



# Our circular approach to business

Sustainability Report 2019




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





## Sustainability Report 2019



Reno De Medici S.p.A.  
Milan, Viale Isonzo, 25  
Share Capital Euro: 140.000.000  
Tax code and VAT number: 00883670150









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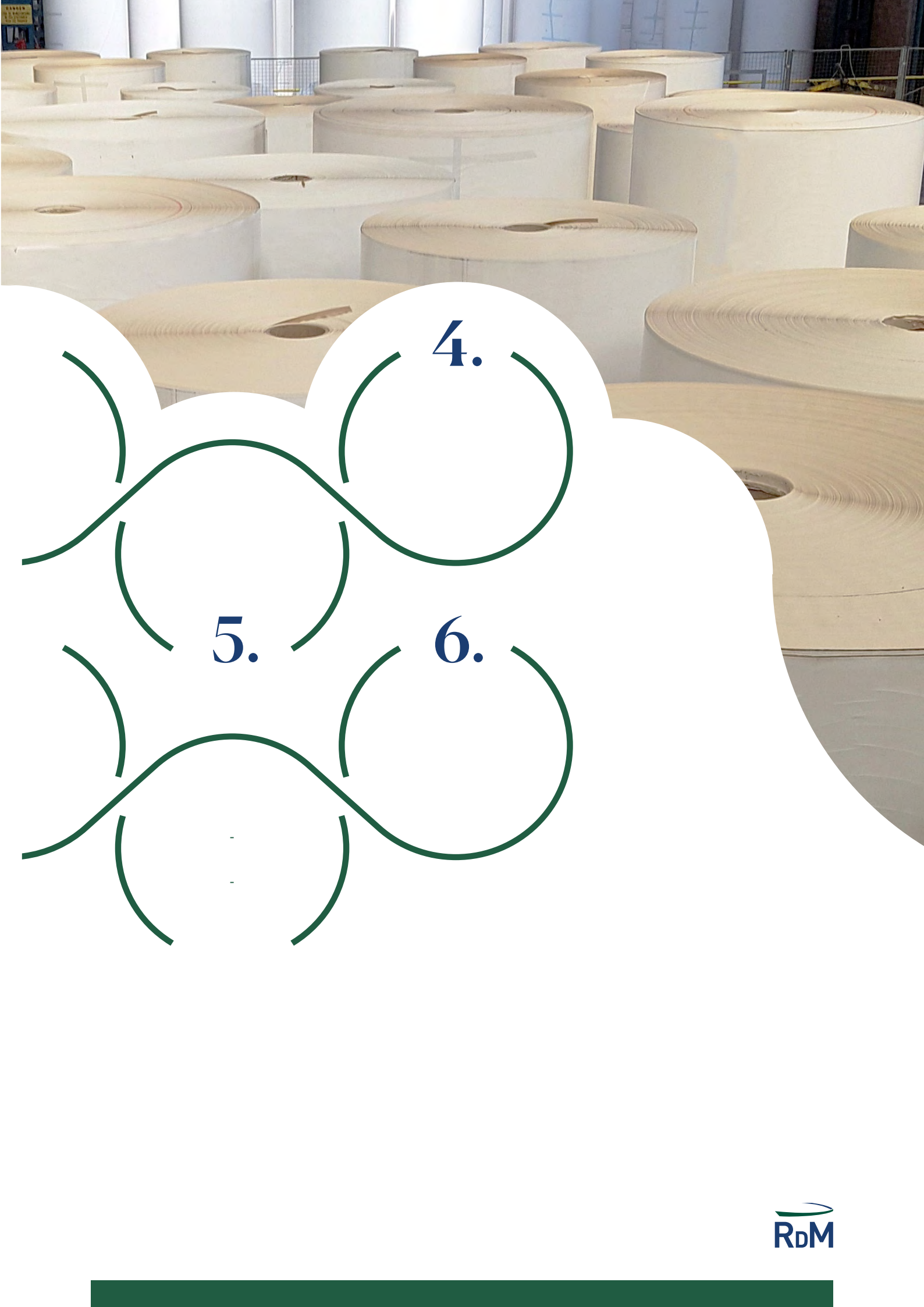
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# CEO's message

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Dear all,

You will no doubt notice as you read through RDM Group's sustainability report this year, there is a common thread woven through its pages – the concept of circularity. You'll recognize the visual representation of the circle throughout, a geometric form that is also picked up in the words we have chosen. This was no coincidence.

We decided that the best possible representation of what we are and what inspires us is in fact the circle.

When it comes to what our business is, we deal primarily in the White Lined Chipboard (WLC) segment, or to be precise coated cartonboard for packaging made of recycled fibers, that's the true core of RDM Group's business. The word "re-cycled" in and of itself brings to mind the image of a circle. Two numbers are enough to understand the importance of circularity for us: 79% of the fiber materials we use are recycled and 84% of the Group's raw materials consumption comes from renewables.

When it comes to what inspires us, we naturally look to the circular economy model. While most companies that boast about the circular economy have only just begun to ride this trend, for us it has always been a core element of our identity, one that we are aware can bring even more value for us.

In recognition of this, we have recently created a department dedicated explicitly to Innovation and Sustainability. Even though we have done much in this direction, that doesn't mean there aren't great opportunities ahead of us, such as "plastic substitution" to mention just one, that is the substitution of plastic with more environmentally friendly materials, such as cartonboard. That comes on top of a transition towards cleaner sources of energy and towards increased efficiency of our processes, which have allowed us to reduce our direct energy consumptions and related emissions, as well as water withdrawals.

It's clear that this is a broad and challenging sphere of action (another reference to the circle!), in which the results that RDM Group will be able to achieve will help sustain a virtuous cycle, just as that of the circular economy model. Everyone's quality of life depends on how we face these challenges.

Michele Bianchi  
CEO, RDM Group





# Manifesto

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**"Together we shape the Future"** is the claim that RDM Group has chosen to reflect its identity as a major group that won't stop imagining, creating and rewriting its future. A future that's still waiting to be shaped. A sustainable future.

We're guided by the idea of **"together"** because we are aware that only by acting together as "one company" within a network of relationships we can keep on improving what we do and how we do it. We are focused on one brand, one strategy and one integrated management in order to play a leading and active role in a radical shift in the way business is conducted, no longer following a linear model but looking instead to a circular approach.

In choosing to use **"we"**, we want to strengthen our sense of the bigger picture in our decision making, with the full awareness that our decisions affect our Stakeholders and our business, as reflected in the values we have chosen: Togetherness, Empathy, Group-wide Vision and Responsible decision-making. We operate in an interconnected context and we in turn firmly believe in the circular economy. A model based on reuse, recycling and transformation, where everything is connected.

**"Shape"** refers to our ability to give new form to our product – cartonboard – a material that is "simple" in itself, but to which you can give the most sophisticated forms. Just like origami, which reflects the know-how and therefore the tradition and history that give it form; and at the same time the ability to innovate that knowledge into the future.

The **"future"** seen as already in progress, a commitment for future generations and the planet and as a business challenge and sustainability challenge. It's a perspective that is measured on the basis of the objectives we have achieved so far and on our desire to create a virtuous circle where all our Stakeholders are an active part.

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# Together we shape the Future

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# About this report

## COMPLIANCE AND METHODOLOGY

RDM Group's Sustainability Report 2019 (also known as the Consolidated Non-financial Statement) is prepared in accordance with Legislative Decree 254/2016 in the form of a separate Report. It has been prepared to offer an accurate, exhaustive and transparent representation of the results achieved, considering the expectations of the Stakeholders involved and the impacts generated by the Group's activities.

The contents of this document were identified in accordance with the provisions of Legislative Decree 254/2016 and based on the results of the materiality analysis, aimed at identifying the areas of greatest importance in a perspective of long-term growth and value creation for all Stakeholders.

The Sustainability Report covers the period from 1 January to 31 December 2019 and was prepared by applying the methodologies and principles set out in the GRI Sustainability Reporting Standards: "Core" option, published in 2016 by the GRI - Global Reporting Initiative ([www.globalreporting.org/standards](http://www.globalreporting.org/standards)).

The "GRI Content Index" section in the appendix highlights, for each material topic for the Group, the GRI specific standard, the correspondent indicators and the reference page. This year the "Sustainability Performances" section has been prepared in the appendix, which contains all data in a table format, in order to facilitate the reader's search and analysis key data.

Wherever possible, the information contained in the Sustainability Report has been provided with a comparison to previous years, to provide the reader with the tools needed for the proper understanding of the company's performance. In order to ensure a correct representation of performance and the reliability of data, the use of estimates has been limited as much as possible, which, if present, are based on the best available methodologies and appropriately reported.

With regard to data, the environmental performances reflect the integration of RDM Barcelona Cartonboard within the reporting boundary for 12 months, compared with 2 months in 2018. Moreover, the units of measure used for weights are metric tons and, for the purposes of this report, the category of people identified as "collaborators" corresponds to interim workers.

## REPORTING BOUNDARY

The scope of the economic data is the same as in the Group's 2019 Consolidated Financial Statements; the scope of social and environmental data and information includes the Parent Company and the companies consolidated on a line-by-line basis in the Consolidated Financial Statements. An exception is made for environmental data and information relating to offices, as they are considered to be non-material. Any further exceptions to the scope of consolidation are appropriately explained throughout the Sustainability Report. The restatements of comparative data published in previous Reports are clearly indicated as such.

## APPROVAL AND ASSURANCE

The Consolidated Non-financial Statement was approved by the Board of Directors on 16 March 2020. The entity appointed to perform the legal audit of this Consolidated Non-financial Statement is Deloitte & Touche SpA, which expresses, with a separate report, an attestation regarding the compliance of the information provided pursuant to Article 3, paragraph 10, of the D. Lgs. 254/2016.

For information or comments on the Report please contact the Group at:

[sustainability@rdmgroup.com](mailto:sustainability@rdmgroup.com)







# Highlights



**1,839**

employees and  
collaborators  
in RDM Group



**INVESTMENTS**

**29.8** mln Euros  
(+22% vs. 2018)

## ECONOMIC VALUE GENERATED AND DISTRIBUTED (MLN EUROS)



**714.0 MLN** Economic value generated

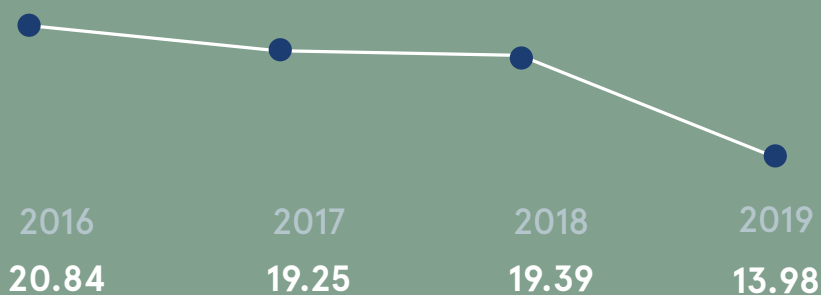


**689.5 MLN** Economic value distributed



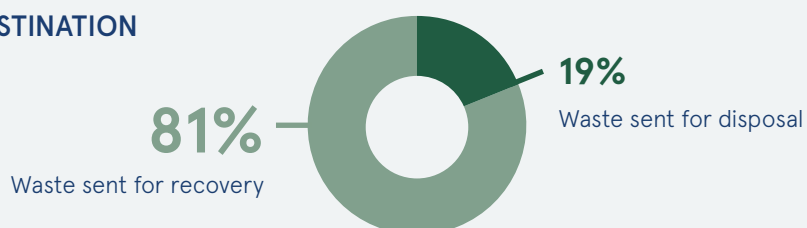
**24.5 MLN** Economic value retained

## WATER WITHDRAWALS PER TON OF PRODUCTION (m<sup>3</sup>/ton)



Cubic meters per metric ton of gross production

## WASTE BY DESTINATION

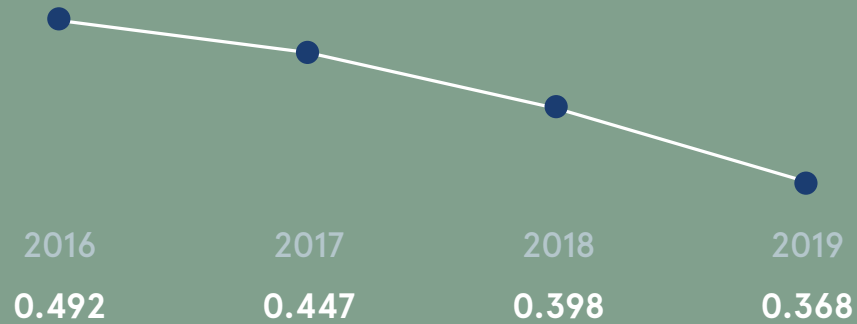


## ENERGY INTENSITY (MWh/ton)



Energy consumption in MWh per metric ton of gross production

## CARBON INTENSITY (tCO<sub>2</sub>e/ton)



Emissions in tCO<sub>2</sub>e per metric ton of gross production



**79%**

paper for recycling  
out of total amount  
of fibers used

**84%**

renewable materials  
used out of total  
consumption



**26,000**

hours of training  
delivered to RDM  
Group employees

## SAFETY

**3.0**

Frequency rate (FR)



**87.7**

Severity rate (SR)

FR = (number of accidents \* 200,000) / hours worked; SR = (lost days \* 200,000) / hours worked.  
OSHA methodology applied to employees and collaborators.





# 1.

## What we revolve around

- The vision and values that guide us
- Our business model: a virtuous circle
- As versatile as cartonboard: our product lines
- Our cartonboard around the world
- From the medici cartonboard mills to RDM Group





## The vision and values that guide us

Our identity is built on a clear **vision** that guides us in all our activities, today and tomorrow, and is the optimal combination of our business and the expectations and interests of our Stakeholders. It is our ambition to

be a **Partner of choice for all our main Stakeholders**, with **three strategic goals** in mind: offering excellent products and services, optimizing costs and maximizing our main Stakeholders' satisfaction.



OFFERING EXCELLENT  
PRODUCTS AND  
SERVICES



OPTIMIZING  
COSTS



MAXIMIZING OUR  
STAKEHOLDERS'  
SATISFACTION

The ability of the Group to work towards the vision and thus achieve the objectives we've set depends on the deeply ingrained values that guide us in our actions, those of employees, collaborators and all other people we interact with in our daily activities. We work together, sharing our best practices to reach

our Group's full potential. As a global group, our activities create sustainable value for our Stakeholders and the communities where we operate: we want to be the partner of choice for the development of sustainable products and activities.

### THESE ARE OUR VALUES:



#### GROUP-WIDE VISION

The ability to build a Group vision that leads to success



#### EMPATHY

The attitude of understanding others and creating a connection



#### RESPONSIBLE DECISION-MAKING

The awareness that decisions have effects on others too



#### TOGETHERNESS

The combination of a shared vision and a sense of belonging



# Our business model: a virtuous circle

Our business model follows a circular economy model, which replaces the idea of “waste” with “resource”, aiming to reduce raw material consumption and increase efficiency in the use of materials.

RDM Group’s cartonboard is fully recyclable and designed to be reintroduced into a virtuous circular economy cycle through recovery and recycling after use.

Our model begins with the process to acquire paper for recycling. Our technologies and production systems transform the pulp giving the recycled fibers a new lease of life, whether they come from the city’s separate collection or from industrial and commercial sectors.

Overall, **79%** of the fiber material used in our production is made of paper and cartonboard for recycling, while over **84%** of the total material used is made up of renewable materials. In perfect harmony with a circular economy, our products are designed to be reused, recycled and regenerated.

RDM Group is also active in the virgin fiber board market, supplied for end products packaging mainly intended for the food and pharmaceutical sectors.

The input of virgin fibers in the production of some types of recycled cartonboard is necessary to give the product the physical and mechanical characteristics necessary for becoming packaging.

## UPSTREAM

We source paper for recycling from the industrial and commercial sectors, and from the municipal paper collection, such as cellulosic packaging, newspapers and magazines. For some types of cartonboard, such as the Folding Box Board (FBB), the Group uses virgin fibers from wood raw materials or market pulp.

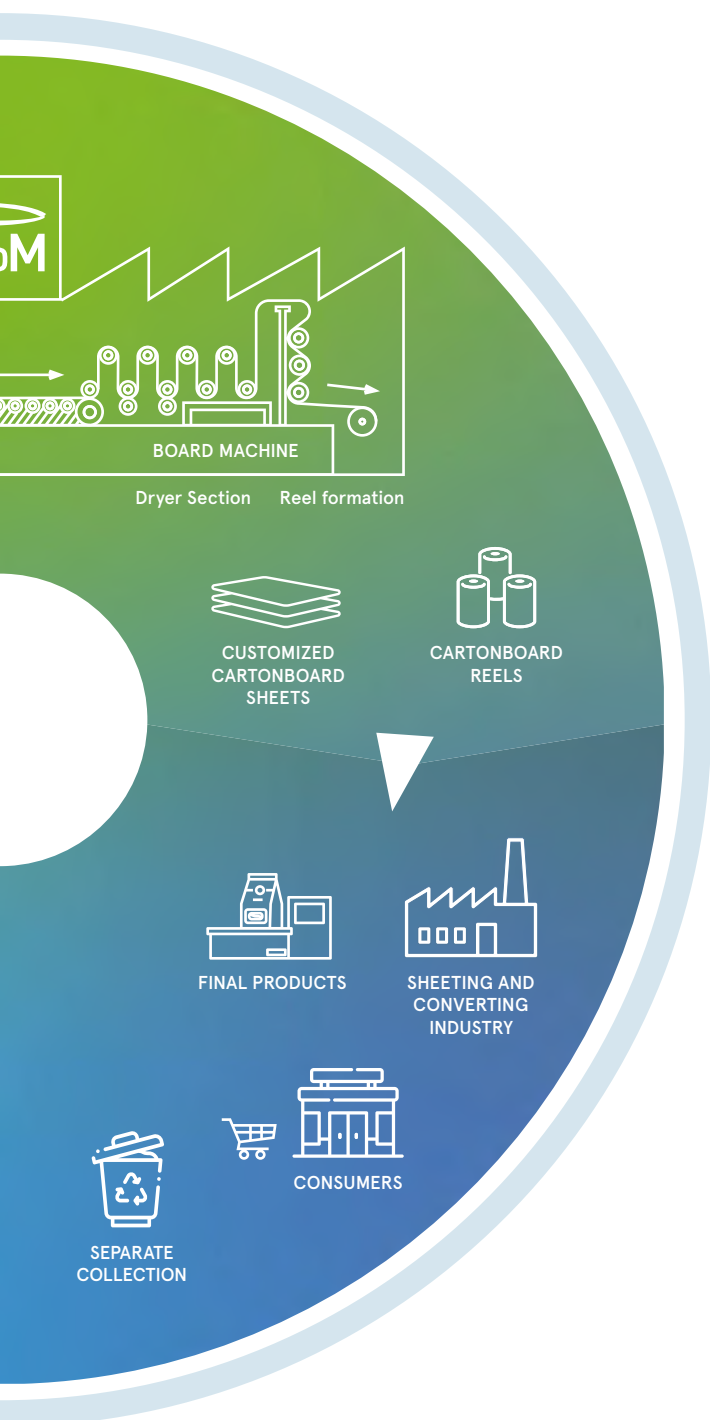


## RDM GROUP'S PROCESS

Paper for recycling is mixed with water to create a pulp of cellulose fibers. Through a complex treatment and cleaning system, unwanted elements (e.g. sand, metals and plastics) present in the raw materials are eliminated. The board machine uses an articulated sheet forming system, which presses and dries the pulp to remove the water present

in the mixture. Depending on the type of cartonboard, a coating is applied.

