



SUSTAINABILITY REPORT 2012





RADICIGROUP SUSTAINABILITY REPORT 2012

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STANDARD DISCLOSURES



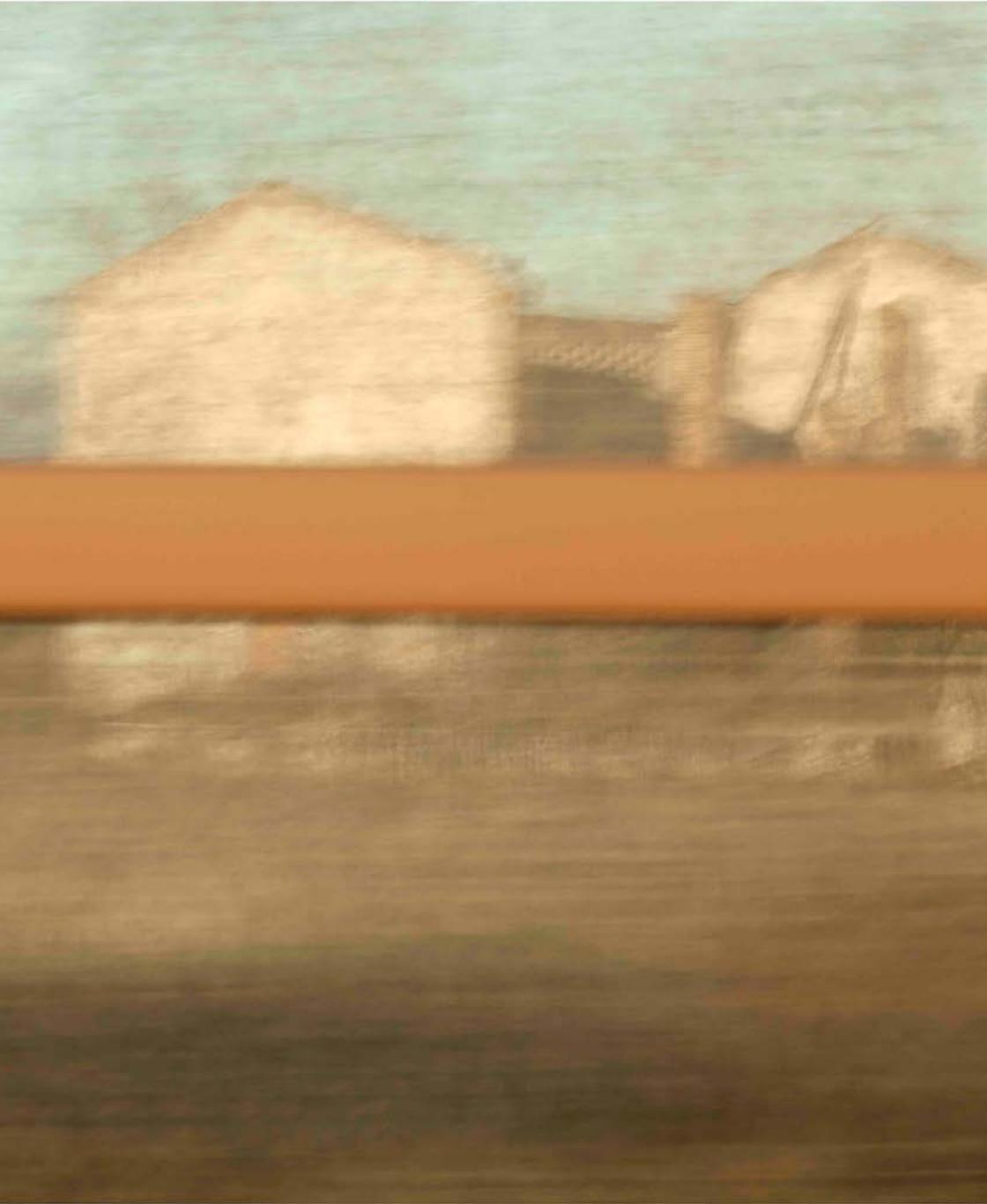
SUSTAINABILITY...

"...ecological sustainability and social justice are fundamental objective values, not subjective individual preferences."

Herman Daly, 1986*

"Sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs."

*Gro Harlem Brundtland**, 1987*



VISION

To be one of the leading chemical groups in the polyamide, synthetic fibres and engineering plastics production chain.

MISSION

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

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

To embed sustainability into new product and application development.

VALUES

Putting people at the centre of everything we do and 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 in compliance 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 communities and the environment.

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

In response to a proposal by the GRI Coordinating Group, the Board of Directors of parent company Radici Partecipazioni SpA approved the new versions of the RadiciGroup VISION and MISSION statements that are published in this Sustainability Report. Both statements were modified to incorporate the changes that have been made during the last several years by our Group. In particular, the new MISSION statement incorporates the notion of embedding sustainability into research and development.

LETTER FROM THE PRESIDENT OF RADICIGROUP

Like every year before, I have the opportunity to present the RadiciGroup Sustainability Report and write down a few thoughts on the issues that I hold particularly close to my heart.

I want to take this occasion to rethink our future together with you, starting from the RadiciGroup Values that are displayed at all our Group sites and published on our website for everyone to see. After rereading this statement – and I invite you to do the same – I realized how “binding” these values are for me, my family and all the people who work for us. They represent a commitment by all of us to bring them to life, to implement them every working day. Today, more than ever, words not followed by actions serve no purpose.



For this reason, if you ask me what I see in our Group's future, my answer is that I envision sustainability fully embedded in our production chain, in our traditional products, the ones we have always produced. However, I also see excellent potential for sustainable growth, above all in innovative products – products that we do not know as well, but which can open up great opportunities for us. As I see it today, biopolymers could be one way to realize these opportunities.

I am sure that ever-greater importance is going to be attached to ecodesign, an approach to product design taking into consideration the environmental impact of a product during its entire life cycle. I am also convinced that the growing significance of pre- and post-consumer recycling will be confirmed, if implemented in a sensible way, not just following the trend. Most certainly, I expect RadiciGroup to make increasingly greater use of energy from renewable sources, combined with the rationalization of energy usage. Respect for the environment and for natural resources is not only a necessity, but also something that has always been in our DNA.

Furthermore, I am convinced that economic, social and environmental sustainability will be perceived more and more as value added. We must, therefore, start to work on the evolution of our relations with customers and suppliers, so as to set off on a joint path on which "being sustainable" will be a strategic tool for competitiveness.

Concerning our labour practices and relations, I foresee that in our companies every individual, whether a man or a woman, will be given even greater attention and every person will be valued on the basis of his or her individual merits and potential. This is the key to fostering the new ideas and growth that are needed to make a winning enterprise. For this reason, hopefully in the near future, I see the ever-growing presence of women in our Group holding high-level positions.

I wish to conclude these reflections with an invitation to all the people who work for RadiciGroup and all of you who are reading this Sustainability Report, and to myself as well. An invitation to pursue active sustainability, that is, sustainability not limited to compliance with laws and regulations, but encompassing new ideas, innovations and improvements.

Thus, I invite each and every one of you to advance proposals and experiment with small and large revolutionary ideas within your own area of competence. With your input, we will be able to concretely work on processes, products and conduct that are safer, more efficient and more environmentally friendly. This way we will be fulfilling our desire and our ambition to become active players in the building of our future.

Angelo Radici
President of RadiciGroup



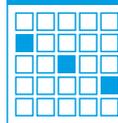
SUSTAINABILITY REPORT PARAMETERS

2013

NOVEMBER

**Radicigroup
Sustainability Report
publication date:**
November 2012 (prior
report, November 2011)

2012



Reporting period:
2012 calendar year

1
YEAR

Reporting Cycle:
Annual

Reporting Boundary:

This Sustainability Report includes in its reporting boundary almost all the companies included in the scope of consolidation of parent company Radici Partecipazioni SpA. These companies make up 97% of Radici Partecipazioni sales revenues.

Radici Partecipazioni SpA is the holding company that groups together the RadiciGroup synthetic fibres, chemicals and plastics businesses and is controlled, directly and indirectly, by the Group holding company Radicifin SpA (from 2013, Radicifin SAPA). Radici Partecipazioni SpA provides corporate management services, including administration and finance, human resources, marketing, quality, information technology, logistics and procurement.

IN 2012 THE FOLLOWING COMPANIES PROVIDED DATA FOR THE SUSTAINABILITY REPORT:

CORDONSED SA (Argentina)
LOGIT Sro (Czech Republic)
NOYFIL SA (Switzerland)
NOYFIL S.p.A. (2 sites, Italy)
RADICI CHIMICA DEUTSCHLAND GmbH
RADICI CHIMICA S.p.A. (Italy)
RADICI FIL S.p.A. (Italy)
RADICI NOVACIPS S.p.A. (2 sites, Italy)
RADICI PARTECIPAZIONI S.p.A. (Italy)
RADICI PLASTICS GmbH (Germany)
RADICI PLASTICS Ltda (Brazil)
RADICI PLASTICS SOUZHOU Co. Ltd. (China)
RADICI PLASTICS USA Inc. (USA)
RADICI YARN S.p.A. (2 sites, Italy)
RADICIFIBRAS Ltda (Brazil)
SC YARNEA Srl (Romania)
TESSITURE PIETRO RADICI S.p.A. (Italy)

Compared to the prior-year edition, the reporting boundary of this Sustainability Report has been expanded. Today, the companies Cordonsed SA (Argentina), Logit Sro (Czech Republic), Radicifibras Ltda (Brazil) and Radici Chimica Deutschland GmbH (Germany) are fully included in the Report. A commitment to that effect was stated in the 2011 Report. Excluded from the Report is the company Dorix GmbH (Germany – name changed to Radici Chemiefaser GmbH in 2013), which is expected to be included in the boundary of the 2013 Report.

Parent company Radici Partecipazioni SpA (Italy) has provided data for all but the environmental performance indicators. It is expected to furnish data for all indicators for next year's Report.

The data in this Report cannot be directly compared with those of the prior-year

Reports due to the change in reporting boundary. The inclusion of new companies makes this Report more complete and comprehensive.

As in the 2011 Report, there are no joint ventures that could significantly alter the abovementioned reporting boundary of this Report.

In this edition of the Report, as in the prior one, for the purpose of quantifying and assessing the supply of electric power to Italian companies, data from Geogreen, RadiciGroup's main energy supplier and partner, have been utilized, in particular for renewable source energy, which makes up 41% of the total energy used by the Group.

Geogreen provides an integrated system of products and services: from the supply of electricity and natural gas to the production of hydroelectric and thermoelectric energy in cogeneration plants. Geogreen belongs to the Radici family, but is not controlled by parent company Radici Partecipazioni SpA.

For more information on Geogreen: www.geogreen.it

Included in the RADICI PARTECIPAZIONI SpA Sustainability Report:

*MORE than **3,200** women and men
who work for RadiciGroup*

***19** PRODUCTION COMPANIES
and the PARENT COMPANY*

97%** of RadiciGroup **sales revenues

DATA GATHERING AND APPROXIMATION

The performance indicators to be included in the Report were selected on the basis of the criteria of materiality and relevance, according to the significance of the respective impacts of the various activities. Environmental performance indicators received in-depth treatment in view of the potential negative impact of many production processes and in fulfilment of the continuing commitment to environmental impact monitoring, which RadiciGroup has pursued since 2003. Numerous Labour Practices and Decent Work Performance Indicators have also been included, confirming the traditional attention and care our Group has always given to the women and men working for its companies.

Based on the experience gained in 2011, new workgroups were organized for the preparation of this Report so as to involve the direct engagement of more than 60 people across the globe and the indirect participation of a significant number of people working at the various production sites, who were responsible for taking measurements or gathering data.

At a later stage, the data were aggregated to obtain group-level results providing a snapshot of the situation at RadiciGroup for every aspect taken into consideration. The comments accompanying the figures allowed for more thorough in-context data analysis used in preparing the final synthesis presented in this Report.

The progressively stronger culture of sustainability within our Group has led to the analysis of aspects that went previously untreated, and, consequently, more performance indicators have been included in this Report compared to the 2011 edition. Furthermore, a more detailed analysis has been made of the Labour Practices and Decent Work indicators, which serve as food for thought on gender equality within our Group. All these improvements notwithstanding, the data were reported and commented on following the guiding principle of prudence. In case of doubt, the least favourable outcome was chosen.

ASSURANCE

Certiquality, an accredited independent certification body, has provided external assurance for this Report at the Global Reporting Initiative (GRI) B+ Application Level.

For more information: www.globalreporting.org

REPORT PUBLICATION AND ACCESSIBILITY

This Sustainability Report, as well as prior-year editions, can be viewed on or downloaded from the RadiciGroup corporate website (<http://www.radicigroup.com/en/documentation/corporate/report>).

All the Sustainability Reports are published in the “Sustainability” section of the website. In 2012, this page (Italian and English versions) was visited by about 5,000 users, up from about 4,700 in 2010 and 4,800 in 2011.

The Sustainability Report is also available on the RadiciGroup LinkedIn page (<http://www.linkedin.com/company/radici-group>). The Report contents are presented in a more concise graphic table format on SlideShare (<http://www.slideshare.net/RadiciGroup>).

Furthermore, the “RadiciGroup News” newsletter service sends the Report to a list of contacts including customers and media, as well as 3,200 RadiciGroup employees. The latter can also access the Report through the “Sustainability” page of Sharepoint, the Group Intranet.



RADICIGROUP: WHO WE ARE

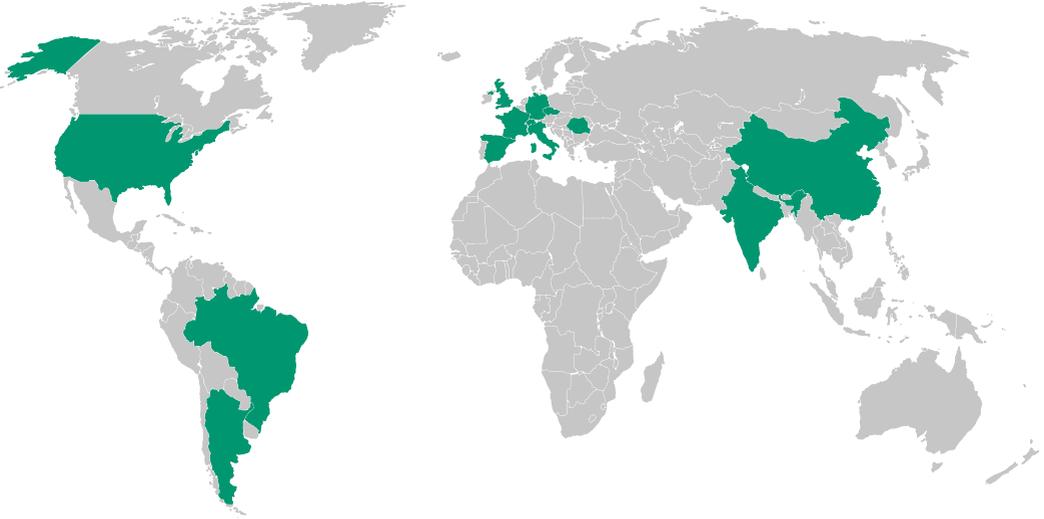
RadiciGroup is a leading chemical multinational, a diversified group specializing in chemicals, plastics and synthetic fibres. Among the Group's strong points is its synergistic vertical integration, notably in polyamide production.

Indeed, RadiciGroup has total control over its production chain, from chemical intermediates, such as adipic acid, to polyamide 6 and 66, engineering plastics and synthetic yarn.

Attention to customer needs, ability to anticipate customer demands and readiness to provide customized eco-friendly products. What is more, focus on the efficiency and quality of production processes, products and services, using new technologies and innovative systems capable of assuring safety and sustainability. These are the key strengths of RadiciGroup.

RadiciGroup products are exported all over the world for use in applications such as clothing, sports, furnishings, automotive, electrical/electronics and home appliances.

WHERE WE ARE



ASIA

CHINA
Shanghai
Suzhou

INDIA
Noida

AMERICA

ARGENTINA
Buenos Aires
Rio Grande

BRAZIL
Araçariguama
São José dos Campos

USA
Wadsworth
Greenville

EUROPE

FRANCE
Saint Priest

ITALY
Andalo Valtellino
Ardesio
Casnigo
Chignolo d'Isola
Gandino
Novara
Trivero
Villa d'Ogna

GERMANY
Hamburg
Lüneburg
Overath
Reutlingen
Selbitz
Tröglitz
Viernheim

UNITED KINGDOM
London

CZECH REPUBLIC
Podborany

ROMANIA
Savinesti

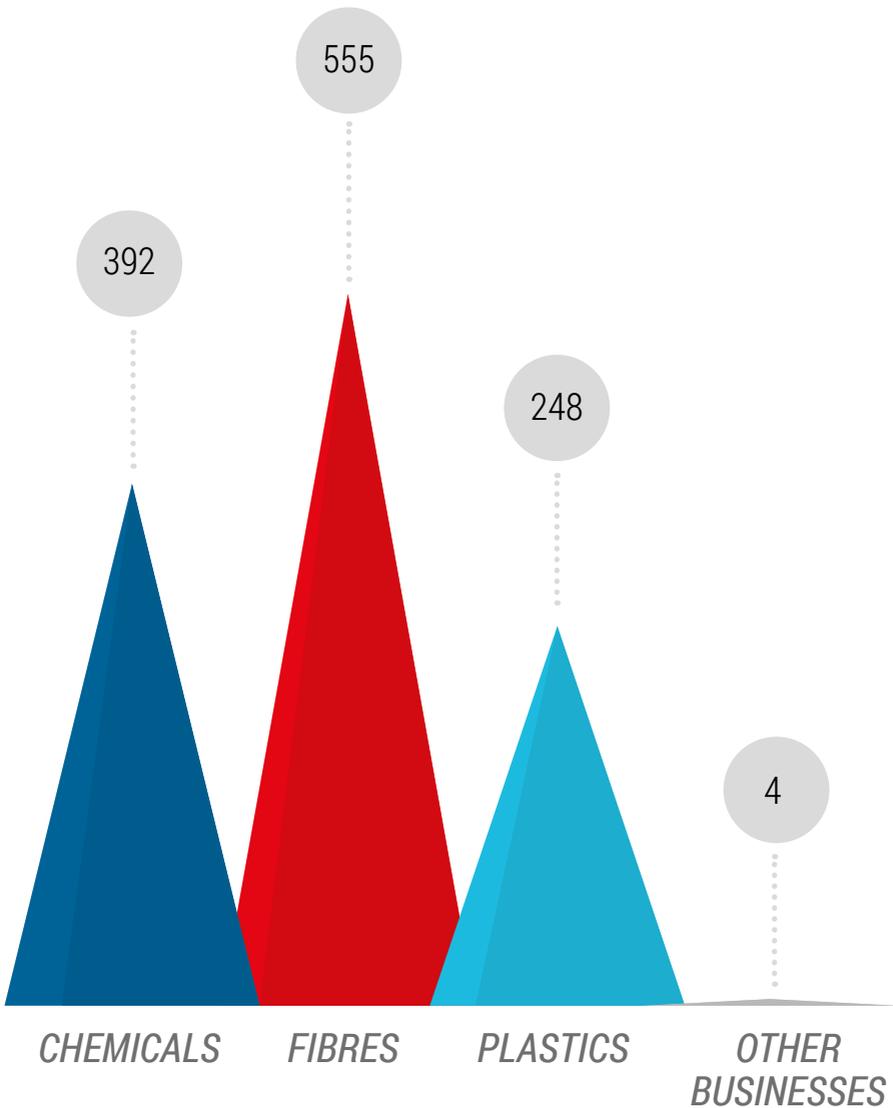
SPAIN
La Carolina

SWITZERLAND
Mendrisio
Stabio

HUNGARY
Szentgotthard

OUR KEY FIGURES

2012 Total Sales Revenues (Millions of Euros)
2012 data - filed financial statements



ORGANIZATION CHART

FOUNDERS
PIETRO RADICI
GIANNI RADICI

SHAREHOLDERS
ANGELO RADICI
MAURIZIO RADICI
PAOLO RADICI

RADICI PARTECIPAZIONI BOD:
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 &
DEVELOPMENT**
Pierpaolo Babini

**BUSINESS
DEVELOPMENT**
Sergio Cassotti

**PLASTICS
BUSINESS
AREA**
Luigi Gerolla

**CHEMICAL
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 (President),
Marco Baschenis, Matteo Perazzi**

ETHICS COMMITTEE

President: **ALESSANDRO MANZONI**

Members: **ALDO PICENI, NICOLA GRITTI, FRANCESCO PEZZOTTA**



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
BU PET**

Paolo Radici



**NONWOVENS /
ARTIFICIAL GRASS
YARN BU**

Enrico Buriani



**FIBRES BUSINESS AREA
ACRYLIC FIBRES
SOUTH AMERICA**

Flavio Rijo

● MARGIN PRODUCTION

● ORGANIZATIONAL SYSTEMS DEVELOPMENT

CORPORATE GOVERNANCE

Radici Partecipazioni SpA, the Group holding company, has adopted a traditional governance model: a Board of Directors managing the administrative functions and a Board of Statutory Auditors having control functions over administration. The Board of Directors consists of 7 members, who hold office for 1 year. The Board has the broadest powers to manage the Group and acts as its representative before third parties. The seats on the Board of Directors are held by the majority shareholders and directors from various professional areas, inside and outside the Group, who are chosen for their proven professional expertise.

The Board of Statutory Auditors consists of three members, who hold office for three years.

The various units of the RadiciGroup Business Areas are managed by Business Unit Managers with high level management and technical expertise, who are in charge of the development, management and commercial policies of their respective units. Business Unit Managers have great decisional and operational autonomy and, in some instances, also hold the position of managing director of their respective companies.

A continuous communication flow is maintained between the parent company and its subsidiaries through regularly scheduled strategic and management meetings:

-  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.
-

ETHICAL GOVERNANCE

In addition to the corporate governance bodies mentioned above, there is a four-member Ethics Committee: a director representing the Radici Partecipazioni SpA Board of Directors, the Chairman of the Radici Partecipazioni SpA Board of Statutory Auditors and the managers of the Radici Partecipazioni SpA corporate functions - Human Resources and Organization, Administration, and Legal and Credit Collection.

