

# 2019 SUSTAINABILITY REPORT





*This first sustainability report is dedicated to all those individuals who have been, and remain today, a part of the Group.*

*Romano Minozzi, Chairman*





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“START BY DOING WHAT'S NECESSARY;  
THEN DO WHAT'S POSSIBLE.  
AND SUDDENLY YOU ARE DOING  
THE IMPOSSIBLE.”

*St. Francis of Assisi*





## MESSAGE FROM THE CEO

*Now that the world has begun to recover from the depths of the crisis triggered by the global financial catastrophe, countries and societies worldwide have examined the causes of the crisis to investigate vulnerabilities in their economic systems and are finally realizing that the obsession with ever-faster growth and financial hegemony have given rise to a world of massive inequality and an utter disregard for sustainability. Degrading working environments and humiliating social structures constitute a grave threat to humanity's future. The deterioration of these dysfunctions is now manifest in the danger posed by global warming and the ensuing climate change. Over four billion people – more than 50% of the world's population – live in poor nations, bearing the heaviest burdens of these environmental and social imbalances. In fact, in recent years we have lost sight of the meaning of our existence, along with our understanding of the needs and desperation experienced by others.*

*Within this scenario, the word "sustainability" has become one of the most used – but also abused – in the world. Fortunately, authoritative voices are stressing its fundamental importance: we are consuming excessive quantities of our Earth's precious resources.*

*As an industrial manufacturing group, we realize that we cannot change the situation on our own, despite using sustainable technologies and production processes. This is why I believe that St. Francis' message is fundamental: everyone needs to get working on doing as much as they can, so that, in time, working together, we can accomplish great things. Courage and determination are needed to pursue goals consistently and resolutely when progress is halting and the challenges daunting, yet this striving to reach new milestones is an expression of the philosophy that we have been putting into practice for years in promoting innovation: **sustainability is a fundamental aspect of our strategy and our company culture** and is essential to our aims, **as it defines not only the way we do things, but also who we are.***

*This first Sustainability Report of ours is a transparent, voluntary window onto the Iris Ceramica Group's sustainability policies and an expression of our unwavering commitment to building a sustainable, safe and inclusive future. A commitment that can be seen in our striving for ever-higher levels of performance, measured in terms of our contribution to increasing economic, environmental and social capital: in substance, an investment in the future intended to create lasting value for all our stakeholders. In the interim, we are comforted that the decision made one year ago to adopt a growth strategy based on low levels of emissions of harmful volatile substances has now made us the first – and, for the time being, the only – company in our industry to be able to lay claim to **ZERO EMISSIONS.***

*It is my belief that in the coming years systematically sustainable business practices will emerge as a distinctive driver of competitiveness amongst companies, since all stakeholders will demand ever-higher levels of contribution to the sustainable development goals included in the UN's Agenda 2030. We have gained momentum in this direction by integrating broad sustainability goals into our business strategies in recent years, while also consolidating a significant presence in much of the world and laying the foundations for further development. The Group has achieved significant global market share and reached extremely high sales volumes, yet these results are not ends unto themselves, because in order to shape a market, to be a leader, it is not enough to have the most revenues or the most competitive organization: being a leader means making a difference, adopting strategies of cultural leadership and expressing product philosophies that anticipate life's needs and habits.*

*By nature we are constantly driven to improve in what we do, because only we know our business and only we know how to hone our skills over time, keeping pace with technological development. **We have the means to achieve this goal: our history, our knowledge and our drive are proof of this fact.***

**Federica Minozzi**  
Group CEO





## FOREWORD

In the following pages, Iris Ceramica Group presents its first sustainability report, designed to communicate transparently with its stakeholders, ensuring that they are aware of the company's overall situation, describing the results achieved and outlining the main objectives that the Group has set for itself for the near future, in view of constant dialog, improvement and cooperation.

For Iris Ceramica Group, publishing the Sustainability Report also has considerable internal strategic value, since this document provides a precise, detailed analysis of all aspects of social responsibility and the approach to sustainability policies.

This report has been prepared in accordance with the Global Reporting Initiative guidelines, and specifically the latest version currently in use, known as the "GRI Standards". The Global Reporting Initiative indicates two levels of reporting relating to the number and type of indicators included in a report: Core (the base level) and Comprehensive (the advanced level). The goal for this first year was the Core level, which we consider to have been almost fully reached. The gaps relating to certain data are due solely to the Group's complex structure, consisting of numerous companies spread throughout the world subject to extremely diverse legislative requirements. The process of obtaining the information required by the Standard was therefore adapted to the various companies and the laws of the countries in which they are based. In any event, the reporting scope extends to all Group companies and the data obtained include financial years 2017 and 2018.

**The principles of accuracy, balance, clarity, comparability, reliability and timeliness prescribed by the GRI Standards have been observed in preparing this Sustainability Report.**

- Accuracy: by including the indicators required by the Standard in as detailed a manner as possible;
- Balance: by emphasizing both the positive and negative aspects, and thus areas of the organization with room for improvement;
- Clarity: by ensuring that the data are easy for all stakeholders to use;
- Comparability: by presenting the greatest possible amount of data on a two-year scale (2017 and 2018);
- Reliability: by encompassing all company functions in data collection and subjecting them to a thorough review by the BoD;
- Timeliness: by presenting sustainability reporting by the autumn of the year after that to which it refers, with the goal of preparing future reports by May, to coincide with the release of the consolidated financial statements.

# Iris Ceramica Group's main stakeholders

The following is a list of the Group's main stakeholders. In the following pages, the reader may gain an understanding of how each stakeholder is involved in view of the constant dialog that the Group has decided to identify as one of its main missions, by working on and implementing projects focusing on economic, social and environmental sustainability.



\*Architects, designers, engineers, manufacturers, installers and end consumers

\*\* Universities, secondary schools and professional associations

# Materiality matrix

The GRI Standard identifies the materiality analysis as the starting point for preparing a sustainability report. It takes the form of a graph on which the topics that have been identified as relevant for the Group and its main stakeholders are plotted.

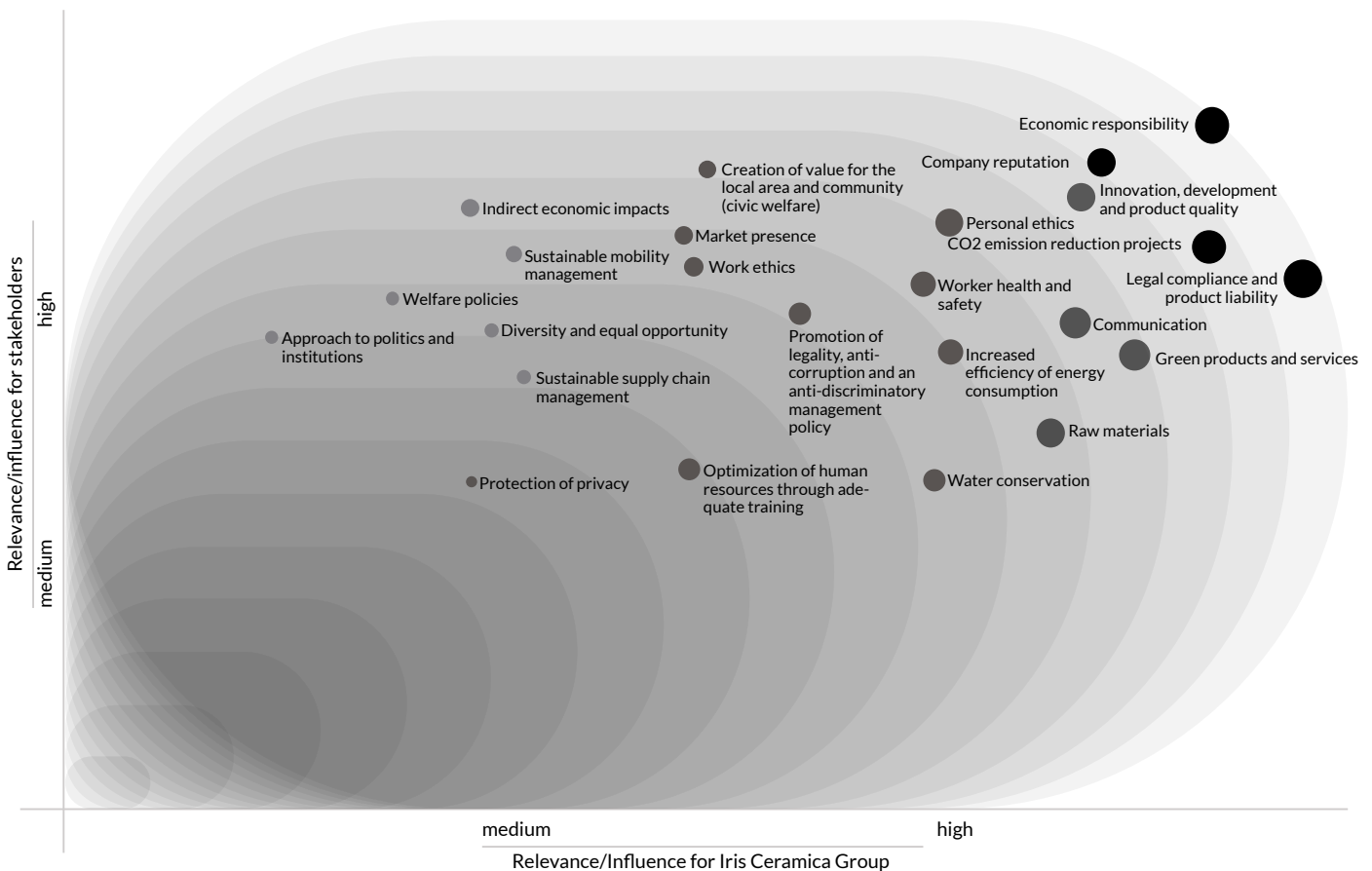
The process of preparing the materiality matrix involved a portion of Iris Ceramica Group's executive personnel and consisted of various stages:

- mapping of stakeholders;
- definition of the relevant topics, as suggested by the Standard and we deemed pertinent to the organization (presented below);
- assignment of an average value that each topic possesses for both the Group and its stakeholders.

For the first year of the report, we asked the executive group involved to assign each topic a relevance score of 1 to 5 from the perspective of the main stakeholders. One goal for the future is to redefine the matrix through a focus group directly involving the main stakeholders.

The areas on the top and right side of the chart contain topics of relatively high relevance to both the stakeholders and the Group.

The bottom portion contains those topics that in the analysis were found to be of relatively lower relevance but that will need to be analyzed in future years by company executives.



**Economic performance:**

|   |                       |
|---|-----------------------|
| • Economic responsibility                     | Internal and external |
| • Innovation, development and product quality | Internal and external |
| • Indirect economic impacts                   | External              |
| • Market presence                             | External              |
| • Sustainable supply chain management         | Internal and external |

**Environmental performance:**

|  |                       |
|--|-----------------------|
| • Increased efficiency of energy consumption                             | Internal and external |
| • Management of direct and indirect environmental impacts on communities | External              |
| • CO <sub>2</sub> emission reduction projects                            | External              |
| • Waste management   | Internal and external |
| • Environmentally sustainable products and services                      | Internal and external |
| • Sustainable mobility management  | Internal and external |
| • Raw materials  | Internal and external |
| • Water conservation   | Internal and external |

**Social performance:**

|   |                       |
|---|-----------------------|
| • Optimization of human resources through adequate training                                   | Internal              |
| • Worker welfare, health and safety policies  | Internal              |
| • Diversity and equal opportunity   | Internal              |
| • Labor ethics  | Internal and external |
| • Creation of value for the local area and community (civic welfare)                          | External              |
| • Promotion of the rule of law, the repression of corruption and anti-discriminatory policies | Internal and external |

**Anti-discriminatory**

|  |                       |
|--|-----------------------|
| • Protection of rights                   | Internal              |
| • Protection of privacy                  | Internal              |
| • Approach to politics and institutions  | External              |
| • Communication                          | Internal and external |
| • Legal compliance and product liability | Internal and external |

**Governance**

|                      |                       |
|----------------------|-----------------------|
| • Personal ethics    | Internal and external |
| • Company reputation | Internal and external |

## Structure of the report

This Sustainability Report has a transversal structure based on topics, divided into eight sections, which touch on all internal and external aspects of the Organization and seek to assess its impact on the community, viewed as both where the organization operates and more generally as a planet to be treated with respect, according to a company management policy that looks to the UN's Agenda 2030 through the Sustainable Development Goals.

## Sustainable Development Goals

In September 2015 world leaders met in the United Nations Assembly to enact policies favorable to global development, promote human wellbeing and protect the environment. On that occasion, they approved the 2030 Agenda for Sustainable Development, the essential elements of which are the 17 Sustainable Development Goals (SDGs), with the related specific sub-goals that seek to put an end to poverty, combat inequality and achieve social and economic development. They also aim to confront climate change and build peaceful societies by 2030. We are all called on to feel responsible for the planet and the living beings that dwell on it. Iris Ceramica Group has designed its way of doing business with a strong, concrete focus on sustainability, with the goal of pursuing some of the SDGs in particular, as set out below, to be specifically indicated in the specific chapters of this Report.



“THE TWO MOST  
IMPORTANT THINGS  
IN ANY COMPANY  
DO NOT APPEAR IN  
ITS BALANCE SHEET:  
ITS REPUTATION  
AND ITS PEOPLE.”

*Henry Ford*

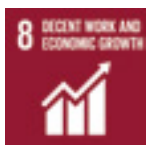
## THE COMPANY: AN ETHICAL AGENT

“The two most important things in any company do not appear in its balance sheet: its reputation and its people” (H. Ford). A great deal of time has passed and much has changed since Ford uttered these words. Today society is increasingly aware and informed and demands that companies provide transparent, thorough reporting – no longer viewed as a series of cold, hard numbers describing financial performance, but as a living, breathing record of the dedication to social and environmental improvement, to the ability to have an impact on the very concept of development and how it can be done sustainably.

In corporate financial reports, more and more space is being devoted to non-financial reporting and the concept of “social reputation”: an asset that is built up with time and constance and that showcases the women and men who have contributed to making it a reality, out of their awareness that a company's good name was built on their past actions and that maintaining it depends on their future efforts.

The Iris Ceramica Group's Sustainability Report is addressed to society in its broadest sense of a human community united by common values and goals that transcend the narrow constraints of individual identity and membership of specific groups. A society that has needs and expectations to be met by the Company, which is entrusted with the civic function of implementing processes of growth and development compatible with protection of the common good.

The results in terms of profitability and competitiveness therefore also depend on social legitimacy and consent won from the stakeholders and entire community. The expectations of each individual and group therefore come to coincide with the common interest, and the Company becomes an ethical player required to meet social needs with an unflinching commitment extending to all areas of its organization.



