

Sustainability

Report 2023

01 Design for the Planet

02 Design for People

03 Design for Culture

FLOS
B&B ITALIA
Group

Sustainability Report 2023

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Letter to Stakeholders

[2-22]

Marking another year of progress and achievements, we are pleased to share the third edition of Flos B&B Italia Group's Sustainability Report. To us sustainability is an environmental and social matter: our Brands are committed to building a shared culture that has in these two aspects its fundamental roots, aiming to merge ethics and aesthetics in every product, to make the world a more beautiful place to live in for all. Our role as forerunners of a new, innovative and sustainable high-end design is expressed in the soul of all our products, which result from a thoughtful process in continuous development.

We intertwine the experience gained over the decades of our business, craftsmanship and unique taste with the principles of eco-design, circularity and innovation, which are embedded in our purpose to “design for a beautiful life”.

Last year represented a milestone in the development of our sustainability strategy, as we took a step further in our pledge through the publication of the Group Sustainability Policy and a consolidated Sustainability Governance system. This year we are committed to advancing in the progress of our long-term strategy by enhancing our impacts on the environment, people and the economy, as stated in the three pillars of our Plan.

We are aware that we are facing a time which requires resilience and flexibility in our businesses. To pursue our duty to the environment, we are reporting our annual emissions along the whole value chain, while striving to include eco-design and circularity practices for new products by using recycled, high-quality, and durable materials, reducing the energy consumption during their life cycle, and encouraging recycling and reusing

practices. In 2023, our Group accomplished another target in the journey towards a sustainable business by sharing a cross-Brand Eco-design Framework, with the aim of providing a defined guidance to drive our product design processes and assess the sustainability and circularity of our products. Although our journey still has a long way to go, we remain firm in the engagements we have made to be leaders in the transition of the high-end luxury design towards sustainability.

Through our diversified global presence, we embrace a culture of inclusion and diversity for our employees and the people in the communities we interact with. We believe that a diversified working environment not only is an opportunity to create long-term social value among our people, but it is also a fundamental element for the improvement of our business performance, providing new visions, cultures, backgrounds and ideas across all our Brands.

In an ever-evolving world, we want to nurture craftsmanship and our design heritage by preserving our Brand's identities, while positioning as a guiding light for the development and innovation of luxury design. We expose to the world through our Brands and the relationships they have created on a global scale, by collaborating with designers, museums and associations. The international relevance we have gained as a Group allowed us to introduce new initiatives with local communities that host us, through partnerships with technical schools, universities, and non-governmental institutions, spreading our message of beauty and innovation to society as a whole.

This third edition of our Sustainability Report illustrates to our stakeholders the challenges we have faced and the achievements we have accomplished during the past year. We are proud of what we have attained so far, but we remain restless as we look ahead, committed to braving new horizons as passionate ambassadors of positive and beautiful living.



Daniel Lalonde,
CEO Flos B&B Italia Group

2023 Highlights

The Group

784,8 mln €

2023 Group revenues

9

Brands

2,152

Employees worldwide

10

Industrial facilities

+130 countries

Global presence

+7.046

Points of sale, of which:
20 Directly Operated Stores
149 Monobrand Stores
1028 Shop in Shop



The structure of the Group

Flos B&B Italia Group is a global leader in high-end design, curating, leading and inspiring an unparalleled portfolio of complementary and iconic brands. In a traditionally fragmented sector, we have established a unique framework for design, meticulously selecting and integrating a collection of the world's most celebrated and iconic design Brands.

Our Group includes FLOS, B&B Italia, Louis Poulsen, Maxalto, Arclinea, Azucena, FENDI Casa, Audo¹ and Lumens.

Operating across an array of sectors, including lighting and accessories, high-end furniture, kitchens & vanities, and omnichannel distribution, each of our Brands boasts a distinct heritage and identity. But, we collectively share a unifying spirit; a dedication to beauty, craftsmanship, quality, and innovation, all reinforced by a burgeoning attention to sustainability ^[2-6].

Flos B&B Italia Group was formed in November 2018 as a result of the shared vision of Investindustrial and Carlyle. On 16 May 2024, the Group rebranded as Flos B&B Italia Group S.p.A. This renaming initiative fortifies the Group's market presence through its iconic and international entities, FLOS and B&B Italia, and signifies the reinforcement of the Group concept, highlighting the unity and ongoing synergies among all its brands. As part of the Group's rebranding, International Design Group S.p.A. has been renamed into Flos B&B Italia S.p.A. Upon the realization of our unique design hub, a central leadership team has been appointed to ensure coordination and dedication throughout the Group, thereby providing the strategic direction necessary for the continued development of our business, while acting as a "center of excellence" across key capabilities. Through its coordination, Flos B&B Italia Group enables full alignment between Flos B&B Italia Group's strategic objectives and the operational activities of our Brands.

THE HISTORICAL BACKGROUND OF INVESTINDUSTRIAL AND CARLYLE

Flos B&B Italia Group is jointly owned by independently managed investment companies of the global investment firms Investindustrial and Carlyle, who support the Group's business activities, fostering their shared views and commitments.

Investindustrial

Investindustrial is one of Europe's leading independent investment groups, with a focus on quality European mid-market companies, with an active, industrially driven, and transformational ownership approach. It operates across four industry groups - Industrial Manufacturing, Consumer,

Healthcare & Services and Technology and has a team of more than 190 professionals across seven offices internationally in the UK, Switzerland, Spain, France, Luxembourg, the United States and China. Investindustrial was founded in 1990 and today has €14 billion of raised fund capital.

Carlyle

Carlyle is a global investment firm with deep industry expertise that deploys private capital across three business segments: Global Private Equity, Global Credit and Global Investment Solutions. With \$425 billion of assets under management as of March 31, 2024, Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. Carlyle employs more than 2,200 people in 28 offices across four continents.

¹ Audo Copenhagen is the result of the union of the Brands Menu and By Lassen in June 2023.

The union of our Brands' exceptional design histories and expertise, supplemented by our international reach, has facilitated the creation of a Group with a shared ethos and collectively upheld values. Our strategic approach endorses mutual inspiration, comprising both top-down and bottom-up inputs.

Our Brands enrich the Group by disseminating knowledge and best practices throughout its entirety, whilst maintaining their individual identities and heritage. Simultaneously, we leverage our global insights and knowledge to fortify our Brands, optimizing their reach, scale, focus, and impact.

Flos B&B Italia Group is committed to its mission of crafting beautiful and sustainable products, steering this vision through a strategic framework that encompasses enhancing brand desirability via robust R&D and the creation of iconic, sustainable product lines. Simultaneously, the Group is deepening its direct-to-consumer connections through an expanding network of directly operated stores and targeting growth in Europe and in key markets including North America,

APAC, and the Middle East with a stronger distribution infrastructure. It also aims to enhance its leadership in the high-end contract business by delivering bespoke furniture and lighting solutions across residential, public, and hospitality sectors.

Our Brands operate within three key segments of the high-end design market: **High-End Lighting**, which encompasses companies dedicated to the development of lighting solutions for residential and architectural spaces, both indoors and outdoors; **High-End Furniture & Accessories**, featuring companies that have marked their place in the design history through globally renowned and iconic furnishing accessories for residential and public spaces; and the **High-End Kitchen & Vanities** sector, wherein our Brands conceive innovative kitchen solutions and complementary items. The Group also engages in the **online sales of high-end design products** via Lumens' e-commerce platform. Each Brand markets and sells its products through various channels of omnichannel distribution, some B2C (by contract, e-commerce, and Directly Operated Stores) and some via wholesale (mono-brand stores, shop-in-shop, and multi-brand stores) ^[2-6].



Italia kitchen by Antonio Citterio, Arclinea

THE GROUP'S BRANDS

EST. 1966



Camaleonda sofa by Mario Bellini, B&B Italia

PURPOSE

Inspire people through the most innovative, iconic and contemporary Design furniture.

B&B Italia is an internationally renowned Italian Group leader in the high-end designer furniture sector. The B&B Italia Group works in the residential and contract sectors (hospitality, retail, offices and nautical) with its four brands, B&B Italia, Maxalto, Arclinea and Azucena. Each brand has its unique identity in which design, research, creativity and technology develop together, interpreting contemporary lifestyle and trends.

Its headquarters in Novedrate (Como) was designed in 1971 by Renzo Piano and Richard Rogers. The company has a total of 690 employees and a presence in more than 80 countries through 70 single-brand stores and 900 specialised stores. Nowadays, foreign markets account for around 80% of the Company's revenues. The mission of B&B Italia Group is to create the most innovative, iconic and timeless pieces of design furniture in order to inspire people around the globe through the power of the best creative minds, unparalleled R&D, industrial know-how and made in Italy quality that make the Group one of the world's premier design companies.

The mission of B&B Italia Group is to create the most innovative, iconic and timeless pieces of design furniture in order to inspire people around the globe through the power of the best creative minds, unparalleled R&D, industrial know-how and made in Italy quality that make the Group one of the world's premier design companies.

Since December 2018, B&B Italia is part of Flos B&B Italia Group, a leading global high-end design group operating a number of legacy brands in the world of luxury furnishings and lighting, with a European cultural heritage.

Founded in 1966 by Piero Ambrogio Busnelli, B&B Italia stands out for its representation of contemporary culture and for its research and innovation, which has allowed the brand to create products with unique style and elegance.

The fruitful partnership between the company's Research & Development Centre, a workshop for ideas and excellence, and the best international design professionals enabled the creation of iconic products which radically mark the history of design: Serie Up, Le Bambole, Charles and Camaleonda are just some of the products originated from the creative union between B&B Italia and the most prestigious design names including Antonio Citterio, Piero Lissoni, Mario Bellini, Gaetano Pesce, Naoto Fukasawa, Patricia Urquiola, Barber & Osgerby, Doshi Levien, Michael Anastassiades, Monica Armani, Vincent Van Duysen, Foster+Partners and many others.

B&B Italia has been honoured numerous awards in its history including the five-time win of the most coveted award in Italian industrial design - the "Compasso d'Oro."

MAXALTO

PURPOSE

Excel in timeless lifestyle interiors.

Lucrezia Soft sofa, Febo armchairs by Antonio Citterio, Maxalto

Founded in 1975, Maxalto is the group brand featuring the “modern classic” approach in its collections offering a complete range of sophisticated and elegant furnishings, designed in a tradition of artisanship with a contemporary approach. It combines excellent materials, precise manufacturing, and exclusive details. Maxalto uses its artisan skills to offer size and finish product customisation, with its Maxalto Atelier service. The Maxalto brand has been entirely designed and coordinated by Antonio Citterio since 1995.

AZUCENA

PURPOSE

Interpret modern Italian Design since 1947.

Catilina armchair by Luigi Caccia Dominioni, Azucena

In 2018, the B&B Italia Group acquired the classic Italian brand Azucena founded in 1947 by architects Luigi Caccia Dominioni, Ignazio Gardella and Corrado Corradi Dell'Acqua.

The Azucena brand produces and markets a collection that reissues more than 20 iconic products designed by Luigi Caccia Dominioni including the Catilina chair, the ABCD and Toro chairs, the Monachella lamp and the Cavalletto table which can be found in selected stores in Italy and abroad.

Arclinea

PURPOSE

To inspire everyday connections in extraordinary kitchen spaces.



Thea kitchen by Antonio Citterio, Arclinea

Arclinea Arredamenti S.p.A., founded by Silvio Fortuna in Caldogno in 1925, started as an artisanal laboratory specialising in wood-processing and has grown to become an Italian leader in high-end design kitchens. Arclinea grew thanks to its ability to anticipate social change, combining tradition with innovation and excellence in industrial production. In 1958, the Company launched the first modular kitchen, soon followed by the first kitchen with built-in electrical appliances and a stainless-steel hob.

In the '80s, Arclinea started collaborating with famous architects and designers; towards the end of the nineties the

relationship with Antonio Citterio strengthened and he became the company's main designer. Arclinea, through the collaboration with Antonio Citterio, confirmed its desire to produce not only equipment and furnishings, but also new architectures for living.

Today Arclinea is a prestigious international brand, the perfect ambassador of Made in Italy in the world and operates in both retail and contract with the divisions: residential, hospitality, marine. Since 2016 Arclinea has been part of B&B Italia Group, a leading group in high-end design furnishings present in over 40 countries around the world.

FLOS

PURPOSE

FLOS' flame enlightens the world.



Taccia lamp by Achille & Pier Giacomo Castiglioni, FLOS

Recognised globally for its iconic design and technological innovation, FLOS is a leading high-end Italian lighting Brand, both in the residential and architectural sectors.

Since its establishment in 1962, FLOS products have received numerous international awards and many of these products are now featured in the permanent collections of leading international art and design museums such as the MoMA in New York, the Victoria & Albert Museum in London, and Le Centre Pompidou in Paris. A unique feature of Flos is its longstanding exclusive

relationships with world-renowned designers and architects such as Achille & Pier Giacomo Castiglioni, Antonio Citterio, Jasper Morrison, Patricia Urquiola, Vincent Van Duysen, Michael Anastassiades, and many others.

With its two main operational headquarters in Brescia (Italy) and Valencia (Spain), the company is comprised of four different business streams and related R&D departments: Decorative, Architectural, Outdoor and Custom. FLOS exports to more than 90 countries worldwide and has a global presence with flagship stores in Milan, Paris and New York.

louis poulsen

PURPOSE

Design to shape light.



PH Artichoke designed by Poul Henningsen, Louis Poulsen

Established in 1874, Louis Poulsen is a luxury lighting Brand renowned for its iconic products catalogue spanning both interior and exterior lighting. Louis Poulsen prides itself on a robust Danish design heritage, with iconic designs crafted by renowned designers such as Poul Henningsen, Arne Jacobsen, Vilhelm Lauritzen, and Verner Panton. The company also collaborates with leading modern designers, including Christian Flindt, Shoichi Uchiyama, Louise Campbell, Øivind Slaatto, Alfred Homann, Oki Sato, Olafur Eliasson and Anne Boysen. Headquartered in Copenhagen and operating production facilities in Vejen, Denmark, the company showcases its designs in dedicated showrooms in Copenhagen, New York, Oslo, Singapore and Tokyo, and it has also opened a directly operated store in Tokyo. Louis Poulsen services a global distribution network that spans over 50 countries.



PURPOSE

Inspire and connect the world with good Design.



IC Lights Suspension 1 by Michael Anastassiades, FLOS

Lumens is North America's premier destination for modern lighting, furniture, and décor, serving trade and contract professionals as well as consumers. The Brand travels the world to source from over 350 global Brands, curating a product assortment that features iconic designs as well as the latest from emerging studios, including exclusive and custom pieces. Lumens' vision to inspire and connect the world with good design has driven the company to be a leader in innovation, delivering a best-in-class customer experience through their website, brand partnerships, editorial content, and team of design experts and ALA-certified product specialists. Founded in the San Francisco Bay Area in 2001 and incorporating the heritage of YLighting, Lumens is part of the Group.

FENDI
CASA

PURPOSE

Combine FENDI extraordinary creativity with excellent craftsmanship.



Five sofa by Marcel Wanders Studio, FENDI Casa

In May 2021, Flos B&B Italia Group and FENDI initiated a joint venture titled Fashion Furniture Design (FF Design) with the aim of expanding the FENDI Casa business, where Flos B&B Italia Group holds a majority shareholding. This strategic partnership enhances FENDI's collaboration with a reliable and skilled partner in managing its home segment. The partners are committed to designing, manufacturing, and distributing collections that embody the true essence of the Luxury Maison, as well as leveraging Flos B&B Italia Group's expertise. This is a manifestation of their joint celebration of the 'Made in Italy' craftsmanship.

Audo
COPENHAGEN

PURPOSE

A Sense of Community.



Offset Loose cover by Norm Architects, Audø

Audo is a Danish design brand, which sells contemporary furniture, lighting, and accessories in the premium segment to professionals and retail customers in more than 50 countries. The headquarters are located in The Audø, which is a hybrid of a showroom, a concept store and a boutique hotel. The company was founded in 1978 and has around 100 employees who collaborate with talented designers to manufacture quality products rooted in the Scandinavian design tradition.

Audo reflects both a century of Danish design tradition and a modern, global outlook that is continually expanding and evolving. The furniture, lighting and interior accessories are shaped by purposeful

details, high-quality materials and human needs, going hand-in-hand with the pursuit to create strong, long-lasting connections and partnerships. Bridging heritage and contemporary design, Danish roots and global ambition, people and projects around the world, Audø designs are catalysts for creativity and communal innovation.

Audo designs can be found in spaces around the world. The brand envisions a world where it shares the magic of these designs and icons with new generations, growing a worldwide sense of community through remarkable design and communal experiences.

Flos B&B Italia Group across the globe

Due to the geographical diversity of its Brands, Flos B&B Italia Group boasts a widespread presence spanning over 130 countries worldwide and employs 2,152 people², mainly located in Italy, Denmark, and the USA³ ^[2-1, 2-7].

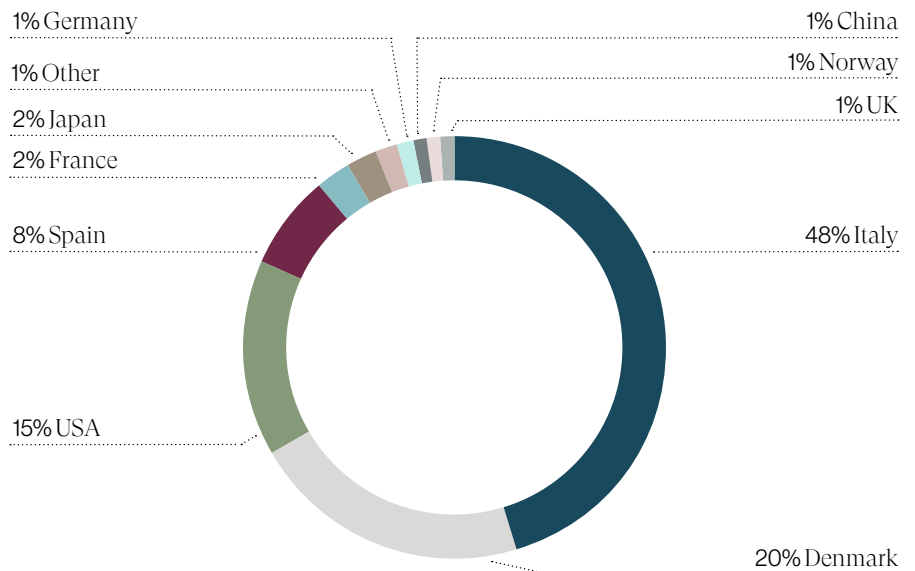
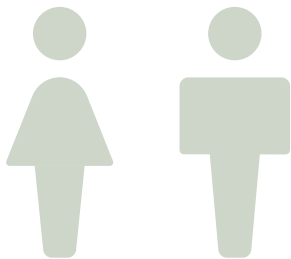
As of December 31st, 2023, our sustainability reporting perimeter comprises:

- Flos B&B Italia S.p.A. (including the parent company Flos B&B Italia Group S.p.A., headquartered in Milan, Italy)^[2-1]
- Louis Poulsen Group (headquartered in Copenhagen, Denmark)
- D Studio Copenhagen APS (headquartered in Copenhagen, Denmark)
- FLOS Group (headquartered in Bovezzo, Italy)
- Lumens INC (headquartered in Sacramento, California, USA)
- FENDI Casa Group (headquartered in Milan, Italy)⁴
- B&B Italia Group (headquartered in Novedrate, Italy)
- Audo (headquartered in Copenhagen, Denmark)⁵
- Design Holding (Shanghai) Co., Ltd. (headquartered in Shanghai, China) ^[2-2].

Employees global distribution

2,152

Employees

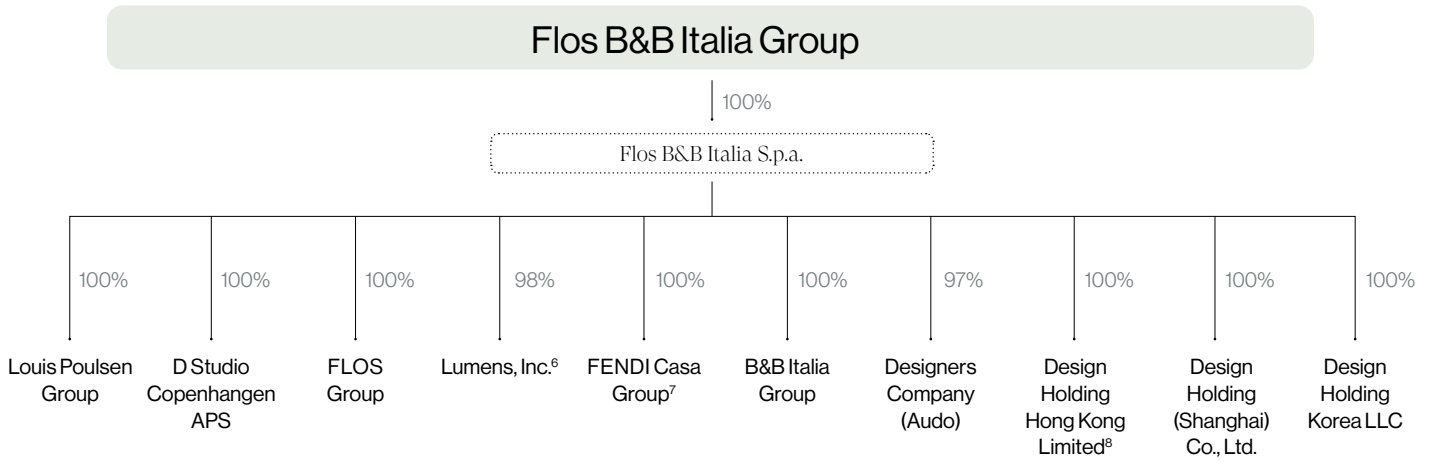


² Employee's data refer to the full Group's perimeter on December 31st, 2023, including productive plants and commercial branches. Data are expressed in FTEs, standing for full-time equivalent (FTE), a unit to measure employed persons in a way that makes them comparable although they may work a different number of hours per week. The Group considers an FTE to be valued at 2,080 hours per year (40 hours per week for 52 weeks per year).

³ Other countries with less weight in terms of number of employees are Singapore, the Netherlands, China (Hong-Kong, Shanghai), the United Arab Emirates (Dubai), Belgium, South Korea, Sweden, Switzerland, Finland, Central and South America.

⁴ Included in the Group perimeter starting from 2022. FENDI Casa Group is framed as a joint venture between Flos B&B Italia Group S.p.A. (indirectly) (80%) and FENDI S.r.l. (20%).

⁵ Included in the Group perimeter starting from 2022. Audo was developed by the uniting of MENU and By Lassen in 2023.

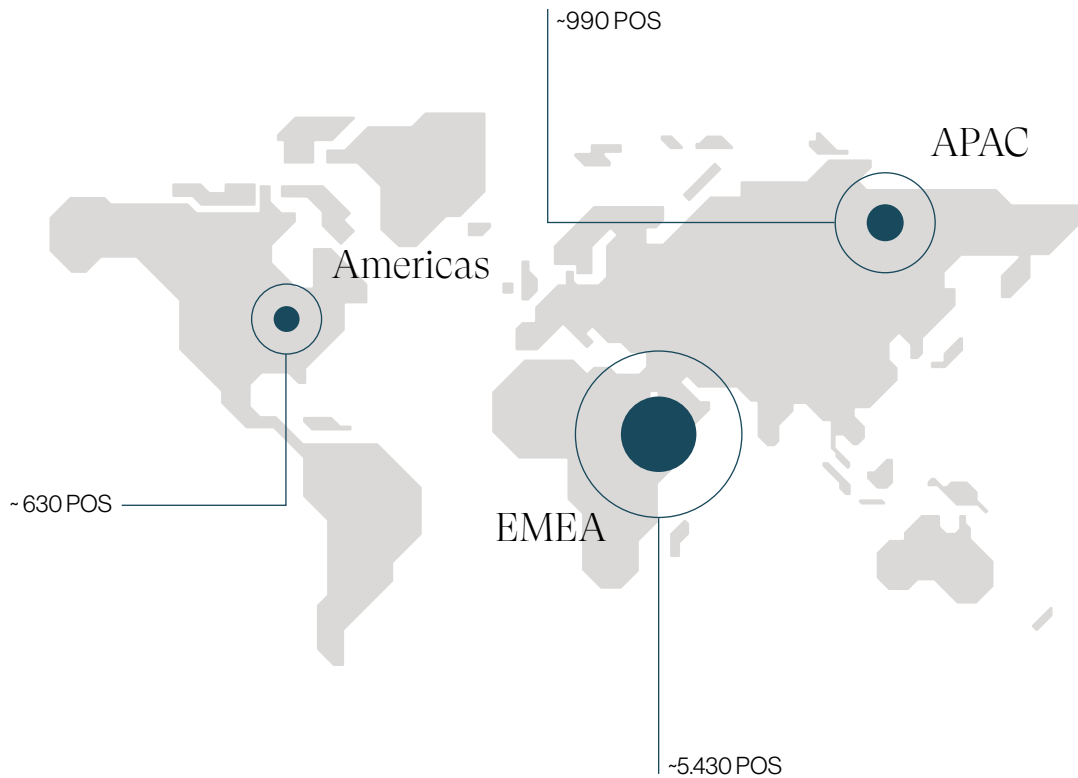


2023 represented a significant advancement in the growth strategy of the Group, since it saw further expansion of our business in the United States. Despite the rapid growth overseas, especially in America and Asia, the Group’s main market remains Europe.

The macroeconomic situation in 2023 impacted the Group’s result. In particular, perduring tensions resulting from the conflict between Russia and Ukraine and the associated effects on the global economy including, among others, increasing inflation and surging interest rates have adversely affected international economic conditions. Additional geopolitical tensions in the Middle East arose during the second part of 2023. The intensity and duration of these conflicts have economic implications on business and operations.

The graph shows an overview of our global presence ^[2-1, 2-6]:

Global presence

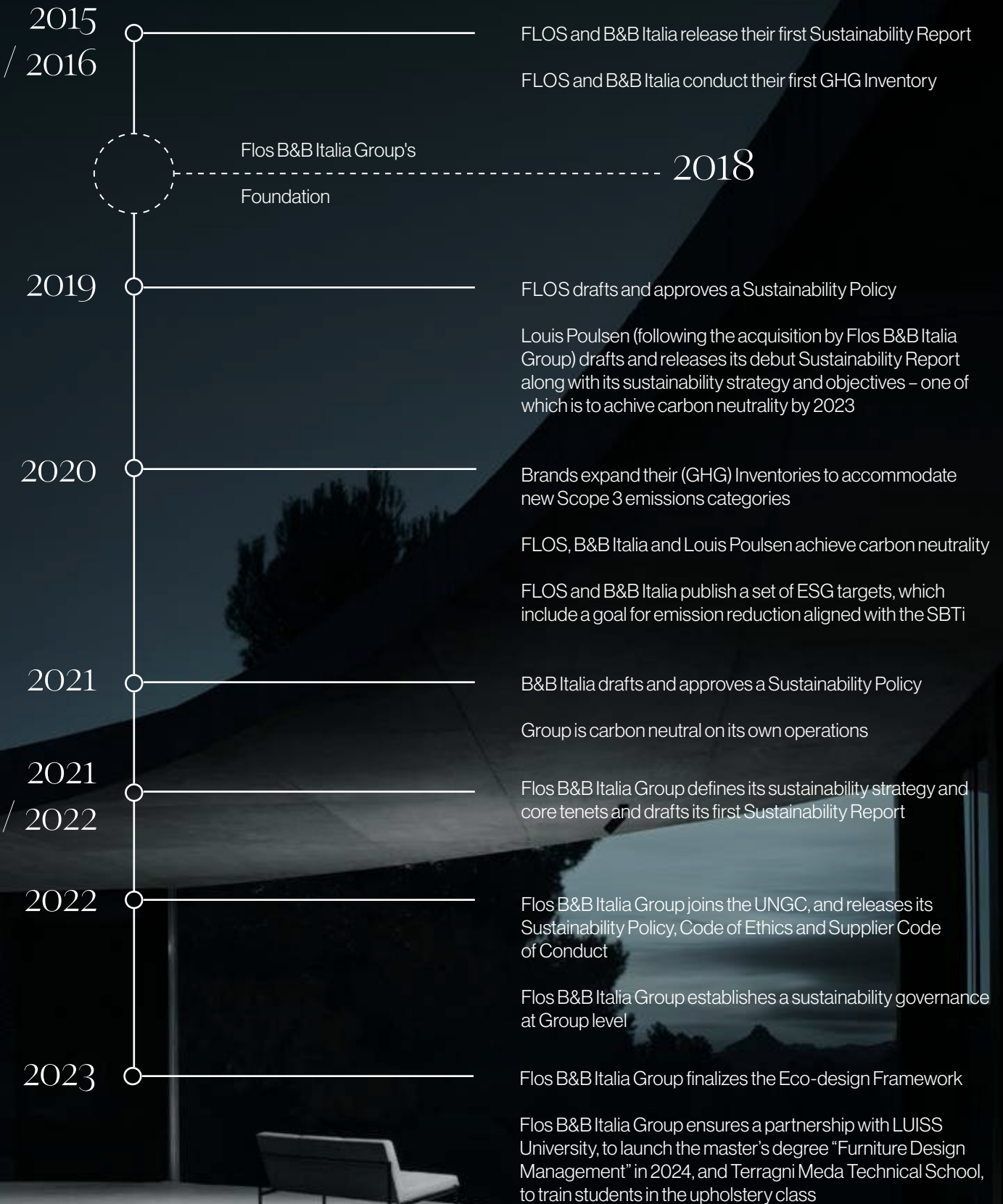


⁶ Lumens Inc.: on Jan 1, 2023 Lumens LLC was merged into Design Group which in turn merged into IDG Apollo Parent Inc. and at the same time was renamed in LUMENS Inc.

⁷ FENDI Casa Group is composed of several legal entities. International Design Group owns 100% of DQM (the ownership percentage above reported), while DQM owns 80% of FFD. 20% of FFD is held by FENDI S.r.l.

⁸ Flos B&B Italia Group Hong Kong: company previously included under B&B Italia Group, transferred to Internation Design Group S.p.A. in 2023, with direct control (100%).

Sustainability Path



Spine lamp by Vincent Van Duysen, FLOS Outdoor

ESG Highlights 2023

Planet

Scope 3

Further enlargement of Scope 3 GHG emissions inventory

499,557 tCO_{2e}

total GHG emissions: Scope 1, Scope 2 market-based and Scope 3

Carbon neutral

Carbon neutrality for the fourth consecutive year

7 eco-design principles

Finalization of a Group-level Eco-design framework

158 GJ/K€

Energy intensity

78%

Clean electricity: % share of Renewable Electricity

People

2,152

Employees worldwide

46%

Women

16,950

Total training hours

97%

Permanent contracts

7.87 hours

Average number of training hours per employees

0.97

Direct employee lost time injury frequency rate⁹

Culture

12

Design awards won by Flos B&B Italia Group Brands in 2023

3

Brand's Academies

7

Partnerships with schools, universities and other non-governmental institutions

Innovators Council

Second year of Lumens' Innovation Council

⁹ A Lost Time Injury is an injury or disease which has caused the injured party at least one complete day or shift off work. Lost Time Injury Frequency Rate (LTIFR) is calculated as the total number of lost time injuries multiplied by 200,000 and divided by the total number of hours worked in the reporting period.

Flos B&B Italia Group's sustainability ethos: the driving force of all our actions

Sustainability underpins our design philosophy at Flos B&B Italia Group. Our aim extends beyond creating aesthetically pleasing pieces; we view sustainability as a pathway to beauty, accomplished through creativity and innovation.

We recognize that our position as global leaders carries significant responsibility. We intend to leverage our platform to demonstrate and prompt meaningful change. Our objective is to pave the way for the future of the luxury design industry by developing a new concept of luxury that also propels the sustainability agenda.

To represent the role, we took on in the journey towards a sustainable future at best, we are publishing our third Sustainability Report. This report serves as a declaration of our commitments, allowing us to be held accountable for our performance in our pursuit to manifest a new method of enhancing life's beauty.

Our purpose

We design for a beautiful life

Since the establishment of Flos B&B Italia Group, we have committed to spread beauty and design culture globally.

