

Mr. Lise Kingo
Executive Director
UN Global Compact Office

20 May 2016

Mr. Lise,

I'm pleased to forward you the Sofidel Group 2015 Integrated Report.

The document, which reports Sofidel Group's economic, social and environmental performances, is drawn up in accordance with Sustainability Reporting Guidelines and audited by SGS Italia.

The Report will provide Global Compact with detailed information on Sofidel's commitment to implement the UNGC ten principles within our Company's strategies and to contribute to developing the broader goals of the United Nations.

Reiterating our firm belief in corporate citizenship, I want to renew Sofidel Group's commitment to sharing, applying and sustaining the Global Compact's principles in the areas of human rights, labour, environment and bribes to promote "a more sustainable and inclusive global economy".

Yours sincerely,

CEO Sofidel Group
Mr. Luigi Lazzareschi



50
1966 - 2016

INTEGRATED REPORT 2015

SOFIDEL
ENDLESS CARE, INNOVATIVE LIFE



50

1966 - 2016

INTEGRATED REPORT 2015

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LETTER TO THE STAKEHOLDERS

The acceleration of growth and the consolidation in the US market at the threshold of the 50th anniversary

Sofidel, in 2015, at the threshold of 50th anniversary of its history (1966-2016) has achieved significant goals that are tangible signs of a strategy of creation of shared value and which are excellent basis for further positive projection into the future.

In the United States a new pathway of growth and consolidation was accelerated thanks to the acquisition of a new processing plant in Green Bay (Wisconsin) and the opening of another one in Hattiesburg (Mississippi) and the launching of the first american greenfield investment for the realization of an integrated establishment in Circleville (Ohio) and the opening of new offices in Philadelphia (Pennsylvania). Sofidel, for the first time in the US in 2012, with operations in 3 States and a production capacity of about 90,000 tons, is now present in 7 States-Nevada (Henderson), Oklahoma (Tulsa), Wisconsin (Green Bay), Mississippi (Hattiesburg), Ohio (Circleville), Florida (Haines City) and Pennsylvania (Philadelphia) and, prior to implementation of new investment, reached a production capacity of 200 thousand tons per year.

The 2015 was an important year in Europe, too. With the implementation of the new plants in Sweden (Kisa) and France (Ingrandes), was successfully completed another phase of growth of the group.

With the new Swedish Tissue, was created an integrated establishment built into the Scandinavian area that was lacking, while with the new processing plant of Ingrandes, where they were transferred and enhanced production lines formerly active in the nearby settlement of Buxeuil, have created the conditions for a new, possible integration.

Until now the development strategy of Sofidel could be summed up in three phases. The first, between the birth (1966) and the mid-1980s, was characterized by technological development and investment in production facilities in Italy. The second, between the early 1990s and the middle of the first decade of 2000, was the beginning of the internationalization process that took place through Greenfield investments in France, Poland, Britain, Germany and Spain in a European market that grew around 3-4% annually, at important rhythms. There was then the third phase: that of acquisitions that, from 2008, with a market that little grew, have proven to be a winning tool for strengthening its presence in the markets through the purchase and the revival of major brands.

Nowadays Sofidel, on the old continent, enters the fourth phase of an organic growth, which, in a European market tends to remain steady and will essentially increase the production of current existing sites. Many Group sites – in France, Poland, Great Britain, Germany and Spain – have been designed and built to be expanded and have sufficient space to be doubled and in some cases tripled.

In line with the philosophy of Less is more, which has become a fundamental key to face the new Millennium, Sofidel has also worked to improve environmental and social performance.

As for greenhouse gas emissions, has been relaunched the WWF Climate Savers program commitment setting new and broader objectives for 2020 (-23% of direct emissions reductions; -13% of indirect emissions; and 8% of the use of renewable sources on the total amount of fuel consumed annually).



On the other vital side of water resource protection, thanks to the construction of the new plant in Italy, Delicarta Fegana Valley, Sofidel can say with satisfaction that all the waste water of its mills are treated by biological treatment plants. A result achieved by anticipating those that, in some countries, are beginning to become legal requirements. With regards to raw material of fibrous origin the group is now close to reaching 100% of its supply from controlled sources, or certificate and in some markets, in the consumer segment, is planning the launch of products 100% FSC. Other projects like the implementation in all establishments of energy certification ISO 50001, are in full swing.

During the year, have been obtained numerous awards in terms of product innovation for the work implemented in developing proposals characterized by higher performance in terms of efficiency and hygiene and the use of smaller dimensions of natural capital. Sustainability commitment had further developments in the social sphere. The educational programme for schools "I care about you!" promoted by WWF dedicated to environmental education (intended to be extended to other European countries), the signing of the memorandum of understanding in Italy with the national police, to carry out awareness-raising campaigns and information on safety and the prevention of accidents to employees and the staff of contractors, the renewed partnership with the Telethon Foundation to support research on rare genetic diseases, Sofidel is extending and articulating its policies.

All of these are the results of a corporate community who works for a development that aims to integrate the quality of life of people with the preservation of environmental balance, with a view to full sustainability and future generations.

These five decades of life, made of commitment to work, are signs of a growth-oriented company.

A company that put the attention at every day work together with a strategic vision, through the stability of some core values: interest in technological innovation and management, the pursuit of collaborative and competitive behaviours, a transparent relationship with all stakeholders, the ability to reinvest the profits and the preference of a managerial culture characterized by low profile and attention to details.

Something that sets Sofidel constantly attempting to create shared and sustainable value and that, thinking about the future, we want even more value on the occasion of the anniversary, next year, of our 50th anniversary.

The years passed by: markets, products, technologies, economic contexts are changing. Our values cannot be changed. These are, without any rhetoric, the main and most valuable asset of the company.

The resource that we want to make 100% renewable.

Emi Stefani

Luigi Lazzareschi



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1966 - 2016

GROUP PORTRAIT

Who we are

Sofidel Group, Italian-owned, property of Stefani and Lazzareschi families, is a global leader in the field of sanitary and domestic paper production. Founded in 1966, the Group owns corporate companies in 13 countries - Italy, Spain, Sweden, UK, Belgium, France, Croatia, Germany, Poland, Romania, Greece, Turkey and USA - with over 5.500 employees and a consolidated 1.809 million Euros turnover.



SOFIDEL
ENDLESS CARE. INNOVATIVE LIFE

Mission

"Making everyday life tidier, cleaner,
safer, more practical and pleasant

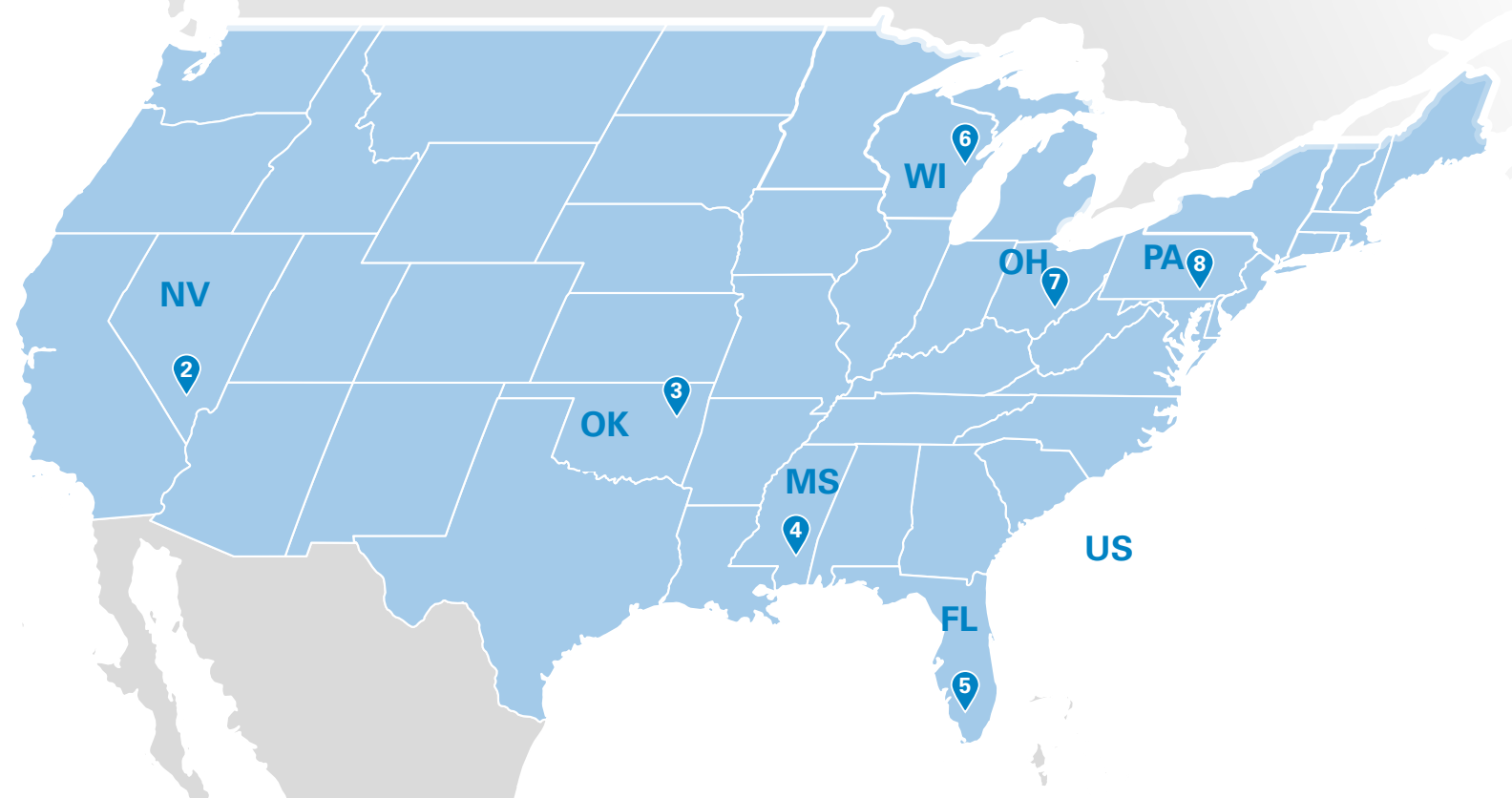
by

investing in people and innovation
and promoting conduct based
on **sustainability**, commercial
transparency and respect for regulations

with the aim of

creating value for customers,
employees, partners, shareholders
and the community".

Our companies



1. Lucca - Porcari **IT** | Services

SOFIDEL AMERICA

- 2. Henderson **NV** | Converting Plant
- 3. Tulsa **OK** | Converting Plant
- 4. Hattiesburg **MS** | Converting Plant
- 5. Haines City **FL** | Integrated Plant
- 6. Green Bay **WI** | Converting Plant
- 7. Circleville **OH** | Integrated Plant
- 8. Philadelphia **PA** | Services

IBERTISSUE

- 9. Bruñel **ES** | Integrated Plant

DELIPAPIER

- 10. Ingrandes **FR** | Converting Plant
- 11. Nancy-Pompey **FR** | Integrated Plant
- 12. Roanne Cedex **FR** | Integrated Plant

INTERTISSUE

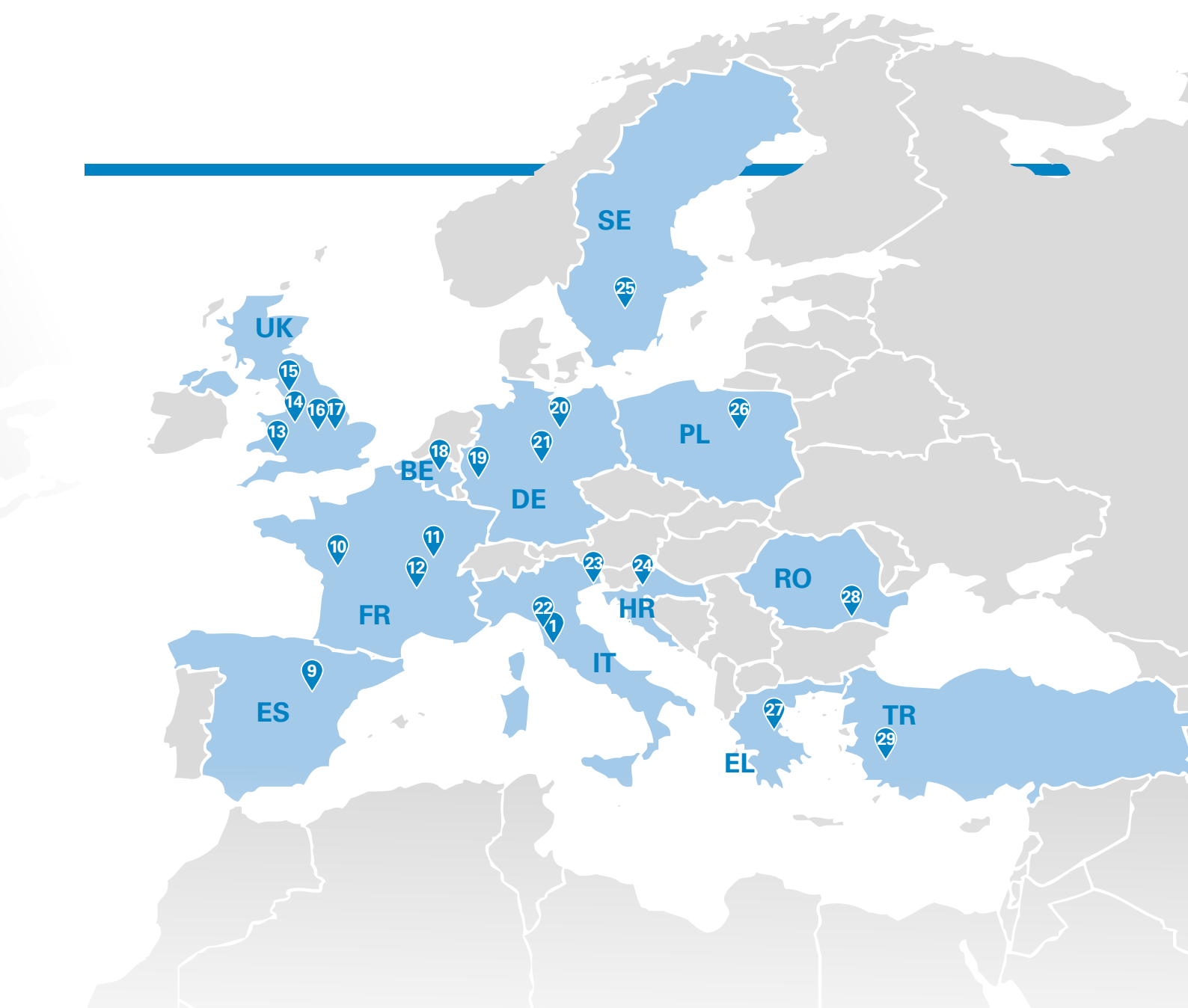
- 13. Swansea **UK** | Integrated Plant
- 14. Horwich **UK** | Converting Plant

SOFIDEL UK

- 15. Lancaster **UK** | Paper Mill
- 16. Leicester-Hamilton **UK** | Integrated Plant
- 17. Leicester-Rothley Lodge **UK** | Converting Plant

SOFIDEL BENELUX

- 18. Duffel **BE** | Integrated Plant



SOFIDEL GmbH

19. Köln **DE** | Trading

20. Arneburg **DE** | Integrated Plant

WERRA PAPIER

21. Wernshausen **DE**

Werra Papier Holding | Services

Werra Papier | Integrated Plant

Werra Papier (ex-Omega) | Integrated Plant

Thüringer Hygiene Papier | Integrated Plant

Thüringer Hygiene Papier Logistic | Services

SOFFASS

22. Lucca - Porcari **IT** | Paper Mill/Converting Plant

DELICARTA

22. Lucca-Porcari **IT** | Paper Mill/Converting Plant

Lucca-Capannori **IT** | Converting Plant

Lucca-Borgo a Mozzano **IT** | Paper Mill

Lucca-Bagni di Lucca **IT** | Paper Mill

23. Gorizia-Monfalcone **IT** | Integrated Plant

SOFIDEL PAPIR

24. Zagreb **HR** | Trading

SWEDISH TISSUE

25. Kisa **SE** | Integrated Plant

DELITISSUE

26. Ciechanów **PL** | Integrated Plant

PAPYROS

27. Katerini **EL** | Integrated Plant

COMCEH

28. Calarasi **RO** | Integrated Plant

SOFIDEL KAGIT

29. Honaz Denizli **TR** | Converting Plant

Our Brands



Softis



Sopalin®

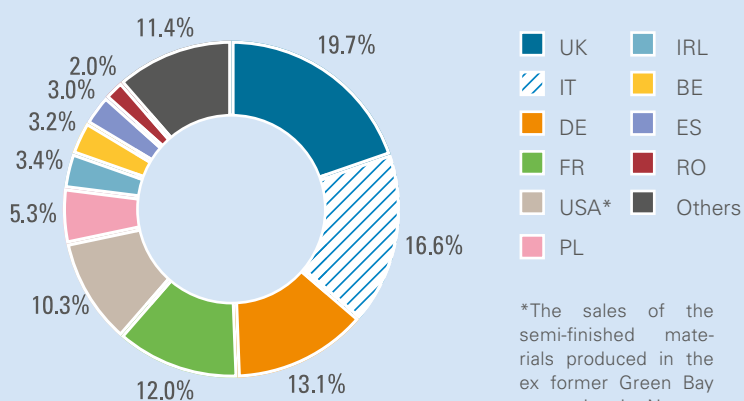


Soft & Easy



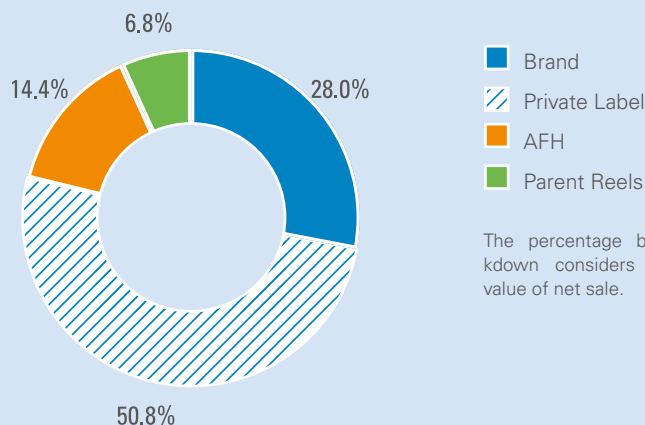
Turnover breakdown

BY COUNTRY



*The sales of the semi-finished materials produced in the ex former Green Bay converting in November and December are excluded.

BY BUSINESS LINE



The percentage breakdown considers the value of net sale.

Some of the year's outcomes

THE ACCELERATION IN THE US

Sofidel, through its subsidiary Sofidel America, acquired the Green Bay Converting Inc., a new processing plant in Green Bay (Wisconsin) and an industrial building in Hattiesburg (Mississippi) for the implementation of a new processing plant. At the same time, Sofidel identified in Circleville (in the Pickaway County, region of Columbus), Ohio, an area where to power up the first greenfield investments of the new continent. There it will implemented and integrated plant. In order to better enforce and coordinate their strategies in the US market, Sofidel has also opened an office in Philadelphia (Pennsylvania), on the East Coast, one of the areas most densely populated of the country. This is the new Sofidel headquarters in the United States.



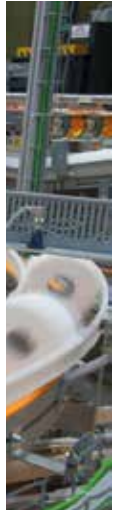


A NEW STRATEGIC PHASE IN EUROPE



In Sweden the new and innovative converting plant of Kisa goes into operation. Two production lines are into action: the first one for the production of toilet paper rolls and the second one for the production of both kitchen and toilet paper rolls. This system makes the site an integrated plant and is characterized by being, today, the more automated of the Group, with a "futuristic" management of the automatic handling goods: the introduced innovative solutions in the production process allowed the company to save about 40% of space and hiring 25 new resources.

In France has been implemented a new processing plant located in Ingrandes, in the Poitou-Charentes region of the western France. In the new plant have been transferred, and strengthened, the three previously active production lines at the plant in Buxeuil, closed today.



WWF CLIMATE SAVERS: 2020 NEW GOALS

The 6TH of May, during the World annual conference of companies participating in the WWF Climate Program Savers held in Gothenburg, Sweden, from the 5th to 7th of May, Sofidel has renewed and strengthened its commitment as a member of WWF Climate Savers program. Enforced by the important changes reached by the Group from 2008 to 2012 (eg the increase of more than 45% of production capacity), they have been defined and widen new reduction targets.

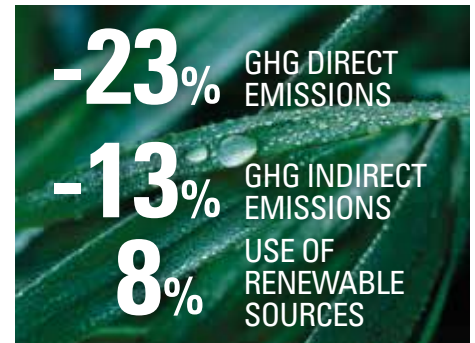
Together with the target related to the reduction of specific emissions, new goals were integrated regarding the indirect emissions and the using of renewable energy.



With regards to the reduction of direct emissions arising from the use of fossil fuels, the consumption of electricity and other energy carriers, Sofidel is committed to reducing emissions - for each ton of produced paper - by 23% compared to 2009, the year reference for the initiative. In terms of comparison, this is equivalent to avoiding the emission of about 900,000 tons of CO₂, equivalent to the emissions of a fleet of 10,000 trucks bursting over 10,000 kilometers per year for 10 years. Sofidel was not limited to analyze the greenhouse gas emissions generated directly from their own activities,



but also identified emission reduction opportunities caused by third parties, along its value chain: within 2020, greenhouse gas emissions resulting from the activities supply, packaging, transport of the raw material and the final product, will be decreased by 13% compared to the levels reached in 2010, for each ton of paper produced. Finally, it is expected within the end of 2020, the use of 8% on the amount of renewable sources of fuel consumed annually. A significant share for a company operating in a highly energy-intensive sector such as the paper industry.



PROTECTION OF WATER RESOURCES: BIOLOGICAL WASTEWATER TREATMENT FOR ALL THE PAPER MILLS

In its environmental sustainability policies, the Group pursues a steady reduction of their impacts. Together with the reduction of greenhouse gas emissions and the supply of forest raw materials certified or deriving from a controlled chain of custody, particular attention is paid to the protection of water resources, fundamental for the production of paper. Today the average consumption of the Group is significantly lower than those provided from good industry practices. During 2015, in addition, it was achieved another important goal. With the implementation in Italy of the new sewage treatment plant of Delicarta in Val Fegana, all waste

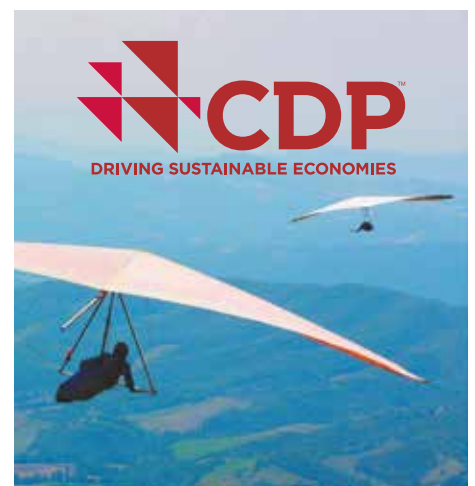


water of Sofidel mills are now treated by biological purification plants - within the plant or external, managed by third parties. A new purification process that is additional to the chemical-physical already in place and anticipates, on a voluntary basis, those that only in recent years are beginning to become requirements of law.



SHARING AND TRANSPARENCY: AGREEMENT TO CDP REPORT AND TO WWF ENVIRONMENTAL PAPER COMPANY INDEX

For the third consecutive year Sofidel was the only not listed Italian company to appear in the CDP Italy Climate Change Report, which evaluates, discloses and shares environmental information. CDP (Carbon Disclosure Project) is a International non-profit organization composed by 822 institutional investors, reaching 95.000 billion dollars in managed assets. For the second time Sofidel entered the CDP Global Forests Report which gives the investors all the data and information about forestry raw material supply policies and risks. Sofidel has further enhanced the results obtained in the participation in the Environmental



Paper Company Index, the WWF's biennial instrument through which the environmental organization proposes to companies in the paper and pulp industry to evaluate and make public their commitment to the environment.



COP 21 PARIS: SOFIDEL IN FAVOUR OF A LOW CARBON EMISSION ECONOMY

Sofidel supported the "Conference of the Parties" of the United Nations on Climate Change in Paris through membership in numerous initiatives, urging the assumption of joint multilateral actions with governments, businesses and civil society to counter the Climate change. Among the initiatives undertaken, the participation in the project of the Sustainability committee of the American Chamber of Commerce in Italy called "Sustainable Technologies"; the adherence to "Coop beyond Kyoto", aimed at promoting employment in terms of sustainability put in place by the Coop suppliers; the participation in the WWF coalition "We mean business" - a platform through which many large companies have taken action to encourage the transition

to a low carbon economy - and the initiative "The Science Based Targets" - partnership between CDP, UN Global Compact, the World Resources Institute (WRI) and WWF - to "fix objectives consistent with the level of decarbonization required by science to limit global warming to less than 2 degrees compared to pre-industrial temperatures."



CONTINUED WITH SUCCESS THE COLLABORATION BETWEEN SOFIDEL AND WWF IN THE PROGRAM "I WILL TAKE CARE OF YOU"

In its second year of life, the educational project for schools "I will take care of you!" Made by the WWF with the support of Sofidel for the awareness on major environmental issues (eg the climate for the school year 2015-2016), registered membership of over 1700 teachers and the involvement of more than 90,000 students, and has become part of the Climate Campaign of WWF Italy.



TRANSATLANTIC AWARD RECEIVED FROM THE AMERICAN CHAMBER OF COMMERCE IN ITALY

Sofidel has received the Transatlantic Award from the American Chamber of Commerce in Italy. During the 10th edition of the Transatlantic Award Gala Dinner, attended by over 700 guests, Sofidel received this important award as a result of the new investments made in the United States. The award, appointed to the Italian and US companies that stand out in favor of the development of transatlantic relations between Italy and the United States, It has been received from Sofidel during an event of significant importance, the celebration of the centenary of the Chamber of Commerce, founded in Milan in 1915.



AWARDS FOR INNOVATIVE PRODUCTS

On the side of innovation of product were collected numerous awards in Europe and the United States, for the carried out development of proposals characterized by higher performance in terms of efficiency and hygiene, and the use of smaller shares of natural capital. Among the awards received, Papernet Bio Tech, the biologically active toilet paper, it has been decreed by the jury of the 2015 PPI (Pulp & Paper International) Awards "Innovative Product of the Year "; the product Nalys Expert was awarded by Gondola, the most important Belgian magazine of the retail industry, "Best Innovation of the Year "in the tissue category; the new Regina Aloe Vera toilet paper received in Germany by the magazine "Lebensmittel Praxis" the award "Product of the Year 2015" for the tissue category.



Our main Partners in Sustainability

Sofidel works to integrate sustainability in every level of its activities. We follow this strategic vision because we believe that this choice will allow in the medium-long term a continuous enhancement virtuous process, able to guarantee a competitive advantage, and to raise stakeholders' quality of life.

This kind of approach requests a constant search of environmental aim-based partnerships with associations and well known and valued non-governmental organizations. Thanks to this approach, during 2015 we could strengthen further our relationships network. Besides the institutional relations with WWF, UN Global Compact, Fondazione Sodalitas and the European Agency for Safety and Health at Work (EU - OSHA) and ILO, we started relationships with many brands and products in different countries (Nicky with Telethon Foundation in Italy; Nicky with Woodland Trust in Great Britain; Nicky with Jack & Jill Children's Foundation in Northern Ireland Republic; Moltonel with Sos Children's Villages in Belgium and Papernet with Doctors without borders).

In Italy we support the educational digital project for primary and secondary schools "I will take care of you: a single action for everybody's planet", created by WWF Italy. This is a triennial educational program entirely free and committed to the great environmental topics.



1. **SOFIDEL GROUP IDENTITY**

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1. THE TISSUE PRODUCTION PROCESS

Sofidel's Group manufactures and sells tissue paper. This is the term to define the type of paper used to make products for sanitary and domestic use, used in and out of the house: toilet paper, kitchen paper, napkins, tablecloths, tissues, towels, medical sheets, industrial reels, etc.

The Group's companies cover the whole production process: from tissue pro-

duction, through manufacturing, up to the finished product.

The first macro-phase of the production takes place in the paper factories, where the raw material (pulp and, in smaller quantity, paper for mache) is dissolved in hot water, then refined and sent to the machines for producing big tissue paper reels (called jumbo roll or parent reel).

The second phase, downstream from the previous one, takes place in the paper converting plants, those in which the tissue paper reels are transformed into finished products.

Further details about raw material responsible supply policies and practices can be found in the chapter "The Environmental Dimension".



2. OUR BUSINESS LINES

Our Brands

The Sofidel Group has been producing and selling the branded products Regina® for many years already on the main European markets. The products portfolio includes a complete selection of tissue market products: toilet paper, kitchen towels, napkins, handkerchiefs and tissue paper.

Among the leader products in this segment, we can mention Rotoloni and Carta Camomilla toilet paper, Asciugoni Regina di cuori and Blitz, Cinquestelle and Provence napkins and Rinoactive handkerchiefs.

Thanks to an ongoing differentiation process, the Group put next to the Regina® brand, other ones acquired during the last years, such as Soft&Easy® in Poland, Yumy® in Turkey, Onda® and Volare® in Romania, Softis® in Germany and Austria, Le Trèfle® and Sopalin® in France, Thirst Pocket and Nouvelle in UK and Kitten Soft in ROI.

During 2015 it was also completed the "re-branding" process involving the acquired brands in BENELUX:

- Moltonel switched to Cosynel and
- Lotus in Nalys.

At the beginning of 2015 there has been an increase of the rate of the cost of the cellulose that only during the year the Group was able to recover with a trade policy flexible and adapted to the different local realities.

The results obtained in the UK and Germany are significant. Both regions are recording a positive result in terms of total margin contribution, but obtained with different strategies.

Looking forward to the next years, the Sofidel Group confirms its growth strategy aiming at:

1. Creation of innovative products in order

to increase the services for the consumers and/or creation of new possible uses for them. Products like the new Regina toilet towel or the new Regina Beauty toilet paper, which makes beauty its key strength.

2. New markets penetration, such as Scandinavian countries, and the strengthening of market shares in countries where the expected outcomes are not yet met (Turkey, the Balkans and East Europe).

Investments in advertising

The results achieved in the line of business brand are also the result of a careful communication activities which assisted to television an Internet and digital strategy which is increasingly important within the Group media mix. This in all European countries where the Group is present with its brands. The main trend in the European area is the average of the general television audience fleeing towards thematic channels and so-called "second screen" such as computers, tablet to smartphone and this consumer behavior, now widespread in many European countries, inevitably moves resources from television towards a increasing integration of tools and messages. All this always requires most processes of assessment and analysis of the optimal mix



to use.

Advertising investments were made during 2015 in Italy, Germany, Austria and Poland, aiming at consolidating the already gained market shares; in France the communication campaign for the launch of the historic brand Sopalin® produced positive effects on sales.

in countries such as UK and Northern Ireland Sofidel invested in the consolidation of specific brands (Thirst Pokets® in UK and Kittensot® in Ireland, acquired in 2013) and in supporting the product Regina Blitz®, which is the BPP (Best Product Performance) of the brand assortment at European level.

Noteworthy are the investments made in Belgium and Holland, aimed at supporting the rebranding process from Lotus and Moltonel (licensed brands) towards the new brand Nalys® and Cosynel®

Sofidel paid the maximum attention at choosing its suppliers and created new forms of advertising in line with its Code of Conduct and respectful of the competitors, although it does not comply directly with any advertising self-regulation body or marketing codes.

Private Label (PL)

Sofidel Group is firmly present on the private label's market, representing from many years a prominent and qualified partner for big retailer Groups.

Sofidel stands out in this slice of the market thanks to its great attention and research towards sustainability, which is the key points in the relationship with its customers. Thanks to innovative technologies, Sofidel was able to achieve advanced products, receiving significant awards.

The partnership with Coop Italy has brought the birth of "Coop ZeroTubo", the first line of kitchen towels and toilet paper rolls that does not use the cardboard core: in October 2015 Coop Italy decided to award Sofidel Group with "Coop Beyond Kyoto" award, for its commitment to reduce water consumption and energy, and eco-friendly product design. Sofidel, in the sales field continues to confirm itself as the leader in key international markets, including Great Britain, France and Germany.

Away From Home (AFH)

In 2015 the closing for the AFH channel is around 137 million in revenue and about 90,000 tons in volume with a percentage of growth respectively of 4,2 in Euro and 3.2 by volume.

The European economic situation is still quite negative and tainted by a slowdown in Germany who determines backlash a little over all other countries. Sofidel continues to orient the entire sales organization to the AFH

sale of products with brand Papernet and in particular on technical lines such as Dissolve the stand Tech and Bio Tech which in 2015 received awards and recognition from international institutions.

The Bio Tech in particular has been selected for the shortlist of the Innovation Awards organized by the ISSA InterClean and won the Pulp and Paper International Awards (PPI) organized by RISI (Leading information provider for the global forest industry).

The aim is always to search as possible to get out from competition merely price-oriented to protect the sold giving it an identity (Papernet) and a protected added value (the lines listed above are protected by patent).

Recent success cases such as Bio Tech and Dissolve Tech in the transport sector (Where Sofidel acquired one of the major European airlines and a prestigious Rail company) confirms that the focus on products with high added value is of strategic importance for Sofidel and for its customers. Strictly linked to this is the sustainability budget that, for the channel AFH, is referred to a forced growth of these lines

in comparison to the total business.

The logic of the product sold at customer brand (PL) persists only on large groups both in the cleaning and in the office channels, in order to use the PL as "Trojan horse" and then joined with Papernet products.

Continues the focus on large customers users to capture information more on purchasing behavior and to propose our value-added products looking thus to create the demand and then to spread among the wholesalers pushing them towards our assortment.

It is worthy to note the good performance of the British market where we recently and where the sales British team, very oriented on the sale of value-added, is producing excellent results with strong growth respect to previous year (100%) and excellent future perspectives.

Parent Reels

In 2015 the sales of parent reels in the market, even though remaining at important levels, showed a downward trend going from an incidence of 15% to 12% on the total produced by European paper mills. The above is in line with the strategy of the company whose priority is focused on "Organic growth", whose cornerstone is represented by the finished product.



3. THE ECONOMIC DIMENSION

3.1 Numbers for stakeholders

50 YEARS
OF ACTIVITY

20 COMPANIES

1.058.000 t
PRODUCTIVE CAPACITY

5.514
EMPLOYEES

1.809 MLN €
SALES REVENUES

716 MLN €
NET WORTH



Values and amounts as at 31 December 2015.

For specific details in this regards, reference should be made to the consolidated financial statements.

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1. GROUP CORPORATE STRUCTURE

Sofidel is governed by a Board of Directors (BoD) elected by the Shareholders' Meeting, and composed of members of the controlling families. The Board of Directors (BoD) is composed by 3 men and 3 women with an age range of 40-85 years. The Board members are a reflection of the Shareholders, and they are all non-independent executives with the needed skills for a responsible business conduct, in line with the

sustainable development objectives.

The Directors assume full responsibility of the Group's financial, social and environmental performances, which are reviewed on annual basis and approved by the Shareholders. The BoD also assigns management roles taking into account the qualification and skills that are needed in order to implement sustainable strategies. A formal

channel through which employees can submit their recommendations to the Board has not been implemented yet, but the constant presence of the Chairman and the CEO still allow for great interaction with the personnel. The Sofidel Board of Directors is assisted by the Board of Statutory Auditors, composed of professionals and university academics.

2. INTERNAL CONTROL SYSTEM

Sofidel Italian companies in order to adapt its internal control system for the prevention and management of risks to the principles already expressed in the Group's governance culture and according to the Decree 231/2001, have taken steps forward to monitor and updating the Organisational Management and Control System (Models 231) already adopted, in relation to the new violations introduced by the law on administrative responsibility and internal changes, organizational and / or regarding process, that occurred.

Model 231 adopted by the Italian Companies is composed of a general part and a special part. The general part mainly describes the governance model, the company structure, the principles of the model, the function of the Supervisory Committee and the system for sanctions. The special part describes illegal practices and corruption practices which may lead to these violations occurring.

Throughout the year, the Supervisory Committee regulated its function and the exchange of information considered to be most relevant for the purposes of Legislative Decree 231 with the various company divisions. It monitored the progress of the action plans that had been devised in order to fill gaps that had been identified by analysis and it carried out a widespread initiative to train employees and provide them with information about the Model and principles contained therein. It monitored and controlled, both directly and through appropriate

corporate functions, those particular processes and activities that were deemed to be of a sensitive nature and/or likely to lead to offences covered by Italian Legislative Decree 231/2001.

The Control Systems regarding health and safety and environmental protection have been fully implemented during the financial year, while other control standards related to sensitive areas/activities have yet to be implemented.

To this date, no serious violations to the principles expressed by the Model, nor complaints in this regard have been reported.

The Supervisory Committee has fulfilled the informational duties towards Directors and Mayors.

Regarding the Group's foreign companies, the Business Control Organizational Unit has carried out control activities aimed at evaluating the effectiveness and proper functioning of the Internal Control Systems related to risk prevention and management. It also carried out surveillance activities, exchanged information of great interest with the various business functions, encouraged the preparation of action plans for the resolution of critical issues, and monitored their progress. It has provided support in enhancing and consolidating those quarterly reports used by Country Operation Managers and/or the legal representative to account for the principal risks and/or criticalities of each functional unit, as well as any deviation from targets, to the Directors.

During the financial year, thanks to the various business units' efforts, the Group managed to adopt and implement new control protocols and strengthen the ones already in place, thus contributing to enhance the operating Control System in each company. The Business Control Department also participated to the working group created with the Global Compact Network Italia Foundation, with the twofold aim to create a benchmarking and analysis opportunity regarding corporate programmes on anti-corruption issues, and to establish and activate dialogues with the institutions, aimed at promoting legality and transparency in business relations.

During these meetings, some corporate statements regarding implemented protocols on corruption-related risk prevention for sensitive activities were reported. Such statements were based on a risk matrix developed by, and shared among, the meetings' participants.

In the Group's companies a new project, with the purpose of evaluating and monitoring corruption-related risks and frauds has been launched. The aim of this new project is to highlight the main changes occurred during the year about the adoption of control tools designed to identify, mitigate and prevent the risk.

Finally, it should be emphasized that during the year the Group has not received any sanction for non-compliance with laws and/or regulations.

3. STRATEGIC TOOLS OF SUSTAINABILITY

In order to consistently translate principles and values into daily practices, the Sofidel Group has developed a set of documents that define the behavioral role model regarding social and ethical issues for each participant to the Organization that are listed

here below:

- Code of ethics
- Sustainability charter
- The ten sustainability pillars
- Integrated Report
- “Ten-P Sustainable Supply Chain Self-

Assessment Platform” for the ethical control of the supply chain. (see the “Management of the Suppliers’ Sustainability Performances” paragraph).



4. THE MANAGEMENT OF CORPORATE RESPONSIBILITY

In Sofidel, the responsible business conduct is integrated at the higher strategic level, it is applied to every aspect of its activities and respected throughout all decision-making processes, firmly in line with the sustainable development objectives shared by the entire Group.

The responsible business conduct is firstly defined, directed and controlled by the Board of Directors, that bears full responsibility for the Group’s economic, social and environmental impacts, which are annually subject to the approval of Shareholders.

The Board of Directors recognizes the sustainable approach to its activities as the only development strategy able to successfully provide long-term value creation.

Therefore, Corporate Social Responsibility is, for Sofidel, not “a separate subject” from the achievement of the highest levels of development, but rather the strategic paradigm that enables it.

In this context, Corporate Social Responsibility (CSR) is organized and monitored as much as any other strategically rele-

vant sector for the Group.

Sofidel’s Board of Directors directs and controls CSR issues through the CEO, who in turn refers to the Corporate Social Responsibility Director, coordinator of the CSR Committee, to which all Top Executives belong.

The CSR Committee is assisted by the CSR Reporting Team, whose activities are not limited to drafting and processing the Integrated Report, but also undertakes the duty to actively implement the policies and decisions defined by the CSR Committee.

The CSR Reporting Team is coordinated by the CSR Manager, who acts as a link between the CSR Committee and the activities carried out outside the Group’s boundaries.

A CSR Local Committee was formed in each foreign company within the Group, with the aim to keep partners and stakeholders well informed, to monitor and ensure compliance with, and application of, the values and principles shared by the Group, to guarantee a well implemented process and correct flow of information

towards the corporate for the reporting process, to promote training activities, to support auditing activities from certification bodies in all the company plants operating in various countries.

The Marketing and Sales department of international ETO (European Time Out) working groups has created one group, composed of representatives from various company sectors, in order to examine sustainability-related ideas and transform them into concrete actions.

5. PRINCIPLES UNDERLYING SOFIDEL GROUP'S SUSTAINABILITY MODEL

The sustainability model of the Sofidel Group is inspired by the goals of sustainable development (Sustainable Development Goals - SDGs) approved during the World Summit on Sustainable Development of the United Nations of 25-27 September 2015.

These goals included in the document entitled "Transforming our world: the 2030 Agenda for Sustainable Development" will shape the agenda of global development until 2030.

The success will be based on actions to be implemented by all actors involved (companies, government agencies, academic institutions and civil society organizations) and initiatives of cooperation that will be activated among these.



THE GLOBAL COMPACT

COMMUNICATION ON PROGRESS (CoP)

In December 2010, the Sofidel Group has formalized its adherence to the Global Compact, the agreement that binds companies committed to aligning their operations and strategies with 10 universally accepted principles regarding human rights, labor, environment and anti-corruption.

As a member of the United Nations Global Compact, the Group is committed to supporting the Global Compact Italian Network (GCNI Foundation) through the appointment of the CEO of Sofidel, as Vice President of the Foundation. Moreover, the Sofidel Group is actively cooperating with the Foundation on various working groups, together with other member companies. In this regard, it is worth highlighting the adherence of Sofidel to the TenP-Sustainable Supply Chain Self-Assessment Platform project for a better ethical control of the supply chain.