The foundation for the work of the Ethics Committee is the RadiciGroup Code of Ethics, adopted in 2011, which “is a set of values, principles and rules of conduct that RadiciGroup employees must follow in their work activities.”

The main corporate activities of the Committee include promoting knowledge of the Code of Ethics and monitoring effective and proper application. The responsibilities of the Committee are:

-  to communicate the Code of Ethics in an effective way to RadiciGroup employees, customers, shareholders, partners, subsidiaries and, more in general, all third parties involved;
-  to manage, implement, analyse and monitor the provisions of the Code of Ethics in order to keep it in line with changes in the law;
-  to provide operative support in the interpretation, implementation and assessment of the Code, which shall be constantly taken as the ultimate guide for proper conduct of the parties involved in the performance of their work;
-  to verify, check and assess any cases of violation of Code rules and, whenever a violation has been ascertained, to take appropriate measures in collaboration with relevant corporate functions and in compliance with the law and the provisions of the National Collective Bargaining Agreement;
-  to provide protection and assistance to employees who report conduct incompliant with the provisions of the Code, protecting them against undue pressure, intimidation and reprisals;
-  to promote and organize training and communication courses for employees, with the goal of developing a better understanding of the objectives and how to achieve them through proper conduct.

RADICIGROUP MARKETS

PRODUCTS FOR HOME INTERIORS

Yarns for curtains, upholstery, carpets and wall-to-wall carpets.
Engineering plastics for household appliances and the electric-electronic sector.

PRODUCTS FOR APPAREL

Yarns for clothing, lingerie, beachwear and sportswear.

PRODUCTS FOR THE AUTOMOTIVE SECTOR

Engineering plastics for car interiors and engine components.
Yarns for car interiors and airbags.





OUR MARKETS AND BRANDS

Chemical Business Area



RadiPol®

PA6 polymer for compounding, films and fibres; PA66 polymer for compounding, extrusion, films and fibres.

PA6/66 copolymer for monofilament, films and extrusion.

PA 6.10 polymer, 64% bio-based.



RadiChem®

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 chromiumplating (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



Radilon®

A line of PA6, PA66 and 64% renewably sourced PA6.10 polymers and copolymers used for injection, extrusion and blow moulding for applications in the industrial, electric-electronic, and automotive sectors.



Heramid®

Eco-sustainable 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.



Raditer®

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.



Radiflam®

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.



Heraflex®

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.



Radilene®

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.

Fibres Business Area



Radifloor®

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



Raditeck®

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



Radilon®

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



dorix®

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.

Starlight®

Starlight®

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®

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®-

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.

r-Radyarn®-

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®

Crylor®

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

CornLeaf

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®

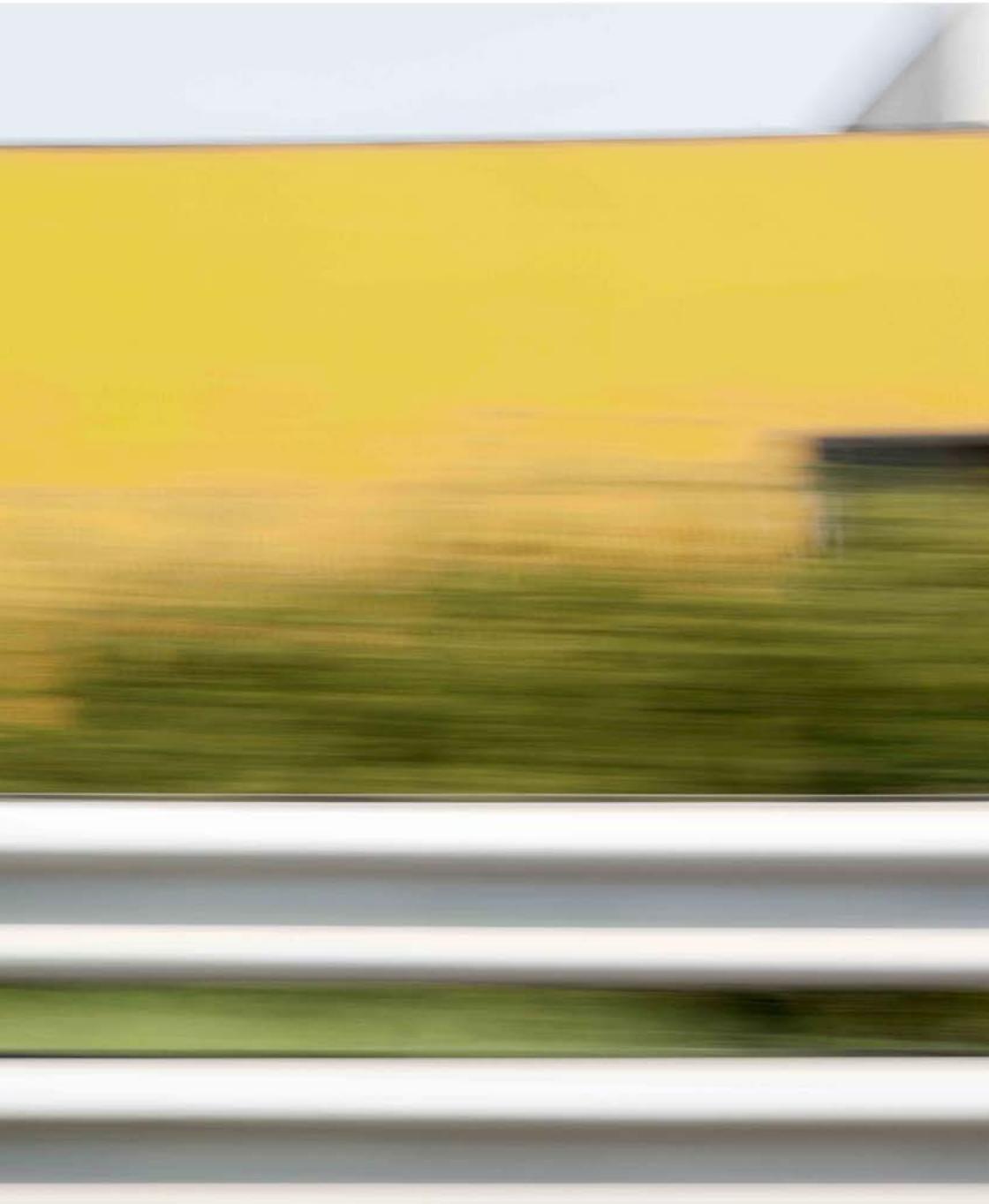
Radigreen®

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

DYLAR®

Dylar®

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





MACROECONOMIC CONTEXT AND STRATEGIES

Excerpted from the Radici Partecipazioni SpA Directors' Report on the Consolidated Financial Statements for the year ended 31 December 2012.

The negative trend of 2011 continued into 2012, which was marked by a persistent economic crisis. The main factors can be traced back to the ongoing recession in some European countries and Japan, as well as to the slowing down of the economies in the United States and some emerging countries, in particular China, India and Brazil, which felt the impact of the European crisis.

An analysis of the data reveals a great gap between advanced and emerging economies, particularly China and India. The latter countries are marked by high growth rates, although down from prior financial years. In mature economies, uncertainty still persists due to factors such as high unemployment, high public debt and low household propensity to consume.

The EU countries are split into two camps, with, on the one side, Italy, Spain, Portugal and Greece, where economic results are not encouraging, and, on the other, Germany, France, United Kingdom and Ireland, where economic indicators remain positive, albeit heading downwards.

RADICIGROUP

Radici Partecipazioni SpA is the parent company that groups together the RadiciGroup chemicals, plastics and synthetic fibres industrial businesses and is controlled, directly and indirectly, by the Group parent company Radicifin SpA (from 2013, Radicifin SAPA).

The consolidated financial statements for the year ended 31 December 2012 report a value of output of EUR 1,023,569 thousand (EUR 1,165,492 thousand in 2011), a gross operating margin of EUR 40,673 thousand (EUR 125,681 thousand in 2011) and operating income of EUR 0.3 thousand (EUR 79,716 thousand in 2011). Net loss, after depreciation, amortization and write-downs of EUR 40,463 thousand (EUR 45,965 thousand in 2011), was EUR 6,805 thousand (net income of EUR 42,308 thousand in 2011).

We believe that these financial statements confirm our Group's capability to swiftly react to any changes in macroeconomic factors. Specifically, in the year just ended, a

Careful cost reduction and production organization improvement plan were developed and implemented to “recalibrate” production levels to reduced market demand. That strategy made it possible to close the financial year with a total net loss of only EUR 6.8 million against a decrease in production value of EUR 142 million compared to 2011. Concerning financial structure, a careful policy of inventory, customer base and working capital management allowed the Group to optimize its financial debt management.

OUR STRATEGIES

-  To focus on core businesses that are considered strategic and synergistic over the medium term, i.e., chemicals for nylon production, engineering plastics and synthetic fibres.
-  To improve our competitive market position and achieve an overall balance among the geographical market areas where we operate, in order to reduce dependency on single markets and boost cash flow to reduce debt and finance new initiatives in our strategic businesses.

OUR ACTION PLAN

In 2012 RadiciGroup continued to implement its general reorganization plan aimed at adapting the structure of each company to best meet the needs of its respective business sector.

The Board of Directors continues to work towards achieving the following objectives:

-  Redefining production capacities and realigning them to changing market conditions;
 -  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;
 -  Reduction in net financial debt, also through tighter control of net working capital;
 -  Sale of real property not strictly necessary for the production of goods or services.
-

CHEMICALS BUSINESS AREA

POLYAMIDE POLYMERS AND CHEMICAL INTERMEDIATES

Presence in Italy, Germany and China

The Chemicals Business Area is in the field of intermediates for the textile industry and polymers for the plastics industry. Its products include: adipic acid, used in the production of polyamide 6.6; polyurethane and plasticizers; and polyamide 6.6, widely used in textiles and in compounds for the production of electrical, electronic and automotive components.

During all of 2012, chemical markets suffered a general downturn in demand as a result of the trend in the world economy. The world crisis did not spare the emerging economies and the Asian region, above all China, where the economic growth rates endured a major slowdown.

Given such a context, the Chemicals Business Area has retained its prominent position among world producers of adipic acid, although the increase in production capacity by some Chinese producers has reduced its relative importance. Nevertheless, it is still one of the few European manufacturers with a vertically integrated polymer 6.6 production chain. Furthermore, it has essentially managed to hold onto its market position, leveraging its trade relations with old customers, principally in Europe.

The ever-fiercer competition on sales price caused a net margin loss in 2012, because sales prices could not keep up with the upward trend in the cost of raw materials. Compared to 2011 when the growth rate remained at a good level until the last quarter, the change in sales revenues mirrored the significant contraction in demand.

All scenario analyses, which have been confirmed by the results of the first quarter of 2013, point to a lingering recession throughout 2013. We should note, however, that there are some signs indicating an inversion in the demand trend. Within this difficult context, the Chemicals Business Area management policy will continue to aim at keeping its price position by trying to pass through any increases in raw materials prices, modifying its polymer offering mix and leveraging the high quality of its products. The sales strategy must ensure an increase in sales volumes and, consequently, production volumes, in order to run

the production plants at maximum production efficiency.

There were no significant events during financial year 2012 to report for this business area.

PLASTICS BUSINESS AREA

ENGINEERING PLASTICS FOR THE AUTOMOTIVE AND ELECTRICAL/ELECTRONICS INDUSTRIES. Presence in Italy, Germany, Spain, France, the United Kingdom, the United States of America, China, India and Brazil

The Plastics Business Area processes polyamide 6.6 purchased from the Chemicals Business Area and polyamide 6 purchased almost entirely from other RadiciGroup companies, thanks to the Group's vertically integrated production chain.

These materials are compounded and additioned with colours, glass fibre and elastomers to produce a wide range of products marketed worldwide under the Radilon brand name. The main customers of the Plastics Business Area are extrusion and moulding companies, while the end-user sectors are electrical and electronics, automotive, furnishings, home appliances and sportswear accessories.

Although sales revenues took a slight dip (-4.5%) with respect to 2011, the 2012 financial year was a positive one. In spite of acute market tension and somewhat stagnating consumption in Europe, the Plastics Business Area was able to achieve profits about 4% higher than those in 2012 by taking advantage of the global scale of its production, while at the same time paying close attention to customer needs on the local level.

During the past three years, the efforts of the Plastics Business Area have been rewarded by the fulfilment of its strategic goals: good quality, improved company integration, achieving a solid competitive advantage through the sales, logistics and technical assistance services provided to customers. The strategy of internationalizing production to serve global customers while developing local business has turned out to be a winning one. The approach has aided in building

a solid, truly global organization, capable of ensuring high quality standards in faraway markets with short lead times and lower supply chain costs.

During 2012, great effort was invested in innovation. The development of new materials starting from materials other than PA6 and PA6.6 and featuring superior technical characteristics has been the guiding light of the work by Research and Development in the Plastics Business Area.

All sites have optimized their production capacities to align production to market demand. At the Italian site in Villa d'Ogna, in particular, a new automatic sacking line was installed and, starting in 2013, will allow for optimizing the final phase of the production process.

There were no significant events during financial year 2012 to report for this business area.

SYNTHETIC FIBRES BUSINESS AREA

POLYAMIDE YARN AND STAPLE; POLYESTER, POLYETHYLENE AND POLYPROPYLENE YARN; AND ACRYLIC FIBRES.

Presence in Italy, Germany, Switzerland, Czech Republic, Romania, Brazil and Argentina

FASHION AND INTERIORS BUSINESS UNIT

The Fashion and Interiors Business Unit is active in the manufacture and sale of polyamide 6 and 6.6 yarn, chiefly for use in the textile, apparel and flooring markets.

2012, the efforts aimed at balancing the product portfolio with sales resulted in gross revenues for the year in line with those of the prior year and good plant production capacity utilization levels – even in the face of a deep economic recession.

During 2012, steadily increasing prices were recorded for all raw materials used in the production process. Unfortunately, demand remained modest – predominantly in Europe – preventing the swift and efficient pass-through of

cost increases, and consequently penalizing margins. Furthermore, in order to keep plant production capacity utilization rates at good levels, a number of competitors started aggressive sales policies, sacrificing sales prices.

The business unit operating results for the year were noticeably higher than the budget forecast, but lower than those recorded in the prior financial year. However, looking at the operating results against the backdrop of the negative market situation, one can say that, overall, both sales and product performance were good.

In 2013 strong competition (including new non-European producers) in all the business unit's target markets makes any attempt to recover losses in margins very difficult. However, cost control and improvement in production performance are the objects of an on-going development and application project aimed at realigning operating results with budget forecasts.

RADICI FIBRAS BUSINESS UNIT

This business unit consists solely of the Brazilian company Radicifibras Ltda engaged in the production of polyamide 6 and 6.6 items chiefly for the textiles and apparel markets.

In the first half of 2012, local demand in our target sectors was marked by a pronounced slowdown. Nevertheless, the business unit recorded only a modest drop in sales revenues during the period, compared to the same period of the prior year, and was able to keep its plants operating at good production capacity utilization rates. During the first half of 2012, there was also a sustained increase in the cost of the raw materials used in the production process, but it was not always possible to pass these price increases through to sales prices.

In the second half of 2012, sales volumes of the products made by the business unit dropped further, as did margins. Furthermore, for the entire year 2012, nylon yarn import volumes stayed very high. That was yet another factor which reduced the margins of local producers, mostly during the second half, when the local market showed greater signs of weakness.

The market situation during the first quarter of 2013 was very similar to the one in the second half of 2012, with yarn and nylon goods imports remaining at very high levels. In spite of the market scenario just described, the business unit was able to raise both sales volumes and production profitability, also aided by a drop in the cost of raw materials.

ACRYLIC BUSINESS UNIT

This business unit includes all the companies involved in the manufacturing, processing and marketing of acrylic fibre mainly used in apparel: Radicifibras Ltda (acrylic operations), Cordonsed SA and Comacsa SA.

In Brazil, during the first half of 2012, domestic demand for acrylic fibres settled at levels that were significantly lower compared to the first half of 2011. Starting in the second quarter, the situation got even more complicated as a result of the Argentinean protectionist policy, which negatively affected the transfer of semi-finished goods to Argentinean associate Cordonsed. The international price of the main raw material (acrylonitrile) gradually dropped, causing tension on the international prices of acrylic fibre, while the cost of utilities continued to rise, thus hampering the competitiveness of our Brazilian site.

Collectively, all these negative factors heavily affected the business unit's economic performance. In the second half of 2012 a recovery in sales volumes occurred, despite the uninterrupted fall in acrylic fibre consumption on the Brazilian market. The recovery has continued into 2013.

The extraordinary increase in the cost of propylene that occurred in January on the international market caused the cost of acrylonitrile to rise by 25%. That, in turn, made a significant contribution to the erosion of the business unit's margins, because the increase could not be fully passed on to sales prices.

FLOORING BUSINESS UNIT

This business unit includes all the companies involved in the manufacturing, processing and marketing of nylon 6 and 6.6 yarn used in carpets, textile floor covering in general and automotive interiors: Logit Sro and Radici Fil SpA.

In light of the difficult world scenario, customers of the business unit were forced to adopt inventory control policies, keeping stock levels very low and placing fragmented and sporadic orders. However, exports to Northern European countries, such as Germany, kept up at acceptable levels, albeit at a more subdued pace during the second half. Similarly, demand in the Middle East held steady at reasonably good levels during the first half and then slowed down during the last few months of the year.

The situation remained especially critical in the construction sector, causing a drop in the consumption of nylon rugs and wall-to-wall carpeting, particularly in the residential segment, which had already been hit by a sizeable reduction in sales volumes during previous years. During the year in question, the prices of the raw materials oscillated, which made it difficult to manage customer pricing. Even in that very difficult context, the business unit managed to fare well in the sales of its products, chiefly BCF and high-tenacity yarn for the automotive industry. Sales of high-tenacity PA6.6 yarn for technical applications in the automotive sector (tyre reinforcement and airbags) were in line with the sales figures of 2011. In the PA6 polymer segment, the introduction of new materials for the food packaging industry is opening up new and exciting prospects for the future.

In the course of 2012, an investment to add flexible spinning lines designed to meet the demand from the contract sector was completed. A new spinning line for the production of high-tenacity yarn was installed and next year will enable the manufacture of a "new-concept" yarn for airbags. The approvals required by car manufacturers for the new yarn are presently in progress.

The year 2013 has started off with great uncertainty. However, all the work done on product portfolio diversification and extension during the last few years has allowed the unit to spread the risk over several business segments.

PET YARN BUSINESS UNIT

This business unit includes all the companies involved in the manufacturing, processing and marketing of polyester yarn for apparel, furnishings and interiors in general: Noyfil SpA, with production units in Chignolo d'Isola and Andalo Valtellino [Italy], and Noyfil SA, with a production unit in Stabio [Switzerland].

In 2012 world polyester fibre consumption continued to grow, mostly driven by the huge investments in new plants in Asian countries. The European target market has been undergoing a slow but progressive downsizing. In Europe, the trend of a steady shift in applications from apparel to furnishings and technical has continued. The automotive sector has recorded a drastic reduction as a result of an unremitting fall in car sales.

The greater price stability of raw materials, particularly during the second half of the year, brought about some benefits, such as higher margins on a number of products. On the negative side, sizeable jumps in energy taxes caused great

increases in production costs. Therefore, investments were made with the aim of reducing electricity usage.

A performance analysis has confirmed the drop in volumes and related decline in sales revenues for the business unit. During this phase, the business unit has continued its efforts to move towards more profitable products. The measures already taken brought good results near the end of 2012, which were confirmed in the first months of 2013. In terms of profitability, the business unit was able to hold its position, thanks to the trend in raw materials costs and the sales measures taken to support the sales prices of all the products in the portfolio.

NONWOVENS BUSINESS UNIT

The Nonwovens Business Unit consists of one company, Tessiture Pietro Radici SpA, which is involved in the manufacture and marketing of two different lines of products: Dylar® Spunbond polypropylene nonwoven fabric and Radigreen® artificial grass yarn, mostly made of polyethylene and polypropylene.

DYLAR®

In 2012 sales volumes were basically in line with those of 2011, but with a product portfolio shift towards coloured items or items with additives with greater value added. The result of this operation was a good gross margin. Towards year-end, as per forecasts and as a result of cyclical factors, demand from the industrial sector subsided.

During the first few months of 2013, the business segment showed a positive trend, in terms of both invoiced volumes and margins. Raw material prices remained largely stable, in line with the average value of the prior year.

RADIGREEN®

For Radigreen®, the year 2012 was marked by a fall in sales volumes compared to the prior year, primarily in the last quarter. The general trend of declining market demand for artificial grass, most evident in Europe and already in progress during the 2009-2011 three-year period, also continued for the entire year 2012. Statistics on the installation of synthetic turf for sports applications, specifically football pitches, showed a significant drop in demand due to the lack of funds available to public institutions and sports clubs, a phenomenon strictly related to the crisis.

Raw materials (polyethylene and polypropylene) prices fluctuated, but average

sales prices remained basically unchanged or were only slightly lower compared to the prior year.

Despite the measures implemented and the research and development work performed during the three-year period 2010-2012, which were all aimed at repositioning the business segment towards higher-margin products, the situation continued to remain critical, in terms of both volumes and profits, although productivity duplicated the excellent performance of 2011.

SPANDEX BUSINESS UNIT

The Spandex Business Unit, which produces spandex yarn, consisted of the American company Radici Spandex Corp.

During 2012, due to the persistent crisis in the spandex market, RadiciGroup management decided to shut down all activities and sell the assets. The assets were sold in the month of December 2012.

RADICIGROUP CURRENT YEAR BUSINESS OUTLOOK

The slowdown during the last quarter of 2012 continued into the early months of 2013. Nonetheless, starting from April 2013 positive signals have emerged, particularly concerning raw materials prices, which are going down slightly. The plant rationalization carried out in past years and the resulting flexibility have made it possible to adjust production capacity to market demand.

