

SUSTAINABILITY REPORT

2011





SUSTAINABILITY REPORT 2011

**FOR THE SECOND YEAR IN A ROW LISA AND ETTORE
WILL BE OUR GUIDES TO DISCOVERING
THE RADICIGROUP SUSTAINABILITY REPORT.**

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**THEY WERE THE LEADING CHARACTERS NOT ONLY OF THE
PREVIOUS EDITION OF THE REPORT BUT ALSO OF THE CARTOON
“RADICIGROUP FOR SUSTAINABILITY”.
HERE THEY WILL HELP US ACHIEVE A DEEPER
UNDERSTANDING OF THE RADICIGROUP WORLD.**

**BY LOOKING AT THE GROUP BUSINESSES THROUGH THE EYES
OF THESE CHARACTERS, WE WILL LEARN HOW THE VARIOUS
COMPANIES HAVE TAKEN CONCRETE ACTION TOWARDS
ENVIRONMENTAL SUSTAINABILITY DURING 2011.**

**THE REPORT BEGINS WITH AN OVERVIEW OF RADICIGROUP,
ITS STRATEGIES AND STAKEHOLDERS. THEN IT REVIEWS THE
SOCIAL, ECONOMIC, ENVIRONMENTAL
AND PRODUCTION ASPECTS OF THE GROUP FROM THE
POINT OF VIEW OF ENVIRONMENTAL SUSTAINABILITY.**

**BESIDES PRESENTING AND EXAMINING THE DATA, THE REPORT
FEATURES SPECIAL IN-DEPTH “CASE OF EXCELLENCE”
BOXES CONTAINING A MORE DETAILED DESCRIPTION OF THE
ACHIEVEMENTS OF INDIVIDUAL GROUP COMPANIES.**



Greetings from the
Radici World
Lisa
Ettore



RadiciGroup | Sustainability Report 2011 - RadiciGroup | Sustainability Report 2011

SUSTAINABILITY REPORT 2011

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**STANDARD
DISCLOSURES**

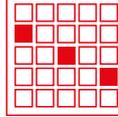
STANDARD DISCLOSURES

2012

NOVEMBER

Publication date:
November 2012
(prior report October 2011)

2011



Reporting period:
2011 calendar year

8

1
YEAR

Reporting cycle:
Annual

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The RadiciGroup Sustainability Report presents and analyses data gathered from the following manufacturing companies:



These companies are included in the scope of consolidation of parent company Radici Partecipazioni SpA (2011 Consolidated Financial Statements) and represent about 80% of the total sales revenue and valued added of RadiciGroup. The holding company only provides services to Group companies. Specifically, Radici Partecipazioni SpA encompasses the corporate functions of Administration and Finance, Human Resources, Marketing, Quality, Information Technology, Logistics and Procurement.

Although the companies Logit Sro (Czech Republic), Dorix GmbH (Germany), Cordonsed (Argentina), Radicifibras Ltda (Brazil) and Radici Chimica Deutschland GmbH (Germany) were unable to furnish data, they contributed by participating in the project. Radici Chimica Deutschland and Radicifibras, in particular, pointed out a number of cases illustrating their progress towards sustainability.

It is RadiciGroup's goal to include all its manufacturing and production companies in the Report within the next two years.

The Report does not include joint ventures, which could significantly alter the above mentioned reporting boundary. For the purpose of quantifying and assessing the use of energy by Italian companies, data from GEOGREEN, RadiciGroup's main energy supplier and partner, have been utilized. This production company belongs to the Radici family but is not controlled by parent company Radici Partecipazioni SpA (for further information: www.geogreen.it).

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**THE NUMBER OF RADICIGROUP
MANUFACTURING AND
PRODUCTION COMPANIES,
12 OF WHICH ARE
INCLUDED IN THE REPORT.**

**THE NUMBER OF
RADICIGROUP
EMPLOYEES IN
2011, 2,488 OF
WHICH ARE
INCLUDED IN
THE REPORT**

**ABOUT
3,500**

The data provided have been gathered at operating companies by direct measurement or by estimates, with a maximum margin of uncertainty of 5%. The data were processed so as to achieve uniformity and comparability and were accompanied by commentary to enable proper evaluation. During the processing and commentary stage, the standard of prudence was applied and, in case of doubt, the least favourable outcome was presented.

The performance indicators used in the Report were selected on the basis of their relevancy and degree of impact, in addition to their contribution to forming a complete overall picture of RadiciGroup. Certiquality, an accredited independent certification body, has provided external assurance for this Report at the Global Reporting Initiative (GRI) B+ Application Level. This RadiciGroup Sustainability Report is the first one drawn up according to this framework. The prior year's report (self-declared Level C) was a transitional report, progressing towards the GRI model.

1,238
MILLIONS OF EURO

**RADICI PARTECIPAZIONI SPA
TOTAL SALES REVENUE (2011
CONSOLIDATED FINANCIAL
STATEMENTS), 80% OF WHICH
IS INCLUDED IN THE REPORT.
REVENUE IS STATED NET OF
INTERCOMPANY SALES.**

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**RADICI PARTECIPAZIONI SPA
NET INVESTED CAPITAL (2011
CONSOLIDATED FINANCIAL
STATEMENTS), EUR 363 MILLION OF
WHICH IS SHAREHOLDERS' EQUITY.**

612
MILLIONS OF EURO

Although the prior year report contained a conversion table comparing its contents with the GRI framework, the data were gathered according to Responsible Care® standards and the reporting boundary was different. Therefore, it is not possible to compare data from previous versions of the report to this year's data. However, all prior year reports are available on the RadiciGroup site in the Sustainability section (www.radicigroup.com/it/Sustainability/report.aspx).

**REGISTERED
OFFICE**

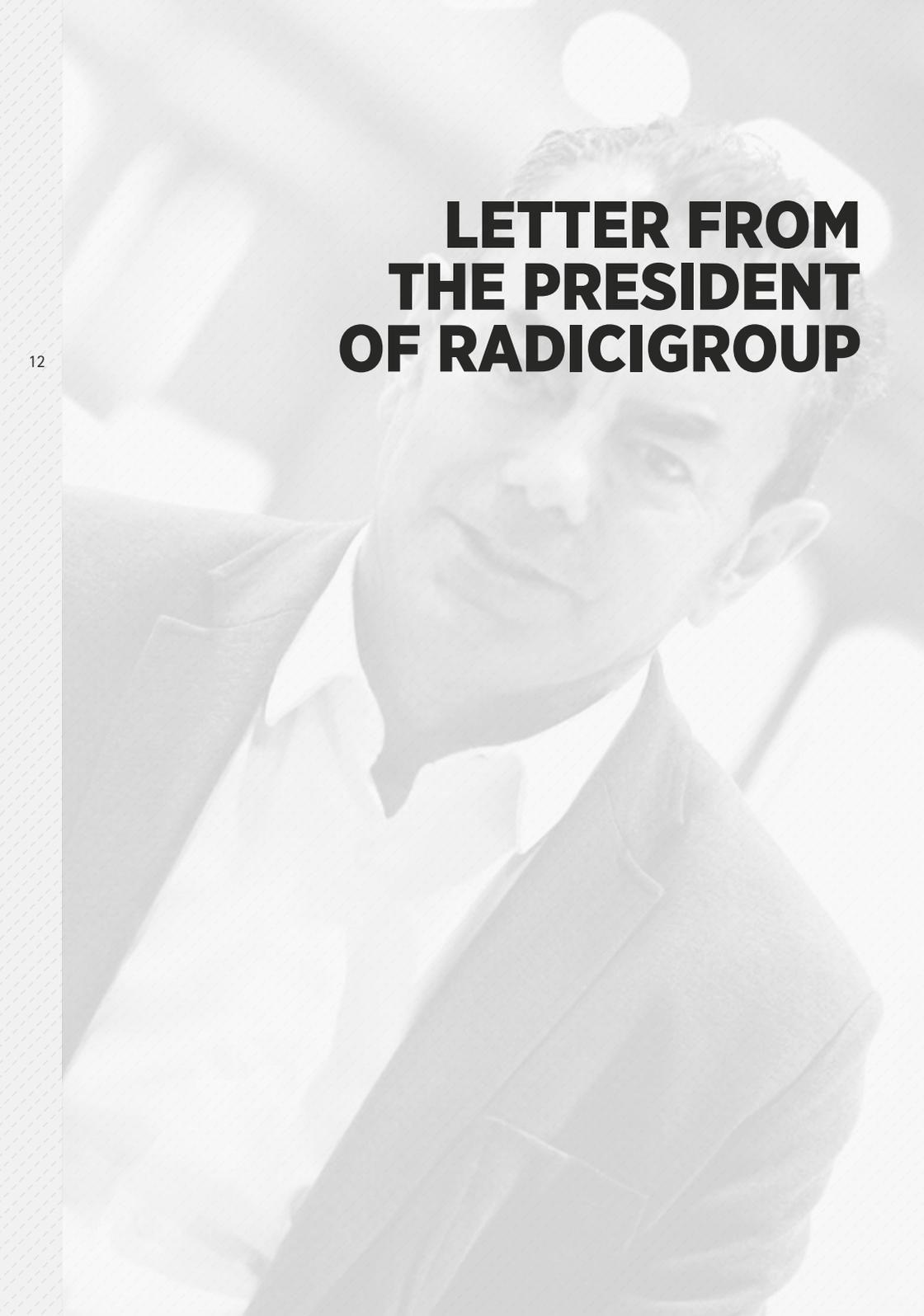
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Via Verdi 11,
24121 Bergamo, Italy

**ADMINISTRATIVE
HEAD OFFICE**

Radici Partecipazioni S.p.A.
Via Ugo Foscolo 152,
24024 Gandino (BG), Italy

**OPERATING
HEAD OFFICE**

Radici Partecipazioni S.p.A.
Via Ca' Antonelli 55,
24024 Gandino (BG), Italy



LETTER FROM THE PRESIDENT OF RADICIGROUP

"The Gross National Product measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country. It measures everything, in short, except that which makes life worthwhile...."



This quote from a speech given by Robert F. Kennedy in 1968 is very much as relevant and forceful today as it was when it was said. Can economic and financial indicators, spreads and ratings really measure or even define our success?

Speaking as the long-time leader, together with my family, of an industrial group, I have asked myself this very question many times. It goes without saying that a company's objective is to generate value. But we cyeart even imagine working in an aseptic way, detached from the real world made up of a diversity of people, communities and cultures. At the same time, we cyeart ignore the existing economic scenario we are experiencing on a daily basis and the challenge of creating value.

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Market uncertainty and the economic and financial situation of the European Union are the major challenges ahead of us in the medium term, not to mention the harshening of market competition – a process that has been going on for many years now. To this, we must add the ever-growing increase in demand for raw materials accompanied by rising prices, which often goes hand in hand with the unconscionable use of natural resources on a global scale. Climate change, a consequence of this practice, has brought about other important challenges for us, for example, managing the carbon credit system.

This difficult context notwithstanding, our objectives go beyond purely economic aspects.

First of all, our Group has set as its primary goals: safeguarding the environment through compliance with applicable laws, emissions reduction, increased use of renewable resources and more rational use of energy. Moreover, we are engaged in smart recycling and applied research in the field of biopolymers and are developing products consistently in line with customer needs. Our strategy is based on standards of excellence and quality.

Concerning workplace relations, finding the best response to rising social tension is a challenge and a commitment. Our absolute priority is to maintain the employment level and to respect our human resources and their right to occupational health, safety and decent workplace conditions.

The image of RadiciGroup emerging from this Report corresponds to reality, because it reflects the Group's heart and soul: our production companies, which are dependent on the strong participation of our employees, our main stakeholders. The image is not sanitized, but rather a truthful picture that also exposes our limitations. Today, more than ever, we consider the shortcomings identified in this Report as opportunities for improvement. They are important signals to give us inspiration by showing us which direction to take, and this is one of the reasons we have included them in the Report.

I would like to thank the many people who have collaborated on preparing this Report. First of all, thank you for making the document come to life by capturing the spirit of profound change that has marked our Group since adopting the Global Reporting Initiative framework. And thanks for embodying the spirit of change in your daily work. Thank you for being the first eye witnesses of this new RadiciGroup approach in the places where you work every day.

Angelo Radici
President of RadiciGroup

RADICIGROUP

RadiciGroup is one of the most active Italian chemical multinationals in business-to-business markets worldwide. Its diversified global businesses focus on chemicals, plastics and synthetic fibres.

RadiciGroup products are exported all over the world and are widely used in applications such as apparel, sports, furnishings, automotive, electrical/electronics, household appliances and consumer goods.

OUR PRODUCTS

CHEMICAL BUSINESS AREA



PA6 polymer for compounding, films and fibres; PA66 polymer for compounding, extrusion, films and fibres. PA6/66 copolymer for monofilament, films and extrusion.



Adipic acid for the production of fibres, PA66 engineering plastics, polyurethanes, resins, plasticizers, lubricants, adhesives, additives, pharmaceuticals, insecticides and herbicides; HMDA, intermediate for polyamides and coatings; AGS, intermediate for polyesters and solvents; nitric acid for metallurgy, steel treatment, zinc-plating and chromium-plating (galvanic industry), machinery cleaning and disinfection (dairy industry) and nitrogen fertilizer production; KAoil; esters for biodegradable solvents, paint removers, cosmetics, detergents, coatings, plasticizers and chemical intermediates.

PLASTICS BUSINESS AREA



A line of PA6, PA66 and 60% renewably sourced PA6.10 polymers and copolymers used for injection, extrusion and blowmoulding for applications in the industrial, electric-electronic, and automotive sectors.



"Green" range of materials mainly coming from RadiciGroup's polymerization, fibres and compound plants scraps used for injection, extrusion and blow-moulding for applications in the industrial, electric-electronic and automotive sectors.



A line of thermoplastic semi-crystalline PBT and glass fibre reinforced PBT used for injection moulding for applications in the industrial, electric-electronic, and automotive sectors.



A line of PA and PBT flame retardant grades used for injection and extrusion for all applications where high fire resistance is required, especially in the electric-electronic and automotive sectors.



A line of thermoplastic elastomers based on SEBS, SBS and Co-polyesters used for injection and blow moulding for applications in the industrial, electric-electronic and automotive sectors.



Recyclable and non toxic polyethylene-based infill for synthetic turf sports fields. Polypropylene based compound, glass fibre reinforced used for extrusion for applications in the automotive sector.

SYNTHETIC FIBRES BUSINESS AREA



Polyamide 6 and 66 BCF yarn for domestic/residential, contract and automotive carpeting, coverings and upholstery.



High-tenacity polyamide 66 yarn used for the production of technical items for sports, automotive and industrial applications.



Polyamide yarn and staple used for the production of fashionwear, technicalwear, sportswear and intimatewear, as well as household furnishings.



Polyamide 6 staple fibre available in raw-white and solution-dyed versions, the latter in tailor-made colours. It is used in the automotive, technical/industrial, apparel and carpeting sectors.



Raw, solution-dyed and additivated polyester yarn (flame retardant, bacteriostatic, UV protection) for numerous applications, from upholstery to curtains, sportswear, hygiene/medical and automotive.

r-Starlight[®]

Eco-sustainable polyester yarn produced from post-consumer recycled PET bottles; suitable for a vast range of applications from apparel to upholstery, automotive, technical and industrial applications.

-Radyarn[®]

Raw-white and solution or yarn dyed polyester, available in additivated versions (flame retardant, bacteriostatic, UV protection) and also as microfibre, supermicrofibre and bicomponent fibre (PA/PET) for apparel, household furnishings, automotive and technical/industrial applications.

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r-Radyarn[®]

Continuous polyester filament derived from post-consumer recycled polymer, it boasts high versatility as for its dope dyed, bacteriostatic, and UV stabilized versions. It can be used for a wide range of applications, from apparel, to home interiors to technical applications.

CRYLOR[®]

Acrylic fibre and top for technicalwear, sportswear, knitwear and upholstery.

CornLeaf

Solution-dyed yarn with antimicrobial functionality, made from Ingeo™ polylactic acid (PLA) 100% natural biopolymer. Derived from renewable sources, this product is suitable for apparel, intimatewear, furnishings and consumer goods.

RADIGREEN[®]

PP, PE and PA artificial grass yarn for sports fields, recreational and domestic indoor and outdoor applications, including landscaping (gardens and urban design).

