



SUSTAINABILITY
REPORT

2015

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Letter to our Stakeholders

Dear Stakeholders,

2015 was a positive year for our group, one in which it completed the process of rebalancing its capital structure and strategic repositioning begun in 2013 and now after four years it has reported significant earnings again.

At consolidated level, compared to 2014, the CIR group reported growth in revenues of 6.3% to € 2.54 billion and a gross operating margin up by 10.9% to € 218.2 million. Net income came in at € 42 million versus a loss of € 23.4 million in the previous year. The three industrial subsidiaries of the group – Espresso in media, Sogefi in automotive components and KOS in healthcare – made a greater contribution, and the parent company and the non-industrial subsidiaries reported a positive net result of € 22 million thanks to the good return on financial management and the capital gain on the sale of Swiss Education Group, an excellent investment made in 2011 that guaranteed an internal rate of return (IRR) of 30% per year.



The results obtained enabled the company to return to the distribution of a dividend, of € 0.044 per share, after four years. In our view this is the just reward for shareholders after a satisfactory year but it is also a sign of confidence in the future prospects of the group on the fortieth anniversary of its foundation.

The objective of creating value, which is the main mission of the CIR group, naturally goes beyond the results of a single year. For us creating value means taking initiatives, adopting ways of conduct and, in general, a way of doing business that enables the company to operate successfully in its various markets and obtain results that are sustainable over time.

Our group, which employs over 14 thousand people worldwide, operates mainly in three sectors that are very different one from the other. Each of them has a significant impact on the community in cultural, social and environmental terms.

Espresso is one of the main Italian publishing groups and through its media it is committed to offering news, culture, opinion and entertainment while respecting the principles of freedom, independence and respect for the individual, in the awareness that it has a great responsibility for the formation of the ethical and moral values of its audience.

KOS, one of the largest social healthcare providers in Italy, has an important social role in assisting the public sector in long-term care and its aim has always been to combine the typical objectives of a private company with a quality service that focuses on people, meaning patients and their families and employees.

Lastly, Sogefi is an important international producer of car components, which is characterized by its ongoing research to create products and technologies that are able to contribute to reducing the weight and emissions of vehicles. It also has a global industrial presence, which makes the company an important interlocutor for employees, suppliers, customers, cultures and local communities in many countries.

The preparation of this first CIR Group Sustainability Report is for us a further step forward in the process of continually improving our relationship with you Stakeholders.

With this document, not only do we want to recount the activities of our group and its impact on the internal and external communities that we are involved with, but we also want to start a process of reflection on our points of strength and on the areas where we could do more. We are convinced that this report and more in general an open and transparent dialogue with you our Stakeholders are important elements for achieving the company's objective of creating value in the long term.

Rodolfo De Benedetti
Chairman

Monica Mondardini
Chief Executive Officer

Methodological Note

This first Sustainability Report of the CIR group (hereinafter also the “group”) for the year 2015, was prepared in accordance with the “G4 Sustainability Reporting Guidelines” published in May 2013 by the GRI (Global Reporting Initiative), adopting a “Core” level of application.

The Sustainability Report is the main instrument for reporting the performance obtained by the group in the economic, social and environmental sphere and for highlighting its commitment to conducting its business with the aim of creating value not only for the organization but also for its stakeholders.

The “Annexes” are an integral part of this Report as they contain detailed information, mainly figures, which fully illustrate the material aspects of the GRI, and the indicators associated with them.

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

The reporting boundaries of the figures and the information contained in this Report refer to the companies belonging to the CIR group as of December 31 2015, those that are fully consolidated in the Consolidated Financial Statements on a line-by-line basis. It should be noted in particular that:

- The boundaries of the economic and financial figures and those relating to the calculation of Economic Value coincide with that of the Consolidated Financial Statements for 2015 of the CIR group;
- The information and figures regarding personnel refer to: CIR S.p.A., Gruppo Editoriale L'Espresso, KOS, Sogefi, CIR Investimenti S.p.A., Nexenti Advisory S.r.l. and CIR International S.A.;
- The environmental figures refer to Gruppo Editoriale L'Espresso, KOS and Sogefi;
- The logo CIR refers to all of the corporate activities headed by CIR S.p.A., CIR Investimenti S.p.A., Nexenti Advisory S.r.l. and CIR International S.A..

Any specifications or exceptions to these reporting boundaries are stated each time in the appropriate sections.

The figures for previous years are shown only for the purposes of comparison, in order to give an assessment of the performance of the businesses of the group over a medium-term time horizon. Moreover, the various chapters show the quantitative information for which estimates have been made.

For further information on the social responsibility policy of the CIR group and on the information contained in this Sustainability Report, please send

an email to the address of the Communication Department of the group that deals with social responsibility: infostampa@cirgroup.com

Group, governance and sustainability



1976 YEAR
OF FOUNDATION



€ 121.7 mn / NET DEBT



3 BUSINESS AREAS



€ 0.044 / DIVIDEND
PER SHARE



€ 2.5 bn / REVENUES



≈ 14,200 EMPLOYEES
IN THE GROUP



€ 42.0 mn / NET INCOME



≈ 8,000 EMPLOYEES
OF THE GROUP IN ITALY



€ 1.1 bn / EQUITY



> 13,500 SHAREHOLDERS
OF CIR S.P.A.



€ 218.2 mn / EBITDA

1

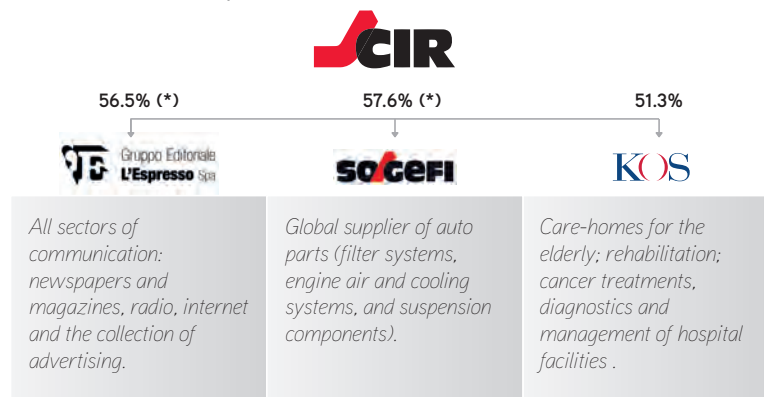
1.1 CIR: a diversified group

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

- Media (national and local press, radio, internet, video and applications for mobile and new-generation devices, advertising) with Gruppo Editoriale L'Espresso;
- Healthcare (nursing homes; rehabilitation units; cancer treatments, diagnostics, hospital facility management) with KOS;
- Automotive components (suspensions, filtration, air and cooling) with Sogefi.

According to a Mediobanca study (Mbes 2015), in terms of revenues, CIR is one of the top 30 Italian groups listed on the Stock Exchange.

Main shareholdings of the CIR group – December 31 2015



* The percentage is calculated net of the own shares held in the treasury shares portfolio

The group's equity includes other fixed assets mainly in property, private equity funds, non-performing loans and non-strategic equity interests for a value of approximately € 130 million.



5 areas of activity

62 newsrooms

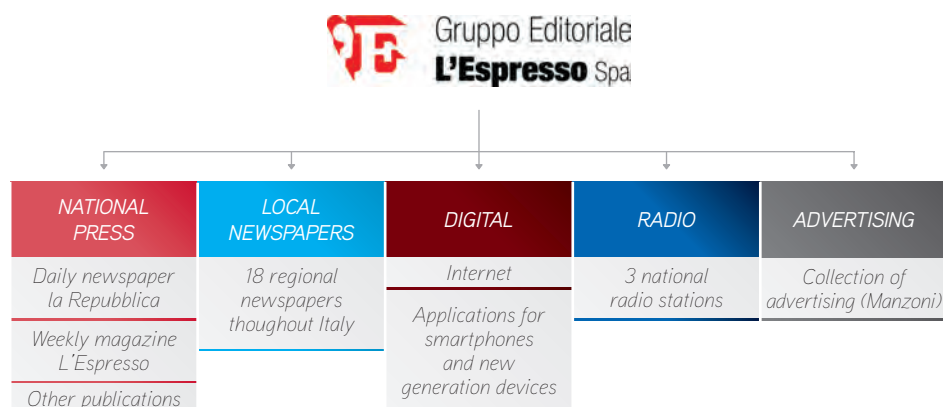
5.1 mn readers of the daily papers

Repubblica.it is the number **1** news website in Italy, with **1.6** mn daily unique users

Media

Gruppo Editoriale L'Espresso, a company listed on the Stock Exchange, is one of the most important Italian companies in the media sector, and is active in newspapers and magazines, radio, the collection of advertising, and the internet. Espresso publishes the national daily newspaper “la Repubblica”, the weekly news magazine “L'Espresso”, eighteen local dailies and is the owner of three national radio stations and several digital and satellite television channels. The digital division of the company deals with the management and development of the activities on the various platforms. Through its media, Espresso is committed to offering quality news, culture, opinion and entertainment according to principles of independence, freedom and respect for the individual.

Areas of activity



3 areas of activity

77 facilities for the elderly and **12** day hospitals

4th private healthcare operator in Italy by revenues



Healthcare

KOS is one of the main operators in Italy in the social healthcare sector, with activities in nursing homes or RSAs (Anni Azzurri), in rehabilitation units (Santo Stefano and Redancia) and in cancer treatments, diagnostics and the management of hospital facilities (Medipass). According to a 2015 Mediobanca study of the sector, KOS came out as the number four private healthcare operator in Italy in terms of revenues. KOS's mission is to offer quality healthcare and care-home services with professionalism, a welcoming spirit and humanity. Currently the company manages 77 facilities in eleven regions of central and northern Italy, for a total of over 7,300 beds. During 2011, KOS started operating internationally in India in the sector of the management of advanced medical technologies. In 2012, it acquired the technological equipment of two cancer hospitals in Britain, in Belfast and Leeds. In 2014, the company further strengthened its position in psychiatric rehabilitation, through the acquisition of the company Villa Azzurra in Emilia Romagna. In 2015, between acquisitions and greenfield investments, KOS opened six new facilities in the care-home sector (RSAs) and in rehabilitation.

Areas of activity



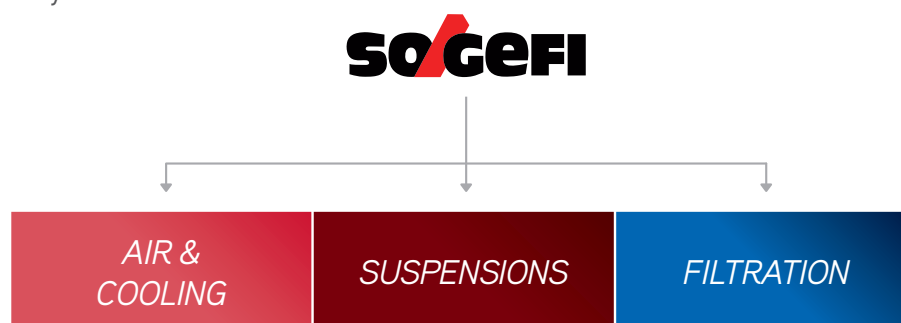


3 areas of activity
3 continents
18 countries in which it operates
42 production sites

Automotive components

Sogefi, listed on the Milan Stock Exchange in the STAR segment, is a company that operates in the automotive component sector with three divisions: filtration, suspension and air and cooling. Present in three continents and 18 countries with 42 production sites, Sogefi is a partner of the most important vehicle producers worldwide (cars and trucks) and operates in the original equipment market, the OEM aftermarket and the independent after market. The company is a market leader in Europe, North and South America. Launched in Italy and having gradually developed a presence in Europe and the rest of the world, partly through acquisitions, Sogefi is currently expanding strongly in markets outside Europe. In the last few years the company has opened two new production plants for suspension components and engine systems in Wujiang (China), an engine system plant in Pune (India) and, more recently, a factory is being built in Monterrey, Mexico, to serve all three divisions.

Areas of activity



Context and strategies

CIR's strategy is to invest in controlling equity interests with a long-term view. The main objective is to maintain a balanced portfolio of investments in businesses with a strong position in the markets in which they operate and which belong both to consolidated business sectors with stable growth trends and more recently constituted businesses with potential for development.

Its financial policy is based on a solid financial position and on significant liquidity at parent company level, supported partly by a commitment to cutting structure costs.

Moreover, CIR plays an active role in the governance and decision-making processes of its main subsidiaries.

Espresso has decided to concentrate its efforts on a strategy that has four main focuses:

- strengthening its traditional activity with constant reviews of its editorial products, while at the same time seizing any new opportunities that the market can offer;
- broadening the range of content of its brands on new digital platforms, taking into account the evolution of the sector;
- improving its position in the advertising market following the guidelines introduced by its internal concessionaire;
- preserving the profitability of the business in a climate of world crisis and sector crisis, which has had a negative impact on revenues, by taking action to cut costs and reorganize the business.

KOS has, since it was founded, continued to grow steadily partly organically and partly through acquisitions in regions of Italy where public healthcare management is in a state of equilibrium. In recent years it has also developed an international presence in India and in the United Kingdom.

The objectives that the company aims to achieve in the near future are the following:

- consolidating its network of facilities operating in the centre and north of Italy;
- standardizing as far as possible its operating and brand identity;
- responding ever more to the needs of the care-home, rehabilitation and technology sectors;
- extending its international presence, to bring its experience and competences to markets with greater demand.