In the years 2012-2013, the polyamide products developed by the R&D team were well received by the market. There has been great interest in some innovative high-tenacity nylon yarns specifically designed for the airbag sector, which are currently undergoing the approval process at the major players in the automotive industry. Other products of special interest to the market are products made from renewable source materials, particularly polyamide 6.10, made of 64% vegetable source materials that are not used for food applications. These PA6.10 products have received an excellent reception in the engineering plastics and technical monofilament market segments.



RISK ANALYSIS

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. The Group's risk management transactions are carried out at the corporate level by Radici Partecipazioni SpA, which acts directly on the market to aid its subsidiaries.

Competitiveness risk:

The RadiciGroup organization as a whole does not present any internal risk. However, there are some external risk factors that will need to be taken into consideration in striving to achieve sales volumes and, consequently, profitability.

One of the most significant risks the Group faces is related to competitiveness, since the main markets in which the Group operates are very price sensitive. As usual, in 2012 we tackled this risk by leveraging the high quality of our products to fight back against price changes by our competitors. The competitiveness risk was also mitigated by repositioning our prices to take advantage of the diminished offering by some of our European competitors related to a decrease in their production capacity.

Credit risk/insolvency risk:

Credit risk was rather limited in 2012. Group companies do not have an excessively concentrated customer base. Furthermore, the insolvency risk of a good part of its customers is covered by insurance policies. In any case, the situation is constantly monitored by a dedicated function.

Because of the stability and reliability of the relationships between Group companies and their customers and between Group companies and the market, the external risks are not very significant. However, in consideration of the crisis in progress, the risks are constantly being monitored.

Climate change risks:

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 in 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.

The Valtellina, where the Group company Noyfil is located, is a valley extending in a longitudinal direction between two mountainous slopes and classified as a high hydrogeological risk area. An intervention plan has been prepared and implemented for several years now concerning water regulation and consolidation of landslide-prone slopes. These activities are carried out under the supervision of the competent local authorities. The risk assessment of the impact of landslides on Noyfil mostly concerns potential traffic slowdown on the roads connecting the Valtellina with the other areas of the region.

As regards earthquake occurrence, the Valle Seriana (Region of Lombardy) and Novara (Region of Piedmont) geographical areas, where RadiciGroup plants are located, are classified as areas with low risk of earthquakes. As for Valtellina (Region of Lombardy), the seismic risk is classified as very low, and no municipality in the area is deemed to be subject to earthquake risk. The plants in Germany, Brazil and China are also located in areas with low risk of earthquakes.

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

RADICIGROUP FOR SUSTAINABILITY

A SUSTAINABILITY STORY

The story of any company with a long history spanning several decades rarely follows a linear path, free of obstacles and lulls in activity. At times, when the goal is clear, but the path to get from here to there has never been trod before, every footfall is a step into the unknown, either a potential misstep or a step towards success.

Thus, not surprisingly, RadiciGroup's route to sustainability has gone through moments of uncertainty and stretches of frenetic acceleration. The notion of corporate sustainability itself has evolved parallel to the development of the concept of sustainability in society, jurisprudence and the market.

STAGES OF A SUSTAINABILITY STORY

1997: TO BE GLOCAL, GLOBAL THINKING LOCAL ACTION: these two slogans were coined to convey a global way of thinking that is open to the world and challenges, together with action that stays local, close to the communities where RadiciGroup companies were founded and have developed. Global and local: two adjectives in apparent contradiction. Far-sighted thinking and concrete local action: this is what has always characterized RadiciGroup's way of doing business.

2003: the RadiciGroup Vision, Mission, and Values statements were formulated. RadiciGroup's notion of sustainability started to take shape after it joined the chemical industry's global voluntary Responsible Care® initiative. The Group began focusing on care for the environment, working conditions and worker safety by using a rigorous system of procedures for monitoring the environmental indicators for its activities having the greatest impact, as well as those indicators tracking the health and safety of its workers.

2004: RadiciGroup published its first "Social Report", based on the Standards

of the GBS – Study Group for Social Reporting (Gruppo di Studio del Bilancio Sociale). New aspects related to community and social activities were added to the document, which implemented the principles of accountability and transparency as its cornerstones.

2010: the market, final consumers and textile industry customers, in particular, started to become more aware of and more demanding about sustainability matters. The “RadiciGroup for Sustainability” project was born. The project’s objective was to formulate and trace a new and more wide-ranging path towards sustainability for RadiciGroup.

2011: the Group began performing Life Cycle Assessments of its products, i.e., in-depth analyses of product life cycles to determine their environmental impacts at each stage of the production chain, from the extraction of raw materials to the finished products that leave its companies’ gates. The GRI Coordinating Group was formed and given the task of supervising all the activities for the preparation of Sustainability Report 2011, the first Report to be drawn up according to the GRI reporting framework and the first to be submitted for external assurance.

2012: Sustainability Report 2011, with a reporting boundary that comprised numerous aspects concerning RadiciGroup’s economic, social, environmental and labour responsibilities, obtained external assurance at the Global Reporting Initiative (GRI) B+ Application Level.

2013: four specific Product Category Rules (PCRs) created by RadiciGroup became industry models for the textile fibres and plastics industries.

2013: Radici Chimica SpA, a RadiciGroup chemical company, started a collaboration with the Italian Ministry for the Environment to trial test a new method on its production chain to determine its Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF). This methodology was set out in Recommendations issued by the European Commission.

"QUALITY, HEALTH & SAFETY AND ENVIRONMENTAL POLICY" MANIFESTO



Quality, Health & Safety and Environmental Policy

Radicigroup's main mission is the satisfaction of its customers, shareholders, employees and the local communities where it operates through the continual improvement of its business activities, products and services, both in terms of quality and level of performance.

Such a policy, however, cannot be implemented without diligently observing environmental and workers' health and safety regulations, as well as regulations aimed at preventing any potentially damaging events resulting from our products and/or production processes. To this end, Radicigroup has adopted Quality, Health and Safety, and Environmental Management Systems at its companies. These systems are certified by accredited certifying bodies and are based on well-defined procedures, which are understood by everyone at all levels of the organization. Furthermore, the adopted management systems are subject to continual improvement in line with technical advancements, the latest scientific knowledge and market demand.

To ensure the Quality of the products and services supplied, the Group has adopted tools, such as Six Sigma methodology, to implement robust and reliable processes, capable of reducing or preventing non-conformities and meeting the most stringent requirements.

As regards the Environment, Radicigroup has long striven for continuous improvement in performance and has achieved visible and measurable results, by investing funds and human and technological resources to monitor and reduce its environmental footprint and encourage the environmental commitment of its customers and suppliers.

Radicigroup management is aware that its workers' Health and Safety is a priority and of central importance – market success and productivity notwithstanding. Group management ensures compliance with safety standards provided for by the applicable laws and regulations and has long pursued an agenda of enhancing prevention and control in order to reduce accident risks. Furthermore, management promotes transparency and collaboration in relations with local authorities and communities.

As part of its commitment to sustainable development, Radicigroup will be reporting on Corporate Social Responsibility (CSR) according to the guidelines set forth by the Global Reporting Initiative (GRI), the leading internationally recognized framework for reporting economic, environmental and social sustainability.

This Group Policy is supplemented by the policies of the individual Group companies, as well as by the guidelines set forth in the annual Sustainability Reports.

March 2012

Chairman

Angelo Radici

Vice Chairman

Maurizio Radici

HISTORY OF QUALITY, HEALTH & SAFETY AND THE ENVIRONMENT & ENERGY

The story of RadiciGroup's journey to sustainability is entwined with its history concerning quality, safety and the environment. In 2012 a Quality, Health & Safety and Environmental Policy was set out, which collected and stated the principles RadiciGroup had adopted and made its own since 1994, when one of its companies obtained the first Group ISO 9001 certification. The "Quality, Health & Safety and Environmental Policy" document was signed by the President and Vice President of RadiciGroup and has been circulated in all Group companies and posted on the Web. The policy states:

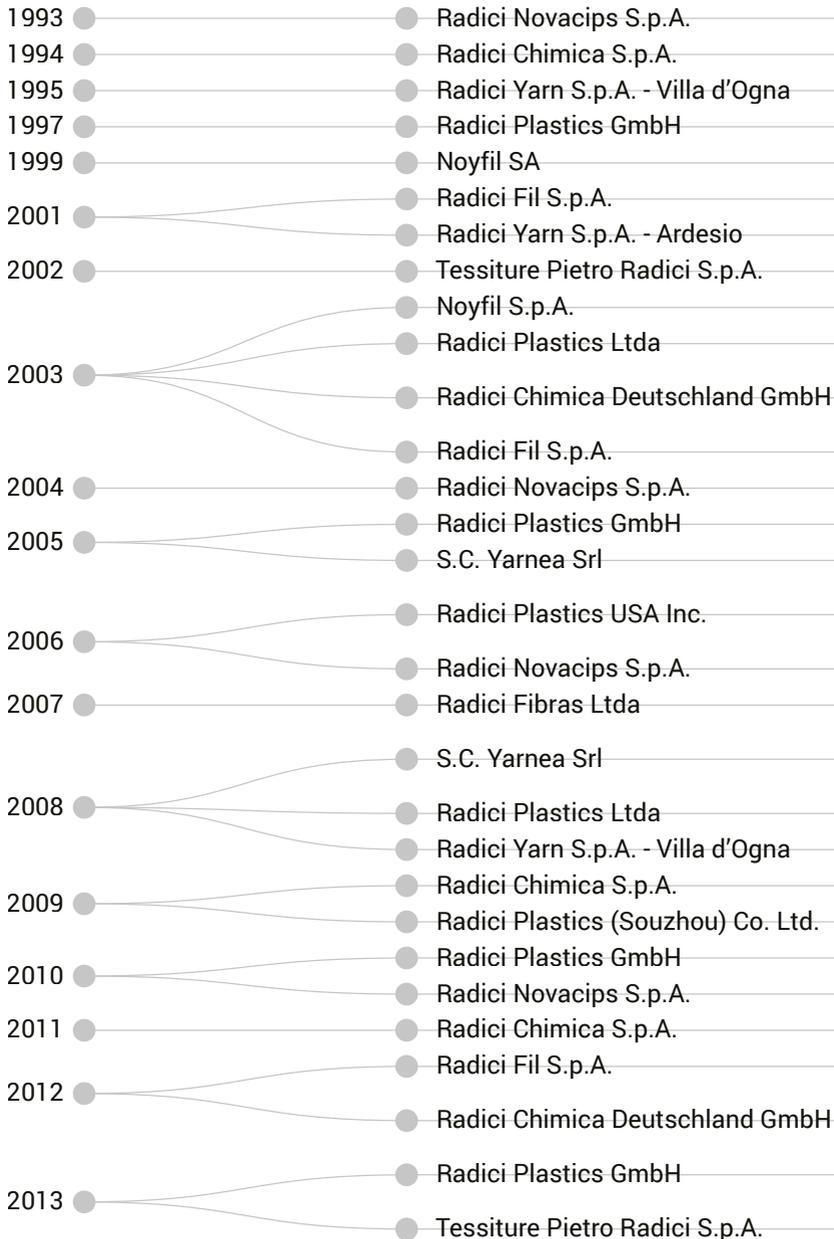
"RadiciGroup's main mission is the satisfaction of its customers, shareholders, employees and the local communities where it operates through the continual improvement of its business activities, products and services, both in terms of quality and level of performance (...) To this end, RadiciGroup has adopted Quality, Health and Safety, and Environmental Management Systems at its companies. These systems are certified by accredited certifying bodies and are based on well-defined procedures, which are understood by everyone at all levels of the organization."

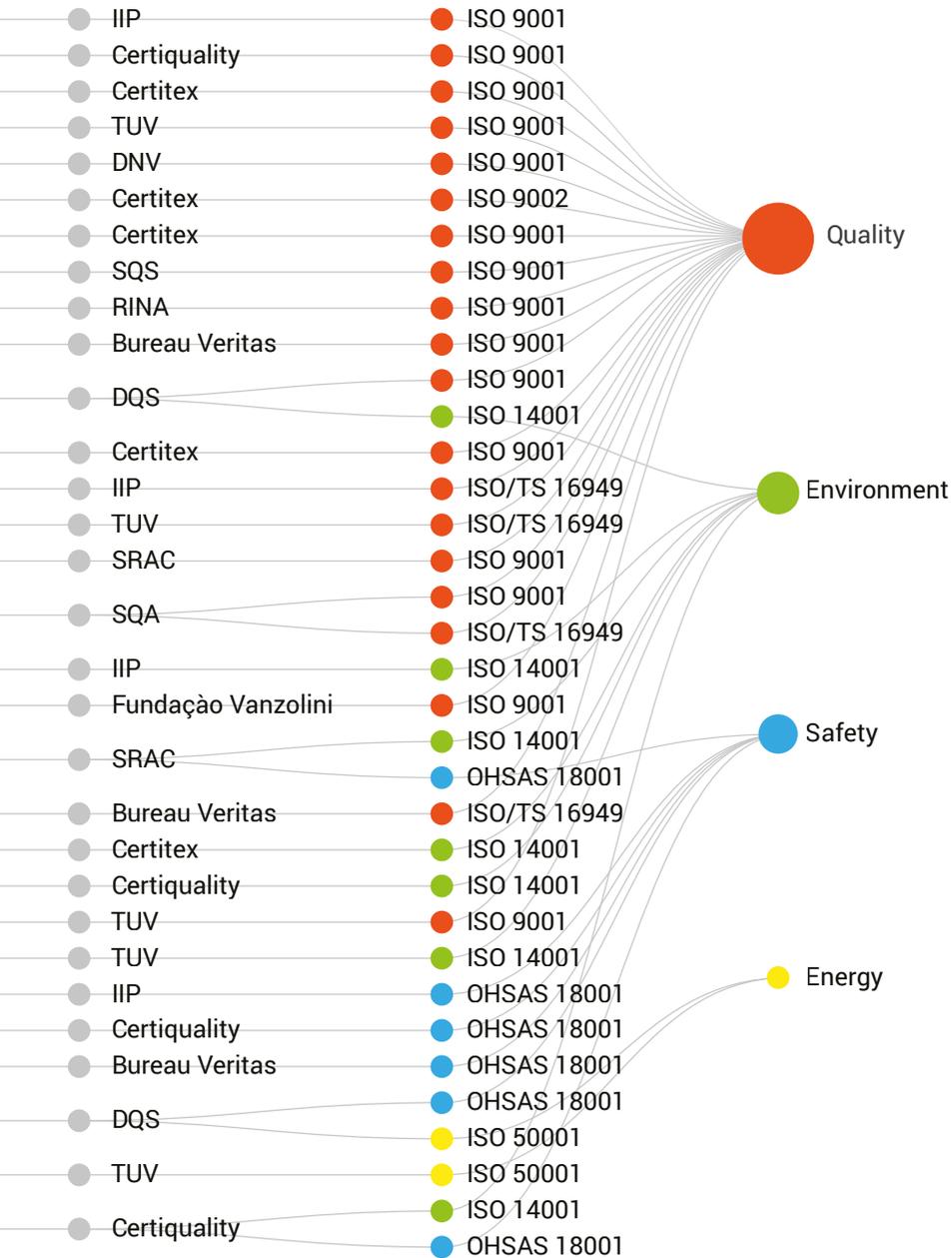
For over 20 years the men and women at RadiciGroup have worked to foster quality, safety and environmental protection and have applied themselves on a daily basis to make everything they do sustainable by working with care and attention, in the best way possible, with respect for people and natural resources.



STAGES IN THE HISTORY OF QUALITY

HEALTH & SAFETY - THE ENVIRONMENT







RADICIGROUP'S SYSTEM-WIDE VISION

A system-wide vision – a strong joint effort by all Group companies to work towards continual improvement in organizational quality, levels of safety and environmental protection.

To achieve this objective, all Italy-based RadiciGroup companies have decided to use the same certification body for all their management systems: Quality (ISO 9001, ISO TS 16949), Environment (ISO 14001, EMAS and ETS) and Safety (OHSAS 18001). In 2012, all Italian companies signed an agreement with Certiquality, one of the main Italian certification bodies. This agreement sets out the general conditions for conducting the audit activities and training by the certification body.

The next step in the project is the implementation during 2013 of an ISO 9001 Quality Management System for the parent company Radici Partecipazioni. Once in place, the system will allow for greater synergy between the parent company and its subsidiaries. All the procedures established for the Radici Partecipazioni Quality Management System will, in fact, be extended to all business areas.

At the same time, a system has been put in place enabling all the companies to share their experience and expertise, specifically on mandatory normative requirements concerning risk analysis and process optimization.

CERTIFICATIONS HELD IN 2012

<i>RADICIGROUP SITE</i>	<i>sector code</i>	<i>ISO 9001:2008</i>	<i>ISO/TS 16949:2009</i>	<i>ISO 14001:2004</i>	<i>OHSAS 18001:2007</i>	<i>ISO 50001:2011</i>
FIBRES						
RADICIFIL S.p.A.	EA 04	●	●	●		
RADICI YARN S.p.A. - VILLA D'OGNA	EA 04	●		●		
RADICI YARN S.p.A. - ARDESIO	EA 04	●				
SC YARNEA - F&I (Romania)	EA 04	●		●	●	
RADICIFIBRAS Ltda area NYLON (Brazil)	EA 04	●				
NOYFIL S.p.A. - CHIGNOLO D'ISOLA	EA 04	●				
NOYFIL S.p.A. - ANDALO VALTELLINO	EA 04	●				
NOYFIL SA (Switzerland)	EA 04	●				
TESSITURE PIETRO RADICI S.p.A.	EA 04	●	●	●		
PLASTICS						
RADICI NOVACIPS S.p.A. - VILLA D'OGNA	EA 14	●	●	●	●	
RADICI NOVACIPS S.p.A. - CHIGNOLO D'ISOLA	EA 14	●		●	●	
RADICI PLASTICS GmbH (Germany)	EA 14	●	●	●		●
RADICI PLASTICS Ltda (Brazil)	EA 14	●	●			
RADICI PLASTICS (SUZHOU) Co. Ltd. (China)	EA 14	●				
RADICI PLASTICS USA, Inc. (USA)	EA 14	●	●			
CHEMICALS						
RADICI CHIMICA S.p.A.	EA 12	●		●	●	
RADICI CHIMICA Deutschland GmbH (Germany)	EA 12	●		●	●	●

● Accepted ● Work in progress

*CERTIFICATION
BODY
9001 and 16949*

*CERTIFICATION
BODY
14001*

*CERTIFICATION
BODY
18001*

*CERTIFICATION
BODY
50001*

Certiquality
Bureau Veritas
Bureau Veritas
SRAC Romania
Fundação Vanzolini
Certiquality
Certiquality
DNV
Bureau Veritas

Bureau Veritas

Bureau Veritas

SRAC Romania

IIP

IIP

IIP

IIP

IIP

TUV

TUV

Bureau Veritas

TUV

SQA

Certiquality

Certiquality

Certiquality

DQS

DQS

DQS

DQS

RADICI CHIMICA AWARDED A CERTIQUALITY CERTIFICATE OF EXCELLENCE

On 24 July 2012 during an award ceremony held in Novara, a Certiquality Certificate of Excellence was presented to Radici Chimica SpA – a RadiciGroup chemical company – in recognition of the company's voluntary commitment to responsible corporate management and its achievement and successful integration of three certifications, specifically, international standards ISO 9001 for quality and ISO 14001 for the environment, and British standard OHSAS 18001 for occupational health and safety.

The award recognizes the company's constant commitment to improving the quality of products and services provided to customers and to protecting the environment.

SHAREHOLDERS AND STAKEHOLDERS

SHAREHOLDERS

Shareholders Angelo, Maurizio and Paolo Radici have always participated actively in the management of the Group. Acting in their respective capacities of President, Vice President and member of the Board of Directors, they oversee the Group's business activities on a daily basis. President Angelo Radici is entrusted with the tasks and duties related to coordinating the corporate functions of Human Resources; Administration, Finance and Control; IT; Research and Development; Marketing and New Business Development. Vice President Maurizio Radici is entrusted with the tasks and duties of coordinating Logistics and Procurement, Strategic Raw Materials, and Quality and Corporate Systems. Furthermore, both the President and the Vice President oversee the activities of the RadiciGroup business areas. Paolo Radici, in his capacity as Business Unit Manager, is in charge of the Group's Polyester Fibres Business Unit.

The close relationship and physical proximity of the parent company Radici Partecipazioni SpA headquarters to the main RadiciGroup company sites in Italy contributes to strengthening the focus of the shareholders on their businesses.

STAKEHOLDERS

Opening up more opportunities for dialogue with stakeholders, always giving them a chance to express their opinions and listening carefully to what they have to say. Operating through cooperation and transparency in the interest of an open and frank discussion. Building long-lasting relationships and acting as the partner that each group of shareholders can turn to for a constructive two-way conversation.

This is the spirit that guides RadiciGroup year after year, when it renews its relationships with its social stakeholders and introduces new tools for communicating and dialoguing with them.

MAP OF THE MAIN STAKEHOLDERS :



EMPLOYEES

The main RadiciGroup stakeholders are its employees, men and women who take part in the life of the Group more than anybody else. They are the ones who invest their time, labour, professional expertise and passion for the good of the companies. And the companies have traditionally built lasting relationships with their employees.

Annual events – such as Open Days, company anniversary celebrations and cultural events organized by RadiciGroup – serve to reinforce the relationships with employees, also by getting their family members involved for the sake of greater inclusiveness.

The progressive growth of a sustainability culture at the production sites, together with the adoption of the GRI reporting framework, has brought topics such as the environment, health and safety into the daily dialogue between management and workers. This development has fostered the exchange of ideas that have brought about noticeable improvements in the performance indicators for safety and the environment.

CUSTOMERS

Customer relations are maintained through daily communication and information exchange with the sales and technical assistance teams. Key events for strengthening customer relationships are trade fairs, which are an integral part of the Group marketing strategy, as well as a chance to benchmark our results against those of our competitors.