## OUR PLEDGE OF RESPONSIBILITY

**The success and the solidity of the Iris Ceramica Group's brand are a product of the entrepreneurial acumen and insight of its founder, Romano Minozzi.** Its range is centered around collections of technical ceramic and porcelain stoneware coverings, developed through constant technological research and design efforts, in order to offer customers a stylish, high-performance product. A wide range of surfaces, unparalleled in terms of the variety and completeness of the solutions offered, in harmony with contemporary architectural trends, that can be applied in countless domains, from residential to contracting,

from exteriors to interior design. In the Group's vision, ceramics play a key role in interior design and the technology, craftsmanship and quality of its products dovetail with the ideas held by designers and architects, giving rise to aesthetic and functional value. There is an unwavering commitment to researching and developing new products by applying the most advanced technologies, conceived, designed and implemented directly at its own facilities and research laboratories, where all new developments are protected by international patents.

**Iris Ceramica Group** grows through constant strategy and process innovation, by making choices that influence the entire business community. Determined, resolute acceptance of responsibility based on a rigorous list of key points therefore becomes inevitable:

Family management as adding value to the business, as an assurance of the solidity and consistency of purpose at all Group companies and brands.

The vision is global, and expansion into new businesses is driven by a desire to open up new markets for its products and services by leveraging the added value that sets them apart.

**The guiding value is the drive to innovation**, and not the race to cater to current trends in an ever-shifting market.

The constant goal is intrinsic value creation, without anguishing over the obstacles that get in the way of results. The Iris Ceramica Group is a crucible for new technologies, creative ideas, unprecedented

solutions and the human and professional development of all Group personnel.

The outcome matters more than the investment needed to achieve it; customer satisfaction is the ultimate goal pursued in all business initiatives.

**Research into new technology dovetails with sustainability, from the standpoint of both environmental protection and the rational use of resources.**

A goal that begun to be pursued quite some time before ecological issues and sensitivity towards the environment became as central as they are today, made possible by our innate ability to keep ahead of the times and trends.





## A FAMILY-RUN BUSINESS WITH AN INTERNATIONAL CALLING

While the holding company of the Iris Ceramica Group has its registered office in the city of Modena, Italy, its production companies were founded and developed in the heart of the Emilia Romagna region's ceramics district, one of the Italy's foremost manufacturing hubs, home to the Sassuolo and Fiorano Modenese plants, in the province of Modena, and the Viano and Castellarano plants in the province of Reggio nell'Emilia. Vetschau, Germany and Crossville, Tennessee in the USA host the Group's most recent industrial facilities, equipped with production lines without parallel in their local communities and cutting-edge energy-saving technology.

The Iris Ceramica Group includes prestigious brands with distinguished histories such as Iris Ceramica, Fiandre, FMG Fabbrica Marmi e Graniti and Ariosteia, which over time have come to be

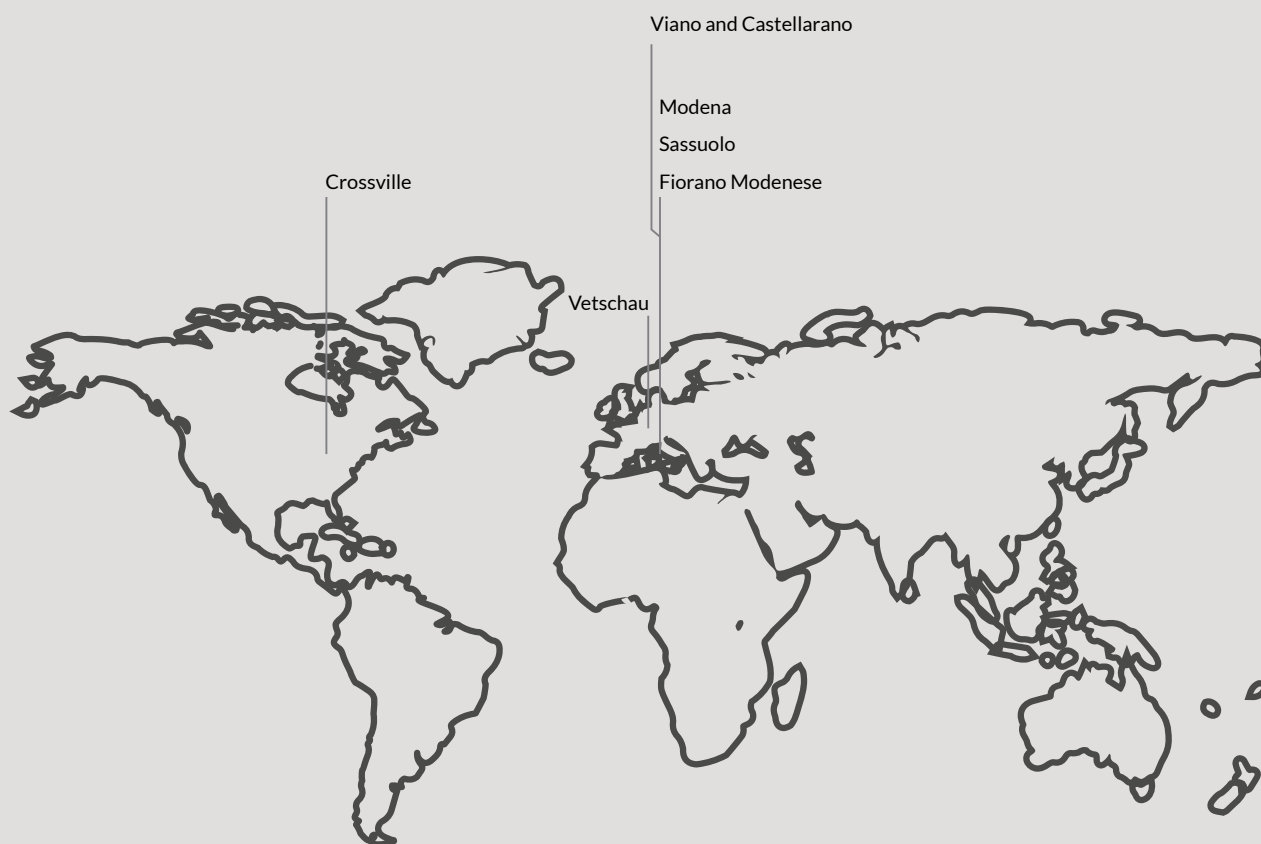
complemented by young brands with great potential such as Eiffelgres, Porcelaingres, Stonepeak and Sapienstone.

Governance of the Group is provided by Romano Minozzi, founder and chairman of the Iris Ceramica Group, and his daughter Federica, its chief executive officer. Each brand operates independently, making the most of its wealth of resources and talent, in keeping with the guidelines laid by the founder: **seeking out quality without compromise and striving constantly for innovation.**

The Group has a presence in more than 100 countries worldwide and its products are used in contracting, wellness, hospitality and residential applications, as well as in large public building projects, and are able to meet the full range of needs expressed by today's construction industry and lifestyles.

The Iris Ceramica Group's industrial manufacturing system features nine production sites, most of which are concentrated in Italy, within the ceramics district spread between the provinces of Modena and Reggio Emilia, in addition to two large facilities located in strategic countries: the United States of America and Germany.

International sales offices are located in various US cities, as well as in Spain, France, Mexico, the United Kingdom and major cities in Russia.



## THE GROUP'S SIZE

|                            | 2017       | 2018       | Unit of measure |
|----------------------------|------------|------------|-----------------|
| Total transactions (Sales) | 24,183,321 | 22,188,080 | MQ              |
| Materials produced         | 25,415,242 | 23,326,059 | MQ              |

|  | 2017           | 2018        | Unit of measure |    |
|--|----------------|-------------|-----------------|----|
| Net sales in countries that account for 5% or more of total revenues |                |             |                 |    |
| U.S.A.   | (Sales in USD) | 205,853,025 | 199,861,658     | \$ |
|  | (Sales in EUR) | 4,619,216   | 4,039,132       | €  |
| ITALY  |                | 48,119,871  | 43,176,859      | €  |
| GERMANY  |                | 58,083,804  | 54,258,658      | €  |

|  | 2017          | 2018          | Unit of measure |
|--|---------------|---------------|-----------------|
| Consolidated net revenues              | 509,208,000   | 483,334,000   | €               |
| Total capitalization (debt and equity) | 1,441,068,000 | 1,550,024,000 | €               |

## FROM THE ECONOMIC MIRACLE TO A VISION FOR THE FUTURE

The foundation of Iris Ceramica Group dates back to 1961, a time of especially robust development for Italian industry – and hence also for Modena and Reggio Emilia. These were the years of the "Italian economic miracle," which coincided with an urban construction boom that resulted in the creation of entire new neighborhoods to provide the new housing required by the workers who were moving to the ceramics district that was then beginning to take shape. In just a few years, the district became a major industrial phenomenon, creating a boom of small and medium companies. Half-way through the decade, 40% of all ceramics produced in the European Economic Community were made in this area.

In the mid-Seventies, Romano Minozzi's companies underwent their first phase of rapid development, which was then consolidated with the aim of overcoming the domestic market's limits by seeking out new target markets through exportation, which in 1980 already accounted for 50% of output. The adverse scenario then faced by Italian industry, and by the construction sector in particular, required that the most forward-looking business leaders devote new efforts and intuitions to propelling

companies to success in a radically changing market. The emphasis was thus placed on technological innovation in production lines, implementing electronics and automation: production costs fell and companies consolidated, until reaching the true inflection point represented by the advent of single-fire glazing. Companies with a strong technical focus and specialization were formed in the Nineties, in some cases as spin-offs of the Group's internal divisions, and in others through acquisitions undertaken to strengthen the Group's presence in various niches and segments of the market. The Group continued to demonstrate an ability to grasp and keep pace with the spirit of the times, turning adversity into opportunity, in a constant effort to strengthen the Group's leadership. Innovation and quality have remained fundamental pillars, and our research laboratories continue to turn ideas and intuitions into unprecedented, cutting-edge products, such as the large-format (300 x 150 cm) porcelain stoneware slabs with a thickness of just 6 millimeters that Iris Ceramica Group was the first to make into a material suited to various uses and applications.

As confirmed by the industry association Confindustria Ceramica, production, sales and exports declined in the Italian ceramic tile industry in 2018 after five years of constant growth. More than a crisis in a single sector, this malaise extended further to encompass a significant portion of Italy's economy.

In the three year period 2015-2017 the district's sales had grown by 7%. In 2018 the slowdown was abrupt; exports fell across the board by approximately 3% and domestic consumption by slightly less; companies suffered within an oppressive international environment precipitated by political tensions: from the tit-for-tat tariffs levied by the USA and China to the sanctions against Russia and Iran and the EU Brexit crisis. The national freeze on infrastructure projects in Italy was also a factor.



ARIOSTEA®

FANDRE

ins  
Ceramica

STONEPEAK  
CERAMICS

## DETERMINATION AND DISTRIBUTION OF ADDED VALUE

A company's added value represents the wealth that it produces over the year. It may be calculated as the difference between gross production and the consumption of goods and services. Analyzing value added permits a connection to be drawn between general accounting performance and social responsibility, measuring the wealth created by company activity for the benefit of the entire community, while also identifying the stakeholders within the community who reap the related rewards. Analyzing the distribution of value added becomes a lens through which to assess the Company's commitment to social responsibility. The figures used have been drawn directly from the consolidated financial statements, prepared in accordance with Italian GAAP and certified by the governance structure. This approach provides an essential foundation for the subsequent sustainability report.

| DIRECTLY GENERATED ECONOMIC VALUE (THOUSANDS OF EURO)                        |         |         |  |
|--|---------|---------|--|
|  | 2017    | 2018    | NOTES  |
| a) Revenues  | 532,335 | 556,508 | Sales of assets plus revenues from financial investments |
| <b>ECONOMIC VALUE DISTRIBUTED</b>  |         |         |  |
| b) Operating costs   | 351,925 | 331,614 |  |
| c) Salaries and benefits   | 109,453 | 105,572 |  |
| d) Payments to capital suppliers   | 4,207   | 4,526   |  |
| e) Taxes and duties  | 21,605  | 33,304  |  |
| f) Investments in the community  | 348     | 31      | Voluntary contributions (including donations)            |
| <b>ECONOMIC VALUE RETAINED</b>   |         |         |  |
| (difference between economic value generated and economic value distributed) | 44,817  | 81,461  |  |

The distribution of value added illustrates the criteria according to which Iris Ceramica Group allocated the wealth generated during the year to the various categories of internal and external stakeholders. Clearly, the wealth produced and distributed consists not only of the profit for the year, but also items that in the financial statements are necessarily classified as costs, whereas in this case, like profit, they represent the value that the company generated through its economic activity. The breakdown of Iris Ceramica Group's value added reflects the function of overall governance and guidance of the Group's activity.

## BUSINESS, BRANDS, PRODUCTS AND SERVICES

Iris Ceramica Group is a world-leading creative developer, manufacturer and distributor of upmarket ceramic slabs for use as wall coverings and floors and as decorative elements in residential, commercial and industrial settings. The Group regards its talents as integral to its identity of bringing fine Italian craftsmanship to the world. With an extensive distribution network and nine production facilities spread throughout Europe and the United States, Iris Ceramica Group has a presence in over 100 countries worldwide, offering a wide range of solutions for architecture and interior design, from contracting to wellness, from hospitality to large public construction projects. More than 1,500 people contribute actively each day to the success of the Group, which boasts eight main brands and a comprehensive system of internal divisions, designed to ensure a high standard of quality, together with effective, complete assistance. Iris Ceramica Group is a highly dynamic organization driven by the vision of its founder and chairman, Romano Minozzi, and the boldness of its new creations. Each day the Group's brands continue their founder's efforts, designing new features, year in and year out, that ensure its products remain unique in a highly competitive market. It owes its success to the perfect balance between prestigious brands with a long history such as **Iris Ceramica**, **Fiandre Architectural Surfaces**, **FMG Fabbrica Marmi e Graniti** and **Arioste** and young, high-potential brands such as **Eiffelgres**, **Porcelaingres**, **Stonepeak Ceramics** and **Sapienstone**, which target the high end of the market, offering next-generation ceramic surfaces that seamlessly blend design and technology.



Fiandre is a pioneer of the art of creating cutting-edge ceramics. Humankind and its wellbeing are central to the company's efforts, as it strives to develop solutions capable of improving quality of life.



Since 1961 Iris Ceramica has cultivated a unique style based on the boldness and imagination of its collections, animated by an inexhaustible source of innovative glazed ceramic and porcelain stoneware solutions for floors and walls.



FMG Fabbrica Marmi e Graniti, distributes natural stone produced at its factory using cutting-edge "full-body" production technologies.



