

# SA 8000

# BALANCE SHEET

# 2011



interna holding\*  
interna contract\*

interna collection\*  
interna real estate\*

interna china\*  
logica\*



UPDATED TO THE 31ST OF MAY 2011

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### FOREWORD

#### GENERAL CONSIDERATIONS

The Interna group, which, in 2006, was comprised of three affiliated companies Interna Contract spa, Interna Collection srl and Interna Holding spa, was certified SA8000 on the 2nd of March 2006 by CISE, an SAI (Social Accountability International) accredited body which certifies Social Responsibility.

#### Objectives and methodology

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

- divulging the company's social responsibility policy to all those who have an interest in the company;
- transmitting the knowledge and comprehension of all the stakeholders regarding company commitment and the SA8000 standards;
- the adoption by the management of a useful instrument for integrating the internal review process by adding all aspects regarding the social responsibility policy and an assessment of the attainment of company objectives;
- the promotion of continuous improvement in the administration and management of the company by defining objectives and the trend of the parameters adopted.

### PART ONE

#### COMPANY PROFILE

The Interna industrial group was founded in 1989. The parent company, Interna Holding Spa, controls five companies: three specialised in the creation of high-quality décor for the hotel and community sectors - Interna Contract Spa, Interna Collection Srl and Interna Shanghai ltd-; a company specialised in the production and marketing of office furniture - Logica srl-; a company specialized in real estate- Interna Real Estate srl-. Up today, besides the parent company, only the first two commercial companies listed have been certified SA8000.

The group started off initially in the hospitality sector and today occupies a position of excellence in the hotel sector with a reference list including numerous prestigious, world-renowned clients with dozens of projects in all five continents which are considered unique for their historical and artistic importance.

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On the strength of the technical and managerial experience gained over the years and the constant collaboration with the most prestigious hotel chains in the world, the group recently implemented production and commercial diversification by starting to operate in a wide range of sectors in the large projects field: apart from the hotels mentioned above, the group now carries out turnkey projects and the supply of products for bars, restaurants, private clinics, luxury yachts, cruise liners, luxury boutiques, museums, health and fitness centres, banks, offices and private residences. The fifth company acts in a diverse field offering all the services linked to the real estate brokerage for the high-end hospitality structures.

### 1.1: INTERNA CONTRACT Spa

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

The company's activities include a "turnkey" service for furnishings, internal decoration and even the finishing touches, which includes executive design, production, logistics, installation, inspection and testing and after sales service, with full respect for contractual quality, cost and delivery obligations.

With their team of more than forty specialists, Interna Contract work with key international investors who desire only the best: undeniably prestigious décor with a unique design, characterised by the often complex nature of a project due to its sheer size, the particularities of the products chosen and short lead times. The company aims especially at those clients who require not only high quality products, but also service with a high technological content.

Their consolidated experience and reliability were awarded UNI EN ISO 9001:2000 certification in 2002, but what is even more significant is the continuous increase in turnover and the prestigious names of internationally-renowned clients they have worked for and continue to work for, such as Louis Vuitton, Cartier, Daymler Chrysler, BMW, Volkswagen, Siemens, Hyatt International, Four Seasons, Intercontinental Hotel Group, Rezidor SAS, Ritz Carlton Hotels, Ferretti Yachts, Fincantieri and Gruppo Armani, to name just a few.

#### 1.1A: The product

Interna Contract Spa does not supply off the shelf or products from catalogues. Interna Contract Spa only works with the most discerning clients, striving to create something uniquely exclusive, with unrepeatabe, tailor-made designs for each project.

Interna Contract Spa possesses the know-how and the technology to satisfy the needs of the most demanding furnishing requirements with reference to a wide variety of styles and with any type of material, from wood to metal and from plastics to glass, with the most exclusive and individual finishes.

The main products normally supplied by Interna Contract Spa include all types of indoor floor-standing furniture, indoor items such as chairs, armchairs and upholstered furniture in general, doors, fixtures and fittings and other carpentry items, outdoor furniture and furnishings, lamps and complementary items and accessories.

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### 1.1B: Project Management

To ensure that each client's project is managed efficiently and successfully, Interna Contract Spa uses a project management system which coordinates operations between each function within the company.

Apart from being a client's window on the project, Interna Contract Spa's project managers plan and verify each and every stage of the project, coordinate the activities between the various divisions and intervene on a daily basis to ensure that the three main objectives of the project are reached successfully: the project commissioned must be carried out in compliance with the contractual standards and specifications, within the stipulated delivery dates and at a cost which does not exceed the budgetary constraints of the contract.

### 1.1C: Executive Design

Interna Contract Spa carries out turnkey projects based on comprehensive, detailed internal designs for each single item.

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

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

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.

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

### 1.1D: Production

Over the years, Interna Contract Spa has developed a consolidated productive know-how finalised at the full respect of the highest international quality standards.

Large batches of articles supplied by Interna Contract Spa are manufactured using the most modern and sophisticated machinery available with increasingly innovative technology to produce goods at a highly competitive price while guaranteeing impeccable quality.