The Sofidel commitment to respect and promote the principles of the Global Compact is highlighted in the final part of the report dedicated to the Annexes.



6. THE BUSINESS MODEL

6.1 Value creation and distribution

Value-added measures the wealth produced by the company in the financial year, with reference to the stakeholders who participate in its distribution.

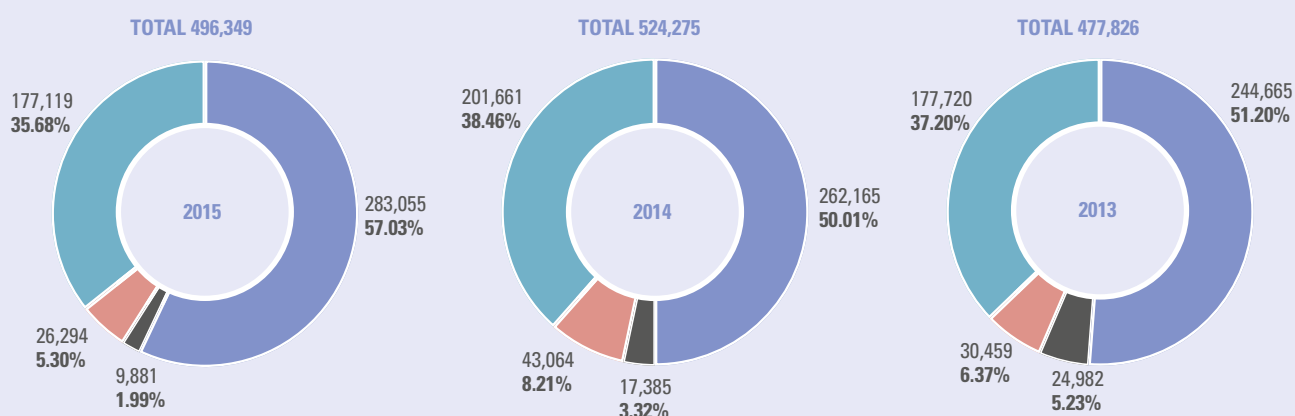
The production and distribution of added value represents the main link to the financial statements. The calculation prospectus of added value shows the Group's ability to

generate wealth for the various stakeholders, in accordance with principles of good economic management and stakeholder expectations.

CALCULATION AND DISTRIBUTION OF GLOBAL VALUE ADDED (in thousands of euro)	2015	2014	2013
A) Value of Production			
1. Revenues from sales and services	1,809,418	1,770,877	1,699,571
- Revenues adjustments or credit depreciations	-19	-545	-140
2. Variations in inventories of work in progress, semi-finished and finished goods	14,042	-10,728	30,851
3. Capitalised Internal works	0	0	0
4. Variations in contract work in progress	0	1,879	650
5. Other revenues and income	22,503	11,318	15,409
Revenues from characteristic production	1,845,944	1,772,800	1,746,341
B) Intermediate costs of production			
6. Consumption of raw material, consumables and goods for resale	792,348	710,138	766,231
- Variations in inventories of raw materials and consumables	-10,803	-7,155	-18,587
7. Costs of services	518,747	511,130	490,195
8. Costs for use of third-party assets	30,539	28,054	26,181
9. Risk provision	1,773	660	239
10. Other provisions	0	0	250
11. Sundry operating charges	19,673	12,440	9,771
Typical production costs	1,352,277	1,255,267	1,274,280
GROSS CHARACTERISTIC ADDED VALUE	493,667	517,533	472,062
C) Accessory and extraordinary items			
12. +/- accessory balance of operations	2,683	3,123	2,281
Accessory revenue	1,066	1,483	3,190
- Accessory costs	1,617	1,640	-909
13. +/- Balance of extraordinary items	0	3,619	3,483
Extraordinary revenue	0	14,586	7,757
- Extraordinary costs	0	-10,967	-4,274
GLOBAL GROSS ADDED VALUE	496,350	524,275	477,826

Distribution of value added (in thousands of euro)

■ Human Resources remuneration ■ Public Administration and Society remuneration
■ Loan Capital remuneration ■ Company remuneration



6.2 Management systems

The voluntary implementation of these systems is considered by the management as a strategic component, useful for continuing to improve the performance and profitability of the company, and, able to provide timely responses to stakeholders' needs.

- **ISO 9001:2008** for Quality Management System;
- **ISO 14001:2004** and **EMAS** (EC Regulation no.1221/2009) for Environmental Management Systems;
- **OHSAS 18001:2007** for Occupational Health and Safety Management Systems;
- **BRC Consumer Products** and **IFS Household and Personal Care** for sanitary/Hygiene Self-Monitoring Systems;
- **FSC-PEFC** ensure the responsible and sustainable management of forests which derive the origin of woody products, and the virgin pulp;
- **ISO 50001:2011** for the energy management system;
- **Ecolabel** and **Swan Label**: product certifications.

Certified management systems and product certifications present in Group sites

	Environment							Energy	Health & Safety	Product Safety		Quality
	ISO14001	EMAS	Ecolabel	Der Blaue Engel	Swan Label	FSC	PEFC	ISO 50001	BS OHSAS 18001	BRC Consumer Products	IFS Household and Personal Care Products	ISO9001
Comceh			✓			◆						✓
Delicarta Monfalcone	✓				◆	✓	✓	✓	✓		✓	✓
Delicarta Porcari Paper Mill	✓	✓	✓			✓	✓	✓	✓			✓
Delicarta Porcari Converting			✓			✓	✓		✓		✓	✓
Delicarta Tassignano			✓			✓	✓		✓		✓	✓
Delicarta Valdottavo	✓					✓	✓	✓	✓			✓
Delicarta Val Fegana			✓					✓	✓			✓
Delipapier Ingrandes			✓				✓					✓
Delipapier Frouard	✓		✓			✓	✓		✓		✓	✓
Delipapier Roanne			✓			✓	✓				✓	✓
Delitissue	✓					✓	✓		✓		✓	✓
Ibertissue	✓					✓			✓		✓	✓
Intertissue Baglan	✓					✓			✓	✓		✓
Intertissue Horwich	✓					✓			✓	✓		✓
Papyros	✓								✓			✓
Sofidel						○	○		✓			✓
Sofidel America Haines City							✓					
Sofidel America Green Bay							✓					
Sofidel America Tulsa							✓					
Sofidel America Henderson							✓					
Sofidel Benelux	✓					✓	✓	✓	✓	✓		✓
Soffass Paper Mill	✓					✓		✓	✓			✓
Soffass Converting			✓			✓			✓		✓	✓
Sofidel GmbH	✓				✓	✓	✓	✓			✓	✓
Sofidel UK Hamilton, Leicester	✓					✓			✓	✓		✓
Sofidel UK Rothley Lodge, Leicester	✓					✓			✓	✓		✓
Sofidel UK Lancaster	✓					✓						
Swedish Tissue	✓		✓		✓	✓	✓	✓				✓
Thüringer Hygiene Papier	✓		✓			✓	✓	✓	✓		✓	✓
Thüringer Hygiene Papier Logistik	✓							✓	✓			✓
Werra Papier (Omega Plant)	✓		✓	✓		✓	✓	✓	✓		✓	✓
Werra Papier (Werra Plant)	✓		✓	✓	✓	✓	✓	✓	✓			✓

◆ Only reels

○ Only trading

Upgraded 31/12/2015

3. OUR GOALS FOR THE FUTURE

1. Our strategic goals

p. 27

1. OUR STRATEGIC GOALS

2016 Target

Between 2009 and 2020 the percentage of reduction of specific CO₂ emissions will reach 23%



For 2016 the consumption of water per liter/Kg paper will settle at 7.0

Maintaining the percentage of certified raw material achieved in 2015

4. MATERIALITY ANALYSIS AND RELATIONS WITH THE STAKEHOLDERS

1. Materiality analysis	p. 29
2. Management of relations	p. 29
3. Initiatives to promote communication and dialogue with the stakeholders	p. 31

1. MATERIALITY ANALYSIS

The Sofidel Group conducted its materiality analysis starting from the engagement of internal stakeholders.

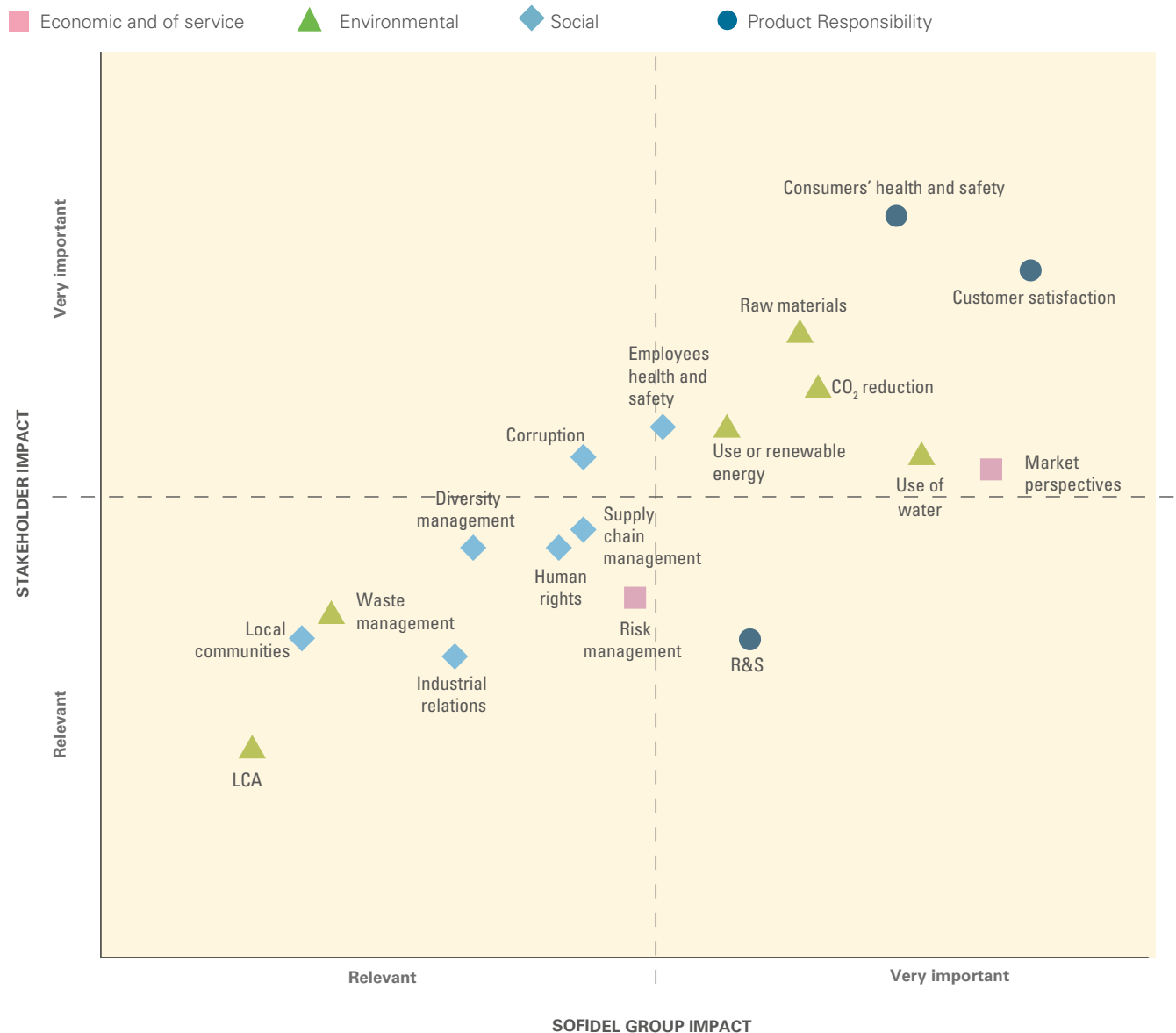
This analysis was carried out in accordance with the guidelines "AA1000 - Stakeholders Engagement Standard" in every phase of stakeholder identification,

mapping and prioritization.

The main objective is to determine which aspects are considered relevant and enable the Group to continue to create value in the short, medium and long term for all its stakeholders.

The analysis was conducted using a matrix that shows along the two dimensions the expectations and priorities according to the stakeholders on the one hand, and the impacts that these aspects have on the company on the other.

Below the materiality matrix:



2. MANAGEMENT OF RELATIONS

Sofidel real assets are its stakeholders and for this reason the Company undertakes to build with them transparent relations,

based on trust and cooperation, which are essential elements to achieve those goals that the Company alone could not reach.

Among the stakeholders, customers are particularly important, mainly consumers and suppliers, whose needs the Group con-

stantly monitors and is committed to satisfy. Sofidel presents itself as an innovative Group that pays maximum attention to:

- the culture of service, by respecting delivery times, products quality and Customer Care service;
- the limitation of environmental impacts, through investments in CO₂ reduction, optimization of the resources (raw material and energy) and the continuous compliance with the requirements set by the main ecological certification bodies;
- technology, by using the most up-to-date techniques available at both pro-

duction and distribution levels, to manage information and provide services to the customers;

- investments in advertising, making popular Sofidel products through the promotion of its brands and indirectly guaranteeing distribution profits;
- sustainability matters in general, through the creation of specific International ETO work groups (for further details look at the chapter about “Governance”).

At an institutional level, Sofidel Group belongs to CEPI (Confederation of European Paper Industries), to EU-OHSA (European Agency for Safety and Heal-

th at Work) and it is very operative in the ETS (European Tissue Symposium) through specific working groups. Furthermore, the Group corporate companies, starting from the holding company, participate voluntarily in the various national trade associations representing the paper industry interests in every country. The participation in such institutions aims at offering the company expertise and outcomes in order to improve the overall sustainability of the world economic system. For the same reasons, Sofidel does not finance or support any institution, party or single politician in the countries in which it is present.

Permanent Forum on sustainable company

CONFINDUSTRIA LUCCA

It is noteworthy to mention that Sofidel adheres, as a founding member, to the “Permanent Forum on sustainable company” of Confindustria Lucca. This Forum has the aim to be a useful laboratory for design and crossover innovation in order to carry out activities that contribute to the development of local companies that have integrated the principles of environmental, social and economic sustainability in their operations and relations with all the stakeholders. The goal of the forum is to provide the tools that help businesses of every size and industry sector to enhance the sustainability in a more strategically way, as a competitive variable able to take concrete and measurable benefits, a real critical success factor. The purpose concern, therefore, both the internal and external dimension to companies characterized by the centrality of the relationship with stakeholders.

The “Permanent Forum on sustainable company” will also represent the acceleration factor for the implementation of a special project called “Lucca, a city of excellence at the international level on environmental sustainability issues” The choice of Lucca was also reached as an advanced industrial district with a massive presence of companies engaged on environmental issues from long time, which have been developing a special sensitivity, care and experience on these issues, to be able to carry on a laboratory of relevant level.

Shown below are the details of the public funding the Group has received:

PUBLIC FUNDING/SUBSIDIES RECEIVED (in thousand Euros)	2015	2014	2013
IBERTISSUE	-	66	72
DELIPAPIER GMBH	1,361	1,298	268
THP LOGISTIK	3	-	-
DELITISSUE	68	75	82
DELICARTA	933	1,010	800
DELIPAPIER	150	150	26
WERRA	6	-	-
SOFIDEL	22	14	-
SOFIDEL BENELUX	383	480	-
COMCEH	67	157	570
SWEDISHTISSUE	17	3	-
SOFIDEL AMERICA	119	3	38
SOFFASS	531	126	64
TOTAL	3,660	3,382	1,920

As far as the public funding and subventions received by the Group in 2015 are concerned, about 42% is addressed to the implementation of the innovation and production increase processes, 40% is addressed

to environmental and energy innovations (Sofidel received a contribution for the creation of a photovoltaic system, the installation of a combined heat and biomass system, together with subsidies for the

environmental performance improvement), the remaining part was used to improve professional growth, through training, education, research and apprenticeship programs.

3. INITIATIVES TO PROMOTE COMMUNICATION AND DIALOGUE WITH THE STAKEHOLDERS*

Among the main communication initiatives implemented by Sofidel during the year was the renewal of the Group identity.

"ONE COMPANY, ONE BRAND"

The institutional communication of the next

years will see the strengthening of the Corporate Sofidel brand, so that more and more people know and acknowledge Sofidel, the importance it has in the context of the market scenario and the positive role which plays in the domestic world of hygiene and well-being of the people. The identity of the Group has been renewed, since its logo, slightly strengthened in color and graphics to make it more incisively. The renewal of the visual language of Sofidel also includes fonts, images, illustrations, colors and icons, which define personality. This was revised and collected in an Identity Manual, so that you can implement a shared path towards the identification of the Group under one "Flag": Sofidel.

THE NEW WEB SITE

Sofidel website has been renovated and updated. Further to the necessary technical adjustments and a renewed aesthetic, the project wanted to pursue the following objectives: management of a greater flow of information made more accessible through the use of infographics, dynamic layout, improved the indexing of contents on the engines research, "responsive" version (the site is designed to be used by the various mobile devices), strengthening of qualified traffic, increase in visitors from the mobile devices and from social, strengthening the awareness on the web; integration with other communication tools (newsletters, publications, social network) and the simplification of the acquisition, consultation and sharing of data related to the website.

CORPORATE COMMUNICATION CAMPAIGNS

In 2015, two were the corporate communication campaigns. The first one of internal communication has been dedicated to broken windows theory, a theory that helps us understanding how, in all areas, to make the difference, it is important to respect things and people; or for prevention of degradation and to promote a constructive and collaborative company climate, commitment and good practices are the best allies. The campaign aims to make people reflect about the importance of daily behavior, the need to take care of their workplace and put the right importance to little things and details, because it is true that "Respect begins from us" and within each community the quality and commitment of the people make the difference. All these aspects are really important for Sofidel.

The second corporate campaign used both for the internal and external communication, was aimed to raise awareness of the renewal of the WWF Climate Savers objectives. The main protagonists of the

campaign were the Emperor penguins, the tallest and heaviest of all living penguin species (are high over a meter and can weigh up to fifty kilograms), endemic to Antarctica, with the pale-yellow breast and bright-yellow ear patches are considered the best swimmers in the world. In the image, Sofidel is represented by a paper penguin that is diligently in a row along with the other. Thus, once again, the environmental commitment of Sofidel is told with the nature and the irony.

REAL TIME INFORMATION IN THE PRODUCTION SITES : THE "DIGITAL SIGNAGE"

During the year, it was activated in Italy, in Delicarta paper mill, the first screen Information of the Sofidel project "Digital Signage". The project aims to expand the sharing of information within the Group, in particular within the manufacturing plants. The screen offers content 24 hours a day, 7 days a week. The materials transmitted concerning the areas of institutional communication, human resources, security and production. All sections are updated remotely according to an editorial plan. The project, after pilot in Delicarta paper mill, will be gradually extended the other plants.

THE COMPANY MEETINGS AND "SOFIDEL & FRIENDS"

The meeting of business area (Finance Day, Supply Chain Meetings, HR and H & S Meetings) have been replicated with success becoming central annual events for training and sharing. It has also been introduced the meeting of the Group Purchasing & Strategic Sourcing Department. At its fourth edition in Amsterdam the Sofidel & Friends, the proposed annual meeting to customers to tell and share the results and the Sofidel projects.



* For investments, see the section on "Community initiatives".

WWF DAY IN EXPO MILAN



Sofidel participated in the WWF DAY Expo in Milan, a day of events dedicated to the theme of food sustainability and focused on the close connection between food and climate change. Sofidel, partner of WWF Italy, took part in the event with the project "I will take care of you : the action of each for the planet of all". Protagonists of the initiative the children of one of the school winners of the first annual program as "small climate ambassadors".

INTESA SANPAOLO SUPPLY CHAIN PROGRAM

Sofidel in Italy has joined the "Supply chain Program" of Intesa Sanpaolo, with the aim of increasing the production sectors of excellence of the business system Italian improving the conditions of access to credit and defining a range of products designed on the needs of companies between strictly linked by productive relationships. Sofidel, leader within the tissue sector, liaising between the bank and its suppliers, it strengthens the role of business partners, proposing more financial opportunity to their suppliers.

TOGETHER WITH THE POLICE STATE FOR THE PROMOTION OF A CULTURE OF ROAD SAFETY

In Italy, Sofidel has signed a nonbinding agreement with the State Police for the promotion of a culture of health and road safety. The agreement, signed by the Chief of Police Alessandro Pansa and the Sofidel CEO Luigi Lazzareschi, committed the Police and Sofidel to work together to the implementation of training and information among the employees and the contractors for the realization of educational campaigns across the channels of distribution of the company products. It will be also implemented in the plants

specific places where drivers of incoming and outgoing vehicles could verify, on a voluntary basis, their BAC rate. Finally, the agreement provides for the sharing of indicators and statistical data on the regularity and violations in the transport sector and the development of synergies for the extension of projects and good practice in other Sofidel European countries where the Group is present, in order to reduce the alarming increasing rate of accidents.

GENERAL ASSEMBLY OF 2015 GREEN ECONOMY

In Italy, Sofidel contributes with its concrete experience as sustainable company in the General States of the 2015 Green Economy, held in Rimini. The event, organized within of Ecomondo - the main Italian event linked to the themes of sustainable business - has been promoted with the collaboration of the Foundation of Global Compact Network Italy.

IN GREAT BRITAIN TOGETHER WITH WOODLAND TRUST

In 2015, in addition to Nicky, also Nouvelle brand has launched a partnership with Woodland Trust, the organization engaged in the protection and recovery of the wooded green areas on UK territory. The partnership focuses on schools and aims to educate children in taking care of the nature, involving them in planting of new trees.

SUPPORTING TELETHON FOUNDATION

In Italy, also in 2015, Sofidel renewed and strengthened its partnership with Telethon foundation with Nicky Limone products and

Nicky Elite, for the research on rare genetic diseases. Sofidel was among the protagonists of the spot that the Foundation has dedicated to the partners and participated in the telethon marathon transmitted by RAI channels.



TOGETHER WITH DOCTORS WITHOUT BORDERS

Sofidel, during the year, through Papernet brand has joined Doctors Without Borders helping in getting vaccines for Niger, where every 4 minutes One child out of 5 dies of measles. This country has the lowest index of development in the world, to prevent childhood measles deaths, constant campaigns of vaccination are needed for the new-born child. For this reason Papernet has supported Doctors without borders with the purchase of 100,000 vaccines, a significant choice of solidarity that has translated into real and life-saving actions.

THE PROMOTION OF A PAPER CULTURE



The partnership implemented by Sofidel in Italy for training in order to promote a paper culture at all education levels has been carried on. Sofidel is founding member and promoter of the "Group Education" of Confindustria Lucca which aims to create even more synergies between the school and university and the business world making available the experience, the know-how and corporate culture for achieving a more innovative and open education, built on the skills and therefore able to be a real factor of development for the country. In this way, Sofidel, translates its social role in a real educational responsibility.

Sofidel, together with other companies in the Lucca Tissue district, is partner of the Celsius post university Master in "Production of paper / board and management of the production system", held in Lucca, where steps were taken to an overall review of the program teaching to make it even closer to business needs; obtaining the quality certification; the formalization of the partnership with the University of

Grenoble in France and Carlstadt in Sweden and to implement some courses in English.

Sofidel continues, also, the collaboration with the Marchi-Forti Technical Institute of Pescia (PT) with the course in paper industry technologies. Within the working table created by Assindustria have been established training programs that balance training session at school with that on the

field at work.

It is also noteworthy to mention the partnership of Sofidel with the Technical Professional Polo set up by Tuscany Region at the "E.Femi" ITI of Lucca, with a specific focus on the paper industry.

In addition, during 2015, Sofidel joined the Italian Eurodesk network, which objectives are the implementation of the Europe 2020 strategy launched by The European

Union, and aims to promote quality education and training, effective integration in the world of work and greater transnational mobility of young people in order to enhance its potential. The initiative have high hopes to "give by 2020 all young Europeans a chance to study or train abroad," for increase their employability rate, both as an advanced training tool, both as an innovative one.



5. CUSTOMERS

1. Customer satisfaction	p. 35
2. Management of grievances and free toll number	p. 36

1. CUSTOMER SATISFACTION

For the Sofidel Group, Customer Satisfaction represents an essential element for the continuous improvement of dialogue with its stakeholders. The understanding of the desires and needs of customers, in order to offer a product that meets their real necessities, is strictly linked to their satisfaction.

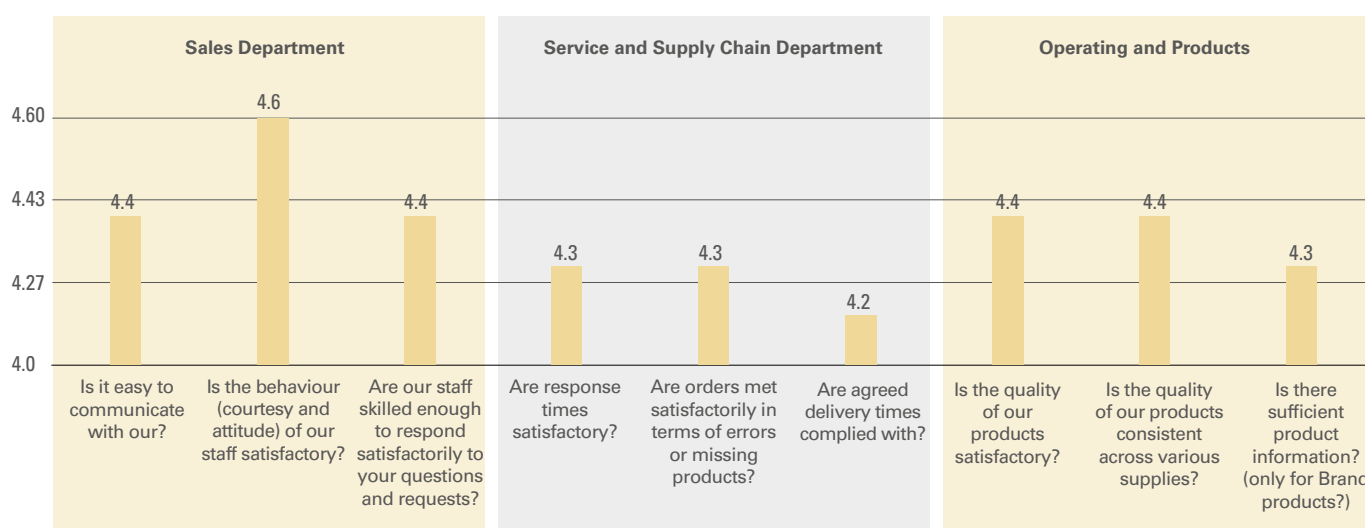
Several initiatives were implemented by Sofidel in order to collect and evaluate the level of customer satisfaction about its products and services, always based on the principles of transparency, listening and dialogue.

With the aim to obtain a higher redemption of responses to questionnaires on customer satisfaction, and therefore more representative data, the Sofidel Group in 2012 implemented a special tool to manage information. Thanks to this activity, the results in terms of Customer Satisfaction also in 2015 were significant with 2.231 questionnaires sent (2.189 in 2014) of which 1.499 (67,2% of all forms submitted) properly completed and transmitted, against 1.463 from the previous year.

Customers who have completed and returned the forms represent 78,7% of

group sales, with a reduction, for the first time in the last four years, recorded on all the three business lines.

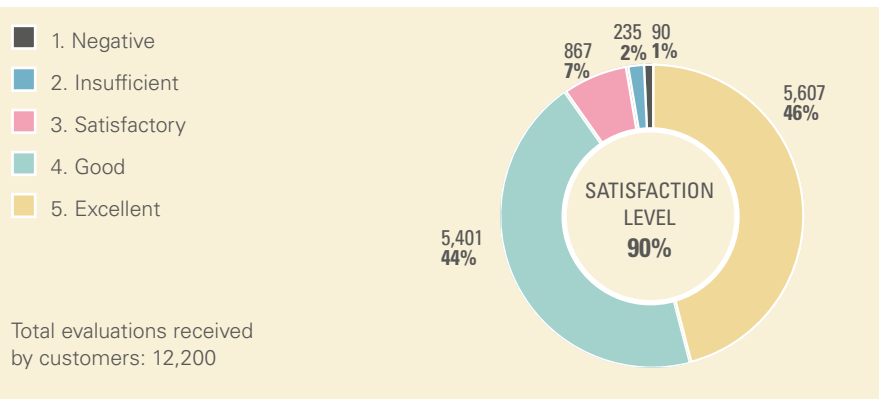
The decrease can be attributed to the change in the software program used and to the reduction of the time that has been dedicated to data collection. As shown in the graph below, the analysis of the responses received in 2015 showed a general continuation of the level reached in 2014 (4,3), with a maximum score of 5.



A further analysis of the results of the Customer Care Survey shows not only a high level of satisfaction but also a clear trend of improvement in the last 2 years, with positive evaluations (sum of feedback received between 4 and 5 points of total assessments) shifted from a share of 88% in 2013 to 90% in 2014 and it is maintained stationary in 2015.

The Customer Care Survey service goal for the next 5 years will develop on the quality side, with a consolidation of high levels of satisfaction as the main target, intervening through direct dialogue with customers who have expressed an unsatisfactory review in terms of quality; it will also develop on the quantity side, namely

LEVEL OF SATISFACTION TOWARDS SOFIDEL GROUP



through the implementation of criteria for improvement in terms of representation of users requested to express their satisfaction

with the products and services offered by the Group.

The Sofidel Group also offers a Customer

Care service that follows the customers from the moment the order is placed to the moment of finalized payment. This service employs a total of 85 people

within the company and is present in all countries in which the group operates. The customer Care service is centrally coordinated but organizationally it responds

to local officials in order to offer a more solid presence in the local area.

2. MANAGEMENT OF GRIEVANCES AND FREE TOLL NUMBER

The other side of the coin is represented by the management of reports and grievances from the customers, whether suppliers or consumers.

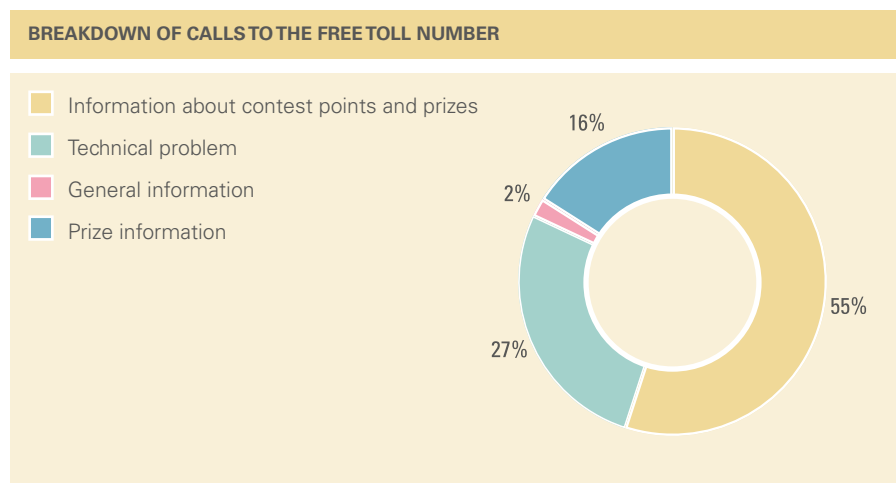
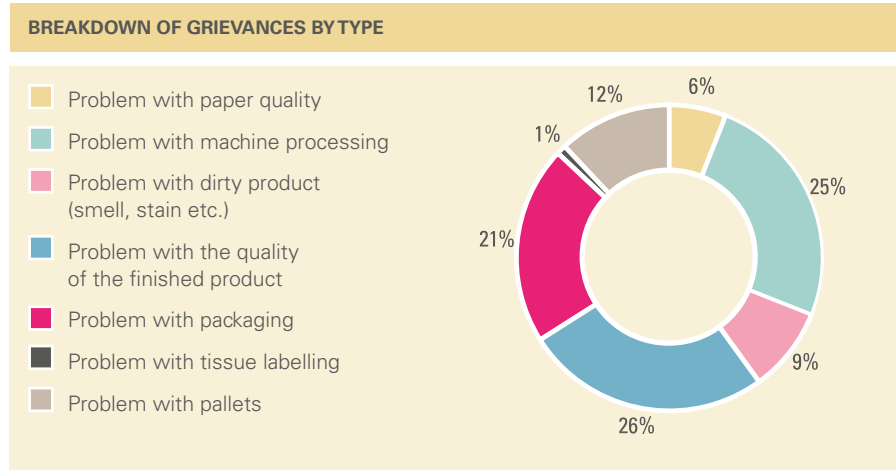
This type of interface in particular is essential both in managing relationships with these stakeholders, and in the management of issues related to the quality of products. Management of grievances is done through a information technology workflow that engages all the involved business units. Through an internal tool called "cleams management efficiency", all complaints are analyzed and broken down by type (Consumer complaint and Retailer complaint) with the response time monitored on the basis of internal procedures, which Sofidel has adopted in order to improve efficiency.

In 2015 the Sofidel Group received a total of 4,142 complaints against 3,568 of the previous year. This strong increase is connected to intense awareness activities performed on customers and on the internal structure, in order to better highlight the problems of quality, and to implement, together with the structures involved, the appropriate action plans.

In 2015 no cases of complaints regarding breaches of customer privacy and losses of customer data have been received.

FREE TOLL NUMBER

In 2014 the Sofidel Group continued its activity of tool development for keeping in touch with its consumers, and all the free toll numbers have been activated for both the main brands of the Group (Regina, Softis, Le Trèfl Sopalin, Volare) as well as for the



B-Brands Nicky.

Thus, the total of requests received rose from 6400 in 2014 to 5.062 in 2015. The total of requests received is passed from 6,400 of 2014 at 5,062 of 2015. The gap between 2015 and 2014 It is mainly due to a considerable reducing requests for in-

formation on contests which are, however, been largely offset by technical complaints on the products that from 322 in 2014 grow up to 1359 of 2015. It is therefore clear that the objective of Sofidel to establish a close contact with consumers are paying the expected results.



6. SUPPLIERS

1. The suppliers

p. 39

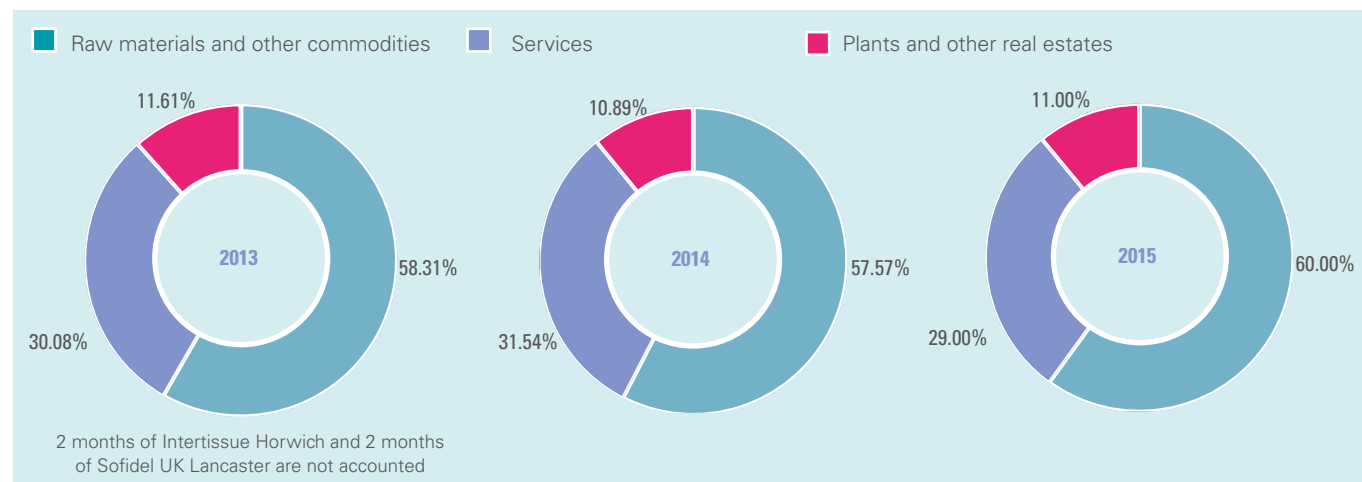
2. Management of the suppliers' sustainability performances

p. 39

1. THE SUPPLIERS

In 2015 Sofidel bought mainly raw materials, with a total value equal to 60.00% of the total passive turnover.

SOFIDEL GROUP'S SUPPLIERS REVENUES



For the Sofidel Group, the responsible supply chain management has a strategic importance in its business conduct. Sofidel follows an approach based on shared ethical principles, that guide the daily activities of the Group, which is oriented towards the minimization of (environmental and social) risks along the value chain, but always with aiming towards continual improvement rather than the exclusion of under performing suppliers, by providing them with the necessary tools for learning, and following them through any necessary improvement plan. All suppliers are required, as a pre-requisite, to comply with the rules and principles

enshrined in the the Group's code of ethics and included in the "General Purchase Conditions". Supplier qualification is based on criteria of economic cost, performance, and flexibility. The process of new suppliers identification is based on a prior assessment of their qualifications, whereas in the case of a previously existing supply relationship, a continuous monitoring is implemented through periodical evaluations by performance indicators and auditing activities, always adopting principles of objectiveness, fairness, and transparency, in order to ensure equal opportunities for everyone involved. A standard that is required to

be subscribed also by critical suppliers, such as cellulose suppliers (the main raw materials employed by Sofidel). Despite it is difficult to replace suppliers that operate in countries where environmental and workers conditions standards are not elevate, the Group requires them to strictly respect environmental and social standards, including through the participation in the TENP Platform that will be further explain in the following paragraph.

2. MANAGEMENT OF THE SUPPLIERS' SUSTAINABILITY PERFORMANCES

During 2015 Sofidel has consolidated its monitoring activities of management of the sustainability of its suppliers through the TENP platform designed and promoted by the Global Compact Network Italy Foundation (GCNI Foundation), of which the Group is a member and "Founder Promoter". To the project TENP - Sustainable Supply Chain Self Assessment Platform adhere, together with Sofidel, other large companies (A2A, ACEA, Ansaldo STS, Edison,

ENI, Italcementi Group and Nestlé Italy) with the aim to increase the Evaluation of the sustainability performances of the suppliers, and identify common challenges and solutions improve sustainability within the supply chain.

The partners companies can invite their suppliers to sign up to the platform, where they can fill out a self-assessment questionnaire compliant with the 10 Global Compact Principles and the most relevant standards

and agreements regarding sustainability. The platform then assigns a score based on the answers given by each suppliers and offers the possibility of choosing different levels of visibility (only to the supplier, to the partner companies who invited the supplier or to all partner companies).

In addition, the platform allows the single supplier to verify its positioning with regards to 4 evaluation (work conditions, respect for human rights, environmental

protection and anti-corruption) with respect to the other companies within the platform. This is a very useful tool for suppliers participating in the initiative, as it allows to assess the sustainability management and to compare it with other companies in the platform but also for the suppliers themselves, who can access a free self-assessment tool and can benefit from the visibility given from the platform to best practices. Among the 354 suppliers invited to subscribe to the TENP platform and to complete the questionnaire, 171 (48% of those invited) have joined the initiative in 2015: a great result, since it is a voluntary action from suppliers. With the suppliers fulfilling the self-assessment has been made an activity of results evaluation and related actions for

improvement. Based on the answers to the questionnaire, to each supplier has been assigned a score between 0 and 100. Depending on the score obtained, to each supplier has been assigned a different category of involvement (green, yellow and red), consistent with the system of monitoring and evaluation of the sustainability performances of suppliers started in the previous years, thus following the continuous improvement. In the red category 46 companies were identified. They are suppliers which have an average results in the four sustainability areas (human rights, labor practices, environment and anti-corruption) less than 50%. Towards these suppliers there is a speci-

fic improvement plan in order to let them achieve an enhancement in the CSR issues. Therefore, the 46 companies in the red category have been invited to review their answers to the self assessment questionnaire (with the free support of a consultant) and where there is no immediate possibility of changes in the answers, to agree with the Group an improvement plan. Following the dialogue started with these companies, two of them passed in a different category (1 in the yellow category and 1 in the green one). Subjects who received a result somewhere between 50-79% are placed in the yellow category. It consists of suppliers that have an overall adequate sustainability performance, but still with possibilities for im-



provement. Sofidel Group activity will thus be limited to highlight those improvement gaps by issuing specific recommendations. Such recommendations will be prepared accordingly to an analysis showing the most lacking areas.

In the yellow category were included 65 suppliers.

Finally, the subjects showing an average overall result of 80% or more fall under the green category. This category consists of excellent suppliers in terms of sustainability, with which joint initiatives for the promotion of social and environmental issues, based on each others' direct experience, could be launched. The companies in the green category are 60.

Among the 171 that fulfilled the self-as-

essment, the 15.8% adhere to the Global Compact, the 9.9% published a sustainability document such as the Sustainability Report, and the 18.1% are certified OHSAS 18001. Only 4 suppliers are certified according to the standard SA8000, however, the working conditions are generally good (the average of the results reported is equal to 62%). The 32.7% have adopted a certificate environmental management system, while the 35.1%

have adopted practices and procedures for prevent the risk of corruption.

While the suppliers of the red category are asked to improve their performance within the year, the suppliers of the yellow and green category are re-evaluated after two years.

In order to further improve the monitoring system of the aspects related to sustainability along the entire value chain, the Group started in 2015 a study to make more efficient the suppliers qualification starting from a careful analysis of environmental and social risks in order to improve the redemption of reply to the self-assessment questionnaire, evaluating the possibility of introducing for certain categories of suppliers the evaluation of the sustainability performances during the pre-qualification assessment.

Ongoing adjustments are in place also to allow the qualification of new suppliers, which are currently excluded from the monitoring of sustainability performances.



7. HUMAN RESOURCES

1. Human resources management	p. 43
2. Human rights	p. 46
3. Labor practices	p. 47

1. HUMAN RESOURCES MANAGEMENT

Sofidel Group's approach towards Human Resources management focuses on employees' development and their integration in the organizational culture of the company, as these are core elements in creating features such as innovation and flexibility, crucial to build company competitiveness on a globalized market.

The Human Resources management policy is firmly based on the Code of Ethics' principles and it fosters respect towards equal opportunities and diversity as a chance of enrichment, as well as on the values of respect, equal treatment, individual skills development, teamwork, open communication and continuous learning.