The attention to detail, quality, innovation, and values that have distinguished the group's activities over the years forms an enduring foundation guiding the Group toward a shared goal: to continually set the standard for absolute excellence in high-end design. Despite the widespread tendency for disposability, our focus is on crafting products that stand the test of time, that not only enhance the aesthetic of environments, but also confer enduring benefits upon communities and uplift

the individuals. All the while, we strive for reducing the impact on the natural environment that serves as a significant source of our design inspiration.

Across our Group, we are collectively united in the belief that beauty creation must be pursued following sustainability-related criteria: our approach is underpinned by conscientious manufacturing processes and the careful management of environmental impacts from every operation. We believe in the value of offering consumers products 'for life', viewing them as long-term investments that encapsulate both quality and durability.

Each day at Flos B&B Italia Group, we commit to this goal. We uphold this shared ethos while preserving each Brand's strong identity and design DNA. Despite operating in different high-end design domains across varied geographies, every Brand within our Group integrates this mission into their operations sincerely. Beauty, craftsmanship, quality, and sustainability are fundamental to our common purpose. Supporting heritage is another shared priority. Each Group member nurtures design talent, engages in scientific research, and fosters innovative partnerships to sustain iconic design legacies for future generations.

Our design heritage

Flos B&B Italia Group has always aimed at preserving the craftsmanship and design traditions that hallmark our Brands' distinct heritages, expanding the reach of their iconic designs to more people globally.

Our Brands consistently innovate in response to evolving customer needs and desires. By pushing design limits, investing in scientific research, and engaging in unparalleled creative collaborations, they have emerged as global ambassadors of esteemed Italian and Scandinavian design cultures.

This commitment has been realized thanks to the continuous efforts and engagement of a world-class designer ecosystem, whose expertise is complemented by the excellence in manufacturing, a trait that our Brands are renowned for. For instance, Audo boasts of heritage designers like Ib Kofod-Larsen, Alf Svensson, and Flemming Lassen, as well as talented professionals embodying Nordic design heritage, such as Norm Architects, Danielle Siggerud and Coling King. FENDI Casa's portfolio includes a host of talented and internationally recognized designers like Controvento, Atelier Oi, Toan Nguyen, Formafantasma, Piero Lissoni and more.

The high production quality that sets our Brands apart globally has enabled them to accumulate an impressive list of awards over the years.

We take immense pride in the fact that Flos B&B Italia Group has received 16 Compasso d'Oro prizes, the most prestigious award in the field of Italian industrial design, presented by the Association for Industrial Design (ADI).

This represents the largest number of wins for this esteemed award in the industry. Furthermore, B&B Italia was the first design manufacturing company ever to receive a Compasso d'Oro award to the company "for its role in the development of the Italian Design". Among the latest prizes, the intelligent harmony of Belt by Ronan & Erwan Bouroullec for FLOS was awarded with the 2022 Compasso d'Oro ADI while in the same year the famous B&B Italia's icon armchair, "Up" Series, won the XXVII Compasso d'Oro Award for "Product Career 2022".



UP 50 armchair by Gaetano Pesce, B&B Italia

This achievement originated from the collaboration with Gaetano Pesce, visionary architect, artist, and designer. Pesce's multidisciplinary work is featured in the permanent collections of the world's most important museums, including the MoMA and the Metropolitan Museum in New York, the Victoria and Albert Museum in London, the Centre Georges Pompidou in Paris, the Vitra Design Museum in Germany, and the Montreal Museum of Fine Arts, to name a few. The world of Design was saddened by the news that the Designer passed away on April 3, 2024, in New York, at the age of 84. The iconic status of our Brands' pieces is mirrored not only in the awards they have garnered but also in their representation in esteemed museum exhibitions globally. For instance, our Brands' products grace collections of the world's leading design museums, such as the Museum of Modern Art (MOMA) in New York, the Victoria & Alberto Museum in London, the National Museum of Denmark and the Designmuseum Danmark in Copenhagen, the Triennale in Milan, the Museum of Art Pudong in Shanghai, and the Centre National d'Art et de Culture Georges Pompidou in Paris¹⁰.

¹⁰ For more detailed information please refer to chapter "Design for Culture".

Flos B&B Italia Group materiality analysis ^[3-1,3-2]

“ We exist to make homes, public spaces, and life itself more beautiful. For us, sustainability is intrinsic to that mission and is a value woven into the DNA of our Brands. As a Group we are committed to being recognized as pioneers and leaders in adopting sustainable policies and practices and in developing a new concept of high-end design that has sustainability at its core.”

Daniel Lalonde, CEO Flos B&B Italia Group

Sustainability constitutes a key strategic pillar for achieving the objectives of Flos B&B Italia Group, permeating all aspects of our activities, and propelling us towards maintaining our role as an innovative and responsible leader in the global luxury design sector. This document delineates our company’s comprehensive sustainability approach, built on a strong analytical process of study.

In an effort to fortify the theoretical basis of this document, we have undertaken an update of our materiality analysis. This analysis addresses the most significant impacts of our operations and value chain on the economy, environment, and society at large, including matters pertaining to human rights. The influences exerted by our Group can manifest as either potential or effective negative impacts, which (might) result in harm to individuals, communities, or the environment, or as actual negative impacts, where such harm effectively occurs. Conversely, they can be positive, if they contribute to sustainable development. The relevant topics covered in this year’s Sustainability Report were identified using an updated “materiality analysis” in accordance with the GRI Standards 2021, consisting of the following steps:

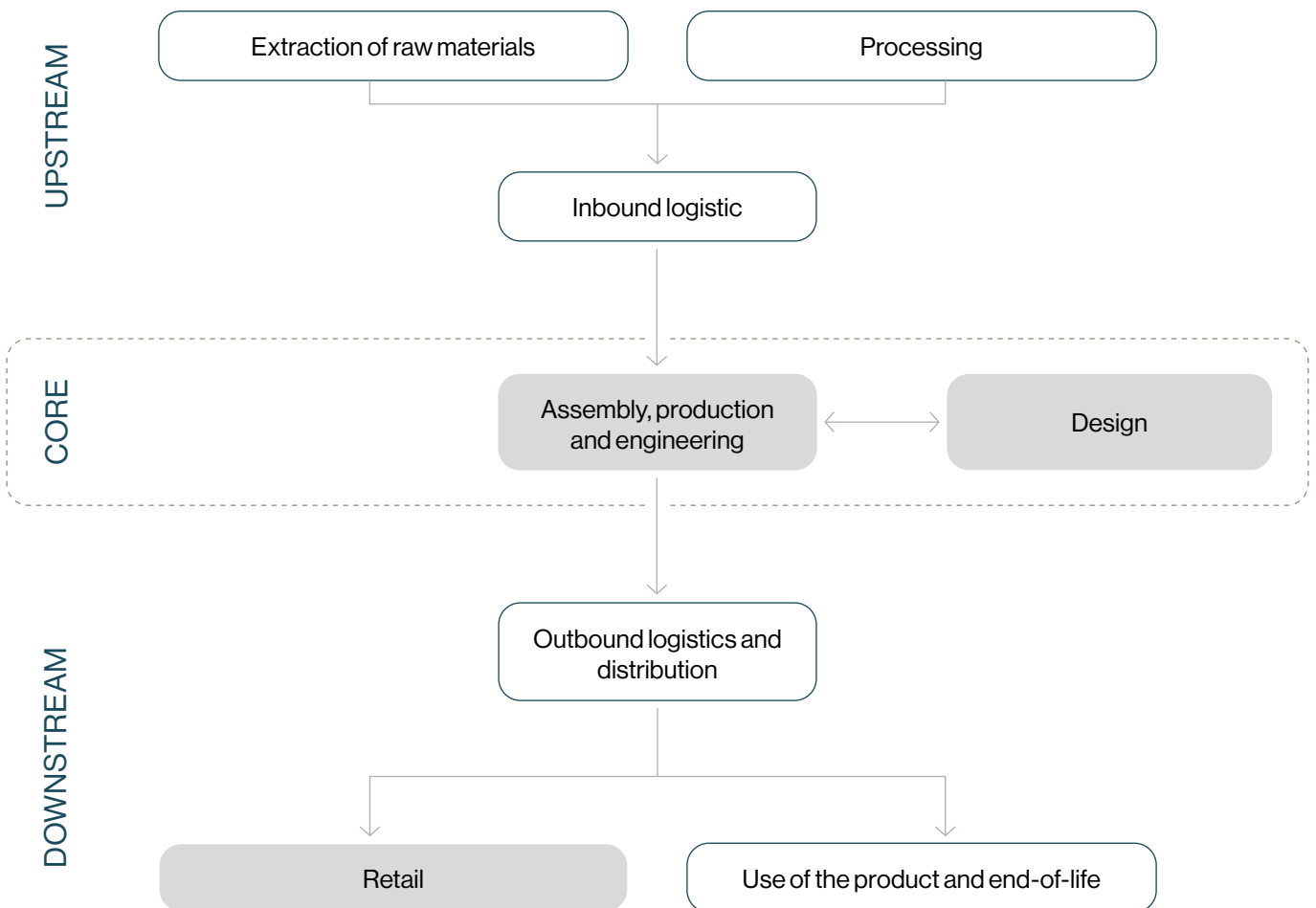
- 01 An understanding of the context in which Flos B&B Italia Group operates;
- 02 The identification of the current and potential negative and positive impacts that the Group and its value chain have generated or may generate;
- 03 An evaluation of the significance of each impact, based on severity and likelihood, as well as a prioritization of the impacts;
- 04 The identification of the material topics associated with the impacts identified as pertinent in the preceding steps;
- 05 The validation of the impacts identified by Flos B&B Italia Group.

The context in which we operate

To assess the impacts produced by our organization, we meticulously charted every phase of the Group's value chain. This involved pinpointing activities under the direct oversight of the Group and those managed by our various Brands (Core), as well as operations conducted by external parties, including suppliers and other relevant entities, situated either upstream or downstream.

In particular, our value chain consists of various production processes distributed over multiple locations. To effectively handle this intricate structure, supply chain management responsibilities are delegated to our Brands and specific subsidiaries. This approach is designed to maximize regional reach and cater to unique production requirements^[2-6]. Consequently, our Brands are empowered to promote local suppliers and contribute to the communities where they operate. This strategy enhances dependability and expedites delivery, while fostering enduring partnerships with suppliers.

Every Brand within our Group benefit from a robust business model, which includes manufacturing facilities and a strategically chosen and maintained network of suppliers, crucial for sustaining and enhancing production capabilities.



Company's operations

Yet, the blend of insourcing and outsourcing is deliberately arranged to retain the most vital stages internally, thereby guaranteeing superior quality and service for our clients and customers. Our Brands predominantly engage in the design, assembly, production, engineering, and retail components of the value chain (Core).

The exercise of delineating our value chain has established a basis for pinpointing the phases where

we have, or could potentially have, the most significant impact. These impacts have been ascertained through a sector-specific analysis, an examination of sustainability issues highlighted by the media, and a comparative assessment of the effects seen in our principal competitors and analogous firms.



Nooch sofa by Piero Lissoni, B&B Italia Outdoor

Identification and evaluation of significant impacts

At the current stage, we have pointed out the impacts by evaluating their significance, considering:

- **Severity** of the impacts, determined by scale (how grave the impact is), scope (how widespread the impact is on the value chain), and irremediable character (how hard it is to counteract or make good the resulting harm);
- **Likelihood**, namely, the chance of the impact happening.

This assessment has enabled us to identify a set of critical topics, corresponding to the Group's sustainability impacts. The whole process was embraced by the Top Management of the Group. Initial steps have been undertaken in order to align with the recently introduced Corporate Sustainability Reporting Directive (CSRD) and the connected European Sustainability Reporting Standards (ESRS). As part of this endeavor, we have updated our materiality analysis and assessed our impacts in line with the newly established principles.

Material topics	Description of material topic	Impacts	Value chain
Own workforce	To foster a safe, inclusive and empowering workplace for everyone, ensuring equal opportunities, growth pathways and fairness in our business activities	Discrimination and lack of equal opportunity due to inadequate D&I practices	Core
		Violation of human and workers' rights, including health and safety, resulting from inappropriate working conditions	Core
		Positive impact on employee upskilling through dedicated training activities	Core
Business conduct	To ensure social, ethical and environmental compliance throughout our operations and value chain	Damage caused by unfair business practices	Core
Circular economy and resource use	To integrate circular economy drivers and eco-design principles into our processes, from product design and engineering to end-of-life	Environmental pollution generated by mismanagement of waste	Upstream Core Downstream
		Promotion of Eco-Design and Circular Economy principles	Upstream Core Downstream
		Damage to ecosystems due to the sourcing of virgin raw materials	Upstream
Climate Change	To actively engage in the fight against climate change by reducing emissions across our Value Chain and by encouraging the use of renewable energy	Negative impact on climate change within and outside the organization due to greenhouse gas emissions	Upstream Core Downstream
Workers in the Value Chain	To strengthen our foothold on our value chain by actively engaging our commercial partners while ensuring the utmost respect of all working conditions	Violation of human and workers' rights, including health and safety, resulting from inappropriate working conditions along the value chain	Upstream
Innovation and product quality	To secure the highest product quality and safety standards while adopting the best technologies and committing to delivering the highest product experience	Creation of unique and life-lasting products	Downstream
Consumers and end users	To ensure transparency in marketing and communication practices	Damages to consumers and loss of Brand credibility due to non-reliable marketing and labelling practices	Downstream
Heritage & Design Culture	To preserve the heritage of design icons and promote and disseminate across the global community	Preservation of cultural and design heritage	Downstream

The Three Pillars of Sustainability

Flos B&B Italia Group's strategy is grounded into three key drivers that form the backbone of our practices towards sustainability.

DESIGN FOR THE PLANET



To foster our commitment to sustainability, blending innovation, eco-design, and circularity principles in our business activities, and throughout our value chain.

DESIGN FOR PEOPLE



To ensure a thriving workplace that guarantees fairness and inclusion as well as generating value to communities around the world.

DESIGN FOR CULTURE



To nurture our Brands' identities by preserving craftsmanship and design heritage, from scientific research to the preservation of design legacies for the benefit of future generations.

Our products go beyond being appealing objects. They are the culmination of a process that meticulously weighs environmental concerns, the interests of our stakeholders, our rich heritage and community values, which encompass the three levers of our Sustainability Strategy:

- By **'Designing for the Planet'**, the Group states its pledge towards a thorough and environmentally committed approach throughout its operations, from production lines to office activities. This translates into embedding Eco-Design principles into the Brands' design and engineering processes and assessing crucial aspects along the value chain by monitoring ESG risks. The Group is committed to contributing to combat climate change through transparency and ambition measured with clear targets inspired by global best practice standards. Working alongside its suppliers, the Group is committed not only to improve its performances, but to spread consciousness and drive the change.

- By **'Designing for People'**, Flos B&B Italia Group is not only actively engaged in creating an inclusive working environment where diversity can thrive, but also in developing a powerful mindset so that its employees can unleash their potential to the fullest and live their career paths at their best. Flos B&B Italia Group intends to be a proactive actor of the communities it is part of through the establishment of partnerships that create social value in a long-term perspective.
- By **'Designing for Culture'**, Flos B&B Italia Group wants to ground its engagement to preserve the craftsmanship enshrined in its products and to promote the historical value encapsulated in its most iconic design pieces by supporting scientific research and rescuing design legacies for future generations. The Group strives to fuel innovation through research, further tighten relationships with communities and aim to propel design culture forward while continuously creating cross-generational value.

The three pillars represented the foundation for the development of our Group's Sustainability Policy.

Ratified by the Board of Directors in November 2022, the document is a guiding light in shaping our strategy towards sustainability in the forthcoming years. It is the manifesto of our commitment to shoulder our responsibilities upon the environment, expressed in the intention to minimize the impacts of our activities by gradually adopting behaviors and standards oriented to rightful practices, and the communities in which we operate. By communicating our commitment, we intend to spread a modus operandi oriented to the combination of perfection with durability and circularity, resulting in the production of long-lasting pieces of art.



Coordinates floor lamp by Michael Anastassiades, FLOS

Our Sustainability Policy is inspired by the principles laid out in Flos B&B Italia Group's Code of Ethics,

approved by the Board of Directors in November 2022 and required for the conduct of any individual or legal entity of the Group: Legality, Transparency, Accountability, Beauty & Sustainability:

- **Legality:** Any activity carried out by the Group and its representatives must be based on honesty, good faith and absolute compliance with applicable laws and regulations, International Labor Organization and United Nations Conventions, and any other relevant statutory requirements. Relationships with public authorities and officials shall be handled with utmost diligence and cooperation.
- **Transparency:** Anyone working on behalf of the Group undertakes to provide its stakeholders with truthful, material, and accurate information, bearing in mind that it is essential to keep the solid trust that third parties place in our reliability, while preserving business confidentiality. Information shared with the public shall always be based on reliable sources and, to the possible extent, verifiable criteria. Transparency also inspires our everyday operations and the way we approach public authorities, our competitors, and our customers.
- **Accountability:** We and each of our representatives strongly believe in the responsibility that comes with our purpose. We investigate and consider both the positive

and the adverse effects, internal and external, of our own activity and of those associated with us and stand accountable for them. We also exercise our influence over our partners to help them meet our standards. Moreover, we identify and respect the proper allocation of tasks and responsibility in accordance with our internal policies and procedures to guarantee due diligence and compliance.

- **Beauty & Sustainability:** We believe in sustainability as a fundamental means to beautification, and as something inherently beautiful itself. We understand and pursue sustainability as pertaining equally to our impact on the planet, on our people, and on culture. Through our timeless products and by our example, we purport to pass on our values and traditions to future generations. As part of this process, we foster a fair and inclusive work environment, and we promote the utmost respect for health, safety, self-expression, dignity, and individuality. We repudiate and condemn all forms of unfair discrimination and undertake the task to ensure that any decision involving a judgement on the person is taken according to neutral and objective criteria.



Blow Up sofa by Controvento, FENDI Casa

Corporate Governance

[2-9, 2-10, 2-11, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20]

Flos B&B Italia Group conducts its business activities with transparency and responsibility, and in compliance with applicable laws. To ensure the adoption of such principles in the decision-making and management of economic, environmental, and social matters, the Group disposes of a Corporate Governance system organized as follows:

- A shareholders' meeting;
- A Board of Directors, composed of eight members, among which the Chief Executive Officer of the Group, a Chairman and six Directors. This body ensures the ordinary and extraordinary management of Flos B&B Italia Group;
- A Board of Statutory Auditors, comprising a Chairman, two statutory members and two alternate members;
- A Supervisory board, comprising the Chairman and deputy member, performing controls related to Model 231 and supporting the Ethic Committee.

The Group has appointed an independent auditing firm.

The Board of Directors¹¹

The Board of Directors is responsible for the oversight and management of the Group's sustainability strategy, and it approves all strategic ESG documents (including the Sustainability Report). Thus, it executes any actions deemed necessary for the fulfillment of the Group's purposes. The members of the Board own the competences required for a successful decision-making: the Chairman and the CEO have developed high managerial competences within several companies of the luxury sector, while non-executive members are former professionals in companies of private equity, consultancy, or management of retail. In order to foster the level of competence and knowledge of the board on specific ESG topics, the members are aware of and have approved the contents of the main ethical documents of the Group, such as Model 231, the Code of Ethics, the Supplier Code of Conduct, Whistleblowing Policy¹² and the Sustainability Policy. The Board conducts its activities with the help of internal resources employed on advice of shareholders.

Board members

Gabriele Del Torchio	Chairman of the Board
Daniel Lalonde	CEO
Marco De Benedetti	Board member
Dante Razzano	Board member
Roberto Maestroni	Board member
Massimiliano Caraffa	Board member
Chiara Palmieri	Board member
Alessandro Varisco	Board member

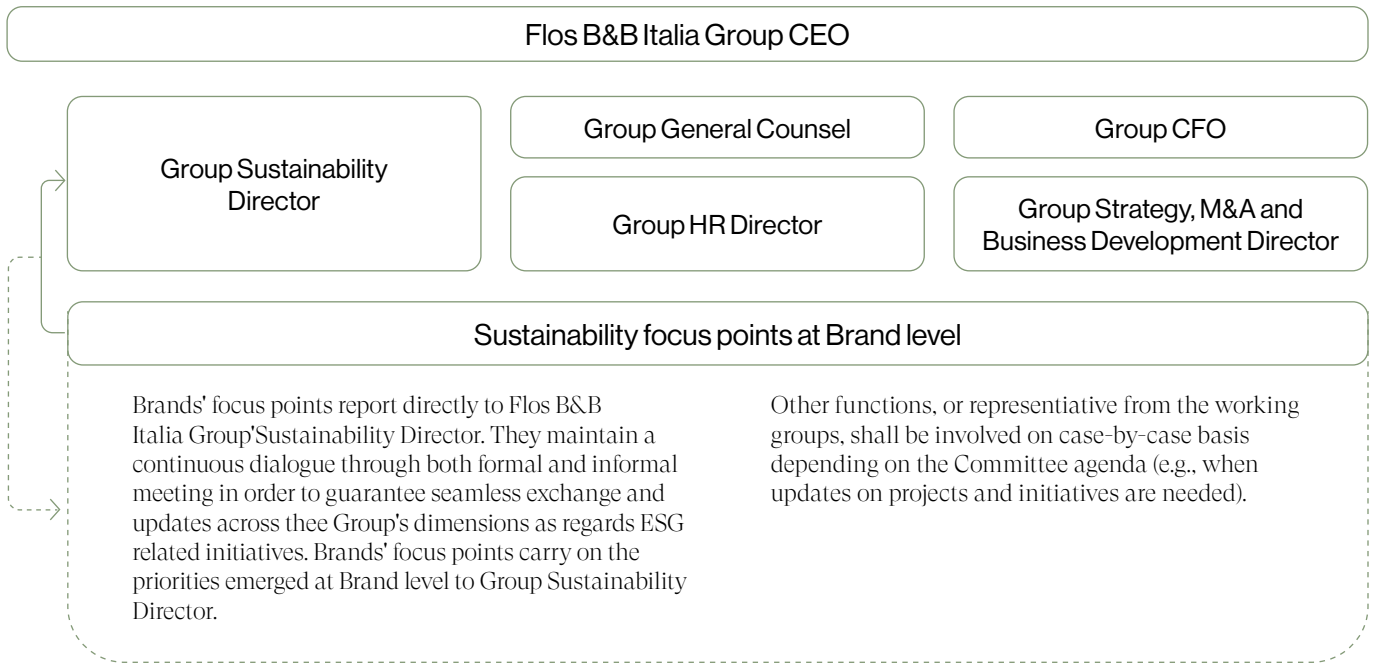
¹¹ The remuneration package for the members of the Board of Directors is approved by the Shareholders' Meeting. As for the time being, no ESG related incentives and targets are included within the remuneration package.

¹² The tenure of the members of the board is three years, as outlined by the Italian law. Moreover, the board is made up of two male executive members and of six non-executive members (five male and one female), with no independent members. Six board members are more than 50 years old, whilst two members are between 30 and 50 years old. No board member belongs to under-represented social Groups. Board members are appointed by Flos B&B Italia Group's shareholders, while no other stakeholder is involved in the election process. The Chairman of the board is not a senior executive in the organization and there are no board evaluation processes in place at the present time.

Sustainability Governance^[2-12, 2-13, 2-14]

At Flos B&B Italia Group, we want to sharpen the relationship between luxury design and sustainability, which is embedded in our Sustainability Strategy. To align the commitments and actions of the Brands' paths and to monitor our performance on the declared ESG targets, the Group's corporate governance also includes a Sustainability Governance system, represented

by the Sustainability Steering Committee. Collaborating closely with the Board and the senior management of the Group, the Committee meets on a quarterly basis to monitor the advancement of the corporate Sustainability strategy.



The CEO is an active member of the Committee, being responsible for the management of the Group's ESG matters raised by the Committee itself. He cooperates with highly trained key-level personnel both at Group and Brand level, to obtain a detailed vision of the Group's sustainability strategy progress. Periodical meetings are held by the Sustainability Director and the Brands' focal points, with the aim of ensuring continuous dialogue and updates across the Group, while managing Brand level issues and other matters¹³.

With the aim of reinforcing the engagement between the Group's corporate strategy and the visions of the Brands, the Group have attributed in 2024 specific powers to Flos B&B Italia Group CEO and to the CEOs of the Brands in connection with the responsibility over sustainability-related topics.

The Committee is responsible for the definition of the objectives of Flos B&B Italia Group's sustainable development pathway, the coordination and management of the Group's Sustainability Plan and for its monitoring and implementation.

To reinforce the corporate action of the Committee, the Governance system of the Group includes various cross-Brand working Groups, each of which focuses on different topics and matters related to the Sustainability Strategy of the Group. These working Groups are composed of key-functions of the Brands with deep knowledge on specific sustainability-related topics, spanning from eco-design to supply chain management and diversity, equity, and inclusion.

¹³ At the present time, no formal procedures are in place in which the Board of Directors formally reviews the work of the Sustainability Steering Committee.

FLOS B&B ITALIA GROUP AND ESG RATINGS

As a leading player in the high-end design industry, we recognize our responsibility in paving the way for best practices and exemplar behaviors towards the building of a responsible business model. For this reason, we are proud to be among the first Groups in the design industry to be monitored by two independent ESG ratings and assessment since 2022: S&P Global Corporate Sustainability Assessment (CSA) and Morningstar Sustainalytics. While the former is a rating system covering more than 13,000 companies on a global scale, offering an annual evaluation of companies' sustainability practices to stakeholders and investors, the latter, Morningstar Sustainalytics, stands out as a global leader in ESG ratings which provides high-quality, analytical environmental, social and governance information, research and data to institutional investors and companies. With 16 global offices and over than 1,800 team members, it covers more than 200,000 companies globally across over 170 countries. Combine FENDI extraordinary creativity with excellent craftsmanship. (est. 1988)



Elizabeth Lounge Chair by Ib Kofod-Larsen and Pagode Sofa by Tove & Edvard Kindt-Larsen, Audo

Our journey towards sustainability

Progressing on the path towards being a more environmentally responsible company, 2023 was well marked by an enhanced attention on the impacts on the environment, the people and the communities we interact with while conducting our business.

The global leadership positioning we have obtained in the industry is the result of the efforts and achievements of our Brands, which shape their actions in alignment with both their individual ESG objectives established over time and the KPIs determined at Group level.

We operate with deep synergy, convinced that amalgamating the sustainability strategies of our Brands and forging a unified vision for the future is essential to our success, both as a Group and as a forerunner in advancing the collective sustainability pledge of the luxury design market.

Flos B&B Italia Group has been an active participant of the United Nations Global Compact Initiative (UNGC)¹⁴ since 2022, with the aim to pursue the further integration of sustainable practices within our corporate strategy. The UNGC was initiated over 20 years ago to encourage businesses globally to include the principles of corporate social responsibility in their business conduct. Today, the Compact comprises companies that pledge to voluntarily adhere to ten universally endorsed principles concerning human rights, labor, the environment, and anti-corruption, also marking their commitment to act in favor of UN objectives, including the Sustainable Development Goals (SDGs).

¹⁴ [Flos B&B Italia Group | UN Global Compact](#)

DESIGN FOR THE PLANET

	Targets	Target year	Update	
Energy and Climate Change	Climate change mitigation is developed by implementing strategies that limit or prevent greenhouse gases emissions and by enhancing activities that remove these gases from the atmosphere. Our objective is to design a Group-wide decarbonization strategy aligned with the Science-Based Target initiative (SBT), building off the work already done by FLOS and B&B Italia. The annual monitoring and disclosure of Scope 1 and 2 emissions, as well as value chain emissions (Scope 3), feeds a continuous process started in order to define and validate a Science-Based Target.			
	Definition and validation of a Scope 1 and Scope 2 Science-Based Target	-	Under evaluation	
Eco-design and Circular Economy	Eco-design, according to the European Environmental Agency, considers environmental aspects at all stages of the product development process, aiming to create products that make the lowest possible environmental impact throughout their life cycle. Our objective is to implement an eco-design framework that can be applied across all our Brands' workflows.			
	Define the eco-design framework	2023	Reached	
Supply Chain Management	Sustainability needs to be a guiding principle across our supply chain. Our objective is to implement an ESG suppliers' rating system that enables us to assess each relevant supplier's (defined according to specific criteria and thresholds) ESG risks, and to treat risky variables by engaging business partners.			
	Define a global framework for the supplier ESG evaluation	2024	In progress	
	100% of relevant suppliers mapped and assessed	2025	In progress	

DESIGN FOR PEOPLE

	Targets	Target year	Update	
Diversity and Inclusion	As a global team, we offer a diverse working environment. We truly believe that a diverse workforce, supported by an inclusive and caring environment that respects and nurtures people, is a way to improve well-being and our business performance.			
	At least 50% employees attending specific training to manage their biases and practice new behaviours.	2024	In progress	
	We are working to increase the proportion of female senior leaders. By the end of 2021, the percentage of women in senior positions was 37%. Our aim is to reach 42% by the end of 2026.	2026	In progress	
People empowerment	Continuous Improvement – Introduce bottom-up committees as well as a structured review process for evaluating and ultimately implementing proposed career development initiatives.			
	Completion of a survey on the entire Group's population to define its current Net Promoter Score (NPS)	2025¹⁵	In progress	
	20% of Top Performers and High Potential employees involved in career development initiatives.	2025¹⁵	In progress	

DESIGN FOR CULTURE

	Targets	Target year	Update	
Engage communities	Strategic Partnerships – establish a number of partnerships with vocational technical schools, key universities, business schools and other non-governmental institutions to bring value to wider communities.			
	Yearly # of hours dedicated to volunteering programmes	2023	Reached	
	# of projects activated.	2023	Reached	

¹⁵ Due to the internal reorganization processes carried out in 2023 by some of our Brands, the target year has been postponed.

Flos B&B Italia Group's Eco-design Framework

As declared in our Sustainability Strategy, we, as Flos B&B Italia Group, have committed to adopting a responsible approach towards the environment across our operations, embracing the principles of eco-design and circular economy from production to product use.

In 2023, such commitment was reinforced with the finalization and share of the cross-brand Group Eco-design Framework, which introduces a set of defined KPIs useful to all our Brands for the development of a quantitative and qualitative evaluation of the eco-design progress of a product.

During the past years, a selected cross-Brand working Group carried on a detailed study on the principles of eco-design, with the objective to define a common list of eco-design KPIs to be adopted both at Brand and Group level for the future development of products with embedded sustainability features.

The introduction of the Framework not only represents the achievement of our target related to Eco-design and Circular Economy, aligned to SDG 12 – Sustainable production and consumption, but it also confirms the leading role of our Group in paving the way for the sustainable development of the luxury design market. The functioning and application of the Framework will be dealt with in the “Design for the Planet” chapter of the herein document.

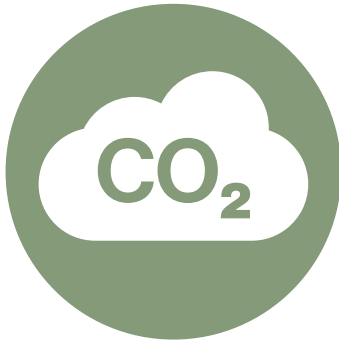


Borea sofa by Piero Lissoni, B&B Italia Outdoor and Captain Flint Outdoor lamp by Michael Anastassiades, FLOS Outdoor

Design for the Planet

“ To foster our commitment to sustainability, blending innovation, eco-design, and circularity principles in our business activities, and throughout our value chain.”

Mayday lamp by Konstantin Grcic, FLOS Outdoor

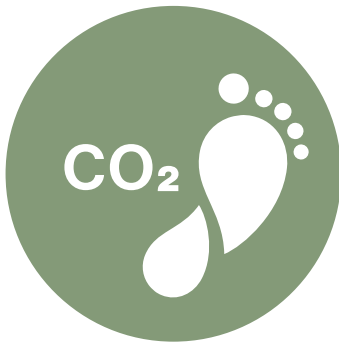


499,557 tCO_{2e}
TOTAL GHG
EMISSIONS

Total Scope 1, Scope 2 market-based and Scope 3

Paving the way for the future of eco-design

'Designing for the Planet' embodies our commitment to an environmentally responsible approach throughout our Group's activities, encompassing both production lines and office activities. Our continuous effort to integrate eco-design and circular economy principles into our design and engineering methodologies and processes is shaped and supported by the Group's Eco-Design Framework, which contains the pillars of the eco-design inspiring the operations of all our Brands.



