RadiciGroup communication campaign “Sustainability is our Great Beauty” inspired the choice of famous and timeless artworks that introduce different sections of the Sustainability Report.

**Graphic Design**
MoltiMedia S.r.l.

**Printed by**
Arte Grafica Saini – Gandino
SUSTAINABLE DEVELOPMENT:
“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
STANDARD DISCLOSURES
SUSTAINABILITY IS OUR GREAT BEAUTY

Botticelli - The Birth of Venus
VISION, MISSION AND VALUES

STANDARD DISCLOSURES 4.8

OUR VISION

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

OUR MISSION

• To promote the development of our businesses while pursuing our Group values and culture.
• To pursue our vision by valorizing and optimizing our resources, establishing strategic alliances and searching for new markets, including niche markets.
• To embed sustainability into new product and application development.

OUR 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.
LETTER FROM THE PRESIDENT

STANDARD DISCLOSURES 1.1
The results reported in the 2014 Sustainability Report show that RadiciGroup is steadily evolving. Indeed, our Group is moving ahead on all fronts towards all-around durable and sustainable development.

A perusal of the pages of the Report reveals that our Group’s strength has remained our strong commitment to environmental protection. In 2014, more accurate environmental impact measurements allowed us to mitigate and drastically reduce emissions, while at the same time achieving excellent energy performance. The measurements also allowed us to effectively pinpoint those stages in our production process requiring careful re-examination. “What can be measured can be managed” is the golden rule by which we abide at all our production sites. The proof of the application of that rule is the increasing completeness of this Report.

I am very satisfied with the ongoing collaboration between RadiciGroup and the academic and scientific community, which has generated intense research and development.

Ecodesign, or the ecologically responsible design of products, served as an important guideline during 2014, as did biopolymers, which represent the beginning of challenges to come.

Until just a few years back, it would have been impossible to make products from renewable source materials designed for recycling from the conceptual phase and featuring high performance yet a very limited impact on the environment. Our hands are making the future become a reality. I am proud to see the future in the polymers, yarns and plastics manufactured by our Group companies.

With regard to the opportunities coming up in the field of sustainable development, the bywords of our commitment will be the improvement of our environmental performance and the engagement of our stakeholders. We are going to carry out projects specifically to get to know our stakeholders better and fully understand their
expectations, and undertake joint work plans.

We want to offer our customers products with lower environmental impact, made at plants that are safe and make the best use of resources, renewable ones whenever possible. In our attempt to meet the needs of our customers, we have completed an overhaul of the organization of our business areas, and I am certain that, with their collaboration, we are going to achieve excellent results.

Working hand in hand with our suppliers, we are committed to integrating respect for human rights and worker rights into our entire supply chain, in whichever country of the world we operate.

Together with our collaborators, we will work on raising everyone’s awareness and level of responsibility, particularly in matters concerning safety, health and respect for natural resources. This will be achieved through education and training, communication, and transparency of objectives and methods.

As per tradition, we will continue to work together with the local communities organizing not only cultural and educational initiatives, but also social events: a strong connection between companies and hosting communities can yield unexpected, but always positive synergies.

In the years to come, schools, research institutes and trade associations will also be able to rely on the active presence of our Group. I believe that innovation, spurred by the interaction of research – with its rigor and method – , schools – the source of youthful energy and dynamism – , and the entrepreneurial world, is crucial to the future of RadiciGroup. In other words, we will work for a sustainable future, through concrete actions and without dodging the challenges that come our way, in collaboration with our stakeholders, whom we will listen to ever more attentively.

Usually, I dedicate the last part of my letter to giving thanks to all RadiciGroup collaborators, who deserve all the credit for the objectives we have achieved. And this time is no exception. A heartfelt thanks to everyone. I would like to conclude with a few words of encouragement to myself, my family and all who share with me the pride of “being RadiciGroup”.

Usain Bolt, the world champion considered the fastest man of all time, when asked about his life philosophy, answered:

“Just how far can I go? I don’t know, but I always try.”

Angelo Radici
President of RadiciGroup
**Q&A**

**When was this Report published?**  
*In September 2015. The Sustainability Report is an annual publication and the previous edition was published in September 2014. This Report refers the calendar year 2014.*

**Which Group companies are included within the reporting boundary of this Sustainability Report?**  
*The reporting boundary encompasses all the production companies included in the scope of consolidation of parent company Radici Partecipazioni S.p.A. Radici Partecipazioni S.p.A. is the holding company that groups together the RadiciGroup chemicals, plastics and synthetic fibres and nonwovens businesses and is controlled, directly and indirectly, by the Group holding company Radicifin S.A.p.A.*

*In this Sustainability Report the name “RadiciGroup” is used interchangeably with “Radici Partecipazioni S.p.A.”*

### IN 2014 THE FOLLOWING 21 SITES PROVIDED DATA FOR THE SUSTAINABILITY REPORT:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Country</th>
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<tbody>
<tr>
<td>Cordonsed SA</td>
<td>Argentina</td>
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<tr>
<td>Logit Sro</td>
<td>Czech Republic</td>
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<td>Noyfil SA</td>
<td>Switzerland</td>
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<td>Noyfil S.p.A. (2 sites, Italy)</td>
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<tr>
<td>Radici Chemiefaser GmbH</td>
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<td>Radici Chimica Deutschland GmbH</td>
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<td>Radici Chimica S.p.A. (Italy)</td>
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<td>Radici Fil S.p.A. (Italy)</td>
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<td>Radici Novacips S.p.A. (2 sites, Italy)</td>
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<td>Radici Parbecipazioni S.p.A. (Italy)</td>
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<td>Radici Plastics GmbH</td>
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<td>Radici Plastics Ltda (Brazil)</td>
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<td>Radici Plastics Souzhou Co. Ltd.</td>
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<td>Radici Plastics USA Inc. (USA)</td>
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<td>Radici Yarn S.p.A. (2 sites, Italy)</td>
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<td>Radicifibers Ltda (Brazil)</td>
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<td>Radici Parbecipazioni S.p.A. (Italy)</td>
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The holding company RADICI PARTECIPAZIONI S.p.A. provided data only for the economic and social indicators, and not for the environmental impact indicators, since it is a non-productive company and its environmental impact is extremely limited.

There were no joint ventures in the Group. The companies listed above represent the totality of the sales revenues of Radici Partecipazioni S.p.A. However, the shutdown of the acrylic business unit in Brazil in 2014 affected practically all the indicators. This was disclosed and taken into account in the Report.

The indicators for electricity use by the Italian sites were mainly measured and calculated based on the data provided by Geogreen S.p.A., RadiciGroup’s partner and chief energy supplier, in particular for renewable source energy.

The Geogreen Group belongs to the Radici family but is not controlled by holding company Radici Partecipazioni S.p.A. (www.geogreen.it).

There were no relevant retroactive changes in the indicators to report.
Starting in 2014, the RadiciGroup GRI Coordinating Group started to conduct more in-depth materiality analysis compared to prior years. The result of this work was the materiality matrix, a preliminary work template for this Report and a guideline along which future reports will be defined.

The materiality analysis allowed us to pinpoint the issues that RadiciGroup considers most relevant, as well as the stakeholders directly affected by those issues. From the analysis, a graph with definitive data was plotted showing the strengths and aspects of governance in need of improvement.

The main issues of the analysis were defined based on the shared expertise of each member of the Coordinating Group on matters of Human Resources, Marketing, Quality, Administration and Finance, Communication and Sustainability. RadiciGroup top management, together with Corporate Quality & Processes, Corporate Marketing and Human Resources, proceeded to examine the results of the analysis and to include the most relevant issues in strategic plans and in the improvement plan presented in this Report.

The materiality analysis is the first step of a process in which stakeholder participation is crucial, but still rather limited. For future reports, the Coordinating Group is developing a process with more direct and substantial stakeholder involvement.

Q&A

What principles determined the choice of relevant issues?

- Materiality of the issues to the business and economic activities of RadiciGroup.
- Materiality of the issues to the main stakeholder categories considered.
- Consistency with the corporate vision, mission and values.
- Consistency with the ISO 9001 certification process adopted for the holding company Radici Partecipazioni S.p.A., whose procedures, specifically on sustainability matters, are to become guidelines for all Group companies.
- Consistency with the process adopted for the integrated certification of the Quality, Safety and Environmental management systems of all Group companies.
- Consistency with the continual improvement plans being implemented at each Group company.
Which are the main stakeholder categories considered in the analysis?
Shareholders, Employees, Suppliers, Customers and local Communities.

What issues emerged from the analysis as the most material?

• Occupational policies and labour practices.
• Environmental protection (with special emphasis on the issues of emissions and energy resource usage).
• Economic value generated by the Group.
• Respect for human rights.

What is going to happen?
The above topics, which already have significant coverage in this Sustainability Report, will receive greater attention in future RadiciGroup improvement, investment and development plans.

The materiality matrix will be reviewed annually, improved, updated and expanded to include new stakeholders.

REPORTING PROCESS – REPORT DATA
STANDARD DISCLOSURES 3.6, 3.7, 3.8, 3.9, 3.10, 3.11

Q&A

Who supplied the data for the 2014 Sustainability Report on the issues identified by the materiality matrix?
About 60 people from all production sites, comprising a team for each site under the coordination of the Site Quality Manager.

What data gathering methods/systems were used?
Data gathering forms as in previous years, and a data gathering software package, which will replace the current data files starting in 2015.

What data-gathering format was adopted?
Data were gathered in disaggregate form, even within the single business areas, for greater precision and flexibility, and because disaggregate data are more amenable to aggregation at a later stage in whatever format may be required by the data analysis and/or presentation. Data were consolidated at the central level, and presented, as usual, in the form of performance indicators and, for topics of special relevance, also as indices, representing the quantity per unit of production.
What principles were adopted in aggregating data, writing comments and displaying graphs?
The principle of transparency: our performance was reported using indices and performance indicators and showing the trend over a period of at least 3 years; and the principle of prudence: in case of doubt, the least favourable outcome was reported. STANDARD DISCLOSURES 3.13

Who provided external assurance of the data and the Sustainability Report?
Verification of data accuracy and external assurance that this Sustainability Report meets the Global Reporting Initiative (GRI 3.1) requirements at a B+ Application Level were provided by Certiquality, an accredited independent certification body.

What are the contents of the Sustainability Report?
The Sustainability Report presents RadiciGroup’s vision, mission and values and a letter from the President of RadiciGroup, outlining the guidelines for the sustainable development of the Group. Furthermore, it reports on the Group’s specific commitment to its various categories of stakeholders. Then the report presents the values of a series of key indices and environmental, social, economic and performance indicators, together with an outlook of risks and opportunities. Finally, the report contains an “Improvement Plan”, a list of actions to be undertaken in order to achieve greater sustainable development with the engagement and participation of all stakeholders. STANDARD DISCLOSURES 4.16

How and where is this Sustainability Report communicated to stakeholders?

- On the RadiciGroup website.  

- On the RadiciGroup LinkedIn page.  
  https://www.linkedin.com/company/radici-group

- On the RadiciGroup SlideShare page presented as summary tables, images, charts and graphs for easy and immediate comprehension.  
  http://www.slideshare.net/RadiciGroup

- On the new RadiciGroup Twitter profile dedicated to sustainability.  
  https://twitter.com/RGSustainable

- In the Sustainability section on the RadiciGroup Intranet.

- In the RADICIGROUP NEWS newsletter (sent to employees, customers, suppliers, and media).

- In special meetings with stakeholder categories (e.g., media and banks).
By “word of mouth” from the almost three thousand people working for RadiciGroup.

STANDARD DISCLOSURES 3.4

**How can one ask questions or send in comments on the RadiciGroup Sustainability Report?**

By writing to the contacts posted on the Group website, sending an e-mail to the address sustainability@radicigroup.com and at the public events RadiciGroup organizes for local communities every year (open days, guided tours of its production sites, laboratories for students, etc. See the section on SO performance indicators and stakeholders).
SUSTAINABILITY IS OUR GREAT BEAUTY

Magritte - The Son of Man
RADICIGROUP: WHO WE ARE

Production and sales sites in Europe, North America, South America and Asia. Diversified businesses focusing on chemicals, plastics, synthetic fibres and nonwovens. Know-how. Vertically integrated nylon production. Constant commitment to guaranteeing its customers quality, sustainable innovation and reliability. All this is RadiciGroup, a leader in nylon chemicals, with its Chemicals, Plastics, Synthetic Fibres and Nonwovens Business Areas.

STANDARD DISCLOSURES 2.1, 2.2, 2.3
What are the main application sectors for RadiciGroup products?

PRODUCTS FOR FURNITURE AND HOME SECTOR
Yarns for curtains, upholstery, carpets and wall-to-wall carpets.

PRODUCTS FOR APPAREL
Yarns for clothing, lingerie, beachwear and sportswear.
Nonwovens for protective disposable clothing.

PRODUCTS FOR THE AUTOMOTIVE SECTOR
Engineering plastics for car interiors and engine components.
Yarns for car interiors and airbags. Nonwovens for headliners, seatings and airbag covers.

PRODUCTS FOR THE INDUSTRIAL SECTOR
Yarns and engineering plastics for special applications in the industrial sector.

PRODUCTS FOR THE SPORTS SECTOR
Yarns for sportswear.
Yarns for sports fields, recreational and domestic indoor and outdoor applications.
OUR KEY NUMBERS
STANDARD DISCLOSURES 2.5, 2.8

PERSONNEL
2,997 employees

2014 SALES REVENUES*
(millions of Euros)

479 Fibres & Nonwovens
396 Chemicals
254 Plastics
5 Other Businesses

*the figures given for the individual business areas include intercompany transactions among the various business areas.
WHERE WE ARE

ASIA
CHINA
Shanghai ✆
Suzhou

INDIA
New Delhi ✆

AMERICAS
ARGENTINA
Buenos Aires
Rio Grande

BRAZIL
Araçariguama
São José dos Campos

USA
Wadsworth

EUROPE
FRANCE ✆
Saint Priest

ITALY
Andalo Valtellino
Ardesio
Casnigo
Chignolo d’Isola
Gandino
Novara
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

Non productive site

To learn more:
SHAREHOLDERS

RadiciGroup is a family owned and operated industrial group. The Radici family owns a majority interest in the Group and controls the strategic direction of the Group in collaboration with the Board of Directors. Acting in their respective capacities of President, Vice President and member of the Board of Directors, Angelo, Maurizio and Paolo Radici manage the daily Group business operations.

The following functions report to the President: Human Resources; Administration, Finance and Control; Information and Communication Technology; Marketing; Research and Development; and Business Development. Reporting to the Vice President are Logistics and Procurement; Strategic Raw Materials; Quality and Processes; and the various business areas.
**ORGANIZATION CHART**

**Founders**
- Pietro Radici
- Gianni Radici

**Shareholders**
- Paolo Partecipazioni Srl
- Angelo Radici Partecipazioni Srl
- Maurizio Radici Partecipazioni Srl

**Radici Partecipazioni BOD**
- Angelo Radici
- Maurizio Radici
- Paolo Radici
- Luigi Gerolla
- Alessandro Manzoni
- Edoardo Lanzavecchia
- Pecuvio Rondini

*as of 1 June 2015*

**OPERATIONS**
- New Market and Product Development
- Business Planning

**ORGANIZATIONAL SYSTEMS DEVELOPMENT**

**CORPORATE**
- Research and Development Coordination
- Strategic Resource Identification and Allocation
Board of statutory auditors
- President: Aldo Piceni
- Vice President: Maurizio Radici

Ethics Committee
- President: Alessandro Manzoni
- Members: Enio Gualandris, Francesco Pezzotta, Aldo Piceni, Filippo Servalli

Radici Partecipazioni S.p.A.
- President: Angelo Radici

ADMINISTRATION, FINANCE AND CONTROL
- Alessandro Manzoni

HUMAN RESOURCES
- Enio Gualandris

INFORMATION TECHNOLOGY
- Alessandro Milesi

CORPORATE MARKETING
- Filippo Servalli

RESEARCH & DEVELOPMENT
- Pierpaolo Babini

BUSINESS DEVELOPMENT
- Angelo Radici (ad interim)

LOGISTICS AND PROCUREMENT
- Massimo De Petro

QUALITY AND SYSTEMS
- Stefano Alini

ORGANIZATIONAL SYSTEM DEVELOPMENT

BUSINESS UNIT

PLASTICS BUSINESS AREA
- Luigi Gerolla

CHEMICAL BUSINESS AREA
- Stefano Loro

FIBRES BUSINESS AREA
- Nicola Agnoli

FLOORING BU
- Oscar Novali

BU PET
- Oscar Novali

NONWOVENS / ARTIFICIAL GRASS YARN BU
- Enrico Buriani

FIBRES BUSINESS AREA
- ACRYLIC FIBRES SOUTH AMERICA
- Stefano Loro

• Group Services and Platforms
• Marketing and Communication
In 2014, RadiciGroup began to restructure its corporate organization with the objec-
tive of better adapting the Group's organizational structure to the profoundly chang-
ing market.
While continuing on its path to process and product innovation, always committed to
improving quality, efficiency and services, RadiciGroup has embarked on an overhaul
of its organizational structure, which is due to become effective in 2015. The opera-
tion was communicated by the Shareholders in a letter sent to the Group’s top-level employees:

"After a careful evaluation and much intense work, we have realized that
our foremost concern is to be even closer to our markets and our cus-
tomers, in order to be in a position to provide better service and better assistance. And, what's more, to make them aware of our strength, our worldwide presence, our values, our commitment and our determination to be competitive and create value in everything we do.

To achieve the above objectives and become a group not only in form but also, and above all, in substance, we need to reshape our internal structure evolving towards an organizational model that ensures the ca-
pability:

• To be even more flexible and react more quickly when responding to challenges and to anticipate market trends.

• To embark on a virtuous path of collaboration, fostering Group-wide cooperation and taking advantage of all possible Group synergies."

CORPORATE GOVERNANCE

Q&A

What is the current RadiciGroup governance system?
The key governing bodies of Radici Partecipazioni S.p.A., the Group holding company, are as follows: the Board of Directors, performing the administrative functions, and the Board of Statutory Auditors controlling and monitoring the administrative body. The Board of Statutory Auditors consists of 3 members, who hold office for 3 years. The Board of Directors consists of 7 members, who hold office for 1 year, and has the broadest powers to manage the Group and acts as its representative before third parties.
Who are the members of the Board of Directors? How are they selected?
The seats on the Board of Directors are held by the majority shareholders together with members selected from various professional areas, inside and outside the Group, based on their proven professional competence and experience.

What are the role and responsibilities of the Board of Directors?
In 2014 the Board of Directors held 9 meetings to decide on matters of a strategic and financial nature, to approve the main directives on Group organizational structure, to define and approve investment funds, and to approve the Consolidated Financial Statements. The decisions of the Board of Directors are the basis for RaidciGroup’s overall strategy (RaidiciGroup Business Plan) and the strategies of the individual business areas.

What is the relationship between the Board of Directors and the Group’s business areas?
For each business area, the Board of Directors appoints a Business Area Manager with high-level management and technical expertise, putting them in charge of the development, management and commercial policies of their respective areas. The nature of the location/community plays an important role in the choice of Business Unit (BU) Managers. BU Managers have great decisional and operational autonomy and, in some instances, also hold the position of managing director of their respective companies, with powers of ordinary administration.

The role of BU Managers is essential in that they act as spokespersons, reporting the needs of their respective sites and areas to the Board of Directors. The Board avails itself of the BU Managers for the implementation of the Group Business Plan.

Ideas, assessment and strategies are discussed and evaluated at key meetings that are part of routine company operations.

- Radici Partecipazioni S.p.A. Board of Directors’ meetings: to carry out strategic and operational evaluations of business performance based on Key Performance Indicator (KPI) Assessment.

- Group Quality Department meetings: held quarterly to discuss and assess performance through the analysis of process KPIs, problematic issues, the costs of quality (Cost of Poor Quality [COPQ], internal and external error cost, and Cost of Control and Prevention [CQCP]), and recommendations from the individual 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.
“The Code of Ethics represents a set of values, principles and rules of conduct that RadiciGroup employees must follow in their work activities. The Shareholders, members of the Board of Directors and the Board of Statutory Auditors shall be guided by the values and principles set forth in this Code of Ethics.” (excerpted from the RadiciGroup Code of Ethics)

Disseminating and promoting knowledge of the Code of Ethics and monitoring compliance with its provisions are the tasks of the Group Ethics Committee, which comprises highly experienced and professional key corporate figures:

- a director representing the Radici Partecipazioni S.p.A. Board of Directors, who serves as Chair of the Committee;
- The Chair of the Radici Partecipazioni S.p.A. Board of Statutory Auditors;

Effective May 2015, the RadiciGroup Corporate Marketing Manager has also become a member of the Ethics Committee and has the responsibility of overseeing the Sustainability Report.

To disseminate the Code of Ethics, the Ethics Committee counts on the collaboration of the GRI Coordinating Group. The document is available on posters hanging in all the Group companies, translated into the appropriate local language.

