



## Sustainability Report 2016

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## Letter to our Stakeholders

Dear Stakeholders,

In 2016 our group reported net income that at € 21.2 million was up by 13.4% from € 18.7 million in 2015. The result consisted of the positive contribution of the subsidiary CIR together with that of the parent company of the group COFIDE S.p.A., which in 2015 had closed with a loss.

Consolidated revenues rose by 3% to € 2.62 billion and the gross operating margin was up by 19.2% at € 258 million.

The results obtained enabled the company to distribute for the second year running a dividend of € 0.014 per share, unchanged from 2015. This is, in our view, the just remuneration for shareholders after a satisfactory year but is also a sign of confidence in the future prospects of the group

The aim of creating value, which is the principal mission of COFIDE, obviously goes beyond the results of a single year. For us creating value is synonymous with doing business with a long-term perspective to enable the company to operate successfully in the markets in which it is present and to obtain results that are sustainable over time.

Our group, which gives work to over 14 thousand people worldwide, operates mainly in three very different sectors (media, automotive components and healthcare). Each of these has a significant impact on the community in cultural, social and environmental terms.

With this second edition of the COFIDE Sustainability Report, our aim is to report on all of the activity carried out by our group and its repercussions on the internal and external communities that we are addressing. It is also an opportunity to reflect on our points of strength and on the areas where we could do more.

We are convinced that this document and, more in general, a more open and transparent dialogue with all of you Stakeholders are important factors that will help us to achieve our objective of creating value in the long term.

*Rodolfo De Benedetti*

*Chairman*

## Methodological Note

This second Sustainability Report of the COFIDE group (hereinafter also the “group”) for the year 2016, was prepared in accordance with the “G4 Sustainability Reporting Guidelines” published in May 2013 by the GRI (Global Reporting Initiative), adopting the “Core” option.

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 issues discussed in the Sustainability Report and the scope and quality of the reporting reflect the results of the materiality analysis conducted in 2015.

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 COFIDE 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 figures and information contained in this Report are those referring to the companies belonging to the COFIDE group as of December 31 2016, those that are fully consolidated in the Consolidated Financial Statements on a line-by-line basis, excepted where specified otherwise. It should be noted in particular that:

- GEDI Gruppo Editoriale is the new name assumed by Gruppo Editoriale L’Espresso in the second quarter of 2017 on its merger with ITEDI, publisher of the newspapers La Stampa and Il Secolo XIX. The figures given in this document for 2016 refer to the consolidation perimeter of Gruppo Editoriale L’Espresso;
- The term “COFIDE” refers to the whole of the “Corporate” businesses headed by COFIDE-Gruppo De Benedetti S.p.A.;
- The term “CIR” refers to the whole of the “Corporate” businesses headed by CIR S.p.A., CIR Investimenti S.p.A., Nexenti Advisory S.r.l., CIR International S.A., CIGA Luxembourg S.à.r.l., CIRINVEST S.r.l., Nexenti S.r.l. and Jupiter Marketplace S.r.l.;
- The scope of the economic and financial figures and those relating to the calculation of the Economic Value coincides with that of the Consolidated Financial Statements for the year ended December 31 2016 of the COFIDE group;
- The scope of the information and figures regarding personnel refers to: COFIDE-Gruppo De Benedetti S.p.A., CIR S.p.A., CIR Investimenti S.p.A., Nexenti Advisory S.r.l., CIR International S.A., CIGA Luxembourg S.à.r.l., CIRINVEST S.r.l., Nexenti S.r.l., Jupiter Marketplace S.r.l., GEDI Gruppo Editoriale (formerly Gruppo Editoriale l’Espresso), KOS and Sogefi;
- The environmental figures refer to COFIDE-Gruppo De Benedetti S.p.A., CIR S.p.A., CIR Investimenti S.p.A., Nexenti Advisory S.r.l., CIRINVEST S.r.l., Nexenti S.r.l., Jupiter Marketplace S.r.l., GEDI Gruppo Editoriale (formerly Gruppo Editoriale l’Espresso), KOS and Sogefi.

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 purpose 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 state when quantitative information is based on estimates.

Some of the figures relating to personnel and the environment could differ from those published in the Sustainability Report for 2015, because of the continual improvement of the data collecting process and the periodic updates of the parameters for defining emissions.

For the description of the consolidation area and the changes to the same that took place between 2015 and 2016, reference should be made to what is stated in the Consolidated Financial Statements of the group as of December 31 2016.

Lastly, it should be noted that Gruppo Editoriale l'Espresso, within the sphere of the deconsolidation plan aimed at ensuring compliance with the circulation limits laid down by current regulations in relation to the merger with La Stampa and Il Secolo XIX, during 2016 completed the following transactions:

- It sold the business arm including the newspaper titles Il Centro, together with its printing centre, and La Città di Salerno;
- It sold its 71% interest in Seta S.p.A., publisher of the newspapers Alto Adige and Il Trentino; and leased the business arm containing the newspaper "La Nuova Sardegna" to the company DB Information S.p.A..

The Sustainability Report for 2016 of the COFIDE was submitted for the first time to a limited audit by Deloitte in accordance with the criteria set out in the ISAE 3000 Revised standard.

For further information on the social responsibility policy of the COFIDE group and on the information contained in this Sustainability Report, please send an email to the following address of the Communication Department of the group that deals also with social responsibility: [info@cofide.it](mailto:info@cofide.it)

## 2016 for the COFIDE group



### ECONOMIC RESPONSIBILITY

+3% REVENUES (€ 2.6 bln)

+2.3% ECONOMIC VALUE DISTRIBUTED (€ 2.5 bln )

+0.5% ECONOMIC VALUE DISTRIBUTED TO PERSONNEL (€ 0.7 bln)



### RESPONSIBILITY TOWARDS CUSTOMERS

MIGRATION OF GEDI'S DIGITAL ASSETS ON TO A CLOUD PLATFORM TO MANAGE UNPREDICTABLE VOLUMES OF TRAFFIC MORE EFFICIENTLY AND TO PROVIDE USERS WITH A BETTER SERVICE

AROUND 6,500 QUESTIONNAIRES ON QUALITY OF SERVICE FILLED IN BY PATIENTS OF THE KOS FACILITIES AND THEIR FAMILIES

+11.9% SOGEFI PATENTS (216)



### RESPONSIBILITY TOWARDS PEOPLE

+1.3% EMPLOYEES (14,329)

+2.3% FEMALE EMPLOYEES (6,744)

+3.6% EMPLOYEES ON PERMANENT CONTRACTS (13,502)



### RESPONSIBILITY TOWARDS THE COMMUNITY

> 50 THOUSAND PEOPLE TOOK PART IN THE STAGES OF DEEJAY TEN IN 2016

> 100 EVENTS FOR THE OPENING OF KOS FACILITIES

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

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



### RESPONSIBILITY TOWARDS THE ENVIRONMENT

-1.2% GREENHOUSE GAS EMISSIONS FROM THE CONSUMPTION OF NATURAL GAS AND ELECTRICITY (187,408 TONNES)

-23.3% WATER CONSUMED BY COFIDE-CIR, GRUPPO EDITORIALE L'ESPRESSO AND SOGEFI (1,577,929 CUBIC METRES)

-4.5% HAZARDOUS WASTE PRODUCED (9,385 TONNES)

*The percentages of change are in comparison with the year 2015*

## 1. Group, governance and sustainability

### **Numbers**



1976 YEAR OF FOUNDATION



3 MAIN BUSINESSES



€ 2.6 bln / REVENUES



€ 21.2 mln / NET RESULT



€ 563.4 mln / EQUITY



€ 258.0 mln / EBITDA



€ 166.9 mln / NET DEBT



€ 0.014 / DIVIDEND PER SHARE



>14,300 EMPLOYEES OF THE GROUP



≈ 8,000 EMPLOYEES OF THE GROUP IN ITALY

## 1.1 COFIDE: an industrial group with over 40 years of history

COFIDE-Gruppo De Benedetti S.p.A. is the controlling shareholder, with an interest of 45.8%, of CIR-Compagnie Industriali Riunite S.p.A., the company at the head of an industrial group active mainly in the media sector, in automotive components and in healthcare. COFIDE also has financial investments in Jargonant, a private equity fund specializing in real estate assets in Germany and Eastern Europe, and in Three Hills Decalia, an investment fund that supports the growth of small and medium European enterprises in Europe. COFIDE was founded in 1976 by Carlo De Benedetti with the name of FINCO S.p.A. for the purpose of acquiring and managing CIR. Listed on the Milan Stock Exchange, the company is controlled by the company Fratelli De Benedetti S.p.A., which is owned by the brothers Rodolfo, Marco and Edoardo De Benedetti.

### The subsidiary CIR

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



Media (national and local press, radio, internet, video and applications for mobile and new-generation devices, advertising) with GEDI Gruppo Editoriale, formerly 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 (Mbres 2015), in terms of revenues, CIR is one of the top 30 Italian groups listed on the Stock Exchange.

### Main shareholdings of the COFIDE group



\* For GEDI and Sogefi the percentage is calculated net of own shares held in the treasury share portfolio.



## Media

5 AREAS OF ACTIVITY

7+MLN LISTENERS OF THE RADIO  
STATIONS EVERY DAY

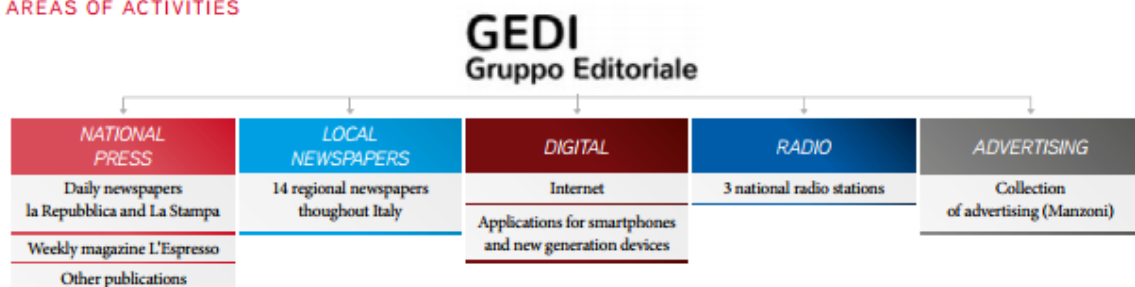
5.8MLN READERS OF THE NEWSPAPERS  
EVERY DAY

2.5MLN UNIQUE DIGITAL USERS EVERY  
DAY

**GEDI Gruppo Editoriale**, formerly **Gruppo Editoriale l'Espresso**, a company listed on the Stock Exchange, after the completion of the merger with ITEDI is the most important newspaper publisher in Italy and one of the main European companies in daily and multimedia news. The activities of GEDI Gruppo Editoriale are concentrated in the areas of newspapers and magazines, radio broadcasting, the collection of advertising, and the internet. GEDI owns and publishes the newspapers *la Repubblica* and *La Stampa*, the weekly magazine *L'Espresso* and 14 local newspapers (including one that comes out three times a week); it is the owner of three national radio stations, including *Radio DeeJay* (one of the top

private broadcasters in Italy in terms of number of listeners). The digital division of the company deals with the management and development of the activities on the various platforms. Through A. Manzoni & C. it collects advertising for the group's media and for third-party publishers. GEDI Gruppo Editoriale is committed to offering quality news, culture, opinion and entertainment according to principles of independence, freedom and respect for the individual, defining itself as a branded content company able to transmit its original quality content to its readers and listeners wherever they are and at any time of day, thanks to its multi-platform strategy.

### AREAS OF ACTIVITIES



## 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 study of the sector conducted by Mediobanca, 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

3 AREAS OF ACTIVITY

77 FACILITIES IN ITALY

23 DAY HOSPITALS

1ST OPERATOR IN ITALY IN CARE-HOMES  
FOR THE ELDERLY

manages 77 facilities in ten regions of central and northern Italy, for a total of over 7,300 beds. Moreover KOS has for some years been following a path of international development through initiatives in cancer treatments in the United Kingdom and in India. Still in India, in 2016 the company opened its first

rehabilitation unit in conjunction with a local healthcare provider. KOS is controlled by CIR, which holds almost 60% of its capital, and an interest is also held by F2i Healthcare, the fund whose shareholders are F2i and other institutional investors such as the sovereign fund of Bahrain.

#### AREAS OF ACTIVITIES



### 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, suspensions, and air and cooling. Present in four continents and 23 countries with 41 production facilities, 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. In particular, Sogefi designs, develops and produces technology systems for managing air and cooling systems for internal combustion engines and electric motors; oil, petrol, gasoil, engine-air and cabin filters; coil springs for suspension, stabilizer bars, torsion bars, stabilinks, leaf springs and track tensioners. The company is a market leader in Europe, North and South America. Established in Italy and having gradually developed its presence in Europe and the rest of the world, partly through acquisitions, Sogefi is currently expanding strongly in markets outside Europe. In March 2017 Sogefi announced the launch of a project for the construction of a factory in Morocco, which will produce engine filters from 2018 onwards.

3 AREE DI ATTIVITÀ

4 CONTINENTI

23 PAESI IN CUI OPERA

41 STABILIMENTI NEL MONDO

#### AREAS OF ACTIVITIES



## *Background and strategies*

COFIDE'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 either belong to consolidated business sectors with stable growth trends or are more recently constituted businesses with potential for development.

Its financial policy is based on a solid financial positioning at group level and on a commitment to reducing structure costs both at consolidated and parent-company level.

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

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

Following these guidelines, in the last year CIR guided and fostered the project for the merger of Espresso and ITEDI to create GEDI Gruppo Editoriale, the largest Italian operator and one of the leading operators in Europe in daily newspapers and digital news, able to challenge the structural changes taking place in the publishing sector from a position of greater strength. CIR also increased its investment in KOS as part of the reorganization of its shareholding structure completed in August 2016. Lastly, the company assisted the management of Sogefi in its turnaround strategy to improve profitability.

The guidelines for developing the three main business sectors of the group are the following:

### Media

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

### Healthcare

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

- Developing internationally in cancer treatments and rehabilitation.

#### Automotive components

- Positioning itself among the best players in the sector in terms of customer satisfaction, profitability, cash flow and sustainability;
- Strengthening its leadership in Europe and increasing its growth in North America and Asia;
- Making existing and new industrial plants more competitive;
- Focusing on innovation and on new products that help reduce the weight and CO<sub>2</sub> emissions of cars.

## 1.2 Ethics and integrity

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

COFIDE 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 a way that goes against the beliefs and moral or personal preferences of each individual. The group also upholds and respects the rights of the individual in accordance with the Universal Declaration of Human Rights of the United Nations Organization.

The Code of Ethics of COFIDE can be downloaded from the following website:  
<http://www.cofide.it/fileadmin/templates/doc/CodeEthics.pdf>

### Managing anti-corruption activity in the COFIDE group

The COFIDE group gives great importance to the prevention and fight against active and passive corruption. As confirmation of this commitment, it should be noted that in 2016 more than 50 people from CIR and KOS received training on this issue.

GEDI and Sogefi also contribute to the fight against corruption, partly through the regular provision of training on this subject.

## Compliance with laws and regulations

In order to ensure conditions of correctness and transparency in conducting the company's business activities, **COFIDE-Gruppo De Benedetti S.p.A.** has equipped itself with an "Organization, 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 July 29 2016 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 COFIDE, 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.

COFIDE 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 kept constantly updated.

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.

#### **Public policies and financing**

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

#### ***Codes, principles and business associations***

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

As far as business associations are concerned, COFIDE belongs to Assonime (the Italian Association of capital-based Companies – S.p.A.s).

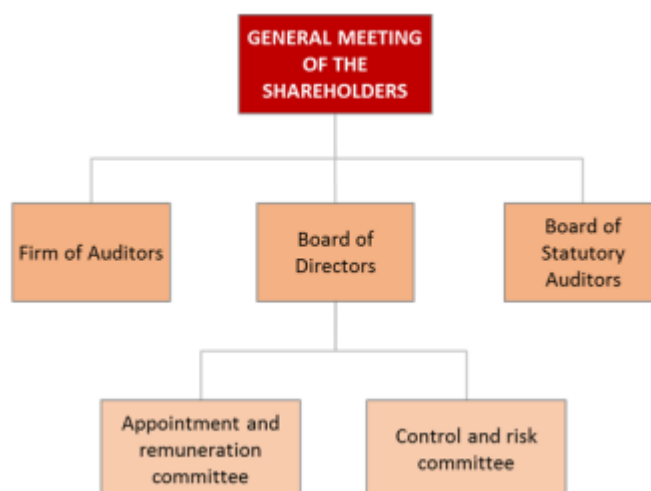
### 1.3 Governance and Risk management

***“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)*

COFIDE’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 **COFIDE-Gruppo De Benedetti 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, COFIDE-Gruppo De Benedetti S.p.A. has equipped itself with two internal committees:

- The Appointments and Compensation Committee;
- The Control and Risk Committee.

