

2016

# SUSTAINABILITY REPORTING

(reporting period 2015)

## Index

1. Strategy and analysis
2. Organisation's Profile
3. Identified material aspects and boundaries
4. Stakeholders engagement
5. Report's Parameters
6. Governance
7. Ethics and Integrity
8. Management approach and performance indicators
  - 8.1 Economic performance indicator(EC)
  - 8.2 Environmental performance indicators (EN)
  - 8.3 Social performance indicators (LA))
  - 8.4 Human rights performance indicators (HR)
  - 8.5 Society performance indicators (SO)
  - 8.6 Product's responsibility performance indicators (PR)
9. Sustainability Report Attestation
10. Annexes and indexes
  - Annex 1- Determination Table of the material aspects and boundaries
  - Annex 2- Table of the coefficients used for environmental calculations over the three years
  - Annex 3- Correlation Table of the Report (GRI 4) and link with the 10 principles of the UN Global Compact
  - Report contentents Index







# Strategy and Analysis





## Strategy and Analysis

G4 – 1

*Dueville, March 2016*



*Since May 2012 Palladio group has been a member of 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 Group decided to join the UN Global Compact based on the fact that many of its principles favour its 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 also contributes to the Palladio Group ability to attract highly talented people and encourage them to flourish within the company.*

*Maintaining protective 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 very scrupulous in providing our customers, employees, suppliers and other part involved with information about our sustainability and performance targets, we based the sustainability report on the Global Reporting Initiative G4 guidelines 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 Group to comply with the principles as promoted by the Global Compact.*

*As CEO, I am grateful and honoured in continuing this journey with the United Nation Global Compact.*

**Mauro Marchi**

Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Mauro Marchi'.

## G4 – 2

Palladio Group, 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 usage.

In line with the commitments on quality, environment, health and ethic, undertaken and pursued during the years, Palladio Group 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 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.

The aim of the entire Palladio 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.



# Organization's Profile



## Organisation's profile

### G4 – 3

Palladio Group spa

### G4 - 4

Palladio Group S.P.A was established in 1946 and thus has about 70 years of experience characterized by a progressive growth focused on the commitment to fulfil, in the respect of a sustainable and socially responsible industrial development, the expectations/ needs of its customers and all other Interested Parties. A growth that has enabled the company to transform itself from a small local business to an international company, technologically advanced, capable of imposing itself in the challenge against leading competitor in the national and international markets in which it operates. Our clients are leading multinational companies with whom we have established supply relationships and collaboration that are fundamental to innovation and continuous improvement of the products and services provided.

Nowadays Palladio Group is a cutting edge Italian multinational operating in the production-delivery of goods and services for

secondary and primary packaging, of pharmaceutical and cosmetic products. In particular:

- Folding cartons (flat and glued)
- Blister packs
- Leaflets on reels/folded/flat/booklet
- Flow pack (leaflets + alert card)
- Self-adhesive labels
- Printed aluminium tapes
- Cartons overlabelling
- Vendor Managed Inventory
- Artworks' development
- Serialisation



Palladio Group's main goal is to offer products, services and expertise in compliance with the requirements, while trying to anticipate and meet customer needs.

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 ancillary materials (chemicals, films, aluminium plates, etc.).
- Equipment and facilities maintenance.
- Shipping & Delivery.
- Controlled management of waste produced by the plants (temporary storage and handling).
- Administration & Sales
- Staff training.



## G4 – 5

Palladium Group spa has its headquarters in Dueville (Vicenza) and more productive sites located within the national territory and abroad in line with the business strategy to produce in countries where growth is expected and / or where opportunities for business exist.



### Headquarter

#### **Palladio Group spa**

Via Cresole, 8 – Dueville (Vicenza) - Italia  
Products: cartons, leaflets - Area: 31.000 m<sup>2</sup>

**Palladio Group spa**  
Via Campazzi, 10 - Thiene (Vicenza) – Italy  
Products: cartons, blister  
Area: 16.000 m<sup>2</sup>



**Palladio Group spa**  
Via Maremmana (Z.I. Gello) – Pontedera (Pisa) - Italy  
Products: cartons, leaflets, labels, aluminum tapes  
Area: 38.000 m<sup>2</sup>



#### **Palladio Ireland Ltd**

Sragh Industrial Estate - Tullamore (Co. Offaly) – Ireland  
Products: cartons - Area: 10.000 m<sup>2</sup>



#### **Palladio East doo**

Beogradski put 26300 – Vršac (Vojvodina) - Srbija  
Products: cartons, leaflets, labels - Area: 20.000 m<sup>2</sup>



### G4 – 6

Over the years Palladio Group 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 with the surrounding communities and the foreign staff working at our Plants .

Currently the production is carried out in three countries:

Italy,

Ireland

Serbia

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



### G4 – 7

Palladio Group, the parent company of the Group, is a stock company under the Italian law.

The two subsidiaries are limited companies.

### G4 – 8

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".

### G4 – 9

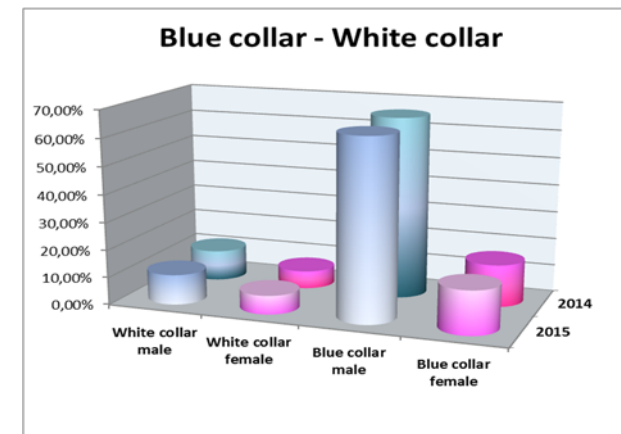
In our group, to 31/12/2015, were employed 531 employees, operating within the five factories.

The total production capacity of the Group is approximately:

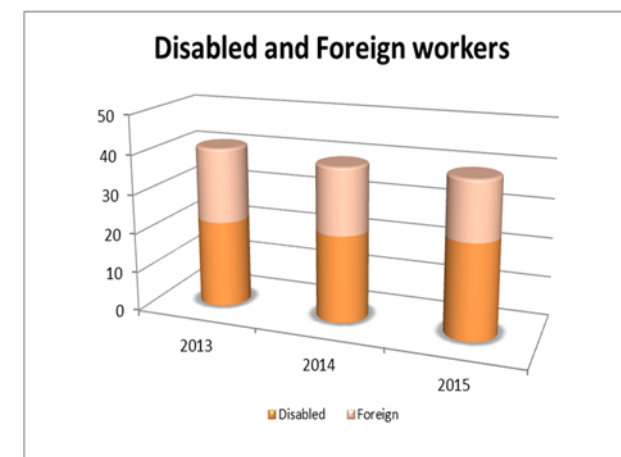
- 1500 million cartons,
- 800 million leaflets
- 600 million labels.
- 50 million blisters
- 10 million booklets

## G4 – 10

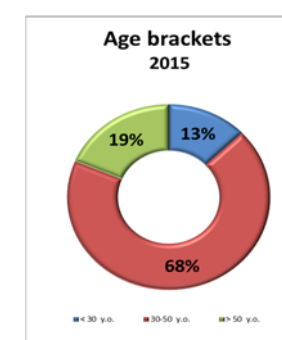
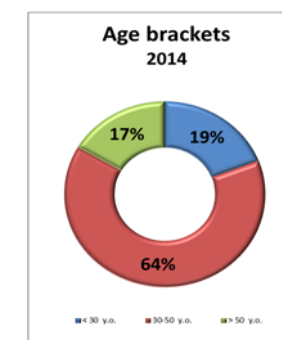
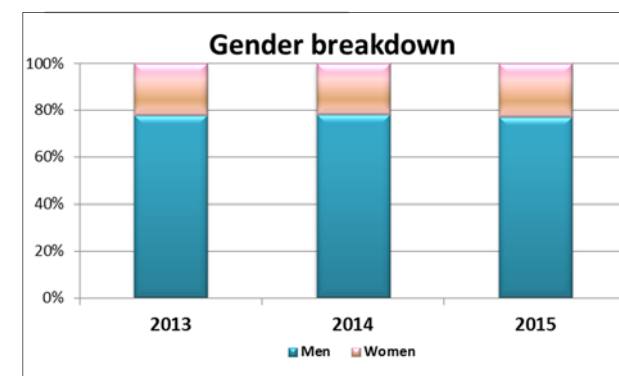
	TOTAL			BREAKDOWN 2015		
Employees age < 30 years	2013	2014	2015	ITALY	IRELAND	SERBIA
Men	64	76	56	39	0	17
Women	17	19	12	5	1	6
White collar Men	3	3	3	1	0	2
White collar Women	5	5	4	1	1	2
Blue collar Men	63	73	53	38	0	15
Blue collar Women	13	14	8	4	0	4
Manager	0	0	0	0	0	0
<b>Total &lt; 30 years</b>	<b>81</b>	<b>95</b>	<b>68</b>	<b>44</b>	<b>1</b>	<b>23</b>



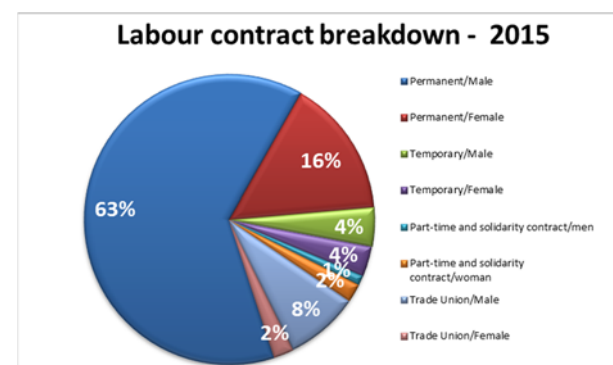
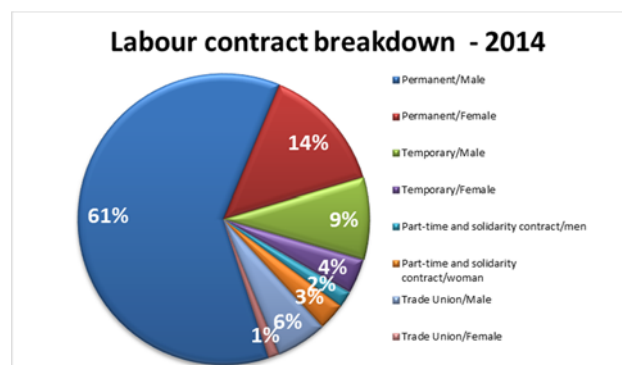
	TOTAL			BREAKDOWN 2015		
Employees age 30 - 50 years	2013	2014	2015	ITALY	IRELAND	SERBIA
Men	261	247	277	201	9	67
Women	74	72	87	56	2	29
White collar Men	39	36	40	24	0	16
White collar Women	22	21	25	12	2	11
Blue collar Men	220	211	236	176	9	51
Blue collar Women	51	50	61	44	0	17
Manager	2	1	2	1	0	1
<b>Total 30-50 years</b>	<b>335</b>	<b>319</b>	<b>364</b>	<b>257</b>	<b>11</b>	<b>96</b>



	TOTAL			BREAKDOWN 2015		
Employees age > 50 years	2013	2014	2015	ITALY	IRELAND	SERBIA
Men	53	64	77	69	2	6
Women	17	18	22	21	0	1
White collar Men	14	16	15	15	0	0
White collar Women	6	6	7	6	0	1
Blue collar Men	33	42	56	50	2	4
Blue collar Women	11	12	15	15	0	0
Manager	6	6	6	4	0	2
<b>Total &gt; 50 years</b>	<b>70</b>	<b>82</b>	<b>99</b>	<b>90</b>	<b>2</b>	<b>7</b>



	2013	2014	2015	ITALY	IRELAND	SERBIA
<b>Average age</b>	<b>38,52</b>	<b>39,62</b>	<b>40,42</b>	<b>43,60</b>	<b>41,00</b>	<b>36,26</b>



	TOTAL			BREAKDOWN 2015		
Totals summary	2013	2014	2015	ITALY	IRELAND	SERBIA
Total Employees Men	379	387	410	309	11	90
Total Employees Women	109	109	121	82	3	36
Total General Employees	488	496	531	391	14	126
Employees on permanent contract Men	309	304	337	261	8	68
Employees on permanent contract Women	62	70	82	62	2	18
Employees on fixed term contract Men	55	45	23	2	3	18
Employees on fixed term contract Women	11	19	18	0	1	17
Employees on part-time Men	15	9	6	6	0	0
Employees on part-time Women	12	15	11	11	0	0
temporary workers Men	24	28	44	40	0	4
temporary workers Women	5	6	12	11	0	1
With trade union membership	89	84	91	91	0	0
Affected by Disability	22	22	24	23	0	1
Foreigner	19	17	15	7	8	0
Salaries above minimum wage % employees	76,94%	78,80%	91,17%	87,73%	100%	100%
Annual salary Increments % over employees	32,52%	32,19%	33,15%	11,28%	7%	100%
Bonuses % over employees	99,78%	100,00%	100,00%	100,00%	100%	100%
Benefits % over employees	11,98%	12,43%	13,29%	14,91%	0%	10,32%
Overtime % of hours worked	5,64%	5,55%	5,75%	4,52%	2,68%	8,93%
Holiday hours % of hours worked	8,27%	8,59%	8,88%	8,45%	10,66%	9,68%
Disciplinary Measures - % over employees	4,39%	6,25%	5,88%	5,88%	0%	0%
Worked hours	763871	831033	828626	561451	25490	241685
Holiday hours	63161	71364	73557	47457	2716	23384
Overtime	43104	46151	47644	25376	682	21586
% Ethical complaints	0,44%	0,00%	0,55%	0,77%	0%	0%

## G4 – 11

Within Palladio Group the Labour National Collective Agreements (working act) are regularly applied and consequently all employees are covered by such contracts. The company recognizes all employees the right to join trade unions as they wish, this does not imply any advantage or disadvantage attitude towards its employees.

In this regard, the trade unions have the freedom to carry on their activities without any pressure or interference by the Executive Board.

The Human Resources Department is always 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 WSR (Workers Safety Representatives) and TUR (Trade Union Representatives).

## G4 - 12 / G4 – 13

The Group's suppliers operate in different sectors amongst which: raw materials, ancillary materials to the pharmaceutical packaging (such as inks and paints), services and specific contractors.

Percentages of supply acquired in the local markets for each Division			
division	2013	2014	2015
Italy	61.69%	64.5%	51,00%
Serbia	43,57%	46,93%	35,49%
Ireland	90.81%	80.14%	75,24%

From a geographical point of view, the Group gives priority to local suppliers and, in particular, companies that are able to provide goods and / or services in the local markets in which the various facilities of the Group operate. Most of the spending on supplies for the three countries in which Palladio Group operates is made from local suppliers, i.e. operators located in the same country and in many cases in the same region or city, in which the premises of the Group are. The raw material used for production is defined by the customer and, generally, is produced / manufactured by paper mills. The table shows the percentage of supplies acquired in the local markets of the country where the each specific Group's plant operates.

The main suppliers have always been subjected to a vendor rating, or an assessment, based on a specific set of parameters for quality

and service. Since 2011, the qualification of the main suppliers is also based on the verification of technical, economic and organizational requirements, of their compliance with environmental, safety and corporate social responsibility (with a focus on Human Rights related to child labour and forced labour) standards, these verifications are carried out through the filling in of a specific questionnaire.

	2013	2014	2015
N. forwarded questionnaires	75	3	2
N. returned questionnaires	41	3	2
N. forwarded codes of conduct	-	-	86
N. returned code of conduct	-	-	51

All the suppliers (contractors) that are selected to carry out any work to be done within our premises, are required to provide, in accordance with our procedures and current legislation, documentation demonstrating compliance with the legislative and contractual obligations towards their employees, the corporate social responsibility and compliance with the rules of conduct laid down by the Health Safety and Environment Management System of Palladio Group. Moreover, in terms of health & safety in the workplace we ask the supplier/service provider to have full knowledge of local regulations on this subject and to follow the indications as per documentation provided which must be signed for acceptance by the same (DUVRI). Since the Group's ethical

integrity is necessarily dependent upon that of trading partners with which it has relationships, we demand that our suppliers comply with the following standards: Health and safety in the workplace, working conditions, freedom of association and not retaliation, forced and compulsory labour, child labour, no discrimination, compliance with environmental legislation, Abuse of office and corruption. Consequently, during the year we have modified the procedure of supply by inserting specifically that the qualification of a new supplier must also be based on the acceptance of our Code of Conduct for suppliers (suppliers guidelines); a document that requires the respect of values and ethical principles and which must be countersigned by the suppliers and returned as confirmation of acceptance.

