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A MESSAGE TO OUR STAKEHOLDERS

2020 was a very challenging year for the Group due to the global pandemic that broke out in the first part of the year, disrupting everyday lives around the world. However, thanks to the ability of the entire B&B Italia Group to reinvent the way in which we operate, we were able to guarantee all the safety standards to our employees and partners whilst ensuring business continuity.

Despite the difficulties that have accompanied the Group in 2020, we can say with extreme happiness that B&B Italia Group has gone through this stormy year and has come out renewed and strengthened in its working processes. In fact, during the same year, many ideas and novelties were developed. The pandemic has prompted us to find new ways of communicating with our stakeholders to keep maintaining valuable relationship and promoting the design culture. We found new ways to support our customers, following the drive for innovation which is part of our DNA and we launched an online podcast “The Couch”, to celebrate home design.

In light of recent event, B&B Italia Group is proud and honoured to share its new 2020 Sustainability Report, which aims to transparently share the Group’s commitment towards sustainability with one eye on the past and the other focused on continuous improvement in compliance with the key principles that make B&B Italia Group valuable in its sector. We not only renewed our commitment to the United Nations Global Compact’s principles and our support to Sustainable Development Goals, but we went one step further by publishing our first set of ESG objectives with a particular target for the reduction of GHG emissions inspired by the Science-Based Target initiative’s methodology.

Our fifth Sustainability Report encompasses the Group ongoing commitment to improve its environmental and social performance. An interesting example is the restyling of Mario Bellini’s masterpiece “Camaleonda”, which has been a design icon since the ‘70s. The sofa has been designed preserving all the elements that have made it a contemporary classic but including circular economy principles such as disassembly and recycled or recyclable materials.

We are now starting another chapter in our long story, inspired by the dedication and commitment demonstrated by our employees every day and by the valuable design heritage that has always distinguished our brand.

Gabriele Del Torchio
President

Gilberto Negrini
Chief Executive Officer

2020 HIGHLIGHTS

197

Milions of Euro in economic
value generated

19

New Products
and

3

Extensions
of product range

26,980.64

tco_{2eq} in GHG emissions

638

People employed

96%

Employees with
a permanent
contract

71%

Of employees
Live no farther
than 15km from
our plants



Camaleonda

Designer: Mario Bellini
2020

B&B ITALIA GROUP AT A GLANCE

B&B Italia S.p.A. (hereinafter also referred to as “B&B Italia”) is a leading Italian furniture design company, established in 1966 through the inspired vision of Piero Ambrogio Busnelli. B&B Italia has built its success on the ability to reflect contemporary culture through design and to anticipate trends, constantly seeking to respond to changes in taste and living needs ^[102-1].

B&B Italia S.p.A. and its fully consolidated subsidiaries (hereinafter B&B Italia Group or The Group) operate in the residential furniture market with the brands B&B Italia, Maxalto, Arclinea and Azucena. Each is characterised by its own individual identity and unique collections yet sharing the same philosophy: to create products with a balanced blend of tradition, design and innovation, the unique style and elegance of which are unmistakable ^[102-2].

Launched in 1975 by Afra and Tobia Scarpa, Maxalto has currently become one of the Group’s most iconic brands. Since 1993, Maxalto collections have been coordinated by the architect Antonio Citterio, who continuously extended the product series that at present include a range of fittings for living rooms and bedrooms. Maxalto is recognised worldwide for its distinctive know-how in processing high-quality materials, especially wood and its capacity to balance tradition and innovative, sophisticated ideas.

Arclinea Arredamenti S.p.A., founded by Silvio Fortuna in Caldogno in 1925, is an Italian leader in high-end design kitchens. The Company started its business venture as an artisanal laboratory specialised in wood-processing. In the following years, Arclinea grew thanks to its capacity to anticipate social change, combining tradition with innovation and excellence in industrial production. In 1958, for instance, the Company launched the first modular kitchen, soon followed by the first kitchen with built-in electrical appliances and a stainless-steel hob. In the ‘80s, Arclinea started collaborating with famous architects and designers, especially with Antonio Citterio, who, for the first time, introduced the characteristics of a professional restaurant kitchen into home kitchens. Since then, several models have been produced in collaboration with Mr Citterio, consolidating the brand’s innovative traits and reputation. Arclinea became part of the B&B Italia Group in September 2016, when B&B Italia became its major shareholder.

B&B
ITALIA

MAXALTO

Arclinea

AZUCENA

At the end of 2017, the Group acquired the Italian brand Azucena, with the intention of preserving its legacy and restyling a series of its iconic products. Azucena was founded in 1947 by Luigi Caccia Dominioni, Ignazio Gardella and Corrado Corradi Dell'Acqua, three visionary Italian architects of the post-war period. Since the beginning, Azucena has been a highly regarded Italian brand, the collections of which are manufactured according to high standards, of elegance, luxury and aesthetical purity. Luigi Caccia Dominioni's greatest iconic products include some of the most symbolic examples of Italian design history, such as the Catilina chair, the ABCD armchairs, the Toro sofa and pouf, the Cavalletto table and the Poltrona and Imbuto lamps.

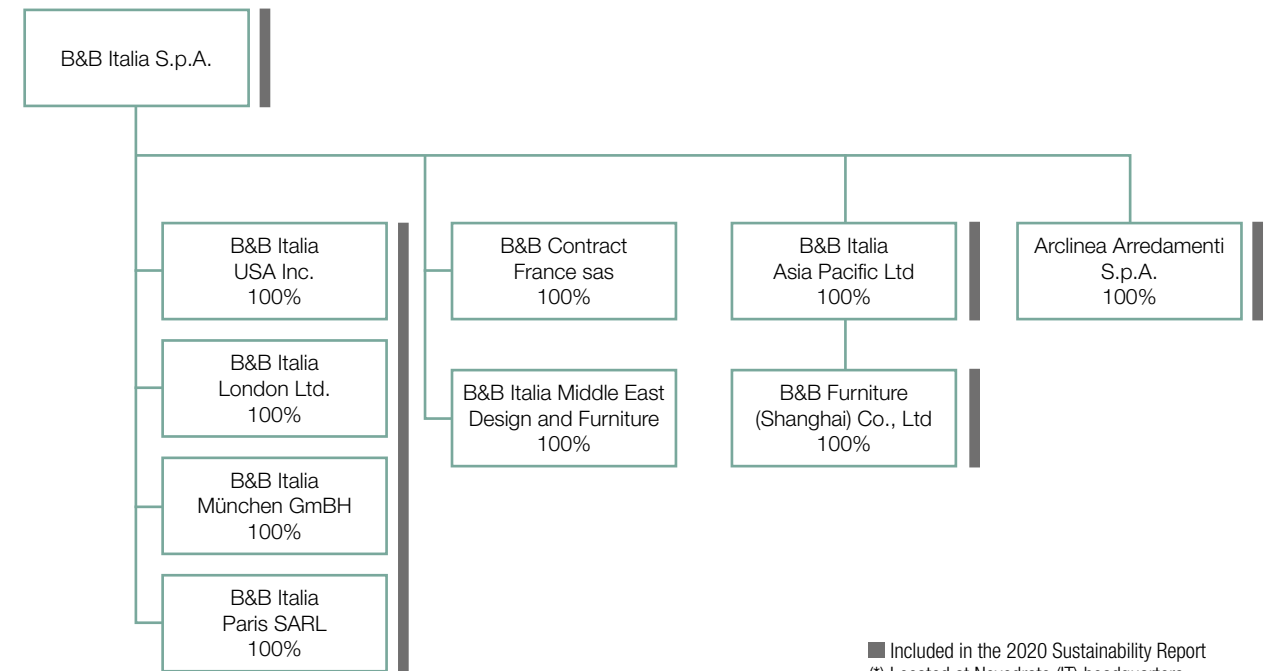
With a recorded revenue of approximately 197 million Euros in 2020, currently, B&B Italia Group has a presence in more than 100 countries worldwide and employs 638 people, mainly located in the Italian manufacturing sites of B&B Italia (Novedrate and Misinto, Lombardy - Italy) and in the Arclinea plant (Caldogno, Veneto - Italy). The remaining staff is employed in various flagship stores and in smaller commercial subsidiaries, namely B&B Italia USA Inc., B&B Italia London Ltd., B&B Italia München GmbH, B&B Italia Paris SARL, B&B Italia Pacific Ltd. and B&B Furniture (Shanghai) Co., Ltd.

