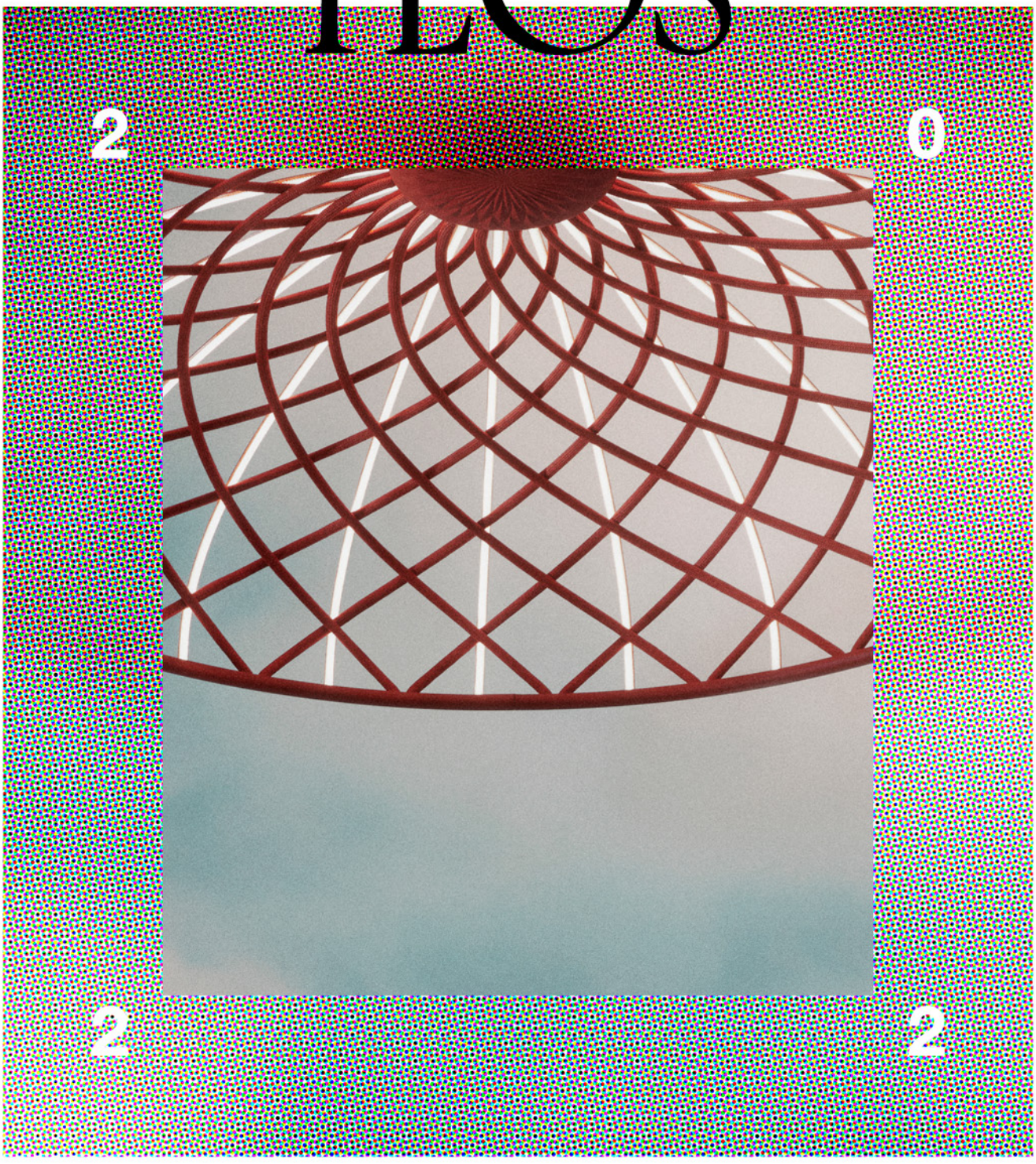
FLOS



Sustainability Report

2022

Sustainability Report

FLOS

Index

A Message To Our Stakeholders

This year, as we celebrate our 60th anniversary, we have the opportunity to reflect on our journey so far. Indeed, reaching this milestone has made us more aware of how sustainable practices should be present in all our business activities, for the wellbeing of our customers and, most importantly, for future generations.

Throughout 2022, we have prioritized the implementation of circularity principles in the development of our products, knowing that innovation is the key to foster and identify solutions that are as revolutionary as they are simple. An emblematic example of our efforts in this direction is Skynest, one of our new decorative suspensions launched in 2022, whose light is emitted by the very elements that form the structure of the lampshade: LED strips covered with a tubular fabric, a sock made of recycled polyester threaded onto the rod. No glue is employed for the assembling of the different pieces of the lamp, ensuring an easier dismantling and replacement of individual pieces. Usual materials, but assembled in a novel way: in this rethinking of the existing, in this strong link between industry, technology and craftsmanship, lies the design innovation that Skynest represents.

In addition, we have renewed our commitment to the principles of the United Nations Global Compact, as well as our dedication to contribute to the Sustainable Development Goals and the 2030 Agenda, while continuing to work towards the implementation of the set of ESG objectives we have established two years ago: we are pleased to announce that we have achieved the goal of 100% electricity from renewable sources consumed on all our production facilities – an important step on our path to reducing emissions. Moreover, to increase the understanding of our impacts, we have further extended the reporting perimeter of our indirect emissions occurring within upstream and downstream activities, as well as including more and more subsidiaries in our reporting perimeter.

Another element for 2022 has been the progression of the intertwining of our sustainability strategy with Design Holding's, pushing forward our ambition. Moreover, we have adopted an eco-design framework, shared with all the other Brands of the Group, with the goal to further integrate eco-design principles and circular economy drivers into our processes, from product design and engineering to end-of-life.

Our efforts are not only reduced to product design, but also encompass all other aspects of the lifecycle, focusing on eliminating non recyclable packaging and fostering complete disassemblability. The concept of modularity is strongly present also in our architectural collection, as showcased by Eclectic, a new downlight solution that can be not only fully disassembled by the end consumer, but also offers easily replaceable finishes so that the solution can adapt to time and other changing conditions, thus extending its life.

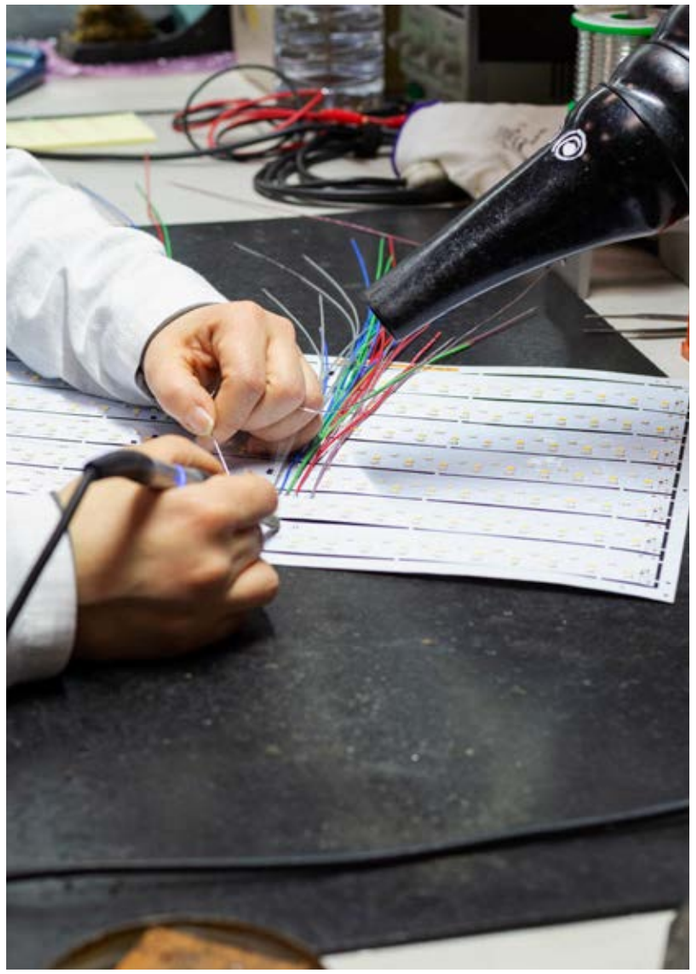
We aim to continue in this path working as a group as leaders of sustainable practices, for all our stakeholders: supporting and inspiring our workforce to do better and be better, pushing our designers to look for new solutions or find ones that are not yet existing, and leading our supply chain towards the new challenges posed by climate change.

I wish you a pleasant reading of our 2022 Sustainability Report.

Roberta Silva
CEO, Flos

Painting department

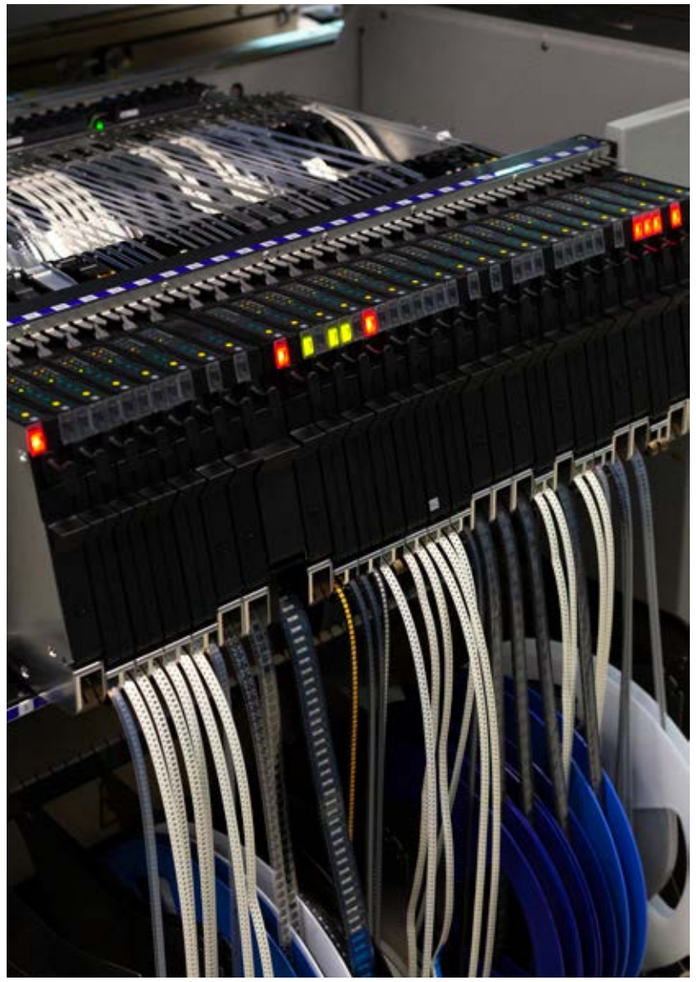
R&D department



Electronic department

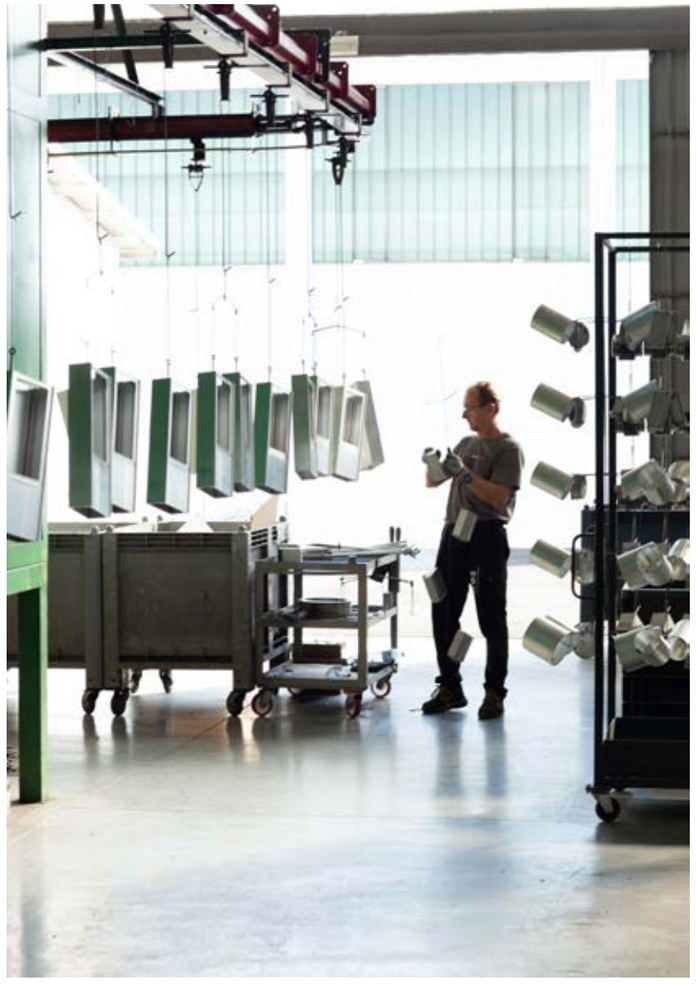
Quality control

Custom product department



LED assembly department

Logistic department



Outdoor production department

Sustainability Highlights 2022

The Group

Revenues
272 M€

People
669

Value Chain

Local suppliers in Italy
84 %

Local suppliers in Spain
78 %

People

Employees Reporting perimeter
563

Permanent contracts
98 %

Environment

Sustainable packaging
74%
Decrease in polyurethane foam purchased with respect to 2013

Clean electricity
92 %
Electricity certified as produced from renewable sources

Carbon neutrality
1,451 tCO_2eq
Scope 1 + Scope 2 (Market based) emissions offset in 2021

GHG emissions reduction target
-27.50 %
Scope 1 + Scope 2 target by 2030 in line with the WB2C scenario (Baseline 2019)

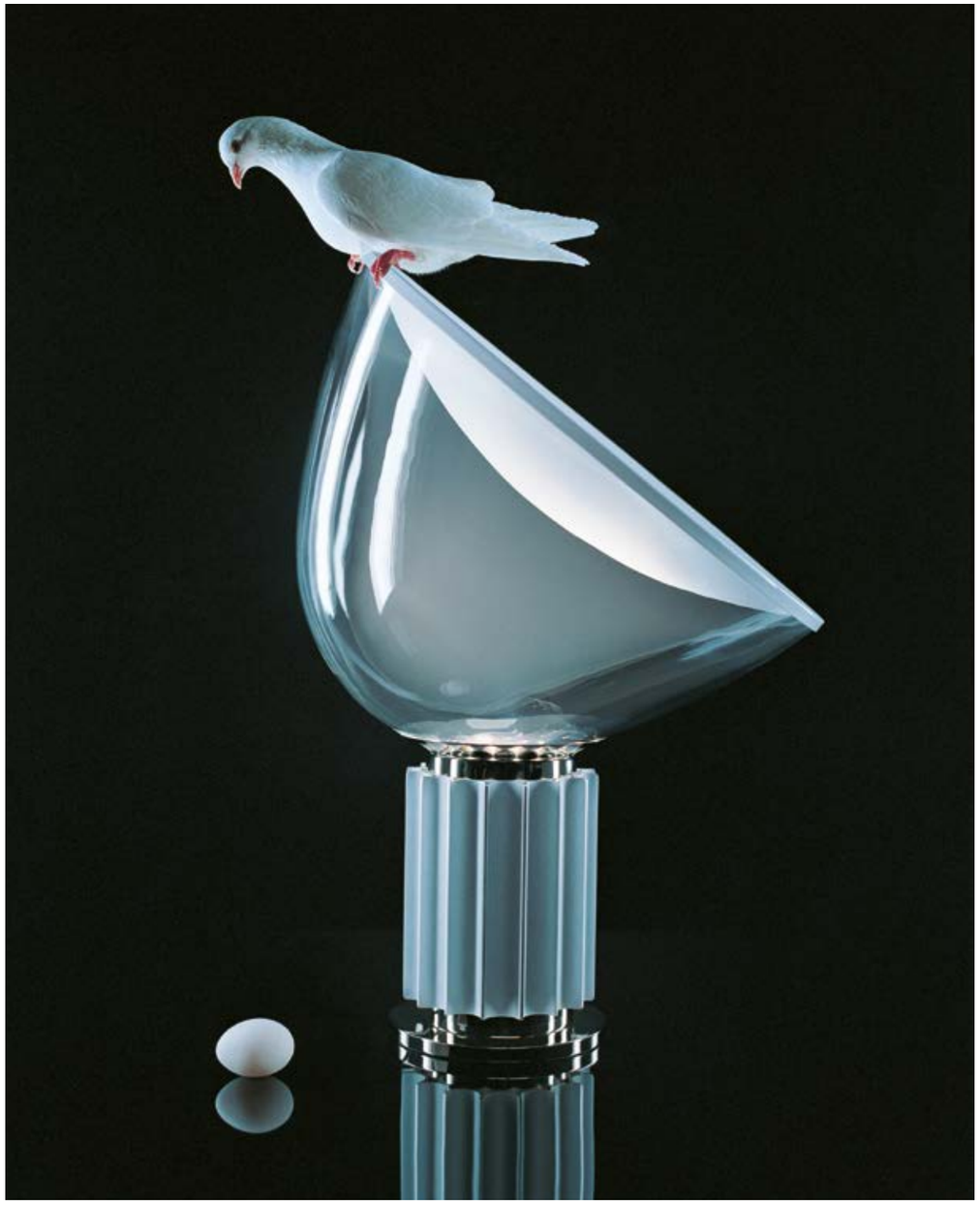
Arco by Achille & Pier Giacomo Castiglioni, 1962

Flos World

Since its establishment in 1962, Flos (“flower” in Latin) has been an industry leader, a standout company creating revolutionary, category-defining products that enhance any building or setting. From the outset, Flos immediately gained – and maintained – a reputation for masterfully manufacturing poetic designs and forward-thinking inventions. These solid foundations that are directly drawn from its renowned sixty-year long legacy allowed Flos to push boundaries , crafting timeless icons that link design and engineering with art and culture to profound effect.

