



CONSOLIDATED
NON-FINANCIAL STATEMENT (NFS)
PURSUANT TO ITALIAN LEGISLATIVE
DECREE 254/2016

SUSTAINABILITY REPORT

2017

Contents

Letter to our Stakeholders.....	3
Methodological Note	5
Highlights of the CIR group.....	7
1. Group, governance and sustainability.....	9
1.1 CIR today: an industrial group with more than 40 years of history	9
1.2 Ethics, integrity and anti-corruption	15
1.3 Governance and Risk Management	21
1.4 Sustainability for the CIR group.....	27
2. Economic responsibility	31
3. Responsibility towards customers	35
4. Responsibility towards people.....	49
4.1 People in the CIR group	49
4.2 Diversity, equal opportunities and wellbeing.....	55
4.3 Valuing and developing human capital	59
4.4 Health and safety in the workplace.....	62
5 Responsibility towards the community.....	65
6 Environmental responsibility	69
6.1 Reduction of environmental impact.....	69
6.2 Energy consumption and greenhouse gas emissions	71
6.3 Waste management	76
6.4 Water management	80
7 Annexes	82
Material aspects reconciliation chart, Decree 254/16 and GRI G4.....	89
Perimeter of material aspects of the CIR group	91
GRI Content Index.....	92
Report of the Firm of Auditors	96

(Translation from the Italian original which remains the definitive version)

Letter to our Stakeholders

Dear Stakeholders,

2017 was an interesting year for our group, both for the positive economic results obtained and for the long-term development initiatives undertaken during the year.

The CIR group reported consolidated revenues that at € 2.8 billion were 6.7% higher than those of 2016 and a gross operating margin that was 12.2% higher at € 290.4 million. The net result was a loss of € 5.9 million, caused by the non-recurring tax charge incurred by GEDI to settle a tax dispute pending in the Court of Cassation since 1991. Excluding this charge, the net result would have been a positive € 59.6 million, a distinct improvement on the figure for 2016 (€ 33.8 million). The contribution of the three industrial subsidiaries in the media, automotive and healthcare sectors was also higher, evidence of the effectiveness of CIR's strategy of concentrating on its main investments and strengthening its coordination and control activities. The parent company of the group reported a loss of € 49 million.

The results achieved enabled the parent for the third year running to distribute a dividend of € 0.038 per share, unchanged from last year. This is, in our opinion, a just reward for Shareholders after a satisfactory year but is also a sign of confidence in the future prospects of the group.

The objective of creating value, which has always been the main mission of our group, is not just limited to the results of one year. CIR has traditionally been a long-term investor. Indeed, for us creating value means adopting initiatives, conduct and in general a way of doing business that enables the company to operate successfully in the markets in which it is present and to obtain results that are sustainable over time.

With the CIR Sustainability Report, now in its third edition, we would like to give an account of the activities of our group and its impact on the internal and external communities to which we are addressing this report but also to continue the reflection on our points of strength and on the areas where we could do more.

Our group, which employs over 15 thousand people worldwide, operates in sectors that are very different from each other. Each of them has a significant impact on the community in cultural, social and environmental terms.

GEDI Gruppo Editoriale is one of the top multimedia publishing groups in Italy and through its various media it is committed to providing quality news, culture, opinions and entertainment while respecting the principles of freedom, independence and respect for the individual, aware that it has a great responsibility for the formation of the ethical and moral values of its users.

KOS, as one of the most important social healthcare providers in Italy, has an important social role, working alongside the public sector in long-term treatments and has, since it was founded, aimed to combine the objectives typical of a private company with a quality service that is always focused on people, or rather the patients and their families and its employees.

Lastly, Sogefi is a global vehicle components company characterized both by its industrial presence at international level which makes it an important interlocutor of employees, suppliers, customers, the cultures and local areas of numerous countries, and by its ongoing research for products and technologies able to contribute to sustainable mobility by reducing vehicle weight and emissions.

The publication of the CIR group Sustainability Report is an additional initiative that opens up our group to all of our Stakeholders. The first edition published two years ago was an important milestone in the history of our company: the positive feedback that we have received is a stimulus to continue to improve.

We are convinced that the points for reflection contained in this document and, more in general, a constant and transparent dialogue with all of you, our Stakeholders, are essential factors for reaching our company's objectives and particularly for creating value in the long term.

Rodolfo De Benedetti
Chairman
(signed on the original)

Monica Mondardini
Chief Executive Officer
(signed on the original)

Methodological Note

In 2017, as in the previous years, the CIR group has published its third Sustainability Report. With the aim of meeting the requirements of Legislative Decree no. 254/2016 (hereinafter also referred to as the “Decree”), the Sustainability Report, also called the Consolidated Non-Financial Statement (hereinafter also “NFS”) was prepared in accordance with articles 3 and 4 of the Decree for the CIR group and the companies that are consolidated on a line-by-line basis (hereinafter also referred to as the “group” or the “CIR group”). The NFS aims to describe in a transparent way the initiatives and the main results achieved in terms of sustainability performance in the year 2017 (from January 1 to December 31).

To the extent necessary to ensure understanding of the business, its performance, its results and the impact that it produces - the NFS covers the environmental and social issues relating to personnel, respect for human rights and the fight against active and passive corruption that are relevant in view of the business and the characteristics of the group, as illustrated in the materiality matrix contained in this document in the chapter “Sustainability for the CIR group”.

This NFS was prepared in compliance with the requirements of the Decree and with the “G4 Sustainability Reporting Guidelines” published in 2013 by the GRI (Global Reporting Initiative), adopting the “Core” option and considering the information deemed to be significant for the stakeholders. It is inspired by the principles set out in the accounting guidelines. The “GRI Content Index” is presented as an appendix to the document, giving details of the content reported in accordance with the GRI. Moreover, in the preparation of the document, reference was made to the European Commission’s Guidelines for the disclosure of non-financial information.

The figures and the information reported refer to all the companies belonging to the CIR group at December 31 2017 that are consolidated on a line-by-line basis (any exceptions in addition to those given below are expressly indicated in the text). More specifically, it should be noted that:

- GEDI Gruppo Editoriale S.p.A. (hereinafter also referred to as “GEDI Gruppo Editoriale” or “GEDI”) is the new name adopted by Gruppo Editoriale L’Espresso in the second quarter of 2017 as part of the merger with ITEDI, publisher of the newspapers La Stampa and Il Secolo XIX;
- The name CIR means all of the “Corporate” activities attributable to CIR S.p.A., CIR Investimenti S.p.A., Nexenti Advisory S.r.l., CIR International S.A., CIGA Luxembourg S.à.r.l., Nexenti S.r.l. and Jupiter Marketplace S.r.l.. As they have no employees on the books and do not directly use any environmental resources, the companies CIGA Luxembourg S.à.r.l., Nexenti S.r.l. and Jupiter Marketplace S.r.l. are not included in the perimeter of the figures and information contained in the chapters “Responsibility towards people” and “Environmental responsibility”;
- The perimeter of the economic and financial figures relating to the calculation of the Economic Value correspond to those of the Consolidated Financial Statements as of December 31 2017;
- CIR S.p.A., CIR Investimenti S.p.A., Nexenti Advisory S.r.l., CIR International S.A., CIGA Luxembourg S.à.r.l., Nexenti S.r.l., Jupiter Marketplace S.r.l., GEDI Gruppo Editoriale (formerly Gruppo Editoriale l’Espresso), KOS and Sogefi;
- The perimeter of the environmental data refers to CIR S.p.A., CIR Investimenti S.p.A., Nexenti Advisory S.r.l., Nexenti S.r.l., Jupiter Marketplace S.r.l., GEDI Gruppo Editoriale (formerly Gruppo Editoriale l’Espresso), KOS and Sogefi.

The process of collecting data and information for the purpose of the preparation of this Report was managed collaboratively with the various departments of the companies that make up the CIR group, with the aim of giving a clear and precise indication of the information considered significant for the stakeholders according to the principles of balance, comparability, accuracy, timeliness, clarity and reliability, as expressed in the GRI guidelines.

To make the data and information comparable over time and to evaluate the performance of the group's business activities over a period of time, where possible a comparison with 2015 and 2016 is provided. In addition, information relating to previous reporting periods that are still applicable at December 31 2017 are also included in the document.

It should also be noted that in each chapter any figures that are based on estimates are duly identified. Estimates are based on the best information available or on random surveys.

The Board of Directors of the CIR group approved the DNF on March 12 2018.

This document has been subjected to a limited assurance engagement according to the criteria stated in ISAE 3000 Revised by KPMG S.p.A.. The engagement was carried out in accordance with the procedures set out in the "Report of the Auditors", included in this document.

The Consolidated Non-Financial Statement is published once a year. The previous Sustainability Report referred to 2016.

The NFS is also available on the CIR website (www.cirgroup.it) in the section "Sustainability".

Further information on the social responsibility of the CIR group and on the information contained in this Consolidated Non-Financial Statement can be obtained on request from the Communication Department of the group, which also deals with social responsibility: infostampa@cirgroup.com

Highlights of the CIR group



1976 YEAR OF FOUNDATION



3 MAIN BUSINESSES



- € 5.9 mln / NET RESULT



€ 967.3 mln / EQUITY



€ 290.4 mln / EBITDA



€ 272.5 mln / NET DEBT



ECONOMIC RESPONSIBILITY

REVENUE € 2,796.7 mln

ECONOMIC VALUE DISTRIBUTED (€ 2,734.7 mln)

ECONOMIC VALUE DISTRIBUTED TO PERSONNEL (€ 732.7 mln)



RESPONSIBILITY TOWARDS CUSTOMERS

APPROXIMATELY 7,000 QUALITY OF SERVICE QUESTIONNAIRES COMPLETED BY PATIENTS AND THEIR FAMILIES OF THE KOS FACILITIES

+3.2% SOGEFI PATENTS (223)



RESPONSIBILITY TOWARDS PEOPLE

+10.4% EMPLOYEES (15,813)

+12.7% FEMALE EMPLOYEES (7,597)

+4.8% PERMANENT EMPLOYEES (14,152)



RESPONSIBILITY TOWARDS THE COMMUNITY

35,000 THOUSAND PARTICIPANTS IN THE STAGES OF DEEJAY TEN IN 2017

230 OPEN EVENTS IN KOS FACILITIES

TRAINING AND SPORT, HEALTH AND RESEARCH, SOLIDARITY AND ART AND CULTURE / SPHERES OF SOGEFI'S BUSINESS THAT HAVE A HIGH POSITIVE IMPACT ON THE LOCAL AREA AND COMMUNITY

"SOLIDARITY RUNNERS" FROM CIR AT THE MILAN MARATHON TO SUPPORT THE TOG FOUNDATION



RESPONSIBILITY TOWARDS THE ENVIRONMENT

+2.3% GREENHOUSE GAS EMISSIONS RESULTING FROM THE CONSUMPTION OF NATURAL GAS AND ELECTRICITY (191,842 TONNES of CO₂eq)




- 5.0 % ENERGY INTENSITY FOR SOGEFI

The percentages of change are in relation to 2016

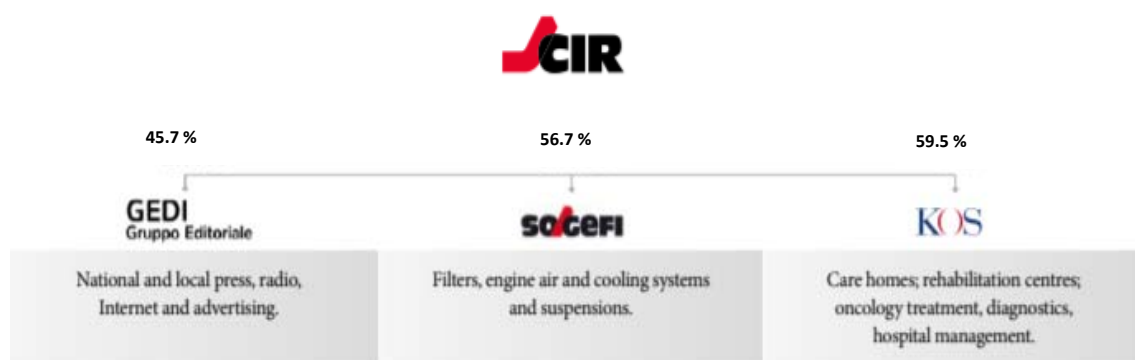
1. Group, governance and sustainability

1.1 CIR today: an industrial group with more than 40 years of history

CIR-Compagnie Industriali Riunite S.p.A., founded in 1976 and listed on the Milan Stock Exchange (FTSE/Mid Cap segment), is the holding company at the head of an Italian industrial group active mainly in three sectors:

-  Media (national and local press, radio, internet, video and applications for mobile and new generation devices, advertising) with GEDI Gruppo Editoriale;
-  Healthcare (nursing and care homes; rehabilitation units; oncological treatments, diagnostics, hospital facilities) with KOS;
-  Automotive components (suspension, filtration, air and cooling) with Sogefi.

Main equity investments of the CIR group at December 31 2017¹



The group has other assets mainly in real estate, private equity funds, non-performing loans and non-strategic equity investments for approximately € 93 million.

¹ The percentage is calculated net of own shares held.

Media

5 AREAS OF ACTIVITIES

7+MLN LISTENERS OF THE RADIO STATIONS EVERY DAY

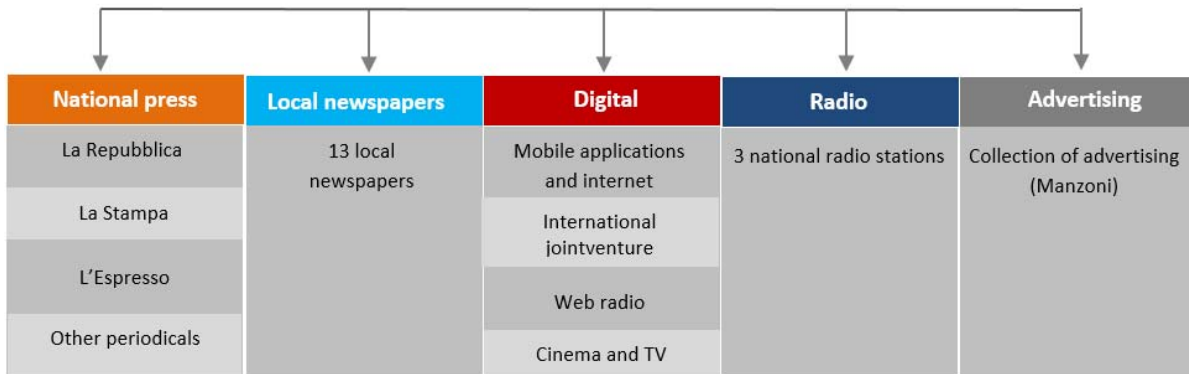
199.5 THOUSAND HARD COPIES CIRCULATED EVERY DAY

2.2 MLN UNIQUE DIGITAL USERS EVERY DAY

GEDI Gruppo Editoriale, after the completion of its merger with ITEDI, has become the most important newspaper publisher in Italy as well as being one of the main European companies in daily and multimedia news. The activities of GEDI Gruppo Editoriale are concentrated in the areas of newspapers and magazines, radio broadcasting, the collection of advertising, and the internet. GEDI owns and publishes the newspapers *la Repubblica*, *La Stampa* and *Il Secolo XIX*, 8 magazines (including the weekly magazine *L'Espresso*) and 13 local newspapers (one of which comes out three times a week); it owns three national radio stations including *Radio DeeJay* (a leader in terms of listeners and one

of the top private broadcasters in Italy). The digital division of the company deals with the management and development of business on the various platforms. Through A. Manzoni & C. it collects advertising for the group media and for other publishers. GEDI Gruppo Editoriale is committed to offering quality news, culture, opinions and entertainment according to principles of independence, liberty and respect for people, qualifying itself as a branded content company able to transmit its original and quality content to its readers and listeners wherever they are and at any time of day, thanks to its multi-platform strategy.

Areas of activity



Healthcare

KOS is one of the main operators in Italy in the social healthcare sector, with activities in nursing homes (Anni Azzurri), in rehabilitation units (Santo Stefano) and in cancer treatments, diagnostics and the management of hospital facilities (Medipass). During 2017 it consolidated its presence in the psychiatry sector (Neomesia, the only Italian brand in the sector). KOS's mission is to offer quality healthcare and care-home services with professionalism, a welcoming spirit and humanity. Currently the company manages 81 facilities in eleven regions of central and northern Italy, for a total of over 7,700 beds and 15 day hospitals. Moreover, KOS has for some years been following a path of international development through initiatives in cancer treatments in the United Kingdom and in India: in this sector it manages 36 units, 19 of which are outside Italy. KOS is controlled by CIR, which holds almost 60% of its capital, and an interest is also held by F2i Healthcare, the fund whose shareholders are F2i and other institutional investors such as the sovereign wealth fund of Bahrain.

3 AREAS OF ACTIVITIES

81 FACILITIES IN ITALY

15 DAY HOSPITALS

TOP OPERATOR IN ITALY IN CARE HOMES FOR THE ELDERLY

Areas of activity



Automotive components

3 AREAS OF ACTIVITIES

4 CONTINENTS

20 COUNTRIES

41 PRODUCTION SITES

Sogefi, listed on the Milan Stock Exchange in the STAR segment, is a company that operates in the automotive components sector with three divisions: filtration, suspension, and air and cooling. Present in four continents and 20 countries with 42 production facilities, Sogefi is partner to the most important vehicle producers worldwide (cars and trucks) and operates in the original equipment market, the OEM aftermarket and the independent after-market. In particular, Sogefi designs, develops and produces technology systems for

managing air and cooling systems for internal combustion engines and electric motors; oil, petrol, diesel, engine-air and cabin filters; coil springs for suspension, stabilizer bars, torsion bars, stabilinks, leaf springs and track tensioners. The company is a market leader in Europe, and North and South America. Established in Italy and having gradually developed its presence in Europe and the rest of the world, partly through acquisitions, Sogefi is currently expanding strongly in markets outside Europe. In March 2017 Sogefi announced the launch of a project for the construction of a factory in Morocco, which will produce engine filters from 2018 onwards.

AREAS OF ACTIVITIES



Background and strategies

The CIR group aims to create value for all its shareholders with a long-term strategy based on four cornerstones:

- Concentrating the action of management on its three important equity investments (GEDI Gruppo Editoriale in media, KOS in healthcare and Sogefi in automotive components);
- Strengthening the coordination and control activity of the holding company;
- Employing the resources available giving priority to opportunities to grow and strengthen the three industrial business of the group;
- Rationalizing its non-core investments with the gradual divestment of non-significant shareholdings.

The development paths for the three main business sectors of the group are the following:

Media

- Focusing on development, both by boosting the traditional activity with constant reviews of the company's editorial products and by taking advantage of all the new opportunities that the market can offer;
- Broadening the range of its own branded content on the new digital platforms;
- Strengthening its position in the advertising market following the guidelines introduced by its internal concessionaire;
- Preserving profitability in a climate of world crisis, which has had a negative impact on revenue, by taking action to cut costs and reorganize the business.

Healthcare

- Consolidating its role as a hub in the social healthcare sector in Italy with a customer-focused approach, and concentrating on quality of service and efficiency;
- Growing in the nursing home and rehabilitation sectors in the centre and north of Italy both organically and through acquisitions and the opening of new facilities;
- Developing internationally in cancer treatments and rehabilitation.

Automotive components

- Positioning itself among the best players in the sector in terms of customer satisfaction, profitability, cash flow and sustainability;
- Strengthening its leadership in Europe and increasing its growth in North America and Asia;
- Making existing and new industrial plants more competitive;
- Focusing on innovation and on new products that help reduce the weight and CO₂ emissions of cars.

History of the Group



1.2 Ethics, integrity and anti-corruption

CIR aims to maintain and develop a relationship of trust with its stakeholders, seeking the best balance of the interests involved, observing all the terms of the law and the principles of honesty, impartiality, reliability, loyalty, correctness, transparency and good faith.

CIR and its subsidiaries have prepared a Code of Ethics, compliance with which is essential for the correct functioning, the reliability, the reputation and the image of the group, which are the cornerstones for success and development both now and in the future. The principles and the rules of the Code are binding for directors, employees and all those who operate with the group on the strength of a contractual relationship.

The key principles of this code are the following:

- Recognition of the importance of ethical and social responsibility in running all the businesses;
- Maintaining and developing a relationship of mutual trust with the company's stakeholders;
- Compliance with the company regulations and the rules established in the Code of Ethics by all employees and all those who cooperate in running the businesses of the group.

The group has formally undertaken to promote awareness of the content of the Code of Ethics and of the appropriate company procedures among all employees who, when they are hired, are given a copy of the Code of Ethics and information about the parts of the Organization Model that are specifically relevant to them. Similar action is taken to inform collaborators, suppliers and clients of all kinds.

The group also promotes respect for the physical and cultural integrity of the individual, guaranteeing working conditions that respect individual dignity and workplaces that are safe to work in. The group will not tolerate requests or threats aimed at inducing people to act against the law, in breach of the Code of Ethics or to behave in a way that goes against the beliefs and moral or personal preferences of each individual. The group also upholds and respects the rights of the individual in accordance with the Universal Declaration of Human Rights of the United Nations Organization.

The Code of Ethics of CIR can be downloaded from the following website:

http://www.cirgroup.it/uploads/tx_cir/2006CIR.pdf

Managing anti-corruption activity in the CIR group

The CIR group gives great importance to the prevention of and the fight against active and passive corruption. As confirmation of this commitment, it should be noted that in 2017 25 people from CIR received training on this subject.

In KOS, 167 people (including 123 healthcare workers and 40 administrative staff) received training regarding the 231 rules.

GEDI and Sogefi also contribute to the fight against corruption, having trained 117 people and provided 1,065 hours of training on the subject.

As far as the non-financial aspects are concerned, the action taken in the field with the subsidiaries of the group each year as part of the action plan of the Corporate Internal Audit function include a series of specific

checks regarding the effective and strict application of the rules on the subject of ethics, integrity and anti-corruption set out in the Code of Ethics of the group.

Compliance with laws and regulations

In order to ensure conditions of correctness and transparency in conducting the company's business activities, **CIR S.p.A.** has equipped itself with an "Organization, Management and Control Model" in line with the instructions set out in Legislative Decree no. 231/2001 on the administrative liability of legal entities.

The Model is subjected periodically to a check as to whether it is adequate and where necessary it is updated in order to guarantee that it continues to be in line with any new legislation that has been introduced and that it is adequate for the organizational structure of the parent.

The Board of Directors Meeting held on July 28 2017 approved the latest version of the "Organization, Management and Control Model" adopted by the parent after the update made necessary by the outcome of the self-assessment carried out at the end of 2016 and the most recent regulatory innovations. As well as the additions made to the catalogue of offences listed in the General Part in 2016, the structure of the new Model has been redefined and is now organized in processes, whereas the previous traditional approach was by type of crime. This has made the new Model easier to consult and has made its implementation more effective.

The Model consists of a "General Part" and four "Special Parts":

- **Special Part A – Code of Ethics**, which gives the Code of Ethics in full;
- **Special Part B –231 Predicate crimes and Sensitive Processes**, regarding the representation of the Legislative Decree no. 231/2001 deemed relevant for the Company and the Sensitive Processes where there is a risk that the said crimes could be committed;
- **Special Part C – Sensitive Processes: principles of conduct and control**, a list of the General Principles of conduct applicable to all Sensitive Processes, and for each Sensitive Process, an indication of the essential procedures of the internal control system and the specific principles for conduct aimed at preventing the risk that the crimes contemplated by the Decree could be committed;
- **Special Part D – Market Abuse Offences: principles of conduct and control**, which deals specifically with the subject of market abuse.

CIR has appointed a Supervisory Body, made up of two external members and the Head of Internal Auditing of the parent, which has responsibility for monitoring the effectiveness and the functioning of the Model and checking that it is complied with and that it is kept constantly updated.

The individual companies of the group have also adopted their own Organization Models, through which they set out clear rules of conduct, control and measuring systems for safeguarding the health and safety in the workplace of their employees, with a view to increasing transparency in the running of the businesses.

Public policies and financing

The CIR group, within the sphere of its activities, does not receive any sector grants or any public funding, either at national or European level. In the healthcare sector, the subsidiary KOS is paid for services provided to patients in its accredited facilities by the National Health Service through the regional health authorities

In 2017 GEDI did not receive any direct subsidies for publishing; there are however some accounting effects for direct subsidies received until 2009 as per the terms of Art. 5 of Law no. 62/2001, and there are tax credits as per Art. 8 of Law no. 62/2001. In 2017 the company

benefited from indirect subsidies for publishing in the form of discounted telephone bills for a total of € 500 thousand (-12.0% on 2016) and reductions in postal charges for subscriptions.