Azucena collection

Designer: Luigi Caccia Dominioni
2018



Group's structure ad of December 31st 2020

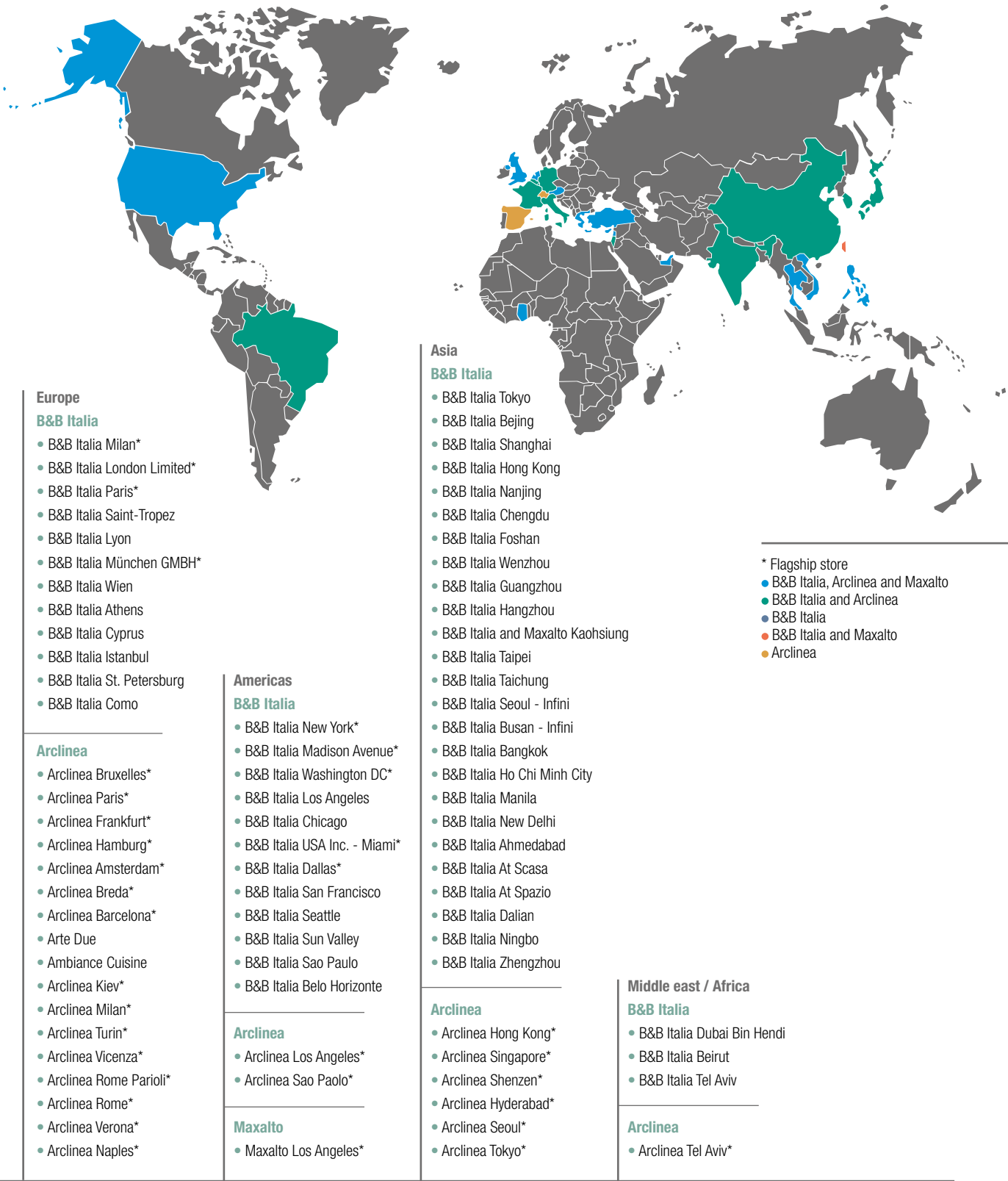


■ Included in the 2020 Sustainability Report
(*) Located at Novedrate (IT) headquarters

Over the years, the Group has built an exclusive network of over 700 highly professional dealers and over 50 mono-brand stores, consolidating its international presence with the opening of wholly owned flag-ship stores in leading capital cities around the world. Today, 10 B&B Italia Group flagship stores can be found in major design hotspots in Milan, London, Paris (2 owned and managed stores), Munich, New York (2 owned and managed stores), Dallas, Miami and Washington DC ^[102-3, 102-4, 102-6].

In 2020, despite the uncertain situation and the challenges caused by the Covid-19 pandemic, B&B Italia Group inaugurated a new flagship store in Miami, thus strengthening its presence in the US. With this new opening, located in the Miami design district, the Group introduced a new concept of store by merging physical and digital approaches with the aim to offer to customers a completely new experience. The new showroom, with an area of about 900 square metres developed on one floor, is characterized by big windows and high-tech instruments. In fact, the store mixes B&B Italia, Maxalto and the Outdoor collection with innovative tools and solutions, such as a video wall and interactive tables. These digital devices are designed for casting videos and information about the Group's leading products and, in addition, with a dedicated section that enables customers, supported by the staff, to design and configure the product according to their personal style and needs.

B&B Italia Group international presence



DESIGN HOLDING

Starting from November 2018, B&B Italia S.p.A. is fully controlled by Design Holding S.p.A. which is itself jointly (and indirectly) controlled by Investindustrial funds and the Carlyle Group. Design Holding is the largest high-end global design group with a European heritage: it encompasses three complementary companies with strong individual identities and significant design legacies – Flos and Louis Poulsen for lighting and B&B Italia Group for furniture ^[102-5].

Flos

Recognised globally for its iconic design and technological innovation, Flos is a leading high-end Italian lighting brand, both in the residential and architectural sectors, with its two main operational headquarters in Brescia (Italy) and Valencia (Spain). Since its establishment in 1962, Flos products have received numerous international awards and many of these products are now featured in the permanent collections of leading international art and design museums such as the MoMA in New York, the Victoria & Albert Museum in London and Le Centre Pompidou in Paris. A unique feature of Flos is the longstanding exclusive relationships with world-renowned designers and architects such as the Castiglioni brothers, Michael Anastassiades, Antonio Citterio and Patricia Urquiola. Flos exports to more than 90 countries worldwide and is present globally through flagship stores in Milan, Rome, Paris, New York, Tokyo, Lyon, Amsterdam, Copenhagen, Oslo and Stockholm.

Coordinates

Designer: Michael Anastassiades
2020



PH 5

Designer: Poul Henningsen
1958

Louis Poulsen

Louis Poulsen is a leading lighting brand with an iconic product portfolio focused on Danish design heritage, with headquarters in Copenhagen and production facilities in Vejen (Denmark), that offers a high-end product range for both indoor and outdoor applications. Louis Poulsen combines iconic designs stemming from the work of golden age Danish designers, such as Poul Henningsen, Arne Jacobsen, Finn Juhl and Verner Panton, and collaborations with leading modern designers such as Christian Flindt, Shoichi Uchiyama and Louise Campbell. The Company has a global distribution network with more than 50 countries served and dedicated showrooms in Copenhagen, Stockholm, Miami, Helsinki, Vejen, Oslo, Los Angeles, Singapore, Tokyo and Dusseldorf.

CORPORATE GOVERNANCE

B&B Italia S.p.A. has implemented a control and governance system consisting of:

- A Board of Directors, comprising four members¹, following the creation of Design Holding Group, which, together with the Design Holding Board of Directors, is entrusted with the responsibility of ensuring the ordinary and extraordinary management of the Company.
- A Board of Statutory Auditors, comprising a Chair, two titular members and two alternate members.

The Group has also appointed an independent auditing firm ^[102-18].

2020 Company Board and Officers

| Governance body | Role | Member |
|----------------------------|-------------------|--|
| Board of Directors | President | Gabriele del Torchio |
| | CEO | Gilberto Negrini |
| | Directors | Maurizio Bottinelli |
| | | Francesco Malvezzi |
| Board of Auditors | Chair | Mara Vanzetta |
| | Titular members | Maurizio Maffei |
| | | Massimiliano Di Maria |
| | Alternate members | Silvia Benzoni Viviana Arena |
| External auditors | | EY S.p.A. |
| Corporate Governance Panel | Chair | Gabriele Faggioli Mario Introzzi Massimiliano Di Maria |

¹ Among them, two board members are between 30 and 50 years old, whilst two members are more than 50 years old. All board members are male.



In April 2021, Gabriele del Torchio resigned as President and was replaced by Alessandro Poletto. In addition, also Dalila Dolci and Roberto Maestroni took over Maurizio Bottinelli and Francesco Malvezzi's posts.

Corporate values and risk management activities

Since its establishment, the Group has been guided by a set of key ethical values to which it is still dedicated, including legal and regulatory compliance, transparency, loyalty, fairness, impartiality, good faith and the development of human resources. These values are incorporated into B&B Italia's and Arclinea's Code of Ethics. In terms of the Code, the Companies interpret the concept of integrity not only as a set of rules to be followed, but also as an integral part of their business conduct. This means that the application of these values is a key point for the Companies' business activity, involving the respect and protection of all stakeholders' interests as well as the conservation of environmental resources. The objective is to ensure that those values are constant points of reference for everybody in the execution of his/her job ^[102-16].