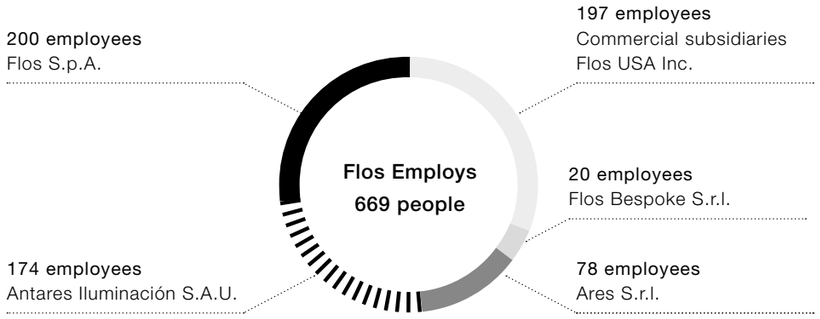
“In Flos, you can’t find a uniform design model, but rather a strong desire to make design that can express broader meanings of the ‘sense of our time’, meanings that are often capable of adding cultural values even to expressions of taste.”
— Achille Castiglioni

Flos is recognised as one of the world leaders among manufacturers of high-end lighting solutions in the residential, outdoor and architectural sectors, offering high-quality products and systems combining technology and emotions. Flos incorporates a holistic, human-centred lighting design philosophy and is organised into four divisions, each having a fully dedicated production plant: Architectural (Valencia, Spain), Decorative (Bovezzo, Italy), Outdoor (Bernareggio, Italy) and Custom (Collebeato, Italy).



Taccia, ph. J. B. Mondino

Structure and global presence



In November 2018, Flos has been acquired by Design Holding S.p.A, a Group jointly (and indirectly) controlled by the private equity funds Investindustrial and Carlyle.

Design Holding is a leading global high-end design group, bringing together complementary companies with a significant design legacy: B&B Italia, Maxalto, Azucena, Arclinea, Louis Poulsen, Fendi Casa, Lumens and Audo. The entities all have strong individual identities and operate in different sectors: lighting and accessories, furniture, kitchens & vanities and omnichannel distribution.

Design Holding

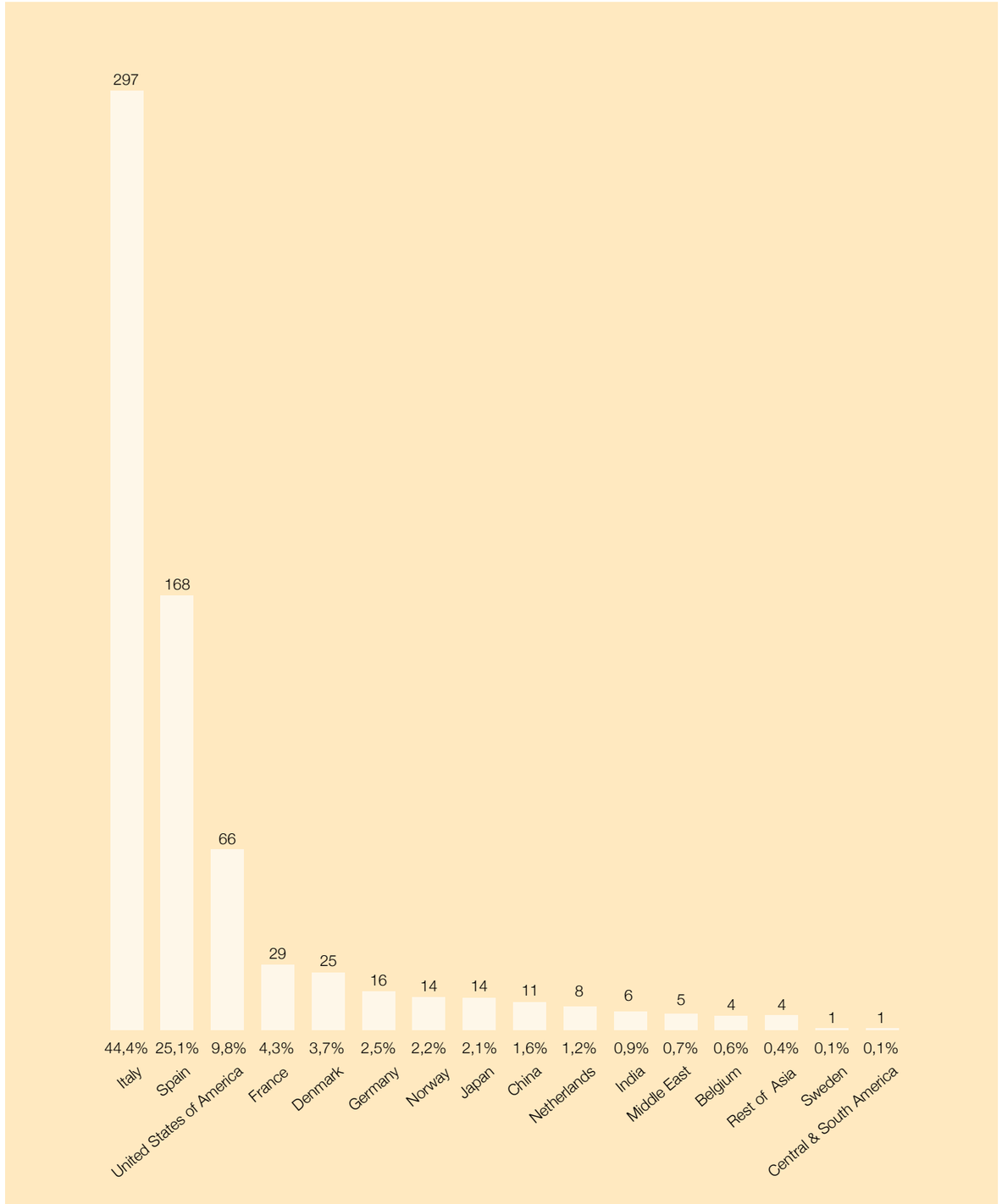
Design Holding is a global leader in high-end design with a cultural heritage of European origin, characterised by multi-channel distribution and diversified product categories. Guided by the purpose ‘We design for a beautiful life’, the Group exists to make homes, public spaces, and life itself more beautiful through the work of all its brands.

The Group includes Flos, B&B Italia, Louis Poulsen, Maxalto, Arclinea, Azucena, FENDI Casa, Audo and Lumens. Design Holding’s catalogue features iconic objects designed by world-famous designers such as Achille and Pier Giacomo Castiglioni, Tobia Scarpa, Luigi Caccia Dominioni, Poul Henningsen, Arne Jacobsen, Antonio Citterio, Gaetano Pesce, Philippe Starck, Piero Lissoni, Konstantin Grcic, Jasper Morrison, Patricia Urquiola, Michael Anastassiades and many others.

Design Holding has adopted a sustainability strategy founded on three sustainability pillars: Design for the Planet, Design for People and Design for Culture. The first pillar aims to foster a commitment to sustainability, blending innovation, eco-design and circularity principles. The second focuses on ensuring a thriving workplace that guarantees fairness and inclusion as well as generating value for communities around the world. The last is a shared priority of Design Holding’s Brands: to nurture their own identity by preserving craftsmanship and design heritage, from scientific research to preserving design legacies, for the benefit of future generations.

The Group’s central leadership team ensures full alignment between the activities of the Brands, including the implementation of the sustainability pathway: a Sustainability Steering Committee has been formed in 2022 with the specific purpose of discussing the progression of Design Holding’s sustainable strategy, including key level personnel both at Group and Brands level. Since 2021, Design Holding has been publishing a Sustainability Report, further expanding its commitment to more sustainable practices along its entire value chain and ensuring accountability on the progress of the Group’s sustainability strategy.

In 2022, Flos' employees amounted to 669[1] and they were mainly located in Italy and Spain, making up for almost 70% of the total. As of 2022, the reporting perimeter was enlarged to give a view of the impacts generated by a selection of commercial subsidiaries, with the intention of covering the full perimeter in the coming years. The reporting scope therefore now comprises the Decorative (Flos S.p.A., headquartered in Bovezzo, Italy), the Outdoor (Ares S.r.l., Bernareggio, Italy), the Architectural (Antares S.A.U., Valencia, Spain) and the Custom collection (Flos Bespoke S.r.l., Collebeato, Italy) and, in addition to 2021, the commercial branches Flos Benelux NV (Wemmel, Belgium), Flos BV (Amsterdam, The Netherlands), Flos France S.a.s (Paris, France), Flos GmbH (Regensburg, Germany), Flos Japan Co. Ltd (Tokyo, Japan) and Flos Sverige AB (Stockholm, Sweden). The remaining employees are working in Flos' Custom division manufacturing subsidiary, the Flos Bespoke USA division (Flos USA Inc., Long Island City, NY-USA) and in the commercial subsidiaries Flos Illumination Shanghai Co. Ltd (Shanghai, China), Antares Illumination PTE Ltd (Singapore) and Flos Norge AS (Oslo, Norway).



Flos Employee Worldwide Distribution 2022

[1] Number of full-time equivalents (FTE) derived by taking into account employees employed under contracts of service, both permanent and temporary, at the end of the reporting period.

With respect to its economic performance as a prominent player in the Italian lighting market, Flos is keeping on consolidating its significant success, generating consolidated revenues of more than €271 million in 2022 – with a staggering +11% compared to 2021.

Direct Value Generated, Distributed and Retained € in thousands	**2020**	**2021**	**2022**
Direct economic value generated	**205,046**	**244,624**	**270,820**
Direct economic value distributed	168,136	201,131	222,440
Operating costs	113,886	137,222	153,975
Employees' wages and benefits	38,764	43,781	46,596
Payments to providers of capital	9,143	8,627	8,944
Payments to the government	6,243	11,379	12,830
Community investment[2]	100	122	95
Economic value retained	**36,910**	**43,492**	**48,380**

[2] Value related to Community Investment excludes donations of lamps (e.g. donations to charity auctions).

Sales by Country

Western Europe
63.1%

Asia Pacific
11.5%

Eastern Europe
5.3%

Americas
14.3%

Middle East
3.8%

Africa
2.0%

Manufacturing Plants

Outdoor Collection
Ares S.r.l. Bernareggio (MB), Italy

Decorative Collection
Flos S.p.A. Bovezzo (Brescia), Italy

Custom Collection
Flos Bespoke S.r.l.
Collebeato (Brescia), Italy
Flos Bespoke USA Inc.,
New York, United States

Architectural Collection
Antares Iluminación S.A.U.
Valencia, Spain

Showrooms - Flagship Stores - Offices

Flos Norge AS
Oslo, Norway

Flos Showroom
Stockholm, Sweden

Flos Scandinavia A/S
Copenaghen, Denmark

Flos BV
Amsterdam, Netherlands

Flos France Store and Showroom
Paris, France

Flos USA Inc.
New York, United States

Flos Co Ltd.
Tokyo, Japan

Flos Flagship Store & Showroom
Milano, Italy

Flos Flagship Store
Roma, Italy

Flos Global Presence

Flos Decorative

Flos' original core business, the Decorative collection, merges technical research and innovation with emotional and aesthetic design thanks to the strong relationships that exist between the company and its designers.

All products belonging to Flos' Decorative collection are designed and developed at the Flos S.p.A. Italian headquarters in Bovezzo, including several product categories such as table lamps, floor lamps, pendant lamps and wall & ceiling solutions.

To-Tie by Guglielmo Poletti

Luce Orizzontale by Ronan & Erwan Boutoullec
Almendra by Patricia Urquiola

Flos Architectural

The Architectural collection includes indoor lighting systems both for domestic/residential use and professional use.

This business segment designs and develops lighting solutions, often in cooperation with engineering and architectural firms, both for big retail networks (mainly fashion retail and hospitality) and for private customers. The business line focuses on professional and residential lighting systems, custom-made solutions and soft architecture products, and is based at the headquarters of Antares Iluminación S.A.U. in Valencia, Spain.

Oblique Floor by Vincent Van Duysen

Gustave by Vincent Van Duysen

Flos Outdoor

The Flos Outdoor collection was created to illuminate open spaces by using an innovative design concept, finding balance both by hiding in the natural landscape behind discreet objects and by conversing with architecture through designs with a unique identity.

At present, the Flos Outdoor collection is mainly produced by Ares (Bernareggio, Italy).

Spine by Vincent Van Duysen

Mayday Outdoor by Konstantin Grcic

Flos Custom

Created to satisfy customers' specific needs and their increasing desire for exclusivity, this collection focuses on the custom-made segment.

The custom-made business segment has been developed for over 20 years by Flos' Italian subsidiary, Flos Bespoke, and it is currently growing thanks to Flos USA Inc.

In view of the continuous change and development the Brand has faced in recent years, the segment is becoming increasingly important for Flos, since it guarantees a corporate identity and a strong internal cohesion, while offering products with a unique Brand and image.

Mplus Museum Hongkongby Flos Bespoke

Mplus Museum Hongkong

Value creation

Flos' goal is to bring to life inspired sketches and projects from lighting architects and designers. To achieve this, the Brand follows a coordinated production workflow which involves the R&D department, highly specialised artisans and an accurate quality control system. Within this process, the conception and actual design of lighting systems is directly managed by Flos, as well as the monitoring of activities and tests carried out to assess product quality and to ensure compliance with safety standards. For most manufacturing, assembly, and logistics activities, on the other hand, Flos relies on the expertise of a specialised and trusted network of suppliers. Finally, an integral part of the value chain is customer care: the aim is to respond effectively and promptly to each need, ensuring a positive and smooth experience.

Product development

Creating iconic products and conceiving new lighting concepts requires effective coordination between Flos' internal R&D department and renowned and emerging designers, architects and engineers alike.

The Development of New Lighting Solutions

Conception

Designers, architects and/or engineers submit the lighting solution idea and some preliminary sketches to Flos' R&D Department. The top management then assesses these before starting production of the series of prototypes.

Pre-series Production Process

Once a product has been accepted, the R&D team collaborates with designers, architects and engineers to create it. A pre-series is then produced to test the mechanical and electrical design, select the most appropriate materials, identify the best available suppliers and production process, and incorporate any necessary improvements to the luminaire. During these stages, various assessments regarding construction, mechanical and electrical aspects are carried out.

Quality and Compliance

The pre-series is tested to assess its adherence to quality and compliance requirements. For the design collection, final prototypes created from the pre-series production process are then sent to pilot customers. These customers are asked to fill in a report on the products, providing Flos with valuable feedbacks touching upon product functionality, end-of-life, installation and mounting instructions, packaging, and the overall product emotion and client experience.

Product Launch

When prototypes satisfy the pilot customers' expectations (for the design collection), Flos' internal quality standards, and the applicable regulatory requirements, the product is approved for sale and the production stage is launched.

Arco K 2022 processing and packaging

Following the prototype and pre-series stages, the production process begins with the purchase of single components. Given the large extent of techniques and materials required for Flos' products, most manufacturing processes are outsourced: this stage is particularly sensitive as it encompasses highly specialised techniques and manufacturing practices, such as hand-blown glass and technical textiles, in addition to coating processes and the processing of plastics and metals.

Once the production phase is completed, the processed materials manufactured by suppliers are sent to Flos' facilities for a quality check to ensure compliance with quality and safety standards and all applicable regulations. Subsequently, the components and processed parts are assembled according to the specifications outlined in design and engineering plans.

The assembly process is predominantly outsourced to a network of selected artisans, mainly based in the Lombardy region and Valencia: one relevant exception is the Custom collection, with the production and assembly being carried out directly in Collebeato. The production chain then ends with a further quality assessment of the final product, performed in the plants' laboratories.

In order to respond to the increase of products demand from the market, Flos has also set up an assembly line at its facilities in Nave, close to the Bovezzo plant. This production area functions through lean manufacturing principles, the so-called 5S Programme: Sort, Set in Order, Shine, Standardise and Sustain. The programme focuses on organisation, cleanliness, and standardisation of each workspace, resulting in improved profitability, efficiency, service and safety for the employees.

Thanks to the constant focus on quality in production processes, no incidents of non-compliance with regulations and voluntary codes concerning products have occurred during the last four years.

Supplier selection and management

In addition to procuring electronic components, which are usually imported or sourced from multinational companies, Flos collaborates extensively with renowned suppliers that are mainly located in northern Italy and Valencia's surrounding areas: the aim is to create products which blend innovation and distinctive heritage features of the Brand in a seamless way. By prioritizing local suppliers, Flos can benefit from a shorter supply chain, which makes it possible for the Brand to reduce delivery times while also supporting local communities: proximity is crucial given the intensity and timeliness of the quality control processes carried out on semi-processed materials and finished products.