Sapienstone is the brand that creates porcelain stoneware kitchen tops that radiate the attention lavished not only on design and aesthetics, but also, and most importantly, on day-to-day use of the product. Innovation, sustainability and the good life are Sapienstone's values.



Eiffelgres combines Italian know-how with a focus on the values of environmental sustainability: today it is no longer possible to design architecture or an object without thinking about the environment. A thought that has sustained Eiffelgres since its foundation in 2001.



Despite remaining faithful to the Italian style that makes it unique on the North American market, since 2005 Stonepeak has been constantly reinventing the characteristics of its ceramics, now available for a wide range of applications, from large projects to interior design.



Porcelaingres produces exceptional ceramics at one of the modest modern production facilities in Europe, where technology and environmental sustainability co-exist in perfect harmony. Italian Style made in Germany.



Arioste

## OUR SERVICES

The support that Iris Ceramica Group offers industry professionals such as building engineers, designers, architects and builders also extends to services relating to the use and installation of ceramic materials in their countless applications. Through the organizations **Technoriunite** and **Granitech**, the Group is capable of suggesting the

best solutions to be adopted at each site.

When the aesthetic component and performance of a project must come together in an ideal manner to satisfy the needs of the most demanding clients, the members of the Group's technical division are undoubtedly the best choice for the job.

**GRANITECH**

LA FORZA PER ECCELLENZA  
**TECHNORIUNITE**

## ATTRACTING, ENGAGING AND PERSUADING

People today are subject to an unending barrage of stimuli due to constant technological development and ease of access to the Internet: smartphones have become our window onto a world of data and various stimuli. The increasing ease with which information may be obtained online is also driving changes to the purchasing process: users are combining purchases in online stores, and above all prior Web research for information on products of interest, with conventional physical store shopping. Within this extremely competitive scenario, spaces for displaying and promoting products must unavoidably change their nature, shifting from mere sales venues to places where brand cultivates relationships with its stakeholders and creates unique experiences for them that extend

beyond the commercial aspect.

The aim of this process is not necessarily the purchase of the product, but to convey the values and qualities of the brand's identity that set it apart, so as to ensure customers remain loyal and engage with the company's spirit.

This is why all our companies and our showrooms are keeping pace with digital innovation and our public spaces are evolving into a complementary channel that supports online and offline promotion: spaces that offer services and experiences, rather than stores that sell products: points of contact where mission, vision and corporate identity are consistent with the Group's strategies.

**Arcarel**  
International

**CAW**  
Ceramic  
decorative  
SURFACES

**iris**  
U.S.

Matimex

SPAZIOFMGPERL'ARCHITETTURA

**TCL**  
transceramica

**VERSITALIA**  
PIRELLA GÖTTSCHE LOWE



SPAZIOIRIS  
RUSSIA

**IRIS CERAMICA GROUP**  
LONDON

**FAB**  
ARCHITECTURAL  
BUREAU  
BERLIN

# MARKETS SERVED







FRANCE

GERMANY

RUSSIAN FEDERATION

ITALY

HONG KONG

TAIWAN

AUSTRIA

SWEDEN

LATVIA

ROMANIA

SERBIA

PORTUGAL

SAUDI ARABIA

JORDAN

QATAR

SEYCHELLES

ALGERIA

JAPAN

MONACO

AUSTRIA

KUWAIT

AZERBAIJAN

PERU

BRAZIL

MALTA

GEORGIA

BELARUS

POLAND

TUNISIA

TURKEY

ISRAEL

BOSNIA-HERZEGOVINA

CAMEROON

ETHIOPIA

HONG KONG

IRAN

HOLLAND

CONGO

INDIA

SLOVAKIA

FRENCH POLYNESIA

FRENCH POLYNESIA

## THE GROUP'S STRUCTURE

The company object of Iris Ceramica Group S.p.A. (the parent company), based in Modena, is focused on holding equity interests and investing financial resources.

Iris Ceramica Group S.p.A. acts as the holding company of a group that manufactures and markets ceramic materials and porcelain stoneware slabs.

As of December 31, 2018, Iris Ceramica Group S.p.A. was structured as follows:

|                               |  |
|-------------------------------|--|
| Group holding company         | Finanziaria Ceramica Castellarano S.p.A.<br>The company, based in Modena, Italy, engages in financial activity.  |
| Industrial ceramic companies  | Granitifiandre S.p.A.<br>The company, based in Castellarano (Reggio nell'Emilia, Italy), manufactures and markets porcelain stoneware and technical ceramic materials.                           |
|                               | STONEPEAK CERAMICS INC.<br>The company, the State of Tennessee, United States of America, manufactures and markets porcelain stoneware and technical ceramic materials.                          |
|                               | PORCELAINGRES GMBH.<br>The company, based in Brandenburg, Germany, manufactures and markets porcelain stoneware and technical ceramic materials.   |
|                               | IRIS CERAMICA LTD.<br>The company, based in Russia, was recently founded for local planned future production of porcelain stoneware and technical ceramic materials.                             |
| Trading and service companies | ARCHITECTURAL IMPORTS LLC.<br>The company, based in Miami, United States of America, markets ceramic materials.  |
|                               | FIANDRE IRIS CERAMICA OOO<br>The company, based in Moscow, Russia, markets ceramic materials.  |
|                               | MEDITERRANEA LLC<br>The company, based in Miami, United States of America, markets ceramic materials.  |
|                               | SAPIENSTONE INC.<br>This recently incorporated company, based in the United States of America, focuses specifically on designing and building technical ceramic tops for bathrooms and kitchens. |

TECHNORIUNITE S.R.L.

The company, based in Castellarano (Reggio Emilia), Italy, installs flooring and wall coverings, with a particular focus on large building projects.

ARCAREL INTERNATIONAL S.A.S.

The company, based in France, markets ceramic materials.

IRIS CERAMICA FRANCE S.A.S.

The company, based in France, markets ceramic materials.

LA CERAMICA S.R.L.

The company, based in Bologna, Italy, markets ceramic materials and bathroom fixtures and furnishings.

MATIMEX S.A.

The company, based in Castellón, Spain, promotes and markets the Group's materials on the Spanish and Portuguese markets.

Other service companies

CONSORZIO SICUREZZA S.R.L.

The company, based in Sassuolo, Italy, is in the industrial security business.

STUDIO SECON S.R.L.

The company, based in Modena, Italy, provides administrative assistance to the Group.

Real-estate companies

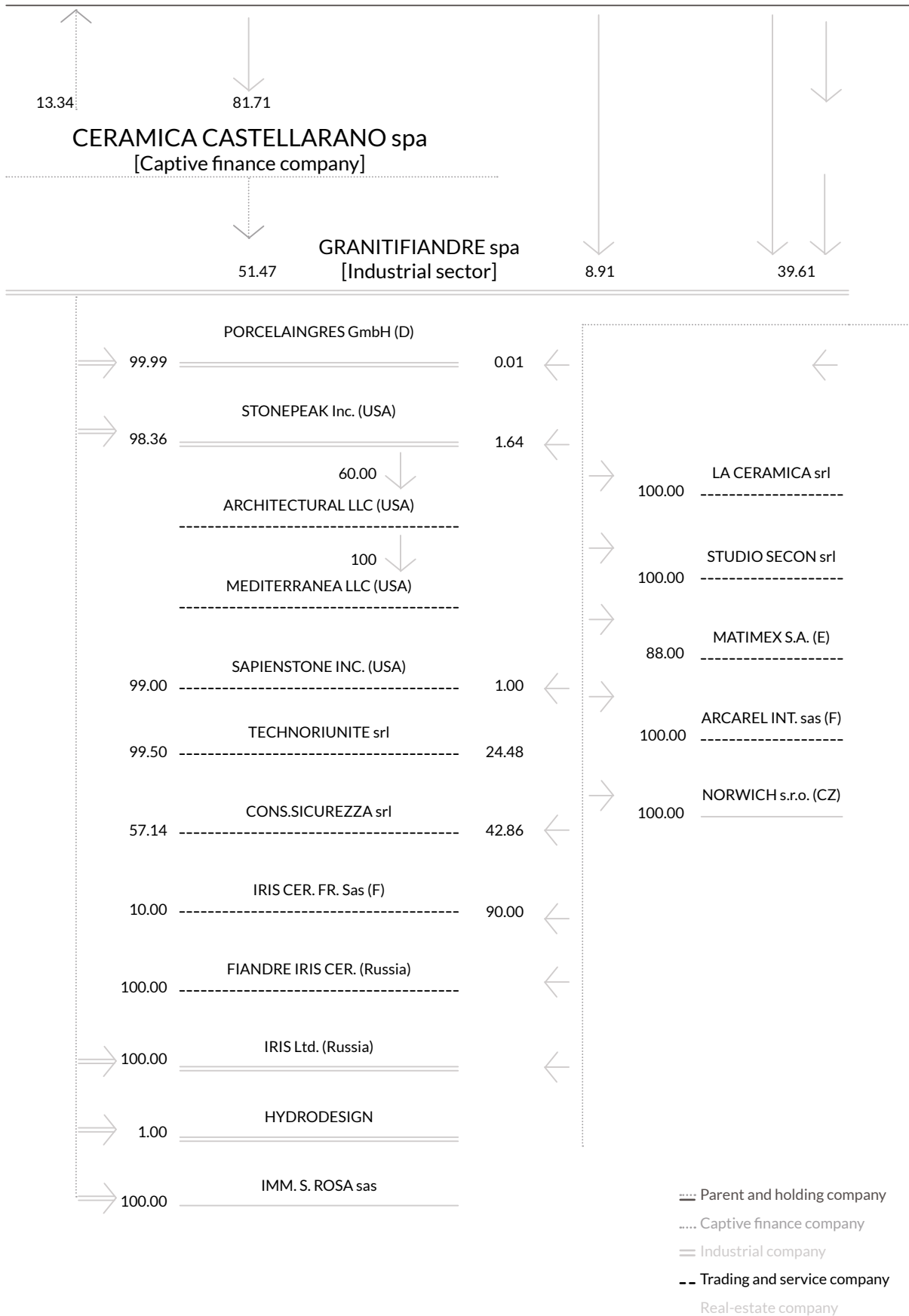
NORWICH S.R.O.

The company, based in the Czech Republic, operates in the real-estate market.

IMMOBILIARE SANTA ROSA S.A.S.

The company, based in Modena, Italy, operates in the real-estate market.

# IRIS CERAMICA GROUP SPA [PARENT AND HOLDING COMPANY]



## ETHICS AND INTEGRITY

Achieving economic success while staying true to its ethical values and respecting individuals, the community and the environment: a socially responsible company does not reject the maximization of profits, the reduction of production costs and expansion on the global market, which it views as integral parts of its approach to doing business; yet, at the same time, it succeeds in achieving its aims while also striving for the common good, viewed as the wellbeing of the community in which the company operates and of people generally.

We believe in a company that devotes a portion of its profits to initiatives capable of improving human living conditions: the environment, health and the recovery of our architectural and cultural heritage. Workers' conditions may be improved by emphasizing their contributions and engaging them as active participants in the production process, in addition to reinvesting profits in wellbeing and training of workers and the other members of

the communities in which they live. The company cannot serve merely as a means of turning a profit for its shareholders. Rather, all stakeholders must be able to achieve their goals and enrich themselves through it.

Iris Ceramica Group regards sustainability reporting as a way of reiterating the mutual interdependence between civil society and business. It is essential that business decisions and company actions be inspired by the principle of **shared value**.

Our Group takes a multi-stakeholder engagement approach. We believe that behaving ethically towards stakeholders drives improved company performance; a high level of stakeholder satisfaction allows the company to achieve competitive advantages and thus to increase its profits.

We engage in ethically correct behavior because it is essential to the Company's goals and because we believe that is the right thing to do from a moral perspective. **We also believe that the world has equal need of truth, ethics and beauty.**

# GOVERNANCE

## Board of Directors

The company's current Board of Directors consists of four members:



**Romano Minozzi**  
Chairman  
and co-Chief Executive Officer



**Federica Minozzi**  
Deputy Chairman  
and co-Chief Executive Officer



**Sergio Stefano Mascaretti**  
co-Chief Executive Officer



**Mauro Tabellini**  
co-Chief Executive Officer

## Board of Statutory Auditors

It currently consists of four members:



**Gian Carlo Guidi**  
Chairman



**Massimo Fioroni**  
Regular Auditor



**Rosa Carla Parisi**  
Regular Auditor



**Dario Maggioni**  
Statutory Auditor

# STRATEGY AND CONSERVATIVE APPROACH

Meeting the needs of today's consumers is a considerably more challenging task than it used to be. Consumers' purchasing decisions are being steered by a higher level of awareness, knowledge and interest in innovation, sustainability and cost. These factors, combined with the demand for an ever-higher level of product personalization, are leading us to focus increasingly on creating cutting-edge, original products. Adopting this approach proves fundamental to achieving and consolidating a competitive advantage over our competitors – an essential condition for survival. We now believe that an organization that focuses on quality must be aware of and apply the principles of risk management and the problems that may emerge within the production and distribution system and to foresee any problems that might arise from improper use of its products. Managing risks means estimating the likelihood that a problem will occur and seeking to predict the severity of that problem in order to identify a solution to it in advance and manage it as effectively as possible. Implementing a risk management process also helps us conduct thorough analyses of a product's risks and benefits. Our risk management is not limited to the new article design phase: the process involves updated analyses each time that there are significant changes to products, services, the system or the processes by which they are governed. Feedback from customers who have used a product or received a service is also a part of our risk management process in its own right. Our procedure calls for integration of the principles of risk management and the development of the Quality Management System.

| PHASES OF THE PROCESS | SUB-PHASES  |
|-----------------------|---|
| Product planning      | Identification of opportunities<br>Resource allocation and estimation of timescales<br>Definition of goals  |
| Concept development   | Identification of consumer needs<br>Definition of initial product specifications<br>Concept creation<br>Concept testing<br>Definition of final product specifications |
| Design                | Definition of product architecture<br>Preliminary design<br>Final product definition<br>Definition of the production process  |
| Prototyping           | Planning and creation of prototypes<br>Testing, assessment and correction of prototypes<br>Start of production  |

Marketing, Sales and R&D and production work together, forming a relationship with considerable potential. This scenario is supported by an innovative approach towards digitalization of the production process founded on constant interaction, the sharing of information and the precise structuring of the work flow to ensure that it is as efficient as possible: innovative technologies and a strategic approach allow the entire process to be managed intelligently and efficiently. Stakeholders enjoy selective, yet rapid, access to various key information relating to the process, such as the progress of activities, costs incurred and closing forecasts.

These conditions are capable of creating an environment of collaborative development, even the processes involve different departments.