The Board of Directors was appointed by the Annual General Meeting of the Shareholders held on April 29 2016 – with a duration of three years, from 2016 to 2018. At the close of the year to which this Sustainability Report refers, the Board of Directors was made up of nine members, six of whom were 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 COFIDE-Gruppo De Benedetti S.p.A. at 31.12.2016*

Name	Position	Executive	Non executive	Independent*
Rodolfo De Benedetti	<i>Presidente</i>			
Silvia Candiani	<i>Consigliere</i>			
Massimo Cremona	<i>Consigliere</i>			
Edoardo De Benedetti	<i>Consigliere</i>			
Marco De Benedetti	<i>Consigliere</i>			
Paola Dubini	<i>Consigliere</i>			
Pierluigi Ferrero	<i>Consigliere</i>			
Francesco Guasti	<i>Consigliere</i>			
Maria Serena Porcari	<i>Consigliere</i>			

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

The Board of Directors of COFIDE consists of members with different professional profiles (academic, entrepreneurial and managerial).

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 two directors, all the members of the Board of Directors in office were over fifty years old. As for the presence of women (known as the “pink” or “female quota”), has three female directors out of a total of 9 Board members.

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

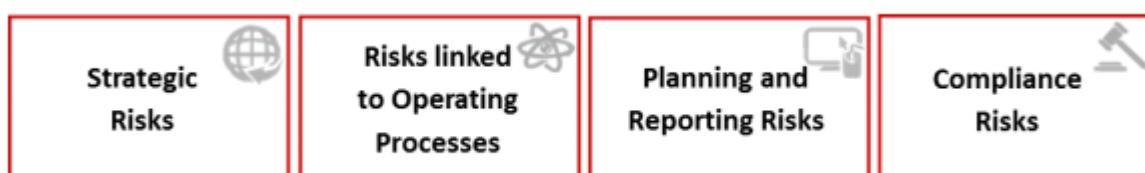
### ***Risk management system***

In 2012 the COFIDE 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 COFIDE-Gruppo De Benedetti S.p.A. has strengthened its governance model, defining a system of internal control and risk management that identifies a system of rules to enable the company to be managed in a sound and correct way, consistent with the predefined objectives and the interests of all the stakeholders.

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



### *Areas of risk for the COFIDE group*



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

During 2013 the company arranged for its organizational structures 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 measured precisely, 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 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 activity 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 possible 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 COFIDE group

The COFIDE group in 2016 continued along its path towards sustainability, with the aim of controlling and improving the impact – environmental, social and economic – that the various businesses have on the local area and on the community.

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

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

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

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

### *The stakeholders of the group*

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

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

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

### *The stakeholders of the COFIDE group*



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

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

As far as **COFIDE** is concerned, the group Communication Department is responsible for managing relations between the company and news agencies in relation to company disclosures: during 2016, more than 10 press releases were published through Borsa Italiana and most of the main news agencies were present at the Annual General Meeting of the Shareholders.

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.

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, **GEDI** 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 primarily 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. The group also undertakes to respect the right of communities to health and wellbeing even through the implementation of innovative solutions that reduce CO<sub>2</sub> emissions and impact on the environment.

### *Materiality analysis*

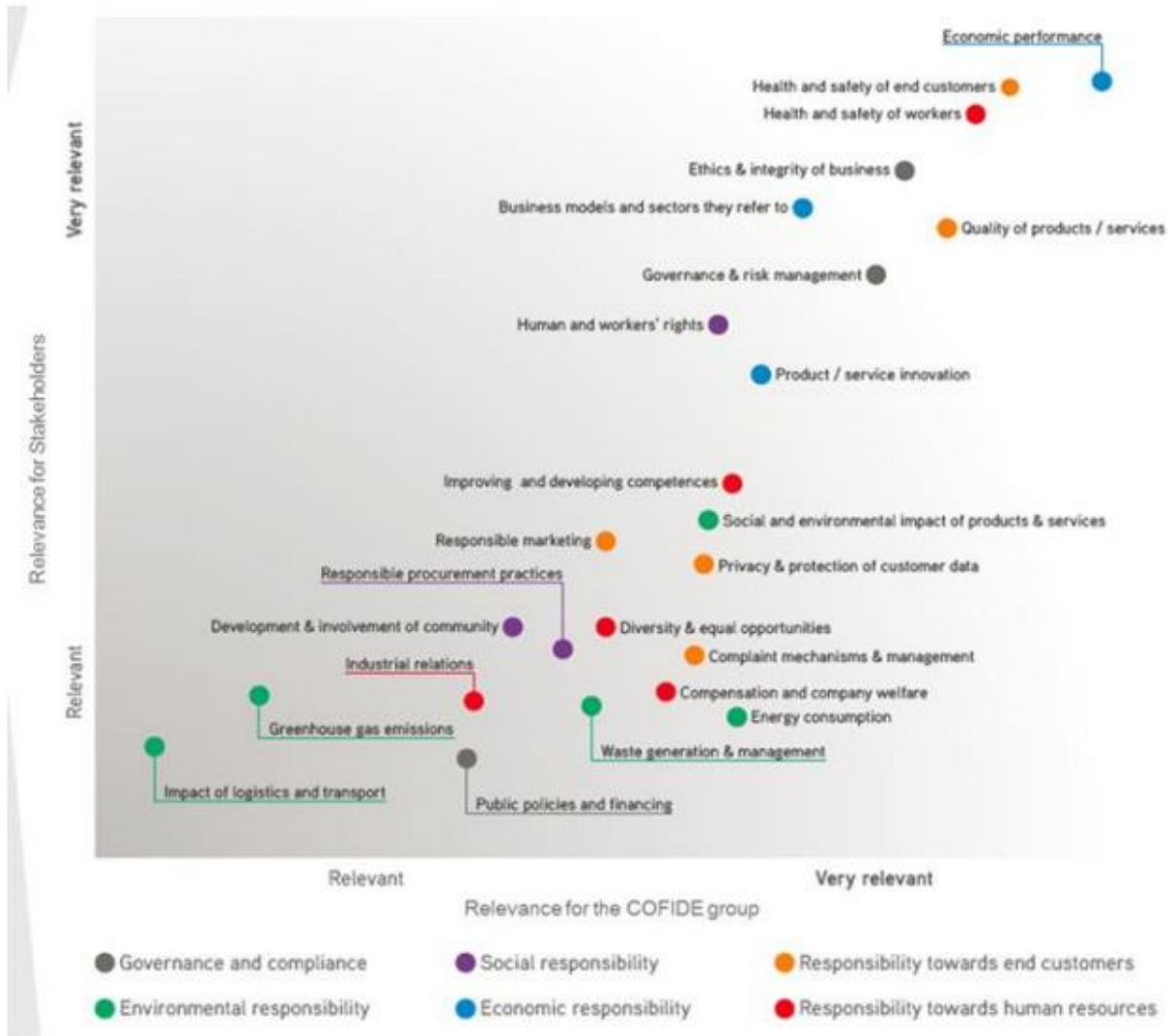
In order to identify the economic, social and environmental aspects that are important for the group and its stakeholders and to stimulate reflection on the group's approach to sustainability, in 2016 COFIDE carried out a materiality analysis, which involved defining the aspects to report in the Sustainability Report.

The analysis was conducted by filling in special questionnaires, which involved, among other things, 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 the topics of importance for the COFIDE 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 COFIDE group.

### Materiality matrix of the COFIDE group



The topics selected represent the aspects that are considered 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 COFIDE group and for continuing to generate shared value in the short, medium and long term.

## 2. Economic responsibility



€ 2.6 bln / REVENUES



€ 21.2 mln / NET RESULT



€ 2,570.8 mln / NET GLOBAL ECONOMIC VALUE



€ 712.4 mln / ECONOMIC VALUE DISTRIBUTED TO PERSONNEL

The COFIDE group closed 2016 with net income of € 21.2 million, with an increase of 13% compared to the previous year. The revenues of the group, which totaled € 2,620.7 million, rose by 3% compared to 2015.

### *Consolidated results of the COFIDE group*

<i>(in millions of euro)</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Revenues	2,392.6	2,544.4	2,620.7
Gross operating margin	194.7	216.4	258.0
Net result	(14.5)	18.7	21.2
Net financial debt (31/12)	145.6	159.4	166.9
Shareholders' equity (31/12)	528.4	567.8	563.4

The gross operating margin (EBITDA) came to € 258.0 million, up by 19.2% from € 216.4 million in 2015.

Net debt totalled € 166.9 million at December 31 2016, up from € 159.4 million at the end of 2015.

The equity of the group stood at € 563.4 million at December 31 2016, from € 567.8 million at December 31 2015, with a net reduction of €4.4 million.

Again in 2016, **Espresso** on the Italian publishing scene, continued to report a distinctly better performance than its main competitors.

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

In the automotive components sector, **Sogefi** posted a 5% rise in revenues thanks to the significant progress made in North America and Asia, and to sharp growth in its gross operating margin and net income. The company also reported significant progress in terms of quality and productivity.

*Revenues by sector*

<i>(in millions of euro)</i>	<b>2014</b>	<b>%</b>	<b>2015</b>	<b>%</b>	<b>2016</b>	<b>%</b>
<b>Media</b>						
Gruppo Editoriale l'Espresso	643.5	26.9	605.1	23.8	585.5	22.3
<b>Automotive components</b>						
Sogefi	1,349.4	56.4	1,499.1	58.9	1,574.1	60.1
<b>Healthcare</b>						
KOS	392.4	16.4	439.2	17.3	461.1	17.6
<b>Other sectors</b>	7.3	0.3	1.0	--	--	--
<b>Total consolidated revenues</b>	<b>2,392.6</b>	<b>100.0</b>	<b>2,544.4</b>	<b>100.0</b>	<b>2,620.7</b>	<b>100.0</b>
of which: ITALY	1,117.0	46.7	1,137.8	44.7	1,136.9	43.4
OUTSIDE ITALY	1,275.6	53.3	1,406.6	55.3	1,483.8	56.6

**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 COFIDE 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 COFIDE group uses the methodology prepared by the study Group working on the Social Report (GBS).

*Chart showing the Economic Value of the COFIDE group*

<i>(in millions of euro)</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Net sales revenues	2,389.8	2,543.9	2,626.1
Income/expense from financial assets	57.4	63.3	45.2
Other income/expense	20.3	41.8	28.8
<b>Gross Global Economic Value</b>	<b>2,467.5</b>	<b>2,648.9</b>	<b>2,700.1</b>
Amortization, depreciation and write-downs	116.2	138.2	129.3
<b>Net Global Economic Value</b>	<b>2,351.3</b>	<b>2,510.7</b>	<b>2,570.8</b>
Operating costs	1,556.3	1,654.6	1,683.4
Personnel	680.8	708.6	712.4
Lenders	100.0	107.8	100.6
Public Administration	28.6	20.9	53.2
<b>Economic Value distributed</b>	<b>2,365.7</b>	<b>2,491.9</b>	<b>2,549.6</b>
Net income (loss) of the Group	(14.4)	18.7	21.2



<b>Economic Value retained by the group</b>	<b>(14.4)</b>	<b>18.7</b>	<b>21.2</b>
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Sales revenues consist of revenues from products sold by the group in the business sectors in which it operates: media, healthcare, automotive components (and others).

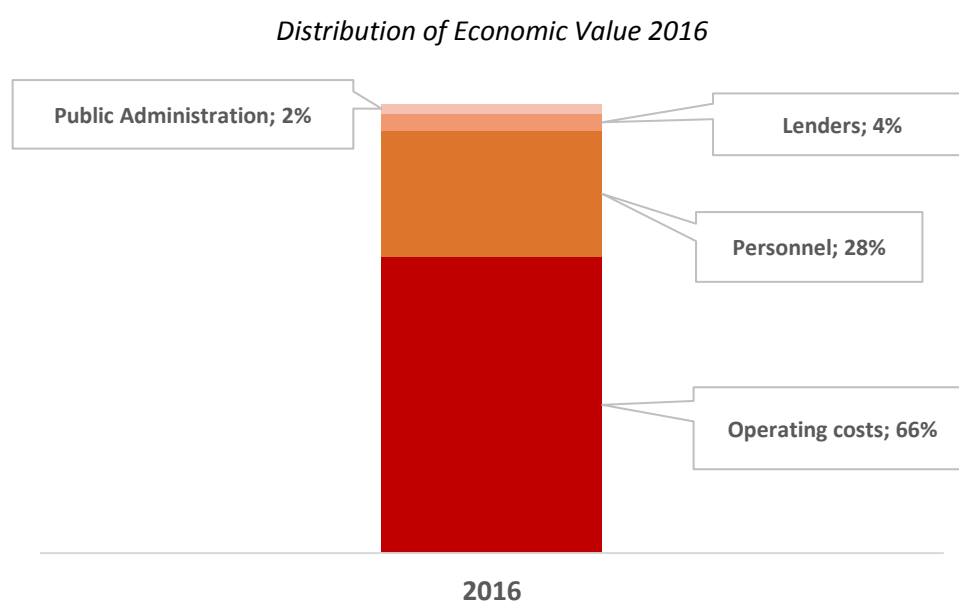
The income/expense from financial assets means income/expense from dividends and on securities and derivatives, interest income on current accounts with banks and short-term deposits, foreign exchange gains, etc.

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 2016 amounted to € 2,700.1 million. This value, minus the value of amortization, appreciation and write-downs, constitutes the net global Economic Value, which in 2016 came to € 2,570.9 million and was up by approximately 2.4% on 2015.

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

- Operating costs for 2016 came to € 1,683.4 million (+ 1.7% on 2015), of which just over half were costs for the purchase of goods;
- The distribution of Economic Value to personnel in 2016 was € 712.4 million, which was 0.5% more than in 2015, and refers mainly to the salaries and wages of the employees of the COFIDE group;
- The distribution of Economic Value to lenders in 2016 amounted to € 100.6 million;
- The Public Administration was remunerated in the form of taxation for € 53.2 million in 2016.



### 3. Responsibility towards customers

***“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)

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

#### 3.1 Quality of products and services

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

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

##### **Regulation of the sector and code of conduct**

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

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

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

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

Each nursing homes 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.

Moreover, in the area of communication, KOS has undertaken to produce instruments designed to increase the awareness of patients and their families. An example is the new website of Santo Stefano Riabilitazione ([www.sstefano.it](http://www.sstefano.it)), which went live in 2016, which contains a good deal of information aimed at making the rehabilitation process clear, transparent and comprehensible, to ensure that the process is fully understood and that patients follow their treatment programmes more closely. In addition to this, standards of hotel-style accommodation in the care homes were defined, which led to many refurbishments, five of which were completed in 2016 after the eight completed in the previous year.

The strong focus on the quality of the service provided enabled KOS to take part in the initiative for the award of “Bollini RosaArgento” (Pink and Blue Stickers) promoted by ONDA (the National Observatory for Women’s Health). Out of 99 facilities assessed by this organization, only 12 got full marks: five of these were KOS facilities.

#### **Monitoring the quality of KOS’s services**

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

During 2016 3,694 questionnaires were collected in the rehabilitation and psychiatric facilities, for approximately 43% of the patients discharged. For the elderly sector, 1,768 questionnaires completed by family members and 1,037 filled in by guests were analysed out of an average presence in the year of over 4,276 patients.

Furthermore, in all KOS facilities there is an ongoing service for hearing people’s requests provided by the staff and assistants, groups of mutual aid and professionals.

Customer satisfaction is a fundamental objective for **Sogefi** too. The Back to basics programme – launched at the end of 2015 – continued throughout 2016 to focus greater attention on the quality of the product. This programme ensures that all products are subjected to a quality control, which involves all of the professional people involved in the production process. In this way Sogefi aims to start and consolidate a structured process for solving any critical issues linked to product quality, if there are any, and for managing any customer complaints efficiently and effectively.

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

It should also be noted that during 2016 Sogefi defined its own *Quality Policy*, which focuses on the health and safety of customers and employees, on customer satisfaction in relation to the quality of the products and services provided, on the constant improvement of the commitment to quality and to meeting the requirements of all the stakeholders.

In relation to the *Quality Policy*, it should also be noted that all the production plants (with the exception of the Saint-Souplets plant, which just creates prototypes) are currently certified with international standards

ISO 9001 and ISO TS 16949, which set out the requisites of the quality management system for the design, development, production and, if necessary, the installation of components for the car industry.