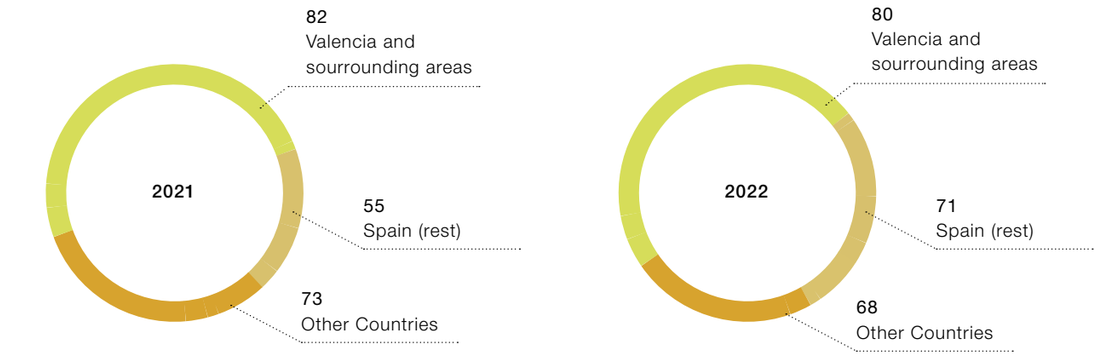
For the Decorative, Outdoor and Custom collections, the preference for local suppliers also stems from the focus on the "Made in Italy" concept – which is acknowledged as a symbol of expertise, craftsmanship and innovation. Indeed, 86% of the company's suppliers are located in Italy, mainly in the Lombardy region (approximately 69% of the total number of suppliers in 2022).

Suppliers provenance by number and spending - Decorative, Outdoor and Custome Collection

[3] Data on suppliers count concerns the Decorative and Outdoor collections. The percentage on spending per supplier provenance includes the Custom collection as well.
[4] Data includes the Verona district. For the definition of "local suppliers", the Verona district was also considered, based on its proximity to the Bovezzo HQ.

For the Architectural collection, due to fluctuations and demand shifts for raw materials and components procurement, more flexibility along the supply chain is needed and thus the selection process is primarily based on suppliers' location. In fact, 69% of the company's suppliers are in Spain (showing a slight increase with respect to 2021 percentage of 65%), and more specifically in Valencia and the city surrounding areas, which constitute approximately 37% of the total number of suppliers in 2022.

Suppliers' provenance by number and spending - Architectural Collection

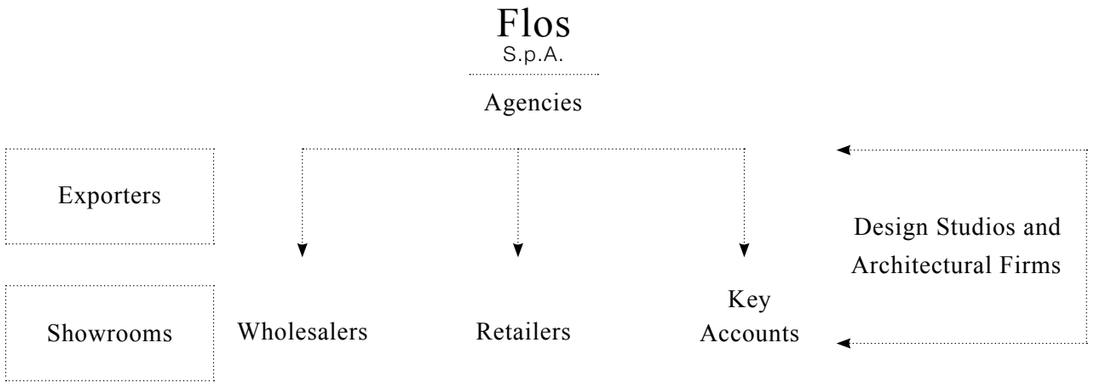


To ensure suppliers meet certain requirements related to environmental performance and respect of workers' rights, contracts cover issues such as the safety of products and workplaces, the environmental impact of products and production processes, and workers' employment conditions. Additional contractual clauses enable Flos to monitor suppliers' sustainability performance by requesting specific data regarding environmental aspects (such as waste produced, raw materials, and energy consumption) and safety information (such as accident statistics). Similarly, these contractual clauses envisage the option to conduct environmental and social audits on suppliers' facilities and policies to test their compliance with Flos' requests.

This year, in line with Design Holding's objective to implement an ESG suppliers' rating system that enables the Brands of the Group to assess each relevant supplier's ESG risks, Flos has started to map and assess suppliers of the Outdoor collection, with the aim of identifying – and managing – possible sustainability-related issues and red flags.

Client relationship	Flos demonstrates its attention to clients by offering exceptionally designed and technologically advanced lighting systems, close communication, and an efficient repair/substitution replacement service.

Flos' sales channels



To effectively cater to customers' diverse expectations and technical requirements, Flos operates through various sales and distribution channels located worldwide: an example of these are wholesalers of electric equipment and lighting specialists, which sell products to installers and generalist retailers. The company also relies on key accounts, B2B customers that have direct contact with the company through the distribution network, as well as with agencies that operate through active sales channels by collaborating with design studios and architectural firms. Lastly, in markets where these sales channels are not available, Flos relies on exporters, which bridge the gap towards intermediaries and end customers.

During 2022, Flos had the opportunity to resume hosting events and presentations at showrooms, offices and dedicated locations, which had come to a halt in previous years due to the pandemic: showrooms are another important sales channel for Flos, consisting of corporate shops operating

either through a B2C or B2B model. However, the digital formats that were born to reinvent the means of communication and interaction with customers and resellers did not cease to exist, enabling Flos to offer a wide range of experiences to customers. For instance, the e-commerce platform keeps on complementing physical stores.

Customer Proximity in the Digital Era: Flos' Professional website

Flos' commitment to combining customer needs and technological innovation is directly linked to the continuous improvement of its digital channels, as the ultimate goal is to offer new experiences to its customers, whether in the form of a product or by accessing creations. With regards to the latter, Flos Professional website was recently redesigned: the website is now able to separately address retail customers and professionals, building a user experience and the underlying structure in a way that allows users to find what they are looking for with a suitable level of detail. Ultimately, Flos believes that the Professional website can help unleash the true potential of its iconic creations, as well as strengthening the communication around its wide range of solutions and services.

In order to report and analyse complaints received and evaluate corrective actions, Flos' front office organises periodic meetings with specific departments (i.e. Quality, Production, and R&D). Flos monitors the number of products returned due to faultiness and the trend of the quality indicator, which is calculated as the ratio between the cost of products returned and the total costs of goods sold. This indicator, which includes the Decorative, Outdoor, Custom and Architectural collections and contributes to determining employees' yearly bonus, has remained stable during the last year, despite an increase in sold products.

Quality Indicator	U.M.	2020	2021	2022
Cost of returned product for faultiness reasons on cost of goods sold	%	1.13	0.85	0.82

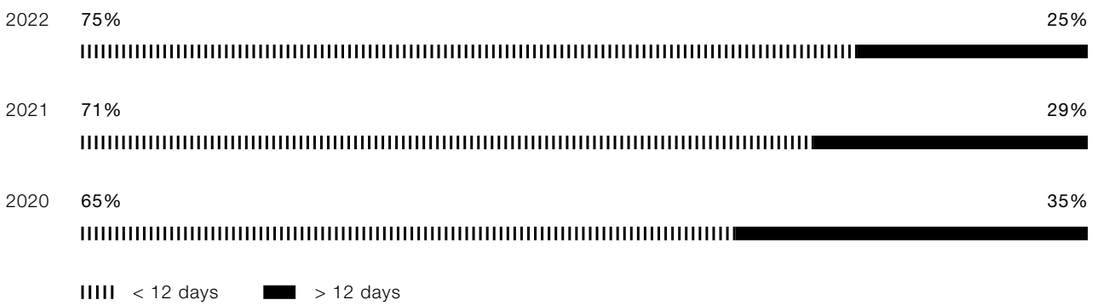
Moreover, Flos monitors customer complaints regarding product malfunctions or defects to improve the overall process and enhance customer satisfaction. If any complaints arise, Flos evaluates the best solutions in terms of costs and customer satisfaction on a case-by-case basis. For instance, the company may either recollect the product to analyse the causes of the malfunction, replace it immediately or, in the event of widely installed systems, send a Flos technician from the internal quality department to the affected facilities to carry out a site visit and identify suitable solutions.

Lastly, but not in terms of importance, Flos is committed to analysing and managing, where possible, the timeliness of deliveries[5]: this demonstrates attention to customers, quality and order fulfilment. Flos' Decorative collection has been experiencing some cases of delays between orders and deliveries due to the transportation and the procurement crisis characterizing the last few years, which impacted the availability of raw materials and finished products. As a consequence, 58% of orders were delivered with a time lag of more than six days in 2022, a consistent trend with respect to 2020 and 2021. The Outdoor collection is being less affected, as the time lag trend in 2022 slightly decreased with respect the previous year, equivalent to 25% of deliveries being made in over 12 days.

[5] Due to intrinsic production processes relating to the Architectural and Custom segments that prevent the presentation of consistent figures concerning time lag, data is reported for the Decorative and Outdoor collections only.

Time lag - Decorative Collection

Time lag - Flos Outdoor



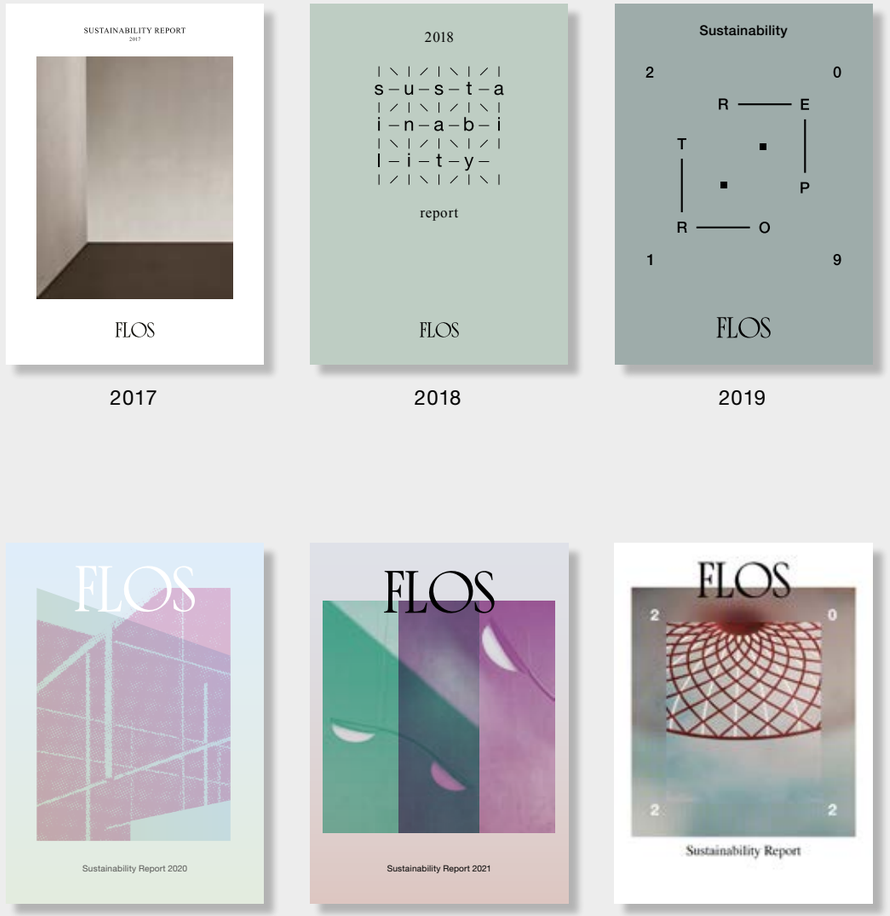
Arco K 2022 installation, Flos Store Milan

Sustainability path: from reporting to planning

Lampadina plastic-free packaging

Flos has established three main pillars that constitute the foundation of its sustainability strategy, as outlined in Flos Sustainability Policy:

- **Energy and Materials**: aware that global challenges are closely linked to energy and materials, respectively interconnected to climate change and circular economy aspects, Flos strives to mitigate and optimise its direct and indirect consumption of these resources.
- **Development and Wellbeing**: Flos puts its workforce, regardless of their role, at the centre of its strategies aiming at cultivating an inspiring, inclusive and motivating working environment.
- **Heritage and Know-How**: Flos' most valuable asset in the path towards sustainability is strongly related to its heritage of design icons and its technological know-how.



Sustainability Report covers

As proof of the profound synergy existing between Flos and Design Holding, Flos' sustainability strategy is inspired by and aligned with the Group's one. As a matter of fact, the pillars of Design Holding form a macroscopic guide to the Brand's strategies:

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 for 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.

Based upon its sustainability pillars, Flos has been working intensively to shape its engagement for the future, having identified a set of ESG targets and the corresponding public commitments for the coming years. As a result of a shared process that saw the participation of various business functions and the direct involvement of management, Flos identified a selection of goals falling within the scope of its "Energy and Materials" and "Development and Wellbeing" pillars. These were highlighted as the top priority for establishing clear actions and initiatives. In particular, the three main topics identified concern emissions reduction, circular economy and waste management. As reported in the table, this commitment included the evaluation of the relevant SDGs, which are mapped against the targets presented – thus creating a clear link between Flos' strategy and the United Nations' 2030 Agenda for Sustainable Development.

Pillar	SDGs	Target	KPI	Baseline	Update
Energy and Materials		-27.5% emissions reduction by 2030[6]	% reduction of Scope 1 + Scope 2 – Market based GHG emissions	1,955 tCO2e (2019)	Ongoing
		100% of electricity from renewable sources consumed by 2022	% of electricity covered by Guarantees of Origin purchased and consumed over the total electricity consumed	31.4% (2020)	Achieved[7]
		Draft a car fleet policy including requiring hybrid/plug-in vehicles for the new cars by 2023	Drafting of a car fleet policy	Not Applicable	Ongoing[8]
		At least 80% of new products' components can be disassembled and recycled by 2023[9]	% of new products' components can be disassembled and recycled over the total	Varies depending on the collection[10]	Ongoing
		At least 90% of recyclable packaging by 2023	% of recyclable packaging over the total packaging	Varies depending on the collection[11]	Ongoing
		100% of new products with recycled textile by 2023[12]	% of new products with recycled textile over the total of new products with textile	Varies depending on the collection[13]	Ongoing
		Progressively decrease the amount of waste classified as "mixed waste"	% of waste classified as "mixed" over the total waste produced	Qualitative	Ongoing
Development and Wellbeing		3 hours/FTEs dedicated to ESG training	Sustainability training courses/events (employees)	0 (2020)	Ongoing

[6] The target for GHG emissions reduction has been defined based on the WB2C (Well Below 2°C) scenario according to the methodology outlined by the Science Based Targets initiative.
[7] In 2022, Flos' productive plants all purchased GOs covering 100% of the electricity consumption.
[8] Flos' is starting to include hybrid/plug in vehicles in the car fleet, and the car fleet policy is in the works. The target has been postponed from 2022 to 2023.
[9] The target does not refer to the Custom collection and refers to main components only. The Decorative collection's specific target is set at 100%.
[10] The baseline varies from one collection to the next and ranges from almost 0% for Decorative to 80% for Architectural.
[11] The baseline varies from one collection to the next and ranges from 42% for Custom to 90%+ for Decorative.
[12] The target refers to Flos S.p.A. only.
[13] Flos launched a decorative family, Skynest, based on recycled textiles.

Material Topics

- Responsible Sourcing & Sustainable Supply Chain Management
- Eco-Design & Circular Economy
- Innovation & Product Qualityt
- Energy and climate change

United Nations SDGs

Highlights

-34%
the decrease in Scope 2 market-base emissions from 2021 to 2022

100%
the electricity certified as produced from renewable sources for productive plants

30.539
the total energy consumption in GJ

1. Energy and Materials

Flos aims at improving its overall environmental footprint along the value chain. Aware that global challenges are closely linked to energy and materials, respectively interconnected to climate change and circular economy aspects, Flos strives to mitigate and optimise its direct and indirect consumption of these resources. In this regard, Flos is committed to:

- continuously monitor its energy and materials consumption as well as the related greenhouse gas emissions generated;
- identify and carry out optimisation activities intended to progressively reduce environmental impacts related to energy and materials;
- use the best available technologies and solutions in order to balance product quality, performance and durability with environmental burdens.

One of the fundamental aspects of Flos' approach to design is to continuously improve its footprint, both for product design and life. This commitment is translated into practical actions by Flos on an ongoing basis in all its business activities, from R&D and product conception to performance monitoring of the product's entire life cycle.

In general, the lighting industry has joined many other industrial sectors in the transition from a linear to a circular economy model, aimed at decoupling economic growth from the consumption of finite resources. Indeed, sustainability awareness in the lighting sector has gradually increased in the past few decades, mainly through improvements in energy efficiency regulations and the spread of voluntary certifications, thus stimulating various players through the development and enhancement of more efficient lighting technologies.