The benefits of managing the process in this way are:

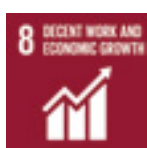
1. Standardization, i.e. mapping the process to reduce room for chance outcomes, while ensuring that all best practices are followed and turning workflow itself into a company asset.
2. Acceleration of time-to-market: a factor that today, in an evolved, highly competitive scenario, represents the main benefit sought. Accelerating new product development improves competitive margins, optimizes productivity and makes it possible to manage costs and risks.
3. Digitalization, by enabling information-tracking and the analysis of processes, frequencies and completion times, makes it possible to identify sophisticated patterns, which can be translated into KPIs (key performance indicators) useful in optimizing the process and, above all, making sound business decisions. The wide range and high volume of data made available by managing this process represent an opportunity for the analysis and study of ongoing processes.
4. Automation. This is a choice that often yields real, tangible benefits: fewer errors, decreased user activity and, as a consequence, less resistance to change among those involved.



## PERSONNEL

A company's success depends on its reputation; i.e. on the perception that people have of the brand's products and values. Yet an excellent reputation cannot be built on products and advertising alone: it also requires positive feedback from all those who have had a direct experience of the Company and can attest to its consistency and quality. This passionately pursued strategy of relationship-centric business extends to all stakeholders, and above all to employees. Iris Ceramica Group's human resource management policies have historically been focused on strengthening the bond with its employees through collective and individual remuneration policies that place it at the highest levels of attractiveness in the ceramics industry, and on making the most of the talented individuals who find an opportunity to shine and room for growth in the process of technological and organizational renewal. Relations with labor unions have always been shaped by openness to dialog, transparency and constructive criticism, in addition to respect for roles and particular aims. The high level of employee seniority and limited turnover that characterize Iris Ceramica Group's personnel are the direct consequence of the perception among its associates of an environment of continuity, a focus on the future, the recognizability of its values and the possibility of developing autonomy and professionalism. For Iris Ceramica Group, respect for the fundamental rights of humankind forms the bedrock of the Group's values, its way of operating and doing business and its relations with its employees, suppliers and other stakeholders. All Group companies adopt measures, in some cases also of a formal nature, to combat discriminatory practices and forced labor.

In the United States, the supply chain of Stonepeak Ceramics is almost entirely based in the USA or Canada – countries where attention to safety and human rights issues is ensured by severe local legislation. The many companies operating in Europe use European suppliers that, in addition to complying with stringent European Union legislation, are subject to regular inspections.



| 2017                    |                        |             |            |  |
|-------------------------|------------------------|-------------|------------|--|
|                         | TOTAL DIRECT EMPLOYEES | M           | F          | TEMPORARY, CONTRACT AND AGENCY WORKERS |
| GranitiFiandre spa      | 908                    | 654         | 254        | 42                                     |
| Studio Secon srl        | 1                      | 0           | 1          | 10                                     |
| Technoriunite srl       | 8                      | 5           | 3          | 0                                      |
| Consorzio Sicurezza srl | 18                     | 18          | 0          | 4                                      |
| Stonepeak Ceramics ltd  | 279                    | 186         | 93         | 65                                     |
| Porcelaingres gmbh      | 222                    | 186         | 36         | 10                                     |
| <b>GROUP TOTAL</b>      | <b>1436</b>            | <b>1049</b> | <b>387</b> | <b>131</b>                             |

| 2018                    |                        |             |            |  |
|-------------------------|------------------------|-------------|------------|--|
|                         | TOTAL DIRECT EMPLOYEES | M           | F          | TEMPORARY, CONTRACT AND AGENCY WORKERS |
| GranitiFiandre spa      | 879                    | 623         | 256        | 65                                     |
| Studio Secon srl        | 1                      | 0           | 1          | 0                                      |
| Technoriunite srl       | 8                      | 5           | 3          | 0                                      |
| Consorzio Sicurezza srl | 17                     | 17          | 0          | 4                                      |
| Stonepeak Ceramics ltd  | 344                    | 251         | 93         | 87                                     |
| Porcelaingres gmbh      | 228                    | 190         | 38         | 21                                     |
| <b>GROUP TOTAL</b>      | <b>1477</b>            | <b>1086</b> | <b>391</b> | <b>177</b>                             |

2017

|                            | GranitiFiandre Spa |    |               |   | Porcelaingres |   | Stonepeak |     | Consorzio Sicurezza |   | Techno Riunite |   | Studio Secon |   |
|----------------------------|--------------------|----|---------------|---|---------------|---|-----------|-----|---------------------|---|----------------|---|--------------|---|
| New hires                  | Italy              |    | On secondment |   | Germany       |   | USA       |     | Italy               |   | Italy          |   | Italy        |   |
|                            | F                  | M  | F             | M | F             | M | F         | M   | F                   | M | F              | M | F            | M |
| <30                        | 2                  | 11 |               |   | 2             | 1 | 55        | 150 |                     |   |                | 1 |              | 1 |
| from 30 to 50 years of age | 2                  | 13 | 2             | 1 | 2             |   |           |     | 2                   |   |                |   |              |   |
| >50                        |                    | 1  |               | 1 |               |   |           |     | 1                   |   |                |   |              |   |
| Decommissioned             | F                  |    | M             |   | F             |   | M         |     | F                   |   | M              |   | F            |   |
|                            | F                  | M  | F             | M | F             | M | F         | M   | F                   | M | F              | M | F            | M |
| <30                        | 1                  | 3  |               |   |               |   | 28        | 81  |                     |   |                |   |              |   |
| from 30 to 50 years of age | 1                  | 8  |               | 1 |               | 1 |           |     | 2                   |   |                |   |              |   |
| >50                        |                    | 15 |               |   |               | 1 |           |     |                     |   |                |   |              | 1 |

M = male; F = female

| Leave  | GranitiFiandre |        | Porcelaingres |        | Stonepeak |        |
|--|----------------|--------|---------------|--------|-----------|--------|
|  | Male           | Female | Male          | Female | Male      | Female |
| Total employees entitled to parental leave   | 654            | 254    | 23            | 19     | 184       | 93     |
| Employees who have taken parental leave  | 5              | 6      | 2             | 2      | 3         | 3      |
| Employees who have returned to work after parental leave   | 2              | 4      | 2             | 2      | 3         | 3      |
| Employees who have returned to work after parental leave and were still employed twelve months after the period of leave | 4              | 5      | 2             | 2      | 3         | 3      |
| Rate of return to work of employees who have taken parental leave  | 80%            | 100%   | 100%          | 100%   | 100%      | 100%   |

2018

|                            | GranitiFiandre Spa |    |               |   | Porcelaingres |   | Stonepeak |     | Consorzio Sicurezza |   | Techno Riunite |   | Studio Secon |   |
|----------------------------|--------------------|----|---------------|---|---------------|---|-----------|-----|---------------------|---|----------------|---|--------------|---|
| New hires                  | Italy              |    | On secondment |   | Germany       |   | USA       |     | Italy               |   | Italy          |   | Italy        |   |
|                            | F                  | M  | F             | M | F             | M | F         | M   | F                   | M | F              | M | F            | M |
| <30                        | 4                  | 8  |               |   |               |   | 78        | 170 |                     |   |                |   |              |   |
| from 30 to 50 years of age | 4                  | 10 | 1             | 1 |               | 2 |           |     |                     |   |                |   |              |   |
| >50                        | 1                  | 1  |               |   | 1             |   |           |     | 1                   |   |                |   |              |   |
| Decommissioned             | F                  |    | M             |   | F             |   | M         |     | F                   |   | M              |   | F            |   |
|                            | F                  | M  | F             | M | F             | M | F         | M   | F                   | M | F              | M | F            | M |
| <30                        | 1                  | 4  |               |   |               |   | 32        | 137 |                     |   |                |   |              | 1 |
| from 30 to 50 years of age | 4                  | 12 |               | 1 |               | 3 |           |     | 2                   |   |                |   |              |   |
| >50                        | 8                  | 32 |               |   |               |   |           |     |                     |   |                |   |              |   |

M = male; F = female

| Leave  | GranitiFiandre |        | Porcelaingres |        | Stonepeak |        |
|--|----------------|--------|---------------|--------|-----------|--------|
|  | Male           | Female | Male          | Female | Male      | Female |
| Total employees entitled to parental leave   | 623            | 256    | 29            | 26     | 234       | 110    |
| Employees who have taken parental leave  | 12             | 6      | 2             | 2      | 5         | 1      |
| Employees who have returned to work after parental leave   | 11             | 6      | 2             | 2      | 5         | 1      |
| Employees who have returned to work after parental leave and were still employed twelve months after the period of leave | 11             | 6      | 2             | 2      | 5         | 1      |
| Rate of return to work of employees who have taken parental leave  | 80%            | 100%   | 100%          | 100%   | 100%      | 100%   |



# WORKPLACE HEALTH AND SAFETY

Workplace health and safety are fundamental elements of company policy.

An awareness of the importance of worker health and safety protection has created new development possibilities for the Group, which has identified the improvement of its workplace health and safety performance as a key requirement for competing on the market. To ensure that the business develops in keeping with the goal of protecting and preventing risks to workplace health and safety, the management has decided to prepare and continue to develop a Workplace Health and Safety Management System compliant with the requirements of the BS OHSAS 18001:2007 standard.

## **Within this framework**

a) the management defines the organization's workplace health and safety principles and guidelines, formalizing them in the document "Group Company Worker Health and Safety, Environment, Quality and Energy Policy";

b) the management's representative is tasked with designing and defining a Workplace Health and Safety Management System consistent with the requirements of the BS OHSAS 18001:2007 standard and for ensuring that the rules are applied and kept in force;

c) function heads are responsible for verifying that their areas operate in accordance with the contents of the Manual and the relevant procedures.

The company health and safety policy is periodically revised to ensure that it is always relevant and appropriate to the nature and scope of the risks to workers' health and safety in the workplace.

The Workplace Health and Safety Management System Manual and the related procedures are consulted to ensure that the Workplace Health and Safety Management System is functioning properly and are an expression of workplace health and safety policy as defined by the management. The Manual applies to all activities carried out by the Group, including the site planning and supervision process.



In order to implement the Workplace Health and Safety Policy, the various companies have drafted a series of documents describing the activities that influence company workplace health and safety performance.

The adoption and implementation of a Workplace Health and Safety Management System commits the Group to constant improvement of its performance in this area through:

- the identification of all dangers relating to processes, operational and organizational activities and hazardous substances and preparations used;
- the definition of its own Workplace Health and Safety Management System Policy and goals and milestones consistent with this Policy;
- the creation of plans for achieving these goals and the identification of the most appropriate methods of managing such plans;
- the assessment of the risks associated with such dangers for all workers and potentially exposed persons (contract workers, third-party employees and occasional visitors);
- the identification of the legal prescriptions and regulations applicable to the company;
- the implementation of adequate monitoring, verification and inspection activities for the systematic evaluation of the Workplace Health and Safety Management System and company workplace health and safety performance;
- the periodic review and ongoing improvement of the system;
- the preparation of appropriate internal and external channels of communication.

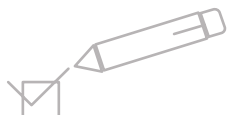


**The Group's goal is to spread the general principles of the functioning of the Workplace Health and Safety Management System through:**

- the circulation of the Workplace Health and Safety Policy to all levels of the Organization and the affected individuals;
- the definition of goals and milestones documented in workplace health and safety management system plans and programs indicating the means and resources required to achieve them;
- the definition of the responsibilities and the structure of the Workplace Health and Safety Management System;
- training and outreach for personnel with duties that may bear on workplace health and safety;
- the activation of adequate channels of internal communication, between the various levels and functions of the Organization, and of external communication;
- operational oversight of processes and activities associated with worker health and safety risks;
- the preparation for and response to emergencies, through the definition of procedures for preventing and mitigating the impact of potential accidents and emergency situations;
- the supervision and systematic measurement of the main characteristics of the activities and operations that may have an impact on worker health and safety, recording information that can be used to monitor the course of operational and performance oversight;
- the periodic assessment of compliance with applicable laws and regulations;
- the analysis of accidents and near accidents to prevent the causes of such accidents;
- the performance of audits of the Workplace Health and Safety Management System that ensure the application thereof.

## IDENTIFICATION OF DANGERS AND ASSESSMENT OF RISKS

There is a document within the Organization that lays out the procedure, criteria and methods for identifying dangers and assessing and monitoring workplace safety and health risks in accordance with applicable workplace safety and hygiene legislation. This procedure applies to all sectors of Company activity, and in general to all workplaces where Company employees render service.



### **Identification and designation of the individuals involved in workplace health and safety management**

There is a document that lays out the criteria and methods for identifying and appointing individuals occupying positions of responsibility in the area of workplace safety and hygiene and the ensuing notification of the persons in question of the responsibilities attributed to them in accordance with applicable legislation.

### **Management of accidents and injuries**

Iris Ceramica Group has designed a procedure that is intended:

- to identify, assess and record potential and actual accident events with consequences affecting individuals, property and the environment;
- to define methods and responsibilities for managing accidents, near accidents and injuries;
- to define any improvements to be undertaken in order to reduce the probability of occurrence or severity of the consequences of accidents, near accidents and injuries.

## WORKPLACE MEDICAL SERVICES

The Group promotes medical service in the workplace and defines the relationship between the company physician and company personnel in a way that ensures appropriate medical supervision of workers for preventative purposes.



## WORKER PARTICIPATION, CONSULTATION AND COMMUNICATION REGARDING ENVIRONMENTAL SAFETY, HEALTH AND MANAGEMENT

In specific documents, the Group describes the methods of receiving, recording and responding to observations both internally and externally to the company regarding its environmental, energy and workplace health and safety management, and for circulating to the affected individuals the relevant information regarding environmental impact and energy efficiency, together with information regarding the dangers and risks to health and safety posed by its activities, facilities and plants.

This documentation is also intended to define the methods of participation and consultation of workers and their representatives with regard to matters relating to workplace health and safety and energy conservation issues.

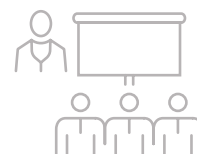
Communication with workers takes place in accordance with the prescriptions of the following documents:

**UNI EN ISO 9001 par. 7.4 "Communication"**

**UNI EN ISO 14001 par. 7.4 "Communication".**

**BS OHSAS 18001 par. 4.4.3 "Communication, participation and consultation".**

**UNI EN ISO 50001- par. 4.5.3 "Communication".**



# INTERNAL TRAINING

Market scenarios require our Group to commit to commercial and technological challenges that necessitate constant refreshment of skills and management of personnel training consistent with the Group's business objectives and strategic vision.