As part of their responsibilities, B&B Italia Group's directors, senior managers, suppliers, employees, freelance workers and auditors must comply with the Code's general principles and must ensure that all partners, dealers and suppliers similarly comply with them. Compliance with the Code is also explicitly required for all third outside parties stipulating deals with the Group and/or acting on its behalf for any reason and by anyone undertaking activities related to B&B Italia Group.

Furthermore, the Code is one of the tools that guarantees the effective prevention, detection of and counteraction to violations of applicable laws and regulations. Specifically, the Code is an integral part of the Organisation, Management and Control Model adopted by B&B Italia and Arclinea to prevent the commission, on its behalf and/or for its benefit, of offences for which there is an administrative penalty, as provided by the Italian Legislative Decree No. 231/01 (hereinafter referred to "Model 231").

For both Companies, the design of Model 231 has included an analysis of the main risks and the mapping of operating areas potentially open to those. As regards Model 231 and applicable legislation, the Board of Directors appointed a Supervisory Body ("Organismo di Vigilanza") with the task of controlling the implementation of and compliance with Model 231 and the process for its amendment. B&B Italia's Supervisory Board comprises three external members, who carry out the regulatory requirements for autonomy, independence and continuity.

The application of the model has allowed B&B Italia Group to not incur any significant monetary or non-monetary penalties, including anti-corruption sanctions, during reporting years 2018-2020 ^[419-1].



Camaleonda
Designer: Mario Bellini
2020

ECONOMIC PERFORMANCE

In the past few years, the Group has effectively kept pace with the trends and challenges that characterise the furniture and upholstery sectors. Internationalisation has been a key element in this respect: today, foreign markets account for around 80% of the Group's revenue. The most important markets for the Group are Italy, the United States, Germany, the UK and France; over the past few years, the Middle East and Far East markets have also grown significantly and this performance is entitled to become even stronger after the opening of the several B&B Italia Group flagship stores in China, one of the most important actors in East markets.

Thanks to its strategy centred on product quality and durability and by investing in innovation and research, the Group has achieved positive commercial success over the past few years. In fact, B&B Italia Group generated an economic value that has increased by 4.8% between 2018 and 2019, whilst in 2020 the Group recorded a -9.8% setback with respect to 2019. The decrease is mainly due to the outbreak of the Coronavirus pandemic from February 2020 that caused major impacts on B&B Italia Group's operations, forcing the interruption of production for 7 weeks between March and April, in accordance with national government requirement. However, since the early stages of the pandemic the Group has been working hard to maintain stable relationships with its customers and suppliers and to guarantee business continuity. In 2020, total revenues amounted to 197 million Euros with an economic value retained equal to 26.4 million Euros. Finally, the total amount of community investment arose to 122,000 Euros, including investment finalized to support local communities during the first hit of Coronavirus pandemic helping local hospitals and first aid associations. ^[201-1].

| Value generated and distributed (all data are expressed in k€) | 2018 | 2019 | 2020 | Change 2020-2019 (%) |
|---|----------------|----------------|----------------|----------------------|
| Direct economic value generated² | 208,548 | 218,531 | 197,036 | -9.8% |
| Direct economic value distributed | 191,186 | 193,157 | 170,545 | -11.7% |
| Operating costs | 146,451 | 143,442 | 122,256 | -14.8% |
| Employee wages and benefits | 35,408 | 37,868 | 34,611 | -8.6% |
| Payments to providers of capital | 7,658 | 6,154 | 6,036 | -1.9% |
| Payments to government | 1,647 | 5,664 | 7,531 | 33.0% |
| Community investment | 22 | 29 | 112 | 286.2% |
| Economic value retained | 17,362 | 25,374 | 26,490 | 4.4% |

²The economic value generated includes revenues and other income of B&B Italia Spa and all its subsidiaries.

AN ACTIVE MEMBER OF INDUSTRY ASSOCIATIONS

B&B Italia is an active member of several national and international industry associations:



• **Altgamma Foundation** brings together High-End Italian Cultural and Creative Companies, recognised as ambassadors of Italian style, operating in multiple sectors such as fashion, design, jewellery, food, hospitality, automotive, yachts and wellness. Altgamma's main mission is to increase the competitiveness of the High-End industry, contributing to Italy's economic growth.



• **ADI - Associazione per il Disegno Industriale** (Association for Industrial Design), founded in 1956, brings together professionals, researchers, teachers, critics, journalists around the main themes of design to promote and implement the most conducive conditions for the design of goods and services.



• **Unindustria Como** represents and safeguards the interests of the associated manufacturing companies both as regards local bodies and at national and international level, through the Italian industrial confederation, Confindustria.



• Active in Italy and internationally, **INDICAM** (Centromarca Anti-Counterfeiting Institution) represents nearly 180 companies, industry associations, law and IP firms, security consultants and other organisations daily engaged in combating counterfeiting activities that affect branded products.



• A non-profit entrepreneurial association, **AICE** (Italian Foreign Trade Association), has for 70 years represented Italian companies that are engaged in business activities abroad: trading, export, import, countertrade, buying-offices, export management, small and medium-sized enterprises, etc.; as well as services related to such activities.



• The **National Wool Trade Association** represents a wide number of companies active in the supply of textile raw materials from accredited sources, fostering their growth and development.



Arclinea is moreover a member of **Confindustria Vicenza**, the main association representing manufacturing and service companies in the Vicenza area, part of an Italian network representing more than 150,000 companies of all sizes and employing around 5.5 million people.



Both B&B Italia and Arclinea have joined **FederlegnoArredo**, the ambassador of the Italian style of living worldwide, that represents Italian companies in the wood and furniture sector and supports their business by developing new opportunities.

Furthermore, B&B Italia Group is a member of the **Milano Durini Design association**, that was founded with the aim of developing the prestigious central area of Milan called "Distretto Durini".

Lastly, as reported in "*B&B Italia Group commitments to sustainability*", in November 2016, B&B Italia Group signed the **United Nations Global Compact** and since then the Group has supported the Fondazione Global Compact Network Italia (Global Compact Network Italian Foundation).



B&B ITALIA GROUP COMMITMENT TO SUSTAINABILITY

B&B Italia Group creates furnishings that are durable, both in functional and aesthetic terms, “something that is valuable over time,” products that stand the test of time and trends. Today, as yesterday, these concepts encapsulate the Group’s philosophy. Indeed, the Group’s products stand out in terms of functionality, quality of materials, construction techniques, serviceability and design. In other words, B&B Italia Group products are made to last and to be enjoyed by generations to come, a long-lasting quality that perfectly embodies the true meaning of sustainability. Durability, in fact, is an unmistakable feature of B&B Italia Group’s identity. It defines not only the Group’s approach to business, but also its interpretation of sustainability. Long product lifecycles lead to the conservation of natural resources and to a reduced environmental impact, which symbolises a key element for manufacturing firms, especially in the furniture sector.




Throughout its history, the Group has been at the forefront of research and has initiated several “silent revolutions” that have profoundly influenced the upholstery and furnishing sectors. B&B Italia Group intends to continue introducing new ideas in response to changing lifestyle needs, with a focus on studying innovative materials and developing production processes increasingly respectful of the environment. The Group’s approach to sustainability is driven by the search for quality, the mindfulness in manufacturing processes, the care in managing the environmental impacts of its operations and the quest for excellence and passion for detail across all stages of the value chain.

At the same time, sustainability for B&B Italia Group also means building relationships with all stakeholders based on trust, mutual respect, ethics. In fact, the Group aims at being a trusted employer and at promoting constant dialogue with the community, both internally and externally.

To confirm its commitment to sustainability, in November 2016 B&B Italia subscribed to the United Nations Global Compact initiative (UNGC). The UNGC is a call for companies to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and combatting corruption and to take action in support of UN goals, including the Sustainable Development Goals (SDGs) (for further details see “*Methodological note*”). Signatories to the UNGC are required to report annually on progress concerning the implementation of the ten principles to inform and update the Company’s stakeholders.