In 2022, together with the other Design Holding Brands, Flos has taken part in a product eco-design cross-brand working group, with the objective of defining a common checklist of eco-design KPIs and criteria that each Brand can follow for developing future products with more environmentally sustainable features. The activities of the working group have resulted in the development of an Eco-Design Framework at Group level: currently, Flos is starting to include the principles enunciated in its activities, blending them within its own sustainability and business strategy.

Finally, as part of the broader manufacturing sector, the lighting industry is also being called upon to progressively reduce its direct and indirect greenhouse gas (GHG) emissions, closely linked to energy consumption and circular economy, in order to effectively address climate change. Flos is committed to contribute to emissions abatement to achieve a more sustainable future, with an emissions reduction target inspired by the Science Based Targets initiative methodology.

Almendra by Patricia Urquiola

1.1 Balancing languages of light and environmental challenges

Flos profoundly believes that the transition towards a low-carbon and circular economy requires a joint effort from all industry players at a systemic level and that no singular company can manage this ambitious goal on its own, not even the most innovative and disruptive. For this reason, Flos is collaborating with its peers and with industries association such as Assoluce[1] for the development of new and more effective national and international regulations and standards in the lighting sector.
Flos' activities focused on safety standards, specifically targeting the latest and most efficient LED light sources, but also on new requirements like those concerning electromagnetic fields, the use of magnets to fix internal parts of lighting products and of luminaire supply with PSE (Power Sourcing Equipment), regarding wall-mounted luminaires with external cables. Through Assoluce, Flos has also been collaborating closely with Lighting Europe2 to promote regulations embracing a circular economy perspective, mirroring and confirming the trend that positions the lighting industry as the leading player in the spread of energy efficiency solutions.

[1] Assoluce is the Italian national association comprising more than 150 luminaire manufacturers, which is part of FederlegnoArredo, the Italian wood and furniture industry association.
[2] Lighting Europe is the industry association representing the lighting industry in Europe. Its mission is to promote the efficiency and sustainability of lighting systems, focusing on environmental challenges, human comfort, and customers' health and safety.

Besides promoting new standards and regulations, Flos has been focusing on implementing circular economy principles design in the development of its products, with a focus on modularity and regenerative design, as well as on the durability of the materials making up the lighting systems. Starting from this year, Flos has taken a step further, by adopting an Eco-Design Framework shared with all the other companies part of the Design Holding.

Design Holding's Eco-Design Framework: the principles

Design: to create design pieces that are timeless and long lasting, durable, and able to be disassembled, minimizing the use of raw materials.

Materials: to employ recycled and non-virgin materials when possible, providing transparency on the environmental impact of our products and decreasing the overall toxic emission linked to products and processes.

Components: to utilize high-quality components compliant with international standards, easy to maintain and efficient, resulting in a longer life cycle between replacements.

Procurement: to select local vendors when possible, ensuring they work to reduce their environmental impact and secure proper working conditions.

Manufacturing: to reduce energy consumption, securing a high degree of process control to reduce waste and scrap and ensuring the wellbeing of employees.

Logistic & in-use: to use recyclable and certified raw materials to develop packaging to minimize volume, develop energy efficient products and offer availability of spare parts.

End of life: to maximize the use of raw materials which can be recycled and use certified partners to secure handling of disposal and waste and explore how to extend the life of our products beyond the end of their use.

In this context, one of Flos' main pledges is to increase the use of recycled and recyclable materials to produce parts of luminaires, while making sure they maintain the same quality and performance to previously implemented solutions. This approach is also applied to packaging: the aim is employing more sustainable materials, as well as re-designing its structure to be more efficient, while making sure the packaging delivers the same protection standards during transport.

ESG Targets

At least

80 %[3]

of new products' components can be disassembled and recycled by 2023

90 %

recyclable packaging by 2023

Indeed, in its R&D activities, Flos outlines a way to reconcile efficiency, sustainability, growing costumers' demands and quality expectations with its identity and philosophy. The ongoing effort in researching and developing new solutions to reinvent iconic products and release new, innovative pieces can lead to groundbreaking results insofar as the materials used in crafting and packaging are concerned. In the last few years, Flos has been specifically committed to researching innovative materials with the aim of both improving the way in which products are crafted and reducing the negative externalities generated for the environment during their entire life cycle: thus, the R&D department has been focusing on both material and product innovation, in some cases by also revisiting Flos' historical items, while ensuring to maintain the same quality levels that characterize an iconic Brand.

The new Arco K: revisiting an historical piece of design

One of Flos' most famous design pieces, the Arco by Achille and Pier Giacomo Castiglioni, has been re-launched in 2022 for its sixtieth anniversary: in this new edition, the marble base of the iconic arch has been substituted by a lead-free crystal that is recyclable, heavy, refined and technical at the same time. Moreover, the packaging was also renovated: the piece is shipped in a wooden box that also contains a wooden support, shorter and more practical than the broom handle employed for the classic edition.

[3] The Decorative collection's specific target is set at 100%.

Arco K 2022 Limited Edition by Achille & Pier Giacomo Castiglioni

Specifically, one of the most pressing topics of the last few years is the quest for recyclable plastic materials that can maintain the same level of compliance with the electrical and mechanical characteristics specified by safety standards and business practices as previously implemented solutions. Therefore, Flos has been studying new innovative plastics with reduced environmental impacts by collaborating with key industry players: the ultimate goal of these activities is to try to overcome the potential technical limitations that characterise these new materials in some instances, in order to guarantee the quality inherent in Flos' design. The main obstacle with currently available technologies lies in mechanical and performance-related constraints that ultimately undermine product quality output.

Furthermore, the concept of modularity has increased its importance in the past years: the possibility of dismantling products into individual components is one of the most pressing challenges for recyclability and product resilience, and this applies to both Flos' iconic products and new collections. Concerning the former, the output is a revamped product that aligns with circular principles and engineering techniques, while maintaining its renowned iconic status that is an integral part of Flos' legacy. In order to facilitate the transition to fully modular products, the R&D department has also been successful in substituting almost all glue components that were previously employed with dovetail solutions, to guarantee an ever-higher level of ease when it comes to dismantling, and thus recyclability.

Finally, the Flos R&D department is carrying out work concerning high-quality recycled textiles to be applied to new product collections: specifically, Flos launched a Decorative family in 2022, Skynest, based on this concept.

Circular principles in light solutions: Skynest

Taking inspiration from the 2007 Skygarden's design by Marcel Wanders, Skynest is a basket-shaped lamp available in two variants, suspended and ceiling-mounted. The product has been designed with an intricate pattern of recycled and fully recyclable polyester fabrics, whose shapes recall a nest of light suspended in the sky. Modularity is a key feature of the lamp: no glue is employed for the assembling of the different pieces, ensuring an easier dismantling and replacement of individual pieces. In addition, the luminaires use LED light sticks which generate a diffused, soft light coming directly from the thin colored mesh.

ESG Targets[4]

100 %

of new products with recycled textiles by 2023

[4] Target is applicable in the event of new products made with textiles.

To-Tie by Guglielmo Poletti

1.2 Monitoring and optimising resource consumptions

The most significant environmental impacts from Flos' overall production processes derive from outsourced activities and, to a more limited extent, from the assembly and packaging activities carried out in the Architectural Collection plant in Valencia and the Decorative Collection plant in Bovezzo, as well as from manufacturing processes carried out in Bernareggio (Outdoor Collection) and in Collebeato (Custom Collection).

The impacts are mainly related to materials and energy consumption, scraps and waste from production and assembly (including discharged process water containing toxic substances employed in the coating and painting processes) and indirect greenhouse gas emissions from activities such as logistics and materials procurement.

Flos is conscious that, in order to be effective, its sustainability strategy must encompass environmental impact assessments and mitigation initiatives along the entire value chain. Accordingly, in the R&D and design stage, Flos focuses on selecting materials and production processes that align with the aesthetic profiles and quality requirements of products, ensure environmental compliance, and have a reduced overall footprint. To do so, Flos actively monitors the environmental impacts generated by its activities, progressively integrating those occurring outside its organisational boundaries as well.

Outdoor collection’s environmental impacts

The Outdoor collection's headquarters, located in Bernareggio (Monza and Brianza province, Italy), cover an area of 12,000 m2, which includes the R&D department, testing laboratories, and a painting and coating system. In addition, the plant also has a specific division fitted with an automatic assembly line for circuit boards and a production department for wiring and assembly activities. Manufacturing activities of the collection entail both water consumption and air emissions, mainly related to painting processes and the work of the electronic circuit division, which comprises, for instance, welding activities and the use of chemical compounds. In line with current legislation, the Outdoor collection’s facilities are fitted with an air treatment system for the abatement of particulate matter and other hazardous compounds, and a water treatment plant authorised for effluent discharges into the sewage collection system. External laboratories carry out wastewater and air quality analyses regularly to guarantee compliance with regulatory limits and the correct functioning of treatment plants.

In recent years, Flos has been working to find alternative solutions to its current chemical paintings conversion used in the Outdoor collection, in the effort of employing more environmentally sustainable substances by the end of 2024.

Materials and waste	Flos is addressing its most pressing environmental challenges by focusing on less impactful and more innovative practices, reinventing its iconic products where possible as well as committing to engineering modular techniques – therefore avoiding glued components and chemical products that can compromise the sustainability of the item itself. Such practices have been adopted, for instance, for the development of the Oblique Floor and the Luce Orizzontale lamps.

Modularity at the core of design innovation: Oblique Floor and Luce Orizzontale

Designed by Vincent Van Duysen, the Oblique Floor lamp ensures visual comfort in the house environment thanks to its patented light distribution that uses LED light sources, which grant reduced energy consumption but an ideal light emission. Available in 6 different colours, Oblique is made with a structure in die cast aluminium: in line with the principles of eco-design adopted by Flos, modularity is a core feature of the final product, since parts can be dismantled individually thanks to the absence of glue in the assembly of the separate pieces. This characteristic eases the final disposal of the lamp, and the different materials can be separated and recycled accordingly.

The same assembling technique has been applied for the Luce Orizzontale, a longilinear pendant light designed to ensure an easier replacement of singular pieces. Designed by the Bouroullec brothers and powered with LED lights, the lamp blends aluminium and glass together in a tubular shape, a perfect synergy of materials which generates a gleam illusion on the surfaces it reaches with its light.

In addition, Flos accurately monitors the amounts of materials and components purchased to produce its lighting systems and the relevant waste generated, and is committed to reduce the use of non-recyclable or toxic materials.

ESG Performance

74 %

Decrease of polyurethane foam purchased with respect to 2013

3.927 tons

of materials processed within the Decorative, Custom, Outdoor and Architectural collections facilities

With regard to the procurement and processing of raw materials, the total quantity purchased in 2022 shows a slight decrease from 2021 (from 3,984 to 3,927 tons), despite a general increase in production activities: the trend is mostly due to 2021’s high inventory stock, as Flos bought several materials

in advance to avoid possible shortages that might have occurred due to the uncertainties in supply characterizing the last few years.
Moreover, changes in the 2022' sales mix have resulted in some differences in Flos' purchasing choices with respect to 2021: for instance, the consumption of glass has increased, showing a 46% change between the two years.

Processed Materials[5]	**UoM**	**2020**	**2021**	**2022**
Aluminium and Zamak[6]	t	1,531	2,131	2,086
	kg/k€	*9.52*	*10.87*	*8.88*
Marble/Concrete	t	433	574	537
	kg/k€	*2.69*	*2.92*	*2.29*
Iron	t	557	502	494
	kg/k€	*3.47*	*2.56*	*2.10*
Plastics	t	296	416	369
	kg/k€	*1.84*	*2.12*	*1.57*
Glass	t	236	254	371
	kg/k€	*1.47*	*1.29*	*1.58*
Gypsum	t	37	58	29
	kg/k€	*0.23*	*0.30*	*0.12*
Brass	t	38	42	35
	kg/k€	*0.24*	*0.21*	*0.15*
Rubber	*T*	*7*	*8*	*7*
	kg/k€	*0.04*	*0.04*	*0.03*

Focusing on the aspects related to the purchase of semi-manufactured and finished products, Flos successfully substituted conventional lamps in 2022: this result is related to the application of Regulation 2015/1428/EU, which requires companies not to sell lamps together with traditional light bulbs, thus allowing the customer to choose between LED and traditional sources.

[5] Data are related to the Decorative, Outdoor, Custom and Architectural collection plants. Intensity ratios refer to the net sales of the Decorative, Outdoor, Custom and Architectural collection.
[6] Zamak is a family of alloys with a base of zinc and alloying elements of aluminum, magnesium and copper.

Custom collection's data on components and packaging materials are not available and are thus not included: however, the division is committed to improving its data collection and making the missing data available for the coming reporting years.

Electronic Components[7]	**U.M.**	**2020**	**2021**	**2022**
LED and LED components	units	7,680,660	6,477,826	5,874,335
	units/k€	*51.17*	*34.67*	*25.93*
Electrical components	units	4,230,000	5,918,879	7,538,872
	units/k€	*28.18*	*31.68*	*903.13*
Transformers & power supply	units	623,824	708,179	310,015
	units/k€	*4.16*	*3.79*	*1.37*
Traditional lamps	units	4,245	3,312	-
	units/k€	*0.03*	*0.02*	-

Moreover, another relevant impact arising from Flos' business relates to packaging: for this reason, one of the ESG targets of Flos' Sustainability Plan is moving to at least 90% recyclable packaging overall by 2023. To mitigate its impact, Flos constantly strives to find new, innovative solutions in order to substitute current packaging materials with alternatives which can either be recycled or which guarantee a more negligible environmental impact. Moreover, it is committed to reducing the total amount of packaging materials used and, in addition, to improving their recyclability while ensuring an adequate protective barrier for products during transportation.

In fact, over the course of recent years, Flos has been working to progressively replace non-recyclable polyurethane foams with cardboard boxes, specifically designed and developed to deliver the same packaging protection standards during logistics for all the new collections from the Bovezzo plant, but with a much lower environmental impact. This project allowed Flos to record a significant 74% decrease in the purchase of polyurethane foams in 2022 compared to 2013, the year the project was launched. Moreover, Flos was

[7] Data are related to the Decorative, Outdoor and Architectural collection plants. Intensity ratios are calculated on Decorative, Outdoor and Architectural collection's net sales.

also able to substitute plastic bags previously used to cover the lamps of the Decorative collection with paper ones. In addition, in 2022, all the materials used for the external packaging of products of the Outdoor collection were recycled, while already recycled paper and cardboard were employed for the internal packaging of new products launched for the collection.

Using packaging to communicate sustainability: Flos For Planet labels

In 2022 the packaging of most of the newly launched products is 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.

In line with raw materials' consumption trends, the quantities of packaging materials purchased in 2022 have slightly decreased with respect to the previous year.

Packaging Materials[8]	**U.M.**	**2020**	**2021**	**2021**
Paper and cardboard	t	1,031	1,260	1,243
	kg/k€	*6.9*	*6.7*	*5.5*
Wood	t	263	408	365
	kg/k€	*1.8*	*2.2*	*1.6*
Plastics	t	67	96	87
	kg/k€	*0.4*	*0.5*	*0.4*

[8] Data are related to the Decorative, Outdoor and Architectural collection plants. Intensity ratios are calculated on Decorative, Outdoor and Architectural collection's net sales.

ESG Performance

17 %

The growth of packaging paper waste produced with respect to the previous year

1.115 tons

The total tons of waste produced in 2022

Moving downstream of the materials' life cycle, Flos' waste production mainly relates to packaging and faulty components that do not meet product aesthetics and quality requirements and are thus sent back to suppliers. Whenever possible, in the event of defective products, undamaged parts are separated and reused to minimise waste volumes and maximise resource recycling.

Moreover, Flos is committed to working with suppliers to reduce cases of non-compliance for input materials. In particular, Flos inspects and monitors the percentage of defective components coming from various suppliers and the motivation behind their return, in order to identify where the suppliers are experiencing difficulties. Flos then engages with them by setting up potential corrective actions while providing the necessary tools and training to put them into practice. This aspect is possible due to the close relationship between Flos and its providers along the supply chain, an inherent added value to Flos' business model.

In 2022, Flos' productive branches continued to improve their waste management and recycling activities, entirely in line with the trends of the past few years. For instance, Flos offers its employees the opportunity of buying non-saleable, defective products at a discounted price, thus further reducing its total waste volumes. Moreover, water dispensers were implemented in the Outdoor collection production plant to eliminate the use of plastic bottles, along with fostering a circular way of thinking and behaving among its employees.

In recent years, Flos has increased the sorting of waste material at the Bovezzo and Bernareggio plants in order to optimise recycling: for the Outdoor collection, there was a 15% decrease in mixed waste produced compared to 2021. This reduction can be attributed to the implementation of practices for the separation of different plastic components and of mixed materials used.

ESG Target

Progressively decrease the amount of waste classified as “mixed” over the total waste produced

In 2022, the total quantity of waste produced increased by 103% with respect to 2021: the trend is due to the data perimeter enlargement following the inclusion of several of Flos’ commercial subsidiaries, which also caused an increase in non-recycled materials and a rise in the amount of waste classified as “Other”. However, the branches are committed to improve the level of detail of their monitoring for future reporting periods, making sure to report on the different types of waste produced more precisely. Moreover, the upward trend in construction materials waste is justified by the non-ordinary renovation works occurring at Flos BV, the commercial branch located in Amsterdam, and is thus expected to decline in 2023.

