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Welcome to the eighth edition of our Sustainability Report, now a regular event in Florim’s external reporting, which this year I would like to dedicate, most affectionately, to the memory of my brother Carlo.

I am once again proud to present you with the profile of a group that has faced profound changes and unfavorable market conditions with the right spirit from the outset. They sought the ingredients for its success in human values, passion, integrity, and last but not least, a tireless commitment to improvement.

2015 has been another year of major projects—once again including large investments in technology in America and Italy, the start of production of large slabs, the opening of important flagship stores and other operations described in detail later in this document.

I continue to strongly believe in the importance of dedicating considerable human and financial resources to the modernization of our plants and the promotion of our image and to achieve a level of excellence recognized by our customers that will ensure us the best competitive advantage. You will see that we have succeeded in promoting our company’s values even more strongly within the organization, with a large number of events at the Florim Gallery and the health&training Center.

None of what we have achieved would have been possible without the tireless contribution of all of the group’s staff – in Italy and abroad. I sincerely thank them and encourage them to continue to improve and foster Florim’s values.

Enjoy the Report and thank you

Claudio Lucchese
Our Sustainability Report

About the Report

The Sustainability Report is a regular, voluntary reporting document which describes the outcome of a company’s operations in terms not only of financing and accounting, but also environmental and social factors, in regard to its overall sustainability. The Report responds to the need to dialogue with various groups of people (known as stakeholders) who have an interest in learning about the company’s operations because they are directly or indirectly affected by them. Writing and distributing this document enables Florim to communicate with its stakeholders with transparency, describe the results achieved and to lay out future goals, in a framework of mutual engagement, cooperation, and continual improvement.

The drafting of the Report

This is the eighth edition of the Florim Sustainability Report, issued annually to promote Corporate Social Responsibility both inside and outside of the company.
As in the past, this edition was drawn up with reference to the thematic areas and indicators recommended by the Global Reporting Initiative (GRI)—the most influential international guidelines on environmental, economic and social sustainability reporting.
For this edition specifically, Florim has referred to the GRI G4 standard as part of a process leading to the comprehensive adoption of the Guidelines through the gradual implementation of stakeholder engagement processes. The approach chosen for the drafting of the Sustainability Report is “in accordance” with the “core” level.
As already stated, this Report is intended as an aid to dialogue and therefore the language used is plain and direct, supported by the use of graphs and tables. The Report refers to all the companies in the Florim Group, on the same principle as in the consolidated financial statements. The figures provided in the “Reporting” section refer to our Italian location, while the final section contains a brief Sustainability Report for Florim USA.
The reporting process was coordinated by Florim’s Communications Department and supervised by the Finance Department, with the invaluable assistance of many colleagues—especially the staff of the Technical, Human Resources and Administration Departments.

Distribution

The 2015 Sustainability Report, also published in Italian, will be distributed as follows:
• distribution to all employees of the Italian and US locations
• publication of the PDF file on the corporate Intranet and the florim.it website
• distribution to member companies of the new “Aziende Modenesi per la RSI” (Modena companies for social responsibility) association
• mailing to local institutions and the relevant Trades Union delegations
• distribution to the local press and to the specialist press during exhibitions and site visits
• distribution to key customers and designers
• mailing to the main Italian organizations/bodies/associations operating in the areas of sustainability and the environment
MADE IN FLORIM

Over 50 years of history
over 1,300 employees worldwide
25 million square meters produced every year
374 million Euro of turnover
1,487 tons of CO₂ not emitted in 2015 thanks to the photovoltaic system

It takes more than figures to define a company. Today, passion, innovation, a constant commitment to improvement and corporate social responsibility are the key values central to a new way of doing business: the MADE IN FLORIM.

Our history
1962 Giovanni Lucchese pioneers the production of extruded clinker tiles. Floor Gres is founded in the heart of the Sassuolo production district.
1967 Floor Gres is the first Italian manufacturer to produce single-fired white body tiles.
1976 The Swimming Pool Division is established within Floor Gres.
1981 Floor Gres is one of the first companies in the world to start the manufacture of porcelain stoneware tiles.
1984 Claudio Lucchese, son of the founder, takes over the reins at Floor Gres after his father’s untimely death.
1990 Floor Gres acquires Cerim Ceramiche.
1992 Floor Gres and Cerim merge to create Florim.
1994 Florim acquires Rex Ceramiche Artistiche.
1995 The Project Division, forerunner of today’s Florim Solutions, is created.
2000 Incorporation of Florim USA, a production and distribution company which was to become a leader on the American market.
2005 Florim acquires Casa dolce casa.
2006 The Casamood brand is born.
2011 A logistics hub is opened in Brazil.
2012 Florim marks 50 years in business.
2013 The new multifunctional Florim Gallery is opened and the Florim Logistics area is completed. The Fondazione Ing. Giovanni Lucchese foundation is established.
2014 MaKer s.r.l. is incorporated - Following radical renovation, the Mordano plant is equipped with the latest production technologies, including the large slab line.
2015 The Milan Flagship Store moves to a location in the very heart of the city. A new Florim showroom opens in the center of New York.
Our locations

The map shows the group’s headquarters, showrooms, production plants, and logistic hubs. Florim brand products are available from top clients, dealers, and importers internationally.

Our brands

**Floor Gres** is the brand specifically for innovative architectural projects. The Floor Gres product range meets all of the varied needs of contemporary architecture in terms of design, technical capabilities, and environmental standards.

**Rex** is the brand which denotes stylistic excellence, with products inspired by precious natural materials (leather, horn, wood, marble and stone), exquisite coordinated coverings in which the surfaces interact to generate a new language in home design.

**Cerim** is the brand that focuses primarily on color and decoration. Coverings designed on an integral basis, to make the most of all parts of the home and offer young, dynamic solutions that adapt to the most diverse interior design contexts.

**Casa dolce casa and Casamood:** The former brand is intended for high-end residential architecture and offers attractively blended colors and surfaces drawn from nature to create warm interiors. Casamood is a range of matching colors and surfaces that combine porcelain stoneware with other types of materials. Architectural design effects are blended with the language of interior decoration to create new types of relationships.

**Florim USA** is the brand of the American subsidiary; its porcelain stoneware tiles for residential and commercial use (manufactured in Clarksville, Tennessee), are tailored to suit the tastes of a wide market band.

Our design service

As well as the product in and of itself, Florim offers a unique level of technical support throughout the various design phases. From the feasibility study to the final installation, **Florim Solutions** works side by side with the architect, providing skills and experience whenever the style and performance of porcelain stoneware tiles become fundamental to the project.
Our 2015

This section describes Florim’s main achievements, projects, and awards it received during 2015.

Milestones achieved

After an investment of over 25 million Euros, the subsidiary MaKer s.r.l. began the production of large slabs—resulting in the complete restructuring of the plant. 2015 also saw a major investment plan at FLORIM USA. New plants and state-of-the-art technologies were installed at the production location in Clarksville, Tennessee. March saw the opening of the new Milan showroom at Foro Buonaparte 14/N1, right in the center of the city. A new gatehouse was also built and put into use at the Fiorano Modenese site, optimizing ingoing and outgoing flows and also meeting the standards required for AEO customs certification. Last but not least, December saw the opening of the new Flagship Store in the heart of New York, to boost the direct sale of products on the North American market.

The health&training Center hosted important international conferences for Sassuolo Hospital’s doctors and paramedics. It also hosted five “health meetings” for employees and civilians to attend, resulting in over 370 participants. This is a great reflection of the strong bond between the company and the surrounding community.

New projects

As befits a company that combines local community artistic and historical heritage, Florim has joined Intrapresae Collezione Guggenheim—a partnership to support the conservation and promotion of the Peggy Guggenheim Art Collection in Venice.

2015 witnessed the launch of Florim4Architects, an integrated web platform specifically for developers, architects and designers. A large number of events for industry professionals, specialist talks, and two competitions offering awards for the most innovative ideas, attracted a high level of international interest and reflected the Group’s desire to intensify its dialogue with its potential business partners. Last but not least, the Group supplied material for the construction of the Azerbaijan pavilion at Expo 2015, described by the media as “the Expo’s finest gem”.

New awards

The Florim health&training center received a special mention in the first edition of the “Corporate Social Responsibility Award” established by the Emilia Romagna region to promote a culture of social responsibility in the business community. Florim’s continual investments in the green economy and constant prioritization of the environment won it the FIRE “White Certificates for Energy Efficient Industry” award.

Thanks to the constant hard work of all company departments, Florim succeeded in gaining sought-after AEO customs certification; please refer to the specific section of this Report for further details. Florim also received an honorable mention from the judges for the “Ceramics and Architecture” award, organized by the Confindustria Ceramica Industrialists’ Association in association with Cersaie.

The new Magnum Oversize slabs were selected for inclusion in the ADI Design Index, the guide to the most innovative products in Italian industrial design, and will thus compete for the ADI Compasso d’Oro 2016 award.

New products

Just 6 millimeters thick, in 9 different sizes and inspired by a variety of materials, the large slabs of the Magnum Oversize collection are designed for the complete interior covering of homes: not just on floors and walls but also for counter-tops and on furniture. Table, kitchen and bathroom counters, doors, and fireplaces are just some of the potential uses.
The Florim Gallery hosted a busy schedule of events during 2015. The Fiorano Modenese showroom was the location for events involving about 11,000 people, including business events, gala soirées, conferences, workshops, customer receptions, and events for the community at large.