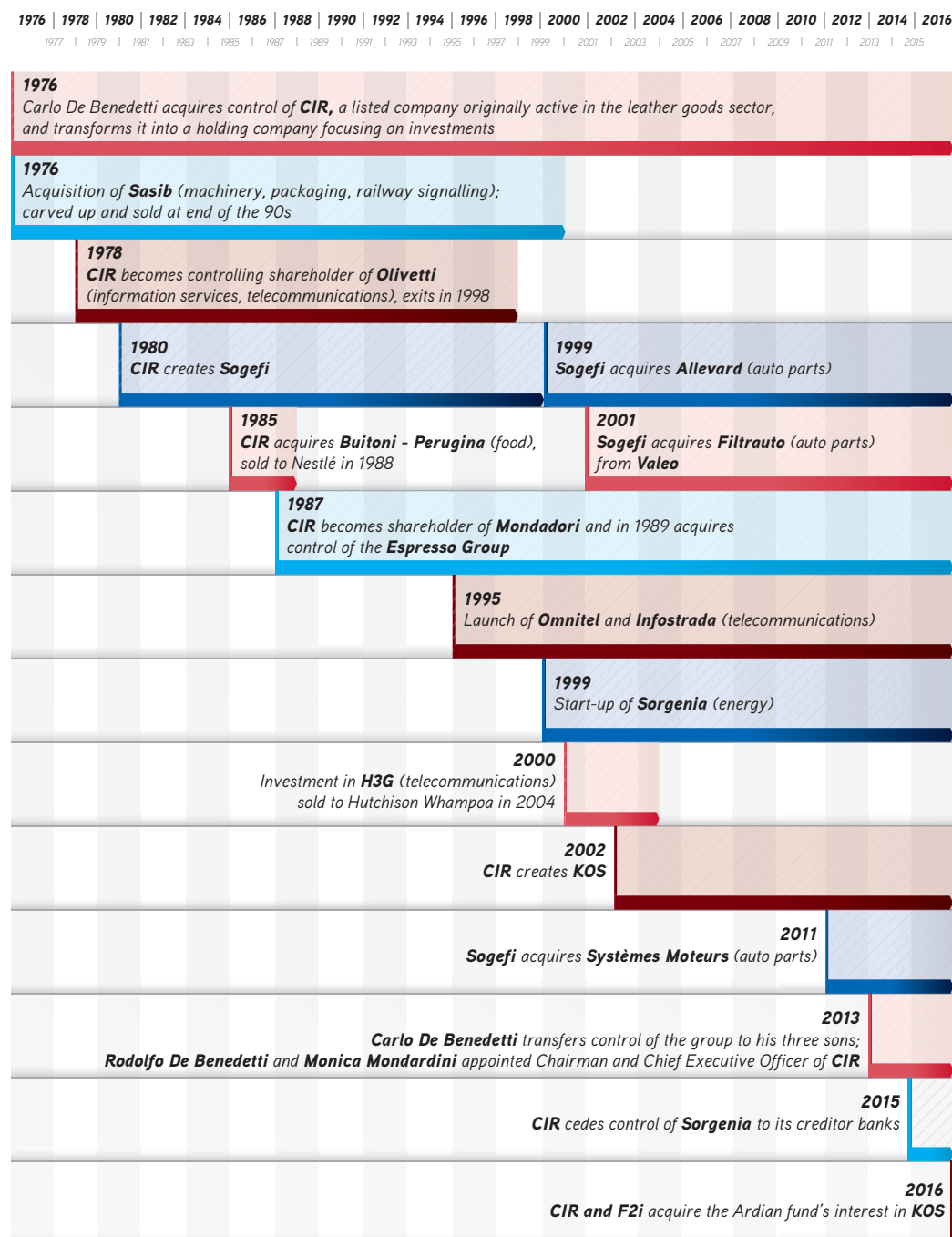
Sogefi aims to improve its strategic positioning through organic growth both in the more consolidated markets and in emerging markets.

Other objectives are taking more action to integrate the company and speeding up structural efficiency enhancing actions in Europe.

Innovation is central to the growth strategy of the company, which has eleven research centres (in Brazil, France, Germany, India and the United States) to create and develop new solutions able to reduce the quantity of raw materials used in production and to reduce waste, and, with regard to vehicles, to reduce noise and emissions, thereby making driving safer and more comfortable.

The company is constantly engaged in improving its profitability and cash generation.

History of the group



1.2 Ethics and integrity

The main objective pursued by the CIR group and all the companies belonging to the group is the creation of value for the shareholders. CIR intends to maintain and develop a relationship of trust with its stakeholders, seeking the best balance of the interests involved, observing all the terms of the law and the principles of honesty, impartiality, reliability, loyalty, correctness, transparency and good faith.

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

- Recognition of the importance of ethical and social responsibility in running all the businesses;
- Maintaining and developing a relationship of mutual trust with the company's stakeholders;
- Compliance with the company regulations and the rules established in the Code on the part of 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 and information about the parts of the Organization Model that are specifically relevant to them. Similar action is taken to inform collaborators, suppliers and clients of all kinds.

The group also promotes respect for the physical and cultural integrity of the individual, guaranteeing working conditions that respect individual dignity and workplaces that are safe to work in. The group will not tolerate requests or threats aimed at inducing people to act against the law, in breach of the Code of Ethics or to behave in away 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.

On the strength of the rules and principles expressed by the group, the subsidiaries also equipped themselves with their own Code of Ethics in order to define clearly and transparently all the values that inspire them to reach their objectives.

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

http://www.cirgroup.com/uploads/tx_cir/codice_etico_CIR_en.pdf

Compliance with laws and regulations

In order to ensure conditions of correctness and transparency in conducting the company's business activities, **CIR S.p.A.** has equipped itself with an "Organization and Management and Control Model" in line with the instructions set out in Legislative Decree 231/2001 on the administrative liability of legal entities.

The Model is subjected periodically to a check as to whether it is adequate and where necessary it is updated in order to guarantee that it continues to be in line with any new legislation that has been introduced and adequate for the organizational structure of the company. At the Board of Directors Meeting held on October 30 2015 the Model was updated with the addition of a list of new offences, contained in the General Part, based on the most recent regulations introduced.

The Model consists of a “General Part” and eleven “Special Parts”, relating to the Code of Ethics, how the powers are organized and how they are delegated in CIR, the system of sanctions, as well as the various types of offence contemplated in the Decree, which involve suitable control protocols for monitoring and preventing the committing of offences.

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

The matters dealt with in D.Lgs. 231/2001 were also transmitted to employees through special training initiatives, which in the last two years were provided online as e-learning modules and involved all staff (executives, managers and office staff).

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

Policies and public financing

The CIR group, within the sphere of its activities, does not receive any sector grants or any public funding, either at national or European level.

In the healthcare sector, the subsidiary KOS is paid for services provided to patients in its accredited facilities by the National Health Service through the regional health services.

Codes, principles and business associations

The parent company **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, statutory rules 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. Of the Associations to which CIR belongs, we should mention the following: Assonime (Association of Italian Limited Companies), European Issuers (which represents the interests of listed companies in Europe) and the ERT (European Round Table of Industrialists).

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

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

In addition to the above-mentioned rules of law, the activities of Espresso 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 rights and duties of journalists of the daily newspaper la Repubblica (otherwise known as the “Charter”), which together with the Code of Ethics is attached to the letter of employment of every journalist of the newspaper. Espresso is also a member of FIEG (*Federazione Italiana Editori Giornali*), the aims of which are freedom of information, the cost effectiveness of publishing companies, the development of circulation of means of communication as instruments of information and vehicles for advertising, and the defence of the rights and moral and material interests of its members.

Ethics and news: Codes and Charters of Espresso

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

- The Code of Conduct for the use of personal information in the exercise of the profession of journalist, according to what is stipulated in current laws in Italy on the subject of privacy;
- The Treviso Charter on the protection of minors (adopted by the National Council of the Association of Journalists with the

observations of the Authority for the protection of personal information);

- The Charter of Duties of Journalists 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 public opinion polls.

In the field of healthcare, **KOS** considers business associations to be an important instrument for facilities at national and international level to meet, discuss and exchange ideas. Specifically, the company is a member of the Board of Assolombarda’s Healthcare and Life Sciences Group and is a member of the main business associations of the healthcare and care-home sector, taking an active part in working groups and in-depth sessions organized by them. Moreover, Anni Azzurri, the subsidiary of KOS that cares for the elderly in nursing homes and provides post intensive care services, 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 associations and is a member of various business

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

1.3 Governance and Risk Management

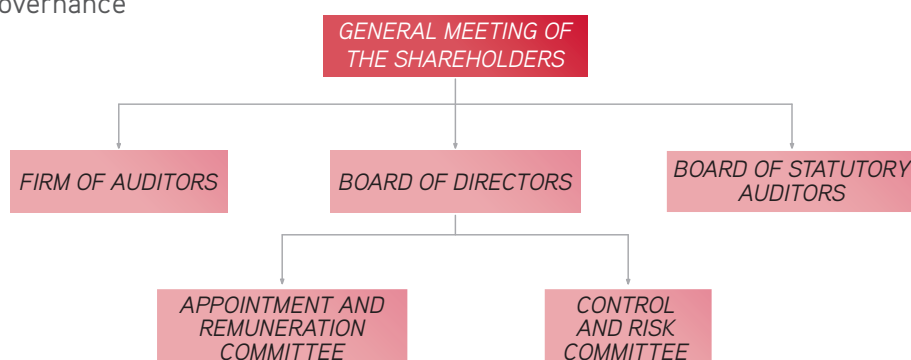
"The companies of the group create the conditions for their shareholders to participate in the decisions within their competence in as broad and conscious a manner as possible, promote completeness of information and safeguard their interests"

(from the Code of Ethics of the group)

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

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

Corporate Governance



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

- The appointment and remuneration committee;
- The control and risk committee.

The Board of Directors was appointed by the General Meeting of the Shareholders held on June 30 2014 – with a duration that will end at the Annual General Meeting that will approve the Financial Statements for the year ended December 31 2016. At the close of the year to which this Sustainability Report refers, the Board of Directors was made up of thirteen members, eight 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 potential conflict of interest.

COMPOSITION OF THE BOARD OF DIRECTORS OF CIR S.P.A. AT 31.12.2015				
Name	Position	Executive	Non-executive	Independent *
Rodolfo De Benedetti	Chairman	●		
Monica Mondardini	Chief Executive Officer	●		
Maristella Botticini	Director		●	●
Giampio Bracchi	Director		●	●
Franco Debenedetti	Director		●	
Edoardo De Benedetti	Director		●	
Marco De Benedetti	Director		●	
Silvia Giannini	Director		●	●
Franco Girard	Director		●	●
Stefano Micossi	Director		●	●
Michael Pistauer	Director		●	●
Claudio Recchi	Director		●	●
Guido Tabellini	Director		●	●

* Independent as per Code of Conduct and TUF

Today the Board of Directors of CIR is more streamlined than it was in the past and consists of members with different professional profiles (academic, entrepreneurial and managerial). There is also a Board member who is not Italian (Michael Pistauer).

The Board of Directors is characterized by its intense activity. The ordinary Board meetings held during the year are more than the four meetings held to examine the quarterly results.

With the exception of one director, all the members of the Board of Directors are over fifty years old. As for the presence of women (known as the “female quota”), CIR acted before the entry into force of Law no. 120, appointing three women directors out of a total of 12 Board members back in 2011.

CIR gives its directors induction on the activities of the group by involving the chief executives of the subsidiaries in Board of Directors meetings. Still on the subject of induction in relation to the regulatory environment,

special briefing sessions have been organized for directors and statutory auditors of the companies with the assistance of external consultants.

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

Risk management system

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

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

Areas of risk for the CIR group



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

The main risk factors for **Espresso** can be classified in three categories: risks connected to the general conditions of the economy, operating risks (risks regarding the price of paper, credit risks, legal risks, compliance risks, the regulatory risks of the sector) and financial risks.

During 2013, Espresso involved its organizational structure to analyse, evaluate and map out the risks and see how compatible they were with the strategic objectives of the organization. This monitoring activity made it possible to prepare and put in place a structured system of risk management, which is reassessed and updated every year.

For **KOS**, risk prevention and management not only constitute a legal obligation but are also an indication of the quality of the approach to the business, as a guarantee for patients and staff and in the interest of the company. For this reason, in 2012 KOS adopted a model of Enterprise Risk Management that made it possible to define a catalogue of risks that could have an impact on the strategy and the objectives of the company. The risks in the catalogue are monitored regularly, are evaluated with management and are integrated with the system of internal control.

Sogefi too has adopted a model of Enterprise Risk Management at global level. Developed starting from universally recognized models and best practice, Sogefi's ERM model was prepared in synergy by all the managers of the company and makes it possible to identify in a structured way the risks that could jeopardize the achievement of the company's strategic objectives, and to put in place actions able to anticipate, mitigate and manage the risks.

Sogefi's risks relating to sustainability

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

One of the cornerstones of Sogefi's business is compliance with the law and the ethical principles relating to running the business. Moreover, the company is taking ever more action to prevent and limit the impact of the risks linked to the automotive

sector on the reputation of the company.

Given the nature of Sogefi's business, the risks relating to the health and safety of the workforce are particularly important. Environmental risks are linked to pollution resulting, for example, from uncontrolled emissions, from an incorrect disposal of waste matter, from a spill of dangerous substances or a failure to comply with laws and regulations within the sphere of the environment.

1.4 Sustainability for the CIR group

The CIR group is developing a process directed towards sustainability, with the aim of controlling and improving the impact – environmental, social and economic – that the various businesses have on the local area and on the community.

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

In 2014, **Espresso** began a process of social reporting, through which it intends 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 value of its activity. On this basis, it 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.

Lastly, **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 reuse and recycle materials and limiting the production of waste, emissions and leakage.

The stakeholders of the group

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

The stakeholders of the CIR group



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.

A diagram with the 10 types of stakeholder identified is published on page 22.

The priorities are different for the various companies. For example, the stakeholder *Media and Opinion Leaders* is more important for Espresso. By contrast, KOS considers the stakeholder Customers to be more important, meaning patients and their families. Lastly, Sogefi considers all the stakeholders shown in the diagram above to be equally important.

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

As far as **CIR**, is concerned, numerous activities are carried out by the group Communication Department, which is responsible for managing relations between the company and media in relation to company disclosures: during 2015, more than 60 press releases were published through Borsa Italiana, all the main news agencies were present at the Annual General Meeting of the Shareholders, and the Chairman was interviewed by the Financial Times. Furthermore, in line with the growing digitalization of content, in 2015 the group published information for its stakeholders through its website, through social networks (specifically LinkedIn and Twitter) and with a newsletter.

