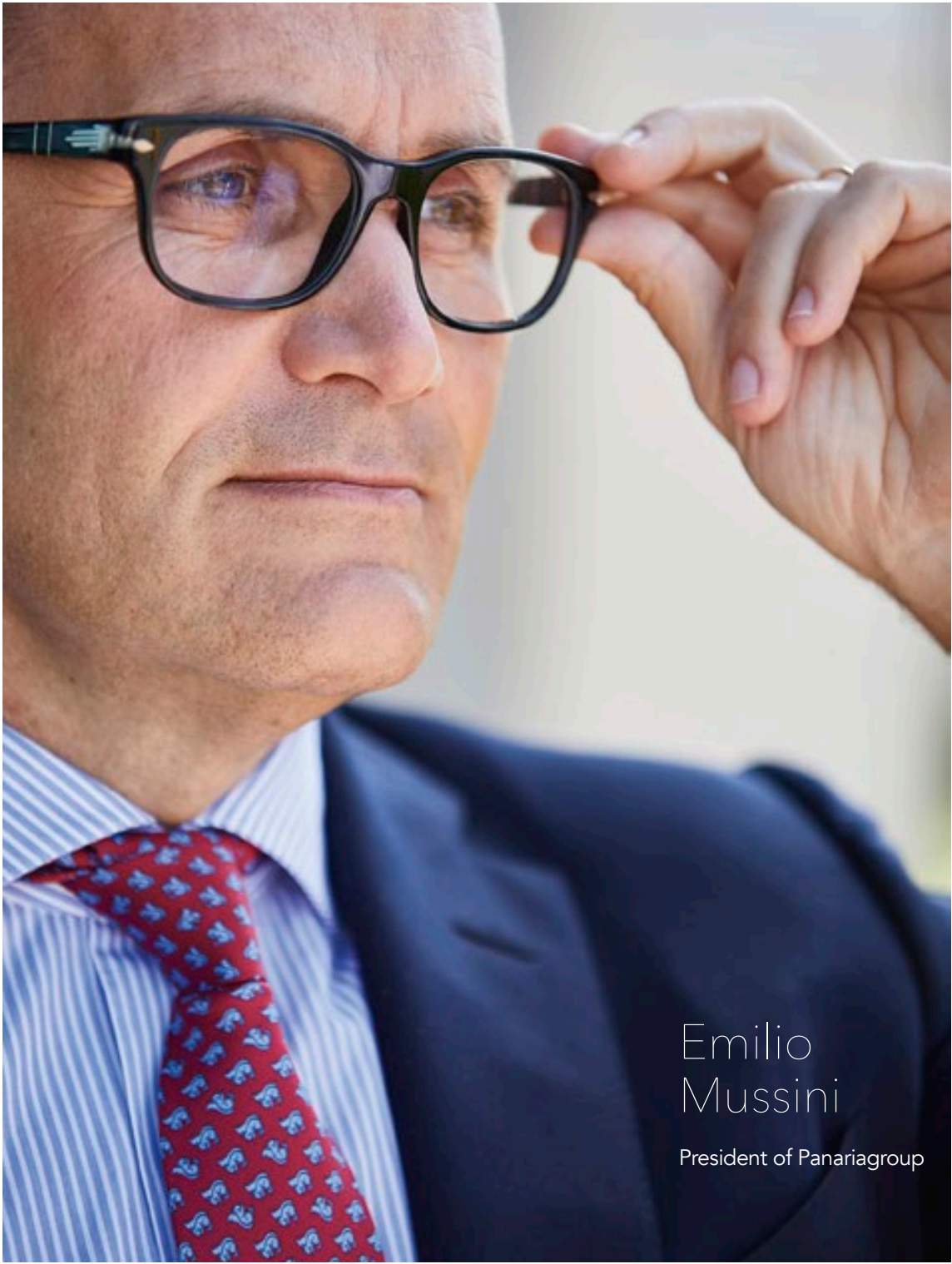




**PANARIA**group®

Sustainability  
Report 2017  
Abstract



Emilio  
Mussini

President of Panariagroup

**PANARIA**group®

It is my pleasure to present the new **Panariagroup Sustainability Report**. Last year, with the first edition of the report, we started to work on this **stimulating and exciting project** to finally collect and show in detail our efforts to do **business responsibly in an ethical way, respecting resources and people**. This has been a characteristic of the Panariagroup from the beginning and is true for the whole company today, starting with the Board of Directors.

This approach to doing business represents for us an **important strategic asset in terms of differentiation**, further strengthening our position regarding the quality of our products and important decisions in terms of responsibility. We are convinced that consumers are increasingly orientated towards choosing those companies with a **credible and sustainable profile**.

We all believe in this direction forward, which will see us both promptly and frequently reporting on the new objectives we have been able to achieve.