8,0
EMISSION
INTENSITY

Emission intensity Scope 1 + Scope 2 Market-based in 2023

The Framework also underscores our dedication to reducing our environmental footprint in manufacturing, serving as a guiding light for our Brands to adopt principles of circular economy, exchange expertise, and refine practices. Moreover, our design processes and some selected and planned collections are being reassessed to enhance environmental efficiency by incorporating, where feasible, advanced, recyclable materials.

Our Group's Brands persistently adopt innovative materials, design practices and collaborative partnerships to mitigate environmental impacts, continuously keeping pace with regulatory changes and technological advancements.



CARBON
NEUTRAL

Flos B&B Italia Group's own operations are carbon-neutral¹⁶ since 2020

A drive for leading climate and environmental awareness

We are committed to contributing to the fight against climate change by systematically lowering our overall greenhouse gas (GHG) emissions. Our approach involves establishing clear, ambitious, and quantifiable goals inspired by the Science Based Targets initiative (SBTi), a reputable framework that fosters rigorous climate action within the private sector. To fulfill this commitment, we are collaborating closely with our Brands, drawing insights from their progress towards their respective emission reduction targets.



78%
CLEAN
ELECTRICITY

Share of renewable electricity out of the total

We further pledge to involve our suppliers in adopting eco-friendly practices, thereby extending our influence on climate awareness. By promoting the implementation of innovative solutions, we aim at minimizing raw material usage and enhance the management of the packaging used through alternatives with a lower impact, consequently diminishing the environmental footprint across our supply chain.

¹⁶ Carbon neutrality for own operations is achieved by purchasing carbon credits to offset Scope 1 and Scope 2 emissions.

Our Group's Global Production

As a thriving company, our Group has seen a significant global expansion in recent years, entering new regions and markets through the acquisition of additional Brands. Consequently, we bear the responsibility for our environmental footprint worldwide. It is imperative that we tailor our strategies to suit each local context, while maintaining an understanding of climate change as a global challenge.

A portion of our Group's environmental impacts stems from the manufacturing activities carried out by our Brands, mainly based in Europe.

B&B ITALIA GROUP

B&B Italia Group's corporate facilities comprise three manufacturing sites:

- Novedrate Italy site houses the head office, the upholstered furniture production section, the R&D Centre, and the showroom.
- Misinto Italy plant produces Maxalto collections, with particular focus on wooden products. The plant features the most up-to-date technological equipment, ranging from machinery to cut panels to paintbrushes and assembly lines.
- Caldogno Italy plant is where Arclinea production activities takes place. The factory is situated on the site of the original wood workshop where the company started its activities in 1925.

FLOS

FLOS production activities are also located across three main sites:

- Bovezzo Italy site houses production of the decorative segment of FLOS S.p.A., including production of several product categories such as table lamps, floor lamps, pendant lamps, and wall & ceiling solutions
- Bernareggio Italy site produces pieces of design for FLOS Outdoor collection, created to illuminate public spaces.
- Products of the architectural segment are developed at the facilities of Antares Iluminacion

in Valencia, Spain. The line focuses on professional and residential lighting systems, custom-made solutions, and soft architecture products.

- The bespoke segment operates in the Collebeato facility in Italy.
- The Group's custom product manufacturing division of its US subsidiary, FLOS Inc., operates in Brooklyn, NY-USA.

LOUIS POULSEN

- Louis Poulsen production activities takes primarily place at the Vejen factory in Denmark.
- Louis Poulsen HQs are located in Copenhagen, Denmark.

FENDI CASA

- Production activities take place at the Italian Misinto plant.

AUDO

- Production activities take place in Holstebro, Denmark.

Product Development

At Flos B&B Italia Group, we are focused in making sustainability an undeniable part of the beauty we express through our products. We achieve this by embracing a 'design for life' philosophy, where the longevity and quality of our creations are prioritized.

This philosophy is rooted in eco-design principles: we opt for long-lasting materials and strive for timeless appeal in our designs to ensure our products not only endure over time, but also foster a more sustainable future.

In line with this mission, we have established a Group-wide eco-design framework that aligns with the ESG goals set out in our Sustainability Plan. Each Brand within our Group contributes to this evolving framework, integrating its principles into their production procedures and weaving them into their distinct sustainability and business strategies.

In this context, Louis Poulsen, an emblem of Nordic design, boasts a heritage of crafting durable, high-quality products that blend naturally with their environment

without compromising it. Many of our Brands originally emerged in rural settings where reverence for nature is intrinsically linked to human activity. B&B Italia resides near Lake Como in Northern Italy, an area steeped in a rich tradition of craftsmanship and furniture making. Even B&B Italia's structures, like the R&D building designed by Antonio Citterio and Patricia Viel, are intended to harmonize with the natural landscape. Similarly, Maxalto and FENDI Casa share the Misinto facility, nestled within Parco delle Groane, a protected area of 7,700 hectares in the north of Milan.

Regarding the products developed, FLOS and B&B exemplify the integration of eco-design and circular economy practices by researching new innovative materials with lower environmental impact that can be utilized to re-engineer its products. FLOS's C eramique lamp, introduced in 2023, is composed of a single piece of ceramic which allows to avoid glues, and at the same time, no lead is used in its coloring, while the 2023 Bilboquet lamp is crafted with plastic derives from tall oil used in paper-mills. Similarly, B&B Italia presented the Tortello sitting series, an example of the balanced merge of recyclability and circularity given by the recycled polyethylene-based structure and the use of glue-free techniques for assembling the components.



Tortello sofa by Edward Barber & Jay Osgerby, B&B Italia

Flos B&B Italia Group's Eco-Design Framework

Within the framework of our Sustainability Strategy, we have pledged to integrate eco-design and circular economy principles across our operations. In 2023, this undertaking was strengthened by the completion and dissemination of the cross-Brand Eco-design Framework at Flos B&B Italia Group. This Framework establishes a series of KPIs that all our Brands can refer to, in order to assess the eco-design advancement of products, both quantitatively and qualitatively.

We have developed a product maturity assessment tool to encompass all Group's brands and product categories, including lighting, furniture, kitchens, and accessories. This tool evaluates products based on a quantitative and a qualitative assessment.

The quantitative assessment: the 7 eco-design principles

The Framework proposes seven quantitative principles for the evaluation of the product design and lifecycle:

- **Design:** our objective is to produce design pieces that are not only timeless and long-lasting but that also reflect the enduring heritage and high design standards we are known for. We endeavor to deliver products that withstand the test of time and are synonymous with durability, an intrinsic quality to our Brand's reputation. Moreover, we engineer our products with the foresight that they should be effortlessly disassembled at the end of their usable life, allowing for the segregation of components. This careful consideration is directed towards encouraging recycling or upcycling, essentially enabling the reusability of materials. Finally, all design elements are meticulously crafted to reduce raw material consumption, reflecting our broader commitment to the responsible use of resources.
- **Materials:** we are committed to a sustainable future, which impels us to prioritize the use of recycled and non-virgin materials wherever feasible, and we actively seek resources with a lower CO₂ footprint, aligning our material procurement with environmental preservation goals. Moreover, transparency regarding the environmental impact of our products is another critical aspect of this principle. We provide clarity by furnishing comprehensive material and component specifications. Finally, we are also focused on the reduction of toxic emissions associated with our products and their manufacturing processes. By implementing advanced techniques, we aim at minimizing the release of harmful substances, thereby protecting both the environment and public health.
- **Component:** our strategy entails committing to high-quality components that adhere to international standards, so that we can ensure enhanced durability and optimal performance, effectively lengthening the life cycle before any replacements become necessary. Moreover, our design and development processes are geared towards enabling easy and accessible maintenance, as well as the potential for upgrades, thereby extending the product's useful life. In choosing components, we prioritize not only longevity and quality but also efficiency, which in turn minimizes emissions for the intended geometry and light quality of the product.
- **Procurement:** our intention is to give precedence to local vendors where possible, thereby reducing the environmental costs associated with longer transportation distances. Moreover, we hold a strong ambition to ensure that our suppliers adhere to our stated ESG principles

as outlined in our Supplier Code of Conduct. We expect our suppliers to engage with pivotal frameworks such as the UN Global Compact and globally recognized Health and Safety and Environmental standards. We require them to demonstrate a proactive stance in diminishing their environmental footprint, in addition to securing adequate working conditions for their workforce. Finally, we have instituted vetting procedures, processes, and a system that together provide the necessary documentation and oversight, enabling us to monitor our suppliers' progress.

- **Manufacturing:** a key area of focus for us is the diminution of energy consumption within our production facilities. We strive to lessen our direct energy usage and increase the proportion of green energy in our operations, contributing to a reduction in our overall carbon footprint. In concert with energy reduction efforts, we place significant emphasis on instituting a high level of process control, crucial for improving production yield while simultaneously curtailing the generation of waste and scrap material. Finally, we acknowledge that our workforce is the bedrock of our operations, and as such, their health and safety are of paramount importance. Our corporate policies establish stringent standards and preventative measures to proactively diminish the incidence of injuries.
- **Logistic & in-use:** our approach in this realm is twofold: we endeavor to reduce environmental impact through sustainable packaging and to enhance the energy efficiency of our products. Regarding packaging, we are committed to utilizing recyclable and certified raw materials and to minimize its volume. The development of energy-efficient products also represents a core aspect of this principle. Recognizing that the major contributor to CO2 emissions from our lighting and other electrical devices is the energy consumed during their use, we have set a firm objective to engineer products that optimize energy usage. Additionally, we pledge to provide availability of spare parts in alignment with our warranty policies. This commitment enhances product longevity, ensuring that products remain operational for an extended period and reducing the need for complete replacements.

- **End of life:** this principle is anchored in the fundamental element of responsible recycling, disposal, and waste management. Our objective is to maximize the incorporation of raw materials that are recyclable within our products. For materials that cannot be recycled, we are dedicated to partnering with certified partners to ensure the proper handling of disposal and waste. Furthermore, we are actively investigating opportunities to extend the lifespan of our products even after their conventional use has ceased. Recognizing the complexity of this endeavor, we are committed to fully exploring all available options. Potential avenues include developing upcycling projects, implementing take-back schemes, and other innovative initiatives that can give our products new life and purpose.

For each of the seven principles, a rating methodology and guidance on the performance of the assessment have been identified. The output of the quantitative analysis is an average score of the results of each KPI indicated on a scale from 1 to 5.



C eramique lamp by Ronan Bouroullec, FLOS

The qualitative assessment: the Maturity Assessment Model

Once the product is assessed according to the seven quantitative eco-design principles, a second and more qualitative assessment is conducted to obtain the final eco-design score. We have defined 5 maturity levels for our eco-design, to help us progress and improve over time. The qualitative evaluation is performed by assessing the maturity of the product according to the following 21 elements:

- **Timeless and long-lasting design**, since we refer to our strong heritage and culture to deliver an ever-existing image;
- **Durable materials**, derived from quality and wear, which are both a measure of current excellence and a distinct part of our legacy;
- **Optimized**, the sizing of all design elements is defined in order to minimize the use of raw materials;
- **Design for disassembly**, embedded in the concept and engineering of our products;
- **Sustainable raw materials** used, such as non-virgin, recycled materials with a lower CO₂e carbon footprint;
- **Transparency**, providing complete and clear information on our products through appropriate documentation;
- **Environmentally respectful materials**, considering, for example, the amount of toxic substances contained in the product;
- **High-quality** of the materials used, in order to ensure compliance with international standards and durability and optimal performance;
- **Ease of maintenance**, a key feature to ensuring a longer lifespan of the product;
- **Low emissions**, in order to assess the product efficiency;
- **Transportation**, favoring the selection of local vendors and suppliers;
- **Cascading requirements**, to ensure the adoption of ESG-related principles along our entire value chain;
- **Vendor vetting**, to ensure the monitoring of all our processes by category, vendor and geography;
- **Energy consumption**, reducing direct consumption and drive the degree of green energy;
- **Scrap and disposal**, consisting in the amount of scrap produced for the production of the item;
- **Health & Safety**, assessed to guarantee the wellbeing of our employees and reduce cases of Lost Time Injury;
- **Packaging**, since we strive to use recyclable raw materials and minimize packaging volumes;
- **In use energy consumption** (lighting), to assess the efficiency of our products during their lifecycle;
- **Repair** (spare parts), since we, as a Group, offer availability of spare parts as stated in our warranty policies;
- **Recycling**, disposal and waste, to ensure the recyclability of our products and, if not possible, their secure handling by certified partners;
- **After life**, based on potential upcycling projects, take-back schemes, and other initiatives to extend the life of our products.

All the abovementioned qualitative elements are considered for the assessment of the maturity level of the product analyzed in including eco-design principles.

The final assessment is the result of the combination of the quantitative average score and the qualitative average maturity assessment. With the application of the method suggested by the Framework, we are now able to assess on a technical basis the capability of our Brands to continuously improve the inclusion of eco-design principles and circularity in their products. The Framework was properly developed to be adapted to any product line of our Brands, from lighting, to furniture, to kitchens and accessories.

ECO-DESIGN MATURITY LEVELS

Across the Flos B&B Italia Group we have defined 5 maturity levels for our eco-design:

- 01 **Initiation:** At the initial level the product design & product lifecycle principles have been reflected in a disorganised, ad hoc way. Success is likely dependent on individual efforts and is not considered to be repeatable.
- 02 **Developing:** At the repeatable level, basic effort has been deployed to reflect the product design - & lifecycle principles. As a result, basic practice are established, and successes in key areas are able to be repeated.
- 03 **Defined:** At the defined level we have followed the standard procedures to secure that the product design - & lifecycle principles are reflected. Our activities enable greater attention to documentation and standardization.
- 04 **Managed:** At the managed level, we monitor and control that our product design - & lifecycle principles are reflected through data collection and analysis.
- 05 **Optimised:** At the optimizing level, products are constantly improved through monitoring feedback from Branding, R&D, Production, Sales and Customers to introduce updated innovative versions.



Luce Orizzontale lamp by Ronan & Erwan Bouroullec, FLOS

Our Eco-Design Guide

01 Design

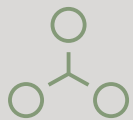


02 Materials



03 Components

04 Procurement



05 Manufacturing

06 Logistic & in use



07 End of Life

“We at Flos B&B Italia Group use design to create beauty, to beautify people’s lives, and craft beautiful and innovative objects that – through their design- have both longevity and minimal environmental footprint on our planet across their lifetime. The culture and ethos of sustainability, it is all about designing and crafting beauty – for society, for our own people, and for all the world around us”.

Daniel Lalonde,
CEO Flos B&B Italia Group

01 Design

Design choices that are timeless, and optimized to improve durability, recyclability and to reduce waste.

Fundamental elements: Timeless and long-lasting / Durable / Optimized / Design for disassembly



Borea sofa by Piero Lissoni, B&B Italia Outdoor and IC Lights F1 lamp by Michael Anastassiades, FLOS Outdoor

Timeless and long-lasting

Building on our strong heritage and design we aspire to deliver long-lasting design.

- 01 What elements of our heritage and design can we incorporate to create products that stand the test of time?
- 02 How can we balance modern trends with classic design to ensure long-lasting appeal?
- 03 What materials and techniques can we use to make products that will still look great years down the line?
- 04 How can we make sure our products remain relevant as styles and preferences evolve over time?

Durable

Quality and wear. Quality will always be reflected in our products. We are conscious that a reputation for quality is something earned over time and something that we must always continue to earn. It is both a measure of current excellence and a distinct part of our legacy.

- 01 How can we maintain our reputation for quality while also keeping our products accessible?
- 02 What testing procedures can we put in place to ensure our products meet our high standards for durability and wear resistance?
- 03 How can we educate our customers about the importance of investing in quality, long-lasting products?
- 04 What can we do to ensure our products remain functional and attractive even after years of use?
- 05 How can we use customer feedback to continually improve the durability and wear of our products?

Optimized

The sizing of all design elements is defined in order to minimize the use of raw material.

- 01 What materials can we use to reduce the environmental impact of our products without compromising on quality or durability?
- 02 How can we use technology to optimize our design elements and minimize waste?
- 03 How can we encourage customers to choose products that are optimized for resource efficiency?
- 04 What metrics can we use to measure our progress in reducing the use of raw materials?
- 05 How can we incorporate sustainable design principles into our products without sacrificing style or functionality?

Design for disassembly

Concept and engineering are driven by the target to be able to easily disassemble the product. All designs and developments work towards a construction which ensures ease of segregating components and materials at the end of their life – either for recycling or upcycling (reusability).

- 01 What steps can we take to ensure our products are easy to disassemble and recycle at the end of their life?
- 02 How can we design products that can be easily repaired, rather than replaced, in order to extend their lifespan?
- 03 What partnerships can we develop with recycling and upcycling organizations to ensure our products are disposed of responsibly?
- 04 How can we communicate to customers the importance of disassembling and recycling products at the end of their life?
- 05 What challenges do we anticipate when designing for disassembly and how can we overcome them?

02 Materials

Choosing raw materials that are inherently sustainable, non toxic and that are transparent in their traceability and specifications.

Fundamental elements: Sustainable raw materials / Transparency / Environmentally respectful materials



Almendra lamp by Patricia Urquiola, FLOS

Sustainable raw materials

We strive towards the majority of our raw materials being sustainable. We use recycled and non-virgin materials when possible, and seek to use materials with a lower CO2 footprint.

- 01 What alternative raw materials can we use that have a lower environmental impact without compromising quality and durability?
- 02 How can we ensure the sustainability of our raw materials throughout the entire supply chain?
- 03 What certification programs can we use to verify the sustainability of our raw materials?
- 04 How can we educate customers about the importance of sustainable raw materials?
- 05 What challenges do we anticipate when sourcing sustainable raw materials and how can we overcome them?

Transparency

By using the appropriate documentation, such as a complete and transparent material and component specifications list, we will be able to provide transparency on the environmental impact of our products..

- 01 What information should be included in our material and component specifications list to provide complete transparency on the environmental impact of our products?
- 02 How can we communicate the environmental impact of our products to customers in a clear and concise way?
- 03 What steps can we take to ensure our suppliers also provide transparent information on their materials and processes?
- 04 How can we use customer feedback to continually improve the transparency of our products?
- 05 What potential risks or challenges do we anticipate in providing transparency and how can we mitigate them?

Environmentally Respectfull materials

We are working on decreasing the overall toxic emission linked to our products and processes.

- 01 What alternative materials and processes can we use to reduce the toxicity of our products?
- 02 How can we measure the toxicity of our products and processes?
- 03 What internal policies and standards can we put in place to ensure the safety of our products for both customers and employees?
- 04 How can we educate customers and employees on the importance of reducing toxicity?
- 05 How can we ensure that our suppliers also adhere to our standards for reducing toxicity?
- 06 What challenges do we anticipate when reducing the toxicity of our products and processes and how can we overcome them?
- 07 How can we measure the success of our efforts to reduce toxicity?
- 08 What partnerships can we develop to further research and develop new technologies that reduce toxicity?
- 09 How can we balance the need for reducing toxicity with maintaining quality and performance standards?
- 10 What potential unintended consequences do we need to be aware of when reducing the toxicity of our products and how can we mitigate them?

03 Components

Focus on a product's elements in terms of overall quality and durability, ease of maintenance, and emissions impact.

Fundamental elements: High-quality / Ease of maintenance / Low emission



Granbambola sofa by Mario Bellini, B&B Italia

High-quality

We aim at utilizing high-quality components that are compliant with international standards. This ensures longer durability and performance of the components resulting in a longer life cycle between replacements.

- 01 How do we ensure that our components meet international quality standards?
- 02 What measures do we take to ensure that our products are durable and long-lasting?
- 03 How do we balance cost with quality when selecting components for our products?
- 04 How can we continuously improve the quality of our products over time?
- 05 What certifications or quality control processes do we have in place to ensure high-quality standards?

Ease of maintenance

Maintenance is key to ensuring the long life of a product. This is particularly important in harsh environments. All products are designed and developed to ensure that life-extending maintenance and upgrades are possible and available.

- 01 What steps do we take during the design and development process to ensure ease of maintenance?
- 02 How do we educate customers on the importance of maintenance and provide them with the necessary tools and resources to perform maintenance themselves?
- 03 How do we ensure that replacement components are readily available for our products?
- 04 What partnerships can we develop to further research and develop new technologies that make maintenance easier?
- 05 How can we use customer feedback to continuously improve the ease of maintenance of our products?

Low emission

All components are carefully selected not only to have high durability and quality but also to achieve the highest efficiency. This results in products with the lowest possible emissions for the designed/intended geometry and light quality of the product.

- 01 How do we measure the emissions of our products and ensure they meet or exceed industry standards?
- 02 What components or materials can we use to further reduce emissions?
- 03 What impact does the design and geometry of our products have on emissions and how can we optimize these factors?
- 04 How do we educate customers on the importance of low emissions and the environmental impact of our products?
- 05 How can we continuously improve the efficiency and emissions of our products over time?
- 06 What challenges do we anticipate when reducing emissions and how can we overcome them?
- 07 How can we collaborate with suppliers and partners to reduce emissions throughout the entire supply chain?
- 08 How can we ensure that our products remain high-performing while also reducing emissions?
- 09 What potential unintended consequences do we need to be aware of when reducing emissions and how can we mitigate them?
- 10 What role can technology play in reducing emissions in our products and processes?

04 Procurement

Ensure that our procurement of materials and resources are in-line with our values and ambitions.

Fundamental elements: [Transportation](#) / [Cascading requirements](#) / [Vendor vetting](#)



Tearoom Lounge chair by Nick Ross, Audo

Transportation

When identifying and evaluating new and existing suppliers, we aim at selecting local vendors when possible.

- 01 How do we evaluate and prioritize suppliers based on their proximity to our manufacturing facilities?
- 02 What measures do we take to reduce the environmental impact of transportation for our raw materials and finished products?
- 03 What role do alternative transportation methods, such as rail or sea freight, play in our transportation strategy?
- 04 How can we ensure that transportation costs and lead times are balanced with our sustainability goals?
- 05 How can we collaborate with suppliers and logistics partners to optimize transportation and reduce emissions?

Cascading requirements

The ambition is to ensure that our suppliers work with the ESG principles declared in our SCC, embrace relevant frameworks like UN Global compact and HSE standards and in general work to reduce their environmental impact and secure proper work conditions.

- 01 How do we ensure that our suppliers are aligned with our ESG principles and relevant frameworks such as UN Global compact and HSE standards?
- 02 What measures do we take to monitor and audit our suppliers' environmental impact and work conditions?
- 03 How do we collaborate with suppliers to improve their sustainability practices and reduce their environmental impact?
- 04 What role do incentives and penalties play in encouraging suppliers to improve their sustainability practices?
- 05 How can we ensure that our suppliers' sustainability practices align with our own goals and values?

Vendor vetting

Our vetting procedures, processes and system secure proper documentation and ensure the ability to monitor progress by categories, geographies and vendors.

- 01 What documentation and information do we require from our vendors during the vetting process?
- 02 How do we assess and evaluate vendor performance and progress over time?
- 03 What criteria do we use to categorize and prioritize vendors for monitoring and evaluation?
- 04 How can we ensure that our vendor vetting procedures are efficient and effective?
- 05 How do we balance the cost and time required for vendor vetting with the benefits of ensuring proper documentation and monitoring?
- 06 What role do technology and automation play in vendor vetting and monitoring?
- 07 How can we collaborate with other companies or industry groups to improve vendor vetting and monitoring processes?
- 08 How do we handle vendors who do not meet our vetting requirements or fail to make progress over time?
- 09 How can we use vendor feedback and insights to improve our own procurement processes?
- 10 How can we ensure that our vendor vetting procedures align with our own values and sustainability goals?

05 Manufacturing

An essential factor in the manufacturing of our products not only includes the energy we consume but also the people behind the machines who make our products a reality and those affected by that production.

Fundamental elements: [Energy consumption](#) / [Scrap and disposal](#) / [Health & Safety](#)



Production plant, Vejen, Denmark, Louis Poulsen

Energy consumption

Focus is on reducing direct consumption and drive the degree of green energy.

- 01 What measures are we taking to reduce our direct energy consumption?
- 02 How are we transitioning to green energy sources such as solar, wind, or geothermal power?
- 03 How are we optimizing our energy usage across different manufacturing processes?
- 04 How can we collaborate with energy providers to reduce our carbon footprint?
- 05 How can we leverage technology and automation to optimize energy usage and reduce waste in our manufacturing processes?

Scrap and disposal

Secure a high degree of process control in order to increase production yield and reduce waste and scrap.

- 01 How are we optimizing our manufacturing processes to reduce scrap and waste?
- 02 What measures are we taking to ensure that our waste and scrap are disposed of responsibly and sustainably?
- 03 How can we collaborate with suppliers and customers to reduce waste in our supply chain?
- 04 How can we leverage technology and data analytics to improve our manufacturing yield and reduce scrap?
- 05 How can we incentivize employees to reduce waste and scrap in their day-to-day activities?

Health & Safety

The wellbeing of our employees is our main priority and we have corporate policies in place to set the bar and work proactively to reduce cases of Lost Time Injury.

- 01 What policies and practices do we have in place to prioritize employee health and safety?
- 02 How are we communicating and enforcing our health and safety policies across all levels of the organization?
- 03 How are we identifying and mitigating potential health and safety risks in our manufacturing processes?
- 04 How are we training and educating employees on best practices for maintaining health and safety in their work environment?
- 05 How can we incentivize and reward employees for demonstrating good health and safety practices?
- 06 How do we track and report on incidents and accidents in our manufacturing facilities?
- 07 How do we ensure that our health and safety policies align with industry best practices and relevant regulations?
- 08 How can we continuously improve our health and safety practices over time?
- 09 How can we collaborate with other companies or industry groups to improve health and safety practices across the industry?
- 10 How can we incorporate health and safety considerations into our product design and development processes?

06 Logistic and in use

Ensure all logistic processes and packaging choices are designed for more uses and new versions.

Fundamental elements: Packaging / In use energy consumption (lighting) / Repair (spare parts)



Production plant, Vejen, Denmark, Louis Poulsen

Packaging

We strive to use recyclable and certified raw materials to develop packaging in order to minimize volume.

- 01 How could the packaging material fit into scalable recycling?
- 02 How could the packaging be reused for other purposes?
- 03 How could the package teach the consumer something about the product's concept and/or about sustainability?

In use energy consumption (lighting)

The most significant driver of CO₂ emissions in electrical products is the energy consumption during use; therefore, our objective is to develop energy efficient products.

- 01 Which are the technologies that we can use to drive an efficient energy consumption?
- 02 Which product's features can help the consumer to use the product with an attitude that reduces the energy consumption?

Repair (spare parts)

We will offer availability of spare parts according to our warranty policies to drive product durability and to reduce life cycle based CO₂ emissions.

- 01 How can we provide a service to easily repair the products?
- 02 How can we communicate the availability of spare parts to customers?
- 03 How could our business model be adjusted to add value to how we receive, repair and return products?



Oplight lamp by Jasper Morrison, FLOS

07 End of life

Consideration of our products' life cycle is a key element in the circularity of our mission.

Fundamental elements: Recycling, Disposal & Waste / After life



PH5 Retake lamp by Poul Henningsen, Louis Poulsen

Recycling, Disposal & Waste

Recycling, Disposal & Waste is a fundamental element and our objective is to maximise the use of raw materials which can be recycled, and if not, to use certified partners to secure handling of disposal and waste.

- 01 How are we ensuring that our products are designed for disassembly and recyclability?
- 02 How are we collaborating with suppliers and partners to reduce waste and increase recycling rates?
- 03 How are we implementing waste reduction measures across our manufacturing and supply chain operations?
- 04 How can we educate and incentivize customers to properly dispose of our products and packaging?
- 05 How are we measuring and reporting on our waste and recycling rates, and what are our targets for improvement?

After life

We want to explore how to extend the life of our products beyond the end of their use. It is a challenging process that we will explore to the best of our abilities in order to identify potential upcycling projects, take-back schemes, and so forth.

- 01 How can we extend the life of our products beyond their intended use?
- 02 What upcycling opportunities exist for our products, and how can we collaborate with partners to realize them?
- 03 How can we incentivize customers to participate in take-back schemes or other programs to extend the life of our products?
- 04 What data and insights can we gather from the end-of-life cycle of our products to inform future design and development decisions?
- 05 How can we incorporate circular economy principles into our product design and development processes to minimize waste and maximize resource efficiency?



Convivium kitchen by Antonio Citterio, Arclinea

Our efforts to mitigate products' impacts throughout their lifecycle

In 2023, our Brands prosecuted the integration of circularity and eco-design principles into various phases of their production processes.

Notably, this approach extends beyond the development of new products; it also concentrates on enhancing their current collections to boost environmental efficiency, diminish impacts, and employ innovative, sustainable materials.

Louis Poulsen's innovative Take-Back Scheme has entered its third year of activity, with the aim of prolonging the service life of products that are worn, damaged or returned, thereby taking responsibility for their complete lifecycle. Introduced in 2021, the program initially covered a selection of one hundred products, with sales confined to Denmark. In 2022, the scheme expanded, with the PH 5 pendant by Poul Henningsen, one of Louis Poulsen's most renowned and successful products, standing out as a key project. The Brand's own manufacturing sites handle the upcycling process, where materials are repurposed, and the refurbished products are sold with the same warranty as new items. The service is still available in 2023, covering the same products as last year.

Moreover, Louis Poulsen has crafted an electronic platform for portable lamps to confirm that new innovations embrace shared components and possess uniform electrical interfaces. The objective is to facilitate the effortless replacement of all electronic elements at

the conclusion of their functional period, thus increasing the product's durability. This is achieved by ensuring that batteries and LED arrays are compatible with multiple product designs. A distinguished instance of this initiative is the Panthella Portable Opal V2, which features a replaceable battery that can be recharged using a Qi charger.



Jærmuseet museum in Nærbø, Norway, Louis Poulsen

REDUCING THE CARBON FOOTPRINT OF THE LIGHTING SECTOR: LOUIS POULSEN IN THE JÆRMUSEET

In 2000, Louis Poulsen supplied Jærmuseet, a science museum in Nærbø, Norway, with a collection of Planet pendants. These meticulously crafted fixtures have illuminated the museum for over two decades. In 2023, the museum reached out to our Brand to upgrade their collection of 95 Planet pendants to more energy-efficient LEDs.

With no conventional retrofit kits available, Louis Poulsen demonstrated our dedication to sustainability by collaborating closely with the museum. The production team in Vejen devised an innovative method to replace all the light sources with fixed LEDs. This has not only extended the lifespan of the original fixtures but has also significantly reduced their energy consumption.

This project allowed the brand to achieve two crucial sustainability goals:

- **Extended Lifespan of Existing Products:** By retrofitting the pendants with fixed LEDs, they prolonged the lifespan of the museum's original lighting fixtures, reducing the environmental impact associated with manufacturing and disposing of new fixtures.
- **Improved Energy Efficiency:** Fixed LEDs are substantially more energy-efficient than traditional light sources. This retrofit project lowered Jærmuseet's energy consumption, helping the museum minimize its environmental footprint.

This project exemplifies how Louis Poulsen collaborates with clients to achieve sustainability goals, as part of their commitment not only to designing sustainable products but also to finding creative solutions that extend the life of existing products.

Since 2018, **B&B Italia has been implementing circular economy principles** within its design and production frameworks to enhance the recyclability of selected pieces from its iconic collections.

In partnership with an external laboratory, B&B Italia has emerged as a pioneer in the furniture industry by conducting assessments of product circularity through a comprehensive methodology. These evaluations are in line with the criteria established by the Italian Ministry of Environment, Land and Sea Protection in conjunction with the Ministry of Economic Development. The methodology employs an array of internally devised indicators, including the recyclability of raw materials and the finished product. Over time, the range of this analysis has broadened to cover an extensive catalogue of both indoor and outdoor product lines. In 2023, the

Brand obtained the certification of circularity for the following new products released this year: the Tortello sofa, designed by Barber & Osgerby, the Bambola outdoor chair, piece of the iconic Le Bambole series, and the Softcage sofa, both creations of Mario Bellini.

Demonstrated by the iconic "Le Bambole" series, in 2023 B&B Italia remarked its commitment to eco-design with the new Tortello sofa, the result of the striking minds of the British designers Edward Barber and Jay Osgerby. Its supporting structure is entirely made of recycled polyethylene, enriched by a cushion of elastomer, to provide the user with comfort and softness. Due to the materials used and the techniques chosen, which allow for the assembly of pieces without the use of any type of adhesives or glues, the sofa is a fine example of circularity and recyclability.

