

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



CIR Group

Consolidated Disclosure of Non-Financial Information

Pursuant to Legislative Decree no. 254/2016

2018 Sustainability Report

Contents

Letter to the Stakeholders	4
Methodological Note	6
The CIR group in 2018	8
1. Group, governance and sustainability	10
CIR: an industrial group with more than 40 years of history	10
Background and strategies	13
History of the Group	15
2.1. Governance and Risk Management	16
Risk management system.....	18
2.2. Ethics, integrity and anti-corruption	23
The management of anti-corruption in the CIR group	24
Anti-corruption and crime prevention	25
Trade codes, principles and associations	26
2.3. Sustainability for the CIR group.....	28
The Stakeholders of the group and engagement activities.....	28
Materiality analysis.....	30
2. Economic responsibility	32
Economic value generated and distributed	34
3. Responsibility towards customers	36
Innovation.....	38
3.2 Attention towards customers.....	43
3.3 Responsible procurement practices	46
4. Responsibility towards people	51
4.1 People in the CIR group	51
Characteristics of personnel	51
4.2 Diversity, equal opportunities and well-being	56
4.3 Valuing and developing human capital	60
4.4 Health and safety in the workplace	62
5 Responsibility towards the community	67
6 Environmental responsibility	72
6.1 Reduction of environmental impact.....	72

6.2 Energy consumption and greenhouse gas emissions	74
Greenhouse gas emissions	76
6.3 Waste management	81
6.4 Water management	85
Annexes	87
Human Resources	87
Turnover	90
Compensation.....	91
Training.....	92
Health and safety.....	94
Environment	96
Reconciliation chart – Material topics, GRI Standards and Decree 254/2016	98
Perimeter of material aspects of the CIR group	100
GRI Content Index	102
Auditor’s Report	107

Letter to the Stakeholders

Dear Stakeholders,

With this Sustainability Report, now in its fourth edition, we would like to explain the businesses of our group and the impact they have on the internal and external communities, whom we are addressing, but also to continue the reflection on our points of strength and on the areas in which we could do more.

The CIR group, which employs more than 16 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 main Italian multimedia groups and, through its media, is committed to offering quality news, culture, opinions and entertainment, respecting the principles of independence and correctness.

KOS, among the most important health and social care providers in Italy, has an important social role, working alongside the public sector in long-term care. Since it was founded, KOS has combined the typical objectives of a private company with that of providing a quality service that is always centred on people, i.e. patients, their families and its employees.

Sogefi, a global automotive components company, is committed to an ongoing search for products and technologies able to contribute to sustainable mobility and, thanks to its international industrial presence, it liaises with employees, suppliers and customers of different cultures.

In 2018, the CIR group continued its path of development in these three sectors.

Consolidated revenue, totalling € 2.82 billion, rose by 2.3% compared to 2017 (+5.2% at constant exchange rates). The gross operating profit came to € 306 million and the result was a positive € 12.9 million.

The economic value generated and distributed by the group in 2018 amounted to € 2.64 billion, in line with the figure for the previous year (€ 2.65 billion); in particular, the economic value distributed to personnel, for an amount of € 787 million, rose by 7.4% compared to 2017 (€ 732.7 million).

We pay great attention to safeguarding the health and safety of our employees: in 2018 the group reported a decline of 24% in the number of injuries.

Moreover, we are constantly engaged in the search for solutions that can guarantee a reduction in our impact on the environment, fostering a responsible use of resources, a reduction in energy consumption, raw materials, water and a better management of emissions into the atmosphere. The group's consumption of electricity and natural gas was down by 3% on the previous year. Sogefi, who is responsible for most of this consumption, has adopted energy saving policies in the field of energy efficiency, reporting a 1.5% reduction in the amount of energy used per unit billed. As far as saving water is concerned, the CIR group reduced its consumption by 12% compared to 2017.

The creation of value, which has always been CIR's main objective, is not limited solely to the results of a single year. CIR has traditionally been a long-term investor. Indeed for us, generating value means adopting initiatives, conduct and in general a way of doing business that enables the group to operate successfully in its respective markets and to obtain results that are sustainable over time.

In March 2019 a plan was launched for the merger by CIR into its parent COFIDE. This will simplify the corporate structure of the group which will retain the name CIR.

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 Stakeholders are essential elements for reaching our group'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

This document is the fourth Sustainability Report of the CIR group, which as from 2017, in compliance with the terms of Legislative Decree no. 254/2016 (hereinafter also referred to as the “Decree”), corresponds to the Consolidated Disclosure of Non-Financial Information (hereinafter also “DNF”).

The DNF was drawn up in compliance with Art. 3 and 4 of the Decree and the figures and information reported refer to CIR and all the companies consolidated on a line-by-line basis as of December 31, 2018 (hereinafter referred to as the “group” or the “CIR group”).

The DNF aims to describe the initiatives and the main results achieved in terms of sustainability performance in 2018 (from January 1 to December 31) and covers – to the extent necessary to ensure understanding of the group’s business, its performance, its results and the impact it has on the environment – the environmental and social topics, personnel issues, respect for human rights and the ongoing fight against active and passive corruption that are relevant given the group’s businesses and characteristics. The topics are those defined in the materiality matrix contained in this document in the chapter “Sustainability for the CIR group”.

As stipulated in Art. 5 of the Decree, this disclosure is a separate statement which has been given a new title in order to bring it into line with what is required by current regulations.

This DNF was prepared in compliance with the provisions of the Decree and with the Standards published in 2016 by the Global Reporting Initiative (GRI), according to the “Core” option and considering the information deemed to be significant for the stakeholders. It is inspired by the principles set out in the reporting guidelines. The “GRI Content Index” is presented as an appendix to the document, giving details of the content reported in accordance with GRI standards. Some performance indicators have been reported using the topic-specific Standards published in 2018.

For the CIR group, it should be noted that:

- GEDI Gruppo Editoriale S.p.A. (hereinafter also “GEDI Gruppo Editoriale” or “GEDI”) is the new name adopted by Gruppo Editoriale L’Espresso in the second quarter of 2017 as part of its merger with ITEDI, the publisher of the newspapers La Stampa and Il Secolo XIX;
- CIR standards for the Corporate activities carried out by CIR S.p.A., on behalf of CIR Investimenti S.p.A., CIR International S.A., CIGA Luxembourg S.à.r.l., Nexenti S.r.l., Nexenti Advisory S.r.l. and Jupiter Marketplace S.r.l. Not having any employees on their books or any use of environmental resources for which they are liable, CIGA Luxembourg S.à.r.l., Nexenti S.r.l., Nexenti Advisory S.r.l. and Jupiter Marketplace S.r.l. are not included in the reporting scope of figures and information contained in the chapters “Responsibility towards people” and “Environmental responsibility”;
- The scope of the economic and financial figures relating to the calculation of the Economic Value is the same as that of the Consolidated Financial Statements for 2018 of the CIR group;
- The information and figures relating to personnel refer to: CIR S.p.A., CIR Investimenti S.p.A., CIR International S.A., GEDI Gruppo Editoriale, KOS and Sogefi;
- The environmental data refer to CIR S.p.A., CIR Investimenti S.p.A., GEDI Gruppo Editoriale, KOS and Sogefi.

The process of collecting the data and information necessary to prepare this document involved the various company departments of the companies of the CIR group, and the aim was to give 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.

During the reporting period, CIR was not subject to any change in terms of its size, structure, ownership or supply chain.

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 2016 and 2017 is provided. In addition, the document also includes information relating to previous reporting periods that were still applicable at December 31, 2018.

Where the figures for 2016 and 2017 have been restated following the adoption of the new methodology required by GRI Standards (adopted starting from the 2018 NFS), in order to make them comparable with the figures for 2018, this is clearly indicated in the text. For the 2016 and 2017 figures calculated using the old methodology, see the group's Consolidated Declaration of a Non-Financial Nature for 2017.

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 approved the DNF on March 11, 2019.

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 Disclosure of Non-Financial Information is published once a year. The previous DNF was published on April 4, 2018.

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

Further information on the social responsibility policies of the CIR group or clarification regarding the information contained in this Consolidated Disclosure of Non-Financial Information can be obtained on request from the Press Office of the group, which also deals with social responsibility: infostampa@cirgroup.com

The CIR group in 2018



1976 YEAR IN WHICH IT WAS FOUNDED



3 MAIN BUSINESSES



€ 12.9mIn / PROFIT



€ 936.2mIn / EQUITY



€ 306mIn / EBITDA



€ 297.1mIn / NET DEBT



ECONOMIC RESPONSIBILITY

€ 2,817.4mIn REVENUE

ECONOMIC VALUE DISTRIBUTED (€ 2,642mIn)

ECONOMIC VALUE DISTRIBUTED TO PERSONNEL (€ 787mIn)



RESPONSIBILITY TOWARDS CUSTOMERS

APPROXIMATELY 7,400 QUALITY OF SERVICE QUESTIONNAIRES COMPLETED BY PATIENTS OF THE KOS FACILITIES AND THEIR FAMILIES

+14.7% SOGEFI PATENTS (256)



RESPONSIBILITY TOWARDS PEOPLE

+3.4% EMPLOYEES (16,356)

+7.1% FEMALE EMPLOYEES (8,138)



RESPONSIBILITY TOWARDS THE COMMUNITY

77,500 PARTICIPANTS IN THE STAGES OF DEEJAY TEN IN 2018



RESPONSIBILITY TOWARDS THE ENVIRONMENT

+0.02% GREENHOUSE GAS EMISSIONS RESULTING FROM THE CONSUMPTION OF NATURAL GAS AND ELECTRICITY ACCORDING TO THE MARKET BASED METHOD (190,107 TONNES of CO₂)

- 1.5% ENERGY INTENSITY FOR SOGEFI

The percentages of change are in relation to 2017

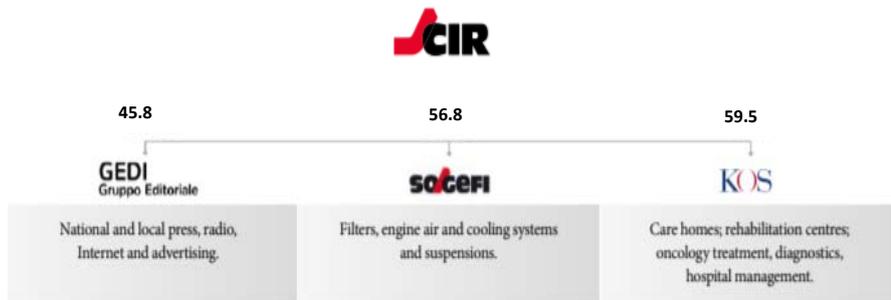
1. Group, governance and sustainability

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

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

-  media (national and local press, radio, advertising and digital services) with GEDI Gruppo Editoriale;
-  healthcare (long-term care, diagnostics and oncology treatments, hospital management) with KOS;
-  components for motor vehicles (suspension, filtration, air and cooling systems) with Sogefi.

Main equity investments of the CIR group at December 31 2018¹



The group has other assets mainly in real estate, private equity funds, non-performing loans and non-strategic equity investments approximately € 88million.

¹ The percentage is calculated net of own shares held.

Media

4 AREAS OF BUSINESS

521.6 THOUSAND HARD COPIES SOLD EVERY DAY

5.04 THOUSAND UNIQUE DIGITAL USERS PER DAY

25.5 MLN UNIQUE USERS PER MONTH

5 MLN LISTENERS OF RADIO DJ PER DAY

GEDI Gruppo Editoriale is a leader in daily and multimedia news in Italy and is one of the main publishing companies in Europe. It publishes 16 daily newspapers (including *La Repubblica*, *La Stampa* and 14 local newspapers) and magazines (including the weekly magazine *L'Espresso*), has three national radio stations (including *Radio DeeJay*, one of the top radio stations in Italy), it develops and manages the digital and online versions of all its brands and owns a concessionaire for the collection of advertising for the group media and for third-party publishers. GEDI is committed to offering quality news, culture, opinions and entertainment according to the principles of independence, freedom and respect for the individual.

In November 2018, GEDI entered the STAR segment of the Italian Stock Exchange.

Business areas



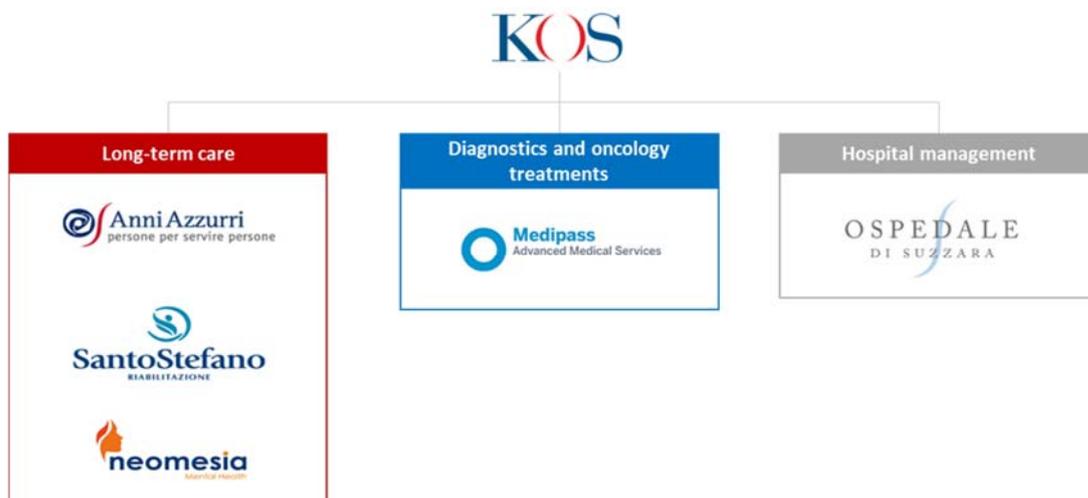
Healthcare

KOS is one of the main operators in Italy in the health and social care sector. It operates through dedicated companies in three areas of activity: long-term care, diagnostics and oncology treatments, and hospital management. More specifically, through the companies Kos Care, with the brands Santo Stefano Riabilitazione, Neomesia and Anni Azzurri, it manages functional rehabilitation units, psychiatric clinics, outpatient rehabilitation centres, residential health and social care for the both self-sufficient and non-self-sufficient elderly, and for people with disabilities, including psychiatric disabilities. Through the company Medipass, KOS designs, implements and manages advanced hi-tech diagnostic imaging services and oncology diagnostics and treatment, in conjunction and in synergy with hospitals and public and private healthcare facilities. KOS is present mainly in Italy but for some years has also been following a path of international development in the United Kingdom and in India. The company currently manages 86 facilities in 11 regions of Italy for a total of 8,157 beds, 26 outpatient clinics for diagnosis and rehabilitation, and 33 services in Italy and abroad in the area of diagnostics and oncological treatments.

3 AREAS OF ACTIVITY
 86 FACILITIES IN ITALY
 26 DAY-HOSPITALS
 TOP PROVIDER IN ITALY OF CARE HOMES
 FOR THE ELDERLY

During 2018, KOS acquired five facilities active in psychiatric rehabilitation and care for the elderly and opened a new care home.

Areas of activity



Automotive components

3 AREAS OF ACTIVITY

4 CONTINENTS

23 COUNTRIES

42 PRODUCTION PLANTS

Sogefi, listed on the Milan Stock Exchange in the STAR segment, is a company that operates in the automotive components sector with three business units: filtration, suspension and air and cooling. Present in four continents and 23 countries with 55 sites of which 42 are production sites, Sogefi is partner to the most important vehicle constructors worldwide (cars and trucks) and operates in the original equipment market, and the OEM and independent spare parts aftermarkets. More specifically, Sogefi designs, develops and produces technological systems for managing the air and

cooling of internal combustion engines and electric motors; filters for oil, petrol, diesel, engine air and the cabin; coil springs for shock absorbers, stabilizer bars, torsion bars, stabilinks, leaf springs and belt tensioner units. The company is among the market leaders in Europe, and North and South America. Sogefi was established in Italy but has gradually expanded into Europe and the rest of the world, partly through acquisitions. It is currently growing strongly in markets outside Europe.

In 2018, Sogefi began producing filters in its new plant in Morocco, which is its first production site in Africa. During the year, Sogefi began producing spiral springs for cars in China and has announced the construction of a new plant in Romania to support the development of the Suspensions Business Unit. This will be its second production site in Romania and its third in Eastern Europe.



Background and strategies

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

- Managing and directing over its subsidiaries with a constant drive towards management efficiency, competitiveness and growth;
- Employing the resources available giving priority to opportunities to grow and strengthen the three businesses in which the group is present;
- Managing the portfolio of financial investments of the holding company in a prudent manner, rationalizing 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, but also taking advantage of any new opportunities that the market can offer;
- Broadening and improving the range of its own branded content on the new digital platforms, taking into consideration the evolution towards digital in which the sector is engaged;
- 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;
- Achieving further benefits from the merger with the ITEDI group, leveraging scale, local presence in which it is unequalled, and group synergies;
- Confirming/strengthening its commitment in the radio sector.

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 oncological 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



2.1. Governance and Risk Management

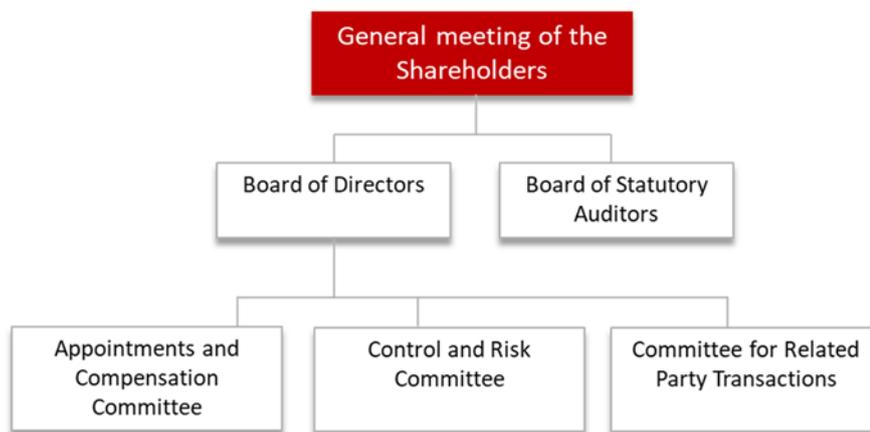
“The group companies create the conditions for their shareholders to participate in the decisions within their competence in as broad and conscious a manner as possible, promote completeness of information and safeguard their interests”

(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 of Directors 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 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 December 31, 2018

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>		✓	✓
Francesca Pasinelli	<i>Director</i>		✓	✓
Philippe Bertherat	<i>Director</i>		✓	✓
Claudio Recchi	<i>Director</i>		✓	✓
Guido Tabellini	<i>Director</i>		✓	✓

* Independent 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, 2018 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 (36%) out of a total of 11 Board members back in 2011.

CIR gives its directors an induction course on the activities of the group by involving the Chief Executives Officer 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 2018 for directors and statutory auditors of the companies with the assistance of external consultants.

The founder of CIR, Carlo De Benedetti, is today 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.

Risk management system

The system of internal control and risk management is the collection of rules, monitoring activities and organizational structures which, starting from an adequate process of identifying and measuring the risks that affect the Company and the business in which it operates, enable it to manage and monitor the risks in an effective and timely manner. 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 series of rules able to ensure that the business is run in a healthy and correct way in line with the stated objectives and in the interest of all stakeholders.

Within the scope of this system and in compliance with the requirements set out in Borsa Italiana's Code of Conduct, which the Company has adopted, and with national and international best practice recognized in the market, CIR adopted and implemented as from 2012 a structured and formalized process of ERM (Enterprise Risk Management), in order to identify, measure and monitor the main risks that could compromise the achievement of the strategic and business objectives of the group, and also defined suitable instruments to prevent, manage and mitigate the most important risks, which can be divided into four categories.

Areas of risk of the CIR group



With reference to the main subsidiaries, the risk management structure of each is described below.

The internal control and risk management system of **GEDI**, as explained in the Report on Corporate Governance and the Ownership Structure, is based on general principles and guidelines approved by the Board of Directors. The Risk Manager operates in close collaboration with the heads of the various processes and with the person in charge of the Internal Audit department, to carry out a complete review and constantly monitor the risks, taking into consideration any changes in the reporting scope perimeter that have taken place in the year both from an organizational and from a corporate viewpoint. The activity is carried out following the guidelines of the "ERM - Enterprise Risk Management" framework. In practice, once a year the Risk Manager maps out the company processes to identify both internal and external risks, then measures the risks in terms of probability, impact and evaluation of their effect on the various scopes affected. He or she then analyses the risk mitigating factors and the residual risk and lastly presents the results of the activity to the Control and Risk Committee for examination and a preliminary discussion before submitting them to the Board of Directors.

For **KOS**, the prevention and management of risk are not just a legal obligation as they represent an index of the quality of the approach to the business and constitute a guarantee for patients and staff in the interest of the company. KOS has adopted an Enterprise Risk Management model that is updated periodically by the Risk Management function so that it reflects the growth in size of the group and the changes to its internal organization. For each area of the business the potential risks associated with it are evaluated and each risk is evaluated in terms of impact and the likelihood of it arising, considering the effect of any preventive action

put in place to define the level of residual risk. Where possible, the impact of the negative event is also evaluated using quantitative criteria.

Sogefi has also adopted a model of Enterprise Risk Management at global level. This process, on the recommendation of the Board of Directors, which approved the main guidelines of the model, is coordinated by the Group Chief Risk Officer and has the direct involvement on a regular basis of the top and senior management of the group, following a top-down approach. As from January 2019, in line with best practice on the subject of corporate governance and risk management, Sogefi decided to appoint a Group Chief Risk Officer, a position devoted to risk management and thus distinct and separate from the Internal Audit function, which until the end of 2018 was also responsible for risk management. This decision confirms the group's growing commitment to setting up an effective and fully integrated system of internal control and risk management.

Risks relating to sustainability

In order to continue to monitor risk, CIR periodically examines its ERM matrix in relation to the elements of sustainability highlighted by best practice. This activity led to the identification of specific elements of sustainability that were then included in the matrix, which gave a more complete view of the risks already identified and therefore a better evaluation and decision as to the mitigating action.

CIR gives particular priority to compliance with the rules of law and with the principles of ethics and, in addition to the risks identified in the Annual Report and Financial Statements of the group, in relation to the topics referred to in Art. 3 and 4 of Legislative Decree no. 254/2016, the Company has identified the main risks to sustainability. The CIR group is exposed to the risks to which the companies that make up the group are exposed. A description follows of the various types of risk, their main impact on the sphere of sustainability and the action taken by the group to mitigate the likelihood of these risks arising and the potential impact of the same.