Interna Contract Spa is also able to supply small batches or one-offs of tailor-made items or according to personal designs. Intricate inlays, hand-painted pieces, engraved sections, particularly special finishes and out of the ordinary shapes are, for Interna Contract Spa, routine challenges.

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Interna Contract Spa specialists carry out rigorous quality control checks during each and every phase of the production cycle to ensure that each and every piece is crafted to perfection.

When choosing suppliers, apart from the obvious technical capacity, Interna also takes into account their ethical values and commitment to the environment. Both when visiting suppliers at the start of a project to choose the most suitable items and later, when carrying out follow-up visits during the production phase, the supplier's approach to personnel and environmental management is assessed according to specifically-designed schemes, and a points system is used to qualify suppliers on the basis of their technical capacity and the cost of the supplied goods and also ethical and environmental aspects.

### 1.1E: Installation

Interna Contract Spa's own specialised personnel carry out the installation and fitting of all carpentry and joinery work, carpets, marble and ceramics, plasterboard and wrought iron and all the other work associated with finishing off internal environments to ensure that all work is carried out to only the highest standards.

Interna Contract Spa's site managers direct and coordinate all the work specified in the contract and guarantee that all work is carried out to perfection and that the schedule for site activities agreed upon with the director of works is strictly adhered to.

Interna Contract Spa's site managers are also responsible for coordinating work carried out by Interna Contract Spa and work carried out by other companies working on site.

Laying work is carried out by contractors, but only after carefully assessing their compliance with certain standards, as foreseen in the supplier qualification plan which is part of the integrated system.

In this case too, before qualifying installation companies, the principles of SA8000 certification are communicated and, when working on site, the application of these principles and a correct approach to solving problems regarding safety and the environment are verified by the Project manager.

### 1.2: INTERNA COLLECTION Srl

Interna Collection srl has been created in 2005. The company offers six main product ranges conceived specifically to satisfy the demands of experts working in this sector. Interna Collection srl is the synthesis of the experience and know-how acquired in the last 20 years by the sister company Interna Contract Spa.

The passion for projects is in the company's DNA. A passion which has led Interna Contract Spa to challenge and overcome increasingly ambitious challenges, a passion which now allows the fruit of years of experience and painstaking technological research to become a tangible reality within Interna Collection srl.

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The world of contract furniture is directly involved with some of the most successful areas of the global economy: tourism, catering, leisure and entertainment. These sectors have undergone profound changes over recent decades: from a “craftsman” approach with mainly family-run companies, they have quickly developed into industrial models with colossal investments and a corporate managerial style.

Large business and tourist hotels, cruise liners, casinos, private clubs and restaurants are just as complex and problematic as large manufacturing companies. Nothing is left to chance; every single detail is carefully checked and is the result of a precise “manufacturing philosophy” during the construction and management phases.

It is something of a paradox, therefore, that the constant and continuous growth of the world of economy has not brought about a similar change among the major players in the furnishing sector. In fact, up until now, there has not been one single company capable of offering highly specialised, high quality design furniture for the contract sector.

The intention of Interna Collection srl is to use their project work to supply an innovative, practical tool which perfectly matches the particular requirements of this sector, by proposing high quality furnishings with a high aesthetic albeit functional impact, which meet the technical and maintenance requirements of experts within the sector at very competitive prices in line with a prefixed budget, and carried out in the time frame required.

Although the wide collection of products developed by Interna Collection srl follow the same aesthetic theme, they are divided into three well-defined styles entitled “traditional”, “transitional” and “contemporary”.

The decision to propose three diverse product ranges is managed with the logic of the contract industry which statistically favours audacious combinations of styles in one single concept. And so designers and all those involved have a comprehensive collection which is perfectly capable of satisfying the requirements and whims for formal eclecticism.

The Traditional collection includes items of furniture in the styles which marked the passage of time between the 19<sup>th</sup> and 20<sup>th</sup> centuries, characterised by sober, elegant forms which blend in perfectly with more modern or minimalist environments. It represents the fruit of in-depth research, painstaking selection and a careful interpretation of Interna Collection srl’s Research & Development team in cooperation with experts in the history of art and design.

The Transitional collection is inspired by more classical lines, yet freely interpreted and emptied of formal connotations which suggest one period rather than another. The furnishings used suggest a timeless elegance, refined lines which blend perfectly between classicism and modernism.

It represents the work of a single designer widely respected at an international level, the maximum expression of this stylistic tendency.

The Contemporary collection expresses contemporary ethical and aesthetic concepts, expressed through the work of five of today’s most renowned designers. It is a clear display of

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innovation, not only through the forms of the pieces but also through the use of materials and technology. The aim of this range is to grasp and interpret the present and to foresee future trends and anticipate them.

The intention of Interna Collection srl is also to present individual collections dedicated to the works of internationally-renowned designers alongside their own ranges of furnishings. This choice is determined by the need to offer highly characterised products which evoke a unique atmosphere for those who conceive and create prestigious projects for the hospitality and contract sectors.