CAMALEONDA: THE RESULT OF THE POWERFUL PARTNERSHIP WITH STELLA MCCARTNEY

Building on the great success of the revision of the 'Le Bambole' series by B&B Italia and Stella McCartney, the Brand seized the occasion of the grand opening of its new flagship store in the Miami Design District, which took place in December 2023, to unveil a special edition of the Mario Bellini-designed Camaleonda sofa system. This limited edition of the sofa is the perfect representation of the vision that the two brands share towards environmental awareness. The product also introduces the latest printed fabric "S-Wave" of the iconic British conscious luxury pioneer, resulting from a next-generation sustainability innovation introduced by Stella McCartney's R&D Team. The new upholstery is mainly composed of OceanSafe naNea yarn, a type of synthetic textile verified to be biodegradable, which has reached the strict Cradle to Cradle Certified® Gold standard and does not contain harmful substances. While performing like conventional materials, this lower impact alternative does not shed persistent microplastics into the environment.



B&B Italia Design Studio Miami, US



Lignum et Lapis kitchen by Antonio Citterio, Arclinea

SHARING OUR PRINCIPLES: G-COVER BY ARCLINEA

Arclinea strives to minimise its impact on the environment through the creation of high-quality, durable products and the sourcing of less harmful raw materials. Launched at Milan Design Week 2023, the key player of this edition is G-Cover, an innovative finish for the wood panels of our kitchens developed by B Corp-certified company Alisea Recycled and Reused Objects Design. This elegant kitchen finish adds a new layer of design excellence to Arclinea's portfolio of kitchen innovations, yielding a unique grey tone produced by using upgraded recycled graphite powder — a byproduct of electrode production.

By introducing this new coating, Arclinea contributes to the recycling of a precious mineral that is otherwise lost to damaging landfill sites. Graphite, moreover, is a non-toxic mineral that is repurposed and recycled in Italy through traceable supply chains that generate social and environmental value for every party involved.

FLOS is rapidly emerging as a leading example of how to integrate eco-design and circularity principles into high-end design. In recent years, the Brand has been dedicated to crafting a comprehensive eco-design strategy. Signature products such as Almendra by Patricia Urquiola, Arco K designed by Achille and Pier Giacomo Castiglioni and Skynest by Marcel Wanders Studio have represented the finest examples of such transition. In 2023, the Brand further used its capabilities to partner with other designers of the international scene to develop new, innovative and circularity-oriented projects. The results can be seen in products as the Black Flag by Konstantin Grcic, Workmates, realized by FLOS Architectural, Céramique by Ronan Bouroullec and many more.

Particularly, Black Flag is an extendable wall light which offers flexibility and illumination due to its extending and movable structure. It is mainly realized in aluminum, which is a fully recyclable material. It can perform through an eco-mode function, thus optimizing consumption and increasing energy efficiency, and all its components can be replaced and disassembled in case maintenance is needed. Similarly, the Workmates System is a family of luminaries designed by FLOS Architectural composed of a partially recycled and fully recyclable aluminum. Its components can be easily disassembled for maintenance of repair and material quantities are reduced to the minimum to optimize resource use.

The collaboration with Ronan Bouroullec for the realization of Céramique represented the union of the disruptive mind of the designer and the “savoir-fair” of a Brand that can translate its ideas into pieces of high-end and innovative design. The product was developed according to a future-proof design, due to the shapes and materials chosen for the product, and presents a lead-free crystalline lacquered finish. As the other products developed by the Brand in 2023, its light source is replaceable in case of maintenance or repair, guaranteeing a long-lasting life span. Furthermore, the packaging was developed to reduce the use of plastic and minimize resource usage and the generation of waste.

Lastly, **Audo has pledged to incorporate eco-design principles** early in the research and development phase by establishing a series of responsible design and manufacturing criteria. The Brand emphasizes the importance of product longevity, enduring appeal, and tactile quality, recognizing that the real-world lifespan of a product significantly affects its environmental footprint. To classify their offerings as 'responsible' within their

collection, Audo has set forth a benchmark where a product must meet a minimum of seven of the following nine criteria throughout the design and manufacturing stages:

- Made Well for Longevity - Products must be designed with materials, production processes, and warranty policies that help increase their quality and prolong their lifespan.
- Solutions for Repair and Revitalization - The design should encourage repair or updates to the product to extend its useful life.
- Design for Disassembly - Products should be designed with materials and components that can be taken apart at the end of use.
- Declaration of Materials - Full transparency on the type of materials and substances used is required.
- Safe Substances - All substances contained in the product must be investigated, and any chemicals that are classified as CMR (carcinogenic, mutagenic, or toxic to reproduction), indoor air pollutants or known allergens must be excluded.
- Material Life Cycle Screening - Products should be designed with consideration for their entire lifecycle.
- Near-market Production - Opportunities for near-market production should be investigated, and when possible, products should be produced close to the location where they will be sold.
- The Code of Conduct - The product's suppliers must comply with a code of conduct that prioritizes responsible and sustainable production practices.
- Certifications - The product must obtain approvals from verified, third-party environmental and legal labelling schemes such as FSC, Oeko-Tex (one of the world's best-known labels for textiles tested for harmful substances) and Declare (a product transparency disclosure that lists all products' materials).

To gain a precise insight into their environmental footprints, some of our Brands conducted Life Cycle Assessments (LCAs)¹⁷ on several of their products in 2023. These assessments encompassed the entire range of a product's life stages — from raw material extraction through production, distribution, use, and eventual disposal. The LCAs provided quantifiable environmental impact data related to each phase of a product's lifecycle. With this valuable information, our Brands are poised to pinpoint improvement opportunities, opt for more sustainable materials, and make informed choices that will lead to meaningful environmental improvements.

LIFE CYCLE ASSESSMENTS: A TANGIBLE METHOD TO QUANTIFY OUR ENVIRONMENTAL IMPACT

B&B Italia

Driven by a commitment to more responsible design practices, in 2022 B&B Italia conducted a comprehensive LCA of its Cordoba armchair. This year, the product was reviewed in its outdoor version, still maintaining the principles of a responsible design. A creation of Foster and Partners design studio, this chair primarily features a natural teak wood construction completed by a polypropylene reinforced canvas cover. The coverings can be easily removed for maintenance and, when reaching the end of their life cycle, can be separated and disposed of according to the most suitable method.



Cordoba armchair by Foster+Partners Industrial Design Studio, B&B Italia

Louis Poulsen

Louis Poulsen has conducted a series of Life Cycle Assessments on various products within its collection, leading to the formulation of more than 17 new environmental product specifications that integrate sustainability principles at the core of product design. In 2023, the Brand continued documenting its environmental impacts, developing Environmental Product Specifications for BtC products. Specifically Louis Poulsen, in 2023, conducted 23 new lifecycle assessments and developed Environmental Product Specifications to enhance transparency regarding raw material consumption and emissions.

Arclinea

In 2022, Arclinea conducted a Life Cycle Assessment to examine and quantify the environmental impact produced by the manufacturing processes of selected components from its Thea kitchen line, including the base unit's deep drawers and shelves, as well as the column and the wall unit. Specifically, the analysis of the product lifecycle, for items produced and sold by the Brand, was carried out using a "cradle to gate"¹⁸ approach.

¹⁷ Life Cycle Analysis, or Life Cycle Assessment (LCA), is a systematic method for assessing and quantifying the environmental impacts that are associated with all stages of a product's life cycle.

¹⁸ Cradle-to-gate is a term used to describe the assessment of a product's environmental impact from the extraction of raw materials (the 'cradle') through to the manufacturing process, up until the point the finished product leaves the factory or 'gate' to be distributed to stores.

Responsible Purchasing

As a Group, we constantly strive towards the minimization of our collective environmental impact, dedicating ourselves to cutting down the use of harmful chemicals and single-use materials, all while upholding the high-quality standards embodied in our design pieces.

Our Brands, through vigilant scrutiny of materials and components, move their procurement decisions towards choices that are more efficient, starting from the outset of their manufacturing activities, through the avoidance of hazardous materials, to the utilization of natural or recyclable equipment whenever feasible.



Arches table by atelier oi, FENDI Casa

The table shows the quantities of purchased raw materials and semi-finished products across 2021, 2022 and 2023, whereas the general increase that characterized the first two years, mainly attributable to the enlargement of our reporting perimeter, was followed by a slight reduction during 2023.

Materials used by weight (ton)¹⁹ [301-1]

Materials	2021	2022	2023
Wood	2,756	5,395	4,062
Aluminum	2,439	2,502	2,330
Iron/steel	1,760	2,865	2,309
Fabrics	293	542	566
Marble	808	646	450
Plastic	437	706	405
Polyurethane	-	355	394
Glass	282	693	327
Appliances	81	92	116
Brass	42	53	52
Leather	78	68	51
Paints	558	45	43
Foam			28
Gypsum	58	29	23
Copper	-	9	13
Glue	8	12	9
Other metals	-	2	5
Rubber	8	7	4
Ceramic	1	18	4
Paper	0.3	1	1
Concrete	-	2	1
Chemicals	338	160	-
Cotton	-	2	-
Zinc	-	11	-
Silicone	-	45	-
Total materials	9,948	14,260	11,193

¹⁹ Reporting perimeter includes FLOS, B&B Italia and Louis Poulсен.

There is a significant diversity in the selection of materials used in our Brand's design pieces, which is at the base of the high heterogeneity in purchasing choices: as an example, the totality of wood purchased for 2023 relates to Arclinea's production of high-end wooden kitchen solutions, as well as from B&B Italia's production of furniture design pieces. The same applies for leather, utilized solely for sofa and chair production by B&B Italia and its branches. Wood represents the highest share in materials acquired, making up for 36% of the total. Among metals, aluminum contributes for a significant portion, accounting for 21% of the total, with FLOS being the main purchaser, transforming up to 83% of the total amount of the material.

In addition to tracking data on raw materials, semi-finished goods, and packaging, FLOS also keeps a close watch on the purchase of semi-finished items on a per-unit basis. The Brand achieved a significant milestone in 2022 by phasing out conventional lamps, in a move that was related to the application of Regulation 2015/1428/EU, which mandates companies to avoid selling lamps together with traditional light bulbs, giving the customer the freedom to choose between LED and traditional light sources²⁰.

Electronic components^{21 [301-1]}	UoM	2021	2022	2023
Electrical components	Units	5,918,879	7,538,872	7,252,731
LED and LED components	Units	6,477,826	5,874,335	3,926,371
Transformers & power supply	Units	708,179	310,015	174,806
Traditional lamps	Units	3,312	-	-

Regarding packaging materials, the table below presents the quantities purchased in 2021, 2022 and 2023²².

Packaging by weight^[301-1]	UoM	2021	2022	2023
Paper	Ton	2,029	1,917	1,891
Wood	Ton	469	443	468
Polyethylene / Plastic	Ton	123	122	74
Polystyrene	Ton	103	54	9
Total packaging		2,724	2,536	2,442

Our Brands are committed to reducing their environmental footprint also by investing in innovative materials solutions and developing innovative packaging strategies. The goal is to achieve the minimal environmental impact while maintaining at the same time the highest level of robustness and protection during the transportation of their products.

²⁰ As of July 2023, the sale of incandescent light sources was no longer permitted inside the EU market. In compliance with EU regulation 2019/2020, Audo undertook the process of converting such lights to LED bulbs.

²¹ Data is related to FLOS

²² 2023 reporting perimeter includes Flos, B&B Italia and Louis Poulson.

SHINING A LIGHT ON THE IMPORTANCE OF HIGH QUALITY, SUSTAINABLE PACKAGING

Louis Poulsen

Louis Poulsen is working towards the standardization of its packaging processes by:

- progressively increasing the recyclability of its packaging
- increasing the use of recycled materials such as recycled cardboard in its packaging solutions;
- implementing bulk packaging for larger projects to reduce the overall volume of packaging required
- collaborating with suppliers to investigate the use of new packaging solutions to reduce carbon footprint, for example by replacing glossy white printed packaging with high quality brown boxes.

In fact, in 2022 the Danish Brand pushed the use of recycled packaging materials from 60% to 70%, while covering the remaining cardboards packaging materials with FSC certified ones. During 2023, Louis Poulsen investigated packaging solutions to reduce the carbon footprint and removed the polystyrene packaging from the PH 5, first step was to use recycled polystyrene, next step is also to replace this material with a solution based on recycled cardboard. Going forward Louis Poulsen will focus on co-operating and discussing the most sustainable packaging solutions with its suppliers, and replace glossy white color printed linier with brown boxes. On these products Louis Poulsen uses 1/3 share of new fibers for the outer layer (FSC certified) and 2/3 share from recycled fibers. The Brand ambition is to continuously update the rest of the products to the same high level of material that can be recycled after use.

FLOS

FLOS has been working to progressively replace non-recyclable polyurethane foams with cardboard boxes, specifically designed and developed to deliver the same packaging protection during transportation with a much lower environmental impact.

Since 2022 the packaging of most of the newly launched products has been characterized by an additional label "FLOS for Planet", where the sustainability features of the product are summarized. Thanks to the contribution of the R&D team and its insights on product realization, the information provided is tailored for each individual packaging and has a dedicated QR code that lands to FLOS' website.

Moreover, moving on in the path of change, FLOS communication strategies followed the replacement of most of the printed catalogues with digital versions and other narrative materials.

Arclinea

Following a feasibility study, Arclinea has started substituting the packaging in use, made of expanded polystyrene (EPS) protection and nylon film, with recyclable and recycled materials such as cardboard packaging.

B&B Italia

Keeping in mind the goal of reducing the volumes of materials used for packaging and shipping, B&B Italia continues rationalizing and reducing the number of packages used for the transportation of its products.

Audio

Following the efforts of the other companies of the Group, Audio set the target of removing or replacing all single-use plastic used for the packaging of the products by 2026.

Audio adopts a comprehensive approach to product design to ensure efficient packaging with minimal use of materials. To achieve this, the Brand uses compact packaging and carefully selects shock-absorbing materials that provide adequate protection for their products while minimizing waste and maximizing transportation space.

Mitigating Climate Change impacts

With corporations worldwide collectively mobilizing to curtail their activities that might contribute to climate change, we as a Group decided to pursue a similar course of action. We are deeply committed to helping to bring transformation in our sector and ensure a shared commitment on climate-related issues along our value chain: our ambition is to formulate a Carbon Strategy, capable of guiding both our own actions and those of our suppliers, business partners and clients in coming years.

Since 2020, as a first step towards decarbonization, we started to act concretely in fighting climate change.

As a result, our first groupwide action was to purchase carbon credits to compensate for our overall GHG Scope 1 and Scope 2 market-based emissions. This initiative

allowed our Group to become carbon neutral on our own activities for 2020, 2021, 2022 and 2023 and was implemented as a transition tool to mitigate our impact while working to effectively reduce our Group-wide carbon emissions.

Many of our Brands have already crafted tailored strategies to diminish their climate impact; as part of the ESG objectives they have adopted for future years, FLOS, B&B Italia and Louis Poulsen have all addressed the fight against climate change.

FLOS and B&B Italia have pledged to cut their Scope 1 and 2 greenhouse gas emissions by 27.5% by 2030. They have already implemented an emission reduction strategy in alignment with the Science Based Targets (SBT) initiative and are on course to achieve this goal. Moreover, Louis Poulsen has committed to progressively reducing its Scope 1, Scope 2 and Scope 3 emissions. Finally, Audio aims at reducing its Scope 3 emissions relative to turnover by 7% annually until 2030.



Production plant, Vejen, Denmark, Louis Poulsen

CARBON OFFSETTING PROJECTS

As a complement to Flos B&B Italia Group's initiatives to manage and reduce its absolute greenhouse gas (GHG) emissions, the Group has since 2020 purchased carbon credits to neutralize its residual Scopes 1 and 2 operational emissions. The Group's primary climate mitigation approach is to reduce its absolute carbon emissions over time. Through the purchase of carbon credits, Flos B&B Italia Group also provides carbon financing to climate mitigation projects beyond its value chain. As each credit corresponds to the removal of one ton of CO₂ equivalent (CO₂e), the Group can – under voluntary carbon market standards and guidance – claim it has reached carbon neutrality (Scope 1 and 2) in a given year by purchasing credits to offset its residual emissions.

From the outset, the two projects from which Flos B&B Italia Group has purchased carbon credits are the "Great Bear Forest Carbon" and the "Guatemalan Conservation Coast" projects. These two projects were chosen because of their strong credentials on environmental and biodiversity issues as well as their social initiatives.

Great Bear Forest Carbon project,²³ Canada

The Great Bear Forest covers c. 6.4 million hectares of north and central coast in British Columbia in Canada and is home to the First Nations people who have inhabited this land for up to 10,000 years. This rare and rich ecosystem is also home to rare species of plants and animals (including the Kermode Bear).

The aim of this project is to improve forest management in the region, generating emission reductions through the protection of forest areas that were previously designated, sanctioned or approved for commercial logging. The project activities include changes in land-use legislation and regulation that result in the protection of forest areas and reduction of harvest levels.

Guatemalan Conservation Coast project,²⁴ Central America

The Guatemalan Conservation Coast program works to address the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. Some of the most important project achievements to date are the protection of 30 threatened tree species including the Baird's tapir and West Indian manatee, the protection of 54,157 hectares of threatened forest in the Mesoamerican Biological Corridor and the creation or support of 487 jobs for indigenous and local communities.

²³ The Great Bear Forest Carbon project is registered on the British Columbia Registry under three different projects: Great Bear (South Central Coast) 104000000011319, Great Bear (Haida Gwaii) 104000000011559 and Great Bear (North and Central-Mid Coast) 104000000012798 aims to generate Improved Forest Management and reforestation-based carbon credits.

²⁴ The Guatemalan Conservation Coast project is registered on the Verra registry, REDD+ Project for Caribbean Guatemala: The Conservation Coast 1622, applies Verra's Verified Carbon Standard (VCS Standard v4.3 VM0015) and the Climate, Community and Biodiversity Standards v.3.1, and will generate carbon credits from avoided unplanned deforestation representing c. 22 million tonnes of CO₂e.

Reducing GHG emissions and energy consumption

At Flos B&B Italia Group, our endeavor is to meticulously oversee and curtail our energy usage and the associated greenhouse gas emissions. This is an essential preliminary measure to develop effective future reduction strategies. Our Brands are diligently working to optimize processes and diminish their energy consumption, thereby advancing towards our Energy and Climate Change objective. At Group level, our objective is to formulate a comprehensive decarbonization strategy that encompasses a precisely devised action plan, a structured timeline, and a series of activities aimed at reducing emissions.

In 2023, and in line with last year, we monitored all direct GHG emissions (Scope 1), as well as the indirect emissions resulting from energy purchased (Scope 2) in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

As per Scope 1, the overall number of direct emissions decreased by 9%, showing a stable trend with respect to 2022 levels despite the enlargement of the reporting perimeter, coherent with an overall reduction in energy consumption by our Companies.

Scope 2 emissions, resulting from electricity purchased from the national grid and from the purchase of heat and steam, have demonstrated to be aligned to the

trend showed in 2022. They have been calculated by adopting both Location-based and Market-based methods. The first reflects the average emission intensity of grids, considering both renewable and non-renewable production, whilst the latter reflects emissions from the electricity source that the Group has specifically chosen.

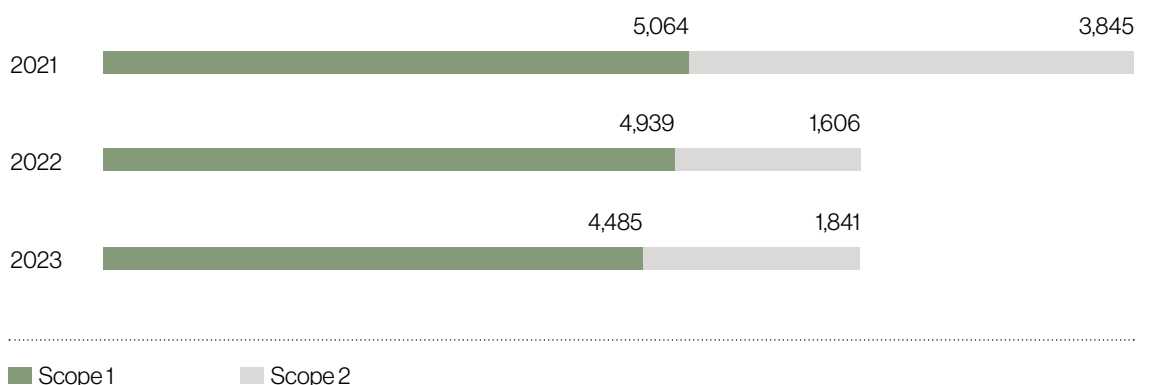
Scope 2 Location-based emissions decreased by 18% compared to 2022 because of the update of the Emission Factors used in the calculation, which now provide an updated reflection of the energy mix of the countries in which the Group operates, as well as the termination of the businesses related to the activities of By Lassen and Brdr Petersen. On the other hand, Scope 2 market-based emission have increased by 15% due to the enlargement of the reporting perimeter, which now also includes the emissions related to the activities of FLOS USA and FLOS Norge.

Despite the increase in Market-based emissions, our Brands carry on responsible purchasing strategies to reduce their overall carbon footprint.

FLOS and B&B Italia have been covering 100% of the electricity needs for their productive plants with Guarantees of Origin (GOs), respectively since 2021 and 2022.

Over the years, Louis Poulsen has gradually increased the amount of electricity purchased with Guarantees of Origins, covering 89% of its total consumption in 2023 – compared to the 79% of 2022.

Scope 1 + Scope 2 (Market-based) emissions (tCO_{2e})



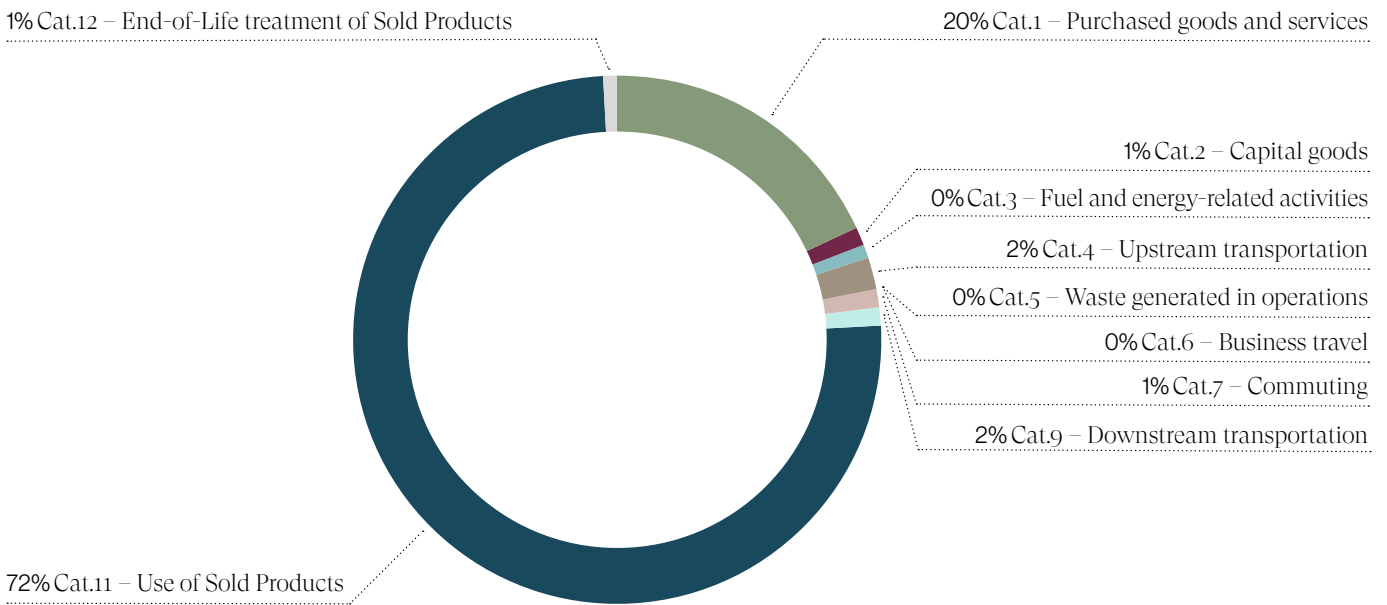
Compared to the previous year, Scope 3 emissions decreased by 17%, a reduction that reflects the contraction in sales registered by the Group due to the macroeconomic situation around the Globe. In 2022 we enlarged our Scope 3 downstream emissions perimeter, including all our Brands and Milan HQ, and comprising emissions deriving from the 10 most relevant categories out of the 15 identified by the GHG Protocol:

Scope 3 Categories

Category 1 Purchased goods and services	Category 1 includes all upstream (i.e., cradle-to-gate) emissions from the production of products purchased or acquired by the reporting company in the reporting year. Products include both goods (tangible products) and services (intangible products).
Category 2 Capital goods	Category 2 includes all upstream (i.e., cradle-to-gate) emissions from the production of capital goods purchased or acquired by the reporting company in the reporting year.
Category 3 Fuel-and-energy-related activities not included in Scope 1 or Scope 2	Category 3 includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.
Category 4 Upstream transportation and distribution	Category 4 includes emissions related to the transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company). It also includes transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics, and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company).
Category 5 Waste generated in operations	Category 5 includes emissions from third-party disposal and treatment of waste generated in the reporting company's owned or controlled operations in the reporting year. This category includes emissions from disposal of both solid waste and wastewater.
Category 6 Business travels	Category 6 includes emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.
Category 7 Employee commuting	Category 7 includes emissions from the transportation of employees between their homes and their worksites.
Category 9 Downstream transportation and distribution	Category 9 includes emissions that occur in the reporting year from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company.
Category 11 Use of sold products	Category 11 includes emissions from the use of goods and services sold by the reporting company in the reporting year. A reporting company's scope 3 emissions from use of sold products include the scope 1 and scope 2 emissions of end users. End users include both consumers and business customers that use final products.
Category 12 End-of-life treatment of sold products	Category 12 includes emissions from the waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life. This category includes the total expected end-of-life emissions from all products sold in the reporting year.

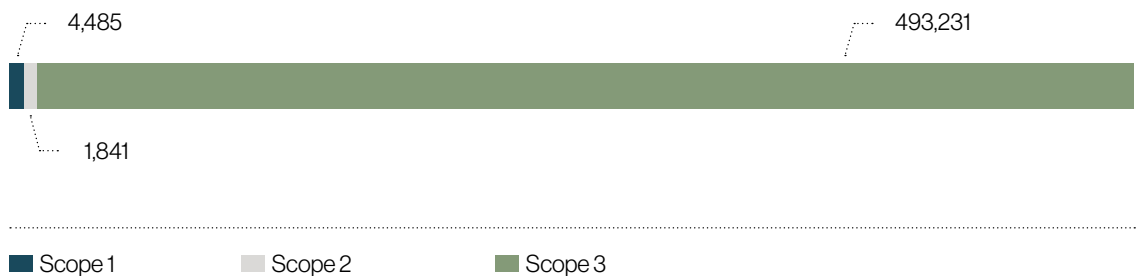
As shown in the pie-chart below, Category 1 constitutes about 20% of the total Scope 3 emissions, including all upstream emissions from the production of products purchased or acquired by the Brands. Similarly, Category 11, comprising the use of sold products, represents a significant portion of the overall Scope 3 emissions, accounting for 72% of the total. This Category encompasses all emissions arising from the use of goods and services sold by our Brands during the reporting year ^[305-3].

2023 Scope 3 GHG emissions (%)



As the graph demonstrates, the vast majority of our emissions derive from Scope 3, accounting for 99% of our overall emissions (Scope 1, Scope 2 market-based and Scope 3).

Total 2023 GHG emissions by Scope (tCO_{2e})



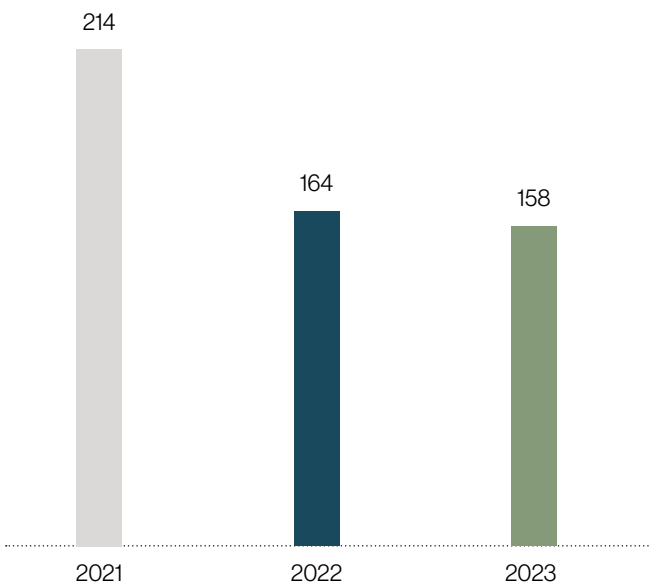
Energy consumption

In 2023, despite the enlargement of the reporting perimeter, there was an overall 10% reduction in energy consumption: this result was mainly achieved thanks to the measures implemented by B&B Italia Group, that managed to reduce the overall fuel consumption in different areas.

B&B ITALIA: SYNERGIES TO IMPROVE ENERGY EFFICIENCY

In its plant located in Novedrate, in synergy with a company with an adjacent facility, B&B Italia has reached an agreement aimed at increasing an overall efficiency in the use of resources and, ultimately, at reducing its Scope 1 emissions. Starting from Q4 2022, with full effects in 2023, B&B Italia started to purchase thermal energy produced in excess from the nearby cogeneration plant. The heat is used for heating purposes and allows for a reduction in own natural gas consumption. This enabled a decrease of approximately 24% in the GHG Scope 1 emissions from B&B Italia Group. Integral part of the project has been, furthermore, the collaboration with this company for the calculation of the emission factor so to correctly allocate GHG emissions.

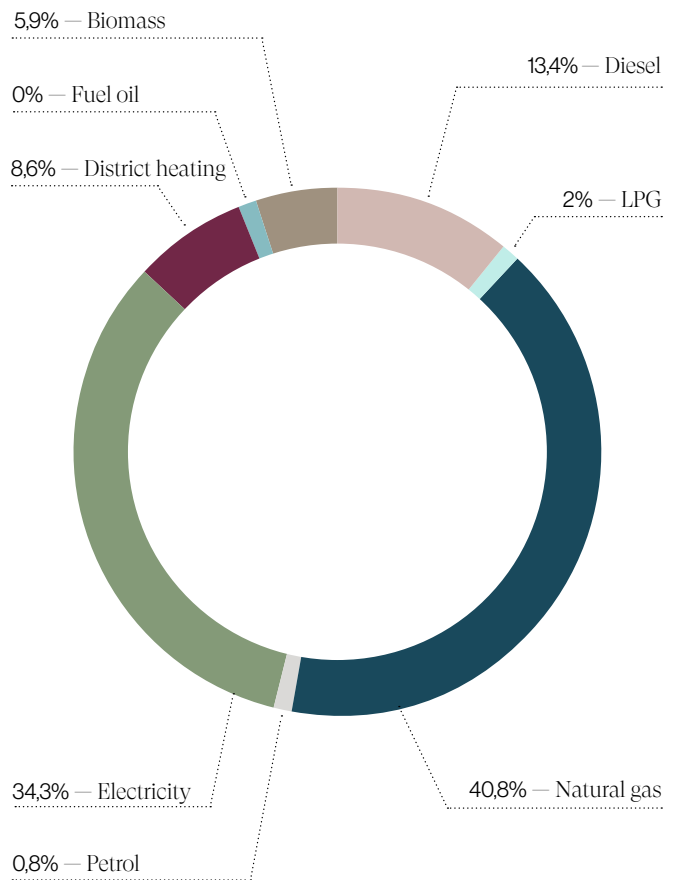
Energy intensity (GJ/ K€)



This project is thus an example of partnership between different actors in the same district working together in order to improve the allocation of resources, increase energy efficiency and reduce overall GHG emissions.

Moreover, the initiatives implemented by the Brands lead to an overall decrease of the Group's energy intensity²⁵, from 164 GJ/k€ in 2022 to 158 GJ/k€ in 2023¹³⁰²⁻³¹.

Energy consumption (2023) (GJ)



The chart illustrates the leading factors contributing to the energy consumption and their significance. Notably, electricity for lighting and industrial machinery functioning, and natural gas for heating purposes. The furniture segment of the Group²⁶ is more energy-intensive (60% of total), a characteristic that can be explained by the production processes required to create these design pieces.