Events of public interest

As part of its CSR program, Florim hosted:

- “Dal buio alla luce” [“From darkness to light”] - an awareness-raising talk on violence against women
- The XXVIII Premio Lucchese – Annual award ceremony for the presentation of the Giovanni Lucchese Prize
- Pallavolo SI_cura [“Volleyball for Health”] - an event raising awareness about cardiovascular diseases in sports or athletes
- “Nuovi Orizzonti” event - gala dinner organized by the “Nuovi Orizzonti” association
- Meeting with the members of the “Aziende Modenesi per la RSI” association
- Health meetings - Health education and promotion events organized in association with Sassuolo Hospital

Other events

The many events held in the Gallery for industry professionals, employees, and the local community, included:

- Trofeo Salvarola Terme - 16th Concours d’Élégance Trofeo Salvarola Terme, promoting classic cars and local food specialties and manufacturing
- Congress on Governance and Outcomes for the Health Professions
- Urology Conference - Two-day medical congress with surgical operations screened live
- Orthopedics Conference - Two-day medical congress sponsored by SIGASCOT
- Cersaie - Three evening events, with an original multimedia show, featured in the second “Made in Florim Gallery” program for Cersaie
- XVIII Regional Cardiology Congress - Regional Cardiology Congress sponsored by Sassuolo Hospital and the Emilia-Romagna Regional Health Service
- “Prospettive future dell’impresa italiana” [“Future Prospects for Italian Businesses”] - Meeting for entrepreneurs, with a presentation by Andrea Pontremoli

Watch the video of the “Nuovi Orizzonti” event
Rex – I Classici di Rex – Decò Wood Collection
GOVERNANCE

Code of Ethics

To maximize transparency and increase awareness of social responsibility amongst all members of the company, on 18 May 2011 the Florim Board of Directors approved the company's Code of Ethics and its Organization, Management and Control Model in compliance with Italian Legislative Decree 231/2001. In November 2014, the organizational model was reviewed and updated with the introduction of provisions concerning environmental crimes.

The process adopted for the approval and sharing of the contents of these documents led to the issue of a new mission statement and a definition of the company's core values, as follows:

Our mission

To manufacture ceramic tiles and materials for multiple uses and offer the most appropriate solutions for both interior design and architecture. To constantly prioritize environmental sustainability, attempting to satisfy the needs of customers, and to create value for shareholders, employees, and the local community, in compliance with the principles and rules of conduct set out in the Code of Ethics.

Our vision

To be at the cutting edge of technical and design innovation in ceramics, by developing materials and production methods that position us as a constant benchmark for customers, architects and competitors.

Our values

Honesty and Respect: all internal and external relationships must be based on honesty and respect for rules and dignity of the individual.

Corporate Social Responsibility: corporate social responsibility must be promoted through measures and practices adopted to support the local environment and community.

Individual Responsibility: everyone must be aware of the worth and consequences of their own actions.

Quality and Innovation: excellence must be pursued by improving products, processes and skills to promote corporate success.

Transparency: intentions and positions must be expressed openly and clearly, without misunderstandings or misrepresentation, to build lasting relationships based on trust both inside and outside the company.

Courage: a moral strength which enables us to undertake and deal with changes, difficulties and challenges to benefit from all the opportunities they offer.

Feeling of belonging: feeling proud to be a part of one big team, made up of the company, associates, customers, and suppliers.

Supervisory Board

The Supervisory Board, established to ensure the implementation of and conformity with the above, is tasked with reporting any non-compliances, and any irregularities or breaches of the Code of Ethics and Organizational Model must be reported to it.

All employees, shareholders, and stakeholders can also contact the Supervisory Board, (organismodivigilanza@florim.it) for further explanations regarding the interpretation and application of the corporate Code of Ethics. The procedures and communication channels used to contact the members of the Supervisory Board have been published on the Intranet and our corporate website.
Corporate structure

The share capital of Florim Ceramiche s.p.a., fully subscribed and paid-up, consists of 50,000,000 ordinary shares with a face value of 1 Euro each. The capital is 100% owned by the financial holding company FinFloor s.p.a., with registered office in Fiorano Modenese, which is in turn indirectly owned by the Lucchese family through Fin-Twin s.p.a.

The eleven members of the Florim Board of Directors are:

- CLAUDIO LUCHESE Chairman
- DONATO BRUNI Deputy Chairman
- MARIADELE LUCHESE Director
- ANNA LUCHESE Director
- FRANCESCA LUCHESE Director
- ERMES GIUSEPPE FERRARI Managing Director
- GIOVANNI GROSSI Managing Director
- OSCAR ISEPPI Managing Director
- DORVAN SAZZI Managing Director
- STEFANO TORRENTI Managing Director
- ARRIGO ZAPPAROLI Managing Director

The Board of Directors has a mandate of one year and new elections will coincide with the approval of the financial statements. The Board of Statutory Auditors is composed of three members whose term of office is three years, from their appointment on 8/5/2013 until approval of the 2015 financial statements. The financial statements of Florim s.p.a., and the consolidated financial statements of Finfloor s.p.a. are audited and certified by Deloitte s.p.a.
Management system policy

Guidelines of the quality, environment, safety and energy management system

Through the implementation of its system, Florim undertakes the following commitments:

• compliance with the current legal framework and relevant regulations, with particular reference to safety, the environment and energy, and the other standards voluntarily adopted and relevant to its organization

• a focus on customers as a fundamental resource for the company, identifying their needs and monitoring their level of satisfaction

• a focus on the protection of the health and safety of everyone in the company’s places of work

• a focus on the safeguarding of public health through the protection of the environment and continual improvement of energy performance in the socio-economic context in which Florim operates. This context is the manufacturing and sale of ceramic tiles. Suppliers operating in partnership with Florim are required to comply with its approach to quality, the environment, safety and energy use

• setting of measurable targets

• achievement of the target quality levels at the lowest possible costs, through measures to reduce processing waste and optimize the production process

• reduction of the number, duration, and gravity of events involving injuries on the production sites

• management of occupational health and safety in such a way as to prevent injuries and work-related illnesses

• optimization of the use of natural resources

• optimization of energy efficiency through the design and purchase of energy-efficient products and services

• continual improvement as a permanent corporate goal

• accountability and engagement of all levels of the organization, to constantly improve the efficacy and efficiency of all corporate processes

• the organization of training activities to improve the skills present within the individual corporate functions and foster the awareness of the impact of every single function on quality, the environment, health and safety, and energy saving

• measurement and monitoring of the efficacy of the quality, environment, safety, and energy systems by means of audits and management analysis, with review of the system if shortcomings or inefficiencies are identified

• adoption of organizational, commercial, design, and production methods which ensure the swift identification of the market’s demands and reduction of time to market and constant work to protect the environment, promote occupational health and safety and save energy

• Florim is committed to complying with the safety requirements of the international logistics chain under the AEO standards and encouraging its business partners to do the same
Stakeholders

Stakeholders are all individuals and groups who may influence or be influenced by a company's operations in terms of policies, products, and working processes: shareholders, employees, customers, suppliers, local government, the environment, the local community, banks, and trade unions.

Employees and Trade Unions

Florim makes the following commitments to its employees:
- to guarantee equal opportunities, fair pay, and professional growth
- to reward its human resources on the basis of transparent, meritocratic criteria
- to create safe working environments and processes
- to guarantee transparency and clarity in contract conditions
- to encourage dialogue and internal communications

Customers

In dealing with its customers, Florim is committed to:
- creating a relationship of trust as a stable basis for business
- guaranteeing the reliability of its products and developing customer service
- providing a diversified offering with services with high value added
- guaranteeing clarity in contracts and prices

Developers, architects and interior designers

To meet the needs of developers, Florim is committed to:
- offering solutions constantly at the technological and design state of the art
- establishing and fostering relationships with partner professionals
- providing consulting and technical expertise from the project concept through to installation
- supplying turnkey solutions

Local Communities and Local Government

In its relationships with local communities and local institutions, Florim is committed to:
- guaranteeing dialogue, cooperation and transparency
- giving value back to the local communities in the areas where it operates
- making an economic contribution to local sporting and social projects for children and young people

Environment

Florim’s commitments in its environmental management:
- to continually improve the environmental performances of products and processes
- to research, develop and use the most sustainable technologies

Suppliers

When selecting its suppliers Florim pays close attention to companies’ CSR practices. Florim’s relationships with its suppliers are based on compliance with the values of its code of ethics; otherwise, contracts are automatically terminated. Florim also guarantees certainty in payment times and compliance with contract terms provided the goods and services contracted are delivered as agreed.
Materiality approach

The new approach to the drafting of the Sustainability Report, with application of the GRI-G4 guidelines, has enabled Florim to establish its level of sustainability with consideration of relevant economic, environmental and social factors simultaneously for the entire Group (including Florim USA) and for all stakeholders. In fact, the contents have been selected and analyzed on the basis of the materiality principle, which underlies the internal and external analysis process. This approach has allowed the identification of the aspects which have impacted and could impact the organization’s ability to create value, and which are the basis for the choice of Florim’s sustainability indicators.

The internal analysis involved the top management and executive staff, who interface with the company’s stakeholders on a daily basis.

The external analysis, conducted outside the organisation itself, considered:

a) media analysis: survey of the paper and digital press to identify more than 600 domestic and international articles about Florim published in the last year
b) industry documents: Emas Study of the Fiorano and Sassuolo Ceramic Manufacturing District, GRI – “Sustainability Topics for Sector: What do Stakeholders want to Know?”
c) analysis of competitors: identification of 5 competitors, analysis of their Sustainability Reports and identification of material aspects.

