

SA8000 BALANCE SHEET 2023

Quality | Environment | Ethics | Forest Management



SA8000 BALANCE SHEET

INTRODUCTION

GENERAL OBSERVATIONS

The group Interna, comprising Interna Holding Spa, Interna Contract Spa, Interna Collection Srl, Logica Srl, Interna Real Estate Srl, Interna China Co. Ltd., Interna France Sas, Interna UK Ltd, Interna Singapore Pte Ltd, Interna Deutschland GmbH and Interna USA Ltd, has been certified SA8000 on 02/03/2006 by CISE, a certification body for Social Responsibility Systems, accredited by SAI (Social Accountability International) for the first three companies above-mentioned. Later on, the certification has been extended to Logica Srl, with the aim of a gradual access to the Standard by the entire group.

The Group has also obtained the Quality certification ISO 9001 in 2002 for the companies Interna Contract and Interna Collection and this certification has then been extended to Interna China in 2020. It obtained the Environmental Protection certification ISO 14.001 for Interna Contract and Interna Collection in 2006. Lastly, it has obtained the FSC for Forest Management certification for Interna UK in 2021, then extended in 2022 to Interna Contract and, in 2023, to Interna Holding. The certification obtained by Interna Holding is a multi-site one that as of today includes Interna Contract, Interna Collection, Interna UK, Interna France and Interna China.

OBJECTIVE AND METHODOLOGY

The aim of the present SA8000 balance sheet is to meet the stakeholders' requirement for a clear, transparent information through:

- spreading the social responsibility policy of the company to all the company stakeholders;
- transmitting knowledge and understanding regarding the company commitment and the SA8000 standards to all the stakeholders;
- adoption by the company management of a useful instrument for the integration
- of the internal review process, including all aspects of the social responsibility policy and an assessment of the achievement of the company objectives;
- promoting the continuous improvement in the administration and management of the company by defining the objectives and the trends of the indexes adopted.

1 | COMPANY PROFILE

The industrial group Interna was founded in 1989. The parent company, Interna Holding Spa, currently controls ten companies: eight specialised in the creation of high-end furniture for the hotel and community sectors - Interna Contract Spa, Interna Collection Srl, Interna China Co. Ltd., Interna France Sas, Interna UK Ltd, Interna Singapore Pte Ltd, Interna Deutschland GmbH, and Interna USA Ltd -, a company specialised in the production and sales of office furniture - Logica srl – and a company specialized in real estate, Interna Real Estate srl.

The group started off in the hotel sector and holds today a position of excellence in the hospitality sector with a reference list that includes numerous prestigious and world-renowned clients, with dozens of projects, unique for their historical and artistic importance on all five continents. Relying on the technical and managerial experience gained over the years and the constant cooperation with the most prestigious hotel chains in the world, the group has, since 2005, implemented a production and commercial diversification, widening its range of sectors both within the large supplies and in other sectors. Today Interna implements turnkey projects not only for hotels, but also for bars, restaurants, cruise ships, luxury boutiques, spas and health centres, banks, offices, and private residences. The turnkey might also include, in addition to furniture, partial or complete construction works. Furthermore, Interna currently commercializes furniture its own collections for the hospitality and the office sectors; through Interna Real Estate, it also offers brokerage services for the luxury hospitality real estate.

1.1 | INTERNA CONTRACT

Interna Contract Spa performs a complex contracting activity aimed at the niche luxury market for the supply and execution of exclusive furnishing projects and for the fit-out of whole areas.

It offers a turnkey service for the supply of furniture and internal decoration, the installation of floors and various kinds of partition walls, complete fit-out of loose and fixed furniture for indoors and outdoors– with the exclusion of the systems - including executive drawings, production, logistics, installation, inspection, testing and after sales assistance, with full respect for contractual quality, cost and delivery obligations.

With its team of dozens of specialists, Interna Contract works with key international investors who want to create undeniably prestigious furnishing projects with a unique design, often characterised by a complex nature due to their sheer size, the particularities of the products selected and the short lead times. Interna Contract addresses in particular those clients who require not only high-quality products, but also services with a high technological content.

In 2002 Interna consolidated experience and reliability has allowed it to obtain the UNI EN ISO 9001 quality certification, but even more significant is the continuous increase in turnover and the prestigious, world-renowned clients it has worked, and continues to work for, such as Louis Vuitton, Cartier, Daimler Chrysler, BMW, Volkswagen, Siemens, Hilton, Marriott, Park Plaza, Hyatt International,

The Chedi, Four Seasons, Intercontinental Hotel Group, Rezidor SAS, Ritz Carlton Hotels, Ferretti Yachts, Fincantieri, Gruppo Armani, Le Meridien, Sheraton, Chanel, Chantiers de l'Atlantique Shangri-La, Mandarin Oriental, Hard Rock, Meyer Werft, just to name a few.

1.1.A | The product

Working with the most discerning clients, who require the most exclusive items, Interna Contract products are tailor-made for each project, in compliance with the specifications required by the client in terms of design, dimensions, materials and finishes.

Interna Contract has the know-how and the technology to satisfy the needs of the most demanding furnishing requirements with a wide range of styles and with any type of material, from wood to metal and from plastics to glass, crating the most refined and unique finishes.

The main products habitually supplied by Interna Contract include all types of free-standing furniture - such as chairs, armchairs, and upholstered furniture in general - doors, fixtures and joinery, outdoor furniture, lamps, and accessories. Furthermore, as stated in the previous point, Interna Contract can implement entire areas turnkey, installing and finishing floors, walls, lighting etc.

1.1.B | Project management

To ensure to each client that their project is managed efficiently and successfully, Interna Contract has established a project management system that coordinates the operations among each department of the company.

Interna Contract project managers, in addition to being the client's preferential point of contact during the whole project and supervise each single stage, coordinate the activities among the various divisions and intervene daily to ensure that the three main objectives of the project are reached successfully: implementation in compliance with the contractual standards and specifications, within the agreed delivery dates and at a cost which does not exceed the budgets established in the contract.