The Investor Relations department manages the flow of information to shareholders, financial analysts and institutional investors, in compliance with the rules established for the disclosure of information and documents. During 2015 three conference calls were organized with analysts and investors to illustrate results and strategies. Management also held 6 road shows for the financial community and engaged in 54 one-to-one meetings.

Dialogue with the local areas in which it operates is particularly important for the group: in the media and healthcare sectors, for example, there are many initiatives organized for the local communities with the aim of divulging, orienting, informing and entertaining.

Each of the companies of the group has carried out specific shareholder engagement activities, interacting with the categories of stakeholders that are most significant for its particular business.

In the media field, **Espresso** is committed on a daily basis to establishing relations of trust with its stakeholders, relations based on the principles of transparency, an open mind and a willingness to listen. An example of structured and constant stakeholder engagement activity is the management of relations with news agencies, opinion leaders and end users.

KOS operates mainly with respect for its local areas, in all their expressions: collaboration with associations, relations with institutional entities and the Public Administration, relations with suppliers, involvement of the community and projects launched in conjunction with the universities and scientific companies are an integral part of the activity of the company, the aim of which is to spread knowledge and good practice with regard to the care of patients.

Sogefi believes that dialogue and interaction with stakeholders are essential instruments to find effective responses able to satisfy needs, interests and expectations and to create value in the long term. The company considers relations with suppliers to be fundamental and, to strengthen the link with the local area, prefers to use local suppliers, thus contributing to their development. Furthermore, new initiatives are under way to spread the sustainability principles to the entire supply chain. Lastly, Sogefi undertakes to respect the right of communities to health and wellbeing even through the implementation of innovative solutions that reduce CO₂ emissions and impact on the environment.

Materiality analysis

In order to identify the economic, social and environmental aspects that are important for the group and its stakeholders and to stimulate reflection on the group's approach to sustainability, CIR carried out a materiality analysis, which involved defining the aspects to report in this first Sustainability Report.

The analysis was conducted by answering special questionnaires, which involved the management of the companies of the group, who were asked to assess a list of topics, with specifications linked to the various sectors and environments in which they operate.

Following the analysis of the results obtained for each of the companies of the group, with the coordination of the parent company the topics of importance for the CIR group and its stakeholders were selected. These topics, despite respecting the individual aspects of the different companies, give an overall view of the economic, social and environmental impact attributable to the businesses of the group.

The process was conducted following the indications given in the Guidelines of the Global Reporting Initiative GRI G4 and ended with the identification of 24 topics, which are reflected in the materiality matrix of the CIR group.

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

The combination of the strategic business approach and the stakeholder perspective is an important

instrument for defining and developing priorities on the subject of the sustainability of the CIR group and for continuing to generate shared value in the short, medium and long term.

Materiality matrix of the CIR group



Economic responsibility



€ 2.5 bn / REVENUES



€ 42.0 mn / NET RESULT



€ 2,511.1 mn / NET GLOBAL ECONOMIC VALUE



€ 708.5 mn / ECONOMIC VALUE DISTRIBUTED TO PERSONNEL

2

The CIR group closed 2015 with net income of € 42 million after a loss of € 23.4 million in the previous year. The group's revenues, amounting to € 2,544.4 million, rose by 6.3% on 2014.

The gross operating margin (EBITDA) came to € 218.2 million, up by 10.9% from € 196.8 million in 2014.

Net debt totalled € 121.7 million at December 31 2015, up from € 112.8 million at the end of 2014.

The equity of the group stood at € 1,103 million at December 31 2015, unchanged from € 1,104.5 million at December 31 2014.

CONSOLIDATED RESULTS OF THE CIR GROUP		
(in millions of euro)	2014	2015
Revenues	2,392.6	2,544.4
Gross operating margin	196.8	218.2
Net result	(23.4)	42.0
Net financial debt (31/12)	112.8	121.7
Shareholders' equity (31/12)	1,104.5	1,103

Regarding the performance of the main subsidiaries, **Espresso**, on the Italian publishing scene, continued to report a distinctly higher performance than its main competitors.

KOS continued with its development plan, reporting a significant improvement in its results thanks to the organic growth of the business and to new acquisitions.

In **Sogefi** profitability remained below expectations and the new management, which took over in the middle of 2015, is engaged in the formulation of a new three-year plan to achieve adequate results.

REVENUES BY SECTOR				
(in millions of euro)	2014	%	2015	%
MEDIA				
Espresso	643.5	26.9	605.1	23.8
AUTOMOTIVE COMPONENTS				
Sogefi	1,349.4	56.4	1,499.1	58.9
HEALTHCARE				
KOS	392.4	16.4	439.2	17.3
OTHER SECTORS	7.3	0.3	1.0	--
TOTAL CONSOLIDATED REVENUES	2,392.6	100.0	2,544.4	100.0
of which: ITALY	1,117.0	46.7	1,137.8	44.7
OUTSIDE ITALY	1,275.6	53.3	1,406.6	55.3

Economic value generated and distributed

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

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

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

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

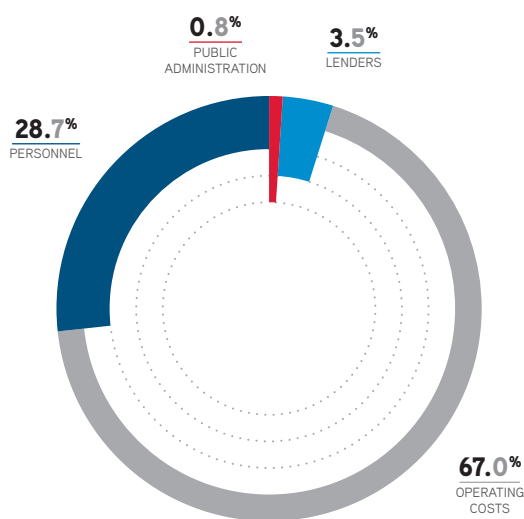
The three elements described above make up the gross global Economic value, which in 2015 amounted to € 2,649.3 million. This value, minus the value of amortization, appreciation and write-downs, constitutes the net global Economic Value, which in 2015 came to € 2,511.1 million and was up by approximately 7% on 2014.

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

- Operating costs for 2015 came to € 1,653.2 million (+ 6.3% on 2014), of which just over half were costs for the purchase of goods.
- The distribution of Economic Value to personnel in 2015 was € 708.5 million, which was 4.1% higher than in 2014, and refers mainly to the salaries and wages of the people of the CIR group.

ECONOMIC VALUE OF THE CIR GROUP		
<i>(in millions of euro)</i>	2014	2015
Net sales revenues	2,389.8	2,543.9
Income/expense from financial assets	56.1	63.4
Other income/expense	20.5	42.0
GROSS GLOBAL ECONOMIC VALUE	2,466.4	2,649.3
Amortization, depreciation and write-downs	116.2	138.2
NET GLOBAL ECONOMIC VALUE	2,350.2	2,511.1
Operating costs	1,554.7	1,653.2
Personnel	680.6	708.5
Lenders	109.8	86.5
Public Administration	28.6	20.9
ECONOMIC VALUE DISTRIBUTED	2,373.7	2,469.1
Net income (loss) of the group	(23.4)	42.0
ECONOMIC VALUE KEPT BY THE GROUP	(23.4)	42.0

Distribution of Economic Value



- The distribution of Economic Value to lenders in 2015 amounted to € 86.5 million.
- The Public Administration was remunerated in the form of taxation for € 20.9 million in 2015.



Responsibility towards clients

“The behaviour towards clients is based on willingness, respect and courtesy within the sphere of a relationship of cooperation and a high level of professionalism”

(from the Code of Ethics of the group)

3

The companies of the CIR group are constantly committed to guaranteeing their clients the best offer of products and services, in compliance with the specific regulations and requisites in terms of quality of the sector in which they operate.

3.1 Quality of products and services

In the media sector, quality is linked inextricably to the content provided and for this reason **Espresso** ensures quality, plurality, diversity and fair distribution of its content and products as well as making sure that it is constantly in line with the values and principles of the company, which are explained and circulated to all through the Code of Ethics. Moreover, Espresso keeps a constant watch to make sure that freedom of expression and the rules protecting the intellectual property of all content providers are always respected.

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 nursing home has its own Service Charter, which gives the basic information, a description of the standards of quality of the service with particular reference to simplicity of procedures, accuracy of information, admission and correctness of human rapport in relations with the staff of the home.

In addition to this, standards were defined for the hotel-style hospitality of the care-homes, which led to eight modernization refurbishments being carried out in 2015.

Customer satisfaction is a fundamental objective for **Sogefi** too. The company has recently started using the *Back to basic* system, through which it ensures that all products are subjected to a quality control involving all of the professional people profiles involved in the production stage. In this way, Sogefi aims to start and consolidate a structured process of solving any critical issues linked to product

quality and to manage any customer complaints efficiently and effectively.

The company has also recently started using the *Project Risk Design Analysis* on all of the products and services on offer. This is based on five factors: a survey of customer expectations, a study of the technical features of the product, an assessment of its level of quality, a survey of the reasons for any delay in production, an analysis of the product's conformity with regulations on the subject of safety. The risks relating to health and safety are analysed across the board in each of the steps in which the analysis is structured.

Monitoring the quality of KOS's services

To assess the quality of the services provided and make sure that work meets the patients' needs, KOS has designed systems of listening to and measuring quality by regularly interviewing guests and their families and talking to the staff providing the care and assistance.

In 2015 3,035 questionnaires were collected in the rehabilitation and psychiatric facilities, for approximately 40% of the patients discharged. For the elderly sector, 1,686 questionnaires completed by family members and 969 completed by guests were analysed out of an average presence in the year of over 4,200 patients.

Lastly, with the aim of guaranteeing a timely response to customers, the company is putting in place a *Customer Claim Management* service to collect complaints in real time.

Innovation

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

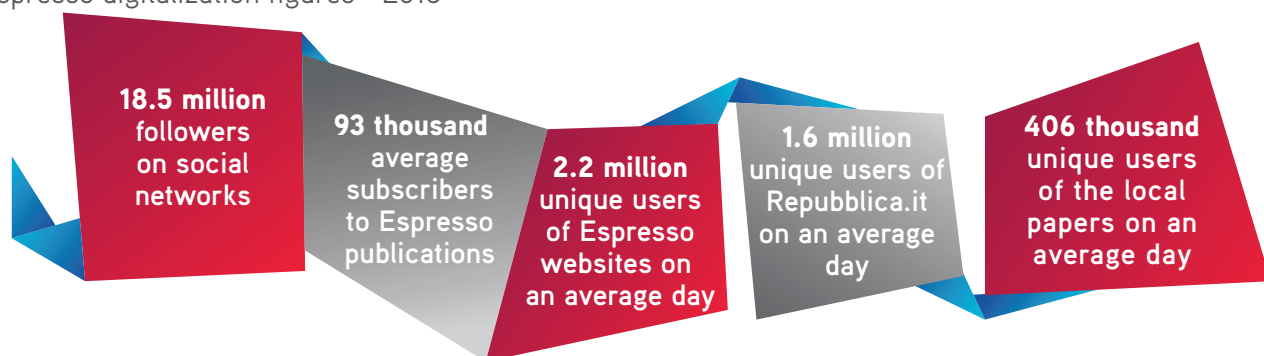
In the media sector, to adjust to the evolution of means of communication and journalism and to the new digital habits of Italians, since the year two thousand **Espresso** has been gradually following a path of digital evolution, both in the development of new products and in company procedures and in the activities that the organization carries out each day.

During 2015, the following results were obtained:

- Espresso has become the tenth provider in the entire digital market in Italy and the number one among traditional publishers;
- *Repubblica.it* confirmed its ranking as top Italian news website;
- Technological development on *Repubblica.it* focused on implementing versions of the website for smart phones and extending the offer; the main news items of the day were also made available on WhatsApp;
- New websites were designed for the local newspapers of the Espresso group with a design and a scalable architecture optimized for mobile use that loads very quickly, has content that is clear and easy to read and that can be shared easily on social networks;
- Presence on social networks was given a further boost;

- Following the launch of the new internet website in February 2015, Radio DeeJay presented a new application based on the radio-on-demand model distributed on all of the digital platforms;
- The premium activities linked to subscriptions to the digital newsstand were substantially in line with 2014 and the number of subscribers to the product “Sfoglio” remained unchanged. September saw the launch of the new limesonline website, which has been completely renewed in terms of content.