²⁵ The Group's Energy Intensity Index is measured as the ratio between energy consumption and revenues multiplied by a factor of 1,000.

²⁶ Starting from 2022, Audo and DQM-FENDI Casa are included in the furniture sector. In particular, Audo is considered as part of the furniture sector, despite selling a portion of lighting products.

Waste management [306-1] [306-2]

In 2023, we persisted in enhancing our waste management and recycling protocols, aiming at cultivating an attentive mindset within our operational practices and actively involve our workforce in their routine tasks.

Moreover, our Brands are diligently progressing towards the adoption of effective strategies to create durable, premium-designed items utilizing materials from worn, damaged, or returned products. For example, FLOS has established a cutting-edge service that offers repair, exchange, and replacement to its consumers, which aids in minimizing waste. Additionally, we are collaborating with our Brands to scrutinize the proportion of faulty components received from suppliers, aiming not just to decrease related costs and prevent delays, but also to detect and curtail superfluous waste.

CARE, REPAIR & REUSE – LOUIS POULSEN APPROACH TO REDUCE WASTE

Louis Poulsen is committed to reducing environmental footprint by maintaining and repairing our products to extend their lifespan. This initiative is a key component of our sustainability strategy and is essential to our goal of preserving resources and minimizing waste.

Product Repair

Louis Poulsen has established a comprehensive repair system that allows us to restore up to 70% of all returned products. This includes lamps, a significant portion of which are repaired and restored to full functionality. Approximately 10% of these repairs are carried out in collaboration with authorized partners operating around the world. Our partners include authorized workshops in Denmark, Norway, and Spain, enabling us to offer local service and support to our customers across regions.

Materials and Recycling

In cases where products are too damaged to be economically or practically repaired, Louis Poulsen

ensures they are properly disassembled and sorted. This facilitates the recycling of individual materials in accordance with applicable environmental standards and regulations.

Expansion of Partnerships

In 2024, our focus is on strengthening our partnerships and expanding the number of authorized service centers. This will not only improve the availability of repair services for our customers but also enhance our ability to maintain a global network of sustainable service providers.

B&B ITALIA

During Milan Design Week 2023, B&B Italia exemplified a commitment to sustainability by limiting waste. Instead of discarding materials used for their stand, they strategically opted to repurpose them for future projects and installations.

We diligently oversee and administer our waste generation and disposal activities wherever we conduct our own operations, ensuring strict adherence to all pertinent legal regulations of the respective countries. The table shows a significant decrease in the total amount of waste produced, which can be attributed to an overall reduction in production volumes.

Waste generated (ton) ^[306-3]

	Waste typology ^{27,28,29}	2021	2022	2023
	Wood	784	647	283
	Other	150	336	270
	Aqueous solutions	192	229	250
	Metal materials	291	204	180
	Non-municipal waste	82	52	143
	Paper	48	126	70
	Plastics	48	14	53
	Construction materials	115	441	50
	Paintings	22	22	21
	Sludge	33	23	14
	Glass	18	14	8
	Bottom ashes	18	18	-
	Mixed materials	461	391	368
	Paper/Paperboard	369	219	212
PACKAGING	Wood	221	203	192
	Plastics	20	31	18
	Glass	0	4	4
	Metal	2	-	-
	Total waste	2,874	2,973	2,136

²⁷ Waste data for FENDI Casa (Flos B&B Italia Group) have been estimated for year 2023.

²⁸ Audo's figures on waste produced in 2023 are not included due to a lack of data. The Brand is committed to improve their monitoring for future reporting periods, aligning with other Brands of the Group.

²⁹ The categories "Construction Materials", "Other" and "Non-Municipal Waste" present a high level of variation between 2022 and 2023 due to an update of the categorization process of the waste produced.

Sharing our environmentally conscious approach with our suppliers

Adopting eco-friendly practices in procurement is crucial to our Sustainable Strategy. Consequently, we prioritize collaboration with our suppliers to ensure their practices reflect our key environmental principles. We require them to evaluate and implement effective managerial processes to prevent or reduce potential environmental harm from their operations.

Suppliers must adhere to globally accepted standards for sustainable practices and traceability, including the International Bill of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and relevant ILO Conventions and Recommendations. Additionally, we expect our suppliers to embrace the social and ethical standards we uphold, encompassing anti-corruption measures, compliance with laws, and opposition to anti-competitive conduct.

To ensure compliance with our ethical guidelines, Flos B&B Italia Group's Board of Directors ratified the Suppliers Code of Conduct in 2022.

This code mandates complete conformity with the stipulated commitments before initiating any business dealings with our Group. It champions human, labor, and environmental rights, forbidding child and forced labor, discrimination, and advocates for equitable working conditions, respect, and equal remuneration. Additionally, it obliges suppliers to manage health and safety hazards and ensure product provenance.

Suppliers are also bound to adhere to regulations concerning data protection, intellectual property rights, public disclosures, insider trading, bribery, and conflicts of interest. They must observe laws related to competition, anti-money laundering, embargoes, and customs, and propagate these obligations to their affiliates.



The Tired Man lounge chair by Flemming Lassen, Audo

Within our Brands, B&B Italia evaluates its wood product suppliers for responsible sourcing, processing, and material handling, aligning with the FSC standard ^{1308-1|1414-1|}.

B&B ITALIA, ARCLINEA AND THE FSC® STANDARD

The Forest Stewardship Council® (FSC®) is a non-profit NGO, offering a forest certification system recognized internationally. The certification aims to ensure correct forest management and traceability of related products.

Since 2013, Arclinea³⁰ has implemented a management system to evaluate its suppliers in accordance with FSC® principles. Today, 80% of Arclinea's wood supply and products are FSC® Mix certified – accounting for 70% of the entirety of B&B Italia Group's wood purchased.



Convivium kitchen by Antonio Citterio, Arclinea

Demonstrating B&B Italia's commitment to environmental sustainability, the company commenced crafting distinct furnishings solely from FSC® Mix certified³¹ wooden components in 2018. In 2019, the range of fully certified offerings expanded from one to four, with ongoing efforts to incorporate additional certified items into its collection.

Additionally, Audo has employed the Declare label to validate several of its collections, ensuring transparency and accountability.

AUDO'S QUEST FOR TRANSPARENCY AND ACCOUNTABILITY

Recently, Audo pledged to utilize Declare, a globally recognized transparency label that provides thorough product details, including the composition, source of materials, expected lifespan, and end-of-life alternatives. It also certifies adherence to the Living

Building Challenge (LBC) Red List³² requirements. Declare's methodology spans from inception to disposal, enabling manufacturers to reveal the substances incorporated in their products. This facilitates more educated choices by consumers and design experts regarding their product selections.

³⁰ Licence Code FSC-C118694

³¹ Licence Code FSC-C142045

³² The Living Building Challenge (LBC) Red List comprises materials, chemicals, and elements recognized for their significant hazards to human health and the broader ecosystem, and which are commonly found within the building products sector.

ESG and Risk Management Assessment across our supply chain

As a prominent entity in the luxury design market, our Group is formed of Brands that span across various business sectors and geographic locations, each possessing distinct production methods and supplier protocols. The responsibility of managing supply chain matters is delegated to our Brands, enabling them to cater to production requirements while ensuring the utmost quality and craftsmanship of products at every stage, from the conceptualization and material procurement to assembly and manufacturing ^[2-6].

The configuration of our Brands' supply chains facilitates the promotion of local vendors and bolsters the communities where they function.

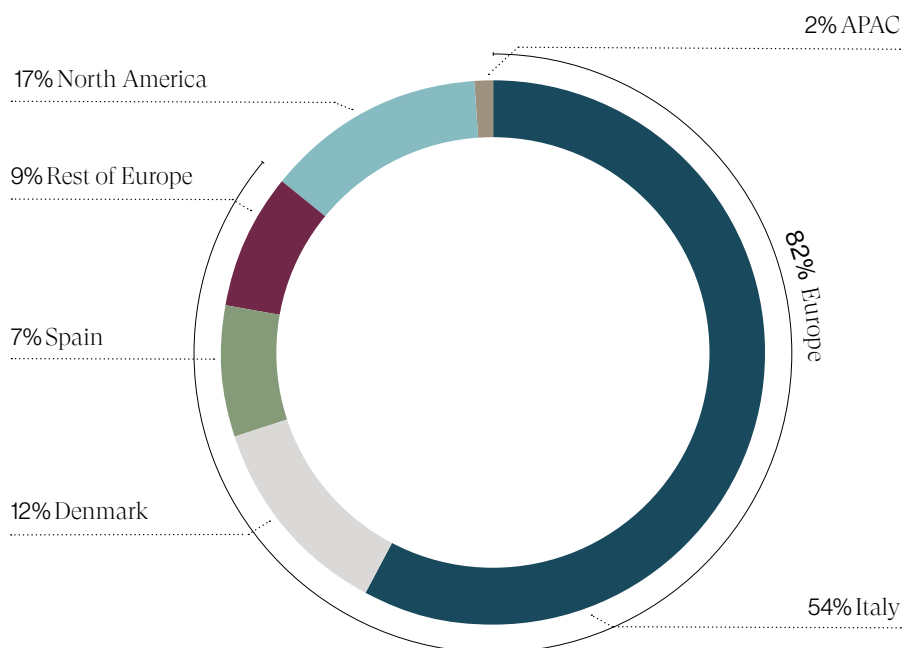
Consequently, this enhances dependability and reduces delivery durations, allowing Brands to cultivate enduring, intimate associations with their commercial allies.

As illustrated in the graph, numerous preferred suppliers for our Brands are based in Italy and North America, which are the central hubs for FLOS and B&B Italia, as well as in Denmark, near the manufacturing premises of Louis Poulsen.

Diversified network of suppliers with proximity to in-house production

1,920

Suppliers

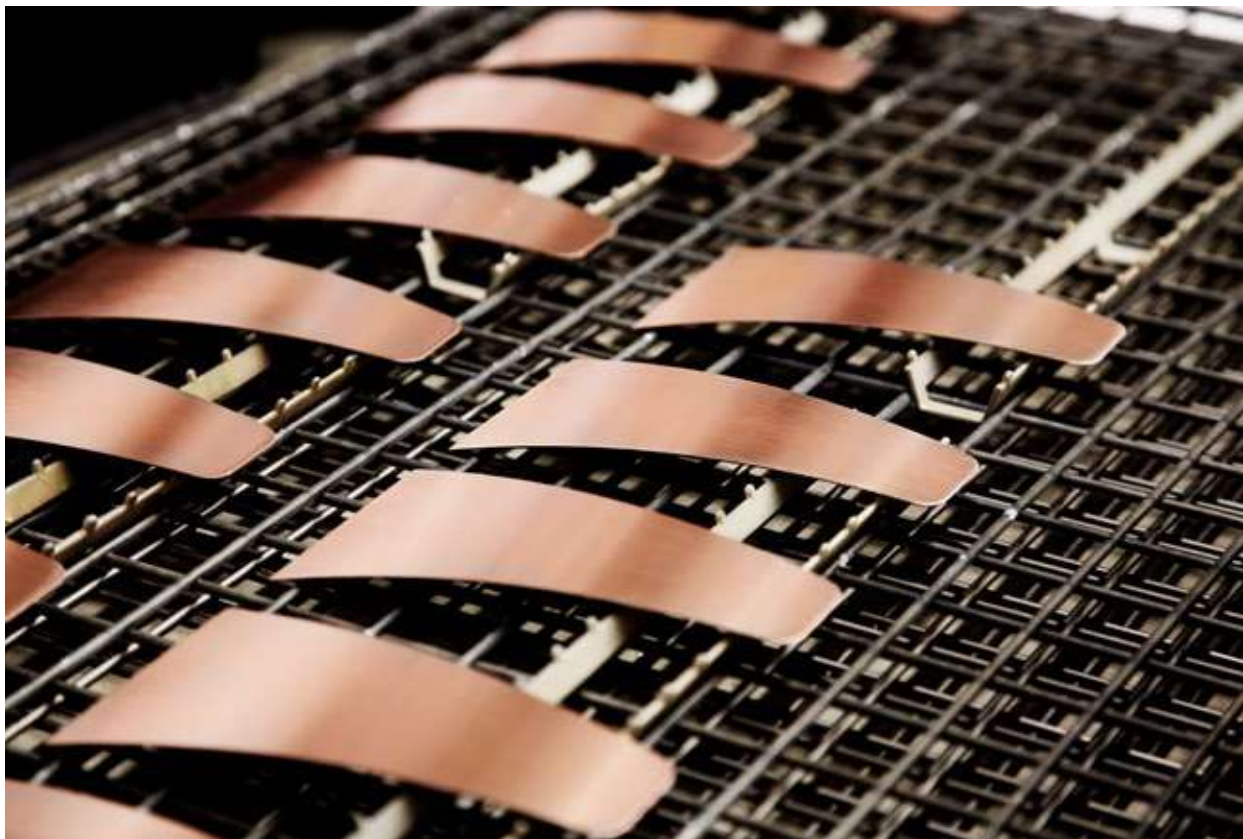


All of our Brands recognize the necessity of minimizing the environmental and social repercussions induced by their supply chains. Consequently, they are actively establishing structured frameworks for supply chain management. For example, Audo has pledged to evaluate its top ten suppliers on environmental and human rights concerns by the year 2025. By the end of 2023, the Brand ensured 80% of its suppliers endorse the Group Supplier Code of Conduct. In addition, Louis Poulsen has adopted a systematic, risk-based method for responsible supply chain management, incorporating ESG standards throughout its supply chain. A crucial initiative has been the identification of new strategic suppliers within the EU to encourage local procurement and reduce reliance on suppliers from the APAC (Asia-Pacific) region. In 2023, in Louis Poulsen the 81% of spend from suppliers was covered by code of conduct.

Our Group is committed to adopting a proactive stance on ESG management within our supply chain, aiming to build a more sustainable and robust future for our enterprise. At a Group level, in line with the goals set out in our Sustainability Plan, we are dedicated to enhancing the ongoing engagement we maintain with our suppliers.

The development and formalization of a structured ESG screening process for newly onboarded suppliers, which is slated for approval and execution in the forthcoming years, will enable us to pinpoint and govern ESG-related risks. Additionally, it will allow us to involve our business partners more actively in adopting responsible practices throughout our supply chain.

By 2024, our objectives include the creation of a universal framework for appraising supplier ESG performance, and by 2025, we aim to map and evaluate our significant suppliers. Illustrating our Brands' efforts towards these pledges, Audo conducted two more audits on its top suppliers in Asia in 2023.



Production plant, Vejle, Denmark, Louis Poulsen

Design for People

“ To ensure a thriving workplace that guarantees fairness and inclusion as well as generating value to communities around the world.”



97%
PERMANENT
CONTRACTS

% of our workforce permanent contracts



30%
INCREASE
IN TRAINING
HOURS

delivered to Executives compared to 2022



46%
WOMEN

% women in our workforce



> 75%
ADDITIONAL
BARGAIN
AGREEMENTS

% of our workforce benefitting from additional best-favor bargaining agreements

At Flos B&B Italia Group, we put our people at the center of our business operations, being the ones shaping our final products and contributing to the realization of our mission to beautify homes and public spaces.

Our employees are the driving force behind our successful path towards being true leaders of innovation, skilled craftsmanship and iconic high-end design.

Our operations and processes require a broad array of hard and soft skills, experience and a solid background of knowledge in the fields of design, engineering and materials, to ensure the continuous development of our business and the delivery of the highest quality of luxury design which make us leaders in this sector. Not only we encourage our employees to develop a professional level of skills and abilities, but we also spur them to develop their personalities to differentiate the population of our Group and explore the beauty of diversity. For these reasons, we strive to provide our employees with the access to the necessary resources and opportunities to express their authentic selves within the workplace and reach their utmost potential.

By encouraging teamwork and the continuous dialogue with the others, we aim at building a passionate and professional Group which is committed to disrupting in the high-end design, providing our employees with the tools and training to reveal their talents, ranging from technical and creative skills to managerial and human abilities. Each one of our people has unique traits and potentials that can give a valuable contribution to our work as a Group. The working environment characterizing Flos B&B Italia Group aspires to encourage our employees to achieve their goals and reach their highest level of performance. As an example, our HR Function is developing a Group-level structured feedback process, with the objective of strengthening the relationships within the management and improve self-awareness. This initiative is part of a pilot program expected to be rolled out in the future by all the managers of the Group.

To build a common and shared culture in people's management, in 2023 we conducted the second edition of the workshop involving the top management of each Brand (Global Leaders), consisting in a number of committees dedicated to different topics, finalized at the achievement of a shared and compelling vision on people management at Group Level. Moreover, we organized various thematic workshops that involved professionals from diverse Brands, covering a spectrum of topics such as digital strategies and contract management. The results of these workshops still guide and foster the design and the implementation of new initiatives.

THE VALUES OF OUR GROUP

Entrepreneurial Spirit - Acting as if the company were yours, with passion and courage, continuously energizing and inspiring people.



Customer First - Delight our customers, placing them at the heart of whatever we do, being so close to them as to anticipate their needs.



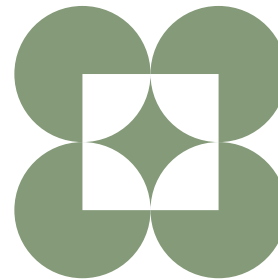
Passion for Design & Creativity - Make every day extraordinary, by challenging the status quo with unlimited curiosity and the excellence of our craftsmanship, to realize an avant-garde design.



Sustainable Beauty - Merging ethics and aesthetics across all our products, in a nutshell our ethos of beauty.



Stronger Together - Collaborate without boundaries, leveraging on the principle that unites each of us as a "We".



Cultivating a thriving, inclusive, and equitable working environment is fundamental and a key priority for us. We ensure the integration of the principles of diversity and inclusion, people empowerment and gender equality at every stage of our operations through the monitoring of specific KPIs and ESG targets set within the framework of our Sustainability Plan. The hiring process is the first step for the implementation of our shared culture on diversity and inclusion and, more broadly, of people management, where we are given the opportunity to relate with new employees from diverse nationalities and backgrounds, each of them having their own strengths and values. By embracing this culture of inclusion, we can enhance both the diversity within our Brands and foster a genuine sense of interrelation and belonging in the workplace.

Our aim as a Group is to reach our goals by creating a common vision of people management shared and embraced by our Brands and employees, so that everyone can experience the true meaning of being part of Flos B&B Italia Group at its fullest.

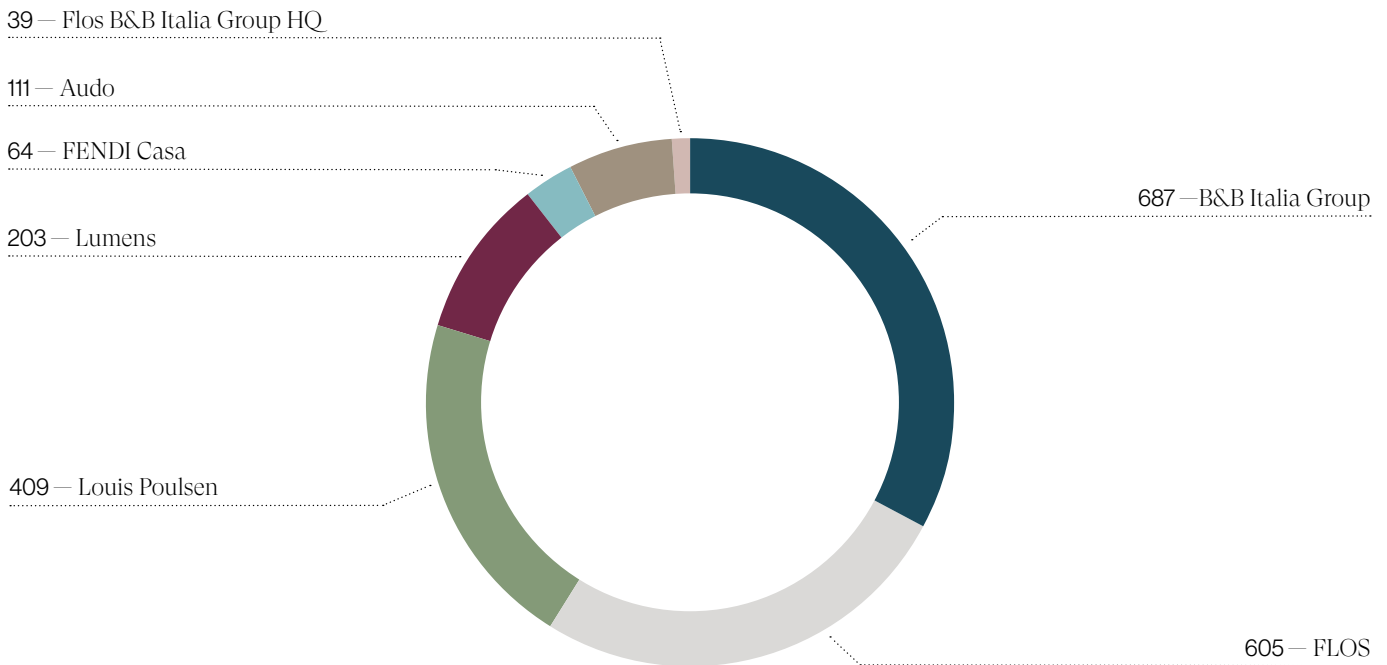
Our People

Since the foundation of our Group in 2018, we have been able to differentiate our population in terms of number, gender and geography, also thanks to the welcoming of new Brands such as Audo Copenhagen and FENDI Casa. In 2023, Flos B&B Italia Group's employees amounted to a total of 2,118³³ FTEs, spread over more than 20 countries worldwide.

Because of the size and relevance covered by FLOS and B&B Italia, Italy hosts the majority of the total workforce of the Group, equal to 47% of Flos B&B Italia Group's employees, spread among the headquarters and productive plants located in the Northern part of the country. 20% of our workforce is employed in Denmark, mainly between the metropolitan area of Copenhagen and the city of Vejle, where Louis Poulsen has its administrative offices and productive facilities.

With the American branches of B&B Italia and FLOS, coupled with the ones of Audo and Lumens, USA-based employees stand as the third personnel hotspot, accounting for 16% of the global population of Flos B&B Italia Group. Finally, the Antares facilities, part of FLOS, make Spain another focal point for our global presence, hosting 8% of our people.

Although in lower percentage, we assert our presence in other countries as well, among which France, Germany, China, the United Kingdom, Japan and Norway accounting for approximately 9% of our global workforce.



³³ Employees' data refer to the Group's reporting perimeter as of December 31st, 2023; the full Group's perimeter does not coincide with the reporting perimeter. Data are expressed in FTEs, standing for full-time equivalent (FTE), a unit to measure employed persons in a way that makes them comparable although they may work a different number of hours per week. The Group considers an FTE to be valued at 2,080 hours per year (40 hours per week for 52 weeks per year).

Our goal is to provide our people with a working environment shaped by fairness and transparency, where equality is respected at every level, starting from gender balance. In 2023, our female employees amounted to 973 FTEs, representing 46% of the global population at Flos B&B Italia Group.

Regarding the male share of the Group, it accounted for 54% of total employees - 1,145 FTEs^[405-1], showing a stable trend in comparison with 2022.

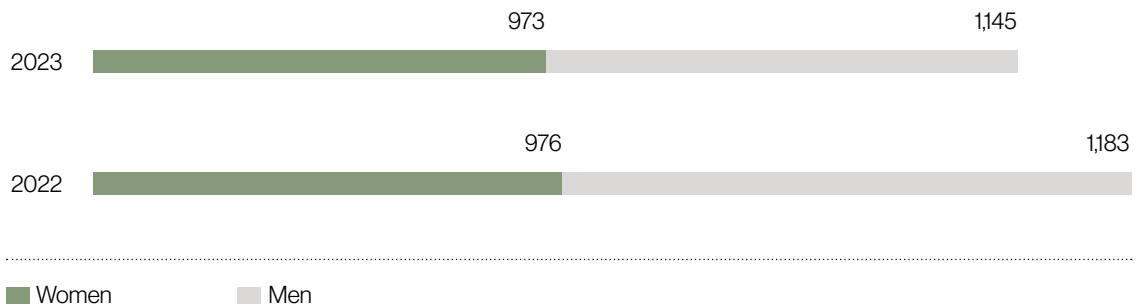
Being an influent Group at global level, we believe we have a responsibility towards the communities in which we operate and to the people who contribute to building our success. We place great importance on the value we attribute to our employees and to the provision of meaningful and rewarding employment opportunities.

Our commitment is reflected in the percentage of permanent employment contracts registered in 2023, equal to more than 97%, a stable figure with respect to 2022 data.

Following the trend of the past years, the majority of our workforce is represented by full-time workers, which amounted to 2,044 in 2023 and represent approximately 97% of our total population. The remaining percentage is composed of 69 employees working part-time and 5 as non-guaranteed hours employees^{34 [2-7]}. All Group companies apply local national contracts and more than 75% of our workforce³⁵ benefits from additional best-favor collective agreements^[2-30].

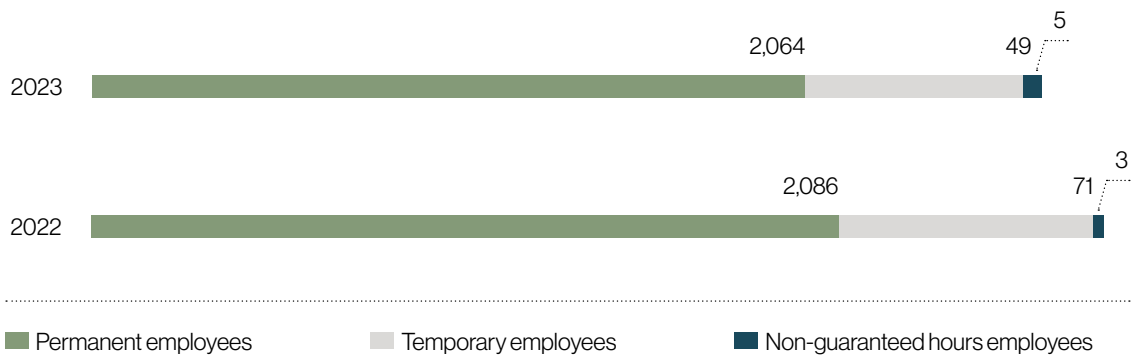
In terms of new hiring, we onboarded 276 people, of which 131 women and 145 men^{36 [401-1]}.

Total workforce 2022 vs 2023

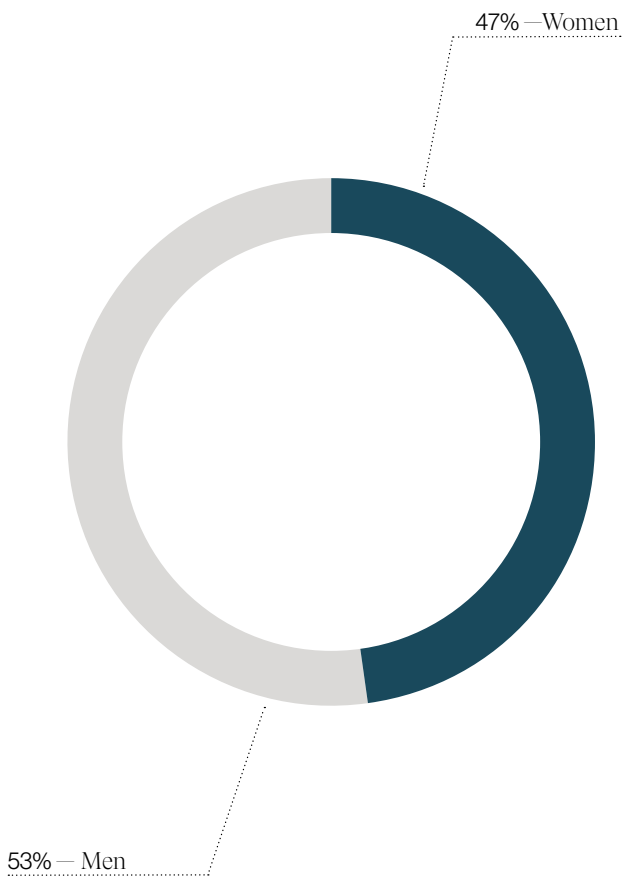


³⁴ Employee who is not guaranteed a minimum or fixed number of working hours per day, week, or month, but who may need to make themselves available for work as required.
³⁵ The employees that are not covered by collective bargain agreements are those located in countries where such contracts are not of common use or provided by law, such as the USA. The decrease in the percentage of employees who are not covered by collective bargain agreements with respect to 2021 (90%) is therefore due to the inclusion of Audo and FLOS' perimeter enlargement, whose employees are only partially covered by collective bargaining agreements. As 2021, Lumens' employees are not covered by collective bargaining agreements.
³⁶ Louis Poulsen's new hires for 2022 only include employees located in Denmark. Data related to 2023 new hires include the global population of the company, resulting from the commitment demonstrated in the past two years in improving the monitoring process in alignment with all the other Brands of the Group.

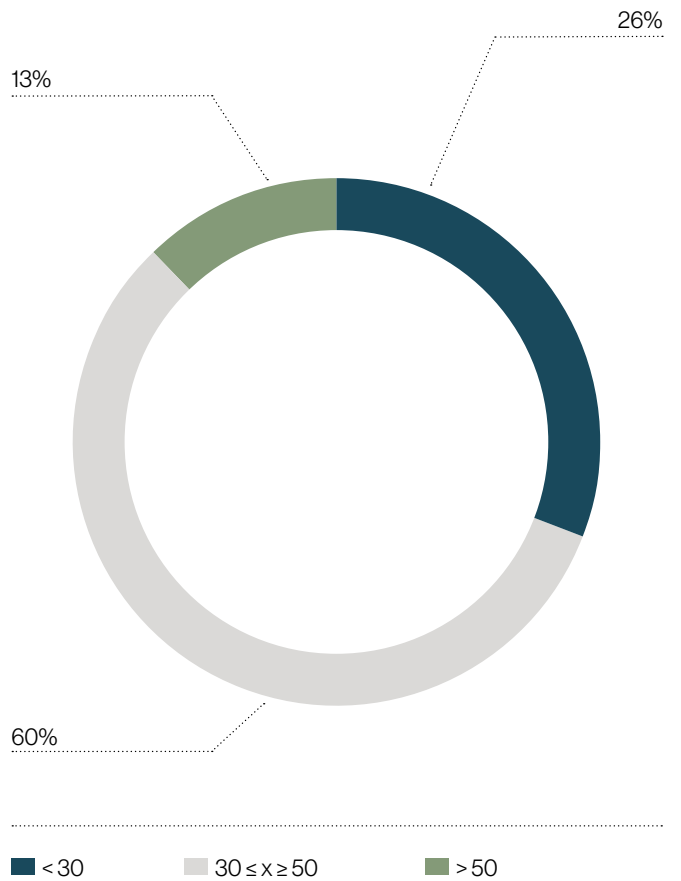
Total workforce by type of contract 2022 vs 2023



Total new hires by gender



New hires by age group



Fostering diversity and promoting inclusion

Embracing an inclusive and dynamic working culture, we have worked over the years to diversify our teams, both at Brand and Group level, in terms of gender diversity and inclusive practices. Through our Brands, we are looking towards the enhancement of such concepts by focusing on the hiring process, in particular by nurturing the different traits of our candidates during the assessment.

At Group level, we are working to guarantee equal opportunities in employment and avoid any discriminatory practices by committing to promote gender parity and equal pay. At the basis of our behaviors and conduct on the adoption of diversity and inclusion practices is the Group's Code of Ethics, stating the values and principles that shape our business conduct.

Diversity and inclusion are encouraged and applied at Brand level, as well, through initiatives and new programs launched every year.

In this context, Lumens offered a new series of its **Diversity, Equity and Inclusion Training program** to its employees, aiming at expanding the channels available for engaging with new candidates and potential employees from different backgrounds. The relevance given to the matter is reflected in the amount of training hours scheduled about diversity and inclusion in comparison with the total training hours provided in 2023, which were the highest after technical training on Product knowledge and New Employee training.