During 2015, the process of selection and qualification of suppliers has been modified, so that now for all the new suppliers it is mandatory the assessment of the environmental, security, and social data, as evaluation parameters (sending questionnaires activities started in 2013 has been changed). It was also established that all major suppliers must receive and accept the supplier code of conduct. Consequently, we have begun the gradual alignment activities by sending the code of conduct on the leading suppliers already qualified by Palladio Group. The situation is represented in table below.



Sustainable procurement of forest based products

Palladium Group, through compliance with PEFC and FSC certifications, purchase forest based products that come exclusively from controlled sources. During 2013 we adjusted our system according to EUTR Regulation and to the Due Diligence System in order to ensure Palladium Group, through compliance with PEFC and FSC certifications, purchase forest based products that come exclusively from controlled sources. During 2013 we paid the adjustment of our system according to EUTR Regulation and the Due Diligence System in order to ensure the lawful origin of timber product. In order to guarantee the origin of the raw material in the Chain of Custody all our suppliers' forest based raw materials are checked through appropriate DDS statements and verified by the FSC and PEFC websites to evaluate their capability / validity.

In 2015, all our 21 suppliers of forest based raw material (18 from

Sustainable Procurement		Certified raw material	
Total of raw material suppliers	21	paper	board
FSC certified suppliers	20	3	17
PEFC certified suppliers	4	1	3
% certified suppliers	100%		

which we buy cardboard and 3 from which we buy paper) have

confirmed the origin of the material and they all hold a valid certification.

Having subscribed 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".

The 10 suppliers of materials that could potentially contain such minerals have received the same number requests in order to receive confirmation that in their production processes is not used materials extracted in conflict zones. Should be noted that as planned and reported in the previous report, in the year 2015, was completed the doubling of the production area and offices the Serbian plant.

G4 – 14

The utilisations of cutting edge technologies help achieve the objectives set in our environmental and the Health and Safety at Work protection policy. In recent years, thanks to technological and effective processes, we managed to reduce and (in some cases) eliminate the emission of substances harmful to the environment as well as to the Health and Safety in the Workplace. The above has enabled greater protection for our employees and the reduction of emissions (waste, air emissions, discharges etc.) of dangerous substances.

## G4 – 15

From the point of view of continuous improvement and in order to ensure all customers and consumers the quality and safety of our products, Palladio Group adopted, for some time, a Company Management Systems 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)

Plant	Certification Standard				
	ISO 9001	ISO 14001	OHSAS 18001	CoC FSC	CoC PEFC
Dueville	X	X	X	X	X
Thiene	X	X	X	X	X
Pontedera	X	X	X	X	X
Tullamore	X	-	-	-	-
Vršac	X	Audit Stage 1	Audit Stage 1	X	X

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. The table shows the certifications achieved by the various plants on the date 31/12/2015:

During the year 2015, the plant in Vrsac has begun the process for the Environmental certification ISO 14001 and Health and Safety OHSAS 18001, and in September 2015 successfully passed the Stage 1 audit carried out by SGS Certification Body. The achievement of the certifications is planned for the year 2016.

The foreign plants: Palladio Ireland and Palladio 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 disclose:

- Our Ethic Code, (since 2008)
- Our Chart of Values (since 2011)

- The adhesion since 2011 to Chart of Environmental Sustainability Principles
- The adhesion since 2006 initiatives promoted by the COMIECO Consortium
- The adhesion since 2014 initiatives promoted by Legambiente

### G4 – 16

Palladio Group 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).

Since 2012, on yearly bases, we subject our CSR to an assessment by Ecovadis.

Palladio Group 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 (Aluminium 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 Manufacturers )
- HCPC Europe (Healthcare Compliance Packaging Council)
- I.I.I. (Italian Institute of Packaging)
- INDUSTRIAL UNION (Italian and Serbian)

Palladio Group pays the regular 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

## Our history

This is the story of an Italian company founded in 1946, which has always been focused on results, evolving from a local dimension to national levels and that has been able 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.

### *Our origins*

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

#### 1886

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

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

#### 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 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.

### 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 m<sup>2</sup>.

### 2015

Start of construction of the new plant, in Obninsk in the Kaluga Oblast region (Russia), the company name is Palladio Obninsk. In October Palladio Zannini changes its corporate name and becomes Palladio Group S.p.A. Even the foreign plants, located in Serbia and Ireland, Zannini East and Zannini Ireland, take part in this evolution becoming respectively Palladio East and Palladio Ireland Packaging Solutions. (See item G4-5)





**Identified material aspects  
and boundaries**

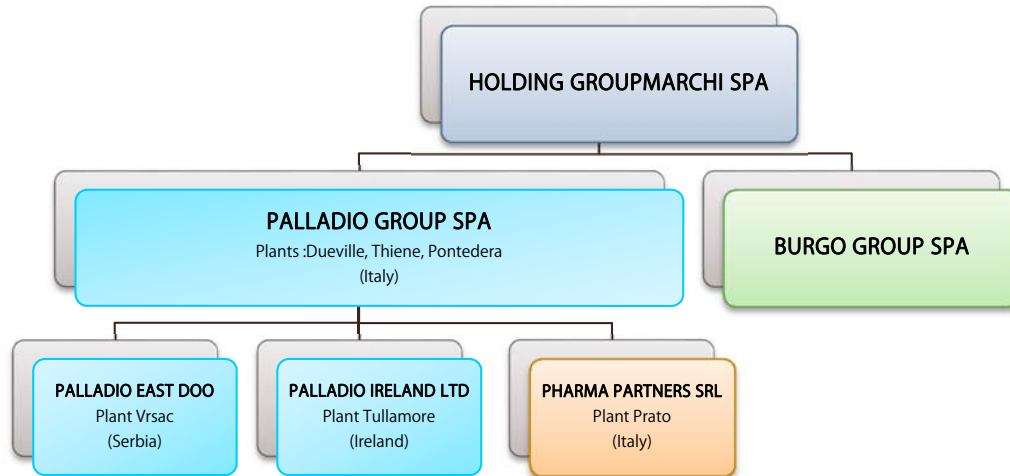




### 3 Identified material aspects and perimeters

#### G4 – 17

Palladio Group is part of the Holding Group Marchi, according to the structure shown in the organizational chart below.



With the view of reporting homogeneity, in relation to the type of materials produced in the various plants of the Group, it has been determined that the scope of the reporting will be limited to the plant operating in the Pharmaceutical and Cosmetic sectors and producing primary and secondary packaging materials, such as:

- Palladio Group spa plants in Dueville-Vicenza (Italy), Thiene-Vicenza (Italy), Pontedera-Pisa (Italy)
- Palladio East doo: plant in Vrsac - Vojvodina (Serbia)
- Palladio Ireland ltd: plant in Tullamore - County Offaly (Ireland)

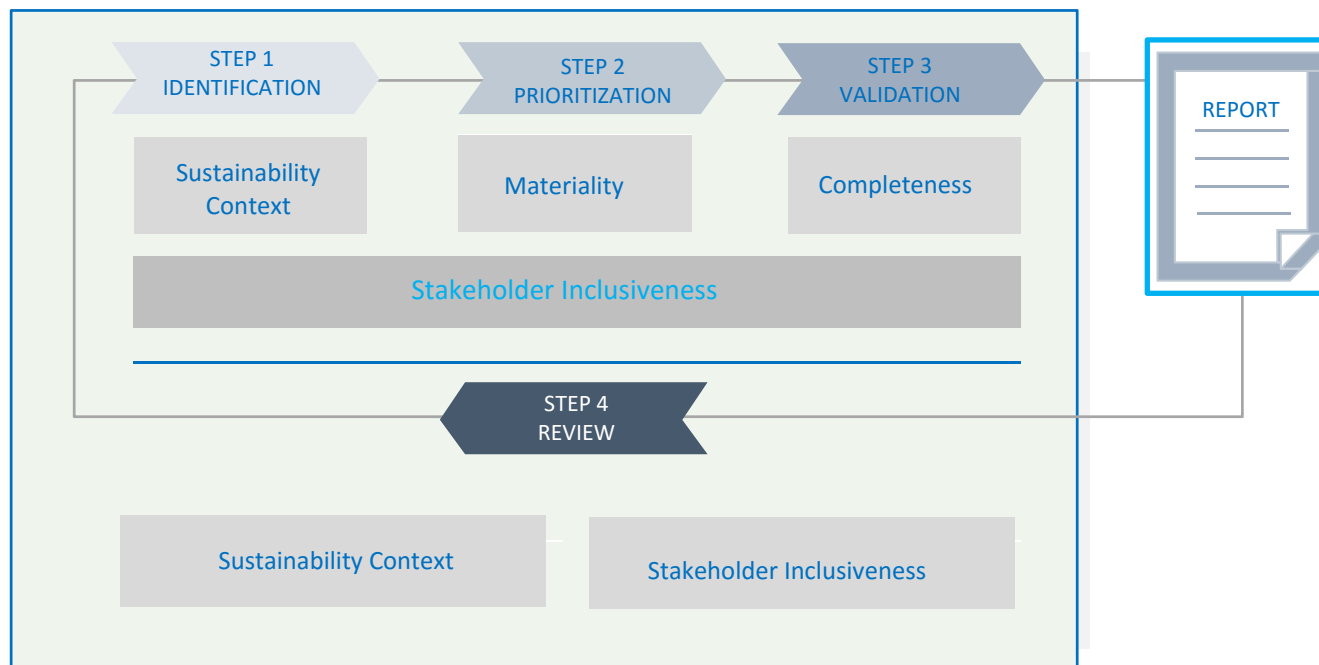
Therefore, when the report will quote Palladio Group or the Group, all the plants above shall be considered.

### G4 – 18

The Palladio Group's management of the environmental, economic and social material aspects complies with G4 Guide lines that delineate a process divided into the following four stages, in order to determine the material aspects and their relevant perimeters:

1. Identification
2. Prioritization
3. Validation
4. Review

As shown in the picture below, each of the four phases covers specific elements of the process defining "*what is relevant and where it is relevant.*"



In order to ensure the quality of the information and the compliance to the principles of balance, clarity, accuracy, timeliness, comparability and reliability of the GRI, Palladio Group defined the contents of this Report, according to the following principles:

- *Materiality.*
- *Sustainability Context.*
- *Completeness.*
- *Stakeholder Inclusiveness.*

By the *Materiality principle*, Palladio Group identified, using an algorithm based on a number of benchmarks, which Aspects can be defined "**Material**".

The variables taken into consideration are the "significance" and the "degree of influence" on evaluations and decisions of stakeholders related to this factor.

### Significance

The algorithm adopted involves the assessment of the significance on the basis of: probability and severity of a given impact linked to the aspect (Environmental, Social and Economic), the criticality of the impact on the medium to long-term performance of Palladio Group S.p.A. and the possibility of "risk" and "opportunity" depending from that aspect.

### Degree of influence

Refers to the ability of a given aspect or impact to influence the assessments and decisions of stakeholders. The assessment of these two parameters (Significance and Degree of influence) leads to the definition of two threshold values, one for each of the two parameters, which, when both are overcome, lead to the identification of a given factor as "Relevance Factor" that identifies this aspect as "Material".

Therefore, the first step of the process (identification) saw the identification of materials aspects, through the use of "Stakeholder inclusiveness" and "Sustainability Context" Principles.

The second phase of the process (Prioritization) has determined the priorities, narrowing the list of relevant topics drawn in the previous step.

Only those aspects that reflect significant economic, environmental and social performance which could substantially influence the assessments and decisions of stakeholders taken into consideration, and in this way it is possible also to define only the perimeters or areas that receive the main significant impacts related to them.

In this phase the Principles of Stakeholder Inclusiveness and Materiality are in use.

This universally recognized reporting technique use specific indicators, depending on the levels of application, bringing the company to:

- Perform a complete monitoring of its performance.
- Draw up a final balance of the main environmental impacts of the Group's production activities.
- Communicate the progress in relation of the UN Global Compact Principles.
- Ensure that a measurable progress has been achieved.

In the third step of the process -Validation- the various department managers of Palladio Group, according to their roles and tasks across the Group, were involved in the activities and they have been centrally coordinated by the Quality and Sustainability department manager.

During the validation phase all aspects identified as "Materials" were reviewed under the principles of Completeness and Stakeholder inclusiveness.

The results of the "Validation" activities were then finally approved by the "Executive Committee" of Palladio Group S.p.A.

### G4 – 19 / G4 – 20 / G4 – 21

#### Identification and context of each material aspect

The Materials aspects have been identified based on the various consultations, assessments and observations made in the first phase; same are listed below, subdivided according to the following categories:

- Environment (EN)
- Economic (EC)
- Labour (LA)
- Human rights (HR)
- Social (SO)
- Product Responsibility (PR)

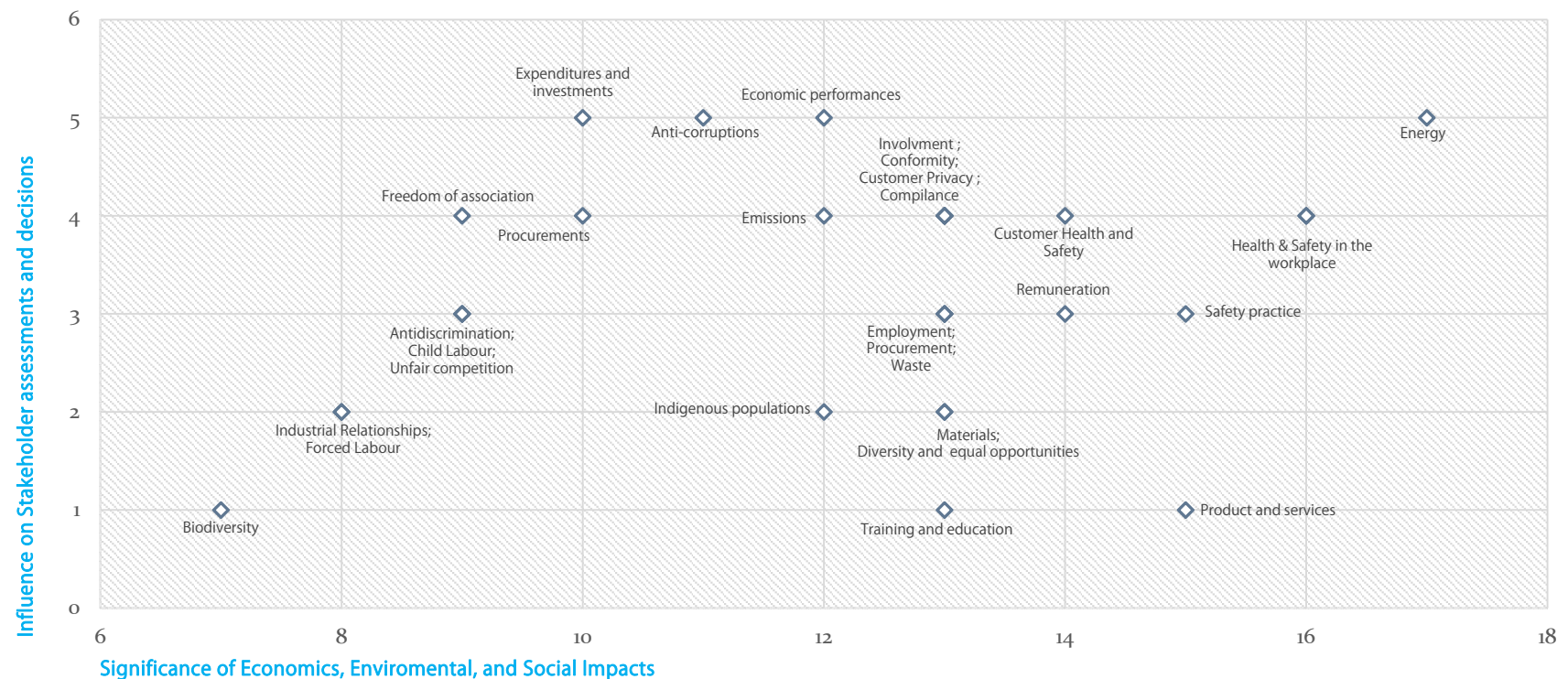
In order to identify the potentially materials aspects, the following elements of Palladio Group S.p.A. were taken into consideration:

- The most significant environmental aspects for Palladio Group S.p.A., according to the Environmental Management System.
- The economic aspects which better respond to the needs of an increasingly competitive market.
- The most significant labour aspects, in accordance to the Corporate Policy and in compliance with health and safety at work as per the Workers' Health & Safety Management System and mandatory laws.

- The most significant aspects according to the Code of Ethics of Palladio Group and in compliance with fundamental human rights, as defined by the concerning International Conventions.
- Aspects relating to the product which are deemed to be significant in relation to the relationship with the consumer and the compliance with international laws.

The application of the stages of identification and prioritization, according to the objective methodology as previously indicated, has allowed the determination of the materials aspects and of the boundaries which are shown in table (Annex 1) in section 10 and in the matrix below.

