

SUSTAINABILITY REPORT 2016



SUSTAINABILITY REPORT 2016

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GIANNI BERGAMELLI AND MUSICAL FAIRY TALES

From the pictures and the musical compositions of the jazz musician and painter from Bergamo, Gianni Bergamelli, and the creative words of Fabio Zambelli the “Fabio’s Fairy tales – Paintings, Fairy tales and Music” project was born. Never-seen-before short witty stories and musical pieces accompany Bergamelli’s pictures that show us his dreamlike vision, at the same time also very real, depicting the various aspects of life.

Accompanying the chapters of the Report are some of these works which, unexpectedly, match its philosophy.

THE ARTWORKS DISPLAYED IN THE SUSTAINABILITY REPORT:

Ciottoli e tastiera	p. 6
I leoni di gesso e la dama con cappello	p. 9
Luna di cuori e labbra rosse	p. 11
Il jazzista e la tartaruga	p. 15
L’albero ed il lupo	p. 26
L’aquila di Giordi e l’ombra di Gianni B.	p. 31
L’aquila della Chrysler e il sognante con occhio rosso	p. 55
Il violino e le mani delle unghie rosse	p. 69
Il trombone innamorato	p. 75
Due sveglie	p. 122
Nepal	p. 126
Occhi	p. 134

HOW TO READ THIS REPORT

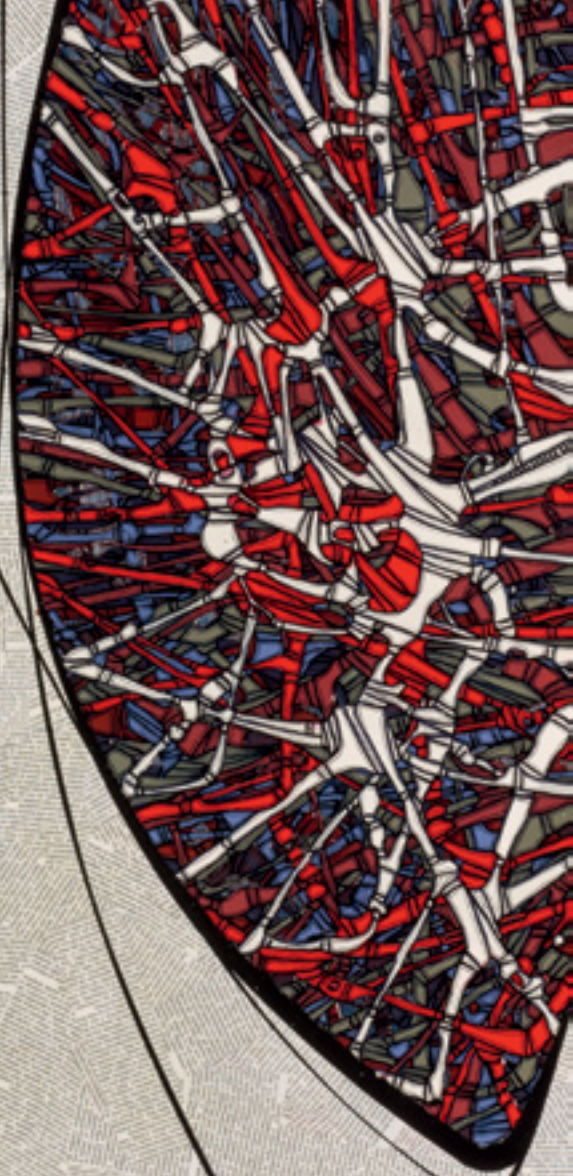
STANDARD DISCLOSURES G4-32

This Sustainability Report was written up according to the Global Reporting Initiative reporting model - Version 4 “in accordance - core” and according to the guidelines set by the Radici Partecipazioni Procedure PR08 - MANAGEMENT APPROACH FOR SUSTAINABLE DEVELOPMENT. This illustrates the systems for defining the strategies and methods for reporting the Group’s sustainability objectives.

This Report contains:

- RadiciGroup’s Vision, Mission and Values which guide its strategic choices.
- The Letter from the President, which describes the results obtained in 2016 and indicates the Group’s future approach.
- The Sustainable Development Guidelines.
- Description of the external and internal context in which these guidelines are applied.
- Material aspects, focusing on some specific aspects of the sustainability efforts.
- Numerical and text-based indicators, which provide evidence for the results obtained by the Group concerning material aspects.
- The Excellence Boxes: they describe results, activities and successful initiatives of the individual companies in the Group.

*SIMILARLY, THE RICHNESS
OF HUMAN EXISTENCE LIES
IN ITS NUANCES*



STANDARD DISCLOSURES

STANDARD DISCLOSURES G4-56

OUR VISION

OUR MISSION

OUR VALUES

FROM OUR CODE OF ETHICS

LETTER FROM THE PRESIDENT

THE GUIDELINES OF SUSTAINABLE DEVELOPMENT

QUALITY, SAFETY AND ENVIRONMENT POLICY

THE 2016 SUSTAINABILITY REPORT

PRINCIPLES USED TO DEFINE THE CONTENTS OF THE REPORT AND THEIR ENUNCIATION

THE MATERIALITY MATRIX

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

To embed sustainability into new product and application development.”

OUR VALUES

The centrality of the person, respect for their physical and cultural integrity.

- *The efficiency and effectiveness of management systems to improve business.*
- *The fairness and transparency of the management systems in compliance with current standards.*
- *Attention to the needs and expectations of our Stakeholders to enhance the climate of belonging and satisfaction.*
- *The reliability of management systems and procedures for the safety of our employees, the community and the environment.*
- *The company’s responsibility for its workers, sites and factories.*

FROM OUR CODE OF ETHICS

“The success of a company is always based on values such as transparency, credibility and loyalty; these principles are the fundamental and inalienable heritage of a company, its reputation.

(...) The principles that should inspire the activities of RadiciGroup are those of a strict observance of the law, fair competition and respect of the legitimate interests of Customers, Suppliers, Employees, Shareholders, the Institutions and the Collective. Due to the complexity of the situations in which RadiciGroup has to operate, every corporate behaviour must be immediately attributable to these principles.”

*SIMILARLY, SOME PEOPLE
FIND IT MORE CONVENIENT
TO BELITTLE THE TASTE OF
OTHERS THAN TO JUDGE
THEIR OWN*



LETTER FROM THE PRESIDENT

STANDARD DISCLOSURES G4-1, 2 and 37

The Green Economy is one of the most important trends of recent years. I see proof of this every day, dialoguing with the market, my business colleagues and the Group Companies.

The circular economy is part of this business model, based upon respect for the individual, fully connected to the environment in which they live. I like to think of the image of a dynamic equilibrium, of continuous positive evolution of thought towards forms of growth which are respectful to both People and our Planet. New philosophies that trigger action. Cutting-edge processes that give life to products conceived to get maximum benefit out of the resources used, to last in the long-term and to be easily recyclable. A virtuous circle which allows us to find the best usage for what is available to us today so that it is there for us tomorrow as well.

For this reason my Family and I have worked for a long time to promote the concept of sustainable development in the RadiciGroup companies. Sustainability which is not detached from daily life. On the contrary, it is an integral part of it, and at the basis of our activities in departments, in offices, in meeting places. It is reflected in much of the data presented in the Report, in the positive economic performance, in the increased awareness which I experience every day and that leads the Companies to use less water, cleaner energy, and constantly decrease emissions.

I am proud of what the 2016 Sustainability Report presents. Although the margins of improvement are less profound than the excellent achievements of previous years, the results are positive in every area.

Emissions continue to decrease, as well as water and energy usage per ton produced. With reference to energy

in particular we have attained a respectable achievement. Thanks to our partner Geogreen, more than half of the electricity used by RadiciGroup comes from renewable sources.

The recycling system that we have implemented allows us to be at the forefront among the major players in the sector. The future challenges for our Group will be advancing the circularity of the production chain, finding its key elements in recycling and recyclability.

Research and development surrounding products with a limited impact will also form a fundamental part of our strategy and our daily agenda. It is necessary to constantly reinforce the sustainability-performance pairing. In this way we can continue to work, conscious of the needs of the market, on high quality and performance products in synergy with our Customers and Suppliers.

From the point of view of People, I want to emphasize the constant and robust growth of our training, which I wholeheartedly believe in. Alongside our large project “RadiciGroup for Safety – at the Roots of Safety” which I personally promote, in every site many hours have been dedicated, for example, to courses in our Quality, Safety and Environment Management System, or to the development of Soft Skills in our people.

In this context, our challenge will be to constantly remain at the forefront of the industry, to constantly invest more in training which values the individual qualities of every single person at every stage of their career, which will grow their professionalism and the sense of belonging to the RadiciGroup team.

In this Report, the story of the traditional closeness between our sites and our workers is told in 2016 as well, by our Open Days, by two important business anniversa-

ries which we celebrated with our workers and their families, and by our initiatives to bring personal and working life closer together, which has helped to make the connection between people and their businesses closer from Italy to China.

Finally, I want to mention the specific partnership we have with schools which led to us earning recognition from the Italian President with the “Poliammide di classe” school-work alternation project 2016-2017. I think that my father Gianni and my mother Luciana would be proud of this award because it is dedicated to young people, and contributes to increasing their knowledge and improving their prospects for the future.

As always, I would like to conclude this introductory letter to the Sustainability Report by giving my thanks. I would first of all like to thank my brothers Maurizio and Paolo and all of my family, who, like me, believe in running the business in line with the Values on which it was founded. The second round of thanks goes to the almost 3,000 people without whom RadiciGroup would not exist. Without them our idea of sustainability would be empty, without their talent, dedication and initiative none of the achievements listed here would have been able to happen.

Let's continue like this, together.

Angelo Radici
President of RadiciGroup



**LOVE IS ALWAYS THE MOST
PROFITABLE GAMBLE**

SUSTAINABLE DEVELOPMENT GUIDELINES

STANDARD DISCLOSURES G4-1 and 2

SUSTAINABLE ECONOMIC DEVELOPMENT

- Mapping of the external and internal environment in which the Businesses operate and the Stakeholders so as to accurately choose, based on an analysis of risks and gains, which strategy to put in place to guarantee the businesses' profitability and the creation of medium and long-term value and jobs. (See page 27)
- Correct reallocation of added value in relation to resources taken from the environment. (See EC Indicators on page 56)
- Investment in BATs (Best Available Techniques) to keep the companies competitive, at the same time improving the use of resources and investments for all technologies in order to reduce the companies' environmental impact or to otherwise have better social impact. (See the EC Indicators on page 58)

SUSTAINABLE ENVIRONMENTAL DEVELOPMENT

- Implementation of a circular production chain model which optimises the usage of resources, keeps value inside of the production chain and reduces the quantity of waste produced. (See page 115)
- Measurement of environmental impact so we can understand where best to concentrate efforts and investment and to progress with constant improvement. (See PR Indicators on 115)
- Reduction of the environmental impact at all sites, focusing on water, energy, emissions and waste products. (See EN Indicators on page 98)
- Strong push towards certifications and Quality, Safety and Environment Management systems to create company organisations that apply the principles of sustainability in their daily work. (See page 74)
- Research and development on recycling and the recyclability of products to improve the circularity of the production processes. (See the PR Indicators on 119)
- Research and development on polymers made from sustainable sources to combine with traditional polymers. (See PR indicators on page 116)

SUSTAINABLE SOCIAL DEVELOPMENT

- Attention to Workers' health and safety through constant risk mapping, training and usage of the best available technologies on the market. (See the RadiciGroup for safety project on page 79)
- Focus on a balanced relationship between working and personal life through ad hoc initiatives. (See the WHP project on page 80)
- Introduction of automation to lighten the manual labour burden in production companies so as to meet the Worker's needs. (See the DMA on page 60)
- Commitment to training and continuous improvement of our Workers. (See the LA indicators on 87)
- Work with Clients and Suppliers to create a sustainable supply chain that, as well as creating high quality products, creates equally good working conditions in which they are made. (See Suppliers and Customer's Code of Conduct on pages 49 and 51)
- Special attention and care to the local areas and communities through active presence in protecting employment and the support and promotion of cultural, sporting or integration initiatives. (See SO indicators on page 95)
- Use of social media as a way of keeping in contact with the local areas. (See the Stakeholder engagement part on page 48)

QUALITY, SAFETY AND ENVIRONMENT POLICY

STANDARD DISCLOSURES G4-2, 37 and 56

Centrality of the person, reliability, fairness, and transparency are among the distinctive features of RadiciGroup. The Group has always acted based on values and behaviours oriented to protect and promote workplace health and safety and respect for the environment, for a genuinely sustainable development.

Through the continuous improvement of its activities, transparent communications, products and services provided in terms of quality and performance in use, RadiciGroup pursues the main goal of the satisfaction of its Stakeholders: customers, shareholders, workers and the local communities where it operates.

Those premises must be accompanied by the diligent observance of regulations in matters of environmental protection, health and safety of workers and the prevention of harmful events at the expense of products and production processes. For this purpose RadiciGroup adopts Management Systems for Quality, Environment and Energy and Health and Safety for its companies, properly certified by accredited bodies and based on well-defined procedures understood at all organisational levels. Added to this is an action of continuous improvement of these Systems in accordance with technical progress, scientific knowledge and market demands.

To ensure the quality of the products and services provided, the Group uses tools - such as the Six Sigma methodology - that allow one to generate robust and reliable processes that can reduce or prevent the emergence of non-compliances and meet the toughest demands.

As for the Environment, RadiciGroup has long pursued continual improvement of its performance with visible and measurable results, investing and employing human and technological resources to control and reduce its environmental impacts and promoting the commitment to the

environment with its customers and suppliers as well. All this considering the entire production chain, measuring the environmental footprint of the main products and services considering, where possible, the application of principles inspired by eco-design and a circular economy.

Aware of the fact that the workers' Health and Safety are a priority of central importance, Management provides the safety standards required by current legislation on the subject and regularly checks for their compliance and effectiveness, pursuing the objective of increasing prevention and control so as to reduce the risk of accidents. It also promotes a transparent and cooperative relationship with the local authorities and communities.

For Sustainable Development, RadiciGroup is committed to providing periodic Corporate Social Responsibility (CSR) reporting, in accordance with the guidelines of the Global Reporting Initiative (GRI), the most accredited international reporting standard on economic, environmental and social sustainability.

To stimulate a sense of responsibility towards all these aspects among its workers, to make them aware so that they can operate in accordance with the principles applied by the Group, RadiciGroup invests in continuous training on this front.

This Group Policy is supplemented by the policies of the individual Companies as well as the guidelines reported annually in the Sustainability Report.

March 2017

The President
Angelo Radici


The Vice President
Maurizio Radici


*EVERYONE FINDS THE
TOOLS REQUIRED TO
ACHIEVE THEIR PURPOSE
FROM WITHIN, AS LONG AS
EACH STEP CONTAINS THE
RIGHT AMOUNT OF HEART*



THE 2016 SUSTAINABILITY REPORT

STANDARD DISCLOSURES G4-1

STANDARD DISCLOSURES G4-3 and 7

- IS A REPORT BY RADICI PARTECIPAZIONI S.P.A. AND ITS ASSOCIATE COMPANIES, DESCRIBED COLLECTIVELY AS “RADICIGROUP” IN THE TEXT

STANDARD DISCLOSURES G4-24,28,29 and 30

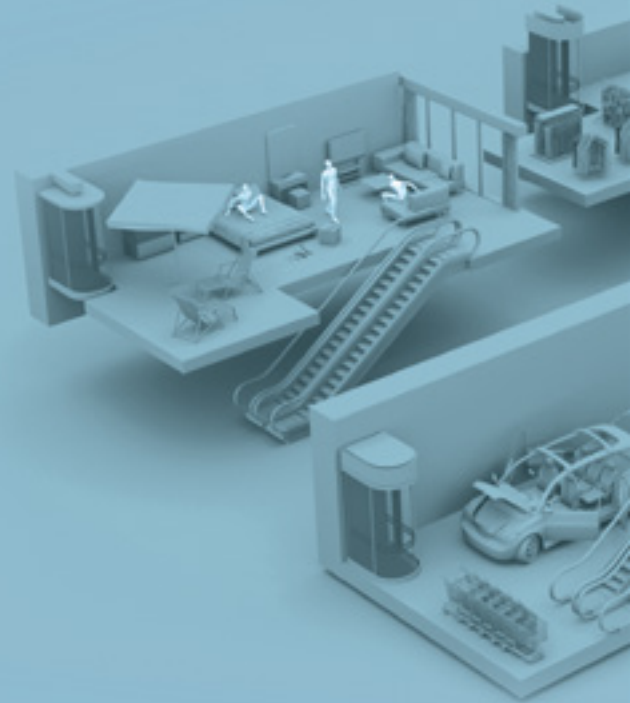
- IT IS PUBLISHED ANNUALLY (latest edition: July 2016)
- IT REGARDS THE FOLLOWING STAKEHOLDERS:

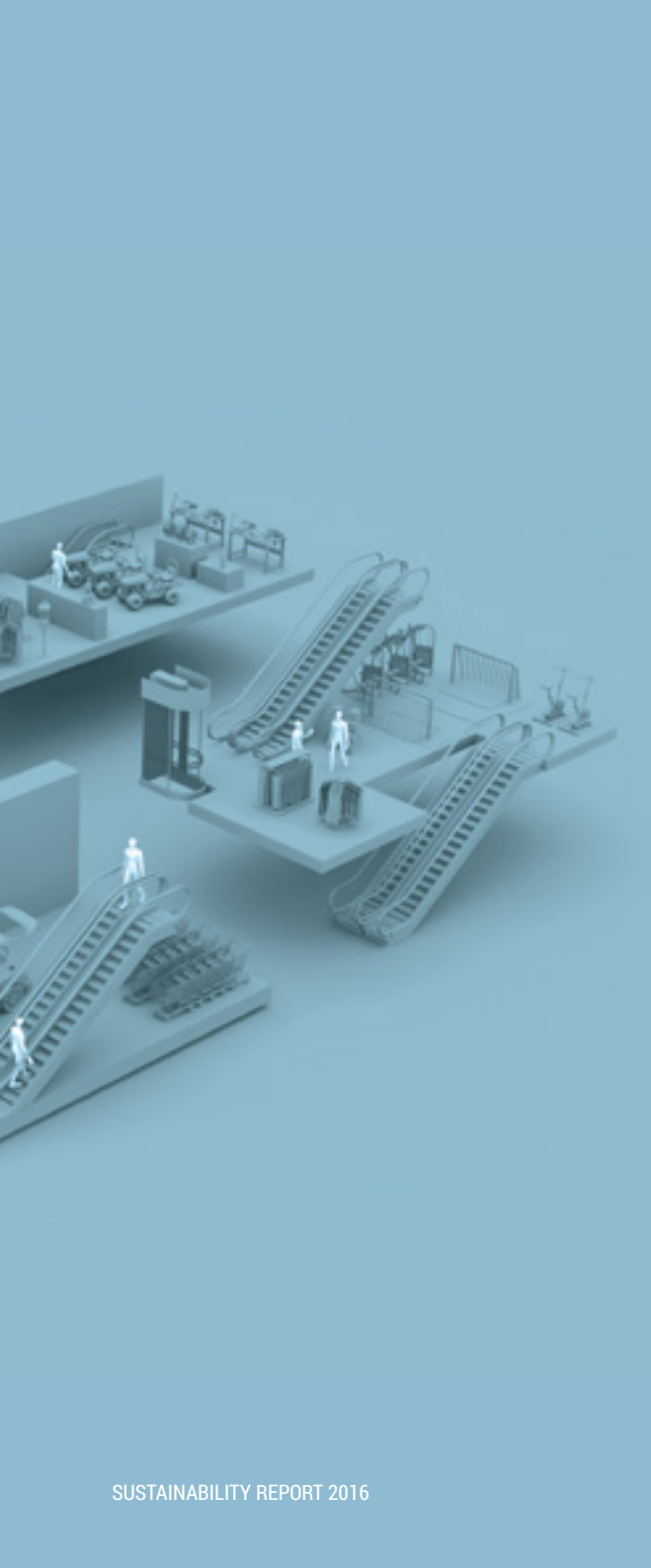
Internal Stakeholders

- Shareholders
- Employees
- RadiciGroup Companies

External Stakeholders

- Customers
- Suppliers
- Competitors
- Banking Institutions
- Trade Associations
- Trade Union Representatives
- Schools and the Academic World
- Regulatory and Control Bodies
- The Media
- The Community
- The Environment





- THERE ARE 19 COMPANIES WHICH HAVE SUPPLIED THE INFORMATION FOR THEIR 25 NUMERICAL AND NON-NUMERICAL INDICATORS, FOR A TOTAL OF 21 PRODUCTION SITES:

STANDARD DISCLOSURES G4-17

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

PRINCIPLES USED TO DEFINE AND STATE THE CONTENT OF THE REPORT

STANDARD DISCLOSURES G4-18

MATERIALITY

The principle of materiality has guided the choice of the topics on which to focus. The Materiality Matrix, which is explained in the following section of this Report, is formed by a comprehensive analysis of the internal and external context that RadiciGroup finds itself in with respect to its Stakeholders and gives an evaluation of the risks and opportunities that simultaneously emerged.

SUSTAINABILITY CONTEXT

General analysis of the context in which RadiciGroup operates revealed the route towards sustainability undertaken by the Group and the relative strategies.

The link between each topic dealt with and the more general principles of sustainability suggested by the reporting model and by the changing attitudes towards sustainability in society became more evident.

Numerous cross-references have been made between the sustainability guidelines and their implementation.

INCLUSIVENESS

Except for where indicated otherwise, all the indicators presented in the document are representative of all of the

companies subject to reporting. Furthermore, the growth in the number of Stakeholders and the numerous engagement projects presented in this Report are proof of a complete growth in inclusivity and transparency.

In this 2016 edition special attention has been paid to areas taken in account through case histories.

ACCURACY, CLARITY

In 2011 RadiciGroup certified its first Sustainability Report according to the GRI model. The Group therefore considers it to be important to report – in the current edition and in particular concerning the numerical indicators – a 6-year trend. This is to guarantee better understanding for the reader of the variations and the results obtained so as to give further evidence of the investment in sustainability that all the Companies of RadiciGroup have implemented.

The text, diagrams and various graphics chosen to illustrate the Report are designed to improve its comprehension. The commitment to promoting clarity includes the decision to present a reduced version of the document both through tables and through short videos called “Glimpses” which quickly deal with some of the technical topics covered.

BALANCE AND CAREFULNESS

STANDARD DISCLOSURES G4-14

Particular care has been made in remaining objective and neutral in the document by evidencing both positive and negative results.

Where there is doubt over the method of displaying the information, the version which is least favourable to RadiciGroup is always chosen.

COMPLETENESS

STANDARD DISCLOSURES G4-7 and 17

In the 2016 Sustainability Report for the Radici Partecipazioni S.p.A Holding Company and its associate companies, collectively referred to as RadiciGroup, 21 companies are included which are listed on page 17. These companies essentially represent the entire turnover of Radici Partecipazioni S.p.A. The current edition of the document only excludes the Dutch company Radici Plastics B.V. which was acquired in 2016.

No joint ventures are present in the corporate structure. The Radici Partecipazioni S.p.A Holding Company has supplied its economic and social data but not its environmental data, similarly to the commercial companies. The impact of the holding and the commercial companies are in fact extremely limited.

COMPARABILITY AND TIMELINESS

STANDARD DISCLOSURES G4-22 and 23

There is not a complete comparability between the Sustainability Report of 2016 and the previous editions due to the addition of the production company Radici Plastics Mexico to the reporting boundary and some retroactive modifications to the indicators, as presented in the document. The data and information presented generally refer to years ending on the 31st of December 2016 but there is also some information communicated relative to

2017 that makes the Report more up to date.

Figures and trends are reported in an aggregate form based upon individual data collected in the companies by the Heads of Site GRI Groups and processed by the GRI Coordination Group.

THE MATERIALITY MATRIX

STANDARD DISCLOSURES G4-18, 19, 20 and 21

In a view of continuous improvement, between 2016 and 2017 RadiciGroup has updated the materiality matrix. The GRI Coordination Group working with the Corporate Quality & Processes Function, prepared a methodology for representing the complexities of the Group in an increasingly appropriate form.

The two functions have worked together as common margins exist between what is requested by ISO standard 9001:2015 in a working context and what is provided for by the GRI model. It deals with activities in constant progress; they are in fact always being refined with the transition of the sites towards being in line with the new version of the ISO 9001:2015. This new version will allow the next edition of the Report to have a more robust and shared analysis system.

Below are the steps taken for the identification of some material aspects.

EXTERNAL CONTEXT

The definition of the external context in which the Group's companies operate is essential for understanding both the needs of the companies and the market and also to evaluate how what is outside of RadiciGroup that could influence it. [Table 1](#)

The context is described under the following macro-factors and the relative sub-factors:

Table 1

STAKEHOLDER	FACTORS	SUB-FACTOR
Customers Suppliers Competitors Banking Institutions Trade Associations Control and Regulatory Bodies Community Media	Market	Geographical Viewpoint Technological Viewpoint Viewpoint of the Main Reference Sectors
Shareholders Workers Companies of the Group Clients Suppliers Competitors Banking Institutions Trade Associations Community Trade Union Representatives School and the Academic World Environment	Resources	Natural Human Financial
Local Communities School and the Academic World Media Community Trade Union Representatives Environment	Society & Culture	Global Geopolitical Situation Local contexts Habits and Customs New needs and values
Customers Suppliers Banking Institutions Local Communities	Economy	Global Local

STAKEHOLDER	FACTORS	SUB-FACTOR
Customers Suppliers Competitors Banking Institutions Trade Associations School and the Academic World Controlling and Regulatory Bodies Environment Community Media	Innovation	Thought Technical and technological innovation Materials
Workers Customers Suppliers Competitors Banking Institutions Controlling and Regulatory Bodies Trade Associations Community Trade Union Representatives Environment	Compliance Obligations	Laws Voluntary Regulations

STANDARD DISCLOSURES G4-25

Alongside the context analysis, the list of the Group's external Stakeholders was updated with the addition of "Communities of Thought" (Community), "Regulatory and Control Bodies" and "Environment". The Environment is to be understood as a silent Stakeholder, represented by its main Stakeholders such as Local Communities, Regulatory and Control Bodies and Communities. These lit-

rally give a voice to the environment and safeguard its interests.

Finally, the matrix of external Stakeholders' legitimate expectations present in the last edition of the Report was updated, based upon what is described above and the results of the 2016 engagement activities.

THE INTERNAL CONTEXT

The definition of the internal context in which the Group's companies operate is essential for identifying all of the characteristics of RadiciGroup as a whole and the responses that the companies, together or separately, are able to give to stimuli from the external context. [Table 2](#)

The internal context has been analysed and represented according to the following macro-factors and sub-factors:

Table 2

STAKEHOLDER	FACTORS	SUB-FACTOR
Shareholders Workers Companies of the Group	Vision Mission Values	
Shareholders Workers Companies of the Group	RadiciGroup Business Culture	Organisation Skills and knowledge Involvement and collaboration Ability to meet compliance obligations
Shareholders Workers Companies of the Group	RadiciGroup Companies	Organisation structure Assets and infrastructures Geographical location Customers (portfolio, turnover, etc.) Products complexity Environmental impact Social impact Economic impact Reputation
Shareholders Workers Companies of the Group	Innovation	Capacity for innovation Legal and compliance structure R&D skills and structure

STANDARD DISCLOSURES G4-25

Together with the context analysis the Stakeholder's list was updated with the insertion of "Group companies " as entities in themselves, with particular features, and the substitution of "Employees" with "Workers". This modification has a substantial and formal value in that the attention of RadiciGroup is expressed independently to the type of contract used with the Workers.

STANDARD DISCLOSURES G4-26

The matrix of the Stakeholders' legitimate expectations from the last edition of the Report was then updated, on the basis of what is described above and the results of the 2016 engagement activities (see. the red section in [Table 4](#) and [Table 13](#) "Stakeholders' Legitimate Expectations " on Page 40 and 70, respectively).

THE EVALUATION GRID

After having defined the context through its factors and sub-factors and updating the mapping of the Stakeholders, the GRI Coordination group analysed every sub-factor on the basis of the requirements of the GRI 4.0 and with the support of a grid (SWOT analysis) that considered:

- Strengths and weaknesses of RadiciGroup for the sub-factor
- Associated risks and opportunities

Using a score from 1 (minimum score, unimportant) to 4 (maximum score, maximum importance) the aspects considered to be “RELEVANT AND STRATEGICALLY IMPORTANT”, “RELEVANT BUT NOT STRATEGICALLY IMPORTANT” and “NOT RELEVANT” were identified using the relevance criteria established by RadiciGroup. The evaluation considers the daily strategic importance of the factor/sub-factor and the possible risks associated with supervision (or not) of those topics.

With a view to the future the margin of discretion applied by the GRI Coordination Group in the evaluation will be reduced thanks to the shared evaluation of the areas with several types of Stakeholders, as previously carried out in the public presentation of the 2015 Report.

THE MATERIALITY MATRIX

Based on the steps described previous these are the aspects listed as RELEVANT AND STRATEGICALLY IMPORTANT, namely “Material aspects”, for 2016. [Table 3](#)

Each of these is repeated in the Disclosure on Management Approach (DMA), in improvement plans and Stakeholder engagement projects and in the results obtained, substantiated by the indicators and case histories in this Report.

In the document, some areas that are “RELEVANT BUT NOT STRATEGICALLY IMPORTANT” are also dealt with which, due to the history and values of RadiciGroup, have been presided over and managed for years.

In addition to the Material topics indicated in [Table 3](#), the following relevant topics are also covered in the document: biodiversity, complaints and the relevant reporting mechanisms, commitment to transparent business relations, Customer and Supplier Codes of Conduct, and commitment to renewed knowledge in terms of health and safety.

In evaluating and structuring the Stakeholders’ expectations according to the requirements of the GRI model, the following areas came up as relevant but not strategically important: indirect economic impacts, transport, social and environmental evaluation of suppliers, diversity and equal opportunities, reporting mechanisms for violations of workers’ rights, anti-discrimination, and anti-corruption policies. These areas, currently not handled in a systematic manner in the Group, will in any case be the subject of projects that will be structured and reported in the next few years.