In 2012, the main fairs RadiciGroup took part in were:

CHINAPLAS	<i>Plastics</i>	Shanghai, China
DOMOTEX	<i>Fibres</i>	Hanover, Germany
FAKUMA	<i>Plastics</i>	Friedrichshafen, Germany
HEIMTEXTIL	<i>Fibres</i>	Frankfurt, Germany
MSV	<i>Plastics</i>	Brno, Czech Republic
PLAST	<i>Plastics</i>	Milan, Italy
PLASTINDIA	<i>Plastics</i>	New Delhi, India
NPE	<i>Plastics</i>	Orlando, Florida

Other opportunities for in-depth discussion, promotion and the exchange of ideas are meetings, symposia and conferences during which RadiciGroup can contribute its know-how.

In 2012, speakers from RadiciGroup actively participated in meetings and conferences. The main events included:

Symposium: PCI 6th European Nylon Symposium - Frankfurt, 27-28 February 2012

RadiciGroup presentation: POLYAMIDES: Balancing the offer to meet market Challenges

Forum: The Grass Yarn & Tufters Forum 2012 - Zurich, 21 February 2012

RadiciGroup presentation: The Role of the Specialist Yarn Producer for Artificial Turf

Symposium: PCI 5th American Nylon Symposium - Atlanta - 30 March 2012

RadiciGroup presentation: Polyamides: Performance and Innovation, a sustainable approach to engineering plastics

Meeting: 20th Meeting of Responsible Care® Coordinators and 10th Responsible Care® Conference: Chemicals, Ethics and Innovations for our Future - Bologna, 12 - 13 June 2012

RadiciGroup presentation: Social and Environmental Responsibility at every stage of production from Chemicals to Textiles.

Congress: 51st DORNBIRN MAN-MADE FIBERS CONGRESS - Dornbirn, Austria 19 - 21 September 2012

RadiciGroup presentation: Evolution Yarns: r-Starlight in Recycled Polyester and Cornleaf

RadiciGroup presentation: The Evolution of Nylon Yarns for Automotive Carpeting Applications

[PERFORMANCE INDICATOR PR 5] Every two years, a Customer Satisfaction Survey is conducted to measure the effectiveness of customer communication and relations. The survey is conducted with the goals of identifying the strengths and weaknesses in our customer relationships and formulating the related improvement plans. Indeed, the biennial survey supplements and validates the results of the monitoring activities routinely conducted in order to assess whether or not the Group has met the requirements agreed on with customers.

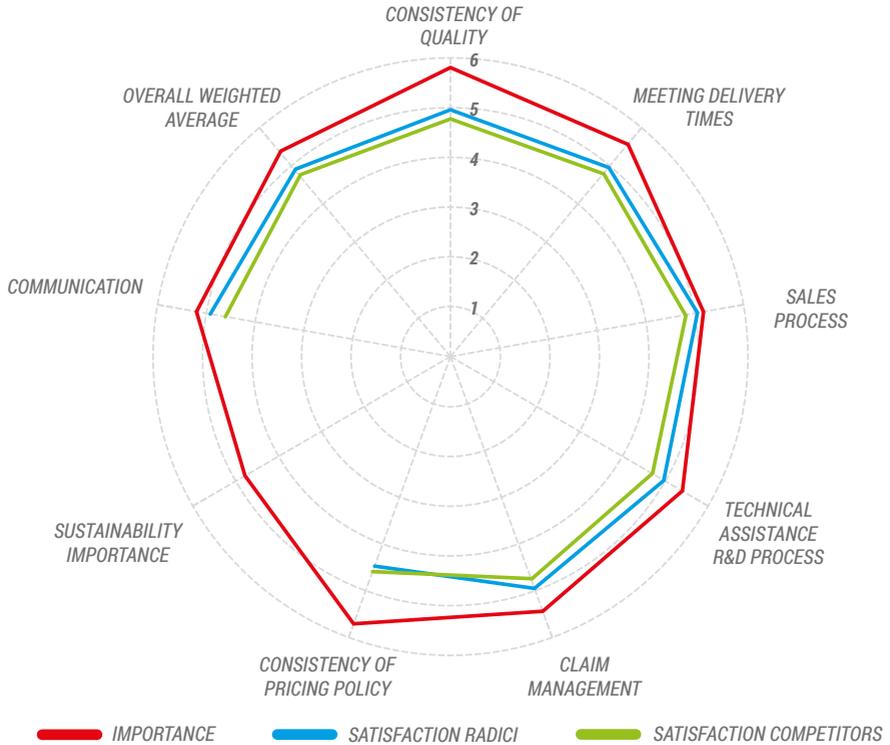
For the 2012 Customer Satisfaction Survey, 1,683 active customers of different RadiciGroup business areas were contacted. Customers were asked to express their opinion on the quality and consistency of the services provided by our Group and by its main competitors. The survey was conducted through an online questionnaire. The main aspects covered by the questionnaire were as follows:

- Product (consistency of quality).
- Sales staff (technical competence/decision-making capacity and authority).
- Technical staff (quality of relationship / problem resolution / collaboration on product and technological development).
- Delivery (on-time delivery / lead time).
- Prices (payment terms and conditions / consistency of pricing policies).
- Sustainability (adoption of sustainable policies).
- RadiciGroup communication.
- Overall customer satisfaction for RadiciGroup.

For the Group overall, the survey response rate was 31%, which ensured the sample had an excellent level of representativeness. The assessment was expressed with a number on a scale of 1 to 6: 1, being the lowest, and 6, the highest satisfaction rating or importance attributed.

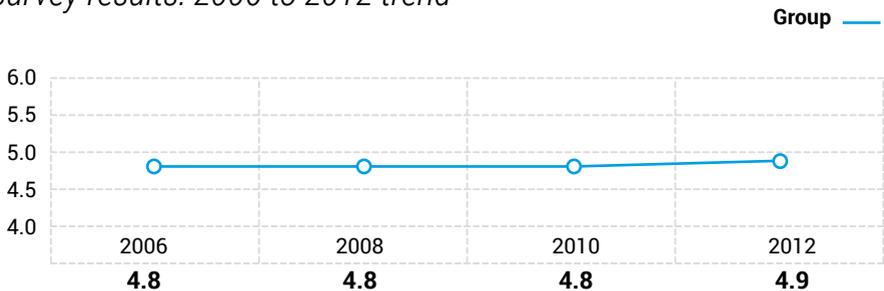
Data analysis for the various RadiciGroup Business Areas showed that the strengths of Group were responsiveness to customer requests and communication. Conversely, the weaknesses were consistency of quality and pricing policies,

because the gap between importance, i.e., the desired quality, and satisfaction, i.e., the perceived quality, was greater than for the other items in the survey.



Compared to the 2010 Customer Satisfaction Survey, the **OVERALL SATISFACTION RATING FOR RADICIGROUP ROSE FROM 4.8 TO 4.9.**

Survey results: 2006 to 2012 trend



The Customer Satisfaction questionnaire contained the following two questions specifically addressing sustainability issues:

 *How important is it to you that your supplier be attentive to sustainable business management?*

*60% of the sample considered sustainability **very important** (rating 5) and **extremely important** (rating 6) in choosing a supplier.*

 *Regarding the issue of product sustainability, what do you deem most important?*

*32% of the respondents answered: **RECYCLABLE** products.
24% of the respondents answered: **RECYCLED** products.
22% of the respondents answered: the use of **RENEWABLE SOURCE** materials.*

Next on the list, in order of importance, was the use of energy from renewable sources (14%) and last on the list was the miscellaneous item “Other”, which received 8%.

These results supported the sustainability policies enacted by RadiciGroup, which for years has carried out measures for recycling waste from its production chain and has progressively increased the use of energy generated by renewable sources.

The results of the Customer Satisfaction Survey provided ideas for improvement plans for each of the RadiciGroup companies. The implementation of such plans is subject to verification by an external certification body as a part of the audits conducted on the quality management system.

SUPPLIERS

When choosing its suppliers, RadiciGroup favours factors such as guaranteed high quality standards and assurance of a long-lasting relationship. Particular regard is given to local suppliers in order to support the development of the communities where the Group operates.

In 2012 RadiciGroup started a project involving its corporate suppliers with the goal of developing a relationship that would reach beyond mere commercial negotiations. The Group intends to build a sustainable supply chain, in which the legitimate expectations of suppliers and customers coexist, while respecting the fundamental principles of sustainability. As a first step, in February 2012 the Logistics and Procurement function performed a mapping of its suppliers in terms of their attention to environmental and social sustainability, based on the results of a short questionnaire sent to the main Italian and foreign corporate suppliers. The objective of the questionnaire was to assess the level of knowledge of the tools related to quality, safety and the environment (e.g., quality and environmental certifications), the social/sustainability report and the code of ethics. Today, these aspects are already preferential factors in choosing suppliers, but, in the future, they are going to become an integral part of a formal supplier rating system.

The questionnaire was sent to 22 contacts and received a response from 20 of them. The basic result was that the suppliers had knowledge of quality certifications, confirmed by the fact that almost all the companies polled held ISO 9001 certifications. More uncertain were the findings concerning awareness of the social/sustainability report and code of ethics. Most of the companies that responded to the questionnaire had not adopted such tools. In 2013, as the next step of the project, RadiciGroup contacted the suppliers once again advancing the proposal of working jointly on social and environmental issues on the basis of the principles expounded in its Quality, Health & Safety and Environmental Policy. The objective of this second step is to reduce the environmental and social impacts of the supply chain:

“As regards the Environment, RadiciGroup has long striven for continuous improvement in performance and has achieved visible and measurable results, by investing funds and human and technological resources to monitor and reduce its environmental footprint and encourage the environmental commitment of its customers and suppliers”

TRADE ASSOCIATIONS

[PERFORMANCE INDICATOR S05] RadiciGroup holds memberships in trade associations and actively participates in the debates that arise within these

organizations. By participating in policy discussions and development in these associations, the Group has had the opportunity to pass along its experience and make its contribution at both the domestic and international levels. In 2012, RadiciGroup representatives had memberships in about 30 different associations.

Particularly important have been the Group's contribution to sustainability matters in its collaborations with:

ASSOFIBRE (ITALIAN MAN-MADE FIBRE MANUFACTURERS ASSOCIATION): the Group joined the Assofibre UNI workgroup focusing on the development of a standard defining clear rules for the certification of recycled material content in synthetic fibres. The objective was to prevent the proliferation of textile products with self-declared green claims based on parameters that are unverified and misleading to consumers. The project was completed in 2012 with the draft standard UNI U95000220 Textiles – Synthetic Fibres – Requirements for the Declaration of the Recycled Material Content in Synthetic Fibres. In September 2012 the draft was incorporated into the UNI 11505 standard.

FEDERCHIMICA (ITALIAN CHEMICAL INDUSTRY FEDERATION): In 2003 Radici Chimica SpA joined the Responsible Care® initiative promoted by the European Chemical Industry Council (CEFIC) and has a representative in the Responsible Care® Communication Group. The objective of this Group is the development of policies and strategies for open, transparent and truthful communication on the chemical industry, illustrating the commitment of the industry on health, safety and environmental matters. A special project in 2012 was the preparation of the Responsible Care® Annual Report, which was published with a new graphic and content layout designed to make it more readable for the general public.

CIRFS (European Man-Made Fibres Association): RadiciGroup has been a long-time member of CIRFS and is actively represented in many CIRFS committees, one of which is ECOLIS, the CIRFS ecological committee, mainly dedicated to environmental policies and consumer product safety. The ECOLIS committee keeps regular contact with the offices of the Directorate-General (DG) for the Environment of the European Commission and has a representative involved in many projects, among which: the revision of the European Directive governing the criteria for obtaining the ECOLABEL and the European Directive "End of Waste Criteria" governing product end of life and recycling.

*MAIN ASSOCIATIONS
OF WHICH RADICIGROUP IS A MEMBER*

Sicurezza - AIAS
AICQ
ASSOFIBRE
European Chemical Industry - CEFIC
CIRFS
ESTO
TEX CLUB TEC
FEDERCHIMICA
NORDOSTCHEMIE
EPCA
NYLON PROMOTION GROUP 6
PLASTICS EUROPE ITALIA
Society of the Plastic Industry - SPI
Ente Italiano di Unificazione
delle Materie Plastiche - UNIPLAST

*RADICIGROUP COMPANY
ENROLLED IN 2012*

RADICI NOVACIPS S.p.A.
RADICI PARTECIPAZIONI S.p.A.
RADICI FIL S.p.A.
RADICI CHIMICA S.p.A.
RADICI PARTECIPAZIONI S.p.A.
TESSITURE PIETRO RADICI S.p.A.
RADICI PARTECIPAZIONI S.p.A.
RADICI CHIMICA S.p.A.
RADICI CHIMICA Deutschland GmbH
RADICI PARTECIPAZIONI S.p.A.
RADICI PARTECIPAZIONI S.p.A.
RADICI NOVACIPS S.p.A.
RADICI PLASTICS USA Inc.
RADICI NOVACIPS S.p.A.

SCIENTIFIC AND CULTURAL ORGANIZATIONS

As in previous years, in 2012 RadiciGroup collaborated with many Italian and foreign academic institutions on research and development projects and internship programmes.

In 2012 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 BRESCIA**
-  **UNIVERSITÀ DEGLI STUDI DI FIRENZE**
-  **UNIVERSITÀ DEGLI STUDI DI MILANO**
-  **UNIVERSITÀ DI SAN PAOLO (BRAZIL)**

Additionally, in 2012, the “RadiciGroup for Sustainability” cartoon, in which the Group presents its approach to sustainability, was released and used to foster direct dialogue with middle school students. In particular, the cartoon was shown to several classes and served as a starting point for a discussion between Group representatives and students on topics such as recycling, energy savings and consumption rationalization.

COMMUNITIES AND INSTITUTIONS

“Citizen enterprise” is a term that captures the relationship between RadiciGroup and the local community in a very effective way. Group companies have always considered and conducted themselves as “citizens” of the places hosting their plants. The firms and the communities have shared needs; together they safeguard the local environment and operate for its betterment and development, respecting each other’s roles. The men and women who live and work in the places where its production plants are located are of central importance to RadiciGroup. Indeed, in 2012, community stakeholder mapping was undertaken and specific engagement plans were prepared for each of the different community stakeholder categories identified, especially in relation to the needs highlighted by the survey (see SOCIETY performance indicators).

THE MEDIA

Creating an ongoing dialogue with its social partners is essential to RadiciGroup, in that communication is the primary tool for efficiency, knowledge and transparency. In 2012 communication by means of different media was noticeably boosted. The media, whether traditional or digital, are transversal tools, common to all types of stakeholders, and very amenable to interactive exchanges of ideas.

The data on the use of these media give a measure of the effectiveness of RadiciGroup communication strategies and provide a mapping of the points of major interest, as well as the points for potential and meaningful dialogue with social stakeholders.

THE WEB

Today the Web is the most important tool that RadiciGroup has at its disposal for communicating to the outside world. Users can download all the most important RadiciGroup corporate documents and product documentation from its corporate and business area websites. Moreover, on these sites, there are individual sections dedicated to markets, product brands, sustainability, news and events, which provide direct and immediate access to the all the information made available. The number of site users went from 86,550 in 2010 to 95,490 in 2011 and 94,890 in 2012. For a business-

to-business website, these figures demonstrate good visibility. This good performance was the result of increased attention to content quality and constant updating of published data and news.

TOTAL NUMBER OF VIEWS
for the RadiciGroup website in 2012:

503,115

THE PRESS

RadiciGroup has a press office to maintain continuous relations with the press and considers it vital to have a healthy relationship, built up over time, with authoritative Italian and international newspapers and magazines.

Every year, the press office sends customers, trade press and employees a series of editorials, news and press releases describing the Group's business activities and product innovations and promoting the RadiciGroup image. A press review of the materials is always published.

Some of the major print and online newspapers and magazines in which RadiciGroup was mentioned in 2012:

NONWOVENS INDUSTRY, FIBRE2FASHION, TEXDATA, WORLD TEXTILE INFORMATION, ECO TEXTILE NEWS, TECHNICAL TEXTILES, POLYESTER TIME, CHEMICAL FIBERS INTERNATIONAL, JUST STYLE KNITTING INDUSTRY, INNOVATION TEXTILE, FABRIC LINK, APPAREL, SPORTSTEXTILE, FROST AND SULLIVAN, SPECIAL CHEM, CORRIERE DI NOVARA, PLASTDESIGN, OMNEXUS, MACPLAS, PLASTIKER, KUNSTSTOFFE, PLAST WORLD, PRW, PLASTICS TECHNOLOGY, POLIMERICA, PLASTICA VERDE, SUSTAINABILITY LAB, BERGAMO NEWS, MILANO FINANZA, IL SOLE24ORE, CORRIERE DELLA SERA, L'ECO DI BERGAMO, TECNOLOGIA INDUSTRIALE.

Some of the main trade magazines with which RadiciGroup collaborated on editorials and advertorials in 2012:

PLUS, TECNOPLAST INTERNATIONAL, KNITTING INTERNATIONAL, INTERNATIONAL FIBER JOURNAL, IL GIORNALE DELL'ARCHITETTURA, LA CHIMICA E L'INDUSTRIA, MACPLAS, OBJECT, PLASTIX, VIEW TEXTILE MAGAZINE.

In 2012 the news section (highlights/events/webzine/press releases) of the RadiciGroup website, where the material prepared by the press office is published, generated

116,906 PAGE VIEWS.

SOCIAL MEDIA

A Social Media project was launched in 2012 out of RadiciGroup's desire to expand its online presence and, at the same time, strengthen its direct relations and dialogue with its stakeholders. At the conclusion of the selection process to determine the most appropriate websites based on user type and Internet relevance, as well as on the results of the 2012 Customer Satisfaction Survey, three main social media sites were chosen: LinkedIn, SlideShare and YouTube. These media are ideal for presenting informative materials on Group activities and initiatives and for gathering comments and suggestions from users. Below is an overview of the key results for LinkedIn and YouTube in 2012.

LINKEDIN

The RadiciGroup page on LinkedIn, the social media site for business networking par excellence, recorded constant growth in 2012 – the year when the Group created its profile – in terms of the number of visits and active participation by users through system functions (“click”, “suggest”, “comment” and “share”).

The growth in the number of views occurred primarily in the second half of the year, starting from the time the RadiciGroup page was completed by adding corporate information and multimedia content, such as links to Group news and videos on YouTube.

IN 2012:

2,965 was the number of visitors to RadiciGroup LinkedIn pages

805 was the number of people who became new “followers”, i.e., people who chose to closely follow RadiciGroup activities through LinkedIn.

(Data provided by LinkedIn profile management functions “view follower insights” and “view page insights” for the year 2012)

YOUTUBE

The total number of views of Group videos on its video channel was 618. A breakdown analysis showed that about half of the views came from Italy, followed by the USA and Germany.

TOP PERFORMER: the “RadiciGroup for Sustainability” cartoon, English and Italian versions, with a total of over 280 views.

(Statistics from 1 January to 31 December 2012)



GLOBAL REPORTING INITIATIVE (GRI) PERFORMANCE INDICATORS



CONTINUOUS IMPROVEMENT

Below RadiciGroup's 2012 actions are compared side-by-side with the "resolutions" made in 2011. This choice was made primarily for greater rigour and transparency rather than as a communication strategy. The continuous improvement principle, a term borrowed from quality management systems, is applied to every RadiciGroup scope of action.

<i>OBJECTIVES OF THE 2011 IMPROVEMENT PLAN</i>	<i>2012 ACTIONS</i>
Make further effort to reduce emissions to air by Radici Chimica SpA.	In the period 2010-2012, Radici Chimica SpA reduced its emissions to air by 62%.
Implement a strategic system at Group level for the production of products with high content of pre- and post-consumer recycled materials.	<p>A first step on waste recycling was taken by the relevant RadiciGroup business areas: Fibres and Plastics.</p> <p>In 2012, a specific Product Category Rule (PCR) on production waste and recycling was formulated. This PCR is meant to be a first step in addressing the recycling issue in a systematic way, as well as a tool for the industrial sector.</p>
Focus more specifically on rationalizing energy use.	Targeted and significant work was done by Noyfil SpA on consumption rationalization.
Define specific anti-green washing marketing and communication rules and actions.	A communication handbook with the title "No Green-Washing" was prepared in 2012 and was presented in 2013 to the staff of RadiciGroup marketing, sales and technical assistance departments in order to facilitate the correct presentation of the issues covered by the "RadiciGroup for Sustainability" project.

<p>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)</p>	<p>“Code of Ethics” and “Vision, Mission and Values” posters were posted In all Italian RadiciGroup companies.</p> <p>The digital versions of the same documents were posted on the RadiciGroup LinkedIn page.</p>
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**Green washing is the unjustified claim of environmental virtues by a firm, industrial company, political entity or organization intended to create a positive pro-environmental image of its activities and/or products or a mystifying image with the purpose of diverting attention from its responsibility for negative environmental impacts.” (Source: Wikipedia.it).*

STRATEGIES AND TOOLS FOR SUSTAINABILITY

The ISO 9001, ISO 14001, OHSAS 18001, SA 8000, ISO 50001 and ISO 14064 standards are progressively becoming organizational templates for all RadiciGroup companies.

Greater support for research and development, REACH regulation activities, LCAs, product measurements, Eco-Profiles, EPDs.

Continuing efforts to implement the Kyoto Protocol and the so-called 20/20/20 strategy: a 20% reduction in energy consumption, a 20% reduction in greenhouse gas emissions, a 20% increase in the use of renewable resources and a 20% increase in the use of recycled materials.

Total sustainability and reporting according to the GRI framework guidelines have become part of the management strategy at RadiciGroup companies.

In 2013, ongoing trial tests for:

Product Environmental Footprint (PEF)

Organizational Environmental Footprint (OEF)

ECONOMIC PERFORMANCE INDICATORS

OUR VALUES - Fairness and transparency of our management systems in compliance with all applicable laws and regulations.

