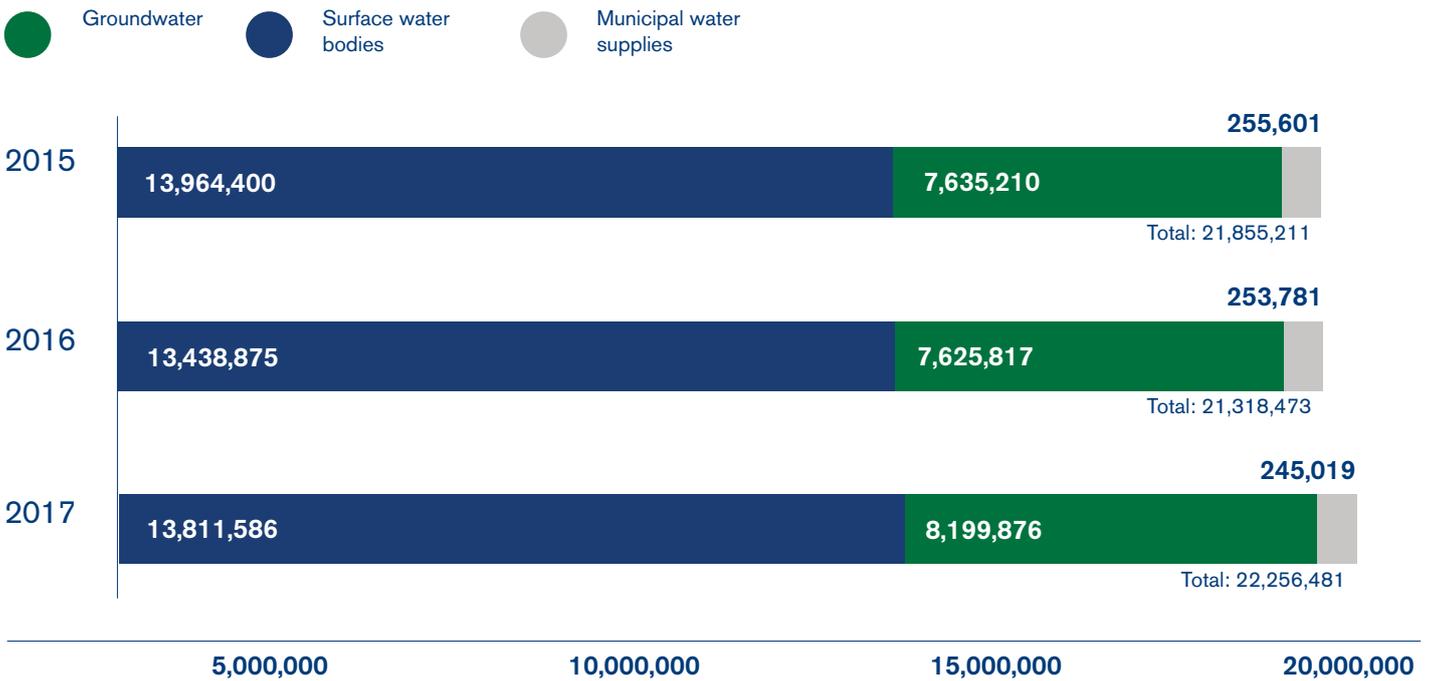




WATER WITHDRAWAL BY SOURCE

All Production Units / 2015, 2016, 2017

Cubic metres include water withdrawals for cooling the plants



Given that rivers are one of the main sources of the Group's water supply, the availability of water also plays an important role in safeguarding the natural fluvial environments adjacent to the Group's plants. In this regard, there are no critical issues that could cause significant damage to the environment, due to frequency or impact. The Group was only challenged by a minor incident related to the La Rochette plant. This involved the release of an insufficient volume of water in the Joudron River and meant that, at the same time, water level indicators and a passage scale for aquatic life corresponding to the design of the barriers on the river had to be installed.

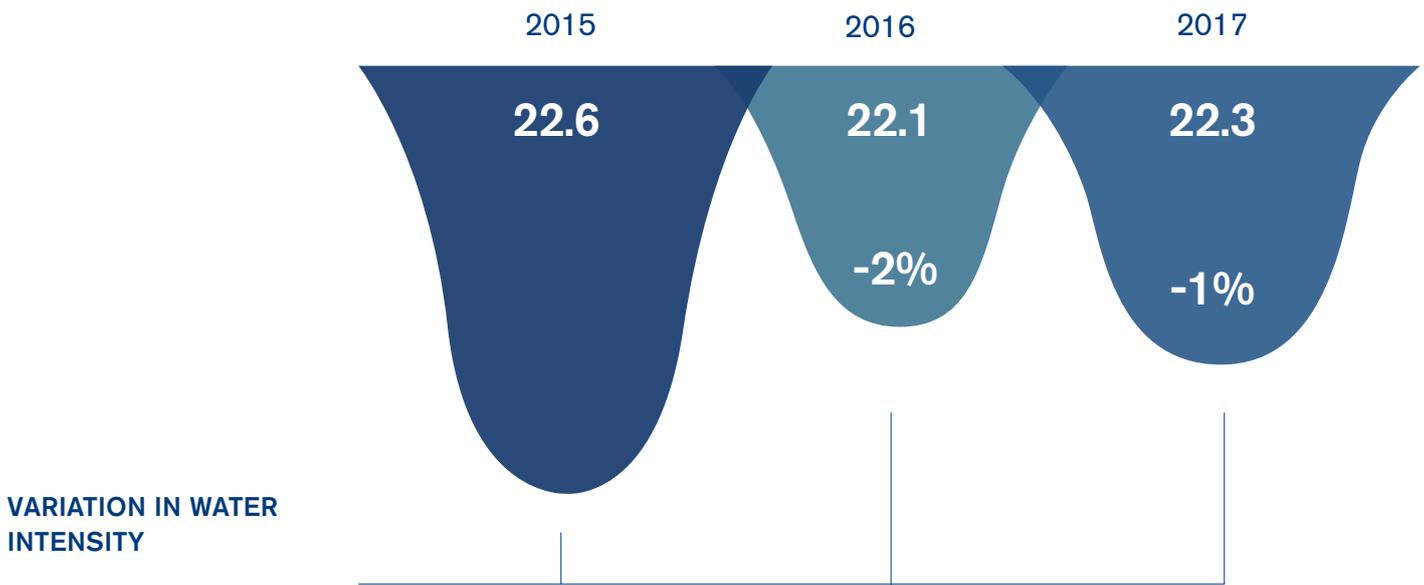
MANAGEMENT APPROACH AND RESULTS ACHIEVED

The Group has adopted systems that allow for careful management of water resources through timely monitoring of the quantities of water withdrawn and identification of technological and plant solutions that allow the reduction of consumption; water resources management also benefits from the reuse of condensed steam and waste water in multiple processing cycles. RDM Group has thus been able to reduce, over time, the use of water per ton of net saleable production.

CHANGE IN WATER INTENSITY PER TON OF NET SALEABLE PRODUCTION

All Group production units / 2015, 2016, 2017

Cubic metres per ton of net saleable production, percentage change



With a view to synergies with institutions and differing business and industrial players, RDM Group has joined the Alliance of Italian companies for water and climate change. Its objective here is to promote the development of certain strategic lines and instruments, as would be appropriate for the integrated, coherent management of water resources and adaptation to climate change.

MAIN OBJECTIVES FOR 2018

- Reduction by 9% of the water intensity compared to 2015
- Testing of new filtration systems to reduce the water consumption for the production processes

CLIMATE CHANGE AND ENVIRONMENTAL PROTECTION

5

- 5.1. Emissions of greenhouse gases and other pollutants
Reasons why it is a key factor
Management approach and results achieved
Main objectives for 2018
- 5.2. Water discharges and protection of habitats close to the mills
Reasons why it is a key factor
Management approach and results achieved
Main objectives for 2018
- 5.3. Protection of biodiversity and forest resources in the wood supply chain
Reasons why it is a key factor
Management approach and results achieved
Main objectives for 2018

5.1 EMISSIONS OF GREENHOUSE GASES AND OTHER POLLUTANTS

REASONS WHY IT IS A KEY FACTOR

The paper sector generates significant direct emissions of greenhouse gases. These come from the combustion of primary energy sources, a prevalent use of which is to produce the thermal energy needed to dry paper sheets during the production process.

Emissions of greenhouse gases contribute to climate change; and they generate costs and risks for companies in this sector, both direct and indirect.

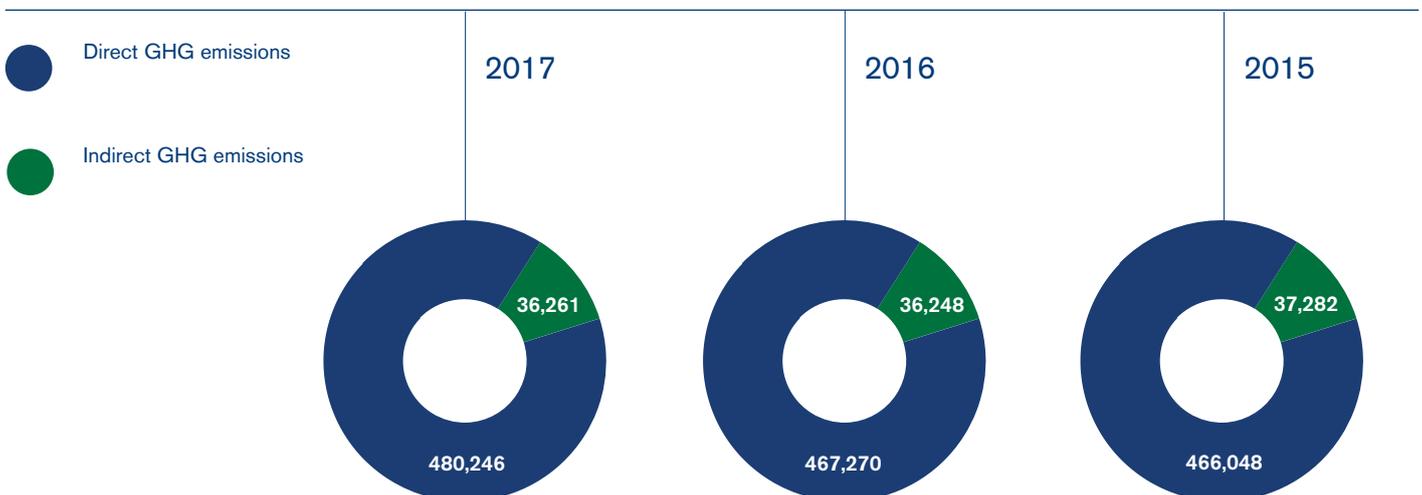
The direct costs include those related to the purchase of GHG emission offsets and the risk of regulatory non-compliance in the context of public mitigation policies. At European level, where a structural reform of the EU ETS emission trading system is under discussion, also consequently the entry into force of the Paris Agreement, it is expected that the most energy-intensive sectors, including wood pulp and paper production, will be required to reduce their emissions by 43% over 2005 levels. This will entail the application of stricter constraints as early as 2021.

The indirect costs and risks related to climate change depend on the greater frequency and severity of any natural catastrophic events, to which the mills or the supply chain are exposed; and also have implications for business continuity.

The effective reduction of greenhouse gas emissions in production processes through improved energy efficiency and the use of cleaner fuels could offer the Group certain economic benefits; and these might be capable of being translated, in turn, into a reduction in operating costs and risks.

TOTAL DIRECT AND ENERGY INDIRECT GREENHOUSE GAS EMISSIONS

All Group Companies / 2015, 2016, 2017, Emissions from the Company fleet are excluded as they are not materials based on the analysis performed. Gas included in the calculation: CO₂, CH₄, N₂O, HCFC. Biogenic emissions from the combustion of biomass: 118,069 t CO₂ in 2017; 124,132 t CO₂ in 2016, 121,853 t CO₂ in 2015. Sources of emission factors: Decree of 31 October 2012 of the French Republic; , UK Government GHG conversion factors for company reporting, AIB 2016 Residual mix results v 1.2. Indirect emissions calculated according to the "location based" approach.
Tons of CO₂ eq



+2,6%

increase of the direct and indirect emissions

+3%

increase of the net saleable production

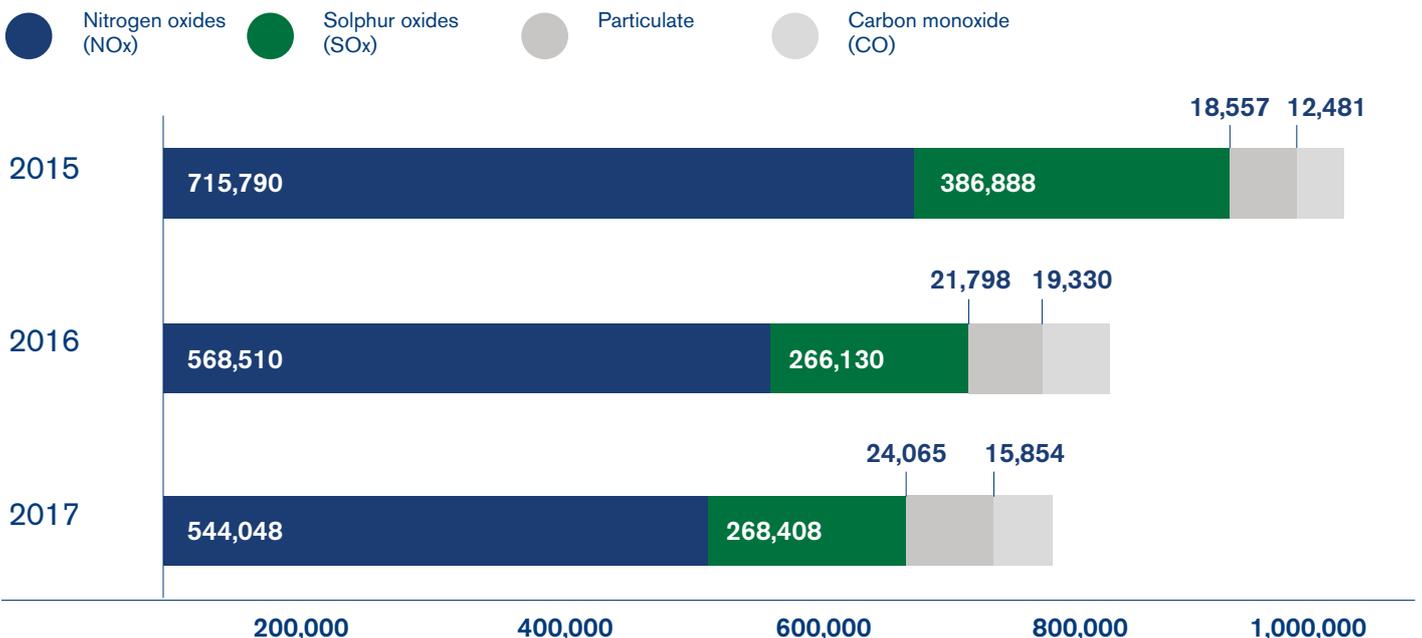
In addition to the emission of greenhouse gases, the combustion of primary energy sources also determines the dispersion of specific pollutants into the atmosphere; of these, the main ones are sulphur and nitrogen oxides, as well as particulate matter and carbon monoxide. Considering also their impact on human health, the closer the residential settlements are to the Group mills the more relevant is the effective implementation of policies for monitoring and limiting emissions.