DYLAR[®]

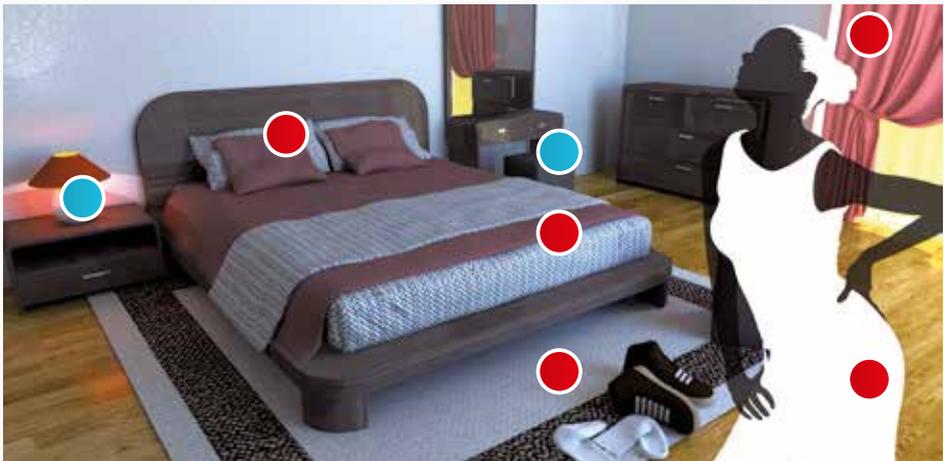
PP nonwoven spunbond for several uses in the roofing, hygiene, medical, automotive, furnishing and single-use markets.

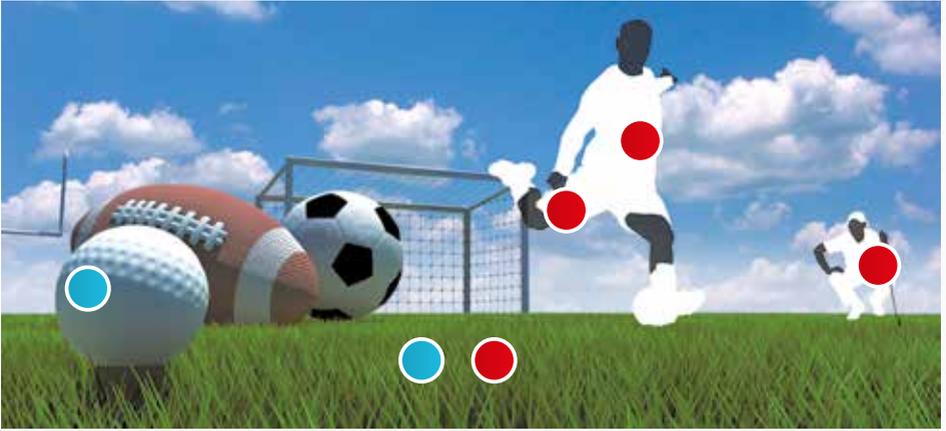
APPLICATIONS

● CHEMICALS

● PLASTICS

● SYNTHETIC FIBRES





WORLDWIDE LOCATIONS



20

★ Contributed data for the Report

AMERICA

SYNTHETIC FIBRES BUSINESS AREA

Cordonsed SA (AR)
RadiciFibras Ltda (BR)

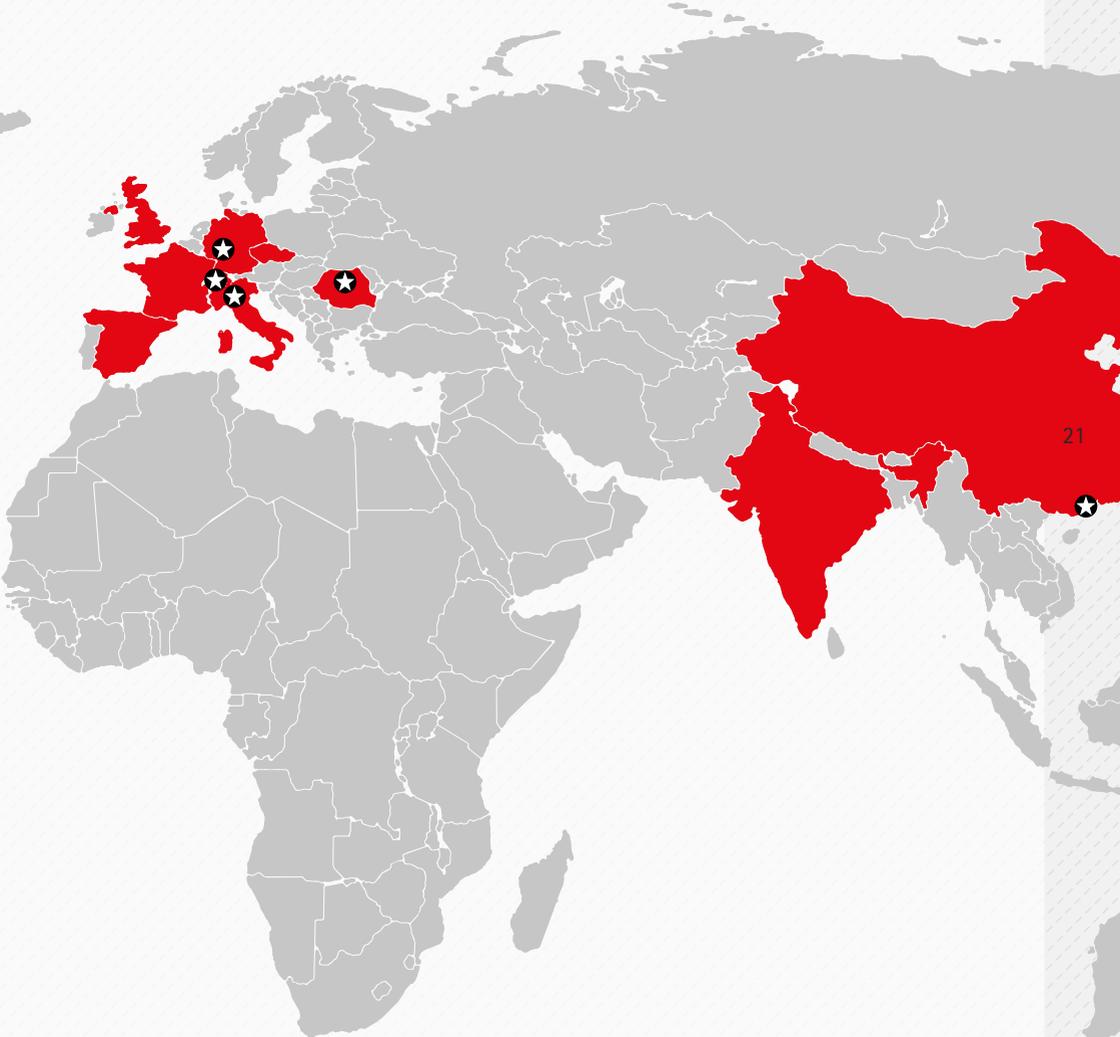
PLASTICS BUSINESS AREA

- ★ Radici Plastics Ltda (BR)
- ★ Radici Plastics USA Inc. (US)

EUROPE

SYNTHETIC FIBRES BUSINESS AREA

- Dorix GmbH (DE)
Logit Sro (CZ)
- ★ Noyfil SA (CH)
 - ★ Noyfil S.p.A. (IT)
 - ★ Radici Fil S.p.A. (IT)
 - ★ Radici Yarn S.p.A. (IT)
 - ★ S.C. Yarnea S.R.L. (RO)
 - ★ Tessiture Pietro Radici S.p.A. (IT)



ASIA

PLASTICS BUSINESS AREA

- ★ Radici Novacips S.p.A. (IT)
Radici Plastics France SA (FR)
- ★ Radici Plastics GmbH (DE)
Radici Plastics Iberica SL (SP)
Radici Plastics UK Ltd (UK)

CHEMICALS BUSINESS AREA

- Radici Chimica S.p.A. Bergamo
Succursale di Mendrisio (CH)
- ★ Radici Chimica S.p.A. (IT)
Radici Chimica Deutschland GmbH (DE)

PLASTICS BUSINESS AREA

- Radici Plastics Modi P.Ltd (IN)
- ★ Radici Plastics Suzhou Co. Ltd. (CI)

CHEMICALS BUSINESS AREA

- Radici Chem (Shanghai) Co., Ltd. (CN)

RADICIGROUP KEY FIGURES

AGGREGATE SALES REVENUES (Millions of Euro)

Sales revenues are shown gross of transactions among Group business areas, i.e., intercompany sales are included.

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**CHEMICALS
BUSINESS AREA**



612

**SYNTHETIC FIBRES
BUSINESS AREA**



259

PLASTICS BUSINESS AREA

VISION, MISSION AND VALUES

RadiciGroup is a family-owned and operated business, today headed by Paolo, Angelo and Maurizio Radici, the three sons of founder Gianni Radici.



VISION



MISSION



VALUES



Together with the corporate Vision and Mission statements, RadiciGroup has adopted a Code of Ethics and Corporate Rules and Regulations based on the principles of fairness, transparency and compliance with the law. The latter two documents were signed by the Board of Directors in 2011 and distributed to all Group employees, who are expected to observe them in carrying on their work activities. Furthermore, the RadiciGroup President has signed, on behalf of all Group companies, the Confindustria

To be one of the leading chemical groups in the polyamide and the synthetic fibres production chain from chemicals to plastics and fibres.

To pursue this goal by optimizing our resources establishing strategic alliances and searching for new markets, including niche markets.

To promote the development of our businesses while pursuing our corporate values and culture.

Putting people at the centre of everything we do, respecting their right to physical and cultural integrity.

Efficiency and effectiveness of our management systems to improve our business.

Fairness and transparency of our management systems to comply with all applicable laws and regulations.

Attention to the needs and expectations of our stakeholders in order to create a feeling of belonging and satisfaction.

Reliability of our management and operating systems to ensure the safety of our employees, our community and the environment.

Our responsibility as a company for our workers, production sites and communities.

[Italian Manufacturers' Association] Charter of Environmental Sustainability Principles called "10 Principles for 10 Commitments".

Confindustria's stated intention is: "The Charter is meant as a signpost to direct member companies... The Charter sets out shared principles and indicates the actions needed for a uniform and gradual progress towards greater environmental sustainability by outlining realistic and achievable goals for Italian companies."

ORGANIZATION CHART



FOUNDERS

PIETRO RADICI
GIANNI RADICI



SHAREHOLDERS

ANGELO RADICI
MAURIZIO RADICI
PAOLO RADICI



RADICI PARTECIPAZIONI BOB:

ANGELO RADICI
MAURIZIO RADICI
PAOLO RADICI
LUIGI GEROLLA
ALESSANDRO MANZONI
EDOARDO LANZAVECCHIA
PECUVIO RONDINI

AGE RANGE

> 50



BOARD OF DIRECTORS



HUMAN RESOURCES

Nicola Gritti



ADMINISTRATION, FINANCE AND CONTROL

Alessandro Manzoni



INFORMATION TECHNOLOGY

Alessandro Milesi



CORPORATE MARKETING

Filippo Servalli



RESEARCH AND DEVELOPMENT

Pierpaolo Babini



BUSINESS DEVELOPMENT

Sergio Cassotti



PLASTICS BUSINESS AREA

Luigi Gerolla



CHEMICALS BUSINESS AREA

Luigi Gerolla



FIBRES BUSINESS AREA FLOORING BU

Stefano Loro



FIBRES BUSINESS AREA FASHION & INTERIORS BU

Oscar Novali

CORPORATE

- . Research and Development Coordination
- . Strategic Resource Identification and Allocation
- . Group Services and Platforms

OPERATIONS

- . New Market and Product Development
- . Margin Production
- . Business Planning

Radici Partecipazioni S.p.A.

President: Angelo Radici

Vice President: Maurizio Radici

BOARD OF STATUTORY AUDITORS:

Aldo Piceni (Chair),

Marco Baschenis, Matteo Perazzi,

Corrado Rovelli, Franco Boccalatte

ETHICS COMMITTEE

President: Alessandro Manzoni

Members: Aldo Piceni, Nicola Gritti, Francesco Pezzotta



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PRESIDENT

Angelo Radici



**VICE PRESIDENT
CHIEF OPERATIONS OFFICER**

Maurizio Radici



**LOGISTICS AND
PROCUREMENT**

Michele Magnati



**STRATEGIC RAW
MATERIALS**

Massimo De Petro



**QUALITY
AND SYSTEMS**

Stefano Alini



**FIBRES
BUSINESS AREA
PET BU**

Paolo Radici



**NONWOVENS /
ARTIFICIAL GRASS
YARN BU**

Enrico Buriani



**FIBRES BUSINESS AREA
ACRYLIC FIBRES SOUTH
AMERICA BU**

Luciano Radici

● MARGIN PRODUCTION

● ORGANIZATIONAL SYSTEMS DEVELOPMENT

Radici Partecipazioni SpA, the Group holding company, is organized according to the traditional governance model with a Board of Directors consisting of 7 members, who hold office for 1 year. The Board has the broadest powers to strategically manage the Group. The members of the Board comprise the majority shareholders and may also include individuals chosen for their professional expertise in the administrative, technical, economic, financial and management fields. The company also has a Board of Statutory Auditors consisting of 5 members, who stay in office for 3 years.

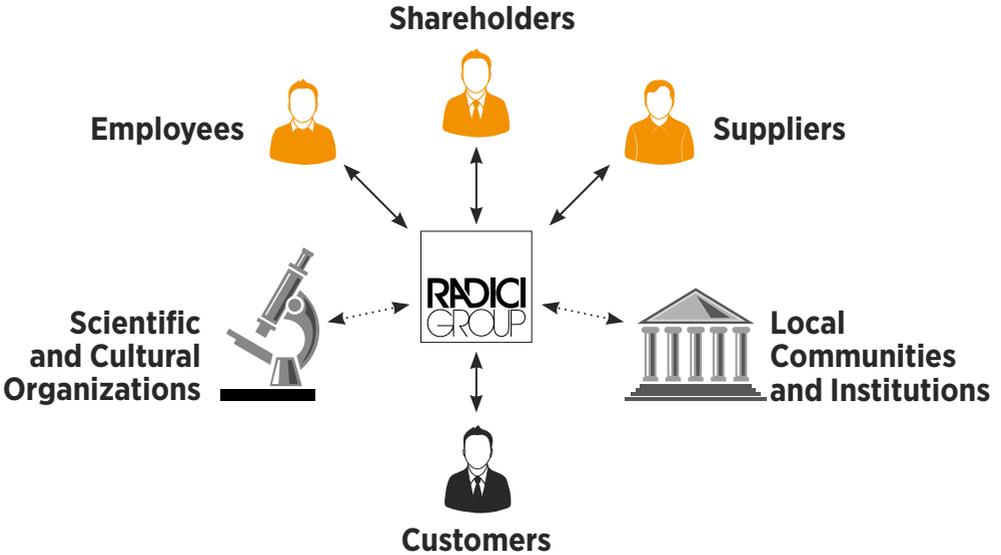
RadiciGroup Business Areas (Chemicals, Plastics and Synthetic Fibres) are overseen by Business Area Managers who manage the day-to-day operations of the various companies in the business areas. The Business Area Managers are also members of the Board of Directors, which ensures continuous contact and information flow between top company management and employees. To aid information flow, there are periodic meetings and daily information exchanges at various levels:

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- Radici Partecipazioni Board of Directors meetings: to carry out strategic and operational evaluations of business performance based on Key Performance Indicator Assessment.
- Group Quality Department meetings: held quarterly to analyse the performance and problems of individual companies and to discuss recommendations from those companies.
- Business Unit meetings: organized on a monthly basis to tackle problems raised by employees working in house and in the field who face such issues on a daily basis.
- Management review of companies with certified management systems: performed on a yearly basis to assess the effectiveness of the management systems and promote their continuous improvement.



OUR STAKEHOLDERS



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RadiciGroup's relations with its stakeholders – its social partners – are built on dialogue. The Group aims to improve the dynamics of the relationship through new methods of interaction. By using communication tools, such as social networking, for instance, the Group intends to strengthen the implementation of its communication policy by creating more effective two-way communication with its stakeholders.

SHAREHOLDERS

There is a very close relationship between RadiciGroup and its shareholders, as the Group is a family-owned and operated business. Therefore, the shareholders totally identify with the Group.

EMPLOYEES

By tradition, RadiciGroup employees are privileged stakeholders because they are people residing, for the most part, in or near to the communities where the Group production sites are located. Thus employees have a twofold stake in the Group and pay close attention to Group activities, particularly concerning safety and the environment. This special status of Group employees has greatly contributed to the strengthening of corporate practices concerning social and environmental needs.

The dialogue between Group companies and their employees is, naturally, on going and governed by the applicable laws and employment contracts. Company-employee dialogue is also carried on through numerous informal events. In particular, company anniversary celebrations with gatherings and parties are special occasions that reinforce the ties between RadiciGroup and its employees.

Furthermore, in 2011, the adoption of the GRI framework to gather data and prepare this Report required

the involvement of workgroups of about 60 employees – staff with technical qualifications holding technical positions at the various production sites. That participation strengthened employee motivation and allowed corporate management to collect suggestions on a large scale. Besides adopting the GRI framework, the Group also conducted Life Cycle Assessments (LCAs) of the life-cycle environmental impact of individual product processing stages. The studies were conducted by in-house personnel with the technical support of a qualified external firm. In that case as well, a better understanding of technical aspects led to a considerable increase in focus on the Group's environmental footprint.

SUPPLIERS

RadiciGroup deals with its suppliers on a daily basis. Despite the fact that the Group does not yet have a formal supplier rating system in place, preference is given to suppliers having certified corporate quality, safety and environmental management systems.

