



RenoDeMedici

**SOCIAL AND
ENVIRONMENTAL
REPORTING
2012**



Letter from the CEO

Dear Shareholders
and Stakeholders,

When we began the process in 2007 of merging with the Cascades Group, the manufacturing as well as the economic and financial scenario, both in Europe and worldwide, were radically different. The European political situation was solid and nothing at the time allowed for foretelling the political and institutional crisis that was to culminate in 2011-2012. The negative effects of this institutional crisis reverberated and continue to reverberate throughout the financial markets and the real economy. In addition to the unforeseeable unfolding of such crises, which in fact precluded the development of a medium-term strategy, there were international tensions primarily involving the so-called “Arab spring” countries. The consequent drop in consumption and the decrease in demand for cardboard led to a rationalization of production capacity, which unfortunately did not even spare our Group. It was therefore necessary to make painful choices.

Thanks to such operations, our Group managed to maintain its position on the European market and its presence in Italy as well, with 3 of the 5 original plants in operation, continuing even now to employ more than 1,500 people (excluding satellite activities) throughout Europe. This, as clearly shown in Chapter 3 of this report, has enabled us to contribute to the “Country” system in each nation in which our plants are present.

We believe it is fair to show how in an historical moment such as the one we are living through, compared to companies who choose the path of delocalizing production, our Group has concentrated its greatest investments precisely on the Italian plants, despite the continuing growth of tax pressures and the continual increases in raw materials prices. Just as the cost of energy and gas alone in Italy is almost 25% greater than that paid to the same supplier in France. This can only have a negative effect on the competitiveness of local companies.

Regarding the commitment to safeguard and maintain our Group’s international competitiveness, we recall that in the last five years we have spent over €90 million on investments. Just for the establishment located in Villa Santa Lucia (FR), we have made investments of almost 10 million over the course of 2012 (without forgetting that the Lazio region’s IRAP manufacturing tax is approximately 1% compared to the regions where the Group’s other Italian establishments are located). We plan to maintain this trend in 2013 as well, despite the economic and ‘bureaucratic’ difficulties encountered over the long year just past and which in some cases demonstrated institutions’ failure to be in tune with the real life of businesses. In any case, and notwithstanding such difficulties, we truly believe that we should continue on the investments path since, on the one hand, we believe that our merchandise sector has already reached a point of equilibrium and, on the other, since we want to increase our competitiveness on the market and offer our customers a product of increasing quality.

The Group has also continued to operate with the utmost attention to social responsibility and local issues, implementing its own programs for the containment of natural gas emissions, retaining and increasing the certifications of corporate management systems and ensuring that high safety levels are maintained. For this reason, we hope to extend the OHSAS 18001 certification by 2013 to our Italian sites. We have also begun and consolidated collaborations with important university and research institutes for the execution of projects aimed at ensuring ever increasing quality for our products.

The same importance has been given to maximum transparency in governance processes, personal growth and development, the involvement of local communities, and a constructive relationship with shareholders, authorities, customers and suppliers.

In 2012, we also began an approach that sees sustainability as the integration of two elements: risk reduction and the creation of shared value. The first element is geared toward the control of risk and of the factors that may negatively impact stakeholders and future generations. The second element is focused on multiplying the opportunities generated by our Group's presence in local areas and the value chain.

Some research projects reported in this document (such as the nanotechnology pilot studies) represent a separate starting point for the creation of shared value.

The commitment to sustainable development therefore remains a subject that is central to RDM and to our entire Group, as it will be for governments and institutions in the international community.

The Rio + 20 Conference, twenty years after the one that defined the Agenda for the 21st century, was a pivotal moment for the countries belonging to the United Nations, and for defining the long-term objectives in terms of sustainable development. For companies, the goals set constitute, and will constitute even more so in the near future, an opportunity for valuing the consistency of the approach undertaken with respect to this two-fold challenge: meeting multinational and global needs, on the one hand, and, on the other, developing an effective and efficient model of local citizenship.

The Chief Executive Officer
Ignazio Capuano

Note on Methodology

The RDM Group's Social Report, from the time when it was created, is in its second true edition (the first publication was a real experiment in the embryonic stage of which we are still proud). It reports on the RDM Group's economic, social and environmental performance.

The data and information refer to the financial year ending on December 31, 2012.

The scope of consolidation of the data includes the Group and the operating companies, unless otherwise specified.

Structure and contents

In line with the previous edition, the Social and Environmental Report is intended to provide a tool for understanding our Group, which goes beyond economic results, because we are, first of all, a company made up of people that wants to talk to people. The document is broken down into the following sections:

Group Identity

It explains the Group's characteristics, with special attention to lines for development of the corporate and organizational structure. The Group's value structure is shown as formalized in the Code of Ethics and, in the part regarding corporate governance, the guidelines for governance and the internal audit system are described.

Social Relation

It concentrates on reporting on the strategies, objectives and the result of the activities carried out by the Group in relation to its stakeholders and the contribution given to the community.

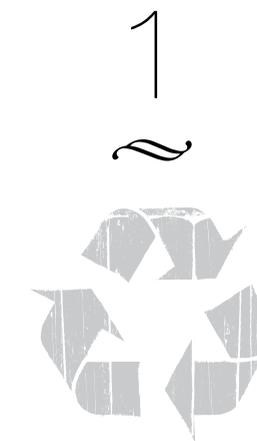
Environmental Impact

It describes our product's peculiarities and the "green" focus that constitutes our distinctive feature.



Index

- 1. Introduction
Sustainability and recycling
- 2. Reno De Medici
Group identity
- 3. Social Relation
RDM and the people
- 4. Environmental Impact
RDM and the Planet
- 5. Governance
The RDM organization
- 6. Conclusions
Let us work together
on the packaging of the future



Introduction

Sustainability and recycling

In only 8 months in 2012 humanity exhausted the Earth's resources!

From August 22 to December 31, 2012, the Earth's population lived enjoying reserves of resources that go beyond the natural yield that the planet offers us in an entire year. In fact, August 22 was Earth Overshoot Day, which marks the date (which comes earlier each year) on which humanity has exhausted its natural balance for the current year. As the Global Footprint Network observed, non-profit research organizations in the sustainability field "are operating in the red. For the rest of the year, we will keep our ecological deficit tapping reserves of local resources and affecting the accumulation of carbon dioxide in the atmosphere."

Precisely as in the case of a bank account statement, the Global Footprint Network has an "inflow and outflow" record which it calculates measuring the demand from humanity and the supply of natural resources and ecological services. From it emerges every year a fact that should make us reflect and which in 2012 set the limit for overshooting the enjoyment of renewable resources and the sequester of CO₂ that our planet can supply in an entire year at 8 months.



Therefore, we are using and exceeding our natural capital more quickly than it can replenish itself, we are treating our planet like our economy, but this “bubble,” when it explodes, will leave humanity without resources. It is not the Milan or New York stock exchange that is at stake, but the survival of life on the Planet as we know it.

The symptoms are all there. We look at them for a moment disconcerted and then turn our heads: climate change caused by greenhouse gases is increasingly faster, forests and oceans cannot absorb all the CO₂ that we discharge into the atmosphere, plant and animal species are in danger of extinction, an emergency that concerns biodiversity in its entirety: fishing is on the verge of collapse, raw materials and food prices unleash riots, wars for water are already being fought and will be increasingly so. “The environmental and financial crises that we are experiencing are symptoms of an imminent catastrophe,” says Wackernagel, president of Global Footprint Network. “Humanity is simply using more than what the Planet can provide.” “Now is the time to find methods of operation for our economies that continue to work in the future,” concludes Wackernagel. “A long-term recovery will be successful only if it takes place through systematic decreases of our demand for eco-systemic resources and services.”

It is therefore evident that one of the main paradigms that companies must observe at this time is values schemes and philosophies of life associated with a new concept of sustainability.

As players in the economic and social life not only of our country but throughout Europe, we at the RDM Group believe that our main duty is to safeguard all that surrounds us over time: our economic, environmental, social and cultural heritage.

Our personal definition of sustainability derives from these conceptual nuggets. A paradigm that is based on behavioral change true and proper and on inverting the scale of priorities, as if we had suddenly decided to focus again not only on individual, but also on collective well-being and quality. All this reasoning and producing new points of view: the relevance and sustainability of others, according to a science of equilibrium that implies a renewed relationship with time, with space, with the quality of life. The Japanese nuclear disaster at Fukushima merely represented the circle’s tragic final closure, while the affirmation of the German Green Party is its most direct political response. From this perspective, everything changes, based on the concept of recycling itself, to arrive at an aesthetic reformulation of ecological ethics.



New explorations

The concept of recycling is the origin, the starting point for the process that is generating the need for all to participate in this new form of the aesthetics of nature: the safeguarding of nature itself. And this “whiff of fresh air” is felt not only at companies, such as ours, which are “sustainable” by nature, but also at those dedicated to the most varied disciplines (from the aesthetics of art to the most different sectors of the most traditional of industries).

However, what defines the characteristics of this trend is in-depth thinking on processes that are becoming new areas for exploration, not only to regenerate existing materials, but also to create new and surprising objects true and proper, close to a quasi-religious concept of the “reincarnation” of nature.

This way the issue of sustainability becomes an absolute paradigm is in defining the priorities of consumption and of industrial planning and production. In this creative phase, the game of limitless experimentation is played out, to generate languages and icons that go beyond the aesthetics of essentiality, for a long time practically the only code on sustainability-related issues. The creative impetus that defines total recycling becomes an exploration of excesses, which, without overlooking the more value-related and industrial aspects, is enriched in the search for new forms of creativity that are more artistic.

The paradigm of sustainability and comprehensive recycling is expressed through:

- the will and the need for a new ethics of sustainability, full of incentives and not geared toward depleting sources
- the ability to give the right weight back to the aesthetics of recycling, blending the past with innovation
- the need to nourish behaviors and styles of thought interweaving high-end aesthetics with underground stimuli
- the sensitivity to change associated with collective awareness (and no longer just among elite niches) relative to the environment and its priorities, which become democratic and pop.

And we, the RDM Group, wish to contribute to the growth of this new emotional sensibility and to experimenting with new forms of recycling.



FOCUS: WHAT WE WISH TO COMMUNICATE

Until a short time ago, a company mainly worried about winning the trust of its shareholders through accounting data; in particular, an excellent summary was provided on the last line of the multi-step income statement (“the bottom line”). Now reporting is based on a so-called “triple bottom line” approach, where data must be measured on the basis of not only economic, but also environmental and social criteria.

This year again, with our Social and Environmental Reporting Document, we wish to share with our stakeholders the company’s efforts and approach to sustainability. In particular, this year we have wished to expand the area devoted to people, giving space to our employee training initiatives and to the economic benefits deriving from RDM’s continuing efforts throughout Europe, especially in Italy.

In this document you will find:

- transparency in the provision of data and information
- pride in belonging to a Group that distinguishes itself in Italy and in Europe by the quality of its operations
- effort to further improve always.





2



RenoDeMedici

The RDM Group

Group Identity

The RDM Group today is the result of the merger with the Cascades Group begun in 2007 for purposes of creating the second-largest European unit for the production of cardboard for packaging. Present throughout Europe with its establishments located in Italy, Spain, France, Germany and the United Kingdom, it has also propelled its sales activities to countries outside the “Old Continent”, thanks to an extensive sales network.

RDM is also actively committed to the environment through careful management of the energy and natural resources necessary for the production process. The closed-loop value chain of a recycling-based product is a Group strong point for the sustainability of its activity. RDM pursues its mission by rigorously observing the goal of creation of value for its shareholders.

The Group's values

Since their formation, RDM, first, and the Group in its current composition, were committed to the application and observance of strict ethical principles in carrying out activities. The observance of rules of ethics in managing the business, qualifying the company's reputation and the reputation of those who work for it, is considered an indispensable condition by the RDM Group for the success of its mission and for achieving the goals set.



The observance and application of ethical principles has made it so that the RDM Group is distinguished by the seriousness, reliability and professionalism that have always enabled it to be highly regarded both domestically and at the international level.

The Code of Ethics

The Code of Ethics is the company's "Constitutional Charter," i.e. a charter of rights and moral duties, which defines the ethical and social responsibilities of each member of the company's organization. Given that it is set up as a practical guide for business activity, defining moral standards of conduct for all those who work at the company, the code of ethics takes on a strategic role for the company. The rules contained in it are principles of reference and behavioral guidelines that are to guide all parties acting on behalf of the RDM Group and which are to be adopted in interpersonal relationships within it as well.