The governance of sustainability matters is carried out by all the Group functions according to general principles set out in a special procedure on Sustainable Development defined by Radici Partecipazioni and signed by the Vice President of RadiciGroup:

**Board of Directors**
Is directly involved in defining the RadiciGroup Business Plan (BP).

**Ethics Committee**
Disseminates, promotes and monitors compliance with the provisions of the Code of Ethics, and promotes RadiciGroup policies on Corporate Social Responsibility (CSR) and sustainability.
Chief Executive Officer (CEO)
Defines the Group guidelines for Group CSR and the RadiciGroup for Sustainability project based on input from the GRI Coordinating Group and all the stakeholders.

Approves the annual RadiciGroup Sustainability Report and highlights the key points of the Report in the “Letter from the President”.

Chief Operating Officer (COO)
Coordinates the Business Unit (BU) Managers in the development of sustainability policies and improvement plans in line with Group corporate policies and specific policies for each business area.

Business Unit Managers
Define specific BU plans and site sustainability policies for their respective BUs, on the basis of the Group’s corporate policies and Business Plan. Support the BU work groups by providing funds for the activities identified in the improvement plans on sustainability matters.

Function Managers
Support the GRI groups in gathering information and assist them in the planning stage of improvement plans and projects. Act as the guarantors for the reliability, traceability and correctness of the data supplied for their processes.

Based on sustainability goals charted by the GRI Group, the following operating groups were created:

The GRI Coordinating Group
Collaborates with the Ethics Committee in disseminating the content and values of the Code of Ethics through the Sustainability Report and other initiatives aimed at informing and engaging stakeholders. Coordinates the GRI Groups of the subsidiaries providing them with the rules and training needed for homogeneous data gathering procedures. Collects input on improvement actions from the subsidiaries and then analyses, assesses and incorporates the information in the improvement plan consistently with the quality, environmental, safety, energy and social policies of each site and RadiciGroup as a whole.

Site/BU GRI Group
Gathers the data for sustainability reporting according to the principles of consistency, accuracy and homogeneity required for consolidating the data and by RadiciGroup policies.

Analyses, assesses and plans improvement plans in close collaboration with the GRI Coordinating Group, and in a manner that is consistent with the quality, environmental, safety, energy and social policies of each site and RadiciGroup as a whole.
In collaboration with Function Managers, implements sustainability improvement actions set out in the company and RadiciGroup improvement plans.

Disseminates the Sustainability Report to the site stakeholders (employees, customers, suppliers, etc.).

Excerpted from the procedure “PR8 – SUSTAINABLE DEVELOPMENT MANAGEMENT PROCEDURES” version of 11 May 2015.

A key role in the implementation of the sustainability policy is performed by the Environmental Product Declaration (EPD) Workgroup. During the last two years, this team set up the processes for gathering and processing data, which led, to the publication in 2014 of important EPDs for products and processes at Radici Fil S.p.A. and Radici Novacips S.p.A.

QUALITY, SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEMS

STANDARD DISCLOSURES 4.8 + DISCLOSURE OF MANAGEMENT APPROACH

An important role on the path to sustainability belongs to the site and corporate Quality functions. In fact, Quality Managers serve as coordinators of the RadiciGroup sustainability teams.

Q&A

What are the objectives of the Quality Management System?

Based on the RadiciGroup Quality, Health & Safety and Environmental Policy set out in 2012, the aims set out by the Quality Management team are as follows:

- to pursue sustainable development through the active engagement of all the people working for RadiciGroup;
- to gain stakeholder satisfaction through the continuous improvement of business activities, processes and products.

How is the Corporate Quality & Processes function structured?

Corporate Quality & Processes reports directly to the RadiciGroup Vice President, collaborates with the teams of the individual production sites to harmonize the Quality Management Systems, coordinates the assessment of the various companies’
performance through the collection of KPIs and the analysis of the Costs of Quality, and develops improvement plans. Constant dialogue among all parties involved is crucial to the development of strategies and policies “customized” to the needs of the individual sites without losing sight of the corporate vision and objectives.

What are the future objectives of this function?
In 2004, this function started all the activities related to the realization of the quality management system for holding company Radici Partecipazioni S.p.A., in accordance with ISO 9001:2015 Revision. The procedures set forth by this standard, particularly the procedure “PR8 – SUSTAINABLE DEVELOPMENT MANAGEMENT PROCEDURES”, make up the basis of the sustainability management model adopted by RadiciGroup.

To learn more about RadiciGroup “Quality, health and safety, and environmental policy”

CERTIFICATIONS 2014

In 2014, 4 new certifications were achieved by Group companies.

A special effort was made by Logit Sro, which in one short year received three certifications: ISO 9001, ISO 14001 and ISO 50001. At the beginning of 2015, Noyfil S.p.A. gained OHSAS 18001:2007 certification for its Chignolo and Andalo production sites.

After receiving ISO 14001:2004 environmental certification in 2013, Radici Fil S.p.A. set obtaining energy management system certification to ISO 50001 as its goal for 2014-2015. This is the standard that the company intends to adopt in order to improve and optimize its performance in energy efficiency.

An aid to the Group’s future strategy is EPD Process Certification received by the Plastics Business Area and AEON certification obtained by Radici Chimica S.p.A. for its biopolymers (polyamide 6.10 and polyamide 10.10).

The transition of all Group companies to a single independent certification body is almost complete. This move is In keeping with RadiciGroup policy guidelines to unify and build synergies among the different Group production sites.
## CERTIFICATIONS 2014

### RADICI GROUP SITE

#### CORPORATE

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#### FIBRES AND NONWOVENs

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<tr>
<td>RADICI FIL S.p.A.</td>
<td>EA 04</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<td>LOGIT Sro</td>
<td>EA 04</td>
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<tr>
<td>RADICI YARN S.p.A. – Villa d’Ogna</td>
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<td>RADICI YARN S.p.A. – Ardesio</td>
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<tr>
<td>SC YARNEA Srl</td>
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<tr>
<td>RADICI CHEMIEFASE GmbH</td>
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<tr>
<td>NOYFIL S.p.A. – Chignolo d’Isola</td>
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<tr>
<td>RADICIFIBRAS Ltda</td>
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<tr>
<td>TESSITURE PIETRO RADICI S.p.A.</td>
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#### PLASTICS

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<tr>
<td>RADICI NOVACIPS S.p.A. – Villa d’Ogna</td>
<td>EA 14</td>
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<tr>
<td>RADICI PLASTICS GmbH</td>
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<tr>
<td>RADICI PLASTICS Ltda</td>
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<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>RADICI PLASTICS Co. Ltd.</td>
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<td>✔️</td>
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<td>✔️</td>
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<tr>
<td>RADICI PLASTICS USA Inc.</td>
<td>EA 14</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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#### CHEMICALS

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<tr>
<td>RADICI CHIMICA NOVARA S.p.A.</td>
<td>EA 12</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>RADICI CHIMICA DEUTSCHLAND GmbH</td>
<td>EA 12</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>9001 e 16949</td>
<td>16949</td>
<td>14001</td>
<td>18001</td>
<td>50001</td>
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</table>

- **Certified**
- **Work in progress**
- **Newly certified in 2014**
- **Change in certification body**
The year 2014 was an exciting one for RadiciGroup, as three of its companies – one from each of its three business areas – received awards for their achievements.

Radici Chimica S.p.A. received a Product Stewardship Award, a recognition that the Italian Chemical Federation Federchimica bestows annually on member companies for their commitment to responsible product management. Radici Chimica S.p.A. – RadiciGroup production site in the province of Novara, engaged in the production of PA6.6 polymer and related intermediates – was recognized for successfully testing the Organization Environmental Footprint (OEF) and Product Environmental Footprint (PEF) methodology for calculating and communicating its environmental performance. The company initiated testing activities in July 2013, after signing a voluntary agreement with the Italian Ministry for the Environment to use the PEF methodology to assess, measure and quantify the reduction in the environmental impact of the polyamide 6.6 and related intermediates obtained though an emission abatement plant built at the Novara plant.

Radici Novacips, a company in the RadiciGroup Plastics Business Area, and Tesstiture Pietro Radici, in the Fibres & Nonwovens Business Area, were presented with a Certiquality Certificate of Excellence in recognition of their achievement and successful integration of three certifications, specifically, their Quality (ISO 9001), Environmental (ISO 14001) and Occupational Health and Safety (OHSAS 18001) Management Systems. This certificate acknowledges RadiciGroup’s commitment to engaging in overall sustainability in a structured way, taking into consideration the environmental and health and safety aspects.

### OTHER CERTIFICATIONS

<table>
<thead>
<tr>
<th>RADICI GROUP SITE</th>
<th>Industry Code</th>
<th>Certifications</th>
<th>CERTIFICATION BODY</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>RADICI CHIMICA NOVARA S.p.A.</td>
<td>EA12</td>
<td>OEF / PEF</td>
<td>Certiquality</td>
<td>2013</td>
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<tr>
<td>RADICI PLASTICS USA Inc.</td>
<td>EA14</td>
<td>ISO/IEC 17025:05</td>
<td>AZLA</td>
<td>2013</td>
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<tr>
<td>RADICI NOVACIPS S.p.A.</td>
<td>EA14</td>
<td>OEF / PEF</td>
<td>Certiquality</td>
<td>2014</td>
</tr>
<tr>
<td>RADICI NOVACIPS S.p.A.</td>
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<td>EPD</td>
<td>Certiquality</td>
<td>2014</td>
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<tr>
<td>RADICI NOVACIPS S.p.A.</td>
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<td>EPD</td>
<td>Environdec</td>
<td>2014</td>
</tr>
<tr>
<td>NOYFIL SA</td>
<td>EA04</td>
<td>UNI 11505 - R Starlight</td>
<td>Certiquality</td>
<td>2014</td>
</tr>
<tr>
<td>NOYFIL S.p.A.</td>
<td>EA04</td>
<td>UNI 11505 - R Radyarn</td>
<td>Certiquality</td>
<td>2014</td>
</tr>
<tr>
<td>RADICIFIL S.p.A.</td>
<td>EA 04</td>
<td>EPD</td>
<td>Certiquality</td>
<td>2015</td>
</tr>
</tbody>
</table>

NOTE: *For RADIPOL DC (PA6.10) and RADIPOL DX (PA 10.10)
The year 2014 was an exciting one for RadiciGroup, as three of its companies – one from each of its three business areas – received awards for their achievements.

Radici Chimica S.p.A. received a Product Stewardship Award, a recognition that the Italian Chemical Federation Federchimica bestows annually on member companies for their commitment to responsible product management. Radici Chimica S.p.A. – RadiciGroup production site in the province of Novara, engaged in the production of PA6.6 polymer and related intermediates – was recognized for successfully testing the Organization Environmental Footprint (OEF) and Product Environmental Footprint (PEF) methodology for calculating and communicating its environmental performance. The company initiated testing activities in July 2013, after signing a voluntary agreement with the Italian Ministry for the Environment to use the PEF methodology to assess, measure and quantify the reduction in the environmental impact of the polyamide 6.6 and related intermediates obtained through an emission abatement plant built at the Novara plant.

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ECONOMIC PERFORMANCE INDICATORS

+ DISCLOSURE OF MANAGEMENT APPROACH

At RadiciGroup the interdependence between economic and financial activities and sustainable development involves a series of factors, including employment protection, the creation and distribution of value added, safeguarding the community through substantial and continual expenditures for the protection of the environment and its inhabitants, and fair and transparent tax management in every country where it operates. All the above actions are crucial elements of the business operations of RadiciGroup, which considers economic sustainability a key factor in doing business.

PERFORMANCE INDICATOR EC1

CALCULATION OF VALUE ADDED

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>A) PRODUCTION VALUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Sales and service revenue</td>
<td>1,026,788,990</td>
<td>1,052,493,758</td>
<td>1,084,072,938</td>
</tr>
<tr>
<td>2. Change in work in progress, semi-finished goods and finished goods inventories</td>
<td>4,917,409</td>
<td>9,414,333</td>
<td>735,353</td>
</tr>
<tr>
<td>3. Change in contract work in progress</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Increase in internally generated non-current assets</td>
<td>188,339</td>
<td>184,652</td>
<td>285,393</td>
</tr>
<tr>
<td>5. Other revenue and income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B) INTERMEDIATE PRODUCTION COSTS</strong></td>
<td>835,206,659</td>
<td>871,656,161</td>
<td>918,505,396</td>
</tr>
<tr>
<td>6. Raw materials, supplies, consumables and goods for resale</td>
<td>645,415,439</td>
<td>671,887,411</td>
<td>690,857,329</td>
</tr>
<tr>
<td>7. Services</td>
<td>179,104,337</td>
<td>198,793,212</td>
<td>204,261,441</td>
</tr>
<tr>
<td>8. Leases and rentals</td>
<td>5,525,369</td>
<td>5,326,634</td>
<td>5,212,536</td>
</tr>
<tr>
<td>9. Change in raw materials, supplies and goods for resale inventories</td>
<td>3,007,777</td>
<td>(6,287,138)</td>
<td>16,122,773</td>
</tr>
<tr>
<td>10. Provisions for liabilities and charges</td>
<td>193,740</td>
<td>596,671</td>
<td>556,590</td>
</tr>
<tr>
<td>11. Other provisions</td>
<td>770,670</td>
<td>12,678</td>
<td>77,045</td>
</tr>
<tr>
<td>12. Miscellaneous operating costs</td>
<td>1,189,327</td>
<td>1,326,693</td>
<td>1,417,682</td>
</tr>
<tr>
<td><strong>GROSS VALUE ADDED FROM OPERATIONS (A-B)</strong></td>
<td>191,582,331</td>
<td>180,837,597</td>
<td>165,567,542</td>
</tr>
<tr>
<td>+/- Additional and extraordinary items</td>
<td>2,691,404</td>
<td>7,391,404</td>
<td>9,452,166</td>
</tr>
<tr>
<td><strong>GROSS TOTAL VALUE ADDED</strong></td>
<td>194,273,735</td>
<td>188,229,001</td>
<td>175,019,708</td>
</tr>
<tr>
<td>- Depreciation and amortization</td>
<td>39,536,412</td>
<td>39,898,717</td>
<td>40,354,553</td>
</tr>
<tr>
<td><strong>NET TOTAL VALUE ADDED</strong></td>
<td>154,737,323</td>
<td>148,330,284</td>
<td>134,665,154</td>
</tr>
</tbody>
</table>
**PERFORMANCE INDICATOR EC1**

**DISTRIBUTION OF VALUE ADDED**

<table>
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<tr>
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<tbody>
<tr>
<td><strong>A) PERSONNEL COMPENSATION</strong></td>
<td></td>
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</tr>
<tr>
<td>Contract workers</td>
<td>7,084,606</td>
<td>7,105,875</td>
<td>7,754,774</td>
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<tr>
<td>Employees</td>
<td>116,619,412</td>
<td>118,503,133</td>
<td>117,800,399</td>
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<tr>
<td>a) Direct compensation</td>
<td>92,535,618</td>
<td>94,145,149</td>
<td>93,222,882</td>
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<tr>
<td>b) Indirect compensation</td>
<td>24,083,794</td>
<td>24,357,984</td>
<td>24,577,518</td>
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<tr>
<td><strong>B) GOVERNMENT TAXATION</strong></td>
<td>8,483,021</td>
<td>8,684,808</td>
<td>850,964</td>
</tr>
<tr>
<td>a) Current taxes</td>
<td>9,884,968</td>
<td>9,086,287</td>
<td>7,769,973</td>
</tr>
<tr>
<td>Direct taxes</td>
<td>6,478,651</td>
<td>5,502,499</td>
<td>3,900,136</td>
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<tr>
<td>Indirect taxes</td>
<td>3,406,317</td>
<td>3,583,788</td>
<td>3,869,838</td>
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<tr>
<td>b) Deferred taxes</td>
<td>-495,439</td>
<td>-192,309</td>
<td>-6,661,576</td>
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<tr>
<td>c) Revenue grants</td>
<td>-906,508</td>
<td>-209,169</td>
<td>-257,433</td>
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<tr>
<td><strong>C) COST OF DEBT CAPITAL</strong></td>
<td>9,433,626</td>
<td>12,281,414</td>
<td>14,639,795</td>
</tr>
<tr>
<td>Short-term loan interest</td>
<td>9,433,626</td>
<td>12,281,414</td>
<td>14,639,795</td>
</tr>
<tr>
<td>Long-term loan interest</td>
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<tr>
<td><strong>D) COST OF EQUITY CAPITAL</strong></td>
<td>4,020,000</td>
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<td>0</td>
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<tr>
<td>Dividends (income distributed to shareholders)</td>
<td>4,020,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>E) RETAINED VALUE ADDED</strong></td>
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</tr>
<tr>
<td>+/- Changes in reserves</td>
<td>8,659,933</td>
<td>1,373,988</td>
<td>-6,804,896</td>
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<tr>
<td><strong>F) CHARITABLE CONTRIBUTIONS</strong></td>
<td>436,725</td>
<td>381,067</td>
<td>424,117</td>
</tr>
<tr>
<td><strong>NET TOTAL VALUE ADDED</strong></td>
<td>154,737,323</td>
<td>148,330,284</td>
<td>134,665,154</td>
</tr>
</tbody>
</table>

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 S.p.A. consolidated financial statements. As noted in the consolidated financial statements, the economic flows related to transactions between companies included in the scope of consolidation have been eliminated. Included in the consolidated financial statements, which the Group voluntarily has audited by Deloitte & Touche, are parent company Radici Partecipazioni S.p.A. 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.
The above data were collected in accordance with the European Commission Recommendation 2001/453/EU on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies. Thus the data includes only the investments specifically targeting environmental protection activities (wastewater management, waste management, emissions treatment, etc.). For the sake of correctness, investments for other purposes (e.g., improvement of productivity) were not considered, although they did indirectly bring about an improvement in environmental impact.

Investments made during the 2010-2014 period to sustain the competitiveness of Group companies:
- research and development;
- product and service innovation;
- plant maintenance and introduction of the best technologies available on the market;
- improving production efficiency;
- improving product and service quality;
- ensuring occupational health and safety.

Total environmental protection and safety expenditures by all RadiciGroup business areas.

An extremely substantial part of this amount was expended for the introduction of Best Available Technologies (BAT) for emissions control and abatement, work on water treatment facilities and the removal of coverings reinforced with asbestos fibre.

Government grants received by Italian RadiciGroup companies in the 2014 financial year. The funds were designated for innovation, research and development projects.
2,891,573 Euros

Amount of regional business income tax paid by Italian Group companies in 2014. The taxes are used to maintain local public services.

TOTAL INCOME TAXES REPORTED IN THE FINANCIAL STATEMENTS OF RADICIGROUP COMPANIES IN THEIR RESPECTIVE COUNTRIES 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>2014 Euros</th>
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<tbody>
<tr>
<td>TOTALE</td>
<td>9,884,968</td>
</tr>
<tr>
<td>Italy</td>
<td>6,777,369</td>
</tr>
<tr>
<td>Argentina</td>
<td>709,952</td>
</tr>
<tr>
<td>China</td>
<td>527,248</td>
</tr>
<tr>
<td>Germany</td>
<td>523,056</td>
</tr>
<tr>
<td>Romania</td>
<td>480,630</td>
</tr>
<tr>
<td>Brazil</td>
<td>433,317</td>
</tr>
<tr>
<td>USA</td>
<td>153,542</td>
</tr>
<tr>
<td>Switzerland</td>
<td>103,436</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>68,828</td>
</tr>
<tr>
<td>India</td>
<td>55,538</td>
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<tr>
<td>Hungary</td>
<td>32,295</td>
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<tr>
<td>UK</td>
<td>16,506</td>
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<tr>
<td>Spain</td>
<td>3,249</td>
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<tr>
<td>Luxembourg</td>
<td>-</td>
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<tr>
<td>Holland</td>
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</tbody>
</table>

*Figures in the table are in K€*

71.57% The percentage of Italian Group employees who have joined supplementary pension funds.

2.05% 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).

The percentages for the contributions above were calculated on the basis of the taxable amount set by each fund.
BUSINESS AREA PERFORMANCE

“As already mentioned above, Radici Partecipazioni S.p.A. is the holding company that groups together the manufacturing activities of RadiciGroup in the fields of chemicals, plastics and synthetic fibres and nonwovens. Radici Partecipazioni is directly and indirectly controlled by the Group parent company Radicifin S.A.p.A.

The business areas of the company, which will be discussed in the paragraphs below, are as follows:

• CHEMICALS Business Area
• PLASTICS Business Area
• FIBRES AND NONWOVENS Business Area”.

(Excerpted from the “Radici Partecipazioni S.p.A. Directors’ Report” on the Consolidated Financial Statements for the year ended 31 December 2014)

CHEMICALS BUSINESS AREA PERFORMANCE

For more information on the companies and products of the Chemicals Business Area: http://www.radicigroup.com/en/corporate/chemicals/profile

The Chemicals Business Area’s competitive position among the world’s adipic acid producers has not changed, in spite of the worldwide increase in production capacity, mostly propelled by Chinese producers starting in 2010. The business area is also one of the few European polymer 6.6 manufacturers with a vertically integrated production chain.