## **Innovation**

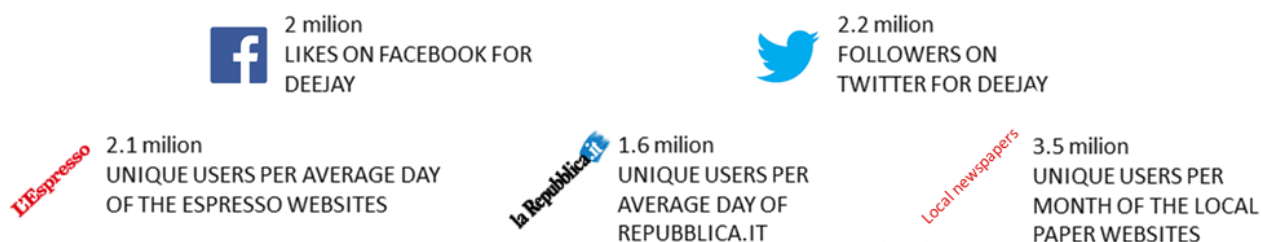
Process and product innovation is an integral part of the strategic vision of the COFIDE group.

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

In 2016 the following results, among others, were obtained:

- With an average of 2.1 million unique users on an average day and 13.3 million unique users per month of its websites, the company has become the tenth operator of the entire Italian digital market (including service and platform providers such as Google, Facebook, WhatsApp, Amazon, etc.) and fills the number one slot among the traditional publishers;
- The digital editions of the company's titles have reached an average of 77,500 subscribers;
- *Repubblica.it* confirmed its ranking as the top Italian news website with 1.6 million unique users on an average day and increased its lead over the second news website to +42%, compared to +29% in the previous year;
- The technological development of *Repubblica.it* focused on the implementation of smartphone versions of the website, which led to an increase in mobile users: in 2016 this segment reached an average of 634 thousand users per day (+15% on the same period of 2015) and 6.1 million users per month (+18% on the previous year);
- Repubblica confirmed its ranking as the number one Italian newspaper by number of likes on Facebook (3.1 million) and Twitter (2.6 million) and among the top ones at international level in terms of degree of involvement of its readers;
- The performance of the websites of the local papers was positive and achieved an average Total Digital Audience of 3.5 million unique users per month, with mobile traffic increasing its weighting thanks to a growing presence on social media.
- The position of the company's brands on social networks increased even further with over 27.8 million followers on Facebook and Twitter;
- *Deejay* reached 2 million likes on Facebook and 2.2 million followers on Twitter;
- Multimedia production became more central, with the only dedicated editorial team on the Italian news scene and a daily production of around 150 videos and numerous lives.

*The main digitalization figures for the GEDI/Espresso websites – December 31 2016*



Moreover, during 2016, the Digital Division of Espresso organized its research and development activities in four main projects:

- The migration of its digital assets, including the websites and the mobile apps, from an IT onsite infrastructure to AWS Cloud (*Amazon Web Services*), in order to have greater agility in the management of unpredictable traffic volumes and to provide customers with an uninterrupted service;
- The launch of the *Progetto Dati (Data project)*, which will be extended into 2017 thanks to the construction of an infrastructure devoted to improving the knowledge and management of data sources and to the integration of third-party data, with the aim of getting to know customers better by organizing an ever more effective information service;
- The introduction of a common platform for the various newspaper and magazine titles for the creation and exchange of editorial content at international level (*Videosyndication LENA*) and of an external platform for creating videos in the editorial offices (*Wochit*);
- The implementation of new distribution platforms that will continue in 2017, which aim to extend editorial activities and involve audiences through new digital platforms (Instant Article, Facebook Live, Google AMP, App).

**KOS** is active in the field of research and scientific publication: it takes part in congresses, it promotes high-level national and international conferences, it organizes study groups and enters into agreements with Italian and foreign universities. In 2016 there were active agreements with more than 30 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 2016, KOS took part in the publication of eight scientific studies in indexed journals on the following topics: “Pain in consciousness disorders”, “Pain in childhood and adolescence”, “Guidelines for rehabilitation in childhood and adolescence”, “Alternative pharmacological treatments in bronco-pneumology”, “Neuropsychological testing for serious brain damage cases”.

In the rehabilitation sector, KOS in 2016 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, for example robotic rehabilitation and cognitive rehabilitation. In 2016 25 conferences and training courses open to outside participants were held, as well as numerous internal training sessions. In particular, in 2016 KOS, with the Santo Stefano brand, promoted and organized the annual congress of the Italian Society for Neurological Rehabilitation (SIRN) in Ascoli.

### Scientific research and the innovative projects of KOS

Again in 2016 KOS invested in the development of the latest techniques for the treatment and wellbeing of the elderly. In the sphere of additional hi-tech solutions, KOS, through the Medipass brand, operates with a vast range of technological solutions, providing hospitals with important contributions in terms of know-how and management models, assisting, where necessary, expert specialist profiles in the sector of diagnostics and cancer treatments. Of the projects launched in this context during 2016 are the following:

- Smart homes - the “smart house”, inaugurated in the Santo Stefano Rehabilitation Unit in Porto Potenza Picena. The house offers patients the possibility of testing their ability to live independently at home, thanks to the fact that it is equipped with a series of smart objects that are able to facilitate everyday activities. Guests are guaranteed assistance at certain times of day in addition to treatments and the rehabilitation that they need. This project is part of the “Pass” initiative which, headed by the Santo Stefano parent company, has had as partners the Marche Region, Unicam, two technological research and development centres (Meccano and Cosmob) and an important pool of companies operating in different product sectors;
- Robotic and virtual reality technologies – testing numerous technologies in the sphere of neuro-rehabilitation, one of which was in collaboration with the University of Ancona;
- Tablets for cognitive stimulation – the use of an application on a tablet for the cognitive stimulation of guests, which is currently being tested.

In the automotive components sector, **Sogefi** invests significantly in Research and Development activities in order to satisfy the expectations of customers and to continually improve its technical solutions, in compliance with environmental regulations. To guarantee that Research and Development is managed in a structured way, the company also has eleven research centres (in Brazil, France, Germany, India and the United States) which have the presence of professionals with competences across the board.

At the end of 2016, Sogefi had a total of 216 patents (+11.9% compared to 2015).

### *The Sogefi research centres*



In 2016 innovation was again an essential driver of all areas of business of the company, with the aim of guaranteeing customers comfort and ever greater safety, without neglecting the protection of the environment through the reduction in the consumption of raw materials, waste, noise, energy consumption and the emission of greenhouse gases.

To develop new products or improve existing technologies, each division of Sogefi has numerous partnerships all over the world with companies, important laboratories and research centres, such as Solvay and the *French Rubber and Plastics Research and Testing Laboratory (LRCCP)*. Moreover, in 2016 Sogefi took part in various conferences focused on the car sector, with the aim of creating a shared platform of knowledge and monitoring the industry in evolution.

For OEM constructors (Original Equipment Manufacturers) the air and cooling division patents innovative solutions able to reduce CO<sub>2</sub> emissions without compromising the performance of the engines. One of the latest innovations is the CUSCO water pump, which makes it possible to control the flow of cooling liquid, through a system that is fully contained in the body of the pump itself. Sogefi also recently introduced to the car market a new air intake manifold system, which made it possible to reduce not only cost but also the weight of the equipment.

In the filter division, the company is committed to creating systems that are state-of-the-art in terms of efficiency, frequency of maintenance and compatibility with numerous additives and biofuels, and that are also lighter in weight, smaller and use more plastic. In this area, the partnership with Solvay was very significant as it aimed to implement solutions for the constant reduction of the CO<sub>2</sub> emissions of vehicles.

Lastly, in the suspensions division, the main innovations include coil springs in composite materials (FRP) and those made from fiberglass. These solutions give a net reduction in terms of weight (between 40% and 70% less than traditional components) and greater durability.

### First filter for diesel engines made with recycled polymers

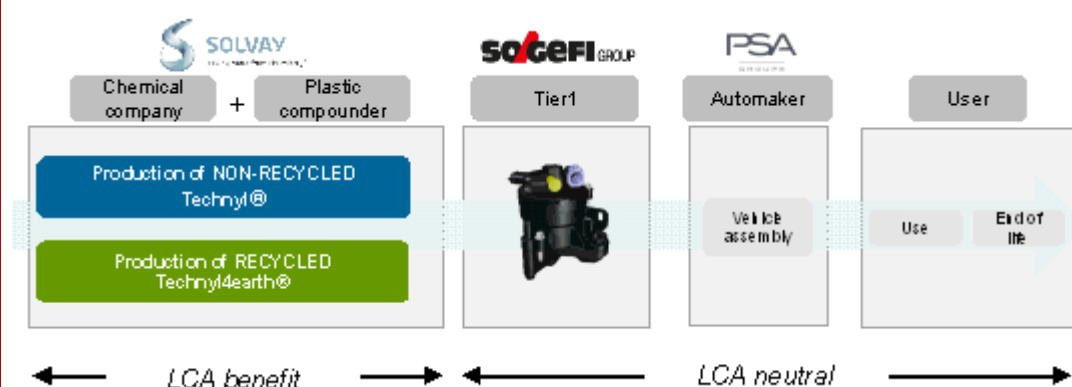
The use of plastic in automotive parts can help reduce energy consumption and greenhouse gas emissions, especially when it replaces metal. Currently many OEMs are committed to increasing the use of recycled materials by 20% by the end of 2020, partly in consideration of the EU Directive on the end of the useful life of vehicles, which aims to reduce the quantity of waste produced by vehicle demolition.

To meet this challenge, Sogefi has collaborated with the PSA Group and with Solvay to produce the first filter for diesel engines that is made entirely from recycled polyamide 66, thanks to the use of the new plastic composite developed by Solvay Engineering Plastics. This material is 100% recycled from airbag waste, providing a high quality material able to meet the strict requirements of applications in the realm of the circular economy, which is still not very widespread in the car industry.

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

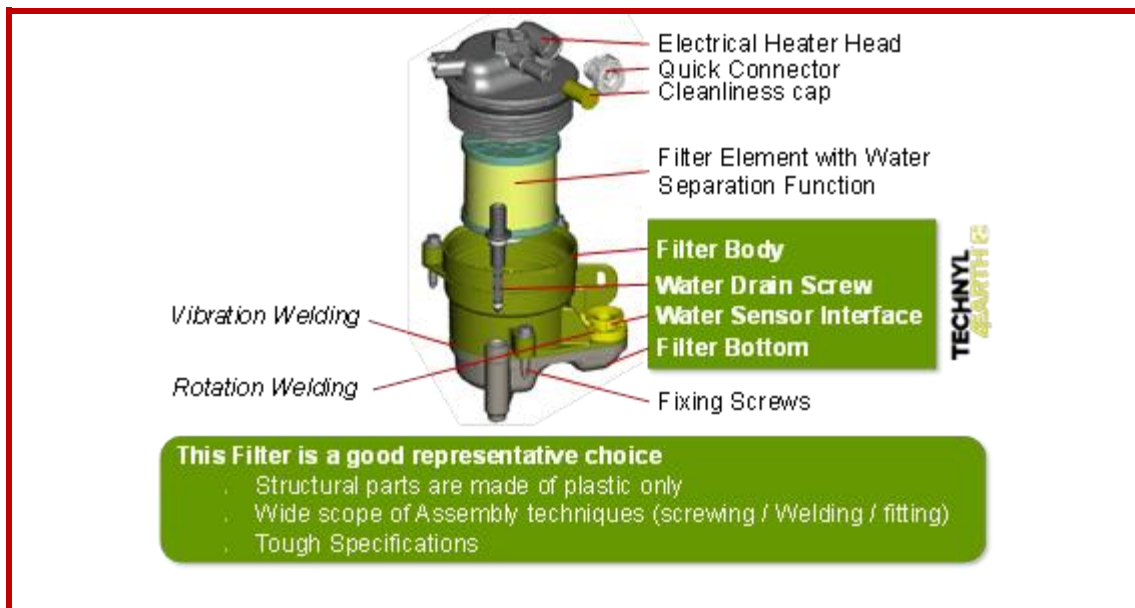
The PSA group guided the choice of the parts examined (the application of the 1.6 l Euro6b engine) and assessed the whole testing process.

A life cycle assessment (LCA) was also carried out on the filter, which revealed its advantages: a year of production of the DV6 filter could lead to a saving of 483 tonnes CO<sub>2</sub>eq, equal to 32% less emissions compared to those of a traditional filter.



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





### 3.2 Attention towards customers

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

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

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

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

#### Advertising and safety for GEDI

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

- Has complied with the Code of Advertising Conduct (*Codice di Autodisciplina Pubblicitaria Italiana*);
- Has implemented the decree regarding misleading comparative advertising in relations between professionals (D. Lgs. n. 145/07);
- Has implemented MEF-MISE Decree of July 19 2016 on the media exempted from the ban on the advertising of gaming with cash prizes, in order to safeguard and promote

honest advertising information that does not have a negative effect on user sensitivity;

- Has recourse to an “operating procedure” for managing the issues of what is legal and appropriate in the presence of messages that are doubtful or subject to verification. During 2016 training courses were also held on these subjects.

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

In 2016, in the offices of the advertising concessionaire Manzoni, a new company intranet was designed. This has a special section devoted to the “Legal regulations on the subject of advertising”. This section aims to reduce legal disputes and company costs, while at the same time fostering long-term relationships with customers.

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

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

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

Moreover, regarding the health and safety of patients, we would draw attention to the following results obtained in 2016:

- The facilities in Emilia Romagna took part in the regional project V.I.S.I.T.A.R.E., aimed at promoting a culture of safety and introducing plans for improving the facilities;
- A net decline in the number of falls monitored through the special recording system (approximately 1,450 falls recorded in 2016, down significantly from around 1,750 in the previous year).

For KOS too, safeguarding privacy has a fundamental role: in the Code of Ethics the company ensures the confidentiality of the information in its possession and guarantees compliance with the rules on the subject of personal information. In 2016 the Policy Document on the Security of Information, which records and assesses all uses of personal information by the facilities, was again revised and updated.

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, giving each supplier equal opportunities, on loyalty and impartiality”***  
*(from the Code of Ethics of the group)*

The companies of the COFIDE 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 COFIDE group is bound by the principles contained in the Code of Ethics, which are applied to all suppliers.

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

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

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

The competitive procedures involving larger amounts and longer-term contracts are carried out on the dedicated web portal, with suppliers being invited to take part and with a guarantee of traceability and maximum transparency. Moreover, only firms that have the following requisites are admitted to the bidding: regular payment of contributions, anti-mafia self-declaration, presentation of CCIAA certification, compliance with the Code of Conduct of KOS, and compliance with D. Lgs. 81/08 and D. Lgs. 196/03. The presence of additional certifications in the sphere of quality and the environment is considered to be preferable.

**Sogefi's** procurement process is based on giving each supplier an equal opportunity, and on loyalty and impartiality. The selection of suppliers and decisions about the conditions of purchase are preceded by an objective assessment of the quality, price and ability of the supplier to supply and guarantee services of an adequate level.

Sogefi promotes the spread of the principles of social responsibility throughout its supply chain. On this subject, the company has prepared a Commercial Code of Conduct, which it has begun to distribute to its suppliers, to illustrate the rules and principles that characterize Sogefi's way of doing business. Moreover, given its objective of reducing its impact on the environment, Sogefi prefers suppliers who have environmental certifications, such as the environmental management system ISO 14001.

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 Commercial Code of Conduct of Sogefi**

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

Sogefi expects all suppliers who receive the Commercial Code of Conduct to comply with the indications described in it, as well as with all laws and rules applicable. Furthermore, it is to be hoped that its commercial partners will share the same commitment with their own supply chains.

The Commercial Code of Conduct contains clauses on the recognition and implementation of the rules relating to respect for human rights, corporate ethics, working conditions and protection of the environment.

During 2016, all the divisions of Sogefi started sending the Commercial Code of Conduct to their most important commercial partners, asking them to sign for it.

#### **The management of Conflict Minerals**

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

For 2017, Sogefi has set itself the objective of managing at global level the issue of *conflict minerals*, partly through the use of specific tools.

## 4. Responsibility towards people

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

(from the Code of Ethics of the group)

### 4.1 People in the COFIDE group

The COFIDE group 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.

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

#### *Characteristics of personnel*

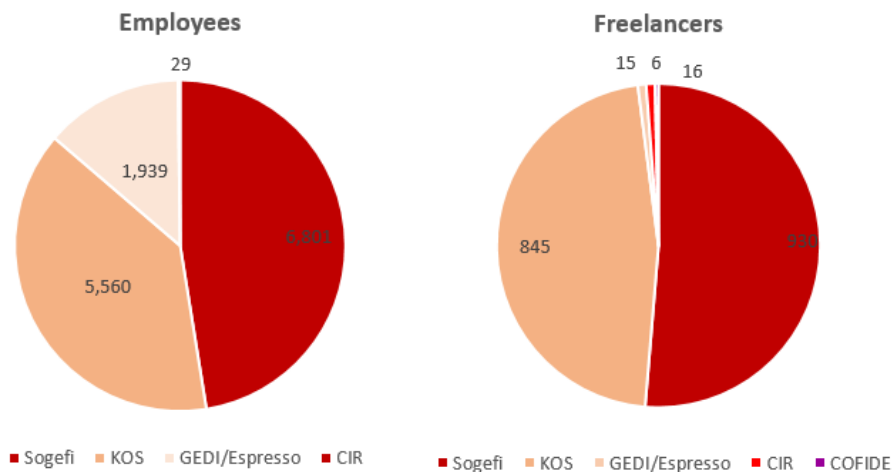
Il gruppo COFIDE offre un ambiente di lavoro dinamico e in continua evoluzione, caratterizzato da una complessità significativa in ragione del portafoglio diversificato di attività.