1.1.C | Executive drawings

Interna Contract carries out turnkey projects based on comprehensive, detailed interior drawings and technical specifications received from third party for each single item.

The Interna Contract design office includes highly qualified, expert technicians, architects and designers who develop the executive planning and drawings of each piece of furniture and furnishing to be supplied, carefully defining each single element down to the finest detail.

Key design criteria include functionality, quality of the materials employed, compliance with the various technical norms and standards according to the country where the project is based, aesthetics and streamlined production cycles to reduce costs, and are all constantly coordinated by the architects and various product specialists of Interna Contract.

Executive drawings are discussed and carefully checked together with the clients, interior designers and technical specialists to ensure efficient coordination with the progress of building work and the installation of plant systems carried out by other companies.

The designers and technicians who work at Interna Contract verify that all the details in the approved executive drawings are scrupulously reproduced during production and installation of the furnishings.

1.1.D | Production

Over the years, Interna Contract developed a solid productive know-how, thus, its production fully respects the highest international quality standards. The large batches of items supplied by Interna Contract are manufactured using the most modern and sophisticated machinery available, with increasingly innovative technology. Interna Contract is also able to supply small batches or one-offs of tailor-made items according to custom designs. Intricate inlays, hand-painted pieces, engraved sections, special finishes and out of the ordinary shapes are, for Interna Contract, daily challenges. Interna Contract specialists carry out rigorous quality control checks during each phase of the production cycle to ensure that each piece is crafted to perfection.

When choosing its suppliers, in addition to the obvious technical capability, Interna takes also into consideration their commitment to ethical and environment protection values. When visiting suppliers both at the initial evaluation stage and later, when carrying out follow-up visits during the production phase, the supplier approach to personnel and environmental management is assessed according to specifically designed procedures and forms, and a points-based system is used to qualify the suppliers on the basis of their technical capacities and the cost of the supplied goods and on the basis of ethical and environmental aspects.

1.1.E | Installation

Interna Contract specialised workers carry out the installation of carpentry and joinery work, carpets, marble and ceramics, plasterboard, and wrought iron and all the other works associated with the interiors ensuring that all works are carried out to the highest standards.

The site managers direct and coordinate all the works stipulated in the contract, guarantee that they are carried out to perfection and that the schedule for site activities agreed upon with the director of works is strictly adhered to. They are also responsible for the coordination Interna Contract works with the ones carried out by other companies working on site.

The installation work is carried out by contractors, after a carefully assessment of their compliance with specific standards, as foreseen in the supplier qualification plan which is part of the integrated system. In this case too, before qualifying the installation companies, the SA8000 certification standards and principles are propagated and when working on site, the Project Manager verifies their application and a correct approach to solving problems regarding safety and the environment.

1.2 | INTERNA COLLECTION

In response to a widespread demand from the professionals of the contract sector for furniture produced and installed in the shortest time possible and with prices in line with the budgets of the segment, Interna created an extensive, copyright protected collection, conceived, designed and engineered to be incorporated in large furnishing projects such as hotels, restaurants and bars, shops and boutiques, private clinics, wellness centres, yachts and cruise ships.

The collection offers hundreds of designs in different styles to satisfy all the demands of a world where bold combinations reign supreme and offers the maximum flexibility of choice, being that each single product can be customized in terms of dimensions, materials and finishes and therefore can be made unique.

The collection is tailor-made and its solidity and durability, able to sustain any kind of strain, its aesthetics, never devoid of functionality, its easy maintenance and its conformity to security and prevention ruling allow for a distinctive proposal.

1.3 | LOGICA

Founded in 1989 and taken over in 2006 by the group Interna, Logica is today a reference brand for the supply of interior design solutions for offices and congress centres. Its offer includes various operative lines, three executive lines, a presidential line, and a collection of accessories for the back of the house.

Furthermore, Logica offers office turnkey project implementation worldwide, from the feasibility study to the supply of all components, up to the delivery and post-sales assistance. Since the beginning of its history, the brand mission has been that of supplying its clients with reliable, high-quality products and a personalised service. This led the company to improve its capability of finding, proposing and implementing customized solutions without the constraints of mass-produced items. Logica has enabled the Group to further differentiate its offer and to meet the challenge of giving a personal touch to the furniture of the contemporary workplaces.

1.4 | INTERNA HOLDING

Interna Holding holds 95% of the social capital of Interna Collection Srl, 95% of Interna Contract Spa, 90% of Logica srl, 95% of Interna Real Estate and 100% all the sister companies abroad: Interna China Co. Ltd., Interna France Sas, Interna UK Ltd, Interna Deutschland GmbH, and Interna USA Ltd. Its main activity is to supply a set of support services, such as administration, purchasing and logistics, to the controlled companies. The company does not work with other parties except for the other companies within the group.

1.5 | INTERNA REAL ESTATE

In 2010, founding year of Interna Real Estate Interna Group had already been active in the sector of large international projects for over 20 years. Therefore, a natural outcome was to extend its sphere of action to the real estate sector to capitalize on the extensive know-how gained.

And so Interna Real Estate was born, a reliable and trustworthy partner for investors and professionals of the real estate sector, with the capacity of providing solutions for all and every requirement for the creation, development, planning, construction, and completion of any prestigious real estate project. Interna Real Estate can handle the most ambitious challenges for the development of real estate projects, in the hospitality sector but also in the retail and residential ones. Excellent high-profile business relationships established over the years all around the world with prestigious investors allow Interna Real Estate to be the right partner to transform a real estate project into reality;

be it the development of a project from scratch to the selling of an existing property, Interna Real Estate is able to support the client throughout every phase supplying the following services: real estate brokerage, project development, financial engineering, operator selection, master/space planning, valuation/due diligence, project management, real estate consulting.