The first of these designer-oriented lines presented by Interna Collection srl is dedicated to the French designer Jacques Garcia and his timeless classics, one-off pieces created for highly acclaimed hotels and restaurants.

The second such range was created in 2008, consecrated by the Anglo-Dutch design studio FG stijl which in a very short space of time became a household name in the contract sector for their grace and class. A homage to the designers, a successful partner of Interna for a number of prestigious turnkey projects, the name of the collection is Anglo-Dutch and offers a central theme of sober yet unpredictable elegance, inspired by suggestions of the past which caress and embrace cutting-edge technology in a constantly refined mix, never banal, for a luxurious, global contemporary life-style, unusual yet much sought after.

The third monograph line, presented at the Salone del Mobile in April 2011, is Bedroom stories, five rooms concepts for the hospitality sector designed by five design studios, key players in the sector.

Interna Collection srl, with their three home-grown lines and three designer ranges, proposes a considerable number of products specifically developed for the hospitality and contract world. These products are above all functional, and as such satisfy the industrial logic typical of the management and administration of a collective structure, whatever type it may be.

With regard to the hospitality sector, the products are designed to cover all areas of a hotel, from the lobby to the restaurant, from the conference rooms to pre-function areas, and from the rooms to the suites. Other contract sectors, such as shops, museums, bars, restaurants, offices, cinemas, theatres, health and fitness centres, yachts and cruise liners to name but a few, are equally well-catered for, with an extraordinary range of furnishing items and furniture which meet all their very specific needs.

One of the distinctive features of Interna Collection srl is, without a doubt, the distinct eclecticism of the products on offer, be they tables, chairs, upholstered products or any of our other numerous items of furniture.

Particularly important within this collection is the availability of articles for highly specific applications, very difficult to find on a mass-produced scale, such as display cases, service stations, banquettes, luggage racks and display, meeting and pre-function tables.

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Products offered by Interna Collection srl stand out for their respect to certain characteristics which are fundamental for their final use in furnishing projects for the contract and hospitality world.

Products which respect the highest standards of quality in compliance with safety and accident-prevention regulations in various countries, as well as being solid and robust to withstand all levels of wear and tear.

“Custom-made” reigns supreme in the turnkey project sector.

And every project in this case is a “one-off”. The availability of an unlimited range of choices of finishes, sizes and special furnishing solutions for interior designers is a strategic strong point as well as being highly rewarding professionally and artistically.

Flexibility, which has been the INTERNA group’s trademark right from the beginning, now represents for Interna Collection’s their winning edge.

In fact, for our experts, it is normal routine to have to manage and organise projects with thousands of tailor-made articles with customised finishes, shapes and specifications, and they have a vast knowledge and experience of “custom-made” solutions.

Thanks to the industrial background of the group, Interna Collection srl has a production philosophy and operations structure aimed at maximum flexibility, so that each and every furnishing item or element proposed from our catalogue may be personalised according to the material, finish and size to make unique, unrepeatable items.

Complex “turnkey” furnishing projects are extremely demanding and require the maximum efficiency and speed and the only way of guaranteeing these requirements is through the best use of modern technology and, above all, the potential of internet.

### 1.3: LOGICA srl

This company was founded in 1989 and taken over in 2006 by the Interna group, and this brand is a reference for the supply of interior design solutions for offices and congress centres. The idea is to supply their clients with only high quality products and reliable, personalised service without the constraints of mass-produced items. Modern offices and congress centres require, or rather demand, specific characteristics and versatility so that spaces and areas may be exploited to the full and are suitable for a wide range of operational uses. And everything, obviously, with its hallmark sign of inimitable and unmistakable style, with harmonious yet rigorous forms and lines. Every workplace must precisely communicate the company’s identity and, why not, also a global mission which is not mere business, and which may be summed up quite simply: wellbeing for their employees and partners. Wellbeing which is transformed into an increase in stimuli and productivity for employees and, therefore, economic development for the company. To respond to these requirements, work environments proposed by Logica are essential yet warm and personalised, with elegant yet extremely functional forms, made entirely from only solid, quality materials.

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### 1.4: INTERNA HOLDING Spa

This is the Holding company with a 95% stake in Interna Collection Srl and Interna Contract Spa and a 90% stake in Logica srl.

The main activity is to supply transversal support services to all the companies in the group such as administration services, purchasing and centralised logistics.

The company does not work together with third parties apart from the other companies within the group.

### 1.5 INTERNA REAL ESTATE srl

For more than 20 years, Interna group was been involved at international level in huge luxury projects linked to real estate investment of relevant extent. Therefore it was a natural development to extend the action field to the Real Estate sector to capitalize on the know-how acquired during the years. And so Interna Real Estate was created, a reliable and trustworthy partner for investors and professionals alike from the real estate sector, with the capacity of providing solutions for all and every requirement within the creation, development, planning, construction and completion of any prestigious real estate project.

Interna real Estate is able to handle the most ambitious challenges for the development of real estate projects, especially projects in the hotel sector but also in the commercial and residential ones.

