



DESIGN IS OUR PASSION

2019 SUSTAINABILITY REPORT

12TH
EDITION





LETTER TO STAKEHOLDERS

I would like to extend to you all my usual welcome to the Florim Sustainability Report, expanded this year to include new information in compliance with the GRI Standard guidelines, and make our business even more transparent.



As I write these words, the signs of the emergency we have had to face, the dramatic effects of which, in health, social and economic terms, are going to have worldwide repercussions, are still clear for all to see.

We have had to change our patterns of life and many of us are experiencing a new feeling of fear and unease. Our company has striven to mitigate its consequences, first and foremost by adopting the appropriate measures to safeguard the health of its employees, and at the same time launching major initiatives to support the community.

On this head, I must inform you that Florim has been transformed into a Benefit Corporation, to render its social and community commitment even more incisive now and in the future; the meaning of this important change is discussed in the Report.

Although aware of the gravity of the impacts the current situation will have on the economy and the ceramics industry, I am confident that the Florim Group is, and will be, capable of responding to the present and future with serenity and intelligence, continuing to play a leading role thanks to the professionalism and commitment of its staff, to whom I extend my sincere and heartfelt thanks.

Bearing these special circumstances in mind, I now invite you to read the contents of this document, in which I hope you will be impressed by the many excellent initiatives the Florim Group has undertaken during 2019, alongside its core business of the manufacture of ceramic materials of the highest quality.

Thank you for your attention; I hope you will enjoy reading the report.

Claudio Lucchese

The logo for Florim, featuring the word "FLORIM" in large, bold, white letters. A green stylized arrow or leaf shape is positioned to the left of the letter "F".

Artwork "Il Cavallo" by Mimmo Paladino, Florim headquarters (Fiorano Modenese – Modena, Italy)

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MADE IN FLORIM



CREDIT – Ceramiche d'Italia | Chimera Collection by Elena Salmistraro

Passion, innovation and sustainability are the guidelines integral to our way of doing business: the **MADE IN FLORIM** way.



OUR HISTORY

Floor Gres is the first Italian manufacturer to produce single-fired white body tiles	1967	Giovanni Lucchese pioneers the production of extruded clinker tiles and Floor Gres is founded in the heart of the Sassuolo production district
Floor Gres is one of the first companies in the world to start the manufacture of porcelain stoneware tiles	1981	The Swimming Pool Division is established within Floor Gres
Floor Gres acquires Cerim Ceramiche	1990	Claudio Lucchese , son of the founder, takes over the reins at Floor Gres after his father's untimely death
Florim acquires Rex Ceramiche Artistiche	1994	Floor Gres and Cerim merge to create Florim
Incorporation of Florim USA , a production and distribution company destined to become a leader on the North American market	2000	The Project Division , known today as Florim Solutions , is established
The first Florim Flagship store opens in the Brera district, in the heart of Milan	2009	Florim acquires Casa dolce casa and Casamood
A Flagship Store opens in Moscow and the Health&Training Center is inaugurated in Fiorano. The production of large slabs (up to 320x160 cm) begins	2014	The Florim Gallery multi-functional center and Florim Logistics are created in Fiorano. The Fondazione Ing. Giovanni Lucchese foundation is established
Florim relaunches CREDIT – Ceramiche d'Italia and FLORIM stone is born	2016	A Flagship Store opens in the center of New York
The new Industry 4.0 factory at Fiorano goes into operation	2018	The new Industry 4.0 factory at Mordano goes into operation
	2019	A Flagship Store opens in Singapore

OUR LOCATIONS

The map shows the headquarters, showrooms, production plants and logistic hubs. Florim Group products are sold in Italy (20%) and abroad (80%) by top retailers and international importers.



OUR BRANDS

Inspired by an innate passion for beauty and design, Florim produces **ceramic surfaces** to meet all the needs of the construction, architecture and interior design sectors. It offers them to the market through its 7 commercial brands, all sharing the corporate payoff: "**Design is our passion**".

Florim guarantees technical quality, attention to detail, innovation and environment-friendliness for all its products. Each brand interprets materials with a specific philosophy, expressed in every new collection launched.



The brand which serves **architectural projects** with materials that combine outstanding performances and aesthetic appeal



Its mission is luxury, with surfaces inspired by the most exquisite natural materials with **strong decorative content**



Through genuine designer slabs, this brand renews the idea of architectural space to express the style and **art of Italian interior design**



It is the brand for interior designers constantly seeking **refined elegance and creative harmony**



It presents a **range with a contemporary look** to suit the tastes of a wide market band



The brand that brings together **technical performances, convenience and good looks** for the perfect customized **worktops**



The **Made in USA** brand that aims to satisfy the taste of the North American market with a typically Italian style

OUR DESIGN SERVICE



As well as the product itself, Florim offers 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 expertise and experience when the style and performance of porcelain stoneware tiles become fundamental to the project.

GOVERNANCE

CODE OF ETHICS

The Group's **governance** plays a central role in the responsible development of its business, ensuring ethical, transparent management of its operations with its stakeholders' interests always in mind.

After approving the Governance Model which is compliant with the provisions of Italian Legislative Decree 231/2001, the Florim Board of Directors signed and promoted the **corporate Code of Ethics** (introduced in 2011), which has become an integral part of Florim's operations and is accepted by every new employee, supplier and business partner. To guarantee the application of and compliance with its contents, a **Supervisory Board** is in operation to detect any breaches of its provisions. All stakeholders can also contact this body (organismodivigilanza@florim.com) for further explanations regarding the interpretation and application of the corporate Code of Ethics, as described on the corporate website.

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 ethical 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.

MANAGEMENT SYSTEM POLICY

To achieve greater and greater transparency in its reporting, the company has drawn up guidelines for its **quality, environment, safety and energy management system**.

A Management System implies continual optimization of company processes in order to realize products that always satisfy the customer's needs, while protecting the environment, ensuring occupational health and safety and guaranteeing rational energy use.

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 our approach to quality, the environment, safety, energy use and our improvement plans;
- 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;
- Occupational health and safety management to prevent injuries and work-related illnesses;
- Optimisation of the use of natural resources;
- Optimisation of energy efficiency through the design and purchase of energy-efficient products and services;
- Making Continual Improvement a permanent corporate goal;
- Accountability and engagement of all levels of the organization, to constantly improve the efficacy and efficiency of all corporate processes;

- | Creation of the right conditions to foster the expression of ideas and suggestions for improvement throughout the organization;
- | Systemic, process approach to management;
- | 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 environment, health and safety and energy saving;
- | Measurement and monitoring of the efficacy of the quality, environment, safety and energy system by means of audits and management reviews, with review of the system if shortcomings or inefficiencies are identified;
- | Adoption of organizational, commercial, design and production methods which ensure a swifter identification of the market's demands, reduction of time to market and constant work to protect the environment, promote occupational health and safety and save energy.

KEYWORDS

There are three keywords in which we believe deeply, and which are so central to our identity that we define them as **internal rules of conduct**: beauty, simplicity and humility.

BEAUTY

For companies like ours, beauty is more than a necessity. It is a constant benchmark, a moral commitment to people. Employees are in the front line in expressing this ethical imperative, and convey it through their work, from the product's creation to the way it is offered.

SIMPLICITY

By this we mean clarity in communication between us and the outside world. Being clear and comprehensible is an aim for every employee, who must strive to reduce complexities in every activity and relationship.

HUMILITY

This is an essential characteristic within our organization. It conveys a sense of collaboration and the ability to listen and to constantly put the team first, setting aside any wish to stand out or appear superior.

FLORIM BECOMES A BENEFIT CORPORATION

An extraordinary general meeting was held on 19 March 2020 to amend the by-laws and enable Florim to become a Benefit Corporation, changing its name to **FLORIM CERAMICHE - SOCIETÀ PER AZIONI SOCIETÀ BENEFIT** (which can be abbreviated to FLORIM S.P.A. SB).

Florim thus formally stated its commitment to operating not just for profit but also for the good of the planet and the community, by adding to its corporate purpose the goal of acting:

- | with a constant commitment to continuous innovation as regards the sustainability of the company's processes and all its practices;
- | according to criteria designed to prevent pollution and reduce environmental impacts and risks, through recovery activities rather than disposal, and the implementation of energy efficiency and saving measures;
- | promoting an informed and sustainable business approach, through collaborative dialog with stakeholders, and the organization of training and cultural events, also in association with third parties, to integrate and spread correct and sustainable lifestyles, for the environment and for health;
- | promoting a positive and inclusive workplace for its employees, safeguarding their rights and duties, safety, training, growth and the development of their potential, including the adoption of concrete company welfare measures.

Benefit Corporations (in Italy Società Benefit - SB) – introduced into Italy by law no. 208 of 28/12/2015 – revolutionize the very concept of what a corporation stands for, because their business model includes not only profit objectives but also a specific commitment to responsible operation.

Aware of how business methods will have to change very quickly, today our company is happy and proud to make its contribution to creating a sustainable future for us and the future generations.

Florim is the first, and currently the only, ceramics corporation in the world to become a Benefit Corporation.

CORPORATE BODIES

Florim S.p.A. SB is a family-owned business with fully subscribed, paid-up share capital consisting of 50,000,000 ordinary shares with a face value of 1 Euro each. The capital is 100% owned by the holding company FinFloor S.p.A., with registered office in Fiorano Modenese, which is in turn indirectly owned by the Lucchese family through FinTwin S.p.A. and Maranello 51 S.r.l.

The Florim Board of Directors is the body which holds the widest powers for the ordinary and extraordinary management of the Company, except for the matters assigned exclusively to the General Meeting by law or the articles of association. The current Board of Directors has 10 members, and 5 of them do not occupy active roles within the company's organization. The Board of Directors has a mandate of one year and new elections will coincide with the approval of the financial statements.

BOARD MEMBERS

CLAUDIO LUCCHESE President	BEATRICE LUCCHESE Director
DONATO BRUNI Vice President	GIOVANNI LUCCHESE Director
MARIADELE LUCCHESE Director	GIOVANNI GROSSI Managing Director
ANNA LUCCHESE Director	OSCAR ISEPPI Managing Director
FRANCESCA LUCCHESE Director	DORVAN SAZZI Managing Director

BREAKDOWN BY GENDER and BY AGE

BoD (governing body)	No.	%
Men	6	60%
Women	4	40%
< 30 years	2	20%
30 - 50 years	2	20%
< 50 years	6	60%