With reference to this aspect, during the three year period in review two minor episodes have been reported by the Control Authorities where the limits for carbon monoxide emissions were exceeded at the Villa Santa Lucia mill and the limits for nitrogen oxides at the La Rochette mill. However, technical interventions previously planned to improve the environmental performances of the plant have eliminated the risk of the overrunning the emissions limits laid down by the legislations. In particular, the investments made in 2017 (total amount of over 6 millions Euro) for the energy redevelopment of the thermal power stations of the La Rochette and Santa Giustina mills have allowed a drastic reduction in emissions of nitrogen well below the permitted levels.

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

All Production Units / 2015, 2016, 2017

Kg, values calculated based on periodic specific measurements, with the following being known: the concentration detected during sampling, the mass flow and the operating time of the plant. For emissions generated by the combustion of biomass, emissions are calculated based on the quantity consumed and the benchmarks provided by the French authority for the annual reporting of polluting emissions and waste (GEREP). RDM Group mills do not emit persistent organic pollutants (POPs), volatile organic compounds (VOCs) or dangerous volatile substances (HAP).





MANAGEMENT APPROACH AND RESULTS ACHIEVED

To monitor the environmental impacts generated by the Group, including atmospheric emissions, in a structured way, an environmental management system has been implemented. This is based on the ISO:14001 standard, which is constantly updated and which is also subject to external verification by a third-party certification body in more than 50% of the Group's plants.

 **57%** of production units with a certified energy management system in compliance with the ISO: 14001 standard

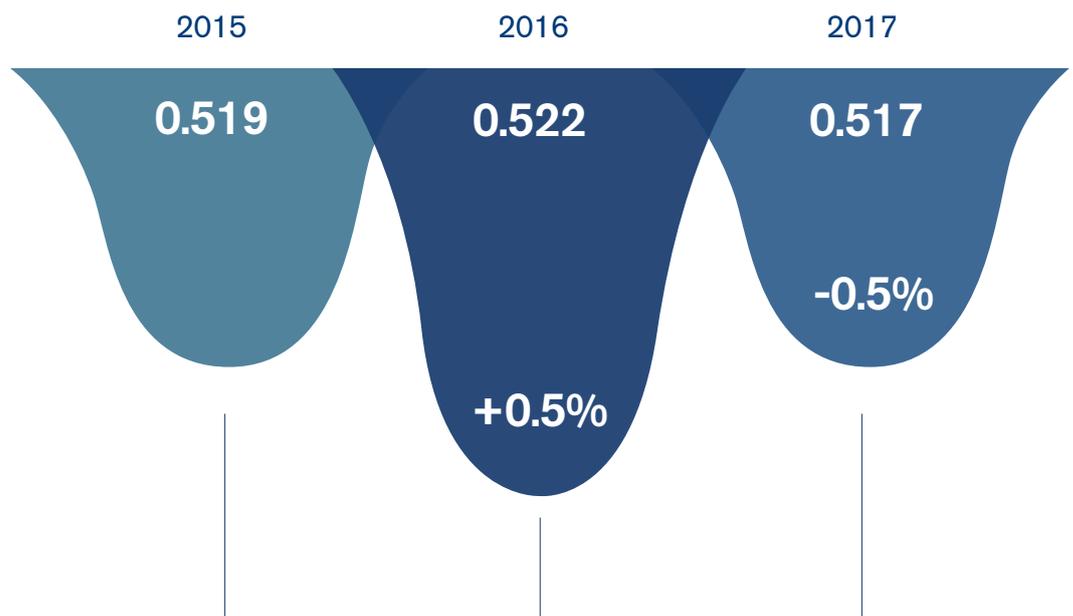
The timely monitoring of emissions, the development of a system of continuous improvement of energy efficiency, as well as regular environmental measures of emissions, have all enabled the Group over time to reduce its emissions of greenhouse gases and pollutants into the atmosphere per ton of net saleable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

Furthermore, by adhering to the EU ETS system, the Group offsets some of the greenhouse gas emissions it releases into the atmosphere by purchasing certificates that finance measures to reduce or contain emissions.

REDUCTION IN DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GASES

All Production Units / 2015, 2016, 2017

Tons of CO₂ equivalent per tonne of saleable net production, excluding the biogenic emissions from the combustion of biomass. Indirect emissions calculated according to the "location based" approach, percentage change.



VARIATION OF THE GHG EMISSIONS INTENSITY COMPARED TO 2015

MAIN OBJECTIVES FOR 2018

- Reduction by 11% of the GHG emissions intensity compared to 2015
- Study and development of measures to improve energy efficiency and review the energy supply mix at Arnsberg mill
- Increased use of alternative and renewable energy sources, including the enhancement of biomass energy production
- Development of projects for thermal recovery on gaseous and liquid effluents released into the atmosphere and in water bodies at the end of the production process

5.2 WATER DISCHARGES AND PROTECTION OF HABITATS CLOSE TO THE MILLS

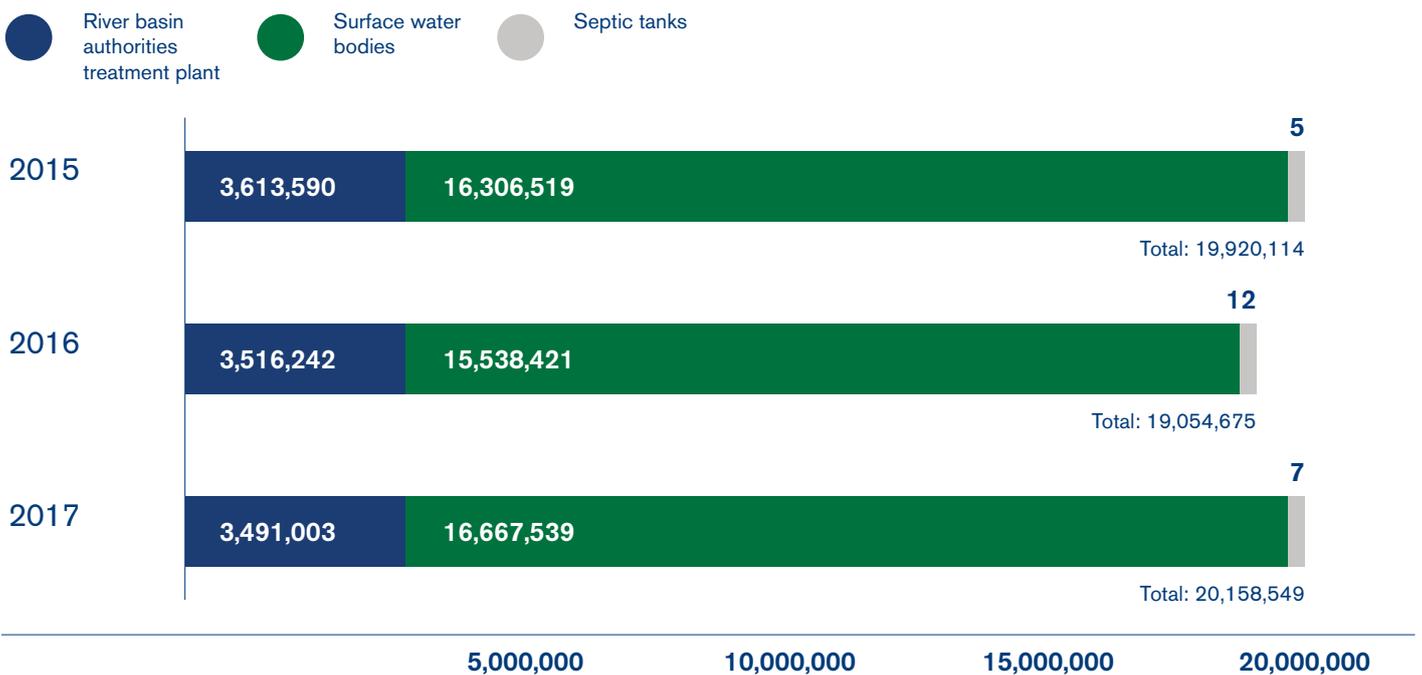
REASONS WHY IT IS A KEY FACTOR

The paper production generates discharges of process water, which mainly contains suspended solids, including fibres and constituents of wood, salts and organic pollutants. The implementation of the water reuse strategy in more production cycles firstly enables a reduction in water consumption and secondly, causes an increase in the concentration of impurities in the discharges. Effective waste water management thus takes on increasing importance when it comes to reducing the risk of contaminating the habitats surrounding the mills and the risk of failing to comply with legislation.

VOLUME OF WATER DISCHARGES

All Production Units / 2015, 2016, 2017

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 further treatment).



+1% increase of water discharge

+3% increase of the net saleable production

The use of chemical substances, greases and oil derivatives in production processes and plant maintenance can also pose a risk to the environment in the event of accidental spills.

In the last three years, across the entire Group, four minor accidental spills were recorded for an overall leakage of less than 15 cubic metres of liquids at La Rochette mill. In two cases, there was a spill of process water and in two cases, biological foams leached out from the water treatment plant. The nature of the spilled substances, their low volumes and the immediate containment actions taken prevented significant impact on the environment. In 2017, the spillage of 15 litres of gasoline for the breaking of a heavy vehicle tank of an external company was recorded in the Villa Santa Lucia plant. The immediate intervention of containment and cleaning of the mill yard exclude environmental damages.

The industrial processes carried out by the Group generate wastes, of whom as many as 99.8% are non-hazardous, since consisting of impurities present in the raw materials, such as plastics, glass, metals, and deinking and water treatment sludge. Due to their nature, waste disposal generated by RDM Group does not present particular concerns from an environmental point of view, but it tends to be an important cost item.

To manage some non-hazardous waste, the use of operational landfill sites within the Santa Giustina Bellunese and Villa Santa Lucia mills has been authorised. With reference to the latter site, two former employees of the Group have been sued in the Court of Frosinone for alleged irregularities in the administrative procedure for receiving the authorization for expanding a section of the landfill site.

MANAGEMENT APPROACH AND RESULTS ACHIEVED

In order to ensure effective protection of natural habitats in the areas where the Group's plants are located, thereby reducing the risks to the environment generated by discharges and industrial waste, an environmental management system has been implemented; this is continuously updated and has been developed based on the ISO: 14001 standard. For more than half of the Group's plants, it is also subject to external checks carried out by a third-party certification body.

57% of the production units with a certified environmental management system in compliance with ISO:14001



All mills are equipped with industrial waste water treatment plants. These use chemical-physical processes and aerobic digestion to reduce the content of diluted organic substances, thus rendering them suitable for re-emission in the environment or for channelling into plants managed by public water basins consortia for subsequent further treatment.

The water used in the plants' cooling systems, if not reused in production processes, are re-introduced into the environment. The Group is not aware of any reuse of waste water by other parties.

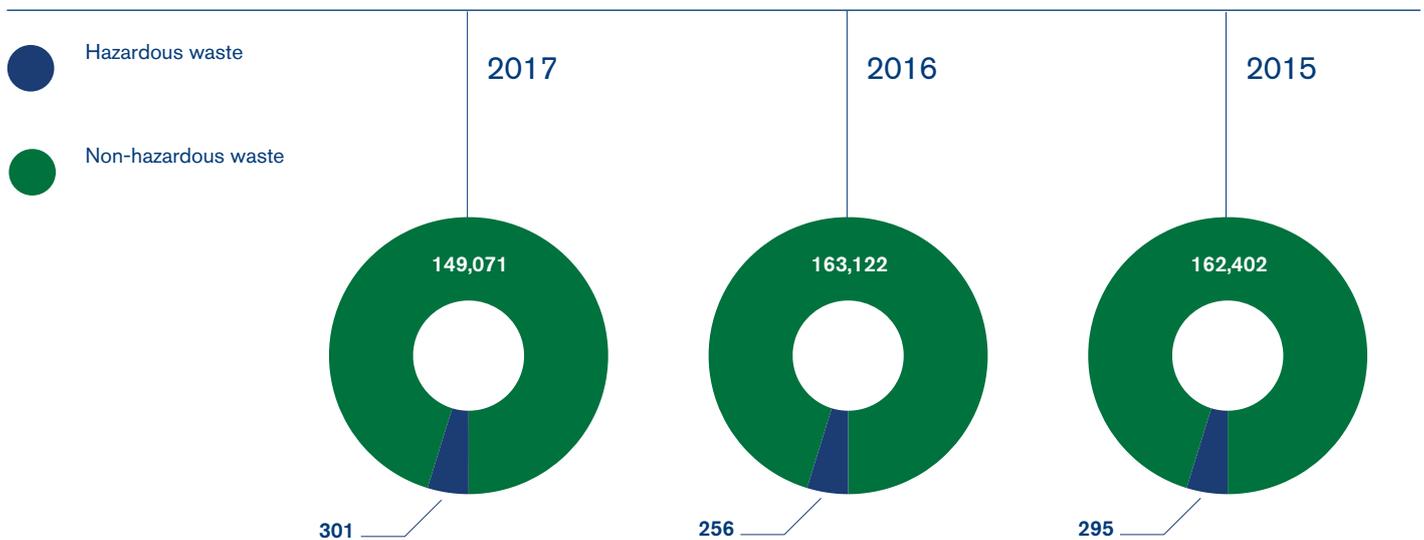
To minimize environmental risks related to the storage of chemicals, greases and other oil derivatives, these substances are stored in dedicated areas and are managed through specific procedures that guarantee the containment of any spills.

As regards waste management, the careful selection of raw materials for recovery during acceptance, prevents the entry into the production cycle of the materials with impurities and foreign bodies not meeting the quality requirements set by the Group. At the end of the production process, almost all non-hazardous waste is transferred to waste disposal companies, to be either recycled or stored in landfills. The main hazardous waste, which in 2017 did not exceed the total of 301 tons, is instead made up of chemical products and greases used for plant maintenance. These wastes were entrusted to external specialist companies for disposal.

WASTE BY TYPE

All Group production units / 2015, 2016, 2017

Tons



MAIN OBJECTIVES FOR 2018

- Completion of works for the collection and treatment of rainwater in the apron at the Santa Giustina mill
- Experimentation of new equipment that is able to enhance the extraction of fibres from the raw materials with a consequent reduction in waste sent to landfills
- Testing of new technologies and protocols for coring secondary raw materials, to select the best quality fractions

5.3 PROTECTION OF BIODIVERSITY AND FOREST RESOURCES IN THE WOOD SUPPLY CHAIN

REASONS WHY IT IS A KEY FACTOR

Although RDM Group carton board production is based on more than 80% of recycled fibres, every year we buy on average over 260,000 tons of virgin fibres of forest origin, wood and derivatives for the manufacturing of the products; these items are also used in the form of biomass to meet some of the energy demand.

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.