During 2014, the annual demand trend in the chemicals industry stayed positive (+3.5% in volume), but with swings and rates that varied from one geographical macro-area to another. The emerging economies, with China as the main driver, remained the countries with the highest growth rates, although at lower values. In 2014 the US economy recorded the same growth rate as in the prior year and further improvement is expected. By contrast, the trend in the EU area stayed positive, but the economy grew at a much more moderate rate (+1.0%, on average) in a more uncertain macro-economic context compared to the US. However, two critical problems still remain
in the industry of the Chemicals Business Area: the excess of supply, which has by now become a structural problem, and the strong impact on the year’s results of the prices of raw materials derived from crude oil, which were affected, particularly in 2014, by the increased oil supply from the USA, on the one hand, and the low price strategy of the Arab producers, on the other. The Chemicals Business Area was able to substantially hold onto its market position in a highly price competitive market, mainly by leveraging its major strengths, such as custom delivery service and technical assistance.

Within the macroeconomic context described above, the Chemicals Business Area recorded positive sales results compared to the prior year, chiefly in terms of volumes. The growth in sales revenues and the combined action of the trends in raw material purchase prices and average sales prices allowed for an overall good recovery in gross operating margin over the prior financial year, notwithstanding the ups and downs during the course of the year.

There were no significant events during the financial year to report.

**PLASTICS BUSINESS AREA PERFORMANCE**


The 2014 financial year was a very satisfactory one for the Plastics Business Area. Sales revenues rose 3% compared to the prior financial year, and gross operating margin increased by 4% over 2013. In spite of persistently strong market tension and uncertain consumption, the Plastics Business Area managed to increase its sales volumes in practically all the geographical areas where its companies are present and recorded an average 4% increase in sales volumes with respect to 2013. All the companies of the business area made a positive contribution to profitability.

All production sites adjusted their production capacity to market demand. At the sites in Villa d’Ogna, Italy, and Wadsworth, OH, USA, the installation of new compounding lines was completed.

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, and achieving competitive advantages through sales and logistics customer care and technical assistance, in order to support customers in designing the best products to meet application needs and in the on-going relationship. As a matter of fact, the entire organization is now customer-oriented, so as to provide
increasingly more complete service and, above all, an ever-wider range of products. Innovation efforts have focused mainly on the Radilon® product line for the automotive sector: PA6, PA6.6, and PA6.10 engineering plastics characterized by innovative features, reduced environmental impact, superior performance and high quality.

SYNTHETIC FIBRES AND NONWOVENS BUSINESS AREA PERFORMANCE

For more information on the companies and products of the Synthetic Fibres and Nonwovens Business Area: http://www.radicigroup.com/en/corporate/fibres-and-nw/synthetic-fibres-profile

The RadiciGroup Synthetic Fibres and Nonwovens Business Area consists of five business units:

- Fashion&Interiors
- Fashion&Interiors Brazil
- PET Yarns
- Flooring
- Radigreen and Nonwovens

There were no significant events to report for the above business units.

Fashion & Interiors Business Unit

The markets where the Fashion & Interiors Business Unit operates continued to suffer from the recession that has already lasted several years. In light of that, the unit continued its sales repositioning and product diversification measures aimed at limiting the inevitable contraction in commodities demand and, more generally, developing higher value products harder for the competition to attack. That strategy allowed the business unit to achieve satisfactory gross revenues during the financial year, only slightly lower than in 2013, and a good plant capacity utilization rate.

During the period in question, the prices of the main raw materials and ancillary production materials remained quite stable right until the last quarter, when they dropped markedly. A good sales mix and the continual improvement initiatives aimed at limiting or reducing production costs allowed the business unit to raise its average margins significantly and better its results. Aggressive competition came from both established operators and new entries from non-EU countries, who often implemented sales strategies that tended to sacrifice sales prices in order to gain
market share, thus causing continuous market disturbances and tension.

The business unit’s operating results for the year were higher than both the budget forecast and the prior financial year. Taking into account the negative market situation, the 2014 operating results point to the overall good sales, product and management performance of the companies included in the reporting boundaries.

**Fashion & Interiors Business Unit - Brazil**

During 2014, the Brazilian economy continued to deteriorate. Besides external factors, caused by a slowdown in commodities exports, which in the last few years had been an important driver of the country's economic growth, other factors influenced the situation. In addition to that, there were contingent factors; for example, the drought that hit the areas where the reservoirs feeding hydroelectric power plants are located caused an unavoidable large increase in the price of energy.

Regarding the nylon yarn business, the competitive difficulties of domestic producers in the segments where the Group operates became even more evident.

As a matter of fact, in spite of the antidumping measures enacted at the end of 2013, imports have continued to increase to the point where they dominate a wide market sector, particularly in those Brazilian states where special tax relief does in fact favour imports. In this context, Radicifibras concentrated mainly on reorganizing company operations, expanding its technical staff and launching major plant revamping projects, primarily concerning utilities. At the same time, major overhead restructuring was carried out, partly as a consequence of the shutdown of production activities at the acrylic fibre plant.

Marketwise, thanks to a strengthened technical team, the company was able to provide better technical support and to start working on fine-tuning products from the point of view of both technical characteristics and quality consistency.

From a management viewpoint, the top priority was cash flow management, specifically through careful management of working capital and inventories and through significant cash recovery by reducing tax receivables. These factors also negatively affected the results of the year.

**Flooring Business Unit**

After the timid signs of recovery of the global economy recorded during the first half year, the year 2014 closed with a strong recovery in demand in non-EU countries, helped by the marked depreciation of the euro against the main world currencies and a decrease in the cost of raw materials derived from crude oil.

Overall, the business unit continued to improve its sales over the prior year in all
the businesses in which it operates, from polymers to yarn for textile flooring and high-tenacity yarn for technical applications, except for commodities.

Sales of polyamide 6 polymer during 2014 went up on account of a sizeable increase in sales volumes of speciality co-polymer for food packaging, achieved through the recruitment of new customers all over Europe.

As for sales of polyamide 6 and 6.6 yarns for textile flooring, the business unit continued its efforts aimed at repositioning the product portfolio from residential towards other segments where the yarn performance requirements afford better margins. Also in 2014, the business unit continued to strengthen its European leadership position in the segment of solution-dyed polyamide 6 yarn for automotive carpeting.

Among the other products for the automotive industry, polyamide 6.6 yarn used for the production of airbag fabric and tyre reinforcement recorded a marked increase in sales compared to the prior year. The 2015 outlook for these yarns is due to improve as a result of the recent approval of new yarns for the airbag segment.

In 2014, sales revenue recorded by the business unit increased slightly (+1%), mainly because of sales of products with higher value added than commodity yarn. The progressive shift towards higher margin products is the main reason for the sizeable improvement in income statement ratios, among which the gross operating margin stands out with an almost 20% increase.

Asset management, aided by careful working capital management and the income statement results of the year, resulted in a large reduction in financial debt.

**Acrylic Business Unit**

The year 2014 was a positive one for the business activities of the Argentinian company Cordonsed. The import difficulties due to the government’s protectionist policy put the company in a privileged position as a supplier of the local market. Due to the particularly solid financial position of Cordonsed, the trends in the exchange rates against the main currencies were also favourable.

For the rest of 2015, the peculiar situation in Argentina remains a source of worry. The country suffers from a unique kind of financial fragility and does not seem to be able to find political leadership that could guide it towards an economic recovery.

**PET Yarn Business Unit**

In 2014, the growth trends in all the sectors of the synthetic fibres market were confirmed. This was particularly the case for polyester fibre, whose consumption has continued to grow unremittingly in all world markets. This positive outlook for growth has pushed producers, particularly in the countries of South-eastern Asia, to invest heavily in new production lines so as to be in a position to respond quickly to the continuous rise in demand. Investments in this sector were made not only in Chi-
na and India, but also in Vietnam, Indonesia and Thailand, where new large-capacity production plants were built. On the contrary, in 2014, the European target market of the PET Business Unit companies continued its slow but inexorable and progressive downsizing, chiefly in the standard yarn sector, where the price battle can be won only through economies of scale.

For the business unit, 2014 was a good year and a performance analysis has confirmed further improvement in terms of both volumes and profitability margins compared to the prior calendar year.

The companies of this Business Unit focused their efforts on the production of items with higher value added, achieving good results. The goal for the future remains unchanged, i.e., to focus on action aimed at optimizing the available resources and using them for products with higher value added. Despite the serious economic crisis still lingering on in Europe, the last financial year has confirmed the upward trend in volumes and revenues forecasted in the budget.

As already mentioned, in terms of profitability, the business unit recorded positive results thanks to the trend in raw material costs and the measures taken to support the sales prices of all the products in the portfolio. The business unit’s objective is to continue its efforts aimed at developing new items in order to differentiate its products from commodities, the only ones produced in high volumes.

The whole business unit continues to work in earnest on its R&D projects focused on the design of innovative technical items, with the goal of developing and Industrializing products capable of further differentiating the product range. On the sales front, the business unit maintained the strategy followed in the previous financial year, that is, increasing the average price and enhancing the product portfolio mix. In 2014, the building in Andalo Valtellino, which had been sold with a leaseback agreement in 2004, was bought back.

Following the issuance of the decree law for energy-intensive companies, the business unit benefited from the refund of a part of component A, which concerns improper charges and which heavily influences the cost of electric power charged to the companies. The companies also continued to invest in reducing electric power consumption. Those energy saving measures allowed the business unit to obtain white certificates, which were then sold and converted into cash during the year.

Among the significant events after the financial year end to be reported for this business unit is the sharp and unexpected revaluation of the Swiss currency against the euro, which has penalized the business unit’s production site in Switzerland. Also to report are the prompt steps taken to contain the production costs expressed in Swiss francs, with the goal of reducing the impact of such costs on income statement results.
Radigreen and Nonwovens Business Unit

RADIGREEN

The operating results recorded during the prior financial year by the Radigreen business segment corroborated the conviction that for the year 2014 it was necessary to set out a sales strategy calling for a more careful selection of products to be promoted, with the objective of improving the profitability of the business segment. The less profitable product lines (monofilament commodities) were abandoned. The lost monofilament sales were, in part, compensated by sales of polyethylene fibrillated yarn, also for sport applications, featuring high resistance to wear and tear and long life.

That industrial decision meant an ensuing reduction in sales volumes compared to 2013. Therefore, the company and union representatives agreed on and signed a solidarity contract valid for a period of 12 months starting on 1 February 2014, which can be extended for another 12 months, if needed.

Overall, the company recorded gross sales revenues equal to those of the prior year, but significantly higher than the budgeted figures (+15.9%). In terms of gross operating margin, the result was largely higher than both the figures of the prior year (+116%) and the budget (+58%).

This result was due, in part, to the improvement in contribution margin, most notably in the Radigreen business segment, and in part to the reduction in labour cost, as a result of a partial application of the solidarity contract. The implementation of the new sales strategy together with the application of the solidarity contract made it possible for the Radigreen business segment to noticeably improve its results, despite the ongoing motivation and strong market competition.

DYLAR SPUNBOND

The year 2014 was marked by sales volumes in line with 2013, an average raw material (polypropylene) price slightly higher than in 2013, in spite of a sharp drop during the last two months of the year, and sales prices higher than in 2013.

The product portfolio continues to lean towards dyed/additivated products, which account for about 77% of the total volume.

Business segment profitability increased as a result of higher sales prices and lower labour cost, as explained above. The market – specifically, the roof insulation segment, and, more generally, the industrial sector – recorded strong demand starting from the very beginning of the year. Almost all customers maintained, and in some cases, raised their order volumes compared to the prior year.
The risks RadiciGroup corporate activities are exposed to are not, on the whole, greater than the entrepreneurial risk faced in normal business-related activities. However, it is important to control, and wherever possible, reduce the sources of business risk. At RadiciGroup, this task is entrusted, in particular, to the Administration, Finance, and Control and Insurance and Legal departments. Several initiatives, highlighted in the text boxes below, describe how the culture of risk prevention is being transmitted at the various corporate levels.

Q&A

What are the main risks to which RadiciGroup is exposed?
RadiciGroup’s business activities are mainly exposed to different types of financial risk, including changes in interest rates, exchange rates and prices. There are also risks linked to liquidity and cash flow.

How can these risks be controlled and minimized?
The Group’s risk management transactions are centralized at parent company Radici Partecipazioni S.p.A., which analyses the risks and acts directly on the market to aid its subsidiaries.

Are there other types of economic and financial risks to which the Group is exposed?
Yes, there are:

Competitiveness risk:
The risk related to competitiveness is one of the most significant risks, since the main markets in which the Group operates are very price sensitive. As usual, in 2014, the Group reacted against its competitors’ price changes by adopting the strategy of leveraging the high quality of its products.

Credit risk/insolvency risk:
RadiciGroup companies do not have an excessively concentrated customer base. Furthermore, the insolvency risk of a good part of the customers is covered by insurance policies. In any case, the stability and reliability of the relationships between Group companies and their customers and between Group companies and the market are constantly monitored and analysed by an internal dedicated function. All these measures contribute to making external risks, while always present, minimally significant.

Are climate change risks very significant for the Group?
Not directly, as of yet. However, RadiciGroup companies are strongly committed to re-
ducing gas emissions that are directly linked to the global warming phenomenon.

Special consideration is given to hydrological risk monitoring of the Valle Seriana area (province of Bergamo), where a few of the major RadiciGroup production sites are located. The Valle Seriana is located 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 RadiciGroup production sites are located alongside one of the two main roads of the valley, 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 mountain slopes and is classified as a high hydrogeological risk area. An intervention plan has been 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.

Is there a monitoring system for catastrophic phenomena?
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 classified as an “earthquake risk”. The plants in Germany, Brazil and China are also located in areas with low risk of earthquakes.

For the purpose of ensuring supply continuity, a requirement of the ISO/TS 16949 standard for the automotive industry, Radici Plastics sites have prepared contingency plans to satisfy customer requirements in the event of an emergency.

In consideration of the above scenario, a risk assessment was carried out some time ago with the aid of the insurance companies that insure the Group, and insurance coverage for catastrophic events has been taken out.
Legislative Decree 231 of 8 June 2001 introduces and governs the liability of bodies for administrative offences, applying to both companies and bodies constituted in the form of a legal person or association, including those not possessing legal personality. The decree provides that the body shall not incur liability for offences committed by top management if it is established that:

- the management body, before an offence was committed, adopted and effectively applied organizational and managerial systems capable of preventing offences of the kind occurring;
- the task of monitoring the proper functioning of and compliance with the systems and ensuring that they are updated was entrusted to a unit within the body that has independent powers of initiative and supervision;
- the persons in question committed the offence by improperly overriding the organizational and managerial systems;
- The prevention unit referred to above did not fail to discharge its duty of supervision and its supervision was not inadequate.

An important step forward in the RadiciGroup Management System for the prevention of risks entailed by administrative offences was the project started in September 2013 and developed during 2014 by Radici Chimica, upon the request of top management, with the objective of realizing an organizational model conforming to Legislative Decree 231/2001. Building on the experience acquired while working on integrated certification, Radici Chimica set up a work group, which, also with the help of external professionals, started the model building process consisting of a number of phases, based on the principles of traceability and verifiability of the activities carried out.

The starting point was the assessment of the risk of commission of offences while exercising duties determined to be of a sensitive nature. That mapping led to the identification of the conduct that could theoretically make the commission of offences possible. Then an assessment was performed of the internal system assigned to monitor the identified risks, and a Code of Ethics and a special Protocol were adopted, specifically targeted at managing the types of risk previously revealed through the mapping of company activities.

All the company’s functions and procedures were re-examined in depth using a proactive approach, with analysis and prevention playing the key roles in the overall process. Great importance was also given to the training of first- and second-level employees, to whom the new organizational model will be explained in the course of special meetings.

The project was developed during 2014 and is now in the final approval phase. As indicated by the President of RadiciGroup, the new organizational model will serve as a guideline for all the other Group companies.
IN 2014
RISK MANAGEMENT: RADICIGROUP TOP-LEVEL EMPLOYEES ATTENDED A SPECIAL TRAINING COURSE

The economic situation, together with globalization and information dissemination, make it absolutely necessary to implement the integrated management of all potential sources of risk that could cause harm to a company in terms of business continuity or public image. For that reason, Group site quality managers, environmental and health and safety management system managers, Radici Partecipazioni function managers and BU managers were all invited to a course organized by the holding company for an in-depth analysis of the methodologies on how to approach the problems of assessing, managing and controlling corporate processes from the point of view of protecting those areas at risk that could have an impact on the corporate businesses. It was an important preparatory activity related to the introduction of the new versions of the ISO 9001:2015 and ISO 14001:2015 standards, which require more objective risk analysis of management systems, processes and businesses.

RADICIGROUP BUSINESS OUTLOOK
STANDARD DISCLOSURES 1.2 + DISCLOSURE OF MANAGEMENT APPROACH

FUTURE STRATEGIES

• Strengthen market- and customer-proximity strategies in order to provide better service and better assistance and to become ever more competitive and capable of creating value.

• Focus on core businesses that are considered strategic and synergistic over the medium term, such as chemicals for nylon production, engineering plastics and synthetic fibres.

• Improve competitive position and achieve an overall balance among the geographical markets where the Group operates, in order to reduce dependency on single markets, and boost cash flow to reduce debt and finance new initiatives in its strategic businesses.
ACTION PLAN

• Restructure the Group organization in order to be able to better follow and, if possible, to anticipate the needs of the market.

• Redefine production capacities and realign them to changing market conditions.

• Revise industrial processes to improve the internal efficiency of each subsidiary, as well as to raise the industrial efficiency of production cycles involving more than one Group company.

• Control net financial debt, with particular attention to net working capital.

• Sell real property not strictly necessary for the production of goods or services.

RESEARCH AND DEVELOPMENT ACTIVITIES

“Innovation has a variety of roles. As a driving force, it points firms towards ambitious long-term objectives. It also leads to the renewal of industrial structures and is behind the emergence of new sectors of economic activity.”

(Green Paper on Innovation presented by the European Commission, December 1995)

This statement is as valid today as it was twenty years ago when it was first formulated. In 2014, the concept was implemented at RadiciGroup through an overall corporate reorganization designed to bring the Group closer to the needs of an evolving market, and through intense research and development activities involving all the business areas.

The most relevant R&D projects in 2014 were:

• Polyamides from renewable source materials.
• PA6.6-PA6.10/PA6T semi-aromatic polyamides.
• High-tenacity polyamide yarn.
• PA 6.6 yarn with improved dye affinity.
• Yarn from renewable source polyamides (PA11 and PA6.10).
• Polyamide staple for technical applications.
• New terpolymer.
• Antimony-free polyester.
• Ceramic polyester.
The RadiciGroup Vision, Mission, and Values statements were formulated to be glocal: global thinking, local action.

* Figures refer to certifications per production site

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RadiciGroup achieves its first EPDs, Eco-Design projects are launched

RadiciGroup, through Radici Chimica SpA, has become the first chemical group in Europe to obtain OEF and PEF certificates of conformity

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

Sustainability Report 2011 obtained external assurance at the Global Reporting Initiative (GRI) B+ Application Level

The Group began performing Life Cycle Assessments of its products

The “RadiciGroup for Sustainability” project was born

RadiciGroup published its first “Social Report” based on the standard of Gruppo di Studio Bilancio Sociale (GBS)
OUR SUSTAINABLE DEVELOPMENT STRATEGY AND THE TOOLS TO ACHIEVE THE OBJECTIVES

STANDARD DISCLOSURES 1.2 + DISCLOSURE OF MANAGEMENT APPROACH

Q&A

What is RadiciGroup’s overall strategy on sustainability?
To work on an all-around sustainable development concept that includes all the Group’s upstream and downstream elements. To consider sustainability a “Great Beauty”, RadiciGroup’s distinctive feature in its relationship with internal and external stakeholders, an important evaluation parameter in defining Group development and investment plans, and a competitiveness factor achieved through innovative high-performance products and efficient limited impact processes.

What are the pillars of this strategy?

1) Raise stakeholder awareness of this new way of thinking about sustainability, a new concept that entails care and commitment towards environmental, social, economic and occupational issues. Strengthen the idea that sustainability is part of competitiveness by providing training and informative courses to people inside and outside the Group.

How?
Through communication with stakeholders and their increasing engagement in sustainability projects. Raising awareness of human rights among suppliers, listening to customers’ needs on environmental sustainability, and initiatives involving employees and members of the community are just some of the ways through which it is possible to realize the sustainability concept with the participation of all interested parties.

2) Work on all processes controlled by the companies with the objective of optimizing them and reducing their impact as much as possible.

How?
By extending integrated certification (Quality, Health and Safety, Environment and Energy) to as many Group companies as possible. Through systematic and rigorous measurement of system impacts so that the results are not only useful for the design of mitigation systems, but also transparent and replicable, so that the information given to the market and customers is reliable and truthful. Through improvement plans for every company, which target the weaknesses uncovered through the impact measurements.
3) **Build a good portfolio of high-sustainability, high-value-added products.**

**How?**
Through constant research and development on processes and products aimed at continuous improvement. Renewable source polyamides, in particular, are a strategic horizon for RadiciGroup.