Importance for stakeholders

<table>
<thead>
<tr>
<th>Importance for Florim spa</th>
<th>Importance for Florim spa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

- **Low**
  - Biodiversity
  - Absence of discrimination
  - Sustainable transport management
  - Protection of Human Rights
  - Training

- **Medium**
  - Prevention of corruption
  - Ethical supplier management
  - Transparency
  - Diversity and equal opportunities
  - Environment and safety

- **High**
  - Economic performance
  - Quality of products offered to customers
  - Raw materials
  - Energy efficiency
  - Water saving
  - Direct and indirect environmental impacts
  - Investments in the local community
  - Green products and services
  - Development of human resources
  - Regulatory compliance
  - Market share
  - Support for the local community
  - Indirect economic impacts
  - Economic performance
  - Market share
  - Support for the local community
  - Indirect economic impacts

**ENVIRONMENT** | **EMPLOYEES/ASSOCIATES** | **PRODUCT RESPONSIBILITY**
--- | --- | ---
**COMMUNITY** | **ECONOMIC PERFORMANCE** | **HUMAN RIGHTS**
# REPORTING

## In brief

### Economic profile

<table>
<thead>
<tr>
<th>FinFloor consolidated (in thousands of Euro)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings</td>
<td>304,612</td>
<td>315,344</td>
<td>325,853</td>
<td>329,533</td>
<td>374,094</td>
</tr>
<tr>
<td>EBITDA</td>
<td>53,265</td>
<td>59,608</td>
<td>72,986</td>
<td>84,395</td>
<td>98,115</td>
</tr>
<tr>
<td>Operating result</td>
<td>30,213</td>
<td>35,717</td>
<td>50,996</td>
<td>58,508</td>
<td>66,255</td>
</tr>
<tr>
<td>Gross cash flow</td>
<td>47,170</td>
<td>52,710</td>
<td>68,312</td>
<td>83,274</td>
<td>97,268</td>
</tr>
<tr>
<td>Net profit</td>
<td>17,824</td>
<td>26,103</td>
<td>35,732</td>
<td>36,433</td>
<td>43,324</td>
</tr>
<tr>
<td>Net financial indebtedness</td>
<td>(149,737)</td>
<td>(127,730)</td>
<td>(96,500)</td>
<td>(54,524)</td>
<td>(27,326)</td>
</tr>
<tr>
<td>Final inventory</td>
<td>112,966</td>
<td>95,514</td>
<td>84,432</td>
<td>90,283</td>
<td>92,795</td>
</tr>
<tr>
<td>Net shareholders' equity</td>
<td>167,202</td>
<td>186,905</td>
<td>218,847</td>
<td>276,916</td>
<td>332,721</td>
</tr>
<tr>
<td>Total investments</td>
<td>39,408</td>
<td>32,572</td>
<td>48,780</td>
<td>41,584</td>
<td>34,215</td>
</tr>
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</table>

### Environmental profile

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste produced (t)</td>
<td>30,705</td>
<td>30,228</td>
<td>21,170</td>
<td>22,300</td>
<td>30,862</td>
</tr>
<tr>
<td>Recycled third-party waste (t)</td>
<td>3,805</td>
<td>4,028</td>
<td>4,190</td>
<td>1,721</td>
<td>2,570</td>
</tr>
<tr>
<td>Total water consumption (m³) /</td>
<td>0.76</td>
<td>0.75</td>
<td>0.75</td>
<td>0.78</td>
<td>0.69</td>
</tr>
<tr>
<td>Finished product (t)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycled water percentage</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Self-generated energy as proportion of consumption</td>
<td>56%</td>
<td>67%</td>
<td>68%</td>
<td>62%</td>
<td>65%</td>
</tr>
<tr>
<td>Investments in environmental management (€,000)</td>
<td>9,867</td>
<td>13,617</td>
<td>2,493</td>
<td>1,995</td>
<td>465</td>
</tr>
</tbody>
</table>

### Social profile

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees at 31/12</td>
<td>1,058</td>
<td>1,037</td>
<td>992</td>
<td>984</td>
<td>982</td>
</tr>
<tr>
<td>Total number of training hours</td>
<td>9,175</td>
<td>14,690</td>
<td>9,124</td>
<td>9,056</td>
<td>7,176</td>
</tr>
<tr>
<td>Number of training hours on environment and safety</td>
<td>2,871</td>
<td>7,572</td>
<td>4,514</td>
<td>4,200</td>
<td>3,008</td>
</tr>
<tr>
<td>Number of workplace injuries</td>
<td>81</td>
<td>63</td>
<td>62</td>
<td>74</td>
<td>56</td>
</tr>
</tbody>
</table>

*Environmental and social profile figures refer to Florim Italy and MaKer. For Florim USA, refer to the designated section.*
Economic Responsibility

Comments on 2015 business data

The Group’s 2015 results were good from every point of view.

Compared to the previous year, turnover increased by 13.6%, leading, thanks to careful management of production costs, to an EBITDA of Euro 98.1 million, equivalent to 26.2% of turnover and a profit, after tax, of Euro 43.3 million.

The company’s financial data also significantly improved, with a net financial position of Euro 27.3 million compared to Euro 54.5 million at the end of 2014.

Once again, underlying the results achieved were large investments in latest-generation machinery and technologies, painstaking research to develop materials with exceptionally high technical and design content, human resources, and projects for the increasingly direct promotion of Florim’s image and quality standard.

Investments

Of the Euro 34 million invested in 2015, Euro 13.7 million was spent at the Maker plant in Mordano, on renovation of the raw material preparation department and the installation of two new lines for the rectification and treatment of both traditional stoneware tiles and slabs. A further 12.5 million Euros consisted of the third phase of investments in the Florim USA plant in America, where work began on the construction of the new raw material store. Also in the United States, Florim Solutions Inc. invested about 2.3 million Euros in the refurbishment of the Flagship Store on Madison Avenue in New York, which was created to showcase the Italian brands and opened in December 2015.

The work at the Via Canaletto plant costed about 6 million Euros and involved the construction of the new gatehouse and the installation of a new grade sorting line.

Flagship Store

A melting-pot of design, style, and new trends, Milan is increasingly a key reference point for both architectural professionals and artists. Wishing to strengthen itscontacts with these central figures in innovation, Florim chose Milan as the ideal location for a multi-purpose space to draw their attention to its values.

The Brera district, with its famous Academy, art galleries and its luxury brand showrooms, was obviously the ideal district for Florim. Therefore, in 2009 the Group opened its first permanent showroom on Via Fatebenefratelli and in 2015 it doubled the size of its Flagship Store by moving it to a location of about 1,000 square meters in Foro Buonaparte. The company’s determination to build closer relationships with the main figures in international architecture also led to the opening of a prestigious store in the center of Manhattan, New York, during 2015.

Last but not least, the aim for 2016 is to move the existing Flagship Store in Moscow, (Russia) to a larger, more luxurious site in another key position in the city.
Economic value generated and distributed

The figures for the economic value generated and distributed provide a clear explanation of how Florim has created wealth and redistributed it to its stakeholders. The table below contains the data from the 2015 financial statements of Florim, FinFloor and Maker approved by the Boards of Directors on 24 March and certified by the external auditor. The economic value directly generated is represented by the total earnings for 2015, while the economic value distributed includes the costs incurred for suppliers and employees, payments to the state (taxes), and the donations which had positive repercussions for the community to which Florim Spa belongs.

<table>
<thead>
<tr>
<th>Heading</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>253,125</td>
<td>269,855</td>
</tr>
<tr>
<td>Direct economic value generated</td>
<td>253,125</td>
<td>269,855</td>
</tr>
<tr>
<td>Operating costs</td>
<td>135,735</td>
<td>150,951</td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>56,985</td>
<td>58,149</td>
</tr>
<tr>
<td>Payments to providers of capital</td>
<td>7,413</td>
<td>6,399</td>
</tr>
<tr>
<td>Payments to government</td>
<td>15,738</td>
<td>13,162</td>
</tr>
<tr>
<td>Community investments</td>
<td>221</td>
<td>212</td>
</tr>
<tr>
<td>Economic value distributed</td>
<td>216,092</td>
<td>228,873</td>
</tr>
<tr>
<td>Economic value retained</td>
<td>37,033</td>
<td>40,981</td>
</tr>
</tbody>
</table>

The data in the table are in thousands of Euro and refer to the consolidated financial statements of the Italian companies only.

Key
- **Revenues**: net sales plus revenues from financial investments and sale of assets
- **Operating Costs**: payments to suppliers, non-strategic investments, royalties, payment facilitations
- **Employee wages and benefits**: employee wages and benefits for employees (current payments)
- **Payments to providers of capital**: all payments to the organization’s providers of capital
- **Payments to government**: gross taxes and duties
- **Community investments**: voluntary donations and investments in the community
- **Economic value retained**: calculated as economic value generated less economic value distributed. It includes investments, equity/release, etc.
Casa dolce casa – Pietre/3 Collection
Environmental Responsibility

Florim has a long-standing policy of carefully monitoring of its operations and their impact on the surrounding environment. Here we will summarize the main projects undertaken and the results achieved.

Our "green" projects in figures

<table>
<thead>
<tr>
<th><strong>Environmental Benefits</strong></th>
<th><strong>Quantitative Results</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>16,000 square meters of photovoltaic panels cover an area of 30,000 square meters</td>
<td><strong>CO₂</strong></td>
</tr>
<tr>
<td>2 highly-regarded process certifications: ISO14001 (ENVIRONMENT) and ISO 50001 (ENERGY)</td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>3 latest-generation kilns installed in the last two years</td>
<td><strong>2 cogeneration plants</strong></td>
</tr>
<tr>
<td>1 laboratory for the development of contemporary design projects with a specific focus on the materials' green content</td>
<td><strong>65%</strong></td>
</tr>
<tr>
<td>6,311 tons of CO₂ not emitted since the photovoltaic panels went into service</td>
<td><strong>1</strong></td>
</tr>
<tr>
<td>16,000 square meters of photovoltaic panels cover an area of 30,000 square meters</td>
<td><strong>646</strong></td>
</tr>
<tr>
<td>2 cogeneration plants</td>
<td><strong>65%</strong></td>
</tr>
<tr>
<td>100% is the percentage of wastewater recycled</td>
<td><strong>3 different types of environmental product certification</strong></td>
</tr>
<tr>
<td>57,138 bottles recycled inside the bonus scheme device</td>
<td><strong>57,138</strong></td>
</tr>
</tbody>
</table>
Certifications

Product certifications:

• Ecolabel
Ecolabel (EC Regulation 66/2010) is a certification granted to products which comply—throughout the various phases of their life cycles—with ecological and performance criteria set at a European level. It concerns raw material extraction, supplier selection, manufacturing processes, packaging, distribution, use and disposal. These criteria are periodically reviewed and made more restrictive to encourage continual improvement of environmental quality.