Emilio Mussini  
President of Panariagroup



# The Company profile

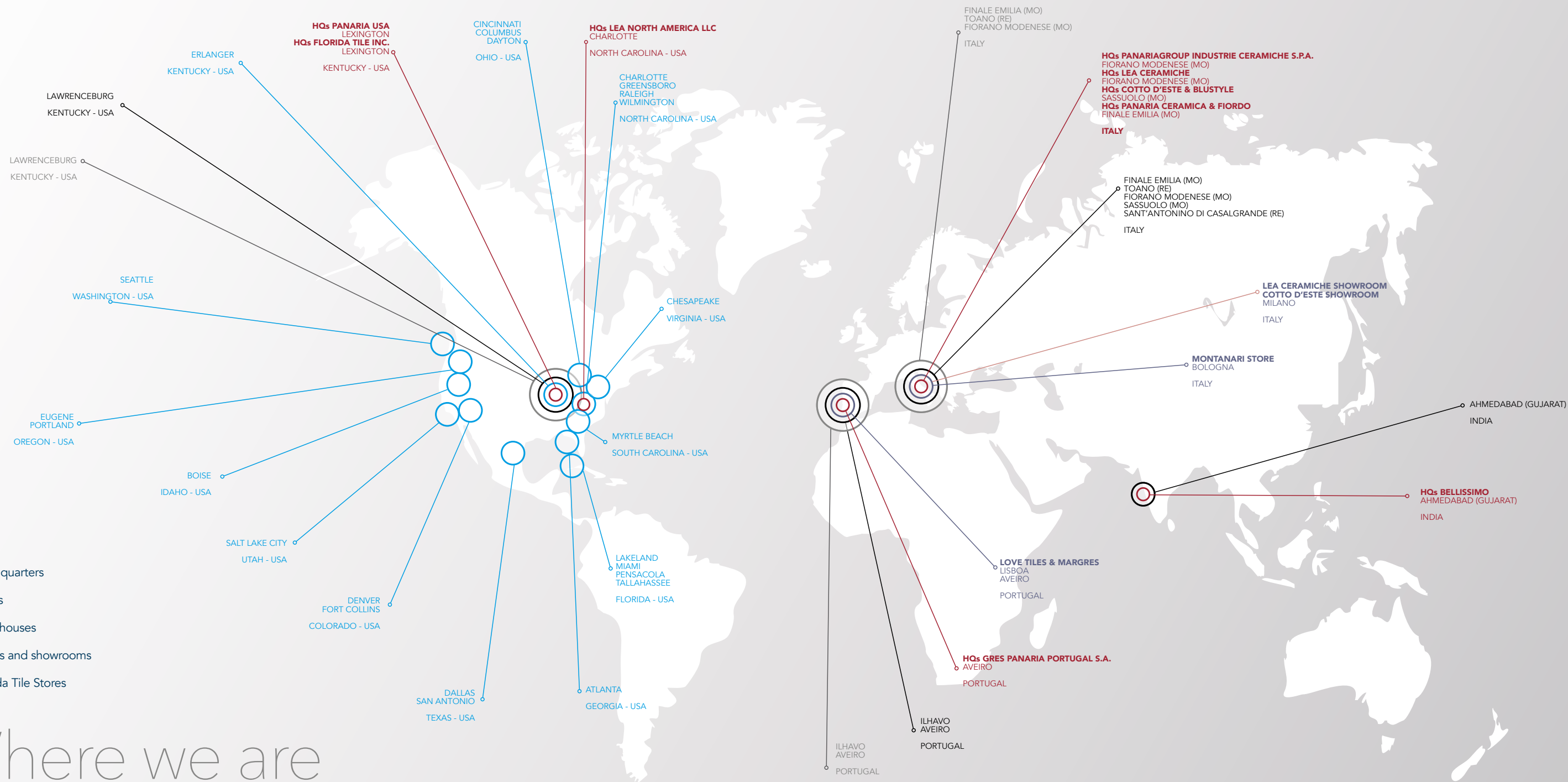
Our Group is an **industry leader in the production of ceramic surfaces** that for over 40 years has invested in innovation and sought excellence in all its forms. An international company with an Italian heart, a leading

player world-wide with 9 brands, 6 production plants, over 10,000 professional customers and sales in more than 130 countries.



- Headquarters
- Plants
- Warehouses
- Stores and showrooms
- Florida Tile Stores

Where we are





# Our brands

The Panariagroup Brands, now increased over the years to become nine, all enjoy international high reputation and achieved excellence both aesthetically and technically. Each Brand has a specific, distinctive character, but they are all intended and developed to respond to

**PANARIA CERAMICA** embodies the Group's great ceramics tradition. Representing all main contemporary styles from the start, Panaria Ceramica is a Brand with a deep ceramic culture. It offers high-end products created mostly to be used in residential contexts and a catalogue of rich and structured collections with a wide range of formats and decorative complements.

**LEA CERAMICHE** is the perfect combination of visionary design and technologic performance, and it is a creative partner anywhere in the world, for any kind of architectonic project requiring distinction through a unique, recognisable style. Continuous innovation, absolute reliability of technical performance and the capacity to dare made Lea Ceramiche an undisputed key player in international architecture, signing important and prestigious partnerships with internationally renowned designers and architects.

**COTTO D'ESTE** COTTO D'ESTE is the most prestigious Brand in the *Nuove Superfici* field of ceramic surfaces. Its creations, synonymous with quality and beauty, are the product of fine craftsmanship and of a passionate and dedicated attention to detail. The profound commitment to aesthetic research and to developing unique and innovative technical solutions and environmentally friendly manufacturing processes has contributed to the Brand's reputation for excellence, as confirmed by important international references. Cotto d'Este's surfaces are available in the unique 14mm thickness, as well as in the famous Kerlite large ultra-thin slabs, which have revolutionized the world of ceramics.

