

2010 SUSTAINABILITY REPORT







*SUSTAINABILITY
REPORT
2010*

Lisa and Ettore

Engineers Lisa and Ettore are the RadiciGroup sustainability champions, the stars of the cartoon that accompanies this report and recounts the Group's journey since 2003.

The immediacy of the images makes the cartoon an excellent tool for communicating with our vast public. Even those of you who deal with the issues from a technical point of view can get a feeling of the competence of our two characters.



ETTORE
Chief Engineer

PASS



LISA
Research & Development Coordinator

PASS



*Personal ID Card
Non-transferable*



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The BOUNDARIES of OUR SUSTAINABILITY REPORT

PUBLICATION DATE: October 2011

REPORTING PERIOD: 2010 calendar year

FREQUENCY: Annual

OBJECTIVE AND SCOPE OF THE REPORT:

The Sustainability Report includes and analyzes data for all RadiciGroup manufacturing companies. Group sales and service companies are excluded because their environmental footprint is considered immaterial for reporting purposes. Moreover, given the diversity of the organization, by considering only the polyamide core businesses, the Group can ensure that the reported data are homogeneous.

The data are collected and published according to the chemical industry's voluntary Responsible Care® initiative, which provides the guidelines for a monitoring system with indicators regarding:

- Employee health and safety;
- Environmental protection;
- Resource management;
- Process and logistics safety;
- Expenditures for health, safety and the environment;
- Product stewardship.

The data are collected from each business unit and are then consolidated and presented together in aggregate form to show the performance trend from 2006 to 2010.

The 2010 Sustainability Report is a transitional report moving towards a new reporting method in accordance with the Global Reporting Initiative (GRI) guidelines. In our report those indicators that are also valid for the GRI are marked with a distinctive symbol. The report outline follows the GRI level C format.

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Corporate Marketing & Communication

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LETTER from the CHAIRMAN

I often pause to reflect on the journey we have travelled so far and imagine what the future has in store for us, professionally and personally. I see light and shade, which is as it should be. But I like to think of a few bright lights, beacons I would call them, that will guide RadiciGroup into the future. One of the strongest beacons is sustainability. Everyone – the market, our customers – is increasingly aware of this issue.

As applied to our organization, I see sustainability as concrete actions: social responsibility, care for the environment, attention to product quality and transparency along the entire production chain, every aspect of which has to be monitored and made efficient and respectful of natural resources. Sustainability is rooted in our firm conviction that it is the best choice and is solidly based on sound data and figures. For these reasons I always pay particular attention to the Life Cycle Assessments of our products, to the environmental and safety certification process involving all of our main companies, and to the analyses carried out to improve the energy efficiency of our production systems.

Nonetheless, since RadiciGroup is a diverse and multifaceted organization, it has become imperative to coordinate our efforts and point them in the same direction, lest they diverge and lead to results that might be quite different from what we originally intended. For that reason we chose the Global Reporting Initiative (GRI), an internationally recognized framework for corporate responsibility and sustainability reporting. The GRI model captures a broad concept of sustainability, embracing every facet of the corporate organization, including data on economic, environmental and social performance.

GRI includes and expands on the Responsible Care® model we have used up to today and is, as a matter of fact, the inevitable evolution of Responsible Care®. GRI will enable us to give a simultaneous view of the special features of individual Group companies and of the Group as a whole. But that is not all. It is also a powerful governance tool that can reshape the very foundation of our corporate strategy and guide us towards sustainability as the key to doing business.

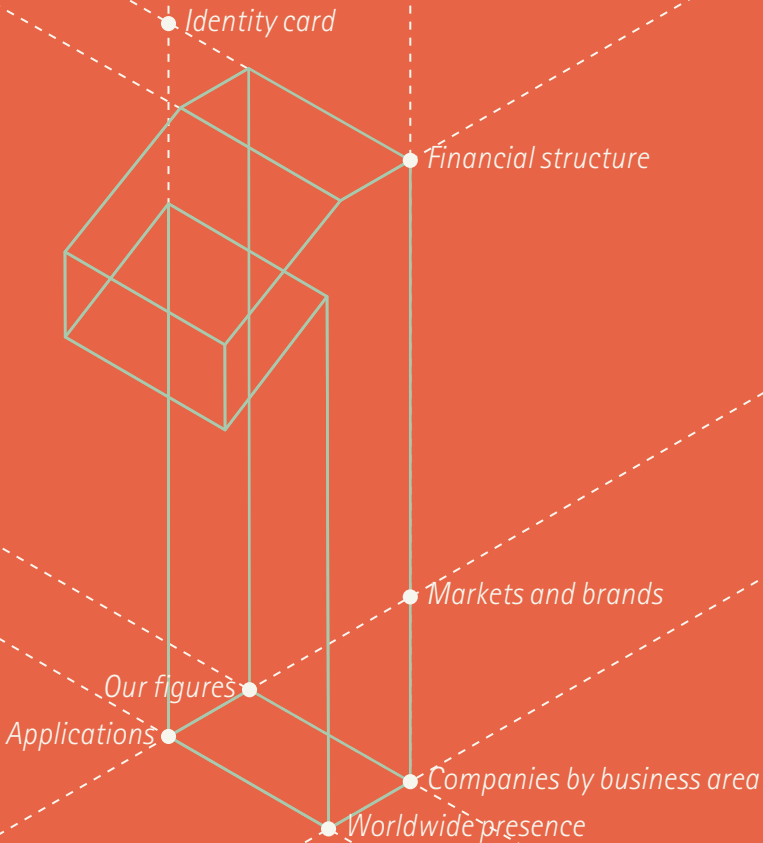
The opportunities afforded by the GRI guidelines will begin to appear in this "transitional" Sustainability Report. In the coming years, we intend to progressively expand the application of the GRI framework to include each and every aspect of our corporate organization. I am fully aware that this is an extremely ambitious project, but I am also convinced that we can do it. Difficulties have never stopped us before. Quite the opposite, in fact. With our hard work, the Group has become more sustainable, and thus more competitive.

It is time to take on a new challenge.

Angelo Radici

Chairman of RadiciGroup

ORGANIZATION PROFILE





NAME:

RADICIGROUP - Radici Partecipazioni S.p.A.

ADDRESS:

Via Ugo Foscolo 152, 24024, Gandino (BG), Italy

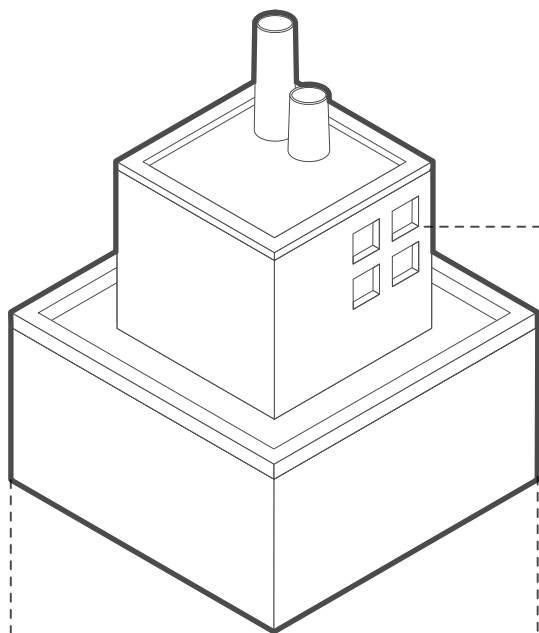
BUSINESS ACTIVITIES:

RadiciGroup is one of Italy's leading chemical multinationals, a diversified group specializing in chemicals, plastics and synthetic fibres.

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

SPECIAL FEATURES:

Attention to customer requirements. Ability to anticipate customer needs and provide customized products that respect the environment. Focus on the efficiency of its production systems and quality of its products and services. Use of new technology and innovative systems that ensure safety and sustainability.



● **SHAREHOLDERS**
ANGELO RADICI
MAURIZIO RADICI
PAOLO RADICI

● **FOUNDERS**
PIETRO RADICI
GIANNI RADICI

82.56%

Radici Partecipazioni S.p.A.

Chairman Angelo Radici

Vice Chairman Maurizio Radici

Board of Directors:

Angelo Radici, Maurizio Radici, Paolo Radici, Luigi Gerolla,
Alessandro Manzoni, Edoardo Lanzavecchia, Pecuvio Rondini

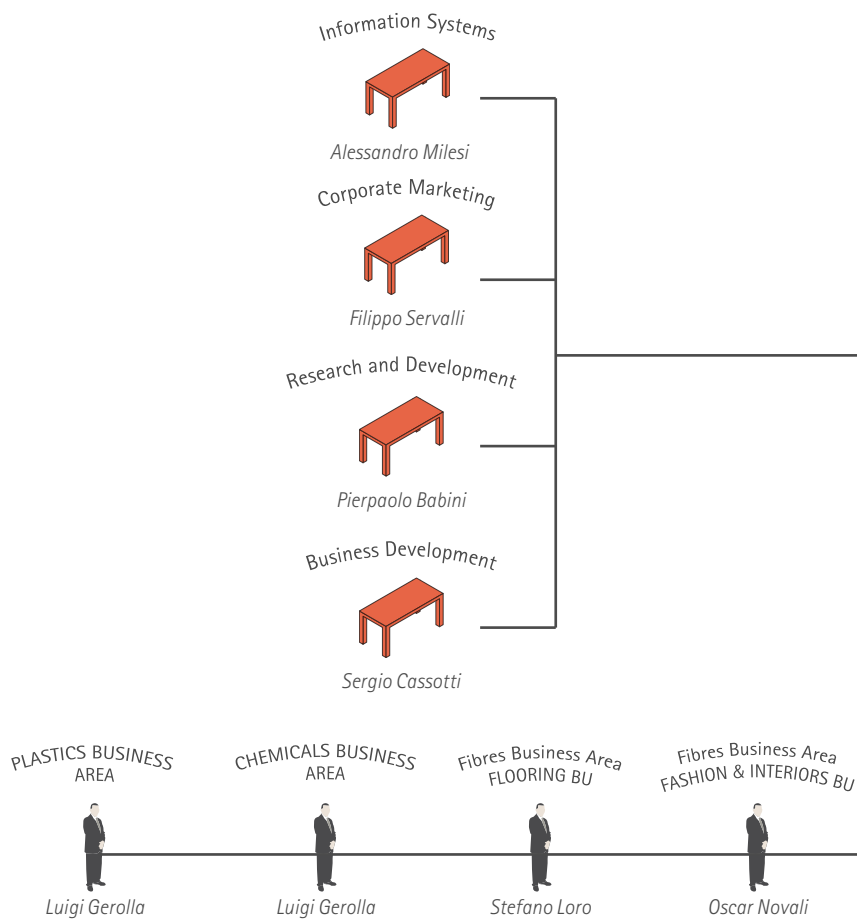
PLATE 3 ORGANIZATION CHART

CORPORATE
*. Research and development coordination
 . Strategic resource identification and allocation
 . Group services and platforms*

**ORGANIZATIONAL SYSTEMS
 DEVELOPMENT**

**MARKET AND MARGIN
 DEVELOPMENT**

OPERATIONS
*. New market and product development
 . Margin production
 . Planning*



BOARD OF DIRECTORS



CHAIRMAN
CEO



Angelo Radici

VICE CHAIRMAN
COO



Maurizio Radici

Human Resources



Nicola Gritti

Administration,
Finance and Control



Alessandro Manzoni

Logistics and
Procurement



Michele Magnati

Strategic
Raw Materials



Massimo De Petro

Quality and Systems



Stefano Alini

Fibres Business Area
PET BU



Paolo Radici

NONWOVENS / ARTIFICIAL
GRASS YARN BU

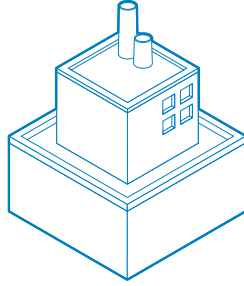


Enrico Buriani

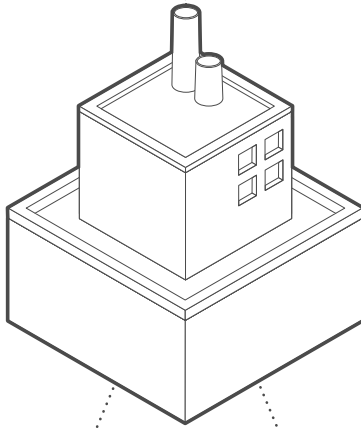
Fibres Business Area
ACRYLIC FIBRES S. AMERICA BU



Luciano Radici

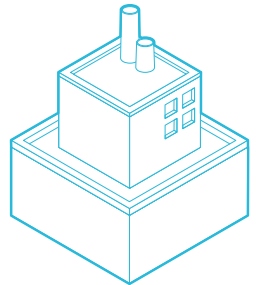
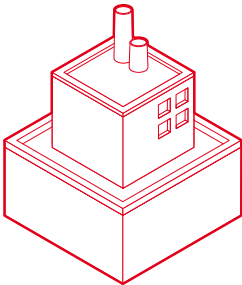


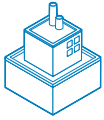
● CHEMICALS



SYNTHETIC FIBRES ●

● PLASTICS





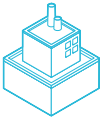
CHEMICALS



PA6 polymer for compounding, films and fibres; PA6,6 polymer for compounding, extrusion, films and fibres.