The cartonboard, once produced, is rolled into customer reels for direct dispatch or sheeted and packaged in the desired sheet formats to be supplied to our customers.



## DOWNSTREAM

RDM Group products are mainly intended for the converting industry that uses cartonboard to produce final product packaging. After use by the end consumer, more than 80% of the packaging is placed back into fiber material loop, maintaining and developing the sustainable business model of recycled cartonboard.



## As versatile as cartonboard: our product lines

Coated and recycled. We like to talk about the characteristics of our products when we talk about our Group. Our cartonboard is mainly used as primary or secondary packaging for consumer goods. It can indeed become packaging for food or medicine, for

household appliances, cosmetics and personal care products. Our cartonboard is so versatile that it can also be used in the publishing sector, to create stylish sales displays or for toys in high performance printed form.

### WE OPERATE IN THREE MAIN MARKET SEGMENTS:

#### WHITE LINED CHIPBOARD (WLC)

coated cartonboard made of recycled fibers.

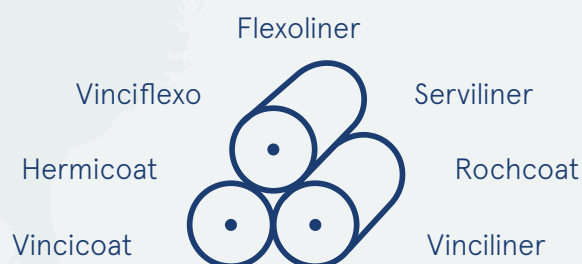
#### FOLDING BOX BOARD (FBB)

coated cartonboard for folding boxes made of virgin fibers.

#### SPECIALTIES (OG GK – UD – UT)

coated cartonboard, often in high grammage qualities, well suited to specialty products, luxury packaging and the publishing market.

### OUR BEST-SELLING PRODUCTS



# Our cartonboard around the world

Our cartonboard travels the world. **We have 7 cartonboard mills, 2 specialized sheeting centers and 9 sales offices** that meet the many needs of our customers and ensure widespread coverage across Europe, as well as sales all over the globe thanks to a sales network active in more than **70 countries**.

We are the second largest producer of coated recycled cartonboard in Europe and the leader in Italy, France and the Iberian Peninsula.

The Group is listed on the Star segment of Milano Stock Exchange and on the Madrid Stock Exchange.

## REVENUES PER GEOGRAPHICAL AREA

**203** MLN euros  
ITALY

**116** MLN euros  
FRANCE

**46** MLN euros  
GERMANY

**116** MLN euros  
IBERIAN PENINSULA

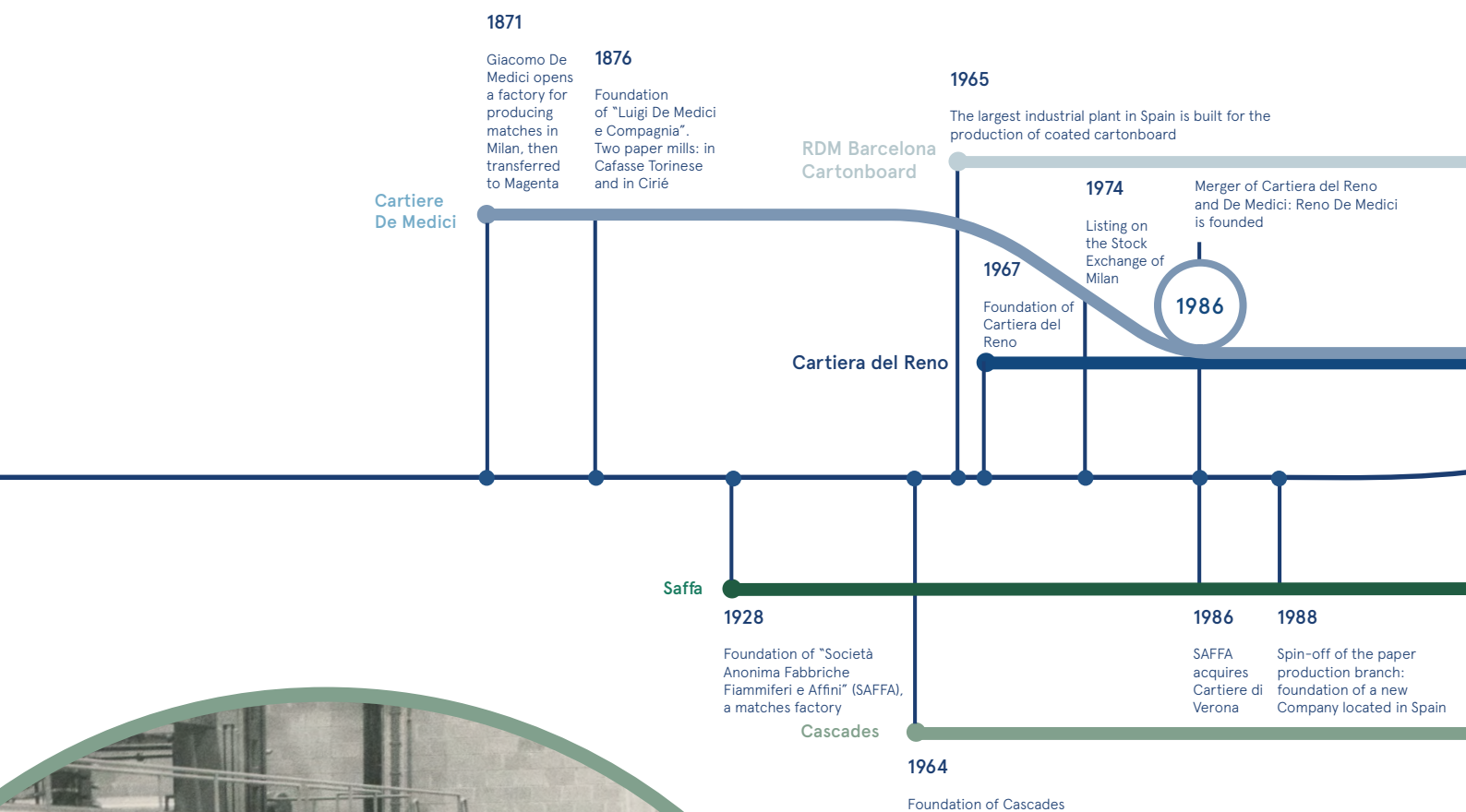
**124** MLN euros  
REST OF THE EU

**97** MLN euros  
REST OF THE WORLD





# From De Medici cartonboard mills to the RDM Group



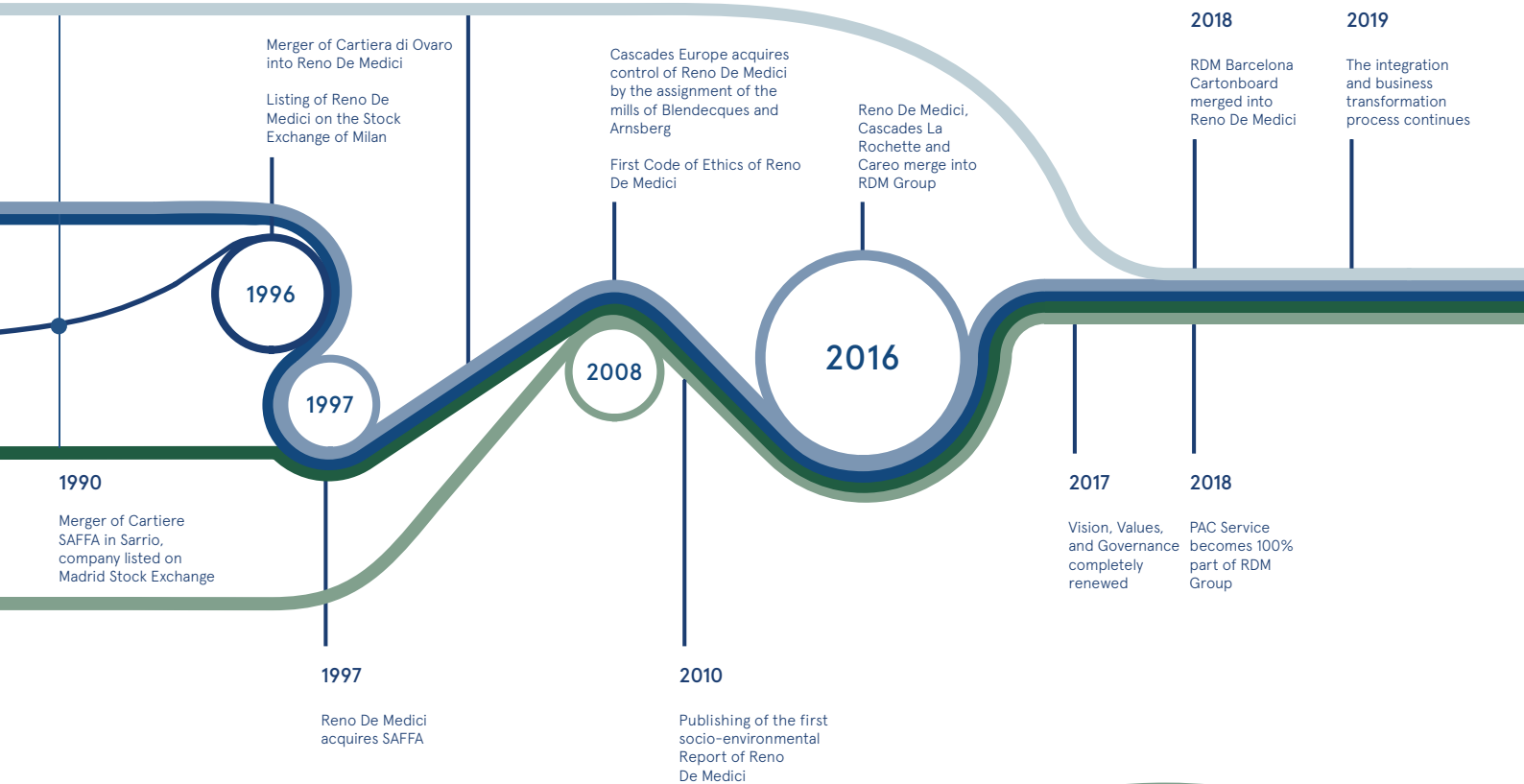


1990

Enso Gutzeit Group  
acquires Tampella Group

1999

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





A large-scale industrial scene in a paper mill. In the background, a massive roll of paper is being processed by machinery. In the foreground, a yellow safety cage with a metal mesh door is visible. The cage has several warning signs, including one that says "ATTENZIONE! CARICHI SOGGETTI A INFIDELMENTO" and another that says "ATTENZIONE". A control panel with various buttons and switches is mounted on the cage. The overall atmosphere is industrial and professional.

# 2.

# Our products are made with commitment for the future

- Our future orientation
  - Our Stakeholder and engagement circle
  - Risks and Opportunities
-





## Our future orientation

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Sustainability is integrated into our business strategy, with the awareness and willingness to build an economy that is in harmony with the environment, based on circular economy.

Ours is a virtuous circle and we put ourselves forward as a "Partner of choice" for all our Stakeholders to build lasting, forward-looking and sustainable relationships.

Our mission statement "Together we shape the future" embodies what we do and how we achieve it.

We transform paper for recycling into cartonboard again giving it a new lease of life. Our recycled cartonboard can be made into any shape through a continuous cycle in which many different actors play a role.

### "Together we shape the Future"

We undertake this mission by bringing together a group of companies, skills and specialist knowledge that allow us to be a leading producer of cartonboard in Europe, with a clear focus on coated recycled cartonboard.

#### Our approach to the present focuses on the future on the basis of our circular economy model

Our product portfolio is focused on recycled cartonboard that is designed to be re-introduced into the circular economy cycle after use as a valuable resource that perpetually sustains our business model.

Thanks to the work carried out to optimize our portfolio of assets, we have achieved significant results and financial strength in recent years, which enables us to undertake a stable growth path.

We have already achieved remarkable results, both through acquisitions and the organizational integration process that the Group has started.

We are focusing on an internal growth strategy that, by leveraging our ability to create value, allows us to invest in increasing efficiency of our production facilities, digitalization and business transformation processes.

The Group's vision is to be "Partner of Choice" for our Stakeholders. This vision is pursued by strengthening our European asset base and customer proximity through the adoption of the so-called "multi-mill concept". This is the principle by which you can manufacture your most strategic products in multiple plants, so as to ensure supplies to customers independently of the production site, in a flexible and timely manner.

This approach allows RDM Group to strengthen its product portfolio, gain greater proximity to its customers and ensure continuity of production even in the event of changes to market demand and the economic cycles of individual countries.

As a Group we have been able to develop real synergies that have increased the sense of belonging to "One Company", consisting of a single brand, a single strategy and a single integrated management.

**RDM Group is aware that the world is currently going through a crucial phase characterized by numerous global challenges. Everyone's quality of life will depend on how these challenges are faced**



With our business and way of working we also contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

We have identified the goals which we know we can have a direct effect on. We have highlighted how we contribute to each of these chosen SDGs.



#### PROMOTE OCCUPATIONAL HEALTH AND SAFETY

"Zero Accidents" policy and constant improvement of injury rates



#### PROMOTE LEARNING AND SKILLS DEVELOPMENT

We invest in training and develop knowledge sharing and informal learning tools



#### PROTECT WATER ECOSYSTEMS

We continue with water withdrawal reduction programs and monitor discharge quality



#### IMPROVE ENERGY EFFICIENCY OF PRODUCTION PROCESSES

We have implemented an energy consumption reduction strategy per ton of cartonboard produced



#### PROMOTE FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK

We offer job opportunities to over 1,800 people and adopt collective bargaining agreements whenever possible



#### UPGRADE INDUSTRIAL PROCESSES TO MAKE THEM MORE SUSTAINABLE

In the past 10 years, we have invested almost 190 million euros in engineering and technology upgrades of our plants



#### ADOPT A SUSTAINABLE CONSUMPTION AND PRODUCTION MODEL

We have developed a production system based on a circular economy model where 79% of fibrous raw materials comes from recycling and where all products are fully recyclable



#### TAKE ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

We are reducing greenhouse gases and other polluting emissions per ton of production through energy efficiency programs, changes to our energy mix and environmental impact reduction of emissions



#### PROMOTE A SUSTAINABLE MANAGEMENT OF FOREST-RELATED RESOURCES

For our virgin fiber supplies, we choose certified raw materials from controlled and sustainable supply chains. 74% of all wood raw material and market pulp is FSC® or PEFC™ certified. 100% of the purchased market pulp comes from certified sources



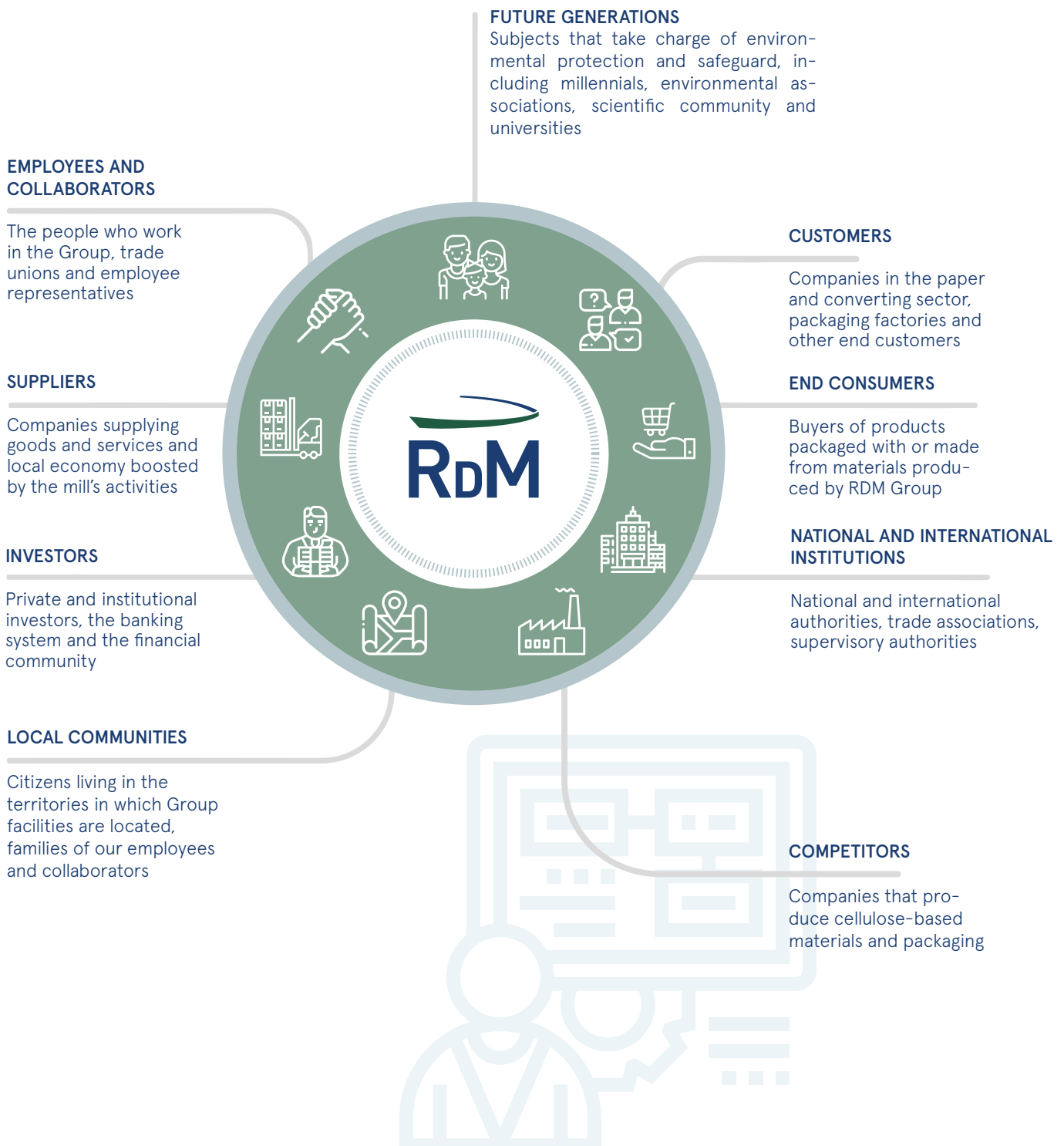
#### STRENGTHEN PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT

We are members of various associations and working groups, locally and internationally, which support innovation and sustainable development of the fiber-based packaging industry and recycling sector

# Our Stakeholder and engagement circle

Constant and effective dialogue with internal and external Stakeholders is a decisive tool, allowing us to gather information on the present situation and the

future, and to get essential feedbacks on the impact of the company's activities on the environment and society.