Excellent high-profile business relationships matured over the years all around the world with prestigious investors allow Interna Real Estate to be considered the right partner to transform a real estate project in reality. From the development of a project from scratch to the selling of an existing property, Interna Real Estate is able to support the client through out every phase of the implementation of the project supplying the following services:

- Real Estate Brokerage
- Project development
- Financial engineering
- Operator selection
- Master planning/space planning
- Valuation/due diligence
- Project Management
- Real Estate Consulting

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### PART TWO

#### 2.1: THE STAKEHOLDERS

The major “stakeholders” of each of the three certified companies were identified and contacted so that they could take an active part in the development of the social responsibility system along with the owners and company management:

1) NEWSPAPERS - MEDIA

- IL MESSAGGERO VENETO
- IL GAZZETTINO
- ILPICCOLO
- IL FRIULI
- IL NUOVO

2) SECTOR ASSOCIATIONS

- API: Associazione Piccole e Medie Industrie di Udine (The Association of Small and Medium-sized Industries of Udine)
- ASSINDUSTRIA: Associazione Industriali di Udine (The Industrial Association of Udine)
- CNA
- CONFARTIGIANAO (Craftsmen Association)

3) TRADE UNIONS

- CGIL
- CISL
- UIL

4) CLIENTS

- HYATT INTERNATIONAL LTD
- LOUIS VUITTON MALLETIER
- INTERCONTINENTAL HOTELS GROUP
- PRADA SPA
- FINCANTIERI SPA

5) SUPPLIERS

- DUCALE ARREDAMENTI SRL
- NUOVA FRIULARREDI SCARL
- NOVA DESIGN SRL
- LUIGI TELL SRL

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### 6) EXTERNAL CONSULTANTS

- Counsellor BARBARA CLAMA
- PEPE ROSSI E PARTNER
- POLYSTUDIO

### 7) BANKS

- BANCA INTESA SPA
- UNICREDIT BANCA D'IMPRESA SPA
- FRIULCASSA SPA

### 8) LOCAL INSTITUTIONS

- TAVAGNACCO COUNCIL
- REGIONAL COUNCILLOR FOR TRADE AND COMMERCE
- PROVINCIAL COUNCILLOR FOR INDUSTRIAL ACTIVITIES
- UDINE PROVINCIAL LABOUR AND EMPLOYMENT OFFICE
- NATIONAL INSTITUTION FOR HEALTH AND SAFETY IN THE WORKPLACE

### 9) THE WORKFORCE

### 10) LOCAL ASSOCIATIONS

- VICINO/LONTANO
- LEGAMBIENTE
- OIKOS

## PART THREE

### COMPANY POLICY FOR SOCIAL RESPONSIBILITY AND CODE OF ETHICS

There now follows a full, complete illustration of the group's integrated quality, environmental and ethical policy and the ethical and social code of conduct.

#### 3.1: THE MANAGEMENT'S COMMITMENT

The board of directors of the group considers the Quality Project to be an effective instrument to obtain the maximum involvement and direct participation of all company personnel to fulfil the company's mission, which is:

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- To guarantee that all contracts stipulated between the company and their clients are honoured to the full in terms of the product supplied (by both Collezione Interna and those products manufactured according to client specifications) and the delivery and installation service according to the contractual schedule and terms stipulated.
- To guarantee continuity in the service offered, regardless of the rotation of staff dedicated to a given project within the company, and to standardise and regulate the behaviour and activities of the various sectors through the implementation of efficient internal procedures.
- To maintain an active organisation which is constantly competitive regarding costs and service in order to reach sales and profit targets.
- To lay down the foundations for a progress management system which, apart from guaranteeing that delivery schedules are honoured, also allows clients to electronically consult information regarding the said project.

And to reach this goal, the company management has issued a Quality Manual, a document which summarises the company's main organisational principles.

And to demonstrate this commitment, right from the time when the very first certification was awarded to the company, the management has issued a document for internal use to summarise these principles which has been distributed to all employees. The continuity of this message is guaranteed through constant internal communications which lead to periodical meetings of a management committee, which includes representatives of the company management and key representatives of the various company processes.

### **3.2: COMPANY POLICY FOR QUALITY, THE ENVIRONMENT AND ETHICS**

The strategic objective of the Interna group is client satisfaction by implementing an overall positive management approach.

The company policy, subject to continuous scrutiny and assessment and, where necessary, updating, may be summarised with the following points:

- To develop a culture of quality throughout the entire company and with external suppliers.
- To respect the requirements of our clients, whether they are explicated through specifications or legal obligations.
- To assign the final client a central role in the continuous improvement strategies and processes.
- To strive for continuous improvement with the aim of reducing the impact of the company's activities and processes on the environment and to reduce pollution.
- To optimise company processes in order to achieve maximum efficiency and reduce waste.
- To periodically define measurable objectives pertinent to this policy.

