

Sustainability Report

2015



CONFALONIERI

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Confalonieri: the italian side of decor.

A main player since the 50's and the very beginning of the decorative laminate industry, Confalonieri pursue the aim of being an highly proactive partner for its counterparts, constantly involved in monitoring and interpreting new styles and trends. Confalonieri devote its creative and technological resources to the continuous updating of the designs collection and range of products. Today, an odd 900 printing cylinders sets are available: an heritage where technical know-how and innovation meet, to reflect contemporary styles at their best.

The wide range of products gets along well with an higher production quality and efficient management, thus enabling Confalonieri to answer properly to the demands of the main companies in the industry; the complete control of each and every production step shows Confalonieri higher care for environmental issues.

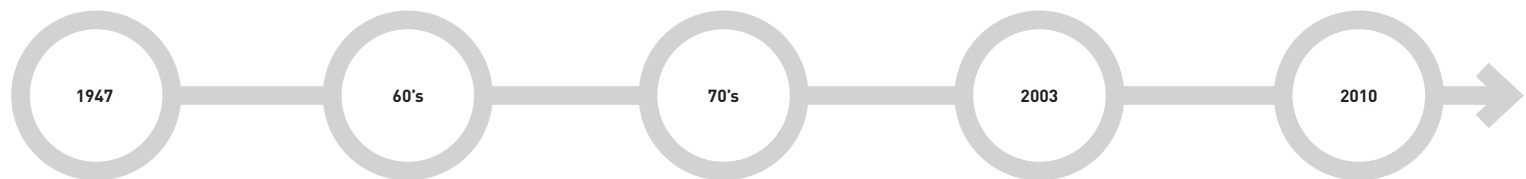
An entrepreneurial vision at 360° degrees that has its roots within the **company values.**



Confalonieri di F.lli Mario Spa is founded, as a company specialized in the production of printing inks.

Confalonieri F.lli di Mario Spa begins the production and sale of inks and special papers for the textile and furniture industries.

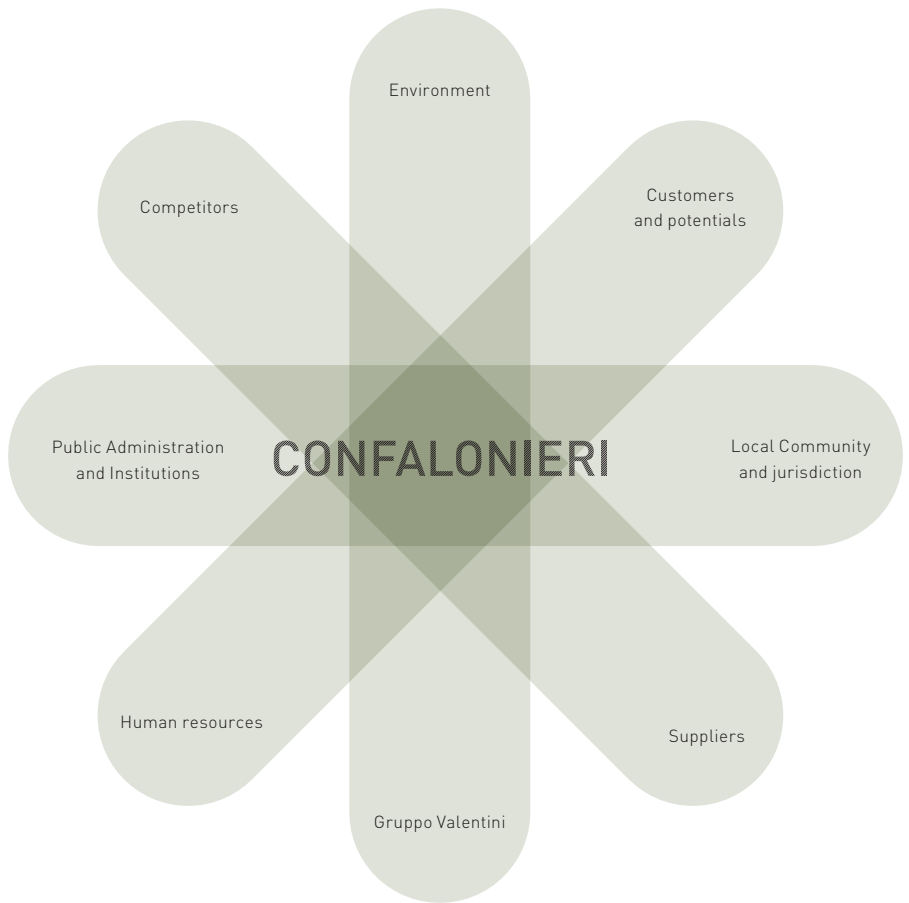
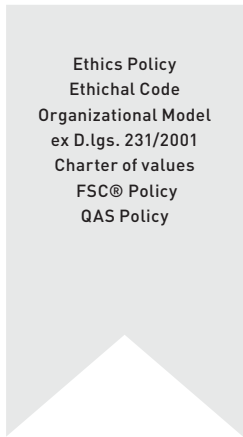
The **internal Laboratory** of design reaserch and development for the digital printing is created.