Specific business codes, principles and associations

The parent **CIR S.p.A.** has equipped itself with its own Code of Conduct that contains a description of the main tasks and functions of the corporate bodies and the internal control and risk management system. The description of these tasks and functions is set out in a single document in which it is possible to find, in addition to the content, specific reference to the regulatory framework applicable: the terms of the law and of regulations, the bylaws, and the principles of the Code of Conduct of Borsa Italiana with which CIR complies.

CIR belongs to various business associations and considers its membership of the same as an important moment of discussion, dialogue and collaboration from which it gains benefits which it can pass on to all its stakeholders. Associations to which CIR belongs include Assonime (Association of Italian Limited Companies), European Issuers (which represents the interests of listed companies in Europe) and the ERT (European Round Table of Industrialists).

Given the different areas of business in which the companies of the CIR group operate, each of these operates in accordance with the codes and specific principles of the appropriate business sector and has joined various business associations in the category.

GEDI does business in a highly regulated context, with a regulatory environment in constant evolution. The company operates according to the laws that set out rules for the printed press, regulations for publishing companies and subsidies for publishers, the institution of the Association of Journalists, and equal access to news media during election and referendum campaigns for political communication.

In addition to the above-mentioned rules of law, the activities of **GEDI** are carried out in accordance with other criteria of the sector – such as Codes of Ethics endorsed by the Association of Journalists – which are the expression of ideals in terms of balancing the freedom of the press and the right to news with the fundamental rights of the individual and of people in general. Of particular importance is the Code of the rights and duties of journalists of the daily newspaper *la Repubblica* (otherwise known as the “Charter”), which together with the Code of Ethics has been attached to the letter of employment of every journalist of the newspaper since 1990.

In addition to its own Code of Ethics, in 2017 GEDI published a Code of Ethics for *la Repubblica*, the fundamental principles of which are accuracy, credibility and transparency. More specifically, *la Repubblica* makes its standards explicit by adhering to the *Trust Project*, an international consortium of media and digital companies, and has introduced ‘confidence indicators’ for its digital content. This will help readers to select quality information that is traceable and certified on the basis of the code drawn up by the organization and adhered to by its partners.

GEDI belongs to the association “Leading European Newspaper Alliance” (LENA), set up in March 2015, which focuses on the preparation of suitable responses to the changes that are affecting the journalism sector.

GEDI is also a member of FIEG (Italian Federation of Newspaper Publishers), the aims of which are freedom of information, the cost effectiveness of publishing companies, the development of circulation of means of

communication as instruments of information and vehicles for advertising, and the defence of the rights and moral and material interests of its members.

Ethics and news: Codes and Charters of GEDI

In order to maintain the truthfulness and independence of information intact, GEDI observes and refers to the Codes of Ethics endorsed by the Association of Journalists:

- The Code of Conduct for the use of personal information in the exercise of the profession of journalist, according to what is stipulated in current laws in Italy on the subject of privacy;
- The Treviso Charter on the protection of minors (adopted by the National Council of the Association of Journalists with the observations of the Authority for the protection of personal information);
- The Charter of the Duties of the Journalist which deals with subjects such as liability, correction and response, the presumption of innocence in criminal inquiries and during trials, sources, information and advertising, incompatibility, minors and vulnerable individuals;
- The Information and Survey Charter, which sets out the methods and techniques for carrying out opinion polls.

KOS some time ago adopted its own Code of Ethics, which contains all of the principles recognized, accepted and shared by all levels of the organization. The Code is binding for all those who work with the group. Correctness, transparency, and professionalism are the cornerstones that direct conduct. Non-compliance with the Code leads to disciplinary action for personnel, and is a reason for termination of contracts with external persons or entities. To facilitate compliance with these principles, various staff sharing and supporting instruments have been activated such as: team meetings, listening and mutual aid groups, an evaluation of the work of collaborators and human resource reports. There is also an email address for anyone making a report or complaint, which guarantees discretion and protection by the company. Ethical correctness and compliance with the rules are key elements underpinning the work of KOS. To guarantee this, the group carries out far-reaching checks of the organizational and managerial aspects and also checks of healthcare and social care aspects. As a primary Italian healthcare operator, KOS considers sectoral associations to be an important instrument for meetings, discussions and exchanges between facilities at national and international level. More specifically, the company is a member of the Board of the Healthcare and Life Sciences group of Assolombarda and of the main business associations of the social healthcare sector, taking an active part in working groups and study sessions organized by them. Furthermore, Anni Azzurri (today KOS Care), the subsidiary of KOS that operates in healthcare and care homes for the elderly, is one of the founder members of the association AGeSPI (Association of managers of care home and post-intensive care services).

As for GEDI, regarding the existence of relevant preliminary investigations per the terms of Legislative Decree no. 231/01 relating to the alleged offence stated in Art. 640 paragraph 2 , no. 1 of the Criminal Code,

reference should be made to what is explained in paragraph 26 – Events after the reporting date of the notes to the Consolidated Financial Statements for the year ended December 31 2017.

Lastly, **Sogefi** too has adopted a Code of Ethics to affirm in a clear and transparent way the values that underpin the activity of the group in the pursuit of its objectives. Compliance with this Code is essential for the correct functioning, the reliability, the reputation and the image of the group. The group has made a formal commitment to promote awareness of the Code and the relevant company procedures by all employees. Indeed, all new hires are given a copy of the Code of Ethics. Moreover, the Code has been translated into various other languages to enable all employees to fully understand the internal rules and principles of the group.

To highlight further its commitment to human rights and the environment, in 2016 Sogefi approved a Human Rights Policy and an Environmental Policy. The Human Rights Policy establishes the principles that all the businesses of the subsidiaries must observe. The aim of the Policy is to make respect for human rights an essential requisite of Sogefi's business activity, thus preventing and mitigating potential risks and the consequences in terms of human rights. Moreover, with this Policy, Sogefi undertakes to promote respect for human rights throughout its value chain. The Environmental Policy gives greater importance to its commitment to respect the environment.

Sogefi also recognizes the strategic importance of associations and is a member of various business associations in the geographical areas in which it operates. The group belongs to ANFIA (*National Association of the supply chain of the Car Industry*), CLEPA (*European Association of Automotive Suppliers*), the Industrial Union of Turin and the Industrial Union of Brescia. Thanks to the company's strong international presence, we should also point out that Sogefi US belongs to SAE (Society of Automotive Engineers) while Sogefi France is a member of FIEV (*Fédération des Industries des Equipements pour Vehicules*). In Germany the company is a member of VDI (Verein Deutscher Ingenieure), in India of ACMA (Automotive Component Manufacturers Association of India) and CII (Confederation of Indian Industry) and in Brazil it belongs to SINDIPEÇAS (Sindicato das Industrias de Autopeças) and ABRAFILTROS (Associação Brasileira de Filtros).

1.3 Governance and Risk Management

“The companies of the group create the conditions for their shareholders to participate in the decisions within their competence in as broad and conscious a manner as possible, promote completeness of information and safeguard their interests”
(from the Code of Ethics of the group)

CIR’s system of corporate governance enables the group to achieve its strategic objectives ensuring that there is effectiveness, efficiency and correctness towards all stakeholders. This system is based on principles and criteria expressed in the Code of Conduct prepared by the Corporate Governance Committee of Borsa Italiana as from 1999 with subsequent updates. In application of the Code of Conduct, the following positions were created: the Executive Director responsible for the Internal Control System, the Lead Independent Director and the Committees that assist the Board of Directors.

The bodies that form the governance system of **CIR S.p.A.** are the following: the Board of Directors, the Board of Statutory Auditors, the internal Committees and the General Meeting of the Shareholders.

Corporate Governance



To ensure transparency and a balanced composition of the Board and to guarantee reaching the objectives of efficiency of the group’s transactions, reliability of the financial disclosures, compliance with the law and regulations and safeguarding of the company assets, CIR S.p.A. has equipped itself with three internal committees:

- The Appointments and Compensation Committee;
- The Control and Risk Committee;
- The Committee for Related-Party Transactions.

The Board of Directors was appointed by the Annual General Meeting of the Shareholders held on April 28 2017, with a mandate that will end at the Annual General Meeting held to approve the Financial Statements for the year ended December 31 2019. The Board of Directors is made up of eleven members, six of whom are independent. The Directors are Rodolfo De Benedetti, Monica Mondardini, Edoardo De Benedetti, Marco De Benedetti, Franco Debenedetti, Maristella Botticini, Silvia Giannini, Maria Patrizia Grieco, Philippe Bertherat, Claudio Recchi, and Guido Tabellini.

The independent Directors therefore constitute a majority of the Board and their number and authoritativeness are sufficient to ensure that their judgment will have a significant weighting in the Board's decision-making, contributing to the formulation of balanced decisions, particularly in cases where there could be a potential conflict of interest.

Composition of the Board of Directors of CIR S.p.A. at 31.12.2017

Name	Position	Executive	Non-executive	Independent*
Rodolfo De Benedetti	<i>Chairman</i>	√		
Monica Mondardini	<i>Chief Executive Officer</i>	√		
Maristella Botticini	<i>Director</i>		√	√
Franco Debenedetti	<i>Director</i>		√	
Edoardo De Benedetti	<i>Director</i>		√	
Marco De Benedetti	<i>Director</i>		√	
Silvia Giannini	<i>Director</i>		√	√
Maria Patrizia Grieco	<i>Director</i>		√	√
Philippe Bertherat	<i>Director</i>		√	√
Claudio Recchi	<i>Director</i>		√	√
Guido Tabellini	<i>Director</i>		√	√

* Independence as per Code of Conduct and as per the TUF

The Board of Directors of CIR consists of members with different professional profiles (academic, entrepreneurial and managerial). The Board of Directors has for years been characterized particularly by its intense activity. The ordinary Board meetings held during the year are more than the four meetings held to examine the quarterly results.

All the members of the Board of Directors in office as of December 31 2017 were over 50 years old. As for the presence of women (known as the "pink" or "female quota"), CIR acted before the entry into force of Law no. 120, appointing three women directors out of a total of 12 Board members back in 2011.

CIR gives its directors induction on the activities of the group by involving the Chief Executives of the subsidiaries in Board of Directors' meetings. Still on the subject of induction, in relation to the regulatory environment, special briefing sessions were again organized in 2017 for directors and statutory auditors of the companies with the assistance of external consultants.

The founder of CIR, Carlo De Benedetti, today is Honorary Chairman of the company.

Lastly, it should be noted that the Board of Directors of CIR, on the basis of the preliminary analysis carried out by the Appointments and Compensation Committee, has approved a plan for the succession of the

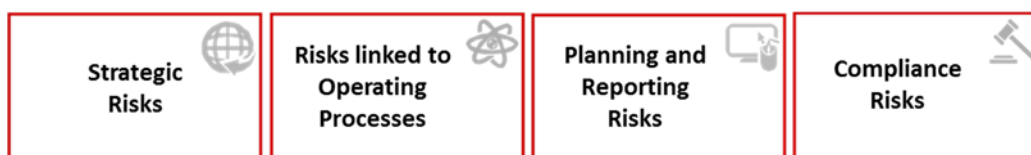
Executive Directors. This plan contains a clear definition of the objectives, instruments and timing of the process, the involvement of the Board of Directors and a clear division of competences starting from the preliminary analysis stage. According to an Assonime study published in 2018, CIR and the listed companies of the group are among the few Italian listed companies (around 20%) to have adopted a succession plan.

Risk Management System

In 2012 the CIR group adopted the provisions introduced on the subject of risk management by Borsa Italiana's Code of Conduct for Listed Companies. The Board of Directors of CIR S.p.A. has strengthened its governance model, defining a system of internal control and risk management that identifies a system of rules to enable the company to be managed in a sound and correct way, consistent with the predefined objectives and the interests of all the stakeholders.

The model identified by the group is based on an ERM (Enterprise Risk Management) approach, developed in line with international best practice. The model has the aim of enabling an analysis and a judicious assessment to be made of the elements of risk that could jeopardize the achievement of the strategic objectives, and also of identifying instruments suitable for preventing, managing and mitigating the most important risks, which can be divided into four categories.

Areas of risk for the CIR group



The CIR group is exposed to the risks typical of the companies that make up the group and which are presented below.

In order to continue its ongoing monitoring of risk, CIR periodically examines its ERM matrix with reference to the sustainability elements revealed by best practices. This activity led to the identification of specific elements of sustainability that were integrated into the matrix, giving a more complete vision of the risks already identified and thus a better evaluation and definition of the mitigating action to be taken.

In particular, on the subject of **ethics and compliance**, the risk is linked to the possibility of infringement of the rules currently in force in the countries in which the companies of the group operate, with particular reference to active and passive corruption. For this reason, the companies of the group are committed to the prevention of all forms of **bribery, corruption or extortion**. On this subject, the subsidiaries of the CIR group have equipped themselves with an Organization, Management and Control Model in line with the rules set out in Legislative Decree no. 231/2001, which ensures an adequate management and mitigation of the risks in this sphere. In confirmation of this commitment, it should be noted that in 2017 Sogefi approved an internal whistleblowing procedure, which enables all of its employees in any country to report true or alleged infringements of the Code of Ethics or the laws in force and to bring to the attention of management any misconduct or conduct considered out of line with the ethics of the company. GEDI and

KOS have also given themselves a Code of Ethics, which considers compliance with the laws and regulations in force in all the countries in which they operate to be an essential principle. Moreover, GEDI and SOGEFI provide training programmes for employees on the anti-corruption policy. More specifically, GEDI gives its employees training both across the board on the general topics relating to the 231 Model and specifically for those operating in specific areas of risk, for the supervisory body and for those responsible for internal control. GEDI Gruppo Editoriale promotes awareness and compliance with the Model even with its consultants, collaborators, contracting companies and their employees, freelance workers of the companies of the Group, customers and suppliers.

The risks relating to human rights are relevant in view of the type and location of the business activities carried out by the companies of the group and in relation to the suppliers with whom they have dealings. The risk is to do with a lack of respect of what is set out in the UN Universal Declaration of Human Rights or the ILO Declaration on Fundamental Principles and Rights at Work. Regarding GEDI, given the type of business and the geographical area in which the publishing group operates, no risks were found in relation to human rights issues relating to the risk of child labour, forced labour, or the limitation of the freedom of association in its businesses. Respect for human rights is however explicitly mentioned in the Code of Ethics of KOS, which undertakes to respect and safeguard the dignity, freedom and equality of human beings and their health and safety in the workplace. In particular, to ensure true and exhaustive information on the clinical protocols adopted and the services provided, KOS has defined various internal procedures that must be complied with. Lastly, Sogefi, to guarantee the protection of human rights, has adopted a Human Rights Policy, compliance with which is an essential requisite in the group and along its whole value chain.

The potential risks pertaining to the **management of human resources** particularly regard the development, professional growth and safety of personnel. The companies are therefore focused on ensuring that the workplace can guarantee people's physical and cultural integrity, on consolidating and spreading the **culture of safety**, and promoting responsible conduct on the part of all employees and collaborators, in order to preserve health and safety in the workplace. In its Code of Ethics, GEDI recognizes the centrality of human resources and how important it is to establish and maintain relations with them based on loyalty and mutual trust. For this reason the management of employee and freelance relations is inspired by respect for workers' rights and fully valuing their contribution with a view to fostering their development and professional growth and guaranteeing adequate levels of safety in the workplace. For KOS too, human resources play a central role. Apart from guaranteeing professional growth and development, the group is committed to respecting the rules in force on the subject of safety, and instituting and publishing procedures and guidelines on the subject, and promoting the participation of its employees in the process of risk prevention. Lastly, these principles are also shared by Sogefi who has stepped up its commitment in this sphere even further by defining a Health and Safety Policy, which sets out the principles to be followed to limit accidents and injuries in the workplace.

Moreover, with regard to of environmental risks, the group must ensure that all activities are carried out with respect for the environment and for public health, in accordance with national and international directives on this subject. For this reason, CIR and the other companies are committed to contributing in a constructive manner to environmental sustainability in all of their activities, basing the strategies and operating management of the companies on the principles of sustainable development. Indeed all of the companies of the group have defined in their Codes of Ethics their commitment to this subject and are engaged in spreading a corporate culture based on respect for the environment. Sogefi has approved an environmental policy to pursue its strategic objectives taking into consideration the resources available and

the best technologies that can be used, in order to continue to gradually improve its environmental performance.

The main risk factors for **GEDI** can be classified into three categories: risks relating to the general conditions of the economy, operational risks (paper price risks, credit risks, legal risks, compliance and regulatory risks for the sector) and financial risks.

During the year and in close collaboration with those responsible for processes and the head of Internal Audit, the Risk Manager carries out a full review and constantly monitors the risks, taking into account any changes in the consolidation perimeter from both the organizational and the corporate viewpoint. The activity is carried out following the guidelines of the "ERM - Enterprise Risk Management" framework. The definition of the nature and level of risk compatible with the objectives of the company is the responsibility of the Board of Directors, having heard the opinion of the Control and Risk Committee.

Given the sector in which it operates, GEDI's risks can also be classified in terms of competitive advantage and reputation, risks that are often the result of an inadequate management of another strategic or operational risk. Reputational risk can lead to a loss or decline in confidence in the company and its credibility. On this subject, in addition to a Code of Ethics for the whole of GEDI Gruppo Editoriale, in 2017 the Code of Ethics of La Repubblica was published. The cornerstones of this Code of Ethics are accuracy, credibility and transparency; a relationship of trust with readers is essential, today more than ever in times of great scepticism, fuelled by the presence of fake news and by the huge amount of information on offer. More specifically, La Repubblica clearly sets out its standards in the name of traceable news that complies with precise ethical principles as a guarantee of its content. It does this by adhering to the Trust Project, an international consortium that unites the media and digital businesses, and by giving its digital content 'confidence indicators' that will help readers to select quality information that is traceable and certified according to the code drawn up by the organization and agreed upon with its partners.

For **KOS** risk prevention and risk management are not just a regulatory requirement, but also an indication of the quality of its approach to the business, as a guarantee for patients and collaborators and the interests of the company. For this reason in 2012 it adopted an *Enterprise Risk Management* that made it possible to define a catalogue of risks that could have an impact on its strategy, objectives and on the services provided. The group's expansion and internal organizational changes made a review of the previous model necessary. After the needed reorganization phase, the Risk Management function is now engaged in redefining the catalogue of risks to update the Enterprise Risk Management position and integrate it with the internal control system, giving economic value to some of the items.

The new Enterprise Risk Model will be a basis for the internal audit activity as it will make it possible to identify the areas of greatest exposure, i.e. the areas where greater supervision would be useful. In this way a risk-based audit can be carried out.

The Enterprise Risk Model will provide a point of reference for the Organization Model as per Legislative Decree no. 231/01 as well.

Sogefi has also adopted its own *Enterprise Risk Management* at global level. Developed from universally recognized models and best practice, Sogefi's ERM model was prepared in synergy with all the managers of the company and makes it possible to identify in a structured way the risks that could compromise the achievement of its strategic objectives and to take preventive action to mitigate and manage the risks.

Sogefi has identified a series of potential risks linked to sustainability, which belong to the following areas: ethics and professional practice, image and reputation, health, safety and the environment.

One of the fundamental principles of Sogefi's activity is compliance with the law and with the ethical principles relating to the running of its businesses. Moreover, the company is doing more and more to prevent and limit the impact of the risks connected with the car sector on its reputation.

Given the type of business that Sogefi runs, the risks in terms of the health and safety of its workers are particularly relevant. Environmental risks are however linked to the possibility of pollution resulting, for example, from uncontrolled emissions, from an erroneous disposal of waste, from leakages of dangerous substances or a failure to comply with laws and regulations in the environmental sphere.

To further highlight the group's commitment to respecting human rights and the environment, in 2016 the group adopted a Human Rights Policy and an Environmental Policy respectively.

Furthermore, to encourage full application of the Code of Ethics and to monitor compliance with the same on an ongoing basis, Sogefi formally approved an internal reporting procedure known as the Whistleblowing Procedure, which again was given to all new hires and distributed through the Group's internal communication system to all employees, and translated into various languages to enable all employees to understand its content and how it works.

The above-mentioned Whistleblowing Procedure allows any employee to report an infringement or alleged infringement of the Code of Conduct or of any other rule/internal procedure in force in the Group, as well as any violation or alleged violation of the law in any country as well as any deeds that could cause serious damage to the company or to public interest.

Once the nature and importance of the events reported have been assessed, Sogefi can begin an investigation with the support of the Corporate Internal Audit Department, which can supplement its annual Audit Plan with special action – even urgent action – based on the report it has received.

As well as taking special action on the basis of any reports received through the whistleblowing channel, the Corporate Internal Audit Department, in carrying out its Internal Audit of the subsidiaries as part of its annual Audit Plan, regularly carries out a full evaluation of the degree of reliability and integrity of local management, with particular reference to compliance with the Code of Ethics, and to the completeness, clarity, promptness and reliability of communication with the Corporate Management and with the management of the Business Unit to which it belongs, and to the full and effective application of all procedures and guidelines issued at Group level.

1.4 Sustainability for the CIR group

The CIR group in 2017 continued along its path towards sustainability, with the aim of controlling and improving the impact – environmental, social and economic – that the various businesses have on the local area and on the community.

Although very different, the companies of the CIR group have in common the aim of creating value for all stakeholders and they assign great importance to economic equilibrium, at the same time offering quality products and services and making management decisions that take into account social and environmental sustainability.

In 2014 **GEDI** began a process of social reporting, the aim of which is to inform its stakeholders, in a transparent manner, of its strong commitment to informing its citizen-readers, promoting its social role and its participation with the local area, the attention it pays to human resources and the impact on the environment of its businesses.

Conscious of the social role that it plays, **KOS** considers responsibility, customer orientation, professionalism, respect, transparency, a spirit of belonging, consistency and respect for diversity to be the fundamental values underpinning its activity. On this basis, the company is committed to a path of social responsibility that will enable it to adopt innovative procedures for providing services that focus more than ever on the centrality of the individual.

Sogefi has focused its approach to sustainability on the reduction of its impact on the environment, preventing pollution and the use of dangerous materials, optimizing the consumption of energy and resources, preferring to re-use and recycle materials and limiting the production of waste, emissions and leakages, as well as on respect for human rights.

The Stakeholders of the group

To pursue the company objectives, it is essential to develop forms of dialogue and constant interaction with both internal and external stakeholders, in order to understand their needs, interests and expectations of various kinds. Being able to anticipate changes and identify emerging trends through dialogue with stakeholders enables CIR to generate added value that is shared and constant in the long term.

To this end, in the definition of its strategy, its policies and its daily conduct, the group considers the interests of its stakeholders, with whom it undertakes to establish relationships of trust, based on the principles of transparency, an open mind and an ability to listen.

Starting with the characteristics of the group and its businesses, CIR carried out a detailed analysis of its stakeholders, identifying their degree of influence/dependence and analysing the importance that they assign to the specific sustainability issues of their sector and the context in which they work. Below is a diagram showing the 10 types of stakeholder identified.

The stakeholders of the CIR group



The diagram is different for the various companies. For example, the stakeholder *Media and Opinion leaders* is more important for GEDI, while customers are of fundamental importance for KOS. Lastly, Sogefi considers all the stakeholders shown in the diagram to be equally important.

The approach used by the group to communicate with its stakeholders has continually evolved over time and has consisted of various kinds of initiative aimed at using the many channels available in the best possible way.

As far as **CIR** is concerned, numerous activities are carried out by the group Communication Department, which is responsible for managing relations between the company and news agencies/opinion leaders on the subject of corporate communication: during 2017 more than 70 press releases were published through Borsa Italiana, all the main news agencies were present at the Annual General Meeting of the Shareholders, the CEO was interviewed by the monthly magazine *Monocle* and the Chairman was interviewed by Bloomberg. Furthermore, in line with the growing digitalization of content, in 2017 the group published information for its stakeholders through its website, through social media (specifically LinkedIn and Twitter) and with a newsletter. In 2017 two conference calls were organized with analysts and investors to illustrate results and strategies. Management also held 6 road shows for the financial community and 41 one-to-one meetings.

Of particular importance for the group is its dialogue with the local areas in which it operates: in the media and healthcare sectors, for example, there are numerous initiatives for informing, directing and entertaining the local communities.

Each company of the group has held special stakeholder engagement events, liaising with the most significant stakeholders for its business.

In the media sector, **GEDI** is committed on a daily basis to establishing relations of trust with its stakeholders, grounded on principles of transparency, open-mindedness and a willingness to listen. An example of structured ongoing stakeholder engagement is the management of relations with news bodies, opinion leaders and end users.

KOS operates primarily with respect for the local areas in all their forms: collaboration with associations, relations with institutional bodies and the public administration, relations with suppliers, the involvement

of the community and projects launched in collaboration with universities and scientific societies are an integral part of the company's activity, the aim of which is to spread knowledge and good practice on the subject of patient care.