## OUR MEMBERSHIPS

As RDM Group we are members of various associations, initiatives and working groups, both locally and

internationally, supporting the development of the fiber-based packaging and recycling industry in a system which favors the development of the sector and sustainable innovation.

### At international level

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

### At local level

	ASSOCARTA
	COPACEL/EN-CEL-PA
	MEDEF
	CLUB M.C.A.S.
	Assolombarda, Unione degli Industriali e delle Imprese di Roma, Frosinone Latina, Rieti e Viterbo, Confindustria Belluno, Confindustria Udine
	COMIECO
	GIFCO - ASSOGRATICI
	ATICELCA
	GIPSE
	GAS INTESIVE

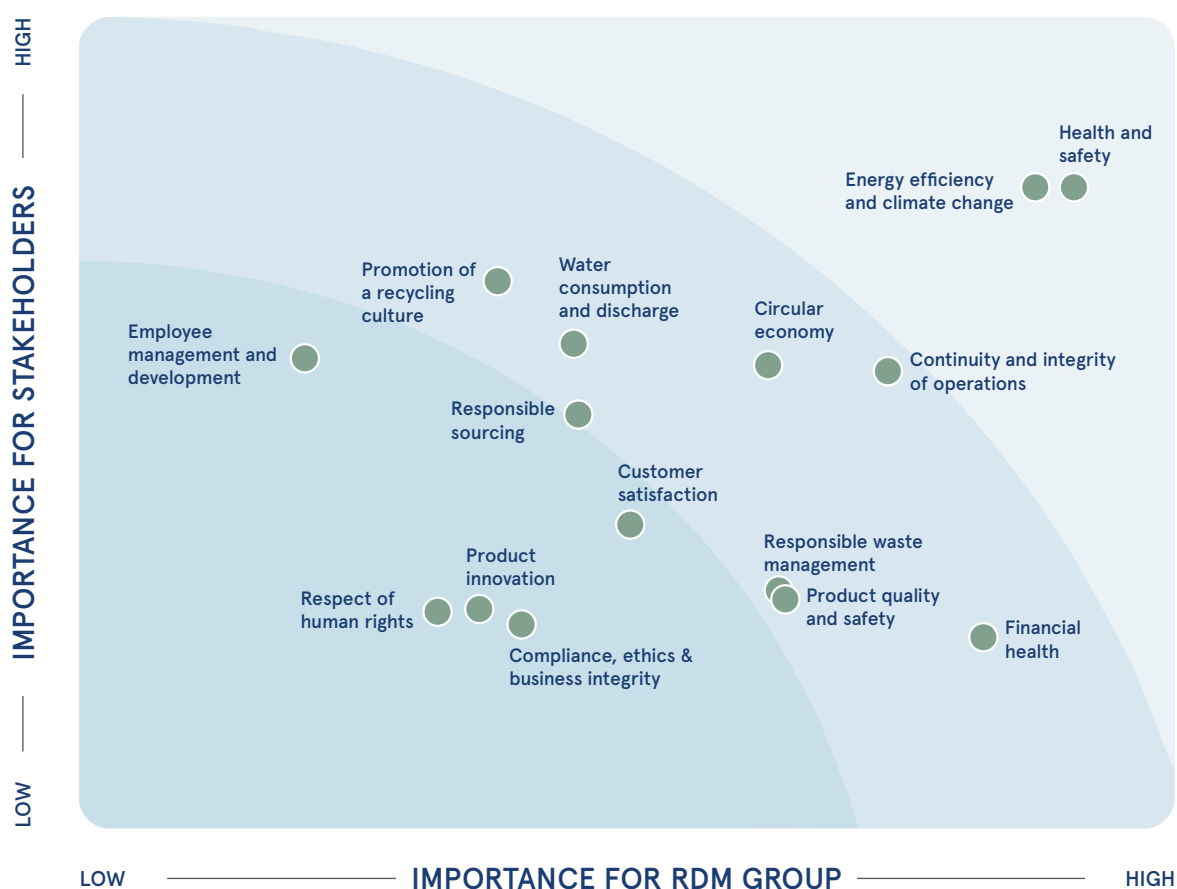
In 2019 we opened **a line of direct dialogue** with key Stakeholders, to improve our understanding of their current and future expectations, and strengthen the quality of our mutual relationships: we embarked on an ambitious listening program involving some of our most important customers, suppliers and investors.

We launched an **online Survey** for customers, suppliers and investors, asking them about the importance of a range of issues in their relationship with RDM Group.

This survey, together with our Stakeholder engagement, aimed at updating our **materiality matrix**. We strongly wanted to extend the audience of Stakeholders compared to the previous materiality analysis to give greater value and representativeness to its results.

The analysis and assessment process was put in place to get a complete and integrated view of our business. The results of this external input and internal assessments, provided by our top management, led to the identification of 15 material topics.

**The matrix, approved by the CEO and submitted to the Board of Directors of RDM Group, will also constitute the starting point for the definition of new strategic sustainability guidelines**



## THE PRIORITIES ACCORDING TO OUR STAKEHOLDERS

### Build

alliances to optimize the value chain

### Develop

relationships based on the concept of "strategic sourcing"

### Promote

knowledge and raise public awareness on paper recycling

### Develop

new solutions and applications for fiber-based packaging



# Risks and Opportunities

Every day in RDM Group we manage complex activities which, by the nature of our operations and relationships, generate risks, as well as growth opportunities. Risk management is cutting across the whole business and is therefore also related to sustainability issues. It is no coincidence that the main risks identified and monitored by RDM Group are in line with the results of the materiality analysis, which represent the pillars of the Group's business.

## SUPPLY-RELATED RISKS

The management of large quantities of incoming raw materials is subject to issues related to the quality and availability of the materials supplied.

To counter the risk of market pulp coming from uncontrolled or potentially unsustainable sources, we exclusively purchase from FSC® or PEFC™ certified suppliers that sustainably manage their own activities and comply with our environmental and safety standards. For the ground wood raw materials that we use to produce our own virgin fiber, we rely entirely on local sawmills and wood processing suppliers who deliver to us PEFC™ certified raw materials, which in 2019 were 59% of the whole amount consumed.

To counter sudden pressures on the purchase prices of raw materials, we resort to contractual and geographical diversification of supplies.

## ENVIRONMENTAL RISKS

Although cartonboard production uses a significant quantity of water, our chemical, physical and biological water treatment processes and monitoring of water discharge quality allow us to manage this precious resource responsibly.

We are committed to an ambitious program to reduce water withdrawals and improve efficiency in water management, in particular where restrictions on water withdrawals are applied.

Furthermore, environmental impact is reduced through the use of technology that significantly limits wastewater volumes, and by supplying certain type of wastes to other organizations, to be used as raw material in their production processes. 99.8% of the waste produced by the Group is non-hazardous and has a low critical level for the environment.

We have adopted environmental management systems (ISO 14001) for the various Group companies, certified by accredited third parties.

We have adopted tools for identifying, assessing and monitoring risks to support the company in strategic and operational decisions. The risk management team manages these issues allowing the Group to respond to the ever-increasing complexities of a constantly evolving landscape.

Among the most strategically important risks we have identified:

## CLIMATE CHANGE RISKS

The cartonboard production process is energy-intensive and contributes to the emission of greenhouse gases, one of the main causes of climate change. We have adopted energy management systems (ISO 50001) for the various plants, certified by accredited third parties. At RDM Group we are particularly aware of these issues and have therefore started a transition process towards less polluting production processes and energy sources. The greater energy efficiency and the transition towards cleaner fuels allow us also to manage the risk of volatility of emission permits prices of the Emission Trading System (EU-ETS).

With cartonboard mills in locations that may be subject to climate change events such as increased river flow and storm frequency and intensity, we are exposed to potential risks of disruptions to operations. To reduce the impact of natural disasters such as fires, floods or storms, we have implemented a comprehensive prevention program that involves third-party audits to assess exposure to risks from climate change and requires the identification of diversified action plans for each Group mill.

## RISKS RELATED TO PRODUCT QUALITY AND SAFETY

Failure to comply with the quality standards that characterize our products would have a potentially significant impact on the Group's reputation.

Our mills are up to the task of meeting customer needs and have an effective product quality control system which, through specific operating tools, laboratory analysis and testing, ensures compliance with cartonboard specifications and significantly reduces the risk of defects.

To prevent the latter, we have barrier solutions in place that reduce the risk of mineral oil and unwanted substances migration. All RDM Group cartonboard mills and sheeting centers have adopted ISO 9001 quality management systems, certified by independent third parties. Some of the Group's products are already certified for direct food contact.

## **RISKS RELATED TO OCCUPATIONAL HEALTH AND SAFETY**

The cartonboard production process is based on the use of automated technologies that require, however, also manual intervention and constant supervision by the operators.

Because of this, we invest in updating equipment and machinery, providing adequate training and safe equipment to our workforce.

We have adopted ISO 45001 / OHSAS 18001 H&S management systems and manage this topic with the work of the Corporate and mill safety teams who, through regular periodic meetings and cross-mill audits, share best practices and engage in a continuous improvement process.

The centralized coordination on health and safety foresees the implementation of improvement plans based on quantitative and measurable objectives and a constant monitoring of the performance of each productive unit.

## **RISKS RELATED TO BREAKDOWNS AND PRODUCTION INTERRUPTION**

The production process for the making of cartonboard, relying on board machines working 24/7, is potentially subject to failures due to the constant machinery operation.

We have implemented a prevention program based on third-party assessment of the condition of machinery, buildings and cogeneration plants for the assessment of exposure to business interruption risks.

The implementation of action plans, together with the investment in modernization of the structures and programmed maintenance protocols, allow the Group to provide a stable control of this risk.

Furthermore, the multi-mill concept means that RDM Group is a network of cartonboard mills which, when needed, can balance and complement the needs of individual production centers.

## **RISKS RELATED TO THE LOSS OF KNOW-HOW AND SKILLS**

We provide mentoring tools, to transfer skills and know-how from senior workers to the younger ones, so that company skills and values can be handed down and remain within the Group.

Thanks to the training plans, the verification of their effectiveness and a process of assessment of skills, RDM Group is able to map the skills within the company and convey the training investments in a more targeted way.

Furthermore, thanks to its talent attraction and retention policies, the Group has competitive tools to attract young talents and retain the most strategic staff, including programs to facilitate work-life balance.

## **RISKS RELATED TO THE COMMISSION OF ILLEGAL ACTIVITIES AND VIOLATION OF HUMAN RIGHTS**

Within the Code of Ethics, we have defined and adopted rules of conduct and restrictions in conducting business to prevent corruption, illegitimate favors and collusive behavior. The Code of Ethics is distributed to Group companies and to Stakeholders, in particular it is accepted by suppliers, on the signing of contracts, requiring them to behave in an ethical way and with integrity in their relationship with the Group. All Italian companies have adopted their own Organization, Management and Control Model (pursuant to Legislative Decree 231/01) which, within the broader internal control system, defines roles, responsibilities and procedures that ensure the prevention of the commission of the different types of offences.

The presence of RDM Group in countries at low risk of violation of human rights and the adoption - where possible - of national collective bargaining agreements allows the Group to operate within the framework of the United Nations Universal Declaration of Human Rights and the Conventions of the ILO.

## **CYBER SECURITY**

Cyber security has been a global priority for several years. The risks associated with cyber security might have a potentially significant impact on the company and are subject to continuous monitoring.

The migration of IT infrastructures to the cloud as well as the extent of cyber-attacks, the nature of which is constantly changing, have an effect not only on IT infrastructure and business operations, but can also lead to possible breaches or theft of sensitive and personal data. To ensure business continuity, we have implemented an IT security management and control system to prevent the loss of relevant and personal data and information for the whole Group and we have adopted advanced systems to prevent unauthorized access to company databases.

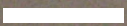




# 3.

## Our Circular Economy model

- Our starting point is a responsible supply chain
- Sustainability in every fiber of our being
- Innovation with cartonboard
- The quality of the finished product
- Our customers' satisfaction



## Our starting point is a responsible supply chain

A circular business model must be put together in such a way as to use raw materials that, once processed, can then be recycled in subsequent production cycles, reducing waste to a minimum. For such a model to be fully sustainable, all stages of the process need to follow this principle, starting from the sourcing of raw materials.

RDM Group mainly uses **paper for recycling**: we have developed technologies and production systems that are based on transforming recycled materials coming from both the industrial and commercial sectors as well as from municipal collection systems.

Through our mill of La Rochette in France we also produce **virgin fiber**-based cartonboard used for products that have particular requirements in terms of purity and esthetics.

All our mills are certified according to FSC® and/or PEFC™ standards. These are the two most widespread and globally recognized standards and they safeguard that the raw material comes from a chain-of-custody controlled and sustainable supply chain.

They ensure proper forest management and the traceability of related products through the supply chain, ensuring that they are made with raw materials from responsibly managed forests and respecting human rights.

We regularly undergo external audits by accredited certification bodies that verify and certify the compliance of our management systems with the FSC® and PEFC™ standards.

### FOCUS ON ILLEGAL LOGGING

An estimated 15%-30% of total global production of timber is of illegal origin, generating turnover that varies between 30 and 100 billion US dollars, according to the United Nations agency UNEP and INTERPOL.

There is particular attention on illegal logging, one of the most serious threats to the conservation of the planet's forest resources and biodiversity, from public opinion, environmental organizations, national and international institutions that deal with the protection of biodiversity, the fight against corruption and the protection of human rights.

At a European level, specific measures have been identified to combat illegal logging through the fight against trade in related products: the main ones are the FLEGT regulation - Forest Law Enforcement, Governance and Trade and the EUTR - European Union Timber Regulation.



## SUPPLIER SELECTION AND QUALIFICATION

Responsible and transparent procurement from reliable commercial partners who share our values is a necessary condition to guarantee high quality and safe products and is a fundamental part of our processes.

We source materials and services only from companies that share the Group's commitment to conducting business responsibly as a way of ensuring that the development we generate is sustainable over time, supporting a healthy economy.

The Group makes its expectations of suppliers regarding integrity in conducting business activities explicit in its supply contracts. This includes requiring respect for the values and good practices described in our **Code of Ethics**, in terms of integrity, human rights and the reduced environmental impact, reserving the right to terminate commercial relationships if the Group becomes aware of conducts that do not comply with the law or our Code of Ethics.

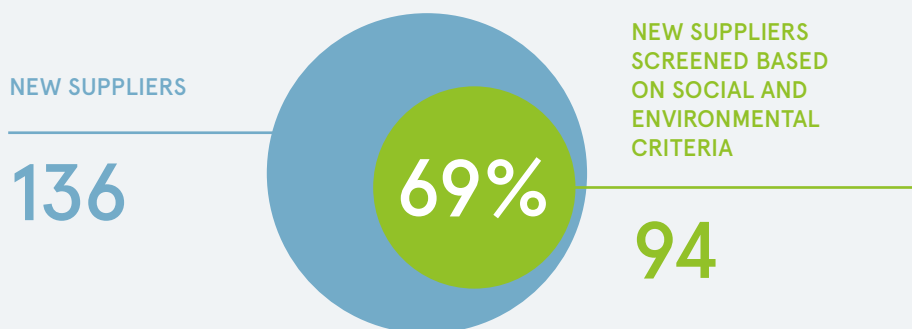
Depending on the product category, suppliers are subject to a pre-qualification and qualification process that includes the monitoring of specific social and environmental requirements.

We check that workers are correctly hired and employers' social security obligations are fulfilled, and if there are any disputes in relation to health and safety, the environment and corruption.

This screening focuses on all relevant product categories, including service contractors. Suppliers of fiber raw materials are subject to a specific qualification process in relation to the FSC® and/or PEFC™ schemes.

During 2019 we continued to harmonize our supplier qualification procedures of the Group companies through risk assessments and identification of potential gaps. We aim at making our procedures increasingly efficient and homogeneous.

## RELEVANT NEW SUPPLIERS SUBJECT TO ENVIRONMENTAL OR SOCIAL SCREENING



All Group companies / 2019.

Parties from whom the Group purchased for the first time in 2019 for a minimum amount of 5,000 euros are considered new suppliers. Non-strategic supply categories are excluded.

Almost all our suppliers are located in countries considered to be at low risk of violating human rights on the basis of the "Freedom in the World 2019" annual

report prepared by Freedom House and the latest "The state of the world's human rights Report" by Amnesty International.

## FOCUS ABOUT OVARO

During 2019, the Ovaro mill in Italy was registered in the **Supplier Ethical Data Exchange (Sedex)** database. This platform allows exchange of information on ethical compliance, including with the Ethical Trading Initiative (ETI) base code and other sustainability information along the supply chain.

The registration in the database took place following the successful completion of the Sedex Members Ethical Trade Audit (SMETA), which covers all aspects of responsible management in four fundamental areas: work, health and safety, environment and business ethics.

# Sustainability in every fiber of our being

## WHAT IS THE CIRCULAR ECONOMY?

According to the Ellen MacArthur Foundation's definition, the term circular economy is used to describe an economy designed to be able to regenerate by itself, an economic system planned to reuse materials in subsequent production cycles, minimizing waste. A total and radical rethink of the classic linear production model.

Adopting a circular approach means reviewing all production stages and looking at the entire chain involved in the production cycle. In a context where raw materials become precious resources, this model is based on a regenerating system that can

make good use of materials, with each different phase of the production process reprogrammed to recycle as much material used in production as possible.

The recyclability of the materials used therefore plays a key role in being able to develop sustainable consumption models.

The collection of paper and cartonboard material has a significant impact on the material transformation process, both from a quantitative and qualitative point of view. Promotion of a recycling culture is a crucial step in ensuring the success of the circular economy model.