Sustainability objectives

In 2020, B&B Italia Group decided to take a further step to strengthen its sustainability commitment and to improve its environmental performance, by defining a set of ESG objectives to be achieved in the coming years. The Group has therefore committed not only to the monitoring of its Environmental, Social and Governance performance but also to actively promote initiatives that progressively reduce its impacts.

| SDGs | ESG Objectives | KPI | Target Year | Baseline |
|---|---|---|-------------|-----------------------------------|
|  | -27.5% emissions reduction by 2030 ³ | % reduction of Scope 1 + Scope 2 – Market based GHG emissions | 2030 | 5,789 tonCO _{2eq} (2019) |
| | 100% of electricity from renewable sources consumed by 2022 ⁴ | % of electricity covered by Guarantees of Origin purchased and consumed over the total electricity consumed | 2022 | 0% (2020) |
| | Revamping of 100% of heating plants with new and more efficient technologies | Start-up of the new heating plant (Caldogno site) | 2021 | Not applicable |
|  | 100% increase in the number of new products designed in accordance with circular economy principles by 2025 | Start-up of the new heating plant (Misinto site) | 2022 | Not applicable |
| | | % of new products with circularity index > 60% | 2025 | 4 products (2019) |
| | Increasing the use of reusable and recyclable packaging | Realization of a feasibility study to reduce product packaging through reusable solutions | 2022 | Not applicable |
|  | Increasing the sustainability governance | Realization of a pilot project to reduce plastic packaging for Arclinea products | 2021 | Not applicable |
| | | Creation of a Sustainability Committee to drive new and existing ESG initiatives | 2021 | Not applicable |

³ The target on 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.

⁴ The target refers to production plants, headquarters and Italian showroom.

⁵ Product circularity measured in accordance with the Italian guidelines set by the Ministry of Environment in collaboration with the Minister of Economic Development.

THE PERFECT BLEND OF HERITAGE AND INNOVATION

Exclusive design icons

Since its foundation, B&B Italia Group based its success on its strong relationships and cooperation with leading Italian and international designers and architects, fostering design whilst exploring new innovative solutions.

Over the years, the Group has collaborated with several professionals of its time, including Antonio Citterio, Piero Lissoni, Mario Bellini, Gaetano Pesce, Afra and Tobia Scarpa, Marco Zanuso, Vico Magistretti, Michael Anastassiades, Naoto Fukasawa, Vincent Van Duysen, Patricia Urquiola, Zaha Hadid, Jeffrey Bennett, Paolo Piva, Studio Kairos, Barber & Osgerby, David Chipperfield, amongst many others.

| | 2018 | 2019 | 2020 |
|-----------------------|---|--|--|
| B&B Italia | <ul style="list-style-type: none"> • Antonio Citterio - B&B Atoll Piero Lissoni - Eda-Mame • Naoto Fukasawa - Belle - Bull - Colosseo • Paolo Piva - Alanda'18 • Michael Anastassiades - Jack | <ul style="list-style-type: none"> • Antonio Citterio - Diesis 40 - Pianura • Piero Lissoni - Dock - Spool • Michael Anastassiades - Parallel Structure • Vincent Van Duysen - Pablo • Naoto Fukasawa - Bull bench | <ul style="list-style-type: none"> • Mario Bellini - Camaleonda - Cutter - Blitz - Gli Scacchi • Yabu Pushelberg - Naviglio • Piero Lissoni - Liagò |
| Outdoor | Antonio Citterio - Ribes - Erica 19 - Frank Outdoor • Jeffrey Bennett - Cosmos Outdoor • Patricia Urquiola - Fat-Fat Outdoor | <ul style="list-style-type: none"> • Antonio Citterio - Hybrid - Ginepro • Naoto Fukasawa - Ayana - Colosseo • Philippe Starck - Oh, it rains! • UnPizzo - Tramae | <ul style="list-style-type: none"> • Piero Lissoni - Borea - Spool |
| Maxalto | <ul style="list-style-type: none"> • Antonio Citterio (coordinator) - Nidus - Otium - Caratos - Alcor | <ul style="list-style-type: none"> • Antonio Citterio (coordinator) - Apollo - Dike - Tesauros | <ul style="list-style-type: none"> • Antonio Citterio - Amoenus Soft - Aurae - Otium Soft - Ares - Intoto - Crio - Naos |
| Arclinea | <ul style="list-style-type: none"> • Antonio Citterio - Modus system - Era system | <ul style="list-style-type: none"> • Antonio Citterio - Beta | <ul style="list-style-type: none"> • Antonio Citterio - Thea |

B&B Italia Group reinforces and enhances its creative and qualitative value by exploiting the expertise and creative inspiration of many designers and architects, whilst blending it with its own tradition of excellence in manufacturing. The Group stimulates, interprets and guides these creative energies, offering them space and freedom of self-expression. At the same time, the Group provides them with the technological know-how needed to conceive innovative products and make them a reality. B&B Italia Group creates long-lasting partnerships and promotes constant dialogue between architects, designers and the Group's Research and Development Centre, which attend the process from generation of ideas to product planning.

The design idea

Every product is a result of teamwork: the first steps in a synergistic cooperation between designers and architects are sketches, drawings and models. The extensive experience and critical skills of the R&D Centre guides each project so as to represent B&B Italia Group's personality in an ever-innovative way, through expression of the designer's and architect's talents.

Prototyping

A prototype is a nearly full-scale model of the design idea. Prototypes, based on wooden models, allow the Group to test how the idea will work or to improve it. The R&D Centre controls the prototyping process, relying on expert artisans' competences, and supports the definition of the technical specifications for the manufacturing phase. Not all projects are sent to production after the prototyping stages.

Planning

Product planning is the process that then defines product's technical features and that leads to the actual manufacturing. The planning phase involves the Quality, Purchasing and Marketing Departments and lays down the definition of a products' sourcing criteria, production methods and economic/technical feasibility.

The ability to put innovative ideas into practice has allowed B&B Italia Group to win several awards, including 4 *Compasso d'Oro* prizes, the most prestigious award in the field of Italian industrial design, presented by the Association for Industrial Design (ADI).

Le Bambole

Designer: Mario Bellini
1979



THE FOUR COMPASSO D'ORO

1979 – Le Bambole

With a new shape for upholstered furniture, Le Bambole never ages. What makes them special is the apparent absence of a load bearing structure, the extreme naturalness of their shape, and the combination of comfort, softness and elasticity that their appearance conveys. The series turned out to be an icon for the 1970s.



1984 – Sisamo

It was designed as a container closely associated with concepts of functionality and practicality, aimed at blending with the walls of the room without any loss of continuity. The patented door opening and closing mechanism, with flush sliding doors, has been the peculiar feature of this system. A wardrobe that becomes invisible after use, transforming itself into a smooth and elegant wall with perfect flush doors.



1987 – Sity

A courageous step forward in the search for a seating system, Sity was conceived as a flexible and separable structure, capable of reorganising the new complexity of living space. An important characteristic has been that all the elements, whilst preserving their own form and functional autonomy, are conceived as parts of a modular scheme.



1989 – B&B Italia

B&B Italia was the first Company to be given recognition with a Compasso d'Oro directly awarded to a design manufacturing Company.

In 2020, B&B Italia Group was awarded two important prizes. The first one, the Wallpaper Design Award 2020 in the category "Best Cover Up" for "Oh, It Rains!", designed by Philippe Starck for B&B Italia Outdoor. This product, characterized by the simplicity of its lines, gained a great success amongst outdoor products. The distinctive feature of this sofa is the special shape of the backrest, that thanks to its flexibility can completely fold on the seat giving a dual contribution of compactness and protection of the seat itself. In the same year, B&B also won the EDIDA 2020 in the Outdoor category with "Ribes", a modular seating system designed by Antonio Citterio for B&B Italia Outdoor. This new outdoor sofa stands out for its versatility and for the research of materials; the real strength, however, is the modularity of the product itself that allows the customer to adapt the sofa according to his personal taste and space needs. This aspect enabled the sofa to be transformed into numerous different configurations, meeting different customer needs and expectations.



RECENT PRIZES AWARDED TO THE B&B ITALIA GROUP

| 2018 | |
|---|-------------------------------------|
| Award | Product / Company |
| Wallpaper Design Awards | Saké and Ginestra |
| American Great Design Award - Winner | Alex |
| German Elle Decoration International Design Awards | B&B Atoll |
| Best seating of the year | |
| China Elle Decoration International Design Awards | Eda-Mame |
| Best furniture of the year | |
| IDA Design 2018 Gold - Interior Design-Residential | Reach, Brickell City Centre Miami |
| German Design Award - Design Classics and Re-editions | Catilina (Azucena) |
| | |
| 2019 | |
| Award | Product / Company |
| NYCxDESIGN Award 2019 - Product – Residential Sofa | Eda-Mame |
| Wallpaper* Design Award 2019 - Best disco divas | Eda-Mame |
| World Airline Awards 2019 | United Airlines' SFO Polaris Lounge |
| Red Dot Award 2019 - Best of the best | The Retreat at Blue Lagoon Iceland |
| | |
| 2020 | |
| Award | Product / Company |
| 2020 Wallpaper Design Award | Oh, it rains! - B&B Italia Outdoor |
| EDIDA 2020 | Ribes - B&B Italia Outdoor |



Eda-Mame
Designer: Piero Lissoni
2018

AN INNOVATIVE DNA

Innovation is an intrinsic characteristic of B&B Italia Group's industrial and technological vocation, a commitment deeply rooted in the Group's DNA since its inception. The decision to establish a dedicated Research and Development Centre at B&B Italia headquarters and a Design Team in Arclinea has been a key factor in the Group's growing strategy, as shown by annual investment in research, which usually exceeds 1% of B&B Italia Group's annual turnover and, in 2020, amounted to 2.2 million Euros.