Espresso digitalization figures - 2015



Espresso's reduction in paper consumption

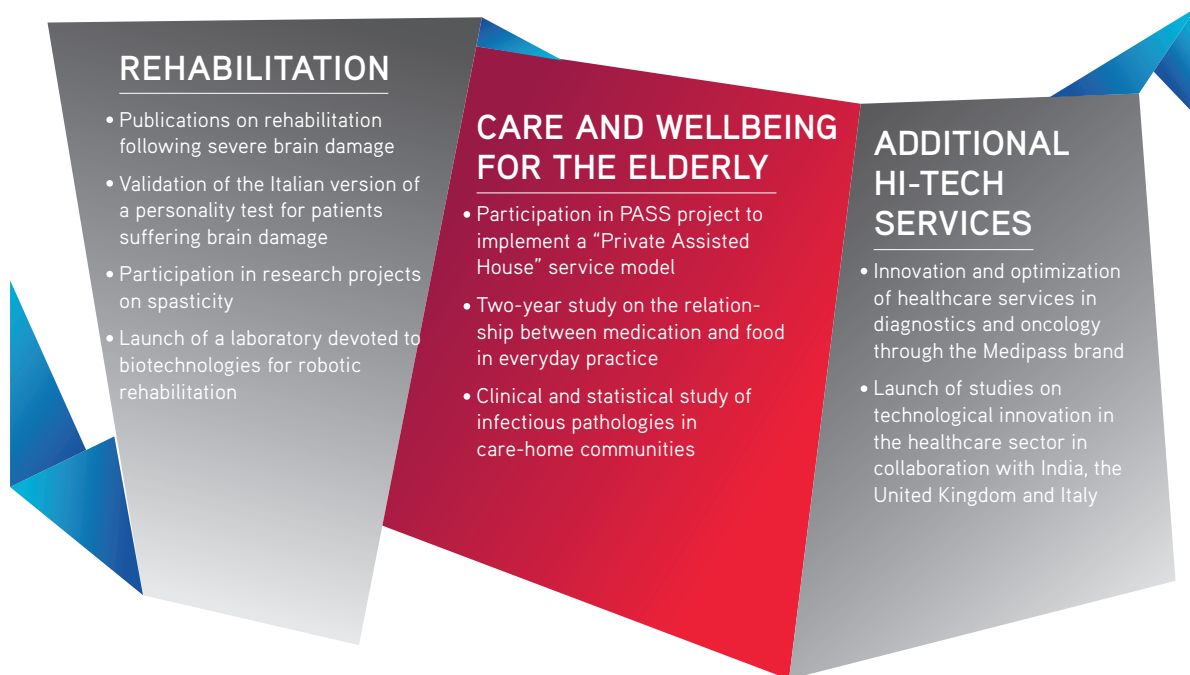
Espresso's digital evolution can also be seen in the reduction in its consumption of paper, which totalled 83,628 tonnes in 2015, posting a decline of over 13% on 2014. Moreover, it should be noted that

paper consumption is considered in the context of reducing impact on the environment, of which the high percentage of recycled paper used, 74% of the total, is confirmation.

KOS is active in the field of research and scientific publication: it takes part in congresses, it promotes high-level national and international conferences, it organizes study groups and enters into agreements with Italian and foreign universities. 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 2015 36 conferences and training course open to external participants were organized.

In the rehabilitation sector, KOS in 2015 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. Moreover, for the care and wellbeing of elderly people, in 2015 KOS again invested in the development of more modern techniques. Lastly, in the sphere of additional hi-tech solutions, KOS operates through the brand Medipass in a vast range of technological solutions and operating needs, providing hospitals with important contributions of know-how and management models and, where necessary, with specialists who are experts in the sector of diagnostics and cancer treatments.

KOS's areas of innovation



In the automotive components sector, **Sogefi** dedicates important investments to Research and Development, in order to satisfy customer expectations and to continue to improve technical solutions while respecting environmental regulations. To guarantee a structural management of Research and Development activities, the company also has eleven research centres (Brazil, France, Germany, India and the United States). At the end of 2015 Sogefi had a total of 193 patents.

During 2015, the innovations involved all areas of the company's business in a context of ever greater environmental responsibility:

- Suspension activities aim to continually reduce the weight of the components built, partly through the use of alternative materials to steel and to an improvement in the performance of suspension parts. The reduction in the weight of a vehicle means lower fuel consumption;
- For OEM (Original Equipment Manufacturer) manufacturers, the air and cooling division patents innovative solutions able to reduce CO₂ emissions without compromising the performance of the engines;
- In filtration, the company is committed to designing advanced systems in terms of efficiency, frequency of maintenance and compatibility with numerous additives and biofuels, that are also characterized by a lower weight and smaller size and a greater use of plastic.

Innovation in automotive components

In 2015 the Suspensions division perfected the first coil springs made of composite material (glass fibre reinforced epoxy resin). The use of this material brings many benefits in terms of durability and driving comfort as the new springs cannot be corroded and are quieter than the traditional ones. Moreover, the material used is 40-70% lighter than the steel that is typically used for the production of this kind of spring. This gives a weight reduction for vehicles of between 4 and 6 kg, which translates into lower fuel consumption and a reduction in carbon dioxide (CO₂) emissions.

The Air and cooling division has also taken part in the LIFE AUTO Project, in conjunction with Solvay, to implement a solution that will make it possible to reduce the impact of diesel engines on the environment, while respecting the CO₂ emissions limit established by European Regulation (EC) (95 grams of CO₂ per kilometre by 2021), an objective that Sogefi feels strongly about.

Furthermore, in 2015 Sogefi was working on the creation of an engine cooling valve, the so-called "Three-Way-Valve", which is a solution that enables the engine to reach its optimum running temperature more quickly, thus limiting CO₂ emissions significantly.

3.2 Attention towards customers

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

Of fundamental importance for **Espresso** is the subject of the protection of privacy and personal information. The group ensures the confidentiality of information in its possession and compliance with regulations on the subject of personal information. All information available to the companies of the group is used with respect for basic rights and liberties and for the dignity of the persons involved.

Advertising and safety for Espresso

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

- Has complied with the Code of Advertising Conduct (*Codice di Autodisciplina Pubblicitaria Italiana*);

- Has implemented the decree regarding misleading comparative advertising in relations between professionals;
- Has recourse to an "operating procedure" for managing the issues of what is legal and appropriate in the presence of messages that are doubtful or subject to verification.

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

The data base of users is managed in accordance with the terms of the document "Rules of conduct for the secure management of company resources" issued by the Central Department for Production, Information Systems and General Services (DCTP) of Gruppo Editoriale L'Espresso. Regarding the digital sector, Espresso guarantees the protection of personal information and all the group websites have the notice about the use of cookies for various purposes.

In the healthcare sector, attention to the health and safety of patients is an essential requisite for all of **KOS's** activities, the aim of which is to provide courses of treatment, rehabilitation and assistance in total safety for patients and staff.

For hospitals and care-homes, procedures have been put in place to guarantee the safety of patients in all of the services provided (e.g. the prevention of falls, the prevention of infections transmitted in hospitals, moving patients and managing medication). The company undertakes to carry out a constant watch on infections within the sphere of the Hospital Infections Committee (CIO).

Moreover, to guarantee a constant improvement on the subject of health and safety, KOS's facilities have put in place systems of internal control and clinical risk management at regional level.

For KOS too, safeguarding privacy has a fundamental role: in the Code of Ethics the company ensures the confidentiality of the information in its possession and guarantees compliance with the rules on the subject of personal information. In confirmation of its ongoing commitment, in 2015 for all KOS companies the Policy Document on the Security of Information was again updated and revised.

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. Through the *Project Risk Design Analysis* carried out on all products and services, the company constantly checks that the requisites of health and safety of its offer are met with.

3.3 Responsible procurement practices

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

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

The supply chain of **Espresso** 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. Espresso buys from prime paper producers of international importance, who are able to guarantee the strictest compliance with European regulations on the protection of the environment: they are international leaders in the sector who source their raw materials from forests which are internationally certified for their protection of the environment. All the paper suppliers use DIP (deinked pulp), albeit in different proportions, in the production of newsprint paper, improved newsprint and coated paper. The production processes are

certified by various national and international entities to obtain sustainability labels.

In the healthcare sector, for the **KOS** group the principles of transparency, reliability and verified results 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, spending control, improved efficiency and reduction in the use of allergenic substances and materials. The selection of suppliers takes place mainly at central level, privileging national producers but also, where possible and economically viable, local suppliers.

In order to guarantee traceability and the maximum transparency in the supply chain, only firms in possession of requisites such as regular payment of contributions, anti-mafia self-declaration, presentation of CCIAA certification, compliance with the Code of Conduct of KOS, D. Lgs. 81/08 (Consolidation Act on the subject of health and safety in the workplace), and D. Lgs. 196/03 (Code on the subject of the protection of personal information) are admitted to the selection process. The presence of additional certifications in the sphere of quality and the environment are considered as preferable conditions.

Sogefi's procurement process is based on giving each supplier and 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.

Sogefi promotes the spread of social responsibility principles in its supply chain. In this regard, the company is preparing a commercial Code of Conduct that will be distributed to suppliers and all its other business partners (commercial agents, distributors, etc.) in order to share the rules and principles underlying Sogefi's way of doing business. Furthermore, given the aim of reducing its impact on the environment, Sogefi prefers suppliers who have environmental certifications, such as ISO 14001.

To guarantee the presence of sustainable procurement practices along the value chain, the company is preparing a Code of Conduct for suppliers, which specifies the principles and the ethical, social and environmental requisites that suppliers must comply with.

Lastly, the company considers it extremely important to loyalize its suppliers, which translates not only into lower production costs but also into higher quality products.

The use of FSC certified paper in the production of filters

In 2015 the Sogefi Filtration Ltd plant (United Kingdom) and the Sogefi Filtration d.o.o plant (Slovenia) obtained FSC (Forest Stewardship

Council) certification, after producing special air filters made with paper from forests in which ethical, social and environmental standards are complied with.





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

4.1 People in the CIR group

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

CIR is committed to fostering a workplace that allows its people to develop and strengthen their competences and to create value for the company and for all its stakeholders. Respecting the common values of the group, the individual companies manage their people through Human Resources functions that 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 in continuous evolution, characterized by a significant complexity given the diversified portfolio of its assets.

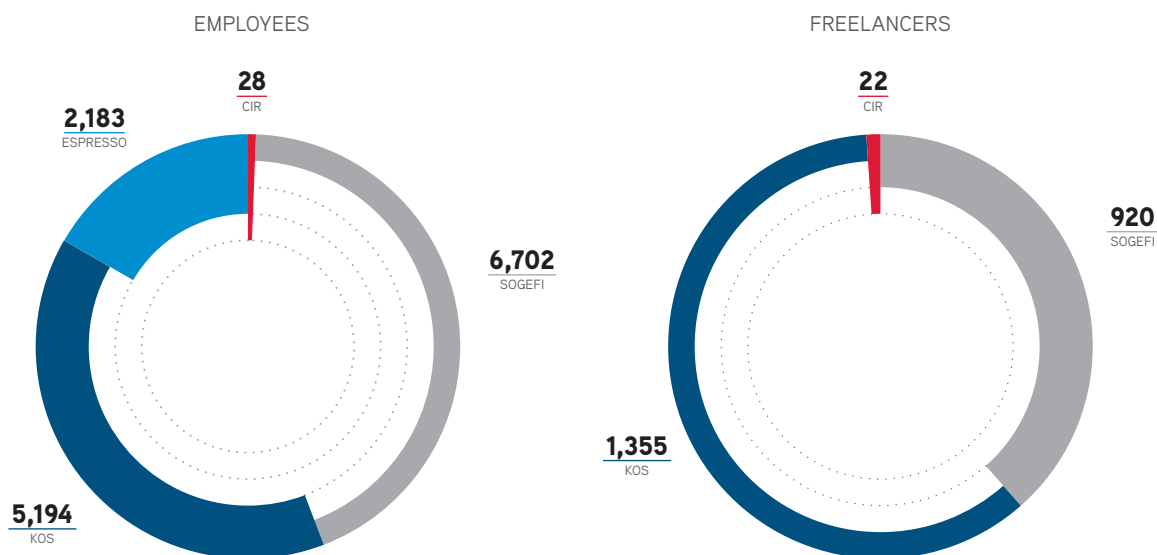
A total of 14,107 people¹ were employed by the CIR group at December 31 2015, with an increase of 2.9% on 2014, thanks mainly to the increase in the employees of KOS, partly due to a greater number of facilities than in the previous year. Of the subsidiaries, Sogefi is the one with the greatest number of employees, who totalled 6,702 in 2015, with a rise of 0.5% on the previous year.

More than 55% of the CIR group's employees are based in Italy.

In addition to its 14,107 employees, in 2015 the CIR group had 2,297 freelancers, or people who work for the group but are not included in the category "Employees": for example the non-employed staff of whatever kind working for KOS (doctors, nurses, etc.) and Sogefi's temporary or agency staff.

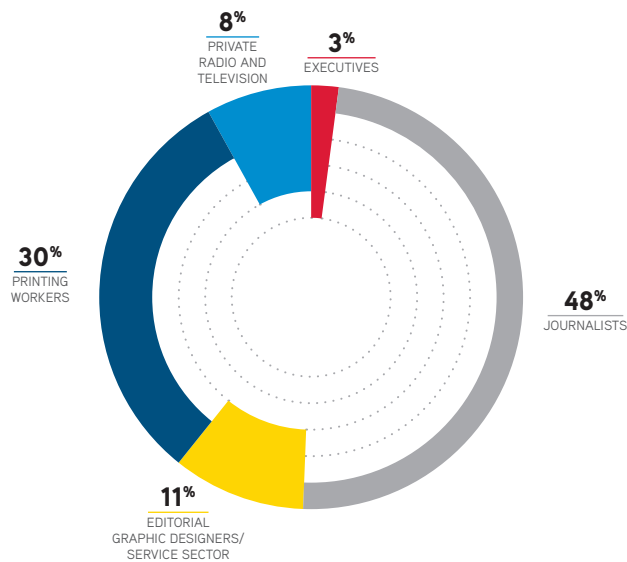
¹ The figure does not include the 106 employees of the company Southlands S.r.l., which is almost entirely controlled by the CIR group.

The people of the CIR group – December 31 2015



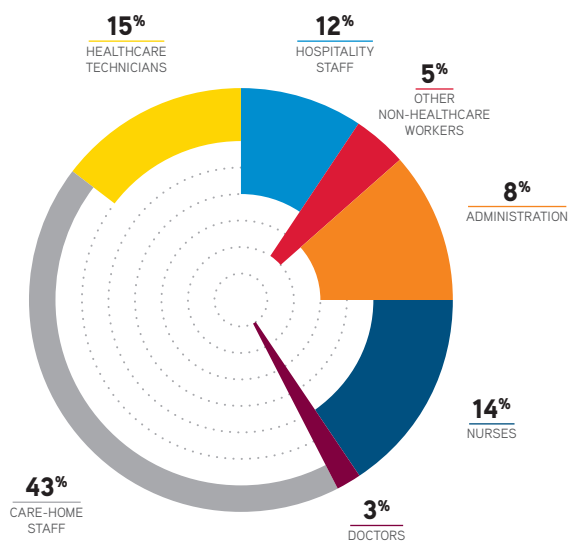
Espresso typically has a strong sense of belonging, which fosters the achievement of results in line with the company's objectives. An extremely dynamic environment and the need to take rapid decisions in complex situations require teamwork and an exchange of knowledge. There are different categories of employment contracts, in line with the different business areas in which the company operates.

