

2015



# SUSTAINABILITY REPORTING

in accordance with Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version 3.1



This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

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# Strategy and Analysis

# 1 Strategy and Analysis

1.1 Statement from the most senior decisionmaker of the organisation about the relevance of sustainability to the organisation and its strategy.

Dr Mauro Marchi CEO Palladio Zannini s.p.a



In May 2012 Palladio Zannini joined the United Nation Global Compact, a joint initiative of Corporations from around the world, United Nations Agencies and Groups representing the interests of labour and society. The aim of the initiative is to involve the world of enterprises in a new form of cooperation through the adherence to ten universal principles relating to human rights, labour protection, environmental protection and the fight against corruption..

The United Nation Global Compact aims to make its principles part of the companies 'strategy and to promote cooperation in line with the United Nations targets in order to reach a global growth that takes into consideration the interests and concerns of the stakeholder.

Palladio Zannini based its decision to join the UN Global Compact on the fact that many of its principles favour our business, while others are directly related to the group's main activities and its competitiveness on the market.

To treat employees fairly and respectfully is natural for a well-managed society.

This contributes to the Palladio Zannini ability to attract highly talented people and encourage them to flourish within the company.

We believe that maintaining safeguard measures against corruption and violation of the human rights is the right behaviour to adopt, and also protects the Company from legal liabilities.

Optimising the environmental performances of our company is a key responsibility for our business, and this contributes in reducing material and energy costs.

With regards to these general rules of good management, we are committed in maintaining the Global Compact (and its principles) as part of our business strategy and culture in each business activity. These activities are focused on the protection and compatible use of natural and human resources.

As we are willing to provide our customers, employees, suppliers and other stakeholders with information about our sustainability and performance targets, we based the sustainability report on the GRI (Global Reporting Initiative) guidelines; this is in order to communicate, to our Stakeholder, the results in total transparency. The usual Communication On Progress (COP) has been incorporated to this reporting in order to describe what has been implemented by Palladio Zannini to comply with the principles as promoted by the Global Compact.

As Chief Esecutive Officer, I am grateful and honoured in continuing this journey with the United Nation Global Compact.

Mauro Marchi

Chief Executive Officer

Manu Min.

## Description of the main impacts, risks and opportunities

Palladio Zannini, in line with its vocation as a Socially Sustainable Company, confirms its commitment in promoting new development possibilities, assuring the protection of natural and human resources and their compatible and ethical use.

In line with the commitments undertaken and pursued during the years, for quality, environment, health and ethic, Palladio Zannini aims to make sustainability the central element of the business process that contributes to the creation of the products supplied to the market in which it operates.

Our company belief is that a sustainable development is the only form of society growth that doesn't compromise the possibility, for the future generations, to persist in the development itself, maintaining the quality and quantity of the assets and natural reserves.

The respect and protection of the health and safety in the workplace, of the environment and human rights are the foundation for the company's operative strategy and their concern throughout the whole Organisation in relation to the pertinent activities/processes planned and carried out for: "Design and production of packaging for the pharmaceutical and cosmetic industry".

In compliance with the legal prescription in force in the countries in which we operate and in accordance with the principles as per Ethic Code, Palladio Zannini Group is committed to respect and promote measures for the management of the forestall resources consistent with the observance of the ethical and environmental values and with the approach to continuous improvement.

The Corporation is especially committed against the major concerns of our times: sustainable growth, the observance of the Universal Declaration of the Human Rights and the adherence to international standards as defined by OCSE, the UN and the Global Compact.

The aim of the entire Palladio Zannini group is to pursue, year after year, an economic growth compatible with the social equity and the ecosystems, operating in a regime of environmental balance. This means that the economic, social and environmental dimensions are closely related to each other and any programming intervention will, inevitably, have to take into consideration the mutual interrelationships.

During the years we invested in human and economic resources to guarantee wellbeing and satisfaction in the workplace.

In this regard we carried out the analysis of the internal organisational climate intended to record the appreciation degree compared to the employment in all its aspects, in order to improve and develop new initiatives (yoga classes, contest with prices, sport competitions).

We also confirmed our commitment in joining charitable activities that could help others, making donations to no profit foundations both local and international, aware that our small gesture is, for them, a big help. We actively supported environmental projects, social and cultural activities in the local communities especially involving the future generations.

Recently we established new targets for the total gas emissions for 2018 & 2020, representing a total reduction of 15% within 2018, and 20% within 2020, based on 2012 levels.

Over the coming years, we will continue to improve our economic, social and environmental performances, always thinking of our future generations.

#### **Our Sustainability Principles (Values)**

Palladio Zannini pursues its economic goals giving priority to the social factors, the health and environmental protection, with the knowledge that our entrepreneurial actions have to be in line with the society interests.

#### Responsibility

We know that our entrepreneurial actions have to be in line with society's interests, the people, and the cautious management of the resources and the respect of the environment.

#### Human Rights

We support and comply with the observance of the human rights, as recognised within international levels, especially the rights of our collaborators and business partners.

#### **Equal Opportunities**

The workforce of Palladio Zannini is formed without regards to race, colour, religion, age, sex, sexual orientation, handicap, political opinions, national origin, and social background. We respect any political and religious belief of our employees, as long as such believes is based on democratic values and on the tolerance of different opinions.

The employees can complain to their direct superior or to the relevant department director in the event they feel unfairly treated in regards of their work conditions.

The employees will not suffer any disadvantage in regards of their complaint. We refuse any kind of forced labour and respect the principle of the work freely chosen.

#### Integration of People with Disabilities

From our point of view, people with disabilities have the same benefit of equal rights as members of society and professionally. Supporting these people in the process of integration in the company and working with them in a cooperative environment, is essential to our entrepreneurial culture.

#### Child Labour

We condemn child labour and respect children's rights.

#### Fairness of the Working Conditions

The salary and social benefits available to our employees correspond, at least, to the minimum national or local legal standards, to the provisions of the respective agreements. Over 70% of our employees benefit a superminimum wage (above the legal minimum wage). We respect the national legislation in relation to working time and annual leave.

#### Relationships with the Union

We recognise the basic right, of all the employees, to join a trade union according to their own free will. The employees won't be neither advantaged nor disadvantaged because of their membership to a trade union. The company is open to dialogue with them and with the organisations that may represent them.

#### Qualification

Our company, as well as encouraging the training of the employees, in order to develop skills, knowledge and professionalism, shall ensure to maintain and enhance the know-how of its employees through specific training programs.

#### Health and Labour Protection

The safety in the workplace and the health of our employees are of high priority to us. Palladio Zannini meets the national standards for a safe and hygienic working environment and, on this regard, takes appropriate measures to ensure its employees' health and safety at work and the working conditions are not harmful to their health. The enforcement of OHSAS 18001 and ISO 14001 regulations ensure the highest safety standards, in compliance with the laws in force and with the constant surveillance of the environment.

#### **Environment**

Palladio Zannini, through its policies (Quality, Environmental, Safety and Sustainability forestry) and program management, is committed to preserve natural resources by reducing the environmental impact of its activities. Palladio Zannini is committed to environmental protection. Our certifications ISO 14001, FSC e PFSC show our environmental responsibility. These principles are included in the various manuals of quality management, environmental management, safety, FSC and PEFC as well as in the relevant policies.

#### Satisfation of the Stakeholder

Our growth and sustainability and, therefore, our ability to meet our commitments to our stakeholder, are conditioned by the customer's satisfaction.

#### Customers

Palladio Zannini aims to provide products, services and expertise in compliance with the requirements and, at the same time, to anticipate and meet their needs.

The data and know - how provided by our customers and partners are treated with the utmost confidentiality, protection and in compliance with laws and regulatory requirements.

#### Suppliers

Palladio Zannini, through a process regulated by specific quality, environmental and safety procedures, is constantly seeking for long lasting partnerships with its own suppliers .In this process Palladio Zannini undertakes to verify that its suppliers perform the required tasks in line with our Code of Ethics, the tender's specifications and according to the environmental and safety procedures.

#### Shareholders

Palladio Zannini is guided by the principles of corporate governance, particularly in the research of returns and growth of capital invested by its shareholders.

#### **Partnership**

Palladio Zannini tries to build sincere and positive relationships with all its Stakeholders.

To meet their needs, we cultivate a spirit of partnership based on mutual responsibility, dialogue and interest.

#### Corruption

There is no tolerance for corruption.

The relationships between employees and customers, suppliers, partners, and public services are managed with objectivity and integrity. Any kind of agreement or any ancillary clauses in agreements relating to the acquisition of advantages or benefits for individuals through procurement, allocation, delivery, performance and payment of commissions is forbidden.

#### Transparency and Trust

Transparency, honest communication and openness to dialogue are hallmarks of our communication programs. Our goal is to provide reliable and relevant information to enable an objective assessment of our management of the environment, finance, corporate and social performance.

#### **Profitability**

We act and decide targeting the profitability; this is to ensure growth and financial autonomy. It is our duty to achieve and maintain high returns for our shareholders, employees and all our stakeholders.

#### Integrity

All our decisions are based on honesty, integrity and loyalty in the scrupulous observance of all the laws and regulations of the countries in which it operates.



# 2 Organisational Profile

#### 2.1

#### Name of the Organisation

Palladio Zannini Industrie Grafiche Cartotecniche

#### 2.2

#### Primary brands, products, and/or services.

Palladio Zannini is a paper converting company that produces packaging materials in particular:

- Folding cartons
- Blister packs
- Leaflets reel folded, stretched and glued
- booklets
- self-adhesive labels
- labels with barcode
- cartons over labellingPrinting on aluminium and laminated materials







Palladio Zannini's goal is to offer products, services and expertise in compliance with the requirements.

The production is based on a project, according to the information and technical specification provided by the customer, in compliance with the applicable requirements and mandatory laws. All the production activities are performed using machinery and facilities that are technologically highly advanced, this in order to guarantee safety, environmental protection and reduction of energy consumption.

The production cycle consists of the following macro phases common to all sites:

- Pre-press: the set of activities that starting from an artwork, in paper or digital form, lead to implement / develop polymers for printing.
- Printing press: the set of activities that allow, using appropriate machinery, printing plates and inks / varnishes, to obtain the printed media with one or more colours (in our case the printed material consists of paper, cardboard or laminate).
- Post Printing: All those activities that, starting from the printed material and using appropriate machinery, glue and packaging materials, lead to make the finished product through the stages of die cutting, folding, gluing and packaging.

All the activities supporting the production process are listed below:

- Computerisation of management processes and production planning.
- Procurement of energy and natural resources.
- Procurement / storage and use of raw materials, packaging materials and auxiliary materials (chemicals, films, plates aluminum, etc.).
- Equipment and facilities maintenace.
- Shipping & Delivery.
- Controlled management of waste produced by the plants (temporary storage and handling).
- Administration & Sales
- Staff training.

# Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures

Palladio Zannini provides secondary and primary packaging materials to the Pharmaceutical and Cosmetic sectors, for both domestic and international markets.

All the business operations are conducted across all the companies of Palladio Group; Palladio Zannini owns and controls the foreign companies.

Our Group currently consists of five production plants located in:

- Dueville-Vicenza (Italy)
- Thiene-Vicenza (Italy)
- Pontedera-Pisa (Italy)
- Vršac-Vojvodina (Serbia)
- Tullamore-County Offaly (Ireland)

# 2.4 Organisation's headquarter location:

Palladio Zannini spa headquarter is in Dueville (Vicenza) – Italia



Headquarter

#### Palladio Zannini IGC spa

Via Cresole, 8 – Dueville (Vicenza) - Italia Products: cartons, leaflets Area: 30.891 mq



#### Palladio Zannini IGC spa

Via Campazzi, 10 - Thiene (Vicenza) – Italy Products: cartons, blister Area: 15.992 mq



#### Palladio Zannini IGC spa

Via Maremmana (Z.I. Gello) – Pontedera (Pisa) - Italy Products: cartons, leaflets, labels, aluminum tapes Area: 38.000 mq



#### Zannini Ireland Itd

Sragh Industrial Estate - Tullamore (Co. Offaly) – Ireland Products: cartons Area: 10.000 mg



#### Zannini East doo

Beogradski put b.b. - 26300 Vršac (Vojvodina) - Serbia Products: cartons, leaflets, labels Area: 30.000 mq

# Number and name of the countries in which the organisation operates or that are particularly relevant to the sustainability issues covered in the report.

Over the years the company has grown to extend its manufacturing capacity in Foreign Countries. The entrance into the international market has opened our horizons from a commercial point of view.

This opening to foreign countries contributed to our growth thanks to the contacts we with the surrounding communities and the foreign staff working in our Plants abroad,

Currently the production is carried out in three countries:

- Italy,
- Ireland
- Serbia

In the image below are shown the countries in which we operate



#### Nature of ownership and legal form.

Palladio Zannini Industrie Grafiche Cartotecniche, the parent company of the Group, is a stock company under the Italian law.

The two subsidiaries are limited companies.

#### 2.7

#### Markets served

Our main market is the Pharmaceutical industry and our core business is the production of secondary packaging material for the most important pharmaceutical multinational companies. The Group's activities object is substantially uniform among the various sites and can be referred to as "the design and production of packaging for the pharmaceutical and cosmetics industries."

#### 2.8

#### Scale of the Organisation

In our group, to 31/12/2014, were employed 496 employees, operating within the five factories.

The turnover of the Group, in 2014, has exceeded 66 million euro.

The total production capacity of the Group is approximately:

- 1500 million cartons,
- 800 million leaflets
- 600 million labels.
- 50 million blisters
- 10 million booklets

#### 2.9

#### Significant changes in size, structure or ownership since last reporting period

The major changes occurred during the reporting period can be summarised in:

- The doubling in size of the Serbian Plant
- The project to build, together with a foreign partner, a new plant in Obninsk Russia

### Awards received in the reporting period

During the reporting period we have been rewarded with many awards in recognition of Palladio Zannini commitment to a responsible/wise management.

In 2012 Johnson & Johnson awarded us in relation to the Lean activity with the following motivation:

"Congratulation, Palladio Zannini has attained a Lean Maturity Phase of PULL as assessed using the Johnson & Johnson Lean Maturity Assessment Criteria. We want to THANK YOU for you continued efforts to remove waste and drive Lean Principles into your organization…as well as throughout our shared supply chain".

Abbott Corporate Purchasing - G.P.O. conferred for 6 consecutive years the prestigious ABBOTT SUPPLIER EXCELLENCE to PalladioZannini this is an international award open to those suppliers that distinguished themselves for the quality of services and products offered and for the outstanding and constant support to the pharmaceutical multinational.

For three years in a row, we achieved the Gold status. In April 2012 in the town of Tornhout (Belgium); we received directly by the hands of Johnson & Johnson Vice President the Supplier Performance Excellence Award.

Here the motivation provided:

"This year we do not have a gold award, instead we have a Supplier Performance Excellence Award. This award is presented to suppliers who have maintained their gold level for two consecutive years or more.

Excellent Customer Service is the ability of an organisation to constantly and consistently exceed the customer's expectations and this is what this supplier does.

This supplier fully utilises the lean methodology to improve their production efficiency.

In terms of Sustainability: all the materials, from this supplier are FSC certified. This supplier combined innovation with sustainability by proposing an aesthetic solution which helped us to eliminate the use of hot foil on certain products"

This supplier sets a great example on supplier integration as they have successfully integrated SMICS, Janssen's Vendor Managed Inventory system into their planning system.

Their delivery and quality performance has been excellent.

This supplier shares a similar philosophy as our Credo which we treasur dearly. This company financially supports a foundation called "Citta della speranza" (City of Hope) that contributes to the building of a department of paediatric oncohematology.

In 2013 we received from our customer Johnson & Johnson two major awards:

Supplier Performance Excellence Award

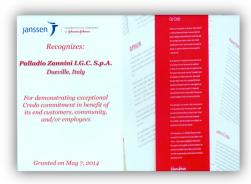
In recognition of our commitment to supply excellent goods and services and for maintaining the Gold Level for four years in a row.

Sustainability Award

In recognition of the excellent environmental contribution, as a supplier.

On 29th May 2013, on the occasion of the celebration of Saint Teodoro, patron saint of Vršac, the Assembly of the City of Vrsac, in solemn session, decided to confer the Honorary Citizenship of the city of Vrsac for 2013 to Dr. Mauro Marchi for the following reasons:

"For your outstanding contribution to the economic development and the promotion of the City economic potential."



In 2014 Johnson & Johnson rewarded us with a plaque named "Premio Credo" to honour the Palladio Zannini commitment to social causes.



In October 2014, following an appropriate assessment of our CSR (Corporate Social Responsibility) carried out by EcoVadis; we reached the advanced classification and the Gold identification in regards to our approach to the Corporate Social Responsibility.

## **Our History**

This is the story of an Italian company founded in 1946, which has always been focused on results, has been able to evolve from a local dimension to national levels and that has the ability to stand out against its international competitors.

All this was possible because the company remained firmly attached to a working model that proved to be effective over the years, and that is now appreciated by all our customers as synonymous with quality and reliability.

# The Origins

The entrepreneurial intuition behind the industrial project of the Marchi Family:



1886

Starting with the entrepenurial activities of the Marchi family from Arzignano, in the field of silk spinning.

In the early years of 900, the family Family owned 4 spinning mills with about 500 employees



#### From 1945-1955:

Collapse of the silk sector and business response of the Marchi family.

Productive diversification:

Acquisition of a share of Tipolitografia Palladio

Conversion of the facility:

Arzignano from spinning mill to a paper mill. The growth within the paper market starts leading to the giant Burgo Group.

#### The milestones

#### 1946



Girolamo Marchi together with his sons Antonio, Aldo e Guido, as part of a policy of product diversification, invested funds in S.I.T.A.P (Società Industria Tipolitografica Andrea Palladio).

During the 50s, the company developed and changed its name to Palladio Industria Tipolitografica S.p.A.. It was the starting point of the specialisation in the pharmaceutical sector.

(In the picture Girolamo Marchi and his son Antonio)

#### 1980

The work was constantly increasing. The company moved to the new plant in Dueville, which is still today Palladio's headquarter. In the same year, Mauro Marchi, Antonio's son, joined the company; he represents the third entrepreneurial generation.

#### 1996

50 years after the foundation of the company a second plant was opened in Thiene. This allowed the doubling of the production capacity and the extension of the packaging market to the cosmetic industry.

#### 2000

The plant in Dueville started the production of leaflets; this led to the expansion of the range of products of secondary-packaging supplied to its customers

#### 2004

Palladio acquired Grafica Zannini spa: the group is now enriched with two new factories in Tuscany, one in Ireland and one in Serbia. The Group is the overall leader in Italy in the field of secondary packaging for the pharmaceutical sector.

#### 2011

The merge between Palladio and Grafica Zannini was officialised. From this fusion Palladio Zannini Industrie Grafiche Cartotecniche S.p.A. was born.

#### 2012

The Serbian subsidiary Zannini East celebrates its 10th anniversary. Zannini east development and growth are so impressive that Dr. Mauro Marchi does not hesitate to approve the project sets to double the facility by 2014.

#### 2013

As part of the strategy of diversification of the industry in which it operates, Palladio Zannini takes control of the Officina Farmaceutica Pharma Partners, integrating it into a larger project of industrial growth.

#### 2014

The floor area of the Serbian plant was increased by 2000 mq.



# 3 Report's Parameters

#### 3.1

#### Reporting period for the information provided

The report's data refer to the last three years (2012, 2013 and 2014) and they are indicated both per production unit and at group level.