The Sofidel Group, in order to comply with antitrust legislation, adopted a Code which incorporates the fundamental principles of the discipline and it is addressed to the Headquarter and to all the subsidiaries with a legal entity in EU Member States. This document can be considered as a real code of conduct which may be consulted by employee at any time, and, for that reason, has been translated into nine languages in addition to Italian. During the year, this Code was subject of training in classroom lessons, while next year will be distributed through on-line training courses. Moreover, Sofidel drafted a specific anti-bribery regulations to be inserted in the 2016 course through

the e-learning platform.

The development of technical and management skills is a strategic factor for the Sofidel Group, which yearly provides an average of 15.61 hours of training per employee, in order to keep them updated on matters deemed of great interest, such as health and safety, to increase English language skills and to spread methodologies and the culture of results to the people working in the production plants.

The aim of Performance Management stresses the strategic value of Human Resources: in 2015 the Card Evaluation Project was carried out and implemented, setting a direct connection between qualitative performance and rewarding system, allowing a medium term evaluation of qualitative outcomes, and a resulting shared action plan development for the professional and personal improvement of the employee.

Sofidel Group implements specific management policies aimed at the two employees' age group minorities, adhering at the Working Age Laboratory promoted by Sodalitas Foundation, in order both to guide workers over 50 years of age to maintain an active role and an adequate motivation at work, and to start an "Induction" process at a Group level to manage the newly hired employees under

30 years of age.

The Group Human Resources Manager, who reports directly to the CEO, holds the highest function responsible for Human Resource management in Sofidel Group, and is a member of the Executive Committee of the Group.

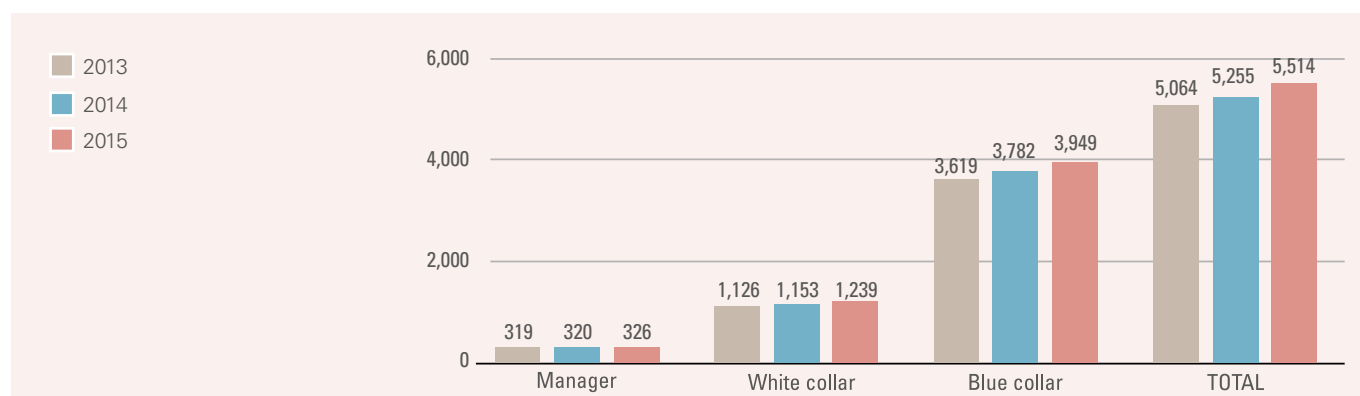
Several Business Units refer to the Human Resources Manager and some of them are directly connected to the HR management:

- Human Resources Management
- Coordination, processes and procedures
- Training and Internal Climate

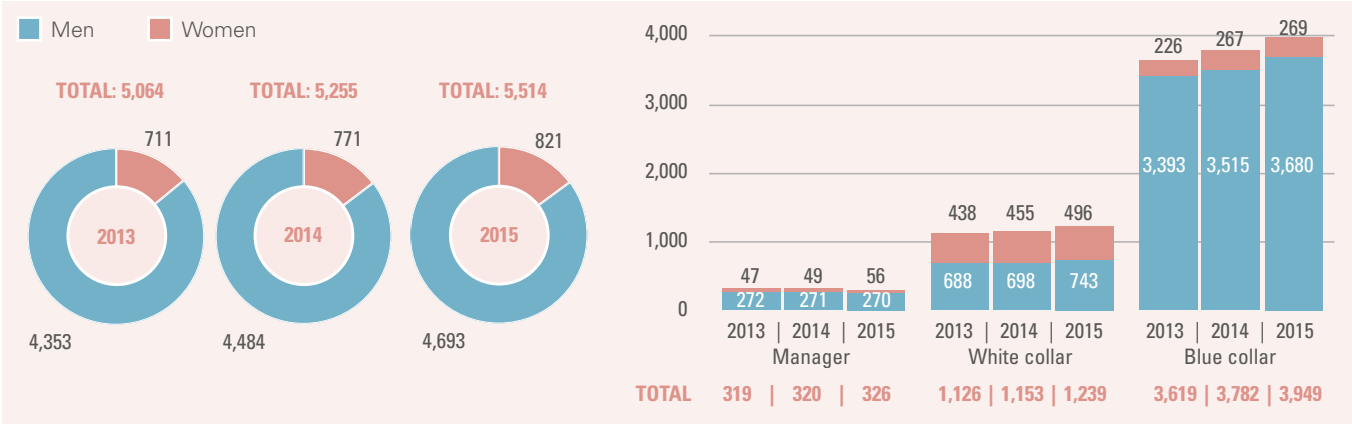
Procedures and Guidelines for the HR management are harmonically defined together with the various departments reporting to the HR Manager, examined and approved by The Executive Committee, and finally applied locally by HR Managers, who respond functionally for their activities to the Corporate HR Manager.

At the 31st of December 2015, the total number of Sofidel employees was equal to 5.514 people, as to say 259 units more than the previous year: the employment increase is mainly due to the US plants development. The following graphics Below the graphs relating to the number of Sofidel employees, with the breakdown of the trend of the data of last three years.

BREAKDOWN OF THE SOFIDEL GROUP'S EMPLOYEES BY ROLE



BREAKDOWN OF THE SOFIDEL GROUP'S EMPLOYEES BY ROLE AND GENDER



The overall percentage of female staff in the Group is 14,89%, accounting for 17,17% of managers, 40,03% of white collar staff and 6,81% of blue collar staff. This data confirms a predominance of male workers, especially among blue collar employees, due to the nature of their work. The data show a prevalence of the Italian employees (22,76%) among the Sofidel

Group's staff worldwide, mostly managers (32,20%), white collars (30,18%) and blue collars (19,65%).

UK (16,56%), Germany (14,72%) and French (12,56%) follow, with significant employees communities.

Human Resources Meeting

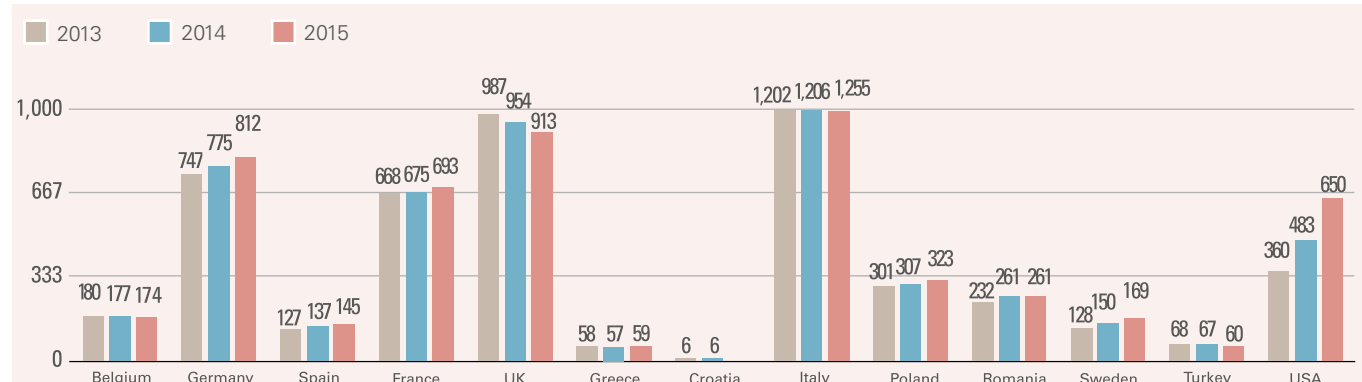
In order to promote shared knowledge and

a continuous idea and information exchange among the HR Management, during the year Sofidel organized in Romania the third HR Group Meeting, with the participation of all the HR Country Managers. During the meeting have been defined globally HR strategies and projects to be implemented, including that relating to talent management (start-up 2016).

BREAKDOWN OF THE SOFIDEL GROUP'S EMPLOYEES BY ROLE AND BY GEOGRAPHICAL AREA

Country	Manager			White Collar			Blue Collar			Global Result		
Year	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Belgium	20	12	14	47	53	52	107	112	114	174	177	180
Germany	30	30	30	158	151	153	624	594	564	812	775	747
Spain	21	20	20	37	37	33	87	80	74	145	137	127
France	51	51	50	114	109	106	528	515	512	693	675	668
UK	47	50	54	165	166	162	701	738	771	913	954	987
Greece	6	6	5	8	8	9	45	43	44	59	57	58
Croatia	-	-	-	-	6	6	-	-	-	-	6	6
Italy	105	104	104	374	333	331	776	769	767	1,255	1,206	1,202
Poland	19	19	20	118	114	110	186	174	171	323	307	301
Romania	8	8	5	53	52	51	200	201	176	261	261	232
Sweden	9	9	7	36	29	30	124	112	91	169	150	128
Turkey	8	8	8	27	30	29	25	29	31	60	67	68
USA	2	3	2	102	65	54	546	415	304	650	483	360
RESULT	326	320	319	1,239	1,153	1,126	3,949	3,782	3,619	5,514	5,255	5,064

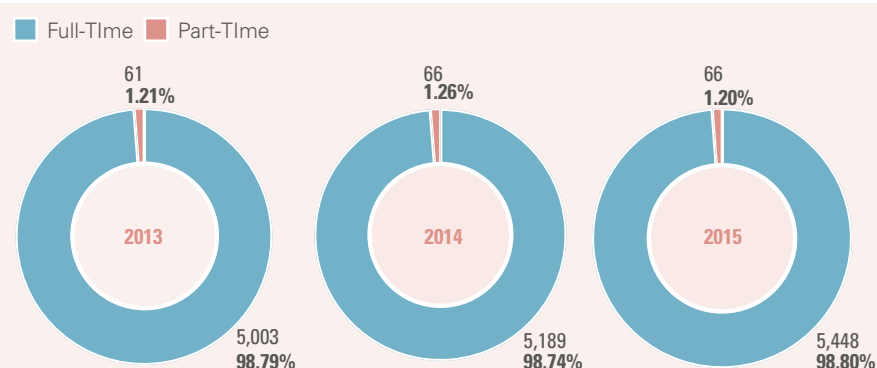
BREAKDOWN OF THE SOFIDEL GROUP'S EMPLOYEES BY GEOGRAPHICAL AREA



The percentage of Sofidel Group's employees hired with a permanent contract is 95,52% and almost all the employees (98,80%) work full-time.

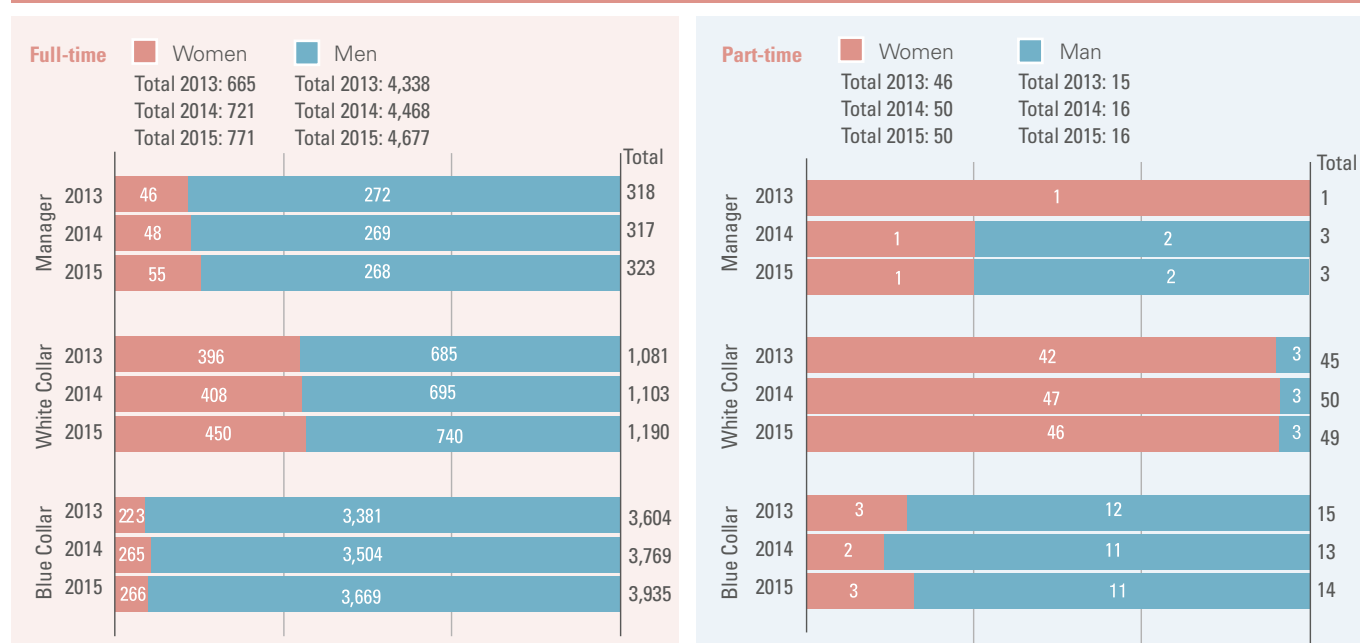
The year 2015 confirms the close tie between the company and the territory: Sofidel indeed prefers to hire people from the local communities, contributing to the local employment and income increase and to the a higher sustainability level achievement, thanks to the reduction of the journey between home and the workplace and back. The company has always valued local resources, trying to hire the most experien-

BREAKDOWN OF THE SOFIDEL GROUP'S EMPLOYEES BY TYPE OF CONTRACT

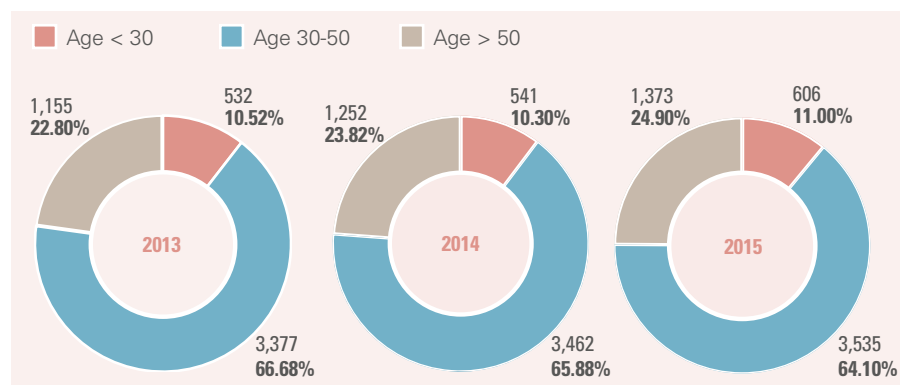


ced professionals from the territory: over 95% of senior managers belong in fact to the local community in which they work.

BREAKDOWN OF THE SOFIDEL GROUP'S EMPLOYEES BY ROLE, GENDER AND TYPE OF CONTRACT



BREAKDOWN OF THE SOFIDEL GROUP'S EMPLOYEES BY AGE GROUP, ROLE AND GENDER



The graph shows how the majority (64,10%) of the Sofidel Group's employees is placed in the average age group of 30-50.

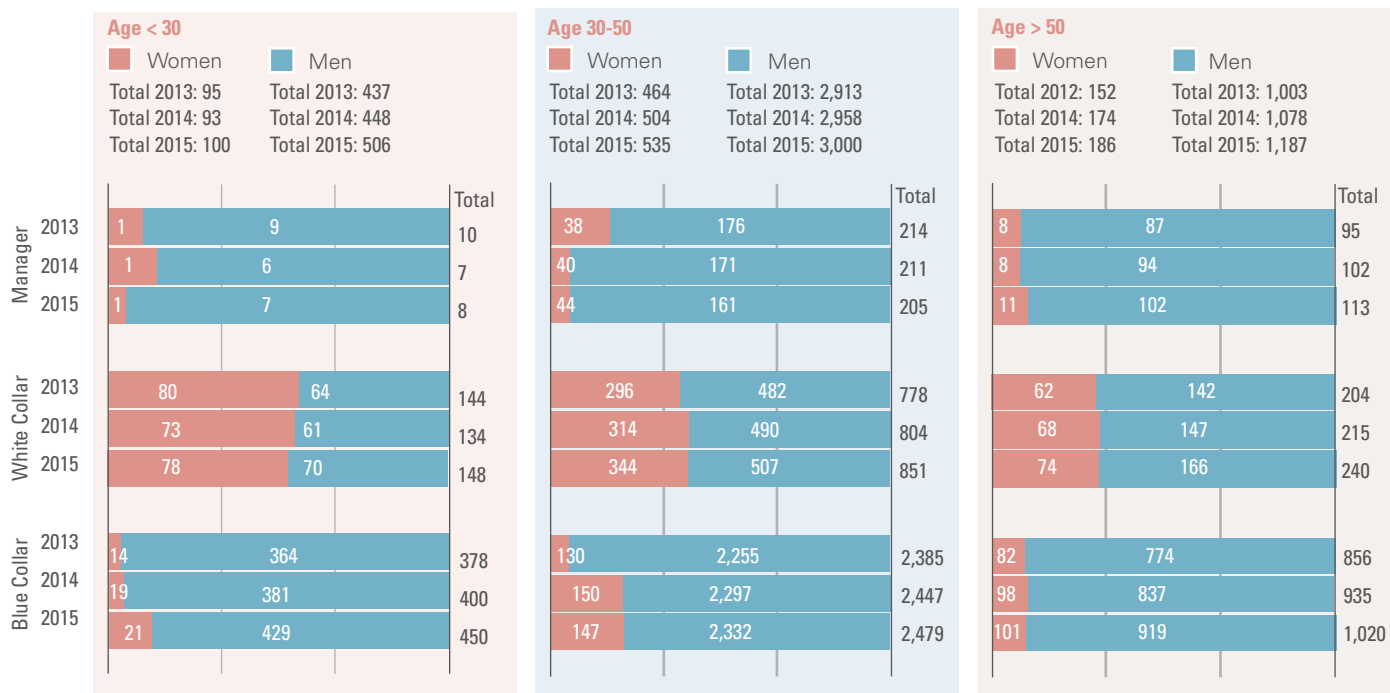
Moreover, there is a significant number of employees over 50, whose management will require the right tools in the future. During 2015 Sofidel confirmed its support to the "Working Age Lab," promoted by Sodalitas Foundation, by attending to several meetings together with other important multinational corporations.

The project aims at valuing and collecting the Italian and European best practices intended to encourage the senior employee-

es to maintain an adequate motivation and an active role and in the company, by developing new personnel management

policies and techniques to make this happen.

BREAKDOWN OF THE SOFIDEL GROUP'S EMPLOYEES BY AGE GROUP, ROLE AND GENDER



2. HUMAN RIGHTS

2.1 Equal opportunities, diversity, non-discrimination

Regarding Human Resources Management, the Group promotes equal opportunities and diversity as treasures to nurture in accordance with its Code of Ethics and regulations on human rights.

As further proof of the importance given by Sofidel to human rights, it has been created for its employees an e-learning platform with a training package aimed primarily to the awareness of the code of ethics, the regulations against discrimination in the workplace and sexual harassment and becoming able to identify and properly handle the possible situations of violations.

The e-learning training expects the employees to pass a final learning test, necessary in order to obtain the certificate of proficiency.

In addition, in order to prevent discriminatory cases, all group companies have an anonymous grievance mechanism which

allow workers to manifest any cases of human rights violations. During last year the Group has not received any case of discrimination.

The Group has not considered necessary to perform specific assessments regarding human rights, as the Group activities are not carried out in risk areas.

In 2015 the HR function has prepared and disseminated at European level a special guideline for the reintegration of the new mother employees. The course includes meetings with a tutor to facilitate the return of workers also with ad hoc training plans. In 2015, the number of employees that took parental leaves (optional maternity/paternity leave) was 38 persons in Italy, 31 women and 7 men, while in other companies abroad the number of leaves was 94, of which

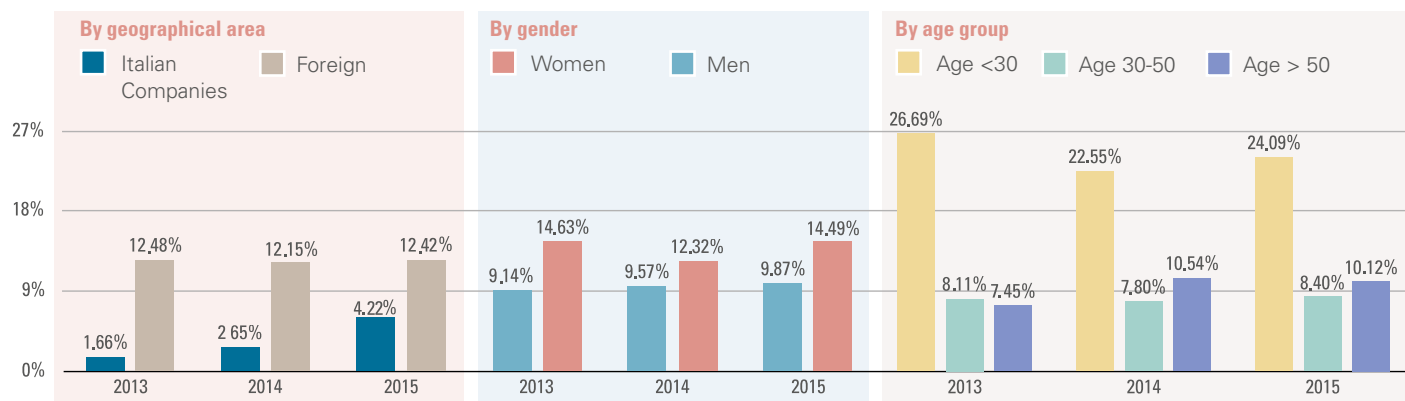
33 women and 61 men. At the end of the maternity leave period, no employee decided to quit their job.

Regarding the "legally protected categories", the Group complies with all the related legal obligations in all the countries in which it operates. In 2015 the employees belonging to this category were 57, 7 women and 50 men.

3. LABOR PRACTICES

3.1 Turnover

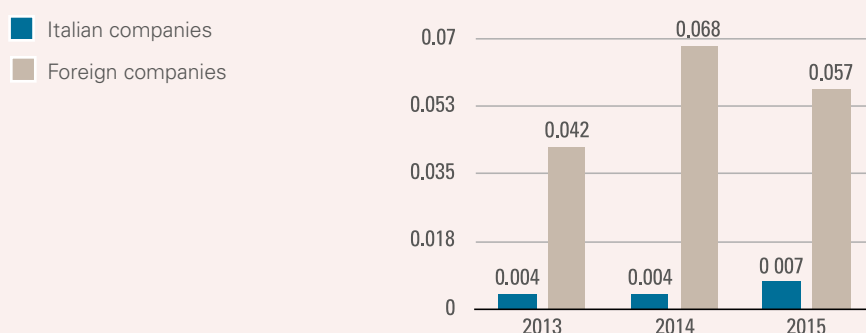
THE SOFIDEL GROUP'S TURNOVER RATE BY GEOGRAPHICAL AREA, BY GENDER AND BY AGE GROUP



The Group turnover rate remained low for the year 2015 too. The graph shown above considers the total number of employees who have resigned, have been dismissed or retired.

Instead, the following data show the voluntary resignations of Sofidel employees by geographical area.

SOFIDEL GROUP'S TURNOVER RATE - VOLUNTARY RESIGNATIONS



3.2 Industrial relations

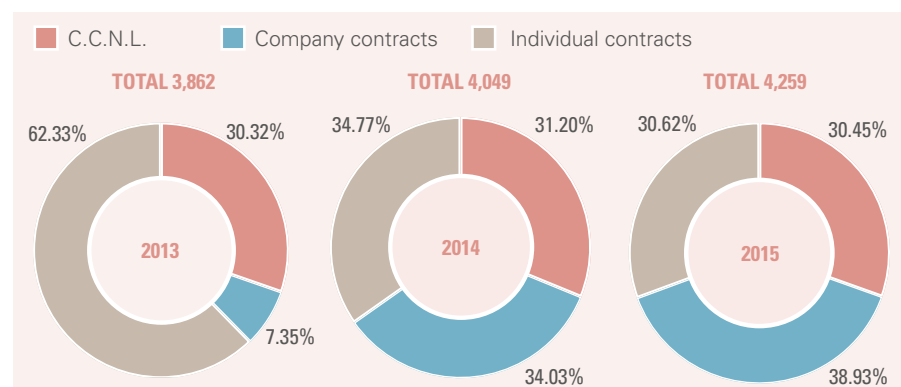
Sofidel's industrial relation system with the Trade Unions is based on a constant and constructive dialogue, in accordance with

the principles laid out in the National Collective Work Contract.

In the Italian companies of Sofidel Group,

the National Collective Work Agreement is applied to all the employees, in compliance with the current regulations. In the other companies of the Group, 30,45% of work contracts are regulated by some form of National Collective Agreement, while the rest of the workers are hired through other individual and/or company contracts.

BREAKDOWN OF EMPLOYEES FROM THE FOREIGN COMPANIES OF SOFIDEL GROUP, BY CONTRACT TYPE



Communications regarding organizational changes

Communications regarding organizational changes are made in compliance with the timing and terms established by the National regulations or by the Collective Agreement applied.

3.3 Health and safety

Sofidel believes in promoting health and safety at work as one of the most critical factors for sustainable development of its people and its business and for the increasing of the level of health of the society as a whole.

The group, in compliance with the principles of the European Network for workplace health promotion (ENWHP), believes that a real and lasting improvement of the level of health and welfare of workers can be achieved only through the combination of the following: improving the environment and work organisation, promoting active participation and encouragement of personal development and healthier lifestyles.

Sofidel has also signed the Luxembourg declaration for the promotion of health & safety in the workplace of the European Union.

Sofidel, with the involvement of workers and their representatives, adopted a multiannual programme called "Workplace Health Promotion (WHP)", as modern corporate strategy able to enforce the positive effects resulting from prevention activities, intended to increase over time the health promotion and the wellbeing of the workforce.

In line with the topics discussed in the European network for WHP, Sofidel will deal with priority the following topics: smoking, alcohol, nutrition, physical activity, drugs and stress. The first one to be developed is alcohol.

The coordination of health and safety policies is entrusted to a specific corporate unit, composed by qualified personnel. Among the others, the main objective is to spread good practices and to raise awareness among the companies of the Group on topics related to health and safety at the workplace. During 2015, the Group has strengthened auditing activities also in the foreign plants, in order to spread the culture of safety from a technical and procedural point of view, as well as the management systems (Health and Safety Management Systems at Work).

FREQUENCY INDICATOR AND GRAVITY INDICATOR IN THE SOFIDEL GROUP PLANTS BY GEOGRAPHICAL AREA

Company	IF ¹	IG ²
Belgium	6.87	0.63
France	27.39	0.56
France	26.9	0.96
Greece	9.45	0.17
Italy	12.07	0.34
Poland	20.18	1.30
Romania	2.11	0.04
Spain	32.53	0.58
Sweden	3.78	0.65
Turkey	7.12	0.08
UK	0.07	0.32
USA	14.45	0.13
TOTAL SOFIDEL GROUP	15.75	0.49

The accidents indicators rate reported do not consider neither commuting accidents nor accidents causing less than 3 days of absence for the worker. Furthermore, only accidents leading to the conclusion of the labor relation are considered.

th and Safety Management Systems at Work).

In 2015 has been carried out the implementation of the IT platform Q81- HSE Web Application (a patented or on-line software, able to manage issues related to health and safety in the workplace) in all the plants of the Group.

The main objective is to define a "Sofidel Corporate" environment, a sort of virtual plant serving as a "pilot" to the real plants in the definition of the best practices and in facilitating the implementation of the management system OHSAS 18001.

The partnership with the European Agency for Safety and Health at Work (EU-O-SHA) continues through the support to the new biennial campaign (2016-2017) for a healthier and safer workplace, called "healthy and safe workplace at every age", focused on promoting sustainable and healthy ageing from the start of working life, in order to prevent health problems.

With regards to the development of Health and Safety on the workplace Management Systems, in 2015 the plants of the Group Delitissue, Papyros and Werra achieved the OHSAS 18001 certification.

Sofidel aims at implementing further the health and safety management systems in all the Group companies.

In every company have been set up committees for health and safety defense, composed by members from the management and from the workforce, in order to involve the employees in the knowledge and spreading process of health and safety policies. All the Sofidel workforce is represented in these specific committees for health and safety defense.

¹ Frequency rate (IF): number of accidents/ hours worked x 1.000.000. ² Severity Rate (IG): working days lost due to accidents/ hours worked x 1.000.

Such indicators are calculated considering the millions and thousands working hours, unlike what requested by the GRI G4-LA6 indicator, as this standard is defined at a Sofidel Group level.

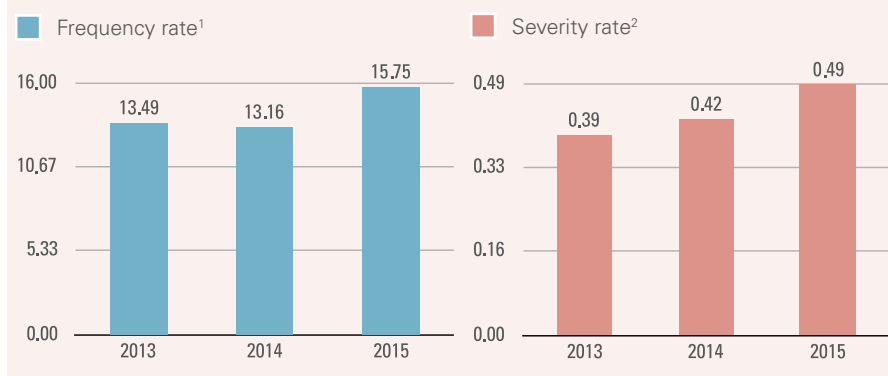
FREQUENCY RATE AND SEVERITY OF ACCIDENTS

Sofidel monitors industrial accidents rate in all its plants through some specific indicators, such as frequency¹ and severity². The measurement of this rate is not based on female-male gender, as female staff is mainly employed in office activities, as shown by the data on employees breakdown by job and gender, thus not relevant at statistical level.

As can be seen from the trend of last three years data, the Frequency rate recorded an increase, while the Severity rate remained stable.

In 2015 the rate of absenteeism in the Group companies, as to say the ratio

OCCUPATIONAL ACCIDENTS RATE FOR THE SOFIDEL GROUP



between the hours of leave from the workplace and the working hours, was

3,42% due to sickness leave³ and 0,29% due to injuries⁴.

Promoting a culture of health and safety

With regards to health and safety, Sofidel promotes every year training programs in all the companies of the Group. In the various plants each category of workers is trained on risks and prevention and protection measures put in place, and, for each specific task, it is performed a specific training on the job. At Group plants it has also been implemented a systematic planning of the training to be provided in order to make it more pervasive and effective. In 2015 it was provided with exclusive reference to health and safety, about 21,400 hours of training. The topics covered in the courses mainly concern, both for new employees and the employees, the use and handling of work equipment, emergency management and fire protection, first aid and risk analysis.

Prevention campaigns

In order to raise awareness among their employees on health and safety issues, in Sofidel plants have been created every year important prevention campaigns. In 2015, the most relevant are listed here below:

- In Delipapier Frouard continues the awareness campaign to spread the culture of blood donation;
- In Delipapier Buxeuil during internal committees for health and safety it has been carried out, with the occupational doctor, a campaign on psychosocial risks;
- In Ibertissue it was promoted an awareness campaign for the use of hearing protection;
- In Intertissue Sofidel and Benelux are periodically conducted Safety Tour or Safety Talk with the involvement of the plant in order to raise awareness among the employees on health and safety aspects;
- The Group's Italian plants during the World Safety Day organized a course on the management of near-misses.

³ Sick leave rate: sickness leave hours/ contracted working hours. ⁴ Injuries rate: accidents hours/contracted working hours.

3.4 Training and development

Every year Sofidel draws up a Training Plan aimed at the development of technical and management skills of their employees.

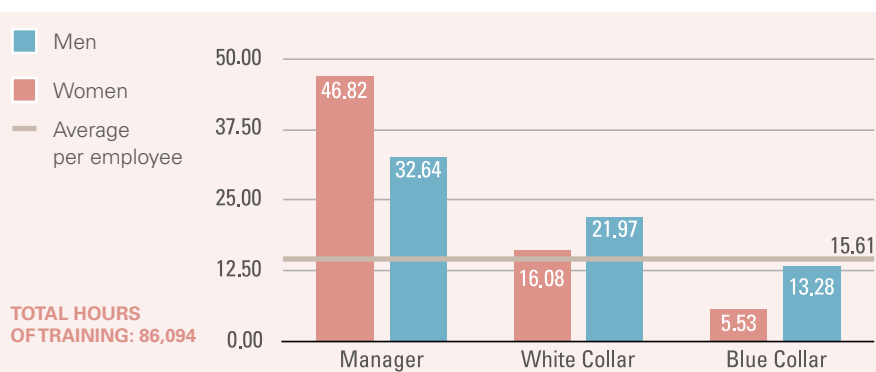
In 2015 the hours of training provided were 86.094; the average hours provided for each company level were 32,64 for male managers and 46,82 for female managers, 21,97 for male employees and 16,08 for female employees, 13,28 for male blue collars and 5,53 for female blue collars.

An average of 15,61 hours of training per employee was provided.

The main subjects of interest, besides health and safety in the workplace, were the best practices in the operating area in terms of technical and production improvements and new machinery introduction, English language learning and the implementation and maintenance of management systems. The spreading of the Leaning Management in the production field philosophy keeps having great relevance.

With regard to this last project, the multi-year plan originated from the pilot projects launched in the Italian converting, led to the implementation of the model on a European level. The aim of the project is to create KPIs in order to measure the processes evenly and to structure improvement actions focused on the priority losses

AVERAGE HOURS OF TRAINING BY GENDER AND ROLE



by cost, through scheduled working plans aiming at developing people professionalism and competencies, using the tools according to the Lean Thinking streamlining principles.

Skills development is made possible through the field training of Sofidel's technical figures that will become responsible for the training of the workers, who in turn will autonomously apply the Lean methods. The final aim is to transfer the culture of achievement through consolidated methods to people working in the production plants.

Sofidel selected teachers, together with external qualified training professionals, also

among specifically skilled internal employees, providing a total amount of 5.536,5 hours of training, equal to 29,25% of the total amount. The investments in training amount to 1.911.962,34 Euro.

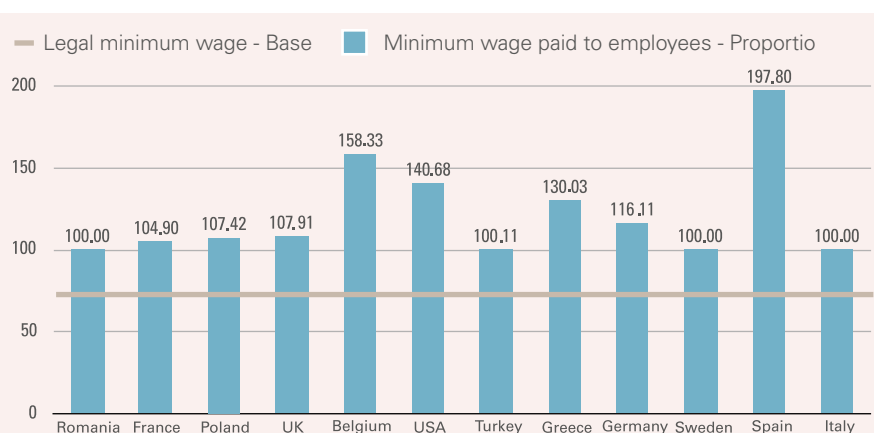
Regarding the human resources development, in 2015 four employees from the Italian companies of the Sofidel Group were rewarded with the **"Stelle al merito del lavoro"** ("Order of Merit for Labor") award, bestowed upon them by the Italian President of the Republic for their hard work and commitment to their job shown during 25 years of uninterrupted work activity.

3.5 Remuneration and incentive systems

The Sofidel Group, coherently with its principles determines its employees wage in accordance with the legal standards and guaranteeing compliance with equity and transparency criteria.

Analysis of the countries in which the Group is present, shows how the minimum wage system, where applicable, is fully guaranteed. Moreover, almost all the Group companies have developed performance evaluation programs for each employee belonging to the so-called "rewarding-system." This consists basically of an interview based on a questionnaire considering the strategic aspects of the work performance. In particular, the qualitative evaluation is carried out through ongoing measurement: individual commit-

MINIMUM WAGE BY COUNTRY



The graph is calculated in accordance to GRI calculation system that does not take account of the integration present in the various plants, both regarding remuneration or benefits.

ment; expertise/professionalism; problem solving; quality; teamwork; communication/relationship skills; spirit of initiative; capability to delegate, control and develop collaborators. The behavioral approach has indeed proven to be very effective in creating a connection between the company strategy and the necessary conducts to implement it. The evaluation allows employees to regularly monitor their own performance, to check their progresses and make any useful change to improve it.

Many companies of the Group have implemented rewarding systems based on specific and measurable, achievable and shared objectives, in order to make the employees able to influence them through their conduct. Verifying the objectives' achievement is responsibility of the managers of the different company departments and it may include sustainability performances, such as CO₂ emissions reduction and energy and water consumption.

In 2015, 71,20% of the Group companies

employees received salary increases and 57,29% was rewarded with prizes and bonuses. There was no distinction between full-time and part-time employees in granting the benefits.

The data shows that, although the Group complies with compensation and skills development policies and regulations based on equity and equal treatment of women and man, generally speaking women hold less responsibility roles in the companies and consequently receive lower wages than the men. In order to improve the current situation and to confirm its commitment to this matter, Sofidel Group has set regulations about flexible working hours and subscribed to the Equal Opportunities Charter in the workplace, promoted by Fondazione Sodalitas.

The working relationship with Sofidel is distinguished by the number of institutes and initiatives in favor of workers. In Italy, France, UK, Germany and the United Sta-

tes the employees have supplementary health care plans through the activation of specific funds retirement where the employees of the companies have the opportunity to contribute with different percentages of participation. The percentage varies according to the provisions by individual company regulations.

Also in Italy there is a special Solidarity Fund, supported by the CRAL Italy, which has the aim to give support to all those who are in situations of serious need.



8. THE COMMUNITY

1. Communities initiatives

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1. COMMUNITIES INITIATIVES

Impacts

The commitment of Sofidel in favor of local communities is characterized by a local approach to core business which allows to reduce the negative externalities on the territory (mainly from an environmental point of view) and to generate and redistribute wealth locally. This dual objective is realized through the use of clean technologies, as illustrated in the chapter on environmental

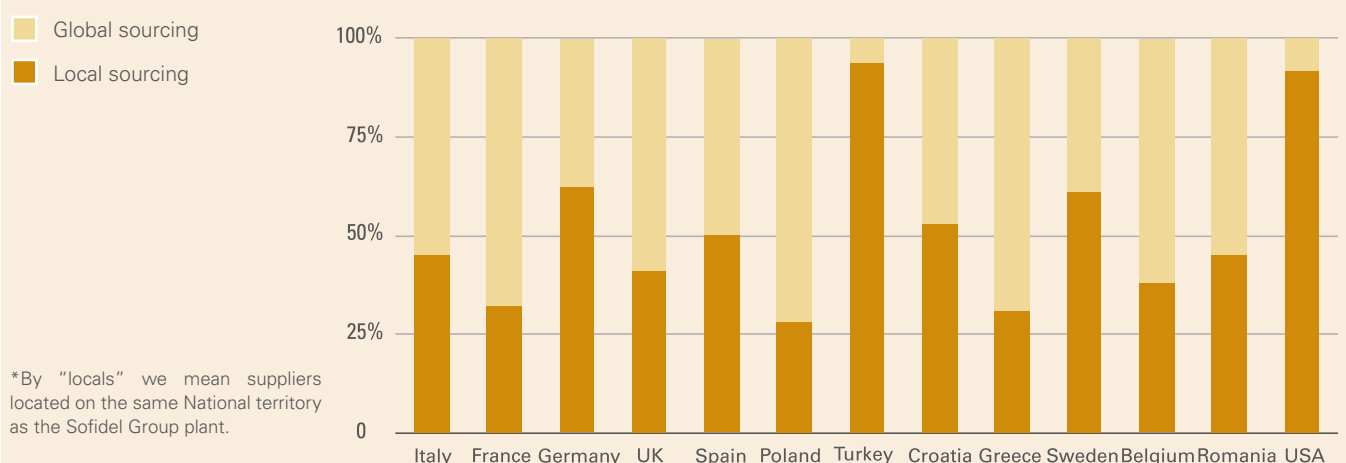
impacts, but also through the planning of a logistics for the reduction of CO₂ emissions, favoring, where possible, local purchases, and so contributing to the achievement of the second objective by strengthening local supply chains.

With the exception of suppliers of raw materials, for reasons related to the nature of the market of cellulose, Sofidel suppliers

are mainly located in Europe where there is the majority of the Group's plants.

In 2015, Sofidel purchased an average of 52% of goods and services from local suppliers in the countries where it operates, in line with previous years (in 2014, 53%; in 2013, 52%).

CONCENTRATION OF PURCHASES FROM LOCAL SUPPLIERS* BY AREA



Commitment towards the communities

Sofidel implemented specific guidelines that Group companies must follow for the investments, sponsorships and donations

of a social nature. The recommendation is to give priority to team sports for teenagers and the topics related to the pro-

tection of health and environment, supporting initiatives / activities with direct impact on local communities.