At December 31 2016, a total of 14,329 people were employed by the COFIDE group, with an increase of 1.3% compared to 2015, confirming the growth trend reported even in previous years. In line with the last three years, the increase was due significantly to KOS (+7%). In absolute terms, Sogefi is the subsidiary with the highest number of employees, which totalled 6,801 at the end of 2016, up by 1.5% on the previous year.

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

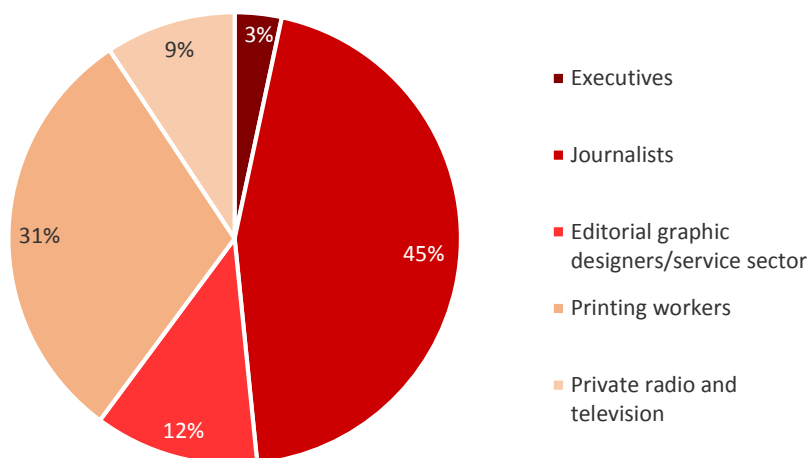
In addition to its 14,329 employees, at year end 2016 the COFIDE group also had 1,812 collaborators, i.e. people who work for the group but are not included in the category of “employees”: for example, various categories of people working for KOS (doctors, nurses, etc.) and Sogefi's temporary or agency staff.

*The people of the COFIDE group - December 31 2016*



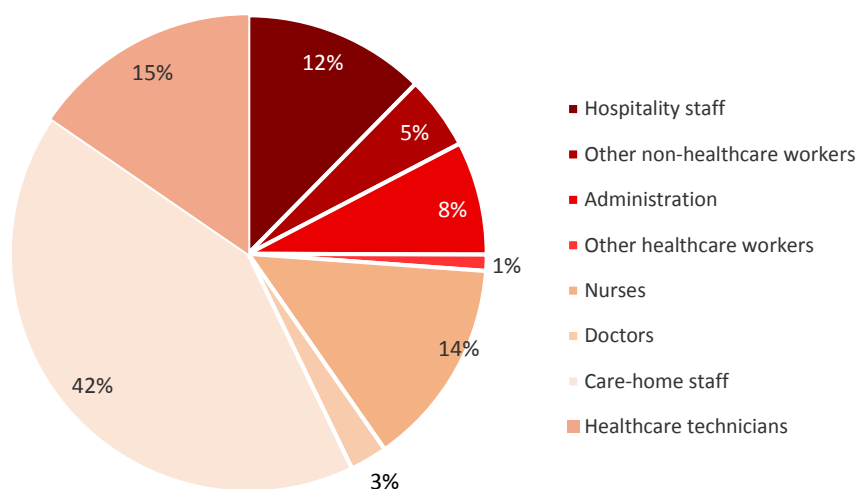
An extremely dynamic environment and the need to take rapid decisions in complex situations make human resources the main asset of **GEDI**. The company aims to strengthen the sense of belonging of its staff as well as encouraging effective teamwork and an exchange of knowledge and offering professional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

*GEDI/Espresso – Employees by category of contract – December 31 2016*



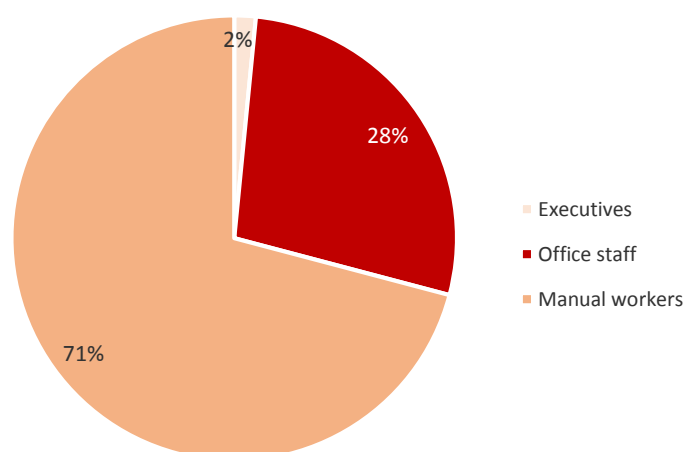
In the healthcare sector, **KOS** is committed to ensuring that its people have the necessary requisites to do their work in the best way possible, in a framework of constant reliability and improvement of the service offered to patients and their families. Kos too has a very varied workforce, with the aim of guaranteeing the presence of adequate staff to accompany the customers who use the services offered by the company.

*KOS – Employees by category of contract – December 31 2016*



Its international presence is a point of strength for **Sogefi**, whose staff is varied in terms of culture, experience, habits and languages. For Sogefi the diversity of its personnel is a fundamental value, which has generated a team spirit at all levels of corporate responsibility. Given the company's business, the most important professional category in terms of numbers in 2016 was again that of manual workers.

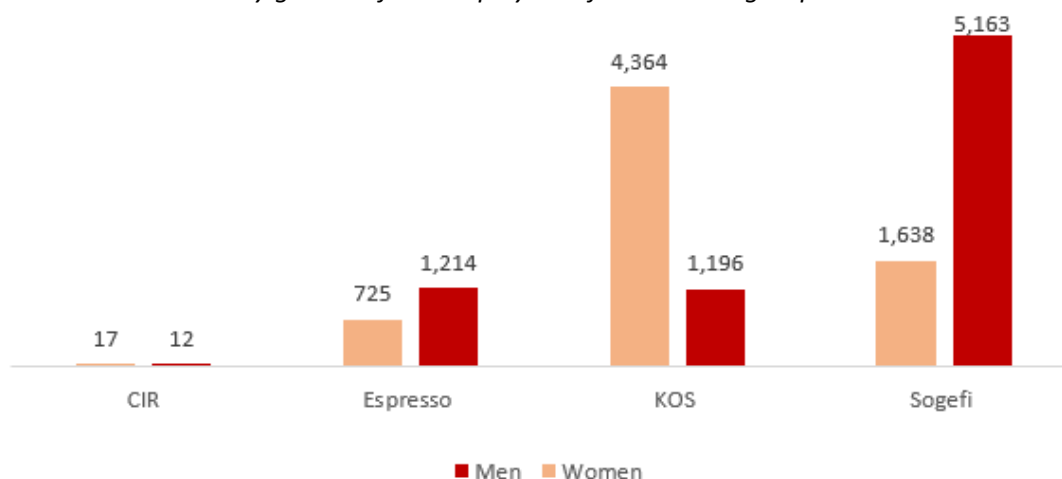
*Sogefi – Employees by category of contract – December 31 2016*



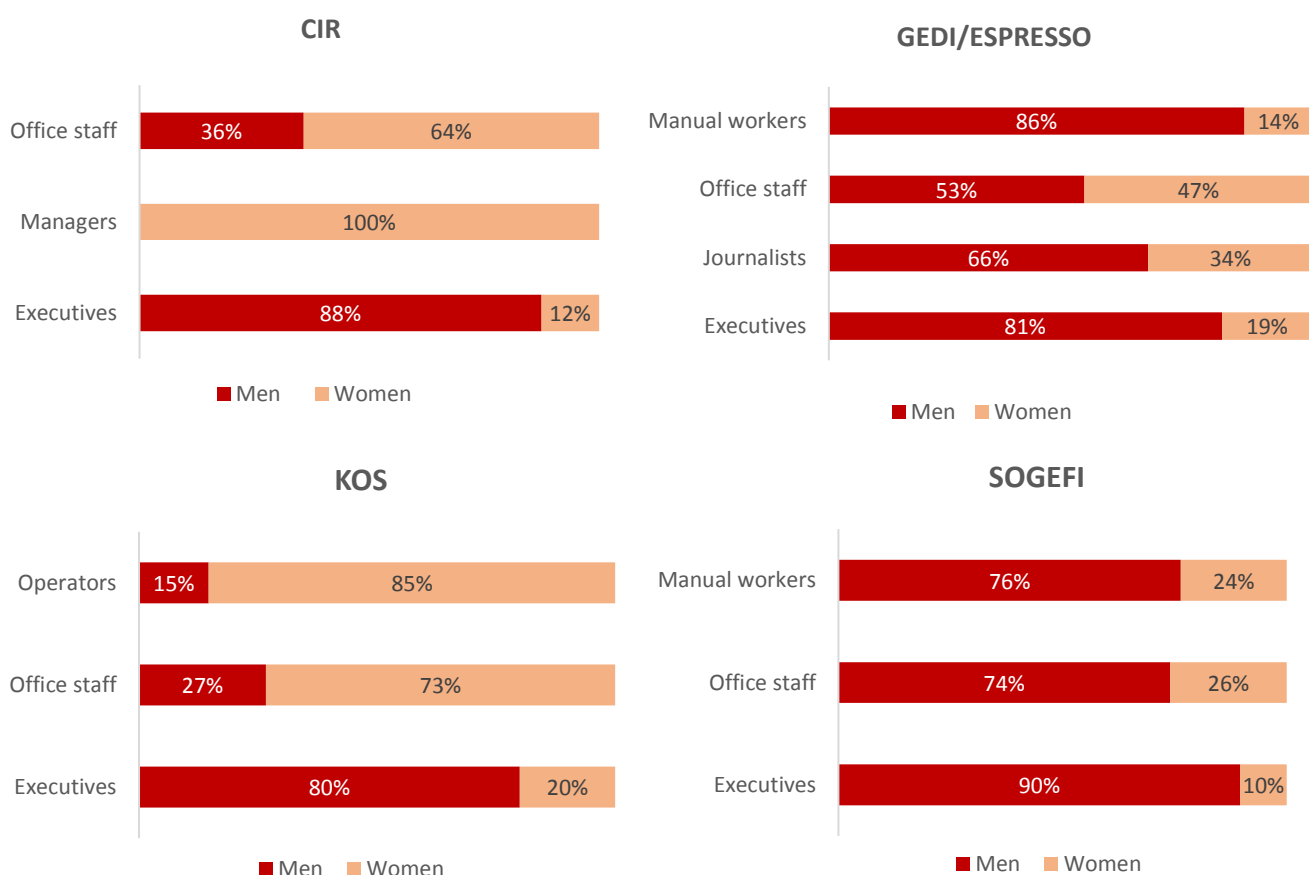
The personnel of the COFIDE group consists of 7,585 men and 6,744 women.



*Breakdown by gender of the employees of the COFIDE group – December 31 2016*



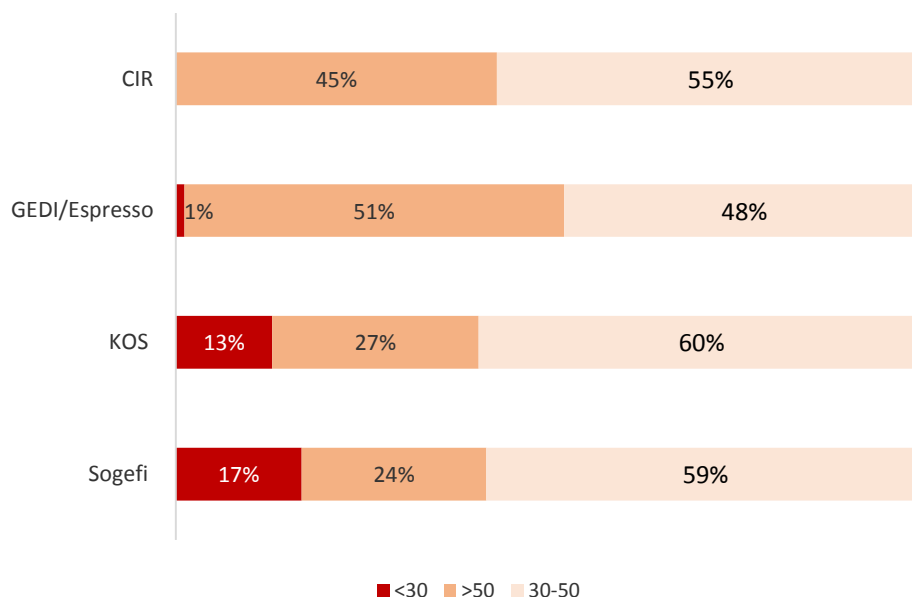
*Breakdown by professional category and gender of the employees of the COFIDE group - December 31 2016*



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

In continuity with previous years, 58% of the staff of the COFIDE group belong to the 30 to 50 age group. Sogefi is the company of the group with the highest percentage of employees below the age of 30, who account for 17% of the workforce.

*Breakdown by age group of the employees of the COFIDE group – December 31 2016*



In 2016 1,965 new employees entered the COFIDE group, while a total of 1,678 people left the group, giving an entry turnover of 13.7% and an exit turnover of 11.7%.

*Entry and exit turnover of employees of the COFIDE group by gender and age group – 2016\**

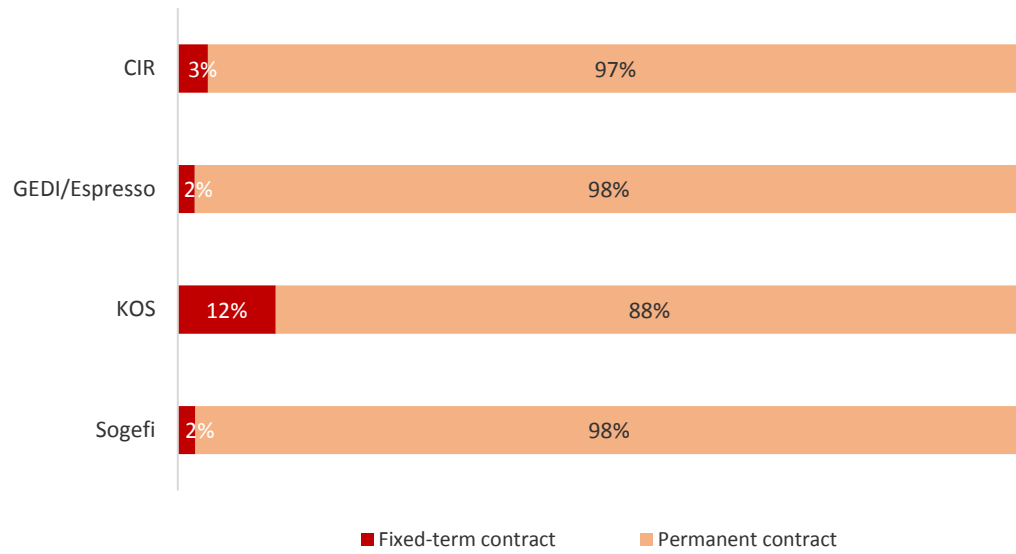
No. of employees entering	<30	30-50	>50	Total	Turnover
Men	342	666	181	<b>1,189</b>	15.7%
Women	210	458	108	<b>776</b>	11.5%
<b>Total</b>	<b>552</b>	<b>1,124</b>	<b>289</b>	<b>1,965</b>	13.7%

No. of employees leaving	<30	30-50	>50	Total	Turnover
Men	192	546	336	<b>1,074</b>	14.2%
Women	79	310	215	<b>604</b>	9.0%
<b>Total</b>	<b>271</b>	<b>856</b>	<b>551</b>	<b>1,678</b>	11.7%

*\*The turnover of Sogefi including both new entries and leavers was calculated for 2016 on 99.9% of employees. For KOS it was calculated for 2016 on just the employees with permanent contracts.*

The COFIDE group considers the offer of a stable and long-term employment relationship as a necessary requisite for enabling the company to grow and therefore pays great attention to the creation of stable employment in the area in which it operates. The group's commitment to fostering a long-term working relationship with its employees is confirmed by the high percentage in all the subsidiaries of permanent contracts, which are offered to over 90% of the total staff complement.