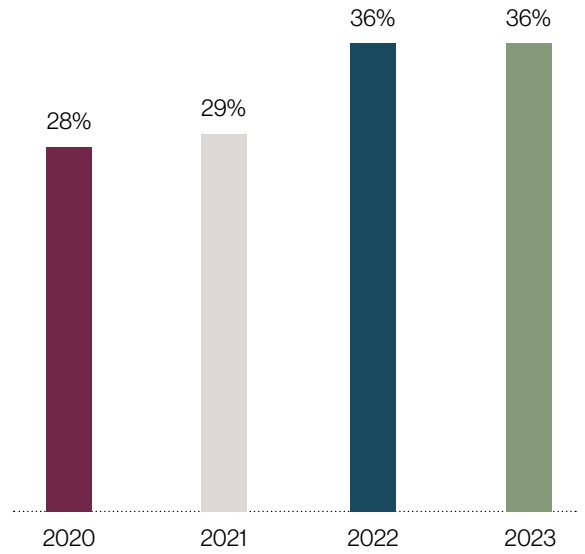
It is worth mentioning the success gained by the **Women in Design Summit of 2023**, hosted by Lumens to celebrate the women of international design that led the way for entire artistic eras and movements, inspiring generations of young female design fanatics to follow their models and disrupt the mainly male-driven design industry. The Summit was scheduled into two panels: a first Designer Round Table featured different female designers, as Thabisa Mjo, Rosie Li and Emiliana Martinelli, who brought extracts of their experiences and expertise during the live session, while the second and final event, called "Business of Design", saw the CEO of Lumens and other executives and creators exchange their thoughts and career highlights. Both events reserved a live Q&A session at the end to collect curiosities and doubts from the audience.

Louis Poulsen successfully continued to implement its **Diversity Policy and recruitment guidelines**, first set in 2021. In alignment with the Group's effort to ensure diversity and inclusion at every operational level, the Brand is working to apply the respect and the continuous improvement of a culture based on the principles of diversity and inclusion in its hiring processes and talent retention efforts. In 2023, the Brand has also prosecuted on the path to meet the target of at least 40% of its female employees in managerial positions by 2030, set in 2021, as recommended by the Danish Business Authorities. This year, female managers amounted to 33% of the overall managerial body, showing a stable trend with respect to 2022. As showed by the stable trend of the past two years, the Brand is committed to increasing the diversity of its working population by intervening directly on the hiring processes and people management.

EMPOWERING FEMALE LEADERSHIP AT AUDIO COPENHAGEN

As part of our Group's ambitions, we pay great attention to the empowerment of female leadership in all our Brands, having set the target of reaching 46% of female senior leaders by 2026. Audio represents an exemplar case of the commitment of Flos B&B Italia Group in such sense. In 2022, it conducted an unbiased recruitment and development training on diversity for all its managers. In the same year, the Brand recorded an increase in the percentage of female leaders within the management, equal to 36%, compared to 2021 data. Numbers for 2023 show a stable trend, with the same proportion of women in managerial positions.

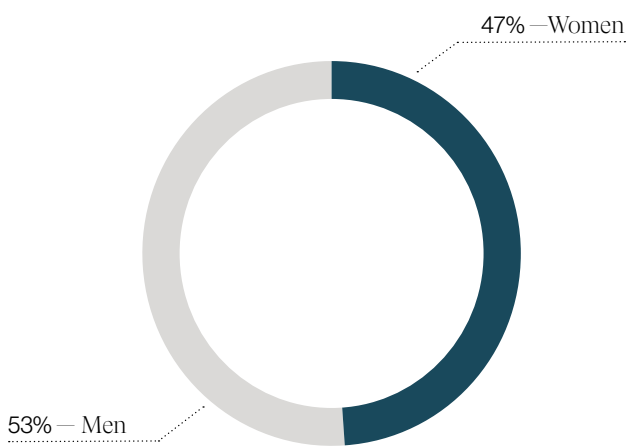
Audio women in management (%)



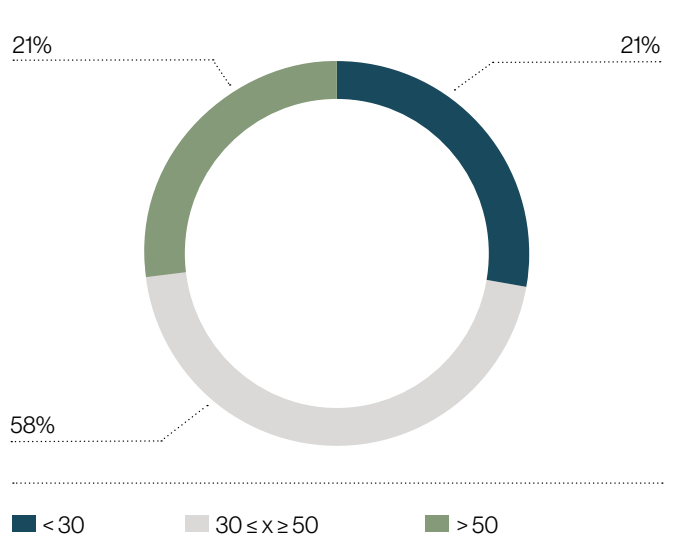
In 2023 we registered 397 job roles terminations, representing a 7% increase compared to the 372 job departures of 2022³⁷ |401-1|.

Given the diversity of mansions and roles within our Group, we offer a heterogeneity of employment contracts and categories. In 2023, 30% of our workforce consisted of workers across our production facilities, while the majority is employed in our Brands' offices and headquarters. Of the overall employee population, almost 15% covers managerial roles^{12-7, 405-1|}.

Total terminations by gender



Total terminations by age group



³⁷ Louis Poulsen's 2022 terminations only include employees located in Denmark. Data related to 2023 terminations include the global population of the company, resulting from the commitment demonstrated in the past two years in improving the monitoring process in alignment with all the other Brands of the Group.

Our People, our driving force

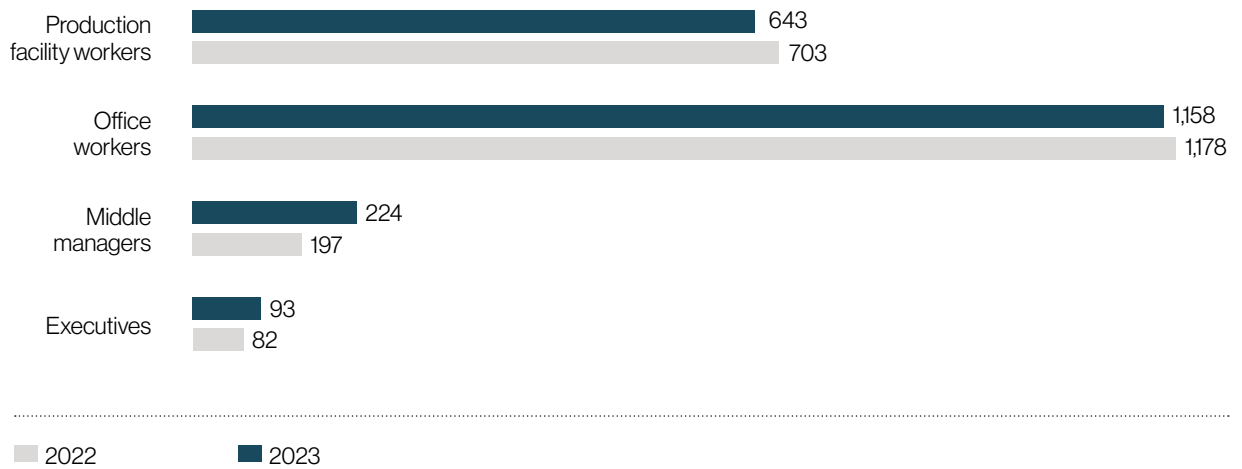
In 2023, we continued to prioritize the happiness of our employees, aiming to instill a sense of pride and belonging within them and our surrounding communities as integral members of our Group.

To achieve this, we act both at Group and at Brand level. We set dedicated personnel at the Flos B&B Italia Group headquarter to continually forge a unified strategy for people management. This involves the implementation of a wide array of new and improved welfare and wellbeing

programs. As an example, in 2021 we prepared a survey to gain structured feedback on our Brands' ways of working in terms of people management, which was rolled out in 2022 and 2023 to all the people managers of the Group. We are working to implement the survey and enhance the output of the responses for future years.

Regarding our Brands' initiatives, they have been developing new approaches and methods to ensuring and safeguarding the wellbeing of our employees, striving for an equitable work-life balance for all the members of the Group and honoring their cultural distinctions. They are in charge for the daily oversight of these initiatives, being acutely attuned to the specific needs of their local contexts.

Employees' category trends 2022 vs 2023



Employee engagement programs at Brand level

Over the years, Lumens elevated the wellbeing of its employees and the cultivation of a profound sense of belonging to the forefront of its priorities by conducting employee engagement surveys and company events. Regarding the survey, it took place in August 2023 and aimed at collecting thoughts and feelings on the working environment offered by the Brand.

During 2023, Lumens also developed monthly day events to enhance team building and foster collaboration between the employee population. Such initiatives consisted in company meetings, training sessions and breakfast or lunch events, during which people could exchange design thinking ideas and thoughts and build a common design culture.

Louis Poulsen has consistently maintained its employee feedback platform launched in 2021, which captures and addresses real-time feedback on various workplace aspects. This platform facilitates managers across all

departments in gaining valuable insights and continually improving the working environment according to the responses collected. Introduced in 2022, also this year the Brand launched quarterly pulse surveys, designed to continuously monitor and promote employee engagement and wellbeing across the Brand.

In 2023, B&B Italia introduced its first performance review form, reserved to managers, with the aim of collecting the views and feedback on their working performance from their superiors. The project, still at its implementation stage, is expected to be extended to all the European sites of the Brand and, in the upcoming years, also to the other employee figures.

Following the lead of the initiative introduced in 2022, FLOS persistently advanced the project of Exit interviews with all resigned employees, aiming at collecting feedback and points raised by them to be presented to the CEO and the managers working with the resignees. 2023 also saw the development of the carpooling initiative, intended to help employees coming from different places to work together, fostering, at the same time, team building and increasing cohesion among employees.

The project includes a cashback program for employees adhering to the initiative, consisting in the release of shopping vouchers, which is expected to increase in the upcoming years to promote carpooling practices.

To reduce emission, Louis Poulsen is encouraging sustainable transportation choices across its workforce. Over the past years Louis Poulsen has focused on transitioning from fossil fuel vehicles to hybrid and electric vehicles (EVs). Since 2021, it has significantly increased this share from 7% to 33%, and we remain committed to continuing this transition.

As part of its people management programs, Audo conducts employee satisfaction surveys on a yearly basis to monitor emerging needs and plan new strategies. In 2022, the Brand carried out its first ever eNPS survey³⁸, from which resulted that more than 66% of its employees declared a good level of wellbeing in working for the Brand. Audo aims at conducting the same survey on an annual basis, to obtain insights on the views and comments of its employees on different social matters, from inclusion in the workplace, to overall working conditions and communication and people management.

B&B ITALIA'S TOTAL REWARDS APPROACH

In 2023, B&B Italia continued its implementation of the "Total Reward" strategy initiated the previous year. The company intensified its focus on personnel management by integrating various elements such as compensation, benefits, and recognition into employees' overall experience. This comprehensive approach encompasses not only wages and bonuses, but also factors like workplace flexibility, career advancement opportunities, and acknowledgment of achievements. The strategy revolves around four core pillars: Compensation (including pay and monetary incentives), Benefits (encompassing pension, health plans, and insurance), Development (enabling career progression, performance evaluation, and training), and Work Environment (cultivating a positive organizational culture and effective leadership).



Painting process, FLOS outdoor

³⁸ Employee Net Promoter Score (eNPS) is a metric used to evaluate the satisfaction of a company's employees. According to the score obtained, respondents are classified as Promoters, Passives or Detractors of the company.

Preserving our people’s talent through upskilling initiatives

We recognize that the growth and upskilling of our employees are crucial to our success as a Group. Therefore, we are eager to cultivate a managerial culture across our Brands by developing specialized training programs for high-level personnel and top performers in the coming years,

while providing them with the necessary technical and professional training to obtain the knowledge and expertise required to conduct their operations at best. This commitment is reflected in our objective of, on the one hand, having 20% of our Top Performers and High Potential employees in career development initiatives, and, on the other, ensuring that at least 50% of our employees participate in Group-wide courses on unconscious bias by 2024, as detailed in our Sustainability Plan.

In 2023, we managed to deliver a dedicated, Group-wide training session on our Code of Ethics and Whistleblowing policy to all our employees. It is of fundamental importance to provide them with a common vision on these subjects, since they embed the substantial principles leading the conduct of our Group both as a corporate and as individuals.



FLOS event at Baituti Home, Dubai

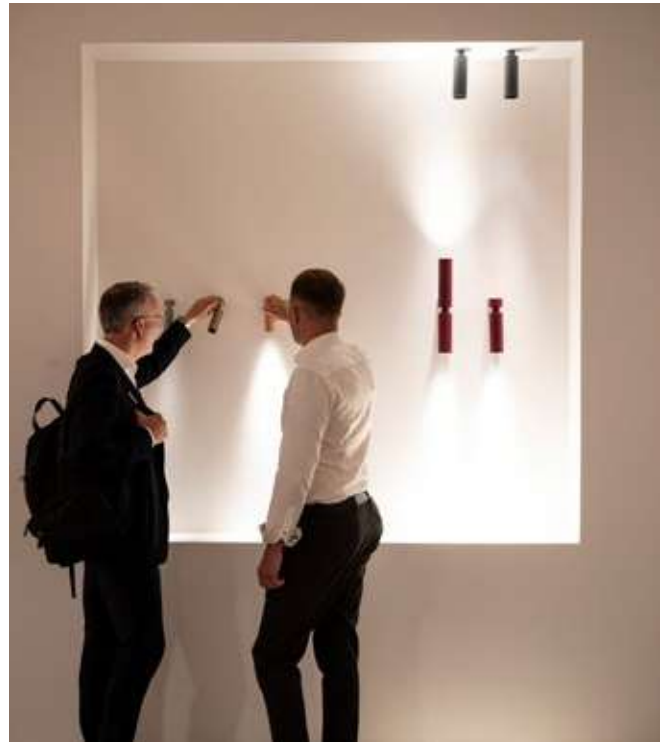
How Our Brands Nurture their Talents

Aligning to our Group training and upskilling strategy, our Brands are focusing their efforts to ensure professional growth and achievements to all our employees, driving their ambitions forward. This year saw the development of new initiatives in the field of training and professional development, as well as the prosecution of projects and events already settled in previous years by all the Brands.

As part of its yearly training plan, B&B Italia continuously delivers technical and non-technical training sessions to its employees. This year the Brand provided a specific training focused on improving Leadership for executive figures. Due to the positive feedback obtained by the initiative, it is willing to extend it to managers as well, reshaping the matters presented and discussed to adapt them to the mansions of the new employee category. This new project, expected to be launched in 2024, will focus on soft skills, such as the improvement of the efficiency during working time. Furthermore, the Brand conducted recurrent mandatory sessions on Health & Safety for factory workers and, in collaboration with the Whistleblowing figure of the Brand, finalized a structured training session on whistleblowing and the corporate Organizational Model adopted, in line with the Italian Legislative Decree 231/2001.

Taking on the role of promoter of a managerial culture, B&B Italia launched the initiative on Leadership for managers in 2023, aiming at improving their people management skills and their relational performance.

FLOS reserved great attention to training and to the professional growth of its employees in 2023. From mandatory training on matters as Health & Safety, to public speaking courses and foreign language lessons, the Brand strove to provide its working population with professional and technical training. A major focus was given to soft skills training sessions, in order to improve the overall knowledge potential of employees and managerial figures, and to coaching activities, the latter reserved to more managerial roles. The training courses are delivered both in presence, in the Brand's main offices, or through online channels offered by the training entity. Furthermore, on the lead of the "People Leader Journey" project released in 2022, this year FLOS offered a coaching path for two of its commercial managers. The objective of the course is to forge the managerial competences of the top-management of the Brand, shaping their understanding of being leaders, which implies full responsibility for their people, team and operations. The program offers dedicated training on role dynamics, such as time management and responsibility, effective communication strategies, and mechanisms to enhance people engagement and development.



FLOS Orobia, MDW 2022

In 2023, Lumens structured its training program with the double objective of sharing a common culture driven by the passion for design and differentiating the knowledge acquired by its population through heterogeneous training sessions. The lessons delivered by the Brand were both in-person and online, to allow for the participation of the highest number of employees and tackled subjects spacing from the history of design to the Best Sellers of the Brand and the new products from top and emerging firms. During the second half of the year, Lumens introduced interactive training sessions through quizzes and prizes for participants, to enhance team building and create cohesion among employees.

FENDI Casa is willing to introduce, in the upcoming years, a dedicated training on executive coaching, to implement their managing skills and introduce them to ESG principles.

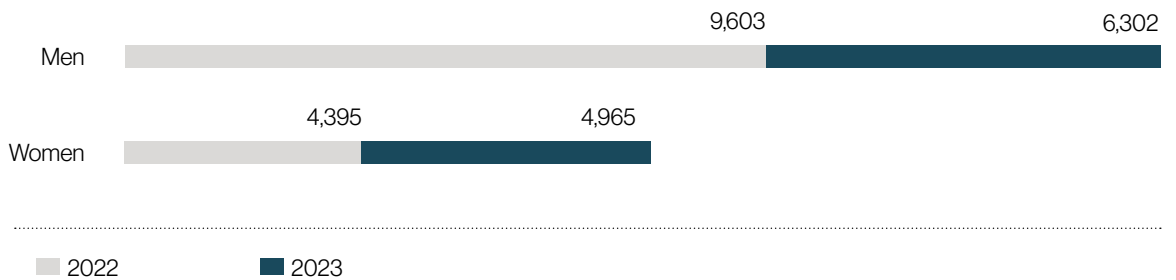
On the other hand, Louis Poulsen touched matters as diversity and inclusion at managerial level through dedicated training sessions on gender representation. The Brand also developed the innovative 'EXPECT' program, designed to empower individuals in honing the expertise essential for excelling in their roles. This program is deeply ingrained in the DNA of Louis Poulsen's culture, establishing a systematic framework for managers to engage in continuous dialogue with their teams. Through structured guidelines, managers facilitate discussions on aspirations, growth prospects, and collaborative ventures, ensuring a perpetual focus on skill enhancement. Consequently, skill development transcends sporadic assessments during annual reviews, becoming an integral and anticipated aspect of the company's culture.

Our performance in numbers

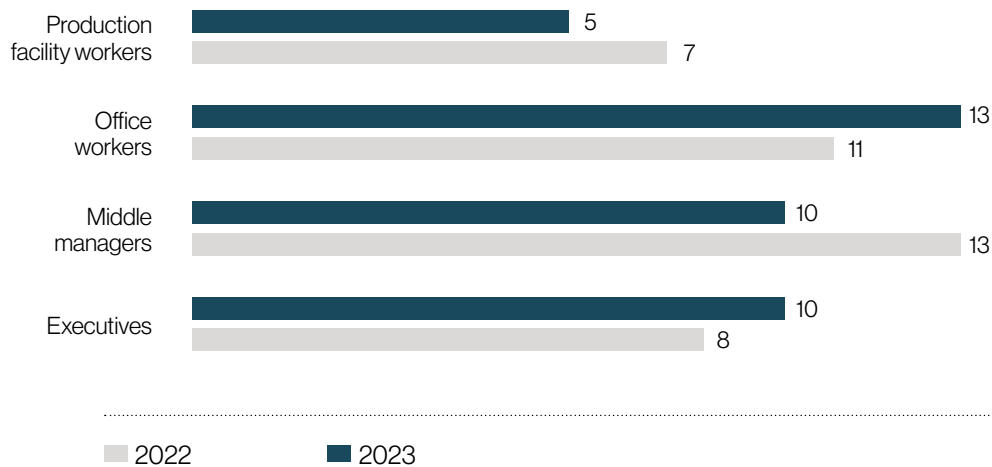
In 2023, the total training hours provided to employees amounted to 11.267 [404-1], recording a decrease of 20% in comparison with 2022 data³⁹. The reduction is due to internal reorganization and changes within each Brand, resulting in a lower amount of time dedicated to training. Despite such reduction, our Brands are continuously committed to offering the instruments and knowledge necessary to their employees to conduct their operations in safety and by recording the highest performance every day, contributing to the development of our business and ensuring our success as leaders in the high-end design industry.

In terms of average training hours per employee category, the amount of training provided increased for both executives and office workers. It is the result of the effort of our Brands in carrying on the commitments shaping our Group’s strategy for the coming years, investing in the development of soft and managerial skills for all our leaders and managers to nurture and retain our top talent. Furthermore, the relative value of training hours offered to women increased by 13% with respect to 2022 value, due to the increase of the female portion of our overall population compared to the previous year.

Total training (hours) 2022 vs 2023



Training (hours per employee) by category 2022 vs 2023



³⁹ Lumens is not included in these figures since, for the time being, the Brand does not monitor training hours by gender. Louis Poulsen is not included in 2022 figures, as training hours were not tracked during the year. For 2023 Lumens managed to monitor the amount of training hours by employee category. Both Brands are committed to improve their monitoring for future reporting periods, aligning with all the other Brands of the Group.

An inclusive and Safe Working environment [403-1-7]

A vital aspect of our commitment to employee care is providing a healthy and safe working environment, free from risks, where employees can achieve the highest levels of wellbeing.

Health and safety management is conducted at the Brand level through the implementation of comprehensive, specific management systems.

Overall, health and safety are continuously monitored, with oversight and risk assessment procedures managed by H&S managers or their equivalents, in accordance with applicable local regulations.

These procedures are regularly undertaken to identify significant risks to Brand employees and to prevent work-related injuries.

In fortifying their dedication, certain Brands within our portfolio have embraced various certification systems. FLOS Group managed to obtain the UNI ISO 45001: 2018 certification in 2023 in its Bernareggio production factory,

emphasizing occupational health and safety management — a milestone previously attained by Arclinea, part of the B&B Italia Group, in 2019. Conversely, Louis Poulsen diligently identifies potential hazards and fosters a workplace culture that prioritizes safety, emphasizing preemptive measures to mitigate the risk of repetitive strain injuries for employees.

Seeing the effort of each of our Brands in ensuring a higher level of health and safety within their working spaces, we recorded a lower number of injuries in 2023, equal to 16. As of December 31st, 2023, none of the injuries reported were severe incidents (e.g. slips). During the three-year period, stretching from 2021 to 2023, we did not experience any case of high-consequence work-related injuries or fatalities resulting from work-related injuries^[403-9]⁴⁰.

Health and safety ⁴¹	UoM	2021	2022	2023
Total number of worked hours	h.	2,766,009	2,634,392	2,990,796
Total number of recordable work-related injuries	n.	18	18	16
Rate of recordable work-related injuries ⁴²	Rate	6.5	6.8	5.3

⁴⁰ Moreover, FLOS, B&B Italia, Louis Poulsen and Flos B&B Italia Group HQ also monitor health and safety performances of their subcontractors and agency workers: they aggregately reported an overall of 111,438 hours worked, with two non-severe injuries occurred.

⁴¹ Data for 2023 Lumens' working hours are not available, as the Brand did not monitor them; however, no injuries were reported by the Brand in 2023. Louis Poulsen's working hours are available for all employees located in Denmark for 2023, due to a lack of tracking. The two Brands commit to improve monitoring in future reporting periods.

⁴² Calculated as the total number of injuries divided by the overall number of hours worked in the reporting period and multiplied by 1,000,000.



GamFratesi at Louis Poulsen headquarter

LOUIS POULSEN: CREATING SPACES FOR PEOPLE TO THRIVE

Research shows that light plays an important part in our health and well-being, which is why Louis Poulsen is proud to design and produce light fixtures that provide exceptional light, to create spaces in which people can thrive. In 2023, Louis Poulsen embarked on two innovative projects: “Human Centric Lighting” and “Acoustic Lighting,” aimed at developing solutions that enable its customers and its employees to create environments optimized for human well-being.

In an age where we know that quality of light evidently impacts human well-being, Louis Poulsen is working

with 3rd parties to advance the frontier of “human-centric lighting”. Recognizing the pivotal role light plays in our lives, our initial collaboration seeks to pioneer innovative solutions that optimize both illumination and health outcomes.

In addition, in 2023 Louis Poulsen reached out to BuzziSpace, a renowned leader in acoustic solutions dedicated to fostering happy and healthy indoor environments worldwide. They embark on a journey to merge their expertise and innovation, aiming to redefine the modern built environment and enhance the well-being of our people. In conclusion, these technical partnerships represent a bold step towards reimagining the role of light in shaping human experiences. Through collaboration, innovation, and a shared commitment to sustainability, we aspire to illuminate futures where light not only illuminates spaces but also enriches lives.

Our social footprint

Our commitment to promoting wellbeing extends beyond our own workforce to encompass our entire value chain and the communities in which we operate. Given the complexity of our extensive supply chain, it is imperative for us to ensure that all workers involved in the production of our goods are treated with dignity and equality by their employers. To achieve this, we cultivate enduring relationships with key suppliers and establish ethical standards concerning human and labor rights, which are central to our Group's values. These standards are upheld through the implementation of our Supplier Code of Conduct and Code of Ethics.

Furthermore, we endeavor to enhance the wellbeing of the communities affected by our operations. Towards this end, we actively support charitable initiatives and foster partnerships with local associations and schools. Each of our Brands plays an active role in our collective mission to contribute to a better world.



Foglio lamp assembly, FLOS headquarter

Design for Culture

“ To nurture our Brands’ identities by preserving craftsmanship and design heritage, from scientific research to the preservation of design legacies for the benefit of future generations.”



Arco lamp by Achille & Pier Giacomo Castiglioni, FLOS



3
BRANDS'
ACADEMIES

Foster design culture & heritage

Our Brands stem from diverse, unique design traditions in regions where craftsmanship is integral part of local identity. Flos B&B Italia Group ultimately aspires to honor this legacy while expanding our Brands' platforms to achieve global reach, inspiring young designers to create new masterpieces.

Our mission is to preserve iconic design pieces, to spread their precious design heritage. Our principles arise from the idea that design serves as a medium for transmitting cultural heritage from one generation to the next.

By preserving irreplaceable art and design heritage we hope to benefit not only our Brand's operations, but the wider design world by safeguarding historically recognized design icons to spread their inherent benefits to millions more around the world.

Given that our Brands possess deep local knowledge, we prefer to engage directly through them when interacting with local communities. Their close connection enables them to better understand the unique needs of each region and implement collaborations that help preserve local expertise and foster new initiatives.

At a global level, we strive to translate our commitment to preserving design into a comprehensive approach, articulated through centralized initiatives aimed at supporting young talents and fostering greater inclusivity within the design community. We achieve this by engaging the external community through partnerships with vocational technical schools, universities, business schools, and other non-governmental organizations.

We bolster the local communities in which our Brands operate by endorsing cultural events, exhibitions, and fairs to advance design culture and artistic movements.



12
DESIGN
AWARDS

World-recognized design awards won by Flos B&B Italia Group's Brands in 2023



PARTNERSHIP
IN EXHIBITIONS

Anchor lighting and furniture partners in major design and art exhibitions across the world



7
PARTNERSHIPS
WITH SCHOOLS
/ UNIVERSITIES

Preserve craftsmanship and support new talents

Promoting Design Culture

As other prominent art forms, design flourishes through the transmission of valuable knowledge across generations. While innovation and creativity are pivotal in cultivating design culture, technical proficiency and practical skills remain fundamental in facilitating the entire process.

Mindful of this critical synergy, our Brands have consistently dedicated themselves to fostering both

innovation and heritage through a diverse array of initiatives throughout the years.

In pursuit of this collective journey, each of our Brand has formulated its own interpretation of "Academy", as a tool for expediting the development of practical skills and a design-oriented mindset. In 2023, they reaffirmed their status as prominent figures within the global design community by spearheading a diverse array of training endeavors, conducted through both in-person sessions and their virtual academies and training platforms.

Numerous of these initiatives are crafted with the intent of imparting the intrinsic value ingrained within our design creations, thereby ensuring that our stakeholders and employees possess the requisite technical expertise needed to safeguard the distinctiveness of our design artifacts.

DIFFERENT NUANCES OF ACADEMIES

The Light Academy – FLOS

FLOS has established its 'Light Academy,' an internal training platform designed to assist commercial representatives throughout the FLOS network in developing a profound comprehension of FLOS' design principles, product aesthetics, and technical procedures. By imparting education and training to its internal sales team alongside retailers, professionals, and key accounts prior to product launches, FLOS not only cultivates extensive expertise surrounding its innovative designs but also promotes the dissemination of lighting design culture. The Academy is structured with a customer-centric approach, covering various topics to offer the most comprehensive insight possible in meeting customer requirements.

Louis Poulsen Academy

Louis Poulsen has developed its own concept of "Academy" as an instrument for accelerating hard skills development, craftsmanship and design mindset.

In 2023, Louis Poulsen was once again leading actors within the international design community by developing a wide range of training initiatives delivered both in person and via our virtual academies and training platforms.

B&B Italia Academy

Following a similar trajectory, B&B Italia introduced its own interpretation of the "Academy" concept in 2021, which expanded to encompass six distinct languages in 2022 and continued improving during 2023. The "B&B Italia Academy" comprises a sequence of e-learning modules disseminated through a specialized virtual platform primarily tailored for the sales force. Its core objective is to empower and educate B&B sellers regarding the fundamental aesthetic and technical attributes of its design collections. Over the last year, the Academy registered 970 participants, representing a significant growth with respect to the past years, mainly affected by the Covid-19 pandemic emergency which had the Academy arrange its entire activities virtually.



Lumens Innovators Council

A CASE STUDY: LUMENS' INNOVATORS COUNCIL

In 2022, Lumens, with the goal of inspiring and educating both trade and consumer audiences, inaugurated the "Innovators Council," comprising distinguished figures in the design industry chosen for their distinctive viewpoints and rich experiences. Lumens endeavors to utilize its platforms for trade and consumer engagement to amplify the significance of the Innovators Council and cultivate a community centered around their insights. Concurrently, the Council aims at contributing with its expertise on subjects such as interior design trends, product inspiration, and business strategies.

Through behind-the-scenes footage, comprehensive articles, and other educational initiatives, this endeavor disseminates invaluable knowledge and fosters a culture of innovative thinking.

The inaugural event organized by the Council was the Round Table: Meet the Innovators Council, held in Los Angeles in September 2022. During this gathering, members deliberated on various subjects pertinent to the contemporary landscape of the interior design industry.

In 2023, the Council directed its efforts towards crafting specialized training programs alongside a distinctive digital campaign aimed at generating customized CGI scenes for design spaces showcased on Lumens' website, each meticulously tailored to reflect the individual style of every Innovator.

Central to our strategic emphasis on design culture is the conviction that future generations represent an inexhaustible reservoir of fresh, disruptive ideas. Guided by this understanding, our Brands and the Group have forged enduring partnerships with local schools and universities over the years. These collaborations are geared towards not only attracting emerging talent but also facilitating younger generations' transition into the professional sphere and acquainting them with the complexities and prospects inherent in the design industry.

For instance, in 2023, Flos B&B Italia Group and Luiss Business School, alongside other leading companies in the industry, developed a partnership to launch the Master in "Furniture Design Management". This initiative is a focal point within the first-level Master in Management of Creative and Cultural Industries, designed to equip upcoming professionals with the skills needed for a rapidly evolving sector. Over the course of 12 months, the program endeavors to cultivate managerial expertise, providing comprehensive insights into the furniture-design sector, its intricate production processes, prominent stakeholders, and diverse business strategies deployed in the global market. The Furniture Design Management major is set to commence in 2024 and will be held in English, accommodating both national and international audience. Additionally, students will benefit from the support of Luiss Business School's Career Service, facilitating their transition into the world of work, including the opportunity for internships with our Brands as part of their curriculum.



FLOS headquarter, Bovezzo, Italy

In 2023, Flos B&B Italia Group collaborated with Harvard University, one of the most renowned and prestigious institutes in the world. The collaboration was initiated targeted at exploring the influence of artificial intelligence on lighting design sector. A lecture on the topic was delivered to an MBA class, and the students were tasked with proposing three projects to examine the impact of AI on design and lighting. The resulting projects were subsequently presented and discussed during the course of Design Theory and Practice.

FLOS developed a strong partnership with Polytechnic of Milan, the company has been the main sponsor of the Master in Lighting Design for many years. By assuming such role, FLOS organized three trainings at the FLOS professional Space in Milan, two of which were dedicated to the Lighting Design Master, while the remaining one targeted student from the Course of Interior Design.