• Bureau Veritas - Recycled content
An ever-increasing number of ceramic tile collections bearing the Florim brands have earned certification from Bureau Veritas for their pre-consumer recycled material content. These articles are therefore fully eco-compatible and can meet the environmental sustainability requirements imposed by many international certifications.

• Membership of LEED (Leadership in Energy and Environmental Design)
In 2015 Florim renewed its registration with the U.S. Green Building Council (USGBC), the most important construction industry association created to promote the reduction of buildings' negative impact on the environment. To allow the effective monitoring of a project's level of sustainability, in 1999 the USGBC developed certification for designing sustainable buildings, known as the LEED Green Building Rating System. This certification—one of the most widely adopted in the international building industry—assesses and confirms the sustainability of a building in its entirety, from the design phase to its day to day management. As part of the system which makes up the building itself, Florim materials are able to help to gain LEED points in a number of areas. Full disclosure is applied to all the data for every collection in the range, which are made available on the Florim brand websites.

• Greenguard
Florim has achieved Greenguard certification for all its products. Issued by the American body UL Environment, this environmental product certification aims to reduce indoor pollution caused by interior design systems and materials. UL Environment thus aims to protect people's health by improving air quality and reducing exposure to chemicals and other pollutants. Florim has also achieved GREENGUARD Gold Certification, which imposes even stricter emission limits to confirm that a given product is suitable for use, even in locations such as schools and health care facilities.

System certifications:

• UNI EN ISO 14001
TÜV has awarded Florim the highly-regarded UNI EN ISO 14001 voluntary certification, which confirms its compliance with a series of internally certified procedures intended to improve the internal environmental management system. The decision to seek this certification springs from the desire to reconcile quality with efficiency and productivity while protecting the environment and community in which the company operates.

• UNI EN ISO 50001
Thanks to a careful energy management policy and aided by the latest investments in the production area also intended to improve energy efficiency, Florim was the world's first ceramics manufacturer to obtain ISO 50001 certification of its Energy Management System.

In addition to its environmental certifications, Florim has also been awarded prestigious AEO status:

• AEO – Authorized Economic Operator
Further to a lengthy and demanding audit process by the Customs Authorities, in 2015 Florim was awarded AEO certification, the first company in the Province of Modena to receive this major form of approval. Authorized Economic Operator status guarantees the company’s absolute compliance with customs and security requirements in its foreign trade.
Environmental management

Florim’s operations have always been oriented towards optimization of impact on the local community and environment. Thanks to the work of its research laboratories, the support of all staff and the recent investment plans, tangible results have been achieved - in spite of a significant increase in production - as proven by the data set out below and the annual renewals of the various forms of environmental certification. The company’s commitment to environmental protection is all-inclusive, and also comprises a focus on the district within which it operates. One example is the total removal of all asbestos cement from the Fiorano Modenese plant and the creation of the new recycling station donated to the Local Authority as a public service.

Confirming its commitment to eco-sustainability, during 2015 Florim was not fined for any breaches of environmental regulations or laws.

Waste management

Apart from the materials recycled within the production cycle (greenware scraps, dust residues from filters, sludge from the wastewater treatment and rectification process), production waste subdivides into:
- **non-dangerous recyclable waste**, such as paper and cardboard, fired scraps, plastic, glass and wood
- **non-dangerous disposed-of waste**, such as the waste picked up by the motor sweepers
- **dangerous recyclable waste**, such as spent oil, batteries, and monitors
- **dangerous disposed-of waste**, such as spent lime.

### Waste

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste produced (t)</td>
<td>30,705</td>
<td>30,228</td>
<td>21,170</td>
<td>22,300</td>
<td>30,862 (*)</td>
</tr>
<tr>
<td>Non-dangerous recyclable waste (%)</td>
<td>99.04</td>
<td>98.94</td>
<td>98.22</td>
<td>98.50</td>
<td>99.10</td>
</tr>
<tr>
<td>Non-dangerous disposed-of waste (%)</td>
<td>0.17</td>
<td>0.18</td>
<td>0.42</td>
<td>0.2</td>
<td>0.19</td>
</tr>
<tr>
<td>Dangerous recyclable waste (%)</td>
<td>0.05</td>
<td>0.04</td>
<td>0.07</td>
<td>0.1</td>
<td>0.06</td>
</tr>
<tr>
<td>Dangerous disposed-of waste (%)</td>
<td>0.74</td>
<td>0.83</td>
<td>1.3</td>
<td>1.2</td>
<td>0.7</td>
</tr>
<tr>
<td>Third-party waste recycled within the production process (t) (**))</td>
<td>3,805</td>
<td>4,028</td>
<td>4,190</td>
<td>1,721</td>
<td>2,570</td>
</tr>
</tbody>
</table>

(*) The increased waste production is due to the renovation work at the Maker Srl plant.
(**) Besides recycling waste from its own production cycle (not specified in the table), Florim also recycles third party waste.

Water resources

No environmental impact of wastewater discharges is specified since all the water from the production cycle is completely reused. All other effluents comply with legal requirements.

### Water Use

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water consumption (m³) / finished product (t)</td>
<td>0.76</td>
<td>0.75</td>
<td>0.75</td>
<td>0.78</td>
<td>0.69</td>
</tr>
</tbody>
</table>

The figure states the total cubic meters of water used per ton of finished product. The water used in the Fiorano production process is drawn from private, company-owned wells, with water from the public main only used for non-industrial purposes. Maker is supplied by an industrial water main. Water use is measured by means of meter readings.
As the materiality assessment states, Florim has no significant impacts on the biodiversity of its local area since the company is located inside the Fiorano Modenese ceramics manufacturing district, at least 5 Km from the nearest nature reserve of Salse di Nirano. Florim takes special care over the choice of the raw materials used for its tile body mixes, which it is required to provide documentation guaranteeing compliance with the European Directives protecting wild birds (EU Dir. 79/409/EEC) and habitats (EU Dir. 92/43/EEC) and the United Nations Convention on the protection of biodiversity.

Packaging and coverings

All packaging used for Florim materials is made from recycled paper and parts of the coverings used to protect pallets of finished products consist of recycled plastic.

In 2015, three new packaging machines were installed in the grade sorting department of the Maker plant. They use considerably less cardboard than conventional packaging machines.

Energy management

There is no disputing that large amounts of energy are required to power the production processes of ceramic tile plants, with consequent direct and impacts on the local area and the environment.

The main indicator used to measure plants’ energy performance is the mean specific total energy consumption (TEJ) measured in GJ/t of product transferred to stock. As the table below shows, this figure is obtained by adding together heat consumption (NGJ) and electricity used (EEJ).

The points made in the introduction to the environmental management system on the production of tile body mixes for sale should also be borne in mind here.

<table>
<thead>
<tr>
<th>Parameter– Definition</th>
<th>Unit of measurement</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGJ</td>
<td>Mean specific natural gas consumption in relation to the unit of weight of finished product transferred to stock</td>
<td>GJ/t</td>
<td>5.70</td>
<td>5.57</td>
<td>5.71</td>
<td>5.76</td>
</tr>
<tr>
<td>EEJ</td>
<td>Mean specific electricity consumption in relation to the unit of weight of product transferred to stock</td>
<td>GJ/t</td>
<td>1.10</td>
<td>1.11</td>
<td>1.08</td>
<td>1.11</td>
</tr>
<tr>
<td>TEJ</td>
<td>Mean total specific energy consumption in relation to the unit of weight of product transferred to stock</td>
<td>GJ/t</td>
<td>6.80</td>
<td>6.68</td>
<td>6.79</td>
<td>6.86</td>
</tr>
<tr>
<td>%</td>
<td>Self-generated electricity as a proportion of consumption</td>
<td>%</td>
<td>56</td>
<td>67</td>
<td>68</td>
<td>62</td>
</tr>
</tbody>
</table>

With the completion of the cogeneration turbines and photovoltaic plant, the company certainly sets a new benchmark for the entire ceramic tile industry. Its efforts in this direction have made Florim the first ceramics company to gain prestigious ISO 50001 energy management certification. The 16,000 square meter photovoltaic plant received recognition from GSE (Energy Management Services) as one of the most innovative installations of its type, and from its commissioning (October 2011) up to December 2015 it produced the following results.

<table>
<thead>
<tr>
<th>kWp</th>
<th>kWh produced</th>
<th>kg of CO₂ not emitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,700.21</td>
<td>12,518,260</td>
<td>6,311,377</td>
</tr>
</tbody>
</table>

Thanks to its investments in this area, in 2015 the company was able to self-generate 65% of its total electricity consumption.
Atmospheric emissions

The industrial facility emits greenhouse gases (basically CO₂) from the following main sources:
- combustion, from the burning of fossil fuels (such as natural gas)
- processes, from the minerals in the raw materials, any organic matter in the clays used, and any organic additives in tile body mixes.

In order to comply with Directive 2003/87/EC (ETS - Emission Trading Scheme), Florim has been reporting and certifying its CO₂ emissions since 2013.