At RadiciGroup, fairness and transparency in compliance with the law and the principles of prudence and reliability have always constituted the foundation of its economic and financial management for the direct and indirect protection of its employees. Although the Group does not have a formal code of conduct in matters of political economy, RadiciGroup conduct has always been guided by ever-tighter integration between business and corporate social responsibility. In making investments, i.e., making choices, the Group has been oriented towards creating durable shared values. This policy is achieved by promoting corporate technological and organizational innovation in its various companies, by supporting competitiveness and fostering the growth of its production sites synergistically with the development of the hosting communities.

[PERFORMANCE INDICATOR EC1]

CALCULATION OF VALUE ADDED (Euros)

	<i>31.12.12</i>	<i>31.12.11</i>	<i>31.12.10</i>
A) PRODUCTION VALUE	1,084,072,938	1,253,817,282	1,174,641,225
1. Sales and service revenue	1,083,052,192	1,234,071,420	1,161,178,891
2. Change in work in progress, semi-finished goods and finished goods inventories	735,353	19,312,028	13,313,670
3. Change in contract work in progress	-	-	-
4. Increase in internally generated non-current assets	285,393	433,834	148,664
5. Other revenue and income	-	-	0
B) INTERMEDIATE PRODUCTION COSTS	918,505,396	995,208,993	900,041,275
6. Raw materials, supplies, consumables and goods for resale	690,857,329	797,427,328	718,729,299
7. Services	204,261,441	205,283,171	193,988,305
8. Leases and rentals	5,212,536	4,817,409	4,174,618
9. Change in raw materials, supplies and goods for resale inventories	16,122,773	(15,020,551)	(21,865,314)
10. Provisions for liabilities and charges	556,590	608,743	873,374
11. Other Provisions	77,045	274,494	2,920,000
12. Miscellaneous operating costs	1,417,682	1,818,399	1,220,993
GROSS VALUE ADDED FROM OPERATIONS (A-B)	165,567,542	258,608,289	274,599,951
+/- Additional and extraordinary items	9,452,166	1,333,101	-7,974,700
GROSS TOTAL VALUE ADDED	175,019,708	259,941,390	266,625,250
-/- Depreciation and amortization	40,354,553	45,802,777	47,137,165
NET TOTAL VALUE ADDED	134,665,154	214,138,613	219,488,086

DISTRIBUTION OF VALUE ADDED (EUROS)

	31.12.12	31.12.11	31.12.10
A) PERSONNEL COMPENSATION	125,555,174	135,248,268	131,245,421
Contract workers	7,754,774	9,262,665	8,790,527
Employees	117,800,399	125,985,603	122,454,894
a) Direct compensation	93,222,882	101,127,691	98,461,827
b) Indirect compensation	24,577,518	24,857,911	23,993,067
B) GOVERNMENT TAXATION	850,964	21,532,299	21,843,677
a) Current taxes	7,769,973	19,734,728	22,912,910
Direct taxes	3,900,136	16,195,585	19,702,017
Indirect taxes	3,869,838	3,539,143	3,210,894
b) Deferred taxes	-6,661,576	2,174,722	-868,924
c) Revenue grants	-257,433	-377,150	-200,309
C) COST OF DEBT CAPITAL	14,639,795	14,613,318	12,834,785
Short-term loan interest	14,639,795	14,613,318	12,834,785
Long-term loan interest			
D) COST OF EQUITY CAPITAL	0	10,020,000	40,450,949
Dividends (income distributed to shareholders)	0	10,020,000	40,450,949
E) RETAINED VALUE ADDED	-6,804,896	32,287,918	12,806,253
'+/- Changes in reserves	-6,804,896	32,287,918	12,806,253
F) CHARITABLE CONTRIBUTIONS	424,117	436,810	307,000
NET TOTAL VALUE ADDED	134,665,154	214,138,613	219,488,086

The above value-added schedules follow the method provided by GBS – Study Group for Social Reporting (www.gruppobilanciosociale.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 in which it directly or indirectly holds a majority of the share capital, pursuant to Article 2359 of the Italian Civil Code.

EUR 134 million Investments made during the 2008-2012 period to support the competitiveness of its companies:

- Research and development;
- Product and service innovation;
- Plant maintenance and introduction of the best technologies available on the market;
- Improving production efficiency;
- Improving quality of products and services;
- Ensuring occupational health and safety.

93.24% Personnel cost as a percentage of total value added

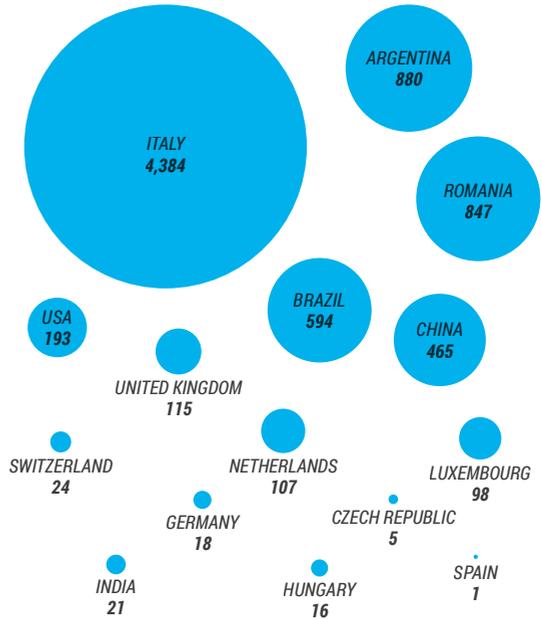
2012: 93.24%

2011: 63.16%

2010: 59.80%

Total income taxes reported in the 2012 financial statements of RadiciGroup companies worldwide.

	COUNTRY	2012
<i>Eur 1,000</i>	TOTAL	7,770
<i>Eur 1,000</i>	Argentina	880
<i>Eur 1,000</i>	Brazil	594
<i>Eur 1,000</i>	China	465
<i>Eur 1,000</i>	Germany	18
<i>Eur 1,000</i>	India	21
<i>Eur 1,000</i>	UK	115
<i>Eur 1,000</i>	Italy	4,384
<i>Eur 1,000</i>	Luxembourg	98
<i>Eur 1,000</i>	Netherlands	107
<i>Eur 1,000</i>	Czech Republic	5
<i>Eur 1,000</i>	Romania	847
<i>Eur 1,000</i>	Spain	1
<i>Eur 1,000</i>	Switzerland	24
<i>Eur 1,000</i>	Hungary	16
<i>Eur 1,000</i>	USA	193



Eur 257,433: Government grants received by Italian RadiciGroup companies in the 2012 financial year. The funds were designated for innovation, research and development projects.

Eur 2,346,233: Amount of regional business income tax paid by Italian Group companies in 2012. The taxes are used to maintain local public services.

72%: The percentage of Italian Group employees who have joined supplementary pension funds.

1.85%: 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 according to the national collective bargaining agreement).

4%: The percentage of gross salary paid by the Group's Italian companies to the supplementary pension fund PREVINDAI (Industrial Executives Pension Fund).

HUMAN RIGHTS PERFORMANCE INDICATORS

 *OUR VALUES - Putting people at the centre of everything we do and respecting their right to physical and cultural integrity.*

Respect for human rights is reflected in every aspect of RadiciGroup operations. The Group has decided on a voluntary basis to extend all the protections afforded by Italian law to its employees in all the countries where it operates, including those countries with poor employment protection and less stringent legislation. RadiciGroup strongly condemns child labour practices and any form of enslavement. All of the Group's men and women employees have been hired with a regular contract. In cases where there is no employer–employee relationship, inspections are carried out continuously at all RadiciGroup sites to check that employees are working under regular employment contracts.

Although the Human Resources function does not organize regular training activities or awareness raising events on human rights, the central importance of people and the respect for their right to physical and cultural integrity, as enunciated in the Values statement, are principles deeply shared at every level of RadiciGroup.

In every country in which RadiciGroup has a site, the Human Resources function acts as a watchdog against the occurrence of possible, even small, violations. Union representatives present at each company are another line of defence of workers' human rights. During the three-year period 2010-2012, no violations or incidents of discrimination were reported. **[PERFORMANCE INDICATOR HR4]**

As for investing activities, there are no special Group provisions regarding the defence of human rights.

Radici Yarn has proposed that the other Group companies add the statement reported below to their purchase agreements. In said statement, suppliers are required to specifically refer to their commitment to respect for human rights, abolition of forced and child labour, elimination of discrimination in their hiring practices and fighting corruption.

This is the statement Radici Yarn requires its suppliers to sign:

“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”

The proposal is under consideration by all Group companies, which are planning to adopt it in the near future.

LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS

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

RadiciGroup people live and work in 14 different countries in very diverse cultural contexts, to which these people themselves make an active contribution. One of the common denominators of all these traditions is a movement towards formal and substantive gender equality, i.e., equal rights, responsibilities and opportunities for men and women.

In the business world, equality means new career opportunities for women and special attention given by a growing number of businesses to their women employees. Aware of the fact that women often continue to bear the burden of family care at home, some companies have adopted solutions aimed at balancing the parental roles between work and family, with the objective of improving the corporate climate and fostering job satisfaction for both men and women workers.

Over time, our Group has become more and more aware of the importance of this aspect. On the ethics side, this has been achieved by adopting a set of corporate Values, which puts people at the centre of business operations and recognizes the importance of the workers' physical and cultural integrity and the importance of improving their sense of belonging and satisfaction. On a more practical level, in order to fulfil the requirements of the GRI reporting framework, the Group has started a data gathering process and monitoring programme to track the number of men and women employed in the various companies worldwide, with a breakdown by level and function in the organization.

With gender equality in mind, in this RadiciGroup Sustainability Report, a breakdown by gender is given for all the performance indicators related to human resources. Furthermore, since part of the content is conveyed by form, a few linguistic and graphic devices have been used to ensure that RadiciGroup women employees are granted due representativeness and visibility.

[PERFORMANCE INDICATOR LA 1]

TOTAL RADICIGROUP WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT AGREEMENT, REGION AND GENDER

The total workforce broken down by geographical area shows that the majority of employees is concentrated in Europe.

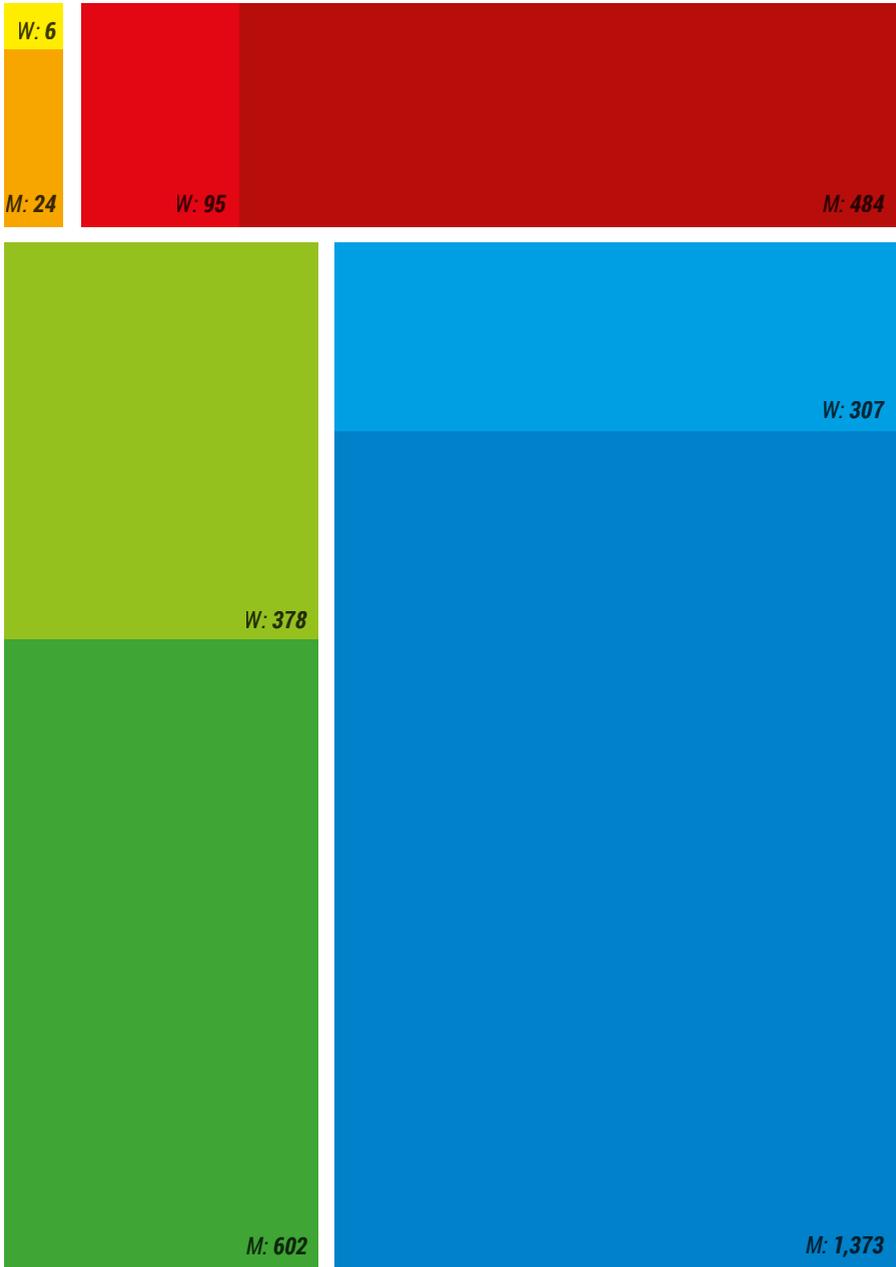
LA 1	WORKFORCE BY REGION		2010	2011	2012
<i>n</i>	TOTAL	<i>Tot</i>	3,381	3,364	3,269
<i>n</i>		<i>M</i>	2,552	2,561	2,483
<i>n</i>		<i>W</i>	829	803	786
<i>n</i>	 Italy	<i>Tot</i>	1,706	1,716	1,680
<i>n</i>		<i>M</i>	1,410	1,412	1,373
<i>n</i>		<i>W</i>	296	304	307
<i>n</i>	 Rest of Europe	<i>Tot</i>	1,019	1,030	980
<i>n</i>		<i>M</i>	596	639	602
<i>n</i>		<i>W</i>	423	391	378
<i>n</i>	 Asia	<i>Tot</i>	34	26	30
<i>n</i>		<i>M</i>	29	20	24
<i>n</i>		<i>W</i>	5	6	6
<i>n</i>	 America	<i>Tot</i>	622	592	579
<i>n</i>		<i>M</i>	517	490	484
<i>n</i>		<i>W</i>	105	102	95

Note: The chart on the following page shows data referring to 2012 only

PERCENTAGE OF WOMEN EMPLOYEES BY GEOGRAPHICAL AREA

	GEOGRAPHICAL AREA	2012
%	America	16.4%
%	Asia	20.0%
%	Rest of Europe	38.6%
%	Italy	18.3%
%	Europe (Italy + rest of Europe)	25.8%

[PERFORMANCE INDICATOR LA 1]
BREAKDOWN OF THE WORKFORCE BY GEOGRAPHICAL AREA



[PERFORMANCE INDICATOR LA 1]

**TOTAL RADICIGROUP WORKFORCE BY EMPLOYMENT TYPE,
EMPLOYMENT AGREEMENT, AND GENDER**

LA 1	EMPLOYEE		2010	2011	2012
<i>n</i>	TOTAL	<i>Tot</i>	3,327	3,317	3,216
<i>n</i>		<i>M</i>	2,500	2,523	2,436
<i>n</i>		<i>W</i>	827	794	780
<i>n</i>	Permanent employees	<i>Tot</i>	3,068	3,076	2,979
<i>n</i>		<i>M</i>	2,378	2,395	2,312
<i>n</i>		<i>W</i>	690	681	667
<i>n</i>	Temporary employees	<i>Tot</i>	259	241	237
<i>n</i>		<i>M</i>	122	128	124
<i>n</i>		<i>W</i>	137	113	113
%	permanent employees in the total employees group	<i>Tot</i>	92.2%	92.7%	92.6%
%		<i>M</i>	95.1%	94.9%	94.9%
%		<i>W</i>	83.4%	85.8%	85.5%
<i>n</i>	PART TIME EMPLOYEES	<i>Tot</i>	98	109	98
<i>n</i>		<i>M</i>	36	43	22
<i>n</i>		<i>W</i>	62	66	76
<i>n</i>	part time employees in the permanent employees group	<i>Tot</i>	98	109	98
<i>n</i>		<i>M</i>	36	43	22
<i>n</i>		<i>W</i>	62	66	76
<i>n</i>	FULL TIME EMPLOYEES	<i>Tot</i>	3,229	3,208	3,118
<i>n</i>		<i>M</i>	2,464	2,480	2,414
<i>n</i>		<i>W</i>	765	728	704
<i>n</i>	full time employees in the permanent employees group	<i>Tot</i>	2,970	2,967	2,881
<i>n</i>		<i>M</i>	2,342	2,352	2,290
<i>n</i>		<i>W</i>	628	615	591
%	full time employees in the total number of employees	<i>Tot</i>	97.1%	96.7%	97.0%
%		<i>M</i>	98.6%	98.3%	99.1%
%		<i>W</i>	92.5%	91.7%	90.3%

The data show a decrease in the number of employees of 100 units, for the most part in the RadiciGroup Fibres Business Area, where men and women were equally affected by the reduction in personnel.

The Fibres Business Area was especially affected by economic difficulties, which forced a re-organization of some of the companies. In order to safeguard employment for its Italian employees, RadiciGroup applied for and obtained ordinary, extraordinary and extended unemployment benefits and solidarity agreements. 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 2012, Italian production sites were granted 297,979 hours of unemployment benefits (ordinary, extraordinary and extended), down from 2011.

The data gathered also show that in 2012, as in 2011, a very large majority, 92% of the Group workforce, had permanent employment agreements. This confirms RadiciGroup's commitment to establishing a long-lasting relationship with its human resources. Broken down by gender, we see that the percentage of women hired with a permanent employment agreement in 2012 was 85%, up 2.1% from 2010.

Of the total RadiciGroup workforce, 97% work full-time. A breakdown by gender of the remaining 3% of part-time workers shows that 77.5% of them are women. Indeed, as family care and housework are often entrusted to women, Group companies try to meet their needs by offering them more opportunities for part-time employment. For instance, Groups companies allow mothers flexibility in personal scheduling (clock-in/out times) whenever possible. Return to work and retention rates after maternity leave is close to 100%.

In Italy, all men and women 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 paid. According to these agreements, most Italian employees receive 14 monthly salaries per year. Company employment agreements are applied to foreign workers in the absence of a collective bargaining agreement. Alternatively, local worker protection law and the labour market of each country dictate the guidelines for RadiciGroup.

All managers at Italian RadiciGroup sites are covered by the National Collective Agreement for Industrial Managers signed by Confindustria [Italian Manufacturers' Association] and Federmanager [National Association of Industrial Managers]. For managers at Group sites outside Italy, the criteria adopted are those established by the labour market in each country.

[PERFORMANCE INDICATOR LA 4]
EMPLOYMENT AGREEMENTS

LA 4 EMPLOYEES	2010	2011	2012
<i>n</i> TOTAL	3,327	3,317	3,216
<i>n</i> Collective bargaining agreement	2,267	2,328	2,252
<i>n</i> Company employment agreement	238	227	212
<i>n</i> Individual employment agreement	822	762	752
% Percentage individual employment agreement	24.7%	23.0%	23.4%

In order to promote the active employment of disabled people, above and beyond the quotas and obligations provided for by the law, the Group's Italian companies 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 training through paid internships leading to potential employment compatible with their health conditions.



[PERFORMANCE INDICATOR LA 13]
EMPLOYEE BREAKDOWN BY CATEGORY, AGE GROUP AND GENDER

LA 13 EMPLOYEE CATEGORY			2010	2011	2012
n	TOTAL	Tot	3,327	3,317	3,216
		M	2,500	2,523	2,436
		W	827	794	780
n	management < 30 years old	Tot	2	3	4
		M	1	1	1
		W	1	2	3
n	management 30< >50 years old	Tot	101	107	101
		M	83	87	81
		W	18	20	20
n	management >50 years old	Tot	51	50	57
		M	47	47	53
		W	4	3	4
n	middle management < 30 years old	Tot	14	13	13
		M	10	9	10
		W	4	4	3
n	middle management 30 < > 50 years old	Tot	204	205	208
		M	160	163	162
		W	44	42	46
n	middle management > 50 years old	Tot	72	66	67
		M	57	51	52
		W	15	15	15
n	white collars < 30 years old	Tot	74	85	60
		M	38	48	32
		W	36	37	28
n	white collars 30 < > 50 years old	Tot	310	300	307
		M	151	144	151
		W	159	156	156
n	white collars >50 years old	Tot	68	71	69
		M	41	43	42
		W	27	28	27
n	blue collars < 30 years old	Tot	362	363	381
		M	273	277	286
		W	89	86	95
n	blue collars 30 < > 50 years old	Tot	1,538	1,484	1,384
		M	1,206	1,169	1,098
		W	332	315	286
n	blue collars > 50 years old	Tot	531	570	565
		M	433	484	468
		W	98	86	97

The employee category-gender chart shows a clear predominance, in absolute numbers, of men in the blue-collar worker category. This is easily accounted for by the fact that practically all RadiciGroup companies belong to the manufacturing sector. Comparing the percentages of men and women in the same category, we note that there is a limited number of women in top management, a comparable number of men and women in middle management and a predominance of women in the white-collar worker category.

2012	WOMEN :	MEN :
Senior Management	3.5%	5.5%
Middle management	8.2%	9.2%
White collars	27.1%	9.2%
Blue collars	61.3%	76.0%
<i>Total by gender</i>	<i>100%</i>	<i>100%</i>

The percentages are calculated for each gender group separately.

Men and women employees receive equal remuneration for the same job duties and work schedule.

The Group Human Resources function may adopt an incentive system aimed at motivating employees to develop their professional skills and rewarding the results achieved. These recognition awards are presented annually to both permanent and temporary employees on the basis of their individual performance and professional conduct. Also given are bonuses related to participation in company profits, which are collective in nature.