#### 3.2

#### Publication date of the most recent previous report

3 sustainability reports and two Communication On Progress have been published, the last publication, available on our web site and that one of the UN Global Compact, dates back to May 2014. Palladio Zannini as an official member of the U.N. Global Compact since May 2012 drafted and integrated the Communication on Progress (COP) and the Sustainability Report using the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version 3.1., this in order to ensure well-organised information on sustainability while meeting the ten principles of the UN Global Compact.

#### 3.3

#### Reporting cycle (annual, biennial, etc.).

The Sustainability Report is published annually and reports the qualitative and quantitative information required by the Core indicators and the main Additional GRI indicators. The aim is to annually disclose, to Stakeholders, information relevant to economic, environmental and social performances resulting from the Palladio Zannini Group's production. In particular, the report aims to frame in a wider context the activities of the company in accordance with the standards and the guidelines of the GRI 3.1 and the Principles of the Global Compact, which are part of the budget itself.

#### 3.4

#### Contact points for questions regarding the report or its contents.

This report will be published on the website of the Global Compact of the United Nations and on the company website www.palladiozannini.com.

For any additional information please contact: giampaolo.carone@palladiozannini.com.

#### Process for defining report content

To define the contents of this report, the organisation took inspiration from the principles of the materiality, stakeholder engagement, context of sustainability and completeness, in order to ensure that the quality of information and the adequacy of the presentation are in line with the principles of balance, clarity, accuracy, timeliness, comparability and reliability as required by the GRI.

This method of reporting, universally acknowledged, uses specific indicators depending on the levels of application, and it brings the company to:

- carry out a comprehensive monitoring of its own performances
- account the main environmental impacts arising from the Group's production activities
- communicate the progress achieved in relation to the principles of the UN Global Compact
- ensure to be ablr to measure the progresses that are being made

The reporting and drafting activities of the final document have involved the various executives function throughout the company in relation to the tasks and roles covered and they were centrally coordinated by the Quality and Sustainability departmet.

## 3.6

Boundary of the report (eg, countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).

The boundary of reporting of this Sustainability Report refers (unless otherwise specified) to all companies / plants of Palladio Zannini Group, namely:

- Palladio Zannini Industrie Grafiche Cartotecniche spa Dueville (VI) Italy
- Palladio Zannini Industrie Grafiche Cartotecniche spa Thiene (VI) Italy
- Palladio Zannini Industrie Grafiche Cartotecniche spa Pontedera (PI) Italy
- Zannini Ireland ltd –Tullamore (County Offaly) Ireland
- Zannini East doo Vrsac (Vojvodina) Serbija

In the report, when Palladio Zannini is mentioned we are referring to the full Group as per above.

Statement of any specific limitations on the scope or boundary of the report.

There are no specific limitations in this report.

#### 3.8

Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and otherentities that can significantly affect comparability from period to period and/or between organisations.

Significant changes have been described in paragraph 2.9 and refer to year 2014.

There are no plans, in 2015, for significant changes that could alter the structure of the Group.

#### 3.9

Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

The reliability of the information given is guaranteed by directly measurable data, these allow avoiding the recourse to estimates. The coefficients used are listed in a separate table.

#### 3.10

Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).

The data in this report refer to the last 3-year period and are given per production unit as well as at Group level.

Some data might have been revised compared to those of the previous years due to coefficient changes, basic errors or reporting errors.

The coefficients used in the three year-period are as per following table:

|                | CONVE  | RSION FA                    | ACTO                             | RS               |                   |                   |  |   |   |  |     |     |     |  |
|----------------|--|-----------------------------|----------------------------------|------------------|-------------------|-------------------|--|---|---|--|-----|-----|-----|--|
|                | CONVERSION FACTOR  |                             |                                  |                  | SOURCES           |                   |  |   |   |  |     |     |     |  |
|                | ADOPTED CRITERIA   | REF.                        | M.U                              | l.               | 2011              | 2012              | 2013   |   |   |  |     |     |     |  |
|                | What is described below is used to determine the CO <sub>2</sub> emissions resulting   |                             | KG/                              | L                | 0.82              | 0.82              | 0.82   |   |   |  |     |     |     |  |
| GASOIL         | from the combustion of gas oil in the reference period (calendar year). The amount of fuel used is expressed in terms of energy content (TJ) and therefore the basic calculation formula is: Ton/CO <sub>2</sub> = (t of gas oil x LCV x   | LCV                         | TJ/K                             | т                | 43.31             | 43.31             | 43.31  | http://www.epa.ie/pubs/reports/<br>air/airemissions/Emission Fact   |   |  |     |     |     |  |
| GAS            | Emission factor x Oxidation factor) x 0.000001. Where: the quantity of gas oil is given by the purchase invoices. The other data are retrieved from the table of national benchmarks communicated by EPA (Environmental  | EMISSION<br>FACTOR          | TCO <sub>2</sub> /               | τJ               | 73.30             | 73.30             | 73.30  | ors_%20for_2013%20V112111<br>2013.pdf   |   |  |     |     |     |  |
|                | Protection Agency)   | OXIDATION<br>FACTOR         | COEFF.                           |                  | 1.000             | 1.000             | 1.000  |   |   |  |     |     |     |  |
|                | What is described below is used to determine the CO <sub>2</sub> emissions resulting from the combustion of methane in the reference period (calendar year). The amount of fuel used is expressed in terms of energy content (TJ) and therefore the basic calculation formula is: Ton/CO <sub>2</sub> = (Sm3 of gas x LCV x Emission factor x Oxidation factor) x 0.000001. Where: The amount of gas used is derived from the invoice data. The other data are retrieved from the table of national benchmarks communicated by the Ministry of the Environment (Emissions Trading Directive) | LCV                         | GJ/<br>1000S                     |                  | 35                | 35                | 35   |   |   |  |     |     |     |  |
|                |  | LOV                         | MCAL/<br>STDM3                   |                  | 8                 | 8                 | 8  | http://www.minambiente.it/sites/  |   |  |     |     |     |  |
| METHANE        |  | TCO <sub>2</sub>            | TJ                               | 56.00            | 56.00             | 55.89             | default/files/archivio/allegati/emi<br>ssion trading/tabella coefficien<br>ti_standard_nazionali_2010_20 |   |   |  |     |     |     |  |
|                |  | FACTOR                      | TCO <sub>2</sub> /<br>1000 STDM3 |                  | 1.96              | 1.96              | 1.96   | 12_v3_rdl.pdf   |   |  |     |     |     |  |
|                |  |                             | COEF                             | F.               | 0.995             | 0.995             | 1  |   |   |  |     |     |     |  |
| ж.             | What is described below is used to determine the volume of $CO_2$ in relation to the electricity purchased regardless of how this is used. The specific quantity of $CO_2$ grams related to 1 kW/h (as provided by the grid or by recognized standards) needs to be calculated. Through these benchmarks the amount of electricity-produced $CO_2$ is determined. The formula will then be: (amount of purchased energy in kWh x conversion factor) x 0.000001.  | CONVERSION FACTORS          | CONVERSION FACTORS               |                  | ITAL<br>Y         | 402               | 402  | 402   | A publication by IEA (International Energy Agency) identifying for each country the |  |     |     |     |  |
| IC POWER       |  |                             |                                  | CONVERSION FACTO | ION FACTO         | ION FACTO         | ION FACTO  | ION FACTO   | всо₂/ кwн   | SERB<br>IA   | 784 | 784 | 784 | emission coefficient (the<br>updating of these coefficients is<br>delayed by two years, even<br>though they are a good |
| ELECTRIC       |  |                             |                                  |                  | 09                | IRELAND           | 427  | 427   | 427   | approximation). http://www.iea.org/publications/f reepublications/publication/CO2 EmissionsFromFuelCombustion Highlights2013.pdf |     |     |     |  |
| TRANSPORTATION | Transformation from km to gCO <sub>2</sub>   | FROM KM TO GCO <sub>2</sub> | GCO2/<br>KM                      |                  | 712               | 712               | 712  | A publication by ANPA (National Agency for Environment Protection) on CO <sub>2</sub> emissions from road transport: 712 gCO <sub>2</sub> /travelled km |   |  |     |     |     |  |
| STICKERS       | Transformation from sqm to kg  | COEFF.                      | KG/MQ                            |                  | 0.107             | 0.107             | 0.107  | Specific weight   |   |  |     |     |     |  |
| ALS            |  |                             | Succession                       |                  | ions              | tons              | cardboard<br>0.936   | cardboard<br>0.936  | cardboard<br>0.936  |  |     |     |     |  |
| RAW MATERIALS  |  | CONVERSION                  | /00ZL                            | uced paper       | paper<br>0.571    | paper<br>0.571    | paper<br>0.571   | ETS data provided by the suppliers or maximum value specified in the table  |   |  |     |     |     |  |
| RAW            |  | ÖÖ                          |                                  | Prod             | adhesive<br>0.936 | adhesive<br>0.936 | adhesive<br>0.936  |   |   |  |     |     |     |  |

# Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

There were no significant changes in the reporting period regarding the scope, reporting limits or measurement methods.

If, in some case, a new method of measurement has been used, same will be highlighted under the relevant indicator.

#### 3.12

#### Table identifying the location of the Standard Disclosures in the report.

This document has been drafted on the basis of the "Guidelines for Sustainability Reporting" as defined by the Global Reporting Initiative G3.1, such guidelines, together with the 10 principles of the U.N. Global Compact, are now internationally recognised as the main standards in the field of sustainability reporting.

The index of published indicators iare available in the last pages of this report; same shows the position, within the document, of the required info and how the 10 principles of the UN Global Compact are met.

#### 3.13

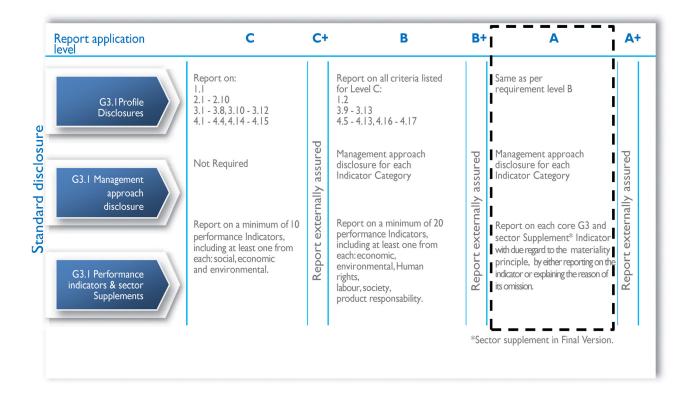
### Policy and current practice with regard to seeking external assurance for the report.

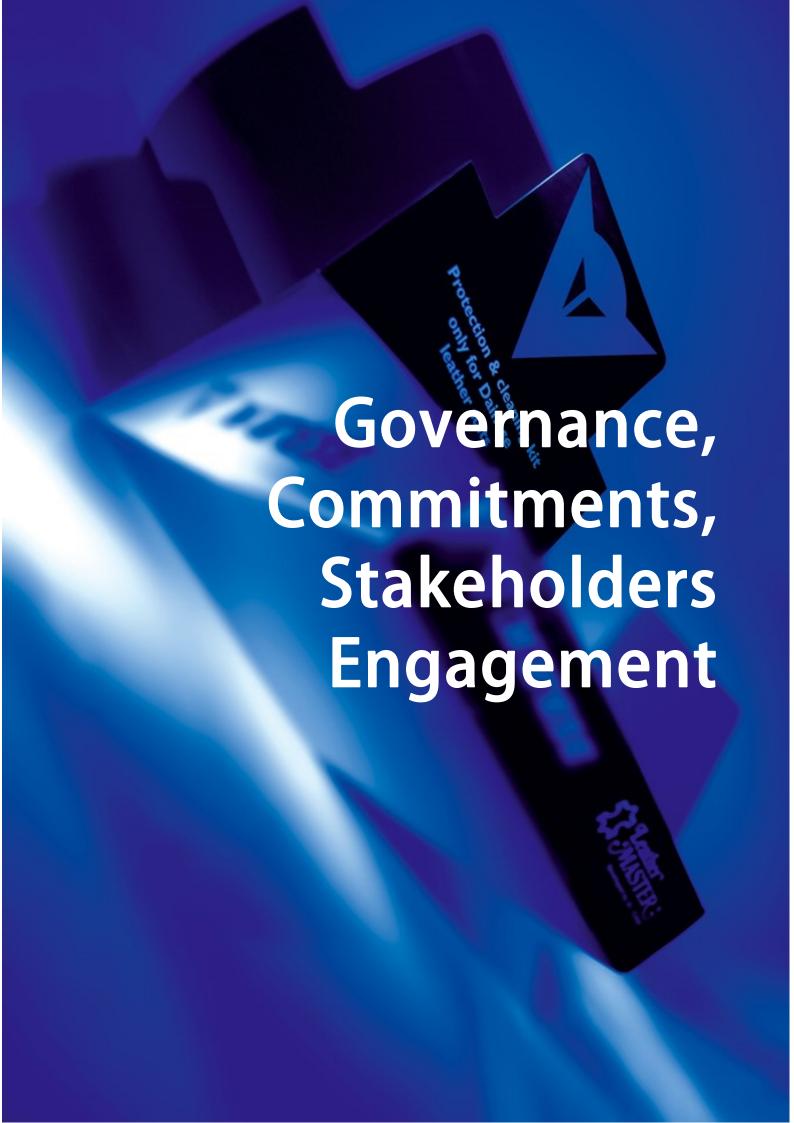
The economic performances, as listed in the dedicated section, show the data extracted from the Consolidated Financial Statements audited by auditors of Soc. Ernst & Young.

This is the first Sustainability Report prepared according to GRI, it has not been subjected to any external verification activity.

In relation to the size of the contents of the report, the level of application of the guidelines for sustainability reporting GRI Global Reporting Initiative G3.1, it is assessed at level "A".

# Levels of application of the GRI Guidelines





# 4 Governance, commitments, Stakeholders Engagement

#### 4.1

Governance structure of the organisation, including committees reporting directly to the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.

The corporate governance model adopted is the "traditional kind", characterised by the dichotomy between the management body (Board of Directors) and the supervisory body (Board of Auditors); the activities of statutory audit are entrusted to an Audit firm.

The mechanisms of corporate governance adopted by Palladio Zannini, in line with the statutory provisions, intend to ensure an efficient and transparent functioning of the Company's organs of government and control systems.

The members of the Board of Directors are appointed according to integrity, professionalism and competence criteria defined by the Statute, they shall hold office for a period not exceeding three financial years and they end the mandate at the date of the Meeting called to approve the financial statements for the last year of their term. The directors are re-elected in accordance with art. 2383 of the Civil Code.









The shareholders of Palladio Zannini, by resolution dated 26/04/2012 appointed the new Board of Directors of the Company in office for the years 2012, 2013 and 2014.

In line with the provisions of the D.L. 6 July 2012, n. 95, converted in L. 7 August 2012 n.135, The Palladio Zannini's Board of Directors is composed of seven members: President, CEO and five Directors. More specific details about the members (i.e. .: age, gender) can be found on public record available, upon request at one of the Group Companies, at the Register of Enterprises of the relevant Chamber of Commerce.

The Managing Director, with the minutes of the meeting held on 26/04/2012, was granted, with free and separate signature, the following powers: all powers of ordinary and extraordinary administration, excluding those not delegated according to the law and the Articles of Association.

The Board of Directors has, on an exclusive basis, the broadest powers for the ordinary and extraordinary management of the Company, without exception, and it may take all actions it deems necessary, useful or appropriate for the implementation and the achievement of corporate purposes, excluding only those that the law strictly reserves to the shareholders Assembly, which retains, however, the power to resolve the resolutions relating to the following matters:

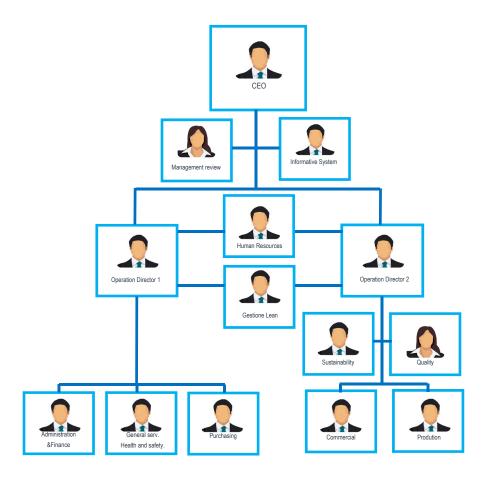
- o Merger in the cases provided by Articles 2505 & 2505-bis c.c.;
- The establishment or closure of subsidiaries:
- o the relocation of the headquarters to another municipality within Italy;;
- o The reduction of shares in case of the withdrawal of a shareholder;
- Statute's adjustments to regulatory requirements.

The Board, within the limits delineated by the art. 2381 c.c., may appoint, from among its members, one or more Managing Directors or an Executive Committee or assign special duties to individual Directors and determine their powers and remuneration.

The executive bodies shall ensure that the organisational, administrative and accounting structure is appropriate to the nature and size of the company and report to the administrative and supervisory board at least every six months in accordance with art. 2381, paragraph 5, of the Civil Code.

The Body of Directors may also appoint General Managers, establishing their powers. It may also appoint Instintori (general representative of the entrepreneur) and prosecutors "ad negotia" and to mandate them for general or specific acts or categories of acts. The President of the Board, the Executive Committee and the Managing Directors, hold similar rights, within the limits of the powers conferred to them. The president of the Board Of Directors, or, in case of his absence or impediment, even temporary, who takes his place, has a duty to represent the Organisation, in

relation to third parties, in court, and during administrative seats, including Judges of the Supreme and Revocation Court, and he also has the authority to appoint lawyers and prosecutors to lawsuits. In front of a Third Party the signature of the person who is temporary taking the place of the President, is evidence of absence or incapacity of same. Rappresentation is also given to the Directors having authority of the Council, within the limits of the delegation. Social Representation also belongs to the Directors, to "Instintori" and the Procurators of art. 28 of the bylaws, within the limits of the powers determined by the Administrative Body in the act of appointment. The Representation of the company in liquidation is up to the liquidator or the Chairman of the Board of Liquidators and any other members of the Board of Liquidation with the procedures and time limits established in the appointment.



The Palladio Group Zannini pursues the objective of good corporate governance through the implementation of a set of values, rules and procedures as quoted in the Code of Ethic, which expresses the commitments and responsibilities that the Company and its employees take on in the management of each business.

# To indicate whether the Chair of the highest governance body is also an executive officer.

The President of the Board of Directors has, as per Statute, the powers of legal representation of the company but he doesn't cover an executive role.

#### 4.3

For organisations that have a unitary board structure, to state the number and gender of members who are independent and / or non-executive.

The Board of Directors consists of seven members (six men and one woman), only one of which (the CEO) is involved in operational management.

#### 4.4

Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

There are no specific mechanisms because the procedures adopted pass directly through the Ethics Committee (This applies in particular to employees) or by interfacing directly with the Human Resources Manager. Due to the non-complexity of the composition of members of the governing bodies it has not been provided formalised mechanisms, but it is possible, also for the shareholders, to express their views directly to the highest governing body.

#### 4.5

Linkage between compensation for members of the highest governance body, senior managers, and executives (including leaving bonus) and the organisation's performance (including social and environmental performance).

There are no connections between the remuneration of the Board of Directors and the performance of the Organisation, the only exception is in the case of part of the remuneration of the CFO.