Finally, with respect to hazardous waste, the figure is mainly related to the Bernareggio plant, as the plant is responsible for manufacturing stages such as painting and coating that require the use of chemical compounds.

Waste Type[9]		**U.M.**	**2020**	**2021**	**2022**
Construction materials		t	-	20.86	358.36
Other		t	0.66	4.3	266.38
Packaging	Mixed materials	t	107.71	191.81	159.32
	Paper/Paperboard	t	*111.74*	*98.55*	115.12
	Wood	t	*71.93*	*107.68*	*77.81*
	Plastics	t	*9.91*	*12.97*	*22.72*
Metal Materials		t	64.89	42.76	60.02
Non-municipal Wate		t	*44.98*	*25.95*	24.03
Aqueous solutions		t	*24.42*	*33.14*	*14.91*
Glass		t	*5.66*	*5.56*	*10.45*
Sludge		t	-	-	*3.70*
Paint		t	*5.47*	*6.83*	*1.27*
Plastics		t	*0.25*	-	*0.40*
Wood		t	*7.94*	-	*0.10*
Total		**t**	**455.5**	**550.4**	**1115.2**

[9] Starting from 2021, data on non-hazardous and hazardous waste is collected in accordance with the new requirements of the GRI 306 disclosure released in 2020.

Of which hazardous	***t***	***33.0***	***36.3***	***19.6***
Of which non-hazardous	***t***	***422.5***	***514.1***	***1095.6***
Of which sent to recycle/reuse	***t***	***366.3***	***370.6***	***402.5***
Of which not recycled	***t***	***89.2***	***179.8***	***712.7***

Energy and GHG emissions

In addition to materials consumption, Flos is committed to monitoring its energy consumption and the related GHG emissions, which are mainly due to heating, cooling and fossil fuel consumption across the corporate fleet. Specifically, the production site in Bovezzo is supplied by the district heating network of Brescia, an integrated system providing energy to the city which derives from waste incineration. Natural gas consumption, meanwhile, is linked to the Bernareggio and Collebeato plants, where it is mainly used for heating purposes and painting activities. Nonetheless, given its dimensions and operations, the Custom collection’s activities have a limited impact in terms of energy consumption, GHG emissions, and the environment in general.

ESG Performance

30.539 GJ

the total energy consumption in GJ

92 %

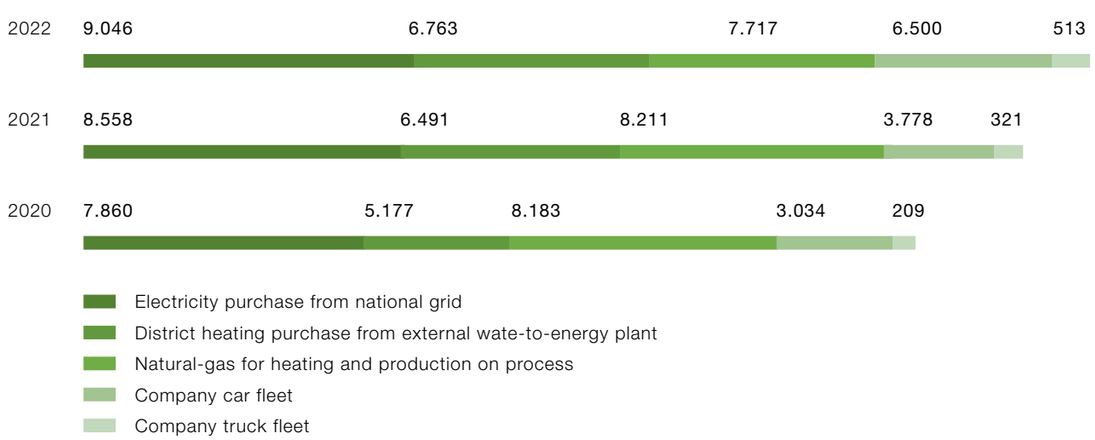
the electricity certified as produced from renewable sources

Another important tool helping reinforcing Flos’ commitment towards the optimisation of energy usage is the real-time energy consumption level monitoring system of the Bovezzo plant, which has allowed for the identification and mitigation of the most energy-intensive processes and potential inefficiencies while reducing the latter, thus increasing the site’s overall efficiency. Moreover, a thermostat control system was installed in 2022 to limit the temperature threshold in the site, helping to reduce energy consumed further.

In 2022, the total amount of electricity consumed at the Bovezzo plant equated to 671,311 kWh, 5% less than 2021: the decrease can be attributed to the ever-increasing energy efficiency of the site. The largest share of electricity was used by the offices (48%) meanwhile production activities resulted in an overall consumption of 30%.

Flos' total energy consumption in 2022 is equal to 30,539 Gj, with a 12% change with respect to 2021: the trend is partly due to the perimeter enlargement, as well as to a greater use of the company car and truck fleet following the end of the pandemic, resulting in a 71% increase in consumption attributable to their use. However, throughout 2022, Flos has started to increase the share of electrical or hybrid cars in its fleet, in order to progressively dimish their impact on the environment thanks to more sustainable mobility choices.

Energy Consumption (GJ)



Flos' commitment to reducing its overall environmental impact also encompasses the monitoring of its GHG emissions along the value chain for reduction and compensation purposes. Moreover, to strengthen its efforts, in 2020, Flos committed to the reduction of its Scope 1 and Scope 2 – Market-based GHG emissions in line with the WB2C (Well Below 2°C) scenario, as provided by the Science Based Targets initiative's calculation methodology. [10] Flos expressly undertakes to reduce these categories of GHG emissions by 27.5% by 2030.

As a further commitment with respect to climate change mitigation, Design Holding decided to purchase carbon credits in order to compensate its overall GHG Scope 1 and Scope 2 – Market-based emissions, starting from the 2020 reporting year. The initiative allowed Flos, and the other Brands of Design Holding, to become carbon neutral for the activities falling within the reporting perimeter. This is designed as a transition tool to mitigate impact on the road to effectively reducing carbon emissions.

[10]The Science Based Targets initiative was created by the collaboration between the CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It is acknowledged as one of the We Mean Business Coalition's commitments. The initiative supports companies in defining emission reduction targets that enable to cap global warming in line with the limit envisaged by the Paris Agreement.

Carbon Offsetting Projects

As a complement to Flos's iniatives to manage and reduce its absolute greenhouse gas emissions, Flos has since 2020 purchased carbon credits to compensate for (“offset”) its residual Scopes 1 and 2 operational emissions.

Flos’s primary climate mitigation approach is to reduce its absolute carbon emissions over time. Through the purchase of carbon credits, Flos also provides carbon financing to climate mitigation projects beyond its value chain. As each credit corresponds to the reduction (or removal) of one ton of CO2 equivalent (CO2eq), the Company 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 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, Canada

The Great Bear Forest covers c. 6.4 million hectares of north and central coast in British Colombia 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, Central America

The Guatemalan Conservation Coast programme 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 1,141 jobs for indigenous and local communities (41% held by women).

Flos has identified and monitored all relevant direct GHG emissions (Scope 1) as well as those resulting from energy purchases (Scope 2) in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 1 emissions amounted to 1,082 tCO2eq in 2022, showing a 3% rise with respect to the previous year, mostly due to the perimeter enlargement and to an increase in diesel and gasoline consumption. Emissions related to the production process are quite limited in absolute terms, as only Bernareggio – and the Custom collection to a much smaller extent – have production processes.

Focusing on Scope 2, GHG emissions resulting from electricity purchased from the national grid and from the purchase of heat and steam at Bovezzo, these have been calculated by adopting both the location-based and the market-based method. The first method reflects the average emissions intensity of grids from which energy consumption occurs, while the second reflects emissions from the electricity that the Company has purposefully chosen. Guarantees of Origin (GO) have covered the electricity purchased by the Decorative collection’s headquarters in Bovezzo since August 2018, thus certifying that it is produced from renewable sources, resulting in zero direct carbon emissions according to the market-based method. Starting from 2022, all Flos’ productive plants cover 100% of their electricity with GOs.

ESG Targets

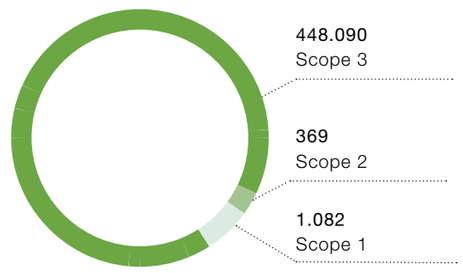
100 %
of electricity from renewable energy sources consumed

-27.5 %
Scope 1 and Scope 2 – Market-based emissions by 2030

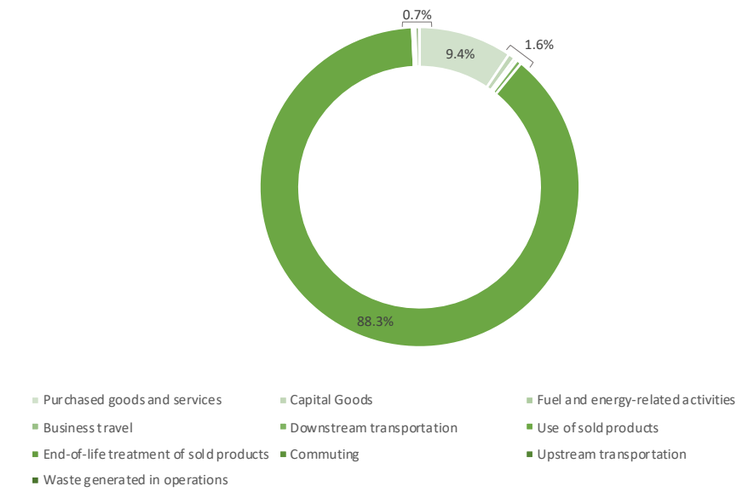
Moving to Scope 3, the vast majority of GHG emissions generated in 2022 are grouped under this category. Flos expanded its Scope 3 monitoring and reporting in 2022 by adding three new emissions Categories with the aim of furthering its understanding of its own operations at all levels of the value chain: these aspects focus on downstream transportation, use of sold products and end-of-life treatment of sold products. With these additions, Flos has now identified and monitored all relevant Scope 3 emissions, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Due to the inclusion of the new emission Categories and the reporting perimeter’ enlargement, data comparability with respect to previous reporting periods is not guaranteed insofar as total Scope 3 emissions are considered.

As reported in the tables and graphs below, the “Use of sold products” Category now constitutes 88% of the total Scope 3 emissions: the Category covers emissions deriving from the energy used by the products sold in the reporting year throughout their whole lifetime. With respect to the “Purchased goods and services” Category, constituting the second biggest share at 9%, emissions deriving from purchased semi-finished and finished goods were included starting from this year, resulting in a 67% increase with respect to 2021 figures. The predominance of the two Categories is relevant, as it allows Flos to understand the significance of product design in terms of the Group’s performance: the implementation of eco-design principles that take into account both choices in materials employed in manufacturing and energy efficiency in the use phase is fundamental to reduce impacts.

GHG Emissions 2022 - ($tCO_{2\ eq}$)



GHG Emissions 2022 - Scope 3 ($tCO_{2\ eq}$)



GHG Emissions by activity	U.M.	2020	2021	2022
Direct Emissions (Scope 1)	**$tCO_{2\ eq}$**	**757**	**844**	**1,082**
-Natural gas combustion for heating and production processes	$tCO_{2\ eq}$	463	465	434
-Diesel consumption for truck fleet	$tCO_{2\ eq}$	16	22	37
-Diesel consumption for car fleet	$tCO_{2\ eq}$	246	313	500
-Gasoline consumption for car fleet	$tCO_{2\ eq}$	32	44	111
-Refrigerant gases from leakages of air-conditioning systems	$tCO_{2\ eq}$	0	0	0
Indirect Emissions (Scope 2) - Location Based	**$tCO_{2\ eq}$**	**923**	**979**	**1,014**
-Electricity purchased from the national grid	tCO_{2}	675	671	693
-District heating purchased from external waste-to-energy plant	$tCO_{2\ eq}$	248	308	321
Indirect emissions (Scope 2) – Market Based	**$tCO_{2\ eq}$**	**857**	**557**	**369**
-Electricity purchased from the national grid	$tCO_{2\ eq}$	609	249	48
-District heating purchased from the waste-to-energy plant	$tCO_{2\ eq}$	248	308	321
Other Indirect Emissions (Scope 3)	**$tCO_{2\ eq}$**	**22,341**	**28,148**	**448,090**
Total Location Based	**$tCO_{2\ eq}$**	**24,021**	**29,971**	**450,186**
Total Market Based	**$tCO_{2\ eq}$**	**23,955**	**29,549**	**449,541**

Focus: Scope 3 GHG Emissions	U.M.	2020	2021	2022
Other indirect Emissions (Scope 3)	**$tCO_{2\ eq}$**	**22,341**	**28,148**	**448,090**
Cat. 1 - Purchased Goods and Services	$tCO_{2\ eq}$	19,975	25,252	42,259
Cat. 2 - Capital Goods		0	586	3,020
Cat. 3 - Fuel and Energy-Related Activities	$tCO_{2\ eq}$	243	292	1,246
Cat. 4 - Upstream Transportation	$tCO_{2\ eq}$	1,578	1,417	1,576
Cat. 5 - Waste Generated in Operations	$tCO_{2\ eq}$	11	25	182
Cat. 6 - Business Travel	$tCO_{2\ eq}$	155	42	257
Cat. 7 - Commuting	$tCO_{2\ eq}$	376	534	753
Cat. 9 - Downstream transportation	$tCO_{2\ eq}$	-	-	2,202
Cat. 10 - Use of sold products	$tCO_{2\ eq}$	-	-	395,777
Cat. 12 - End-of-life treatment of sold products	$tCO_{2\ eq}$	-	-	818

Material Topics

- Inclusion & Empowerment
- Employees Well-Being

United Nations SDGs

Highlights

91
2022 hirings for Flos' reporting perimeter

10,012 h
Training Hours

0.7
Injury Rate

2. Development and Wellbeing

Flos believes that its employees, through their passion and expertise, represent the essence of its brand's success worldwide. Flos puts its workforce, regardless their role, at the center of its strategies aiming at cultivating an inspiring, inclusive and motivating working environment.

To this extent, Flos undertakes to:

- invest in training activities and development programmes dedicated to employee personal and professional improvement;
- promote a rewarding and inclusive working environment in order to recognise and empower employee talent, in line with everyone's potential and aspiration.

2.1 Employees as the essence of brand success

Flos has always given its employees a key role in shaping strategies and business decisions, believing all individuals should have access to the necessary resources and opportunities to develop a broad array of skills and experiences: this fundamental idea has led the Brand to its current and past achievements.

As far as human resources structures are concerned, a new function was introduced in 2021 to streamline procedures and promote consistency across employees' initiatives: the Head of Human Resources. This role holds a crucial responsibility in coordinating Flos' various entities at a central level, as well as collaborating with Design Holding's HR department to leverage synergies and align best practices.

In particular, Flos decided to place a special focus on training in 2022 to foster employees' development, with a sharp increase in the amount of training hours delivered. Moreover, while still giving employees the option of working from home, Flos encouraged a resumption of office attendance in 2022, with the aim of maintaining the collective identity and encouraging bonds between colleagues.

In 2022 Flos' employees totalled 669 people[1], showing a sharp rise with respect to the previous year (655 FTEs): the variations are mainly due to the general business growth.

In 2022, the total number of employees in the reporting perimeter was equal to 563, 53% of which were located in the Italian plants of Bovezzo, Bernareggio and Collebeato and 31% in the Valencia district in Spain, meanwhile the remaining 16% were located in the commercial branches in Sweden, Denmark, Japan, France, Germany, Belgium and in the Netherlands. Flos is particularly committed to the topics of diversity and inclusion, and data attest this aspect: women and men were proportionally balanced as far as the employee population is concerned (44% and 56% respectively), confirming a stable trend with respect to the past few years.

[1] Number of full-time equivalents (FTE) derived by taking into account employees employed under both permanent and temporary contracts of service, at the end of the reporting period.