MANAGEMENT APPROACH AND RESULTS ACHIEVED

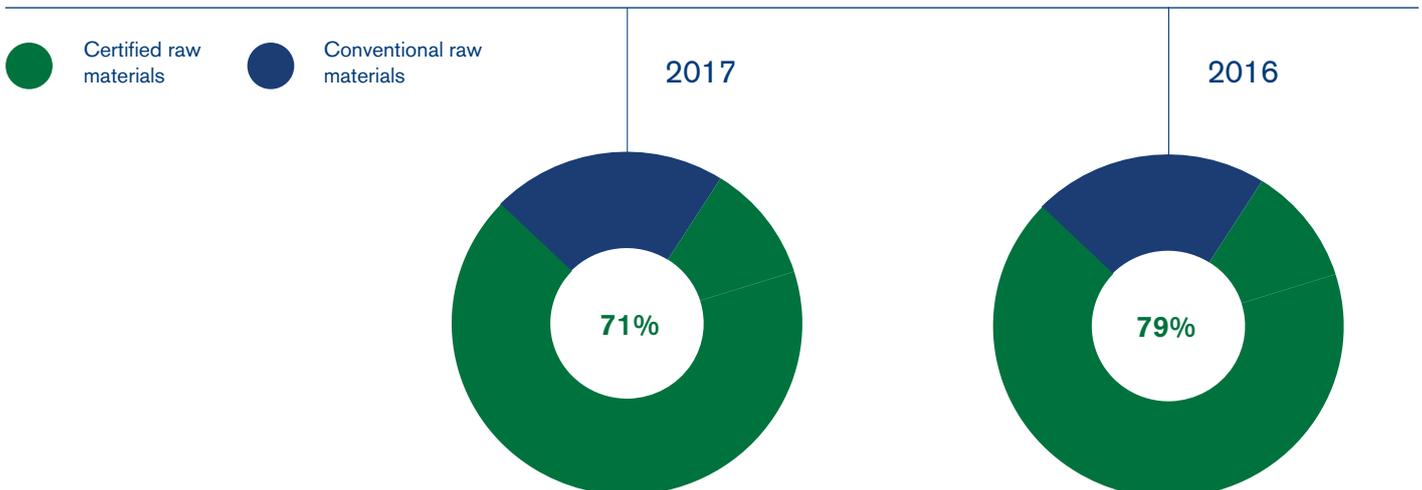
RDM Group involves its suppliers of forest products into a specific qualification process; and in doing so, prefers the purchase of FSC® or PEFC™ certified raw materials.

For virgin fibres of plant origin, a Policy has been adopted that provides for the exclusive purchase of raw materials certified according to schemes that guarantee provenance from monitored, sustainable supply chains.

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

All Group production units / 2016, 2017

Tons purchased, Percentage over the total in the centre of the chart





In order to enhance the guarantee of 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 the customers products certified according to these standards.

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

MAIN OBJECTIVES FOR 2018

- Maintenance of existing certifications schemes
- 100% of wood pulp purchases certified according to the international standards FSC[®], PEFC[™], FSC Controlled Wood[®]

HUMAN RIGHTS AND QUALITY OF WORK

6

- 6.1. Safe working environment and health promotion
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018
- 6.2. Demographic changes and enhancement of diversity
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018
- 6.3. Availability of talents and critical skills
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018
- 6.4. Dialogue with trade union representatives and employee engagement
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018

6.1 SAFE WORKING ENVIRONMENT AND HEALTH PROMOTION

REASONS WHY IT IS A KEY FACTOR

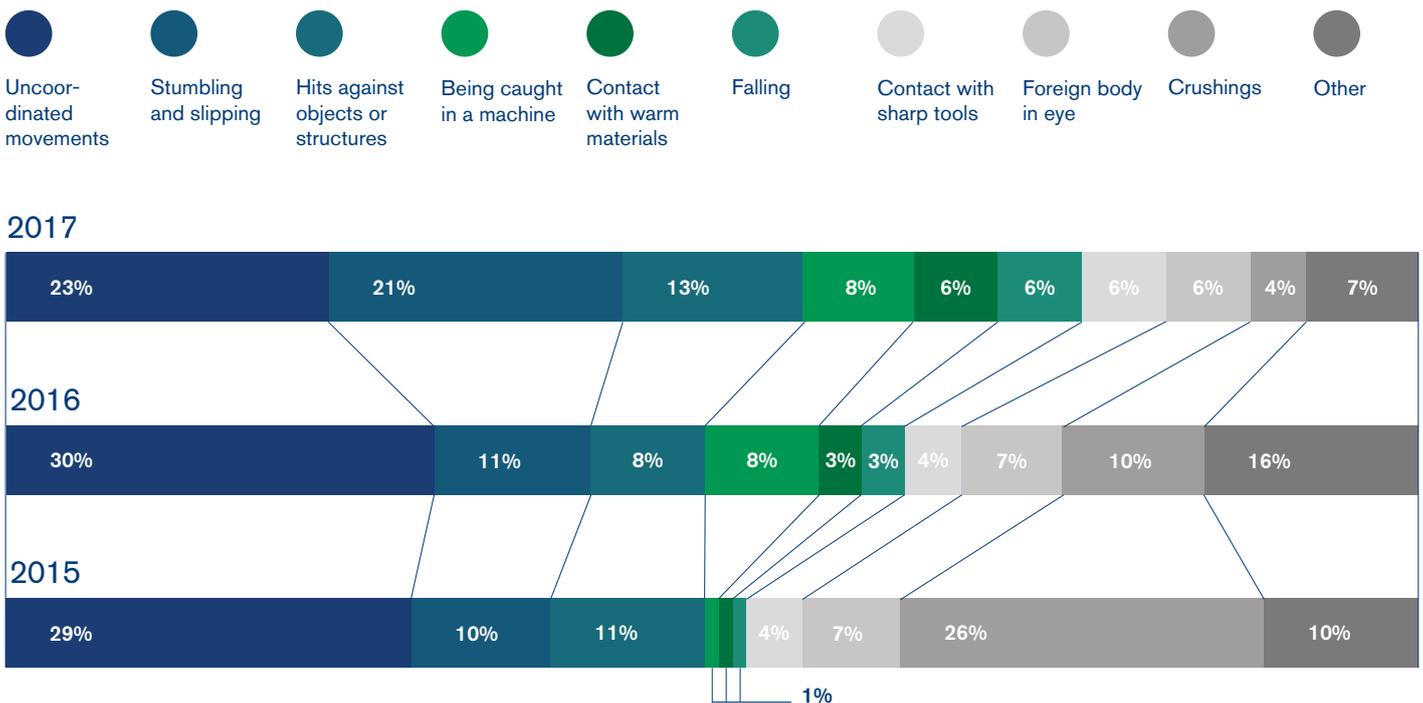
The industrial processes in a paper mill can present significant risks for those working inside the plant; this is due to the complexity of the machines being operated, the organisation of production on a 24/7 rolling basis and the conditions of temperatures and humidity in the production departments.

The most common risks in the RDM Group work environment include stumbling or slipping, uncoordinated movements and collisions with structures or objects.

ACCIDENTS OF RDM GROUP PEOPLE FOR DYNAMICS

All Group Companies / 2015, 2016, 2017

Percentage over the total number of accidents



In 2017, there were 4.4 accidents relating to RDM Group personnel for every 200,000 hours of work (they were 6.3 in 2015) and 5.0 episodes for every 200,000 hours of work involving temporary workers and trainees (they were 6.5 in 2016), resulting in an average absence of about one month each. Over half of the accidents had behavioural causes, including inattention and non-compliance with procedures.

There is a higher exposure of male workers due to their greater presence in production departments, which are notoriously higher risk environments. From a geographical point of view, there is a higher incidence of accidents at French mills.

FREQUENCY AND SEVERITY OF THE ACCIDENTS OF RDM GROUP PEOPLE AND OF COLLABORATORS, BY GENDER

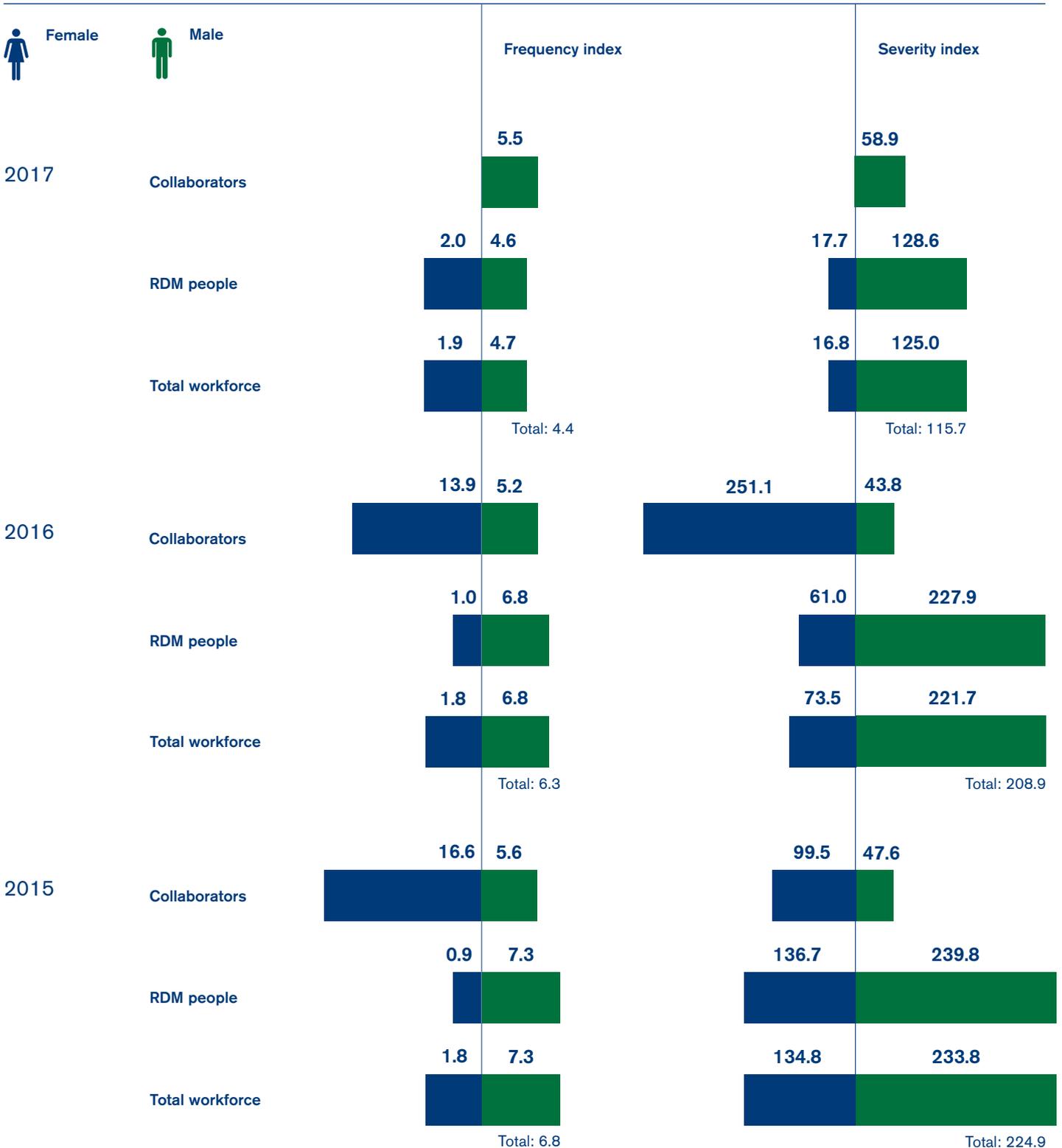
All Group Companies / 2015, 2016, 2017, with the sole exclusion for 2015 of the data relating to collaborators of the Santa Giustina factory, because information on hours worked is not available; in 2015 there were no accidents involving collaborators in Santa Giustina.

OHSAS calculation methodology

FR: ratio between number of accidents and hours worked, multiplied by 200,000.

SR: ratio between number of lost days due to accidents and hours worked, multiplied by 200,000.

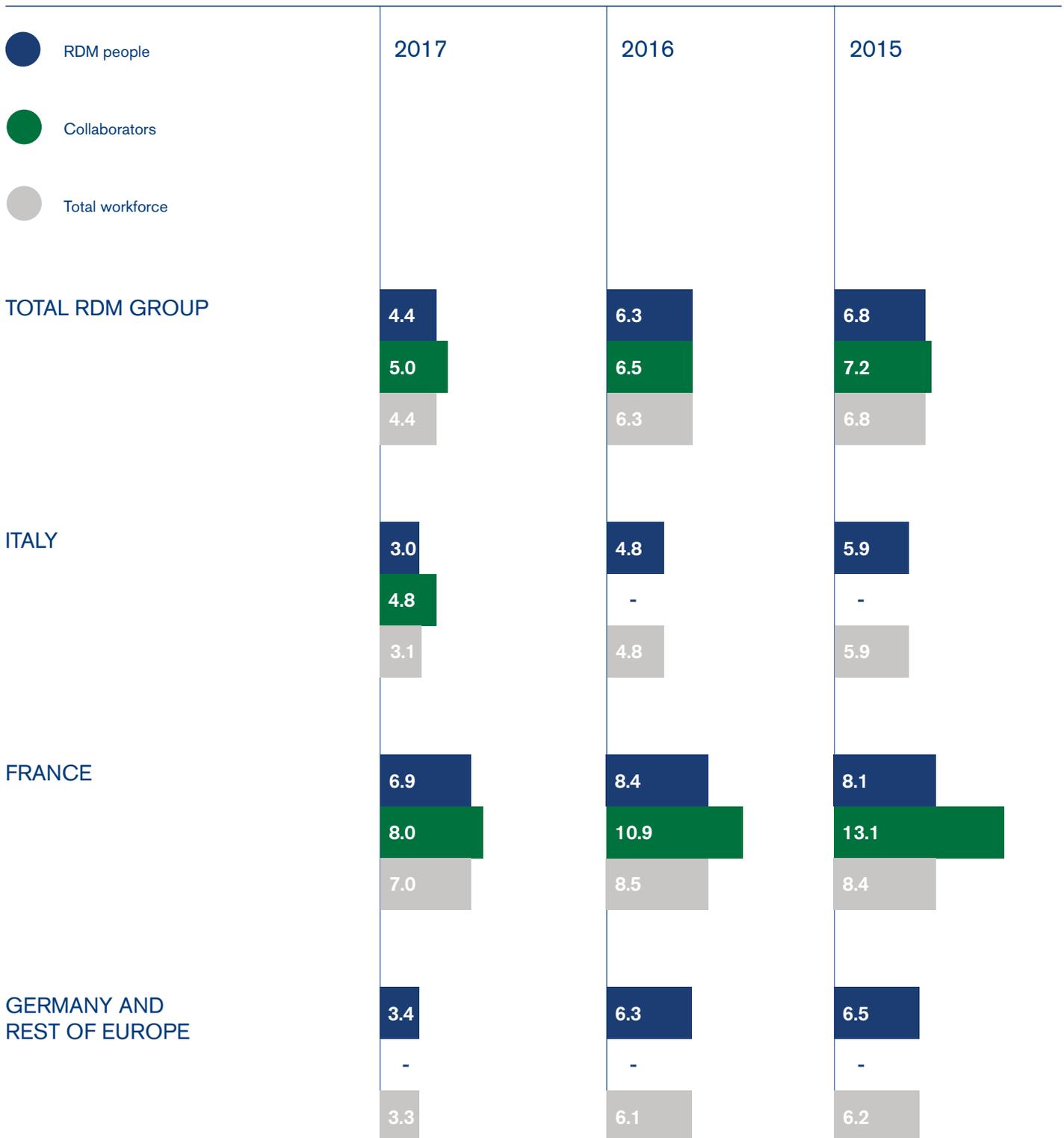
Accidents on the way to work, first aid and relapses are excluded. When calculating the severity index, calendar days are considered lost due to the accident, excluding the day of the event.



FREQUENCY OF THE ACCIDENTS OF RDM GROUP PERSONNEL AND COLLABORATORS, BY GEOGRAPHICAL AREA

All Group Companies / 2015, 2016, 2017, with the sole exclusion for 2015 of the data relating to collaborators of the Santa Giustina factory, because information on hours worked is not available; in 2015 there were no accidents involving collaborators in Santa Giustina.