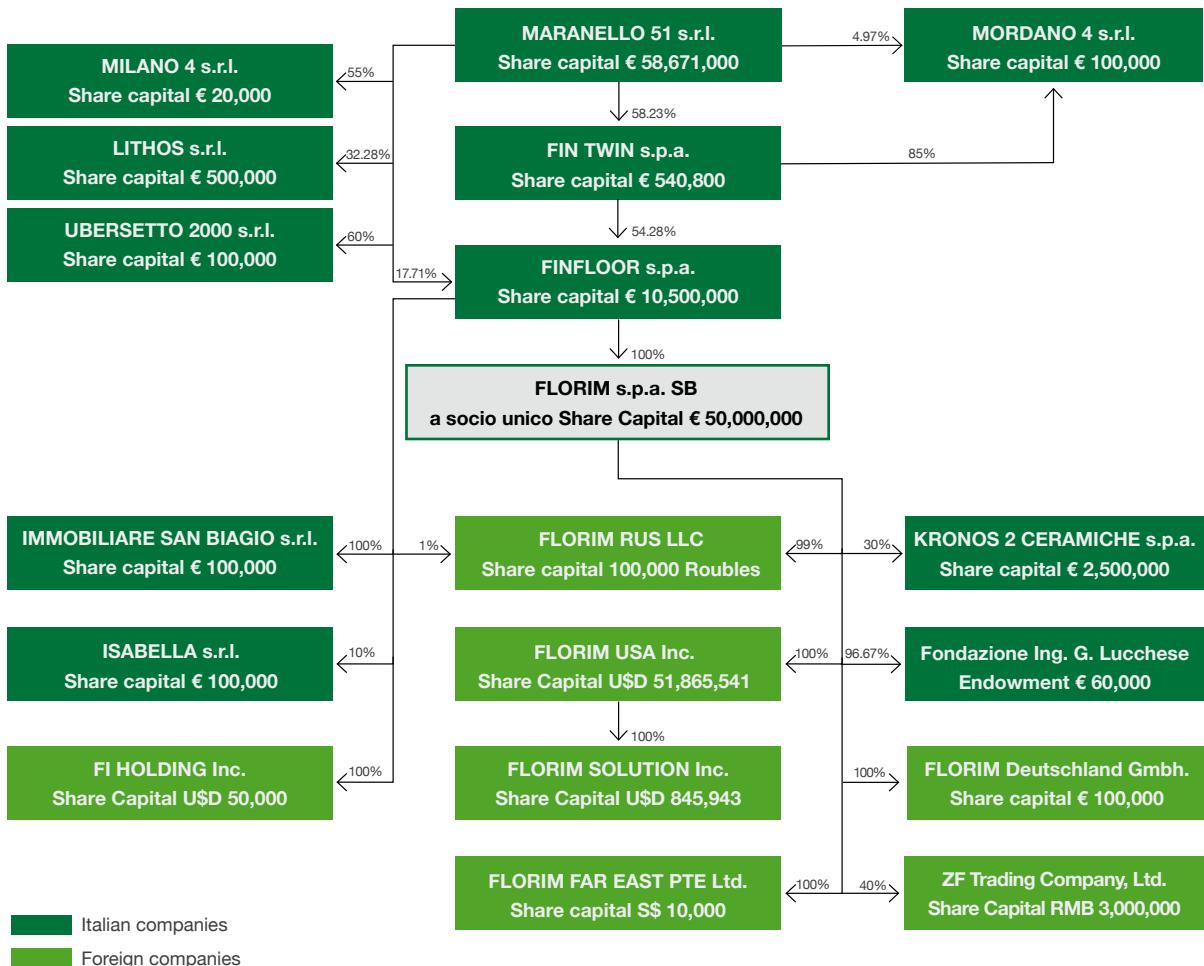
The three members of the Board of Statutory Auditors oversee compliance with the law and the articles of association, and with administrative good practice. Its members are appointed for a period of three financial years and may be re-elected. The current Board of Statutory Auditors consists of three regular and two alternate auditors, whose mandate will end on the date of the General Meeting called to approve the 2021 Financial Statements.

The financial statements of Florim S.p.A. SB and the consolidated financial statements of FinFloor S.p.A. and Maranello 51 S.r.l. are audited and certified by Deloitte & Touche S.p.A., while the Legal Audit of the Accounts of the group's American companies is performed by Cherry Bekaert LLP.

The Supervisory Body, confirmed in post on 6 December 2018, consists of three members who will serve until 16 December 2021. The Supervisory Body reports to the Board of Directors annually on its operations, intended to prevent the commission of the offences covered by Italian Legislative Decree 231/2001 (as supplemented/amended) by verifying the adequacy of the Model of Governance and Code of Ethics adopted by the Company, and by verifying compliance with their provisions.

The General Data Protection Regulation (GDPR) is the new European data protection law which supersedes the previous European directive. As well as designating a specific team and an external DPO (Data Protection Officer), during 2018 and early 2019 Florim organized a number of informative sessions for all its Italian head office departments with regard to the correct processing of data and the broader topic of Cyber Security in general.

CORPORATE STRUCTURE



RISK MANAGEMENT

Although it does not have a Corporate Risk Model as such, with the consequent risk mapping and risk scoring methods, Florim still implements **control to identify the company's priority risks, in order to assess their potential negative effects in advance** and undertake the appropriate actions to mitigate them. Information about the main risks to which Florim is considered to be exposed is provided below.

Of the risks to global growth, those deriving from the international context and the trend on the financial markets continue to be significant, apart from the most recent health risk, highlighted by the Covid-19 pandemic with its serious repercussions on the international economy. The specific risks considered are those concerning supplier relations and changes in price, interest rate risks and credit risk.

The process risks identified relate to its own production activities and to IT and cyber security. The liquidity risk, default risk and debt covenant risk are all relevant.

Development investments and contingency funds have been identified as strategic and policy risks. Below we discuss environmental risks, risks relating to the failure to respect human rights, those concerning the failure to safeguard occupational health and safety, and active and passive corruption risks, as well as the more recent health risk, and the risk associated with climate change.

ENVIRONMENTAL RISK

Risks of an environmental nature are identified on the basis of analysis of the context, of the relevant standards, of the life cycle of products and services, and the condition of the environment and infrastructure.

The risks identified relate to poor water resource and waste management, risks linked to the possibility of industrial accidents which may generate an environmental impact, the risk of failure to satisfy the expectations of the supervisory authorities and the community, risks related to the poor management of natural resources on the part of suppliers, and the risk of poor management of energy resources.

Florim adopts specific policies for the performance of environmental protection activities on the basis of the relevant legal requirements, the regulations issued by the local authorities, and its own awareness of these issues.

RISK OF FAILURE TO RESPECT HUMAN RIGHTS

In this section, Florim discusses all the risks related to the violation of human rights, such as discrimination, workers' rights or the failure to guarantee workers' rights of free association. Although no problems relating to these issues have ever been reported in Italy, **Florim gives great importance to the management of human rights and any violations which might occur along the supply chain. In 2011 it introduced a Code of Ethics** in order to share its principles, values and standard of behavior within the Group and with its stakeholders.

RISK OF FAILURE TO SAFEGUARD OCCUPATIONAL HEALTH AND SAFETY

This section includes the risk relating to the occurrence of workplace accidents in relation to the activities performed, the locations and the working equipment used. **In Italy, a health and safety management system compliant with the EN ISO 45001 standard was developed and has been certified since 2010.**

ACTIVE AND PASSIVE CORRUPTION RISK

Risks relating to failure to comply with the regulatory framework with regard to the prevention of bribery and corruption throughout the value chain. Florim has adopted **its Model of Governance pursuant to Italian Legislative Decree 231/01 for all companies.**

INTEGRITY AND COMPLIANCE

Florim undertakes to have its Code of Ethics signed by and/or distribute it to all employees, associates and suppliers, and it is always available for consultation online in Italian at www.florim.com/it/sostenibilita/codice-etico/ and in English at www.florim.com/en/sustainability/governance

CYBER SECURITY

During the last few years Florim's awareness of and focus on the issue of Cyber Security has been considerable, in terms of both organization and planning. **The Florim Information Security Framework identifies the 3 main pillars of security as procedures and organization, technology, and individual vigilance.**

HEALTH RISK

In response to the current health emergency arising from the spread of the Covid-19, classified as a pandemic by the World Health Organization (WHO) in March 2019, in order to safeguard its employees and their health Florim decided to halt its production operations, although throughout the lockdown period logistics and shipments were able to continue thanks to the willingness to work of a number of employees, in compliance with all health and social distancing measures imposed by the emergency regulations.

Production operations restarted gradually from 27 April, while the sales and other departments were able to operate without interruption **thanks to the swift adoption of smart working**; most staff were provided with laptop PCs with a secure connection to the company's IT systems.

During the production shutdown, the company arranged the **complete sanitization of the production areas and offices, to enable a swift return to work in conditions of maximum safety**.

The restart of production operations was enabled by the **implementation of all safety and prevention measures envisaged by the national Protocol**, issued by the Government in agreement with the trade unions and employers' organizations to safeguard the health of workers and workplaces, and the **introduction of FLORIM CARE, a plan specially developed to inform and encourage the compliance of employees and associates**.

The Company immediately updated its risk assessments for all its Italian plants.

At the time of writing, it is not possible to forecast the evolution of the Covid-19 pandemic, which is having serious repercussions on health, the economy and society at the global level.

However, the intensity of this negative impact will depend on the speed with which monetary and fiscal measures are introduced to support industry and economic actors.

With regard to the company's own business, at present it is not possible to make reliable forecasts regarding the impacts on its operations and economic and financial results, although there appears no reason to doubt that it will be able to survive as a going concern.

CLIMATE CHANGE RISK

During recent decades, the evidence of the impact of climate change on natural and human systems has increased considerably. The modification of the climate is a factor of constantly growing current and future importance for businesses' strategic and risk management. There is therefore the need for policies of adaptation, to reduce the consequences of climate change, and mitigation, to reduce its causes.

Florim S.p.A. SB has been working to optimize the impact of its activities on the community and the environment for a considerable amount of time. However, climate change exposes the company to the risk of damage to its capital assets, such as industrial buildings and infrastructure, and the risk of potential interruptions in the supply of essential materials, and the potential shrinkage of production capacity. **The capacity of the technologies Florim has at its disposal is sufficient, if necessary, to deal with increased production loads transferred from any locations damaged by extreme weather events or natural disasters, thus mitigating the risks related to foreseeable climate change.** Moreover, Florim implements a scheduled maintenance plan for the purposes of prevention and protection, and also to reduce possible impacts on production facilities.



Casa dolce casa – Casamood | Sensi of Casa dolce casa Collection designed by Matteo Thun

PRODUCT SUSTAINABILITY



This section summarizes the concept of “Made in Florim”, denoting a product that encapsulates the company's core values: **passion, innovation and sustainability**.

It is only when an innate attention to design meets the most modern production technology that Florim porcelain stoneware is born. Anyone without hands-on experience of the ceramics industry will not understand the importance of every speck of dust: **attention to detail** is all-important for us. It takes passion and creativity, patience and research. This is what you can feel in the air when you walk into one of the big Florim plants. Here, knowledge of matter and industry experience merge with a natural sensitivity to beauty and a strong interest in design: the secret behind realization of a product that leads stylistic trends on the international ceramics scene.

It starts with selection of the best natural ingredients, meticulously monitored and blended. Then state-of-the-art technology, skilfully guided by human experience, steps in to guarantee **quality, safety and respect for people and the environment**. The people who produce our materials work in a safe place and in ethically sustainable conditions.

Due to their nature, all the Group's products are guaranteed free from pollutant emissions, do not accumulate electrostatic charges, are frostproof and completely inert and are undamaged by contact with flames.

100% of greenware waste from the production process and **100% of wastewater** are recycled in every Florim plant (further details from page 29).



FLORIM PRODUCT CERTIFICATIONS

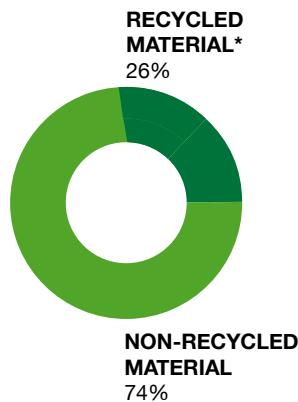
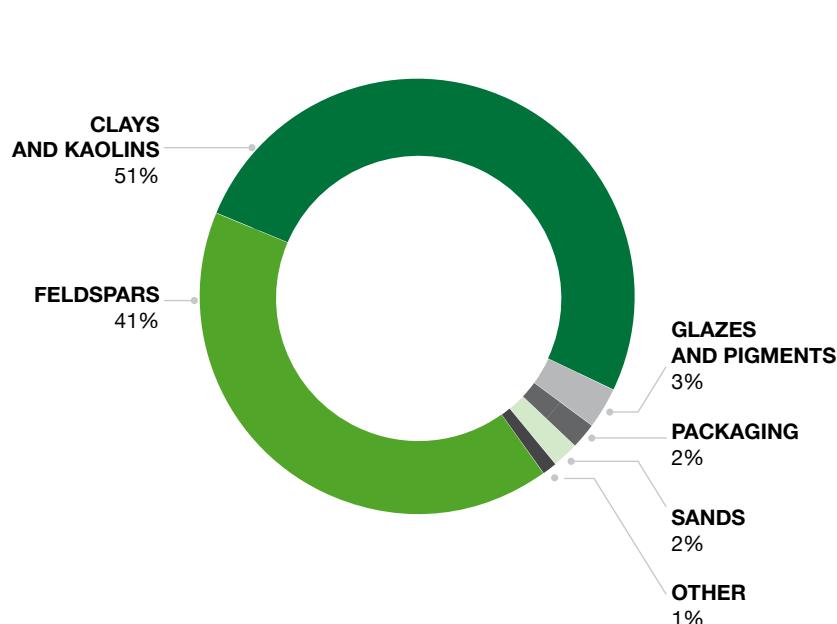
The following is a list of the **product certifications** obtained by all or some Florim and Florim USA collections, in addition to the **process environmental certifications**, occupational **health and safety** certification and **AEO** status, discussed in the respective sections.