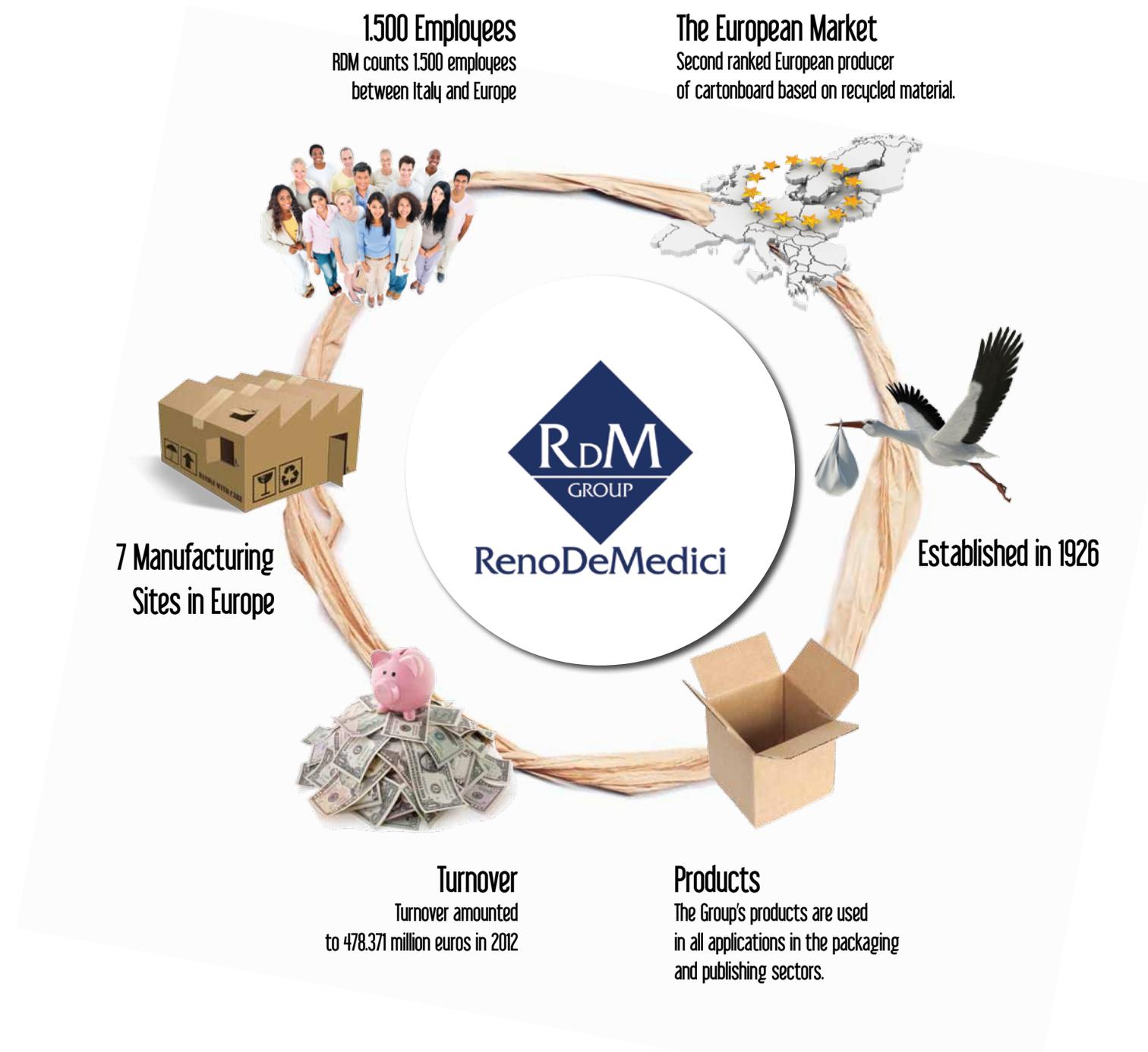
Our Code of Ethics is a tool for preventing irresponsible or unlawful conduct by anyone who operates on behalf and for the account of the company. In accordance with laws and regulations, propriety, moral uprightness, trust and collaboration with stakeholders are the ethical principles that guide the company and the entire Group, all for purposes of competing effectively and fairly on the market, creating value for shareholders, improving customer satisfaction, and ensuring the professional and human growth of its human resources.

The Code of Ethics is brought to the attention of all recipients and of those with whom the company maintains business relations. Overseeing the implementation of the Code of Ethics and its application is the duty of the directors and employees of RDM, who, upon detecting any violations, must report them to the oversight body.

The code of ethics is posted on the website: www.renodemedici.it

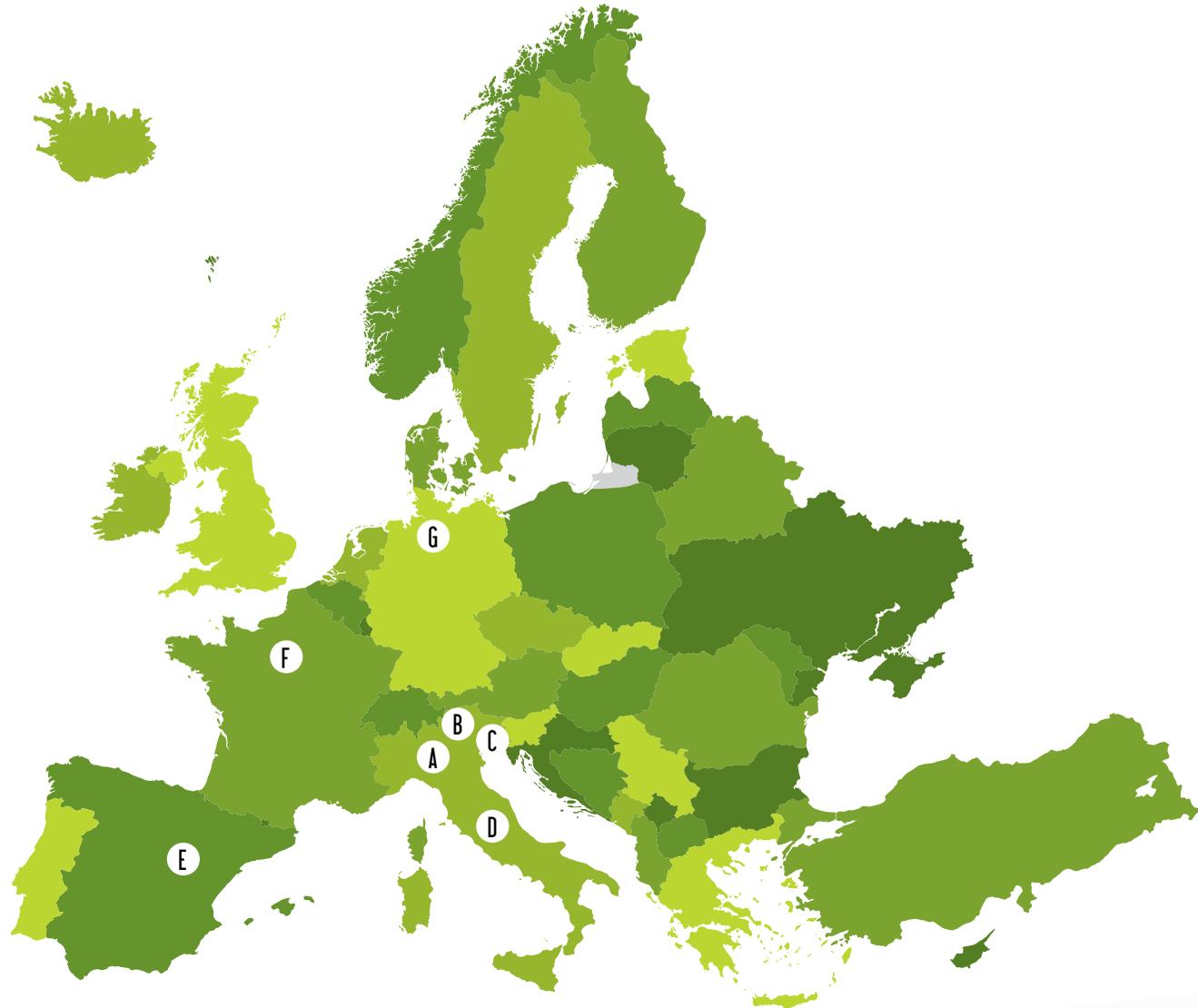


Profile of the Group





Production Sites



PRODUCTION SITES IN EUROPE

- A) Magenta, Milan, Italy
- B) Santa Giustina, Belluno, Italy
- C) Ovaro, Udine, Italy
- D) Villa S. Lucia, Frosinone, Italy
- E) Almazan, Spain
- F) Blendecques, France
- G) Arnsberg, Germany



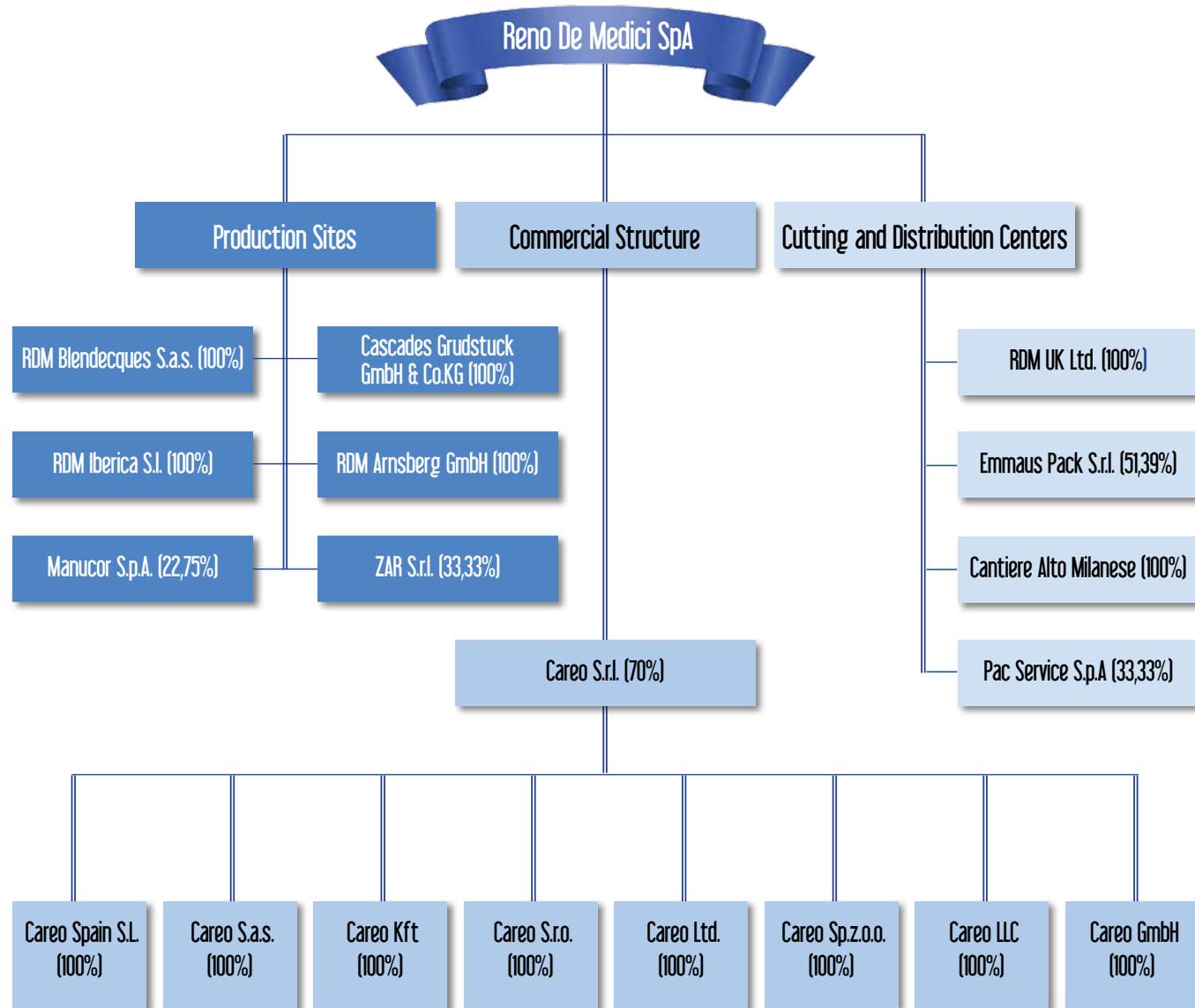
The Group's History

As far as its structure is concerned Reno De Medici is the result of various operations which are summarised in the following. The chronology has been limited to the events of the past 15 years given that the Group was originally established in 1926.