**FIORDO** FIORDO product ranges are contemporary, well-designed solutions, simple, easy to interpret. The products are designed for residential use but are also ideal for outdoor and commercial uses. As always, the aesthetic and technological qualities are of the highest.

**Blustyle** BLUSTYLE is the Brand that offers all Cotto d'Este's quality and elegance with solutions in standard thickness that are simpler and affordable.

the needs of a clientele that, despite being diverse, shares **a specific attention to quality and aesthetics**. They all operate in the ceramics sector, focusing on flooring and covering for the luxury band of the market, but each of them has different characteristics.

**MARGRES** MARGRES, Portugal's leading Brand of technical porcelain stoneware and an important player in the international market, supplies high quality products for all types of construction in private or public spaces, meeting the needs of contemporary architecture with state-of-the-art production technologies, high quality raw materials and sophisticated aesthetic qualities.

**LOVE** Love Tiles is the leading trademark in the Portuguese market of monoporosa wall tiles of large sizes and glazed porcelain stoneware for floors. Love Tiles products seek to be a first choice for those who feel passionately about the connection between people and their living spaces through the creation of elegant, unique and distinctive environments.

**floridatile** FLORIDA TILE, with a Kentucky manufacturing facility and 24 showrooms in the United States, creates and sells innovative porcelain and natural stone flooring designed specifically to meet the needs of the American market. It's been part of the Group since 2006, but with over sixty years of history, the Brand competes with national market leaders thanks to its new production capacity and the continuous technical and aesthetic innovation of its products.

**Bellissimo** BELLISSIMO was born from a partnership between Panariagroup and Asian Granito, a leading company in the Indian market. The mission of Bellissimo is to produce luxury ceramic tiles that are a combination between Italian style, technology and know-how and the architectural needs of the Indian building industry.



# Our approach to sustainability

Panariagroup's mission statement is about **growing and creating well-being in harmony with people and the environment**, with openness, passion and love for our work. In order to achieve such targets, the Group aims to generate sustainable value for its shareholders, employees and business partners respecting society and the environment. The Group has a strong focus on research and innovation, and is resolute to satisfy the highest expectations in the fields of general well-being and of aesthetics, both for professional and private customers, in architecture or in the construction industry.

Always at the vanguard when it comes to combining beauty, quality and sustainability, Panariagroup has a thorough commitment towards reducing the environmental impact of its plants, thus displaying its focus on safeguarding the ecosystem and at the same time on offering the highest comfort.

This is **a vital, essential commitment** for those who, like the Panariagroup, create products that millions of people all around the world encounter in their daily life, at home or in public places.



# The Group's stakeholders

**Our stakeholders have played a pivotal role** in Panariagroup's sustainable growth. In its Sustainability Report, Panariagroup identified the individuals or groups who entertain a relationship with the company and with its activities, as through their involvement and our awareness

of their needs, the Group is able to **pursue its economic, social and environmental targets in a shared way** that, because of this, becomes even more effective.



# Methodology and materiality analysis

This statement has been prepared in compliance with the new reporting standards “**Global Reporting Initiative Sustainability Reporting Standards**” issued in 2016 by the Global Reporting Initiative (GRI), according to the “in accordance - core” option. The Sustainability Report contains information on the business activity, its performance, its results and the impact of the activity.

In order to report the sustainability issues, the Group has prepared a materiality analysis that highlights how **Economic Accountability, Employee Health and Safety, Innovation and Technology, Governance**

**and Risk Management** have been identified as key topics both for the Group and for its stakeholders. From the matrix we also understand the importance Panariagroup gives to **Quality, Design and Sustainability of the products**, a key issue for the industry the Group operates in.

Also relevant are the **Management of Energy** and **Water Resources**, particularly important in the Group’s production process, and **Customer Satisfaction**, which also is paramount: Panariagroup already has business units dedicated to thoroughly serve the Group’s Customer base.



## Economic



|                                   | 2016  | 2017  |
|-----------------------------------|-------|-------|
| TURNOVER<br>(MILLIONS OF EUROS)   | 377.0 | 384.6 |
| EBITDA<br>(MILLIONS OF EUROS)     | 40.8  | 42.7  |
| NET PROFIT<br>(MILLIONS OF EUROS) | 11.2  | 11.4  |
| NET PROFIT PER SHARE<br>(EURO)    | 0.247 | 0.250 |
| DEBT RATIO<br>(NFP/EBITDA)        | 2.05  | 2.30  |
| INVESTMENT<br>(MILLIONS OF EUROS) | 38.1  | 34.4  |

## Highlights 2017

## Environment<sup>1</sup>



|   | 2016                      | 2017  |
|---|---------------------------|-------|
| ENERGY <sup>2</sup><br>INTENSITY                          | 0.137 <sup>GJ/m²</sup>    | 0.135 |
| EMISSIONS<br>INTENSITY                                    | 0.009 <sup>tco, /m²</sup> | 0.009 |
| WATER<br>INTENSITY  | 0.017 <sup>m³/m²</sup>    | 0.017 |
| WASTE FOR<br>RECYCLING                                    | 91.8%                     | 93.2  |
| WASTE RAW MATERIALS RECYCLED IN<br>THE PRODUCTION PROCESS | 100%                      | 100   |