		FLORIM	FLORIM USA
	CE Marking guarantees that a material is safe and in line with the regulations in force in the European Community for all production lots	≡	
	Ecolabel certifies that products comply with the environmental and performance criteria established at the European level	≡	
	Bureau Veritas certifies the pre-consumer recycled material content in accordance with the EN ISO 14021 standard	≡	≡
	USGBC is the most important association which promotes the reduction of buildings' negative impact on the environment	≡	≡
	Greenguard gold is the certification that protects people's health by improving air quality and reducing exposure to indoor chemicals	≡	≡
	NSF is a worldwide benchmark for materials suitable for use as "solid surfacing for splash zone"	≡	
	HPD - Health Product Declaration . These are standard declarations for transparent communication on products' ingredients and the associated risks	≡	≡
	Sector EPD is a document which defines the environmental impacts arising from the production of a given product	≡	
	Manufacturer-specific EPD is a document which defines the environmental impacts arising from a given company's production		≡
	CCC certifies that the material is suitable for export to China and complies with health and safety requirements	≡	
	UPEC is a classification which identifies the most appropriate intended use for each product on the basis of the technical performances offered	≡	
	Singapore Green Building Product identifies the most efficient products with regard to sustainability	≡	

Florim products also hold **Kosher**, **TBWIC**, **IGIENCZY CERTYFICATE**, **Fitosanitaria**, **TIS**, **CIBD**, **SASO** and **SNI** certification, as well as other even more specific approvals for individual markets.

THE FLORIM PRODUCT

The Florim ceramic product consists of **over 90% choice quality natural raw materials**.



(*) the recycled material percentage refers to the average value of the collections manufactured in the 3 plants. The range of Outdoor products with thickness of 2 cm contains up to 70% recycled material.

MULTIPLE DESIGN AWARDS

2019 was a year **rich in awards**, presented for **the outstanding design content** of the Florim brands. Leading the way was CEDIT – Ceramiche d'Italia, the brand with a clear vocation for experimentation, offering collections styled by Italian designers of international fame: BRH+, Marco Casamonti, Cristina Celestino, Formafantasma, Giorgia Zanellato and Daniele Bortotto, Giorgio Griffa, Franco Guerzoni, Matteo Nunziati, Federico Pepe, Zaven, and Elena Salmistraro for the new 2020 collection. This impressive collection of awards reflects great determination and **an innate passion for beauty**, which have driven the company to challenge common conceptions and successfully transform what we all call a tile from a functional to a design object.

2019 AWARDS	BRAND	COLLECTION
GOOD DESIGN AWARD	CEDIT	RILIEVI
IF DESIGN AWARD	CEDIT	RILIEVI
RED DOT AWARD	CEDIT	RILIEVI
NYCxDESIGN Awards	CEDIT	ARALDICA
HD AWARDS	REX	ETOILE
ARCHIPRODUCT DESIGN AWARDS	CEDIT	POLICROMA
EDIDA awarded by Elle Decor Japan	CEDIT	POLICROMA

CUSTOMER FOCUS

As well as its strong focus on its products, Florim concentrates its efforts on **customer service**.

With **seven different commercial brands** and a **service brand**, the Group offers its customers a **broad spread of products and personalized support in the various phases of the material selection process**. Every brand addresses different targets and has its own, easily recognizable identity. They are therefore complementary brands which, overall, are able to satisfy the tastes and demands of every market segment, from the biggest architectural projects to interior design.

Florim is constantly developing new solutions for an optimal response to customers' needs. With this aim, it has built a new Industry 4.0 factory of 48 thousand m², to ensure an even higher level of customer service in both order management and material delivery times.

DESIGN SERVICE

The complexity of contemporary architectural projects implies careful selection of the building's coverings. This selection must give consideration to both the product's aesthetic impact and its technical properties.

Florim Solutions reflects the Florim Group's determination to support architects with competence and experience in the selection of the right applicational and technological solutions for the success of their projects.

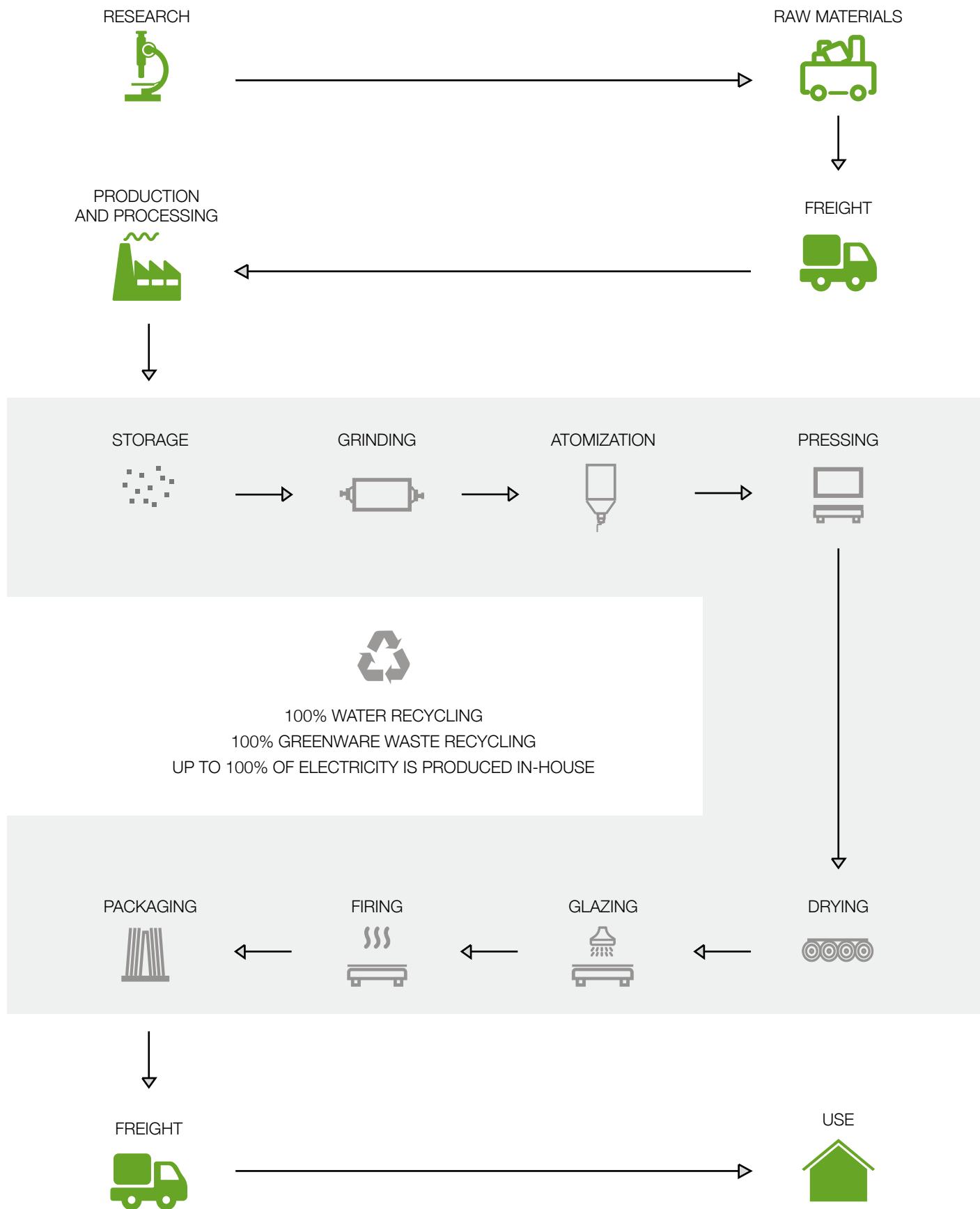
The team of specialist engineers and architects is able to accompany the architect and client from the initial stage of choosing the concept to structural checks and the construction and installation stage, offering **turnkey solutions**.

Stoneware ventilated facades, technical floorings, pools and spas are just some of the areas covered by Florim Solutions through a service offering high level assistance for every aspect of the project.



Florim | Industry 4.0 Factory - Plant 2 (Fiorano Modenese - Modena, Italy)

THE SUPPLY CHAIN



ISO 9001 CERTIFICATION OF THE QUALITY MANAGEMENT SYSTEM

Florim holds EN ISO 9001:2015 certification for the design, manufacture and sale of all categories of ceramic tile. The current 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 satisfy the customer's needs.

OBJECTIVE	INDICATOR	2018		2019	
		ITALY	USA	ITALY	USA
Continual improvement of control of the production process	Percentage of first grade product	95.8	95.2	95.5	95.9
	Quality rate	90.7	90.3	89.6	90.9
	Scrap rate	5.3	5.05	6.2	5.14
	Productivity	20.3	20.03	23.9	23.22
Improvements in sales performance and customer satisfaction	Innovation rate	20.2	\	24.3	\
	Customer Satisfaction Index	103,5	\	101,8	\
	% Coverage	85.9	\	85.9	\
	Total orders available for shipment 1 month	92.3	\	92.3	\
Optimization of range and stocks	% Obsolete stock	4.3	3.4	6.3	6.48
	Stock turnover rate	1.3	2.6	1.35	2.67
Gradual elimination of disputes, complaints and claims concerning service	% m ² with genuine claims	0.38	0.6	0.55	0.2
	% complaints/order items	0.99	0.8	0.88	0.6

KEY:

Percentage of first grade product: percentage ratio between the square meters of first grade products and the total square metres 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 metres on order.

Total portfolio of orders available for shipment in 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 metres 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 metres 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.

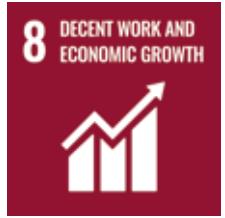


Florim headquarters (Fiorano Modenese – Modena, Italy)



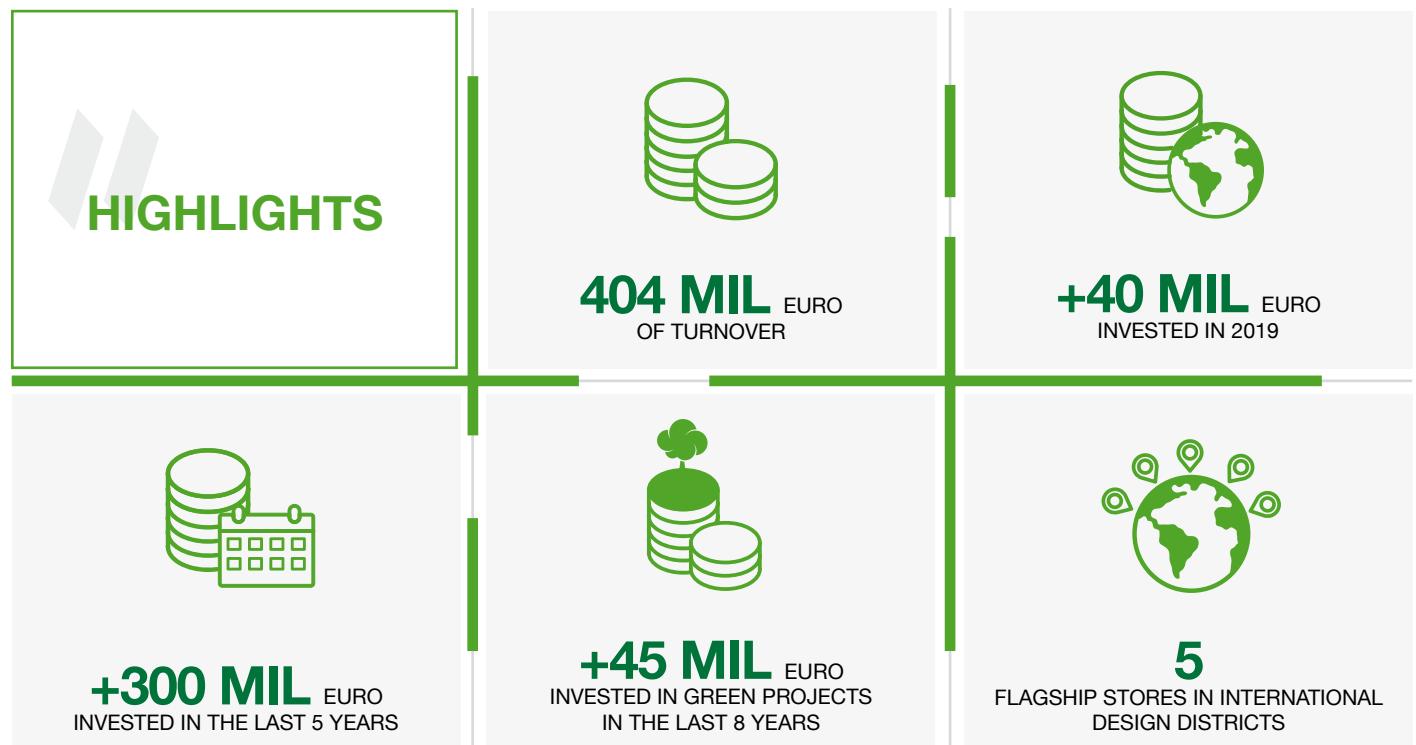
Rex | I Filati di Rex collection in partnership with Rubelli