1.6 | INTERNA LOCAL UNITS WORLDWIDE

With 7 independent worldwide business units and a team of dozens of specialists that coordinates hundreds of people working in linked companies, Interna is the right partner for large international investors who are not just looking for a supplier of products, but of know-how, services, and assistance across all five continents. Concretely, Interna offers to its clients the same support all over the world, assisting designers in the specification and bespoke design process and working closely with purchasing companies to specify the most suitable products and guarantee international investors the correct implementation of their projects, wherever they may be located.

1.6.A | INTERNA CHINA

Based in Shanghai, Interna China coordinates since 2009 Interna complex activity of contracting furnishing projects for the niche luxury market in Asia, working closely with interior designers and international discerning clients. The team of technicians and project managers, both Italian and Chinese, who earned their spurs with many years in Interna Italy, assists the interior designers in the specification and bespoke design process, and works closely with international investors and purchasing companies to deliver product excellence for high-end hospitality, residential, retail, wellness, and marine projects. Its mission is to serve those clients in Asia who require impeccable manufacturing quality, world-class technical service and a 360° support throughout all stages of a project. Interna China acts both as a contractor company, with 100% Chinese production and as trait-d'union between the client and Interna Italy, supporting and coordinating 100% Made in Italy projects.

1.6.B | INTERNA FRANCE

Interna France, founded in 2016 and based in Paris, meets the requests of the French market for world-class services and the quality of the Italian manufacture for the implementation of luxurious hospitality projects in Paris and all over the country. A second unit, based in Saint Nazaire and managed by French and Italian technicians and project managers who learnt the trade with many years in Interna Italy, is specialized in providing turn-key solutions for the naval sector, being engaged since its foundation in the supply of large cruise ships projects, combining aesthetics with functional and safety requirements.

1.6.C | INTERNA UK

Interna UK, established in 2016, combines Interna traditional Italian soul with the international and British heritage of Central London, managing high-end turnkey furniture projects within the UK and worldwide. The office in Clerkenwell, a mix of Italian and British managers and employees, is the base of operations for prototype review, finish samples development and selection, and a melting pot for new ideas, providing continuous assistance to those clients in the UK who require charming design, the excellence of the Made in Italy manufacture and the effectiveness of a world-class technical service.

1.6.D | INTERNA SINGAPORE

Interna presence in Singapore with its own company, Interna Singapore, started in April 2018, even though Interna implemented in previous years various projects in the country within the high-end residential, hospitality and retail sectors. It offers to the Southeast Asia luxury market the excellence of manufacturing of tailor-made items, produced, as per the client choice, in Italy or at the production facilities located in Asia and supervised by Italian and local technicians and project managers who earned their spurs with many years in Interna Italy.

1.6.E | INTERNA DEUTSCHLAND

Interna Deutschland, established in 2022 in Frankfurt am Main, manages high-end projects in various sectors, from hospitality to retail, from wellness to residential, offering to the German clients the Italian manufacturing tradition combined with a solid management system to respect budgets, deadlines and quality agreed upon. With a second, well-established specialised unit in Papenburg, Interna Deutschland also manages the large naval projects awarded to Interna.

1.6.F | INTERNA USA

Interna USA, established in 2022 in New York, offers an onsite management of high-end hospitality projects all over the United States and the manufacturing excellence for tailor-made items, produced, following the choice of the client, either in Italy or in China.

2 | THE STAKEHOLDERS

The major “stakeholders” of each of the three certified companies were identified and contacted so to allow them to have an active part in the development of the social responsibility system along with the owners and company management:

1. NEWSPAPERS - MEDIA

Il Friuli
Il Gazzettino
Il Messaggero Veneto
Il Nuovo
Il Piccolo

2. SECTOR ASSOCIATIONS

CNA | Confederazione nazionale dell’artigianato e della piccola e media impresa
National Confederation of Crafts and Small and Medium Enterprises

Confartigianato | Associazione artigiani e piccoli imprenditori
Association of artisans and small entrepreneurs

Confindustria | Associazione Industriali di Udine
Udine Association of Industrial Companies

3. TRADE UNIONS

CNA, CONFAPI, Confindustria, CGIL, CISL, UIL, UGL

4. CLIENTS

Armani, Milan; Cartier, Paris; Chantiers de l'Atlantique, Saint-Nazaire; Fincantieri, Trieste; Credo Trading WLL, Qatar; Meyer Werft, Papenburg; Brera GmbH, Munich; China Merchants, Nantong; SWS, Shanghai; Vinci Group, Paris; Savoy Hotel, London; Midgard Ltd, London; Peninsula Hotels, Chicago; DP.R sas, Chevilly-Larue; Gramercy Park House LLC New York; 363 Coconut Row Propco Llc., Allen Park.

5. SUPPLIERS

Luigi Tel, Cervignano del Friuli; Rikrea Interiors di Nuzzi, Altamura; Angelo Cappellini & Co. Cabiato; Vanon, San Giovanni al Natisone; Zanon Arredamenti, Cervignano del Friuli; Fazioni, Verona; Nippon Express Italia, Scandicci; Cadore arredamenti srl San Vito d'Altivole; Cema Carpenteria srl Nove.

6. EXTERNAL CONSULTANTS

Lefebvre & Associés Avocats au Barreau de Paris; Praxi, Milano; Studio legale Michelini, Brescia; Withers, UK; RSA, Shanghai; Michael Page International Inc, New York; Rödl Langford de Kock LLP, Atlanta; DNV GL Business Assurance Italia srl, Vimercate.

7. BANKS

Banca IFIS, Venezia; Crédit Agricole Friuladria, Udine; Intesa San Paolo, Udine e Londra; Mediocredito FVG, Udine; Unicredit Corporate Banking, Udine.

8. OTHER FINANCIAL INSTITUTIONS

INPS,
INL Ispettorato Nazionale del Lavoro,
Comune di Tavagnacco,
Provincia di Udine,
Regione FVG,
Ufficio provinciale del lavoro,
Camera di Commercio Udine.