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- To periodically verify the trend of the system so that it may be calibrated and addressed accordingly.
- To guarantee full respect for all laws, norms and regulations regarding the environment and health and safety in the workplace applicable to the organisation, along with the prescriptions of the environmental management system and code of social ethics according to the reference standards ISO14001 and SA8000.
- To operate with full respect of all legal requirements and ILO recommendations regarding discrimination, rights of association, forced labour, child labour, retribution and working hours.
- To fully involve company employees and make them aware of the influence of their work on product quality and significant environmental issues and on the inherent risks of their work activities.
- To promote awareness of environmental protection in the employees at all levels and to carry out suitable, targeted training programmes to make employees more responsible for their work activities.
- To involve suppliers and sub-suppliers in the environmental and ethical-social management programme.
- To communicate the policy, objectives and performance of the company regarding Quality, the Environment and Ethics, both to those working in the organisation and to those operating externally to the company, through the use of web pages and advertising and information campaigns, while maintaining close contact with all interested parties (client, suppliers, employees, local authorities, inspection bodies, etc.).
- To assign sufficient resources to carry out reporting on the integrated Quality, Environment and Ethics system and to adopt statistical and management instruments such as: monitoring performance parameters, carrying out inspection visits, implementing corrective/preventative actions and management review with the aim of robust management of the system.

In order to divulge the company policy and keep it under control, the group has formed:

- an organised and coded internal and external control system to assess the quality of the product;
- a management system to divide the following activities between well-defined internal divisions:
  - Administration of commercial offers and contracts.
  - Project management.
  - Management of suppliers.
  - Development of executive design.
  - Construction and testing of the product.

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- Organisation of transport.
- Installation.
- Project control.
  
- a collection of internal management procedures which define the behavioural methods of the various company divisions in order to coordinate the actions carried out by each person in relation to the main objective of supplying excellent service in terms of quality, environment and ethics;
  
- a system to quantify the causes of non-quality and the main environmental and ethical aspects in order to implement the opportune corrective actions, eliminate the causes and trigger off a global improvement process;
  
- an Integrated Quality-Environment-Ethics System so that operations in all the company divisions regarding quality, the environment and social ethics may be guided fluidly and with as little bureaucracy as possible;
  
- a method to progressively involve suppliers in the group's quality policy;
  
- a series of objectives which may be quantified and measured 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 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 created is considered to be appropriate for the aims and size of the company and includes the principles of respect for the requirements for constant improvement.

The integrated Quality-Environment-Ethics Policy document is distributed to all those figures that, according to Gruppo Interna, represent added value to the organisation.

It is distributed in particular to:

- Internally to all the employees of the organisation;
- Externally to suppliers, installation technicians and external workers.

### 3.3: SOCIAL ETHICS CODE OF CONDUCT

This document represents the wish of the management of Interna Contract Spa, Interna Collection Srl and Interna Holding Spa to offer a transparent definition of all the values and behavioural regulations which are a reference point when carrying out one's activities, and to protect the reputation and image of Interna Contract Spa, Interna collection Srl and Interna Holding Spa on the reference market. It constitutes a fundamental element of the company's organisational model, along with their mission, vision, organisational dispositions and integrated Quality, Environmental and Ethical system, and represents an instrument which safeguards all those who, whatever their position or role, freely participate in creating and

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divulging a transparent image of the company's values. The aims of this document may be summarised in the following points:

- 1) to contribute to the respect of fundamental human and trade-union rights, international labour regulations and safeguard of the environment;
- 2) to contribute in guaranteeing that the growing process of internationalisation takes place with constant respect for the point above;
- 3) to contribute in promoting an improvement in 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 Interna Contract Spa, Interna Collection Srl and Interna Holding Spa produce their products, either directly or indirectly.

Whenever their authority so permits, Interna Contract Spa, Interna Collection Srl and Interna Holding Spa, and all companies which sign contracts for the supply of goods or components for such goods, are committed to respect 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 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.

In order to conduct their activities responsibly and ethically exemplary, the management has established the following principles:

### Discrimination and Freedom of Association

- forms of discrimination concerning recruitment, retribution, 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 everybody, so that anybody may benefit from 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; membership may never be a reason or motive for discrimination;

### Working Hours and Retribution

- salaries must correspond to legal standards and, in all cases, must be sufficient to guarantee a person's primary needs and discretionary earnings; the composition of

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salaries, deductions, indemnities and the modality of the payment of said salaries must be communicated clearly to the employees 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 used 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 used, employees 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

- employees 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 employees and must comply with and improve upon current local laws and regulations regarding health and the prevention of accidents;
- suitable sanitary facilities must be available, they must comply with local hygiene norms and must be well-maintained and cleaned regularly;
- sufficient space must be made available for meals and other breaks;
- if the company supplies living quarters for employees, 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 company must be well illuminated and ventilated and all walkways and exits must be accessible at all times;
- sufficient medical assistance must be available at all times in the case of emergencies and the persons responsible for medical assistance must be trained beforehand in first aid techniques;
- there must be sufficient, well-indicated emergency exits and all employees must be trained to use the exits;
- safety systems on machinery must comply with or improve upon local norms.