Sogefi believes that dialogue and interaction with stakeholders are essential instruments to find effective answers able to satisfy needs, interests and expectations and create value in the long term. The company considers relations with suppliers to be of fundamental importance to strengthen its link with the local area, preferring local suppliers and thus contributing to their development. Initiatives are also in progress to spread the principles of sustainability to the whole of the company's supply chain. Lastly, Sogefi is committed to respecting the right of communities to health and wellbeing, including through the implementation of innovative solutions that can reduce CO₂ emissions and impact on the environment.

Materiality analysis

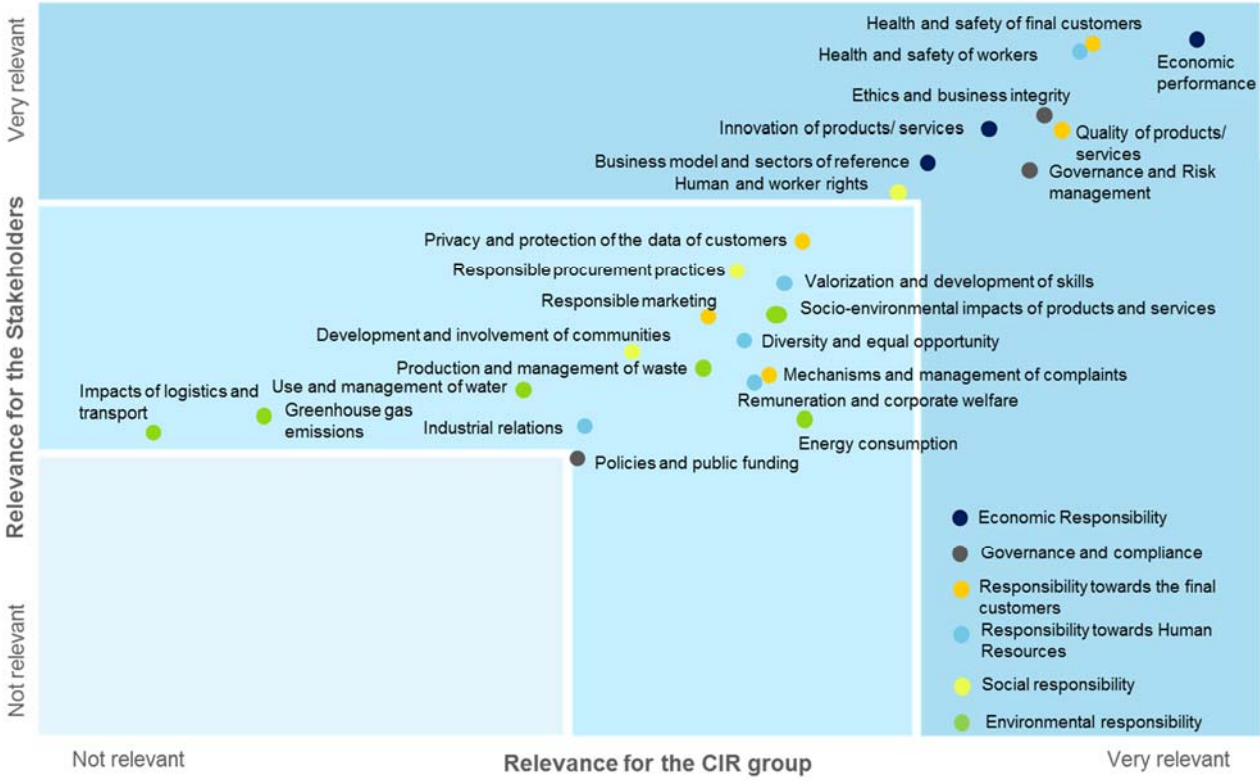
In order to identify the economic, social and environmental aspects that are important for the group and its stakeholders, in 2017 CIR updated its materiality analysis. The materiality matrix of the CIR group is the result of the update of the materiality matrices of the three companies that make up the group.

With reference to the materiality analysis for GEDI, KOS and Sogefi, in 2017 for each company an analysis was carried out to see whether there had been any changes in their respective business sectors in terms of impact generated on the group and its stakeholders. The analysis took into consideration various reports of competing companies and best practice in the various business sectors of the companies of the group, relevant studies and publications and the topics referred to in Legislative Decree no. 254/16 and present in the guidelines of the European Commission. Following this analysis, changes in positioning of the topics on the previous matrix were proposed to the main corporate functions involved in the preparation of the NFS. Sogefi also requested approval of the matrix by the Chief Financial Officer of the group.

Following the analysis of the results obtained for each company of the group, under the coordination of the parent the topics relevant for the CIR group and its stakeholders were selected as those which, while respecting the specific aspects of the different companies, provide a vision of all of the economic, social and environmental impacts attributable to the activities of the group.

The process ended with the identification of 25 topics, which are reflected in the materiality matrix of the CIR group.

Materiality matrix of the CIR group



CONFIDENTIAL DOCUMENT

The topics selected represent the aspects that are considered to be material, i.e. they reflect significant impacts for the organization from an economic, environmental and social viewpoint, and that have a substantial effect on the evaluations and decisions of stakeholders.

The combination of the strategic business approach and the stakeholder perspective is an important instrument for defining and developing priorities on the subject of the sustainability of the CIR group and for continuing to generate shared value in the short, medium and long term.

2. Economic responsibility



€ 2.8 bln / REVENUE



€ -5.9 mln / NET RESULT



€ 2,728.8 mln / NET GLOBAL ECONOMIC VALUE



€ 732.7 mln / ECONOMIC VALUE DISTRIBUTED TO PERSONNEL

The CIR group closed 2017 with a consolidated net loss of € 5.9 million, compared to net income of € 33.8 million in the previous year, because of the extraordinary tax charge incurred by the subsidiary GEDI for the settlement of a dispute pending in the Court of Cassation for events going back to 1991, the pro-rata impact of which on the consolidated net result of the CIR group was a negative amount of € 65.5 million. Excluding this extraordinary charge, the result would have been a positive figure of € 59.6 million, significantly higher than in 2016. The revenue of the group came in at € 2,796.7 million, up by 6.7% compared to 2016.

Consolidated results of the CIR group

<i>(in millions of euro)</i>	2015	2016	2017
Revenue	2,544.4	2,620.7	2,796.7
Gross operating margin	218.2	258.8	290.4
Net result	42.0	33.8	(5.9)
Net financial debt (31/12)	121.7	143.6	272.5
Shareholders' equity (31/12)	1,103	1,052.3	967.3

The gross operating margin (EBITDA) came to € 290.4 million, up by 12.2% from € 258.8 million in 2016.

Net debt totalled € 272.5 million at December 31 2017, up from € 143.6 million at the end of 2016.

The equity of the group stood at € 967.3 million at December 31 2017, down from € 1,052.3 million at December 31 2016.

In 2017, **GEDI** reported a significantly better consolidated gross operating margin, despite the adverse evolution of the sector.

In the healthcare sector, **KOS** continued with its development plan, reporting a significant increase in its results thanks to organic growth and new acquisitions. Apart from its economic performance, the company is known for the high quality of the service it offers and for its attention to the needs of the individual.

In the automotive components sector, **Sogefi** posted a 6.2% rise in revenue thanks to the significant progress made in all the geographical areas in which it operates, and to sharp growth in its gross operating

margin and net income. The company also reported significant progress in terms of quality and productivity.

Revenue by sector

<i>(in millions of euro)</i>	2015	%	2016	%	2017	%
Media						
GEDI Gruppo Editoriale	605.1	23.8	585.5	22.3	633.7	22.7
Automotive components						
Sogefi	1,499.1	58.9	1,574.1	60.1	1,672.4	59.8
Healthcare						
KOS	439.2	17.3	461.1	17.6	490.6	17.5
Other sectors	1.0	--	--	--	--	--
Total consolidated revenue	2,544.4	100.0	2,620.7	100.0	2,796.7	100.0
of which: ITALY	1,137.8	44.7	1,136.9	43.4	1,211.5	43.3
OUTSIDE ITALY	1,406.6	55.3	1,483.8	56.6	1,585.2	56.7

Economic value generated and distributed

The Economic Value chart is a reclassification of the Consolidated Income Statement and represents the wealth produced and redistributed by the CIR group. More specifically, the chart presents the economic performance of the year and the wealth distributed to those considered to have an interest in the group, i.e. the ability of the organization to create value for its stakeholders. To calculate the formation of Economic Value, the CIR group uses the methodology prepared by the study Group working on the Social Report (GBS).

Chart showing the Economic Value of the CIR group

<i>(in millions of euro)</i>	2015	2016	2017
Net sales revenue	2,543.9	2,626.2	2,792.4
Income/expense from financial assets	63.4	39.2	33.9
Other income/expense	42.0	28.7	38.6
Gross Global Economic Value	2,649.3	2,694.1	2,864.9
Amortization, depreciation and write-downs	138.2	129.2	136.1
Net Global Economic Value	2,511.1	2,564.9	2,728.8
Operating costs	1,653.2	1,681.7	1,800.4
Personnel	708.5	712.4	732.7
Lenders	86.5	84.1	21.1
Public Administration	20.9	52.9	180.6

<i>Economic Value distributed</i>	2,469.1	2,531.1	2,734.7
Net income (loss) of the group	42.0	33.8	-5.9
<i>Economic value retained by the group</i>	42.0	33.8	-5.9

Sales revenue consist of revenue from products sold by the group in the business sectors in which it operates: media, healthcare, and automotive components.

The income/expense from financial assets means income/expense from dividends and on securities and derivatives, interest income on current accounts with banks and short-term deposits, foreign exchange gains, etc.

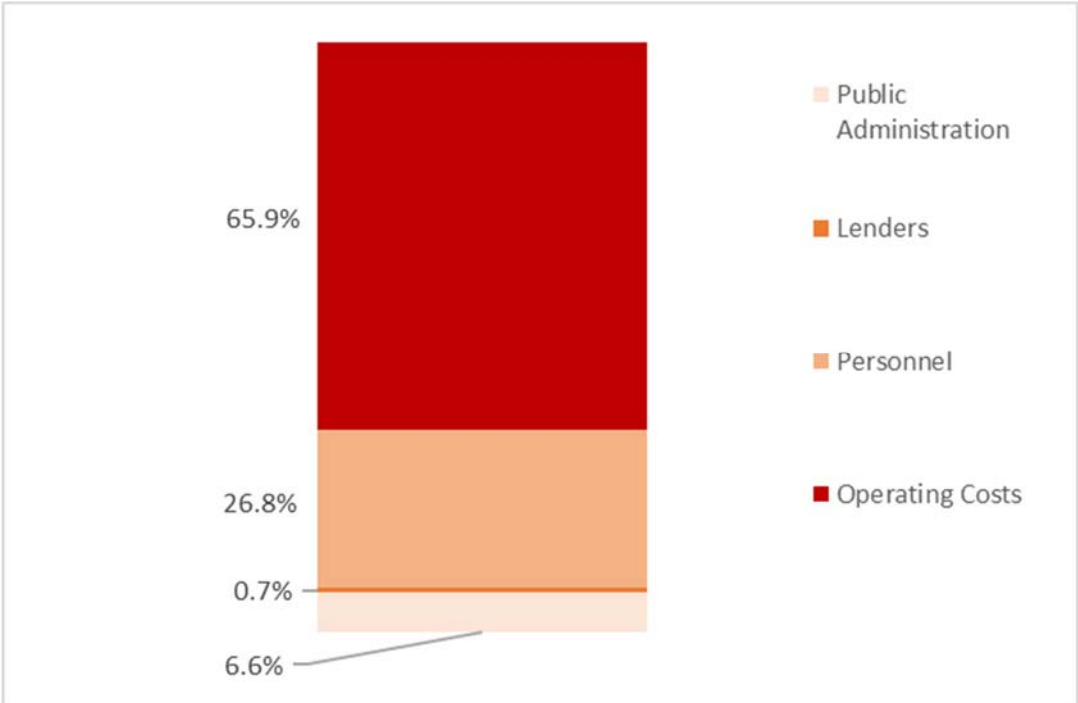
Other income/expense consists of operating income from grants, from capital gains on the sale of assets, contingent gains and income from equity investments consolidated using the equity method.

The three elements described above make up the gross global Economic Value, which in 2017 amounted to € 2,864.9 million. This value, minus the value of amortization, appreciation and write-downs, constitutes the net global Economic Value, which in 2017 came to € 2,728.8 million and was up by approximately 6.4% on 2016.

The distribution of Economic Value can be broken down as follows:

- Operating costs for 2017 came to € 1,800.4 million (+ 7.1% on 2016), of which just over half were costs for the purchase of goods;
- The distribution of Economic Value to personnel in 2017 was € 732.7 million, which was 2.8% more than in 2016, and refers mainly to the salaries and wages of the employees of the CIR group;
- The distribution of Economic Value to lenders in 2017 amounted to € 21.1 million;
- The Public Administration was remunerated in the form of taxation for € 180.6 million in 2017.

Distribution of the Economic Value in 2017



3. Responsibility towards customers

“Behaviour towards clients is based on willingness, respect and courtesy within the sphere of a relationship of cooperation and a high level of professionalism”
(from the Code of Ethics of the group)

The companies of the CIR group have always been committed to guaranteeing their customers the best offer of products and services, in compliance with all the specific regulations and requisites in terms of quality of the sector in which they operate.

3.1 Quality of products and services

To ensure the high level of quality of all its products, **GEDI** undertakes to guarantee plurality and diversity of content and freedom of expression. At the same time it guarantees compliance with the regulations and protection of the intellectual property rights of each provider of content.

The quality of the information and the content is also accompanied by a circulation methodology in line with the values of the group, given its aim of working to improve and promote the access and the right to information of everyone, including minorities, people with disabilities and isolated communities.

Regulation of the sector and code of conduct

GEDI operates in an extremely regulated environment, the rules of which are continually evolving. The company operates in total compliance with the laws regulating publishing and journalistic activity, of which the following are particularly important:

- Law no. 47/1948 (“Rules for the press”);
- Law no. 416/1981 and subsequent amendments (“Discipline for publishing companies and subsidies for the publishing business);
- The law that established the Association of Journalists in 1963;
- Law no. 28/2002 containing “Rules for equality of access to means of information during election and referendum campaigns for political communication” regarding “*par condicio*” of 2000.

In addition to the rules of law, GEDI also refers to other reference criteria, such as the Codes of Ethics endorsed by the Association of Journalists.

KOS, in confirmation of its role as a prime operator in the healthcare sector, adopts operating procedures and protocols that are in line with the strictest regional regulations on the subject of authorization and accreditation, as well as rigorous procedures aimed at guaranteeing the expected levels of quality and the safety of treatments. All facilities, for example, have special procedures for defining how patients must be admitted, for the correct management of clinical and pharmacological documentation, for monitoring and managing pain, for guaranteeing hygiene for patients and guests and for giving informed consent for treatment.

Each care home has its own Service Charter, which gives information on the standards of quality of the service with particular reference to simplicity of procedures, accuracy of information, admission and correctness of human rapport in relations with the staff of the home. In 2017 the format of the service

charter of the group was revised: the spheres of communication were identified and the graphic changes needed to produce a document that was really legible and of use to customers were put in place. The first prototype was produced for the Villa dei Pini care home, followed by those for 4 other facilities.

In the area of communication, KOS has undertaken to produce instruments designed to increase the awareness of patients and their families as to the treatment process, partly through the new website of Neomesia Mental Health (www.neomesia.com), launched in 2017, which contains a great deal of information aimed at making the rehabilitation programme clear, transparent and comprehensible to ensure that the process is fully understood and that patients follow their treatment programmes more closely.

In 2017, in the sphere of the process of making treatment more humane and with the intention of continuing to set service standards, standards of conduct were identified in relation to the following: “centrality of the individual”, “transparency”, “active listening”, “respect for the rules”, and “uniqueness”. Compliance of the facilities with the standards was verified with a survey aimed at patients and guests in the facilities, which led to the collection of over 1450 questionnaires. The results of the survey will be used in 2018 for planning training initiatives. The survey did in any case show that there was a substantial absence of discriminatory behaviour in the facilities with regard to gender, race and religious beliefs.

Monitoring the quality of KOS's services

To assess the quality of the services provided and make sure activities are directed towards meeting patients' needs, KOS has designed systems of listening to and measuring customer satisfaction by regularly interviewing guests and their families and talking to the staff providing the care and assistance.

During 2017 over 4,000 questionnaires were collected in the rehabilitation and psychiatric facilities, compared to the 3,694 questionnaires collected in 2016. For the elderly sector, 1,861 questionnaires were completed by family members and 1,147 questionnaires were completed by guests (compared to 1,768 and 1,037 the previous year) out of an average annual presence of over 4,833 patients.

In 2017 a new kind of system was activated for rating the satisfaction of patients. This consists of a touch screen totem situated in the facilities. The project began with the diagnostic unit in the Marche region and also involved Villa dei Pini. In this way over 1,480 reports were collected from just 3 locations.

Moreover, in all KOS facilities there is a constant listening service for requests by medical and care personnel, mutual aid groups and professionals.

Customer satisfaction is a fundamental objective for **Sogefi** too. The Back to basics programme – launched at the end of 2015 – continued throughout 2017 to focus greater attention on the quality of the product. This programme ensures that all products are subjected to a quality control, which involves all of the professional people involved in the production process. In this way Sogefi aims to start and consolidate a structured process for solving any critical issues linked to product quality, if there are any, and for managing any customer complaints efficiently and effectively.

The group also carries out the *Project Risk Design Analysis* on all of the products it offers. This is based on five factors: a survey of customer expectations, a study of the technical features of the product, an assessment of its level of quality, a survey of the reasons for any delay in production, and an analysis of the product's conformity with regulations on the subject of safety.

It should also be noted that Sogefi has adopted a *Quality Policy*, which focuses on the health and safety of customers and employees, on customer satisfaction in relation to the quality of the products and services provided, on the constant improvement of the commitment to quality and to meeting the requirements of all the stakeholders. With regard to the *Quality Policy*, it should also be noted that all the production plants (with the exception of the Saint-Soupplets plant, which just creates prototypes) are currently certified with international standards ISO 9001 and ISO TS 16949, which set out the requisites of the quality management system for the design, development, production and, if necessary, the installation of components for the car industry.

Moreover, as further evidence of its commitment to quality and safety in the workplace, Sogefi has adopted a Health and Safety Policy that sets out the principles that should inspire all the activities of the group.

Innovation

Process and product innovation is an integral part of the strategic vision of the CIR group.

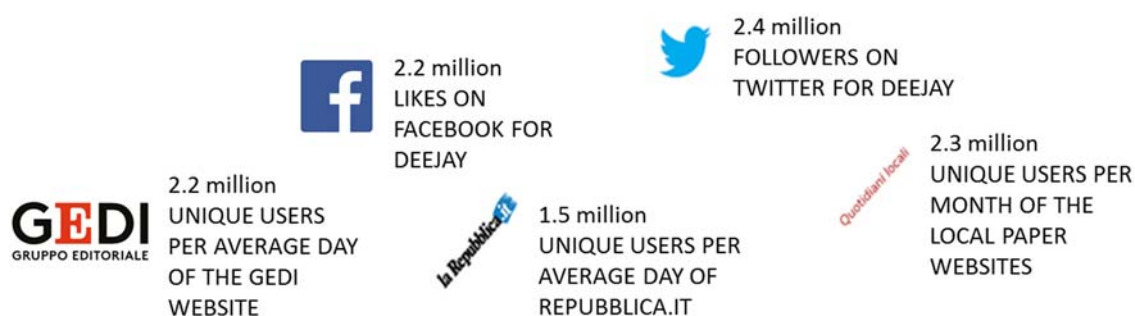
In the media sector, to adjust to the evolution of means of communication and journalism and to the new Italian digital habits, which have continued to become more widespread since the year 2000, **GEDI** has gradually undertaken a path of digital evolution, both in the development of new products and in the way company processes and activities are implemented.

In 2017 the following results, among others, were obtained:

- With an average of 2.2 million unique users on an average day and 13.7 million unique users per month of its websites, the company has become the eighth operator of the entire Italian digital market (including service and platform providers such as Google, Facebook, WhatsApp, Amazon, etc.);
- The digital editions of the company's titles have reached an average of 63.1 thousand subscribers;
- *Repubblica.it* confirmed its ranking as the top Italian news website with 1.5 million unique users on an average day with a lead of 29% over the second news website;
- GEDI continues to pursue a policy of innovation and technological development. The home page of *Repubblica.it* has been renewed and technological development has continued on smartphone versions of the website, with an average of 616 thousand users per day and 5.5 million users per month, confirming the objective of reaching more readers on the various platforms;
- *Repubblica* confirmed its ranking as the number one Italian newspaper by number of likes on Facebook (3.6 million) and Twitter (2.8 million) and among the top ones at international level in terms of degree of involvement of its readers;

- The performance of the websites of the local papers was positive and achieved an average Total Digital Audience of 2.3 million unique users per month. Performance on social media via mobile devices was also very good with 3.1 million unique users per month coming from the Facebook app;
- In 2017 the position of the company's brands on social media increased even further: currently the GEDI profiles have over 33 million followers on Facebook and Twitter;
- *Deejay* has reached 2.2 million likes on Facebook and 2.4 million followers on Twitter.

The main digitalization figures for the GEDI websites – December 31 2017



Moreover, during 2017, the Digital Division of GEDI organized its research and development activities in four main projects:

- In the sphere of its activities in new digital platforms, in 2017 the development was completed of the new native digital product Rep which was then launched. Rep is based on the use of the Progressive Web App combined with Google's AMP platform. This led to the creation of a product with innovative features optimized for use on the go even where there is no internet connection.
- On the technology front, the Digital Division of GEDI was awarded funding for two projects in two editions of the Digital News Innovation Fund, the Google fund, with the proposal of two very innovative initiatives in the digital and editorial field: the first one, called "Thriving News", is for the development and creation of a platform to optimize the editorial activity of the news websites through the creation of predictive indicators and information useful for evaluating news and distributing it via the various channels. The second successful project, called "Customer Value Accelerator", is for the construction of a platform that, by analysing all the data available, can increase the value of audiences both in economic terms and in terms of quality of information.
- In 2017 La Stampa and Il Secolo XIX completed the winning projects of the 1st round of the DNI, with the projects "21VIDEO.IT: the video journalism platform of the 21st century" and "Local News Digital Platform, a learn and training program for Local Journalists on Local News" respectively and Il Secolo XIX was the winner of the 3rd round with the Journalist Digital Assistant project, the development of a platform which, thanks to artificial intelligence, provides journalists with data and information to improve the quality of articles.

- New distribution platforms were under construction in 2017 too with the aim of extending editorial activities and involving audiences through third-party digital operators (Instant Articles, Facebook Live, Google AMP, App).

KOS is active in the field of research and scientific publication: it takes part in congresses, it promotes high-level national and international conferences, and it organizes study groups and enters into agreements with Italian and foreign universities. In 2017 there were active agreements with more than 37 university campuses. This commitment not only makes it possible to share best practices at care-home level but also, where necessary, to carry out further research both on the medical front and on the organizational front. In 2017, KOS took part in the publication of eight scientific studies in indexed journals on the following topics: “Returning to safe driving after serious acquired brain injury”, “Guidelines on the use of gait analysis in clinical practice”, “Managing spasticity and heterotopic calcification in serious acquired brain injury”, “Neuropsychological testing for the severely brain damaged”, “Use of robotics for myocardial infarction rehabilitation”, “Nutrition and the use of medication in nursing homes”, “Hygiene methods for care-home guests”.

In the rehabilitation sector, KOS in 2017 continued with its conference and research activity, aided by study groups consisting of professionals operating in its various facilities and in all the many branches of rehabilitation and care for the elderly, for example robotic rehabilitation and cognitive rehabilitation.

In 2017 28 conferences and training courses open to outside participants were held, as well as numerous internal training sessions. More specifically, in 2017 KOS, with the Santo Stefano brand, promoted and organized the first European school of robotics for rehabilitation, the “Robotic rehabilitation summer school”. The course was held in the Porto Potenza Picena headquarters of Santo Stefano Rehabilitation and was attended by some 30 doctors specializing in rehabilitation from all over the world committed to acquiring competence and professionalism in the use of the latest rehabilitation equipment. The organizations involved, apart from Santo Stefano, the hosting partner, were: the European society of physical and rehabilitation Medicine, the European Union of doctors specializing in rehabilitation, the Italian Society of physical medicine and rehabilitation, the Italian Society of neurological rehabilitation, and the Polytechnic University of the Marche Region. In December 2017 KOS and the Polytechnic University of the Marche Region produced a second edition of the event for a delegation of Chinese doctors.

Still in 2017 KOS launched a new brand devoted to psychiatry, ‘Neomesia’, grouping together all the 16 facilities of the group already engaged in psychiatric treatment and rehabilitation. To support this move a working group was set up consisting of professionals from the various facilities, which formalized a process of sharing competences and defining PDTAs (courses of diagnosis and treatment) based on the experience that the great number of cases dealt with overall had made it possible to acquire.