4) **Acquire the necessary knowledge and know-how for sustainable design (ecodesign).**

**How?**
By developing Environmental Product Declarations (EPDs) and Product Environmental Footprints (PEFs) which allow for mapping all the process and product impacts and designing new, more easily recyclable products with a clear understanding of their characteristics, impact and desired performance at each stage of their life cycle, from design to use and service, up to the end of their life.

**STANDARD DISCLOSURES 1.2 (REGARDING RISKS, SEE THE “RISK ANALYSIS” SECTION)**

**What opportunities can RadiciGroup derive from implementing the sustainability concept?**
Banks and insurance companies are more favourable to and often offer concessional terms to companies that operate in line with the criteria of social and environmental sustainability. It is known that a company's rating improves when it implements a sustainable development plan. Sustainability is thus an approach to increase the long-term value of the Group, improve its reputation and build its relationship with all its stakeholders.

From the point of view of raw materials, the search for new materials and renewable energy sources can help RadiciGroup reduce its dependency on oil-based raw materials, the path being taken by a growing number of companies. A sizeable reduction in gas emissions and the rationalization of energy consumption provide numerous benefits in terms of both economics and corporate image.

Lastly, at RadiciGroup sustainability is a powerful stimulus for innovation and an opportunity to gain additional market share. In today’s market where there is rising awareness of the importance of safeguarding the environment and work conditions, a new product offering manufactured with reduced environmental impact and with due respect for human rights is bound to be met favourably by customers.

That conclusion was also confirmed by a customer satisfaction survey conducted by the Group, which showed that a high degree of importance was attributed to sustainability issues.
STAKEHOLDERS

STANDARD DISCLOSURES 4.14, 4.15, 4.16

Whoever can affect or can be affected by the activities of a company is a stakeholder. The engagement of stakeholders and the satisfaction of their expectations are of primary importance to RadiciGroup. For that reason, it is essential to use the right tools to dialogue and interact with each of them so as to communicate correctly and effectively.

Q&A

Who are RadiciGroup’s stakeholders?
The stakeholder categories relevant to RadiciGroup in 2014 were classified based on the type of production, market and Group organization, as well as on the basis of the history and values of RadiciGroup.

What stakeholder categories were identified?
What is the relationship between the Group and its stakeholders?

For each of the above categories, relationship and engagement objectives were identified and encapsulated in the “key words” below, followed by short comments.
EMPLOYEES

Key words for the relationship with employees: training, health and safety, communication and engagement.

Training, safeguarding health and safety on the company’s premises and in community, further strengthening of internal and external communication, initiatives involving the participation of employees and their families. These are the cornerstones of RadiciGroup’s commitment to employee stakeholder engagement.

How was this commitment fulfilled?
The number of hours of training per employee in 2014 increased compared to 2013. Activities for integrated certification were extended to an even greater number of Group companies with the goal of making the production sites safer and reducing their environmental impact for the benefit of everybody, especially the people working there. Internal and external communication was strengthened through the acquisition of new channels and tools designed to reach a greater number of people and further develop our traditional relationship with increased transparency. Lastly, numerous cultural and social events were organized for RadiciGroup employees, a great many of whom live right in the areas where the Group’s production sites are located.

Those were the most relevant components of the relationship between RadiciGroup and its employees in 2014, which, in this Sustainability Report, are reflected in the labour practices and decent work performance indicators and in the comments on certifications and media.

RADICI FIL IN BUSINESS FOR 50 YEARS AND RADICI YARN, 40 YEARS: TWO ANNIVERSARIES TO CELEBRATE

1964 and 1974. These were the years when two Group companies, Radici Fil and Radici Yarn respectively, were founded. Over the years, these companies have made RadiciGroup into a European leader in the production of nylon synthetic fibres.

In June 2014, the celebration of these two important anniversaries brought the two companies, their employees, their families and the local communities closer together. On both occasions, RadiciGroup opened the company’s premises, exhibited its products and organized guided tours of its production plants. About 1,000 people, for the most part employees, their families and local community members, visited Radici Fil and Radici Yarn. The two events offered everyone occasions for socialization and entertainment and provided the opportunity to discover another dimension of corporate life, away from the daily routine.
CUSTOMERS

Key words for the relationship with customers: 
listening, dialogue and improvement in product and service quality.

PERFORMANCE INDICATOR PR 5

From the Customer Satisfaction Survey towards Customer Experience. With the intent of increasing the added value of its relationship with customers and moving towards a more constructive dialogue, in 2014, RadiciGroup changed its approach to the biennial customer satisfaction survey as explained below. The results of this survey provide the cues for continuous improvement in our relations and interactions with customers.

The survey was extended to all customers, thus removing the sales revenue threshold that was used as a cut-off in previous surveys. The space devoted to open-ended business-area-specific questions was doubled. Specific questions on systems and product sustainability and on communications were added. The management of the survey is now more integrated with Customer Relationship Management (CRM) and the Key Performance Indicators (KPI) adopted for assessing corporate processes. The survey has been made shorter and more focused, without compromising its effectiveness, and is administered via web in eight different languages.

The new Customer Satisfaction Survey format enabled interviews with 1823 customers (active from 2013 to the first quarter of 2014) and obtained a 36.5% response rate, which made the survey extremely significant and representative.

The survey measured the importance of the following aspects and overall satisfaction with RadiciGroup products and services compared to the competition:

- observance of agreed-on delivery time;
- attentiveness, professionalism and responsiveness of sales staff;
- quickness and effectiveness of technical assistance;
- consistency in pricing policies;
- sustainability-based corporate management;
- product and process sustainability;
- main channels and tools of communication used by customer;

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 revealed that the average level of importance was rather high (5.3 points) and pinpointed on-time delivery and consistency in pricing policies among the aspects
that need improvement. Problem aspects were addressed in special projects by the individual business areas. The strengths of the Group identified in the survey were the attentiveness of the sales staff and the quickness of the technical assistance staff.

In particular, different RadiciGroup business areas and business units excelled in different aspects. For example, Chemicals excelled in quality consistency, Plastics in delivery time, Fashion & Design and PET BUs in quickness and effectiveness of their technical assistance. The Flooring BU received special mention for quality consistency, and Tessiture Pietro Radici and Radici Fibras scored good results for quickness and effectiveness of technical assistance and special responsiveness of sales staff, respectively.
Looking at the results of the customer satisfaction survey over a ten-year period, a few interesting trends emerge, among which the 10-year trend of RadiciGroup performance against competition. This trend analysis shows slow but progressive improvement in quality indicators, with RadiciGroup overtaking the ratings given to competitors in 2014. Concerning the consistency in pricing policies, which remains an aspect in need of improvement by the Group, the trend in assessment scores given over the years to RadiciGroup practically overlaps those of its competitors.

Another crucial factor in the relationship with customers is the presence, during the year, of a RadiciGroup stand at various fairs and trade shows.

Below is a list of the 2014 fairs RadiciGroup companies took part in.

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOMOTEX</td>
<td>Fibres and nonwovens</td>
<td>Hanover, Germany</td>
</tr>
<tr>
<td>HEIMTEXTIL</td>
<td>Fibres and nonwovens</td>
<td>Frankfurt, Germany</td>
</tr>
<tr>
<td>INDEX</td>
<td>Fibres and nonwovens</td>
<td>Geneva, Switzerland</td>
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<td>Fibres and nonwovens</td>
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<td>Plastics and Chemicals</td>
<td>Shanghai, China</td>
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<td>FAKUMA</td>
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</tr>
<tr>
<td>MSV</td>
<td>Plastics and Chemicals</td>
<td>Brno, Czech Republic</td>
</tr>
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</table>
SUPPLIERS

Key words for the relationship with suppliers: dialogue, awareness and sensitization, and collaboration in the implementation of a sustainable supply chain.

From the RadiciGroup code of ethics: (...) Specifically, the choice of suppliers and the formulation of conditions for the purchase of goods and services on behalf of the Company shall be based on values and parameters relating to competition, objectivity, fairness, impartiality, equity, price, quality of goods and services, warranty assistance and an accurate and thorough assessment of the offer.

RadiciGroup took on the commitment to introduce and promote sustainable development processes in the supply chain and provide assistance to suppliers in this endeavour. During the 2012-2013 period, RadiciGroup asked suppliers for their active collaboration in adopting business practices more and more in line with the Group’s sustainability project, in addition to ensuring reliability, quality, competitiveness, long-term relations, and, wherever possible, presence in the territory.

As a first step, in 2012 the Group performed an analysis of corporate supplier awareness of environmental and social sustainability issues. As the next step, in 2013 and 2014, a questionnaire was sent to the main corporate suppliers (of non-strategic raw materials) and to the main suppliers of the individual business areas, which, together, accounted for 80% of RadiciGroup’s total expenditures. Of those suppliers, 45.5% gave a valid response, which makes the sample statistically representative.

The interviewees were asked to answer questions on:

- Human rights and the key related aspects (forced and compulsory labour, child and slave labour), so as to be able to assess the level of awareness and the actions taken by suppliers. PERFORMANCE INDICATOR HR2
- Publication of a Sustainability Report or similar reporting documents.
- Investments for public benefit.
- Certification according to ISO 14001 / ISO 9001 / ISO 50001 / OHSAS 18001 / SA 8000 standards.

The results of the survey showed that 100% of the respondents were aware of human rights principles, there was a total absence of child and forced labour, and 13.7% of the respondents declared that they published Sustainability Reports. Regarding certification, the survey revealed that ISO 9001 certification was widely held by a large percentage of suppliers (51.9% of the respondents), followed by ISO 14001 environmental certification (18.9%). The project, particularly the human rights aspect, is going to be gradually extended to include the suppliers of strategic
raw materials. The latter are, in large part, global operators with headquarters in Europe and, for the most part, publish sustainability reports along the guidelines of the GRI framework. Thus it is reasonable to assume that these suppliers are not only aware of human rights principles, but that they apply them on a daily basis.

**Q&A**

**In which other directions did the relationship with suppliers evolve during 2014?**

In 2014 RadiciGroup started work on a Code of Ethics that will contain the standards governing the conduct of suppliers of goods and services. The code will apply to suppliers at both corporate and subsidiary levels. The principles of this code will become an integral part of purchase agreements and constitute a key supplier rating parameter, as well as a prerequisite for future collaboration.

**What is the purpose of the Code of Ethics?**

The Code of Ethics is intended to foster an active collaboration between RadiciGroup and its suppliers to build a supply chain that cares not only for the quality of products or services, but also for the environment and the social and working conditions where said products or services are conceived and realized.

**What will the contents of the Code of Ethics be?**

The supplier will be required to declare, under its own responsibility, its conformance to the applicable laws in force. The company will also be required to provide evidence of no tolerance for any form of corruption or bribery, including any payment or other form of benefit conferred for the purpose of influencing decision making in violation of applicable laws.

Suppliers will be required to subscribe to the Code of Ethics, thus assuring the Group that they respect the basic human rights and personal dignity of their own employees, provide worker protection through fair hiring practices, fair non-discriminatory working conditions and fair remuneration, and recognize the right of free association of all workers, women and men alike. Furthermore, suppliers will be asked to take responsibility for the health and safety of their employees. To that end, they will take preventive measures and actions to mitigate the risks, as well as provide training to ensure that workers are adequately informed and trained on health and safety issues in the workplace.

Lastly, suppliers will be required to prove that they act in accordance with the applicable statutory and international standards regarding environmental protection, are committed to the progressive mitigation of environmental impact through the implementation of measuring systems, process management and technological upgrades, and ethical behaviour.

**What kind of changes are to be expected in the type of products RadiciGroup will request from its suppliers in the future?**

During the past few years, the impact measurements performed by the Group (Life Cy-
Life Cycle Assessment [LCA] studies, Environmental Product Declarations [EPDs] and Product Environmental Footprints [PEFs]) have allowed for careful identification of the products and factors, both internal and external to the Group, that have the greatest environmental impact. Besides taking appropriate mitigation action at its production sites, it is likely that in the future RadiciGroup will decide that the best way to go is to optimize its supply chain, regularly giving preference to input products with lower environmental impact.

TRADE ASSOCIATIONS

Key words for the relationship with trade associations: active engagement, participation, collaboration and constructive debate.

STANDARD DISCLOSURES 4.13

Membership in trade associations provides an important opportunity to debate and exchange ideas with the other players in the industry and representatives of the community, to develop common strategies, share problems and difficulties, as well as experiences and knowledge, and find common solutions. PERFORMANCE INDICATOR S05

In 2014, Group companies held memberships in many associations. For instance, RadiciGroup representatives played active roles on the managing boards and technical committees of Federchimica, the Nylon 6 Promotion Group, Plastics Europe, CIRFS and Assofibre.

Some of the memberships were specifically sustainability-oriented, such as the Group’s participation in the IBIS Sustainable Chemistry Pole and the National Technology Cluster of Green Chemistry SPRING.

STANDARD DISCLOSURES 4.12

The IBIS Sustainable Chemistry Innovation Pole in Novara, Italy, was founded with the purpose of networking the skills and experiences of the most innovative chemical companies in the region and stimulating the different players of the value chain with the goal of innovating chemistry and making it more compatible with the environment.

Currently, the Novara organization consists of 27 companies, 3 Piedmont universities and the Province of Novara. They are all members of IBIS Consortium (Innovative Bio-based and Sustainable products and processes).

On the other hand, the goal of the National Technology Cluster of Green Chemistry SPRING (Sustainable Processes and Resources for Innovation and National Growth) is to promote the development of the bio-based industry in Italy and to revitalize chemistry on behalf of environmental, social and economic sustainability.
Radici Chimica took part in an event, held in November 2014 in Novara, one of the activities of the IBIS Innovation Pole for Sustainable Chemistry. The objective of Radici Chimica was twofold: to bring the company closer to young students and community members and to acquaint them with the complex and fascinating world of chemistry.

The event was divided into two sessions. The first session had an educational goal and was directed at the students of Novara middle schools. The youngsters had an opportunity to get to know the chemical companies operating in the area, Radici Chimica, in particular, through their products and presentation materials. In the second session, an educational show “Da Schubert a De Andrè: la chimica del piacere musicale” [From Schubert to De Andrè: the Chemistry of Musical Enjoyment] was presented. It was an entertaining talk on biochemistry, explaining what occurs at the receptor/neurotransmitter level when we listen to music and how music is able to provoke primordial reactions in our bodies.
SCIENTIFIC AND CULTURAL ORGANIZATIONS

Key words for the relationship with scientific and cultural organizations: active engagement, participation, collaboration and exchange.

Besides trade associations, the Group regularly collaborates with scientific and cultural organizations. Their initiatives, especially educational events and conferences, provide RadiciGroup speakers with great opportunities for professional exchanges of ideas and debates with the scientific community. During 2014 the Group participated extensively in conferences and congresses. Research and development, sustainability, and product and process innovation were the major topics RadiciGroup speakers addressed in their presentations.

Here is a list of the main events featuring RadiciGroup speakers in 2014:

- Federchimica Conference, 11 April 2014: Polymers and sustainability, innovation, recycling, natural sources, energy – Nuovi Biopolimeri di Poliammide nel Contesto di un modello di sviluppo sostenibile [New polyamide biopolymers within the framework of a sustainable development model], Anna de Sio.

- Creatività Conference, April 2014: Fashion that creates value in respect of life – La responsabilità socio-ambientale lungo la filiera, dalla chimica al tessile [Social and environmental responsibility along the entire value chain, from chemicals to textiles], Filippo Servalli.


- Federchimica 2014 Energy Programme and the 3rd Workshop SPICE, 7 May 2014 – L’Esperienza del Gruppo Radici nell’applicazione della metodologia SixSigma applicata all’efficienza energetica [RadiciGroup’s experience in the application of the Six Sigma methodology to energy efficiency], Antonio Rottigni.

- AICTC Polyester Conference: Production and Processing, 30 May 2014 – From LCA to Environmental product certification through PCRs, Daniele Dossi.

- Metal Replacement Forum 2014, June 2014: Replacement examples for metal parts with polyamides “designed to specification”, Erico Spini.

- 10th Congress for Bio-Based Materials, Natural Fibers and WPC, 25 June 2014 – New Eco-Sustainable Polyamide–Based Polymers and Compounds for Multipurpose Application, Nicolangelo Peduto.

- TexClubTec Conference: Sustainability, innovation and performance. Textiles for sports between technological innovation and new market scenarios, 26 June 2014 – Dal riciclo ai biopolimeri le fibre sintetiche sostenibili per lo sport [From recycling to biopolymers, sustainable synthetic fibres for sports], Filippo Servalli.

- 53rd Dornbirn Man Made Fibers Congress, 10 September 2014 – Sustainability as a source of market opportunities: the challenges of an integrated manufacturing group, Maria Teresa Betti.
• Plastics Conference: Outlook for enterprises, opportunities for the new generation, 23 October 2014 – Competere attraverso la Filiere Italiana [Competing in the Italian value chain], Enrico Facciolo.


• Textile Vivant Conference, 24 October 2014 – Dal riciclo ai biopolimeri le fibre sintetiche sostenibili [From recycling to biopolymers: sustainable synthetic fibres], Filippo Servalli.

• AICTC Conference, 24 October 2014 – Additivazione in massa dei fili continui in poliestere [Solution additivation of polyester continuous yarns], Gianni Todaro.

• Quality and Excellence “Made in Italy”, Lean-in Finance Excellence Award 2014, 28 October 2014 : Ambiente & Sostenibilità [Environment and sustainability], Antonio Rottigni.

• States General of the Green Economy, 5 November 2014 – Promozione di progetti comuni finalizzati all’analisi, riduzione e neutralizzazione dell’impatto sul clima del settore della produzione e distribuzione della poliammide 6,6 [Promoting common projects for the analysis, reduction and neutralization of the impact on climate in the polyamide 6.6 production and distribution sector], Stefano Alini, Pio Gazzini, Luciano Guida et al.

• States General of the Green Economy, 6 November 2014 – La Sperimentazione della Metodologia PEF per Valorizzare la Sostenibilità Ambientale [Testing the Product Environmental Footprint (PEF) methodology for greater assurance on environmental sustainability] Stefano Alini, Filippo Servalli et al.

• PCI FIBRES CONFERENCE, 6-7 November 2014 – Nylon textile filament markets in Europe: Trends and Challenges, Paola Corbani.

• Nanoitaltex Conference, 12 November 2014 – La sostenibilità come modello di business per il tessile italiano ed europeo [Sustainability as a business model for Italian and European Textiles], Filippo Servalli.


• The European House Ambrosetti Conference, 25 November 2014 – Blue Economy: dagli scenari globali alle opportunità per le imprese [Blue Economy: from global scenarios to opportunities for enterprises], Filippo Servalli.

• 12th China International Polyamide and Intermediates Forum, 5 December 2014 – Sustainability in the polyamide chain, a comprehensive approach, Filippo Servalli.

• Green Polymer Chemistry Conference, 18 March 2015 – New Eco-Sustainable Polyamide-Based Polymers and Compounds for Multipurpose Applications, Nicolangelo Peduto.

To learn more:
Key words for the relationship with schools: synergies between schools and companies, and collaboration.

In the area of education and training, in 2014 the Group continued to collaborate and achieve important results by facilitating internships, thesis work for university degrees, and research projects involving students from many educational institutions. The dual purpose was to strengthen the ties in the field of academic research and create synergies between the world of education and the real world of business and industry. We would like to highlight RadiciGroup’s collaboration in 2014 with the following universities:

- Politecnico di Milano
- Politecnico di Torino
- Università di Bologna
- Università degli Studi del Piemonte Orientale
- Università degli Studi di Bergamo
- Università degli Studi di Brescia
- Università degli Studi di Firenze
- Università degli Studi di Milano
- Università degli Studi di Salerno
- Università di San Paolo (Brazil)

A brief list of universities and departments with which the Group collaborated in 2014 by facilitating thesis work for university degrees, mainly on topics related to environmental and product sustainability (biopolyamides, LCA and recycling), is given below.

Department of Applied Science and Technology, Politecnico di Torino
Thesis by Oreste Salvetti: “Bio-based polyamide composites: morphological analysis and mechanical properties evaluation” – Supervisor: Prof. Daniele Battegazzore. The work on polyamide compounding with reinforcement fills of natural origin and the analysis of the mechanical properties of the bio-composite materials obtained was carried out in close collaboration with Radici Chimica, using RadiciGroup polyamide 6.10 and polyamide 10.10 (Radipol®).
BERGAMO SCIENZA: RADICI FIL, RADICI NOVACIPS AND RADICI YARN BECOME LABORATORIES FOR THE STUDENTS OF THE COMMUNITY

To have an entire plant at your disposal to use as your laboratory, experiment, learn about the materials, discover how they are made and even create new materials. This chance was given to students of a few middle school classes in the Province of Bergamo by RadiciGroup, in collaboration with the Bergamo Scienza International Science Festival. The students had the opportunity to attend, and in some cases participate in, educational lab experiments at Radici Fil, Radici Novacips and Radici Yarn, three companies that are among the oldest of the Group.