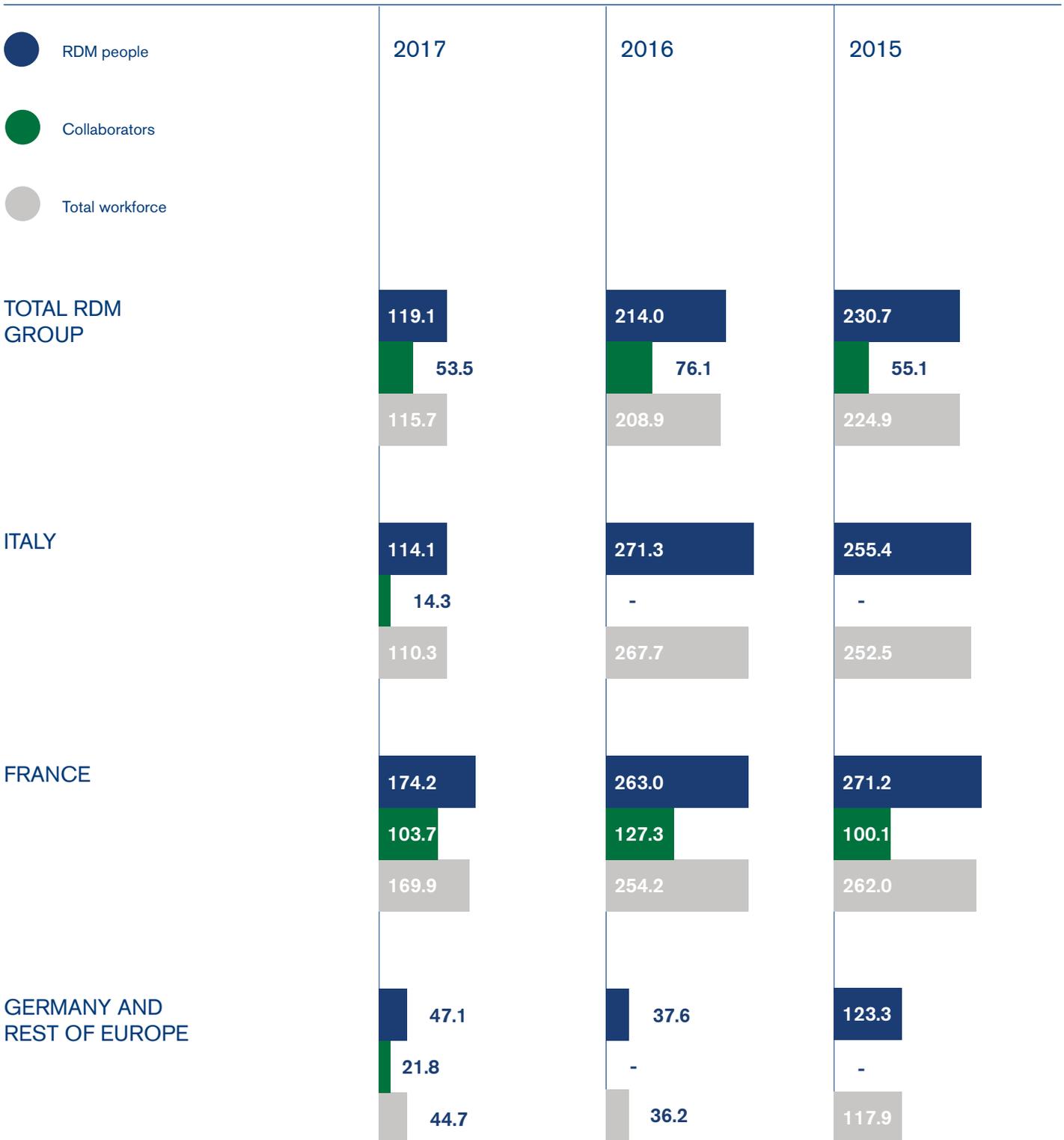
OHSAS calculation methodology: FR - ratio between number of accidents and hours worked, multiplied by 200,000.



SEVERITY OF ACCIDENTS OF RDM PERSONNEL AND COLLABORATORS, BY GEOGRAPHICAL AREA

All Group Companies / 2015, 2016, 2017, with the sole exclusion for 2015 of the data relating to employees of the Santa Giustina factory, because information on hours worked is not available; in 2015 there were no accidents involving collaborators in Santa Giustina.

OHSAS calculation methodology SR: ratio between number of lost days due to accidents and hours worked, multiplied by 200,000.



There is an average rate of occupational diseases for male workers at RDM Group of 0.006 cases for every 1,000 hours worked (0.009 in 2016); this is a clear reduction over 2015, when there were 0.01 cases for every 1,000 hours worked. There is a higher incidence of cases in Germany, where the rate in 2017 for male workers is 0.01 cases per 1,000 hours worked and a value of 0.03 in 2016. There were no cases of occupational illness for women in 2017 and 2016, while there was only one case in 2015.

Although no fatal accidents occurred in the three years involving employees, temporary workers or trainees at the Group, exception for the death in 2016 of a driver of an external transport company on the apron at the Santa Giustina mill, and despite the fact that accident rates at RDM Group are constantly being reduced, injuries can still lead to penalties and reputational damage; in addition to any human cost, they may also have a negative effect on morale and productivity. In this regard, mention is made of the Group being sued for an accident that occurred in the Magenta cutting centre in 2015.

Therefore, the development of a culture of prevention and safety in every business process assumes key importance, as does the efficient functioning of effective policies to promote health and safety in the workplace.

MANAGEMENT APPROACH AND RESULTS ACHIEVED

As part of the RDM Group “Zero Accidents” policy, together with the development of effective systems and processes to manage the health and safety of workers, the Group promotes widespread accountability and the creation of a culture of risk and accident prevention at all levels; whereby the aim is to reduce the likelihood that any dangerous situations will occur in the future. This is a culture that encourages collaboration between workers, contractors and management, in order to safeguard the safety and well-being of everyone.

The management of major organizational and operational factors in workers’ health and safety is regulated by specific manuals and procedures, based on the OHSAS:18001 standard; these voluntarily subjected to periodic external control processes by independent third-party bodies

 **43%** of production units with a certified health and safety management system in compliance with the ISO:18001 standard

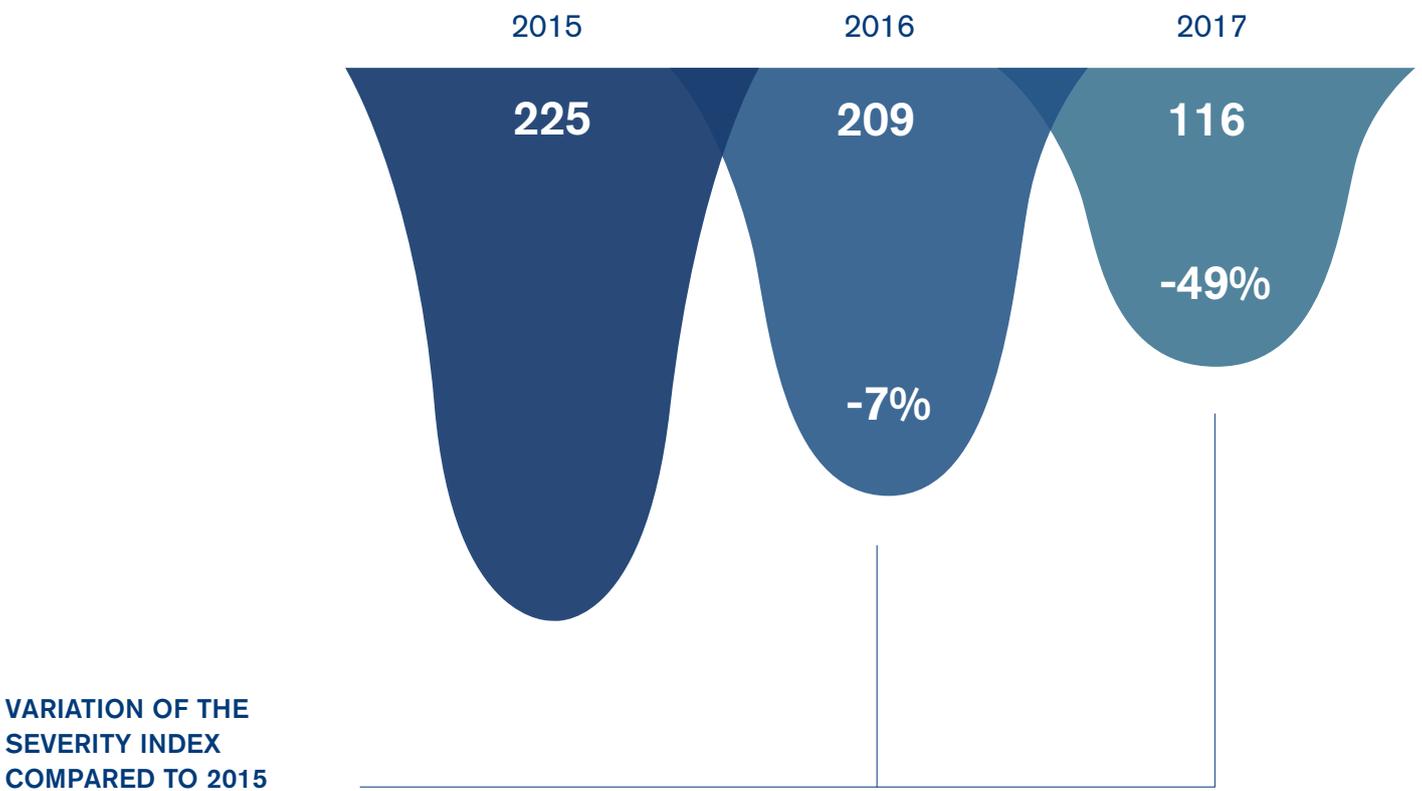
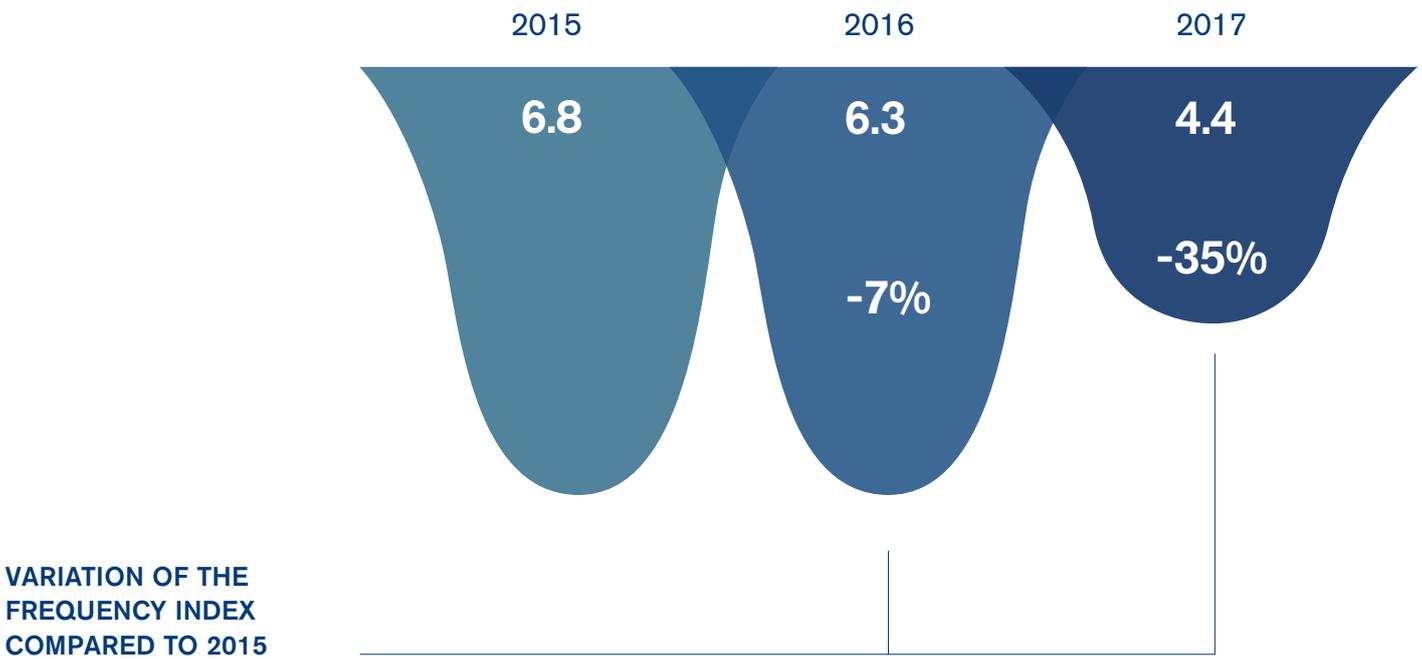
The effective implementation of the risk analysis and accident prevention system, as well as the enhancement of tools for knowledge and best practices sharing between mills, also through the creation of a unified work team at Group level, has enabled the reduction over time in the frequency and severity of accidents per worked hour.



REDUCTION IN THE FREQUENCY AND SEVERITY RATE

All Group Companies / 2015, 2016, 2017

OHSAS calculation methodology including RDM Group personnel and collaborators, percentage change



MAIN OBJECTIVES FOR 2018

- Reduction by 50% of the frequency of the accidents compared to 2015
- Reduction by 45% of the severity of the accidents compared to 2015
- Continuation of asbestos removal programmes
- Development of health promotion programs in the Company

6.2 DEMOGRAPHIC CHANGES AND ENHANCEMENT OF DIVERSITY

REASONS WHY IT IS A KEY FACTOR

Faced with an average age in the Group of over 40 years and pension reforms that are pushing back retirement age and consequently, average seniority in the Group, it is essential to devise ways of supporting senior staff to maintain an active role active in the Company and in its development. Personnel more experienced play a key role in maintaining and passing on the values and the Company's modus operandi to new workers.