- 2012** Constitution of RDM Ovaro SpA
- 2009** Purchase of a minority interest in Manucor, one of the leading manufacturers of BOPP
- 2008** Fusione per incorporazione di Cascades Italia S.r.l. e realizzazione dell'operazione di aggregazione con il Gruppo Cascades Creazione della joint venture commerciale Careo
- 2006** Spin-off of property assets with the simultaneous establishment of RDM Realty S.p.A., listed on the Electronic Stock Market managed by Borsa Italiana S.p.A.
- 2001** Purchase of Aticarta (subsequently sold in 2005)
- 1999** Merger between Grafiche Capretta and Bianchi Saffapack, the new company takes the name Europoligrafico S.p.A. (sold in 2005)
- 1998** Reno De Medici incorpora Sarrio', diventando il secondo produttore europeo di cartoncino a base di riciclato
- 1997** Reno de Medici is merged into Saffa S.p.A., taking its name
- 1996** Reno de Medici is listed on the stock exchange



Group Structure



Value added

Directly generated economic value (data expressed in thousands of euro)		
REVENUES	Revenues consist of: <ul style="list-style-type: none"> net sales income from financial investments revenues from the sale of tangible and intangible assets 	478.371 €
Distributed economic value		
OPERATING COSTS	Operating costs consist of all the payments made to third parties for the purchase of materials, product components, plant and equipment and services	370.701 €
PAYROLL AND BENEFITS	Total payroll consists of employee wages and salaries, including payments to the public administration made on behalf of employees (employees' taxes, social security contributions and unemployment funds). Total benefits consist of the regular contributions and support tools for employees, such as lodging, loans without interest, subsidies for public transport, study grants and lay-off schemes (cassa integrazione in Italy)	72.437 €
PAYMENTS TO PROVIDERS OF CAPITAL	These payments consist of: <ul style="list-style-type: none"> Dividends to all of the shareholders The payment of interest to lenders including those of all forms of debt and loans 	7.035 €
PAYMENTS TO THE PUBLIC ADMINISTRATION	This item consists of taxes and duties (on income, receipts, property, etc.) and the related penalties paid by the organisation at an international, national and local level	Total: 11.247 Italy: 7541 € France: 730 € Germany: 2.361 € Spain: 182 € UK: 433 €
RETAINED ECONOMIC VALUE		
(calculated as the difference between directly generated economic value and distributed economic value)		



3



Social Report

RDM and the people

The RDM Group acknowledges and is aware of the “social” role that a company with close to 1,600 employees and with more than 700 people in so-called satellite activities plays. In this chapter, we will attempt to illustrate, from our point of view, the contribution that the RDM Group has made to society. As it is known, the countries where our Group is present, listed in order of importance by number of people employed, are: Italy, Germany, France, Spain and Great Britain.

As already indicated by our CEO, despite the heavy tax burden imposed, our Group has not followed the path of delocalization undertaken by many Italian and European companies.

The phenomenon of industrial delocalization

The term delocalization is to be understood as the choice by large and small industrial groups to transfer their production from Italy to other countries, where the cost of labor is up to 75% lower than an Italian worker’s pay.

This means that physical structures, such as factories, plants and establishments, are transferred abroad, diminishing work opportunities for Italian citizens and for those in other European countries affected by the same phenomenon. Delocalizations are taking place mainly toward Eastern Europe, the Maghreb region, China and South America and, in general, toward countries which, while still in the process of developing basic infra-



structure, meet the essential condition of a low-cost labor market. The four-year period from 2008-2012 alone has meant a strong eastward push by Italian companies, among recession, economic crisis, continually widening spreads and government instability. The income produced abroad by delocalized companies and belonging to citizens in the country of origin of the direct investment are not included in the gross domestic product (GDP) of the country itself, which includes the income of all those who have taken part in the production process within the country in question, regardless of their nationality. Therefore, Italian companies that have moved abroad will contribute to an increase in wealth in the countries where they carry out their activities and for the citizens of those countries. At first glance, this phenomenon that weakens our country system cannot help but spark great concern. But, in reality, the time has come when the Italy system must face the structural causes of its meltdown, above and beyond delocalization.

Some major issues: encouraging the creation of businesses, lightening tax burdens, and focusing on the capitalization of the service sector know-how necessary for global competition. It is worth recalling that, on the other side of the Adriatic, Kosovo, a neophyte state with battered finances and institutions, cut the sole tax rate for companies in half starting in 2009 from 20% to 10%, compared to our 31.4 % tax.

The contribution of the RDM Group to the Europe system

Let us analyze a few general facts.

In Italy in 2012, the overall tax burden, considering income tax, payroll tax and other charges, stood at around 68.3% of company profits: a level that is far and above the European average (42.6%) and the world average (44.7%).

In Europe, only Estonia (67.3%) and France (65.7%) are not far behind Italy in terms of tax burden. Among the top 10 countries above the European average overall tax rate we also find Belgium (57.7%), Austria (53.1%), Sweden (53%), Hungary (50.3%), the Czech Republic (49.3%), Slovakia (47.9%), and Germany (46.8%). Those with the lowest tax rate, on the other hand, are Luxembourg, with one third the Italian rate (21%), Cyprus (23%) and Ireland (26.4%).

Comparing European countries, the discrepancy is primarily in tax rates, which affect employment, so that in Germany it reaches 21.9%, whereas among us the level is more than twice that at 51.2%. And it is precisely the average tax rate that punishes our country so, while with respect to the other two indicators analyzed, the gaps with respect to the best-performing countries tail off.



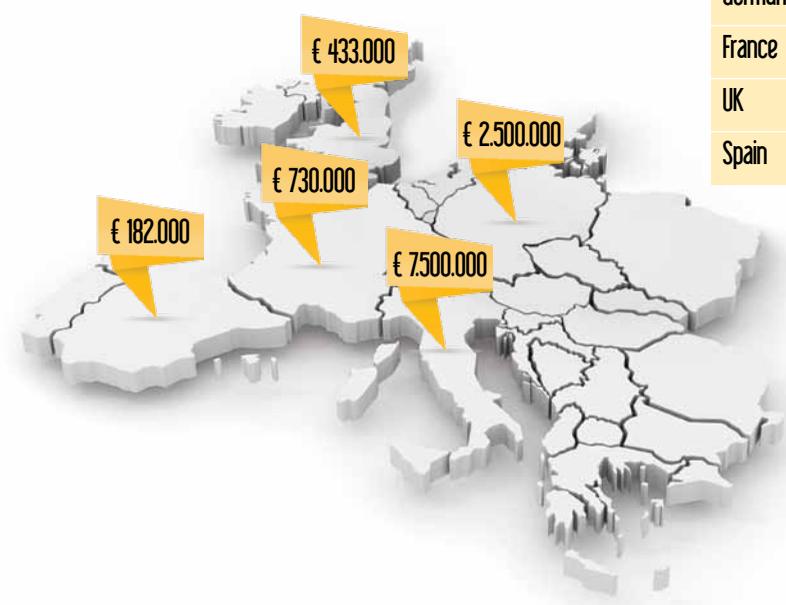
Furthermore, to meet their tax obligations, companies in Italy employ 269 hours yearly (267 hours being the world average and 184 hours the European average) and they make 15 payments compared to 12.8 payments on average in Europe. But beyond words, the significant fact is in the table below showing the average personnel costs incurred by RDM and broken down by country so as to highlight the divide between Euro zone countries.

Personnel costs (euro)	Italia	Germania	Francia	Spagna	UK
Total staff Cost Adjusted*	37,438	18,874	10,915	4,641	880
Social contribution and taxes	19,727	7,207	5,340	1,945	261
Net Salary	17,711	11,667	5,575	2,696	618
Net Salary (In the pocket of employee)	47,3%	61,8%	51,1%	58,1%	70,3%

* extraordinary items are excluded

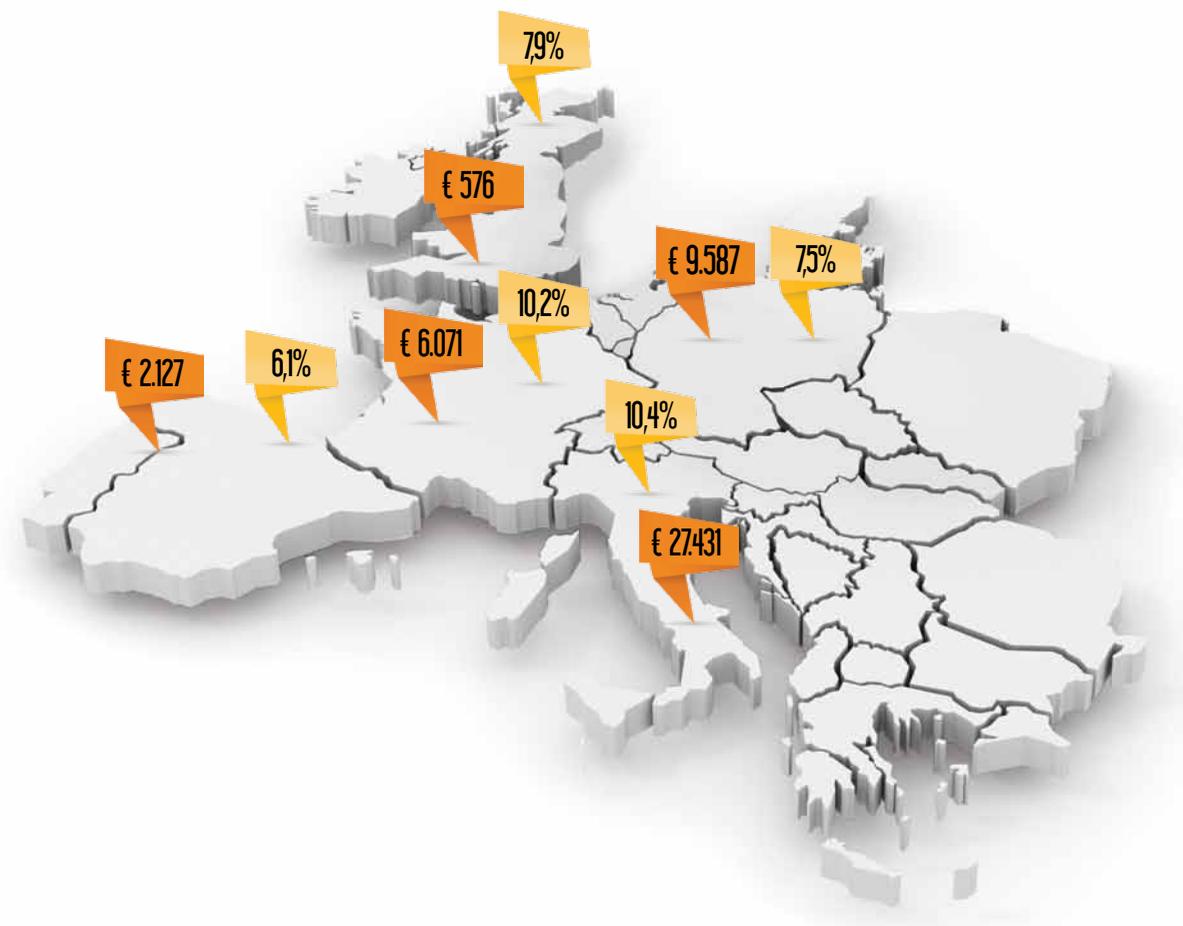
All other costs weighing on business must be added to these cost, on top of which, as these were insufficient, at least in Italy, must be added the greater cost raw materials resulting from continual hikes in fuel and in energy costs, such as gas and energy. In conclusion, thanks to its local presence, RDM has contributed to the balance sheet of each country in the following amounts:

Country	RDM contribution to the national balance sheet (euro)
Italy	more than 7 million
Germany	approximately 2,5 million
France	730 thousand
UK	433 thousand
Spain	182 thousand





All this must be taken into account. If we then add, at least as far as Italy is concerned, the bureaucratic hurdles for carrying out its activity, then one cannot help but more greatly appreciate the efforts made to safeguard the Group's competitiveness and above all, the courage to continue to invest.