The students, with the help of teachers and RadiciGroup technical staff, were able to successfully face “THE POLYAMIDE CHALLENGE: TRADITIONS AND ADVANCED TECHNOLOGY” and discover the world of plastics and yarn for apparel and flooring applications.

Chemistry Department, Università degli Studi di Milano


One of the chapters of this thesis describes the process of recovery at the end of the life cycle of an item (rail insulator) made of RadiciGroup high-viscosity PA6.6 (Radilon® A).

Department of Environmental Sciences, Land Use Planning and Earth Sciences, Università degli Studi Milano – Bicocca


The experimental work for this thesis was conducted at the Radici Novacips laboratories at Radici Novacips, Villa d’Ogna, from September 2014 to February 2015.

RADICIGROUP AT CAREER DAY: BRIDGING THE ACADEMIC AND ENTREPRENEURIAL WORLDS

To build a bridge between companies and educational institutions, between the world of business and the academic world, with mutual enrichment. This was the objective of RadiciGroup’s participation in an April 2014 event that has become a tradition: Career Day at the Università degli Studi di Bergamo.

The career day was an important chance for many young people to introduce themselves to and get a closer look at various companies and their strengths, prospects for professional development and job opportunities. The event was an equally important opportunity for RadiciGroup to meet potential job candidates face to face. The Group considers this direct approach the best way to understand and appreciate the preparation and academic curriculum of the students.
LOCAL COMMUNITIES

Key words for the relationship with local communities: dialogue, openness, transparent relationship and support.

In 2014, through a variety of different channels, RadiciGroup continued to promote a transparent and positive relationship with local communities, always looking for ways to foster their development by sponsoring social and cultural activities, and promoting dialogue and information through the media. During 2014 there was a very extensive exchange between the Group and the local communities.

Numerous open door events were organized giving local people and students a opportunity to visit the plants. The two important company anniversaries briefly described in the “Employees” section of this Sustainability Report were the apex of this exchange between the Group and its communities. 
Moreover, support was given to many cultural and sport events, particularly to amateur and semi-agonistic activities.
More information can be found in the section of this Report “Society Performance Indicators S0”.

BERGAMO SCIENZA: RADICI FIL, RADICI NOVACIPS AND RADICI YARN BECOME LABORATORIES FOR THE STUDENTS OF THE COMMUNITY

To have an entire plant at your disposal to use as your laboratory, experiment, learn about the materials, discover how they are made and even create new materials. This chance was given to students of a few middle school classes in the Province of Bergamo by RadiciGroup, in collaboration with the Bergamo Scienza International Science Festival. The students had the opportunity to attend, and in some cases participate in, educational lab experiments at Radici Fil, Radici Novacips and Radici Yarn, three companies that are among the oldest of the Group.

The students, with the help of teachers and RadiciGroup technical staff, were able to successfully face “THE POLYAMIDE CHALLENGE: TRADITIONS AND ADVANCED TECHNOLOGY” and discover the world of plastics and yarn for apparel and flooring applications.
MEDIA

Key words for the relationship with media:

clarity, transparency and continual relationship.

Timely and accurate news and information of interest to stakeholders, taking into consideration their different levels and the information access tools available to them. With these objectives in mind, and to ensure more effective communication through the media, in 2014 RadiciGroup continued to use targeted tools and communication strategies, “custom designed” for its stakeholders.

THE WEB

Today, the Web is the tool potentially capable of reaching the greatest number of stakeholders. RadiciGroup’s website structure was accordingly designed so as to be able to meet multiple communication needs, with special attention to customers.

In 2013 the new RadiciGroup corporate website was completed and launched, and good results were seen in 2014. The new site is responsive, i.e., the site adapts to the display of desktops or mobile devices, always ensuring optimized browsing and the best speed for information retrieval.

Furthermore, in order to make the site an easy-to-use tool for all customers and potential customers, product pages were added, mainly for the products of the Plastics Business Area. A Portuguese version of the website was launched, primarily targeted at Brazilian users.

Sustainability and the Sustainability Report continue to be the pages of top interest, with the Report steadily in first place among the Group documents downloaded by the website users.

To learn more:
http://www.radicigroup.com/

PRESS

The Press Office is the channel RadiciGroup uses to communicate, in a consistent and transparent way, with the press – newspapers and magazines (both print and digital), press agencies, TV, radio, social media –, providing them with press releases and all the necessary material for accurate and complete information on what is going on in the Group: business news, brand and product promotions, and corporate activities.

In 2014, innovation and sustainability were among the main topics covered by RadiciGroup external communications. Besides the news on these two topics published mainly through press releases issued on the occasion of fairs and industry meetings which the Group took part in, the Press Office highlighted numerous local community cultural or social events sponsored in part by the Group.
RadiciGroup news and press releases, picked up by the national and international industry press, are always available and can be accessed from the NEWS & MEDIA page of the corporate website.

To learn more:

SOCIAL MEDIA
Communicating through social media is part of the daily routine at RadiciGroup and has turned out to be especially useful in building the corporate image and as a tool for actively engaging stakeholders – customers and employees, in particular.

PERFORMANCE INDICATOR PR5
Part of the Customer Satisfaction Survey was specifically dedicated to the means and tools of communication used by RadiciGroup customers. The results of the survey: 74% of the customers answered that they make use of a smartphone and 45%, a tablet.
As for the question about the kind of social media used, if any, for receiving information or updates of a professional nature, 54% of the customers stated that they use social media, with a clear preference for LinkedIn.

On the basis of the results of the survey, in large part not unexpected, RadiciGroup continued to strengthen its communication strategy by creating contents specifically targeted at mobile devices and disseminating the same contents through other channels, foremost the social media. Besides the corporate Twitter and LinkedIn profiles, a new Twitter profile specifically dedicated to sustainability was added, and a showcase page was created for the RadiciGroup for Sustainability project. The 2013 Sustainability Report, published in 2014 as summary tables on SlideShare, a slide hosting service for presentation sharing, had a total of 675 views and about 166 shares by LinkedIn users. There was an overall improvement in the level of engagement or interaction between RadiciGroup and the users of the Group's social channels, which points to an ongoing dialogue carried on through comments, likes, and shares of the published material.

To learn more:

LinkedIn: https://www.linkedin.com/company/radici-group
Twitter RadiciGroup: https://twitter.com/RadiciGroup
Twitter RadiciGroup for Sustainability: https://twitter.com/RGSustainable
Twitter RadiciGroup for Culture: https://twitter.com/RGCulture
YouTube: http://www.youtube.com/user/RadiciGroup
Slideshare: http://www.slideshare.net/RadiciGroup
HUMAN RIGHTS PERFORMANCE INDICATORS
SOCIETY PERFORMANCE INDICATORS
LABOUR PRACTICES
AND DECENT WORK PERFORMANCE INDICATORS
ENVIRONMENTAL PERFORMANCE INDICATORS
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS
GLOBAL REPORTING INITIATIVE (GRI) PERFORMANCE INDICATORS
Respect for Human Rights (HR) has always been an indispensable precondition for any activity conducted by RadiciGroup, which had not deemed it necessary, up to now, to formulate an official policy on this matter, since it was already understood to be an integral part of the company’s DNA. However, in 2014, the human rights issue was brought to the forefront, in the course of the work on the materiality matrix, as an issue that our stakeholders considered relevant. In response to the needs of its stakeholders, the Group reached the conclusion that the time had come to formalize its commitment to the protection of human rights. Furthermore, the necessity for this step had also arisen as a result of the progressive globalization not only of the Group’s markets, but also of its production activities.

On the issue at hand, RadiciGroup has always abided by the human rights provisions of the national laws in the countries where it operates. Furthermore, the Group declares that no workers, women or men, are maintained at RadiciGroup as slave or forced labour and that freedom of association is always protected. The presence of trade unions at most of its companies is a guarantee that such protection is provided.

Additionally, no employees under the age of 18 work at Group companies, with the exception of the sites in Brazil, where the hiring of underage persons is governed by a specific law as set forth in “Manual da aprendizagem: o que é preciso saber para contratar o aprendiz / Ministério do Trabalho e Emprego, Secretaria de Inspeção do Trabalho, Secretaria de Políticas Públicas de Emprego. – 7. ed. rev. e ampliada. – Brasília: Assessoria Comunicação do MTE, 2011”. The provisions of the above law allow for hiring boys and girls between the ages of 16 and 18 who live in conditions of social unease with reduced working hours and limited duties, as an introduction to the work experience.

Monitoring respect for human rights is entrusted to the Group Human Resources department, which has reported no cases in need of special attention. More specifically, during the 2012-2014 period, no cases of violations of human rights or discrimination at RadiciGroup companies were reported or filed. **PERFORMANCE INDICATOR HR4**

However, in light of the stakeholder needs mentioned above, the Group has ongoing projects focusing on developing a more proactive approach to the HR issue. As part of these projects, the Group’s main suppliers were engaged in a survey with the purpose of ascertaining the respect for the human rights of the women and men...
working at their sites. The specific topics addressed in the survey and the results, which were positive overall, are reported in the “Suppliers” section of this Sustainability Report. \textit{PERFORMANCE INDICATOR HR2}

Moreover, as an initial communication and sensitization activity, in 2014 RadiciGroup created a 2015 calendar on the theme of the Universal Declaration of Human Rights. The entire declaration and a number of particularly significant articles are reported on the pages of the calendar. More than 1000 copies will be printed and given mainly to employees, in addition to clients and suppliers.

There are also other projects under consideration to bring awareness and training on human rights issues into the syllabus of all courses for RadiciGroup employees.
SUSTAINABILITY IS OUR GREAT BEAUTY

Warhol - Marilyn Diptych
The “local community” and the “factory” have long been viewed as two contrasting entities, considered as the bearers of radically different, if not conflicting, interests. RadiciGroup has always rejected this dichotomy, considering the local community to be a factory in itself – that is, a doer capable of creating ideas, relationships, innovation – and considering the factory to be a community – a fertile place for the development of the very same ideas, relationships, and innovation.

That is the reason why RadiciGroup, in 2014, sponsored and promoted numerous activities in the communities where it operates, especially to create cultural and educational values. As part of this involvement, the Group actively participated in local school events, collaborated with scientific institutions to popularize science, supported environmental awareness initiatives, worked in close collaboration with universities and trade associations, and promoted other activities as described in the “Stakeholders” section of this Sustainability Report.

Furthermore, the local communities’ growing expectations of RadiciGroup, particularly in light of the ongoing economic and financial crisis and the position of the Group in the community as a leading company, have impelled the Group to develop a particularly prudent policy concerning its human resources. In fact, most of the Group employees live in places near the production sites and thus are, at the same time, employees and the members of the local community.

**STANDARD DISCLOSURES 4.16**

Lastly, RadiciGroup provided financial support to many non-profit health care organizations, voluntary organizations, and sport associations. In 2014 the Group’s contributions increased compared to 2013 and the main beneficiaries were again sport organizations active in the local community.
CONTRIBUTIONS AND GIFTS (IN EUROS)

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

Q&A

For what reasons does RadiciGroup support these organizations?

RadiciGroup acts according to its tradition and values, and, more specifically, in accordance with the following principle:

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

The Group’s social involvement is not merely focused on a return on image. For this reason, the preference goes to organizations operating locally and pursuing objectives such as socialization, promotion of local culture, or semi-professional sport activities.

What are the main criteria adopted in selecting the beneficiaries of the contributions/sponsorships consistent with RadiciGroup values and principles?

- PRESENCE IN THE COMMUNITY
- NON-PROFIT
- HIGH CULTURAL or SOCIAL VALUE
- PROMOTION OF THE INDIVIDUAL AND SUPPORT IN CASES OF ECONOMIC OR SOCIAL UNEASE
How are the contributions/sponsorships disbursed?

PERFORMANCE INDICATORS S06-S08

In 2014 contributions were disbursed, as always, according to the criteria of fairness and in compliance with all applicable laws and the provisions of the RadiciGroup Code of Ethics. The latter explicitly provides for legality and transparency in all business relations. In accordance with the principle of neutrality with respect to political parties set forth in its Code of Ethics, in 2014 RadiciGroup did not make any direct or indirect contributions in their favour. In 2014 no sanctions were imposed for non-compliance with the laws or regulations in force.
SUSTAINABILITY IS OUR GREAT BEAUTY

Pellizza da Volpedo - The Fourth Estate
At RadiciGroup, the Human Resources Management policy is based on our corporate values:

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

“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.”

Listening to and understanding our workers’ needs, exploiting and realizing their individual abilities, a remuneration system in line with the market and employment protection as a priority. Training and health and safety protection for all the persons who work at Group companies. Better communication through the use of new tools. Through these activities, RadiciGroup continued to put its corporate values into practice in 2014.
## Performance Indicator LA1

**Total Radigroup Workforce by Gender and Geographical Area**

<table>
<thead>
<tr>
<th>Workforce by Geographical Area*</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>n</strong> TOTAL</td>
<td>3,269</td>
<td>3,210</td>
<td>3,047</td>
</tr>
<tr>
<td><strong>n</strong> M</td>
<td>2,483</td>
<td>2,404</td>
<td>2,238</td>
</tr>
<tr>
<td><strong>n</strong> W</td>
<td>786</td>
<td>806</td>
<td>809</td>
</tr>
<tr>
<td><strong>n</strong> Italy</td>
<td>1,680</td>
<td>1,601</td>
<td>1,599</td>
</tr>
<tr>
<td><strong>n</strong> M</td>
<td>1,373</td>
<td>1,301</td>
<td>1,296</td>
</tr>
<tr>
<td><strong>n</strong> W</td>
<td>307</td>
<td>300</td>
<td>303</td>
</tr>
<tr>
<td><strong>n</strong> Rest of Europe</td>
<td>1,007</td>
<td>1,003</td>
<td>980</td>
</tr>
<tr>
<td><strong>n</strong> M</td>
<td>602</td>
<td>610</td>
<td>597</td>
</tr>
<tr>
<td><strong>n</strong> W</td>
<td>378</td>
<td>393</td>
<td>410</td>
</tr>
<tr>
<td><strong>n</strong> Asia</td>
<td>30</td>
<td>36</td>
<td>42</td>
</tr>
<tr>
<td><strong>n</strong> M</td>
<td>24</td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td><strong>n</strong> W</td>
<td>6</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td><strong>n</strong> North and South America</td>
<td>399</td>
<td>379</td>
<td>360</td>
</tr>
<tr>
<td><strong>n</strong> M</td>
<td>484</td>
<td>466</td>
<td>316</td>
</tr>
<tr>
<td><strong>n</strong> W</td>
<td>95</td>
<td>104</td>
<td>83</td>
</tr>
</tbody>
</table>

**NOTE:** *The workforce includes employees and temporary agency workers*

## Percentage of Women in the Workforce by Geographical Area*

<table>
<thead>
<tr>
<th>Geographical Area</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe (Italy + rest of Europe)</td>
<td>25.8%</td>
<td>26.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Italy</td>
<td>18.3%</td>
<td>18.7%</td>
<td>18.9%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>38.6%</td>
<td>39.2%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Asia</td>
<td>20.0%</td>
<td>25.0%</td>
<td>31.0%</td>
</tr>
<tr>
<td>North and South America</td>
<td>16.4%</td>
<td>18.2%</td>
<td>20.8%</td>
</tr>
</tbody>
</table>

**NOTE:** *The workforce includes employees and temporary agency workers*

In 2014 the total workforce (men and women employees plus temporary agency workers) decreased by 163 units compared to the prior year. The drop prevalently
affected male employees. A decrease of 172 workers (150 men and 22 women) is related to the shutting down of the Acrylic BU in Brazil.

Regarding the Acrylic BU, the reorganization was accompanied by a social plan as provided for by the law and all the workers were given severance indemnities in accordance with the Brazilian National Collective Bargaining Agreement. Moreover, on a voluntary basis, RadiciGroup decided to extend the medical insurance plan 4 months beyond the termination of employment, an extension of the health coverage provided for by law.

Concerning the gender breakdown of the workforce, men workers still largely outnumber women workers, which can be explained by the type of work at the Group companies; at the foreign sites the female staff increased while in Italy, it remained stable.

Focusing on employees only, the percentage of permanent men and women employees rose (about +4% compared to the prior year). Permanent employees account for 95.4% of the total employees. As for the female personnel, looking at the trend of the last 3 years, we see that the percentage of permanent women employees went from 85.5% in 2012 to 91.7% in 2014.

These figures confirm once again the traditional approach of the Group, which guarantees long-term occupational security by favouring relationships based on reciprocal trust. In 2014, RadiciGroup took advantage of social shock absorbers designed to help companies in difficulty by protecting their human resources. During 2014 RadiciGroup utilized unemployment benefits, extended unemployment benefits and solidarity agreements for a total of 83,088 hours, a decrease compared to the prior year, thanks to the end of the shutdown procedure (2009-2014) at the Radici Yarn S.p.A. plant in Pistoia.

To complete the overall picture of RadiciGroup employment, in 2014 full-time employment agreements once again took first place with a share of 95%. Permanent full-time agreements are a necessary part of continuous production cycle processes, typical of a large part of the Group's Italian companies, since the type of production scheduling makes is difficult to manage part-time workers. National and company collective agreements remained predominant rising to 78.8% as a result of the shuttering of the Brazilian plant.

Male and female pay is equal for equal job duties and equal work schedules. All employees – women and men, full-time and part-time workers – may be the recipients of annual incentive bonuses, which are given out based on an analysis of their individual performance and professional conduct. Also given are bonuses related to company profit sharing, which are collective in nature.
### PERFORMANCE INDICATOR LA1
#### RADICIGROUP WORKFORCE BY GENDER, EMPLOYMENT TYPE AND EMPLOYMENT AGREEMENT

<table>
<thead>
<tr>
<th>LA 1 EMPLOYEES</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL WORKFORCE</td>
<td>Tot</td>
<td>3,269</td>
<td>3,210</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>2,483</td>
<td>2,404</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>786</td>
<td>806</td>
</tr>
<tr>
<td>TOTAL EMPLOYEES</td>
<td>Tot</td>
<td>3,216</td>
<td>3,166</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>2,436</td>
<td>2,362</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>780</td>
<td>804</td>
</tr>
<tr>
<td>Permanent employees</td>
<td>Tot</td>
<td>2,979</td>
<td>2,895</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>2,312</td>
<td>2,230</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>667</td>
<td>665</td>
</tr>
<tr>
<td>PART-TIME permanent</td>
<td>Tot</td>
<td>98</td>
<td>140</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>22</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>76</td>
<td>84</td>
</tr>
<tr>
<td>FULL-TIME permanent</td>
<td>Tot</td>
<td>2,881</td>
<td>2,755</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>2,290</td>
<td>2,174</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>591</td>
<td>581</td>
</tr>
<tr>
<td>Permanent employees of total permanent employees</td>
<td>Tot</td>
<td>96.7%</td>
<td>95.2%</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>99.0%</td>
<td>97.5%</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>88.6%</td>
<td>87.4%</td>
</tr>
<tr>
<td>Temporary employees</td>
<td>Tot</td>
<td>237</td>
<td>271</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>124</td>
<td>132</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>113</td>
<td>139</td>
</tr>
<tr>
<td>Permanent employees of total employees</td>
<td>Tot</td>
<td>92.6%</td>
<td>91.4%</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>94.9%</td>
<td>94.4%</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>85.5%</td>
<td>82.7%</td>
</tr>
<tr>
<td>PART-TIME (total)</td>
<td>Tot</td>
<td>98</td>
<td>140</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>22</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>76</td>
<td>84</td>
</tr>
<tr>
<td>FULL-TIME (total)</td>
<td>Tot</td>
<td>3,118</td>
<td>3,026</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>2,414</td>
<td>2,306</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>704</td>
<td>720</td>
</tr>
<tr>
<td>Full-time employees of total employees</td>
<td>Tot</td>
<td>97.0%</td>
<td>95.6%</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>99.1%</td>
<td>97.6%</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>90.3%</td>
<td>89.6%</td>
</tr>
</tbody>
</table>
**Performance Indicator LA4**

**Type of Employment Agreement**

<table>
<thead>
<tr>
<th>LA 4</th>
<th>Total Employees</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>TOTAL</td>
<td>3,216</td>
<td>3,166</td>
<td>2,997</td>
</tr>
<tr>
<td>n</td>
<td>national collective bargaining agreement</td>
<td>2,252</td>
<td>2,217</td>
<td>2,203</td>
</tr>
<tr>
<td>n</td>
<td>company collective bargaining agreement</td>
<td>185</td>
<td>162</td>
<td>160</td>
</tr>
<tr>
<td>n</td>
<td>individual employment agreement</td>
<td>779</td>
<td>787</td>
<td>634</td>
</tr>
<tr>
<td>%</td>
<td>percentage individual employment agreement</td>
<td>24.2%</td>
<td>24.9%</td>
<td>21.2%</td>
</tr>
<tr>
<td>%</td>
<td>percentage collective bargaining agreement (national and company)</td>
<td>75.8%</td>
<td>75.1%</td>
<td>78.8%</td>
</tr>
</tbody>
</table>
In Italy, all men and women employees are covered by a National Collective Bargaining Agreement [Contratto Collettivo Nazionale di Lavoro (CCNL)] for their respective industrial sector, which ensures that the minimum wages and salaries mandated by law are paid. According to these agreements, Italian employees receive 13 or 14 monthly salaries per year. Company employment agreements are applied to foreign workers in the absence of national collective bargaining agreements. Alternatively, local worker protection law and the labour market of each country dictate the guidelines for RadiciGroup.