### Visual representation of prioritization of aspects





### G4 – 22

The reporting data refer to the last three years (2013, 2014, and 2015) and are indicated for each individual production plant and for the whole Group. Some data may have been revised, if compared with previous years, due to changes in the coefficients, basic errors and homogeneity in the reporting, in order to allow comparisons without distortion.

The table (Annex 2) in section 10 shows the coefficients used for the environmental calculations, during the three years.

### G4 – 23

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.

To be highlighted some significant changes concerning the introduction of new machinery, size of property, but above all the expansion of services which led to increase the consumption of energy resources.

The background of the slide features a faded, high-contrast image. It depicts a hand holding a globe, with the words 'LEÇON AMBIENTALE' (Environmental Lesson) written in a bold, sans-serif font across the bottom. The text and image are in a light gray or off-white color, blending into the white background.

# Stakeholder engagement



#### G4 – 24

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

The Group's development was built prioritising the satisfaction of the needs of all stakeholders, including rights as defined by national laws and applicable international standards (vseeG4-25)

#### G4 – 25

Stakeholders are those 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 Group in particular, the local communities in which we operate, environmental groups, the future generations.

#### G4 – 26

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 Group 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.palladiogroup.com](http://www.palladiogroup.com))
- Intranet
- E-mail address ([info@palladiogroup.com](mailto:info@palladiogroup.com))
- Facebook ([www.facebook.com/pages/Amici-di-Palladiogroup](https://www.facebook.com/pages/Amici-di-Palladiogroup))
- LinkedIn ([www.linkedin.com/company/palladiogroup](https://www.linkedin.com/company/palladiogroup))
- Yammer ([www.yammer.com/palladiogroup.com](https://www.yammer.com/palladiogroup.com))

It is our intention to use these media more and more, 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. For the preparation of this report, specific groups of internal stakeholders were involved.

### *Palladio News*

In 2014 our company newsletter 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.



G4 – 27

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's stakeholders.

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.

Over the year 2015 there no critical issues emerged from the activities of stakeholders' involvement.

The drafting and publication of the sustainability report and other reports on the assessment of our Corporate Social Responsibility by Ecovadis Enterprise has received appreciation from all of our stakeholders.







# Report's Parameters



## Report's Parameters

### G4 – 28

The report's data refer to the last three years (2013, 2014, and 2015) and they are indicated both per production unit and at group level.

### G4 – 29

Four 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 Group 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 G4, this in order to ensure well-organised information on sustainability while meeting the ten principles of the UN Global Compact.

### G4 – 30

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 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 G4 guidelines of the GRI and the Principles of the Global Compact, which are part of the budget itself.

### G4 – 31

This report will be published on the website of the Global Compact of the United Nations, on the G.R.I. website and on our website ([www.palladiogroup.com](http://www.palladiogroup.com)) as well as the company Intranet.

For any additional information please contact:

[giampaolo.carone@palladiogroup.com](mailto:giampaolo.carone@palladiogroup.com).

### G4 –32

The document was developed based on the "Guidelines for Sustainability Reporting" as defined by the Global Reporting Initiative (GRI) G4, which are today the main internationally recognized standards in terms of sustainability reporting, also including the 10 principles of the UN Global Compact.

The standards of preparation, structure, and content of the document and the resulting level of application meet the G4 criteria **in accordance – Core\*** of the guidelines aforementioned

In the closing pages can be found the index of published indicators, which shows where the required information is located within the document and how the 10 principles of the Global Compact are met.

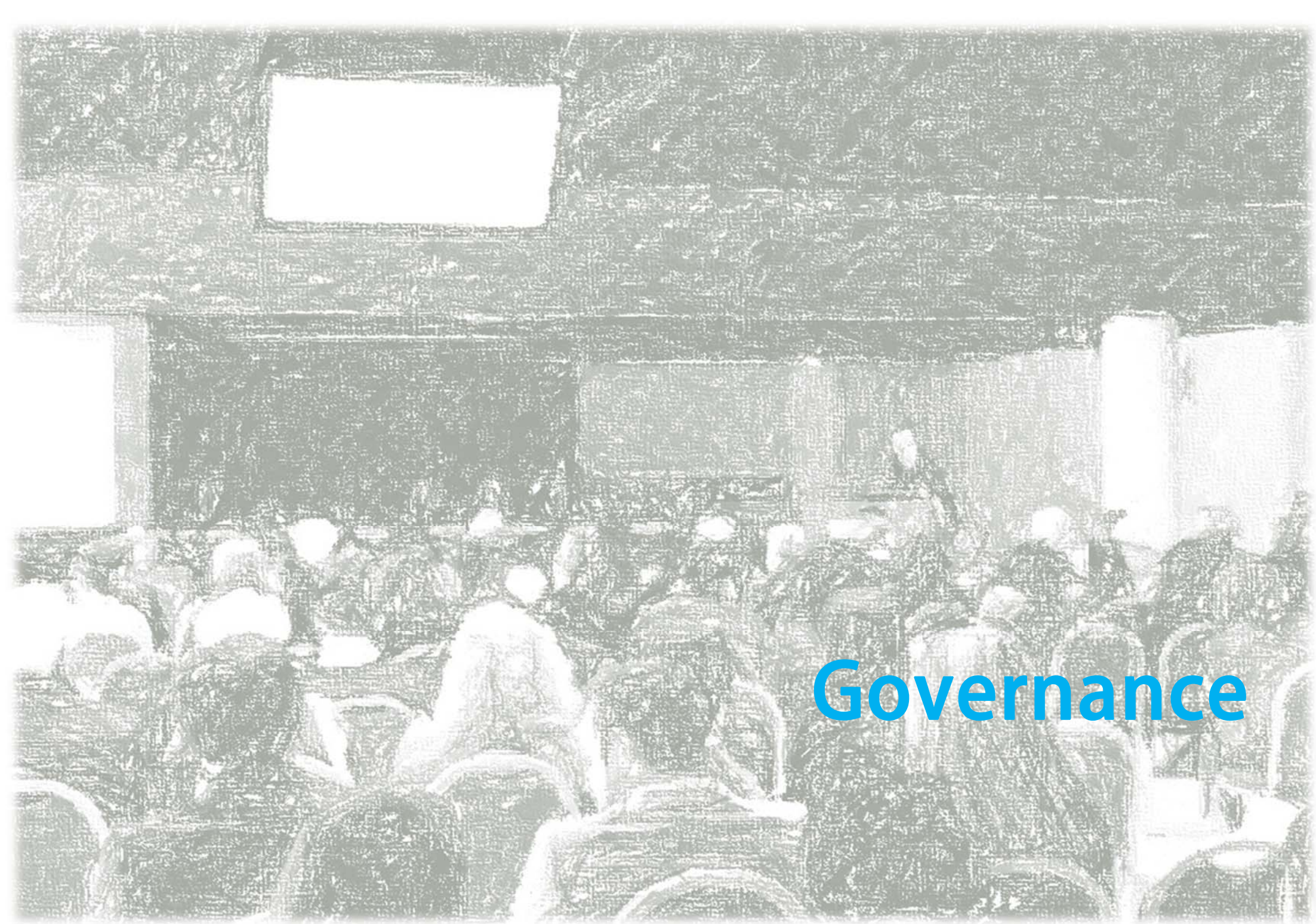
\* The GRI G4 provides for two possible levels in accordance: "Core" and "Comprehensive". The "Core" includes most of the disclosure standard and the relevant indicators for each material aspect. The "Comprehensive" includes all the standard information and all relevant indicators for each material aspect.

### G4 – 33

This report, prepared in accordance to the Global Reporting Initiative GRI G4 - "Core", has been subjected to external verification activities by SGS.Italia spa. The certification related to this report is provided in section 9.

Data on economic performance, deferred in the relevant section, are extracted from the Consolidated Financial Statements verified by auditors of Soc. Ernst & Young.





**Governance**



## 4 Governance

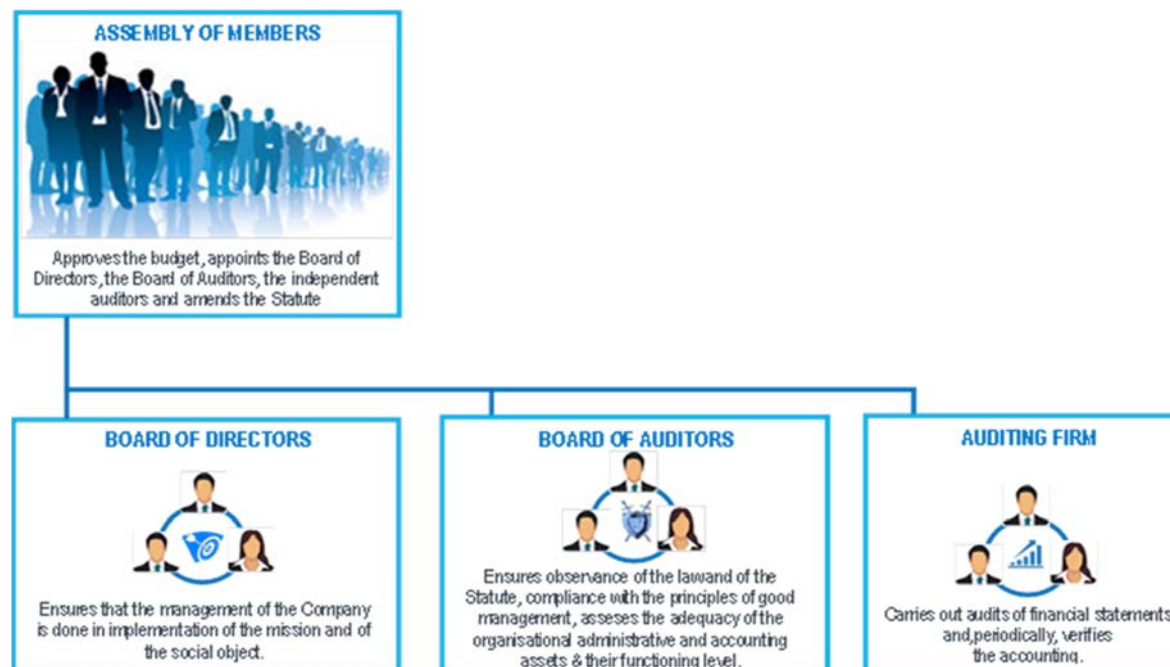
### G4 – 34

The Governance model in use is the “traditional” type, which means that it is 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 Group, 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 Italian Civil Code.





The shareholders of Palladio Group, by resolution dated 13/05/2015, appointed the new Board of Directors of the Company in office for the year per 2015.

In line with the provisions of the D.L. 6 July 2012, n. 95, converted by L. 7 August 2012 n.135, The Palladio Group's Board of Directors is composed of seven members: President, CEO and five Councillors. 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.

Palladio Group pursues the aim of good governance through the implementation of a set of values, rules and procedures , stated in the Ethic Code, which outlines the commitments and responsibilities that the company and those who work there, are taking in the management of each business activity.

### [Link to the 10 principles of the UN Global Compact,](#)

The sustainability model adopted by Palladio Group is inspired by the United Nations Global Compact.

In May 2012 Palladio Group has formalized its adherence to the U.N. Global Compact, a pact that binds all those companies committed to aligning their operations and strategies to the 10 universally accepted principles concerning human rights, labour, environment and anti-corruption.

The table in Annex 3 section. 10 which shows the commitment of Palladio Group (Accounted for in this report) to respect and promote these principles, shows which GRI G4 version indicators,applicable to Palladio Group, are considered in conjunction with each of the 10 principles of the U.N. Global Compact. This is in order to facilitate the research of the information relevant to the stakeholders which are interested in evaluating the implementation of the Principles by Palladio Group.

To find the pages where the GRI indicators are discussed please refer to the correlation chart of the Report (GRI 4) and link with the 10 UN Global Compact principles contained in Annex 3 of Section 10 (Source: GRI-Global Compact, " making the Connection ")



# Ethics and Integrity



## G4 – 56

Consistently to our Mission:

*“To build and maintain, in compliance with laws and corporate ethics, our leadership in the competitive market creating innovation and value both for the Customer and for other Stakeholder”,*

Palladio Group 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 to help provide a measurable added value in terms of logistics, productivity and lead-time.

## Our Principles and Values of Reference

Our ethic conduct is represented by the value and content of the Ethic Code.

Palladio Group 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 Group 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 Group 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 Group, 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 Group is committed to environmental protection. Our certifications ISO 14001, FSC e PEFC 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.

### *Satisfaction 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 Group 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 Group, 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 Group 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 Group is guided by the principles of corporate governance, particularly in the research of returns and growth of capital invested by its shareholders.

### *Partnership*

Palladio Group 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.



## The Ethic Code

Issued and approved by the Board of Directors in July 2009, it has been subject to some minor modification to make it compliant with the changes that took place in the legislation, however its meaning and usefulness remains the very same, in fact still encloses the values and principles that inspire and orientate the act of Palladio Group towards its stakeholders.

The Code is a fundamental feature of the terms of employment: all employees are in fact committed to engage a conduct in line with the Code. Palladio Group also requires, in the mandates and service contracts that the suppliers adhere to the contents of the Ethic Code.

The Code allows anyone becoming aware of violations of the Code's principles to report them (Whistle-blowing procedure) to the Group's Ethics Committee

During the year 2015 the Ethics Committee received 3 complaints that have been resolved without any specific intervention.

The Ethic Code can be downloaded, both in Italian and English, from our website: <http://www.palladiogroup.com>. Same was also translated in the languages of the countries where Palladio Group is; a copy was given to all employees (and from each of them undersigned) and made available on the company's intranet site.

At the end of the year 2013, on the occasion of the new issue of the Code of Ethics (integrated with the new procedure whistle-blowing) all our employees have been trained on the ethic code. Refresh training was provided in 2015.

Palladio Group 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 Group.

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.

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 a letter and a specific questionnaire were sent to all of them. This activity, which began in 2012 with the main suppliers of raw materials and the main contractors, became a standard so that now, every new supplier is also assessed on these criteria.

As the qualification and evaluation of suppliers is based on verification of technical, economic and organizational requirements, compliance with environmental standards, safety and social Corporate's responsibility, as well as the acceptance of the Group's Code of Ethics, in the course of 2015, we started to send to all our suppliers a specific document (Code of Conduct) that asks the respect of values and ethical principles.

Through this code we intend to encourage our suppliers to understand and respect what in it reported to allow, through compliance with these criteria, the continuation of the supply relationship according to clear and transparent codes of conduct.

Consequently, we not only require a responsible attitude towards Palladio Group, 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, contractors and other business partners 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").

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, having Palladio Group 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

**G4 – 57 / G4 – 58**

Palladio Group has a zero tolerance attitude toward 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 Group has relationships. In line with the contents of our Code of Ethics, since 2013, it is possible to implement the Whistle-blowing procedure in order to report any unethical or illegal conduct. The whistle-blowing procedure can be activated both internally and externally through the exchange and communication platforms with our stakeholders. (See G4-26)





# Management approach and performance indicators



## Economic Performance

### G4 – DMA EC

#### Economic Management Approach

In recent years Palladio Group 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 machine at the Serbian plant, the implementation of the new flowpack process, the closing of the "integrated factory" project, we have also increased our services to customers by focusing on the solution of problems related to anti counterfeit products through various through various types of methodologies and innovative products able to assist the final user

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 contributed, although indirectly, to improve the economic conditions of local communities in which we operate, and also generated value for our company. 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..

Once again this year the company has doubled the proceeds of the annual lottery carried out by employees donating them to various local associations as indicated by the employees.



## G4 – EC1

Palladio Group	2013	2014	2015
<b>Directly Economic Value Generated</b>	63.510.353,39	66.055.508,11	70.348.839,00
a) Revenues	63.510.353,39	66.055.508,11	70.348.839,00
<b>Economic Value Distributed</b>	59.114.349,00	60.453.974,73	65.822.717,00
b) Operating Costs	41.501.192,00	42.958.247,82	46.515.223,09
c) Employee wages and benefits	15.462.135,00	16.148.111,82	17.048.524,00
d) Payments to providers of capital	250.869,00	621.185,17	490.759,00
e) Payments to government (by country )	1.831.094,00	1.931.595,26	1.738.329,00
f) Community investments	69.059,00	37.205,00	40.697,91
<b>Economic value retained</b>	4.396.004,39	5.601.533,38	4.526.122,00

## G4 – EC2

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 Group 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 Group 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.

### G4 – EC3

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

The coverage of the Retirement Plan over the years is shown in table.

Year	Italy	Serbia	Ireland	Total
2014	3.309.039	519.089	54.384	3.882.512
2015	3.521.218	453.774	46.676	4.021.668

### G4 – EC4

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

### G4 – EC5

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.

	2013	2014	2015
Salaries above the minimum wage by law % employees	76,94%	78,80%	91,17%
Annual salary's increments in % over employees	32,52%	32,19%	33,15%
Economic benefit % over employees	99,78%	100,00%	100,00%
Benefit % over employees	11,98%	12,43%	13,29%

### G4- EC 6

Palladio Group doesn't have a specific policy regarding the global recruitment of staff residing in the vicinity of establishments;

By recruitment practices however priority is given to people living in the vicinity where the activity takes place. On a general base the managers and the employees of both the foreign subsidiaries and the various Italian plants have their habitual residence nearby the relevant local communities.