Risks of infringing anti-corruption laws

The group is aware of the possible consequences of such infringement on its business and its reputation in the event of its involvement in cases of corruption.

On the subject of **ethics and compliance**, the risk is linked to the possibility of infringing current regulations in the countries in which the group companies operate, with particular reference to active and passive corruption. For this reason, the companies of the group are committed to preventing all forms of **bribery, corruption** or **extortion**. On this subject, CIR and its first level subsidiaries subject to Italian law, as well as its main indirectly controlled investees, have equipped themselves with an Organization, Management and Control Model in line with the terms of Legislative decree no. 231/2001, which guarantees an adequate management and mitigation of the risks of active corruption. In addition to this, to avoid running the risk of the control system proving to be inadequate in cases of conflict of interest (Related Parties), and to continue to improve the way they monitor this subject, **GEDI** and **Sogefi** have adopted a special procedure for managing transactions with related parties.

As further proof of its commitment, Sogefi has approved and adopted an internal whistleblowing procedure that is distributed to all new hires and to all staff through the group's internal communication system. This procedure allows all employees, whatever country they are in, to report any infringement or suspected

infringement of the Code of Ethics or of any other company procedure or rule. Lastly, it should be noted that in the early months of 2019 Sogefi launched a Compliance Project, aimed at reviewing and strengthening its anti-corruption organization model. This project will make it possible to guarantee compliance with the requirements on the subject set out in current legislation, including Legislative decree no. 254/2016, 231/2001 and the French law Sapin II.

All of the companies have a Code of Ethics which recognizes that compliance with laws and regulations in force in all of the countries in which they operate is a fundamental principle.

Furthermore, all the group companies provide regular training sessions for their employees on the subject of anti-corruption, with the aim of strengthening the group culture on the subject and providing instructions to follow to identify and report internally any event that could potentially be attributable to an act of corruption. More specifically, **GEDI** organizes training programmes for its employees both across the board on general topics relating to Model 231, and specifically for employees who work in areas of particular risk, for the supervisory body and for internal control officers. The publishing group also promotes knowledge of and compliance with Model 231 for its consultants and collaborators on various accounts, contractors and their employees, self-employed workers who work within the group, customers and suppliers. Furthermore, **KOS** keeps all members of the Board of Directors and senior managers of the group informed of its anti-corruption policies. Communication of information and notice of changes are circulated to personnel (and commercial partners) by e-mail or by putting a notice up on noticeboards and, if deemed appropriate, the group Internal Auditor holds sessions explaining the content of the notice.

With regard to **KOS**, moreover, the mapping of risks relating to the typical business of the group also includes compliance with the rules introduced by Legislative decree no. 231/01 and those set by the regions on the subject of the authorizations needed to run healthcare facilities and obtain accreditation. Lastly, something specific to the sector in which **KOS** operates is the business of managing insurance claims made by patients or their families for compensation. **KOS** pays particular attention to these issues and decided some time ago to manage them centrally in order to be able to guarantee a timely evaluation of what is being challenged and, where appropriate, a fair compensation for the damages suffered. To this end, Insurance Claims Evaluation Committees were set up, as multi-disciplinary bodies that evaluate the work of the professionals and evaluate whether complaints are valid or not, partly also in compliance with the terms of Law 24/2017 (Gelli Law). It should be noted that the number of claims receiving compensation is limited considering the size of the group.

Social risks and risks linked to respect for human rights

Risks connected with **human rights** are relevant in view of the type of business carried out by the group companies, where they are located and the suppliers with whom they do business. The risk is associated with a lack of respect for what is set out in the UN's Universal Declaration of Human Rights and the ILO Declaration stating the principles and fundamental rights of workers. Given the importance of the subject, the Codes of Ethics of the companies of the CIR group consider respect for human rights as one of the fundamental principles to be observed when carrying out a business activity.

For example, **KOS** is committed to upholding, respecting and safeguarding the dignity, freedom and equality of human beings and their safety in the workplace. Specifically, to ensure that truthful and exhaustive information is provided on the healthcare protocols adopted and on the services provided, **KOS** has set up various internal procedures that must be complied with.

To guarantee the protection of human rights that could potentially have an impact on internal processes and on its supply chain, **Sogefi** has adopted a Human Rights Policy, the observance of which is an essential requisite within the group and along its entire value chain. In particular, given that **Sogefi** is present worldwide with a considerable number of activities carried out locally by the subsidiaries, there is in theory the risk of using suppliers who do not meet the standards of the group or comply with its commercial integrity. In 2016, Sogefi developed a “Code of Business Conduct”, with the aim of promoting and spreading its principles of ethics along its supply chain. This code must be accepted by all suppliers and third parties who cooperate with the group. In time, Sogefi will ask all its suppliers to accept and sign the group “Code of Business Conduct”.

Risks pertaining to personnel

The potential risks relating to the **management of human resources** refer specifically to the development, professional growth and health and safety of personnel. The group companies are therefore focused on guaranteeing a workplace that respects the physical and cultural integrity of the individual, consolidating and spreading a culture of **safety**, and promoting responsible conduct on the part of all employees and collaborators, with the aim of maintaining health and safety in the workplace.

Although it is a holding company and thus exposed to limited risk, **CIR** is committed to ensuring that health and safety risks to which its employees could be exposed are adequately monitored.

In its Code of Ethics, **GEDI** recognizes the centrality of human resources and the importance of establishing and maintaining relations with them based on loyalty and mutual trust. The management of employment and freelance relationships is inspired by respect for workers’ rights and a full appreciation of the worth of workers and their contribution in order to foster their professional development and guarantee adequate levels of safety in the workplace. One of the main risks monitored is the possibility of failing to comply or complying insufficiently with rules on the subject of health and safety in the workplace particularly with regard to training and the equipment provided. GEDI has therefore developed a special action plan involving monitoring on a regular basis the areas of training and healthcare supervision. In addition, following episodes of restructuring of the corporate and organizational structure and downsizing of personnel, there is the risk that relations between the company and the trade unions could deteriorate and GEDI has, therefore, taken concrete action to plan and manage resources, such as solidarity programmes and welfare policies.

Likewise for **KOS**, human resources play a central role. Apart from guaranteeing their professional growth and development, the group is committed to respecting current rules on the subject of safety and designing procedures and guidelines on the subject and briefing personnel. The company also promotes participation by its employees in the process of risk prevention.

Lastly, these principles are also shared by **Sogefi**, which has further developed its commitment in this area by producing a Health and Safety Policy that sets out the principles to be followed in order to limit accidents and incidents in the workplace. In line with these principles, in 2017, Sogefi started implementing the so-called Sogefi Excellence System, which defines, among other objectives, the best practice for the creation of a safe working environment for employees. Sogefi also promotes OHSAS 18001² certification for its production plants. This standard enables the group to adopt and implement health and safety best practice through a structured and effective system.

² The percentage is calculated for 42 production sites, excluding the Saint-Souplets site (which is mainly used for the production of prototypes) and considering the Bangalore site as two different production units.

With regard to **GEDI**, given the type of business and its geographical location, the risk of failure to observe the rules was evaluated with regard to the treatment of personal data and privacy, rules governing advertising and on the subject of copyright. For this aspect, in addition to having appointed a Data Protection Officer (DPO), GEDI has also defined actions and plans to constantly monitor the regulations and legislation of the sector. This is also a sensitive area for **KOS** which has also appointed a Data Protection Officer (DPO) and has put in place a series of initiatives to bring the company into line with the security measures contained in the new Regulations. As for CIR, although it is a holding company and its risk exposure is therefore limited, it too has appointed a DPO. Moreover, **Sogefi** takes action to counter the risks connected with non-authorized or fraudulent access to its computer systems by third parties with a resulting potential loss and infringement of sensitive and confidential data, which could cause losses of a financial nature as well as significant reputational damage. In order to minimize such risks, under the direction of the Chief Information Officer (CIO), a series of technical and operational measures have been implemented and/or updated with the aim of raising the level of protection for the IT infrastructure of the group.

Environmental risks

With regard to **environmental risks**, the group must ensure that all activities are carried out with respect for the environment and public health, in accordance with national and international directives on the subject. For this reason, CIR and the other companies are committed to contributing in a constructive manner to environmental sustainability in all of their businesses, basing their strategies and operating management of the companies on the principles of sustainable development. In fact all the group companies have defined their commitment on the subject in their Code of Ethics and promote a corporate culture based on respect for the environment.

CIR, despite the fact that it is a holding company and as such has limited risk exposure, is committed to guaranteeing an adequate monitoring of the environmental risks linked to its businesses.

GEDI, on the other hand, has identified as a risk the failure to comply with rules for the protection of the environment and mitigates this risk by having a dedicated internal department and using external companies with competence in the specific sector that on an annual basis carry out audit activities on the printing centres and evaluate the need for specific action.

In addition, **KOS** identifies non-compliance with national and international directives on the subject as a potential source of environmental risk and for this reason the group's Code of Ethics makes specific reference to its commitment to environmental sustainability in all of its businesses. The companies' strategy and operating management are based on the principles of sustainable development with ongoing attention paid to ensuring that business activity is carried out in compliance with current regulations.

Sogefi has approved an Environmental Policy and accordingly pursues its strategic objectives taking into consideration the resources available and the best technologies that can be used in order to gradually improve its environmental performance. Sogefi has also adopted and implemented a dedicated system of environmental management aimed at keeping potential risks and their environmental consequences under control. In this respect a programme has been launched for the ISO 14001:2015 certification of its production sites of which 93%³ were compliant in December 2018.

³ The calculation considers 42 production sites, excluding the Saint-Souplets site (which is mainly used for the production of prototypes) and considering the Bangalore site as two different production units.

2.2. 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, and 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 231 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/governance/codice-etico.html>

Public policies and funding

II

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 2018, **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 62/2001, and there are tax credits as per Art. 8 of Law no. 62/2001.

In 2018, the group benefited from indirect subsidies for publishing in the form of discounted telephone bills for a total amount of € 485 thousand (€ 619 thousand in 2016 and € 522 thousand in 2017).

The management of anti-corruption in the CIR group

The CIR group gives great importance to the prevention of and the fight against active and passive corruption and is committed to preventing all forms of corruption or extortion and opposing any acts of corruption by all the group companies and their employees. For this reason, as confirmation of its commitment in 2018 the CIR group provided communication and training activity on this subject.

Total number and percentage of people in the CIR group who have received anti-corruption training				
Employees	Europe	North America	South America	Asia
Executives	36	12	6	5
% of Executives	17%	75%	50%	83%
Managers	0	0	0	0
% of Managers	0%	0%	0%	0%
Office staff	550	59	83	407
% of office staff	9%	32%	43%	100%
Blue collar and operators	142	405	883	491
% of Blue collar and operators	24%	63%	94%	98%

Training on anti-corruption subjects refers in particular to the training of the employees of GEDI and Sogefi with reference to the Code of Ethics and Model 231. As far as briefing on anti-corruption issues is concerned, the Code of Ethics and Model 231 of each company are available to all employees through the company intranet. As for communication on anti-corruption issues aimed at commercial partners, 8% of the commercial partners of **Sogefi** received a communication in 2018, while for **KOS** special clauses of requiring commitment to observing the Code of Ethics as per the terms of Legislative decree no. 231/2001 are included in the contracts with service providers, professionals and consultants.

It should be noted that in 2018 no training was provided to the Board of Directors of the CIR group on topics relating to anti-corruption.

Anti-corruption and crime prevention

In order to ensure conditions of correctness and transparency in the running of the business, **CIR S.p.A.**, has equipped itself with an “Organization, Management and Control Model” in line with what is stipulated in Legislative decree no. 231/2001 on the administrative liability of legal entities.

The Model is regularly subject to verification to ensure that it is adequate and, where necessary, is updated to bring it into line with new legislation and with the organizational structure of the entity.

At the Board of Directors’ meeting held on October 29, 2018, the latest version of the “Organization, Management and Control Model” adopted by the Company was approved after an update made necessary after the results of the self-assessment carried out at the end of 2016 and the most recent regulatory innovations. Apart from the additions to the catalogue of predicate crimes in the General Part in 2016, the new Model 231 was given a new structure, organized according to a “process” logic different from the previous traditional representation according to type of crime. This makes the new Model easier to use for those receiving it and more effective in its implementation.

The Model is made up of a “General Part” and five “Special Parts”:

- **Special Part A – Code of Ethics**, which refers entirely to the Code of Ethics;
- **Special Part B - Significant 231 crimes and Sensitive Processes**, which includes the crimes as per Legislative decree no. 231/2001 that are considered relevant for the Company and the Sensitive Processes where there is a potential risk of the crimes being 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 fundamental elements of the internal control system and the specific principles of conduct designed to prevent the risk of committing the crimes contemplated in the Decree;
- **Special Parte D – Market abuse offences: principles of conduct and control**, deals specifically with topics Market abuse.
- **Special Part E – Procedure for reporting illegal conduct (whistleblowing)**, refers to the protection of whistleblowers who report offences or irregularities which have come to their attention within the sphere of an employment relationship in the public or private sector.

CIR has appointed a Supervisory Body, made up of two external members and the Head of Internal Auditing appointed by the company, which has the task of monitoring the effectiveness, functionality and compliance and regularly updating the Model.

The group companies subject to Italian law have also equipped themselves with a Model 231 which sets out clear rules of conduct, control guidelines and measures for safeguarding the health and safety of their employees in the workplace, with the aim of having greater transparency in the running of their businesses.

Trade 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 Company 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 CIR group companies 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 Association of Journalists, and equal access to news media during election and referendum campaigns for political communication.

In addition to the above-mentioned legal requirements, 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.

GEDI belongs to the association “Leading European Newspaper Alliance” (LENA), established in March 2015, which focuses on finding appropriate responses to the changes that are affecting the journalism sector.

GEDI is also a member of FIEG (Federazione Italiana Editori Giornali – Federation of Italian Newspaper Publishers), whose objectives are freedom of information, the financial viability of publishing companies and the development and extension of means of communication as instruments for informing and advertising vehicles. It also defends the rights and moral and material interests of its members.

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 dictate 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. To guarantee ethical correctness and compliance with the rules, KOS 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).

Sogefi also recognizes the strategic importance of belonging to associations and is a member of various sector organizations in the geographical areas in which the group is present. 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. In the United States, Sogefi US belongs to SAE (Society of Automotive Engineers), in France, it belongs to FIEV (*Fédération des Industries des Equipements pour Véhicules*). In Germany, Sogefi is a member of VDI association (Verein Deutscher Ingenieure), in India, of ACMA (Automotive Component Manufacturers Association of India) and CII (Confederation of Indian Industry). In Brazil, it belongs to SINDIPEÇAS (Sindicato das Industrias de Autopeças) and ABRAFILTROS (Associação Brasileira de Filtros). In Mexico, Sogefi belongs to GIES (*Grupo de Intercambio de Empresas del Sabinal*).

Ethics and the news: GEDI's Codes and Charters

In order to ensure the truthfulness and independence of information, GEDI complies with 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.

2.3. Sustainability for the CIR group

The CIR group in 2018 continued along its path towards sustainability, with the aim of controlling and improving the environmental, social and economic impact 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 practice this approach is based on the development of a relationship of trust between the group and its stakeholders, with the aim of reconciling all the interests involved in compliance with all the rules of law and with the principles of honesty, impartiality, reliability, loyalty, correctness, transparency and good faith, while always safeguarding full respect for the protection of human life.

GEDI has begun 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 and engagement activities

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 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 constantly by the group Press Office, which is responsible for managing relations between the company and news agencies/opinion leaders on the subject of corporate communication: during 2018 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 *Prima Comunicazione* and the Chairman was interviewed by Bloomberg. In line with the growing digitalization of content, in 2018 the group published information for its stakeholders through its website, through social media (specifically LinkedIn and Twitter) and with a newsletter. In 2018 two conference calls were organized by the Investor Relations Department with analysts and investors to illustrate results and strategies. Management also held 2 roadshows for the financial community and 24 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** works constantly on its relations with its stakeholders, with the aim of obtaining useful suggestions as to how to pursue its sustainability strategy in the best possible way. To this end **GEDI** engages on a daily basis to establish relations of trust with its stakeholders, based on the principles of transparency, an open mind and a willingness to listen. The approach used by the publishing group to communicate with its stakeholders has continually evolved over time, involving initiatives of various kinds aimed at making the best possible use of the many channels available. Examples of structured ongoing stakeholder engagement are all the initiatives carried out by the External Relations Department, which is responsible for relations between the group and the press mainly for corporate communication and managing relations with the other interlocutors of the group.

In 2018, **GEDI** updated the map of its stakeholders, identifying their degree of influence/dependence and analysing the importance to them of the specific sustainability issues of the sector and of the market context in general. The “Public” stakeholder identified represents a broad range of users who can be subdivided in turn into: newspaper buyers, subscribers, radio listeners, online users and television audience/satellite subscribers.

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 it is essential to develop various forms of dialogue and continual interaction with its stakeholders in order to meet their needs, their interests and their expectations as far as possible, creating relationships of trust based on the principles of transparency, an open mind and a willingness to listen. The company considers relations with suppliers to be fundamental for strengthening the links with the local area, preferring local suppliers and thus contributing to their development.

Materiality analysis

In order to identify the aspects of sustainability that are relevant for the group and its stakeholders, in 2018 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.

For **KOS** and **Sogefi**, the materiality analysis was updated for 2018 after a desk analysis had been carried out to see whether there had been any changes in the sectors in which they operate in terms of the impact generated by the group and the significance of aspects of sustainability for their stakeholders. The analysis considered various reports of competitors and best practice in the various business sectors the group companies, relevant studies and publications and the subjects referred to in Legislative decree no. 254/2016. Following this analysis, changes in the positioning of the topics of the previous matrix were put forward to those in charge of the main company departments involved in the preparation of the NFS. Moreover, **Sogefi’s** materiality matrix of was approved by the CEO of the group.

The update of **GEDI’s** materiality matrix was carried out in different stages. First of all, a desk analysis was carried out taking into consideration various reports of competitor companies operating in the publishing sector, best practice, relevant studies and publications and the issues referred to in Legislative decree no. 254/2016. The topics identified following this analysis were then subjected to an evaluation by management through an internal workshop, with the aim of understanding the group’s positioning in relation to the same.

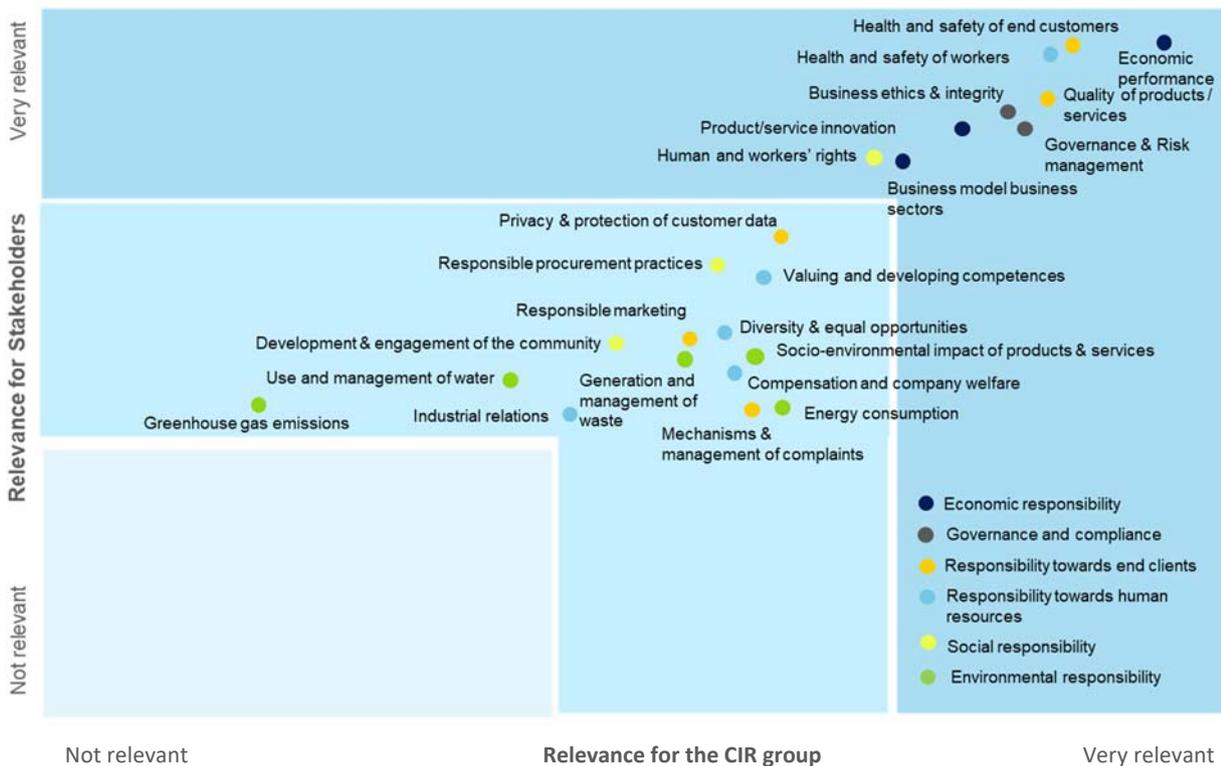
In order to have ever greater interaction with external stakeholders, in 2018, a special stakeholder engagement initiative was carried out in order to collect their perceptions of sustainability issues. A questionnaire was sent out to the public for this purpose with the aim of stimulating reflection on the group’s approach to sustainability and to identify the expectations of stakeholders with regard to **GEDI’s** business. Participants made a significant contribution towards the identification of the main impact that the group business has on the various stages of the value chain.

This internal and external analysis made it possible to identify the topics that are considered material, i.e. those topics that have a significant impact of the organization from an economic, environmental and social viewpoint and which influence the evaluations and the decisions of stakeholders in a substantial way.

Following the analysis of the results obtained for each group company, 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 group's activities.

The process was conducted according to the indications of the GRI Standards and ended with the identification of 23 topics, which are reflected in the materiality matrix of the CIR group.

Materiality matrix of the CIR group



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 influence 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

 € 2,817.4mln / REVENUE

 € 12.9mln / PROFIT

 € 2,654.9mln / NET GLOBAL ECONOMIC VALUE

 € 787mln / ECONOMIC VALUE DISTRIBUTED TO PERSONNEL

The CIR group closed 2018 with a net profit of € 12.9 million, compared to a net loss of € 5.9 million for the previous year. As was the case in 2017, when the group's loss was affected by the non-recurring expenses incurred by GEDI for the settlement of a tax dispute for events going back to 1991, in 2018 non-recurring expenses were again recognized by the investee GEDI, due to organizational restructuring and the impairment of newspaper and magazine titles and equity investments following impairment tests. Without considering these items, the group's profit would have been € 33.7million.