STANDARD DISCLOSURES G4-19 and 20

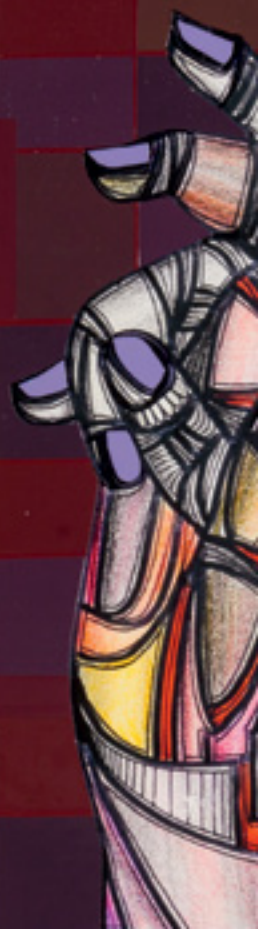
Table 3

ASPECT	INTERNAL STAKEHOLDERS CONCERNED	EXTERNAL STAKEHOLDERS CONCERNED	EVIDENCE IN THE DOCUMENT
Company Organisation – Organisation Structure (Human resources, Human Rights and Labour Practices and Conditions)	All internal Stakeholders	Customers Suppliers Competitors Banking Institutions Regulatory and Control Bodies Trade Union Representatives	Letter of the President, Vision, Mission, Values and policies for Health, Safety, Environment Organisation Chart EC indicators LA indicators Macro Context Economic Macro Context of RadiciGroup Case Histories for engagement projects for Workers and Trade Union Representatives
Skills and Knowledge (Training)	Workers	School and the Academic World	DMA LA Indicators Case histories relative to safety training projects and School-Work alternation projects as well as work with the academic institutions Engagement projects with the Workers
Environmental Impact (Materials, Energy, Water, Emissions, Waste)	All internal Stakeholders	All external Stakeholders	DMA EN Indicators PR Indicators Case history of certifications and awards received
Market (Geographical, Sustainable Supply Chain, Product Responsibility)	RadiciGroup Companies	Customers Suppliers Competitors Banking Institutions Trade Associations Regulatory and Control Bodies	DMA by the various BA managers Customer Satisfaction Complaint Indicators PR Indicators EC Indicators Supplier and Customer Codes of Conduct

Table 3

ASPECT	INTERNAL STAKEHOLDERS CONCERNED	EXTERNAL STAKEHOLDERS CONCERNED	EVIDENCE IN THE DOCUMENT
<p>Innovation (R&D, Sustainable Supply Chain, Product Responsibility)</p>	<p>RadiciGroup Companies</p>	<p>Customers Suppliers Competitors Trade Associations Regulatory and Control Bodies School and the Academic World Community Environment</p>	<p>DMA PR Indicators R&D projects Case history of low impact products from renewable sources</p>
<p>Compliance Obligations (Laws, Voluntary standards)</p>	<p>RadiciGroup Companies</p>	<p>Regulatory and Control Bodies Customers Suppliers Competitors Banking Institutions Community Trade Union Representatives Local Communities Environment</p>	<p>All the GRI indicators Certifications</p>
<p>Relationship with the area</p>	<p>RadiciGroup Companies</p>	<p>Regulatory and Control Bodies Customers Suppliers Banking Institutions Community Local Communities Environment</p>	<p>SO Indicators Case history relative to relations with the area Social Media Case history (local Facebook pages) Sponsorship and donations</p>

AMORE



RADICIGROUP AND ITS EXTERNAL AND INTERNAL CONTEXT

EXTERNAL CONTEXT

INTERNAL CONTEXT

THE ECONOMIC CONTEXT OF RADICIGROUP

RESEARCH AND DEVELOPMENT PROJECTS

RISK MAPPING

INDICATORS OF WORKING PRACTICES AND ADEQUATE WORK CONDITIONS (LA)

HUMAN RIGHTS INDICATORS (HR)

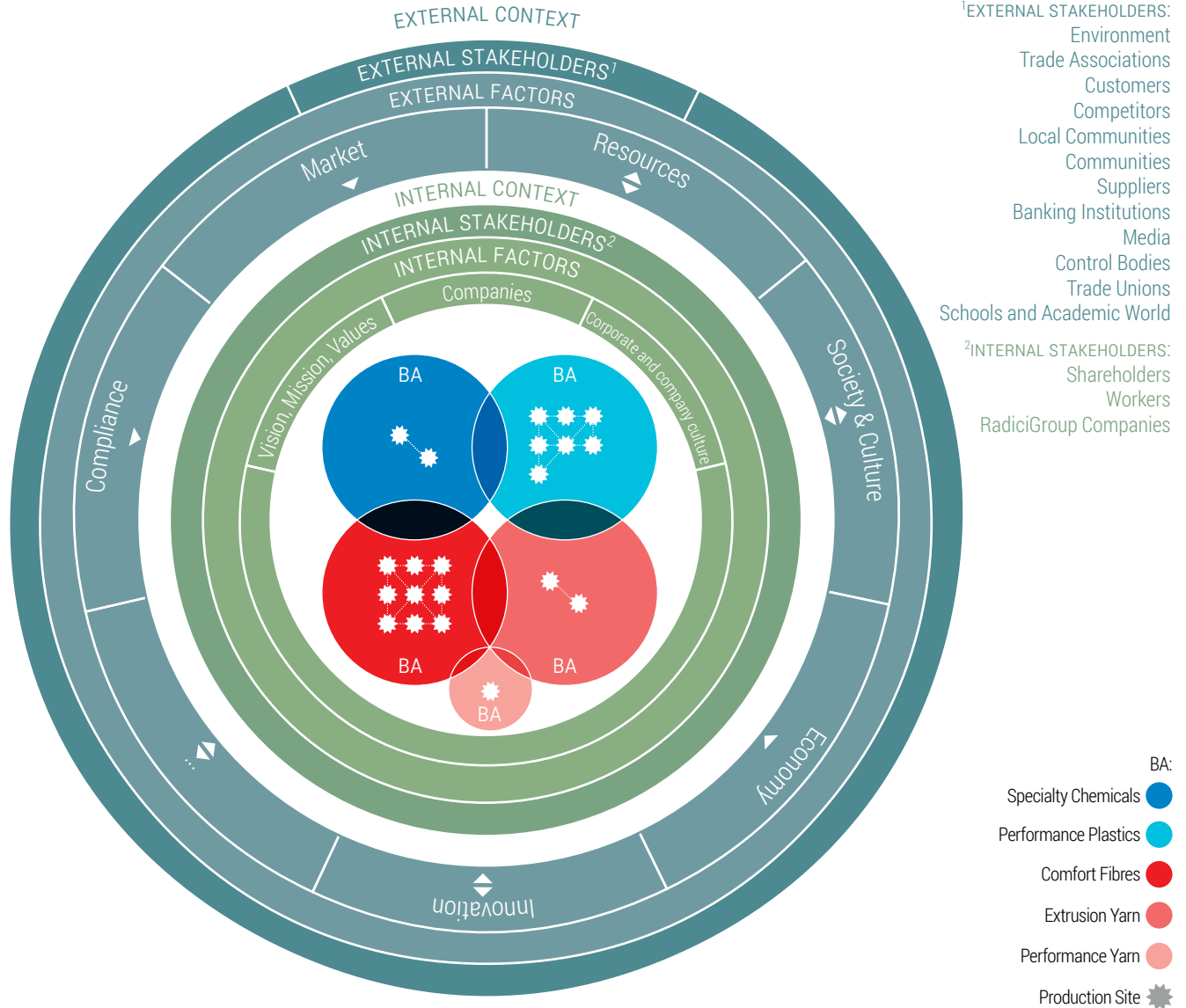
SOCIAL INDICATORS (SO)

ENVIRONMENTAL INDICATORS (EN)

PRODUCT RESPONSIBILITY INDICATORS (PR)

DMA - The understanding of the organisation, its internal and external context and its objectives are fundamental when defining long term sustainable development poli-

cies that are capable of ensuring the profitability of the Group, of each of its companies and the balance between the needs of the internal and external Stakeholders.



EXTERNAL CONTEXT

NEW TRENDS

RadiciGroup products are used every day in an impressive range of objects. From car parts to seats, to all kinds of clothing to curtains, from upholstery to commonly used electrical appliances. The Group's contribution is "invisible", mostly concerning raw materials, but is essential in creating these objects, something which is sometimes unknown to the final consumer.

Thus, the Group pays strong attention to economic and social trends, to new needs that, far from being unrelated to the business, help to feed it with new opportunities and to guide its strategic decisions in creating sustainable growth.

Economic developments are carefully studied by all the Functions of RadiciGroup which use them as basis for investment and development plans, which are expanded upon in the following sections of this Report.

Social trends and new needs are instead studied by the Group through a multitude of sources. From traditional studies to social media, from a presence in areas open to the needs of people to a widespread commercial network, from continuous participation in international conferences to presence in numerous trade associations and to essential dialogue with the Stakeholders. All these elements contribute to creating a global vision that allows the group to adopt an all-round approach to the areas in which it operates.

A circular economy and an economy of sharing, a new concept of quality of life, a strong focus on climate change, "dematerialisation" of work, an aging population together with a strong push towards growth and consumption among developing countries.

These are all global trends which affect the day to day running of the Group. The circularity of the economy ta-

kes place through eco-design projects and the specific commitment to recycling and recyclability described in this document. The fight against climate change caused by emissions and incorrect usage of resources is described together with the environmental indicators. The challenge of the aging Western population is met and answered in many of RadiciGroup's Business Areas which work actively for the "lifelong employability" (that is the possibility of a satisfying and profitable career throughout the entire working life at RadiciGroup) of the Workers.

The need for a different relationship between working and personal life together with the dematerialisation of lots of manual tasks are reflected in the management and training policies which the Group's Human Resources have put in place for several years. Finally, the challenge of new growing markets and their needs are met with new limited impact products that combine development of the business and sustainability.

THE GLOBAL ECONOMIC SCENARIO

From the Directors' Management Report of the Consolidated Financial Statements of Radici Partecipazioni S.p.A. of 31 December 2016

Over the course of 2016 global growth has been gradually strengthened, however, not resulting in a solid recovery in international trade as expected. Despite the positive economic effects from the implementation of a fiscal expansion programme by the new US administration, there is also the risk that the global economic recovery may be halted by potential restrictions on trade, as well as possible turbulence in developing economies associated with the normalisation of the monetary policy of the United States and changing exchange rates.

In the second part of 2016 strong dynamics manifested themselves in the US economy, thanks above all to the contribution of net exports and changes within the stock market, whilst investments continued to stagnate.

In Japan, the GDP slowed down, reflecting persistent we-

aknesses in investment and consumption, whilst in China growth stayed stable, continuing to benefit from the expansion of credit and increases in spending on infrastructure. In India, the GDP continued to expand at a high rate with very modest dynamics in industrial production, whilst in Brazil the recession has remained severe and the economic situation has remained uncertain, also due to a confused political situation. In Russia, after a recovery in oil prices, thanks to an agreement on a cut to production, the output decline was reduced and the outlook for a return to growth was improved.

In the final part of the year the price of non-energy raw materials grew, recuperating the decrease recorded in the summer months, a period in which they returned to their lowest levels seen at the start of 2016.

In the Eurozone output growth continued at a moderate level but in gradual consolidation thanks to boosts from domestic demand components: the contribution of household spending, consumption by Public Administrations and variations in inventories were strengthened, whilst the contribution from investments decreased. Deflation risks decreased, whilst still remaining low, then rose again in December, beginning to reflect expansive monetary conditions. The precariousness of the progress of the global economy, in part conditioned by geopolitical tensions, represents the biggest risk factor for economic activity, alongside high uncertainty on the agreements which will define the new trade relations with the European Union and the United Kingdom.

The Italian economy, after having stagnated in the first part of 2016, began to grow again with the start of the summer months; the recovery then continued, although at a lower rate, driven by an increase in investments and the growth of household spending.

A strong growth in disposable income is associated with a gradual increase in propensity to save, which were very moderate in 2015. The projections for the Italian economy indicate that the economic activity in 2017 should be driven by domestic demand and by the gradual reinforcement of external demand, benefiting, amongst other

things, from the lowering of the exchange rate of the Euro against the other main currencies.

RADICIGROUP: WHO ARE WE?

STANDARD DISCLOSURES G4-4

With almost 3,000 staff and consolidated revenues of 946 million Euro in 2016, today RadiciGroup is a leading global manufacturer of a wide range of chemical intermediates, polyamide polymers, engineering plastics, synthetic fibres and nonwovens. Products developed for use within multiple industries including automotive, clothing, furnishings, sports, as well as electrical/electronics, household appliances, consumer goods and construction.

A special characteristic of RadiciGroup is the integration of polyamides in the production chain. A material that the Group is able to produce, process, and manipulate, thus offering the market a wide range of polymers, engineering polymers, synthetic fibres and nonwovens fabrics. Integration in the polyamide chain, but not only. Today RadiciGroup is also an important player in the production of polyester and acrylic yarns.

In each of its macro Business Areas - Specialty Chemicals, Performance Plastics and Synthetic Fibres & Nonwovens (Performance Yarn, Comfort Fibres, Yarn Extrusion) - RadiciGroup is committed to guaranteeing to the Customer products and services characterized by maximum performance, innovation and sustainability.

To find out more: www.radicigroup.com

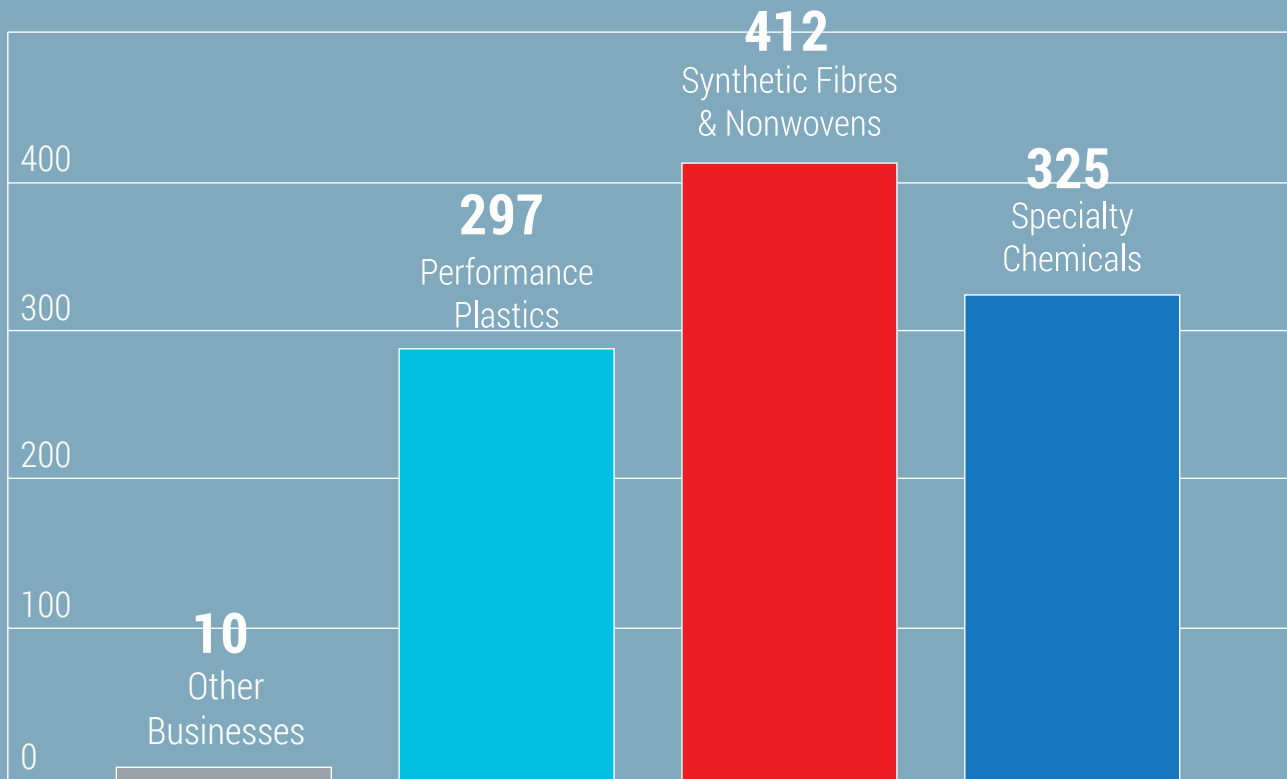


***IT IS EASIER TO WATCH
THE FREEDOM OF OTHERS
THAN TO PROTECT YOUR
OWN***



OUR KEY FIGURES

STANDARD DISCLOSURES G4-9



RADICIGROUP PERSONNEL
2,964 EMPLOYEES

SALES - CONSOLIDATED
FOR EACH BUSINESS AREA

(Millions of di Euro)

GLOBAL PRESENCE

STANDARD DISCLOSURES G4-6

ASIA

China

- Shanghai
- Suzhou

India

- New Delhi

AMERICA

Argentina

- Buenos Aires
- Rio Grande

Brazil

- Araçariçuama
- São José dos Campos

Mexico

- Ocotlán

USA

- Wadsworth

EUROPE

France

- Saint Priest

Italy

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

Germany

- Hamburg
- Lüneburg
- Selbitz
- Tröglitz

The Netherlands

- Born

United Kingdom

- London

Czech Republic

- Podborany

Romania

- Savinesti

Spain

- Barcellona

Switzerland

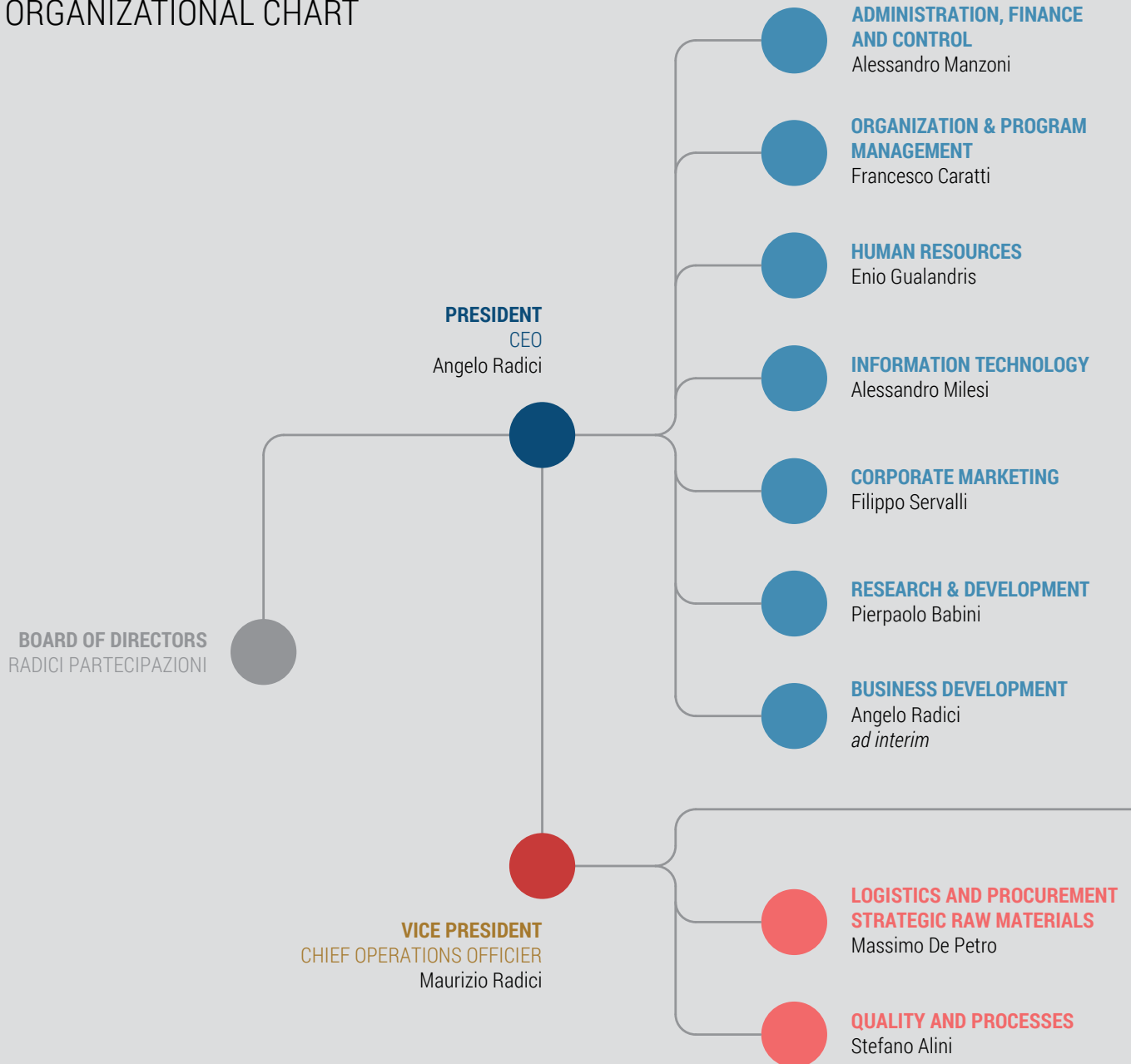
- Stabio

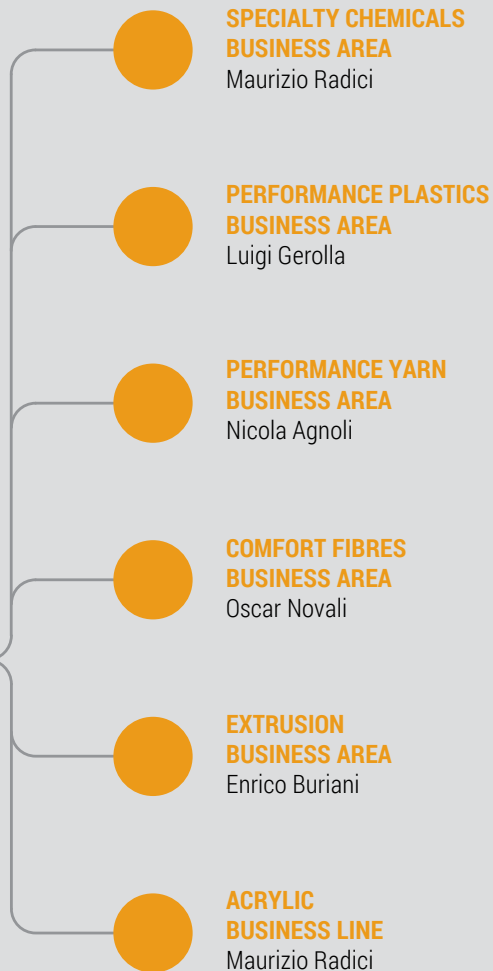
Hungary

- Szentgotthard

- Production Site
- Commercial Site

ORGANIZATIONAL CHART





Radici Partecipazioni BOD

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



Ethics Committee

President:
 Alessandro Manzoni

Members:
 Enio Gualandris
 Francesco Pezzotta
 Aldo Piceni
 Filippo Servalli



Founders

Pietro Radici
 Gianni Radici



Shareholders

Paolo Partecipazioni Srl
 Angelo Radici Partecipazioni Srl
 Maurizio Radici Partecipazioni Srl



Board of statutory auditors

President:
 Aldo Piceni

Members:
 Marco Baschenis
 Matteo Perazzi



Radici Partecipazioni S.p.A.

President:
 Angelo Radici

Vice President:
 Maurizio Radici

CUSTOMERS

RadiciGroup has customers spread all over the world, served through both an internationalised production (in particular in the Performance Plastics Area) with plants in the major world markets, and through a global distribution network. RadiciGroup's clientele is very complex, with highly diversified outlet sectors and markets.

Being a group which operates in the Business to Business sector, the customers themselves are transformative companies of different sizes. In the Fibre sector, there are many medium and medium/small businesses whereas in the plastic and chemical materials sector there are more incidences of medium and large businesses.

Below is a macro classification of the sectors of application for the Group's products which may help to understand the sectors in which our Customers operate.

STANDARD DISCLOSURES G4-8

PRODUCTS FOR THE HOME AND FURNISHING SECTOR

- Raw and dyed yarns for curtains, upholstery, carpets and rugs.
- Engineering plastics for furniture and components, indoor accessories.
- Yarns for artificial grass for indoor and outdoor decorative use both for the residential market and for the contract market.
- Nonwovens for buildings, roof insulation, steam barrier, water proofing, filtration, furnishing, disposable table cloths and items.

PRODUCTS FOR THE CLOTHING SECTOR

- Raw and dyed yarns for outdoor clothing, underwear, socks, swimwear.
- Nonwovens for disposable clothing for protective and hygienic use.
- Engineering plastics for clothing accessories and finishes

PRODUCTS FOR THE AUTOMOTIVE SECTOR

- Engineering plastics for under-the-bonnet and car interior applications.
- Raw and dyed yarns for car interior, seats, carpeting.
- Yarns for airbag fabrics and tyre reinforcement materials.
- Nonwovens for car interior, soundproofing systems, car protection, airbag casing.

PRODUCTS FOR THE INDUSTRIAL SECTOR

- Adipic acid and other chemical intermediates for polyamide polymers, polyurethanes, plasticisers, adhesives, solvents and other chemical products.
- Engineering plastics for the electrical/electronics sector and for numerous industrial and technical applications.
- Yarns for technical and specialist uses.
- Nonwovens for filtration and specialist industrial uses.

PRODUCTS FOR THE SPORTS SECTOR

- Raw and dyed yarns for sports clothing, accessories and equipment.
- Yarns for artificial grass for sporting environments.
- Engineering plastics for equipment and accessories for sport and sport surfaces.

THE SUPPLY CHAIN

STANDARD DISCLOSURES G4-12

SUPPLIERS

As already stated, RadiciGroup's business activity is primarily focused on the production of intermediary chemicals for polyamides, polyamide polymers, engineering plastics, polyamide yarns, polyesters, acrylic, polyolefins and polypropylene based nonwovens.

A complex manufacturing structure, whose supply chain, with roots throughout Europe, America and Asia, is subdivided into two macro sections: on one side, the Strategic Raw Materials and on the other all the other goods and

services whether they are material, transporting, packaging or suppliers of any kind. The relationship of trust established with most of the Group's Suppliers, in particular those supplying strategic raw materials and the Geogreen energy supplier, ensures synergy for tackling obstacles and the joint construction of a sustainable supply chain.

The Purchasing and Logistics Function (Which includes the Strategic Raw Materials and the Logistics and Procurement functions) supervises, as established by the "PR05 – Logistics and Supply" procedure, respect for product specifications, obligations and principles stipulated in the Code of Conduct, and in these cases:

- Requirements laid down by RadiciGroup, including those relating to delivery and post-delivery (e.g. supply specification)
- Requirements not formally established by RadiciGroup but necessary to the specified or expected usage.
- Mandatory requirements (rules and regulations) applicable to the product.
- Every other additional requirement of RadiciGroup (such as for the Supplier Code of Conduct, sustainability requirements etc).

STRATEGIC RAW MATERIALS

Strategic Raw Materials, according to the RadiciGroup definition, are "raw materials whose costs and volumes predominantly affect the variable costs of the final product". They are described as such in the "PR 04 – SUPPLY OF STRATEGIC RAW MATERIALS" procedure which is intended to define the method of acquisition, for example, of caprolactam, phenol and adiponitrile for RadiciGroup's associate companies.

The Strategic Raw Materials function is responsible for guaranteeing the regularity of supplies and the best possible contractual conditions for the companies of the Group, by evaluating the risks and opportunities in the supply chain.

The Purchasing & Logistics function stipulates framework contracts with 70 key suppliers of strategic raw materials, valid for RadiciGroup's European sites, and supervises respect for said contracts.

These suppliers, which represent approximately 65% of the total supplier cost, are large industrial groups in the chemical sector, predominantly based in Europe. They are producers of intermediates of polyamides, polyester, polypropylene and polyethylene, the raw materials used for all the key RadiciGroup productions.

STANDARD DISCLOSURES G4-13

In the reporting year changes in company ownership structures, relative to these suppliers, that could have significantly influenced the business performance of RadiciGroup have not occurred.

OTHER GOODS AND SERVICES

Considering the complexity of RadiciGroup and the productive diversity of the Companies, it is easy to understand how complex it is to describe the goods and services that do not fall within the definition Strategic Raw Materials. The sizes of the Suppliers are, in this case, extremely diverse. From multinationals working in logistics and transport to family businesses that supply catering services at the production sites, for example. Lots of these Suppliers, above all if they are linked to specific needs of the site, are local.

A possible categorisation is indicated below, which lists maintenance and utilities as second in importance in terms of turnover after raw materials, followed by transport and packaging.

The Logistics & Procurement corporate function works with these suppliers in order to implement, where appropriate, centralised acquisitions, such as in the case of rail transport or packaging.

Furthermore, the function selects and evaluates the Suppliers discussing with the different procurement offices within the Group. These, in turn, interact with the Suppliers most closely linked with their needs, as established by the “PR 05 - Logistics and Supply” procedure. This procedure specifies that, together with compliance with the contractual specifications, quality and competitiveness, the Suppliers should also be sensitive to the sustainability concerns.

An important element of added protection applied to RadiciGroup’s plastic materials area with respect to its supply chain is the mailing to the Suppliers of a questionnaire about their products, in order to ascertain their compliance with the applicable mandatory requirements, the possible presence of dangerous or regulated substances or the absences of so called “conflict minerals”.

After having verified what has been declared in the questionnaire the products are effectively used at the sites.

CLASSIFICATION OF TYPES OF RADICIGROUP SUPPLIERS BASED ON TURNOVER

STRATEGIC RAW MATERIALS	between 470 and 500 million euros
PACKAGING AND TRANSPORT	around 53 million euros
MAINTENANCE AND UTILITIES	around 113 million euros
OTHERS ITEMS	around 55 million euros

GEOGRAPHICAL LOCATION OF SUPPLIERS BASED ON TURNOVER

EUROPE	around 85% turnover*
ASIA	around 10% turnover
AMERICAS	around 5% turnover

**Of which around 20 key Suppliers have turnovers exceeding 10 million euros*

THE SUPPLIER-PARTNER GEOENERGIE

As regards the supply of electricity for all of the Italian sites, a key role is played by the Geogreen Group, Supplier-Partner of RadiciGroup, and member of the Radici family although not controlled by the Holding Radici Partecipazioni. The indicators relative to energy for the Italian sites in this Report are calculated using the data from Geogreen, which supplies them through the subsidiaries Geoenergie and Geogreen.

Geoenergie, an Italian company founded in 2000 as the sole supplier of energy for RadiciGroup, is able to offer an integrated system of products and services: from the supply of electricity and natural gas, to the production of hydroelectric and thermoelectric energy from cogeneration plants, and to the development of specific activities in the renewable energy sector.

Thanks to the Novel cogeneration power station in Novara, Geogreen offers around 350 GWh produced in a cogeneration system that allows the supply of steam to Radici Chimica and the achievement of better standards of efficiency thanks to the cogeneration and high efficiency. Furthermore, through the subsidiary Geogreen, it has an annual hydroelectric production of around 60GWh, thanks to 5 hydroelectric plants in Piedmont (Coldimosso plant) and Lombardy (Campignano, Cunella, Lenna and Molino Nuovo plants). The overall renewable energy production by these plants is impressive. They create enough electricity every year to power a city of 70,000 inhabitants and the renewable aspect means that 30,000 tonnes less of CO₂ are released into the atmosphere.

Through its production, Geoenergie can therefore satisfy all the energy needs of all of the Italian RadiciGroup factories and guarantee an optimal productive mix in terms of sustainability. Using the cancellation system for the Guarantee of Origin managed by the GSE (Gestore dei Servizi Energetici – Energy Services Operator), Geoenergie certifies that the energy consumed comes from renewable plants (small hydro). Specifically, for RadiciGroup, it certifies the energy consumption relative to the polymerisation processes and those relating to the Business Area (BA) of Performance Plastics.

In addition, Geogreen works to the most advanced standards of sustainability. First and foremost, thanks to scrupulous and real time monitoring of all the parameters of its hydroelectric derivations, it can immediately detect possible anomalies and intervene promptly.

Furthermore, it also pays attention to biodiversity, through both respect of all the applicable regulations and through collaboration with the Department of Environmental Science of the University of Bicocca. As part of this project Geogreen has worked for 5 years on a special experiment relative to the Serio River. This waterway is of fundamental importance for the production activities of some large companies of RadiciGroup, as well as being a key element for the natural equilibrium of the valley that takes its name: the Valseriana. Geogreen has worked with the University in the collection and analysis of the main biological and chemical-physical indicators, with particular attention to the fish life, so as to correctly determine the minimal vital water flow of the Serio. The results of the experiment, currently being studied by the Lombardy Region, are expected in 2017.

Considering the proximity of its plants to inhabited areas of the Valseriana, Geogreen, on its own and together with RadiciGroup, promotes guided tours around the plants for school children and local residents. Moreover, it is open to dialogue and participates in public meetings to disseminate the idea of the sustainable water usage.