9. LOCAL INSTITUTIONS

INPS, INL Ispettorato Nazionale del Lavoro, Comune di Tavagnacco, Provincia di Udine, Regione FVG, Ufficio provinciale del lavoro, Camera di Commercio Udine.

10. THE WORKFORCE

11. LOCAL ASSOCIATIONS

Andos Udine, Associazione Per La Costituzione San Daniele, Cec Udine, Centro Balducci Udine, Legambiente

3 | COMPANY POLICY FOR SOCIAL RESPONSIBILITY AND ETHICS CODE

Here below is a full and complete description of the integrated quality, environmental, including forest management, and ethical policy and of the ethical and social code of conduct of the group.

3.1 | THE MANAGEMENT'S COMMITMENT

The Board of Directors of the Group believes the Quality Project to be an effective instrument to obtain the maximum involvement and direct participation of all the personnel in the fulfilment of the Mission of the company, which is:

- to guarantee that all contracts signed with its clients are honoured to the full in terms of both the product supplied (either the ones belonging to Interna own collections and those manufactured according to client specifications) and the delivery and installation services while respecting the deadlines, budgets and quality agreed upon;
- to guarantee continuity in the service offered, regardless of the rotation of staff dedicated to any given project, with the standardisation the activities of the various sectors through the implementation of efficient internal procedures
- to maintain an active organisation which is constantly competitive in terms of costs and services while meeting the sales and profit targets
- to lay the foundations for a works progress management system which, apart from guaranteeing that the delivery schedules are honoured, also allows clients to electronically consult information regarding their project

To reach this goal, the company management issued a Quality Manual, a document which summarises the main organisational principles of the company.

And to underline such commitment, since the very first awarding of the certification the management has issued a declaration, which has been distributed to all employees, summarising these principles.

The continuity of the message is guaranteed through constant internal communications through periodical meetings of a committee, which includes representatives of the company management and key representatives of the various company departments.

3.2 | COMPANY POLICY FOR QUALITY, ENVIRONMENT AND ETHICS

The strategic target of the group Interna is the client satisfaction by implementing an overall positive management approach. The company policy, subject to continuous analysis and assessment and, whenever necessary, updating, may be summarised by the following points:

- development of a quality culture throughout the entire company and its suppliers
- respect of the requirements of the clients, whether explicated through specifications or legal obligations
- give the final client a pivotal role within the continuous improvement strategies and processes
- strive for continuous improvement with the aim of reducing the impact of the activities and processes on the environment and to reduce pollution
- optimise the company processes to achieve maximum efficiency and reduce waste
- define periodically assessable objectives in regards with this policy
- periodically verify the developments of the system so to calibrate and address it accordingly
- guarantee full respect of all laws, norms, and regulations applicable to the organisation regarding the environment and health

and safety in the workplace, along with the prescriptions of the environmental management system and code of social ethics according to the reference standards ISO 14001 and SA 8000

- operate in full respect of all legal requirements and ILO recommendations regarding discrimination, rights of association, forced labour, child labour, retribution and working hours
- fully involve the employees and make them aware of the impact of their work on product quality and significant environmental issues and on the inherent risks of their work activities
- promote employee's awareness regarding environmental protection at all levels and implement suitable, targeted training programmes to make employees more responsible for their work activities
- involve suppliers and sub-suppliers in the environmental and ethical-social management programme
- communicate the policy, objectives, and performance of the company regarding Quality, Environment and Ethics both to those working within the organisation and to those operating externally, through the website, advertising, and educational campaigns, while maintaining close contacts with all stakeholders (client, suppliers, employees, local authorities, inspection bodies, etc.)
- allocate sufficient resources for the reporting on the integrated quality, environment, and ethics system, along with the forest management, with statistical and management instruments such as: monitoring performance parameters, inspection visits, implementation of corrective/preventative actions and management reviews with the aim of strengthening the management of the system.

To divulge the company policy and manage it, the group established:

- an organised and codified internal and external control system to assess the quality of the product;
- a management system to assign the following activities between well-defined internal divisions:
 - management of commercial offers and contracts
 - project management
 - management of suppliers
 - development of executive design
 - construction and testing of the product
 - logistics
 - installation
 - project control
- a set of internal management procedures that define the conduct methods of the various company divisions to coordinate the actions performed by each person in relation to the main objective of supplying excellent service in terms of quality, environment, and ethics;
- a system to identify any possible non-conformity related to main environmental and ethical aspects so to implement the opportune restoration and improvement actions.
- an integrated quality-environment-ethics system so that all the operations of each division related to quality, environment and ethics may be managed fluidly and with as little red tape as possible;
- a method to progressively involve suppliers in the group's quality policy;
- a series of quantifiable and measurable objectives which to be assigned to each person responsible for the process. These objectives, in line with the policy, form an integral part of the annual review of the system performed by the management. They are issued after consulting the key figures responsible for the process and are summarised in an internal operative document attached to the review itself.

The system so defined and described is appropriate for the aims and size of the company and includes the principles of respect for constant improvement.

The integrated quality / environment / ethics / policy document is distributed to all those who, according to group Interna, represent an added value to the organisation.

It is distributed in particular:

- internally to all the employees of the organisation;
- externally to clients, suppliers, installation teams and sub-contractors.

3.3 | ETHICAL CODE OF CONDUCT

The Ethical code of Conduct conveys the will of the Management of Interna Group to clearly define the values and code of conduct which are a reference point when performing its activities and to safeguard the reputation and the image of the Group on the reference market. It is a pivotal element of the company's organisational model, along with its mission, vision, organisational dispositions and integrated system Quality, Environment and Ethics and represents a tool which safeguards all those who, whatever their position or role, freely participate in creating and divulging a transparent image of the company's values.