# Processes in place for the highest governance body to ensure that conflict of interest are avoided.

Palladio Zannini, since 2008, adopted the Ethic Code that defines the values, principles and rules of conduct for all those who have a relationship with Palladio Zannini and act on behalf of the Company. These are called to observe respect for the values of impartiality, independence, confidentiality and transparency related to the ethics of their public service.

The Code of Ethics is an integral part of the corporate organisational model and for the employees; its respect is to be considered an essential part of the contractual obligations by the employees themselves.

Violation of these rules may constitute a source of serious breach and tort.

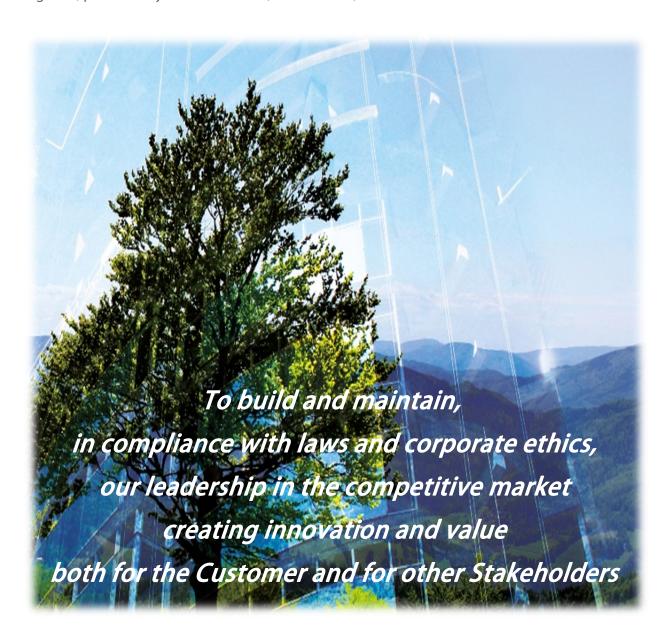
#### 4.7

Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including considerations on gender issues and other indicators of diversity.

There are no formal procedures for determining the qualifications of members of the Board of Directors in environmental and social matters.

Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation

As per our mission statement, Palladio Zannini has always invested in technology and advanced equipment, developed thanks to the close relationship established between customers and suppliers. All this has helped and continues o helps provide a measurable added value in terms of logistics, productivity and lead-time. (See also 4.12)



Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

The Board of Directors (in its entirety or through at least one of its components), meets once a year.

During these meetings / committees / reviews, the board carries out the monitoring and verification on financial, environmental and social performances of the organisation, the status of compliance with national and international standards (voluntary and / or mandatory) even with the aid of codes of conduct such as the Chart of Values and Code of Ethics.

#### 4.10

Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.

Considering the Mission of the Organisation and the close participation in achieving results by the Board of Directors, a formal procedure to assess the functioning of the Board of Directors, from the point of view of integrated sustainability, is not required. Therefore, the process of assessing the performance of the Organisation is coincides with the assessment of the Board.

#### 4.11

# Explanation of whether and how the precautionary approach or principle is addressed by the organisation.

The use of advanced technologies helps to achieve the objectives set out in our policy of respecting the environment and the Health and Safety at Work. In recent years, thanks to technological and effective processes, there have been reductions and (in some cases) elimination of substances harmful to the environment as well as to Health and Safety in the Workplace. The above has allowed greater protection for our employees and the reduction of emissions (waste, air emissions, drains etc.) of hazardous substances.

# Externally developed economic, environmental, and social charters, principles, or other initiativesto which the organization subscribes or endorses.

Palladio Zannini from the point of view of continuous improvement and in order to ensure all customers and consumers the quality and safety of our products adopted, for some time, an Industrial Management System conforming to the requirements of the following voluntary frameworks:

- ISO 9001(certified since 1994)
- ISO 14001 (certified since 2001)
- OHSAS 18001 (certified since 2010)
- CoC FSC (certified since 2010)
- CoC PEFC (certified since 2011)

The Quality Management System is developed and maintained taking into account the GMP requirements applicable to pharmaceutical packaging.

Recently, the organisation has also obtained the voluntary and independent certifications of traceability (chain of custody - CoC) of products derived from forests certified FSC or PEFC. Because of this the Organisation is also committed to not be involved, directly or indirectly, in activities that are inconsistent with their policies of quality, environment and safety.

La table below shows the certifications achieved by the various plants on the date 31/12/2014:

| Plant            | Certification Standard |           |              |         |          |  |  |
|------------------|------------------------|-----------|--------------|---------|----------|--|--|
| Palladio Zannini | ISO 9001               | ISO 14001 | OHSAS 18001  | CoC FSC | CoC PEFC |  |  |
| Dueville         | 130 9001               | 150 9001  |              | COCFSC  | COCFEFC  |  |  |
| Palladio Zannini | ISO 9001               | ISO 14001 | OHSAS 18001  | CoC FSC | CoC PEFC |  |  |
| Thiene           | 130 9001               | 150 14001 | 0113A3 18001 | COCTSC  | COCFLIC  |  |  |
| Palladio Zannini | ISO 9001               | ISO 14001 | OHSAS 18001  | CoC FSC | CoC PEFC |  |  |
| Pontedera        | 150 9001 150 14001     |           | OH3A3 18001  | COCFSC  | COCPERC  |  |  |
| Zannini Ireland  | ISO 9001               |           |              |         | _        |  |  |
| Tullamore        | 130 9001 -             |           | -            | -       | _        |  |  |
| Zannini East     | ISO 9001               |           |              | CoC FSC | CoC PEFC |  |  |
| Vršac            | 130 9001               | _         | -            | COCFSC  | COCPEFC  |  |  |

Currently, the foreign plants: Zannini Ireland and Zannini East have not yet reached the

environmental and safety certifications, nonetheless the two companies comply with the applicable legislation and the purchase of raw materials originating from forests is managed according to the Forestry Sustainability Policy and to the common written procedures and Vendor List.

We also wish to remind our commitment to Ethics and Social Responsibility.

Therefore, in addition to the adhesion, in 2011, to the 10 principles of the UN Global Compact, we want to announce:

- Our Ethic Code, (since 2008)
- Our Chart of Values (since2011)
- The adhesion since 2011to Chart of Environmental Sustainability Principles
- The adhesion since 2006 initiatives promoted by the COMIECO Consortium
- The adhesion since 2014 initiatives promoted by Legambiente

#### 4.13

## Participation to national and / or international Professional Associations

Palladio Zannini is an official member of the Global Compact of the UN since May 2012 and in order to ensure the communication of well-organised information about sustainability, while satisfying the ten principles of the UN Global Compact, we have prepared and integrated the Communication on Progress (COP) using Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version 3.1.

Palladio Zannini is a member of the following national and international associations:

- AFI (Associazione Farmaceutici Industria)
- ASSOGRAFICI
- ATIF (Italian Technical Association for the development of Flexography)
- CIAL (Alluminium Packaging Consortium)
- COMIECO (National Consortium Recovery and Recycling of cellulose packaging)
- CONAI (Packaging National Consortium )
- ECMA (European Carton Makers Association)
- ENIPG (Ente Nazionale Istruzione Professionale Grafica)
- GIFASP (Italian Group Carton box Manufacturers)
- GIPEA (Italian Group of Autoadhesive Labels Manufactors)
- HCPC Europe (Healthcare Compliance Packaging Council)
- I.I.I. (Italian Institute of Packaging)
- INDUSTRIAL UNION (Italian and Serbian)

Palladio Zannini pays the normal membership fees and considers the taking part in associations as strategic.

We have also joined:

- Chart of Principles for the Environmental Sustainability of the Industrial Union
- Initiatives promoted by COMIECO
- Initiatives promoted by Legambiente

#### 4.14

## List of stakeholder groups engaged by the organization.

Palladio Zannini had success on the domestic and international markets because it kept in mind that its activities are directed primarily to Stakeholders .

Palladio Zannini development was built prioritising the satisfaction of the needs of all stakeholders, including rights as defined by national laws and applicable international standards (see 4.15)

#### 4.15

# Basis for identification and selection of stakeholders with whom to engage.

Stakeholders are bodies who have interests in place with our business such as:

- The Shareholders,
- The Employees
- The Collaborators,
- The Customers,
- The Suppliers,
- The Business Partners.

We also consider stakeholders all those individuals or groups, as well as organisations and institutions that represent them, whose interests are affected by the direct and indirect effects of the activities of Palladio Zannini, in particular, the local communities in which we operate, environmental groups, the future generations.

# Approach to the stakeholders engagement, specifying the frequency of engagement by type and by stakeholder group.

The sustainability approach used, in order to ensure the achievement of the objectives, the quality of information and the adequacy of the presentation of the principles towards stakeholders is to use the principle of inclusiveness and materiality.

Palladio Zannini wanted to encourage information and relationships with several stakeholders by promoting initiatives transversally involving different stakeholders through communication integrated external and internal platforms, that stakeholders can use without any particular constraints, such as:

- Web site (www.palladiozannini.com)
- Intranet
- E-mail address (info@palladiozannini.com)
- Facebook (www.facebook.com/pages/Amici-di-PalladioZannini)
- Linkedin (www.linkedin.com/company/palladiozannini)
- Yammer (www.yammer.com/palladiozannini.com)

It is our intention to make more use of these media, in particular the social networks as dynamic platforms where we can intercept any requests, have more ways of sharing, understand the new requirements, needs and duties.

Even for the preparation of this report specific groups of internal stakeholders were involved.

#### Palladio Zannini News

In 2014 our company newsletter, PZ News, was restored. It is now published every four months with the main purpose of explaining about the company, starting from the internal organisation, passing through the main events, up to the latest products news, but also with the important goal of promoting and increasing the sense of belonging among employees, the spirit of collaboration and teamwork, improving the climate for business.

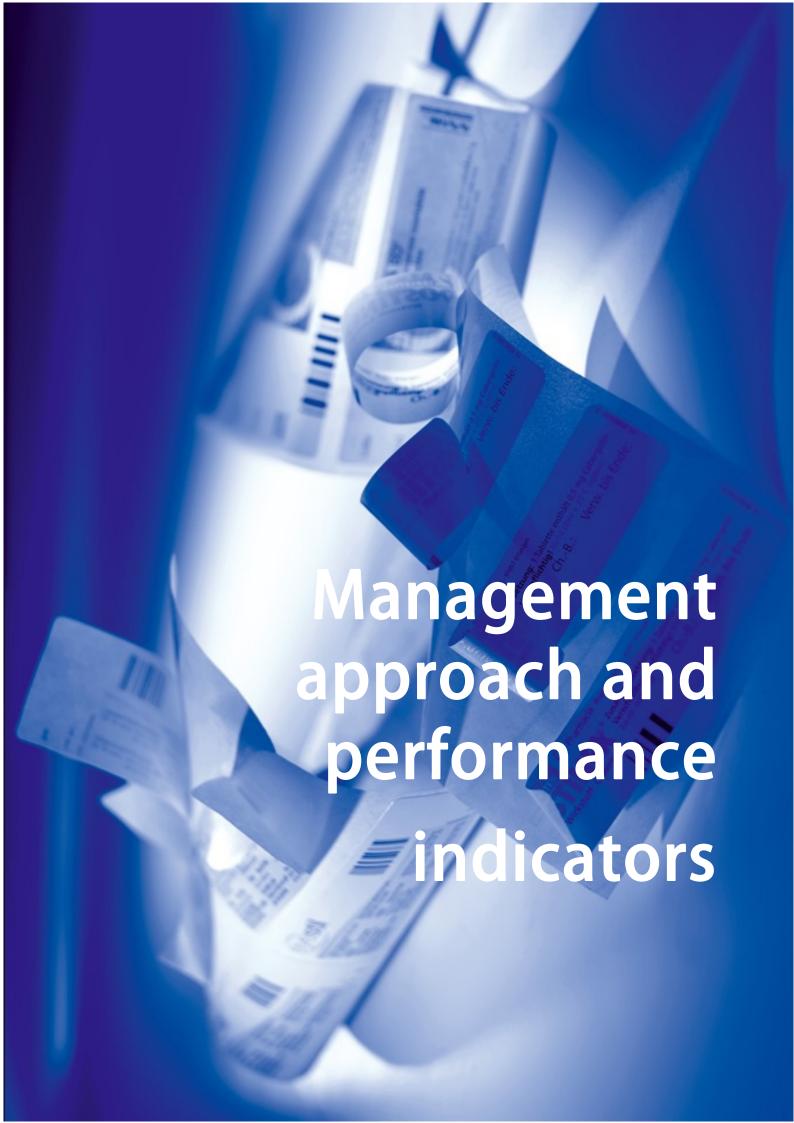
With this additional communication tool we want to stimulate the participation and involvement of employees, keeping them updated about activities that are taking place and encouraging the flow of information between departments.

The structure of the publication includes an editorial signed by the CEO, "the focus" on a relevant topic of particular interest for the company, then the various sections telling the news coming from our operational sites and the final pages are dedicated to the events, corporate life and our people.



Key topics and concerns emerged during the activities of stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

Our Sustainability Principles (Values) are both the result of material issues that have emerged from the involvement of the various functions and of the various forms of dialogue and discussions with Group 'sstakeholders. This document was the first step in the preparation of a Sustainability Report in line with GRI which led us to focus more on the aspects that really matter, on which we will target our efforts in response to the needs and expectations of our stakeholders.



# 5 Management approach and performance indicators

# 5.1 Economic performance indicators

#### **DMA EC**

# Disclosure on Management Approach to Economic responsability

In recent years Palladio Zannini has reorganised its structure to better meet the needs of an increasingly competitive market by making many investments aimed to make our production more efficient and to improve the organisation by introducing innovative concepts such as the lean thinking. In addition to the accomplishment of important projects such as the launch of the new printing press, the closing of the "integrated factory" project, we have also increased our services to customers by setting up a division for the management and development of the artworks and concentrating the solution of problems related to anti counterfeit products through various methods. During the year we have achieved significant results, strengthening our leadership in the market in which we operate through joint ventures with other companies of the sector; we doubled our factory in Serbia and we are planning the construction of an additional facility, together with a foreign partner, in Russia. This project follows the strategy already established with other foreign plants to produce directly in countries in which the market is expected to grow by allowing us to expand as multinational. Such activities, in addition to generating value for our company, contributed, although indirectly, to improve the economic conditions of local communities in which we operate. We also support projects in favour of the community such as social, cultural and artistic activities that are fundamental values to civil society, helping to improve the quality of life of local communities in which we operate. In recent years we have supported several local associations, national and international, such as: City of Hope Foundation, Caritas, the Italian Red Cross, Mission Ciudad Del Nino, Charity Water, Legambiente, etc..

#### **Economic Performance**

EC1
Direct economic value generated and distributed, including revenues, operating
Costs, employee compensation, donations and other community investments, retained
Earnings and payments to capital providers and governments.

| Palladio Zannini Group                  | 2012          | 2013          | 2014          |
|---|---------------|---------------|---------------|
| Directly Economic Value Generated       | 61.188.839,24 | 63.510.353,39 | 66.055.508,11 |
| a) Revenues                             | 61.188.839,24 | 63.510.353,39 | 66.055.508,11 |
| <b>Economic Value Distributed</b>       | 56.367.384,00 | 59.114.349,00 | 60.453.974,73 |
| b) Operating Costs                      | 40.710.905,00 | 41.501.192,00 | 42.958.247,82 |
| c) Employee wages and benefits          | 14.718.515,00 | 15.462.135,00 | 16.148.111,82 |
| d) Payments to providers of capital     | 679.691,00    | 250.869,00    | - 621.185,17  |
| e) Payments to government (by country ) | 1.579.272,00  | 1.831.094,00  | 1.931.595,26  |
| f) Community investments                | 38.383,00     | 69.059,00     | 37.205,00     |
| Economic value retained                 | 4.821.455,24  | 4.396.004,39  | 5.601.533,38  |

# EC2

# Financial implications and other risks and opportunities for the organisation's activities due to climate change.

As we are aware of the importance of ensuring a sustainable development of our activities and a more efficient use of energy and materials on the long term, Palladio Zannini pursues continuous improvement of its environmental performance and energy, applying best practices which will improve the environmental management in a cost effective way.

To achieve these goals, the Company adopted a management model based on the preventive analysis of the environmental impacts of its activities and the constant monitoring of consumption and waste. This approach has allowed us to identify the areas which need our intervention to achieve an environmental improvement; we acted in this direction with targeted activities that led to progressive reductions in CO2 emissions. To spread the culture of sustainability in the company, initiatives to reduce energy consumption and facilitate the recycling in the offices were also promoted awareness. Palladio Zannini is aware of the risks due to physical changes in relation to climate change but, at present, we believe that will not affect the operations of its plants and business decisions in the medium and long term. The company has, however, signed insurance contracts to protect themselves in case of unexpected weather events and has put into procedures a business continuity plan to ensure continuity of its activities.

#### EC3

# Coverage of the organization's defined benefit plan obligations.

Palladio Zannini, totally in line with the current regulations, provides a pension plan to its employees as required by the countries where it operates.

In the year 2014 the aggregated totals of coverage of the pension plan were 3,882,512 Euros (euro 3.309.039 Italy, euro 519.089 Serbia and euro 54.384 Ireland).

#### EC4

### Significant financial assistance received from government.

In the reporting period significant financial benefits were not received from the Public Sector. The Public Sector is not part of the shareholding structure.

#### Presence on the market

#### EC5

# Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.

The most important operational sites (based on the high number of employees) are located in Italy and Serbia. The salary of new employees in all locations of the group is on average higher than the minimum wage required by law without any distinction between genres and backgrounds.

|  | 2012   | 2013   | 2014    |
|--|--------|--------|---------|
| Salaries above the minimum wage by law % employees | 77,09% | 76,94% | 78,80%  |
| Annual salary's Increments in % over employees     | 28,24% | 32,52% | 32,19%  |
| Economic benefit % over employees                  | 99,76% | 99,78% | 100,00% |
| Benefit % over employees                           | 10,47% | 11,98% | 12,43%  |

#### EC6

# Policy, practices, and proportion of spending on locally-based suppliers at significant Locations of operation.

The Group favours domestic suppliers and, in particular, companies that can provide goods and / or services in the whole national territory. Most of the spending on supplies, for the three countries in which the organisation operates, is made from local suppliers, i.e. operators located in the same country and in many cases in the same region or city, where the offices of the Group's companies are.

The raw material used for production is defined by the customer, and generally produced / manufactured by multinational paper mills. We avail, as much as possible of local suppliers, as shown in the table below.

| percentages supply acquired on national territory for each Division |        |        |        |  |  |  |
|---|--------|--------|--------|--|--|--|
| Country unit  | 2012   | 2013   | 2014   |  |  |  |
| Italia  | 65.26% | 61.69% | 64.5%  |  |  |  |
| Serbia  | 34,58% | 43,57% | 46,93% |  |  |  |
| Ireland   | 95.39% | 90.81% | 80.14% |  |  |  |

#### EC7

# Procedures for local hiring and proportion of senior management hired from the Local community at locations of significant operation.

Palladio Panini has a specific policy regarding the global recruitment of staff residing in the vicinity of establishments; this means giving priority to people living in the vicinity where the activity takes place. On a general base the managers and the employees of both the subsidiaries and the various Italian plants have their habitual residence nearby the relevant local communities.

# **Economic Impacts**

#### EC8

Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

Donations, financial contributions and pro bono activities were carried out during the year of reference in relation to a preliminary analysis on the needs of local communities or on the general public interest. Beyond what it is included in the paragraphs DMAEC, SO1, EN6 and EN12, it is reported that Palladio Zannini employees have contributed with more than 400 hours of work in the context of social projects, participated in the campaign promoted by the Company in favour of Charity Water, as every year, helping the company to support, through donations, various associations of humanitarian and social nature.