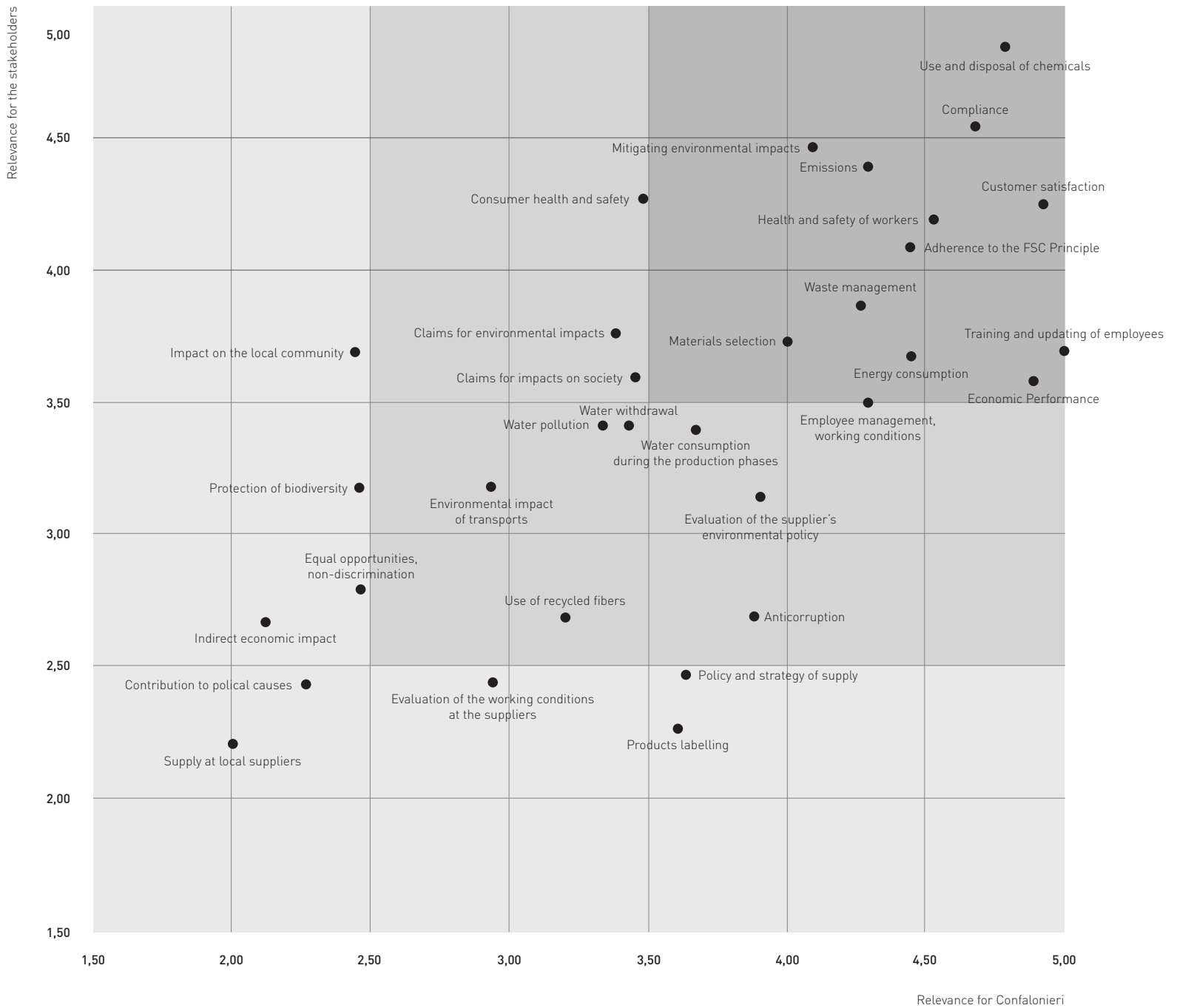
The company evolves and enters the business of decorative papers for plastic laminates and the melamine faced boards