## Social<sup>3</sup>



|   | 2016                                   | 2017    |
|---|--|---------|
| EMPLOYEES                                     | 1,686 <sup>n.</sup>                    | 1,729   |
| PERMANENT<br>EMPLOYEES                        | 97.3%                                  | 95.1    |
| EMPLOYEES COVERED BY<br>COLLECTIVE BARGAINING | 70%                                    | 70      |
| INJURY<br>FREQUENCY RATE                      | 3.3 <sup>n*100.000 hours worked</sup>  | 3.0     |
| INJURY SEVERITY<br>INDEX                      | 86.7 <sup>n*100.000 hours worked</sup> | 51.1    |
| COMMUNITY SUPPORT<br>IN EUROS                 | 338,000                                | 225,173 |

1. The 2016 environment data has been recalculated integrating data for the Casalgrande and Sassuolo storage plants in order to make it compatible with the 2017 figures.  
 2. The intensity values are calculated on the basis of sm of tiles produced during the year (22,690,715).  
 3. The social data for 2016 has been recalculated to include Panariagroup USA Inc., Lea North America LLC, Montanari Ceramiche S.r.l. in order to make it compatible with the 2017 figures.



# The sustainability targets

The Panariagroup aims to improve its impact on society in economic, social and environmental terms; for this reason, each year specific sustainability objectives to be implemented are announced. These represent **a commitment that the Group makes towards its stakeholders.**

## Objectives reached in 2017

### Business issues

- Installation of a third production line in our Fiorano Modenese plant (Italy), with a 60% increase in the output of big-size, laminated porcelain stoneware slabs, whose production involves a lower environmental impact and an increase in employment.
- Installation of a new, complete production line in our plant in Aveiro (Portugal), including a press, a kiln, a new-generation oven, selection, rectifying/lapping.
- Completion and inauguration of a new NDC (National Distribution Center) in our USA plant, with an 11,000 m<sup>2</sup> increase in covered surface and a 15,000 m<sup>2</sup> outside plot.
- Installation of new equipment in our Italian Business Unit: 3 digital printing machines, 2 cutting/rectifying lines, 1 kiln, 1 complete line for laser guided pallet handling.



### Human resources

Activation of trade/ supplementary contracts for Italian employees in Finale Emilia, Fiorano Modenese, Sassuolo and Casalgrande, including company-led welfare initiatives in relation to supplementary pension/ providence allowances, health insurance and services directed towards the employees and their families.



### Governance

Installation of the SAP system to manage all processes in our USA Business Unit.

Integration of our organizational model for security management in the Italian Business Unit through the installation of an ad hoc software and a more centralized plant management.



### Quality and environment


- Upgrade according to anti-seismic guidelines of the whole Italian Finale Emilia plant.
- Installation of L.E.D. and magnetic induction lighting in the Italian Finale Emilia plant to replace neon tubes in order to strongly lower energy consumption.
- Complete replacement of the existing covering with eco-compatible material in the whole Italian Finale Emilia plant.

Activities related to the use of the environmental product brand "ECOLABEL" to cover all the Italian porcelain stoneware collections have been suspended; an analysis is underway to compare other types of certification and to assess which one is best suited to the Group's objectives.


# New objectives


To confirm the commitment to the advancement of a business model that integrates economic, social and environmental responsibility in all activities and in all aspects regarding the Group, the Panariagroup, following on from the previous year, has defined **new sustainability objectives**, listed below.

|  |                         |
|--|-------------------------|
|  <b>Business issues</b>   | Target                  |
| Industry 4.0: adhesion to incentives for digitalization (Article 3 of Italian Legislative Decree of 23. December 2013, No. 145, as replaced by Article 1, paragraph 35 of the 2015 Stability Act and amended in the 2017 Budget) | <b>2018<sup>6</sup></b> |
| Installation of new production equipment at the Italian Business Unit: one sorting line at the Toano plant, one sorting line and one drying room at the Fiorano factory  | <b>2018</b>             |
| Installation of new production equipment at the Portugal Business Unit: modification of an enamelling line to produce large formats and double loading technology at the Ilhavo plant, one digital machine at the Aviero plant   | <b>2018</b>             |
| New finished product storage at the Aveiro plant and new logistics management for the Portuguese Business Unit   | <b>2018</b>             |
| Completion of the new Florida Tile showroom in Lawrenceburg, USA   | <b>2018</b>             |
| Extension of the covered area at the Fiorano plant, for the expansion and optimization of production of large-format slabs   | <b>2019</b>             |

|  |             |
|--|-------------|
|  <b>Governance</b>              | Target      |
| Commitment to the principles of the United Nations Global Compact initiative                                       | <b>2018</b> |
| Improvement of access control to the Italian Business Unit's sites through the installation of specific IT systems | <b>2018</b> |
| Introduction of a Code of Ethics and a Code of Business Conduct for the Group                                      | <b>2018</b> |
| Compliance with the new European privacy laws  | <b>2019</b> |
| Installation of a SAP information system to manage of all the processes at the Portuguese Business Unit            | <b>2018</b> |

6. The target date has been postponed because the incentives, originally due in 2017, have been delayed by one year by the government. Some of the investments made in the Italian plants during 2017 already conform technically with "Industry 4.0". In 2018, in addition to other investments, the implementation of an interconnection, necessary for obtaining the tax incentives, is planned.