Taxes and social contributions	Italy	Germany	France	Spain	UK
TOT taxes and contributions (thousands of euro)	27431	9587	6071	2127	576
Taxes and contributions incidence on income	10,4%	7,5%	10,2%	6,1%	7,9%



RDM and its employees

The RDM Group believes that human resources are indispensable to existence and success on the market and believes it is necessary for relations among employees to be based on respect for human rights and fundamental freedoms. Honesty, fairness, ability, professionalism, loyalty, training, seriousness and dedication are the characteristics required by RDM of its directors, employees and collaborators in any capacity. RDM fosters communication and cooperation among employees themselves and with their superiors. It is fundamental for relations between employees, at every level, to be based on criteria and conduct involving propriety, fairness and mutual respect.

A fundamental principle in the selection process is observance of equal opportunity, avoiding any form of nepotism and favoritism, on the one hand, and discrimination based on a candidate's private life and opinions, on the other. The RDM Group is interested in fact in making it so that the resources hired meet profiles actually necessary to company needs and have the skills, knowledge and ability necessary to better perform the job assigned to them.

Workplace safety and environment

RDM applies all current workplace safety rules because it believes that protecting the health of its employees is primary to the company's good and interests. The company ensures a workplace compliant with current health and safety rules, by monitoring, managing and preventing the risks associated with engaging in work activity. In 2012, RDM began the process for the obtainment of OHSAS 18001 certification both in France (obtained during the course of the year) and in Italy (being completed). This system will ensure adequate control of worker health and safety, in addition to the observance of pertinent standards.

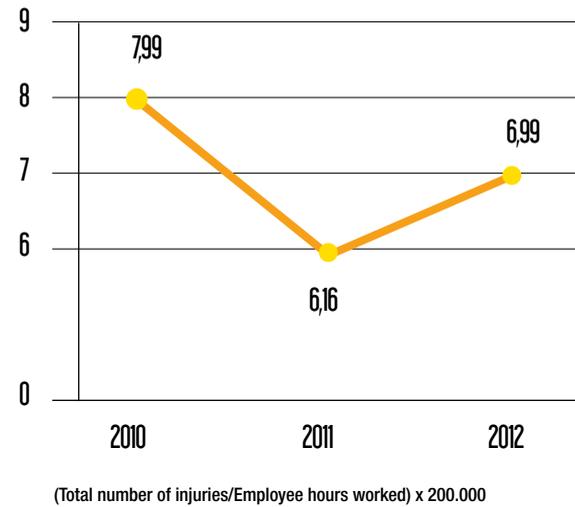
Health and safety performance are a fundamental aspect for measuring the organization's commitment on this front. To quantify such efforts, in accordance with GRI (Global Reporting Initiative) guidelines, some indicators have been calculated, as discussed below in detail (accident rate, accident severity rate, occupational disease rate, and absenteeism rate). These indicators show how health and safety management practices yield fewer workplace accidents.



ACCIDENT RATE

The accident rate represents the frequency of accidents compared to the total time worked by the entire work force during the reporting period (GRI Guidelines, Indicator LA7).

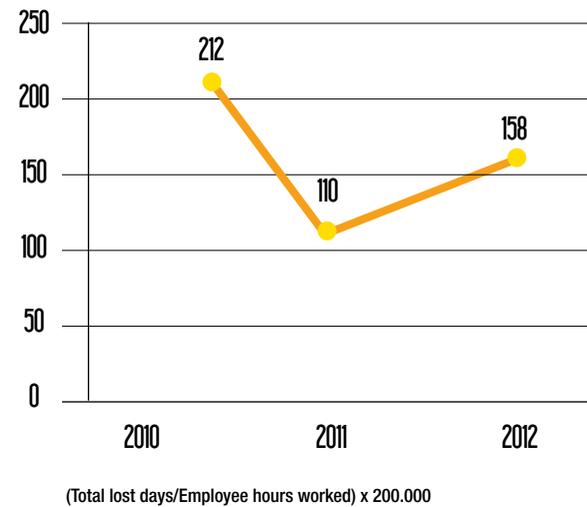
During 2012, the total number of accidents recorded was 74, versus 92 in 2010 and 65 in 2011; this is reflected in the accident frequency index, which, as shown in the illustration, was reduced by 12.5% between 2010 and 2012.



LOST DAY RATE

The lost day rate represents the impact of workplace accidents and occupational diseases, which translates into the absenteeism of the worker in question. This value is calculated by comparing total lost working days with the total number of work hours for the work force during the reporting period (GRI Guidelines, Indicator LA7).

The days of absenteeism due to accidents increased considerably compared to 2011, but the accident severity index nevertheless remained 25% lower compared to 2010.



OCCUPATIONAL DISEASE RATE

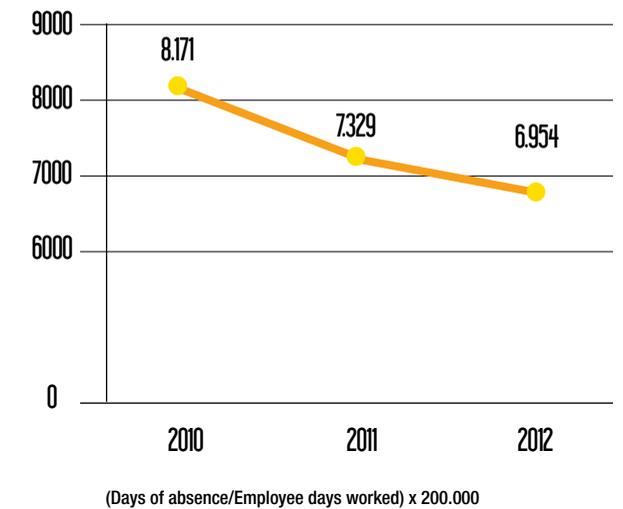
The rate represents the frequency of occupational diseases compared to the total time worked by the entire work force during the reporting period (GRI Guidelines, Indicator LA7).

During 2012, as in 2011, no case of occupational disease occurred. In other years, the frequency was low in any case since only one case occurred in 2010.



ABSENTEEISM RATE

The absenteeism rate refers to the measurement of days of actual absence, expressed as a percentage of the total working days for the work force during the same period (GRI Guidelines, Indicator LA7). As shown in the illustration, the absenteeism rate was reduced by almost 15% during the three-year period from 2010-2012.



Focus: the importance of training

For the RDM Group, training is not a waste of time and money, but a chance given both to workers to increase their own professional qualifications, as well as to the company, which thereby avails itself of qualified personnel ready to deal successfully with market challenges, keeping the company's competitiveness high.

The human resources growth policy

The entire RDM Group is interested in and committed to creating and continually maintaining the necessary conditions in order for the skills and knowledge of each employee to be able to grow further. To this end, the Group provides specific programs aimed at continuing education and at the acquisition of greater skills.

In 2012, throughout the Group, some 18,327 hours were devoted to employee training, with an average of almost 2,300 hours per establishment, at an overall cost borne directly by the entire Group of over €600,000.

Our Group knows that training is no longer a choice, but an obligation if we want to deal with new market challenges successfully. And although average participation per worker stood at around 20 hours, our commitment is to always increase and focus on training.



Suppliers

Supplier and contractor honesty is a basic condition for undertaking and maintaining dealings with the RDM Group. Supplier rankings and assessments, performed by the Group under the aegis of the procurement department, begin with the development of a database of qualified suppliers historically associated with RDM. The Group's effort is continued by verifying that the requirement of honest dealings is met, identifying and applying the minimum requirements, based on respect for human rights, employment, health and safety practices, and workplace and business ethics. In addition, the Group has updated and supplemented the checklists for supplier qualification and field audits. To date, the Group has qualified 100% of the suppliers based on a supplier management process, in line with the Group's priorities. Annually, the corporate procurement department audits suppliers and updates the respective list.

Experience has shown the need to improve current procedures in order to bring the different approaches in line and make the process more flexible. In addition, the Group is also updating the pre-qualification procedure by simplifying the respective form. Innovative data-gathering for supplier pre-qualification and the respective updates will allow for instituting an open dialogue between the Group and its supplier community.

All the data are recorded in the suppliers file, showing possible updates, which can then be subject to control. The Group will extend the qualification process to subsidiaries, disseminating guidelines, information, and methodologies for data gathering, updates and filing systems.

Fighting corruption

Corruption is not something inherent and necessary! Our Group has always believed in that statement, which is not a declaration of principles, but an iron-clad rule in our operations. RDM has for a long time adopted a "zero tolerance" policy in terms of corruption: employees, suppliers, officers and executives must perform their work in line with the Group's binding values and principles, strengthening the culture of compliance and integrity, making themselves active exponents of such principles by their conduct and 'educating' any employees and third parties they interface with by example.

The development of documents, such as the "organization, management and control model," demonstrate RDM's commitment to identifying and remedying any unlawful acts and to preventing corruption in accordance with Legislative Decree 231/2001. In that context, RDM has started up a surprise audit program aimed at verifying observance of procedures at all offices/establishments and also at its subsidiaries and associates.

FOCUS: FIGHT AGAINST CORRUPTION

Corruption enriches a small group to the detriment of society, the economy and the State. Where it is harbored, it becomes one of the main obstacles to development. Corruption subverts the order of the rule of law and democracy, causes the squandering of public monies, distorts competition, slows down change and discourages investment.

'During 2012 "action by the Public Prosecutor's Office found a disconcerting series of corruption and bribery phenomena in the public administration". This was maintained by the Lombardy Region's Public Prosecutor at the Court of Accounts, Antonio Caruso, in his report for the start of the judicial year. Caruso maintains that "the plague of corruption, much more grave than 20 years ago, is by now harbored in the depths of the social fabric." "It is demonstrated once again and strongly," we read, "how special attention to the pathologies of administrative action, especially in case of acts of corruption and bribery, is all the more necessary today. The phenomenon of corruption is still alive in the reality of Italian public administrations and it shows worrisome growth elements"' (see annual report for the start of the judicial year by the Regional Prosecutor at the Court of Accounts, Antonio Caruso).





The local community

We have a positive impact on the community in which we operate thanks to generating economic value by creating jobs and using local suppliers. But there is more. We also want our establishments to have a positive social impact on the communities in which they operate. In fact, we are committed to listening and responding to the needs of local communities so as to promote a healthy and open neighborly relationship. We also provide support by financing some local sports initiatives, such as soccer and cycling groups.

Our attention to the local community is proven by the facts: the most recently formed company in the RDM Group is R.D.M. OVARO S.P.A., with a direct stake in the share capital by Friulia S.p.A. On September 28, 2012, the company was officially introduced to the local community with the attendance not only of our group's management, but above all with the presence of the Region's President, the Hon. Renzo Tondo, who said: "Here was a company that believes in us, that grows and invests in research and innovation, institutions ready to seize the challenge, workers and trade unions who feel part of a common destiny, not espousing different and contrary interests. Today is a day of celebration not only for this valley and for Carnia, but for all of Friuli Venezia Giulia".



Stakeholder engagement

The RDM Group believes that stakeholder engagement is fundamental today for the success of almost any type of company. We also believe that the creation of value for all parties involved with a company is essential for building a common goal and for approaching the challenges our Planet must face.

Given the RDM Group's domestic and international leadership, the issues of environmental and social responsibility that we find ourselves facing are of many types and, often, of a certain complexity. To better understand these issues, we encourage open dialogue with our stakeholders in order to understand their point of view and share ours with them. Understanding the priorities of our stakeholders helps us to identify the problems relevant to them and to plan our responses as a result.

Relations between RDM and stakeholders are consistent with the principles that guide our Code of Ethics, which express themselves in compliance with the laws and regulations and are honesty, moral uprightness, trust and collaboration.

RDM requires all associated companies to bring their own activities in line with the principles that guide the Group; in addition, the Group requires all directors, employees and collaborators to observe the rules of their own Code of Ethics, but also to require observance thereof by third parties (such as consultants, agents, suppliers, distributors, and contractors in general) who operate in any capacity in the interest and/or on behalf of RDM and/or any company in the Group.