The company is taken over by **Valentini Group**: a 100% Italian company covering the whole supply chain in the furniture industry.

Confalonieri **strategy** is to ensure the excellence and the business sustainability by means of the continuous improvement of all the performances, both of process and product. Policies, management models and internal codes adopted along the years, are a proof of the commitments taken, in accordance with the strategic approach chosen.



Confalonieri aims to maintain and develop a relationship of trust with its **stakeholders**, either when they are teams of individuals, groups or institutions whose contribution is needed to achieve the mission of the company, or when they have an interest at stake in its pursuit. For each stakeholder, Confalonieri Ethical Code represents the ethical principles on which the whole activity is based.



MATERIALITY MATRIX

The specific sustainability issues of this industry, the relevant themes to describe the performance and the economic, social and environmental impacts of the business, as well as the relevant aspects to Confalonieri's counterparts: all these issues have been analyzed from the point of view of the company and its stakeholders.

The materiality matrix is the result of this analysis and assessment: it shows the degree of importance of each theme for Confalonieri and for the company's stakeholders, offering an overview of what are the most relevant sustainability issues.

GOVERNANCE

Confalonieri belongs to the Valentini Group, a **100% Italian company**, covering the whole supply-chain in the furniture industry. The shared capital is 4.800.000 euro, wholly owned by the Holding company of the Group. The management of the company is entrusted to a Board of Directors. The President of the Board of Directors, Dott. Luigi Valentini, has all the powers awarded by the law to perform his duties. The Ethical Code, the auditing, the organisational model ex D.lgs. 231/2001 and the management systems in the social and environmental field all make for a governance oriented to correctness, transparency and to the highest standards of quality management.

PRODUCTS

Confalonieri is one of the most important players in the rotogravure printing and melamine impregnation business, creating interior design projects that covers every detail, from walls, to furniture and floorings up to furnishings. The product range is the expression of a continuous creative and stylistic research with roughly 900 designs available to express the latest style trends: from natural materials, such as wood and stone to the many different surfaces as concrete and metals, up to textures inspired by textiles and to the pure abstract geometrics.

The product range is made of 48 products, divided into four categories:

PPF - printed plastic films

DEC - decorative printed papers

MEL - melamine impregnated papers for low and high pressure laminates

FINISH - Finished lacquerable papers. Pre- and post-impregnated papers and edge-bandings

PRODUCTION PROCESS

The activities of the company include the design research and development, the production and sale of printed and impregnated papers for the furniture, furnishings and flooring industry.

Confalonieri products are **100% Made in Italy** certified: designed and manufactured in Italy starting from higher quality natural materials and through typical and traditional production processes in compliance with hygiene and safety regulations.

The internal lab scans a wood, stone or tissue sample. Technical and creative computer adjustments are performed (cleaning, retouching, contrast and uniformity), then several digital printing tests follow to achieve the highest quality requirements.

While the paper is running through each printing cylinder, the design improves its colour and structure up to the final result. Out of each printing cylinder, the paper passes through drying ovens.