|  |             |
|--|-------------|
|  <b>Quality and environment</b>   | Target      |
| Progressive introduction of EPD (Environmental Product Declaration) for all porcelain stoneware and laminated porcelain stoneware collections for the Brands in the Italian Business Unit's catalogue, with installation and use of dedicated software | <b>2018</b> |
| Upgrading of quality and environmental management systems to comply with the new ISO 9001: 2015 and ISO 14001: 2015 standards for the Italian and Portuguese business units  | <b>2018</b> |
| Implementation of a quality management system certified according to ISO 9001: 2015 for the US production plant  | <b>2018</b> |
| Installation of LED and magnetic induction lighting to replace fluorescent and neon lights at the Italian Toano plant in order to get a significant reduction in electricity consumption   | <b>2018</b> |
| Optimization of management, purification and recovery of wastewater and sludge at the Italian plants.  | <b>2018</b> |
| Installation of ventilation systems to improve the working environment inside the press and atomizing departments of the Florida Tile plant in Lexington, USA  | <b>2018</b> |
| Introduction of a structured recycling system at the offices of the Italian Business Unit and an awareness campaign for a "green" workplace  | <b>2018</b> |

|  |             |
|--|-------------|
|  <b>Supply chain</b>                              | Target      |
| Introduction of a homogeneous system of assessment of new suppliers on the basis of social, environmental, human and workers' rights | <b>2019</b> |
| Development of an Impact Assessment and a Risk Analysis concerning social and environmental factors in the supply chain              | <b>2020</b> |

|   |             |
|---|-------------|
|  <b>Human resources</b>   | Target      |
| Implementation of a bonus scheme for managers, linked to corporate financial results <sup>7</sup>   | <b>2018</b> |
| Informative measures on sustainability for employees, with dedicated meetings and periodic newsletters  | <b>2018</b> |
| Introduction of scholarships for the employees at the Portuguese Business Unit as an incentive to reach individual training objectives  | <b>2018</b> |
| A campaign for free and voluntary anti-influenza vaccinations for employees at the Italian Business Unit  | <b>2018</b> |
| Introduction of new health and ergonomics courses in the Florida Tile, USA, factory and showrooms   | <b>2018</b> |
| Introduction of emotional intelligence training courses for the Portuguese Business Unit  | <b>2018</b> |
| Setting up of a reward system for employees who distinguish themselves in activities related to environmental protection, an "Ecological Merit Award" for the Italian Business Unit | <b>2019</b> |
| Analysis of employee satisfaction in the Italian and US Business Units  | <b>2019</b> |

7. 2017 was dedicated to an in-depth analysis serving as the basis for a bonus scheme for all the jobs in the company. This system will be operational in 2018.

Economic  
Responsibility

Panariagroup closed the 2017 financial year with net income of **€11.3m** and turnover of **€385 m** (a plus of 9%, which is also the average growth rate of sales over the last three years). These are convincing figures, the result of winning strategic choices such as the gradual process of internationalization, a broad and diversified product range, the capillary sales organization and investment in technological innovation in manufacturing. An **EBITDA of €42.7m**, with constant growth over the last five years, underlines the ability to generate wealth through the operations management.

Always in a close relationship with the areas it operates in but also focused on national and international dynamics, the Group – thanks to its presence on the stock market – is always aware of its **responsibility towards its shareholders**, actual and future, and financial institutions. **The earning per share in 2017 is 0.25 Euro** while **the ratio between Net Financial Situation and Gross Operating Margin is 2.33** thus proving the sustainability of the finances of the Group.

42.7  
Million euros 2017 EBITDA

385  
Million euros 2017  
financial turnover

11.3  
Million euros 2017  
net income

10%  
of turnover invested every year in  
the last three years

0.25€  
Net income per share for 2017

73%  
Share price revaluation in 2017

2.3  
Debt ratio  
(NFP/EBITDA)

The Group – thanks to its presence on the stock market – is always aware of its responsibility towards its shareholders, actual and future, and financial institutions





Product  
Responsibility

Technological innovation is the key for Panariagroup to reach new targets in the production of porcelain stoneware tiles and for what concerns the environment.

Development and evolution of the production lines, continuous research, excellence in the choice of raw materials, variety and richness in the surface applications are a constant process and a daily challenge. Challenges such as having vision and investing on innovative technologies like **laminated porcelain stoneware**, product that not only created a new way of concei-