Scientific research and KOS’s innovative projects

In 2017 KOS continued to invest in the development of more modern techniques for treating the elderly and ensuring their wellbeing. In the field of hi-tech supplementary services, through the brand Medipass, KOS operates a wide range of technological solutions, providing hospitals with important contributions in terms of know-how and operating models, supplementing where necessary the work of expert specialists in the sector of diagnostics and cancer treatments.

Some of the projects launched in this area during 2017 are the following:

- A smart home – inaugurated in the Istituto di Riabilitazione Santo Stefano in Porto Potenza Picena. The house gives patients the possibility of testing their ability to live an independent life at home, thanks to a series of smart objects that make it easier for people to carry out their daily activities. Patients are guaranteed assistance at certain times of day, in addition to the treatments and rehabilitation that they need. 2017 saw the launch of a process of distance assessment of the impact of the new system on the autonomy of the occupants of the house, using indicators based on the international system for classifying “disability” (ICF). The first analyses confirm the validity of the model;
- Robotic technologies and virtual reality – experimenting numerous technologies in the sphere of neuro-rehabilitation; one project is in progress in collaboration with the University of Ancona;
- Tablets for cognitive stimulation – the use of a tablet application to give guests cognitive stimulation is currently been tested.

In the automotive components sector, **Sogefi** invests significantly in Research and Development activities, in order to satisfy customer expectations and continue to improve its products in terms of life cycle, effectiveness, size, weight and environmental compatibility. To guarantee a structured management of Research and Development, the company has 4 research centres and 10 development centres (in Brazil, France, Germany, India, the United States and China) which can boast the presence of professionals with competences across the board. At the end of 2017, Sogefi had a total of 223 patents (+3.2% on 2016).

Sogefi's research centres



In 2017 innovation continued to be an essential driver of all areas of the group's business activities, with the aim of guaranteeing customers ever greater comfort and safety without compromising the protection

of the environment, through the reduction of the consumption of raw materials, and of waste, noise, energy consumption and greenhouse gas emissions.

In order to develop new products or improve existing technologies, every division of Sogefi avails itself of numerous partnerships worldwide with companies, important laboratories and research centres, such as, for example, Solvay and the *French Rubber and Plastics Research and Testing Laboratory* (LRCCP). Moreover, in 2017 Sogefi took part in various conferences focusing on the car sector, with a view to creating a shared platform of knowledge and monitoring the industry in its evolution.

The air and cooling division patents innovative solutions for OEM constructors (*Original Equipment Manufacturers*) able to reduce CO₂ emissions without compromising engine performance. One of the latest innovations is the CUSCO water pump, which makes it possible to control the flow of cooling fluid with a completely integrated system on the body of the pump itself. Moreover, in the car market Sogefi has recently introduced a new air aspiration collector, which has made it possible not only to cut costs but also to reduce the weight of the equipment.

In the filtration division the company is committed to creating systems that are avant-garde in terms of efficiency, frequency of maintenance and compatibility with numerous additives and biofuels, and are also characterized by a lower weight and a smaller size with the use of more plastic. In this sphere, the collaboration with Solvay to implement solutions for the constant reduction of vehicle CO₂ emissions has been significant.

Lastly, in the suspensions division, one of the main innovations was the invention of springs in composite materials and those produced in glass fiber. These solutions give a net reduction in terms of weight (between 40% and 70% lighter than those made of traditional materials) and have greater durability.

First filter for diesel engines made from recycled polymers

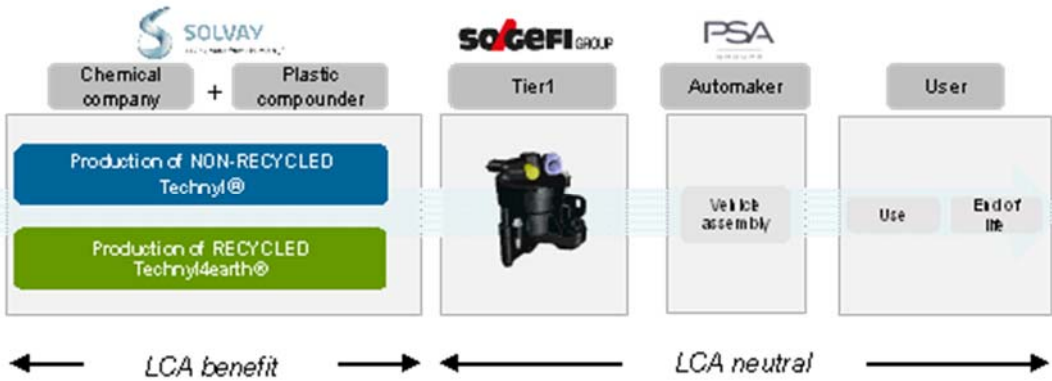
The use of plastic in car parts can help to reduce energy consumption and greenhouse gas emissions, especially when it replaces metal. Currently, many OEMs are committed to increasing the use of recycled materials by 20% by the end of 2020, even in consideration of the EU End of Life Vehicles Directive, which aims to reduce the amount of waste deriving from vehicle demolition.

To face this challenge, Sogefi has collaborated with the PSA group and with Solvay to produce the first filter for diesel engines made entirely from recycled polyamide 66, thanks to the use of a plastic composite developed by Solvay Engineering Plastics. This material is 100% recycled from airbag waste and gives a top quality material able to meet the stringent requirements for application in the circular economy context, which is still not very widespread in the car industry.

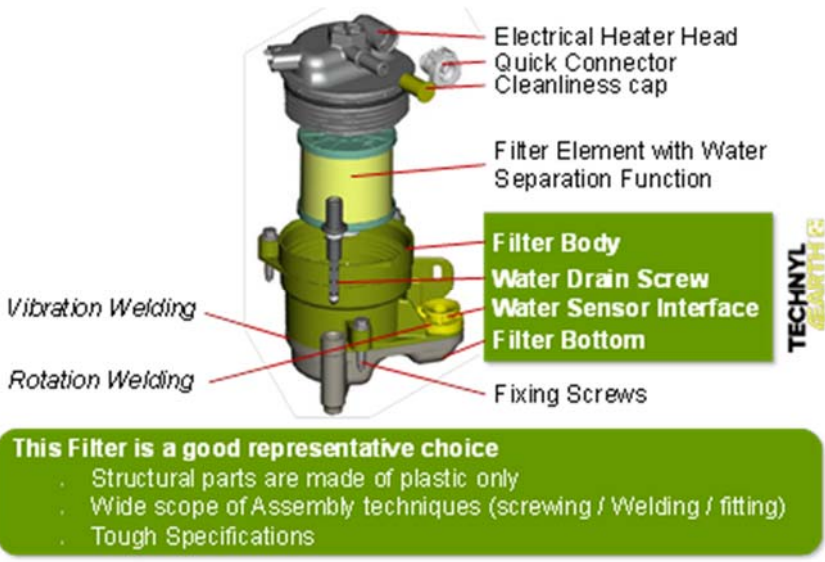
Sogefi used this material through the existing process of plastic injection and carried out tests to validate it. All the tests had a successful outcome.

The PSA group guided the choice of the parts examined (the application of the 1.6 l Euro6b engine) and assessed the whole testing process.

A life cycle assessment (LCA) was also carried out on the filter, which revealed its advantages: a year of production of the DV6 filter could lead to a saving of 483 tonnes of CO₂eq, equal to 32% less emissions compared to those of a traditional filter.



It has thus been shown that the circular economy and its considerable advantages for the environment could be introduced in complex applications, needed by the latest generation engines.



3.2 Attention towards customers

Given the strong social impact of its activities, the CIR group undertakes to apply virtuous models for its customer relationships, particularly by complying with all regulations that guarantee maximum health and safety for customers.

In the use of the personal information of its customers, **GEDI** has strict policies that are constantly updated, in line with current rules on the subject at national and European level, as applied and interpreted in the measures of the Authority for the protection of personal information.

This policy refers in particular to the data collected and managed through digital property rights and hinges on the principles of need for the data, proportionality, transparency and freedom of choice of the individual involved.

In this context, the group uses only the information that is actually needed in order to supply the services and the content requested by users and in all other cases (commercial and marketing purposes), data can be used only after users have given their informed consent freely after receiving adequate information.

The group adopts all the necessary technical, organizational and safety-related measures for all the data banks in which the personal information of users, partners and collaborators is collected and stored, in order to avoid any risk of destruction or loss of data and of any non-authorized access or uses that are not permitted.

Even in relation to the personal information of users that is acquired and treated through the use of cookies, the companies respect current rules on the subject of privacy with particular reference to the measures adopted by the Authority for the protection of personal information in accordance with what is set out in Article 122 of the Privacy Code.

Advertising and safety for GEDI

GEDI undertakes not to publish false information, messages that incite physical or moral violence or racism, which offend the moral, religious or civil beliefs of the population, or which contain elements that could cause psychological, moral or physical harm to minors. In confirmation of this undertaking, the company:

- Has adopted the rules set out in the Code of Conduct for Commercial Communication;
- Has adhered to the Italian Code of Advertising Conduct;
- Has implemented the decree regarding misleading comparative advertising in relations between professionals (Legislative Decree no. 145/07);
- Has implemented MEF-MISE Decree of July 19 2016 on the media exempted from the ban on the advertising of gaming with cash prizes, in order to safeguard and promote honest advertising information that does not have a negative effect on user sensitivity;
- Has recourse to an “operating procedure” for managing the issues of what is legal and appropriate in the presence of messages that are doubtful or subject to verification. During 2017 training courses were also held on these subjects.

Regarding advertising and promotion campaigns on the internet, given the scant regulations on the subject, GEDI follows the more restrictive rules for advertising on television.

In 2017 by the advertising concessionaire Manzoni, a new company intranet was designed. This has a special section devoted to the “Legal regulations on the subject of advertising”. This section aims to reduce legal disputes and company costs, while at the same time fostering long-term relationships with customers.

In the healthcare sector, **KOS** has among its objectives the supply of courses of treatment, rehabilitation and assistance in total safety for patients and staff.

For hospitals and care-homes, procedures have been put in place for guaranteeing patient safety, for the prevention of hospital-transmitted infections and pressure ulcers, for the correct management of medication and immobilization, for the organization of the emergency trolley and for the correct management of clinical records. In the various facilities, Committees have been set up for the prevention of hospital transmitted infections. To ensure quality and safety, systems of process checks have been activated: in the last year, all KOS facilities have been examined to see whether procedures are being applied correctly, with the resulting identification for each facility of ongoing improvements in order to ensure full compliance with the quality objectives that have been set.

Furthermore, the KOS facilities operating in Lombardy and Emilia Romagna have adopted regional systems of clinical risk management, while those operating in the Marche region have developed an in-house system. For the care homes there is also a system for signalling sentinel events.

Moreover, regarding the health and safety of patients, we would draw attention to the following results obtained in 2017:

- The facilities in Emilia Romagna are continuing to take part in the regional project V.I.S.I.T.A.R.E., aimed at promoting a culture of safety and introducing plans for improving the facilities;
- A process of review and divulgation was launched of the group procedure for the prevention of self-harm and harm to others;
- The decline has continued in the number of falls monitored by the system that records them (approximately 1,350 falls recorded in 2017, down significantly from approximately 1,450 in the previous year.

For **KOS** too, safeguarding privacy has a fundamental role: in the Code of Ethics the company ensures the confidentiality of the information in its possession and guarantees compliance with the rules on the subject of personal information. Moreover In 2017 the Policy Document on the Security of Information, which records and assesses all uses of personal information by the facilities, was again revised and updated. In July 2017 a Data Protection Officer was appointed to accompany the group to full compliance with European privacy rules.

Lastly, in **Sogefi** the style of conduct towards customers – mainly car producers – is based on willingness, respect and courtesy as part of a collaborative and professional relationship.

In line with the principles of impartiality and equal opportunities, the company undertakes to guarantee equal opportunities to all its customers and to supply high-quality products and services that satisfy the reasonable expectations of customers and protect their health and safety. In fact Sogefi has always paid great attention to optimizing quality, reducing costs and delivery times and thoroughly eliminating any non-compliance through ongoing improvements. Through the *Project Risk Design Analysis* carried out on all products and services, the company constantly checks that the requisites of health and safety of its offer are met .

3.3 Responsible procurement practices

“Purchasing procedures are based on the search for the best competitive advantage, giving each supplier equal opportunities, and on loyalty and impartiality”
(from the Code of Ethics of the group)

The companies of the CIR group ensure that purchasing processes are controlled rigorously as they represent the basis for a responsible and sustainable business. The supply chain of the companies of the CIR group is bound by the principles contained in the Code of Ethics, which are applied to all suppliers.

The supply chain of **GEDI** focuses on sourcing paper, a material of prime importance in its industrial production and a sensitive element for the impact it has on the environment. For sourcing the various types of paper used to print its newspapers, magazines and add-on products, the group buys from prime paper producers of international importance, who are able to guarantee the strictest compliance with European regulations on the protection of the environment: they are international leaders in the sector who source their raw materials from forests that are internationally certified for their protection of the environment. All the paper suppliers use DIP (deinked pulp), albeit in different proportions, for the production mainly of newsprint paper, improved newsprint and coated paper. For the production of higher quality paper, the suppliers use chlorine-free cellulose.

The production processes are certified by various national and international entities to obtain sustainability labels.

In the healthcare sector, for the **KOS** group the principles of transparency and reliability are the cornerstone of its relations with its suppliers. Given the high number of facilities and their distribution throughout several regions, KOS opted to organize a central procurement function with a view to obtaining economic benefits, homogeneity of the products and services purchased and provided, improved efficiency, a reduction in the use of allergenic substances and materials and being able to monitor the levels of service continually. The selection of suppliers takes place mainly at central level, privileging national producers but also, where possible and economically viable, local suppliers.

The competitive procedures involving larger amounts and longer-term contracts are carried out on the dedicated web portal, with suppliers being invited to take part and with a guarantee of traceability and maximum transparency. Moreover, only firms that have the following requisites are admitted to the bidding: regular payment of contributions, anti-mafia self-declaration, 231 self-declaration, presentation of CCIAA certification, compliance with the Code of Conduct of KOS, and compliance with Legislative Decree no. 81/08 and Legislative Decree no. 196/03. The presence of additional certifications in the sphere of quality and the environment is considered to be preferable.

Because of the size and geographical extent of its activities, the **Sogefi** group plays an important role with regard to the economic, social and environmental aspects relating to the communities and countries in which it operates. As the Group collaborates with various kinds of supplier (such as producers, distributors and subcontractors), Sogefi has made the commitment to working in a responsible way using a business model that identifies sustainability as a key element in every decision and in all its commercial relations.

For this reason **Sogefi**'s procurement process is based on giving each supplier an equal opportunity, and on loyalty and impartiality. The selection of suppliers and decisions about the conditions of purchase are

preceded by an objective assessment of the quality, price and ability of the supplier to supply and guarantee services of an adequate level.

Currently, to promote the spread of the principles of social responsibility throughout its supply chain, the company has prepared a Commercial Code of Conduct, which it has begun to distribute to its suppliers, to illustrate the rules and principles that characterize Sogefi's way of doing business. Moreover, regarding the existence of environmental requirements in the selection of its suppliers, Sogefi gives a positive welcome to suppliers who have environmental certifications, such as the environmental management system ISO 14001 and uses the *Supplier General Information Survey* and the *Supplier Initial Assessment Checklist*. The collection of information and assessments is followed and completed at global level.

Lastly, the company views the loyalty of its suppliers to be of fundamental importance, which translates not only into a reduction in production costs, but also into high quality products.

Sogefi's Code of Commercial Conduct

With the aim of promoting and spreading the principles adopted throughout its supply chain, Sogefi asks its commercial partners to follow the values and principles that guide the company's business activities.

Sogefi expects all suppliers who receive the Commercial Code of Conduct to comply with the indications described in it, as well as with all laws and rules applicable. Furthermore, it is to be hoped that its commercial partners will share the same commitment with their own supply chains. The Commercial Code of Conduct contains clauses on the recognition and implementation of the rules relating to respect for human rights, corporate ethics, working conditions and protection of the environment.

Distribution of the company's Code of Conduct to its suppliers began in 2016. During 2017, the Code was sent to almost 300 suppliers of the Air and Cooling Business Unit (some 180 of whom endorsed it), to more than 400 suppliers of the Filtration Business Unit (around 100 of whom endorsed it), and to 180 suppliers of the Suspensions Business Unit (around 70 of whom have signed and returned it). It is important to note that some large suppliers prefer not to endorse the Group's Code of Conduct because they already have a similar document of their own in force.

At March 31 2017, 21% of all suppliers active as of that date had signed the Group's Code of Conduct.

The management of Conflict Minerals

As part of Sogefi's commitment to combatting the use of conflict minerals (minerals – such as tin, tantalum, tungsten and gold and their derivatives – coming from conflict zones), the company sends a questionnaire (the *Conflict Mineral Reporting Template* - CMRT) to suppliers that could use the above materials, in order to identify any corrective action, should any be necessary.

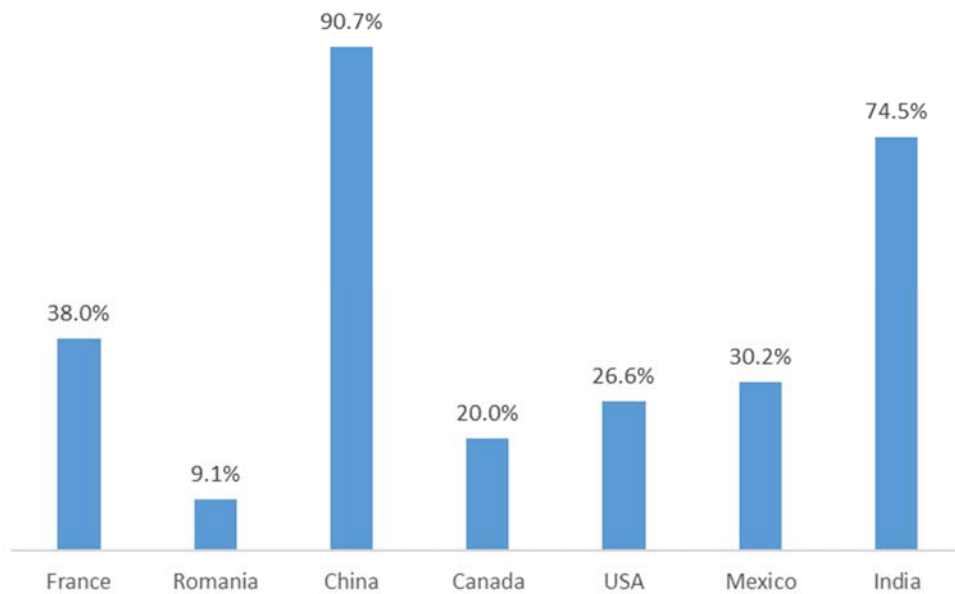
Moreover, Sogefi has included a request for the availability of a conflict mineral declaration as part of its *Quality Requirement File* (QRF) at the RQP stage. This document must be agreed upon and signed by the supplier to ensure compliance. Should a customer request a

conflict minerals declaration, the Business Unit passes this request on via the Purchasing Department to all suppliers who use product BOMs.

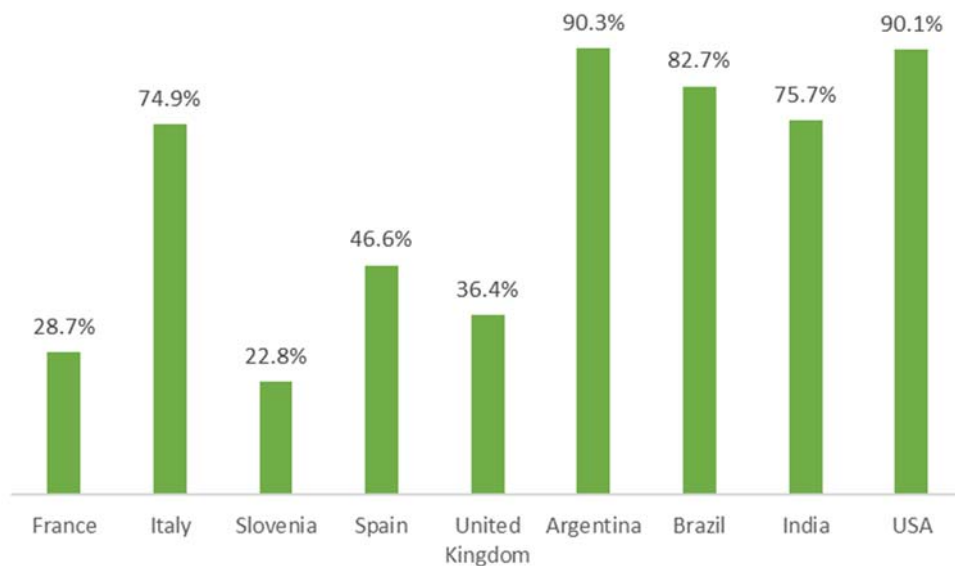
As an objective for 2018, the group aims to establish a global process and a special instrument for managing conflict minerals declarations.

To strengthen its links with the local areas, Sogefi undertakes to give priority to local suppliers, thus contributing to the development of the local economy of the area. The chart below shows the percentage of the procurement budget of the Group that is invested in local suppliers, with a breakdown by the most significant production sites.

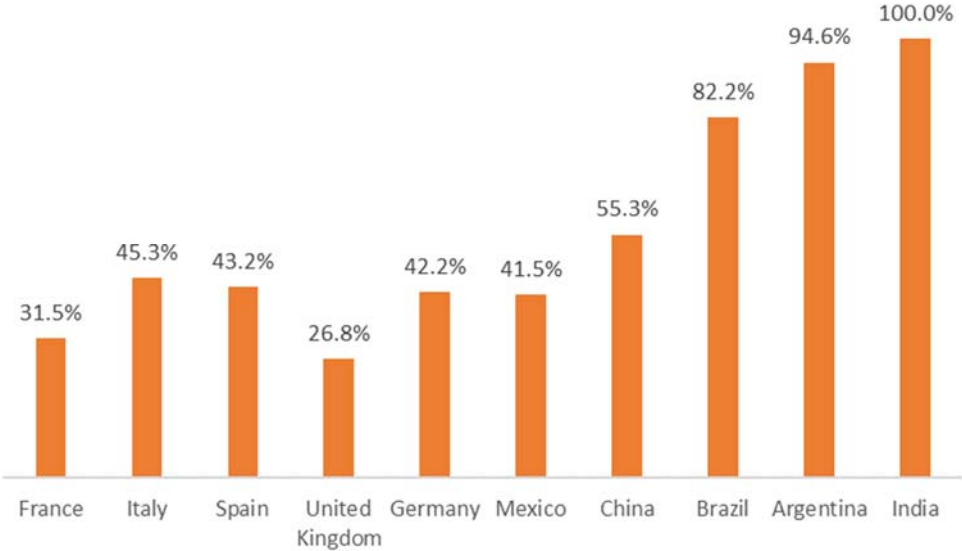
Percentages of products and services purchased locally in 2017 - A&C



Percentage of products and services purchased locally in 2017 – Filtration



Percentage of products and services purchased locally in 2017 – Suspensions



4. Responsibility towards people

“The Group recognizes the centrality of human resources and the importance of establishing and maintaining relationships based on loyalty and mutual trust with all staff. Therefore, the management of relations with employees and anyone working for the Company is based on respect for the rights of the workforce and giving full value to their contribution with a view to promoting their professional growth and development.”

(from the Code of Ethics of the group)

4.1 People in the CIR group²

The CIR group and each of the companies that make up the group are inspired by a common policy for the management of human resources, which is based on the centrality of the individual, giving full value to human capital, respect for diversity and the promotion of equal opportunities.

CIR is committed to fostering a workplace that allows its people to develop and strengthen their competences and to create value for the company and for all its stakeholders. Respecting the common values of the group, the individual companies manage their people through Human Resources functions, which are distinct and independent one of the other, according to the specific nature of each of them and of the different business sectors in which they operate.

Characteristics of personnel

The CIR group offers a dynamic workplace that is in constant evolution and is characterized by significant complexity given the diversified portfolio of assets.