The incentive schemes for management are based on the objectives set (Management by Objectives). The achievement of individual and corporate performance objectives is recognized through bonuses that vary from 8% to 20% of gross compensation depending on the position held in the organization.

Other benefits for all employees include canteen service at discounted prices, available at many RadiciGroup production sites, and restaurant tickets where canteen service is not provided.

Lastly, every year RadiciGroup awards scholarships to employees and their children. Scholarships are granted to university students, with a preference for students specializing in technical and scientific fields, as a reward for outstanding academic achievement. In 2012, scholarships were awarded to 9 Italian and foreign students.

TRAINING AND EDUCATION

 *OUR VALUES - Training and education are keys to innovation and continuous improvement, and not only tools for acquiring technical competence and practical skills.*

Relevant ISO 9001:2008 provisions on this matter are:

“6.2.1 General

Personnel performing work affecting conformity to product requirements shall be competent on the basis of appropriate education, training, skills and experience.

6.2.2 Competence, training and awareness

The organization shall

- a) Determine the necessary competence for personnel performing work affecting conformity to product requirements,*
- b) Where applicable, provide training or take other actions to achieve the necessary competence,*
- c) Evaluate the effectiveness of the actions taken,*
- d) Ensure that its personnel are aware of the relevance and importance of their activities and how they contribute to the achievement of the quality objectives, and*
- e) Maintain appropriate records of education, training, skills and experience.”*

Almost all RadiciGroup companies have long been ISO 9001 certified and they all pursue the training and education objectives identified through an in-depth needs analysis, as provided by the standard.

Starting at the end of 2013, Radici Partecipazioni Quality Management System certification will contribute to strengthening this process. The procedures adopted for the parent company will be extended to all companies, and thus the objectives and training tools used inside the various Group companies will be shared and become even more homogeneous within the entire Group.

The data show that, during the three-year period 2010-2012, the hours of training per employee increased, with no difference between women and men. In particular, a large increase occurred in the hours of training for blue-collar workers to ensure the necessary level of competence on health and safety matters. The effectiveness of this choice has been confirmed each year for a number of years now by continuous improvement in the indicators measuring the frequency and seriousness of injuries.

A training initiative, that included a number of classes grouped under the collective name RadiciGroup Academy, was launched in 2011 for middle and senior managers working in the various companies. The classes were designed to fulfil training needs that have arisen in the Group on topics such as change, individual leadership and team management skills.

[PERFORMANCE INDICATOR LA 10]
TRAINING AND EDUCATION

LA 10 TRAINING	2010	2011	2012
<i>hours</i> TOTAL EMPLOYEES	3,327	3,317	3,216
<i>hours</i> total hours of training	44,581	48,203	51,734
<i>hours</i> senior management	1,582	4,034	2,182
<i>hours</i> middle management	4,514	5,497	5,800
<i>hours</i> white-collar workers	7,493	9,279	7,216
<i>hours</i> blue-collar workers	30,992	29,393	36,536
<i>h/e</i> Hours/Employee	13.4	14.5	16.1
<i>h/e</i> Hours/Employee Senior management	10	25	13
<i>h/e</i> Hours/Employee middle management	16	19	20
<i>h/e</i> Hours/Employee white-collar workers	17	20	17
<i>h/e</i> Hours/Employee blue-collar workers	13	12	16

[PERFORMANCE INDICATOR LA 10]
TRAINING AND EDUCATION

LA 10 TRAINING BY GENDER	2010	2011	2012
<i>hours</i> Hours of training - Women employees	9,621	8,904	10,297
<i>n</i> Women employees	827	794	780
<i>hours</i> Hours/Woman employee	11.6	11.2	13.2
<i>hours</i> Hours of training - Men employees	34,960	39,299	41,437
<i>n</i> Men employees	2,500	2,523	2,436
<i>hours</i> Hours/Man employee	14.0	15.6	17.0

OCCUPATIONAL HEALTH AND SAFETY

“RadiciGroup management is aware that its workers’ Health and Safety is a priority and of central importance - market success and productivity notwithstanding. Group management ensures compliance with safety standards provided for by the applicable laws and regulations and has long pursued an agenda of enhancing prevention and control in order to reduce accident risks. Furthermore, management promotes transparency and collaboration in relations with local authorities and communities.”

The above statement, quoted from the Quality, Health & Safety and Environmental Policy, makes official RadiciGroup’s long-time commitment: safeguarding health and ensuring safety in the workplace. This commitment involves employees at all levels, including the employees of contractors having permanent yards on Group premises. In addition to following the laws and regulations in force in the country where the Group company is based and providing continual training programmes for employees, the Group promotes projects on occupational health and safety issues, requiring the active engagement of men and women employees. For example, target communication campaigns were designed for production sites, incentive mechanisms were created to encourage the use of individual protection equipment by workers, and awards tied to improvement in injury rates and seriousness were introduced.

The results of these efforts have certainly been positive. In the period under consideration, indicators and indices measuring the frequency and seriousness of injuries have progressively improved and have become one of RadiciGroup’s strengths, notwithstanding the fact that in 2012 the average days of absence went up slightly. In addition, no occupational diseases were reported in the 2010-2012 three-year period.

[PERFORMANCE INDICATOR LA 7]
OCCUPATIONAL HEALTH AND SAFETY

LA 7	INJURIES AND ABSENCES		2010	2011	2012
<i>n</i>	TOTAL WORK FORCE*	Tot	3,388	3,371	3,277
		M	2,559	2,568	2,491
		W	829	803	786
<i>n</i>	TOTAL EMPLOYEES	Tot	3,327	3,317	3,216
		M	2,500	2,523	2,436
		W	827	794	780
<i>hours</i>	TOTAL HOURS WORKED	Tot	5,539,578	5,602,065	5,404,556
		M	4,153,832	4,170,521	4,062,521
		W	1,385,745	1,431,545	1,342,035
<i>days</i>	TOTAL LOST DAYS	Tot	2,062	1,632	1,870
		M	1,840	1,564	1,742
		W	222	68	128
<i>n</i>	Total injuries	Tot	103	96	90
		M	95	92	79
		W	8	4	11
<i>n</i>	Total cases occupational diseases	Tot	0	0	0
		M	0	0	0
		W	0	0	0
<i>days</i>	Average days absent	Tot	10	9	11
		M	10	9	10
		W	11	9	12
<i>days</i>	Average work days	Tot	214	216	218
		M	215	215	219
		W	211	218	215
<i>n/year</i>	IR (Injury rate)	Tot	3.72	3.43	3.33
		M	4.57	4.41	3.89
		W	1.15	0.56	1.64
<i>n/year</i>	ODR (Occupational diseases rate)	Tot	0	0	0
		M	0	0	0
		W	0	0	0
<i>n/year</i>	LDR (Lost days rate)	Tot	74.45	58.26	69.2
		M	88.6	75.0	85.8
		W	32.0	9.5	19.1
<i>hours/year</i>	AR (Absentee rate)	Tot	9,525	8,532	9,833
		M	9,217	8,704	9,543
		W	10,491	7,991	10,768

* For the purpose of LA7 performance indicator, the workforce includes employees, supervised workers, and independent contractors.

Looking at the breakdown of the data by geographical area, we note that Italy, the country where more than 50% of the Group’s men and women work, shows a constant improvement in injury indicators. Asia, North America and South America remain areas where work still needs to be done. During 2013, at Radici Plastics Ltda and Radici Fibras Ltda, a communication campaign, addressed to all employees, was launched to raise awareness on matters of occupational safety.

*[PERFORMANCE INDICATOR LA 7]
INJURY BREAKDOWN BY GEOGRAPHICAL AREA*

LA 7	ITALY		
	2010	2011	2012
<i>n</i> TOTAL WORKFORCE	1,713	1,723	1,688
<i>n</i> TOTAL HOURS WORKED	2,408,883	2,429,221	2,382,860
<i>n</i> TOTAL LOST DAYS	822	740	554
<i>n</i> Total injuries	42	42	30
<i>n</i> Total cases occupational diseases	0	0	0
<i>n</i> Average days absent	12	10	11
<i>n</i> Average work days	188	186	190
<i>n</i> IR (Injury rate)	3.49	3.46	2.52
<i>n</i> ODR (Occupational diseases rate)	0	0	0
<i>n</i> LDR (Lost days rate)	68.33	61.05	46.49
<i>n</i> AR (Absentee rate)	12,453	10,391	11,685

**For the Asian area, the high rates reported must be read in light of the very small number of employees and the fact that the one injury case reported had consequences that lasted for some time.*

<i>REST OF EUROPE</i>			<i>AMERICA</i>			<i>ASIA*</i>		
<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
1,019	1,030	980	622	592	579	34	26	30
1,770,832	1,802,855	1,655,016	1,308,346	1,312,522	1,312,803	51,517	57,467	53,877
896	504	706	324	182	422	20	206	188
28	28	14	32	26	45	1	0	1
0	0	0	0	0	0	0	0	0
9	9	12	9	8	8	1	10	11
224	226	229	272	281	282	189	276	224
3.16	3.11	1.69	4.89	3.96	6.86	3.88	0	3.71
0	0	0	0	0	0	0	0	0
101.16	55.91	85.39	49.53	28.19	64.29	77.64	716.93	697.89
8,040	7,838	10,153	6,273	5,978	5,759	1,118	7,138	9,800

RADICI CHIMICA: A "KLUTZY" SPOKESMAN FOR SAFETY

The experience accumulated at Radici Chimica SpA in its Safety Management System for Major-Accident Hazards has reinforced our conviction that the participation of all men and women employees in health and safety management is a pillar for the success of the system. Furthermore, the collaboration of sub-contractors' employees is also invaluable.

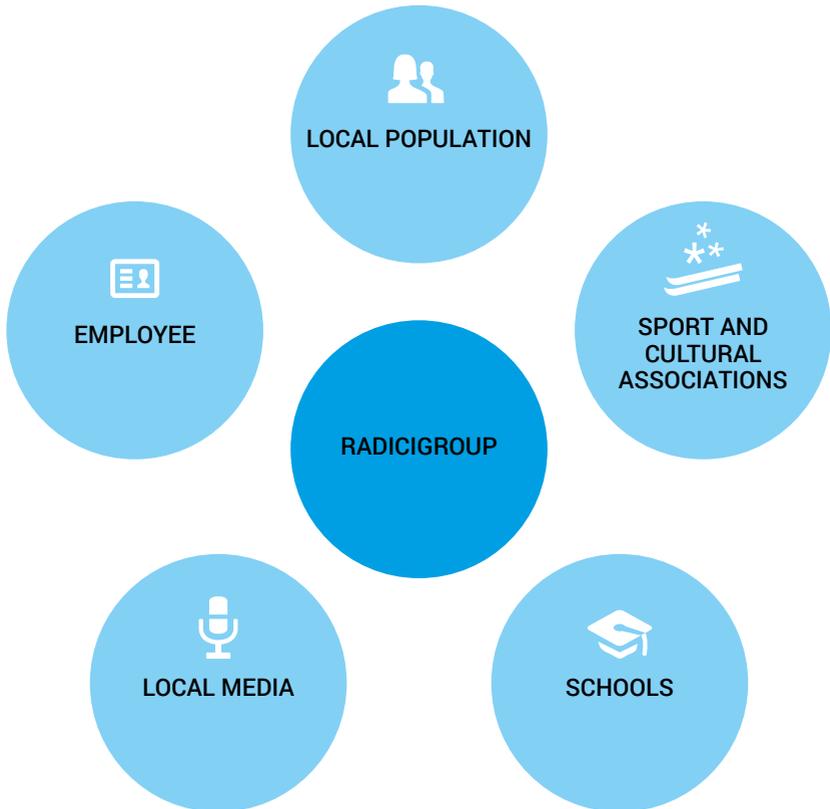
At the end of 2008, Radici Chimica SpA, which has been ISO 9001 certified since 1994, started a medium-term project to achieve ISO 14001 (Environmental Management System) certification and OHSAS 18001 (Occupational Health and Safety Management System) certification within three years. The company initiated an awareness-raising project, which was comprised of series of training and educational activities including a communication campaign with posters and brochures featuring "Klutzy Duck", a cartoon character who warns of some common hazards. This turned out to be an effective and direct communication tool, which was disseminated to all departments. The Safety Management System material was also posted on the corporate Intranet, where all workers could freely access it.

SOCIETY PERFORMANCE INDICATORS

 *OUR VALUES - Our responsibility as a company for our workers, production sites and communities.*

Renew and bring up to date the relationships with community stakeholders in a crisis situation and reach out to help wherever the needs are the greatest. Those were the inputs provided to the people who conducted an community stakeholder mapping in 2012-2013, in order to tailor collaboration, support and dialogue initiatives to social groups in continual change.

2012-2013 RADICIGROUP COMMUNITY STAKEHOLDER MAP



After studying the results of the community stakeholder mapping and listening to the various representatives, a limited number of issues were selected for further consideration. The two selection criteria were:

-  Compliance with RadiciGroup values and social experience and physical vicinity to the place where the Group plants operate, in line with the RadiciGroup motto “Global Thinking, Local Action”.
-  Duration of the activities and projects, in order to strengthen and maintain continuous relations.

The topics identified as relevant and common to all stakeholder categories were as follows:

-  ENVIRONMENT AND COMMUNITY
-  EDUCATION, TRAINING AND RESEARCH
-  ATTENTION TO PEOPLE
-  SPORT ACTIVITIES AND YOUTH CENTRES

In 2012, RadiciGroup directed its financial support primarily to initiatives concerned with the topics listed above. Overall contributions and gifts rose slightly compared to 2011, but were redistributed in a way that favoured more humanitarian organizations and health/prevention projects. This was done in order to alleviate a growing social problem: the serious difficulties that people experiencing economic hardship encounter in satisfying even their primary needs such as food and health. In relating to community stakeholders and its stakeholders at large, RadiciGroup has always complied with the principles of fairness and transparency, particularly in those relationships involving financial transactions.

In this respect, RadiciGroup’s conduct has always complied with the laws in force and with the provisions of its Code of Ethics and associated Corporate Rules on corruption matters:

“All actions, operations, transactions, and more generally speaking, conduct of employees in the performance of work related to their duties and responsibilities must be characterized by the utmost fairness, transparency and objectivity.

“Employees are prohibited from accepting and/or receiving money or other favours in exchange for suggestions given or services rendered concerning their work activities.”

These principles are supplemented by cross-audits of the parent company Radici Partecipazioni SpA and its subsidiaries. A third-party auditor’s opinion on the Consolidated Financial Statements filed by the parent company provides additional

assurance of transparency, supported by sample audits of the various Group companies conducted by the same auditing firm that gave its opinion on the financial statements.

[PERFORMANCE INDICATORS SO6-SO8] Finally, in accordance with the principle of neutrality with respect to political parties set forth in the Code of Ethics, in 2012 RadiciGroup did not make any direct or indirect contributions in their favour.

During 2012, two Group companies were assessed fines of EUR 8,667 each, but both offences were dismissed, as allowed by the Italian Penal Code for certain minor offences. In both cases in question, the offence involved exceeding the limits of emissions to air (see EN28).

Contributions and gifts in 2012 (in Euros)

	2010	2011	2012
Health and prevention, humanitarian organizations	71,800	67,025	100,130
Communities, culture and training	84,400	147,535	136,717
Sport	198,800	258,500	257,380
Total*	355,000	473,060	494,227

**The total includes the donations and gifts from RadiciGroup and Geogreen. Geogreen is involved in electrical energy production and belongs to the Radici family but is not controlled by the parent company Radici Partecipazioni SpA. Donations and gifts are jointly managed.*

OPEN DAY AT CAMPIGNANO HYDROELECTRIC PLANT: DISCOVERING CLEAN ENERGY

Every year RadiciGroup opens the doors of some of its factories and plants, with the objective of creating an opportunity for direct dialogue with the residents of the local communities. In July 2012, in collaboration with Geogreen, its partner and energy supplier, RadiciGroup organized an open day event at the hydroelectric plant Campignano (Province of Bergamo), located near the Radici Yarn SpA and Radici Novacips SpA sites. This is how Geogreen and RadiciGroup participated in the EU Sustainable Energy Week, an initiative aimed at promoting and providing information about energy efficiency and renewable energy. Through guided tours run by Geogreen experts, about

200 people, mostly from local communities, had the chance to discover how a hydroelectric plant works and the importance of clean energy from water resources.

RADICIGROUP PARTICIPATES IN CLEAN GREEN DAY

“Giornata del Verde Pulito” [Clean Green Day] was initiated by the Region of Lombardy in 1991. The event was intended to be an invitation to the people in local communities, associations, and schools to actively participate in a project for the protection and preservation of our natural resources. Every year, for this event, municipalities and provinces organize numerous initiatives aimed at improving the quality of green areas such as: picking up litter on river banks, taking care of abandoned flower beds and tree planting.

Small and big events and meetings are held to raise awareness and make people, particularly youngsters, better informed. For the 2012 edition of this event, RadiciGroup collaborated on “Clean Green Day” in Ardesio, the municipality where its company Radici Yarn SpA is located. The event included a meeting on sustainability with boys and girls from the local middle school, including the discussion of topics such as recycling, energy savings and good daily practices that help make our lifestyle more environmentally friendly.

ENVIRONMENTAL PERFORMANCE INDICATORS

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

RadiciGroup's commitment to the protection and preservation of the environment and natural resources is one of the keys to reading this Sustainability Report. Below we discuss the main issues dealt with by the Group in 2012.

RAW MATERIALS

Most of the raw materials used at RadiciGroup production sites come from oil and oil derivatives. For this reason, the Group has realized that raw materials must be used with the utmost efficiency, while reducing waste, enhancing quality and increasing waste recycling along its entire production chain.

In order to provide companies with tangible tools to increase production efficiency and quality, in 2012 RadiciGroup adopted the Six Sigma methodology, as explicitly stated in the Quality, Health & Safety and Environmental Policy:

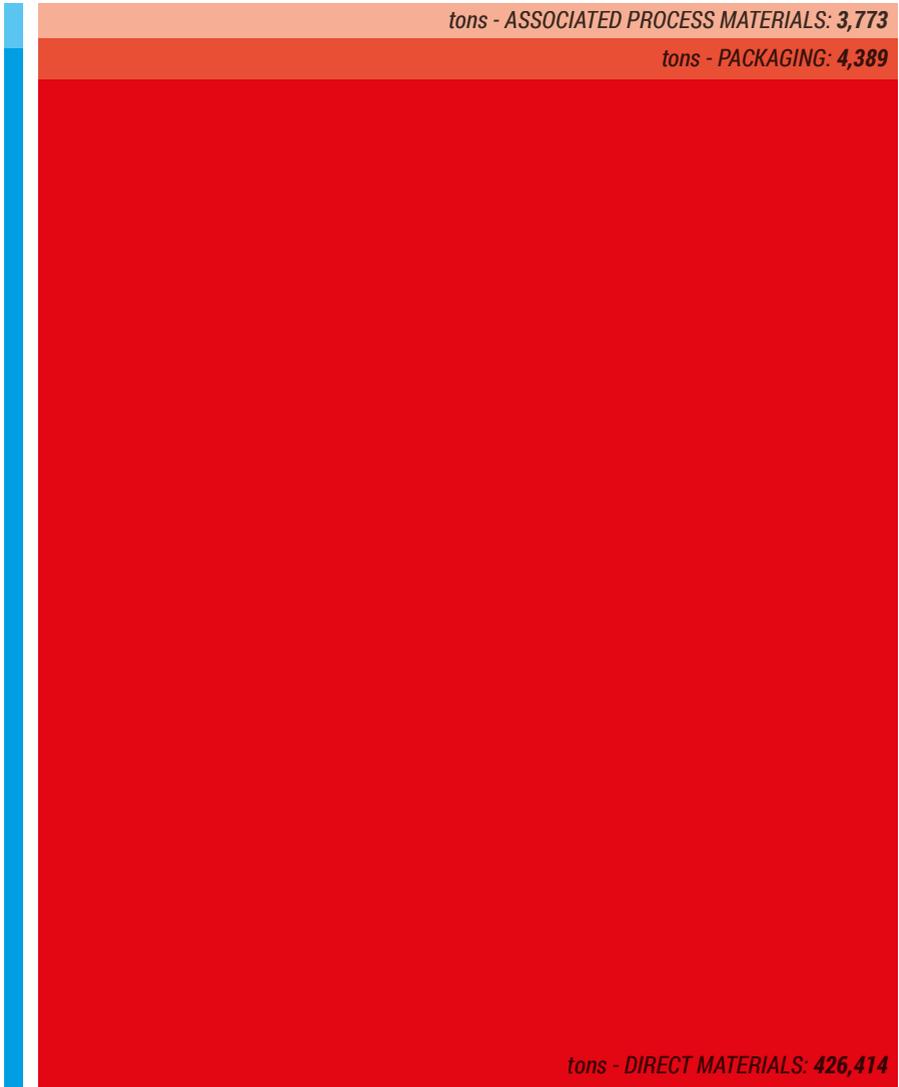
"To ensure the Quality of the products and services supplied, the Group has adopted tools, such as Six Sigma methodology, to implement robust and reliable processes, capable of reducing or preventing nonconformities and meeting the most stringent requirements.

[PERFORMANCE INDICATOR EN1] MATERIALS USED

EN 1	MATERIALS USED	2010	2011	2012
tons	TOTAL	502,509	493,917	450,363
tons	Direct materials	475,449	469,235	427,075
tons	Associated process materials	5,151	4,462	3,773
tons	Packaging	21,909	20,220	19,515
EN 1	NON-RENEWABLE MATERIALS	2010	2011	2012
tons	TOTAL NON-RENEWABLE MATERIALS	485,484	478,165	434,576
tons	 Non-renewable direct materials	475,449	469,222	426,414
tons	 Non-renewable associated process materials	5,151	4,462	3,773
tons	 Non-renewable packaging	4,884	4,481	4,389

EN 1 RENEWABLE MATERIALS	2010	2011	2012
tons TOTAL RENEWABLE MATERIALS	17,025	15,752	15,787
tons ■ Renewable direct materials	0	13	661
tons ■ Renewable associated process materials	0	0	0
tons ■ Renewable packaging	17,025	15,739	15,126

Note: the chart below shows data referring to 2012 only.