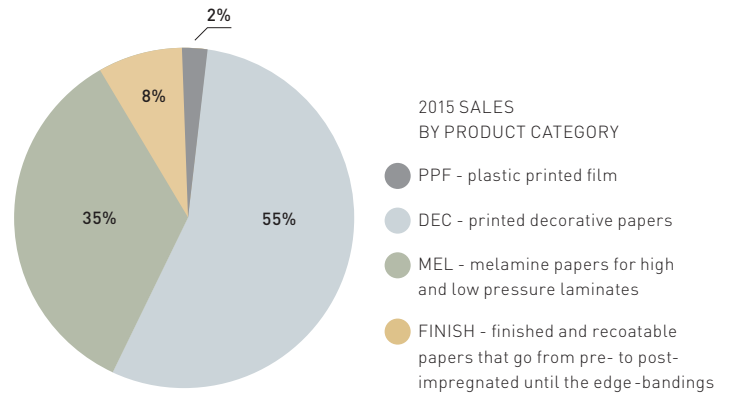
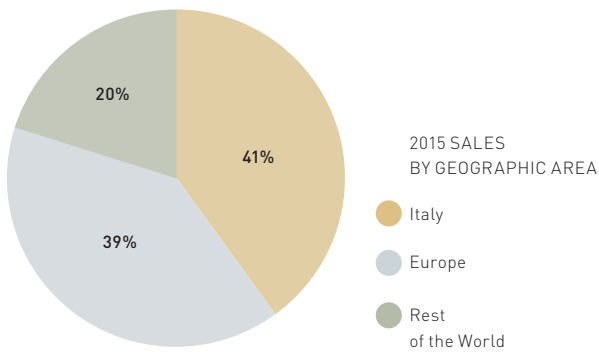
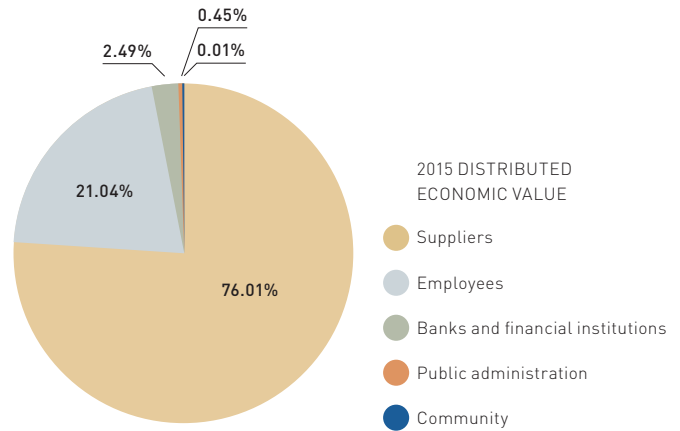
This is the only phase of the creative process which is entrusted to a third, carefully selected, party.

The papers are impregnated using only water based resins and/or lacquers.

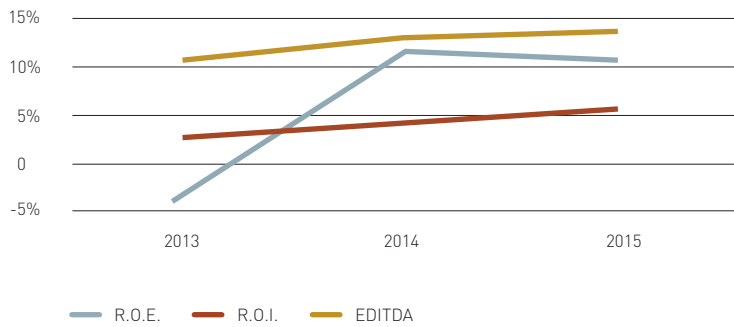
ECONOMIC PERFORMANCE

Much of Confalonieri turnover comes from the European markets and more than half of total turnover from the sale of printed decorative papers (DEC). As it is shown from the trend in economic and financial indexes, Confalonieri is gradually improving its performance.