Moreover, last year, FLOS entered a three-year partnership with the École des Beaux-Arts, one of the most prestigious art schools in Paris. This collaboration encompasses the organization of exhibitions within the school's premises as well as interactive workshops that focus on design principles, with a particular emphasis on lamp design. The primary objectives of this partnership are to introduce emerging designers to the FLOS Brand, enhance brand awareness, support educational initiatives, and foster community engagement. Additionally, it seeks to establish a channel for future collaborations with students and alumni.

FLOS Architectural (Antares), formed a new partnership with the "Fundación Universitat Jaume I" to provide extracurricular training programs for university students. As part of this collaboration, the company created two internship positions in the areas of project management and lighting consulting.

In 2022 Arclinea established a three-year scholarship in collaboration with IUAV (University of Venice, Italy) for a PhD research program within the Department of Design. The objective is to examine the accountability of products and services in terms of environmental, economic, and social sustainability. Additionally, the program aims at browsing social behaviors and technologies that influence domestic venues, with a particular focus on the evolution of kitchen spaces in the context of globalization and digitalization, as well as nutrition trends such as the rise of agri-food value chains and the adoption of alternative proteins. The PhD program is structured into four main phases: research, synthesis of results, experimentation, and conclusion. Furthermore, it includes a 6-month training period within the Brand to provide comprehensive insight into Arclinea's industrial processes.



Production plant, Novedrate, B&B Italia

ALTAGAMMA “ADOTTA UNA SCUOLA” TO PRESERVE CRAFTSMANSHIP: B&B ITALIA AND CFP GIUSEPPE TERRAGNI, MEDA (MB)

In October 2023, B&B Italia initiated a training collaboration with the Giuseppe Terragni Technical Institute in Meda, as part of the Altagama "Adopt a School" initiative. Our goal is to honor the craftsmanship, technical expertise, and skills that underpin our work. To this end, the project aims to support and empower aspiring students pursuing programs in textile production and upholstery.

The project is carried out in collaboration with the Ministero dell'Istruzione e del Merito, with the goal of promoting educational collaboration between schools and high-end manufacturing. Additionally, it received backing from the European Commission and was integrated into the activities for the 2023/2024 school year, as part of the European Year of Skills, an initiative promoted by the Commission itself.

"Adotta una scuola" tailors customized and collaborative training paths between schools and businesses, aiming to bridge the gap between the demand and supply for technical and professional skill sets. This is achieved through jointly developed educational programs closely aligned with the needs of high-end enterprises. Activities within the project encompass various aspects, from designing the school year (defining content and training methodologies) to detailed planning (mentoring, creation of educational materials, company visits, expert-led classroom sessions, laboratory workshops, internships, real-world projects, provision of materials for production, and teacher training). Collaboration is formalized through a specific framework agreement for each partnership between a school and a company, outlining the number and characteristics of involved classes, coordination and mentorship references, specific content and activities, as well as commitments from the school, company, and students involved.

Spreading awareness of design worldwide

We believe in leveraging our global presence to champion design awareness. Our commitment lies in utilizing this platform to inspire emerging talent and advocate for sustainable beauty.

We aim to achieve this through a cohesive communication strategy, utilizing our well-established virtual channels, as much as our Brands' physical touch points.

FLOS Hosting is a series of convivial evening events created to host talents and share stories of design, architecture and creativity in FLOS showrooms around the world. This format launched in 2022 and enhanced in 2023 tackles a variety of topics in spontaneous conversations between selected experts who playfully consider new approaches to both timely and timeless issues. One of the FLOS Hosting episode took place on November 30th 2023 at Flos' Professional Space in Milan, in collaboration with Fosbury Architecture, curators of the Italian Pavilion at Biennale Architettura 2023. During a friendly and intimate conversation the five members of the Milanese collective of architectural research and design retraced the concept of 'Spaziale: Everyone Belongs to Everyone Else', the Italian Pavilion which FLOS proudly illuminated as technical sponsor.

AUDO' REBRANDING: A NEW CHAPTER

Under the umbrella of Flos B&B Italia Group since 2022, the Brand embarked in June 2023 on a rebranding project to realign itself with the esteemed portfolio of design Brands within the Group.

Developed from uniting MENU and by Lassen, Audø reflects both a century of Danish design tradition and a modern, global outlook that is continually expanding

and evolving. Bridging heritage and contemporary design, Danish roots and global ambition, people, and projects around the world, Audø Copenhagen designs are catalysts for creativity and communal innovation. Audø's furniture, lighting and interior accessories are shaped by purposeful details, high-quality materials and human needs, going hand-in-hand with the pursuit to create strong and long-lasting connections.

Audø's point of view is both aesthetic and philosophical. We believe that design has the power to transform rooms and moods, uplifting individuals and creating space for connection and meaningful community.

Keeping the focus on communication activities, in 2023 our Brands expanded their reach thanks to major collaborations with influencers, designers, publishers and artists. Among the latter, **Louis Poulsen x Home in Heven** collaboration is of particular interest. The name Louis Poulsen is synonymous with iconic products that not only provide exceptional light but have redefined high-quality design. That is why we are proud to announce the Louis Poulsen x Home in Heven collaboration, which features one-of-a-kind artistic interpretations of the iconic PaleRose Collection, once again pushing boundaries.

Inspired by heritage designs from the brilliant minds of Poul Henningsen and Vilhelm Lauritzen, each art piece was created and carefully crafted by the founders of Home in Heven, Breanna Box and Peter Dupont, in collaboration with Elliot Walker of Blowfish Glass in Birmingham. The duo is known for producing innovative and creative designs made entirely of glass with an eye for the otherworldly where a sense of humour and originality are always on their mind.

Subsequently, the Brand presented the art pieces in New York, where they were auctioned on 1stDibs. The proceeds from the auction benefited Hilltop Artists, a charity dedicated to glassblowing arts. This collaboration not only pays homage to the timeless designs of Henningsen and Lauritzen, but also showcases the modern creativity and originality of Home in Heven, ensuring these classic designs remain relevant for future generations.



Louis Poulsen x Home in Heven, 3daysofdesign 2023

When commitment translates into participation

As a Group, we firmly uphold the importance of actively engaging with the global contemporary art and design communities, recognizing it as essential for preserving and fostering design culture for generations to come.

Our exceptional array of design Brands boasts a rich legacy of involvement in prominent design fairs and exhibitions across the globe. Among these, the annual Salone del Mobile in Milan stands out, revered as the premier platform for unveiling groundbreaking design works and pioneering projects.

FLOS participated at the biennial EuroLucce fair—the International Lighting Exhibition of Salone del Mobile. Milano - with an avant-garde display concept and an unexpected, original setup by the architect duo Calvi Brambilla. Covering an area of approximately 800 sqm, the FLOS stand hosted a total of eleven new products across all divisions: Decorative, Architectural and Outdoor. The new collections stood out for their eco-sustainable features, as a concrete demonstration of FLOS' commitment to the pressing issues of circular economy, energy saving, and attention to the environment.

2023 MILANO DESIGN WEEK

During the 2023 Milano Design Week, FLOS unveiled a special six-part project to introduce My Circuit, an innovative and versatile flexible track lighting system, designed by the esteemed Cypriot-born designer Michael Anastassiades.

The project by Anastassiades occupied the entire FLOS showroom. In collaboration with theater director and set designer Fabio Cherstich, a group of performers, including actors, dancers and singers, staged different representations of domestic life each day, building up to the final epilogue, which closed the design week as an ensemble act. The common theme throughout the six acts is the continuous up & down dialogue and interaction between the circuit and the human presence beneath it.

The exhibition offered a fully adaptable lighting track that delivered a range of lighting options for interiors. At its core is a patented, flexible track that can be installed on any ceiling. Unlike conventional rigid tracks, FLOS's patented design can be shaped and bent, allowing the track to serve as both a functional

lighting element and a minimalistic, elegant decorative feature, reminiscent of the ornate friezes and stuccos of 19th-century dwellings. The track's "8" shaped cross-section serves both aesthetic and practical purposes. Its matte white rubber exterior evokes the color and texture of traditional stucco, while the external copper conductors, nestled in the track's side grooves, carry low voltage electricity, and add a subtle decorative touch. The lighting fixtures designed for the track, including My Disc, My Lines, My Sphere, and My Dome, can also function independently, each complete with a matching white ceiling rose.



Six-acts – My Circuit by Michael Anastassiades, MDW 2023, FLOS

FENDI CASA AND LOUIS POULSEN COLLABORATION

Louis Poulsen and FENDI Casa joined forces during the Design Week in a unique partnership that celebrated both parties' mutual dedication to creative excellence. The collection features five iconic Louis Poulsen lamps designed by Poul Henningsen, reimagined with FENDI Casa's distinctive touch. These timeless pieces are enhanced with FENDI's luxurious color scheme and recognizable Pequin pattern, creating a seamless blend of Danish and Italian design traditions. This collaboration is about more than aesthetics; it's a celebration of design legacies. Both Louis Poulsen and FENDI Casa boast rich histories, with Louis Poulsen's collaboration with Poul Henningsen starting in the 1920s—the same decade FENDI Casa was founded. By reimagining these iconic lamps, we ensure their continued relevance for future generations. This project aligns perfectly with our Design for Culture pillar, preserving the craftsmanship inherent in these iconic lamps, safeguarding their historical value, and offering a modern interpretation for design enthusiasts of today and tomorrow.

FLOS participated in numerous events during last year, showcasing its iconic and latest designs across Europe and Asia. The Brand participated at the Biennale di Venezia's 18th International Architectural Exhibition as a Technical Sponsor, selecting the lighting design for the Italian Pavillion curated by the renowned Fosbury Architecture Collective. At the 10th anniversary of the "3 Days of Design" exhibition in Copenhagen FLOS organized a showroom to present new products across all divisions: Decorative, Architectural and Outdoor. Moreover, FLOS joined "The Compasso d'Oro Award: Seventy Years Leading Italian Design Trends" exhibition that was dedicated to showcase seventy years of Italian Design excellence and that was inaugurated in the central historical area of Shanghai. Some icons from FLOS decorative catalogue have been selected by the curators as part of this show of Italian creativity.

In 2023, B&B Italia participated in the London Design Festival, hosting a unique event that combined design, conversation, and food at its flagship store on Brompton Road. This event celebrated the debut of their new 2023 collection, featuring an array of innovative indoor and outdoor designs. Concurrently, Maxalto presented a distinctive window installation at the same location in South Kensington, London. Situated in the prestigious Brompton Design District, the B&B Italia flagship store hosted "Connections in Design," a designers' talk featuring British designers Edward Barber and Jay Osgerby, moderated by Rosa Bertoli, the esteemed design editor of *Wallpaper**.

Due to the increasing expansion of the brand, in 2023 FENDI Casa participated in the Design Miami 2023 by partnering with Bless, the transdisciplinary studio founded by Desiree Heiss and Ines Kaag. The exhibition, named FENDIbackfrontals, resulted in a booth characterized by four double-sided paravents conceived



FENDI Casa and Louis Poulsen, Capsule collection, MDW 2023

by Bless and realized together with the Maison to create frontside scenery and backside parcours. Each of these is a three-dimension micro universe that allows visitors to dive into an exported fragment of FENDI and FENDI Casa. "With Fendibackfrontals, Bless wants to show what is usually not seen, revealing a more human and complete point of view on the Maison. Visitors thus become witnesses to Bless' deep admiration for both the public and private sides of FENDI, as well as the exceptional craftsmanship that brings each creation to life", said the designers about the partnership.

Our Brands support events, exhibitions, and design festivals not just by showcasing their masterpieces but also through donations, light installations, furniture lending, and, most importantly, partnerships and collaborations with prestigious art, architecture, and design museums worldwide. To immortalize design pieces renowned for their iconic status, many of our Brands have donated or loaned parts of their collections to global institutions. These pieces have become part of the permanent collections at iconic museums such as the Museum of Modern Art (MoMA) in New York, the Triennale in Milan, and the Centre National d'Art et de Culture Georges Pompidou in Paris.

Groundbreaking design recognized with International Awards

As testament to the significant impact of our Brands on the global design scene, they have garnered numerous prestigious national and international design awards over the years. At the Group level, Flos B&B Italia Group is particularly proud to hold a record 16 Compasso d'Oro awards, a distinguished achievement in the design industry. Moreover, in 2023, our Brands won different world-recognized awards across the high-end lighting and furniture sectors.

WALLPAPER* DESIGN AWARDS 2023

Flos B&B Italia Group's brands **B&B Italia**, **FLOS**, and **Audo** have received the prestigious Wallpaper* Design Awards for 2023 across various categories. The Tobi-Ishi table by Barber Osgerby for B&B Italia won 'Best Reissue', while the To-Tie lamp by Guglielmo Poletti for FLOS secured 'Best Cable Show'. Audo also triumphed with two awards: the Stance vases by Colin King took 'Best Silhouettes', and the Collapse vases by Sofia Tufvasson earned 'Best Sleeper Hits'.

STYLEPARK SELECTED AWARD 2023

FLOS's My Circuit, designed by Michael Anastassiades, not only secured the esteemed Stylepark Selected Award 2023, but also stands out as a revolutionary lighting system. It features a flexible track that can be bent and curved to suit the user's preferences and spatial constraints.

GOOD DESIGN® AWARD

On February 2023, two **B&B Italia** products, Allure O' table by Monica Armani and Le Bambole collection by Mario Bellini won the 2022 GOOD DESIGN® Award.

Founded in Chicago in 1950 by Eero Saarinen and Charles and Ray Eames, GOOD DESIGN® remains the oldest and the world's most recognized program for design excellence worldwide.

ADI DESIGN INDEX 2023

Luce Orizzontale by Ronan & Erwan Bouroullec and To-Tie by Guglielmo Poletti, two **FLOS**' new 2023 products have been included in the ADI DESIGN INDEX 2023. The selection of ADI Design Index 2023 completes with that of 2022 the shortlist of candidates for the XXVIII edition of the biennial Compasso d'Oro award, which will be held in 2024 on the 70th anniversary of the founding of the prize, which was established in 1954.

INTERIOR DESIGN'S 2023 BEST OF YEAR AWARDS

B&B Italia is featured in Interior Design's 2023 Best of Year Awards for Tortello. Interior Design's 2023 Best of Year Awards recognizes the year's most outstanding projects and products within the design industry. This prestigious award celebrates exceptional achievements in design. Winners are announced by Editor-in-Chief Cindy Allen, and the celebration continues beyond the event, with the publication spotlighting the top honorees in each category and celebrating another year of innovative design excellence.

PAMBIANCO AWARD LEQUOTABIL23

In 2023, Flos B&B Italia Group was awarded in the design category at the Pambianco Award leQuotabili23. This annual accolade is presented by Pambianco, a renowned consulting firm specializing in the fashion, design, and luxury sectors. The award honors the most promising and notable companies within these industries, highlighting those with strong growth potential and market visibility. The award was accepted by CEO Daniel Lalonde during the 18th edition of the ceremony held at Palazzo Mezzanotte.



2022 GOOD DESIGN® Award for The Allure O' table by Monica Armani, B&B Italia

Preserving Design authenticity

To maintain our Brands' iconic craftsmanship in a competitive market, our Group is dedicated to creating a unified platform for sharing best practices.

This initiative aims to preserve quality, beauty, and sustainability across all our Brands. Simultaneously, they are actively registering patents to protect their unique creations.

As an example, several of our Brands decided to join forces to safeguard their original design concepts and combat counterfeiting. Louis Poulsen, Lumens, and FLOS collaborated with the association "Be Original Americas," a non-profit dedicated to informing, educating, and influencing manufacturers, artisans, design professionals, and consumers about the economic, ethical, and environmental value of authentic design.

Furthermore, to protect its expertise, B&B Italia collaborates with the Altgamma Foundation⁴³. Since 2011, the company has filed over 280 design model registrations in Italy, Europe, the USA, Australia, China, and Korea.

FLOS has also been a trailblazer in safeguarding its pieces and intellectual properties. Beginning in 2021, the Brand began depositing renderings of its products to protect the unique light effects they produce. The primary aim of this strategy is to uphold its research and development efforts while simultaneously safeguarding against potential imitations, including technical aspects related to lighting dispersion.

Another vital aspect of combating product rights infringements and preventing fraud involves monitoring the unauthorized use of our Brands' products on websites and social media platforms. The Group is actively pursuing online violations, including the unauthorized use of copyrighted images and texts, and preventing the sale of counterfeit pieces. This proactive approach is particularly crucial due to the rapid expansion of online

shopping, where counterfeit sales are widespread. Moreover, FLOS transitioned from a widespread to a selective distribution system, with the goal of enhancing the performance of its distribution chain. This shift involves selecting distributors based on specific standards, including adherence to contractual terms. Implementing a stringent chain of controls to mitigate and prevent fraud enables increased protection for its products. By 2023, the process had been refined, enabling the Brand to actively monitor a predefined set of qualitative criteria among its distributors.



"Originality Deconstructed" exhibition by Be Original Americas, FLOS

⁴³ The Altgamma Foundation is the Italian luxury brands committee composed of companies in the fields of design, fashion, food, jewelry, automobiles, and hospitality. The Foundation commissions global research studies on behalf of its members, with the goal to protect their luxury reputation.

Making a difference through donations and involvement

We hold a steadfast belief in our responsibility to contribute to the communities where we operate. Understanding that everyone plays a part in shaping a better world, we are dedicated to fostering positive change in society.

As part of our Brands' volunteering initiatives, Audo annually donates textile offcuts to two design companies which repurpose the donated fabrics, contributing to the circularity of materials: "In Line with the World" and "Liva Creation". Moreover, they provide employment opportunities to individuals from disadvantaged backgrounds.

Louis Poulsen and FLOS continues its commitment to charitable endeavors by generously donating its products to auctions and fundraising events. Last year, the Louis Poulsen provided financial support to several organizations, including the Red Cross, Save the Children, and the Multiple Sclerosis Association of America.

Lumens consistently fosters employee engagement in charitable activities through the establishment of corporate volunteering initiatives. In 2023, the Brand created the

volunteer group "Lumens Design Committee" and, within its program, it collaborated with "Habitat for Humanity". This organization dedicates to providing volunteering opportunities centered on constructing and renovating low-income housing for those in need. In January 2023, Lumens launched two volunteer programs: ReStore, which involved a four-hour commitment, and Build Day, requiring a six-hour dedication.

In 2023, for the third consecutive year, FLOS renewed its commitment to the partnership with Amref, an international non-governmental organization dedicated to enhancing health in Africa through community engagement. Focusing on the Ethiopian community, FLOS dedicated a portion of the proceeds from the Guns Collection, designed by Philippe Starck, to support local youth education. The ultimate objective of the initiative is to promote and generate employment opportunities in waste management and disposal, thereby enhancing the socioeconomic status of young individuals and discouraging migration, while developing specific technical skills relevant to the job market in Addis Ababa.



Amref, Guns Collection by Philippe Starck, FLOS

Methodological note

Reporting principles and criteria

Flos B&B Italia Group's 2023 Sustainability Report has been prepared in accordance with the GRI Standards 2021. Contents of this Report reflect the results of the materiality analysis as defined by the Standards, as well as quantitative measures, management approach and disclosure practices on Flos B&B Italia Group's material topics. Furthermore, the Sustainability Report has been also drafted in line with the Sustainability Accounting Standards Board (SASB), with reference to the Building Products & Furnishings industry guidelines.

Scope of reporting

The present Sustainability Report details objectives, actions, and key performance metrics relating to the period between January 1st, 2023, through December 31st, 2023¹²⁻³¹. Moreover, as of this Report's publishing date, no noteworthy event occurred in 2023 that necessitates reporting except that, on 16 May 2024, the Group rebranded as Flos B&B Italia Group S.p.A. As part of the Group's rebranding, International Design Group S.p.A. has been renamed into Flos B&B Italia S.p.A.

Through this Report, the Group aims at not only complying with social expectations and strengthen communication with stakeholders regarding achieved results but also at increasing internal awareness on sustainable development.

Flos B&B Italia Group's sustainability reporting scope includes the following⁴⁴:

- Flos B&B Italia Group S.p.A. – Corso Europa 22 (Milan, Italy)
- FLOS:
 - Flos S.p.A. – Via Angelo Faini, 2 (Bovezzo, Italy)
 - Antares Iluminación S.A.U. – Carrer Mallorca, Polígono Industrial Reva, Calle Turia, Ribarroja de Turia (Valencia, Spain)
 - Flos GmbH – Obermünsterstraße, 18 (Regensburg, Germany)
 - Flos Benelux NV – Romeinsesteenweg, 1000 (Wemmel, Belgium)
 - Flos BV – Cruquiusweg, 109-Q (Amsterdam, The Netherlands)
 - FLOS Scandinavia A/S - Kuglegårdsvej 13-17, 1434 Copenhagen, Denmark
 - Flos Japan Co. Ltd - 1-23-5, Higashi-azabu, Minato-Ku (Tokyo, Japan)
 - Flos France S.a.s - 20 Pas Dauphine 20-22 (Paris, France)
 - Flos Norge AS - Drammensveien 12002, 77 (Oslo, Norway)
 - Flos USA Inc. - 36 E 31 St, 10016 (New York City, United States)
- B&B Italia:
 - B&B Italia S.p.A. – Strada Provinciale 32, 15 (Novedrate, Italy)
 - B&B Italia S.p.A. – Via S. Andrea 1-3 (Misinto, Italy)
 - B&B Italia S.p.A. – Via Dante Alighieri (Arosio, Italy)

⁴⁴ The reporting perimeter has been extended with respect to 2021 Sustainability Report, now including FLOS' commercial branches (FLOS GmbH, FLOS Benelux NV, FLOS BV, FLOS Sverige AB, FLOS Japan Co. Ltd, FLOS France S.a.s), as well as the newly acquired Designers Company and the Joint Venture DQM-FENDI Casa.

- B&B Italia S.p.A. – Via Dante Alighieri 6 (Carugo, Italy)
 - B&B Italia USA Inc. - 150 East 58th Street (New York, USA)
 - B&B Italia London Ltd. - 250 Brompton Road (London, United Kingdom)
 - B&B Italia München – Maximiliansplatz, 21 (Munich, Germany)
 - B&B Italia Paris SARL - 35 Rue du Bac (Paris, France)
 - B&B Asia Pacific Ltd. - 979 King's Road, Quarry Bay (Hong Kong, Hong Kong)
 - B&B Furniture (Shanghai) Co., Ltd – Shatou Industrial Area (Foshan, China)
- Lumens: Inc
 - Lumens - 2020 L Street (Sacramento, USA)
 - Louis Poulsen:
 - Louis Poulsen Lighting A/S - Kuglegårdsvej 19 - 23 (Copenhagen, Denmark)
 - Louis Poulsen Lighting A/S - Industrivej Vest, 41 (Vejen, Denmark)
 - Louis Poulsen Sweden AB – Hudiksvallsgatan 8 (Stockholm, Sweden)
 - Louis Poulsen Norge AS - Lysaker Brygge 37/39 (Lysaker, Norway)
 - Louis Poulsen Finland OY - Kyllikinportti 2 (Helsinki, Finland)
 - Louis Poulsen UK Ltd - c/o Goodwille Ltd.St. James House 13 Kensington Square (London, United Kingdom)
 - Louis Poulsen Germany GmbH - Liesegangstraße 17 (Düsseldorf, Germany)
 - Louis Poulsen USA Inc. - 3260 Meridian Parkway (Fort Lauderdale, Florida)
 - Louis Poulsen Holland BV - J.A. van Seumerenlaan 5-7 (Uithoorn, The Netherlands)
 - Louis Poulsen Japan Ltd. - 〒106-0032, Minato City, Roppongi (Tokyo, Japan)
 - Louis Poulsen Switzerland AG. - Töpferstrasse 5 (Luzern, Switzerland)
 - Louis Poulsen Asia Pte Ltd. – 5 Purvis Street #01-02 (Singapore, Singapore)

- Audo:
 - Audo – Århusgade, 130 (Copenhagen, Denmark)
 - Audo US – 65 N Moore St, NY 10013 (New York City, USA)
- FENDI Casa Group (DQM-FENDI Casa):
 - Design Quality Manufacturing S.p.A. - Via S. Andrea 1-3 (Misinto, Italy)
 - Fashion Furniture Design S.p.A. – Via Verdi 2 (Milan, Italy) ^[2-2]

Quality reporting principles

In accordance with the reporting principles defined by the GRI Standards 2021, Flos B&B Italia Group's Sustainability Report adheres to the criteria of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability. By applying these principles, Flos B&B Italia Group ensures the quality and a proper presentation of the reported information, allowing users to make aware assessments and decisions about our organization's impacts and contribution to sustainable development: in fact, the document identifies the Group's strengths, issues, as well as areas of improvement. This Sustainability Report of Flos B&B Italia Group is not subject to external assurance⁽²⁻⁵⁾.

Material topics and GRI disclosures

Flos B&B Italia Group carried out an update of the materiality analysis to detect the most relevant impacts the Group generates on the environment, its people, and the community. The following table depicts the relationship between Flos B&B Italia Group's material topics (as outlined in the introductory chapter of the Report) and their corresponding GRI Standards topics (Topic-specific Disclosures).

Material topics and GRI disclosures

Flos B&B Italia Group carried out an update of the materiality analysis to detect the most relevant impacts the Group generates on the environment, its people, and the community. The following table depicts the relationship between Flos B&B Italia Group's material topics (as outlined in the introductory chapter of the Report) and their corresponding GRI Standards topics (Topic-specific Disclosures).

Flos B&B Flos B&B Italia Group material topics	GRI topics
Own workforce	Diversity and Equal opportunities (GRI 405)
	Occupational Health & Safety (GRI 403)
	Training & Education (GRI 404)
	Employment (GRI 401) Non-discrimination (GRI 406)
Business conduct	Anti-corruption (GRI 205)
	Economic performance (GRI 201)
Circular economy and resource use	Materials (GRI 301)
	Waste (GRI 306)
Climate Change	Emissions (GRI 305)
	Energy (GRI 302)
Workers in the value chain	Supplier social assessment (GRI 414)
	Supplier environmental assessment (GRI 308)
Consumers and end-users	Customer Health & Safety (GRI 416)
	Marketing & Labelling (GRI 417)
Heritage & Design culture	Non GRI

Stakeholder engagement ^[2-29]

As part of our commitment to implement sustainability matters along our operations and value chain, we aim at constantly improving the relationships with our key stakeholders, to ensure transparency and clarity with everyone we interact with. Flos B&B Italia Group has identified a list of the most relevant stakeholders for its direct operations and its value chain activities. Each stakeholder category has then been matched with engagement activities carried out by the Group either at Holding level or by the single Brands, as reported in the table below.

List of stakeholders

Employees	Continuous dialogue between HR department and employees, specific initiatives
Board of Directors	Formal meetings
Suppliers	Continuous dialogue and periodic meetings
Clients	Website, fairs, catalogues, social networks, communication campaigns, fairs and meetings
Media	Press releases
Architects and interior designers	Continuous cooperation on research and development of new products
Providers of financial capital	Formal meetings and periodic management reports
Local communities	Website, press releases, social media, exhibitions, fairs, cultural events
Public Administration	Formal, continuous dialogue
Regulatory bodies	Membership of working groups

In 2023 Flos B&B Italia Group did not make any contributions to and spending for political campaigns, political organizations, trade associations and other tax-exempt groups, or other groups whose role is to influence political campaigns or public policy and legislation.

Sustainability risk assessment

Within the assessment of its most significant topics, Flos B&B Italia Group conducted an analysis for the identification of the ESG-related risks which are most likely to affect the Group, including topics such as human rights, environmental protection, social responsibility and anti-corruption practices. The risks emerged from the analysis have been managed and mitigated both internally, mainly through the 231 Model, the Group's Sustainability Policy and the Code of ethics, and externally, according to the Group's Supplier Code of Conduct. The results of the sustainability risk assessment have been summarized in the table below together with the main mitigation activities adopted.

Aspects	Potential risk	Mitigation activities
Human rights	<ul style="list-style-type: none"> ○ Potential exposure to human rights risks along the supply chain (e.g. child labour, bonded labour or living wage). 	<ul style="list-style-type: none"> ○ Long lasting relationship with key suppliers, also through ESG risk assessment and oversight; ○ Ethical requirements related to human and labor rights for suppliers; ○ Implementation of the principles of the Supplier Code of Conduct and Code of Ethics.
Environment	<ul style="list-style-type: none"> ○ Physical risks correlated with climate change on owned assets and facilities; ○ Physical risks correlated with raw material depletion and waste related impacts in the supply chain and direct operations; ○ Transitional risks correlated with climate change and energy transition; ○ Potential interruption of procurement and distribution channels due to direct and indirect effects of climate change; ○ Reputational risks coming from noncompliance with environmental legislation both in own operations and across the value chain; ○ Risk of limited energy supply and rising energy costs; ○ Inability to respond to market and legislative trends concerning the environmental impacts and performance of products. 	<ul style="list-style-type: none"> ○ Producing long-lasting solutions and investing in R&D to further expand products lifecycle and progressively reduce carbon footprint by using more sustainable materials and ensuring energy efficiency in use phase; ○ Supply chain ESG risk assessment and oversight; ○ Implementation of dedicated internal policies and law-compliance activities; ○ Compliance with the principles of the European Eco-design Framework Directive; ○ Diversification of energy supply sources to ensure reliability in procurement; ○ Implementation of the principles of the Supplier Code of Conduct and Sustainability Policy.
Social	<ul style="list-style-type: none"> ○ Inability to attract and retain talents with adequate skills and backgrounds; ○ Potential nonconformity or reputational impact related to cases of discrimination; ○ Inability to ensure high Health and safety standards and performance both within own operations and across the supply chain. 	<ul style="list-style-type: none"> ○ Employer branding initiatives and employee engagement; ○ Implementation of adequate training and development programs; ○ Implementation of a whistleblowing system and a Code of Ethics; ○ H&S management systems along with clear guidelines and procedures for mitigating health and safety-related risks and accidents; ○ Implementation of the principles of the Supplier Code of Conduct; ○ Monitoring of H&S performance of key suppliers.
Anti-corruption	<ul style="list-style-type: none"> ○ Potential non-conformity and reputational risks related to cases of corruption, unfair competition or unethical business practices. 	<ul style="list-style-type: none"> ○ MOG 231 and related procedures and instruments; ○ Implementation of the Code of Ethics and Whistleblowing Policy; ○ Full alignment with applicable national legislations.

Calculation methodologies and assumptions

Described below are the methodology and assumptions used to compute the performance indicators provided in the Report:

- Data related to injuries refer to the Group's employees and contractors. Commuting injuries where the employee/contractor used their own means of transportation, and first aid cases are not included;
- Hiring and turnover rates have been calculated using the total number of employees at the beginning of the reporting period as a denominator;
- The rate of recordable work-related injuries has been calculated as the total number of injuries divided by the overall number of hours worked in the reporting period and multiplied by 1,000,000;

- Data on waste produced by Flos B&B Italia Group HQ have been estimated by using average data on waste production per office square meter provided by the Municipality of Milan in the reporting period;
- Emissions related to Employee Commuting (Scope 3, Category 7) were calculated by retrieving data from a questionnaire on commuting habits that was sent to the employees of the Group.
- Capital Expenditures for B&B Italia and Flos were estimated based on figures provided for the previous year to which a proxy coefficient has been applied. For the former, such coefficient has been calculated based on the variation in the amount spent on goods and services, for the latter based on the variation in the total number of goods sold.

Whether and how the consolidation process of information differs across the disclosures, it has been appropriately highlighted through footnotes in the text^[2-2].

The following table shows the conversion factors sources that have been used to perform energy consumption calculations and distance estimates:

Typology	UoM	Source
Fuel density	l/t	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2023
LCV (Lower Calorific Value)	GJ/t	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2023

Scope 1 emissions were calculated using the following emission factors for each source:

GHG emissions – Scope 1

Source	Activity data	Emission factor	GWP
Car fleet	Fuel consumption (petrol and diesel)	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2021, 2022, 2023	CO ₂ equivalent.
Fuels for boilers, heating, and air conditioning	Fuel consumption (natural gas, fuel oil, biomass)	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2021, 2022, 2023	CO ₂ equivalent.
Leakages from air-conditioning systems of refrigerant gases	Leakages (kg)	-	Global Warming Potentials (GWPs) are taken from IPCC Fifth Assessment Report (AR5) and Sixth Assessment Report (AR6).