#### EC9

Understanding and describing significant indirect economic impacts, including the extent of impacts.

Not present a systematic analysis of data related to indirect economic impacts.

# 5.2 Environmental performance Indicators

#### **DMA EN**

# Disclosure on Management approach to Environmental responsability

In relation to our activities, products and services we identify our direct and indirect environmental aspects and the related impact factors. According to their significance we determine the most important ones, this is in order to keep them under control and prevent any risk for the environment. Our "Register of Impact Factors" provides an overview of the most significant activities. In this context, the applicable legal requirements and other requirements subscribed by the Organisation are taken into account in the definition, implementation and maintenance of the Environmental Management System.

Specific improvement objectives are defined on an annual basis in order to improve our performance and reduce consumption resulting from any waste.

Goals that over the years have brought significant benefits as it emerges from the data reported in this section. Several studies, aimed to define and modify the procedural methodology and the structural measures, have led to a reduction in consumption resulting from waste. The implementation of these interventions, such as: home automation management of air conditioning, lights and various utilities supplying the production, use of LED lights, have resulted in significant energy efficiencies and reductions in energy requirements.

# Reduce general and natural resources waste

Another important step in the policy of reducing waste is the management of waste arising from our raw material (paper and cardboard). Most of this material is in fact handled as a by-product. This material is therefore collected to be reused or recycled at the end of its life cycle. The organisation, in order to improve the efficiency in the use of materials and resources, also separates the various packaging materials (such as wooden platforms, some types of plastic, iron, etc.) Since 2009 Palladio Zannini has analysed its LCI monitoring their emissions of greenhouse gases (GHG) resulting in particular from:

- Consumption of natural gas (direct emissions of greenhouse gases)
- Consumption of electricity (indirect emissions of greenhouse gases)

Verification of indirect impacts arising from our own production activities:

- Consumption paper raw materials
- Transport resulting from the purchase of paper raw materials
- Transport resulting from the sale of finished products.

Following the evaluation of environmental impacts (LCIA), in relation to the annual production, our consumptions were monitored to intervene significantly by establishing objectives aimed to:

- reduce natural resources waste
- reduce our contribution to Global Warming.

The extent of reduction was determined through the evaluation of the Carbon Foot Print for the years taken as reference.

## Focus on Biodiversity

One of the environmental elements in which Palladio Zannini puts his attention, is biodiversity. Of course we do not operate in protected areas or where there are endangered species, but through the adherence to the Forest Management Systems as FSC and PEFC, we confirm our interest in this field.

Supporting the protection of forests and wildlife, as well as standing up against the illegal trade in the wood industry; seems only right given our kind of manufacturing.

Our staff awareness in this field is very strong; the company promotes initiatives which directly involve the employees, and in some cases their families by advertising our sustainability activities through brochures, posters and visits to our facilities, all this is making sure that our vision and commitment in the environmental field is also shared with them.

#### **Raw Materials**

#### EN1

# Materials used by weight or volume

For some years now, thanks to the adoption of Lean Manufacturing and the consequent benefits and performance arising by its use, we were able to reduce the absolute environmental impact at group level. In fact, the increase in production linked to improved efficiency has managed to limit the increase of CO2.

| Raw Materials Used          | U.M. | 2012       | 2013       | 2014       | year -1 |
|-----------------------------|------|------------|------------|------------|---------|
| Board used                  | kg   | 15.593.937 | 16.901.290 | 18.198.627 | 7,68%   |
| Paper used                  | kg   | 1.925.504  | 2.981.309  | 2.852.735  | -4,31%  |
| Self-adhesive material used | kg   | 80.556     | 92.731     | 89.354     | -3,64%  |
| Aluminium for blister used  | kg   | 14.612     | 11.405     | 9.430      | -17,32% |
| Total raw materials used    | kg   | 17.614.610 | 19.986.734 | 21.150.146 | 5,82%   |
|                             |      |            |            |            | •       |
| Delivered product           | kg   | 11.943.468 | 13.512.615 | 14.159.878 | 4,79%   |

#### EN<sub>2</sub>

### Percentage of materials used that are recycled input materials

Palladio Zannini works on a contract basis, on such a contract/purchase order the customer specifies the type of raw material and supplier to be used (pharmaceutical packaging) consequently Palladio Zannini must comply strictly to these requests by limiting the purchase of recycled raw materials.

Being unable to act directly on the finished product, we promote the concept of sustainable consumption with our Customers as demonstrated by some of our initiatives (e.g. the project "Pandora" or "Green Procurement"), aimed to raise the customer's awareness to use recycled cardboard or to reduce the board grammage, this would help to implement:

- A positive effect on the environment
- A reduction of cardboard waste
- An economic benefit for the customer
- A rationalisation of the supplier's stock
- Greater flexibility in the orders production.

As can be seen from the table below, our initiatives originated positive results. In fact, 2014 has seen an increase of more than 50% (in comparison to 2013) in our customer's request to use recycled cardboard.

| Recycled raw materials  | U.M. | 2012      | 2013      | 2014      |
|---|------|-----------|-----------|-----------|
| Total recycled raw materials                                  | kg   | 2.474.131 | 2.444.584 | 3.675.806 |
| Percentage of recycled raw materials over total raw materials | %    | 15,87%    | 14,46%    | 20,20%    |

### **Energy**

#### EN<sub>3</sub>

# Direct energy consumption by primary energy source.

Currently Palladio Zannini does not produce energy, this is only purchased. The direct energy consumption is exclusively attributable by the use of natural gas (Italian plants and plant Serbia) or oil fuel (Irish plant) for heating production floors and offices during winter time. Specific interventions have enabled a reduction in consumption, both at an absolute level, and comparing it with the shipped product against the worked hours

| Direct energy Consumption | U.M. | 2012      | 2013      | 2014     |
|---------------------------|------|-----------|-----------|----------|
| Natural Gas               | GJ   | 12.325,13 | 11.860,91 | 9.272,80 |
| Heating Oil               | GJ   | 323,3     | 389,9     | 396,2    |

For the conversion of the volumes in gigajoules has been used the table in section 2.4 of IP EN (GRI 3.1)

#### EN4

# Indirect energy consumption by primary source.

The consumption of electrical energy is significant for the indirect energy consumption (Scope 2), and is, the greater environmental impact.

| Indirect energy Consumption | U.M. | 2012     | 2013     | 2014     |
|-----------------------------|------|----------|----------|----------|
| Electric Power              | GJ   | 30.964,2 | 29.941,0 | 30.221,6 |

For the conversion of the volumes in gigajoules has been used the table in section 2.4 of IP EN (GRI 3.1)

#### EN5

# Energy saved due to conservation and efficiency improvements.

The energy consumption in comparison with shipped products or with hours worked is constantly decreasing.

This reduction was achieved through a series of specific procedural and structural interventions, or through acts to sensitize all employees to for greater awareness.

The structural interventions targeted a modernization of the production equipment such as the replacement of bulbs neon lamps with high energy efficiency (LED), the use of domotic equipment for the management of services subservient to the production and Cooling environments.

| Absolute and comparative Consumption of natural gas    | U.M.   | 2012      | 2013      | 2014      | %year -1  |
|--|--------|-----------|-----------|-----------|-----------|
| Natural Gas Consumption                                | Sm3    | 315.948   | 295.121   | 230.724   | -21,82%   |
| Gas used Sm3 / working hour                            | Sm3/h  | 1,534     | 1,274     | 0,974     | -23,55%   |
| Gas used Sm3 /kg delivered product                     | Sm3/kg | 0,026     | 0,022     | 0,016     | -25,39%   |
|  |        |           |           |           |           |
| Absolute and comparative Consumption of electric power | U.M.   | 2012      | 2013      | 2014      | % year -1 |
| Electric power Consumption                             | kwh    | 8.601.163 | 8.316.953 | 8.394.892 | 0,94%     |
| Electric power used Kwh / working hour                 | kwh/h  | 41,754    | 35,915    | 35,451    | -1,29%    |
| Electric power used Kwh /kg delivered product          | kwh/kg | 0,720     | 0,615     | 0,593     | -3,68%    |
|  |        |           |           |           |           |
| Absolute and comparative Consumption of fuel oil       | U.M.   | 2012      | 2013      | 2014      | % year -1 |
| Heating oil Consumption                                | I      | 9.810     | 11.830    | 12.022    | 1,62%     |
| Heating oil litres/ working hour                       | l/h    | 1,159     | 1,380     | 1,247     | -9,64%    |
| Heating oil litres/ kg product delivered               | l/kg   | 0,027     | 0,033     | 0,033     | -2,60%    |

#### EN<sub>6</sub>

# Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.

In terms of energy efficiency a series of specific structural and procedural interventions or acts to sensitise all employees for greater awareness have been implemented.

The structural interventions aimed to the modernisation of the production equipment such as the replacement of bulbs neon lamps with high energy efficiency (LED), the use of domotic

equipment for the management of services subservient to the production and air-conditioning of environments.

We are also committed to efficiently use resources in order to achieve a constant reduction of greenhouse gas emissions (GHG) which affect the global climate.

We recently set new targets on total emissions of greenhouse gases for 2018 and 2020, representing an absolute reduction of 15% by 2018 and 20% by 2020, based on 2012 levels.

#### EN7

# Initiatives to reduce indirect energy consumption and reductions achieved.

To find solutions that can bring efficiencies we are constantly monitoring the indirect impacts arising from our own production activities such as:

- Consumption of paper raw materials
- Transport resulting from the purchase of paper raw materials
- Transport resulting from sales of finished products.

Furthermore, thanks to the adoption of Lean Manufacturing, we were able to reduce the absolute environmental impact of the Group, managing to limit the increase of CO2 associated with an increased production.

#### Water

EN8
Total water withdrawal by source.

|                          | U.M. | 2012  | 2013  | 2014  | % year -1 |
|--------------------------|------|-------|-------|-------|-----------|
| Municipal water          | m3   | 5.980 | 5.222 | 5.162 | -1,15%    |
| Ground water             | m3   | 1.375 | 1.336 | 1.162 | -13,02%   |
| Water from other sources | m3   | 0     | 0     | 0     | N.A.      |
| Total water withdrawal   | m3   | 7.355 | 6.558 | 6.324 | -3,57%    |

We believe that water is an important resource, and we try to use it sparingly at all sites of the Group.

In 2014 we consumed 6,324 m3, per head in consumption of about 13 m3 (7% less than in 2013). The water is mainly used for sanitation purposes. Almost all the water consumed comes from municipal water while about 18% of consumption consists of ground water, used only at the plant in Dueville.

To reduce water consumption, flow reducers were installed to the taps in the toilets of our sites, simple devices that mix air with water and double buttons for draining water sanitation so as to minimise the waste of this resource.

To raise awareness among our employees on the correct use of this resource we have publicly supported a charity: water a serious and reliable US organisation, whose mission is to provide clean water and easy access to the people and villages that are in difficulty.

This initiative called PalladioZannini + Charity: Water was aimed to engage employees with these issues, joining the initiative with a donation.

The target we set out was largely achieved.

#### EN9

### Water sources significantly affected by withdrawal of water.

Group's plants use only enough water not to significantly damage the water sources.

#### **EN10**

# Percentage and total volume of water recycled and reused.

Group plants use water mainly for sanitary purposes; therefore this cannot be recycled / reused.

# **Biodiversity**

#### **EN11**

Location and size of land owned, leased, managed in, or adjacent to, protected areas And areas of high biodiversity value outside protected areas.

All the Group's plants are located in technological / industrial areas, away from protected or of high biodiversity areas.

#### **EN12**

Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

Although this indicator is not relevant to Palladio Zannini as the company's plants are located in areas that do not endanger reserves and areas of high biodiversity, one of the environmental elements in which Palladio Zannini focus is biodiversity.

We do not operate in protected areas or where there are species endangered, but through adherence to Forest Management Systems as CoC FSC and PEFC CoC we confirm our interest in this field.

Support the protection of forests and wildlife, as well as stand up against the illegal trade in the wood industry; it seems only right given our kind of manufacturing.

Also, we held at our premises the "Sustainability Days".

Last year, with the authorization of the Good Planet Foundation, a film was screened: "Home" (wonderful documentary produced by Luc Besson and launched simultaneously in cinemas of 50 countries on June 5, 2009 the World Day of the environment).

This year, beginning with the Serbian plant Zannini East, which has always generously demonstrated the full social responsibility towards the community in which it resides and works, we wanted to promote the Day of Sustainability devoted to biodiversity as universal patrimony of the whole humanity and whose preservation is part of our commitments.

Palladio Zannini has indeed begun to indirectly protect biodiversity through the PEFC and FSC (extended to Zannini East in 2013) and consequently buying forest products that come only from controlled sources.



As above, with the collaboration of the Tourism Organisation of the Municipality of Vrsac and the patronage of PEFC Italy, we organised this event entitled "The mountain of Vršac and Ourselves". On this day, open to all of our employees, their families and friends, we carried out a series of activities in the natural park which, thanks to its unique position in the Pannonian Plain and to its flora and fauna, since 2005, has been elevated to the first degree of protection.

This initiative took place in conjunction with

the event organised by Legambiente in Italy called CLEAN UP THE WORLD 2014 which was held on 26, 27 and 28 September and to which Palladio Zannini, has joined the campaign and supporting initiatives providing cleaning kits to schools of Venetian and Tuscan territories.





The adhesion to Clean Up the World is also born from the commitment of Palladio Zannini, to promote among citizens, and especially in schools, the respect of territory and the importance of avoiding waste. In fact, always with this in mind, Palladio Zannini has contributed to the Legambiente campaign against food waste "Good Food!"

contributing to the purchase of Good Food Bag (bags anti food waste) in order to continue to



promote the conservation of resources and environmental protection already undertaken with the promotion of events sponsored by CONAI called "Recycling Open".

#### **EN13**

# Habitats protected or restored.

See EN12

#### **EN14**

Strategies, current actions, and future plans for managing impacts on biodiversity.

See EN12

#### **EN15**

Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

All the Group's plants are located in technological / industrial areas, away from protected areas and areas of high biodiversity or in areas where the species listed in the Red List UINC.have their Habitat.

### Emissions, drains, waste

#### **EN16**

Total direct and indirect greenhouse gas emissions by weight.

### Life Cycle Assessment (LCA)

LCA assess, in a systematic way, the environmental aspects and impacts of a system or multiple production systems, from the extraction of raw materials and resources to their final disposal, in accordance with the objectives and the scope defined.

The study of LCA was performed on each of the Group's plants.

The following environmental aspects were identified and taken into account:

- 1) Greenhouse gas emissions due to the transportation of raw materials, products and waste (indirect emissions);
- 2) Greenhouse gas emissions due to the processing of raw materials getting into to the production cycle (indirect emissions);

- 3) Greenhouse gas emissions from the combustion of natural gas in the plants (direct and controllable emissions);
- 4) Greenhouse gas emissions from the production of electricity needed in the plants (direct and controllable emissions);
- 5) Water consumption;
- 6) Waste and scrap generated from raw materials (paper, cardboard and by-products). This aspect, albeit indirectly, impacts the consumption of raw materials;
- 7) Production of liquid waste.

# Life cycle Inventory (LCI)

At this stage was carried out data collection relating to the three years in question for each factory included within the system. All data, whether they are measured, calculated or estimated, were used to quantify the elements input to the limits chosen for reporting.

### Greenhouse gas emissions from the transport of raw materials, products and waste

The data used included:

- List of incoming trips (for the procurement of paper and cardboard as raw materials) and outgoing trips from the plant in Pontedera;
- List of all incoming trips (for the procurement of paper and cardboard as raw materials) and outgoing trips from the two plants in Vicenza (Dueville and Thiene);
- List of incoming trips (for the procurement of paper and cardboard as raw materials) and outgoing trips from the plant in Vršac;
- List of incoming trips (for the procurement of paper and cardboard as raw materials) and outgoing trips from the plant in Tullamore;

# Greenhouse gas emissions from the processing of incoming materials (paper, cardboard and their derivatives)

We used the last three years data containing the quantities of raw materials entering in each plant in detail, the following incoming materials were identified:

- Cardboard for folding cartons;
- Paper for information leaflets;
- Self-adhesive labels for stickers;

# Greenhouse gas emissions from the consumption of natural gas for premises heating

For each plant, we used the natural gas consumption (invoices) for the last three years.

# Greenhouse gas emissions from the consumption of electricity

We used data on energy consumption of each plant (invoices) for the last three years.

# Water Consumption

We used data on water consumption (invoices) for the last three years

# Production of waste and scraps from the raw material (paper, cardboard and derivatives).

We used the last three years data of the quantities of raw material (paper, cardboard and derivatives) coming into the plants and the production of waste and scraps of paper and cardboard products in each factory(MUD/PO)

# Production of liquid waste

We used the quantities of liquid waste produced at each plant in the last three years (annual declaration of production waste e.g. MUD for the Italian plants).

The following types of waste were taken into consideration:

- CER 08 01 20: water suspensions containing paint or varnish
- CER 08 03 13: waste ink;
- CER 08 03 14: ink sludges containing dangerous substances;
- CER 09 01 01: water based developer and activator solutions;
- CER 14 06 03: other solvents and solvent mixtures:
- CER 16 10 02: aqueous liquid waste.

# Life cycle impact assessment (LCIA)

The results emerged from the inventory cycle life have been correlated with specific environmental categories through the use of indicators of impact category, which represent in a quantifiable way the category concerned. After the impact categories and the related indicators have been selected, the LCI results have been converted using the characterisation factors, obtaining the results of the different category indicators.

The sum of the contributions relating to each category allows obtaining the profile LCIA, which has the purpose of providing information regarding the environmental factors, associated with the input and output flows of the system chosen.

# Impact categories selection

The environmental categories proposed by the Society of Environmental Toxicology and Chemistry (SETAC Europe) in its "Working Group on LCIA" are listed below:

Extraction of abiotic resources: these type of resources includes three different types of natural elements:

- Non-renewable resources (fossil fuels or minerals);
- resources (groundwater, sand and gravel);
- Renewable resources (surface water, solar energy, wind energy, etc.).

<u>Extraction of biotic resources</u>: including biomass harvested in sustainable modes as well as in unsustainable ways (deforestation)

- Land use: reduction of plant and animal species present in a given territory.
- <u>Global Warming:</u> increase in temperature in the lower atmosphere as a result of the presence of greenhouse gases that trap infrared radiation.
- <u>Deplation of ozone layer:</u> a consequent increase in the incidence of ultraviolet rays, which are harmful to humans and to all ecosystems in general.
- <u>Eco-toxicity</u>: impacts on species and ecosystems due to direct emissions or subsequent degradation of the products.
- <u>Human toxicity</u>: due to the presence of chemical or biological substances emitted into the environment
- <u>Photochemical pollution</u>: caused by the formation of tropospheric ozone following the reactions of volatile organic components in the presence of light and NOX.
- Acidification: release of protons (H +) in aquatic and terrestrial ecosystems.
- Eutrophication: due to an excess of nitrates, phosphates, organic substances and nutrients.

# Classification

Now that the effects and potential harm of emissions on human health and the environment are known, the results from the inventory phase of the life cycle can be associated with one or more categories of impact.

#### Characterisation

In this phase we obtain the quantification of the impact generated. The data in the inventory are transformed into indicators of numeric character, thus determining the relative contribution of each individual substance or resource used.