Compensation varies from country to country, but it always is in line with the labour market of the site’s host country. The variable part of management compensation is based on the Management by Objectives (MBO) scheme. 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. A voluntary pilot programme is planned for 2015 with the objective of training Group collaborators, on healthier eating habits.

For some time RadiciGroup has awarded annual scholarships to employees and their children. Scholarships are granted to university students as a reward for outstanding academic achievement, with a preference for students specializing in technical and scientific fields.

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 skills.
### PERFORMANCE INDICATOR LA13

**EMPLOYEE BREAKDOWN BY AGE GROUP AND GENDER**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>n</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>Tot</td>
<td>3,216</td>
<td>3,166</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>2,436</td>
<td>2,362</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>780</td>
<td>804*</td>
</tr>
<tr>
<td><strong>n</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>senior management &lt; 30 years old</td>
<td>Tot</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>senior management 30&lt; &gt;50 years old</td>
<td>Tot</td>
<td>101</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>81</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>senior management &gt; 50 years old</td>
<td>Tot</td>
<td>57</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>53</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>n</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>middle management &lt; 30 years old</td>
<td>Tot</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>middle management 30 &lt; &gt; 50 years old</td>
<td>Tot</td>
<td>208</td>
<td>202</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>162</td>
<td>154</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>46</td>
<td>48</td>
</tr>
<tr>
<td>middle management &gt; 50 years old</td>
<td>Tot</td>
<td>67</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>52</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td><strong>n</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>white-collar workers &lt; 30 years old</td>
<td>Tot</td>
<td>60</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>32</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>white-collar workers 30 &lt; &gt; 50 years old</td>
<td>Tot</td>
<td>307</td>
<td>302</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>151</td>
<td>139</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>156</td>
<td>163</td>
</tr>
<tr>
<td>white-collar workers &gt;50 years old</td>
<td>Tot</td>
<td>69</td>
<td>76</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>42</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td><strong>n</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>blue-collar workers &lt; 30 years old</td>
<td>Tot</td>
<td>381</td>
<td>371</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>286</td>
<td>262</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>95</td>
<td>109</td>
</tr>
<tr>
<td>blue-collar workers 30 &lt; &gt; 50 years old</td>
<td>Tot</td>
<td>1,384</td>
<td>1,383</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>1,098</td>
<td>1,088</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>286</td>
<td>295</td>
</tr>
<tr>
<td>blue-collar workers &gt; 50 years old</td>
<td>Tot</td>
<td>565</td>
<td>549</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>468</td>
<td>459</td>
</tr>
<tr>
<td></td>
<td>W</td>
<td>97</td>
<td>90</td>
</tr>
</tbody>
</table>

**NOTE:** *In the 2013 edition of the Report 840 was erroneously indicated instead of 804*
One consequence of the long-term relationships that RadiciGroup establishes with a great number of its collaborators is the increase in the average age of human resources. This fact raises the challenge of how to make the most of all workers, men and women of any age, while ensuring a harmonious generational transition, fostering the growth of younger human resources without devaluing older workers.

The above aim will become a specific Group guideline and was already approved by the shareholders in a letter sent to top-level employees at the end of 2014, in which the reorganization process in progress is explained:

“Moreover, a very important role will be assigned to the Division Directors’ Collaborators, who will be in charge of the individual Strategic Business Areas [SBAs]. The Collaborators will be selected from among the best human resources available on the basis of skills and attitude. They will receive all the necessary support for their mission and, within the framework of succession planning, will be guided along a career growth path so as to be ready to become Division Directors, if and when considered appropriate.”

### Performance Indicator LA13

<table>
<thead>
<tr>
<th></th>
<th>WOMEN</th>
<th>MEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>2.5%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Middle management</td>
<td>6.8%</td>
<td>10.1%</td>
</tr>
<tr>
<td>White-collar workers</td>
<td>27.0%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td>63.7%</td>
<td>74.8%</td>
</tr>
<tr>
<td>Total by gender</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**NOTE:** The percentages are calculated separately by gender.
One consequence of the long-term relationships that RadiciGroup establishes with a great number of its collaborators is the increase in the average age of human resources. This fact raises the challenge of how to make the most of all workers, men and women of any age, while ensuring a harmonious generational transition, fostering the growth of younger human resources without devaluing older workers.

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EDUCATION AND TRAINING

In 2014 the total number hours of training per employee rose compared to 2013, chiefly for management and production personnel. The latter was also involved in compulsory training courses.

A special relevant role was played by the RadiciGroup Academy, a training programme for fostering competencies, innovation and internal development, which each year devises targeted courses for middle and senior management. About 100 collaborators, both Italians and foreigners, participated in the Academy courses, held by prestigious teachers such as the Rector of the Università di Bergamo, using unconventional, but highly effective teaching methods, such as theatrical performance to complement the more traditional in-class lectures.

The topics covered in 2014 included engagement, leadership, sales techniques, how to deliver “high-impact” presentations in English, and purchasing policies. According to the satisfaction questionnaire filled out by the participants, the results of the course were excellent. Besides the above in-house courses, the various sites continued their ongoing training activities on worker health and safety. Some courses covered occupational safety issues using a psychological, rather than a behavioural, approach so as to
raise the awareness of each collaborator to the importance of personal contribution in increasing the overall level of safety in the workplace.

For 2015 and following years, the objective is to increase the amount of training provided, with courses not only on traditional topics, but also on new subjects like environmental awareness, health and well-being.

**PERFORMANCE INDICATOR LA10**

**EDUCATION AND TRAINING**

<table>
<thead>
<tr>
<th>LA 10</th>
<th>TRAINING FOR EMPLOYEES</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
<td>TOTAL EMPLOYEES</td>
<td>3,216</td>
<td>3,166</td>
<td>2,997</td>
</tr>
<tr>
<td>Hours</td>
<td>total hours of training</td>
<td>51,734</td>
<td>42,641</td>
<td>47,663</td>
</tr>
<tr>
<td>Hours</td>
<td>senior management</td>
<td>2,182</td>
<td>2,374</td>
<td>3,711</td>
</tr>
<tr>
<td>Hours</td>
<td>middle management</td>
<td>5,800</td>
<td>5,409</td>
<td>5,332</td>
</tr>
<tr>
<td>Hours</td>
<td>white-collar workers</td>
<td>7,216</td>
<td>5,252</td>
<td>4,551</td>
</tr>
<tr>
<td>Hours</td>
<td>blue-collar workers</td>
<td>36,536</td>
<td>29,606</td>
<td>34,069</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hours</th>
<th>Hours/employee</th>
<th>16.1</th>
<th>13.5</th>
<th>15.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
<td>Hours/employee – Senior management</td>
<td>13</td>
<td>16</td>
<td>28</td>
</tr>
<tr>
<td>Hours</td>
<td>Hours/employee – Middle management</td>
<td>20</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Hours</td>
<td>Hours/employee – White collar workers</td>
<td>17</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Hours</td>
<td>Hours/employee – Blue collar workers</td>
<td>16</td>
<td>13</td>
<td>16</td>
</tr>
</tbody>
</table>

**PERFORMANCE INDICATOR LA10**

**TRAINING BY GENDER**

<table>
<thead>
<tr>
<th>LA 10</th>
<th>TRAINING BY GENDER</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
<td>Hours of training – Women</td>
<td>10,297</td>
<td>6,103</td>
<td>8,130</td>
</tr>
<tr>
<td>n</td>
<td>Women employees</td>
<td>780</td>
<td>804</td>
<td>805</td>
</tr>
<tr>
<td>Hours</td>
<td>Hours/employee – Women</td>
<td>13.2</td>
<td>7.6</td>
<td>10.1</td>
</tr>
<tr>
<td>Hours</td>
<td>Hours of training – Men</td>
<td>41,437</td>
<td>36,538</td>
<td>39,533</td>
</tr>
<tr>
<td>n</td>
<td>Men employees</td>
<td>2,436</td>
<td>2,362</td>
<td>2,192</td>
</tr>
<tr>
<td>Hours</td>
<td>Hours/employee – Men</td>
<td>17.0</td>
<td>15.5</td>
<td>18.0</td>
</tr>
</tbody>
</table>
TOTAL HOURS OF TRAINING
BREAKDOWN BY CATEGORY

<table>
<thead>
<tr>
<th>Year</th>
<th>Management</th>
<th>Middle Management</th>
<th>White Collars</th>
<th>Blue Collars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>16.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>13.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>15.9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

HOURS/EMPLOYEE

<table>
<thead>
<tr>
<th>Year</th>
<th>Hours/employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
</tbody>
</table>
OCCUPATIONAL HEALTH AND SAFETY

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.

By adopting the above corporate Values many years ago, RadiciGroup took upon itself a specific commitment to occupational health and safety. Even before adopting the GRI reporting framework, the corporate Responsible Care® and KPI reports gave ample space to the issue at hand.

The 2014 data show a decrease in total injuries, but an increase in the Lost Day Rate (LDR), with a related increase in the injury rate (IR), which rose from 80 to 99.

RadiciGroup plans to respond to this situation, which could become critical in the future, with a comprehensive project, a communication plan combined with specific actions, having the objective of spreading a “shared” culture of safety in all Group companies. The project is due to become fully active in 2015. In addition to this project, the Group also intends to pursue certification to the OHSAS 18001 occupational health and safety standard for all the companies not yet certified.
### PERFORMANCE INDICATOR LA7
#### OCCUPATIONAL HEALTH AND SAFETY

<table>
<thead>
<tr>
<th>LA 7</th>
<th>INJURIES AND ABSENCES</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>TOTAL WORKFORCE*</td>
<td>Tot</td>
<td>3,279</td>
<td>3,218</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>2,493</td>
<td>2,412</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>786</td>
<td>806</td>
</tr>
<tr>
<td>n</td>
<td>TOTAL EMPLOYEES</td>
<td>Tot</td>
<td>3,216</td>
<td>3,166</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>2,436</td>
<td>2,362</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>780</td>
<td>804</td>
</tr>
<tr>
<td>hours</td>
<td>TOTAL HOURS WORKED</td>
<td>Tot</td>
<td>5,404,556</td>
<td>5,486,505</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>4,062,521</td>
<td>4,166,134</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>1,342,035</td>
<td>1,320,371</td>
</tr>
<tr>
<td>days</td>
<td>TOTAL LOST DAYS</td>
<td>Tot</td>
<td>1,870</td>
<td>2,191</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>1,742</td>
<td>2,028</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>128</td>
<td>163</td>
</tr>
<tr>
<td>n</td>
<td>total injuries</td>
<td>Tot</td>
<td>90</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>79</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>n/200,000h</td>
<td>IR</td>
<td>Tot</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>3.9</td>
<td>4.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>1.6</td>
<td>0.9</td>
</tr>
<tr>
<td>d/200,000h</td>
<td>LDR</td>
<td>Tot</td>
<td>69.2</td>
<td>79.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>85.8</td>
<td>97.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>19.1</td>
<td>24.7</td>
</tr>
<tr>
<td>n</td>
<td>total occupational diseases</td>
<td>Tot</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>n/200,000h</td>
<td>ODR</td>
<td>Tot</td>
<td>0</td>
<td>0.07</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>0</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>0</td>
<td>0.15</td>
</tr>
<tr>
<td>days</td>
<td>average days absent</td>
<td>Tot</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>days</td>
<td>average work days</td>
<td>Tot</td>
<td>218</td>
<td>218</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>219</td>
<td>219</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>215</td>
<td>215</td>
</tr>
<tr>
<td>d/200,000h</td>
<td>AR</td>
<td>Tot</td>
<td>9,833</td>
<td>9,985</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>9,543</td>
<td>10,039</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W</td>
<td>10,768</td>
<td>9,821</td>
</tr>
</tbody>
</table>

**NOTE:** The LA7 indicator is computed with a workforce comprising self-employed workers, temporary agency workers and employees.
**PERFORMANCE INDICATOR LA7**

**INJURY BREAKDOWN BY GEOGRAPHICAL AREA**

<table>
<thead>
<tr>
<th>LA 7</th>
<th>ITALY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>n</td>
<td>TOTAL WORKFORCE</td>
</tr>
<tr>
<td>n</td>
<td>TOTAL HOURS WORKED</td>
</tr>
<tr>
<td>n</td>
<td>TOTAL LOST DAYS</td>
</tr>
<tr>
<td>n</td>
<td>total injuries</td>
</tr>
<tr>
<td>n</td>
<td>total cases occupational diseases</td>
</tr>
<tr>
<td>n</td>
<td>average days absent</td>
</tr>
<tr>
<td>n</td>
<td>average work days</td>
</tr>
<tr>
<td>n/200,000h</td>
<td>IR - injury rate</td>
</tr>
<tr>
<td>n/200,000h</td>
<td>ODR - occupational disease rate</td>
</tr>
<tr>
<td>d/200,000h</td>
<td>LDR - lost days rate</td>
</tr>
<tr>
<td>d/200,000h</td>
<td>AR - absentee rate</td>
</tr>
</tbody>
</table>

---

**DEVELOPING AWARENESS, RESPONSIBILITY AND COLLABORATION: RADICI NOVACIPS ORGANIZES SPECIAL COURSES ON SAFETY STANDARD DISCLOSURES 4.16**

In 2014 the RadiciGroup Plastics Business Area promoted and organized several unconventional training courses on risk prevention, courses that went beyond the standard compulsory training courses in scope and content.

The first course focused on operators that handle tools and equipment. The objective of the course was to understand why and find the appropriate answer to the problem of the operators’ continuing to repeat the same mistakes in spite of the fact that they possess the right technical skills. It was explained that the root of the problem was not the lack of knowledge about the use of the equipment, but psychological and behavioural causes.

Consequently, the training was directed primarily at making the participants aware of the importance of their role in the company, both as an individual and as a member of the group, and working on building their sense of responsibility and overcoming motivational barriers. They were also asked to get involved by suggesting technical or logistic solutions to raise the safety level. The company evaluated the suggestions received and, wherever feasible, implemented them.
A second course on safe driving taught by expert instructors was organized for the personnel of the sales and technical assistance departments, in view of the frequent long-haul drives these workers make for the company. The course also touched on more general issues of risk perception. The project was a success and is planned to be extended to the personnel of other departments.
RadiciGroup recognizes the importance of the environment as a critical success factor providing significant competitive leverage. RadiciGroup operates in an international context with multiple categories of stakeholders. Thus, besides complying with the applicable laws in the countries where it operates, the Group has long adopted, on a voluntary basis, recognized international regulations and standards, which set more stringent requirements than the local laws. Compliance with these international standards entails integrated certifications, or product and process certifications, to be described in the “Product Responsibility Performance Indicators (PR)” section of this Report. The adoption of international standards was dictated by the need to address the challenges involving raw materials, water and energy usage, and the management of waste and emissions in an integrated systematic manner, while pursuing continual improvement in performance. Although at times requiring significant investments (see the EN30 section of this Report), the use of Best Available Technologies (BAT), a staple of the environmental policies of the Group, provides the opportunity to reduce the upstream impact of the processes and make them more efficient. The integration of prevention and mitigation technologies has the advantage of avoiding the high costs of adverse events.

The performance indicators and parameters described below provide an overall view of the work on the mitigation of environmental impact accomplished during the last three (in some cases, five) years.

**RAW MATERIALS**

Our analysis starts with the raw materials used, which increased slightly in 2014 despite the shutting down of the acrylic business unit. This trend was already evident starting in 2012.

**PERFORMANCE INDICATOR EN1**

**MATERIALS USED**

<table>
<thead>
<tr>
<th>EN 1 MATERIALS USED</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>t TOTAL</td>
<td>442,967</td>
<td>451,605</td>
<td>452,845</td>
</tr>
<tr>
<td>t Direct materials</td>
<td>419,656</td>
<td>428,602</td>
<td>432,162</td>
</tr>
<tr>
<td>t Associated process materials</td>
<td>3,773</td>
<td>3,324</td>
<td>1,652</td>
</tr>
<tr>
<td>t Packaging</td>
<td>19,538</td>
<td>19,679</td>
<td>19,031</td>
</tr>
</tbody>
</table>
### Non-Renewable Materials 2012-2014

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>427,180</td>
<td>435,841</td>
<td>437,759</td>
</tr>
<tr>
<td>Direct materials</td>
<td>418,995</td>
<td>428,087</td>
<td>431,573</td>
</tr>
<tr>
<td>Associated process materials</td>
<td>3,773</td>
<td>3,324</td>
<td>1,652</td>
</tr>
<tr>
<td>Packaging</td>
<td>4,412</td>
<td>4,430</td>
<td>4,534</td>
</tr>
</tbody>
</table>

### Renewable Materials 2012-2014

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>15,787</td>
<td>15,764</td>
<td>15,086</td>
</tr>
<tr>
<td>Direct materials</td>
<td>661</td>
<td>515</td>
<td>589</td>
</tr>
<tr>
<td>Associated process materials</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Packaging</td>
<td>15,126</td>
<td>15,249</td>
<td>14,497</td>
</tr>
</tbody>
</table>

### Materials Used 2014

- 96.7% Direct materials
- 3.3% Renewable
- 0.4% Associated process materials
- 0.1% Non-Renewable
- 95.3% Non-Renewable
ENERGY

PERFORMANCE INDICATOR EN3
DIRECT ENERGY CONSUMPTION BY PRIMARY SOURCE

<table>
<thead>
<tr>
<th>EN 3</th>
<th>ENERGY CONSUMPTION</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>GJ</td>
<td>TOTAL</td>
<td>2,761,428</td>
<td>2,590,516</td>
<td>1,976,708</td>
</tr>
<tr>
<td>GJ</td>
<td>from Natural gas</td>
<td>2,752,206</td>
<td>2,585,346</td>
<td>1,971,809</td>
</tr>
<tr>
<td>GJ</td>
<td>from Diesel fuel</td>
<td>2,360</td>
<td>1,102</td>
<td>1,101</td>
</tr>
<tr>
<td>GJ</td>
<td>from LPG (Liquefied petroleum gas)</td>
<td>2,637</td>
<td>3,063</td>
<td>3,128</td>
</tr>
<tr>
<td>GJ</td>
<td>from Fuel oil</td>
<td>4,225</td>
<td>1,005</td>
<td>670</td>
</tr>
</tbody>
</table>

DIRECT PRIMARY ENERGY CONSUMPTION PER UNIT OF PRODUCTION

<table>
<thead>
<tr>
<th>INDEX</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>GJ/t</td>
<td>2.98</td>
<td>2.75</td>
<td>2.05</td>
</tr>
</tbody>
</table>

Energy is one of the key aspects under special monitoring at RadiciGroup. The trend in direct primary energy consumption shows constant improvement over the last three years. Performance indicator EN3 dropped by 28.4% in the three year-period 2012-2014.

The graph of the five-year trend below even more clearly illustrates the progressive reduction in the use of energy from diesel fuel and fuel oil, both high environmental impact fossil energy sources, and the concurrent increase in the use of energy from natural gas and LPG plants, lower environmental impact fuels. The decline in the use of high environmental impact fossil energy can, in part, be due to the shutdown of the acrylic business unit...
in Brazil, but a great part of the reduction can also be attributed to the plant optimization work carried out at all Group sites. Indeed, in the graph above, the index “Consumption of direct primary energy per unit of production [GJ/t]”, i.e., the ratio of energy used to tons of products actually produced, demonstrates a virtuous downward trend.

Intermediate energy (electricity and heat purchased from third parties) rose as a result of the greater use of heat, related to increased production by the Chemicals Business Area, while the consumption of electricity remained constant. The mix is steadily improving, with a shift towards clean energy.