Espresso – Employees by category of contract – December 31 2015



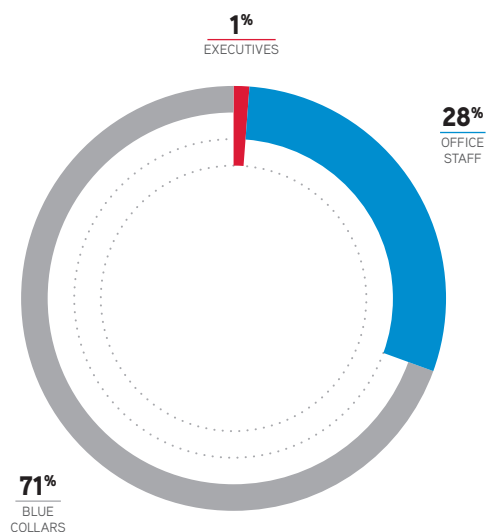
In the healthcare sector, **KOS** is committed to ensuring that its people have the necessary requisites to do their work in the best way possible, in a framework of constant reliability and improvement of the service offered to patients and their families. KOS too has a very varied workforce, with the aim of guaranteeing the presence of adequate staff to accompany patients at every stage of their stay in the company's facilities.

KOS – Employees by category of contract – December 31 2015



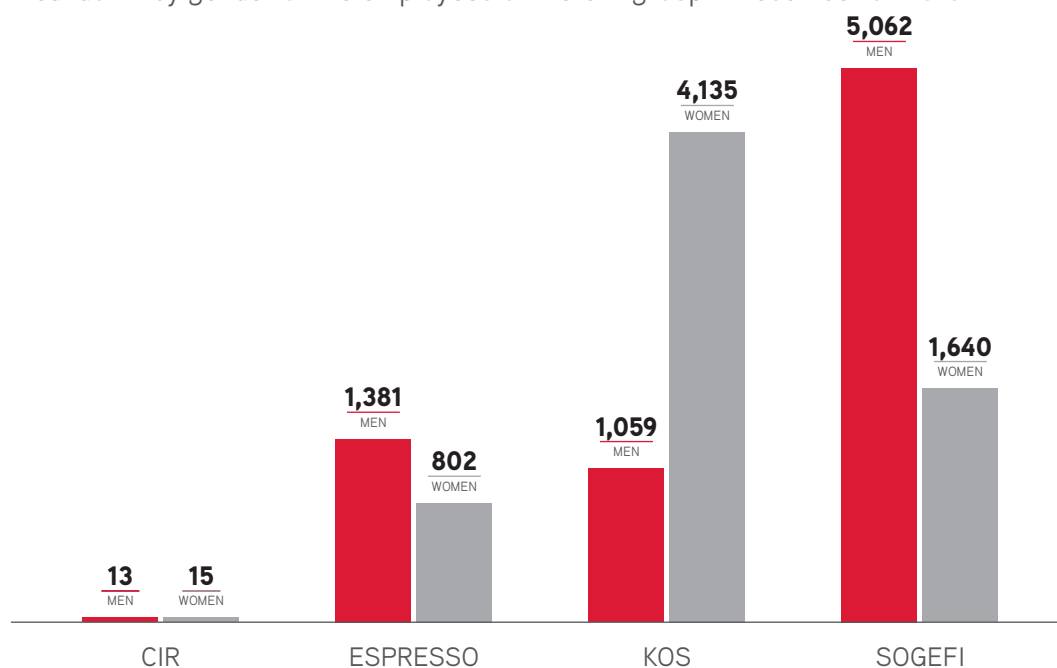
International presence is a point of strength for **Sogefi**, which gives great importance to the integration of different cultures, experiences, habits and languages present among its staff. For Sogefi the heterogeneity of its personnel is a fundamental value, which has generated a team spirit at all levels of responsibility in the company.

Sogefi - Employees by category of contract – December 31 2015

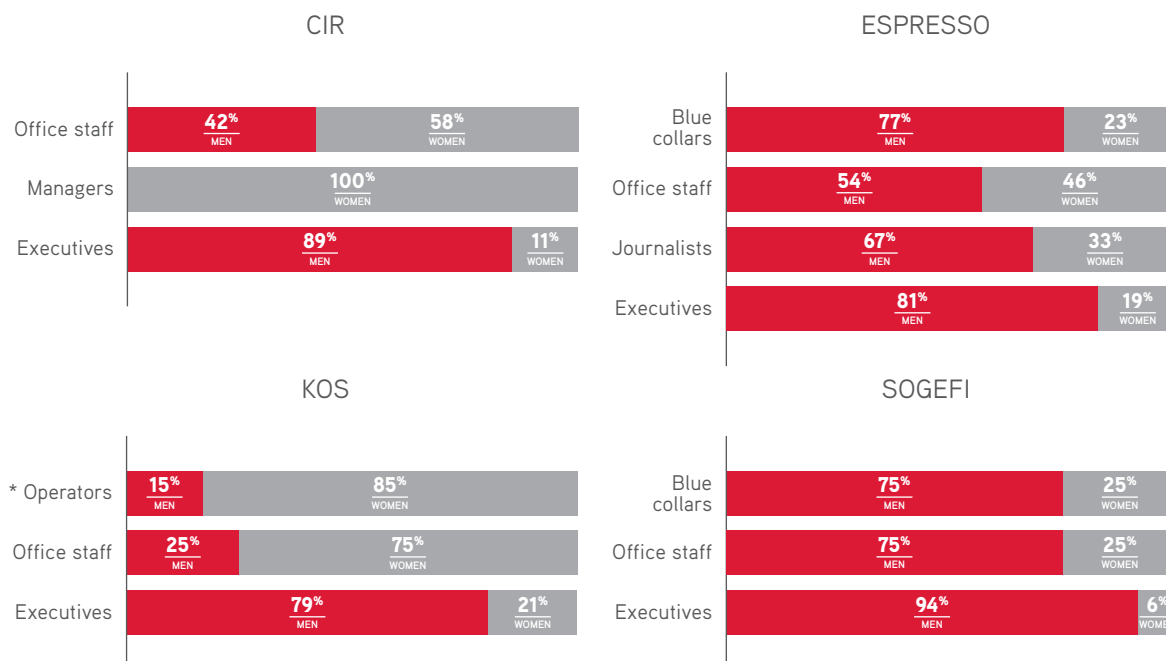


The personnel of the CIR group consists of 7,515 men and 6,592 women.

Breakdown by gender of the employees of the CIR group – December 31 2015



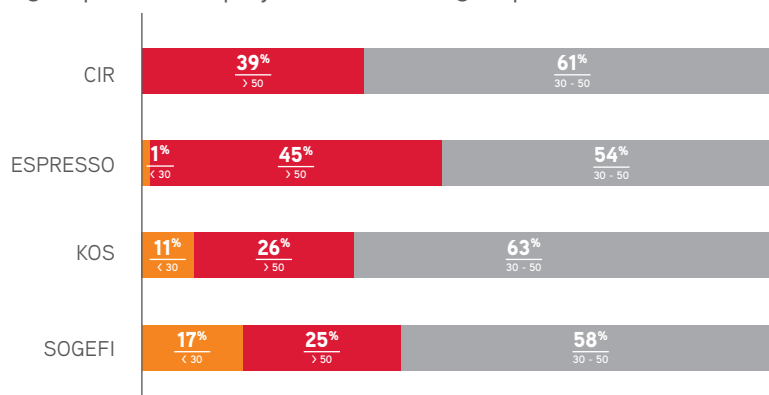
Breakdown by professional category and gender of the employees of the CIR group - December 31 2015



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

The most numerous age group of the people working for the group is between 30 and 50 years of age, which contains 59% of the total workforce.

Breakdown by age group of the employees of the CIR group – December 31 2015



During 2015 1,189 new employees entered the CIR group, while a total of a 1,322 people left the group, giving an entry turnover of 8.4% and an exit turnover of 9.4%.

Entry and exit turnover of employees of the CIR group by gender and age group - 2015

NO. OF EMPLOYEES ENTERING	< 30	30-50	> 50	TOTAL	TURNOVER
Men	386	366	53	805	10.7%
Women	144	194	46	384	5.8%
TOTAL	530	560	99	1,189	8.4%

NO. OF EMPLOYEES LEAVING	< 30	30-50	> 50	TOTAL	TURNOVER
Men	205	370	264	839	11.2%
Women	108	222	153	483	7.3%
TOTAL	313	592	417	1,322	9.4%

The CIR group considers the offer of a stable and long-term employment relationship as a necessary requisite for enabling the company to grow. The group's commitment to fostering long-term employment of its staff is confirmed by the high percentage of permanent contracts, which account for 92% of total personnel.

Breakdown of employees of the CIR group by type of contract – December 31 2015



4.2 Diversity, equal opportunities and wellbeing

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

(from the Code of Ethics of the group)

The CIR group pays attention to diversity and to equal opportunities when selecting its employees, rejecting any discriminatory practices and valuing the competences of each individual, quite apart from his or her nationality, religion or gender, political or trade union affiliation, sexual orientation or physical or psychological conditions.

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 value to multiculturalism, recognizing the added value of uniting points of view belonging to different worlds.

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

Equal opportunities are offered to employees of both genders in all the companies of the group. Initiatives are also taken to facilitate management of work-life balance.

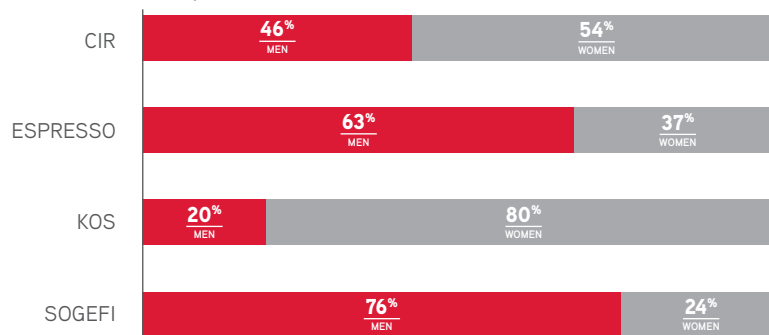
Women play a fundamental role in all the companies of the group, as can be seen in the figures for 2015, which show that female workers make up 47% of the total staffing, up by 4.3% compared to the previous year.

Protected categories in the CIR group

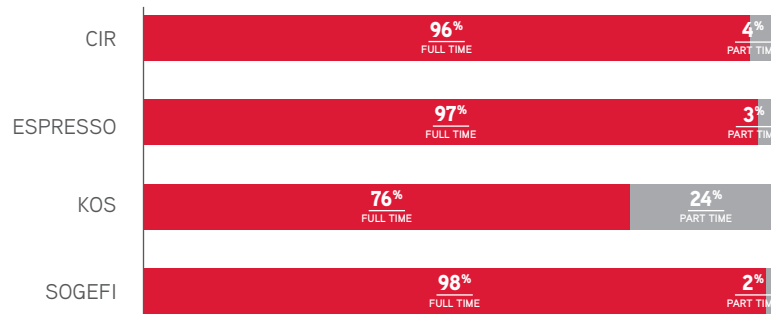
The companies of the CIR group are committed to fostering the inclusion of disadvantaged people in

their staffing requirements, recognizing the value of diversity and the importance of discussion when carrying out any activity.

Female presence in the CIR group – December 31 2015



Breakdown between full-time and part-time of CIR group employees with permanent contracts – December 31 2015



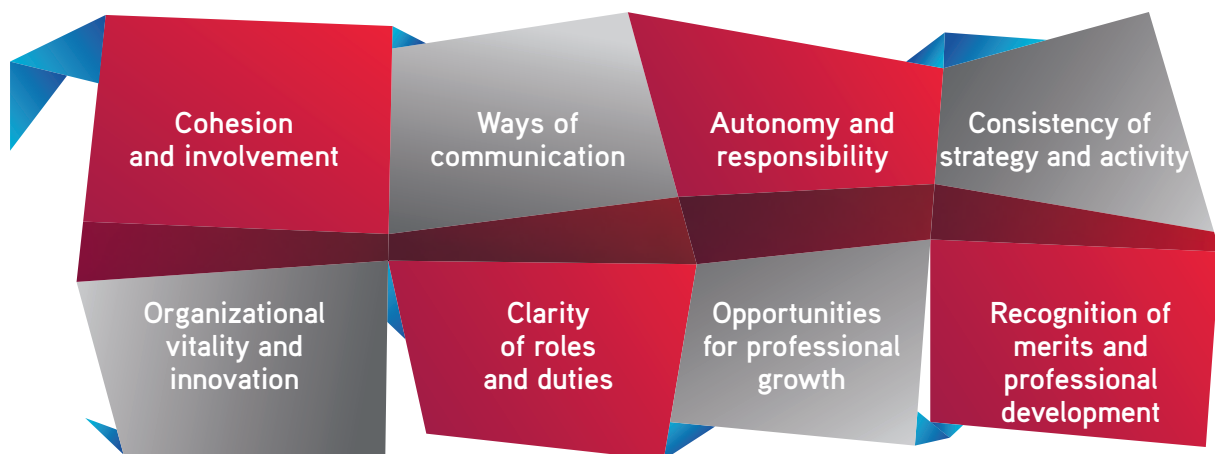
At December 31 2015, of the employees with permanent contracts, those who had opted for part-time contracts totalled 1,314, equal to over 10% of permanent staff.

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.

Corporate climate surveys in KOS

KOS periodically carries out surveys to measure the climate in the organization, which is an

essential requisite for providing a service of excellence. The study aims to analyse the following aspects:



The training of human resources has the purpose of producing 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.