The senior managers are those top-level functions and the local communities are intended as the country in which the plant operates.

% of senior manager employed from the local community			
Anno	Italia	Serbia	Ireland
2014	100%	100%	80%
2015	100%	100%	80%

### Indirect Economic Impacts

#### G4 – EC7

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 Group's employees, together with the company, have contributed, also during the year 2015, to support, through donations, various associations of humanitarian and social nature.

Palladio Group	2013	2014	2015
Donations and financial contributions	69.059,00	37.205,00	40.698

#### G4 – EC8

A systematic analysis of data related to indirect economic impacts is not present.

## Procurement approach

### G4 – EC9

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 paragraph G4-12.

### Environment

#### G4 – DMA EN

##### Environmental Management Approach

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 Group 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 Group pays its 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

### G4 – EN1

100% of the used raw materials, deriving from wood, come from resources controlled in accordance with the EUTR Regulation 995/2010 (see also G4 - EC1). 99% of raw materials are extracted from renewable resources. Thanks to the adoption, for some years now, of the Lean Manufacturing which resulted in benefits and improved performances, we were able to reduce the overall environmental impact at a Group level. In fact, despite the increased production, improved efficiency has limited the increase of CO2.

Raw Materials Used	U.M.	2013	2014	2015	year -1
Board used	kg	16.901.290	18.198.627	18.967.429	4,22%
Paper used	kg	2.981.309	2.852.735	3.338.770	17,04%
Self-adhesive material used	kg	92.731	89.354	108.904	21,88%
Aluminium for blister used	kg	11.405	9.430	10.691	13,37%
Total Raw Materials from renewable resources	kg	19.975.329	21.140.716	22.425.794	6,03%
Total Raw Materials from no-renewable resources	kg	11.405	9.430	10.691	13,37%
Total Raw Materials	kg	19.986.734	21.150.146	22.415.103	5,64%
Product delivered	kg	13.512.615	14.159.878	14.994.793	5,90%

Palladio Group 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 we must strictly comply to these requests, this limits our possibility to purchase recycled raw materials. Being unable to act directly on the finished product, we promote the concept of sustainable consumption with our Customers through initiatives 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, during 2015, the demand for using recycled cardboard by our customers remained stable (please also see EN28).

Percentage incoming Recycled raw materials	U.M.	2013	2014	2015
Total recycled raw materials	kg	2.510.036	3.791.475	3.918.578
Total board used	kg	16.901.290	18.198.627	18.967.429
Percentage incoming board / recycled raw material used	%	14,85%	20,83%	20,66%

### G4 – EN2

## Energy

### G4 – EN3

Currently Palladio Group does not produce energy, this is only purchased, and therefore it's impossible to determine if this is coming from renewable sources. As per above we can only assume that same is coming from no-renewable sources. The energy consumption for heating production floors and offices during winter time is exclusively attributable by the use of natural gas (Italian plants and plant Serbia) or oil fuel (Irish plant). Specific interventions have enabled a reduction in consumption, both at an absolute level, and comparing it with the shipped product against the worked

Energy consumption for heating	U.M.	2013		2014	2015
Natural Gas	GJ	10.458,79		8.078,57	12.864,14
Gas oil	GJ	415,9		422,7	653,5
For the conversion of volumes in gigajoules it has been used the table in paragraph G4-22 of this report					

hours

The consumption of electrical energy is significant as it has the greater environmental impact. This type of consumption derives from both the normal production and the use of compressors for air conditioning.

In the composition of the energy mix used to produce the electricity sold to the company it is estimated that about 34% comes from renewable sources.

Energy consumption for production & air conditioning during Summer	U.M.	2013	2014	2015
Electric Power	GJ	30.185,4	30.221,6	33.922,8
For the conversion from KWh to gigajoule it has been used the standard conversion factor equal to 0.0036				

### G4 – EN5 / EN6 / EN7

It is evident that 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

## Management approach and performance indicators - Section 8

Absolute and comparative Consumption of natural gas	U.M.	2013	2014	2015	% Year-1
Natural Gas Consumption	Sm3	295.121	230.724	367.400	59,24%
Gas used Sm3 / working hour	Sm3/h	1,274	0,974	1,453	49,10%
Gas used Sm3 /kg delivered product	Sm3/kg	0,022	0,016	0,025	50,37%
Absolute and comparative Consumption of electric power	U.M.	2013	2014	2015	% Year-1
Electric power Consumption	kwh	8.316.953	8.394.892	9.422.989	12,25%
Electric power used Kwh / working hour	kwh/h	35,915	35,451	37,258	5,06%
Electric power used Kwh /kg delivered product	kwh/kg	0,615	0,593	0,628	6,00%
Absolute and comparative Consumption of gas oil	U.M.	2013	2014		% Year-1
Gas oil Consumption	l	11.830	12.022	18.587	54,61%
Gas oil litres/ working hour	l/h	1,380	1,247	2,238	79,50%
Gas oil litres/ kg product delivered	l/kg	0,033	0,033	0,061	86,30%

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.

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.

## Water

### G4 – EN 8 / EN9 / EN10

As shown in the table below, the Group's plants use only enough

	U.M.	2013	2014	2015	% Year-1
Water withdrawn from mains	m3	5.222	5.162	6.298	22,01%
Water withdrawn from wells	m3	1.336	1.162	1.328	14,29%
Water withdrawn from other sources	m3	0	0	0	-
Total water withdrawal	m3	6.558	6.324	7.626	20,59%

water not to significantly damage the water sources. This because in all the premises of the Group water is mainly used for sanitary purposes. There are no recycling / reuse methods in place.

In 2015 have been consumed 7,626 m3, for a consumption of about 14 m3 per head. 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.

We believe that water is an important resource, and we try to use it sparingly at all sites of the Group. 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 Palladio Group + Charity: Water was aimed to engage employees with these issues, joining the initiative with a donation. The target we set out was largely achieved.

### Biodiversity

#### G4 – EN11 / EN12 / EN13 / EN14

All the Group's plants are located in technological / industrial areas, away from protected zones, from areas with a high concentration of biodiversity or where the species named in the red list UINC have their natural habitat.



Palladio Group pays its attention to biodiversity by supporting the protection of forests and wildlife and standing up against the illegal trading in the

timber sector through voluntary certification PEFC CoC and FSC CoC; and by purchasing only forest based products originating exclusively from controlled sources.

In addition to the above, in order to promote the protection of resources and environment, we actively participate to the events

promoted by CONAI called " Open Recycling " and, from 2013, we organize ,at our plants, the " Sustainability Days." Such initiatives involve our employees, their families and especially local



communities.

As confirmation of our environmental commitment and consistently with the path taken in the previous years, in 2015, we participated to "Clean Up the World" initiative promoted by Legambiente, which took place on 25-26-27 September 2015.

This event, with the collaboration of the Tourism Organisation of the Municipality of Vršac and the patronage of PEFC Italy took place in Vršac (Serbia). There have been various cleaning activities in the "Path of Health" located inside the Natural Oasis of the Vršac's hill and saw the participation of about 170 people, among them, 145 students from the schools of Vršac.



## Emissions

### G4 – EN 15 / EN 16 / EN17 / EN18 / EN1

The following environmental aspects have been identified and taken into account :

Scope 1) - Emissions of greenhouse gases due to the combustion of natural gas and diesel fuel in the plants for premises heating (direct and controllable emissions);

For each plant, the consumption of natural gas and diesel (invoices) for the last three years has been used.

Scope 2) - Greenhouse gas emissions from the consumption of electricity in the plants (indirect emissions);The energy consumption data (invoices),issued the last three years,have been used.

Scope 3) - Greenhouse gas emissions from the processing of raw materials incoming to the production cycle and from the transportation of raw materials and finished products (other indirect emissions);

The data for the last three years containing the quantities of raw materials incoming to each plant have been used . In detail, there are the following incoming materials:

- Cardboard boxes for processing in the line;
- Paper for for leaflets in line processes ;
- Self-adhesive Labels for stickers production;
- Inbound Travel (for the supply of raw materials of paper and cardboard) and output (for delivery of finished products) from all plants of the Group.

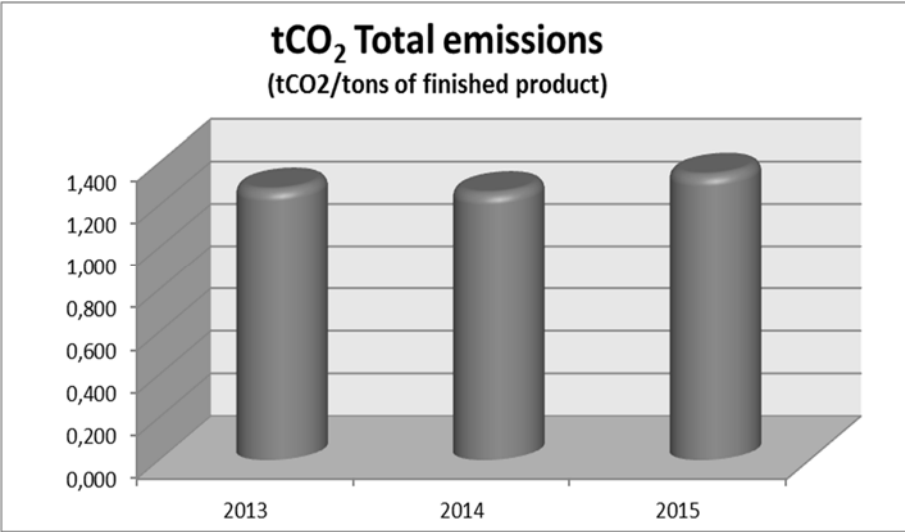
---

Scope 1 refers to emissions and absorption of direct greenhouse gas, Scope 2 refers to greenhouse gas indirect emissions associated with the use of energy, Scope 3 are other indirect emissions, for further details please refer to the definitions of the Greenhouse Gas Protocol ( [www.ghgprotocol.org](http://www.ghgprotocol.org)).

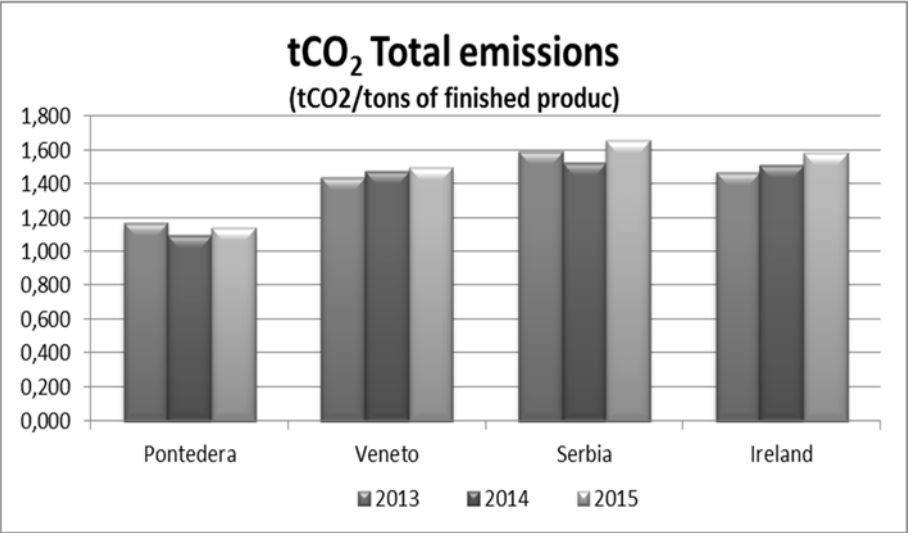


*Total CO2 Emissions and comparison between the group's plants*

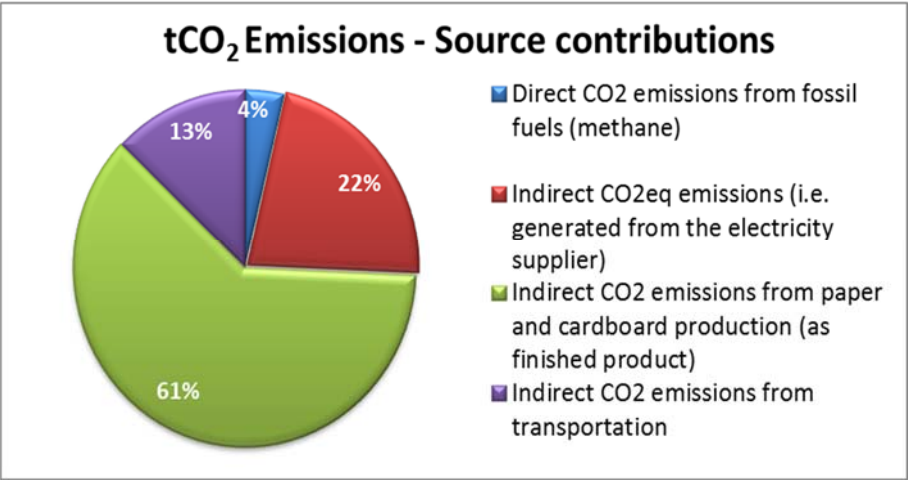
The following graphs compare the total emissions, the emissions at each plant and the emission percentage breakdown according to the different sources.



Picture 1 - Total CO2 emissions in the three years

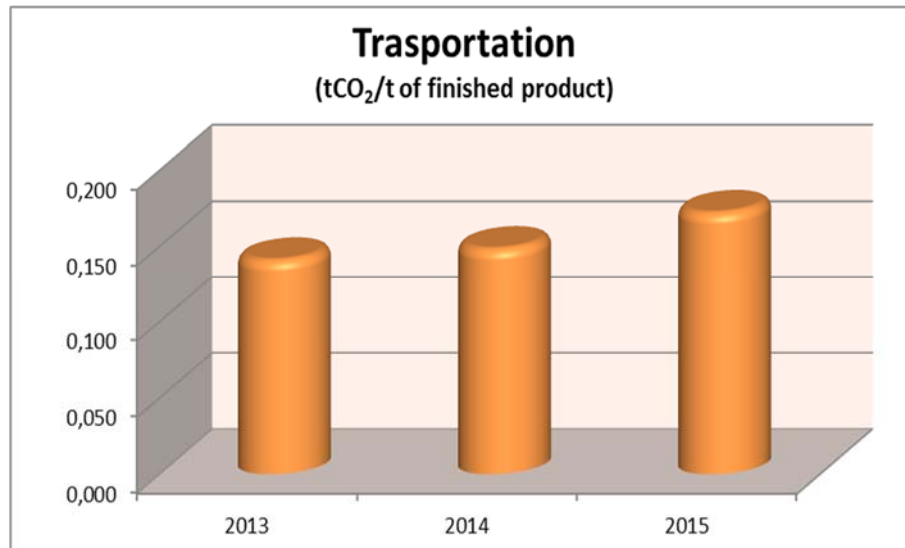


Picture 2 - Total CO2 emissions by plant



Picture 3 – Total CO2 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

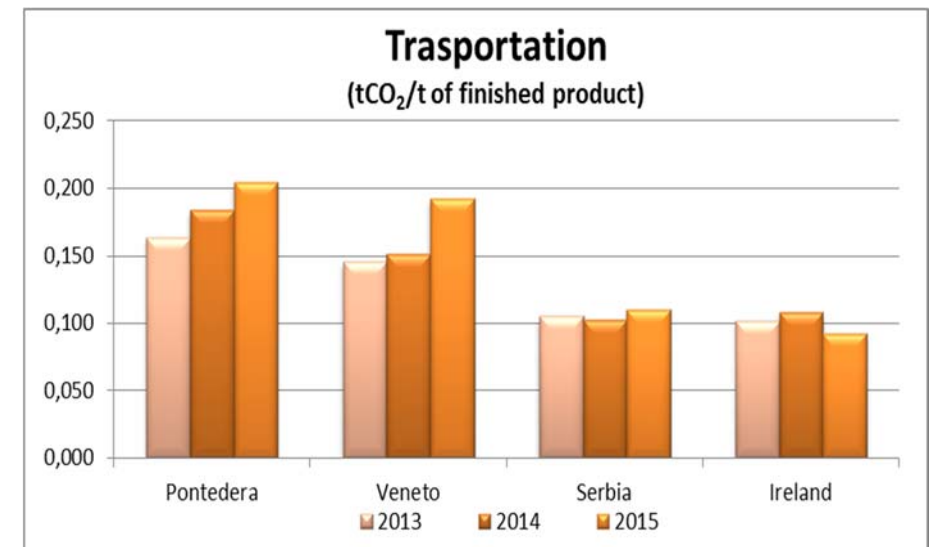
The amount of CO<sub>2</sub> emitted per kilometre travelled was calculated using the values provided by ANPA (National Agency for Environment Protection).