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CUSTOMERS

RadiciGroup interacts with customers via trade network contacts and periodic consultations at the business unit level, during which customer problems and suggestions are discussed. Additionally, once every two years, an outside company conducts a customer satisfaction survey of the major Group suppliers, in order to measure, both quantitatively and qualitatively, the Group's capability of meeting customer needs. Listening to customers is crucial for preparing improvement plans and re-thinking the strategic and operational organizational structure. The results of the 2010 customer satisfaction survey are summarized in the 2010 Sustainability Report, which can be viewed on the RadiciGroup site (www.radicigroup.com/it/Sustainability/report.aspx). In the 2010 survey, specific questions on environmental sustainability were included, for the first time, in order to achieve a better understanding of the level of customer awareness of this issue.

Moreover, in 2011, the Group conducted a special survey called "5 Minutes for Sustainability". A sample of 600 Group contacts, chosen on the basis of sales revenues, was asked to answer 5 questions related to the issue of sustainability. About 11% of the sample supplied a valid response. The results of the survey underscored, in particular, the growing importance of using renewable source energy for production processes (69% of the sample considered that sustainability factor to be the most relevant) and of suppliers communicating sustainability data (70% of the sample considered that factor rather important or very important). To address some of the issues identified in this survey, we are planning a series of one-day training sessions especially for customers, with the objective of strengthening collaboration and dialogue.

COMMUNITIES AND LOCAL INSTITUTIONS

RadiciGroup's ancestral companies have had their roots in the community for 30 years or more. Indeed, Tessiture Pietro Radici SpA has already celebrated the 70th anniversary of its founding.

Institutional and informal meetings with community members are held frequently. The main opportunities to meet with people from the local communities are annual "Open Day" events. In 2011, Federchimica [Italian Chemical Industry Federation] strongly encouraged chemical companies to hold "Open Days" and provided consulting and training on organizational aspects. All members of the community participate in these events: local residents, authorities and institutions. In 2011, RadiciGroup opened the doors of three of its plants in Italy and one in Germany to a total of about 1,200 visitors.

SCIENTIFIC AND CULTURAL ORGANIZATIONS

ASSOCIATIONS

Through its companies, RadiciGroup is a member of various associations: Confindustria [Italian Manufacturers' Association], Federchimica-Assofibre [Italian Chemical Industry Federation -National Artificial and Synthetic Fibres Association], Plastics Europe Italia and numerous other organizations engaged in diverse industrial sectors. Noteworthy is the Group's participation in CIRFS [European Man-made Fibres Association], particularly as a member of Ecolis, the CIRFS ecological committee. RadiciGroup is a partner of the RITE Group, whose mission is to promote best practices in reducing the impact of textiles on the environment, and also participates in the Ibis Consortium (managing body of the Sustainable Chemistry Innovation Consortium of the Piedmont Region) and the Responsible Care® Communications Group.

Participation in trade association activities multiplies the opportunities for businesses to meet and exchange ideas. During 2011, these forums took on special relevance because of the need to find new shared solutions to confront the crisis.

ASSOCIATIONS

AIAS-SICUREZZA

AICQ

CEFC - EUROPEAN CHEMICAL INDUSTRY

EATP

CIRFS

EPCA

ESTO

NYLON PROMOTION GROUP 6

UNIPLAST

RADICIGROUP COMPANY ENROLLED IN 2011

RADICI NOVACIPS SPA

RADICI PARTECIPAZIONI SPA

RADICI CHIMICA SPA

TESSITURE PIETRO RADICISPA

RADICI PARTECIPAZIONI SPA

RADICI PARTECIPAZIONI SPA

TESSITURE PIETRO RADICI SPA

RADICI PARTECIPAZIONI SPA

RADICI NOVACIPS SPA

In 2011, RadiciGroup companies held memberships in a total of 30 associations worldwide.

ACADEMIC INSTITUTIONS

In recent years, RadiciGroup's collaboration with universities and Confindustria has led to the hosting of interns, from Italy and abroad, at various Group companies. The objective of this internship program is to provide young people with an opportunity for on-the-job professional education and training by entrusting them with research projects on current topics in line with their education and background, especially issues related to new technologies.

Furthermore, there is an on-going collaboration with several Italian universities on new research and development projects every year.

In 2011, RadiciGroup collaborated with the following universities:

Politecnico di Milano - Politecnico di Torino - Università di Bologna

Università degli Studi del Piemonte Orientale

Università degli Studi di Bergamo - Università degli Studi di Brescia

Università degli Studi di Firenze - Università degli Studi di Milano

CERTIFICATION BODIES

Certification requires the on-going voluntary commitment of companies to improve and check their processes on a continual basis in the pursuit of production and management excellence. Working with certification bodies helps companies in their continuous improvement efforts and guarantees transparency and objectivity in evaluating the goals achieved.

RADICIGROUP COMPANY	ISO 9001	ISO/TS 16949	ISO 14001	OHSAS 18001	Certification Body
SYNTHETIC FIBRES BUSINESS AREA					
RADICIFIL S.p.A. - CASNIGO	✓		▲	▲	CERTITEX
RADICI YARN S.p.A. - VILLA D'OGNA	✓		✓		CERTITEX
RADICI YARN S.p.A. - ARDESIO	✓				CERTITEX
S.C. YARNEA SRL - F&I (RO)	✓		✓	✓	SRAC ROMANIA
NOYFIL S.p.A. - CHIGNOLO D'ISOLA	✓				RINA
NOYFIL S.p.A. - ANDALO VALTELLINO	✓				RINA
NOYFIL SA (CH)	✓				DNV
TESSITURE PIETRO RADICI SPA	✓		▲	▲	CERTITEX
PLASTICS BUSINESS AREA					
RADICI NOVACIPS S.p.A. - VILLA D'OGNA	✓	✓	✓	✓	IIP
RADICI NOVACIPS S.p.A. - CHIGNOLO	✓			▲	IIP
RADICI PLASTICS GmbH (DE)	✓	✓	✓		TUV
RADICI PLASTICS Ltda (BR)	✓	✓			BVQI
RADICI PLASTICS SUZHOU Co. Ltd. (CN)	✓				TUV
RADICI PLASTICS USA, Inc. (USA)	✓	✓			SQA
CHEMICALS BUSINESS AREA					
RADICI CHIMICA S.p.A.	✓		✓	✓	CERTIQUALITY

▲ = Work in progress

All the companies that supplied data for this Report are ISO 9001:2008-certified. Some of them have also achieved ISO/TS 16949:2009 quality certification for the automotive sector, ISO 14001:2004 environmental certification and OHSAS 18001:2007 certification.

The companies' quality, environment and safety management systems have fostered the development of an integrated, systematic and proactive approach to related issues.





MACROECONOMIC CONTEXT AND STRATEGIES

Excerpted from the Radici Partecipazioni SpA Directors' Report on the Consolidated Financial Statements for the year ended 31 December 2011

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The economic recovery that started in 2009 and continued through 2010 slowed down abruptly in 2011 (particularly beginning in the second half), especially in the euro area, where the economic and financial situation has shown no signs of improving. Gross world product grew by only 3.9% compared to 5.3% in the prior year, maintaining the wide gap between mature and emerging economies (China and India).

In 2011, RadiciGroup's strategy remained unchanged: the goal was to improve its competitive market position and achieve an overall balance among the geographical market areas where it operates, in order to reduce dependency on single markets and boost cash flow to reduce debt and finance new initiatives in its strategic businesses.

RadiciGroup has continued to work towards achieving the following objectives:

1. Redefining production capacities and realigning them to changing market conditions;
2. Revision of industrial processes aimed at improving the internal efficiency of each company, as well as raising the industrial efficiency of production cycles involving more than one Group company;
3. Reduction in net financial debt, also through tighter control of net working capital;
4. Sale of real property not strictly necessary for the production of goods or services.

CHEMICALS BUSINESS AREA

The Chemicals Business Area focuses on the production of polyamide polymers and chemical intermediates for the industrial market.

During 2011, the demand trend exhibited the characteristic seesaw pattern of the chemical industry as a whole, with significant growth in the first half, continuing the prior year trend, and a sharp slowdown during the last quarter.

The Chemicals Business Area was nevertheless able to hold onto its position in its target markets, by leveraging its strengths such as its state-of-the-art plant technology and the quality of its products.

PLASTICS BUSINESS AREA

The RadiciGroup Plastics Business Area is engaged in the production of engineering plastics for industrial markets, particularly the automotive and electrical/electronics sectors.

After the excellent results of 2010, in 2011 the Plastics Business Area recorded continued growth: consolidated sales revenue was EUR 259 million, a 10% increase over the prior financial year. The United States and China were the geographical areas with the highest growth, but even the European market was able to hold onto, and in some cases increase, its market share. The automotive segment and, more in general, the engineering plastics market recorded substantial growth rates.

FIBRES BUSINESS AREA

The Fibres Business Area groups RadiciGroup's ancestral companies, engaged in the production of polyamide, polyester, polyethylene and polypropylene yarn and acrylic fibres.

FASHION & INTERIORS BUSINESS UNIT

The Fashion & Interiors Business Unit is active in the production of polyamide 6 and polyamide 66 products, chiefly for use in the apparel fabrics market. In February 2011, RadiciGroup completed the acquisition of the German firm Dorix GmbH, European leader in the production of PA6 staple products.

Financial year 2011 was marked by contrasting trends in the first and second halves. During the first half, sustained demand resulted in a significant increase in sales compared to the same period of the prior year. However, already at the beginning of the second half, demand started to weaken, which required a corresponding adjustment in production volumes so as to prevent excess inventory and avoid straining working capital.

RADICI FIBRAS BUSINESS UNIT

The Radicifibras Business Unit is engaged in the production of nylon yarn for apparel, furnishings and technical applications.

After strong growth in domestic demand during the period 2009-2010, accompanied by investments to increase the production capacity of textured yarns, by the end of 2010 the Brazilian market began to give out the first signs of structural change. During the first few months of 2011, the markets where the business unit operated were negatively affected by both Brazil cost pressure and the macroeconomic context. Starting from the beginning of the second half, there was a reversal in the trends of both finished goods and raw materials, together with a recovery in sales volumes.

ACRYLIC BUSINESS UNIT

In 2011, the markets served by the business unit were negatively affected by both Brazil cost pressure and the macroeconomic context. During the first half of 2011, domestic demand for acrylic fibre continued to slide, due to a further upsurge in imports of yarn, mostly from Indonesia, and finished goods. That trend had a great effect on the business unit's sales volumes, which suffered mostly from the fact that its main customer reduced quantities significantly.

FLOORING BUSINESS UNIT

The Flooring Business Unit is engaged in the production of nylon polymers, carpet yarn and high-tenacity yarn for the automotive and technical sectors.

After a 2010 marked by strong growth in world consumption of synthetic fibres and polymers, demand stayed at good levels in the first half of 2011 and then progressively deteriorated. The

price of raw materials and chemical intermediates used in production continued to rise, forcing the business unit to play catch up in a continuous effort to pass through product cost increases to downstream customers.

Despite the difficult context in which the business unit operated, the results turned out to be satisfactory. In the course of 2011, the investment in a new entangling department was carried out, and a project to expand production capacity by adding flexible spinning lines was completed.

PET BUSINESS UNIT

This business unit is involved in the production of polyester yarn for the furnishings, apparel and automotive markets.

The recent trends in the world polyester fibres market have been confirmed. Concentration of production volume and consumption in Asia has continued, whereas the situation in Europe has slowly but progressively deteriorated. The trend of a steady shift in volumes among the market segments of the European market, specifically from apparel to furnishings and technical, has also been confirmed for the next five years. Production optimization at the two Italian sites in Andalo Valtellino (SO) and Chignolo d'Isola (BG) has begun to bear results. Overall, the business unit recorded a 4.9% increase in sales revenue compared to the same period of 2010.

NONWOVENS BUSINESS UNIT

The Nonwovens Business Unit consists of only one company with two product lines: Dylar® Spunbond nonwoven fabric and Radigreen® artificial grass yarn.

DYLAR® SPUNBOND

The year 2011 was marked by an increase in sales volume, influenced by a sales pricing policy aimed at achieving the best possible margins, and by a great fluctuation in the cost of polypropylene, the raw material used.

From the very beginning of the year, there was strong demand, especially in the roof insulation segment and the industrial sector, in general.

RADIGREEN®

The year 2011 was marked by sales volume in line with the prior year. Noteworthy is a steady increase in the sales volume of greater value-added "textured" products. The polyethylene price followed a fluctuating pattern similar to that of polypropylene, but with less variability. Finally, the year was also marked by a partial recovery of raw materials cost increases, limited only to certain products. For all of 2011 there was a general trend of declining market demand for artificial grass. The reason for the slump lies in the general lack of funds made available to public institutions and sports clubs.

CURRENT YEAR OUTLOOK

The slowdown in the last quarter of 2011 continued into the early months of 2012. Raw materials costs remained high, while volumes decreased by about 10% compared to first quarter 2011. These factors resulted in a loss of margin, particularly in the chemicals sector where the market drove sales prices down. Net financial debt is constantly monitored and RadiciGroup has an adequate liquidity reserve. Overall, the before-tax results for the half were close to breakeven. Considering the known macroeconomic difficulties besetting the euro area, this is certainly a satisfactory result.

RESEARCH AND DEVELOPMENT

The activities of the individual business areas involve constant R&D work dedicated to product improvement. The development of polyamide 6,10 (partially bio-based, i.e., made from vegetal raw materials) and related transformation products for use in applications such as plastic compounds and fibres is a clear example of how fundamental the integration of upstream nylon chemical production with downstream production (one of RadiciGroup's strengths) is to the development of new products, new application sectors and new markets.

In 2011, R&D pursued the following three strategic objectives:

- Strengthening the Group core business in the polyamide field.
- Integrating niche speciality products into the existing product range.
- Enhancing the eco-sustainable polyamide product line – in the footsteps of Radici Yarn's experience with nylon 11 and Noyfil Switzerland's production of polylactic acid yarn –, by implementing the production of polyamide 6,10, made in part from renewable source materials.

Requests for sustainable products, particularly products made from renewable raw materials instead of oil-based materials, come to us directly from the market and are taken as strategic guidelines for the Group.

RISK ANALYSIS

Since RadiciGroup's business activities are exposed to different types of financial risk – including changes in interest rates, exchange rates and prices, and liquidity and cash flow risk, risk management transactions are carried out at the corporate level by Radici Partecipazioni SpA to optimize the management cost structure and dedicated resources. Therefore, the holding company acts directly on the market to aid its subsidiaries in reducing risk exposure.

Furthermore, concerning corporate policies and objectives in risk management related matters, we point out the following:

⚠️ COMPETITIVENESS RISK

Group production and corporate structure, as a whole, do not present any internal risk. Conversely, there are many external risk factors. The main risk the Group faces is related to competitiveness. Thus we need to continue to invest in our high product quality, which has long been recognized by our customers.

⚠️ CREDIT RISK / INSOLVENCY RISK

Credit risk is rather limited. Group companies are constantly monitored in this respect and do not have an excessively concentrated customer base. Because of the stability and reliability of the relationships between Group companies and their customers and between Group companies and the market, external risks are not very significant. However, for the sake of prudence, the potential consequences of the general crisis in progress are constantly being monitored.

⚠️ CLIMATE CHANGE RISK

RadiciGroup pays great attention to the issue of climate change related to gas emissions but, as of yet, does not have an organized system in place for monitoring climate related risks. This is due to the fact that, until just a few years ago, Italy – where most of the Group companies are located – had a typical Mediterranean climate and was not subjected to meteorological phenomena of great intensity. However, RadiciGroup production sites are located alongside one of the two main roads of the Valle Seriana (Province of Bergamo), a valley at the foot of the Pre-alp Mountains, which is classified as a highly critical area in terms of hydrogeological risk in the Provincial Emergency Plan- Hydrogeological Risk of Landslide of the Province of Bergamo. Nevertheless, landslide events are, for the most part, of no great impact. Because of the location of the RadiciGroup production sites, risk assessment of the impact of landslides on its companies mostly concerns transit problems and road blockages.

As regards earthquake occurrences, the Valle Seriana (Region of Lombardy) and Novara (Region of Piedmont) geographical areas, where RadiciGroup plants are located, are classified as low seismic risk areas. The plants in Brazil and China are located in low seismic risk areas as well.

In consideration of the above scenario, a risk assessment was carried out some time ago with the aid of the insurance companies that insure our Group and insurance coverage for catastrophic events was taken out.

A large, stylized number '2' graphic in a dark green color, positioned in the upper right quadrant of the page. The number is thick and has a slight shadow effect.

**GLOBAL REPORTING
INITIATIVE
PERFORMANCE
INDICATORS**

ECONOMIC PERFORMANCE INDICATORS

For RadiciGroup, the sustainable creation of value has multiple implications, particularly when set against the scenario of the economic and financial crisis in progress. It means investing to improve performance and limiting the environmental impact of production processes, all the while containing company risks. It means making production more efficient in order to reduce resource usage and cut production waste.