The revenue of the group came in at € 2,817.4 million and was up by 2.3% compared to 2017 (+5.2% at constant exchange rates).

Results of the CIR group

<i>(in millions of euro)</i>	2016	2017*	2018
Revenue	2,620.7	2,754.2	2,817.4
Gross operating profit	258.8	330.9	306.0
Profit (loss)	33.8	(5.9)	12.9
Net financial debt (31/12)	143.6	272.5	297.1
Equity (31/12)	1,052.3	961.0	936.2

*The figures shown for 2017 were restated for the purposes of comparison applying IFRS 15 retrospectively. For the figures published in the 2017 DNF, which were not restated, see the Consolidated Disclosure of Non-financial Information for 2017 [<http://www.cirgroup.it/>].

The gross operating profit (EBITDA) came to € 306 million, down 7.5% from € 330.9 million in 2017.

Net financial debt amounted to € 297.1 million at December 31, 2018, up from € 272.5 million at the end of 2017.

Equity stood at € 936.2 million at December 31, 2018 versus € 961 million at December 31 2017.

The total capitalization of the group came to € 2,457 million, consisting of € 1,449 million of equity and € 1,008 million of total non-current liabilities. The capitalization of the CIR stock at December 28, 2018 was € 738 million.

In the automotive components sector and in a world market that reported a 1% contraction in the production of motor vehicles with the fourth quarter posting -5.4%, in 2018, **SOGEFI** saw growth in its revenue at constant exchange rates of 3.2%, thanks to the North-American and Asian markets. EBITDA came in at € 190 million and was lower than in 2017 (€ 206.9 million) due to the negative effect of exchange rates and the rise in the price of steel which had a negative impact on the margin of the Suspensions business unit. Its profit for the year came to € 14 million (€ 26.6 million in 2017).

GEDI, whose main sector of activity, daily newspapers, continues to be affected by a gradual decline in the market, reported a rise in revenue of 5.3% thanks to the merger with ITEDI (-5.9% on a like-for-like basis); EBITDA came to € 33.1 million, after restructuring costs of approximately € 19 million; the group reported a loss of € 32.2 million, recognizing an overall negative balance, net of taxes and non-recurring income and expenses of € 45.5 million.

In the healthcare sector, **KOS** reported a rise in revenue of 11.1%, due to organic growth in all areas of the business and to the full contribution of the acquisitions made in 2017. EBITDA was up by 16%, from € 87.8 million in 2017 to € 101.8 million and the profit rose from € 29 million to € 35.2 million.

Revenue by sector

<i>(in millions of euro)</i>	2016	%	2017 (*)	%	2018	%
Automotive components						
Sogefi	1,574.1	60.1	1,647.8	59.8	1,623.8	57.6
Media						
GEDI	585.5	22.3	615.8	22.4	648.7	23.0
Healthcare						
KOS	461.1	17.6	490.6	17.8	544.9	19.4
Other sectors	--	--	--	--		
Total consolidated revenue	2,620.7	100.0	2,754.2	100.0	2,817.4	100.0
of which: ITALY	1,136.9	43.4	1,192.0	43.3	1,254.6	44.5
OUTSIDE ITALY	1,483.8	56.6	1,562.2	56.7	1,562.8	55.5

Economic value generated and distributed

The Economic Value chart is a reclassification of the Consolidated Income Statement and presents 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 creation of Economic Value, the CIR group bases its methodology on that 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>	2016	2017	2018
Net sales revenue	2,626.2	2,749.9	2,815.4
Income/net from financial assets	39.2	33.9	3.5
Other income/net	28.7	38.6	40.3
<i>Gross Global Economic Value</i>	<i>2,694.1</i>	<i>2,822.4</i>	<i>2,859.2</i>
Amortization, depreciation and impairment losses	129.2	176.7	204.3
<i>Net Global Economic Value</i>	<i>2,564.9</i>	<i>2,645.7</i>	<i>2,654.9</i>
Operating costs	1,681.7	1,717.3	1,762.7
Personnel	712.4	732.7	787.0
Lenders	84.1	20.7	59.7
Public Administration	52.9	181.0	32.6
<i>Economic Value distributed</i>	<i>2,531.1</i>	<i>2,651.6</i>	<i>2,642.0</i>
Profit (loss) of the group	<i>33.8</i>	<i>-5.9</i>	<i>12.9</i>
<i>Economic value retained by the group</i>	<i>33.8</i>	<i>-5.9</i>	<i>12.9</i>

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

The income/net from financial assets includes income/expense from dividends, the trading of securities, interest income on bank accounts and short-term deposits, and gains and losses from equity investments measured using the equity method.

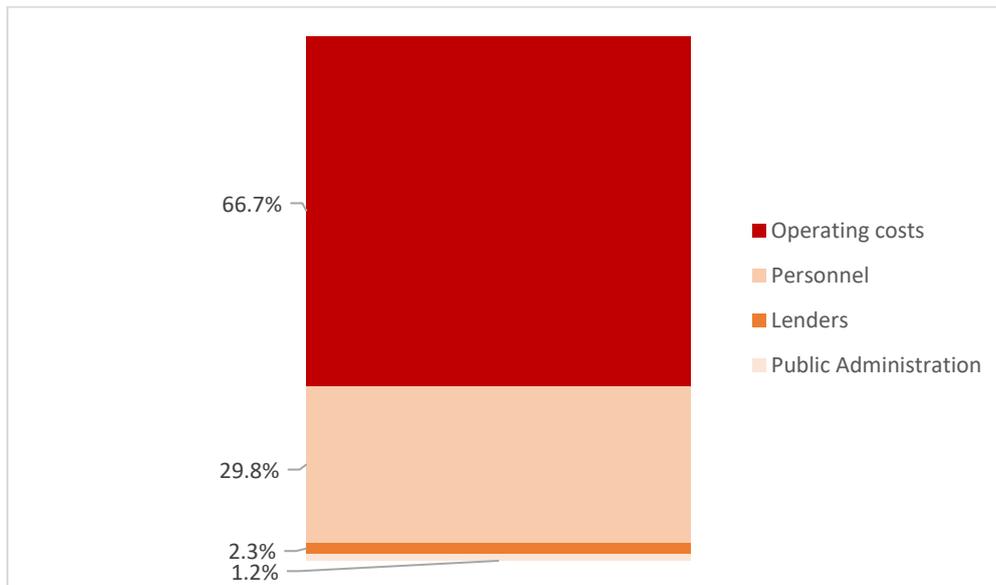
Other income/net consists of capital gains and prior year income and income from equity investments measured using the equity method.

The three elements described above make up the gross global Economic Value, which in 2018 amounted to € 2,859.2 million. This value, minus the amortization, depreciation and impairment losses, constitutes the Net Global Economic Value, which in 2018 came to € 2,654.9 million, in line with 2017.

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

- Operating costs for 2018 came to € 1,762.7 million (+ 2.6% on 2017), of which just over half were costs for the purchase of goods;
- The distribution of Economic Value to personnel in 2018 was € 787 million, up by 7.4% compared to 2017, and refers mainly to the salaries and wages of the employees of the group;
- The distribution of Economic Value to lenders in 2018 totalled € 59.7 million;
- The Public Administration was remunerated in the form of taxation for € 32.6 million in 2018.

Distribution of Economic Value in 2018



3. Responsibility towards customers

“Behaviour towards customers 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 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.

The regulations of the sector and codes 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 journalism, 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 the “*par condicio*” of 2000.

In addition to the legal requirements, 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 facility 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 relationships rapport in relations with the staff of the facility. The Model on which the KOS Service Charter is based has been 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 about 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”.

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.

The standards of conduct identified in 2017, as distinguishing features of the relationship established within the facility and which are fundamental to the process of making the treatments more humane, were investigated together with the perception of the competence of the operators and the characteristics of the hospitality aspects, as well as certain aspects of an organizational type.

During 2018, around 3,000 questionnaires were collected in the rehabilitation and psychiatric units and over 1,100 questionnaires in the day centres for rehabilitation. In the elderly persons sector, two different ways were used to collect information. On the one hand, questionnaires were sent out periodically by email to family members, which led to the receipt of around 1,200 questionnaires every quarter, approximately 23% of the average number of guests present. On the other hand, a classic customer satisfaction survey was carried out with 1,857 questionnaires completed by family members and 1,150 questionnaires completed by the guests themselves, out of an average number of presences per year of approximately 5,150 patients. The results obtained from these two types of customer satisfaction surveys were consistent. The results of the surveys were then shared with the management of the facilities so that measures could be taken to make improvements where needed.

In the Acute care area, the system for measuring customer satisfaction using totems in the facility was again used and a similar system was introduced in 2018 at the Suzzara Hospital.

Moreover, all KOS facilities have 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 2018 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.

It should also be noted that **Sogefi** has adopted a Group Quality Policy, which focuses on the health and safety of customers and employees, on fulfilling legal, ethical, social and customer requirements, 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.

In relation to the Group Quality Policy, almost all the production plants have ISO 9001, IATF 16949:2016⁴ (the updated version of the ISO TS 16949 certification) and ISO 14001 certifications, which set out the requirements of the quality management system and the environmental management system for products connected with the automotive sector in the design, development and, if necessary, installation and assistance phases.

Moreover, in 2018 Sogefi's Air and Cooling Business Unit adopted a Quality, Health and Safety and Environment Policy to highlight its commitment to sustainability and its objective of improving its performance in terms of quality, delivery, the competitiveness of its products and protection of the environment. For example, in the sphere of research and development the Business Unit aims to develop innovative products for reducing CO₂ emissions and fuel consumption and to improve the recyclability of its products, as products for the thermal management of batteries.

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 profound change and move towards digitalization and to respond in the best way to the changed needs of its users, since 2000 **GEDI** has gradually undertaken a process of digital evolution both in the development of new products and in the way company processes and activities are implemented.

During 2018 the following results, among others, were obtained:

- With an average of around 5.04 million unique users on an average day and 25.5 million unique users per month of its websites (new Audiweb survey, average April-November 2018), the company has become the sixth operator of the entire Italian digital market (which includes service providers and platforms such as Google, Facebook, WhatsApp, Amazon, etc.);
- The digital editions of the group's titles, including La Stampa and Il Secolo XIX, have reached a total average of 63.1 thousand subscribers in 2018;

⁴ The calculation includes 42 production sites, excluding the Saint-Souplets site (mainly devoted to the production of prototypes) and considering the Bangalore site as two different units.

- *Repubblica.it* confirmed its ranking as the top Italian news website with 2.94 million unique users on an average day with a lead of 26% over the second news website (new Audiweb survey, average for April-November 2018);
- The GEDI News Network titles *La Stampa.it* and *Il Secolo XIX.it* reported an average Total Digital Audience of 997,200 unique users on an average day (Audiweb average for April-November 2018). As for the GEDI News Network local newspaper titles, the websites together reported an average Total Digital Audience of 607,000 unique users on an average day with mobile traffic having the lion's share (Audiweb average for April-November 2018);
- GEDI continues to pursue a policy of innovation and technological development. The new Repubblica app was launched to include all Repubblica's free and premium news (*Repubblica.it, Rep, RepTv, R+*) in one place. This completes Repubblica's offer for smartphones and gathers 1.9 million average users per day and 15.6 million users per month (new Audiweb survey, average for April-November 2018, thus confirming the objective of reaching more readers on more platforms;
- Repubblica is still the number one Italian newspaper by number of likes on Facebook (3.7 million), Twitter (2.8 million) and Instagram (500,000 followers) and among the top ones at international level in terms of degree of involvement of its readers;
- In 2018 the position of the group's brands on social media increased even further: currently the GEDI profiles have over 32 million followers on Facebook, Twitter and Instagram;
- *Deejay* has reached 2.2 million likes on Facebook and 2.3 million followers on Twitter.

The main digitalization figures for the GEDI websites – December 31, 2018



2.2million
LIKES ON FACEBOOK
FOR DEEJAY



2.93million
FOLLOWERS ON
TWITTER FOR DEEJAY



25million
UNIQUE USERS PER
MONTH OF ALL THE
WEBSITES



2.9million
UNIQUE USERS PER DAY
OF REPUBBLICA.IT

Quotidiani locali

3.3million
READERS OF THE LOCAL
PAPERS EVERY DAY

During 2018 the Digital Division of **GED I** organized its research and development activities around five main projects:

- **Digital products and platforms.** 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: over the 12 months of the year it gained 30 thousand subscribers. Also launched was a new Repubblica application, "Cubo", which combines in just one digital place the real-time pay-to-use analysis website Rep:, R+ and the Video area. The Premium websites of the local newspapers have also been completely renewed and optimized for smartphones, with the launch of the pay-to-use Membership platform Noi and TopNews on La Stampa;

- **Video.** On the Video front, the distribution continued of the video content of the group and its monetization on both Youtube and Facebook. Video content is now managed centrally for La Stampa and the local newspapers belonging to GEDI News Network (GNN);
- **Technological projects and financing.** On the technology front, the Digital Division of GEDI managed to get funding from Google/Youtube for the GNI project (Google News Initiative) to fund live videos. Together with LENA (the “Leading European Newspaper Alliance”) it also succeeded in accessing a loan from a European Parliament fund for carrying out journalistic activity aimed at discovering how the Union affects our daily lives and how it is present in our countries;
- **Innovation in payment methods.** Regarding payment methods, a new payment system called “SWG” (Subscribe With Google) was perfected that makes it possible to make payments for Premium content in a simplified way. This is in addition to the platform that already exists with Facebook;
- **Data Lake.** With the advertising concessionaire Manzoni, GEDI has begun working on a group “Data Lake” for the integrated management of data both for advertising and editorial purposes.

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 2018 there were active agreements with 33 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 2018, KOS took part in the publication of 11 scientific studies in indexed journals on the subject of neuro-rehabilitation in the area of severe acquired brain damage and Parkinson’s disease.

In the rehabilitation sector, KOS in 2018 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 2018 24 conferences and training courses were held externally, as well as numerous internal training sessions with particular attention devoted to topics such as robotics, managing senility and the relationship between operatives and patients/guests.

Again in 2018, KOS created a function devoted to managing robotics within the group: Santo Stefano Innovative Technologies in Rehabilitation Lab. “InTeR Lab” is the laboratory set up by Santo Stefano Rehabilitation with the aim of coordinating the technological innovation process as applied to rehabilitation activities, both with regard to the acquisition of equipment and to introducing the equipment to clinical use, bringing innovation to everyday clinical practice. As well as increasing its technological equipment, the Santo Stefano group updates the knowledge of all the professionals involved, whose role is essential for adapting the instruments to the individual needs of the people in rehabilitation. Based on the results obtained so far in the clinical sphere, InTeR Lab was set up to boost technological innovation partly thanks to collaboration agreements with companies, entities and institutions involved in designing advanced technologies for rehabilitation and also with public and private scientific research bodies.

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 activities, the group 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 2018, Sogefi had a total of 256 patents (+14.8% on 2017).

Sogefi's research centres



In 2018, innovation continued to be an essential driver of all areas of the group's business activities, with the aim of guaranteeing to customers ever greater comfort and safety without compromising the protection of the environment, through the reduction of the consumption of raw materials, and the reduction 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, with the DURAFIP consortium, the *French Rubber and Plastics Research and Testing Laboratory* and the E-Cube research laboratory. Moreover, in 2018, 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.

Sogefi is convinced that guaranteeing respect for the environment is an essential value for its employees, customers and the communities in which it operates. To pursue this objective, the research and development centres focus on the development of advanced technologies that minimize impact on the environment and on society while at the same time enhancing performance and producing competitive products.

Consequently, in 2018, the Air and Cooling Division presented some OEM (*Original Equipment Manufacturer*) solutions for a new generation of vehicles with emission rates from zero to zero, innovative solutions able to reduce CO₂ emissions without compromising engine performance. The new products include battery cooling systems, e-drive cooling systems, manifolds and water distributors for BEVs, control valves and electric water pumps. Moreover, the main activity of the **Air and Cooling** business unit is transforming raw thermoplastic material into products for motor vehicles, paying particular attention to not using bi-material solutions as these are not easy to recycle. To avoid unnecessary waste and reduce the impact on the environment, for

products not of vital importance, raw plastic materials from waste are mixed with original raw materials, if the process is considered successful and is approved by the customer. Otherwise the waste is sold to specialist companies that recycle it.

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, which are also smaller, lighter in weight and involve a greater use of plastic. In this regard, the collaboration with Solvay, aimed at implementing solutions for gradually reducing the CO₂ emissions of vehicles, has been most significant.

Lastly, in the Suspensions Division, some of the main inventions have been springs made from composite materials and those for reducing noise. The first solution involves a clear reduction in the weight of accessories for stabilizer bars, leading to an advantageous saving per bar, while the second solution led in 2018 to the introduction of a new technology for identifying noise, which enables this risk to be eliminated at the design stage.

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.

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 to process 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.

It also 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 group 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.

During 2018, the subject of safeguarding privacy and protecting personal data was a priority for GEDI. As is known, the year was different in that the new European regulation on the protection of personal data ("Regulation (EU) no. 2016/679 - GDPR") took effect, in relation to which the group companies had already taken preliminary action in 2017 to ensure that the European rules would be applied correctly.

Thus a gradual process of compliance began that, in the year under examination, involved many steps to be taken on the subject. In this regard, an analysis was carried out of the security measures to be organized, the process and methodology pertaining to privacy issues and a training programme was put in place, focusing on the new European rules and on the practical application of the principles to company processes, with the aim of managing these issues and spreading and fostering understanding of the new policies and procedures adopted.

For the sake of completeness of information, it should be noted that during 2018 there was just one episode of unlawful access to the personal data of users that affected the company GEDI News Network S.p.A. (GNN), the publisher of, among other things, the daily newspapers La Stampa and Il Secolo XIX. More specifically, in April 2018, the CNAIPIC – National anti-cybercrime centre for the protection of critical infrastructure – notified GNN of a probable cyber attack on its website www.ilsecoloxix.it. The publisher, after verification of the same, promptly closed the security hole that had been identified, adopting all the technical and organizational measures needed to protect those affected. At the same time the matter was reported to the Postal Police (Cyber Crime Police Department) and formal notification of the violation was made to the Authority. Users who could potentially have been affected were informed of the event and invited to change their password for accessing the services.

Advertising and safety for GEDI

GEDI undertakes not to accept any messages that could offend the dignity and interests of individuals. For this reason, those responsible for the collection of advertising orders closely monitor in order to exclude from publication any false information regarding commercial products, messages that incite physical or moral violence, exalt racism, offend the moral, religious or civil beliefs of the population or that contain elements that could cause psychological, moral or physical harm to minors. The group does not accept any advertising that could encourage gambling, alcohol abuse, smoking or the use of any other drug and rejects messages with pornographic content. 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 and 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;
- For dubious messages or those requiring verification, has set up an operating procedure for managing issues regarding what is lawful (legal aspects) and what is appropriate (compatibility with the editorial policy of the medium/media in question). In this sphere, where necessary, in-depth training is provided on the subject of lawfulness for agents and employees;
- Following the introduction of Law no. 96 of August 9 2018 relating to the “Conversion into law, with amendments, of Decree Law no. 87 of July 12, 2018 (the so-called “Dignity Decree”), Chapter III of which contains new measures for combatting gambling addictions, including a ban on advertising gaming and betting, a note was published giving information and a summary of the prudential interpretation that GEDI aims to pursue and the resulting conduct to be adopted.

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.

Lastly, on the company intranet, which can be consulted by employees, there is a special section devoted to “Rules of Law on the subject of advertising”. This section gives a concise description of the existing rules that apply to users, agencies, concessionaires and advertising media and is thus a guide to be familiar with and to consult when engaging in any activity involving the sale of advertising. This section aims to be a contribution dedicated to limiting legal disputes and costs for the company but, if used appropriately, can also be a valid instrument for customer services, fostering long-term relationships.

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.

For KOS too the protection of privacy plays a fundamental role: in the Code of Ethics the company ensures confidentiality of the information in its possession and compliance with rules of law on the subject of personal data. In 2018, the company took the various actions needed to comply with the GDPR, appointing a DPO (Data Protection Officer) mapping out the various risks and bringing its organization on the subject of privacy into line with the new regulation.

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.

In 2017 the group introduced new KPIs (Key Performance Indicators) regarding the quality of performance. The new KPIs were constantly monitored starting from the second quarter of the year and improvements were obtained by promoting a *Quick Response Quality Control* (QRQC) mentality, which aims to identify and analyse problems immediately and implement counter-measures in less than 24 hours. In 2018, there was an improvement in the performance of the Filtration Division, starting with the early product launch process, subsequently improved, through the creation of a Project Management Policy supplementing the Gate Validation and Gate Management committees. It was also demonstrated by its commitment to implementing the revision of the Process Failure Modes and Effects Analysis (PFMEA).

Other initiatives include the implementation of the WISE (Web Incident Sharing Experience) software in most of the group's plants to support PDCA (plan-do-check-act) activity and enable "Lessons Learned" to be shared. Moreover, a competition was organized at global level to promote QRQC and offer exchange opportunities on QRQC between the various parts of the world.

Lastly, each year the Key Account Managers in the Suspensions and Filtration Business Units complete an internal self-assessment with the aim of identifying Sogefi's position with its main customers compared to that of its competitors. The Filtration Aftermarket, on the other hand, conducted a survey of customer satisfaction, which produced a general satisfaction index of 75%, with 83.5% who would recommend the products and 90% who would buy them again. No critical areas emerged from this survey.

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 CIR group companies ensure that purchasing processes are controlled rigorously as they represent the basis of 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 is 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 international paper producers, who are able to guarantee the strictest compliance with European regulations on the protection of the environment: they are some of the leading players in the sector who source their raw materials from forests that are 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 **KOS** 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.

KOS has various types of procurement. These are real estate services, IT services, the purchasing department and the technological equipment department. As far as real estate is concerned, the services refer to the purchase of equipment/systems present in the facilities – air conditioning, electricity and the distribution of medical gases – and to the construction of the organization’s new facilities. The IT services manages the purchase of equipment used to manage the facilities and receive guests, thus hardware and software equipment, bell systems in the rooms for calling staff and telephone/data systems.

The central purchasing department deals directly with the procurement of goods and services for the running of the facilities including, but not limited to furnishings, kitchen equipment, catering and cleaning services, food supplies, medical devices and medication.