Performance indicator EN4-A shows that use of electricity from renewable sources by the Group inched up to 45.3% against 44.3% in 2013, with further improvement in the energy mix. Here, it should be stressed that the energy from renewable sources, mainly hydroelectric power produced by RadiciGroup companies, rose by 128% during the last 5 years. Also on the rise were the number of Group sites entirely powered by renewable source energy. In conclusion, the overall Group consumption of primary energy (indicators EN3 direct primary energy and EN4-b indirect primary energy) shows a downward trend, which becomes all the more evident in the index energy used per unit of production, dropping from 8 to 6.8 GJ per ton of product.
PERFORMANCE INDICATOR EN4
INTERMEDIATE ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE
(ELECTRICITY AND HEAT)

<table>
<thead>
<tr>
<th>EN4A</th>
<th>INTERMEDIATE ENERGY CONSUMPTION</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>GJ</td>
<td>TOTAL</td>
<td>3,714,266</td>
<td>3,808,477</td>
<td>3,848,824</td>
</tr>
<tr>
<td>GJ</td>
<td>Subtotal electricity</td>
<td>1,832,380</td>
<td>1,882,802</td>
<td>1,793,416</td>
</tr>
<tr>
<td>GJ</td>
<td>from renewable sources</td>
<td>757,615</td>
<td>833,840</td>
<td>813,088</td>
</tr>
<tr>
<td>GJ</td>
<td>of which self-produced (hydroelectric)</td>
<td>(53,970)</td>
<td>(58,345)</td>
<td>(79,043)</td>
</tr>
<tr>
<td>GJ</td>
<td>from non-renewable sources</td>
<td>1,074,765</td>
<td>1,048,962</td>
<td>980,328</td>
</tr>
<tr>
<td>GJ</td>
<td>from Natural gas</td>
<td>567,599</td>
<td>574,205</td>
<td>522,170</td>
</tr>
<tr>
<td>GJ</td>
<td>from Coal</td>
<td>334,450</td>
<td>313,143</td>
<td>301,996</td>
</tr>
<tr>
<td>GJ</td>
<td>from Fuel Oil</td>
<td>10,174</td>
<td>9,333</td>
<td>14,929</td>
</tr>
<tr>
<td>GJ</td>
<td>from Nuclear Energy</td>
<td>114,146</td>
<td>117,037</td>
<td>106,084</td>
</tr>
<tr>
<td>GJ</td>
<td>from other fossil sources</td>
<td>48,396</td>
<td>35,244</td>
<td>35,149</td>
</tr>
<tr>
<td>GJ</td>
<td>Subtotal Heat</td>
<td>1,881,886</td>
<td>1,925,675</td>
<td>2,055,408</td>
</tr>
<tr>
<td>GJ</td>
<td>from Natural Gas</td>
<td>1,881,886</td>
<td>1,925,675</td>
<td>2,055,408</td>
</tr>
</tbody>
</table>

INTERMEDIATE ENERGY CONSUMPTION PER UNIT OF PRODUCTION

<table>
<thead>
<tr>
<th>INDEX</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>GJ/t</td>
<td>1.98</td>
<td>1.99</td>
<td>1.86</td>
</tr>
</tbody>
</table>

NOTE: for electricity only
Non Renewable sources
- 16.8% from Coal
- 29.1% from Natural Gas
- 0.9% from Fuel Oil
- 5.9% from Nuclear Energy
- 2.0% from other sources

Renewable sources
45.3%

of which, with 100% renewable energy:
- Radici Novacips - Villa d’Ogna (Italy)
- Radici Novacips - Chignolo (Italy)
- Radici Plastics - Brazil
- Radici Plastics Germany*
- Radici Yarn - Ardesio (Italy)
- Radici Fibras - Brazil
- Radici Partecipazioni - Italy

* Since July 1st, 2014
### PERFORMANCE INDICATOR EN4B

**EN3+EN4B DIRECT + INDIRECT PRIMARY ENERGY**

<table>
<thead>
<tr>
<th>EN4B PRIMARY INDIRECT ENERGY</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GJ</strong> Total DIRECT + INDIRECT PRIMARY ENERGY from fossil sources (EN3+EN4B)</td>
<td>7,390,615</td>
<td>7,140,046</td>
<td>6,554,240</td>
</tr>
<tr>
<td><strong>GJ</strong> TOTAL DIRECT PRIMARY ENERGY (EN3)</td>
<td>2,761,428</td>
<td>2,590,516</td>
<td>1,976,708</td>
</tr>
<tr>
<td><strong>GJ</strong> TOTAL INDIRECT PRIMARY ENERGY (EN4B)</td>
<td>4,629,187</td>
<td>4,549,530</td>
<td>4,568,532</td>
</tr>
<tr>
<td><strong>GJ</strong> For production of INTERMEDIATE ELECTRICITY from fossil sources – INDIRECT PRIMARY ELECTRIC energy (EN4B)</td>
<td>2,107,338</td>
<td>1,976,812</td>
<td>1,833,705</td>
</tr>
<tr>
<td><strong>GJ</strong> For production of INTERMEDIATE HEAT from fossil sources – INDIRECT PRIMARY THERMAL ENERGY (EN4B)</td>
<td>2,521,849</td>
<td>2,572,718</td>
<td>2,734,827</td>
</tr>
</tbody>
</table>

### TOTAL PRIMARY ENERGY CONSUMPTION PER UNIT OF PRODUCTION

<table>
<thead>
<tr>
<th>INDEX</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GJ/t</strong> EN3+EN4B TOTAL PRIMARY ENERGY</td>
<td>7.98</td>
<td>7.56</td>
<td>6.78</td>
</tr>
</tbody>
</table>

### TOTAL INDIRECT PRIMARY ENERGY CONSUMPTION PER UNIT OF PRODUCTION

<table>
<thead>
<tr>
<th>INDEX</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GJ/t</strong> EN4B TOTAL INDIRECT PRIMARY ENERGY</td>
<td>5.00</td>
<td>4.81</td>
<td>4.73</td>
</tr>
<tr>
<td><strong>GJ/t</strong> EN4B ELECTRICITY</td>
<td>2.27</td>
<td>2.09</td>
<td>1.90</td>
</tr>
<tr>
<td><strong>GJ/t</strong> EN4B HEAT</td>
<td>2.72</td>
<td>2.72</td>
<td>2.83</td>
</tr>
</tbody>
</table>
SUSTAINABILITY IS OUR GREAT BEAUTY

Hokusai - The Great Wave off Kanagawa
Another key aspect of the RadiciGroup environmental policy is water. In 2014, following an upward trend already seen in previous years, water consumption at Group sites (performance indicator EN8) rose. It may be appropriate to point out that the hydro resources used are, for the most part, river or canal water fed to plant cooling systems and not used in manufacturing processes. Thus, water consumption is dictated by the physical operation of the cooling plants and does not depend on increases or decreases in production output. All the water used for cooling is returned to the environment.

The increase in water usage notwithstanding, the Group continues its commitment to water recycling (performance indicator EN10), which is evident at many of its production sites where the same water is reused several times (on average more than 11 times at Radici Fil Casnigo, for example). The calculated value of the percentage of water saved is negatively affected by the fact that at Radici Chimica Deutschland the recycling of process water occurs outside the company grounds, and thus cannot be included in the calculation of the performance indicator. In reality, the water used by the German company is withdrawn from a closed ring canal, into which all the water withdrawn by the production plants is recycled after use. The ring canal is replenished from time to time only to make up for evaporated water.

At all Group sites, water is treated in accordance with the applicable laws in force in the various countries where the companies operate and is discharged, in large part, into surface waters. As for the quality of discharged waters, in 2014 total nitrogen and metals increased, but COD (chemical oxygen demand) decreased and suspended solids dropped even more significantly.

### PERFORMANCE INDICATOR EN8

#### WATER WITHDRAWAL BY SOURCE

<table>
<thead>
<tr>
<th>EN 8 WATER WITHDRAWAL</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>m³ TOTAL</td>
<td>85,381,653</td>
<td>86,446,525</td>
<td>90,738,824</td>
</tr>
<tr>
<td>m³ from water utilities</td>
<td>133,188</td>
<td>124,258</td>
<td>116,177</td>
</tr>
<tr>
<td>m³ from springs</td>
<td>338,693</td>
<td>354,433</td>
<td>339,886</td>
</tr>
<tr>
<td>m³ from wells</td>
<td>12,407,583</td>
<td>12,499,407</td>
<td>11,982,837</td>
</tr>
<tr>
<td>m³ from rivers / canals</td>
<td>72,502,189</td>
<td>73,468,427</td>
<td>78,299,924</td>
</tr>
</tbody>
</table>

#### WATER WITHDRAWAL BY UNIT OF PRODUCTION

<table>
<thead>
<tr>
<th>INDEX</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>m³/t</td>
<td>92.16</td>
<td>91.49</td>
<td>93.96</td>
</tr>
</tbody>
</table>
USE OF WATER RESOURCES (m³)
2014

from Rivers/Canals

from Wells

from Springs

from Water utilities

Water recycled

Water withdrawn

Discharge into sewers

Discharge into surface waters

Water processed in internal water treatment plants

Water discharged directly to destination

63% WATER SAVINGS
### PERFORMANCE INDICATOR EN10

**WATER SAVINGS**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>m³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water withdrawn</td>
<td>85,381,653</td>
<td>86,446,525</td>
<td>90,738,824</td>
</tr>
<tr>
<td>m³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water recycled</td>
<td>77,360,437</td>
<td>74,004,952</td>
<td>56,826,947</td>
</tr>
</tbody>
</table>

% m³ Water saved | 91% | 86% | 63%

### PERFORMANCE INDICATOR EN21

**WATER DISCHARGE BY DESTINATION**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>m³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>46,650,673</td>
<td>47,526,049</td>
<td>48,183,519</td>
</tr>
<tr>
<td>m³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surface waters</td>
<td>46,288,548</td>
<td>47,155,803</td>
<td>47,900,397</td>
</tr>
<tr>
<td>m³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewers</td>
<td>362,125</td>
<td>370,246</td>
<td>283,122</td>
</tr>
</tbody>
</table>

Of which

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>m³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>46,650,673</td>
<td>47,526,049</td>
<td>48,183,519</td>
</tr>
<tr>
<td>m³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directly to destination</td>
<td>45,093,392</td>
<td>45,857,733</td>
<td>46,728,979</td>
</tr>
<tr>
<td>m³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processed in internal water treatment plants</td>
<td>1,557,281</td>
<td>1,668,316</td>
<td>1,454,540</td>
</tr>
</tbody>
</table>

**TOTAL WATER DISCHARGE PER UNIT OF PRODUCTION**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>m³/t</td>
<td>50.35</td>
<td>50.30</td>
<td>49.90</td>
</tr>
</tbody>
</table>

### PERFORMANCE INDICATOR EN21

**WATER DISCHARGE BY QUALITY**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>KG COD [kg O2/year]</td>
<td>1,846,942</td>
<td>1,533,321</td>
<td>1,185,152</td>
</tr>
<tr>
<td>KG Total nitrogen [kg N/year]</td>
<td>989,706</td>
<td>995,990</td>
<td>1,096,000</td>
</tr>
<tr>
<td>KG Suspended solids [kg/year]</td>
<td>30,421</td>
<td>23,823</td>
<td>17,169</td>
</tr>
<tr>
<td>KG Metals *</td>
<td>6,627</td>
<td>7,931</td>
<td>9,648</td>
</tr>
</tbody>
</table>

*NOTE* *metals include aluminium, chrome, iron, nickel, copper, vanadium and zinc*
EMISSIONS

The emissions trend is constantly improving and yielded the best environmental performance result ever for RadiciGroup in 2014. Concerning direct emissions, monitoring activities and the progressive introduction of Best Available Technologies (BAT) have led to a total decrease in direct greenhouse gas emissions of 78% over the past five years and a reduction of 58.6% over the last three years. The shutting of the acrylic business unit contributed in part to emissions reduction. Even factoring out the contribution of the acrylic unit, total emissions reduction is estimated to be about 40%, which is still a sizeable percentage. The progressive transition to natural gas, described above (EN3) also contributed to lowering emissions.

The Chemicals Business Area alone has slashed its emissions over a period of five years by an impressive 82.3% (on this topic, see the box about the work accomplished at Radici Chimica, Novara, and the OEF-PEF project in the “PR Indicators” section of this Report). The emissions indices show how, over a five-year period, the CO2 equivalent per ton of production was cut in half, dropping from 1.15 to 0.5 tCO2eq./t, and pollutants were decreased by a similar percentage.

### PERFORMANCE INDICATOR EN16

**TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS**

<table>
<thead>
<tr>
<th>EN16</th>
<th>EMISSIONS</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>t CO₂eq</td>
<td>TOTAL</td>
<td>1,189,111</td>
<td>988,331</td>
<td>771,993</td>
<td>657,191</td>
<td>486,944</td>
</tr>
<tr>
<td>t CO₂eq</td>
<td>direct emissions</td>
<td>914,613</td>
<td>692,515</td>
<td>484,214</td>
<td>372,798</td>
<td>200,521</td>
</tr>
<tr>
<td>t CO₂eq</td>
<td>indirect emissions</td>
<td>274,498</td>
<td>295,816</td>
<td>287,779</td>
<td>284,393</td>
<td>286,423</td>
</tr>
<tr>
<td>t CO₂eq</td>
<td>Indirect emissions from electricity generation</td>
<td>136,290</td>
<td>145,322</td>
<td>147,262</td>
<td>141,041</td>
<td>134,039</td>
</tr>
<tr>
<td>t CO₂eq</td>
<td>Indirect emissions from heat generation</td>
<td>138,208</td>
<td>150,494</td>
<td>140,517</td>
<td>143,352</td>
<td>152,384</td>
</tr>
</tbody>
</table>

**TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS PER UNIT OF PRODUCTION**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>t CO₂eq/t</td>
<td>1.15</td>
<td>0.99</td>
<td>0.83</td>
<td>0.70</td>
<td>0.50</td>
</tr>
</tbody>
</table>
TOTAL EMISSIONS
DIRECT AND INDIRECT

-78%
DIRECT EMISSIONS
OVER 5 YEARS

PERFORMANCE INDICATOR EN20
QUALITY OF AIR EMISSIONS

<table>
<thead>
<tr>
<th>EN20</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>t</td>
<td>TOTAL*</td>
<td>524</td>
<td>527</td>
<td>502</td>
<td>459</td>
</tr>
<tr>
<td>t</td>
<td>NOx</td>
<td>273</td>
<td>317</td>
<td>306</td>
<td>312</td>
</tr>
<tr>
<td>t</td>
<td>SOx</td>
<td>0.03</td>
<td>1.73</td>
<td>0.03</td>
<td>0</td>
</tr>
<tr>
<td>t</td>
<td>POP</td>
<td>0.03</td>
<td>0.03</td>
<td>0.02</td>
<td>0</td>
</tr>
<tr>
<td>t</td>
<td>VOC</td>
<td>21</td>
<td>14</td>
<td>18</td>
<td>11</td>
</tr>
<tr>
<td>t</td>
<td>HAP</td>
<td>218</td>
<td>174</td>
<td>161</td>
<td>109</td>
</tr>
<tr>
<td>t</td>
<td>PM</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>t</td>
<td>Other emissions (carbon monoxide)</td>
<td>6</td>
<td>14</td>
<td>11</td>
<td>18</td>
</tr>
</tbody>
</table>

NOTE: *the data reflect periodic measurements made at the emission points as required by monitoring regulations, and the calculations are performed strictly using these measurements.
RADICI CHIMICA WORKS AT REDUCING TRANSPORT EMISSIONS

The White Paper on Transport issued in 2011 by the European Commission set forth the objective of creating a roadmap to a single European transport space and a competitive and resource-efficient transport policy. Towards that end, the White Paper set as one of its goals that 30% of road freight over 300 km should shift to other modes such as rail by 2030 and more than 50%, by 2050.

With this European project in mind, in 2014 RadiciGroup and, above all, Radici Chimica S.p.A. in Novara continued to work with suppliers and customers at optimizing multimodal logistic chains by making greater use of modes with lower environmental impact in terms of CO2 emissions. More specifically, rail was used for most of the incoming raw materials, whereas intermodal solutions received preference for other transportation needs. Intermodal transport at Radici Chimica has been in operation since 2012 through an agreement with a number of customers.

The adoption of the above transport mode solution yielded a noteworthy reduction in CO2 and was an action plan in line with Group environmental protection principles and the goals set forth by the European Commission.

WASTE

The waste situation in the period under consideration remained unchanged with no special strengths to highlight, nor areas in need of improvement. Total waste decreased and the index representing the total weight of waste per unit of production saw a slight improvement. Furthermore, Group sites continued their steady course towards packaging optimization, with the goal of choosing reusable packaging materials and raising employee awareness of differentiated waste collection by installing appropriate waste bins in all the offices and production departments. In the period under consideration in this Sustainability Report, no spills occurred at any of the Group sites. PERFORMANCE INDICATOR EN23

Furthermore, in 2014, no sanctions were imposed for non-compliance with applicable environmental laws and regulations. PERFORMANCE INDICATOR EN28
### PERFORMANCE INDICATOR EN22

**TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD**

#### EN22 WASTE

<table>
<thead>
<tr>
<th>EN22</th>
<th>WASTE</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>t</td>
<td>TOTAL</td>
<td>11,660</td>
<td>12,758</td>
<td>12,096</td>
</tr>
<tr>
<td>t</td>
<td>Hazardous waste</td>
<td>2,581</td>
<td>2,921</td>
<td>2,531</td>
</tr>
<tr>
<td>t</td>
<td>Hazardous waste recovery</td>
<td>98</td>
<td>169</td>
<td>264</td>
</tr>
<tr>
<td>t</td>
<td>Hazardous waste disposal</td>
<td>2,483</td>
<td>2,752</td>
<td>2,267</td>
</tr>
<tr>
<td>t</td>
<td>Non-hazardous waste</td>
<td>9,079</td>
<td>9,837</td>
<td>9,565</td>
</tr>
<tr>
<td>t</td>
<td>Non-hazardous waste recovery</td>
<td>7,444</td>
<td>8,033</td>
<td>7,888</td>
</tr>
<tr>
<td>t</td>
<td>Non-hazardous waste disposal</td>
<td>1,635</td>
<td>1,804</td>
<td>1,677</td>
</tr>
</tbody>
</table>

### TOTAL WEIGHT OF WASTE PER UNIT OF PRODUCTION

<table>
<thead>
<tr>
<th>INDEX</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kg/t</td>
<td>12.58</td>
<td>13.50</td>
<td>12.53</td>
</tr>
</tbody>
</table>

### WASTE BY TYPE (t)

- **Non-hazardous**
  - Recovery
  - Disposal

- **Hazardous**
  - Recovery
  - Disposal
SUSTAINABILITY IS OUR GREAT BEAUTY

Warhol - Campbell’s Soup
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR PR1
Products are RadiciGroup’s most important “business card”, a direct means of contact not only with customers, but also with all its stakeholders. Indeed, the Group’s products are a part of daily life because they are used in sectors such as furnishings, apparel, automotive, household appliances and industrial applications. In 2014, RadiciGroup introduced some important tools for measuring the environmental impact of its products, with the goal of adding a special intangible intrinsic value related to low environmental impact. In a short three-year time span, RadiciGroup has used the Life Cycle Assessment (LCA) methodology to evaluate the impact of 90% of its products at each stage of their life, from extraction of raw materials to processing. In 2014, LCA studies became the basis for further developments.

PRODUCT IMPACT MEASUREMENTS
(Product Environmental Footprint - PEF)

PEF is a method to measure the product environmental footprint, which was introduced in 2013 by the European Commission and adopted by the Group as a standard method to measure its environmental performance. Within the Group PEF project, in the two-year period 2012-2013, Radici Chimica S.p.A. participated on a voluntary basis in a program of the Italian Ministry for the Environment designed to promote collaboration with enterprises on emissions reduction and the adoption of sustainable models of production and consumption.

The PEF method was used to quantify the reduction in the environmental impact of polyamide 6.6 and related intermediates resulting from the installation of an emissions abatement plant at the Novara site.
The data obtained were of strategic importance to Radici Chimica and will also serve as a starting point for environmental impact studies by its customers.

**2013-2014: RADICI CHIMICA EXPERIMENTED WITH THE PEF METHOD FOR THE MEASUREMENT OF PRODUCT ENVIRONMENTAL IMPACT, ACHIEVING EXCELLENT RESULTS**

Radici Chimica achieved noteworthy results in its PEF method tests. The upgrades to the nitric acid and adipic acid production plants resulted in an extremely significant reduction in greenhouse gas (GHG) emissions. A comparison between the 2011 values and those recorded in 2014 revealed that the GHG emission from the nitric acid plant was cut 63% and the adipic acid plant, 33%. Furthermore, the PEF methodology has allowed to highlight significant improvement in other indicators as well, such as acidification, terrestrial eutrophication and photochemical ozone formation, and has shown that there were no negative impacts on other environmental matrices.

**ENVIRONMENTAL PRODUCT DECLARATION**

*(Environmental Product Declaration - EPD)*

The EPD protocol is a reliable, fully certifiable system, governed by procedures and models to identify, quantify and specify the most relevant contributions to the total environmental impact of a product. In 2014, the Italian companies of the RadiciGroup Plastics Business Area achieved an important objective by obtaining EPD Process Certification. This certification was introduced and is governed by the International EPD System, one of the most qualified environmental declaration programmes. These Group companies are now equipped with a system, validated and certified by a third party, for the compilation of EPDs according to Product Category Rules, approved by an international technical committee. The system can be used to monitor and improve the environmental, technical and qualitative performance of all products.