Under the Directive, every year companies are required to certify their previous year’s CO₂ emissions, compare them with the quotas assigned by the Ministry of the Environment, and purchase the quotas required to cover any excess emissions on a specific CO₂ market.

The following are Florim’s certified figures since the Directive came into force.

<table>
<thead>
<tr>
<th>CO₂ emissions</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions (t)</td>
<td>102,728</td>
<td>103,462</td>
<td>111,862 (*)</td>
</tr>
<tr>
<td>CO₂ emissions (t) / Finished product (t)</td>
<td>0.33</td>
<td>0.33</td>
<td>0.33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emissions from the production cycle</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particulate material (g/m² finished product)</td>
<td>2.23</td>
<td>1.30</td>
<td>0.98</td>
</tr>
<tr>
<td>Lead (g/m² finished product)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Fluorine (g/m² finished product)</td>
<td>0.14</td>
<td>0.18</td>
<td>0.13</td>
</tr>
</tbody>
</table>

(*) The increase in CO₂ emissions is due to a significant increase in output; in fact, the ratio between CO₂ emissions and finished product produced is unchanged.

In a change from previous years, the new GRI-G4 guidelines also require reporting of nitrogen oxide and sulphur oxide emissions. Nitrogen oxide (NOx) emissions are within the limits permitted under the Integrated Environmental Authorization. Sulphur oxide (SOx) emissions are not reported here since this figure is not required by the IEA (Autorizzazione Integrata Ambientale, AIA).

Transport

The materiality study reveals that transport is a significant factor for Florim’s stakeholders. The company is not able to measure the impact of transportation of finished product on the local area since all shipments are ex-works. However Florim, which has been introducing electric vehicles to replace its oldest, most obsolete unleaded petrol forklifts for years now, has further optimized the handling of materials thanks to the new, highly-automated logistics hub created at the via Canaletto location. In 2015 60% (an increase compared to the 45% of 2014) of the vehicles used on the company’s premises are electric with no direct greenhouse gas emissions. All other vehicles have a catalytic converter.
Rex – I Travertini di Rex Collection
Social Responsibility

Employees & corporate welfare

Its employees are the heart and soul of Florim; they provide its character and its DNA. Since 2009, when the current major economic crisis began, Florim has undertaken a number of income support programs for its workforce. Below we summarize some of the ongoing programs and others run in 2015.

- Lay-off income support program for the Maker plant at Mordano

- Agreement with Sassuolo Hospital under which Florim employees and their family members enjoy discounts and shorter waiting times for specialist examinations and outpatient diagnostic tests performed on a private basis

- Other CSR actions:
  - summer camp for employees’ children
  - special rates at local daycare centers
  - 65% discount on the purchase of Florim products for employees’ homes
  - discount on tickets to view the Peggy Guggenheim Collection in Venice for employees and their families
  - distribution of fuel vouchers to employees.

In 2015 the workforce included 24 people with disabilities, 18 men and 6 women. Bearing in mind the job descriptions arising from the specific industrial sector, the breakdown between men and women is in line with the industry average. Male office workers and executives earn an average of 10% more than women for jobs of equal responsibility. Among blue-collar workers, the difference is 7%. The company had a total of 24 foreign employees as of 31/12/2015: 20 at Florim and 4 at Maker.

<table>
<thead>
<tr>
<th>Manager</th>
<th>Executive</th>
<th>Office worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Men</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Office ancillary</th>
<th>Blue-collar worker</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>Men</td>
<td>63</td>
<td>64</td>
</tr>
<tr>
<td>Total</td>
<td>82</td>
<td>82</td>
</tr>
</tbody>
</table>

The figures in the table refer to Florim, Finfloor and Maker.

As early as 1992, Florim was the first ceramics industry company to draw up an internal contract (profoundly innovative for its time) including a variable annual bonus for production staff, correlated to a number of economic and quality indicators (EBITDA, first grade output percentage, scrap rate, productivity). Moreover, almost all Florim employment contracts are regulated by in-house agreements which supplement the National Collective Employment Contract for the ceramics industry.

The subjects discussed with workers’ representatives include not only strictly economic factors but also the continual improvement of workplace safety and quality standards, and the competitiveness and productivity of the company as a whole (achieved through ongoing training programs).
Florim believes that in-house training plays a key role in the company’s development, and provides a tool for stimulating its human resources and a key opportunity for dealing with a protracted economic downturn. More than 7,000 training hours were provided in 2015 to 890 persons, with an average of almost 8 hours of training per employee. The number of people involved in training was more than twice that of the previous year, and 58% of total training hours were spent on staff skill development.

In 2014, more hours were spent on occupational health and safety, to ensure provision of the refresher courses required by law.

During the last few months of 2015 more than 150 CVs were received from all over Italy as applications opened for the latest edition of the Master in Florim 4.0 course, which officially began in March. This project offers a distinctively northern European type of professional training, with an approach which alternates classroom teaching with internships in the various areas of the company. Participants,—new university or high school graduates specializing in various subjects—all below 30 years of age, are therefore able to gain hands-on experience of all Florim departments, from R&D to the production process and product distribution, for an all-inclusive vision.

Florim was the first Italian ceramics manufacturer to receive BS OHSAS 18001 (Occupational Health & Safety Assessment Series) certification from TÜV; this international standard certifies the implementation of an internal management system oriented towards occupational health and safety.

This major award confirms the company’s constant commitment to the well-being of its employees. Every year, in addition to engineering inspections and machinery maintenance, the company organizes a number of hours of safety training to raise awareness among workers and supervisors. Specifically, in 2015, 3,008 hours were dedicated to safety training and a significant reduction in injury rates was recorded.

BLSD refresher courses are continuously held for the team of Florim employees trained in first-aid operations.

In 2015 Florim aided its employees’ families by again funding children’s participation in summer camp; as in the previous year, the program was also open to Maker staff. When schools were closed for their summer break the children of Florim employees attended two camps (run by the Parishes of Spezzano and Mordano), with the relative fees paid by the company. What’s more, since 2013 the company has negotiated special terms with local daycares, which now offer a number of places for employees’ children at a reduced fee.

During the exceptionally hot summer weather, on the Chairman’s decision, Florim supplied water to its employees from the automatic dispensers on site, free of charge.
Local community & culture

This chapter describes a number of programs Florim runs for the local community in the area where it originated and where it has been working for more than 50 years.

Fondazione Ing. Giovanni Lucchese

More than thirty years after the untimely death of Giovanni Lucchese – founder of what was then Floor Gres, currently Florim – his family established a foundation in his name which funds organizations and associations that support families in need in the ceramics district. The Foundation also supports a variety of projects such as the summer camp for employees’ children, the Premio Lucchese and the Florim health&training center, described below.

Amongst the many projects funded in 2015, the Foundation contributed to the purchase of a pediatric ambulance and supported the Caritas church charity in the local district.

Aziende modenesi per la RSI

“Aziende Modenesi per la RSI”, an independent, open, association of companies in the Modena area which believe in the principles and values of Corporate Social Responsibility, was established by public deed on 30 September 2014, with Florim as a founding member. An event entitled “Comunicazione ambientale e sostenibile” [Environmental and sustainable reporting] was held at the Florim Gallery on Wednesday 2 December 2014.

Premio Lucchese

The Lucchese Prize, presented for the twenty-eighth time in 2015, was established in memory of Giovanni Lucchese, father of the current Chairman, and consists of scholarships awarded to students at the “Alessandro Volta” Technical High School in Sassuolo who graduate with full marks. The award ceremony, held every year at the Florim Gallery in association with Società Ceramica Italiana of Bologna, includes a talk given by a leading personality on a topic of current interest to an audience of eager young listeners.

Politecnico di Milano

Since the 2005/2006 academic year Florim has been the official sponsor of a large number of Higher Education Courses run by POLI.Design, the Politecnico di Milano consortium which organizes its Master Degree courses. Also in association with POLI.Design, since 2012 Florim’s Milan showroom has hosted several design events for architects and designers of every nationality.

Intrapresë Collezione Guggenheim

As befits a company that combines the values of its local community and historic and artistic heritage with a flair for research and innovation, Florim recently launched a partnership with the Peggy Guggenheim Collection. Since its foundation, Florim has always had a unique ability to incorporate the true cultural significance of its industry in its business model, and by this project once again confirms its commitment to promoting art by supporting a collection of extraordinary beauty.
The project, run jointly by Florim and Sassuolo Hospital, adopts a completely new model, combining industrial culture and healthcare in an original way to benefit the local people and community, thanks to the coming-together of a ceramic coverings manufacturer and the public-private joint venture Ospedale di Sassuolo s.p.a. Florim health&training is the synthesis of this idea, an experimental centre which promotes local training for healthcare and other staff, health education and information, advanced medical simulation and research.

The center

On the main Florim site and opened on 16 April 2014, the Center is 550 square meters in area and contains a modular lecture theater able to seat up to 100 people and a number of classrooms for seminars and lessons. At its heart is a state-of-the-art control room, crammed with technology that operates dummies capable of reproducing human functions of all kinds. Advanced simulation is a major aid to maintaining the skills of emergency healthcare workers, with a particular focus on pediatric and neonatal resuscitation.

Health meetings

Designed as a space for community use, the Center also aims to become a place where all members of the community - workers, schoolchildren, parents, teachers and volunteers - can learn about preventive healthcare and acquire first aid skills. After the distribution to Florim employees of a questionnaire surveying their training needs and preferences, a Center Scientific Committee of Sassuolo Hospital medical personnel was appointed and drew up a plan of bi-monthly “health meetings”. All meetings are led by doctors with expertise in various topics, whom answer the many questions from the audience at the end of their talks. Between its opening and the end of December 2015, the Center hosted 9 meetings on a variety of topics, attended by about 700 people—including employees, their family members and the community at large.