Adipic acid for the production of fibres, PA6,6 engineering plastics, polyurethanes, resins, plasticizers, lubricants, adhesives, additives, pharmaceuticals, insecticides and herbicides; HMDA, intermediate for polyamides and coatings; AGS, intermediate for polyesters and solvents; nitric acid for metallurgy, steel treatment, zinc-plating and chromium-plating (galvanic industry), machinery cleaning and disinfection (dairy industry) and nitrogen fertilizer production; KAoil; esters for biodegradable solvents, paint removers, cosmetics, detergents, coatings, plasticizers and chemical intermediates.



PLASTICS



Range of PA6 and PA6,6 polymers and copolymers for injection moulding and extrusion in the industrial, electrical/electronics and automotive industries.



Range of polyester thermoplastics used in injection moulding for industrial, electrical/electronics and automotive applications.



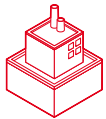
Range of eco-compatible PA6 and PA6,6 products made with raw materials selected from RadiciGroup polymerization, spinning and compounding production rejects. Used in injection moulding and extrusion for industrial, electrical/electronics and automotive applications.



Thermoplastic elastomers; SEBS, SBS and elastomeric polyolefin (PE – PP) TPEs for innumerable application sectors, from sports equipment to technical footwear, furnishings and automotive.



Range of self-extinguishing polyamides and polyesters used in injection moulding and extrusion for applications where high flame resistance is required, particularly in the electrical/electronics and automotive fields.



SYNTHETIC FIBRES



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



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



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



Raw, solution-dyed and additioned polyester yarn for numerous applications, from upholstery to curtains, sportswear, hygiene/medical and automotive.



Elastane (spandex) fibres for sportswear, intimatewear and body shaping garments, swimwear, ready-to-wear, hosiery, narrow fabric and trim, industrial applications, nappies and other personal hygiene/medical applications.



Polyester microfibre available with permanent flame-retardant properties for indoor and outdoor furnishings, curtains, technical-wear and automotive applications.



Solution-dyed bacteriostatic nanostructured polyester for technicalwear, sportswear and hosiery.



PA/PET two-component yarn that gives fabrics an exceptionally soft hand; used in the sportswear and furnishings sectors.



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



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



PP, PE and PA artificial grass yarn for sports pitches, recreational and domestic indoor and outdoor uses, including landscaping.

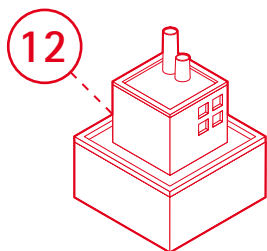


Raw-white and solution-dyed polyester yarn for apparel, household furnishings, automotive and technical/industrial applications.



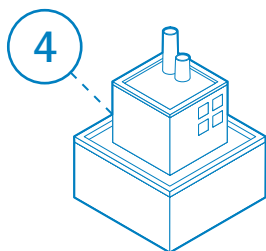
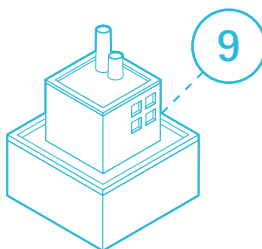
PP nonwoven spunbond for numerous uses in the hygiene/medical, construction, furnishings and single-use markets.





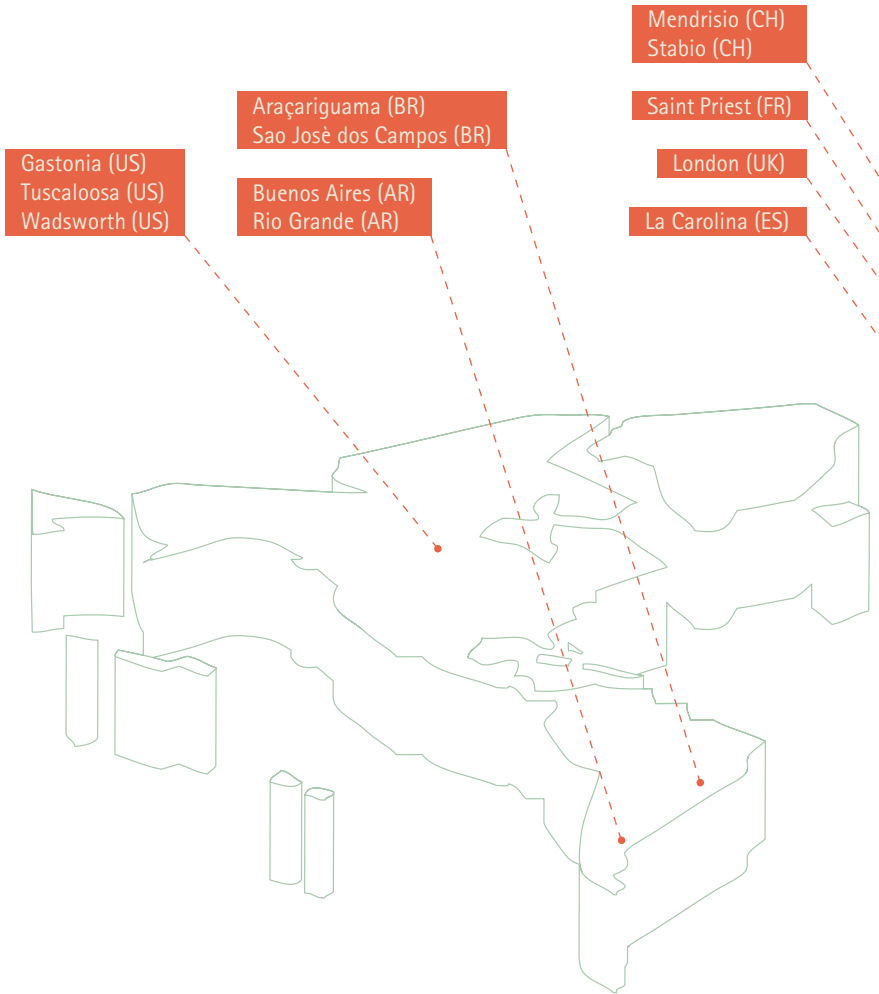
Cordonsed SA (AR)
 Dorix GmbH (DE)
 Logit Sro (CZ)
 Noyfil SA (CH)
 Noyfil S.p.A. (IT)
 Pratrivero S.p.A. (IT)
 Radici Fil S.p.A. (IT)
 Radici Spandex Corp. (US)
 Radici Yarn S.p.A. (IT)
 RadiciFibras Ltda (BR)
 S.C. Yarnea S.R.L. (RO)
 Tessiture Pietro Radici S.p.A. (IT)

Radici Novacips S.p.A. (IT)
 Radici Plastics France SA (FR)
 Radici Plastics Ltda (BR)
 Radici Plastics GmbH (DE)
 Radici Plastics Iberica SL (SP)
 Radici Plastics Modi P.Ltd (IN)
 Radici Plastics Suzhou Co. Ltd. (CI)
 Radici Plastics USA Inc. (US)
 Radici Plastics UK Ltd (UK)



Radici Chem (Shanghai) Co., Ltd. (CN)
 Radici Chimica S.p.A. branch office in Mendrisio (CH)
 Radici Chimica S.p.A. (IT)
 Radici Chimica Deutschland GmbH (DE)





Overath (DE)
Hamburg (DE)
Lüneburg (DE)
Reutlingen (DE)
Tröglitz (DE)
Viernheim (DE)
Selbitz (DE)

Andalo Valtellino (IT)
Ardesio (IT)
Casnigo (IT)
Chignolo d'Isola (IT)
Gandino (IT)
Novara (IT)
Trivero (IT)
Villa d'Ogna (IT)

Savinesti (RO)

Szentgotthard (HU)

Podborany (CZ)

Noida (IN)

Shanghai (CN)
Suzhou (CN)





AUTOMOTIVE

RADILON RADIFLAM RADITER HERAFORM radilon nano feel

APPAREL



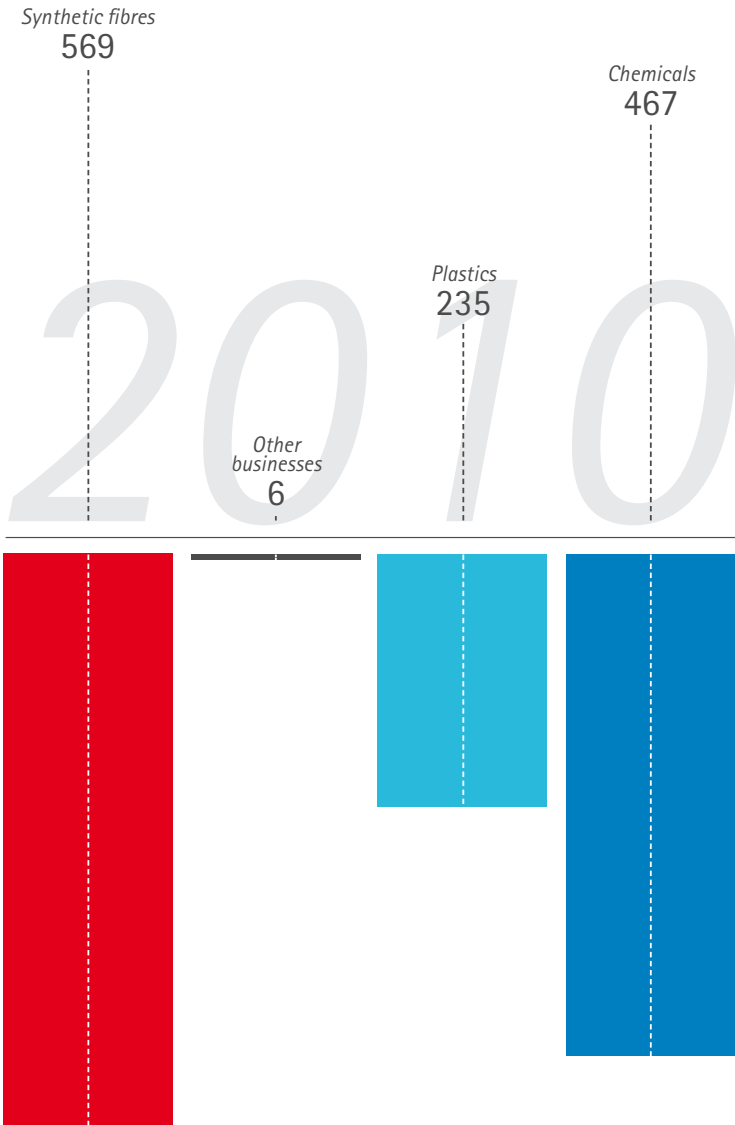
RADILON RADIFLAM RADITER Radifloor Starlight RADYARN nano feel radilon REVIVE RadElast