# Application to the Palladio Zannini Group

Referring to the results from the inventory phase of the life cycle, the relevant impact categories are listed below:

- emissions of greenhouse gases have been linked to the category GLOBAL WARMING;
- water consumption has been associated with the category EXTRACTION OF ABIOTIC RESOURCES
- the production of waste and therefore, even indirectly, the consumption of paper and cardboard has been associated with the category EXTRACTION OF BIOTIC RESOURCES
- the production of liquid waste has been associated with the category ECOTOXICITY.

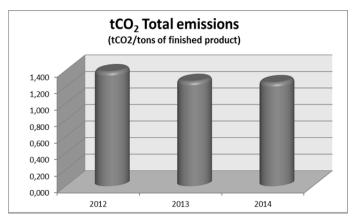
## Total Global Warming and comparison between the group's plants

Following the classification, the greenhouse gas emissions have been associated with this category of impact resulting from:

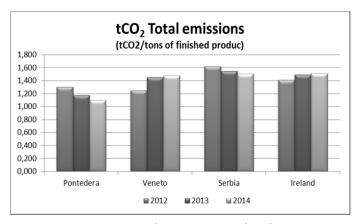
- Transportation of raw materials, products and waste;
- Processing of the incoming paper material;
- Consumption of natural gas;
- Consumption of electric power.
- Consumption of heating oil.

## Total CO₂ Emissions and comparison between the group's plants

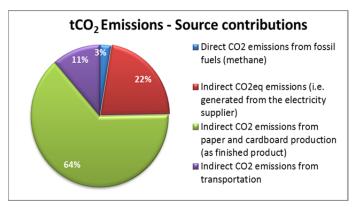
The following graphs compare the total emissions, the emissions at each plant and the emission percentage breakdown according to the different sources.



Picture 1 - Total CO<sub>2</sub> emissions in the three years

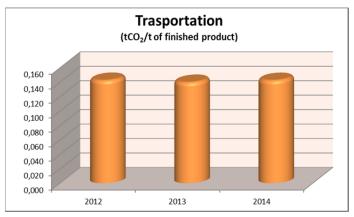


Picture 2 - Total CO<sub>2</sub> emissions by plant

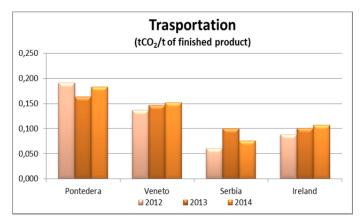


Picture 3 – Total CO<sub>2</sub> emissions evaluation of the contribution of different sources

# CO<sub>2</sub> Emissions due to raw material and finished products transportation



Picture 4 – total emissions of tCO<sub>2</sub> due to transports



Picture 5 - emissions of tCO<sub>2</sub> due to transports for each plant

The amount of CO2 emitted per kilometre travelled was calculated using the values provided by ANPA (National Agency for Environment Protection).

# Travels to and from the plant

With regard to inbound travel, we calculated, considering the records (shipping documents), the distances travelled, over the three years, for the deliveries of raw materials to the plants: individually for Pontedera, Tullamore and Vrsac, overall for the two plants Vicenza. In relation to travel in output, based on the number of trips and their distance, was calculated the mileage over the three years individually for Pontedera, Tullamore and Vrsac, overall for the two plants Vicenza. It was then possible to determine the emission of greenhouse gases generated by the Pontedera, Tullamore, Vršac plants and for the two factories located in Vicenza.

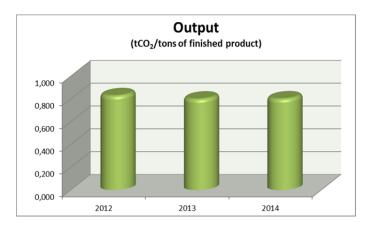
During the evaluation of the data for the calculation on the CO2 emissions related to transportation (raw materials and finished products) were considered the tons of CO2 over the tons of finished product.

Picture 4 shows the total emissions, while picture 5 shows the emission by plant inclusive of the variation which occurred in the last three years.

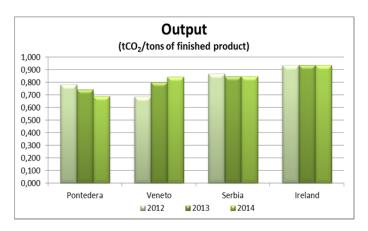
The Organisation, in order to mitigate the environmental impacts associated with the transport of the products is constantly performing activities of optimisation of outbound and inbound travelling.

The above mentioned optimisation occurs through the procurement and the subsequent production of the finished product in the plants which are located closer to the customer who deliver the material.

# CO<sub>2</sub> Emissions resulting from raw material processing (paper, cardboard and other paper material) incoming to the process



Picture 6 -total tCO<sub>2</sub> emissions originated by raw material processing

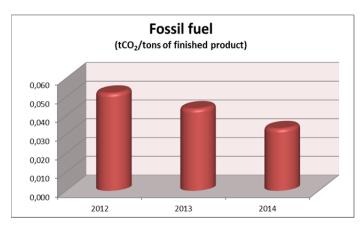


Picture 7 total tCO₂ emissions d originated by use to raw material processing for each plant

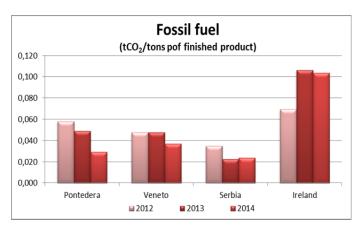
For the calculation of greenhouse gas emissions from the processing of paper materials employed in the plants of Palladio Zannini, we considered the value of CO2 emissions per ton of raw material produced, provided by different paper mills. Specifically the emission of CO2 was weighed according to the amount of material taken. If the supplier has not sent / delivered the value per ton of CO2 we applied the highest value available. We also note that CO2 emissions considered and referred to as "CO2 from processing" is derived from the product of the conversion index provided by paper mills weighed on the amount of raw material purchased and the difference between the purchased material and production waste.

The total emissions are shown by Picture 6, while picture 7 reports the CO2 emissions for each plant with the changes that occurred in the last three years.

# CO<sub>2</sub> Emissions originated from Natural Gas and Heating Oil



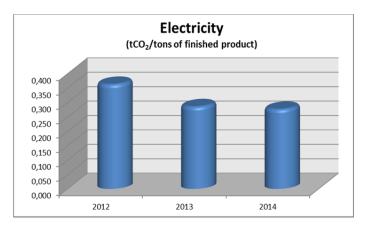
Picture 8 total tCO<sub>2</sub> emissions originated by fossil fuels



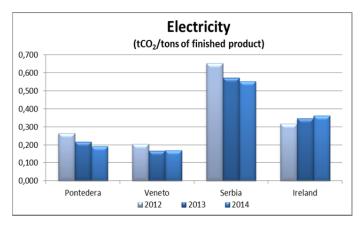
Picture 9 total tCO<sub>2</sub> emissions originated by fossil fuels for each plant

As stated above, natural gas is consumed for premises heating of the Italian and Serbian plants while the Irish plant uses for the same purpose oil fuel. Based on the data from the invoice relating to the consumption of each plant were calculated emissions of individual production units. The total emissions are shown by Picture 8, while picture 9 reports the CO2 emissions for each plant with the changes occurred in the last three years.

# CO₂ Emissions originated from Electric Power consumption



Picture 10 total tCO<sub>2</sub> emissions originated by electric power



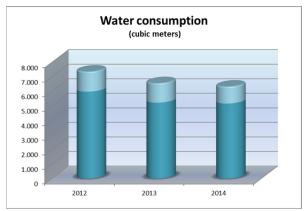
Picture 11 total tCO<sub>2</sub> emissions originated by electric power for each plant

The amount of CO2 released into the environment has been determined through the transformation of consumption (expressed in kWh) in Equivalent Tons of CO2 through the application of a conversion factor, specific to the country in object, as recommended by the IEA (International Energy Agency report "CO2 Emissions from Fuel Combustion -2013 Edition ")

## **EXTRACTION OF ABIOTIC RESOURCES:**

## Water Consumption

In the chart below shows the total water consumption.



Picture 12 – Water Consumption

## **EN17**

Other relevant indirect greenhouse gas emissions by weight.

See EN16

### **EN18**

## Initiatives to reduce greenhouse gas emissions and reductions achieved.

We have reduced by about 10% the emission of Greenhouse Gases (measured on all sources), thanks to the implementation, since 2012, of a series of activities aimed at defining and editing procedural and structural interventions methodologies that would allow a reduction in consumption resulting from any energy waste.

The following tables show the data for each source unit in the reporting period.

| UNIT DATA CARBON FOOTPRINT  |   |           |           |           |  |  |  |  |  |
|---|---|-----------|-----------|-----------|--|--|--|--|--|
| Data reference  | Units<br>Measurement                    | YEAR 2012 | YEAR 2013 | YEAR 2014 |  |  |  |  |  |
| CO <sub>2</sub> Emissions   | tonCO <sub>2</sub>                      | 16.533,06 | 17.114,03 | 17.719,48 |  |  |  |  |  |
| direct CO2 emissions from fossil fuels (natural gas)  | tonCO₂                                  | 620,57    | 589,40    | 468,03    |  |  |  |  |  |
| indirect emissions of CO₂eq (i.e. generated by the provider ep)                                   | tonCO₂                                  | 4.330,96  | 3.851,18  | 3.910,15  |  |  |  |  |  |
| indirect emissions of CO <sub>2</sub> from paper and paperboard production ( as finished product) | tonCO₂                                  | 9.882,86  | 10.788,73 | 11.328,93 |  |  |  |  |  |
| indirect emissions of CO <sub>2</sub> from transportation   | tonCO₂                                  | 1.698,68  | 1.884,72  | 2.012,37  |  |  |  |  |  |
| Total incoming raw materials  | ton                                     | 17.614,61 | 19.986,73 | 21.150,15 |  |  |  |  |  |
| Total finished product (taken - waste)  | ton                                     | 11.943,47 | 13.512,62 | 14.159,88 |  |  |  |  |  |
| Carbon footprint fuel   | tCO <sub>2</sub> /ton product delivered | 0,052     | 0,044     | 0,033     |  |  |  |  |  |
| Carbon footprint electric power   | tCO2/tonproduct<br>delivered            | 0,363     | 0,285     | 0,276     |  |  |  |  |  |
| Carbon footprint paper and board production   | tCO2/tonproduct<br>delivered            | 0,827     | 0,798     | 0,800     |  |  |  |  |  |
| Carbon footprint Transportation   | tCO2/tonproduct<br>delivered            | 0,142     | 0,139     | 0,142     |  |  |  |  |  |
| Carbon Footprint (from all sources)   | tCO2/ton<br>product<br>delivered        | 1,384     | 1,267     | 1,251     |  |  |  |  |  |

| LAST YEAR VARIATIONS  |                |                               |
|---|----------------|-------------------------------|
| Data reference  | EXPRESSED IN % | EXPRESSED IN tCO <sub>2</sub> |
| CO₂ Emissions   | 3,54%          | 605,45                        |
| direct CO <sub>2</sub> emissions from fossil fuels                                    | -20,59%        | -121,38                       |
| indirect emissions of CO <sub>2</sub> eq (i.e. generated by the provider ep)          | 1,53%          | 58,97                         |
| indirect emissions of CO₂ from paper and paperboard production ( as finished product) | 5,01%          | 540,21                        |
| indirect emissions of CO₂ from transportation   | 6,77%          | 127,65                        |
| Total incoming raw materials  | 5,82%          | 605,45                        |
| Total finished product (taken - waste)  | 4,79%          | -121,38                       |
| Carbon footprint fuel   | -24,22%        |                               |
| Carbon footprint electric power   | -3,11%         |                               |
| Carbon footprint paper and board production   | 0,21%          |                               |
| Carbon footprint Transportation   | 1,89%          |                               |
| Carbon Footprint (from all sources)   | -1,20%         |                               |

# **EN19**

# Emissions of ozone-depleting substances by weight.

The emissions of substances harmful for the ozone are not measured, as they are neither Neither significant nor directly related to the activities of the Group.

## **EN20**

## NOx, SOx, and other significant air emissions by type and weight.

Palladio Zannini has no significant emissions into the atmosphere for which the competent authorities prescribed monitoring activities.

## **EN21**

# Total water discharge by quality and destination

The wastewaters are not measured because they are only those resulting from the use of toilets and therefore are treated as domestic sewage.

## **EN22**

# Total weight of waste by type and disposal method.

Palladio Zannini follows a clear strategy for waste management. The objective is to prevent and reduce the amount of waste so that the global environmental impact related to the waste remains minimal.

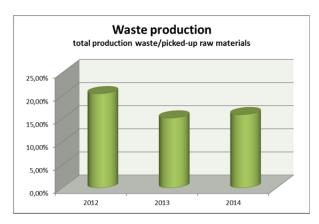
|   | U.M.  | 2012      | 2013      | 2014      | %year-1 |
|---|-------|-----------|-----------|-----------|---------|
| Total waste produced                        | kg    | 3.594.571 | 3.027.174 | 3.356.437 | 10,88%  |
| Total raw material waste (*)                | kg    | 5.656.530 | 6.462.714 | 6.980.838 | 8,02%   |
| Total waste retrieved (R)                   | kg    | 2.310.143 | 2.864.631 | 3.098.810 | 8,17%   |
| hazardous waste                             | kg    | 181.776   | 170.241   | 147.650   | -13,27% |
| % hazardous waste on total waste generated  | %     | 5,057     | 5,624     | 4,399     | -21,78% |
| non-hazardous waste                         | kg    | 3.412.795 | 2.856.933 | 3.208.787 | 12,32%  |
| Waste directly related to production        | kg    | 473.627   | 263.348   | 223.730   | -15,04% |
| Production waste / raw materials taken      | kg/kg | 0,027     | 0,013     | 0,011     | -19,72% |
| Total waste / raw materials taken           | %     | 20,41%    | 15,15%    | 15,87%    | 4,78%   |
| Total hazardous waste / raw materials taken | %     | 0,010     | 0,009     | 0,007     | -18,04% |
| (h)   |       |           |           |           |         |

(\*)Note: part of the raw material waste is sent, by the paper mills, for recycling or reuse.

## **EXTRACTION OF BIOTIC RISOURCES:**

# Production of waste and waste from the raw material (paper, cardboard and derivatives)

The chart below shows the percentage of waste and raw material waste compared to the total quantity of raw material taken for production.



Picture 13 – Total waste production

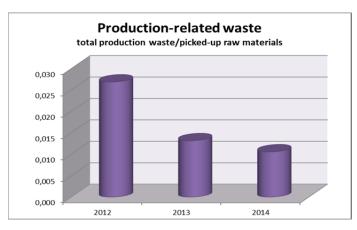
### **ECOTOXICITY**

## Wastewaters

According to the data provided on the quantities of wastewater produced in the past three years there has been a steady decrease in percentage of the amount of raw materials taken / used for the production.

The following types of waste were taken into consideration:

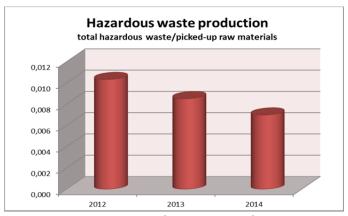
- CER 08 01 20: water suspensions containing paint or varnish
- CER 08 03 13: waste ink;
- CER 08 03 14: ink sludges containing dangerous substances;
- CER 09 01 01: water based developer and activator solutions;
- CER 14 06 03: other solvents and solvent mixtures;
- CER 16 10 02: aqueous liquid waste.



Picture 14 – Production waste related to production

## Hazardous Waste

The quantities of hazardous waste produced in the last three years show a reduction percentage in relation to the quantity of raw materials taken / used for the production.



Picture 15 – Hazardous Waste Production

# EN23 Total number and volume of significant spills.

No significant spills recorded over the three years

### **EN24**

Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

Palladio Zannini is just a waste producer, not a dealer. We do not deliver, import, export or treat waste. All waste is disposed of and recycled by the authorized waste disposal companies. After the waste has been collected from our premises it is delivered (via road transport) to local deposits where it will be treated. In 2014 were produced 3,356,437 kg of waste, of these 147 650 kg are classified as hazardous (previous year 170 241 kg). and 3,208,787 kg classified as non-hazardous (previous year 2,856,933 kg.). 3,098,810 kg of such waste were recycled (previous year 2,864,631 kg.)

#### **EN25**

Identity, size, protected status, and biodiversity value of water bodies and related Habitats significantly affected by the reporting organisation's discharges of water and runoff.

Our offices and manufacturing facilities are located in industrial areas and have no critical issues on biodiversity. The production cycle does not provide water discharges.

## **Products and services**

## **EN26**

Initiatives to mitigate environmental impacts of products and services, and extent of impact Mitigation.

See EN2

#### **EN27**

Percentage of products sold and their packaging materials that are reclaimed by category.

Our activities may not require any system of recycling and reuse of products or packaging for the type of product produced. All waste / production waste are appropriately separated to be disposed of and recycled by licensed waste disposal companies.

## **Conformity**

### **EN28**

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

During the reporting period there have been no administrative or criminal sanctions, financial and non-financial *res judicata* due to nonconformity or failure to comply with laws and regulations relating to the environment.

## **Transport**

#### **EN29**

Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.

See EN16

### General

### **EN30**

Total environmental protection expenditures and investments by type.

In 2014, the operating and environmental protection costs were an estimated 256,000 euro, mainly due to the installation of cleaner technologies (implementation of new videoconferencing systems, LED lighting, etc.), Training for staff directly involved in the environmental management, external services, purchases of green products, waste disposal.

# 5.3 Social performance Indicators

## **DMALA**

# Disclosure on Management Approach to Social responsability

Palladio Zannini supports the implementation of adequate work practices, in both the workplace and in all areas of its sphere of influence.

The adoption of appropriate working practices is for us a moral commitment and we are sure that this, together with a strongly widespread business ethic, helps the performance of our company. Palladio Zannini always places "people" first ensuring respect for human rights and denouncing any form of abuse towards their workers.

In developing our policy of respect and promotion of human rights, we have taken into consideration the factors that contribute to comply with these principles:

- The protection of human resources which are the core capital for the company's development and success.
- Sharing policies and business objectives
- The involvement of employees in training activities to increase their skills.
- The promotion of activities aimed to the integration of personnel.
- The assessment of our suppliers on their compliance to the requirements and to the principles of ethical work management.

In the last two years, we have adhered to the Global Compact; this joins businesses, UN agencies, work organisations and civil society, encouraging corporate social responsibility through the respect and promotion of nine fundamental principles concerning human rights, work and the environment. They are universally shared principles derived from the Universal Declaration of Human Rights, the Declaration of International Labour on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development.

The letter of intent signed by the CEO highlights our commitment and defines the objectives that Palladio Zannini follows at group level, with profuse commitment by all, for achieving these principles.