As regards the purchase and management of all the biomedical equipment, the technological equipment department deals directly with all the equipment necessary for the correct treatment of patients.

The bidding procedures for larger amounts and longer durations are carried out on a dedicated web portal, with suppliers invited to take part and a guarantee of traceability and maximum transparency. Moreover, only firms that have the following requisites are admitted to the procedure: regular payment of social contributions, an anti-mafia self-certification, a 231 self-certification, presentation of the chamber of

commerce registration, acceptance of the KOS Code of Conduct, compliance with Legislative decree no. 81/08 and with Legislative decree no. 196/03. Additional quality and environmental certifications are considered an advantage.

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.

In Sogefi, procurement procedures are inspired by principles such as the search for the maximum competitive advantage while respecting the principles of sustainability, equal opportunities for all suppliers, loyalty and impartiality. The choice of suppliers and the decision as to the conditions of purchase are based on an objective assessment of quality, price and ability to supply and guarantee services of the level required.

Currently, as regards the consideration of environmental criteria in the selection of suppliers, the environmental certification ISO 14001 is part of the *Supplier General Information Survey* and the *Supplier Initial Assessment Checklist*. The collection of information and assessments is followed and completed at global level. More specifically, the Air and Cooling Business Unit received more than 250 responses from its suppliers, of which 150 are ISO 14001 certified.

As for the responsible sourcing of raw materials, Sogefi undertakes to declare the composition of the substances it uses in a transparent way and to refer to *International Material Data Systems* to specify all the materials used.

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 has published a Code of Commercial Conduct to help its commercial partners follow the values and principles that guide the group'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 stipulates that commercial partners must recognize and implement rules relating to respect for human rights, corporate ethics, working conditions worldwide and protection of the environment.

Distribution of the company's Code of Conduct to its suppliers began in 2016 and continues every year. It is important to note that some large suppliers prefer not to sign the Code of Commercial Conduct because they already have a similar document of their own in force.

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.

In 2018, 720 suppliers were evaluated as eligible to be sent the supplier questionnaire and to be assessed on the basis of the same.

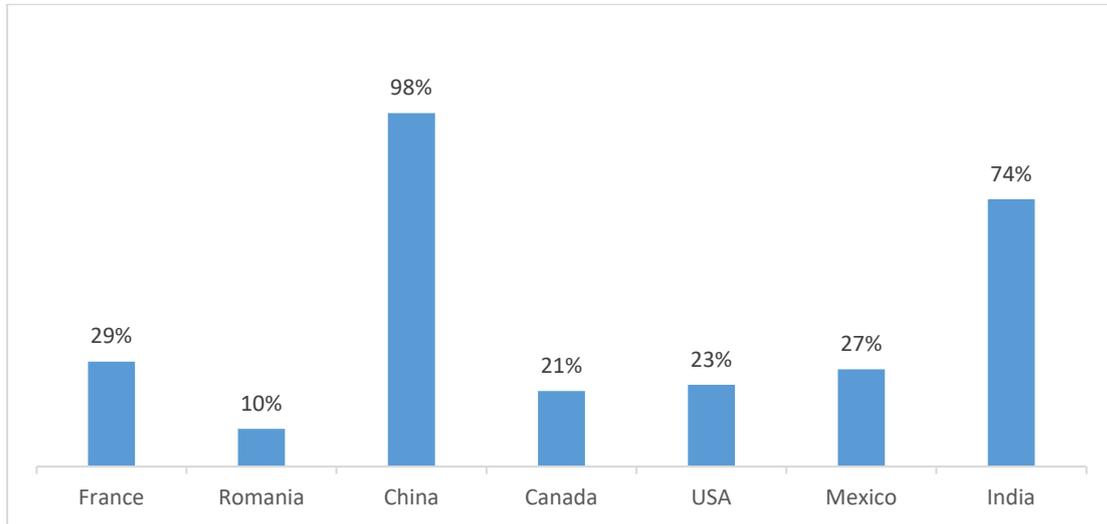
Sogefi regularly sends the *Conflict Minerals Reports* to customers who request them. The CMRT can be a significant factor for obtaining points on the customer portal and so it is submitted regularly to as many customers as possible. The questionnaire must be completed and signed by the supplier and constitutes a guarantee of the fact that the supplier does not buy natural resources originating in areas of conflict.

As an objective for 2019, the group aims to set up a global process and a special tool for managing the conflict mineral declaration.

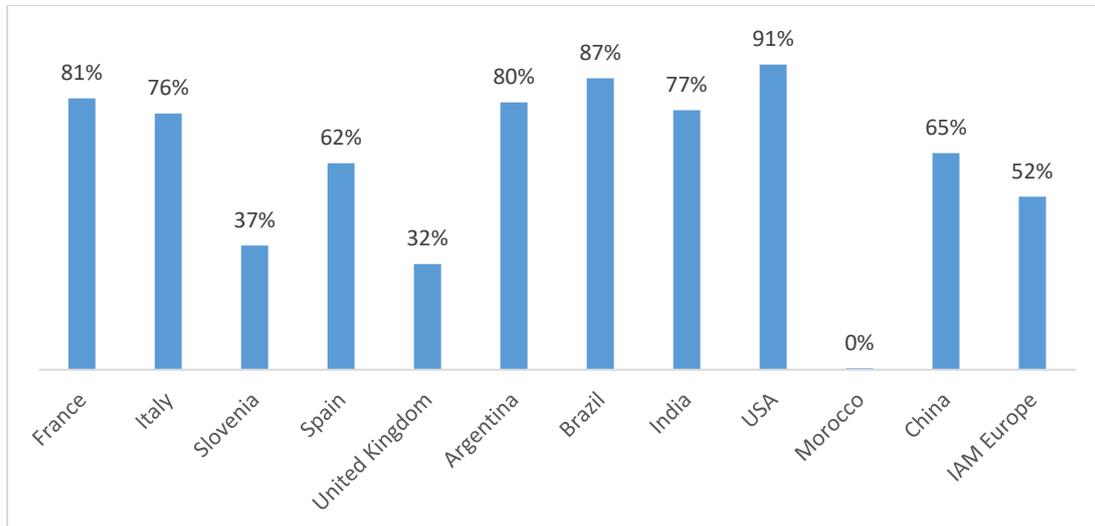
To strengthen its links with the local areas, Sogefi undertakes to give priority to local suppliers, thus contributing to the development of the local economy of the area. It also studies carefully the issue of where to locate its production facilities. For this reason, the group undertakes to minimize the transportation of its products by locating its factories in strategic positions. During 2018, the identification and qualification of local supplies increased with the aim of reducing the impact on the environment.

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.

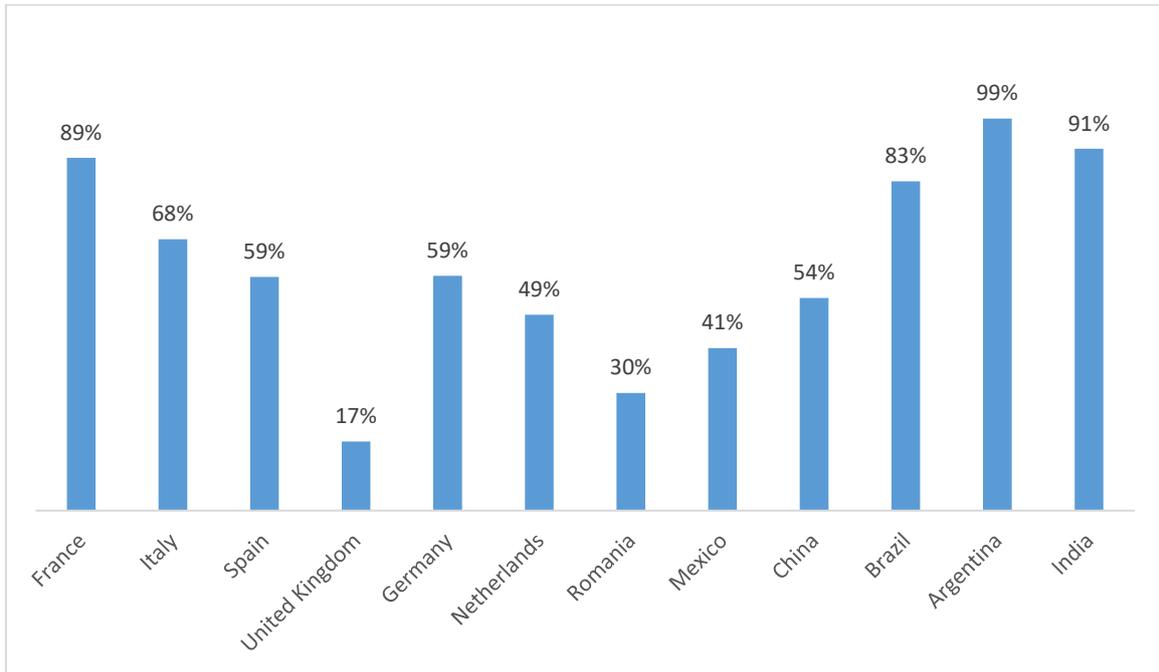
Percentages of products and services purchased locally in 2018 – Air and Cooling



Percentages of products and services purchased locally in 2018 – Filtration



Percentages of products and services purchased locally in 2018 – 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 group

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 Resource 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.

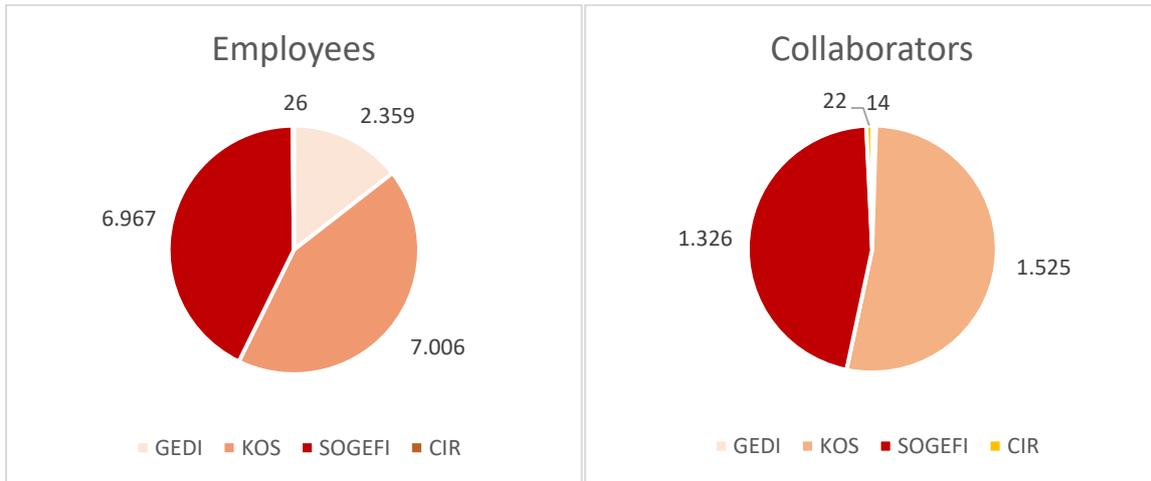
At December 31, 2018, a total of 16,356 people were employed by the CIR group, with an increase of 3.4% on 2017, confirming the growth trend seen in previous years as well. In absolute terms, Sogefi is the subsidiary with the highest number of employees, who totalled 6,967 at the end of 2018, +0.3% compared to 2017⁵.

In addition to its 16,356 employees, at the end of 2018 the CIR group also had 2,887 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.

As for the geographical breakdown of the group’s employees, 79% are based in Europe; 5% in North America, 7% in South America and 9% in Asia.

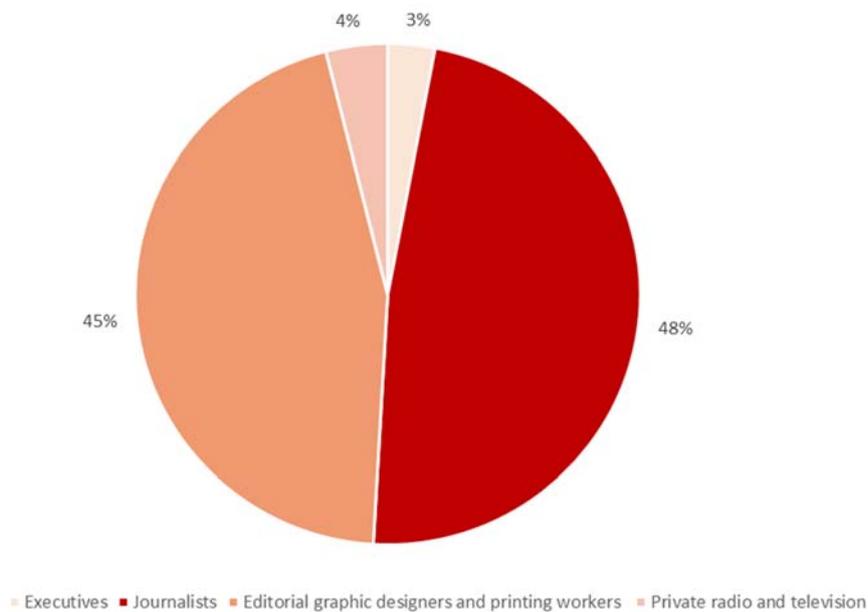
⁵ The figures relating to the employees of Sogefi at December 31 2017 in this document are slightly different from the figures shown in the consolidated financial statements of the CIR group. This is mainly because of the exclusion of the figures relating to *Filter System Maroc S.a.r.l.*, included in the consolidation scope of the Sogefi group on April 27, 2017.

The people of the CIR group – December 31, 2018



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.

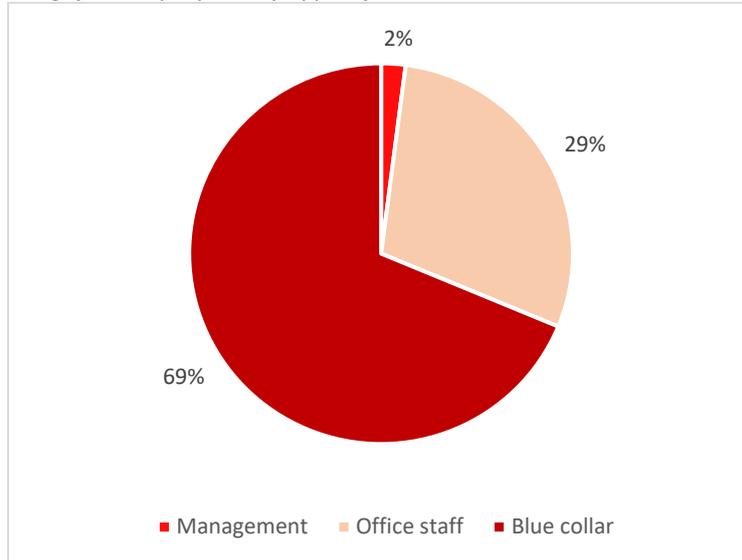
GEDI – Employees by type of contract – December 31, 2018



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 offered to patients and their families. Kos too has a very varied workforce that includes, for example, social care staff and healthcare technicians, doctors and nurses, in order to guarantee the presence of suitable staff profiles to accompany the customers who use the services offered by the company.

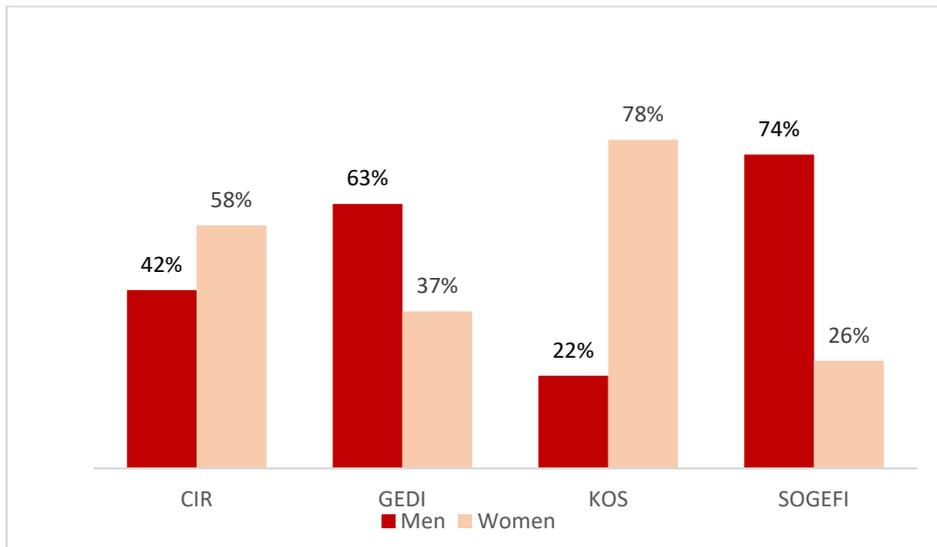
Its international presence is a point of strength for **Sogefi**, whose staff is varied in terms of culture, experience, customs and languages. For Sogefi the diversity of its personnel is a fundamental value, which has generated a team spirit at all levels of corporate responsibility. Given the company’s businesses, the most important professional category in terms of numbers in 2018 was again that of blue collars.

Sogefi – Employees by type of contract – December 31, 2018

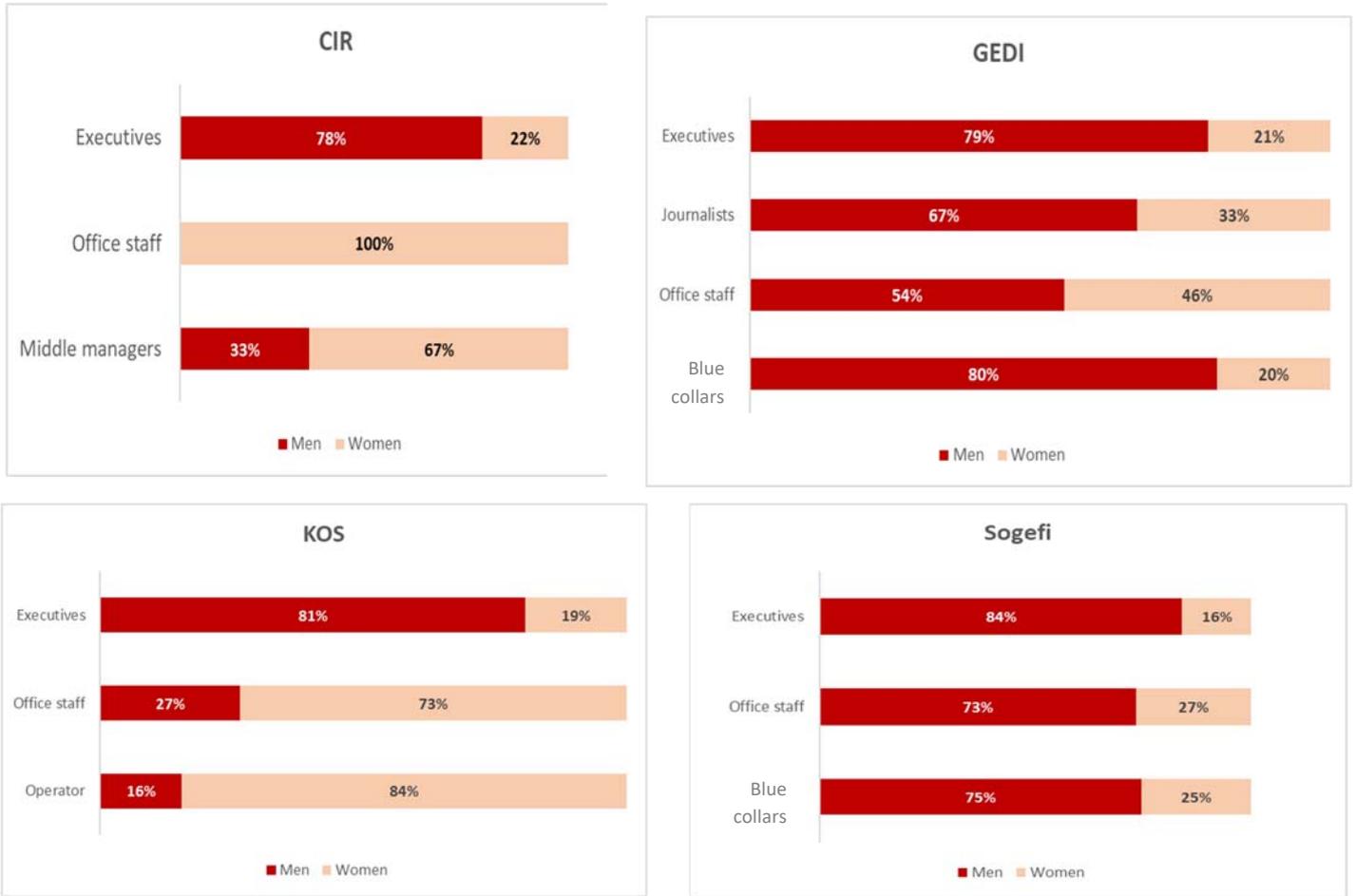


The personnel of the CIR group is made up of 8,218 men and 8,138 women.

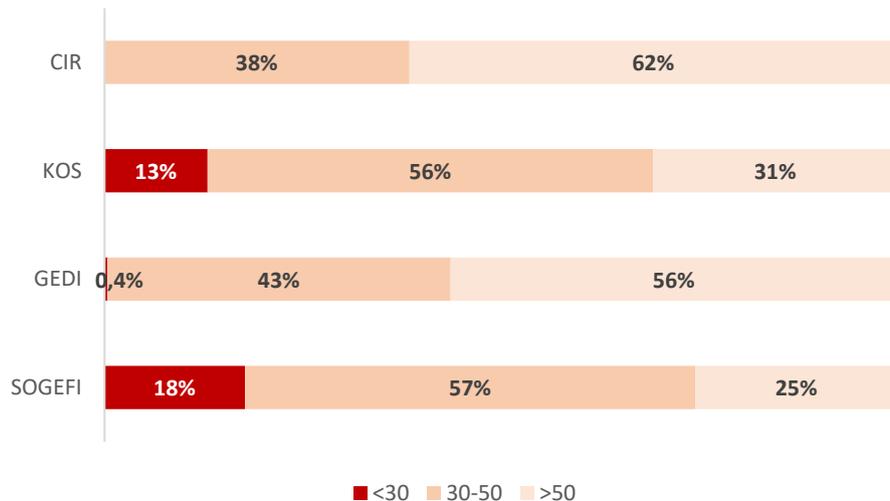
Breakdown by gender of the employees of the CIR group – December 31, 2018



Breakdown by professional category and gender of the employees of the CIR group – December 31,2018 ⁶



Breakdown by age group of the employees of the CIR group – December 31 2018



⁶ For KOS, the category “Operatives” includes: ASAs (care assistants), trainers, nurses, OSSs (nursing assistants), technical maintenance workers, generic technicians, kitchen workers, cleaners, reception workers, restaurant workers.