In line with these investments, B&B Italia Group has always dedicated to the protection of intellectual property, considered a strategic element for ensuring business continuity and safeguarding the Group's creativity against counterfeiting. In order to protect its know-how, B&B Italia collaborates with the Attagamma Foundation and since 2011 the Company has filed over 280 design model registrations in Italy, several of which have also been filed in Europe, USA, Australia, China and Korea.

B&B Italia's Research & Development Centre

The R&D is the most recent building at the B&B Italia headquarters in Novedrate, designed in 2002 by Antonio Citterio and Patricia Viel and conceived to be in complete harmony with the surrounding environment. Created to inspire new design models reflecting B&B Italia's characteristic ambience and spirit, the building is a creative laboratory that blends design and product innovation research, providing the opportunity for constructive cultural dialogue and exchanges of experience. In addition, the R&D Centre building hosts B&B Italia's showroom for a total surface area of 1,650 m².

Innovation in Arclinea

Arclinea has its own internal R&D function, responsible of developing new furniture components or even new models, as well as modifying and improving existing products. Since 1986, Antonio Citterio has been Arclinea's designer of reference, but many ideas and sources of inspiration emanate from market analysis and directly from clients.

In fact, the Company believes in the efficacy of constructive dialogue and lasting relationships with clients and since 2006 has formed a "Design-Team" comprising its most important and committed customers in Italy and abroad. The Team is periodically convened to discuss ideas and requirements for potential new furniture components and models. A dialogue of this kind is almost unique in the design domain and usually marks the initial conception phase behind Arclinea's new creations.

After ideas have been collated, the Company conducts a benchmark analysis to gain an overview of the overall market and to consider whether the proposed ideas may be viable. In the event they are deemed so, the proper design phase begins, unfolding from prototyping to potential commercialization.

In 2019, Arclinea undertook a path of technological renewal of manufacturing processes aimed at enhancing production efficiency, drawing up an Industry 4.0 investment plan with the goal of renewing production processes. This path started with the acquisition of a 3D precision printer that not only facilitates the rapid production of mock-up, but also enables the internal moulding of small quantities of plastic pieces with high accuracy and repeatability, reducing outsourcing and warehouse inventory. In 2020, Arclinea continued on this path purchasing new machinery characterised by high energy efficiency, high automatization and digital control. Thanks to this renewal, Arclinea will be able to increase production efficiency reducing energy consumption, scrap production and rationalise logistic processes.

One of the main examples of this avant-garde approach, a feature always present since the start of B&B Italia's history, is the introduction of the revolutionary technology of injection moulding with cold moulded polyurethane foam. Piero Ambrogio Busnelli, B&B Italia's co-founder, first conceived this technique in the '60s. Whilst in London for a business trip, a minor detail that might have seemed unimportant to many, aroused his curiosity: a machine that created and "spat out" cold moulded rubber ducks of injected polyurethane. The shift from "ducks" to sofas was not easy, but it led to the implementation of a unique industrial process as well as to the creation of custom-made icons, now recognised worldwide.

Further examples of these "revolutions" include the introduction of removable covers for sofas, the use of pre-impregnated with synthetic resins fibreglass in the '80s (in collaboration with Bayer), the introduction of chaise-longue peninsulas in the '90s, the use of weavings in polyethylene for outdoor furniture in the early 2000s, the introduction of lightweight aluminium fusions for frames after 2010 and the design of circular and swivel products made up of recyclable materials and disassembly properties in more recent years.

Thea

Designer: Antonio Citterio
2020



The “silent revolutions” of B&B Italia in the furniture sector

Upholstered furniture

| |
|---|
| 1966 Metal structures in upholstered furniture, substituting wood for increasing flexibility and resistance and reducing weight - Coronado Use of polyurethane for potentiating durability also in terms of shapes - Coronado Removable structures for increasing transportability and reducing volumes - Coronado Insertion of leaf springs into structures, to increase comfort and flexibility - Coronado Use of fiberglass into structures to increase resistance – Amanta |
| 1969 Vacuum packed chair to achieve maximum contraction - Up 10-year guarantee for padded structures |
| 1970 Use of integral polyurethane – Bonanza |
| 1976 Rigid polyurethane structures – Lauriana |
| 1980 Mechanisms to increase sofas’ comfort and modify height of seats – Alanda |
| 1984 Use of tubular fibreglass for enhancing folding properties – Nena |
| 1986 Multiple seating typology to enhance the flexibility of seating systems – Sity |
| 1995 Use of die-cast pegs for increased lightness – Harry |
| 1997 Introduction of peninsulas and chaise longue – Charles |
| 2003 Use of preformed printed leather – Mart |
| 2007 Weavings in polyethylene for outdoor use – Canasta |
| 2016 Use of lightweight aluminium fusions – Charlotte |
| 2018 Eco-friendly padding – Erica '19 and Ribes |
| 2019 Disassembly structure – Hybrid |

Systems

| |
|--|
| 1970 Polyester systems “100 gloss” to increase brightness – Olinto |
| 1980 Use of cast iron structures to enhance stability and holding - Dape |
| 1983 Coplanar sliding doors for wardrobes reducing the encumbrance – Sisamo |
| 1989 Use of extruded PVC 240 cm shelves allowing exceptional capacity and integration with lighting - Domus Vertical opening 240 cm shutters reducing the encumbrance - Domus |
| 1990 Fire-retardant HSC panel for marine environments - B&B marine |
| 1996 Introduction of wengé finishing – Maxalto |
| 1998 PVC panels substituting office walls – Abak |
| 2008 Aluminium modular library to increase lightness and stability - Flat.C |
| 2012 Roto-shifting opening for wardrobes – Backstage |
| 2014 Shellac finishing – Maxalto |
| 2020 New 4.0 automation production machines - Arclinea |



Blue Lagoon Iceland
B&B Italia Contract Division
2018

For B&B Italia Group, innovation means impelling the market towards new solutions that are increasingly functional and aesthetically aligned with contemporary taste. The results of the Group’s continuous efforts are demonstrated by the constant evolution of its model range: between 2018 and 2020, the Group launched over 50 new products and 16 extensions to existing product ranges. In addition, since the end of 2018 B&B Italia Group has started to manufacture and commercialize several iconic Luigi Caccia Dominioni ideas under the Azucena brand, such as the Catilina chair, the ABCD armchairs, the Toro sofa and pouf, the Cavalletto table and the Poltrona and Imbuto lamps.

| New products developed and launched | 2018 | 2019 | 2020 |
|-------------------------------------|------|------|------|
| New products | 15 | 18 | 19 |
| Extension of product ranges | 3 | 10 | 3 |

The B&B Italia Contract Division also interprets B&B Italia’s innovative spirit in the development of new ideas in a customer-centric way. The Division conceives each single detail to satisfy specific customers’ needs and invests in liaising with customers and architects, while co-ordinating research, testing and engineering for each element of a project. In 2020 the Contract Division participated in ambitious and high-profile projects such as the 1000 Museum Miami, by Zaha Hadid Architects, an imponent residential tower in Downtown Miami, that counts over than 30,000 square feet for less than 100 residences. Furthermore, B&B Italia Contract also took part in Hub50House Tower in Boston, USA. For this project, all the common areas, the management offices and the amenity spaces were furnished with B&B Italia products.

The Retreat at Blue Lagoon Iceland

The Blue Lagoon Retreat Hotel is the first five-star hotel located at the exclusive Blue Lagoon geothermal pool in Iceland, the most popular destination in the island named as one of the world wonders by National Geographic Traveller. In 2018, B&B Italia group collaborated with Blue Lagoon as a global contractor in furnishing the first five-star luxury destination in Iceland. The interiors take their cue from the unique surroundings of the Blue Lagoon, designed for a harmonious unity between man-made and nature. Key components of the project are made of natural elements, such as wood and lava rock. B&B Italia Contract Division provided all the appurtenances and furnishings in most of the hotel areas and the decorative lighting of the hotel, restaurant, library and spa. This includes furniture from both the B&B Italia and Maxalto collections, as well as an extensive number of custom-made furnishings by B&B Italia, designed exclusively for the Retreat by Design Group Italia. In 2019, the Blue Lagoon Retreat Hotel was awarded the Red Dot Award 2019 “Best of the best”, which led to the luxury hotel garnering as many as 15 awards after only one year of opening in April 2018.