The aims of this document may be summarised as follows:

- 1) to contribute to the respect of fundamental human and trade-union rights, international labour regulations and safeguard of the environment;
- 2) to contribute to guarantee that the ever-growing process of internationalisation takes place with continuous respect for the point above;
- 3) to contribute, either directly or indirectly, to the promotion and improvement of working conditions, the safeguard of health and safety and respect for working hours and salary levels established by international regulations or collective agreements within the companies with which the Interna group acts. Whenever their authority so permits, Interna Contract spa, Interna Collection srl, Interna Holding spa and Logica srl, - the latter is currently on stand-by due to temporary not having any employees- and all companies with which they will sign contracts for the supply of goods or components for such goods, are committed to the respect of the norms contained in the following Fundamental Conventions of the ILO: Convention N° 87 concerning the freedom of association, Convention N° 98 concerning the right to organise and collective bargaining, Conventions N°100 and N° 111 concerning equal retribution for men and women and discrimination in the workplace, Convention N° 155 concerning occupational health and safety and Conventions N° 138, 146 and 182 concerning minimum working age and child labour.

To conduct their activities responsibly and ethically, unexceptionably, the management established the following principles:

Discrimination and freedom of association

- discrimination regarding recruitment, remuneration, access to training, promotions, dismissal, or retirement based on race, colour, sex, age, religious beliefs, marital status, sexual orientation, political affiliation or citizenship, or any other form of discrimination against the law, are neither accepted nor tolerated;
- the same work opportunities are open to everyone, so that anyone may benefit from the equal treatment based on merit, without any form of discrimination;
- the right of all the members of the workforce to form or become members of a trade union of their own choice and their right to collective agreements are guaranteed; such membership may never be a reason or motive for discrimination.

Working hours and retribution

The company working hours are contractually defined as follows:

- from Monday to Friday
- from 9.00 am to 1.00 pm and from 2.00 pm to 6 pm

Overtime is worked on a voluntary basis within the limits stipulated in the contract (8 hours/week).

For certain employees, who cover positions of particular responsibility or who are often working on site, the retribution has been individually agreed upon to include overtime, defined by the employee according to their own requirements.

The particular type of activity of the Group often requires overtime to be carried out to compensate for certain periods, such as the deadline of a project, where it is impossible to spread out the requests as happens in normal industrial activities.

Frequent business trips abroad require many hours of travelling and stopovers which are compensated with special transfer allowances.

Overtime, both paid overtime and overtime compensated for in the normal retribution, is registered and monitored on a monthly basis, along with hours to be recouped, in order to check if the total remains within the foreseen contractual limits.

Salaries must correspond to legal standards and, in all cases, must be sufficient to guarantee primary needs and discretionary earnings; the composition of salaries, deductions, indemnities and the modality of the payment of said salaries must be communicated clearly to the workers and must be clearly indicated for their benefit;

Weekly working hours, salaries and overtime, including part-time and contract work, must be regulated according to national legislation.

Child and forced labour

- nobody under the minimum legal age may be employed during any of the production phases, and if no legal working age has been established, a minimum age of 15 must be applied;
- forced labour must never be practiced, workers must be free to leave the workplace at the end of their shift and surveillance must only be used for safety purposes.

Health and safety

- workers must be granted periods of leave for illness and maternity as established by the law;
- the company must guarantee that the place of work is safe for workers and must comply or improve upon the current local laws and regulations regarding health and the prevention of accidents;
- suitable sanitary facilities must be available, they must comply with local hygiene rules and must be well-maintained and regularly cleaned;

- sufficient space must be made available for meals and other breaks;
- if the company supplies living quarters for workers, they must guarantee that the rooms and bathrooms comply with the minimum requirements, are sufficiently ventilated and comply with fire-prevention norms and all other local laws;
- the premises must be well lit and ventilated and all walkways and exits must be accessible at all times;
- sufficient medical assistance must be available at all times in case of emergencies and the persons responsible for medical assistance must be trained in advance in first aid techniques;
- there must be sufficient, well-signalled emergency exits and all workers must be trained to use these exits;
- safety systems on machinery must comply with or improve upon local laws.

Disciplinary procedures

- behaviours such as rude gestures, offensive language or physical contact which could be considered sexually coercive, threatening, offensive or exploitative, are neither accepted nor tolerated;
- psychological or physical forms of discipline must not be adopted or encouraged;
- norms and laws regarding the safeguard of the environment where work activities take place must be respected; the entire organisation must actively promote this theme;
- it is forbidden to offer, donate, ask or accept, including through third parties, any kind of reward or personal gain connected with the running of the company.

In particular, Interna Group commits to the implementation of constructive measures so that any company with which it will sign a contract for the supply of products or services, or a part of such products or services, will fully respect the above points.

Therefore there will be a specific person in charge of the management of such agreements and the implementation of internal control programmes for each individual company and for its main suppliers, according to procedures well-defined and documented within the integrated quality, environment and ethics management system.

The controls must be carried out at least annually and the results of the inspections and controls will then be subject to joint analysis between the management, the representative of the management and the representatives of the workers.

A declaration of conformity with the code of conduct must be signed by the person in charge of each single supplier. Contracts for the supply of goods or products must clearly specify that non-conformities with the code of conduct, or even the temporary adoption of a plan of action which does not comply with the code, will be considered a breach of the contract and will lead to its termination.

This code, translated into the local language, will be sent or made available to all the stakeholders using the most suitable means.

4 | SA 8000 BALANCE SHEET DETAILS

4.1 | SA8000 EMPLOYEES REPRESENTATIVE

At the time of drafting of the present document the mediator between the employees and the Direction is the *Social Performance Team (STP)* that gathers and manages all possible complains related to the workplace and the non-compliances with the SA8000 standards.