Regarding Scope 2 emissions related to the consumption of purchased electricity from the national grid, the Group adopted both the Location-based and Market-based approaches. The first metric shows the average emissions intensity of grids, considering both renewable and non-renewable generation, whereas the second metric indicates emissions from electrical sources that the Group has purposefully selected. Scope 2 emissions are calculated using the following emission factors:

GHG emissions – Scope 2

Source	Activity data	Emission factor	GWP
Electricity purchased from the national grid (location-based approach)	Electricity consumption	Terna international comparisons on Energy data figures, 2019	Only CO ₂ .
		USA - Green-e Energy Residual Mix Emissions Rates, 2023	
		European Environment Agency, Scope 2 Emission Factors, 2022	
Electricity purchased from the national grid (market-based approach)	Electricity consumption	AIB, European Residual Mixes, 2022	CO ₂ equivalent.
		Terna international comparisons on Energy data figures, 2019	
		USA - Green-e Energy Residual Mix Emissions Rates, 2022	
District-heating purchased from the waste-to-energy plant	Heat consumption	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set 2021, 2022, 2023	CO ₂ equivalent.

Aligned to the progress made in 2022, for this reporting year the Group was able to calculate most of its Scope 3 emissions, including the impacts generated by both upstream and downstream activities in the value chain: the calculations comprise a selection of categories chosen according to criteria of relevance for the activities conducted by the Brands. With respect to 2022, the emissions perimeter was broadened due to the inclusion of Flos commercial branches in the USA and Norway, respectively Flos USA Inc. and Flos Norge AS.

The calculations carried out relied on the following assumptions:

- **Cat. 1 – Purchased goods and services:** part of the weights of the materials purchased are estimated due to data unavailability. This Category is not applicable to Flos B&B Italia Group HQ.
- **Cat. 2 - Capital goods:** the Category is not applicable to Flos B&B Italia Group HQ as it did not report significant investments in 2023. Part of investments has been estimated due to data unavailability.
- **Cat. 4 - Upstream transportation:** as the means of transportation was not available in some instances, such information was assumed based on the departure and arrival points of sold products. Part of the emissions has been estimated due to data unavailability. The Category is not applicable to Flos B&B Italia Group HQ.
- **Cat. 5 - Waste generated in operations:** part of the emissions has been estimated due to data unavailability
- **Cat. 6 - Business travel:** part of the emissions has been estimated due to data unavailability.
- **Cat. 9 - Downstream transportation and distribution:** part of the emissions has been estimated due to data unavailability. The Category is not applicable to Flos B&B Italia Group HQ.
- **Cat. 11 - Use of sold products:** part of the emissions has been estimated due to data unavailability. The Category only refers to the Brands of the Group belonging to the lighting sector and to those belonging to the furniture sector that sell home appliances together with their core products (e.g., kitchens), as the products sold need to consume energy to function.

- **Cat. 12 - End-of-life treatment of sold products:** part of the emissions was calculated from the total quantity of materials purchased in the year, assuming that the total input quantity of materials equals to the output quantity and reportioning data on materials based on products sold by geography. Part of the emissions have been estimated due to data unavailability. The Category is not applicable to Flos B&B Italia Group HQ.

Due to the peculiarity of Lumens e-commerce business, emissions for Categories 1, 2, 4, 9, 11 and 12 only refer to the share of products that are directly managed by the Brand and do not belong to the other Brands of the Group: emissions for these Categories were estimated.

Scope 3 emissions were calculated using the following emission factors for each source:

GHG emissions – Scope 3

Source	Activity data	Emission factor	GWP
Materials and services procured (Cat.1)	Weight of raw, process and packaging materials, and finished products procured; cost of services purchased	EcolInvent, v.3.10 APOS (2023) UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020, 2021, 2022	CO ₂ equivalent.
	Cost of purchased raw, processed and packaging materials	UK Department for Environment, Food & Rural Affairs (DEFRA), Table 13 – Indirect emissions from the supply chain	CO ₂ equivalent.
Capital goods (Cat. 2)	Purchased production machinery, stamps and tools	UK Department for Environment, Food & Rural Affairs (DEFRA), Table 13 – Indirect emissions from the supply chain	CO ₂ equivalent.
Fuel and energy related activities (Cat. 3)	Fuel and electricity consumption	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set 2021, 2022, 2023	CO ₂ equivalent.
Upstream logistics (Cat. 4)	Kilometers covered by airplane, truck, ship or rail and kilometers covered by airplane, truck, ship or rail multiplied by shipped weight	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set 2021, 2022, 2023	CO ₂ equivalent.
Waste disposal (Cat. 5)	Weight of waste disposed	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set 2021, 2022, 2023	CO ₂ equivalent.
		EcolInvent, v. 3.10 APOS (2023)	
Business travel by air, train, ship and car (Cat. 6)	Kilometers travelled by car, train or air	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set 2021, 2022, 2023	CO ₂ equivalent.
		Ferrovie dello Stato Italiane, "Rapporto di Sostenibilità 2022"	
Employee commuting (Cat. 7)	Kilometres travelled	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set 2021, 2022, 2023	CO ₂ equivalent.
		Ferrovie dello Stato Italiane, "Rapporto di Sostenibilità 2022"	
Downstream logistics (Cat. 9)	Kilometers covered by airplane, truck, ship or rail and kilometers covered by airplane, truck, ship or rail multiplied by shipped weight	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set 2021, 2022, 2023	CO ₂ equivalent.
Energy consumed directly by sold products (Cat. 11)	Electricity consumed directly by the products sold during their entire lifetime	Terna international comparisons on Energy data figures, 2019	Only CO ₂ .
		European Environment Agency, Scope 2 Emission Factors, 2022	
Waste disposal of sold products (Cat. 12)	Weight of products and packaging sold in the reporting year	EcolInvent, v.3.10 APOS (2023)	CO ₂ equivalent.
		UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set 2021, 2022, 2023	

Our compliance system ^[2-23, 2-24, 2-25, 2-26]

We ensure to embed our commitments for responsible business conduct in our activities and business relationships through a compliance system implemented within the Brands of the Group, to ensure full compliance with applicable laws and identify values and principles we must aspire to in reaching our business objectives.

Our Sustainability Policy outlines the commitment to practices and standards designed to promote environmentally and socially responsible activities and to report our sustainability performance in a transparent manner. Moreover, the Supplier Code of Conduct formalizes the values and principles that we expect each of our business partners to comply with as regards ethics, particularly in terms of respecting human rights, labor, freedoms as well as environmental protection. The Organizational, Management and Control Model pursuant to Legislative Decree 231/2001 is a voluntary system via which the company's procedures are aligned with current regulations concerning administrative and criminal responsibilities for certain types of offences, such as those committed in the conduct of relations with Public Administration bodies, corporate crimes, market abuse, environmental and health and safety-related offences. The document identifies the risks associated with the aspects covered by the Legislative Decree, as well as the measures applied to manage them. The correct application of Model 231 includes the obligation to provide for adequate information channels, enabling whistleblowers to submit eventual reports of unlawful conduct based on precise and concordant factual elements.

In fact, our Whistleblowing Policy complements the Model and policies in place, providing a dedicated reporting channel and a guidance for workers, suppliers, customers and stakeholders in general on the practices for reporting violations of any policy and procedure (including our Code of Ethics and Suppliers Code of Conduct) and/or the 231 Model.

The contents of the reports might span from internal policies or procedures to violations of law, including those related to extortion and bribery, competition law, fraud, financial crimes, product safety and quality, harassment and discrimination, international trade controls, personal data protection, human rights and protection, serious environmental harm, and conflicts of interest.

Ethics Committees have been established across the Group's Brands to address whistleblowing reports, as

well as to provide response to any requests for clarification related to the interpretation of the applicable codes and policies. They also have the role to supervise and control over the implementation and compliance with the policy documents and to oversee and investigate eventual cases of misconduct and non-compliance according to the principles and procedures set out within the policies.

Reports to the whistleblowing system can be submitted via three main channels:

- via an online whistleblowing platform adopted by all the Brands (except for B&B Italia and Arclinea, which will be moving to the Group platform in the next year), offering multiple channels to be used depending on the companies involved. The management of each whistleblowing channel is entrusted to the respective Ethics Committee;
- via e-mail to one or more members of the Ethics Committee;
- in person to one or more members of the Ethics Committee.

Anti-retaliation principles apply to safeguard the whistleblower and specific disciplinary measures may be applied to employees in case of violation of the adopted codes and policies, without prejudice to any possible civil, criminal or administrative consequences, and according to the principles of proportionality and with a confrontational approach.

The Code of Ethics is a key feature of the Model and establishes the principles that the Brand must aspire to in reaching its business objectives. It is designed to reflect our core values and principles and to guide us as an ethical and practical compass in the achievement of our daily goals, including the communication with investors and stakeholders, environmental and social responsibility, adherence to human and workers' rights, work's health and safety, anti-corruption, and taxation and accounting. It applies to all employees, temporary workers, consultants, business partners, suppliers, and wholesale resellers of all the Group Brands and regulates the implementation of due diligence, audit, and verification measures across our supply chain to ascertain our own and business partners' compliance with principles and provisions, and to identify, assess, and anticipate risks and opportunities for improvement. The document is publicly available on our website.

The two documents have been approved by the Board of Directors in November 2022. In particular, the Code of Ethics serves the function of channeling the Group's policy commitments through four principles:

- **Legality:** any activity carried out by the Group and its representatives must be based on honesty, good faith and absolute compliance with applicable laws and regulations, International Labor Organization and United Nations Conventions, and any other relevant statutory requirements. Relationships with public authorities and officials shall be handled with utmost diligence and cooperation.
- **Transparency:** anyone working on behalf of the Group undertakes to provide to its stakeholders truthful, material, and accurate information, bearing in mind that it is essential to keep the solid trust that third parties place in our reliability, while preserving business confidentiality. Information shared with the public shall always be based on reliable sources and, to the extent possible, verifiable criteria. Transparency also inspires our everyday operations and the way we approach public authorities, our competitors and our customers.
- **Accountability:** we and each of our representatives strongly believe in the responsibility that comes with our purpose. We investigate and take into account both the positive and the adverse effects, internal and external, of our own activity and of those associated with us and stand accountable for them. We also exercise our influence over our partners to help them meet our standards. Moreover, we identify and respect the proper allocation of tasks and responsibility in accordance with our internal policies and procedures as a way to guarantee due diligence and compliance.
- **Beauty & Sustainability:** we believe in sustainability as a fundamental means to beautification, and as something inherently beautiful itself. We understand and pursue sustainability as pertaining equally to our impact on the planet, on our people, and on culture. Through our timeless products and by our example, we purport to pass on our values and traditions to future generations. As part of this process, we foster a fair and inclusive work environment, and we promote the utmost respect for health, safety, self-expression, dignity, and

individuality. We repudiate and condemn all forms of unfair discrimination and undertake the task to ensure that any decision involving a judgement on the person is taken according to neutral and objective criteria.

Flos B&B Italia Group employees conducted specific training on the contents of Model 231, Code of Ethics, Supplier Code of Conduct and Whistleblowing Policy, and we are committed to extend the training to all the employees of the Group in coming reporting periods.



Panthella lamp by Verner Panton, Louis Poulsen

Appendix

General disclosures

GRI 2-7 | Employees (FTEs)

	2021	2022	2023
Employees	1,851.6	2,159.6	2,117.6
EMEA	1,561.7	1,812.5	1,718.1
Women	647.1	760.8	743.3
Men	914.6	1,051.7	974.8
AMERICA	218.0	270.0	328.5
Women	131.0	168.0	188.5
Men	87.0	102.0	140.0
APAC	71.9	77.1	71.0
Women	38.9	47.5	40.8
Men	33.0	29.6	30.2

	2021	2022	2023
Full-Time employees	1,819.2	2,091.5	2,044.0
Women	791.6	918.9	915.5
Men	1,027.6	1,172.6	1,128.5
EMEA	1,534.4	1,751.5	1,660.5
Women	623.9	708.9	696.0
Men	910.5	1,042.7	964.5
AMERICA	217.0	267.0	325.5
Women	131.0	166.0	186.5
Men	86.0	101.0	139.0
APAC	67.8	73.0	58.0
Women	36.7	44.0	33.0
Men	31.1	29.0	25.0
Part-Time employees	32.4	64.8	68.7
Women	25.4	55.4	53.52
Men	7.0	9.4	15.16
EMEA	27.6	57.7	52.7
Women	23.1	49.9	43.7
Men	4.5	7.8	9.0
AMERICA	1.0	3.0	3.0
Women	-	2.0	2.0
Men	1.0	1.0	1.0
APAC	3.8	4.1	13.0
Women	2.4	3.5	7.8
Men	1.4	0.6	5.2
Non-guaranteed hours employees	-	3.3	4.9
Women	-	2.0	3.6
Men	-	1.3	1.3
EMEA	-	-	4.9
Women	-	-	3.6
Men	-	-	1.3
AMERICA	-	-	-
Women	-	-	-
Men	-	-	-
APAC	-	-	-
Women	-	-	-
Men	-	-	-

	2021	2022	2023
Permanent employees	1,781.6	2,085.7	2,063.4
Women	792.1	944.6	947.8
Men	999.5	1,141.0	1,115.7
EMEA	1,495.7	1,745.6	1,674.9
Women	624.3	733.2	722.5
Men	871.4	1,012.4	952.5
AMERICA	218.0	269.0	323.5
Women	131.0	167.0	186.5
Men	87.0	102.0	137.0
APAC	67.9	71.1	65.0
Women	36.8	44.5	38.8
Men	31.1	26.6	26.2
Temporary employees	70.0	70.6	49.3
Women	25.0	29.6	21.3
Men	45.0	41.0	28.0
EMEA	66.0	63.6	38.3
Women	23.0	25.6	17.3
Men	43.0	38.0	21.0
AMERICA	-	1.0	5.0
Women	-	1.0	2.0
Men	-	-	3.0
APAC	4.0	6.0	6.0
Women	2.0	3.0	2.0
Men	2.0	3.0	4.0
Non-guaranteed hours employees	-	3.3	4.9
Women	-	2.0	3.6
Men	-	1.3	1.3
EMEA	-	3.3	4.9
Women	-	2.0	3.6
Men	-	1.3	1.3
AMERICA	-	-	-
Women	-	-	-
Men	-	-	-
APAC	-	-	-
Women	-	-	-
Men	-	-	-

GRI 2-8 | Workers who are not employees (FTEs)

	2021	2022	2023
Workers who are not employees	48.8	74.8	76.0
Agency workers	39.8	53.8	51.0
Women	14.8	13.8	18.0
Men	25.0	40.0	33.0
Other subcontractors	-	5.0	10.0
Women	-	-	2.0
Men	-	5.0	8.0
Internships	9.0	16.0	15.0
Women	5.0	8.0	3.0
Men	4.0	8.0	12.0

Economic performance

GRI 201-1 | Direct economic value generated, distributed, and retained (€/000)

	2021	2022	2023
Direct economic value generated	676,242	847,981	790,537
Direct economic value distributed	596,309	744,622	717,126
Operating costs	375,243	495,059	443,776
Employees' wages and benefits	137,435	169,131	169,679
Payments to providers of capital	2,313	-	869
Payments to the government	14,545	18,129	16,704
Community investment	642	1,143	461
Economic value retained	79,933	103,359	73,411

Materials

GRI 301-1 | Materials used by weight or volume (ton)

	2021	2022	2023
Iron/Steel	1,760.4	2,864.7	2,309.0
Fabrics	293.3	541.9	566.1
Wood	2,755.6	5,395.2	4,062.5
Chemicals	338.1	160.0	-
Marble	807.6	646.3	450.2
Ceramic	0.5	18.4	3.8
Appliances	81.2	92.6	116.1
Aluminum	2,438.9	2,501.9	2,330.0
Leather	78.0	67.9	51.2
Paints	558.2	44.8	42.6
Paper	0.3	1.2	1.1
Polyurethane	-	355.1	393.7
Plastic	437.5	706.0	404.9
Glue	8.2	12.1	8.5
Glass	281.5	692.6	327.4
Gypsum	58.0	29.0	23.0
Brass	42.0	52.9	52.2
Rubber	8.2	6.9	3.9
Concrete	-	2.0	1.0
Copper	-	9.4	13.4
Cotton	-	2.1	-
Foam	-	-	27.8
Zinc	-	10.5	-
Silicone	-	44.5	-
Other metals	-	1.8	5.0
Total raw materials	9,947.6	14,259.8	11,193.5
Paper	2,029.0	1,917.6	1,890.8
Polystyrene	1,030	53.7	8.7
Polyethylene / Plastic	1,229	1,218	73.6
Wood	469.5	442.8	468.3
Total packaging	2,724.4	2,535.9	2,441.4
Total	12,672.0	16,795.7	13,634.9

Energy

GRI 302-1 | Total fuel consumption within the organization from non-renewable sources

	U.M.	2021	2022	2023
Natural gas for heating and production processes	m ³	1,889,064.6	1,608,429.6	1,413,071.4
Diesel consumed by vehicles owned and leased	L	312,977.7	441,451.6	461,656.7
LPG for heating	L	120	67,023.0	101,914.0
Petrol consumed by vehicles owned and leased	L	10,970.3	34,421.1	31,864.3
Fuel oil for heating and production processes	Kg	77,320.0	16,000.0	-
Biomass for heating	T	736.2	580.0	471.1

GRI 302-1 | Indirect energy consumption (kWh)

	2021	2022	2023
Electricity (purchased)	12,292,476.3	12,691,136.6	11,840,197.9
of which sourced from energy provider with Guarantee of Origin	4,585,174.5	9,841,987.0	9,200,952.0
District Heating	1,968,055.0	2,021,754.0	2,959,412.0

GRI 302-1 | Total energy consumed (GJ)

	2021	2022	2023
Fuel oil for heating	3,173.2	681.1	-
Natural gas for heating and production processes	67,051.9	57,718.0	50,707.2
Electricity purchased from national grid	44,252.9	45,688.1	42,624.7
Diesel consumed by vehicles owned and leased	11,505.2	15,921.2	16,649.9
District heating purchased from external waste-to-energy plant	7,085.0	7,278.3	10,653.9
LPG for heating	0.3	1,631.1	2,480.3
Petrol consumed by vehicles owned and leased	357.0	1,118.0	1,034.9
Biomass for heating	11,404.6	9,057.7	7,357.1
Total	144,830.0	139,093.5	131,507.9

Emissions

GRI 305-1 | Direct (Scope 1) GHG emissions (tCO_{2eq})

	2021	2022	2023
Natural gas for heating and production processes	3,694.5	3,242.2	2,880.4
Diesel consumed by vehicles owned and leased	887.7	1,240.1	1,304.7
Fuel oil for heating	243.0	51.7	-
Refrigerant gas leaks	148.1	147.9	3.2
Petrol consumed by vehicles owned and leased	48.2	129.7	119.3
Wood combustion for heating	42.1	23.1	19.1
LPG for heating	-	104.4	158.7
Total	5,063.6	4,939.0	4,485.4

GRI 305-2 | Energy indirect (Scope 2) GHG emissions (tCO_{2eq})

	2021	2022	2023
Electricity consumption (Location – Based)	3,597.6	3,868.4	2,699.9
Electricity consumption (Market – Based)	3,520.6	1,260.5	1,075.0
District Heating	324.8	345.3	766.6
Total Location Based	3,922.4	4,213.5	3,465.5
Total Market Based	3,845.4	1,605.7	1,840.6

GRI 305-3 | Other indirect (Scope 3) GHG emissions (tCO_{2eq})

	2021	2022	2023
Cat. 1 - Purchased Goods and Services	111,508.8	109,073.3	100,256.1
Cat. 2 - Capital Goods	4,204.4	8,113.6	6,641.9
Cat. 3 - Fuel and Energy-Related Activities	1,726.2	4,715.7	1,237.0
Cat. 4 - Upstream Transportation and Distribution	19,954.3	12,506.6	10,042.6
Cat. 5 - Waste Generated in Operations	114.8	540.6	249.3
Cat. 6 - Business Travel	705.1	1,534.6	1,937.2
Cat. 7 - Employees Commuting	1,307.2	3,639.1	4,267.7
Cat. 9 - Downstream Transportation and Distribution	-	6,889.6	8,115.0
Cat. 11 - Use of Sold Products	-	446,276.1	357,584.9
Cat. 12 - End-of-Life Treatment of Sold Products	-	3,762.3	2,899.5
Total	139,520.8	597,051.5	493,231.3

Waste

GRI 306-3 | Waste generated (t)

	2021	2022	2023	
Aqueous solutions	192.5	228.5	198.0	
Bottom ashes	17.8	18.2	-	
Construction materials	114.8	440.5	50.0	
Glass	17.6	14.4	8.0	
Metal materials	291.3	204.3	180.0	
Non-municipal waste	82.4	52.1	395.0	
Other	150.4	335.6	119.9	
PACKAGING	Glass	-	3.9	4.1
	Mixed materials	460.7	390.9	318.1
	Metal	2.1	-	-
	Paper/Paperboard	369.1	219.2	211.6
	Plastics	20.3	30.9	18.1
	Wood	220.6	202.6	192.5
	Paintings	21.6	21.7	20.6
	Paper	47.9	126.5	70.0
	Plastic	47.9	14.0	53.2
	Sludge	32.9	23.1	14.2
	Wood	783.8	646.6	282.8
	Total waste	2,873.7	2,972.8	2,136.1

Employment

GRI 401-1 | Employee hires (FTEs)

	2021	2022	2023
Total hires	413.0	432.6	275.6
Gender			
Women	222.0	205.6	130.8
Men	191.0	227.0	144.8
Age brackets			
<30	147.0	134.0	72.0
30 ≤ x ≤ 50	213.0	247.0	166.6
>50	56.0	51.6	37.0

GRI 401-1 | Turnover (FTEs)

	2021	2022	2023
Total terminations	290.0	372.0	396.5
Gender			
Women	130.0	184.0	184.5
Men	160.0	188.0	212.0
Age brackets			
<30	83.0	105.0	82.1
30 ≤ x ≤ 50	140.0	190.0	230.8
>50	67.0	77.0	83.6

Health and safety

GRI 403-9 | Work-related injuries

	U.M.	2021	2022	2023
Employees				
Total number of hours worked	n.	2,766,008.7	2,634,392.5	2,990,795.9
Total number of recordable work-related injuries	n.	18.0	18.0	16.0
Rate of recordable work-related injuries	Rate	6.5	6.8	5.3
Agency workers				
Total number of hours worked	n.	160,003.0	155,570.0	111,438.1
Total number of recordable work-related injuries	n.	7.0	-	2.0
Rate of recordable work-related injuries	Rate	43.7	0	17.9

Training and education

GRI 404-1 | Average hours of training per year per employee (h)

	2021	2022	2023
Gender	11,696.5	13,998.0	11,266.9
Women	4,095.3	4,395.1	4,965.2
Men	7,601.2	9,602.9	6,301.6
Employee category			
Executives	9.1	7.5	9.8
Middle managers	13.4	13.0	10.1
Office workers	7.1	10.6	12.6
Workers	5.2	6.7	4.8

Diversity and equal opportunity

GRI 405-1 | Diversity of employees (FTEs and %)

	2021		2022		2023	
Gender	FTEs	%	FTEs	%	FTEs	%
Women	817.1	44.1	976.3	45.2	972.6	45.9
Men	1,034.5	55.9	1,183.3	54.8	1,145.0	54.1
Age brackets	FTEs	%	FTEs	%	FTEs	%
<30	256.8	13.9	271.0	12.5	253.1	12.0
30 ≤ x ≤ 50	1,004.7	54.3	1,248.1	57.8	1,206.1	57.0
>50	590.1	31.8	640.5	29.7	658.4	31.1

GRI 405-1 | Diversity of employees (FTEs and %)⁴⁵

	2021		2022		2023	
	FTEs	%	FTEs	%	FTEs	%
Executives	62.0	3.3	82.0	3.8	93.0	4.4
Women			20.0	24.4	28.0	30.1
Men			62.0	75.6	65.0	69.9
Middle managers	130.0	7.1	196.9	9.1%	224.5	10.6
Women			86.5	43.9	102.0	45.4
Men			110.4	56.1	122.5	54.6
Office workers	1,002.4	54.1	1,178.2	42.4	1,158.1	54.7
Women			652.9	55.4	637.1	55.0
Men			525.3	44.6	521.0	45.0
Workers	657.2	35.5	702.5	32.5	642.0	30.3
Women			216.9	30.9	205.5	32.0
Men			485.6	69.1	436.5	68.0

⁴⁵ Data on the subdivision of employee categories by gender were disclosed from 2022.

GRI Content Index

Statement of use	Flos B&B Italia Group (formerly) Design Holding S.p.A. has reported in accordance with the GRI Standards for the period 01.01.2023 – 31.12.2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not currently available.

Disclosure		Page	Notes	Omission		
				Requirements omitted	Reason	Explanation
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	14, 15				
	2-2 Entities included in the organization's sustainability reporting	14, 110-111				
	2-3 Reporting period, frequency and contact point	110				
	2-4 Restatements of information		There have been no restatements in the reporting period.			
	2-5 External assurance	111				
	2-6 Activities, value chain and other business relationships	7, 14-15, 21, 78				
	2-7 Employees	14, 87-88, 122				
	2-8 Workers who are not employees	125				
	2-9 Governance structure and composition	27				
	2-10 Nomination and selection of the highest governance body	27				
	2-11 Chair of the highest governance body	27				
	2-12 Role of the highest governance body in overseeing the management of impacts	28				
	2-13 Delegation of responsibility for managing impacts	28				
	2-14 Role of the highest governance body in sustainability reporting	28				
	2-15 Conflicts of interest	27				
	2-16 Communication of critical concerns	27				
	2-17 Collective knowledge of the highest governance body	27				

Disclosure	Page	Notes	Omission		
			Requirements omitted	Reason	Explanation
2-18 Evaluation of the performance of the highest governance body	27				
2-19 Remuneration policies	27				
2-20 Process to determine remuneration	27				
2-21 Annual total compensation ratio			a, b and c	Omission due to Confidentiality constraints	
2-22 Statement on sustainable development strategy	4				
2-23 Policy commitments	119				
2-24 Embedding policy commitments	119				
2-25 Processes to remediate negative impacts	119				
2-26 Mechanisms for seeking advice and raising concerns	119				
2-27 Compliance with laws and regulations		During the reporting period, no cases of non-compliance with laws and regulations have been detected ⁴⁶ .			
2-28 Membership associations		For more information, please consult Flos B&B Italia Group's Brands sustainability reports publicly available on their websites.			
2-29 Approach to stakeholder engagement	113				
2-30 Collective bargaining agreements	84				

⁴⁶ FLOS S.p.a received a notice of sanction from the Chamber of Commerce of Rovigo on 11/08/2023, for which an opposition was filed, with a subsequent Hearing with the Chamber of Commerce of Brescia carried out on 16/02/24 during which the reasons for the request for annulment by Flos S.p.A. were illustrated. A final decision on the matter is pending.

Material topics	Disclosure	Page	Notes
GRI 3: Material Topics 2021	3-1 Process to determine material topics	20-21	
	3-2 List of material topics	23	
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	15	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	125	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	111, 112	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken		During the reporting period, no cases of corruption have been detected.
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	65	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	65, 66, 126	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	73	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	73, 127-128	
	302-3 Energy intensity	73	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	70	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	70, 128	
	305-2 Energy indirect (Scope 2) GHG emissions	70, 129	
	305-3 Other indirect (Scope 3) GHG emissions	72, 129	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	74	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	74	
	306-2 Management of significant waste-related impacts	74	
	306-3 Waste generated	75, 130	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	78	
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	78	For the time being there are no structured processes and/or procedures to screen suppliers according to environmental criteria.

Material topics	Disclosure	Page	Notes
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	83-84	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	85, 87, 131	
Occupational Health And Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	93	
	403-1 Occupational Health and safety management system	93	
	403-2 Hazard identification, risk assessment, and incident investigation	93	
	403-3 Occupational health services	93	
	403-4 Worker participation, consultation, and communication on occupational health and safety	93	
GRI 403: Occupational health and safety 2018	403-5 Worker training on occupational health and safety	93	
	403-6 Promotion of worker health	93	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	93	
	403-8 Workers covered by an occupational health and safety management system	93	
	403-9 Work-related injuries	93, 132	
Training and Education			
GRI 3: Material Topics 2021	3-3 Management of material topics	90	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	92, 132	
Diversity & Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	83	
GRI 405: Diversity & Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	84-85, 88, 133	
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	83	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		During the reporting period, no episodes of discrimination have emerged.
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	95	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	95	For the time being there are no structured processes and/or procedures to screen suppliers according to social criteria.

Material topics	Disclosure	Page	Notes
Customer Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	64	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		During the reporting period, no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services have emerged.
Marketing and Labelling			
GRI 3: Material Topics 2021	3-3 Management of material topics	108	
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling		During the reporting period, no incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling have emerged.

Sasb disclosure index

For the second consecutive year, Flos B&B Italia Group has produced the Sustainability Accounting Standards Board (SASB) Index to illustrate how its reporting aligns with the Building Products & Furnishings industry guidelines.

Building Products & Furnishings | Sustainability Disclosure Topics

Topic	Category	SASB Code	Accounting Metric	Page	Notes
Business Ethics & Responsibility	Management of chemicals in products	CG-BF-250a.1	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	140	No relevant risks and hazards associated with chemicals are involved in Flos B&B Italia Group Brands' productive processes. The Group is fully compliant with local laws. For more information, please consult Flos B&B Italia Group's Brands sustainability reports publicly available on their websites.
		CG-BF-250a.2	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	140	Given the peculiarities of the Brands' productive processes, no relevant impacts on volatile organic compound are recorded. Nonetheless, Flos B&B Italia Group is fully compliant with local environmental laws. For more information, please consult Flos B&B Italia Group's Brands sustainability reports publicly available on their websites.

Topic	Category	SASB Code	Accounting Metric	Page	Notes
		CG-BF-410a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	141	For more information, please consult Flos B&B Italia Group's Brands sustainability reports publicly available on their websites.
Eco-design & Circular Economy	Product Lifecycle Environmental Impacts	CG-BF-410a.2	(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled	141	Currently, Flos B&B Italia Group does not recover end-of-life materials at a Group level. In 2022, Louis Poulsen implemented a take-back scheme for its PH5 lamp, for which 100% of the materials used for the 3.5 kg lamp were recovered. Moreover, cardboard is made from minimum 75% recycled fibre mass, while additional cardboard material comes from an FSC approved sources. Finally, the aluminum shades are 100% recycled from pre-used PH5 lamps.
Energy & Climate change	Energy Management in Manufacturing	CG-BF-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	73, 127-128	
Responsible Sourcing & Sustainable Supply Chain Management	Wood Supply Chain Management	CG-BF-430a.1	(1) Total weight of wood fibre materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, and (4) percentage certified to other wood fibre standards, (5) percentage by standard	65-66, 77, 126	

Building Products & Furnishings | Accounting Metrics

Activity Metric	Code	Page	Note
Annual Production (Production shall be disclosed in typical units tracked by the entity such as number of units, weight, and/or square feet).	CG-BF-000.A	141	Number of units: 3,161,075
Area of manufacturing facilities (The scope shall be limited to total area under roof, including manufacturing and administrative functions).	CG-BF-000.B	141	Square meters: 180,864

Credits

Cover	Tommaso Sartori	p. 29	Jonas Bjerre-Poulsen
p. 05	Mattia Zoppellaro/Contrasto	p. 33	Tommaso Sartori
p. 06	Mattia Balsamini	p. 34	Tommaso Sartori
p. 08	Federico Cedrone	p. 37	Tommaso Sartori
p. 09	Tommaso Sartori	p. 39	Courtesy of Ronan Bouroullec
p. 10	Fabrizio Bergamo	p. 41	Federico Torra
p. 10	Jessica Soffiati - Francesca Iovene	p. 43	Tommaso Sartori
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p. 16	Tommaso Sartori	p. 55	Antonia Adomako
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p. 24	Tommaso Sartori	p. 58	Courtesy of Louis Poulsen
p. 25	Tommaso Sartori	p. 60	Emilio Collavino
p. 26	Silvia Rivoltella	p. 61	Courtesy of Arclinea

Credits

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p. 99	Courtesy of Lumens		
p. 100	Piero Fasanotto		
p. 101	Niccolò Biddau		
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p. 104	Mattia Greggi		
p. 105	Courtesy of Louis Poulsen		

For further information about this
Sustainability report please contact

Flos B&B Italia Group, Via dei Mercanti 12
20121 Milano, Italy
Email: ffb@flosbebitaliagroup.com
www.flosbebitaliagroup.com

FLOS
B&B ITALIA
Group

We design
for a beautiful life