ECONOMIC RESPONSIBILITY



The Florim Group operates in one of the world's most famous ceramic floor and wall covering production districts. Florim has chosen to stand out on the market with an offering of **ultra high-end products**, completely conceived in Italy, in which **innovation, sustainability** and **beauty** come together to offer customers a product of unique technical and aesthetic quality. The Group has solid bonds to its local community and environment, constantly aware of its economic responsibility in relation to stakeholders, fulfilled by choosing local suppliers and launching many social responsibility projects. Through

this sustainability reporting, Florim has been committed for 12 years now to the transparent disclosure of its financial and other data to its main stakeholders. In addition to the various process certifications obtained by the production plants with regard to quality, the environment and safety, Florim was the first ceramics manufacturer in the Province of Modena to achieve  – **Authorized Economic Operator - certification**. This guarantees the company's absolute compliance with customs and security requirements in its foreign trade.



ECONOMIC DATA

FINFLOOR CONSOLIDATED (in thousands of €)	2015	2016	2017	2018	2019
Net earnings	374,094	406,759	424,826	410,697	404,094
EBIDTA	98,115	107,186	123,081	102,003	85,388
Gross cash flow	97,268	109,148	121,788	103,363	80,435
Net profit	43,324	49,347	57,808	55,424	31,172
(Negative)/positive net financial position	(27,326)	(12,508)	19,155	4,951	(57,195)*
Final inventory	92,795	96,721	106,557	124,443	120,857
Net shareholders' equity	332,721	369,937	393,600	444,009	458,024
Total investments	34,215	53,531	103,015	75,602	40,285

(*) Includes the book effect of application of the IFRS16 standard, which affects this figure by increasing indebtedness by about 65 million euro.

Sales of the Italian brands fell slightly, while the American business performed well, seeing off the growing competition from alternative products with élan.

The impact on the EBITDA was amplified by an increase in production costs in the Italian plants, affected by the launch of in-house large slab processing.

Leaving aside the book effects of the application of the IFRS16 standard, the Net Financial Position was again positive by about 5 million euro, in spite of investments of over 40 million euro.

INVESTMENTS

Of the 40 million euro invested in 2019, **about 17 million euro** was spent at the Fiorano and Mordano locations on various projects, including the **installation of a new photovoltaic plant**, while Florim USA Inc. invested 5 million euro, mainly on the installation of a new-generation kiln. The other investments related to the group's real estate operations. In the last 8 years, **over 45 million euro has been invested in sustainability**. In 2019, about 5 million euro was spent on "green" projects, including new photovoltaic plants.

FLORIM FLAGSHIP STORES

After **Milan, New York and Moscow**, the **Singapore Flagship Store was opened in 2019, followed early in 2020 by the one in Frankfurt**. Additional Stores will be opening very soon in London and Abu Dhabi, both top international design locations.

All these spaces share the same design philosophy, developed by Florim, and provide locations for meetings and dialogs with architects and interior designers.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

ECONOMIC VALUE GENERATED AND DISTRIBUTED	2018		2019*	
	ITALY	USA	ITALY	USA
Revenues	354,591	94,677	327,802	95,513
Direct economic value generated	354,591	94,677	327,802	95,513
Operating costs	195,622	52,986	183,295	52,322
Employee wages and benefits	68,643	20,697	70,306	20,270
Payments to providers of capital	18,211	12	37,001	87
Payments to government	2,912	2,029	5,386	606
Community investments	296	11	318	21
Economic value distributed	285,684	75,735	296,306	73,306
Economic value retained	68,907	18,942	31,496	22,207

(*) 2019 data include the effect of application of the IFRS 16 accounting standard.

INDUSTRY 4.0 FACTORY | FIORANO

The **new industry 4.0 factory** in Fiorano, a benchmark of leading-edge technology and a fine example of a low environmental impact industrial plant, went into operation in 2019.

The plant, which stands next door to the corporate headquarters, occupies an area of 48 thousand square meters and houses **the processing and logistics of Florim large slabs, with a totally new approach to serving the market**.

Sophisticated software is used to automatically control and manage the plants, humanoid robots and LGVs (Laser Guided Vehicles) at this factory, and the one built at Mordano (Bologna) in 2017, to ensure complete material traceability.

The entire facility was designed to minimize environmental impact, and it is one of Italy's very few industrial buildings certified in class A++++ (a ranking confirmed by the engineers of the Emilia-Romagna Regional Authority). All the vehicles used inside it are electric, and the rectification lines use an innovative dry rectifying system that does not need water, meaning no wastewater requiring physical/chemical treatment.

Constructed with the company's usual strong focus on beauty and design, the building incorporates 26,000 m² of photovoltaic panels which, in optimal conditions, help to make Florim completely self-sufficient in energy (further details from page 21).

On the facility's western side stands **Percorso Amoro**, an impressive bronze sculpture by **Giuseppe Gallo**, which combines with the 11 rows of vines to enhance the architectural effect.



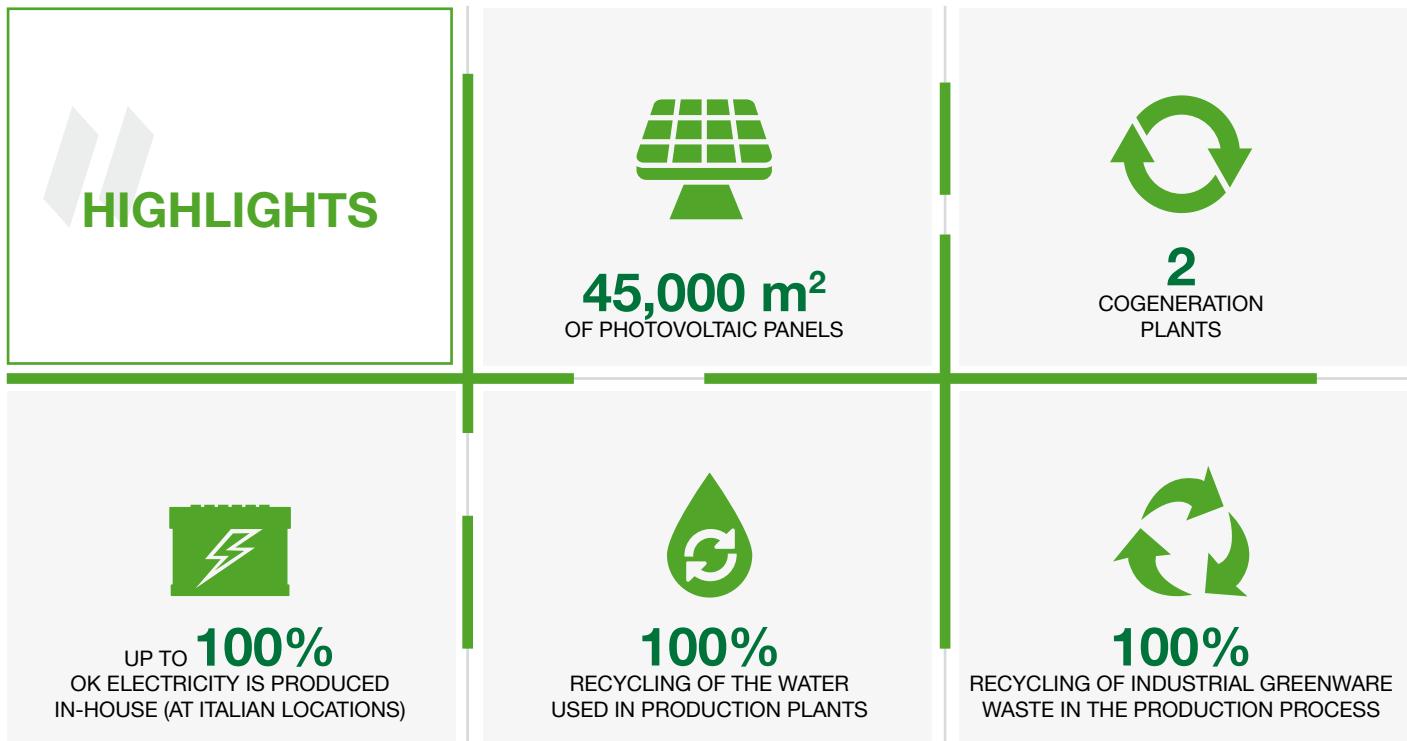
Floor Gres | B&W_Marble Collection



ENVIRONMENTAL RESPONSIBILITY

The green "L" in the Florim logo reflects our determination to **safeguard the environment and community where the company was born, and which still provide its home today**. Years of research and investment have made it a unique benchmark in environmental protection. This is proven by its figures, its certifications and the awards obtained. The company's commitment with regard to a sustainable footprint is not limited to compliance with current legal requirements, but sets itself **objectives for continual improvement** of its product, its process and, also, the management of its supply chain. This commitment has enabled the company to achieve major milestones, summarized in the pages which follow,

and confirmed by **international certifications**. In 2019, Florim began a process of updating all plywood display units, with the use of **new panels with low formaldehyde emissions** in all the display tools used, worldwide. In addition to the issues described on the pages which follow, the company makes every effort to manage the energy and resources used in its offices, such as paper, to the highest standards. Florim only uses **environmentally certified paper** and great care is taken over recycling. The gradual **digitalization of catalogs** is also promoted: they are all available in .pdf format on the Group's websites and at the main dealerships via a touch-screen device for rapid consultation of products.



PROCESS ENVIRONMENTAL CERTIFICATIONS



In addition to the certification covering occupational **health and safety**, the **quality system**, the **products** and **AEO** (Authorized Economic Operator) status, discussed in the relevant sections, the following process environmental certifications are also held:

EN ISO 50001

Thanks to a careful **energy management** policy and aided by the latest investments in the production area, which also improve energy efficiency, Florim S.p.A. SB was the **world's first ceramics manufacturer** to obtain ISO 50001 certification of its Energy Management System.

EN ISO 14001

All Florim plants have received TÜV EN ISO 14001 voluntary certification, which confirms compliance with a series of internationally codified 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.



ENVIRONMENTAL MANAGEMENT

The pages which follow report the main environmental responsibility indicators, from the raw materials used in the production process through to the packagings used.

WASTE

Florim recycles and optimizes, within the production process, **all tile and slab greenware scraps, dust residues from filters and sludge from the process wastewater treatment system**. As well as the waste from its own production process, the company also reuses waste produced by third parties in both its Italian and United States plants. In 2019 the company was able to send 56,477 tons of waste (representing 95% of the total) for recycling.