According to the Confederation of European Paper Industries (CEPI), the recycling rate for paper and cartonboard in Europe is **71.6%**, one of the highest among the materials used for packaging, which means that for every 10 units of paper and cartonboard consumption – net of imports and exports – 7 units are collected for recycling. According to CEPI, a recycling rate for cellulosic packaging specifically of **85%** has already been achieved in Europe.

**Considering that recycled paper and cartonboard are the main packaging raw materials, it is clear the paper sector has significant regenerative capacity.**

RDM Group is an integrated part of a virtuous circular economy through its business model: we want to improve our performance because we are aware of the importance and value of paper as a resource, which is why all our products are fully recyclable.

Recycling is indeed the preferable option for our cartonboard, because only in this way can we feed the circular economy.



After use, packaging produced with RDM Group's cartonboard is disposed of by our customers and end consumers. The environmental impact of packaging produced with our cartonboard is particularly low. Firstly, because it is a renewable and recyclable resource, used to produce new cartonboard. Secondly, because the materials used are ecological and, if accidentally left in the environment, they do not have a harmful impact since they are naturally 100% biodegradable.

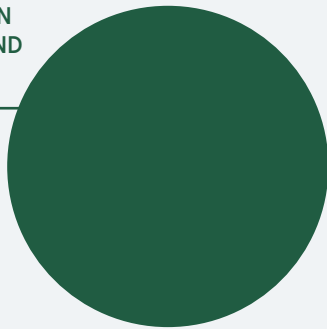
Although recycled fiber-based cartonboard is a "simple" product, its production requires the implementation of a complex production process and the use of numerous materials.

RDM Group uses these materials also to produce packaging for shipments to our customers as well as auxiliary products for equipment maintenance.

## USE OF RAW MATERIALS AND OTHER MATERIALS

### RAW MATERIALS USED FOR THE PRODUCTION OF CARTONBOARD AND COATING

98%



The raw materials used for our cartonboard and coating layers are as follows:



65%

Paper for recycling



18%

Ground wood raw materials and pulp virgin fibers



15%

Fillers, starches and lactic acids of the coating layer



2%

Starches and recipe chemicals

### MATERIALS USED FOR PRODUCT PACKAGING

1.5%



### OTHER MATERIALS AUXILIARY FOR EQUIPMENT MAINTAINANCE WHICH DO NOT END UP IN THE CARTONBOARD

0.5%



**Renewable** materials represent **84%** of the Group's total consumption.

### TOTAL RAW MATERIALS AND OTHER MATERIALS USED

2019: 1,541,135 ton

2018: 1,365,435 ton

2017: 1,350,300 ton

The values indicated do not include the proportion of water incorporated in the cartonboard that corresponds to 5% - 7% of the total weight of the finished product.

Consistently with last year's report, we report hereafter the total amount of materials used in 2017 including biomass used as fuel: 1,453,633 tons

All the Group's production units / 2019  
Percentage of total

## CONSUMPTION PERCENTAGES OF PAPER FOR RECYCLING, PULP VIRGIN FIBER AND WOOD



**79%**

Paper for recycling



**14%**

Ground wood  
raw material



**7%**

Virgin fibers  
(pulp)

All the Group's production units / 2019

Ground wood raw material is used by the La Rochette mill in France for the production of mechanical virgin pulp for its direct board production. All the wood used by this plant is the by-product of local wood processing companies. The use of this resources covers about 80% of the annual pulp consumption of the mill, which is 59% PEFC™ certified. The remaining 20% is market pulp purchased from external suppliers, which is 100% certified according to FSC® and/or PEFC™ standards. All these raw materials, both certified and conventional, come from suppliers regularly checked on the

basis of our due diligence system and are considered low risk. On average, each year the Group consumes over 260,000 tons of pulp virgin fibers and ground wood raw materials. Their use is generally required by the need to ensure that the finished product has the physical-mechanical characteristics necessary for its use as applied packaging.

At Group level, when purchasing market pulp, we always and exclusively rely on certified raw materials for any of our products.

## USE OF PULP VIRGIN FIBER AND GROUND WOOD RAW MATERIALS CERTIFIED ACCORDING TO FSC® AND/OR PEFC™ STANDARDS, OR FSC® CONTROLLED WOOD



**Total**

265,615 ton

**74%**  
certified

**26%**  
conventional



**Pulp virgin fibers**

95,001 ton

**100%**  
certified

**0%**  
conventional



**Ground wood raw material**

170,614 ton

**59%**  
certified

**41%**  
conventional

All the Group's production units / 2019

**In 2019 alone, over 980,000 tons of fibrous raw materials were regenerated at the end of their life.** If we consider that the average European citizen consumes around 71 kg of paper and cartonboard a year, RDM Group's mills give new life to the volume generat-

ed by 13.8 million inhabitants. That's is more than the household paper and cartonboard packaging of the combined population of Austria and Croatia in 2019 (reworking RDM Group on Eurostat data).

# Innovation with cartonboard

The packaging materials sector is currently going through an intense period of innovation, both in the design of materials and in finding new uses and applications for conventional products.

Consumer awareness about the limited availability of natural resources, the environmental impact of products and social responsibility is ever increasing. This trend, together with new environmental policies, regulations and economic incentives, is pushing big brands and retailers to search for increasingly sustainable solutions, capable of reducing the environmental impact of packaging at the end of its life, and to pay increasing attention to their supply chain.

Also, part of this trend is the direction taken by many companies that are gradually switching to a recycled-based packaging, even as a replacement for their secondary packaging in virgin fiber.

Our Group's innovation processes aim to strengthen our product portfolio, focusing on the development of renewable, recyclable and actually recycled raw materials. Our development activities look to feed the circular economy model through products designed from the outset to be used, recovered and recycled again.

In line with the latest market trends, we have also turned our development activities in the direction of plastic substitution.

In recent collaborations, we have started developing new fiber-based multi-material products coupled with renewable lamination and barrier solutions, with particular reference to the biodegradability of the materials.

The guarantee of product quality and safety is important for recycled-based cartonboard. For years, we have been promoting a proactive and open approach to research and innovation. Although most scientific studies show that mineral oils normally used in printing inks and found in recycled paper and cartonboard materials are not harmful in low amounts, we work constantly to improve our solutions. This is done in consultation with industry associations, food safety authorities and all other interested parties, starting from ink producers and the printing and cartonboard converting industry.

We are constantly working on the design and development of barrier solutions that can create a layer of protection between the structure made of recycled material and the packaged product content, while maintaining the recyclable characteristics of the cartonboard.

In implementing this strategy, we have the full support of collaboration with universities and research centers. At the same time, we continue to develop new methods to monitor incoming raw materials, improving raw material sorting to better identify potential contaminants.

## RDM GROUP IS PART OF THE 4EVERGREEN ALLIANCE

With this initiative, more than 40 different companies intend to promote the use of fiber-based packaging material in support of a circular and sustainable economy that minimizes impact on the climate and environment.

The 4Evergreen program, which RDM Group joined at its inception, was implemented to bring together the entire cellulose-based packaging value chain, from paper and cartonboard manufacturers to converters, from major brands and retailers to suppliers of technology and raw materials, up to raw material collection operators.

**The 4Evergreen Alliance** wants to raise awareness about the advantages of using cartonboard for packaging to make more environmentally friendly choices, and also supports the development of new packaging solutions through innovation and product design,

as well as the development of appropriate recycling infrastructure and collection systems.

The 4Evergreen Alliance is therefore a sign that the fiber industry is ready to take up the challenge of materials substitution that have become of such concern to the market and wider society in recent years.





# The quality of the finished product

RDM Group cartonboard has various applications: it can be used as primary packaging for dry non-fat solid foods such as pasta, rice, salt and sugar, and can also be used as a secondary packaging material, for example, for medicines, food and beverages, luxury goods, household appliances, cosmetics, toys, and personal care and household cleaning products.

**The Group's essential objective is to guarantee food safety and traceability of the raw materials used**

## PRODUCT SAFETY IS A PRIORITY

RDM Group products are manufactured in compliance with the safety requirements for products intended for contact with food. The Group follows a strict quality control process to prevent any possible direct impact on product protection and preservation as well as on the characteristics of the contents and their perception by end consumers. We have therefore developed a precise monitoring system of quality and food safety requirements throughout the material production cycle. Our internal procedures cover all stages of procurement, production and shipping of our cartonboard:

### » ANALYSIS AND MONITORING OF RAW MATERIALS

Analyses are carried out on the raw materials used and specific controls are carried out concerning a number of potential inorganic contaminants, as well as the absence of polluting substances or biological contaminants.

### » RAW MATERIAL TREATMENT AND CLEANING PROCESS

The raw material treatment and cleaning process and the subsequent production phase are designed so that the cartonboard intended for food sector applications, under normal or foreseeable conditions of use, does not transfer components in quantities that constitute a danger to human health or affect the taste or smell of the food inside.

### » CHEMICAL-PHYSICAL CHARACTERISTICS CHECKS

Downstream of the production process, the chemical-physical characteristics of products intended for food contact, and other important properties such as odors, are checked through laboratory analysis.

## STORAGE AND TRANSPORT SUITABILITY MONITORING

The materials used for packaging of our cartonboard products, mainly propylene, are monitored to ascertain their suitability for use. Finally, specific procedures are in place for monitoring warehouse storage and means of transport to ensure the conditions comply with the quality of the products in the final stages of the distribution process, before being delivered to customers.

### » CERTIFICATION AND COMPLIANCE

All RDM Group products destined to become food packaging are certified by ISEGA laboratory which certify their food safety and compliance with EU Directive 1935/2004. For the Italian market, all products intended for contact with food are also compliant with Ministerial Decree 21/3/73. We adopt the good manufacturing practices established by EC regulation 2023/2006 (GMP) in all mills for materials and items intended for contact with food.

### » TRANSPARENCY WITH CUSTOMERS

The compliance of our products is checked with customers before any purchase decision. We provide our customers with all necessary product safety information through conformity declarations.

We ensure we are compliant with legislation that protects the health of our workers, our customers and the environment: all our products comply with EU regulation 1907/2006 REACH, containing suspected carcinogenic, mutagenic, toxic to reproduction, PBT

(persistent and bioaccumulative and toxic) or vPvB (particularly persistent and bioaccumulative) substances well below permitted concentrations.

#### UNI EN 15593 CERTIFICATION

The **Santa Giustina** mill has begun the process of obtaining UNI EN 15593 certification by 2020 for hygiene management in the production of food packaging.



#### ZERO RECALLS

FOR RDM GROUP  
PRODUCTS FOR RISKS  
RELATED TO FOOD  
SAFETY IN THE LAST  
THREE YEARS



# Our customers' satisfaction

## DIALOGUE WITH CUSTOMERS

The Group's ability to pursue economic growth objectives and to strengthen its competitive position depends primarily on the ability to satisfy its customers.

It is therefore essential to understand precisely how much our products and commercial services actually meet customers' expectations, to allow us to constantly work on improvement. At RDM Group we systematically measure customer satisfaction via **surveys twice a year**.

Furthermore, during 2019, a special **Stakeholder engagement** activity was carried out with selected customers to establish a further line of dialogue with the Group and open a discussion on the role cartonboard industry in the development of a sustainable packaging supply chain.

## LATEST SURVEY RESULTS

The results of the latest survey also confirmed "customer service" as the main positive factor associated with RDM Group.

**1,206** customers contacted

**54%** response rate, **+2%** compared to the previous survey

**7.57 out of 10** Customer rating

## QUALITY MANAGEMENT

The RDM Group quality management system is structured to quickly deal with critical issues effectively and promptly, rapidly activating diagnostic and corrective procedures. A key element to this end is the system of supply traceability, which allows us to identify promptly and withdraw any defective lots.

The Group's systems and procedures make it possible to identify the raw materials, substances and products that have been used in processing each supply.

We pay particular attention to the systematic collection and management of all issues raised and any complaints from our customers.

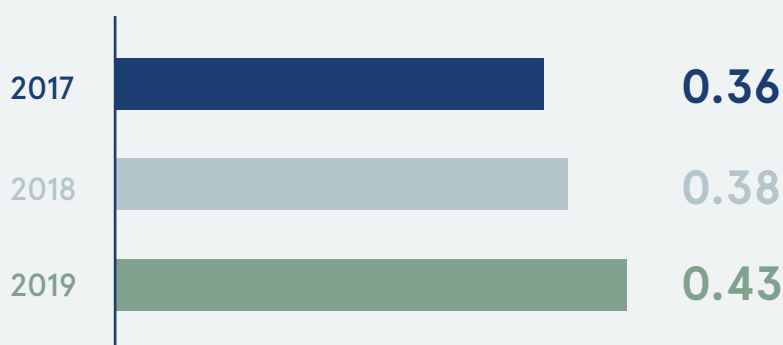
Any feedback on issues related to quality and satisfaction is traced, documented and managed according to specific, detailed procedures. The analysis of information, combined with the examination of the main reasons for the complaint, are aimed at identifying improvement actions. Customers are then informed of the internal actions taken.

During 2019, the **Technical Customer Service** function was strengthened with the primary objective of ensuring greater clarity in claim assessment, as well as completeness and timeliness of response.

**All of RDM Group production sites have a quality management system certified in accordance with the ISO 9001 standard.**

Through this certification RDM Group adopts a systematic approach to continuous quality improvement for customers.

## COMPLAINT RATE



Group is working to improve its products and services by strengthening controls in all areas of quality management.

Number of complaints per 100 tons of net saleable production. All Group companies / 2017, 2018, 2019 (excluding PAC Service)



The background of the slide features a large, rugged mountain peak under a clear blue sky. In the foreground, there is a pile of crumpled, light-colored paper or cardboard, suggesting waste or recycling. The text is overlaid on the left side of the image.

# 4.

## Our focus on the environment

- Water: reuse and responsibility
  - Energy: efficiency and consumption
  - Air: emissions and monitoring
  - Waste: management and reduction
-

## Water: reuse and responsibility

The cellulose and paper industry is a sector historically characterized for the large volumes of water used: from cleaning raw materials, to preparing the mixture for cartonboard, to plant cooling.

Our cartonboard mills therefore need to be located near river basins to ensure continuity of water supplies needed for the production process, through direct withdrawal or access to aquifers.

We are well aware that water stress is one of the factors that impacts the environment in which we operate and that restrictions on discharges and withdrawal limits are becoming increasingly stringent. We are committed to seeing these challenges as opportunities for the whole Group, both to increase efficiency in the use of this resource and to reduce costs.

Optimizing the use of water is therefore a critical factor through which we measure our ecological footprint, but also our efficiency.

We constantly keep in mind our commitment to reduce the amount of process water used and for this reason we have set up a special focus group to map possible efficiency measures for all our cartonboard mills. We want to follow up on our commitment to have an increasingly responsible and efficient water management.

In relation to the use of this resource, **91% of the water withdrawn by our mills is returned to the environment**. The remaining part, on the other hand, evaporates during the production operations or is incorporated in the cartonboard through its moisture content.

### FOCUS: WATER STRESS

The siting of our cartonboard mills according to the WWF water risk filter sees their location in river basins with a diversified level of water stress\*:

22%

Low - very low water stress

66%

Moderate water stress

12%

High - very high water stress

\* water stress baseline: ratio between water withdrawals and the total annual availability of renewable sources

### WITHDRAWAL OF WATER PER SOURCE (m<sup>3</sup>)

2019	2018	2017
Surface water 9,958,117	Surface water 14,997,861	Surface water 13,811,586
Ground water 9,175,130	Ground water 7,869,870	Ground water 8,199,876
Public water supply 208,226	Public water supply 228,868	Public water supply 245,019

All the Group's production units / 2019, 2018, 2017  
The figures include water withdrawals for plant cooling

## RECOVERY, REUSE AND MONITORING

In order to achieve the objectives of reducing withdrawals through the recovery of process water and its reuse in several production cycles, we adopt appropriate and efficient technological and plant solutions.

Depending on the technology used, cooling water is also reused as production water, allowing both the quantities withdrawn upstream and the energy required to heat the process water itself to be reduced.

In addition, existing systems have been improved over the years, also through the use of heat exchangers to recover condensed steam.

In this way, RDM Group has been able to reduce over time its freshwater withdrawals per ton of production, which further decreased in 2019 mainly thanks to the reduction in the use of a coal-fired boiler in the mill of Arnsberg (Germany).

### WATER WITHDRAWALS PER TON OF PRODUCTION (m<sup>3</sup>/ton)



All the Group's production units / 2017, 2018, 2019

Unit of measure: Cubic meters per ton of gross production (including water withdrawal for plant cooling)

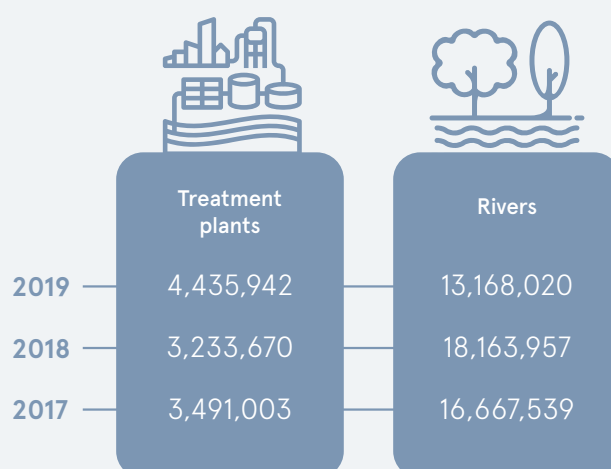
## PROCESS WATER TREATMENT

Implementing our water reuse strategy in multiple production cycles goes hand in hand with the water monitoring and treatment systems adopted by the Group. The management of process water discharge is also a complex issue for companies in the paper sector: production generates discharge containing suspended solids, organic residue including fiber material, dissolved wood constituents and some inorganic salts. All cartonboard mills are, to different extents, equipped with wastewater treatment plants which, through chemical, physical and biological treatment processes,

reduce the content of both inorganic and organic substances, making them suitable to be returned to the environment or sent to external treatment plants for subsequent and further purification.

An exception to this is water used in the cooling systems of plants which, if not reused in production processes, can be directly returned to the environment. In these cases, the only impact on the receiving water body is a temporary rise in temperature, which is always compatible with the characteristics of the river fauna.

### VOLUMES OF DISCHARGED WATER BY DESTINATION (m<sup>3</sup>)



All the Group's production units / 2019, 2018, 2017

The quality parameters of discharged water are determined according to local regulatory requirements and vary according to the wastewater destination (rivers or external treatment plants). The figures for 2018 and 2017 include respectively 43m<sup>3</sup> and 7 m<sup>3</sup> of discharges in septic tanks.