### Disciplinary Procedures

- behaviour, such as gestures, offensive language or physical contact which are considered to be sexually coercive, threatening, offensive or considered to be exploitive, 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 a person's work activities are concerned must be respected; the entire organisation must actively promote this theme;

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- 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 Contract Spa, Interna Collection Srl and Interna Holding Spa will be committed to taking positive measures so that any company which signs a contract to supply products or services, or a part of such products or services, fully respects the above points. The company, therefore, will nominate a person to manage such agreements and implement internal control programmes in each individual company and in their main suppliers' companies, according to well-defined, documented procedures taken from their own 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, representatives of the management and representatives of the employees.

A declaration of conformity with the code of behaviour must be signed by the person in charge of each supplier. Contracts for the supply of goods or products must specify that non-conformities with the code, or the adoption of a temporary action plan which does not comply with the code, is considered a breach of contract and that the contract will be cancelled.

This code, translated into the local language, will be sent or made available to the personnel using a suitable means.

### **PART 4: SA 8000cBALANCE SHEET - DETAILS**

#### **4.1: SA8000 REPRESENTATIVE OF THE WORKFORCE**

The workforce elected their SA8000 representative to mediate between the requirements of the workforce and the requirements of the management.

#### **4.2: ADAPTATION OF THE STANDARDS COMPARED WITH SA8000 REQUIREMENTS**

- Child Labour: within the company, only employees at least 15 years of age are employed, and who have completed compulsory school. The company does not use, and does not accept, the use of child labour.
- Forced Labour: all those who work in the company do so on a voluntary basis.
- Health and Safety: safety is actively considered of primary importance within the company's activities, to guarantee that the place of work is safe and healthy for the employees or for whoever is involved in the company's activities. Sufficient resources are allocated in order to promote the prevention of accidents or other hazard risks.
- Freedom of association and the right to collective agreements: we respect the right for each employee to form or subscribe to a trade union of their own choice and the right to collective agreements.

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- Discrimination: equal opportunities for those who work in the company are guaranteed and no form of discrimination is tolerated.
- Disciplinary procedures: no form of disciplinary action has been taken to date, we prefer encouraging an atmosphere of mutual respect for personal integrity and a spirit of collaboration between the employees.
- Working hours: the normal working week is 40 hours, in line with the various national collective agreements. Overtime is only carried out 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 his or her family.
- Control plan for suppliers, sub-suppliers and sub-contractors: procedures have been defined and implemented to select suitable suppliers according to their capacity to satisfy the requirements of the standard.
- Definition of procedures to carry out internal reviews, an instrument used by the management to periodically assess the effectiveness of the system implemented according to current norms and to verify that it is suitable and appropriate.
- Adoption of an external communications plan to regularly divulge to all parties involved the results of the company regarding the requirements of current norms.
- Communication to the employees regarding the right of each single employee to present complaints to certifying bodies in the case of actions or behaviour by the company which do not comply with the SA8000 standards.

### 4.3. CHILD LABOUR

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

#### Composition of the workforce

The composition of the workforce includes a concentration of employees in an age range of from 30 to 35, well-balanced between male and female employees.

#### Young employees

With respect for 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 capacity. The company has always strived to encourage youngsters 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 in particular to high-school and university

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graduates, some of which have then joined the company on a permanent basis. Younger employees which have joined the company have been employed mainly in the administration department and the design department.

### 4.4. Forced Labour

#### Introduction

All those who work in the company do so on a voluntary basis. The company does not tolerate activities being carried out by employees under any type of threat.

In order to ensure that work is only carried out voluntarily, the company is committed to guaranteeing that all employees are fully aware of their contractual rights and duties.

#### Deposits

No employee has ever left a deposit or original documents in the company.

#### Salary advances

The company has never loaned money to their employees, this activity is not part of the mission of the company. The company may permit, however, that salaries are paid in advance upon specific request by an employee. The advance is then indicated on the pay slip.

#### Analysis of the atmosphere in the company

Four analysis of the atmosphere in the company were carried out by the group, using external bodies to collect useful information and ideas to help find areas for improvement.

The summary below is the result of the last analysis ended in May 2011 and has been handed over to the certification body that made a comparison with the previous analysis and carried out interviews with the workers on the critical issues.

The critical points identified and the relative actions adopted may be summarised as follows:

| CRITICAL POINTS IDENTIFIED   | ACTION ADOPTED   |
|--|--|
| Some employees pointed out a lack of information, at the moment of their hiring, in regard with: <ul style="list-style-type: none"> <li>- the name of the head of safety and accident prevention</li> <li>- the explanation of the wage packet;</li> <li>- fire drills;</li> </ul> | The lack of information was due to the recent hiring of the members of the work force. Adequate training will be supplied as soon as possible. |
| From the general analysis of the atmosphere of the company arises the fact that there has  | In regard with the main points (internal communication, gratification for the work   |

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|   |  |
|---|--|
| <p>been a slight decrease in the assessed score but it is still high above the suffice level.</p> | <p>done), the Management will act to improve the atmosphere.</p> |
|---|--|

### 4.5. Health and Safety

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

Regular meetings are held by Alessandro Del Degan, responsible for safety, and the Accident Prevention and Protection Service, during which the safety programmes are illustrated and the countermeasures to be taken in the event of a fire or an accident are discussed, and fire-fighting courses are held for those selected for such courses.