SOCIAL COMMITMENT OF SOFIDEL GROUP (Euro)	2015	2014	2013
Charitable donations			
Giuseppe Lazzareschi Foundation	35,600	66,200	41,800
Telethon Foundation	160,000	160,000	150,000
WWF Italy	110,000	181,000	110,000
Lucca Foundation for Higher Education (ex-Celsius) and school contribution	10,000	12,500	7,500
Mecenat Ela 2015 France	44,500	-	-
Doctors Without Borders	50,000	-	-
Sponsorships	419,672.28	470,885.96	367,88.45

9. THE ENVIRONMENTAL DIMENSION

1. Environmental resources

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1. ENVIRONMENTAL RESOURCES

2015 was the year of the Paris Climate Change Conference called COP 21 that gave rise to an agreement on reducing greenhouse gas emissions adopted by 195 nations. Although this agreement is non-binding, it is extremely ambitious and set the limit of the raising of the temperature to 1.5° C respect the pre-industrial age. Many authoritative observers view the result COP 21 as a historic turning point, a very broad political signal in order to mitigate the effects of climate change induced by human activities. Sofidel had a small role, actively supporting the platform called “We Mean Business” an association of leading companies and environmental organizations that were intended to make the voice of those who believe in a sustainable way of doing business. The management of environmental resources and global human impacts on the biosphere continues to be a guiding theme on the agendas of the world policies.

The Sofidel strategy in supporting sustainability, based in these years on the fight to reduce emissions of greenhouse gases,

The Report boundaries of this report include all the Sofidel plants throughout the year 2015, exception made for Sofidel America at Hattiesburg, acquired at December 2015. Data related to 2013 and 2014 may differ slightly from those published in previous financial reports, as a result from consolidation of data that became available after the publication of the previous Reports.

the respect of forest and energy resources and the reduction water consumption, it is confirmed as actual and centered on their criticality.

It is worthy to mention how the three actions carried out by Sofidel in favour of the environment were evaluated as a priority by major international organizations. In his position paper entitled “The Global Risk Report 2016” the World Economic Forum identified among the top 10 risks the greatest impact of climate change, the crisis due to the scarcity of water resources and the loss of biodiversity.

To pursue these goals in a transparent and credible manner, Sofidel actively participating in global initiatives organized by non-profit institutions, such as the WWF (World Wide Fund for Nature), the

best known and active environmental organization, CDP (Carbon Disclosure Project), an organization committed to the involvement of business world towards action for a more sustainable world and the UN Global Compact, through the Foundation Global Compact Network Italy.

From the point of view of the relationship with the institutions, Sofidel is still collaborating to an important pilot project of the European Commission on the development of the product rules for the paper industry, within the framework of the EU instrument called PEF (Product Environmental Footprint). In this project Sofidel applied to become part of the “Drafting Group”, as to say the inner group of companies contributing to the writing of the PEFCR (Product Environmental Footprint Category Rules).

Project CDP



The CDP (formerly the “Carbon Disclosure Project”) is an organisation based in the United Kingdom which works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations. The information disclosed annually by the companies participating the projects undertaken by CDP are then evaluated according to a methodology standard and classified according to both the completeness and the performance.

This important disclosure of transparency and reliability of the risk management was collected by Sofidel since 2013, with the first participation in the Climate Change Report.

The Climate Change Report presented by Sofidel in 2015 got an excellent rating of “Disclosure” (evaluation of the quality and completeness of the disclosed information) reaching a result of 98/100 (the Italian average was 85 and the result of Sofidel in 2014 was 88/100) and a score of C for the performance, on a scale from A (best) to E (minimum). Sofidel also confirmed the participation in the CDP Global Forests Report 2015, a complex assessment concerning the risk associated the use of forest raw material and has joined for the first time to the CDP Water Report, dedicated to the management of water resources.



The documents, once reviewed and accepted by the competent authority, will standardize the methodology for calculating LCA (Life Cycle Assessment) when it relates the semi-finished product in the paper industry and downstream users to ensure the possibility of being able to identify the most virtuous producers from an environmental point of view in order to guarantee

to the final consumer a more sustainable finished product.

Sofidel also agreed to experience the new methodology developed on its own product.

The results will be disclosed in 2016.

The participation in these projects has allowed Sofidel to integrate the new initiatives already planned on the basis of the

agreement reached at the end of 2014 between Sofidel and WWF International for the renewal of the collaboration within the Climate Savers project, with ambitious emission reduction targets that include all the production capacity of the Group and new performance indicators. (See "Climate Savers new agreement" p. 58).

ENVIRONMENTAL INVESTMENTS

2015 was an intense year both from for an analysis of the investments made in previous years, both by the number of new measures implemented during the year.

Some plants realized in the previous years have gone at full speed and, therefore, it is possible an evaluation:

- In France, at the Delipapier Frouard plant with the biomass boiler, produced steam from renewable sources, for a quantity of more than 54 GWh with a reduction in carbon dioxide emissions of 13,000 tons in 2015
- In the Sofidel America plant, located in Haines City (Florida), a cogeneration plant fueled by methane, which provides steam and electricity, also this year achieved a reduction in CO₂ emissions of about 5,000 tons with regards to the 2013, approaching the goal of 8,000 t/ per year. The investment for the infrastructure has been over 7 million Euro.
- In Italy, at Delicarta Porcari Paper Mill, the plant called "Water Reuse," that enables water reuse discharge for production purposes, has achieved an annual savings of about 200,000 m³ of water compared to 2013, lowering the specific consumption of about 28%. The investment was about 2.5 ml of Euro
- At Intertissue (UK) plant for the recovery of rainwater from the coverage of the buildings, has led to a reduction of water consumption of more than 47,000 m³ of water. The investment is was approximately 0.3 million euros and exploits an area of 82,000 square meters

A significant investment has been implemented in 2015 with the realization of a Biological treatment by activated sludge Wastewater at the Delicarta Val Fegana (Lucca)

plant, for a value of 420,000 Euro. This process allow a significant improvement in the wastewater quality of the establishment. With this investment all Sofidel plants have a sewage treatment plant for their water discharges, internal to the establishments or part of the systems of public sewer. In the same plant of Delicarta Val Fegana it was successfully concluded the authorization process for the construction of a cogeneration unit of 1.5 MW of electric power which, from January 2016, it will be assembled at the plant. At full speed, it will be able to provide the paper mill of the totality of the electrical energy and of a part of the process steam. This investment was of 2.2 million.

In 2016, a similar installation is being planned in Delicarta Monfalcone plant (Gorizia), but with an electric power of 3.2 MW, which necessary authorizations were obtained at the end of 2015. Also in this case, thanks to this system, the paper mill will become autonomous from an electric supply point of view, with the production of a useful heat rate, for a total value of the investment of around 3.5 million.

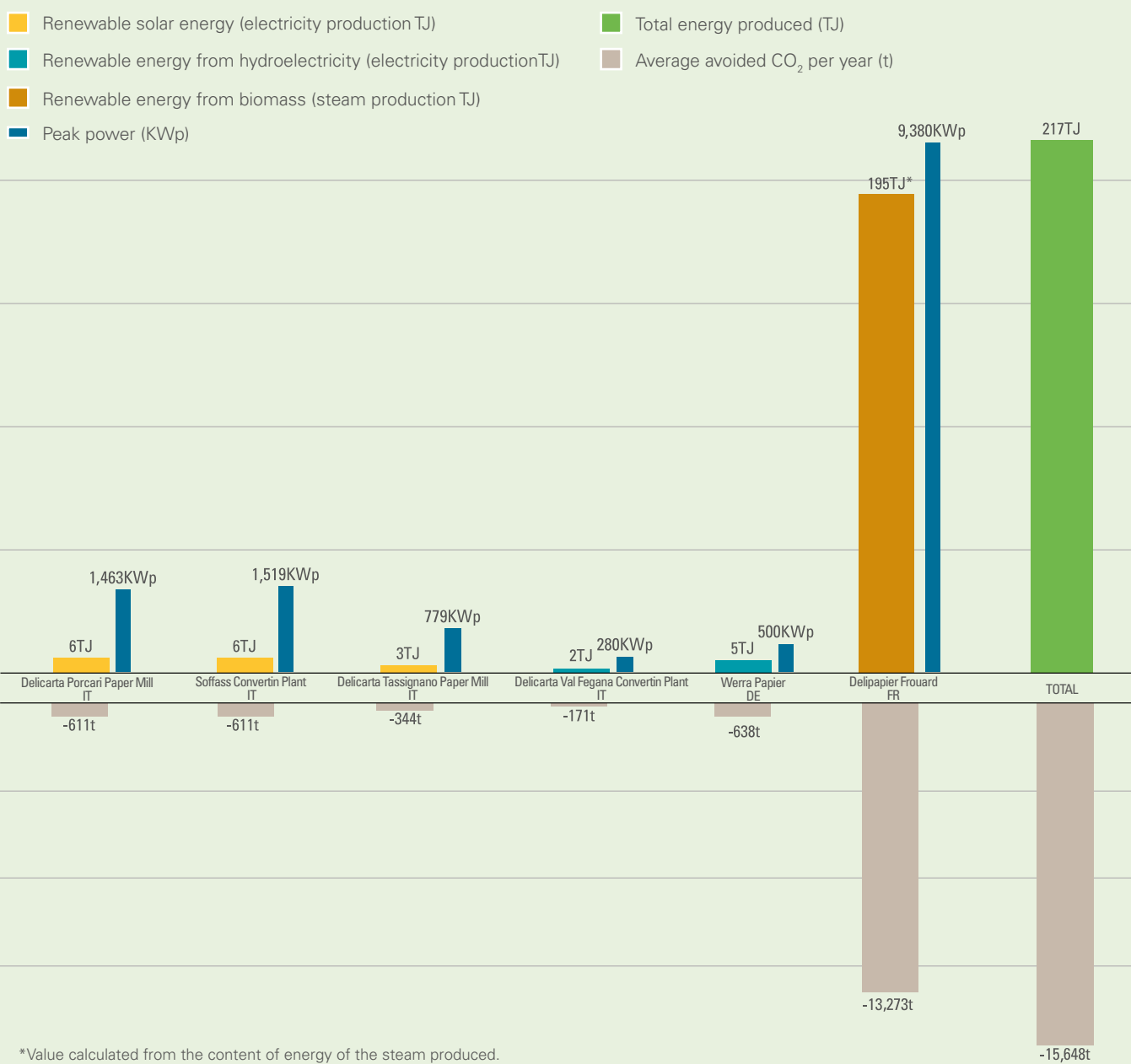
All the Group plants are committed to several energy efficiency improvement actions, that individually have a smaller economic impact than those mentioned above, but have positive feedback on consumption and CO₂ emissions:

- it continues the use of low energy LED lights (about 900,000 euros invested in new lights, of which 500,000 euros at the only plant of Sofidel UK, Lancaster)
- interventions to increase energy efficiency, such as changes of drivers on engines, boilers optimization and others actions for a total investment of 2.8 mil-

lion Euro in different plants, of which 1.2 million at Delicarta Porcari plant.

Aside from investments in energy efficiency, Sofidel in the past years invested in renewable energy, in particular biomass, hydroelectricity and solar power, currently reaching an overall annual production of approximately 217TJ of renewables energy.

SELF-PRODUCTION OF ENERGY FROM RENEWABLE SOURCES



1.1 Green house gas emissions management

The risks related to climate change are becoming increasingly relevant. The 2015 was the warmest year since reliable measurements are available and the number of extreme weather events such as hurricanes or floods is continuous increasing.

Since 2008 Sofidel is joining the Climate Savers project, an initiative of WWF International which aims to involve the major

global companies in reducing greenhouse gas emissions, in order to obtain significant improvement and provide examples for other companies in the industry.

Climate Savers is a global platform created by WWF International to involve industry partners on climate and energy.

The Companies that have joined the programme are required to use the best available

technologies for reducing energy consumption, in order to reach the goals set and be an active part of the programme by influencing the market and the stakeholders.

To give more credibility and visibility to the shared goals with WWF International, Sofidel started to look carefully even to new standards.

In particular, the initiative called “Science Based targets”, born from the partnership between Carbon Disclosure Project, UN Global Compact, World Resource Institute

and WWF, has all the characteristic to embrace how Sofidel has already publicly stated by time. Sofidel has therefore signed its commitment to verify in the next few

months the ability to meet the requirements of “Science Based targets” through an analysis of the existing carbon emissions reduction target.

THE NEW CLIMATE SAVERS AGREEMENT



Sofidel Group remarks its environmental commitment by renewing the agreement with WWF in the International programme Climate Savers, based on the voluntary delineation of a significant carbon dioxide emissions reduction plan, achievable through the use of innovative strategies and technologies.

Sofidel is the only Italian company and so far the only company in the tissue industry worldwide (paper for sanitary and domestic use) to have joined the program, and between 2008 and 2013 it has already reduced its overall emissions of 11,1% (186.000 tons of CO₂ per year), investing over 25 million Euros. During the same years, also thanks to the new acquisitions in Europe and America, the production capacity of the Group grew of about 50%.

Sofidel and WWF carry on their work on climate and energy issues, and, given the important changes occurred in the company from the beginning of the partnership in 2008, they define and widen new emission reductions goals, updating them in order to fit the new reality of the company.

The new set of objectives includes:

- the reduction of specific direct and indirect emissions
- an increase in the use of renewable energies
- ‘agent of change’ actions, as to say having an active role in promoting low carbon economy issues, in order to raise the stakeholders awareness.

More specifically, Sofidel commits to reduce, by 2020, direct green house gas emissions of 23% per each ton of paper produced, compared to the 2009 levels.

The reduction goal will be achieved through an investment plan aimed at increasing the processes’ energy efficiency, the combined production of electric power and steam, and at the use of renewable energy. It is foreseen that by 2020 the energy supply coming from renewable sources will be able to cover about 8% of the fuel requirements of the plants operating to date.

Furthermore, Sofidel has not only analyze the greenhouse gas emissions directly generated by its activities, but has also determined ways to reduce the emissions caused by third parties along its value chain. By 2020, through the definition of an action plan considering the involvement of many stakeholders, greenhouse gas emissions generated by the fibrous raw material production and packaging activities (both plastic, paper and cardboard packaging), plus those connected with the raw material and finished product transportation, will be reduced of 13% per each ton of produced paper, compared to the levels of 2010.

A full commitment, in full compliance with a continuous improvement path that will be upgraded over time, by constantly monitoring technological development and involving more and more suppliers and customers in a combined effort against climate change.

Moreover, Sofidel, in cooperation with WWF, will testify during National and International meetings dedicated to climate and sustainability challenges aiming at raising opinion makers and policy makers awareness. Combined awareness and environmental education activities addressed to employees and the general public will also keep on being carried on.

The results of the investments made are shown in the graph.

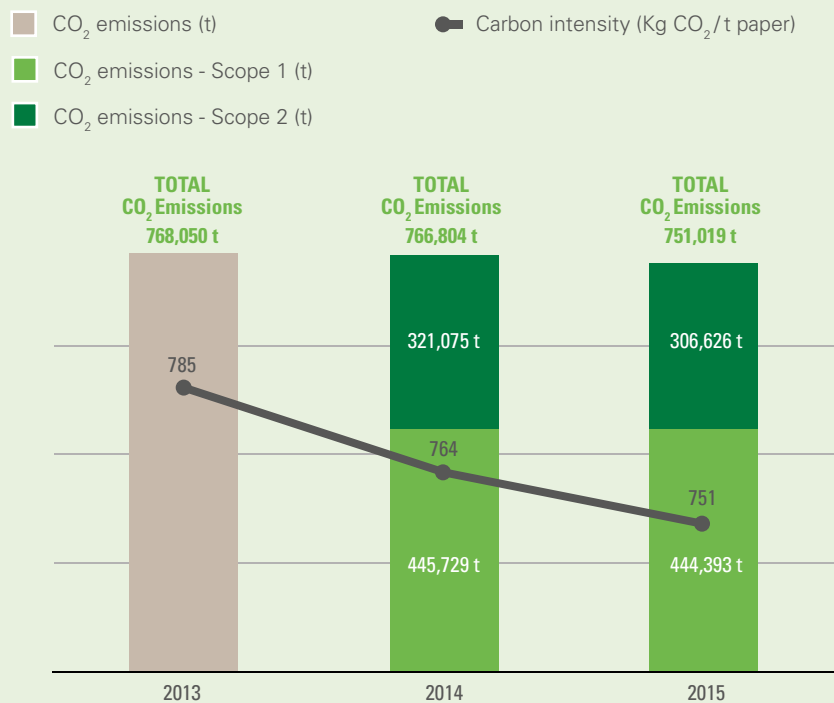
2015 results were calculated, as for the emissions related to the purchase of electricity (scope 2), by applying the average national emission coefficients for the period 2011-2013, while 2013 data were calculated by applying the average factors for the years 2010-2012⁵.

Direct emissions due to combustion in the production plants (scope 1) are computed in accordance with the Emission Trading regulation, regulating ghg emissions in Europe in different industrial sectors⁶.

As for the indirect emissions that are not directly controlled by Sofidel, but are caused by the Group activities (scope 3), we could report the most significant downstream components for 2015. We considered the emissions due to the distribution of both semi-finished and finished products amounting to 111.830 tonsCO₂ and corresponding to 122 kg CO₂/t paper⁷.

Finally it was calculated the impacts of

CO₂ EMISSIONS SCOPE 1 AND 2



the packaging that amounted at 71,857 t CO₂ (78 kg CO₂ / t paper)⁸.

OTHER AIR EMISSIONS

Besides CO₂, other significant emissions deriving from the production activity are the nitrogen oxide emissions (NOx).

The NOx calculation is made usually through measurements taking place in the chimneys, following the methods required by the current regulations in each country; while the performance of the other plants (Sofidel Benelux, Intertissue, Sofidel UK Hamilton, Sofidel UK Lancaster, Sofidel America Haines City, Delipapier Roanne, Delicarta Monfalcone) were calculated using NAEI 2012 index of emission Nael 2012 for the production of energy through natural gas. The specific data in the graphic refer to fuel consumption generating the emission (methane).

The NOx emissions derive from combustion processes in the production process of the paper, ie boilers and installations of drying of the sheet, that are generally stable processes with specific emissions ranging between 50 and 60 mg of NOx per

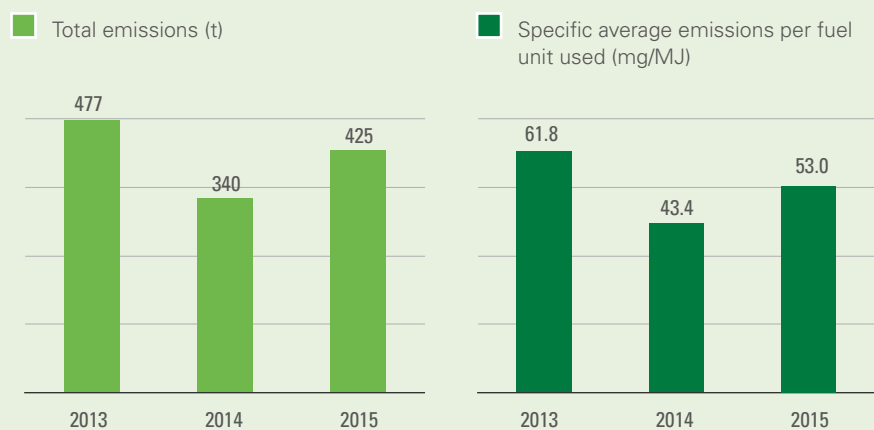
unit of energy produced.

Other greenhouse gases or dangerous for the ozone layer, such as chlorofluorocarbons, are irrelevant to the typical activities of the Group and are emitted in negligible

quantities: about 20 kg of gas R22 due to various losses of existing plants.

Finally, were recorded during 2015, further losses of other fluorinated refrigerant gases equivalent to emissions of about 165 tonnes⁹ of CO₂ equivalent.

NITROGEN OXIDE EMISSIONS(NOX)TOTAL AND SPECIFIC OF THE SOFIDEL GROUP'S PLANTS



⁵ International Energy Agency, "Statistics 2015 Edition - CO₂ Emissions from Fuel Combustion". ⁶ The emissions excluded from the Emission Trading System have not been considered, except for the fuel used by forklift trucks, as sources considered de minimis. ⁷ The emission factors used were obtained by DEFRA "2008 Guidelines to Defra's GHG conversion Factors: Methodology paper for transport emission factors". The template used for the calculation includes the round trip at full load and no-load return trip. ⁸ The emission factors used are from Ecoinvent 2.0 database. ⁹ Equivalent emissions calculated using the coefficients GWP (Global Warming Potential) described in the European Regulation N° 517/2014.

ENERGY SUPPLY

2015 was characterized by a strong dropping of energy commodity prices. The effects of overproduction of crude oil and lower growth of global demand had strong repercussions on gas prices that reduced more than 20% in the day-ahead prices and nearly 50% on the futures markets. Also the electricity has followed the same trend, strictly linked to the cost of oil and natural gas, the main raw materials with which it is generated.

Also during 2015 Sofidel participated in several initiatives in order to contain energy expenditure.

Italian companies have purchased energy and gas through the Consorzio Toscano Energia (Tuscany Energy Consortium) and have joined to the Interruptible Electric service. Our three Italian companies, similarly to what happened in Germany, achieved

the qualification of "energy-consuming companies" from the Cassa Conguaglio per il Settore Elettrico (Electricity Sector Compensation Fund) and will benefit from a refund of the taxes paid for the promotion of renewable energies.

During 2015 were also presented in Italy two new projects for obtaining the energy efficiency certificates (so-called white certificates), similar to those made in 2014, which will bring 6,000 certificates over the next 5 years to be sold in its market.

In Germany, electricity purchases were carried out by specialized operators and German plants have benefited, also for 2015, of the reduction of the EEG (tax on renewables) tax and deductions of the transportation costs and taxes on electricity and gas.

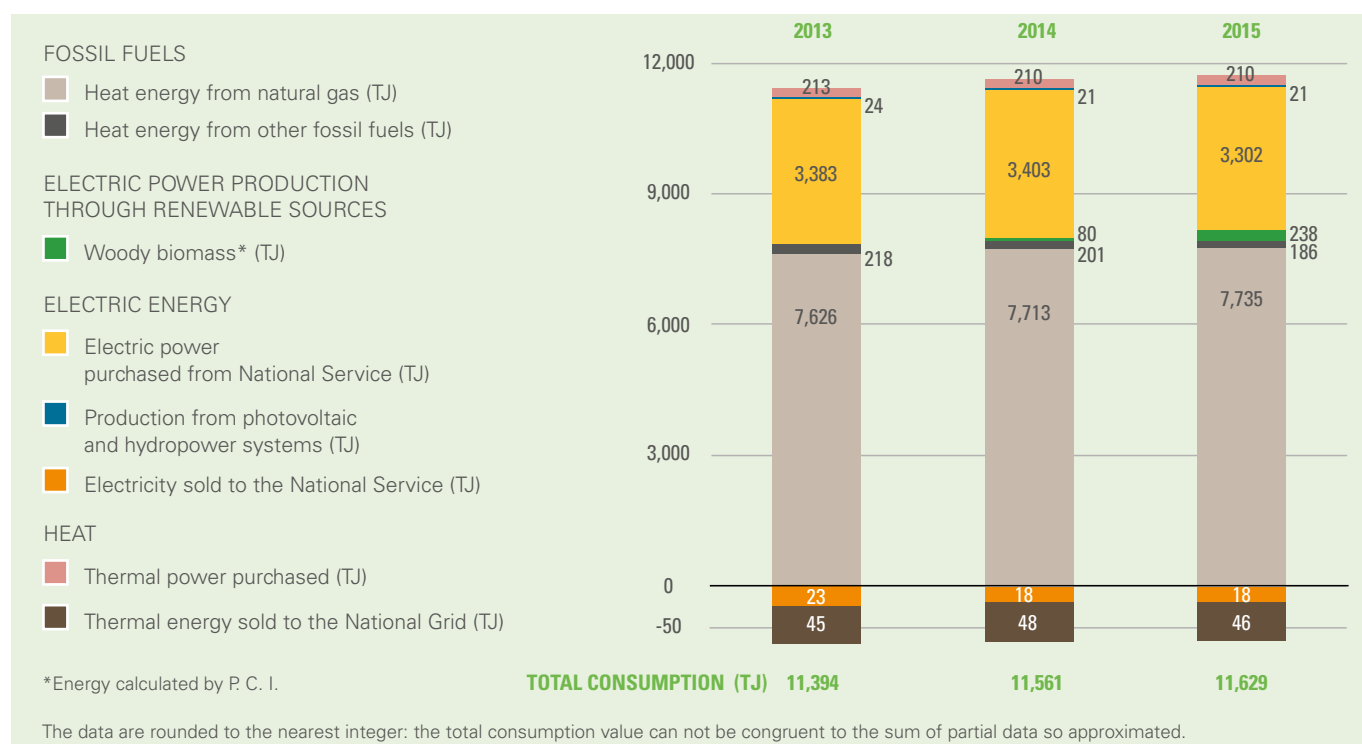
In the United Kingdom, France and Belgium the purchase of energy and gas was made

through traders who daily operate on the free market. The French plants, in addition, benefited from the deduction of Electricity taxes (CSPE) and the plant Delipapier Frouard benefited of a further initiative that allowed to harve the transport costs of electricity.

Comceh participated during 2015 in a program of the Romanian Government that will allow a reduction of the 85% of the share of green certificates found in the bill, with a saving of around 950,000.00 RON per year.

The co-generator of the Polish plant has finally benefited of the incentivized "yellow certificates" recognized at the co-generator, which led a revenue of over 4 million zloty.

ENERGY REPORT OF SOFIDEL GROUP



The total consumption of production plants in the two-year period 2014-2015, has an almost unchanged situation with an intensity of energy consumption that shifted from the 11,49 GJ/t_{paper} of 2014 to

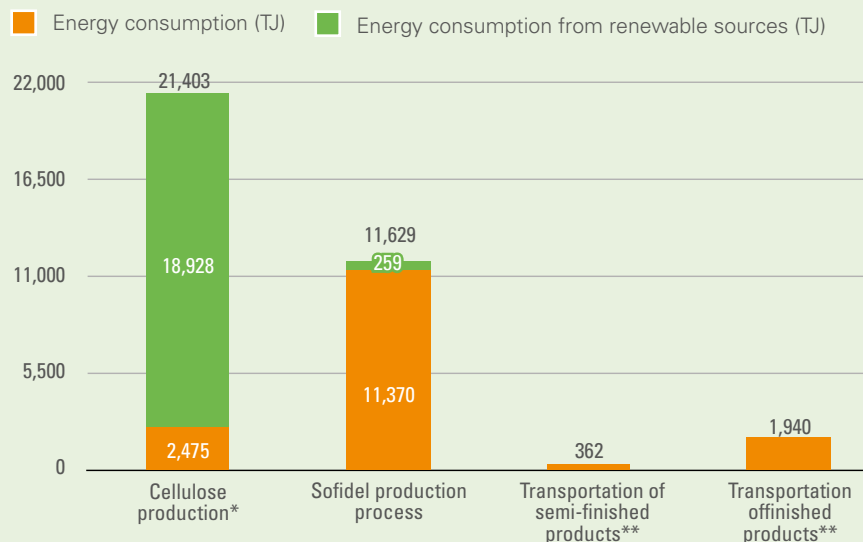
11,60 GJ/t_{paper of this year}. The construction of the two co-generators at Sofidel America Haines City has indeed implicated the accounts within the energy Report of inevitable losses corresponding to the con-

version process of energy from thermoelectric fuel, canceling the results obtained through the works of energy efficiency.

With the aim of further optimizing the-

consumption, in 6 plants of the Group the existing system of energy management has been certified according to the standard ISO 50001 (Delicarta Porcari Paper Mill, SoffassPaper Mill, Delicarta Valdottavo, DelicartaVal Fegana, Delicarta Monfalcone, SofidelBenelux). Considering also the other certificates ISO 50001 obtained in Sofidel (Sofidel GmbH, establishments Werra PapierOmega and Werra, THP, THP Logistics, Swedish Tissue), the number of ISO 50001 certified plants go up to 12. For 2016 it is expected the certification of other three important plants in Europe: Sofidel UK Hamilton, Delipapier Frouard, Intertissue. The goal of certifying ISO 50001 the main plants of the Group is in line with the European Directives in the field of energy saving, in particular with the so-called EED (Energy Efficiency Directive) which requires all energy-consuming companies, including those of paper industry, to perform energy audit every 4 years or, alternatively, to have a certified energy management system from third parts. In relation to the energy impacts of the supply chain activities external to the Sofidel Group, were analyzed, also this year, the performances of the producers

ENERGY CONSUMPTION



* The data were obtained using the latest questionnaires completed by the suppliers (95% of the total, the remaining 5% was achieved using an average of the owned data).

** Coefficients of consumption derived from the GHG Protocol - Mobile Guide v.1.3 (21/03/2005). It was considered the round-trip journey.

of cellulose and estimated the fuel consumption induced by the distribution of products sold. The most relevant phase, from an energetic point of view, remains

the production of cellulose, although the generation of the energy required by the process is largely from renewable sources.

1.2 The protection of water resources

Water scarcity suffered by many areas of the world, together with climate change, it is a growing concern since it involves two phenomena that they are destabilizing vast areas of the globe, i.e. the scarcity of food resources and the migratory flows that this phenomenon is inducing.

All this is in stark contrast with the need of many emerging economies to meet a growing demand of water. The needs in the energy, industry and agriculture sectors, it is estimated that in Asia will grow by 70% compared to the current levels. All this in a global context that has seen many countries being affected by weather events of an usual intensity, with rains and important floods recorded in all continents. Even in Europe there were very intense weather events, including such as the overflowing of the river Lune

that directly involved also the plant of Sofidel UK Lancaster.

One of the measures that the European Commission considers strategic for reducing the effects of the growing water demand is to re-use the wastewaters. Wastewater can be used indeed for both agriculture and industry.

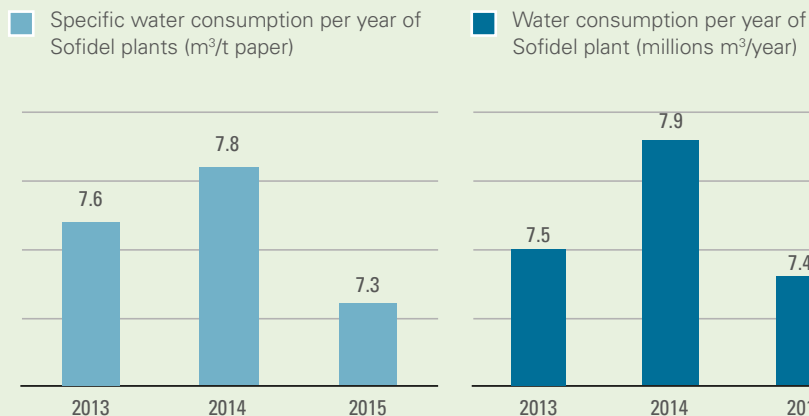
By following this path, Sofidel wanted to install a water recovering system in one of its most important plants, the Paper Mill in Lucca.

This system was installed in Delicarta Porcari (Italy) and is able to clean the plant's wastewaters and allow their use for the industrial activities through three processes: biological active mud, ultrafiltration and inverse osmosis. Implemented in September 2014, this system has helped to reduce the total volumes derived from Delicarta Porcari

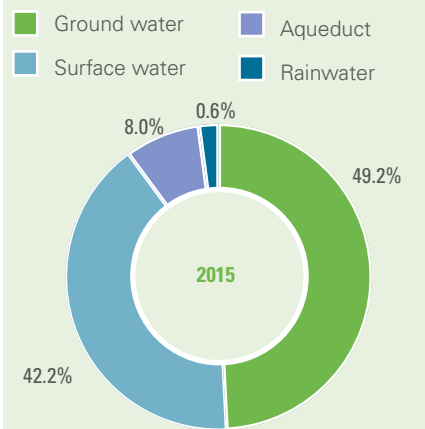
over 200,000 m³ per year, with additional good margins of savings for years to come.

In general the water consumption performances of Sofidel plants are widely below the industry average, with a Group performance in 2015 that amounted 7.3 l / kg paper, however, the companies continue to pursue reduction targets. During the year, many plants significantly reduced the use of Water from the previous year implementing management measures and systems changes in the installation of the plants, of which the most important was in Comceh (reduction of 75,000 m³), DelipapierFrouard (88,000 m³), Sofidel UK Hamilton (33,000 m³), Swedish Tissue (32,000 m³), Sofidel UK Lancaster (130,000 m³).

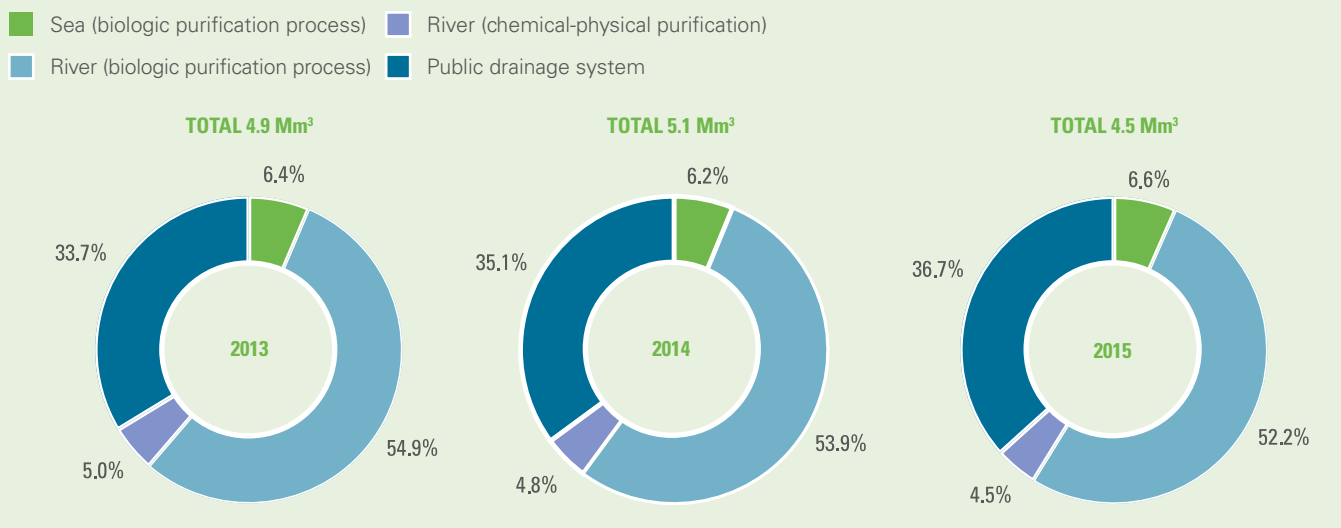
WATER CONSUMPTION OF THE SOFIDEL GROUP



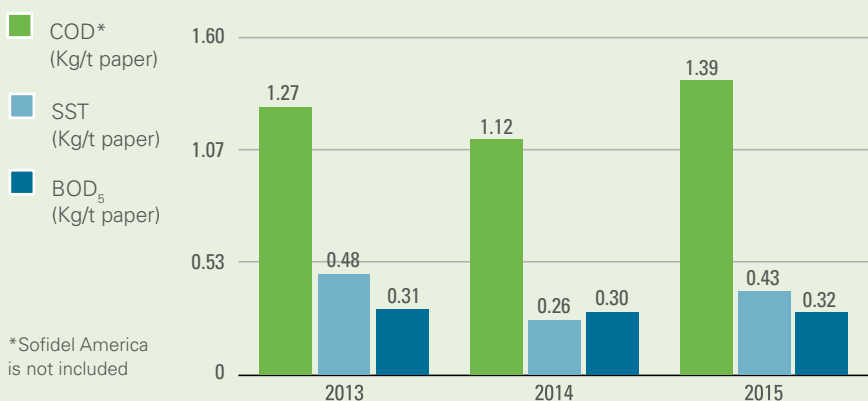
WATER SUPPLY SOURCES IN 2015



TOTAL AMOUNT OF WATER DISCHARGED, DESTINATION AND TREATMENT OF WASTEWATERS



SPECIFIC POLLUTING SUBSTANCES EMISSION IN WATER



The specific emissions, calculated on the basis of the results obtained by the chemical analyses performed, confirm that in general the quality performance of discharges in the water stands at excellent level, both for the exclusive use of biological treatment plants, both for the use of virgin pulp as raw material.

1.3 The protection of forest resources

Sofidel, as the second largest European producer of tissue paper and the sixth worldwide, carefully considers its supply of fibrous raw material and monitors its suppliers through an analytic questionnaire related to the performance of the plants producing paper pulp, and to the source of the wood used to extract cellulose.

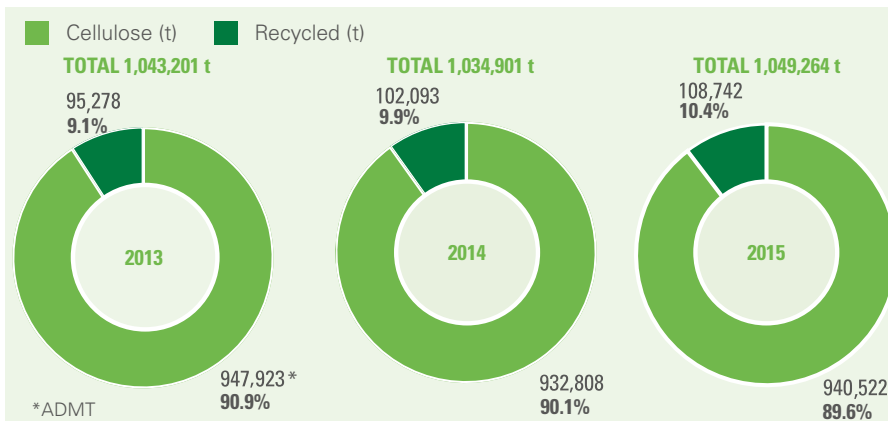
In any case each purchase of cellulose is carried out respecting Sofidel's own fibrous supply policy, reported in the green box.

During 2015 Sofidel purchased 940,522 ADMT (air dry metric tons) of virgin fiber and confirmed its commitment to the responsible provision of raw material, purchasing 99,97% of certified material through an internationally approved forest protection system. Sofidel also keeps selecting geographical areas which assure legal compliance and sustainability: the prevalence of European material (54%) confirms this approach. Sofidel, also this year, participated at the CDP Forests Report: "Deforestation-free supply chains: from commitments to action." The Group achieved the same score of "B" on a scale from A to F, a result that, again this year, was above the industry average.

The prevalence of raw material made of virgin cellulose and the awareness regarding the role forests play in the global environment protection and in keeping and enriching biodiversity, drove the Sofidel Group to implement a specific supply policy for fibrous raw material, structured as follows:

1. Sofidel condemns illegal cutting, the conversion of natural forests in plantations and ensure that its suppliers are able to demonstrate the origin of the wood used for the production of cellulose
2. Sofidel is committed to verify, as far as possible, the existence of social conflicts in the countries of origin of the wood, avoiding the purchase of such areas, as protected areas or organisms that have undergone genetic changes
3. Sofidel believes in sustainable forest management systems, certified according recognized schemes, credible and based on the verification by independent third parties
4. Sofidel encourages its suppliers to certify the source of their forest resources and gives preference to suppliers able to produce good forest management certificates.

BREAKDOWN OF PURCHASED VIRGIN AND RECYCLED FIBROUS RAW MATERIAL

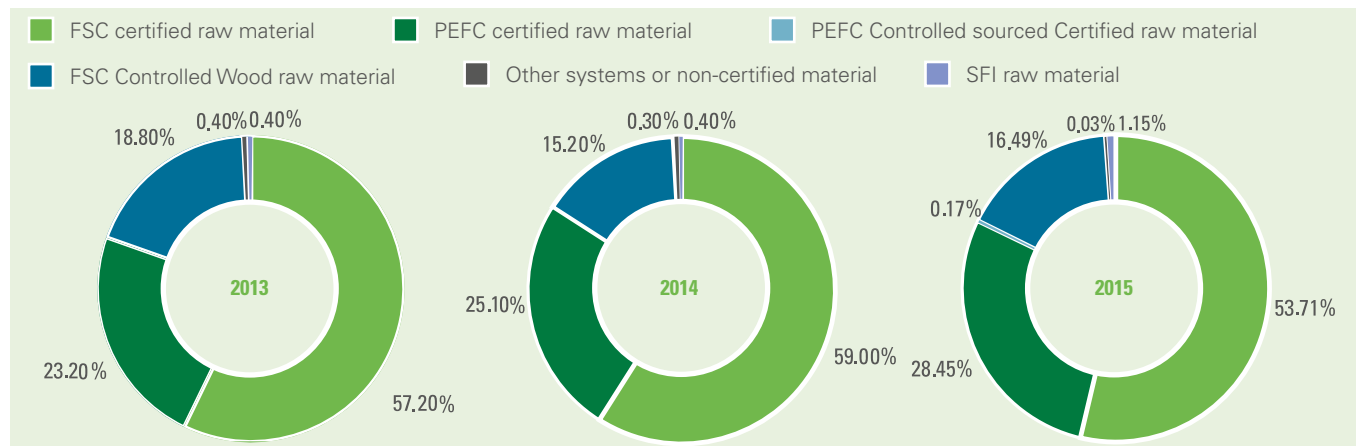


As for commercial use of FSC® forest quality brands (Forest Stewardship Council) and PEFC® (Program for Endorsement of Forest Certification), during 2015 other plants joined the list of those certified according to

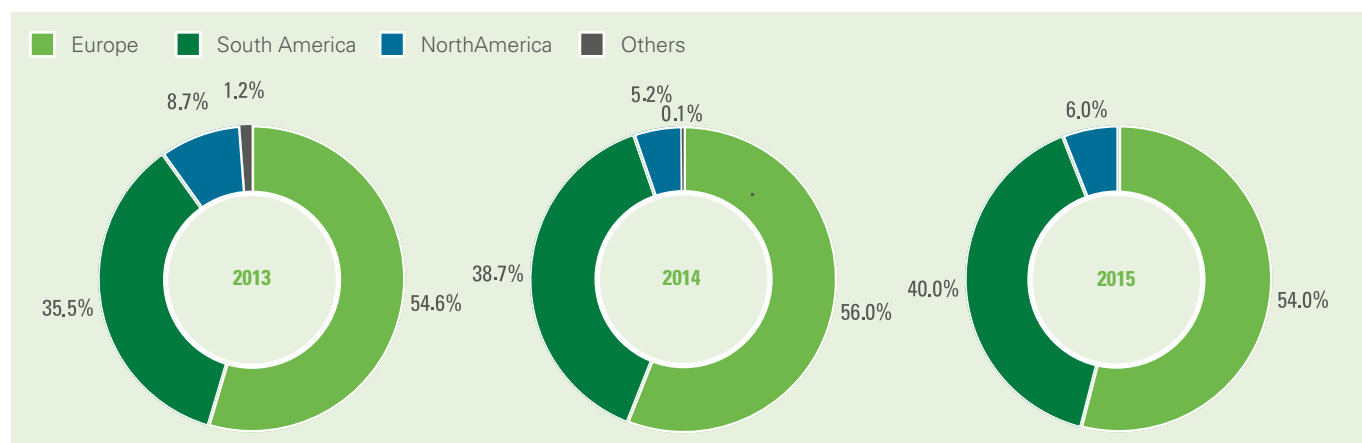
these forest chain of custody standards, namely the Sofidel GmbH plant, which today is able to produce and sell tissue products with the FSC® brand. These new certifications will allow greater production flexibility

and the opportunity for a more efficient response to the demands of customers and consumers, which are asking for products offering higher guarantees towards forest sustainability.