To find out more visit:

<http://www.geogreen.it/En/Home/Home.aspx>

EXTERNAL STAKEHOLDERS

MAPPING OF THE RADICIGROUP CONTEXT IN RELATION TO STAKEHOLDERS' EXPECTATIONS AND ASSOCIATED RISKS
STANDARD DISCLOSURES G4-26

Table 4

STAKEHOLDER	STAKEHOLDERS' LEGITIMATE EXPECTATIONS	RESPONSES BY RADICIGROUP	RISKS FOR RADICIGROUP*
CUSTOMERS	<ul style="list-style-type: none"> • Products and/or services which comply with the expectations • Correctness and transparency of relations • Collaboration and proximity • Combined R&D • Consultancy about the needs of the final market, on global problem solving and compliance obligations 	<ul style="list-style-type: none"> • Clear definition of the specifications • Policies of consistency and improving quality • Carrying out the accuracy principles in the Code of Ethics • Team dedicated to combined projects • Dedicated resources • An offer of products and solutions 	<ul style="list-style-type: none"> • Complaints (OR) • Non-solvency (FR) • Loss of customers (OR+FR) • Ineffective strategy with combined MKT and R&D (OR) • Reputational risk (RR) • Supply chain risk for lost market (OR)
COMPETITORS	<ul style="list-style-type: none"> • Accurate and transparent relations • Fair competition • Joint development of applicable sectors 	<ul style="list-style-type: none"> • Carrying out the principles of the Code of Ethics • Carrying out the Mission, Values and Vision of RadiciGroup • Research and development for more competitive products and businesses 	<ul style="list-style-type: none"> • Loss of markets • Ineffective joint MKT-R&D strategy and management system (OR) • Reputational risk (RR)
SUPPLIERS	<ul style="list-style-type: none"> • Profit • Establishment of relations • Accurate and transparent relations • Solvency of RadiciGroup • Sharing projects (e.g. Code of Conduct) 	<ul style="list-style-type: none"> • `suppliers' code of conduct • Procurement procedures (PR04 and PR05) • Payment guidelines 	<ul style="list-style-type: none"> • Non-conforming products and services (OR) • Non-guarantee of business continuity (PR) • Corruption (RR+FR+PR) • Frode (RR+FR+PR) • Abuse of RadiciGroup's intellectual property (PR) • Ethical aspects: respect of human rights, workers' rights and the environment (RR+PR) • Reputational Risk (RR)

	RISK MITIGATION	OPPORTUNITIES FOR RADICIGROUP	ENGAGEMENT
	<ul style="list-style-type: none"> • Global presence • Management of complaints • Management of trust with customers • Controlling activity • Strategic and operative marketing activity • R&D activity • CRM activity • Loyalty marketing • Finding new customers • Customer satisfaction activities • Supply chain monitoring 	<ul style="list-style-type: none"> • Market leadership • Reputation • Loyalization • Business continuity and profitability • Conquest of new markets 	<ul style="list-style-type: none"> • Networking and business meetings • Sharing knowledge • Partnerships and shared development • Communication • Ad hoc events and fairs
	<ul style="list-style-type: none"> • Strategic and operative marketing activity • R&D • CRM activity • Customer loyalization • Finding new customers • Customer satisfaction activities 	<ul style="list-style-type: none"> • Collaboration through the trade association in protecting the market • Sector innovation • Reputation 	<ul style="list-style-type: none"> • Networking and business meetings • Association meetings • Communication
	<ul style="list-style-type: none"> • Business continuity activities • Controlling activities • Supplier's code of conduct • Supply procedures • Surveillance activities 	<ul style="list-style-type: none"> • Reputation • Business continuity • Synergy • Development 	<ul style="list-style-type: none"> • Networking and business meetings • Sharing knowledge • Partnerships • Signing of the Code of Ethics • Communication

Table 4

STAKEHOLDER	STAKEHOLDERS' LEGITIMATE EXPECTATIONS	RESPONSES BY RADICIGROUP	RISKS FOR RADICIGROUP*
BANKING INSTITUTIONS	<ul style="list-style-type: none"> • Profit • Stable relations • Fair and transparent relationship • RadiciGroup solvency 	<ul style="list-style-type: none"> • Policies, short and medium term economic/financial plans • Clear economic/financial reporting which complies with the legislation • Third part report certification • Policy for debt reduction 	<ul style="list-style-type: none"> • Increase in interest rates (FR) • Lack of funds (FR) • Failure of financial institute (FR)
TRADE UNION REPRESENTATIVES	<ul style="list-style-type: none"> • Freedom of association • Dialogue • Trust • Collaboration • Internal communication plans 	<ul style="list-style-type: none"> • Respect of requirements • RadiciGroup Code of Ethics • Trade union organisation presence 	<ul style="list-style-type: none"> • Strikes (OR) • Reputational risk (RR) • Legal actions (OR+FR+RR)
LOCAL COMMUNITIES	<ul style="list-style-type: none"> • Protection of the environment and security • Working policies attentive to the area (local resources, disabilities, young people) • Economic and social support • Transparency and communication • Leadership for the training of local resources 	<ul style="list-style-type: none"> • Medium and long term responsible environment policies • Working policies that take care of the areas resources (PR03) • Sustainability Report and constant communication (PR08) • Social and philanthropic marketing 	<ul style="list-style-type: none"> • Environmental risks (PR) • Health and safety risks (PR) • Reduction of employment in the area (PR) • Risk of degradation in a social context (PR) • Reputational risk (RR)
TRADE ASSOCIATIONS	<ul style="list-style-type: none"> • Collaboration • Trust • Input in innovation 	<ul style="list-style-type: none"> • Dialogue and participation • Transparency and communication • Training and information • Sharing of knowledge and experience 	<ul style="list-style-type: none"> • Risk of making decisions which are not shared (OR) • Impoverishment of networks and loss of lobbying capacity (RR) • Reputational risk (e.g. Activist organisations)
MEDIA	<ul style="list-style-type: none"> • Clarity • Transparency • Consistent relations • Mutual trust 	<ul style="list-style-type: none"> • MKT policies and RadiciGroup communication 	<ul style="list-style-type: none"> • Reputational risk for lack of information or dissemination of negative information (RR)

	MITIGATION OF THE RISK	OPPORTUNITIES FOR RADICIGROUP	ENGAGEMENT
	<ul style="list-style-type: none"> • Direct and continual collaboration with the banks • Policies and plans to reinforce the solidity of RadiciGroup assets and reputation • Controlling activities • Activities in finding financiers with better rates • Careful supervision of banking institutes 	<ul style="list-style-type: none"> • Reputation • Trust • Business continuity 	<ul style="list-style-type: none"> • Networking and business meetings • Sharing of information • Partnerships • Communication
	<ul style="list-style-type: none"> • Coordination • Joint projects • Legal actions 	<ul style="list-style-type: none"> • Reputation • Working environment 	<ul style="list-style-type: none"> • Meetings and dialogue • Coordination • Development of joint projects • Communication
	<ul style="list-style-type: none"> • Respect of requirements • RadiciGroup policies for sustainability and integrated management systems • Implementation RadiciGroup working policies • Keeping relations with the local area (e.g. Open Days) 	<ul style="list-style-type: none"> • Reputation • Mutual support • Local professional pool 	<ul style="list-style-type: none"> • Communication • Ad hoc events • Activities envisaged by the Sustainability Report
	<ul style="list-style-type: none"> • Active presence representing RadiciGroup in the associations as an influencer • Transparent communication of the sustainability results: GRI PCRs EPDs LCAs e.g. 	<ul style="list-style-type: none"> • Reputation • Lobbying 	<ul style="list-style-type: none"> • Participation in decision-making processes • Communication
	<ul style="list-style-type: none"> • Constant activity of the corporate functions and BU dedicated to communication with the media 	<ul style="list-style-type: none"> • Reputation 	<ul style="list-style-type: none"> • Press release activities • Active presence of social media • Involvement in initiatives

Table 4

STAKEHOLDER	STAKEHOLDERS' LEGITIMATE EXPECTATIONS	RESPONSES BY RADICIGROUP	RISKS FOR RADICIGROUP*
SCHOOLS AND THE ACADEMIC WORLD	<ul style="list-style-type: none"> • Knowledge sharing • Job opportunities • Support 	<ul style="list-style-type: none"> • Internships • Training days • Sponsorship 	<ul style="list-style-type: none"> • Inconsistency between skills offered and skills required by RadiciGroup (OR) • Reputational risk (RR)
COMMUNITY	<ul style="list-style-type: none"> • A better world • Satisfaction of needs 	<ul style="list-style-type: none"> • Sustainable development 	<ul style="list-style-type: none"> • Market risks (SR) • Reputational risks (RR)
ENVIRONMENT	<ul style="list-style-type: none"> • Continuity • Protection • Respect • Balance 	<ul style="list-style-type: none"> • Sustainable development 	<ul style="list-style-type: none"> • Lack of raw materials (OR) • Catastrophic events (PR)
CONTROL BODIES	<ul style="list-style-type: none"> • Respect for requirements and compliance obligations 	<ul style="list-style-type: none"> • Respect for requirements and compliance obligations 	<ul style="list-style-type: none"> • Sanctions (OR) • Sequester and closure of plants (OR+RR) • Sentences and convictions (OR) • Reputational risk (RR)

*** CAPTION**

RR - REPUTATIONAL RISK
 OR - OPERATIONAL RISK
 PR - PURE RISK
 SR - STRATEGIC RISK
 FR - FINANCIAL RISK

	MITIGATION OF THE RISK	OPPORTUNITIES FOR RADICIGROUP	ENGAGEMENT
	<ul style="list-style-type: none"> • Consolidated relations with schools and universities • Joint R&D projects • Recruitment and training of interns and graduates 	<ul style="list-style-type: none"> • Reputation • Pool of skills and professionalism 	<ul style="list-style-type: none"> • Ad hoc activities • Career days • Collaboration (profile training and selecting) • Communication
	<ul style="list-style-type: none"> • Care • Knowledge 	<ul style="list-style-type: none"> • Innovazione • New markets 	<ul style="list-style-type: none"> • Communication • Dialogue • Networking and business meetings • CSR (GRI)
	<ul style="list-style-type: none"> • Respect of requirements • Preventive activities • Voluntary plans and actions for protection and safeguarding 	<ul style="list-style-type: none"> • Business Continuity • New markets 	<ul style="list-style-type: none"> • Good socio environmental practices (replanting, reduction of resources used, tackling emissions etc)
	<ul style="list-style-type: none"> • Adoption of certified management systems • Prevention activities • 231 organisation model 	<ul style="list-style-type: none"> • Business Continuity • Continual improvement of the management systems • Savings • Reputational solidity • Innovation 	<ul style="list-style-type: none"> • Communication • Sharing and collaboration • Information transparency

STAKEHOLDER ENGAGEMENT PROJECTS

ALL STAKEHOLDERS (EXTERNAL AND INTERNAL)

Focus on: timely, reliable, transparent and easily understandable information for all the Stakeholders

In 2016 as well, a fundamental element of engagement was communication through the two big streams of traditional media and social media. The year was characterised by timeliness, transparency and greater care to the local areas of the Companies.

THE MEDIA

RadiciGroup's newsletters reach, through email, over 9,000 users both internal and external to the Group, distinguishing itself, therefore, together with the website, as the main communication method for the Group.

In 2016, the main areas concerned were new products (with focus on the sustainability of RadiciGroup materials), participation in trade fairs or conventions, objectives achieved by the Companies or the participation of the Group in cultural or integration initiatives.

As regards sector magazines and newspapers, the constant work of the press office – with around 300 representatives in the chemical-plastic area and around 200 in the fibres sector – has meant that even in 2016 all the leading press could keep up to date with all the Group's important developments through the newsletters and press releases. The presence on the website of all the updated news and the possibility to easily access the archived news is a further guarantee of RadiciGroup's transparency in communication.

On the local and general media front, in view of improving the comprehension of the working and socio-cultural context in which the Companies operate, actions have been taken for the creation or reinforcement of contacts. A first sign of this, already in 2016, is the pro-

duction of press release material in a growing number of languages, to guarantee timely information that can be used by as many users as possible.

Finally, in order to further widen RadiciGroup's spectrum of communication, starting in 2016, particular attention was paid to news regarding specific initiatives in the production sites. Visits by school children, cultural and community events and Workers' training courses have become an important part of RadiciGroup's press with the double objective of reinforcing relations between the Group and its Workers and to let the Local Communities participate in some parts of "company life".

SOCIAL MEDIA

Equally important in the communicative sphere of the Group was social media – in particular LinkedIn, Facebook and Twitter. The particular nature of social media, which allows for immediate interaction, made it a very useful instrument in dialogue with social Stakeholders in 2016 as well.

Analysis of the results obtained has allowed us to understand how to refine our approach for an even more effective dialogue with the Stakeholders.

For LinkedIn, the social media dedicated to the world of business, 2016 saw a growth in engagement which came about through a growing number of "likes", shares and comments. The regular publication of posts in the course of the year on one hand kept the attention of the "followers" high (around 11,000 in June 2017) and on the other hand guaranteed a balanced communicative and informative flow, allowing those who follow us to keep constantly updated on what is happening in the Group.

ALL STAKEHOLDERS, IN PARTICULAR TRADE UNION REPRESENTATIVES, LOCAL COMMUNITIES, SUPPLIERS

STANDARD DISCLOSURES G4-27

Focus on: a multi-channel disclosure of the Sustainability Report, direct consultation on some aspects contained in the document.

Presentation of the 2015 Sustainability Report

Upon presentation of the 2015 Sustainability Report, some external social Stakeholders of RadiciGroup were invited to take part in a direct consultation on the contents of the Stakeholder Mapping Scheme. In particular, some Trade Union Representatives, Representatives of the Local Community for where the Group's companies are located (Mayors) and some Suppliers participated.

All the commercial and technical assistance personnel of RadiciGroup Italia together with the BA managers instead considered the analysis relevant to the Customers. The outcome of the meeting was extremely interesting.

The participants in part supported the contents and in part suggested changes, above all relative to the legitimate expectations, risks and methods of involvement put in place by the Group.

The most significant comments and indications were integrated into the Stakeholders' matrix .

Numerous engagement projects and actions for these Stakeholders were carried out in 2016, with creditable results that will be detailed in this Report.

EXTERNAL STAKEHOLDERS ENGAGEMENT PROJECTS

COMMUNITIES

Focus on: raising awareness of environmental sustainability among the youngest parts of the population.

The Global Young Voices Project

In 2016 RadiciGroup came into contact with Global Young Voices, an international association for millennials working in sustainability, whose aim is to improve knowledge about social and environmental issues in young people all over the world, mainly through the use of social media. Thanks to its work with GYV, RadiciGroup has been able to reach younger people across the world helping to inform them about numerous issues not completely linked to its own business, but highly relevant from the viewpoint of sustainability.

A short video to capture the attention of the public was followed by an in-depth article.

From fast fashion to the question of migrants in Europe, from air pollution in China to cooperative projects for societal reintegration of people facing hardship in South Africa. The contributors of GYV involved in the project have brought their particular point of view to their peers on an international scale.

This is a form of Stakeholder engagement aimed at communities which has never been trialled before in the Group. The positive results obtained, with views of every single article ranging between 2,300 to over 15,000 have demonstrated the effectiveness of the project and the interest generated surrounding the issues. Phase 1 of the project, concluded in the first few months of 2017, was helpful in preparing the second phase. This focuses the attention of the contributors on other hot topics: recycling, recyclability and the circular economy seen by kids in some countries where RadiciGroup operates.

To find out more visit:

<http://www.globalyoungvoices.com/about/>
<http://www.globalyoungvoices.com/sustainability-articles>

LOCAL COMMUNITIES

Focus on: involvement of local communities, and the Workers which are part of it, in company life.

Focus on: highlighting events of interest for the Local Communities

The Italian Facebook page

Facebook Italia, launched in December 2015, is a channel dedicated to the relations between the local areas and the workers and has given results which have provided interesting evaluations.

In 2016 the 20-odd monthly posts by the channel mainly regarded cultural, sporting or community initiatives of possible interest to the Group's Italian Workers, for example with photo albums of the highlights of the WHP project (Workplace Health Promotion).

Thanks to the monitoring of the posts, it was easy to see that an initial level of engagement had been reached. There was a growing number of "likes" on the page. There were also people "sharing" the content, making it available to their contacts as well as people who posted personal pictures so that they were also inserted in the event photo albums

The analysis of the data related to this page has allowed us to snapshot the typical user of the Italy Facebook page, identifying the age (the 25-44 age bracket) and the geographical location, that as expected, is based around the Bergamo area and the province where the RadiciGroup's main Italian companies reside, with the exception of Radici Chimica. So as to further promote the involvement of people in Radici Chimica, from 2017, the initiatives in Novara have also been promoted through the Facebook page in the same manner.

The next objectives, on top of maintaining the level of involvement reached, is the development of other local Facebook pages.

ITALIAN FACEBOOK PAGE

<https://www.facebook.com/radicigroup.italia/>

"GLIMPSES"

RadiciGroup presents some of the key themes of the 2015 Report to its Stakeholders using pictures.

Since 2003 RadiciGroup has recorded its activities through numerical data and results on economic, social and environmental sustainability.

To be more efficient in the communication of the objectives reached and more transparent in outlining new objectives in sustainable development, in 2016 the Group also started making videos. In addition to the video message of the president, Angelo Radici, which accompanied the official presentation of the 2015 Sustainability Report, three clips were made - called Glimpses - about the areas discussed in the Sustainability Report (sustainable supply chain, use of water resources and the ISO 9001:2015 certification of the holding company).

The visual language and the evocativeness of the images, accompanied by essential text, has been used to involve the greatest number of Stakeholders in key information, immediately supplying an overview of the company actions and the results obtained by RadiciGroup.

To watch "Glimpses" go to:

<http://www.radicigroup.com/en/news-media/video>

SUPPLIERS

Focus on: the creation of a sustainable supply chain

The Customer and Supplier Codes of Conducts

The Supplier's Code of Conduct project, by the Ethics Committee of RadiciGroup on request of the GRI Coordination Group in 2015, was carried out in collaboration with the Purchasing & Logistics function. The Stakeholder engagement meeting carried out in November 2016, with the presentation of the Sustainability Report, was a preview presentation of the project to the Supplier representatives present. These expressed appreciation for the project, renewing their availability to work together for a sustainable supply chain.

The Supplier's Code of Conduct, approved by the Board of Directors of Radici Partecipazioni, was finalised in 2016 and published in the first few months of 2017 with the help of the Group's procurement offices.

Sent to around 350 suppliers (both strategic raw materials and others) the code has now been disseminated through the RadiciGroup supply chain.

At the same time as sending it, the suppliers were also asked if they had a similar document themselves, and if they did could they send it to RadiciGroup so it could better understand the Stakeholders and the best practices in the supply chain.

Around 60 Suppliers wanted to share their own Code of Ethics or Conduct with RadiciGroup.

The Code contains the ethical commitments that the Group undertakes and asks its suppliers to work to undertake as well, so as to uphold good commercial practice in terms of human rights, workplace health and safety, respect for safety, and research in products and services with limited environmental impact.

To guarantee the maximum usability, the document was published on the RadiciGroup website in all the reference languages of the Group and can be found here:

<http://www.radicigroup.com/en/sustainability/ethical-guidelines/conduct-code>

In working towards transparency, the document contains an email address for RadiciGroup's Ethics Committee which the Suppliers can contact to warn of any possible conduct in breach of the Code of Conduct by the Group's Workers.

CUSTOMERS

Focus on: knowledge on the needs and motivations of the Customers

Focus on: continuous improvement

INDICATOR G4-PR5

THE CUSTOMER SATISFACTION SURVEY

Together with daily relations with the commercial network, the Customer Satisfaction survey continues to be one of the fundamental engagement methods that allow customers to enter into direct "dialogue" with RadiciGroup. It also allows the Group to understand their needs and to monitor their viewpoints on certain topics, including sustainability.

It also constitutes an effective tool for continuous improvement. With the input of the customers in the biannual survey, whether in terms of turnover compared to competition or evaluation of services offered by the Group, they are combined with the KPIs every three months by the RadiciGroup top management. Together they give the go-ahead to an accurate analysis of the evaluations and to improvement plans for every Business Area.

In 2016 the survey was carried out using a new online questionnaire that around 1450 Customers all around the world filled out, chosen on the basis of turnover and strategic importance. Around 30% of contacts responded to the survey, making the analysis fully significant. The percentage of responses is in line with the average of the previous editions.

Those filling out the survey were asked, as usual, to complete it using a scoring scale from 1 (minimum score) to 6 (maximum score) on the importance of the particular issue and satisfaction with the Group and Competitors. Some open questions about the market then focused the

attention on different topics of interest according to the Business Areas.

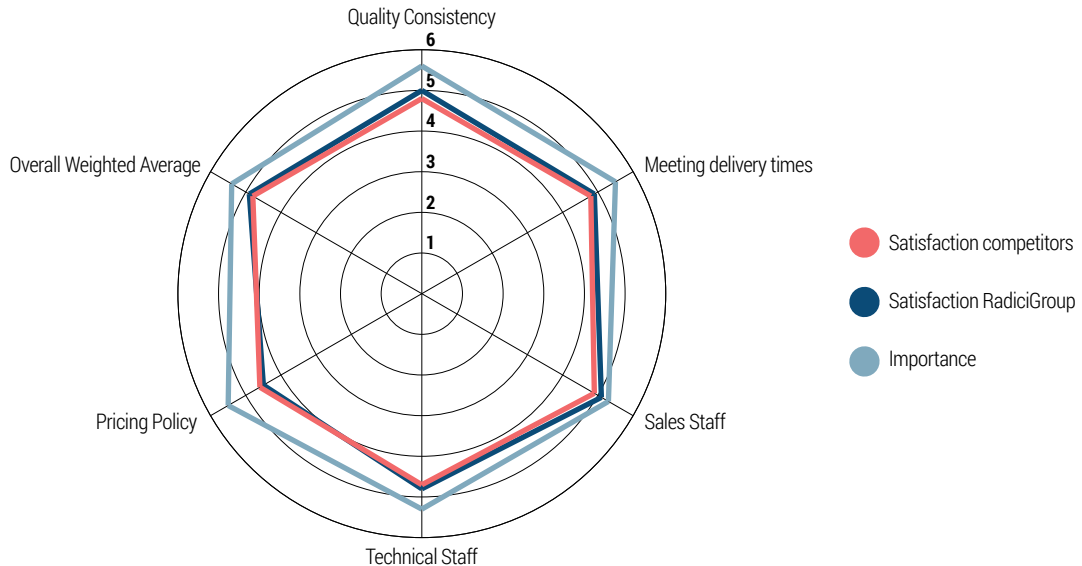
The results showed “quality consistency” and “commercial networks” are excellent throughout the Group. In addition, the comparison with competitors has shown that close proximity to the customer and upstream integration are distinctive and qualifying elements of RadiciGroup. The issue of development of new products was listed as extremely important for the Customers in relation to RadiciGroup and its competitors. This indication, together with some other strategic evaluations, has meant that the topic was also evidenced through the materiality matrix. Another focal point remains, as in the previous editions, the consistency of the pricing policy.

Moving on to the Business Areas, the responsiveness of the sales network was particularly appreciated along with quality consistency - factors that the three big business areas share and that demonstrate synergy in in the approach to the market and shared efforts for constant improvement.

In the 2016 edition of the Customer Satisfaction survey, sustainability once again demonstrated growth in importance, with 26% of those surveyed giving it the maximum importance score of 6, where the percentage was 17% in 2014. 40% of those surveyed instead ranked it as very important (score of 5). In particular, the use of energy from renewable resources together with the recyclability of the products (53% in total for the two) were considered key elements.

In order to try and constantly work more efficiently in Stakeholder engagement, some questions in the survey touched on communication between the Customers and RadiciGroup. Around 76% of those surveyed declared that they were satisfied with RadiciGroup’s communication. Email remains the most prevalently used tool of communication, 51% of Customers use this contact system with the sales team. LinkedIn was reinstated as the most prevalently used form of social media for the Customers. Because of this, in 2016 some specific engagement projects were drawn up through LinkedIn, projects which are being carried out in 2017.

CUSTOMER SATISFACTION - 2016



CUSTOMER'S CODE OF CONDUCT

Similar considerations as expressed above for the Suppliers were used as the basis for the creation of the Customer's Code of Conduct. Basic elements of the document are the promotion of fair and transparent commercial relations, the supervision of working conditions where the products are created together with attention to quality, safety and the environment.

The Code, created by the Group between 2015 and 2016 was disseminated through an ad hoc newsletter to the Customers in 2017.

It was also published on the website in all the main reference languages of the Group and can be downloaded here:

<http://www.radicigroup.com/en/sustainability/ethical-guidelines/client-conduct-code>

Like in the document for the suppliers, the Customer's Code of Conduct also provides an email for the RadiciGroup Ethics Committee which the Customers can contact to report possible conduct in breach of the codes of conduct by the Workers of the Group.

COMPLAINTS

A completamento del lavoro di engagement, e come co-Completing the engagement work, and corollary to Customer Satisfaction, it is important to mention the careful monitoring of complaints, analysed through certain ad hoc indicators in 2016 as well. The complaints were

considered with a view of continuous improvement, and are deemed to represent a further opportunity for Customer satisfaction. The needs of the market, increasingly oriented towards high quality products with a limited impact, together with new requirements, ensure that the "feedback" from clientele is scrupulously examined.

The objective of this task is to increase the listening capacity of the Company together with the implementation of a system to eliminate the recurring causes of the complaints.

The data which is analysed in each RadiciGroup site is relative to:

- Number of service complaints;
- Service complaints index on sending;
- Number of product complaints;
- Product complaints index on sending;
- Percentage of complaints/turnover;
- Percentage of returns/sales.

Following the work in improving quality, it is possible to see that the incidences of External Error Costs in 2016 (CIE – complaints) was the lowest it has been in 6 years. In other words, considered as 100% of the Quality Costs (costs for: external errors, internal errors, controls and preventions), the percentage relative to the costs of the external errors of recent years is lowering, as well as the absolute value. [Table 5](#)

Table 5

	2011	2012	2013	2014	2015	2016
Cost of External Failures (%)	7.2	6.9	8.6	7.4	6.6	4.9

SCHOOLS AND THE ACADEMIC WORLD

Focus on: The creation of a bridge between the professional needs of the Group and the skills cultivated in schooling institutions.

THE EDUCATION PROJECT

"Culture is the most powerful weapon you can use to change the world". On the basis of this famous quote by Nelson Mandela, for the last 2 years, the RadiciGroup Education project has involved local schools in internships, company visits, school-work alternation projects and dissertations.

In 2016, Radici Chimica, Radici Fil, Radici Yarn and Radici Novacips hosted internships for secondary school students (high schools and professional institutions) as well as university students. For example, the students, followed by a company tutor, were challenged in the Maintenance Department, in the Technical Assistance and Product Development area and in the field of Management and Quality control for Environmental Certification.

The doors to the Group's Business Area Companies were opened on numerous occasions to host around 250 students who were therefore able to discover the world of manufacturing through visits to the various departments and laboratories. Seven RadiciGroup personnel visits to schooling institutions in the course of 2016 allowed the children to come into contact with the Group's Human Resources department thanks to conventional talks, placement projects and meetings to address the issue of business organisation and competitiveness.

Two important projects in school-work alternation truly characterised 2016: "Poliammide di classe", which is talked about in the following Excellence Box, and the 2015-2018 ISISS Valle Seriana/RadiciGroup project.

The latter was conceived as a veritable three-year "adoption" of around 80 students by RadiciGroup. The students, during this 2015-2018 period, will be able to get to know what the Group is like, to discover the diverse range of professional figures in the productive systems and to work on site through an internship and therefore gaining skills in the field.

Finally, over the course of the year RadiciGroup personnel met university students from the Politecnico di Milano and the Politecnico di Torino as well as some of the University of Bergamo's technical and humanistic faculties over the course of 4 "Career Days".

A HIGHLY RESPECTABLE TROPHY CASE FOR THE "POLIAMMIDE DI CLASSE" PROJECT, AWARDED IN ROME BY THE ITALIAN HEAD OF STATE

The results of the first phase of the "Poliammide di classe" school-work alternation research project, born from the synergy between RadiciGroup and the Giulio Natta Institute of Bergamo and with the support of Confindustria Bergamo, were presented in February 2016.

Undertaken in October 2015 in keeping the traditional collaboration with the schooling world, the project immediately showed progress. After four months of work, the three teachers and the pupils of the Bergamo institution – 8 students of Chemicals and Materials, 4 of Environmental Biotechnology and 4 studying at the High School of Applied Sciences – officially presented the actions taken in carrying out this experimental project on the traditional polyamides, PA6 and PA6.6, with new bio-polyamides used in textiles and technical objects. Furthermore, they also studied the solutions for a new fluidizing agent with potential use in the recycling of water in the pipes.

RadiciGroup intends to continue its experimental project, which between 2016 and 2017 has collected numerous acknowledgements and awards:

- *The Top Player award in the "Io e Lode" initiative from the Bergamo Confindustria*
- *The award for the dual system given to RadiciGroup by the Lombardy Regional Government and at the same time a special recognition from the MIUR (Ministry of Education, University and Research) as part of Job&Orienta, a national exhibition for schools, training and orientation.*
- *The public presentation of the project as Best Practice by the Bergamo Confindustria*
- *The MIUR national award, awarded by the President of the Italian Republic, as best experience of school-work alternation in collaboration with a private company.*

TRADE ASSOCIATIONS AND COMPETITORS

STANDARD DISCLOSURES G4-16

Trade Associations are able oversee the entire production chain, meeting the needs of the final consumers as well as those of the production company. For this reason, RadiciGroup considers participation in associative activities to be of strategic importance as a useful form of

engagement, a form of knowledge and oversight of the market, a link between institutions on a national and international scale and as a way of building joint strategies for various sectors.

The opportunity for positive exchanges between Competitors offered by the Trade associations also allows for the exchange of information and knowledge for the advancement of areas of common interest.

Table 6

LIST OF THE MAIN ASSOCIATIONS OF WHICH RADICIGROUP IS A MEMBER	RADICIGROUP COMPANIES SIGNED UP IN 2016
AICQ	RADICI PARTECIPAZIONI S.p.A.
ASSOCIAZIONE TESSILE E SALUTE	RADICI PARTECIPAZIONI S.p.A.
ASSOCIAZIONE INDUSTRIALI NOVARA	RADICICHIMICA S.p.A.
ASSOFIBRE	RADICI FIL S.p.A.
CEFIC - EUROPEAN CHEMICAL INDUSTRY	RADICICHIMICA S.p.A.
CONSORZIO IBIS	RADICICHIMICA S.p.A.
CONFINDUSTRIA BERGAMO	RADICI PARTECIPAZIONI S.p.A.
CIRFS	RADICI PARTECIPAZIONI S.p.A.
ESTO	TESSITURE PIETRO RADICI S.p.A.
EDANA	TESSITURE PIETRO RADICI S.p.A.
STC	TESSITURE PIETRO RADICI S.p.A.
TEX CLUB TEC	RADICI PARTECIPAZIONI S.p.A.
FEDERCHIMICA	RADICICHIMICA S.p.A.
FORAZ	RADICICHIMICA S.p.A.
SPRING	RADICICHIMICA S.p.A.
NORDOSTCHEMIE	RADICICHIMICA GmbH
IHK	RADICICHIMICA GmbH
M-VENA GmbH	RADICICHIMICA GmbH
EPCA	RADICI PARTECIPAZIONI S.p.A.
PLASTICS Europe	RADICI NOVACIPS S.p.A.
UNIPLAST-ENTE ITALIANO DI UNIFICAZIONE DELLE MATERIE PLASTICHE	RADICI NOVACIPS S.p.A.
UNI	RADICI PARTECIPAZIONI S.p.A.

In the year of reporting RadiciGroup participated, through institutional roles, in the activities of these associations:

- ASSOFIBRE, of which the Group holds the Presidency.
- Associazione Tessile e Salute and TEXCLUBTEC, for both of which RadiciGroup participates in the Board of Directors.
- CIRFS, the Group has its own representatives in the BoD, in the ECOLIS/ENERGY environmental committee, in the R&D committee and the Technical Committee. In addition, RadiciGroup holds the presidency of the Statistics Committee and the Economics Committee.
- ESTO, RadiciGroup - through Tessiture Pietro Radici – is a member of the Management Board and the working group on artificial turf yarn.
- PLASTICS EUROPE, RadiciGroup is part of the “Life Cycle Thinking and Sustainability” team, dedicated to thinking about the life cycle of the product and the eco-efficiency of the processes and the products.
- RESPONSIBLE CARE ITALIA, in which RadiciGroup is part of the Governing Council.

Important actions in terms of sustainability are the numerous activities carried out by the Associations listed above, and in particular:

Tessile e Salute, which has created some Guidelines on eco-toxicological requirements for items of clothing, leather, socks and accessories. These indications aim to contribute to tracing a pathway towards knowledgeable and sustainable fashion and to promote the adoption of responsible management models along the value chain. Through its companies in the Synthetic Fibres & Nonwovens, RadiciGroup has actively contributed to the project by contributing its technical knowledge on nylon and polyester.

To find out more visit: <http://tessileesalute.it/en/>

Plastics Europe: Through some working meetings with all operators, in 2016 it created the Guidelines for the development of a system to measure environmental impact, which the Group contributed to with its own know-how. In addition, starting in 2016, all the RadiciGroup production

chain is working, in connection with the Association, to measure the toxicity of oligomers in the 6.6 polyamides.

To find out more visit: <http://www.plasticsEurope.org>


TexClubTec: over the course of the year the Association, which focuses on technical textiles, has worked to bring attention to sustainability throughout the industry through the organisation of conferences and the dissemination of scientific studies and market research in which RadiciGroup regularly participates.

To find out more visit: <http://texclubtec.com>

STANDARD DISCLOSURES G4-15

To strengthen its environmental engagement, in November 2015 RadiciGroup also joined the “Appello delle Imprese e delle Organizzazioni della Green Economy” (Appeal of Green Economy Companies and Organisations) for an effective international agreement on the climate, supporting the implementation, on a national level, of significant measures to mitigate impacts, of policies for the growth of renewable energy and of the most sustainable soil management models.

The presence of RadiciGroup in so many associations, in various countries across the world and participation in various joint projects with the operators of the sectors constitutes an indirect testimony of the fact that none of the Group’s companies carry out actions which are detrimental to fair commercial relations. [Table 6](#)



***TO DREAM CAN BE
PAINFUL, BUT WHAT
MATTERS IS THAT YOU
NEVER STOP DOING IT***

INTERNAL CONTEXT

RADICIGROUP'S ECONOMIC CONTEXT - ECONOMIC INDICATORS (EC)

DMA

The economic results of 2016 and the good performance of the first half of 2017 confirm the validity of RadiciGroup's operational and investment strategies, also from a sustainable development viewpoint.

RadiciGroup has implemented resources for the efficiency of systems, for R&D and innovation, in particular of products, in order to increase the range of low impact products, which are able to preserve the environment and to create, at the same time, new opportunities for the companies of the Group.

Furthermore, individual sites have invested in the measurement and monitoring of the impacts, as well as the introduction of the BATs, as stated in the part of the Report on the EN indicators.

Careful monitoring of the performance of various businesses and cautious management of the risks and investment policies has consolidated the growth of the Group in 2016 as well.

Alongside maintaining the competitiveness of the Companies, the other important investment front in the Group in 2016 was in people. Supporting their professional progression through training, as evidenced in the LA indicators section, was one of RadiciGroup's commitments. Alongside the growth of professional skills is the desired increase in engagement, also strengthened by numerous initiatives to increase the links between the Group and the Workers.

Finally, the support that RadiciGroup has given to local communities in 2016 through sponsorships and donations should not be forgotten.

INDICATOR G4-EC1

Added Value is a numerical expression that represents a company's capacity to produce wealth and to then distribute it to its Stakeholders.

In 2016 the net global added value generated for the RadiciGroup's Stakeholders amounted to 206 million euros and registered a 12% growth in comparison to the previous year (183 million euro).

The added value was divided as follows:

- 64.5% to the Group's workers
- 19.9% was reinvested inside the Company
- 9.3% to the Public Administration
- 4.4% to Radici Partecipazioni shareholders
- 1.6% to Banking Institutions
- 0.3% in donations to communities

The following tables follow the GBS model – Gruppo di Studio per il Bilancio Sociale (Study Group for the Social Report) (www.gruppo Bilanciosociale.org). The data refers to the consolidated financial statements for Radici Partecipazioni S.p.A As noted in the consolidated financial statement the economic flows deriving from transactions carried out amongst the companies included in the consolidation are removed. The Statement is subject to voluntary accounting revision by Deloitte&Touche and includes, as well as the group leader, the Italian and non-Italian companies of which RadiciGroup holds, directly or indirectly, the majority of the share capital and controls the management as stipulated by article 2359 of the Italian Civil Code.