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Doing business in an ethical manner means redistributing the value added by the Group in the community, thus contributing directly and indirectly to the local economy. It implies financial management based on the principles of prudence and solidity and, for the protection of its employees, reinvesting net income and appropriating part of it as a reserve or contributing to supplementary pension schemes. It also means maintaining a solid presence in Europe and not delocalizing to countries with less burdensome tax regimes.

Lastly, growing in a sustainable way implies a radical change in the way of thinking, making the transition from short-term to medium-term performance assessment. Investing in social, environmental and production sustainability offers significant advantages over a period of several years, not necessarily in the immediate term.

CALCULATION OF VALUE ADDED

	31/12/2011	31/12/2010	31/12/2009	
PRODUCTION VALUE	1,253,817,282	1,174,641,225	739,522,464	
1. Sales and service revenue	1,234,071,420	1,161,178,891	773,653,864	a)
2. Change in work in progress, semi-finished goods and finished goods inventories	19,312,028	13,313,670	34,607,930	
3. Change in contract work in progress	-	-	-	
4. Increase in internally generated non-current assets	433,834	148,664	476,531	
5. Other revenue and income				
B) INTERMEDIATE PRODUCTION COSTS	995,172,743	899,993,275	584,192,007	
6. Raw materials, supplies, consumables and goods for resale	797,427,328	718,729,299	403,282,816	
7. Services	205,246,921	193,940,305	165,260,036	b)
8. Leases and rentals	4,817,409	4,174,618	3,707,821	
9. Change in raw materials, supplies and goods for resale inventories	(15,020,551)	(21,865,314)	10,609,918	
10. Provisions for liabilities and charges	608,743	873,374	247,781	
11. Other provisions	274,494	2,920,000		
12. Miscellaneous operating costs	1,818,399	1,220,993	1,083,634	c)
GROSS VALUE ADDED FROM OPERATIONS (A-B)	258,644,539	274,647,951	155,330,457	
+/- Additional and extraordinary items	1,333,101	(7,974,700)	9,991,422	
GROSS TOTAL VALUE ADDED	259,977,640	266,673,250	165,321,878	
- Depreciation and amortization	45,802,777	47,137,165	46,298,374	
NET TOTAL VALUE ADDED	214,174,863	219,536,086	119,023,504	

PROSPETTO STANDARD DI DISTRIBUZIONE DEL VALORE AGGIUNTO

	31/12/2011	31/12/2010	31/12/2009
A) PERSONNEL COMPENSATION	135,248,268	131,245,421	112,610,852
Contract workers	9,262,665	8,790,527	6,280,980
Employees	125,985,603	122,454,894	106,329,872
a) Direct compensation	101,127,691	98,461,827	84,040,072
b) Indirect compensation	24,857,911	23,993,067	22,289,799
B) GOVERNMENT TAXATION	21,532,299	21,843,677	5,739,172
Direct taxes	18,370,307	18,833,092	3,105,407
Indirect taxes	3,539,143	3,210,894	2,715,084
- Revenue grants	377,150	200,309	81,319
C) COST OF DEBT CAPITAL	14,613,318	12,834,785	17,396,113
Short-term loan interest	14,613,318	12,834,785	17,396,113
Long-term loan interest			
D) COST OF EQUITY CAPITAL	10,020,000	40,450,949	0
Dividends (income distributed to shareholders)	10,020,000	40,450,949	0
E) RETAINED VALUE ADDED	32,287,918	12,806,253	-16,722,633
+/- Changes in reserves	32,287,918	12,806,253	-16,722,633
F) CHARITABLE CONTRIBUTIONS	473,060	355,000	333,450
NET TOTAL VALUE ADDED	214,174,863	219,536,086	119,023,504

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The above value-added schedules follow the method provided by GBS – Study Group for Social Reporting (www.gruppobilanciasociale.org). The data are from the Radici Partecipazioni SpA consolidated financial statements, which the Group has voluntarily had audited by Deloitte&Touche. Included in the scope of the consolidated financial statements are parent company Radici Partecipazioni SpA and the Italian and foreign companies of which it directly or indirectly holds a majority of the share capital, pursuant to Article 2359 of the Italian Civil Code.

PERSONNEL COST AS A PERCENTAGE OF TOTAL VALUE ADDED:



150,000,000

Total Group investment for the period 2007-2011 to enhance its companies' competitiveness through innovation, increase efficiency and apply the best available technologies (BAT), i.e., the best available techniques on the market in any given sector.

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1.65%

The percentage of gross salary paid by the Group's Italian companies to the supplementary pension fund PREVINDAI (Industrial Executives Pension Fund).

The percentage of gross salary paid by the Group's Italian companies to the supplementary pension fund FONCHIM (Complementary Contribution Pension Fund for employees of the chemical and pharmaceutical industries and similar sectors).

1.65%

82% about

The percentage of Italian Group employees who have joined supplementary pension funds¹.

377,150 EUROS

Government grants for the 2011 financial year received by Italian Radici Group companies. The funds were designated for innovation / research and development projects.

1: Data for 2011. The percentage includes the Radici Yarn plant in Pistoia (business now shut down) and Radici Partecipazioni, which do not fall within the boundary of this Report.

3,970,665 EUROS

Amount of Regional Business Tax paid by Italian Group companies in 2011. The taxes are used to maintain important local services, particularly the public health service.

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19,734,726 EUROS

Total income taxes paid by RadiciGroup companies in various countries across the globe (Argentina, Brazil, China, Germany, the United Kingdom, India, Italy, Luxembourg, the Netherlands, Czech Republic, Romania, Spain, Switzerland, Hungary and the United States of America).

2011 INCOME TAXES (€)

ARGENTINA	892,978
BRAZIL	559,143
CHINA	111,895
GERMANY	7,691,082
GREAT BRITAIN	26,731
INDIA	28,259
ITALY	9,267,820
LUXEMBOURG	6,607

NETHERLANDS	18,954
CZECH REPUBLIC	15,333
ROMANIA	528,569
SPAIN	1,461
SWITZERLAND	127,527
HUNGARY	33,135
USA	425,231

TOTAL 19,734,726

HUMAN RIGHTS PERFORMANCE INDICATORS

More than 3,500 men and women in 14 different countries (some of which are developing countries). This is the total human capital of all RadiciGroup companies distributed worldwide in Asia, North and South America, and Europe. The coexistence of this plurality of cultures is based on respect for the fundamental rights of each person.

48 RadiciGroup strongly condemns child labour practices and any form of enslavement and, to protect workers in countries at risk, extends on a voluntary basis all the protections afforded by European law to all the countries where it operates. The Group's Human Resources Managers stand as guarantors against hiring underage workers pursuant to Italian law (younger than 18), even if such a practice may be allowed by the local laws of the various countries. The only exception is Brazil, where a specific provision of the law encourages the hiring of underage workers in situations where social difficulties come into play, but only with an apprenticeship contract providing for specific restrictions on work hours and job tasks; the objective is social inclusion through employment.

The Human Resources function does not organize regular training activities on human rights, but it does act as a watchdog against violations. During the three-year period 2009-2011, no violations or incidents of discrimination were reported.

All RadiciGroup employees have signed standard employment agreements. Furthermore, in compliance with applicable Italian law, subcontractor management procedures at Italian companies ensure the protection of worker health and safety in cases where there is no employer-employee relationship. These workers must be issued certificates of compliance with legal and social security contribution obligations.

As for investing activities, there are no special provisions regarding human rights. However, during the preliminary assessment of proposed investments, the investment committee also carries out checks. Moreover, a proposal is under consideration to require the following provision – now included only in Radici Yarn agreements – to be added to all Group goods and services purchase agreements:

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

The supplier shall comply with the relevant legal provisions concerning employees, environmental protection and occupational health and safety and, in its activities, shall endeavour to eliminate or to reduce, to the best of its ability, adverse affects on people and the environment. To this end the supplier shall, within its capabilities, set up and develop a quality management system according to ISO EN 14001. The supplier shall also observe the principles of the UN Global Compact Initiative, specifically the protection of universal human rights, the right to collective bargaining, the elimination of forced labour, the abolition of child labour, the elimination of discrimination in respect of employment and occupation, environmental responsibility and fighting corruption.

More information about the UN Global Compact Initiative is available at: www.unglobalcompact.org

This initiative is our way of underscoring the commitment of all Group companies to ensure respect for human rights and to increase stakeholder engagement by raising supplier awareness and encouraging commitment to this issue.



LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS

Work is the means through which the RadiciGroup mission is realized. Creating a comprehensive model for the management of relationships between companies and employees still remains a challenge, considering the different organizational and production systems and the diverse social and environmental settings in which Group companies operate. Independently of the concrete measures adopted, protecting work as an absolute remains our Group's primary objective.

RADICIGROUP HUMAN RESOURCES

During the three-year period 2009–2011, the total number of employees (excluding temporary agency workers) in the companies within the reporting boundary increased slightly. This factor is extremely significant considering the difficult international scenario.

The chart below shows a breakdown of Group employees:

LA1 + LA13	year	2009	2010	2011
	TOTAL EMPLOYEES³	2,361	2,454	2,488
	Italy	1,688	1,644	1,630
	Europe	582	618	676
	Asia	24	34	26
	America	67	158	156
	Permanent employees	2,269	2,328	2,378
	Temporary employees	92	126	110
	Part-time employees	68	79	83
	Full-time employees	2,293	2,375	2,405
	Men	1,804	1,875	1,895
	Women	557	579	593
	Senior management	58	59	61
	Middle management	242	265	278
	White-collar workers	345	379	369
	Blue-collar workers	1,716	1,751	1,780

3: For this year's Report we were unable to achieve a greater level of detail for this performance indicator



< 30 years old	181	239	257
From 30 to 50 years old	1,574	1,627	1,649
> 50 years old	606	588	582

The legal protection of workers and development of human resources through adequate pay and job security are among the lynchpins of RadiciGroup labour policy.

During the reporting period, in order to confront the challenges posed by the economic situation, the Group applied for and obtained ordinary and extraordinary unemployment and mobility benefits for its Italian employees. The social shock absorbers were provided for permanent and temporary employees alike and were proportionally calculated based on the work hours of each employee. In 2011, Italian production sites were granted 367,762 hours of unemployment benefits (ordinary, extraordinary and exceptional). Moreover, during the last five years occasional use has been made of outplacement tools in order to help redundant personnel in their search for and assessment of new opportunities.

The main aspect of workers' legal protection is the proper application of the relative employment agreement. All of RadiciGroup's Italian employees are covered by the Contratto Collettivo Nazionale di Lavoro (CCNL) [National Collective Bargaining Agreement] for their respective industrial sector, which ensures that the minimum wages and salaries mandated by law are observed. Most Italian employees receive 14 monthly salaries per year.

At all other European sites, specific company employment agreements are used. Alternatively, local worker protection law and the labour market of each country dictate the standard contractual terms and salaries to be paid.

The importance RadiciGroup gives to guaranteeing employment relationship continuity is attested to by the high percentage of permanent contracts – over 95% of the total workforce.

LA4



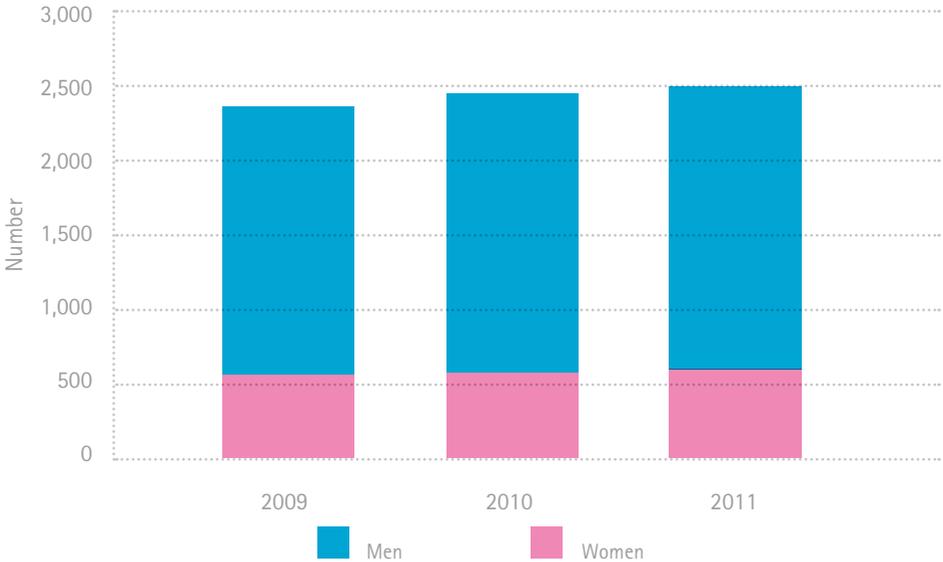
	<i>year</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
No.	TOTAL EMPLOYEES	2,361	2,454	2,488
No.	Collective bargaining agreement	2,187	2,181	2,220
No.	Company or individual agreement	174	273	268

Concerning disabled personnel, the Italian companies of the Group, besides meeting the quota and obligations provided for by the law, often send local organizations requests for job applicants with qualifications meeting the needs of the respective sectors. Thus, workers belonging to protected categories are offered paid internships leading to potential employment.

Male and female employees receive equal remuneration for the same job duties and work schedule. In factory production departments, where there is a large percentage of workers and supervisors receiving higher pay for shift work, there are very few women, as hardly any female workers are willing to take on the jobs.

In general, the number of women working at RadiciGroup is slowly but steadily growing.

EMPLOYEE BREAKDOWN BY GENDER



According to the directives of the holding company, annual recognition awards are given to employees selected on the basis of merit. Making these awards is considered a way to retain staff and motivate and incentivize them to develop their talents and professional skills. Most Group companies within the reporting boundary have in place structured career management systems based on assessments of employee conduct, character and skills. These recognition awards are presented to both permanent and temporary employees, since they are assigned solely by duties and results. Bonuses based on company results are collective in nature.

TESSITURE PIETRO RADICI: WOMEN IN MANAGEMENT

RadiciGroup management is still very much dominated by men. A notable exception is Tessiture Pietro Radici. Since 2005, the company has increased the number of women in management positions and hired women with college degrees, some of them younger than their male counterparts at the same level.

A similar trend is seen in senior and middle management at other Group companies, where the number of women in positions of responsibility is on the rise.

All managers at Italian sites are covered by the National Collective

Agreement for Industrial Managers signed by Confindustria [Italian Manufacturers' Association] and Federmanager [National Association of Industrial Managers]. The agreement sets the guaranteed minimum compensation and outlines the general employment terms and conditions for this employment category. For managers at Group sites outside Italy, the criteria adopted are those established by the labour market in each country. In either case, the achievement of results and implementation of Group strategies are recognized through incentive schemes, mainly of a monetary nature, based on the objectives set (Management by Objectives). The award may vary from 8% to 20% of gross compensation depending on the position held in the organization and related responsibilities.

RADICIGROUP: RESPECTING ENTREPRENEURIAL CULTURE AND LOCAL KNOW-HOW

The present geographical location of RadiciGroup employees is the result of an internationalization process that started back in the 1990s and was guided by the principle of protecting the local entrepreneurial culture and know-how of each country. For this reason, after each acquisition, local employees and management at the acquired foreign company have always been supported, never replaced, by personnel from Italian Group companies.

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At Group sites, requests for parental leave of absence almost exclusively come from female workers (for cultural reasons). To aid mothers, all companies allow both work-time reduction (part-time work) and personal scheduling (clock in/out times), whenever possible, so as to allow the worker to combine family and job duties. At any rate, the percentage of female workers returning to work and remaining after maternity leave is close to 100%.

In addition to adequate and incentivized remuneration, human resources development requires the granting of benefits aimed at improving the corporate climate and offering employees an easier way of reconciling their professional and private lives.

Staff lounge areas are available at all RadiciGroup sites, and most of the sites provide "restaurant ticket" meal vouchers or canteen service at discounted prices. Additionally, Radici Partecipazioni has signed special agreements, reserved for Italian employees working at its subsidiaries, for the purchase of cars or the use of sports facilities at discounted prices.

Finally, every year RadiciGroup awards scholarships to employees and their children. Scholarships are granted to college students, with a preference for students in technical and scientific fields, as a reward for their commitment and outstanding academic achievement. In 2011, scholarships were awarded to 15 Italian and foreign students.

RADICI CHIMICA DEUTSCHLAND: BEST EMPLOYEE PROJECT AWARD

Since 2005, Radici Chimica Deutschland – engaged in the production of intermediates for the chemical industry – has held a competition calling on employees to submit their ideas aimed at improving technical, production and work aspects of the company. Thus the ideas are conceived by the very men and women who experience the problems on a daily basis. The projects chosen are then implemented and the employees who submitted the idea receive monetary compensation.

In 2011, the percentage of employees who submitted projects reached 8%, a percentage that has risen steadily during the past three years. Ten winning ideas were selected from the 24 proposals dealing with water cooling systems, reducing production process downtime and company safety improvements.

RADICI NOVACIPS AND RADICI YARN: SUPPORTING FAMILIES AND PROTECTING CULTURAL IDENTITIES

Radici Novacips was the driving force behind the creation of the "Paese dei balocchi" [Toyland] day nursery in support of local families. Today the company continues to back the activities of the nursery, together with RadiciYarn, the parish and the municipality of Villa d'Ogna (Province of Bergamo). By virtue of the contribution from the RadiciGroup companies, the children of employees get preferential enrolment. Furthermore, the collaboration of these two RadiciGroup companies with local public institutions helps to keep the nursery fees affordable.