95%

WASTE SENT FOR
RECYCLING IN 2019

WASTE MANAGEMENT	2018		2019	
	ITALY	USA	ITALY	USA
Total waste recycled (t)	40,117	1,107	28,013	28,464
_of which hazardous waste (t)	18	0	21.7	0
Total waste disposed of (t)	507	2,512	513.6	2,463
_of which hazardous waste* (t)	360	0	386	0
Hazardous waste* as a percentage of total waste	0.9%	0	1.4%	0

*The method used to calculate hazardous waste in the United States is different from that implemented under European regulations.

WATER

Virtually no environmental impact of wastewater discharges is specified since all the water from the production cycle at the group's locations is 100% reused. All other effluents comply with legal requirements.

In order to optimize the use of water resources, Florim is implementing innovative dry rectifying lines which enable the company to eliminate the physical/chemical treatment of the water used in the rectification process.



0.02%

CONSUMPTION RATE =
TOTAL WATER CONSUMED (m³) /
FINISHED PRODUCT (m²)

TOTAL WATER WITHDRAWAL	2018		2019	
	ITALY	USA	ITALY	USA
total water consumption (m³)	307,194	111,990	299,067	89,621
_of which from wells (m³)	150,249	0	159,864	0
_of which from water main (m³)	23,500	111,990	23,751	89,621
_of which industrial (m³)	133,445	0	115,452	0
Total recycled and used water (m³)	283,694	NA	275,316	NA
Consumption intensity - Total water consumption (m³) / finished product (m²)	0.02	0.01	0.02	0.01

Fiorano has also installed a rainwater collection tank which recovers rainwater and optimizes its use by feeding it into the production process. The only water not recycled is that utilized for the company's washrooms and kitchens.

RAW MATERIALS AND BIODIVERSITY

Florim plants have 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 at Salse di Nirano. Moreover, the Mordano location is more than 10 km from the nearest nature reserves. Great care is taken over the choice of the suppliers of the raw materials used for tile body mixes, each of which 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. The American location also has no significant impact on the biodiversity of the local area. The facility is in an industrial park surrounded by farmland, and impact assessment has revealed that the area has no species at risk of extinction or critical habitats. Almost all raw materials are quarried within 500 miles of the plant.

It has also introduced a **software program** - used at the 3 production plants (Italy and the USA) - for the **management of data on the origin of raw materials**, such as quarry location, distance from the factory, recycled content declaration, technical, safety and radioactive content data sheets and the expiry of the quarrying permit issued by the government.



100%

SUPPLIERS MONITORED
VIA RAW MATERIAL
TRACING SOFTWARE

PACKAGING AND WRAPPINGS

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. What's more, all the packaging used (boxes, cardboard, shrink wraps, pallets, etc.) can be completely recycled by the end user. The investments made at the Italian locations include a **new type of packaging machine** which cuts the cardboard packaging to the dimensions needed for the tile size being packed, completely eliminating waste due to leftover inventory and saving significant amounts of cardboard.

During the year under consideration, 162,500 kg of shrink-wrap plastic was recycled at the three production locations.



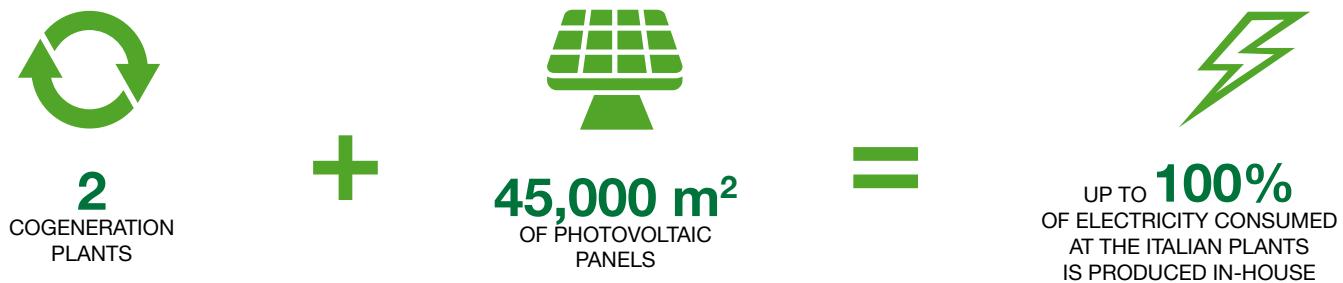
162 tons

HEAT-SHRINK PLASTIC
RECOVERED AND CORRECTLY
DISPOSED OF IN 2019

ENERGY MANAGEMENT

Very large amounts of energy are required to power the production processes of ceramic tile plants, with consequent direct and indirect impacts on the local area and the environment. All the Group's locations have state-of the-art plants with low energy impact. With two cogeneration plants and 45,000 m² of photovoltaic panels already operational, the company is uniquely well equipped in terms of energy production. In 2019 the amount of electricity self-generated by Florim (**102,1** Gigawatt hours) would have been able to supply the energy needs of about 44,400 homes.

On sunny days, the Florim plants are able to produce up to 100% of the electricity needed to power the Italian factories. In 2019, weather conditions enabled the in-house production of 80% of all electricity consumed.



ENERGY CONSUMPTION

	2018 ITALY	2019	
	ITALY	ITALY	USA
TOTAL ENERGY CONSUMED WITHIN THE ORGANIZATION (GWh)	743.58	713.44	288.14
of which:			
from non-renewable fuels (Natural gas, diesel, ...) (GWh)	713.0	684.88	238.0
from renewable fuels (bio gas, ...) (GWh)	-	-	-
electricity, heating, cooling and steam purchased for consumption (GWh)	28.55	24.66	50.14
electricity, heating, cooling and steam generated on-site and not consumed (GWh)	2.92	5.94	-
electricity sold (GWh)	-0.89	-2.03	-
ELECTRICITY CONSUMPTION (GWh)	30.585	28.567	50.14
of which:		-	
Electricity purchased (GWh)	28.55	24.66	50.14
Electricity produced by photovoltaic panels (not including turbines) (GWh)	2.92	5.94	-
Electricity sold (GWh)	-0.89	-2.03	-
CONSUMPTION OF FUEL FROM NON-RENEWABLE SOURCES (GJ)	2,566,785	2,465,557	853,200
of which:			
Natural gas consumed in production, by turbines and heating (GJ)	2,544,752	2,444,451	846,000
Diesel fuel consumed by company cars (GJ)	6,050	6,069	-
Diesel fuel consumed by company logistics and production vehicles (GJ)	15,983	15,037	7,200

PHOTOVOLTAIC PLANTS

The Fiorano Modenese headquarters have more than **45,000 m²** of photovoltaic panels, which help the company to generate clean energy and avoid the emission of CO₂ into the environment. 26,000 m² of these, installed at the end of 2018 and covering the roof of the new factory, came on stream in June 2019. The first plant, of 19,000 m², dates from 2012. Since they went into service, the photovoltaic plants have produced **28,241 MWh** and avoided the emission of **12,452 tons of CO₂** into the air.



28,241
MWH PRODUCED



12,452
TONS OF CO₂ NOT EMITTED, OF
WHICH 1,879 IN 2019

PLANT	PEAK POWER (kWp)	MWH PRODUCED	t of CO ₂ not emitted
Plant 1 in service since 2012	2,699	25,039	11,439
Plant 2 in service since June 2019	5,035	3,202	1,103
TOTAL		28,241	12,452

GOOD PRACTICE

In addition to **issuing and distributing the energy saving handbook** for its offices, the company is also trying to maximize savings on the raw material used, and specifically the use of paper. Internally, the company only purchases reams of paper which carry environmental certification and used paper is collected separately for proper disposal. Externally, most of the merchandising tools the company distributes are made from recycled paper, and it is encouraging their gradual digitization. **All catalogues are available in digital format** on the Group's website and from the main dealers, who are provided with a touchscreen tool containing the collection catalogues in .pdf format and other tools for final consumers. In 2019, Florim began a process of updating all **plywood display units**, with the use of **new panels with low formaldehyde emissions** in all the display tools used, worldwide.

Florim USA is working hard to source new raw materials derived from recycling, such as glass, or zinc processing waste. It is also cooperating with other local manufacturers to find a joint solution for recycling waste wood.

Florim has also introduced a **new payslip distribution procedure**, introducing an online processing system. This tool has introduced new functions with greater flexibility for employees, and the company no longer prints out payslips every month. In Italy, the project initially included all office staff and was subsequently expanded to cover factory workers.

TRANSPORT

The materiality study reveals that transport is a significant factor for both stakeholders and Florim itself. 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 optimized the handling of materials thanks to the new, highly-automated logistics hub created at the via Canaletto location.

WATER DISPENSER PROJECT

In 2019 Florim launched a trial project for the benefit of employees, intended to **eliminate the use of disposable plastic water bottles**.

In October, a water dispenser connected to the water main was installed, giving employees free access to micro-filtered drinking water.

On completion of the trial phase, the project will be extended to all Italian plants, taking about 100,000 plastic water bottles a year out of circulation. The project has been up and running in the American plant for some time. Moreover, in Italian hospitality areas plastic bottles have been replaced by cans in aluminum, which can be recycled ad infinitum, and plastic tableware has been replaced with paper.

TENNESSEE GREEN STAR PARTNERSHIP

The Tennessee Green Star Partnership (TGSP) is a voluntary environmental leadership program facilitated by the Tennessee Department of Environment and Conservation. The partnership recognizes local manufacturers that are committed to sustainability and that exhibit continuous improvement in activities and processes. TGSP's objectives **promote the health and well-being of all Tennesseans** and help stimulate economic development through avoided operational costs. This public/private partnership has resulted in many positive environmental outcomes including significant CO₂ emissions reductions through waste diversion and increased energy efficiency.

POST-COMBUSTORS

Although **all Florim plants already operate well below legal limits, the company has chosen to undertake additional investments to the benefit of the local community, to eliminate every type of odorous emission into the air.**

In 2019, **two post-combustion systems** with regenerative heat recovery were purchased for the Mordano plant.

These machines, which process the flue gases leaving the kiln at temperatures around 900°C, prevent the emissions of volatile organic compounds still contained in the flue gases, including the molecules which generate odors.

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 Italia has been **reporting and certifying its CO₂** emissions of its Italian plants since 2013.

CO ₂ EMISSIONS	2018 ITALY	2019	
		ITALY	USA
CO ₂ emissions (t)	145,384	137,504	41,335
CO ₂ emissions (t) / Finished product (t)	0.36	0.37	-
Emissions from the production cycle			
Particulate material (g/m ² finished product)	1.1	0.8	23.7
Lead (g/m ² finished product)	-	-	-
Fluorine (g/m ² finished product)	0.1	0.1	0.4

305 - COMPANY'S DIRECT EMISSIONS SCOPE 1	2018							
	ITALY							
Greenhouse gas emissions from	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	CO ₂ EQUIVALENTS
Stationary combustion (t)*	79,390	1.4	0.1	-	-	-	-	79,467
Mobile combustion (t)*	1,633	-	-	-	-	-	-	1,633
Cogeneration plants (t)*	56,677	1	0.1	-	-	-	-	56,732
Calculation of HFCS and PFCS (t)*	-	-	-	-	-	-	-	-
Total	137,700	2.4	0.2	-	-	-	-	137,832



"Percorso Amoro" artwork by Giuseppe Gallo, Fiorim headquarters (Fiorano Modenese – Modena, Italy)

305 - COMPANY'S DIRECT EMISSIONS SCOPE 1	2019							
	ITALY							
Greenhouse gas emissions from	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	CO ₂ EQUIVALENTS
Stationary combustion (t)*	72,370	1.3	0.1	-	-	-	-	72,440
Mobile combustion (t)*	1,565	-	-	-	-	-	-	1,565
Cogeneration plants (t)*	58,334	1	0.1	-	-	-	-	58,390
Calculation of HFCS and PFCS (t)*	-	-	-	-	-	-	-	-
Total	132,269	2.3	0.2	-	-	-	-	132,395

305 - COMPANY'S DIRECT EMISSIONS SCOPE 1	2019							
	USA							
Greenhouse gas emissions from	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	CO ₂ EQUIVALENTS
Stationary combustion (t)*	41,335	0.78	0.08	-	-	-	-	41,336
Mobile combustion (t)*	393	0.03	0.01	-	-	-	-	399.94
Cogeneration plants (t)*	-	-	-	-	-	-	-	-
Calculation of HFCS and PFCS (t)*	-	-	-	-	-	-	-	-
Total	41,728	0.81	0.09	-	-	-	-	41,735.94

Gases included in the calculation: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃. Year 2019 - Italian data.