Table 7 - STANDARD STATEMENT OF ADDED VALUE ASSESSMENT

ITEMS	31.12.11	31.12.12	31.12.13	31.12.14	31.12.15	31.12.16
A) PRODUCTION VALUE	1,253,817,282	1,084,072,938	1,052,493,758	1,026,788,990	993,769,060	946,065,498
1. Revenue from sales and services	1,234,071,420	1,083,052,192	1,042,894,774	1,021,683,243	1,011,118,534	945,147,279
2. Changes in inventories of work in progress, semi-processed and finished products	19,312,028	735,353	9,414,333	4,917,409	(17,534,599)	690,516
3. Custom change in work in progress	-	-	-	-	-	-
4. Increase in capital assets for internal work	433,834	285,393	184,652	188,339	185,125	227,703
5. Other operating income						
B) INTERIM MANAGEMENT COST	995,208,993	918,505,396	871,656,161	835,206,659	763,942,939	705,412,250
6. Costs for the purchase of raw and subsidiary materials, consumables and goods	797,427,328	690,857,329	671,887,411	645,415,439	576,061,208	531,064,736
7. Costs for services	205,283,171	204,261,441	198,793,212	179,104,337	179,927,810	172,071,196
8. Costs for use of third party assets	4,817,409	5,212,536	5,326,634	5,525,369	5,117,266	3,986,722
9. Change in inventories of raw subsidiary materials, consumables and goods	(15,020,551)	16,122,773	(6,287,138)	3,007,777	769,270	(4,316,132)
10. Provisions for risks	608,743	556,590	596,671	193,740	300,567	163,374
11. Other provisions	274,494	77,045	12,678	770,670	299,199	845,395
12. Other operating expenses	1,818,399	1,417,682	1,326,693	1,189,327	1,467,618	1,596,959
GROSS ADDED VALUE (A-B)	258,608,289	165,567,542	180,837,597	191,582,331	229,826,121	240,653,248
+/- Accessory and extraordinary components	1,333,101	9,452,166	7,391,404	2,691,404	(6,306,693)	4,431,631
TOTAL GROSS VALUE ADDED	259,941,390	175,019,708	188,229,001	194,273,735	223,519,428	245,084,879
- Depreciation	45,802,777	40,354,553	39,898,717	39,536,412	40,034,852	38,805,292
TOTAL NET VALUE ADDED	214,138,613	134,665,154	148,330,284	154,737,323	183,484,576	206,279,587

Table 8 - STANDARD STATEMENT OF ADDED VALUE DISTRIBUTION

ITEMS	31.12.11	31.12.12	31.12.13	31.12.14	31.12.15	31.12.16
A) REMUNERATION OF STAFF	135,248,268	125,555,174	125,609,007	123,704,018	130,196,142	133,120,351
Non-employees	9,262,665	7,754,774	7,105,875	7,084,606	7,397,897	5,685,474
Employees	125,985,603	117,800,399	118,503,133	116,619,412	122,798,245	127,434,878
a) direct remuneration	1,027,691	93,222,882	94,145,149	92,535,618	97,595,292	101,559,121
b) indirect remuneration	24,857,911	24,577,518	24,357,984	24,083,794	25,202,953	25,875,757
B) REMUNERATION OF PUBLIC ADMINISTRATION	21,532,299	850,964	8,684,808	8,483,021	16,404,674	19,185,700
a) Current taxes	19,734,728	7,769,973	9,086,287	9,884,968	20,781,715	19,982,948
Direct taxes	16,195,585	3,900,136	5,502,499	6,478,651	17,127,826	16,337,995
Indirect taxes	3,539,143	3,869,838	3,583,788	3,406,317	3,653,889	3,644,953
b) Deferred taxes	2,174,722	-6,661,576	-192,309	-495,439	-3,973,424	-230,889
c) Grants for operating expenses	-377,150	-257,433	-209,169	-906,508	-403,618	-566,360
C) REMUNERATION OF CREDIT CAPITAL	14,613,318	14,639,795	12,281,414	9,433,626	6,081,958	3,366,290
Charges for short-term capital assets	14,613,318	14,639,795	12,281,414	9,433,626	6,081,958	3,366,290
Deferred charges for long-term capital assets						
D) REMUNERATION OF RISK CAPITAL	10,020,000	0	0	4,020,000	4,020,000	9,000,000
Dividends (income distributed to shareholders)	10,020,000	0	0	4,020,000	4,020,000	9,000,000
E) REMUNERATION OF THE COMPANY	32,287,918	-6,804,896	1,373,988	8,659,933	26,252,265	41,044,229
+/- changes in reserves	32,287,918	-6,804,896	1,373,988	8,659,933	26,252,265	41,044,229
F) EXTERNAL DONATIONS	436,810	424,117	381,067	436,725	529,538	563,016
TOTAL NET VALUE ADDED	214,138,613	134,665,154	148,330,284	154,737,323	183,484,576	206,279,587

Focus on:

RadiciGroup's own equity amounts to 413 million euros, whilst that of third parties amounts to 154 million euros.

155 million euros: in investments to support the competitiveness of the Group's companies in the 5 years of 2012-2016. Out of this, **53 million invested specifically in 2016** (also includes the 2 million euros in environmental investments listed below).

2 million euros: in environmental investments carried out in 2016 used for the introduction of Best Available Techniques, striving for energy efficiency, battling emissions, funding R&D activity in limited impact processes and products.

2.5 million euros: cost of environmental management and protection (cost of certifications, waste manage-

ment, water treatment etc.) for the Italian companies. In environmental and economic terms, the relation between total primary energy and added value is very interesting [Table 9](#)

This indicator, and subsequent extensions to water, emission and waste, expresses the ratio between resources withdrawn and how much is returned in terms of added value by RadiciGroup.

For the Group, alongside the growth of added value in past few years there has also been an overall reduction in the usage of resources, which makes it a "positive" ratio. [Table 10](#)

G4-EN5 INDICATOR

Table 9 TOTAL PRIMARY ENERGY (DIRECT AND INDIRECT) COMPARED TO THE TOTAL NET ADDED VALUE

		2011	2012	2013	2014	2015	2016
GJ	Total Primary Energy G4-EN3	7,678,029	7,424,198	7,176,375	6,587,001	6,369,900	6,233,316
€	Total net value added	214,138,613	134,665,154	148,330,284	154,737,323	183,484,576	206,279,587
GJ/€		0.036	0.055	0.048	0.043	0.035	0.030

Table 10

		2011	2012	2013	2014	2015	2016
m ³ /€	Water Resources (G4-EN8 indicator) compared to the added value	0.43	0.63	0.58	0.59	0.48	0.43
Kg/€	Waste subject to disposal without recovery (G4-EN23 indicator) compared to added value	0.019	0.031	0.031	0.025	0.021	0.020
KgCO ₂ .eq/€	Total emissions into the atmosphere (G4-EN15 and G4-EN16 indicators) compared to added value	4.7	5.9	4.6	3.3	2.9	2.4

DIRECT AND INDIRECT TAXATION BY COUNTRY

Taxes and duties were equal to 20 million euros of which direct taxation made up 16.3 million euros and indirect 3.7 million euros. [Table 11](#)

In particular the direct taxation includes:

- 2 million euros in regional taxes on productive activity (IRAP) for the Italian Companies
- 8 million euros in income taxes for Italian companies (IRES)
- 6 million euros in income taxes of the companies outside of Italy.

The following is a geographical breakdown of the taxes imposed on RadiciGroup.

Table 11

COUNTRY	Euro
ARGENTINA	-
BRAZIL	484,687
CHINA	1,860,346
GERMANY	2,433,977
INDIA	156,207
ENGLAND	-
ITALY	10,318,848
MEXICO	-
THE NETHERLANDS	-
CZECH REPUBLIC	8,177
ROMANIA	471,448
SPAIN	-
SWITZERLAND	16,236
HUNGARY	4,280
USA	583,790
TOTAL	16,337,995

THE COMFORT FIBRES AREA INVESTS IN THE TWO-YEAR PERIOD 2016-2017 FOR THE MODERNISATION OF THE PLANTS

Every year in the group there is renewed attention and work in improving the efficiency of the plants, lowering environmental impact and improving safety. All of this through investments spread throughout the various areas and operating sites and based on a policy to guarantee competitiveness and sustainability.

In the Comfort Fibres area, for example, there was a decisive investment in the modernisation of the service plants through the installation of water coolers and variable speed air compressors with improved energetic efficiency. Again, working in energy, in the Villa D' Ognà and Ardesio sites the complete transition to fluorescent LED lighting (or energetically equivalent lighting products) is almost complete, able to guarantee an equal performance with considerable savings.

At the Chignolo d'Isola site there has been a re-vamping of part of the compressor and dryer room, in order to streamline the production costs of the compressed air used in the production cycle for textured yarn. Two new centrifugal compressors were installed which are better calibrated to the factory's needs, demonstrating a better performance. In addition, the dryers that operate inside of the compression room were replaced with cooling circuit units with better energy performances.

SPECIALTY CHEMICALS BUSINESS AREA – GENERAL CONTEXT ¹

The Specialty Chemicals area is present in the intermediates and polymers sector for the plastics industry, through the production of adipic acid, used in the production of 6.6 polyamides, polyurethanes and plasticisers. The 6.6 Polyamide and the relative copolymers are widely used in the textile, compounds, moulding and extrusion sectors. The introduction to the range of products of the PA6.10 and PA 6.12 long chain polymers has been positive in the markets for compounds and injection moulding (for manufactured goods and even in the textiles industry).

The Speciality Chemicals area is one of the most qualified international producers of chemical intermediates and polyamides and is aware of its significant role in the market, in economic development and in the well-being of the people who work for RadiciGroup and the communities in which it is present.

From a legislative point of view the BA has implemented all of the most important new features that in recent years have notably increased the pressure on environment and safety aspects. The arrival of the new ISO 9001 and 14001 regulations in 2015 has allowed for the start of a complete review process of the Integrated Management Systems in order to simplify, where possible, the bureaucracy or to evaluate whether computer systems can be used. Given the sensitivity of the chemical sector, particular attention is paid to the publication of potential new BAT conclusions (European Union updates on the best techniques available on the market) to stay on a high technical level.

There is ever more focus on products from renewable resources and with an environmental footprint which is thought to be lower than traditional processes. The BA has conducted and kept the LCA (Life Cycle Assessment) study updated which has been carried out to find out the Product Environmental Footprint of all the main products.

Studies are also underway looking at the processes for obtaining polyamides from renewably resourced monomers.

TREND

The area hasn't changed its competitive position among the global producers of Adipic Acid, and is among the few European producers using an integrated process for the 6.6 Polymer.

The macroeconomic scenario in the second half of the year was punctuated by certain events which altered the general growth prospects, leaving the predictions open about their effects in the future; in particular this relates to the outcome of the Brexit referendum, the election of Trump as President of the United States, the end-of-year agreement between the OPEC members in reducing the extraction of oil and the increase on interest rates on the American markets.

The results of the period in the Area's two key product areas highlight, with respect to 2015, the opposing trend in volumes and average prices. In terms of volume there was an increase in Polymers, although the unavailability of some raw materials in the third quarter limited the productive output, whilst for adipic acid there was substantial stability.

Conversely, in terms of average prices, the variation was negative for both the areas, affected by the lower prices of raw materials and by the level of competitiveness which drove the reduction of these prices; in comparison with the previous year the contribution of high added value polymers to the economic results was almost unidentifiable, the sales volume of which was limited to a non-industrial scale consumption.

The situation in the first quarter of 2017 is a lot more favourable, by making best use of the tension on demand both on the European market and with strengthening of exports; also, the use of the productive capacity has grown considerably compared with the year before, to keep up with constantly high monthly demand.

PERFORMANCE PLASTICS BUSINESS AREA – GENERAL CONTEXT ¹

The Performance Plastics area is active in the processing of the 6.6 polyamide bought by the Chemical Area and of the 6 Polyamide almost completely bought by other RadiciGroup Companies thanks to the Group's integrated chain.

These materials are compounded and are mixed with additives such as colours, glass and elastomer fibres, resulting in a wide range of products. Customers are the extrusion and moulding companies, whilst the electrical and electronical, automotive, furnishing and appliances sectors are end-use sectors.

(DMA) In 2016 the Business Area collected the main inputs coming from its own markets, characterised by an extremely dynamic evolution. An across-the-board theme for all the applications of the Performance Plastics' product was the so-called "metal replacement", the substitution of metal parts – whether in cars, in heating/sanitary plants or in industrial applications – with corresponding parts in plastic. A solution which allows for a complete reduction of the environmental impact of the final products, thanks to the low amount of energy used and the far lower emissions linked to the production of plastics compared to metals, with an equal technical performance.

Therefore in 2016 the implementation of these materials continued, characterised by high level mechanical (high rigidity, high toughness) and thermal performance, which are also easily mouldable even in very thin thicknesses, with great aesthetics and high dimensional stability.

These activities regarded both the traditional polyamides as well as bio polyamides.

In 2016 the BA successfully concluded the acquisition of an operating unit in Holland, in addition to the numerous other sites in various parts of the world. A strength in 2016, therefore, was the Business Area structure, focused on international expansion and the specific preparation of its personnel at every level. The management of the development of personnel, above all of the youngest, often includes periods

in the BA's foreign companies, to develop their authority and capacity to embrace multiculturalism as a strategic asset in personal and company growth.

The flexibility and ability to integrate in the management systems from other places has always characterised this RadiciGroup BA which makes cultural and career development diversity a key element.

TREND

The 2016 fiscal year represents a period of strong achievements. A growth in revenues with respect to the previous year, also with an increase in margins despite the remaining strong tensions on the market and uncertain consumption, the Area succeeded in increasing its turnover. The good levels of quality, the integration achieved by the companies along with the competitive advantages created over the years such as the service given to the customer in terms of commercial and logistic assistance and technical support in the planning of the product, are the elements of a strategy which in the last three years has particularly rewarded the Area's efforts.

All the sites have optimised their productive capacity according to market demands; in the German site the installation of a new line of compounds has been completed to meet the growth in European volumes.

In the month of October 2016, the Area held a key role in a strategic operation alongside its competitor Invista. Radici Novacips S.p.A signed an Asset Purchase Agreement with Invista for the acquisition of the assets, warehouse and customer contracts for the American and European markets. This operation significantly grew the Area's production capacity, as well as providing contacts and commercial relations with new customers. This operation, although technically only evident on the reports for Radici Plastics USA and Radici Plastics GMBH, has had positive repercussions for all the Area's companies.

Both in 2016 and in 2017 there have been notable efforts in innovation: the development of new poly materials different from the PA6 and 6.6 and with high value technical characteristics was the guiding factor in the work of Research and Development.

SYNTHETIC FIBRES AND NONWOVENS ¹

BUSINESS AREA

The following Business Lines are part of this Business Area:

Table 12

COMFORT FIBRES	B.L. POLYAMIDE
	B.L. POLYAMIDE BRAZIL
	B.L. POLYESTER
	B.L. ACRYLIC
PERFORMANCE YARN	B.L. FLOOR COVERING&INDUSTRIAL
EXTRUSION YARN	B.L. SPUNBOND (Dylar®)
	B.L. SPECIALTY (Radigreen®)

COMFORT FIBRES BUSINESS AREA, GENERAL CONTEXT ¹

The BA is active in the production sector of polymers and staple fibres in PA6, polyamide 6, 6.6 and 6.10 yarn; as well as virgin and recycled polyester yarn, used mainly in the clothing, furniture and car interior markets.

(DMA) - The Comfort Fibres Business Area currently operates in a mature market, strongly orientated to costs and populated by important players that apply significant pressure across the entire supply chain. This together with a now structural reduced visibility in terms of its demand and direction placed the BA in front of some complex challenges in 2016.

The first of these was the need to implement an increasing degree of flexibility to be reactive in satisfying all Customer needs, given the procedural constraints, plant constraints and geographical distance of productive sites. The transition of the production and sales of significant volumes to small batches and the speed required by the Customer's demands alongside the constant comparison with what is offered by the regional and Asian com-

petition, demonstrates the potential critical issues in terms of costs. However, it does offer the opportunity to present oneself to the market with solutions which combine a universally recognised know how with a renewed capacity to offer a highly efficient service, suited to the Customer's daily needs.

From this point of view the Business Area has continued to consolidate its position of absolute importance in Europe above all regarding time to market, or the capacity to quickly transform an idea into the final product for the market.

The challenge of adding the innovations introduced across the whole chain was taken on by the Comfort Fibres' companies through numerous proactive partnerships with key customers. Together they worked to develop bio polyamide products and items for the world of High Performance – Engineered Textiles.

The internal context of the BA has seen the constant updating of skills and the implementation of effective social sustainability solutions, the response to the progressive aging of the companies' population and to the simultaneous need to safeguard employment. The growth of

positive relations with local schools, also maintained in 2016 with on-site internships, has gone in the direction of preparing a generational replacement managed jointly by the Company, the Schooling Institutions and the Local Communities.

TREND

Polyamide Business Line

Over the course of 2016 the Business Line mainly generated revenue in Italy (48%) and the EU/EFTA (34%) area. These markets, however, have reached a certain stability in demand. In light of this, the repositioning of sales and the diversification of products has been reinforced and continued, in order to contain the physiological reduction of the commodities demand, and in general, to develop items of greater value, less susceptible to attacks from competition.

Over the course of the year, this allowed the achievement of an adequate level of gross revenue, although lower than in 2015, and a good use of the production plants.

The competition was aggressive, both from traditional operators as well as those from outside of Europe, which often have adopted commercial practices aimed at sacrificing the sales price in favour of earning more of a market share. In some sectors, the increase in production capacity by some operators has raised the competitive threshold.

The economic result reached by the Business Unit is greater than both the Budget forecast as well as the result for the previous year. This, relative to the difficult situation in the market, reflects an overall good commercial, product and management performance for all the Companies in the boundary.

The final part of 2016 demonstrated a surge in costs of primary raw materials which was difficult to transfer to the Customers. At the same time, however, demand markers appear comforting and will enable the running of the production plans at a higher level of saturation mitiga-

ting, if only partially, the effects of the lack of growth in sales prices.

Polyamide Brazil Business Line

2016 was once again a year of deep economic recession in Brazil. GDP fell by 3.6% in the two years of 2015-2016, the worst performance in the history of the country.

The reasons behind this new recession are in full continuity with those of the previous year. A downturn in demand in China, Brazil's main trade partner, the fall in the demand for mineral raw materials and agricultural products – of which Brazil is one of the main global producers – was mirrored by a collapse in domestic consumption. These represent some of the extremely worrying economic results in the country.

In a similar and complex scenario the Business Unit, in 2016, showed a slight improvement in revenue and thanks to the turnaround process started in 2015, continued intensely during the year and was sustained by important industrial investments. It therefore closed the financial year of 2016, after some difficult years, with a positive gross operating margin for the part in activities related to the production of polyamides. This will be the starting point for a significant improvement in the economic performance in 2017 as forecast in the budget.

The economic projections for Brazil in 2017 are encouraging although not yet supported by solid structural foundations: The Business Unit has therefore forecast the 2017 budget with improvements compared to the previous financial year, both in terms of revenue and in terms of operating margin. The results of the first quarter are confirming this projection and the continued implementation of the industrial reorganisation plan, the optimisation of the efficient usage of the plants and the adoption of adequate investments are building a robust foundation from which it will be able to fully reach its objectives.

Polyester Business Line

Over the course of 2016 the Business Line mainly generated revenues in Italy (48%) and in the European Union (33%).

With the persistence of a weak economic climate in terms of demand, throughout 2016 the BA confirmed, with a wide range of products, the same sales volume as the year before, with the exception of sales in Turkey in which there was a decrease linked to the economic-political difficulties in the country at the moment.

The products defined as “commodities” have found themselves in increasing difficulty, continuing to show significant annual decline. Over the course of 2016, the effort in maintaining an adequate level of revenue was therefore increased, so as to ensure full saturation of the production plants favouring, as much as possible, the sale of products with greater margins.

Furthermore, to mitigate the effects of the sale of commodities, an important activity in repositioning products and refurbishing some productive plants – in particular at the Stabio Operating Unit – was carried out, in order to create niche products by making use of the technical and applicative know-how that the organisation holds.

As for other petrochemical products, at the end of 2016, there was a sudden rise in costs of the raw materials used. This required quick commercial action to transfer the growth to the sale price of the products.

In light of what is described above, the total economic result for 2016, in terms of operating margin, is much less than that of the previous year but it reflects, however, a positive performance in light of the fall in revenues.

Currently, the demand for the first quarter of 2017 seems to be rising which should mean the facilitation of the change of sales prices. It will continue anyway with determination in the development and sale of niche products, moving its position towards areas of excellence and high added value.

Acrylic Business Line

This Business Line is linked to the processing and marketing of acrylic fibres mainly for use in clothing.

Although in a difficult macroeconomic context, with the Argentinian economy in the depths of a strong recession

and with a decrease in the synthetic textiles market of 25% compared to in 2015, the Argentinian company Cordons generated a good amount of revenue and managed to keep the same production volume as in 2015.

The key factors in the maintenance of the volume were the particularly severe season and the difficulty in finding substitute products, whilst purchases of raw materials made before the devaluation of the Peso and a general reduction in production costs thanks to the implementation of new investments and a focused policy for reusing packaging materials helped to obtain a good level of revenue, more than in 2015. This favourable situation has also been occurring in the first few months of 2017.

PERFORMANCE YARN BUSINESS AREA – GENERAL CONTEXT ¹

This Area includes the companies that produce, process and market nylon 6 and 66 yarns for carpets, textile flooring, car interiors, airbags and technical uses.

DMA - In the last few years the Performance Yarn Business Area has reached unquestionable leadership in Europe in the nylon yarn market for car floor carpeting, in particular in the premium and luxury areas. The next challenges will be outside the confines of Europe, mainly in China and America. In these areas, the BA intends to become a global player and follow its own Customers where the car interior market offers the best opportunities for growth, with high performance products and a strongly reactive supply chain.

The growth of Human Resources inside the organisation is intended to keep in step with the expansion of the business. For this reason, from now on, the existing staff, many of whom have worked for the company for many years, are joined by some young talent so as to conserve the existing know-how and grow their abilities in line with the new needs of the market. In the same preparatory vain there were also students and interns in different areas of the company in 2016.

In the year considered the activities to improve the operating unit's environmental footprint were also continued. There were numerous BATs introduced, primarily in streamlining the use of resources.

In particular, at Radicifil, there was a new heating system installed with boilers that are more efficient in creating steam, and therefore obtaining the "white certificates". Also at Radicifil the replacement of the compressors resulted in a large reduction in energy consumption. Finally, for water management, improvements were carried out on the purification plants in order to improve the quality of waste water and to manage the water loading points.

TREND

In terms of the sales carried out by the Business Unit, 2016 saw further consolidation of the position of leadership in the solution dyed Polyamide 6 yarn sector for use in car flooring carpet. Still in the automotive field, high strength polyamide 6.6 yarns for the production of airbag fabrics and for tyre reinforcements suffered a decline due to high levels of stock available to the Customers which was not offset by a good performance in sales in the tyre sector.

EXTRUSION YARN BUSINESS AREA – GENERAL CONTEXT ¹

The Business Area is solely represented by Tessiture Pietro Radici S.p.A. which works in the production and marketing in two different product areas: the nonwoven polypropylene fabric "Dylar" and "Radigreen" yarn for synthetic turf primarily made out of polyethylene and polypropylene.

DMA - In 2016 the company Tessiture Pietro Radici celebrated 75 years since its foundation thanks to its reliability and its ability to innovate, which also means it can look forward with confidence.

In the last few years considerable work has been carried out on the product, on the company organisation and above all in the introduction of the Integrated Quality, Safety and Environment Management System. The notable investment of economic and professional resources now shows its positive impact, however, in optimisation of the processes, efficient management of risks, attention to environmental sustainability and propensity for continual improvement as the deeply rooted elements of the company.

In terms of personnel, as a historic part of RadiciGroup, the rising average age of Workers has, for a while now, presented a challenge for the Extrusion BA as well. As in previous years many measures were put in place in 2016 to tackle the situation.

On one side, it has been tackled by automation which allows for the lowering of the need for manual labour. On the other side, considerable work has been carried out in safety in training and the attention towards human resources has been reinforced to guarantee the best balance possible between individual needs and the needs of the company. Finally, the BA has renewed its adherence to the WHP philosophy described in this Report, which promotes a fair and healthy workplace.

SPECIALTY BUSINESS LINE (RADIGREEN®)¹

DMA - The competitive context for artificial turf was once again difficult in 2016. For many years the following trends have been in place:

1. Strong competition from Chinese producers of turf (all integrated with the production of yarn) that has brought about a general lowering of final prices.
2. Consolidation of carpet producing companies and their upstream integration.
3. Partial integration of the main western producer of fibre (Tencate).
4. Movement of the epicentre of fibre production from Europe to the Middle East (lower production costs).

In addition, the market in this area has proved to be particularly attentive to the cost-performance pairing. Where there has been a constant requirement for the reduction in cost, a progressive increase in performance is expected.

This scenario has made efficiency, rational use of resources and innovation absolutely relevant for the Business Area.

RADIGREEN PERFORMANCE

2016 was characterised by two main events. First of all, a stable trend in the price of the raw material (polyethylene), likewise to that of polypropylene described above. In contrast to polypropylene, however, the average price of polyethylene remained practically at the same level in 2016 as it was in 2015.

Secondly, the sales prices rose across all products, as a result of actual price increases, as well as due to a mix of products with more added value. This allowed for the maintenance of margins despite the decline in turnover.

SPUNBOND BUSINESS LINE (DYLAR®)¹

DMA - The Business Line has its nonwovens reference market primarily based in Europe. The competitive arena can be considered as more balanced than for Radigreen, due to similar market constraints and opportunities for all operators in the sector. The challenge, in 2016 as before, was to create products with a perceived and marketable added value, allowing for good margins. In addition to this, actions were carried out in focussing on niches in highly specialised markets, less prone to competition and more favourable in terms of margins. This was made possible by the careful usage of the Production Technology available, making it able to produce objects with uncommon mechanical characteristics.

DYLAR PERFORMANCE

2016 saw prices of the raw material (polypropylene) staying practically at the same level throughout the year. The average price of polypropylene was in fact lower than in the previous financial year by around 11.5%, justifying the drop in turnover.

The sales prices mirrored the pricing trend in raw materials, with a contribution margin that mostly remained constant, in percentage terms of produced value.

The decision, made in the last quarter of 2016, to invest in a new productive capacity in the Dylar area that, over time, will considerably increase amounts available to sell, should be noted.

The production technology which will underpin the new machine will be innovative compared to the current machines, allowing for the production of objects with different technical characteristics, enriching the current products offered by Tessiture.

¹"General Context" described upon indication of the Business Area top management, "Trend" taken from the Directors' Report on the management performance of the Consolidated Financial Statements of Radici Partecipazioni SpA of 31 December 2016

RESEARCH AND DEVELOPMENT PROJECTS

DMA - Research and Development activities were highlighted in the 2016 Materiality Matrix as a significant topic.

Numerous projects were conducted in the individual business areas or across-the-board throughout the Group, to improve the performance of existing products or to respond to the needs of Customers with a larger portfolio. The emerging needs and demands, also reported in the part of the Report about new trends, have led to the production of innovative products or, as in the case of Eco-design projects, new ways of conceiving products even before they are created.

The guidelines of the R&D projects were, on the one hand, the attention to optimisation of costs and the improvement of quality standards, and on the other, an overall reduction in environmental impact. Working with universities was very important for this as they turned out to be very useful technical partners.

The most significant projects of 2016:

- Eco-design Projects that involved various different RadiciGroup Business Areas.
- Polyamides from renewable resources and their derivatives in the fibres sector and the plastics sector.
- Monomers for polyamides from renewable sources.
- Metal Replacement materials in the plastic materials sector.
- Long chain polyamides project for the plastics sector, for high performance applications.
- Polyamide staple fibres for technical applications.
- CoPolyamides and semi-aromatic polyamides.

100% NYLON – RADICI NYLON DREAM, ECO-DESIGN OF FUTURE MATERIALS AT THE POLITECNICO UNIVERSITY

For a long time RadiciGroup has worked to combine the technical quality of products with their aesthetics, above all for the applications in the fashion and furnishing sectors. In the last few years this has been joined by a particular dedication to recycling which has seen the group work with technical and scientific partners and customers in defining specific formulation that makes a product able to be recycled mechanically at the end of its life in order to produce other products.

From this idea, the partnership with the Politecnico di Milano in “100% Nylon – Radici Nylon Dream” was born, an ideas workshop coordinated by Francisco Gomez Paz – Argentinian designer and project planner of international fame – with the active participation of Enrico Baleri, entrepreneur, designer and project planner from Bergamo.

A workshop which was carried out between the 21st and 25th of November 2016 at the Politecnico di Milano as a curricular activity for final year students, in the Innovative Product Design course of the Politecnico di Milano School of Design.

The aim of the workshop was the creation of product concepts able to make the best use of Nylon with respect to other apparently similar materials, but with completely different technical and aesthetic properties.

The result was a good 15 projects conceived by the students in creating objects for lighting to kitchen utensils, from seating to sporting items, all 100% nylon. A common factor, other than being made from nylon, was the fact that they were conceived with eco-design in mind, therefore involving chemical formulations and characteristics that make them suited to primary use but also, with relative ease, to post consumption recycling.

**THE QUALITY AND INNOVATION OF RADICI
PLASTICS PRODUCTS WAS AWARDED IN 2016**

After numerous awards attributed to other companies of the Performance Plastics Business Area, in 2016 it was the turn of the Brazilian company Radici Plastics Ltd, which received the “Destaque de Qualidade” quality award. The recognition was given by the customer company Tecfil – producer of fuel filters and a market leader in Latin America. Among the reasons for receiving the award, Tecfil underlined its appreciation of the quality and excellence in the supply of innovative engineering plastics and an accurate and continual service in monitoring the processes.

This was an important award for Radici Plastics Ltd that demonstrates its capacity in following the customer along all the phases of the process, from planning to creation of the final product. Together with Tecfil’s engineering department, Radici Plastics managed to find a tailor-made solution by creating two products branded as Radilon® able to improve the overall performance of the fuel filters. The Radilon® range is made out of engineering plastics that offer better resistance at high temperatures (even up to 230° for Radilon® XTreme), reinforced materials for metal replacement and long chain polyamides.

RISK MAPPING

STANDARD DISCLOSURES G4-2

Alongside the evaluation of the risks and opportunities for creating the Materiality Matrix, already shown in this Report, there is an annual analysis of the economic and financial risks.

Other types of risk, for example relating to climate change or to catastrophic events are not currently deemed

significant and therefore are not the subject of specific plans.

Group activity is exposed to various types of financial risks, including changes in interest rates, exchange rates and prices, as well as liquidity and cash-flow risks. To mitigate these risks and to optimise the costs of management and dedicated resources, risk management operations are centralised under Radici Partecipazioni S.p.A. Consequently, the Holding Company deals directly with the market to support the subsidiaries.

Furthermore, the following factors are highlighted for risk management objectives and policies:

Risks related to competitiveness:


There are many external risk factors that must be considered in achieving turnover and consequently profitability. In this context the main risk that the Group faces relates to competitiveness, as the main markets in which it operates are sensitive to price levels. Risk is tackled by leveraging the high level of product quality, long recognised by customers, to counteract price movements from competitors.

Credit risks/Solvency risk:

Credit risk is contained. The Group is not characterised by excessive concentrations of customers. However, even this is constantly monitored and analysed by a dedicated team, to promptly implement any actions needed to minimise possible adverse events. Solvency risk, for many customers, is covered through insurance policies.

In conclusion, with constant supervision of administration, finance and control processes, the risks to which the business activities of RadiciGroup are exposed are not considered to be higher than those physiologically related to the overall risk of the business.

Furthermore, the stability and reliability of the relations between the Group and its customers and the market also minimise external risks, while monitoring the potential consequences of the market situation remains necessary.



*DIFFERENT SKIN COLOURS
ARE ILL-SUITED TO
PREJUDICE BECAUSE
WHEN YOU LOOK
BEYOND THE COLOUR
YOU UNDERSTAND THE
GREATNESS OF MANKIND*

INTERNAL STAKEHOLDERS

MAPPING THE CONTEXT OF RADICIGROUP IN RELATION TO STAKEHOLDER EXPECTATIONS AND RELATED RISKS

Table 13

STAKEHOLDERS	LEGITIMATE STAKEHOLDER EXPECTATIONS	RADICIGROUP RESPONSES	RISKS FOR RADICIGROUP*
SHAREHOLDERS	<ul style="list-style-type: none"> • Return on invested capital • Business profitability • Increased intangible value 	<ul style="list-style-type: none"> • Strategic plan and relative Budget • Management system • Acquisitions • Reorganisation 	<ul style="list-style-type: none"> • Market Risks (SR) • Financial Deficit (FR) • Reputational Risk (RR)
WORKERS	<ul style="list-style-type: none"> • Ethical work relationship • Stable work relationship • Health and safety • Proper remuneration • Career path • Training 	<ul style="list-style-type: none"> • Respect for obligations • RadiciGroup Code of Ethics • Various RadiciGroup policies 	<ul style="list-style-type: none"> • Demotivation (RR+OR+FR) • Non-alignment (OR) • Absenteeism (OR) • Corruption (RR+FR+PR) • Fraud (RR+FR+PR) • Reputational Risk (RR)
GROUP COMPANIES	<ul style="list-style-type: none"> • Compliant products and/or services • Correctness and transparency in relationship • Collaboration and closeness 	<ul style="list-style-type: none"> • Guidelines and Procedures • Assistance and consulting • Networks • Synergies • Knowledge sharing 	<ul style="list-style-type: none"> • Misalignment of policies between Holding Company and subsidiaries (OR) • Reputational Risk (RR)

*** CAPTION**

RR - REPUTATIONAL RISK
 OR - OPERATIONAL RISK
 PR - PURE RISK
 SR - STRATEGIC RISK
 FR - FINANCIAL RISK

	RISK MITIGATION	OPPORTUNITIES FOR RADIGROUP	ENGAGEMENT
	<ul style="list-style-type: none"> • Risk Prevention and Response Actions • Control Activity • Vigilant MKT and Communication Policy 	<ul style="list-style-type: none"> • Business continuity and profitability 	<ul style="list-style-type: none"> • Daily involvement in strategic operations • Communication
	<ul style="list-style-type: none"> • Code of Ethics • RadiciGroup Human Resources Policy • MBO and Benefits • Career management • Engagement • Active training 	<ul style="list-style-type: none"> • Trust • Motivation • Efficiency 	<ul style="list-style-type: none"> • Internal communication • Engagement • Ad hoc events • MBO and benefits • WHP
	<ul style="list-style-type: none"> • Integrated Management System • Across-the-board work projects and groups • Coordination activities 	<ul style="list-style-type: none"> • Synergies • Optimisation • Business opportunities 	<ul style="list-style-type: none"> • Networking and business meetings • Transversal teams • Knowledge sharing • Communication

SHAREHOLDERS

STANDARD DISCLOSURES G4-7 and 34

The organisational model chosen by RadiciGroup is a based on direct management control by the Radici family. The Radici family owns the entire Group shares, and it directs the strategic choices in cooperation with the Board of Directors. Angelo, Maurizio and Paolo Radici, in their capacities as President, Vice President and Director supervise business performance daily and operationally.