Healthcare discounts for Florim employees

The project also includes a major welfare program for all Florim employees and their family members, entitling them to discounts and shorter waiting times for specialist examinations and outpatient diagnostic tests performed on a private basis.

American Heart Association

The world-famous American Heart Association (AHA) is the oldest and most respected American voluntary organization dedicated to the fight against cardiovascular diseases and strokes. In the first few months of 2015, the AHA, via the Simaid International Training Center, named the Florim health&training center as an authorized training site for basic and advanced cardiopulmonary resuscitation.
Quality System

The ISO 9001 standard defines quality as the ability to satisfy explicit or implicit needs via a product or a service. A Quality System implies constant improvement of company processes in order to realize products that always satisfy the customer’s needs. Further to the 2015 audit, Florim obtained the renewal of its UNI EN ISO 9001:2008 certification for the design, manufacture and sale of all categories of ceramic tile.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Indicator</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continual improvement of control of the production process</td>
<td>Percentage of First Grade Product (%)</td>
<td>92.1</td>
<td>92.4</td>
<td>94.3</td>
<td>94.2</td>
<td>95.2</td>
</tr>
<tr>
<td></td>
<td>Quality rate (%)</td>
<td>87.3</td>
<td>88.3</td>
<td>90.5</td>
<td>90.3</td>
<td>90.5</td>
</tr>
<tr>
<td></td>
<td>Scrap rate (%)</td>
<td>5.3</td>
<td>4.4</td>
<td>4.1</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td></td>
<td>Productivity (sq. m./hour)</td>
<td>13.7</td>
<td>13.6</td>
<td>13.2</td>
<td>12.6</td>
<td>13.1</td>
</tr>
<tr>
<td>Improvements in sales performance and customer satisfaction</td>
<td>Innovation rate (%)</td>
<td>31.6</td>
<td>33.0</td>
<td>29.6</td>
<td>36.7</td>
<td>45.5</td>
</tr>
<tr>
<td></td>
<td>Coverage (%)</td>
<td>82.0</td>
<td>79.5</td>
<td>71.4</td>
<td>81.4</td>
<td>81.3</td>
</tr>
<tr>
<td></td>
<td>Total portfolio shippable within one month (%)</td>
<td>92.6</td>
<td>91.1</td>
<td>83.7</td>
<td>88.8</td>
<td>89.3</td>
</tr>
<tr>
<td>Optimization of range and stocks</td>
<td>Obsolete stock (%)</td>
<td>19.5</td>
<td>17.2</td>
<td>12.6</td>
<td>16.5</td>
<td>12.0</td>
</tr>
<tr>
<td></td>
<td>Stock turnover rate (%)</td>
<td>1.25</td>
<td>1.29</td>
<td>1.48</td>
<td>1.64</td>
<td>1.52</td>
</tr>
<tr>
<td></td>
<td>Square meters affected by complaints (%)</td>
<td>1.56</td>
<td>1.71</td>
<td>1.21</td>
<td>0.80</td>
<td>1.19</td>
</tr>
<tr>
<td></td>
<td>Complaints by number of order items (%)</td>
<td>1.24</td>
<td>1.00</td>
<td>1.13</td>
<td>1.08</td>
<td>1.03</td>
</tr>
<tr>
<td>Gradual improvement in staff skill levels</td>
<td>Employee turnover (%)</td>
<td>1.7</td>
<td>1.5</td>
<td>2.3</td>
<td>0.4</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Key

**Percentage of First Grade Product:** Percentage ratio between the square meters of first grade products and the total square meters transferred to stock.

**Quality rate (%):** Percentage ratio between the square meters of first grade product transferred to stock and the square meters leaving the presses.

**Scrap rate:** Percentage difference between square meters of material leaving the presses and square meters of product actually transferred to stock.

**Productivity:** Ratio between the square meters transferred to stock and the total hours worked in the plant.

**Innovation rate:** Ratio between square meters sold belonging to series designed in the last three years and total square meters sold. Florim uses this indicator to assess the effectiveness of its design process in terms of sales.

**Coverage:** Percentage ratio between square meters available for immediate shipment and the square meters on order.

**Total portfolio of orders shippable within one month:** Percentage ratio between the square meters which can be shipped in 30 days and the square meters on order.

**Obsolete stock:** Percentage ratio between the square meters of substandard/discontinued produce and the total square meters in stock.

**Stock turnover rate:** Ratio between the square meters sold and the square meters in stock.

**Square meters affected by complaints:** Percentage ratio between the square meters affected by complaints and the square meters sold.

**Complaints by number of order items:** Percentage ratio between the number of complaints and the number of items ordered.

**Employee turnover:** Percentage ratio between the number of employees leaving the company and being replaced and the workforce at the start of the year.
## OUR COMMITMENTS

### The promises we kept

In last year’s Report we committed to achieving the following objectives in 2015:

### Economic Responsibility

<table>
<thead>
<tr>
<th>Objective</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening of a new Flagship Store in New York</td>
<td>OPENED</td>
</tr>
<tr>
<td>Continuation of the investment plan launched in 2014 at the Maker plant at Mordano</td>
<td>OBJECTIVE ACHIEVED</td>
</tr>
<tr>
<td>Investment in a new gatehouse at via Canaletto 24</td>
<td>OBJECTIVE ACHIEVED</td>
</tr>
<tr>
<td>Completion of work to ensure earthquake-compliance of buildings</td>
<td>ONGOING</td>
</tr>
<tr>
<td>Continuation of investments in Florim USA</td>
<td>OBJECTIVE ACHIEVED</td>
</tr>
<tr>
<td>Achievement of AEO customs certification</td>
<td>CERTIFICATION AWARDED</td>
</tr>
</tbody>
</table>

### Environmental Responsibility

<table>
<thead>
<tr>
<th>Objective</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewal of environmental and energy certifications</td>
<td>ACHIEVED</td>
</tr>
<tr>
<td>Continuation of prioritization of environmental factors during the Maker renovation</td>
<td>OBJECTIVE ACHIEVED</td>
</tr>
<tr>
<td>Launch of program to introduce LED light fittings at the via Canaletto plant</td>
<td>LAUNCHED</td>
</tr>
<tr>
<td>Removal of remaining asbestos cement roofing materials at Via Canaletto plant</td>
<td>REMOVED</td>
</tr>
</tbody>
</table>

### Social Responsibility

<table>
<thead>
<tr>
<th>Objective</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuation of &quot;health meetings&quot; open to the community</td>
<td>OBJECTIVE ACHIEVED</td>
</tr>
<tr>
<td>Organization of new community events at Florim Gallery</td>
<td>OBJECTIVE ACHIEVED</td>
</tr>
<tr>
<td>Negotiation of new special arrangements for Florim employees and their families</td>
<td>DONE</td>
</tr>
<tr>
<td>Launch of fourth edition of Master in Florim course</td>
<td>BEGUN IN MARCH 2016</td>
</tr>
<tr>
<td>Design of a new layout for the changing-rooms at the Maker plant</td>
<td>DONE</td>
</tr>
</tbody>
</table>
The targets we set ourselves

We aim to achieve the following objectives in 2016:

### Economic Responsibility

- Relaunch of the “Cedit – Ceramiche d’Italia” brand
- Installation of a new latest-generation kiln at Maker
- Transfer of the Moscow showroom to new premises
- Creation of a new gatehouse at Maker
- Introduction of ERP system at Florim USA

### Environmental Responsibility

- Renewal of certification of the Florim and Maker environmental and energy management systems
- Award of new certifications for collections manufactured with a high recycled material content
- Continuation of work to reduce environmental impacts at Maker especially with regard to the reduction of energy costs
- Continuation of the work to remove asbestos cement roofing materials at Maker
- Expansion of the system which conveys rainwater to the treatment plant
- Reduction of the noise emissions of the air filtering systems at Florim
- Increase of recycling targets through constant awareness-raising amongst all staff and optimization of recycling facilities at both Florim and Maker
- Continuation of replacement of the diesel forklift trucks for use on outdoor yards with electric vehicles

### Social Responsibility

- Launch of fourth edition of Master in Florim course with new procedures
- Creation of an internal refreshment area for the Fiorano office staff
- Improvement of corporate welfare through the activation of new free services and discounts tailored to employees’ needs
- Continuation of the health meetings for the local community in association with Ospedale di Sassuolo s.p.a.
- Organization of new community events at Florim Gallery
- Organization of Florim Family Day 2016
Profile and Economic Responsibility

Florim USA, with registered office at Clarksville, Tennessee, and its subsidiary Florim Solution of Atlanta, have been a part of the Florim Group since 2000. The Florim USA manufacturing plant, one of the largest, most technologically advanced in the United States, produces porcelain stoneware tiles for the residential market and undertakes commercial projects in North America. During the last few years, Florim USA has implemented a growth and process optimization strategy which has generated significant technological progress, with more innovations planned for the future. This strategy will put Florim USA at the worldwide state of the art in porcelain stoneware tile manufacture.

In 2015, 12.5 million dollars were invested in the installation of a continuous milling plant and a new high-efficiency kiln, which generated an increase in production capacity with a reduction in atmospheric emissions. Improvements were made to other parts of the process to increase their efficiency, leading to a further reduction in scrap rates. Additional investments are planned during 2016 to continue this dual trend of rising production with mitigation of environmental impact.
Environmental Responsibility

Florim USA implements the same environmental policy as Florim, and is committed to achieving the following objectives:

- Reduction of the energy used in the production process
- Improvement of the waste management process, with a focus on recovery and reuse
- Introduction of new, more eco-efficient technologies
- Adoption of integrated management systems

Florim USA has been pursuing a strategy of careful management of its operations and environmental impact for a number of years. Here, we summarize the main actions taken and the results achieved.