*Breakdown of employees of the COFIDE group by type of contract – December 31 2016*



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

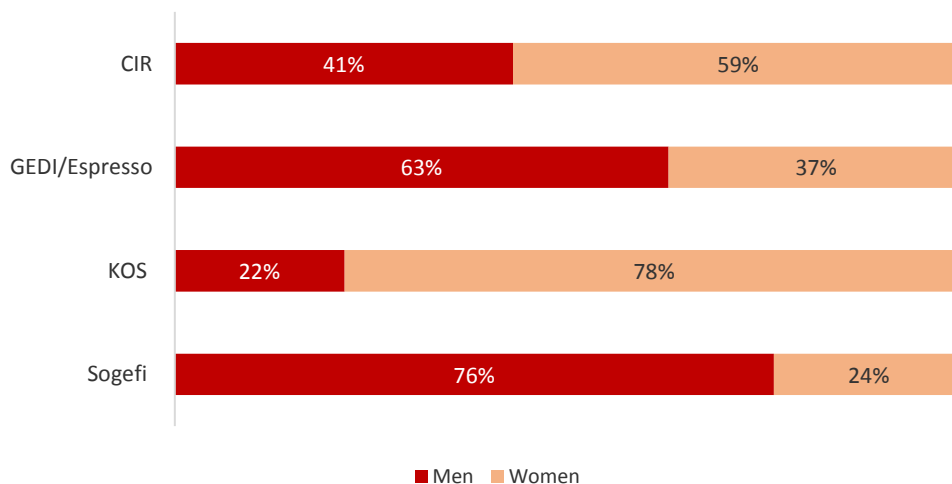
Management and valuing of the human capital of COFIDE are directed towards integration and respect for diversity. Relations between employees take place in protection of the rights and liberties of the individuals and of the fundamental principles of equal social dignity.

The figures for 2016 again confirm the fundamental role that women play in all the companies of the group, which show that female workers make up 47% of the total staffing, up by 2.3% compared to 2015.

### **Diversity and equal opportunities in KOS**

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

*Female presence in the COFIDE group – December 31 2016*

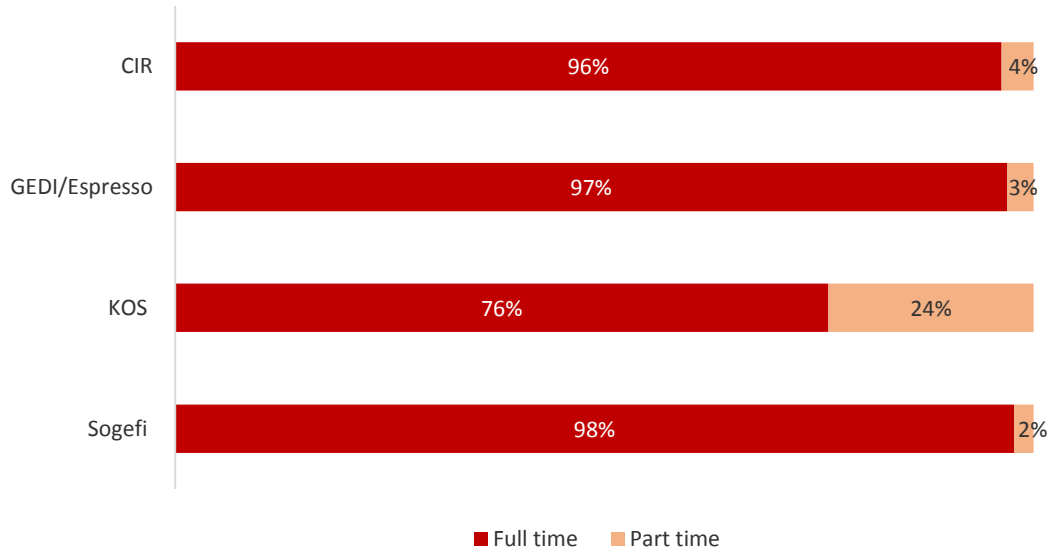


Regarding protected categories of workers, the companies of the COFIDE group are committed to fostering their inclusion in its staff complement.

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

Around 10% of permanent staff have used the possibility of part-time work, which meant 1,383 employees at December 31 2016.

*Breakdown between full-time and part-time COFIDE group employees with permanent contracts – December 31 2016*



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

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

#### **Flexible working instruments**

To help employees to reconcile work and family, CIR recognizes the importance of 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.

#### **Additional health cover**

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

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

#### **Tax assistance**

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

### Bonus 2016

Office staff and managers of CIR S.p.A. for the year 2016 all received a one-off bonus for the positive results obtained by the company in the last two years after for a few years given the economic crisis and the delicate period that the group had gone through, there had been no salary increases.

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

#### Climate surveys in KOS

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

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

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

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

#### Industrial relations in the COFIDE group

In conducting its businesses, the COFIDE 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, **GEDI** assigns a central role to industrial relations and its rapport with the various trade union organizations, relations that 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**<sup>\*</sup>, the percentage of employees covered by national collective labour contracts was 85.6%, higher than in 2015; 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.

*\*The percentage of employees covered by national collective labour contracts for Sogefi was calculated in 2016 on 99.9% of the total number of employees.*

### 4.3 Valuing and developing human capital

***“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)*

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

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

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

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

Again in 2016, one-to-one English courses continued for the employees of CIR with a native speaker teacher and courses tailored to meet the training needs of each participant.

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

Moreover, each of the companies 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, **GEDI** considers the training of its employees to be of fundamental importance as it is an essential instrument to boost the competence and increase the knowledge of human resources. Training has the aim of increasing managerial and specialist competences, and bringing the organizational conduct of people into line with the culture and objectives of the company.

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

- Organization of resources;
- Development of abilities;



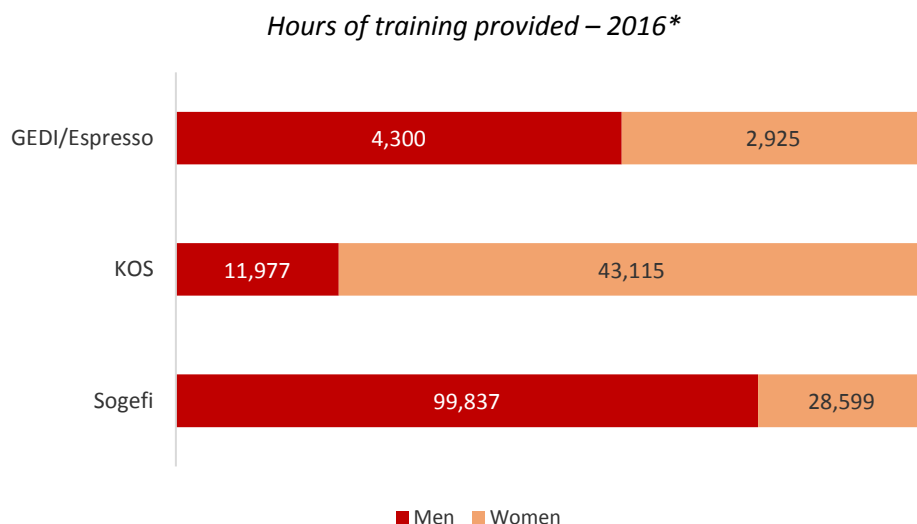
- Assessment of work done;
- Analysis of training/induction needs;
- Communication and sharing the points emerging from the above activities with the other facilities.

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. The training process involves different roles, all equally important and linked together in a highly integrated relationship:

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

**Sogefi** also recognizes the central role of training for its employees and guarantees them an adequate training plan aimed at improving their specific competences. The training activities that took place in 2016 were to do with both technical subjects, for example the use of forklifts and their operating procedures in the production plants, and areas relating to quality, linguistic competences, managerial competences, the subjects of health and safety, environmental matters, the fight against corruption, and human rights. In 2016, the hours of training provided by Sogefi increased considerably thanks to the training events organized to spread awareness of the Code of Ethics of the company (over 9,000 hours), which was translated into various languages to enable all employees to fully understand its content and comply with its rules and principles.

In 2016, the companies of the COFIDE group provided a total of over 191,151 hours of training. The hours of training for the employees of Sogefi accounted for 67% of the total.



*\*The diagram does not show the training hours of CIR, which accounted for approximately 0.2% of the total hours, because the number of employees is very small compared to those of the operating companies of the group. The hours of training provided for the employees of Sogefi in 2016 were calculated on 99.9% of the total number of employees. The hours of training provided for the employees of KOS do not include the training activities of KOS S.p.A.*

#### **Performance assessment in the COFIDE group**

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

It should be noted, for example, that during 2016 Espresso subjected to a performance assessment almost all of its managers (96.9%). KOS, however, evaluated the performance of 50.4% of its employees, a percentage that was higher for managers and operators, for whom it was over 80%. Lastly, Sogefi's commitment in this direction is also worthy of note: in 2016, over 57.3%\* of office staff received a performance assessment.

*\* The percentage of Sogefi's employees subjected to a performance assessment in 2016 was calculated on 99.9% of the employees.*

## 4.4 Health and safety in the workplace

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

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

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

**GEDI** is committed to ensuring protection of the integrity, the health and the wellbeing of its workers in all workplaces and actively complies with the rules and obligations required by law on the subject. Particular attention is devoted to the training of personnel of all levels and roles - workers, officers and managers – each according to the risks to which they are exposed and their specific positions and duties.

The company also monitors the safety of industrial plants, with particular reference to the design and purchase of new machinery, restructuring and reconfiguring machines and production cycles and to the introduction and management of chemical substances and preparations.

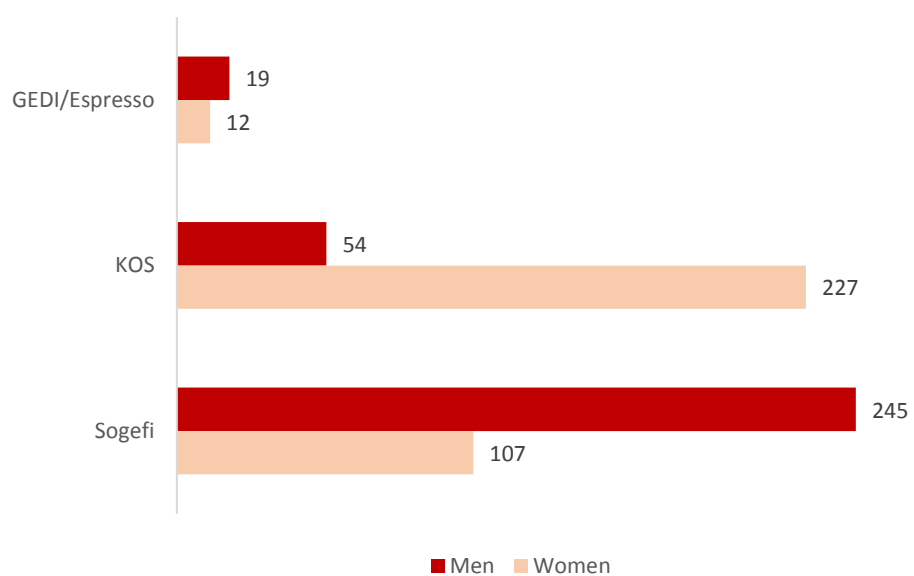
**KOS's** facilities aim to achieve the highest standards in relation to the risks that patients or collaborators could be subject to, in order to ensure patients absolute peace of mind during their time in the facilities and to guarantee staff a safe place to work in.

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

**Sogefi** too pays particular attention to the subjects of health and safety. In this field, it should be noted that the parent company, Sogefi S.p.A., has approved a Policy on the subject. Moreover, all the activities carried out in the plants are subject to internal and external audit on the subject of health and safety and some of the company's plants have OHSAS 18001 certification. In 2016, Sogefi continued to do all it could to improve practices relating to health and safety in the majority of its production plants worldwide. 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.

In the subsidiaries of the COFIDE group there were 664 accidents involving injuries in 2016 (48% affecting men, 52% affecting women). In absolute terms there was a slight increase compared to 2015 (+1.4%). As for CIR, again in 2016 no accidents or injuries were reported.

*Number of accidents involving injury – 2016\**



*\* The number of accidents reported among the employees of Sogefi for 2016 was calculated on 99.9% of the total number of employees.*

## 5 Responsibility towards the community

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

*(from the Code of Conduct of the group)*

The COFIDE group promotes a significant 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.

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

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

### **Sponsored run for TOG in the Milan Marathon**

To support TOG, in October 2016 six employees of CIR who all have a passion for running formed two sponsored relay teams that took part in the Milan Marathon on April 2 2017 for the charity.

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

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

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

**GEDI** contributes to sustainable development throughout the country by involving the local communities, with the organization of live journalism events and social initiatives at local level through its technology platforms.

Of the main initiatives in favour of the community carried out in 2016, the following should be highlighted:

- The 40th anniversary of Repubblica, an event to celebrate the 40 years of business of the newspaper, organized at the Parco della Musica Auditorium in Rome, at which all the employees of the newspaper were present alongside the readers; the event was also transmitted live on *repubblica.it*;
- Repubblica delle Idee, (Repubblica of Ideas), a travelling festival which, since it was launched in 2012, has attempted to analyse society and the transformation of our country and of the world, promoting

in the piazzas of Italian towns a meeting between the newspaper and the local communities of its readers and which in 2016 was in Rome from June 3<sup>rd</sup> to June 12<sup>th</sup>;

- Repubblica@Scuola, an online project that aims to encourage young people to read the newspaper and use the world of new media, putting them into direct contact with the journalists;
- R.it Mondo solidale (World of Solidarity), the section of the website *repubblica.it* devoted to the world of solidarity and cooperation, which gives news of humanitarian and development initiatives, as well as immigration, human rights and refugees. The section also contains a database giving a list of NGOs and Italian charities by region. In 2016, the section reached the objective for which it had been launched: to give space in mainstream Italian news to a sector that is all too often neglected;
- “*Petaloso sarai tu*” (“You’re the one who’s full of petals”), a one-day event organized at the Maxxi in Rome and devoted to the Italian language, with a focus on its transformation, on the use and abuse of neologisms, on gender language and on the mixing of Italian and English;
- “Food & Health”, a two-day festival on the world of food in Liguria and consisting of interviews, debates, cooking shows and artistic performances;
- “*Secondo natura, la medicina tra Hi-Tech e sentimenti*” (According to nature, medicine between Hi-Tech and sentiment”), organized by *Repubblica* and held in Bologna in November with the aim of drawing attention to the humanization of treatments, through the language of the cinema and debates between doctors, scientists, the institutions and public opinion makers;
- “*Oncoline - Chiudi la porta, salvati la vita*” (“Oncoline – Close the door, save your life”), a conference hosted in the halls of the Senate and attended by journalists, people from the sector, senators, the Health Ministry and students of various secondary schools in Italy and which dealt with topics such as the prevention of illnesses and vaccination policies. The students then acted as ambassadors for their schools.

Lastly, for the eighth year running, in 2016 Radio DeeJay sponsored Dynamo Camp through the text message campaign “Imagination is not enough to reach Dynamo Camp”, a radio marathon in the programme *DeeJay chiama Italia* (DeeJay calling Italy) sponsored also by Radio Capital. Listeners were able to donate 2 € per text message to a charity number to give a free holiday at Dynamo Camp to children and teenagers who are seriously ill. Radio DeeJay also sponsored the campaign for the Dynamo Camp at the Fabrique disco in Milan.

#### DeeJay Ten



Launched in 2005, DeeJay Ten is a running competition organized by Radio DeeJay in some of the main towns and cities of Italy. It started out in Milan as an initiative between friends but over the years it has gained more and more visibility, and has now reached tens of thousands of participants. The 2016 edition reported a record number of presences with over 50 thousand runners taking part in the Bari, Florence and Milan stages. Because of the extraordinary enthusiasm for the event, in 2017 there will be the addition of a new stage in Rome.

**KOS** organizes initiatives in the community, especially in the areas where its facilities are located, to raise awareness, advise and inform on the subjects of rehabilitation, the third age and care for the elderly, partly in conjunction with associations and the world of local voluntary work. In 2016 alone over 100 open days were held in the facilities for guests and patients but which were also open to the local communities.

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

#### **KOS's social commitment**

KOS aims to have an important role in the community as a promoter of development and change and for this reason in 2016 it renewed its support for two important social causes: Epsilon and Santo Stefano Sport.



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



The particular attention devoted to those who need a course of rehabilitation or solutions to be able to live with chronic fragility or disability led KOS to confirm for 2016 its support for an initiative that promotes sport as an instrument of recreation and rehabilitation, as an element of stimulus to the acceptance of fragility, the desire for personal realization, and entry into social and working life.

Today Santo Stefano Sport is a team active in the wheelchair basketball championship in *serie A1*. The association promotes sporting activities and trains athletes in other disciplines, which include, apart from wheelchair basketball, junior basketball, track and field events, golf, five-a-side football, target shooting and sailing.

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

In the sphere of training, in the United Kingdom Sogefi donated newly produced filters to Bradford College to enable students to carry out studies on avant-garde innovative engineering products. Moreover, the company took part in the STEM Project (Science, Technology, Engineering and Mathematics), which involved

school visits during which a senior member of the management team was actively involved in tutoring the students.