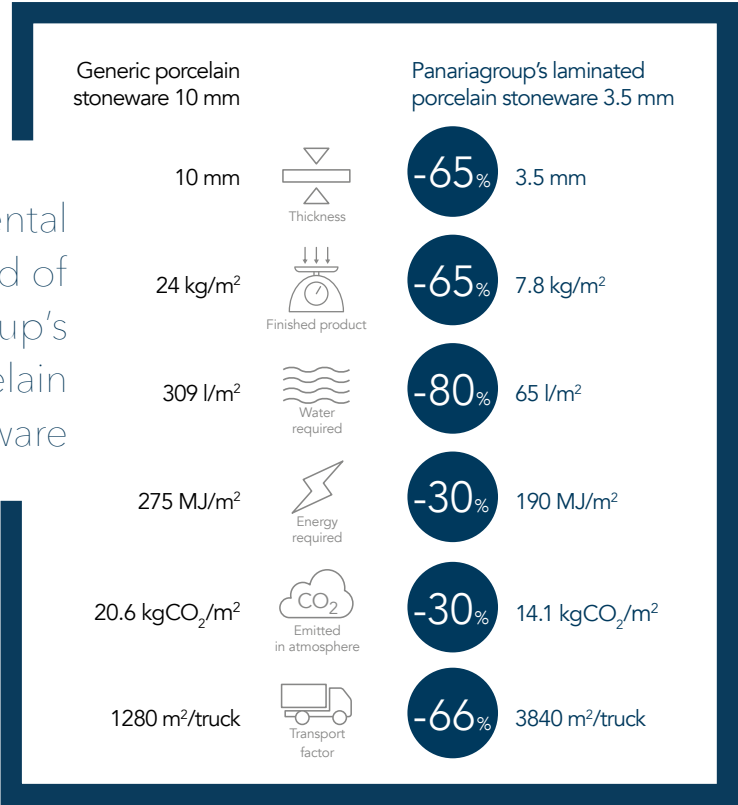
ving tiles, allowing their use in ways that until only a few years ago were considered unthinkable, but that also is a clear display of how to **innovate a product with a strong focus on sustainability**, thanks to a lower use of raw material and resources. Another clear example of the Group's innovative ability is **PROTECT**, the exclusive line of antibacterial floor and wall covering developed in collaboration with Microban®, a world leader in hygienic technologies. PROTECT surfaces guarantee extremely high performances thanks to an **antibacterial shield incorporated in the ceramic product**, eliminating up to 99.9% of bacteria from the surface.

The results is a constantly protected surface, ensuring the highest hygienic performance, not alterable by use or weather conditions.

In the architectural field, there are many international sustainable architecture projects for which the company's materials have been selected. Amongst those, particularly deserving of a mention is the **Bosco Verticale**, the extraordinary, award-winning project by the architects Boeri, Barrecchia and Lavarra, in Milan. It is a work that stands for sustainability, giving evidence to the synergy between nature and architecture, and in which Panariagroup took part with Cotto d'Este and Lea Ceramiche products.

Lea Ceramiche and Cotto d'Este also contributed to the construction of **Casa Monica** in Modena, the first residential building in Italy to reach the Platinum, the highest level of certification by GBC Home. In addition, other reference projects in this field notable, such as the **Deltazero** building in Lugano, a model and statement for innovative design and construction standards, the result of the work of a pool of designers who conceived, designed and built it in synergy with experts from the fields of geothermal and solar energy, acoustic engineering, building physics and domotics.

The environmental  
identity card of  
Panariagroup's  
laminated porcelain  
stoneware





System  
certifications

Panariagroup has adopted the ISO 9001 quality management system that is extended to all commercial divisions and services. This also is evidence of the Group's commitment towards ethical, environmental, safety and quality issues.

| Certification   | Description  | Field of application | Italy                                      | Portugal         |
|---|--|----------------------|--|------------------|
|    | In accordance to the ISO 9001 certification, every passage in the production process, from the arrival of the raw material to the packaging of the finished product, is verified by experienced personnel through accurate quality control. The quality of the Panariagroup production sites is audited yearly by an external agency through detailed visits.                          | WORLDWIDE            | FINALE EMILIA<br>TOANO<br>FIORANO MODENESE | AVEIRO<br>ILHAVO |
|    | In accordance to the ISO 14001 certification, all the environmental aspects concerned in the production of our tiles are constantly monitored, guaranteeing the use of the best technologies on the market in order to reduce the environmental impact. The environmental system of the Panariagroup production sites is audited yearly by an external agency through detailed visits. | WORLDWIDE            | FINALE EMILIA<br>TOANO<br>FIORANO MODENESE | AVEIRO<br>ILHAVO |
|  | The EU EMAS Eco-Management and Audit Scheme for organization requires the creation of a complete system of environmental management based on constant improvement. The system is based on the establishment of a rapport of cooperation and trust with employees, local authorities and the public. An Environmental Declaration is the final product of such process.                 | EU                   | FINALE EMILIA<br>TOANO<br>FIORANO MODENESE | AVEIRO<br>ILHAVO |

Product  
certifications

Here are the certifications achieved by Panariagroup for the Group's products in Italy, Portugal and USA; this also is a testimony of the Group's commitment towards ethical, environmental, safety and quality issues.