Within this framework, professional, managerial and technical training will have an increasingly fundamental role to play in realizing individuals' full potential, in order to ensure that their skills always keep pace with the scenarios imposed on us by international markets and that product quality continues to improve.

The training provided by the various Group companies differs depending on the specific activities performed by the target populations. The main courses currently fall into the following categories:

- **quality:** training initiatives designed to equip personnel with the skills they need to achieve, maintain and improve the quality standards set at the Group level;
- **health and safety:** training initiatives designed to optimize the workplace safety management system and in particular to ensure that all necessary measures are taken to protect the health and safety of all workers, whatever the role they perform within the company;
- **technical and professional:** this includes training initiatives designed to provide and refresh technical, professional and/or general cultural skills.

## Hours of training

| 2017        |                   | 2018        |                   |
|-------------|-------------------|-------------|-------------------|
| GROUP TOTAL | hours of training | GROUP TOTAL | hours of training |
| Managers    | 322               | Managers    | 325               |
| Other roles | 5,673             | Other roles | 6,713             |

## SKILL MAP

Preparation of the employee skill map requires the completion of questionnaires on the professional skills and work aptitudes with regard to the period of service with the company. Account is also taken of training received with previous employees, degrees obtained and any certification to perform specific duties issued by training organizations. This map, which is periodically updated, permits immediate identification of the current and potentially necessary positions in a broad Group scenario.





# THE PRODUCT

# RESEARCH, INNOVATION AND PRODUCT SUSTAINABILITY

Nearly 10% of our annual sales is invested in research and development because we are certain that there is nothing more important than looking towards the future. Innovation is not just a goal; it is the beating heart of our business strategy. Our collections are the highest expression of our company know-how, where the search for new combinations of materials dovetails with the ability to define innovative styles and functions. Thanks to this approach, we have internally

developed revolutionary technologies such as Active Clean Air & Antibacterial Ceramic™, an ambitious research project that made it possible to create self-cleaning, anti-bacterial, anti-pollution and anti-odor ceramic surfaces. An excellent result that, thanks to the incessant work of a dedicated team, and with the support of the Università di Milano, is achieved each year in terms of efficiency and performance, contributing significantly to improving human quality of life.



## DESIGN YOUR SLABS

The most versatile and complete on-demand decoration service for large-format ceramic slabs. To continue to meet the increasing need for personalization and the demand for unique products, we have launched DESIGN YOUR SLABS, a new very high definition imprinting system that exploits the full potential of next-generation digital technologies and enables on-demand customization of ceramic materials. Optical effects, pop art, geometric patterns, inclusion of precious metals such as gold, silver or platinum: every detail is rendered in maximum definition on the surfaces, creating unique materials, inspired by the client's personal vision. An unprecedented technology that changes the way spaces are decorated, enabling new possibilities in interior design and the architecture of large contemporary spaces, ensuring that optimal results from an aesthetic and technical standpoint may always be achieved. These products may be used in interior spaces to add color, character and personality to residential and commercial environments, as well as in hospitality and entertainment venues, areas featuring high levels of humidity such as spas and wellness centers and even outdoors to create evocative facades, with a surprising, lasting decorative impact.

## ACTIVE: THE ECOLOGICALLY ACTIVE MATERIAL FOR INTERIORS AND EXTERIORS

Active Clean Air & Antibacterial Ceramic™ is a patented technology that allows our materials to acquire all the properties of photocatalytic materials, thanks to the application of titanium dioxide:

- Self-cleaning effect: dirt does not stick, thanks to the water-repellent properties of the titanium dioxide, meaning that cleaning is also easier, without aggressive detergents, using just water or neutral soaps. In particular, in an outdoor setting the combined effect of sunlight and rain is enough to clean the surfaces, while leaving the original colors unchanged and reducing the need for maintenance.
- Anti-pollution effect: through the photocatalytic process, volatile pollutants are degraded and rendered harmless in the presence of natural or artificial light or humidity. The anti-pollution effect has been proved by specific tests performed in the academic laboratories of the Department of Chemistry of the University of Milan.
- Antibacterial effect: we are constantly in contact with bacteria, some of which are very dangerous for our health. ACTIVE is 99.99% effective against all bacterial, from the most common species such as *Escherichia Coli* to the most dangerous such as Methicillin-resistant *Staphylococcus Aureus* (MRSA).
- Anti-odor effect: even odor-producing organic molecules are degraded and their effect eliminated by the photocatalytic properties of the ecologically active surfaces.

## THE NEW ACTIVE 2.0

In addition to the properties and characteristics set out above, the new ACTIVE 2.0 entered production in October 2017. This material features new properties conferred by  $\text{TiO}_2$  (titanium dioxide) modified with silver (through a patented process) capable of ensuring a very high level of performance:

- Antibacterial activity even in the dark.
- The improvement of all photocatalytic properties, from self-cleaning to odor prevention and pollution prevention, with the increased efficiency that translates into less time needed to purify air in a confined environment.
- The efficacy of the photocatalytic properties mentioned, not only with sunlight or UV lamps, but also with LED lights – **something no other material in the world can offer.**



# CERTIFICATIONS

In recent years there has been a constant increase in designers demanding environmentally sustainable construction protocols for their projects. In addition, public works tenders have now all adopted minimum environmental criteria (CAM) regulations, which determine the choice of suppliers on the basis of their reliability and efficiency from the standpoint of environmental protection parameters. Accordingly, architects and designers are also shifting their focus to the search for building materials and technologies with a low environmental impact.

These changes in the construction industry follow on the highly significant strategic decisions already adopted by the Group through products awarded an impressive series of important system and product certifications based on international sustainability protocols, as listed below.

## SYSTEM CERTIFICATIONS



**ISO 50001 certification.** Energy Management Systems: an international standard that through the implementation of an energy management system allows for ongoing improvement of energy performance, thereby permitting a reduction of greenhouse gas emissions and the related energy costs.



**ISO 9001 certification.** Company Quality System. This internationally recognized certification extends to management of the entire company Organization, from research and development to production, distribution and customer support.



**ISO 14001 certification.** Environmental Management System, which certifies the validity of the measures adopted by the company to safeguard the internal and external environment. Through this certification, we confirm our commitment to complying with environmental laws and to managing, conserving and, where possible, reducing the use of natural resources.



The Community **Eco-Management and Audit Scheme (EMAS)** is a tool that businesses and organizations may adopt voluntarily. Our company decided to adopt EMAS to pursue and highlight constant improvement of its environmental performance, made available to the public through the environmental declaration.



**OHSAS 18001 certification.** The acronym stands for "Occupational Health and Safety Assessment Series". This international standard regards the assessment and prevention of risks through a worker safety and health management system that enables continuous improvement, while also complying with legal requirements.

## PRODUCT CERTIFICATIONS



View certified our products on <https://spot.ul.com/>



See official listing [www.environdec.com](http://www.environdec.com)

**GREENGUARD certification:** it ensures that products intended for use in interior environments are free of harmful volatile substance emissions, thereby contributing to the creation of more healthful environments. GREENGUARD Gold Certification is based on safety factors that take account of sensitive individuals (such as children and the elderly) and ensures that a product is acceptable for use in environments such as schools and healthcare facilities. This certification is widely recognized and accepted by sustainable construction programs and building regulations worldwide. In the United States, it is referred to by the building assessment systems CHPS (The Collaborative for High Performance Schools) and LEED (Leadership in Energy and Environmental Design).

**EPD (Environmental Product Declaration):** a type III environmental product declaration, rendered on a voluntary basis, based on an analysis of product life cycle (according to the "cradle-to-gate" approach) in accordance with the EN 15804 standard. This declaration has been prepared in reference to the guidelines for the UNI EN ISO 14040 standards and the specific PCRs (product category rules) for the relevant product category. This document describes environmental impacts relating to the production of a specific quantity of products in the various phases, from extraction of the raw materials to freight and production proper. **Our Group was the first to certify its products in 6 mm and 10 mm (see [www.environdec.com](http://www.environdec.com)) with a specific EPD for the product, validated by an independent third authority.**

**LEED certification:** already spread to and active in over 40 countries, LEED (Leadership in Energy and Environmental Design) certification assesses and certifies the environmental, social and economic sustainability of buildings from a comprehensive perspective. According to the LEED classification criteria, construction materials with a high degree of environmental sustainability contribute to obtaining credits, raising the building's score. All slabs included in this protocol contain over 40% recycled materials, in accordance with the ISO 14021 standard, thereby ensuring the highest scores according to the LEED system.



See Official Listing ([www.nsf.org](http://www.nsf.org))  
To identify which models are NSF Certified

**Certification pursuant to NSF/ANSI 51 – 2014 - Food Equipment Materials:** it was developed mainly for commercial applications, and thus also cafes, restaurants, hotel kitchens, cafeterias, etc. Ceramic slabs are used in areas potentially exposed to food sprays or particles (such as backsplashes, walls and tables where customers consume food or drink). This certification ensures the highest standards of quality and safety for consumers.



放射性水平A类  
See official listing

**CCC certification:** We have implemented CCC – China Compulsory Certification – for our exports to China for the application and use of the CCC mark.

This certification involves verification by an accredited third-party authority of the conformity requirements laid down in regulation CCCGB6566-2010, as updated, regarding health and safety generally.

# ATTENTION TO DESIGN

We have always paid close attention to all aspects of innovation in the field of architecture and contemporary design. We organize various events in our showrooms for architects, planners, interior designers and enthusiasts to meet and exchange views productively to expand their cultural and professional horizons.

## DIESEL LIVING WITH IRIS CERAMICA COLLECTION

### **Rock, denim, post-industrial style and the military are influencing surfaces**

A home stands on its flooring, as well as on its foundations. When you enter a room, your eye is immediately drawn to the flooring, to the material used and its color. Selecting flooring to be included in the Diesel Living concept collections was therefore fundamental.

The goal of the transition between two forms of apparently unrelated design (textiles and technical ceramics) was to create an atmosphere for the home that flows naturally from one mood to the next. The end result – assured by the work done by a team formed by the Diesel style office and the research laboratories at Iris Ceramica Group – is a ceramic product that is completely different from what the flooring surface market currently has to offer, transforming fabric weaves into experimental modern home surfaces. In the **Diesel Living with Iris Ceramica** collections, flooring and wall coverings are used in spaces directly inspired by the industrial and urban metropolitan style, where unexpected, ironic influences shape a world in which classical and experimental styles unite to create something completely new. Potent materials that evoke industrial archeology. Colors, shapes and grains inspired lunar and planetary surfaces and atmospheres, to create the cosmic wonder experienced by astronauts past and future.

# A FOCUS ON STAKEHOLDERS

A company's success today rests on both monetary profit and social success. Accordingly, identifying our stakeholders, including construction professionals, as our focal point, and listening to their needs, expectations and goals is fundamental to making decisions and taking concrete actions to satisfy them.

To us "stakeholder engagement" means an active, participatory strategy that gets stakeholders directly involved from the moment they are first exposed to our messages and then reaches them through various points of contact and channels, involving various access technologies with various levels of interaction.

We operate in a sector that still has a unique strategic potential, that features robust price competition and where companies are becoming increasingly competitive and are being forced to improve their performance constantly.

In order to meet stakeholders' expectations consistently and in an informed manner, we must seek to take an active part in the communities in which we are based. Through the involvement of individuals and organizations from various backgrounds, the reputation that we have built and guarded and that we wish to develop further is a sort of social capital, a set of relationships between individuals inspired by trust, respect and shared values.

Our experience in stakeholder relations includes the organization of events, seminars and workshops on architecture and interior design, in addition to communications and engagement programs for other important groups such as citizens, schools, associations and communities.

The following are some of **the most important initiatives of 2018** for our **customers** and for our **influencers** that we organized or in which we were partners, participating directly.

In recent years, fairs have lost a great deal of their appeal for large companies, since they are now viewed as obsolete given the ability to show products on the Web and social media.

However their effect should not be underestimated and still today they can serve as a powerful marketing tool. No company can ever be an island; there is no sense in separating ourselves from the world in which we operate. Constant contact with our stakeholders is a way of obtaining information and advantages. Growth and knowledge are what allow us to keep up-to-date on current trends, see the direction the market is heading and gain awareness of our strengths and weaknesses measured against our competitors.

However, it is essential that all participation be meticulously planned before, during and after each fair, starting from careful selection of the relevant target. This is why Iris Ceramica Group has focused on specific planning, leading it to take a major role, through its affiliates, in a number of expositions, including the Milan Salone del Mobile, the Cersaie in Bologna, Coverings in the USA, Batimat in Moscow, the Surface Design Show in London or the various Architect@work events in Europe.

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## Partnerships

We have undertaken a number of collaborative projects and partnerships with the most prestigious **universities** such as the **IUAV of Venice**, **Politecnico di Milano**, the **European Design Institute**, the **Nuova Accademia del Design** and the **Istituto Universitario Salesiano Venezia**. We promote **international contests** that explore the relationship between humankind, architecture and the Earth to encourage young professionals to adopt responsible construction technologies that safeguard our present and future. In view of this goal, at the 16th **Biennale di Venezia** we were the main sponsors to the Italian Pavilion, curated by architect Mario Cucinella with the **Archipelago Italia** project.

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LOCATION/AREA OF INTEREST

| 2018 FAIRS      | TOTAL | ITALY | EUROPE | USA | REST OF WORLD |
|-----------------|-------|-------|--------|-----|---------------|
| Events attended | 112   | 16    | 50     | 36  | 10            |

| EVENTS | TOTAL | ITALY | INTERNATIONAL |
|--------|-------|-------|---------------|
|--------|-------|-------|---------------|

**2018**

|  |    |    |   |
|--|----|----|---|
| Sponsorship of cultural and professional events      | 10 | 10 | \ |
| Organization of seminars and workshops               | 15 | 8  | 7 |
| Organization of architecture and design competitions | 3  | 1  | 2 |

| 2018 Communications Budget | TOTAL               |
|----------------------------|---------------------|
| Fairs                      | € 5,821,487         |
| Meetings and events        | € 3,065,407         |
| Showrooms                  | € 2,093,750         |
| <b>TOTAL 2018 Budget</b>   | <b>€ 10,980,644</b> |

**Total Group investments for stakeholders**

|             |                        |
|-------------|------------------------|
| <b>2017</b> | <b>€ 9,867,000.00</b>  |
| <b>2018</b> | <b>€ 10,762,000.00</b> |



Politecnico di Milano

European Design Institute

Nuova Accademia del Design

Istituto Universitario Salesiano Venezia

IUAV

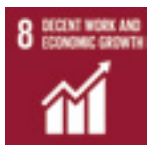


# EARTH, WATER, FIRE

## RESPONSIBLE MANAGEMENT OF THE PRODUCTION PROCESS

### 1. Process and product sustainability

Iris Ceramica Group produces 30 million square meters of ceramic surfaces each year, with an awareness of its enormous responsibility to the planet, environment and people. The Group is committed to the sustainability of its products and the processes used to make them and focuses closely on environmental issues. This focus takes the form of particular care and attention devoted to the supply chain, which the Group monitors constantly to ensure that purchasing processes do not consider economics alone, but also increasingly assess aspects relating to the environmental and social sustainability of suppliers, with a preference for local suppliers – where by "local" we mean Italian suppliers for Italy, German suppliers for Germany, and US suppliers for the USA. Suppliers are approved by the Purchasing Office in agreement with the Quality Control function, according to the criteria imposed by the ISO-9001 certification, and following the completion of an internally prepared questionnaire.