FURNISHING

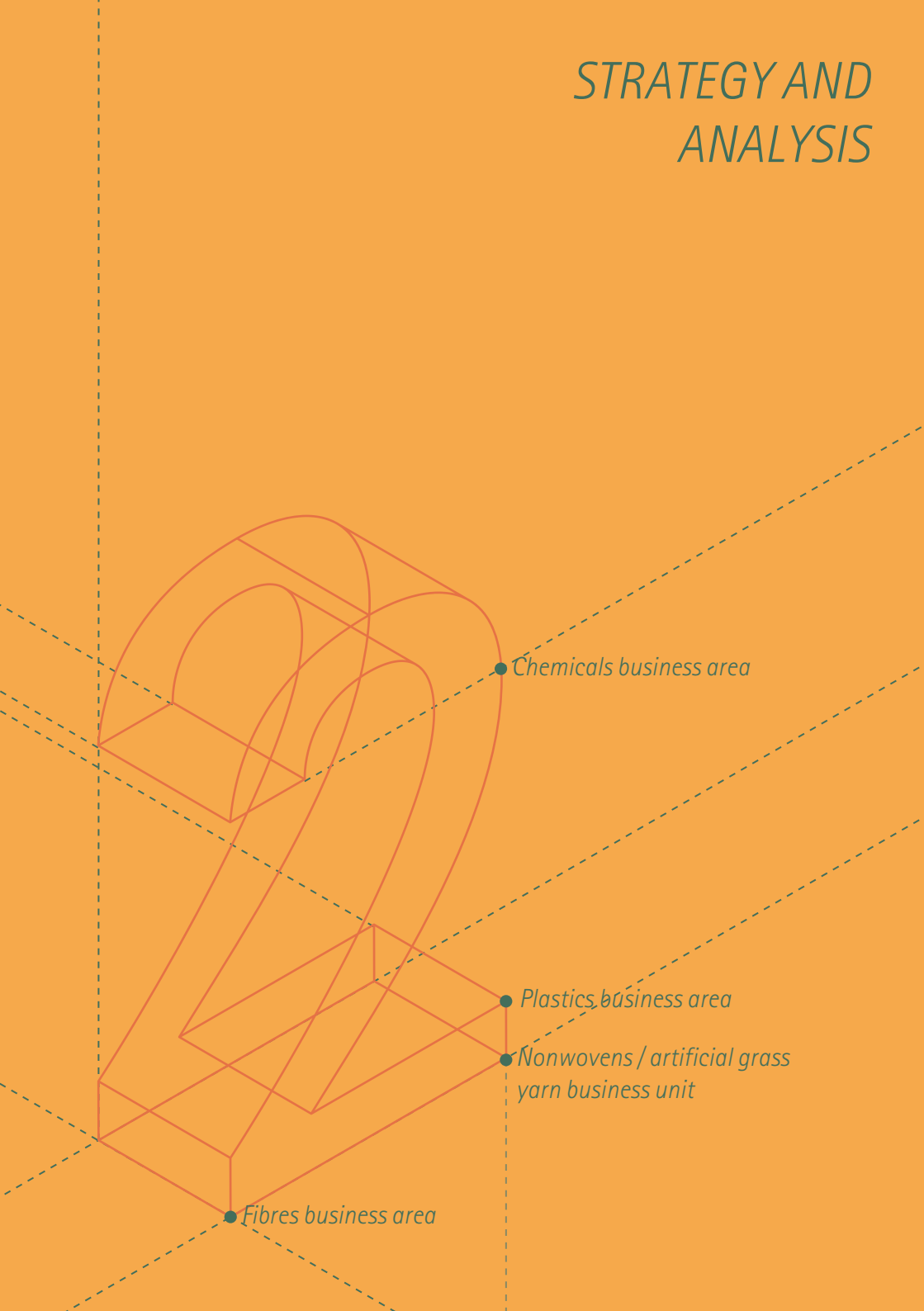
RADILON RADIFLAM RADITER Starlight RADYARN CRYLOR REVIVE Radifloor DYLAR

SALES (milions di euros)
Aggregated



Personnel = 3,500 employees

STRATEGY AND ANALYSIS



The MACROECONOMIC CONTEXT and RADICIGROUP

The economic recovery that started during the last quarter of 2009 continued through 2010, with world gross domestic product (GDP) increasing by 5%. However, on a global scale, the economic recovery was far from homogeneous: while high growth rates were reported for the emerging economies (Asian economies, in particular), the GDPs of the countries with mature economies saw only moderate increases. Furthermore, uncertainty still persists, especially in mature economies, due to high unemployment, high public debt and low household propensity to consume.

Within this context, RadiciGroup has continued its strategy of focusing on its core businesses that are considered strategic and beneficial to the Group over the medium term, such as chemicals for nylon production, engineering plastics and synthetic fibres. The goal of the Group's strategy is to improve its competitive position and achieve an overall balance among the geographical markets where it operates in order to reduce dependency on single markets and boost cash flow to reduce debt and finance new initiatives in its businesses.

Furthermore, in accordance with the general RadiciGroup restructuring plan that aims to adapt the structure of each company to best meet the needs of its respective business sector, RadiciGroup has continued to work towards achieving the following objectives:

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

Radici Partecipazioni S.p.A. is the holding company that groups together the manufacturing activities of RadiciGroup in the fields of polyamide, chemicals, plastics, polyester, polypropylene and textiles. Radici Partecipazioni is directly and indirectly controlled by the Group parent company Radicifin S.p.A.

The corporate business areas and units are as follows:

- *Chemicals business area*
- *Plastics business area*
- *Fibres business area*
- *Nonwovens / artificial grass yarn business unit (Dylar and Radigreen)*



CHEMICALS BUSINESS AREA

COMPANIES: Radici Chimica S.p.A., Radici Chimica Deutschland GmbH, Radici Chimica S.p.A. branch office in Mendrisio and RadiciChem Shanghai Co. Ltd.

PRODUCTS: Intermediates and adipic acid, used in the production of polyamide 6,6, polyurethane and plasticizers for polyvinyl chloride and other applications. Polyamide 6,6, used in textiles and in compounds for the production of electrical, electronic and mechanical components and automotive parts.

MAIN BRAND NAMES: Radichem® - Radipol®

During the year 2010, the consistent high level of technology and quality at its plants allowed the Chemicals Business Area not only to hold on to its competitive position, but also to take full advantage of the industrial recovery. Because of the imbalance between constantly high world demand – particularly in the Asian region and in emerging countries – and the supply of products worldwide, the business area ran its plants at their maximum production capacities.

TO LEARN MORE: On the world scene, the Chemicals Business Area's target markets (plastics, automotive and textiles) followed the recovery trend in industrial production during all of 2010, although with patterns varying from market segment to market segment. In particular, polyamide polymer performed well both in sales volume (+20% over 2009) and average price (+28% compared to 2009). The high demand for polymer made it necessary to prioritize sales, giving precedence to the companies in the RadiciGroup production chain, followed by the European market. For adipic acid, sales volume rose by 14%, accompanied by a surge in the average price, which the market accepted in view of the limited availability of the material on the market.

It must be stressed that the above results were partly due to the favourable trend of the euro/US dollar exchange rate, as well as to the fact that several of our competitors were forced to leave the market. Although the production and sales levels of 2010 were such that they will be hard to duplicate, we must also point out that, during the first quarter of 2011, we were able to maintain the same positive performance as in the last quarter of 2010.

During the financial year, the Chemicals Business Area did not undergo any changes in corporate structure.



PLASTICS BUSINESS AREA

COMPANIES: Radici Novacips S.p.A., Radici Plastics GmbH, Radici Plastics Ltda, Radici Plastics USA Inc., Radici Plastics UK Ltd., Radici Plastics Iberica SL, Radici Plastics Modi Pvt. Ltd. and Radiciplastics Suzhou Co. Ltd.

PRODUCTS: Engineering plastics for extrusion and moulding in the electrical, electronics, automotive, furnishings and household appliance sectors.

MAIN BRAND NAMES: Radilon®, Raditer®, Radiflam®, Heraflex®, Heramid®

During financial year 2010 the Plastics Business Area recorded exceptional results. The automotive market, in particular, regained great momentum.

The excellent results of 2010, with sales revenue of EUR 235 million and a gross operating margin 74% higher than in 2009, were solidly based on the upturn in consumption in the engineering plastics market. Production was maintained at a level above sales volume at all times in order to bring finished product inventories in line with the new market consumption level. With the recovery, the prices of raw materials also started moving upwards; the price increases were passed through, albeit only in part, to the finished product.

TO LEARN MORE: In that macroeconomic picture, all production sites worked at full capacity and investments in production capacity were started up once again. Specifically in response to the growth in sales volume, at the end of 2010 an investment in a new production line at the Villa d'Ogna site was approved.

The most important event of the 2010 financial year was the acquisition by Radici Plastics USA of the production and sales activities of the company Michael Day Enterprises, which was engaged in the production of engineering plastics in the American market. This transaction has considerably broadened RadiciGroup's presence in the US market, bringing results that have been decidedly positive since the very first few months.



FIBRES BUSINESS AREA

📦 FASHION & INTERIORS 📦

COMPANIES: Radici Yarn S.p.A., Dorix GmbH, SC Yarnea.

PRODUCTS: PA6 and PA6,6 yarn for apparel, hosiery, intimatewear and swimwear. PA6 staple for textile flooring.

MAIN BRAND NAMES: Radilon®, Dorix®

During 2010 demand showed a steadily rising trend in all the market sectors where the business unit operated.

The growth in demand was attributable to several factors: a drop in imports of finished goods from the Far East, exceptionally low customer inventories and a rebound in demand. The cost of the raw materials used in the business unit's production processes climbed steadily, also driven by a rise in the price of crude oil and by strong demand from the Far East. Like all its European competitors, the business unit implemented a sales policy aimed at passing raw material price increases to customers downstream and increasing margins.

TO LEARN MORE: The business unit's production plants operated at full capacity, and measures were implemented to reduce costs and improve productivity and efficiency at all sites. In 2011 demand is continuing along the recovery trend of financial year 2010.

However, there is a considerable degree of uncertainty as to whether demand will remain at the current high level for the entire financial year.

In financial year 2010, the business unit began taking steps to disinvest certain assets at the operating units in Casalmoro and Pistoia, where production had been shut down in the prior financial year.

During the first quarter of 2010, the investments made in 2009, that is, the transfer of polyamide 6,6 production to Villa d'Ogna (Radici Yarn S.p.A.) and textured products to SC Yarnea Srl (Romania), became fully operational.

📦 FASHION & INTERIORS BRAZIL 📦

COMPANIES: Radici Fibras Ltda

PRODUCTS: Nylon 6 and 6,6 yarn for apparel, textile flooring, and automotive interiors.

MAIN BRAND NAMES: Radilon®

During 2010 demand in the Brazilian nylon market stayed at a high level. The market was characterized by an increase in raw material prices, but the favourable trend in the real/euro exchange rate had a positive effect on costs.

Starting in September – high-season month for stretch fabric makers –, there was significant growth in imports, mainly of finished yarn (textured and drawn), while growth in imports of yarn used as raw materials by the business unit gradually decreased.

TO LEARN MORE: The year was marked by problems in the procurement of key raw materials, which influenced the entire textile chain and, particularly towards the end of the year, resulted in a significant rise in garment imports.

Nevertheless, in 2010 sales grew by about 17% compared to 2009. The planned increase in production capacity was completed and the business unit closed 2010 with a gross operating margin of 12.5% with respect to value of output.

📦 FLOORING 📦

COMPANIES: Radicifil S.p.A., Logit Sro, Deufil GmbH.

PRODUCTS: Nylon 6 and 6,6 carpet yarn, high-tenacity yarn for the automotive sector (tyre cord and airbag fabric).

MAIN BRAND NAMES: Radifloor®, Raditeck®

The Flooring Business Unit benefited from the economic recovery in Europe, which was sustained largely by Germany and driven mostly by exports to Asian countries. At the same time, the prices of raw materials (particularly caprolactam) and chemical intermediates used in yarn production rose sharply.