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Environmental Impact

RDM and the Planet

The RDM product and its characteristics

The increase in scientific data available on the subject of global warming in recent years is fanning great debate. The question is what should be rightly and urgently done at the political, industrial and individual level. A change in corporate conduct is undoubtedly essential for stemming the phenomenon, the effects of which are there for all to see. Here is why introducing energy-efficient and renewable energy-based technologies, recycling and recovering raw materials and saving natural resources may be indispensable choices for all companies whose heart lies in safeguarding the planet and life itself. The following pages introduce the Reno De Medici product in the context of the recycled paper and cardboard industry, the undoubted environmental qualities of which are described. Next the RDM Group's "360 degree" environmental commitment is discussed.

The benefits of recycling

Recycling is a process capable not only of defending the environment, reducing wastefulness, and saving resources, but also of creating satellite activities and jobs; a virtuous circle with a positive impact for the entire community, not only in economic terms, but also in social and environmental terms.



In Italy alone in 2011, thanks to the recycling and reuse of paper and cardboard deriving from sorted waste collection, the construction of some 26 landfills was avoided. But what happens to these materials after they have been sorted? They take on a new life thanks to corporations such as the RDM Group.

What is considered refuse in our daily lives as citizens (at times rather cumbersome) becomes raw material for RDM to create cardboard (which comes back into our lives).

Paper can have many lives and it all begins with a simple decision, not to be taken for granted, by every citizen to practice sorted recycling. This is the necessary starting point for the recycling process, a practice that triggers a virtuous circle of rebirth in which packaging, cardboard boxes, paper bags and newspapers do not exhaust their function but go back into the production and consumption system in new, even unexpected forms, such as that of a Christmas tree or even a toy for our children.

The Reno de Medici product and the recycled cardboard industry

The RDM Group operates in the packaging sector producing cardboard from secondary raw materials. The main function of packaging is to protect the merchandise inside during different phases ranging from production on up to shipping and marketing. It is not just a simple protective covering but a true and proper identity card for the merchandise marketed which allows for disclosing information.

Alongside with an initial image serving to describe a product and make it visually attractive, there is different information regarding, for example, the production chain, the components or ingredients, instructions for use, nutritional characteristics or even the material with which the packaging is produced and special measures to take for its disposal.

Increasing attention is paid to this last point as much as packaging analysis and design that do not pay heed to ethical use of production resources and to the need to be able to reuse or recycle packaging once used can no longer be dispensed with. Cardboard packaging plays a key role from this point of view. Products such as paper and cardboard packaging, in fact, are used daily by millions of people, being appreciated for their exterior and functional characteristics, and they allow for aiming at a good level of sustainability because they can be reused or in any case recovery can easily be started by the consumer through sorted recycling of paper.

Given the consumer's by now more ingrained attention to the proper disposal of cardboard packaging, together with an increasingly more efficient collection and recycling system, an increasing share of cellulose-based packaging derives from secondary raw materials, as well as virgin raw materials. According to the BIR (Bureau of International Recycling), every year in the world today approximately 365 million tons of paper and cardboard are



produced, of which 46% comes from recycled paper and cardboard. Consumers have become increasingly demanding and attentive to indications shown on labels, and the package itself, i.e. the packaging, is the center of attention because "at first glance" it bears the product's sustainability values. A package out of recycled material, out of bio-plastic or sustainable forestry certified paper, designed to save space and raw materials, conveys to the consumer clearly, visibly and directly the 360° sustainability of the product, made with such care and ecologically so on down to the packaging.

The role of packaging has undergone a profound transformation over the recent years, going from a simple container and distribution element to a true and proper tool for strategic marketing and "dialogue" with the consumer of a product. In this context, innovation and the development of new products become fundamental and indispensable elements for a company that wants to put itself forward effectively and proactively in an increasingly complex and rapidly changing market context.

The RDM Group wishes to put itself forward in this scenario with the goal of representing a center of skills and excellence in the development of packaging solutions. To pursue that goal, the development of new products within the RDM Group is based on principles that focus on reducing the use of non-renewable resources and water consumption, increasing the use of secondary raw materials (for example, waste paper) in the production chain, as well as in guaranteeing food safety for the end consumer. From the environmental point of view, the main strong points of cardboard packaging can be summarized as follows.

~ Sustainable management of raw materials

Biomass is a resource that is growing continually, which can be defined as renewable, from which paper and cardboard are obtained: it is fundamental for man not to take more biomass than what nature can create. Fortunately, from what emerges from the last Italian National Inventory of Forests and Coal Reserves (Inventario nazionale delle foreste e dei serbatoi di carbonio – Infc) by the State Forestry Corps, in the last 20 years Italy's forestry assets increased by approximately 1.7 million hectares, reaching a surface area of over 10.4 million hectares, with 12 billion trees covering one third of the nation's entire territory. European forests are doing well too. This is supported by the latest report¹ by Forest Europe, presented at the time of the sixth ministerial conference for the protection of forests in Europe. European forests have exceeded one billion hectares, one fourth of the world's entire wooded surface area, growing by 800,000 hectares yearly. The sustainable forestry management ensured by brands such as FSC (Forest Stewardship Council) and PEFC (Program for Endorsement of Forest Certification Scheme) is fundamental to the well-being of this resource. Reno De Medici is the proud holder of multi-site FSC certification



guaranteeing that the share of virgin raw materials used for the production of chipboard comes from forests managed responsibly according to environmental standards.

Storage of CO₂

European forests absorb 10% of Europe's greenhouse gas emissions. According to research conducted by the National Center for Atmospheric Research (NCAR) in Boulder, Colorado, trees absorb up to 30% of the CO₂ emissions produced every year in the world. For this reason, it is very important for the lowest number of trees to be cut down. Paper and cardboard recycling is fundamental from this point of view, in that it prolongs the time in which carbon remains trapped within a product. Estimates are that one ton of cardboard packaging is tantamount to the storage² of 1,474 kg of CO₂.

Paper and cardboard are reusable and recyclable

In 2011, paper and cardboard recycling in Italy stood at around 80% with energy recovery of 87.48% (in 2010 it was 87.08%). In practical terms, this means that today 9 out of 10 cardboard boxes are recovered and recycled. Italians have not changed their good habits in the last year and have continued to sort paper and cardboard, with cellulose-based waste collection of 3.04 million tons. Paper-based packaging accounts for approximately 50% of all packaging recycled in Italy; again in 2011, Italians' per capita paper and cardboard sorted recycling was 50.6 kg on average.

It is to be noted that the use of scrap allows for reducing the amount of materials intended for landfills, thus saving a precious resource that would be otherwise destroyed. For a better understanding of the life cycle of a cardboard product, a brief summary is included.

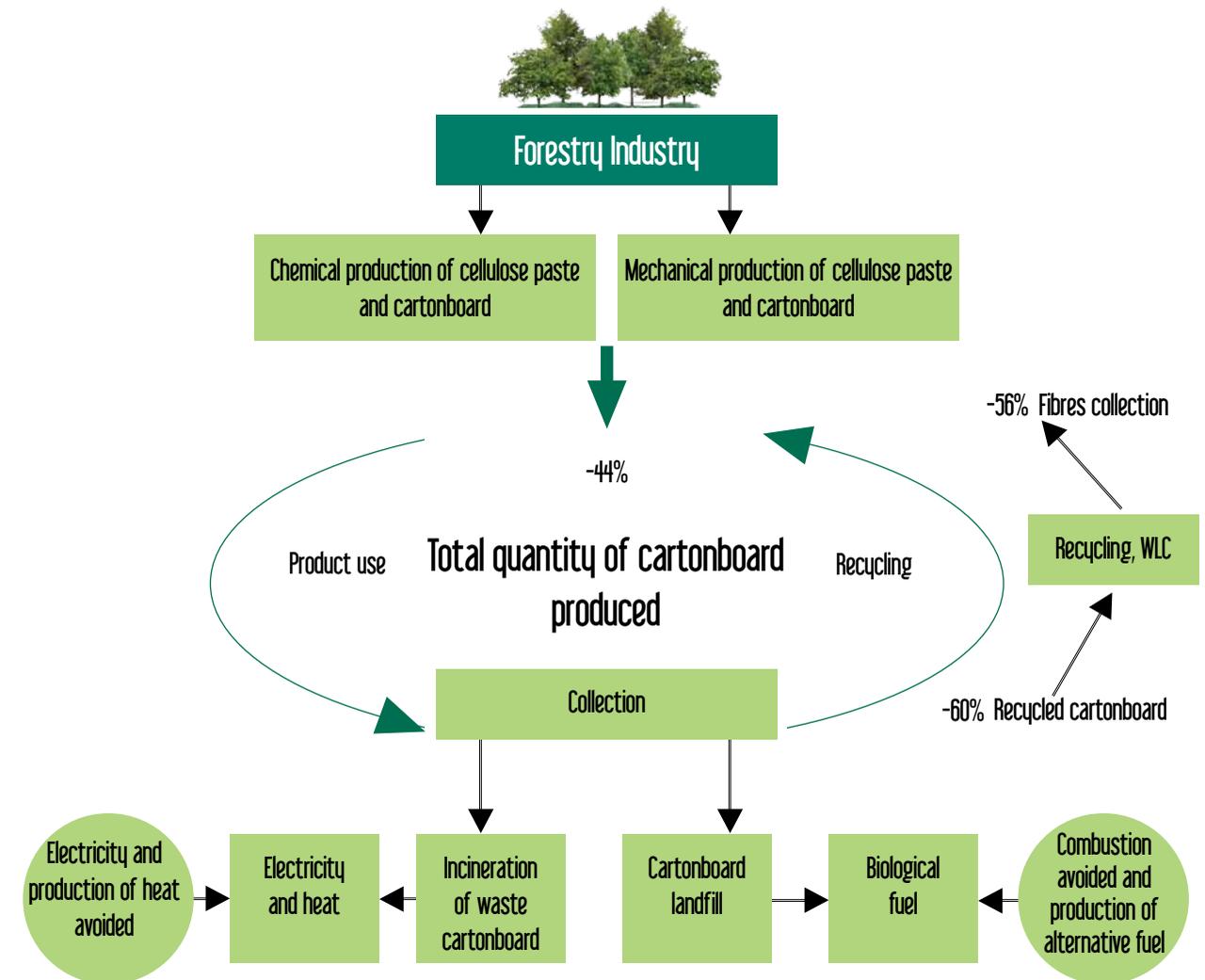
Use of renewable resources

The last Environmental Report on the Italian Paper Industry, made by Assocarta, measured the sector's environmental performance, noting a positive trend, which in the last 15 years has led to reducing energy needs per product unit.

Natural gas consumption, for example, stood in 2010 at almost 2.4 billion m³, which represents more than 15% of domestic industrial gas demand, while the need for electric power was at approximately 7 billion kWh, of which more than 60% was produced with high-performance co-generation plants. Thanks to the co-generation used in the paper sector, 1.5 million tons of CO₂ emissions into the atmosphere are avoided. According to the report, the recovery of paper sludge, a solution already practiced in other European countries, would lead to a notable decrease in the use of fossil fuels, responsible for carbon dioxide emissions, thus helping to make the sector's production cycle even more sustainable.



Life Cycle of Cardboard



The Group's environmental responsibility

The RDM Group embraces the concept of sustainable development, which means that alongside economic growth objectives, it supports environmental and social improvement goals. Sustainable development, in fact, links together, in a relationship of interdependence, the economic dimension, which is indispensable for the life of any company, with the recycling of natural resources and the improvement of the quality of life. The RDM Group contributes to sustainable development by optimizing its manufacturing processes to obtain the maximum yield from the resources used, rendering waste minimal. To arrive



at this, it has defined programs for short-medium and long-term improvement, all geared toward making corporate environmental performance more effective.

The RDM Group operates from the standpoint of sustainable development with its objectives being economic growth, on the one hand, and social progress and environmental protection, on the other. Consequently, the Group makes a continual effort to reconcile the search for market competitiveness with an increasing level of performance in environmental protection.

The RDM Group contributes to sustainable development by seeking to design and conduct its own processes in such a manner as to maximize efficient use of resources and minimize waste. For this reason, programs for short- medium and long-term improvement have been defined, aimed at continually improving the Group's environmental performance.

The Group's environmental aspects

The chipboard production process can be divided into three fundamental phases: pulp preparation, sheet formation and finishing.

The first phase takes place in the pulpers, which mush the fibrous raw materials, separating out fibers in elementary status in an aqueous solution, preparing them for subsequent refining and purging treatments. This phase requires a high consumption of raw materials (wood pulp, waste paper, etc.) and water.