The distribution of the economic value generated shows how the company has distributed the wealth among the various stakeholders along year 2015.



ECONOMIC INDICES



FINANCIAL INDICES	2013	2014	2015
Debt ratio	2,2	1,8	1,6
Financial fees on turnover	2,6%	2,7%	2,7%
Index of self-coverage	55,6%	66,9%	76,0%

CERTIFICATIONS

Confalonieri strategic approach is confirmed by the daily actions taken at all levels, by the whole staff and functions, a path that the company has undertaken since 2005 that led to the acquisition of several certifications designed to offer its partners a tangible proof of the commitment, transparency and fairness that characterizes its activities. Confalonieri certifications have all been **voluntary** taken and **internationally recognized**.

100% MADE IN ITALY

Certification n°IT01.IT/1267.055.V

Obtained since 2015

Certification system realized by the Institute for Italian Producers tutelage, that guarantees the italian original quality of the products.



FSC – CHAIN OF CUSTODY

Certification n°CQ-COC-000102

Obtained since 2010

Forest certification system that identifies the products containing wood as coming from sustainably managed forests. From wood is obtained the cellulose to produce the paper.

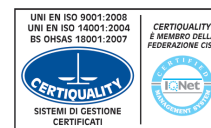


OH SAS 18001

Certification n°16504

Obtained since 2011

Management system of safety and health of workers: ensures the workers Safety and Health control that goes beyond the requirements of law. It integrates with standard 14001.



UNI EN ISO 14001

Certification n°11657

Obtained since 2007

A certified standard that gathers requirements, principles and supporting techniques to the environmental management system, in order to implement, maintain and improve the control system of environmental impacts.

UNI EN ISO 9001

Certification n°14575

Obtained since 2009

Guidelines defining the requirements for the implementation of a quality management system, in order to conduct business processes on a path of continuous improvement and efficiency in product creation as well as in increasing customer satisfaction.

ENVIRONMENT

Confalonieri is fully aware that a responsible business management also depends on the respect of the environment, as well as on a continuous research and application of compatible and applicable techniques to the production process. These issues are critical for dealing with the changes that the current economic and social environment impose to all companies. Confalonieri can not therefore refrain from taking a proactive and active role to help building a better and sustainable future.

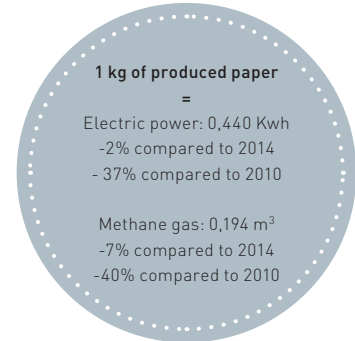
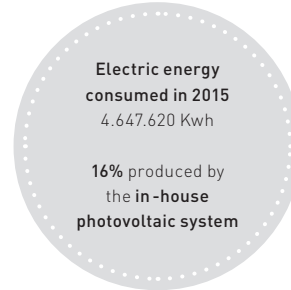
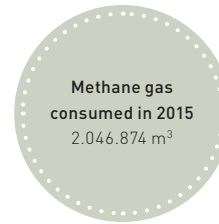
With regard to environmental issues, the company meets the guidelines and all the legislative requirements (European, National and Regional) operating and constantly confronting on these issues with Organizations, Institutions and Governmental control Bodies.

ENERGY

Data referred to 2015 confirm a further decrease of consumption per kg of produced paper. The positive trend of the last five years is a result of an higher plant efficiency and meticulous management of the production and management processes, proposed and implemented by the technical staff with the support of the maintenance department.

EMISSIONS

Emissions from the production cycle refer to the activities performed in the Printing and Impregnation departments. Namely, the impregnation department has a potential capacity of solvent consumption in the excess of 150 kg / h or 200 tons / year. For this, the company has adopted a solvent management plan as determined by the Integrated Environmental Authorization (AIA) No. 11047 of 03 October 2007. In addition, although the AIA would impose an annual sampling frequency, Confalonieri is committed to make half-yearly analysis, as established by the Convention signed in 1996 with the Municipality of Filago. Values obtained from the analysis made on 2015, as in previous years, are always below the limits set for each substance. As for the logistics and transport, the traffic generated at present by Confalonieri is insignificant compared to what is generated normally from the Provincial Road n. 155, and for such, can hardly be reduced.