As regards nylon BCF yarn for textile flooring, the demand stimulus came mostly from the auto industry. The other sector that contributed to the good sales results was nylon 6 and 6,6 BCF textured yarn – twisted and heat-set – for the northern European high-end residential market. The announcement of the planned closing of an important competitor's production plant specializing in PA6,6 BCF for the contract sector created strong customer interest in Radicifil S.p.A.

TO LEARN MORE: In the high-tenacity yarn segment, sales for the year exceeded expectations, thanks to the bounce back in demand in the world automotive market. Sales of PA6 polymer to Group companies and the market at large exceeded budget objectives on account of the pickup in demand, as well as the creation of a special sales organization dedicated to polymer sales.

During 2010 the business unit's sales revenue jumped sharply (+47% over 2009). The contribution margin also grew significantly.

Through its investment in new BCF yarn production lines, the business unit planned to continue the development of new solution-dyed items for the contract and high-end residential market segments during 2011.

ACRYLIC

COMPANIES: Radici Fibras Ltda, Cordonsed SA, Comacsa SA.

PRODUCTS: Acrylic top, tow and staple fibre for the apparel, furnishings and construction markets.

MAIN BRAND NAMES: Crylor®

During 2010 demand for Brazilian acrylic fibre fell by 11% compared to 2009. The main reasons were an increase in imported yarn (+80%) and a dramatic reduction in exports of Brazilian spinning mills (-75%). Luckily, the effect of those factors on Radicifibras volumes was minimal.

However, the dynamics exposed the difficulties of Brazilian spinning mills, both in competing with imported finished fibres on the national market and in exporting their products.

TO LEARN MORE: Radicifibras closed the financial year with a gross operating margin of over 8% with respect to value of output, substantially in line with the 2009 result. Raw material price increases, the positive trend in the exchange rate and the gradual but continual rise in Brazil domestic costs (energy, taxes and human resources) foreshadowed a difficult 2011 for Brazilian industry.

Regarding Argentina, Cordonsed's business activities have been affected by the protectionist measures of the Argentinean government on the importation of yarn and other industrial materials, which has brought about greater demand for products manufactured domestically.

Nevertheless, the fear of out-of-control inflation has made the Argentinean government take the unusual step of limiting price increases caused by international pressure on oil-based raw materials. In 2011 the macroeconomic picture is expected to be similar to 2010, with price changes conditioned by increases in raw material costs.

Cordonsed closed the year 2010 with positive results, achieving a gross operating margin of over 10%. This positive trend has continued during the first months of 2011.

📦 SPANDEX 📦

COMPANIES: Radici Spandex Corp.

PRODUCTS: Elastane fibres (spandex) for sportswear, intimatewear, body shaping garments, swimwear and applications in the industrial, personal hygiene and medical markets.

MAIN BRAND NAMES: Radelast®

The year 2010 was marked by two distinct phases. In the first half-year there were lingering tensions in the market despite the net recovery over 2009 (+22% in sales volume and +20% in sales revenue compared to 2009). The second half, on the other hand, witnessed a steady rise in raw material costs and the simultaneous inability of the market to absorb the increases. The situation caused customers to switch to lower cost, lower quality alternatives from Asia. As a result, there was a decrease of 10% in sales volume and 2% in sales revenue. Overall, for the year, there was growth in sales revenue (+15%) and sales volume (+6%) compared to the prior year.

TO LEARN MORE: The American market remained depressed, but luckily the slump was offset by exports to non-NAFTA countries, particularly the European market – an area still being developed by Radici Spandex – and the South American market, which recorded an increase of 28%.

📦 PET YARN 📦

COMPANIES: Noyfil S.p.A., Noyfil SA.

PRODUCTS: Raw, solution-dyed and additioned polyester yarn for applications in the household textiles, apparel, hygiene, medical and automotive markets.

MAIN BRAND NAMES: Radyarn®, Starlight®

After the crisis, the world polyester fibres market has confirmed a constant growth trend. The world market is now predominantly in the hands of Asian manufacturers.

Focusing on our target market (Europe plus Turkey), a considerable acceleration in imports from Asian countries was recorded in 2010; the trend is expected to continue in the future, aided by decreased European competitiveness. This scenario is forcing the entire polyester fibres sector to become a commodities market with ensuing lower margins and more concentration of production in search of economies of scale.

During the course of 2009, the economic crisis had a strong impact on volumes. This factor has forced the business unit to work towards production optimization aiming at reducing industrial costs, as well as towards an increase in the production of higher value-added specialities.

TO LEARN MORE: In the situation outlined above, the business unit registered a significant jump of about 33.4% in production volume and 30.9% in sales revenue over 2009.

Regarding research and development, in the future there could be interest in low environmental impact products or high-tech items that involve the use of nanoparticles. As far as organization goes, special attention will be given to taking advantage of industrial and commercial synergies among the various plants.

Lastly, some comments on the market for raw materials, which in the last financial year amounted to more than 50% of the value of output of the business unit. The price tension during the first half-year subsided during the second half, despite the fact that during the last quarter prices started to rise again. In terms of profitability, the business unit managed to achieve good performance in the first part of the year, thanks to the favourable ratio between average prices and raw material costs.

📦 POLYPROPYLENE 📦

COMPANIES: Deufil GmbH.

PRODUCTS: Yarn for textile flooring.

MAIN BRAND NAMES: Radifloor®

During the course of 2010, in spite of the more positive macroeconomic picture, the polypropylene business deteriorated even more. Those changes further aggravated the situation at Deufil and, given the structural characteristics, RadiciGroup decided to stop production starting in December 2010. During 2011, the company was put into liquidation.

📦 DYLAR AND RADIGREEN 📦

COMPANIES: Tessiture Pietro Radici S.p.A..

PRODUCTS: Polypropylene nonwovens for the personal hygiene, medical, construction and disposable apparel sectors; artificial grass yarn (mostly polyethylene and polypropylene) for the sports and landscaping markets.

MAIN BRAND NAMES: Dylar®, Radigreen®

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

📦 DYLAR® SPUNBOND 📦

The year 2010 was marked by production lines operating at full capacity and a slight increase in sales volume in spite of the fact that during the months of November and December – a period when there is typically a drop in demand – partial use of ordinary unemployment benefits was made.

The price of raw material (polypropylene) increased sharply following a trend that continued into the first quarter 2011. Sales prices were raised accordingly, which allowed the business segment to fully achieve the objectives set for the months of May, June and July.

TO LEARN MORE: There was a steady general recovery in demand during all of 2010, particularly in the industrial and construction sectors, after the difficulties encountered in the prior two years. Almost all customers, barring rare exceptions, increased their order volumes.

Regarding margins, the steep and sudden jumps in raw material prices were absorbed by passing through the higher costs to sales prices. However, the benefit on the income statement showed up only starting towards the end of the first half. The net effect of the above was that the year closed with a lower gross operating margin than for the prior year.

📦 RADIGREEN® 📦

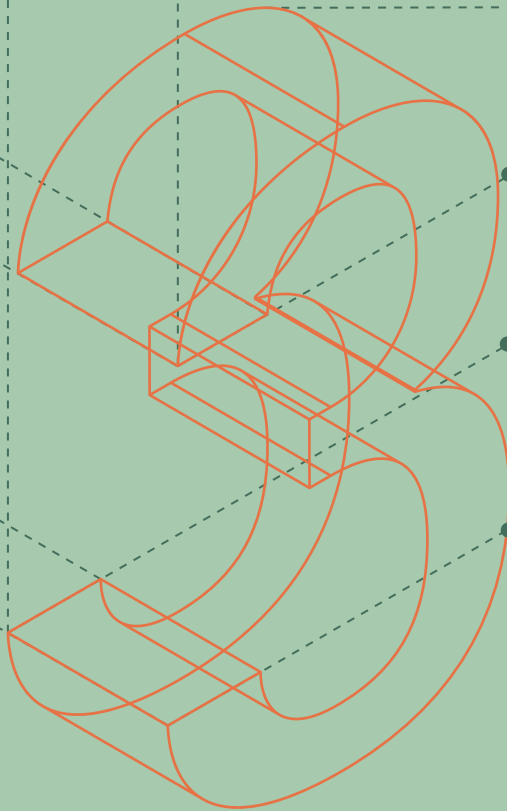
The year 2010 was marked by a contraction in sales volumes compared to 2009 (particularly for fibrillated yarn) and by a steep increase in raw materials prices (polyethylene and polypropylene), accompanied by a related increase in sales prices for all families of products. In spite of the new production line dedicated exclusively to the production of monofilament, total sales volume declined with respect to 2009. The decrease can be explained by market stagnation, which had already made itself felt during the last months 2009 and which continued for the entire year 2010. The stagnation can be traced back to the lack of funds made available for synthetic turf installations, in Europe and particularly in Italy.

TO LEARN MORE: Production capacity during the first and last months of the year was reduced in order to avoid warehousing products with a high risk of obsolescence. During the summer months,

demand took off as per expectations for the peak season, but not enough to make up for the lack of orders suffered during the winter months.

Hence the margin of the business segment was negatively affected by two factors: poor sales volumes and raw material price increases, which turned out to be impossible to pass on fully to downstream customers due to lack of demand. The company's strategy for the future focuses on the technical development of monofilament specialty products that find application in several sport sectors, as well as others, such as landscaping.

BUSINESS OBJECTIVES



● *"RadiciGroup for Sustainability" plan*

● *RadiciGroup business objectives*

● *"RadiciGroup for Sustainability" plan objectives*

RADICIGROUP BUSINESS OBJECTIVES

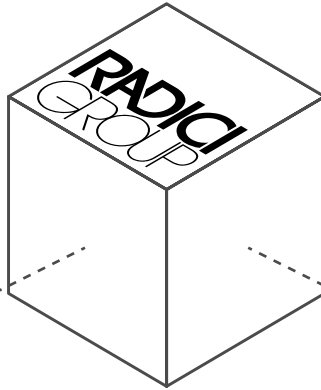
Faced with a market situation presenting myriad challenges and critical issues, in 2010 RadiciGroup ownership and management set forth their key development guidelines to help identify strategic objectives and lay out a three-year plan for implementing them.

In line with the Group's Vision and Mission, the fundamental elements of the plan are:

- 1. Exploiting the polyamide production chain to the maximum.*
- 2. Paying close attention to new market input, particularly from niche application segments in both the fibres and plastics industries.*
- 3. Strengthening market position through internal growth of polyamide 6,6 consumption.*
- 4. Searching for all possible unexplored synergies within the boundaries of each business area and the Group as a whole.*
- 5. Improving efficiency through sustainability policies.*

Furthermore, we will be constantly looking for improvements that could, given the financial constraints, unlock the door to greater profitability, in order to achieve our final goal: strengthening the market position gained by the main business areas during the last two years.

The three-year plan will be supplemented by projects lasting more than three years for specific initiatives in each business area.



MISSION

VISION

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

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

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

"RADICIGROUP for SUSTAINABILITY" PLAN

On the issue of sustainability, a detailed plan entitled "RadiciGroup for Sustainability" was drawn up in 2010. It will serve as the blueprint for RadiciGroup sustainable development for a time span of 3 to 5 years and contains sustainable development guidelines in keeping with the Group's Mission.

1) Kyoto Protocol Principles

The 20/20/20 strategy: energy savings, use of renewable resources and biopolymers, reduction of emissions, plus the use of 20% recycled material.

RadiciGroup is committed to extending and rationalizing the use of energy from renewable sources. Renewable energy for its Italian production sites is supplied by the highly efficient Novel power plant in Novara, Italy, and by Geogreen S.p.A., a RadiciGroup partner and supplier.

Geogreen owns a cluster of hydroelectric power plants that generate enough electricity to power all RadiciGroup polymerization processes. Furthermore, Geogreen energy comes with RECS (Renewable Energy Certificate System) certificates.

WHAT WE HAVE DONE: In 2010, Geogreen S.p.A. supplied RadiciGroup companies in Italy – the polymerization plants in particular – a total of about 32 MWh of electricity with RECS certificates.

Regarding the research and development of products from renewable resource materials, RadiciGroup Fibres and Plastics Business Areas achieved important results.