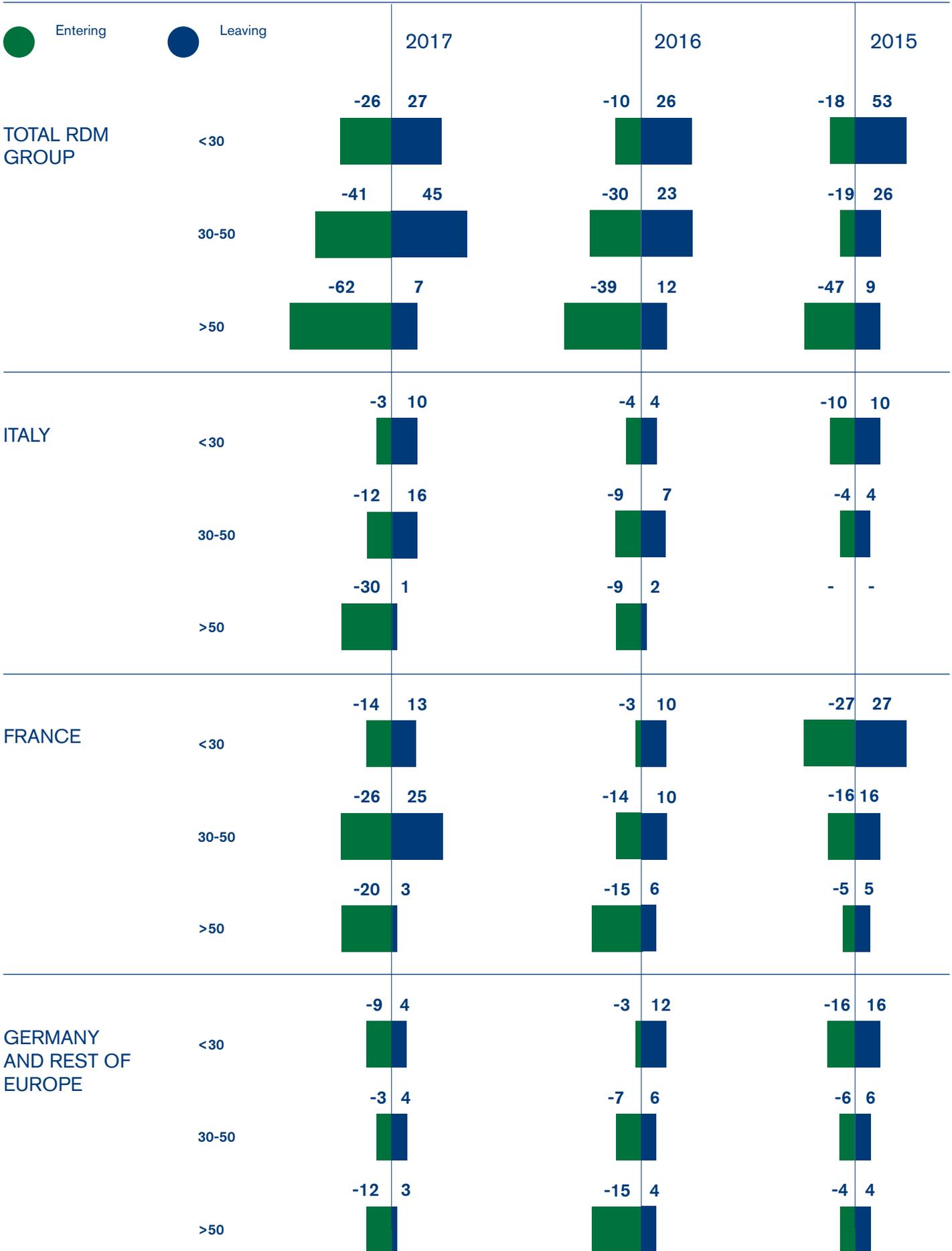
At the same time, the process of generational change, involving the recruitment of young people (in the last three years alone, about 100 persons aged under 30 years have joined the Group), requires just as much attention. It is very important that between generations with behaviours that may differ from each other to an extreme degree - think of the diversity in the relational and working styles of "Baby Boomers", born between 1945 and 1964, and "Millennials", born between 1980 and 2004 - the basic conditions for effective information exchange and comparison are created.



RDM GROUP PEOPLE ENTERING AND LEAVING THE GROUP BY GENDER AND AGE GROUP

All Group Companies / 2015, 2016, 2017

Number



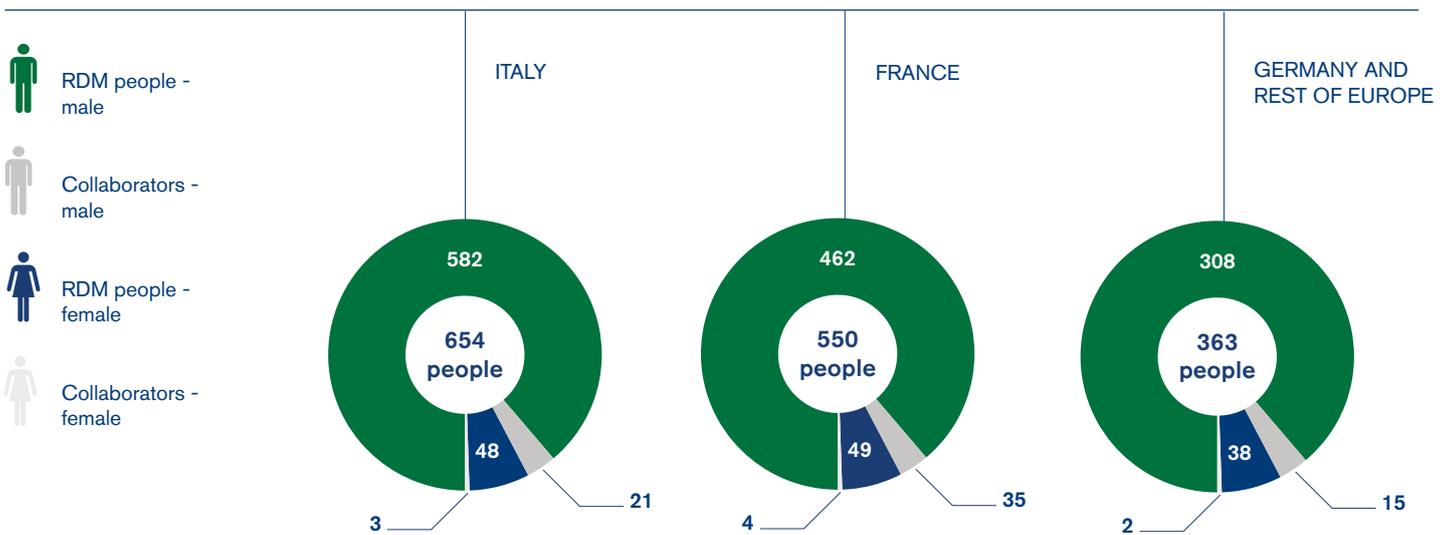
RDM Group's international dimensions mean that the Group has production units and sales offices in eight European countries. Thus, it operates in territories and contexts with languages, traditions and customs that are very different from one another.

Given the recent acceleration of the process of integration between the various Group companies, which creates an ever more pronounced impulse to exchange, compare and share experiences and good practices between colleagues across Europe, a key factor for success is a shared attitude that values diversity and mutual respect. This favours an environment in which everyone's point of view and individuality are taken into consideration and where everyone can feel an integral part of the identity of RDM Group.

GEOGRAPHICAL DISTRIBUTION OF RDM PEOPLE AND COLLABORATORS

All Group Companies / 2015, 2016, 2017

Number, total in the centre of the chart



The type of activity and the physically demanding working conditions of a paper mill, the interpretation of the role and of gender identity in the socio-cultural contexts in which the Group is present and organisation of continuously cycling operations with night shifts give the Group a high concentration of male staff, which accounts for over 87 percent of the Company's staff in the mills.

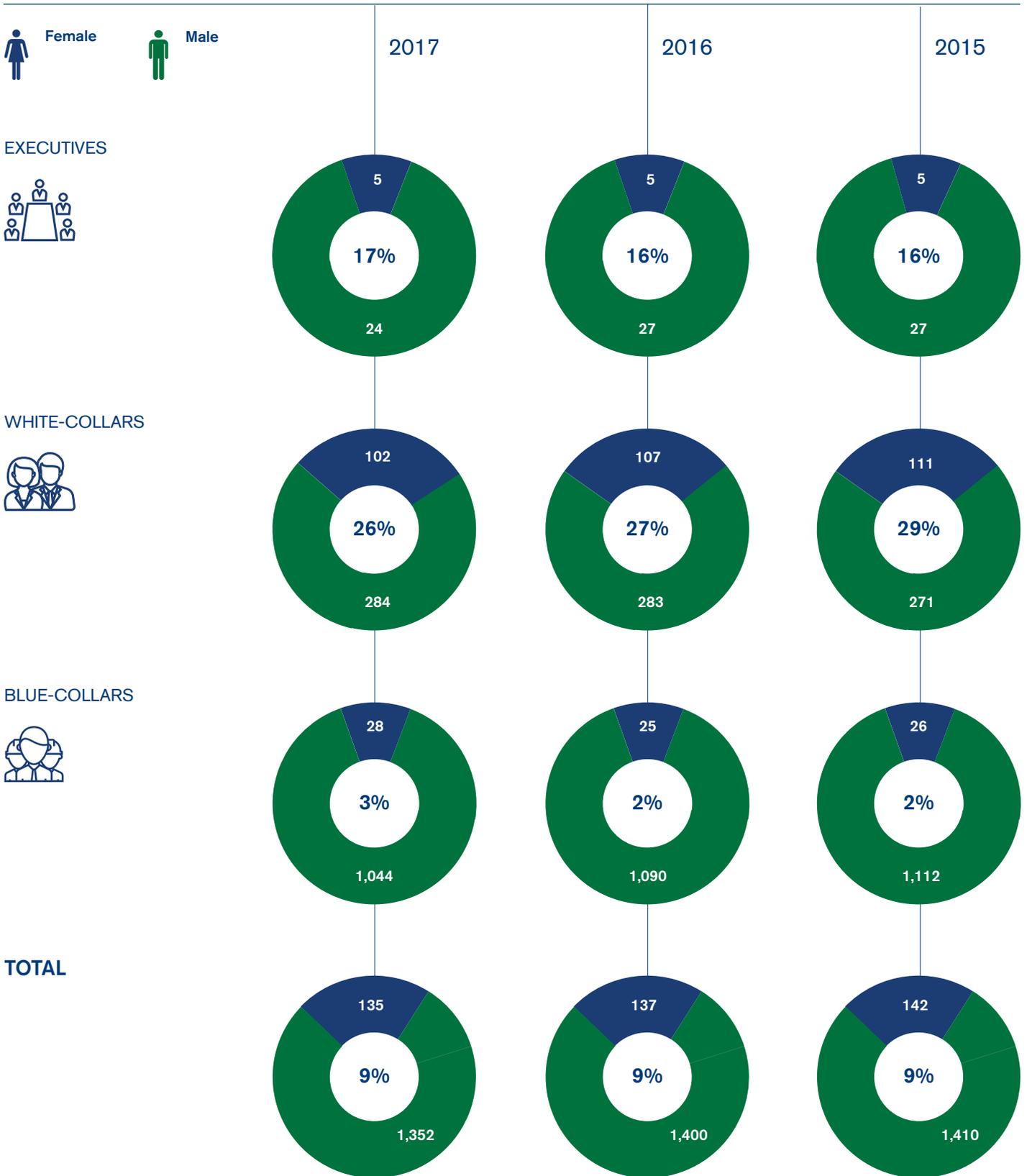
Among the Group's workers (RDM Group personnel and collaborators), 3.4% are people with disabilities.

RDM STAFF BY EMPLOYEE CATEGORY AND GENDER

All Group Companies, 2017

Number.

Percentage of women in the centre of the chart



MANAGEMENT APPROACH AND RESULTS ACHIEVED

As stipulated by the Group's Code of Ethics, personnel recruitment, management and development processes are based on the promotion of equal opportunities and non-discrimination based on personal considerations, including nationality, gender, age or religion. In this regard, during the three year period in review no cases of discrimination or insults to the dignity and rights of the person involving employees or collaborators of RDM Group were brought to the attention of the Group.

With a view to active policies for the enhancement of diversity, the Group promotes opportunities for exchange between colleagues employed in the various countries in which it is present; whereby it offers tools that facilitate cultural comparison, including through linguistic training.

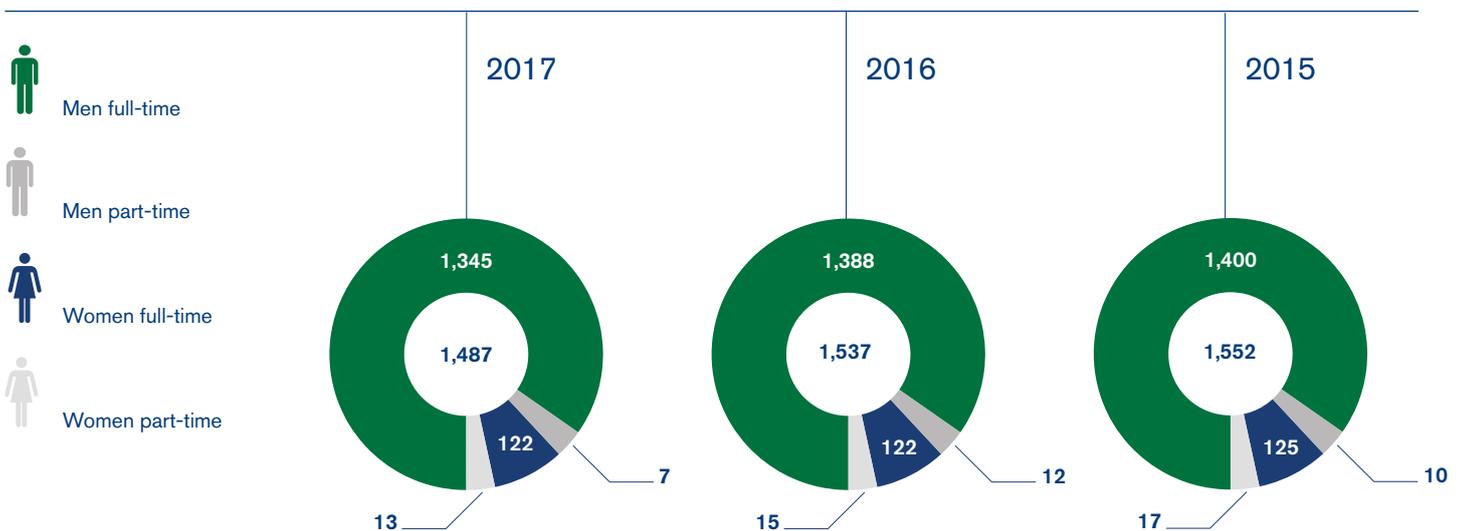
For intergenerational integration, the Group is experimenting with collaborative solutions between workers of different ages and company. These offer mentoring for the purpose of transferring skills and know-how from senior workers to their younger counterparts; and there are also certain types of reverse mentoring, whereby younger workers support older ones by helping them to develop digital skills.

To develop an inclusive working environment, facilitate the attraction of qualified personnel and reduce personnel turnover rate, especially of female personnel after parental leave, flexible working and work-life balance arrangements have been experimenting. In addition, part-time work packages are planned; whereby during the three-year period, an average of 24 persons, of whom 61% are women, have joined these schemes.

RDM PEOPLE BENEFITTING FROM PART-TIME SCHEMES, BY GENDER

All Group Companies / 2015, 2016, 2017

Number



MAIN OBJECTIVES FOR 2018

- Evaluation of the strengthening of work-life balance and flexible solutions
- Continuation of programs of mentoring and intergenerational integration
- Attention to selection and development processes designed to enhance the value of female talents

6.3 AVAILABILITY OF TALENTS AND CRITICAL SKILLS

REASONS WHY IT IS A KEY FACTOR

The know-how of paper technicians working at RDM Group constitutes a critical element in the Group's operations and in ensuring the quality and efficiency standards required by the customers.

Thanks to low personnel turnover and the high seniority in role of many Company personnel, which reaches 16 years' experience in the mills, the Group has a strategic heritage of skills that would be difficult to obtain in any other way; given the limited availability of vocational courses specific to the paper sector and the location of some plants in mountainous areas with risk of loss of skilled labour.

For this reason, it is essential to have processes and systems in place that develop and effectively protect know-how and knowledge, often hidden, that constitute one of the Group's main intangible assets.

MANAGEMENT APPROACH AND RESULTS ACHIEVED

RDM Group knowledge and strategic know-how have been codified in the Group's manuals and operating procedures.