Direct emissions of HFCs, PFCs, SF₆, NF₃ are equal to zero.

305 - EMISSIONS FROM THE USE OF ELECTRICITY PURCHASED BY THE COMPANY SCOPE 2	2018							
	ITALY							
Greenhouse gas emissions from	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	CO ₂ EQUIVALENTS
Purchased electricity	8,665	17	43	-	-	-	-	8,725

305 - EMISSIONS FROM THE USE OF ELECTRICITY PURCHASED BY THE COMPANY SCOPE 2	2019							
	ITALY							
Greenhouse gas emissions from	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	CO ₂ EQUIVALENTS
Purchased electricity	7,371	15	37	-	-	-	-	7,423

305 - EMISSIONS FROM THE USE OF ELECTRICITY PURCHASED BY THE COMPANY SCOPE 2	2019							
	USA							
Greenhouse gas emissions from	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	CO ₂ EQUIVALENTS
Purchased electricity	18,000	-	-	-	-	-	-	18,000

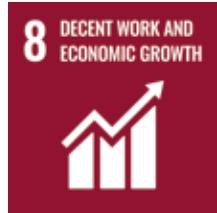
Gases included in the calculation: CO₂, CH₄, N₂O. The Gases not included in the calculation are: HFCs, PFCs, SF6, NF3. Year 2019 - Italian data.

Direct emissions of HFCs, PFCs, SF₆, NF₃ are equal to zero. The greenhouse gas emission factors are those listed on page 36 - Table 2.12 of the "ISPRA - Fattori di emissione atmosferica di gas a effetto serra e altri gas nel settore elettrico nazionale e nei principali Paesi Europei nr. 303/2019" [ISPRA - Greenhouse Gas and other Gas Atmospheric Emissions Factors in the Electricity Industry in Italy and the main European Countries no. 303/2019] and refer to 2017. 2018 data are only available for the Italian plants; USA plant data were included for 2019.



Rex | Les Bijoux de Rex Collection

SOCIAL RESPONSIBILITY

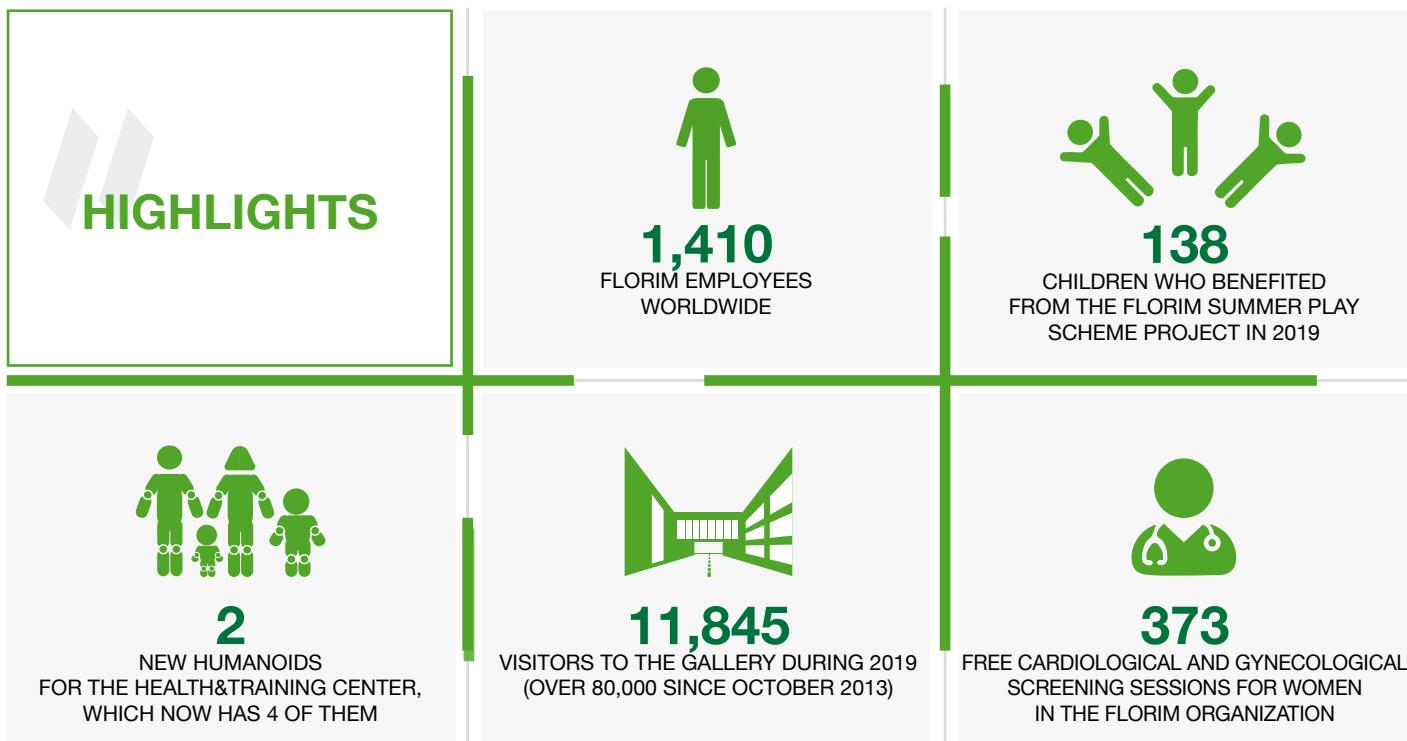


The Group's Social Responsibility is reflected in a high degree of **attention to the needs of the people** who work for the company, their **families** and the **local community**. **Passion, humility, and a constant commitment to improvement** are the characteristics that guide and support the Group's personnel in the achievement of shared objectives. Although large and with a complex structure, the company has made every effort to keep internal relationships and communication simple at all levels.

The large number of **corporate welfare** projects demonstrate the care the company dedicates to its workforce, with health issues in first place.

Florim also shows an impressive level of **community awareness**, expressed through the activities of the Fondazione Ing. Giovanni Lucchese and the Health&Training Center, and the events organized at the Florim Gallery, including the "health meetings".

The pages which follow provide an overview of the activities and projects run by the Group for its employees and the community during the last few years.



EMPLOYEES

In 2019 there were **1,410 Florim people** worldwide. This number includes the employees of Florim Italia, Florim USA and the other international locations.

ITALY							
	MANAGERS	EXECUTIVES	OFFICE WORKERS AND APPRENTICES	OFFICE ANCILLARIES	FACTORY WORKERS AND APPRENTICES	AGENCY STAFF/INTERNS	TOTALS
Men	19	27	146	72	400	46	710
Women	3	2	178	14	193	11	401
Total	22	29	324	86	593	57	1,111

USA							
	MANAGERS	EXECUTIVES	OFFICE WORKERS AND APPRENTICES	OFFICE ANCILLARIES	FACTORY WORKERS AND APPRENTICES	AGENCY STAFF/INTERNS	TOTALS
Men	5	21	25	0	147	9	207
Women	1	8	22	0	57	4	92
Total	6	29	47	0	204	13	299

WORKFORCE COMPOSITION	ITALY			USA		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Permanent	663	388	1,051	198	88	286
Temporary	47	13	60	11	2	13
Full-time	699	355	1054	208	90	298
Part-time	11	46	57	1	0	1

AGE-RANGE		
% EMPLOYEES BY CATEGORIES:		
	ITALY	USA
Men	65%	69.2%
Women	35%	30.8%

<30 years	7%	24.1%
30-50 years	51%	39.9%
>50 years	42%	36.0%

TURNOVER	2018		2019	
	ITALY	USA	ITALY	USA
New employee hires	44	60	106	51
Positive turnover percentage (%)	4.17%	18.81%	9.78%	17.59
POSITIVE TURNOVER BY AGE-RANGE				
_ 0-30	1.89%	8.46%	3.97%	5.17%
_ 30-50	1.70%	9.09%	5.17%	8.97%
_ 50-65	0.57%	1.25%	0.65%	3.45%
POSITIVE TURNOVER PERCENTAGE				
Italy	4.07%		8.30%	
Venezuela	0.09%			
Albania			0.37%	
Germany			0.28%	
Morocco			0.28%	
Ukraine			0.28%	
Romania			0.09%	
Spain			0.09%	
White		10.34%		10%
Black or African American		3.13%		4.14%
Hispanic or Latino		2.19%		2.41%
Asian		1.25%		0.69%
Two or more races		1.25%		0.34%
American Indian or Alaska Native		0.31%		0%
Native Hawaiian or Other Pacific Islander		0.31%		0%
POSITIVE TURNOVER BY GENDER				
Men	2.65%	12.23%	7.75%	12.76%
Women	1.52%	6.58%	2.03%	4.83%

For the Italian data, the positive turnover percentages were calculated by dividing the new hirings for the period by the workforce employed at the start of the period, multiplied by 100. Hirings were calculated on the basis of contracts and not individual natural persons.

For the USA data, the positive turnover was calculated by dividing the new entries by the average total workforce for the period, multiplied by 100. Interns are not included in the calculation.

	2018		2019	
	IT	US	IT	US
TURNOVER				
TOTAL TURNOVER				
	7.76%	24.1%	16.78%	23.71%
TOTAL TURNOVER BY AGE-RANGE				
_ 0-30	2.32%	4.7%	5.17%	5.17%
_ 30-50	3.03%	16.3%	7.35%	12.76%
_ 50-65	2.41%	3.13%	4.26%	5.86%
TOTAL TURNOVER BY NATIONALITY				
Italy	7.31%		14.6%	
Albania			0.45%	
Burkina Faso			0.09%	
Germany			0.27%	
Ghana			0.09%	
Morocco			0.45%	
Moldova			0.09%	
Romania			0.09%	
Senegal			0.09%	
Spain			0.09%	
Ukraine			0.36%	
Venezuela	0.18%			
Switzerland	0.09%			
France	0.09%			
Poland	0.09%			
White		11.6%		14.48%
Black or African American		6.58%		6.55%
Hispanic or Latino		3.13%		1.38%
Asian		0.63%		0.34%
Two or more races		0.94%		0.69%
American Indian or Alaska Native		0.94%		0
Native Hawaiian or other Pacific Islander		0.31%		0.34%
TOTAL TURNOVER BY GENDER				
Male	5.44%	17.55%	12.79%	18.62%
Female	2.32%	6.58%	3.99%	5.17%

For the Italian data, the total turnover percentages were calculated by dividing the total personnel joining and leaving the company over the period by the average total workforce for the period, multiplied by 100. Hirings were calculated on the basis of contracts and not individual natural persons. For Florim USA, the total turnover percentages were calculated by dividing the number of employees who left the workforce by the average total workforce for the period, multiplied by 100. Interns are not included in the calculation.

With regard to the minimum periods of notice required for operating changes, the National Collective Employment Contract (NCEC) regulates the period of notice and establishes the trade union rights and the issues for negotiation. The Company also issues an annual schedule of regular meetings with trade union representatives, apart from any emergencies which may arise.

The company guarantees compliance with national legal and contractual requirements regarding trade union membership, and its workforce is represented by a number of national trade unions (CGIL, CISL and UIL) with which the Company cooperates to reach agreements for its employees' benefit.

Current company policies were not found to include any risk factors with regard to the safeguarding of human rights requiring any policy changes.

HEALTH AND SAFETY

Its employees' health and safety has always been a top priority for Florim, which was the first Italian ceramics corporation to achieve **BS OHSAS 18001** international occupational health and safety certification. During the first few months of 2020, both Italian locations confirmed their focus on plant safety by obtaining the new **ISO 45001** certification.