The involvement of Stakeholders in the management of the Group takes place through direct control exercised over Corporate functions and Business Areas (for this see the organisational chart) and through all systems involving Top Management envisaged by the Integrated Certification systems.

BOARD OF DIRECTORS

STANDARD DISCLOSURES G4-7

The parent company Radici Partecipazioni S.p.A directs and coordinates the activities of all the subsidiaries in the chemical, plastics, synthetic fibres and nonwovens fabrics sectors according to guidelines established by the Board of Directors. Some centralised services for subsidiaries are also provided through the corporate functions (see the organisational chart). Radici Partecipazioni is controlled entirely by the Holding Radicifin S.A.p.A.

The bodies which the holding company uses for administration and control are the Board of Directors, with strategic and administrative functions, and the Board of Statutory Auditors. The latter is composed of three members, appointed for 3 years with administrative control functions. The Board of Directors remains in office for 1 year and consists of 7 members. Its members are majority Shareholders together with directors who bring specific economic and financial, administrative and legal expertise.

The production and commercial activities of the Group are entrusted to the operational organisation that, on the

mandate of the Board of Directors, implements the Group business plan. Defined according to the type of production or technological process, the business areas are each coordinated by a manager appointed by the Board of Directors of Radici Partecipazioni. The Business Area Managers sometimes also play the role of managing director of their respective companies, within the limits of ordinary administration.

Through regular alignment meetings, the BA Managers dialogue with the Board of Directors and the owners on the results of the different companies, as well as on problems and opportunities which gradually emerge in their respective business.

THE ETHICS COMMITTEE

STANDARD DISCLOSURES G4-37

On input from the Shareholders and the Board of Directors, this is responsible for applying the Code of Ethics in addition to raising awareness of sustainability issues. The Ethics Committee is composed of:

- one Director representing the Board of Directors of the Holding Company who chairs the Committee;
- The Chairman of the Board of Auditors of the Holding Company;
- The heads of the corporate functions Human Resources, Legal-Credit, Marketing and Sustainability.

In 2016 the Committee met to discuss the adoption and dissemination of Supplier and Customer Codes of Conduct, covered previously in the Report. It also dealt with a reflection on the adequacy in the current context of company Vision, Mission and Values. From this reflection came ideas for a review scheduled for 2017.

The Committee also confirmed the importance of adjusting management systems of Italian companies to the Organisational Model of Italian Law 231, implemented by Radici Chimica S.p.A. the first company in the Group to achieve this goal.

WORKERS

STANDARD DISCLOSURES G4-10 and 11

All data on Workers broken down by type of contract, gender, geographic area and classification are covered in the chapter relating to LA indicators, similar to the data related to the type of contracts currently in place within the Group.

INTERNAL STAKEHOLDERS ENGAGEMENT PROJECTS

STANDARD DISCLOSURES G4-26

ALL INTERNAL STAKEHOLDERS, IN PARTICULAR
SHAREHOLDERS

Focus on: understanding the processes through which sustainability is substantiated at each level of the Group

IMPLEMENTATION AND APPLICATION OF
GOVERNANCE FOR SUSTAINABILITY

STANDARD DISCLOSURES G4-35 and 37

Procedure “PR 08 – Management Approach for Sustainable Development”, applied from 2015 to all Group entities and signed by Vice Chairman Maurizio Radici, was revised in both 2016 and 2017:

The aim is to provide shareholders, the Board of Directors and managers of RadiciGroup tools to monitor and analyse the context relating to Corporate Social Responsibility (CSR) in which the Company operates. This is to be able to operate better in a synergistic and integrated way with the policies and the management systems of RadiciGroup.

The purpose of (...) the procedure is also to define the processes for the management, collection, measurement and reprocessing of performance data and development of improvement

plans in the framework of the sustainable development project called: “RadiciGroup for Sustainability”

An important change formalised by the revised procedure is the processing system of the Group’s external and internal environment, which is an essential element for evaluating tangible themes. The context was processed consistently with ISO 9001:2015.

The procedure also illustrates the role that each of the Group’s function must follow. Definition of the sustainability strategy, ranging from the Vision to the RadiciGroup business plan, is only feasible through a multifunctional approach which involves top management, the GRI Coordination Group and all the different RadiciGroup sites. Implementation of the efforts and achieving the results cannot exclude anyone in the Group.

ALL INTERNAL STAKEHOLDERS, IN PARTICULAR
THE COMPANIES

Focus on: awareness of the importance of solid organisational systems, adhering to continuous improvement and sustainability rooted in everyday activities

THE QUALITY, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM AND ITS POLICY

DMA - GROUP POLICY FOR QUALITY, ENVIRONMENT, HEALTH AND SAFETY

RadiciGroup proposes the “diligent observance of regulations in matters of environmental protection, health and safety of workers and the prevention of harmful events at the expense of products and production processes. For this purpose, RadiciGroup adopts, for its companies, Management Systems for Quality, Environment and Energy and Health and Safety properly certified by accredited

Bodies and based on well-defined procedures understood at all organizational levels. Added to this is an action of continuous improvement of these Systems in accordance with technical progress, scientific knowledge and market demands”.

An integrated vision of objectives, instruments and resources in service of sustainability. A unified concept of all RadiciGroup companies that strengthens common objectives, encourages knowledge sharing and enhances the uniqueness of the different sites. A concrete and measurable commitment for the protection of environmental quality and safety. These are the key points which the Quality Safety and Environment management system, coordinated by the Quality & Processes Corporate Function, expresses through the Policy. Signed by the President and Vice President of the Group and revised in 2017, it was distributed in all the Businesses as a manifesto and is detailed in this Report.

CERTIFICATION OF THE HOLDING COMPANY AND THE CERTIFICATION PATH FOR GROUP COMPANIES

“For an organisation the adoption of a quality management system is a strategic decision that can help to improve its overall performance and constitute a solid foundation for sustainable development initiatives”

Radici Partecipazioni obtained ISO 9001:2015 certification for its quality management system in the first half of 2016. The first Group company to be certified under the new version of this standard, the holding company therefore has a system that is fully integrated with its business strategies, and is capable of supporting and directing the associate companies in choosing a similar path.

The 2015 version of the ISO 9001 standard particularly focuses on the concept of Risk Based Thinking, requiring organisations to implement plans based on awareness of

the operation context, on the needs of relevant interlocutors, on processes and on their being aimed at the achievement of the objectives. An approach that favours continuous, sustainable and lasting improvement precisely because it is consistent with the operation context and in line with the expectations of Stakeholders.

Alongside this goal of the Holding, the different RadiciGroup operational sites in 2016 also continued the journey of certification in the areas of quality, safety and energy.

Table 14

The Group pursues another important pathway, one that is leading more and more companies in every part of the world to certification under ISO 14001, the international standard for environmental management systems. The fundamental element of the standard is environmental analysis aimed at preventing and mitigating impacts, the sustainable use of resources, adaptation to climate change and the protection of biodiversity and ecosystems linked to each individual site. The wealth of know-how on these issues that is forming in the Group is interesting, given the variety of geographical and climatic conditions at the production sites in 3 different continents (Europe, Asia and the Americas).

Some of the specific measures taken by the Group involve the protection of mountain fish species, amphibians or protected bird species. In particular, as regards the historical holdings of RadiciGroup in Italy, these are sites with potentially major impacts for which various regional and local authorities monitor emissions, the preservation of forests, water quality for the presence of pollutants, temperature levels and the minimum water flow necessary for the protection of flora and fauna.

The steps that the ISO 14001 standard provides for in terms of communication with Stakeholders ensure that these are also made more aware of the context in which they live or work and are informed as to what each company in the Group will implement for the protection of the environment and resources.

*HE WHO LOVES YOU DOES
NOT TRY YOU CHANGE YOU*

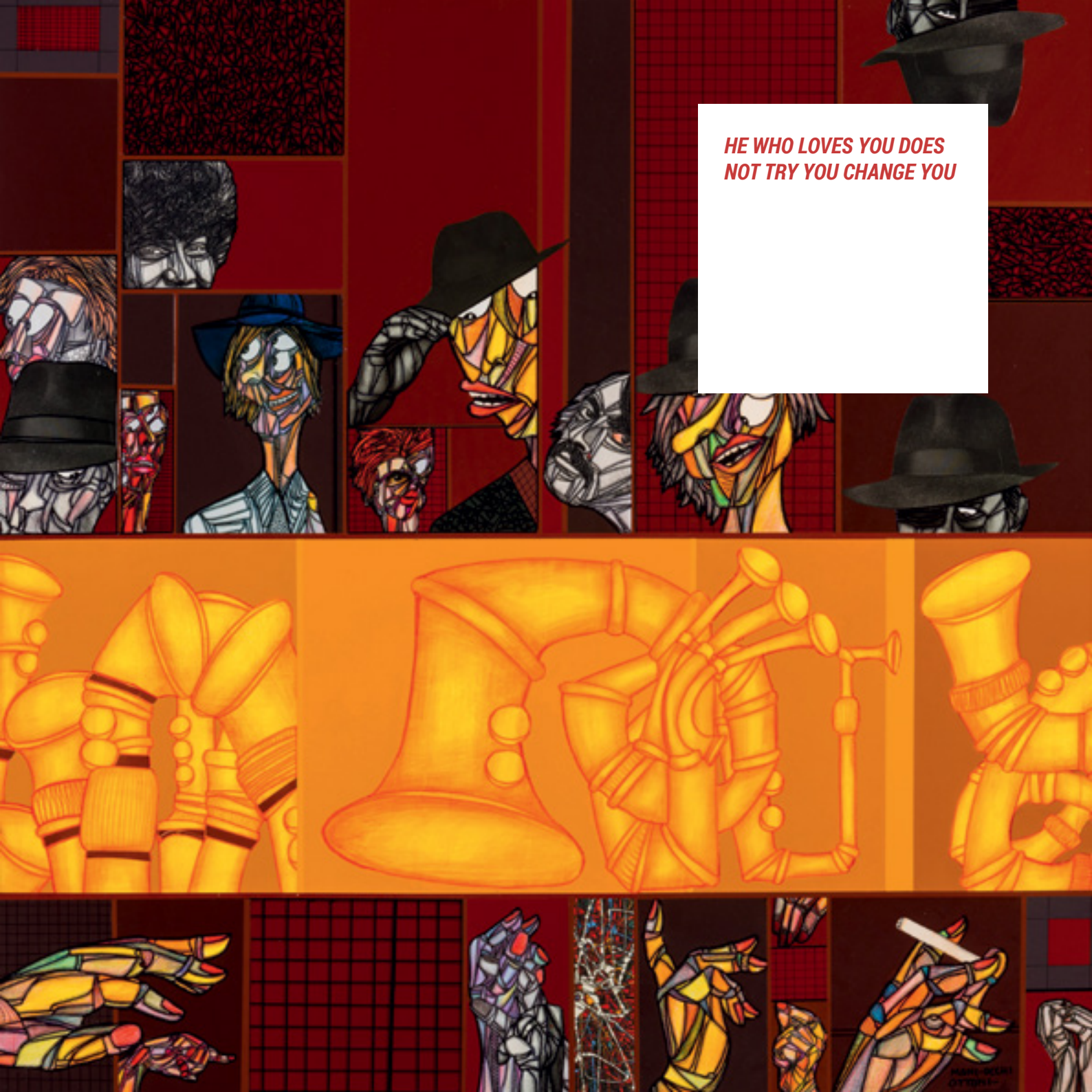


TABLE OF RADICIGROUP CERTIFICATIONS*

RADICIGROUP SITE	industry code	ISO 9001:2015	ISO 9001:2008	ISO/TS 16949:2009	ISO 14001:2015	ISO 14001:2004	OHSAS 18001:2007	ISO 50001:2011
CORPORATE								
RADICI PARTECIPAZIONI S.p.A.	EA 35	★						
SYNTHETIC FIBRES & NONWOVENS								
RADICI FIL S.p.A.	EA 04		✓			✓	✓	★
LOGIT Sro	IAF 4	☀				☀	✓	✓
RADICI YARN S.p.A. – Villa d'Ogna	EA 04		✓			✓	☀	☀
RADICI YARN S.p.A. – Ardesio	EA 04		✓		★		☀	☀
SC YARNEA Srl	EA 04		✓			✓	✓	☀
RADICI CHEMIEFASER GmbH	EA 04							✓
RADICIFIBRAS Ltda	EA 04		✓					
NOYFIL S.p.A. – Chignolo d'Isola	EA 04		✓				✓	
NOYFIL S.p.A. – Andalo Valtellino	EA 04		✓				✓	
NOYFIL SA	IAF 4	☀			★			
CORDONSED S.A.	EA 04							
TESSITURE PIETRO RADICI S.p.A.	EA 04		✓			✓	✓	
PERFORMANCE PLASTICS								
RADICI NOVACIPS S.p.A. – Villa d'Ogna	EA 14		✓	✓		✓	✓	
RADICI NOVACIPS S.p.A. – Chignolo d'Isola	EA 14		✓			✓	✓	
RADICI PLASTICS GmbH	EA 14		✓	✓		✓		✓
RADICI PLASTICS Ltda	EA 14		✓	✓		☀		
RADICI PLASTICS Co. Ltd.	EA 14		✓	✓				
RADICI PLASTICS USA Inc.	EA 14		✓	✓				
RADICI PLASTICS MEXICO S. de R.L.	EA 14		✓					
RADICI PLASTICS B.V.	EA 14		☀	☀		☀		
SPECIALTY CHEMICALS								
RADICI CHIMICA NOVARA S.p.A.	IAF 12	☀				☀	✓	★
RADICI CHIMICA DEUTSCHLAND GmbH	EA 12		✓			✓	✓	✓

*data updated to first semester 2017

CERTIFICATION BODY 9001	CERTIFICATION BODY 16949	CERTIFICATION BODY 14001	CERTIFICATION BODY 18001	CERTIFICATION BODY 50001
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Certiquality

Certiquality Certiquality Certiquality Certiquality

Certiquality Certiquality Certiquality Certiquality

Certiquality Certiquality

Certiquality Certiquality

SRAC Romania SRAC Romania SRAC Romania

DEKRA

Fundação Vanzolini

Certiquality Certiquality

Certiquality Certiquality

Certiquality Certiquality

Certiquality Certiquality Certiquality

Certiquality Certiquality Certiquality Certiquality IIP

Certiquality Certiquality Certiquality

TUV TUV TUV TUV

Bureau Veritas Bureau Veritas Bureau Veritas

TUV TUV

SQA SQA

ABS Quality

DQS DQS DQS

Certiquality Certiquality Certiquality Certiquality

DQS DQS DQS DQS

✔ Certified ⚙ In progress ★ New (2016) 🌟 New (2017) ✓ Change in CB⁶

RADICIGROUP SITE LABELING Radici Chimica S.p.A OEF / PEF (OEF001 and PEF001)
CERTIFICATION BODY Certiquality

RADICIGROUP SITE CERTIFICATION Radici Plastics USA Inc.ISO/IEC 17025:05 (0181.01)
CERTIFICATION BODY A2LA

RADICIGROUP SITE CERTIFICATION Radici Chimica S.p.A AEON – ASTM D6866¹
CERTIFICATION BODY ASTM

RADICIGROUP SITE LABELING Radici Novacips S.p.A PEF (PEF002)
CERTIFICATION BODY Certiquality

RADICIGROUP SITE CERTIFICATION Radici Novacips S.p.A EPD S-P-00554²
CERTIFICATION BODY Certiquality

RADICIGROUP SITE CERTIFICATION Radici Novacips S.p.A EPD S-P-00707³
CERTIFICATION BODY Certiquality

RADICIGROUP SITE CERTIFICATION Radici Novacips S.p.A EPD S-P-00708⁴
CERTIFICATION BODY Certiquality

RADICIGROUP SITE CERTIFICATION Noyfil S.p.A. UNI 11505 – r-STARLIGHT® (P2151)
CERTIFICATION BODY Certiquality

RADICIGROUP SITE CERTIFICATION Noyfil S.p.A. (per 2 sites) UNI 11505 – r-RADYARN® (P2175)
CERTIFICATION BODY Certiquality

RADICIGROUP SITE CERTIFICATION Radicifil S.p.A. EPD S-P-00454⁵
CERTIFICATION BODY Certiquality

¹ for RADIPOL® DC (PA 6.10) and RADIPOL® DX (PA 10.10)

² for RADILON® S (PA6) and RADILON® A (PA6.6)

³ for HERAMID® A (PA6.6)

⁴ for POLYAMIDE SCRAP RECOVERY SERVICE

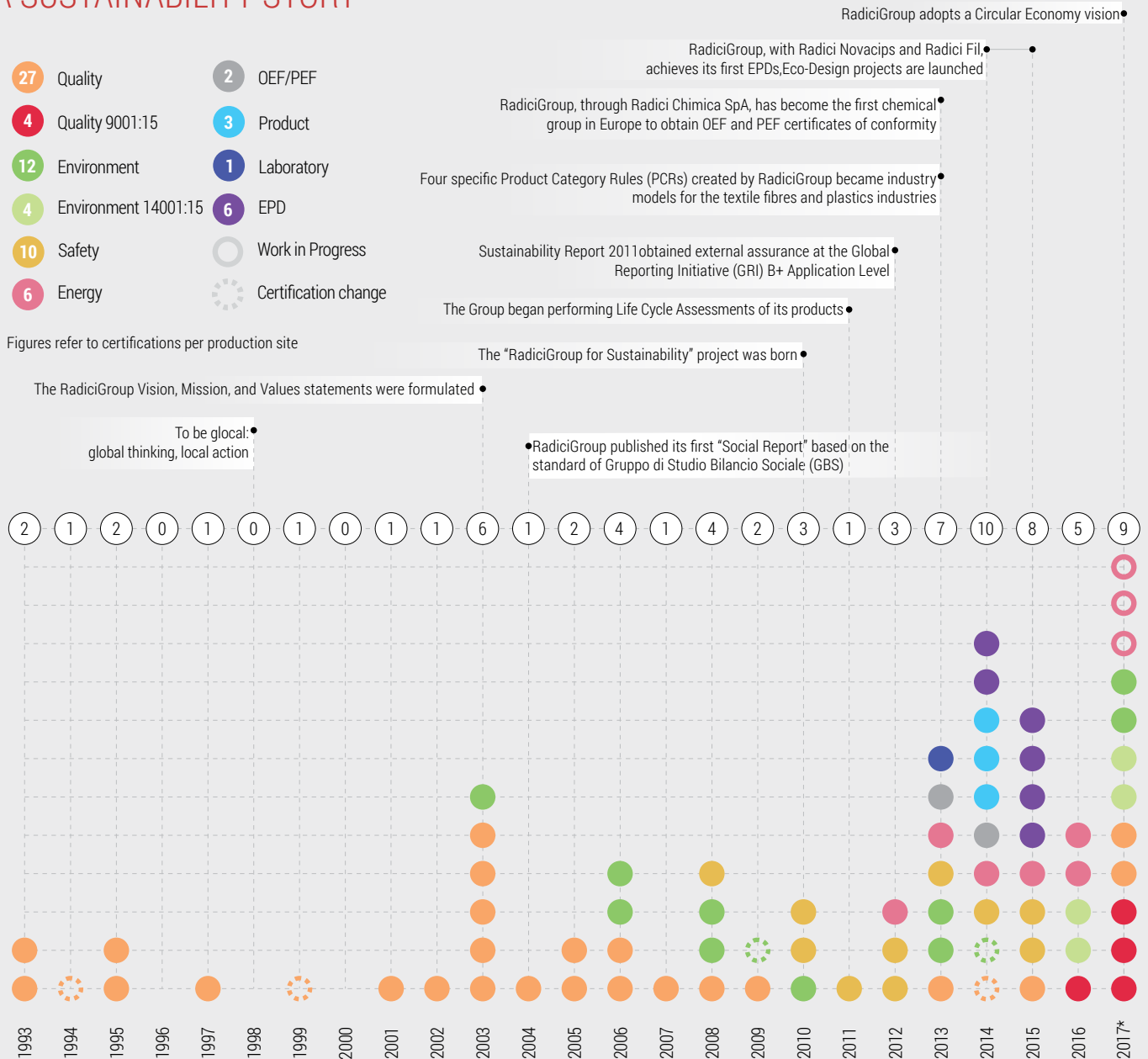
⁵ for Radifloor® (PA 6 and PA6.6)

⁶ Certification Body

A SUSTAINABILITY STORY

- 27 Quality
- 4 Quality 9001:15
- 12 Environment
- 4 Environment 14001:15
- 10 Safety
- 6 Energy
- 2 OEF/PEF
- 3 Product
- 1 Laboratory
- 6 EPD
- Work in Progress
- Certification change

Figures refer to certifications per production site



* data updated to first semester 2017

RADICIGROUP'S COMFORT FIBRES BUSINESS AREA FOCUSES ON TANGIBLE AND CERTIFIED ENVIRONMENTAL SUSTAINABILITY

Two important targets in the field of sustainability were achieved in 2016 by Radici Yarn SpA - Ardesio Operating Unit (Bergamo) - and Noyfil SA of Stabio (Ticino/CH) that were certified for their Environmental Management Systems under ISO 14001:2015

For both these businesses it was a recognition of excellence that testifies to commitment to sustainable management, pursued thanks to the capacity for teamwork that has always characterised the people who work in RadiciGroup companies. For Radici Yarn, the certification recognised the particular efforts in implementing strategic, human and financial resources to assess and mitigate environmental impacts.

For Noyfil, the certification was a landmark in terms of transparency in relationships with the local area and local communities in Canton Ticino, which is particularly attentive to protecting natural resources.

WORKERS

Focus: training and a renewed perception of the concept of safety

RADICIGROUP FOR SAFETY: AT THE ROOTS OF SAFETY

DMA - "Evaluating risks, preventing them, taking steps to minimize them. For some time now, these activities have been carried out with commitment in all RadiciGroup Companies. However, what has been done so far is not enough. It is necessary to cross over not only in theory, but in practice, from risk management to the active promotion of safety in each of our Companies. This commitment cannot be delegated but is entrusted to each of us personally."

This authoritative indication by the President of RadiciGroup, in May 2016 initiated "RadiciGroup for Safety – at the Roots of Safety" which was concluded in the first half of 2017.

About 60 safety managers and 200 individuals in charge for safety, for a total of 720 "person-days" in the classroom, participated in this course. On the one hand, the training initiative responded to the most current legislative requirements on the subject, while on the other it made a considerable effort in terms of human and economic resources to cope with a situation which showed strong signs of cause for concern. The trend observed in the indicators relating to accidents in 2015 persuaded the Group's Top Management and the Human Resources function to undertake an action of real impact.

The main objective of the course was the development of across-the-board skills among participants, with particular reference to increased awareness of the perception of risk, development of effective and responsible behaviour by managers and responsible individuals, for communication with collaborators.

The results of the plan are expected from the second half of 2017 and should be highlighted in indicators from 2018.

Focus on: creation of a positive corporate climate and on dissemination of proper lifestyles WHP Project

The WHP (Workplace Health Promotion) project, designed by ATS Bergamo and the Lombardy Region, was activated in 2015 at RadiciGroup and continues to make Group workers aware of healthy lifestyles and positive mental attitudes.

In this context, the weekly fresh fruit basket initiative was continued in 2016 for those who want to take advantage of a healthy snack in the WHP accredited companies Radici Partecipazioni, Geoenergie and Tessiture Pietro Radici. A similar choice was made for vending machines in the communal areas that offered, for the first time, alongside traditional snacks, more “healthy” choices. Finally, company catering is always aware of a healthy diet.

For the promotion of physical activity and integration, there were many town and country walks with very good participation. In particular, the “Moonlight” walk on the slopes of Monte Pora, the “Walk on Water” of Lago d’Iseo to see the Floating Piers installation by the artist Christo and the “Thousand Steps” walk in Bergamo were events that were very successful among Group workers and their families.

Activities for promoting personal and social well-being saw a Factory Open Day, coinciding with the 75th anniversary of Tessiture Pietro Radici. On this occasion, in addition to visiting Company areas open to family members and local people, RadiciGroup organised an orientation to education options and the labour market for Workers’ children. Thanks to talks from RadiciGroup and Confindustria Bergamo, children with their parents could gather ideas and understand the importance of the world of work for their future choices.

In 2016, with the WHP accreditation of RadiciFil and voluntarily signing up to the principles of the project by the Czech company Logit, the project crossed the Italian borders to cover about 700 people, more than a quarter of the entire Group. The focus of the 2017 plan, in addition to continuing current activities, will be on the themes of the fight against addiction and secure and sustainable mobility.

CHRISTMAS 2016: THREE WHP IDEAS FOR CHILDREN

Not only exercise, proper nutrition, integration. The WHP project in 2016 also set the heart and feelings in motion outside the companies in order to reach the littlest members of society.

For the Christmas festivities Confindustria Bergamo organised the volunteering and social responsibility project “REGALATI UN SORRISO” (Treat Yourself to a Smile) with the aim of collecting toys to donate to institutions and associations that take care of children living in conditions of hardship.

The initiative saw generous participation from RadiciGroup’s people with baskets in the reception areas of the companies immediately filled with toys that were delivered several times to Confindustria.

Similar success for special Christmas initiatives “Gift a Rollinz” (Star Wars collection characters) intended for a cancer centre in Brazil supported by a Bergamo non-profit association and collecting boxed games for children and young people with disabilities supported by “Costruire Integrazione Onlus” (Building Integration Charity).

SPORT AND INTEGRATION: A YEAR OF INITIATIVES FOR RADICI PLASTICS SUZHOU

2016 was a year full of events for the Chinese company Radici Plastics Suzhou: 17 initiatives were organised to involve Workers in collective moments of sport, celebration and integration. With the purpose of creating team spirit between people and facilitating communication, as well as strengthening the sense of belonging to the Company, birthday celebrations were regularly organised in the office. The arrival of the New Year was celebrated with a special dinner for all Workers, while two sports days included badminton and ping-pong tournaments and were attended by about a hundred people.

Also important was the “Family Day” event, bringing together private and working life, celebrating the international day of the family, which saw people in the company with their family members take part in a large outdoor barbecue. The culmination of the year of initiatives was an entire long weekend together with approximately 60 Workers, to discover symbolic places of China. The choice for 2016 fell on Thousand Island Lake and, given the success of the proposal, the Company intends to do this again in 2017 with a new destination.

Other projects for 2017 will concern the introduction of specific team building activities together with continuing all the initiatives already organised in 2016 which had excellent feedback from Workers.

2016: A YEAR OF IMPORTANT COMPANY ANNIVERSARIES FOR RADICIGROUP

“Above all we are a manufacturer, and carry forward our 75 years of “manufacturing roots”, always renewing, looking forward and also changing the way of working.” These words opened “Come Tessuto Non Tessuto” [‘Like Nonwoven Fabric’], a publication which traces the history of Tessiture Pietro Radici, the parent company of the Group, on the occasion of the 75th anniversary celebrated in October 2016.

Today RadiciGroup is a solid and well-structured industrial business, reflecting and respecting the manufacturing vocation of the mother company. This was the guiding thread of the programme of celebrations that has seen, in addition to some moments reserved for Customers, two important events for Workers. In the first place the “Open Factories” that allowed the company to tell its tale and show itself off to Workers’ family members and local people. Secondly, a friendly event and a concert, moments during which the Radici Family, joined by a particularly affectionate bond with Tessiture Pietro Radici, wanted to thank all Workers for their valuable contributions.

In 2016 RadiciGroup celebrated its first thirty years of activity in chemicals. In fact, 1986 saw the founding of Radici Chimica SpA, the facility in Novara that, together with the German Radici Chimica Deutschland GmbH and the business offices of RadiciChem Shanghai Co., Ltd, are the beating heart of the Specialty Chemicals business area.

The celebration of the thirty-year anniversary was in May 2016 in the Sala Borsa of Novara, in the heart of the city, where Radici Chimica SpA, accompanied by the notes of Novara Jazz, celebrated its birthday. In the course of the evening special moments were dedicated to people who contributed to the longevity and success of the company. This began with the Awards Ceremony for Workers who have reached the goal of 20 years of work. There were always male and female chemists, stars of a singular moment in which RadiciGroup presented to the public “Chi fa chimica, uomini e soluzioni” [‘People in chemistry, men and solutions’] a book in which words and images reveal an important insight into the life of the Group.

LABOUR PRACTICES AND DECENT WORK INDICATORS (LA)

DMA - GROUP POLICY FOR QUALITY, ENVIRONMENT, HEALTH AND SAFETY

“The centrality of the person, reliability, correctness and transparency, are among the distinctive elements of RadiciGroup. The Group’s actions have always been based on values and behaviours oriented to protect and promote health and safety in the work places, respect for the environment, for development that is genuinely sustainable”.

The safeguarding of employment, the importance of each person and the creation of comfortable and safe work environments, as well as attention to suitable professional development, are topics that characterise RadiciGroup’s actions. In particular, the development of Human Resources through training, an element highlighted in the Materiality Matrix.

In 2016, in addition to mandatory training provided for by law, RadiciGroup implemented voluntary training projects linked, for example, to quality, or soft skills, competences that are outside the technical scope and which develop a positive attitude in the workplace together with knowledge in the field of interpersonal relationships.

The project “RadiciGroup for Safety – at the Roots of Safety” was added to this, and is described in the part relating to the involvement of Stakeholders.

PEOPLE OF RADICIGROUP (WORKFORCE)

Below is an overview of the world of RadiciGroup Human Resources and its main indicators.

STANDARD DISCLOSURES G4-10 and 11

Table 16 WORKFORCE BY GEOGRAPHICAL AREA*

			2011	2012	2013	2014	2015	2016
n	Total workforce	Total	3,364	3,269	3,210	3,047	3,016	3,067
n		Men	2,561	2,483	2,404	2,238	2,198	2,250
n		Women	803	786	806	809	818	817
n	Italy	Total	1,716	1,680	1,601	1,599	1,587	1,598
n		Men	1,412	1,373	1,301	1,296	1,287	1,297
n		Women	304	307	300	303	300	301
n	Rest of Europe	Total	1,030	980	1,003	1,007	1,029	1,026
n		Men	639	602	610	597	596	597
n		Women	391	378	393	410	433	429
n	Asia	Total	26	30	36	42	57	78
n		Men	20	24	27	29	44	60
n		Women	6	6	9	13	13	18
n	America	Total	592	579	570	399	343	365
n		Men	490	484	466	316	271	296
n		Women	102	95	104	83	72	69

*The workforce includes: temporary workers and employees

Table 17 THE PERCENTAGE OF THE FEMALE WORKFORCE BY GEOGRAPHICAL AREA*

		2011	2012	2013	2014	2015	2016
%	Europe (Italy + rest of Europe)	25.3	25.8	26.6	27.4	28.0	27.8
%	Italy	17.7	18.3	18.7	18.9	18.9	18.8
%	Rest of Europe	38.0	38.6	39.2	40.7	42.1	41.8
%	Asia	23.1	20.0	25.0	31.0	22.8	23.1
%	America	17.2	16.4	18.2	20.8	21.0	18.9

*The workforce includes: temporary workers and employees

In 2016 the RadiciGroup work force, distributed across Italy and the rest of the world, had 3,067 people, with 2,250 men and 817 women. In 2016, the workforce remained substantially unchanged; the headcount was stable. **Table 16**

The percentage of female workers within the regions in which the Group operates has remained substantially unchanged over the years. **Table 17**

The following table gives a breakdown of Workers by gender and age group that demonstrates how the intermediate bracket (30-50) has predominated in the Group for some time. The breakdown between women and men in 2016 sees 27% women, a slight decrease compared to the previous year.

Table 18

INDICATOR G4-LA12

Table 18 EMPLOYEE BREAKDOWN BY AGE GROUP AND GENDER

			2011	2012	2013	2014	2015	2016	Breakdown by age group (2016)
<i>n</i>	Total employees	Total	3,317	3,216	3,166	2,997	2,967	2,964	
<i>n</i>		Men	2,523	2,436	2,362	2,192	2,156	2,165	
<i>n</i>		Donne	794	780	804	805	811	799	
<i>n</i>	Employees < 30 years	Total	464	458	436	332	304	330	11.1%
<i>n</i>		<i>Uomini</i>	335	329	294	194	200	219	
<i>n</i>		<i>Donne</i>	129	129	142	138	104	111	
<i>n</i>	Employees 30 < > 50 years	Total	2,096	2,000	1,980	1,813	1,800	1,696	57.2%
<i>n</i>		<i>Uomini</i>	1,563	1,492	1,455	1,311	1,258	1,185	
<i>n</i>		<i>Donne</i>	533	508	525	502	542	511	
<i>n</i>	Employees > 50 years	Total	757	758	750	852	863	938	31.6%
<i>n</i>		<i>Uomini</i>	625	615	613	687	698	761	
<i>n</i>		<i>Donne</i>	132	143	137	165	165	177	
%	Employees > 50 years of the total		22.8%	23.6%	23.7%	28.4%	29.1%	31.6%	

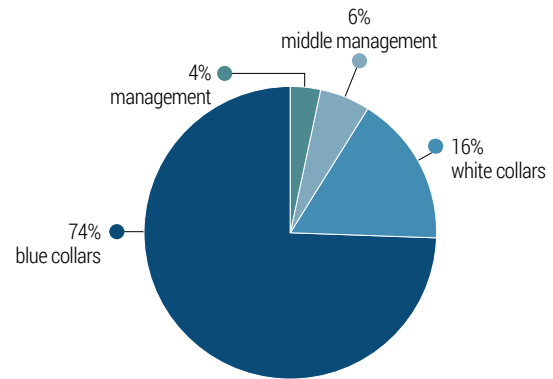
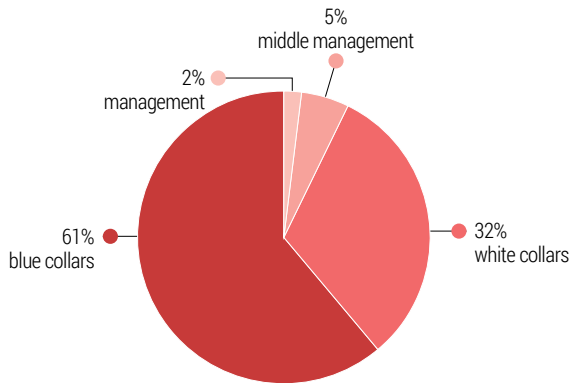
The breakdown of Employees by category after the revision of 2015 shows the prevalence of male blue collar workers (74.4%). Also for female staff, the pre-eminent

category is blue collar workers (61.1%) followed by white collar (31.7%). **Table 19**

Table 19

2016	WOMEN	%	MEN	%
management	17	2.1%	73	3.4%
middle management	41	5.1%	124	5.7%
white collars	253	31.7%	358	16.5%
blue collars	488	61.1%	1,610	74.4%
Total	799	100%	2,165	100%

The percentage is calculated as the breakdown by category within the genders



CONTRACT TYPES

In 2016, 94% of Group Employees were hired with permanent contracts. In this context, the trend for women is stable at around 91%. For permanent male staff, the situation was almost stationary with respect to previous years (about 95%).