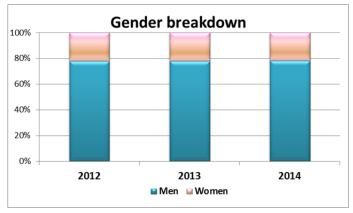
Our Code of Ethics together with the Chart of Values emphasises that Palladio Zannini adopted practices of respect and gratification to its employees, enabling them to co-operate within the company system. This is thanks to all the form of protections guaranteed by the company, such as:

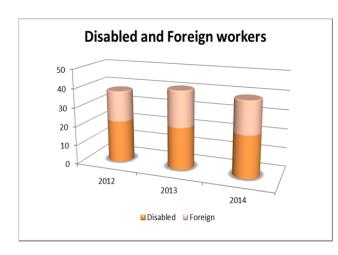
- The application of the Workers National Contract, applicable to our sector, allows the protection of our employees and the respect of laws relating to protection of labour.
- The free membership to trade union groups
- Compliance with the Health and Safety At Work, thanks to the OHSAS: 18001
- The growth of professionalism to our employees, through targeted training programs, implemented at all levels, providing know-how aimed to prepare them to deal with the customers which will benefit of an exceptional experience with the company.
- The breakdown of employees by gender, age, minority group, as demonstrated by our corporate data
- Equality of pay between men and women, in accordance with the job categories of membership.

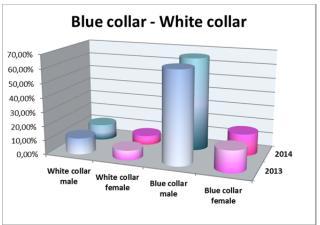
We pay, on annual bases, a performance bonus to encourage active participation in the work of the company and to reward those that contribute to the excellent results of Palladio Zannini. Through a reward mechanism, based on meritocracy, employees are guaranteed a super minimum (or equivalent) higher than the legal minimum wage. Also the new employees' salaries, in all sites of the group and especially in Serbia, are on average higher than the minimum wage required by law.

# **Employment**

LA1
Total workforce by employment type, employment contract, and region, broken down by gender.



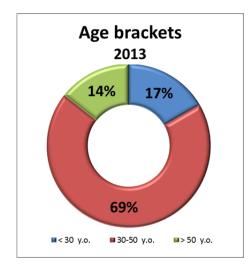


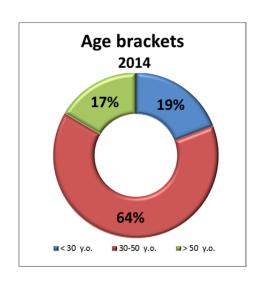


|                          | TOTAL |      |      | BF     | REAKDOWN 20 | 14     |
|--------------------------|-------|------|------|--------|-------------|--------|
| Employees age < 30 years | 2012  | 2013 | 2014 | ITALIA | IRELAND     | SERBIA |
| Men                      | 42    | 64   | 76   | 49     | 0           | 27     |
| Women                    | 7     | 17   | 19   | 10     | 2           | 7      |
| White collar Men         | 2     | 3    | 3    | 0      | 0           | 3      |
| White collar Women       | 3     | 5    | 5    | 1      | 1           | 3      |
| Blue collar Men          | 40    | 63   | 73   | 49     | 0           | 24     |
| Blue collar Women        | 4     | 13   | 14   | 9      | 1           | 4      |
| Manager                  | 0     | 0    | 0    | 0      | 0           | 0      |
| Total < 30 years         | 49    | 81   | 95   | 59     | 2           | 34     |

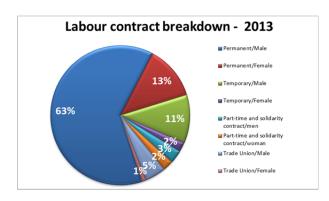
|                             | TOTAL |      |      | BF     | REAKDOWN 20 | 14     |
|-----------------------------|-------|------|------|--------|-------------|--------|
| Employees age 30 - 50 years | 2012  | 2013 | 2014 | ITALIA | IRELAND     | SERBIA |
| Men                         | 252   | 261  | 247  | 178    | 10          | 59     |
| Women                       | 73    | 74   | 72   | 46     | 2           | 24     |
| White collar Men            | 40    | 39   | 36   | 25     | 0           | 11     |
| White collar Women          | 18    | 22   | 21   | 11     | 2           | 8      |
| Blue collar Men             | 210   | 220  | 211  | 153    | 10          | 48     |
| Blue collar Women           | 54    | 51   | 50   | 35     | 0           | 15     |
| Manager                     | 3     | 2    | 1    | 0      | 0           | 1      |
| Total 30-50 years           | 325   | 335  | 319  | 224    | 12          | 83     |

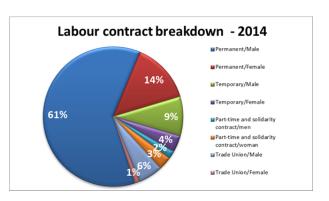
|                          | TOTAL |      |      | BF     | REAKDOWN 20 | 14     |
|--------------------------|-------|------|------|--------|-------------|--------|
| Employees age > 50 years | 2012  | 2013 | 2014 | ITALIA | IRELAND     | SERBIA |
| Men                      | 49    | 53   | 64   | 57     | 2           | 5      |
| Women                    | 18    | 17   | 18   | 17     | 0           | 1      |
| White collar Men         | 11    | 14   | 16   | 16     | 0           | 0      |
| White collar Women       | 6     | 6    | 6    | 5      | 0           | 1      |
| Blue collar Men          | 32    | 33   | 42   | 37     | 2           | 3      |
| Blue collar Women        | 12    | 11   | 12   | 12     | 0           | 0      |
| Manager                  | 6     | 6    | 6    | 4      | 0           | 2      |
| Total > 50 years         | 67    | 70   | 82   | 74     | 2           | 6      |





|             |       | TOTAL |       | BF     | REAKDOWN 20 | 14     |
|-------------|-------|-------|-------|--------|-------------|--------|
|             | 2012  | 2013  | 2014  | ITALIA | IRELAND     | SERBIA |
| Average age | 38,19 | 38,52 | 39,62 | 43,60  | 39,00       | 36,26  |





|   |        | TOTAL  |         | BI      | REAKDOWN 20 | 14      |
|---|--------|--------|---------|---------|-------------|---------|
| Totals summary                            | 2012   | 2013   | 2014    | ITALY   | IRELAND     | SERBIA  |
| Total Employees Men                       | 343    | 379    | 387     | 284     | 12          | 91      |
| Total Employees Women                     | 98     | 109    | 109     | 73      | 4           | 32      |
| Total General Employees                   | 441    | 488    | 496     | 357     | 16          | 123     |
| Employees on permanent contract Men       | 287    | 309    | 304     | 249     | 12          | 43      |
| Employees on permanent contract Women     | 56     | 62     | 70      | 53      | 4           | 13      |
| Employees on fixed term contract Men      | 51     | 55     | 45      | 0       | 0           | 45      |
| Employees on fixed term contract Women    | 11     | 11     | 19      | 0       | 0           | 19      |
| Employees on part-time Men                | 16     | 15     | 9       | 9       | 0           | 0       |
| Employees on part-time<br>Women           | 10     | 12     | 15      | 15      | 0           | 0       |
| temporary workers Men                     | 11     | 24     | 28      | 26      | 0           | 2       |
| temporary workers Women                   | 2      | 5      | 6       | 5       | 0           | 1       |
| With trade union membership               | 94     | 89     | 84      | 84      | 0           | 0       |
| Affected by Disability                    | 22     | 22     | 22      | 21      | 0           | 1       |
| Foreigner                                 | 16     | 19     | 17      | 7       | 10          | 0       |
| Salaries above minimum wage % employees   | 77,09% | 76,94% | 78,80%  | 70,55%  | 100,00%     | 100,00% |
| Annual salary Increments % over employees | 28,24% | 32,52% | 32,19%  | 10,00%  | 6,00%       | 100,00% |
| Bonuses % over employees                  | 99,76% | 99,78% | 100,00% | 100,00% | 100,00%     | 100,00% |
| Benefits % over employees                 | 10,47% | 11,98% | 12,43%  | 15,30%  | 0,00%       | 5,70%   |
| Overtime % of hours worked                | 4,98%  | 5,64%  | 5,55%   | 5,03%   | 5,39%       | 6,50%   |
| Holiday hours % of hours worked           | 9,92%  | 8,27%  | 8,59%   | 9,88%   | 7,86%       | 6,38%   |
| Disciplinary Measures - % over employees  | 3,51%  | 4,39%  | 6,25%   | 8,68%   | 0,00%       | 0,00%   |
| Worked hours                              | 722269 | 763871 | 831033  | 511509  | 30321       | 289203  |
| Holiday hours                             | 71614  | 63161  | 71364   | 50524   | 2384        | 18456   |
| Overtime                                  | 35970  | 43104  | 46151   | 25708   | 1633        | 18810   |
| % Ethical complaints                      | 0,47%  | 0,44%  | 0,00%   | 0,00%   | 0,00%       | 0,00%   |

# LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region.

|                           | TOTAL | BREAKDOWN 2014 |         |        |  |  |
|---------------------------|-------|----------------|---------|--------|--|--|
|                           | 2014  | ITALY          | IRELAND | SERBIA |  |  |
| New hires Men <30         | 6     | 2              | 0       | 4      |  |  |
| New hires Women <30       | 6     | 3              | 1       | 2      |  |  |
| New hires Men 30-50       | 3     | 3              | 0       | 0      |  |  |
| New hires Women 30-50     | 2     | 0              | 0       | 2      |  |  |
| New hires Men >50         | 0     | 0              | 0       | 0      |  |  |
| New hires Women >50       | 0     | 0              | 0       | 0      |  |  |
| Total leaving empoyement  | 9     | 9              | 0       | 0      |  |  |
| Total New employees hires | 17    | 8              | 1       | 8      |  |  |
| Rate of hires Men <30     | 1,21% | 0,56%          | 0,00%   | 3,25%  |  |  |
| Rate of hires Women <30   | 1,21% | 0,84%          | 6,25%   | 1,63%  |  |  |
| Rate of hires Men 30-50   | 0,60% | 0,84%          | 0,00%   | 0,00%  |  |  |
| Rate hires Women 30-50    | 0,40% | 0,00%          | 0,00%   | 1,63%  |  |  |
| Rate of hires Men >50     | 0,00% | 0,00%          | 0,00%   | 0,00%  |  |  |
| Rate of hires Women >50   | 0,00% | 0,00%          | 0,00%   | 0,00%  |  |  |
| Rate of leaving empoyment | 1,81% | 2,52%          | 0,00%   | 0,00%  |  |  |
| Rate of Newhires          | 3,43% | 2,24%          | 6,25%   | 6,50%  |  |  |

### LA3

# Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.

The temporary employees enjoy the same benefits as those in a permanent contract.

Our benefits (see LA1) are, for instance:

- Provision of supplementary health care (in total paid by the company)
- Adherence to free prevention programs (such as vaccination against flu, tetanus, etc...).

#### **LA15**

# Return to work and retention rates after parental leave, by gender.

The mandatory maternity leave is up to all staff of the Group in accordance with relevant legislation in the different countries.

All employees can take parental leave in accordance with local regulations.

The Organisation adheres strictly to the laws and, if necessary, favours ancillary requests by granting holidays and leaves.

|   | TOTAL |     |       | BREAKDO | WN 2014 |     |       |
|---|-------|-----|-------|---------|---------|-----|-------|
|   | 2014  | ITA | \LY   | IREL    | AND     | SER | RBIA  |
|   | 2017  | Men | Women | Men     | Women   | Men | Women |
| number of employees, broken down by gender, who were entitled to parental leave.  | 6     | 0   | 3     | 0       | 0       | 0   | 3     |
| number of employees, broken down by gender, who have taken parental leave   | 6     | 0   | 3     | 0       | 0       | 0   | 3     |
| number of employees, broken down by gender, who have returned to work at the end of parental leave  | 4     | 0   | 3     | 0       | 0       | 0   | 1(*)  |
| number of employees, broken down by<br>gender, who have returned to work after<br>parental leave and who were still employed<br>twelve months after they returned to work | 4     | 0   | 3     | 0       | 0       | 0   | 1(*)  |
| rate of return of employees   | 66,6% | 0   | 100%  | 0       | 0       | 0   | 33,3% |
| retention rate of employees back to work  | 66,6% | 0   | 100%  | 0       | 0       | 0   | 33,3% |
| (*)two employees are still on parental leave  | e     |     |       |         |         |     |       |

### **Industrial Relations**

### LA4

# Percentage of employees covered by collective bargaining agreements.

In Palladio Zannini the Labour's National Collective Agreements are regularly applied and consequently all employees are covered by such contracts. The company recognises to all employees have the right to freely join trade unions; this does not favour nor disadvantage its employees. The trade unions in this regard, have the freedom to carry on their activities without any pressure or interference by the Executive Board.

The Human Resources Department is willing to listen and address any issues of workers seeking satisfactory solutions for complainants while respecting corporate ethics and confidentiality. Our employees through a voting system, which guarantees the confidentiality and anonymity, elect their RLS (Workers Representatives for Safety) and RSU (Trade Union Representatives).

## LA5

# Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

In the event of significant organisational changes, the Group will inform in advance the workers' representatives and trade unions in accordance with what is defined by the European Regulation 2002/14 / EC, implemented by the Member States, in terms of transfers of businesses or plants (fully or partially) to another employer as a result of a legal transfer or merger, the transferor and transferee are required to inform the representatives of the workers concerned "in due time", this means that , in Italy, according to the law (art. 47 l. 428/1990), the communication has to be made at least 25 days before. The Italian legislation establishing a general framework of informing and consulting employees is Legislative Decree. N. 25/2007, which implements the European directive mentioned above.

# Occupational Health and Safety

#### LA<sub>6</sub>

Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.

Each manufacturing site of the Group has active formal committees for health and safety. These committees, consisting of representatives of management and workers, have the task of assessing, control, monitor and advise on programs for workplace safety. On average, the percentage of the workforce represented in these committees is up to 25%.

### LA7

# Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.

In each plant there is at least one person responsible for the calculation and updating of statistics on trends of accidents. These statistics result from the processing of data in accordance with UNI 7249 dated 21/06/2007.

The trend of accidents is periodically examined ,both per plant and at Group level . The table below shows the results relating to the reporting period.

|   | TOTAL   |         |         | BRI     | EAKDOWN 20 | )14     |
|---|---------|---------|---------|---------|------------|---------|
|   | 2012    | 2013    | 2014    | ITALY   | IRLANDA    | SERBIA  |
| N° total work accidents                                       | 21      | 12      | 6       | 2       | 0          | 4       |
| N° total accidents in transit                                 | 0       | 4       | 1       | 1       | 0          | 0       |
| N° total days of absence due to accidents (no in transit)     | 259     | 299     | 425     | 422     | 0          | 3       |
| Hours worked by the Employees (excluding holidays, illnesses) | 736.039 | 786.023 | 867.909 | 548.385 | 30.321     | 289.203 |
| N° total hours of absence due to accidents (no in transit)    | 2072    | 2390    | 3396    | 3376    | 0          | 20      |
| % hours of absence due to accidents on total hours worked     | 0,282   | 0,304   | 0,391   | 0,616   | 0,000      | 0,007   |
| Injury severity index   | 0,35    | 0,38    | 0,49    | 0,77    | 0,00       | 0,01    |
| Accident frequency index                                      | 28,53   | 20,36   | 8,07    | 5,47    | 0,00       | 13,83   |
| Absenteeism   | 3,11%   | 3,29%   | 4,00%   | 4,97%   | 1,53%      | 2,42%   |
| Hours out for sick leave                                      | 22.883  | 25.853  | 34.741  | 27.277  | 464        | 7.000   |

# Education, training, counselling, prevention, and risk-control pro

Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

The company assesses the risks and identifis the causes of the most serious diseases and disorders (example: work-related stress, manual handling of loads, noise, use of computers) to prevent them the following measures for workers are in place: training, surveys of opinion, reduction of overtime, flexible working hours and interventions on systems, equipment and property assets. These measures aim to maintain the organisation of workplaces always adequate to protect the

health and safety of the workers, to create more comfortable working conditions and increase the efficiency and reliability of the man-machine systems. All the measures listed above are reassessed at least annually or at the request of the parties concerned.

## LA9

# Health and safety topics covered in formal agreements with trade unions.

In Italy, it is enforced the Decree n. 81 -April 9, 2008 -"Consolidation Act for the protection of health and safety in the workplace" to which is added the agreement governing the workers' representation for Safety. Memorandums of Understanding (MoUn) or formal agreements with the unions govern, in the National Collective Labour agreement (CCNL), health and safety issues such as, for example, the participation of workers' representatives to inspections and audits on employees' health and safety, accident investigations, training, performance targets or commitments on the level of practices to be adopted, periodic inspections and the presence of joint committees for the health and safety.

# **Training and education**

# LA10 Average hours of training per year per employee by gender, and by employee category.



We invest in training and opportunities for improvement because we are convinced that they are essential elements for the personal growth of our employees.

During 2014 our employees have attended more than 8,851 hours of training, of which over 1,250 specific on occupational safety and about 3,000 that included specific courses of Team Working and Change Management for employees, managers and executives.

| Average hours of training                         |       |       |       |       |  |  |  |  |
|---|-------|-------|-------|-------|--|--|--|--|
| Year Italy % Ireland % Serbia % Total average hou |       |       |       |       |  |  |  |  |
| 2012  | 9,70  | 6,67  | 5,01  | 8,57  |  |  |  |  |
| 2013  | 14,07 | 41,87 | 14,76 | 15,09 |  |  |  |  |
| 2014  | 16,58 | 47,69 | 14,75 | 17,13 |  |  |  |  |

LA11
Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

Training is not only a key element of Palladio Zannini, but also one of the objectives that we pursue constantly in our daily activities.











| N. training's hours |       |         |        |       |  |
|---------------------|-------|---------|--------|-------|--|
| year                | Italy | Ireland | Serbia | Total |  |
| 2010                | 2815  | 132     | 373    | 3320  |  |
| 2011                | 3264  | 112     | 528    | 3904  |  |
| 2012                | 3124  | 100     | 471    | 3695  |  |
| 2013                | 5038  | 628     | 1697   | 7363  |  |
| 2014                | 6001  | 763     | 2087   | 8851  |  |

## Safety Training

In order to promote a more interactive communication the Company has established the "Circles of Security" which are organised by the head of departments involving the staff. Within these circles, the safety data together with the outcome of any complaint received from the employees are analysed and any improvement opportunity is shared and evaluated

To reduce the so-called "abnormal" behaviour among the employees we have adopted a disciplinary code that defines sanctions in connection with possible violations of company rules on safety.

## Professional Training

Professional training is also managed by:

- Specialised technical courses useful in carrying out specific tasks of the Group's business;
- Training courses useful to comply with the rules in force;
- Transversal Courses for the development of managerial skills (e.g. Time management, innovation, negotiation, sustainability, etc.);

## Ethical Training

Aware that the fight against corruption is a major global challenge and is a major obstacle to a sustainable development; in 2013 we carried out training in this regard. This training, which involved all employees, executives and managers of Italian and foreign sites, treated globally topics listed in the Code of Conduct focusing particularlyon issues relating to corruption.

## Environmental and sustainability Training

The staff awareness, in this field, is very strong; the company promotes initiatives that directly involve the employees, and in some cases their families through advertising campaigns of our sustainability activities using brochures, posters and visits to our facilities.

All this is in order to ensure that our vision and commitment to the environmental sustainability cause is also shared with the workforce.

## Weekly meetings

The weekly meetings attended by all the members of the commercial and production departments (made via video-conference) contribute to the formation and growth of the competence of participants through the sharing of know-how held by executives. Such meetings are not recorded in the official record but their amount can be estimated at more than 5000 hours / year.