- Installation of a latest-generation kiln in 2015
- 100% recycling of wastewater within the process
- Optimization of the management of water bottles, with elimination numbering about 34,200
- Reuse of almost all production scrap (98-99%)
- 92,151 kg of cardboard recycled in 2015
- Award of two different types of product certification
- 4,331 kg of plastic recycled
- Recycling of 19 complete trucks of pallets

Environmental Projects and Awards

Florim USA has received Clarksville Montgomery County Green Certification (CMCGC). CMCGC is a program designed to help companies learn and implement best practices in the area of environmental stewardship to sustain the local community's resources through a series of free workshops taught by local environmental specialists. Since 2014, Florim has donated some of its Environmental Manager’s time to run of these workshops. Florim USA earned this "green" company certification thanks to a large number of projects, first and foremost the one which eliminated the use of disposable water bottles, replacing them with individual reusable bottles provided by the company and a series of fill-up stations. About 34,200 bottles are removed from the waste cycle every year.

Environmental management system and eco-compatible products

Florim USA’s products help builders and designers to meet the requirements for sustainable buildings defined by the United States Green Building Council (USGBC) through the LEED Green Building Rating System. This protocol evaluates and certifies the environmental sustainability of a building as a unit, from its design to its day to day management. To gain LEED credits, many of the Florim USA product lines contain a significant percentage of recycled material (40% or more).

This feature contributes to an increase in the LEED score in the projects where these products are installed. In 2014 Florim USA, together with a large number of other US tile manufacturers and the Tile Council of North America, drew up a type III environmental product declaration (EPD), certified under the ISO 14025 standard. This ceramic tile life-cycle analysis also enables Florim USA products to gain LEED points under the new LEED v4 protocol.
Environmental performance indicators – summary

The following are the main environmental indicators related to the impact and performance of Florim USA during 2015:

**Pre-consumer recycled material**

Its internal material recycling processes enable Florim USA to minimize its environmental impact, since most of the material which would otherwise be sent to landfills or other waste treatment centers is reused.

- Wastewater is entirely recycled within the production process, without any discharge into the municipal drains.
- The material in the collection bags from the tile body and glaze preparation areas, the press and glaze production is entirely recycled within the process.
- All scrap fired tiles are entirely recycled within the process.
- 92,151 kg of cardboard was sold to an external recycled material dealer.
- 19 trucks of scrapped wooden pallets were sold to a pallet regeneration company.
- About 3,432 kg of waste shrink-wrap plastic film was recovered and recycled.

**Post-consumer recycled material**

About 84,000 kg of glass removed from the flow of waste destined for the local landfill and recycled within the process. Florim USA has signed an agreement with the local landfill for consignment of all the glass it handles, which is collected and set aside for recycling.

**Water use, disposal and reuse**

The water used during the production process is recycled continually; therefore, no water is discharged into the municipal drains.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water use (gallons per million square feet of finished tiles)</td>
<td>208,137</td>
<td>216,246</td>
<td>204,962</td>
<td>195,280</td>
<td>194,268</td>
</tr>
</tbody>
</table>

**Energy use**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cubic feet of natural gas per million square feet of finished tiles</td>
<td>9,283,904</td>
<td>9,343,383</td>
<td>9,149,721</td>
<td>8,331,170</td>
<td>8,390,503</td>
</tr>
<tr>
<td>kWh per million square feet of finished tiles</td>
<td>565,488</td>
<td>510,972</td>
<td>491,171</td>
<td>450,594</td>
<td>465,976</td>
</tr>
</tbody>
</table>

**Emissions**

The 2015 emissions figures are in line with those for 2013 and 2014, well below the standards laid down:

- Particulate material: < 116.1 tons per year
- SO₂ (sulphur dioxide): < 167.2 tons per year
- VOC (volatile organic compounds): < 122.3 tons per year
- NOx (oxides of nitrogen): < 116.8 tons per year
Social Responsibility

Employees

The Florim USA workforce comprises 359 employees at the production site, the Clarksville and Nashville outlet stores and the Florim Solution offices at Atlanta. Of the 359 employees, 263 are blue-collar workers and 69 office staff. 11 employees are Italians on secondment to the United States. Florim USA offers a number of benefits to full time employees:

- Health and dental care insurance
- Vision insurance
- Life insurance for employees and optionally for families members
- Temporary and permanent disability support
- Employee pension plan

Equal opportunities

Florim USA provides equal opportunities in all employment practices to all qualified employees and applicants regardless of race, color, religion, gender, national origin, age, disability or membership of the armed forces or any other category protected by federal, state or local laws.

Health and safety

FLORIM USA is committed to ensuring a safe, healthy workplace for all employees. It therefore replaces old and obsolete equipment with new, technologically more modern machinery and updates safety plans as new information gradually becomes available.

As well as an internal supervisor, Florim USA has also appointed a health and safety committee, which constantly monitors the plan’s effectiveness and makes any changes required.

There are currently 20 plant employees who hold CPR/first aid qualifications. They occupy a variety of positions and work different shifts within the plant, and have volunteered to attend training courses sponsored by the company for the award of these qualifications.

<table>
<thead>
<tr>
<th>Workplaces injuries</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31</td>
<td>50</td>
<td>41</td>
<td>22</td>
<td>29</td>
</tr>
</tbody>
</table>

The Employee Assistance Program (EAP) also offers support to employees and their families in the event of psychological difficulty, or other problems that can have a negative impact on their quality of life. Florim USA supports all the costs of the program.

Training

In 2015, every Florim USA employee attended an average of 25 hours of training. The training provided covered the operating procedures for the new equipment, the main safety plans and the procedures for use of existing equipment for new employees.

All new staff undergo specific training for their department, focusing on the safety-related aspects of the department, as well as more generalized safety training. Some of these themes include, amongst other things:

- Safe, correct use of forklift trucks
- Training on work in confined spaces
- Shutdown/warning procedures and safe electrical practices
- Safe lifting procedures
For employees wishing to continue their education, Florim USA offers assistance through the Educational Assistance Program. It provides aid with the cost of education and textbooks and is available for any employee wishing to study for a technical qualification, a diploma or a degree.

The plant staff training and education plan also includes various training schemes at Florim Italy, where employees are sometimes sent to train in the use of new equipment before it is installed at Florim USA.

Throughout 2016, Florim USA will continue to provide a free e-learning course on its website for architects, engineers and contractors (AEC) to improve their knowledge of sustainable porcelain stoneware tiles.

Employee welfare activities

**Florim USA employee picnic** - In 2015 the company once again held its annual picnic for employees, offering them a wide variety of foods, games, activities, and live shows in an event which provided an unforgettable day’s enjoyment. Within the event, participants received prizes in the form of vouchers and gifts.

**Employee anniversary dinner** - 2015 again saw the usual dinner to honor Florim USA employees with 5, 10, 15, 20 or more years of service. A special evening event was held in the presence of the Chairman and the other managers to celebrate the loyalty and hard work these employees have contributed during their careers with the firm.
Local community

During 2015, Florim USA continued to provide its support to a number of projects in its local area. Some of the main projects include:

Scholarships - As part of its work to support the local community, Florim USA has an established program which awards scholarships to deserving students at the Austin Peay State University, in memory of Florim Group founder Giovanni Lucchese. In December 2015, a delegation of Florim representatives attended a scholarship presentation lunch at the Austin Peay State University, hosted by the President of the University.

Montgomery County Green Certification Program - Florim USA staff actively participate in the Montgomery County Green Certification Program, which aims to help companies learn and implement best practices with regard to safeguarding the environment and environmental resources.

In 2015 the company again made a large number of donations:
- book collection for the Austin Peay State University. Employees made a generous donation of used books in good condition for children and young people of the APSU, in the hope of further promoting the education of future generations.
- to Community Cares, the national organization that promotes the acceptance and social inclusion of individuals with Down’s Syndrome.
- to the Aspire Clarksville Foundation, a 501(c)(3), charitable foundation whose mission is to continuously improve the economy and the livability (quality of life) of the community by attracting significant capital investment and expansion by businesses and corporations, thereby creating better opportunities and higher paying jobs for residents.
- to the Alzheimer’s Association, a no-profit voluntary organization dedicated to the care and support of Alzheimer’s Disease sufferers and research into the condition. Its aim is to eliminate the disease through the advancement of research; to provide and enhance care and support for all affected; and to reduce the risk of dementia through the promotion of brain health.

Every year Florim USA participates in the United Way Drive initiative, to support local non-profit organizations which provide economic assistance and psychological support to persons in difficulty.

Florim USA provides regular support to the Salvation Army by collecting canned foods for persons in need. In 2015 Florim USA organized a canned food collection for Manna Café in Clarksville, TN. Manna Café is a local non-profit organization based in Middle Tennessee with the primary mission of meeting people’s fundamental need for food before encouraging them to permanently change their lives for the better. More than 15% of the population in Montgomery County are affected by food insecurity (about 28,000 people). The percentage of children affected is about 21.5%, a third of whom are excluded by income from federal programs such as free school meals.

Donation to the American Lung Association, the leading organization working to save lives by improving lung health and preventing lung disease.

Donation to Cheer for a Cure, an organization that gives money directly to afflicted families who have a loved one suffering from cancer and need assistance to alleviate the added financial stress.