In the very first days of 2015, Radici Fil, a company belonging to the RadiciGroup Fibres and Nonwovens Business Area, published EPDs, compiled in the course of 2014, for the entire PA6.6 and PA6 BCF yarn range (raw, solution-dyed, twisted and heat-set). Thus there was full disclosure of information based on scientific, verifiable and comparable data on the yarn’s environmental impact. This information is crucial not only for the mitigation of impacts, but also for objective and transparent
communication about the products. As for the PEFs, the disclosed data can be used by customers on additional environmental impact mitigation projects.

**PRODUCT SUSTAINABILITY**

The results of the environmental impact monitoring and measuring work described above encouraged the Group to direct its research and development activities towards the development of more sustainable products, along two lines:

- Products made from recycled raw materials.

**PERFORMANCE INDICATOR PR5**

These choices were supported by the results of the Customer Satisfaction Survey analysed above. The answer to the question on what is most important for sustainability indicates that, according to RadiciGroup customers, recyclable products, recycled materials and the use of energy from renewable sources are the main ways to achieve product sustainability.

Additionally, in 2014 the Group worked on two other fronts:

- Solution-dyed products.
- Products obtained from biopolymers.

Concerning biopolyamides derived from renewable (vegetable) sources not suitable as food for human consumption, the Long-Chain Bio-based Nylon project, conceived in 2010 and launched in 2011 by the Plastics Business Area, reached full maturity in 2014. In response to the request of a market ever more aware of the sustainability aspect of a product, polyamide 6.10 has become the first item in a range that is going to include other products, such as polyamide 5.10 and polyamide 11 and 100% biopolyamides for the textile and engineering plastics sectors.

To advance this particular project, partnerships with upstream monomer suppliers and downstream customers, together with the Group’s internal synergies, proved to be the right approach to make the development activities more effective.

Moreover, the support given by university institutes to R&D in analysing product performance, as described in the section of this Report on collaboration with universities.
OUR SUSTAINABLE PRODUCTS

Manufactured using clean energy

- Radipol®: PA6, PA6.6 and PA6.10 polymers
- Radilon®: PA6 and PA6.6 engineering plastics
- Heramid®: low environmental impact PA6 and PA6.6 engineering plastics

Manufactured using recycled raw materials

- Heramid®: PA6 and PA6.6 engineering plastics
- r-Starlight®: polyester textile yarn
- r-Radyarn®: polyester textile yarn
- Radigreen®: PA artificial grass yarn
- Radilon® staple fibre: PA6 staple
- Radilon®: PA6 and PA6.6 textile yarn
Manufactured using biopolymers obtained from renewable source materials

**Radilon® D:**
PA6.10-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

**Radifloor®:**
PA6 BCF yarn

**dorix®:**
PA6 staple

**Radilon® staple fibre:**
PA6 staple

**Radilon®:**
PA6 and PA6.6 textile yarn

**Radyarn®-Starlight®:**
Polyester textile yarn

**Solution-dyed saving water and energy**

- Radifloor®
- PA6 BCF yarn
- dorix®:
- PA6 staple
- Radilon® staple fibre:
- PA6 staple
- Radilon®:
- PA6 and PA6.6 textile yarn
- Radyarn®-Starlight®:
- Polyester textile yarn
In 2014, Radici Novacips certified the environmental impact of more than a third of the engineering plastics produced at its plant in Villa d’Ogna. The company compiled and registered an Environmental Product Declaration, registration No. S-P-00554*, concerning the RADILON® A and RADILON® S engineering plastics families (25%, 30% and 35% reinforced).

The RADILON® range comprises more than 80 products, mainly targeted at the automotive market. From now on, RadiciGroup customers will be able to not only learn about the environmental impact of these items, broken down by process phases and transportation, but also evaluate the environmental performance to technical performance ratio.

The concurrent implementation of technical and environmental performance is a fundamental concept that can only be expressed and certified by an EPD and is essential in the evaluation of the sustainability of materials. The specific performance of each item in the product range in terms of, for example, mechanical resistance and mechanical and chemical characteristics, will determine its suitability for a given use. A balanced evaluation of environmental sustainability and performance characteristics allows one to select the material with the best combination of the two. Furthermore, the tools implemented for EPD Process Certification allow Radici Novacips to incorporate environmental impact assessment even at the product formulation stage. This is a further step forward by the company towards ecodesign, the responsible design of products with an eye on the environmental impact already in the first stages of development.

PROMOTING PRODUCT SUSTAINABILITY: PILOT PROJECT LIFE-INNO.PRO.WIRE LAUNCHED THROUGH THE PARTNERSHIP OF RADICIGROUP AND MACCAFERRI INDUSTRIAL GROUP

The objective of RadiciGroup and the Maccaferri Industrial Group, provider of advanced engineering solutions for soil reinforcement and ground stabilization: to develop an innovative process with lower environmental impact to manufacture extruded steel wire used for metal net protection and containment structures.

The innovative aspect is to utilize polyamide 6 (PA6 engineering plastics) as an alternative to PVC for coating the steel wire. Tests will be conducted not only on conventional PA6 but also on PA6.10 engineering plastics produced using 64% biopolymer (by weight) manufactured from sebacic acid. Thanks to the many aspects related to environmental impact mitigation, the project was awarded financial support by the European Commission’s LIFE+ programme, the European Union financial Instrument for the environment.


During the two-year period 2013-2014, the RadiciGroup Plastics Business Area worked in collaboration with the Mechanical Engineering Department of the Politecnico di Milano on an important project entitled “Analysis and definition of design methods for mechanical components made of polyamide reinforced with short or long glass fibres”.

Specifically, an in-depth analysis was conducted on the characterization of the fatigue behaviour of polyamides reinforced with short or long glass fibres, as well as with non-fibre fillers.
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INDICATOR PR3

CONSUMER HEALTH AND SAFETY: PRODUCT LABELLING

Not only innovative and eco-compatible products, but also clear and complete information on these and all Group products, so that customers can choose the right ones for their applications and make the best use of them in total safety. In 2014, as already documented in previous Sustainability Reports, RadiciGroup implemented this principle by issuing a technical data sheet to accompany every product.

More specifically, in the case of the products of the Chemicals Business Area, in addition to the constant monitoring of health, safety and environmental aspects, the information reported in the safety document accompanying each shipment is compiled in accordance with REACH, the regulation on the Registration, Evaluation, Authorization and Restriction of chemicals, and CLP, the Regulation on Classification, Labelling and Packaging of chemical substances and mixtures. Radici Chimica S.p.A. 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 products of the RadiciGroup Plastics and Fibres Business Areas, a REACH-compliant safety data sheet can be issued upon customer request, even though one is not required by law.

The Group yarn products use the textile fibre nomenclature and label and mark the fibre and composition of textiles in accordance with the provisions of the European regulations. The yarns are, for the most part, certified to Oekotex Standard 100. More in detail, Plastics Business Area companies can issue a REACH product declaration on the absence of Substances of Very High Concern (SVHC) and, in most cases, an RoHS declaration on the Restriction of Specific Hazardous Substances. Products for use in contact with drinkable water going to the UK market are accompanied by WRAS (Water Regulation Advisory Scheme) certification and products for the automotive industry are accompanied by the documents required by the ISO/TS 16949 standard and the IMDS (International Material Data System).

Furthermore, in the two-year period 2013-2014, the companies of the Plastics Business Area adopted an Environmental Product Labelling management system (EPD Process Certification), as described above. To implement the system, the Plastics Business Area installed one the major environmental impact measurement software packages. With assistance from experts, the information on System Procedures was entered and, using the meta-programming language supported by the package, the necessary code was developed so that, by using the System Procedures, the soft-
ware can learn the structure of the production plants and the peculiarities of the processes and generate all the information needed to provide a certified environmental label for any product manufactured at the plant. The system is certified, and compliance with EPD compilation procedures is subject to an internal audit/review and to an annual audit by the external certifying body.

During 2014, RadiciGroup Fibres Business Area companies received an exponentially increasing number of requests from customers concerning the potential presence of chemical substances classified as harmful in textile products. On the one hand, these requests are to be viewed positively in that they show the consumers’ increased awareness of health and safety issues regarding the products they purchase. On the other hand, the large number of requests generated a confused and chaotic reaction on the part of the main players in the textile industry, the big brands of the apparel sector, fabric manufacturers, etc. The end result was a growing number of requests to RadiciGroup for assurance concerning the complete absence of the most diverse substances that could be harmful based on lists compiled, on a voluntary basis, by independent bodies such as non-governmental organizations (NGOs) and environmental consulting organizations, which require the absence of certain classes of chemical substances from processes and products. RadiciGroup attributes great importance to this trend and believes it could open a common path towards greater sustainability along the whole textile industry supply chain for greater protection of consumers. Therefore, the Group has set up an internal team of experts to examine the problem together with some stakeholders such as customers, suppliers, trade associations and relevant authorities, and share available information and implement viable solutions to meet the needs of consumers, the environment and manufacturers.

PERFORMANCE INDICATOR PR9
Thanks to the special attention to product quality and safety, during the reporting period, there were no cases of non-compliance with relevant laws or voluntary standards concerning products at any of the RadiciGroup companies.

To learn more click:
and then click on the product certification link.
MARKETING AND COMMUNICATION

Strictly linked to the communication of technical product information is the communication of general and promotional information, for which RadiciGroup uses the numerous channels described in the “Media” section of this Sustainability Report. For the purpose of self-regulating its own self-declared environmental claims, in 2012 RadiciGroup adopted “No-Green Washing” communication rules to help all stakeholders clearly understand and avoid misinterpreting the effects and the importance of the environmental impacts of products and processes, as well as the actions taken to mitigate such impacts through investment, research and development, and the use of the best technologies available on the market. On all the numerous occasions during the period covered by this Report (at fairs, meetings and trade negotiations), when the Group spoke about its products and processes, great care was taken to uphold the principles of transparency, fairness and substantiated claims. As cases in point, in 2014, both the Plastics and the Fibres and Nonwovens Business Areas made extra effort to achieve objective product communication using the specific tools made available by their certification systems.

RADICIGROUP CHOOSES CLARITY AND TRANSPARENCY IN COMMUNICATION AND CERTIFIES ITS R-RADYARN® AND R- STARLIGHT® YARNS TO UNI 11505:2013

To measure and communicate in a transparent manner the recycled content of its r-Radyarn® and r-Starlight® yarns made from post-consumer recycled polyester bottles, Noyfil SA and Noyfil S.p.A., companies in the RadiciGroup PET Yarn BU, adopted UNI 11505:2013, a standard concerned with the content of recycled materials in man-made fibres.

Two of the key aspects of UNI 11505 are the disclosure of the exact composition of the finished product and the disclosure of more information on the label accessible to the final user. The standard, which became effective as of September 2013, is concerned with the characteristics of yarns and man-made fibres manufactured with secondary raw materials obtained from the processing of recycled materials through a mechanical or chemical transformation process. More specifically, the standard sets out the characteristics to be disclosed in the manufacturer’s product declaration concerning recycled material content, as well as the information to be reported on product labels in addition to the product composition information required by law to the benefit of more complete and transparent communication on the product.

For Noyfil SA and Noyfil S.p.A., UNI 11505 certification is an evolutionary step in a process started in 2011, involving the measurement and parameterization of the environmental impact performance of the main products of its two companies using Life Cycle Assessment (LCA) methodology.
In 2014, the RadiciGroup Plastics Business Area, within its EPD management system project, adopted rules for the communication of verifiable, accurate information that is not misleading, thus helping its customers in assessing the real environmental impact of products.

In particular, since the EPD content must be faithful to the provisions of the ISO 14021:2002 standard concerning self-declared environmental claims on products, package labels, advertising and publicity, RadiciGroup Plastics embraced and committed to implementing the principles set forth in the said ISO standard: “The evaluation methodology used by those who make environmental claims should be clear, transparent, scientifically sound and documented so that those who purchase or may potentially purchase products can be assured of the validity of the claims.”
GUIDELINES FOR CONTINUOUS IMPROVEMENT
THE RESULTS OF THE 2014 IMPROVEMENT PLAN

Important activities were carried out in 2014 on almost all the items in the improvement plan. In 2015, the issues still in need of specific attention are those related to stakeholder awareness on human rights and anti-corruption.

- To continue to engage RadiciGroup suppliers in building a sustainable supply chain from economic, social and environmental points of view. Specifically, still ongoing is the commitment to add some specific clauses associated with respect for human rights to all agreements with major suppliers and contractors. Work in progress. See the Report section “Stakeholders – Suppliers”, in particular.

- To define and take action to engage and raise the awareness among both internal and external stakeholders of RadiciGroup; implement activities related to the fight against corruption and respect for human rights. Work in progress. See performance indicator HR2.

- To continue disseminating the Code of Ethics, which will be translated into the main languages spoken by RadiciGroup employees. Done.

- To develop risk management plans or contingency plans at Group companies. Work in progress. Work in progress. See the “Risk Analysis” section.

- To continue energy management system certification according to the ISO 50001 Standard at the various Group sites. Work in progress. Logit Sro obtained certification to ISO 50001, and 5 other companies have initiated certification procedures.

- To continue the environmental impact measurement activities at RadiciGroup companies and actively participate in defining rules and standards in collaboration with industry players. Done. See the sections of this Report on OEF and PEF certifications and EPD process certification.

- To complete the mapping of all expenses and investments on environmental protection. Work in progress. See comments on performance indicator EC1.

- To further reduce greenhouse gas emissions across Group companies, above all at Radici Chimica S.p.A. Done. Radici Chimica, in particular, significantly reduced its emissions. See related performance indicators in the “Environmental Indicators” section of this Report.

- To define further action in the field of production chain recycling and work on disseminating the concept of ecodesign, i.e., the design of sustainable and recyclable products. Done. See, for instance, the box on the Plastics Business Area Ecodesign project in the “Product Indicators” section of this Report.
• To define and validate a complete materiality matrix including aspects more relevant to RadiciGroup stakeholders and businesses.

• To initiate a plan for stakeholder mapping and engagement based on the related materiality matrix.

• To redefine the corporate Code of Ethics to include explicit references to the issues of corruption prevention and respect for human rights, and to continue disseminating the Code at all levels of the Group.

• To implement a communication plan and take specific action to build a culture of safety at all Group companies.

• To develop guidelines for Group risk management in accordance with the ISO 9001:2015 standard.

• To work, within the context of the WHP (Workplace Health Promotion) pilot project, on promoting a healthy lifestyle among collaborators, concerning diet, physical activity, smoking, etc.

• To continue the collaboration with suppliers and include strategic raw materials in the sustainable supply chain project and, in particular, work on the supplier code of ethics and criteria for evaluating suppliers based on their sustainability level.

• To complete the certification of the parent holding company procedures, which are going to serve as guidelines for all subsidiaries.

• To promote sustainable design, or ecodesign, by extending ecodesign to all the Group business areas, specifically working on the circular economy aspect.

• To add more sustainable products to the Group portfolio with special focus on biopolyamides.

• To continue the process of certifying production sites to the ISO 50001 energy management system standard, with the objective of having at least 5 companies certified.
ASSURANCE
2014 RADICIGROUP SUSTAINABILITY REPORT AUDIT

Audit Scope

Certquality S.r.l. has been selected by Radici Partecipazioni S.p.A. to review the RadiciGroup Sustainability Report for the year 2014, in order to assess compliance with the Global Reporting Initiative (GRI) guidelines, at Application Level B+. This letter describes the activities which were conducted and reports on the audit findings and on any 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:
- checking which principles were used in defining Report Content (materiality, stakeholder inclusiveness, sustainability context, completeness);
- proper Report Boundary Setting;
- checking which principles were used in ensuring the quality of the report (balance, comparability, accuracy, timeliness, clarity and reliability of the system for managing data and information);
- compliance of the Report Content to the criteria of Application Level B+ which are specified in the GRI guidelines.

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

Audit Methods

Audit activities were carried out by following the modus operandi below:
- analysis of the document entitled “Bilancio di Sostenibilità RadiciGroup 2014”, with special 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 production plants (Radici Yarn in Ardesio; Yarne in Savinese by conference call; Radici Yarn in Villa d'Ogna; Radici Plastics in Hamburg by conference call; Novacips in Chiigno d'Isola and Radici Fil in Casnigo) within the Report Boundary, 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 accounting 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.

Audit Findings and Recommendations

The 2014 Sustainability Report provides a comprehensive overview of the overall connections of the group companies with the context in which they operate. Numerical Performance Indicators are represented over the 2012-2014 period, enabling an assessment of trends over time. 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.
The Report Boundary now includes all companies to have been acquired in the consolidation of Radici Partecipazioni S.p.A., with no significant exclusions. The exclusion of environmental aspects concerning the group’s head office and commercial offices is not significant and is therefore entirely justified.

Compared to last year’s report, information on the applicable standard has been expanded and the description of corporate governance has also been supplemented, which are now in greater compliance with the requirements of the guidelines. Managerial approach is also described in greater detail, showing with greater clarity, for most of the issues addressed, the link between group policies and the indicators listed in the report.

Over the past year, assessment and analysis of the relevant risks to which the business is subject has been undertaken, and a systematic stakeholder involvement process has been set-up which is geared towards the definition of the Report Content according to an assessment of the importance of the various aspects to be taken into consideration, taking into account the impending G4 version of the GRI guidelines which will apply to next year’s report.

The data management system is well-structured and has been further documented and improved. The use of a new web-based data management and processing system is expected for next year, which will give greater control over the data entered by each individual operating unit and a further reduction in manual processing. The data consolidation process at central level is in any event fully traceable.

The audit has revealed room for improvement, however, and more specifically:

- some preliminary data processing carried out at individual group site, company or business unit level is not fully traceable;
- the need to complete the standardization process of data collection criteria between the various companies and countries involved remains (for example, new discrepancies can be noted concerning the contractual framework of employees, owing to the different types of employment contracts in various countries);
- defining uniform criteria applicable to certain types of processing and assessments made at individual company or business unit-level is desirable (e.g. the omission of data which is deemed to be insignificant);
- inserting an assessment of environmental and safety costs is recommended, in order to supplement investment information in these two areas, as well as to bring the distribution of added value in line with the latest GBS guidelines.

**Audit Conclusions**

The review of the 2014 "Bilancio di Sostenibilità RadiciGroup" 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 improvement. The report, in view of the audit activities conducted, meets the B+ Application Level.

28th July 2015

CERTIQUALITY S.r.l.
Umberto Chiminazzo
General Manager
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GENERAL REPORTING NOTES  
Data gathering  
Report form and frequency  
Assurance  

Data gathering  
Report form and frequency  
Assurance
Radici Chimica S.p.A.
Rita Barbaini, Antonella Castelli, Maurizio Cerina, Marco Erbetta, Fabrizio Mastandrea, Nicolangelo Peduto, Cinzia Rinaldi, Domenico Uccheddu, Antonella Zaffaroni.

Radici Chimica Deutschland GmbH
Susan Krause, Jens Metzner.

Radicifibras Ltda
Isabel Lopes, Cristiano Pereira.

Cordonsed
Guillermo Ambrosio, Rosa Catalano.

Radici Fil S.p.A. - Logit Sro
Matteo Bettinaglio, Martin Chlup, Riccardo Guerini, Andrea Visciglio, Claudio Zenoni.

Radici Yarn S.p.A. - SC Yarnea Srl
- Radici Chemiefaser GmbH
Giovanni Algeri, Pierluigi Arrighetti, Alessandro Calabrese, Roxana Ciobanu, Claudia Ciurcan, Mauro Corsellini, Antonella Imberti, Michele Leone, Giorgio Ongaro, Gabriel Paduraru.

Noyfil S.p.A. - Noyfil SA
Daniele Dossi, Alberto Giana, Maria Grazia Tateo, Maurizio Vedovati, Francesco Ventura.

Tessiture Pietro Radici S.p.A.
Flavio Bonandrini, Paola Panzeri, Giorgio Pezzoli.

Radici Partecipazioni S.p.A.
Stefano Alini, Cristina Bergamini, Alessandra Cassera, Enio Gualandris, Michele Magnati, Luigi Martinelli, Silvia Meloncelli, Maurizio Sarracino.

GRI Coordinating Group
Arturo Andreoni, Maria Teresa Betti, Ottavio Calia, Carlo Barbarini, Marzia Gritti, Antonio Rottigni.

Sponsor
Filippo Servalli.
CONTACTS AND USEFUL ADDRESSES

STANDARD DISCLOSURES 2.4

REGISTERED OFFICE

Radici Partecipazioni S.p.A.
Via Verdi 11
24121 Bergamo, Italy

ADMINISTRATIVE HEAD OFFICE

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

OPERATING HEAD OFFICE

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

To learn more about this Sustainability Report:

Corporate Marketing & Communication
Via Ca’ Antonelli 55
24024 Gandino – Italy
Phone: +39 035 71 54 11
sustainability@radicigroup.com
www.radicigroup.com

And more...
LinkedIn http://www.linkedin.com/company/radici-group
Twitter RadiciGroup https://twitter.com/RadiciGroup
YouTube http://www.youtube.com/user/RadiciGroup
Slideshare http://www.slideshare.net/RadiciGroup
SUSTAINABILITY IS OUR GREAT BEAUTY

Michelangelo - The Last Judgement