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 their work-life balance, CIR recognizes the importance of applying flexible working instruments, such as:

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

Industrial relations in the CIR group

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

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

In the media sector, **Espresso** assigns a central role to industrial relations and its rapport with the various trade union organizations, relations which have always been based on constructive collaboration with respect for the different roles. 100% of the employees are covered by national collective labour contracts.

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

In **Sogefi**, 76.6% of employees are covered by national collective labour contracts; the level of cover is very different in the countries in which the company is present, because trade union representation is regulated by legislation at national level.

Additional health cover

CIR wishes to contribute to the tranquillity of its employees with healthcare initiatives that give them greater protection for their health, integrating the cover provided by the National Health Service.

Therefore, the company gives its employees of all levels additional healthcare cover, which involves partially covering healthcare expenses incurred by workers and their immediate families up to maximum annual limits.

Tax assistance

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

The companies of the group are constantly committed to guaranteeing their employees an adequate working environment. Employees are kept informed of welfare initiatives offered through the company's intranet.

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.

4.3 Appreciation and development of human resources

“Therefore the management of relations with employees and anyone working for the Company are 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.

People, commitment, the sense of belonging and the creativity of all employees have always been the main ingredients of the results of the CIR group and the essence of its business culture.

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

The types of training courses provided are essentially three:

- Foreign languages;
- Health and safety in the workplace;
- Management.

CIR organizes one-to-one English courses with a native speaker teacher, designed specifically to meet the training needs of the participant. Given the important role of the English language, the company increased the hours of training provided from 2014 to 2015.

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

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

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

Performance assessment of employees in the CIR group

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

It should be noted, for example, that during 2015 Espresso subjected to a performance assessment almost all of its managers (97%). KOS evaluated

the performance of 52% of its employees, a percentage that is higher for managers and operators, for which it was approximately 83%. Lastly, Sogefi's commitment in this direction is also worthy of note: in 2015, over 50%* of office staff received a performance assessment

* The percentage of Sogefi's employees subjected to a performance assessment during 2015 was calculated on a total of 6,685 employees, equal to 99.7% of the total.

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 does however respect the particular characteristics of the individual areas of the business. The Plan is coordinated by the Head of the Facility and/or the Head of Department and has the following objectives:

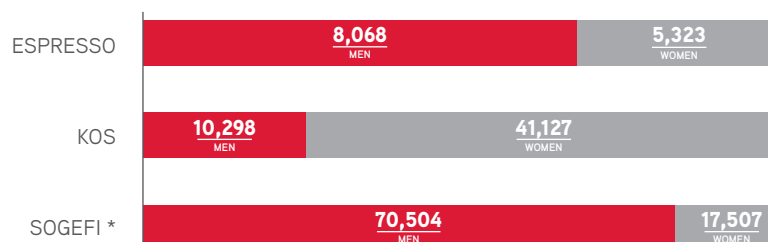
- Organization of resources;
- Development of abilities;
- Assessment of work done;
- Analysis of training/induction needs;
- Communication and sharing the points emerging from the above activities with the other facilities.

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, and that involves workers, trainers, teachers and the Heads of the facilities and/or of departments.

Sogefi also recognizes the central role of training for its employees and guarantees them an adequate training plan aimed at improving their specific competences. The training activities that took place in 2015 regarded linguistic competence, managerial competence, the subjects of health and safety, the fight against corruption, and human rights.

During 2015, the companies of the CIR group provided a total of over 152,800² hours of training. The hours of training for the employees of Sogefi represented 57% of the total; 34% of the hours were training of a medical nature for the personnel of KOS.

Hours of training provided - 2015



* The hours of training provided for the employees of Sogefi in 2015 are calculated on a total of 6,685 employees, equal to 99.7% of the total.

4.4 Health and safety in the workplace

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

To promote widespread information on the subjects of health and safety, **CIR** provides specific courses organized in the classroom for all employees or just for representatives of individual departments, including the Officer responsible for Safety, the Representatives of the Workers for Safety (RLSs), those responsible for fire prevention, and those responsible for first aid. These training courses were taught in the classroom in both 2014 and 2015 and ended 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 of the properties and of 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 headquarters once a year.

Health and safety in CIR

In compliance with the activities set out in D.Lgs. 81/08, in 2015 training courses on the subject of Health and Safety in the Workplace were provided for all the employees of CIR S.p.A., CIR Investimenti S.p.A. and Nexenti Advisory S.r.l. The courses were held in the classroom by an external trainer and gave a general training of 4 hours on the general concepts of safety in the workplace (Art. 37, D.Lgs. no. 81/2008) and specific training of 4 hours on

the roles, the possible damage and the consequent measures and procedures for prevention and protection to be adopted. The training course ended with a test and an attendance certificate was given to each employee.

Furthermore, in 2014 e-learning refresher courses of 4 hours were organized for the RLS department (Worker Safety Representative) of the companies CIR S.p.A., CIR Investimenti S.p.A. and Nexenti Advisory S.r.l..

² The figure does not include the hours of training provided for the employees of CIR.

Espresso is committed to ensuring protection of the integrity, the health and the wellbeing of its workers in all workplaces and actively complies with the rules and obligations required by law on the subject. Particular attention is paid to the training of personnel of all levels and roles - workers, officers and managers – each according to the risks to which he or she is exposed and the specific positions and duties. The company also monitors the safety of industrial plants, with particular reference to the design and purchase of new machinery, restructuring and reconfiguring machines and production cycles and to the introduction and management of chemical substances and preparations.

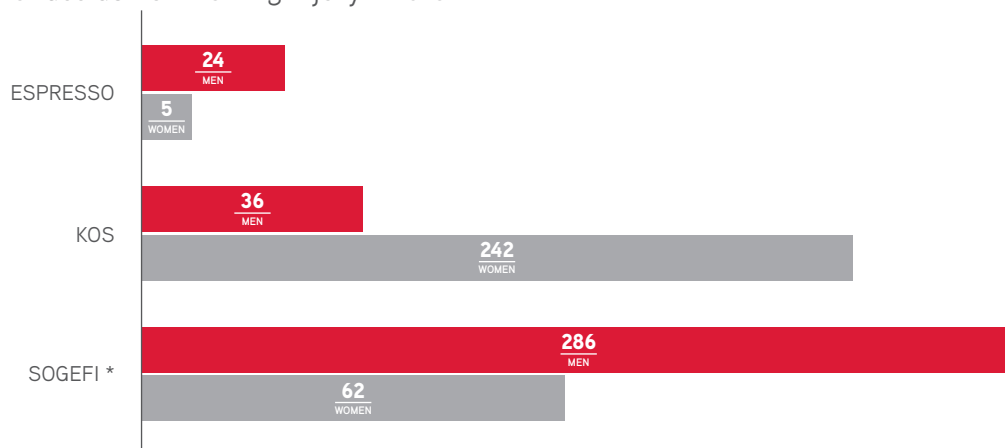
KOS's facilities aim to achieve the highest standards in relation to the risks that patients or collaborators could be subject to, in order to ensure patients absolute peace of mind during their convalescence and guarantee staff a safe place to work in.

All of the facilities are equipped with the definitive authorization to operate and possess regular Fire Prevention Certificates issued by the Fire Department. The facilities are also subject to surprise inspections, aimed at monitoring and checking the safety standards. If the facilities have any critical issues, these are subjected to video-surveillance.

Sogefi too pays particular attention to the subjects of health and safety. In this field, it should be noted that the parent company, Sogefi S.p.A., is equipping itself with a Policy on the subject of health and safety. Moreover, all the activities carried out in the plants are subject to internal and external audit on the subject of health and safety and some of the company's plants have OHSAS 18001 certification. Lastly, to encourage the spread of a culture of safety in the workplace and guarantee that this culture is fully integrated into the activities to be carried out, Sogefi gives its employees adequate training on these subjects.

During 2015, there were 655 accidents involving injury were reported in the companies of the CIR group, 346 of which affected men and the remaining 309 women. This number was significantly lower than in 2014 (around 10%). As for CIR, in 2015 no accidents or injuries were reported.

Number of accidents involving injury - 2015



* The number of accidents reported among the employees of Sogefi in 2015 was calculated on 6,685 employees, equal to 99.7% of the total number.



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)

5

The CIR group promotes a growing number of initiatives where there is 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, in particular, supports the Rodolfo Debenedetti Foundation, dedicated to the memory of its first chairman and active in research on the subject of employment, poverty and inequality, social and welfare policies and immigration.

The companies of the group are also committed to the development of further initiatives bringing involvement and dialogue: in the healthcare and automotive components sectors there are numerous activities aimed at the local areas in which the group operates, whereas in the media sector the events are aimed prevalently at users and readers.

Espresso contributes to sustainable development by offering support to the communities in which it operates, with the organization of live journalism events and social initiatives publicized through its technological platforms.

Of the main initiatives in favour of the community, the following should be highlighted:

- Repubblica delle Idee, the travelling festival launched in 2012 consisting of meetings, debates, readings, workshops, musical and theatrical shows and exhibitions. The aim of the event is to promote in the piazzas of Italian towns and cities a meeting between the newspaper and the local communities of its readers. In 2015 the festival was held in Udine, Genoa and Pescara;
- Repubblica@Scuola, an online project that aims to encourage young people to read the newspaper and use the world of new media, putting them into direct contact with the journalists;
- R.it Mondo solidale (The World of Solidarity), the section of the website repubblica.it devoted to the world of solidarity and cooperation, which gives news of humanitarian and development initiatives, as

well of immigration, human rights and refugees.

- Initiatives organized and promoted by the Espresso radio stations (Deejay, Capital and m2o), such as:
 - The fundraising radio marathon “*Fermiamo l’Aids sul nascere*” (Let’s nip Aids in the bud) for the charity Cesvi, that has been on air for about 10 years on Radio Deejay. The funds collected are donated to the St. Albert hospital in Zimbabwe;
 - The “One Nation One Donation” campaigns, in collaboration with the Italian Federation of Associations of Blood Donors and with the involvement of the cities of Milan, Udine, Turin, Genoa, Parma, Vicenza, Bologna, Bari, Gela and Rome;
 - “Missione Dynamo: regala una grande avventura a un piccolo eroe”, (Mission Dynamo: give a big adventure to a small hero) in conjunction with the Fondazione Dynamo Camp, which, for the seventh year running, has enabled listeners to collect funds to organize holidays for the children of the camp.

Deejay Ten

Deejay Ten is a race organized by Radio Deejay in some of the main towns and cities of Italy. Launched in 2005 in Milan as an initiative between friends, over the years it has grown exponentially, reaching tens of thousands of participants.

The 2015 edition was organized in Milan, Florence and Bari and about 50,000 runners took part. The race is the culmination of a three-day event based in a “village” hosted by the radio speakers and which involves music and entertainment.

KOS organizes initiatives in the community, especially in the areas where its facilities are located, to raise awareness, advise and inform on the subjects of rehabilitation, the third age and care for the elderly. The initiatives in the local areas also include concerts, and cultural and sporting events.

In 2015 alone, more than 50 events were held on subjects such as the promotion of good health and on the aging process, which involved the local communities. A guide was also produced by the Anni Azzuri care home in Gattinara (Vercelli) about moving old people being cared for at home.

Equally important for KOS is its relationship of exchange with universities and scientific associations; on the one hand research projects undertaken with the universities and the active participation of professionals in the initiatives of scientific associations are a source of new knowledge and the starting point for innovation, while on the other hand they enable KOS to host students and trainees in its facilities to complete their training process, under special agreements with universities and training organizations, thus contributing to the spread of culture and know-how for the correct management of patients and residents.

Moreover, among KOS’s more innovative projects for the community is the “smart home” built by Santo Stefano at Porto Potenza Picena to enable three seriously disabled people to carry out their daily activities with greater autonomy thanks to home automation technologies.

Lastly, **Sogefi** is a partner of ICA (www.projetoica.org.br), a project launched in Brazil in 1997, which enables children and young people between the ages of 2 and 24 to benefit free of charge from educational

and training initiatives that complement their schooling, in order to have greater opportunities for training and finding employment opportunities.

KOS's social commitment

In 2015, KOS gave support to two important social causes.



"Children are the seed of life. Investing in children, guaranteeing them food, education, love and health means guaranteeing the future of the world, it means creating strong and aware adults. Children have the right to be happy and to grow up happy". KOS shares this vision of the future and has chosen to support Epsilon, a foundation that aims to contribute to guaranteeing a better future for third-world children in terms of healthcare, food and education. What distinguishes Epsilon is the fact that it converts 100% of its donations into projects for the children of the world.



The particular attention devoted to those who need a course of rehabilitation or solutions to be able to live with chronic fragility or disability, which characterizes KOS's entire offer, has led the group to support, through Santo Stefano Sport, an initiative that promotes sport as an instrument of recreation and rehabilitation, as an element of stimulus to the acceptance of fragility, the desire for personal realization, and entry into social and working life. Today Santo Stefano Sport is a team active in the wheelchair basketball championship in serie A1; the association promotes sporting activities and trains athletes involved in wheelchair basketball, junior basketball, track and field events, golf, five-a-side football, target shooting and sailing.





Responsibility towards the environment

“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)

6

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

6.1 Reduction of environmental impact

Espresso'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 evaluation, setting up procedures and measuring with instruments, activities that are carried out every day with the aim of responding effectively to the rules of law on the subject and to the expectations of the stakeholders.

Espresso and awareness-raising initiatives relating to the paper supply chain

Again in 2015 Espresso devoted space in its published titles to the *Two Sides project*, a communication campaign at European level that aims to inform the public of all the environmental aspects of paper and printing and to guarantee that printed paper is a sustainable means of communication.

This project is managed by *Print Power*, a European organization whose members include paper producers and distributors, printers, ink producers, and publishers. As confirmation of its commitment to transparency in the paper supply chain, since

2014 Espresso has been on the European Board of *Print Power* with its own representative.



KOS manages care homes for the elderly, hospitals and rehabilitation centres and has no production sites: its consumption of energy and material resources are for the benefit of its guests, the running of its facilities and for its medical machinery and equipment. In this sphere, environmental sustainability aimed at reducing consumption is linked to the technological efficiency of its systems.