Another fundamental component of B&B Italia's history of innovation is sustainable development, from the use of sustainable materials to upgrading industrial processes in order to reduce the environmental impact. Across the years, the company has made progress in these areas by promoting the elimination of freon in the polyurethane formula, the use of recycled and recyclable techno-polymer coats (Husk, 2011), the transition to water-based solvents for wooden products (completed in 2015 at the Misinto site), the fabrication of coatings from recovered leather scraps (Hive Pouf, 2013) and the elimination of formaldehyde from chipboard. In addition to these significant achievements, in 2019 B&B Italia committed to reducing product impacts at the end of their life cycle, introducing products with dismantlable structures.

In 2020, B&B Italia launched a global online survey with 800 Dealers to get their feedback. In addition to questions on product and service quality, the survey tested dealers' interest in new collections designed according to circular economy principles. As a result, more than 60% of respondents showed a high or moderate interest in the proposal, in line with the Group's commitment to enhance product circularity.

Assessing products' circularity

As part of its commitment to improving products' recyclability and to promoting and including circular economy principles in production and design processes, since 2018 B&B Italia has assessed the circularity properties of some of its outdoor collection products. The Group has been amongst the first in the furniture sector to evaluate products circularity through a quantitative and comparable assessment carried out by a third-party entity.

Strengthening the path started in 2018 with Ribes and Erica '19, both designed by Antonio Citterio and continued in 2019 with Hybrid, designed by Antonio Citterio, and Ayana, designed by Naoto Fukasawa, in 2020 B&B Italia assessed the circularity of two new products: the brand-new "Borea", designed by Piero Lissoni, and one of the icons of the past, "Camaleonda". Specifically, Borea paddings are made with polyester fibre filling coming from recycled PET plastic bottles enveloping a different density polyurethane core. Camaleonda, instead, is a restyling edition of the classic sofa, redesigned using recycled materials, respecting the classic lines of the masterpiece of Mario Bellini. In line with previous years, product circularity was measured in accordance with the Italian guidelines⁶ set by the Ministry of Environment in collaboration with the Minister of Economic Development. Through a set of indicators, including the recyclability of the input materials and of the products, B&B Italia assessed that Camaleonda circularity is equal to 70%, whereas Borea correspond to 89%. These results can be ascribed to their ability to be disassembled and to the use of recycled and recyclable components, as recycled PET in Borea removable cushions.

Ayana

Designer: Naoto Fukasawa
2019

⁶ Economia circolare ed uso efficiente delle risorse - indicatori per la misurazione delle risorse (2017)



For B&B Italia Group, innovation lies also in building unique design artefacts, starting from a careful study of its clients' and customers' needs and leveraging the accredited experience of their professional partners. The central pillar of the Group's approach is making the purchase of its products and services "something valuable over time" that remains etched in the memory. The Group uses different ways to articulate this concept and its contemporary design culture, promoting open dialogue with its clients and customers.

Indeed, in its own stores, B&B Italia Group encourages visitors to undertake a journey of discovery where design meets sensation, involving all the senses. A sequence of thematic areas, designed with extreme care, highlights the story and contextualises products in an ambience of perfect harmony between products and the surrounding environment. Colour combinations, contrasts that enhance details, tactile materials and a wealth of subtleties please the eye, arousing curiosity and inviting visitors to touch and feel the products. B&B Italia Group also benefits from the experience of its partners and their ability to pursue the quest for excellence. The Group works closely with them to guarantee the utmost product quality as well as a first-class purchasing experience. These aspects are managed through a specific policy of extensive after-sales support, which includes proper training for dealers' staff and architects. Every year the Group organizes several training courses addressed to international architects, clients and industry operators. In 2020, despite the Covid-19 pandemic, B&B Italia and Arclinea continued their activities with partners and dealers, digitalizing events and courses. Specifically, 89 designers and architects were trained in 2020, of which 50 in-person and 39 online.

Ayana

Designer: Naoto Fukasawa
2019



DESIGN AMBASSADOR SINCE 1966

Given the assumption that every cultural manifestation can be a vehicle for the most profound spirit of design, B&B Italia Group supports and promotes cultural initiatives and exhibitions in every artistic domain. Over the years, B&B Italia Group has confirmed and celebrated its passion for art and design by sponsoring several exhibitions dedicated to world-famous designers and architects, such as Gaetano Pesce, Luigi Caccia Dominioni, Mario Bellini and Zaha Hadid.

B&B Italia Group has always been a reference point in several events such as international fairs, exhibitions and cultural ceremonies organized all over the world. However, promoting open dialogue with its clients and customers in 2020 was difficult, due to the restrictions put in place by national governments to mitigate and prevent the spread of the virus and for this reason many fairs and events design culture were postponed or suspended.



Coronado

Designer: Afra & Tobia Scarpa

1966

In fact, in order to try to handle the Covid-19 restrictions the Group has pushed towards the digitalization of the relationship with its stakeholders organising digital events to spread design culture and to promote Italian design heritage. One example of this new digital communication approach is the first official B&B Italia podcast entitled "The Couch– Conversations on Design" and hosted by David Plaisant. This podcast, aired in 2020, in addition to highlighting the centrality of the home in this tough period increasing listeners awareness in the comfort and quality of home products, aims at telling design lovers about the Group's curiosities, anecdotes and unpublished facts.

The main contents of this podcast concern curiosities, stories and insights regarding B&B Italia products. The podcast has been studied to have a cultural and informative slant thanks also to the participation of international personalities and designers like Philippe Starck, Lidewij Edelkoort, Ivy Ross, Mario Bellini, Joseph Grima and many more. For the first season, the project consists of seven episodes, embracing the main aspects of the home world by emphasizing the concepts of comfort and design that make B&B products unique.

Moreover, for the first time in its history, the group launched a season of digital presentations, introducing in its market strategy webinars and presenting new products to more than 2,000 people all over the world. This new solution has not only made it possible to involve more people than physical events, but it also allowed to dialogue directly with dealers without the intermediation of agents, allowing greater precision in terms of value proposition.

Finally, in conjunction with Milano Design City– September 2020 – B&B Italia presented to the public the new collection signed by worldwide known designers. This event allowed the Company to present Blitz and Cutter by Mario Bellini, Liagò by Piero Lissoni and, Naviglio by Jabu Pushelberg. All these products are from the new 2020 collection that, for the first time after the first Covid-19 limitations, were presented in the store with public attendance. In the same month of September 2020, the collection was presented with dedicated events held in Paris and London.



Camaleonda 50th anniversary

In 2020, B&B Italia celebrated the fiftieth anniversary of Mario Bellini's masterpiece sofa Camaleonda: a modular sofa that has become a design and style icon since the 1970s.

For the 50th anniversary of the sofa, the designer Mario Bellini, supported by B&B Italia, has reworked the concept that made Camaleonda an icon, trying to readapt the style to the new parameters that distinguish the Group's new vision of products' design. Indeed, over the years, the Group has increased its awareness to environmental and sustainability issues. For these reasons, Camaleonda has also been redesigned focusing on these aspects, including the circularity principles of disassembly and recyclability whilst respecting the characteristic lines of the iconic sofa.

More specifically, the "sandwich" structure is made of recycled or recyclable material; the seat, backrest and armrests are made from FSC® (Forest Stewardship Council®) certified wood. However, the predominant aspect is the composition of the covering of the padding of the seat, backrest and armrest, made of 100% recycled polyester fibre, a synthetic fabric entirely made by recycled PET.

In 2020, in order to celebrate the 50th anniversary of the Camaleonda sofa, a big digital presentation strategy was developed. Specifically, three different types of dedicated videos were designed. The videos showed the restyled sofa in different context and scenarios and through artistic representation and interviews to the designer, presented product features and specificity. The whole artistic process can be seen as an audio-visual journey from the designer's mind - from his first ideas to the realisation of such intuition and its integration in the real world.

In addition to Camaleonda, another accessory product, also designed by Mario Bellini, was redesigned and adapted in a modern concept in terms of materials and ideas: Gli Scacchi. This product completed and continued the flexible nature of Camaleonda, becoming additional accessories for the sofa itself. The three pieces that make up the series are inspired by the game of chess, in particular the queen, the knight and the rook (hence the Italian names Regina, Cavallo, Torre), light and easy to move like on a chessboard. The new Gli Scacchi were presented during the 3daysofdesign event, held in Copenhagen at Kuglegarden. In this occasion B&B Group presented 2020 products, together with Flos and Louis Poulsen for Design Holding.