Noyfil SA, engaged in polyester production, extended its yarn offering in 2010 by introducing CornLeaf, a solution-dyed, 100% biodegradable continuous yarn. CornLeaf yarn is made using Ingeo™ polylactic acid (PLA), a material coming from renewable vegetable sources. The use of solution dyeing, a technology that reduces water and energy consumption compared to traditional processes, in addition to renewable raw materials makes CornLeaf a product at the forefront in environmental sustainability.

CornLeaf complements another recently launched product, REvive, made from post-consumer recycled polymer obtained from recycled mineral water bottles.

At the K 2010 trade fair, the number one international event for the plastics and rubber industry, RadiciGroup presented RADILON D, a new line of PA6,10 engineering plastics for injection moulding and extrusion made in part from renewable resource materials, such as castor seed oil. PA6,10 polyamides have a smaller environmental footprint than traditional polyamides with equal performance and are used for key applications in the automotive sector.

Cutting emissions and controlling product and process impact

The Group has worked hard on making the production chain sustainability concept operational by focusing predominantly on issues concerning emissions, water use and waste management.

WHAT WE HAVE DONE: By installing a post-burner on the spunbonded nonwoven production lines at Tessiture Pietro Radici S.p.A., emissions of volatile organic compounds (VOCs) have been reduced by 90%. In other words, this investment has prevented the emission of 4 tons of VOCs per year.

Radici Novacips S.p.A., the head company of the Plastics Business Area, has focused more on water resources. The revamped process water management system has led to a dramatic reduction in wastewater pollution load, which is now from 90 to 95% lower than the limit set by Italian law. At the same time, the two Radici Novacips production sites have started a water recycling and treatment project. Within a two-year period, the new system will reduce water withdrawal by about 90%.

RadiciFil S.p.A., a company in the Fibres Business Area, has focused its attention on waste management. The on-site waste storage system was totally redesigned on the basis of the conclusions of a specific study. The storage areas were rationalized and redefined to facilitate separate waste collection and reduce disposable waste.

Lastly, the chief RadiciGroup companies in Italy have started a Life Cycle Assessment (LCA) project to track the Global Warming Potential and the Gross Energy Requirement, in particular, of all polyamide 6,6 products: polymer, textile yarn, carpet yarn and engineering plastics. The project will be completed in 2011.

Particular care was devoted to rationalizing the production chain, specifically through active implementation of "recycling along the value chain", that is, the recycling of fibre production rejects in the plastics production chain. This is a high value-added choice in that:

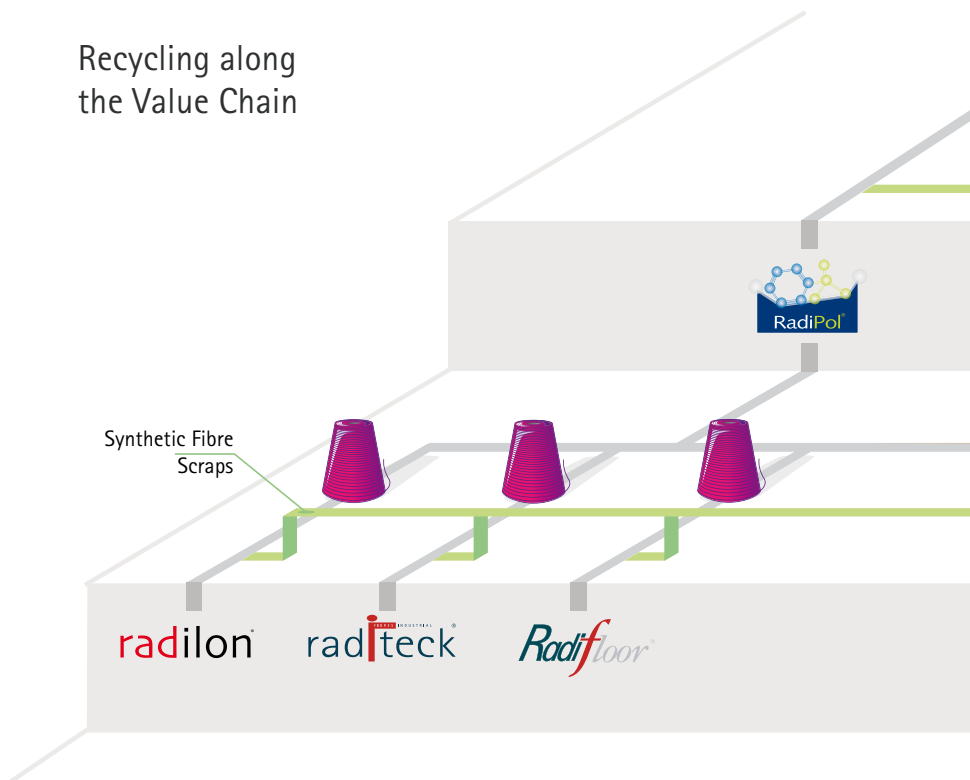
- *Processing fibre rejects into plastics requires half the energy needed to perform depolymerization and repolymerization, which are the steps for converting the rejects back into polymer so that they can be reused in the fibre and yarn production cycle.*
- *The rejects are converted through a regranularization process into top-grade plastics that can be used in critical applications (e.g., in the automotive sector).*

WHAT WE HAVE DONE: In 2010, RadiciGroup recycled about 9,000 tons of fibre rejects at the Italian companies in its Plastics Business Area.

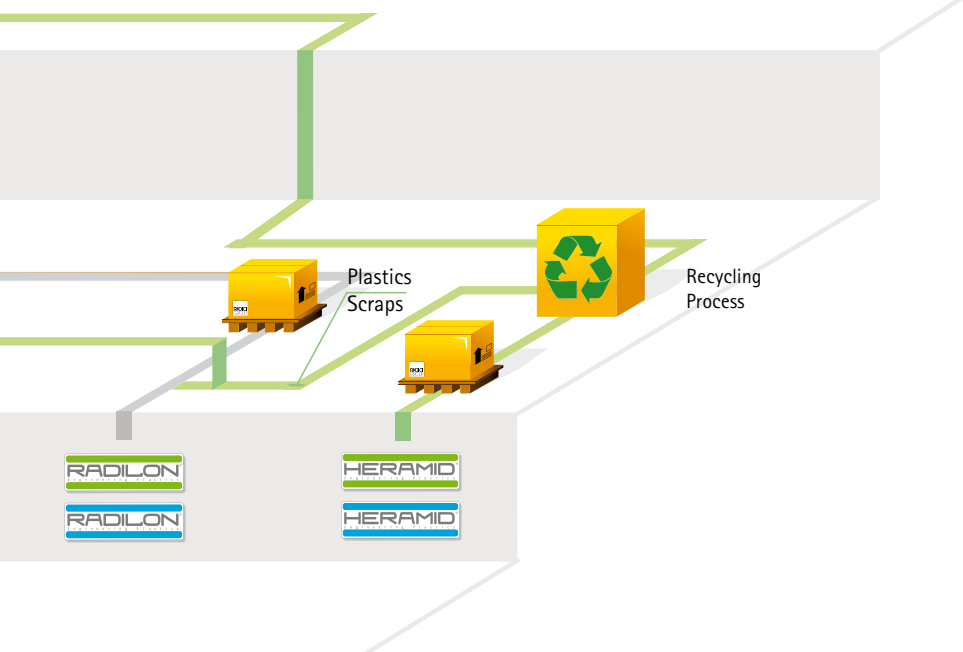
The Heramid® line of pre-consumer PA6 and PA6,6 engineering plastics – manufactured using recycled rejects from the plastics and fibres production processes – are key RadiciGroup products used in the electrical/electronics, industrial and automotive industries.



Recycling along the Value Chain



Polymerization



Plastics Scraps

Recycling Process

RADILON

RADILON

HERAMID

HERAMID

2) Certifications: ISO 14000, ISO 16000, OHSAS 18000 and ISO 26000

RadiciGroup companies have expended great effort to obtain key international certifications and expand awareness of sustainability and respect for the environment. Now the main companies have a common foundation as regards the concepts and organizational systems for environmental, safety and social responsibility issues.

RadiciGroup Company	Std ISO 9001:2000	Std ISO 9001:2008	Std ISO/JS 16949:02	Std ISO/TS 16949:09	Std ISO 14001:2004	OHSAS 18001:2007
FIBRES						
RADICIFIL SPA - CASNIGO - IT		X			W	W
RADICI YARN SPA - VILLA D'OGNA - IT		X			X	
RADICI YARN SPA - ARDESIO - IT		X				
YARNEA - F&I - ROMANIA		X			X	X
RADICIFIBRAS LTDA (NYLON) - BRAZIL	X					
NOYFIL SPA - CHIGNOLO D'ISOLA - IT		X				
NOYFIL SPA - ANDALO VALTELLINO - IT		X				
NOYFIL SA - STABIO - SWITZERLAND		X				
RADICI SPANDEX CORP. - TUSCALOOSA - USA		X				
RADICI SPANDEX CORP. - GASTONIA - USA		X				
TESSITURE PIETRO RADICI SPA - GANDINO - IT		X			W	W
PLASTICS						
RADICI NOVACIPS SPA - VILLA D'OGNA - IT		X		X	X	X
RADICI NOVACIPS SPA - CHIGNOLO D'ISOLA - IT		X				W
RADICI PLASTICS GmBh - GERMANY		X	X		X	
RADICI PLASTICS Ltda - BRAZIL		X	X			
RADICI PLASTICS (SUZHOU) Co. Ltd. - CHINA		X				
RADICI PLASTICS USA, Inc. - USA			X			
CHEMICALS						
RADICI CHIMICA SPA - NOVARA - IT		X			X	X
RADICI CHIMICA Deutschland GmbH - GERMANY		X			X	W
OTHERS	X					

W= work in progress

WHAT WE HAVE DONE: In 2010 Radici Novacips S.p.A., the RadiciGroup engineering plastics production site in Villa d'Ogna, Bergamo, Italy, achieved an important goal by obtaining voluntary OHSAS 18001 certification for its occupational health and safety management system.

External Quality Certification Organization	External Environmental Certification Organization	External Safety Certification Organization	Other Certifications
CERTITEX			OekoTex100
CERTITEX	Certitex		OekoTex100
CERTITEX			OekoTex100
SRAC ROMANIA	SRAC	SRAC	
FUNDAÇÃO VANZOLINI			
RINA			OekoTex100
RINA			OekoTex100
DNV			OekoTex100
National Quality Assurance USA			
National Quality Assurance USA			
CERTITEX			OekoTex100 + FIPA
IIP	IIP	IIP	
IIP			
TUV			IATF No. 0118049
BVQI			IATF No. 76843
TUV			
SQA			IATF No. 0086977
CERTIQUALITY	CERTIQUALITY		
DQS	DQS		Safety management system according to incident regulation (12. BImSchV)
TUV RHEINLAND INTER CERT KFT			NATO AQAP120

3) Raising awareness of the sustainability issue

RadiciGroup has initiated a multiyear project to raise awareness of environmental sustainability and promote virtuous behaviour among its employees.

WHAT WE HAVE DONE:

TRAINING AND EDUCATION: Radici Yarn S.p.A. has started working with its employees on sustainability training and education, which will become an integral part of the company management system for process improvement with the use of performance indicators to measure progress.

GOOD COMPANY PRACTICES: This document was first disseminated at all Italian Group companies, starting with Radici Yarn S.p.A., where it was posted in the various site meeting areas in order to help the employees understand the importance of their daily routine in protecting the environment and natural resources. At Radici Yarn, the first sustainability notice board and email address were created where employees can post their comments and suggestions.









RADICIGROUP SUSTAINABILITY LOGO: A logo was chosen by RadiciGroup employees to give immediacy to the Group's commitment to environmental protection. Since 2010 the logo has been used to identify all internal and external Group communications on matters of sustainability. The recycling symbol that encircles the logo represents the organization's growing commitment to materials reuse and process rationalization.