## Palladio Pensioners Group

Palladio Zannini assists its employees in the transition from employment to retirement, that sometimes causes problems. For a few years it also created the "x Palladio Pensioners" to give the opportunity to the retired employees to meet and, together refresh the binding of long working life spent within the company. In this context, the company has taken charge of organising tours,



plant visits, theatre performances and other initiatives to involve former colleagues. The same are increasingly called to participate in the exchange of Christmas greetings along with all the staff in the service and delivery of the Christmas hampers reserved for retirees. This year, in addition to the invitation to the theatre performance of the play "The Hypochondriac" proposed by the theatrical company "The Covolo" of Lumignano, a trip was arranged to Mantova with a guided tour of

the Doge's Palace and the historical centre and of the Santuario delle Grazie in Curtatone and navigation on the river Mincio.

### **LA12**

Percentage of employees receiving regular performance and career development reviews, by gender.

See LA13

# **Diversity and equality**

## LA13

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

The roles and responsibilities are well defined as reported in documentation relating to the management systems and all our employees are treated with social equality ensuring the same equal opportunities. The employment's processing is through the recognition of qualifications of staff, experiences and skills. All this is in order to frame each worker in a befitting manner in order to pay an adequate salary for the work performed, regardless of any discrimination. Managers and employees of the various Italian and foreign subsidiaries are generally residing in the local communities of reference or surrounding areas. In order to promote and encourage their career development, all employees are annually evaluated on the basis of individual or collective (bydepartment) performance. Internal and external training courses, allow us to increase the skills of our human resources to facilitate, if necessary, exchanges between departments and operations of mobility within the group. The above support the implementation of the company policy to give priority to internal recruitment. The company, in order to anticipate or reduce any negative impact due to redundancies, makes use of employment agencies for minor activities (eg. Porterage, warehouse handling). See LA1

# Equal pay for women and men

# LA14

Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.

See LA1

# 5.4 Human rights Performance indicators

## **DMAHR**

## Disclosure on Management approach to Human Resource

Palladio Zannini, always operates in compliance with fundamental human rights. As established by international conventions on the subject, it has based its activities on the support of those rights. The main points of reference were already reported in our Chart of Values. Our policies define at all the levels of the organisation and in all countries where we operate the commitment relating to the practices of respect and preservation of Human Rights.

To confirm the above:

- We maintain working relationships with suppliers that demonstrate respect for human principles
- Any discriminatory behaviour based on race, colour, sex, religion, political opinion, nationality or social extraction is reported, to the Committee of Ethics.
- Child labour is forbidden
- We don't accept any form of forced labour. Any required work, falling outside the normal
  working hours, is regulated by national contracts in agreement with the workers'
  representatives and trade unions, providing compensation based on the overtime worked
- In all countries where our Factories are and where we operate, the employees are guaranteed a working treatment above the average of workers present in that particoular country. We also indirectly guarantee the respect of indigenous people and their territorial assets through membership of the FSC Forestry Standard.
- Disputes concerning human rights have never risen as a result of our decisions or activities.

### **Investment and Procurement Practices**

### HR1

Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.

Palladio Zannini refuses to be an accomplice, even indirectly, in the abuse of human rights. For this reason the organisation exercises its control over companies with which it collaborates for work performance and / or service, making sure that our suppliers of goods and/or services are aware of our commitment to this cause and they must share the principles and values set out in our Code of Ethics. We require, as per our procedures, that all the suppliers (contractors), selected to carry out work within our premises, must demonstrate to be in possession of documentation certifying compliance with legislative and contractual obligations towards their employees. They also have to be in compliance with the corporate's social responsibility and the good practice standards lay down by the Environmental and health & safety management system of Palladio Zannini. Since the Corporate Social Responsibility is one of the basic principles on which our group is based, we have started a process to assess the Suppliers commitment to social responsibility.

| RESULTS OF SUPPLIERS QUESTIONNAIRES        |      |  |
|--|------|--|
| Total N. Suppliers                         | 127  |  |
| % E valuated Suppliers                     | 60   |  |
| N. forwarded Questionnaires                | 77   |  |
| % Returned Questionnaire                   | 61%  |  |
| % Quality system Suppliers                 | 80%  |  |
| % Social certification                     | 0%   |  |
| % with ethic code                          | 65%  |  |
| % available to respect social requirements | 100% |  |
| % Environmental certification              | 55%  |  |
| % will be certified in the future          | 18%  |  |
| % environmental responsible function       | 38%  |  |
| % Safety certification                     | 25%  |  |
| % compliance with SSL                      | 100% |  |

In order to raise the suppliers' awareness and to verify that they carry out their activities in accordance with the principles of ethics and of business management we sent a letter and a specific questionnaire to all of them. This activity was carried out with the main suppliers of raw materials and the main contractors. As shown in the adjacent table an evaluation was carried out of 77 suppliers of materials out of the 127 we use (60% of the total). We forwarded 77 questionnaires and we received back 47(61%).

The questionnaires not returned belong mostly to service providers (e.g. maintenance workers, contractors). As mentioned above, they are evaluated

each time they carry out a job within our premises. Most vendors have certified management systems (quality, environmental, safety).

65% of the suppliers adopted a Code of Ethics and all of them stated that they commit to: comply with the laws State, fight corruption, respect the fundamental human rights, protect the environment and promote the respect of these requirements also with their suppliers.

By the end of 2015 guidelines will be sent to all suppliers, same must be countersigned and returned. Such guidelines are addressed to the suppliers of Palladio Zannini, whose business activities are based on mutual respect, ensuring a working relationship beneficial to both parties involved.

As the commitment of Palladio Zannini is to operate in a lawful and ethical manner at all stages, we demand the same commitment of all of those who, through their activities are in contact with the Company.

We want to encourage our suppliers to understand and respect what is indicated in the guidelines to allow the continuation of the Supply relations, through compliance with these criteria and with clear and transparent codes of conduct.

Consequently, we not only require a responsible attitude towards Palladio Zannini, but also an obligation to respect the same commitments within the supplier's company.

During the reporting period, we didn't refuse any contract, we have not imposed particular performance conditions nor have we subjected our suppliers to any action following the assessment of respect for human rights.

### Our commitment on the Minerals Conflict's issue

In July 2010, the US Congress brought as part of human rights violations in the Democratic Republic of the Congo and neighbouring countries (collectively, the "DRC")the mining and trading of tin, tungsten, tantalum and gold ("minerals coming from conflict areas").

The president of the United States approved a new regulation, called the Dodd-Frank Act, which requires companies based in America and in all other countries, to make public any possible use of so-called "Conflict Minerals" extracted in the mines of the Democratic Republic of the Congo (DRC) and associated countries.

In August 2012, the US Securities and Exchange Commission (SEC), in accordance with the requirements under the Dodd-Frank Act, has adopted final rules under the Securities Exchange Act of 1934 (Exchange Act) issuing a reporting warrant for the public companies in connection

with the use of "conflict minerals" originating in the democratic Republic of the Congo or an neighbouring country, collectively referred to as the DRC.

The deadline was May 31, 2014.

As per above, Palladio Zannini signed a commitment to monitor human rights in our supply chain and also in order to comply with some customers' demands, we went into action by initiating an investigation into some of our suppliers to explore the topic "conflict minerals" and received confirmation that in their production processes no use is made of materials mined in conflict areas.

#### HR2

Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.

See HR1.

#### HR3

Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

Training on human rights was given to all our employees at the end of year 2013, on the occasion of the Code of Ethics new issue (integrated with the new procedure whistle-blowing).

| year | Training hours | Trained employees | % Trained employees |
|------|----------------|-------------------|---------------------|
| 2012 | 44.5           | 89                | 20%                 |
| 2013 | 426.5          | 488               | 100%                |
| 2014 | 15             | 15                | 3%                  |

## **Non-discrimination**

## HR4Total number of incidents of discrimination and corrective actions taken.

Among the objectives of the company policy is the right to equal opportunities and social, racial and religious discrimination is condemned in favour of the integration of individuals and cultural exchange.

We are in line with the national law requirements with regard to the percentage of disabled people employed, in order to ensure equal treatment; Palladio Zannini also supports their integration within the Organisation through assignments of dignifying tasks in respect of their disability. The conditions and workplaces are maintained / designed to encourage mobility for people with disabilities.

In 2014 we were not submitted reports of discriminatory practices of human rights.

# Freedom of association and collective bargaining

### HR5

Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.

All employees are free to join trade unions or similar organisations, without this causing any attitude of advantage or disadvantage in their regards (see LA1).

The trade unions have the freedom to carry on their business, within all Palladio Zannini activities, without experiencing pressure or interference from the Company.

Our suppliers are monitored through appropriate control activities (guidelines and questionnaires), in which there are specific references to the freedom of association and collective bargaining (see HR1).

### **Child Labour**

### HR6

Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.

Child labour is not allowed in any plant of the Organisation. The above is verified and documented by the group's annual report. In relation to the provisions of our Code of Ethics, our main raw material suppliers are monitored through specific questionnaires (see HR5) and all service providers (contractors) are controlled by specific statements attesting to their fulfilment of legislative and contractual obligations.

## **Forced and Compulsory Labour**

#### HR7

Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.

Within our company examples of forced or compulsory labour have never occurred.

We guarantee to all our employees appropriate working hours as enshrined by the National Contract; the work done in overtime is paid in accordance with the relevant legislation and workers participate on a voluntary basis to any initiative of overtime. Palladio Zannini's working hours are determined so as not to prejudice the right of every worker to daily rest periods, needed for the refreshment of psychophysical and intellectuals energies. Every worker has the right to holidays and sick leaves as they require. Once again our suppliers are monitored / controlled, on this regard, through specific activities (see HR6).

## **Security Practices**

### HR8

Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

All staff (not only security guards) received specific training on procedures relating to human rights relevant to operations of the organisation.

The security services, which primarily relate to the night surveillance of buildings, are provided by external companies. There is no evidence on training of such companies.

## **Indigenous Rights**

HR9

Total number of incidents of violations involving rights of indigenous people and actions taken.

In Palladio Zannini there were no incidents involving the rights of the communities in which it operates. We do not operate in countries where there are indigenous communities. As Confirmation of our adhesion to the principle of non-complicity in abuse of human rights, we are also committed through obtaining FSC certification, to buy our raw material in accordance with the principles promoted by the Organisation, including the recognition and protection of rights of indigenous peoples and other minorities forest-dependent (such as local communities).

## **Assessment**

**HR10** 

Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.

The organisation, aware of its commitment to respect human rights, periodically controls and reviews the human rights' aspects relating to all its activities. This is done through a process of formal assessment based on information provided by the Ethics Committees and the various directors for all activities of the Group's plants. In this way Palladio Zannini can correctly address the decisions of the Organisation avoiding to be associated or considered complicit in the activities undertaken by other entities with which they have or may have relationships.

### Remediation

#### **HR11**

Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.

In 2014, the Group's factories didn't receive any complaint from internal or external stakeholders, on human rights related to the work of employees within the Group.

## 5.5 Society Performance Indicators

#### **DMASO**

#### Disclosure on Management Approach to Social responsibility

Palladio Zannini intends to be active and participatory in the territories in which it operates by creating better economic opportunities for the local community, supporting the improvement of the social and cultural conditions there have been many initiatives in the field of solidarity, environmental education and sustainability, which are considered priorities for our organisation. Social commitment has always played an important role in the corporate culture of Palladio Zannini, it is firmly anchored to our values and it is reflected in the daily activities of all Plants which are programmed in order to mitigate the potential and actual impacts of our business. Prevention programs have been established and implemented to ensure compliance with the law, protect the physical, economic, and natural resources of the populations present in the areas where our Plants are located.

Palladio Zannini has no tolerance to corruption. The value that guides our choices is based on meritocracy and ethics, rewarding our employees only in accordance with these principles. This principle is taken into account in the management of our customers, suppliers and any authority with which Palladio Zannini has relations.

#### In Palladio Zannini:

- It is allowed to promote the development of roles and reward corporate's collaborators only in regard to the merits they demonstrated in terms of participation, professional growth, achievement of objectives and a sense of belonging to society.
- It is not allowed to promise and / or offer (to managers, Officials and employees of the Public Administration or their relatives) objects, services, benefits or favours of value in order to achieve an interest or an advantage for Palladio Zannini. The offer of gifts or other benefits of nominal value are permitted only if consistent with the legitimate uses or customs.
- Parties, their representatives or candidates are not funded by Palladio Zannini, and shall refrain from any pressure (direct or indirect) towards politicians.
- It is allowed to provide donations only to non-profit associations and Charities with regular statutes and constituent acts.

• We allow the sponsorship of activities which may relate to social, environmental, sports, art and culture in general.

Our commercial relations are based solely on trusting relationships with our customers which choose us only for the intrinsic qualities of the product we supply our suppliers are properly selected and qualified. None of them receive preferential treatments and there are no agreements in place where conflicts of interest are exposed or evident.

Those who collaborate with our company should see in us a valuable partner in business and be aware that our way of doing business is based on principles and values of social ethics, not based on monopolistic practices that could lead to unfair competition or which may be in conflict with principles of anti-trust. For this reason, from the point of view of fair Marketing, we sent tour customers and suppliers disclosure in which we present the commitment made by Palladio Zannini on Social Responsibility, aiming to sensitise them to operate in line with the our principles. As stated above, it is confirmed, by the fact that our company has never received any administrative or judicial sanctions for noncompliance with laws and regulations.

#### **Local Communities**

#### **SO1**

Percentage of operations with implemented local community engagement, impact assessments, and development programs.

See Also EN12

The Company has an on-going dialogue with the various local institutions and other organisations in order to assess any significant impact that our activities and business decisions may have on the community.

The required percentage is not available as there is no a system of measurement in use for this indicator.



Palladio has always felt there was a deep connection between personal well-being and job performance, an indicator that in the past was measured only in terms of productivity. Today we measure it by combining productivity with new ideas and the desire to continuously improve can only come from people who are motivated and interested in the work they do. Following this conviction and in line with our commitment, we believe it is essential to organise cultural, artistic and sports activities for our employees in order to increase the integration and to strengthen the team spirit that makes us stand out.

We believe that the above constitutes the key to improving the quality of life, work performance and the company atmosphere.

Over the years we have promoted "recreational" activities in which the employees can connect their professional lives with their private one.

Among the most significant activities we would like to remember:

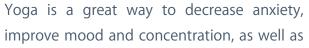
The meetings curated by NLP Italy, held for two consecutive years in Tuscany and on Garda Lake, aimed to learn and experiment with some tools, and to acquire skills to be applied within the company team;

The "Cooking Lab" day where culinary activities were alternated to moments of business Briefing; the event "Bacchus & Management" aimed at developing capacity of relationships with customers and partners through an innovative and captivating methodology: wine-tasting.

Palladio Zannini promotes, since 2013, yoga classes for all employees Held initially on an experimental basis, in the



Venetians factories, they have been subsequently extended to the plant in Tuscany.





being helpful in relieving back pain and postural problems caused by improper sitting positions in front of computers.

This activity has been implemented with the aim of increasing the mental well-being and, consequently, the quality of life of employees, both at home and in the company as well as improves the quality of the relationship with oneself and with colleagues.

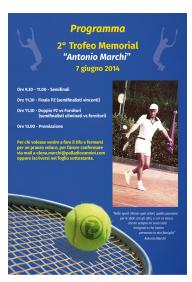
In 2014 we implemented additional initiatives such as:

- Tennis tournament(2.o Antonio Marchi Memorial Trophy)
- Prize contest "Ricerca di talenti" ("Scouting")
- Company visit by employees' children "Working with Mom and Dad"

- Clowns Nose C (doctor clowns in the company)
- Open recycling (cured by Conai)



Prize contest



tennis tournament





Working with Mom and Dad





Clowns Nose C



Open recycling



Vršac Mountains and Us

#### **SO9**

#### Operations with significant potential or actual negative impacts on local communities.

In relation to the activities of the Group, the negative impacts on local communities are identified in:

- economic impacts, which are related to the job offer and the purchase of goods and services from local suppliers;
- logistical impacts, related to commuting and reception / freight transport;
- environmental impacts, due to the handling/transport of goods and to the management of production plants (pollution risk).

The environmental impacts have been properly identified and analysed. Same are constantly monitored.

#### **SO10**

## Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.

As explained in paragraphs EN DMA and DMA SO, Palladio Zannini is committed to a sustainable environmental and social management, this in order to prevent and mitigate any negative impacts, actual or potential, on local communities.

#### Corruption

#### **SO2**

#### Percentage and total number of business units analysed for risks related to corruption.

In all factories of Palladio Zannini we have a zero tolerance policy against corruption. The value that guides our choices is based on meritocracy and ethics. This brings us to reward our employees only on the basis of that value. Such a principle is also taken into account in the management of our customers, suppliers and any authority dealing with Palladio Zannini.

Information about the percentage of business units analysed for risks related to corruption are not available due to the company size, an assessment of that risk is not carried out. Our financial statements, is subject annually to review by Reconta Ernst & Young which determine and verify compliance with the regulations governing the reporting criteria. In this perspective, any accounting operation or transaction is based on the accuracy, completeness and authorisation of the basic information for the entries. All payments to be paid are appropriate to business performance and contractual rules and cannot be made to an entity other than the contracting party. If employees become aware of any type of falsification or omission, they must immediately report it to our Ethics Committee.

#### **SO3**

### Percentage of employees trained in organisation's anti-corruption policies and procedures.

The Company has carried out specific training to all employees, managers and executives about the anti-corruption policies and procedures.

All employees were given a general training about the new issue of the Code of Ethics (as a matter of Whistle-blowing) and the anti-corruption policies and procedures of the organisation.

#### **SO4**

#### Actions taken in response to incidents of corruption.

In 2014 we had to take legal action for fraud against two employees who were fired.

We interrupted a business relationships with a supplier for violations related to corruption and legal actions against same were taken. The above actions are still on-going. No legal proceedings concerning corruption practices have been undertaken against the Group's companies.

#### **Politic Contribution (Public Policy)**

#### **SO5**

#### Public policy positions and participation in public policy development and lobbying.

Palladio Zannini has relations with public institutions primarily through the national trade associations and consequently does not take positions on public policy and also does not participate in the development of public policies.

#### **SO6**

Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

Company policies forbid the founding of political parties or their members.

#### **Anti-Competitive Behaviour**

#### **SO7**

Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.

There were no legal proceedings for anticompetitive behaviour, anti-trust and monopoly practices.

#### **Compliance**

#### **SO8**

Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

In the reporting period we have not experienced any administrative or penal sanctions, pecuniary and non-pecuniary *judicata* for non-compliance or non-compliance with laws and regulations to which the Group's facilities must comply.

## 5.6 Product Responsibility Performance Indicators

#### **DMAPR**

### Disclosure on Management Approach to Product Responsibility

For Palladio Zannini high quality standards means meeting customer needs in terms of functionality, reliability and safety. The Quality Management System, in line with the applicable GMP (Good Manufacturing Practice requirements requested by our customers, have the responsibility to ensure compliance with the procedures while promoting a culture of quality across the company through the involvement of all employees. The customer satisfaction has a key role in the strategic vision of the Palladio Zannini Group that is committed to developing its own products and services according to a customer-driven approach to business. The ability to constantly be able to respond to the customer's actual needs and expectations constitutes a prerequisite for creating and maintaining the confidence needed for long-lasting relationships. To know the needs and the degree of satisfaction with products and services provided, we organise periodically numerous initiatives of dialogue with customers. The management of customer relationships and the ability to provide specific services plays a key role for the implementation of business strategies. The Group therefore it prepares for sales force specific training courses, weekly meetings and provides appropriate support and behavioural guidelines for carrying out the activity. Contractual relations and communications with customers are based on principles of fairness and honesty, professionalism, transparency and cooperation in the search for the best solutions to their needs.