# Energy: efficiency and consumption

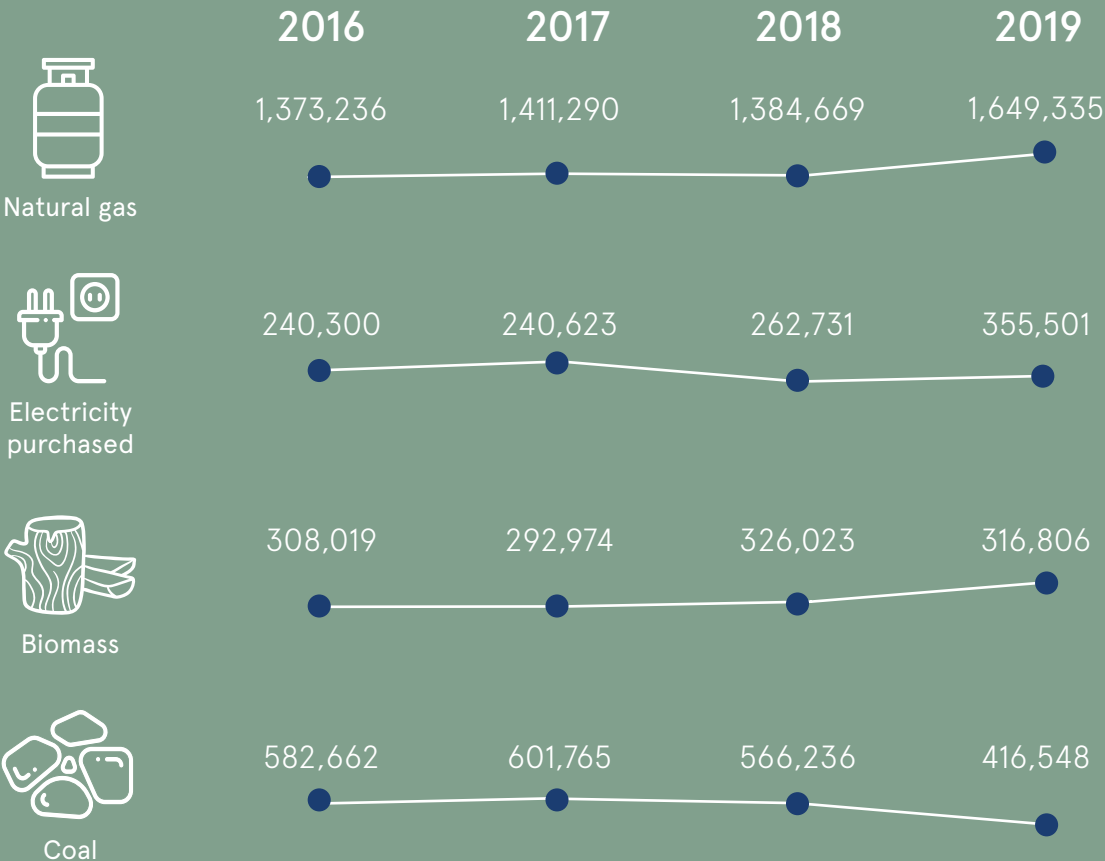
The cartonboard production process requires rapid dewatering and drying of paper sheets: in less than two minutes, water concentration goes from 99% to about 7% of the finished product. It is a process that requires a large amount of energy resources. We know that efficient resource management is not only necessary from an economic point of view, but also positive from an environmental point of view: we pay great attention to the external impact of our activities, including that deriving from the use of fossil fuels as a primary energy source.

There is a cogeneration thermal power plant in each of our mills. We use the best energy conversion technologies to produce electricity and heat simultaneously, reducing waste to a minimum. Through careful heat recovery, yields obtained are well above the limits established by Directive 2004/8/EC on the promotion of cogeneration. The operating results of combined heat and power (CHP) plants are subject to periodic perfor-

mance certification by government agencies according to procedures established at EU level. Self-produced electricity is supplemented with power from the national electricity grid to meet the energy needs of plants. In this regard, negotiations for the acquisition of a concession for a small hydroelectric power plant near the Ovaro mill (Italy) continued during the last year.

The main sources of primary energy, besides natural gas, are wood biomass and coal. Fuels such as liquified petroleum gas (LPG), fuel oil or diesel oil have a marginal role and are used for internal handling where the use of electricity is not possible. In 2019, the increase of natural gas consumption was mainly due to the integration of the Barcelona mill in the Group perimeter for all 12 months, compared to 2 months in 2018; the reduction of coal is linked to the energy transition project started in the mill of Arnsberg (see the following paragraph for more details).

ENERGY SOURCES BY TYPE (MWh)



All the Group's production units / 2016, 2017, 2018, 2019.  
RDM Barcelona Cartonboard's natural gas consumption for the production of electricity for the grid is excluded (710,441 MWh in 2019 and 120,779 MWh in 2018). Electricity produced by cogeneration plants is not included to avoid double counting. See the appendix for more details on all energy consumption.

To ensure efficient management of energy resources and build upon our continuous improvement process, the RDM Group's **Energy Management** department is constantly at work to improve mill energy performance, focusing on process optimization, upgrading of existing plants and the application of the best technologies available on the market.

A coal consumption reduction program is under way at the Arnsberg plant in Germany. The first step of this program has already been carried out, **with a 26% reduction in coal consumption compared to 2018**.

This reduction brought a clear benefit in terms of direct emissions, even though it made it necessary to supplement energy needs by purchasing electricity externally.

The second phase is being studied and will lead to the application of the technology necessary to transition the plant to energy sources with a lower environmental impact.

## BARCELONA CARTONBOARD

With the acquisition of RDM Barcelona Cartonboard at the end of 2018, the Group also acquired an important cogeneration plant powered by natural gas.

About **70%** of consumption is used to produce electricity sold to the Spanish national electricity grid.

Approximately **30%** is related to the thermal utilities necessary for paper production and is therefore counted in the total consumption of RDM Group.



**-19%**

ENERGY INTENSITY  
REDUCTION  
COMPARED TO 2016

**The revamping of the cogeneration plant** has begun at the Villa Santa Lucia mill in Italy, including the installation of a new gas turbine with greater efficiency and reduced NO<sub>x</sub> emissions.

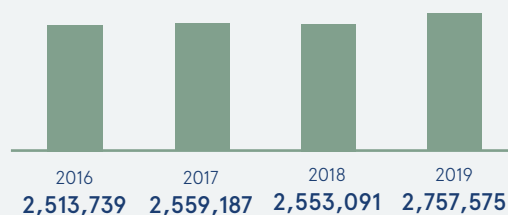
In the mill of La Rochette, France, the National Energy Regulation Commission (CRE) approved a modernization and upgrading project for the biomass power plant with the installation of a new 8 MW turbo alternator. This project will complete the revamping activities of the heating system carried out in the last three years with the replacement of significant parts of the steam production system.

The biomass purchased to feed the La Rochette thermal power plant comes mainly from the local wood-working chain and consists of wood processing and sawmill scraps. In addition to this material, the mill also uses the residues of its own pulp production as fuel on a permanent basis.

**In 2019, over 2.7 million MWh of energy were consumed overall, an increase of 8% compared to 2018, against a greater increase in gross production (+16%)**

## ENERGY PERFORMANCE

### TOTAL CONSUMPTION (MWh)



### SPECIFIC CONSUMPTION (MWh/ton)



All the Group's production units 2016, 2017, 2018, 2019  
Unit of measure: energy consumption in MWh per ton of gross production

## ENERGY MANAGEMENT

We adopt systems to continuously monitor energy consumption and systematically identify efficiency measures. When purchasing new technologies, revamping existing plants or designing new processes, our policy requires that we should always take into consideration the expected consumption as a binding parameter. In practice, this process thus translates into a policy that favors the purchase of equipment in higher energy efficiency classes.

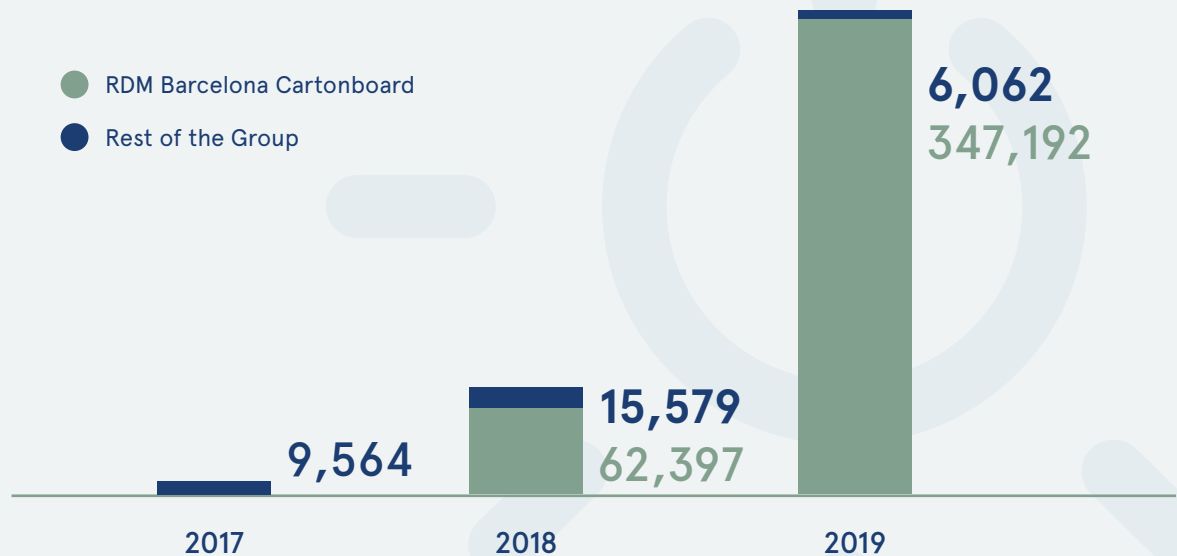
We also believe that certification is a very important tool for effectively managing energy resources and optimizing related costs. Four of our seven cartonboard mills already have an **ISO 50001** certification, while the others already adopt managerial tools aligned with the standard's requirements.

Our energy policy formalizes our commitment to reduce energy consumption and conserve resources, as well as to recover secondary thermal energy and study renewable energy solutions.

We cooperate actively with the national grid energy security systems. Group companies adhere to the electrical load regulation and interruption services on a national basis, making themselves available for electrical supply disconnection in the event of network electricity supply and demand imbalances.

In the 2017-2019 period, RDM Group supplied over **30,000 MWh of electricity produced by its power plants in excess of its consumption** to the respective national grids. In addition, the Barcelona cogeneration plant contributed 347,192 MWh to the Spanish grid in 2019 and 62,397 MWh in 2018.

### ELECTRICITY SUPPLIED TO THE GRID (MWh)



All the Group's production units, 2017, 2018, 2019



## Air: emissions and monitoring

The emissions we generate mainly derive from the combustion of primary energy sources, used in particular to produce the power and thermal energy necessary for our production process.

Some of these emissions, such as sulfur oxides ( $\text{SO}_x$ ), nitrogen oxides ( $\text{NO}_x$ ) and particles, directly affect air quality and are therefore subject to precise limits by the environmental protection authorities. Although not strictly a pollutant, our processes do emit carbon dioxide ( $\text{CO}_2$ ), which the scientific community identifies as one of the causes of climate change.

The direct emissions produced by the paper machines are water vapor and are therefore neutral in terms of their impact on climate change. In general, as a Group we constantly monitor all atmospheric emissions, making sure that they comply with all the legal provisions of the countries in which we operate.

**The use of renewable materials in our production process allows us to make a significant contribution to the green economy.**

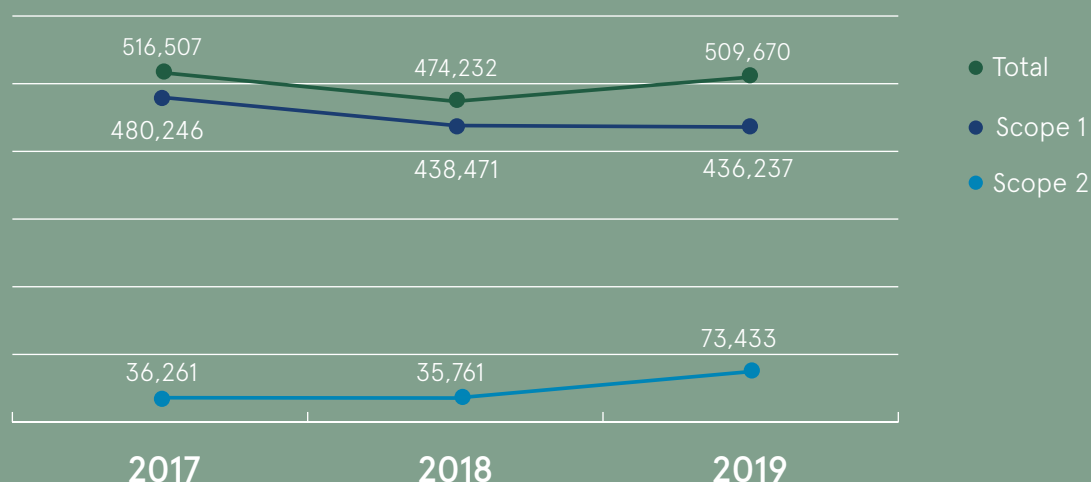
Cellulose-based products, through their natural growth process, are able to absorb  $\text{CO}_2$  (carbon storage), reducing its concentration in the atmosphere. Carbon dioxide is thus incorporated into recycled-based products that repeat the circular process of fiber recovery and recycling.

With our cellulose-based products we offer our customers and end consumers sustainable alternatives with better environmental performances than products made with fossil or non-renewable products.

The types of greenhouse gas emissions we report are:

- **Direct emissions of  $\text{CO}_2$  equivalent** from our operations on site i.e. operations that we own or control directly (Scope 1).
- **Indirect emissions of  $\text{CO}_2$  equivalent** related to electricity that we purchase externally (Scope 2).

### TOTAL DIRECT AND INDIRECT GHG EMISSIONS ( $\text{tCO}_2\text{e}$ )



All the Group's production units / 2017, 2018, 2019.

Emissions from natural gas consumption of RDM Barcelona Cartonboard used for the production of electricity supplied to the grid are excluded. The corresponding value is 130,615  $\text{tCO}_2\text{e}$  for 2019. Emissions from the corporate fleet are excluded as they are not material.

Gases included in the calculation:  $\text{CO}_2$ ,  $\text{CH}_4$ ,  $\text{N}_2\text{O}$ , HFC.

Emissions from biomass combustion are excluded and correspond to 127,673  $\text{tCO}_2$  in 2019; 131,387  $\text{tCO}_2$  in 2018; 118,069  $\text{tCO}_2$  in 2017.

2019 Emission factor sources: EU Guidance Document Biomass issues in the EU-ETS; UK 2019 Government GHG conversion factors for company reporting; AIB 2018 Residual mix results v 1.2; Terna - 2017, 2018 and 2019 confronti internazionali.

Indirect emissions are valued with a "location-based" approach and are expressed in metric tons of  $\text{CO}_2$ ; however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions ( $\text{CO}_2\text{e}$ ) as can be deduced from the reference technical literature.

## SPECIFIC DIRECT AND INDIRECT GHG EMISSIONS (tCO<sub>2</sub>e/ton)



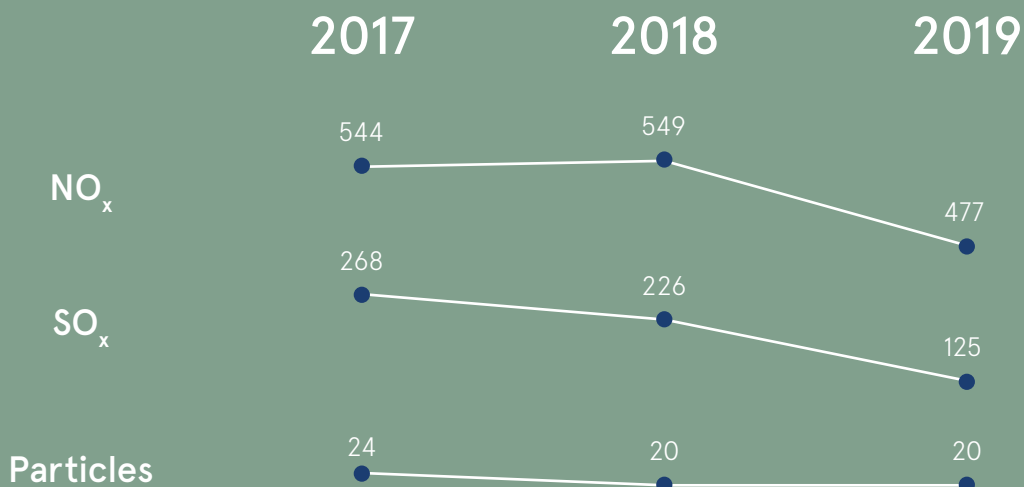
All the Group's production units / 2017, 2018, 2019

Emissions from natural gas consumption of RDM Barcelona Cartonboard used for the production of electricity supplied to the grid are excluded. The corresponding value is equal to 130,615 tCO<sub>2</sub>e for 2019. Emissions from the combustion of biomass are excluded. Indirect emissions valued according to the "location based" approach.

Thanks to the use of a single coal boiler in our thermo-electric plant in Arnsberg (Germany), we have achieved significant improvements in our emission performance: in addition to carbon-related emissions, which fell by 28% compared to 2018, in 2019 absolute SO<sub>x</sub>

emissions fell by 45% and NO<sub>x</sub> by 13% at Group level<sup>1</sup>. This is a very significant achievement which is the result of our efforts, including economic investments, for the environmental improvement of the energy supply mix and the reduction of climate-changing emissions.

## OTHER POLLUTING ATMOSPHERIC EMISSIONS (ton)



All the Group's production units / 2017, 2018, 2019

The figures derive either from continuous monitoring systems or from single annual measurements. The emissions generated by biomass combustion are calculated on the basis of the quantity consumed and the reference parameters provided by the French Authority for the Déclaration Annuelle des Émissions Polluantes et des Déchets (GEREP). For further information please refer to the tables in the appendix.

The precise monitoring of emissions, the development of a continuous energy efficiency improvement system and regular environmental adaptation measures have allowed the Group to reduce greenhouse gas and pollutant atmospheric emissions per ton of production over time.

RDM Group, as part of the **EU Emissions Trading System (ETS)**, is able to compensate for a part of greenhouse gas emissions released into the atmosphere through the purchase of certificates that finance emission reduction or containment measures.

<sup>1</sup> The latter result was obtained by excluding the electricity supplied to national grid by the Barcelona mill in 2019 from the perimeter of consumption. If such consumption were included, there would be a reduction of NO<sub>x</sub> emissions equal to 4%, while that of SO<sub>x</sub> would remain unchanged (-45%).