Training and informal sharing of experiences are promoted for employees with less seniority and between work teams, especially at the beginning of shifts.

In addition to informal learning tools, specific training measures are also planned to ensure a differentiated offering, aimed at involving all the Group's professional families. On average, in 2017, each RDM Group worker received approximately 12.4 hours of training, with this having been increased significantly over the past two years (+39% in 2017 and + 28% in 2016, compared to 2015 levels).

2 mio
Euros, approx.

overall, over the last three years, approximately
have been invested in training activities

AVERAGE HOURS OF TRAINING BY GENDER

All Group Companies. RDM Group personnel / 2015, 2016, 2017

Number of hours



AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY

All Group Companies RDM Group personnel / 2015, 2016, 2017

Number of hours



To promote the development and dissemination of skills and know-how on the product and on paper technologies, RDM Group supports the Association for the Training of Papermaking Technicians. This promotes initiatives aimed at the professional training and technical and cultural enrichment of workers in the paper sector, including by offering grants and scholarships for this purpose.

MAIN OBJECTIVES FOR 2018

- Enhancement of knowledge sharing tools designed to strengthen synergies and productivity
- Increase in average training hours per employee
- Strengthening of staff involved in formal performance assessment mechanisms
- Expansion of the talent mapping process and identification of potential high-flyers

6.4. DIALOGUE WITH TRADE UNION REPRESENTATIVES AND EMPLOYEE ENGAGEMENT

REASONS WHY IT IS A KEY FACTOR

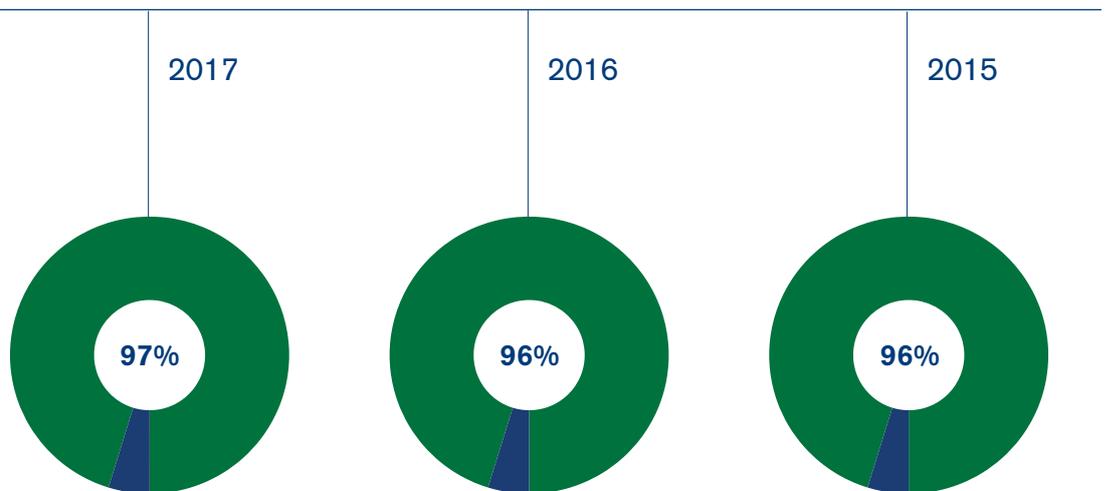
In the last decades the European paper industry has undergone a phase of major change, involving deep reorganisation and the downsizing of manufacturing facilities. For the effective management of these processes, it is crucial to ensure transparency and to create conditions that encourage the involvement of people, especially where there is some impact on the maintenance of employment levels.

In this regard, the comparison with the trade union representatives plays a key role, with which the most essential aspects of the employment relationship are defined and with which the most suitable solutions are identified, so as to limit any negative social repercussions of the reorganization processes.

SHARE OF RDM PERSONNEL COVERED BY COLLECTIVE BARGAINING AGREEMENTS

All Group Companies / 2015, 2016, 2017

Percentage over the total in the centre of the chart



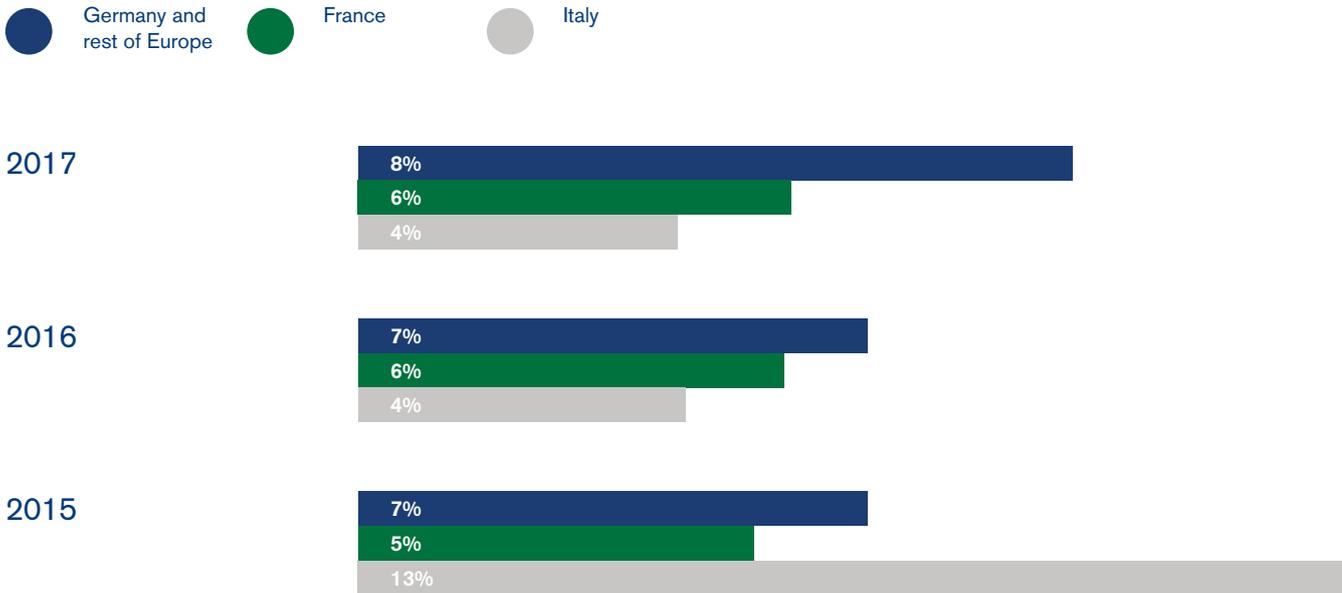
The ability to ensure adequate staff participation in company life and in its transformations translates into an improvement in the climate and overall morale of the Company, as well as a reinforcement of individual motivation; there is positive impact also on productivity.

The Group constantly monitors and analyses the rate of absenteeism, which is an indirect indicator, not only of any resulting costs but also of organizational well-being.

ABSENTEEISM

All Group Companies / 2015, 2016, 2017

Percentage of hours of absence (RDM Group personnel) in the period due to illness, accidents or other forms of incapacity, excluding authorised absences, such as holidays, study, maternity / paternity / compassionate leave



MANAGEMENT APPROACH AND RESULTS ACHIEVED

To promote the sense of belonging and the motivation of staff, a stable collaboration perspective is offered to those who work with the Group. Within the Group, more than 97% of the employees are hired on permanent contracts.

To facilitate the involvement of RDM Group personnel in this phase of change and deep innovation now being undergone by the Group, local meetings are held with management to share the Group's Vision, Values and strategy, as well as results achieved. This takes place as part of a programme for boosting internal communications by means of newsletters and news disseminated on monitors and bulletin boards across a given plant.

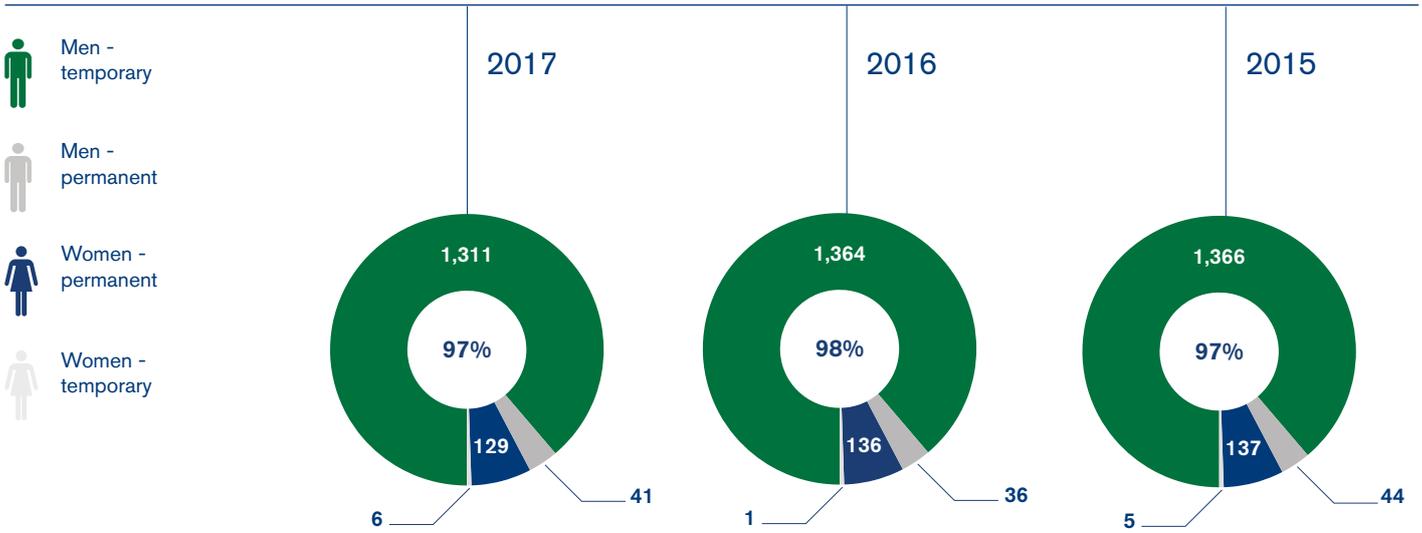
RDM Group has also developed certain mechanisms designed to facilitate and enhance the sharing of ideas and suggestions for the continuous improvement of Company performance; this being through the installation of systems open to all staff for the collection and systematic analysis of suggestions, the creation of improvement groups as well as competitions of ideas. In some cases, this includes offering rewards for the most innovative contributions. In addition to enabling the improvement of Company performance, these tools are sound levers for strengthening the spirit of collaboration and general sense of belonging to the Group.

During significant organisational changes, consultation processes with workers' representatives are instituted promptly, thereby encouraging the latter's involvement in the design of new structures. Agreements derived from union bargaining or national laws set certain minimum notice periods. These range from one to sixteen weeks, depending on the country in which the Group operates.

PERMANENT AND TEMPORARY RDM GROUP PEOPLE; BY GENDER

All Group Companies / 2015, 2016, 2017

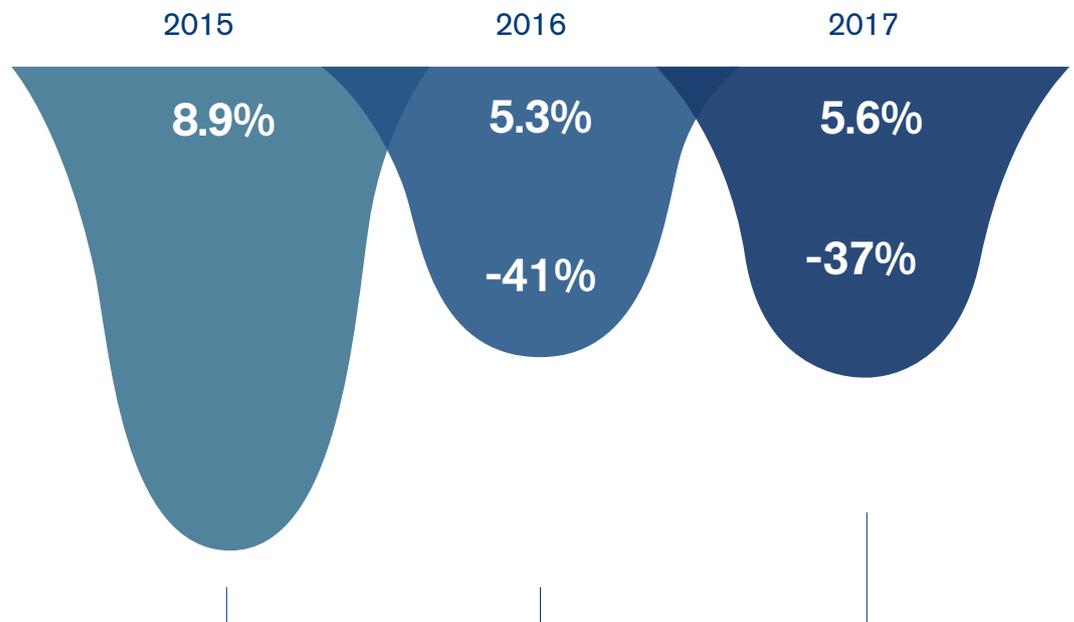
Number and permanent staff as a percentage of the total at the centre of the chart



REDUCTION IN ABSENTEEISM

All Group Companies / 2015, 2016, 2017

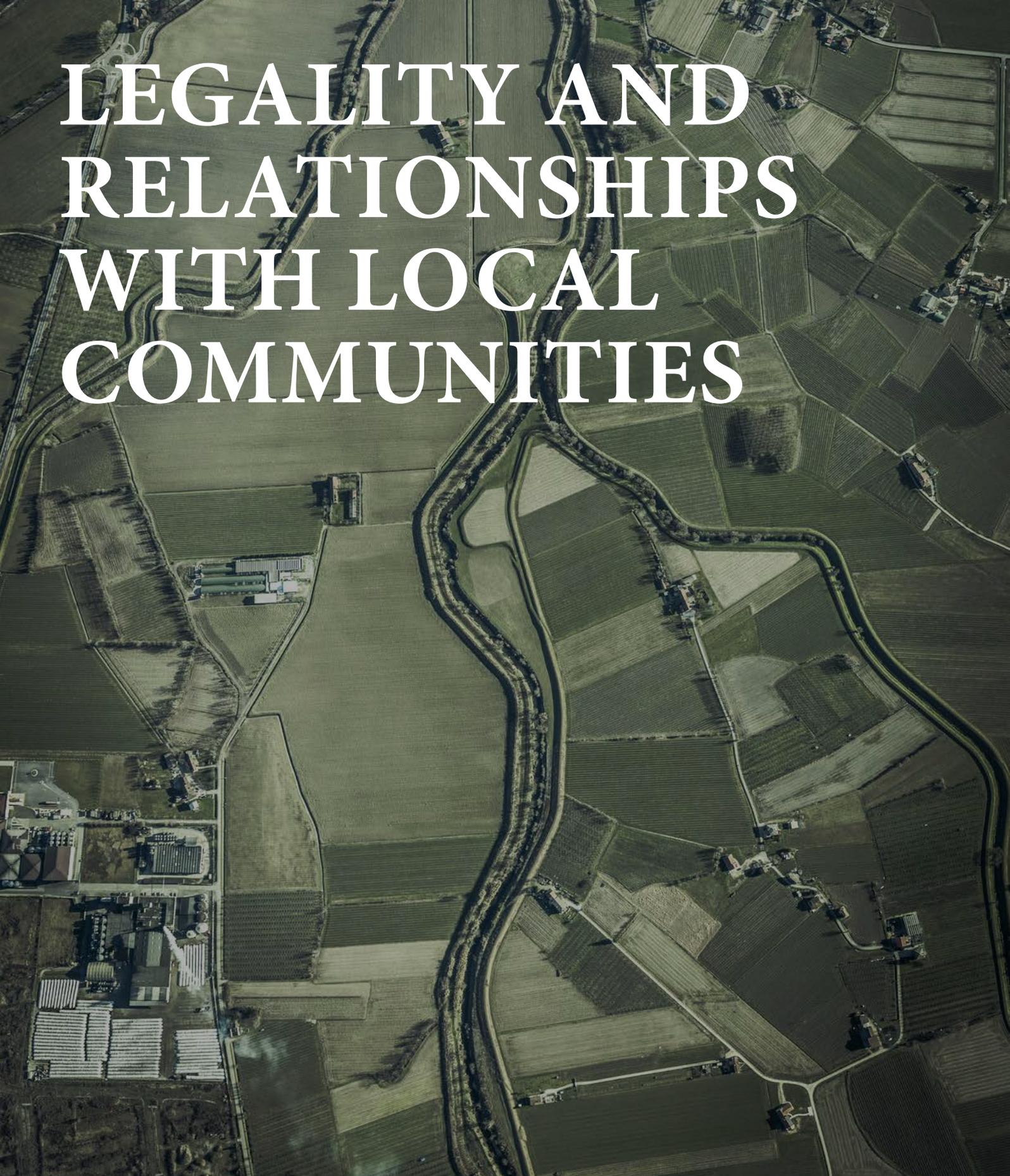
Hours of absence due to absenteeism as a percentage of total hours worked (RDM Group personnel). Percentage change