The Hengelo plant in the Netherlands organized technical training courses for local students from various schools. Lastly, in Germany the company sponsored the "Kontrakt" project with the aim of helping students to find work experience opportunities.

In the sphere of sport, Sogefi sponsored local and multicultural sports associations in Germany, promoting social activities for young people and adults resident in the local communities.

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

In the United States, Sogefi took part in the FedEx sponsored event "*Plane pull at the local airport*" in support of Ronald McDonald House – an organization that helps families with children who are seriously ill. The competition involved the team of donors in an activity where they had to move a Boeing 757 plane weighing 127,000 pounds 12 feet in the fastest time possible. The Sogefi team won, pulling the plane in approximately 8 seconds with the aid of just 15 volunteers.

Sogefi also confirmed its link with the local community in Argentina with various initiatives. More specifically, employees donated food, clothes, and stationery to an orphanage and a local church that takes in needy people.

In India Sogefi took part in the SMNR Floor Fund, which aims to collect funds to distribute in areas affected by the Chennai and Cuddalore floods. To support this initiative, some volunteers went to the area to aid and assist the victims.

In the sphere of art and culture, Sogefi has supported and sponsored various projects and institutions in Brazil, including the following:

- ICA Project – whose mission is to educate children and adolescents in Mogi Mirim through art;
- Lyra Mogimiriana – a local school that gives free music lessons with the aim of "forming citizens through musical education";
- Casa das Artes – an association whose mission is to preserve and promote culture through music, drama and art.

Still in Brazil, Sogefi has agreed to collaborate with FATEC, an association that organizes an annual fair to give visibility to local companies and their activities.

#### **CIR donates its 'historical' books to Italian libraries**

Confirming its link with the local area, in 2016 CIR donated to some Italian libraries its 'historical' volumes of economics, economic policy and politics that were preserved in the company's archives. They are hand-bound volumes, limited editions, printed in Verona, which contain writings in various languages, by authors such as De Tocqueville, Montesquieu, Ricardo and Verri.



## 6 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)*

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

### 6.1 Reduction of environmental impact

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

#### Awareness-raising initiatives relating to the paper supply chain



Again in 2016 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, rehabilitation centres and psychiatric facilities and has no production sites: its consumption of energy is therefore for the benefit of its guests, the running of its facilities and for its medical machinery and equipment. In this sphere, environmental sustainability is based on the technological efficiency of its systems.

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

#### Service continuity in KOS

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

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

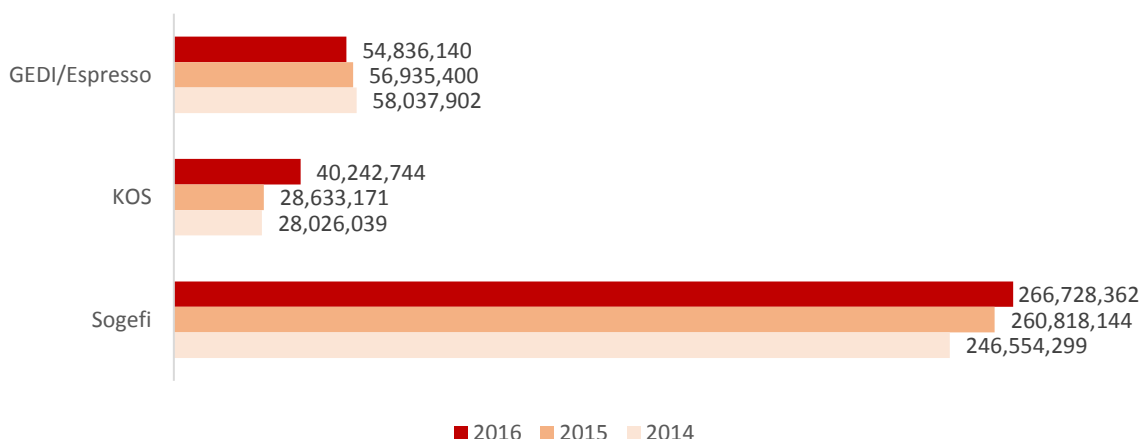
Confirming its commitment to protecting the environment, in 2016 the parent company Sogefi S.p.A. approved an *Environmental Policy*, which contains all the principles that its subsidiaries must adhere to in carrying out their business.

Lastly, almost all the production plants have ISO 14001 environmental management certification, with the objective of reaching 100% of the sites by the end of 2018.

## 6.2 Energy consumption and greenhouse gas emissions

In 2016, the COFIDE group consumed 362,157,079 kWh of electricity, posting a rise in consumption of 4.4% compared to 2015 due to the development of the business. In line with previous years, approximately 75% of consumption was attributable to Sogefi, given the type of business it is engaged in and the high number of industrial plants that it operates. KOS reported an increase in energy consumption because of the extension of its reporting perimeter compared to the two years 2014-2015.

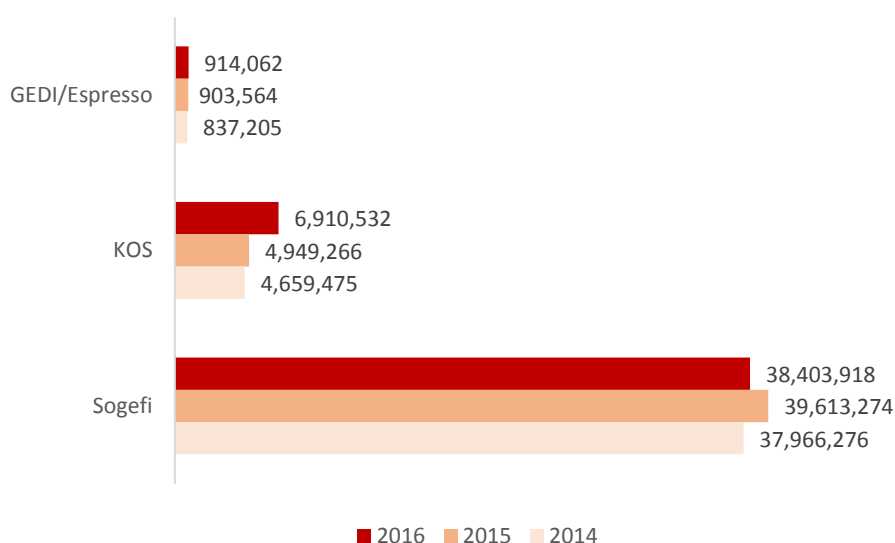
*Electricity consumption (kWh)\**



\* The chart does not show the electricity consumption of COFIDE-CIR, equal to approximately 0.1% of total consumption. Espresso's electricity consumption in 2016 includes high frequency absorption. Consequently, the electricity consumption figures for 2014 and 2015 were also recalculated to include such absorption, in order to make the figures comparable.

As for the consumption of natural gas, in 2016 a total of 46,262,047 m<sup>3</sup> were consumed, posting a slight increase (+1.7%) compared to the 45,500,717 m<sup>3</sup> of 2015. In line with the figures for electricity, the higher percentage of natural gas consumed was due mainly to the business activities of Sogefi (83%).

*Consumption of natural gas (m<sup>3</sup>)\**



\*The chart does not show the natural gas consumption of COFIDE-CIR, equal to less than 0.1% of total consumption. As for the natural gas of Espresso, the gas consumption figures for 2016 were realigned with the conversion parameter kWh/m<sup>3</sup> equal to 9 instead of

9.7 (as communicated by the Lazio Region) to consider a prudential margin for the output of plants. Even in this case, the natural gas consumption figures for 2014 and 2015 were recalculated to make the figures comparable.

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

In 2016, electricity consumption declined by 5% compared to 2015. One of the main reasons for this decline was the decision of two plants not to distil the water used for cleaning the printing matrixes and to treat it as waste water: in this way it is possible to avoid having to use the special distillation plant, which involves a high consumption of electricity.

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

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

The most significant actions taken were the following:

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

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

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

In 2016 **Sogefi** again increased its production volumes and this caused an increase of approximately 2% in its electricity consumption. As far as the consumption of natural gas is concerned, there was a 3% reduction compared to 2015. Confirming its commitment to the environment, in 2016 the company continued to achieve significant results in the field of energy efficiency, reducing its energy intensity by 5.8%, meaning the ratio between electricity/natural gas consumption (in gigajoules) and sales revenues (in millions of euro).

### **Sogefi and the initiatives for reducing energy consumption**

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

Worthy of mention in particular is the *Energy project* that was launched in 2014 by the suspensions division of Sogefi. The initiative has the aim of reducing the impact on the environment of all the production plants and reducing global energy consumption.

The commitment was translated into specific objectives, such as:

- The reduction of the total cost of energy (-2.6 million euro between 2015-2019);
- The reduction of the energy intensity rate;
- Increased awareness of the company regarding energy efficiency;
- The identification of targets and KPIs to bring consumption and energy intensity rates of the various production plants into line;
- Completion of the energy audits in accordance with the European Union directive.

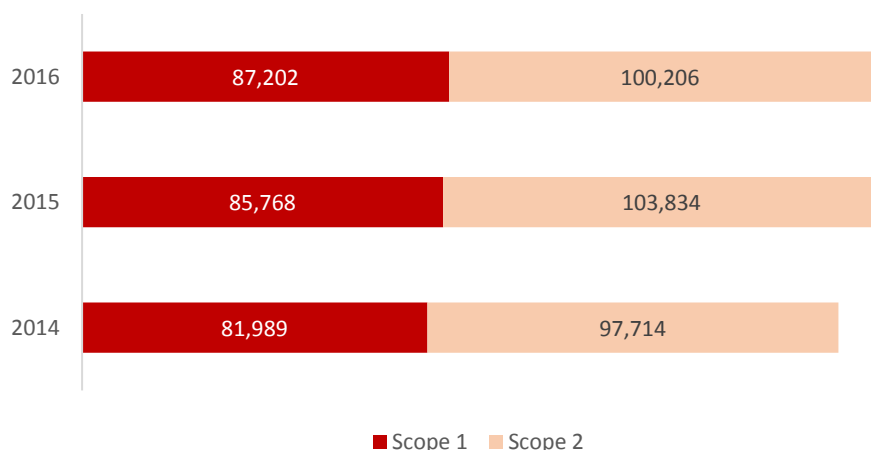
The strong commitment of top management to this initiative was put into practice by making available capital investments for financing local projects aimed at reducing energy consumption, on the basis of the main areas for improvement identified.

Sogefi estimates that the projects and the actions already implemented and those in the process of being rolled out will lead to a saving of approximately 4 million tonnes of CO<sub>2</sub> and around 0.9 million euro.

## Emissions of greenhouse gases

Confirming its strong commitment to environmental issues, in 2016 the COFIDE group produced approximately **187,408 tonnes of carbon dioxide equivalent** from consumption of natural gas (*Scope 1*) and electricity (*Scope 2*), down slightly from 2015 (-1.2%).

*Emissions of greenhouse gases (t CO<sub>2</sub> eq)\**



In line with what was reported for electricity and gas consumption, Sogefi is responsible for around 75% of the emissions recorded in 2016, as can be seen from the table below:

Emissions (t CO <sub>2</sub> eq) - 2016		
	Scope 1	Scope 2
COFIDE-CIR	63	119
GEDI/Espresso	1,723	18,809
KOS	13,026	13,787
SOGEFI	72,390	67,491
<b>Total</b>	<b>87,202</b>	<b>100,206</b>

To develop more awareness of its own impact on the environment, for the year 2016 as well **Espresso** undertook to quantify the greenhouse gas emissions relating to its typical business, reporting even the Scope 3 emissions, resulting from the consumption of paper and the waste produced.

In 2016 **KOS** continued the audit programmes of its emissions and launched two of the scheduled investments through the award of two tender contracts. In the two-year period 2017-2018, KOS will go ahead with the other investments as well. The work envisaged in the investment plan regards the requalification of the heating and cooling systems, with the addition of cogeneration units, heat pumps and new condensation boilers and in some cases the replacement of the current lighting system with a LED-based one.

Given that the most of **Sogefi's** CO<sub>2</sub> emissions relate to sources that are controlled directly, the company is engaged in implementing initiatives to reduce the consumption of electricity and natural gas in each production plant.

### Improving the efficiency of logistics in the COFIDE group

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

The newspaper *la Repubblica* is printed in 8 printing works located throughout Italy, from which trucks leave every night to deliver the printed copies to the various local distributors (74 private companies at December 31 2016), who in their turn deliver the copies to the newsstands throughout Italy. The transport from the printing works to the Local Distributor is defined as “primary transport”, whereas that from the Local Distributor to the newsstands is “secondary transport”.

The primary transport for the newspaper *la Repubblica* is managed by the National Distributor Somedia S.p.A. (a company 100% owned by GEDI), which uses qualified third-party suppliers. Important action has been taken to reduce the number of dedicated exclusive suppliers, giving the business to haulage companies who also transport the publications of other publishers, with the aim of filling the trucks and thus reducing their impact on the environment. Moreover, the printing centres of the other Espresso local dailies have adopted transportation pools.

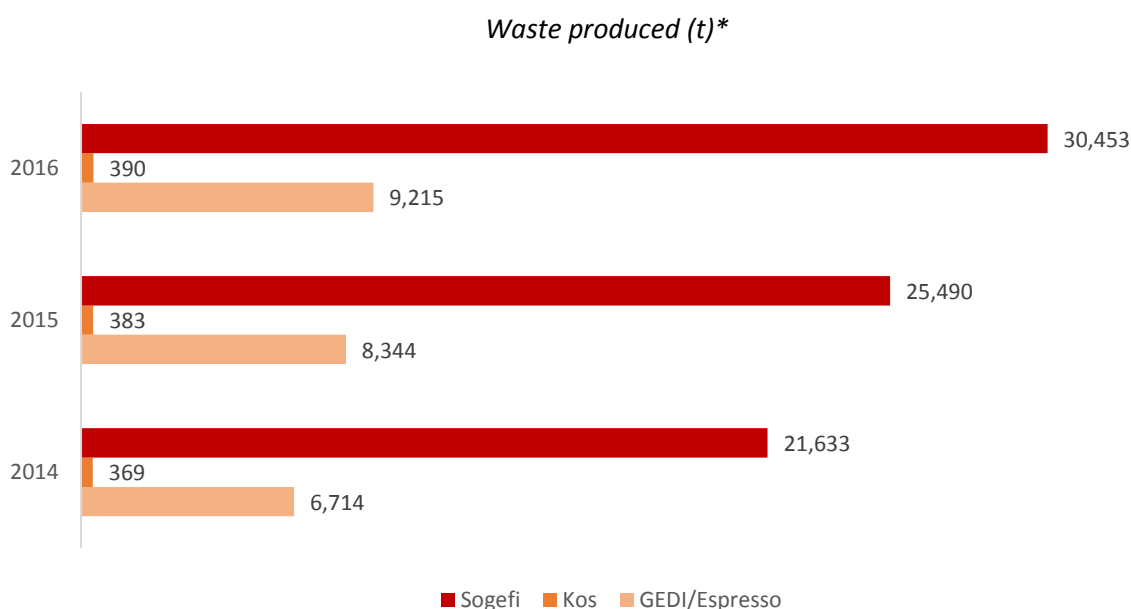
Primary transportation from the printing centres of all the magazines, together with the optional add-on products (books, CDs, DVDs etc.) is again managed by Somedia S.p.A., which uses one single qualified operator at national level. In this way the vehicles travel as fully loaded as possible, substantially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

**Sogefi** too has made great progress: the company has developed a system for packaging air filters that makes it possible to optimize logistics and reduce 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.

### 6.3 Waste management

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

In 2016, the COFIDE group produced a total of 40,058 tonnes of waste, which was 17% more than in 2015. Of this total, the most significant part (77%) is non-hazardous waste.



*\* The chart does not show the tonnes of waste produced by COFIDE-CIR, equal to 0.0005% of the total. The numbers for the production of waste by KOS refer to the following facilities: Residenze Anni Azzurri, Santo Stefano Riabilitazione, Sanatrix Gestioni, Kos Servizi.*

The kind of disposal used the most is recycling, which involves around 38% of the total waste disposed of.

Waste by method of disposal (t) - 2016				
Method of disposal	Hazardous	Non-hazardous	Total	% Total
Re-use	36	5,305	<b>5,341</b>	13%
Recycled	598	14,594	<b>15,192</b>	38%
Energy recovered	436	1,431	<b>1,867</b>	5%
Incinerated	749	417	<b>1,166</b>	3%
Landfill	1,335	3,241	<b>4,576</b>	11%
Other	6,231	5,685	<b>11,916</b>	30%
<b>Total</b>	<b>9,385</b>	<b>30,673</b>	<b>40,058</b>	100%

**GEDI** puts into practice its desire to protect the environment and use resources responsibly by raising employees' awareness of how to manage and dispose of refuse correctly, minimize waste and reduce the amount of waste produced by its typical business activity. In this sphere, it should be noted that the increase



in the production of waste reported for Espresso in 2016 (+10.4%) was due mainly to the increase in the non-hazardous waste produced.