| Certification   | Description  | Field of application | Italy | Portugal | USA |
|---|--|----------------------|-------|----------|-----|
|    | UPEC is a product certification issued by the French institution CSTB, verifying the technical suitability of the products related to their intended use.  | Francia              | •     | •        |     |
|    | The CE mark is a safety certification required by the European Union with the intention of safeguarding health and safety.   | EU                   | •     | •        |     |
|    | The Certif mark confirms that the certified products are compliant with the EU laws regarding ceramic tiles.   | EU                   |       | •        |     |
|    | The KEY-MARK and the Certiquality-UNI marks confirm that the certified products are compliant with the EU laws regarding ceramic tiles.  | EU                   | •     |          |     |
|    | Since August 2005, it is allowed to export in the People's Republic of China only ceramic tiles bearing the CCC marking, which Panariagroup obtained, on several products, since March 2006.   | CINA                 | •     | •        |     |
|    | FloorScore® is a system certifying the low VOC emissions of floorings and of the products used in their installation. It is one of the best known certifications to determine the quality of the air inside a building.  | WORLDWIDE            | •     | •        |     |
|   | The EPD declaration is a voluntary declaration that can be applied to all products. It is an important instrument to report on the environmental quality of a product.   | WORLDWIDE            | •     | •        | •   |
|  | Ecolabel is a system of environmental certifications created by the EU (#66/2010) offering all consumers to purchase eco-compatible goods. This label is a mark of excellence, as it is awarded after a strict analysis of the whole life-cycle of a product (LCA).  | EU                   | •     |          |     |
|  | Panariagroup achieved the prestigious Greenguard certification, confirming the compliance of building, furnishing and finishing materials to strict air quality standards as defined by GEI (Greenguard Environmental Institute). Such products undergo strict third-party testing to verify their impact on indoor air pollution. | US                   |       |          | •   |
|  | It is a TCNA initiative aimed to recognize and certify sustainable products according to the ANSI 138.1 law. Covered by this certification are the environmental characteristics of the product, its production chain, the extraction of raw materials, the management of end-of-life products and innovation.                     | US                   |       |          | •   |
|  | For most of its products, Panariagroup achieved a certification related to the contents of recycled material pre-consumer. This character of eco-sustainability contributes to the achievement of credits required by several national building standards.   | WORLDWIDE            | •     |          | •   |

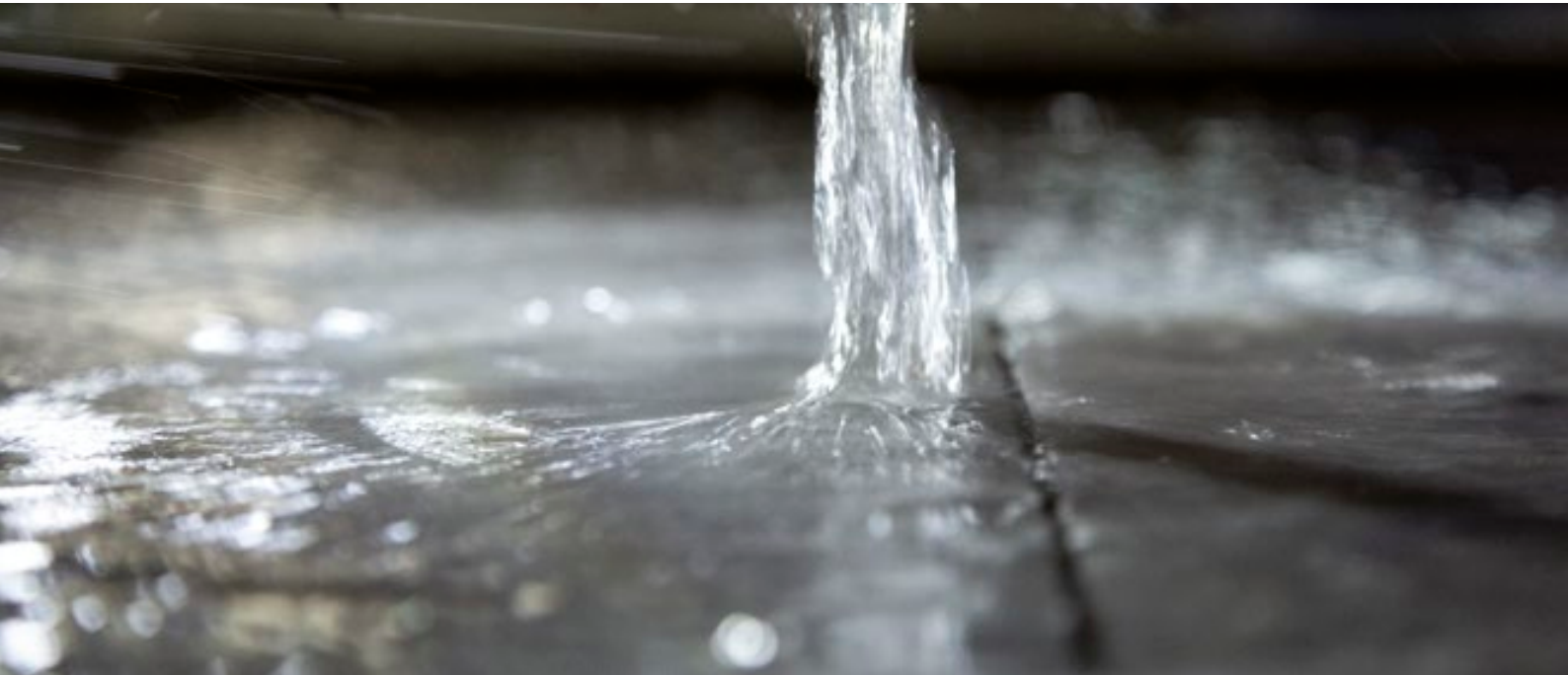
# Environmental Responsibility

Aware that, in the sector of the production of porcelain stoneware for flooring and wall covering, environmental awareness is more and more a critical factor for success, the Group was able to display, year after year, a true green philosophy that comes through at every level.

To prove the central role environmental sustainability has for the Group, every production plant in Europe, all highly automated and integrated,

achieved the ISO 9001, ISO 14001 and EMAS environmental management certifications.