ESG Performance

606

Flos' reporting perimeter workforce

98 %

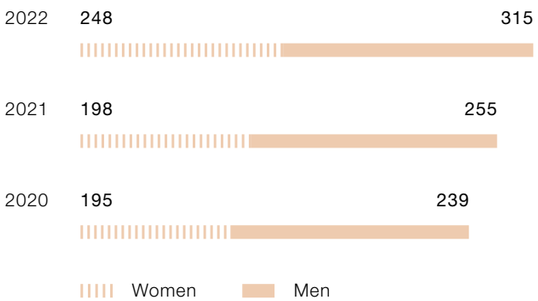
Percentage of employees with a permanent contract

Workforce, by Employee Category and Gender	U.M.	2020	2021	2022
Total Workforce	**FTEs**	**478**	**503**	**606**
Employees	FTEs	434	453	563
Supervised workers	FTEs	40	43	39
Interns	FTEs	4	7	5
Workforce by Gender				
Women	%	44%	44%	42%
Men	%	56%	56%	58%

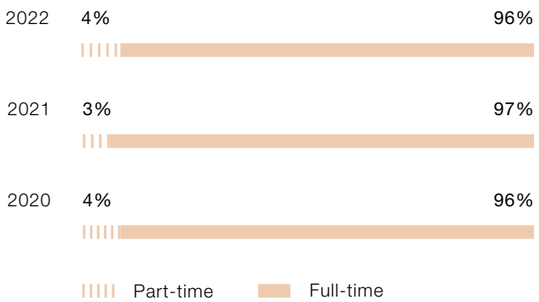
Flos' number of employees in the reporting perimeter grew considerably from 453 to 563, a 24% increase compared to the past year, which is both attributable to the enlargement of the scope and to the growth of business activities that has been characterizing the last few years. Moreover, Flos confirmed its strong commitment to retain talents and enhance their sense of belonging by guaranteeing permanent contracts, covering a 98% share of all contracts in 2022. Meanwhile, the percentage of part-time employees decreased slightly to a 2% share in 2022.

In 2022, 84% of Flos employees were covered by collective bargaining agreements: the reduction of the percentage with respect to 2021 is due to the enlargement of the reporting perimeter, as the employees of Flos' commercial branches are mostly located in countries where such contracts are not of common use or provided by law, such as Japan. Reasoning in terms of comparable reporting perimeter (i.e. considering the same perimeter as for last year), the percentage is 98%.

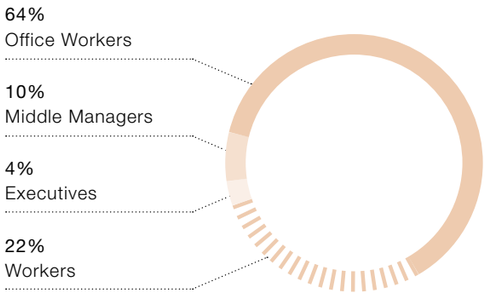
Employees, by Gender



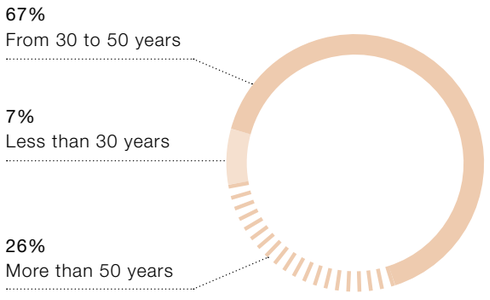
Full-time vs Part-time Employees



Employees, by Category



Employees, by Age



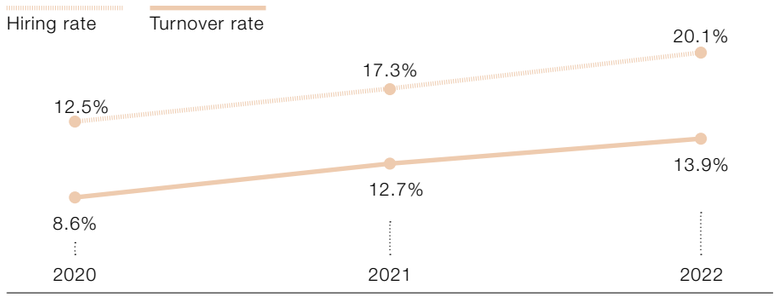
Employees, by Gender and Contract Type	U.M.	2020	2021	2022
Permanent	**FTEs**	**426**	**435**	**551**
Women	FTEs	192	187	242
Men	FTEs	234	248	309
Temporary	**FTEs**	**8**	**18**	**12**
Women	FTEs	3	11	6
Men	FTEs	5	7	6
Total	**FTEs**	**434**	**453**	**563**

Concerning hires and terminations, the dedicated chart shows Flos' growth over the years: indeed, in 2022 the hiring rate[2] was equal to 20.1%, compared to 17.3% in 2021. On the other hand, the turnover rate[3] increased less than proportionally with respect to the hiring rate, with a 13.9% ratio compared to the 12.7% of 2021. Flos conducts exit interviews with all departing employees, both in Italy and abroad, in order to gather valuable feedback that is later passed on to the companies' managers and CEOs. These interviews play a crucial role in identifying and addressing critical areas of improvement and are also utilized as a valuable resource in structuring training courses, to tailor its training programs to the specific needs and preferences of its employees.

In 2022, total hiring amounted to 91, of which 42 women and 49 men, while the total figure was 75 in 2021. On the contrary, the number of terminations in 2022 was 63, of which 30 females and 33 males. Among these latter, 54 were voluntary, amounting to 86% of total terminations in 2022. The increase of hires and turnovers compared to 2021 can be attributed to the enlargement of the reporting perimeter, as more hirings and terminations were taken into account, as well as to business growth and the consequent increased workload.

[2] The ratio between the number of hires and the total number of employees at the beginning of the reporting year.
[3] The ratio between the number of terminations and the number of employees at the beginning of the reporting year.

Employee Hiring and Turnover Rates



Hires, by Gender and Age	U.M.	2020	2021	2021
Women	**FTEs**	**19**	**31**	**42**
Men	**FTEs**	**32**	**44**	**49**
Less than 30 years old	FTEs	12	19	19
From 30 to 50 years old	FTEs	29	50	64
More than 50 years old	FTEs	10	6	8
Total Hires	**FTEs**	**51**	**75**	**91**

Terminations, by Gender and Age	U.M.	2020	2021	2021
Women	**FTEs**	**10**	**26**	**30**
Men	**FTEs**	**25**	**29**	**33**
Less than 30 years old	FTEs	7	6	10
From 30 to 50 years old	FTEs	13	33	44
More than 50 years old	FTEs	15	16	9
Total Terminations	**FTEs**	**35**	**55**	**63**

2.2 Training for personal and professional improvement

Proceeding along the path defined in previous years, Flos is continuing to invest resources in improving the skills of its workforce through a structured training plan, recognizing the importance of providing training opportunities and resources to enhance skills and knowledge: the plan continued to combine face-to-face training with the use of online platforms and web meetings, with the aim of increasing accessibility for all.

The total hours dedicated to training peaked to 10,012 hours in 2022, compared to the 4,140 hours of 2021: this remarkable rise is mainly due to Flos' increased investment in supporting its employees, as well as to the enlargement of the reporting scope. In the coming years, Flos undertakes to deliver on the commitment of continuous investment in its own workforce, by maintaining a steady level of training activities and by continuing to monitor both market and employees' needs.

ESG Performance

10,012

Flos' total training hours provided in 2022

17.8 h

The average training hours per employee

To continuously funnel personal and organisational improvements, Flos has designed and implemented a dynamic and personalised training programme aligned to the diverse needs of employees and corporate responsibilities. The programme was conceived to help employees realise their full potential, both in terms of soft and technical skills deemed necessary to meet the evolving business scenario and adapt to the technological national and international legislative changes. When designing the programme, Flos considered employees' training needs and identified minimum training requirements for every cluster of functions. As a result, the training programme involves both ad hoc courses – e.g., e-commerce, product design – and non-technical training ranging from legislative requirements – e.g., RoHS, Eco-design, import, and export – to public speaking and English, French and German lessons.

In 2022, Flos has increased the variety of courses offered, particularly focusing on cybersecurity training, implementing a Security Awareness Program to be followed by all employees: the program offers flexible e-learning courses that can be completed in short increments over a year, enabling users to enhance their knowledge by employing various methods to increase their understanding of potential threats.

Moreover, Flos makes use of a Digital Academy platform comprising thirteen training paths, made up of self-evaluation tests, reports and certificates: the platform aims to provide a comprehensive and structured approach to employee training, catering to the diverse learning needs and skill levels within the organization. It offers access to funded training opportunities, by boasting a rich catalogue of courses, including both general courses covering major business areas and specific ones that ensure professional preparation on core topics.

Flos has also expanded the scope of the technical training delivered: the training sessions focused on working from heights and operating lifting equipment, activities that might occur during occasional events such as trade fairs or photo shoots.

Moreover, in 2022, Flos continued working on its "People Leader Journey" project, focused on improving Management Team skills. The project targets high-level management figures, and its main purposes are the development of a system to manage role dynamics or problems and conflicts that may negatively affect the climate and performance within a team, the building of trust to guarantee a "no-blame" culture and people engagement and development in terms of delegation processes and feedback. In 2022, the project has involved all managers, and the contents covered will be streamed to all employees in 2023.

Flos' objective is to invest in the specific connotation of a "people leader" as an integral part of the competencies of high-level management figures, emphasising that being a people leader means taking on full-circle responsibility for the people assigned and complete ownership of the team.

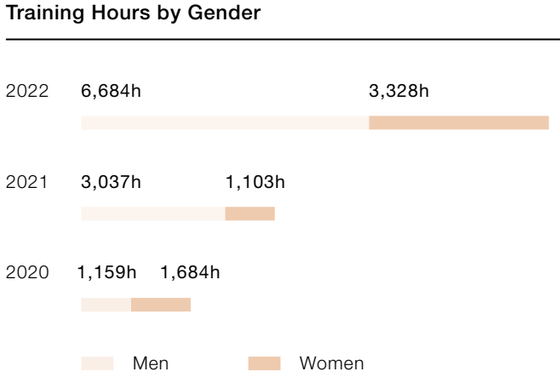
In addition, Flos has been focused on restructuring training courses for the employees of the Outdoor collection in the last few years: in 2022, a specific training plan on ESG topics was developed, and the first step was a group-level effort of training on cyber-security risks and awareness.

Technical Training for Leveraging Innovation

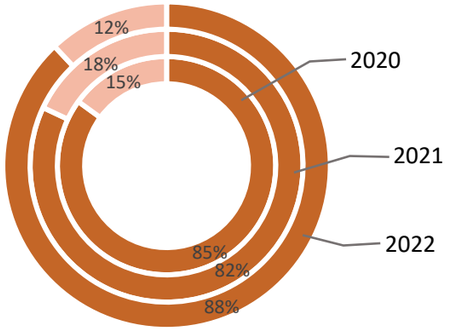
Along with continuing the courses on lean manufacturing, in the last few years, a set of new technical courses have been carried out, responding to the need to broaden and sharpen the vertical competencies of Flos' people and light designers. With the aim of increasingly expanding its capacity to respond to specific commercial demands and to follow through on its Heritage and Know-how commitment, these courses have included, for example: lighting techniques and legislative requirements for residential areas, hospitality and wellness areas; school areas; workplaces; museums and churches.

In 2022, training hours provided to Flos' employees corresponded to an average of 17.8 hours per employee, showing an increase compared to 2021's 9.1. In addition, looking at the non-compulsory training – i.e., excluding training activities required by national regulations, such as health and safety training – the average training hours per employee amounted to 14.2 in 2022, equal to the 88% of 2022 total training hours. Focusing on the average training per employee category, all the categories showed an increase compared to the previous years. To conclude, training envisaged for supervised workers and interns amounted to a total of almost 230 hours in 2022. For the future and in line with recent years, Flos confirms its commitment to provide all employees with adequate training in the upcoming years, regardless of employee category and contract types.

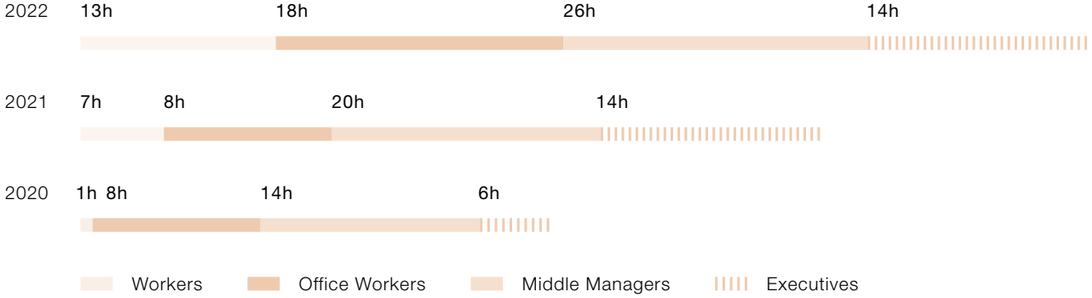
Training Hours by Gender



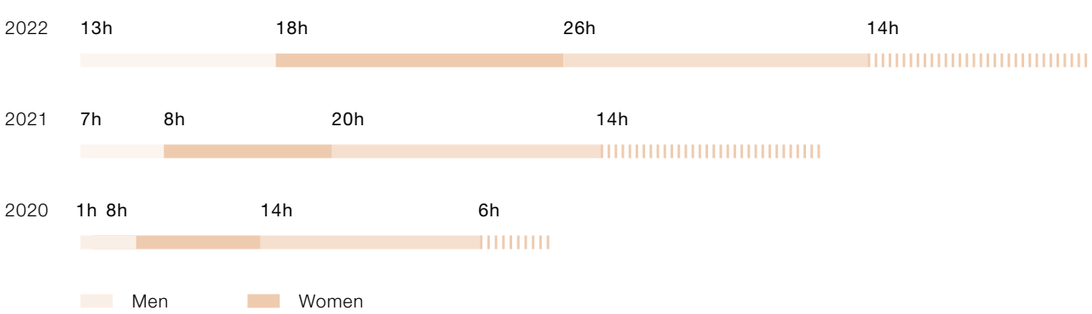
Compulsory vs Non-Compulsory Training



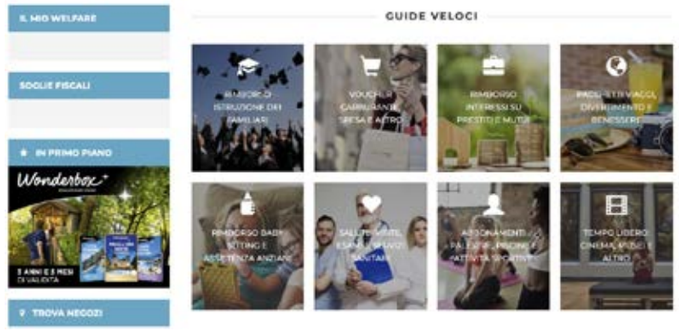
Average Training Hours, by Employee Category



Training Hours, by Gender Category



2.3 An inclusive and safe working environment



Work-life balance is one of the ways through which Flos rewards the talent and passion of its employees, but also creates an inclusive working environment as a way of looking after everyone's personal well-being. Flos has indeed translated this commitment into providing a benefits package that meets employees' needs beyond mere basic compensation.

In line with past years, Flos continued to guarantee benefits such as meal vouchers, health insurance, invalidity coverage, fuel vouchers, and canteen services in 2022. In addition, Flos also continued to incentivise performance-based pay to acknowledge everyone's contribution by offering performance bonuses related to product quality and business profitability. To enhance coordination among its various brands, Flos introduced a performance evaluation model using SAP that ensures that employees efforts are aligned with overall business goals, promoting efficiency and effectiveness. In general, the approach is to provide the same benefits to all full-time and part-time employees and as insofar as possible, to temporary workers. Furthermore, concerning the abovementioned benefits, fuel

Employee welfare

vouchers were also extended to fixed-term employees.

Moreover, to provide a wider set of benefits to its employees, Flos continued implementing an online platform developed to manage workers' benefits and performance bonuses, allowing an integrated and simplified way of discovering and accessing all the different benefits for both white and blue-collar workers.

In addition to employees' welfare, Flos continuously pays the utmost attention to health and safety aspects by constantly monitoring the key indicators and fostering a safety culture across all roles and responsibilities. In line with these objectives, Flos carries out, on an ongoing basis, several activities to improve occupational health and safety and raise employees' awareness on these topics.

As training and education activities are at the core of Flos commitment to guaranteeing high safety standards, a total of 1,126 hours of health and safety training was provided in 2022. The increase of 30% compared to 2021 is in line with the overall rise in training hours, but it is also due to the expansion of the reporting perimeter, as well as to the delivery of refresher training due to the expiration of several mandatory courses.

Flos' attention to the prevention and mitigation of work-related health and safety impacts also extends to supply chain management. Indeed, Flos takes advantage of the close relationship with its suppliers – above all, the smallest and nearest ones – by monitoring their performance and work conditions through frequent, commercial site visits. This aspect allows for deep integration within the scope of a long-lasting relationship based on trust, quality, and safety.

ESG Performance

1.126

The number of training hours on Health and Safety topics

0.7

The injury rate

Health and Safety[4]	**U.M.**	**2020**	**2021**	**2022**
Total number of worked hours	**h**	**705,691**	**1,135,813**	**1,141,156**
Total number of recordable work-related injuries	**n.**	**4**	**2**	**4**
Rate of recordable work-related injuries[5]	n.	1.1	0.5	0.7

Health and Safety Management

Occupational health and safety aspects of the production sites are directly managed at the plant level: Flos implements policies and management systems under local legislative requirements with the share of protocols and processes. Health and safety monitoring and oversight are focused on the involvement of functions at different levels of the organisational chart with specific responsibilities for the application of safety procedures. Risk assessment procedures, for instance, are managed by health and safety managers, or equivalent, in compliance with applicable local regulations. Managers carry out inspections and consult employees to detect risks on time, duly assess them, and propose mitigation efforts to prevent future accidents. The same procedure applies to work-related injuries, depending on the severity of the event. As required by law, a risk assessment is carried out to identify the major risks for the health and safety of the employees. The most significant risks outlined are internal transit areas, fixed and portable ladders, object storage, means of transportation, fire and explosion risks, physical workload and load handling, vibrations, noise, and chemical risks. Furthermore, Flos implements an internal monitoring system to safeguard its own workforce from any health and safety whistleblowing-related repercussions. In accordance with legislative obligations, a doctor is an integral part of all H&S management practices and procedures.