#### 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

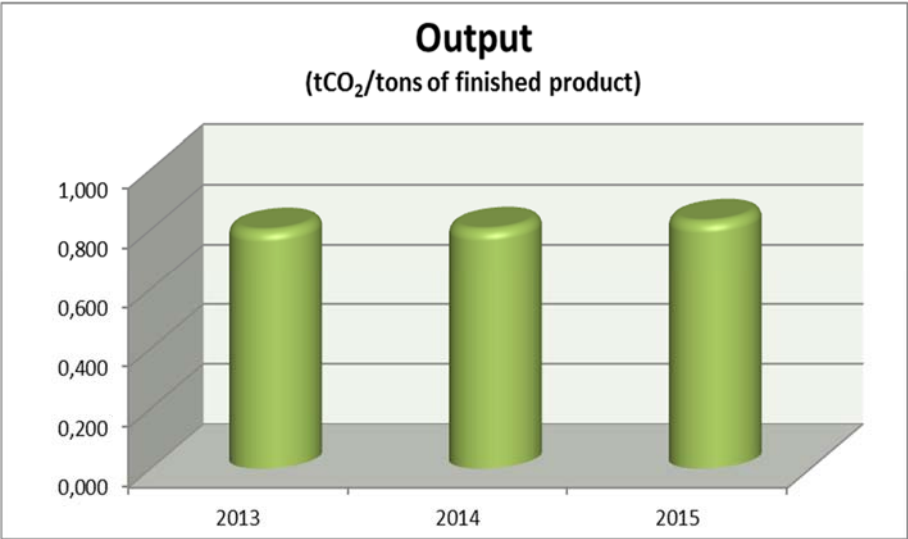
distance, was calculated the mileage over the three years individually for Pontedera, Tullamore and Vrsac, overall for the two plants Vicenza. It was then possible to determine the emission of greenhouse gases generated by the Pontedera, Tullamore, Vrsac plants and for the two factories located in Vicenza.

During the evaluation of the data for the calculation on the CO<sub>2</sub> emissions related to transportation (raw materials and finished products) were considered the tons of CO<sub>2</sub> 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.



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

*CO2 Emissions resulting from raw material processing (paper, cardboard and other paper material) incoming to the process*



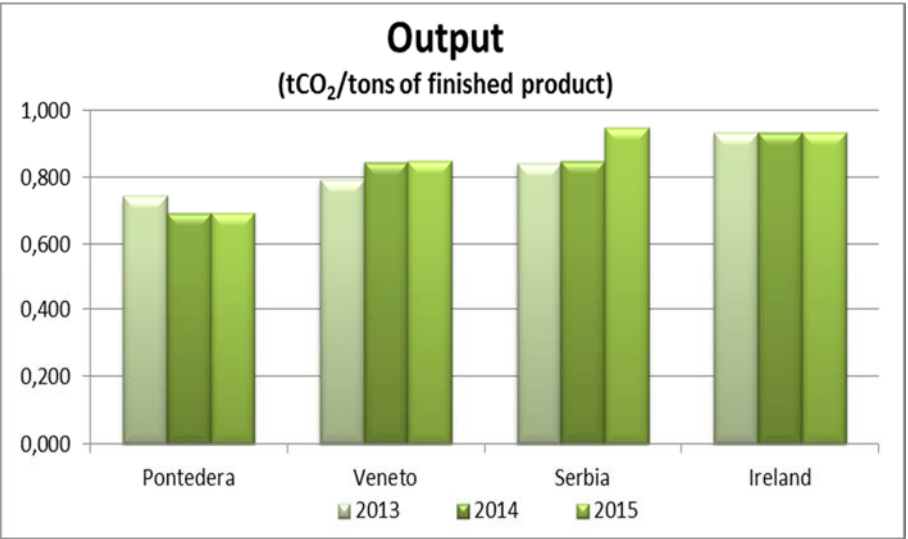
Picture 6 –total tCO2 emissions originated by raw material processing

For the calculation of greenhouse gas emissions from the processing of paper materials employed in the plants of Palladio Group 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

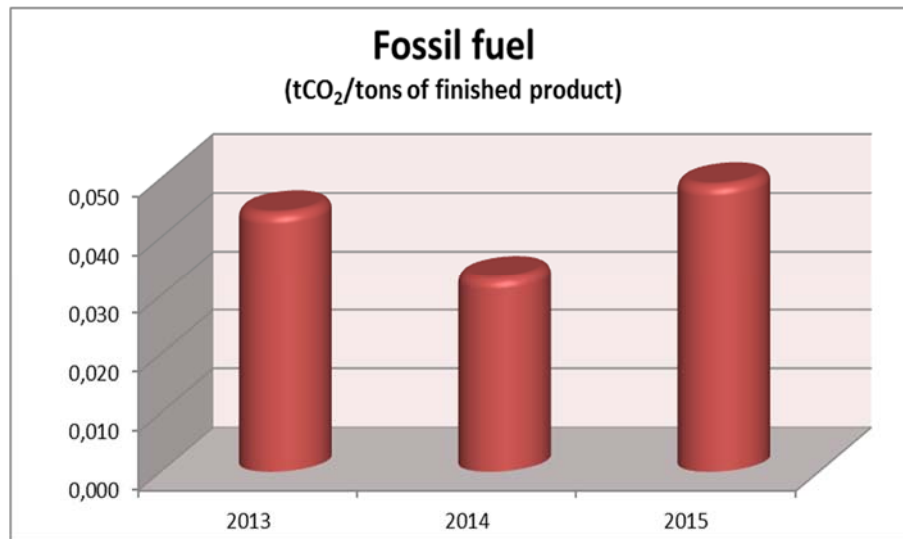
provided by paper mills weighed on the amount of raw material purchased and the difference between the purchased material and production waste.

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.

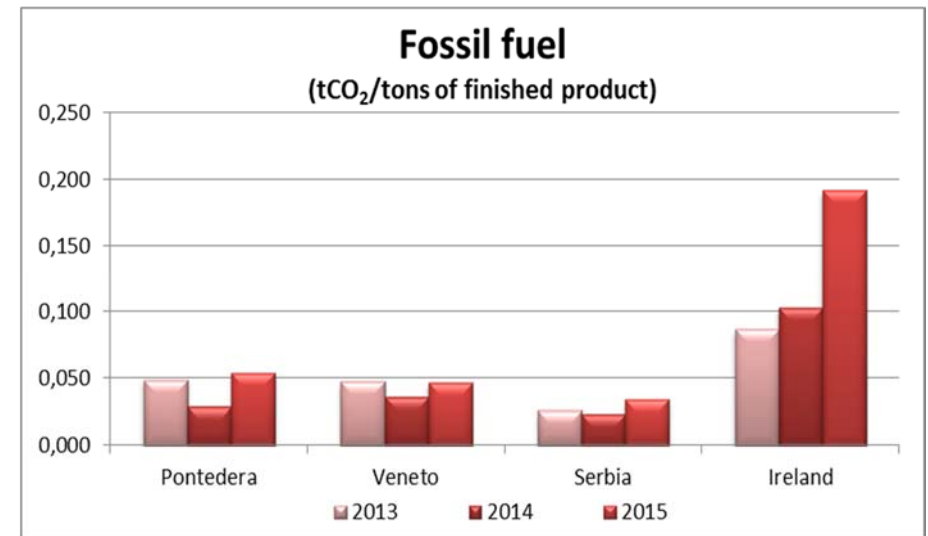


Picture 7 total tCO2 emissions d originated by use to raw material processing for each plant

### CO2 Emissions originated from Natural Gas and Heating Oil



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

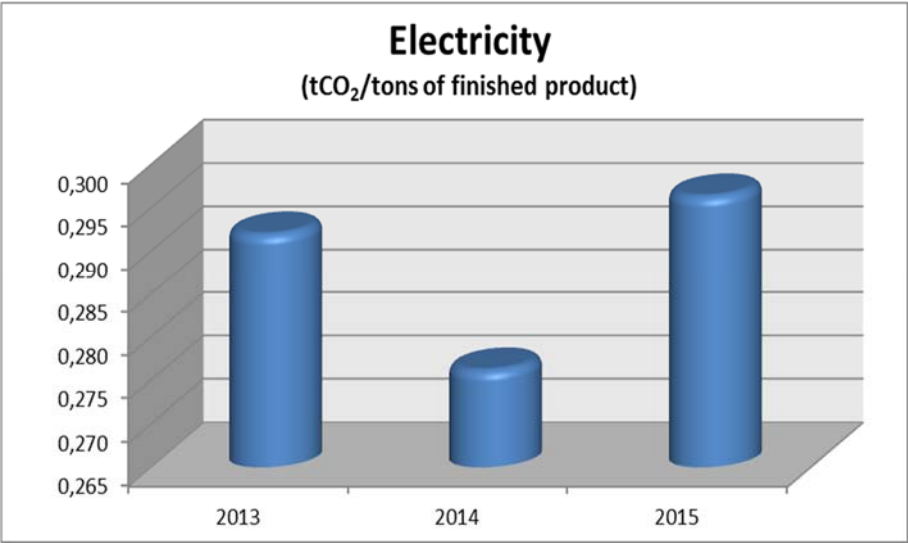


Picture 9 total tCO<sub>2</sub> emissions originated by fossil fuels for each plant

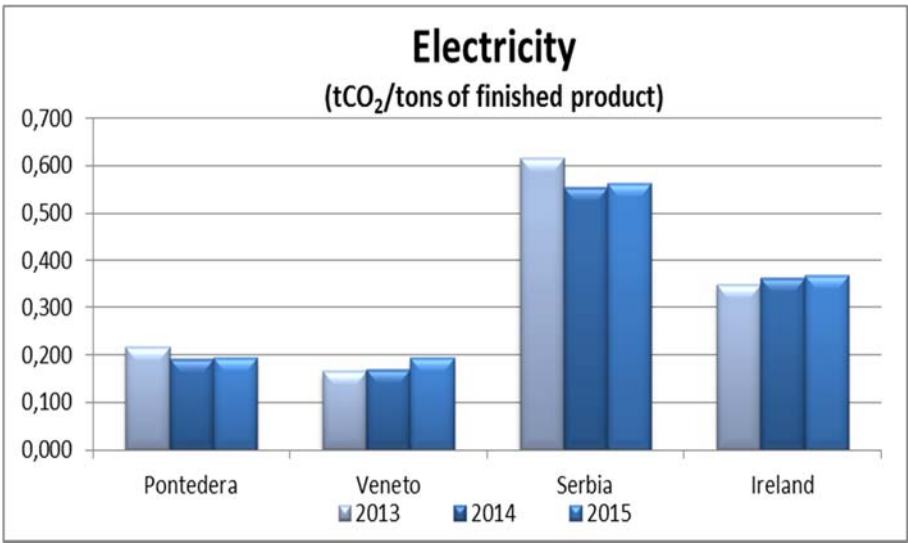
As stated above, natural gas is consumed for premises heating of the Italian and Serbian plants while the Irish plant uses for the same purpose oil fuel. Based on the data from the invoice relating to the consumption of each plant were calculated emissions of individual production units.

The total emissions are shown by Picture 8, while picture 9 reports the CO<sub>2</sub> emissions for each plant with the changes occurred in the last three years.

CO2 Emissions originated from Electric Power consumption



Picture 10 total tCO2 emissions originated by electric power



Picture 11 total tCO2 emissions originated by electric power for each plant

The amount of CO<sub>2</sub> released into the environment has been determined through the transformation of consumption (expressed in kWh) in Equivalent Tons of CO<sub>2</sub> through the application of a conversion factor, specific to the country in object, as recommended by the IEA (International Energy Agency report "CO<sub>2</sub> Emissions from Fuel Combustion 2015 Edition")

## Carbon Footprint

In recent years, thanks to a series of activities aimed to define and modify the procedural methods and the structural intervention that would allow a reduction in consumption resulting from any energy waste, we avoided to increase the Greenhouse Gas emission (measured on all sources).

The foregoing despite the enlargements of the plants, the implementation of additional production lines, the production differentiation and the increase of the business that have led to an increase in energy consumption.

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

UNIT DATA CARBON FOOTPRINT				
Data reference	Unit of measure	YEAR 2013	YEAR 2014	YEAR 2015
CO <sub>2</sub> Emissions	tonCO <sub>2</sub>	17.114,03	17.719,48	20.075,65
direct CO <sub>2</sub> emissions from fossil fuels (natural gas)	tonCO <sub>2</sub>	589,40	468,03	725,90
indirect emissions of CO <sub>2</sub> eq (i.e. generated by the provider ep)	tonCO <sub>2</sub>	3.851,18	3.910,15	4.373,79
indirect emissions of CO <sub>2</sub> from paper and paperboard production ( as finished product)	tonCO <sub>2</sub>	10.788,73	11.328,93	12.395,08
indirect emissions of CO <sub>2</sub> from transportation	tonCO <sub>2</sub>	1.884,72	2.012,37	2.580,88

Carbon footprint fuel	tCO <sub>2</sub> /ton product delivered	0,044	0,033	0,048
Carbon footprint electric power	tCO <sub>2</sub> /ton product delivered	0,285	0,276	0,292
Carbon footprint paper and board production	tCO <sub>2</sub> /ton product delivered	0,798	0,800	0,827
Carbon footprint Transportation	tCO <sub>2</sub> /ton product delivered	0,139	0,142	0,172
Carbon Footprint (from all sources)	tCO <sub>2</sub> /ton product delivered	1,267	1,251	1,339

LAST YEAR VARIATIONS		
Data reference	EXPRESSED IN %	EXPRESSED IN tCO <sub>2</sub>
CO <sub>2</sub> Emissions	0,048	2411,09
direct CO <sub>2</sub> emissions from fossil fuels	0,292	267,83
indirect emissions of CO <sub>2</sub> eq (i.e. generated by the provider ep)	0,827	594,32
indirect emissions of CO <sub>2</sub> from paper and paperboard production (finished product)	0,172	1068,44
indirect emissions of CO <sub>2</sub> from transportation	1,339	480,50
Carbon footprint fuel	50,22%	
Carbon footprint electric power	6,89%	
Carbon footprint paper and board production	3,34%	
Carbon footprint Transportation	16,04%	
Carbon Footprint (from all sources)	6,82%	



### G4 – EN 20/EN21

Palladio Group has no significant emissions into the atmosphere for which the competent authorities prescribed monitoring activities. Therefore emissions of harmful ozone-depleting substances are not measured.

### Drain, waste

### G4 – EN 22

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

### G4 – EN 23

Palladio Group 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.	2013	2014	2015	% Year-1
Total waste produced	kg	3.027.174	3.356.437	3.640.979	8,48
Total raw material waste (*)	kg	6.462.714	6.980.838	7.420.310	6,30
Total waste retrieved (R)	kg	2.864.631	3.098.810	3.411.780	10,10
hazardous waste	kg	170.241	147.650	103.147	-30,14
% hazardous waste on total waste generated	%	5,624	4,399	2,833	-35,60
non-hazardous waste	kg	2.856.933	3.208.787	3.537.832	10,25
Waste directly related to production	kg	263.348	223.730	211.753	-5,35
Production waste / raw materials taken	kg/kg	0,013	0,011	0,009	-10,74
Total waste / raw materials taken	%	15,15%	15,87%	16,24%	2,31
Total hazardous waste / raw materials taken	%	0,009	0,007	0,46%	-34,11

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

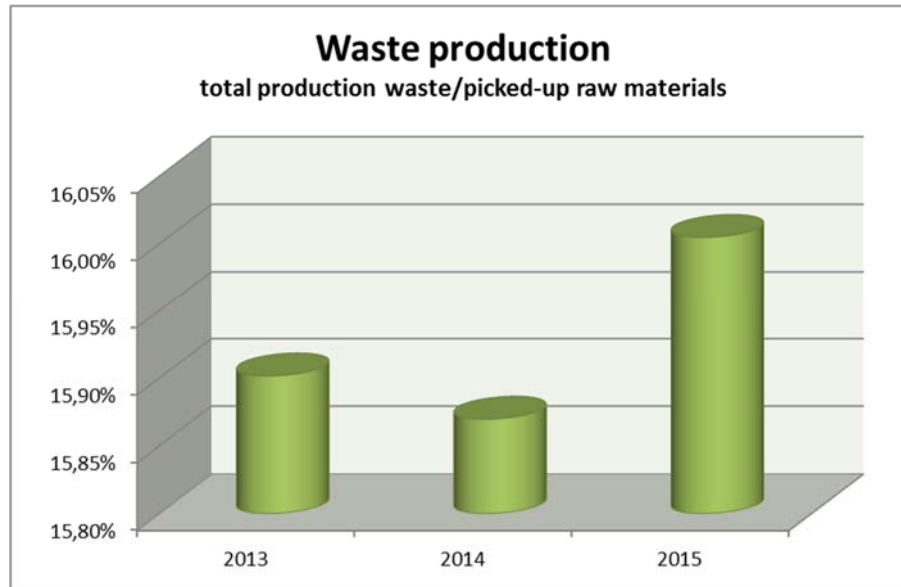
### G4 – EN 24

No significant spills recorded over the three years

## G4 – EN 25

Palladio Group 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.