The second phase involves bobbin shaping and takes place on a continuous machine: the fibrous pulp flows into the flow boxes in the molding drums and the flat table, and the sheet thus formed is sent to the pressing and drying area.

The third and final phase calls for cutting the bobbin and packaging the end product. The second and third phases require high-energy consumption (especially to allow the water contained in the sheets to evaporate). The main environmental aspects of the Reno De Medici processes thus involve not only the use of raw materials and water, but the consumption of energy. A brief description of it is provided below.

~ The recovery of secondary raw materials

The main raw material in the production cycle is waste paper selected to ensure a reliable product in terms of quality and respect for the environment. Basically, the RDM industrial process is based on the principle of the recyclability of secondary raw materials and therefore on the continual optimization of resources. This approach offers two advantages: one the one hand, less pressure on forests and, on the other, a decrease in waste thanks to the placement of sorted waste paper collected.



~ Water: used water is returned to the environment

From many sources around the world, alarm is emerging about the availability of water resources. Although water is present on the Earth in large amounts (think of the oceans), in reality it is estimated that in 2025 water withdrawals will increase by 50% in developing countries and by 18% in developed ones. The scenario foreseen for 2025 in terms of water scarcity appears dramatically worse than currently. Areas characterized by a high level of withdrawal of available resources (greater than 20%) will increase substantially, extending within the entire territory of the United States, Continental Europe and Southern Asia and worsening in terms of percentage value in wide areas of Africa and the Indian subcontinent³. It is increasingly evident how the issue of water is becoming at least as important as greenhouse gas emissions.

In this context, the paper industry is clamoring since paper and cardboard production processes use a significant amount of water and the role of manufacturers therefore becomes fundamental in putting into practice proper actions for minimizing consumption regardless of the ease of access to water resources. In the last decade, Reno De Medici has devoted much attention to the subject of water, starting up programs for improvements, which have allowed for reducing consumption by one third compared to the starting point. In addition to this, purification systems are present at all the plants, which allow for treating the water used and returning it to the environment.

~ Energy savings

Energy consumption, and in particular the use of fossil fuels, is certainly one of the primary aspects among those that generate greenhouse gas emissions. For this reason, it becomes fundamental to operate to reduce energy consumption and, secondly, to direct consumption toward renewable sources. In this context as well, Reno De Medici has started many improvement programs, which have allowed for reducing consumption.

One fundamental aspect is the fact that all group establishments are equipped with co-generation plants, which allow for combined thermal and electric energy generation, both amply used in paper processes, using a single energy source.

That the co-generation system is one of the most efficient energy generation systems was also recognized by the EU in the 2005 Green Book (Directive 2004/8/EC). This Directive recognizes co-generation as a valid solution for reducing primary energy consumption and CO₂ emissions, as well as for affording a rational alternative for meeting future energy needs. One need only think that a co-generation plant can reach conversion efficiencies greater than 50%, while conventional thermoelectric plants stand at around 35%.



~ Attention to logistics

Our procurement is in the area closest to the establishment (100-200 Km) and our deliveries are closest to our customers' transformation sites. With our main customers, we have implemented procedures geared toward minimizing the impact of shipping and the production chain.

Le certificazioni dei nostri stabilimenti

All protocols and regulations driving constant improvement start out from the assumption that to achieve that improvement "the first point is to measure", meaning by this the fact that it is impossible to follow any improvement programme if the right indicators for measuring advances have not been identified. For this reason Reno De Medici has decided to proceed by using certified environmental management systems (ISO 14001), standards which define the requirements for quality management systems (ISO 9001) and certifications that ensure that the raw materials used come from sustainably managed forests (FSC).

 Magenta ISO 9001, FSC	 S. Giustina ISO 9001, ISO 14001, FSC	 Ovaro ISO 9001, ISO 14001, FSC
 Villa S.Lucia ISO 9001, ISO 14001, FSC	 Almazan ISO 9001, FSC	 Arnsberg ISO 9001, ISO 14001, FSC, EMAS
 Blendecque ISO 9001, ISO 14001, FSC, OHSAS 18001, QSE, HACCP		

FOCUS: CERTIFICATIONS

The goal which RDM would like to reach is that of obtaining certification (ISO 14001, OHSAS 18001, etc.) in accordance with the standards currently valid for the specific locations, the various operating sites of Group companies, to arrive at an EMAS registration for those which are owned. The Reno De Medici has decided to join international schemes to enable it to communicate certain values connected with its products. A list of already existing certifications is set out below by factory.

ISO 14001

A system certification which identifies one of the international standards of the ISO 14000 series relating to the environmental management of organisations. The standard establishes the requirements for an "environmental management system" of any organisation and compliance with those requirements is certified by an accredited certification body. ISO 14001 certification is voluntary: a company decides to establish/implement/ keep active/improve its environmental management system. The certification does not attest an organisation's environmental performance but demonstrates its commitment to a continuous and systematic monitoring of the environmental aspects (emissions, discharges and waste) of its activities and to improving its performance in these areas.

FSC

FSC is an international, independent and not-for-profit NGO which has as its members environmental and social groups, indigenous communities, forest owners, industries which process and sell wood, scientists and technicians who all work together to improve forestry management throughout the world. The FSC® trademark identifies products containing wood coming from forests managed in a correct and responsible manner in accordance with rigorous environmental, social and economic standards. The Group has multi-site FSC certification which ensures that the wood used in the cartonboard packaging production process at each factory comes from properly managed forests.

ISO 9001

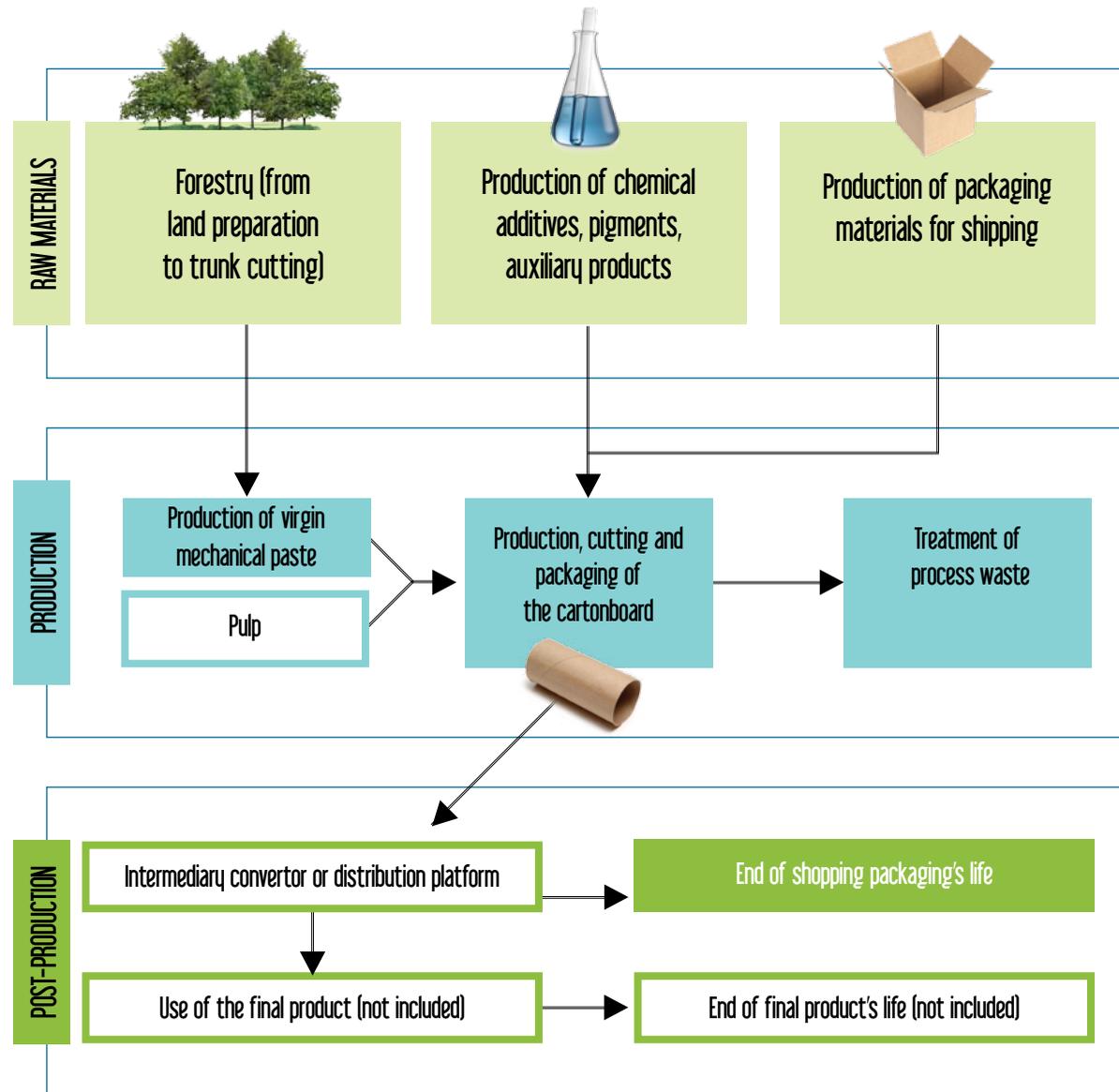
ISO 9001:2008 is the reference standard, recognised worldwide, for the certification of the quality management system of organisations in all production sectors and of all sizes. The ISO 9000 standards are universal and are applicable regardless of a business's size or industry. Standard ISO 9001 establishes the requirements for creating a quality management system and compliance with those requirements is certified by an accredited third party certification body. Certification is voluntary.

OHSAS

The Occupational Health and Safety Assessment Series identifies an international standard that defines all the health and safety employees management system's requirements. OHSAS provides a standard that allows the release of a conformity certification. This certification verifies the voluntary application, within an organization, of a system that guarantees an adequate control of the employees' health and safety, beyond the norms in force.



Production Process Environmental Analysis



Life cycle analysis and the EPD

In order to assess the environmental load of each phase of the production chain for its products, Reno De Medici uses the life cycle analysis method (LCA – Life Cycle Assessment) and makes the results public by means of an Environmental Product Declaration (EPD).

An EPD is a voluntary environmental label describing a product's environmental performance, i.e. a sort of environmental identity card, constructed on the basis of three main guidelines: the ISO 14025 standard, the rules of the International EPD System and the Product Category Rules (PCR).

EPDs are based on three fundamental principles:

- objectivity, insofar as the environmental performance declared is assessed using the life cycle analysis method
- comparability, insofar as comparison is possible with other products of the same category for which the environmental impacts have been calculated following the same specific rules
- credibility, insofar as both the LCA and the EPD are verified by an independent third party.

For the time being, the Group has published two EPDs referring to Vincicoat 112-350 g/m² chipboard and Vinciliner 115-210 g/m² chipboard, respectively, which can be downloaded at the link www.environdec.com and it expects to develop new EPDs on other types of chipboard.

The safety of our products

A significant portion of the RDM Group's production is devoted to food packaging and the safety thereof. It must be highlighted that all RDM Group products observe current domestic and European regulations (EC 1935/2004, DM 03/21/1973, BfR Recommendation XXXVI, etc.) and therefore are safe and suitable for the foodstuffs market.

Additionally, in order to be sure of supplying its customers with effective and safe products, the RDM Group has built a control system for the raw materials used and for possible points of concern in its processes. The manufacturing methods adopted by the RDM Group are compliant with the requirements of the UNI EN 15593:2008 standard relative to the acceptance of rolls, bobbins, cutting, packaging and shipping of cardboard that is to be in contact with dry solid foods (certificate issued by Bureau Veritas dated 01/11/2012 and valid until 01/10/2015).

Although our products comply perfectly with requirements, our corporate philosophy, i.e. providing customers with packaging materials that meet the requirements for maximum reliability in terms of quality and safety, is expressed through a continual commitment to research and development.