# Waste: management and reduction

Our circular economy vision is based on some key elements, including minimizing waste sent to landfill.

We always try to make thoughtful use of our waste: we are part of a circular system in which other players can reuse or recover our waste (e.g. metal, sand and ashes) as a so-called second raw material in their own production processes.

In our mill of La Rochette (France) we are able to use our internal production by-products, such as dried sludge and fibrous waste, as fuel for the biomass power plant.

For the Group, minimizing waste and maximizing the use of fiber raw materials is essential. It is achieved through the use of a selection of treatment technologies aimed at eliminating all non-fibrous impurities (e.g. plastics, metals, etc.) from the recycled paper mix.

With the use of these technologies, we are able to reduce the proportion of fiber material in the production process rejects from approximately 20% to 5%.

## WASTE MANAGEMENT

We have an integrated quality, environment and safety policy that underlines our management's commitment to continuous improvement on environmental issues. This is the policy from which all the Group's procedures, guidelines and operating instructions derive.

Our quality procedures impose numerous checking protocols for incoming raw materials: we prevent materials containing impurities and foreign bodies from entering the production cycle, in accordance with our quality standards. Through the careful selection of raw materials during the acceptance phase, we are able to restrict the amount of rejected waste from the production process right from the start.

**A full 99.8% of the total waste produced by the Group is non-hazardous and mainly consists of plastics, glass, sand and metals**

Most waste is destined for recovery with the possibility of being used again, for example, as an **energy source, recycled metal, concrete production and composting.**

## ISO 14001 ENVIRONMENTAL CERTIFICATION

Our cartonboard mills adopt environmental management systems which provide for strict waste management procedures that guarantee compliance with applicable regulations. For five of our mills these management systems are also certified according to ISO 14001 standard.

Two of our cartonboard mills are also certified according to the "Eco-Management and Audit Scheme" (EMAS), a voluntary tool created by the European Union which companies can voluntarily join to assess and improve their environmental performance.



## HAZARDOUS WASTE (ton)

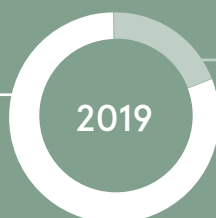


## NON-HAZARDOUS WASTE (ton)



All the Group's production units / 2017, 2018, 2019

**WASTE SENT  
FOR RECOVERY**  
160,394 ton  
(81% of the total)



**WASTE SENT  
FOR DISPOSAL**  
36,445 ton  
(19% of the total)

All the Group's production units / 2019

We make sure that all hazardous waste is safely handled within our facilities before being passed to authorized specialist operators for subsequent treatment and disposal. The overall amount of waste produced by cartonboard mills of course depends on the quality of incoming raw materials and consequently on the efficiency of separate collection systems.

Precisely for this reason, **RDM Group** together with **Comieco**, the Italian national consortium for the recovery and recycling of cellulose-based packaging, promotes the development and enhancement of separate material collection.

## OPEN DAYS TO DISCOVER THE BUSINESS OF PAPER RECYCLING

Every year, we join the initiative "Riciclo Aperto" of Comieco, the Italian national recycling consortium, as a way to welcome school children, residents and institutional representatives into paper and cartonboard recycling plants.

Doors are thrown open for anyone interested so they can discover and understand the phases of the industrial process and how the life of paper and cartonboard continues once they are placed in the appropriate recycling bins.

Our key aim is to educate young people about the responsible use of resources and to let them discover the value of paper and cartonboard recycling, the professional skills and technologies of the sector and explain them about the usefulness of their daily commitment to separate collection. With the Riciclo Aperto initiative we welcomed in 2019 over 350 students from the surrounding areas.







# 5.

## People at the centre of everything we do

- Safety first
- We develop talents and skills
- Diversity and equal opportunities





## Safety first

### OUR PEOPLE

More than **1,800 employees** and collaborators work in RDM Group, but our impact extends much further and embraces all the local communities and supply chain generated by our cartonboard mills. Our commitment

is not only aimed at ensuring that products are made from sustainable materials, but also that our human resources are managed in an ethical way, in compliance with safety regulations and valuing the diversity of each person in the Group.

#### GROUP EMPLOYEES (2019)



##### Executives

41 of which 10 women



##### White collar

452 of which 122 women



##### Blue collar

1,273 of which 31 women



##### People by geographical area

Italy: 38%  
France: 28%  
Iberian Peninsula: 14%  
Germany and rest of EU: 20%



Total hiring rate: 9.3%  
Total termination rate: 8.0%

People are our most important asset. Ensuring the well-being and safety of all those who are part of the Group is a basic ethical principle that we pursue rigorously.

We want all workers to be satisfied and work in safety, because this also means they perform better and gives them a healthy and positive sense of belonging to the company. This is why we set up a policy based on a “zero accidents” vision.

### SAFETY MANAGEMENT SYSTEM

Our integrated quality, environmental and safety policy guides our overall procedural architecture in terms of health and safety. It reaffirms the management’s commitment to continuous improvement on the issue of occupational health and safety. We believe that the leadership of our people is a key factor in achieving the ambitious goal of zero accidents.



Our safety governance is based on a unified safety team at Group level. This team regularly analyses all accidents and injuries that occur in all plants – including those involving external contractors – assessing the dynamics, root causes and circumstances, and identifying the corrective actions to be put in place to reduce risks.

Our risk analysis and accident prevention system is based on both the adoption of continuous benchmarking tools and the sharing of best practice between mills. Mills identify the specific risks to which each worker is exposed and provide adequate information. Through pre-job assessments, workers evaluate the risks associated with carrying out various activities and identify necessary preventive measures.

We believe that a bottom-up process for gathering suggestions and proposals for improvement and regular safety audits are essential aspects of the H&S system to achieve positive momentum and improving results.

**In 2019 alone, over 600 safety suggestions were collected from workers and over 750 audits were carried out, including those conducted by internal and third-party auditors. Each Group plant has its own specific safety team, which includes workers' representatives as members, who are therefore regularly involved in the mill safety decision-making process. Adopting this structure has allowed us to achieve important positive improvement results in recent years. Not surprisingly, 2019 was a record year for some of our mills – La Rochette (France), Ovaro (Italy) and Magenta (Italy) – which achieved their best safety performance ever.**

All the Group's mills rigorously manage the organizational and operational aspects related to safety, not only for the benefit of their employees, but also for all collaborators and any other external contractor.

The management systems we have adopted are organized according to the principles set out in the OHSAS 18001 standard. Four plants are certified according to the standard by independent third parties, and voluntarily undergo periodic audits.

The Villa Santa Lucia mill (Italy) completed the transition to the new ISO 45001 standard in 2019, the remaining are planning for the certification process.

In addition to these mills, our two sheeting centers will embark in 2020 on the path towards the ISO 45001 certification.

## SAFETY CULTURE

We know how important a solid safety culture is in promoting safe behaviors. We support and encourage the diffusion of a safety culture as the driving force of our continuous improvement process.

As part of our "Zero Accidents" vision, together with the effective management of H&S systems and related processes, we encourage widespread responsibility and the establishment of an accident prevention culture at all levels. It is a culture that encourages collaboration between workers and management to safeguard the safety and well-being of all.

**In view of this, an important pilot project will be launched at the Santa Giustina mill (Italy) in 2020.**

This behavior-based safety system is based on a scientific protocol which is a milestone for us on the evolutionary path of our safety system.

The promotion of safe behaviors is the key principle of this system and we intend to derive maximum benefit from it and extend its principles to all other Group mills.

## Education and training are two crucial pillars of our H&S system

Before starting to work in cartonboard mills, each employee must receive the appropriate general and specific safety training for each job, which is periodically updated according to the law.

All contractors who provide services to cartonboard mills are admitted only after demonstrating that they have received safety training. RDM Group does not compromise on these requirements.

Mentoring activities and job shadowing by senior staff for more junior staff is another element of our safety system, as well as a tool to ensure safe practices become a common basis for all workers.

## HEALTH AND SAFETY INITIATIVES

Our initiative to **promote a safety culture** continued in 2019, through the drawing competition for employees' children, grandchildren, nieces and nephews. The participation and creativity of the children reminded everyone that safety is an absolute priority for the Group. The best drawings in 2019 were featured in the Group's 2020 calendar, distributed to all employees.

We adopt health monitoring systems which, through preventive medical examinations and assessments of suitability for the job, helps protecting the workers' health status. Also, this year we promoted a corporate flu **vaccination campaign**, for the benefit of all Group employees, and renewed our **anti-smoking campaign** on "no tobacco day". In some mills, **nutritional campaigns** were launched, promoting healthy lifestyles, for example, by giving out seasonal fruit. In 2020, bi-monthly communication campaigns will be organized to address important health issues to promote greater awareness of some widespread diseases.

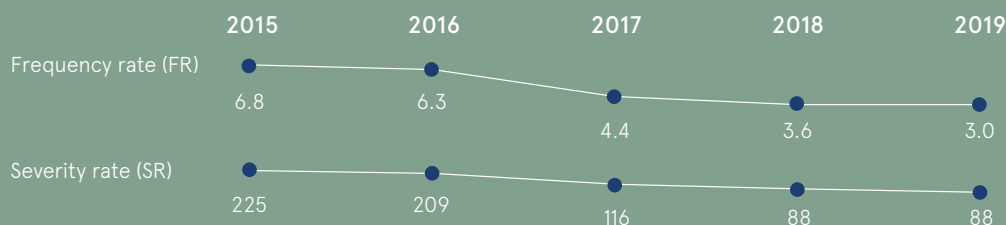
In relation to the **coronavirus (COVID-19)** emergency, specific information and hygiene instructions were shared with all employees and in all mills to reaffirm good prevention practices, communicate organizational guidelines and clarify the absence of potential contamination of our product with potential impacts on workers and customers. Since the beginning of the emergency, we have ensured business continuity and promptly implemented internal Health and Safety procedures in all our mills, in compliance with the major legal provisions. Smart working was used for all employees who could carry out their jobs remotely. More information is available on our website and will be disclosed in the Sustainability Report 2020.

## SAFETY RESULTS

In 2019, we reduced our overall frequency rate by 17% compared to 2018, while the severity rate remained substantially unchanged. Unfortunately, even though there were fewer accidents, two incidents were more

severe which had a negative impact on the severity index. Overall, we can be satisfied with the results achieved so far, **which since 2015 have resulted in a 56% reduction in the frequency rate and 61% drop in the severity rate.**

### FREQUENCY AND SEVERITY RATE



FR = (number of accidents \* 200,000) / hours worked; SR = (lost days \* 200,000) / hours worked.  
OSHA methodology applied to employees and collaborators.

Starting in 2019, we began to monitor the accident rates of our main external contractors, for the most part those engaged in inbound and outbound logistics activities. If this additional category of workers is included, the frequency rate remains unchanged, while the severity rate changes to 103.

2019 was an important year from a safety perspective. We strengthened Group governance by introducing a **monthly meeting exclusively** for mill safety managers. Intensifying collaboration and strengthening central-

ized coordination by head office encourages the integration and alignment process, especially in more recently acquired mills. 2019 was also an important year for the launch of a **cross-mill audit program**, involving all safety managers.

The aim was to examine their respective good operational and organizational practices and share analysis and management tools. The feedback received was excellent and the program was appreciated by all workers.

## SAFETY CHAMPION AWARDS

All those who have not had an accident in the past 10, 20, 30 and 40 years of work, receive a special award as an acknowledgement of their commitment to the safety of both themselves and their colleagues.

# We develop talents and skills

## TRAINING AND DEVELOPMENT

The skills and knowledge we have within the Group are a rich strategic resource for us and one of our most important assets, despite it being an intangible one.

The knowledge and know-how of the paper technicians who work in RDM Group are a crucial factor in guaranteeing Group operations and ensuring the quality and efficiency levels that customers demand of us. We continue to invest in the development of our leaders: leadership training program continued indeed also in 2019. It involved the Group's first and second management levels on topics such as leadership effectiveness and rules for managing work teams for a total of almost 1,400 training hours.

Group activities continued in offering mentoring and coaching courses for workers of lower seniority and between work teams.

In addition to informal learning tools, specific training activities were also planned, structured so as to guarantee appropriate training for different professional categories.

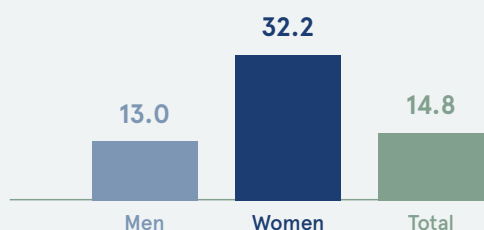
In addition to technical training and the mandatory one of each country of presence, we also promote language and soft skills training. On average, each RDM Group worker received about 15 hours of training in 2019 (+16% vs. 2018).

### AVERAGE TRAINING HOURS PER CAPITA

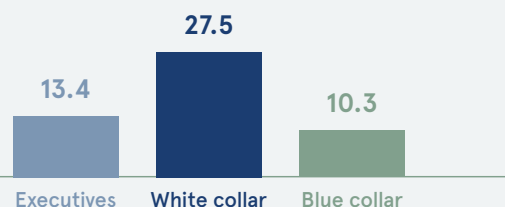


OVER THE PAST THREE YEARS, 2.2 MILLION EUROS HAVE BEEN INVESTED IN TRAINING ACTIVITIES, 820,000 EUROS OF WHICH IN 2019.

#### AVERAGE TRAINING HOURS BY GENDER



#### AVERAGE TRAINING HOURS BY PROFESSIONAL CATEGORY



All Group companies / 2019

## PERFORMANCE MANAGEMENT

To foster a dynamic and meritocratic working environment, we have adopted a performance incentive system based on the recognition of monetary bonuses linked to the achievement of objective and measurable corporate targets.

Our performance appraisal system is based on formal assessment mechanisms that extend to second level managerial areas. We are working to extend these evaluation mechanisms to other employee categories.

Effective implementation **of the sustainability strategy** is also taken into consideration in performance assessments and related bonus schemes.

Criteria relating to implementation of the sustainability strategy, with particular reference to the achievement of safety objectives, are inserted into incentive systems from the CEO down.



## CHANGE MANAGEMENT

**The integration process under way involving different Group companies includes an increasingly decisive push for greater exchange, comparison and sharing of experiences and good practices among colleagues from all over Europe**

During 2019 we set up two different works committees, to strengthen this process.

The “**change management steering committee**” aims to facilitate change at all organizational levels, by identifying factors that frustrate change and identifying necessary corrective actions.

The “**Youth Committee**”, meanwhile, aims to put forward proposals on how to integrate the millennial vision into the Group’s managerial style.

We wanted members of both committees to be representative of our different geographic areas to enable sharing of different experiences, points of view and sensibilities, which we consider to be a valued resource that we must leverage. In line with our drive towards organizational transformation, we experimentally introduced remote working for some group offices that, on request, will be able to work from home, helping to improve their work-life balance.

In 2020, this will be developed further through smart working, with employees able to work from home for a fixed and predetermined number of days per month.

## EMPLOYEE ENGAGEMENT

We believe that involving people and keeping them informed about what is happening in the Group is essential in increasing a sense of belonging to “one company”.

In addition to the consolidated **bimonthly “meetup” newsletter**, **regular mill meetings** have been extended to all staff to share the Group’s vision, values and strategy with them, as well as the results achieved within the framework of a renewed program for internal communication activities.

In 2020, a new “**people survey**” will be launched as a strategic tool to measure staff satisfaction levels and their sense of belonging to RDM Group.

# Diversity and equal opportunities

RDM Group’s international vocation means that we have production units and commercial offices in **nine European countries** with very different languages, traditions and socio-cultural habits.

Our Group is made up of 1,839 employees and collaborators, 9% of whom are women and 91% men, and with 27% of white-collar positions filled by women.

Fairness and respect are two essential principles deeply ingrained in our DNA. We look after our people and protect their rights, providing stable employment and fair working conditions.

Our staff recruitment, management and development policies are based on equal opportunities and non-discrimination on personal grounds, including nationality, gender, age or religion.

Consistently with the nature of work in the carton-board mills, we assess and choose candidates based on the principles of fairness and transparency, which guarantee balanced candidate shortlists between the two genders.

RDM Group works transparently with union representatives and where possible, adopts national collective agreements. The countries where we have a presence are at a low risk of human rights violations, which allows us to operate within the framework of the United Nations Universal Declaration of Human Rights and the fundamental conventions of the ILO.

In 2019 no cases of discrimination or detriment to the dignity and rights of the person involving employees or collaborators of RDM Group have been brought to the attention of the Group.



A photograph of an industrial facility with a large, light-colored corrugated metal building. In the foreground, there are three large, green, cylindrical storage tanks. A paved area with white and yellow markings leads towards the tanks. In the background, a tall, dark smokestack rises against a backdrop of rugged, mountainous terrain under a cloudy sky.

# 6.

## Governance and business ethics

- Corporate Governance
  - Innovation & Sustainability
  - Integrity in business conduct
-



# Corporate Governance

Our corporate governance system is essential for guaranteeing effective and efficient management of all activities carried out by the company. Its main objective is the creation of value for shareholders and for all the Group's Stakeholders in the medium-long term.

We are aware of the societal significance of our activities and the consequent need to consider adequately, in carrying out those activities, all the interests involved.

The governance of RDM Group is consistent with the traditional administration and control model, with a Board of Directors and a Board of Statutory Auditors, both appointed by the Shareholders' Meeting.