Buone Pratiche Aziendali

10 suggerimenti ecosostenibili quotidiani

-  1 Quando è possibile, evita l'uso dell'ascensore. Ricordati che fare qualche volta le scale in ufficio è positivo per la forma fisica. Se in salita ritieni necessario l'ascensore, evita di prenderlo quando puoi scendere per le scale.
-  2 Regola l'accensione delle luci sulla base delle tue reali esigenze. Se di lampade accese ne basta una, spegni le altre. Se possibile, non tenere le tende chiuse o abbassate con le luci accese.
-  3 L'uso delle tende o di tipi di schermi frangisole deve essere regolato anche al fine di risparmiare energia in estate e di favorire l'ingresso di luce naturale in inverno. Una efficace regolazione della luminosità e della temperatura aumenta inoltre il comfort dell'ambiente.
-  4 Uscendo dalla stanza in cui ti trovi o da un altro ambiente spegni la luce, soprattutto negli ambienti poco frequentati (archivi, sale riunioni, ma anche bagni).
-  5 Se possibile, evita di alzare i valori della temperatura dell'ambiente oltre i limiti imposti dalla legge. In estate, in particolare, non ridurre troppo la temperatura: una eccessiva differenza tra l'ambiente interno, condizionato, e l'esterno è nociva per la salute.
-  6 Scegli l'abbigliamento indossato in ufficio anche con l'obiettivo di ridurre i consumi. Se serve, in estate toglia la giacca anziché ridurre la temperatura della stanza attraverso il condizionatore.
-  7 In bagno, regola l'apertura del rubinetto a una giusta portata di utilizzo, evitando di tenerlo aperto inutilmente. Segnala eventuali perdite idriche degli apparecchi sanitari all'ufficio competente.
-  8 Cerca di differenziare i rifiuti, gettandoli negli appositi contenitori. La raccolta differenziata serve per dare nuova vita a molti materiali che, se diversamente trattati, costituiscono semplicemente spazzatura. La plastica, ad esempio, se opportunamente trattata, è interamente riciclabile.
-  9 Stampa i documenti solo se davvero necessario impostando possibilmente la funzione frontieretro della stampante. Utilizza il più possibile il computer per l'archiviazione dei documenti, evitando di appesantire gli archivi con documenti cartacei che a distanza di tempo possono anche essere di difficile reperimento.
-  10 Configura il salvaschermo affinché si attivi dopo 3 minuti e lo spegnimento del monitor dopo altri 2. Imposta lo stand-by del PC dopo 15 o 20 minuti di inattività e spegni il PC quando vai a casa la sera, con particolare attenzione al monitor che deve essere spento con il pulsante.

Fonte: INAIL - Manuale per le azioni giornaliere di risparmio energetico negli uffici

"The Manifesto for Good Company Practices for RadiciGroup Italian Companies"

"RADICIGROUP for SUSTAINABILITY " PLAN OBJECTIVES

Sustainability as a key to corporate governance

RadiciGroup has adopted the classic definition of sustainable development, which reads "sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs". Operating by this principle, our Group believes it is possible to maintain profitability now and in the future, while ensuring the resources necessary for future generations.

To make this approach operational, RadiciGroup is creating a corporate governance system based on the **Global Reporting Initiative**, which will integrate and complement all the efforts made up to now on matters of sustainability.

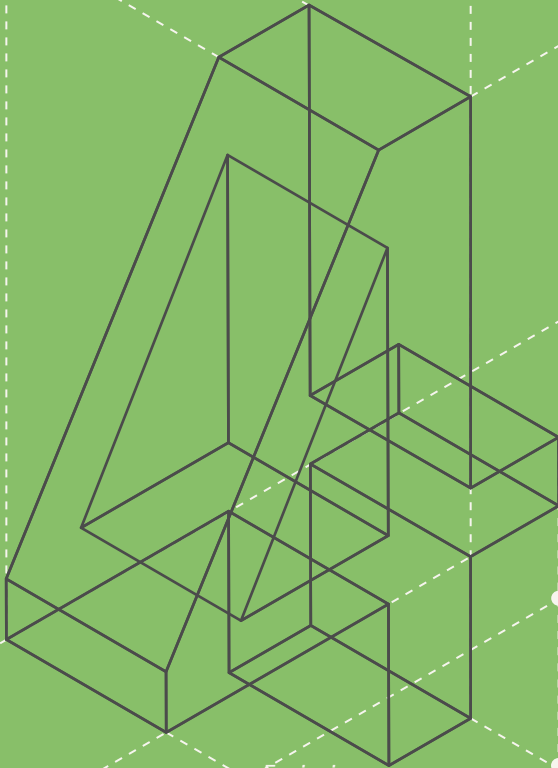
The GRI approach, which will be applied to all Group sites worldwide, will allow for a detailed and thorough analysis of the economic, environmental, social and production/quality aspects of the companies. All these factors will be constantly monitored through a panel of indicators in order to:

- *Obtain a snapshot of the Group situation during last three years highlighting strengths and weaknesses.*
- *Build production and resource consumption models to better protect health, safety and the environment; introduce corrective measures wherever needed.*
- *Promote responsible economic growth for the Group, hand in hand with developing local host communities, helping employees achieve their full potential and safeguarding their employment.*
- *Educate present and future stakeholders on environmental matters by raising awareness, through training, communication and transparency.*



RESPONSIBLE CARE®

● *Energy consumption*



● *Safety*

● *Emissions*

● *Resource use*

RESPONSIBLE CARE®

2010 DATA



Responsible Care®

"The chemical industry is a safe industry, with only 8.7 accidents per million hours worked. The serious injury frequency rate calculated for the three-year period 2008-2010, using INAIL [Italian Workers' Compensation Authority] data for all manufacturing sectors, shows that the chemical industry achieved the second best result after the oil industry. The chemical industry is continuing its efforts to shrink the size of its environmental footprint: it has lowered discharges to water by 65% and emissions to air by 94%. The percentage reduction was calculated with respect to 1989 and not only fully meets the Kyoto Protocol objectives for greenhouse gases (-64.5% in 2009 compared to 1990) but is also more than satisfactorily in line with the European Union goal for 2020, that is, the well known 20-20-20." [Press Release, "Responsible Care: the Chemical Industry Is a Leader in Corporate Social Responsibility"]

These figures, which were officially published by Federchimica in its 17th Responsible Care® Annual Report, demonstrate the industry's concrete commitment – a deep conviction that translates into investments, actions and continual improvement.

RESPONSIBLE CARE® – RADICIGROUP 2010 DATA

Since 2003, RadiciGroup production sites have voluntarily collected and disclosed data on their environmental performance in keeping with the Responsible Care® protocol.

HEALTH AND SAFETY

As pointed out in the Federchimica Annual Report, the chemical industry's commitment to the health and safety of its employees has become increasingly stronger. This trend is evident at RadiciGroup with our rising investments and operating costs for health, safety and the environment. Although the total number of injuries has remained constant (today the injury rate is 3.34%), the seriousness of the injuries and the number of days lost have decreased over the years.

This is a very positive result.

INVESTMENT IN HEALTH, SAFETY AND THE ENVIRONMENT

GRI:LA8

Units: Thousands of euros	2006	2007	2008	2009	2010
Health and safety	785	563	2,034	1,522	870
Environment	2,266	1,932	1,726	904	2,037
TOTAL	3,051	2,495	3,761	2,426	2,907

OPERATING COSTS FOR HEALTH, SAFETY AND THE ENVIRONMENT

GRI:LA8

Units: Thousands of euros	2006	2007	2008	2009	2010
Health and safety	1,687	1,722	1,755.10	2,003.84	2,024.36
Environment	7,292	13,348	6,945.77	7,255.45	7,335.32
TOTAL	8,979	15,069	8,701	9,259	9,360

OPERATING COSTS FOR HEALTH, SAFETY AND THE ENVIRONMENT

GRI:LA8

Units: Number of hours	2006	2007	2008	2009	2010
Health, safety and the environment (HSE) training	17,645	15,602	17,389	18,210	26,105

The number of hours allocated to training on health, safety and the environment rose for all companies. Recognizing that the knowledge and training provided at some of the HSE courses (such as first aid basics) would be important and useful for workers' families, RadiciGroup is considering a project that would give family members the opportunity to attend these classes.

PREVENTIVE ACTIONS

Units: Number	2006	2007	2008	2009	2010
Medical checks	3,624	3,388	2,925	2,316	2,601
Clinical tests	2,741	2,797	3,093	1,708	1,734
Other tests	3,561	2,143	2,559	3,030	2,482
Workplace health monitoring tests	66	231	25	86	93
Per RadiciGroup employee	2.46	2.21	2.38	2.23	2.14

LOST-TIME INJURIES

GRI:LA7

Units: Number	2006	2007	2008	2009	2010
Fatal injuries	-	-	-	-	-
1- to 3-day injuries	32	33	18	16	16
Workers' compensation injuries (>3 days)	172	191	178	99	101
Workers' compensation commuting injuries	10	10	14	5	5
RadiciGroup injury rate	28.60	33.26	31.32	22.00	20.20

LOST-TIME INJURIES

GRI:LA7

Units: Number	2006	2007	2008	2009	2010
1- to 3-day injuries	75	60,5	40	32	31
Workers' compensation injuries (>3 days)	5,567	6,347	5,897	3,692	2,080
RadiciGroup lost days rate	0.79	0.95	0.95	0.71	0.36

1- to 3-day injuries - ITALY: 6

1- to 3-day injuries - OUTSIDE ITALY: 10

Workers' compensation injuries (>3 days) - ITALY: 34

Workers' compensation injuries (>3 days) - OUTSIDE ITALY: 67

No occupational diseases were recorded in 2010.

ENVIRONMENT

In the following analysis of emissions, discharges and resource use, the 2010 data will be compared with the data from 2008, the latest year that can be considered comparable in terms of production. The year 2009 was an exception in that the Group's plants did not work continuously at full capacity and the frequent stops resulted in the production of fragmented lots, which led to a temporary worsening of some of the indicators.

Concerning the data shown in the following tables, allowance must be made for some of the indicators due to the impossibility of collecting data from a few plants. Starting in 2011, a new data collection system will permit greater accuracy and completeness of information.

DISCHARGES TO WATER

Units: Tons	2006	2007	2008	2009	2010
COD (Chemical oxygen demand)	4,792.3	3,352.3	2,391.6	2,501.7	2,299.8
N (Nitrogen)	188.0	301.0	308.4	219.0	189.2
Suspended solids	221.7	132.3	111.3	106.2	96.1
P (Phosphorous)	0.8	2.4	2.3	7.6	4.3
Hg (Mercury)	-	-	-	-	-
Cd (Cadmium)	-	-	-	-	-
Pb (Lead)	-	-	-	-	-
CrVI (Chromium VI)	2.0	1.9	-	0.1	-
As (Arsenic)	-	-	-	-	-
Zn (Zinc)	0.2	0.6	0.6	0.1	-
Cu (Copper)	1.4	0.9	0.8	1.9	0.6
Ni (Nickel)	0.2	0.4	0.3	0.3	0.2
TOTAL HEAVY METALS	3.7	3.8	1.8	1.1	0.9

Concerning emissions to air and energy consumption, a few preliminary considerations are in order. The values, when taken individually, seem to point to a worsening of the results, particularly in the case of emissions to air. Nevertheless, discharges to water, with the exception of phosphorous, improved significantly at all production sites. We must not forget that the values shown here are absolute values. If, instead, we considered the rates of emissions to production output at the sites that worked at full capacity during 2010, the same data would show a noticeable improvement. For consistency with the data reported since 2006, no changes have been made to the tables. However, starting with the 2011 Sustainability Report, we will no longer report just absolute data but will also provide the rates of emissions to production output.

For the sake of completeness and for illustration purposes, starting from this edition the values for energy consumption and emissions of greenhouse gases have also been reported (below the tables) as a ratio with respect to production output.

As regards energy consumption data, for consistency with the reporting method followed in prior years, no distinction has been made between the energy from RECS renewable sources and the energy from non-renewable sources, but instead all the energy has been accounted for as generated by non-renewable sources. Starting with next year's report, the type of energy source will be identified. All these distinctions notwithstanding, the 2010 data show that the work done at all the sites to rationalize energy consumption in a continuous and systematic manner has yielded significant results.