Relative to full or part-time, for female staff, 86% of women with a permanent contract were full time (100 women benefited from part-time in 2016).

For male staff, 98% were full-time.

Table 20

Table 20

RADICIGROUP'S WORKFORCE AND EMPLOYEES BROKEN DOWN BY GENDER AND EMPLOYMENT AND CONTRACT TYPE*

			2011	2012	2013	2014	2015	2016
n	● Total workforce	Total	3,364	3,269	3,210	3,047	3,016	3,067
n		Men	2,561	2,483	2,404	2,238	2,198	2,250
n		Women	803	786	806	809	818	817
n	● Total employees	Total	3,317	3,216	3,166	2,997	2,967	2,964
n		Men	2,523	2,436	2,362	2,192	2,156	2,165
n		Women	794	780	804	805	811	799
n	● Permanent employees	Total	3,076	2,979	2,895	2,859	2,803	2,792
n		Men	2,395	2,312	2,230	2,121	2,066	2,064
n		Women	681	667	665	738	737	728
n	● Part time (permanent)	Total	109	98	140	140	123	139
n		Men	43	22	56	54	22	39
n		Women	66	76	84	86	101	100
n	● Full time (permanent)	Total	2,967	2,881	2,755	2,719	2,680	2,653
n		Men	2,352	2,290	2,174	2,067	2,044	2,025
n		Women	615	591	581	652	636	628
%	● Full time permanent of total permanent employees	Total	96.5	96.7	95.2	95.1	95.6	95.0
%		Men	98.2	99.0	97.5	97.5	98.9	98.1
%		Women	90.3	88.6	87.4	88.3	86.3	86.3
n	● Temporary employees	Total	241	237	271	138	164	172
n		Men	128	124	132	71	90	101
n		Women	113	113	139	67	74	71
%	● Permanent employees of total employees	Total	92.7	92.6	91.4	95.4	94.5	94.2
%		Men	94.9	94.9	94.4	96.8	95.8	95.3
%		Women	85.8	85.5	82.7	91.7	90.9	91.1
n	● Part time (total)	Total	109	98	140	140	123	139
n		Men	43	22	56	54	22	39
n		Women	66	76	84	86	101	100
n	● Full time (total)	Total	3,208	3,118	3,026	2,857	2,844	2,825
n		Men	2,480	2,414	2,306	2,138	2,134	2,126
n		Women	728	704	720	719	710	699
%	● Full time of total employees	Total	96.7	97.0	95.6	95.3	95.9	95.3
%		Men	98.3	99.1	97.6	97.5	99.0	98.2
%		Women	91.7	90.3	89.6	89.3	87.5	87.5

* The workforce includes: temporary workers and employees

The most prevalent form of contracts remained the collective type, at 88.6%, which is more protective of workers. The variation in the composition of collective contracts (national and corporate) compared to 2015 is due

both to a revision of the data and to the Romanian company Yarnea signing a collective company contract in December 2015, for a contract covering 2016-2017. **Table 21**

Table 21 TYPE OF CONTRACTING - PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

		2011	2012	2013	2014	2015	2016
<i>n</i>	Total Employees	3,317	3,216	3,166	2,997	2,967	2,964
<i>n</i>	National collective bargaining	2,316	2,252	2,217	2,203	2,229	2,121
<i>n</i>	Corporate collective bargaining	200	185	162	160	124	504
<i>n</i>	Individual bargaining	801	779	787	634	614	339
%	Individual bargaining percentage	24.1	24.2	24.9	21.2	20.7	11.4
%	Collective bargaining percentage	75.9	75.8	75.1	78.8	79.3	88.6

TRAINING

A key element of the employee engagement project, in 2016 training efforts focused on projects related to health and safety, management systems (quality, safety, environment, energy, sustainability, etc.), introduction of new ERP and software applications, obligations and

regulations and finally the technical areas needed to improve business processes. A significant investment in terms of resources intended to increase skills and to feed a renewed awareness of their own duties for each person in the Group.

INDICATOR G4-LA9

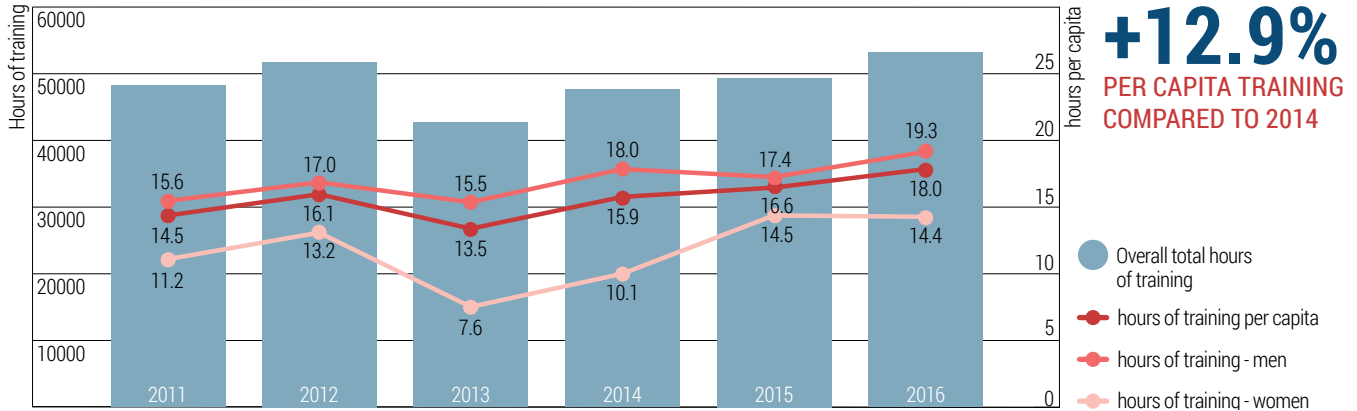
Table 22 TRAINING FOR EMPLOYEES (BY CATEGORY AND GENDER)

			2011	2012	2013	2014	2015	2016	Δ 3 years
<i>n</i>	Total employees	Total	3,317	3,216	3,166	2,997	2,967	2,964	
<i>n</i>		<i>Men</i>	2,523	2,436	2,362	2,192	2,156	2,165	
<i>n</i>		<i>Women</i>	794	780	804	805	811	799	
<i>h</i>	Total hours of training	Total	48,203	51,734	42,641	47,663	49,366	53,228	+11.7%
<i>h</i>		<i>Men</i>	39,299	41,437	36,538	39,533	37,610	41,729	
<i>h</i>		<i>Women</i>	8,904	10,297	6,103	8,130	11,756	11,499	
<i>h</i>	Hours of training per capita	Total	14.5	16.1	13.5	15.9	16.6	18.0	+ 12.9%
<i>h</i>		<i>Men</i>	15.6	17.0	15.5	18.0	17.4	19.3	+6.9%
<i>h</i>		<i>Women</i>	11.2	13.2	7.6	10.1	14.5	14.4	+ 42.5%

In absolute terms, the training hours show a positive trend with an increase of 11.7% compared to 2015. Similarly, the hours/person index is growing and went from 17 hours/person in 2015 to 18 hours/person in 2016.

Finally, for the allocation of training hours by gender, the values show a slight increase for male staff and a slight decrease for female staff.

Table 22



OCCUPATIONAL HEALTH AND SAFETY

In 2016 the situation for injuries and absences from work saw an improvement. Injuries decreased in absolute terms (-3.5%) compared to the previous year. The situation for days of absence due to injury also improved, going from

3,065 in 2015 to 1,966 in 2016.

The decline was due in part to a careful policy of prevention, also as a result of the training project detailed elsewhere in this Report.

INDICATOR G4-LA6

Table 23 WORKPLACE HEALTH AND SAFETY*

				2011	2012	2013	2014	2015	2016
	<i>n</i>	Total workforce*	Total	3,373	3,279	3,218	3,061	3,016	3,067
	<i>n</i>		Men	2,570	2,493	2,412	2,251	2,198	2,250
	<i>n</i>		Women	803	786	806	810	818	817
	<i>n</i>	Total employees	Total	3,317	3,216	3,166	2,997	2,967	2,964
	<i>n</i>		Men	2,523	2,436	2,362	2,192	2,156	2,165
	<i>n</i>		Women	794	780	804	805	811	799
ACCIDENTS	<i>h</i>	Total hours worked	Total	5,602,065	5,404,556	5,486,505	5,063,455	5,018,225	5,109,775
	<i>h</i>		Men	4,170,521	4,062,521	4,166,134	3,881,705	3,755,672	3,782,760
	<i>h</i>		Women	1,431,545	1,342,035	1,320,371	1,181,750	1,262,553	1,327,016
	<i>n</i>	Total days lost	Total	1,632	1,870	2,191	2,505	3,065	1,966
	<i>n</i>		Men	1,564	1,742	2,028	1,863	2,689	1,661
	<i>n</i>		Women	68	128	163	642	376	305
	<i>n</i>	Total number of accidents	Total	96	90	92	76	85	82
	<i>n</i>		Men	92	79	86	65	73	67
	<i>n</i>		Women	4	11	6	11	12	15
ABSENCES	<i>n</i>	Total number of occupational disease	Total	0	0	2	0	5	1
	<i>n</i>		Men	0	0	1	0	5	1
	<i>n</i>		Women	0	0	1	0	0	0
	<i>n</i>	Average days of absence	Total	9	11	11	8	10	9
	<i>n</i>		Men	9	10	11	9	10	9
	<i>n</i>		Women	9	12	11	6	10	9
	<i>n</i>	Average working days	Total	216	218	218	213	222	216
<i>n</i>		Men	215	219	219	221	225	216	
<i>n</i>		Women	218	215	215	191	214	217	
INDEXES	<i>n/200.000h</i>	IR (Injury Rate)	Total	3.4	3.3	3.4	3.0	3.4	3.2
	<i>n/200.000h</i>		Men	4.4	3.9	4.1	3.3	3.9	3.5
	<i>n/200.000h</i>		Women	0.6	1.6	0.9	1.9	1.9	2.3
	<i>n/200.000h</i>	ODR (Occupational Disease Rate)	Total	0.00	0.00	0.07	0.00	0.20	0.04
	<i>n/200.000h</i>		Men	0.00	0.00	0.05	0.00	0.27	0.05
	<i>n/200.000h</i>		Women	0.00	0.00	0.15	0.00	0.00	0.00
	<i>d/200.000h</i>	LDR (Lost Day Rate)	Total	58.3	69.2	79.9	98.9	122.2	77.0
	<i>d/200.000h</i>		Men	75.0	85.8	97.4	96.0	143.2	87.8
	<i>d/200.000h</i>		Women	9.5	19.1	24.7	108.7	59.6	46.0
	<i>d/200.000h</i>	AR (Absentee Rate)	Total	8,532	9,833	9,985	7,954	8,880	8,296
	<i>d/200.000h</i>		Men	8,704	9,543	10,039	8,440	8,588	8,239
	<i>d/200.000h</i>		Women	7,991	10,768	9,821	6,396	9,703	8,454
	%	Absence	Total	4.3	4.9	5.0	4.0	4.4	4.1
%	Men		4.4	4.8	5.0	4.2	4.3	4.1	
%	Women		4.0	5.4	4.9	3.2	4.9	4.2	

*For the calculation of G4-LA6 the workforce includes: contract workers, temporary workers and employees

The injury frequency rate (IR) is stable at an absolute level considering the total number of male and female staff.

The lost day rate (LDR) improves from 99 to 77 days/200,000 hours from 2014 to 2016, though, considered over six years, this still leaves room for improvement.

The AR index, which measures absenteeism, increased by 4.3% over three years, but remains positive over six years.

Absence from the workplace in addition to absences due to accidents, sickness and non-regulated permissions was 4.1%.

In the reporting period there was also one case of confirmed occupational disease in Italy.

The increase in the total number of hours worked, highlighted by the indicators and used in calculating the indi-

INDICATOR G4-LA6

Table 24a DISTRIBUTION OF INJURIES BY GEOGRAPHICAL AREA - ITALY

		ITALY					
		2011	2012	2013	2014	2015	2016
<i>n</i>	Total workforce*	1,725	1,690	1,609	1,612	1,587	1,598
<i>n</i>	Total hours worked	2,429,221	2,382,860	2,473,215	2,423,810	2,473,062	2,526,971
<i>n</i>	Total days lost	742	554	883	976	1,338	930
<i>n</i>	Total number of accidents	42	30	42	35	51	40
<i>n</i>	Total number of occupational diseases	0	0	2	0	5	1
<i>n</i>	Average days of staff absence	10	11	8	8	8	8
<i>n</i>	Average working days	186	189	196	198	204	206
<i>n/200.000h</i>	IR = Injury Rate	3.5	2.5	3.4	2.9	4.1	3.2
<i>n/200.000h</i>	ODR = Occupational Disease Rate	0.00	0.00	0.16	0.00	0.40	0.08
<i>d/200.000h</i>	LDR = Lost Day Rate	61.0	46.5	71.4	80.5	108.2	73.6
<i>d/200.000h</i>	AR = Absentee Rate	10,391	11,685	7,712	8,075	7,846	7,858
%	Absence	5.2	5.8	3.9	4.0	3.9	3.9

*For the calculation of G4-LA6 the workforce includes: contract workers, temporary workers and employees

ces, is influenced by the decrease of recourse to social shock absorbers in 2016 compared to 2015. The improvement in the global economic situation and the market scenario has meant that the hours of unemployment/solidarity benefits have reduced markedly. **Table 23**

Given the geographical distribution of injuries (IR and LDR), the most critical area is America. For Italy, after the difficult situation of 2015, the initial results of the “Radi-

ciGroup for Safety – at the Roots of Safety” course highlights a reduction in the frequency (IR) of 22% and a return to the levels of previous years. Further results are expected in 2017. **Table 24**

Table 24b DISTRIBUTION OF INJURIES BY GEOGRAPHICAL AREA - REST OF EUROPE

		REST OF EUROPE					
		2011	2012	2013	2014	2015	2016
<i>n</i>	Total workforce*	1,030	980	1,003	1,008	1,029	1,026
<i>n</i>	Total hours worked	1,802,855	1,655,016	1,675,336	1,668,443	1,639,844	1,683,820
<i>n</i>	Total days lost	504	707	688	631	518	437
<i>n</i>	Total number of accidents	28	14	22	25	20	21
<i>n</i>	Total number of occupational diseases	0	0	0	0	0	0
<i>n</i>	Average days of staff absence	9	12	17	8	14	12
<i>n</i>	Average working days	226	229	219	209	223	222
<i>n/200.000h</i>	IR = Injury Rate	3.1	1.7	2.6	3.0	2.4	2.5
<i>n/200.000h</i>	ODR = Occupational Disease Rate	0.00	0.00	0.00	0.00	0.00	0.00
<i>d/200.000h</i>	LDR = Lost Day Rate	55.9	85.4	82.1	75.6	63.2	51.9
<i>d/200.000h</i>	AR = Absentee Rate	7,838	10,153	15,875	7,771	12,693	10,600
%	Absence	3.9	5.1	7.9	3.9	6.3	5.3

*For the calculation of G4-LA6 the workforce includes: contract workers, temporary workers and employees

Table 24c DISTRIBUTION OF INJURIES BY GEOGRAPHICAL AREA - AMERICAS

		AMERICAS					
		2011	2012	2013	2014	2015	2016
<i>n</i>	Total workforce*	592	579	570	399	343	365
<i>n</i>	Total hours worked	1,312,522	1,312,803	1,263,885	879,145	775,387	738,167
<i>n</i>	Total days lost	185	422	425	863	987	531
<i>n</i>	Total number of accidents	26	45	28	15	12	19
<i>n</i>	Total number of occupational diseases	0	0	0	0	0	0
<i>n</i>	Average days of staff absence	8	8	10	11	6	6
<i>n</i>	Average working days	281	282	209	281	289	251
<i>n/200.000h</i>	IR = Injury Rate	4.0	6.9	4.4	3.4	3.1	5.1
<i>n/200.000h</i>	ODR = Occupational Disease Rate	0.00	0.00	0.00	0.00	0.00	0.00
<i>d/200.000h</i>	LDR = Lost Day Rate	28.2	64.3	67.3	196.3	254.6	143.9
<i>d/200.000h</i>	AR = Absentee Rate	5,978	5,759	9,306	8,175	4,309	4,587
%	Absence	3.0	2.9	4.7	4.1	2.2	2.3

*For the calculation of G4-LA6 the workforce includes: contract workers, temporary workers and employees

REMUNERATION POLICIES

The remuneration system in Group companies is determined by the level of responsibility and the individual contribution to the collective result. Male and female staff have the same remuneration for the same role. This is related to the application of national and company collective contracts that provide salary indications without gender differences. The national and corporate contracts and labour market conditions also determine the minimum remuneration le-

vels for all workers. All this in the awareness that a rewarding compensation strategy constitutes one of the main assets of RadiciGroup.

The policy to renew, for the Italian companies, the Prize for Participation in the Corporate Performance continued in 2016. This is a collective variable annual bonus with an individual distribution, determined on the basis of company

Table 24d DISTRIBUTION OF INJURIES BY GEOGRAPHICAL AREA - ASIA

		ASIA					
		2011	2012	2013	2014	2015	2016
<i>n</i>	Total workforce*	26	30	36	42	57	78
<i>n</i>	Total hours worked	57,467	53,877	74,069	92,057	129,932	160,817
<i>n</i>	Total days lost	206	188	195	35	222	68
<i>n</i>	Total number of accidents	0	1	0	1	2	2
<i>n</i>	Total number of occupational diseases	0	0	0	0	0	0
<i>n</i>	Average days of staff absence	10	11	7	6	6	4
<i>n</i>	Average working days	276	224	257	227	296	186
<i>n/200.000h</i>	IR = Injury Rate	0.0	3.7	0.0	2.2	3.1	2.5
<i>n/200.000h</i>	ODR = Occupational Disease Rate	0.00	0.00	0.00	0.00	0.00	0.00
<i>d/200.000h</i>	LDR = Lost Day Rate	716.9	697.9	526.5	76.0	341.7	84.6
<i>d/200.000h</i>	AR = Absentee Rate	7,138	9,800	5,332	5,349	3,758	4,541
%	Absence	3.6	4.9	2.7	2.7	1.9	2.3

*For the calculation of G4-LA6 the workforce includes: contract workers, temporary workers and employees

performance and quality indicators as well as environmental and safety indicators.

The MBO reserved for managerial staff and the relative incentives were formalised in 2015 through Management Instruction IG 03.04. The MBO system is based on an assessment linked to a variable mix, depending on the bands, Group objectives, business area objectives and individual objectives.

INDICATOR G4-LA2

Also in 2016, other benefits (company cars, restaurant tickets, company canteen at discount rates, conventions) remained in place.

These are assigned or made available to workers, regardless of the type of contract (full time or part time, permanent or fixed term), on the basis of the corporate agreements and the role of the individual person.

HUMAN RIGHTS INDICATORS (HR)

“The centrality of the person, respect for their physical and cultural integrity”

DMA - This Value of RadiciGroup expresses the full commitment of the Group to the spirit of the Universal Declaration of Human Rights. In particular, different parts of this Report describe the commitment in favour of the safety culture. It also details the attention to work-life balance and the special bond that, traditionally, joins the Group to cultural realities in areas where it operates, which constitute the background for many workers.

All these elements substantiate the moral commitments of the Group, in particular in relation to workers.

Moreover, for 2015-2016, attention to Human Rights at RadiciGroup focused on this particular article of the Universal Declaration of Human Rights:

ARTICLE 23

1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment
2. Everyone, without any discrimination, has the right to equal pay for equal work.
3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
4. Everyone has the right to form and to join trade unions for the protection of his interests.

This article has inspired the Group in the creation and dissemination of Customer and Supplier Codes of Conduct, which was already described in the part relating to the involvement of Stakeholders. The intention to share the commitment to protection with other important actors in the Supply Chain expands the range of possibilities to work effectively to build a supply chain that is genuinely sustainable.

It is important to emphasise that these Codes of Conduct constitute not only an invitation to Suppliers and Customers to commit to respecting fundamental rights, but to show, in the first place, the commitment already made by RadiciGroup on these fronts.

In addition, RadiciGroup investments to maintain employment, the presence of national or collective contracts protecting workers (about 90% of contracts) and the presence of Trade Unions in the companies further testifies to the importance attributed to the sphere of human rights on which RadiciGroup has most influence, that of employment.

Finally, the Human Resources function, present in all Companies, collects any reports from Workers made either directly or through the Trade Unions. The presence of the Group Head of Human Resources on the Ethics Committee ensures any issues can be brought to the knowledge of the Group's top management.

INDICATOR G4-HR3

In 2016 no instances of discrimination, nor reports, infringements or penalties relating to violations of human rights were recorded in RadiciGroup Companies.

SOCIETY

INDICATORS (SO)

DMA - "In places where we have companies (...) after several years of experience we have understood that it is important that the Group is present (...) not only through production sites but also through interventions to help the area. It is a philosophy, a strategy of the Group (...) it is important for us to be present so that (...) what the territory gives, we can partially return".

For more information:

<http://www.radicigroup.com/en/news-media/video>

Video "Sustainability Report 2015"

In the 2016 video presenting the Sustainability Report 2015 the President of RadiciGroup outlined the relationship between the Group and the local community thus explaining a precious synergy of activities and resources that continues over time.

The context in which the Group companies operate is characterised by a traditional geographical proximity between each facility and its local community. This proximity translates into reciprocal care, in constructive relations with the territorial Authorities and Associations and occasional meetings such as the Factory Open days, which are described in this Report and in numerous previous editions.

LOGIT SRO - CZECH REPUBLIC

November 2016: the Italian Ambassador to the Czech Republic visits the Logit Sro facility in Podbořany.

For RadiciGroup dialogue with institutions and local communities is also reflected in 2016 through the visit of H. E. Aldo Amati, Italian Ambassador to the Czech Republic, to the factory of Logit, a company in the Performance Yarn Business Area.

Accompanied by a delegation of representatives of the Italian-Czech Chamber of Commerce and Industry, Aldo Amati was welcomed by the Vice President of RadiciGroup Maurizio Radici together with the Company's top management. "This institutional visit is an opportunity to strengthen the relationship with the Institutions of the territory and to transparently dialogue with the local community of which we proudly feel part" - explained Maurizio Radici.

Precisely according to this philosophy, Logit was a finalist in the Via Bona Philanthropy Awards 2016 in the category "Good company". This is a recognition established in 1998 by the non-profit association Via Foundation in favour of Czech companies that distinguish themselves through activities that contribute to the welfare of the entire community.

In 2014, the company established the "Logit Fund" with the aim of improving the quality of life of people in the Podbořany area. In 2015-2016, Logit Fund financed several projects, including gymnastics equipment for children, an herb garden for an elementary school, as well as new equipment and uniforms for young people in a local football team.

SPONSORSHIP AND DONATIONS 2016

DMA - "Attention to the needs and legitimate expectations of Stakeholders in order to create a climate of belonging and satisfaction."

This principle, taken from the RadiciGroup corporate Values, guides us in our activities in support of associations and individual initiatives that are considered worthwhile. Through its sponsorships and donations, RadiciGroup establishes and maintains a close relationship with its Stakeholders. By offering support, RadiciGroup pursues the objective of getting people to meet, share mutually enriching experiences and work on common projects."

This declaration was published in 2016 on the RadiciGroup website, as an introductory element to the new online form to request sponsorship and donations.

Many reasons led to the creation of a public portal for sponsorship. First of all, the desire to be accessible to more Stakeholders, not necessarily Italians, through the internet. In addition, the intention to create greater linearity in the process of receiving, managing and replying to the requests. Between the beginning of 2016 and June 2017 more than 120 requests for sponsorship were entered on the system, approximately half relating to projects for 2016, with the remainder linked to two-year projects or only for 2017. The prevailing areas were sport and artistic and cultural initiatives. About a third of the 120 total requests have been accepted.

These were the criteria under which the group evaluated the various sponsorships, favouring Bodies or Associations meeting several requirements, or continuing multiannual projects already in progress:

DMA

- PRESENCE IN THE COMMUNITY OF THE APPLICANT AND TIES WITH THE COMMUNITIES IN WHICH INDIVIDUAL COMPANIES OPERATE.
- NON-PROFIT NATURE OF THE APPLICANT OR THE EVENT.
- COMMITMENT TO PROMOTION OF THE INDIVIDUAL AND SUPPORT IN CASES OF ECONOMIC OR SOCIAL UNEASE.
- CULTURAL OR SOCIAL VALUE OF THE INITIATIVE.

The sponsorship of sports associations in the local area were very important in 2016, without however neglecting the activities related to health and prevention that were supported in Italy and abroad. In particular, the Gianni and Luciana Radici Foundation linked to the Romanian company Yarnea, supported Workers with medical problems not covered by the national health system.

To learn more:

<http://www.radicigroup.com/en/radici-connect/sponsorship/intro>

Table 25 SPONSORSHIPS AND DONATIONS 2016

	2011	2012	2013	2014	2015	2016
Health Care and Prevention, Humanitarian Associations	67,025	100,130	39,007	103,011	51,168	141,638
Local interests, Culture and Training	147,535	136,717	111,457	79,529	195,670	96,378
Sports	258,500	257,380	263,775	265,101	292,140	338,000
Total*	473,060	494,227	414,239	447,641	538,978	576,016
Total concerning RadiciGroup	436,810	424,117	381,067	436,725	529,538	563,016

* The total refers to activities of RadiciGroup together with Geogreen, a production company belonging to the Radici family but not controlled by Holding Radici Partecipazioni S.p.A. Donations and contributions are managed together.

Radici Chemiefaser supporting its local area

The forms of closeness and support for a local community may be multiple. This is well known by Radici Chemiefaser which in 2016 became co-protagonist, together with other companies in the Selbitz area, in a mobility project for social purposes.

The production facility, belonging to the Comfort Fibres Business Area, is a long standing manufacturing company that is well recognised in the area, and in 2011 became part of RadiciGroup. Aware of their social role, Radici Chemiefaser recognised the appeal of the Mayor of Selbitz to support a minibus intended to encourage mobility for elderly people, particularly those who have to journey for medical visits or to run errands, for young people and in general for those without their own means of transport, but who must travel. Through a group of sponsors, the municipality provided a free biweekly transport service that has been used extensively.

DMA - A Consolidated Group Budget, certified by a third party, as well as cross-checks between the various corporate functions also guarantee against risks related to corruption, a topic addressed in the RadiciGroup Code of Ethics with some specific provisions:

"In promotional or commercial relationships and relations, illegal practices and behaviours are prohibited, as well as collusion, illegal payments, bribes and favouritism, direct solicitations or through third parties for personal benefits for oneself or others, contrary to the laws, regulations and standards subject to this Code of Ethics."

"In relations with Customers and Suppliers or third parties, monetary offers or gifts aiming to obtain real or apparent advantages of various kinds (e.g. economic, favours, recommendations) are not allowed."

INDICATOR G4-S08

In this regard, in the year of reporting, there were no significant fines payable by the Group, whether monetary (above 500 €) or non-monetary, for non-compliance with laws and regulations.

DMA - Conforming with the internal Code of Ethics, signed by the President of RadiciGroup and updated in 2013, and in particular to the following:

"RadiciGroup cannot make direct or indirect contributions in whatever form, nor allocate funds and funding to support public entities (e.g. political parties, committees), except as permitted and provided for by the laws and regulations and preliminarily approved by the Board of Directors of Radici Partecipazioni S.p.A."

INDICATOR G4-S06

In 2016 the Group did not make any form of economic contribution directly or indirectly to political parties.

ENVIRONMENTAL INDICATORS (EN)

DMA - GROUP POLICY FOR QUALITY, ENVIRONMENT, HEALTH AND SAFETY

“As for the Environment, RadiciGroup has long pursued continual improvement of its performance with visible and measurable results, investing and employing human and technological resources to control and reduce its environmental impacts and promoting the commitment to the environment with its customers and suppliers as well. All this considering the entire production chain, measuring the environmental footprint of the main products and services considering, where possible, the application of principles inspired by eco-design and a circular economy.”

The following numbers and trends take account of data from Radici Plastics Mexico from 2015, when this business fell within the reporting boundary, having been acquired by RadiciGroup in 2014. All other data, as already indicated at the beginning of the document, show a six-year trend.

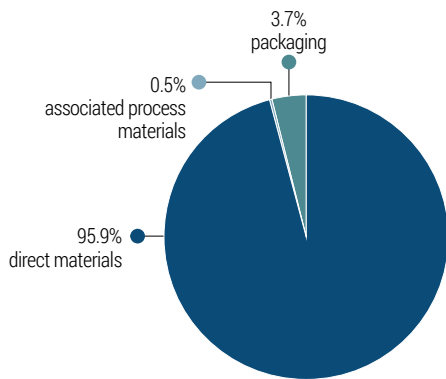
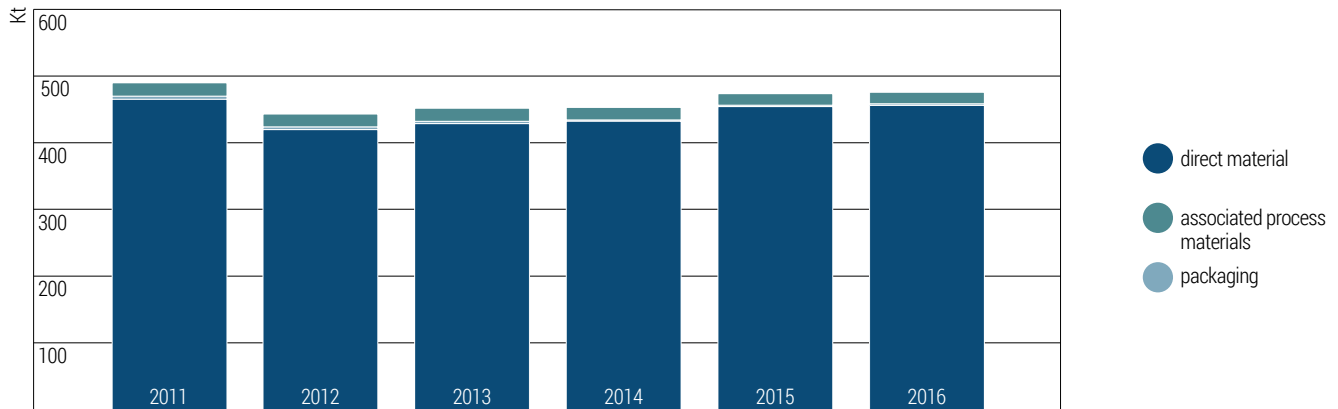
MATERIALS USED AND WASTE

A careful use of raw materials for RadiciGroup means choosing qualified Suppliers, able to guarantee maximum quality and transparency, as reported in the part of the report devoted to the supply chain. This also means paying great attention to the efficiency of processes and constantly working to ensure that any waste is integrated as far as possible into the virtuous circle of recycling.

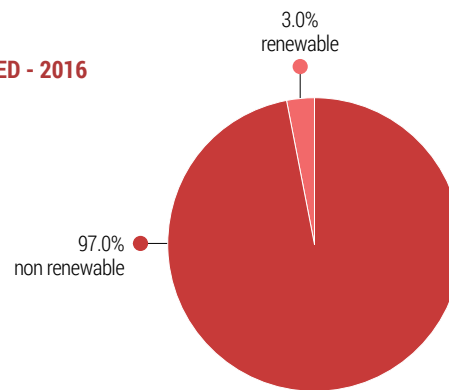
MATERIALS USED INDICATOR G4-EN1

Tabele 26 MATERIALS USED

		2011	2012	2013	2014	2015	2016
t	TOTAL	489,856	443,054	451,711	452,947	473,577	475,633
t	Direct Materials	465,045	419,656	428,602	432,162	454,202	455,936
t	Accessory materials	4,606	3,860	3,430	1,754	1,915	2,230
t	Packaging	20,205	19,538	19,679	19,031	17,460	17,467
t	NON-RENEWABLE MATERIALS	474,104	427,267	435,947	437,861	454,833	461,814
t	Non-renewable direct materials	465,032	418,995	428,087	431,573	449,115	455,528
t	Non-renewable accessory materials	4,606	3,860	3,430	1,754	1,915	2,230
t	Non-renewable packaging	4,466	4,412	4,430	4,534	3,803	4,056
t	RENEWABLE MATERIALS	15,752	15,787	15,764	15,086	18,744	13,819
t	Renewable direct materials	13	661	515	589	5,087	408
t	Renewable accessory materials	0	0	0	0	0	0
t	Renewable packaging	15,739	15,126	15,249	14,497	13,657	13,411



MATERIALS USED - 2016



Values relating to accessory materials and packaging of Noyfil S.p.A., Radici Plastics Ltda, and Radici Fibras Ltda were recalculated retroactively. This recalculation, based on a more accurate detection system, has not significantly impacted the overall balance of the data.