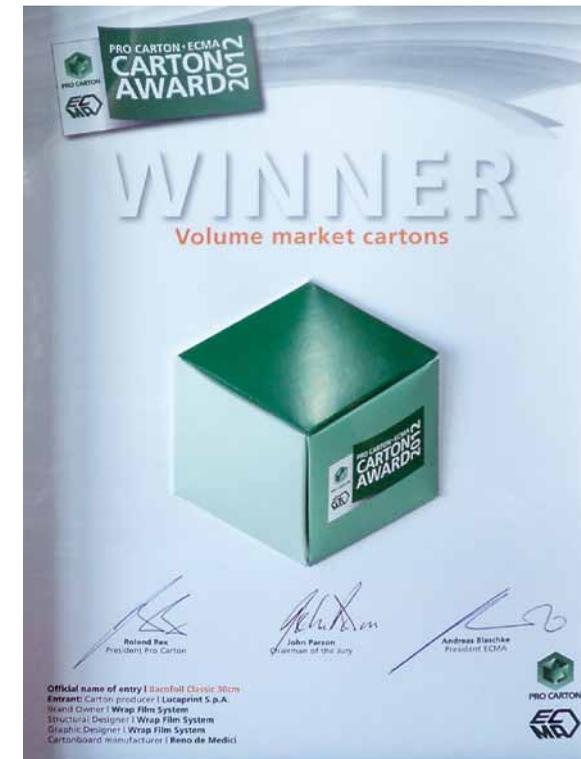


The RDM Group has nevertheless continued with its own research activity aimed at continually improving its products, and it has focused on the production of recycled fiber chipboard low in mineral oil content and on the development of a barrier to prevent the migration of these oils. Both fronts are geared toward providing an even safer product that is still suitable for its intended use. To move forward with our research project, we have commissioned two of the most important and prestigious Italian universities to conduct scientific studies aimed at providing further validation of products for use with foodstuffs. The first is the Food Science Department at the Università degli Studi di Udine, which has received the assignment to perform research aimed at assessing the presence of mineral oil saturated hydrocarbons (MOSH) and mineral oil aromatic hydrocarbons (MOAH) in cellulose matrices and their ability to migrate to foods and to simulated foods.

The second is the Management and Technology Department at the Università La Sapienza di Roma, which is making a system for qualifying and certifying the production cycle and the end product based on direct analysis thereof and on a specific quality management system, applicable to paper and cardboard from recycled material and intended for the production of food packaging. In addition to this, there is the project conducted by a top operator in the health management sector to bring the Reno De Medici infrastructure and Quality Management System (QMS) to a production in line with the most stringent voluntary quality standards. With the completion of the Quality Management System achieved in 2012 the RDM Group will be a producer of the safest paper and cardboard of recycled origin for use with foodstuffs available on the market.



Carton Award 2012



Indicators of the impact of processes

The main parameters for monitoring the environmental characteristics of RDM's processes thus concern energy consumption, carbon dioxide emissions and water use. The values are monitored systematically and in this section the trends are analyzed starting in 2008.

	2008	2009	2010	2011	2012	2013 target
Electric energy consumption (Kwh/ton)	552	534	510	501	478	475
CO ₂ emissions (kg/ton)	514	469	445	491	487	420
Water consumption (m ³ /ton)	25,6	22	21,4	18,6	16,7	16



Electric energy consumption

The indicator is calculated taking into consideration only the total electric energy consumption reported per ton of product coming out of processes. The electric energy that the Group uses comes from two main sources: self-produced energy by way of co-generation and energy purchased from the grid. Seven establishments are considered in the analysis, six of which are equipped with co-generators. The tons of product on the basis of which the indicators have been calculated refer to gross production, i.e. including production rejects. From analyzing the data, a 13.5% decrease in consumption can be observed in the 5 years monitored.



Carbon dioxide emissions

The carbon dioxide emissions monitored were calculated according to Community guidelines for greenhouse gas monitoring based on the amount of fuel used since the group follows the ETS directive. The fuel used by the group is primarily methane; the carbon dioxide emissions were calculated according to the following formula:

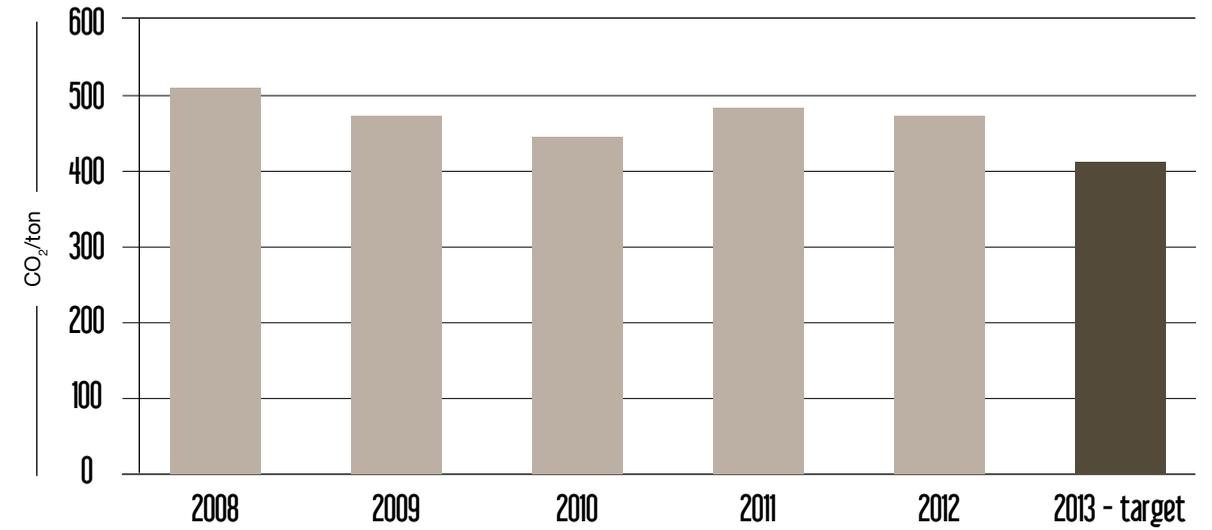
$$\text{CO}_2 \text{ emissions} = \text{fuel consumption [TJ]} * \text{emission factor [tCO}_2\text{/TJ]} * \text{oxidation factor}$$

In order to calculate fuel consumption, methane's low calorific power of 34.47 MJ/Nm³ is used with 54.9 tCO₂/TJ as the emission factor. The oxidation factor takes into account the unoxidized carbon and is expressed as a fraction.

The emissions thus calculated for all the establishments were divided by the gross annual production to obtain the indicators monitored. From 2008 to 2010, a progressive decrease in the indicator can be seen, while during 2011 we see an increase due primarily to a drop in



production of approximately 9% compared to 2010. Overall, however, carbon dioxide emissions underwent a reduction during the 5 years monitored of approximately 5%.

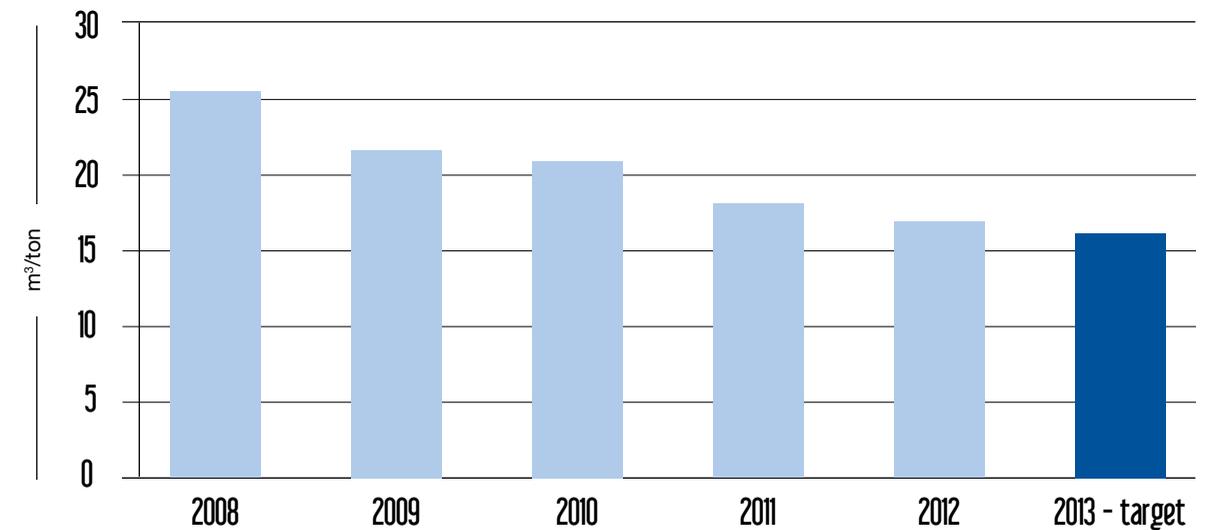


Water use

The main supply sources include:

- underground water withdrawn by wells for the majority of sites
- surface water (rivers)
- aqueduct

The values monitored showed a downward trend of 35% starting in 2008. In this case as well, the index was assessed on gross production.





Greenhouse gas emissions

Greenhouse gas emissions were assessed for the years 2010, 2011 and 2012 and calculated considering energy consumption for the whole group (fossil fuels and electric energy). The conversion and emission coefficients used for the calculation derive from the Ecoinvent database (version 2.2) and are shown in the table below. Ecoinvent is one of the main databases used internationally to conduct life cycle assessment studies (www.ecoinvent.ch).

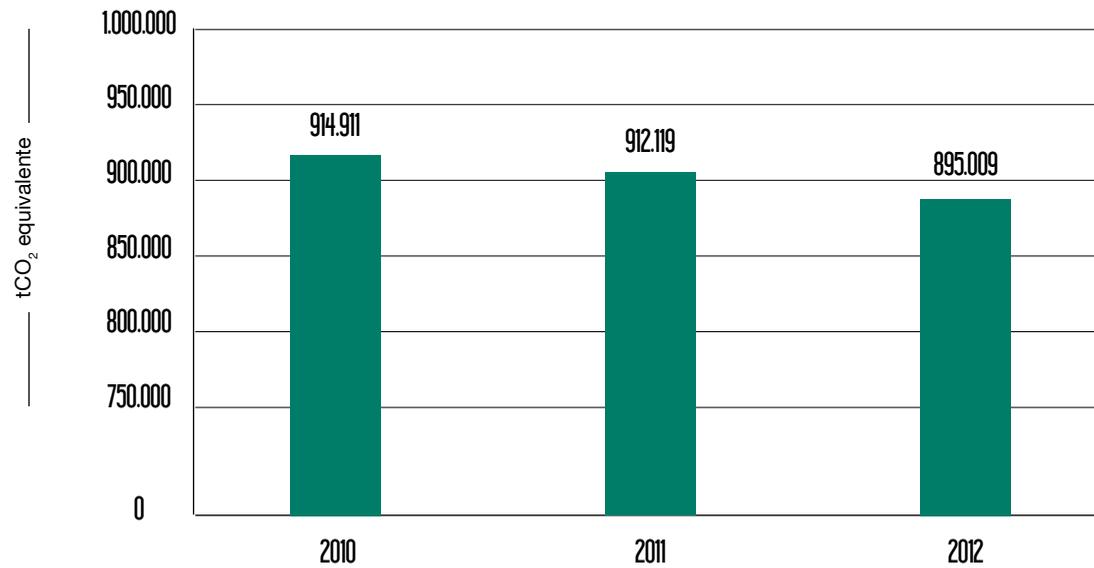
Conversion factors

Energy vector	Unit of measure	Factor
methane	MJ/Nm ³	38,8
coal	MJ/kg	28,01

Emission factors

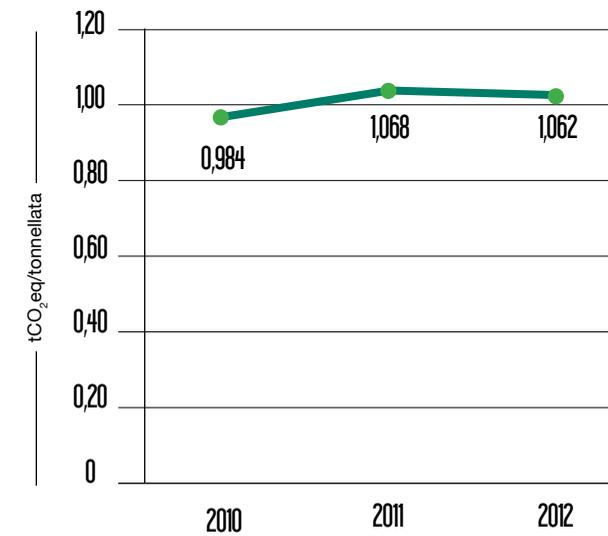
Energy vector	Unit of measure	Factor
methane	kgCO ₂ /MJ	0,0677
coal	kgCO ₂ /MJ	0,13
cogenerator electricity	kgCO ₂ /kWh	0,584
electricity (Spain)	kgCO ₂ /kWh	0,508
electricity (Germany)	kgCO ₂ /kWh	0,65
electricity (France)	kgCO ₂ /kWh	0,0898
electricity (Italy)	kgCO ₂ /kWh	0,572

As shown in the graph, total greenhouse gas emissions decreased during the three-year period from 2010-2012 by 2.2%, going from 914,911 tons of CO₂ equivalent to 895,009 tons⁴.