[4] Data reported in the table refer to the employees of the Group perimeter.
[5] Calculated as the total number of injuries multiplied by 200,000 and divided by the overall number of hours worked in the reporting period.

Material Topics

- Heritage & Design Culture

United Nations SDGs

Highlights

6
design awards received by Flos in 2022

€ 95.010
the monetary value of philanthropic activity

Celebration of Flos'
60 years anniversary
at Fabbrica Orobia

3. Heritage and Know-How

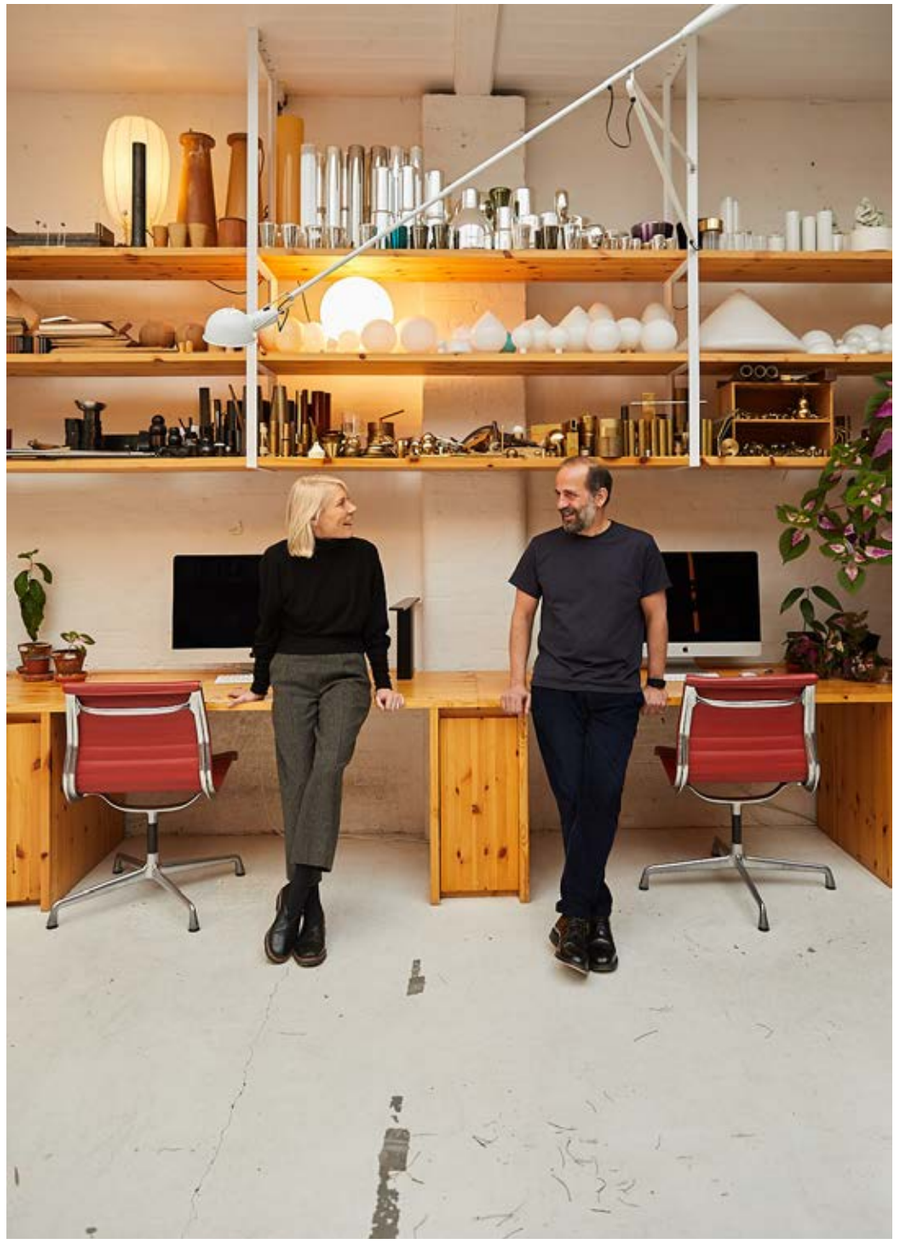
Flos' most valuable asset in the path towards sustainability is strongly related to its heritage of design icons and its technological know-how. Flos is therefore committed to actively exploiting its intangible resources to contribute to addressing the challenges that the lighting industry, both from an artistic and a technological standpoint, is facing.

In doing so, Flos aims to:

- play an active role in the development of new innovative solutions that are able to enhance people's physical and emotional wellbeing through investing in research and technological innovation;
- promote and disseminate the art and design culture amongst the community as an integral part of its sustainability strategy.

Flos' relationship with the community is a fundamental element to pursue its sustainability commitments, expressed by a twofold strategy that comprises both the preservation (through the safeguard of quality and technical know-how) and the dissemination of design heritage. Indeed, Flos is dedicated to contributing to the creation of social value tied to the industry's national and international artistic heritage through a continuously renovated legacy, that enables the Brand to be acknowledged as a market icon in the lighting design world.

In 2022, as restrictions due to the coronavirus pandemic were lifted, Flos' participation to public fairs and exhibitions has increased. To maintain versatility and flexibility in the dialogue with professional and design enthusiasts, it was also deemed important to keep certain events in an hybrid or remote format: "Flos Digital Conversation", a digital event intended for presenting new collections in a new, innovative way, is a prominent example. The format includes a face-to-face dialogue with a special guest on an ad-hoc digital platform for each podcast episode: the conversations focus on a particular product, deepening the Architect's thoughts, feelings and ideas that brought the creation to life.



Flos Digital Conversation, with Michael Anastassiades

3.1 Promoting the design culture

Promoting the dissemination of design culture is a fundamental commitment in Flos' strategy, allowing the Brand to deepen the relationship with its stakeholders: Flos' pieces have been featured in international temporary exhibitions and museums, such as at the MOMA (Museum of Modern Art) in New York, the Triennale in Milan, the Centre National d'Art et de Culture Georges Pompidou in Paris and the Shanghai's Museum of Art Pudong, and they have also been used to illuminate areas and corridors of eminent art galleries.

Throughout its 60 years of history, Flos has not only supported events, exhibitions and design festivals by showcasing its light installations, but also through donations. Moreover, it has established partnerships and collaborations with schools: an example is the one with the "Fundación Universitat Jaume I", located in the Valencia area, through which Flos is offering training programs and internship opportunities to the students on different topics, such as project management and lighting consulting.

Design for Fun exhibition in Shanghai

Arco K on display at Originality Deconstructed exhibition in Ace Hotel NY

Flos and the École des Beaux-Arts in Paris

During 2022, Flos has started a three-year collaboration with the École des Beaux-Arts, a prominent art school in Paris. The aim of the partnership is that of fostering the design culture among young generations of artists and designers, while also actively contributing to students' education and enriching their knowledge on lighting solutions. The school, known for being a place of artistic experimentation, will display several exhibitions featuring Flos' creations in its venue. In addition to that, several workshops will be held for all the students of the École.

Flos ensures its continuous participation in global events worldwide through sponsorships, featured exhibitions and installations, further consolidating its dedication to fostering design know-how and heritage. In fact, Flos firmly believes in the interconnectedness of art and design, united by the goal of generating meaningful social value for the community. Consequently, Flos constantly strives to ensure that the talent of the most refined designers comes to light, enabling them to combine outstanding materials with innovative ideas to create something unique.

The following represents a selection of the 2022 events in which Flos took part.

Flos' participation and support to events		
Italia Geniale	Feb. 2022 – Mar. 2022	Flos participated at the exhibition Italia Geniale, an event that took place at Palazzo Piacentini in Rome, which highlighted the originality and beauty of Italian design. The project focused on enhancing the heritage of the country's trademarks and patents, taking visitors on a journey through the evolution and characteristics of the most creative products, showing how to make, stimulate and drive innovation through five thematic paths - imaginable, workable, relatable, livable and moveable.
Design for Fun	May 2022 – Feb. 2022	Design for Fun's exhibition was hosted at the Museum of Art Pudong in Shanghai in occasion of the Italy-China Year of Culture and Tourism, a year of events and activities aimed at boosting cooperation, travelling, and people-to-people exchange between the two countries. Curated by Enrico Morteo, Maria Vittoria Capitanucci, and Ling Min, the event presented over 200 iconic pieces merging aesthetics with functionality. Flos contributed with pieces from esteemed designers such as Achille and Pier Giacomo Castiglioni, Pio Manzù, Konstantin Grcic, Formafantasma
World Design Capital 2022 for Valencia Design Week	Sept. 2022	Flos has been involved in the World Design Capital 2022 for Valencia Design Week. The event hosted exhibitions, publications, and workshops aimed at demonstrating the positive benefits of design on people's daily lives. During the event a lecture, "I AM ARCO. A Heritage of Good Design from the Past to the Future", has been held by Giovanna Castiglioni, daughter of design master Achille Castiglioni, giving a tribute to the iconic lamp, Arco.

Design Week 2022

During the Milano Design City 2022, Flos participated in the Designer's Week initiative to celebrate its 60 years of activity. During the event, held at the Fabbrica Orobia in Milan, Flos unveiled its new lighting designs and solutions from the Decorative and Outdoor collections catalogues. The immersive exhibition, titled "See The Stars Again", allowed visitors to explore and embrace Flos' history while featuring the introduction of new collections, such as the Arco K Limited Edition, a revisitation of the iconic Arco lamp designed by Achille and Pier Giacomo Castiglioni. Attendees had the opportunity to participate to various complementary activities, including the "Flos Hosting" talk cycles which involved open discussions on the lighting sector and design with Flos designers and contributors.

Flos' relationship with the community

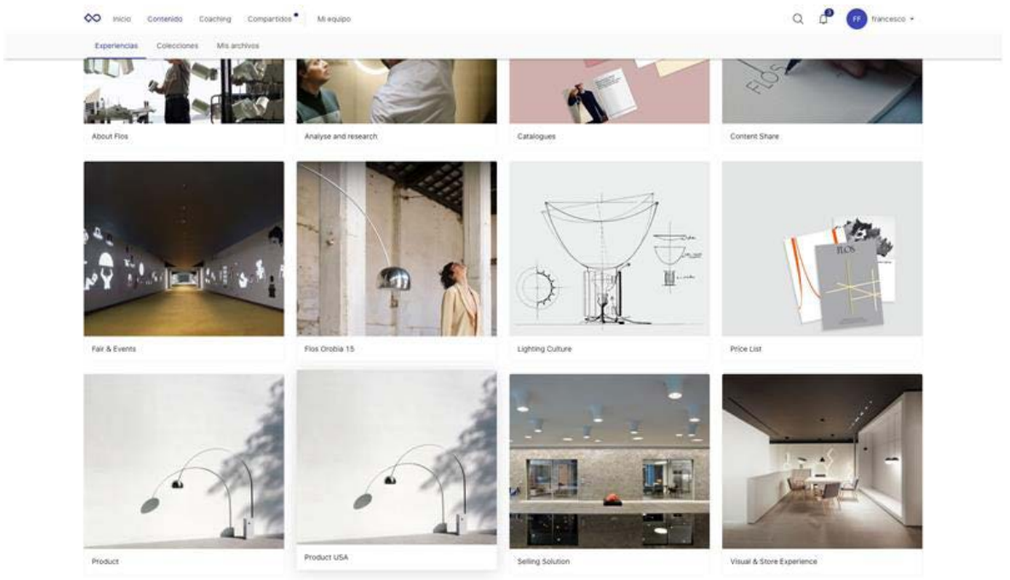
Aside from supporting cultural events, Flos' relationship with the surrounding local communities involves contributing to charities and fundraising initiatives.
In 2021, Flos decided to support a project developed by Amref , an organization with which the Brand has been collaborating for years: according to this activity involving the Ethiopian local community, Flos donated a share of the revenues from the Guns Collection designed by Philippe Starck to the foundation, in order to foster young local people's education in the country. The project aims at incentivizing and creating local jobs in the sphere of waste management and disposal, improving the socio-economic situation of young potential migrants, developing specific technical skills that can be used on the job market in Addis Ababa. The project successfully ended in 2022, but the collaboration with Amref will continue in 2023.

[1] Amref Health Africa (African Medical and Research Foundation) is an international non-governmental organisation founded in 1957 and still active today that aims to improve health in Africa through the active involvement of local communities.

Photo Vogue festival, 2022 Edition

3.2 Fostering design know-how

Flos Light Academy platform



Flos webinars

In order to disseminate the know-how related to the creation of its products, Flos offers several training programmes specifically designed to cover the needs of the various customers and partners (e.g., agents, distributors, lighting designers). As an example, many courses on Architectural collection products are delivered with the objective of deepening knowledge on their technical features and ease the installation process.
As a way of sharing Flos' know-how and Brand heritage with all design professionals and customers, in 2022 Flos Light Academy continued to be used as a primary tool for providing training. The Academy is an internal storytelling platform that supports sales activities to improve and strengthen the connection between Flos and its customers. Targeting the sales force together with retailers, professionals, and key accounts, Flos invests in trainings before launching new products, engaging with buyers, and supporting all information and key specifics concerning products and applications. In addition, it fosters the spread of the lighting design culture and Flos' breakthrough products. The topics addressed through the platform vary depending on the target and the intended applications: it is a way of meeting customers' needs by fostering Flos know-how while enhancing the history and heritage of its products.

Protecting Flos' Ideas

In response to a global and increasingly competitive environment, Flos takes proactive measures to protect its innovations by filing multiple patents, adopting a systematic approach to access and determine the best solutions for each new product category to safeguard its creations across different geographies. This includes utilizing various methods such as registered designs, patent applications for inventions or utility models and registered copyrights. Moreover, in recent years, Flos has extended its strategy by also depositing the rendering of some products to protect the light effect generated. This approach aims at safeguarding the work of the R&D department by maximising protection against potential imitations.

Given the nature of Flos' core business, most patents belong to the registered designs category, while patent applications for inventions represent the smallest share: the latter mainly refers to the architectural and soft architectural business and, to guarantee a broader protection of rights, considers the original design and any significant variation that the product may undergo in the future. Concerning the Decorative collection, patents are first filed in Italy and then extended to the European Union and other foreign countries which represent strategic locations both in terms of business and sales volumes. Conversely, for the Architectural collection, patents are filed directly at the EU level. Registered designs have a limited duration: in Italy, for example, they last 25 years. Therefore, to guarantee, safeguard, and protect some of its iconic products, Flos also files applications for copyright in Italy and other strategic countries. Moreover, Flos is actively engaged in fighting online infringements and frauds, such as the sale of counterfeit products or the illicit use of images and texts from Flos' websites and social media. The latter are among the most widespread due to the rapid growth of online shopping. To enhance the "Made in Italy" concept and protect high-quality branded products from counterfeiting, Flos is also an active member of INDICAM. It represents nearly 180 companies, industry associations, legal and intellectual property firms, security consultants, and other organisations, all standing against counterfeiting activities affecting branded products.

Finally, to preserve its products' quality as much as possible, Flos moved from a widespread distribution system to a selective distribution system in 17 countries in Europe, by selecting its pool of clients according to a set of qualitative criteria, including compliance to contractual terms. This switch is aimed at ensuring a long-term protection of the Brand image and value, to prevent free riding by other retailers or distributors and create retailers' incentives.

To do so, Flos has identified ten customer clusters that correspond to different sales channels, to which are associated a different pool of qualitative criteria: the final aim of the operation is to preserve and increase the product quality level and its protection by establishing a tight chain of checks that ensure that Flos products are sold pursuant to the chosen criteria. However, the process is challenging due to the legal compliance checks, verification of information, translation into local languages and the constant monitoring of the performances. Moreover, due to Flos standard selective distribution agreement, authorised resellers are required to comply with several conditions in terms of Brand promotion, post-selling assistance and incentives to stimulate and maximise the attractiveness of Flos' products. Flos also supports resellers in achieving compliance on the strict rules of the selective distribution system, by providing them with all the necessary information and practical aid.