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



Picture13 – Total waste production

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.

	U.M.	2013	2014	2015
Total produced waste	kg	3.027.174	3.356.437	3.640.979
non Hazardous waste	kg	2.856.933	3.208.787	3.537.832
Hazardous waste	kg	170.241	147.650	103.147
Total recycled waste (R)	kg	2.864.631	3.098.810	3.411.780



Picture 14 – Hazardous Waste Production

### G4 – EN 26

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

#### G4 – EN 27

See EN2

#### G4 – EN 28

Percentage of recycled product		2013	2014	2015
Product sold	kg	13.372.935	14.159.878	14.994.793
Total Purchase recycled raw material	kg	2.510.036	3.791.475	3.918.578
Total recycled products and their packaging	kg	6.602.394	6.980.838	7.420.310
Percentage recycled products (recycled products /sold products)	%	49,37%	49,30%	49,49%
Percentage total recycled products (recycled products + recycled raw material)/ sold products	%	68,14%	76,08%	75,62%

Our activities, due to the type of material used, involve a products' recycling system that stands at very high rates.

All waste / production waste are appropriately separated to be sent for recycling.

### Conformity

#### G4 – EN 29

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

#### G4 – EN 30

The Organization, in order to mitigate the environmental impacts linked to the products' transportation, is constantly committed to optimize both the outbound and inbound travels. This optimisation is possible through the procurement and the subsequent production of the finished product in factories that are located closer to the customer to who the material is delivered (also see G4-EN16)

	U.M.	2013	2014	2015
Total inbound + outbound travels	n.	420.401	393.174	422.938
Total inbound travels	n.	417.209	389.561	417.002
Total outbound travels for finished product shipments	n.	3.192	3.613	5.936
Km incoming routes	km	1.313.126	1.270.090	1.253.016
Km out routes	km	1.334.354	1.556.635	2.372.258

## General

### G4 – EN 31

In 2015, the environmental management and protection costs were an estimated 210.000 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.

Expenditures and investments for the environmental protection and security	U.M.	2013	2014	2015
Waste disposal, treatment of emissions, remediation, prevention and environmental management	Euro	259286,78	260583,83	210140,51
Safety costs	Euro	204.177,22	201.001,06	210.798,46

## Environmental assessment of suppliers and control and complaint management

### G4 – EN 32 / EN33 / EN34

As per G4 -12 e G4 -13, since 2016, all new major suppliers are selected and qualified based on environmental and social criteria. Particular attention is placed on suppliers of forest based raw materials on which are carried out additional controls.

Any negative environmental impacts and possible complaints related to the same impacts are handled through the documented nonconformity management.

In the reporting period, neither significant environmental impacts nor complaints regarding environmental impacts were recorded.

### Social performance Indicators

#### G4 - DMA LA

##### Social Management Approach

Palladio Group 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 Group 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

Since 2012, we are part of the Global Compact; which 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 Group 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 Group 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. .

In 2014, at the Serbian plant, an independent audit was performed by Intertek company. Same was conducted in accordance with the SMETA (Sedex Member Ethical Trade Audit) best practice guidance.

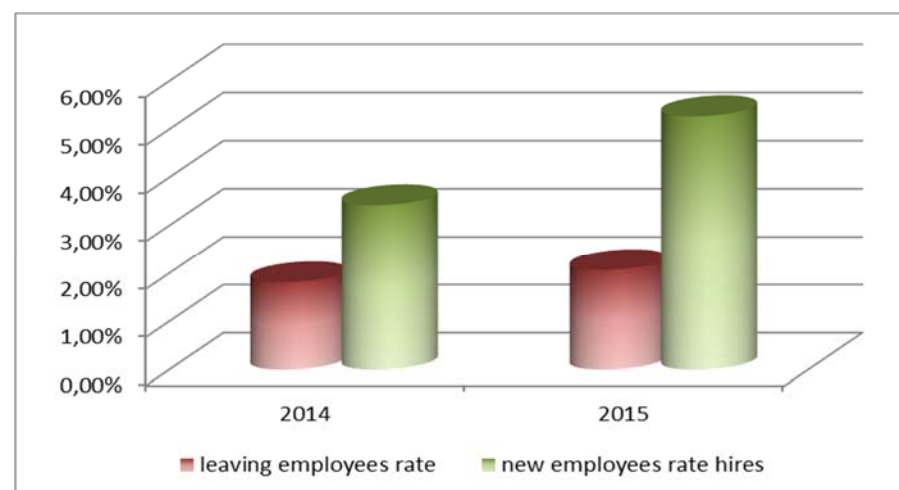
Our personnel, on annual bases, receive a performance bonus to encourage active participation in the work of the company and to reward those that contribute to the excellent results of Palladio Group. Through a reward mechanism, based on meritocracy, employees are guaranteed a super minimum (or equivalent) 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

### G4 – LA1

	TOTAL	BREAKDOWN 2015		
	2015	ITALY	IRELAND	SERBIA
New hires Men <30	8	5	0	3
New hires Women <30	2	0	0	2
New hires Men 30-50	12	9	0	3
New hires Women 30-50	6	5	0	1
New hires Men >50	0	0	0	0
New hires Women >50	0	0	0	0
Total leaving employment	11	9	2	0
Total New employees hires	28	19	0	9
Rate of hires Men <30	1,51%	1,28%	0,00%	2,38%
Rate of hires Women <30	0,59%	0,00%	0,00%	1,59%
Rate of hires Men 30-50	14,63%	2,30%	0,00%	2,38%
Rate hires Women 30-50	26,09%	1,28%	0,00%	0,79%
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 employment	2,07%	2,30%	14,29%	0,00%
Rate of New hires	5,27%	4,86%	0,00%	7,14%



#### G4 – LA2

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

Our benefits (See G4 - 10) 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.

#### G4 – LA3

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 2015	BREAKDOWN 2015					
		ITALY		IRELAND		SERBIA	
		men	women	men	women	men	women
number of employees, broken down by gender, who were entitled to parental leave.	13	7	5	0	0	0	1
number of employees, broken down by gender, who have taken parental leave	13	7	5	0	0	0	1
number of employees, broken down by gender, who have returned to work at the end of parental leave	14	7	5	0	0	0	2 <sup>(1)</sup>
number of employees, broken down by gender, who have returned to work after parental leave and who were still employed twelve months after they returned to work	13	5	5	0	0	0	3
rate of return of employees	100	100	100	0	0	0	100
retention rate of employees back to work	100	100	100	0	0	0	100
(1) return from leave availed in 2014							

### Industrial Relations

#### G4 – LA4

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

In the reporting period there were no organizational changes and / or significant changes in corporate operations.

### Health and Safety on the workplace

#### G4 – LA5

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 75%.

#### G4 – LA6

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			BREAKDOWN 2015					
	2013	2014	2015	ITALY		IRELAND		SERBIA	
				M	F	M	F	M	F
N° total work accidents	12	6	15	11	0	1	0	3	0
N° total accidents in transit	4	1	0	0	0	0	0	0	0
N° total days of absence due to accidents (no in transit)	299	425	409	296		0		113	
Hours worked by the Employees (excluding holidays, illnesses)	786.023	867.909	853.737	564976		25490		263271	
N° total hours of absence due to accidents (no in transit)	2390	3396	3272	2368		0		904	
% hours of absence due to accidents on total hours worked	0,304	0,391	0,383	0,419		0,000		0,343	
Injury severity index	0,38	0,49	0,48	0,52		0,00		0,43	
Accident frequency index	20,36	8,07	17,57	15,93		39,23		11,40	
Absenteeism	3,29%	4,00%	3,25%	3,69%		0,96%		2,52%	
Hours out for sick leave	25.853	34.741	27.728	20852		244		6632	
N° total work accidents	0	0	0	0		0		0	

#### G4 – LA7

The company assesses the risks and identifies 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.

During 2015, three requests for occupational disease were submitted. After appropriate assessment by the relevant government bodies, none of these requests have been acknowledged.

#### G4 – LA8

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.

In the foreign plants, in compliance with applicable laws of the country and not as part of formal agreements with trade unions, the same activities under the Italian sites are still implemented, such as regular meetings with employees on health and safety at work. In Serbia an outside consultant has been appointed as the plant WSR (Workers' Safety Representative), while in Ireland there is an employee who is in charge as Safety Representative.

### Training and education

#### G4 – LA9 / LA10 / LA11

Average hours of training				
Year	Italy %	Ireland %	Serbia %	Total average hours
2013	14,07	41,87	14,76	15,09
2014	16,58	47,69	14,75	17,13
2015	14,39	14,86	13,10	14,10

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 2015 our employees have attended more than 7.500 hours of training, of which over 3.900 hours specific on the safety in the workplace and about 800 that included specific courses of Team Working and Change Management for employees, managers and executives.



Numero ore addestramento anno 2015 suddivise per categoria							
Italia		Irlanda		Serbia		Totale	
impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai
1578	4050	25	183	493	1157	2096	5390

Media Ore addestramento anno 2015 per categoria dipendenti							
Italia		Irlanda		Serbia		Totale	
impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai
26,75	12,39	8,33	16,64	15,41	12,71	22,30	12,56

Numero ore addestramento anno 2015 suddivise per genere							
Italia		Irlanda		Serbia		Totale	
uomini	donne	uomini	donne	uomini	donne	uomini	donne
4631	997	183	25	1281	369	6095	1391

Media Ore addestramento anno 2015 addestramento per genere							
Italia		Irlanda		Serbia		Totale	
uomini	donne	uomini	donne	uomini	donne	uomini	donne
14,99	12,16	16,64	8,33	5,48	4,10	15,75	12,76

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

### *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.);

The following courses, having the purpose of skills' development ,were carried out during 2015:

- Trade Union Relations Management
- Lean Processes and IT
- Suppliers Strategic Management
- Public Speaking
- Customer Service Training
- Leadership and Innovation
- Time Management
- The role of the head of the department
- Change management
- Team Building -Cooking-

### *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 particularly on 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.

### *Percentage of employees evaluated on performance and career development*

*At 2015 year end specific self-assessment forms have been filled in by every employee with the purpose of assessing the knowledge of all employees, enhancing or developing their competence, identifying training gaps and being able to finally develop specific and individual training plans. Over the course of 2016 individual meetings will be carried out to compare the feedbacks of the heads of the department/managers against each employees self assessment , in order to identify any training deficiencies and to give annual feedback on staff performance..*

### *Palladio Pensioners Group*

Palladio Group assists its employees in the transition from employment to retirement, which sometimes causes problems.

Since a few years it also created the "Palladio Pensioners Group" 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.

Once again this year, for our retirees and their families, it has been organized free trip to the Iseo Lake and the Franciacorta hills, with a guided tour of the historic centre and of the St. Peter's Monastery in Lamosa.





## Diversity and equality

### G4 – LA12

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 (by department) 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 (e.g.

Porterage, warehouse handling).See G4-10.

## Equal pay for women and men

### G4 – LA13

See G4-10.

## Assessment of the suppliers' working practices and mechanisms of complaints management

### G4 – LA14 / G4 – LA15 / G4 – LA16

As per G4 -12 e G4 -13, since 2016, all new major suppliers are selected and qualified based on environmental and social criteria. The service providers (contractors) are also subjected to further selection criteria (also provided by the legislation) in relation to employment practices. Any negative environmental impacts and possible complaints related to the same impacts are handled through the documented nonconformity management.

In the reporting period, neither significant environmental impacts nor complaints regarding environmental impacts were recorded.

### Human rights Performance indicators

#### G4-DMA HR

#### Management approach to Human Rights

Palladio Group 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 particular 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

### G4 – HR1

Palladio Group 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 Group. (Also see G4-12/G4-13).

### G4 – HR2

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

2015 refresh training was carried out and involved more than 71% of employees.

Year	H of training	Trained employees	% Trained employees
2012	44.5	89	20%
2013	426.5	488	100%
2014	15	15	3%
2015	406	379	71%

## Non-discrimination

### G4 – HR3

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 Group 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 2015 we were not submitted reports of discriminatory practices of human rights.

### Freedom of association and collective bargaining

#### G4 – HR4

All employees are free to join trade unions or similar organisations, without this causing any attitude of advantage or disadvantage in their regards (see G4 - LA1). The trade unions have the freedom to carry on their business, within all Palladio Group activities, without experiencing pressure or interference from the Company. In the Group companies, periodically, are held meetings with the trade unions (paid) open to all employees in order to support the right of workers to the freedom of association.

During the year 2015:

- There were no hours of strike by employees;
- 492 paid hours has been spent for meetings with trade union ;
- The percentage of members of trade unions is 17.14%.

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.

### Child Labour

#### G4 – HR5

Child labour is not allowed in any plant of the Organisation. The table shows the minimum age of employees for each Group's plant.

	ITALY			IRELAND			SERBIA		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Minimum employees age	22	23	22	21	26	27	20	19	20

With regard to the provisions of our Code of Ethics our main raw material suppliers are monitored through specific questionnaires (see HR4) and all service providers (contractors) are controlled by specific statements attesting to their fulfilment of legislative and contractual obligations.

### Forced Labour

#### G4 – HR6

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

Group'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 intellectual 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 (please see G4-12/G4-13).

### Security Practices

#### G4 – HR7

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 population's Rights

#### G4 – HR8

In Palladio Group 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

#### G4 – HR9

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 Group 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.

#### G4 – HR10 / G4 – HR11

Please see also G4-12/G4-13.

### Human rights complaints management

#### G4 – HR12

In 2015, neither the Group's factories nor the work carried out by our employees (from either internal or external stakeholders) have been subjected to complaints concerning the violation of human rights and the.

## Society Performance Indicators

### G4 – DMA SO

#### Management Approach to Society

Palladio Group 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. Many were the 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 Group, 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 Group 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 Group has relation.

In Palladio Group:

- 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 Group. 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 Group, 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 our customers and suppliers disclosure in which we present the commitment made by Palladio Group on Social Responsibility, aiming to sensitise them to operate in line with 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

### G4 – SO1

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.

In 2015 Palladio took part in the event organized by Legambiente "Clean Up the World"; this is a global environmental campaign held in collaboration with the United Nations Environment Programme (UNEP).

In the national territory, Palladio supported schools located in the areas where its plants are, giving away kit packages for the organization of the voluntary environmental day. At the plant in Vrsac, with the participation the schools' pupils, it has been carried out a series of cleaning activities in the "Path of Health" located inside the Natural Oasis of the Vrsac hill.

In Italy the schools of Schio, Valdagno, Calenzano and Sovicille received the Clean Up the World kits with our contribution (see also

EN12).

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. In 2015 we have implemented additional initiatives including:

- Tennis Tournament
- Prize contest
- Schools' tours of our factories
- Open recycle (by Conai)
- Recreational activities for the employees' children

### G4 – SO2

- 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 impacts on the environment have been properly identified and analysed. The same are constantly monitored.

### Anti-Corruption

#### G4 – SO3

In all factories of Palladio Group 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 Group.

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.

#### G4 – SO4

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. In 2015 it was organized a refresh training that involved more than 75% of employees (see HR2).

## G4 – SO5

In 2015 there were no incidents of corruption involving employees and / or suppliers.

In 2014 we had to take legal action for fraud against two employees

	2013	2014	2015
total number of episodes for which employees were dismissed or subjected to disciplinary action for corruption	0	1	0
total number of episodes for which contracts with business partners were not renewed for violations relating to corruption	0	1	0
number legal actions regarding corruption practices against the organization or its employees	0	2	0

who were fired.

We interrupted 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.

## Public Politic

### G4 – SO6

Palladio Group 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. Company policies forbid the

founding of political parties or their members.

## Anti-Competitive Behaviour

### G4 – SO7

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

## Compliance

### G4 – SO8

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

## Evaluation of the suppliers for the impact on society and complaint management

### G4 – SO9 / G4 – SO10 / G4 – SO11

As indicated in G4 -12 and -13, from 2016, all new major suppliers are selected and qualified on the basis of social and environmental criteria. Any reports or complaints related to the impacts on society themselves are treated through the documented Noncompliance

management. In 2015, there were no reports or complaints relating to impact on society (in 2014 there was one case immediately dealt with and resolved, see G4-SO5).

## Product Responsibility Performance Indicators

### G4 - DMA PR

#### Management Approach to Product Responsibility

For Palladio Group 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 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. 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 and human 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 bespoke 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.

We also conduct customer satisfaction survey to measure the satisfaction of our customers and receive their valuable suggestions to improve products and services



## Customer Health and Safety

### G4 - PR1

In general terms, due to the nature of products delivered by the Palladio Group's companies, there is not a 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).

### G4 – PR 2

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 Group during their life cycle.

## Product and Service Labelling

### G4 – PR 3

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

### G4 – PR 4

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

### G4 – PR 5

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

### G4 – PR6

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 final user that could be the subject of any sponsorship activities.