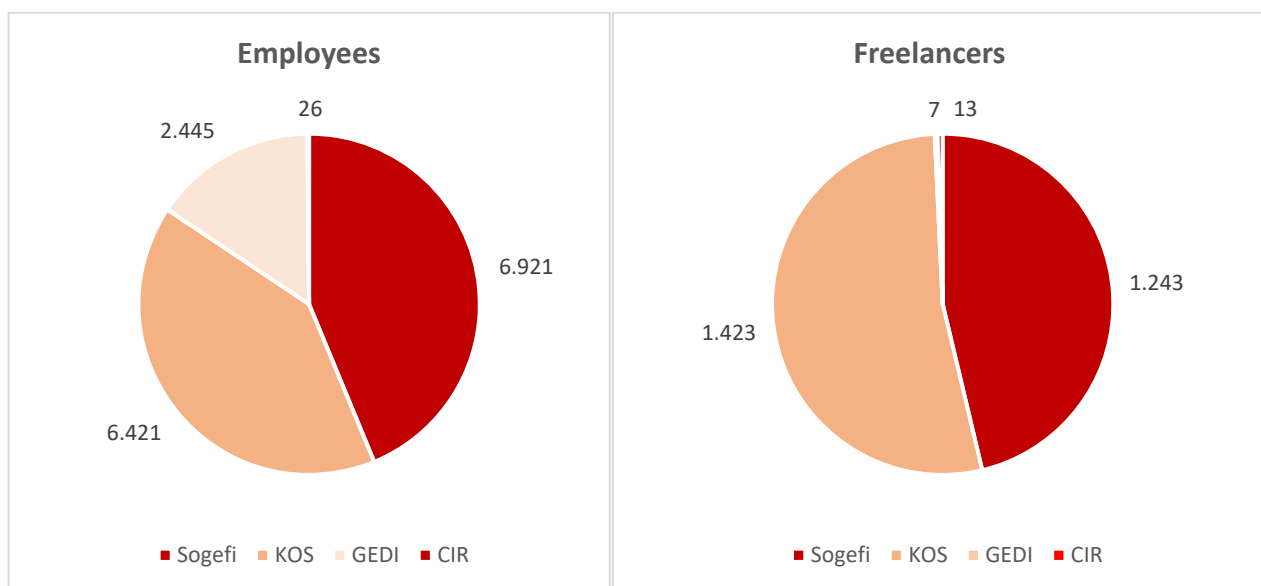
At December 31 2017, a total of 15,813 people were employed by the CIR group, with an increase of 10.4% on 2016, confirming the growth trend reported even in previous years. In line with the last three years, a significant amount of this increase was due to KOS (+15.5%) and GEDI (+26%). In absolute terms, Sogefi is the subsidiary with the highest number of employees, who totalled 6,921 at the end of 2017, up by 1.8% on the previous year.

56% of the group’s employees are based in Italy. More specifically, 82% of employees are based in Europe; 5% in North America, 7% in South America and 6% in Asia.

In addition to its 15,813 employees, at the end of 2017 the CIR group also had 2,686 collaborators, i.e. people who work for the group but are not included in the category of “employees”: for example, various categories of people working for KOS (doctors, nurses, etc.) and Sogefi’s temporary or agency staff.

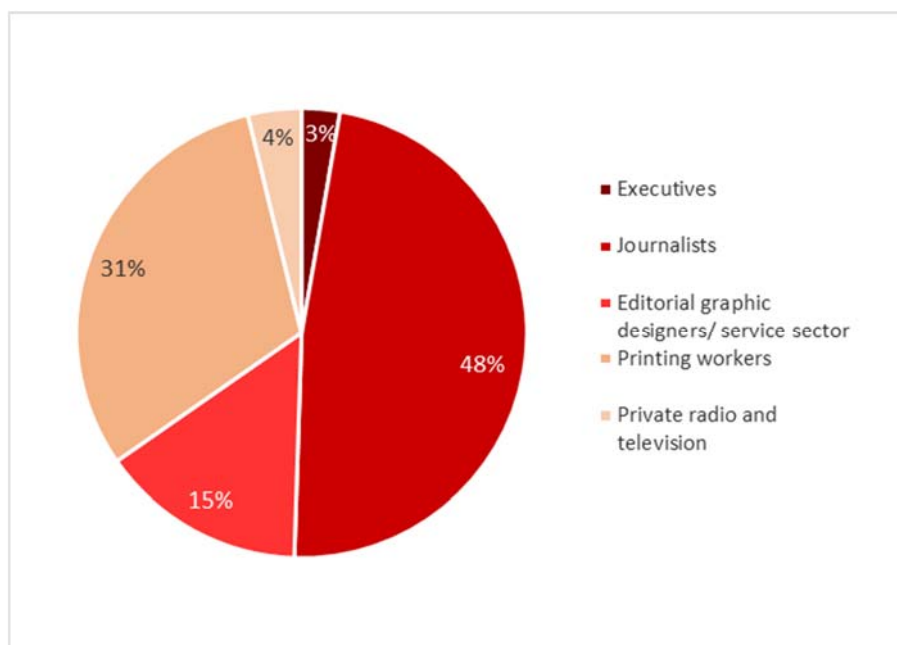
² The figures relating to the employees of Sogefi at December 31 2017 show a slight difference compared to the figures contained in the consolidated financial statements of the CIR group mainly because of the exclusion of the figures of the subsidiary *Sogefi Filter Systems Maroc S.a.r.l.*, which was consolidated into the Sogefi group on April 27 2017.

The people of the CIR group - December 31 2017³



A dynamic environment and the need to take rapid decisions in complex situations make human resources the main asset of **GEDI**. The company aims to strengthen the sense of belonging of its staff as well as encouraging effective teamwork and an exchange of knowledge and offering professional development, which fosters improvement and internal growth.

GEDI - Employees by type of contract – December 31 2017

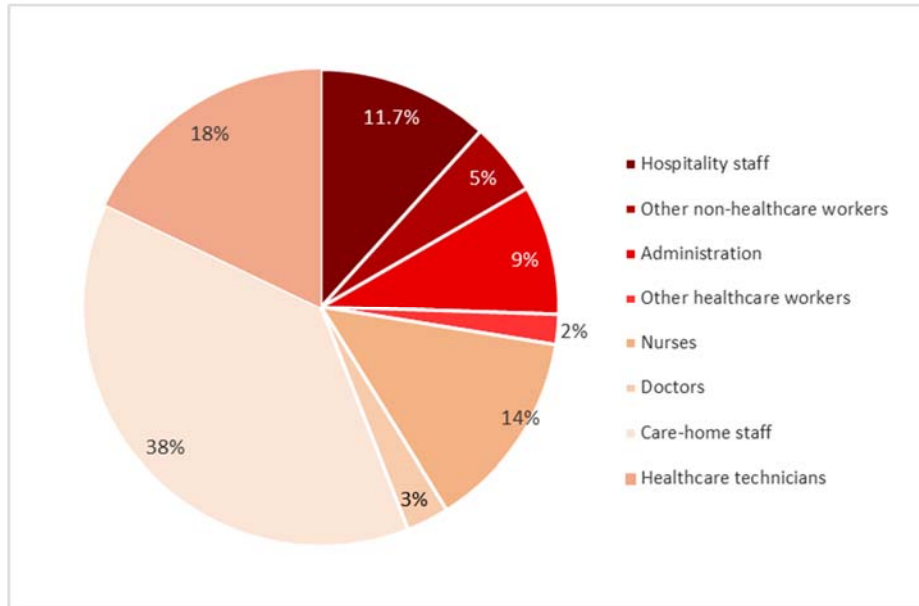


In the healthcare sector, **KOS** is committed to ensuring that its people have the necessary requisites to do their jobs in the best way possible, in a framework of constant reliability and improvement of the service

³ For GEDI the figures relating to the total number of employees of the Group at December 31 2017 also contain 435 people acquired with the merger with the former ITEDI.

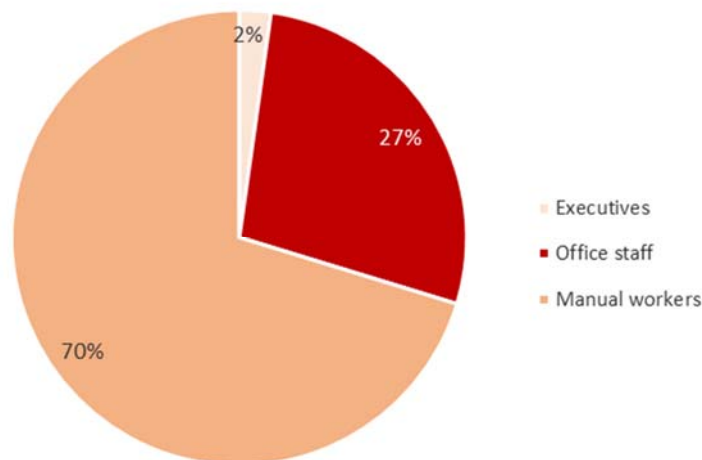
offered to patients and their families. Kos too has a very varied workforce, with the aim of guaranteeing the presence of adequate staff to accompany the customers who use the services offered by the company.

KOS – Employees by type of contract – December 31 2017



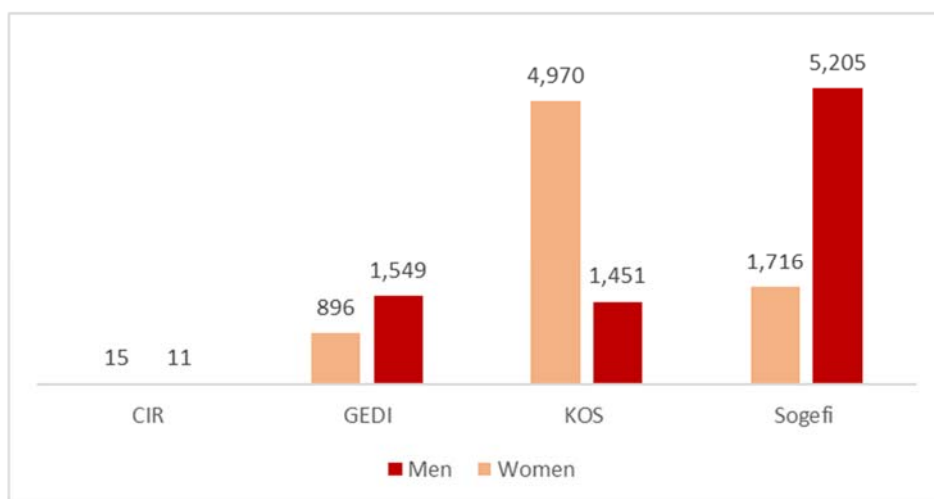
Its international presence is a point of strength for **Sogefi**, whose staff is varied in terms of culture, experience, customs and languages. For Sogefi the diversity of its personnel is a fundamental value, which has generated a team spirit at all levels of corporate responsibility. Given the company’s business, the most important professional category in terms of numbers in 2017 was again that of manual workers.

Sogefi – Employees by type of contract – December 31 2017

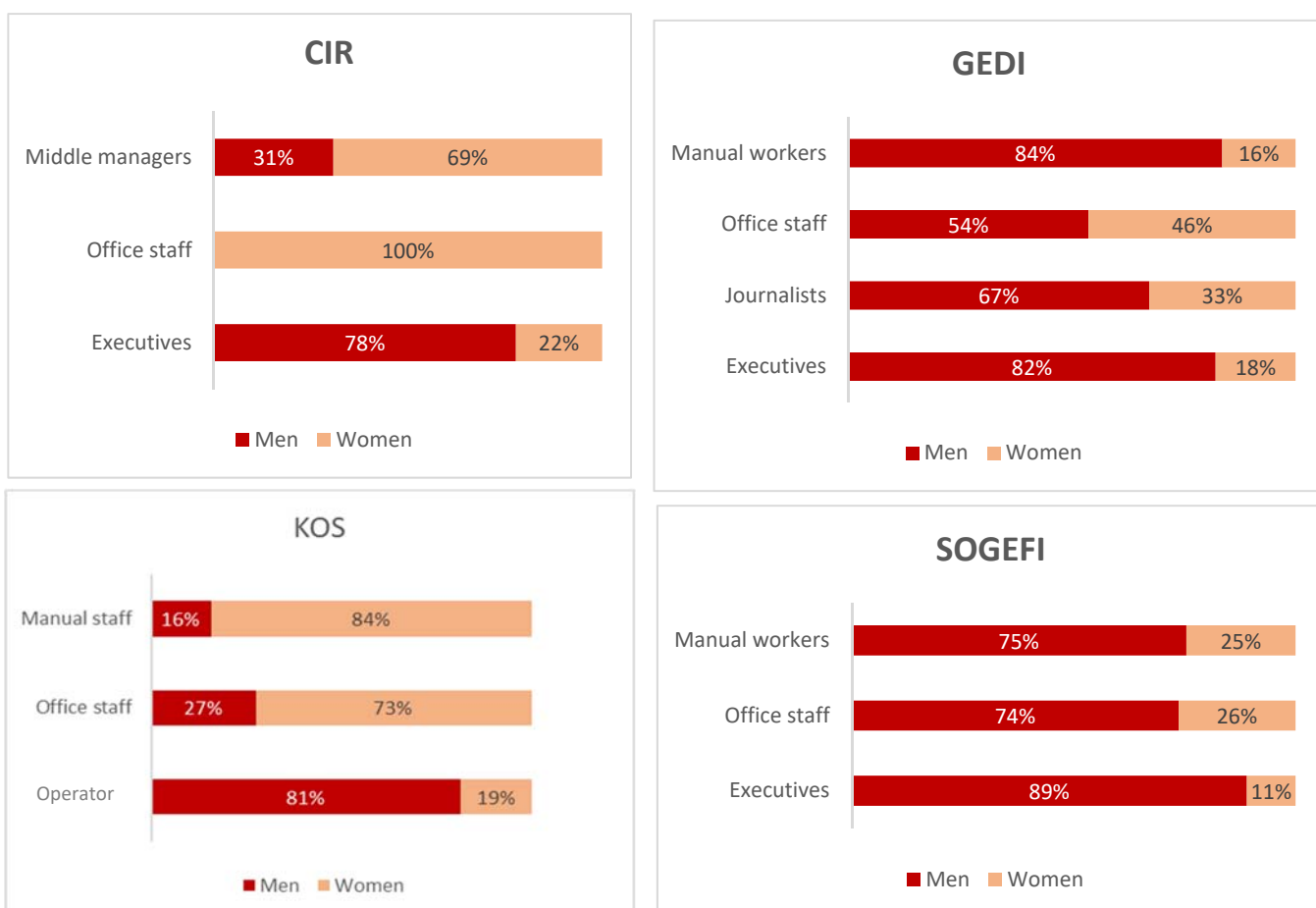


The personnel of the CIR group is made up of 8,216 men and 7,597 women.

Breakdown by gender of the employees of the CIR group – December 31 2017

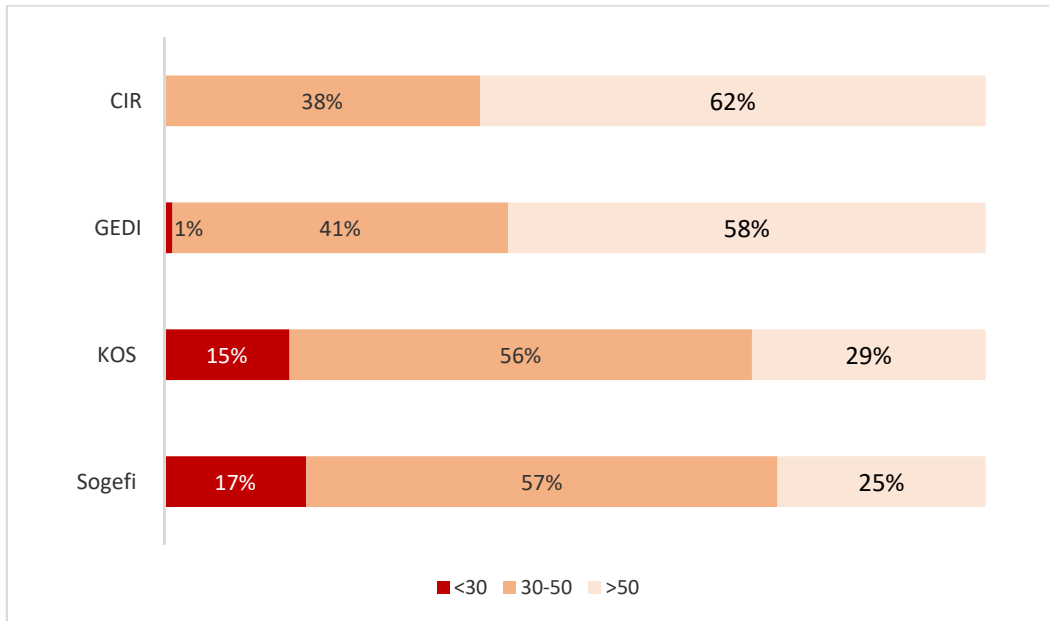


Breakdown by professional category and gender of the employees of the CIR group - December 31 2017⁴



In line with previous years, 62% of the staff of the CIR group belong to the 30 to 50 age group. Sogefi is the company with the highest percentage of employees below the age of 30, who account for 17% of the workforce.

⁴ For KOS, the professional category "Operators" includes: ASAs (care assistants), trainers, nurses, OSSs (nursing assistants), technical service maintainers, generic technicians, kitchen workers, cleaners, reception staff, restaurant workers.

Breakdown by age group of the employees of the CIR group – December 31 2017

In 2017 2,713 new employees entered the CIR group, while a total of 1,739 people left the group, giving an entry turnover of 17.2% and an exit turnover of 11.0%.

Entry and exit turnover of employees of the CIR group by gender and age group – 2017⁵

New hires as of December 31 2017						
No. of persons	Staff	<30	30-50	50>	Total	Turnover %
Men	8,216	646	555	114	1,315	16.0%
Women	7,597	608	547	243	1,398	18.4%
Total	15,813	1,254	1,102	357	2,713	17.2%

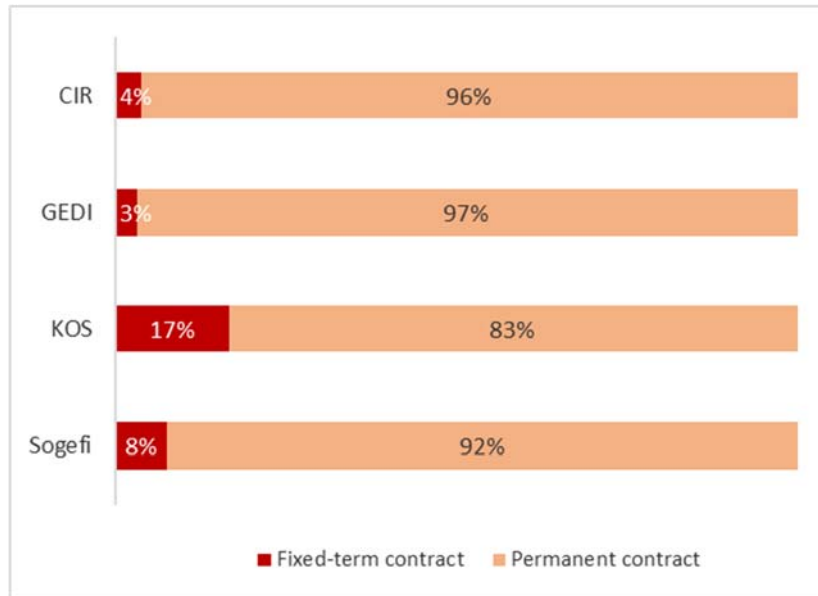
Employees who had left as of December 31 2017						
No of persons	Staff	<30	30-50	50>	Total	Turnover %
Men	8,216	262	675	226	1,163	14.2%
Women	7,597	125	292	159	576	7.6%
Total	15,813	387	967	385	1,739	11.0%

The CIR group considers the offer of a stable and long-term employment relationship as a necessary requisite for enabling it to grow and therefore pays great attention to the creation of stable employment

⁵ The figures for turnover in 2017 contain the turnover of the former ITEDI from January 1st 2017. ITEDI entered GEDI Gruppo Editoriale in July 2017.

in the area in which it operates. The group’s commitment to fostering a long-term working relationship with its employees is confirmed by the high percentage in all the subsidiaries of permanent contracts, which are offered to around 90% of the total staff complement.

Breakdown of employees of the CIR group by type of contract – December 31 2017



4.2 Diversity, equal opportunities and wellbeing

“The Group undertakes to avoid any kind of discrimination on the basis of age, gender, sexual preferences, state of health, race, nationality, political opinions and religious beliefs when making any decision that may affect relations with its stakeholders”
(from the Code of Ethics of the group)

The CIR group is committed to promoting diversity and equal opportunities, particularly through its employee selection practices; all the subsidiaries reject any discriminatory practice and place great emphasis on valuing the competences of each individual, quite apart from his or her nationality, religion or gender, political or trade union affiliation, sexual orientation or physical and psychological conditions.

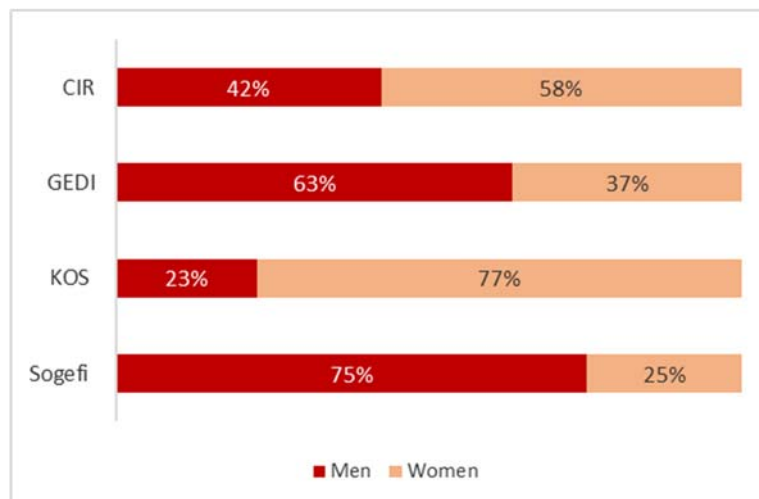
Management and enhancement of the human capital of CIR are directed towards integration and respect for diversity. Relations between employees take place respecting of the rights and liberties of the individuals and of the fundamental principles of equal social dignity.

The figures for 2017 again confirm the fundamental role that women play in all the companies of the group, which show that female workers make up 48% of the total staff, up by 13.6% compared to 2016.

Diversity and equal opportunities in KOS

The activities of KOS are based on respect for the primary or induced needs of its patients and on the formulation of adequate responses to meet their requirements. To guarantee the satisfaction of all patients and at the same time respect their social and cultural diversity, the recruitment of staff for KOS gives importance to multiculturalism.

Female presence in the CIR group – December 31 2017

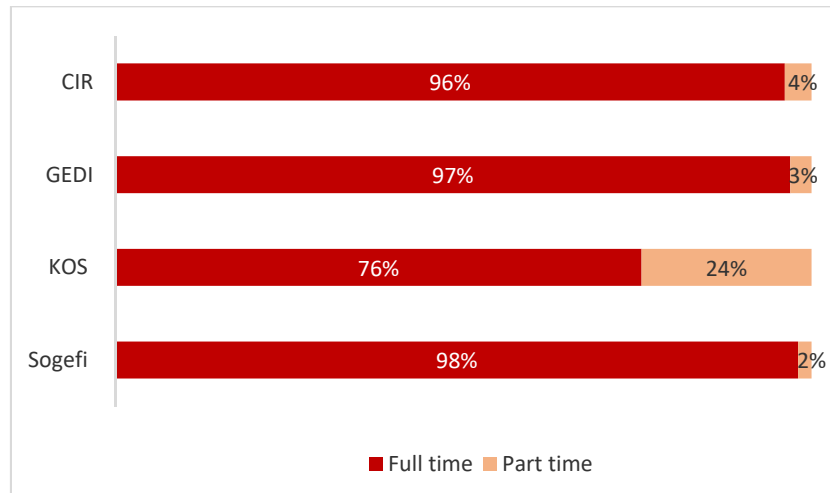


Regarding protected categories of workers, the companies of the CIR group are committed to fostering their inclusion in its staff complement.

To guarantee equal opportunities to employees of both sexes, all the companies of the group promote initiatives to facilitate work-life balance, for example by offering part-time work.

Around 10% of permanent staff have used the possibility of part-time work, which meant 1,507 employees at December 31 2017.

Breakdown between full-time and part-time CIR group employees with permanent contracts – December 31 2017



The principles of centrality of the individual and protection of equal opportunities set out in the Code of Ethics of the CIR group translate, from the practical point of view, into the promotion of company welfare initiatives, the main aim of which is to reconcile the work commitment of employees with their private lives.

CIR has adopted, partly at the request of its employees, numerous initiatives in their favour. Among these are the following:

Flexible working instruments

To help employees to reconcile work and family, CIR recognizes the importance of having flexible working instruments, such as:

- Flexibility of working hours at both ends of the work shift, which makes it possible to establish a relationship of trust and mutual respect between staff and company;
- Part-time working hours, governed by the national labour contracts (CCNL), an instrument that gives a degree of flexibility in working hours, compatibly with the organizational and production needs of the company.

Additional health cover

CIR wishes to contribute to the tranquillity of its employees with healthcare initiatives that give them greater protection for their health, supplementing the cover provided by the National Health Service. Therefore, the company gives its employees of all levels additional healthcare cover, which involves partly covering healthcare expenses incurred by workers and their immediate families up to maximum annual limits.

Tax assistance

All employees can have free tax assistance in the compilation of their annual tax returns.

The companies of the group are also committed to guaranteeing their employees an adequate working environment and keeping them constantly informed, including over the company intranet, of welfare initiatives on offer.