Appendix

Suppliers' Provenance by number and spending - Decorative, Outdoor Collection and Custom Collection

	2020[3]		2021		2022	
	Number	Spending	Number	Spending	Number	Spending
Italy	**465**	***85.1%***	**449**	***88.2%***	**435**	***83.6%***
Lombardy region[4]	366	*63.3%*	357	*65.9%*	340	*60.1%*
Italy (rest)	99	*21.9%*	92	*22.2%*	95	*23.5%*
Other Countries	**72**	***14.9%***	**72**	***11.8%***	**71**	***16.4%***
Total	**537**	***100%***	**521**	***100%***	**506**	***100%***

Suppliers Provenance by number and spending – Architectural collection

	2020		2021		2022	
	Number	Spending	Number	Spending	Number	Spending
Spain	**122**	***69.7%***	**137**	***71.2%***	**151**	***77.6%***
Valencia and surrounding areas	80	*48.8%*	82	*46.4%*	80	*51.1%*
Spain (rest)	42	*20.9%*	55	*24.8%*	71	*26.5%*
Other Countries	**67**	***30.3%***	**73**	***28.8%***	**68**	***22.4%***
Total	**189**	***100%***	**210**	***100%***	**210**	***100%***

Reporting Principles and Criteria

The 2022 Sustainability Report has been prepared with reference to the GRI Standards 2021. The contents of this report reflect the materiality analysis carried out by Design Holding, included in its Sustainability Report 2022. Moreover, Flos has been a signatory to the United Nations Global Compact (UNGC) initiative since 2015: at present, Flos does not directly address the UNGC issues and principles related to Human Rights, since the majority of its direct activities and suppliers are located in Europe, where Human Rights are regulated by laws. To avoid any possible risk of complicity and as proof of its commitment, Flos has introduced clauses on labour conditions and on respect for human rights in its contracts.

Scope of Reporting

This document includes a description of initiatives, activities and the related key performance indicators, where available, relating to the period between January 1st, 2022, through December 31st, 2022. The data collection process and the report publication activities are structured on an annual basis. The information included in the Sustainability Report refer to Flos S.p.A. and the fully controlled operating subsidiaries Antares Iluminación S.A.U., Ares S.r.l, Flos Bespoke S.r.l., Flos GmbH, Flos Benelux NV, Flos BV, Flos Sverige AB, Flos Japan Co. Ltd and Flos France S.a.s. Any exceptions to this reporting scope are explicitly indicated in the text. The Companies falling withing the scope of the Sustainability Report have their registered headquarters in:

- Flos S.p.A. – Bovezzo (Brescia – Italy), Via Angelo Faini, 2;
- Antares Illuminacion S.A.U – Carrer Mallorca, Polígono Industrial Reva, Calle Turia, Ribarroja de Turia (Valencia – Spain);
- Ares S.r.l. – V.le dell'Artigianato, 24 (Bernareggio – Italy);
- Flos Bespoke S.r.l. – Via A. De Gasperi, 2 (Collebeato – Italy).
- Flos GmbH – Obermünsterstraße, 18 (Regensburg, Germany);
- Flos Benelux NV – Romeinsesteenweg, 1000 (Wemmel, Belgium);
- Flos BV – Cruquiusweg, 109-Q (Amsterdam, The Netherlands);
- Flos Sverige AB - Lützengatan 1 (Stockholm, Sweden);
- Flos Japan Co. Ltd - 1-23-5 Higashi-azabu Minato-Ku (Tokyo, Japan);
- Flos France S.a.s. – Pas Dauphine, 20-22 (Paris, France).

Flos Sustainability Pillars

In 2019, Flos decided to further reinforce its commitment to sustainability by formalising its first Sustainability Policy: these key principles and values constitute the basis for Flos' sustainability strategy and are the foundations for the document. Flos' Sustainability Pillars are closely aligned with Design Holding' ones.

Energy and Materials	Flos aims at improving its overall environmental footprint along the value chain. Aware that global challenges are closely linked to energy and materials, respectively interconnected to climate change and circular economy aspects, Flos strives to mitigate and optimise its direct and indirect consumption of these resources.
Development and Wellbeing	Flos believes that its employees, through their passion and expertise, represent the essence of its brand success worldwide. Flos puts its workforce, regardless of their role, at the centre of its strategies aiming at cultivating an inspiring, inclusive, and motivating working environment.
Heritage and Know-How	Flos' most valuable asset in the path towards sustainability is strongly related to its heritage of design icons and its technological know-how. Flos is therefore committed to actively exploiting its intangible resources to contribute to addressing the challenges that the lighting industry, both from an artistic and a technological standpoint, is facing.

Material topics and GRI disclosures

The following table provides the link between the identified material issues and the corresponding Topic-specific Disclosures.

Material Topics	GRI Topics
Inclusion & Empowerment	Employment (GRI 401)
	Training & Education (GRI 404)
	Diversity and Equal opportunities (GRI 405)
	Non-discrimination (GRI 406)
Business Ethics & Responsibility	Economic performance (GRI 201)
	Anti-corruption (GRI 205)
Eco-design & Circular Economy	Materials (GRI 301)
	Waste (GRI 306)
Energy & Climate Change	Energy (GRI 302)
	Emissions (GRI 305)
Responsible Sourcing & Sustainable Supply Chain Management	Supplier environmental assessment (GRI 308)
	Supplier social assessment (GRI 414)
Employee's wellbeing	Occupational Health & Safety (GRI 403)
Innovation & Product Quality	Customer Health & Safety (GRI 416)
	Marketing & Labelling (GRI 417)
Heritage & Design culture	Non GRI

Key Stakeholders

Flos is committed to implement sustainability matters along its operations and value chain, aiming at constantly improving the relationships with its key stakeholders. The following table reports an overview of the key stakeholders, based on their influence on and the dependence from Flos; for each stakeholder category, a description of existing engagement activities and tools is provided.

Flos' Stakeholders Category	Engagement Tools and Activities
Employees and Trade Unions	Continuous dialogue between HR department and employees/trade unions, specific initiatives
Suppliers	Continuous dialogue and periodic meetings
Clients	Website, fairs, catalogues Training course organised for clients Preliminary analysis of customer satisfaction on a sample of clients
End-User	Social networks, communication campaigns, fairs and meetings
Competitors	-
Media	Press releases
Architects and Interior Designers	Continuous cooperation on research and development of new products

Quality Reporting Principles

Flos' Sustainability Report is drafted in accordance with the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability, as defined by the GRI Standards 2021. The document highlights both strengths and weaknesses, as well as possible areas of improvement for Flos. The data collection and reporting processes are structured in a way to ensure information comparability over the years, when possible, and to guarantee an accurate interpretation by the key stakeholders interested in Flos' performance evolution. Flos' 2022 Sustainability Report is not subject to external assurance.

Calculation Methodologies

The methodologies and assumptions used to calculate the performance indicators included in the Report are described below:

- Data related to injuries refer to Flos' employees and contractors. Commuting injuries for which the transportation was not organized by Flos and first-aid cases are not included;
- Energy consumption from the fleet has been calculated starting from the following available data: Flos' and Flos GmbH car fleet (kilometres covered), Ares, Antares, Bespoke, Flos Belux, Flos France, Flos BV and Flos Scandi's fleet (fuel consumption);
- Hiring and turnover rates have been calculated by using the total number of employees at the beginning of the reporting period as denominator;
- The rate of recordable work-related injuries was calculated as the total number of injuries multiplied by 200,000 and divided by the overall number of hours worked in the reporting period;

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

Typology	U.M.	Source
Average car fuel consumption	l fuel/100 km	UK Department for Transport, Fuel Consumption 2020
Fuel density	l/t	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2020, 2021, 2022
LCV (Lower Calorific Value)	GJ/t	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2020, 2021, 2022

All greenhouse gas emissions calculations have been carried out based on the principles included in the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 emissions have been calculated as follows:

GHG Emissions Scope 1			
Source	**Activity Data**	**Emission Factor**	**GWP**
Flos and Flos GmbH' car fleet	Kilometres covered	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2020, 2021, 2022	CO_2 equivalent.
Ares, Antares, Bespoke, Flos Belux, Flos France, Flos BV and Flos Scandi's car fleet	Fuel consumption (gasoline and diesel)	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2020, 2021, 2022	CO_2 equivalent.
Fuels for heating	Fuel consumption (natural gas)	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2020, 2021, 2022	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).

Concerning Scope 2 emissions resulting from the consumption of electricity purchased from the national grid, two calculation methodologies have been implemented: the location-based and the market-based approaches. The first one reflects the average emission intensity of grids considering both renewable and non-renewable productions, while the second one reflects emissions from the electricity source that the Group has purposefully chosen through, for instance, contractual instruments. Scope 2 emissions have been calculated as follows:

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 Enerdata figures, 2019, 2020	Only CO2.
Electricity purchased from the national grid (market-based approach)	Electricity consumption	AIB, European Residual Mixes, 2019, 2020, 2021	CO_2 equivalent.
		USA - Green-e Energy Residual Mix Emissions Rates, 2019, 2020, 2021	
District-heating purchased from the waste-to-energy plant	Heat consumption	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2020, 2021, 2022	CO2 equivalent.

Scope 3, 2022 emissions comprise a selection of categories chosen according to criteria of relevance. Flos expanded its Scope 3 monitoring and reporting in 2022 by adding new emissions Categories with the aim of furthering its understanding of its own operations at all levels of the value chain: these aspects focus on downstream transportation, use of sold products and end-of-life treatment of sold products. With these additions, Flos has now identified and monitored all relevant Scope 3 emissions, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The table below shows the description of all emissions Categories that fall within Scope 3 for 2022's GHG Inventory.

Reported GHG Scope 3 emissions categories[1]	**Description**
1 - Purchased goods and services	Upstream emissions from the production of products (raw materials, semi-finished and finished products) and services purchased or acquired.
2 - Capital Goods	Upstream emissions from the production of capital goods purchased or acquired.
3 - Fuel and energy-related activities	Emissions related to the production of fuels and energy purchased and consumed.
4 - Upstream transportation	Emissions associated with the transportation and distribution of products purchased in the reporting year, between a company's tier 1 suppliers and its own operations in vehicles not owned or operated by the reporting company. Emissions related to the transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics (e.g. of sold products), and transportation and distribution between a company's own facilities, as well as Well-to-Wheel logistic-related emissions.
5 - Waste generated in operations	Emissions from third-party disposal and treatment of waste generated by Flos' owned or controlled operations.
6 - Business travel	Emissions from the transportation of employees for business-related activities and Well-to-Wheel business travel emissions.
7 – Commuting	Emissions from the transportation of employees between their homes and their worksites, as well as Well-to-Wheel commuting-related emissions.
9 – Downstream Transportation	Emissions from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company, as well as Well-to-Wheel logistic-related emissions.
11 – Use of sold products	Emissions from the use of goods and services sold by the reporting company in the reporting year.
12 – End-of-life treatment of sold products	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.

[1] The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard – Revised edition.

The calculations carried out relied on the following assumptions:

Cat. 1 – Purchased goods and services: part of the weights of the materials purchased were estimated due to data unavailability.

Cat. 4 - Upstream transportation: as the means of transportation was not available in some instances, it was assumed based on the departure and arrival points of sold products. Bespoke's inbound emissions have been estimated due to data unavailability.

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 reproportioning data on materials based on products sold by geography.

For further information about the categories involved in Scope 3 analysis please refer to the "Energy and GHG emissions" paragraph in Chapter I – Energy and Materials.

Scope 3 emissions were calculated as follows:

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	Ecoinvent v.3.7.1 (2020) and EcoInvent v.3.9.1 (2022) 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	CO2 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, 2020, 2021, 2022	CO_2 equivalent.
Upstream logistics (Cat. 4)	Kilometers covered by airplane, truck, ship or rail and kilometers covered by airplane, truck or ship multiplied by shipped weight	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020 2021, 2022	CO_2 equivalent.
Waste disposal (Cat. 5)	Weight of waste disposed	Ecoinvent v.3.7.1 (2020) and EcoInvent v.3.9.1 (2022) UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020, 2021, 2022	CO2 equivalent.
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, 2020, 2021, 2022 Ferrovie dello Stato Italiane, "Rapporto di Sostenibilità 2021"	CO2 equivalent.
Employee commuting (Cat. 7)	Kilometers travelled	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020, 2021, 2022 Ferrovie dello Stato Italiane, "Rapporto di Sostenibilità 2021"	CO2 equivalent.
Downstream logistics (Cat. 9)	Kilometers covered by airplane, truck or ship 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, 2022	CO2 equivalent.
Energy consumed directly by sold products (Cat. 11)	Electricity consumed directly by the products sold during their entire lifetime	Terna international comparisons on Enerdata figures, 2020	Only CO2.
Waste disposal of sold products (Cat. 12)	Weight of products and packaging sold in the reporting year	EcoInvent v.3.9.1 (2022) UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2022	CO_2 equivalent.

Trainig Hours

Below an overview of the training hours provided by Flos in the three-year period 2020-2022. For further information please refer to the “Training for personal and professional improvement” paragraph in Chapter II – Development and Wellbeing.

Training	U.M.	2020	2021	2022
Total Hours	**h**	**2,843**	**4,140**	**10,012**
Men	h	1,159	3,037	6,684
Women	h	1,684	1,103	3,328
Average Hours	**h/FTE**	**6.8**	**9.1**	**17.8**
Men	h/FTE	5.1	11.9	21.2
Women	h/FTE	8.9	5.6	13.4
Non-Compulsory Training				
Percentage on total training	%	85	82	88
Compulsory Training				
Percentage on total training	%	15	18	12

Content Index

Statement of use	Flos S.p.A. has reported the information cited in this GRI content index for the period 01.01.2022 – 31.12.2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Content Index

	Disclosure	Section	Notes
General Disclosures			
GRI2: General Disclosures 2021	2-1 Organization Details	Structure and global presence	
	2-2 Entities included in the organization's sustainability reporting	Structure and global presence Methodological note	
	2-3 Reporting period, frequency and contact point	Methodological note	
	2-4 Restatements of information	-	Restatements and related reasons for restatements are clearly identifiable within the text.
	2-5 External assurance	Methodological note	
	2-6 Activities, value chain and other business relationships	Structure and global Presence Supplier selection and management	
	2-7 Employees	Employees as the essence of Brand success Structure and global presence	
	2-8 Workers who are not employees	Employees as the essence of Brand success	
	2-22 Statement of sustainable development strategy	A message to our stakeholders	
	2-27 Compliance with laws and regulations	-	During the reporting period, no cases of non-compliance with laws and regulations have been detected.
	2-28 Membership associations	Balancing languages of light and environmental chBalancing languages of light and environmental challenges	
	2-29 Approach to stakeholder engagement	Methodological note	
	2-30 Collective bargaining agreements	Employees as the essence of Brand success	

Material Topics	Disclosure	Section	Notes
GRI 3: Material Topics 2021	3-1 Process to determine material topics	-	For more information, please consult Design Holding' sustainability report publicly available on its websites.
	3-2 List of material topics	Methodological note	
Economic Performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Structure and global presence	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Structure and global presence	
Anti-Corruption			
GRI 3: Material topics 2021	3-3 Management of material topics	Methodological note	
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	Monitoring and optimising resource consumptions	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Monitoring and optimising resource consumptions	
Energy			
GRI 3: Material topics 2021	3-3 Management of material topics	Energy and GHG emissions	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy and GHG emissions	
Emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	Monitoring and optimising resource consumptions	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Monitoring and optimising resource consumptions	
	305-2 Energy indirect (Scope 2) GHG emissions	Monitoring and optimising resource consumptions	
	305-3 Other indirect (Scope 3) GHG emissions	Monitoring and optimising resource consumptions	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	Monitoring and optimising resource consumptions	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Monitoring and optimising resource consumptions	
	306-3 Management of significant waste-related impacts	Monitoring and optimising resource consumptions	
	306-3 Waste generated	Monitoring and optimising resource consumptions	

Material Topics	Disclosure	Section	Notes
Supplier environmental assessment			
GRI 3: Material topics 2021	3-3 Management of material topics	Supplier selection and management	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier selection and management	There currently are no structured processes and/or procedures to screen suppliers according to environmental criteria.
	308-2 Negative environmental impacts in the supply chain and actions taken	Supplier selection and management	No suppliers were assessed for environmental impacts.
Employment			
GRI 3: Material topics 2021	3-3 Management of material topics	Employees as the essence of Brand success	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employees as the essence of Brand success	
Occupational Health and Safety			
GRI 3: Material topics 2021	3-3 Management of material topics	An inclusive and safe working environment	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and safety management system	An inclusive and safe working environment	
	403-2 Hazard identification, risk assessment, and incident investigation	An inclusive and safe working environment	
	403-3 Occupational health services	An inclusive and safe working environment	
	403-4 Worker participation, consultation, and communication on occupational health and safety	An inclusive and safe working environment	
	403-5 Worker training on occupational health and safety	An inclusive and safe working environment	
	403-6 Promotion of worker health	An inclusive and safe working environment	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	An inclusive and safe working environment	
	403-9 Work-related injuries	An inclusive and safe working environment	
Training and Education			
GRI 3: Material topics 2021	3-3 Management of material topics	Training for personal and professional improvement	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training for personal and professional improvement	

Material Topics	Disclosure	Section	Notes
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employees as the essence of Brand success	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employees as the essence of Brand success	
Non-discrimination			
GRI 3: Material topics 2021	3-3 Management of material topics	Methodological note	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimantion 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	Supplier selection and management	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier selection and management	There currently are no structured processes and/or procedures to screen suppliers according to social criteria.
	414-2 Negative social impacts in the supply chain and actions taken	Supplier selection and management	No suppliers were assessed for social impacts.
Customer Health and Safety			
GRI 3: Material topics 2021	3-3 Management of material topics	Product development Client relationship	
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	Product development Client relationship	
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.

For further information about this Sustainability report please contact
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