BREAKDOWN OF VIRGIN FIBROUS RAW MATERIAL PURCHASED BY THE SOFIDEL GROUP FOLLOWING THE FOREST CERTIFICATION SYSTEM



COUNTRIES OF ORIGIN OF PURCHASED VIRGIN CELLULOSE



OTHER RAW MATERIALS

Other raw materials used in significant quantities in 2015 are:

- tissue paper reels purchased outside the Group's boundaries (35.747 tons);
- plastic packaging (31.261 tons);
- paper packaging (70.608 tons);

- chemical additives (33.950 tons);
- lubricating oils (352 tons).

Thus, in 2015, the contribution of recycled raw material was 179.350 tons, accounting for 19% of the total¹⁰, while the overall amount of raw material obtained from

renewable sources was 1.226.227 tons, equal to 97% of the total.

BIODIVERSITY

The Sofidel Group has performed an analysis regarding the surface area of its production sites located in close proximity to areas with high naturalistic value, with the purpose of assessing the impacts of its

activities on biodiversity. The analysis results show that the plants that are located at a distance of less than 3 Km from SIC and ZPS areas as defined by Dir. 92/43 / EEC and Dir. 2009/147 /

EC, are occupying a total area of to about 194 ha. These sites, during 2015, have not significantly impacted both biodiversity and habitats.

PLANT	Surface [ha]	Distance (km)	Name of the area	Class.Area
Delicarta Monfalcone	6.8	0.12	Aree Carsiche della Venezia Giulia	IT3341002
Delicarta Porcari Converting	28.4	2.00	Ex alveo del Lago di Bientina	IT5120101
Delicarta Porcari Paper Mill		2.40	Ex alveo del Lago di Bientina	IT5120101
Swedish Tissue	19.2	0.12	Föllingsö	SE0230355
Soffass Converting	14	2.10	Ex alveo del Lago di Bientina	IT5120101
Delipapier Roanne	28.1	0.60	Milieux alluviaux et aquatiques de la Loire	FR8201765
Sofidel GmbH	30.1	0.65	Elbaue Jerichow ¹¹	DE3437401
Sofidel Benelux	4.5	0.90	Historische fortengordels van Antwerpen als vleermuizenhabitat	BE2100045
Intertissue	31	1.85	Crymlyn Bog/ Cors Crymlyn	UK0012885
Sofidel UK Lancaster	2.1	3	Morecambe Bay ¹¹	UK0013027
lbertissue	30.0	2.70	Río Ebro ¹¹	ES2200040

Sofidel UK Lancaster has made this year a study on the impact of water withdrawals

of the plant on the Lune river ecosystem, focusing on some fluvial species. The re-

sults were presented to the local authorities¹² and are still being evaluated.

¹⁰ The total is calculated on consumption of listed materials, plus the total fiber (virgin and recycled) purchased.

¹¹ Ramsar Wetlands listed area.

¹² Eels (England and Wales) Regulations 2009.

1.4 Waste management

The kind of waste most commonly generated by the paper industry is sludge, created through the production process that uses paper mache as a raw material. This kind of waste is normally re-used in other recovery processes, such as bricks manufacture or the restoration of environmental areas affected by mining activities. Hazardous waste, which is generated by the routine operation of industrial plants, includes neon tube lights, waste oil, lead-acid batteries, etc.

At each Sofidel Group's plant, waste management follows specific procedures designed to increase the division of materials by similar categories and to promote its consignment to recovery sites.

Operators involved in transporting or brokering waste are subjected to frequent controls to verify their work, both at plants and outside.

During 2015 in three plants (Delipapier Frouard, Sofidel GmbH and Sofidel UK Rothley Lodge) occurred 4 significant spills

of raw materials (chemical products, especially glues and inks) for a total of about 10 m³, without any significant involvement of soil or water bodies.

Sofidel does not perform cross-border shipments of waste.

Cost associated with waste treatment in 2015 account for 11,4M€.

WASTE GENERATED BY THE SOFIDEL GROUP



1.5 Ecological products

The expectations of customers and institutions are driving the Companies toward a reduction of their environmental impact and to a realization of products with a lower environmental footprint, leading the sector of the tissue in the direction of products with eco-labels that reward some characteristics such as the sustainability of the raw material or reduced impact throughout the life cycle of the paper.

This expertise and know-how, gained through years of activity, has allowed Sofidel to guarantee high ecological standards for its

products, guaranteed by many third parties certifications such as FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forest Certification), European Ecolabel, the Swan Label, Blaue Engel. This commitment has allowed some of the Group's plants to reach in 2015 a production near to 100% of products with at least one eco-label. The commitment towards the achievement and dissemination of the best sustainability standards is at full blast, together with the commitment for the production of the products themselves.

In 2015, the plant Sofidel GmbH certified FSC its chain of custody, bringing the number of FSC certified sites in Sofidel up to 24, while the plants Sofidel America Tulsa, Green Bay and Henderson have obtained PEFC certification (for a total of 19 certified plants). The plants authorized to produce articles with the European Ecolabel have risen to 14, with the new contracts of Swedish Tissue, Comceh and Soffass paper mill; Swedish Tissue also has been certified Swan Label (the certified plants are, therefore, 4).

In 2015 Sofidel produced articles with at least one eco-certified label from a third party, for a total of about 400,000 tons, and

it is expected that this important market is destined to quickly grow. With major investments in technologies

and a careful selection of its suppliers, Sofidel is ready for the challenge of the new environmental markets.

1.6 Environmental management

In 2015, Sofidel have been continued the activities of spreading of environmental management systems with the goal of the total coverage of the productive paper mill plants, and, in the year, it was achieved the ISO 14001 certification for Delitissue (Poland) and Papyros (Greece) plants, bringing the officially certificated plants up to 20. Sofidel also decided to invest in energy management systems, in line with its objectives of reducing energy consumption and carbon dioxide emissions. This led to the certification of all the paper mill plants in Italy according to ISO 50001 energy management standard.

ISO 50001 certification was managed by the Group by an existing structure dedicated to the environmental management, in collaboration with the maintenance Department, in order to be able to integrate the two systems, giving life to an integrated and more efficient management.

Delicarta Porcari Paper Mill holds an EMAS registration.

Environmental targets were achieved through the implementation of an increasingly widespread management structure, specialized in managing all environmental issues. Each plant has an internal structure involved in the management of regulatory compliance, training and awareness of all the figures related to the environmental issues and the management of daily activities.

The holding unit cooperates with each of these realities by promoting the flow of information and know-how within the Group and by taking charge of the Group's environmental risks management.

Maintaining the existing organization has requested in 2015 an operating cost of about 810,000 euros.

Consultancy activities, environmental certifications and emissions control have accounted approximately for 450,000 Euro.

During 2015 2.300 hours of training were provided.

Sofidel Group, in 2015, received two environmental complaints: one relating to noise (at Werra, Germany) and one relating to emissions in the air (at Delipapier Frouard). These complaints were resolved by the environmental management system and did not lead to sanctions by the authorities.

To Delicarta Porcari paper mill was imposed an administrative penalty due to the excess of a parameter in water emissions.

The total of sanctions received by the Group companies during the year was little higher than 8,580 Euros.

1.7 Sofidel Group plants' environmental management numbers

		Water consumption (m ³)	Fossil fuel consumption (TJ)	Energy from Biomass (TJ)	Electricity consumption (TJ)	Of which brought from the National Grid (TJ)	Of which self-produced through cogeneration (TJ)	Of which self-produced from renewable sources (TJ)	Electricity sold to the grid (TJ)	Heat purchased from third parties (TJ)	Heat sold to third parties (TJ)	Emission of COD (t)	Emission of BOD5 (t)	Emission of suspended solids (t)	Emission of nitrogen (t)	Emission of phosphorus (t)	NOx Emission (t)	CO ₂ emissions Scope 1 (t)	Total waste disposed (t)
Integrated plant																			
Paper Mill																			
Converting plant																			
Delicarta Porcari	IT	500,000	1,257.6	0.0	403.5	153.1	244.8	5.6	0.0	0.0	0.0	91.8	4.9	9.1	2.0	3.2	141.16	70,128	1,829.6
Delicarta Tassignano	IT	7,965	3.4	0.0	27.2	23.9	0.0	3.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	251	1,256.1
Soffass Paper Mill	IT	356,032	681.5	0.0	248.1	121.5	126.7	0.0	0.0	0.0	0.0	85.5	32.6	12.6	2.8	0.2	32.59	38,092	1,996.9
Soffass Converting	IT	12,417	1.1	0.0	32.9	27.1	0.0	5.8	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	62	2,018.5
Delicarta Valdottavo	IT	230,066	390.6	0.0	124.3	7.7	116.6	0.0	11.7	0.0	0.0	15.5	0.8	1.7	0.8	0.1	36.60	21,665	417.2
Delicarta Monfalcone	IT	209,169	178.1	0.0	109.0	109.0	0.0	0.0	0.0	0.0	0.0	7.3	0.5	1.2	0.2	0.0	5.39	9,958	657.0
Delicarta Val Fegana	IT	261,429	117.7	0.0	48.7	47.1	0.0	1.6	0.0	0.0	0.0	22.7	5.3	4.7	2.5	0.5	5.54	6,623	138.4
Delipapier Frouard	FR	555,789	565.4	238.2	465.6	465.6	0.0	0.0	0.0	0.0	0.0	30.7	1.7	2.3	2.0	0.1	39.15	31,893	2,443.9
Delipapier Roanne	FR	244,040	204.8	0.0	110.2	110.2	0.0	0.0	0.0	0.0	0.0	130.9	32.2	69.7	1.5	0.3	6.15	11,617	709.6
Delipapier Buxeuil	FR	810	0.7	0.0	5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	49	260.4
Delipapier Ingrandes	FR	4,990	0.2	0.0	5.1	5.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	14	236.8
Delitissue	PL	146,257	458.1	0.0	141.7	17.3	124.4	0.0	4.8	0.8	45.8	47.4	19.3	6.0	2.5	0.2	5.67	24,635	1,036.3
Ibertissue	ES	305,178	204.6	0.0	125.7	125.7	0.0	0.0	0.0	0.0	0.0	86.1	29.1	2.1	2.7	0.0	10.92	11,654	1,081.4
Sofidel GmbH	DE	294,888	396.0	0.0	240.3	240.3	0.0	0.0	0.0	0.0	0.0	30.7	3.8	6.4	0.2	0.0	7.35	21,928	2,010.2
Werra	DE	333,549	119.4	0.0	75.7	70.9	0.0	4.7	0.0	0.0	0.0						7.54	6,672	16,121.4
Omega	DE	491,223	239.2	0.0	176.5	176.5	0.0	0.0	0.0	0.0	0.0	424.2	105.8	213.4	2.9	4.5	12.63	13,359	55,072.9
THP	DE	279,155	191.9	0.0	146.8	146.8	0.0	0.0	0.0	0.0	0.0						13.81	10,604	322.0
Papyros	EL	156,192	179.0	0.0	77.2	77.2	0.0	0.0	0.0	0.0	0.0	30.8	4.1	7.6	2.7	0.4	4.27	9,877	152.2
Sofidel Benelux	BE	788,005	532.8	0.0	276.4	276.4	0.0	0.0	0.0	0.0	0.0	29.7	1.1	4.4	19.6	1.7	15.61	30,810	2,009.4
Comceh	RO	366,614	242.0	0.0	141.1	141.1	0.0	0.0	0.0	0.0	0.0	25.2	3.6	3.3	1.8	0.1	14.02	13,348	27,146.0
Swedish Tissue	SE	399,637	136.3	0.0	226.6	226.6	0.0	0.0	0.0	209.2	0.0	58.4	16.7	3.5	1.3	0.0	8.98	8,887	941.8
Intertissue	UK	311,501	368.8	0.0	215.3	215.3	0.0	0.0	0.0	0.0	0.0	30.8	1.4	5.3	1.5	0.1	12.28	20,782	1,611.2
Intertissue Horwich	UK	1,081	3.2	0.0	23.1	23.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	209	262.7
Sofidel UK Hamilton	UK	386,654	480.5	0.0	231.1	231.1	0.0	0.0	0.0	0.0	0.0	110.0	34.4	33.0	4.3	0.4	15.99	27,127	1,062.9
Sofidel UK Rothley Lodge	UK	5,785	1.8	0.0	30.0	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	117	457.9
Sofidel UK Lancaster	UK	372,849	179.8	0.0	83.8	83.8	0.0	0.0	0.0	0.0	0.0	49.2	16.2	38.9	5.9	7.3	6.00	10,253	605.8
Sofidel Kagit	TR	5,894	0.9	0.0	4.7	4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	53	564.5
Sofidel America Haynes City	US	311,497	782.4	0.0	259.9	115.8	144.1	0.0	0.0	0.0	0.0	NA	11.3	8.0	0.8	0.2	23.72	43,600	4,484.4
Sofidel America Henderson	US	1,479	0.1	0.0	6.6	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	6	958.7
Sofidel America Tulsa	US	10,430	0.0	0.0	8.8	8.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	3	763.8
Sofidel America Green Bay	US	10,125	2.1	0.0	8.6	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	120	22.2

10. PRODUCTS

1. Quality and safety of our products

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1. QUALITY AND SAFETY OF OUR PRODUCTS

1.1 Product quality

The quality of our products is our main goal, in the context of the Quality Management Systems implemented for almost twenty years in the companies of the Group.

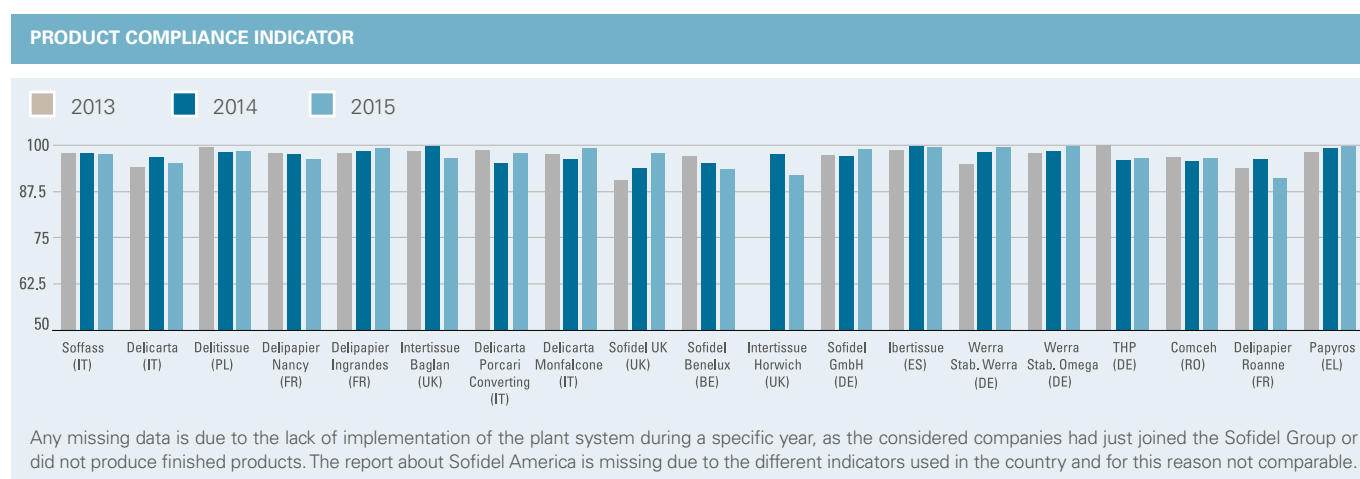
Our products' quality is guaranteed through the respect of the operating and controlling procedures during each production stage, and through the constant and accurate training of all the resources

involved.

Products quality is controlled through a Compliance Indicator of the same items produced. A not conforming product is an item that does not satisfy specific requirements (described in specific procedures, charts, etc.). This indicator considers the non-conformities detected during the various stages of the production process, evaluating them weighted according to

their level of impact.

The following graph shows the Compliance Indicator value observed in the different plants during the last three years.



As the maximum value the indicator can reach is 100, the data trend shown above shows excellent results in all the compa-

nies as far as product compliance is concerned. It is worthy to evidence that this indicator is based on stricter criteria than

the simple ratio between the compliant products and total production.

1.2 Product safety

Product safety has always been a core and fundamental value, at the center of Sofidel policy. The Group has constantly paid great attention to the evolution of safety issues (both mandatory and voluntary) in order to ensure maximum protection of the health of the consumer, to anticipate the needs of the market and to catch opportunities to improve the qualitative performances of its products.

The entire supply chain is engaged to ensure the safety of the product for customers and consumers, in the specific, the Quality System Department is the function that is responsible for defining the organization of the systems and the necessary KPIs to ensure the safety and quality of products in the market, which

operates centrally and which relies on the support of the local Quality Manager. The Operating function, then, has the responsibility to implement what is defined by the Quality System Department and has the responsibility to manage the supply chain. Sofidel considers all the variables that could compromise products safety and consequently consumers' health in every stage of the product life cycle, starting from the research and development of new products.

In this regard, the gradual spreading of sanitary self-control systems in the various plants is crucial. This kind of systems not only complies with all the legal requirements related to the tissue paper industry, but also with those European

standards set to guarantee quality, legality and safety of products, such as the BRC-Consumer Products and IFS Household and Personal Care standards.

16 plants of the Group achieved the certification of these standards and other plants are working to reach the same goal. In 2015, the overall production from certified plants covered 82.54% of the total production of the Sofidel Group.

The Sanitary Self-control System implemented (or that have been implementing) in the plants of the Group essentially consists in a risk evaluation, based on the application of the HACCP methodology (Hazard Analysis Critical Control Point), used to evaluate the contamination risk level (biological, chemical, physical) of

the products, connected to the different activities.

The most at risk phases are then identified, and adopted controls and actions (Good Manufacturing Practices) to eliminate or to reduce these risks to acceptable levels and thus improve safety of the product. Moreover, the traceability system operating in all the Group's companies guarantees products quality and safety also during the distribution phase, allowing the customers to ask for the recall and/or the collection of the products, in case of need.

Great attention is also given to supply chain: to its critical suppliers for the safety of the product, Sofidel requires, with frequencies and methodologies defined by special procedures, assessment of compliance with applicable legislation and eligibility with the use of raw materials purchased in our articles.

Also in order to ensure the health and the quality of the product, and in agreement with the Risk Analysis developed, the Group prepares annual physical, chemical and microbiological tests in external accredited laboratories to carry out analysis in compliance with the main international regulations and guidelines related to food/skin contact.

These analysis, that are applied to all plants and articles, consist of tests on suitability to food contact (where applicable), color transfer, microbiological profile, patch tests, specific tests to check the absence of dangerous substances (in compliance with REACH regulation, heavy metals, glyoxal, formaldehyde, bisphenol A etc.). The analysis plan is constantly updated, following changes in regulation, and new demands coming from both customers and examination authorities, while providing an essential feedback of risk evaluation and compliance of our products with the legislation and guidelines.

The first aim of the Quality System Department function is to proceed the further extension of sanitation self-control plan, completing in 2016 the implementation in French and Swedish plants.

The Quality System Department is constantly requested to define and implement new tools for the continuous improvement in terms of product safety on all the already certified plants in order to always maintain a maximum attention on an issue so relevant for the Group.





11. RISK MANAGEMENT

1. Main risks and uncertainties to which the Group is exposed and financial and non-financial risk management policies

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1. MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED AND FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT POLICIES

Strategies and associated risks: a necessary introduction

ONE STRATEGY IN THREE AREAS: BUSINESS SUSTAINABILITY

The Group considers business stability as the only lever able to create long-lasting value for all stakeholders.

In support of the strategy, the Group has a risk management model, coordinated by a cross-company function at corporate level, called “Business Control”, with the task of

monitoring the effectiveness and efficiency of the internal control systems adopted and collecting the results of the risk assessment activities carried out by each function at corporate level (self-assessment).

The “Business Control” function must periodically report to the Board of Directors on

the level of overall risk to which the Group is exposed.

The strategic policies adopted by the Group to support the strategy and the relevant associated risks are outlined below, in the three areas on which the mission is focused.



Strategic policies and risks associated to the **community**



Strategic policies and risks associated to **people and environment**



Strategic policies and **economic-financial** risks

Strategies and risks associated to the community

THE STRATEGY: CONSTANT SEARCH FOR A SUSTAINABLE PRODUCT TO SERVE THE COMMUNITY IN WHICH THE GROUP OPERATES

The search for a sustainable product to serve the community means meeting the needs of the consumer, with constant product and service quality over time.

This requires continuous research and development activities which also assess the use of new technologies and process management, which makes it possible to optimise the use of resources and to reduce the negative impacts on the environment and on society.

Constant product and service quality

The Group has always considered quality as one of the cornerstones of its business. At product level, the level of quality is constantly monitored in each Group facility using the appropriate KPIs (Key Performance Indicators), which measure the level of compliance of each product with the required technical specifications. To ensure the constant protection of consumers, management procedures are in place targeted

at ensuring the traceability of all resources employed during the entire production process.

At service level, speed in meeting consumers' needs today represents a crucial competitive advantage in creating sustainable value over time. Fully aware of this, the Group has implemented a series of KPIs to constantly monitor the punctuality of deliveries, control of the product's presence on the “shelf” and the associated positioning through dedicated personnel.

The R&D function in support of consumers' emerging needs

The main responsibility of the Research & Development function which forms part of the Global Function known as Business Improvement & Innovation established within the Parent Company, is managing the process of innovation and development of products and processes, in order to satisfy external customer expectations, both cle-

ar and unexpressed, in observance of the company mission, with a special focus on sustainability. The R&D function also fulfils a technical-specialist support role for the Group's other organisational functions.

The above has been structured according to lines of action that sometimes can be considered independent and autonomous, and at other times may be integrated synergically, i.e.:

- product innovation, in the form of improvements to already existing products and by creating new products by adding functionalities to make them more usable by the end user by adhering to the “Less is More” principle;
- process innovation, both at paper mills and paper manufacturers, through the study and implementation of new technologies targeted at reducing the environmental impact by cutting water, raw material and energy consumption.

The bulk of the innovations, especially the most radical ones, are the result of research performed both at European and local level with technology partners (companies, public and private research bodies), both new and long-established, with whom collaborative relations that have been in place for many years have been strengthened.

Product and service quality is also conveyed by the quality of the company system

Not only does quality refer to the product, but also to the organisation, people and processes. Basically, "CORPORATE SYSTEM QUALITY." In a scenario characteri-

sed by a progressive market integration and globalisation – where competitiveness has become an essential condition for company growth – quality plays an increasingly important role, becoming one of the key success factors.

After having carried out a preliminary mapping of risks relating to the company's business, specific procedures were put in place to guarantee maximum effectiveness and efficiency in each sector of the Group's companies.

Such procedures are constantly monitored and updated so as to guarantee the achievement of preset objectives within a quality

management system, according to the ISO 9001 standard (2008 version).

Furthermore, Group companies have been engaged in the implementation of other management systems, to coordinate other important aspects of company business, based on international standards such as BRC – Consumer Products and IFS – Household and Personal Care products, concerning a hygiene-health self-monitoring system, increasingly requested by large European retail chains too.

THE RISKS: PROTECTION OF THE COMPETITIVE ADVANTAGE ACQUIRED OVER TIME

In order to protect the competitive advantage now achieved, the Group has expanded to a number of countries and, from 2012, to several continents, by diversifying the product offering in various market segments, taking into account requests on a "global" scale. In order to minimise the risks all that entails, the Group constantly monitors and evaluates the risks outlined below.

Country risk

The economic, equity and financial situation of the Group is first of all influenced by a number of political and economic factors that affect macro-economic trends, including, mainly: political and economic instability, the rate of unemployment, the level of consumer and business confidence, the trend in the disposable income of households and therefore of private consumption, interest rate and exchange rate trends and the cost of energy and non-energy raw materials. To guard against this risk, the Group does not operate with countries that are socially, politically and economically unstable. In addition, the geographical distribution in several countries, and from 2012, in several continents, makes it possible to offset the negative economic trends of one country with the positive trends of others. Furthermore, the distribution on a global scale allows the company to be close to the main end markets, especially in Europe, allowing it to benefit from significant savings and allowing it to offer a service on a "global" scale. Lastly, the aforementioned proximity to markets allows the company to more

closely understand consumers' needs.

Sector-related risk

The economic, equity and financial position of the Group is affected by the economic trend in the reference sector. To this end, the Group has diversified its activities in a number of sectors (Private Label, Brand and Away From Home), by striving to offer increasingly more higher-performing and innovative products and dedicating specific internal resources to each of these. The sale of products through the e-commerce channel is also currently being developed.

Internationalisation risk

These are the risks related to integrating the new acquisitions into the procedures and information systems that already exist. Exploiting decades-long experience, when the various acquisitions are being made the various corporate departments make staff available that are adequately trained to implement the existing procedures (in the financial, administration, management operating and sales areas) for the new acquisitions, and the efficiency and effectiveness of these procedures are then monitored by the Business Control department at the Parent company. Finally, the Information Technology department takes care of the implementation of existing computer systems (SAP on all of them) in the new acquisitions and normally has the systems up and running in the space of 2-3 months from the start of integration processes.

Operating risks associated with the services offered to customers

These include the risk of inefficiencies linked to distribution, which may lead to disputes with customers, and therefore unpaid invoices, as well as dependence on the relative suppliers. In this area, the Group:

- makes a careful selection of transport firms, choosing those that provide the best guarantees in terms of continuity and fast deliveries;
- diversifies its suppliers, at national and international level, to avoid any risk of dependence;
- plans logistics very carefully, coordinated by a specific corporate office established at centralised level, to minimise inefficiencies, also monitored through specific KPIs;
- continuously monitors performance through specific KPIs (such as the service rate which monitors the completeness and punctuality of deliveries and stock reduction which aims to optimise stock levels). These measures, always managed at centralised level, aim to mitigate this type of risk.

Risks linked to customer dependency

In this context, management policies aimed at consolidating and developing own brands - which involve the re-branding of brands acquired recently and the consolidation and development of existing brands - consolidating relationships with the large scale retail sector - involving stakeholder engagement actions aimed at creating long-term partnerships and launching innovative

products, characterised by high turnover and profit margins - aim to mitigate this category of risk. In any event, during the year concentrations of supplies or situations that point to these risks were not reported.

Operating risks related to production

These include the risks of machines unexpectedly breaking down or stopping, of a loss of plant efficiency, of fire, flood, theft, as well as the dependence on the relative suppliers of goods and maintenance services. The policy of planned maintenance has been in place for years and continuous technological upgrading of plants mini-

mises the risk of unexpected breakdowns or downtime. Instead, as regards the risks related to a loss of plant efficiency, and of their performance quality, a specific corporate office established at centralised level continuously monitors several specific KPIs linked to the machines of the various plants, with a view to taking prompt action when needed. The various production plants, from the walls to the equipment inside them are also insured against the main risks (fire, flood, theft,...), with leading international insurance companies. The fact that suppliers of goods and of maintenance servi-

ces are interchangeable means that this risk is negligible. With regard to the production side, the recent implementation of procedures for the collection of process data should be noted, aimed at improving the control of inefficiencies and planning of the measures to be taken to eliminate these.

Strategies and risks associated to personnel and the environment

OPERATING RISKS ASSOCIATED TO HUMAN RESOURCES, COMPLIANCE WITH HEALTH AND SAFETY AND ENVIRONMENT REGULATIONS

For information please refer to the relevant sections of this report. (Industrial Relations, Health and Safety and Environmental Resources).

OPERATING RISKS RELATED TO PROCUREMENT

First of all, procurement planning is made alongside production planning, starting from the annual budget drawn up at single plant level, which enables the risk of waste or inefficiencies to be minimised. Specific strategies are also implemented in these two areas (cellulose and energy) which take into account their specific nature and therefore the different risks to be tackled (economic reliance, price, exchange rates, etc.).

Cellulose

The Group's operating results are influenced by changes in the market price of this important raw material, as well as by the EUR/USD exchange rate, as cellulose is quoted in US dollars; furthermore, the production cycle may suffer slowdowns due to shortcomings or delays in the delivery of cellulose, or may suffer damage due to the low quality of the same.

In this area, the Group:

- condemns illegal cutting practices, the conversion of natural forests into plantations and undertakes to ensure that its suppliers are able to demonstrate the origins of the timber used to produce cellulose;
- undertakes to verify, as far as possible, the existence of social conflict in the place of origin of the wood, avoiding

purchases in these areas;

- believes in sustainable forest management systems, certified according to acknowledged, credible schemes, audited by independent third parties;
- encourages its suppliers to certify the source of their forest resources and prefers suppliers that are able to exhibit good forest management certificates;
- protects itself by selecting its suppliers with great care, with a view to identifying trade partners that are able to guarantee quantities and delivery terms, as well as the quality of the material (meaning the intrinsic quality of the material, as well in terms of guaranteeing the eco-sustainable management of forest resources, which the Group is aiming for);
- protects itself by entering into supply contracts, even long-term ones, in order to obtain the best economic conditions, exploiting the greater contractual strength;

all activities implemented at centralised level and detailed in full above. In 2015, purchases entirely (100.0%) regarded cellulose originating from certified sources or sources checked according to the main certification systems.

By splitting procurement across a number

of suppliers, the risk of dependence on suppliers is mitigated, both in terms of price and in terms of supply interruptions/inefficiency. The risk relating to exchange rates - as purchases are made in US dollars - is commented on in the section on financial risks, with specific regard to exchange rate risk.

Energy

The paper production process requires considerable quantities of energy, purchased primarily in the form of electricity and natural gas, and the main risks here are those of supplier dependence, both in terms of price and in terms of supply interruptions/inefficiency. In this area, the Group:

- made significant investments in renewable energy, both to reduce costs and to minimise risks of supplier dependence,
- made huge improvements in the technologies used to reduce consumption;
- monitored the electricity and gas market, in order to reduce their purchase costs; the selection of suppliers based on the guarantees offered in terms of supply continuity, as well as price, also seeking to minimise the risks of dependence on the same by diversifying at international supplier level.

Strategies and risks associated with economic-financial aspects

THE STRATEGY: ECONOMIC – FINANCIAL SUSTAINABILITY THROUGH AN INTEGRATED BUSINESS PLANNING, MANAGEMENT AND CONTROL MODEL

From the Integrated Finance Organisation (IFO) to Integrated Business Planning (IBP)

Over the last few years, the Group, based on international best practices, launched a process for the integration and standardisation of the administrative/accounting and financial procedures and for the reduction of IT systems, by reinforcing the use of ERP SAP in the different functions of all Group companies. The model the Group based this on is better known in international circles as “Integrated Finance Organisation” (IFO).

The proper functioning of the IFO must first be verified prior to implementation of the other model better known as “Integrated Business Planning” (IBP), which is in the process of being implemented.

This model is based on the concept that the company (or group of companies) are

viewed as a whole and not as a sum of individual elements.

Practically speaking, this means translating strategic Group planning to operating objectives to attain pre-established economic-financial performances:

In a nutshell, the functioning of the model is based on the following steps:

- the strategic planning dictates the guidelines;
- the operating planning represents the tool for implementing the strategic planning;
- the economic-financial planning is the result of the strategic plan.

Therefore, economic-financial sustainability is pursued through the implementation and optimisation of Integrated Business Planning, via the integrated business planning, management and control model.

IAS-IFRS: an accounting language in step with Group internationalisation

The 2015 consolidated financial statements were drafted for the first time using the international accounting standards (IAS-IFRS).

The voluntary application of the international accounting standards first entails a cultural move for the Group, before an accounting one, given that the financial statements are presented with a forward-looking and dynamic vision, with the contribution from all company functions, in line with the economic-financial strategy: integrated business planning.

Furthermore, the increasingly more extensive presence at global level has fuelled the need to identify and adopt a single accounting language recognised internationally.

THE RISKS: PROTECTION OF ECONOMIC AND FINANCIAL ASSETS

In order to safeguard its economic and financial assets, by using the integrated management and control model (IFO), the Group constantly monitors the economic and financial risks it is exposed to, which are analysed hereunder.

Credit risk

Credit risk represents exposure to potential losses resulting from the non-fulfilment of the obligations undertaken by business and financial counterparts. This risk mainly relates to the possibility that the economic or financial situation of a counterpart may deteriorate, or, at worst, the default of the same.

The Group protects itself vis-à-vis commercial counterparties by:

- taking out insurance policies with leading international insurance companies;
- diversifying companies from country to country, as well as from company to company;
- observing insurance thresholds;
- providing for advance payments where there is no insurance coverage;

- a policy to minimise credit concentrations.
- quantifying the risk under analysis at budget level by using the IFO model.

As regards financial aspects, the Group is exposed to credit risk owing to relations in place with financial institutions.

These risks are represented by:

- partial or total revocation of existing credit facilities, which the Group faces by potentially having access to a wide range of sources of financing offered by a number of financial institutions, which allow the Group to reduce the risk of exposure on a pro-quota basis. It is worth pointing out that, in this case, the phase of concentration in progress in the European banking system (Italy, in particular, with Decree Law 3/2015 on cooperative banks) and that the Group monitors constantly may also play an important role, in light of the recent political/economic scenarios;
- forced withdrawals of bank funds (Bail-In operational from 1 January 2016),

whose risk is mitigated by obtaining credit lines in the form of current account overdrafts which fulfil the function of reducing excess liquidity.

Legal/compliance/reputational risk

Legal/compliance/reputational risks regard the possibility of incurring fines and/or financial losses due to infringements of the law, secondary legislation, rules, company standards and codes of conduct. The Group, in accordance with its principles, works at different levels to limit these risks which extend across different company processes. More specifically, the Group pursues these objectives through:

- the specific corporate offices responsible for various aspects, which play a role of guidance and supervision over the individual companies;
- the proactive management of intangible assets, with a view to creating and protecting its own credibility and to maintaining the loyalty and cooperation of all stakeholders (suppliers, customers, consumers);

- the integration of sustainability in the business as a strategic line of development.

During the year, at Group level, no significant fines were recorded in terms of the environment; furthermore, during the same period, the Group was not involved in any lawsuits relating to unfair competition or monopolistic practices in the market, nor has it even been investigated by an antitrust organisation operating in the countries in which its companies are located.

At the same time, no non-compliance with regulations or codes of conduct, as regards advertising material, promotions or the sponsorship of its own products were recorded.

The Italian companies of the Group have adopted the organisational models for the prevention of the offences set forth in Italian Legislative Decree 231/2001 through creation of a supervisory body and the intention is to do the same in the foreign companies in compliance with this legislation.

Reporting risk

This concerns the reliability of the information provided in the internal and external reporting, relating to accounting and non-accounting information. In order to manage this risk, the Group has implemented and is continuing to implement administrative, financial and management procedures which contribute to minimising the occurrence of this risk. More specifically, efforts underway seek to make economic and financial planning more integrated and efficient, to enable a better level of monitoring in all areas of the company. This activity is coordinated by offices at corporate level.

The operating tools used include SAP, Bw Sem, Piteco and Tagetik; in particular, the SAP management software has allowed complete integration of the different company areas, which can therefore be constantly monitored on a joint basis.

The certification of the annual financial statements by a leading independent auditing firm is an additional way to check the process.

The Group also introduced the Piteco IT

platform a few years ago, for the fully secure handling of Company-Bank connectivity, by implementing management solutions in the treasury area to manage all payment instructions, the complete automation of authorisation workflows, their traceability and the secure management of instruction flows via mobile device and digital signatures.

Management of supplier payments, in particular, is a complex process that the Group focuses heavily on in terms of security and efficiency, through their centralised management. In that sense, the payment management system offered by Piteco allows the company, via a single platform, to govern the incoming and outgoing instructions from the company to banks, including, inter alia, payments to suppliers, payment of taxes and salaries. It is especially significant that Piteco can be integrated with all the main ERPs. To make this platform even more efficient and cut costs, the Group is currently setting up the connection to the Swift network.

Risks related to the use of IT tools

Risks related to the use of IT tools regard the protection and the integrity of IT data. The implementation of the SAP management program – which is managed on-line at corporate level, also featuring business continuity, disaster recovery and intrusion prevention systems – is another important tool to protect against risks related to the use of IT tools as well as for data protection. An accurate and well-defined separation of roles – which is built into the IT system itself through preventive controls such as passwords and authorisations, also minimises the risk of internal fraud in addition to total traceability of user access.

Financial risks

Exchange rate risk

exchange rate risk derives from the fact that the business activities of the Group, which operates in the international arena, are conducted in currencies other than the Euro and can be split into three different categories:

- economic risk, deriving from changes in company profitability with respect

to profits planned for at the phase of conclusion of the purchase orders based on a reference exchange rate (so-called “order exchange rate”); the items involved in these hedging transactions mainly concern the procurement of raw materials, plants and machinery (assets) and are represented by future costs in foreign currency. This risk is hedged through the signing of derivative contracts for the forward purchase of foreign currency, based on the estimated date of future economic occurrence;

- transaction risk, represented by the differences between the registered exchange rate, in the financial statements, of receivables or payables in foreign currency, and the registered exchange rate of the associated collection or payment. This risk is hedged through the signing of derivative contracts for the forward sale or purchase of foreign currency, also by netting positions between receivables and payables stated in the same foreign currency.
- translation risk, relating to the conversion to Euro of the financial statements of subsidiaries drafted in non-Euro currencies at the consolidation phase. The Group does not hedge this type of exposure.

Therefore, the Group’s objective is to minimise economic and translation risk by stipulating financial instruments for hedging purposes, by centralising the management of exchange rate risk, which it deals with as a matter of priority, by entering into forward currency contracts.

The adoption of FX-All as the single electronic trading platform of third parties, into which the forex transactions of the majority of Group companies flow, saw a rapid escalation to the point that, as of today, almost all (around 95%) transactions are managed in the platform fully automatically.

Interest rate risk

Fluctuations in interest rates in each country, as with the different values of these rates relating to each currency in which the Group operates, affect its cash flows

and net consolidated financial expenses. The Group adopts an active interest rate risk monitoring policy and regularly evaluates its exposure to the risk of changes in interest rates.

In 2015, the company strategy was focused on the renegotiation of existing transactions and the stipulation of new ones, by attempting to take advantage of the favourable opportunities offered by the market in terms of fixed interest rates. With respect to 31 December 2014, when the portion of fixed rate medium/long-term debt was just over 25%, this figure stood at 80% at the end of 2015. From a technical point of view, consi-

dering the ever-increasing willingness demonstrated by banks, in the event of persistently stable interest rates, or a further reduction in these, it is presumed no Interest Rate Swap contracts will be used, and the company will stipulate new fixed-rate transactions directly.

Price risk and risk of variation in cash flows

This is the risk that a financial instrument or cash flows associated with it may fluctuate following commodity market price variations or financial instrument variations.

The risk of price variations in the commodities purchased (cellulose and energy)

was already subject to comment in the section devoted to supply risks. On the other hand, the Group is not subject to price risk relating to derivative financial instruments since they are used merely for hedging purposes.

Liquidity risk

The liquidity risk is the risk that the Group may not be able to meet its payment commitments due to the difficulty of procuring funds (funding liquidity risk) or promptly liquidating assets on the market (asset liquidity risk). To this end, through careful and centralised treasury planning, the fundamental objective of ensuring an adequate level of liquidity is pursued, mi-



nimising its opportunity cost and maintaining a balance in terms of duration and composition of debt.

As regards the assets that contribute to the calculation of the "Net Financial Position", it should be noted that Group liquidity management is based on prudential criteria. Therefore, the policy in place in the previous year was confirmed, which sees cash surpluses used to reduce short-term loans with banks or, alternatively, the use of intercompany current accounts to the meet the requirements of the various Group companies. There are no other financial and/or trade payables other than those shown on the balance sheet, which

will involve disbursements by the Group companies under specific agreements.

Risk related to the management of debt due to new acquisitions.

This is the risk related to the increase in debt, and therefore financial charges on the income statement, due to the new investments on a global scale. The careful strategic planning of the new investments - either green field or the acquisition of previously existing companies - in which the main company departments took part, allows full financial sustainability to be achieved as confirmed by the performance indicators set out in the relevant section of this document. More specifi-

cally, with respect to the acquisitions, generally the pre-existing borrowings are first renegotiated in order to bring them into line with group standards, and where there are marked differences, substitute lines are taken out so that repayment schedules can be met in full. Acquisitions were made recently using the "asset deal" formula, which makes it possible to obtain single and well-specified assets (plant, trademarks, loans and other items) by avoiding the assumption of pre-existing financial payables to banks.