Climate surveys in KOS

KOS periodically carries out surveys to measure the climate in the organization, which is an essential requisite for providing a service of excellence.

The process of developing human resources has the aim of attaining excellence in the healthcare services provided and consolidating the development of a management style that is based on the conscious strategic management of human resources, in the knowledge that the human capital and the know-how of a company is an important source of competitive advantage.

Regarding compensation policies, CIR has different systems for the different professional categories; apart from the salary element, this also includes systems of financial incentives linked to either individual or company objectives, fostering a sense of belonging to the group.

The compensation policies of the group are aimed at guaranteeing competitiveness in the labour market, in line with the objectives of rewarding the loyalty of human resources and enabling them to grow professionally, as well as providing different instruments of compensation to staff on the basis of their individual professionalism and competences.

The collective bargaining currently applicable in the countries in which the group is present stipulates a minimum notice period for operational changes, which can vary according to the geographical area and the professional category of employees.

Industrial relations in the CIR group

In conducting its businesses, the CIR group assigns great importance to industrial relations, as it is aware that such relations bring benefits for employees and are in the interest of the group as a whole throughout all areas of activity.

100% of the employees of the parent are covered by national collective labour contracts.

In the media sector, **GEDI** assigns a central role to industrial relations and its relationship with the various trade union organizations, relations that have always been based on constructive collaboration with respect for the different roles. During the year important agreements were reached with the Unions in a difficult economic situation for the country and agreements were signed to safeguard the health and safety of the workers. The commitment of the group continued to ensure that workers of all categories and all ages receive training to keep them up to date. 100% of the employees are covered by national collective labour contracts.

In **KOS** employees are all covered by national collective labour contracts. Also thanks to industrial relations, KOS's objective is to share with the organizations that represent the workers a correct system of relations, aimed at recognizing the value of human resources, broadening the scope and the areas for dialogue and reducing conflict, with the aim of tackling common problems in a constructive way. In this scenario, the facilities and their internal and/or external trade union representatives identify the objectives that they intend to pursue and the strategies they will use, guaranteeing the right to freedom and to have trade union activity in the workplace.

In **Sogefi** the percentage of employees covered by national collective labour contracts was 76.4%; the level of cover can differ considerably in the various geographical areas mainly for reasons linked to the history and the trade union traditions of the individual countries and union representation for workers of the international sites of the Sogefi group comply with the local regulations of the country.

According to national collective labour contracts and labour legislation in each of the countries in which Sogefi operates, workers are generally guaranteed a notice period before any operational changes can be made. The number of days or weeks of the notice period can vary depending on the geographical area and the professional category of the employee.

4.3 Valuing and developing human capital

“The management of relations with employees and anyone working for the Company is based on respect for the rights of the workforce and giving full value to their contribution with a view to promoting their professional growth and development.”
(from the Code of Ethics of the group)

The CIR group is attentive to the professional development of its people and to valuing their talents, which are essential elements for lasting success. For this reason, the Human Resources departments of the various companies promote a working environment that stimulates individual potential, partly through training courses that meet the characteristics and work needs of staff members

CIR’s training courses are organized according to the specific needs of staff who operate in a working environment that is constantly evolving both technologically and linguistically, and according to the requisites relating to health and safety in the workplace.

The types of training courses provided can essentially be divided into four categories:

- Foreign languages;
- The use of IT applications;
- Health and safety in the workplace;
- Management training.

Again in 2017, one-to-one English courses continued for the employees of CIR with a native speaker teacher and courses tailored to meet the training needs of each participant.

Management training also involves taking part in courses, conferences, seminars and workshops, in Italy and abroad, that are specific for the professional area involved. This type of training is suitable for the need to update managerial competences continually.

Moreover, each of the companies provides its employees with specialist development and training paths.

Given that the media sector is undergoing a period of radical and continuing change, **GEDI** considers the training of its employees to be of fundamental importance as it is an essential instrument to boost the competence and increase the knowledge of human resources. Training has the aim of increasing managerial and specialist competences, and bringing the organizational conduct of people into line with the culture and objectives of the company.

Moreover, the group provides training programmes for its employees both across the board and on general topics relating to the 231 Model, both specifically for employees operating in specific areas of risk, and for the supervisory body and the officers responsible for internal control. The content of the training courses and their frequency are determined each time, ensuring that the courses are attended and checking the quality of the content of the same programmes. More specifically, for 2018 the group will provide a special training course both online and in the classroom on the subject of 231 particularly in view of the amendments made to the companies’ organization Models.

In the healthcare sector, **KOS** undertakes to guarantee its people an adequate career development plan and, in order to pursue this objective in a structured way, it has adopted a centralized Human Resource Plan, which still respects the particular characteristics of the individual areas of the business.

The Human Resource Plan is coordinated by the Head of the Facility and/or the Head of Department and has the following objectives:

- Organization of resources ;
- Development of skills;
- Assessment of work done ;
- Analysis of training/induction needs ;
- Communication and sharing the points emerging from the above activities with the other facilities.

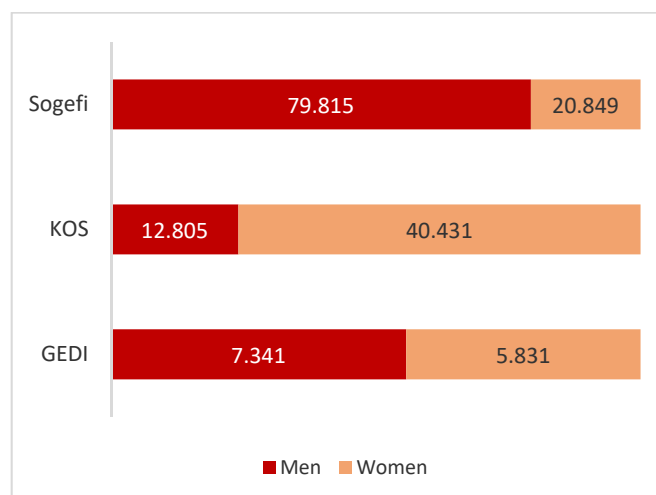
KOS has also equipped itself with a Training Plan that guarantees equal opportunity access and a fair rotation for the professionals in the areas of business affected. The training process involves different roles, all equally important and linked together in a highly integrated relationship:

- Operators (learners), the active and responsible protagonists of their own training path, take part in assessing their training needs and in evaluating their performance;
- Trainers and teachers are the element of continuity and coordination of the various stages and provide appropriate technical and scientific competences;
- The facility and/or department heads take responsibility for the professional development of their staff.

Sogefi also recognizes the central role of training for its employees and guarantees them an adequate training plan aimed at improving their specific competences. In the group, the training activities that took place in 2017 were to do with various areas of competence with a view to giving all employees a multi-disciplinary background. Courses were organized to improve technical knowledge and competence (such as training on moving weights manually and using a forklift), in order to improve the use of quality instruments (such as training on safety and fire prevention and preventing spills of chemical products), language skills (e.g. English, French and German), IT skills, and on aspects linked to Health and Safety, the Code of Ethics and environmental topics.

Other training courses were directed specifically at anti-corruption policies and human rights. Lastly, special training programmes were held for management and professionals.

During 2017, the companies of the CIR group provided a total of over 167,600 hours of training. The hours of training for the personnel of Sogefi made up 60% of the total.

Hours of training provided – 2017⁶**Performance assessment in the CIR group**

To encourage the professional growth of its employees and guarantee excellence in the supply of its services, the companies of the CIR group periodically evaluate the performance of their employees.

It should be noted, for example, that during 2017 GEDI subjected most of its managers (94%) to a performance assessment. KOS, however, evaluated the performance of 50.4% of its employees, a percentage that was higher for managers and operators, for whom it was over 70%. Lastly, Sogefi's commitment in this direction is also worthy of note: in 2017, over 54%⁷ of office staff received a performance assessment.

⁶ The diagram does not give the training hours of CIR, equal to approximately 0.01% of the total hours, given that the number of employees is much lower than those of the operating companies. The hours of training provided for the employees of Sogefi in 2017 were calculated on 92.7% of the total number of employees.

⁷ The percentage of the employees of Sogefi subjected to a performance evaluation in 2017 was calculated on 93.7% of the total employees.

4.4 Health and safety in the workplace

The CIR group pays particular attention to safeguarding the health and safety of its employees, both using systems of monitoring that are continually improving and evolving, and through the spread of a health and safety culture, with the aim of preventing and effectively managing the professional risks relating to the running of the business.

To promote widespread information on the subjects of health and safety, **CIR** provides specific courses organized in the classroom for all employees or just for representatives of individual departments, including the Officer responsible for Safety, the Representatives of the Workers for Safety (RLSs), those responsible for fire prevention, and those responsible for first aid. These training courses are provided periodically in the classroom and end with a final test and the issue of a certificate of attendance for participants.

CIR also undertakes to make offices better places to work in with ongoing dedicated actions of ordinary/extraordinary maintenance on the buildings and the air conditioning systems. As far as safety is concerned, the exit routes are checked regularly, which means in practice that fire drills are carried out at the company premises once a year.

In October 2017 CIR launched a plan to refurbish its headquarters in Via Ciovassino. The refurbishment involves updating the current premises according to modern functional and systems criteria. The offices of the holding company have been moved temporarily into the GEDI office building in Via Nervesa, Milan.

GEDI is committed to ensuring protection of the integrity, the health and the wellbeing of its workers in all workplaces and actively complies with the rules and obligations required by law on the subject. It also ensures that the rules are applied in each of its companies. This is done by defining organizational structures based on precise operational responsibilities, on the competence of the individuals in charge, by planning and scheduling preventive actions, establishing a budget for the expense involved and constantly using all the technological means available to assess and reduce the risks. Particular attention is devoted to the training of personnel of all levels and roles - workers, officers and managers – each according to the risks to which they are exposed and their specific positions and duties.

The company also monitors the safety of industrial plants, with particular reference to the design and purchase of new machinery, restructuring and reconfiguring machines and production cycles and to the introduction and management of chemical substances and preparations. An ongoing commitment to monitor working conditions and operating procedures has been developed in order to continually improve the level of health and safety in the workplace. In 2017, training sessions were held on safety/informing on subjects relating to health and safety.

KOS's facilities aim to achieve the highest standards in terms of the risks that patients or collaborators could be subject to, in order to ensure patients total peace of mind during their time in the facilities and to guarantee staff a safe place to work in.

All of the facilities are equipped with the definitive authorization to operate and possess regular Fire Prevention Certificates issued by the Fire Department. The facilities are also subject to surprise inspections,

aimed at monitoring and checking the safety standards. If the facilities have any critical issues, they are subjected to video-surveillance.

Sogefi too pays particular attention to the subjects of health and safety, both through monitoring systems that are continually improving and evolving, and through the spread of a culture of safety in the workplace, the aim of which is to increase awareness of professional risk and to promote responsible conduct on the part of all employees and collaborators. To encourage the spread of a culture of safety in the workplace and guarantee that this culture is fully integrated into the priority activities to be carried out, Sogefi gives its employees adequate training on the subject.

In this context, the Human Resources Department of the group produces a monthly report on accidents in the workplace; this is presented and commented on each month by the Executive Committee. The parent Sogefi S.p.A. has approved a Policy on this subject, setting out the principles that all the activities of the subsidiaries must observe in the organization of their system for managing Health and Safety. Particular attention is devoted to monitoring the risk of accidents, which is one of the fundamental principles of the “*Kaizen Way*” operating methodology in place in all the production sites of the group worldwide.

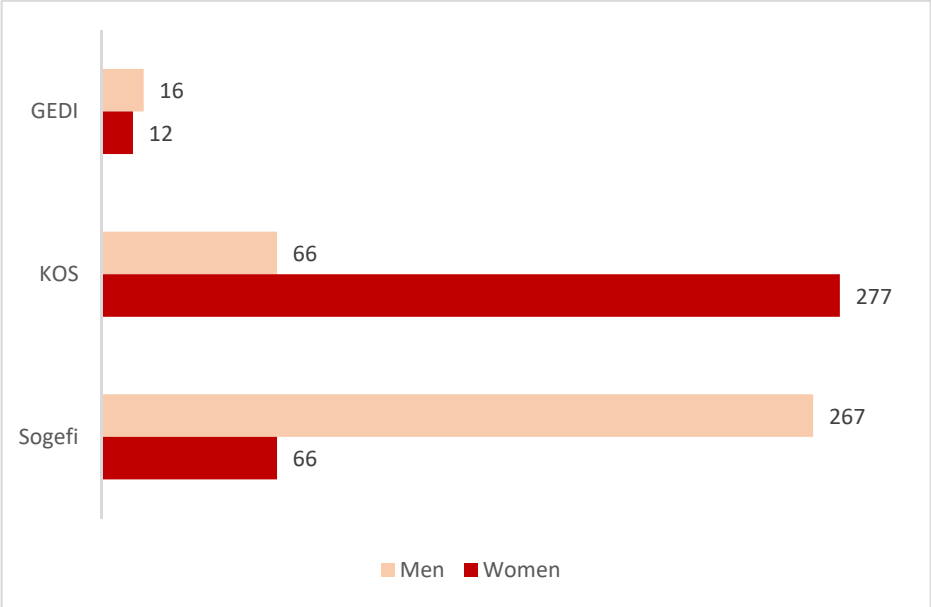
Moreover, all the activities carried out in the plants are subject to internal and external audit (on the subject of health and safety) and some of the company’s plants have OHSAS 18001 certification. In 2017 Sogefi continued to do all it could to improve practices relating to health and safety in the majority of its production plants worldwide.

In the subsidiaries of the CIR group there were 705 accidents in 2017 (49.5% affecting men, 50.5% affecting women). In absolute terms there was an increase compared to 2016 (+6.2%). As for the parent, in 2017 there was just one accident.

More specifically, regarding KOS and GEDI, all the accidents that occurred in 2017 took place in Italy. Lastly, for Sogefi the total number of accidents recorded was 333, 80% of which involved the male population. The greatest number of accidents took place in Europe (145) and North America (151) while South America and Asia had significantly fewer, 29 and 8 respectively.

*Number of accidents– 2017*⁸

⁸ The number of accidents reported among the employees of Sogefi for 2017 was calculated on 96.1% of the total number of employees.



5 Responsibility towards the community

“The Companies are aware of the effects of their activities on economic and social development and on the general prosperity of the community and in their activity they try to ensure that they further the interests of the community as well.”

(from the Code of Conduct of the group)

The CIR group promotes a significant number of initiatives with information, dialogue and listening to involve the stakeholders and make them an active part of the group’s activities. These initiatives are aimed particularly at shareholders and the financial community, institutions and employees. There is also no lack of initiatives for the community, partly through support in various forms for the activities of various non-profit associations and foundations.

CIR supports the Rodolfo Debenedetti Foundation, which is dedicated to the memory of its first Chairman and is active in research on the subject of employment, poverty and inequality, social and welfare policies and immigration.

CIR also supports the Together to Go-TOG Foundation, set up at the end of 2011 with the aim of creating a centre of excellence for the rehabilitation of children suffering from complex neurological conditions. The centre is situated in Viale Famagosta in Milan and offers treatment free of charge to more than 100 children.

Sponsored run for TOG in the Milan Marathon

Six employees of CIR who all have a passion for running formed two sponsored relay teams that took part in the Milan Marathon on April 2 2017 in support of TOG.

The marathon was the final event in a long campaign to raise money conducted by word of mouth and on social media by all the relay runners in favour of the TOG foundation.

Thanks to the contribution and fundraising activity of around 150 sponsored runners, including the employees of CIR, TOG raised more than € 30,000 and was the third most sponsored association at the last edition of the Milan Marathon.

The companies have always been committed to developing initiatives that foster involvement and dialogue with the community and the local area in which the group operates.

GEDI contributes to sustainable development throughout the country, offering support to the community and organizing events and social initiatives partly using its technology platforms.

Of the main initiatives in favour of the community carried out in 2017, the following should be mentioned:

- Repubblica delle Idee (Repubblica of Ideas) is a travelling festival which, since it was launched in 2012, has aimed to analyse society and the transformation of our country and of the world, promoting in the squares of Italian towns a meeting between the newspaper and the local communities of its readers. In 2017 the festival was in Bologna from June 15 to June 18;
- Repubblica@Scuola, an online project that aims to encourage young people to read the newspaper and use the world of new media, putting them into direct contact with the journalists;

- R.it Mondo solidale (World of Solidarity), the section of the website *repubblica.it* devoted to the world of solidarity and cooperation, which gives news of humanitarian and development initiatives, as well as immigration, human rights and refugees. The section also contains a database giving a list of NGOs and Italian charities by region. In 2017, the section achieved the objective for which it had been launched: that of giving space in mainstream Italian news to a sector that is all too often neglected and which had access only in exceptional circumstances;
- R.it Sport without Barriers, the new website of *Repubblica.it*, a space dedicated to disabled athletes and their families with information on equipped centres, events and stories of those who have made it;
- La Stampa “E-20”, an article by great journalists and opinion leaders;
- The Repubblica and Espresso Guides, various events for promoting certain very successful editorial products;
- “Oncoline - Chiudi la porta, salvati la vita” (“Oncoline – Close the door, save your life”), launched in 2016 in conjunction with Aiom (the Association of Italian Oncologists), has become a point of reference and a permanent observatory for oncological diseases. Oncoline aims to affirm the principle that the disease is no longer incurable and to give space to hope for recovery which is increasingly more realistic today.

Lastly, for the ninth year running, in 2017 Radio DeeJay supported the fund-raising campaign for Dynamo Camp, together with Radio Capital. Listeners were able to donate 2 € by text message or by calling a charity number from a landline to give a free holiday at Dynamo Camp to children and teenagers who are seriously ill. In addition to the fund raising, a charity auction was also organized by the Dynamo Camp Onlus Association in conjunction with Radio DeeJay.

DeeJay Ten



Launched in 2005, DeeJay Ten is a race organized by Radio DeeJay in some of the main towns and cities of Italy. It started out in Milan as an initiative between friends but over the years it has gained more and more visibility, and has now reached tens of thousands of participants. Every year participation reaches a new record and in 2017 in addition to Milan, Florence and Bari there was a new stage in Rome.

In its thirteenth edition in 2017 DeeJay Ten in **Milan** has now become a permanent fixture both for the city and for the entire North of Italy and had 35,000 runners, five thousand more than the previous year.

KOS organizes initiatives in the community, especially in the areas where its facilities are located, to raise awareness, advise, and inform on the subjects of rehabilitation, the third age and care for the elderly, partly in conjunction with associations and the world of local voluntary work. In 2017 alone over 230 open days were held in the facilities for guests and patients but which were also open to the local communities

Equally important for KOS are its relations with universities and scientific associations in a relationship of mutual exchange.

KOS's social commitment

KOS aims to have an important role in the community as a promoter of development and change and for this reason in 2017 it renewed its support for two important social causes: Epsilon and Santo Stefano Sport.




“Children are the seed of life. Investing in children, guaranteeing them food, education, love and health means guaranteeing the future of the world, it means creating strong and aware adults. Children have the right to be happy and to grow up happy”. With this mission, the charity Epsilon helps third-world children in terms of healthcare, food and education, converting 100% of the donations received into tangible and identifiable projects.



The particular attention devoted to those who need a course of rehabilitation or solutions to be able to live with chronic fragility or disability led KOS to confirm for 2017 its support for an initiative that promotes sport as an instrument of recreation and rehabilitation, as an element of stimulus to the acceptance of fragility, the desire for personal realization, and entry into social and working life. Today Santo Stefano Sport is a team active in the wheelchair basketball championship in *serie A1*.

The association also promotes sporting activities and trains athletes in various disciplines, which include, apart from wheelchair basketball, junior basketball, track and field events, golf, five-a-side football, target shooting and sailing.

Lastly, **Sogefi** is also committed to supporting the communities resident in the areas in which it carries out its business activities, with the aim of promoting the social and economic development of the areas through initiatives and projects. Sogefi's commitment focuses on the following main spheres: training and sport, health and research, solidarity and art and culture.

In the sphere of training, the Hengelo plant in the Netherlands supports local initiatives aimed at incentivizing young people to study in the technical industry, with the objective of guaranteeing and promoting future employment.

In the sphere of sport, Sogefi Germany sponsors local sports clubs to promote exercise for young adults in the region, where diverse cultures are present.

In the context of health and research, in the United Kingdom Sogefi has given support to the charity Macmillan Cancer Support, an organization that gives psychological and financial support to people with cancer.

In the United States, Sogefi has taken part in the Lighthouse of Oakland “Adopt a family” programme to support local communities. Under this programme, Sogefi adopts a local family (typically with 3-4 children) and, based on a wish-list, employees buy and give articles to the family for Christmas.

In Argentina as well, Sogefi has confirmed its link with the local community with various initiatives. More specifically, in 2017, discarded cardboard and wooden pallets were donated to ONGs that work to support needy people. In China, Sogefi has donated stationery to the nearby schools and unused clothing to the poor.

During 2017, Sogefi Italy took part in an initiative to support needy families in Sant'Antonino and reached an agreement with the town to give excess food from the company canteen to around 20 families. This initiative, which operates for five days a week, involves non-perishable hot and cold food, bread and fruit.

In the sphere of art and culture, Sogefi has supported and sponsored various projects and institutions in the field of art and culture. In particular the ICA Project – an institution in Mogi Mirim whose mission is to educate children and teenagers through art. The aim of this is to inform employees of the company of the projects and to motivate them to take part. Sogefi does not wish just to contribute with donations of money but hopes that its employees will offer to do voluntary work in the development of these projects.

6 Environmental responsibility

“In all its activities, the Group contributes in a constructive manner to ecological sustainability, in consideration of the rights of future generations.”

(from the Code of Ethics of the group)

The CIR group is constantly engaged in the search for solutions able to guarantee a reduction of its impact on the environment, fostering the responsible use of resources, a reduction in the consumption of energy, raw materials, water and a better management of emissions into the atmosphere.

6.1 Reduction of environmental impact

GEDI’s commitment to protecting the environment is expressed in various initiatives aimed at reducing, where possible, the impact on the environment of products and production activities, for example through the efficient use of natural resources, the optimization of logistic flows and the responsible management of waste materials. This commitment involves a broad range of activities including evaluating, setting up procedures and measuring with instruments, activities that are carried out every day with the aim of responding effectively to the relevant laws and to the expectations of the stakeholders.

KOS manages care homes for the elderly, hospitals, rehabilitation centres and psychiatric facilities and has no production sites. Its consumption of energy is therefore for the wellbeing of its guests, the running of its facilities and for its medical machinery and equipment. In this sphere, environmental sustainability is based on the technological efficiency of its systems.

To monitor its consumption of the main sources of energy, an annual report was prepared with detailed figures, broken down by each individual facility belonging to the company. For the facilities that consumed most energy, audits were carried out to identify possible solutions to put before management in order to reduce energy consumption. The energy saving obtained is constantly monitored in order to identify the most effective actions to be taken.

Service continuity in KOS

To guarantee an adequate level of continuity in the services provided, an essential factor in the sphere of activities carried out by KOS, all the facilities except the smaller ones, have generators that take over when there is a power failure. The latest generators are large enough to cover the facility’s entire electricity requirement, with the sole exception of the refrigerator units. Moreover, for the lighting, emergency and telephone systems, for the nurse call system and the fire alarm, an uninterruptible power supply or a dedicated battery system enables the service to be maintained for users for the length of time established by current regulations.

For **Sogefi** respect for the environment is an essential value in the running of its everyday activities. The strategy and the operating activities of the company are based on the principles of sustainable development, in compliance with national and international rules in force for these areas.

Confirming its commitment to protecting the environment, in 2016 the parent Sogefi S.p.A. approved an *Environmental Policy*, which contains all the principles that its subsidiaries must adhere to in carrying out their business.

Following this Policy, the Group undertakes to pursue its strategic objective taking into consideration the resources and the best technologies available, to continue to gradually improve its environmental performance. These efforts include, among other things, compliance with the pertinent legal requirements in the countries in which the Group operates, a prompt evaluation of the risks to health and safety in the workplace in order to eliminate or mitigate them, and measures to prevent pollution and to avoid or eliminate the use of dangerous substances.