### 2. Specific sector characteristics for the supply chain

Raw materials play a fundamental role in the creation of our products and are sourced by extracting them directly from nature (sands, clays and feldspars) or chemical industries (colorants, glazes and additives), and they have considerable environmental impact in all stages of their use. The quality of the end product depends in large part on the quality of the raw materials used.

In order to comply with ISO 9001 certification criteria, the materials used are subject to physical and chemical testing in all phases of the process. It must also be considered that the transportation of raw materials also generates a significant environmental impact because it takes place primarily by road and sea. The issue of transportation is thus always present throughout the supply chain because it generates one of the most significant environmental impacts.

### 3. Activities relating to the supply chain

The organization of procurement for Iris Ceramica Group is structured as follows.

There is a central Purchasing Office based in Castellarano (Reggio Emilia, Italy) responsible for identifying suppliers and conducting negotiations for the most important goods and services at the Group level (Italy, Germany and the USA). Purchases for normal factory operations for the German and US companies are carried out locally, except for raw materials, which are always centrally negotiated.

The internal operational liaisons for raw materials are the technical managers of the chemical laboratories that test materials and carry out regular controls during production.

The internal operational contact personnel for plant systems are the technical plant system managers, whereas the internal contact personnel for other production-related purchasing are the plant managers and department or warehouse managers.

The internal operational contact personnel for expenses of a commercial nature are the marketing managers of the commercial divisions in question. Contracts for **energy** procurement – an extremely significant component of financial performance for the ceramic industry – are prepared by a specific individual, the Energy Manager, who is directly involved in negotiating and managing supply relationships. In Germany and the USA, the managers of the international facilities participate directly, liaising with the Italian Energy Manager, always in concert with the Group's management. Outsourced processing of special ceramics units is managed by specifically engaged personnel.

The Group makes use of various types of services, such as contract labor, particularly for tasks involving logistics, services and processing of finished products.

Leases and rentals relate primarily to machinery for the internal movement of materials and internal vehicles.

2017

| Categories             | ITALY (€)          | GERMANY (€)       | USA (\$)           |
|------------------------|--------------------|-------------------|--------------------|
| Finished products      | 665,891            | -                 | 6,897,806          |
| Raw materials          | 39,100,811         | 7,786,942         | 13,922,078         |
| Materials and parts    | 25,513,023         | 3,561,498         | 10,774,114         |
| Energy                 | 31,652,702         | 6,249,471         | 5,165,033          |
| Maintenance            | 12,939,961         | 3,043,017         | 5,551,335          |
| Leases and rentals     | 2,209,555          | 428,158           | 3,196,729          |
| Freight                | 10,375,859         | 1,938,776         | 25,502,359         |
| Services               | 18,613,488         | 1,46,434          | 13,991,386         |
| Commissions            | 8,764,943          | 767,317           | 8,009,069          |
| Selling costs          | 20,912,573         | 1,713,168         | 5,813,567          |
| Other                  | 33,877,689         | 2,372,719         | 11,197,228         |
| <b>TOTAL</b>           | <b>204,626,496</b> | <b>29,007,499</b> | <b>110,020,705</b> |
| No. suppliers          | 3,234              | 933               | 1,019              |
| of which, significant* | 319                | 54                | 185                |
| % sales                | 86%                | 73%               | 91%                |

\*Significant suppliers = suppliers with sales > € 100,000 a year and agents with sales > € 50,000 a year



Compared to purchase, long-term leases provide a certain degree of flexibility and allow for constant access to cutting-edge equipment in terms of comfort, safety and consumption.

Materials relate above all to consumables for the processing of ceramic slabs (abrasives) and packaging materials for finished products (wood, paper, cardboard, plastic and other). The company primarily does business with suppliers that offer a high level of recycling of their materials.

When selecting suppliers, particular care is devoted to the possible use of secondary raw materials, i.e. those obtained by recycling primary raw materials (internally or externally), the use of packaging

materials also partially made from recycled materials, suppliers' initiatives relating to efficient energy use, the adoption of best practices for ensuring the safety of those involved in the process and respect for the environment.

Marketing expenses relate to a very large variety of arrangements, from marketing tools to set-up for fairs, meetings and showrooms, with all the related services.

2018

| Categories               | ITALY (€)          | GERMANY (€)       | USA (\$)           |
|--------------------------|--------------------|-------------------|--------------------|
| Finished products        | 428,461            | -                 | 1,605,395          |
| Raw materials            | 41,827,623         | 8,057,829         | 12,377,541         |
| Materials and parts      | 24,376,557         | 3,902,700         | 11,312,103         |
| Energy                   | 30,235,904         | 6,971,028         | 5,477,977          |
| Maintenance              | 14,006,260         | 3,335,926         | 5,802,642          |
| Leases and rentals       | 2,164,674          | 440,699           | 3,666,712          |
| Freight                  | 10,043,867         | 2,025,134         | 28,744,870         |
| Services                 | 18,421,755         | 1,224,842         | 14,570,004         |
| Commissions              | 8,356,909          | 726,840           | 6,721,797          |
| Selling costs            | 19,792,222         | 2,023,406         | 6,825,293          |
| Other                    | 22,955,632         | 5,331,823         | 12,734,151         |
| <b>TOTAL</b>             | <b>192,609,862</b> | <b>34,040,227</b> | <b>109,838,486</b> |
| No. suppliers            | 3,193              | 953               | 1,066              |
| of which, significant*   | 300                | 65                | 184                |
| % sales                  | 84%                | 77%               | 90%                |
| no. approved suppliers** | 96                 | 25                | 55                 |
| Approved supplier sales  | € 59,193,875       | € 4,045,855       | € 25,181,099       |
| % sales                  | 31%                | 12%               | 23%                |

\*Significant suppliers = suppliers with sales > € 100,000 a year and agents with sales > € 50,000 a year

Number of approved suppliers\*\* = suppliers included in the list that we use for ISO 9001.

These figures do not include energy suppliers, even where including large, structured and certified suppliers.

## SPENDING ON NEW SUPPLIERS ACQUIRED IN REPORTING YEAR

| 2017                                   | ITALY              | GERMANY            | USA                  |
|--|--------------------|--------------------|----------------------|
| No. new suppliers                      | 630                | 194                | 200                  |
| <b>Total spending on new suppliers</b> | <b>€ 7,378,300</b> | <b>€ 2,267,680</b> | <b>\$ 10,584,711</b> |
| % of total purchases                   | 4%                 | 8%                 | 10%                  |
| New suppliers, of which significant *  | 16                 | 5                  | 14                   |
| for sales of                           | € 3,757,548        | € 1,219,973        | \$ 8,757,462         |
| % of new supplier sales                | 51%                | 54%                | 83%                  |
| Spending on new local suppliers        | € 5,296,306        | € 523,514          | \$ 9,827,546         |

\* spending of more than € 10,000 per year

## SUPPLIERS BY GEOGRAPHICAL LOCATION

| Country             | number |                    |    |                    |   |
|---------------------|--------|--------------------|----|--------------------|---|
| Italy               | 303    | Canada             | 10 | Japan              | 5 |
| USA                 | 1028   | China              | 10 | South Korea        | 5 |
| Germany             | 612    | Cyprus             | 9  | Mexico             | 5 |
| France              | 181    | Morocco            | 9  | Sweden             | 5 |
| Austria             | 55     | Croatia            | 8  | Luxembourg         | 4 |
| Switzerland         | 46     | Ireland            | 8  | Qatar              | 4 |
| Poland              | 41     | Greece             | 8  | Australia          | 2 |
| United Kingdom (UK) | 31     | Turkey             | 8  | Azerbaijan         | 2 |
| Spain               | 23     | Hungary            | 8  | Belarus            | 2 |
| Holland             | 17     | Estonia            | 7  | Bosnia-Herzegovina | 2 |
| Belgium             | 15     | Israel             | 7  | Cameroon           | 2 |
| Russian Federation  | 14     | Bulgaria           | 6  | Iran               | 2 |
| Hong Kong           | 14     | India              | 6  | Kuwait             | 2 |
| Czech Republic      | 14     | Lebanon            | 6  | Latvia             | 2 |
| Romania             | 13     | Rep. of San Marino | 6  | Malta              | 2 |
| UAE                 | 11     | Ukraine            | 6  | Monaco             | 2 |



## SPENDING ON NEW SUPPLIERS ACQUIRED IN REPORTING YEAR

| 2018                                   | ITALY              | GERMANY            | USA                 |
|--|--------------------|--------------------|---------------------|
| No. new suppliers                      | 565                | 181                | 198                 |
| <b>Total spending on new suppliers</b> | <b>€ 6,833,920</b> | <b>€ 1,226,916</b> | <b>\$ 5,136,920</b> |
| % of total purchases                   | 4%                 | 4%                 | 5%                  |
| New suppliers, of which significant *  | 10                 | 4                  | 13                  |
| for sales of                           | € 4,249,689        | € 648,089          | \$ 3,994,964        |
| % of new supplier sales                | 62%                | 53%                | 78%                 |
| Spending on new local suppliers        | € 5,572,805        | € 616,725          | \$ 3,575,222        |

\* spending of more than € 10,000 per year

|                  |   |                       |   |
|------------------|---|-----------------------|---|
| Peru             | 2 | Portugal              | 1 |
| Serbia           | 2 | Serbia and Montenegro | 1 |
| Seychelles       | 2 | Slovakia              | 1 |
| Algeria          | 1 | Taiwan                | 1 |
| Saudi Arabia     | 1 | Brazil                | 3 |
| Congo            | 1 | Denmark               | 3 |
| Ivory Coast      | 1 | Liechtenstein         | 3 |
| Ethiopia         | 1 | Lithuania             | 3 |
| Georgia          | 1 | Rep. of South Africa  | 3 |
| Jordan           | 1 | Slovenia              | 3 |
| Macedonia        | 1 | Singapore             | 4 |
| Maldives         | 1 | Tunisia               | 4 |
| Montenegro       | 1 |                       |   |
| New Zealand      | 1 |                       |   |
| Oman             | 1 |                       |   |
| French Polynesia | 1 |                       |   |

Estimated monetary value of payment to suppliers  
total in EURO: 275,349,742.75  
total in USD: 196,229,201.57

# QUALITY AND MONITORING OF ENVIRONMENTAL IMPACTS

## Inspired by the environment and its protection

By conducting a thorough analysis of the inevitable environmental impacts of production processes on the local area, community and environment, Iris Ceramica Group has been striving for years to minimize such impacts through constant improvement of the efficiency and innovation of the production process.

Main environmental impacts attributable to Iris Ceramica Group.

- Energy and natural gas consumption
- Water consumption and run-off
- Waste production
- Atmospheric emissions

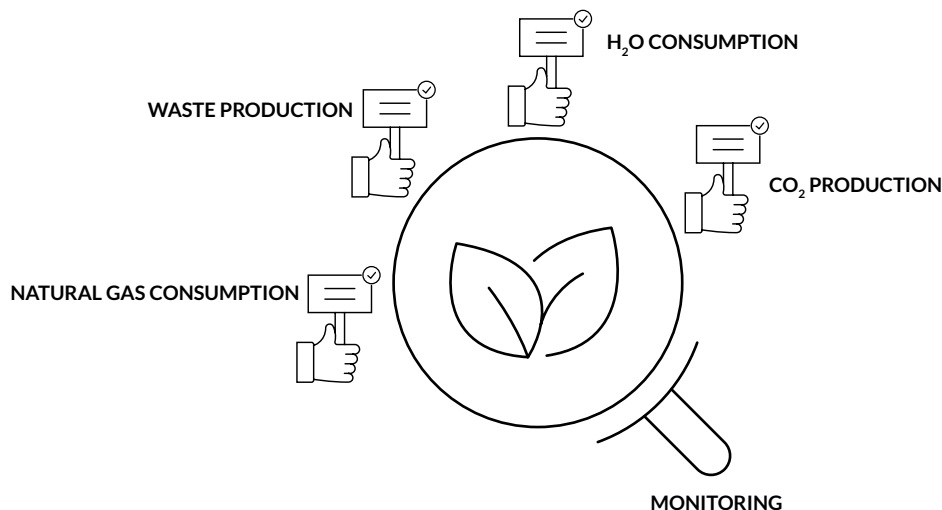
## Significant investments in machinery in pursuit of innovation and sustainability

The ceramic production process requires significant electricity and natural gas consumption, since all machinery uses electricity as its driving force and firing ceramics requires the consumption of significant quantities of methane gas. All recent investments in production are aimed at reducing energy consumption to the greatest possible extent. Spending on ongoing innovation at the level of plant systems seeks to obtain increasingly high-performance and aesthetically attractive products, while combining such needs with the no less important demand for automation and the

reduction of energy consumption and the resulting environmental impact.

The preparation of this first sustainability report was an opportunity to monitor and aggregate environmental data relating to the Group, thereby facilitating a process of analysis and inquiry also useful to planning future new activities to continue to reduce environmental impact further in the coming years.

The main environmental impacts attributable to Iris Ceramica Group are set out below.