In line with previous years, 55% of the staff of the CIR group belong to the 30 to 50 age group. Sogefi is the group company with the highest percentage of employees below the age of 30, who account for 18% of the workforce.

In 2018 3,789 new employees entered the CIR group, while a total of 3,268 people left the group, giving an entry turnover of 23.2% and an exit turnover of 20%.

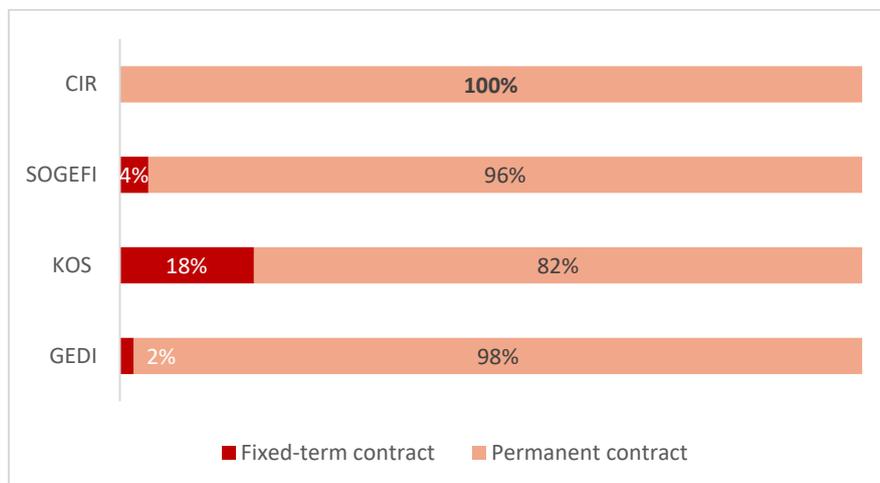
Entry and exit turnover of employees of the CIR group by gender and age group⁷ – 2018

New employee entries as of December 31 2018						
No. of persons	Total no. of staff	<30	30-50	50>	Total	Turnover %
Men	8,218	498	779	259	1,536	18.7%
Women	8,138	537	1.181	535	2,253	27.7%
Total	16,356	1,035	1,960	794	3,789	23.2%

Departures as of December 31 2018						
No. of persons	Total no. of staff	<30	30-50	50>	Total	Turnover %
Men	8,218	400	725	345	1,470	17.9%
Women	8,138	350	898	550	1,798	22.1%
Total	16,356	750	1,623	895	3,268	20.0%

The CIR group considers a stable long-term employment relationship as a fundamental requisite for enabling the group to grow and therefore pays great attention to the creation of stable employment in the local areas 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 by type of contract of the employees of the CIR group – December 31, 2018



⁷ The figures do not include the employees of KOS joining and leaving the British company and the Indian company of the group.

4.2 Diversity, equal opportunities and well-being

“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, apart from his or her nationality, religion or gender, political or trade union affiliation, sexual orientation or physical and psychological conditions.

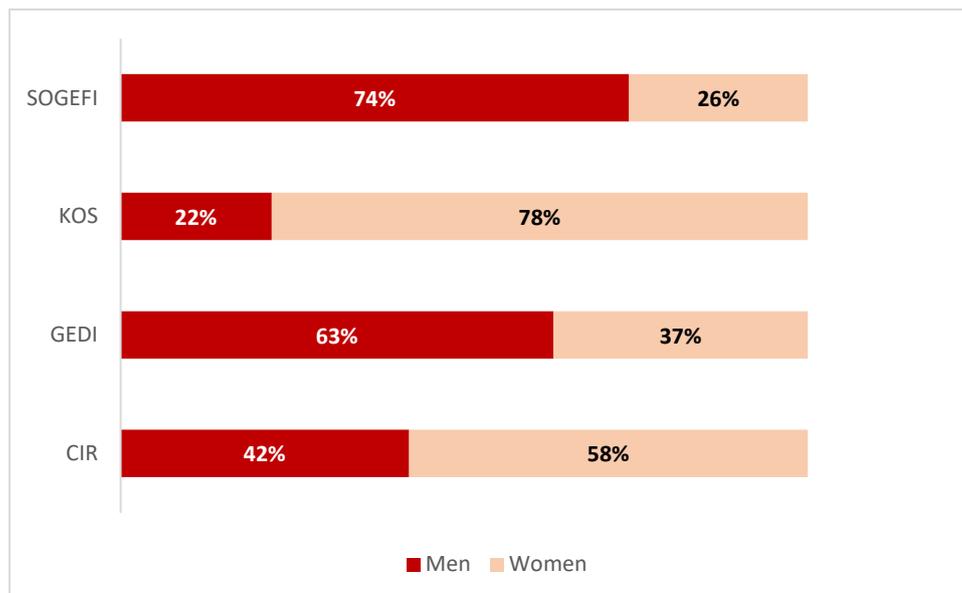
Management and enhancement of the human capital of CIR are directed towards integration and respect for diversity. Relations between employees take place respecting the rights and liberties of the individuals and of the fundamental principles of equal social dignity.

The figures for 2018 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 staffing, up by 7.1% compared to 2017.

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 31,2018

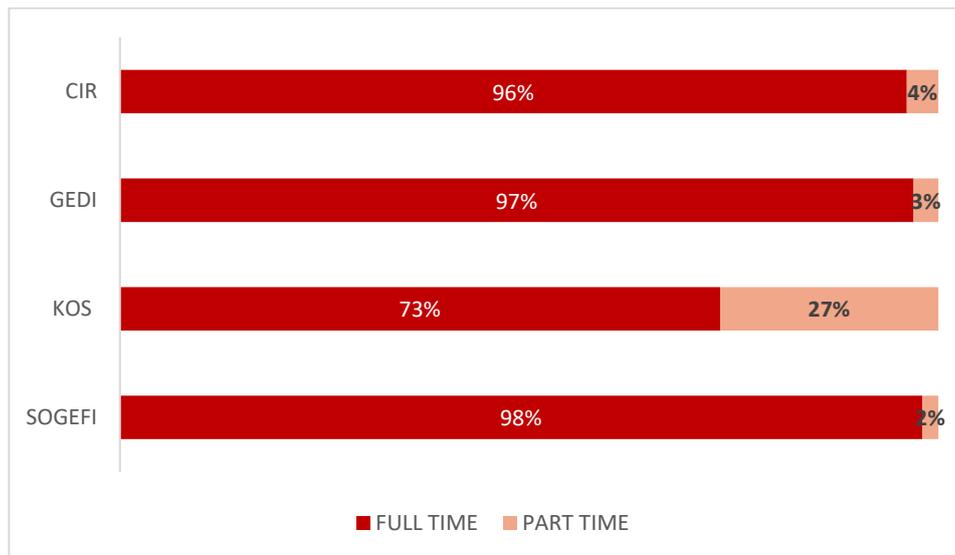


Regarding protected categories of workers, the CIR group companies are committed to fostering their inclusion in its staff.

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

Around 13% of staff have used the possibility of part-time work, which meant 2,075 employees at December 31 2018.

Breakdown by type of contract (part-time or full-time) of employees of the CIR group – December 31, 2018



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 the company;
- Part-time working hours, governed by the national labour contracts (CCNL), a useful 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 well-being 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 medical expenses incurred by workers and their family members up to maximum annual limits.

Tax assistance

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

The group companies 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.

Welfare and climate surveys in KOS

In line with the vision and values of KOS, the welfare plan aims to introduce policies and instruments that can help the work-life balance of its employees, by supporting the family income, fostering study, good health, family and free time, in addition to giving monetary benefits. The company's welfare system provides gives certain services at subsidized charges for its employees, such as: home assistance for elderly and disabled persons with qualified medical personnel; a Care Giver service with babysitters and nursery nurses; legal consulting; summer holidays for employees' families; help with completing and submitting the 730 tax return; school and study guidance for collaborators' children. Currently, the welfare plan is available only for certain professional families (second level managers, Coordinators and Professionals) with permanent contracts. The range of services on offer under the plan is accessible on the company's Easy Welfare website.

The long-term objective of the group is to make the Welfare system a consolidated and stable system giving rewards, and to extend it to other professional families as well.

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 together with labour regulations stipulate a minimum notice period for operational changes, which can vary according to the geographical area and the professional category of employees.

With regard to common compensation and incentive policies, **KOS** uses a so-called "mixed" evaluation, i.e. one involving an assessment of competences (competence assessment form), and an evaluation in terms of

objectives (MBO rewarding system). The latter is a useful instrument for the decentralization of responsibility and authority, with the aim of obtaining the maximum participation of human resources in the achievement of the company's results.

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.

92% 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 trade unions in a difficult economic situation for the country in general and for the sector in particular, and agreements were signed to set up forms of company welfare. It has been confirmed that, again in 2018, all of the employees of the group were covered by collective bargaining agreements.

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 79%; the level of coverage can differ considerably in the various geographical areas mainly for reasons linked to trade union history and traditions of the individual countries. In fact trade union representation for workers of the international sites of the Sogefi group comply with the local regulations of the country.

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 of the group 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.

In 2018 one-to-one English and French courses were provided for the employees of CIR with a native speaker teacher and with the 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 group 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 skills and increase the knowledge of its 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.

In 2018, training courses on a wide range of subjects were activated and developed in **GEDI**, as was the case in previous periods. These courses were on topics relating to anti-corruption under the 231 model as well as health and safety in the workplace. Various training initiatives were activated that aimed to implement and develop competence in the administrative and managerial spheres in response to regulatory changes particularly in relation to privacy, administration and accounts. Training programmes in foreign languages and IT continued to be rolled out. More specifically, regarding the above point, special courses were activated for the journalists of the local editorial offices with the aim of developing competences and synergies between the various branches of the group. Also for journalists the usual professional refresher courses were

held to keep them up to date. During 2018, a total of 8,490 hours of training was provided for the employees of GEDI.

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 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.

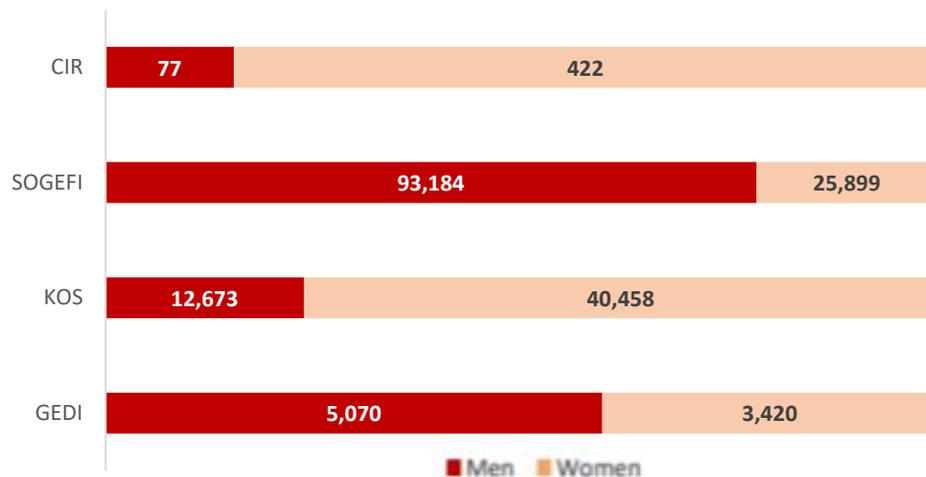
KOS has also equipped itself with a Training Plan that guarantees equal opportunity access and a fair rotation for the professionals in the areas of business affected. The training process involves different roles, all equally important and linked together in a highly integrated relationship:

- 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 2018 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, team management, negotiating, and team working), in order to improve the use of quality instruments (such as training on safety and fire prevention and preventing spills of chemical products) and training on QRQC, the quality tool most used in all the Business Units), language skills (e.g. English, French and German), new instruments (PDCA-FTA), IT competence, and on aspects linked to Health and Safety and environmental issues.

Lastly, special training programmes were held for management and professionals.

In 2018 the CIR group companies provided a total of more than 181,204 hours of training. The hours of training for the personnel of Sogefi accounted for 66% of the overall total.

Hours of training provided – 2018**Performance assessment in the CIR group**

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

It should be noted, for example, that during 2018 GEDI subjected most of its managers (85%) to a performance assessment. KOS evaluated the performance of 43.6% of its employees, a percentage that was higher for managers and operators, for whom it was over 80% and 70% respectively. Lastly, Sogefi's commitment in this direction is also worthy of note: in 2018, over 70% of office staff received a performance assessment.

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 monitoring systems 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 those destined to represent 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 has always been 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 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.

For each production unit of **GEDI** with the collaboration of various corporate departments and the officer in charge, in 2018 first of all information was collected regarding work processes and the way in which ordinary and extraordinary activities are executed with the aim of assigning risks to the appropriate jobs and evaluating the risk profiles. The analysis process then continued with the identification of preventive and protective measures that make it possible to improve the standards of health and safety of the workforce. Some of the actions that follow the risk assessment involve training which is explained in the paragraph of this report that deals specifically with training. The control chain involves all internal functions (Employer, Executives, Officers responsible and the workers themselves) and is an effective instrument for monitoring the levels of safety.

Furthermore, for the safety of its industrial plants, particular attention is paid to the aspects of verification and analysis when designing or purchasing new machinery and the restructuring and reconfiguring of machinery and production cycles and to the introduction and management of chemical substances and preparations. An ongoing commitment to monitoring working conditions and operating procedures has been developed in order to continually improve the level of health and safety in the workplace.

In 2017 an online training course on safety was launched for all employees and in 2018 the obligatory training programme and refresher courses held every five years on the subject of health and safety continued both for office workers and editorial staff (office staff and journalists), and for personnel working in the printing centres (blue collar workers, maintenance workers and technicians). Some specific training courses were set up for those working with electricity and operating specific equipment (e.g. forklift trucks). During the year training also continued on managing emergencies and the annual training update for the representatives of security workers was held.

KOS's facilities are equipped with operating licences and have regular Fire Prevention Certificates issued by the Fire Department. The facilities are also subject to inspections to monitor and check safety standards.

As per the terms of article 30, clause 5 of Legislative decree no. 81/08, **KOS** has put in place an organization model following UNI INAIL (SGSL) guidelines, drawing up a Safety Policy and circulating it to employees. The system was implemented voluntarily by the organization and has been in force since 2007. It currently

involves all the Residenze Anni Azzurri facilities and is now being implemented in the Santo Stefano facilities. All of KOS personnel is directly involved in the implementation of the Management System for Health and Safety in the Workplace.

The management system includes a Process of Assessment of Compliance with Regulations and a Risk Assessment Document which describe the processes used to identify the dangers connected with working activities and the responsibility for eliminating danger and reducing risk. Workers also have the possibility of reporting situations, including anonymously, following the internal procedures for the protection of whistle-blowers. Moreover, all workers are informed of the content of article 20 of Legislative decree no. 81/08.

To identify sources of risk as effectively as possible, the Company has divided the individual departments/activities/processes/phases according to the type of risk. For each function a special Risk Assessment sheet was prepared which enables the dangers of each stage of the process to be identified. The risks identified are evaluated considering how serious the potential event could be, the frequency of exposure to the danger and the likelihood of the event actually occurring.

The management of accidents and injuries is monitored by filling in a special form – Recording and Analysing Accidents involving injury, Non-injuries (accidents), Dangerous Situations, Non-Compliance. This is then analysed by the RSPP (Officer responsible for the prevention and protection service), by the Director of the facility, by the worker responsible for worker safety, and by any other people who may be involved, with the aim of solving any critical issues that should emerge.

The organization of safety, described in the Risk Assessment Document, involves the RSPP profiles identifying dangerous situations and making proposals aimed at eliminating them, requesting environmental assessments to analyse workers' exposure to the same and offering advice to those in charge and to the workers themselves. Moreover, during the inspection of the facilities, they verify emergency procedures and make sure that workers are aware of the correct conduct they should adopt.

Apart from this, the workers themselves are involved in the implementation of the management system. When they are hired, all workers receive a manual that identifies the main risks of the activities carried out and the measures that have been put in place by the organization to prevent them. This manual also contains a sheet evaluating the risks of the employee's specific role. Moreover, once a year a training programme is prepared and held in the classroom and/or online specifying the mandatory requisites, the duration of the training course and the people who are going to provide it. The RSPPs have the task of training the workers' representative for safety during the refresher courses held once a year and during the meeting as per Art. 35. Any new rules are explained to personnel and directors during the training sessions. The effectiveness of the learning is then verified through the compilation of learning questionnaires.

In order to prevent the occurrence of accidents and injuries linked to health and safety in the workplace, KOS instituted positions of responsibility in this area for each single department and drew up documents setting out the action to be taken to prevent such risks, partly to guarantee attainment of the objectives of the health and security policy approved by top management.

The company has signed agreements with medical centres to facilitate the management of personal health problems. Confidentiality of information relating to the health of workers is guaranteed by the privacy rules put in place through the procedures identified by the DPO.

Sogefi also 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.

The parent of the group, Sogefi S.p.A., has approved a Policy on the subject, which establishes the principles that must be complied with in all the activities carried out by the subsidiaries to organize a system for managing health and safety. The Policy describes the principles that Sogefi undertakes to follow to prevent accidents and injuries at work. In addition to this Policy, the Sogefi Excellence System (SES) governs the organization of production and operations, with the aim of reaching better levels of performance in terms of quality, cost and delivery in a safe environment for its employees. The operating system allows autonomy and awareness, while maintaining an adequate level of control, defining the way in which Sogefi operates worldwide and providing a method of working and a common language.

The SES also has a Guide to Safety that identifies and promotes 10 basic notions on safety that employees must follow to avoid health and safety incidents in the plants. This is combined with the distribution of leaflets and badges to all visitors in relation to the safety of the plant and with outside signs and notices about the general safety rules. Lastly, all new hires receive training in a dedicated area.

Following the "Guide to Safety", in every plant a Dojo area has been established. The Dojo area is a room totally dedicated to training on the practices and the instructions on the subject of health and safety. The training area is used to inform visitors, Sogefi employees, and temporary workers. The training goes beyond compliance with the law and Sogefi aims to urge plants to implement the best practices in terms of frequent regular training both for the managers of the plants and their employees.

Regards the OHSAS 18001 standard (system for managing health and safety in the workplace), Sogefi is increasing the number of certified sites and in 2018 17%⁸ of Sogefi's plants were certified.

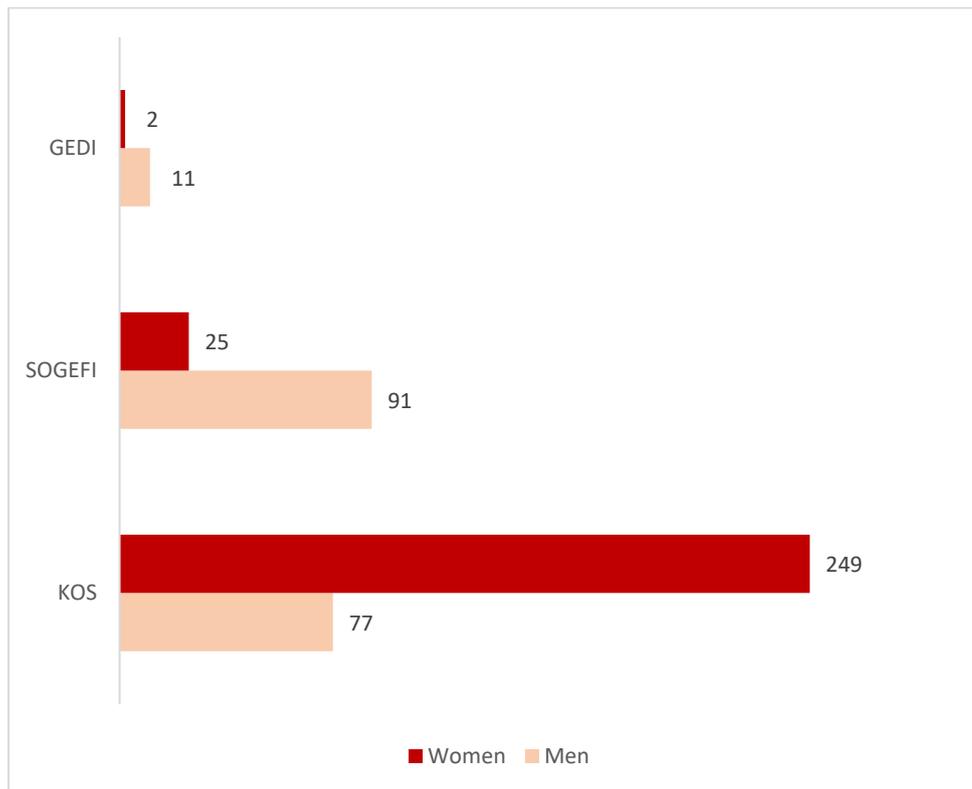
The implementation of this international standard helps manage, control and improve performance in terms of health and safety for the whole group. Each of the certified sites has set up a Committee for health and safety that evaluates the conduct of workers as regards safety and carries out audits in all areas of activity. The committees are integrated into the health and safety management system and help to promote a positive culture in this sphere, playing a part in directly involving the workers in the improvement of the measures regarding health and safety in the workplace.

In the subsidiaries of the CIR group there were 455 accidents involving injuries in 2018 (39.3% affecting men, 60.7% affecting women). In absolute terms there was a reduction compared to 2017 (-24%). As for the parent CIR, in 2018 there were no accidents involving injuries.

More specifically, regarding **GEDI**, there were 13 cases of injuries, 1 of which was classified as having serious consequences (involving an absence of over six months) due to someone accidentally slipping at the entrance to the office; for **KOS** there were 326 cases of injuries; for **Sogefi** it should be noted that in 2018 the total number of injuries recorded was 116, with an overall decline of around -48% compared to 2017. The greatest number of incidents to employees of Sogefi was reported in Europe (67) and North America (27), while South America and Asia reported a lower number of incidents, 18 and 4 respectively.

⁸ The calculation includes 42 production sites excluding the Saint-Souplets factory (mainly devoted to the production of prototypes) and considering the Bangalore site as two different units.

Number of accidents involving injury– 2018⁹



⁹ The chart does not include accidents affecting the parent CIR which had zero accidents in 2018.

5 Responsibility towards the community

“The companies of the Group 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, active in the rehabilitation of children suffering from complex neurological conditions. The centre of excellence is situated in Viale Famagosta in Milan and offers treatment free of charge to more than 110 children.