#### The responsible management of returns

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

In the last few years, a certified return mechanism for publications has been in place, consisting of local distributors dealing with the returns by certifying them and having them reduced to pulp immediately. In 2016 a total of 66 certificates were issued by the Certified Return Organism (*Organismo Resa Certificata*), which represents 49 local distributors out of a total of 74, which enabled local distributors to have the publications pulped directly on the spot. In 2016 approximately 13,000 tonnes were pulped locally in this way.

**13,000** tonnes of  
returns recycled  
by the local  
distributors in  
2016

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

**KOS’s** production, management and disposal of waste are dealt with in compliance with the terms of D. Lgs no.152 of 03/04/2006. Hazardous and non-hazardous waste is stored in the facilities in a temporary storage depot: solid waste in special containers according to type of waste, and the liquid waste from laboratory testing is stored in tanks. These storage facilities are structurally in compliance with current regulations and the waste is stored within the required limits in terms of quantity and time.

The various kinds of waste materials resulting from maintenance work (programmed or not) are not managed directly by KOS but are dealt with by companies outside the group.

All the facilities belonging to the group are regularly registered with Sistri (the IT system for the traceability of waste) and record all movements of waste materials in the way prescribed by law.

The transport and disposal services are entrusted to companies of the sector that specialize in this kind of service.

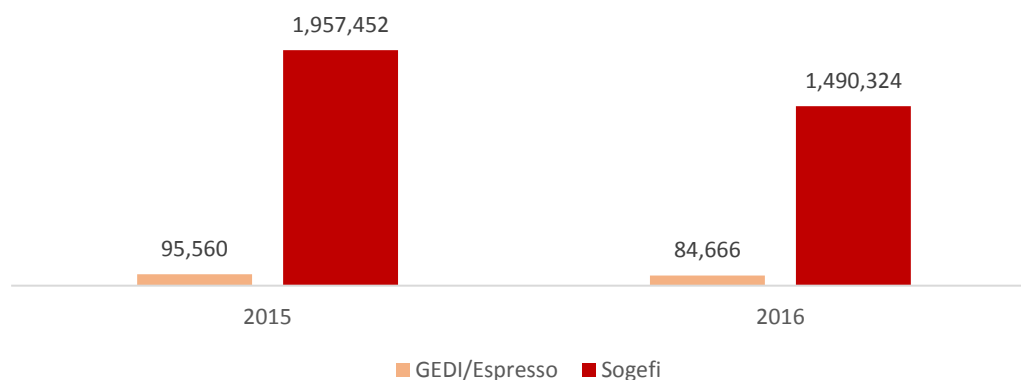
**Sogefi** also pays attention to the correct management of waste and tries to reduce waste production as far as possible, limiting the incineration of non-recyclable materials and resorting to landfill sites less frequently. All Sogefi’s production plants keep records of the waste produced and divide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

In 2016 the production of waste increased by approximately 19% on 2015, because of the higher production reported compared to the previous year. As for the way waste products are dealt with, Sogefi is in favour of recycling and reuse.

## 6.4 Water management

The companies of the COFIDE group are also committed to saving water, paying much attention to the responsible use of water both in its production activities and in its operating headquarters. In 2016, the COFIDE group consumed 1,577,929 m<sup>3</sup> of water, much less (-23.3%) than in the previous year.

Water consumption (m<sup>3</sup>)\*



\* The diagram does not show the water consumption of COFIDE-CIR, equal to less than 0.2% of total consumption. The figures for KOS are not yet available. Regarding the water consumption of Sogefi, the reduction is partly due to the improvement of the data collection process for the water used by certain plants in France.

The main source of water, used exclusively by Sogefi, is rivers or surface water, which accounts for more than 50% of the total usage. By contrast, Espresso and COFIDE-CIR prefer water from the Municipal water supply.

Water consumption by source (m³)								
	2015				2016			
	Municipal Water	River	Ground	Total	Municipal Water	River	Ground	Total
COFIDE-CIR	3,026	-	-	3,026	2,939	-	-	2,939
GEDI/Espresso	95,560	-	-	95,560	84,666	-	-	84,666
Sogefi	285,725	1,284,163	387,563	1,957,452	300,507	814,967*	374,850	1,490,324
Total	384,311	1,284,163	387,563	2,056,038	388,112	814,967	374,850	1,577,929

\*The figures for Sogefi in the category "river" include rainwater

As far as **Espresso** is concerned, the water consumed comes exclusively from the mains water supply and is used mainly in the bathrooms by employees although there is some limited use in the printing production process of certain factories. In 2016, water consumption totalled 84,666 m<sup>3</sup>, with a significant reduction compared to 2015 (-11.4%).

**Sogefi** also has the aim of reducing its water consumption in all its production plants by identifying ways of obtaining a reduction. Paying attention to this issue resulted in the company reaching an important objective, i.e. reducing its water consumption by approximately 24% despite the increase in total production.

## 7 Annexes

### Human resources<sup>1</sup>

COFIDE Group – Breakdown of employees and freelancers by gender									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	7,395	6,323	<b>13,718</b>	7,554	6,594	<b>14,148</b>	7,585	6,744	<b>14,329</b>
Freelancers	788	1,389	<b>2,177</b>	920	1,383	<b>2,303</b>	968	845	<b>1,812</b>
<b>Total</b>	<b>8,183</b>	<b>7,712</b>	<b>15,895</b>	<b>8,474</b>	<b>7,977</b>	<b>16,451</b>	<b>8,553</b>	<b>7,589</b>	<b>16,141</b>

COFIDE Group – Breakdown of employees by type of contract and gender									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Temporary contract	569	601	<b>1,170</b>	610	508	<b>1,118</b>	321	506	<b>827</b>
Permanent contract	6,826	5,722	<b>12,548</b>	6,944	6,086	<b>13,030</b>	7,264	6,238	<b>13,502</b>
<b>Total</b>	<b>7,395</b>	<b>6,323</b>	<b>13,718</b>	<b>7,554</b>	<b>6,594</b>	<b>14,148</b>	<b>7,585</b>	<b>6,744</b>	<b>14,329</b>

COFIDE Group – Breakdown of employees with permanent contracts by gender									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	6,702	4,739	<b>11,441</b>	6,802	4,914	<b>11,716</b>	7,102	5,017	<b>12,119</b>
Part time	124	983	<b>1,107</b>	142	1,172	<b>1,314</b>	162	1,221	<b>1,383</b>
<b>Total</b>	<b>6,826</b>	<b>5,722</b>	<b>12,548</b>	<b>6,944</b>	<b>6,086</b>	<b>13,030</b>	<b>7,264</b>	<b>6,238</b>	<b>13,502</b>

COFIDE – Breakdown of employees by professional category and gender									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	-	1	<b>1</b>	-	1	<b>1</b>	-	-	<b>-</b>
Office Staff	-	1	<b>1</b>	-	1	<b>1</b>	-	-	<b>-</b>
<b>Total</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>

CIR – Breakdown of employees by professional category and gender									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	10	1	<b>11</b>	8	1	<b>9</b>	7	1	<b>8</b>
Managers	-	7	<b>7</b>	-	7	<b>7</b>	-	7	<b>7</b>
Office staff	5	7	<b>12</b>	5	7	<b>12</b>	5	9	<b>14</b>
<b>Total</b>	<b>15</b>	<b>15</b>	<b>30</b>	<b>13</b>	<b>15</b>	<b>28</b>	<b>12</b>	<b>17</b>	<b>29</b>

<sup>1</sup> The figures for the human resources of Espresso at December 31 2015 were restated to take into account the hire from January 1 2016 of 39 people previously employed by a cooperative that operated in the printing and preparation sector on behalf of Finegil Editoriale.

GEDI/Espresso – Breakdown of employees by professional category and gender									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	54	13	67	54	13	67	52	12	64
Journalists	750	354	1,104	696	343	1,039	577	297	874
Office staff	504	423	927	474	398	872	439	392	831
Manual workers	165	47	212	196	48	244	146	24	170
<b>Total</b>	<b>1,473</b>	<b>837</b>	<b>2,310</b>	<b>1,420</b>	<b>802</b>	<b>2,222</b>	<b>1,214</b>	<b>725</b>	<b>1,939</b>

KOS – Breakdown of employees by professional category and gender									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	18	5	23	19	5	24	20	5	25
Office staff	568	1,898	2,466	682	2,080	2,762	809	2,222	3,031
Operators	325	1,894	2,219	358	2,050	2,408	367	2,137	2,504
<b>Total</b>	<b>911</b>	<b>3,797</b>	<b>4,708</b>	<b>1,059</b>	<b>4,135</b>	<b>5,194</b>	<b>1,196</b>	<b>4,364</b>	<b>5,560</b>

Sogefi – Breakdown of employees by professional category and gender									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	91	7	97	92	6	98	95	11	106
Office staff	1,340	485	1,825	1,393	473	1,866	1,386	488	1,874
Manual workers	3,565	1,181	4,746	3,577	1,161	4,738	3,682	1,139	4,821
<b>Total</b>	<b>4,996</b>	<b>1,672</b>	<b>6,668</b>	<b>5,062</b>	<b>1,640</b>	<b>6,702</b>	<b>5,163</b>	<b>1,638</b>	<b>6,801</b>

COFIDE – Breakdown of employees by professional category and age group												
no. of persons	2014				2015				2016			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Managers	-	-	1	1	-	-	1	1	-	-	-	-
Office staff	-	1	-	1	-	1	-	1	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

CIR – Breakdown of employees by professional category and age group												
no. of persons	2014				2015				2016			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	7	4	11	-	4	5	9	-	3	5	8
Managers	-	3	4	7	-	3	4	7	-	2	5	7
Office staff	-	9	3	12	-	10	2	12	-	11	3	14
<b>Total</b>	<b>-</b>	<b>19</b>	<b>11</b>	<b>30</b>	<b>-</b>	<b>17</b>	<b>11</b>	<b>28</b>	<b>-</b>	<b>16</b>	<b>13</b>	<b>29</b>

**GEDI/Espresso – Breakdown of employees by professional category and age group**

<i>no. of persons</i>	2014				2015				2016			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	40	27	<b>67</b>	-	35	32	<b>67</b>	-	27	37	<b>64</b>
Journalists	15	534	555	<b>1,104</b>	7	450	582	<b>1,039</b>	10	366	498	<b>874</b>
Office staff	8	656	263	<b>927</b>	6	563	303	<b>872</b>	11	471	349	<b>831</b>
Manual workers	1	162	49	<b>212</b>	-	154	90	<b>244</b>	1	70	99	<b>170</b>
<b>Total</b>	<b>24</b>	<b>1,392</b>	<b>894</b>	<b>2,310</b>	<b>13</b>	<b>1,202</b>	<b>1,007</b>	<b>2,222</b>	<b>22</b>	<b>934</b>	<b>983</b>	<b>1,939</b>

**KOS – Breakdown of employees by professional category and age group**

<i>no. of persons</i>	2014				2015				2016			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	15	8	<b>23</b>	-	12	12	<b>24</b>	-	12	13	<b>25</b>
Office staff	262	1,509	695	<b>2,466</b>	361	1,739	662	<b>2,762</b>	479	1,817	735	<b>3,031</b>
Operators	137	1,424	658	<b>2,219</b>	230	1,490	688	<b>2,408</b>	236	1,484	784	<b>2,504</b>
<b>Total</b>	<b>399</b>	<b>2,948</b>	<b>1,361</b>	<b>4,708</b>	<b>591</b>	<b>3,241</b>	<b>1,362</b>	<b>5,194</b>	<b>715</b>	<b>3,313</b>	<b>1,532</b>	<b>5,560</b>

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

<i>no. of persons</i>	2014				2015				2016			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	52	45	<b>97</b>	-	46	52	<b>98</b>	-	62	44	<b>106</b>
Office staff	282	1,192	351	<b>1,825</b>	299	1,202	365	<b>1,866</b>	298	1,200	376	<b>1,874</b>
Manual workers	850	2,589	1,307	<b>4,746</b>	881	2,615	1,242	<b>4,738</b>	845	2,719	1,257	<b>4,821</b>
<b>Total</b>	<b>1,132</b>	<b>3,833</b>	<b>1,703</b>	<b>6,668</b>	<b>1,180</b>	<b>3,863</b>	<b>1,659</b>	<b>6,702</b>	<b>1,143</b>	<b>3,981</b>	<b>1,677</b>	<b>6,801</b>

**COFIDE Group – Staff turnover by gender and age group (2016)\***

<i>no. of persons</i>	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	342	666	181	<b>1,189</b>	15.7%	192	546	336	<b>1,074</b>	14.2%
Women	210	458	108	<b>776</b>	11.5%	79	311	216	<b>606</b>	9.0%
<b>Total</b>	<b>552</b>	<b>1,124</b>	<b>289</b>	<b>1,965</b>	13.7%	<b>271</b>	<b>857</b>	<b>552</b>	<b>1,680</b>	11.7%

**COFIDE Group – Staff turnover by gender and age group (2015)\***

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

**COFIDE Group – Staff turnover by gender and age group (2014)\***

<i>no. of persons</i>	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	339	429	250	1,018	<b>13.8%</b>	226	382	319	927	<b>12.5%</b>
Women	178	345	107	630	<b>10.0%</b>	161	449	158	768	<b>12.1%</b>
<b>Total</b>	<b>517</b>	<b>774</b>	<b>357</b>	<b>1,648</b>	<b>12.0%</b>	<b>387</b>	<b>831</b>	<b>477</b>	<b>1,695</b>	<b>12.4%</b>

*\*Sogefi's turnover for 2014 was calculated on 6,653 employees, equal to 99.8% of the total; for 2015 it was calculated on 6,685 employees, equal to 99.7% of the total; for 2016 it was calculated on 6,791 employees, equal to 99.9% of the total. KOS's turnover figures include just employees with permanent contracts.*

GEDI/Espresso – Employees belonging to protected categories									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	-	-	-	-	-	-	-	-	-
Journalists	-	-	-	-	-	-	-	-	-
Office staff	35	30	65	34	29	63	42	19	61
Manual workers	13	3	16	14	4	18	8	1	9
<b>Total</b>	<b>48</b>	<b>33</b>	<b>81</b>	<b>48</b>	<b>33</b>	<b>81</b>	<b>50</b>	<b>20</b>	<b>70</b>

KOS - Employees belonging to protected categories									
no. of persons	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	-	-	-	-	-	-	-	-	-
Office staff	29	57	86	29	60	89	31	58	89
Operators	21	77	98	20	74	94	19	79	98
<b>Total</b>	<b>50</b>	<b>134</b>	<b>184</b>	<b>49</b>	<b>134</b>	<b>183</b>	<b>50</b>	<b>137</b>	<b>187</b>

## Compensation

GEDI/Espresso - Ratio of basic pay of women to that of men			
	2014	2015	2016
Executives*	n.a.	n.a.	84%
Journalists	n.a.	n.a.	84%
Office staff	n.a.	n.a.	80%
Manual workers	n.a.	n.a.	74%

GEDI/Espresso – Ratio of average pay of women to that of men			
	2014	2015	2016
Executives*	80%	81%	79%
Journalists	81%	80%	79%
Office staff	88%	83%	82%
Manual workers	87%	76%	71%

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

KOS – Ratio of basic pay of women to that of men			
	2014	2015	2016
Executives	89%	94%	88%
Office staff	72%	79%	81%
Operators	86%	89%	100%

KOS - Ratio of average pay of women to that of men			
	2014	2015	2016
Executives	89%	92%	89%
Office staff	69%	76%	77%
Operators	84%	87%	99%

Sogefi – Ratio of basic pay of women to that of men*			
	2014*	2015*	2016*
Executives**	76%	79%	89%
Office staff	70%	75%	78%
Manual workers	86%	89%	86%

Sogefi - Ratio of average pay of women to that of men *			
	2014*	2015*	2016*
Executives**	67%	74%	79%
Office staff	71%	76%	80%
Manual workers	86%	89%	85%

\* The ratios of the basic pay and the average pay of women to that of the men of Sogefi in 2014 were calculated on a total of 6,653 employees, equal to 99.8% of the total; in 2015 they were calculated on a total of 6,685 employees, equal to 99.7% of the total; in 2016 they were calculated on a total of 6,791 employees, equal to 99.9% of the total.