In 2016 the increased usage of materials was in line with the increase in production (+1.5% in three years), which has fortunately accompanied the economic recovery.

Given the type of the Group's product portfolio, the mix between renewable and non-renewable material is almost constant, except for 2015 following a significant purchase of materials from renewable sources for the study and development of bio-polymers.

The breakdown between the three macro categories (raw materials, accessory materials and packaging) remained substantially unchanged. Since the Group products almost all derive from petroleum, "packaging" is the category that currently sees the greatest percentage potential from renewable sources (77%). **Table 26**

As regards the quantity processed (i.e. the entire quantity of material that is subjected to various manufacturing processes, used in calculating subsequent indicators), there was an increase due to both production growth and a revised calculation methodology for some sites that proceeded to count more accurately. This means the calculations are not readily comparable with those from previous reporting.

WASTE

INDICATOR G4-EN23

Table 27 TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

		2011	2012	2013	2014	2015	2016	Δ 3 years
t	TOTAL	12,605	11,660	12,758	12,096	14,111	14,500	
t	HAZARDOUS WASTE	2,589	2,587	2,928	2,531	2,263	2,153	-15%
t	Hazardous waste recovery	168	104	176	264	262	378	+43%
t	Hazardous waste disposal	2,421	2,483	2,752	2,267	2,001	1,775	
t	NON-HAZARDOUS WASTE	10,016	9,073	9,830	9,565	11,848	12,347	+29%
t	Non-hazardous waste recovery	8,382	7,438	8,026	7,888	10,047	10,088	+28%
t	Non-hazardous waste disposal	1,634	1,635	1,804	1,677	1,801	2,259	

Table 28 INDEX - TOTAL WEIGHT OF WASTE IN RELATION TO QUANTITIES PROCESSED

		2011	2012	2013	2014	2015	2016	Δ 3 years
kg/t		12.53	12.51	13.44	12.39	14.38	14.63	+18%

As regards the physical production of manufacturing scraps and process waste, it is possible to confirm that this remained nearly constant in the reporting period. The overall increase of waste recorded in 2015 and 2016 (+29%) is attributable to materials that were classified as by-products until 2014.

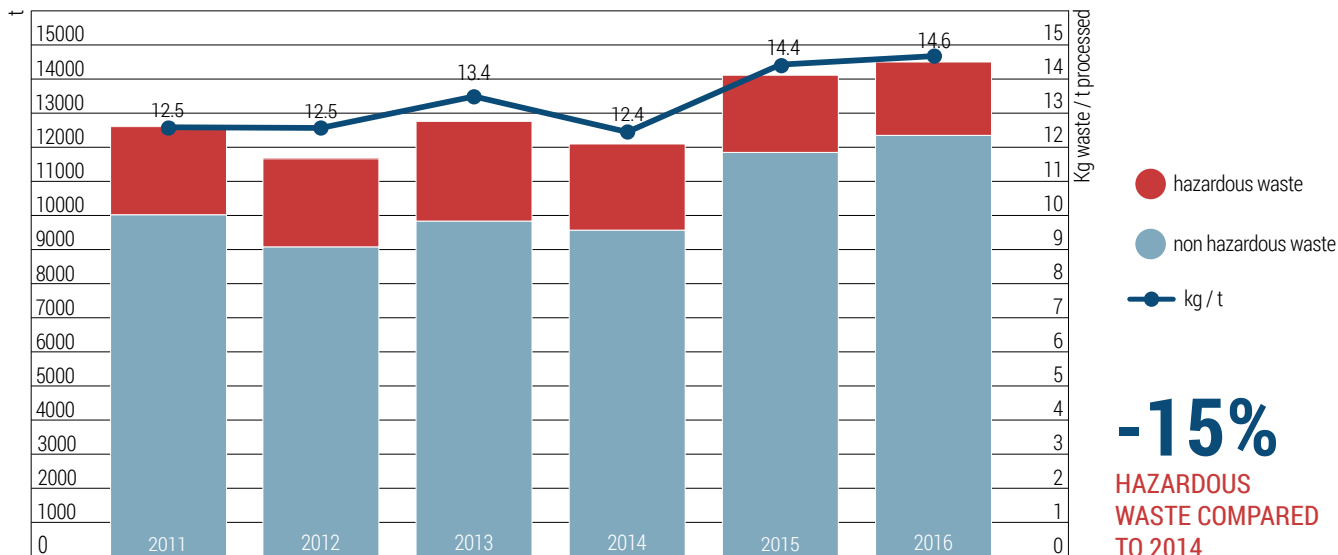
The current legislation provides interpretive possibilities such as to enable the Group to classify significant amounts of their polymerisation scraps as by-products, since, subject to absolutely marginal processing, it is totally and directly reused within the Group for the production of secondary raw materials. However, with the perspective of increasing the traceability of processes and information transparency towards its customers/Stakeholders, all of RadiciGroup's Italian nylon chain has begun to manage and classify amounts of polymeric ma-

terial regarded as by-products in the past, for management purposes and in previous editions of the Report, as non-hazardous waste.

In order to continue to ensure complete control of the chain the Radici Novacips factory in Chignolo d' Isola has received authorisation for waste treatment, which can continue to recover all categories of scrap or waste plastics typical in Radici production processes, including those of spinning, should European and national legislation so require or render it appropriate.

A further increase of waste is due to material disposed of as a result of demolition and successive works to repair and revamp production lines.

With regard to hazardous waste, it should be emphasized



that the growing attention by European institutions and the consequent refinement of the regulations, to which the Group complies rigorously, means that from year to year the classification may vary. As a general trend, from the perspective of protecting health and the environment, the chances of recovery or treatment are improving and increasing.

As for RadiciGroup, these combined effects, along with the continuous improvement of process technology, were reflected in the reduction of 15% of the hazardous waste in the three-year period, accompanied by a 43% increase in recovered hazardous waste. **Table 27**

RADICIGROUP AND RECYCLING, OVER THIRTY YEARS OF HISTORY

Thanks to the experience gained by the company Noy Vallesina Engineering, RadiciGroup dealt with the issue of recycling many years ago by collecting data and information related to depolymerisation and mechanical recycling of nylon. As regards depolymerisation, the absence of affordability in the 1980s and, more recently, the assessment of extremely high energy costs and impacts of this solution, have meant that the Group has moved to mechanical recycling of polymers. The current choice of RadiciGroup, supported by LCA data for base polymers and by EPD (Environmental Product Declaration) linked to the recycling chain is to transform all "post-industrial" polyamide scrap into plastics. A choice, the mechanical

recovery for processing scrap, that began in the 1990s in Germany, where the Heramid brand was born, is currently used in the entire recycling product line of the Performance Plastics Business Area.

This decision is therefore derived from a strategic and historic route that began more than thirty-five years ago. Over time the Villa d'Ogna site of Radici Novacips, which was established to produce engineering plastics, and simultaneously reuse scraps from polymerization and spinning, has concentrated its efforts and know-how on processing first choices. The company Sico of Chignolo d'Isola, formerly a subcontractor for processing second choices and scrap, was consequently absorbed by Radici Novacips assuming the same company name. The two sites for Radici Novacips have thus concentrated the whole production chain of virgin and recycled plastics for the RadiciGroup.

The activity of both these companies has evolved in parallel to the development of the Group, legislation on waste and growing market attention to recycled materials, also in terms of expected performance. From "undifferentiated" processing, which only produced low profile materials, specific investments in R&D have produced a high level of expertise and specialisation in secondary materials. Today the Performance Plastics Business Area of RadiciGroup processes post-industrial scraps together with those from the Specialty Chemicals as well as the Synthetic Fibres & Nonwoven Business Areas.

Currently the flow of waste materials is carefully separated by type, depending on the applications for which they are intended; thus establishing a particular system of "quality" recovery that therefore involves all sites. Care in the management of waste production allows better use of the recovered material. This recovery activity covers all aspects of the product, of the process, of the work: Quality, Environment and Safety certifications cover all phases of collection, recovery and the production of engineering plastics from recycled material.

The know-how of RadiciGroup, and the plastics area in particular, is expressed above all in the formulation of products with well-defined and stable technical characteristics and performance but on the basis of variable input materials, the scraps, which by their nature are partially undifferentiated.

Thanks to chemical competence and avant-garde technology of RadiciGroup, engineering plastics obtained from processing secondary materials perform comparably to those from virgin polymers, and are used in the production of key applications, for example in the automotive sector. The increasing public and market awareness for the environment developed in recent decades has been accompanied by the development of environmental legislation at national and European level. To be able to continue to exert the maximum control possible on recovery activities Radici Novacips has obtained authorisation for the treatment of plastic scraps for the Chignolo d'Isola factory. This will enable the Group, even in the face of changes in national legislation, to continue its activities on the basis of either by-products or scraps, without any continuous solution for "virtuous" supervision implemented in the recovery chain.

Not only legislative duties and opportunity but a philosophy of a sustainable approach to resource management: even where the law does not expressly provide for the "circular" approach, productive choices that pursue it are prioritised: in 2010, the acquisition of the American compounder Michael Day, today Radici Plastics USA, able to work with both virgin and recovery raw materials, has further strengthened activity in this sense. Currently all RadiciGroup plastics business area facilities can use both primary polymer and by-products for compounding.

WATER RESOURCES

For some time RadiciGroup has been aware of the importance of proper water management in industrial processes. For this reason, streamlining consumption and recycling are at the top of the Group's agenda. Together with these are the control activities, aimed at protecting the quality of the water being discharged from production sites. This takes place through accurate monitoring of the water originating primarily from rivers or canals and

mainly intended for cooling operations, inside the facilities.

At the Group's sites, all process water is treated in accordance with the regulations of the countries where the companies operate. The cooling water is monitored continuously, for it to be discharged in accordance with the law. **Table 29**

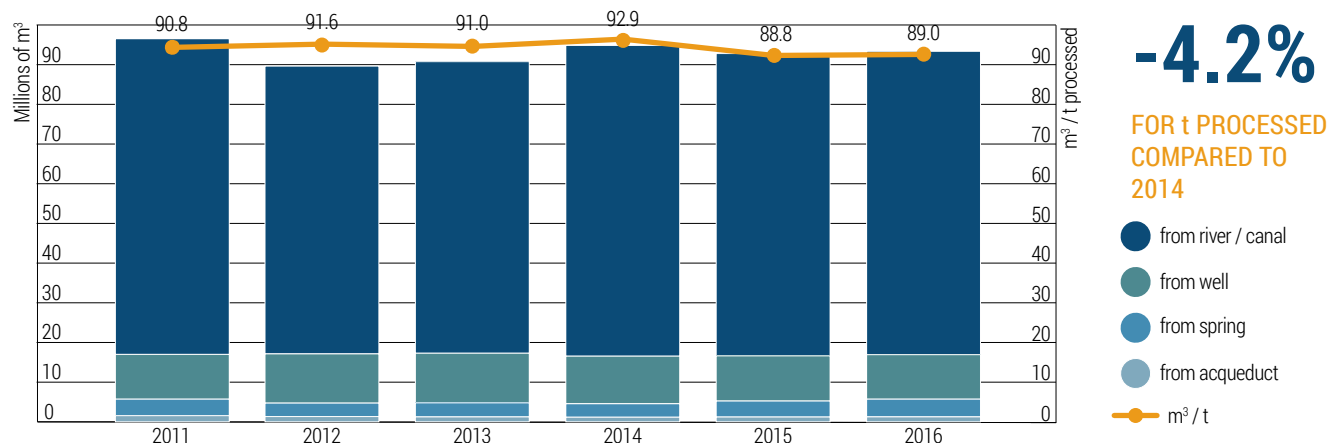
INDICATOR G4-EN8

Table 29 WATER RESOURCES BY SOURCE

		2011	2012	2013	2014	2015	2016
m³	TOTAL	91,390,819	85,381,653	86,446,525	90,738,824	88,076,698	88,216,173
m ³	from acqueduct	155,879	133,188	124,258	116,177	121,449	125,401
m ³	from spring	415,271	338,693	354,433	339,886	402,969	445,842
m ³	from well	11,284,044	12,407,583	12,499,407	11,982,837	11,380,769	11,213,152
m ³	from river / canal	79,535,625	72,502,189	73,468,427	78,299,924	76,171,511	76,431,778

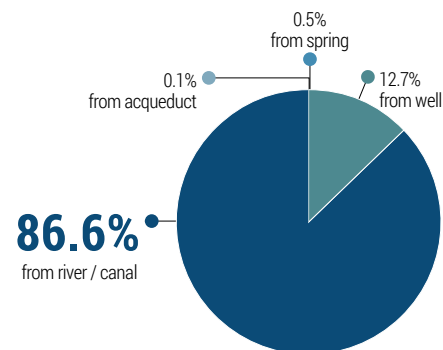
Table 30 INDEX - USE OF WATER RESOURCES IN RELATION TO THE QUANTITIES PROCESSED

	2011	2012	2013	2014	2015	2016	Δ 3 YEARS
m³/t	90.82	91.64	91.06	92.91	88.77	89.03	-4.2%



The overall amount of water used in 2016 is in line with previous trends while consumption per tonne processed was almost 89m³/t (- 4.2% compared to 2014). **Table 30**

It is worth mentioning that in the Group the use of water resources, coming mostly from surface water, is mainly intended to cool the plants and not for the actual production processes. Consumption is therefore largely fixed, regardless of production performance.



INDICATOR G4-EN22

Table 31 WATER DISCHARGE BY TYPE

		2011	2012	2013	2014	2015	2016
m ³	TOTAL	47,900,278	46,650,673	47,517,723	48,175,520	48,086,977	46,856,446
m ³	in surface waterway	47,384,608	46,288,548	47,155,802	47,900,397	47,852,384	46,553,980
m ³	in sewers	515,670	362,125	361,921	275,123	234,593	302,466

Of wich:

Table 32

		2011	2012	2013	2014	2015	2016
m ³	TOTAL	47,900,278	46,650,673	47,517,723	48,175,520	48,086,977	46,856,446
m ³	water discharged directly	46,162,580	45,093,392	45,849,407	46,720,980	46,736,845	45,604,510
m ³	water treated with internal purifier	1,737,698	1,557,281	1,668,316	1,454,540	1,350,132	1,251,936

Table 33 INDEX - WATER DISCHARGE IN RELATION TO THE QUANTITIES PROCESSED

		2011	2012	2013	2014	2015	2016
m ³ /t		47.60	50.07	50.05	49.33	49.01	47.29

INDICATOR G4-EN22

Table 34 TOTAL WATER DISCHARGE BY QUALITY

		2011	2012	2013	2014	2015 ²	2016
Kg	COD	1,997,375	1,846,942	1,533,321	1,185,152	1,412,272	1,548,252
Kg	Total Nitrogen	1,209,052	989,706	995,990	1,096,000	962,532	1,076,144
Kg	Suspended Solids	26,075	30,421	23,823	17,169	23,474	13,135
Kg	Metals *	9,805	6,627	7,931	9,648	7,961	7,158

* aluminium, chromium, iron, nickel, copper, vanadium, zinc

² The values for 2015 differ from those in the previous editions due to a consumption error which meant that they were not counted in the consolidated data of some businesses.

The table above shows water quality was substantially stable even with some fluctuations over the years. **Table 34**

RADICIGROUP TAKES ON THE MERMAIDS CHALLENGE WITH CNR-ISMALC OF BIELLA: COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

INDICATOR G4-PR6

Research, innovation and transparency. There is still constant attention to public interest “hot topics” in the field of sustainability, in order to have valid response instruments for Stakeholders. For this, in 2016 RadiciGroup initiated collaboration with CNR-ISMALC of Biella, engaging in MERMAIDS, part of the LIFE+ program, the European financial instrument dedicated to the environment.

The impact of micro-plastics on the marine ecosystem is a hotly debated, complex issue. One of numerous topics calls into question the micro and/or nano-plastics from synthetic fibres released by processes of washing synthetic or mixed fabrics. RadiciGroup is addressing this topic (whose weight in terms of impact on the micro-plastic problem as a whole was estimated to be about 10%) through working with CNR, one of the partners of LIFE+. A demonstration project designed to mitigate the impact

on marine European ecosystems, of micro and/or nano plastic particles coming from washing wastewater. The objective of the experiment is the deployment of innovative technologies, new additives and new formulations of detergents for washing processes and for textile finishing treatments.

The various studies carried out by CNR-ISMALC, including tests on samples of mesh made using continuous polyamide and polyester yarns of RadiciGroup, have helped ensure that the factors that most affect the release are the intensity of maintenance treatments and the type of detergent used.

The project also continues in 2017 exploring the possibilities of partnership with manufacturers of household appliances, to design filters together that are capable of blocking the flow of micro-plastics in wastewater.

INDICATOR G4-EN10

Table 35 WATER SAVINGS

		2011	2012	2013	2014	2015	2016
m ³	water taken	91,390,819	85,381,653	86,446,525	90,738,824	88,076,698	88,216,173
m ³	water recovered	72,326,000	77,360,437	74,004,952	56,739,347	56,000,052	59,069,440
%	water saved	79%	91%	86%	63%	64%	67%

INDICATOR G4-EN10

Table 36 WATER SAVINGS (WITHOUT RADICI CHIMICA DEUTSCHLAND)

		2011	2012	2013	2014	2015	2016
m ³	water taken	48,562,552	47,283,015	48,132,201	48,787,877	48,389,785	47,031,279
m ³	water recovered	72,326,000	77,360,437	74,004,952	56,739,347	56,000,052	59,069,440
%	water saved	149%	164%	154%	116%	116%	126%

Alongside the usual and desirable water recycling activities from all sites, which grows each year, it should be noted that Radici Chimica Deutschland recycles water outside its own factory. The company draws its resources from a ring canal with limited volume variations related to climatic conditions (evaporation-rainfall). Recycling is outside the company and does not count towards the reuse of water for Group companies.

Therefore, in 2016, the value of the indicator G4- EN10, including Radici Chimica Deutschland was 67%; excluding this it was 126%. **Table 35** and **Table 36**

THE SOLUTION DYED YARN OF NOYFIL SA: AN AUTHENTIC EXAMPLE OF WATER SAVING

Solution dyeing is a process through which coloured pigments are added to the polymer before the fibres are formed during the extrusion process and are integrated, literally, within the polymer itself.

Noyfil SA, Swiss company of the RadiciGroup Comfort Fibres Business Area, mostly uses this process for its polyester. Although solution dyeing normally applies to large quantities, the Company has for some time been set up to also provide small batches using this technique, ensuring a high degree of repeatability and uniformity of colour, as well as very considerable savings in the use of water.

Just in 2016, more than 65% of the Starlight® yarn sold by Noyfil SA was solution dyed, with water savings of 450,000 m³ compared to a traditional technique of dyeing the yarn.

Expanding the horizon from the three years 2014-2016, performances are even more significant. Starlight® solution dyeing has saved 1,768 million m³ of water corresponding to the capacity of a medium-sized artificial lake for energy production.

ENERGY

The production businesses that are part of the Group have significant thermal and electricity needs and, thanks to the awareness developed in terms of environmental impact and of the impact of energy costs on the budget, particular attention to efficiency and streamlining consumption is now consolidated within the Group's energy policy.

The activities of the Energy Managers (a position specially provided for by Italian legislation for monitoring and op-

timising consumption and the promotion of interventions aimed at energy efficiency) and the progressive increase in the number of sites with energy management systems certified under ISO50001 substantiate the Group's energy policy, aimed at continuous improvement, simultaneously catalysing the renovation of facilities and the introduction of state-of-the-art technology.

INDICATOR G4-EN3

Table 37 DIRECT PRIMARY ENERGY CONSUMPTION

		2011	2012	2013	2014	2015	2016	Δ 3 YEARS
GJ	TOTAL	2,885,633	2,756,575	2,585,711	1,971,976	1,972,626	1,861,445	-5.6%
GJ	from NATURAL GAS*	2,863,070	2,747,353	2,580,541	1,967,077	1,967,104	1,853,815	
GJ	from DIESEL	19,849	2,360	1,102	1,101	1,769	1,445	
GJ	from LPG	1,955	2,637	3,063	3,128	2,975	5,363	
GJ	from BURNING OIL	759	4,225	1,005	670	778	822	

Note *: converting natural gas from Nm³ to GJ conservatively used a factor of 39.01 for all companies observing the precautionary principle.

Table 38 INDEX - PRIMARY DIRECT ENERGY CONSUMPTION IN RELATION TO THE QUANTITIES PROCESSED

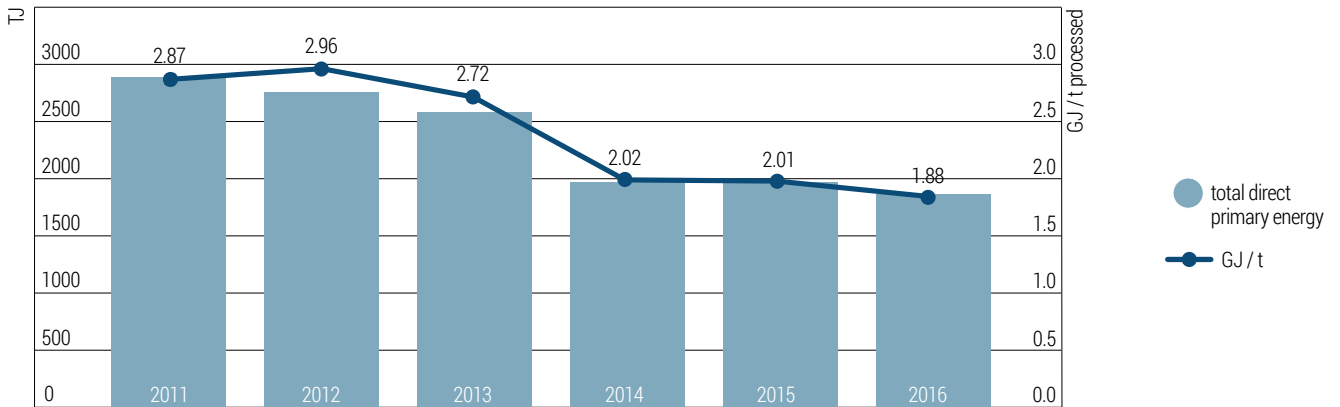
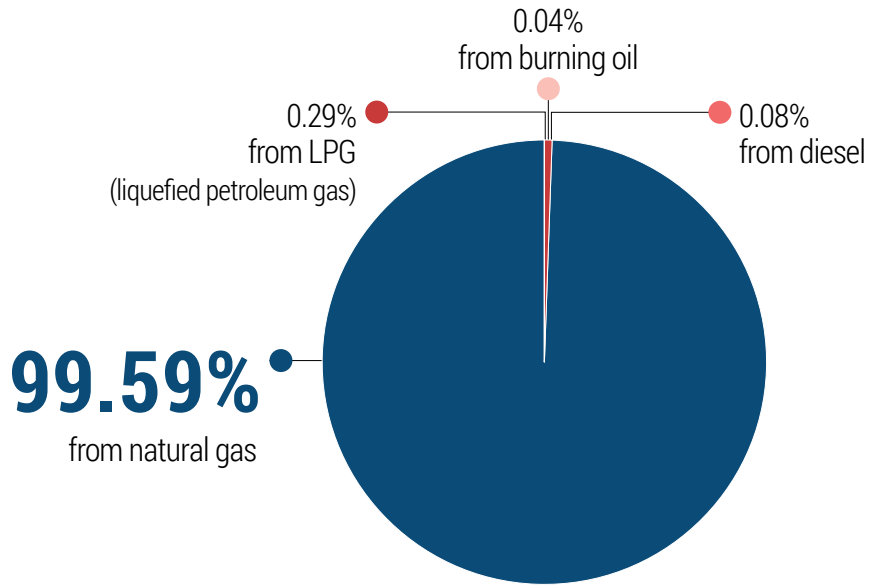
		2011	2012	2013	2014	2015	2016
GJ/t		2.87	2.96	2.72	2.02	2.01	1.88

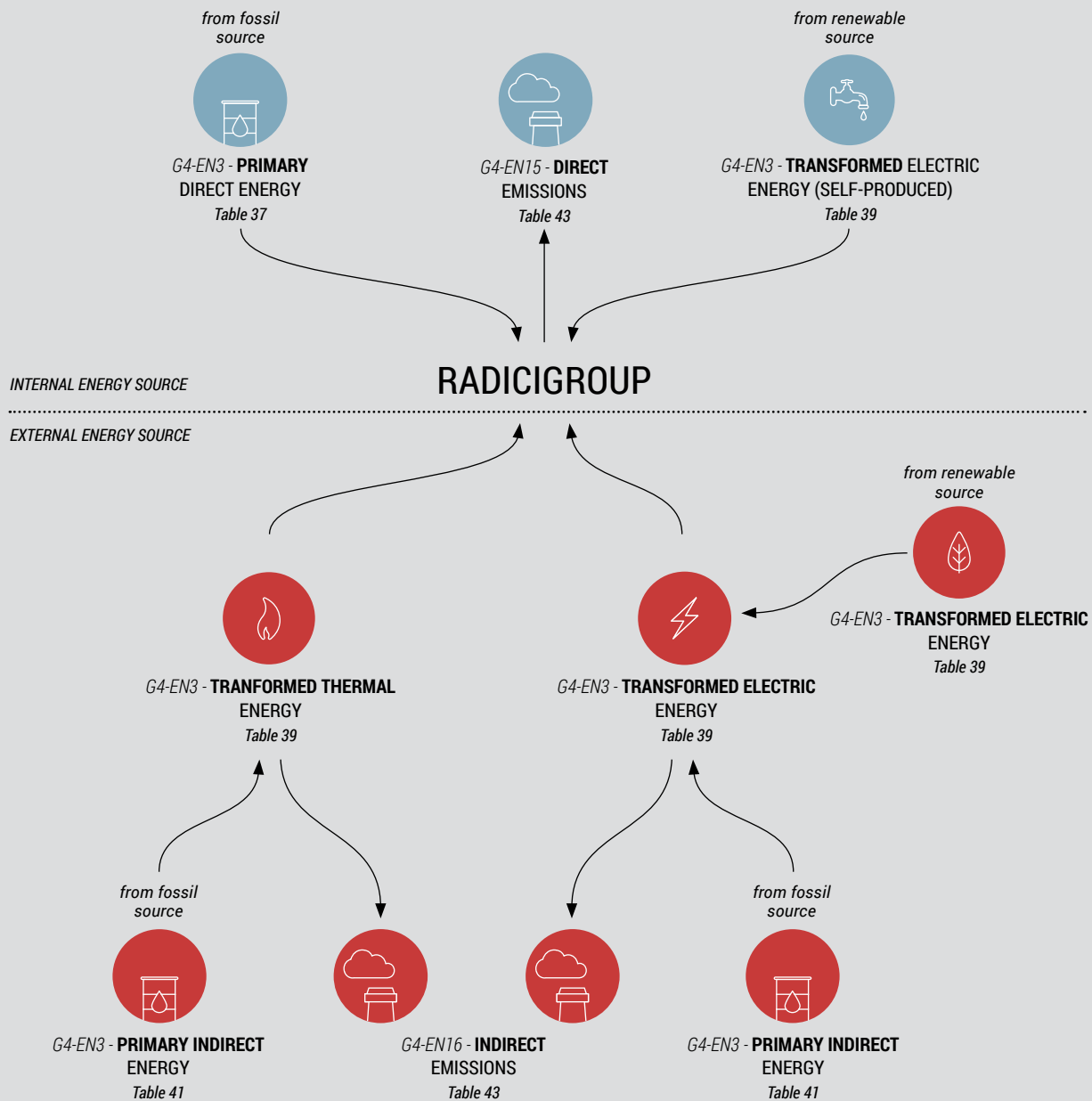
With reference to the data, the overall energy consumption reduced by 5.6 % in three years and by 35.5% in six years, a primary outcome of the efficiency policies implemented by the Group. **Table 37**

As regards the use of energy compared to the quantity processed, in 2016 this was 1.88 GJ/t against 2.02 GJ/t in 2014. **Table 38**

In 2016 natural gas met over 99.5% of companies' overall fuel needs.