RadiciGroup's respect for the different cultures represented at its companies is demonstrated by the special attention paid to the customs of its workers. At the Radici Novacips site in Chignolo, special prayer areas for Muslim workers have been designated. Moreover, at all Group companies where a canteen is in operation, the menu generally includes food to accommodate various religious precepts.

55

TRAINING⁴

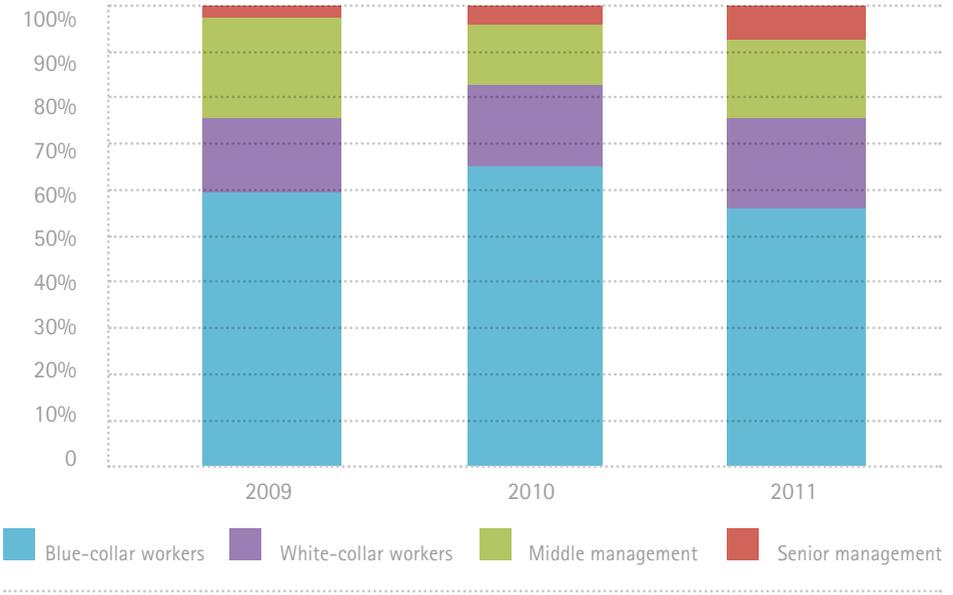
Article 35 of the Constitution of the Italian Republic reads: "The Republic protects work in all its forms and practices. It provides for the training and professional advancement of workers". RadiciGroup has always operated in accordance with this principle by promoting the continuing education and training of its employees in fulfilment of its legal obligations and for their professional and personal growth.

At RadiciGroup companies, personnel training usually starts with competence mapping, which provides an understanding of the strengths and weaknesses of each worker in relation to his/her duties, taking into account the continual evolution of strategic and technical tools. The training process has an impact on the professional sphere on several levels. One level concerns general and behavioural training; others deal with specific duties and tasks. In the three-year period under consideration, the hours of training per worker steadily increased, which attests to the importance our Group attributes to this initiative. In 2011, foreign language and communication courses were offered, together with longer training courses on safety in the workplace.

Below is a schedule showing training hours during the three-year period 2009-2011:

LA 10		year	2009	2010	2011
NO.	TOTAL EMPLOYEES		2,361	2,454	2,488
	hours	Total hours of training	15,419	26,588	30,931
	h/e	Hours/Employee	6.5	10.8	12.4
	hours	Senior management	389	1,041	2,235
	hours	Middle management	3,377	3,496	5,276
	hours	White-collar workers	2,478	4,712	6,114
	hours	Blue-collar workers	9,175	17,339	17,306

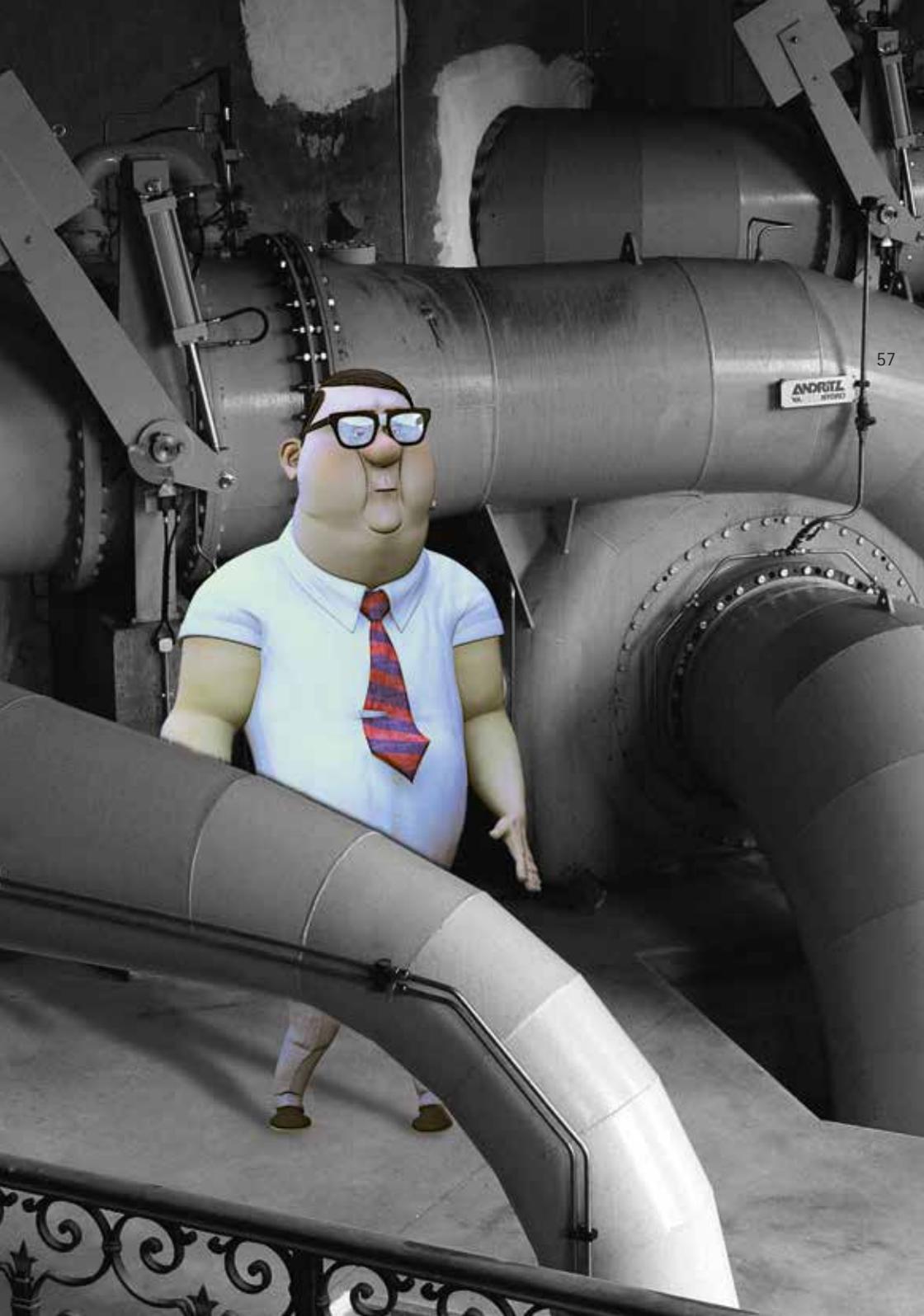
⁴ For this year's Report we were unable to achieve a greater level of detail for this performance indicator.



In recent years, Group companies have put into place a systematic training programme, with some differences from site to site, for newly hired employees or employees who want to change their present work duties. During the training period needed to master the new tasks, each worker is supervised by a mentor.

RADICIGROUP ACADEMY

RadiciGroup Academy is a training initiative launched in 2011, which saw the involvement of newly hired recent college graduates, middle management and senior management of Group companies. The project was supervised by corporate human resources management, which availed itself of the consulting services provided by external companies. The managerial training programme was designed to help everyone become the best he or she could be in his/her own role and was divided into three modules: Starting, Engagement and Leadership. In particular, for lower-level management the emphasis was on the development of individual leadership skills, the ability to adapt to change and managerial skills required to become company team leaders.



HEALTH AND SAFETY

Health protection for its employees is one of the top items in RadiciGroup's priorities list. This protection applies to the entire workforce, including the employees of contractors having permanent yards on Group premises. The specifics of the employee health protection programme depend on the laws and regulations in force in the country where the Group company is based. In Italy, a special committee on health protection is required to be set up, and it meets regularly to discuss current problems and propose solutions. The committee members (appointed according to the applicable law and collective bargaining agreement) have the responsibility of implementing the proposed solutions in the interest of all workers. The presence of workers on the committee is meant to get them directly engaged in safeguarding the health and safety of others, as well as their own.

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Moreover, there is an on-going dialogue with union organizations on the promotion of a safety culture and the introduction of incentive mechanisms tied, for instance, to the rate and seriousness of injuries and the actual use of individual protection devices. These efforts to increase awareness and vigilance at Group production sites have led to improvement in the trend of all parameters considered, that is, the absolute number of injuries, the seriousness (lost days) and the number of absences.

Historically Group companies have never experienced cases of serious occupational diseases. During the three-year period no occupational diseases were recorded.

INJURIES AND ABSENCES⁵

LA 7		year	2009	2010	2011
	No.	TOTAL EMPLOYEES	2,025	2,078	2,057
	Hours	Total hours worked	2,625,562	3,091,817	3,099,307
	Days	Total lost days (prognosis)	1,484	1,363	1,327
	No.	Total injuries	57	64	60
	No.	Total cases occupational diseases	0	0	0
	Days	Average days absent	10	11	10
	Days	Average work days	183	201	202
	No./year	IR (Injury rate)	4.34	4.14	3.87
	No./year	ODR (Occupational diseases rate)	0.00	0.00	0.00
	Days/year	LDR (Lost days rate)	113	88	86
	Hours/year	AR (Absentee rate)	9,456	8,912	8,329

⁵: The company SC Yarnea was not included in the reporting boundary.

RADICI CHIMICA: SAFETY DEPENDS ON PEOPLE

Ensuring the health and safety of workers, including contractors with on-site yards, is an objective that has led to the involvement of about one-third of Radici Chimica's 300-plus employees. To supplement the internal Prevention and Protection Service comprised of 4 people, the company collaborates with an external Prevention and Protection Service consultant. In 2011, there were 4 employee representatives for health, safety and the environment, 51 employees responsible for fire fighting and 41 employees responsible for first aid. The number of employees assigned to emergency management (fire fighting and first aid) will be increased in 2012. Starting in 2012 employee fire fighters will be scheduled on a monthly basis so as to ensure their presence during all three work shifts. Safety promotion activities are carried out by the Safety Committee (CSIC) for all aspects related to serious injury prevention and through periodic meetings, pursuant to Law Decree 81/2008, which always include the manager of Human Resources and the employees in charge of every function involved in safety projects.





SOCIETY PERFORMANCE INDICATORS

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Since the 1940s RadiciGroup companies have been at the forefront of economic, social and cultural development in the communities where they operate. Civil society has contributed significantly to the success of the Group through its workforce and the continuing loyalty between its employees and the various companies. Today the relationship among industrial enterprises and local communities is complex, partly bound by legal obligations and partly related to the principle of volunteerism. The challenge of creating shared, ethically sustainable value – together – becomes more and more important day by day.

RadiciGroup is fully conscious of the fact that indiscriminate exploitation of resources will inevitably lead to the degradation of social and environmental conditions. It is also aware of the inevitable environmental footprint of its industrial activities and, for this reason, is trying to mitigate the effects as much as possible. The companies with the greatest environmental impact (Radici Fil, Radici Yarn and Radici Chimica) have each obtained an Integrated Environmental Authorization (AIA) and have constantly implemented programmes to monitor and assess impacts.

Furthermore, all Group companies included in this Report, as indicated in the section on environmental performance indicators, have put into operation strategic and technical solutions to reduce emissions, save energy and use resources properly. In recent years, the progressive introduction of best available technologies on the market has contributed to safeguarding the environment.

RadiciGroup is aware that a company's potential negative impacts are not only environmental but also social and thus, beyond investing in its employees as mentioned in the section above, it takes particular steps to prevent incidents of corruption inside and outside the organization. The RadiciGroup Code of Ethics states the principles of conduct that should be observed in the workplace:

"All actions, operations and transactions carried out by personnel, as well as their conduct in general, while performing activities within their competence and responsibilities, must be characterized by the utmost fairness, transparency and objectivity.

All corporate activities must be carried on with the utmost diligence, honesty, collaboration, fairness, loyalty, moral integrity and professional rigour, in compliance with the law, company regulations and procedures, and the Code of Ethics."

Moreover, the Corporate Rules and Regulations state:

"It is prohibited to accept and/or receive monetary compensation or other favours and benefits of any kind from third-parties for advice or services rendered in connection with normal business activities."

All companies are monitored so as to avoid the illegal use of cash. Transparency is ensured not only through intercompany financial audits between the holding company Radici Partecipazioni SpA and its subsidiaries but also the issuance of an opinion by a third-party auditing firm on the consolidated financial statements filed by the parent company. Certification bodies also conduct audits on a sample basis at the various Group sites. What is more, to maintain a position of neutrality, RadiciGroup does

not support any political parties or make any contributions in their favour according to the provisions of the Code of Ethics:

"RadiciGroup may not make contributions of any kind, either directly or indirectly, or appropriate funds or financing to support public bodies (e.g., political parties, committees), except when allowed and provided for by the applicable laws and regulations and approved in advance by the Radici Partecipazioni SpA Board of Directors.

RadiciGroup does not support or discriminate against, either directly or indirectly, any political or union organization."

Lastly, taking into account the complexity of the Group and the ramifications of its business activities, to avoid conflicts of interest at every level, an express rule was included in the Corporate Rules and Regulations. Therefore, in carrying out their duties, staff:

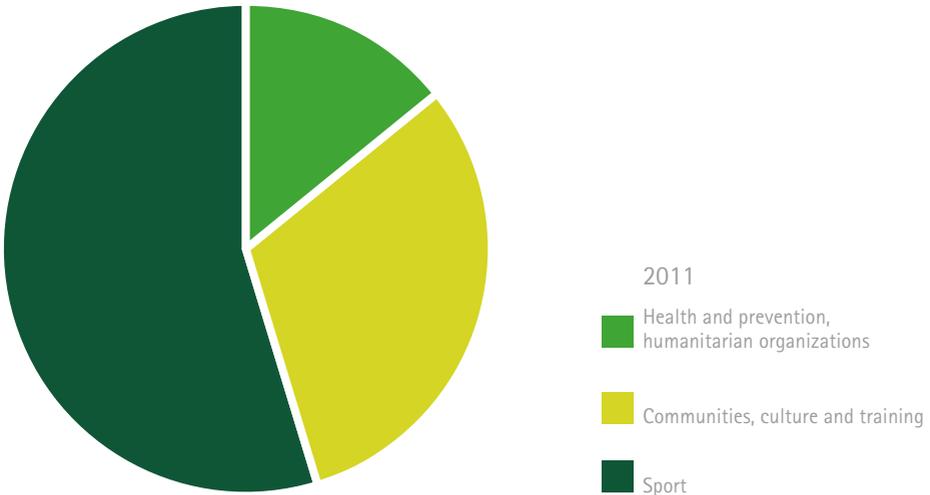
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"Cannot represent, act or work for a RadiciGroup supplier or customer."

Besides constantly working to limit social and environmental impacts, RadiciGroup actively supports the promotion and development of the communities it belongs to. Hence the Group continuously supports art exhibits, medical and scientific initiatives, and amateur and semi-professional sport. In 2011, contributions and gifts totalled EUR 473,060.

2011 CONTRIBUTIONS AND GIFTS (Euros)

year	2009	2010	2011
Health and prevention, humanitarian organizations	64,700	71,800	67,025
Communities, culture and training	64,550	84,400	147,535
Sport	204,200	198,800	258,500
TOTAL	333,450	355,000	473,060



SPORTS CLUBS

For decades RadiciGroup has been linked to three sports clubs that bear the family name:

RADICI GROUP SKI CLUB was founded in 1975 as Sci Club Radici, thanks to the Radici family's passion for the mountains and skiing.

The club boasts over 100 members and a technical staff of the highest order: ski instructors, club coaches, federation coaches and national instructors.



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La Recastello

RADICIGROUP

"**ASD RECASTELLO-RADICIGROUP**" sports club, founded in 1952, has achieved prestigious results in track and field.

P. RADICI NUOTO ASD swim club was founded in 1977.

Today it has over 60 athletes and a swim team known for its excellent regional and national results over the past thirty years.