The members of the SPT are:

Diego Travan | *Board of Directors*

Maria Teresa Bertoli | *Management*

Marco Baldini | *Workers' representative for SA8000*

Mario Bennati | *uality manager for SA8000*

Alessandro Martinelli | *Workers' representative for Health and Security*

4.2 | ADAPTATION TO THE SA8000 STANDARDS

- Child labour: within the company, only employees of at least 15 years of age can be employed, and only after completion of the compulsory school period. The company does not practice, and does not accept, the use of child labour.
- Forced labour: all employees work in the company voluntarily.
- Health and safety: safety is actively considered of primary importance within the activities of the company, to guarantee that the place of work is safe and healthy for the employees or for whoever is involved in such activities. Sufficient resources are allocated to promote the prevention of accidents or other hazardous risks.
- Freedom of association and the right to collective agreements: the right for each employee to form or become a member of a trade union of their own choice and the right to collective agreements are respected.

- **Discrimination:** equal opportunities for all the employees are guaranteed and no form of discrimination is tolerated.
- **Disciplinary procedures:** no form of disciplinary action has been taken to date, and an atmosphere of mutual respect for personal integrity and a spirit of cooperation between the employees is always encouraged.
- **Working hours:** the normal working week is 40 hours, in line with the various national collective agreements. Overtime comes into effect only under exceptional circumstances when there is a peak in a given activity within a given project.
- **Retribution:** every employee is compensated according to the amount and the quality of work carried out, and in all cases, retribution is sufficient to guarantee a dignified standard of living for the employee and for their family.
- **Control plans for suppliers, sub-suppliers, and sub-contractors:** procedures have been defined and implemented to select suitable suppliers according to their capacity to comply with the requirements of the standard.
- **Definition of procedures for internal reviews,** an instrument used by the management to periodically assess the effectiveness of the system implemented according to current rules and to verify its suitability and appropriateness.
- **Adoption of an external communications plan** to regularly divulge to all parties involved the company performance data in regards with the compliance with the requirements of the rules of the standard.
- **communication to the employees regarding the right of each single employee to present complaints to certifying bodies in case of actions or conduct carried out by the company which do not comply with the SA8000 standards.**

4.3 | CHILD LABOUR

The company does not intend to use and promote the use of child labour within the company or by its sub-suppliers. In the case of children found working on the premises of a sub-supplier, a procedure has been established to retrieve said children, alert the social services and enrol the children in school to complete their compulsory schooling period.

Composition of the workforce

The composition of the workforce includes a concentration of employees in an age range from 38 to 45, with a prevalence of male employees (about 60%).

Young employees

In compliance with the current national and international norms and legislation, the company has always actively promoted the importance of work as a form of personal and professional growth and development and a way of acquiring technical know-how. The company has always strived to encourage young people to join the company by offering stages and apprenticeships, which have helped participants to acquire specific professional capacity to join the labour market. These opportunities have been offered to high-school and university graduates, some of which have then joined the company on a permanent basis. Younger employees who have joined the company have been employed mainly in the administrative and technical department.

4.4 | FORCED LABOUR

Introduction

All those who work in the company do so on a voluntary. The company does not tolerate activities being carried out by employees under any type of threat. To ensure that work is only carried out voluntarily, the company is committed to guarantee that all employees are fully aware of their contractual rights and duties.

Deposits

No employee has ever deposited money or I.D originals at the company.

Salary advances

The company has never granted salary advances to its employees, being that it is not part of the mission of the company. The company may permit, and has permitted, however, that salaries or TFR to be paid in advance upon specific request by an employee. Such advance will anyhow be clearly stated in the related pay slip.

Analysis of the atmosphere in the company

The Group has carried out four separate analyses of the working environment of the company, using external entities to collect useful information and ideas to help find areas for improvement.

An anonymous suggestion and complaint box related to the HR management has been made available to the employees.

4.5 | HEALTH AND SAFETY

Safety is considered of primary importance within the work organisation activities of the company, to guarantee that the workplace is safe and healthy for the employees or for whoever is involved in the activities of the company.

The recently appointed Accident Prevention and Protection Manager, Mr Diego Travan, manages the meetings with the workforce to illustrate the Safety plan, the countermeasures to be taken in the event of a fire or an accident and commits himself to set up firefighting and first aid courses, directly or through external consultants.

Regular meetings are also held with the head of medical services Dr Katia Mauro, who works with the RSPP (head of safety and accident prevention) and the safety representative for the employees to verify the working conditions regarding illumination and the use of computer screens. The results did not show any criticality. Documentation regarding this subject is available at the company headquarters within sealed envelopes.

The year 2021, spent entirely under the strain of the Covid19 pandemic, saw the company committed at 360 ° to protect the health of all the people present in the workplace. Anti-contagion plans have been drawn up for the headquarters and specifically for each Italian and foreign working site. All measures of prevention and protection have been planned and implemented to contain the epidemic as provided for by the various DPCM issued by the Italian Government.

And due to the implementation of such measures, compliance with which continued throughout 2022 and 2023, there have been, to date, no cases of contagion stemming from any of Interna workplaces.

Injuries and illness in the workplace

As of today, no relevant accidents due to an erroneous management of the workspace nor work-related diseases occurred.

Work-related diseases

There are no work-related diseases for this sector of work, that is, office work with use of computers.

Prevention and training activities

The improvement in the health and safety indexes is tightly connected to the activities carried out to create more awareness and to present prevention measures. Training activities implemented by the head of safety and accident prevention are currently carried out to increase awareness of environmental risks in the workplace.

Perception of safety in the workplace

It has always been pivotal to maintain a training programme held by the head of safety and accident prevention for the new employees. All training activities are carried out in compliance with current law.

4.6 | FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE AGREEMENTS

The company respects the right of all employees to form and/or become a member of a trade union of their choice and their right to collective contracts. All work contracts signed make reference to the collective national agreements for the specific sector.

4.7 | DISCRIMINATION

Introduction

The company guarantees equal opportunities for all its employees and does not tolerate any form of discrimination.