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



## Training

CIR -- Average hours of training by professional category and gender									
no. of hours	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	1.2	-	1.1	7.0	-	6.2	12.1	-	10.6
Managers	-	-	-	-	6.9	6.9	-	6.6	6.6
Office staff	1.6	12.0	7.7	8.0	26.4	18.8	4.4	27.2	19.1
<b>Total</b>	<b>1.3</b>	<b>5.6</b>	<b>3.5</b>	<b>7.4</b>	<b>15.5</b>	<b>11.8</b>	<b>8.9</b>	<b>17.1</b>	<b>13.7</b>

GEDI/Espresso - Average hours of training by professional category and gender									
no. of hours	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	n.a.	n.a.	n.a.	17.6	10.2	16.1	15.4	4.1	13.3
Journalists	n.a.	n.a.	n.a.	6.2	6.6	6.3	0.3	0.5	0.4
Office staff	n.a.	n.a.	n.a.	5.6	7.2	6.3	7.4	6.9	7.1
Manual workers	n.a.	n.a.	n.a.	0.8	1.0	0.9	0.5	0.8	0.6
<b>Total</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>5.7</b>	<b>6.6</b>	<b>6.0</b>	<b>3.5</b>	<b>4.0</b>	<b>3.7</b>

KOS - Average hours of training by professional category and gender *									
no. of hours	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	9.3	13.0	10.1	3.3	6.1	3.9	6.3	7.4	6.5
Office staff	9.4	8.4	8.6	10.3	11.5	11.2	9.5	10.3	10.1
Operators	8.4	7.3	7.4	9.0	8.4	8.5	11.4	9.5	9.8
<b>Total</b>	<b>9.0</b>	<b>7.8</b>	<b>8.1</b>	<b>9.7</b>	<b>9.9</b>	<b>9.9</b>	<b>10.0</b>	<b>9.9</b>	<b>9.9</b>

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

Sogefi – Average hours of training by professional category and gender									
no. of hours	2014*			2015*			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	5.4	11.1	5.7	6.5	14.0	7.0	11.6	7.8	11.2
Office staff	16.7	15.1	16.3	16.7	16.7	16.7	22.9	21.7	22.6
Manual workers	14.5	10.3	13.5	13.1	8.3	11.9	18.2	15.8	17.7
<b>Total</b>	<b>15.0</b>	<b>11.7</b>	<b>14.1</b>	<b>14.0</b>	<b>10.7</b>	<b>13.2</b>	<b>19.4</b>	<b>17.5</b>	<b>18.9</b>

\*The average hours of training provided for the employees of Sogefi were calculated in 2014 on a total of 6,653 employees, equal to 99.8%; in 2015 they were calculated on a total of 6,685 employees, equal to 99.7% of the total; in 2016 they were calculated on a total of 6,791 employees, equal to 99.9% of the total.

## Health and safety

COFIDE Group – Health and safety indicators*						
	2015			2016		
	Men	Women	Total	Men	Women	Total
Serious injury index <sup>1</sup>	119.8	95.5	109.0	70.3	82.1	75.7
Occupational disease index <sup>2</sup>	0.1	0.3	0.2	0.3	0.2	0.3
Rate of absenteeism <sup>3</sup>	3.8%	4.9%	4.3%	5.6%	6.8%	6.2%
Injury rate <sup>4</sup>	4.8	6.2	5.4	4.4	6.3	5.2

1. The serious injury index 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 index is the ratio of the number of cases of occupational disease to the total number of hours worked in the same period, multiplied by 200,000.

3. The rate of absenteeism 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 serious injury index, the occupational disease index and the injury rate were calculated for 2015 on 6,685 employees, equal to 99.7% of the total; the rate of absenteeism was calculated on 6,537 employees, equal to 97.5% of the total. For 2016 the serious injury index, the occupational disease index and the injury rate were calculated on 6,791 employees, equal to 99.9% of the total; the rate of absenteeism was calculated on 6,364 employees, equal to 93.6%.

## Environment

COFIDE Group – Energy consumption*						
	2014		2015		2016	
	Total	Total GJ	Total	Total GJ	Total	Total GJ
Electricity	333,025,730 kWh	1,198,885	346,775,188 kWh	1,248,383	362,157,079 kWh	1,303,757
Natural gas	43,495,965 m <sup>3</sup>	1,696,778	45,500,717 m <sup>3</sup>	1,774,983	46,262,047 m <sup>3</sup>	1,804,682 GJ

\*The figures for Sogefi include all the production plants of the Group but do not include some administrative offices the energy consumption of which are not significant. The electricity and natural gas consumption figures for some of KOS's facilities may have been estimated.

For electricity, 1 kWh = 0.0036 GJ

For natural gas, 1 m<sup>3</sup> = 0.03901 GJ

COFIDE Group - Carbon footprint (t CO <sub>2</sub> eq)			
t CO <sub>2</sub> eq	2014	2015	2016
<b>Scope 1</b> – Direct emissions	81,989	85,768	87,202
<b>Scope 2</b> – Indirect emissions associated with the generation of electricity	97,714	103,834	100,206
<b>Total Carbon Footprint</b>	<b>179,703</b>	<b>189,602</b>	<b>187,408</b>

COFIDE Group – Waste production (t)*						
tonnes	2014		2015		2016	
	Total	%	Total	%	Total	%
Non-hazardous	22,803	79%	24,388	71%	30,673	77%
Hazardous	5,913	21%	9,830	29%	9,385	23%
<b>Total</b>	<b>28,716</b>	<b>100%</b>	<b>34,218</b>	<b>100%</b>	<b>40,058</b>	<b>100%</b>

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

COFIDE Group – Methodologies for disposing of waste (t)				
tonnes	2016			
	Hazardous	Non-hazardous	Total	% of total
Re-use	36	5,305	5,341	13%
Recycling	598	14,594	15,192	38%
Recovery	436	1,431	1,867	5%
Incineration	749	417	1,166	3%
Landfill	1,335	3,241	4,576	11%
Other*	6,231	5,685	11,916	30%
<b>Total</b>	<b>9,385</b>	<b>30,673</b>	<b>40,058</b>	<b>100%</b>

\*The category "other" refers to various methods of waste disposal such as storage in loco, deep well injection and composting.

COFIDE-CIR, GEDI/Esspresso, Sogefi – Water withdrawal by type of source (m <sup>3</sup> )*		
m <sup>3</sup>	2015	2016
Mains supply	384,311	388,112
River	1,284,163	814,967
Ground	387,563	374,850
<b>Total</b>	<b>2,056,038</b>	<b>1,577,929</b>

\*The figures for KOS's water use are not available.

## Scope of the material aspects of the COFIDE group

MATERIAL ASPECTS	Scope of material aspects	
Categories	Internal	External
<b>Economic</b>		
Economic performance	COFIDE Group	-
<b>Environmental</b>		
Energy	COFIDE Group	-
Water	COFIDE-CIR, GEDI, Sogefi	-
Emissions	COFIDE Group	-
Discharge and waste	COFIDE Group	-
Products and services	GEDi, Sogefi	-
Transport	GEDi, Sogefi	-
<b>Social</b>		
<b>Subcategory: Work practices and adequate working conditions</b>		
Industrial relations	COFIDE Group	-
Health and safety in the workplace	COFIDE Group	-
Training and education	COFIDE Group	-
Diversity and equal opportunities	COFIDE Group	-
Equal pay for men and women	GEDi, KOS, Sogefi	-
<b>Social</b>		
<b>Subcategory: Human rights</b>		
Freedom of association and collective bargaining	COFIDE Group	-
Evaluation of suppliers based on human rights	COFIDE Group	Suppliers
<b>Social</b>		
<b>Subcategory: Society</b>		
Local community	COFIDE Group	-
Anti-corruption	COFIDE Group	-
Public policies	COFIDE Group	-
<b>Social</b>		
<b>Subcategory: Product responsibility</b>		
Health and safety of consumers	KOS, Sogefi	-
Labelling of products and services	GEDi, Sogefi	-
Customer privacy	COFIDE Group	-

## GRI (Global Reporting Initiative) content index

The Sustainability Report for 2016 of the COFIDE Group was prepared based on the guidelines of the Global Reporting Initiative GRI G4 according to the option “In accordance – Core”. The chart below shows the information for the group based on the GRI G4 guidelines with reference to the materiality analysis of the COFIDE group.

Indicator		Page
<b>GENERAL STANDARD DISCLOSURES</b>		
<b>Strategy and analysis</b>		
G4 - 1	Declaration by the most senior decision-maker about the importance of sustainability for the organization and its strategy	3
<b>Organizational profile</b>		
G4 - 3	Name of the organization	5; 8
G4 - 4	Primary brands, products and services	8-11
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G4 - 10	Characteristics of the workforce	38-44; 68-71
G4 - 11	Percentage of employees covered by collective bargaining agreements	46-47
G4 - 12	Description of the organization's supply chain	36-37
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G4 - 14	Application of the precautionary approach to risk management	3; 15-17
G4 - 15	Subscription to or adoption of codes of conduct, principles and charters developed by external entities/associations relating to economic, social and environmental performance	14-17
G4 - 16	Participation in national and/or international business associations in which the organization has a position in governing bodies	14
<b>Identified material aspects and boundaries</b>		
G4 - 17	Operating structure of the organization, considering the main divisions, operating companies, subsidiaries and joint ventures	5; 8
G4 - 18	Process for defining the content of the Sustainability Report	21-22
G4 - 19	Material aspects identified	21-22; 76
G4 - 20	Material aspects within the organization	21-22; 76
G4 - 21	Material aspects outside the organization	21-22; 76
G4 - 22	Changes in information compared to previous Sustainability Report	4-5
G4 - 23	Significant changes in terms of objectives and scope compared to previous Sustainability Report	4-5
<b>Stakeholder engagement</b>		
G4 - 24	Categories and groups of stakeholders engaged by the organization	19-21
G4 - 25	Stakeholder identification process	19-21
G4 - 26	Approach to stakeholder engagement, including frequencies and types of activity	19-21
G4 - 27	Key aspects that emerged from stakeholder engagement	19-21
<b>Report profile</b>		
G4 - 28	Accounting period of the Sustainability Report	4
G4 - 29	Date of publication of previous Sustainability Report	The previous COFIDE Group Sustainability Report was published in August 2016
G4 - 30	Accounting cycle	This is the second Sustainability Report of the COFIDE Group, which will be

		followed annually by other Sustainability Reports
G4 - 31	Contacts for information on the Sustainability Report	5
G4 - 32	Index of GRI contents	77-80
G4 - 33	External assurance policies and practices	81-82
<b>Governance</b>		
G4 - 34	Governance structure of the organization	15-16
<b>Ethics</b>		
G4 - 56	Values, principles, standards and rules of conduct of the organization	14

Indicator		Page	Omission
<b>SPECIFIC STANDARD DISCLOSURES</b>			
<b>ECONOMIC INDICATORS</b>			
<b>MATERIAL ASPECT: Economic performance</b>			
G4 - DMA	General information on management approach	23-25	
G4 - EC1	Direct economic value generated and distributed	23-25	
<b>ENVIRONMENTAL INDICATORS</b>			
<b>MATERIAL ASPECT: Energy</b>			
G4 - DMA	General information on management approach	57-61	
G4 - EN3	Internal energy consumption	57-61; 75	
G4 - EN6	Reduction of energy consumption	57-61; 75	
<b>MATERIAL ASPECT: Water</b>			
G4 DMA	General information on management approach	67	
G4-EN8	Water withdrawal by source	67; 75	
<b>MATERIAL ASPECT: Emissions</b>			
G4 - DMA	General information on management approach	57-63	
G4 - EN15	Direct greenhouse gas emissions (Scope I)	57-63; 75	
G4 - EN16	Greenhouse gas emissions generated by electricity consumption (Scope II)	57-63; 75	
<b>MATERIAL ASPECT: Discharges and waste</b>			
G4 - DMA	General information on management approach	64-66	
G4 - EN23	Total weight of waste by type and method of disposal	64-66; 75	
<b>MATERIAL ASPECT: Products and services</b>			
G4 - DMA	General information on management approach	26-33; 57-61	
G4 - EN27	Mitigation of impact of products and services on the environment	26-33; 57-61; 65	
<b>MATERIAL ASPECT: Transport</b>			
G4 - DMA	General information on management approach	57-58; 63; 65-66	
G4 - EN30	Significant impact on environment of transport of products and materials	57-58; 63; 65-66	
<b>SOCIAL INDICATORS</b>			
<b>Subcategory: Working practices and adequate working conditions</b>			
<b>ASPECT: Employment</b>			
G4 - DMA	General information on management approach	38-44	
G4 - LA1	Total number of new hires and turnover by age group, gender and geographical area	43;70	
<b>MATERIAL ASPECT: Industrial Relations</b>			
G4 - DMA	General information on management approach	46-47	
G4 - LA4	Minimum notice period for operational/organizational changes, specifying whether such conditions are included in collective bargaining or not	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	
<b>MATERIAL ASPECT: Health and safety in the workplace</b>			
G4 - DMA	General information on management approach	51-52	
G4 - LA6	Type of injury, rates of injury in the workplace, occupational diseases, lost day rate, absenteeism and total number of fatalities, by geographical area and by gender	51-52; 74	
<b>MATERIAL ASPECT: Training and education</b>			
G4 - DMA	General information on management approach	48-49	
G4 - LA9	Average hours of training per year per employee by gender and employee category	48-49; 73	
<b>MATERIAL ASPECT: Diversity and equal opportunities</b>			
G4 - DMA	General information on management approach	38; 44-47	
G4 - LA12	Composition of governance and breakdown of employees by gender, age and other indicators of diversity	16; 44-47; 68-72	
<b>MATERIAL ASPECT: Equal pay for men and women</b>			
G4 - DMA	General information on management approach	44-47	
G4 - LA13	Ratio of basic salary of women to that of men by employment category by significant locations of operation	72	
<b>Subcategory: Human rights</b>			
<b>MATERIAL ASPECT: Freedom of association and collective bargaining</b>			
G4 - DMA	General information on management approach	46-47	
G4 - HR4	Risks to the freedom of association and collective bargaining	46-47	
<b>MATERIAL ASPECT: Human rights assessment of suppliers</b>			
G4 - DMA	General information on management approach	36-37	
G4 - HR11	Significant actual or potential negative human rights impacts in the supply chain and actions undertaken	36-37	
<b>Subcategory: Society</b>			
<b>MATERIAL ASPECT: Local communities</b>			
G4 - DMA	General information on management approach	53-56	
G4 - SO1	Intervention carried out involving the local community, impact on the community, development programmes	53-56	
<b>MATERIAL ASPECT: Anti-corruption</b>			
G4 - DMA	General information on management approach	13-15	
G4 - SO4	Percentage of workers who have received training on anti-corruption policies and procedures	13	
G4 - SO5	Information and training on anti-corruption policies and procedures	There were no corruption incidents during 2016	
<b>MATERIAL ASPECT: Public policies</b>			
G4 - DMA	General information on management approach	14	
G4 - SO6	Total monetary value of financial and in-kind political contributions made directly and indirectly to political parties by country and beneficiary	14	
<b>Subcategory: Product responsibility</b>			
<b>MATERIAL ASPECT: Health and safety of the consumer</b>			
G4 - DMA	General information on management approach	26-27; 33-35	
G4 - PR1	Health and safety of products and services	26-27; 33-35	
<b>MATERIAL ASPECT: Labelling of products and services</b>			
G4 - DMA	General information on management approach	26-27; 33-35	

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	26-27; 33-35	
<b>MATERIAL ASPECT: Customer privacy</b>			
G4 - DMA	General information on management approach	26-27; 33-35	
G4 - PR8	Number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No complaints were filed during 2016	



## INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of  
COFIDE-Gruppo De Benedetti S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of the COFIDE group (the "group") as of December 31, 2016.

### *Directors' responsibility on the Sustainability Report*

The Directors are responsible for the preparation of the Sustainability Report in accordance with the "G4 Sustainability Reporting Guidelines" issued in 2013 by GRI - Global Reporting Initiative, as stated in the paragraph "Methodological Note" of the Sustainability Report, and for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining the COFIDE group's objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

### *Auditors' responsibility*

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

The procedures performed on the Sustainability Report included inquiries, primarily with companies personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

These procedures consisted in verifying its compliance with the principles for defining report content and quality set out in the "G4 Sustainability Reporting Guidelines", and are summarized as follows:

- comparing the economic and financial information and data reported in the chapter "Economic responsibility" of the Sustainability Report with those included in the group consolidated financial statements as of December 31, 2016, on which Deloitte & Touche S.p.A. issued the report pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January, 2010, dated April 5, 2017;
- analysing, through interviews, the governance system and the management process of the matters related to sustainable development regarding the strategy and operations of the group;

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- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate. In particular, we have performed:
  - interviews and discussions with the management of the COFIDE group to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;
  - analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the Sustainability Report in relation to the guidelines identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report;
- analysing the stakeholders' engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the President of COFIDE-Gruppo De Benedetti S.p.A. on the compliance of the Sustainability Report with the guidelines identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report, as well as the reliability and completeness of the data and information disclosed.

The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

#### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the COFIDE group as of December 31, 2016 is not prepared, in all material respects, in accordance with the "G4 Sustainability Reporting Guidelines" issued in 2013 by GRI - Global Reporting Initiative, as stated in the paragraph "Methodological Note" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
Partner

Milan, Italy  
July 28, 2017

*This report has been translated into the English language solely  
for the convenience of international readers.*

**COFIDE**

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