RADICINUOTO

ENVIRONMENTAL PERFORMANCE INDICATORS

Since 2003, when all RadiciGroup companies joined the voluntary Responsible Care® initiative, environmental and natural resources protection has become a core challenge for the Group. The "RadiciGroup for Sustainability" plan was launched in 2010 and implemented through the OPERATION TWENTY4 project (20% reduction in energy consumption, 20% reduction in greenhouse gas emissions, 20% increase in the use of renewable resources, 20% increase in the use of recycled materials), which has become the plan's operational and communication tool.

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In 2011, by implementing the GRI framework, the Group started carrying on in-depth analysis of environmental sustainability issues to achieve more effective wide-ranging environmental policies.

During 2011, besides thorough monitoring of key environmental parameters, Life Cycle Assessments (LCAs) were conducted for all the main RadiciGroup polyamide products. The LCAs involved cradle-to-gate product analysis, that is, an analysis of all the stages from the extraction of raw materials to the product's exit from the Group factory gate.

The LCAs carried out in 2011, which fall into the reporting period of this Report, covered about 87% of the products manufactured by RadiciGroup companies. The results will be published during 2012, together with the results for the products of the Polyester Business Unit.

RADICIGROUP PRODUCT LIFE CYCLE STAGES ANALYSED



RADIGROUP PRODUCTS FOR WHICH LCAS WERE CONDUCTED IN 2011



RADICHEM® Adipic Acid
RADICHEM® Hexamethylenediamine



RADIPOL® PA6 (polyamide polymers)
RADIPOL® PA6.6 (polyamide polymers)



RADIFLOOR® BCF PA6 (polyamide carpet yarn)
RADIFLOOR® BCF PA6 solution-dyed (polyamide carpet yarn)
RADIFLOOR® BCF PA6.6 (polyamide carpet yarn)



RADILON® FILO POY 6 (polyamide textile yarn)
RADILON® FILO POY 6.6 (polyamide textile yarn)
RADILON® 6.6 BLACK (glass-fibre filled polyamide engineering plastics)



HERAMID®6 NATURAL/BLACK (recycled polyamide engineering plastics)
HERAMID®6.6 BLACK (recycled polyamide engineering plastics)

RADIGROUP PRODUCTS FOR WHICH LCAS WERE CONDUCTED IN 2012



STARLIGHT® POY PET (polyester POY textile yarn)



r-STARLIGHT® /r-RADYARN® r-PET POY (post-consumer recycled

r-Radyarn- polyester POY textile yarn)



RADYARN® (polyester textile yarn)



r-RADYARN® (post-consumer recycled polyester textile yarn)

STARLIGHT®, RADYARN®, r-STARLIGHT® and **r-RADYARN®** polyester yarns have been assessed for both yarn dyeing and solution dyeing.

USE OF RESOURCES

RAW MATERIALS

At RadiciGroup production sites, everyone is very aware of the fact that, for the most part, the raw materials come from non-renewable sources and that they are strongly dependent on oil and its derivatives. For this reason, the Group has made it a priority for all sites to achieve maximum efficiency, reduce waste and increase waste recycling.

MATERIALS USED

EN1	<i>year</i>		<i>2009</i>	<i>2010</i>	<i>2011</i>
	Tons	Direct materials	251,671	338,046	338,775
	Tons	Associated process	834	814	855
	Tons	Packaging	17,963	23,321	26,960
		TOTAL	270,468	362,181	366,590

Today, at RadiciGroup the use of direct materials amounts to 338,775 tons, net of intercompany transfers. The percentage of materials recycled within the Group is 16%, including materials from both pre- and post-consumer recycling – mostly polyester and polyamide. In the case of polyamide, all the fibres processing rejects reused in plastics processing are included. An additional quantity of recycled materials comes from post-consumer recycling, i.e., materials collected after use by consumers, diverted from the normal waste treatment cycle, and reused as inputs for new production processes. All recycled polyester comes from post-consumer recycling of PET bottles.

Furthermore, due to the high cost of oil, the production mix of Group companies is shifting more and more towards high-value-added speciality products that are used in the manufacture of long-lasting items with high technological content. This is happening, for instance, in the case of textile or plastics products for the automotive sector, where quality standards are extremely high.

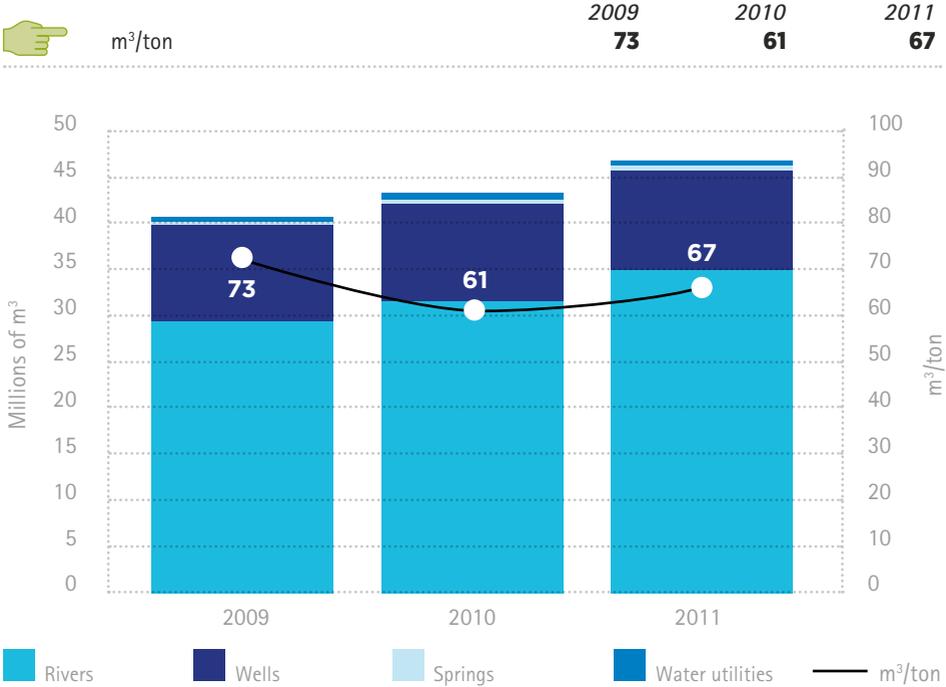
WATER

RadiciGroup pays particular attention to water usage. In 2011, the total volume of water withdrawn was equal to 46,926,780 cubic metres and predominantly came from rivers and canals: 98% of the water was withdrawn from the Cavour-Ramo Canal in Veveri near Novara and the remainder from the Serio River in the Seriana Valley in the municipalities of Ardesio and Villa d'Ogna.

WATER WITHDRAWAL BY SOURCE

EN8	<i>year</i>		<i>2009</i>	<i>2010</i>	<i>2011</i>
	m ³	Water utilities	617,529	672,808	674,724
	m ³	Springs	322,350	390,257	415,271
	m ³	Wells	10,378,506	10,530,839	10,715,903
	m ³	Rivers/canals	29,478,340	31,713,581	35,120,882
	TOTAL	40,796,725	43,307,485	46,926,780	

WATER WITHDRAWAL PER UNIT OF PRODUCTION



Water is an essential input in RadiciGroup's chief production processes, such as polymerization and dyeing, and today is an increasingly precious resource from both economic and environmental points of view. Most Italian Group companies are located in Lombardy, a region with good surface and ground water availability. These two water sources have always been considered a strategic factor in local development. Thus, the conservation of water reserves is one of the Group's main courses of action, particularly in light of climate change.

Water consumption at RadiciGroup plants is determined by two factors: the volume of water needed for production processes and the trend in production volume. The data for the three-year period 2009–2011 exhibit a highly irregular pattern: after the crisis in 2009, production peaked in 2010 and finally stabilized in 2011. However, if we examine the ratio of water withdrawal to production output, we notice that the values tend decrease overall. At the same time, an important factor is the percentage of water recycled by production processes, in other words, water saved and not withdrawn from the environment.

WATER SAVINGS⁶

EN 10	year		2009	2010	2011
	m ³	Water withdrawn	38,975,193	41,055,668	44,878,223
	m ³	Water recycled	51,795,016	54,471,307	49,618,816
	%	WATER SAVED	133%	133%	111%

6: The analysis was performed on data from three companies within the reporting boundary, which account for 96% of the total water withdrawn

WATER SAVINGS AS A VALUE

RADICI FIL

Radici Fil, a Group company located in Casnigo (Province of Bergamo) and engaged in the manufacture of yarn for the flooring and automotive sectors, has made water savings a topic of research and a field of improvement. The production activities of the company have an impact on water consumption comparable to that of a town of 10,000 to 11,000 people, which is to say a very large volume of water. For industrial use, the company withdraws water from springs and 3 wells under licence. In the 2007–2011 period, after careful monitoring, water consumption was reduced by about 500 litres per ton of production output. Today, Radici Fil reuses the water in its cooling systems about 10 times, by recycling it in evaporation towers in order to decrease water temperature and then reusing it for production.

NOYFIL

A different solution has been implemented at Noyfil SA, a leading Swiss company in the production of polyester continuous filament for use in all major textile applications. The spinning lines at this plant are designed for the production of solution-dyed yarn functionalized by additives. Dyeing the yarn in the spinning phase means the traditional downstream dyeing process can be eliminated. Solution dyeing greatly reduces the use of auxiliary chemicals and, most importantly, drastically lowers the use of water.

In 2011, it was estimated that the production of solution-dyed yarn saved 1,290,000 cubic metres of water, which remained available for use by the community. Moreover, the use of 2,180,000 kg (160 g per kg of yarn) of auxiliary chemicals was avoided. The energy saved in the dyeing process alone was 62,000 GJ (37MJ per kg of yarn). The water savings calculations were performed taking as a point of reference the optimized traditional yarn dyeing process at the Chignolo d'Isola plant, where Noyfil keeps a yarn dyeing plant in operation as an additional service to customers. Indeed, certain items have to be yarn dyed because of small lots or special requirements that cannot be met by solution dyeing. The company has set specific sustainability objectives and from 2009 to 2011 managed to decrease the amount of water used for dyeing processes by 30% (from 119 litres/kg to less than 77 litres/kg).

Process wastewater is managed in accordance with the applicable laws and regulations in the different countries where the Group operates. Water discharged from cooling systems is carefully monitored and then discharged in compliance with the parameters set by law. Wastewater is almost totally (99%) discharged into surface water. Water withdrawn from wells is discharged into surface water, particularly during dry periods, thus contributing to keeping the flow rate above minimum levels.

TOTAL WATER DISCHARGE BY DESTINATION

EN21	year	2009	2010	2011
 m ³	Surface water	40,037,779	42,459,334	46,075,929
m ³	Sewers	485,083	550,322	515,155
m ³	TOTAL	40,522,862	43,009,656	46,591,084

of which	m ³	2009	2010	2011
 m ³	Directly to destination <i>Water from cooling systems</i>	39,285,907	41,660,052	45,323,338
 m ³	To internal water treatment facilities <i>Process wastewater after treatment</i>	1,236,955	1,349,604	1,267,746
m ³	TOTAL	40,522,862	43,009,656	46,591,084

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TOTAL WATER DISCHARGE PER UNIT OF PRODUCTION

 m ³ /ton	2009	2010	2011
	73	61	66

In 2011, wastewater quality partially improved, in that both total heavy metals and COD (chemical oxygen demand) decreased.

TOTAL WATER DISCHARGE BY QUALITY

EN21	year	2009	2010	2011
 KG	COD [kg O ₂ /year]	1,293,947	1,195,417	1,081,423
KG	Total nitrogen [kg N/year]	169,566	159,412	167,189
KG	Suspended solids [kg/year]	23,149	31,645	38,282
KG	Heavy metals	7,782	3,973	5,576

RADICIFIBRAS: WATER TREATMENT WITHOUT CHEMICALS

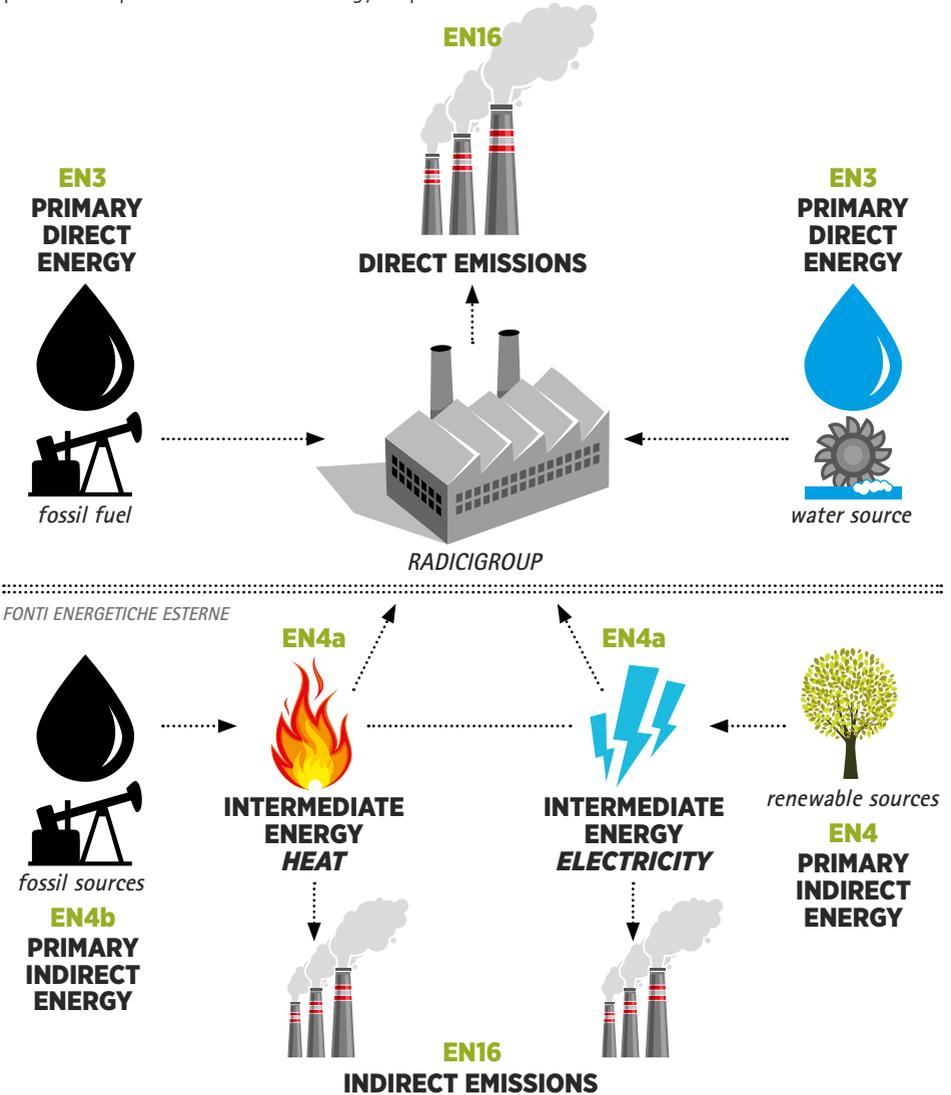
In 2010 Radicifibras, a Brazilian company engaged in the production of nylon and acrylic fibre, chose the Second Earth Inc. WRAP (Water Reclamation & Asset Protection) system for its biggest cooling tower. WRAP is a physical water treatment system that uses Faraday magnetic amplifying assemblies installed at various points along the production line.

A WRAP system provides many benefits: it eliminates scale build-up and reduces corrosion, thus improving process water quality. Furthermore, a WRAP system does not use chemicals for water treatment. In the case in point, the Radicifibras cooling tower, 16.5 tons of chemicals per year are eliminated.

ENERGY

Group companies are aware that the production processes at their plants are "energy hogs". Therefore, following the guidelines of the Kyoto protocol, they have long worked at lowering energy consumption and improving the energy mix by decreasing dependency on non-renewable energy sources or, when renewable energy sources are not available, using fuels with less environmental impact.

In 2011, the total energy needs of the companies within the reporting boundary were 7.4 GJ/ton. This figure is the sum of the amounts of direct energy (fuels) and indirect energy (electricity and heat purchased) consumed. Indirect energy is converted into the primary energy that was used by the providers to produce the indirect energy in question.



DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE

EN3



	year	2009	2010	2011
GJ	NATURAL GAS*	1,283,204	1,495,692	1,497,060
GJ	DIESEL FUEL	38,334	49,558	20,005
GJ	LPG (liquefied petroleum gas)	1,780	1,812	1,726
GJ	FUEL OIL	1,256	1,701	759
GJ	TOTAL DIRECT PRIMARY ENERGY	1,324,574	1,548,763	1,519,550

*NATURAL GAS: converted from Nm³ (normal cubic metres) to GJ. Part of the natural gas consumed by Radici Yarn is used for energy cogeneration, i.e., the combined generation of heat (steam) and electricity.