DIRECT PRIMARY ENERGY CONSUMPTION - 2016





As concerns electricity, an excellent 51.6% of energy came from renewable sources. In Italy in particular this is hydroelectric energy provided by Geogreen as detailed in the part relating to suppliers. Similar to 2015, the Group

has seven sites, in Italy and abroad, supplied entirely with energy from renewable sources. **Table 39**

INDICATOR G4-EN3

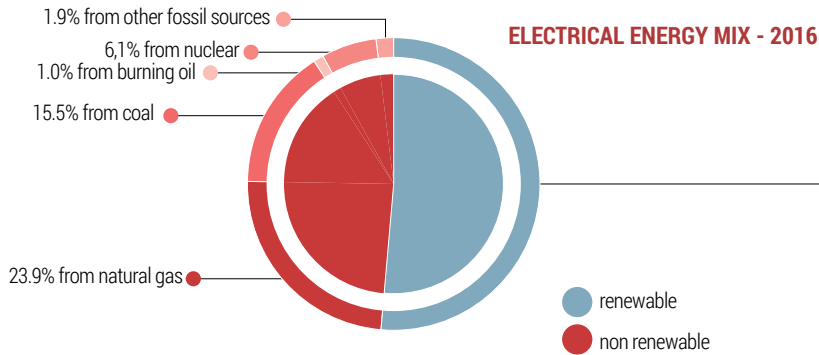
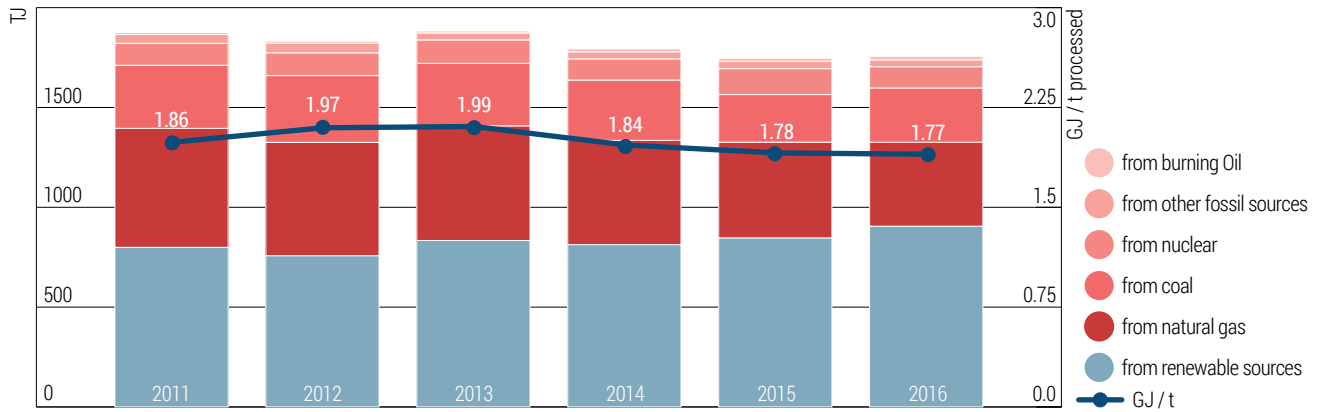
Table 39 TRANSFORMED ENERGY CONSUMPTION BROKEN DOWN BY PRIMARY ENERGY SOURCE (ELECTRIC AND THERMAL)

		2011	2012	2013	2014	2015	2016
GJ	TOTAL TRANSFORMED ENERGY	3,917,657	3,714,266	3,808,477	3,848,824	3,739,148	3,726,772
GJ	ELECTRICAL ENERGY SUB TOTAL	1,875,264	1,832,380	1,882,802	1,793,416	1,746,186	1,756,188
GJ	From renewable sources	799,476	757,615	833,840	813,088	846,895	905,390
%	Energy from renewable sources of total electric energy	42.6%	41.3%	44.3%	45.3%	48.5%	51.6%
GJ	of which self-produced (hydroelectric power)	(31,723)	(53,970)	(58,345)	(79,043)	(56,338)	(56,538)
GJ	From Non-Renewable sources:	1,075,788	1,074,765	1,048,962	980,328	899,291	850,798
GJ	from Natural Gas	595,978	567,599	574,205	522,170	479,305	420,391
GJ	from Coal	316,092	334,450	313,143	301,996	238,385	271,869
GJ	from Burning Oil	10,008	10,174	9,333	14,929	15,549	17,793
GJ	from Nuclear	109,660	114,146	117,037	106,084	129,933	106,637
GJ	from Other fossil sources	44,050	48,396	35,244	35,149	36,119	34,108
GJ	THERMAL ENERGY SUBTOTAL	2,042,393	1,881,886	1,925,675	2,055,408	1,992,962	1,970,584
GJ	from Natural Gas	2,042,393	1,881,886	1,925,675	2,055,408	1,992,962	1,970,584

Table 40 INDEX - INTERMEDIATE ENERGY CONSUMPTION IN RELATION TO THE QUANTITIES PROCESSED (VALUE RELATED TO ELECTRICAL ENERGY)

	2011	2012	2013	2014	2015	2016	Δ 3 years	Δ 6 years
GJ/t	1.86	1.97	1.98	1.84	1.78	1.77	-3.5%	-4.9%

ELECTRICAL ENERGY MIX



51.6%

OF ELECTRICAL ENERGY MIX FROM RENEWABLE SOURCES

of which companies 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 - Gandino, Italy

INDICATOR G4-EN3

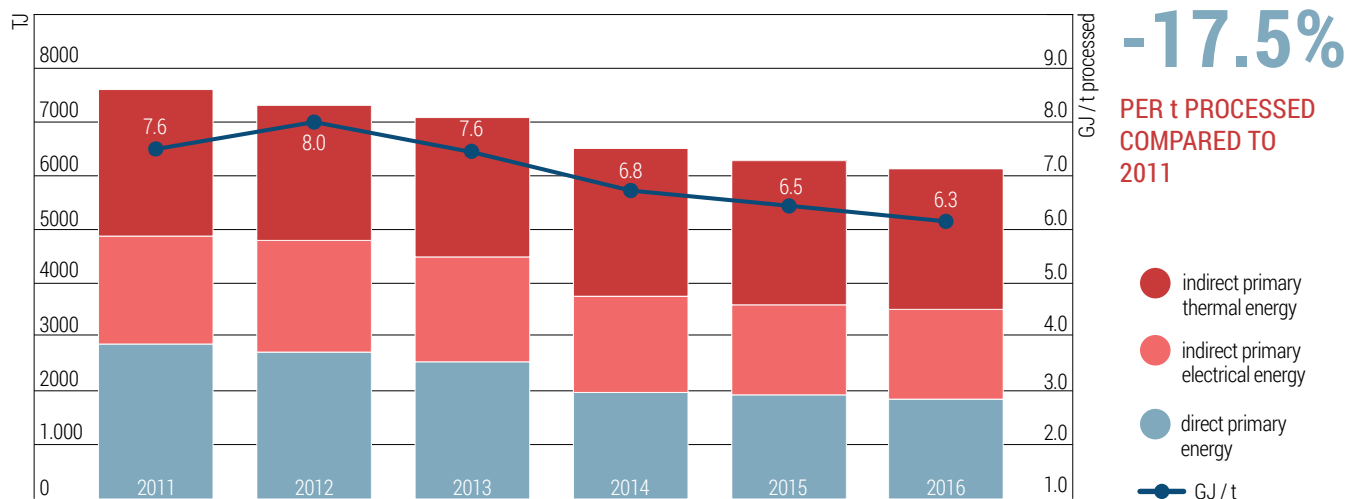
Table 41 DIRECT + INDIRECT PRIMARY ENERGY CONSUMPTION FROM FOSSIL SOURCE

		2011	2012	2013	2014	2015	2016
GJ	TOTAL DIRECT PRIMARY ENERGY + INDIRECT FROM FOSSIL SOURCE	7,678,029	7,424,198	7,176,375	6,587,001	6,369,900	6,233,876
GJ	TOTAL DIRECT PRIMARY ENERGY	2,885,633	2,756,575	2,585,711	1,971,976	1,972,626	1,861,445
GJ	TOTAL INDIRECT PRIMARY ENERGY	4,792,396	4,667,623	4,590,664	4,615,025	4,397,274	4,372,431
GJ	To produce INTERMEDIATE ELECTRICAL ENERGY from fossil sources - INDIRECT PRIMARY ELECTRICAL ENERGY	2,041,464	2,107,338	1,976,812	1,833,705	1,689,795	1,703,719
GJ	To produce INTERMEDIATE THERMAL ENERGY from fossil sources - INDIRECT PRIMARY THERMAL ENERGY	2,750,932	2,560,285	2,613,852	2,781,320	2,707,479	2,668,712

Table 42 INDEX - TOTAL PRIMARY ENERGY CONSUMPTION IN RELATION TO QUANTITIES PROCESSED

		2011	2012	2013	2014	2015	2016
GJ/t	TOTAL PRIMARY ENERGY	7.63	7.97	7.56	6.78	6.49	6.29
GJ/t	DIRECT PRIMARY ENERGY	2.87	2.96	2.72	2.02	2.01	1.88
GJ/t	TOTAL INDIRECT PRIMARY ENERGY	4.76	5.01	4.84	4.76	4.48	4.41
GJ/t	INDIRECT PRIMARY Electrical energy	2.03	2.26	2.08	1.90	1.72	1.72
GJ/t	INDIRECT PRIMARY Thermal energy	2.73	2.75	2.76	2.86	2.76	2.69

GLOBAL IMPACT ON PRIMARY ENERGY



Optimisation of equipment and utilities, which increasingly require less primary energy consumption, combined with an improved energy mix ever more oriented toward the use of transformed energy from renewable sources, consequently reduces primary energy from fossil sources. Total primary energy (direct + indirect) from fossil sources decreased in absolute terms by 5.4% in three years and by 18.8% compared to 2011. [Table 41](#)

The indices, i.e. the energy required to produce a tonne of product, also show a positive result from 7.6 GJ/t in 2011 to 6.3 GJ/t in 2016 with a reduction of 17.5% in six years and 7.3% over the last three years. [Table 42](#)

EMISSIONS

Closely linked to the topic of energy is that of emissions, always a fundamental principle of RadiciGroup's environmental commitment, this is a crucial part of contribution that the Group puts forward to combat climate change.

The reduction of consumption, the improvement of the energy mix and a business strategy oriented to invest in BATs, continuously improve the quantity and quality of air emissions.

Therefore the virtuous path of mitigating environmental impacts continues, which is translated into a reduction in direct emissions (t CO₂ eq) in absolute terms of 68% over the last six years. *Table 43*

This is accompanied by a decrease in the index relating to emissions on quantities processed of 5% in the last three years and more than 50% over the last six. *Table 44*

INDICATOR G4-EN15 and EN 16

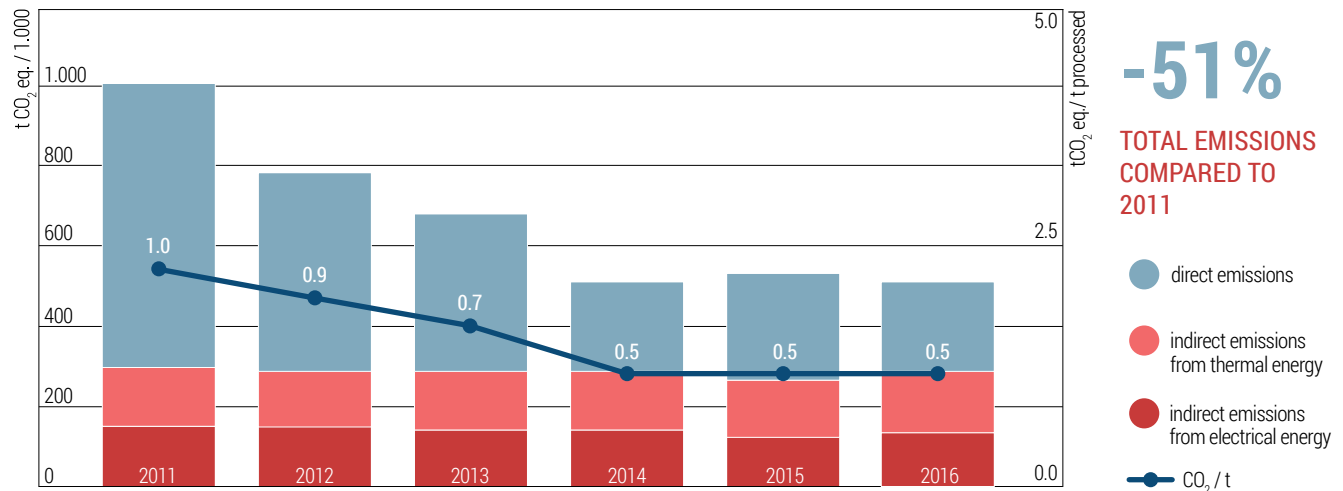
Table 43 TOTAL DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GAS

		2011	2012	2013	2014	2015	2016
t CO ₂ eq.	TOTAL	1,010,036	791,257	677,346	507,713	530,961	489,783
t CO ₂ eq.	DIRECT EMISSIONS (G4-EN15)	711,432	501,336	390,662	218,699	265,353	224,455
t CO ₂ eq.	INDIRECT EMISSIONS (G4-EN16)	298,604	289,921	286,685	289,014	265,608	265,328
t CO ₂ eq.	indirect emissions from electrical energy	145,322	147,262	141,041	134,039	114,747	116,627
t CO ₂ eq.	indirect emissions from thermal energy	153,282	142,659	145,644	154,975	150,861	148,701

Table 44 INDEX - TOTAL DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GAS IN RELATION TO QUANTITIES PROCESSED

	2011	2012	2013	2014	2015	2016	Δ 3 years	Δ 6 years
t CO ₂ eq.	1.00	0.85	0.71	0.52	0.54	0.49	- 5%	- 51%

TOTAL DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GAS



Mitigation measures implemented in the Specialty Chemicals Business Area are particularly important and have greatly contributed towards these results, thanks to emission reduction equipment at the Novara factory (-72.3 % of direct emissions in six years) - *Table 43*.

INDICATOR G4-EN21

Table 45 QUALITY OF EMISSIONS

		2011	2012	2013	2014	2015	2016	Δ 3 years
t	TOTAL	527	502	459	240	181	167	-30.4%
t	NOx	317	306	312	207	152	125	
t	SOx	1.73	0.03	0	0	0	2	
t	POP	0.03	0.02	0	0	0	0	
t	VOC	14	18	11	12	9	12	
t	HAP	174	161	109	0	0	0	
t	PM	7	6	9	5	8	11	
t	Other air emissions	14	11	18	16	12	17	

There is also a constant improvement in the quality of emissions; the polluting substances have reduced by 30% in three years and 68% in six years. If we only consider the Specialty Chemicals Business Area pollutants reduced over six years by 58%. *Table 45*

Not included in the indicator EN21 calculation are the companies of BL Polyester and the German, American and Mexican sites of BA Performance Plastics. For these companies there is no legislative obligation for monitoring. The limited size of these companies means they can reasonably be considered irrelevant for the quantity of pollutants. However, the introduction of additional monitoring systems to complete the overview of the Group is being studied.

INDICATOR G4-EN29

We point out that, in the year of reporting, no significant fines for the Group were recorded, either monetary (greater than 500 €) or non-monetary, for non-compliance with laws or regulations related to environmental aspects.

OVERALL AMOUNT OF POLLUTING SUBSTANCES

-30% in 3 years -68% in 6 years

PRODUCT RESPONSIBILITY INDICATORS (PR)

DMA - GROUP POLICY FOR QUALITY, ENVIRONMENT, HEALTH AND SAFETY

“Through the continuous improvement of its activities, transparent communications, products and services provided in terms of quality and performance in use, RadiciGroup pursues the main goal of the satisfaction of its Stakeholders: customers, shareholders, workers and the local communities where it operates.”

DMA - In 2016, added to the significant and usual cornerstones of research, development and production of products with limited impact, was the topic of recyclability. The vast majority of RadiciGroup products fall within one of the categories listed above.

Along with products that use an increasing quantity of energy from renewable sources in the Group (see in this regard the EN indicators and the details of Geogreen), studies on biopolymers have continued, as detailed below. Mass dyeing, very important in the Group's fibres, has given excellent results in terms of water saving, as seen in the details of Noyfil SA.

The topic of recycling, always fundamental in the Group, was joined by the topic of recyclability, strongly promoted in view of a circular economy.

Designing a product to be readily recyclable at the end of its life, with few technical and mechanical steps to trans-

form it into a new raw material, implies, for example, designing it to be made of a single material, of a few highly compatible materials or, alternatively, easily separated materials. Or evaluating, together with the entire supply chain, how to create a product that has excellent performance in the first cycle of life, and how to best leverage that performance also into its second life.

RADICIGROUP PRODUCTS WITH A LIMITED ENVIRONMENTAL IMPACT



Manufactured using recycled raw materials

Heramid®: PA6 and PA6.6 engineering plastics
r-Starlight®: polyester textile yarn
r-Radyarn®: polyester textile yarn



Manufactured using clean energy

Radipol®: PA6, PA6.6 and PA6.10 polymers
Radilon®: PA6 and PA6.6 engineering plastics
Heramid®: PA6 and PA6.6 engineering plastics
Radifloor®: PA6 and PA6.6 BCF yarn
Radigreen®: PA artificial grass yarn
Radilon® staple fibre®: PA6 staple
Radilon®: PA6 and PA6.6 textile yarn



Solution-dyed saving water and energy

Radifloor®: PA6 BCF yarns
dorix®: PA6 staple
Radilon® staple fibre: PA6 staple
Radilon®: PA6 and PA6.6 textile yarn
Radyarn®/Starlight®: polyester textile yarn
r-Radyarn®/r-Starlight®: recycled polyester 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
Radilon® PX: bio-based engineering plastics
Biofeel: bio-based textile yarns
dorix®: bio-based staple fibre
Radifloor® PX: bio-based BCF yarns
CornLeaf: Ingeo™ polylactic acid (PLA) yarn



Recyclable

All products

**BIOPOLYMERS AND SUSTAINABILITY:
A STUDY COMMISSIONED BY RADICIGROUP LAUNCHED IN 2016**

Over the course of 2016 Radici Novacips asked Laboratory Ap.E - Laboratory of Applied Electrochemistry of the Chemistry Department at the University of Milan to conduct a rigorous study of environmental issues concerning the main "bio" sources used in polymer production.

The greatest complexity involved both the retrieval of data on cultivation of the raw materials (number and intensity of the harvest, types of fertiliser, the amount of water used) and those required to structure the LCA of the biomass processes to obtain the monomer, therefore the use of energy, the chemicals used and the yield of the processes. The specific skills of the Chemistry Department and the wide patent search helped to build realistic assumptions of the potential environmental impacts of the main biomonomers used.

Studies on biopolymers, which have the undoubted advantage of coming from renewable sources, do not yet show conclusive results. For this reason, to communicate the environmental impacts with the market further studies are needed to understand the full degree of sustainability of these materials, especially in relation to their performance.

IMPACT MEASUREMENT

INDICATOR G4-PR1

With a view of product sustainability, on the basis of the above, in 2016 the Group also worked on measuring impacts using internationally recognised instruments. Wherever possible, third parties certified the results of the measurements. The main systems are:

- LCA (Life Cycle Assessment) analysis, which in 2010-2011 involved all the main Group products with a polyamide and polyester base and which takes into account the whole life cycle of a product, with subsequent updates as prerequisites for EPD and PEF.
- EPD (Environmental Product Declaration), certification regulated by the International EPD® system, one of the most qualified managers for environmental declarations useful to monitor and improve environmental, technical and quality performance of the products.
- PEF (Product Environmental Footprint) that initially concerned the Specialty Chemicals business area and later the Synthetic Fibres & Nonwovens business area. This project was launched in 2013 by the European Commission to develop a methodology to calculate the environmental footprint of a product. This system regulates the calculation, evaluation, third party validation and communication to all Stakeholders of the environmental impact of products and services.

A further step for the awareness of impacts along the entire production chain and reinforcing the topic of compliance, indicated in the materiality matrix, was the introduction from 2015 of Product Stewardship & Regulatory Affairs in the Performance Plastics business area.

The objective of this function is to monitor compliance with the main laws and regulations applicable to products.

This is done in close collaboration with suppliers who provide data and information particularly in relation to raw materials. In this way, there is compliance with regulatory requirements from the very earliest stages

of the production process, from when the raw materials enter the company. The creation of a database, constantly updated with product characteristics, and benchmarking against more stringent regulatory requirements helps make the entire process fully monitored and more sustainable.

**BCF RADIFLOOR® YARNS:
MEASURABLE SUSTAINABILITY THANKS TO THE EPD**

Measuring and being able to communicate information to the market about the real environmental impact of products based on verifiable and comparable scientific data continue to be among the main sustainability objectives of RadiciGroup and its companies.

March 2016 saw the formal publication of the EPD from Radici Fil SpA - a historical company of RadiciGroup - for its entire range of BCF yarns based on raw PA6.6 and PA6, solution dyed, twisted and "heat set" and air entangled.

Radici Fil has analysed the Radifloor® production cycle and measured the related environmental impacts starting not only upstream from its own process - i.e. from the production of 6 and 6.6 polymers used to make the yarn - but from the same process of raw material extraction needed to produce polyamide polymers including the manufacturing steps, processing and output from the factory (there was a Life Cycle Assessment cradle to gate study).

**INNO.PRO.WIRE:
2016 PRODUCTION IS LAUNCHED FOR THE FIRST PRODUCTS**

November 2016 saw a training day dedicated to LIFE-Inno.Pro.Wire, to take stock of the situation on the state of progress of the project financed by the European Union and NATO with the partnership between Gruppo Industriale Maccaferri (with Officine Maccaferri SpA and SAMP SpA) and RadiciGroup (with Radici Novacips SpA, headquarters of the Performance Plastics Business Area).

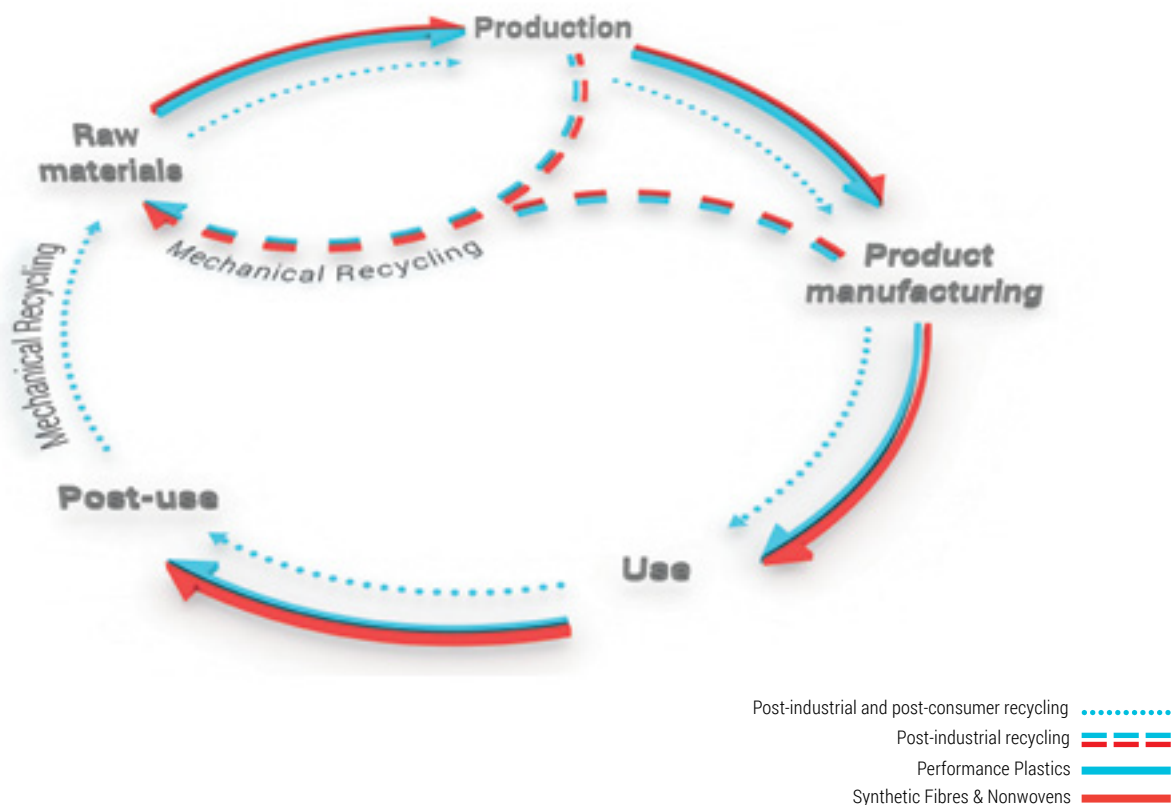
This collaboration was established in 2015 to develop an innovative process with minimal environmental impact for the production of extruded steel wires, to make protective and containing structures using a metal mesh.

The sustainable innovation aspect of the project, in particular, is linked to the use of polyamide based polymers as a valid alternative to PVC for coating the steel wires.

The workshop organised by the Gruppo Industriale Maccaferri and RadiciGroup at the Natta Chemical Institute in Bergamo, saw the participation of students, of Plastics Europe Italia, EURIS srl and Ecoinnovazione srl. A partnership that is therefore not only open to the scholastic world, but also to the world of Professional Associations and to Companies that effectively work towards product sustainability.

RADICIGROUP AND RECYCLING

POLYAMIDE



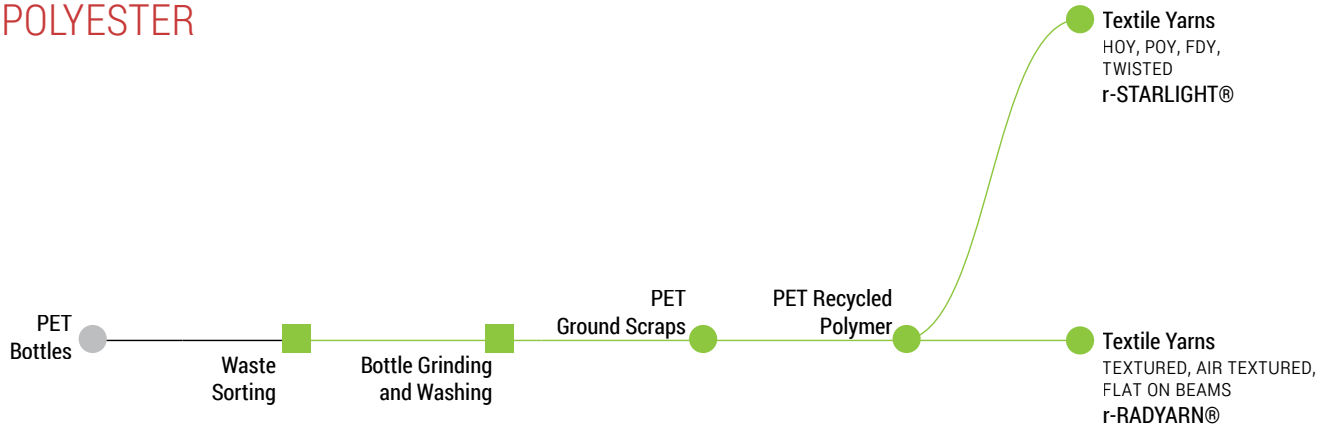
On the basis of measurements made in the Group, and considering the upstream integration of its companies, there are two major recycling philosophies in RadiciGroup:

- for the part related to polyamide, all production scraps (post-industrial) of the plastics and fibre business area as well as all the scraps found on the market (post-con-

sumer), whether plastic or fibre, are transformed into plastics through mechanical recycling.

This solution has lower chemical and energetic impact which enables these waste products to return to being raw material and to be used in high performance products, for example in the automotive sector.

POLYESTER



• for the part related to polyester the Group buys polymer recycled from bottle waste and transforms it into performance yarns comparable to yarn from virgin polymer. This solution helps to exploit shredded bott-

les which become yarn, and can then be enhanced or supplemented to become, for example, high technical performance sports clothing.

PRODUCT COMMUNICATION

INDICATOR G4-PR3

A fundamental element of sustainability, after designing and making a product with limited impact, is communication to the customer and the market.

The internal code of conduct “No Green Washing” was reviewed in 2016. This is intended for anyone in the Group speaking about RadiciGroup’s commitment to sustainability. Its objective is to promote awareness of how important and rewarding, from a reputational and economic point of view, truthful and reliable communication can be. This update included more details on LCA, EPD and PEF in particular, key themes for product sustainability.

From a general point of view, in compliance with current legislation, all RadiciGroup products have technical information sheets which show, among other things, a description, the characteristics and the fields of application. If required, these are also accompanied by safety data sheets in accordance with REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)

regulations which show, in addition to the components of a product, possible risks for human health and the environment, indications on disposal and on the personal protective equipment to be used during handling.

Other specific labels, certifications or declarations that accompany the Group’s products are:

- For the Synthetic Fibres & Nonwovens Business Area: OEKO-TEX® Standard 100, an independent control and certification system valid for the whole world, which ensures the absence of harmful or illegal substances or substances whose use is regulated and which ensures respect for parameters for safeguarding health; for some time, the Group has recognised the validity of this label, having been rewarded in both 2015 and 2016 by Oeko-Tex itself for its lengthy collaboration (more details are available in other parts of the report).
- In all business areas, certification or test reports for “Food Contact Compliance”, which attest to the suitability

bility of the materials in direct or indirect contact with food. Through careful documented analysis, verification of compliance with the requirements from the beginning of the design and implementation of the GMP (Good Manufacturing Practices), in addition to specific suitability testing through certified and specialised laboratories, ensuring the safety of downstream users.

- In all business areas, according to the product considered and intended for the automotive sector: compliance with the technical specifications outlined in the automotive sector standard of quality management for suppliers ISO TS 16949.
- For all business areas: verification of the absence of SVHC Substances (Substances of Very High Concern, i.e. extremely hazardous substances) after each update from the ECHA (European Chemicals Agency). Where a substance of very high concern is used, the raw material containing this substance will be replaced where possible.

By operating in this way the Group complies with the product labelling and documentation legislation in force in each country in which (or toward which) the Group operates.

Some general communication guidelines are included in the rules or certifications that the Group has voluntarily adopted. Firstly, ISO 9001, versions 2008 and 2015, requires that the organisation needs to have instruments and effective provisions to communicate with Customers about the product or to provide directions or useful updates. The EPD system also promotes transparent, scientifically founded and documented environmental product communication.

RADICI YARN SPA AWARDED FOR BEING CERTIFIED WITH OEKO-TEX® STANDARD 100 FOR 20 YEARS.

Radici Yarn SpA - a RadiciGroup company among the European leaders in the production of nylon yarns and staple fibre for the textiles and clothing and technical-industrial sectors - is among the 33 companies in the Textile-Clothing sector awarded for being certified with Oeko-Tex® Standard 100 for 20 years. The award ceremony was held on 21 June 2016 at the MUDEC Museum of Cultures.

Radici Yarn is thus added to Noyfil SpA and Noyfil SA, RadiciGroup companies active in polyester yarn production, which in 2015 had already obtained the same recognition, an important testimony of a tangible commitment to constantly and scientifically monitoring product safety. For RadiciGroup, in particular, compliance with Oeko-Tex® requirements means offering maximum guarantees to the final consumer as well as transparency in the whole chain.

INDICATOR G4-PR2 and PR4

The measurement systems adopted, attention to quality, to safety and clear communication relating to products meant that in the reporting period there were no instances of non-compliance with mandatory standards, voluntary codes in the field of health and safety, or product labelling in any RadiciGroup company.

***EVEN THOUGH YOUR TIME
MAY BE LIMITED, WHAT
MATTERS IS HOW YOU ARE
WILLING TO USE IT***



IMPROVEMENT

PLAN

IMPROVEMENT PLAN

On the basis of the issues highlighted in the internal analysis used to formulate the matrix, the following are our future commitments:

ENVIRONMENT

- Continuation of the policy for analysing the life cycle of products and the measurement of environmental impacts of organisations through recognised and certified systems.
- Increasing awareness on the contribution that actions implemented by the sites have on the general topics of environmental impact (analysis of business contexts and environmental analysis carried out in accordance with similar criteria and relating to environmental macro trends).
- Continuation of impact mitigation actions through constant monitoring of environmental data and maintaining state-of-the-art technologies at production sites.

HUMAN RESOURCES

- Management of the topic of Life Long Employability.
- Continuing the “RadiciGroup for Safety – at the Roots of Safety” plan through verification of the effectiveness and application of what is learned in corporate life.

SOCIAL/HUMAN RIGHTS

- Continuation of the work of listening and closeness with local communities through social media and sponsorship and donations.
- Continuation of work with local schools to implement joint projects.

R&D/PRODUCTS

- Continuation of the strategy concerning product recyclability and recycling through all impact measurements and control of the supply chain.
- Continuation of the development of products from renewable sources with the aim of achieving 100% bio-based items.
- Reorganisation of the Group R&D from a perspective of central coordination.
- Sharing and updating knowledge relating to product safety and to legislative updates concerning Group products through regular meetings.

TO LEARN MORE ABOUT RADICIGROUP:

SUSTAINABILITY REPORT

<http://www.radicigroup.com/en/corporate/radicigroup/brochure>

WEBSITE AND NEWS ON RADICIGROUP

<http://www.radicigroup.com/en>

TO BE GLOBAL, WHITE PAPER

<http://www.radicigroup.com/en/corporate/radicigroup/brochure>

QUALITY, ENVIRONMENT AND SAFETY POLICY

<http://www.radicigroup.com/en/corporate/radicigroup/quality-policy>

LINKEDIN PROFILE

<http://www.linkedin.com/company/radici-group>

TWITTER PROFILES

<https://twitter.com/RadiciGroup>

<https://twitter.com/RGSustainable>

<https://twitter.com/RGCulture>

WORLD FACEBOOK PROFILE

<https://www.facebook.com/radicigroup.world/>

ITALIAN FACEBOOK PROFILE

<https://www.facebook.com/radicigroup.italia/>

CZECH FACEBOOK PROFILE

<https://www.facebook.com/radicigroup.ceskarepublika/>

SLIDESHARE PAGE

<http://www.slideshare.net/radicigroup>

YOUTUBE CHANNEL

<https://www.youtube.com/user/RadiciGroup>

*HEALTH AND WELLBEING
STEM FROM THE
RELATIONSHIP EVERYONE
HAS WITH THE ELEMENTS
IN THE UNIVERSE*

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VALIDATION

LETTER

VALIDATION LETTER

THE SUSTAINABILITY REPORT IS VALIDATED BY A THIRD PARTY, THE CERTIFICATION COMPANY CERTIQUALITY AS CONFORMING TO THE "GLOBAL REPORTING INITIATIVE" REPORTING MODEL VERSION 4 "IN ACCORDANCE CORE" **STANDARD DISCLOSURES G4-32**



AUDIT OF THE 2016 RADICIGROUP SUSTAINABILITY REPORT

Audit Scope

Certiquality S.r.l. has been selected by Radici Partecipazioni S.p.A. to review the RadiciGroup Sustainability Report for the year 2016, in order to assess compliance with the Global Reporting Initiative (GRI) G4 guidelines in accordance with the Core option which incorporates the minimal standard disclosure and the valuation of at least one performance indicator for each material aspect identified. 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 "G4 Sustainability Reporting Guidelines", as published by the GRI in 2013, with a particular focus on:

- checking which principles were used in defining Report Content (including stakeholder inclusiveness, sustainability context, materiality and 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 in accordance with the Core GRI G4 guidelines.

The audit was conducted using audit procedures which were adopted by Certiquality 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 2016*", 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 Villa d'Ogna; Radici Chemiefaser GmbH by conference call in Radici Yarn Villa d'Ogna; Radici Novacips Villa d'Ogna; Radici Plastics USA by conference call in Novacips Villa d'Ogna; Noyfil Stabio; Radicifil 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 were sourced from the consolidated balance sheet of Radici Partecipazioni S.p.A., which had been the object of a prior voluntary accounting audit (please refer to the Deloitte & Touche report dated 26th June 2017) and therefore were not further assessed.

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

Audit Findings and Recommendations

The 2016 Sustainability Report is the second edition to have been drafted according to the G4 version of the GRI. Such 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 a six year period from 2011 to 2016, in order to provide a fuller 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 does not contain any significant exclusion. The exclusion of environmental aspects concerning the group's head office and commercial offices is not significant when taking the group into consideration and is therefore entirely justified. The exclusion of the company which was acquired last year is similarly justified as the data relevant to it would be incomplete and not fully coherent with current reality. Compared to the previous edition, the organization and presentation of risk assessment and analysis activities, of stakeholder engagement, and of the assessment of aspect materiality for the purpose of defining the Report Content have been greatly improved and such activities are now mostly organized and structured, even though in certain cases the link between the aspects taken into consideration under internal evaluations and those set out in the GRI guidelines may not be immediately apparent. The large number of actions which have been and are currently being undertaken to promote stakeholder engagement demonstrate, among other things, the management's commitment to spreading sustainability values both within and outside the organization, as well as being a testimony to the policies of the group and of its constituent companies and to the numerous initiatives currently underway. The high level of involvement of company representatives in the GRI working group is also an indication of the desire to adequately spread sustainability culture in all business units.

The data collection and data processing system is sufficiently well-structured and documented at the central level and has been improved compared to last year. This is also the case with respect to its management at the level of individual business units and individual companies, which is now clearer and easier to review.

The audit has revealed a few opportunities for improvement, however, and more specifically:

- the link between aspects deemed to be material according to company evaluations and those listed in the GRI guidelines should be clarified;
- the differences in the various aspects at the local level should be stressed upon, where appropriate, by increasing the geographic detail of some of the topics covered (*e.g.* economic issues);
- certain issues considered to be material but currently only addressed at a general level, such as the supply chain, gender equality and the strive against corruption, should be considered further.

Audit Conclusions

The review of the 2016 "*Bilancio di Sostenibilità Radici Group*" did not give rise to any significant issues, neither as regards compliance with the principles of the G4 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 Core option level.

3rd August 2017

Certiquality S.r.l.
General Manager
Umberto Chiminazzo

TABLE OF STANDARD DISCLOSURES AND GRI INDICATORS

STANDARD DISCLOSURES

p. 7

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*THE VALUE OF EACH
INDIVIDUAL THING IS IN
THE EYE OF THE BEHOLDER*



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REPORT
COLLABORATORS**

SUSTAINABILITY REPORT COLLABORATORS

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On the input of the Board of Directors and Shareholders, the GRI Coordination Group and Site GRI Groups who work every year to produce the Sustainability Report. Also in 2016, more than 70 people in the group provided data or important information for the report. They join the countless people who have indirectly worked on collecting indicators and formulating texts.

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