Sponsored run for TOG in the Milan Marathon

Two employees of CIR who both have a passion for running formed a sponsored relay team that took part in the Milan Marathon on April 8, 2018 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 210 sponsored runners, including the employees of CIR, TOG raised more than € 60 thousand and was the most sponsored association at the last edition of the Milan Marathon.

The group 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 in which it operates and organizing events and social initiatives partly using its technology platforms.

Of the main initiatives in favour of the community carried out in 2018, the following should be mentioned:

- Repubblica delle Idee (Republic of Ideas) a festival which has taken place since its launch in 2012 over four days in theatres and squares of the chosen city (the last one was Bologna) with lots of events free of charge attended by journalists from the newspaper, big Italian and international names from the cultural sphere, from politics, and from show business. Debates, readings, interviews, exhibitions but also concerts and drama productions, the projection of film documentaries, and live radio, all of which provide an opportunity for people to get together, a

moment of great success: over 40 thousand people attended the last festival. The 2018 edition was held from June 7 to June 10 in Bologna;

- At *Tempo di Libri 2018* (Time for Books) held in Milan (March 8-12) there was a Repubblica-Robinson stand which, among the other initiatives, hosted some Milan high school students doing work experience who contributed to the information about the event on social media. The Twitter accounts of Robinson and Repubblica during *Tempo di Libri* were among the most prolific by number of tweets, by impressions generated (shares, retweets and likes) and by number of mentions;
- Even at the *Salone del Libro* in Turin, held from May 10 to May 14, Repubblica-Robinson was present with its own stand. Social media coverage of the event was managed by the students of various Turin high schools coordinated by a social editor (440 tweets, second only to the official account of the *Salone*, from 5, 000 to 17,000 views of the clips or photos for the Instagram stories);
- In Turin, together to stop bullying before it can turn into its many forms of violence. This is the project that «La Stampa» brought to schools in Novara;
- The Lucca Comics event, held from October 31 to November 4 2018, saw the presence of the Repubblica-Robinson stand. One of the events that had the greatest impact was the meeting with Gipi and the presentation of his work distributed by the GEDI group;
- Repubblica@Scuola, is the free didactic project promoted by Repubblica.it that involves students and middle and high schools in Italy. The central concept of the project is “the school I’d like”, which is expressed through several levels of action: the editorial activity: competitions, stimuli, partnerships; a school magazine produced by the students; and lectures by Repubblica. The aim of the initiative is to help students to improve their ability to write, encourage them to appreciate group work and stimulate an exchange of ideas with other schools apart from their own. By taking an active part in Repubblica@scuola, students can also obtain school credits. Launched in 2000, it is the first and largest platform for the publication of content for schools. In its first 18 years it has had more than 10 million people registered and more than 530,000 publications made by students in the last 9 editions. In the academic year 2017/2018, 234,537 students, 10,584 teachers and 2,036 schools took part. The registered students can, including when stimulated to do so by the editorial staff, write articles, take part in contests, interact with other students and improve their writing, photography and drawing skills. What is more, the schools registered on Repubblica@scuola also have the possibility of having their students write for real school web magazines. Since 2017, Repubblica@Scuola has been part of the MIUR “Alternanza Scuola-Lavoro” (school work experience) project in a totally innovative way. For the first time students are offered the possibility of getting to know how a publishing group works, and putting themselves to the test without actually having to go to the editorial office, by exploiting the opportunities offered by the digital world, experimenting even with remote working. In this way even students who are geographically disadvantaged can get to know an important entrepreneurial business from close to. In 2018 Repubblica@Scuola was a partner in the organization of Atlante 2018 – Italian Teacher Award, the first contest devoted to the best teaching projects designed by primary and secondary school teachers. More than 700 teachers took part.

In 2018, for the tenth year running, Radio DeeJay and Radio Capital supported the fund-raising campaign for Dynamo Camp. 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 non-competitive 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.

In 2018 the Deejay Ten organized in **Milan**, which has now reached its fourteenth edition, saw the participation of 40,000 runners, five thousand more than in the previous year. **Florence** had almost 12,500 participants. **Bari** greeted enthusiastically the fourth edition of the Radio DeeJay race with 12,000 friends. In Rome the event confirmed the success of its first edition last year with 13,000 runners.

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, senior citizens and care for the elderly, partly in conjunction with associations and the world of local volunteers. In 2018 alone some 79 open days were organized (some with repeat days) 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 has an important role in the community as a promoter of development and change and, for this reason, in 2018 it renewed its support for two important social causes: Epsilon and Santo Stefano Sport.



The charity Epsilon gives aid to children in third-world countries in the field of healthcare, nutrition and education.



Santo Stefano Sport 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 in the top professional Italian league.

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. In 2018 the team distinguished itself for the results it achieved by obtaining third place in the national championship and confirming its ranking as one of the strongest teams in Italy.

KOS is also the promoter of a process of raising awareness in young people who live in the local areas in which it operates regarding emerging issues of social interest: work, the aging population and the inclusion of vulnerable people.

The “KOS for young people” project promotes projects such as work experience as part of a course of study, alternating work and study and projects with schools. The overall project was launched in 2018 and will continue to be organized in 2019. In 2018, a survey began of the existing initiatives in 102 centres (facilities and day hospitals). At December 31 2018 95 facilities had responded to the survey, 45 of which had launched at least one project, giving a total of 117 projects spread over the four following categories: 6 cases of in study work experience, 41 projects alternating work and study, 60 projects with schools and 10 projects with associations.

During 2019, KOS will define the guidelines for the development of projects for young people within its facilities, making such activities normal practice in its facilities and recounting the experiences of participants.

Lastly, **Sogefi** is also committed to supporting the communities 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, to aid the integration of young people into the community and into the world of work.

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 2018, non-perishable food was donated each time an employee forgot to clock in/out. In China, Sogefi has donated stationery to the nearby schools and unused clothing to the poor.

During 2018, Sogefi Italy, in agreement with the town of Sant'Antonino, continued to support local families in need, giving excess food from the company canteen to around 15 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, in Brazil Sogefi has supported and sponsored various projects and institutions in the field of art and culture. In particular, at Mogi Mirim support was given to training projects for nursery school teachers, for art education programmes for more than 600 children and for music education for 975 beneficiaries. 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 and water and a better management of emissions into the atmosphere.

6.1 Reduction of environmental impact

CIR, despite being a holding company, has a limited impact on the environment but undertakes to guarantee respect for the environment and monitor the main environmental indicators aimed at measuring impact generated on the environment.

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 on the subject and to the expectations of the stakeholders.

In addition to paper, of the raw materials used to print newspapers, ink and printing plates are particularly important. In 2017 new technologies were introduced for developing offset plates which again in 2018 confirmed the positive effects obtained in 2017 on the consumption of plates, which in 2018 declined by an overall 4%.

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

In 2018 various initiatives were undertaken, some of which had already been launched in 2017 and were completed in 2018 while some were launched in 2018 and will be completed in 2019. All of them concern energy efficiency, involving the replacement of boilers with more efficient ones or with heat pumps and the installation of heat and power generating units. To monitor the energy consumption of the main sources of energy, an annual report was set up with detailed data for each of the group's facilities and by type of activity. For the facilities consuming most energy, audits were carried out with the aim of identifying possible solutions to put before management to reduce energy consumption. The energy saving achieved is constantly monitored in order to identify possible actions to improve efficiency.

Service continuity in KOS

To guarantee an adequate level of continuity in the services provided, an essential factor in the sphere of the 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 requirements, 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*, in which the group undertakes to pursue its strategic objectives taking into considerations the resources and best technologies available, to continue to gradually improve its environmental performance. Moreover, Sogefi has systems of environmental management in place to better protect the environment and reduce and control risks and its environmental impact. More specifically, at present 93%¹⁰ of Sogefi plants have ISO 14001-2015 certification.

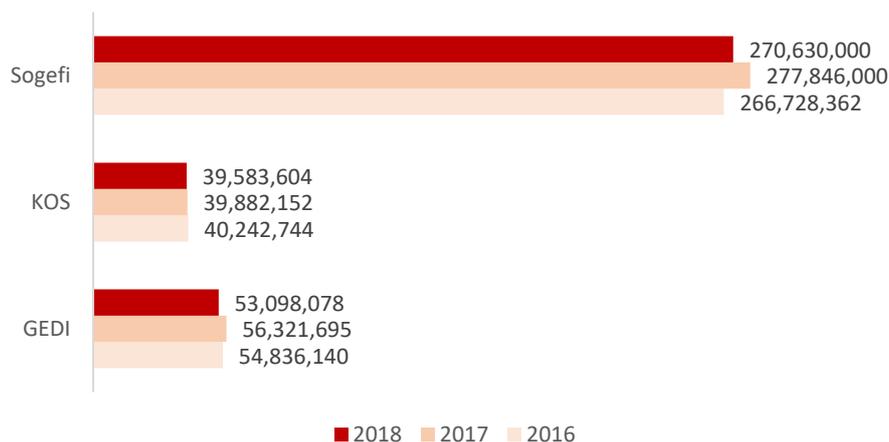
Sogefi's laboratories also aim to obtain zero chemical emissions and during the validation tests noise attenuators are positioned around the test area to eliminate the noise. Special systems are also installed to extract and capture dangerous vapours emitted during the production phase, thus safeguarding both the workers and the environment.

¹⁰ The calculation considers 42 production sites, excluding the Saint-Soupplets plant (mainly devoted to the production of prototypes) and considering the Bangalore site as two separate production units.

6.2 Energy consumption and greenhouse gas emissions¹¹

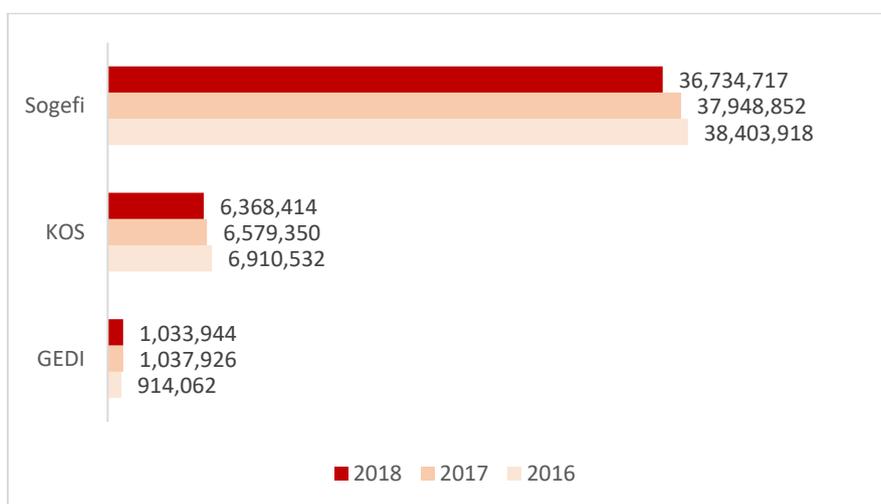
In 2018, the CIR group consumed 363,509,900 kWh of electricity, posting a reduction in consumption of 3% on 2017. In line with previous years, 74% of consumption was attributable to Sogefi, given the type of business it is engaged in and the high number of industrial plants that it operates.

*Electricity consumption (kWh)*¹²



As for the consumption of natural gas, in 2018 a total of 44,141,820 m³ was consumed, down (-3.0%) from 45,586,607 m³ in 2017. As was the case for electricity, the highest percentage of natural gas consumed was attributed mainly to the businesses of Sogefi (83%).

*Consumption of natural gas (m³)*¹³



¹¹ For Sogefi, the electricity consumption figures for 2018 are based on actual data until September and on an estimate for the last three months of the year. The estimates were based on the consumption of the previous year or on the production quantities.

¹² The chart does not show the electricity consumption of CIR, which is equal to approximately 0.1% of total consumption. The group did not buy Guarantee of Origin (GO) certificates for electricity produced from renewable sources. Lastly, for the months of October, November and December KOS consumption was estimated.

¹³ The chart does not show the natural gas consumption of CIR, equal to less than 0.01% 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.

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 2018, GEDI consumed just over 53 million kWh, reporting a decline of 5.7% on the previous year.

In order to reduce energy consumption and reduce its environmental impact, **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 most electricity, with the aim of seeing where the problems lie and identifying the subsequent action to take to reduce consumption.

The most significant actions undertaken involved:

- The inclusion in the guidelines for the construction of new buildings of the requisites to obtain energy classes A or B;
- 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;
- Requalifying 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. It can be noted, as an example, that in 2018 the energy consumption of Volpiano was down by 9.7% thanks partly to the installation of a power and heat co-generator.

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 was 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 2018 **Sogefi** reduced its electricity consumption by around 3% and its natural gas consumption by 3% compared to 2017. Confirming its commitment to the environment, in 2018 the company continued to achieve significant results in the field of energy efficiency, reducing its energy intensity by 1.5%.

Sogefi and its initiatives for reducing energy consumption

To promote protection of the environment 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). 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 sense that saving energy during working hours is for the common good.

Sogefi is also gradually developing initiatives to reduce energy consumption in all its factories, such as the introduction of LED bulbs, compressors that can be regulated, and the replacement of traditional equipment with advanced equipment that consumes less electricity.

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 and 2019);
- Reducing its energy intensity rate;
- Increasing and spreading energy efficiency awareness and know-how throughout the group;
- identifying targets and KPIs to align the consumption and energy intensity indexes of the various production plants;
- Coordination and completion of mandatory energy audits (European Directive 2012/27/UE) in all its European sites.

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

To monitor its impact on the environment and roll out initiatives aimed at mitigating this impact, the CIR group has undertaken to quantify the greenhouse gas emissions associated directly or indirectly with its typical business activities. Monitoring emissions is becoming more and more important for the group, which is committed to improving production processes, placing more emphasis on reducing the greenhouse gas

emissions responsible for climate change (with particular regard for CO₂ emissions linked to products and engines).

For calculating greenhouse gas emissions for 2018, the CIR used the methodologies contained in the GRI Standards. For this reason, Scope 2 emissions for 2016 and 2017, which had been calculated following GRI G4, were recalculated according to the new requirements.

The GRI gives two different approaches for calculating the emissions belonging to the category of Scope 2: Market-based and Location-based. The market-based approach involves the use of an emission factor defined contractually with the electricity provider, and takes into account the certificates purchased by the company attesting that the power came from renewable sources (e.g. Guarantees of Origin). The Location-based approach involves the use of an average emission factor associated with the specific national energy mix for the production of electricity. This approach takes into account the conversion factor of the electricity in relation to its generation in the country where it was bought.

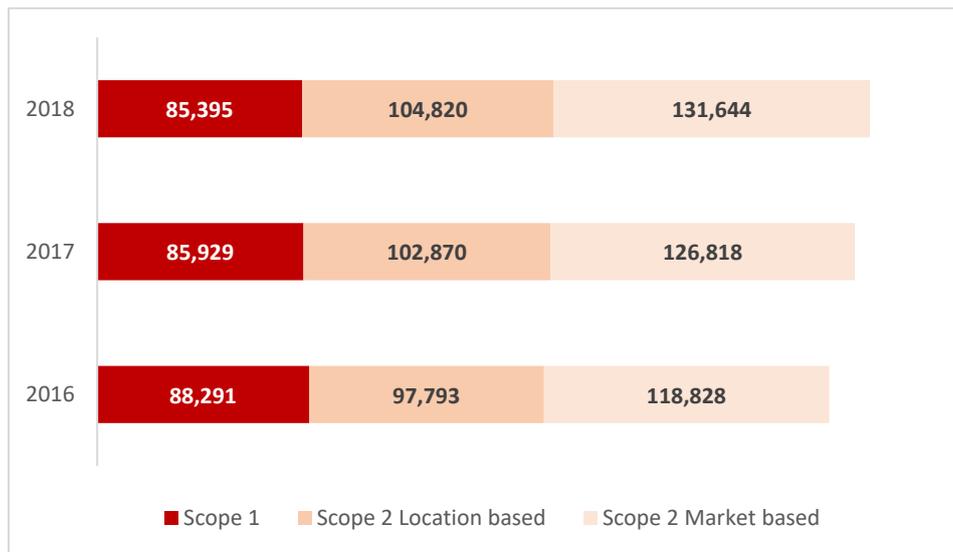
The Location-based calculation used the emission factors TERNA 2016 – international comparisons while the Market-based calculation used the residual mix factors published by AIB.

For the calculation of **GEDI'S** emissions from thermal energy (Scope 2) the emission factor used was the factor indicated by the national energy efficiency agency (ENEA)¹⁴.

In accordance with what is set out in the Greenhouse Gas (GHG) Protocol, the principal standard for accounting for emissions, the emissions were divided into different types: more specifically, the Scope 1 emissions come from the consumption of natural gas; and Scope 2 emissions from consumption of electricity and thermal energy.

As confirmation of its strong commitment for environmental issues, in 2018 the CIR group produced approximately 190,107 **tonnes of carbon dioxide** according to the location-based methodology for the consumption of natural gas (Scope 1) and of electricity and thermal energy (Scope 2), up slightly compared to 2017 (0.02%). The direct emissions of GHG (Scope 1) are calculated taking into account the natural gas component, and they were -2.1% compared to 2017 while the indirect emissions of GHG (Scope 2) went up by 1.8% and 3.7% respectively with the Location-based and Market-based approaches.

¹⁴ For further information, see the website <http://www.energiaenergetica.enea.it/regioni/siape/poteri-calorifici-inferiori-dei-combustibili-e-fattori-di-emissione-della-co2>.

Total GHG emissions (tonnes CO₂)

In line with what was reported for electricity and gas consumption, Sogefi is responsible for around 74% of the emissions recorded in 2018, as can be seen from the table below:

Emissions (tCO ₂) 2018 ¹⁵				
	Scope 1	Scope 2 Location - based	Scope 2 Market - based	Scope 2 thermal energy
CIR	9	71	95	0
GEDI	2,572	19,115	25,328	109
KOS	13,417	14,540	18,495	0
SOGEFI	69,397	70,985	87,617	0
Total	85,395	104,711	131,535	109

For **KOS**, the amount of self-produced electricity went down slightly (-1%) compared to 2017, reaching around 810,000 kWh, as the yield of the Porta Potenza co-generator was implemented and the efficiency of the photovoltaic panels at the Bergamo site was improved.

Given that most of **Sogefi's** CO₂ emissions relate to directly controlled sources, the company is committed to implementing initiatives for reducing consumption of electricity and natural gas in each of its production plants. For example, to reduce its carbon footprint, the procurement and the IT departments have launched a project aimed at reducing the effect of office printing, starting with the French sites. This initiative aims to standardize printing, reducing the number of printing models and devices, improving privacy and control during printing with the installation of badge readers which will also help to reduce the amount of paper

¹⁵ The figures for 2016 and 2017, referring to the CO₂ emissions from electricity, were restated following the change over to the new methodology required by GRI Standards (adopted as from DNF 2018) with the aim of making the figures for 2018 comparable. For the figures for 2016 and 2017 calculated using the old method see the DNF for 2017.

wasted through direct printing and lastly to reduce the company's carbon footprint and its costs by negotiating a single "cost per page".

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.

As of December 31, 2018, after the industrial reorganization of the group, the printing of the newspapers published by **GEDI Spa** and **GEDI News Network Spa** was being carried out in 9 printing centres throughout Italy, of which 6 are owned by the group (Turin, Milan, Mantua, Padua, Rome and Sassari) while three belong to other printers (Florence, Bari and Catania).

From the various printing centres vehicles leave every night to deliver the printed copies to the various local distributors who, in turn, deliver the newspapers to the newsstands around Italy. The transport from the printing centre to the Local Distributor (a third-party operator) is defined as "primary transport"; that from the Local Distributor to the newsstands is "secondary transport" and is managed entirely and fully independently by the Local Distributors, who in their turn use third-party suppliers.

With the aim of filling the vehicles, thus reducing the impact on the environment, some important measures have been taken to reduce the number of dedicated and exclusive transporters, the work being given to operators who also carry the publications of other publishers. Also, in the printing centres where the local papers are printed, transportation is now pooled.

The primary transport from the printing centres of the magazines and the optional products (books, Cds, DVDs etc) distributed with **GEDI** publications is managed by Gedi Distribuzione Spa, which uses a single qualified provider at national level. In this way the vehicles used have the maximum saturation possible, thus reducing emissions into the environment, which is the objective being pursued.

Sogefi has also made much progress. Currently Sogefi encourages the reduction of the effects of logistics and promotes this commitment throughout its supply chain. During 2018 Sogefi continued to strengthen the internal mindset vis-à-vis sustainability in order to optimize transportation flows and adopt a more sustainable approach.

In 2018 Sogefi updated its Global Transportation Purchasing Approach, which makes it possible to optimize logistics and transport thanks to different regional offices and production plants. With this approach, the group has changed its procurement practices, for example with the headquarters implementing standard processes across the board, promoting in particular quality standards such as ISO 9001:2015 and opening a new warehouse in Moscow to optimize truck loads in Russia.

Apart from this, Sogefi has also implemented a centralized organization at its headquarters in Guyancourt (France) for purchasing transportation and storage, collecting data every month

on the volumes of CO₂ of the inflows and outflows of each production site. This activity report includes contributions by couriers who make proposals for alternative green-shipment solutions (with bi-modal shipments via road/rail, trucks running on gas, the optimization of transport planning etc.) which can help Sogefi to reduce its annual CO₂ emissions.

Since late 2018, Sogefi has been trying to combine offers from single carriers for destinations with a possible return, in order to decrease the number of trucks that return empty. The process will be consolidated by European RFQ 2019.