CONVERSION FACTORS USED TO CONVERT FUELS INTO GJ:

	GAS	DIESEL	LPG	FUEL OIL
Conversion Factor	0.03901	43.33	46.16	40.19
Units	GJ/m ³	GJ/ton	GJ/ton	GJ/ton
Source	EN3 Table	EN3 Table	Law Decree 14/2009	EN3 Table

DIRECT ENERGY CONSUMPTION PER UNIT OF PRODUCTION



GJ/ton	year	2009	2010	2011
		2.38	2.18	2.17

INTERMEDIATE ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE

EN4a



	year	2009	2010	2011
ELECTRICITY CONSUMPTION (A)				
	FROM RENEWABLE SOURCES	345,841	613,573	642,229
GJ	Of which self-produced (hydroelectric)*	0	34,639	31,723
FROM NON-RENEWABLE SOURCES				
GJ	Natural Gas	537,733	547,022	519,337
GJ	Coal	159,626	176,602	176,537
GJ	Oil	23,767	12,300	9,882
GJ	Nuclear Energy	65,149	88,758	82,989
GJ	Other (refinery residues, CIP6)	41,418	36,640	28,775
GJ	subtotal ELECTRICITY consumption	1,173,534	1,474,895	1,459,749



HEAT CONSUMPTION (B)

GJ	Natural Gas	1,300,660	1,485,934	1,486,903
GJ	subtotal HEAT consumption	1,300,660	1,485,934	1,486,903
GJ	TOTAL (A+B)	2,474,194	2,960,829	2,946,652

*The energy from renewable sources is self-produced by a RadiciGroup site, while the remainder is purchased from Geogreen.

INTINTERMEDIATE ENERGY CONSUMPTION PER UNIT OF PRODUCTION

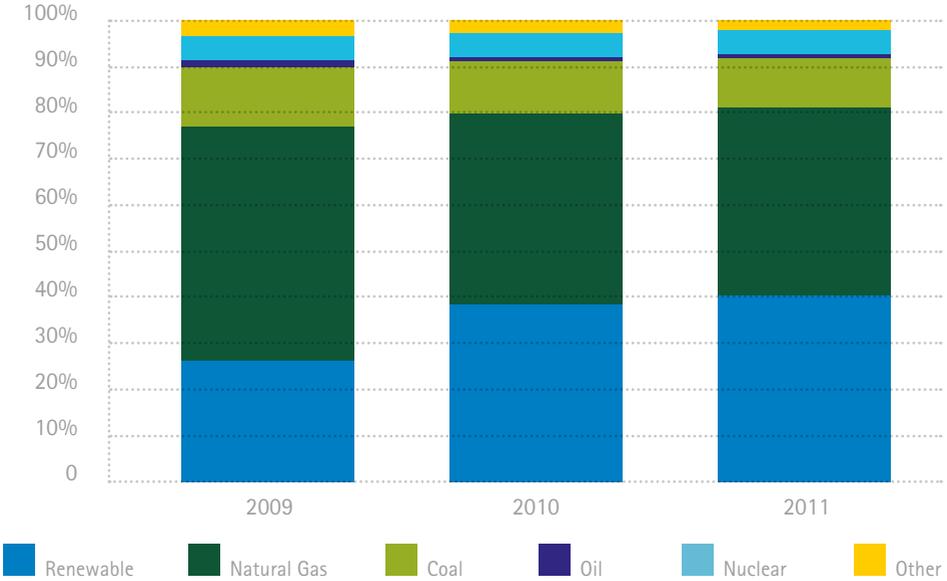
(for electricity only)



GJ/ton

2009	2010	2011
2.11	2.08	2.08

ENERGY MIX FOR THE PRODUCTION OF INTERMEDIATE ELECTRICITY USED BY RADICIGROUP COMPANIES INCLUDED IN THIS REPORT



40.8%

Percentage of renewable source energy used by companies included in the 2011 Report.

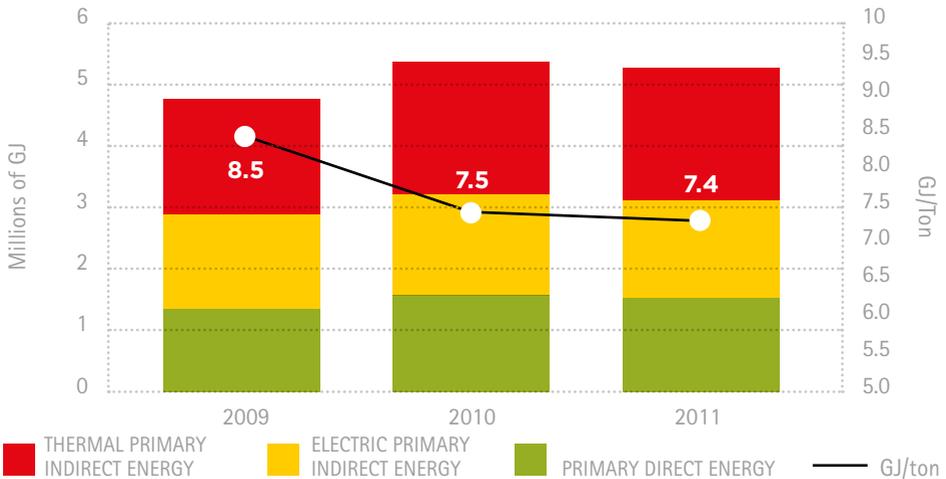
INDIRECT PRIMARY ENERGY

EN4b	year	2009	2010	2011
	<i>For the production of INTERMEDIATE ELECTRICITY</i>			
GJ	FOSSIL FUEL	1,533,106	1,630,455	1,557,442
	<i>For the production of INTERMEDIATE HEAT</i>			
GJ	FOSSIL FUEL	1,858,086	2,122,763	2,124,147
GJ	TOTAL	3,391,192	3,753,218	3,681,589

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INDIRECT PRIMARY ENERGY CONSUMPTION PER UNIT OF PRODUCTION

	year	2009	2010	2011
	GJ/ton Electricity	2.76	2.30	2.22
	GJ/ton Heat	3.34	2.99	3.03
	GJ/ton Total INDIRECT PRIMARY ENERGY	6.10	5.29	5.25



DIRECT + INDIRECT PRIMARY ENERGY

EN3+EN4b	year	2009	2010	2011
GJ	Fossil Fuel	4,715,766	5,301,981	5,201,139

TOTAL PRIMARY ENERGY CONSUMPTION (EN3+EN4b) PER UNIT OF PRODUCTION

	year	2009	2010	2011
	GJ/ton	8.5	7.5	7.4

DEVELOPING ENERGY RESOURCES

GEOGREEN

A fundamental contribution to the RadiciGroup renewable sources energy project has been made by its partner and energy supplier, Geogreen. Geogreen provides consulting services and supplies sites with electric power from its 5 hydroelectric plants. Thanks to Geogreen, in 2011 about 40% of the energy used by the Group companies included in this Report came from renewable sources, which contributed to RadiciGroup's good overall energy mix. In 2011, Geogreen made it possible for RadiciGroup companies to obtain CO-FER certificates for 51,307 MWh of energy. CO-FERs attest to the renewable origin of the sources used by power plants to generate energy.

RADICI FIL

In the course of the last few years, Radici Fil SpA has carried out numerous projects to promote the efficient use of energy. These projects have primarily been aimed at increasing the efficiency of thermal plants and reducing, wherever possible, electric power plant consumption, e.g., by installing A1-energy-efficiency-class motors, adding inverters, using lubricants with anti-friction microspheres and optimizing the indirect transmission ratio.

Compared to 2006, the savings in direct and indirect energy consumption at Radici Fil in 2011 was about 70,000 GJ/year, which corresponds to the energy needs of about 480 families.

RADICI CHIMICA DEUTSCHLAND

In 2011, the German company Radici Chimica Deutschland began implementing the DIN EN ISO 50001:2011 standard on "Energy Management Systems" for its integrated safety and environmental quality system. Radici Chimica Deutschland was the first RadiciGroup company to take the path towards building and maintaining an efficient energy management system, which includes analysing and rationalizing energy consumption in order to achieve continuous improvement. Certification is planned for the end of 2012.

To raise its employees' awareness of energy issues, RadiciGroup has promoted the initiative "M'illumino di Meno" [I'm using less light] for several years now. The goal of this event, which is also recognized by the European Union, is to teach people how to save energy by changing their daily routine so as to decrease energy waste. The event consists of a symbolic gesture: turning off the lights in offices and on famous monuments for a few hours.

GREENHOUSE GAS EMISSIONS REDUCTION

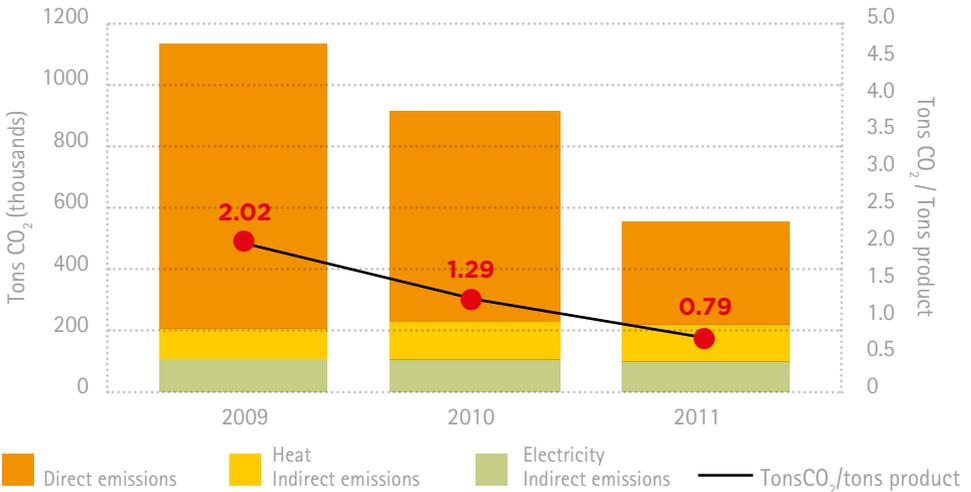
Together with the rationalization of energy usage, the reduction of greenhouse gas emissions – which are steadily decreasing per unit of production – has been recognized as an ethical and economic value by RadiciGroup's European companies. Consequently, these companies have made a commitment to invest, carry on monitoring activities and achieve continuous improvement.

In 2011, the European Union extended the European Union Emissions Trading System (EU ETS), launched in 2005, to include additional industrial sectors. The ETS is meant to provide an incentive for member states to meet their caps and cut greenhouse gas emissions (Radici Chimica, Radici Fil and Radici Yarn fall within the scope of application of the ETS). The ETS provides companies with the opportunity to purchase and sell greenhouse gas emission allowances, thus giving them an economic interest in controlling such emissions. Spurred by the ETS, the Group's chief production sites have put wheels into motion to study and implement new strategies aimed at mitigating the effect of major pollutants.

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TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

EN16		year	2009	2010	2011
	Tons CO ₂	a) Indirect emissions from generation of electricity	104,677	106,717	102,262
	Tons CO ₂	b) Indirect emissions from generation of heat	103,533	118,280	118,357
	Tons CO ₂	INDIRECT EMISSIONS (a+b)	208,210	224,997	220,619
Tons CO ₂	DIRECT EMISSIONS	913,747	678,122	329,927	
Tons CO ₂	TOTAL	1,121,957	903,119	550,546	



Emission Factor (kg CO₂/KWh) or Indirect Energy to CO₂ Conversion Factor:

RENEWABLE SOURCES	COAL	NATURAL GAS	OIL PRODUCTS	NUCLEAR ENERGY	OTHER SOURCES
0	0.85	0.38	0.73	0	0.47

Source: ISPRA REPORT 135/2011 – Thermoelectric production and CO₂ emissions.

Table 1.16 – Carbon dioxide emission factors for thermoelectric production by fuel since 2011.

www.isprambiente.it

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS PER UNIT OF PRODUCTION

	2009	2010	2011
 CO ₂ /ton	2.02	1.29	0.79

RADICI YARN AND YARNEA: INITIATIVES TO CUT EMISSIONS

Replacing diesel fuel with natural gas, a fuel with a smaller footprint, was the solution adopted by Radici Yarn and the Romanian company Yarnea to reduce gas emissions. At both of these sites engaged in the production and processing of textile yarn, 100% of the direct energy used is produced using natural gas. Burning natural gas generates fewer particulate emissions and no sulphur oxides, for instance. Specifically, at the Italian plant, a combined-cycle cogeneration plant is in operation. It enables using this fuel in its indirect forms (electricity and steam), thus yielding both economic and environmental benefits.

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RADICI CHIMICA: A COMMITMENT TO LOWERING CO₂ EQUIVALENT EMISSIONS

Radici Chimica, an ancestral RadiciGroup company, is a European leader in the production of polyamide and chemical intermediates. With deep roots in the community of the city of Novara, the company has worked constantly during recent years to make a direct contribution to decreasing CO₂ equivalent emissions. In particular, it has greatly cut emissions from the process for the catalytic decomposition of nitrous oxide. The application of ETS provisions, that is, the implementation of a detailed monitoring plan and the optimization of the catalytic plant for the decomposition of nitrous oxide, has led to a significant decrease in total CO₂ emissions at Radici Chimica. Data on CO₂ emissions at this plant have been certified by Certiquality. A further contribution to CO₂ emissions reduction has resulted from the increased use of rail transport for raw materials. Thanks to an agreement with Italy's National Railway system, this choice has turned out to be a good strategic decision. Additionally, in 2013 a system for the abatement of nitrous oxide will be installed using the best technologies available in the sector to reduce N₂O content in gas emissions from the nitric acid production plant.

RESPONSIBLE WASTE MANAGEMENT

All RadiciGroup companies operate responsibly to contain the production of waste by implementing careful and rigorous process management policies. All the European sites have long adopted procedures for the identification, labelling, sorting and storage of waste in compliance with the laws in force. Moreover, some companies have promoted information campaigns for customers aimed at increasing their awareness of recycling and the proper way to dispose of products at the end of their life cycle.

About 90% of the waste generated by Group companies is classified as non-hazardous. Waste is collected by authorized waste transport and disposal companies that handle the collected waste so as to ensure the utmost environmental protection. A great part of the waste, such as polyethylene, polypropylene and cardboard, is directed to specialized recycling facilities. In 2011, a total of 8,442 tons of waste from RadiciGroup companies was sent for recycling and recovery.

Because of the difference between the waste management systems in European countries and those in the other countries where RadiciGroup has production sites, it is not possible to go into further detail on this performance indicator. However, we can affirm that waste is always handled in compliance with applicable laws. During the three-year period 2009 to 2011, RadiciGroup companies received only one administrative sanction in the amount of EUR 39,022 for an environmental violation in relation to the disposal of wooden pallets.

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

EN22		<i>year</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	
	Tons	Hazardous waste	1,232	1,525	1,558	
	Tons	Non-hazardous waste	12,819	14,829	13,996	
<hr/>						
	of which	Tons	Hazardous waste recovery	134	128	158
	Tons	Non-hazardous waste recovery	7,383	8,834	8,284	
	Tons	Hazardous waste disposal	1,098	1,397	1,400	
	Tons	Non-hazardous waste disposal	5,436	5,995	5,712	
<hr/>						
Tons	TOTAL		14,051	16,354	15,554	

TOTAL WEIGHT OF WASTE BY UNIT OF PRODUCTION

		<i>2009</i>	<i>2010</i>	<i>2011</i>
	ton/ton	0.025	0.023	0.022

RadiciGroup is committed to developing a corporate environmental culture shared by everyone who works at Group sites. Since 2010 a campaign has been conducted to raise employee awareness using communication tools such as a "Good Corporate Practices" poster, which is displayed in staff lounge areas and other places where it can be seen by as many people as possible. The poster contains tips not only on differentiated waste collection but also on concrete sustainable actions for everyday life.

TESSITURE PIETRO RADICI: WASTE BECOMES A RESOURCE

About 92% of the total waste generated by Tessiture Pietro Radici is made up of rejects and second choice materials generated by its production processes. All of this kind of waste is recycled by selling it to downstream customers who use it for applications other than the ones the products are specifically manufactured for. Paper and wood are also sent to companies in the recycling business. Mineral oil, plastic packaging material and electronic components, making up about 1% of total waste, are designated for recovery processes. The remaining 7%, made up of miscellaneous material and hazardous liquids, is sent to landfills or to be incinerated, since there is no way to recycle or recover it.

PROTECTING BIODIVERSITY

The complement of waste and pollution management is the safeguarding of our wealth of natural resources and biodiversity. It is a critical issue because animal and plant species and their habitats are threatened in many ways by pollution, climate change and territorial transformation.

All of RadiciGroup's ancestral companies were founded in the Province of Bergamo on the outskirts of a few towns in the Seriana Valley with a deep-rooted vocation for manufacturing. Through the years, these towns have grown and become ever closer to the factories. The proximity of these sites to populated areas and the fact that people living in these areas are often the same people who work at the sites have raised RadiciGroup's awareness of issues concerning the protection of the environment and natural resources.

All of the Group's Italian companies are located at a distance of no less than one kilometre from protected areas, for example, the Parco delle Orobie Bergamasche [Park of the Orobic Pre-alps]. Indeed, Radici Yarn and Radici Novacips are located in the Upper Seriana Valley in an area adjacent to that park, which has hydrogeological constraints due to its proximity to the Serio River.