Carbon Footprint is a measure to express in CO₂ Ton equivalent the total of Greenhouse Gases associated directly or indirectly to the entire life cycle of a product. Calculating the total amount of emissions caused by Confalonieri products represents the first step to identify any possible measures to implement for reducing the environmental impact of the company. Carbon Footprint project was started in 2013 to identify the emissions related to the two main products: **70 gsm printed decorative papers** and **170 gsm impregnated decorative papers**. The below tables list the emissions recorded for the two items: in both cases a reduction higher than 9% was noticed in 2015.

70 gsm PRINTED DECORATIVE PAPERS

Life Cycle Assessment Phases	Year of activity 2015 kgCO _{2eq} /kg	Year of activity 2012 kgCO _{2eq} /kg	Difference %
Upstream	3,230	3,549	-9,0%
Core	0,330	0,405	-18,6%
Downstream	0,074	0,065	14,6%
Total	3,634	4,019	-9,6%

170 gsm IMPREGNATED DECORATIVE PAPERS

Life Cycle Assessment Phases	Year of activity 2015 kgCO _{2eq} /m ²	Year of activity 2012 kgCO _{2eq} /m ²	Difference %
Upstream	0,860	0,939	-8,4%
Core	0,105	0,131	-19,7%
Downstream	0,024	0,023	3,7%
Total	0,990	1,094	-9,5%

The accounting activities of Carbon Footprint were executed in compliance with the requirements stated in **ISO/DIS 14067 document - Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification and communication**.

MATERIALS

Confalonieri has long been implementing a policy of improvement of the standards of quality and reduction of environmental impacts. A wide range of **products** are made that are developed from recycled raw materials, **environmental-friendly** technologies, coming from forests managed according to the principles of sustainability set by the FSC standards. Moreover, Confalonieri regularly monitors the evolutions of Italian and European laws, as well as the advancement of international scientific knowledge, to ensure the highest level of safety for the end user.

The **Forest Stewardship Council** is a certification system created in 1983 to ensure a full **traceability of all wood-based raw materials**. With the FSC logo, the consumer can identify those products that are manufactured with raw materials from forests managed in a correct and sustainable way. In a FSC forest the tree cutting does not affect the overall health of the forest, or has no adverse impacts on the indigenous populations of the area.

Based on the existing legislations, the production specificities and the business type, Confalonieri choose to adopt the FSC MIXED system, where 70% of the cellulose comes from certified forests. According to the FSC TRANSFER SYSTEM scheme adopted by the company, 100% of the paper used in the production process of the plant is certified.

The International Agency for Research on Cancer (IARC) has recently included **formaldehyde** in Class 1 / B (application of EU Regulation n ° 605/14), listing substances that are carcinogenic to humans. As for human health protection, the formaldehyde is mostly rated as an indoor pollutant and at present there are not specific reference limits under the Italian law.

In order to avoid symptoms in susceptible individuals, the WHO (World Health Organization) indicates a concentrations below 100 mg / m³ averaged over 30 minutes as a guide value for a good air quality.

It is important however to stress that the health risk levels for formaldehyde are undergoing a total revision, in view of the acknowledged carcinogenicity of the substance.

Low Formaldehyde content is found in the **impregnated papers** produced by Confalonieri. It is indeed a substance found in some raw materials used in the production process.

In 2015 Confalonieri has lead a series of analysis on the atmospheric emissions with the aim of monitoring the concentration of formaldehyde in the area of the production site. All analysis have shown values similar to each other, on average ranging between 2.1 to 7.7 g / m³, and basically decreasing during the period under study.