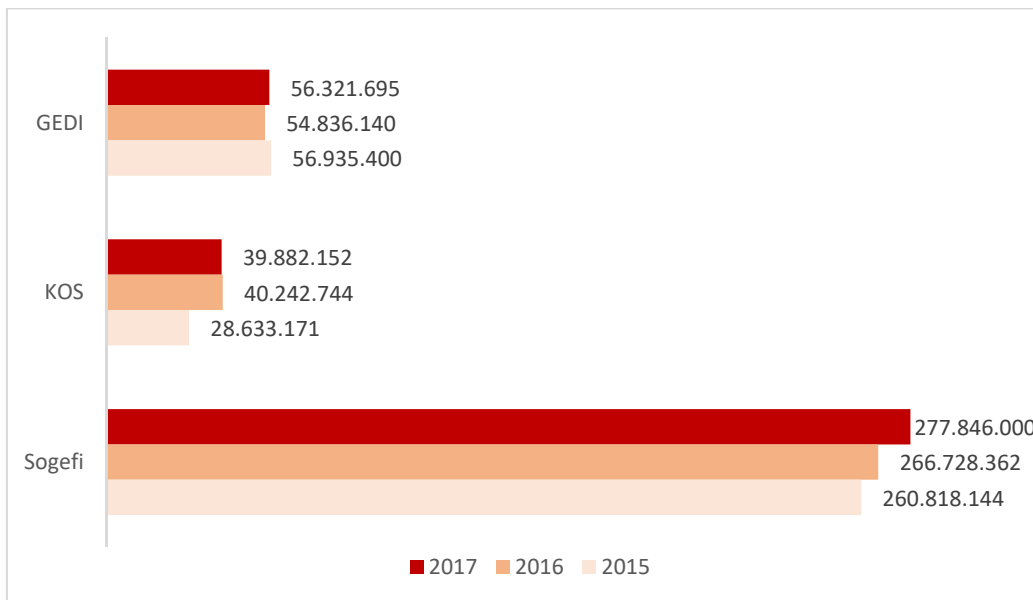
Moreover, Sogefi has systems of environmental management to better protect the environment and control risks and environmental impact. More specifically, at present 95%⁹ of Sogefi plants have ISO 14001 certification and 93% of these have updated to the new ISO 14001 2015 standard.

⁹ The calculation includes 40 production sites, excluding the Saint-Soupplets site (which is mainly used for the production of prototypes) and the Tager site (newly acquired in 2017 and still under construction).

6.2 Energy consumption and greenhouse gas emissions ¹⁰

In 2017 the CIR group consumed 374,445,723 kWh of electricity, reporting an increase in consumption of 3.4% compared to 2016 due to the development of the business. In line with previous years, approximately 74% of consumption was attributable to Sogefi, given the type of business it is engaged in and the high number of industrial plants that it operates. KOS reported a reduction in its electricity consumption compared to the two years 2015-2016.

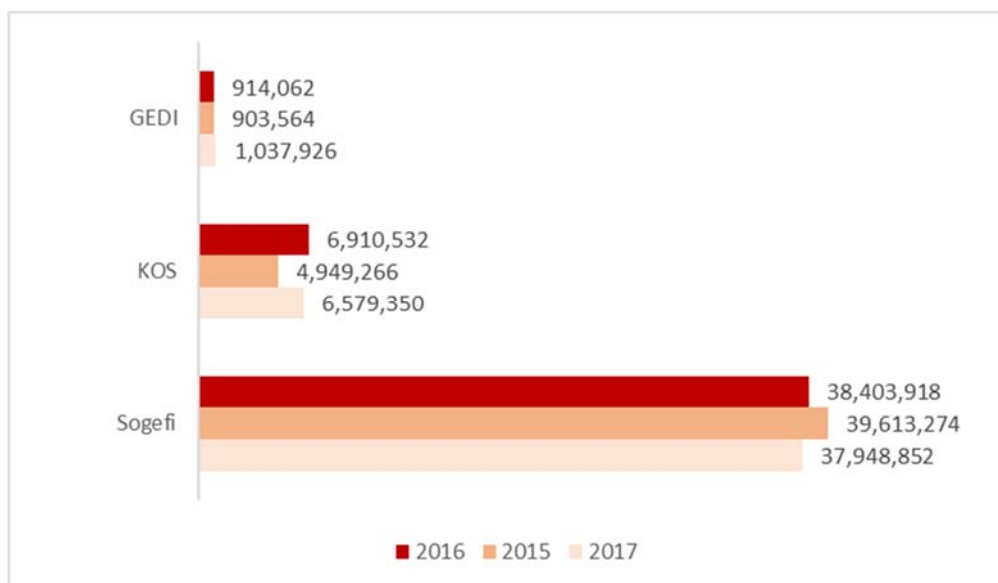
Electricity consumption (kWh) ¹¹



As for the consumption of natural gas, in 2017 a total of 45,586,607 m³ were consumed, down slightly (-1.5%) from 46,262,047 m³ in 2016. As is the case for electricity consumption, the high level of natural gas consumption is mainly due to the activities of Sogefi (83%).

¹⁰ For Sogefi, the electricity consumption figures for 2017 are based on actual data until September and on an estimate for the last three months of the year. The estimates were made based on consumption in the previous year or on production quantity, according to the reliability of the data.

¹¹ The chart does not show the electricity consumption of CIR, equal to around 0.1% of total consumption. GEDI's electricity consumption in 2016 and 2017 includes high frequency absorption.

Consumption of natural gas (m³)¹²

GEDI is committed to various initiatives aimed at limiting consumption, with the ultimate objective of pursuing higher levels of eco-efficiency. The company's consumption of electricity is for various uses, mainly linked to lighting its administrative and editorial offices, its other offices located all over Italy and its warehouses but also refers to the use of radio repeaters and printing works.

In 2017, electricity consumption rose by 2.7% compared to 2016. This increase was due to the inclusion of the consumption of the Turin printing centre and the editorial offices. Without this addition consumption would have been just over 48 million kWh (approximately -11.6% compared to the previous year).

To reduce energy consumption and reduce its impact on the environment, **KOS** has adopted the following management procedures:

- Unifying its supply contracts by identifying a single provider of electricity and a single provider of gas;
- Monitoring its energy consumption per individual facility, in order to identify those consuming most electricity on the basis of clearly defined factors (Sqm, no. of beds);
- Carrying out an electricity diagnosis for the facilities consuming more electricity, with the aim of seeing where the problems lie and identifying the subsequent action to take to reduce consumption.

The most significant action undertaken involved:

- The inclusion in the guidelines for the construction of new buildings of the requisites to obtain energy classes A or B;

¹² The chart does not show the natural gas consumption of CIR, equal to less than 0.04% of total consumption. As for the natural gas consumption of GEDI, the conversion parameter used is 9.7 (as communicated by the Lazio Region in 2016) to consider a prudential margin for the output of the plants.

- Making the procurement department aware of energy efficiency as a criterion for selecting equipment;
- Replacing doors and windows and part of the lighting with led technology lighting during renovations;
- Installing solar heating in newly constructed buildings;
- The requalification of centralized plants with the installation of new machines that run more efficiently;
- Changing and improving the automation/regulation mechanisms of the various systems.

These actions made it possible to reduce consumption with the same number of facilities.

The company is also evaluating whether to start recording the consumption of each individual facility with a breakdown by macro areas in order to be able to compare not just the overall consumption figure but also the breakdown by type of consumption (e.g. central areas, kitchen, hot water). Lastly, a software application is being bought that will be implemented over time and will make it possible in the long term to monitor actual consumption recorded in the field, solely for electricity.

In 2017 **Sogefi** again increased its production volumes and this caused an increase of approximately 4.2% in its electricity consumption. As far as the consumption of natural gas is concerned, Sogefi reported a reduction of 1.2%, compared to 2016. Confirming its commitment to the environment, in 2017 the company continued to achieve significant results in the field of energy efficiency, reducing by 5.0% its energy intensity, meaning the ratio between electricity/natural gas consumption (in gigajoules) and sales revenue (in millions of euro).

Sogefi and its initiatives for reducing electricity consumption

To promote protection of the environments in its approach to business, Sogefi has set up an environmental management system to reduce and control risks and negative impact (including the prevention of pollution). During 2017, as a first step towards reducing energy consumption and thus protecting the environment, the company took action to inform its employees and increase their awareness of the issue. To this end employees were encouraged to switch off lights, air conditioners, computers and other equipment when not in use. The result has been a growing common awareness of energy saving during working hours.

Sogefi is gradually rolling out initiatives to reduce electricity consumption in all its factories, for example with the introduction of LED bulbs and adjustable compressors as well as the replacement of traditional equipment with state-of-the-art equipment with reduced energy consumption.

In particular we should mention the *Energy Project* launched in 2014 by the Suspensions Division of Sogefi. The initiative has the aim of increasing energy efficiency and thus reducing the environmental impact of the group's production processes, as well as the total amount of energy used.

The commitment has been translated into specific objectives, such as:

- reducing its total energy cost (-2.6 million euro between 2015-2019)
- reducing its energy intensity rate;
- increasing awareness of energy efficiency in the company;
- identifying targets and KPIs to align the consumption and energy intensity indexes of the various production plants;
- carrying out energy audits according to the European Union directive.

The Energy Project is managed at Business Unit level and is implemented locally by having local teams supported by central functions carry out continuous assessments on site. The project is sponsored by the Top Management of the Group, which assigns capital investments in energy saving shares. In this sense, different areas of energy efficiency interest were defined assessing various production sites in order to find margins for improvement.

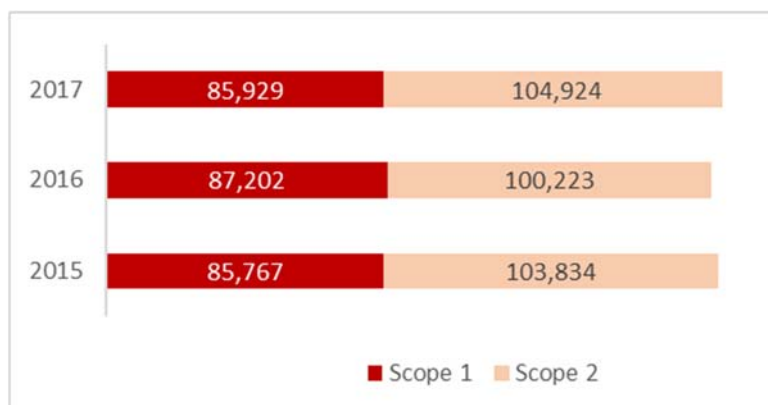
The strong commitment of top management regarding this initiative was put into practice by providing capital investments to finance local projects aimed at reducing energy consumption, based on the main areas for improvement identified. The energy saving initiatives are assessed in terms of technical and economic feasibility and those that meet the needs and criteria are launched for implementation. Moreover, after subsequent assessments, Sogefi verifies the results expected in terms of energy savings so that it can validate each specific action taken.

Furthermore, as well as having adopted an Environmental Policy, the Group implements environmental management systems to protect the environment in a better way and to reduce and control the risks and their impact.

Greenhouse gas emissions

Confirming its strong commitment to environmental matters, in 2017 the CIR group produced approximately **190,853 tonnes of carbon dioxide equivalent** from the consumption of natural gas (*Scope 1*) and electricity (*Scope 2*), up slightly from 2016 (1.8%).

Emissions of greenhouse gases (t CO₂ eq)



In line with what was reported for electricity and gas consumption, Sogefi is responsible for around 75% of the emissions recorded in 2017, as can be seen from the table below:

Emissions (t Co₂ eq) - 2017		
	Scope 1	Scope 2
CIR	38	136
GEDI	1,957	19,318
KOS	12,402	13,680
SOGEFI	71,532	71,790
Total	85,929	104,924

To develop more awareness of its impact on the environment, again for 2017 **GEDI** undertook to quantify the greenhouse gas emissions relating to its typical business, reporting even the Scope 3 emissions, resulting from the consumption of paper and the waste produced.

In 2017, following the audit programme launched in 2016, KOS tendered out the work for the requalification of the Mirasole facility and continued work on the Volpiano facility. In the three year period 2018-2020, KOS will go ahead and implement the other investments too. The actions contained in the investment plan regards the requalification of the heating and cooling systems, with the addition of cogeneration units, heat pumps and new condensation boilers and in some cases the replacement of the current lighting system with a LED-based one. The figures for electricity self-production increased considerably compared to 2016, reaching approximately 820,000 kWh as the output of the Porta Potenza co-generator was implemented and the efficiency of the photovoltaic panels of the Bergamo site was improved.

Given that the most of **Sogefi's** CO₂ emissions relate to sources that are controlled directly, the company is engaged in implementing initiatives to reduce the consumption of electricity and natural gas in each production plant.

Improving the efficiency of logistics in the CIR group

GEDI is devoting ever greater attention to the reduction of the environmental impact of transporting its products and is constantly engaged in the study of solutions that can optimize the situation.

The newspaper *la Repubblica* is printed in 9 printing works located throughout Italy, from which trucks leave every night to deliver the printed copies to the various local distributors (68 private companies at December 31 2017), who in their turn deliver the copies to the newsstands throughout Italy. The transport from the printing works to the Local Distributor (LD) is defined as "primary transport", whereas that from the Local Distributor to the newsstands is "secondary transport" and is managed entirely independently by the L.D..

The primary transport for the newspaper *la Repubblica* is managed by the National Distributor Somedia S.p.A. (which on January 1 2018 changed its name to Gedi Distribuzione

S.p.A. - a company 100% owned by GEDI), which uses qualified third-party suppliers. Important measures have been taken to reduce the number of dedicated exclusive suppliers, giving the business to haulage companies who also transport the publications of other publishers, with the aim of filling the trucks and thus reducing their impact on the environment. The printing centres of the other local dailies have also adopted transportation pools.

Primary transportation from the printing centres of all GEDI's magazines, together with the optional add-on products (books, CDs, DVDs etc.) is again managed by Somedia S.p.A., which uses one single qualified operator at national level. In this way the vehicles travel as fully loaded as possible, substantially reducing emissions into the environment.

Sogefi too has made great progress: the company has developed a system for packaging air filters that makes it possible to optimize logistics and reduce the impact on the environment. This innovative packaging used for the filters is made of 100% recycled polypropylene. The same material is also used for the labels of the filter to make recycling easier. Unlike cardboard, the most widely used material for packaging these products, polypropylene gives the filters better protection against hard knocks, dust and damp, as well as having a lower weight.

Moreover, the group is constantly committed to limiting exceptional load transportation as much as possible, to managing trucks with a full load in order to optimize the use of vehicle capacity and to evaluating the use of returnable containers and third-party warehouses to minimize journeys.

Lastly, again in 2017, the Sogefi group updated its Global Transportation Purchasing Approach, which makes it possible to optimize logistics and transportation thanks to various regional offices and production plants.

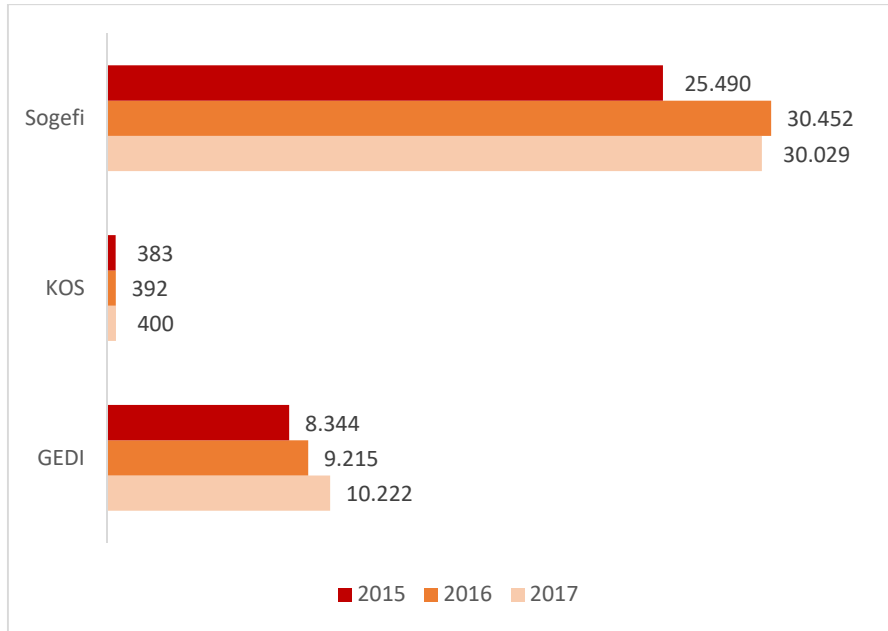
6.3 Waste management

The CIR group pays great attention to the way waste is managed and disposed of, in compliance with current legislation on the subject, as it is aware of the role that the correct application of these processes plays in safeguarding public health and respecting the rights of future generations.

In 2017, the CIR group produced a total of 40,652 tonnes of waste, which was 1.5% more than in 2016. Of this total, the most significant part (75%) was non-hazardous waste.

*Waste produced (t)*¹³

¹³ The chart does not show the tonnes of waste produced by CIR, equal to 0.0007% of the total. The figures for the waste production of KOS refer to the following facilities: Residenze Anni Azzurri, Santo Stefano Riabilitazione, Sanatrix Gestioni and Kos Servizi.



The kind of disposal used the most is recycling, which involves around 40% of the total waste disposed of.

Waste by method of disposal (t) - 2017				
Method of disposal	Hazardous	Non- hazardous	Total	% Total
Re-use	42	3,583	3,625	9%
Recycling	1,461	14,297	15,758	39%
Energy recovery	489	1,519	2,008	5%
Incineration	739	302	1,041	3%
Landfill	690	3,295	3,985	10%
Other	6,580	7,655	14,235	35%
Total	10,001	30,651	40,652	100%

GEDI puts into practice its desire to protect the environment and use resources responsibly by raising employees’ awareness of how to manage and dispose of refuse correctly, minimize waste and reduce the amount of waste produced by its typical business activity.

During 2017, waste production rose by 10.9% compared to 2016, due to the increase in non-hazardous waste. Given the entry of the Turin printing centre into the group the figure is a positive one overall, particularly as there was no increase in hazardous waste.

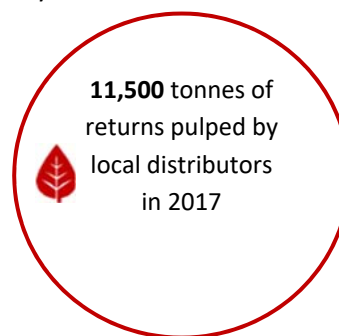
The increase in the production of waste reported by GEDI in 2017 (+10.9%) was due mainly to the increase in the non-hazardous waste produced.

The responsible management of returns

The unsold copies of publications (“returns”) are collected from the newsstands by the local distributors who count and account for them. Generally returns are collected from the warehouses of the local distributors on pallets by a single operator responsible for collecting returns and are sent to two warehouses (one in central Italy and the other in the North). In these warehouses they are counted and certified and if they are add-ons (Books, CDs, DVDs etc.), they are separated out. The copies in perfect condition are used for sale through the back-number service while the rest are recycled.

In the last few years, a certified return mechanism for publications has been in place, consisting of local distributors dealing with the returns by certifying them and having them reduced to pulp immediately. In 2017 69 certificates were issued by the Certified Return Organism (*Organismo Resa Certificata*), which represents 50 local distributors out of a total of 68, which enabled local distributors to have the publications pulped directly on the spot. In 2017 approximately 11,500 tonnes were pulped locally in this way.

This determined a substantial reduction in the volume of copies to be transported, stored and collected by the collection companies with a considerable positive impact on the environment.



KOS's production, management and disposal of waste are dealt with in compliance with the terms of Legislative Decree no. 152 of April 3 2006. Hazardous and non-hazardous waste are stored in the facilities in a temporary storage depot: solid waste in special containers according to type of waste, and the liquid waste from laboratory testing is stored in tanks. These storage facilities are structurally in compliance with current regulations and the waste is stored within the required limits in terms of quantity and time.

The various kinds of waste materials resulting from maintenance work (programmed or not) are not managed directly by KOS but are dealt with by companies outside the group. All the facilities belonging to the group are regularly registered with Sistri (the IT system for the traceability of waste) and record all movements of waste materials in the way prescribed by law. The transport and disposal services are entrusted to companies of the sector that specialize in this kind of service.

Sogefi also manages its waste with the aim of reducing waste production as far as possible, compatibly with the technical aspects and in accordance with current legislation, endeavouring to maximize recycling and re-use, limit the incineration of non-recyclable materials and gradually eliminate resorting to landfill sites.

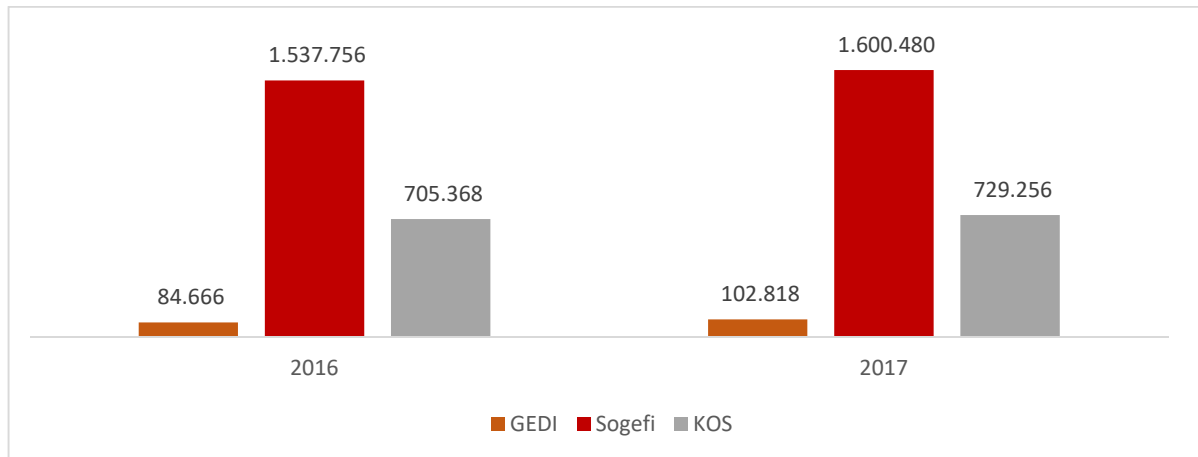
All Sogefi's production plants keep records of the waste produced and divide it into the categories of "hazardous" and "non-hazardous", in compliance with current regulations in the country involved. Moreover, in most of the factories containers for separating out the waste are clearly marked by colour coding or some other method, so that they can be clearly recognized by all those concerned. In 2017 the waste produced by the group amounted to just over 30,000 tonnes (-1.4% compared to 2016).

In the Sogefi Group each production plant is required to make an effort to find sustainable solutions (recycling, recovery) for waste management, in order to increase the percentage of waste recovered. The main method for the treatment of non-hazardous waste is recycling, which confirms the Group's commitment to sustainability.

6.4 Water management

The companies of the CIR group are also committed to saving water, paying great attention to the responsible use of water both in its production activities and in its operating headquarters. In 2017, the CIR group consumed 2,435,433 m³ of water, 4.5% more than in the previous year.

Water consumption (m³)¹⁴



The main source of water is the mains water supply, which accounts for more than 51% of the total water consumed. However, Sogefi prefers to use river or surface water.

Water consumption by source (m ³)								
	2016				2017			
	Mains	River	Ground	Total	Mains	River	Ground	Total
CIR	2,939	-	-	2,939	2,879	-	-	2,879
GEDI	84,666	-	-	84,666	102,818	-	-	102,818
Sogefi ¹⁵	360,901	804,959	371,896	1,537,756	411,777	853,062	335,641	1,600,480
KOS	705,368	-	-	705,368	729,256	-	-	729,256
Total	1,153,874	804,959	371,896	2,330,729	1,246,730	853,062	335,641	2,435,433

As far as **GEDI** is concerned, the water consumed comes exclusively from the mains water supply and is used mainly in the bathrooms by employees although there is some limited use in the printing production process of certain factories. In 2017, water consumption totalled 102,818 m³, which was higher than in 2016 (21.4%). Here again it should be noted that the consumption of the Turin printing centre and the editorial offices has been added.

¹⁴ The table does not show the water consumption of CIR, which is less than 0.1% of total consumption. As for the water consumption of Sogefi, the reduction is partly attributable to the continuing improvement of the data collecting process to collect the water figures of certain French plants.

¹⁵ Sogefi's figures for the "river" category also include rain water. Moreover, the 2016 figures for Sogefi's water consumption differ from those published in the previous Report because the data collection process has been improved.

Although **Sogefi's** production processes do not involve high-intensity water consumption, the group works continuously to reduce its total water consumption. Some examples of what it does are as follows: training its staff to save water, re-utilizing water where possible and raising awareness about saving water.