The data gathered for the year 2012 show a decrease in direct materials used, mainly as a result of a decrease in production. The use of non-renewable raw materials is still prevalent, accounting for about 96.5%. As for renewable materials, packaging makes up 3.5%, as in previous years.

Recycling has long been a part of RadiciGroup policy, which regards recycling as a process involving the entire production chain. The work done for PCR CPC8942 “Non-metal waste and scrap recovery (recycling) services” on recycling and production waste recovery is a further step in that direction.

As of today, the post-industrial recycling of waste from the Group production chain mainly involves polyamide scraps from Fibres Business Area plants, which process plastic produced by other plants in the same business area. Post-consumer materials, i.e., end products that have completed their life cycles, are recycled and treated in Polyester Business Area plants. In these plants polyester flakes from recycled PET bottles are processed in the Chignolo, Andalo and Stabio plants and then become yarn for the textile and apparel sectors.

WATER

Water is a key resource for the development of communities and business activities. Water is an indispensable resource for the production activities of RadiciGroup companies, which use a large amount in their plant cooling systems. The water withdrawn by RadiciGroup comes predominantly from rivers and canals, for the most part from the Cavour-Ramo Canal in Veveri near Novara, and the remainder, a very small per cent of the total, from the Serio River in the Seriana Valley in the municipalities of Ardesio and Villa d’Ogna, where some important Group companies are located.

[PERFORMANCE INDICATOR EN8] WATER WITHDRAWAL BY SOURCE

EN 8	USE OF WATER	2010	2011	2012
m ³	TOTAL	89,513,846	91,390,819	85,381,653
m ³	Water utilities	143,811	155,879	133,188
m ³	Springs	390,257	415,271	338,693
m ³	Wells	11,102,942	11,284,044	12,407,583
m ³	Rivers / canals	77,876,836	79,535,625	72,502,189

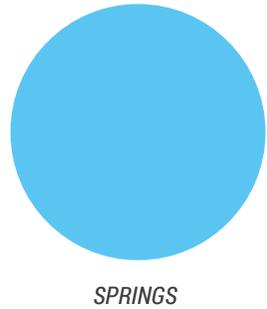
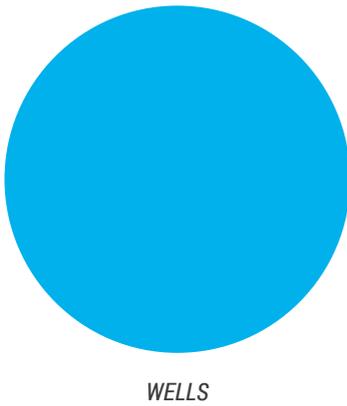
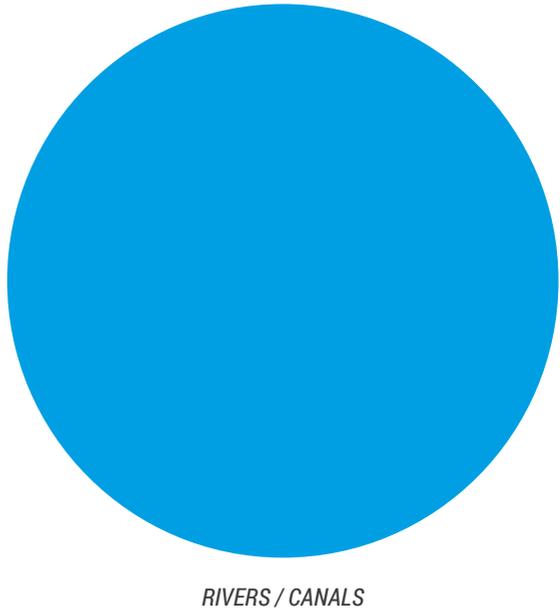
Note: in comparing these data with 2011 data, one needs to consider that in 2011 part of the water withdrawn was wrongly added to the “Water utilities” item instead of the “Wells” item, where it belonged.

WATER WITHDRAWAL PER UNIT OF PRODUCTION

INDEX	2010	2011	2012
m ³ /t	86.3	91.3	92.2

Although water consumption has decreased in absolute terms as a result of reduced production, water withdrawal per unit of production increased slightly. This is due to the fact that water usage in cooling systems can never drop below a certain “physiological” level, which is quite high, but necessary to keep the plants running regardless of the production capacity utilization rate at any given moment.

In this scenario, water savings is a key factor. The data show that the effort put into solving this problem at the various production sites has produced a steady increase in water recycling, with recirculation of the same water up to twenty times.



91% RECYCLED WATER

Note: the chart shows data referring to 2012 only.

[PERFORMANCE INDICATOR EN 10] WATER SAVINGS

EN 10 WATER SAVINGS	2010	2011	2012
<i>m</i> ³ Water withdrawn	89,513,846	91,390,819	85,381,653
<i>m</i> ³ Water recycled	76,750,351	71,909,837	77,360,437
% <i>m</i> ³ Water saved	86%	79%	91%

At Radici Chimica Deutschland, water treatment and recovery is done at a third-party wastewater treatment facility outside the company plant area. Hence, water recycling for this plant is not included here for the purpose of indicator EN10. However, it is important to stress that only a small fraction of the water consumed in the plant is actually water withdrawn from the environment.

All process wastewater is treated according to the laws and regulations in force in the countries where the Group operates. Wastewater from cooling systems is thoroughly monitored and discharged in accordance with the parameter limits set by the law. Process water is almost totally discharged into surface waters. In 2012, the quantity of water sent to internal water treatment facilities decreased from 4.3% to 3.4%. This points to a progressive improvement in the quality of process waters, which do not require treatment any longer, as is also proven by the decreasing COD (Chemical Oxygen Demand) values and the amounts of suspended solids and metals in discharged waters.

**[PERFORMANCE INDICATOR EN 21]
TOTAL WATER DISCHARGE BY DESTINATION**

EN 21 WATER DISCHARGE BY DESTINATION	2010	2011	2012
<i>m</i> ³ SURFACE WATERS	44,176,535	47,608,889	46,343,688
<i>m</i> ³ Sewers	43,618,918	47,086,110	45,975,440
<i>m</i> ³ Total	557,617	522,779	368,248

of which

WATER DISCHARGE BY DESTINATION	2010	2011	2012
<i>m</i> ³ TOTAL	44,176,535	47,608,889	46,343,688
<i>m</i> ³ Directly to destination	42,296,730	45,871,191	44,786,407
<i>m</i> ³ Process water after treatment	1,879,805	1,737,698	1,557,281
% Water processed in internal water treatment facilities	4.3%	3.6%	3.4%

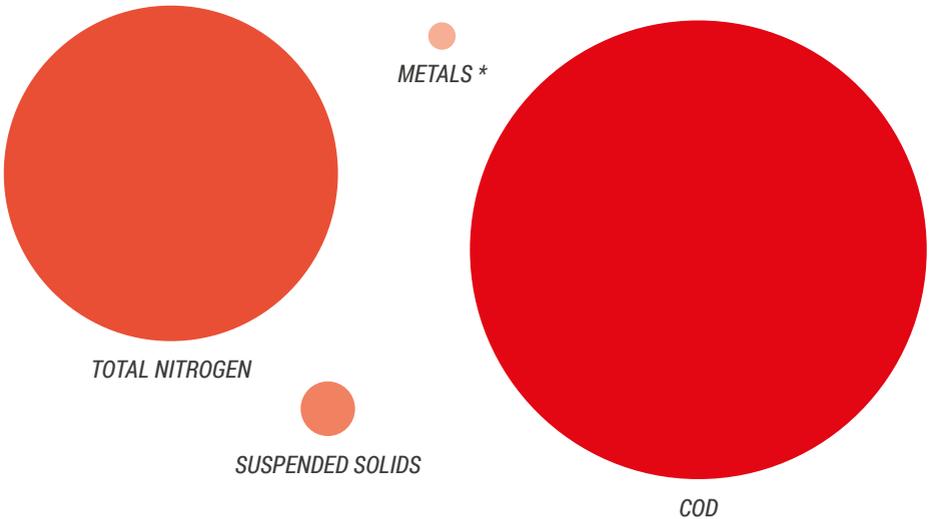
  **TOTAL WATER DISCHARGE PER UNIT OF PRODUCTION**

INDEX	2010	2011	2012
<i>m³/ton</i>	42.61	47.57	50.02

[PERFORMANCE INDICATOR EN21]
TOTAL WATER DISCHARGE BY QUALITY

EN 21 WATER DISCHARGE QUALITY	2010	2011	2012
<i>Kg</i> COD [kg O2/year]	2,151,344	1,997,375	1,849,773
<i>Kg</i> Total Nitrogen [kg N/year]	1,270,697	1,208,930	989,775
<i>Kg</i> Suspended solids [kg/year]	35,164	38,791	26,275
<i>Kg</i> Metals *	8,198	9,805	6,627

* Metals include: aluminium, chrome, iron, nickel, copper, vanadium and zinc.



CLEANER WATER

Note: the chart shows data referring to 2012 only.

RADICI CHIMICA IMPLEMENTS THE BEST AVAILABLE TECHNOLOGY (BAT) FOR WATER TREATMENT

All the effluents from Radici Chimica SpA production processes are sent to biological wastewater treatment facilities, which were designed and built implementing the best available technologies in this field. The closed tower technology adopted for the water treatment plant has a series of advantages over the open basin solution: the facilities operate equally during summer or winter, better temperature control, insulation from noise sources, elimination of odours from emissions and less space required. Proper operation of the water treatment facilities is but one of the two facets of the approach taken, the other being how water is monitored during production before being sent to treatment. In the production plants, water is constantly sampled and analysed. Water monitoring also allows for keeping production running smoothly. Continual optimization of the water treatment process, together with a series of technical projects has led to a reduction in the COD and nitrogen content of discharged waters. To alleviate the metal content problem, in 2010 Radici Chimica installed a chemical-physical treatment system upstream of the biological treatment plant, which led to overall improvement in discharged water quality.



ENERGY

Saving energy, rationalizing energy consumption, increasing energy efficiency and using renewable source energy. These are the key factors for RadiciGroup, which, together with its partner and energy supplier Geogreen, works to develop a modern energy and climate change policy along the lines of the Kyoto Protocol.

On the positive side, the data for the year 2012 show that green energy usage, in percentage terms, remained very high. Natural gas usage for the operation of thermoelectric plants rose to 99.7% in 2012, while fuel oil usage decreased. Fuel oil is used only for the operation of backup plants, which also explains the jump in fuel oil consumption in 2012 when the backup systems took over for the thermoelectric plants during an interruption in the natural gas supply.

The energy mix also improved, and the percentage of renewable source energy used in 2012 reached 41.3%. On this subject, it may be worthwhile mentioning that the Brazilian company Radici Fibras Ltda runs its production plants with 100% renewable source energy.

Overall, the quantity of self-produced hydroelectric energy used by Group companies has also increased.

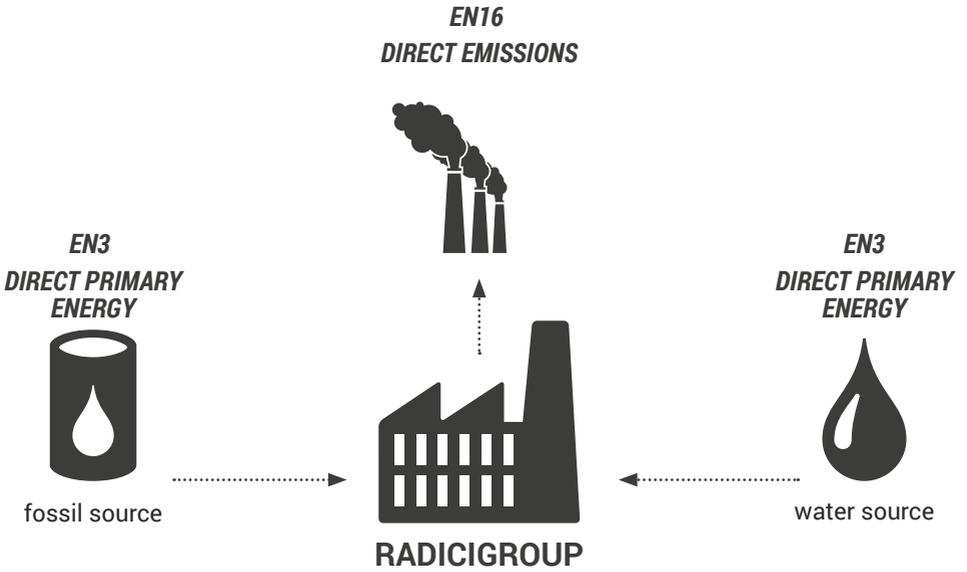
[PERFORMANCE INDICATOR EN3]

CONSUMPTION BY PRIMARY ENERGY SOURCE

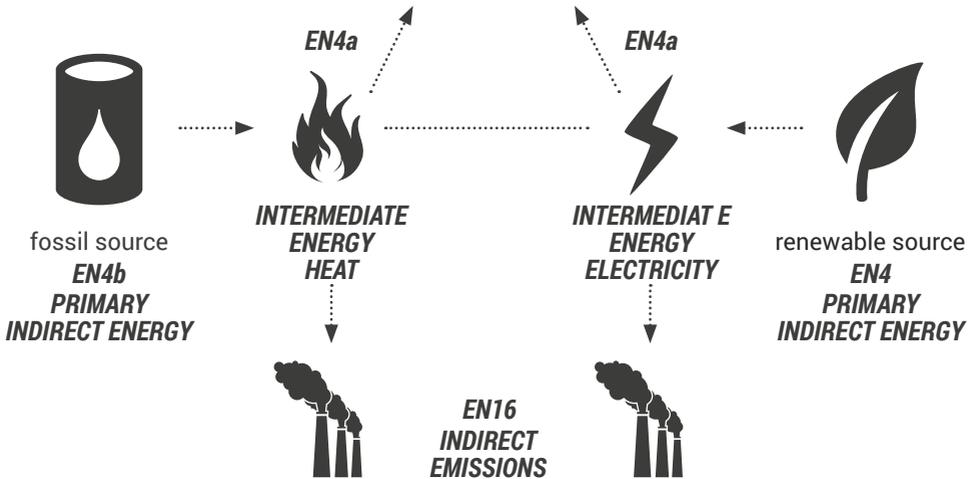
EN 3	ENERGY CONSUMPTION	2010	2011	2012
<i>GJ</i>	Total direct primary energy	3,012,257	2,866,790	2,746,899
<i>GJ</i>	Natural gas	2,958,964	2,844,227	2,737,677
<i>GJ</i>	Diesel fuel	49,280	19,849	2,360
<i>GJ</i>	LPG (Liquefied petroleum gas)	2,312	1,955	2,637
<i>GJ</i>	Fuel oil	1,701	759	4,225

DIRECT ENERGY CONSUMPTION PER UNIT OF PRODUCTION

INDEX	2010	2011	2012
<i>GJ/tons</i>	2.91	2.86	2.96



EXTERNAL ENERGY SOURCES



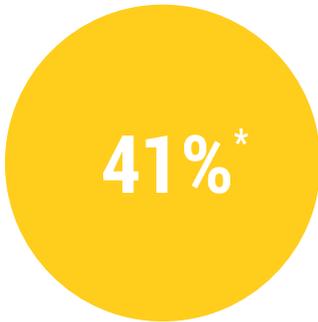
[PERFORMANCE INDICATOR EN4]
INTERMEDIATE ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (ELECTRICITY AND HEAT)

EN4-A	INTERMEDIATE ENERGY CONSUMPTION	2010	2011	2012
<i>GJ</i>	TOTAL	3,807,972	3,917,657	3,714,266
<i>GJ</i>	ELECTRICITY consumption	1,925,502	1,875,264	1,832,380
<i>GJ</i>	■ From RENEWABLE sources	826,259	799,476	757,616
<i>GJ</i>	Of which self-produced (hydroelectric)*	34,641	31,723	53,970
<i>GJ</i>	■ From NON-RENEWABLE sources	1,099,243	1,075,788	1,074,764
<i>GJ</i>	Natural Gas	572,220	595,978	567,598
<i>GJ</i>	Coal	211,590	316,092	334,450
<i>GJ</i>	Fuel oil	13,016	10,008	10,174
<i>GJ</i>	Nuclear energy	124,016	109,660	114,146
<i>GJ</i>	Other fossil sources	178,401	44,050	48,396
<i>GJ</i>	HEAT consumption	1,882,470	2,042,393	1,881,886
<i>GJ</i>	■ Natural GAS	1,882,470	2,042,393	1,881,886

  **INTERMEDIATE ENERGY CONSUMPTION PER UNIT OF PRODUCTION**

INDEX	2010	2011	2012
<i>GJ/tons</i>	1.86	1.87	1.98

For electricity only.



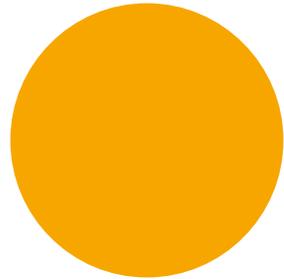
*FROM RENEWABLE
SOURCES*



FROM FUEL OIL



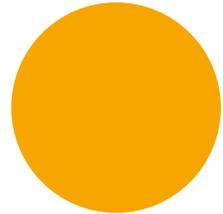
*FROM OTHER
FOSSIL SOURCES*



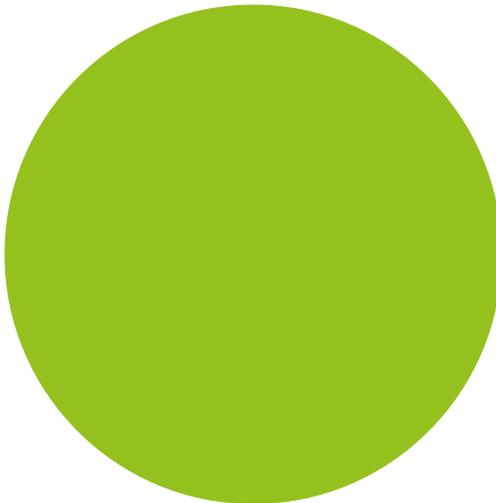
FROM NATURAL GAS



*FROM NUCLEAR
ENERGY*



FROM COAL



FROM NATURAL GAS

Notes: the chart shows data referring to 2012 only.

** percentage to be referred to intermediate energy (electricity) only.*

[PERFORMANCE INDICATOR EN4-b]
INDIRECT PRIMARY ENERGY

EN4-b	INDIRECT PRIMARY ENERGY	2010	2011	2012
<i>GJ</i>	TOTAL	4,518,648	4,742,364	4,629,187
<i>GJ</i>	For the production of INTERMEDIATE ELECTRICITY			
<i>GJ</i>	Fossil fuel	2,038,248	2,041,464	2,107,338
<i>GJ</i>	For the production of INTERMEDIATE HEAT			
<i>GJ</i>	Fossil fuel	2,480,400	2,700,900	2,521,849

  **INDIRECT PRIMARY ENERGY CONSUMPTION
PER UNIT OF PRODUCTION**

INDEX		2010	2011	2012
<i>GJ/t</i>	TOTAL INDIRECT PRIMARY ENERGY	4.36	4.74	5.00
<i>GJ/t</i>	EN 4-b Electricity	1.97	2.04	2.27
<i>GJ/t</i>	EN 4-b Heat	2.39	2.70	2.72

[INDICATORE EN3 + EN4-b]
DIRECT + INDIRECT PRIMARY ENERGY

EN3+ EN4-b	DIRECT + INDIRECT PRIMARY ENERGY	2010	2011	2012
<i>GJ</i>	fossil source	7,530,906	7,609,155	7,376,086

  **TOTAL PRIMARY ENERGY CONSUMPTION
PER UNIT OF PRODUCTION**

INDEX	Total PRIMARY ENERGY (EN3+EN4-b)	2010	2011	2012
<i>GJ/t</i>		7.3	7.6	8.0

TESSITURE PIETRO RADICI S.p.A. AND NOYFIL S.p.A. APPLY THE BEST AVAILABLE TECHNOLOGIES (BAT) TO SAVE ENERGY AND INCREASE EFFICIENCY

In 2012, at Tessiture Pietro Radici SpA, a company engaged in the production of nonwovens and artificial grass yarn, a special energy saving project was launched. The improvement plan provided for the purchase of a new compressor capable of yielding potential energy savings for 2013 of between 500 thousand and 800 thousand kWh, with respect to the consumption of the two prior years. The variables that may affect the actual energy savings are the number of compressor start-ups and the amount of air consumption on the nonwoven lines, both of which may vary slightly depending on the production mix. The first results obtained so far give every reason to hope that the initiative will be successful.

Similar satisfactory results were obtained in 2012 by the company Noyfil SpA, part of the Polyester Fibres Business Unit, where they had been struggling with inefficient compressor usage. Market instability, together with high variability in compressed air demand from the production lines, resulted in inefficient use of available compressors. Indeed, more compressed air was being produced than the quantity actually used to be on the safe side in meeting production requirements and avoid running the risk of insufficient air supply. After a period of thorough monitoring conducted with the assistance of a consultant, the ideal solution was found: the installation of a smaller compressor able to adjust to the variable energy demand.

A further benefit in terms of efficiency was obtained by installing innovative control software to optimize the use of the machines and, in certain cases, even anticipate compressed air demand. The results were immediately apparent, and the economic benefits amounted to monthly savings of about EUR 40,000 on electricity bills compared to 2011.

EMISSIONS TO AIR

Continual reduction in all emissions. This was the commitment made by RadiciGroup, which in 2012 led to the achievement of particularly gratifying results.

Emissions at all Group companies were cut in absolute terms and also, more importantly, per unit of production. Special mention for this achievement goes to Radici Chimica, which can boast a plunge in emissions to air of 62% in the 2010-2012 period. These results were obtained through considerable investment in technological enhancement and continual improvement in production processes. More specifically, the implementation of a special plan for monitoring and optimizing catalytic plant operation was responsible for a significant reduction in CO₂ equivalent emissions. Emission data were certified by Certiquality and communicated to the Italian Ministry for the Environment.