WATER

The water used for civilian uses (canteen, toilets etc.) comes from municipal water works, while the water taken from the source of autonomous water supply (well) is devoted to industrial use and fire prevention. The main water consumptions in the production cycle are:

- for washings (of printing cylinders, equipment of impregnation and printing departments);
- for inks and resins production and dilution;
- for the removal system used at the tubs for the chromium plating of printing cylinders;
- for cooling machineries in the printing and impregnation departments.

A filter system of waste water produced in the various stages of processing, treats about 10 m³ per day of water with ink residues from washing.

It is a chemical / physical type process, made through a rotary filter with a mineral layer. The residues of the processing are disposed of.

WASTES

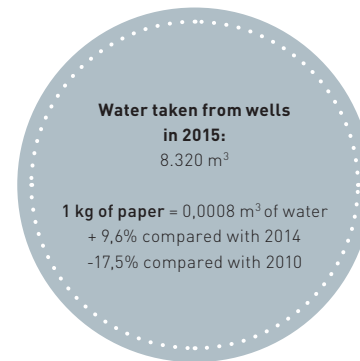
Confalonieri is aware of the lessen impact that a proper waste management can have on the environment and on the efficiency of the production processes; the production is periodically monitored the production, and the companies entrusted with the transportation and disposal of the wastes are carefully selected.

Within the management model, a specific procedure regulates the proper waste management.

Since 2010 Confalonieri is recorded at SISTRI (The Italian Control system of waste traceability).

Within the production department, rules for the recovery and reuse of waste products are enforced. At least 25% of the waste is classified as reusable for another production process within the company.

The increase in water consumption and waste production compared with 2014 is referable to the testing of new products.



OBJECTIVES ABOUT ENVIRONMENT FOR 2016

ASPECT	OBJECTIVE	ACCOMPLISHMENT	INDICATOR	RESOURCES AND STRATEGIES TO REACH THE GOAL
Raw materials	Introduction of more environmental friendly and less dangerous raw materials	% reduction of pollutants and hazardous components in the raw materials	Reduction of the values of analytical controls of emissions and finished products	Financial investments for research and development, equipment and human resources
Energy	Reduction of energy costs with energy savings	Proper working of the photovoltaic plant operation, interventions on systems and machines, different use of the abatement equipment of air emissions	Energy Savings (%)	Financial investments for targeted interventions also relating to Integrated Environmental Authorization
Wastes	Reuse of raw and printed papers in other production processes, with waste reduction	Reduction of the quantity of raw and printed papers disposed of	Reduction of the quantities of waste disposed of during the year	Detailed waste collection of papers to be sent to reuse

HUMAN RESOURCES

All employees have a permanent work contract.

A regular and quality training is a key condition to ensure safety in the workplace and to allow human resources to develop transversal skills and updating their professional competences.

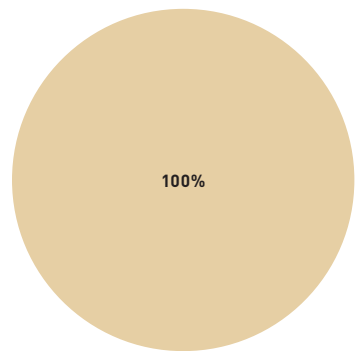
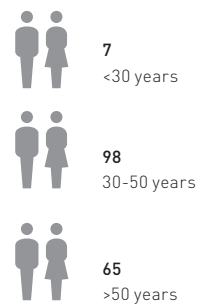
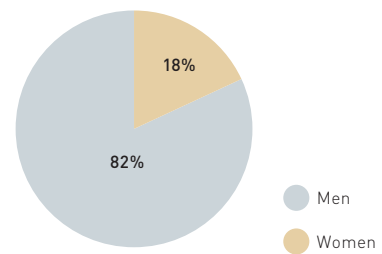
The goal of a continuous improvement can not and should not just be an affirmation or a principle which remains unfulfilled; rather than that it must be a style of work which succeeds through a precise professional ethics, with a general perseverance and cooperation. Confalonieri believes in training as a tool not only to improve business performance, but also the transversal skills of each one, which are necessary for a constant professional growth.

To ensure safety in the workplace it is essential to invest in a proper training.