- New employees are selected on the basis of objective parameters, such as training, experience and the capabilities for the task they will have to perform
- Work is compensated according to the parameters established by the national collective agreement for that particular sector.
- Access to training is guaranteed, taking into consideration the requirements of the company. In-house courses are organised, such as language courses, or specific training courses related to the tasks to be performed.

- There is no interference in the freedom of each employee to follow their own principles.
- The integrity of the employee is safeguarded and conducts considered personally offensive are not tolerated.

The presence of female employees in the company

There is a high percentage of female employees in the company. At the date of issuing the balance sheet, the female employees represent 30% of the workforce and mainly occupy significant roles within the Group.

Foreign employees in the company

Currently there is only one foreign employee working for one of the three certified companies. The foreign business units employ local staff.

4.8 | DISCIPLINARY PROCEDURES

No disciplinary measures have been carried out in compliance of Law 300/70 (The Workers' Statute).

4.9 | WORKING HOURS

The company working hours are contractually defined as follows:

- from Monday to Friday
- from 9.00 am to 1.00 pm and from 2.00 pm to 6 pm

Overtime is worked on a voluntary basis within the limits stipulated in the contract (8 hours/week). For certain employees, who cover positions of particular responsibility or who are often working on site, the retribution has been individually agreed upon to include overtime, defined by the employee according to their own requirements.

The particular type of activity of the Group often requires overtime to be carried out to compensate for certain periods, such as the deadline of a project, where it is impossible to spread out the requests as happens in normal industrial activities.

Frequent business trips abroad require many hours of travelling and stopovers which are compensated with special transfer allowances.

4.10 | RETRIBUTION

Retribution of the employees is determined according to the CCNL (National collective agreement) for commercial activities (Holding and Contract) and the CCNL for wood, furniture and furnishings (Collection and Logica).

The table below shows the distribution of the personnel within the contractual categories and the average gross retribution, including overtime, compared with the minimum contractual levels.

Level	N° of Employees	Average gross wage	Contract gross minimum wage
Manager	6	4.824,42	2.805,93
Level 1	8	3.379,40	2.298,09
Level 2	9	3.087,86	2.056,12
Level 3	9	2.731,21	1.830,90
Level 4	3	1.713,82	1.734,48
Level 5	7	1.559,65	1.541,21
Coordination Area 3	1	2.639,50	2.277,50
Coordination Area 4	1	3.665,12	2.470,29
Executive Area 2	1	4.328,19	2.796,25
Executive Area 3	1	5.446,20	3.837,34
totale	47	1.926,06	1.926,06

* = National Collective Agreement for wood industry

4.11 | COMMUNICATIONS WITH STEKEHOLDERS

Communication with those external to the company is carried out using social media (Instagram and LinkedIn) the company website, mailing communications sent to clients and suppliers and through articles in local, national and international newspapers to disclose information and promote activities to increase awareness on responsibility.

4.12 | CONTROL PLAN FOR SUPPLIERS, SUB-SUPPLIERS AND SUB-CONTRACTORS

During the review process to meet the SA 8000 standards, particular attention was paid to the ability of suppliers, sub-suppliers, and sub-contractors to meet the requirements, not only because it is expressly required, but also due to the chance of extending, by involving all the key players of the production chain, the compliance with fundamental principles internationally acknowledged. Inspection visits are scheduled with all the main suppliers on a rotation basis to verify if they really are implementing and respecting the environmental-ethics code.

Specific documents and check-lists are used to check:

- the compliance with the 8 points of the SA8000 standard both through assessments made by the group manager and through direct checks with the supplier's employees

- the overall level of satisfaction of the supplier's employees (through individual interviews with the employees)
- a summary in the form of a point-based system
- any non-conformity found
- corrective actions defined with the supplier

During the same visit, ISO 9001 and ISO 14000 standards are also checked, along with contractual aspects, prices and commercial relationships.

As previously stated, it is worth noting the commitment of Interna Contract Spa, Interna Collection Srl and Logica srl to select suppliers also on the basis of their respect for the ethical and environmental code of conduct, and to terminate any relation with those that are not ready to adapt.

4.13 | MANAGEMENT REVIEW AND EXTERNAL COMMUNICATIONS

Official and formal management reviews too have been and are included in the integrated system.

4.14 | ANALYSIS OF THE POSITION OF THE COMPANY WITHIN THEIR MARKET SECTOR

Through the sector representative body (Confindustria Udine, Association of medium and big industries), and together with the reports issued by various sector study Groups, the position of the company within its particular market sector is verified. Data is often conditioned by overall market trends and may not always be significant. Interna Group always looks to find solutions aimed at the maximum transparency and fairness towards its employees. A particularly significant result is the fact that Interna has a much higher percentage of permanent employees than the average for this sector (99% against 60%).

5 | PRIORITY COMMITMENTS OF THE GROUP CONCERNING SOCIAL RESPONSIBILITY

One of the priority commitments of Interna Group is social responsibility.

The company has always believed in being a social asset for the entire community in which it is located and rooted. And with this conviction in mind Interna has always developed strategies and policies which integrate the need to make profits and self-finance the company with the duty of respecting the environment and, on a more general note, with criteria for a fairer, sustainable development. Nowadays, facing the new scenarios opened up by globalisation, Interna is even more convinced that a company is required to fulfil extremely complex tasks, which require an increasingly ingrained awareness of their responsibility towards such a competitive, modern society.

And driven by this motivation and its awareness, the company intends to commit its actions in the near future to the following:

5.1 | TRANSPARENCY

The company firmly believes that one of the primary requirements of the modern world is transparency.