VARIATION OF
ABSENTEEISM RATE
COMPARED TO 2015

MAIN OBJECTIVES FOR 2018

- Implementation of a People Survey, the purpose of which is twofold: first, to determine the level of staff satisfaction and the general sense of belonging to the Group and second, to ascertain the needs and expectations of staff towards the Company
- Strengthening the sense of belonging to the Group by further boosting internal communication activities and enhancing proactive attitudes when it comes to contributing to innovation and change processes
- Reduction by 15% of the absenteeism rate compared to 2017



LEGALITY AND RELATIONSHIPS WITH LOCAL COMMUNITIES

7

- 7.1. Integrity in business conduct and anti-corruption
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018
- 7.2. Responsible supply chain relationships
 - Reasons why it is a key factor
 - Management approach and results achieved
 - Main objectives for 2018

7.1. INTEGRITY IN BUSINESS CONDUCT AND ANTI-CORRUPTION

REASONS WHY IT IS A KEY FACTOR

The growth of the Group is also a development factor in the communities in which RDM Group participates, because it allows employment opportunities and professional qualifications to be offered, strengthens businesses in the supply chain and contributes to public authorities' budgets through tax revenue.

If the Group contributes to the socio-economic well-being of the communities in which it is present, accordingly, RDM Group can only grow thanks to the contribution of reliable partners that make its activities possible. In order for this model of exchange economy to create value and for it to continue to be nurtured over time, the associated system of relationships must be developed within a framework of lawful conduct. Stable growth of the business is not possible without respect for the law and shared rules.

RDM Group operates in countries that, according to the "Corruption Perception Index 2017" developed by Transparency International, are situated in the third of the world's countries with the least corruption. Despite this, all of the Group's 16 operating units, which include not only the mills and the cutting centre, but also the headquarter and the sales offices, operate with a risk of active and passive corruption.

All of the Group's offices have relationships with the Public Authorities. These pertain to various activities, including, but not limited to, compliance with legal obligations, such as those relating to taxation, the environment or health and safety at work, obtaining and renewing permits, the granting of public funding or contracts or else during inspections. Thanks to the provision of specific instruments and procedures for monitoring and managing these activities, the Group is not aware of any situations in which there is a high residual risk of corruption.

Furthermore, during the three year period in review the Group has not been held liable for any unlawful conduct related to bribery and corruption. There are no reported cases where commercial relations with Group companies have been terminated for RDM Group failing to comply with laws, regulations or standards of business ethics.

MANAGEMENT APPROACH AND RESULTS ACHIEVED

The Company has developed specific instruments, including the Organisation and Management Model pursuant to Legislative Decree no. 231/2001 and procedures, which provide for management systems and control instruments aimed at ensuring the timely observance of laws pertaining to the conduct of business, as provided for by the Group Code of Ethics.

In order to strengthen the internal control environment, to promote a culture of compliance, to enhance widespread accountability and to further guarantee effective implementation of the rules of conduct and procedures developed to ensure integrity of the conduct of business, the Group has a whistleblowing procedure in place. This tool enables the timely reporting and analysis of possible breaches of and irregularities in defined behaviour standards. The whistleblowing system is structured in such a way as to ensure the confidentiality of the reporter and of the information received; and it also provides adequate protection against any erroneous or malicious reports.

The Company also promotes joint initiatives among sector operators 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.

FURTHER DETAILS



CODE OF ETHICS

MAIN OBJECTIVES FOR 2018

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

7.2. RESPONSIBLE SUPPLY CHAIN RELATIONSHIPS

REASONS WHY IT IS A KEY FACTOR

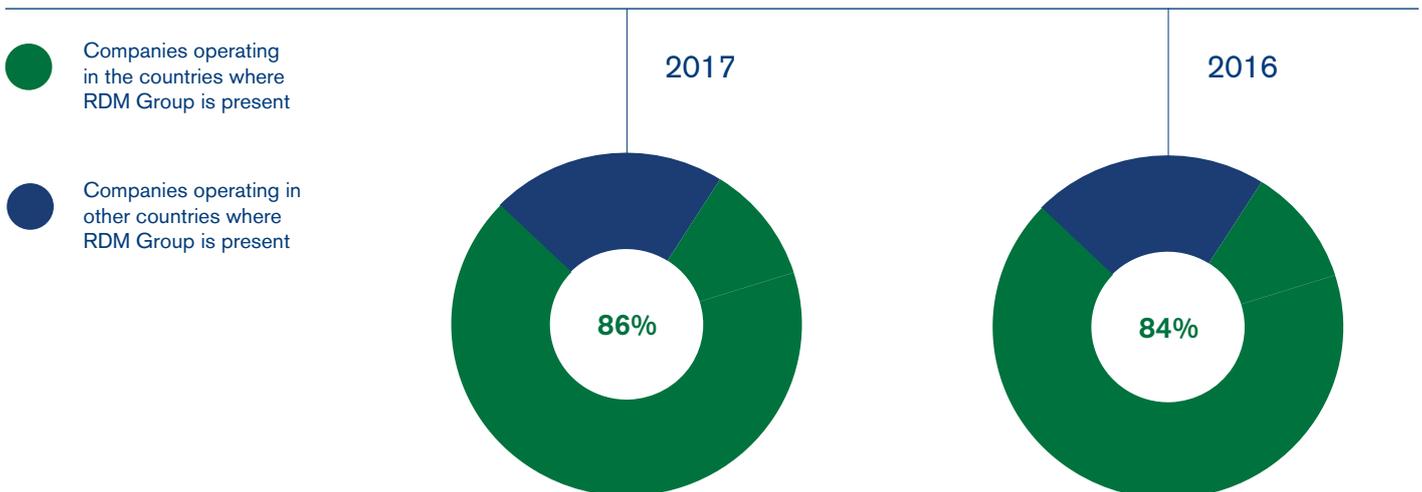
We have a very large network of suppliers that exceeds 4,000 companies, from which we purchase goods or to whom we entrust the supply of services with an average value of over € 100,000 per supplier.

Much of our supplier network is situated in the very countries where the Group mills or sales offices operate. We therefore know that we are a major component in the economies of the regions in which we play a role.

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

All Group Companies / 2016, 2017

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 is present



Over 99% of our suppliers are situated in countries, which, based on the annual “Freedom in the World 2018” report prepared by Freedom House and the annual report “The state of the World’s human rights - Report 2017/18” produced by NGO, Amnesty International, are considered to be at low risk of breaches of human rights. During the three year period in review we have not received any reports, nor have we 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.

However, although it is unlikely that there are any suppliers in our supply chains that act in ways contrary to our standards of business integrity, any cases in this regard would have a significant negative impact on RDM Group in terms of indirect reputational damage and would also pose a threat to business continuity. For this reason, it is essential for the Group to be able to use suitable suppliers who share our approach to sustainable business development.

MANAGEMENT APPROACH AND RESULTS ACHIEVED

When selecting suppliers, we favour the use of local businesses operating in the territories in which the Group is present, in order to benefit from cost reductions, especially with regard to procurement of raw materials; and also in order to stimulate an industry that benefits the communities RDM Group is a part of and with an awareness of the environmental benefits that may ensue, in terms of reducing the GHG emissions linked to supply logistics.

Sourcing supplies from partners in the region can trigger virtuous circles that benefit the communities and the entire national system in which we participate. However, whenever this is the case, it is also strategically prudent to entrust supplies only to companies that share the RDM Group commitment to responsible business conduct. This is in order to ensure that any development brought about is sustainable over time and affects the local economy in a positive way.

In supply contracts, we also express our expectations regarding suppliers in terms of integrity in business conduct and require them to respect the values and best practices stated in RDM Group's Code of Ethics. These refer to integrity, human rights and reduced environmental impact; and we reserve the right to terminate the commercial relationship concerned, should we become aware of any behaviour that does not comply with either the general law or with our Code of Ethics.

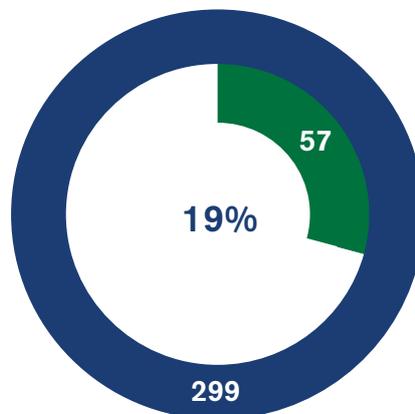
We submit suppliers, especially those that fall into more strategic categories since they are difficult to replace and are closely linked to our operations, to a selection process that also includes checking specific social and environmental requirements. These concern, for example, the possession of certifications of compliance with international quality standards, worker safety, adequate environmental management and protection of human rights. For example, we check all of the following: lawful recruitment of workers, the fulfilment of social security obligations by the employer, the possible existence of health and safety, environment and anti-corruption litigation, and possession of the permits needed to perform activities that have a special impact on the environment.

NEW SUPPLIERS SUBJECT TO ENVIRONMENTAL OR SOCIAL DUE DILIGENCE

All Group Companies / 2015, 2016, 2017

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

-  New suppliers
-  New suppliers subject to environmental or social due diligence



MAIN OBJECTIVES FOR 2018

- Harmonize the suppliers' assessment and qualification processes at Group level, including with reference to environmental and social due diligence
- Increase to 40% the share of new suppliers subject to due diligence

APPENDIX

8

- 8.1. Matrix linking material topics and related GRI aspects
- 8.2. GRI Content Index
- 8.3. Report of the Auditing Company

8.1 MATRIX LINKING MATERIAL TOPICS AND RELATED GRI ASPECTS

The matrix shows the GRI aspect of the reference, from which the KPIs reported in this Report are taken, for each sustainability topic material for the Group.

The columns “Boundary” highlight the Group entities where the impacts occur and the type of the Group’s involvement with the impacts, describing if the Group has directly caused or contributed to them, or whether the Company is indirectly related to them through its business relationships.

MATERIAL ASPECTS IDENTIFIED	GRI STANDARD DISCLOSURE	BOUNDARY	
		WHERE IMPACTS OCCUR	RDM GROUP’S INVOLVEMENT
EMPLOYEE RELATED MATTERS			
OCCUPATIONAL HEALTH AND SAFETY	403-2, 419-1	All Group Companies	Direct
COMFORT OF THE WORKING ENVIRONMENT	DMA 403	All Group Companies	Direct
AVAILABILITY OF TALENTS AND CRITICAL COMPETENCIES	404-1	All Group Companies	Direct
EFFECTIVE DIALOGUE WITH TRADE UNIONS	102-41	All Group Companies	Direct
EMPLOYEE ENGAGEMENT AND MOTIVATION	102-40, 102-41, 102-43, 102-44, 402-1, 403-2 (absenteeism)	All Group Companies	Direct
DEMOGRAPHIC CHANGE AND GENERATIONAL CHANGE IN THE COMPANY	401-1, 406-1	All Group Companies	Direct
WORK-LIFE BALANCE	-	All Group Companies	Direct
EMPLOYMENT STABILITY	102-8, 402-1	All Group Companies	Direct
PROMOTION OF EQUAL OPPORTUNITIES AND DIVERSITY	405-1, 406-1	All Group Companies	Direct

SOCIAL AND PRODUCTS , SERVICE AND SUPPLY CHAIN-RELATED MATTERS

PRODUCT SAFETY AND SUITABILITY FOR FOOD CONTACT	416-2, 419-1	All Group Companies	Direct and indirect through the printing and converting industry
LISTENING TO CUSTOMER AND IMPROVEMENT OF THEIR SATISFACTION	102-40, 102-43, 102-44	All Group Companies	Direct
RECYCLABILITY AND PRODUCT'S DESIGN FOR THE END-OF-LIFE	301-1, 301-2	All Group Companies carrying out industrial activities	Direct
PROMOTION OF THE SEPARATE WASTE / RECYCLING CULTURE	301-2	All Group Companies	Direct and indirect through the Local Communities and Public Institutions
RESILIENCE OF THE SUPPLY CHAIN	102-9	All Group Companies	Direct
CUSTOMISATION OF PRODUCTS AND SERVICES	–	All Group Companies	Direct
DEVELOPMENT OF SMART MATERIALS AND INNOVATION IN PACKAGING SOLUTIONS	–	All Group Companies	Direct
ENHANCEMENT OF CHOOSING PRODUCTS REALIZED WITH RECOVERED RAW MATERIALS	301-2	All Group Companies	Direct and indirect through the Clients

ENVIRONMENTAL MATTERS

ENERGY CONSUMPTION	302-1, 302-3	All Group Companies carrying out industrial activities	Direct
DISPOSAL OF WASTE FROM PRODUCTION PROCESS	306-2, 307-1	All Group Companies carrying out industrial activities	Direct
CLIMATE CHANGE AND GHG EMISSIONS	305-1, 305-2, 305-4, 307-1	All Group Companies carrying out industrial activities	Direct and indirect through suppliers
QUALITY OF THE EFFLUENTS	306-3, 307-1	All Group Companies carrying out industrial activities	Direct
PROTECTION OF THE SOIL AND SUBSOIL	305-6, 305-7, 307-1	All Group Companies carrying out industrial activities	Direct
FINE PARTICLES AND AIR POLLUTION	305-6, 305-7, 307-1	All Group Companies carrying out industrial activities	Direct

AVAILABILITY OF WATER RESOURCES	303-1	All Group Companies carrying out industrial activities	Direct and indirect through the Local Communities
IMPACTS OF THE LOGISTICS ON AIR QUALITY, AND ON THE LOCAL MOBILITY	413-2	All Group Companies	Indirect through the Suppliers

RESPECT FOR HUMAN RIGHTS ANTI-CORRUPTION AND BRIBERY MATTERS

ETHICS AND INTEGRITY IN BUSINESS CONDUCT	102-16, 102-17, 102-26, 206-1, 307-1, 419-1	All Group Companies	Direct
ANTI-CORRUPTION	205-1, 205-3, 419-1	All Group Companies	Direct and indirect through the Suppliers
ENVIRONMENTAL AND SOCIAL DUE DILIGENCE IN THE SUPPLY CHAIN	102-9, 304-2, 308-1, 308-2, 414-1, 414-2	All Group Companies	Direct and indirect through the Suppliers

OTHER ASPECTS

DIGITAL MANUFACTURING AND INDUSTRY 4.0	-	All Group Companies carrying out industrial activities	Direct
CYBERATTACKS AND IT INFRASTRUCTURE INTEGRITY	-	All Group Companies	Direct

8.2 GRI CONTENT INDEX

The table below provides useful information for retrieving the information required by the GRI reporting standard in the Sustainable Value Report or in other public Documents of the Group. In the first two columns “GRI Standard” and “Disclosure” it is indicated the name of the GRI standards and series to which the Group has given public information.