On year 2015 the following courses were implemented:

- workers First aid course 2 hours/40 attendees;
- training on risk assessment in the workplace (DVR) 2 hours/170 attendees;
- training of personnel responsible for protection and prevention services (ASPP) 8 hours/1 attendee;
- training of prevention and protection services manager (RSPP) 8 hours/1 attendee;
- training of worker safety representatives (RLS) 8 hours/1 attendee;
- fire prevention training of workers 4 hours/40 attendees;
- training of electrical maintenance workers (PES) according to the legislative decree n.81/08, 4 hours/5 attendees;
- course concerning the FSC certification, 4 hours/10 attendees;
- english: basic, intermediary or advanced level, 60 hours/17 attendees;
- team building, 24 hours/11 attendees;
- leadership development, 16 hours/16 attendees;
- statistics for non-statistical people, 16 hours/7 attendees.

In 2015:
 - 40% workplace injury
 - 33% days of work absence for illness



Employees concerned by the training courses

EXTERNAL STAKEHOLDERS

PUBLIC ADMINISTRATION & INSTITUTIONS

Since many years Confalonieri maintains a fruitful collaboration with the public administrations and institutions. This has established strong relationships of trust through frequent checks, inspections and surveys. During 2015 there were no inspections by institutions and supervisory companies, but the company was visited by ARPA Lombardia (The agency for environmental protection) and the local Healthcare Authority (ASL) for water samples and routine checks, as well as by the officials of the Firefighters headquarters in Bergamo for the checking procedure concerning fire hazard.

CUSTOMERS

Confalonieri pursues the aim to be a highly reliable and proactive partner, devoted to the needs of its counterparts. This is why the company puts a special care in the customers satisfaction, periodically examining the following parameters:

- loyalty levels;
- number of claims;
- meetings and focused visits of the Area Sales Managers.

During 2015

- 31% of claims

LOCAL COMMUNITY & TERRITORY

Confalonieri is always open to dialogue and exchange with the local communities and their territory. The environmental achievements over the last decade have allowed to offer to the local community a clear demonstration of the commitment and responsibility that the company assumes in relation to its own environmental impacts.

SUPPLIERS

Confalonieri is aware that the choice of a supplier is a critical factor to establish the quality of a production process of a product. The company partners supply base papers, printing inks and resins, but also maintenance services and waste removals: these are all essential points for the successful work of Confalonieri.

For this reason the company involves all the suppliers in the policies relating to environment, health and safety.

Confalonieri is actively committed to maintain competent and professional relationships in the supply chain by ensuring that all the partners comply with the legal requirements in terms of:

- protection of child and women labor;
- sanitary and hygienic conditions;
- health and safety at work;
- trade union rights or right of association and representation.

A MESSAGE FROM THE CHAIRMAN

At the end of this second Sustainability Report, it is good to offer few considerations on the path undertaken by the Company in the recent years and the new challenges that the future imposes on us. I want to start by clarifying that the unusual placement of the "Chairman's Letter", which usually opens such documents, it is a not random one: it is meant to be a connecting link between this short document, aimed to tell in a few pages the main achievements and the new objectives we have set, and the extended version of the Sustainability Report, that will offer a more detailed reporting and will be available for viewing on the company's web site by the month of September 2016 on.

Choosing this dual format offers to all our counterparts a quick and simple highlight on the most relevant aspects that have characterized the year 2015 for Confalonieri, holding over for few months the deepening of the same themes but meeting the interests and legitimate curiosity of all, anyway. This choice is a proof that Confalonieri commitment to place at the center of its project the man and the environment, is being carried out with conviction, dedication and determination. Man, intended both as a resource with professional skills and experience, that we want to valorize to the best for the mutual benefit as well as a society and local communities living in the same environment on which, with its activities, the company generates an impact. The environment is therefore one of the main recipients of all the upgrades and innovations introduced by Confalonieri with the goal of limiting the impact coming from our activities. I just have to reiterate, yet again, the awareness of the need that Confalonieri takes an increasingly proactive and active role to help building a better and sustainable future.

Luigi Cologni



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