EMISSIONS TO AIR

GRI:EN17

Units: Tons	2006	2007	2008	2009	2010
SO2 (Sulphur dioxide)	867.8	12.1	19.0	6.1	14.1
NOX (Nitrogen oxides)	1,140.2	596.0	518.6	453.7	401.3
Dust	19.2	20.3	22.1	21.6	16.8
VOC (Volatile organic compounds)	105.8	143.5	130.3	83.9	95.6
VIC (Volatile inorganic compounds)	-	6.1	7.2	3.0	3.0
CO (Carbon monoxide)	47.3	7.3	19.4	14.1	25.8
Hg (Mercury)	-	10.8	0.6	-	-
Cd (Cadmium)	-	-	-	-	-
Pb (Lead)	-	-	-	-	-
Cr (Chromium)	-	-	-	-	-
As (Arsenic)	-	-	0.1	-	-
Ni (Nickel)	-	-	-	-	-
TOTAL HEAVY METALS	-	10.8	0.7	-	-

ENERGY CONSUMPTION

Units: TOE (Tons of oil equivalent)

	2006	2007	2008	2009	2010
Solid fuels	-	-	-	-	-
Liquid fluids	2,700.1	2,135.9	1,976.1	1,640.1	2,153.9
Gas fuels	82,703.8	78,561.4	70,945.2	61,182.3	65,888.8
Steam purchased	40,438.1	42,493.0	38,095.5	37,372.1	42,533.0
Steam sold	9,535.0	9,755.0	8,590.3	7,369.0	2,781.1
TOTAL	116,307.0	113,435.3	102,426.6	92,825.5	107,794.6

ELECTRICITY PURCHASED

Units: TOE (Tons of oil equivalent)

	2006	2007	2008	2009	2010
Electricity purchased	517,564	621,027	533,911	431,464	466,047

ENERGY CONSUMPTION

Units: TOE (Tons of oil equivalent)

	2006	2007	2008	2009	2010
Total energy consumption	643,136	745,568	647,002	533,045	479,520

RATE OF ENERGY CONSUMPTION TO PRODUCTION OUTPUT

	2006	2007	2008	2009	2010
	1.12	1.39	1.22	1.51	0.82

GREENHOUSE GAS EMISSIONS

GRI:EN16

Units: Tons of CO2 eq	2006	2007	2008	2009	2010
Nitrous oxide (N2O)	1,827,590	1,240,471	850,038	999,890	698,895
Other greenhouse gases	59,352	56,612	68,495	62,185	72,403

RATE OF GREENHOUSE GAS EMISSIONS TO PRODUCTION OUTPUT

	2006	2007	2008	2009	2010
Nitrous oxide (N2O)	3.19	2.32	1.60	2.83	1.20
Other greenhouse gases	0.10	0.11	0.13	0.18	0.12

EMISSIONS OF CARBON DIOXIDE FROM LIQUID AND GAS FUELS

Units: Tons of CO2 eq.	2006	2007	2008	2009	2010
Emissions of carbon dioxide (CO2) from gas fuels	85	80	73	63	68
Emissions of carbon dioxide (CO2) from liquid fuels	10	8	7	6	8

RATE OF EMISSIONS OF CARBON DIOXIDE FROM LIQUID AND GAS FUELS TO PRODUCTION OUTPUT

2006	2007	2008	2009	2010
0.348	0.351	0.319	0.414	0.272

WATER WITHDRAWAL

GRI:EN8

Units: m ³	2006	2007	2008	2009	2010
Mains water	154,316.00	159,005.00	85,546.20	117,951.00	115,264.09
River water	3,342,255.00	4,150,234.00	5,073,198.00	2,203,924.60	1,868,504.00
Sea water	-	-	-	-	-
Well water	4,912,610.30	5,045,044.00	4,779,084.00	4,037,233.00	3,845,124.00

*Excluding Yarnea

RATE OF WATER WITHDRAWAL TO PRODUCTION OUTPUT

2006	2007	2008	2009	2010
15.02	18.18	19.01	18.38	10.21

The data on waste management show an overall improvement in disposal method with off-site recovery on the rise. This strategy is a concrete way to foster recycling and promote more careful resource use.

WASTE MANAGEMENT

GRI:EN22

Units: Tons	2006	2007	2008	2009	2010
Hazardous waste	1,795.4	1,923.1	2,866.8	2,116.9	2,526.4
Non-hazardous waste	9,527.0	8,192.0	7,675.92	7,936.39	8,394.05

HAZARDOUS WASTE DISPOSAL METHOD

GRI:EN22

Units: Tons	2006	2007	2008	2009	2010
Incineration on site	0.75	-	-	-	-
Incineration off site	1,699.11	2,045.04	1,837.25	1,341.71	1,818.81
Storage on site	-	-	-	-	-
Landfill	466.6	1353.31	1,083.56	695.54	733.60
Recovery on site	14.00	12.00	12.00	12.00	-
Recovery off site	3,991.66	1,799.65	1,839.42	1,994.37	2,482.60
Other destinations	162.46	181.43	150.46	22.29	128.18

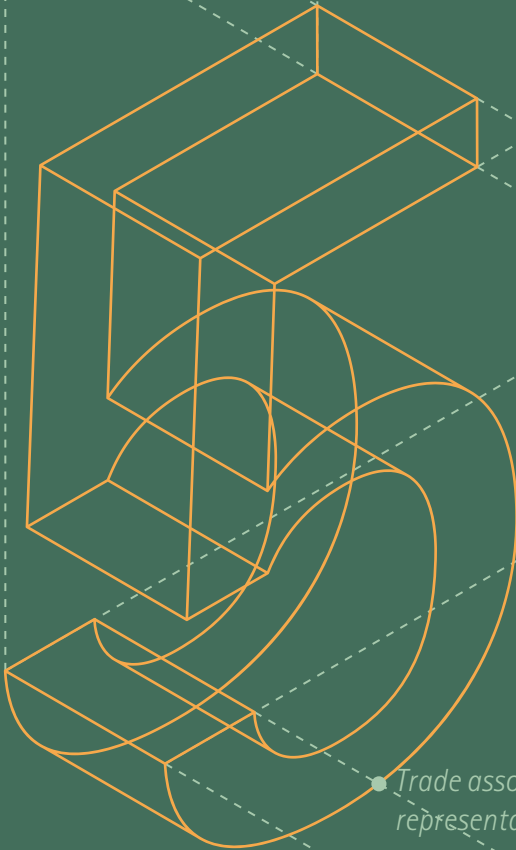
RADICIGROUP STAKEHOLDERS

● *Employees*

● *Customers*

● *Communities*

● *Trade associations and
representative industry bodies*



OUR STAKEHOLDERS

All through its eighty-year history, RadiciGroup has had an ally it could count on: the local community. The Group's "TO BE GLOCAL: global thinking, local action" slogan captures the two complementary sides of our vision: on the one hand, our determination and the need for a global way of thinking and, on the other, our awareness of the importance of the ties between a business enterprise and the local community. The relationship with our corporate stakeholders is the backbone of this vision.

Employees

Gianni Radici, the founder of RadiciGroup, knew all his workers personally. Today, as the Group has become much larger, the dynamics of management-employee relations have evolved, but the original spirit has remained intact. At RadiciGroup, management and employees interact through close collaboration, not always formally well defined but totally integrated into RadiciGroup's style of doing business. Conversations and exchanges of opinion take place daily in the offices and production departments of all Group companies. Furthermore, every year, during company anniversary celebrations or open factory days, meetings are organized to give the family members of RadiciGroup employees the opportunity to learn about the various – and sometimes not so well known – aspects of the production organization.

WHAT WE HAVE DONE:

A case of excellence in corporate employee relations

At Radici Chimica Deutschland GmbH an award has been established for employees who submit innovative ideas and effective solutions to management. The ideas for proposals usually spring from the daily observation of the production process, and the proposals are submitted as projects accompanied by a business plan. A special committee screens the proposals and select the best ones, which Radici Chimica Deutschland then puts into practice. An award is given to the creators of the winning projects in the amount of up to 10% of the value of the savings or the optimization the innovation is expected to yield.

In 2010 eight projects were presented concerning a variety of production systems, from the reduction of water used in production processes to refinements in the nitric acid plant and improvements in the operation of the adipic acid filtering system.

During 2010 RadiciGroup, like other companies, felt the effects of the difficult international situation. Some Group companies made use of ordinary and extraordinary unemployment benefit funds for a total of 424,596 hours (more than half of which was attributable to the closing of the Pistoia and Casalmoro production plants). Furthermore, Group personnel was reduced by 100 employees due to the shuttering of some businesses. Specific agreements between the companies and trade unions were reached for the prudent management of redundant employees, with provisions for professional retraining courses and employment counselling.

Customers

In order to ensure continual improvement, RadiciGroup believes that its quality management system must consistently monitor information related to customer perceptions. With this principle in mind, every two years since 2002 the Group has carried out a Customer Satisfaction Survey using a statistically valid customer sample.

The objectives of our Customer Satisfaction Survey are to identify:

- *Areas where RadiciGroup shows its competitive strength.*
- *Areas needing improvement where the Group should focus its offering of products and services.*
- *Possible changes that need to be made in Group-customer relations based on a comparison of the latest and prior survey results.*

For the 2010 Customer Satisfaction Survey, 516 customers were contacted and accepted to take part. The customers were selected on the basis of sales from a starting database of 1,840 names; the customers surveyed contributed more than 80% of the sales revenue for each business area.

With the participation of customers in countries all over the world, the survey was conducted through an online questionnaire (except in the case of a few customers with poor or no familiarity with the Internet or market segments with so few customers that the interviews could be conducted by a survey-taker).

The survey covered the following factors:

- *Product (consistency of quality)*
- *Delivery (on-time delivery / lead time)*
- *Sales staff (technical competence/decision-making capacity and authority)*
- *Technical staff (quality of relationship / problem resolution / collaboration on product and technological development)*
- *Orders (complaint management)*
- *Prices (payment terms and conditions / consistency of pricing policies)*
- *Sustainability (adoption of sustainable policies)*

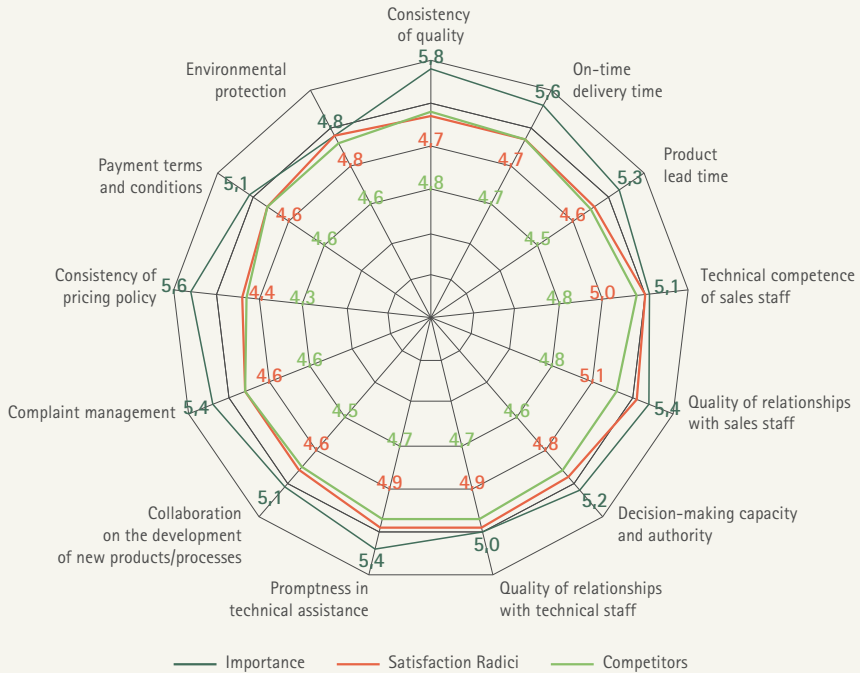
For each factor, three different aspects of the survey responses were analyzed:

- *Degree of importance attributed to the factor by respondents*
- *Degree of satisfaction with RadiciGroup*
- *Degree of satisfaction with competitors*

The assessment was expressed with a number on a scale of 1 to 6: 1, being the lowest, and 6, the highest satisfaction rating.