The excellent results achieved by Radici Chimica made a vital contribution to the overall success of the Group, which, in the 2010-2012 three-year period, recorded a 47% drop in greenhouse gas emissions.

[PERFORMANCE INDICATOR EN16]

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

EN16	EMISSIONS	2010	2011	2012
t CO ₂ eq	TOTAL	1,188,735	987,341	771,229
t CO ₂ eq	■ direct emissions	914,237	691,525	483,450
t CO ₂ eq	indirect emissions	274,498	295,816	287,779
t CO ₂ eq	■ Indirect emissions from generation of electricity	136,290	145,322	147,262
t CO ₂ eq	■ Indirect emissions from generation of heat	138,208	150,494	140,517

Note: the chart shows data referring to 2012 only.

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS PER UNIT OF PRODUCTION

INDEX	2010	2011	2012
t CO ₂ eq/t	1.15	0.99	0.83

140,517 t CO₂ eq.

*INDIRECT EMISSIONS FROM
GENERATION OF HEAT*

147,262 t CO₂ eq.

*INDIRECT EMISSIONS FROM
GENERATION OF ELECTRICITY*

483,450 t CO₂ eq.

DIRECT EMISSIONS

-47% EMISSIONS IN 3 YEARS

RADICI CHIMICA'S MISSION: TO REDUCE EMISSIONS TO AIR

Radici Chimica has worked for several years to make this mission a success, with tangible results to prove it. The data show a noticeable decrease in CO2 equivalent emissions, achieved by cutting nitrous oxide emissions from the catalytic decomposition plant, which breaks down the nitrous oxides generated by adipic acid production.

Additionally, in 2011 the European Union approved the OPT-IN procedure proposed by Italy to include adipic acid and nitric acid production activities in the EU Emission Trading System (ETS). The provisions of the ETS scheme has led the company to make further investments: the plan for 2012 and 2013 includes projects designed to further reduce the percentage of CO2 equivalent associated with nitrous oxide generated by nitric acid production.

[PERFORMANCE INDICATOR EN20] QUALITY OF AIR EMISSIONS

<i>EN 20</i>	<i>SIGNIFICANT AIR EMISSIONS BY TYPE AND WEIGHT</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
<i>tons</i>	TOTAL	524	527	502
<i>tons</i>	NOx	273	317	306
<i>tons</i>	SOx	0.03	1.73	0.03
<i>tons</i>	POP (Persistent organic pollutants)	0.03	0.03	0.02
<i>tons</i>	VOC (Volatile organic compounds)	21	14	18
<i>tons</i>	HAP (Hazardous air pollutants)	218	174	161
<i>tons</i>	PM (Particulate matter)	6	7	6
<i>tons</i>	Other emissions	6	14	11

[PERFORMANCE INDICATOR EN28] SIGNIFICANT FINES FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

During 2012, two Group companies were assessed fines of EUR 8,667 each, but both offences were dismissed, as allowed by the Italian Penal Code for certain minor offences. In both cases in question, the offence involved exceeding the limits of emissions to air. In order to prevent a repeat of the problem, in 2012 one of the companies took action and replaced the boiler that was responsible for exceeding

the NOX air emission limits. The other company is still waiting for clarification from the inspection agency about the sampling methodology and the kind of analyses performed.



RESPONSIBLE WASTE MANAGEMENT

Responsible waste management is the last piece in RadiciGroup's environmental sustainability picture. In 2012, all companies continued to take action towards reducing rejects and decreasing waste production. The data for 2012 show that the weight of waste by unit of production remained stable, which proves that the steps taken were, in fact, effective. In other words, as Group production decreased, so did the waste, which is not a foregone conclusion, because there is a "physiological" quantity of waste that is not directly proportional to production volume.

More than 80% of the waste generated by Group companies during the three-year period under consideration was classified as non-hazardous. As for waste management, all the European sites have long adopted procedures for the identification, labelling, sorting and storage of waste in compliance with applicable laws.

Waste is collected by authorized waste transport and disposal companies that handle the collected waste so as to ensure the utmost environmental protection. In 2012 a total of 7,534 tons of waste, equal to 64.6% of the total waste from RadiciGroup companies, was sent for recovery.

[PERFORMANCE INDICATOR EN22]

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

EN22	WASTE	2010	2011	2012
tons	TOTAL	13,599	12,604	11,660
tons	Hazardous waste	2,458	2,390	2,375
tons	 Hazardous waste recovery	131	162	98
tons	 Hazardous waste disposal	2,326	2,228	2,276
tons	Non-hazardous waste	11,141	10,214	9,285
tons	 Non-hazardous waste recovery	9,279	8,388	7,436
tons	 Non-hazardous waste disposal	1,863	1,826	1,850

TOTAL WEIGHT OF WASTE BY UNIT OF PRODUCTION

INDEX	2010	2011	2012
tons/tons	0.0131	0.0126	0.0126

*HAZARDOUS
WASTE R.: 98 t*

NON HAZARDOUS WASTE DISPOSAL: 1,850 tons

*HAZARDOUS
WASTE
DISPOSAL
2,276 tons*

NON HAZARDOUS WASTE RECOVERY: 7,436 tons

PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS

Corporate responsibility to customers, whether other companies or end consumers, means, first of all, product responsibility. RadiciGroup products are present in almost every household, car, or garment. Thus, it is not only a commercial problem, but also and foremost an ethical problem to launch products on the market that are safe and compliant with applicable laws and provide final consumers with all the information needed to evaluate and prevent any risks connected with the use of the product.

Still another important element is clear, accurate and truthful promotional information. All these aspects together make up a solid basis for correct manufacturer-user relations and are second nature to RadiciGroup in its daily operations. Special care in formulating products that excel from the point of view of both quality and performance is what sets RadiciGroup apart. What is more, RadiciGroup is committed to designing and producing sustainable products whose environmental impacts are constantly monitored with rigorous scientific methods.

BEST SUPPLIER AWARD FOR RADICI PLASTICS

Once again, in July 2012, the RadiciGroup Plastics Business Area was recognized as one of the best industrial partners and suppliers by BSH (Bosch und Siemens Hausgeräte GmbH). The German giant, third largest manufacturer in the household appliances market, honoured the Plastics Business Area with a 2010-2011 Supplier Award for innovation, product quality, service, flexibility and pricing. About 2,000 companies in 6 different categories were evaluated by BSH and, for the second year in a row, the Plastics Business Area was chosen for an award due to its level of production excellence.

RESEARCH AND DEVELOPMENT: RADICIGROUP SUSTAINABLE PRODUCTS

Over the years, constant Research and Development work has led to the design and industrialization of numerous RadiciGroup products with a reduced environmental footprint:



Manufactured using clean energy

- Radipol®: PA6, PA66 and PA6.10 polymers
- Radilon®: PA6 and PA66 engineering plastics

The polymer used to manufacture the following yarns is produced using CO.FER-certified renewable energy.

(Co.Fer 2012 supplied by partner Geogreen - www.geogreen.com):

- Radifloor®: PA6 and PA66 BCF yarn
- Radigreen®: PA artificial grass yarn
- Radilon® staple fibre®: PA6 staple
- Radilon®: PA6 and PA66 textile yarn

Manufactured using recycled raw materials...

- Heramid®: PA6 and PA66 engineering plastics
- r-Starlight®: polyester textile yarn
- r-Radyarn®: polyester textile yarn

Manufactured using biopolymers obtained from renewable source materials

- Radilon® D: PA 6.10 based engineering plastics
- Radilon® 6.10: PA6.10-based textile yarns
- dorix® 6.10: PA6.10-based staple fibre
- CornLeaf®: Ingeo™ polylactic acid (PLA) yarn

Solution-dyed... saving water and energy

- Radifloor®: PA6 BCF yarn
- dorix®: PA6 staple
- Radilon® staple fibre: PA6 staple
- Radilon®: PA6 and PA66 textile yarn
- Radyarn®-Starlight®: polyester textile yarn

BOX: RADICI PLASTICS LTDA: RICE HUSK BECOMES A FILLER FOR GENERAL MOTORS (GM) DO BRASIL AND BLACK&DECKER

Rice husk, a natural by-product of the food industry, has become a precious renewable component of the engineering plastics produced by Radici Plastics Ltda, a RadiciGroup Brazilian company. After suitable treatment, rice husk is burnt to ashes and the combustion energy is recovered. Rice husk ashes, after micronization, become a material that can be used as mineral filler for polyamides 6 and 66 to be used for high technical content applications, such as car components. Besides the obvious advantage of using a renewable material, an additional benefit of rice husk is that, because of its black colour, it requires less carbon black dye.

The eco-compound, which received approval for use by General Motors (GM) do Brasil, is a patented formulation developed by Radici Plastics Ltda laboratories in collaboration with the University of São Paulo. Automotive components containing rice husk-filled polyamide have demonstrated performance characteristics equal, if not superior, to those of components made with traditional materials and traditional mineral filler like talc. Finally, the compound has found an application niche in the household appliances sector for products such as Black & Decker irons.

MEASURING THE PRODUCTION ENVIRONMENTAL FOOTPRINT

To measure the environmental impact of its entire production chain from upstream to downstream in a systemic and rigorous manner (that is, from base polymer to engineering plastics down to synthetic fibres and nonwovens) and provide verifiable and comparable information based on scientific data.

This is the objective RadiciGroup set for itself in 2012 and one that it intends to achieve through ENVIRONMENTAL PRODUCT DECLARATIONS (EPDs) prepared according to specific PRODUCT CATEGORY RULES (PCRs), which serve as the basis for third-party verification of LIFE CYCLE ASSESSMENTS (LCAs) on the products.

[PERFORMANCE INDICATOR PR 1]

LIFE CYCLE ASSESSMENTS (LCAS) 2011-2013

In 2012 RadiciGroup continued to perform LCAs on its key products, which are polyamides and polyesters (both virgin and obtained from recycled PET bottles) for textile use.

RADICIGROUP PRODUCT LIFE CYCLE STAGES BEING STUDIED



RADICIGROUP PRODUCTS WITH LCAs COMPLETED 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-reinforced polyamide engineering plastics)



HERAMID®6 NATURAL/BLACK (post-industrial polyamide engineering plastics)
HERAMID®6.6 BLACK (post-industrial polyamide engineering plastics)

RADICIGROUP PRODUCTS WITH LCAs COMPLETED IN 2012



STARLIGHT® POY PET YARN (polyester POY textile yarn)



R-STARLIGHT®, R-RADYARN® POY R-PET YARN (polyester POY textile yarn produced from post-consumer recycled polyester)



RADYARN® (polyester textile yarn)



R-RADYARN® (polyester textile yarn produced from post-consumer recycled polyester)

STARLIGHT®, RADYARN®, R-STARLIGHT®, R-RADYARN® polyester yarn specially designed for yarn dyeing and solution dyeing.



CORNLEAF solution-dyed continuous yarn made using PLA biopolymer

RADICIGROUP PRODUCTS WITH LCAs COMPLETED IN 2013

PA6.10 POLYMER: polyamide polymer for the food sector, where the PA6.10 is made from 64% vegetable, non-food source materials.

Overall, during the three-year period 2011-2013, LCAs were performed on 90% of RadiciGroup products.

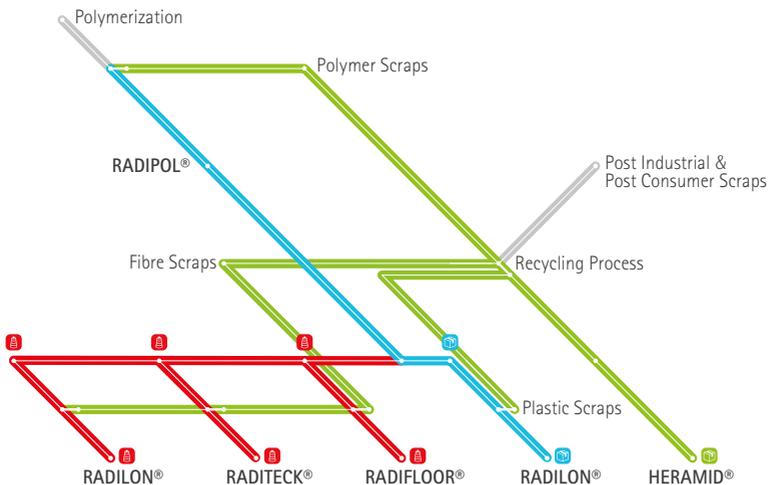
For the sake of transparency and to make the LCA results understandable to non-technically minded people, specially designed charts were designed showing, with the help of graphic elements, the results for two key life-cycle measurements. The first parameter shown in the chart is the Global Warming Potential (GWP), which is a relative measure of the contribution to the greenhouse effect per 1 kg of product. The second parameter included in the chart is the Gross Energy Requirement (GER), i.e., the total quantity of energy needed to produce 1 kg of product.

THE 2011-2012 PCR PROJECT

Starting in June 2012, two workgroups worked on preparing RadiciGroup PCRs according to ISO 14025, which were submitted in December of the same year for review by the Technical Committee of the International EPD® System, an independent international organization interested in promoting Product Environmental Declarations (EPDs) based on product category rules.

Specifically, the three PCRs submitted for review were: PCR CPC 8942 “Non-metal waste and scrap recovery (recycling) services”, concerning production rejects recovery and recycling; PCR CPC 347 “Plastics in Primary Forms”, concerning plastics in primary form; and PCR CPC 355 “Man-made fibres – filament or staple”, concerning synthetic fibres in filament or staple form. PCR CPC 347 was approved in 2012, after the PCR review procedure and public discussion phase had been completed as required for publication, while the other two PCRs were approved in 2013 and now set the guidelines for the textile and plastics industries.

RADICIGROUP PRODUCTION CHAIN AND RECYCLING



*[PERFORMANCE INDICATOR PR 3] 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 Business 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) and 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 PA6.6 and the suitability of this material for use in contact with foods. Although the company does not presently have product certification on these aspects, it is able to provide test reports on 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 Business Area companies can issue a REACH product declaration (on the absence of substances of very high concern or SVHC) and, in most cases, an RoHS declaration on the restriction of specific hazardous substances. Products destined for the automotive industry 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 the 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.

[PERFORMANCE INDICATOR PR9]

*[PERFORMANCE INDICATOR PR 6] MARKETING AND COMMUNICATION:
THE NO GREEN-WASHING COMMUNICATION PROJECT*

Presenting a product in a clear and truthful manner is a difficult endeavour in general, but it is especially challenging when it concerns claims about reduced environmental impact. Guidelines for communication on sustainability topics are the new tool for continuous improvement that RadiciGroup has decided to adopt for the 2012-2013 period.

The new rules were designed to meet the specific needs of the Group for communication about products and processes that should be as effective, transparent and rigorous as possible in accordance with the total sustainability concept, which RadiciGroup has made its own.

The objectives of the guidelines set forth in the “No green-washing communication project” are as follows:

-  Set forth a set of basic principles for communicating on matters of sustainability.
-  Define a common approach to specific questions related to Group processes and products.
-  Avoid some of the most common “green washing” communication mishaps by studying concrete cases dealing with communication on RadiciGroup sustainable products, so that the latter are described in a clear and truthful manner in all technical and promotional literature.

The above guidelines are intended primarily for staff working in communications and marketing. But their intended audience also encompasses people working on issues related to sustainability, the environment, safety, products and, more generally speaking, whoever comes into direct contact with customers and suppliers and wishes to illustrate RadiciGroup achievements in the field of sustainability.

GUIDELINES FOR CONTINUAL IMPROVEMENT: THE 2013 IMPROVEMENT PLAN

The 2013 Improvement Plan rests on the following key factors:

- Evolution of the RadiciGroup sustainability strategy.
- Suggestions coming from Group companies.
- Critical situations arising during the period under consideration.
- Best Practices at an international level.

The 2013 Improvement Plan objectives:

- Implement and regulate RadiciGroup production chain recycling of raw materials and packaging materials.
- Map all expenses and investments on environmental protection and preservation.
- Add some specific clauses associated with respect for human rights to all agreements with major suppliers and contractors.
- Map all hardware and software at RadiciGroup for the purpose of data protection and privacy.
- Make RadiciGroup employees aware of issues related to the fight against corruption.
- Draw a clear picture of the situation on gender equality and gender awareness at RadiciGroup.

ASSURANCE



ISTITUTO DI CERTIFICAZIONE DELLA QUALITÀ

AUDIT OF THE 2012 RADICI GROUP SUSTAINABILITY REPORT

Purpose

Certquality S.r.l. has been selected by Radici Partecipazioni S.p.A. to verify the Radici Group Sustainability Report for the year 2012, in order to assess compliance with the Global Reporting Initiative (GRI) guidelines, in terms of Application Level B+. This letter describes the activities conducted and reports on the audit findings and on recommendations for improvement.

The audit was carried out with reference to the "Sustainability Reporting Guidelines", version 3.1, as published by the GRI in 2011, with a particular focus on:

- verification of the principles used for defining Report Content (materiality, stakeholder inclusiveness, sustainability context, completeness);
- proper Report Boundary setting;
- verification of the principles used for ensuring the quality of the report (balance, comparability, accuracy, timeliness, clarity and reliability of the system for managing data and information);
- Report Content compliance to Application Level B+ criteria, as specified in the GRI guidelines.

The audit was conducted using the audit procedures adopted by Certquality in compliance with the UNI EN ISO 19011:2012 standard.

Methods

Audit activities were carried out by following the *modus operandi* below:

- analysis of the document entitled "*Bilancio di Sostenibilità Radici Group 2012*", with particular reference to the principles and contents described in the GRI guideline (Report Boundary Setting, Standard Disclosures and Performance Indicators);
- interviews with the staff directly or indirectly involved in the preparation of the document and in the procedures for data and information management (from data collection to subsequent processing);
- review of documents and records available at the headquarters of Radici Partecipazioni S.p.A. and in a representative sample of mostly Italian production plants (Radici Plastics in Chignolo d'Isola; Noyfil in Andalo Valtellino; RadiciFil in Casnigo; Radici Yarn in Ardesio and Villa d' Ognà; Radici Chimica in Novara; Radici Chimica Deutschland in Zeitz), concerning applicable procedures for data collection, recording and processing as well as technical and regulatory aspects of company activities.

Economic and financial data was sourced from the consolidated balance sheet of Radici Partecipazioni S.p.A., which had been the object of a prior voluntary audit and therefore was not further verified.

Verifications concerning management of the data and information contained in the report were conducted by sampling, taking care to ensure adequate coverage of all aspects touched upon in such document.

Results and recommendations

The 2012 "*Bilancio di Sostenibilità Radici Group*" report provides a comprehensive overview of the overall connections of the group companies with the context in which they operate. Performance Indicators are represented over the 2010-2012 period, enabling an assessment of group dynamics. Information is presented in a clear and balanced manner and the language used, supplemented where necessary by explanatory notes, makes the report intelligible to an audience which may not be technically-minded.



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The Report Boundary has been extended to include important group sites which had been excluded from the previous edition, in particular Radicifibras Ltda (Brazil) and Radici Chimica Deutschland GmbH (Germany), resulting in a more realistic representation of the group; only one recently-acquired company, whose contribution to group turnover is under 5%, remains excluded.

The report essentially reproduces the information and indicators included in the previous edition, although it is important to highlight the addition of the air emissions indicator, which is of particular importance in some instances to better reflect a true image of the group for aspects which were not taken into account in the previous report. Furthermore, the level of detail of the information reported is now more in line with the requirements of the GRI guidelines, such as for example gender breakdown of staff data or geographical breakdown of certain indicators. The link between corporate policies and the indicators provided is even clearer in the new report, thus improving the readability of the document as a whole and making group identity more perceptible. In addition, certain issues are presented in the current report purely from a qualitative point of view with no reference to quantitative indicators, partly because of the complexity of the required data collection in various contexts and countries. It should be noted, however, that such issues do not contribute to meeting the declared Application Level.

The data management system is well-structured, has been further documented and now offers a good degree of traceability at all levels of processing, but there remains room for improvement, particularly with respect to data transfer which is collected from group sites and transferred to processing spreadsheets, such transfer still being done manually. Furthermore, the extension of the Report Boundary to two large, new, foreign sites has further highlighted the need for greater uniformity in the criteria used for data collection from individual sites.

As regards the Application Level of the GRI Reporting Framework in accordance with the GRI guidelines, both the reported information and the Performance Indicators presented in the charts and diagrams are compatible with level B+, albeit with room for improvement. Specifically, in order to improve the quality of the data contained in the report, greater uniformity in data collection criteria between the various companies and countries is recommended, independently of the regulatory or contractual peculiarities of each. Group companies should also be required to transfer data as close as possible to that of the primary sources, so as to ensure a common approach in subsequent processing.

As for the contents of the report with respect to the GRI guidelines, the recommendation to increase efforts to quantify all Core Indicators relevant to the activity conducted is renewed, such requirement being currently partly covered qualitatively, as is the recommendation to bolster coverage of the human rights issue, especially when it comes to the quantitative representation of Performance Indicators.

Conclusions

Verification of the 2012 "*Bilancio di Sostenibilità Group*" did not give rise to any significant issues, neither as regards compliance with the principles of the GRI guidelines, nor as regards its content in terms of reported information or Performance Indicators, while still leaving some room for improvements. The report, in view of the audit activities conducted, meets the B+ Application Level.

29th October 2013

CERTQUALITY S.r.l.
The President
Ernesto Oppici

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Pictures by **Virgilio Fianza** from the project **"mezzo - corpo - immagine"**

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** Herman E. Daly is currently Professor at the University of Maryland School of Public Affairs. He was an influential Senior Economist in the Environment Department of the World Bank, where he helped to develop policy guidelines related to sustainable development.*

*** Gro Harlem Bruntland, in 1982, was the first woman as well as the youngest person ever to become the Prime Minister of Norway. In 1983, the United Nations Secretary-General invited her to establish and chair the World Commission on Environment and Development. In 1987, the Commission published the Bruntland report ("Our Common Future") containing the famous definition of sustainable development, which unifies the notions of well-being and economic growth with respect for the environment and preservation of natural resources for future generations.*



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