Lastly **Sogefi** is strongly committed to creating products that guarantee protection of the environment both at local and at global level. The company has adopted an environmental policy based on the following guiding criteria:

- Evaluating and reducing the impact of new products and processes preventively, where possible;
- Preventing pollution and avoiding or reducing the use of dangerous materials;
- Reducing the consumption of energy and resources, encouraging reuse and recycling;
- Limiting the production of refuse, emissions, waste materials and leakage.

Sogefi and the optimization of transport and mobility

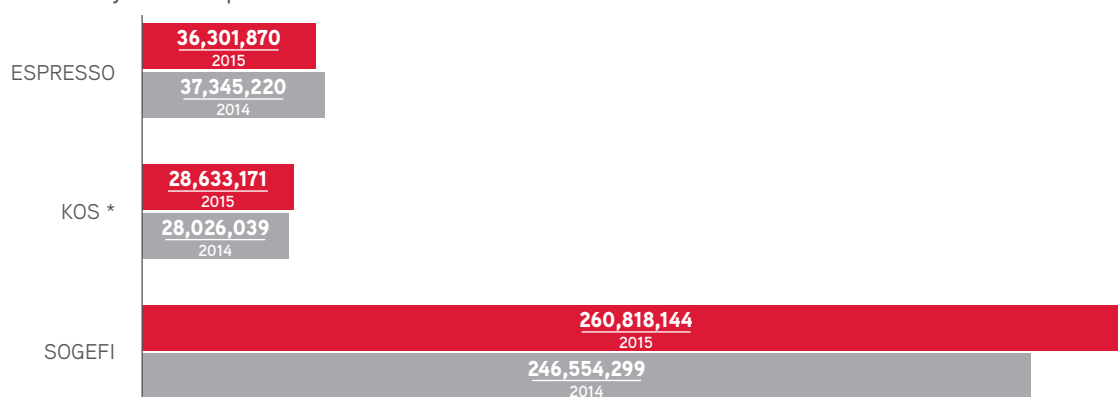
With the aim of reducing impact on the environment, Sogefi has made commitments to optimize the transportation and logistics of its products.

More specifically, the company tries to ensure that the means of transport used for consignment purposes leave the factory with a full load and follow the shortest routes to arrive at their destinations.

6.2 Energy consumption and greenhouse gas emissions

During 2015, the electricity consumption of the companies of the CIR group totalled 325,753,185 kWh, posting an increase of 4.4% on 2014. Approximately 80% of the consumptions was attributable to Sogefi, given the type of business it is engaged in and the high number of industrial plants that it operates.

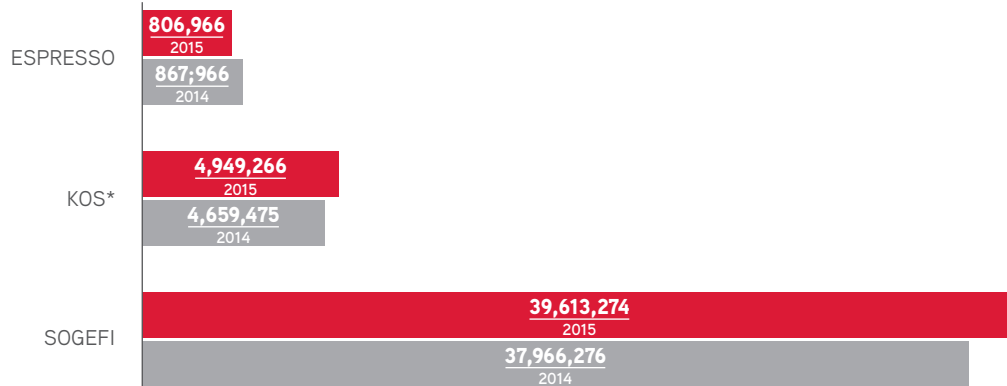
Electricity consumption (kWh)



* The figures do not include the facilities opened or acquired by KOS during 2015.

The natural gas consumption of the three main companies of the CIR group totalled 45,369,506 cubic metres in 2015, up from 43,493,717 cubic metres in 2014 (+4.3%). Again, the highest percentage of consumption (87%) was attributable to the businesses of Sogefi.

Consumption of natural gas (m³)



* The figures do not include the facilities opened or acquired by KOS during 2015.

Espresso 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 the field of improving efficiency, it should be noted that in 2015 Espresso had to replace a compressor in one of its Milan offices, which led to a reduction of 8.96% in electricity consumption compared to the previous year.

In the healthcare sector, to limit its impact on the environment in terms of energy consumption, **KOS** carefully monitors the consumption, mainly of electricity and gas, of its individual facilities and carries out energy diagnoses for the facilities with higher consumption, in order to identify possible action to be taken.

In 2015, **Sogefi** increased its production volume considerably. This led to an increase in the consumption of electricity and natural gas, which rose by 5.8% and 4.3% respectively compared to 2014. Despite the higher consumption, in 2015 the company achieved a significant result in terms of energy efficiency, reducing by 5.6% its energy intensity, i.e. the ratio between electricity/natural gas consumption (in gigajoules) and sales revenues (in millions of euro).

Sogefi and its initiatives for reducing energy consumption

Sogefi is gradually developing initiatives aimed at reducing energy consumption at several of its European plants.

In 2014, at the Tredegar plant (United Kingdom) a plan was launched to reduced costs linked to electricity consumption in the production of filters. The plan led to a saving of approximately € 115,000,

corresponding to a consumption of over 300,000 kWh. The reduction in energy consumption also translated into lower emissions of CO₂ per filter produced.

In Spain, the Cerdanyola plant was fitted with new equipment to produce compressors, which makes it possible to obtain an annual energy saving of approximately 75,836 kWh.

Greenhouse gas emissions

To develop more awareness of its impact on the environment, again for the year 2015 **Espresso** undertook to quantify greenhouse gas emissions linked to its typical business activities. During 2015 the company did as much as it could to reduce the number of exclusive transporters of its products, thus enabling the number of trips made by haulage companies to be reduced.

KOS has carried out a series of initiatives aimed at achieving a structural reduction in consumption, including solutions to obtain energy classes A and B for its new buildings, raising awareness for purchasing lower consumption equipment, replacing windows and installing led technology in new and renovated buildings, installing solar heating plants and requalifying and better automating/regulating its systems.

After the energy requalification actions taken in the three years 2012-2014, in 2015 the company carried out a series of audits for the purpose of defining a plan of investments that will be made in the three years 2016-2018. The audit activity was put in place with the assistance of various professionals and external companies who were coordinated by an internal Energy Manager.

Given that most of **Sogefi's** CO₂ emissions are linked to sources that are controlled directly, the company is committed to taking action to reduce the consumption of electricity and gas in each of its production plants.

During 2015, the companies of the CIR group produced approximately 180,903 tonnes of carbon dioxide equivalent from the consumption of natural gas (Scope 1) and electricity (Scope 2), which was slightly higher (+5.7%) than in 2014. In line with what was reported for consumption of electricity and gas, around 80% of the emissions recorded in 2015 were produced by Sogefi.

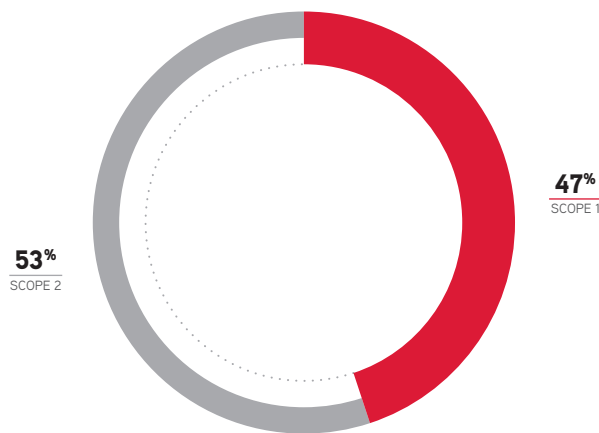
Improving the efficiency of logistics in the CIR group

The environmental impact of **Espresso** from its consumption of paper relates to logistics and transportation. The newspaper *la Repubblica* is printed in eight printing works located throughout Italy, from which trucks leave every night to deliver the printed copies to the various local distributors (85 private companies), who in their turn deliver the copies to the newsstands throughout Italy. To reduce the impact on the environment of logistics, **Espresso** has greatly reduced the number of transporters dedicated exclusively to its publications, giving transportation to haulage companies who also carry the publications of other publishers. Moreover, the printing centres of the other **Espresso** local dailies have adopted transportation pools. Transportation from the printing centres of all the company's magazines, together with the add-on products sold with the

group publications, is through a single operator qualified at national level: in this way the vehicles travel as fully loaded as possible, substantially reducing emissions into the environment. In 2015 the total weight transported was over 20,000 tonnes entirely by road, and by ship to reach the islands.

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

Carbon footprint - 2015



6.3 Waste management

As environmental responsibility is more and more an integral part of the business, the CIR group also devotes time to the way waste is managed and disposed of. Waste is treated in compliance with current legislation on the subject, as it is aware of the role that correct application of these activities plays in safeguarding public health and respecting the rights of future generations.

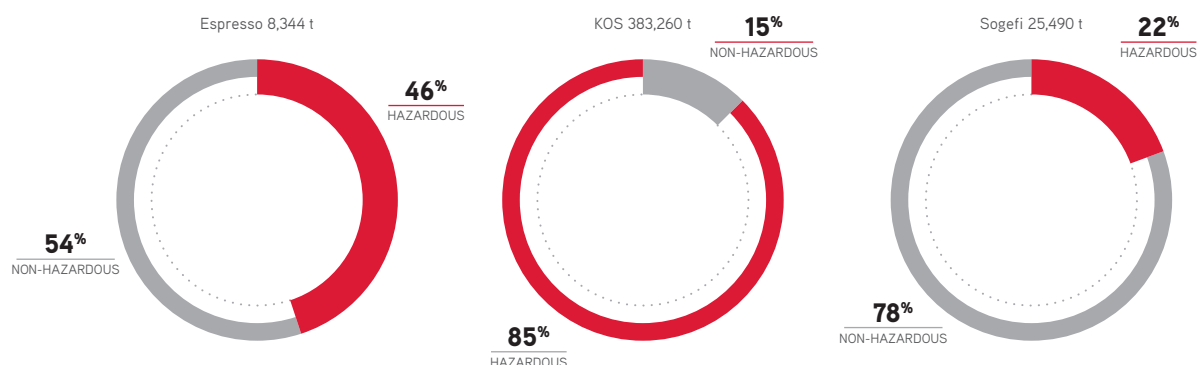
In 2015, the three main companies of the CIR group produced a total of 417,094 tonnes of waste, slightly more (+5.0%) than in 2014. Of this total amount, 80.5% is so-called “hazardous” waste, produced mainly by the healthcare activity of KOS.

Espresso puts into practice its desire to protect the environment and use resources responsibly by raising employees’ awareness of how to manage and dispose of refuse correctly, minimize waste and reduce the amount of waste produced by its typical business activity. To this end, it should be noted that the increase in the production of waste reported in 2015 (+24%) was due to the decision of two factories to dispose of the water used during a printing production cycle as waste. This decision was taken with a view to reducing electricity consumption: until 2014, the same water had been distilled through a plant, which consumed a large amount of electricity.

In the healthcare business, **KOS** pays particular attention to the correct storage of waste, which is the case both for “hazardous” and “non-hazardous” waste in a temporary storage depot: solid waste is put into special containers according to type of waste; the liquid waste from medical laboratory testing is stored in tanks. Waste materials resulting from maintenance work are managed by external companies.

Moreover, all KOS’s facilities 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.

Waste produced - 2015



The transport and disposal activities are carried out by companies in the sector that have the necessary organizational requisites, the means and the personnel needed to provide the service as well as all the necessary regulatory and administrative authorizations.

Sogefi also pays attention to the correct management of waste and tries to reduce waste production as far as possible, limiting the incineration of non-recyclable materials and resorting to landfill sites less frequently. All Sogefi's production plants keep records of the waste produced and divide it into the categories of "hazardous" and "non-hazardous", in compliance with current regulations in the country involved.

During 2015, the amount of waste generated increased by approximately 18% compared to 2014, because of the higher production and the opening of new production processes in various countries such as Canada, Mexico and China.

As for the way waste products are dealt with, Sogefi is in favour of recycling and reuse.

Espresso and 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 by a single operator and are sent to warehouses where they are counted, certified and, if they are add-on products (books, CDs, DVDs etc.), are separated out. The copies in a perfect state 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 the end of 2015 65 certificates had been issued by the Certified Return Organism (Organismo Resa Certificata), which enabled local distributors to take the publications directly to the recycling centre with numerous benefits for the environment from the reduction of the volume of copies to be transported and the resulting environmental impact.