12. CONSOLIDATED FINANCIAL STATEMENT

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1. FINANCIAL STATEMENTS

1.1 Consolidated balance sheet (values are stated in thousands of Euros unless otherwise indicated)

Notes	Description	31/12/2015	31/12/2014	01/01/2014
	ASSETS			
	Non-current assets			
(1)	Property, plant and equipment	1,133,329	1,048,379	977,401
(2)	Investment property	7,469	7,685	7,900
(3)	Goodwill	87,396	49,503	43,967
(4)	Trademarks and other intangible assets	46,590	46,734	47,758
(5)	Investments in associates	1,395	1,258	1,114
(6)	Other non-current financial assets	1,413	4,858	4,798
(7)	Deferred tax assets	34,250	23,847	16,302
	Total non-current assets	1,311,841	1,182,264	1,099,241
	Current assets			
(8)	Inventories	314,246	286,095	285,934
(9)	Trade receivables	194,407	231,378	260,524
(10)	Current loans	11,205	4,794	3,749
(11)	Other current assets	13,431	12,702	14,252
(12)	Tax receivables	14,754	9,427	11,277
(13)	Cash and cash equivalents	30,485	43,896	37,607
	Total current assets	578,528	588,293	613,341
	Non-current assets held for sale	-	-	-
	TOTAL ASSETS	1,890,369	1,770,557	1,712,582

Notes	Description	31/12/2015	31/12/2014	01/01/2014
	SHAREHOLDERS' EQUITY AND LIABILITIES			
(14)	Shareholders' equity			
	Share capital	33,000	33,000	33,000
	Share premium reserve	1,500	1,500	-
	Revaluation reserve	18,250	18,250	18,250
	Legal reserve	7,159	7,159	6,601
	Other reserves	591,998	492,163	470,143
	Profit (loss) for the period	63,614	91,882	-
	Total Group shareholders' equity	715,521	643,954	527,995
	Share capital pertaining to minority interests	74	74	73
	Profit attributable to minority interests	-	-	-
	Total minority shareholders' equity	74	74	73
	TOTAL SHAREHOLDERS' EQUITY	715,595	644,028	528,068
	Non-current liabilities			
(15)	Employee severance fund and other benefits	17,324	18,766	16,054
(16)	Tax reserve (inc. deferred taxes)	38,169	29,526	14,268
(17)	Provisions for risks and charges	6,115	1,146	1,034
(18)	Non-current financial liabilities	320,548	354,853	470,118
(19)	Part of subsidies and grant received from government.	42,593	48,351	51,783
(20)	Other non-current liabilities	1,878	41	41
	Total non-current liabilities	426,626	452,684	553,296
	Current liabilities			
(21)	Trade payables	353,652	310,666	285,737
(22)	Current financial liabilities	250,344	185,537	181,592
(23)	Current portion of long - term borrowings	81,058	99,107	102,718
(24)	Other current liabilities	39,905	46,401	36,865
(25)	Due to tax authorities	23,188	32,134	24,305
	Total current liabilities	748,147	673,844	631,217
	Liabilities related to assets held for sale	-	-	-
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,890,369	1,770,557	1,712,582

1.2 Consolidated Income Statement (values are stated in thousands of Euros unless otherwise indicated)

Notes	Description	2015	2014
	Revenues		
(26)	Revenues from sales and services	1,809,418	1,769,311
(27)	Other revenues and income	31,112	27,002
	TOTAL REVENUES	1,840,530	1,796,313
	Operating costs		
(28)	Purchase of raw mat., finished prod. and changes in inventories	(767,503)	(711,219)
(28)	Services	(542,025)	(531,811)
(28)	Leases and rentals	(30,539)	(29,285)
(28)	Other operating expenses	(33,607)	(28,799)
(28)	Payroll costs	(259,777)	(242,645)
	EBITDA (GROSS OPERATING MARGIN)	207,079	252,554
	<i>Amortisation of intangible fixed assets</i>	<i>(2,700)</i>	<i>(2,931)</i>
	<i>Depreciation of tangible fixed assets</i>	<i>(110,805)</i>	<i>(100,896)</i>
	<i>Write-downs of current receivables</i>	<i>(19)</i>	<i>(545)</i>
(28)	Total Amortisation, depreciation and write-downs	(113,525)	(104,371)
(28)	Provision for risks and charges	(1,773)	(238)
	OPERATING INCOME	91,781	147,944
(29)	<i>Financial income</i>	<i>1,066</i>	<i>842</i>
(29)	<i>Financial expenses</i>	<i>(9,881)</i>	<i>(17,367)</i>
(29)	<i>Foreign exchange gains and losses</i>	<i>1,617</i>	<i>(698)</i>
	TOTAL FINANCIAL INCOME AND EXPENSES	(7,197)	(17,223)
	PROFIT (LOSS) BEFORE TAX	84,584	130,721
(30)	Current taxes	(22,313)	(32,225)
(30)	Deferred/(prepaid) taxes	1,343	(6,615)
	PROFIT (LOSS) FOR THE PERIOD	63,614	91,882
	<i>Discontinued operations</i>		
	Net profit (loss) for discontinued operations	-	-
	NET PROFIT (LOSS) FOR THE PERIOD	63,614	91,882
	<i>Attributable to:</i>		
	Minority interests	-	-
	GROUP	63,614	91,882

Consolidated cash flow statement

Description	2015	2014
Profit (loss) for the period	63,614	91,882
Income taxes	20,969	38,839
Financial income and expenses	8,814	16,525
Foreign exchange gains and losses	1,617	698
1. Profit/(loss) for the year before income taxes, interest, dividends and capital gains/losses from sale	95,014	147,944
Adjustment of non-monetary revenues	(10,926)	(9,458)
Amortisation/depreciation	113,505	103,827
Provisions	1,793	783
2. Cash flow before changes in net working capital	199,386	243,096
Change in trade receivables	36,972	29,149
Change in inventories	(28,151)	(161)
Change in trade payables	42,987	24,929
Change in short-term assets/liabilities	(20,752)	17,333
3. Cash flow after changes in net working capital	230,441	314,346
Change in other provisions	2,854	10,539
Collected/(paid) interest	(10,431)	(17,223)
Income taxes (paid)	(20,969)	(38,839)
CASH FLOW OF OPERATING ACTIVITIES (A)	201,895	268,823

Description	2015	2014
Investments in intangible assets (net of disinvestments)	(33,913)	(2,046)
Investments in tangible assets (net of disinvestments)	(174,943)	(144,173)
Purchase (transfer) of other financial fixed assets	(137)	(144)
Grants received during the year	1,542	1,264
CASH FLOW FROM INVESTING ACTIVITIES (B)	(207,451)	(145,099)
Opening of Medium/long-term loans	257,249	74,299
Redemption of medium/long-term loans	(305,360)	(205,747)
Change in other medium/long-term loans	7,949	12,572
Change in loans and other securities	(2,966)	(1,106)
Dividends (and advances on dividends) paid	(20,000)	-
Changes in capital and reserves	821	(1,398)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(62,307)	(121,380)
INCREASE (DECREASE) OF NET CASH AND CASH EQUIVALENTS (A+B+C)	(67,863)	2,344
Initial net cash and cash equivalents	(141,641)	(143,985)
FINAL NET CASH AND CASH EQUIVALENTS	(209,504)	(141,641)

2. EXPLANATORY NOTES

Regulations and accounting principles adopted

COMPLIANCE WITH IFRS STANDARDS

The consolidated financial statements of Sofidel S.p.A. has been prepared in compliance with International Financial Reporting Standards (IFRS). The term IFRS also refers

to all the revised International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") included

in the standards previously issued by the Standing Interpretation Committee ("SIC").

CHANGES IN THE ACCOUNTING STANDARDS

Amendments to IAS 19 - Employee Benefits: Employee Contributions

IAS 19 requires that an entity recognises contributions by employees or third parties in the accounting of a defined benefit plan. When employee contributions are related to service, they should be attributed to periods of service as a negative benefit. The amendment clarifies that, if the contributions are regardless of the years of employment, the entity will be entitled to recognise these contributions to reduce the cost of service in the same period in which the same is rendered, instead of allocating contributions to the periods of service. The amendment had no impact on the Group's financial statements.

IFRIC 21: Levies

IFRIC 21 clarifies that an entity recognises a liability not before the occurrence of the event to which the payment is connected, in compliance with applicable law.

As regards payments that are due only upon the overcoming of a specific minimum threshold, the liability is recorded

only when such threshold is reached.

The IFRIC 21 must be applied retrospectively.

The amendment had no impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle

Provisions set out therein resulted in changes concerning the following issues:

- **IFRS 2:** definition of "Vesting Condition";
- **IFRS 3:** recognition of "contingent consideration" in a Business Combination;
- **IFRS 8:** disclosure on the aggregation of operating segments;
- **IFRS 8:** reconciliation of the total of the reportable segments' assets to the entity's assets;
- **IFRS 13:** short-term receivables and payables;
- **IAS 16, IAS 38:** Revaluation model: restatement, on a pro-rata basis, of accumulated amortisation/depreciation
- **IAS 24:** considered as related party of a management company, which supplies management services with key

responsibilities.

The amendments had no impact on the Group's financial statements.

Annual Improvements 2011-2013 Cycle

Provisions set out therein resulted in changes concerning the following issues:

- **IFRS 3:** it is clarified that this standard is not applicable while accounting the conclusion of a joint-control agreement;
- **IFRS 13:** Modified application field of paragraph 52 (portfolio exception);
- **IAS 40:** clarifications on the relation of IFRS 3 "Business Combinations" and IAS 40 "Investment Property" when the real estate property is classified as investment property or property owner-occupied.

The amendments had no impact on the Group's financial statements.

STANDARDS ISSUED BUT NOT YET IN EFFECT

This section shows the standards which had already been issued at the reporting date of the Group's financial statements, but had not yet entered into effect.

The list refers to standards and interpretations that the Group envisages will be reasonably applicable in the future. The Group intends to adopt these standards when they enter into force.

IFRS 14: Regulatory Deferral Accounts

The standard IFRS 14 is an optional standard, which allows entities that are subject to particular types of rate regulation to continue the use of previous accounting standards, upon first adoption of IFRS, for the amounts related to the rate regulation. The entities that adopt IFRS 14 must disclose balances related to rate regulation under separate lines in the statement of financial position and disclose movements separately in the income statement and in the comprehensive income statement.

This standard requires that information be given on the nature and associated risks, of the rate regulation and its effects on the financial statements of the entity. IFRS 14 is applicable to annual reporting periods beginning on or after 1 January 2016.

Early application is permitted and information should be given thereon.

No impact resulting from the application of these amendments is expected on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: application of the exception to consolidation

The amendment clarifies the critical issues resulting from applying the exception to consolidation, as envisaged for investment entities, and it is effective retrospectively for annual periods beginning on or after 1 January 2016.

Early application is permitted and information should be given thereon.

Amendments to IFRS 10 and IAS 28: sale or contribution of assets between an investor and its associated company or joint venture.

The amendment aims at eliminating the conflict between requirements of IAS 28 and IFRS 10 and clarifies that, in a transaction involving an associated company or joint venture, the condition according to which a profit or a loss can be recognised depends on the fact that the asset being sold or transferred is a business.

IASB has not yet defined the effective date and amendments shall be applied prospectively.

Early application is permitted and information should be given thereon.

Amendments to IFRS 11 Joint Arrangements: Acquisition of an interest

The amendments to IFRS 11 envisage that a joint operator, who reports the acquisition of an interest in a joint control contract in which the activity of the joint operation constitutes a business, should apply the principles as defined in IFRS 3 on the basis of the business combinations guidance. The amendments clarify that, in the event a joint control is maintained, the interest previously held in a joint-control agreement shall not be re-measured upon the acquisition of another interest.

Moreover, for clarification purposes, the following was excluded from the object of the IFRS 11. Amendments are not applicable when the parties in a joint control, including the entity that prepares the financial statements, are subject to the control of the same ultimate controlling entity.

Amendments are applicable to both the acquisition of the initial interest in a joint-control agreement, and the acquisition of any further interest in the same joint control agreement. Amendments shall be applied prospectively to the annual periods beginning on or after 1 January 2016.

Early application is permitted and information should be given thereon.

No impact resulting from the application of these amendments is expected on the Group.

Amendments to IAS 1: use of judgement in disclosures related to the financial statements

The amendments to IAS 1 clarify some elements perceived as restrictions to the use of judgement by the persons in charge of preparing the financial statements and are effective for annual periods beginning on or

after 1 January 2016.

Early application is permitted.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments clarify the principle included in IAS 16 and IAS 38: revenues reflect a model of economic benefits generated by the management of a business (in which the asset is embodied), rather than the consumption of the economic benefits when an asset is used. As a result, a method based on revenues cannot be used for depreciation of real estate properties, plant and machinery and could be used only in very restricted circumstances when amortising intangible assets. Amendments shall be applied prospectively to the annual reporting periods beginning on or after 1 January 2016.

Early application is permitted and information should be given thereon.

No impact on the Group is expected while applying these amendments, given that the Group does not use revenue-based methods for the amortisation/depreciation of non-current assets.

Amendments to IAS 16 and IAS 41: Bearer Plants

On 30 June 2014, IASB published some amendments to IAS 16 and IAS 41 standards on Bearer Plants. Pursuant to these amendments, bearer plants can be recognised at cost, instead of fair value. Conversely, crops will continue to be recognised at fair value. Amendments are applicable retrospectively to the annual periods beginning on or after 1 January 2016.

Early application is permitted and information should be given thereon.

No impact resulting from the application of these amendments is expected on the Group.

Amendments to IAS 27: The equity method in separate financial statements

Amendments will permit entities to use the equity method to recognise investments in subsidiaries, joint ventures and associated companies in the separate financial statements and they are effective retrospectively for annual periods beginning on or after 1

January 2016.

Early application is permitted and information should be given thereon.

No impact resulting from the application of these amendments is expected on the Group.

Annual Improvements 2012-2014 Cycle

Improvements will be effective on or after 1 January 2016 and relate to the following issues:

- **IFRS 5:** Guideline to reclassification of disposal methods;
- **IFRS 7:** Further guideline to service agreements and applicability of IFRS 7 to interim financial statements;
- **IAS 19:** Clarification on the discount rate;
- **IAS 34:** Clarification on the meaning of “in other sections of the interim financial statements”.

IFRS 9: Financial instruments

In July 2014, IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the project steps related to financial instruments and supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, as well as all previous versions of IFRS 9. The standard introduces new

requirements for the classification, measurement, impairment and hedge accounting. IFRS 9 is applicable to the annual periods beginning on or after 1 January 2018. Early application is permitted.

The standard shall be applied retrospectively, although the supply of comparative information is not compulsory.

The early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the first-time adoption is before 1 February 2015. The Group is currently evaluating the impact of IFRS 9.

IFRS 15: Revenue from Contracts with Customers

The IFRS 15 standard was issued in May 2014 and provides a five-step new model to be applied to all contracts with customers. According to IFRS 15, revenue should be recognised for an amount corresponding to the right in payment the entity believes to have against the sale of goods or services to customers. This standard envisages a more structured approach in recognising and measuring revenue, while replacing all current requisites envisaged in the other IFRS as regards recognition of revenue. IFRS 15 will supersede the standards IAS

18 Revenues and IAS 11: Contract Works, as well as the interpretations IFRS 13: Customer Loyalty Programmes, IFRIC 15: Agreements for the Construction of Real Estate, IFRIC 18: Transfers of Assets from Customers and SIC-13: Revenue - Barter Transactions Involving Advertising Services. IFRS 15 is applicable to the annual periods beginning on or after 1 January 2018, with full or modified retrospective application.

Early application is permitted.

The Group is currently evaluating the impact of IFRS 15.

IFRS 16: Lease

IFRS 16 was issued on 13 January 2016 and supersedes the accounting requirements introduced more than 30 years ago by IAS 17 and that are no longer deemed as suited to the scope of the standard. This is an important review of the way of disclosing leases in the financial statements. IFRS 16 is applicable as from 1 January 2019. Early adoption is permitted for entities that also apply IFRS 15 - Revenue from Contracts with Customers.

The Group has not opted for an early adoption of any other standard, interpretation or improvement issued, but not yet in effect.

Format of accounts

CONSOLIDATED BALANCE SHEET

The format adopted for the Balance sheet discloses a financial classification with a distinction between current and non-current assets and current and non-current liabilities, where:

- non-current assets include balances with realizable cycle after twelve months,

as well as intangible fixed assets with defined and indefinite life, tangible fixed assets and equity investments;

- current assets include balances with realizable cycle within twelve months;
- non-current liabilities include payables to be due after twelve months, including fi-

financial payables, provisions for risks and charges and benefits to employees;

- current liabilities include payables to be due within twelve months, including the short-term portion of medium/long-term loans, provisions for risks and charges and benefits to employees.

CONSOLIDATED INCOME STATEMENT

The format adopted to disclose the consolidated income statement, for the year ended 31 December 2015, is based on the classification of costs divided by type of expense.

It is worth noting that the “Gross Operating Margin” (EBITDA), reported in the conso-

lidated income statement, is obtained by adding the amount under item “Total amortisation/depreciation and write-downs” and under item “Allocation for risks” to the “Operating income” (see hereunder). The “Operating income” is the difference between revenues and operating costs;

the latter are inclusive of amortisation, depreciation and write-downs, as well as of allocations. Lastly, the “Profit before tax” comprises the operating income, less financial income and charges and is the final result including current, deferred and prepaid taxes.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

This statement is disclosed based on provisions set out by the revised version of IAS

1; the items included are grouped based on their possible subsequent reclassification

to the income statement.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

This statement includes the total amount of the comprehensive income statement, with separate disclosure of amounts attributable to Shareholders of the Parent

Company and the portion pertaining to third parties, as well as amounts related to transactions with Shareholders, considered to be acting as a shareholder. Each single

item reports a reconciliation between the opening and closing balances at year-end.

CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is prepared based on the indirect method and is disclosed according to IAS 7, while classifying financial

flows under operating, investment and financing activities.

The reference source of the consolidated

cash flow statements is cash and cash equivalent, net of bank overdrafts, and payable on demand.

Contents of the consolidated financial statements

GENERAL PRINCIPLES, FUNCTIONAL CURRENCY AND REPORTING DATE

The consolidated financial statements have been prepared on the basis of the historical cost principle, with the exception of derivative financial instruments which have been recorded at the fair value.

Moreover, they have been prepared on a going concern and on an accrual basis.

The consolidated financial statements are presented in Euro, which is the functional currency of the Parent Company and of the

consolidated financial statements of the Sofidel Group.

All values are rounded to thousands Euro, unless otherwise indicated.

The reporting date of these consolidated financial statements coincides with the end of the financial year of the Parent Company, i.e. 31 December 2015 which, in any case, is the end of the financial year of all companies taking part in the scope of consolidation.

Reference is made to the financial statements approved by the management bodies of the companies included in the scope of consolidation or, if this was not possible, those prepared for approval by the relevant corporate bodies. The same financial statements, whenever necessary, have been duly adjusted to render them consistent with the IAS-IFRS International Accounting Standards.

Scope of consolidation

LIST OF CONSOLIDATED COMPANIES

The consolidated financial statements as at 31 December 2015 include the equity and financial position and the result of operations of the Parent Company Sofidel S.p.A. and of its Italian and foreign subsidiary companies that are consolidated on a line by line basis and identified as Sofidel Group.

The consolidated financial statements as at 31 December 2015 include the accounting positions for the year 2015 of the Group companies, drawn up according to the same accounting standards as the Parent Company.

The controlled entities are those entities in which the Group holds control, i.e. when the Group is exposed to variable returns resulting from its with the entity, or is entitled to rights on these returns and, at the same time, is able to have an impact on these returns by exercising powers on such entity. The financial statements of the subsidiaries are included in the consolidated financial

statements from the moment in which the parent company begins to exercise control until the date on which such control ceases. If the Group loses control, the assets and liabilities of the controlled entity will be derecognised, as well as any previous minority interest in the shareholders' equity, including any other component in the comprehensive income statement related to the controlled entity. Any profit or loss resulting from the loss of control is recognised under item profit/(loss) for the year. Any equity investment held in the former controlled entity, is measured at fair value on the date on which control is lost.

All intercompany balances and transactions, including any unrealised profits and losses, resulting from relations maintained between Group companies, are entirely written off.

Minority interests consist of the portion of profit or losses and net assets, not held by the Group. They are disclosed under a sepa-

rate item in the income statements, and in the balance sheet, in Shareholders' equity, under separate items from the Group Shareholders' equity.

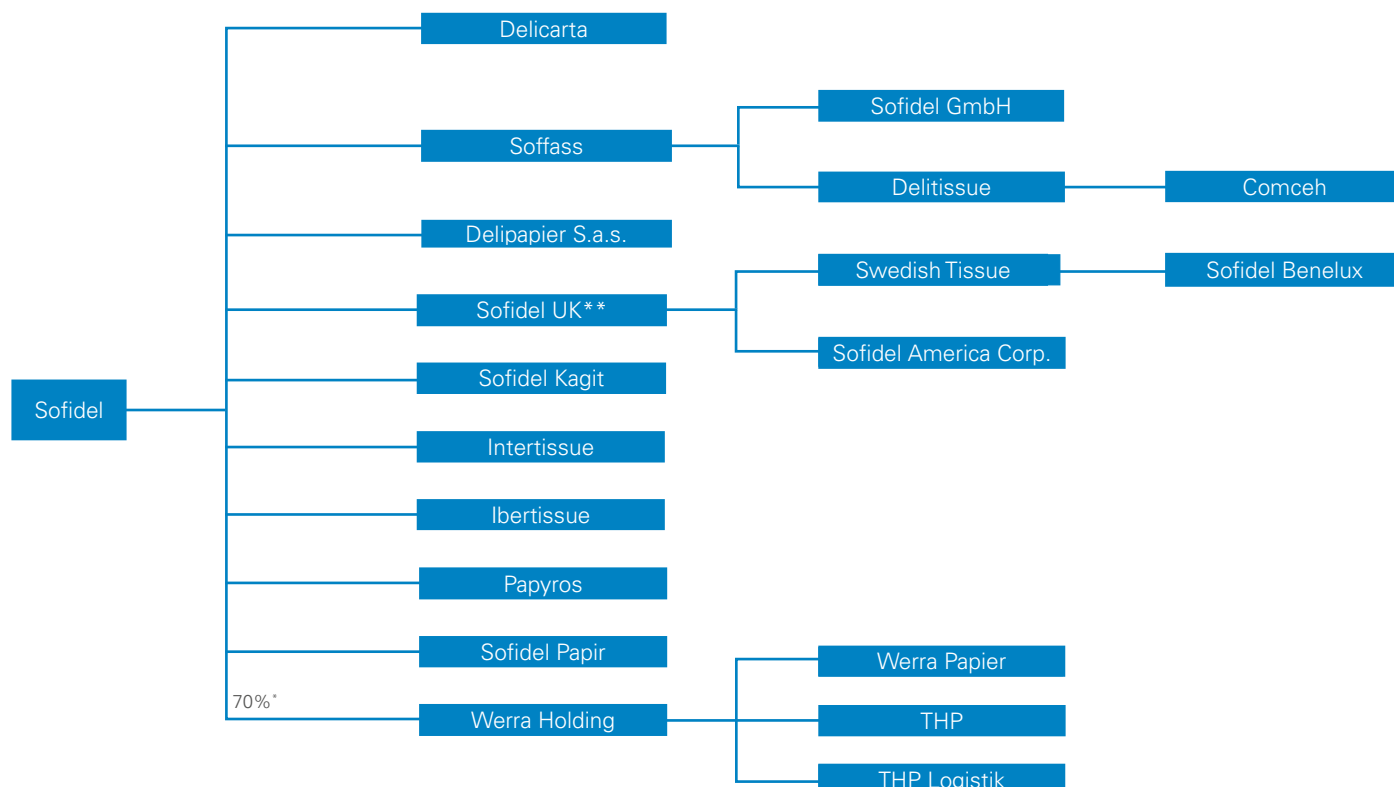
Acquisitions of subsidiary companies are recognised based on the purchase method, which involve the allocation of the cost for the business combination to fair value of assets, liabilities and potential liabilities acquired on the date of transaction, as well as the inclusion of the profit or loss of the acquired company as accrued from the date of transaction to year-end. Changes in the Group equity investments in a subsidiary company, that do not involve the loss of control are recognised as transactions on capital.

As regards the subsidiary companies, the following table summarizes information, as at 31 December 2015, on their name, registered office and portion of share capital directly and indirectly owned by the Group.

Company name	Currency	Registered office	Share capital (Euro/000)	%	Shareholders
Parent company:					
Sofidel S.p.a.	EUR	Porcari (Italy)	33,000	-	-
Subsidiaries consolidated with the line-by-line method:					
Soffass S.p.a.	EUR	Porcari (Italy)	40,000	100%	Sofidel S.p.a.
Delicarta S.p.a.	EUR	Porcari (Italy)	32,000	100%	Sofidel S.p.a.
Delipapier S.a.s.	EUR	Frouard (France)	20,000	100%	Sofidel S.p.a.
Sofidel Kagit	TRY	Honaz/Denizli (Turkey)	10,861	100%	Sofidel S.p.a.
Intertissue L.t.d.	GBP	Swansea, Wales (U.K.)	42,792	100%	Sofidel S.p.a.
Ibertissue S.l.u.	EUR	Bunuel (Spain)	18,000	100%	Sofidel S.p.a.
Werra Papier Holding G.m.b.H. (*)	EUR	Schmalkalden (Germany)	26	70%	Sofidel S.p.a.
Papyros Paper Mill S.a.	EUR	Katerini (Greece)	3,860	100%	Sofidel S.p.a.
Sofidel Papir D.o.o.	KUNA	Zagreb (Croatia)	69	100%	Sofidel S.p.a.
Sofidel UK L.t.d.	GBP	Leicester (U.K.)	306	100%	Sofidel S.p.a.
Delitissue Sp.z.o.o.	PLN	Ciechanów (Poland)	40,326	100%	Soffass S.p.a.
Sofidel G.m.b.H	EUR	Arneburg (Germany)	25	100%	Soffass S.p.a.
Comceh S.A.	RON	Romania	19,824	100%	Delitissue Sp.z.o.o.
Swedish Tissue A.b.	EUR	Kisa (Sweden)	10	100%	Sofidel UK L.t.d.
Sofidel America Corp.	USD	Haines City, Florida (USA)	1,162	100%	Sofidel UK L.t.d.
Sofidel Benelux N.v.	EUR	Duffel (Belgium)	62	100%	Swedish Tissue A.b.
Werra Papier Wernshausen G.m.b.H.	EUR	Schmalkalden (Germany)	511	100%	Werra Papier Holding G.m.b.H.
Thuringer Hygiene Papier G.m.b.H.	EUR	Schmalkalden (Germany)	30	100%	Werra Papier Holding G.m.b.H.
T.H.P. Logistik G.m.b.H.	EUR	Schmalkalden (Germany)	25	100%	Werra Papier Holding G.m.b.H.
Styx Back Office Services Private L.t.d.	INR	Gurgaon (India)	1	100%	Sofidel UK L.t.d.
N.T.G. Paper Mill L.t.d.	GBP	Lancaster (U.K)	1,798	100%	Sofidel UK L.t.d.

(*) "Werra Papier Holding G.m.b.H." owns treasury shares equal to 30% of its own share capital.

THE GROUP TODAY



(The share percentage is 100% unless otherwise noted).

* 30% treasury shares. ** Sofidel UK hold 100% of Styx Back Office (in liquidation) and 100% in NTG Paper Mill (a dormant company).

It should be noted that at the ending date of the year, the Parent Company did not have treasury shares and that no shares of the same were held by other companies of the Group, even through a third part. "Sofidel S.p.a." does not have branches with permanent representation.

CHANGES IN THE SCOPE OF CONSOLIDATION

No changes occurred in the scope of consolidation compared to last year. It is however worth noting that, in the financial year under evaluation, extraordinary transactions were carried out that involved already consolidated companies, namely:

- “LPC U.K. Lt.d.” and “Kamms Paper Mill L.t.d.”, previously in liquidation, which

were discontinued;

- “Delipapier G.m.b.H.” was incorporated into “Delisoft G.m.b.H.” that, in turn, changed its name into “Sofidel G.m.b.H.”. At completion of this transaction, the project financing limited recourse agreement, previously in force with “Delipapier G.m.b.H.”, was terminated.

These transactions had no impact on the scope of consolidation as they concerned all Group companies.

CONSOLIDATION METHOD

The financial statements of the companies included within the scope of consolidation have all been consolidated on a line-by-line basis.

This method of consolidation implies the following adjustments:

- the assets and liabilities, as well as the costs and revenues of companies included within the scope of consolidation, are included on a line-by-line basis, regardless of the percentage interest held;
- the carrying amount of the investments held in these companies is eliminated against the corresponding portion of shareholders’ equity. Any difference between the acquisition cost and the Shareholders’ equity of the investees upon acquisition of the equity investment, if positive, is allocated to the specific assets of the acquired companies, based on their current values on the acquisition date; the remaining portion, if requirements are present, will be recognised under item “Goodwill”. In this

case, these amounts are not amortised, but are tested for impairment under conditions and modalities envisaged by IAS 36. In the event, the derecognition of the equity investment results in a negative difference, the latter will be recorded in the income statement;

- shareholders’ equity and the result of the year pertaining to minority interests are reported separately. More specifically, the shareholders’ equity attributable to minority interests is stated in a separate item of the consolidated balance sheet, while the profit (loss) for the year attributable to minority interest is booked to the income statement;
- unrealised profits and losses resulting from transactions between Group companies – excluding contract work in progress – are eliminated together with all receivables, payables, costs, revenues and effects of all transactions between the said companies, even if they are recorded in the memorandum accounts;
- any distributed dividend is eliminated

from the income statement and booked to consolidated shareholders’ equity reserves; the same applies to cover losses among those companies included within the scope of consolidation and to the related write-downs;

- any adjustments and provisions made exclusively for tax purposes, if present, are eliminated unless they are insignificant for the purposes of the information to be provided in this document;
- lastly, deferred taxes – receivable and payable – resulting from the above adjustments are recognised on the income statement, with an offsetting entry under provisions for risks and charges.

Specifically, the most significant adjustments can be inferred from the statement of reconciliation between shareholders’ equity and profit for the year of the Parent Company and the consolidated shareholders’ equity and the profit for the year, as better specified in Note (14) herein.

Translation of financial statements in foreign currency

The consolidated financial statements are presented in Euro.

Each Group company defines its own Functional currency, which is used to evaluate items included in the separate financial statements.

The financial statements of foreign companies expressed in a currency other than the Euro are translated in Euro as follows:

- items in the income statement are translated at average exchange rates for the period, while balance sheet items are translated at the exchange rates applicable

at the end of the financial year, excluding items of the shareholders’ equity (including the profit/(loss) for the year);

- items in the shareholders’ equity, including the profit/(loss) for the year, are translated using historical exchange rates.
- the translation difference resulting from this translation process is recorded in the consolidated shareholders’ equity, under item “Translation reserve”, which is stated under item Other reserves;

- upon disposal of a foreign company, accumulated exchange rate differences, recognised in this reserve, and related to the company sold, are charged to income statement.

Exchange rates used to determine the counter-value in EUR of financial statements expressed in foreign currency of subsidiary companies (currency per 1 EUR), are shown in the following table.

Currency	Average exchange rates for the year		Year-end exchange rates as at 31 December	
	2015	2014	2015	2014
PLN (Polish Zloty)	4.1828	4.1845	4.2639	4.2732
GBP (British pound)	0.726	0.8064	0.734	0.7789
TRY (Turkish Lira)	3.0218	2.907	3.1765	2.832
RON (Romanian Leu)	4.4452	4.4443	4.524	4.4828
Kuna (Croatia)	7.614	7.6346	7.638	7.658
USD (US Dollar)	1.1096	1.3288	1.0887	1.2141

It should be noted that:

- the Swedish company ("Swedish Tissue A.B.") defined the EUR as Functional currency;

- as regards "Styx Back Office Services Private Ltd.," with registered office in India, a single exchange rate was used for the Income statement and for the

Balance Sheet, given the irrelevant amounts in question.

Valuation criteria

PROPERTY, PLANT AND EQUIPMENT

Tangible assets are measured at historic cost, including directly attributable ancillary costs that are necessary to the servicing of the asset for its intended use. That item includes the costs of replacing parts of the machinery and equipment, when incurred, if they meet the criteria for recognition. The net value (cost less the accumulated depreciation and losses for accumulated

impairment) of replaced parts of machinery and plants is recognised in the income statement upon replacement.

Maintenance and repair expenses, that are not intended to upgrade and/or extend the residual life of assets, are recognised in the year in which they are incurred; in the negative, they are capitalised.

Tangible assets are disclosed net of the

related accumulated depreciation and any impairment loss, determined according to modalities described hereunder. Depreciation is calculated using the straight line method on the basis of the estimated useful life of the asset for the company.

Useful lives of the main classes of tangible assets are as follows:

Description	Rate
Building complexes	3% / -5.5%
General plant and equipment	9%
Specific plant and equipment for transformation processes	residual useful life estimated through expertise
Specific plant and equipment for paper mills	residual useful life estimated through expertise
Sundry industrial equipment	25%
Motor vehicles and means of transport	20%
Cars	25%
Electronic machines	20%
Fixtures and furnishings	12%
Fixed hydraulic systems (hydropower plant)	1%
Pipeline network (hydropower plant)	4%
Machinery (hydropower plant)	7%
Distribution network (hydropower plant)	8%

The residual value of the assets, the useful life and the depreciation methods applied are reviewed periodically and adjusted prospectively, when necessary.

When the tangible asset consists of more than one key component with different useful lives, depreciation is carried out for each

single component.

Land without buildings on it and land attached to buildings is recognised separate and is not depreciated as it is considered as an asset with indefinite useful life.

Upon sale, or when there are no estimated future economic benefits for use, the

asset is derecognised from the financial statements and any gain or loss (calculated as difference between the sales value and the carrying amount) is recognised in the income statement in the year the asset is written off.

INVESTMENT PROPERTY

Fixed assets, which are held for investment and not for an instrumental use, are classified under the special "Investment pro-

perty" item, pursuant to IAS 40, and are accounted for at cost.

Assets that can be included in this class are

land and/or buildings (or portions of buildings) that are held by the owner or the lessee within a lease or an operative agreement,

and are intended to be rented to third parties. The owner or lessee therefore intends to benefit from the corresponding rentals, or from an increase in the value of the as-

set, unless these buildings:

- are used for production, supply of goods and services, or administration purposes;

- are held for sale in the normal course of business.

The useful life of the Group investment property ranges from 3% to 5.5%.

FINANCIAL AND OPERATING LEASES

Financial lease agreements which substantially transfer to the Group all risks and benefits deriving from ownership of the asset leased, are capitalized on the inception date of lease, at the fair value of the leased asset or, if lower, the present value of the instalments. Leasing instalments are proportionally allocated between the capital and the interest, so as to apply a constant interest

rate on the remaining balance of the debt. Financial charges are booked directly to the income statement.

Capitalized leased assets are depreciated on the basis of the estimated useful life of the asset. If, at the end of the contract, it is not reasonably certain that the Group will obtain the ownership of the asset, the asset is depreciated over its estimated useful

life or the duration of the lease agreement, whichever is shorter.

Leases in which the lessee substantially maintains all risks and benefits connected with the ownership of the assets are classified as operating leases and the related costs are recognised in the income statement over the term of the agreement.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are entered in the accounts by using the acquisition method. This method requires the measurement at fair value of assets that can be identified (including intangible assets with defined and indefinite lives that have not been previously recognised), as well as identifiable liabilities (including potential liabilities, excluding future restructuring) of the acquired company.

The acquired goodwill of a business combination is initially measured at cost, which is the surplus in cost of the business combination compared to the portion attributable to the net fair value of assets, liabilities and identifiable potential liabilities (of the acquired company). If the consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the income statement.

After initial recognition, goodwill is valued at the net cost of the accumulated impairment.

For the purpose of verifying impairment, goodwill acquired in a business combination is allocated, on the acquisition date, to each cash flow generating unit that is expected to benefit from the synergies of the aggregation, regardless of other assets or liabilities of the acquired entity being assigned to these units.

If the business combination takes place in several phases, the company recalculates the fair value of the equity investment previously held and recognises any resulting profit or loss in the income statement.

Goodwill is tested for impairment on at least an annual basis and, more frequently, when circumstances suggest that the recognition value may be subject to impairment.

The goodwill impairment is determined by assessing the recoverable amount of the cash flow generating unit (or group of cash flow generating units) the goodwill relates to. If the recoverable amount of the cash flow generating unit is lower than the book value of the cash flow generating unit the goodwill was allocated to, impairment is reported.

If the goodwill has been allocated to a cash generating unit (CGU) and the entity disposes of part of this unit, the goodwill associated with the sold unit is included in the carrying value of the asset when the profit or loss on disposal is determined. The goodwill associated with the disposed asset is determined on the basis of the values relating to the disposed asset and the part of the CGU that was maintained.

INTANGIBLE ASSETS WITH DEFINED USEFUL LIFE

Intangible assets with defined useful life are carried in the assets at purchase cost, if it is likely that using the asset will generate future economic benefits and if the cost of the asset may be determined reliably.

Intangible assets acquired through business combination transactions are reco-

gnised at fair value, defined on the acquisition date, if this value can be determined reliably.

Intangible assets with defined useful lives are amortised on a straight-line basis over the estimated useful life. Their useful lives is reassessed annually and any change is

reviewed periodically and adjusted prospectively, when necessary.

Useful lives of the main classes of intangible assets are as follows:

Description	Useful life
Industrial patent and intellectual property rights	5 years
Trademarks (defined useful life)	10 years
Software	5 years
Right of perpetual leases	5 years

Development costs

Research costs are recognized in the income statement of the period during which they were incurred.

Development costs borne as regards a specific project are capitalised only when the Group is able to prove the technical possibility to complete the intangible asset and render it available for use or sale, its willingness to complete said asset in order to use or sell it, the ways in which the same will generate future economic benefits, the availability of technical, financial resources or sources of any other type to complete the development and its capacity to reliably measure the cost attributable to the asset during its development.

In the development phase, the asset is annually tested for impairment. After the initial measurement, development costs are measured at cost, less any amortisation

or accumulated loss. The assets begin to be amortised at completion of the development and the asset is available for use. Amortisation refers to the period in which it is expected the related project will generate revenues for the Group. During the period of time in which the asset is not yet in use, the asset will be annually tested for impairment.

Industrial patent and intellectual property rights

The item "industrial patent and intellectual property rights" almost entirely comprises the costs incurred for the purchase and/or registration of patents by "Delicarta S.p.a." and "Sofidel Kagit".

Franchise, licences, trademarks and similar rights

The item under evaluation refers to rights for licences for the use of the managerial software S.A.P., as well as costs borne by

"Soffass S.p.a." for the acquisition of trademarks Thirst Pockets®, Kittensoft®, Nouvelle® and trademarks Trefle®, Softis® and Sopalin®, occurred in 2013. Purchase costs of rights are amortised over a time period during the useful life of the acquired asset, which is generally five years for the rights, while trademarks have an indefinite life and are tested for impairment at least once a year, and in any case when circumstances show that there might be an impairment loss.

The trademark impairment is determined by assessing the recoverable amount of the cash flow generating unit (or group of cash flow generating units) the trademark relates to. If the recoverable amount of the cash flow generating unit is lower than the book value of the cash flow generating unit the goodwill was allocated to, impairment is reported.

OTHER NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS

These assets are valued under the amortised cost criterion using the effective discount rate method, net of any provision

for impairment.

The amortised cost is calculated by taking any premiums or discounts upon acquisition

into account and includes any fee that forms an integral part of the effective interest rate.

INVENTORIES

Inventories are measured at the lower of purchase and/or production cost, determined by using the weighted average cost method, and the estimated net realisable value. The net estimated realisable value comprises the estimated sales price after deducting the estimated completion costs

and estimated costs for realising the sale. Raw materials and consumables are entered at purchase costs, including ancillary charges. Products being processed, semi-finished products and goods for resale are entered based on directly chargeable production costs and a portion of indirect

production costs borne over the year and reasonably chargeable to products.

The value of inventories is adjusted, when required, through the recording of a special bad debt provision to take account factors of slow-moving goods.

TRADE RECEIVABLES

Receivables are initially recorded at fair value, which generally corresponds to the nominal value, and then measured at amortised cost, except when the short-time of the receivable would lead to consider the effect of applying the amortised cost as ir-

relevant. They are reduced in the event of impairment losses. Moreover, they are adjusted at their estimated realisable value by setting aside a specific adjusting provision. Receivables in a currency other than the instrumental currency are entered at the

exchange rate of the transaction date and then translated at year-end exchange rate. The profit or loss resulting from the translation is charged to the income statement.

OTHER CURRENT ASSETS AND OTHER FINANCIAL ASSETS

They are initially recorded at fair value and then measured under the amortised cost criterion.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recorded at nominal value and include cash on hand, i.e., amounts that are available on demand

or with a very short maturity, have been cleared and are free of redemption charged. Amounts in foreign currency can be transla-

ted at year-end exchange rates.

NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities, other than derivative financial instruments, are initially entered at fair value of the payment received,

net of transaction costs that are directly attributable to the issue of the financial liabilities themselves. They are

then measured at amortised cost, by using the effective interest rate method, as provided for by paragraph 47 of IAS 39.

PROVISIONS FOR RISKS AND CHARGES

Allocations to provisions for risks and charges are made when the Group has to meet a current obligation (legal or implied) resulting from a past event, it is probable that resources will need to be used to meet such an obligation and it is possible to make a reliable estimate of the amount.

When the Group considers that an allocation to the provision for risks and charges

will be either wholly or partially repaid, such as for example in the case of risks covered by insurance policies, the indemnity is recorded in a distinct and separate manner in assets if, and only if, it is practically certain. In this case, the costs of any allocation are presented in the income statement net of the amount recorded for the indemnity.

If the effect of discounting the monetary

value is significant, the allocations are discounted using a discount rate before tax which reflects, where appropriate, the specific risks of the liability. When the discounting has been implemented, the increase in the allocation due to the passage of time is recorded as a financial charge.

EMPLOYEE SEVERANCE FUND

Post-employment benefits are divided into defined contribution plans and defined benefit plans, according to their economic nature.

As regards the defined contribution plans, the legal or implicit obligation of the company is limited to the amount of contributions to be paid: therefore, the actuarial risk and the investment risk fall upon the employee.

As regards the defined benefit plans, the

obligation of the company consists in granting and ensuring the benefits granted to employees. The actuarial and investment risks therefore fall upon the company.

The net obligation of the Group, resulting from defined benefit plans, is calculated separate for each single plan, by estimating the amount of future benefits that the employees have accrued against the activity performed over the current and previous years. These benefits are discounted to

calculate the present value (the so-called "Projected Unit Credit Method", P.U.C.M.). Actuarial profits and losses are recognised directly in the comprehensive income statement, as provided for by IAS 19.