Every year, in addition to plant inspections and maintenance, hours of training on safety and environment issues are organized to raise awareness among workers and supervisors. With support from Sassuolo Hospital, the company also organizes free events open to the local community for the promotion of a healthy lifestyle and the prevention of the most common diseases (26 have been held since 2014). BLSD refresher courses are ongoing for the team of Florim employees trained in first-aid operations and the use of the **defibrillators** available on site.

Florim USA also continues to run projects for the health of its employees through specific educational meetings. A different disease is discussed every month, in order to raise awareness and promote prevention.

In 2019 a total of 75 accidents were recorded in Italy and the USA. This figure, stable compared to 2018, also includes accidents during the home-work commute.

403 - 1 OCCUPATIONAL HEALTH AND SAFETY	2018		2019	
	IT	US	IT	US
Total workplace injuries	51	24	52	23
Of which during journey to work	3	0	5	0
Of which in the workplace	48	24	47	23
Fatal accidents	0	0	0	0
Working days lost	1,225	275	1324	268
Hours worked	1,542,243	606,382	1570966	551,381
Gravity	7.94	4.54	8.43	4.86
Workplace injury rate*	3.31 (frequency)	7.9	3.31	8.3

*The workplace injury rate required by the USA Government uses a calculation method which is not comparable with that used in Italy.

FLORIM &  Ospedale di Fiorano



INTERNAL COMMUNICATIONS AND TRAINING

2018 saw the launch of the Florim HUB project, which encouraged the sharing of information and corporate values between departments and businesses. The project created the first communication system accessible to all Group employees, whatever their working location. In 2019, new functions were added to render access to information even easier. The organization maintained its strong focus on in-house training, seen as a key factor in the company's development, and a tool for stimulating and fulfilling the potential of its human resources.

More than 8,800 hours of training took place at the Group's locations during 2019.

404 - 1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE	2018		2019	
	IT	US	IT	US
AVERAGE HOURS OF TRAINING				
Women	8	7	8	7
Men	8	7	7	7
Factory workers	8	7	7	7
Office workers	9	7	7	7
Executives	5	7	6	7
Managers	4	7	8	7
Average hours of general training	9	1	8	1
Average hours of safety training	7	1	7	1
Total number of training hours	8,512		8,855	



CORPORATE WELFARE PROJECTS



ITALY

Below we summarize some of the main programs run for employees at the Italian locations:

- | **Agreement with Sassuolo Hospital** enabling Florim employees and their family members to enjoy discounts and shorter waiting times for specialist examinations and outpatient diagnostic tests performed on a private basis
- | **Free two-week summer play scheme** for employees' children
- | **Tax advice** at special rates
- | Free entry to the **Peggy Guggenheim** Collection in Venice for employees and concessions for family members
- | Distribution of **fuel vouchers** to employees for the Christmas holidays
- | **Free entrance to cultural events** at Florim Gallery
- | **Wedding bonus**
- | **Discounts** on the purchase of **Florim products** for employees' homes

USA

In the United States, full-time staff are provided with:



- | **(Basic) Life insurance** (supplemental life insurance for employees and families available optionally)
- | **Health, dental and eye care insurance**
- | Short-term and long-term **disability support**
- | **Employee retirement plan**
- | **Special events** for employees: annual picnic and employee anniversary dinner
- | **Discounts** on the purchase of **Milestone products** for employees' homes

FLORIM METTE UNA VIRGOLA ROSA [FLORIM PINK COMMA]

In partnership with Sassuolo Hospital, Florim encourages all female Italian employees to take up **free screening** to prevent the most common cardiovascular and gynecological diseases.

The results achieved are impressive: over **370 examinations (191 cardiological and 182 gynecological)** with subsequent follow-up. In some cases, these checks identified the initial phases of cancers which without this prevention program could have deteriorated and seriously jeopardized the health of the patients concerned.

These high figures reflect the importance of the project, run thanks to the invaluable assistance of Dr Marcella Camellini and Dr Ivana Algeri at Sassuolo Hospital.

OFFICINA DELLE IDEE

In 2019 Florim presented the prizes to the winning projects in the first edition of the "Officine delle idee" (or "Ideas Workshop"), a corporate project targeting all Italian employees intended to **improve internal processes**, encourage new "bottom-up" initiatives, and foster the feeling of belonging to the organization. **"But wouldn't it be better if we did it like this?"**. With these words, the company invited its workforce to send in ideas and suggestions for changes, with the aim of selecting the brightest proposals and putting them into practice in four different areas: passion, innovation, environmental sustainability and customer service/distribution strategy.

ART AND WORKPLACES

A people-centered approach is also expressed through care taken over workplaces. From Italy to the USA, by way of its international Flagship Stores, the company pays great attention to the quality of its spaces, designing them with immense care and passion, to make them **attractive to look at, and above all to live in**. With this philosophy, Florim has beautified its Fiorano Modenese headquarters with prestigious artworks.

"Il Cavallo" by Mimmo Paladino in the main entrance and **"Percorso Amorooso"** by Giuseppe Gallo on the west side of the new Industry 4.0 factory are the latest works to arrive: two impressive sculptures that give the Group's corporate headquarters a unique identity and contribute to the quality of environment for the people who work there.



COMMUNITY WELFARE, ART AND CULTURE PROJECTS

FONDAZIONE ING. GIOVANNI LUCCHESE

The foundation, established in memory of Group founder **Giovanni Lucchese**, supports organizations and associations that assist families in need in the ceramics district.

As well as this, the Foundation's **latest projects** include:

- **XXIII edition of the Premio Lucchese**, which awards scholarships to top students from the "Alessandro Volta" Technical High School at Sassuolo
- **Purchase of two new-generation humanoids** for medical simulation procedures at the Health&Training Center (giving a total of 4 now available)
- Grant for **renovation of the Luigi Coccapani kindergarten** at Fiorano
- Grant to Rock no War for **creation of the “hybrid operating room”** at Baggiovara Hospital
- Participation in the **Fondazione Teatro Carani** to support the renovation of the historic theater in Sassuolo.

FLORIM USA

During 2019, Florim USA reinforced its support for the local community through:

- Award of **four scholarships** to deserving students at the Austin Peay State University
- **Financial support** for the "Clarksville Association for Down Syndrome" and "Buddy Walk", which support the social inclusion of people in vulnerable categories in the Clarksville area
- **Financial support** for "Aspire Clarksville", which supports a large number of causes in the Clarksville area and "Lowes Swing for Charity" to increase educational opportunities and help communities in difficulty

In addition to the company's financial support, Florim USA **employees** also **donated time, money and goods** to people in need in the local community.

FLORIM GALLERY

A **versatile location for products and events**, an unusual place representing a new model of industrial culture, belonging to a company that wishes to open out to its community through initiatives unrelated to its specific area of business. Large spaces, light and simple, symmetrical lines are the keys to the character of this modern, elegant location, which has established itself in recent years as the **ceramic district's cultural hub**, winning the Emilia-Romagna Region's **"Special Prize for Culture"**. Since it was opened at the end of October 2013, the Gallery **has hosted more than 130 events and welcomed more than 80,000 people**.

SUPPORT FOR THE PROMOTION OF CULTURE AND ART

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 has launched a **partnership with the Peggy Guggenheim Collection in Venice**, confirming its commitment to promoting art by supporting a collection of amazing beauty.

FLORIM HEALTH&TRAINING



A Center dedicated to training, research and advanced medical simulation was created in the heart of the Florim location at Fiorano in 2014.

THE CENTER

The Center is more than 600 m² in area and contains a lecture theater able to seat over 100 people and a number of classrooms for seminars and lessons. The most valuable part is the **sophisticated control room** available to Medical and Paramedical staff, where **state-of-the-art technology allows control of the humanoids which reproduce human functions in the next-door Simulation Center**.

ACTIVITIES

The Center's activities are managed by **Sassuolo Hospital**. As well as simulation, the health care personnel also organize technical and specialist training sessions. The **Santa Maria Nuova Hospital in Reggio Emilia** and the **Modena University Hospital Trust** also recently joined the project. The Florim Health&Training Center is the first in Italy within a private corporation to be certified by the **American Heart Association, the oldest and most respected American voluntary organization with the mission of combating cardiovascular diseases such as heart attack and stroke**.

HEALTH MEETINGS

Designed as a space for community use, the Center is also a hub for increasing awareness of prevention and the ability to perform first aid maneuvers in the general population. Since it was opened, it has held **26 free events open to the public called "Health Meetings"**, discussing topics ranging from good diet to first aid procedures.



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. In 2019 a total of **120 medical examinations** were performed.

THE CENTER IN FIGURES

- | **600 m²** area
- | **26** health meetings involving over **4,000** participants
- | **3 hospitals involved** (Sassuolo Hospital, Santa Maria Nuova Hospital, Reggio Emilia and Modena University Hospital Trust)
- | **set of 4 humanoids** (newborn, child, adult and pregnant woman)
- | **1,346** people who have received an **American Heart Association** certificate at the center
- | **120 medical examinations** at special rates for Florim employees and family members in 2019



Casa dolce casa – Casamood | Sensi of Casa dolce casa Collection designed by Matteo Thun

OUR COMMITMENTS

2019 RESULTS

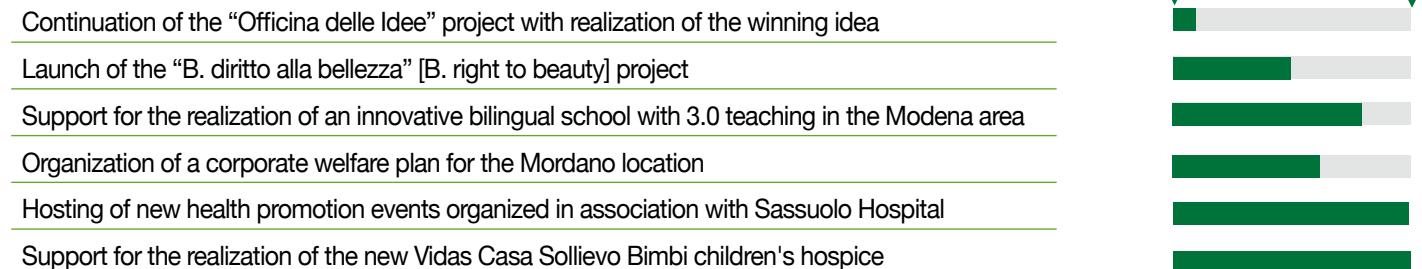
ECONOMIC AREA



ENVIRONMENT AND SAFETY AREA



SOCIAL AREA





SUSTAINABLE DEVELOPMENT GOALS

In this Report, we have also chosen to include references to the Sustainable Development Goals, to highlight the Group's contributions to the targets set in the 2030 Agenda.

In September 2015, more than 150 international leaders met at the UN to agree a document intended to contribute to global development, promote human well-being and protect the environment. The community of States approved the 2030 Agenda for sustainable development, the key constituents of which are the **17 goals known as SDGs** (Sustainable Development Goals). In its approach to business the **Florim Group** has been committed to pursuing some of the SDGs for years now; they are included in the various sections of this Sustainability Report.

The **Florim Sustainability Report** is one of those chosen by Italian consumers for its clarity and effectiveness. The survey was conducted in 2018 on the initiative of the Consumerlab research center in association with Codacons. From a list of 537 documents, readers selected just 40 as good examples of how they would like information to be presented to enable them to assess whether a producer deserves their business.

Amongst these, the **Florim Sustainability Report** was considered to accurately describe a management approach which respects the future since it gives due importance to the common good, general interest and social cohesion.