## ENERGY CONSUMPTION

### ENERGY CONSUMPTION WITHIN THE ORGANIZATION

|                  | (GJ)             |                  |
|------------------|------------------|------------------|
|                  | 2017             | 2018             |
| Electrical power | 748,947          | 733,084          |
| Process gas      | 3,010,826        | 2,982,617        |
| <b>TOTAL</b>     | <b>3,759,773</b> | <b>3,715,701</b> |

## DIRECT GHG EMISSIONS SCOPE 1

|              | CO <sub>2</sub> |                |
|--------------|-----------------|----------------|
|              | 2017            | 2018           |
| Combustion   | 167,391         | 165,983        |
| Process      | 2,888           | 2,708          |
| <b>TOTAL</b> | <b>170,279</b>  | <b>168,691</b> |

## INDIRECT EMISSIONS SCOPE 2

|              | CO <sub>2</sub> (t) |                |
|--------------|---------------------|----------------|
|              | 2017                | 2018           |
| Combustion   | 167,391             | 165,983        |
| Process      | 2,888               | 2,708          |
| <b>TOTAL</b> | <b>170,279</b>      | <b>168,691</b> |

| Location based (LB) |                        | 2017   | 2018   |
|---------------------|------------------------|--------|--------|
|                     |                        | k1     | 1743   |
|                     | g CO <sub>2</sub> /kWh | 1201   | 1201   |
|                     | t                      | 76,204 | 75,058 |

| Market based (MB) |                        | 2017   | 2018   |
|-------------------|------------------------|--------|--------|
|                   |                        | k1     | 1624   |
|                   | g CO <sub>2</sub> /kWh | 1082   | 1,074  |
|                   | t                      | 79,828 | 77,446 |

## ENERGY INTENSITY RATIO

|   | (GJ/m <sup>2</sup> ) |              |
|---|----------------------|--------------|
|   | 2017                 | 2018         |
| Electrical power in joules (EEJ)                | 0.025                | 0.027        |
| Natural gas in joules (EEJ)                     | 0.025                | 0.112        |
| <b>TOTAL energy in joules (TEJ) = EEG + NGJ</b> | <b>0.131</b>         | <b>0.139</b> |

\* The types of energy included in the energy intensity ratio are electricity and natural gas. Other consumption either is not significant or has not been concluded in the calculations. Energy is consumed within the organization to produce finished products.

Emissions due to the combustion of natural gas and process sources due to coal in mixes have been used in the calculations.

Combustion has been calculated on the basis of the 2016 Italian national standard parameters table UNFCCC (revised calculation for the EU ETS declaration). Natural gas consumption x the emission factor were taken as a reference.

For the process, we present the revised calculation for the EU ETS declaration for fired mixes, calculated on the percentage of coal, mixes per ton, fired mixes.

The emissions consolidation approach was based on 100% operational control.

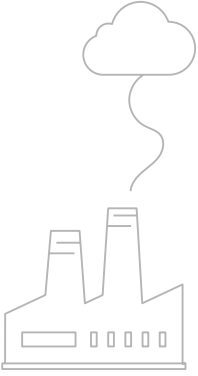
## EMISSIONS INTENSITY

|                   | kgCO <sub>2</sub> /m <sup>2</sup> |             |
|-------------------|-----------------------------------|-------------|
|                   | 2017                              | 2018        |
| Direct - scope 1  | 5.92                              | 6.32        |
| Ind. - scope 2 MB | 2.88                              | 3.02        |
| <b>TOTAL</b>      | <b>8.8</b>                        | <b>9.34</b> |

The calculation was performed on square meter of finished material.

The GHG emission types included in the emissions ratio are direct (scope 1) and indirect (scope 2). The gas included in the calculation is CO<sub>2</sub>.

## POLLUTANT EMISSIONS INTO THE ATMOSPHERE



In order to keep working environments healthy, the powder generated by processing is aspirated and passed through fabric bag filters that filter the air, trapping almost all powder content. The limited quantity that passes through the filters is monitored periodically to ensure that filter efficiency is maintained. The firing of the material in furnaces also gives rise to additional pollutants, including SOV and NOx. The following table presents the emission factors for these pollutants:

### EMISSION FACTOR

|                    | (g/m <sup>2</sup> ) |       |
|--------------------|---------------------|-------|
|                    | 2017                | 2018  |
| Particulate matter | 9.17                | 12.14 |
| VOCs               | 1.95                | 2.16  |
| Nitrogen oxide     | 3.85                | 3.98  |

## WATER CONSUMPTION AND DISCHARGE MANAGEMENT

In pursuit of constant development to improve product quality and expand the range of surfaces, the Group is proud to be able to include among its industrial assets the facility devoted to the polishing and rectification of 3 x 1.5 m large ceramic slabs, with production capacity that is among the highest in the world, exceeding three million square meters a year.

Polishing and lapping are used to increase the glossiness and brilliance of surfaces, conferring a pronounced aesthetic effect through a controlled process of removal of the surface layer of ceramic slabs. In this process, the individual slabs pass beneath a series of polishing heads using grinding wheels or brushes of various compositions capable of conferring the desired degree of sheen solely through mechanical abrasion, in which the use of water is essential.

## WASTE MANAGEMENT



The production process generates a certain amount of waste, which is minimized by adopting specific recovery procedures.

Such waste is transferred to organizations authorized to engage in waste recovery or disposal activity in accordance with applicable legislation. Most such waste relates to the processing of unfired and fired materials and is recovered, above all at certain Group plants authorized to do so. Smaller amounts relate to the use of wood, plastic and paper packaging, which is sorted for collection.

Finally, other waste is produced as a result of various types of routine and non-routine maintenance (ferrous materials, oils and fats, electrical and electronic waste, demolition waste, etc.), including some hazardous waste. In the following table, the amount of waste generated by the Group is divided into hazardous (H) and non-hazardous (NH) and broken down by type of disposal (recovery, dump and separate collection of paper, plastic and wood).

|                    | 2017                     |                           | 2018                     |                           |
|--------------------|--------------------------|---------------------------|--------------------------|---------------------------|
|                    | H<br>(g/m <sup>2</sup> ) | NH<br>(g/m <sup>2</sup> ) | H<br>(g/m <sup>2</sup> ) | NH<br>(g/m <sup>2</sup> ) |
| Sorted collection  | 0                        | 0.059                     | 0                        | 0.075                     |
| Recovery           | 0.002                    | 2.190                     | 0.003                    | 2.594                     |
| Disposal           | 0.013                    | 0.357                     | 0.015                    | 0.332                     |
| of which, in dumps | 0                        | 0.345                     | 0                        | 0.319                     |



In the technological process, water is also indispensable for wet-grinding of raw materials, for surface finishing of porcelain stoneware slabs and for washing out equipment. The water required for the production process is drawn from wells (aquifers) and from a dedicated aqueduct (non-potable water drawn from a surface water course treated by the water service provider to render it suitable for industrial use). Potable water is used for

civil purposes only. At facilities where slab surface finishing is not performed, there is no industrial water discharge, whereas in places where such work is performed some of the water is first treated in purification systems and then discharged into surface water courses. The following table shows the amount of water withdrawn and discharged for production purposes and the amount of solid waste included in such discharges.

|      | Water withdrawn<br>(l/m <sup>2</sup> ) | Water discharged<br>(l/m <sup>2</sup> ) | Solid material discharged<br>(g/m <sup>2</sup> ) |
|------|--|---|--|
| 2017 | 26.3                                   | 3.5                                     | 0.04   |
| 2018 | 26.9                                   | 4.3                                     | 0.12   |



# OUR FOCUS ON THE COMMUNITY

In today's globalized society, competition is not merely the ability to produce quality goods and services at competitive prices. Rather, intangible assets such as reputation and social and environmental commitment have become even more important due to their capacity to add value because of their wealth of content and ability to reinforce a company's character.

Eclectic, imaginative entrepreneur Adriano Olivetti claimed that "a factory should not consider its profit index alone, it must distribute wealth, culture, services and democracy" with a focus on individuals – not only those with whom the company collaborates, but all of society.

Iris Ceramica Group has also chosen to support its growth strategy with a strong, unwavering commitment to creating value for all of society. This choice stems from the deep-seated conviction that all companies have an important role to play in society and cannot shirk the duty – and pleasure – of contributing to its development and success. Each year, this profoundly intimate relationship translates into significant social contributions and sponsorships that the Group chooses to support, and which in 2018 totaled approximately 489,370 euro.



## 1 IRIS CERAMICA GROUP FOR QUALITY OF LIFE

Investing in a community breathes life into the local economy, swelling its pride and strengthening its sense of a common cause. Iris Ceramica Group has always played a key role in promoting its local area and the wellbeing of local communities through a way of doing business with a focus on people and improving their quality of life.

### THE LONG-LOST NATIVITY SCENE

In 2017 and 2018 Iris Ceramica Group supported the initiative "Il Presepe Ritrovato" promoted by Modenamoremio with support and funding from the Municipality of Modena. The now traditional city event at the Church of St. John the Baptist involves the exhibition of statues dating back to 1912 produced using a plaster casting process. The statues have been painstakingly maintained by the Amici del Corni Museum Laboratory Association Group.

## SPONSORSHIP OF LEVEL-TWO MASTER'S DEGREE PROGRAM IN PLANNING, PROGRAMMING AND DESIGN OF HOSPITAL AND SOCIAL HEALTHCARE SYSTEMS

In 2017 and 2018 the Group sponsored the level-two master's degree program in Planning, Programming and Design of Hospital and Social Healthcare Systems offered by the **Politenico di Milano**.

The program is designed to complete the education of those who within healthcare facilities or in their professional lives face hygiene-related problems tied to the planning, implementation and

management of hospital facilities.

Accordingly, it is therefore intended for those responsible in various capacities for part or all of the construction process, from designing the project to closing the worksite, determining requirements for use and during use and conversion and restructuring projects.

### HYBRID ROOM AT BAGGIOVARA CIVIL HOSPITAL

The business and medical communities work together to hand down a better future to society. In 2018 Iris Ceramica Group become involved in providing decisive support for the construction of the Hybrid Room at Baggiovara Civil Hospital (Modena). This ambitious project involved building a cutting-edge operating theater equipped with next-generation radiology systems, including a high-power digital angio suite. A noble goal that

looks to the future and a new concept of wellbeing by improving healthcare, prevention and medical treatment in the catchment area of the province of Modena and beyond. The ability to perform surgical procedures with real-time support from highly efficient diagnostic devices revolutionizes the care system by making it possible to act immediately, precisely and safely.



## TITLE OF "COMMUNITY AMBASSADOR" FOR THE EMILIA ROMAGNA REGION



In 2018 Iris Ceramica Group was awarded the prestigious title of "Community Ambassador" for the Emilia Romagna region as part of the project "100 Mete d'Italia", which recognizes

companies with a virtuous effect on Italy and the community. A prestigious title reserved for companies representative of each region of Italy, set apart by their active contributions to encouraging the development and cohesion of the community by developing an original, authentic view of the future, without losing touch with the roots of their local areas.

Federica Minozzi's appointment as "Community Ambassador" confirms the goals promoted by the Italian holding company, which has been exporting the fine products that the region and the rest of the country has to offer to the world for more than 50 years. The award is gratifying recognition for a history of sound business, a quality product range and responsible, sustainable production capable of creating value for the company and community.



## ACTIVE CLEAN AIR & ANTIBACTERIAL CERAMIC™

In 2017 Iris Ceramica Group reached an important new milestone in its unceasing quest to improve quality of life for everyone, pursued systematically and concretely through research into the beneficial properties of photocatalysis. **The new version of the Active Clean Air & Antibacterial Ceramic™** technology allows the large ceramic slabs produced by the Group to be eco-activated by applying titanium dioxide via digital application. This significant step forwards allows for improvement of the photocatalytic performance of the ceramic slabs – the only such slabs in the world certified

according to the ISO standards, in terms of greater efficiency in degrading airborne pollutants, odors and antibacterial activity.

The technological progress represented by Active was achieved through the Digitalife research project funded by the European Community (LIFE ENV/IT/000140), since digital application has also made it possible to reach higher environmental sustainability indices in production by significantly reducing water consumption.

## 2 IRIS CERAMICA GROUP FOR INNOVATION

For Iris Ceramica Group, a global leading manufacturer of porcelain stoneware and technical ceramics, innovation has always been a central theme and one of the founding values on which the company's constant growth and success are based.

### ARCHITECTURAL SKIN PROJECT



Next Landmark, an international contest promoted by the portal Floornature.com and created by Iris Ceramica Group, took on a new form for its 2017 edition, offering users new procedures and innovative technology through which to test their

creativity: a renewed competition formula that invites architects and interior designers the world over to take part in ARCHITECTURAL SKIN.

The competition involved creating a geometric or figurative pattern designed for large-format porcelain stoneware slabs to be executed using the innovative printing technique based on the Design Your Slabs ceramic process.

The transformation is based on the new DYS technology, a very high definition printing system capable of enabling on-demand customization of porcelain stoneware surfaces down to a single slab. Constant research and the constant implementation of new techniques for the production process have in fact made it possible to achieve very high standards from the standpoint of aesthetics, function and durability over time.

The winning project was recognized in November 2017 at the exhibition gallery SpazioIRIS Moscow with a dedicated installation.





#### INNOVATION AWARD AT THE 21ST EDITION OF EY ENTREPRENEUR OF THE YEAR

The Innovation Award was bestowed on Iris Ceramica Group in November 2017 in the evocative setting of Palazzo Mezzanotte in Milan, during the award ceremony for the 21st edition of the "Entrepreneur of the Year", promoted by Ernst & Young, for: "succeeding in establishing itself in Italy and the world by exploring new possibilities

in broadening the horizons of ceramics by creating products in innovative materials and colors unite with cutting-edge technologies, the search for new combinations of materials with the ability to rethink styles and functions, thereby making sustainability a key element of company competitiveness."



#### COPERNICO40 PRIZE AT THE 2017 AWARDS OF *IL QUOTIDIANO IMMOBILIARE*



During the conference "Italy to be Built" organized by *Il Quotidiano Immobiliare*, a major online periodical for the Italian real-estate sector, the 2017 Awards were bestowed on the Innovation Campus in Peschiera Borromeo (Milan). On this occasion, Federica Minozzi was awarded the Copernico40 Prize, which supports cooperation at the international level between companies in the Italian real-estate sector to promote manufacturing in all phases of its life cycle. The Group, and in particular its Fiandre brand, received this award for its proactive commitment to the architectural design process and for being a leading exponent of Italian industry capable of contributing innovative, cutting-edge technology to the real-estate sector.

This important award recognizes and rewards the considerable investment made by the Group and the constant challenges overcome by a company that believes in progress and that views innovation as the only winning strategy in an increasingly saturated and competitive market.

### 3 IRIS CERAMICA GROUP FOR CULTURE

Investing in culture ensures returns in terms of social prestige and moral growth. Today's companies have a genuine responsibility to spread culture through constant innovation, a refined form of business patronage in support of research and the development of new talent.

#### SPONSOR OF "CERTAMEN CAROLINUM FRANCESCA MELETTI"

To highlight and support the deepening ties between culture and business, Iris Ceramica Group participated in the sponsorship of the 22nd edition of Certamen Carolinum Francesca Meletti, a Greek and Latin translation contest promoted by the classical secondary school Muratori San Carlo of Modena, in which over 300 secondary school students from Modena, Vignola, Mirandola, Bologna and Parma participated.

The initiative received support from the Municipality and Province of Modena, the AICC

(Italian Classical Culture Association), Modena delegation, and the Modena Committee of the Dante Alighieri Society and seeks to encourage the study of classical languages and culture in contemporary society, promote experiences of excellence among students from schools in different regions in view of a positive challenge in the spirit of healthy competition and enhance awareness of identity through an active cultural role at a high level within Europe.