The actuarial valuation of liabilities was assigned to an independent actuary.

The Group had defined benefit plans in Italy, France, Greece, Turkey and Romania.

FINANCIAL INSTRUMENTS

Financial instruments are initially recognised at fair value and, after the initial entry, they are measured based on their classification, as envisaged by IAS 39.

As regards these financial assets, this treatment differs in the various categories.

- Financial assets at fair value through profit or loss;
- Investments held until maturity;
- Loans and receivables;
- Available for sale financial assets.

With reference to financial liabilities, only two categories are envisaged:

- financial liabilities at fair value with changes recognised in the income statement;
- liabilities at amortised cost.

Measurement of fair value of financial instruments

Derivatives are measured at fair value. The fair value of financial instruments is determined based on directly observable prices from the market, whenever available, or,

for unlisted financial instruments, by using special models and valuation techniques (mainly based on the present value) that are generally accepted by market practices which maximize inputs observable on the market.

Pursuant to the International Accounting Standards IFRS 13, the Group includes the measurement of the credit risk, both of the counterparty (*Credit Valuation Adjustment o CVA*) and its own measurement (*Debit Valuation Adjustment o DVA*) in order to carry out the adjustment on the fair value of derivatives for the corresponding extent of the counterparty risk.

Fair value measurement

As regards all measurements at fair value and the related explanatory notes, as required or permitted by the International Accounting Standards, the Group applies the IFRS 13 standard.

Fair value is defined as the price receivable for the sale of an asset or payable

to transfer a liability in a normal transaction between market participants at the valuation date.

The fair value evaluation assumes that the sale of assets, or the transfer of liabilities, is taking place in the main market, i.e. in the market in which there are the highest volume and level of transactions of the assets or liabilities. In the absence of a main market, the transaction is assumed to take place in the most advantageous market to which the entity has access.

The fair value of an asset or liability is measured by adopting assumptions that market operators would use in determining the price of the asset or liability, while assuming that they act to better satisfy their economic interest.

In measuring the fair value of assets and liabilities, the Group uses measurement methods and models that are appropriate for the situation, and for which data available to measure fair value are sufficient,

while maximising the use of relevant inputs observable and limiting the use of non-observable inputs.

DERIVATIVES

A derivative is a financial instrument or other contract:

- the value of which changes according to an underlying, like interest rate, price of a security or a good, foreign exchange rate, price or rate index, rating of a receivable or other variable factor;
- that requires an initial net investment equal to zero, or lower amount with respect to other types of contracts featuring a similar response to changes in market factors;
- which is settled at a future date.

Derivatives are classified as financial assets or liabilities, according to the positive or negative fair value, and are stated as “held for trading” and measured at fair value recognised in the income statement, except for derivatives designated as effective hedging instruments.

Hedge Accounting

Derivative contracts are initially recognised at transaction cost at the negotiation date of the contract, and they are then re-measured at their fair value.

The measurement method of profits and losses related to a derivative depends on its designation as hedging instrument, and in this case, on the type of hedged element.

The hedge accounting is applied to derivative contracts signed in order to reduce risks (e.g. interest rate, exchange rate, etc.), when criteria envisaged by IAS 39 are fulfilled.

At inception of the transaction, the Group supplies documentation on the relation between hedging instruments and hedged elements, as per its strategy and risk management targets. Moreover, at inception and then systematically, the Group will report its evaluation on whether the hedging instruments are highly effective to offset changes in fair value and in cash flows related to hedged elements.

According to the nature of risks to which it is exposed, the Group chose derivatives as hedging instruments in one of the following hedging relations:

- fair value hedge, or

- cash-flow hedge.

For further details on the type and entity of risks resulting from financial instruments, to which the Group is exposed, reference is made to the special section of financial risks contained herein.

Fair value hedge

The fair value hedge is used by the Group when hedging the exposure to the risk of a change in fair value of assets, liabilities or irrevocable commitments, which are attributable to a specific risk and might affect the income statement.

Changes in fair value of derivatives that are qualified and designated as hedging instruments are recognised in the income statement, consistently with changes related to fair value of the hedged element and attributable to the hedged risk.

If the hedging no longer meets the application criteria of hedge accounting, the adjustment of the book value of the hedged element, for which the effective interest rate method is used, is amortised in the income statement over the useful life of the hedged element.

Cash flow hedge

Cash flow hedge is applied by the Group with the aim of mitigating the exposures to the risk of changes in expected cash flows associated with an asset, a liability or a highly probable transaction that will affect the income statement. These transactions are attributable to the specific risk and might have an impact on the income statement.

The Group applies the cash flow hedge accounting regime, for example with reference to exposures to the interest rate risk resulting from loans at variable rate or with reference to exposures to the exchange rate risk resulting from purchase orders of raw materials in foreign currency.

The effective portion of changes in fair value of derivatives, designated and qualified in cash flow hedge regime, is recognised in the shareholders' equity under special reserve (Cash Flow Hedge Reserve). The profit or loss related to the ineffective portion is immediately recognised in the income statement.

me statement.

The amounts recognised in the shareholders' equity are charged to income statement in the period in which the hedged element economically affects the income statement (e.g. when the hedged future purchase transaction occurs).

Upon maturity of the hedging instrument, or upon its sale, or when the hedging no longer meets the criteria for hedge accounting, cumulated profits and losses recognised in the shareholders' equity until that date are still recognised in the shareholders' equity and will be recognised in the income statement when the future transaction will be definitively recognised in the income statement.

When the expected transaction is no longer deemed as probable, the profit or loss recognised in the shareholders' equity is immediately charged to income statement.

REVENUES AND COSTS

Revenues are recorded to the extent to which it is probable that the economic benefits will be achieved by the Group and the relative amount can be determined in a reliable manner, regardless of their collection. Revenues are measured at the fair value on the amount received or to be received, taking

into account the terms of payment set out in the agreement and excluding taxes and duties.

Revenues and costs are disclosed on an accrual basis and they are entered net of returned goods, discounts, allowances and premiums.

Revenues are recorded when the production process of goods and/or services has been completed, or when the transfer has already taken place, i.e. with the substantial and not only formal transfer of the related property, and/or when the service has been performed and completed.

SUBSIDIES AND GRANT RECEIVED FROM GOVERNMENT

Government grants are recognised when there is reasonable certainty that the grant will be received and any conditions attached to the grant will be fulfilled.

When grants relate to cost components (grants towards operating costs), they are

recorded as revenues, and systematically allocated to different periods to offset the costs to which they relate.

If the grant is related to an asset (grants towards capital), the asset and the grant are recognised separate under assets and

liabilities for their nominal values and the release to income statement occurs progressively, using the straight-line method, over the expected useful life of the related assets.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognised on an accrual basis, according to interest

accrued on the net value of the corresponding financial assets and liabilities, by

using the effective interest rate.

DIVIDENDS

Income from dividends is recognised when Shareholders are eligible to receive the

payment, which is made upon approval of distribution by the Shareholders' meeting.

INCOME TAXES

Current taxes

Taxes reflect a realistic estimate of the tax burden, determined by applying the regulation in force in the Countries in which the Group carries out its business. Payables related to current taxes are entered in the balance sheet, net of any prepaid taxes.

companies and in joint-ventures, in the event that the reversal of the temporary differences can be controlled and that it is probable that they will not occur in the foreseeable future.

recognised only to the extent that the deductible temporary differences will be reversed in the near future and that there are adequate taxable profits against which the temporary differences can be used.

Deferred taxes

Deferred taxation is calculated to the temporary differences between the tax values for assets and liabilities, taken as a reference, and the values given in the financial statements.

Deferred tax liabilities are recorded against all taxable temporary differences, except in the following cases:

- the deferred tax liabilities result from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which, at the time of the same transaction, does not have an effect either on the financial year profit, calculated for accounting purposes or for tax purposes;
- with reference to temporary taxable differences associated with equity investments in subsidiary and associated

Deferred tax assets are recognised against all deductible temporary differences and tax credits and losses, and can be brought forward, to the extent that the existence of adequate future taxable profits are likely to exist against which the usage of the deductible temporary differences and the tax credits and losses brought forward can be used, except in cases where:

- the deferred tax assets, connected with the deductible temporary differences, result from initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the same transaction, does not have an effect either on the profit or on the loss, calculated for tax purposes;
- there are taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures and deferred tax assets are recognised

The value of deferred tax assets to be reported in the financial statements is reviewed at the end of each financial year and reduced to the extent in which it is no longer likely that enough tax profit will be available in the future so that this credit can be partially or totally used. Deferred tax assets that are not recognised are reviewed annually at the reporting date and are recognised to the extent that enough taxable profit will be sufficient to recover these deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rates, which it is expected will be applied in the financial year in which the asset is realised or the liability written off, considering the rates in force and those being issued or already issued at the reporting date.

Deferred tax assets were reclassified separate with respect to deferred tax liabilities if conditions envisaged by IAS 12 were not present.

Taxation on income relative to items recorded directly in the shareholders' equity is attributed directly to the shareholders' equity and not the income statement.

Value Added Tax

Revenues, costs and assets are recognised net of VAT tax, except when this tax applied on the purchase of goods or services is non-deductible, in which case it is recorded as part of the purchase cost of the asset or part of the cost item recorded in the income statement.

The net amount of indirect taxes on sales

which can be recovered from or paid to the Italian Inland Revenue is included in the financial statements under other current assets or liabilities, depending on whether it is a positive or negative balance.

Notes to the main items of the consolidated balance sheet

NOTE (1): PROPERTY, PLANT AND EQUIPMENT

Movements of the historical cost, the accumulated depreciation and the net book

value of item "Property, plant and equipment" as at 31 December 2015, 31 Decem-

ber 2014 and 1 January 2014, are shown in the table hereunder:

Changes of the historical cost

Description	Land and buildings	Plant and equipment	Fixtures and fittings, tools and other equipment	Other assets	Work in progress and advance payments	TOTAL
Balance as at 01/01/2014	538,006	1,165,756	13,082	44,391	39,502	1,800,737
Reclassifications	10,033	55,353	30	149	(65,669)	(104)
Increases	5,517	22,949	999	7,765	120,003	157,233
Exchange-rate differences	7,853	22,581	51	517	1,663	32,665
Decreases	(91)	(17,923)	(18)	(1,942)	(1,373)	(21,347)
Other changes	-	1,696	(12)	59	-	1,743
Balance as at 31/12/2014	561,319	1,250,411	14,132	50,939	94,125	1,970,926
Reclassifications	21,428	56,225	1,223	501	(79,404)	(27)
Increases	29,995	63,298	590	5,434	85,630	184,947
Transl. difference	7,744	22,663	78	541	1,457	32,483
Decreases	(248)	(20,105)	(114)	(2,399)	(513)	(23,379)
Other changes	(1,434)	(14,440)	-	-	-	(15,874)
BALANCE AS AT 31/12/2015	618,804	1,358,051	15,910	55,016	101,295	2,149,076

Depreciation and impairment losses

Description	Land and buildings	Plant and equipment	Fixtures and fittings, tools and other equipment	Other assets	Work in progress and advance payments	TOTAL
Balance as at 01/01/2014	(197,738)	(584,555)	(9,646)	(31,397)	-	(823,336)
Depreciation for the year	(24,716)	(69,952)	(1,294)	(4,720)	-	(100,682)
Disposals	5	6,740	16	1,524	-	8,285
Transl. difference	(1,343)	(5,532)	(33)	(234)	-	(7,142)
Other changes	51	297	37	(57)	-	328
Balance as at 31/12/2014	(223,741)	(653,003)	(10,920)	(34,883)	-	(922,547)
Depreciation for the year	(27,454)	(76,179)	(1,446)	(5,510)	-	(110,589)
Write-downs	256	-	-	-	-	256
Disposals	130	11,124	74	2,046	-	13,374
Exchange-rate differences	(1,567)	(5,378)	(34)	(259)	-	(7,238)
Reclassifications	(7)	8	-	-	-	1
Other changes	(120)	11,117	-	-	-	10,997
BALANCE AS AT 31/12/2015	(252,503)	(712,311)	(12,326)	(38,607)	-	(1,015,747)

Net book value

Description	Land and buildings	Plant and equipment	Fixtures and fittings, tools and other equipment	Other assets	Work in progress and advance payments	TOTAL
Historical cost	538,006	1,165,756	13,082	44,391	39,502	1,800,737
Acc. depreciation	(197,738)	(584,555)	(9,646)	(31,397)	-	(823,336)
Book value as at 01/01/2014	340,268	581,200	3,436	12,995	39,502	977,401
Historical cost	561,319	1,250,411	14,132	50,939	94,125	1,970,926
Acc. depreciation	(223,741)	(653,003)	(10,920)	(34,883)	-	(922,547)
Book value as at 31/12/2014	337,578	597,409	3,213	16,055	94,125	1,048,379
Historical cost	618,804	1,358,051	15,910	55,016	101,295	2,149,076
Acc. depreciation	(252,503)	(712,311)	(12,326)	(38,607)	-	(1,015,747)
BOOK VALUE AS AT 31/12/2015	366,301	645,740	3,584	16,410	101,295	1,133,329

The following table shows the detail of assets owned through lease agreements, whose amount already includes the above-mentioned items:

Description	31/12/2015			31/12/2014			01/01/2014		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Buildings	6,177	(4,356)	1,821	6,177	(4,017)	2,160	6,177	(3,677)	2,500
Plant and equipment	7,667	(1,879)	5,788	7,667	(1,189)	6,478	5,467	(393)	5,074
TOTAL	13,844	(6,235)	7,609	13,844	(5,206)	8,638	11,644	(4,070)	7,574

Leased fixed assets primarily refer to buildings and photovoltaic plants.

More specifically:

- land and buildings include the industrial building complexes owned by the companies of the Group, excluding investment assets that are reclassified under item “Investment property”;
- plant and equipment include general and specific plant, the latter comprised of lines for the production of tissue paper reels and lines for the transformation into finished products;
- fixtures and fittings, tools and other equipment are primarily comprised of miscellaneous equipment in support of production plants;
- other assets mainly include electronic equipment, motor vehicles and internal means of transport, fixtures and furnishings, which are mainly located at the Group companies that carry out production and/

or transformation activities;

- work in progress and advance payments mainly refer to investments in progress.

The item Land includes, but not limited to land appurtenances of plants and land where properties are located.

In the past, the Group benefited from domestic public grants on property, plant and equipment.

Tangible assets were recorded at their acquisition value and the grant was discounted under item other current and non-current liabilities (for the pertaining amount to be due after 12 months).

The portion pertaining to the year was then charged to income statement on a straight-line basis, over the estimated useful life of the reference asset.

As at 31 December 2015, the residual deferred income of these grants amounted to EUR 42,593.

As envisaged by the analysis proceeding of impairment indicators, as adopted by the Group, the presence of impairment indicators, which might be traceable through internal and external information sources, was evaluated at year end.

Typical external sources might consist of changes in the technological, economic and legal context in which the Group operates, while internal sources consist of corporate strategies that might change according to the intended use of assets.

No impairment indicators emerged from analyses performed on this balance-sheet item.

NOTE (2): INVESTMENT PROPERTY

Movements of the historical cost, the accumulated depreciation and the net book

value of item “Investment property” as at 31 December 2015, 31 December 2014 and

1 January 2014, are shown in the table hereunder:

Description	Balance as at 01/01/2014	Changes - historical cost 2014	Depreciation 2014	Balance as at 31/12/2014	Changes - historical cost 2015	Depreciation 2015	Balance as at 31/12/2015
Historical cost	11,584	-	-	11,584	-	-	11,584
Depreciation and impairment losses	(3,684)	-	(216)	(3,900)	-	(216)	(4,116)
NET BOOK VALUE	7,900			7,685			7,469

It is worth noting that the fair value of each single property comprised in the item under evaluation are much higher than the net book value.

It is also worth noting that rent income generated by each single property amounted to EUR 603.

As envisaged by the analysis proceeding of

impairment indicators, as adopted by the Group, the presence of impairment indicators, which might be traceable through internal and external information sources, was evaluated at year end.

Typical external sources might consist of changes in the technological, economic and

legal context in which the Group operates, while internal sources consist of corporate strategies that might change according to the intended use of assets.

No impairment indicators emerged from analyses performed on this balance-sheet item.

NOTE (3): GOODWILL

Movements of the historical cost, the accumulated depreciation and the net book

value of item "Goodwill" as at 31 December 2015, 31 December 2014 and 1 January

2014, are shown in the table hereunder:

Changes of the historical cost

Description	Goodwill
Balance as at 01/01/2014	65,642
Exchange-rate differences	6,438
Balance as at 31/12/2014	72,080
Increases	31,901
Exchange-rate differences	6,772
BALANCE AS AT 31/12/2015	110,753

Depreciation and impairment losses

Description	Goodwill
Balance as at 01/01/2014	(21,675)
Exchange-rate differences	(902)
Balance as at 31/12/2014	(22,577)
Exchange-rate differences	(780)
BALANCE AS AT 31/12/2015	(23,357)

Net book value

Description	Goodwill
Historical cost	65,642
Acc. amortisation	(21,675)
Balance as at 01/01/2014	43,967
Historical cost	72,080
Acc. amortisation	(22,577)
Balance as at 31/12/2014	49,503
Historical cost	110,753
Acc. amortisation	(23,357)
BALANCE AS AT 31/12/2015	87,396

As regards the content of the item, reference is made to the analysis reported hereunder.

Goodwill and other assets with indefinite

useful life recorded in the financial statements are annually tested for impairment.

NOTE (4): TRADEMARKS AND OTHER INTANGIBLE ASSETS

Movements of the historical cost, the accumulated amortisation and the net book

value of item "Trademarks and other intangible assets" as at 31 December 2015, 31

December 2014 and 1 January 2014, are shown in the table hereunder:

Changes of the historical cost

Description	Licences, trademarks and similar rights	Work in progress	Other intangible assets	TOTAL
Balance as at 01/01/2014	59,759	504	5,558	65,821
Reclassifications	415	(413)	-	2
Increases	1,268	585	-	1,853

Description	Licences, trademarks and similar rights	Work in progress	Other intangible assets	TOTAL
Exchange-rate differences	433	-	(8)	425
Decreases	(31)	-	(5)	(36)
Other changes	(45)	(481)	-	(526)
Balance as at 31/12/2014	61,799	195	5,545	67,539
Reclassifications	780	(815)	63	28
Increases	1,470	272	1,298	3,040
Exchange-rate differences	464	-	(16)	448
Decreases	(591)	-	(468)	(1,059)
Other changes	(499)	481	-	(18)
BALANCE AS AT 31/12/2015	63,424	133	6,421	69,978

Depreciation and impairment losses

Description	Licences, trademarks and similar rights	Work in progress	Other intangible assets	TOTAL
Balance as at 01/01/2014	(16,993)	-	(1,070)	(18,064)
Amortisation	(1,812)	-	(1,054)	(2,866)
Disposals	31	-	198	229
Exchange-rate differences	(12)	-	8	(4)
Other changes	92	-	(194)	(101)
Balance as at 31/12/2014	(18,694)	-	(2,112)	(20,806)
Amortisation	(1,547)	-	(1,153)	(2,700)
Disposals	5	-	26	32
Exchange-rate differences	6	-	1	7
Other changes	82	-	-	82
BALANCE AS AT 31/12/2015	(20,148)	-	(3,237)	(23,385)

Net book value

Description	Licences, trademarks and similar rights	Work in progress	Other intangible assets	TOTAL
Historical cost	59,759	504	5,558	65,821
Acc. amortisation	(16,993)	-	(1,070)	(18,064)
Balance as at 01/01/2014	42,766	504	4,488	47,757
Historical cost	61,799	195	5,545	67,539
Acc. amortisation	(18,694)	-	(2,112)	(20,806)
Balance as at 31/12/2014	43,105	195	3,433	46,734
Historical cost	63,424	133	6,421	69,978
Acc. amortisation	(20,148)	-	(3,237)	(23,385)
BALANCE AS AT 31/12/2015	43,275	132	3,183	46,590

The item "Licences, trademarks and similar rights" is almost entirely made up of costs borne for the purchase of trademarks with

indefinite useful life, as well as costs related to the purchase of software licences and the purchase and/or registration of patents.

The "Other intangible fixed assets" item is primarily from customers lists acquired in the last few years.

IMPAIRMENT TESTS ON GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIFE

The book values of the item under evaluation entered in the financial statements are

listed hereunder at the reporting dates, together with allocations to the correspon-

ding Cash Generating Units:

Description	01/01/2014	31/12/2014	31/12/2015
Goodwill, CGU United Kingdom	5,576	5,968	6,333
Goodwill and trademarks, CGU America	41,917	47,617	85,591
Trademarks, CGU Soffass	33,102	33,128	33,093
Trademarks, CGU Poland	2,093	2,588	2,962

According to provisions set out by IAS 36, the Group must perform impairment tests

on intangible assets with indefinite useful life.

In particular, the recoverability of the residual value of item "Goodwill" and "Trademarks"

was assessed to ensure that the same is not recorded in the financial statements at a higher value than the recoverable one.

In application of the method envisaged by IAS 36 ("Discounted Cash Flow Analysis" or D.C.F.), the criterion to determine the recoverable amount is based on the discounting of future cash flows of the CGUs under evaluation, with respect to an explicit period, as

well as on the discounting of a continuous cash flow ("Terminal Value").

The Terminal Value is the current value of all cash flows expected after the explicit projection period, and it is determined with the perpetuity growth method, by using a growth rate ("g") over the long-term.

The Discounted cash-flow analysis is based on cash flows resulting from plans approved

by the Board of Directors of the "Sofidel S.p.a." Parent Company.

These plans reflect the expectations of management related to the trends of the reference market. These plans represent the best estimate available on economic conditions expected over the validity period of the plan.

The analysis of each single CGU is provided hereunder.

Goodwill, CGU United Kingdom

In November 2013, the company "Sofidel U.K. L.t.d." acquired the equity investments of the company "N.T.G. Paper Mill L.t.d.", consisting of a paper mill located in the Lancaster area. Assets and liabilities of the company "N.T.G. Paper Mill L.t.d." were then transferred into "Sofidel U.K. L.t.d.", resulting in a goodwill of Pound sterling 2,723 (equal to EUR 3,270 as at 30 November 2013).

In March 2013, the Group then signed an agreement with SCA for the purchase of the following elements:

- a series of trademarks (Thirst Pockets®, Kittensoft®, Nouvelle®, Inverso®), Dixcel PillowSoft®) for the British and Irish markets, acquired by the company "Soffass S.p.a.";
- a Business Unit (BU) in the United Kingdom (Horwich) related to converting

machinery and operating assets, already organized for the manufacture of products under the above-mentioned trademarks, purchased by "Intertissue L.t.d.";

- free licence of use of two trademarks for the Belgian, Dutch and Luxembourgian markets, as well as the related customers list for the above-mentioned markets acquired by the company "Sofidel Benelux N.v."

The basic reasons for the purchase of the transformation BU with headquarter in Horwich are connected with the willingness of widening the market shares in the "U.K. Region" as this area is interesting for the Group, given the margins generated by it.

A goodwill of Pound sterling 2,137 (equal to EUR 2,527 as at 1 April 2013) was generated from the acquisition of the Business Unit.

The goodwill generated through the above-mentioned business aggregations was allocated to the CGU corresponding to the "CGU United Kingdom".

This allocation results from the fact that goodwill of both companies was paid to obtain benefits in terms of improvement in margins on finished products, following the strengthening of synergies between the paper division and the transformation division in general, in the U.K. area, as the two companies are strictly interrelated.

The recoverable amount, as at 31 December 2014, of the CGU United Kingdom is equal to Pound Sterling 960,529 (equal to EUR 1,233,187).

The main assumptions to determine the recoverable amount are reported hereunder:

Description	01/01/2014	31/12/2014
Terminal value	813,962	948,663
Growth rate g	1.20%	1.20%
WACC - explicit period	6.15%	6.74%
WACC - final period	5.60%	6.09%

No impairment losses were reported by the impairment testing.

The sensitivity analysis carried out on the recoverable amount of the CGU as at 31 December 2014, upon changes of WACC, highlighted that the recoverable amount remained higher than the book value over a significantly wider range. In particular, conditions for an impairment loss were present with a WACC higher than 24.24%, for a period of explicit projection, and higher than 23.59% for the discounting of the terminal value.

Directors deem that any reasonable change in other key assumptions will not generate

any book value surplus on the recoverable amount.

In the presence of conditions envisaged by IAS 36, par. 24, as at 31 December 2015 the recoverable amount was not recalculated.

The test carried out as at 31 December 2014, in fact, highlighted a recoverable amount significantly higher than the book value. Moreover, assets and liabilities related to this CGU underwent no significant change on that date, and no changes in events or circumstances occurred to such an extent to assume that a new determination of the recoverable amount would be lower than the book value.

The Group performed an impairment test on the operating results of the plan, that reported the impairment last year, in order to develop the reasonable belief that the occurrence of scenarios that are unfavourable and difficult to realise would not generate a lower value in use of the asset than its book value. This analysis, in fact, highlighted that only a stable reduction of 85.70% of the EBIT value might result in an impairment loss.

Goodwill and trademarks, CGU America

In 2012, the company "Sofidel U.K. L.t.d." established the company "Sofidel America Corp.", in order to acquire the equity investments of the company "Cellynne Holding". Cellynne Holding was then merged into "Sofidel America Corp." and, upon the merger, a "Purchase Price Allocation" was set up, which generated the recording of a goodwill of USD 65,826 (equal to EUR 52,197 as at 1 September 2012).

In 2015, the acquisition of a Business Unit (G.B.C.) was completed, which generated another goodwill of USD 398 (equal to EUR 35,398 as at 1 November 2015).

The goodwill was allocated to the "CGU America" as the strategic target of the acquisition was to penetrate a new market, i.e. the American one.

Moreover, the American CGU also included the trademarks of indefinite useful life

Heavenly Soft®, "Heavenly Choice Double Layer"® and "Confidence®", purchased in 2012 by "Cellynne Holding".

The recoverable amount of the CGU America as at 31 December 2015 was equal to USD 498,385 (EUR 457,780).

The main assumptions to determine the recoverable amount are reported hereunder:

Description	01/01/2014	31/12/2014	31/12/2015
Terminal value	396,917	347,917	443,352
Growth rate g	1.20%	1.20%	1.20%
WACC - explicit period	4.61%	5.60%	5.06%
WACC - final period	5.31%	5.83%	5.59%

No impairment losses were reported by the impairment testing.

The sensitivity analysis carried out on the recoverable amount of the CGU as at 31 December 2015, upon changes of WACC,

highlighted that the recoverable amount remained higher than the book value over a significantly wider range. In particular, conditions for an impairment loss were present with a WACC higher than 6.36%, for a period of explicit projection, and higher than 6.89%

for the discounting of the terminal value.

Directors deem that any reasonable change in other key assumptions will not generate any book value surplus on the recoverable amount.

Trademarks, CGU Soffass

The trademarks "Softis"®, "Le Trefle"®, "Sopalin"®, "Thirst Pockets"®, "KittenSoft"® and "Nouvelle"®, purchased externally, are allocated to "CGU Soffass" as it is deemed as the smallest CGU, which produces inde-

pendent cash flows.

As at 31 December 2014, the recoverable amount of the CGU Soffass amounted to EUR 251,946.

The main assumptions to determine the recoverable amount are reported hereunder:

Description	01/01/2014	31/12/2014
Terminal value	174,982	190,834
Growth rate g	1.20%	1.20%
WACC - explicit period	7.63%	7.63%
WACC - final period	6.92%	6.79%

No impairment losses were reported by the impairment testing.

The sensitivity analysis carried out on the recoverable value of the CGU as at 31 December 2014, upon changes of WACC, highlighted that the recoverable amount remained higher than the book value over a significantly wider range. In particular, conditions for an impairment loss were present with a WACC higher than 20.03%, for a period of explicit projection, and higher than 19.19% for the discounting of the terminal value.

Directors deem that any reasonable change in other key assumptions will not generate any book value surplus on the re-

coverable amount.

In the presence of conditions envisaged by IAS 36, par. 24, as at 31 December 2015 the recoverable amount was not recalculated.

The test carried out as at 31 December 2014, in fact, highlighted a recoverable amount significantly higher than the book value. Moreover, assets and liabilities related to this CGU underwent no significant change on that date, and no changes in events or circumstances occurred to such an extent to assume that a new determination of the recoverable amount would be lower than the book value.

The Group performed an impairment test

on the operating results of the plan, that reported the impairment last year, in order to develop the reasonable belief that the occurrence of scenarios that are unfavourable and difficult to realise would not generate a lower value in use of the asset than its book value. This analysis, in fact, highlighted that only a stable reduction of 71.40% of the EBIT value might result in an impairment loss.

Trademarks, CGU Poland

The trademark "Soft&Easy"®, purchased externally, is allocated to "CGU Poland" as it is deemed as the smallest CGU, which produces independent cash flows.

As at 31 December 2014, the recoverable amount of the CGU Poland amounted to zloty 1,311,047 (EUR 306,807).

The main assumptions to determine the recoverable amount are reported hereunder:

Description	01/01/2014	31/12/2014
Terminal value	187,980	211,094
Growth rate g	1.20%	1.20%
WACC - explicit period	8.79%	8.43%
WACC - final period	8.13%	7.99%

No impairment losses were reported by the impairment testing.

The sensitivity analysis carried out on the recoverable amount of the CGU as at 31 December 2014, upon changes of WACC, highlighted that the recoverable amount remained higher than the book value over a significantly wider range. In particular, conditions for an impairment loss were present with a WACC higher than 21.33%, for a period of explicit projection, and higher than 20.89% for the discounting of the terminal value.

Directors deem that any reasonable change in other key assumptions will not generate any book value surplus on the recoverable amount.

In the presence of conditions envisaged by IAS 36, par. 24, as at 31 December 2015 the recoverable amount was not recalculated. The test carried out as at 31 December 2014, in fact, highlighted a recoverable amount significantly higher than the book value. Moreover, assets and liabilities related to this CGU underwent no significant change on that date, and no changes in events or circumstances occurred to such

an extent to assume that a new determination of the recoverable amount would be lower than the book value.

The Group performed an impairment test on the operating results of the plan, that reported the impairment last year, in order to develop the reasonable belief that the occurrence of scenarios that are unfavourable and difficult to realise would not generate a lower value in use of the asset than its book value. This analysis, in fact, highlighted that only a stable reduction of 71.60% of the EBIT value might result in an impairment loss.

NOTE (5): INVESTMENTS

The balances of item "Equity investments" as at 31 December 2015, 31 December

2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Other companies	1,395	1,258	1,114
TOTAL	1,395	1,258	1,114

Equity investments in "other companies" refer to the investments in consortia/local

companies. However, disclosure is not significant for the purpose of this document.

NOTE (6): OTHER NON-CURRENT FINANCIAL ASSETS

The balances of item "Other non-current financial assets" as at 31 December 2015,

31 December 2014 and 1 January 2014, are shown in the table hereunder:

Descrizione	31/12/2015	31/12/2014	01/01/2014
Guarantee deposits, over 12 months	1,409	520	394
Other financial receivables, over 12 months	4	-	-
Escrow bank accounts	-	4,338	4,403
TOTAL	1,413	4,858	4,798

Guarantee deposits are related to payments made to various companies for open-ended contracts (utilities and similar services).

NOTE (7): DEFERRED TAX ASSETS

The balances of item "Deferred tax assets" as at 31 December 2015, 31 December

2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Sofidel America Corp.	21,474	11,120	2,423
Ibertissue S.l.u.	5,343	5,054	5,423
Soffass S.p.a.	4,708	4,580	3,717
Delicarta S.p.a.	1,370	1,698	2,118
Comceh S.A.	660	764	862
Sofidel S.p.a.	331	325	548
Delitissue Sp.Z o.o	155	265	291
Delipapier S.a.s.	153	-	-
Other minor amounts	56	40	920
TOTAL	34,250	23,847	16,302

Deferred taxes reflect the net tax effect of temporary differences between the value reported in the financial statements, and the taxable basis of assets and liabilities, and they mainly refer to differences in the balance-sheet/tax value of amortisation/depreciation.

The recognition in the financial statements of deferred taxes was duly adjusted to take account of their estimated realisation.

The losses for which prepaid taxes were allocated result from circumstances that are well determined and identified, and are reasonably recoverable in accordance with

the provisions of fiscal regulations that are in effect in the countries of operation of the companies that generated them, as illustrated in the drafted multi-year economic plans and periodically reviewed.

It is worth noting that there are no significant amounts of deferred tax assets that are not recorded.

NOTE (8): INVENTORIES

The balances of item "Inventories" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Raw materials and consumables	163,368	152,938	142,017
Finished products and goods	150,449	132,727	141,523
Advances	430	430	2,394
TOTAL	314,246	286,095	285,934

As these are replaceable goods, the purchase cost of raw materials, consumables and maintenance materials and the production cost for finished products have been determined according to the

"Weighted Average Cost" formula, except for consignments of cellulose that were still en route at year-end, as well as cloths and felts, for which the specific costs were applied.

For the purposes of adjustment of inventory values to the (lower) market value in certain companies, specific funds were allocated; the individual total amount is, however, not significant.

NOTE (9): TRADE RECEIVABLES

The balances of item "Trade receivables" as at 31 December 2015, 31 December

2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Receivables from customers	198,049	235,396	264,261
Bad debt provision	(3,643)	(4,018)	(3,737)
TOTAL	194,407	231,378	260,524

Breakdown of receivables due from customers as at 31 December 2015, by geographic area.

Country	31/12/2015	%
France	36,504	18.4%
Germany	36,168	18.3%
Poland	20,242	10.2%
England / Ireland	20,069	10.1%
USA	19,043	9.6%
Belgium /The Netherlands	14,531	7.3%
Spain	11,623	5.9%
Other minor amounts	39,870	20.1%
TOTAL	198,049	100.0%

With respect to doubtful debts, a special bad debt provision was set up in the amount of EUR 3,643, which is deemed

as suited compared to doubtful positions known at the reporting date.

The movements of the bad debt provision is shown hereunder:

Description	Amount
Initial balance	4,018
Increases	15
Decreases	(405)
Change in the scope of consolidation	-
Exchange-rate difference	14
FINAL BALANCE	3,643

With regard to the portion of trade receivables that is not covered by insurance, the bad debt provision was calculated, on a customer-by-customer basis, by taking into account the age of each receivable

and any useful data, including information obtained subsequent to year-end.

any consolidated company that are not hedged for exchange rates.

It is worth noting that there are no significant receivables in foreign currency to

NOTE (10): CURRENT FINANCIAL ASSETS

The balances of item "Current financial assets" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Other short-term loans receivable	9,961	2,379	2,776
Other financial assets on derivatives	1,212	2,381	501
Receivables to others within 12 months and other current securities	32	34	472
TOTAL	11,205	4,794	3,749

The item "Other short-term financial receivables" is broken down as follows:

Company	Detail of receivables	31/12/2015
Sofidel UK Ltd.	Insurance receivables	7,602
Sofidel S.p.a.	Insurance receivables	1,467
Sofidel G.m.b.H.	Receivables for grants to be received	821
Other minor amounts	-	71
TOTAL		9,961

Item "Financial assets on derivatives" highlights the write-down at fair value at year

end of derivatives (hedging component) that were in place and signed by the Group

for the management of the exchange rate risk.

NOTE (11): OTHER CURRENT ASSETS

The balances of item "Other current assets" as at 31 December 2015, 31 Decem-

ber 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Other receivables and receivables for seconded personnel taxes	6,354	5,627	6,520
Accrued income and prepaid expenses	4,402	5,089	4,849
Advances paid to suppliers	2,377	1,531	2,409
Expenditure funds	253	261	270
Guarantee deposits	26	25	25
Receivables for social security institutions - INAIL	21	169	179
TOTAL	13,431	12,702	14,252

NOTE (12): TAX RECEIVABLES

The balances of item "Tax receivables" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the table hereunder:

Description		31/12/2015	31/12/2014	01/01/2014
Revenue VAT account	Turkey	2,173	2,104	1,775
Revenue VAT account	France	1,951	1,447	1,071
Revenue credit Sundry Taxes	Germany	1,637	247	455
Revenue credit Sundry Taxes	France	1,627	208	889
Revenue credit Sundry Taxes	Italy	922	-	589
Revenue VAT account	Sweden	590	909	1,573
Revenue VAT account	Italy	482	519	870
VAT guarantee deposits	Italy	289	309	244
Revenue credit Sundry Taxes	Sweden	247	242	169
Revenue VAT account	Germany	157	387	454
Revenue VAT account	Poland	116	728	141
Revenue VAT account	Romania	66	269	72
Revenue VAT account	United Kingdom	48	-	25
Revenue VAT account	Spain	10	4	5
Revenue VAT account	Croatia	7	-	-
Revenue VAT account	Belgium	5	3	111
Revenue credit Sundry Taxes	Turkey	4	7	4
Other minor amounts		4,424	2,045	2,830
TOTAL		14,754	9,427	11,277

NOTE (13): CASH AND CASH EQUIVALENTS

The balances of item "Cash and cash equivalents" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Bank and postal current accounts	27,285	43,794	37,391
Cheques	3,071	17	3
Cash and cash on hand	129	85	213
TOTAL	30,485	43,896	37,607

There are not significant availabilities in a foreign currency other than the one adopted in the single consolidated companies. The changes recorded with respect to the previous year were related to the other changes in current assets.

NOTE (14): SHAREHOLDERS' EQUITY

Changes from 1 January to 31 December 2015

Note (14)	Initial balance 2015	Profit for the year	Other comprehensive income/(loss)	Total comprehensive profit/(loss)	Allocation of the profit (loss) for the year	Dividends	Other changes	Final balance for 2015
Share capital	33,000	-	-	-	-	-	-	33,000
Share premium reserve	1,500	-	-	-	-	-	-	1,500
Revaluation reserve	18,250	-	-	-	-	-	-	18,250
Legal reserve	7,159	-	-	-	-	-	-	7,159
Other reserves	491,249	-	-	-	91,882	(20,000)	(423)	562,708
Exchange-rate differences	14,767	-	26,964	26,964	-	-	-	41,730
FTA IFRS reserve	(12,072)	-	-	-	-	-	-	(12,072)
Actuarial reserve - IAS 19	(1,650)	-	854	854	-	-	-	(796)
Cash Flow Hedge Reserve - IFRS	(132)	-	562	562	-	-	-	430
Profit (loss) for the year	91,882	63,614	-	63,614	(91,882)	-	-	63,614
Group shareholders' equity	643,954	63,614	28,380	91,995	-	(20,000)	(423)	715,521

Note (14)	Initial balance 2015	Profit for the year	Other comprehensive income/(loss)	Total comprehensive profit/(loss)	Allocation of the profit (loss) for the year	Dividends	Other changes	Final balance for 2015
Capital and reserves attributable to minority interests	74	-	-	-	-	-	-	74
Profit (loss) for the year attributable to minority interests	-	-	-	-	-	-	-	-
Minority shareholders' equity	74	-	-	-	-	-	-	74
TOTAL SHAREHOLDERS' EQUITY	644,028	63,614	28,380	91,995	-	(20,000)	(423)	715,595

Share capital

The share capital of the Parent Company "Sofidel S.p.a." amounted to EUR 33,000, fully paid up and is comprised of 5 unit of Euro each. 6,600,000 shares with a nominal value of

Legal reserve

The legal reserve, equal to EUR 7,159, was set up in previous years and is entirely related to the Parent Company. The Italian law envisages that 5% of the net profit for the year is allocated as legal reserve, until reaching 20% of the share capital. The amount up to EUR 6,600 is undistributable.

Other reserves

The detail in item "Other reserves" is shown hereunder.

Description	31/12/2015	31/12/2014	01/01/2014
Retained earnings (losses)	284,536	224,274	182,300
Extraordinary reserve	215,083	228,714	229,966
Other reserves	59,955	36,802	16,002
Reserve for unrealised foreign exchange gains	2,156	481	478
Reg. Grant L.10/91 art.111	936	936	936
Reg. Grant L.10/91 (46/89)	28	28	28
6% fund, pursuant to Art. 15 of Law no. 130/83	10	10	10
Reg. Grant EEC 2088	4	4	4
TOTAL	562,708	491,249	429,724

Exchange-rate differences

The exchange-rate differences, equal to EUR 41,730, reflect changes in the portion owned by the Group in the shareholders' equity of consolidated companies, due to exchange-rate changes in the working currencies of the same companies compared to the presentation currency of the consolidated financial statements. The change is mainly determined by exchange-rate changes in the US Dollar, the Pound Sterling and other currencies. Amounts are net of tax effects, where applicable.

Cash flow hedge reserve - IFRS

The cash flow hedge reserve, amounting to EUR 430, comprises the valuation of defined financial instruments, such as cash flow hedge as at 31 December 2015, for the hedging of exchange rate risks, and it is recorded net of the tax effect. The changes in the shareholders' equity components occurred during the year 2015 and 2014 are highlighted in the related statements.

NOTE (15): EMPLOYEE SEVERANCE FUND AND OTHER BENEFITS

The balances of item "Employee severance fund and other provisions regarding personnel" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Employee severance fund	15,151	16,328	14,249
Provision for post-term benefits for directors	883	860	554
Early retirement fund	1,291	1,579	1,251
TOTAL	17,324	18,766	16,054

The analysis of the two items is provided hereunder.

Employee severance fund

As regards the disclosure of the "Employee severance fund" in the financial statements, as envisaged by Art. 2120 of the Italian Civil Code, this provision is included in the defined benefit plants, as it is considered

as a defined benefit obligation and, as such, it is accounted for in compliance with the IAS 19 standard, which requires the measurement of the related liabilities based on actuarial techniques.

The main assumptions adopted for the actuarial calculation of the employee severance fund of the Italian companies of the Group are summarized in the following tables.