2020 GOALS

ECONOMIC AREA

Opening of a Florim Flagship Store in London

Opening of a Florim Flagship Store in Abu Dhabi

Construction of a new slab processing factory at Fiorano

Creation of a new entrance at the Fiorano location for raw materials

Construction of a new material storage yard at Mordano, and new finished product truck loading bays

Adoption of digital technologies for the launch of new products and to engage with Group customers

ENVIRONMENT AND SAFETY AREA

Introduction of the new internal protocol - FLORIM CARE - for management of the Covid-19 pandemic at all locations

70% reduction in use of plastic bottles thanks to the installation of micro-filtered water dispensers in the Italian offices and plants

Modernization of the photovoltaic plant on the roofs of the Fiorano plant

Reduction of use of diesel forklifts in the Fiorano plant

Reduction of noise from slab rectification operations at Mordano

Modernization of atomization plant at Mordano, with consequent energy saving

Achievement of Green Squared Certification at the Clarksville plant

SOCIAL AREA

Completion of creation of new disabled access to Fiorano office building

Continuation of the cycle of "Health meetings" in association with Sassuolo Hospital S.p.A. with a new digital format

Funding of the "Dopo di noi" project with Rock no War and other local businesses

Economic support for laid-off workers

Funding of local hospitals during the Covid-19 emergency

Installation of 3 new defibrillators at the American plant



NOTE ON METHOD AND MATERIALITY APPROACH

Writing and distributing its Sustainability Report enables Florim to **communicate with its stakeholders with transparency, describe the results achieved and set out future goals**, in an approach based on engagement and continual improvement. It is in this spirit that we have always sought, year-on-year, to improve this document and **ensure that it is concise and easy to read**.

For the second year, we have adopted the **GRI Standards**, published by the Global Reporting Initiative, as the guidelines for the structuring of our report. In line with the requirements of the GRI, Florim has undertaken a process of improvement which will involve the analysis of the various parts of the supply chain and the dialogue with its stakeholders over the next few years. While last year an analysis of the level of sustainability of its suppliers was launched, this year saw the start of a stakeholder engagement process that involved the redrawing of the materiality map, described in detail below.

Although there have been some changes to the guidelines, for reasons of **continuity and clarity** a subdivision into chapters similar to that used in previous years has been maintained. Two products have been prepared: a **full version** containing the data required by the GRI Standards, available online at and a **short-form version** available both online and on paper.

The method adopted by Florim for the preparation of this document involved a team including the top management, led by the communication function assisted by an external agency of consultants. During the course of the project, a large number of company departments also made an active contribution within their areas of competence.

This sustainability report was written in accordance with the **principles of clarity, timeliness, accuracy, balance, comparability and reliability** recommended by the GRI.

- Clarity:** by making information available in a manner that is understandable and accessible to all stakeholders
- Timeliness:** by presenting the sustainability report at the beginning of May, coinciding with the publication of the consolidated financial statements
- Accuracy:** by reporting the indicators required by the GRI Standards in the greatest possible detail
- Balance:** by highlighting both the organization's positive aspects and its negative areas where there is room for improvement
- Comparability:** by providing as many data as possible over a three-year period
- Reliability:** by involving all company departments in the collection of the data and submitting them for thorough checking by the BoD.

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 and consumers, suppliers, local government, 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 AND CONSUMERS

In dealing with its (retail) customers, Florim is committed to:

- | creating a relationship of trust as a stable basis for business
- | guaranteeing clarity in contracts and prices
- | guaranteeing the reliability of its products and developing customer service
- | offering, innovative, safe, environmentally sustainable products
- | providing a diversified offering with services with high value added

The overall aim is also to satisfy the expectations and demands of the final consumer

DEVELOPERS, ARCHITECTS AND INTERIOR DESIGNERS

To meet the needs of developers, Florim is committed to:

- | offering environmentally sustainable solutions constantly at the technological and design state of the art
- | establishing and fostering relationships with partner professionals
- | providing consulting and technical experience from the project concept through to installation
- | supplying turnkey solutions on request, where feasible

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
- | continually improving the environmental performances of processes
- | researching, developing and using the most sustainable technologies
- | making an economic contribution to local sporting and social projects for children and young people

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.

The updating of the mapping of Florim's main stakeholders did not reveal any changes compared to the findings of the studies performed in previous years on the company's organization, its activities (not just business) and the entire value chain.

STAKEHOLDER ENGAGEMENT

Florim has been engaged for years on programs to foster listening to and dialogue with some of its principal stakeholders, to establish mutual trust and bear in mind their main interests and expectations.

In line with the requirements of the GRI-Standard guidelines, last year Florim launched an **improvement process** involving its first ever survey of **its suppliers' level of sustainability**. The aim for the future is to involve the whole supply chain via questionnaires, focus groups and projects which engage with all the stakeholders concerned.

MATERIALITY ANALYSIS

In 2015, the company began an **internal analysis process** based on the **materiality principle**, in order to identify the sustainability issues of relevance both for the Group (including Florim USA) and for all stakeholders.

Materiality is the threshold above which a topic becomes sufficiently important to be included in this document. Relevant topics and indicators are those which impact economic, environmental and social issues or influence stakeholders' decision-making. In compliance with the new GRI Standard guidelines, Florim has analyzed and identified "relevant" topics, which were assessed by the working team which drafted the Sustainability Report on the basis of discussions with the main stakeholders.

LIST OF RELEVANT TOPICS:

MAIN TOPICS	IMPACT BOUNDARY	IMPACT TYPE
Economic performance	Group	Caused by the group
Market share	Group	Caused by the group and its activities
Indirect economic impacts	Group and community	Caused by the group and its activities
Development of human resources and training	Group employees	Caused by the group
Welfare and safety	Group employees	Caused by the group
Diversity and equal opportunities	Group employees	Caused by the group
Regulatory compliance	Group	Caused by the group
Transparency of financial and other information	Group and suppliers	Caused by the group
Investments in the local community and social welfare	COMMUNITY	Caused by the group and its activities
Ethical supplier management	Group and suppliers	Caused by the group
Energy efficiency	Group and energy suppliers	Caused by the group and its various activities
Water saving	Group and water suppliers	Caused by the group and its various activities
Direct and indirect environmental impacts	Group and community	Caused by the group and its various activities
Raw materials	Group and suppliers	Caused by the group
Sustainable transport management	Group, community	Caused by the group
Quality of the products offered to customers	Customers	Caused by the group and its various activities
Protection of Human Rights	Group employees	Caused by the group and its various activities

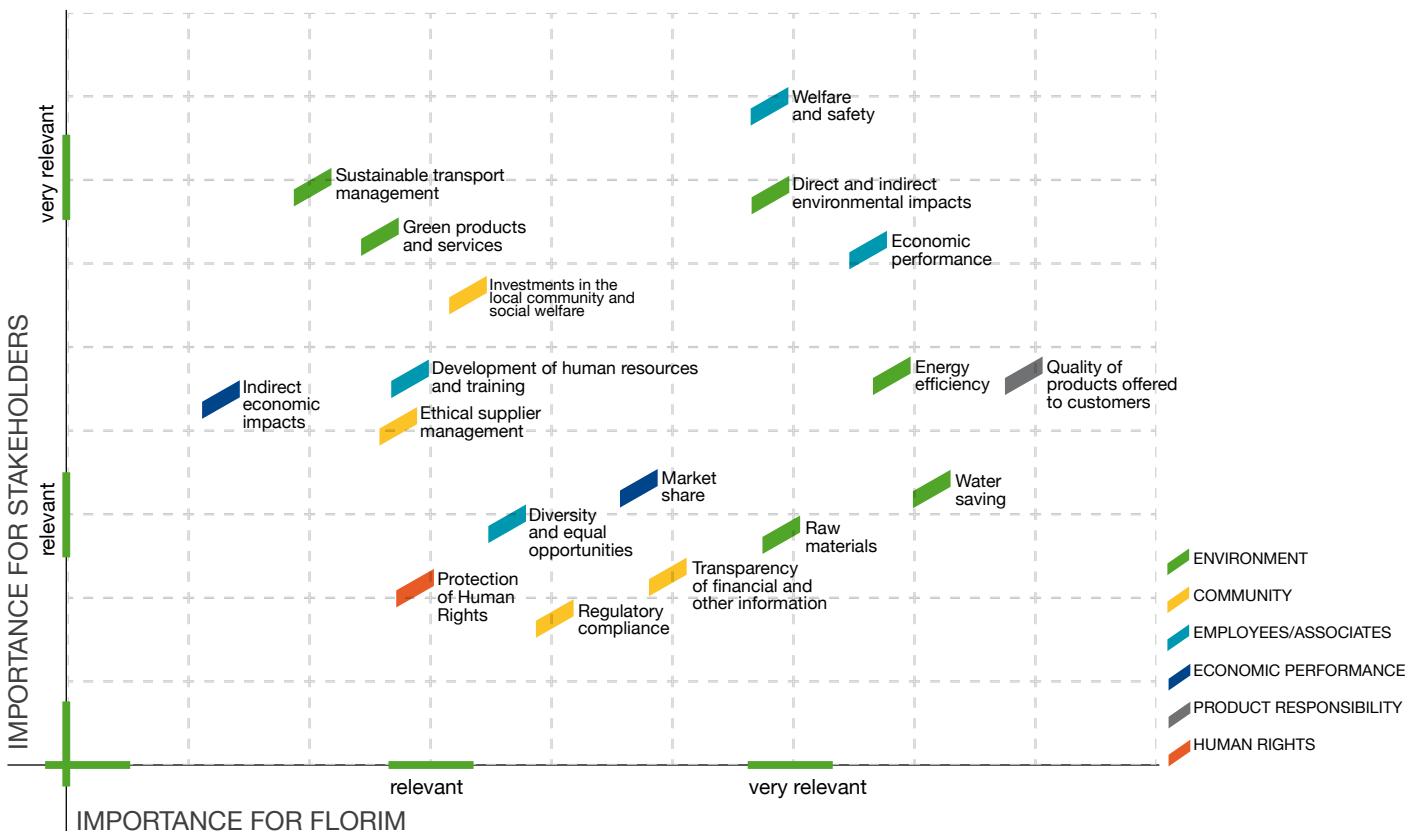
MULTISTAKEHOLDER ENGAGEMENT ACTIVITY

Florim has decided to enhance its sustainability through the launch of a **process of dialogue with its stakeholders**, with a view to continual improvement. In November 2019 representatives of employees and trade unions, customers and consumers, architects, interior designers and developers, communities, institutions and suppliers were invited to a **focus group meeting held at the Fiorano headquarters**. This was the opportunity to put the significant issues identified by the company up for discussion. The purpose of meetings of this type is to improve the sharing of the company's strategies and the actions they involve with the various players with whom Florim interacts. A face-to-face meeting with multiple stakeholders was an opportunity to listen to ideas, proposals and suggestions, as well as to learn more about the stakeholders' expectations in relation to the company.

During the meeting, every single significant issue was discussed with the aim of allocating it a value and a weight in terms of its importance in the eyes of each stakeholder; this then enabled the updating of the Materiality Map, the heart of strategic analysis of the organization under the GRI Standards approach. The focus discussion also generated other useful outputs as it allows different viewpoints on various topics to be aired around the same table, with proposals to enable Florim to improve its strategies.

The participants strongly approved of this working method, and rated the meeting as very useful. This high approval rating confirms the effectiveness of meetings of this kind, in which the company's aims and strategies are shared with stakeholders, an approach which often leads to new partnerships or the reinforcement of existing ones. Florim is committed to continuing this dialogue and making it a permanent feature, and to using the outputs from the meetings to improve its strategic approach to sustainability.

MATERIALITY APPROACH



Looking at the map, it can be seen that the issues of most importance to both the company and stakeholders, located in the top right corner, were Welfare and Safety, Direct and Indirect Environmental Impacts and Economic performance. While the company prioritizes Product Quality and Energy Efficiency, stakeholders draw attention to Investments in the local community and social welfare, as well as the environmental issues of transport and green product and services. It can also be seen that the topics in the bottom left-hand corner are considered "less relevant" because they are easy for both the stakeholders and Florim to manage and no problems have ever been reported over the years. **The materiality map thus offers a clear, synthetic view of the issues to be leveraged to improve Florim's already high sustainability standard, with a view to continual improvement and sustainability.**

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Communications Department - editorial coordination
Our thanks to all contributing staff members.



Casa dolce casa – Casamood | Sensi of Casa dolce casa Collection designed by Matteo Thun



**PASSIONE
INNOVAZIONE
SOSTENIBILITÀ**

FLORIM

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