Regular meetings are also held with the head of medical services Dr. Domenico Spinoso, who works with the RSP (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.

No particularly critical situation has been highlighted.

Documentation regarding this subject is available in the company.

#### Injuries and illness in the workplace

During the 2010 only a small car accident involving two employees took place and it did not bring any modifications of the insurance conditions.

#### Work-related illnesses

There are no work-related illnesses for this type of work, that is, the use of computer screens.

#### 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 by the head of safety and accident prevention are ongoing to increase awareness of environmental risks in the workplace.

#### Perception of safety in the workplace

The analysis carried out also assessed the need of a training programme held by the head of safety and accident prevention for the new employees.

### 4.6. Freedom of Association and the Right to Collective Agreements

The company respects the right of all employees to form and subscribe to a trade union of their choice and their right to collective bargaining, although to date nobody has subscribed.

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### Types of collective agreements

All work contracts are closed by making reference to the collective agreements for this sector.

### 4.7. Discrimination

#### Introduction

The company guarantees equal opportunities for all their 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 ability for the position they are to occupy.
- Work is compensated according to the parameters in the relative 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 pertinent to the tasks to be carried out are held.
- There is no interference in each employee's freedom to follow his or her own principles.
- The integrity of the employee is safeguarded and behaviour considered personally offensive is not tolerated.

### The presence of female employees in the company

There is a high proportion of female employees in the company. At the date of issuing the balance sheet, the female employees represent 48% of the workforce.

### Foreign employees in the company

There are currently no foreign employees in the company.

### 4.8. Disciplinary Procedures

There have not been any particularly serious complaints or disciplinary measures according to Law 300/70 (the workers statute).

There have not even been any verbal warnings.

### 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

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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, their retribution has been individually agreed upon to include overtime, defined by the employee according to his or her 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 closure of a project, where it is impossible to spread out the requests as happens in normal industrial activities.

Frequent overseas transfers 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 is within the foreseen contractual limits.

### 4.10. Retribution

Retribution of the employees is determined according to the CCNL (national collective agreement) Commercial category (Holding and Contract) and CCNL wood, furniture and furnishings (Collection and Logica).

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

| <i>Level</i>             | <i>N° of employees</i> | <i>Average gross retribution</i> | <i>Contractual minimum gross retribution</i> |
|--------------------------|------------------------|----------------------------------|--|
| <b>Managers</b>          | 0                      |                                  |  |
| <b>Middle-management</b> | 7                      | 3,905,57                         | 2413,41                                      |
| <b>1° Level</b>          | 3                      | 2.910,00                         | 1.999,39                                     |
| <b>2° Level</b>          | 9                      | 2.599,67                         | 1.797,70                                     |
| <b>3° Level</b>          | 7                      | 1.944,71                         | 1.610,06                                     |
| <b>4° Level</b>          | 3                      | 1.572,67                         | 1.460,84                                     |
| <b>5° Level</b>          | 2                      | 1689,50                          | 1368,63                                      |
| <b>6° Level</b>          | 1                      | 1.400,00                         | 1.280,43                                     |
| <b>AS3 Level *</b>       | 1                      | 2.703,00                         | 1.675,00                                     |
| <b>AS2 Level *</b>       | 2                      | 2.692,50                         | 1.791,08                                     |
| <b>AD1 Level *</b>       | 1                      | 3.908,00                         | 1.901,60                                     |
| <b>AC3 Level *</b>       | 3                      | 1.705,33                         | 1.431,84                                     |
| <b>AE2 Level *</b>       | 1                      | 2.152,00                         | 1.402,53                                     |
| contract workers         | 0                      |                                  |  |
| <b>total</b>             | <b>40</b>              | <b>Average 2,318.60</b>          | <b>Average 1,656.83</b>                      |

\* = National Collective Agreement (wood industry)

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### 4.11 Communications with interested parties

Communication with those external to the company is carried out using the company website, mailing communications sent to clients and suppliers and through articles in local newspapers to divulge information and promote activities to increase awareness of their responsibility.

### 4.12 Control plan for suppliers, sub-suppliers and sub-contractors:

During the review process to reach SA 8000 standards, particular attention was paid to the ability of suppliers, sub-suppliers and sub-contractors to meet the requirements of the norms, not only because it is expressly required, but also to involve all the key players along the production chain to offer a concrete possibility of extending respect for internationally-recognised fundamental principles.

Inspection visits are scheduled with all the main suppliers on a rotation basis to verify that they really are applying and respecting the environmental code of ethics.

Using specific documents and check-lists, the following are thoroughly checked:

- Respect for the main 8 points of the SA8000 norms, through a careful assessment carried out by the group leader and by directly verifying the supplier's employees.
- The overall level of satisfaction of the supplier's employees (through interviews with the employees).
- A summary in the form of a points system.
- Any non-conformities pointed out.
- Corrective actions defined with the supplier.

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

As stated previously, we must reiterate the commitment of Interna Contract Spa and Interna Collection Srl to select suppliers also on the basis of their respect for the ethical-environmental code of conduct, and to eliminate those that are not ready to adapt.