Our customers are the main national and multinational Pharmaceutical and Cosmetic Companies. Over the years, our offer has been enriched and diversified, offering the full range of products and services to cover a variety of solutions for the pharmaceutical and cosmetic packaging. By investing in new technologies, research and development, and introducing ourselves to the customers as reliable partners it has been possible to achieve all these results, and we managed to be closer to our customers and focused on their satisfaction while still guaranteeing the compatible use and protection of natural resources.

Relationships with our clients are managed through a team of commercial accounts divided by geographical areas operating as specialised consultants.

We have also added to our team of commercial accounts a function of Marketing and Innovation which, through various communication channels (meetings at the premises, fairs, and

website) this allows us to offer a consultancy service specialized in understanding customer needs and developing bespoken solutions depending on different needs of the market.

Improvements were also made to the customer service function in order to continue to offer a precise, reliable and timely service to our clients.

In 2014 we conducted a customer satisfaction survey to measure the satisfaction of our customers and receive their valuable suggestions to improve products and services

### **Customer Health and Safety**

#### PR1

Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

We believe the products provided by the companies within the Palladio Zannini Group, do not involve significant risks to customers in terms of health and safety.

Nevertheless we have decided to consider the possible repercussions on the collectivity, therefore we have catalogued the life cycle of our product, and analysing and evaluating all aspects, in order to improve its manufacturing (see EN 16).

#### PR2

Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

There were no cases of non-compliance with regulations and voluntary codes concerning health and safety impacts of products / services provided by the plants of the Palladio Zannini Group during their life cycle.

#### **Product and Service Labelling**

#### PR3

Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.

The type of product supplied does not require labelling. The Group shall provide appropriate documentation to its customers in relation to each batch produced through appropriate statements issued by the Quality Office in which is stated the type of raw material used for the production.

#### PR4

Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.

No recorded cases of non-compliance with regulations and voluntary codes concerning information and labelling of products / services.

#### PR5

Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

The customer focus is of strategic importance to the Company. This concept has spread to all levels of the organization so that there is awareness of the duty to pay due attention to the demands and expectations of customers whose satisfaction is periodically verified through constant meetings and questionnaires.

#### **Marketing communication**

#### PR<sub>6</sub>

Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

The Organisation has not adhered to programs, codes of conduct for marketing activities. This is due to the fact that these types of product are not provided directly to the end user.

#### PR7

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

In the reporting period there were no cases of non-compliance with regulations and voluntary codes concerning the provision and use of products and services of Group companies

#### **Customer Privacy**

#### PR8

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

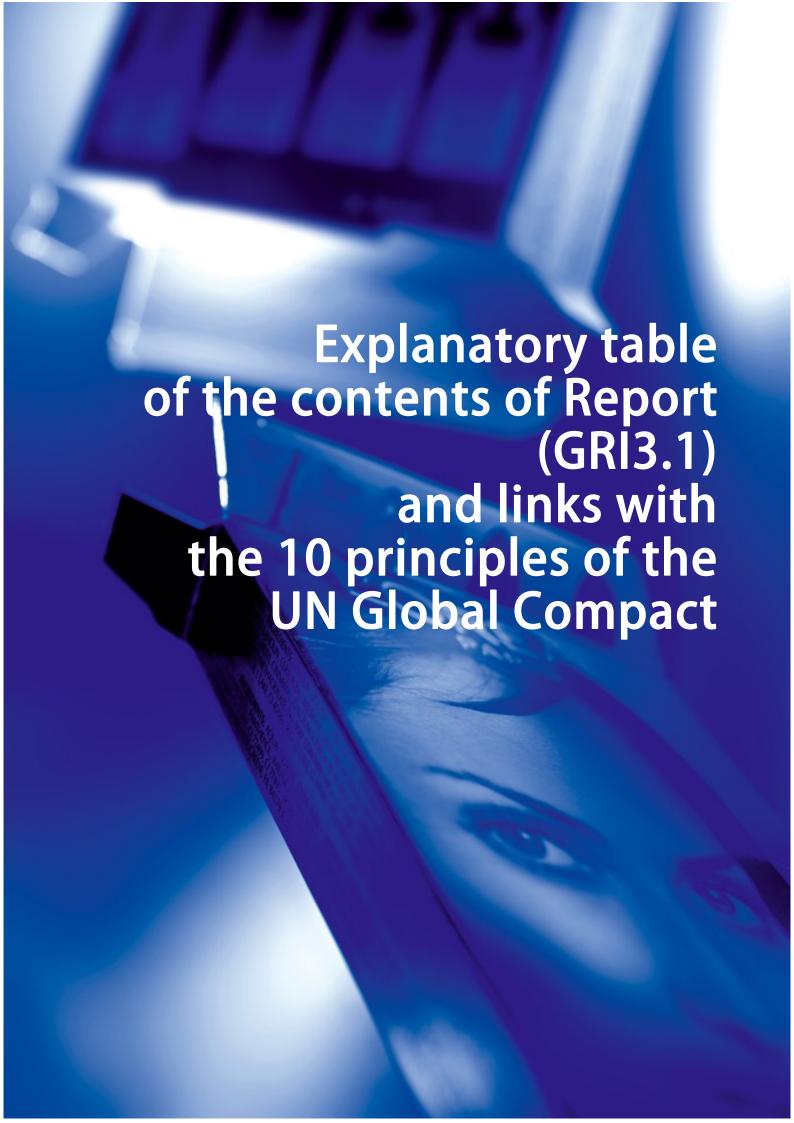
In the reporting period, there were no complaints about invasion of privacy or loss of customer data.

## Compliance

#### PR9

Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

In the reporting period there were no cases of non-compliance with laws and regulations concerning the provision and use of products and services of the Group companies.





# 6 - Explanatory table of the contents of Report (GRI3.1) and links with the 10 principles of the UN Global Compact

## Strategy and analysis

| REF.<br>G.R.I. | DESCRIPTION  | LEV.REP. | REFERENCE |
|----------------|--|----------|-----------|
| 1.1            | Statement from the most senior decision-maker of the organization. | Fully    | 1.1 - 1.2 |
| 1.2            | Description of key impacts, risks, and opportunities.              | Fully    | 1.1 - 1.2 |

## **Organisation Profile**

| REF.<br>G.R.I. | DESCRIPTION  | LEV.REP. | REFERENCE |
|----------------|--|----------|-----------|
| 2.1            | Name of the organization.  | Fully    | 2.1       |
| 2.2            | Primary brands, products, and/or services.   | Fully    | 2.2       |
| 2.3            | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.  | Fully    | 2.3       |
| 2.4            | Location of organization's headquarters.   | Fully    | 2.4       |
| 2.5            | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Fully    | 2.5       |
| 2.6            | Nature of ownership and legal form.  | Fully    | 2.6       |
| 2.7            | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).   | Fully    | 2.7       |
| 2.8            | Scale of the reporting organization.   | Fully    | 2.8       |
| 2.9            | Significant changes during the reporting period regarding size, structure, or ownership.   | Fully    | 2.9       |
| 2.10           | Awards received in the reporting period.   | Fully    | 2.10      |

## **Report Parameters**

| REF.<br>G.R.I. | DESCRIPTION   | LEV.REP. | REFERENCE |
|----------------|---|----------|-----------|
| 3.1            | Reporting period (e.g., fiscal/calendar year) for information provided.   | Fully    | 3.1       |
| 3.2            | Date of most recent previous report (if any).   | Fully    | 3.2       |
| 3.3            | Reporting cycle (annual, biennial, etc.).   | Fully    | 3.3       |
| 3.4            | Contact point for questions regarding the report or its contents.   | Fully    | 3.4       |
| 3.5            | Process for defining report content.  | Fully    | 3.5       |
| 3.6            | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.  | Fully    | 3.6       |
| 3.7            | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).  | Fully    | 3.7       |
| 3.8            | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.   | Fully    | 3.8       |
| 3.9            | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | Fully    | 3.9       |
| 3.10           | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).   | Fully    | 3.10      |
| 3.11           | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.   | Fully    | 3.11      |
| 3.12           | Table identifying the location of the Standard Disclosures in the report.   | Fully    | 3.12      |
| 3.13           | Policy and current practice with regard to seeking external assurance for the report.   | Fully    | 3.13      |

## Governance, Commitments, Engagement

| REF.<br>G.R.I. | DESCRIPTION   | LEV.REP. | REFERENCE |
|----------------|---|----------|-----------|
| 4.1            | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.  | Fully    | 4.1       |
| 4.2            | Indicate whether the Chair of the highest governance body is also an executive officer.   | Fully    | 4.2       |
| 4.3            | For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.   | Fully    | 4.3       |
| 4.4            | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.   | Fully    | 4.4       |
| 4.5            | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | Fully    | 4.5       |
| 4.6            | Processes in place for the highest governance body to ensure conflicts of interest are avoided.   | Fully    | 4.6       |
| 4.7            | Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.                 | Fully    | 4.7       |

| 4.8  | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.   | Fully | 4.8         |
|------|--|-------|-------------|
| 4.9  | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.                 | Fully | 4.9         |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.  | Fully | 4.10        |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization.   | Fully | 4.11        |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.  | Fully | 4.12        |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic. | Fully | 4.13        |
| 4.14 | List of stakeholder groups engaged by the organization.  | Fully | 4.15        |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage.  | Fully | 4.14 - 4.15 |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.  | Fully | 4.16        |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.  | Fully | 4.17        |

## Management approach and performance indicators

## **Economic performance Indicators**

| REF.<br>G.R.I. | DESCRIPTION   | LEV.REP. | REFERENCE                     |
|----------------|---|----------|-------------------------------|
| DMAEC          | Management approach on the Economic responsibility  | Fully    | 5.1                           |
| EC1            | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Fully    | EC1                           |
| EC2            | Financial implications and other risks and opportunities for the organization's activities due to climate change.   | Fully    | EC2                           |
| EC3            | Coverage of the organization's defined benefit plan obligations.  | Fully    | EC3                           |
| EC4            | Significant financial assistance received from government.  | Fully    | EC4                           |
| EC5            | Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.  | Fully    | EC5                           |
| EC6            | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.   | Fully    | EC6                           |
| EC7            | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.   | Fully    | EC7                           |
| EC8            | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.  | Fully    | EC8, DMAEC, SO1, EN6,<br>EN12 |
| EC9            | Understanding and describing significant indirect economic impacts, including the extent of impacts.  | Not      | EC9                           |

## **Environmental performance Indicators**

| REF.<br>G.R.I. | DESCRIPTION   | LEV.REP.  | REFERENCE |
|----------------|---|-----------|-----------|
| DMAEN          | Management approach on the Environmental responsibility   | Fully     | 5.2       |
| EN1            | Materials used by weight or volume.   | Fully     | EN1       |
| EN2            | Percentage of materials used that are recycled input materials.   | Fully     | EN2       |
| EN3            | Direct energy consumption by primary energy source.   | Fully     | EN3       |
| EN4            | Indirect energy consumption by primary source.  | Fully     | EN4       |
| EN5            | Energy saved due to conservation and efficiency improvements.   | Fully     | EN5       |
| EN6            | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.  | Fully     | EN6       |
| EN7            | Initiatives to reduce indirect energy consumption and reductions achieved.  | Fully     | EN7, 3.10 |
| EN8            | Water sources significantly affected by withdrawal of water.  | Fully     | EN8       |
| EN9            | Percentage and total volume of water recycled and reused.   | Not       | EN9       |
| EN10           | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.  | Not       | EN10      |
| EN11           | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.                                     | Partially | EN11, 2.4 |
| EN12           | Habitats protected or restored.   | Fully     | EN12      |
| EN13           | Strategies, current actions, and future plans for managing impacts on biodiversity.   | Partially | EN12      |
| EN14           | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.  | Partially | EN12      |
| EN15           | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.  | Fully     | EN15      |
| EN16           | Total direct and indirect greenhouse gas emissions by weight.   | Fully     | EN16      |
| EN17           | Other relevant indirect greenhouse gas emissions by weight.   | Fully     | EN17      |
| EN18           | Initiatives to reduce greenhouse gas emissions and reductions achieved.   | Fully     | EN18      |
| EN19           | Emissions of ozone-depleting substances by weight.  | Not       | EN19      |
| EN20           | NOx, SOx, and other significant air emissions by type and weight.   | Not       | EN20      |
| EN21           | Total water discharge by quality and destination.   | Not       | EN21      |
| EN22           | Total weight of waste by type and disposal method.  | Partially | EN22      |
| EN23           | Total number and volume of significant spills.  | Fully     | EN23      |
| EN24           | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | Partially | EN24      |
| EN25           | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.                          | Not       | EN25      |

| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.  | Partially | EN2  |
|------|---|-----------|------|
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category.   | Partially | EN27 |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.                                  | Fully     | EN28 |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | Partially | EN16 |
| EN30 | Total environmental protection expenditures and investments by type.  | Partially | EN30 |

## **Social Performance Indicators**

| REF.<br>G.R.I. | DESCRIPTION  | LEV.REP.  | REFERENCE |
|----------------|--|-----------|-----------|
| DMALA          | Management Approach on Labour responsibility   | Fully     | 5.3       |
| LA1            | Total workforce by employment type, employment contract, and region, broken down by gender.  | Fully     | LA1       |
| LA2            | Total number and rate of new employee hires and employee turnover by age group, gender, and region.  | Fully     | LA2       |
| LA3            | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.   | Fully     | LA3       |
| LA15           | Return to work and retention rates after parental leave, by gender.  | Fully     | LA15      |
| LA4            | Percentage of employees covered by collective bargaining agreements.   | Fully     | LA4       |
| LA5            | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.  | Fully     | LA5       |
| LA6            | Percentage of total workforce represented in formal joint management-<br>worker health and safety committees that help monitor and advise on<br>occupational health and safety programs. | Fully     | LA6       |
| LA7            | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.   | Partially | LA7       |
| LA8            | Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.           | Partially | LA8       |
| LA9            | Health and safety topics covered in formal agreements with trade unions.   | Fully     | LA9       |
| LA10           | Average hours of training per year per employee by gender, and by employee category.   | Partially | LA10      |
| LA11           | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.                                   | Fully     | LA11      |
| LA12           | Percentage of employees receiving regular performance and career development reviews, by gender.   | Not       | LA12      |
| LA13           | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.          | Fully     | LA13, LA1 |
| LA14           | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.  | Fully     | LA14, LA1 |

## **Human Rights Performance Indicators**

| REF.<br>G.R.I. | DESCRIPTION   | LEV.REP.  | REFERENCE |
|----------------|---|-----------|-----------|
| DMAHR          | Management approach on Human Resource   | Fully     | 5.4       |
| HR1            | Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.                             | Fully     | HR1       |
| HR2            | Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.   | Fully     | HR2, HR1  |
| HR3            | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.                                      | Fully     | HR3       |
| HR4            | Total number of incidents of discrimination and corrective actions taken.   | Fully     | HR4       |
| HR5            | Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.  | Fully     | HR5       |
| HR6            | Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.                              | Fully     | HR6, HR5  |
| HR7            | Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour. | Fully     | HR7, HR5  |
| HR8            | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.   | Partially | HR8, HR5  |
| HR9            | Total number of incidents of violations involving rights of indigenous people and actions taken.  | Fully     | HR9       |
| HR10           | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.   | Fully     | HR10      |
| HR11           | "Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms."   | Fully     | HR11      |

## **Society Performance Indicators**

| REF.<br>G.R.I. | DESCRIPTION  | LEV.REP.  | REFERENCE          |
|----------------|--|-----------|--------------------|
| DMASO          | Management approach on the Social Responsibility   | Fully     | 5.6                |
| SO1            | Percentage of operations with implemented local community engagement, impact assessments, and development programs.                      | Partially | SO1, EN12          |
| SO9            | Operations with significant potential or actual negative impacts on local communities.   | Fully     | SO9, SO1           |
| SO10           | Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. | Fully     | SO10, DMAEN, DMASO |
| SO2            | Percentage and total number of business units analysed for risks related to corruption.  | Fully     | SO2                |
| SO3            | Percentage of employees trained in organization's anti-corruption policies and procedures.   | Fully     | SO3, H3            |
| SO4            | Actions taken in response to incidents of corruption.  | Fully     | SO4                |
| SO5            | Public policy positions and participation in public policy development and lobbying.   | Fully     | SO5                |

| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.      | Fully | SO6 |
|-----|---|-------|-----|
| SO7 | Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.  Fully SO7 |       | SO7 |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.    | Fully | SO8 |

## **Product Responsibility Performance Indicators**

| REF.<br>G.R.I. | DESCRIPTION  | LEV.REP.  | REFERENCE        |
|----------------|--|-----------|------------------|
| DMA<br>PR      | Disclosure on Management Approach on the Product Responsibility  | Fully     | 5.5              |
| PR1            | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | Partially | PR1, EN16, DMALA |
| PR2            | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.           | Fully     | PR2              |
| PR3            | Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.   | Partially | PR3, EN16        |
| PR4            | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.  | Fully     | PR4              |
| PR5            | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.  | Partially | PR5              |
| PR6            | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.   | Partially | PR&              |
| PR7            | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.           | Fully     | PR7              |
| PR8            | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.   | Fully     | PR8              |
| PR9            | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.  | Fully     | PR9              |

(\*)REPORTING LEVEL - Fully - Partially - Not =(N.a.)

#### Connection with the 10 principles of the U.N. Global Compact

The table below shows what performance indicators GRI version G3.1 applicable for Palladio Zannini are to be related with each of the 10 Principles of the UN Global Compact in order to facilitate the search of relevant information to stakeholders interested in evaluating the implementation of the Principles by Palladio Zannini. To search pages in which the GRI indicators are discussed, refer to the tables of the Index of GRI (Source: GRI-Global Compact, "Making the Connection").

| AREA             | GLOBAL COMPACT PRINCIPLE  | GRI INDICATOR   |
|------------------|---|---|
| IIIIMAN DESCUIDE | Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights in their respective spheres of influence. | LA4, LA6, LA7, LA8, LA9,<br>LA13, LA14, HR1, HR2, HR4,<br>HR5, HR6, HR7, HR9, SO5,<br>PR8   |
| HUMAN RESOURCE   | Principle 2  Businesses should make sure that they are not complicit in human rights abuses, not even indirectly.                                     | HR1, HR2, HR4, HR5, HR6<br>HR7, HR9, SO5  |
|                  | Principle 3  Businesses should uphold the freedom of association of employees and the effective recognition of the right to collective bargaining     | LA4, LA 5, HR1, HR2, HR3,<br>HR5, SO5   |
| LABOUR           | Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour   | HR1, HR2, HR7, SO5  |
| LABOUR           | Principle 5 Businesses should uphold the effective abolition of child labour  | HR1, HR2, HR6, SO5  |
|                  | Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation  | EC7, LA2, LA13, LA14, HR1,<br>HR2, HR4, SO5   |
|                  | Principle 7 Businesses should support a precautionary approach to environmental challenges  | EC2, EN18, EN26, EN30,<br>SO5   |
| ENVIRONMENT      | Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility   | EN1, EN2, EN3, EN4, EN5,<br>EN8, EN11, EN12, EN13,<br>EN14, EN16, EN17, EN18,<br>EN19, EN22, EN23, EN26,<br>EN28, EN29, EN30, SO5 |
|                  | Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.                                       | EN2, EN5, EN18, EN26,<br>EN30, SO5  |
| CORRUPTION       | Principle 10  Businesses should work against corruption in all its forms, including extortion and bribery   | SO2, SO3, SO4, SO5, SO6   |