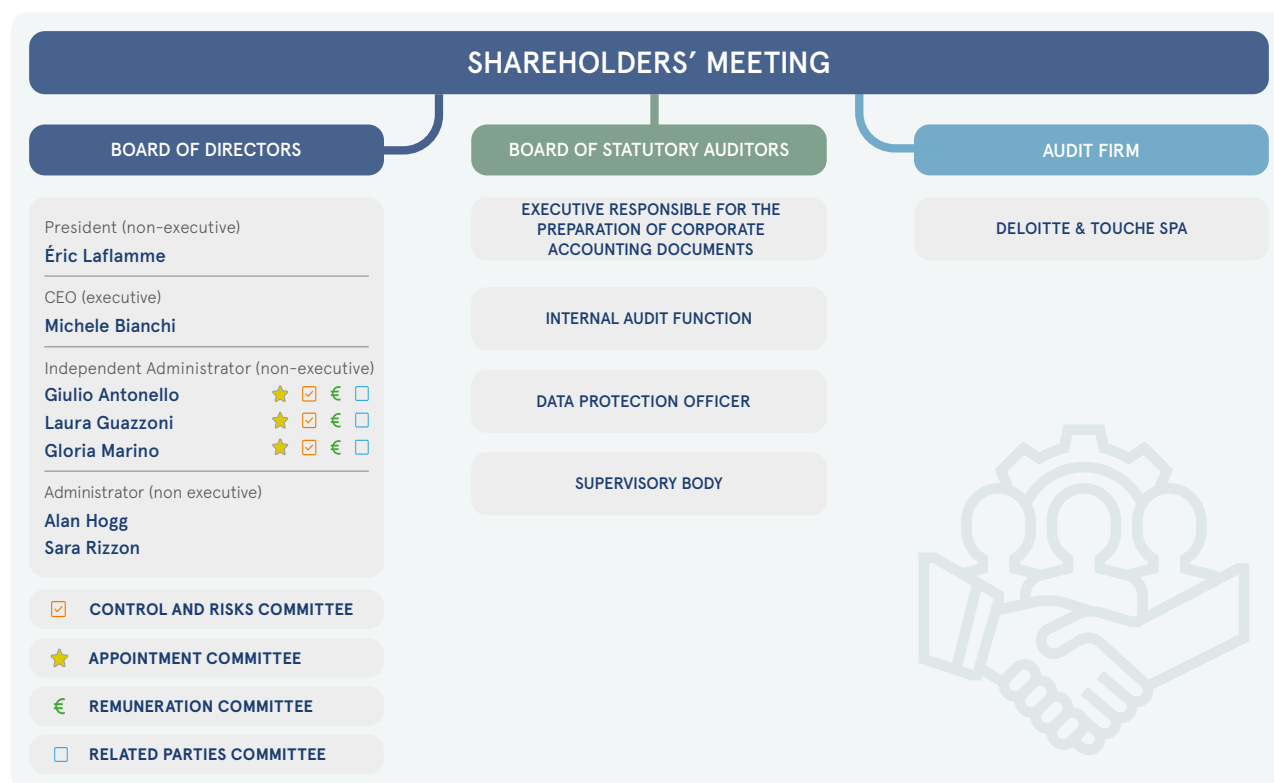
The composition of the Board of Directors reflects a balanced combination and integration of managerial and professional profiles, including international experience, respecting the principle of diversity.

The members of the three board committees are all independent and non-executive directors.

Our governance system is in line with the recommendations of the Italian stock exchange's Code of Conduct for Listed Companies. This year again, the board implemented an annual self-assessment process on the size, composition and functioning of the board itself and its committees.

The results highlighted a general level of adequacy of the elements subject to self-assessment, also with reference to the composition of the independent directors. All information relating to RDM Group governance model is reported in the Report on Corporate Governance and Ownership Structures.

Starting from 2021, our governance system will take into account the measures introduced by the new Borsa Italiana Corporate Governance Code, which strengthen ethical and social responsibility protection.





# Innovation & Sustainability

For us social responsibility means corporate awareness linked to the concept of sustainability.

Thus in 2019, the new "Innovation & Sustainability" department was set up.

**The world of packaging is going through a period of intense change that RDM Group sees as an opportunity to innovate, with a clear focus on sustainability**

This new department will oversee the process of strengthen the integration of sustainability into business activities and our strategy. To ensure prompt management and monitoring of individual projects, we also rely on the network of operational groups set up at local level, which involve mill managers and other managers depending on the topic, such as H&S, environment, quality, energy, customer technical and product development assistance. These operating groups are the means through which Group promotes the implementation of sustainable development strategies in daily operations, assessing risks and monitoring sustainability performance.

# Integrity in business conduct

Among the fundamental values that influence our daily activities lies the awareness that decisions have effects on others too.

Our decision-making process is based on the concept of responsibility, as a principle that guides the daily activities of all employees and that requires all people to act within a framework of legality.

We have adopted various tools to ensure the effective, efficient and transparent management of integrity in company conduct.

## The Code of Ethics

Our Code of Ethics, updated and approved by the Board of Directors in 2019, is aimed at all the Group's Stakeholders and clarifies the set of values, principles and behavioral rules shared at Group level, whose observance is considered an essential element for every person who represents RDM Group for various reasons, works internally or performs activities in the interest or on behalf of the Group itself.

It is the responsibility of the board of directors, the supervisory body, the internal audit function and all the company management to guarantee and verify the effective implementation of the Code of Ethics. It is up to all the recipients of the Code to collaborate in its compliance, including the obligation to report to the Supervisory Body any breach or suspicions of a breach of the Code, through the channels of our whistleblowing system (see also the section "Grievance mechanisms").

## Anti-corruption

Italian companies in our Group adopt an Organization, Management and Control Model pursuant to the Italian Legislative Decree 231/01, which establishes a set of rules and principles of behavior and controls that must be adopted and implemented in order to prevent the risk of committing particular offences which, among others, include those against the environment, relating to health and safety of workers and corruption.

The correct and full application of the adopted models is constantly monitored by the competent bodies. These models are periodically updated following both changes in the company structure and the introduction of new offences in Decree 231.

The other Group companies, in line with Italian entities, adopt the most appropriate measures to ensure compliance with local regulations, by setting up their own risk assessment process and developing the most appropriate organizational, decision-making, operational and control measures.

RDM Group has also adopted the Code of Conduct for the management of relationships with the public administration and third parties. This is an additional control measure, which supplements the 231 Models, and is designed to prevent the commission of the crime of corruption in relationships with the public administration and third parties, to protect the RDM Group values and its reputation.

## RDM GROUP ADHERES TO AND UNDERTAKES TO OBSERVE:



the CEPI Code of Conduct for the Paper Industry



the Code of Ethics and the Charter of Values of Confindustria

### Human Rights

Guaranteeing and developing correct business practices is fundamental for us at RDM Group. This importance is not limited to the scope of activities but extends to the entire supply chain. Almost all our suppliers are located in countries considered to be at low risk of violating human rights on the basis of the **"Freedom in the World 2020"** annual report prepared by Freedom House and the latest **"The state of the world's human rights Report"** by Amnesty International.

Integrity in conducting business activities is an essential prerequisite in our relationships with suppliers, who are required by RDM Group to comply with the principles contained in the Code of Ethics and in RDM Group's Organization, Management and Control Models, including the respect for human rights. Furthermore, where provided, we always use national collective bargaining agreements to guarantee adequate standards and working conditions.

The measures we have implemented have proved to be effective: the Group has not received any reports or ever been aware of violations of human rights or of the rights of workers of suppliers or collaborators who have had relationships with the Group.

### Antitrust program

During 2019, the Group followed up on the implementation of its antitrust system. After adopting this program, specific training sessions were held, mainly aimed at the Group's commercial departments most interested and involved in this issue.

The strengthening of the antitrust policy has the aim of preventing and reducing the potential risk of violating antitrust legislation, ensuring prompt reaction in the event of criticalities and strengthening the culture of compliance within the Group.

### Grievance mechanisms

To ensure reporting of irregularities or breaches of the Group Code of Ethics and the Organization, Management and Control Model, as well as any possible anomalies or weaknesses in the internal control system, we have adopted an appropriate reporting system ("Whistleblowing").

This system, structured to ensure the protection of the whistleblower and confidentiality of reported information, allows for prompt reporting and analysis of any breaches and irregularities that do not comply with the conduct standards.

During 2019, no cases of non-compliance with laws, regulations or standards of business ethics, antitrust and environmental law, discrimination or violations of the Code of Ethics were reported.

### Management Systems

The efficient management of business processes is key to long-term success. For this reason, we have long since adopted management systems, certified according to the main internationally recognized voluntary standards.

#### EXTERNAL CERTIFICATION OF MANAGEMENT SYSTEMS ACTIVE IN 2019 WITH INDICATION OF THE FIRST YEAR OF CERTIFICATION

	OHSAS 18001 /ISO 45001	ISO 9001	ISO 14001	EMAS	BLAUER ENGEL	ISO 50001	FSC®	PEFC™
Arnsberg	-	1992	1997	1997	-	-	2010	-
Barcelona	2009	1996	1998	2000	-	-	2015	-
Blendecques	-	1995	-	-	-	2014	2008	-
Milan (HQ)	2007	1996	-	-	-	-	-	-
La Rochette	-	1996	-	-	-	-	2014	2006
Magenta	-	1996	-	-	-	-	2010	-
Ovaro	2014	1996	2004	-	2015	2015	2009	2017
PAC Service	-	1997	-	-	-	-	2010	2009
Santa Giustina	2013	1996	2001	-	-	2015	2010	2016
Villa Santa Lucia	2016	1996	2005	-	-	2015	2010	-



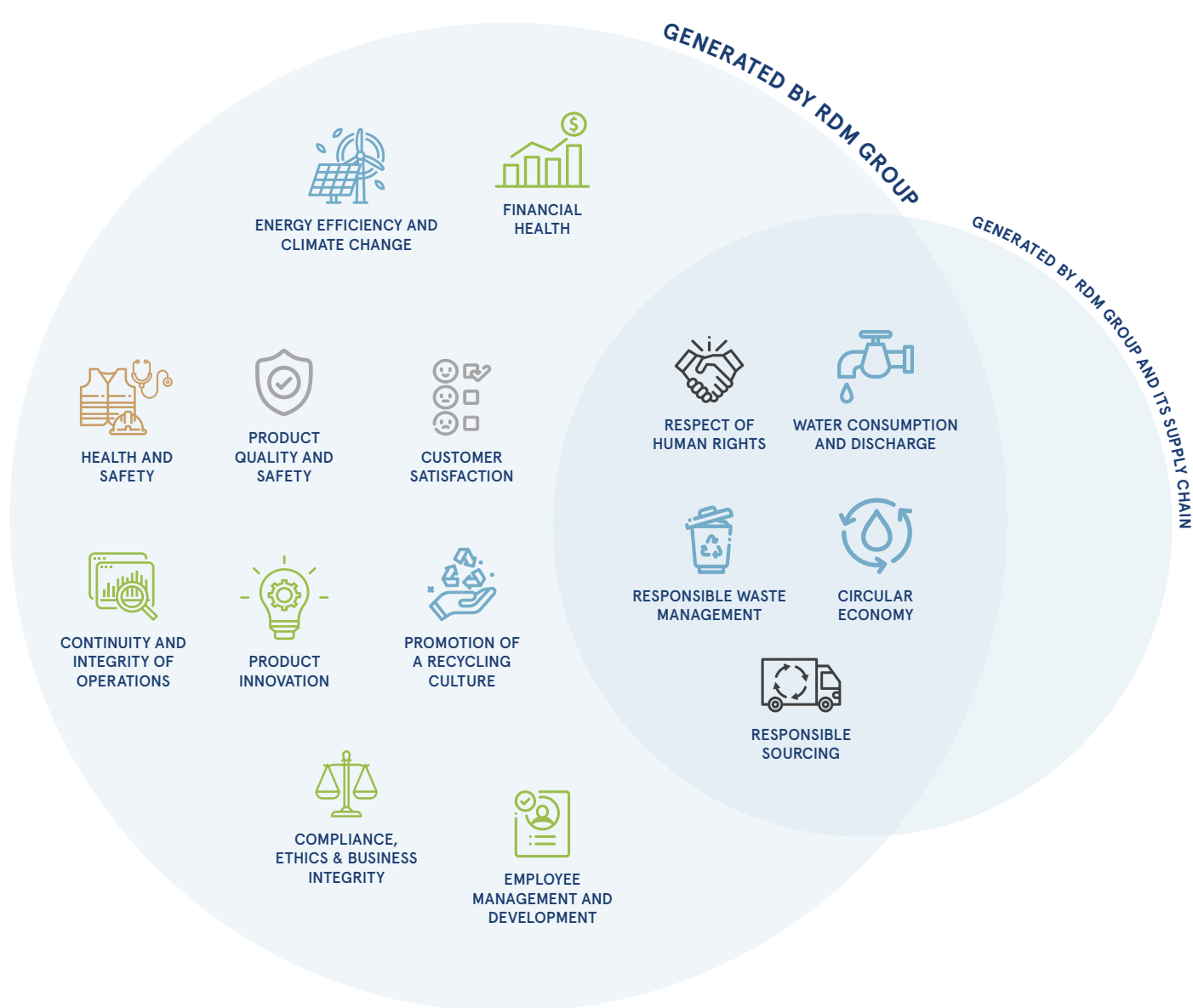


# Appendix

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## Material topics and impact boundaries



### WHERE DO IMPACTS OCCUR IN THE VALUE CHAIN:

- RDM Group
- RDM Group and external environment
- RDM Group, clients and end consumers
- RDM Group and external contractors
- RDM Group and its supply chain

# Sustainability performance

PRODUCTION	U.o.M.	2019	2018	2017
Gross Production	ton	1,383,213	1,191,366	1,156,262
RAW MATERIALS AND OTHER MATERIALS	U.o.M.	2019	2018	2017
Total raw materials and other materials used*	kton	1,541	1,365	1,350
of which renewables	kton	1,290	1,146	1,141
of which non-renewables	kton	251	219	209
Total fibers and ground wood raw materials	kton	1,246	1,107	1,104
Paper for recycling	kton	980	859	837
Pulp virgin fibers	kton	95	72	70
of which certified FSC®/PEFC™ or FSC® controlled wood	kton	95	72	70
Ground wood raw materials**	kton	171	176	197
of which certified FSC®/PEFC™ or FSC® controlled wood	kton	101	104	120

\* Consistently with last year's report, we report hereafter the total amount of materials used in 2017 including biomass used as fuel: 1,454 ktons

\*\* 2018 figures have been restated compared to the previous Sustainability Report as direct measurement was available instead of an estimate.

ENERGY	U.o.M.	2019	2018	2017
Total energy consumption	MWh	2,757,575	2,553,091	2,559,187
Energy consumption from fossil fuels	MWh	2,087,751	1,979,613	2,034,723
of which natural gas*	MWh	1,649,335	1,384,669	1,411,290
of which diesel	MWh	8,841	6,455	6,045
of which LPG/propane	MWh	556	566	392
of which coal	MWh	416,548	566,236	601,765
of which fuel oil	MWh	12,471	21,687	15,232
Consumption of energy from renewable sources	MWh	320,385	326,326	293,405
of which biomass	MWh	316,806	326,023	292,974
of which hydroelectric	MWh	3,580	303	431
Electricity purchased	MWh	355,501	262,731	240,623
Electricity sold**	MWh	(6,062)	(15,579)	(9,564)
Energy intensity	MWh/ton	1.99	2.14	2.21

\* Does not include natural gas used for the generation of electricity supplied to the Spanish national grid amounting to 120,779 MWh (2018) and 710,441 MWh (2019).

\*\* Does not include electricity supplied to the Spanish national grid amounting to 62,397 MWh (2018) and 347,192 MWh (2019). Electricity produced by cogeneration plants is not included to avoid double counting.

GHG EMISSIONS	U.o.M.	2019	2018	2017
Direct emissions (Scope 1)*	tCO <sub>2</sub> e	436,237	438,471	480,246
Indirect emissions scope 2 (location based)	tCO <sub>2</sub> e	73,433	35,761	36,261
Indirect emissions scope 2 (market based)	tCO <sub>2</sub> e	99,075	46,833	39,846
Emissions from biomass	tCO <sub>2</sub>	127,673	131,387	118,069
Emission intensity (location based)	tCO <sub>2</sub> e/ton	0.368	0.398	0.447

Does not include emissions from electricity generation for the Spanish national grid of 22,218 tCO<sub>2</sub>e (2018) and 130,615 tCO<sub>2</sub>e (2019).

\* Includes emissions of 13 tCO<sub>2</sub>e from the dispersion of 7 kg of R22 gas into the atmosphere.

OTHER EMISSIONS	U.o.M.	2019	2018	2017
No <sub>x</sub>	ton	477	549	544
SO <sub>x</sub>	ton	125	226	268
Particles	ton	20	20	24
Volatile organic compounds (VOC)	ton	7.4	n/a	n/a

Does not include emissions from the generation of electricity to the Spanish national grid which equal to 50 tons of NO<sub>x</sub> and 37 tons of CO.

Carbon monoxide emissions equal to 224 tons (2019), 114 tons (2018) and 16 tons (2016). These figures may not be accurate and therefore not representative of actual emission performance. This is due to the measurement methodology used which only requires one annual measurement. By also including emissions related to the electricity supplied to the grid by RDM Barcelona Cartonboard, the value for 2019 would be 260 tons. Emissions of other substances are not reported as their measurement is not required by the existing environmental permits.

WATER	U.o.M.	2019	2018	2017
<b>Water withdrawals</b>	<b>m<sup>3</sup></b>	<b>19,341,473</b>	<b>23,096,559</b>	<b>22,256,481</b>
of which from surface water	m <sup>3</sup>	9,958,117	14,997,861	13,811,586
of which from groundwater	m <sup>3</sup>	9,175,130	7,869,870	8,199,876
of which from public water supply	m <sup>3</sup>	208,226	228,868	245,019
of which from low water stress areas	%	22%	38%	35%
of which from moderate water stress areas	%	67%	53%	53%
of which from high water stress areas	%	11%	9%	12%
<b>Water discharges</b>	<b>m<sup>3</sup></b>			
of which to treatment plants	m <sup>3</sup>	4,435,942	3,233,670	3,491,003
of which to surface waters	m <sup>3</sup>	13,168,020	18,163,957	16,667,539
of which to septic tanks	m <sup>3</sup>	0	43	7
of which to low water stress areas	%	22%	39%	37%
of which to moderate water stress areas	%	66%	52%	51%
of which to high water stress areas	%	12%	9%	12%
<b>Water Intensity*</b>	<b>m<sup>3</sup>/ton</b>	<b>13.98</b>	<b>19.39</b>	<b>19.25</b>

\* Water withdrawals in cubic meters per ton of gross production

WASTE	U.o.M.	2019	2018	2017
Total non-hazardous waste	ton	196,518	142,661	149,071
Total hazardous waste	ton	321	887	301
Total sent for disposal	%	19%	n/a	n/a
Total sent for recovery	%	81%	n/a	n/a



<b>SAFETY (EMPLOYEES)</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Fatal accidents	n.	0	1	0
Total accidents	n.	36	43	52
Total accidents with serious consequences	n.	2	1	2
Total lost days	n.	1,226	1,073	1,411
Total hours worked	n.	2,762,428	2,469,150	2,360,406
Frequency rate (n. accidents*200,000 / hours worked)	Ratio	2.6	3.5	4.4
Severity rate (lost days *200,000 / hours worked)	Ratio	88.8	86.9	119.6

<b>SAFETY (COLLABORATORS)</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Fatal accidents	n.	0	0	0
Total accidents	n.	8	4	3
Total accidents with serious consequences	n.	0	0	0
Total lost days	n.	75	83	32
Total hours worked	n.	205,167	143,963	119,699
Frequency rate (n. accidents*200,000 / hours worked)	Ratio	7.8	5.6	5.0
Severity rate (lost days *200,000 / hours worked)	Ratio	73.1	115.3	53.5

<b>SAFETY (MAIN EXTERNAL CONTRACTORS)</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Fatal accidents	n.	0	n/a	n/a
Total accidents	n.	3	n/a	n/a
Total accidents with serious consequences	n.	1	n/a	n/a
Total lost days	n.	327	n/a	n/a
Total hours worked	n.	200,073	n/a	n/a
Frequency rate (n. accidents*200,000 / hours worked)	Ratio	3.0	n/a	n/a
Severity rate (lost days *200,000 / hours worked)	Ratio	326.9	n/a	n/a

The main external contractors are the most strategic contractors who are permanently present in RDM Group facilities. They are located in the mills of Santa Giustina, Villa Santa Lucia and Barcelona.