Camaleonda and Gli Scacchi

Designer: Mario Bellini
2020

Arclinea Design Cooking School: a celebration of Italian food culture

Thanks to ongoing research, Arclinea is today a leading actor in professional design for cookery schools and restaurants. In order to celebrate its original blend between a refined design culture and a passion for the Italian food heritage, Arclinea has developed important partnerships with distinguished international chefs, by creating the Design Cooking School. This consists of a series of cooking courses organised across Italy and presented by famous chefs. During these courses, students have the opportunity to use Arclinea kitchens, to learn how to cook and often become loyal customers to its products. To date, the Design Cooking School can count on over 18 partners, such as Gianluca Aresu and Giuseppe Falanga's Italian Chef Cooking School and Marion Muzi Falcon's "L'apprentie pâtissière" in Paris.

From 2019, the renowned restaurant "Il Luogo di Aimo e Nadia", from the chefs Alessandro Negrini and Fabio Pisani, has joined the Arclinea Design Cooking School. The restaurant has a new space dedicated to workshops, master classes and events, called "Theatrum dei Saporì". The space, equipped with an Arclinea functional island, hosts cultural gastronomic initiatives, training of new professionals, but it is also a "restaurant in the restaurant", where the chefs offer exclusive gastronomic experiences to small groups of customers.



In 2020, in line with 2019, to communicate the Group's commitment to promoting cultural events and its iconic design, B&B Italia Group continued to enhance its communication and marketing strategy through a series of projects aimed at strengthening its presence on the main digital platforms for all its brands.

Consequently, B&B Italia Group drew up a communication plan designed to increase its number of followers and interactions with actual and potential users on social networks. The Group focused its efforts on progressively reinforcing its profile content and appeal on Facebook, Twitter, Instagram, Pinterest and LinkedIn. Last year, B&B Italia began using the dedicated social channels WeChat and Weibo for the growing Chinese market and established a dedicated Instagram page for Maxalto in order to distinguish and promote the brand. In addition, the group constantly supervises the main design portals (e.g. Archiproducts, Architonics, Designboom, Deezen) with the aim of maintaining a stable and valuable relationship with the community of architects and designers.

B&B Italia Group has an increasing presence on social media, as is shown by the growing number of fans and followers, rising overall by over 19% between 2019 and 2020. Nonetheless, in the coming years, the Group will continue to work to further improve social interaction, including via comments and references.

2020 FOLLOWERS

119,497

Facebook

15,218

Twitter

15,261

WeChat

496,876

Instagram

46,693

Pinterest

28,116

LinkedIn

992

Weibo



Blitz

Designer: Mario Bellini
2020

THE PROPER BALANCE BETWEEN PRODUCT QUALITY AND IMPACT

The continuous quest for product quality

The quest for quality is the key element of B&B Italia Group’s vision, encapsulating the Group’s mission to provide long-lasting value for clients; it represents a commitment to excellence all along the value chain; it drives the Group’s approach to supplier relations, characterised by trust, collaboration and innovation.

Since 1997, B&B Italia has implemented the ISO 9001 Quality Management System at the Novedrate, Misinto, Arosio and Carugo sites, certified by an independent third party. This Management System is a fundamental element of B&B Italia’s work ethos, given that it sets rules and boundaries that govern quality control at all levels. Similarly, Arclinea’s Caldogno factory has an ISO 9001 Quality Management System certification, first accredited in 2012. In 2018, both B&B Italia and Arclinea updated their Management Systems to the new international technical standard UNI EN ISO 9001:2015. The context analysis carried out by the two companies did not identify any relevant quality risks connected to quality management.

The continuous and full implementation of the Quality Management System is the key instrument to ensure all statutory and regulatory requirements and standards applicable for the Group’s export destinations are met. B&B Italia Group’s products meet all relevant legal requirements, including European and US laws and regulations. Throughout the product life cycle, all categories are assessed with respect to health and safety impacts and in terms of compliance with applicable regulations with the support of leading Italian and international test laboratories. That there have been no issues as regards non-compliance with regulations concerning the health and safety impacts of products is evidence of B&B Italia Group’s Quality Management System’s effectiveness ^[416-2].



Blitz
Designer: Mario Bellini
2020

| | |
|----------------------|---|
| Fire resistance | <p>Italian Ministerial Decree of 26/06/84 Concerns the classification of fire resistance and approval of materials for fire prevention purposes (I).</p> <p>California Technical Bulletin 117-2013– USA Sets flammability standards for upholstered furniture.</p> <p>California Senate Bill SB1019 – USA Concerns the presence and labelling of flame-retardant chemicals used in upholstered furniture.</p> <p>Furniture and Furnishings (Fire) (Safety) Regulations 1988 – UK Sets levels of fire resistance for domestic upholstered furniture.</p> |
| Electrical equipment | <p>ANSI - UL 48 Portable electrical apparatus (Lamps) – USA and Canada B&B Italia certifies that its low-voltage electrical equipment is safe and complies with current laws, standards and regulations in force.</p> <p>Directive 2014/35/EU On the harmonisation of the laws of the Member States relating to making available on the market electrical equipment designed for use within certain voltage limits.</p> <p>Directive 2014/30/EU On the harmonisation of the laws of the Member States relating to electromagnetic compatibility (recast).</p> <p>Directive 2012/19/EU On the harmonisation of the laws of the Member States relating to waste electrical and electronic equipment (WEEE).</p> <p>Directive 2011/65/EU On the restriction of the use of hazardous substances in electrical and electronic equipment.</p> <p>Directive 2006/42/CE Concerning machinery.</p> |
| Furniture standards | <p>UNI EN 16139 Furniture - Strength, durability and safety requirements for chairs.</p> <p>UNI EN 15372 Furniture - Strength, durability and safety requirements for tables.</p> <p>UNI EN 581 Outdoor furniture - general safety requirements for outdoor seating and tables.</p> <p>UNI EN 16121 Furniture – safety, strength and durability requirements for storage furniture.</p> <p>UNI EN 1116 Kitchen furniture - Coordinating sizes for kitchen furniture and kitchen appliances.</p> <p>UNI EN 14749 Furniture - Domestic and kitchen storage units and kitchen-worktops, safety requirements and test methods.</p> <p>UNI EN 13986 Wood-based panels for use in construction - Characteristics, evaluation of conformity and marking.</p> <p>ANSI-BIFMA X5.1 Chairs - USA Provides standards for the evaluation of the safety, durability and structural adequacy of general-purpose office chairs.</p> |

As regard customer service, the Group believes in the value of offering consumers a product as a long-term investment and therefore it keeps working on increasing the lifecycle of its creations. In this context, all B&B Italia products include an identification code, which allows the Company and its customers to trace all technical documentation and product standards for each item sold. Customers' interest in and awareness of product safety and durability increases progressively. For this reason, B&B Italia Group goes beyond mere compliance and monitors these parameters through specific activities and tests, in accordance with various voluntary codes and regulations that can apply, depending on markets, national laws and clients' specific needs. Products are therefore subject to validation by conducting tests, for instance strength and durability tests, on the product family's most significant or representative article and/or on an item that is particularly key in terms of construction technique.

Tests are carried out following the principal methods applied in the furniture industry. In addition, in Arclinea each product is subject to manual checks during and at the end of the manufacturing process. When any defects or problems are identified, remedial steps are taken as soon as possible by the factory staff, usually within two hours. Furthermore, Arclinea's Quality Function periodically organises a series of internal working groups to brainstorm how to continuously improve the production stream. This allows the Company to deliver high quality products, whilst acquiring replicable best practices learnt from previous production mistakes.

Cutter

Designer: Mario Bellini
2020

Products in the making: from industrialisation to delivery

B&B Italia's industrial process encompasses various phases, which represent a continuation of the three preliminary stages (design, prototyping, planning) described in § "Exclusive design icons".

Industrialisation

Production begins with the industrialisation phase, where all the possible technologies to be applied are analysed, to select the perfect mix between quality and design requirements, cost optimisation and technical solutions. The ultimate goal is to ensure that the product can be produced on a large scale, ensuring the same features and performance as was originally planned are achieved. For example, when "cold-moulded polyurethane foam" technology is used for creating sofas, in the pre-production stage the metal load-bearing frame that guarantees the best results in terms of product durability and resistance is chosen. Then, the frames are integrated with various elements (elastic straps, springs, reinforcing, etc.) that enhance product performance in terms of comfort and functionality. Thereafter, frames are sunk in polyurethane injected into the mould, which allows for the reproduction of the exact shape of the chosen model.

Validation & Production

The validation & production phase ensures, first, that the product meets planned requirements and specifications and that all industrial aspects are consistent with same. B&B Italia effects further quality assessment through the various tests and checks described above, so that the final product fulfils its intended purpose and is ready for delivery. The results of all these controls and technical documentation are entered into a product fact sheet, which is like an ID card for the product itself. The product is now ready to be produced. Inventory is taken in the storage warehouses when production commences, and when a specific order has been commissioned by a client.

Delivery

Lastly, the production chain ends with delivery: sofas, furniture and all the other systems are assembled, checked and then sent to retailers or clients.