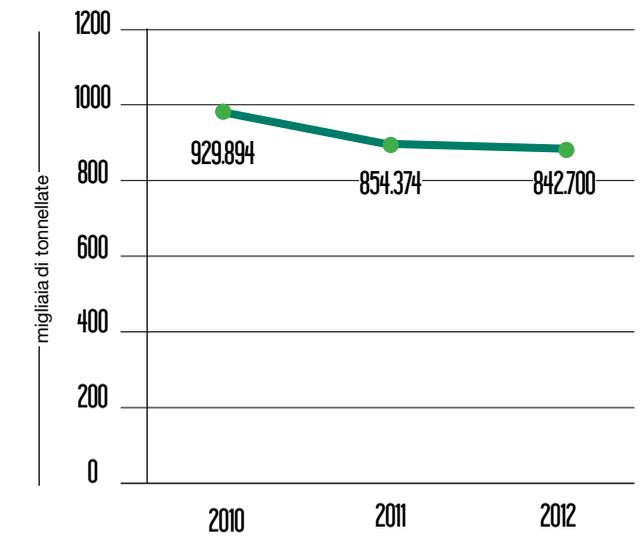


If relative greenhouse gas emissions are analyzed, an increase of approximately 18% can be noted during the three-year period. This increase can be ascribed to a decrease in production during 2011 and 2012, as shown in the graphs below.

CO₂ emissions per tonne



Net production





Projects and future outlook

Based on the current situation, RDM has set itself objectives to improve both its processes, as well as its entire chain. These objectives can be achieved only by implementing the specific programs for improvements, which are summarized briefly below.

The Reno De Medici Green Plan

Climate change represents a global challenge to be addressed by governments, companies and citizens, each in turn. Acknowledging its own responsibility and aware of the possibility of being able to make a contribution in that regard, the RDM Group is committed to fighting climate change, with the conviction that improved environmental performance will contribute to safeguarding the planet's equilibrium and at the same time offer the corporation an opportunity to create value.

In addition, increasing environmental knowledge and awareness among consumers makes it so that the demand for environmental quality is growing continually. Consumers require product information, on their proper use to minimize the environmental impact both during and after the consumption phase and also on product environmental and health safety, not just for food products.

The RDM Group, observing the spirit of transparency that distinguishes its operation, intends to disclose its own present and especially future strategies for carrying out its own "Green Plan" geared basically toward the containment of environmental aspects, particularly with regard to energy consumption and therefore greenhouse gas emissions, waste reduction, on up to the choice to manufacture using secondary raw materials and to save water. Achieving these objectives will mean working both on structural interventions modifying plant industrial policy as well as simpler interventions allowing for getting results following a "many small steps forward" logic.

Since the final objective is to implement an industrial system capable of synthesizing and balancing the economy, social cohesiveness and the protection of natural resources, it is important to involve all players in the production chain in sharing efforts. For this reason, besides continual personnel training and consciousness-raising, the procurement offices of Reno De Medici operate adopting specific supplier selection procedures which take into account observance of the best standards, including from an environmental standpoint.

Specifically:

- RDM offices are equipped with energy-saving lights; the temperature inside them does not exceed 20° in winter; at the end of the work day and/or their use, all technological



systems must not only be turned off, but also disconnected from electric plugs;

- at Group establishments, sorted recycling is active;
- RDM personnel are made aware of reducing paper consumption by disseminating the culture of reuse: an individual sheet must be used on both sides;
- company documents are printed on recycled paper;
- in defining supply policies, shipping impacts are also taken into consideration, giving preference, where possible, to suppliers closer by;
- for road transportation of RDM merchandise and products, vehicles with the lowest emission levels possible are used, giving preference to those with "Euro 5" approval.

Eco-sustainable design: the Reno Collection

Recycled cardboard cannot be and is not used only for packaging and similar products. In fact, out of a union of creative ingenuity, love for the environment and recycled fiber chip-board, brand products have been born. Original, fun and ecological, Christmas trees and toys for tots are some of the many novelties for eco-design lovers. Made out of pressed recycled cardboard, the products in the Reno Collection line are as resistant as traditional products but with the advantage of being lighter, more economical and 100% recyclable. Perfect, in other words, for lovers of modern and chic style, as well as for those who love traditional taste based on principles of respect for the environment and the reuse of materials taken from the environment. Eco-design is increasingly present in our daily life, because it combines aesthetics and functionality with a greater sense of responsibility for respecting the environment. For anyone who does not want to give up style and wants to contribute to environmental protection: www.collectionreno.com.

The continual increase in the cost of oil and the need to contain its environmental impact have contributed to making "attention to the environment" fall among strategic business values and therefore the search for sustainability in different manufacturing sectors and processes. The subject of the environmental impact of packaging is slowly making its way among Italian companies, becoming an important aspect: on the one hand, regulations impose limits on the use of materials that can cause disposal problems and, on the other hand, consumers are developing a growing awareness of the ecology issue.

Method

According to the definition by the Sustainable Packaging Coalition (2005), sustainable packaging is advantageous throughout the life cycle, meets market criteria, optimizes materials and energy, and fosters the use of renewable materials. Eco-design meets this definition with a design approach that takes into consideration the environmental aspects of the entire life cycle of a product/service from an integrated point of view compared to



other project variables, from the extraction of raw materials on up to the end of the useful life. To reinforce this principle, eco-design is often interpreted as “Life Cycle Design”. Life Cycle Design is spoken of as the process that takes care of assessing and defining all phases of a product’s life cycle through a circular “cradle to grave” path, focusing mostly on the possibility of bringing the product “back to life” and managing to modify it “from cradle to cradle” (McDonough & Braungart, 2002).

Strategy

To pursue our objective of an increasingly ecologically sustainable product, we are focusing our actions on reducing the environmental impact of packaging. The strategies, stated by way of example to be able to apply them in different contexts, apply to the different phases of the life cycle of packaging, from the choice of materials to their sizing and logistics.

1. Reduce the amount of materials from the source
2. Reduce the type of materials

We are aware that the path to be followed is yet long and that the aspects to work on are still many, but the RDM Group has taken this road because it strongly believes that it is the only one that leads to contributing to a better world.



Collection Reno





52



Governance

The RDM organization

The RDM organization is based on a traditional model and is in keeping with the provisions of the regulations for listed issuers. RDM has accepted the Corporate Governance Code adopted by Borsa Italiana in March 2006. This code is available on the website of Borsa Italiana ([www. borsaitaliana.it](http://www.borsaitaliana.it)).

The corporate governance system adopted by the company sets the creation of value for shareholders as the primary objective, aware of the relevance of transparency on choices and on corporate decision-making, as well as on the need to provide for an effective internal audit system. The company is continually committed to identifying and pursuing initiatives aimed at improving the governance system. As part of its continual improvement action, the company pays heed to domestic and international best practices. In compliance with applicable regulations, the report describes RDM's Corporate Governance system and indicates the methods whereby the company implements the Code's provisions.

Shown below are the main governance tools with which the company has equipped itself in observance of the more recent legal and regulatory provisions, the provisions of the



Code and domestic and international best practices:

- Articles of Association
- Code of Ethics
- Organization, management and control model pursuant to Legislative Decree no. 231/01 and protocols and procedures
- Internal audit committee regulations
- Procedure for Related-Party Transactions. Procedure adopted pursuant to Art. 4 of Consob Regulation 17221 of March 12, 2010, as amended and supplemented
- Regulation for the management of confidential information and instituting a register of persons who have access to said information
- Internal Dealing Code.

Corporate Bodies

Company organization

Shareholders' meeting

It has the authority to decide in ordinary and extraordinary sessions on subjects reserved to it by law and/or by the Articles of Association.

Board of directors

It is vested with the broadest powers of ordinary and extraordinary administration of the Company, with the authority to carry out any appropriate act for the achievement of company purposes, except for acts reserved by law and/or by the articles of association to the Shareholders' Meeting. It may therefore carry out any act, including acts of disposal, which it deems advisable for the attainment of the company object.

Board committees

In order to augment the effectiveness and efficiency of the Board of Directors' proceedings, an Internal Audit Committee, a Related Party Transactions Committee, and an Appointments and Compensation Committee have been created within it.

Considering that the current list voting mechanism ensures a transparent appointment procedure and a balanced Board composition, guaranteeing, in particular, the presence of an adequate number of independent directors, the Board of Directors has not deemed it necessary to create a committee within it for candidacies to the office of director.



Board of statutory auditors

Its duty is to oversee:

- observance of the law and of the Articles of Association, as well as respect for the principles of proper administration
- the adequacy of the Company's organizational structure, the internal audit system and the administrative and accounting system, as well as of the reliability of the latter to properly represent operations
- the methods of specific implementation of the rules of corporate governance provided for in the code of conduct prepared by regulated market management companies or by trade associations, which the company declares itself to belong to by public disclosure
- the adequacy of the instructions given to subsidiaries in relation to the information to be provided to comply with reporting obligations.

Audit company

The audit activity is carried out by a specialized company registered in the Consob register, appropriately appointed by the Shareholders' Meeting upon an opinion by the Board of Statutory Auditors.

The company in charge of auditing for RDM is Deloitte & Touche S.p.A., which holds the same assignment at almost all the constituents of the RDM Group. The assignment was conferred upon Deloitte & Touche S.p.A. by resolution of the Shareholders' Meeting of April 27, 2012.



Conclusions

Let us work together on the packaging of the future

Functional, economic and recyclable, in short “sustainable”: that is what the packaging of the future must be. In the case of paper and cardboard, the goal may be easily reached, naturally: the data say that Italians are good at distinguishing them, the RDM Group operates in the sector using secondary raw materials as well as virgin raw materials, and the energy that it uses for its establishments comes to a great extent from renewable sources.

The RDM Group can claim many environmental pluses, such as an advanced carbon management policy, developed also through life cycle analyses of many products, the so-called Life Cycle Assessment, the ISO14001, FSC, and ISO 9001 certifications of almost all of its establishments, the continual monitoring and improving of its environmental impact in terms of energy consumption, water consumption and CO₂ equivalent emissions. Ours is a virtuous company, which certainly can improve further. But doing so requires the support of consumers. Growth in terms of a company’s environmental sustainability is limited if end consumers do not take part in it.

The crises that the country and all of Europe are undergoing could cause the guard to be let down on environmental issues even though these require urgent solutions. The com-



plexity and uncertainty of the context are reflected not only in companies' way of working and being, but also in methods of consumption, which could lead once again to disregard in the choice of products, whose manufacture entails the overuse of resources, the deterioration of habitats, the loss of biodiversity and the use of fossil sources.

Focus: what is our future?

The challenge today is the continuation of companies over time: an objective which is not reached by working only on the search for profits but by virtuously combining cost cutting with the development of sustainable technologies. In order not to compromise the possibility of producing profit tomorrow, manufacturing, sales and financial choices must have a long-term, long-range vision.

Our path toward sustainability, like that of many other companies, takes time, energy and dedication; abandoning a "business as usual" model, albeit progressively, to embrace one of a "people planet profit" is a choice not altogether taken for granted and one that is not problem-free. If all consumers applied the same rules in the method of their purchases, ranging from the choice of eco products for daily consumption to that of renewable energy as an energy source chosen beforehand for their household supply, the path would be altogether simpler. If the demand for "clean" energy were to increase, in fact, even its production would grow, just as if the consumer were to demand eco products based only on their packaging, worldwide manufacturing would make a complete and definite turn toward sustainability.

It is the Group's intention to set a greater number of objectives in the different areas of impact and to establish increasingly ambitious targets for the coming years. All this is with an awareness that the path to be followed is still long, and the aspects to work on are still many, but with the strong conviction that sustainability is the only path toward contributing to a better world, tailor-made for man and the environment.



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