Customers are typically contacted through normal business practices or through participation in public tenders.

### G4 – PR7

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 from any of the Group companies

## Privacy

### G4 – PR8

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

## Compliance

### G4 – PR9

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



**Assurance**







## ASSURANCE STATEMENT

### STATEMENT OF PALLADIO GROUP 2015 SUSTAINABILITY REPORTING

SGS Italia S.p.A. ( SGS ) was commissioned to conduct an independent assurance of Palladio Group ( Palladio ) 2015 Sustainability Reporting. The information in the document is the exclusive responsibility of Palladio.

SGS expressly disclaims any liability or co-responsibility in the preparation of any of the material included in this document or in the process of collection and treatment of the data therein.

The Group is responsible for the identification of stakeholders and material issues and for defining objectives with respect to sustainability performance.

SGS affirms its independence from Palladio, being free from bias and conflict of interests with the Organization, its subsidiaries and stakeholders.

### Responsibilities and Scope of Assurance

The responsibility of SGS is to express an opinion concerning the text, the qualitative and quantitative information, the graphs, the tables and the statements included in the Sustainability Reporting, within the below mentioned assurance scope, with the purpose to inform all the Interested Parties.

The scope of assurance agreed with Palladio includes the verification of following aspects:

- review of the Group approach to materiality analysis and stakeholder engagement processes and initiatives;
- evaluation of the 2015 Sustainability Reporting against the Global Reporting Initiative Guidelines (GRI-G4), with reference to the 'in accordance' Core option;
- Verification of the accuracy and reliability of data.

### Assurance methodology and limitations

The verification process started from materiality analysis and stakeholder engagement methodology validation activities and was performed through examination of records and documents, interviews with personnel and management and analysis of policies, procedures and practices adopted within the organization. The texts, graphs and tables included in the Reporting were verified by selecting, on a sample basis, qualitative and/or quantitative information to confirm the accuracy and to follow the process of data elaboration and synthesis.

Audit activities were carried out during April 2016 at Palladio site and Head Quarters in Dueville ( VI - Italy) and at the sample site of the Group in Pontedera ( PI - Italy) and they refer to data and performance of the whole Group.

The audit team was assembled based on their technical know-how, experience and the qualifications of each member in relation to the various dimensions assessed.

Financial data are drawn directly from the Palladio Consolidated Financial Statements at 31 December 2015, already certified by the auditing firm.

### Statement of conclusion

On the basis of the auditing activities performed, SGS confirms with a reasonable level of guarantee that the information contained in the 2015 Sustainability Reporting, which represents a significant summary of the activities carried out by Palladio, as well as an essential tool of communication with stakeholders, are complete, reliable and accurate.

We believe that Palladio 2015 Sustainability Reporting tackles in a complete and transparent manner themes considered "material" for the organization and its stakeholders.

With reference to the approach of the Group to the materiality analysis and stakeholder engagement process, the audit team expressed the following opinion:

- The Materiality analysis, the stakeholder engagement and the sustainability targets, demonstrate in a tangible way the integration of sustainability issues in the Group's strategy. The constantly maintained dialogue with stakeholders appears to be of substantial support for the identification, prioritization, and continuous improvement of the economic, environmental and social issues and their related impacts;

With reference to the GRI-G4 indicators, the completeness and accuracy of KPIs reporting has been verified.

The audit team confirms the thorough work carried out by the Organization in response to the indicators requests related to the sets Energy and Emissions and the commitment of the Group in updating some data functional to the calculation of the KPIs above mentioned. It is recognized the effort that has made the Group to analyze and start to report the greenhouse gases emissions resulting from their own processes, but also the Scope 3 indirect emissions.

SGS confirms the adherence of the Palladio 2015 Sustainability Reporting to the GRI-G4 requirements according to the option 'in accordance' Core.

Milan, 16 May 2016

### SGS Italia S.p.A.

Paola Santarelli  
Consumer and Retail Services  
Certification and Business Enhancement  
Business Manager

Laura Ligi  
Consumer and Retail Services  
Certification and Business Enhancement  
Project Leader



Reconta Ernst & Young S.p.A.  
Via Isonzo, 11  
37126 Verona  
Tel: +39 045 8312511  
Fax: +39 045 8312550  
ey.com

## RELAZIONE DELLA SOCIETA' DI REVISIONE INDIPENDENTE AI SENSI DELL' ART. 14 DEL D.LGS. 27 GENNAIO 2010, N.39

Agli Azionisti di Palladio Group S.p.A.

### Relazione sul bilancio d'esercizio

Abbiamo svolto la revisione contabile dell'allegato bilancio d'esercizio di Palladio Group S.p.A., costituito dallo stato patrimoniale al 31 dicembre 2015, dal conto economico per l'esercizio chiuso a tale data e dalla nota integrativa.

### Responsabilità degli Amministratori per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione.

### Responsabilità della società di revisione

E' nostra la responsabilità di esprimere un giudizio sul bilancio d'esercizio sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11, comma 3, del D.Lgs. 27 gennaio 2010, n. 39. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio d'esercizio non contenga errori significativi. La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio d'esercizio. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio d'esercizio dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio d'esercizio dell'impresa che fornisce una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli Amministratori, nonché la valutazione della presentazione del bilancio d'esercizio nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

### Giudizio

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria di Palladio Group S.p.A. al 31 dicembre 2015 e del risultato economico per l'esercizio chiuso a tale data, in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Reconta Ernst & Young S.p.A.  
Sede Legale: Via Po, 20 - 00198 Roma  
Capitale Sociale € 1.402.500,00 i.e.  
Iscritta alla S.S. del Registro delle Imprese presso la C.C.I.A.A. di Roma  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904  
P.IVA 00891220953  
Iscritta all'Albo Revisori Legali al n. 70945 Pubblicata sulla G.U. Suppl. 13 - 16 Serie Speciale del 17/02/1996  
Iscritta all'Albo Speciale delle società di revisione  
Consob al progressivo n. 2.466864 n. 20831 del 16/11/1997  
A member firm of Ernst & Young Global Limited



### Relazione su altre disposizioni di legge e regolamentari

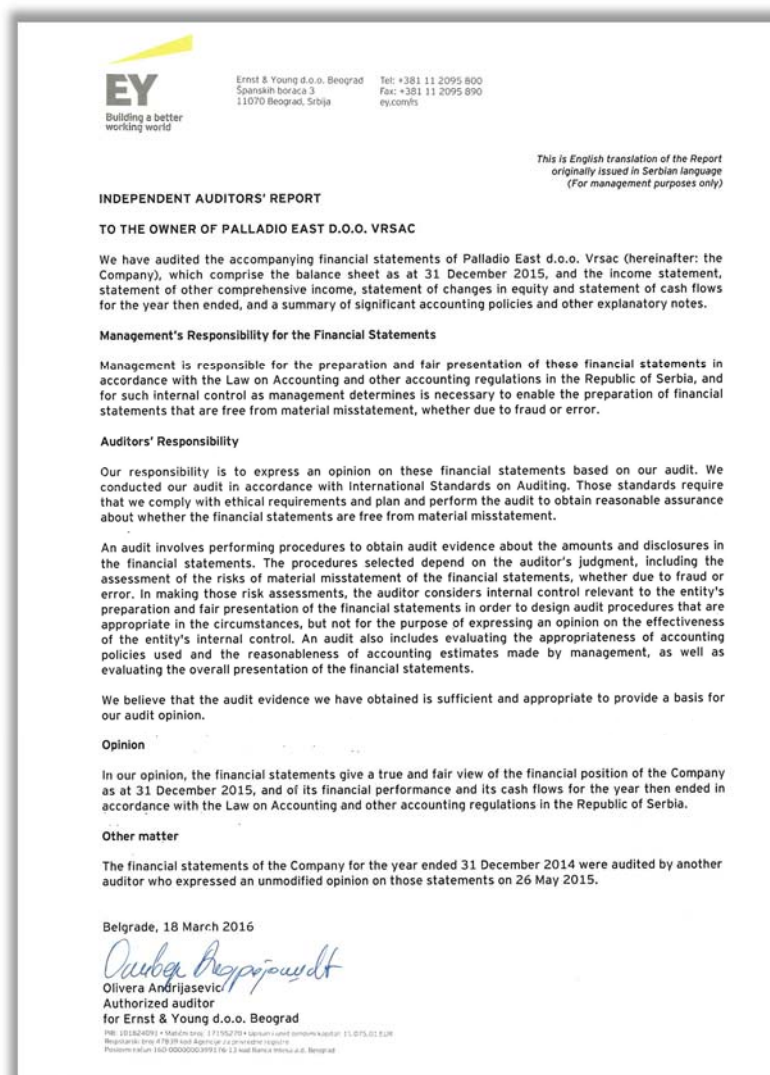
#### Giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione, la cui responsabilità compete agli Amministratori di Palladio Group S.p.A., con il bilancio d'esercizio di Palladio Group S.p.A. al 31 dicembre 2015. A nostro giudizio la relazione sulla gestione è coerente con il bilancio d'esercizio di Palladio Group S.p.A. al 31 dicembre 2015.

Verona, 13 aprile 2016

Reconta Ernst & Young S.p.A.

  
Daniele Tosi  
(Socio)





## INDEPENDENT AUDITOR'S REPORT

### to the Shareholders of Palladio Ireland Packaging Solutions Limited

We have audited the financial statements of Palladio Ireland Packaging Solutions Limited for the year ended 31st December 2015 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors, including 'APB Ethical Standard - Provisions Available for Small Entities (Revised)', in the circumstances set out in Note 3 to the financial statements.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2015 and of its results for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and in particular with the requirements of the Companies Act 2014.

#### Matters on which we are required to report by the Companies Act 2014.

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

## INDEPENDENT AUDITOR'S REPORT

### to the Shareholders of Palladio Ireland Packaging Solutions Limited

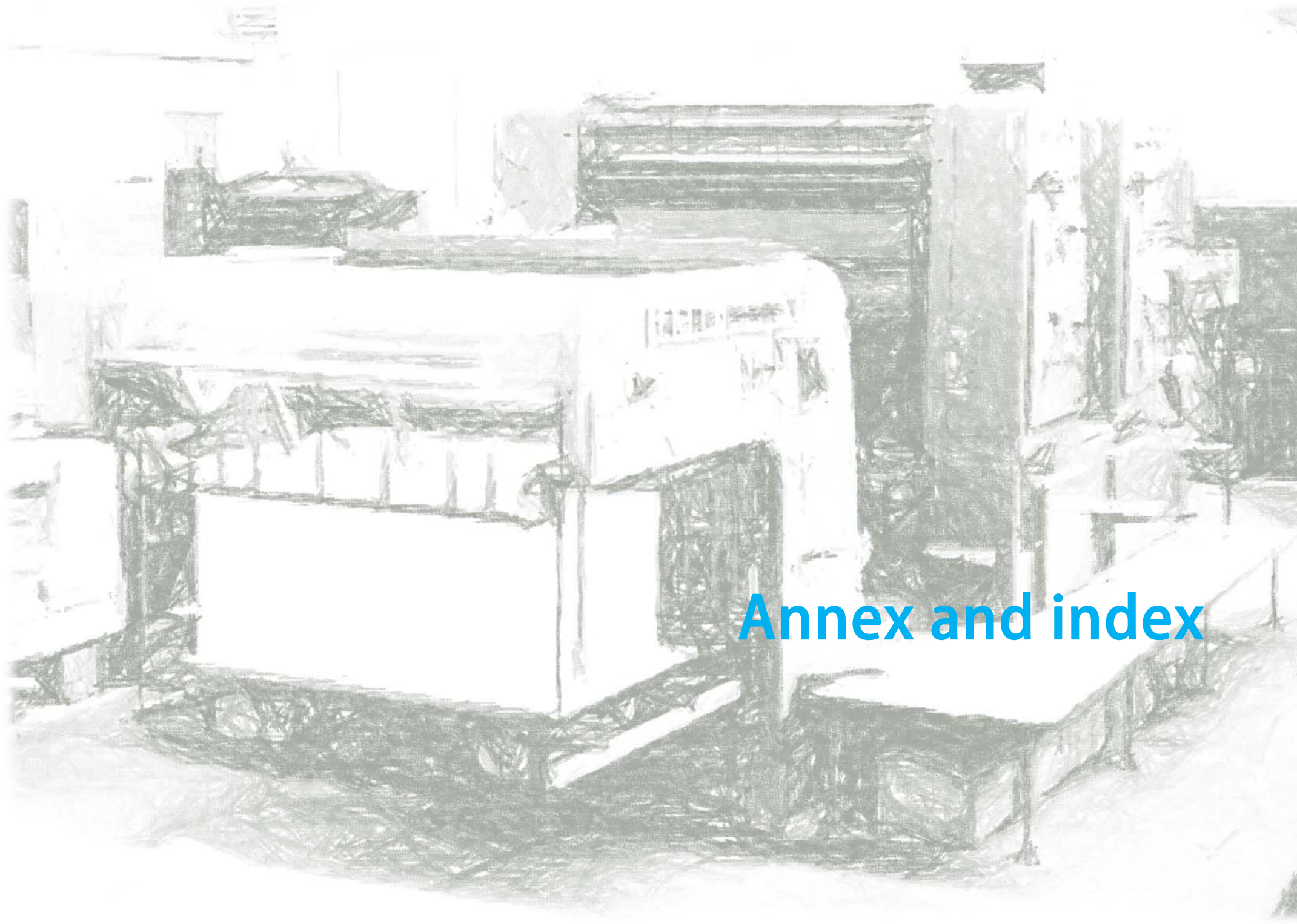
#### Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by Sections 305 to 312 of the Act are not made.



Michael Casey  
for and on behalf of  
BYRNE CASEY & ASSOCIATES  
Chartered Accountants and Registered Auditors  
Clonminch Hi-Technology Park  
Clonminch Road  
Tullamore  
Co. Offaly  
R35A2Y4  
Ireland

18 March 2016



**Annex and index**



## Annex 1- Determination Table of the material aspects and boundaries

Typology of the Aspect	Material Aspect	GRI Indicators	Internal	External	Significance	Influence on Stakeholder	Priority
Economic	Economic Performance	G4-EC1, G4-EC2, G4-EC3		X		SI	
	Market Presence	G4-EC5, G4-EC6, G4-EC7	X		SI	SI	SI
	Procurement practices	G4-EC9	X		SI		
Environment	Emissions	G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19		X			
	Energy	G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7	X		SI	SI	SI
	Materials	G4-EN1, G4-EN2	X		SI		
	Biodiversity	G4-EN11, G4-EN12, G4-EN13, G4-EN14	X	X	SI	SI	SI
	Waste	G4-EN23, G4-EN24, G4-EN25	X			SI	
	Products and services	G4-EN27	X			SI	
	Compliance to laws and regulations	G4-EN29	X			SI	SI
	Expenditures and investments for environmental protection	G4-EN31	X			SI	
Labour	Employment	G4-LA1	X		SI	SI	SI
	Health & Safety in the workplace	G4-LA5, G4-LA8	X	X	SI	SI	SI
	Training and education	G4-LA9, G4-LA10, G4-LA11	X		SI		
	Diversity and equal opportunities	G4-LA12	X	X	SI		
	Remuneration	G4-LA2	X	X	SI	SI	SI
	Industrial Relationships	G4-LA4	X				
Human Rights	Antidiscrimination	G4-HR3	X	X		SI	
	Freedom of association	G4-HR4	X	X		SI	
	Child Labour	G4-HR5	X	X		SI	
	Forced Labour	G4-HR6	X	X			
	Safety practice	G4-HR7	X	X	SI	SI	SI
	Indigenous populations rights	G4-HR8		X			
	Procurement	G4-HR10, G4-HR11	X		SI	SI	SI
Social	Involvement of local communities and relationships with stakeholders	G4-SO1, G4-SO2	X		SI	SI	SI
	Anti-corruption	G4-SO3, G4-SO4, G4-SO5	X	X		SI	
	Unfair competition	G4-SO7	X			SI	
	Conformity	G4-SO8	X	X	SI	SI	SI
Product Responsibility	Customer Health and Safety	G4-PR3	X		SI	SI	SI
	Customer Privacy	G4-PR8	X		SI	SI	SI
	Compliance	G4-PR9	X		SI	SI	SI