Summary of technical economic bases

Description	31/12/2015	31/12/2014	01/01/2014
Annual discount rate	2.03%	1.49%	3.17%
Annual inflation rate	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% for 2019 2.00% from 2020 onwards	0.60% for 2015 1.20% for 2016 1.50% for 2017 1.50% for 2018 2.00% from 2019 onwards	2.00%
Rate of increase in employee severance fund (TFR)	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% for 2019 3.000% from 2020 onwards	1.950% for 2015 2.400% for 2016 2.625% for 2017 2.625% for 2018 3.000% from 2019 onwards	3.00%
Annual rate of wage increase	Executives: 2.50% Managers: 1.00% White Collars: 1.00% Blue Collars: 1.00%	Executives: 2.50% Managers: 1.00% White Collars: 1.00% Blue Collars: 1.00%	Executives: 2.50% Managers: 1.00% White Collars: 1.00% Blue Collars: 1.00%

Summary of technical and demographic basis

Description	Source
Demise	Mortality tables RG48 published by the General Accounting Office of the State
Disability	INPS tables by age and gender
Retirement	100% at fulfilment of AGO requirements

Table of annual frequency of turnover and advances on employee severance fund

Description	Turnover frequency	Frequencies of advances
Soffass S.p.a.	2.00%	2.50%
Delicarta S.p.a.	2.65%	3.10%
Sofidel S.p.a.	3.10%	2.00%

The disbursement estimated by the plan with respect to the Employee severance fund of the Italian companies of the Group:

Year	Estimated future disbursements 2015	Estimated future disbursements 2014
1	792	734
2	784	621
3	733	702
4	678	689
5	1,036	582

It is noted that the expert in charge has also carried out a sensitivity analysis, by assuming reasonable changes in key assumptions at the reporting date, the outcome of which did not highlight any significant changes in the item under evaluation.

Further assumptions were used to calculate the amount of the item as regards other defined benefit plan in place in other Group companies. These plans have not been di-

sclosed as their amounts are irrelevant.

It is also specified that the item also includes the "Early retirement fund," which is determined by multiplying the cost for each single employee by the number of months that are needed to reach the date of his legal retirement (i.e. 65 years of age).

According to IFRS standards, the Group set out the current value by using the discount rate before taxes that reflects the current

market valuations of the time value of money and the specific risks of the liability. The applied discount rates are 1.90% both for 31 December 2015 and 2014, while, as regards the evaluation as at 1 January 2014, the applied rate was 3.20%.

The following table shows the movements for years ended 31 December 2015 and 31 December 2014 of the Employee severance fund in all Group companies:

Description	31/12/2015	31/12/2014
Current value of the obligation at beginning of year	17,907	15,499
Costs for current work services	247	243
Financial charges	268	389
Transfers	-	-
Benefits disbursed / advances	(1,067)	223
Recognised actuarial (gains)/losses	(912)	1,553
CURRENT VALUE OF THE OBLIGATION AT YEAR END	16,442	17,907

Directors end of mandate indemnity

A Directors end of mandate indemnity was granted to the members of the Board of Directors of the Group Italian companies, as provided by law. This benefit features cha-

racteristics similar to those of the employee severance indemnity, pursuant to Art. 2120 of the Italian Civil Code.

The main assumptions adopted for the actuarial calculation of the Directors end of mandate indemnity of the Italian companies of the Group are summarized in the following tables:

Summary of technical economic bases

Description	31/12/2015	31/12/2014	01/01/2014
Annual discount rate	2.03%	1.49%	3.17%
Revaluation rate of annual remuneration	1.50%	1.50%	1.50%

Summary of technical and demographic basis

Description	Source
Demise	Mortality tables RG48 published by the General Accounting Office of the State
Disability	INPS tables by age and gender
Retirement	100% at fulfilment of AGO requirements
Revocation frequency of the mandate	0.50%

The disbursement estimated by the plan always with respect to the Directors end

of mandate indemnity of the Italian companies of the Group:

Year	Estimated future disbursements 2015	Estimated future disbursements 2014
1	517	431
2	12	4
3	13	5
4	15	6
5	16	7

It is noted that the expert in charge has also carried out a sensitivity analysis, by assuming reasonable changes in key assumptions at the reporting date, the outco-

me of which did not highlight any significant changes in the item under evaluation. The following table shows the movements for years ended 31 December 2015 and

31 December 2014 of the Directors end of mandate indemnity in all Group companies:

Description	31/12/2015	31/12/2014
Current value of the obligation at beginning of year	860	554
Costs for current work services	218	191

Description	31/12/2015	31/12/2014
Financial charges	13	18
Transfers	-	-
Benefits disbursed / Advances	-	-
Recognised actuarial (gains)/losses	(208)	97
CURRENT VALUE OF THE OBLIGATION AT YEAR END	883	860

Workforce

The following table shows the number of employees in the Group:

Description	31/12/2015	31/12/2014	Change
Manager	326	320	6
White Collar	1,239	1,155	84
Blue Collar	3,949	3,780	169
TOTAL	5,514	5,255	259

The average number of employees within the Group, expressed in full-time equivalents, is shown in the following table:

Description	31/12/2015	31/12/2014	Change
Manager	326	321	5
White Collar	1,193	1,141	52
Blue Collar	3,861	3,705	156
TOTAL	5,380	5,168	212

The employees of Italian Group companies have a national labour contract for the paper sector, while foreign subsidiaries use the collective labour agreements established by law or by other agreements in force in the countries concerned.

To this purpose:

- “Managers” means subjects having decision-making functions and subjects who are entitled to take autonomous actions or that might decide based on instructions supplied by top management (in Italy, the

top management is inclusive of “Executives”, “Middle Managers” and “AS”);

- “White Collars” means office workers, without decision-making powers;
- “Blue Collars” means, workers and all persons in charge of production.

NOTE (16): TAX RESERVE (INC. DEFERRED TAXES)

The balances of item “Tax reserve (inc. deferred taxes)” as at 31 December 2015, 31

December 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Sofidel America Corp.	24,353	14,049	3,589
Swedish Tissue A.B.	5,569	4,627	3,870
Intertissue Ltd.	5,239	5,902	5,376
Other minor amounts	3,008	4,948	1,433
TOTAL	38,169	29,526	14,268

The provision for “Taxes, including deferred taxes” mainly consists of deferred taxes cal-

culated on the differences between the value of a given asset and liability for statutory

and tax purposes, as well as the differences arising from consolidation transactions.

NOTE (17): PROVISIONS FOR RISKS AND CHARGES

The balances of item “Provisions for risks and charges” as at 31 December 2015, 31

December 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Indemnities and similar obligations	505	540	522
Other provisions	5,610	606	512
TOTAL	6,115	1,146	1,034

The item “Indemnities and similar obligations” includes the provision for agent termination indemnities of the Group’s agents. The discount rate used is equal to 1.39% as

at 31 December 2015 and 0.91% as at 31 December 2014.

The item “Other provisions” is mostly

comprised of allocations for litigation in progress and for the CO₂ quotas to be purchased in compliance with the emission trading regulation.

NOTE (18): NON-CURRENT FINANCIAL LIABILITIES

The balances of item "Non-current financial assets" as at 31 December 2015, 31 December 2014 and 1 January 2014, are

shown in the following table.

This item includes the portion over 12 months of long - term borrowings and bank lo-

ans, suppliers loan and payables to leasing companies for the purchase of tangible assets.

Description	31/12/2015	31/12/2014	01/01/2014
Long - term borrowings, after 12 months	200,744	243,597	342,161
Long - term borrowings, over 5 years	109,351	94,322	119,203
Suppliers loan, over 12 months	10,453	16,935	8,753
NON-CURRENT FINANCIAL LIABILITIES	320,548	354,853	470,118

Payables to leasing companies over 12 months total EUR 3,823, including EUR 409 over five years.

rowings supplied over the year and those subject to redemption, reference is made to the consolidated cash flow statement.

above-mentioned financial liabilities, reference is made to the special paragraph of these explanatory notes.

As regards the amount of long - term bor-

As regards guarantees that secure the

In most cases, rates are fixed.

NOTE (19): PART OF SUBSIDIES AND GRANT RECEIVED FROM GOVERNMENT

The "Part of subsidies and grant received from government" item, amounting to EUR

42,593 at year end, includes deferred income on grants supplied pursuant to law, re-

ceived on production investments.

NOTE (20): OTHER NON-CURRENT LIABILITIES

The balances of item "Other non-current financial liabilities" as at 31 December 2015,

31 December 2014 and 1 January 2014, are shown in the following table:

Description	31/12/2015	31/12/2014	01/01/2014
Other payables - after 12 months	1,878	41	41
TOTAL	1,878	41	41

The item includes residual payables of the financial type.

NOTE (21): TRADE PAYABLES

The balances of item "Trade payables" as at 31 December 2015, 31 December 2014

and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Trade payables, within 12 months	353,286	310,627	285,637
Advances, within 12 months	366	39	100
TOTAL	353,652	310,666	285,737

Breakdown of trade payables as at 31 December 2015, by the main geographic areas.

Country	31/12/2015	%
Italy	120,912	34.2%
Switzerland/Austria	41,284	11.7%
Germany	32,658	9.2%
England/Ireland	24,906	7.0%
Sweden	24,471	6.9%
Belgium/The Netherlands	19,365	5.5%
Spain	16,665	4.7%
Other	73,025	20.8%
TOTAL	353,286	100.0%

At year-end, there are no significant amounts of payables in foreign currency for each

single consolidated company that is not hedged.

NOTE (22): CURRENT FINANCIAL LIABILITIES

The balances of item "Current financial liabilities" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the following table:

Description	31/12/2015	31/12/2014	01/01/2014
Payables to banks, within 12 months	237,689	184,472	179,643
Payables to other lenders, within 12 months	10,355	-	-
Other financial liabilities on derivatives	1,949	524	1,102
Accrued liabilities for financial interest	336	537	829
Accrued liabilities on forward contracts	15	3	18
TOTAL	250,344	185,537	181,592

The item also includes "Hedging derivatives" that highlights the write-down at fair value at year end of derivatives (hedging component) that were in place and signed by the Group for the management of the exchange rate risk.

NOTE (23): CURRENT PORTION OF LONG - TERM BORROWINGS

The balances of item "Current portion of long - term borrowings" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
Long - term borrowings (within 12 months)	74,518	94,021	97,122
Suppliers loan (within 12 months)	6,540	5,085	5,596
TOTAL	81,058	99,107	102,718

Payables to leasing companies within 12 months total EUR 3,026.

NOTE (24): OTHER CURRENT LIABILITIES

The balances of item "Other current financial liabilities" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the following table:

Description	31/12/2015	31/12/2014	01/01/2014
Payables to employees	22,609	28,615	21,542
Payables to welfare and social security institutions, within 12 months	7,895	7,939	7,437
Other payables	4,562	4,593	2,658
Accrued liabilities for 14th month salary	2,782	3,466	3,439
Minor accruals	1,668	1,668	1,790
Other minor deferrals	389	121	-
TOTAL	39,905	46,401	36,865

NOTE (25): DUE TO TAX AUTHORITIES

The balances of item "Due to tax authorities" as at 31 December 2015, 31 December 2014 and 1 January 2014, are shown in the table hereunder:

Description	31/12/2015	31/12/2014	01/01/2014
VAT payables	11,535	15,491	11,240
Ires from consolidation	7,836	12,959	9,090
Irpef - directors and employees	3,521	2,945	3,234
Other minor amounts	295	739	741
TOTAL	23,188	32,134	24,305

Notes to the main items of the consolidated income statement

NOTE (26): REVENUES FROM SALES AND SERVICES

The breakdown of item "Revenues from sales and services" as at 31 December 2015 and 2014 is shown in the following table:

Revenues by business segment

Description	31/12/2015	31/12/2014	Change
Sales of finished products in the consumer segment	1,407,776	1,361,392	46,384
Sales of finished products in the A.F.H. segment	269,642	241,871	27,771
Sales of tissue paper reels	123,681	156,807	(33,127)
Other	8,319	9,240	(921)
TOTAL	1,809,418	1,769,311	40,107

More specifically:

- sales of products for the consumer segment are divided into own-brand sales (mainly represented by Regina®, the English brands and Softis®) and sales of large-scale retail distribution brands;
- sales of products for the Away From Home segment are also divided into own-brand sales and private brand sales;
- the sales of reels refer to cotton wool reels not used in the internal manufacturing process;
- the item "Other" refers to residual sales.

Revenues by geographical area

Description	31/12/2015	31/12/2014
England / Ireland	23.10%	24.69%
Italy	16.62%	16.94%
Germany	13.08%	13.52%
France	11.95%	11.84%
USA	10.35%	8.09%
Poland	5.32%	5.38%
Belgium	3.17%	3.34%
Spain	3.01%	3.15%
Romania	2.03%	1.92%
Other minor amounts	11.37%	11.13%
TOTAL	100.0%	100.0%

NOTE (27): OTHER REVENUES AND INCOME

They include all those residual operating items commented above, and the costs of and changes from the previous year are as follows:

Description	31/12/2015	31/12/2014	Change
Insurance refunds	9,428	89	9,339
Sales of electricity and gas and recoveries for interruptibility	7,165	5,461	1,704
Income from previous years	1,584	7,831	(6,248)
Other contributions (office, work, etc.)	800	777	23
Rent income	625	549	76
Sundry monetary revenues	502	1,960	(1,458)
Other minor amounts	82	877	(795)
TOTAL MONETARY REVENUES	20,185	17,544	2,642
Portion of grants on investment	7,842	6,677	1,166
Decreases in provisions and adjustment to allocations in previous years	2,166	1,867	299
Gains	918	126	793
Own work capitalised	-	789	(789)
TOTAL NON-MONETARY REVENUES	10,927	9,458	1,468
TOTAL	31,112	27,002	4,110

NOTE (28): OPERATING COSTS

They are broken down and show the following changes compared to the previous year.

Description	31/12/2015	31/12/2014	Change
Purchase of raw mat., finished prod. and changes in inventories	767,503	711,219	56,284
Services	542,025	531,811	10,214
Leases and rentals	30,539	29,285	1,255
Other operating costs	33,607	28,799	4,808
Wages and salaries	184,728	173,592	11,137
Social security costs	49,816	47,727	2,090
Employee severance fund	3,469	3,452	17
Pensions and similar obligations	340	442	(102)
Other costs	19,383	15,407	3,976
Remuneration of directors	2,041	2,025	16
Amortisation of intangible fixed assets	2,700	2,931	(231)
Depreciation of tangible fixed assets	110,805	100,896	9,909
Write-downs of current receivables	19	545	(526)
Provision for risks and charges	1,773	238	1,535
TOTAL	1,748,748	1,648,369	100,382

Purchase of raw materials, finished products and changes in inventories

These include all costs incurred for the purchase of raw materials – mainly cellulose and cotton wool – used in the production cycle, as well as consumables also used in production.

Services

These include the costs related to the acquisition of services for the ordinary corporate business. Such costs mainly include electricity, methane gas, maintenance, commissions, customer promotions, consultancy and transport.

Leases and rentals

This item includes the costs incurred for the use of third-party assets.

Other operating costs

This item includes all other operating expenses that cannot be allocated to above-mentioned items, as well as costs for taxation (other than income taxes), membership fees and expenses related to the business purpose.

Payroll costs

This item includes total expenditure for employed personnel, including promotions by merit, upgrading, automatic cost-of-living increases, costs for holidays accrued and not taken and provisions imposed by law and pursuant to collective labour agreements. “Employee severance fund” includes – in addition to the amount set aside during the period – the amount accrued and paid out to employees hired and dismissed during the same period, as well as the amount paid to external retirement benefit plans.

Total Amortisation, depreciation and write-downs

The item “Total amortisation, depreciation and write-downs” includes amortisation/ depreciation carried out during the year according to modalities already described and write-downs of current receivables.

Provision for risks and charges

The item “Provision for risks and charges” includes allocations for specific risks made by Group companies.

NOTE (29): FINANCIAL INCOME AND EXPENSES

They are broken down and show the following changes compared to the previous year.

Description	31/12/2015	31/12/2014	Change
Financial income	1,066	842	224
Financial charges	(9,881)	(17,367)	7,486
Foreign exchange gains (losses)	1,617	(698)	2,315
TOTAL	(7,197)	(17,223)	10,026

The breakdown and changes of “Financial income” compared with the previous financial year are as follows:

Description	31/12/2015	31/12/2014	Change
Income from forward contracts	895	590	305
Interest income from customers	97	200	(103)
Banking interest income	57	98	(41)
Other interest income	21	6	15
Other income	3	5	(2)
Swap spread	(7)	(57)	51
TOTAL	1,066	842	225

The breakdown and changes of “Financial expenses” compared with the previous financial year are as follows:

Description	31/12/2015	31/12/2014	Change
Loan interest payable	7,278	12,441	(5,163)
Banking interest expense	1,476	2,863	(1,387)
Other payable interest	721	1,358	(636)
Charges on forward contracts	310	541	(231)
Swap spread	69	117	(49)
Leasing interest expense	15	31	(16)
Allowances and rounding off	8	9	(1)
Interest expense to suppliers	3	8	(5)
TOTAL	9,881	17,367	(7,488)

Specifically, compared to previous year, item “Foreign exchange gains and losses” consists of and changed as follows:

Description	31/12/2015	31/12/2014	Change
Realised foreign exchange gains	29,295	14,621	14,674
Unrealised foreign exchange gains	9,990	8,181	1,809
Realised foreign exchange losses	(35,806)	(23,078)	(12,728)
Unrealised foreign exchange losses	(2,228)	(960)	(1,267)
Exchange rate differences in cost and revenues	366	539	(173)
TOTAL	1,617	(698)	2,315

NOTE (30): CURRENT, DEFERRED AND PREPAID TAXES

These show the following changes compared to the previous year:

Description	31/12/2015	31/12/2014	Change
Current taxes	22,313	32,225	(9,912)
Deferred taxes	(1,343)	6,615	(7,958)
TOTAL	20,969	38,839	(17,870)

Other information

RELATED PARTY TRANSACTIONS

The Group did not carry out any transactions at other than normal market conditions with related parties.

REMUNERATION TO DIRECTORS, STATUTORY AUDITORS AND AUDITING COMPANY

The remuneration of the Parent Company’s directors and statutory auditors—as well as to the auditing company - is analysed below and includes the amounts earned for the performance of such duties even in other consolidated companies:

Beneficiaries	Type of remuneration	At the Parent Company	Within other Group companies	TOTAL
Directors	Remuneration	705	1,086	1,791
Directors	Provision for end-of-service allowance	102	148	250

Beneficiaries	Type of remuneration	At the Parent Company	Within other Group companies	TOTAL
Board of Statutory Auditors	Remuneration	32	34	66
Auditing company	Remuneration	123	656	779
Auditing company	Other Services	414	148	562
TOTAL		1,376	2,072	3,448

The auditing company – in addition to the remuneration for auditing the accounts of the Parent Company and of other companies – received a fee of EUR 562 for accounts enquiries and other minor services.

GUARANTEES AND COMMITMENTS

Payables secured by collateral on Group assets

Payables secured by collateral on assets owned by Group companies, together with any related guarantee, can be summarised as follows:

Description	Residual principal	Original mortgage	Maturity date
"Swedish Tissue A.b." payables secured by mortgage on own assets and a portion of the balance sheet assets:	8,000	9,140	2016
Payables of "Papyrus Paper Mill S.A." secured by mortgage on own assets:	315	1,875	2017
	465	1,500	2017
Payables of "Ibertissue S.l.u." secured by mortgage on own assets:	6,720	20,500	2020
	2,800	6,875	2020
	1,680	4,125	2020
Payables of "Sofidel S.p.a." secured by mortgage on assets of "Soffass S.p.a." and "Delicarta S.p.a.":	85,000	(Delicarta) 44,250 (Soffass) 44,250	2023
Payables of "Sofidel S.p.a." secured by mortgage on assets of "Werra P.W. G.m.b.H.":	50,000	97,750	2023

Other guarantees given by third parties in relation to Group payables

At year-end, there were no guarantees issued by third parties in relation to liabilities of Group companies.

Commitments (guarantees given)

There are bank/insurance sureties of irrelevant single amount issued by the various Group companies to guarantee the accurate fulfilment of all contractual obligations, to be due during 2016, and totalling EUR 5,425. there were no other commitment, significant risk or third-party asset that requires reporting herein.

On the date of the financial statements,

DIVIDEND POLICY

As regards the Parent Company Sofidel S.p.a., at the reporting date, there were no restrictions on the distribution of dividends, other than those set out by law. To this purpose, reference is made to the tables in the explanatory notes reporting comments on the shareholders' equity in the financial statements of the Parent Company.

These consolidated financial statements – which include the balance sheet, the income statement, the cash flow statement and the relative notes – give a true and fair view of the economic and financial position and the results of operations for the year of "Sofidel S.p.a." and its subsidiaries.

Thank you for the confidence you have placed in us.
Porcari, 29 January 2016

On behalf of the Board of Directors
The Chief Executive Officer



Mr Lazzareschi Luigi

"The party that signs the document by means of a digital signature hereby declares that this electronic document complies with the document reported and signed in the corporate books." Personal sworn statement, provided pursuant to Art. 21, paragraph 1, Art. 38, paragraph 2, Art. 47, paragraph 3 and Art. 76 of Italian Presidential Decree no. 445/2000 and subsequent amendments and supplements. "Stamp duty paid virtually with the authorization of the Inland Revenue Service - Tuscany Regional Management Office - no. 26656 of 30 June 2014."

3. STATUTORY AUDITORS' REPORT

Annex "G"

Sofidel Società per azioni

Registered office in Via Lucia no. 23 - 55016 Porcari (Lucca) – Italy
 Share capital EUR 33,000,000.00 fully paid-up
 Tax code and registration number at the Register of Companies of Lucca:
 Administrative and economic directory of Lucca (REA) no. 128332

Sofidel Group holding company

BOARD OF STATUTORY AUDITORS' REPORT TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

Dear Shareholders,

In our capacity as members of the Board of Statutory Auditors of Sofidel S.p.A., we inform you that we have carried out, in accordance with the duties we were tasked to perform, for the financial year ended 31 December 2015, the control function over the management of the company, whilst the legal auditing of accounts was entrusted to the auditing company "Reconta Ernst & Young S.p.A." of Florence. We hereby report to you the work we have performed in relation to the consolidated financial statements.

It is also pointed out, insofar as it is necessary, that the Board of Statutory Auditors has consented to the waiver of the deadline for the board of directors to make the financial statements available since it has in any case been able to perform the audit.

During the course of the year, we have monitored compliance with the law and the articles of association, as well as respect with the principles of correct administration by directly observing, collecting information from the corporate bodies, the department managers and during meetings held with the auditing company and supervisory body at the Parent company pursuant to Legislative Decree 231/2001 for reciprocal exchange of significant data and information.

We therefore inform you that we have no comments to make regarding the information obtained and the supervisory activity carried out. We have found no omissions, reprehensible facts or irregularities, or circumstances such as to require mention in this report.

As for the consolidated financial statements, the financial and economic results of the year ended 31 December 2015, compared with those relating to the year ended 31 December 2014, are provided below.

Consolidated Balance Sheet (Amounts expressed in thousands of EUR)		31/12/2015	31/12/2014
Non-current assets	EUR	1,311,841	1,182,264
Current assets	EUR	578,528	588,293
Non-current assets held for sale	EUR	-	-
Total assets	EUR	1,890,369	1,770,557
Total shareholders' equity (of the Group and minority interest)	EUR	715,595	644,028
Non-current liabilities	EUR	426,626	452,684
Current liabilities	EUR	748,147	673,844
Liabilities connected with assets held for			

Annex "G"

sale	EUR	-	-
Total liabilities and shareholders' equity	EUR	1,890,369	1,770,557

Consolidated Income Statement (Amounts expressed in thousands of EUR)		2015	2014
Total revenues	EUR	1,840,530	1,796,313
Gross operating margin	EUR	207,079	252,554
Operating income	EUR	91,781	147,944
Profit (loss) before tax	EUR	84,584	130,721
Profit (loss) for the period	EUR	63,614	91,882
Net profit (loss) for the period (of the Group and minority interest)	EUR	63,614	91,882

First of all, it is reported that the Group has decided to adopt the IAS-IFRS accounting standards on a voluntary basis for the first time as at 31 December 2015. In order to prepare the above-mentioned document, and to present financial figures and the necessary comparative information, the date for transition to the IAS/IFRS international accounting standards has been set at 1 January 2014. The last consolidated financial statements drawn up according to the Italian civil code and Italian accounting principles were those for the year ended 31 December 2014.

Therefore, the statement provided above shows not only the figures regarding 2015, but also those for 2014 since those submitted in our report to the consolidated financial statements for the year 2014 had been calculated according to the international accounting standards.

The 2015 consolidated financial statements of "Sofidel S.p.A." and its subsidiaries were therefore drawn up in compliance with the International Financial Reporting Standards (IFRS). The IFRS are all the revised international accounting standards ("IAS" - International Accounting Standards), and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

With reference to preparation of the consolidated financial statements, please be informed that we supervised the overall structure created for them and their overall compliance with the law, particularly with the above-mentioned IAS-IFRS international accounting standards as far as its preparation and structure are concerned.

The auditing company entrusted with the legal auditing of accounts – and with which the Board of Statutory Auditors has been in contact – confirmed the regularity and consistency of the balance sheet and income statement data derived from consolidation with the accounting data of the Parent company and with the information communicated from the subsidiaries included within the scope of consolidation itself.

The consolidated financial statements, including the management report and as prepared by the administrative body of the Parent company, give a fair view of the economic and financial position and the results of operations of the Sofidel Group for the year ended 31 December 2015, in compliance with the rules regulating consolidated financial statements referred to above.

The Board of Statutory Auditors lastly finds the report on operations correct and thorough, and is consistent with the consolidated financial statements.

Lastly, we would like to conclude by giving thanks for the trust placed in us and the active and constant collaboration we have received.

Annex "G"

..

Porcari, 25 February 2015

The Statutory Auditors

Mr. Ugo Fava

Mr. Giulio Grossi

Mr. Silvio Bianchi Martini

"The party that signs the document by means of a digital signature hereby declares that this electronic document complies with the document reported and signed in the corporate books." Personal sworn statement, provided pursuant to Art. 21, Paragraph 1, Art. 38, Paragraph 2, Art. 47, Paragraph 3 and Art. 76 of Presidential Decree No. 445/2000 and subsequent amendments and supplements.
"Stamp duty virtually paid with authorisation of the Internal Revenue Service - Regional Department for Tuscany - no. 26656 of 30/06/2014"

4. AUDITORS' REPORT



Reconta Ernst & Young S.p.A.
Piazza della Libertà, 9
50129 Firenze

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Fax: +39 055 5524850
ey.com

Independent auditor's report
in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of Sofidel S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sofidel Group, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated comprehensive income statement, consolidated statement of changes in Shareholders' equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory note.

Directors' responsibility for the consolidated financial statements

The Directors of Sofidel S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union. Such responsibility also relates to the consolidated financial statements of the prior year presented for comparative purposes and to the effects of the transition to those standards, effective from 1 January 2014.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997
A member firm of Ernst & Young Global Limited



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Sofidel Group as at 31 December, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other aspects

The consolidated financial statements of the prior year and the balance sheet as at 1 January 2014 are presented for comparative purposes and they have been prepared in accordance with the same standards. Moreover, the schedule 1 of the Explanatory Notes shows the effects of the transition to International Financial Reporting Standards as adopted by the European Union. We have examined the information presented in that schedule of the Explanatory Notes only for the purpose of expressing our opinion on the consolidated financial statements as of 31 December 2015 and for the year then ended.

Report on other legal and regulatory requirements

Opinion on the consistency of Report on Operations to the consolidated financial statements with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations to the consolidated financial statements with the consolidated financial statements. The Directors of Sofidel S.p.A. are responsible for the preparation of the Report on Operations to the consolidated financial statements in accordance with the applicable laws and regulations. In our opinion the Report on Operations to the consolidated financial statements is consistent with the consolidated financial statements of Sofidel Group as at 31 December, 2015.

Firenze, 25 February 2016

Reconta Ernst & Young S.p.A.

Signed by: Lorenzo Signorini, partner

This report has been translated into the English language solely for the convenience of international readers.

13.

**ASSURANCE STATEMENT
OF THE INTEGRATED REPORT'S
SUSTAINABILITY SECTIONS**



ASSURANCE STATEMENT

INDEPENDENT ASSURANCE ON THE LIMITED ASSURANCE ENGAGEMENT OF THE SUSTAINABILITY SECTIONS OF THE SOFIDEL GROUP 2015 INTEGRATED REPORT

SGS Italia S.p.A.(SGS) was commissioned to conduct an independent assurance of sustainability sections of the Sofidel Group (Sofidel) 2015 Integrated Report.

The information in the Sustainability Report is the exclusive responsibility of Sofidel. 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.

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

SGS affirms its independence from Sofidel, 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 Report's chapter related to sustainability issues, within the below mentioned assurance scope, with the purpose to inform all the Interested Parties.

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

- review of the Group approach to materiality analysis and stakeholder engagement processes and initiatives;
- evaluation of the Sustainability elements of the 2015 Integrated Report 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 Report 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 March 2016 at Porcari Head Quarter and Valdottavo (LU) plant (Italy), and they referred 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 "Sofidel Group Consolidated Financial Statements", already certified by the auditing firm.

Statement of conclusion

On the basis of the methodology described and the verification work performed, SGS confirms the completeness, reliability and accuracy of the information contained in the 2015 Integrated Report, which represents a significant summary of the activities carried out by Sofidel, as well as an essential tool of communication with stakeholders.

SGS confirms that Sofidel 2015 Integrated Report tackles in a complete and transparent manner the issues considered "material" for the organization and its stakeholders.

With reference to the approach of the Group to materiality analysis and stakeholder engagement processes and initiatives, the Audit team provides the following opinion:

- The 2015 Materiality analysis, the Stakeholder Engagement activities and the new future objectives carried out demonstrate in a tangible way the integration of sustainability issues in the Group's strategy. Furthermore, the constant dialogue with its stakeholders carried out represents a further step towards the continual goal to identify and prioritize economic, environmental and social aspects as well as the related impacts.

With reference to the GRI-G4 indicators, the Audit Team confirm the completeness and accuracy of KPIs reported within the 2015 Integrated Report, with particular reference to the set of KPIs added in the new version of the guidelines.

- Sustainability is perceived as a key strategic business priority and it is extensively applied also through a responsible management and monitoring of the supply chain. The Company has again demonstrated this year the commitment in the control of sustainability issues along the supply chain and it is appreciated the continuous improvement in the suppliers management. Positive initiatives are put in place in order to increase a more efficient and transparent communication with the suppliers, through the enrollment on the Global Compact's Ten-P platform, which allows maximum sharing of information and encourages the alignment of suppliers to the Group's sustainability Model. It is recommended to continue in the verification and to deepen of information received from suppliers.

With regard to the environmental dimension, we are satisfied that the Group endorses the commitments with both important international organization and institutions mainly on issues related to the reduction of greenhouse gas emissions, the respect of forest resources and energy and the reduction of water consumption.

Furthermore, the Group is committed in carrying on activities of energy consumption and greenhouse gas emissions related to processes of the Organization considering a life cycle prospective.

Therefore SGS confirms the adherence of Sofidel 2015 Integrated Report to the GRI-G4 requirements according to the option "in accordance" *Core*.

Milan, 29th March 2016

SGS ITALIA S.p.A.

Paola Santarelli
Consumer Testing Services
Systems & Services Certification
Business Manager



Marina Piloni
Consumer Testing Services
Systems & Services Certification
Project Leader





14. REPORT PROFILE

1. Reporting boundaries	p. 125
2. Principles and reporting process	p. 125
3. Assurance process	p. 125

1. REPORTING BOUNDARIES

The reporting boundaries of the Integrated Report cover all companies controlled by Sofidel S.p.A. Operations of corporate simplification occurred within the boundary limits. Further details on this matter can be found in the Notes of the Consolidated Fi-

nancial Statement.

The reference period is the financial year 2015, coinciding with the solar year from January the 1st to December the 31st. The methodology of information reporting does not differ from that used in previous Inte-

grated Reports, thus allowing data comparability with this Report. Any restatement of data already presented in the previous editions of the Integrated Report is punctually explained in the text.

2. APPLIED PRINCIPLES AND REPORTING PROCESS

The fifth edition of the Sofidel Group Integrated Report (the fourth dates to May 2015) has been drawn up in accordance with guidelines from the International Integrated Reporting Committee (IIRC), a body created by the International Federation of Accountants (IFAC), the Global Reporting Initiative (GRI) and The Prince's Accounting for Sustainability Project, in order to develop a framework for the integrated reporting of financial-economic, social and environmental performance of public and private organizations.

In particular, reference was made to the

guidelines "Framework for integrated Reporting and the Integrated Report" produced by the Integrated Reporting Committee (IRC) of South Africa, which in absence of an international framework, still under development, is the only valid and reliable benchmark, also used by the Johannesburg Stock Exchange as a compulsory reporting model for all companies listed on the stock exchange.

In reporting its economic, social, and environmental performance using Key Performance Indicators (KPI), the Sofidel Group has integrated the version 4.0 of the Glo-

bal Reporting Initiative guidelines, as suggested by the South African framework (better known as "King III").

For further information regarding the Integrated Report and the selected reporting process:

Antonio Pereda (antonio.pereda@sofidel.it),
Arianna Vita (arianna.vita@sofidel.it)

Sofidel S.p.A.

Via di Lucia, 23 - 55016 Porcari (LU) IT

Phone number: +39.0583.2681

3. ASSURANCE PROCESS

Following the release of the version 4 of the Global Reporting Initiative, the companies that have always published their Reports in line with the requirements of this guideline are dealing with the new requirements presented by the **GRI G4**, that are substantiated mainly in:

- a new concept of the report, based on a materiality analysis to be described in the report, which originates from the

activity of stakeholder engagement that has always characterized the commitment to sustainability of the organizations;

- focus on certain topics such as, for example: supply chain assessment, including on the environmental performance, commitment to the greenhouse gases reduction, greater transparency in governance.

Moreover, the new GRI version provides:

- indicators of equal dignity (not Core or Additional anymore), to be reported depending on the outcome of the materiality analysis;
- possibility to declare the Report "In accordance" to two levels: "Core" or "Comprehensive".



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1966 - 2016

ATTACHMENTS

1. Index of GRI G4 content

p. 127

1. INDEX OF GRI G4 CONTENT

The “Sustainability Reporting Guidelines” of the GRI has been the reference document for the reporting of the Sofidel Group’s economic, social and environ-

mental performance.

In this regard, the correlation table between the GRI performance indicators and the Global Compact principles and

the information required by the standard, along with their placement in the text and the coverage reached, is shown below.

REPORTING ELEMENTS

Area	Report Section	GRI Indicators	Omission	Reason for omission
Strategy and analysis	Letter to the Stakeholders	G4-1		
Organizational profile	Group Profile – Group Identity Human resources Industrial Relations Suppliers A year of sustainability: facts and figures The Community Our main Partners in Sustainability	G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-10, G4-11, G4-12, G4-13, G4-14, G4-15, G4-16		
Identified material aspects and boundaries	Materiality Analysis and Stakeholder engagement	G4-17, G4-18, G4-19, G4-20, G4-21, G4-22, G4-23		
Stakeholder engagement	Materiality Analysis and Stakeholder engagement	G4-24, G4-25, G4-26, G4-27		
Report profile	Report Profile	G4-28, G4-29, G4-30, G4-31, G4-32, G4-33		
Governance	Governance	G4-34, G4-35, G4-36, G4-47, G4-48		
Ethics and integrity	Governance - Strategic tools of Sustainability The Management of Corporate Responsibility	G4-56, G4-57, G4-58		

PERFORMANCE INDICATORS

SPECIFIC STANDARD DISCLOSURES					
Area	Material Aspect	Section	Material Aspects/GRI Indicators List of identified economic, social and environmental material aspects listed in the GRI G4 Guidelines Disclosure Management Approach (DMAs) and Indicators	Global Compact Principles	Omission and Reason for omission
ECONOMIC	Economic Performance	The Business Model Risk Management	DMA Risk Management G4-EC1 G4-EC2 G4-EC3	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	
	Financial Assistance received from Government	Management of relations	G4-EC4		
	Market Presence	The International context	DMA Market Perspectives G4-EC5 G4-EC6	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	
	Indirect Economic Impacts	Indirect economic impacts	G4-EC7 G4-EC8		

SPECIFIC STANDARD DISCLOSURES					
Area	Material Aspect	Section	Material Aspects/GRI Indicators List of identified economic, social and environmental material aspects listed in the GRI G4 Guidelines Disclosure Management Approach (DMAs) and Indicators	Global Compact Principles	Omission and Reason for omission
ECONOMIC	Procurement Practices	Suppliers Forest resources protection Projects in favor of local Communities	DMA Supply Chain Management G4-EC9		
ENVIRONMENT - DMA		Environmental Resources	DMA LCA DMA R&S		
ENVIRONMENT	Materials	Environmental Resources Forest resources protection	DMA Raw Materials G4-EN1 G4-EN2	Principle 7 Businesses should support a precautionary approach to environmental challenges	
	Energy	Energy consumption of Sofidel Group Environmental Investments Energy Supply	DMA Renewable Energy Consumption G4-EN3 G4-EN4 G4-EN5 G4-EN6 G4-EN7	Principle 7 Businesses should support a precautionary approach to environmental challenges Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies	
	Water	Environmental Resources Water resources protection Biodiversity	DMA Water Consumption G4-EN8 G4-EN9 G4-EN10	Principle 7 Businesses should support a precautionary approach to environmental challenges Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies	
	Biodiversity	Biodiversity	G4-EN11 G4-EN12 G4-EN13, G4-EN14	Principle 7 Businesses should support a precautionary approach to environmental challenges Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	

SPECIFIC STANDARD DISCLOSURES					
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AMBIENTE	Emissions	Greenhouse Gas emissions Management	DMA GHG emissions reduction G4-EN15 G4-EN16 G4-EN17 G4-EN18 G4-EN19	Principle 7 Businesses should support a precautionary approach to environmental challenges Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	
		Other air emissions	G4-EN20 G4-EN21	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	
		The Protection of Water Resources	G4-EN22		
		Waste Management	DMA Waste Management G4-EN23, G4-EN24 G4-EN25		
	Products and services	Ecological Products	G4-EN27	Principle 7 Businesses should support a precautionary approach to environmental challenges	
	Packaging Materials	Ecological Products	G4-EN28		
	Compliance	Environmental Management	G4-EN29		
	Transport	Greenhouse Gas emissions Management	G4-EN30		
	Overall	Environmental Management	G4-EN31	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	
	Supplier Environmental Assessment	Management of the Suppliers' Sustainability Requirements	G4-EN32, G4-EN33		
	Environmental Grievance Mechanisms		G4-EN34		
LABOR PRACTICES	Employment	Labor Practices - Turnover	G4-LA1	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	
		Remuneration and Incentive systems	G4-LA2		
		Human Resources - Equal Opportunities, Diversity, Non-discrimination	G4-LA3		
	Industrial Relations	Industrial Relations - Communications regarding organizational changes	DMA Industrial Relations G4-LA4	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	
	Occupational Health and Safety	Health and Safety	DMA Occupational Health and Safety G4-LA5 G4-LA8		
		Occupational accidents indicators	G4-LA6 G4-LA7		

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LABOR PRACTICES	Training and Education	Spreading the Culture of Health and Safety Remuneration and Incentive systems Human Resources Management	G4-LA9 G4-LA10 G4-LA11	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	
	Diversity and Equal Opportunity	Human Resources Management	G4-LA12		
		Remuneration and Incentive systems	G4-LA13		
	Supplier Assessment for Labor Practices	Management of the Suppliers' Sustainability Performances	G4-LA14 G4-LA15		
	Number of Grievances about Labor Practices filed, addressed, and resolved through Grievance Mechanisms	Management of Complaints and Free Toll Number	G4-LA16		
HUMAN RIGHTS	Procurement practices	Management of the Suppliers' Sustainability Performances	G4-HR1 G4-HR2	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights Principle 5 Businesses should uphold the effective abolition of child labour Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	
	Non-discrimination	Human Resources - Equal Opportunities, Diversity, Non-discrimination	DMA Human Rights Diversity G4-HR3	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	
	Freedom of Association and Collective Bargaining	Industrial Relations	G4-HR4	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	

SPECIFIC STANDARD DISCLOSURES					
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HUMAN RIGHTS	Child Labor	Principles underlying Sofidel Group's Sustainability Model Human Resources – Equal Opportunities, Diversity, Non-discrimination	G4-HR5	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights Principle 5 Businesses should uphold the effective abolition of child labour	
	Forced Labor	Principles underlying Sofidel Group's Sustainability Model Human Resources – Equal Opportunities, Diversity, Non-discrimination	G4-HR6	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour	
	Security Practices		G4-HR7		Not applicable
	Indigenous Rights	Projects in favor of local Communities	G4-HR8	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	
	Operations subject to Human Rights reviews or impact assessment	Human Resources – Equal Opportunities, Diversity, Non-discrimination	G4-HR9	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	
	Supplier Human Rights Assessment	Management of the Suppliers' Sustainability performances	G4-HR10 G4-HR11	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights Principle 2 Businesses should make sure that they are not complicit in human rights abuses	
	Human Rights Grievance Mechanisms	Human Resources – Equal Opportunities, Diversity, Non-discrimination	G4-HR12	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	

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SOCIETY	Local Communities	The Community	DMA-Local Communities G4-SO1 G4-SO2		
	Anti-corruption	Governance Risk Management	DMA - Anti-corruption G4-SO3 G4-SO4 G4-SO5	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	
	Public Policy	Management of relations	G4-SO6		
	Anti-competitive Behavior	Risk Management	G4-SO7		
	Compliance	Governance Risk Management	G4-SO8		
	Supplier Assessment for Impacts on Society	Management of the Suppliers' Sustainability performances	G4-SO9 G4-SO10		
	Grievance Mechanisms for Impacts on Society	Stakeholder engagement	G4-SO11		
	Customer Health and Safety	Quality and safety of our products Risk Management	DMA - Customer Health and Safety G4-PR1, G4-PR2		
PRODUCT RESPONSIBILITY	Product and Service Information	Quality and safety of our products	G4-PR3		
	Compliance with Regulations and voluntary codes concerning product and service information and labeling	Quality and safety of our products	G4-PR4		
	Customer Satisfaction	Customer Satisfaction	DMA Customer Satisfaction G4-PR5		
	Compliance with voluntary codes concerning marketing activity and advertising	Our Business lines	G4-PR6		
	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	Our Business lines	G4-PR7		
	Customer privacy and data	Management of Complaints and Free Toll Number	G4-PR8		
	Customer privacy and data	Management of Complaints and Free Toll Number	G4-PR8		
	Compliance with laws and regulations concerning the provisions and use of products and services	Risk Management	G4-PR9		



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