According to the survey results, the customers expressed a substantially equal preference for RadiciGroup and its competitors, with a slight competitive advantage for RadiciGroup in the areas of technical assistance, decision-making capacity and quality of relationship. The results also show that consistency of quality, on-time delivery and consistency of pricing policies are areas of extreme importance to customers, and thus are areas in which improvement should be made.

DEGREE OF IMPORTANCE, DEGREE OF SATISFACTION WITH RADICIGROUP,
DEGREE OF SATISFACTION WITH COMPETITORS



In the 2008 survey, customers were asked to give their opinion on the environmental protection issue by answering a question on the importance of the development of low environmental impact products and processes. Forty-eight per cent of the respondents rated this question with a "5" (very important). Within the framework of the Group sustainability project, in the 2010 survey this topic was extended and, for the first time, two questions relating to health and safety were added.

1. In choosing a supplier, how important is the supplier's commitment to the development of systems to safeguard health, safety and the environment, i.e., the implementation of sustainable policies?
2. How much more are you willing to pay for more sustainable products?
 - No premium
 - Up to 10% more
 - Over 10% more

The responses demonstrate that the customers attributed a high degree of importance to the issue of sustainability: out of 516 customers, 220 (42.6%) answered "5" and 122 (23.6%), "6" (extremely important). However, when asked about the premium, 398 customers (77% of the sample surveyed) declared that they were not willing to pay any extra for more sustainable products. These results indicate that product and process sustainability issues should be the subject of further discussion and deeper analysis with customers on the complex technical and production aspects of using recycled materials and biopolymers.

Besides the numerous cultural events organized and sponsored by Group companies, during 2010 RadiciGroup supported a number of special initiatives aimed at our youngest stakeholders: the children and grandchildren of the residents, who recognize that RadiciGroup is an integral part of their communities.

WHAT WE HAVE DONE:

Support for "Il Paese dei Balocchi" [Toyland] Day Nursery

Radici Novacips S.p.A. and Radici Yarn S.p.A. signed a three-year agreement for the 2010-2012 period with the local parish in Villa d'Ogna, Bergamo, to renew a special collaboration through which the two Group companies support the local day nursery. In 2010, the facility, which has provided social and educational activities since 2003, cared for the sons and daughters of employees: 9 infants and toddlers between the ages of 3 and 24 months. The nursery also serves as a centre for community meetings and gives both parents and residents an opportunity to collaborate with the nursery and participate in the recreational and cultural activities organized by the nursery.

Sponsorship of "NovantanoveSorrisi" [Ninety-nine Smiles]

NovantanoveSorrisi is a project sponsored by RadiciGroup and the Enrico Baleri Research Centre to celebrate the twenty-year anniversary of the "Amici della Pediatria" [Friends of Paediatrics] Association. This association collaborates with the Paediatric Unit of Ospedali Riuniti di Bergamo [Bergamo United Hospital] by complementing hospital services for the children in the unit and providing support to their families. Among the initiatives undertaken by NovantanoveSorrisi were the opening of a library, the purchase of equipment and a project to add cultural providers and educators to the Paediatric Unit.

Support for youth sports activities

The highly prestigious achievements of the RadiciGroup Ski Club, whose history is deeply intertwined with the history of our Group, speak for themselves: 2nd place among town clubs and 3rd place among non-military clubs in Italy (according to the 2009-2010 alpine skiing ranking compiled by FISI [Federazione Italiana Sport Invernali – Italian Winter Sports Federation]). These results were achieved thanks to the commitment of over 100 club members and the skills of highly qualified technical staff: ski instructors, club trainers and instructors from the national ski association. By supporting the Ski Club, RadiciGroup intends to foster the values promoted by sport, so that sport becomes a way of life for boys and girls and an important facet of their personal growth.

Besides the Ski Club, during 2010 RadiciGroup made contributions to 15 other amateur sports clubs.

CALCULATION OF VALUE ADDED

GRI:EC1

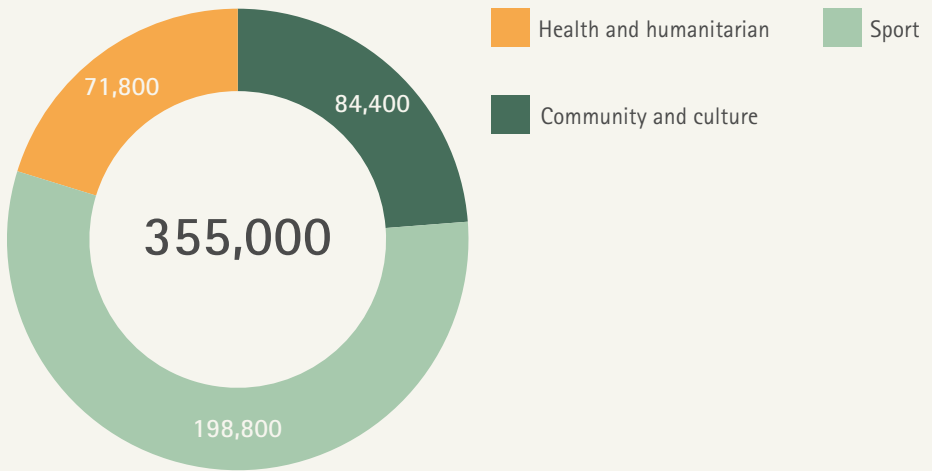
ITEMS	31/12/2010	31/12/2009
A) PRODUCTION VALUE	1,174,641,225	739,522,464
1. Sales and service revenue	1,161,178,891	773,653,864
2. Change in work in progress, semi-finished goods and finished goods inventories	13,313,670	- 34,607,930
3. Change in contract work in progress	-	-
4. Increase in internally generated non-current assets	148,664	476,531
5. Other revenue and income		
B) INTERMEDIATE PRODUCTION COSTS	900,348,275	584,192,007
6. Raw materials, supplies, consumables and goods for resale	718,729,299	403,282,816
7. Services	194,295,305	165,260,036
8. Leases and rentals	4,174,618	3,707,821
9. Change in raw materials, supplies and goods for resale inventories	-21,865,314	10,609,918
10. Provisions for liabilities and charges	873,374	247,781
11. Other provisions	2,920,000	-
12. Miscellaneous operating costs	1,220,993	1,083,634
GROSS VALUE ADDED FROM OPERATIONS (A-B)	274,292,951	155,330,457
+/- Additional and extraordinary items	-7,974,700	9,991,422
GROSS TOTAL VALUE ADDED	266,318,250	165,321,878
- Depreciation and amortization	47,137,165	46,298,374
NET TOTAL VALUE ADDED	219,181,086	119,023,504

DISTRIBUTION OF VALUE ADDED

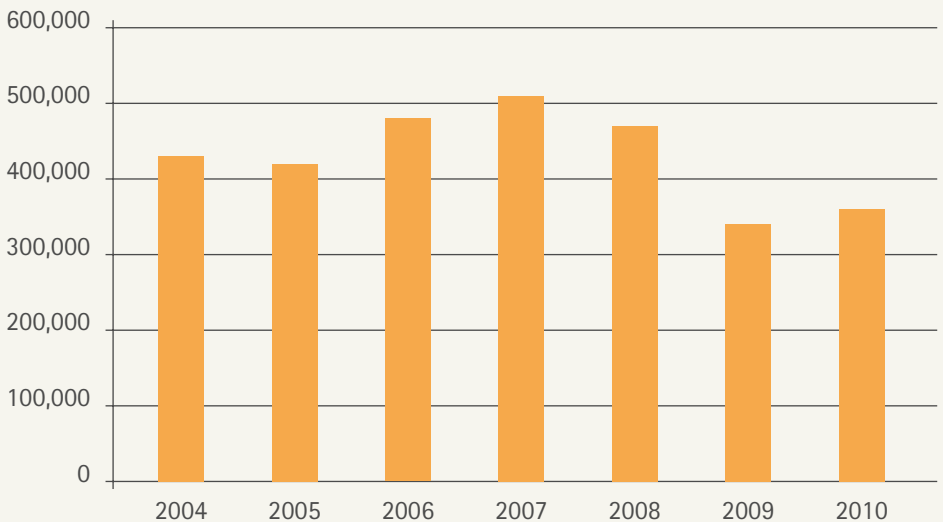
GRI:EC1

ITEMS	31/12/2010	31/12/2009
A) PERSONNEL COMPENSATION	131,245,421	112,610,852
Contract workers	8,790,527	6,280,980
Employees	122,454,894	106,329,872
a) Direct compensation	98,461,827	84,040,072
b) Indirect compensation	23,993,067	22,289,799
B) GOVERNMENT TAXATION	21,843,677	5,739,172
Direct taxes	18,833,092	3,105,407
Indirect taxes	3,210,894	2,715,084
- Revenue grants	200,309	81,319
C) COST OF DEBT CAPITAL	12,834,785	7,396,113
Short-term loan interest	12,834,785	17,396,113
Long-term loan interest	-	-
D) COST OF EQUITY CAPITAL	40,450,959	-
-	-	-
E) RETAINED VALUE ADDED	12,806,243	-16,722,633
+/- Changes in reserves	12,806,243	-16,722,633
F) CHARITABLE CONTRIBUTIONS	355,000	333,450
NET TOTAL VALUE ADDED	219,181,086	119,023,504

BREAKDOWN OF 2010 CHARITABLE CONTRIBUTIONS



TOTAL CHARITABLE CONTRIBUTIONS 2004 - 2010



Trade associations and representative industry bodies

RadiciGroup values its membership in trade associations and its close relationship with representative industry bodies. The various Group companies are members of several associations of an industrial, commercial or scientific nature.

The reasons for our memberships are:

- *Participating in and contributing to the ongoing debate on scientific and technological topics concerning the sectors in which the Group operates.*
- *Building and keeping good relationships with representative industry bodies at the national level and with the countries they represent.*
- *Continuous updating and education on matters concerning the domestic and international situation from strategic, legislative and commercial points of view.*

WHAT WE HAVE DONE: RadiciGroup intends to continue making a contribution to formulating and implementing clear and transparent policies on sustainability matters, particularly through our participation as a member of the CIRFS Ecological Committee (Ecolis), the Assofibre Technical Committee for Fibres Made from Recycled Materials, the Ibis Consortium (managing body of the Sustainable Chemistry Innovation Regional Consortium of the Piedmont Region), the Communication Group of Responsible Care® and the RITE Group.

RadiciGroup is a member of:

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ASSOCIATIONS

RADICIGROUP SUSTAINABILITY REPORT

GRI GLOBAL REPORTING INITIATIVE

The boundaries of our sustainability report
Letter from the Chairman

Report parameters
Statement from the most senior decisionmaker

ORGANIZATION PROFILE

Identity card
Financial structure
Organization chart
Markets and brands
Companies by business area
Worldwide presence
Applications
Our figures

ORGANIZATION PROFILE

The Company
Financial structure
Operational structure
Primary brand and products
Location of operation
Number of countries
Markets served
Our numbers

STRATEGY AND ANALYSIS

The macroeconomic context and RadiciGroup
Chemicals business area
Plastics business area
Fibres business area
Nonwovens / artificial grass yarn business unit

STRATEGY AND ANALYSIS (section 1)

Broader trends

BUSINESS OBJECTIVES

"RadiciGroup for Sustainability" plan
RadiciGroup business objectives
"RadiciGroup for Sustainability" plan objectives

STRATEGY AND ANALYSIS (section 2)

Focus on sustainability
Strategic priorities and key topics

RESPONSIBLE CARE®

Responsible Care® 2010 data
Health and safety
Environment

PERFORMANCE INDICATORS AND STANDARDS

LA8, LA7, EC1, EN8, EN16, EN17, EN22, PR5, SO1, SO5

RADICIGROUP STAKEHOLDERS

Our stakeholders
Employees
Customers
Communities
Trade associations and representative industry bodies

COMMITMENTS AND ENGAGEMENT