#### CO-CREATION

In October 2018 Iris Ceramica Group took part as promoter and co-organizer in a meeting held at IUSVE (Istituto Universitario Salesiano di Venezia) in Verona entitled "Co-creation" and intended for the architecture and interior design departments of Italian universities. The meeting was inspired by an undergraduate thesis entitled "Interior Design Institutes Ranking." This research thesis looks at academic interior design programs in Italy with the intention of spurring dialog between educational institutions and the business community in order to drive increasingly profitable collaboration. The complex Italian academic offerings in the fields of

interior design were reviewed and specific potential activities were identified for each institution with a high level of professional training and placement. The Group promotes projects in support of educational and training initiatives, particularly at the advanced university and academic level, which functions as both a crucible and the glue that holds the very fabric of society together. The field in which Iris Ceramica Group is most active is that of design and creativity, where "design" refers to a discipline that contributes to the creation of project culture and "creativity" means the ability to innovate in company processes.

## TECHNICAL SPONSOR OF THE ITALIAN PAVILION AT THE BIENNALE DI VENEZIA



In 2018 Iris Ceramica Group was technical sponsor to the Italian Pavilion of the 16th International Architecture Show at the Biennale di Venezia, curated by architect Mario Cucinella. The show's Italian Pavilion, entitled "Archipelago Italia: Projects for the Country's Future and Interior Territories," was dedicated to the urban space that runs down Italy's backbone, and, in further detail, to the five specific areas of intervention that act as tangible symbols of the revitalization of the country's interior territories. The ultimate goal is to devise a possible future approach that ensures dialog between architecture and landscape, reflecting on the role of discipline in the process of urban redevelopment. At the Biennale, special attention has always been devoted to reflections that transversally embrace various issues of a social, ethical and environmental nature, proposing unprecedented scenarios that explore the foundations

of design. It was in this intrinsic spirit of the Venetian event and the reflection suggested by this year's Italian Pavilion that Iris Ceramica Group decided to sponsor the initiative, recognizing the common intentions shared by the company and Mr. Cucinella's architectural work. Iris Ceramica Group, which has always made a priority and a focus of the production of vital works of culture, has embraced the Archipelago Italia project, convinced of the fundamental role played by architects in contributing to improving human life and giving rise to new forms of sustainable development.

## JAPANIZED. TALES OF A FASHION JOURNEY



An exhibit at which 49 kimonos were on display for an impressive project designed by architect Fausto Ferri, created in partnership with Iris Ceramica Group. Eighteen days of exhibit at St. Carl's Church in Modena that drew 12,300 visitors. The exhibit, curated by Stefano Dominella, sought to shed light not only on the complex phenomenon represented by Japanism, but also the blend of various cultures that gave rise to socio-economic, political and cultural phenomena. In the early 20th century, a widespread passion for Japan and its culture exploded in Italy and the rest of Europe: Japanism was born. Women's fashion changed dramatically, preferring larger garments designed with a strong Eastern influence, volumes, rigid fabrics and overlays using diverse, yet harmonious fabrics

in colors in keeping with the season and state of mind: creations inspired by the kimono. At the same time, after period of strict closure, Japan took inspiration from the West, with women even beginning to wear European clothing instead of kimonos and to be called "moga", i.e. "modern girls". In this bilateral contamination, one culture's tradition became the other's transgression, without compromising its elegance. Following the rhythm of the essay "*Japanized: Tales of a Fashion Journey*", it reviewed an era marked by different styles and periods, including revivals and contemporary. The garments on display included pieces created by highly renowned stylists, young designs and international guests who interpreted the theme of Japanism in its various ramifications. The pieces on display on a stage set up using our large-scale ceramic slabs, exhibited as works of art, included ancient Japanese kimonos, obis and hakamas from noteworthy private collections.



### **POLLUTION 2018 - REFLECTION**

In 2018, during the 36th edition of Cersaie, Iris Ceramica Group presented the project POLLUTION 2018 – RefleAction in Piazza Santo Stefano in Bologna. This temporary installation, created in collaboration between the company, Studio MC A and SOS School of Sustainability, was integrated into the urban space to call for a virtuous new equilibrium between humankind and nature.

Pollution 2018 - RefleAction is the most recent stage of the company's journey towards environmental sustainability beginning 50 years ago, bearing witness to the constant commitment devoted by the Group to research, new technologies and social responsibility.

It was in 1972, at the height of the economic boom, that the company began to promote its environmental message by holding an event without parallel for its time in Piazza Santo Stefano: "Pollution: Towards an Aesthetic of Pollution". On that occasion, ten thousand tiles depicting a lump of soil – each signed and numbered by the Iris Ceramica brand – covered the entire square, acting as a backdrop to the installations and performances of 26 artists committed to the issue. In that same square, 46 years later, Iris Ceramica Group returned to this message, reworking it and turning an act of accusation into thought and action. Forty young oak trees rise from the heart of Bologna's historical center, standing on artificial soil formed by a large reflective blade with defined geometry, designed to turn the customary relationship between the urban and the natural on its head. A material that thus becomes nature, turning into the surface of a narrative journey: the installation's flooring features ACTIVE technology, pointing the way towards reflection on major environmental issues.

### **OTHER LOCAL INITIATIVES**

**2017** Fashion Research Italy Foundation: scholarships in support of architecture

**2017** FAI, Italy Environment Fund

**2017** CRI, local committee: purchase of stretchers

**2017** Green Hub Association: event cycle "Let Us Plan the Seed for the Architecture of the Future"

**2017** Le Fonti Award

**2017** Publisher Riccardo Dell'Anna, volume on one hundred Italian projects

**2017** Golf-Playing Architects Association

**2017** Palazzo Magnani Foundation: European photography

**2017** Nuova Accademia Design Contest

**2017** Next Landmark International Contest

**2018** Polimi: master's degree in Planning, Programming and Design of Hospital and Socio-Healthcare Systems

**2018** Certamen Carolinum "Francesca Meletti": a Greek and Latin translation competition for classical and scientific secondary schools promoted by the secondary school Muratori-San Carlo of Modena

**2018** UNIVERONA Department of Neurological and Movement Sciences: master's degree in National Nordic Walking Technique

**2018** FAI, Italy Environment Fund

**2018** CRI, local committee: purchase of vehicle for disabled individuals

**2018** LILT: support for oncology research

**2018** Nuova Accademia Design Contest

## 4 IRIS CERAMICA GROUP FOR SPORT

Sport is a metaphor for life: we encounter obstacles that help us improve; we become aware of our limits and we learn to overcome them. Sport teaches us to take care of ourselves, but also to respect our teammates and adversaries. It is an essential aspect of our lives, and the beauty of certain gestures, the effort to execute increasingly refined movements – such as the first incredible slam-dunk from the free-throw line performed by Julius Erving during the 1976 Dunk Contest in Denver, the ring routine performed by Yuri Chechi at the 1996 Atlanta Olympics and the 100-meter world record set by Usain Bolt at the 2008 Beijing Olympics – is devoted to striving to achieve classical forms of balance, geometry and symmetry: qualities that architecture seeks to confer on the urban infrastructure where sporting events are held. Developing the community, cultivating talent and seeking refined, elegant forms have always been among the goals pursued in our efforts – hence our support for and close ties to the athletic community.



### MODENA VOLLEY

Iris Ceramica Group was official sponsor of the Modena Volley sport club, which competes in the Serie A men's volleyball league, for the 2017 and 2018 seasons. Iris Ceramica Group believes strongly in Modena Volley's founding principles. Development of the local community and top sports teams, an aptitude for teamwork, a positive attitude towards the future and basic ethics are what drew the Group to this athletic organization, with which we have identified shared ideals. This important partnership confirms the company's desire to consolidate its presence in Italy by investing in the cultivation of talented young people and the promotion of the best of what Italy has to offer.

### TEAM CICLI PALETTI

Iris Ceramica Group was sponsor to Team Cicli Paletti in both 2017 and 2018.

There are people capable of seeing and shaping the future with their own hands using their imagination and sensibility: in the course of his mechanical engineering career, Luciano Paletti, an artisan based in the province of Modena, designed and patented several revolutionary innovations in the field of bicycle frames at least 30 years before large international companies. Innovation and farsightedness are values that Iris Ceramica Group regards as synonymous with the future.

As early as the Eighties, Paletti's bicycles were in demand in China, Australia and the USA. Today his store and workshop are run by his son Michele with his mother Giuliana and, 43 years after Luciano's

first bicycle, continue the tradition of handcrafted excellence, topping the global market in terms of quality, professional assistance and human value.

Luciano and his son always cultivated a passion for competitive bicycle racing, as well as a love for bicycle design. As a member of Team Cicli Paletti, Riccardo Riccò won the Italian Junior competition in 2001, and Luciano himself competed in regional cyclocross racing in the Eighties. Paletti supplied bicycles to countless young cyclists, including 1984 Los Angeles Olympic competitor Claudio Vandelli, bringing him to the national level. Three months before his passing, Luciano Paletti founded ASD Simec Fanton Cicli Paletti, a team of students composed of young cyclists from Modena's foothills ages 15 and 16.

# COMMUNICATION WITH THE LOCAL COMMUNITY

## INTEGRATED, MULTICHANNEL COMMUNICATION

Our communication is based on an integrated, multichannel strategy designed to spread the Group's values and commitment to innovation and sustainability and to promote the technical choices and philosophy that set apart Iris Ceramica Group's products.

A complex international organization based on eight main brands and a broad system of display spaces that are also promoted via dedicated websites, social channels (Facebook, Instagram, YouTube and LinkedIn), online and offline advertising and networking and PR activity.

A rich, complex communications system in which a key role is played by the online magazine Floornature.com, which was created in 2001, when Web giants such as YouTube and Wikipedia had yet to see the light, and immediately made a name for itself as a webzine for keeping up with developments in architecture, urban planning and design, now drawing more than 100,000 visitors a month, in five languages.

The back office features a full-fledged business unit composed of an editorial staff of professional journalists and architects and a technical team that also supports individual Group companies with management of their digital assets.

International planning supports the brand's communication by designing integrated online and offline communications campaigns in major Italian and international industry publications. Strong emphasis is placed on social networks, prominent showcases for product collections and the brand's identity, promoted through dedicated video and photography productions, suited to showing off the wide range and innovative solutions offered.

The presence of a large number of display galleries in Europe and beyond the Continent enables a dense calendar of events including talks, workshops and exhibitions involving renowned international design firms. In other words, more than simple showrooms, they are venues for meetings, discussion and sharing focused on the production of cultural contributions of great depth and interest for an audience of professionals and enthusiasts.

A constant presence at the world's most important trade fairs, such as **Salone del Mobile** and **Cersaie** in Italy, **Coverings** in the United States or **Mosbuild** in Russia, is also part of our communication strategy. These are fundamental opportunities for networking and dialog with the relevant stakeholders.

## SUSTAINABILITY GOALS FOR 2019

This first edition of our Sustainability Report allowed us to prepare a clear, systematic statement of the philosophy that we have been practicing for decades to promote innovation, because we believe that sustainability is a fundamental aspect of our company strategy and culture. Yet this is not enough: we wish to set new goals for ourselves, to improve our contribution to increasing the economic, environmental and social capital of the communities in which we work and beyond, leading us to set various goals that we intend to pursue in 2019.



### CODE OF ETHICS

Revision and circulation to employees and contract workers of the current Code of Ethics adopted by an Iris Ceramica Group company so that it may be extended to all Group members.



### EMISSIONS

Continuing the commitment to reducing and gradually eliminating the CO<sup>2</sup> emitted in pursuit of zero emissions, with a particular commitment to eliminating volatile organic compounds (VOCs).



### FOUNDATION

Creation of a foundation that operates in architectural and design culture and that also promotes the values of solidarity through cultural, educational, recreational and social interest activities.



### FAMILY DAY

Creation of the first Family Day for family members of employees and contract workers in view of greater sharing and knowledge of Iris Ceramica Group's various activities and commitments amongst all family members.



### REPORTING

Continuing the sustainability reporting process in view of constant improvement, exploring in particular the relationship with major stakeholders.

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| 102-44                        | Key topics and concerns raised  | No particular concerns emerged            |
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| 102-46                        | Defining report content and topic Boundaries  | 7,10                                      |
| 102-47                        | List of material topics   | 10  |
| 102-48                        | Restatements of information   | This is the first year of reporting       |
| 102-49                        | Changes in reporting  | None; this is the first year of reporting |
| 102-50                        | Reporting period  | 2019, using 2017 and 2018 data            |
| 102-51                        | Date of most recent report  | This is the first year of reporting       |
| 102-52                        | Reporting cycle   | Annual                                    |



|  |  |                                       |
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| 102-53   | Contacts   | 72                                    |
| 102-54   | Claims of reporting in accordance with the GRI Standards                                     | 8                                     |
| 102-55   | External assurance   | Not certified                         |
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| 301-1  | Materials used by weight or volume   | 50.51                                 |
| 301-2  | Recycled input materials used  | 50.51                                 |
| 302-1  | Energy consumption within the organization   | 56                                    |
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| 304-1  | Operational sites adjacent to protected areas of high biodiversity                           | None                                  |
| 305-1  | Direct (Scope 1) GHG emissions   | 55                                    |
| 305-2  | Indirect (Scope 2) GHG emissions   | 55                                    |
| 307-1  | Non-compliance with environmental laws and regulations                                       | No cases of con-compliance identified |
| 308-1  | Supplier environmental screening   | 49                                    |
| 401-1  | New employee hires and employee turnover   | 31.32                                 |
| 403-1  | Occupational health and safety management system   | 33,34,35                              |
| 403-3  | Occupational health services   | 36                                    |
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| 403-6  | Promotion of worker health   | 35.36                                 |
| 404-1  | Training   | 37                                    |
| 405-1  | Diversity of governance bodies and employees   | 31.32                                 |
| 406-1  | Incidents of discrimination  | No cases occurred                     |
| 413-1  | Operations with local community engagement   |                                       |
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| 416-1  | Assessment of the health and safety impacts of product and service categories                | 40,41,42,43,44                        |
| 417-1  | Marketing and labeling   | From 59 to 68                         |
| 418-1  | Substantiated complaints concerning breaches of customer privacy and losses of customer data | No relevant complaints were filed     |
| 419-1  | Non-compliance with laws and regulations in the social and economic area                     | There were no cases of non-compliance |

# IRIS CERAMICA GROUP SUSTAINABILITY REPORT

Technical and methodological consulting from **Paola Ducci, mediamo.net**

For information regarding the report, please contact [fondazione@irisceramicagroup.com](mailto:fondazione@irisceramicagroup.com).