Donation to Habitat for Humanity. Since 1992, Habitat for Humanity in Montgomery County, Tennessee, has worked with 93 low-income families with more than 210 children to revitalize various parts of Clarksville-Montgomery County by building new homes.
Quality System

Florim USA works under a Quality System certified to UNI EN ISO 9001 standards. The following are some of the figures in brief:

<table>
<thead>
<tr>
<th>Objective</th>
<th>Indicator</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize control of the production process</td>
<td>Percentage of First Grade Product (%)</td>
<td>94.1</td>
<td>93.2</td>
<td>91.7</td>
<td>94.0</td>
<td>94.9</td>
</tr>
<tr>
<td></td>
<td>Quality rate (%)</td>
<td>86.6</td>
<td>88.3</td>
<td>85.7</td>
<td>89.3</td>
<td>90.6</td>
</tr>
<tr>
<td></td>
<td>Scrap rate (%)</td>
<td>7.0</td>
<td>5.6</td>
<td>6.5</td>
<td>4.8</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Key

**Percentage of First Grade Product**: ratio between square meters of first grade material and total square meters transferred to stock.

**Quality rate**: ratio between square meters of first grade material transferred to stock and square meters of pressed material.

**Scrap rate**: ratio between square meters of material pressed and square meters of product actually transferred to stock.

Other activities

Florim USA and trade shows

Florim USA started its support for the National Tile Contractor Association (NTCA) Five-Star Contractors in 2014. The NTCA is a non-profit trade association for those whose business is the professional installation of ceramic tiles and natural stones, widely recognized as the largest and most respected tile contractors’ association in the world. Florim USA exhibited at Coverings, HD expo, Neocon, ASLA and Hardscape in 2015. These events—targeted at various categories of industry professionals—such as dealers and designers, gave Florim USA the opportunity to present its wide range of products and services.

Design Center

**Florim Nashville**, TN - Florim USA is delighted to announce the opening of its outlet store in Nashville, TN, formally inaugurated in December 2015. This design center in Nashville aims to partner customers in choosing the right design for their homes, commercial projects and residential areas, with the best of the Florim USA range.
GRI international sustainability indicators

The information below illustrates the correspondence between the 2015 Sustainability Report of Florim (Italian companies) and the GRI-G4 guidelines, with reference to the section of this document which discusses each topic in greater detail.

<table>
<thead>
<tr>
<th>GRI indicators</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Strategy and Analysis</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-1</td>
<td>Statement from the most senior decision-maker of the organization</td>
<td>5</td>
</tr>
<tr>
<td><strong>2. Organization profile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-3</td>
<td>Name of the organization</td>
<td>2</td>
</tr>
<tr>
<td>G4-4</td>
<td>Primary brands, products and/or services</td>
<td>9</td>
</tr>
<tr>
<td>G4-5</td>
<td>Location of the organization’s headquarters</td>
<td>9</td>
</tr>
<tr>
<td>G4-6</td>
<td>Number and names of the countries where the organization operates</td>
<td>9</td>
</tr>
<tr>
<td>G4-7</td>
<td>Nature of ownership and legal form</td>
<td>14</td>
</tr>
<tr>
<td>G4-8</td>
<td>Markets served</td>
<td>9</td>
</tr>
<tr>
<td>G4-9</td>
<td>Scale of the organization</td>
<td>8</td>
</tr>
<tr>
<td>G4-10</td>
<td>Significant changes regarding size, structure or ownership</td>
<td>6</td>
</tr>
<tr>
<td>G4-11</td>
<td>Employees covered by National Collective Bargaining Agreement</td>
<td>28</td>
</tr>
<tr>
<td>G4-12</td>
<td>Describe the supply chain</td>
<td></td>
</tr>
<tr>
<td><strong>3. Identified material aspects and boundaries</strong></td>
<td>Reporting process launched in 2015 and therefore partial (page 16)</td>
<td></td>
</tr>
<tr>
<td>G4-13</td>
<td>Significant changes regarding the organization’s size, structure, ownership, or its supply chain</td>
<td>23</td>
</tr>
<tr>
<td>G4-14</td>
<td>Precautionary principle</td>
<td>23, 32</td>
</tr>
<tr>
<td>G4-15</td>
<td>List of external commitments in which the company is involved</td>
<td>23, 32</td>
</tr>
<tr>
<td>G4-16</td>
<td>Associations or interest groups in which the company is involved</td>
<td><a href="http://www.florim.it">www.florim.it</a> &gt; about us &gt; partnerships</td>
</tr>
<tr>
<td>G4-18</td>
<td>Process used to define the report content</td>
<td>6</td>
</tr>
<tr>
<td>G4-19</td>
<td>Material aspects</td>
<td>17</td>
</tr>
<tr>
<td>G4-20</td>
<td>Boundaries of each material aspect</td>
<td>6</td>
</tr>
<tr>
<td>G4-21</td>
<td>Boundaries of each material aspect outside the organization</td>
<td>Partial reporting (pages 6, 17)</td>
</tr>
<tr>
<td>G4-22</td>
<td>Explanation of the effect of any restatements of information provided in previous reports</td>
<td>6</td>
</tr>
<tr>
<td>G4-23</td>
<td>Significant changes from previous reporting periods in the scope, boundaries or measurement methods</td>
<td>6</td>
</tr>
<tr>
<td><strong>3. Stakeholder engagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-24</td>
<td>List of stakeholders</td>
<td>16</td>
</tr>
<tr>
<td>G4-25</td>
<td>Identification of stakeholders</td>
<td>16</td>
</tr>
<tr>
<td>G4-26</td>
<td>Stakeholder engagement</td>
<td>6, 17</td>
</tr>
<tr>
<td>G4-27</td>
<td>Key topics and concerns that have been raised through stakeholder engagement</td>
<td>17</td>
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<td><strong>4. Boundary of the Report</strong></td>
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<tr>
<td>G4-28</td>
<td>Reporting period</td>
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<tr>
<td>G4-29</td>
<td>Date of publication</td>
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<td>G4-30</td>
<td>Reporting cycle</td>
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<tr>
<td>G4-31</td>
<td>Contacts and addresses for additional information</td>
<td>44</td>
</tr>
<tr>
<td>5. GRI Content Index</td>
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<tr>
<td>G4-32 Reporting option chosen</td>
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<tr>
<td>G4-33 External assurance of Report</td>
<td>The Report is not externally assured</td>
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<table>
<thead>
<tr>
<th>6. Governance</th>
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<tbody>
<tr>
<td>G4-34 Governance structure</td>
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<tr>
<th>7. Ethics and integrity</th>
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<tr>
<td>G4-56 Values, principles, standards and norms of behavior</td>
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<tr>
<th>Economic performance indicators</th>
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<tbody>
<tr>
<td>EC1 Direct economic value generated and distributed</td>
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<tr>
<td>EC5 Wages</td>
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<tr>
<td>EC7 Development and impact of infrastructure investments and services supported</td>
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<table>
<thead>
<tr>
<th>Environmental performance indicators</th>
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<tbody>
<tr>
<td>G4-EN2 Percentage of materials used that are recycled input materials</td>
</tr>
<tr>
<td>G4-EN3 Energy consumption within the organization</td>
</tr>
<tr>
<td>G4-EN6 Reduction of energy consumption</td>
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<tr>
<td>G4-EN7 Reductions in energy requirements of products and services</td>
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<tr>
<td>G4-EN8 Total water withdrawal by source</td>
</tr>
<tr>
<td>G4-EN10 Percentage and total volume of water recycled and reused</td>
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<td>G4-EN11 Biodiversity</td>
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<td>G4-EN15 Total direct greenhouse gas emissions by weight</td>
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<tr>
<td>G4-EN16 Total indirect greenhouse gas emissions by weight</td>
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<tr>
<td>G4-EN19 Reduction of greenhouse gas emissions</td>
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<tr>
<td>G4-EN21 NOx, SOx and other significant air emissions</td>
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<tr>
<td>G4-EN22 Total water discharge by quality and destination</td>
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<tr>
<td>G4-EN23 Total weight of waste by type</td>
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<tr>
<td>G4-EN27 Impact mitigation of environmental impacts of products and services</td>
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<td>G4-EN29 Monetary value of significant fines</td>
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<td>G4-EN30 Significant environmental impacts of transporting products and goods/materials</td>
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<tr>
<th>Social performance indicators</th>
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<tbody>
<tr>
<td>G4-LA1 Total number and rates of new employee hires and employee turnover</td>
</tr>
<tr>
<td>G4-LA6 Workplace injury rates</td>
</tr>
<tr>
<td>G4-LA9 Average hours of training per year per employee</td>
</tr>
<tr>
<td>G4-LA12 Composition of governance bodies and breakdown of employees according to gender, age group, etc.</td>
</tr>
<tr>
<td>G4-LA13 Ratio of basic salary and total remuneration of women to men</td>
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<thead>
<tr>
<th>Society</th>
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<tbody>
<tr>
<td>G4-SO1 Operations with local community engagement</td>
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<td>G4-SO3 Operations assessed for risks related to corruption</td>
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<tr>
<th>Product responsibility</th>
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<tr>
<td>G4-PR1 Assessment of health and safety impacts for improvement</td>
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</tbody>
</table>
Your assessment

You are kindly requested to take a few minutes of your time to give us your assessment and any suggestions, to enable us to improve future editions of our Sustainability Report. This year, forms can be filled in directly online (saving paper and time) at:

www.florim.it/en/evaluation-sustainability-report/

For any further information, please feel free to contact our communications department by email at:
comunicazione@florim.it
Opening of the new Flagship Store in Milan (Foro Buonaparte 14/N1)

Orthopedics Conference organized by SIGASCOT – Florim Gallery (Fiorano Modenese – Modena, Italy)

“Acqua, arte e architettura” - Peggy Guggenheim Collection (Venice)
Cersaie 2015 – Florim Gallery (Fiorano Modenese – Modena, Italy)

“The sound of design” – Florim Flagship Store, Milan (Foro Buonaparte 14/N1)

Intrapresae Collezione Guggenheim - Florim Gallery (Fiorano Modenese – Modena, Italy)