13,000 tonnes of returns recycled by the local distributors in 2015



Annexes

Human resources

CIR – BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	10	1	11	8	1	9
Managers	-	7	7	-	7	7
Office staff	5	7	12	5	7	12
TOTAL	15	15	30	13	15	28

ESPRESSO – BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	54	13	67	54	13	67
Journalists	750	354	1,104	696	343	1,039
Office staff	504	423	927	474	398	872
Blue collars	165	47	212	157	48	205
TOTAL	1,473	837	2,310	1,381	802	2,183

KOS – BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	18	5	23	19	5	24
Office staff	568	1,898	2,466	682	2,080	2,762
Operators	325	1,894	2,219	358	2,050	2,408
TOTAL	911	3,797	4,708	1,059	4,135	5,194

SOGEFI – BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	91	7	97	92	6	98
Office staff	1,340	485	1,825	1,393	473	1,866
Blue collars	3,565	1,181	4,746	3,577	1,161	4,738
TOTAL	4,996	1,672	6,668	5,062	1,640	6,702

CIR – BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP								
No. of persons	2014				2015			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Executives	-	7	4	11	-	4	5	9
Managers	-	3	4	7	-	3	4	7
Office staff	-	9	3	12	-	10	2	12
TOTAL	-	19	11	30	-	17	11	28

ESPRESSO – BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP								
No. of persons	2014				2015			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Executives	-	40	27	67	-	35	32	67
Journalists	15	534	555	1,104	7	450	582	1,039
Office staff	8	656	263	927	6	563	303	872
Blue collars	1	162	49	212	-	125	80	205
TOTAL	24	1,392	894	2,310	13	1,173	997	2,183

KOS – BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP								
No. of persons	2014				2015			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Executives	-	15	8	23	-	12	12	24
Office staff	262	1,509	695	2,466	361	1,739	662	2,762
Operators	137	1,424	658	2,219	230	1,490	688	2,408
TOTAL	399	2,948	1,361	4,708	591	3,241	1,362	5,194

SOGEFI – BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP								
No. of persons	2014				2015			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Executives	-	52	45	97	-	46	52	98
Office staff	282	1,192	351	1,825	299	1,202	365	1,866
Blue collars	850	2,589	1,307	4,746	881	2,615	1,242	4,738
TOTAL	1,132	3,833	1,703	6,668	1,180	3,863	1,659	6,702

CIR GROUP – BREAKDOWN OF EMPLOYEES AND FREELANCERS BY GENDER						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Employees	7,395	6,321	13,716	7,515	6,592	14,107
Freelancers	781	1,386	2,167	917	1,380	2,297
TOTAL	8,176	7,707	15,883	8,432	7,972	16,404

CIR GROUP – BREAKDOWN OF EMPLOYEES BY CONTRACT TYPE AND GENDER						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Fixed-term contract	569	601	1,170	610	508	1,118
Permanent contract	6,826	5,720	12,546	6,905	6,084	12,989
TOTAL	7,395	6,321	13,716	7,515	6,592	14,107

CIR GROUP – BREAKDOWN OF EMPLOYEES WITH INDEFINITE CONTRACTS BY EMPLOYMENT TYPE AND GENDER						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Full time	6,702	4,737	11,439	6,763	4,912	11,675
Part time	124	983	1,107	142	1,172	1,314
TOTAL	6,826	5,720	12,546	6,905	6,084	12,989

CIR GROUP – TURNOVER BY GENDER AND AGE GROUP (2015)										
No. of persons	In					Out				
	<30	30-50	>50	TOTAL	TURNOVER	<30	30-50	>50	TOTAL	TURNOVER
Men	386	366	53	805	10.7%	205	370	264	839	11.2%
Women	144	194	46	384	5.8%	108	222	153	483	7.3%
TOTAL	530	560	99	1,189	8.4%	313	592	417	1,322	9.4%

CIR GROUP - TURNOVER BY GENDER AND AGE GROUP (2014)										
No. of persons	In					Out				
	<30	30-50	>50	TOTAL	TURNOVER	<30	30-50	>50	TOTAL	TURNOVER
Men	339	429	250	1,018	13.8%	226	382	319	927	12.5%
Women	178	345	107	630	10.0%	161	449	158	768	12.1%
TOTAL	517	774	357	1,648	12.0%	387	831	477	1,695	12.4%

ESPRESSO - EMPLOYEES BELONGING TO PROTECTED CATEGORIES						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	-	-	-	-	-	-
Journalists	-	-	-	-	-	-
Office staff	35	30	65	34	29	63
Blue collars	13	3	16	14	4	18
TOTAL	48	33	81	48	33	81

KOS – EMPLOYEES BELONGING TO PROTECTED CATEGORIES						
No. of persons	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	-	-	-	-	-	-
Office staff	45	104	149	56	136	192
Operators	21	77	98	20	74	94
TOTAL	66	181	247	76	210	286

Compensation

ESPRESSO - RATIO OF AVERAGE REMUNERATION OF WOMEN TO THAT OF MEN		
	2014	2015
Executives *	80%	81%
Journalists	81%	80%
Office staff	88%	83%
Blue collars	87%	76%
TOTAL	82%	80%

* The remuneration of executives does not include that of General Managers and Central Managers.

KOS - RATIO OF AVERAGE REMUNERATION OF WOMEN TO THAT OF MEN		
	2014	2015
Executives	89%	92%
Office staff	69%	76%
Operators	84%	87%
TOTAL	85%	89%

SOGEFI - RATIO OF AVERAGE REMUNERATION OF WOMEN TO THAT OF MEN		
	2014 *	2015 *
Executives **	67%	74%
Office staff	71%	76%
Blue collars	86%	89%
TOTAL	79%	83%

* The ratio of women's pay to men's remuneration for Sogefi in 2014 was calculated on a total of 6,653 employees, equal to 99.8%; in 2015 it was calculated on a total of 6,685 employees, equal to 99.7% of the total.

** The ratio was calculated on the remuneration of executives of Sogefi's European plants.

Training

ESPRESSO - AVERAGE HOURS OF TRAINING BY PROFESSIONAL CATEGORY AND GENDER						
No. of hours	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	n.a.	n.a.	n.a.	17.6	10.2	16.1
Journalists	n.a.	n.a.	n.a.	6.2	6.6	6.3
Office staff	n.a.	n.a.	n.a.	5.6	7.2	6.4
Blue collars	n.a.	n.a.	n.a.	1.0	1.0	1.0
TOTAL	n.a.	n.a.	n.a.	5.8	6.6	6.1

KOS - AVERAGE HOURS OF TRAINING BY PROFESSIONAL CATEGORY AND GENDER						
No. of hours	2014			2015		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	9.3	13.0	10.1	3.3	6.1	3.9
Office staff	9.4	8.4	8.6	10.3	11.5	11.2
Operators	8.4	7.3	7.4	9.0	8.4	8.5
TOTAL	9.0	7.8	8.1	9.7	9.9	9.9

SOGEFI - AVERAGE HOURS OF TRAINING BY PROFESSIONAL CATEGORY AND GENDER						
No. of hours	2014 *			2015 *		
	Men	Women	TOTAL	Men	Women	TOTAL
Executives	5.4	11.1	5.7	6.5	14.0	7.0
Office staff	16.7	15.1	16.3	16.7	16.7	16.7
Blue collars	14.5	10.3	13.5	13.1	8.3	11.9
TOTAL	15.0	11.7	14.1	14.0	10.7	13.2

* The average number of training hours provided to Sogefi employees in 2014 are calculated on the basis of a total of 6,653 employees, or 99.8% of the totality; for 2015 the calculation is based on a total of 6,685 employees, or 99.7%.

Health and safety

CIR GROUP - HEALTH AND SAFETY INDICATORS *			
	2015		
	Men	Women	TOTAL
Lost day rate ¹	61.6	52.2	65.6
Occupational disease rate ²	3.6	3.7	3.6
Absentee rate ³	4.1%	5.3%	4.9%
Injury rate ⁴	3.1	3.4	3.7

1. The lost day rate is the ratio of the total number of days lost due to injury and occupational disease and the total number of working hours in the same period, multiplied by 200,000.
 2. The occupational disease rate is the ratio of the number of cases of occupational disease to the total number of hours worked in the same period, multiplied by 200,000.
 3. Absentee rate is the ratio of the total number of days of absence to the total number of working days in the same period, expressed as a percentage.
 4. The injury rate is the ratio of the total number of injuries to the total number of hours worked in the same period, multiplied by 200,000.
- * For Sogefi, the lost day rate, the occupational disease rate and the injury rate are calculated on a total of 6,685 employees, equal to 99.7% of the total; the absentee rate is calculated on 6,537 employees, equal to 97.5% of the total.

Environment

ESPRESSO, KOS, SOGEFI - ENERGY CONSUMPTION				
	2014		2015 *	
	TOTAL	TOTAL	TOTAL	TOTAL
Electricity	311,925,558 kWh	1,122,932 GJ ¹	325,753,185 kWh	1,172,711 GJ ¹
Natural gas	43,493,717 m ³	1,696,690 GJ ²	45,369,506 m ³	1,769,864 GJ ²

1. For electricity, 1 kWh = 0.0036 GJ (gigajoule)
 2. For natural gas, 1 m³ = 0.03901 GJ
- * For KOS the data do not include structures opened or acquired during 2015.

ESPRESSO, KOS, SOGEFI - CARBON FOOTPRINT (t CO ₂ eq)	
	2015
Scope 1 - Direct emissions	85,520
Scope 2 - Indirect emissions associated with electricity generation	95,383
TOTAL CARBON FOOTPRINT	180,903

ESPRESSO, KOS, SOGEFI - WASTE PRODUCTION (t)				
	2014		2015	
	TOTAL	%	TOTAL	%
Non-hazardous	78,574	19.8%	81,474	19.5%
Hazardous	318,622	80.2%	335,620	80.5%
TOTAL	397,196	100%	417,094	100%

Boundaries of material aspects of the CIR group

MATERIAL ASPECTS	Boundaries of material aspects	
Categories	Internal	External
Economic		
Economic performance	CIR Group	-
Environmental		
Energy	Espresso, KOS, Sogefi	-
Emissions	Espresso, KOS, Sogefi	-
Effluents and waste	Espresso, KOS, Sogefi	-
Products and services	Espresso, Sogefi	-
Transport	Espresso, Sogefi	-
Social - Labor practices and decent work		
Industrial relations	Espresso, KOS, Sogefi	-
Occupational health and safety	CIR Group	-
Training and education	Espresso, KOS, Sogefi	-
Diversity and equal opportunities	CIR Group	-
Equal pay for men and women	Espresso, KOS, Sogefi	-
Social - Human rights		
Freedom of association and collective bargaining	CIR Group	-
Suppliers human rights assessment	CIR Group	Suppliers
Social - Society		
Local communities	CIR Group	-
Public policy	CIR Group	-
Social - Product responsibility		
Customer health and safety	KOS, Sogefi	-
Products and services labelling	Espresso, Sogefi	-
Customer privacy	CIR Group	-

GRI (Global Reporting Initiative) content index

The Sustainability Report for 2015 of the CIR group was prepared following the guidelines of the Global Reporting Initiative GRI G4 according to the option "In accordance – Core". The following chart gives the group information based on the GRI G4 guidelines with reference to the materiality analysis of the CIR group.

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GENERAL STANDARD DISCLOSURES		
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G4 - 16	Participation in national and/or international business associations in which the organization holds a position in governing bodies	16-18
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G4 - 18	Process for defining the content of the Sustainability Report	7; 24-25
G4 - 19	Material aspects identified	24-25; 73
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G4 - 21	Material aspects outside the organization	24-25; 73
G4 - 22	Restatement of information compared to previous Sustainability Report	This document is the CIR group's first Sustainability Report
G4 - 23	Significant changes in terms of objectives and scope compared to previous Sustainability Report	This document is the CIR group's first Sustainability Report
Stakeholder engagement		
G4 - 24	Categories and groups of stakeholders engaged by the organization	22-24
G4 - 25	Stakeholder identification process	22-24
G4 - 26	Approach to stakeholder engagement, including frequencies and types of activity	22-24
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Report profile		
G4 - 28	Reporting period	7
G4 - 29	Date of publication of previous Sustainability Report	This document is the CIR group's first Sustainability Report
G4 - 30	Reporting cycle	This document is the CIR group's first Sustainability Report, which will be followed each year by other Sustainability Reports
G4 - 31	Contacts for information on the Sustainability Report	7
G4 - 32	GRI content index	74-76
G4 - 33	External assurance policies and practices	This Sustainability Report does not have external assurance
Governance		
G4 - 34	Governance structure of the organization	18-20
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Indicators		Page	Omission
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G4 - DMA	Generic disclosures on management approach	65-66	
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SOCIAL INDICATORS - Labor practices and decent work			
ASPECT - Employment			
G4 - DMA	Generic disclosures on management approach	40-43; 45	
G4 - LA1	Total number of new hires and turnover by age group, gender and region	45; 70	
MATERIAL ASPECT - Industrial relations			
G4 - DMA	Generic disclosures on management approach	48	
G4 - LA4	Minimum notice period for operational changes (organizational changes).	The collective contracts in place in the countries where the group is present call for minimum warning periods for operational changes, which can vary depending on the geographical area and the employees' professional level.	
MATERIAL ASPECT - Occupational health and safety			
G4 - DMA	Generic disclosures on management approach	51-52	
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MATERIAL ASPECT - Training and education			
G4 - DMA	Generic disclosures on management approach	40; 49-51	
G4 - LA9	Average hours of training per year per employee by gender and employee category	49-51; 71	
MATERIAL ASPECT - Diversity and equal opportunities			
G4 - DMA	Generic disclosures on management approach	40; 46-49	

G4 - LA12	Composition of governance bodies and breakdown of employees by gender, age and other indicators of diversity	19; 46-49; 69-70	
MATERIAL ASPECT - Equal pay for men and women			
G4 - DMA	Generic disclosures on management approach	46-49	
G4 - LA13	Ratio of basic remuneration of women to that of men by employment category by significant locations of operation	71	
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G4 - DMA	Generic disclosures on management approach	48	
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G4 - DMA	Generic disclosures on management approach	36-38	
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MATERIAL ASPECT - Local communities			
G4 - DMA	Generic disclosures on management approach	54-57	
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MATERIAL ASPECT - Public policy			
G4 - DMA	Generic disclosures on management approach	16	
G4 - SO6	Total monetary value of financial and in-kind political contributions made directly and indirectly to political parties by country and beneficiary	16	
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G4 - DMA	Generic disclosures on management approach	31-32; 35-36	
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MATERIAL ASPECT - Products and services labelling			
G4 - DMA	Generic disclosures on management approach	31-32; 35-36	
G4 - PR3	Type of information relating to products and services required by procedures and percentage of products and services significantly subject to such disclosure requirements	31-32; 35-36	
MATERIAL ASPECT - Customer privacy			
G4 - DMA	Generic disclosures on management approach	31-32; 35-36	
G4 - PR8	Number of documented complaints relating to breaches of privacy and loss of customers information	In 2015 there were no documented complaints	



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