<b>ACCIDENT RATES (EMPLOYEES AND COLLABORATORS)</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Frequency rate (n. accidents*200,000 / hours worked)	Ratio	3.0	3.6	4.4
Severity rate (days lost *200,000 / hours worked)	Ratio	87.7	88.5	116.1

For 2019, the cumulative severity rate of employees, collaborators and external contractors is 102.8, that of frequency 3.0.

PEOPLE	U.o.M.	2019	2018	2017
<b>Total number of employees</b>	<b>n.</b>	<b>1,766</b>	<b>1,744</b>	<b>1,487</b>
of which male	n.	1,603	1,588	1,352
of which female	n.	163	156	135
of which executives	<b>n.</b>	<b>41</b>	<b>38</b>	<b>34</b>
of which white collars	n.	452	444	381
of which blue collars	n.	1,273	1,262	1,072
of which permanent employees	n.	1,712	1,663	1,440
of which temporary employees	n.	54	81	47
of which full-time employees	n.	1,739	1,711	1,467
of which part-time employees	n.	27	33	20
of which in Italy	n.	671	653	630
of which in France	n.	497	505	511
of which in the Iberian Peninsula	n.	253	236	6
of which in Germany and rest of the EU	n.	345	350	340
of which covered by national collective bargaining agreement	%	97.1%	97.1%	96.8%
<b>Total number of collaborators</b>	<b>n.</b>	<b>73</b>	<b>80</b>	<b>80</b>

The 2018 and 2019 figures include the employees of RDM Barcelona Cartonboard.

2019 employees: full-time male 91% and female 9%; part-time male 52% and female 48%; permanent male 91% and female 9%; temporary male 83% and female 17%; permanent employees Italy 39%, France 28%, Iberian Peninsula 14%, Germany rest EU 19%; temporary employees Italy 13%, France 39%, Iberian Peninsula 13%, Germany and rest EU 35%. For details about 2018 and 2017 please refer to Sustainability Report 2018.

EMPLOYEES HIRED AND DISMISSED	U.o.M.	2019	2018	2017
<b>Total employees hired</b>	<b>n.</b>	<b>164</b>	<b>97</b>	<b>79</b>
of which male	n.	128	85	62
of which female	n.	36	12	17
of which < 30 years	n.	50	39	27
of which 30 - 50 years	n.	88	48	45
of which > 50 years	n.	26	10	7
of which in Italy	n.	70	36	27
of which in France	n.	38	37	41
of which in the Iberian Peninsula	n.	32	n/a	n/a
of which in Germany and rest of the EU	n.	24	24	11
<b>Total employees dismissed</b>	<b>n.</b>	<b>142</b>	<b>104</b>	<b>129</b>
of which male	n.	113	87	109
of which female	n.	29	17	20
of which < 30 years	n.	25	12	27
of which 30 - 50 years	n.	40	39	39
of which > 50 years	n.	77	53	63
of which in Italy	n.	52	40	45
of which in France	n.	46	44	60

of which in the Iberian Peninsula	n.	15	n/a	n/a
of which in Germany and rest of the EU	n.	29	20	24

Employees of the Iberian Peninsula in 2018 and 2017 are included in the geographical area "Germany and rest of the EU". In particular, the 2018 figures do not include the employees hired and dismissed from RDM Barcelona Cartonboard.

<b>TOTAL RECRUITMENT RATE</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
of which male	%	9%	6%	5%
of which female	%	8%	6%	5%
of which for < 30 years	%	22%	9%	13%
of which for 30 to 50 years	%	35%	31%	23%
of which for > 50 years	%	10%	6%	6%
of which in Italy	%	4%	2%	1%
of which in France	%	10%	6%	4%
of which in the Iberian Peninsula	%	8%	7%	8%
of which in Germany and rest of the EU	%	13%	n/a	n/a
di cui in Germania e resto UE	%	7%	7%	3%

Rate calculated as the number of recruitments within each age group, geographical area or gender. Employees of the Iberian Peninsula in 2018 and 2017 are included in the geographical area "Germany and rest of the EU". In particular, the 2018 figures do not include the employees hired and dismissed from RDM Barcelona Cartonboard.

<b>EMPLOYEE TERMINATION RATE</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total termination rate	%	8%	7%	9%
of which male	%	7%	6%	8%
of which female	%	18%	13%	15%
of which for < 30 years	%	18%	10%	23%
of which for 30 to 50 years	%	4%	5%	5%
of which for > 50 years	%	11%	8%	10%
of which in Italy	%	8%	6%	7%
of which in France	%	9%	9%	12%
of which in the Iberian Peninsula	%	6%	n/a	n/a
of which in Germany and rest of the EU	%	8%	6%	7%

Rate calculated as the number of recruitments within each age group, geographical area or gender. Employees of the Iberian Peninsula in 2018 and 2017 are included in the geographical area "Germany and rest of the EU". In particular, the 2018 figures do not include employees hired and dismissed from RDM Barcelona Cartonboard.

<b>DIVERSITY</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total number of executives</b>	<b>n.</b>	<b>41</b>	<b>38</b>	<b>34</b>
of which male	%	76%	79%	79%
of which female	%	24%	21%	21%
of which < 30 years	%	0%	n/a	n/a



of which 30 - 50 years	%	37%	n/a	n/a
of which > 50 years	%	63%	n/a	n/a
<b>Total number of white collars</b>	<b>n.</b>	<b>452</b>	<b>444</b>	<b>381</b>
of which male	%	73%	74%	74%
of which female	%	27%	26%	26%
of which < 30 years	%	7%	n/a	n/a
of which 30 - 50 years	%	45%	n/a	n/a
of which > 50 years	%	48%	n/a	n/a
<b>Total number of blue collars</b>	<b>n.</b>	<b>1,273</b>	<b>1,262</b>	<b>1,072</b>
of which male	%	98%	97%	97%
of which female	%	2%	3%	3%
of which < 30 years	%	9%	n/a	n/a
of which 30 - 50 years	%	53%	n/a	n/a
of which > 50 years	%	38%	n/a	n/a
<b>Number of Board members</b>	<b>n.</b>	<b>7</b>	<b>7</b>	<b>7</b>
of which male	%	57%	57%	57%
of which female	%	43%	43%	43%
of which < 30 years	%	0%	0%	0%
of which 30 - 50 years	%	29%	57%	71%
of which > 50 years	%	71%	43%	29%
<b>TRAINING</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Average hours of training</b>	<b>n.</b>	<b>14.8</b>	<b>12.7</b>	<b>12.4</b>
male	n.	13.0	12.5	12.7
female	n.	32.2	14.4	9.2
executives	n.	13.4	13.7	6.7
white collars	n.	27.5	17.4	16.3
blue collars	n.	10.3	10.9	11.2
<b>Trained people</b>	<b>n.</b>	<b>1,183</b>	<b>907</b>	<b>1,015</b>
of which executives	n.	33	23	15
of which white collar	n.	387	282	302
of which blue collar	n.	763	602	698
<b>CLAIMS</b>	<b>U.o.M.</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Withdrawal from the market for food safety	n.	0	1	0
Recall from the market for food safety	n.	0	0	0
Rate of complaints*	Ratio	0.43	0.38	0.36

\* Number of claims per 100 tons of net saleable production.

# GRI Content Index

The table of GRI indicators is prepared in accordance with GRI Standards: Core option. Any omissions are reported as notes to the individual indicators, where applicable.

GRI STANDARD	DISCLOSURE	PAGE OR EXTERNAL DOCUMENT
<b>GRI 102: GENERAL DISCLOSURES (2016)</b>		
<b>ORGANIZATION PROFILE</b>		
102-1	Name of the organization	Back cover
102-2	Activities, brands, products, and services	p. 16
102-3	Location of headquarters	p. 17
102-4	Location of operations	p. 17
102-5	Ownership and legal form	Report on corporate governance and ownership structure
102-6	Markets served	pp. 15 – 17
102-7	Scale of the organization	pp. 2, 10, 11, 17, 61, Consolidated Financial Statements
102-8	Information on employees and other workers	p. 51; pp. 63 – 64
102-9	Supply chain	pp. 29 – 30
102-10	Significant changes in the organisation and its supply chain	No significant changes compared to 2018
102-11	Precautionary Principle or approach	pp. 26 – 27
102-12	External initiatives	pp. 34, 57
102-13	Membership of associations	p. 24
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	p. 8
102-15	Key impacts, risks, and opportunities	pp. 26 – 27
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behavior	pp. 13, 56
102-15	Mechanisms for advice and concerns about ethics	pp. 56 – 57
<b>GOVERNANCE</b>		
102-18	Government Structure	p. 55, Report on corporate governance and ownership structure
102-19	Delegating authority	p. 56
102-22	Composition of the highest governance body and its committees	p. 55, Report on corporate governance and ownership structure
102-23	Chair of the highest governance body	p. 55, Report on corporate governance and ownership structure

102-24	Nominating and selecting the highest governance body	p. 55, Report on corporate governance and ownership structure
102-25	Conflicts of interest	Report on corporate governance and ownership structure, Procedure for regulating operations with related parties
102-26	Role of the highest governance body in defining the purpose of the organisation, values and strategy	p. 55, Report on corporate governance and ownership structure
102-28	Evaluating the highest governance body's performance	pp. 52, 55, Report on corporate governance and ownership structure
102-31	Review of economic, environmental, and social topics	p. 8, Report on corporate governance and ownership structure
102-32	Highest governance body's role in sustainability reporting	p. 8
102-33	Communicating critical concerns	pp. 56 – 57
102-34	Nature and total number of critical concerns	pp. 53, 57
102-35	Remuneration policies	p. 52, Remuneration report
102-36	Process for determining remuneration	Remuneration report
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	p. 23
102-41	Collective bargaining agreements	97% of employees is covered by national collective bargaining agreements
102-42	Identifying and selecting stakeholders	p. 25
102-43	Approach to stakeholder engagement	pp. 25, 37
102-44	Key topics and concerns raised	p. 25
<b>REPORTING PRACTICES</b>		
102-45	Companies included in the Consolidated Financial Statements	p. 8, Consolidated Financial Statements
102-46	Definition of the contents and topic Boundaries	pp. 8, 25
102-47	List of material topics	p. 25
102-48	Restatements of information	p. 8
102-49	Changes in reporting	pp. 25, 59
102-50	Reporting period	p. 8
102-51	Date of most recent report	The previous Sustainability Report was published in April 2019
102-52	Reporting cycle	Sustainability Reports are published annually
102-53	Contact point for questions regarding the report	sustainability@rdmgroup.com
102-54	Claims of reporting in accordance with the GRI Standards	p. 8
102-55	GRI content index	p. 66
102-56	External assurance	pp. 74 – 76



## TOPIC-SPECIFIC STANDARDS

### MATERIAL TOPIC: FINANCIAL HEALTH TOPIC GRI: ECONOMIC PERFORMANCE

#### GRI-201: Economic Performance (2016)

201-1	Direct economic value generated and distributed	p. 10
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#### GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	Consolidated Financial Statements
103-3	Evaluation of the management approach	Consolidated Financial Statements

### MATERIAL TOPIC: COMPLIANCE, ETHICS AND BUSINESS INTEGRITY GRI TOPIC: ANTI-CORRUPTION

#### GRI-205: Anti-corruption (2016)

205-3	Confirmed incidents of corruption and actions taken	No charges of unlawful conduct for active or passive corruption in the three year period
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#### GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 56, 57
103-3	Evaluation of the management approach	pp. 26, 56, 57

### MATERIAL TOPIC: COMPLIANCE, ETHICS AND BUSINESS INTEGRITY GRI TOPIC: ANTI COMPETITIVE PRACTICES

#### GRI-206: Anti-competitive practices (2016)

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 57
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#### GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 27, 57
103-3	Evaluation of the management approach	pp. 27, 57

### MATERIAL TOPIC: COMPLIANCE, ETHICS AND BUSINESS INTEGRITY GRI TOPIC: ENVIRONMENTAL COMPLIANCE

#### GRI-307: Environmental compliance (2016)

307-1	Non-compliance with environmental laws and regulations	No significant fines or non-monetary sanctions for violations of environmental laws and regulations were reported in the three-year period
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#### GRI-103: Management approach (2016)

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 35, 36, 57
103-3	Evaluation of the management approach	pp. 26, 35, 36, 57

**MATERIAL TOPIC: COMPLIANCE, ETHICS AND BUSINESS INTEGRITY**  
**GRI TOPIC: NON-DISCRIMINATION**

**GRI-406: Non-discrimination (2016)**

406-1	Incidents of discrimination and corrective actions taken	pp. 53, 57
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**GRI-103: Management approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 27, 29, 30, 53
103-3	Evaluation of the management approach	pp. 27, 29, 30, 53

**MATERIAL TOPIC: COMPLIANCE, ETHICS AND BUSINESS INTEGRITY**  
**GRI TOPIC: SOCIO-ECONOMIC COMPLIANCE**

**GRI-419: Socio-economic Compliance (2016)**

419-1	Non-compliance with laws and regulations in the social and economic area	No significant fines or non-monetary sanctions for violation of social and economic laws and regulations were reported in the three-year period
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**GRI-103: Management approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 27, 30, 35, 36, 57
103-3	Evaluation of the management approach	pp. 26, 27, 30, 35, 36, 57

**MATERIAL TOPIC: CIRCULAR ECONOMY**  
**GRI TOPIC: MATERIALS**

**GRI-301: Materials (2016)**

301-1	Materials used by weight or volume	pp. 32, 60
301-2	Recycled input materials used	79% of fiber raw material comes from recycling 64% of the total materials used comes from recycling

**GRI-103: Management approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 29 - 33
103-3	Evaluation of the management approach	pp. 26, 29 - 33

**MATERIAL TOPIC: ENERGY EFFICIENCY AND CLIMATE CHANGE**  
**GRI TOPIC: ENERGY**

**GRI-302: Energy (2016)**

302-1	Energy consumption within the organization	pp. 41, 60
302-3	Energy intensity	pp. 42, 60

**GRI-103: Management approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 41 - 43
103-3	Evaluation of the management approach	pp. 26, 41 - 43

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**MATERIAL TOPIC: ENERGY EFFICIENCY AND CLIMATE CHANGE****GRI TOPIC: EMISSIONS**

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**GRI-305: Emissions (2016)**

305-1	Direct (Scope 1) GHG emissions	pp. 44, 61
305-2	Energy indirect (Scope 2) GHG emissions	pp. 44, 61
305-4	GHG emissions intensity	pp. 45, 61
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	pp. 45, 61

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**GRI-103: Management approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 44 – 45
103-3	Evaluation of the management approach	pp. 26, 44 – 45

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**MATERIAL TOPIC: WATER CONSUMPTION AND DISCHARGE****GRI TOPIC: WATER**

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**GRI-303: Water (2016)**

303-1	Water withdrawal by source	pp. 39, 61
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**GRI-103: Management approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 39 – 40
103-3	Evaluation of the management approach	pp. 26, 39 – 40

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**MATERIAL TOPIC: WATER CONSUMPTION AND DISCHARGE****GRI TOPIC: EFFLUENTS AND WASTE**

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**GRI-306: Effluents and waste (2016)**

306-1	Water discharges by quality and destination	pp. 40, 61
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**GRI-103: Management approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 40
103-3	Evaluation of the management approach	pp. 26, 40

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**MATERIAL TOPIC: RESPONSIBLE WASTE MANAGEMENT****GRI TOPIC: EFFLUENTS AND WASTE**

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**GRI-306: Effluents and waste (2016)**

306-2	Waste by type and disposal method	pp. 47, 61
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**GRI-103: Management approach (2016)**

103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 46 – 47
103-3	Evaluation of the management approach	pp. 26, 46 – 47

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**MATERIAL TOPIC: RESPONSIBLE SOURCING****GRI TOPIC: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS**

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<b>GRI-308: Environmental assessment of suppliers (2016)</b>		
308-1	New suppliers that have been screened using environmental criteria	p. 30
<b>GRI-103: Management approach (2016)</b>		
103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 29 - 30
103-3	Evaluation of the management approach	pp. 29 - 30
<b>MATERIAL TOPIC: RESPONSIBLE SOURCING</b>		
<b>GRI TOPIC: SOCIAL EVALUATION OF SUPPLIERS</b>		
<b>GRI-414 Social evaluation of suppliers (2016)</b>		
414-1	New suppliers that have been screened using social criteria	p. 30
<b>GRI-103: Management approach (2016)</b>		
103-1	Explanation of the material topic and its Boundary	pp. 25, 59
103-2	The management approach and its components	pp. 26, 29 - 30
103-3	Evaluation of the management approach	pp. 26, 29 - 30
<b>MATERIAL TOPIC: HEALTH AND SAFETY</b>		
<b>GRI TOPIC: OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>GRI 403: Occupational health and safety (2018)</b>		
403-1	Occupational health and safety management system	pp. 50, 57
403-2	Hazard identification, risk assessment and incident investigation	p. 50
403-3	Occupational health services	p. 51
403-4	Worker participation, consultation and communication on occupational health and safety	pp. 50 - 51
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**INDEPENDENT AUDITOR'S REPORT  
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND  
ART. 5 OF CONSOB REGULATION N. 20267/2018**

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Reno De Medici S.p.A. and its subsidiaries (hereinafter "Reno De Medici Group" or "Group") as of December 31, 2019 prepared on the basis of art. 4 of the Decree and approved by the Board of Directors on March 16, 2020 (hereinafter "NFS").

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

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

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

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

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

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

**Auditor's Independence and quality control**

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

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**Auditor's responsibility**

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

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

Specifically we carried out the following procedures:

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

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

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

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

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

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries and sites, Milan Headquarter for Reno De Medici S.p.A., Barcelona mill for RDM Barcelona Cartonboard S.A.U. and La Rochette mill for R.D.M. La Rochette S.A.S., 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, 2019 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

## **Other matters**

The comparative data presented in the NFS in relation to the financial years closed prior to the one closed on 31 December 2017, 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, 2020

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



# Credits



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