In the “Page or External Document” column, it is indicated the pages of this Report or other public Documents where the contents required by the reporting standard are disclosed. In particular, with reference to the external Documents referred to, it should be noted that the Report on Corporate Governance and Company Assets, the Report on Remuneration and the Code of Ethics are available on the Company’s website in the “Governance” and “Code of Ethics” and “Organizational Model” sections, as well as through the authorized storage mechanism “eMarketStorage.com” (www.emarketstorage.com).

The last column “Omissions” highlights any requests for information provided by the standard to which the Group has not given public information, specifying the reasons for the omission.

GRI STANDARD	DISCLOSURE	PAGE OR EXTERNAL DOCUMENT	OMISSIONS
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GRI 101: GENERAL DISCLOSURES (2016)

GRI 102: GENERAL DISCLOSURES (2016)

ORGANIZATIONAL PROFILE

102-1	Name of the organization	p. 6	–
102-2	Activities, brands, products, and services	p. 12	–
102-3	Location of headquarters	p. 3	–
102-4	Location of operations	p. 17	–
102-5	Ownership and legal forms	Report on Corporate Governance and Ownership Structure	–
102-6	Markets served	pp. 12, 46	–
102-7	Scale of the organization	pp. 12, 15	–
102-8	Information on employees and other workers	pp. 15, 99, 106 Number of employees with permanent contract by region and % over the total ITA: 2017 625 99%; 2016 646 99%; 2015 648 99% FR: 2017 500 98%; 2016 517 98%; 2015 518 97% DE and rest of EU: 2017 315 91%; 2016 337 93%; 2015 337 92%	–
102-9	Supply chain	pp. 112, 113	–

102-10	Significant changes to the organization and its supply chain	pp. 19, 112, 113	–
102-11	Precautionary Principle or approach	pp. 57, 58, 78, 80, 82, 83	–
102-12	External initiatives	pp. 69, 82, 110	–
102-13	Membership of associations	pp. 20, 21	–

STRATEGY

102-14	Statement from senior decision-maker	p. 8	–
102-15	Key impacts, risks, and opportunities	pp. 33-37, 41, 46, 50, 54, 60, 66, 72, 77, 82, 86, 94, 101, 104, 109, 112	–

ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behavior	pp. 24, 26	–
102-17	Mechanisms for advice and concerns about ethics	pp. 26, 110	–

GOVERNANCE

102-18	Governance structure	Report on Corporate Governance and Ownership Structure	–
102-19	Delegating authority	pp. 38, 39	–
102-22	Composition of the highest governance bodies and its committees	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	Report on Corporate Governance and Ownership Structure	–
102-25	Conflicts of interests	Report on Corporate Governance and Ownership Structure Code of Ethics Procedures regulating related party transactions	–

102-26	Role of the highest governance body in setting purpose, values and strategy	p. 38	-
102-28	Evaluating the highest governance body's performance	Report on Corporate Governance and Ownership Structure	-
102-31	Review of economic, environmental, and social topics	p. 38	-
102-32	Highest governance body's role in sustainability reporting	p. 38	-
102-33	Communicating critical concerns	p. 26	-
102-34	Nature and total number of critical concerns	p. 26	-
102-35	Remuneration policies	Report on remuneration	-
102-36	Process for determining remuneration	Report on remuneration	-

STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	pp. 27, 28	-
102-41	Collective bargaining agreements	p. 104	-
102-42	Identifying and selecting stakeholders	p. 27	-
102-43	Approach to stakeholder engagement	pp. 29, 30, 47	-
102-44	Key topics and concerns raised	pp. 29, 30, 47	-

REPORTING PRACTICE

102-45	Entities included in the consolidated financial statements	pp. 6, 13 Consolidated Financial statements	-
102-46	Defining report content and topic Boundaries	pp. 31, 32	-
102-47	List of material topics	p.33-37	-

102-48	Restatements of information		N/A. First Report drafted according to the GRI standard
102-49	Changes in reporting		N/A. First Report drafted according to the GRI standard
102-50	Reporting period	p. 7	–
102-51	Date of most recent report		N/A. First Report drafted according to the GRI standard
102-52	Reporting cycle	Annual	–
102-53	Contact point for questions regarding the report	sustainability@rdmgroup.com	–
102-54	Claims of reporting in accordance with the GRI Standards	p. 6	–
102-55	GRI content index	pp. 119-131	–
102-56	External assurance	pp. 132-134	–

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. 112, 118	–
103-2	The management approach and its components	pp. 113, 114	–
103-3	Evaluation of the management approach	p. 113	–

GRI-204: Procurement Practices (2016)

204-1	Proportion of spending on local suppliers	p. 113	–
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TOPIC: ANTI-CORRUPTION

GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 109, 118	–
103-2	The management approach and its components	pp. 24-26, 39, 110, 111	–
103-3	Evaluation of the management approach	p. 110	–

GRI-205: Anti-corruption (2016)

205-1	Operations assessed for risks related to corruption	pp. 109	-
205-3	Confirmed incidents of corruption and actions taken	p. 109	-

TOPIC: ANTI-COMPETITIVE PRACTICES**GRI-103: Management Approach (2016)**

103-1	Explanation of the material topic and its Boundary	p. 118	-
103-2	The management approach and its components	pp. 24-26, 39	-
103-3	Evaluation of the management approach	No violation of competition Law has been alleged	-

GRI-206: Anti-Competitive practices (2016)

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No violation of competition Law has been alleged	-
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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. 54, 55, 117	-
103-2	The management approach and its components	pp. 39, 57-59	-
103-3	Evaluation of the management approach	pp. 57-59	-

GRI-301: Materials (2016)

301-1	Materials used by weight or volume	pp. 55, 58	-
301-2	Recycled input materials used	p. 57	-

TOPIC: ENERGY**GRI-103: Management Approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 60, 117	-
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103-2	Explanation of the material topic and its Boundary	pp. 39, 60, 62-64	-
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103-3	Evaluation of the management approach	pp. 60, 62-65	-
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GRI-302: Energy (2016)

302-1	Energy consumption within the organization	pp. 63, 64	-
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302-3	Energy intensity	p. 62	-
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TOPIC: WATER

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 66, 68, 118	-
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103-2	The management approach and its components	pp. 39, 68-70	-
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103-3	Evaluation of the management approach	pp. 68-70	-
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GRI-303: Water (2016)

303-1	Water withdrawal by source	p. 68	-
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TOPIC: BIODIVERSITY

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 82, 112, 118	-
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103-2	The management approach and its components	pp. 39, 83, 84, 113, 114	-
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103-3	Evaluation of the management approach	pp. 83, 84, 113, 114	-
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GRI-304: Biodiversity (2016)

304-2	Significant impacts of activities, products, and services on biodiversity	p. 82, 83	-
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TOPIC: EMISSIONS

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 72, 73, 117	-
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103-2	The management approach and its components	pp. 39, 75, 76	-
103-3	Evaluation of the management approach	pp. 75, 76	-
GRI-305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	p. 72 Figures include 35 ton of CO ₂ eq related to the dispersion of 19 kg of R22 gas (replacement of gas in air conditioning systems).	-
305-2	Energy indirect (Scope 2) GHG emissions	p. 72 Indirect emissions calculated with the "market-based" approach: 2017: 39,846 t CO ₂ eq 2016: 39,645 t CO ₂ eq 2015: 40,663 t CO ₂ eq	-
305-4	GHG emissions intensity	p. 75	-
305-6	Emissions of ozone-depleting substances (ODS)	2017: 0.00105 tons of CFC-11 eq arising from 19 kg of R22 gas related to refrigerant gas leakages. 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) 2016: - 2015: -	-
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	p. 73	-

TOPIC: EFFLUENTS AND WASTE

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 77, 78, 117	-
103-2	The management approach and its components	pp. 39, 79-81	-
103-3	Evaluation of the management approach	pp. 79-81	-

GRI-306: Effluents and waste (2016)

306-1	Water discharge by quality and destination	pp. 77, 78	-
306-2	Waste by type and disposal method	p. 80	-
306-3	Significant spills	p. 78	-

TOPIC: ENVIRONMENTAL COMPLIANCE

GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 60, 66, 68,72, 73, 77, 78, 82, 117, 118	-
103-2	The management approach and its components	pp. 39, 62, 68, 75, 78, 80, 82, 83	-
103-3	Evaluation of the management approach	pp. 39, 62, 68, 75, 78, 80, 82, 83	-

GRI-307: Environmental compliance (2016)

307-1	Non-compliance with environmental laws and regulations	pp. 68, 78	-
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TOPIC: SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 82,118	-
103-2	The management approach and its components	pp. 39, 82, 83, 84, 113, 114	-
103-3	Evaluation of the management approach	pp. 82, 83, 84, 113, 114	-

GRI-308: Supplier Environmental Assessment (2016)

308-1	New suppliers that were screened using environmental criteria	p. 113	-
308-2	Negative environmental impacts in the supply chain and actions taken	pp. 82-83, 113	-

GRI 400: SOCIAL SERIES (2016)

TOPIC: EMPLOYMENT

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 94, 96, 97, 105, 116	-
103-2	The management approach and its components	pp. 39, 99, 100, 105, 107	-
103-3	Evaluation of the management approach	pp. 99,100,105,107	-

GRI-401: Employment (2016)

401-1	New employee hires and employee turnover	pp. 15, 96 New employee hires by age group: • <30 years: 2017 23%; 2016 19%; 2015 37% • 30-50 years: 2017 6%; 2016 3%; 2015 3% • >50 years: 2017 1%; 2016 2%; 2015 2% Employee turnover by age group: • <30 years: 2017 23%; 2016 7%; 2015 13% • 30-50 years: 2017 5%; 2016 4%; 2015 2% • >50 years: 2017 10%; 2016 6%; 2015 8%	
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TOPIC: LABOR MANAGEMENT RELATIONS

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 104, 116	–
103-2	The management approach and its components	pp. 39, 105, 107	–
103-3	Evaluation of the management approach	pp. 105-107	–

GRI-402: Labor-Management Relations (2016)

402-1	Minimum notice periods regarding operational changes	p. 105	–
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TOPIC: OCCUPATIONAL HEALTH AND SAFETY

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 86-90, 116	–
103-2	The management approach and its components	pp. 39, 90-93	–
103-3	Evaluation of the management approach	pp. 90-93	–

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. 86-89, 92 Occupational disease rate (cases every 1000 worked hours) : • male: 2017 0.006; 2016 0.009; 2015 0.011 • female: 2017 0; 2016 0; 2015 0.005 • ITA: 2017 0.006; 2016 0.004; 2015 0.002 • FR: 2017 0.001; 2016 0.001; 2015 0.001 • DE and rest of EU: 2017 0.010; 2016 0.025; 2015 0.040	
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TOPIC: TRAINING AND EDUCATION

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 101, 116	-
103-2	The management approach and its components	pp. 39, 101-103	-
103-3	Evaluation of the management approach	pp. 101-103	-

GRI-404: Training and Education (2016)

404-1	Average hours of training per year per employee	p. 102	-
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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. 94, 97, 116	-
103-2	The management approach and its components	pp. 15, 16, 39, 96, 99	-
103-3	Evaluation of the management approach	pp. 99, 100	-

GRI-405: Diversity and Equal Opportunity (2016)

405-1	Diversity of governance bodies and employees	pp. 15, 16, 96, 97 Report on Corporate Governance and ownership structure	-
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TOPIC: NON-DISCRIMINATION

GRI-103: Management Approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 15, 16, 96, 99, 116	-
103-2	The management approach and its components	pp. 39, 97, 99	-
103-3	Evaluation of the management approach	p. 99	-

GRI-406: Non-Discrimination (2016)

406-1	Incidents of discrimination and corrective actions taken	p. 99	-
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TOPIC: HUMAN RIGHTS ASSESSMENT

GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 82, 86, 90, 94, 97, 112, 116, 118	-
103-2	The management approach and its components	pp. 39, 82, 90, 99, 100, 113, 114	-
103-3	Evaluation of the management approach	pp. 82, 90, 99, 100, 113, 114	-

GRI-412: Human Rights Assessment (2016)

412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	pp. 82-83, 113	-
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TOPIC: LOCAL COMMUNITIES

GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 109, 118	-
103-2	The management approach and its components	pp. 30, 39, 110, 111	-
103-3	Evaluation of the management approach	pp. 30, 110, 111	-

GRI-413: Local Communities (2016)

413-2	Operations with significant actual and potential negative impacts on local communities	pp. 36, 66, 73, 77	-
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TOPIC: SUPPLIER SOCIAL ASSESSMENT

GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 82,118	-
103-2	The management approach and its components	pp. 39, 82-84, 113, 114	-
103-3	Evaluation of the management approach	pp. 82-84, 113, 114	-

GRI-414: Supplier Social Assessment (2016)

414-1	New suppliers that were screened using social criteria	p. 113	-
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TOPIC: PUBLIC POLICY

GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 109, 118	–
103-2	The management approach and its components	pp. 26, 39	–
103-3	Evaluation of the management approach	pp. 110, 111	–

GRI-415: Public Policy (2016)

415-1	Political contributions	As stated in the Code of Ethics, the 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. 41, 50, 117	–
103-2	The management approach and its components	pp. 39, 42, 44, 45, 50, 52	–
103-3	Evaluation of the management approach	pp. 42, 44, 45, 50, 52	–

GRI-416: Customer Health and Safety (2016)

416-1	Assessment of the health and safety impacts of product and service categories	pp. 42, 44, 50	–
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 41	–

TOPIC: SOCIO-ECONOMIC PERFORMANCE

GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 109, 116, 117, 118	–
103-2	The management approach and its components	pp. 39, 110, 111	–
103-3	Evaluation of the management approach	pp. 110, 111	–

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**

**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 the "Decree") and to article 5 of the CONSOB Regulation n. 20267, 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 the "Reno De Medici Group" or the "Group") as of December 31, 2017 prepared on the basis of article 4 of the Decree, and approved by the Board of Directors on March 16, 2018 (hereinafter the "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 article 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).

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. Ovaro S.p.A., R.D.M. Magenta S.r.l., R.D.M. Arnsberg GmbH, RDM Blendecques S.A.S., R.D.M. La Rochette S.A.S., R.D.M. Marketing S.r.l. 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 companies, divisions and sites, Milan Headquarter and Santa Giustina mill for Reno De Medici S.p.A., Ovaro mill for R.D.M. Ovaro S.p.A., 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, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

Other Matter

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 6, 2018

CREDITS



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