### 4.13 Management review and external communications

Official and formal management reviews are also included in the integrated system.

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### 4.14 Analysis of the position of the company within their product sector

Through the sector representative body (API-Udine, Association of Small Industries-Udine), and together with the reports issued by various sector study groups, the position of the company within their particular product 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 their employees. A particularly significant result is the fact that Interna has a much higher %age of permanently employed employees than the average for this sector (90% against 60%).

## 5 PRIORITY COMMITMENTS OF THE GROUP CONCERNING SOCIAL RESPONSIBILITY

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

We have always believed that the company is a social asset for the entire community in which it is situated and rooted.

And with this conviction we have always developed strategies and policies which mitigate the need to make profits and self-finance the company, while feeling obliged to respect the environment and, on a more general note, criteria for fairer, sustainable development.

Nowadays, since we also have to face new scenarios opened up by globalisation, we are even more convinced that a company is required to fulfil extremely complex tasks, which require an increasingly engrained awareness of their responsibility towards such a competitive, modern society.

And driven by this motivation and our awareness, we intend committing ourselves in the near future on the following fronts:

### 5.1 TRANSPARENCY

We firmly believe that one of the primary requirements of the current 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 open the company website to our clients; one of the objectives of the company is to allow our clients access so they may see exactly how their project is progressing at any time.

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- To share, openly and frankly, the SA 8000 balance sheet and economic report with all our Stakeholders, with the aim of making the report transparent to involve all our collaborators, clients, suppliers, local institutions, banks, trade unions and all other groups and bodies which deal in any way with our group.
- To communicate the results of the balance sheet to the outside world by publishing the said balance sheet and to send a copy to our Stakeholders, clients and suppliers.
- Our commitments and objectives illustrated in the SA 8000 balance sheet will also be made public through the local media and at events where the group act as sponsors.

### PROMOTION OF THE VALUES OF BUSINESS ETHICS

While on the one hand we are perfectly aware of our limits and the fact that our commitment in the ethical-environmental field is unlikely to obtain results beyond our effective capacity to have an influence on the social-economic fabric or our region, on the other hand we are highly determined to offer our testimony, in the hope and conviction that what we have 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”, we also believe that “even one company alone can make a difference”.

Which is how we will be committed to divulging our ethical-environmental code of conduct, and above all the details and requirements of SA 8000 certification, in our own region and at an international level, wherever we operate.

It will be our commitment to promote these details and requirements through the local media and at all those events where the group acts as a sponsor.

### 5.2 SUPPLIERS

Our group does not currently have production facilities. We have chosen to operate 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 approximately 100 external production companies, all of which are located in Italy, mainly in the North-East.

We are perfectly aware, therefore, that an important contribution to an effective and concrete application of our ethical-environmental code of conduct will come from our suppliers.

One of our priority commitments has always been to continue our activities to involve the regular suppliers in our network and increase their awareness of ethical-environmental aspects.

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### 5.4 RELATIONSHIP WITH THE LOCAL COMMUNITY

We have initiated a relationship with the local community and associations rooted in the local territory, by supporting and sponsoring various cultural events. We have also hosted cultural and social events in our company to divulge and increase awareness of ethical, environmental and social issues.

Our intention is that the company sets its roots in the local community, so that it becomes a meeting place and a cultural and social reference point.

### 6 SUMMARY OF THE 2010 RESULTS AND THE FORECAST FOR 2011

After carefully evaluating the general repercussions of the SA8000 system adopted, at the end of 2010 the management of the group 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, involving the personnel and divulging the policies and objectives within the structure has created an acceptable relationship between all parties involved. The employees are also well motivated, so we expect the system of social responsibility to be maintained and progressively improved.
- The companies within the group (Interna Holding, Interna Collection and Interna Contract) are inserted in the SAW and the monitors representing all the parties involved have also been enrolled. For the time being, however, there has been very little feedback and it seems that the monitors are not particularly interested in following the companies.
- There was an increase in turnover in 2010, and the forecast for 2011 is very promising, even though there are elements of uncertainty. This fact helps to increase overall confidence within the structure, with further reassurance coming from the increased serenity of the owners.
- 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 occasion possible to divulge the principles of SA8000 to the outside, receiving considerable feedback through personal gratification in the form of awards, visibility and reputation.
- During 2011, the company was invited on various occasions to present their testimony on the adoption of SA8000.
- 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, national President of AICQ (the Italian Quality Association).
- Meaningful evidence was brought by Derna Del Stabile in the long interview (17 pages) published within the volume by Fabrizia Paloscia "*Fabrica Etica, un'utopia applicata*" presented in Florence the past 5<sup>th</sup> of April.

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- Divulging the principles of SA8000 to the suppliers has helped to contribute in the growth of social and ethical culture, which is also thanks to the positive approach taken by the head of our purchasing department.

The objective of the management in 2011 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 the importance of ethical-social behaviour.

Divulgence of the ethical objectives outside the company will continue, using all possible means (local press, conventions, etc.), organised by the head of PR.