7 Annexes

Human resources

CIR Group – Breakdown of employees and freelancers by gender									
No. of persons	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	7,554	6,592	14,146	7,585	6,744	14,329	8,216	7,597	15,813
Freelancers	917	1,380	2,297	965	842	1,806	1,534	1,152	2,686
Total	8,471	7,972	16,443	8,550	7,586	16,135	9,750	8,749	18,499

CIR Group – Breakdown of employees by type of contract and gender									
No. of persons	2015			Men			2017		
	Men	Women	Totale	Men	Women	Totale	Men	Women	Total
Fixed-termcontract	610	508	1,118	321	506	827	751	910	1,661
Permanent Contract	6,944	6,084	13,028	7,264	6,238	13,502	7,465	6,687	14,152
Total	7,554	6,592	14,146	7,585	6,744	14,329	8,216	7,597	15,813

CIR Group – Breakdown of employees by permanent/fixed-term contract and gender									
No. of persons	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	6,802	4,912	11,714	7,102	5,017	12,119	7,297	5,348	12,645
Part time	142	1,172	1,314	162	1,221	1,383	168	1,339	1,507
Total	6,944	6,084	13,028	7,264	6,238	13,502	7,465	6,687	14,152

CIR – Breakdown of employees by professional category and gender									
No. of persons	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	8	1	9	7	1	8	7	2	9
Managers	-	7	7	-	7	7	-	4	4
Office staff	5	7	12	5	9	14	4	9	13
Total	13	15	28	12	17	29	11	15	26

GEDI – Breakdown of employees by professional category and gender ¹⁶									
No. of persons	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	54	13	67	52	12	64	55	12	67
Journalists	696	343	1,039	577	297	874	786	382	1,168
Office staff	474	398	872	439	392	831	545	470	1,015
Manual workers	196	48	244	146	24	170	163	32	195
Total	1,420	802	2,222	1,214	725	1,939	1,549	896	2,445

¹⁶ The figures for the total employees of the GEDI Group at December 31 2017 also contain 435 people acquired with the merger with the former ITEDI. Moreover, the figure for employees at December 31 2015 was adjusted to take into account the hiring from January 1 2016 of 39 people previously employed by a cooperative operating in the printing and preparation sector on behalf of Finegil Editoriale.

KOS – Breakdown of employees by professional category and gender									
No. of persons	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	19	5	24	20	5	25	22	5	27
Office staff	682	2,080	2,762	809	2,222	3,031	995	2,628	3,623
Operators	358	2,050	2,408	367	2,137	2,504	434	2,337	2,771
Total	1,059	4,135	5,194	1,196	4,364	5,560	1,451	4,970	6,421

Sogefi – Breakdown of employees by professional category and gender ¹⁷									
No. of persons	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	92	6	98	95	11	106	138	17	155
Office staff	1,393	473	1,866	1,386	488	1,874	1,400	501	1,901
Manual workers	3,577	1,161	4,738	3,682	1,139	4,821	3,667	1,198	4,865
Total	5,062	1,640	6,702	5,163	1,638	6,801	5,205	1,716	6,921

CIR – Breakdown of employees by professional category and age group												
No. of persons	2015				2016				2017			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	4	5	9	-	3	5	8	-	3	6	9
Managers	-	3	4	7	-	2	5	7	-	-	4	4
Office staff	-	10	2	12	-	11	3	14	-	7	6	13
Total	-	17	11	28	-	16	13	29	-	10	16	26

GEDI– Breakdown of employees by professional category and age group												
No. of persons	2015				2016				2017			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	35	32	67	-	27	37	64	0	24	43	67
Journalists	7	450	582	1,039	10	366	498	874	11	487	670	1,168
Office staff	6	563	303	872	11	471	349	831	12	380	623	1,015
Manual workers	-	154	90	244	1	70	99	170	1	109	85	195
Total	13	1,202	1,007	2,222	22	934	983	1,939	24	1,000	1,421	2,445

KOS – Breakdown of employees by professional category and age group ¹⁸												
No. of persons	2015				2016				2017			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	12	12	24	-	12	13	25	-	10	17	27
Office staff	361	1,739	662	2,762	479	1,817	735	3,031	684	2,162	989	3,835
Operators	230	1,490	688	2,408	236	1,484	784	2,504	294	1,445	820	2,559
Total	591	3,241	1,362	5,194	715	3,313	1,532	5,560	978	3,617	1,826	6,421

Sogefi – Breakdown of employees by professional category and age group												
--	--	--	--	--	--	--	--	--	--	--	--	--

¹⁷ The 2017 human resources figures for Sogefi do not include the office staff of Filter Systems Maroc S.a.r.l and Sogefi Filtration Russia.

¹⁸ The staffing figures for KOS refer only to internal staff (headcount but not FTE) at December 31 of each year.

No. of persons	2015				2016				2017			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	46	52	98	0	62	44	106	-	82	73	155
Office staff	299	1,202	365	1,866	298	1,200	376	1,874	301	1,208	392	1,901
Manual workers	881	2,615	1,242	4,738	845	2,719	1,257	4,821	896	2,681	1,288	4,865
Total	1,180	3,863	1,659	6,702	1,143	3,981	1,677	6,801	1,197	3,971	1,753	6,921

CIR Group - Staff turnover by gender and age group (2017) ¹⁹

No. of persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	646	555	114	1,315	16.0%	262	675	226	1,163	14.2%
Women	608	547	243	1,398	18.4%	125	292	159	576	7.6%
Total	1,254	1,102	357	2,713	17.2%	387	967	385	1,739	11.0%

CIR Group – Staff turnover by gender and age group (2016)

No. of persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	342	666	181	1,189	15.7%	192	546	336	1,074	14.2%
Women	210	458	108	776	11.5%	79	310	215	604	9.0%
Total	552	1,124	289	1,965	13.7%	271	856	551	1,678	11.7%

CIR Group – Staff turnover by gender and age group (2015)

No. of persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	386	366	53	805	10.7%	205	370	264	839	11.1%
Women	144	194	46	384	5.8%	108	222	153	483	7.3%
Total	530	560	99	1,189	8.4%	313	592	417	1,322	9.3%

GEDI – Employees belonging to protected categories

No. of persons	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	-	-	-	-	-	-	-	-	-
Journalists	-	-	-	-	-	-	-	-	-
Office staff	34	29	63	42	19	61	40	33	73
Manual workers	14	4	18	8	1	9	8	2	10
Total	48	33	81	50	20	70	48	35	83

KOS - Employees belonging to protected categories

No. of persons	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	-	-	-	-	-	-	-	-	-
Office staff	29	60	89	31	58	89	32	63	95
Operators	20	74	94	19	79	98	21	86	107
Total	49	134	183	50	137	187	53	149	202

¹⁹ The turnover figures by gender and age group of Sogefi refer to 99.7% (for 2015), 99.9% (for 2016) and 100% (for 2017) of the total workforce of the Group.

Compensation

GEDI - Ratio of basic pay of women to that of men			
	2015	2016	2017
Executives*	n.a.	84%	75%
Journalists	n.a.	84%	80%
Office staff	n.a.	80%	89%
Manual workers	n.a.	74%	86%

GEDI – Ratio of average pay of women to that of men ²⁰			
	2015	2016	2017
Executives*	81%	79%	70%
Journalists	80%	79%	77%
Office staff	83%	82%	82%
Manual workers	76%	71%	72%

KOS - Ratio of basic pay of women to that of men			
	2015	2016	2017
Executives	94%	88%	87%
Office staff	79%	81%	78%
Operators	89%	100%	93%

KOS - Ratio of average pay of women to that of men			
	2015	2016	2017
Executives	92%	89%	89%
Office staff	76%	77%	75%
Operators	87%	99%	92%

Sogefi – Ratio of basic pay of women to that of men			
	2015	2016	2017
Executives ²¹	79%	89%	44%
Office staff	75%	78%	67%
Manual workers	89%	86%	62%

Sogefi - Ratio of basic pay of women to that of men ²²			
	2015	2016	2017
Executives	74%	79%	44%
Office staff	76%	80%	66%
Manual workers	89%	85%	61%

Training

CIR – Average hours of training by professional category and gender			
---	--	--	--

²⁰ The basic pay and average pay of executives do not include the General Managers and Central Managers.

²¹ The basic pay and average pay include only the executives of the European factories of Sogefi.

²² For Sogefi, the figures for the ratio between basic pay and average pay of men and women refer to the following percentages of the total workforce of the group: 99.7% (for 2015); 99.9% (for 2016); 92.5% (for 2017).

No. of hours	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	7.0	-	6.2	12.1	-	10.6	7.9	1.5	6.4
Managers	-	6.9	6.9	-	6.6	6.6	-	10.5	8.8
Office staff	8.0	26.4	18.8	4.4	27.2	19.1	5.8	34.3	25.5
Total	7.4	15.5	11.8	8.9	17.1	13.7	8.1	23.6	17.0

GEDI - Average hours of training by professional category and gender²³

No. of hours	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	17.6	10.2	16.1	15.4	4.1	13.3	13.8	26.7	16.1
Journalists	6.2	6.6	6.3	0.3	0.5	0.4	1.6	1.8	1.7
Office staff	5.6	7.2	6.3	7.4	6.9	7.1	9.5	10.2	9.8
Manual workers	0.8	1.0	0.9	0.5	0.8	0.6	0.8	1.6	1.0
Total	5.7	6.6	6.0	3.5	4.0	3.7	4.7	6.5	5.4

KOS - Average hours of training by professional category and gender²⁴

No. of hours	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	3.3	6.1	3.9	6.3	7.4	6.5	3.1	0.8	2.6
Office staff	10.3	11.5	11.2	9.5	10.3	10.1	9.2	9.5	9.4
Operators	9.0	8.4	8.5	11.4	9.5	9.8	8.3	6.6	6.9
Total	9.7	9.9	9.9	10.0	9.9	9.9	8.8	8.1	8.3

Sogefi - Average hours of training by professional category and gender²⁵

No. of hours	2015			2016			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	6.5	14.0	7.0	11.6	7.8	11.2	13.7	9.2	13.2
Office staff	16.7	16.7	16.7	22.9	21.7	22.6	23.7	19.5	22.6
Manual workers	13.1	8.3	11.9	18.2	15.8	17.7	12.2	9.1	11.4
Total	14.0	10.7	13.2	19.4	17.5	18.9	15.3	12.2	14.5

²³ GEDI's online training does not include the former employees of ITEDI.

²⁴ The hours of training for the employees of KOS do not include the training activities of KOS S.p.A.

²⁵ For Sogefi, the total and average hours of training by gender and professional category refer to: 99.7% (in 2015); 99.9% (in 2016); 92.5% (in 2017) of the total workforce of the group.

Health and safety

CIR Group – Health and safety indicators ²⁶						
	2016			2017		
	Men	Women	Total	Men	Women	Total
Serious injury rate ¹	70.3	82.1	75.7	72.4	108.5	88.8
Occupational disease rate ²	0.3	0.2	0.3	0.3	0.3	0.3
Absenteeism rate ³	5.6%	6.8%	6.2%	2.7%	4.7%	3.7%
Injury rate ⁴	4.4	6.3	5.2	4.8	6.5	5.5

1. The serious injury rate is the ratio of the total number of days lost due to injury and occupational disease to the total number of working hours in the same period, multiplied by 200,000.

2. The occupational disease rate is the ratio of the number of cases of occupational disease to the total number of hours worked in the same period, multiplied by 200,000.

3. The absenteeism rate is the ratio of the total number of days of absence to the total number of working days in the same period, expressed as a percentage.

4. The injury rate is the ratio of the total number of injuries to the total number of hours worked in the same period, multiplied by 200,000.

Environment ²⁷

CIR Group – Energy consumption ²⁸						
	2015		2016		2017	
	Total	Totale GJ	Total	Totale GJ	Total	Totale GJ
Electricity	346,775,188 kWh	1,248,383	362,157,079 kWh	1,303,757	374,445,723 kWh	1,347,996
Natural gas	45,500,717 m ³	1,774,983	46,262,047 m ³	1,804,682 GJ	45,586,607 m ³	1,778,334

²⁶ For Sogefi, the figures were calculated on the following percentages of the total workforce of the group: serious injury rate (99.7% in 2015; 99.9% in 2016; 96.1% in 2017); rate of days lost (99.7% in 2015; 99.9% in 2016; 94.6% in 2017); occupational disease rate (99.7% in 2015; 99.9% in 2016; 89.5% in 2017); absenteeism rate (97.5% in 2015; 93.6% in 2016; 93.9% in 2017).

²⁷ The figures for Sogefi include all the production plants but exclude the administrative offices whose energy consumption is not significant. The electricity and natural gas consumption figures for some of the KOS facilities may be an estimation.

For electricity, 1 kWh = 0.0036 GJ

For natural gas, 1 m³ = 0.03901 GJ

²⁸ GEDI's electricity consumption figures include high frequency absorption. As regards natural gas, the conversion parameter used is 9.7 (as notified by the Lazio Region in 2016) in order to leave a precautionary margin for the output of the plants.

CIR Group - Carbon footprint (t CO ₂ eq) ²⁹			
t CO ₂ eq	2015	2016	2017
Scope 1 – Direct emissions	85,767	87,202	85,929
Scope 2 – Indirect emissions associated with the generation of electricity	103,834	100,206	104,924
Total Carbon Footprint	189,601	187,408	190,853

CIR Group – Waste production (t) ³⁰						
Tonnes	2015		2016		2017	
	Total	%	Total	%	Total	%
Non-hazardous	24,388	71%	30,673	77%	30,651	75%
Hazardous	9,830	29%	9,385	23%	10,001	25%
Total	34,218	100%	40,058	100%	40,652	100%

CIR Group – Methods of waste disposal (t) ³¹				
Tonnes	2017			
	Hazardous	Non-hazardous	Total	% of total
Re-use	42	3,583	3,625	9%
Recycling	1,461	14,297	15,758	39%
Recovery	489	1,519	2,008	5%
Incineration	739	302	1,041	3%
Landfill	690	3,295	3,985	10%
Other ³²	6,580	7,655	14,235	35%
Total	10,001	30,651	40,652	100%

CIR Group – Water withdrawal by type of source (m ³) ^{33 34}		
m ³	2016	2017
Mains supply	1,153,874	1,246,730
River	804,939	853,062
Ground	371,896	335,641
Total	2,330,729	2,435,433

²⁹ The reporting basis for KOS includes: KOS Care, Ospedale di Suzzara, Abitare il tempo, Sanatrix, Elside and Medipass head office.

³⁰ KOS's waste production figures refer to the following facilities: Residenze Anni Azzurri, Santo Stefano Riabilitazione, Sanatrix Gestioni, and Kos Servizi.

³¹ The reporting basis for KOS includes the KOS Group except for Medipass.

³² The category "other" refers to different methods of disposal such as onsite storage, managed aquifer recharge and composting.

³³ The figures for the water withdrawal of the CIR group differ from those published in the Sustainability Report for 2016 as the 2016 figures for KOS have been added.

³⁴ The reporting basis for KOS includes the KOS group except for Medipass.

Material aspects reconciliation chart, Decree 254/16 and GRI G4

MACRO AREA	Material topic (materiality matrix)	GRI-G4 Aspect - Specific standard disclosure	Topics in Legislative Decree no. 254/16
Economic responsibility	Economic performance	Economic performance	Social
	Product/service innovation	Research and innovation	
	Business model and sector referred to		
Governance and compliance	Policies and public financing	Significant funding received from the Public Administration	Fight against active and passive corruption
	Business ethics and integrity	Corruption, anti-collusion conduct, compliance	
	Governance and risk management	Corruption, anti-collusion conduct, compliance	
Responsibility towards end customers	Responsible marketing	Labelling of products and services	Social
	Mechanisms and management	Environmental grievance mechanisms, grievancemechanism about labour practices and human rights	
	Privacy and protection of customer data	Respect for privacy	
	Product/service quality	Compliance	
	Health and safety of end customers	Health and safety of consumers	
Responsibility towards Human Resources	Industrial relations	Labour relations	Aspects relating to personnel
	Compensation and company welfare	Equal remuneration for men and women	
	Diversity and equal opportunities	Non-discrimination	
	Valuing and developing competences	Education and training occupational	
	Health and safety of workers	Health and safety	
Social responsibility	Development and involvement of the community	Indirect economic impact	Social Respect for human rights
	Responsible procurement practices	Procurement practices	

	Human rights and workers' rights	Freedom of association and collective bargaining, non-discrimination	
Environmental responsibility	Impact of logistics and transportation	Transportation	Environmental
	Greenhouse gas emissions	Emissions	
	Use and management of water	Water	
	Generation and management of waste	Waste	
	Energy consumption	Energy	
	Socio-environmental impact of products and services	Products and services	

Perimeter of material aspects of the CIR group

MATERIAL ASPECTS	Perimeter of material aspects	
Categories	Internal	External
Economic		
Economic performance	CIR group	-
Environmental		
Energy	CIR group	-
Water	CIR group	-
Emissions	CIR group	-
Effluence and waste	CIR group	-
Products and services	GEDI, Sogefi	-
Transportation	GEDI, Sogefi	-
Social		
Sub-category: Labour practices and adequate working conditions		
Labour relations	CIR group	-
Occupational health and safety	CIR group	-
Education and training	CIR group	-
Diversity and equal opportunities	CIR group	-
Equal remuneration	GEDI, KOS, Sogefi	-
Social		
Sub-category: Human rights		
Freedom of association and collective bargaining	CIR group	-
Social		
Sub-category: Society		
Local communities	CIR group	-
Anti-corruption	CIR group	-
Public policies	CIR group	-
Social		
Sub-category: Product responsibility		
Customer health and safety	KOS, Sogefi	-
Products and services labelling	GEDI, Sogefi	-
Customer privacy	CIR group	-
Compliance	GEDI, KOS, Sogefi	-

GRI Content Index

The Consolidated Non-Financial Statement for 2017 of the CIR Group was prepared based on the guidelines of the Global Reporting Initiative GRI G4 according to the option “In accordance – Core”. The chart below shows the information for the group based on the GRI G4 guidelines with reference to the materiality analysis of the CIR group.

Indicator		Page
GENERAL STANDARD DISCLOSURES		
Strategy and analysis		
G4 - 1	Declaration by the most senior decision-maker about the importance of sustainability for the organization and its strategy	3-4; 12; 25
Profile of the organization		
G4 - 3	Name of the organization	5; 9
G4 - 4	Primary brands, products and services	9 -11
G4 - 5	Main headquarters	61
G4 - 6	Countries where the organization operates	9-12
G4 - 7	Ownership and legal form	9-11
G4 - 8	Markets served	9-12
G4 - 9	Scale of the organization	7-8; 9-11; 29
G4 - 10	Characteristics of the workforce	48-53; 79-81
G4 - 11	Percentage of employees covered by collective bargaining agreements	56-57
G4 - 12	Description of the organization’s supply chain	44-47
G4 - 13	Significant changes regarding the organization’s size, structure, ownership or supply chain during the reporting period	5-6
G4 - 14	Application of the precautionary approach to risk management	3-4; 21-24
G4 - 15	Subscription to or adoption of codes of conduct, principles and charters developed by external entities/associations relating to economic, social and environmental performance	15-18
G4 - 16	Participation in national and/or international business associations in which the organization has a position in governing bodies	15-18
Materiality and perimeter of the Sustainability Report		
G4 - 17	Operating structure of the organization, considering the main divisions, operating companies, subsidiaries and joint ventures	5-6; 9-11
G4 - 18	Process for defining the content of the Sustainability Report	5-6; 27-28
G4 - 19	Material aspects identified	27-28
G4 - 20	Material aspects within the organization	27-28; 88
G4 - 21	Material aspects outside the organization	27-28; 88
G4 - 22	Changes in information compared to previous Sustainability Report	5-6
G4 - 23	Significant changes in terms of objectives and scope compared to previous Sustainability Report	5-6
Stakeholder engagement		
G4 - 24	Categories and groups of stakeholders engaged by the organization	25-27
G4 - 25	Stakeholder identification process	25-27
G4 - 26	Approach to stakeholder engagement, including frequencies and types of activity	25-27
G4 - 27	Key aspects that emerged from stakeholder engagement	25-27

Profile of the Sustainability Report		
G4 - 28	Reporting period of the Sustainability Report	5-6
G4 - 29	Date of publication of previous Sustainability Report	5-6
G4 - 30	Reporting	5-6
G4 - 31	Contacts for information on the Sustainability Report	6
G4 - 32	Index of GRI contents	89-92
G4 - 33	External assurance policies and practices	93-95
Governance		
G4 - 34	Governance structure of the organization	19-21
Ethics and integrity		
G4 - 56	Values, principles, standards and rules of conduct of the organization	14-18

Indicator		Page	Omission
SPECIFIC STANDARD DISCLOSURES			
ECONOMIC INDICATORS			
MATERIAL ASPECT: Economic performance			
G4 - DMA	General information on management approach	29-32	
G4 - EC1	Direct economic value generated and distributed	30-32	
G4 - EC4	Significant funding received from the Public Administration.	15-16	
ENVIRONMENTAL INDICATORS			
MATERIAL ASPECT: Energy			
G4 - DMA	General information on management approach	67-72	
G4 - EN3	Internal energy consumption	69; 84	
G4 - EN6	Reduction of energy consumption	69-71	
MATERIAL ASPECT: Water			
G4 DMA	General information on management approach	67-68	
G4-EN8	Water withdrawal by source	77-78; 85	
MATERIAL ASPECT: Emissions			
G4 - DMA	General information on management approach	67-68	
G4 - EN15	Direct greenhouse gas emissions (Scope I)	72-73; 84	
G4 - EN16	Greenhouse gas emissions generated by electricity consumption (Scope II)	72-73; 84	
MATERIAL ASPECT: Effluence and waste			
G4 - DMA	General information on management approach	74-77	
G4 - EN23	Total weight of waste by type and method of disposal	74-77; 85	
MATERIAL ASPECT: Products and services			
G4 - DMA	General information on management approach	35-43	
G4 - EN27	Mitigation of impact of products and services on the environment	35-43; 67-68	
MATERIAL ASPECT: Transportation			
G4 - DMA	General information on management approach	73-74	
G4 - EN30	Significant impact on environment of transportation of products and materials	73-74	
SOCIAL INDICATORS			
Sub-category: Working practices and adequate working conditions			
ASPECT: Employment			
G4 - DMA	General information on management approach	48	
G4 - LA1	Total number of new hires and turnover by age group, gender and geographical area	52-53; 81	

MATERIAL ASPECT: Labour Relations			
G4 - DMA	General information on management approach	56-57	
G4 - LA4	Minimum notice period for operational changes (organizational changes), specifying whether or not such conditions are included in collective bargaining	The collective bargaining in force in the countries in which the group is present involves a minimum notice period for operational changes depending on geographical area and the professional category of the employees.	
MATERIAL ASPECT: Occupational health and safety			
G4 - DMA	General information on management approach	61-62	
G4 - LA6	Type of injury, rates of injury in the workplace, occupational diseases, lost day rate, absenteeism and total number of fatalities, by geographical area and by gender	61-62; 84; in 2017, among the employees of Sogefi there was one fatal accident.	
MATERIAL ASPECT: Education and training			
G4 - DMA	General information on management approach	58-60	
G4 - LA9	Average hours of training per year per employee by gender and professional category	59-60; 83	
MATERIAL ASPECT: Diversity and equal opportunities			
G4 - DMA	General information on management approach	54-57	
G4 - LA12	Composition of the company's governing bodies and breakdown of employees by gender, age and other indicators of diversity	20; 54-57; 79-80	
MATERIAL ASPECT: Equal remuneration for men and women			
G4 - DMA	General information on management approach	54-57	
G4 - LA13	Ratio of basic salary of women to that of men in the same category and with a breakdown between the most significant operating sites	54-57; 82	
Sub-category: Human rights			
MATERIAL ASPECT: Freedom of association and collective bargaining			
G4 - DMA	General information on management approach	56-57	
G4 - HR4	Risks to the freedom of association and collective bargaining	56-57	
Sub-category: Society			
MATERIAL ASPECT: Local communities			
G4 - DMA	General information on management approach	63-66	
G4 - SO1	Interventions carried out involving the local community, impact on the community, development programmes	63-66	
MATERIAL ASPECT: Anti-corruption			
G4 - DMA	General information on management approach	14-15	
G4 - SO4	Communication and training on anti-corruption policies and procedures	21; 59	
G4 - SO5	Incidents of corruption and actions taken	In 2017 no cases of corruption were reported	
MATERIAL ASPECT: Public policies			
G4 - DMA	General information on management approach	15-16	

G4 - SO6	Total value in monetary form or in kind of contributions made directly or indirectly to political parties by country and beneficiary	15-16	
Sub-category: Customer product responsibility			
MATERIAL ASPECT: Customer health and safety			
G4 - DMA	General information on management approach	33-35; 41-43	
G4 - PR1	Health and safety of products and services	33-35; 41-43	
MATERIAL ASPECT: Products and services labelling			
G4 - DMA	General information on management approach	33-35; 41-43	
G4 - PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant products and service categories subject to such information requirements	33-35; 41-43	
MATERIAL ASPECT: Customer privacy			
G4 - DMA	General information on management approach	17; 41; 43	
G4 - PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	In 2017 no complaints were recorded	
MATERIAL ASPECT: Compliance			
G4 - DMA	General information on management approach	14-18; 33-35; 41-43	
G4 - PR9	Monetary value of j fines for non-compliance with laws and regulations concerning the use of products and services	In 2017 no significant fines were recorded	

CIR S.P.A.
Compagnie Industriali Riunite

Via Ciovassino, 1
20121 Milan - Italy
Ph. +39 02 72 27 01
info@cirgroup.com
cirgroup.com