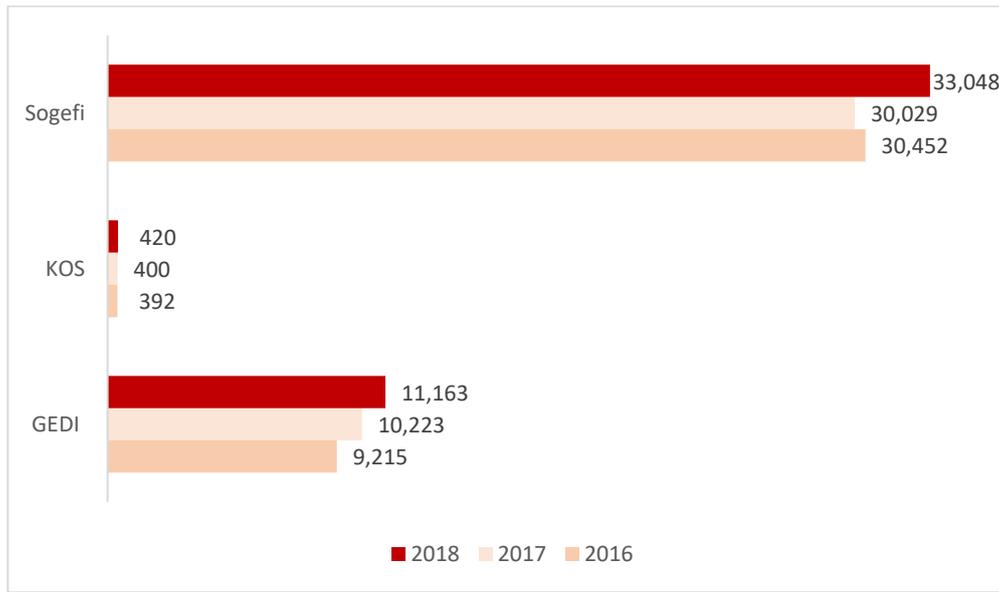
Sogefi has also continued to roll out its plan to increase the efficiency of its packaging system for air filters which allows the optimization of logistics with a consequent reduction in its impact on the environment.

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 2018, the CIR group produced a total of 44,631 tonnes of waste, which was 10% more than in 2017. Of this total, the most significant part (75%) was non-hazardous waste.

Waste produced (t) ¹⁶



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

Waste by method of disposal (t) - 2018				
Method of disposal	Hazardous	Non-hazardous	Total	% Total
Re-use	60	3,603	3,663	8%
Recycling	544	16,336	16,880	38%
Energy recovery	630	1,220	1,850	4%
Incineration	947	306	1,253	3%
Landfill	3,966	3,543	7,509	17%
Other	5,319	8,158	13,477	30%
Total	11,466	33,165	44,631	100%

¹⁶ The chart does not show the tonnes of waste produced by CIR, which accounts for 0.0007% of the total. The figures for KOS's waste production refer to the following facilities: Residenze Anni Azzurri, Santo Stefano Riabilitazione, Sanatrix Gestioni, and Kos Servizi.

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 waste correctly, minimize waste and reduce the amount of waste produced by its typical business activity.

In 2018, waste production rose by 9.2% compared to 2017, due to an increase in non-hazardous waste. This was partly due to a change in the method of managing industrial water at the Rome printing centre. It was discharged as surface water until the first half of 2018, but has subsequently been managed as non-hazardous waste. The percentages of hazardous waste and non-hazardous waste were 32% and 68% respectively, in line with the previous year. In 2018 approximately 8% of waste was recycled.

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. At December 31 2018 a total of 70 certificates were issued by the Certified Return Organism (which represents 47 local distributors out of a total of 60 who are active) which enabled local distributors to have the publications pulped directly on the spot. In 2018 approximately 17,913 tonnes were pulped locally in this way.

17,913 tonnes of
returns pulped by
local distributors
in 2018



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 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 the 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 the 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. What is more, the 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 2018 the waste produced amounted to just over 33,000 tonnes. In 2018 most of the waste generated by Sogefi (77%) was classified as non-hazardous.

Every Sogefi 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 disposing of non-hazardous waste is recycling, which confirms the Group’s commitment to sustainability.

The impact of radio activity on the environment

Elemedia S.p.A. broadcasts radio programmes in frequency modulation on behalf of **GEDI’S** three radio stations (Radio DeeJay, Radio Capital and m2o). Broadcasting takes place through around 900 frequencies transmitted from transmission sites where there are aerials mounted on metal pylons. These sites are mainly located in mountainous areas far from built-up areas. Where these transmitters are situated and their technical parameters are not chosen by the group but are specified by the Ministry of Economic Development.

The radio aerials of the group can be subject to control by ARPA (Regional Environmental Agencies), which monitor and check that the levels required by law for electromagnetic fields are being complied with (the limits imposed by Italian law are among the most restrictive in Europe). In any case, the emissions generated by Elemedia’s equipment are a direct consequence of a way of operating that is based on rigorous observance of the parameters specified in the concession.

In order to maintain levels of pollution that are systematically below the limits, Elemedia carries out its own controls, budgeting sufficient funds expressly for this purpose. The group operates through a network of inspectors whose job it is to manage the transmission network and who carry out checks and regular maintenance. The group also uses probes positioned throughout the country and in certain strategic points of the cities thanks to which the level of the signals is monitored (a remote control network).

In 2018 there were no cases when Elemedia received fines for exceeding the radiological protection limits, while it is standard practice for Elemedia to research reduction procedures in order to conform when necessary.

Lastly, it should be noted that Elemedia is a member, alongside other Italian radio broadcasters, of a consortium (DAB Italia) for the promotion and development of DAB (Digital Audio Broadcasting) frequencies, a digital radio broadcasting system that the Ministry of Development is still developing in many regions of Italy. Compared to analogue broadcasting, DAB has various advantages: first of all it gives a better quality signal because of the reduction of the interference and disturbance due both to the overlapping of programmes and to the presence of obstacles in the path of the signals; secondly, this system fosters a greater offer of services to the user, thanks to the possibility of adding a series of

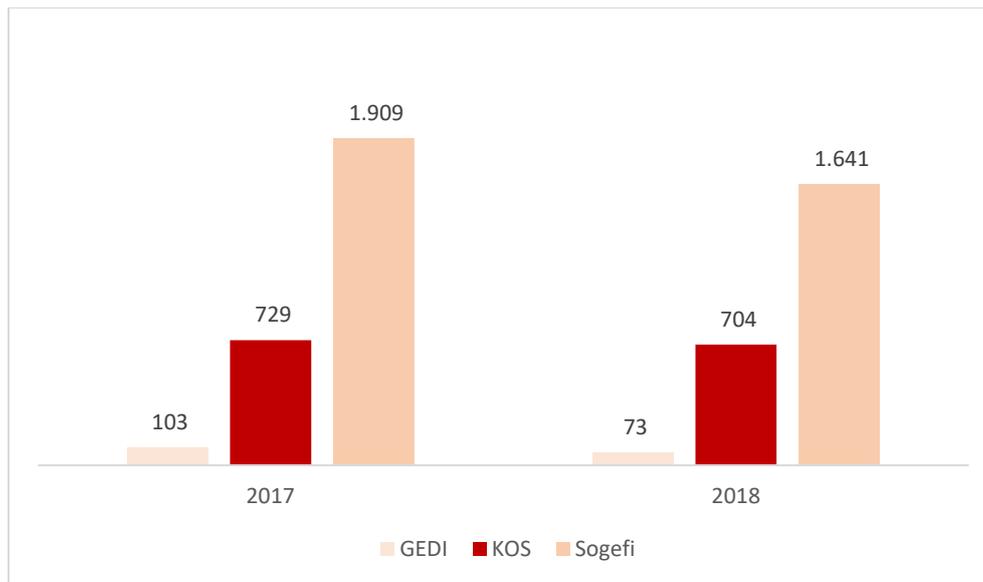
supplementary information to the signal; lastly, the DAB system consumes much less electricity than analogue does, thus improving the impact on the environment significantly.

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 2,421 MI of water, down by 12% compared to the previous year.

Regarding water withdrawal in water stressed areas, the group uses the Aqueduct Tool developed by the World Resources Institute¹⁷ to identify areas potentially at risk. For the Aqueduct Tool, the categories considered to be water stressed are those of extreme scarcity and scarcity.

Water consumption (MI)¹⁸



The main source of water is the mains water supply, which accounts for more than 60% of the total water consumed. However, Sogefi prefers to use surface water or groundwater.

Water withdrawal ¹⁹							
MI	2016		2017		2018		Change 17-18
Sources of withdrawal	Fresh water	Other types	Fresh water	Other types	Fresh water	Other types	Total
Surface water	1,100		552	0	508	0	-8.0%
Ground water	347	273	329	306	243	345	-7.2%
Sea water	0	0	0	0	0	0	0
Produced water	0	0	0	0	0	0	0
Third party water	1,139	26	1,533	25	1,306	18	-15.0%
Total	2,587	300	2,414	330	2,057	363	-11.8%

¹⁷ The WRI tool is available on line on the website: <https://www.wri.org/our-work/project/aqueduct>. For the breakdown, the results of the column "baseline water stress" were considered.

¹⁸ 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 for the water figures of certain French plants. Lastly, GEDI's water figures do not contain the figures for the first half of 2018 for GNN Sardinia (Cagliari-Tempio site).

¹⁹ The figures for the water withdrawn in 2016 and 2017 were restated following the changeover to the new methodology required by GRI Standards (adopted in DNF 2018) to make them comparable with the data for 2018. For the figures for 2016 and 2017 calculated using the old method, see the Consolidated Non-financial Disclosure for 2017. Soft water is defined as water with ≤ 1.000 mg/L of solid materials dissolved. Other types of water is defined as water with >1.000 mg/L of solid materials dissolved.

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 plants. In 2018, water consumption totalled 73.3 ml (down by 28.7% compared to 2017).²⁰

Although **Sogefi's** production processes do not involve high-intensity water consumption, the group works continuously to reduce its total water consumption. Almost all of its plants are ISO 14001 certified and comply with the requisites. Therefore, given that water is a shared resource and that access to fresh water is essential for human life and wellbeing, Sogefi understands and responds to the local environments and pays attention to its local, social and environmental impact. Some examples of what it does are as follows: training on the environment and weeks devoted to its own staff, with instructions on how to save water, on re-using water where possible and raising awareness about saving water, continuous monitoring to avoid water leaks, losses or damage to the water tanks, replacing all the taps to reduce water consumption, and raising awareness about saving water. In addition to these initiatives, Sogefi is also planning to improve on an ongoing basis the way in which water is managed in the group, setting objectives for the future. For example, among the other initiatives, some sites are studying the possibility of having an internal water treatment system to reduce their impact on the environment.

Moreover, in some of **Sogefi's** plants, water is treated before it goes back into the environment. In others the water used in production circulates in a closed-circuit system, that enables Sogefi to monitor with precision the exchanges of heat between the internal cooling system and the external water used: any rise in the temperature of the water is managed in accordance with the entities charged with the protection of the environment to avoid any impact on flora or fauna.

In **KOS** the water is used by employees and guests of the facilities for normal food and hygiene purposes. The only exceptions relate to:

- Operating the refrigerating unit used for the air conditioning of the Residenza di Parco Sempione in Milan. For reasons relating to landscape restrictions, during the construction of the facility a solution had to be adopted that allowed cooling using water, which is then discharged directly into the sewerage system;
- The humidification needed for air treatment units. Again in this case the water is discharged directly into the sewerage system.

Water is withdrawn from the mains water supply or, rarely, from a well within the property, used for irrigation during summer months.

Because water is not used for industrial purposes, but for normal household purposes, no plan has been prepared for evaluating any possible impact on the environment and no standards have been considered for the quality of the discharge.

²⁰ The figures for water do not contain the data for first half 2018 of GNN Sardinia (Cagliari-Tempio site).

Annexes

Human Resources²¹

CIR group – Breakdown of employees and collaborators by gender									
No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	7,585	6,744	14,329	8,216	7,597	15,813	8,218	8,138	16,356
Freelancers	965	842	1,806	1,534	1,152	2,686	1,644	1,243	2,887
Total	8,550	7,586	16,135	9,750	8,749	18,499	9,862	9,381	19,243

CIR group – Breakdown of employees by type of contract (temporary or permanent) and gender ²²									
No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Temporary	321	506	827	751	910	1,661	561	1,018	1,579
Permanent	7,264	6,238	13,502	7,465	6,687	14,152	7,659	7,120	14,779
Total	7,585	6,744	14,329	8,216	7,597	15,813	8,218	8,138	16,356

CIR group – Breakdown of employees by professional category (full time or part time) and by gender ²³									
No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	7,102	5,017	12,119	7,297	5,348	12,645	7,956	6,327	14,283
Part time	162	1,221	1,383	168	1,339	1,507	264	1,811	2,075
Total	7,264	6,238	13,502	7,465	6,687	14,152	8,218	8,138	16,356

²¹ The figures for 2016 and 2017 referring to the personnel breakdown by gender/age and professional category were restated following the adoption of the new methodology required by GRI Standards (adopted in DNF 2018) in order to make them comparable with those of 2018. For the figures for 2016 and 2017 calculated using the old methodology see the Consolidated Non-Financial Disclosure for 2017.

²² The breakdown of the employees of the CIR group by type of contract and geographical area is not given at the moment because the figures are not available for the Indian and British companies of the KOS group.

²³ The figures for 2016 for professional category (full time or part time) are given out of the total number of employees with permanent contracts. For 2017 and 2018 the figure given is out of the entire personnel of the group.

CIR group – Breakdown of employees by professional category, gender and geographical area at December 31 2018

No. of persons	Europe			North America			South America			Asia		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	1%	0%	2%	2%	0%	2%	1%	0%	1%	1%	0%	1%
Journalists	6%	3%	8%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Managers	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Office workers	18%	28%	46%	17%	4%	22%	11%	6%	17%	39%	6%	45%
Blue collars	19%	25%	44%	54%	23%	76%	68%	14%	82%	42%	12%	55%
Total	44%	56%	100%	73%	27%	100%	79%	21%	100%	81%	19%	100%

CIR – Breakdown of employees by professional category and gender

No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	24%	3%	28%	27%	8%	35%	27%	8%	35%
Managers	0%	24%	24%	0%	15%	15%	0%	19%	19%
Office staff	17%	31%	48%	15%	35%	50%	15%	31%	46%
Total	41%	59%	100%	42%	58%	100%	42%	58%	100%

GEDI – Breakdown of employees by professional category and gender²⁴

No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	3%	1%	3%	2%	0%	3%	2%	1%	3%
Journalists	30%	15%	45%	32%	16%	48%	32%	16%	48%
Office staff	23%	20%	43%	22%	19%	42%	23%	19%	42%
Blue collars	8%	1%	9%	7%	1%	8%	6%	1%	7%
Total	63%	37%	100%	63%	37%	100%	63%	37%	100%

KOS – Breakdown of employees by professional category and gender

No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive	0%	0%	0%	0%	0%	0%	0%	0%	0%
Office staff	15%	40%	55%	15%	41%	56%	15%	41%	56%
Operators	7%	38%	45%	7%	36%	43%	7%	36%	43%
Total	22%	78%	100%	23%	77%	100%	22%	78%	100%

Sogefi – Breakdown of employees by professional category and gender²⁵

No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	1%	0%	2%	2%	0%	2%	2%	0%	2%
Office staff	20%	7%	28%	20%	7%	27%	21%	8%	29%
Blue collars	54%	17%	71%	53%	17%	70%	51%	18%	69%
Total	76%	24%	100%	75%	25%	100%	74%	26%	100%

²⁴ The figure for the total employees of GEDI at December 31 2017 also includes 435 persons acquired from the merger with the former ITEDI.

²⁵ Sogefi's human resource figures do not include the office staff of Filter Systems Maroc S.a.r.l and Sogefi Filtration Russia.

CIR group – Breakdown of employees by professional category, gender and geographical area at December 31 2018

No. of persons	Europe				North America				South America				Asia			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	1%	2%	0%	2%	0%	2%	0%	0%	1%	1%	0%	0%	0%	1%
Journalists	0%	3%	5%	8%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Managers	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Office staff	5%	26%	15%	46%	4%	12%	6%	22%	7%	8%	2%	17%	12%	31%	1%	45%
Blue collars	5%	24%	16%	44%	24%	37%	16%	76%	15%	57%	10%	82%	23%	30%	2%	55%
Total	10%	53%	37%	100%	28%	51%	22%	100%	22%	65%	12%	100%	35%	62%	3%	100%

CIR – Breakdown of employees by professional category and age group

No. of persons	2016				2017				2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	10%	17%	28%	0%	12%	23%	35%	0%	8%	27%	35%
Managers	0%	7%	17%	24%	0%	0%	15%	15%	0%	8%	12%	19%
Office staff	0%	38%	10%	48%	0%	27%	23%	50%	0%	23%	23%	46%
Total	0%	55%	45%	100%	0%	38%	62%	100%	0%	38%	62%	100%

GEDI – Breakdown of employees by professional category and age group

No. of persons	2016				2017				2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	2%	3%	0%	1%	2%	3%	0%	1%	2%	3%
Journalists	1%	19%	26%	45%	0%	20%	27%	48%	0%	19%	29%	48%
Office staff	1%	24%	18%	43%	0%	16%	25%	42%	0%	20%	22%	42%
Blue collars	0%	4%	5%	9%	0%	4%	3%	8%	0%	3%	4%	7%
Total	1%	48%	51%	100%	1%	41%	58%	100%	0%	43%	56%	100%

KOS – Breakdown of employees by professional category and age group

No. of persons	2016				2017				2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Office staff	9%	33%	13%	55%	11%	34%	15%	60%	9%	32%	16%	56%
Operators	4%	27%	14%	45%	5%	23%	13%	40%	4%	24%	14%	43%
Total	13%	60%	28%	100%	15%	56%	28%	100%	13%	56%	31%	100%

SOGEFI – Breakdown of employees by professional category and age group

No. of persons	2016				2017				2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	0%	0%	0%	0%	1%	1%	2%	0%	1%	1%	2%
Office staff	9%	33%	13%	55%	4%	17%	6%	27%	5%	18%	6%	29%
Operators	4%	27%	14%	45%	13%	39%	19%	70%	13%	38%	19%	69%
Total	13%	60%	28%	100%	17%	57%	25%	100%	18%	57%	25%	100%

GEDI – Employees belonging to protected categories

No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0	0	0	0	0	0	0	0	0
Journalists	0	0	0	0	0	0	0	0	0
Office staff	42	19	61	40	33	73	44	29	73
Blue collars	8	1	9	8	2	10	7	2	9
Total	50	20	70	48	35	83	51	31	82

KOS - Employees belonging to protected categories									
No. of persons	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0	0	0	0	0	0	0	0	0
Office staff	31	58	89	32	63	95	32	60	92
Operators	19	79	98	21	86	107	22	94	116
Total	50	137	187	53	149	202	54	154	208

Turnover

CIR group – Staff turnover by gender and age group (2018)										
No. of persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	498	779	259	1,536	18.7%	400	725	345	1,470	17.9%
Women	537	1,181	535	2,253	27.7%	350	898	550	1,798	22.1%
Total	1,035	1,960	794	3,789	23.2%	750	1,623	895	3,268	20.0%

CIR group in Europe – Staff turnover by gender and age group (2018) ²⁶										
No. of persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	216	558	230	1,004	16.9%	204	455	296	955	16.1%
Women	445	1,095	523	2,063	27.5%	287	826	536	1,649	22.0%
Total	661	1,653	753	3,067	22.8%	491	1,281	832	2,604	19.4%

CIR group in North America – Staff turnover by gender and age group (2018)										
No. of persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	136	81	20	237	38.5%	97	77	20	194	31.5%
Women	48	39	12	99	42.9%	39	28	10	77	33.3%
Total	184	120	32	336	39.7%	136	105	30	271	32.0%

²⁶ For the geographical areas of Europe and Asia, the figures do not include the staff turnover for the British and Indian companies of the KOS group.

CIR group in South America - Staff turnover by gender and age group (2018)

No. of persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	41	58	7	106	11.6%	21	89	25	135	14.8%
Women	15	26	0	41	17.5%	5	18	4	27	11.5%
Total	56	84	7	147	12.8%	26	107	29	162	14.1%

CIR group in Asia- Staff turnover by gender and age group (2018) ²⁷

No. of persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	105	82	2	189	25.4%	78	104	4	186	25.0%
Women	29	21	0	50	29.6%	19	26	0	45	26.6%
Total	134	103	2	239	26.2%	97	130	4	231	25.3%

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

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%

Compensation**Sogefi – Ratio of local minimum wage to the minimum wage paid by the group²⁸**

Euro	Average minimum wage	Minimum wage paid	Ratio
Europe	7,191	8,615	1.2
North America	12,190	17,588	1.4
South America	617	674	1.1
Asia	1,317	1,293	1.0

GEDI - Ratio of basic pay of women to that of men

	2016	2017	2018
Executives*	84%	75%	66%
Journalists	84%	80%	83%
Office staff	80%	89%	89%
Blue collars	74%	86%	89%

²⁷ For the geographical areas Europe and Asia, the figures do not include the turnover of employees of the British and Indian companies of the KOS group.

²⁸ For Sogefi, the ratio of the standard starting salary to the minimum local wage was calculated for each site with reference to the regions involved.

GEDI - Ratio of basic pay of women to that of men²⁹

	2016	2017	2018
Executives*	79%	70%	62%
Journalists	79%	77%	79%
Office staff	82%	82%	81%
Blue collars	71%	72%	87%

KOS - Ratio of basic pay of women to that of men

	2016	2017	2018
Executives	88%	87%	82%
Office staff	81%	78%	82%
Operators	100%	93%	92%

KOS – Ratio of average pay of women to that of men

	2016	2017	2018
Executives	89%	89%	85%
Office staff	77%	75%	78%
Operators	99%	92%	91%

Sogefi – Ratio of basic pay of women to that of men

	2016	2017	2018
Executives ³⁰	89%	44%	64%
Office staff	78%	67%	73%
Blue collars	86%	62%	61%

Sogefi - Ratio of average pay of women to that of men

	2016	2017	2018
Executives	79%	44%	61%
Office staff	80%	66%	87%
Blue collars	85%	61%	70%

Training**CIR – Average hours of training by professional category and gender**

No. of hours	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	12.1	0.0	10.6	7.9	1.5	6.4	11.0	30.0	15.2
Managers	0.0	6.6	6.6	0.0	10.5	8.8	0.0	12.4	12.4
Office staff	4.4	27.2	19.1	5.8	34.3	25.5	0.0	37.5	25.0
Total	8.9	17.1	13.7	8.1	23.6	17.0	7.0	28.1	19.2

²⁹ The basic pay and average pay of executives do not include General Managers and Central Managers.

³⁰ The basic pay and average pay include only the executives of the European sites of Sogefi.