In consideration of the importance of protecting the territory, RadiciGroup has announced its intention to participate in the environmental protection activities of the Parco delle Orobie. This forest mountain area of about 70,000 hectares hosts various projects involving climate change monitoring and the protection of large alpine predators (wolves, bears and lynxes) and some rare species of indigenous amphibians and coleoptera (beetles).

The Swiss company Noyfil's sites are located in similar pre-alpine settings near high biodiversity areas, which are not, however, classified as protected. In particular, at Noyfil SA there has been a commitment throughout the years not only to comply with applicable laws, but also to increase production capacity without increasing the surface area or the volume occupied by erecting new buildings. This effort bears witness to Noyfil's care for the environment.

Radici Chimica is located in an industrial area of the city of Novara, adjacent to agricultural areas, which have been the object of particular attention. Over the years, the company has implemented several projects to improve the management and reclamation of the draining land, so as to ensure continuous protection of the soil and subsoil. Although no cases of contamination have been reported for the site, soil quality is tested before carrying out construction or any other kind of activities.

Lastly, in making its recent decisions to occupy or acquire industrial sites, Radici Plastics – the

RadiciGroup business area having the greatest international exposure with production and sales units in China and the United States –, has given special attention to choosing districts with a strong industrial vocation.

RADICI CHIMICA SPA - RADICI YARN SPA - RADICI NOVACIPS SPA RADICI PLASTICS GMBH - YARNEA SRL

All these companies have achieved ISO 14001 environmental certification. Furthermore, they have also carried out detailed environmental analyses concerning the peculiarity and specificity of the territories where they are situated and of the animal and plant species living there. The goals of these studies were to assess pollution risk, monitor environmental performance and mitigate the impact of their industrial activities by taking appropriate measures.

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GEOGREEN: PROTECTING FLUVIAL HABITATS

For its hydroelectric plants, Geogreen – RadiciGroup partner and hydroelectric energy supplier – uses water diverted from the Serio, Brembo and Dora Riparia Rivers and the Agogna Torrent. Geogreen produces a sizeable portion of its total electricity in the Seriana Valley, near Radici Novacips and the two Radici Yarn production sites. In 2011, Geogreen commissioned a study from the Environmental and Territorial Science Department at the Università degli Studi - Milano Bicocca to investigate the impact of water catchment on the Serio River, which as mentioned above is one of the primary water sources for RadiciGroup.

The study showed that diversion and tailrace channels could be a source of a limited environmental impact because they might affect the water flow in the river bed. Based on these findings, further studies have been commissioned to find ways to mitigate such impact. In particular, experimental tests are being carried out at the Cunella and Campignano hydroelectric plants in order to determine the minimum vital outflow, or the least quantity of water that is needed to safeguard the ecological functions and habitats in the hydroelectric plant areas.

Furthermore, at the same time the diversion licences were renewed, the fish ladders were redesigned and optimized. A fish ladder is system of pools designed to facilitate the upstream migration of fish by distributing the barrier height over a series of relatively low steps. This system mitigates the disruption caused to the fish by the artificial barriers required for hydroelectric plants.

PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS

RadiciGroup products are used in everyday life and can be encountered in a wide variety of forms – yarn, plastics and chemicals – in the consumer goods market. Upstream vertical integration makes it possible for RadiciGroup to track its products along the production chain from product conception to manufacture and marketing. Thus a product is subject to multiple crosschecks by the various business areas interacting during the manufacture and sales stages, in addition to the controls performed by the individual companies. This system guarantees superior quality and safety.

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All the companies included in this Sustainability Report obtained ISO 9001 certification some time ago. Additionally, RadiciGroup has decided to monitor the impact of its production processes on a continuous and voluntary basis in order to understand which aspects need work and improvement.

For transporting materials, intermodal transport is the preferred choice. Rail transport is used to a good extent, especially in Italy, where the Group has signed a specific agreement with the National Railway system. Hence road transport is reduced, with undeniable benefits from the standpoints of gas emissions and road safety. Goods handling is also limited. Moreover, RadiciGroup has signed an agreement, valid for all Group companies, with the international carrier DHL, a company actively engaged in lowering CO2 emissions and using renewable source energy (http://www.dhl.com/en/about_us/sustainability.html). In 2011, DHL handled about 10,000 shipments for RadiciGroup.

In the field of materials procurement, the specific nature of RadiciGroup production requires that raw materials be purchased exclusively from well-known, and in some cases certified, suppliers. However, for the procurement of services and materials other than raw materials, it has been a long-standing custom for all Group companies to rely on local suppliers. This practice protects and helps the local economy, while cutting transport-related emissions and management costs.

SUSTAINABILITY AT NOYFIL: DURABLE PRODUCTS, RECYCLING AND BIOPOLYMERS

For quite some time Noyfil has had the status and size enabling it to influence the polyester segment of the textile product chain and help consumers make more responsible choices. The durability of quality textiles contrasts with the consumer trend towards low-quality, "use-and-throw-away" goods. So-called "fast-fashion" has a negative effect on consumer education and the environment, from which precious natural resources are taken to produce low-value items designed for an extremely short life. This realization has spurred Noyfil to focus on highly durable, quality products, while optimizing yields. At the Noyfil plant in Switzerland, 99% of the raw materials used is transformed into textile yarn or material that can be recycled, recovered or reused.

In 2011, the importance of environmental sustainability to Noyfil was reconfirmed by the success of its r-Starlight® yarn manufactured from post-consumer recycled plastic bottles and the Cornleaf product line, made from polylactic acid (PLA), a material of 100% vegetable origin.

RADICIFIBRAS: ACRYLIC FIBRE TO REPLACE ASBESTOS

Starting in 2010, Radicifibras has conceived and developed Raditeck® RF, a special acrylic fibre used as an asbestos replacement in the production of fibre-cement construction materials, specifically for applications such as roof tiles, tanks, and drywall. Developing the product was an unconventional decision and a market challenge in Brazil, one of the main asbestos producers in the world, but it was a choice dictated by an awareness of the risks that asbestos poses to the health. Presently, 1 out of the 12 Brazilian fibre-cement manufacturers uses only Raditeck® RF for production. By using this new material, asbestos can be completely eliminated and only one-fourth of the total quantity of fibres traditionally used for the same products is consumed.

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RADICI PLASTICS: WINS AWARD FOR PRODUCTION EXCELLENCE

In 2011 RadiciGroup Plastics Business Area received a Bosch Supplier Award for the period 2009-2010 from Robert Bosch GmbH. It was the only Italian manufacturer recognized for the years in question (in the Materials and Components category) by the giant German multinational, a leader in the supply of technology and services to the automotive, industrial, consumer goods and construction industries. This award follows a similar achievement in 2010 by Radici Plastics, which was recognized as Best Supplier 2010 by the Automotive Division of SPAL, an Italian industrial group active worldwide in the automotive, telecommunications and medical industries.

CONSUMER HEALTH AND SAFETY PRODUCT LABELLING

All RadiciGroup products that are not consumed by end users, but are to be used as inputs for other processes, leave the companies' gates accompanied by a technical data sheet. In the case of Chemicals Area products, besides containing continuous monitoring data concerning health, safety and the environment, the safety documents for each shipment are prepared in accordance with the Reach regulation (Registration, Evaluation, Authorization and Restriction of Chemical substances) / CLP (the European regulation on Classification, Labelling and Packaging of chemical substances and mixtures). Radici Chimica can provide declarations on the absence of certain hazardous substances in PA66 and the suitability of this material for use in contact with foods. Although the company does not presently have product certifications on these aspects, it is able to provide test reports on the suitability of some of the polyamide grades for food contact, flammability, and the absence of certain hazardous substances.

For Plastics and Fibres Business Area products, a REACH safety data sheet can be issued upon customer request, even though one is not required by law. In particular, Plastics Area companies can issue a REACH product declaration (on the absence of substances of very high concern or SVHC) and, in most cases, a RoHS declaration on the restriction of specific hazardous substances. Products destined for

the automotive sector are accompanied by the documentation required by the ISO TS 16949 standard.

Regarding yarn naming and labelling, the Group follows the conventions for the naming, labelling and marking of textile product fibre composition set out by European Union directives. Furthermore, the products, for the most part, are OekoTex Standard 100-certified.

During the reporting period, no incidents of non-compliance with mandatory regulations or voluntary codes on product responsibility were reported

MARKETING AND COMMUNICATION

In addition to technical documentation, marketing communication is an essential element of customer relations. Due to the exponential growth in available information, customer expectations and their level of attention have also increased. Correspondingly, RadiciGroup has multiplied its efforts to provide accurate and responsible communications.

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The RadiciGroup Corporate Identity has always served as the basis for the corporate communication code. Although the Group does not adhere to a specific national or international standard, in 2011 it adopted a classical "business-to-business" approach, with an emphasis on data and technical information.

During 2011, corporate communication dealt mostly with the "RadiciGroup for Sustainability" project. Moreover, internal awareness sessions were organized during the year for the entire Group sales network with the goal of illustrating the sustainability project, the main features of the GRI framework and how to provide this information to customers. These documents have been made available on the corporate intranet.

In light of increasing transparency requirements, an internal communication code is in the preparation stage and is scheduled to be adopted in 2012. The code is based on the principles set forth in the ICC Code of Advertising Marketing Communication Practice and the ICC Framework for Responsible Environmental Marketing Communications, international codes for truthful and transparent marketing communications.

ASSURANCE



ISTITUTO DI CERTIFICAZIONE DELLA QUALITÀ



AUDIT OF RADICI GROUP SUSTAINABILITY REPORT FOR THE YEAR 2011

Purpose

Certiquality S.r.l. was assigned by Radici Partecipazioni S.p.A. the audit of Radici Group Sustainability Report for the year 2011, in order to assess its consistency with GRI (Global Reporting Initiative) guidelines, with reference to the application level B+. This letter describes the activities carried out, showing the outcomes of the audits and the recommendations for improvement.

The audit was carried out with reference to the “Guidelines for the sustainability reporting”, version no. 3.1, published in 2011 by the Global Reporting Initiative, and in particular it concerned:

- The audit of the principles for the definition of the report content (materiality, namely economic, environmental and social significance of the organisation and the influence over the stakeholders’ decisions, stakeholders’ social inclusion, matching of expectations, sustainability framework, completeness);
- The proper definition of the report perimeter;
- The checking of report Quality Assurance principles (balance, comparability, accuracy, timeliness, clarity, reliability of the data and information management system);
- Compliance of Report contents with those set forth by GRI guidelines for the application level B+.

Methods

The activity was carried out according to the following operating methods:

- Analysis of the document “Radici Group Sustainability Report”, with specific reference to the principles and contents set forth in GRI guidelines (definition of the report perimeter, standard information notice and performance indicators);
- Talks with departments which are directly or indirectly involved in the drafting of the document and the data & information management process (from collection to the subsequent processing operations);
- Examination of documents and registrations at Radici Partecipazioni S.p.A. operating headquarters and a sample representing production plants, being mainly Italians (Radici Fil from Casnigo; Noyfil from Chignolo d’Isola and Stabio, Switzerland; Radici Novacips from Chignolo d’Isola and Villa d’Ogna; Radici Yarn from Villa d’Ogna; Tessiture Pietro Radici from Gandino), included within the framework of the Report, which concern the procedures applied for data collection, archiving and processing, as well as technical and regulatory issues of the performed activities.

The economic and financial details are withdrawn by Radici Partecipazioni S.p.A. consolidated financial statements, which were already submitted to voluntary accounting audit, and therefore were not subject to further audits.

Audit activities regarding the management of data and information included in the Report were carried out on a sample basis, and care was taken to ensure a proper coverage of all issues set forth in the document.



CERTIQUALITY S.r.l. ISTITUTO DI CERTIFICAZIONE DELLA QUALITÀ

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C.F. e P.IVA 04591610961 | Reg. Imp. MI 04591610961 | R.E.A. MI 1759338 | Cap. Soc. € 1.000.000 I.v.





Results and recommendations

"Radici Group Sustainability Report" for the year 2011, although it represents for the group the first experience as document subject to audit according to the GRI standard, provides a globally comprehensive outline of the relationship of the group's company within the framework they work. Performance indicators are represented across a three-year period. Therefore they ensure an assessment of the group's dynamics. Information is reported in a clear and well-balanced way, and alongside the language used, which is integrated by some explanatory notes where necessary, it can be understood also by those unfamiliar with the relevant field.

The Report framework does not refer to some situations, which are also important within the group, in particular RadiciFibras Ltda (Brazil) and Radici Chimica Deutschland GmbH (Germany), which however provided some important quality information regarding sustainability management, which is shown in specific boxes. Such limitation is however clearly specified in the Report, and it must be overcome in the next editions.

With reference to issues set forth herein, further information shall be provided on atmospheric emissions. Such aspect is significant for some companies belonging to the group, and it is currently treated only in a partial way, partly due to the difficulties in collecting homogeneous information from all plants included in the Report. For the same reason, some issues are treated only from a quality point of view, and they are not represented through performance indicators.

The data management system is well structured and documented, and it enables a good traceability degree of the processing operations, ranging from base data transmitted by the individual plants to the final values of the performance indicators, even if there are some rooms for improvements. Furthermore, the data collected from the single plants should be more uniform.

With reference to the application level of GRI guidelines, the reported information and the performance indicators represented through tables or charts are consistent with B+ level. Some recommendations for improvements are shown below.

In order to improve the quality of the Sustainability Report with reference to GRI guidelines, we hereby recommend to:

- Better show the relationship between group's policies, strategies, procedures and standards, and the information and indicators set forth in the document, highlighting to this end both the standard information notice and the descriptions of management approaches regarding single groups of indicators;
- Define group's guidelines for data collection, by univocally identifying data source and types to be used for the calculation of indicators, in order to ensure a more homogeneous approach amongst the various plants and the involved countries;
- Increase efforts to quantify all "CORE" indicators, which are significant for the performed activity, that are partly covered by quality information;
- Highlight the coverage of Human Rights, in particular with reference to the quantity representation of performance indicators.

Conclusion

The audit of "Radici Group Sustainability Report" for the year 2011 showed the respect of the principles of GRI guidelines with reference to contents, either in terms of information or performance indicators. Taking into consideration the audit activities, the 2011 Report is compliant with the B+ application level.

18th October 2012

CERTIQUALITY S.r.l.
The President
Ernesto Opici



GUIDELINES FOR CONTINUOUS IMPROVEMENT...

Based on the assessment of the RadiciGroup system carried out within the GRI Framework, several ideas for improvement in 2012 have emerged:

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Make further effort to reduce emissions to air by Radici Chimica.

Implement a strategic system at Group level for the production of products with high content of pre and post-consumer recycled materials.

Focus more specifically on rationalizing energy use.

Define specific anti-green washing marketing and communication rules and actions.

Strengthen promotion activities to familiarize all RadiciGroup employees with the content of the Code of Ethics and set up a formal procedure to implement Code of Ethics rules (by the end of 2013).

The above suggestions are to be incorporated in an action plan and the results will be reported in the next edition of the RadiciGroup Sustainability Report.







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PERFORMANCE
INDICATORS
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REPORT
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DANIELE NOYFIL.....

Enriching the community with consumer goods in a responsible way is a part of our everyday life. Our yarn adds value to the main durable textiles, such as fabrics for furnishings, awnings and auto interiors.

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CHIARASTELLATESSITURE PIETRO RADICI

Tessiture Pietro Radici is an ancestral RadiciGroup company that started its business activities more than 70 years ago. Its long history is a testimony to the strong ties between the company and the Val Gandino community and territory. This close bond contributes to establishing workplace relationships that go beyond the professional level and build a family atmosphere. All of this creates a strong feeling of belonging.

RICCARDO RADICI FIL.....

The economic value retained by the Group has been reinvested in new plants, as well as in improvements in workplace safety and environmental protection. The fact that our company already started to recover in 2010 demonstrates its capability to stay in the market and generate value for the community. Not to mention that it operates in a mature, contracting industry in a difficult market like Europe.

FRANCESCORADICI PLASTICS

All our products are made in strict compliance with European and international standards and regulations concerning restrictions on the use of hazardous materials. In geographical areas where safety laws and regulations are less strict, our medium-term policy is to act proactively by gradually replacing local products with the equivalent European ones.

OTTAVIO **RADICI PARTECIPAZIONI**.....

At Radici Fil, protecting the health and ensuring the safety of all workers, including the employees of subcontractors with permanent on-site yards, is an objective of primary importance.

RITA **RADICI CHIMICA**.....

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The chemical formulations of our products aim to increase the durability of the chemical intermediates used by processing industries and, ultimately, to increase the value of the finished products purchased by end consumers.

ANTONELLA **RADICI YARN**.....

We are very thorough in assessing the impact our present and future products may have on health, safety and the environment. Such assessments are made with the utmost diligence for all stages of the lifecycle of our products.

CINZIA **RADICI CHIMICA**.....

The bond between Radici Chimica and the community has always been important to the local area as a source of work opportunities. Indeed, about 84% of our company's employees live in the Province of Novara.

ANTONIO **RADICI PARTECIPAZIONI**.....

A good common approach and rigorous treatment of data are the basis of our sustainability strategies for the future.