## Annex 2- Table of the coefficients used for environmental calculations over the three years

CONVERSION FACTORS						
CRITERIA		REF.	U.M.	CONVERSION FACTORS	SOURCES	
GAS OIL	What is described below is used to determine the CO2 emissions resulting 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: $\text{Ton/CO}_2 = (\text{t of gas oil} \times \text{LCV} \times \text{Emission factor} \times \text{Oxidation factor}) \times 0.000001$ . Where: the quantity of gas oil is given by the purchase invoices. The other data are retrieved from the table of national parameters communicated by EPA (Environmental Protection Agency)	DENSITY	kg/l	0.82	Fonte: <a href="http://www.seai.ie/Energy-Data-Portal/Frequently-Asked-Questions/data_and_data_manipulation_FAQ/#What_fuel_densities">http://www.seai.ie/Energy-Data-Portal/Frequently-Asked-Questions/data_and_data_manipulation_FAQ/#What_fuel_densities</a>	
		LCV	GJ/t	42.877		
		EMISSION FACTOR	TCO <sub>2</sub> /TJ	73.587		
		OXIDATION FACTOR	COEFF.	1.000		
METHAN	What is described below is used to determine the CO2 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: $\text{Ton/CO}_2 = (\text{Sm}^3 \text{ of gas} \times \text{LCV} \times \text{Emission factor} \times \text{Oxidation factor}) \times 0.000001$ . 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/1000Sm <sup>3</sup>	35.014	Publication of the Ministry of the Environment, Territory and Sea: <a href="http://www.minambiente.it/sites/default/files/archivio/allegati/emission_trading/Tabella_coefficienti_standard_nazionali_2012_2014_v1.pdf">http://www.minambiente.it/sites/default/files/archivio/allegati/emission_trading/Tabella_coefficienti_standard_nazionali_2012_2014_v1.pdf</a>	
		EMISSION FACTOR	TCO <sub>2</sub> /TJ	55.841		
		OXIDATION FACTOR	COEFF.	1		
		PCI Serbia	GJ/1000Sm <sup>3</sup>	33.338	AERS Serbia	
		Fatt. Emiss. Serbia	TCO <sub>2</sub> /TJ	56.1	IPCC (2006 IPCC Guidelines for National Greenhouse Gas Inventory - Vol. 2)	
ELECTRIC POWER	What is described below is used to determine the volume of CO2 in relation to the electricity purchased regardless of how this is used. The specific quantity of CO2 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 CO2 is determined. The formula will then be: (amount of purchased energy in kWh x conversion factor) x 0.000001.	CONVERSION COEFFICIENT	gCO <sub>2</sub> /KWH	ITALY	324	Italy - <a href="http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni/national-inventory-report/view">http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni/national-inventory-report/view</a> (Page 409)
				SERBIAN	724	Ireland - <a href="http://www.seai.ie/Energy-Data-Portal/Emission_Factors/">http://www.seai.ie/Energy-Data-Portal/Emission_Factors/</a>
				IRELAND	456.6	Serbia - <a href="http://www.iea.org/media/freepublications/2012/CO2Highlights2012.xls">http://www.iea.org/media/freepublications/2012/CO2Highlights2012.xls</a>
TRANSPORTS	Transformation from km to gCO <sub>2</sub>	DA KM A GCO <sub>2</sub>	GCO <sub>2</sub> /KM	712	A publication by ANPA (National Agency for Environment Protection) on CO2 emissions from road transport: 712 gCO <sub>2</sub> /travelled km	
ADHESIVE	Transformation from m <sup>2</sup> to kg	COEFF.	KG/MQ	0.107	Specific Weight	
RAW MATERIALS		CONV. COEFFICIENT	TCO <sub>2</sub> /Ton. Carta prod.	Board 0.936	ETS data provided by the suppliers or maximum value specified in the table	
				Paper 0.571		
				Adhesive 0.936		

## Annex 3- Correlation Table of the Report (GRI 4) and link with the 10 principles of the UN Global Compact

AREA	GLOBAL COMPACT PRINCIPLE	GRI INDICATOR
HUMAN RIGHTS	<b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights in their respective spheres of influence.	HR2 – HR7 – HR8 – HR9 – HR12 – SO1 – SO2
	<b>Principle 2</b> Businesses should make sure that they are not complicit in human rights abuses, not even indirectly.	HR1 – HR10 – HR11
LABOUR	<b>Principle 3</b> Businesses should uphold the freedom of association of employees and the effective recognition of the right to collective bargaining	G4-11 – HR4 – LA4
	<b>Principle 4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour	HR6
	<b>Principle 5</b> Businesses should uphold the effective abolition of child labour	HR5
	<b>Principle 6</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.	G4-10 – EC5 – EC6 – LA1 – LA3 – LA9 – LA11 – LA12 – LA13 – HR3
ENVIRONMENT	<b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges	EC2 – EN1 – EN3 – EN8 – EN15 – EN16 – EN17 – EN20 – EN21 – EN27 – EN31
	<b>Principle 8</b> Businesses should undertake initiatives to promote greater environmental responsibility	EN1 – EN2 – EN3 – EN4 – EN5 – EN6 – EN7 – EN8 – EN9 – EN10 – EN11 – EN12 – EN13 – EN14 – EN15 – EN16 – EN17 – EN18 – EN19 – EN20 – EN21 – EN22 – EN23 – EN24 – EN25 – EN26 – EN27 – EN28 – EN29 – EN30 – EN31 – EN32 – EN33 – EN34
	<b>Principio 9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN6 – EN7 – EN19 – EN27 – EN31
	<b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery	G4-56 – G457 – G4-58 – SO3 – SO4 – SO5 – SO6
ANTI-CORRUPTION		

## Explanatory table of the contents of Report (GRI 4)

## Option “in accordance - Core”

## Strategy and analysis

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-1</b>	Statement by the Chief Executive Officer and commitment to the principles of the U.N. Global Compact	G4-1
<b>G4-2</b>	Description of key impacts, risks, and opportunities.	G4-2

## Organisational Profile

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-3</b>	Name of the organization.	G4-3
<b>G4-4</b>	Primary brands, products, and/or services.	G4-4
<b>G4-5</b>	Location of organization's headquarters.	G4-5
<b>G4-6</b>	Number of countries where the organization operates,	G4-6
<b>G4-7</b>	Nature of ownership and legal form.	G4-7
<b>G4-8</b>	Markets served	G4-8
<b>G4-9</b>	Dimensions of the organisation.	G4-9
<b>G4-10</b>	Number of employees per contract type, region e type	G4-10
<b>G4-11</b>	Percentage of employees covered by collective bargaining agreements	G4-11
<b>G4-12</b>	Description of the supplier chain	G4-12
<b>G4-13</b>	Significant changes during the reporting period regarding	G4-13
<b>G4-14</b>	Explanation of the precautionary approach application	G4-14
<b>G4-15</b>	Codes of conduct Underwriting	G4-15
<b>G4-16</b>	membership to associations	G4-16



## Identified Material Aspects and Boundaries

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-17</b>	Companies included in the consolidated financial statements and an indication of the companies included in the report	G4-17
<b>G4-18</b>	Process of defining report content	G4-18
<b>G4-19</b>	List of aspects identified as material	G4-19
<b>G4-20</b>	Indication of the scope of consolidation for each material aspect (within the organization)	G4-20
<b>G4-21</b>	Indication of the scope of consolidation for each material aspect (outside the organization)	G4-21
<b>G4-22</b>	Explanation of the effects of changes in calculations significant changes from the previous reporting period	G4-22
<b>G4-23</b>	Significant changes from the previous reporting period	G4-23

## Stakeholder Engagement

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-24</b>	List of stakeholder groups involved in the organization's engagement activities	G4-24
<b>G4-25</b>	Basis for identification and selection of stakeholders with whom to undertake engagement activities	G4-25
<b>G4-26</b>	Approach of stakeholders engagement activities, including frequency of engagement by type and by stakeholder group	G4-26
<b>G4-27</b>	Key topics and criticalities emerging during the stakeholder engagement and how the organization has responded to those concerns, with reference to what is stated in the report	G4-27

## Report's Profile

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-28</b>	Reporting period.	G4-28
<b>G4-29</b>	Date of most recent previous report.	G4-29
<b>G4-30</b>	Reporting cycle (annual, biennial, etc.).	G4-30
<b>G4-31</b>	Contact point for questions regarding the report or its contents.	G4-31
<b>G4-32</b>	Indication of the chosen option "In accordance" ; GRI table of contents; references to external verification	G4-32
<b>G4-33</b>	External assurance of the report	G4-33

### Governance

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-34</b>	Governance structure of the organization	G4-34

### Ethic e integrity

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-56</b>	Mission, values, codes conduct, principles	G4-56

## Management approach and Performance Indicators

### Economic Performance Indicators

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-DMAEC</b>	Management approach on the Economic responsibility	G4-DMAEC
<b>G4-EC1</b>	Direct economic value generated and distributed,	G4-EC1
<b>G4-EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change.	G4-EC2
<b>G4-EC3</b>	Coverage of the organization's defined benefit plan obligations.	G4-EC3
<b>G4-EC4</b>	Significant financial assistance received from government.	G4-EC4
<b>G4-EC5</b>	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	G4-EC5
<b>G4-EC6</b>	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	G4-EC6
<b>G4-EC7</b>	Development and impact of infrastructure investments and services provided primarily for "public benefit"	G4-EC7
<b>G4-EC8</b>	Significant indirect economic impacts, including the extent of impacts.	G4-EC8
<b>G4-EC9</b>	Percentage of the spending on locally-based suppliers in the most significant operation plants	G4-EC9

## Environmental Performance Indicators

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-DMAEN</b>	Management approach on the Environmental responsibility	G4-DMAEN
<b>G4-EN1</b>	Materials used by weight or volume.	G4-EN1
<b>G4-EN2</b>	Percentage of materials used that are recycled input materials.	G4-EN2
<b>G4-EN3</b>	Energy consumption within the organization	G4-EN3
<b>G4-EN4</b>	Energy consumption outside the organization	G4-EN4
<b>G4-EN5</b>	Relative energy consumption	G4-EN5
<b>G4-EN6</b>	Reducing energy consumption	G4-EN6
<b>G4-EN7</b>	Reducing energy consumption of products and services	G4-EN7
<b>G4-EN8</b>	Total water withdrawn by source	G4-EN8
<b>G4-EN9</b>	Water sources significantly affected by withdrawal of water	G4-EN9
<b>G4-EN10</b>	Percentage and total volume of water recycled and reused.	G4-EN10
<b>G4-EN11</b>	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	G4-EN11
<b>G4-EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	G4-EN12
<b>G4-EN13</b>	Habitats protected or restored.	G4-EN13
<b>G4-EN14</b>	Number of species of IUCN Red List and species in the national conservation lists with habitats in areas affected by operations, broken down by level of extinction risk	G4-EN14
<b>G4-EN15</b>	Direct emissions of greenhouse gases	G4-EN15
<b>G4-EN16</b>	Greenhouse gas emissions from energy consumption	G4-EN16
<b>G4-EN17</b>	Other indirect greenhouse gas emissions	G4-EN17
<b>G4-EN18</b>	Relative greenhouse gas emissions	G4-EN18
<b>G4-EN19</b>	Reduction of the greenhouse gas emissions	G4-EN19
<b>G4-EN20</b>	Emissions of substances that damage the ozone layer by weight	G4-EN20

## Annex and index - Sezione 10

<b>G4-EN21</b>	NOx, SOx, and other significant air emissions by type and weight	<b>G4-EN21</b>
<b>G4-EN22</b>	Total water discharge by quality and destination.	<b>G4-EN22</b>
<b>G4-EN23</b>	Total weight of waste by type and disposal method.	<b>G4-EN23</b>
<b>G4-EN24</b>	Total number and volume of significant spills.	<b>G4-EN24</b>
<b>G4-EN25</b>	Hazardous waste	<b>G4-EN25</b>
<b>G4-EN26</b>	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.	<b>G4-EN26</b>
<b>G4-EN27</b>	The entity of reduction of the environmental impacts of products and services	<b>G4-EN27</b>
<b>G4-EN28</b>	Percentage of products sold and their packaging materials that are retrieved, broken down by category	<b>G4-EN28</b>
<b>G4-EN29</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	<b>G4-EN29</b>
<b>G4-EN30</b>	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	<b>G4-EN30</b>
<b>G4-EN31</b>	Total environmental expenditures and investments by type	<b>G4-EN31</b>
<b>G4-EN32</b>	Percentage of new suppliers evaluated based on environmental criteria	<b>G4-EN32</b>
<b>G4-EN33</b>	Existing and potential significant adverse environmental impacts in the supply chain and actions taken	<b>G4-EN33</b>
<b>G\$-EN34</b>	Number of complaints received relating to the environmental impacts addressed and resolved through formal complaint management system	<b>G\$-EN34</b>

## Social Performance Indicators

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-DMALA</b>	Management Approach on employees	<b>G4-DMALA</b>
<b>G4-LA1</b>	Total number of hiring and turnover rates age groups, gender and region	<b>G4-LA1</b>
<b>G4-LA2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	<b>G4-LA2</b>
<b>G4-LA3</b>	Return to work and retention rates after parental leave, by gender.	<b>G4-LA3</b>
<b>G4-LA4</b>	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	<b>G4-LA4</b>
<b>G4-LA5</b>	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.	<b>G4-LA5</b>

<b>G4-LA6</b>	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	G4-LA6
<b>G4-LA7</b>	Workers with a high incidence or high risk of accident or occupational disease	G4-LA7
<b>G4-LA8</b>	Health and safety topics covered in formal agreements with trade unions	G4-LA8
<b>G4-LA9</b>	Average hours of training per year per employee by gender, and by employee category.	G4-LA9
<b>G4-LA10</b>	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	G4-LA10
<b>G4-LA11</b>	Percentage of employees receiving regular performance and career development reviews, by gender.	G4-LA11
<b>G4-LA12</b>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	G4-LA12
<b>G4-LA13</b>	Ratio of male and female base salary by category and operational qualification	G4-LA13
<b>G4-LA14</b>	Percentage of new suppliers evaluated based on criteria relating to work	G4-LA14
<b>G4-LA15</b>	Existing and potential negative Aspects related to labour in the supply chain and actions taken	G4-LA15
<b>G4-LA16</b>	Number of complaints related to the aspects concerning the work received, addressed and resolved through formal complaint management	G4-LA16

### Human rights Performance Indicators

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-DMAHR</b>	Management approach on Human Resource	G4-DMAHR
<b>G4-HR1</b>	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	G4-HR1
<b>G4-HR2</b>	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.	G4-HR2
<b>G4-HR3</b>	Total number of incidents of discrimination and corrective actions taken.	G4-HR3
<b>G4-HR4</b>	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.	G4-HR4
<b>G4-HR5</b>	main suppliers with high risk of recourse to child labour, and measures taken to contribute to its elimination	G4-HR5
<b>G4-HR6</b>	Activities with a high risk of recourse to forced or compulsory labour, and measures to contribute to the elimination	G4-HR6
<b>G4-HR7</b>	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	G4-HR7
<b>G4-HR8</b>	Number of violations involving rights of indigenous people and actions taken	G4-HR8

## Annex and index - Sezione 10

<b>G4-HR9</b>	Number and percentage of operational areas subjected to screening on human rights	G4-HR9
<b>G4-HR10</b>	Percentage of new suppliers evaluated based on criteria relating to human	G4-HR10
<b>G4-HR11</b>	Existing and potential aspects relating to human rights significant to the supply chain and actions taken	G4-HR11
<b>G4-HR12</b>	Number of complaints related to aspects concerning human rights received, addressed and resolved through formal complaint management	G4-HR12

### Society Performance Indicators

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-DMASO</b>	Managerial approach to a responsible business conduct	G4-DMASO
<b>G4-SO1</b>	Percentage of operational areas with implementation of programs involving the local community, impact and development assessment	G4-SO1
<b>G4-SO2</b>	Operational areas with existing and potential significant negative impacts on local communities	G4-SO2
<b>G4-SO3</b>	Percentage and total number of operational areas analysed for risks related to corruption	G4-SO3
<b>G4-SO4</b>	Communication and training on anti-corruption policies and procedures	G4-SO4
<b>G4-SO5</b>	Actions taken in response to incidents of corruption.	G4-SO5
<b>G4-SO6</b>	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	G4-SO6
<b>G4-SO7</b>	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.	G4-SO7
<b>G4-SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	G4-SO8
<b>G4-SO9</b>	Percentage of new suppliers evaluated based on criteria related to the impacts on society	G4-SO9
<b>G4-SO10</b>	Aspects regarding the negative impacts on existing companies and potentially significant in the supply chain and actions taken	G4-SO10
<b>G4-SO11</b>	Number of complaints received related to the impacts on society, addressed and resolved through formal complaint management	G4-SO11

### Product Responsibility Performance Indicators

G.R.I. REF.	DESCRIPTION	REPORT PARAGRAPH
<b>G4-DMA PR</b>	Management Approach on Product Responsibility	G4-DMA PR
<b>G4-PR1</b>	Percentage of product and services categories for which the impacts on health and safety are assessed	G4-PR1

<b>G4-PR2</b>	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.	G4-PR2
<b>G4-PR3</b>	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	G4-PR3
<b>G4-PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling	G4-PR4
<b>G4-PR5</b>	Results of customer satisfaction surveys	G4-PR5
<b>G4-PR6</b>	Sales of banned or contested products	G4-PR6
<b>G4-PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	G4-PR7
<b>G4-PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	G4-PR8
<b>G4-PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	G4-PR9