GEDI – Average hours of training by professional category and gender ³¹

No. of hours	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	15.4	4.1	13.3	13.8	26.7	16.1	14.1	15.9	14.5
Journalists	0.3	0.5	0.4	1.6	1.8	1.7	0.9	1.1	1.0
Office staff	7.4	6.9	7.1	9.5	10.2	9.8	6.3	6.1	6.2
Blue collars	0.5	0.8	0.6	0.8	1.6	1.0	1.6	0.0	1.3
Total	3.5	4.0	3.7	4.7	6.5	5.4	3.4	3.9	3.6

KOS - Average hours of training by professional category and gender ³²

No. of hours	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	6.3	7.4	6.5	3.1	0.8	2.6	5.7	4.6	5.5
Office staff	9.5	10.3	10.1	9.2	9.5	9.4	8.3	8.3	8.3
Operators	11.4	9.5	9.8	8.3	6.6	6.9	8.2	6.4	6.7
Total	10.0	9.9	9.9	8.8	8.1	8.3	8.2	7.4	7.6

Sogefi - Average hours of training by professional category and gender

No. of hours	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	11.6	7.8	11.2	13.7	9.2	13.2	13.9	16.3	14.3
Office staff	22.9	21.7	22.6	23.7	19.5	22.6	22.4	18.5	21.4
Blue collars	18.2	15.8	17.7	12.2	9.1	11.4	16.3	12.7	15.4
Total	19.4	17.5	18.9	15.3	12.2	14.5	18.0	14.5	17.1

³¹ GEDI's online training for 2017 does not include the former ITEDI employees.

³² The hours of training provided in 2017 to KOS employees do not include the training activities of KOS S.p.A.

Health and safety³³

CIR group – Accidents in the workplace Employees						
No. of cases	2017			2018		
	Men	Women	Total	Men	Women	Total
Accidents in the workplace	260	335	595	179	276	455
of which fatal	1	0	1	0	0	0
of which with serious consequences (excluding fatalities)	2	0	2	0	0	0

CIR group – Accidents in the workplace collaborators						
No. of cases	2017			2018		
	Men	Women	Total	Men	Women	Total
Accidents in the workplace	71	22	93	68	21	89
of which fatal	0	0	0	0	0	0
of which with serious consequences (excluding fatalities)	0	0	0	0	0	0

Time figures – Hours worked Employees						
No. of hours	2017			2018		
	Men	Women	Total	Men	Women	Total
Hours worked	13,499,663	10,440,664	23,940,327	12,813,463	10,782,756	23,596,219

Time figures – Hours worked collaborators						
No. of hours	2017			2018		
	Men	Women	Total	Men	Women	Total
Hours worked	3,212,087	1,191,465	4,405,320	2,935,801	1,107,319	4,043,120

Health and safety indicators						
No. of cases	2017			2018		
	Men	Women	Total	Men	Women	Total
Frequency of accidents index	4	6	5	3	5	4
Fatality index	0	0	0	0	0	0
Index of frequency of accidents with serious consequences	0	0	0	0	0	0

CIR group – Occupational diseases Employees						
No. of cases	2017			2018		
	Men	Women	Total	Men	Women	Total
Occupational diseases	22	17	39	41	19	60
of which deceased	0	0	0	0	0	0

³³ The figures for 2016 and 2017, referring to accidents and the relative indexes, were restated following the adaptation to the new methodology required by GRI Standards (adopted in DNF 2018) to make them comparable with those of 2018. For the 2016 and 2017 data calculated using the old method, see the Consolidated Non-Financial Disclosure for 2017.

CIR group – Occupational diseases collaborators						
No. of cases	2017			2018		
	Men	Women	Total	Men	Women	Total
Occupational diseases	6	4	10	15	4	19
<i>of which deceased</i>	0	0	0	0	0	0

Environment³⁴

CIR group – Energy consumption ³⁵						
	2016		2017		2018	
	Total	Total GJ	Total	Total GJ	Total	Total GJ
Electricity	362,157,079 kWh	1,303,757	374,445,723 kWh	1,347,996	363,509,900 kWh	1,308,636 GJ
Natural gas	46,262,047 m ³	1,804,682 GJ	45,586,607 m ³	1,778,334	44,141,820 m ³	1,556,132 GJ

CIR group – Emissions of greenhouse gases ³⁶			
tCO ₂	2016	2017	2018
Scope 1 – Direct emissions of GHG	88,291	85,929	85,395
Scope 2 – Location based	97,793	102,870	104,711
Scope 2 - Market based	118,828	126,818	131,535
Scope 2 – Thermal energy	0	0	109
Total Location based Emissions	186,084	188,799	190,107
Total Market based Emissions	207,118	212,747	216,930

CIR group – Waste by type (t) ³⁷						
tonnes	2016		2017		2018	
	Total	%	Total	%	Total	%
Non-hazardous	30,673	77%	30,652	75%	33,165	74,3%
Hazardous	9,385	23%	10,000	25%	11,466	25,7%
Total	40,058	100%	40,652	100%	44,631	100%

³⁴ The conversion factors used to calculate energy consumption are the following: for electricity and thermal energy 1 kWh = 0.0036 GJ; for natural gas 1 m³ = 0.03901 GJ (in 2016 and 2017) and 1 m³=0.03525 GJ (in 2018); diesel fuel 1t = 42.88 GJ (in 2016 and 2017) and 1t = 42.87 GJ (in 2018).

³⁵ For electricity consumption: the reporting basis for KOS includes KOS Care, Ospedale di Suzzara, Abitare il tempo, Sanatrix, Elsida and Medipass head office. For the months of October, November and December 2018 consumption figures for KOS were estimated. The figures for Sogefi include all the production plants but exclude the administrative offices whose electricity consumption is not significant. GEDI's electricity consumption includes high frequency absorption. As for natural gas, the conversion parameter used is 9.7 (Lazio Region communiqué of 2016) to consider a precautionary margin on the output of the plants.

³⁶ The accounting basis for KOS includes: KOS Care, Ospedale di Suzzara, Abitare il tempo, Sanatrix, Elsida and Medipass head office. The figures for 2016 and 2017, regarding CO₂ emissions from electricity, were restated following the adaptation to the new methodology required by GRI Standards (adopted as from DNF 2018) in order to make them comparable with those of 2018. For the figures for 2016 and 2017 calculated using the old method, see the Consolidated Non-Financial Disclosure of the group for 2017.

³⁷ KOS's waste production figures refer to the following facilities: Residenze Anni Azzurri, Santo Stefano Riabilitazione, Sanatrix Gestioni, Kos Servizi.

CIR group – waste by disposal method (t) ³⁸				
tonnes	2018			
	Hazardous	Non-hazardous	Total	% total
Re-use	60	3,603	3,663	8%
Recycling	544	16,336	16,880	38%
Recovery	630	1,220	1,850	4%
Incineration	947	306	1,253	3%
Landfill	3,966	3,543	7,509	17%
Other ³⁹	5,319	8,158	13,477	30%
Total	11,466	33,165	44,631	100%

Water withdrawal ⁴⁰							
MI	2016		2017		2018		Change 17-18
Sources of withdrawal	Fresh water	Other types	Fresh water	Other types	Fresh water	Other types	Total
Surface water	1,100		552	0	508	0	-8.0%
Ground water	347	273	329	306	243	345	-7.2%
Sea water	0	0	0	0	0	0	0
Produced water	0	0	0	0	0	0	0
Third-party water	1,139	26	1,533	25	1,306	18	-15.0%
Total	2,587	300	2,4134	330	2,057	345	-11.8%

Withdrawal of water from water stressed areas ⁴¹					
MI	2017		2018		Change 17-18
Sources of withdrawal	Fresh water	Other types	Fresh water	Other types	
Surface water	1	0	1	0	1%
Ground water	30	0	24	0	-21%
Sea water	0	0	0	0	-
Produced water	0	0	0	0	-
Third-party water	213	26	903	21	287%
Total	244	26	928	21	252%

³⁸ The reporting perimeter for KOS includes the KOS group except for Medipass.

³⁹ The category “other” refers to different methods of disposal including composting, on-site storage and deep well injection.

⁴⁰ The 2016 and 2017 figures for water withdrawal were restated following the adaptation to the new methodology required by GRI Standards (adopted in DNF 2018) in order to make them comparable with those for 2018. For the 2016 and 2017 figures calculated using the old method, see the group’s Consolidated Non-Financial Disclosure for 2017. Fresh water is defined as water with ≤1.000 mg/L of dissolved salts. Other types of water is defined as water with >1.000 mg/L of dissolved salts.

⁴¹ The areas of water stress are defined by the Aqueduct Tool developed by World Resources which considers the categories of “extreme scarcity” and “scarcity” of the instrument. The sites included in the analysis were the the group (Milan, Rome and Turin) because of the materiality of their consumption compared to the total consumption of the group. Withdrawals from water stressed areas are a detail of the chart showing total water withdrawals.

Reconciliation chart – Material topics, GRI Standards and Decree 254/2016

MACRO AREA	Material topic (materiality matrix)	Topic-specific standards	Topics in Legislative decree no. 254/2016
Economic responsibility	Economic performance	Economic performance; market presence	Social
	Product/service innovation	N/A	
	Business model and sector referred to	N/A	
Governance and compliance	Business ethics and integrity	Anti-corruption; socio-economic compliance	Fight against active and passive corruption
	Governance and risk management	Anticorruption; socio-economic compliance	
Responsibility towards end customers	Grievance mechanisms and management	N/A	Social
	Responsible marketing	Labelling of products and services	
	Privacy and protection of customer data	Consumer privacy	
	Quality of products/services	Socio-economic compliance	
	Health and safety of end customers	Health and safety of consumers	
Responsibility towards Human Resources	Compensation and company welfare	Non-discrimination; diversity and equal opportunities	Aspects relating to personnel
	Diversity and equal opportunities	Non-discrimination; diversity and equal opportunities	
	Labor relations	Labor relations	
	Valuing and developing competences	Employment; training and education	
	Health and safety of workers	Health and safety in the workplace	
Social responsibility	Responsible procurement practices	Procurement practices	Social

	Development and engagement of the community	Local community	Respect for human rights
	Human rights and workers' rights	Non-discrimination; health and safety in the workplace	
Environmental responsibility	Use and management of water	Water and effluents	Environmental
	Greenhouse gas emissions	Emissions	
	Generation and management of waste	Discharge and waste	
	Energy consumption	Energy	
	Socio-environmental impact	N/A	

Perimeter of material aspects of the CIR group

MATERIAL TOPICS	Boundary of material topics	Type of impact
Economic		
Economic performance	CIR group	Caused by the group
Innovation of products/ services	CIR group, suppliers	Caused by the group and directly linked to its business activities
Business models and business sectors	CIR group	Caused by the group
Governance and compliance		
Business ethics and integrity	CIR group	Caused by the group
Governance and risk management	CIR group	Caused by the group
Responsibility towards end customers		
Grievance mechanisms and management	CIR group	Caused by the group
Responsible marketing	CIR group	Caused by the group and directly linked to its business activities
Privacy and protection of customer data	CIR group	Caused by the group
Quality of products/services	CIR group, suppliers	Caused by the group and directly linked to its business activities
Health and safety of end customers	KOS, Sogefi	Caused by the group and directly linked to its business activities
Environmental responsibility		
Use and management of water	CIR group	Caused by the group and directly linked to its business activities
Greenhouse gas emissions	GEDI, KOS, Sogefi (production plants)	Caused by the group and directly linked to its business activities
Generation and management of waste	CIR, GEDI, KOS, Sogefi (production plants)	Caused by the group and directly linked to its business activities
Energy consumption	CIR group	Caused by the group and directly linked to its business activities
Socio-environmental impact of products and services	GEDI, Sogefi	Caused by the group and directly linked to its business activities
Responsibility towards human resources		
Compensation and company welfare	CIR group	Caused by the group
Diversity and equal opportunities	CIR group	Caused by the group
Labor relations	CIR group	Caused by the group
Valuing and developing competences	CIR group	Caused by the group

Health and safety of workers	CIR group	Caused by the group
Social responsibility		
Responsible procurement practices	Sogefi, suppliers	Caused by the group and directly linked to its business activities
Development and engagement of the community	CIR group	Caused by the group
Human rights and workers' rights	CIR group, suppliers	Caused by the group and directly linked to its business activities

GRI Content Index

The Consolidated Non-Financial Disclosure for 2018 of the CIR Group was prepared based on the GRI Sustainability Reporting Standards according to the option "In accordance – Core". The chart below shows the information for the group based on the GRI standard guidelines with reference to the materiality analysis of the CIR group.

Indicator		Page
GRI 102 General Disclosures		
Organizational profile		
102-1	Name of the organization	6
102-2	Activities, brands, products and services	10-13
102-3	Location of headquarters	62
102-4	Geographical location of operations	10-13
102-5	Ownership and legal form	10-13
102-6	Markets served	10-13
102-7	Scale of the organization	6-9, 32-34
102-8	Characteristics of the workforce	50-54, 86-89
102-9	Description of the organization's supply chain	46-49
102-10	Significant changes to size, structure, ownership or supply chain of the organization that have taken place in the accounting period	6
102-11	Application of the precautionary approach to risk management	19-24
102-12	External initiatives	26-27
102-13	Principal partnerships and affiliations	26-27, 40-42
Strategy		
102-14	Statement from the most senior decision maker	4-5
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour of the organization	18-19, 23, 26-27
Governance		
102-18	Governance structure	17-18
Stakeholder engagement		
102-40	Categories and groups of Stakeholders involved by the organization	28-31
102-41	Collective bargaining agreements	58
102-42	Identifying and selecting stakeholders	30-32
102-43	Approach to stakeholder engagement, including frequency and types of activity	30
102-44	Key topics raised by engagement of Stakeholders	31
Reporting		
102-45	Entities included in the consolidated financial statements	6
102-46	Defining report content and topic Boundaries	6, 31, 99-100
102-47	List of material topics	99-100
102-48	Restatement of information contained in previous reports	6-7
102-49	Significant changes in terms of objectives and boundaries	6-7
102-50	Reporting period	6-7
102-51	Date of publication of previous report	7
102-52	Reporting cycle	6-7
102-53	Contact points for questions regarding the report	7
102-54	Indication of the "In accordance" option chosen	6
102-55	GRI content index	101-105
102-56	External assurance	106-108

Indicator		Page	Omission
TOPIC-SPECIFIC STANDARDS			
GRI 200: ECONOMIC SERIES			
MATERIAL TOPIC: Economic performance (2016)			
103-1	Material topics and their boundaries	32-35, 99-100	
103-2	Management approach to the topic	32-35	
103-3	Evaluation of the management approach to the topic	32-35	
201-1	Direct economic value generated and distributed	34-35	
201-4	Financial assistance received from public administration	23	
MATERIAL TOPIC: Market presence (2016)			
103-1	The material topic and its boundary	57-58 ,91, 99-100	
103-2	Management approach to the topic	57-58	
103-3	Evaluation of the management approach to the topic	57-58	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	90	
MATERIAL TOPIC: Procurement practices (2016)			
103-1	The material topic and its boundary	46-49, 99-100	
103-2	Management approach to the topic	46-49	
103-3	Evaluation of the management approach to the topic	46-49	
204-1	Proportion of spending on local suppliers	47-49	
MATERIAL TOPIC: Anti-corruption (2016)			
103-1	The material topic and its boundary	18-20, 99-100	
103-2	Management approach to the topic	18-20	
103-3	Evaluation of the management approach to the topic	18-20	
205-2	Communication and training on anti-corruption policies and procedures	23-24	
205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption were reported in 2018	
GRI 300: ENVIRONMENTAL SERIES			
MATERIAL TOPIC: Energy (2016)			
103-1	The material topic and its Boundary	22, 73-74, 99-100	
103-2	Management approach to the topic	22, 73-74	
103-3	Evaluation of the management approach to the topic	22, 73-75	
302-1	Energy consumption within the Organization	73, 95	
MATERIAL TOPIC: Water and Effluents (2018)			
103-1	The material topic and its Boundary	22, 84-85, 99-100	
103-2	Management approach to the topic	22, 84-85	
103-3	Evaluation of the management approach to the topic	22, 84-85	
303-1	Interaction with water as a shared resource	84, 96	
303-3	Water	86, 96	
MATERIAL TOPIC: Emissions (2016)			
103-1	The material topic and its Boundary	22, 76-77, 99-100	
103-2	Management approach to the topic	22, 76-77	
103-3	Evaluation of the management approach to the topic	22, 76-77	
305-1	Direct emissions of greenhouse gases (Scope 1)	77, 95	

305-2	Indirect emissions of greenhouse gases (Scope 2)	77, 95	
MATERIAL TOPIC: Effluents and waste (2016)			
103-1	The material topic and its Boundary	22, 80-81, 99-100	
103-2	Management approach to the topic	22, 80-81	
103-3	Evaluation of the management approach to the topic	95-96	
306-2	Total weight of waste by type and disposal method	95-96	
SOCIAL INDICATORS			
TOPIC: Employment (2016)			
103-1	The material topic and its Boundary	21-22, 54, 99-100	
103-2	Management approach to the topic	21-22, 54	
103-3	Evaluation of the management approach to the topic	21-22, 54	
401-1	New hires and employee turnover	54, 89-90	
MATERIAL TOPIC: Industrial relations (2016)			
103-1	The material topic and its Boundary	21-22, 58, 99-100	
103-2	Management approach to the topic	21-22, 58	
103-3	Evaluation of the management approach to the topic	21-22, 58	
402-1	Minimum notice periods regarding operational changes (organizational changes)	58	
MATERIAL TOPIC: Occupational health and safety (2018)			
103-1	The material topic and its Boundary	21-22, 62-65, 99-100	
103-2	Management approach to the topic	21-22, 62-65	
103-3	Evaluation of the management approach to the topic	21-22, 62-65	
403-1	System for managing occupational health and safety	65	
403-2	Identification of risks, measuring risk, investigating accidents	62-65	
403-3	Occupational medical services	62-65	
403-4	Participation of workers, consultation and communication on health and safety in the workplace	62-65	
403-5	Worker training on occupational health and safety impacts	62-65	
403-6	Promotion of worker health	62-65	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	62-65	
403-9	Accidents at work	65, 93	
403-10	Occupational diseases	65, 93-94	
MATERIAL TOPIC: Training and education (2016)			
103-1	The material topic and its Boundary	21-22, 58-61, 99-100	
103-2	Management approach to the topic	21-22, 58-61	
103-3	Evaluation of the management approach to the topic	21-22, 58-61	
404-1	Average hours of training per year per employee	92	
MATERIAL TOPIC: Diversity and equal opportunities (2016)			
103-1	The material topic and its Boundary	17, 21-22, 53-54, 99-100	
103-2	Management approach to the topic	17, 21-22, 53-54	
103-3	Evaluation of the management approach to the topic	21-22, 53-54	

405-1	Composition of governance bodies and breakdown of employees by gender, age group, and other indicators of diversity	17	
405-2	Ratio of basic wage of women to that of men	91	
MATERIAL TOPIC: Non-Discrimination (2016)			
103-1	The material topic and its Boundary	21-22, 55, 99-100	
103-2	Management approach to the topic	21-22, 55	
103-3	Evaluation of the management approach to the topic	21-22, 55	
406-1	Cases of discrimination and action taken	In 2017 and 2018, no incidents of discrimination were reported	
MATERIAL TOPIC: Local communities (2016)			
103-1	The material topic and its Boundary	66, 99-100	
103-2	Management approach to the topic	66	
103-3	Evaluation of the management approach to the topic	66	
413-1	Operations with implemented local community engagement, impact assessments, and developmental programmes	66-70	
MATERIAL TOPIC: Customer health and safety (2016)			
103-1	The material topic and its Boundary	43-45, 99-100	
103-2	Management approach to the topic	43-45	
103-3	Evaluation of the management approach to the topic	43-45	
416-1	Assessment of the health and safety impacts of product and service categories	43-45	
416-2	Cases of non-compliance in relation to the impact on health and safety of products and services	In 2017 and 2018, no incidents of non-compliance of products and services were reported.	
MATERIAL TOPIC: Marketing and labelling (2016)			
103-1	The material topic and its Boundary	43-45, 99-100	
103-2	Management approach to the topic	43-45	
103-3	Evaluation of the management approach to the topic	43-45	
417-3	Total number, by type, of cases of non-compliance with regulations and voluntary codes in relation to marketing activities including advertising, promotional campaigns and sponsorship	In 2017 and 2018, no incidents of non-compliance with regulations or voluntary codes were reported.	
MATERIAL TOPIC: Customer privacy (2016)			
103-1	The material topic and its Boundary	20-21, 43, 45, 99-100	
103-2	Management approach to the topic	20-21, 43, 45	
103-3	Evaluation of the management approach to the topic	20-21, 43, 45	
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	43, 45	
MATERIAL TOPIC: Socio-economic compliance (2016)			
103-1	The material topic and its Boundary	99-100	
103-2	Management approach to the topic	99-100	

103-3	Evaluation of the management approach to the topic	99-100	
419-1	Monetary value of sanctions for non-compliance with laws or regulations concerning the use of products or services	In 2017 and 2018 no significant sanctions were reported	
MATERIAL TOPIC: Product/service innovation			
103-1	The material topic and its Boundary	38-42, 99-100	
103-2	Management approach to the topic	38-42	
103-3	Evaluation of the management approach to the topic	38-42	
MATERIAL TOPIC: Business model and business activity groups			
103-1	The material topic and its Boundary	14, 99-100	
103-2	Management approach to the topic	14	
103-3	Evaluation of the management approach to the topic	14	
MATERIAL TOPIC: Socio-environmental impact of products and services			
103-1	The material topic and its Boundary	36-38, 71-73, 99-100	
103-2	Management approach to the topic	36-38, 71-73	
103-3	Evaluation of the management approach to the topic	36-38, 71-73	
MATERIAL TOPIC: Grievance mechanisms and management			
103-1	The material topic and its Boundary	36-38, 99-100	
103-2	Management approach to the topic	36-38	
103-3	Evaluation of the management approach to the topic	36-38	

Auditor's Report

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

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
CIR S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2018 consolidated non-financial statement of the CIR Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of CIR S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of a NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards").

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the group's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's and KOS S.p.A.'s management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics, and the procedures carried out by the various teams as part of their respective engagements for the subsidiaries GEDI Gruppo Editoriale S.p.A. and Sogefi S.p.A., we performed the following procedures:

- a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence;
- b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information.

We visited:

- KOS S.p.A.
- GEDI Gruppo Editoriale S.p.A.
- Sogefi S.p.A.

which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators. With reference to KOS S.p.A., we performed these activities directly, while, with reference to GEDI Gruppo Editoriale S.p.A. and Sogefi S.p.A., these procedures were carried out by their respective engagement teams.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2018 consolidated non-financial statement of the CIR Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

CIR Group
Independent auditors' report
31 December 2018

Other matters

The group prepared a 2016 sustainability report and has presented the data included therein for comparative purposes in its NFS. Other auditors reviewed that sustainability report in compliance with ISAE 3000 revised, not pursuant to any legal requirements, and expressed an unqualified conclusion thereon on 9 June 2017.

Milan, 5 April 2019

KPMG S.p.A.

(signed on the original)

Giovanni Rebay
Director of Audit