After the Internet revolution, it has become increasingly difficult to hide anything, be it in the political and economic world or in social and cultural relationships. This era is heavily marked by transparency. And this is the direction in which the company is heading, with the following commitments:

- to share, openly and frankly, the SA 8000 balance sheet and economic report with all its Stakeholders, with the aim of making the report transparent to involve all collaborators, clients, suppliers, local institutions, banks, trade unions and all other Groups and entities which deal in any way with our Group
- to communicate the results of the balance sheet to the outside world by publishing said balance sheet and to send a copy to Stakeholders, clients and suppliers
- to make public the commitments and objectives illustrated in the SA 8000 balance sheet through the local media and at events where the Group acts as sponsor

5.2 | PROMOTION OF THE VALUES OF BUSINESS ETHICS

While on the one hand the Group is perfectly aware of its own limits and the fact that the commitment in the ethical-environmental field is unlikely to obtain results beyond the effective capacity to have an influence on the social-economic fabric of the region, on the other hand the Group is highly determined to offer its testimony, in the hope and conviction that what it has to offer may represent a modest, humble but significant example. As the American senator Robert Kennedy once said, before being assassinated after a lifetime of commitment to defending civil and social rights, “even one person alone can make a difference”, and the Group too believes that “even one company alone can make a difference”. Therefore Interna Group is committed to spreading its ethical-environmental code of conduct, and above all the details and requirements of the SA8000 certification, in its own region and at an international level, wherever it operates.

It commits to promote these details and requirements through the local media and at all those events where the Group acts as a sponsor.

5.3 | SUPPLIERS

The Group does not currently own production facilities. It operates as a “weightless company”, therefore more oriented to a management structure with a high technological content.

At the moment, therefore, the entire production chain is managed and directed by the companies themselves, with all the manufacturing carried out by a network of more than 100 linked production companies, the most part of which are located in Italy.

Interna Group is perfectly aware, therefore, that an important contribution to an effective and concrete application of its ethical-environmental code of conduct will come from its suppliers.

One of its main commitments has always been to continue its activity to involve the habitual suppliers in its network and increase their awareness of ethical-environmental aspects.

5.4 | RELATIONSHIP WITH THE LOCAL COMMUNITY

The consolidated relationship of the company with the local community is still fully active, even though, due to the Covid, no cultural events have been planned both on the territory and at the headquarters.

6 | SUMMARY UP TODAY AND FORECAST FOR THE FUTURE

After carefully evaluating the general outcome of the SA8000 system adopted, the management of the Group, as of today, came to the following conclusions:

- the overall atmosphere in the company is good. In spite of periods of stress generated by complex projects and a difficult situation on the market, the involvement of the personnel and the divulgation of the policies and objectives have created an satisfactory relationship between all parties involved. The employees are also well motivated, and the system of social responsibility is expected to be maintained and progressively improved;
- the companies within the Group - Interna Holding, Interna Collection, Interna contract and Logica- are inserted in the SAW and the supervisors representing all the parties involved have also been asked to enrol.
- the NEW headquarters still fully satisfies the requirements of the Group and has considerably improved the overall working conditions of all the employees;
- the company management uses every possible occasion to divulge the principles of the SA8000 outside the company, receiving considerable feedback through personal gratification in the form of awards, visibility and reputation;
- since after the award of the certification, the company has been invited on various occasions to present its witness on the adoption of SA8000: conferences in various high schools and university faculties in other regions too; presentations of the standards to institutions, private club members and associations;

Derna Del Stabile and Diego Travan are co-authors of an article about the application of SA8000 which was published in the magazine *The Sole 24 ore Guide to Quality*, edited by Professor Marco Sartor from the University of Udine and Vincenzo Marazzo, President of AICQ (the Italian Quality Association). The guide had a positive outcome and has been reviewed and reprinted and the article on Interna reviewed and enlarged;

Meaningful evidence was brought by Derna Del Stabile in many events, debates, conferences etc..
Just to quote a few:

- *La Responsabilità Sociale d'Impresa, modello per lo sviluppo*
Regione FVG Udine, 17 dicembre 2014
- *Giovani e Lavoro*
Comune di Udine, giugno 2014
- *Motivi di famiglia*
Buttrio, marzo 2014
- *Lavoro e buone pratiche aziendali*
San Daniele del Friuli giugno 2013

- *Competenze trasversali*
Università di Udine giugno 2013
- *Multilinguismo e multiculturalità*
Università di Udine 2013
- *Integrare per competere*
Vicenza 2014
- *Le sfide della Leadership per affrontare nuove discontinuità*
MIB School of management, Trieste, ottobre 2015
- *Responsabilità integrata di filiera / Focus Adriano Olivetti*
Milano, maggio 2016
- *Potere e poteri, pratiche di donne che cambiano aziende e professioni*
Comune di Udine, ottobre 2016
- *La gestione aziendale e il ruolo femminile, questioni irrisolte*
Università di Trieste, gennaio 2017
- *Risorse umane e non umane, trasformarsi in un'azienda innovativa*
Este, Udine, febbraio 2017
- *La politica del cambiamento per l'Europa che cresce. Processi di internazionalizzazione,*
Confindustria Udine, ottobre 2017
- *Contract legno e nuovi materiali per l'economia del mare,* API, Udine, maggio 2018
- *Inaugurazione dell'ambulatorio ANDOS per le visite senologiche gratuite a scopo di prevenzione. L'allestimento è stato curato e offerto da Interna,* Udine, 27 ottobre 2018
- *Rai Radio 1, Maria Addolorata Pedone intervista Derna Del Stabile nell'ambito del programma Questo chicco di grano,* Trieste, Agosto 2019.
- *La gestione delle diversità nelle imprese, una sfida e un'opportunità. Tavola rotonda, Camera di Commercio in collaborazione con Università di Udine, Facoltà di Economia,* Pordenone, 29 novembre 2019

The objective of the management in 2021 is to continue divulging the principles of SA8000 to their suppliers, and to schedule a series of visits to suppliers, including those which have already been assessed, with the aim of consolidating the method and to explain once again the importance of ethical-social behaviour. Divulcation of the ethical objectives outside the company will continue, using all possible means (local press, conventions, etc.), organised by the head of PR.

Tavagnacco, 29th December 2023
Interna Group Management