In 2017 Panariagroup began the process of transitioning the quality and environmental management systems to the respective new ISO 9001: 2015 and ISO 14001: 2015 standards.



# The raw materials

Raw materials used in the manufacturing plants are constantly monitored, in full respect of the environmental standards set by the law. Equally, the production waste is mostly reused thus causing a diminution in the use of natural raw materials. It is important to highlight how the Panaria-

group production plants in Italy reutilise 100% of the water in the process. This allows the Company to reduce the consumption of natural water resources by up to 80%.

The production waste  
is mostly reused thus causing a  
diminution in the use of  
natural raw materials.

100%  
Raw waste reinserted  
in the production process

0.017 m<sup>3</sup>/m<sup>2</sup>  
Water intensity

100%  
Reutilized water in the process



# Energy and emissions

Panariagroup constantly **invests in improving energy efficiency** in its plants. In 2017, the Group consumed 2,095 GJ from renewable sources and its Italian plants produced electric energy for internal consumption and reduction of CO<sub>2</sub> emissions. Thanks to these systems, the Group avoided emissions of 218 tons of CO<sub>2</sub> in 2017,

an increase of 14% compared to 2016. Moreover, the production of laminated porcelain stoneware - the product on which the Group has strongly invested during the last years - requires less energy and has less environmental impact in terms of CO<sub>2</sub> emitted.

218 tCO<sub>2</sub>

Emissions avoided in 2017 thanks to the photovoltaic installations in the Italian plants

0.135 GJ/m<sup>2</sup>

Energy intensity (GJ/sm)

0.0009 tCO<sub>2</sub>/m<sup>2</sup>

limited emissions for every m<sup>2</sup> of tiles produced

3,069,211 GJ

Total energy used by the Group in 2017

63,014 tCO<sub>2</sub>

Indirect emissions: market based

60,366 tCO<sub>2</sub>

Indirect emissions: location based

# Waste management

Most of the waste produced, about 87,234 tons including 82 tons of dangerous waste, was destined for recovery. In fact, 93% of waste produced was recovered, a very high percentage. By contrast, only a small part was destined for disposal. Taking into account the increase

in production recorded in 2017, the Panariagroup did not register a significant increase in waste production, thanks to the high percentage of material recovered and the efficient use of raw materials throughout all the production processes.

Percentage of dangerous waste compared to the total waste produced by the Group in 2017

0.31%

Percentage of waste sent for recovery compared to the total waste produced by the Group in 2017

93,615 t

dangerous waste produced by the Group in 2017

93.1%

up compared to 2016 (91.7%).



# Social Responsibility

One of the core values of the Panariagroup is to always **make people and their quality of life the center of our attention** and to have the utmost respect for those who work with the Group.

It is precisely the people, their well-being, their growth and their professional development that is the key to the Panariagroup's success. Operating in a complex economic environment, the Panariagroup has decided until now to maintain stable employment levels and solid relations with the local communities in which it operates, both fundamental elements in **responsibly maintaining the Group's economic growth**.

The Group **almost exclusively employs permanent staff**. This type of contract that guarantees employees more stability and greater oppor-

tunities for professional growth. As of December 31, 2017, the Group employed 1,729 staff, up 2.6% on the previous year. Against the background of a growing workforce, the Group's turnover between 2016 and 2017 remained almost stable. The number of new employees increased, particularly in the United States, in line with the development policy of the Group. It is also worth considering that the Panariagroup is committed to ensuring equal opportunities for employees and for those applying to become part of the organization.

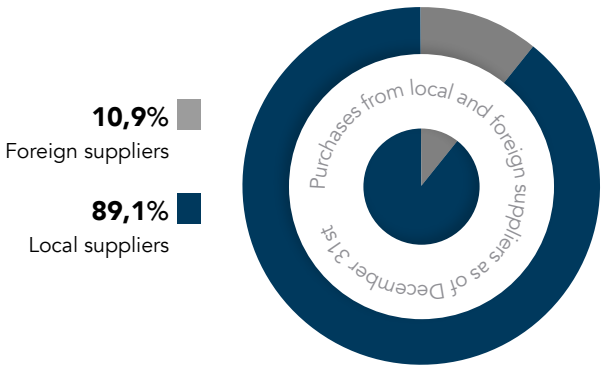
Creating a **motivating work environment and a sense of community** is one of the key objectives to make every single employee feel an integral part of the organization. To this effect, various initiatives and activities in the plants in Portugal and the USA were aimed at

strengthening the sense of belonging and endorsing employees as key elements of the Group.

In Italy, through a welfare system, the Group guarantees its employees support not only in terms of money but also with further benefits. **Education and professional development** are fundamental aspects for the Group, with the aim to develop skills and increase knowledge. For this reason, the Group companies analyze workers' specific needs on an annual basis, in order to guarantee the delivery of the training activities that are best suited to them and to the operational requirements. Panariagroup implemented an integrated system of Quality, Environment, Hygiene and Safety Management in order to guarantee the **protection and the safety of its employees**.

Sustainability also includes **relations with the local communities** and associations in the territory that the Company actively support through donations and sponsorships.

The Panariagroup aims to strengthen relations with its suppliers so as to jointly create a system committed to sustainability throughout the whole value chain. Recognising the importance of giving value to local economies the Group favours carefully **selected local suppliers**.



**PANARIA**group®

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