Furthermore, a document certifying authenticity, the Product data sheet – Guarantee, sets out the originality and uniqueness of the product, informs the customer about the materials, maintenance instructions, the warranty, manufacturer and designer of the product. Additionally, B&B Italia Group demonstrates its commitment to quality offering more than the 2-year warranty prescribed by law. An example is B&B Italia's 10-year warranty for the frames of its padded furniture (sofas, armchairs, chairs and beds). The warranty covers original defects in the manufacture of the structural parts, providing for replacement or repair, free of charge, of the unusable or defective component identified and acknowledged as such by B&B Italia. Similarly, Arclinea provides a 5-year warranty on some products for production defects.

This approach has been rewarded by no product recalls between 2018 and 2020. As shown in the data set out in the table below, the ratio of overall complaints on invoiced orders, which measures the Group's actual quality of performance in terms of meeting customer demands, showed a stable pattern. Rejected complaints were mainly related to an incorrect products installation or maintenance by clients ^[102-43].

| | 2018 | 2019 | 2020 |
|---|--------------|--------------|--------------|
| Rejected complaints | 1,231 | 1,355 | 1,143 |
| Actual complaints | 1,716 | 2,285 | 1,998 |
| Overall complaints | 2,947 | 3,640 | 3,141 |
| Ratio of overall complaints on invoiced orders | 3.6% | 3.4% | 3.6% |

B&B Italia' commitment to quality also includes careful selection of materials. When procuring raw materials and semi-finished products from suppliers and contractors, the Company adopts a series of thorough control practices, designed for the selection of the highest quality materials available, including in terms of sustainability in the supply chain and reduced health and safety risks for customers. Once a product is deemed appropriate for starting manufacturing production, the Purchasing Department manages the sourcing of appropriate raw materials and components. The Department thus evaluates and selects the materials used for the internal structure (e.g., iron, steel, magnesium), as well as for external coating (e.g., type of leather or fabric) or finishing (e.g., type of base, possible accessories). Various assessments are also performed, both by the Technical Office in charge of production and by the Quality Department, in order to provide recommendations of their own and prevent possible issues in terms of products' technical features as well as quality, safety and durability.

The Group purchases a wide variety of materials, mainly wood, fabrics, leather, marble, metal and foam mixtures for padding. The amount of raw materials and packaging, in almost every category purchased decreased in 2020 to 5,755 tons. This considerable drop in purchased materials was mainly due to the restrictions introduced to mitigate the Covid-19 pandemic in the early part of 2020, which forced the Group to the closure of the production and of the main store around the world.

^[301-1]

| Materials and packaging [ton] | 2018 | 2019 | 2020 |
|-------------------------------|--------------|--------------|--------------|
| Iron/steel ⁷ | 909 | 998 | 933 |
| Fabrics | 268 | 297 | 262 |
| Wood | 2,081 | 2,648 | 2,441 |
| Chemicals | 292 | 307 | 294 |
| Marble ⁸ | 226 | 251 | 223 |
| Ceramic | 0.4 | 0.6 | 0.4 |
| Appliances | 53 | 61 | 65 |
| Aluminium | 247 | 270 | 236 |
| Leather | 33 | 34 | 33 |
| Paints | 546 | 549 | 424 |
| Paper | 664 | 665 | 639 |
| Plastic | 16 | 29 | 16 |
| Glue | 10 | 13 | 10 |
| Glass | 23 | 25 | 18 |
| Polystyrene | 60 | 82 | 79 |
| Polyethylene | 17 | 28 | 26 |
| Total | 5,443 | 6,259 | 5,755 |

Raw materials are one of the major convergence points where quality and sustainability considerations intersect. For B&B Italia Group, this means progressively reducing the use of materials and adopting the most sustainable solutions from the beginning of the production processes, avoiding the use of hazardous materials and, where feasible, consistently encouraging the use of natural, nontoxic and recyclable components. Examples of this approach include the supply of wood mainly from trees at the end of their lifecycle, as well as experimentation with innovative sustainable materials. Moreover, reuse of materials is an important aspect of B&B Italia's operations: for example, leather and fabric scraps are sold to other companies that use them in their own production cycles.

⁷These data also include small amounts of wood.

⁸These data also include small amounts of wood.



Liagò

Designer: Piero Lissoni
2020

The following characteristics relating to the procurement of materials are worth mentioning:

- Aluminium, iron and steel represent the majority of B&B Italia's purchases in terms of quantities of raw materials. These metals are used for die-cast metal structures, moulds and frames, which are mainly produced in Italy, as well as for other components – such as chair legs – frequently purchased from China.
- Fabrics are mainly provided locally, from northern Italy and in particular from the Monza and Brianza districts. The Company has a long history in seeking out natural and synthetic yarns, which has led to the development of exclusive agreements with its textile suppliers for specific fabrics produced only for B&B Italia. Leather, on the other hand, is sourced mainly from 3 suppliers in the District of Arzignano, one the best-known Italian producers in the tannery sector.
- Wood is the main material used by Arclinea, which is provided by FSC® certified suppliers (for further details see "FSC® certified wood"). Specifically, top quality wooden slats are used for kitchen-front panels, whilst lower quality grades are used for backing sections.
- Chemicals, mainly in the form of glues, additives and polyurethane foams are used for product padding, whilst paints are water-based and used in large part for the treatment of woods and furniture. Both materials are purchased from large multinational producers, chosen for their international credibility and quality.
- Polystyrene and polyethylene have recently been selected as materials since they are more resistant and easier to manage than traditional alternatives and are fully recyclable.

FSC® certified wood

The Forest Stewardship Council® (FSC®) is an international, non-profit NGO, offering a forest certification system recognised internationally. This certification aims at ensuring correct forest management and traceability of related products. As such, it guarantees that the product is made using raw materials from properly managed wood according to defined principles of sustainable procurement and chain of custody certification. Since 2013, Arclinea* has implemented a Management System that complies with the principles and standards of the FSC®. As a result, 100% of Arclinea's wood supply and products can be FSC® Mix certified, thus guaranteeing that wood is supplied from FSC®-certified forests, recycled material, or controlled wood. In 2018, B&B Italia** started working on unique products produced only with FSC® Mix certified wooden components. During 2019, the Company increased the certified product range: from one chair in 2018, the Belle chair, to four product lines: Ayana, Gio and Ravel of B&B Italia collection and Fulgens of Maxalto collection. B&B Italia's goal is to further increase the application of the FSC® Mix certification to its wooden products, by constantly integrating the list of parts subjected to the certification, with the goal of ensuring the sustainability of the supply of wood.

* Licence Code FSC-C118694, ** Licence Code FSC-C142045

THE IMPORTANCE OF SUSTAINABLE SOURCING

B&B Italia Group relies on a network of about 2,000 suppliers of materials, finished and semi-finished products and contractors assembling finished products. Over 90% of these partners are based in Italy and most of them are in the Lombardy, Veneto, Marche and Emilia Romagna regions. The suppliers' proximity enables B&B Italia and Arclinea to collaborate closely with artisanal experts for complex high-quality work and to foster a continuous dialogue with them. In terms of procurement volumes, during 2020, B&B Italia group purchased the 78.3% of its raw materials, packaging and semi-finished products from Italian suppliers. It is interesting to note that, during 2020, the overall value of the expenditure for the purchase of raw materials, as far as Italian suppliers are concerned, by the B&B Italia Group remained stable compared with the past years; what, in fact, varies the most is the amount of expenditure for foreign suppliers, causing, therefore, an increase of 4 percentage points in the previous statistics. The variation in the abovementioned values are mainly reconnectable to the Covid-19 pandemic that affected Italy during the whole 2020. ^[204-1]

The Group seeks to establish long-lasting relations with its suppliers, built on a strong sense of partnership and trust and informed by Group values: ethics, transparency and innovation. Suppliers are often involved from the first phase of product design, communicating with the R&D Centre and the Quality Department so as to be able to select and apply the most up-to-date technical solutions.

When signing B&B Italia's purchasing conditions, suppliers also accept the Company's Code of Ethics, the Organisational, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001 as well as health and safety regulations. In addition, B&B Italia lays down specific quality checks throughout the procurement chain, depending on the specifications of the various items purchased, from raw materials to finished products: the vendor list is updated every year with a thorough assessment of suppliers' technical, economic and quality performance.

Grande Papilio

Designer: Naoto Fukasawa
2009



Before starting a new commercial relationship, B&B Italia, including its Contract Division and Arclinea, require each supplier to submit a data sheet setting out relevant information. Arclinea's form includes sustainability certifications and a list of its principal clients and sub-contractors. Where there are adverse findings, such results lead to specific action plans that vendors must implement in order to continue their partnership with the Companies. If the outcome of the assessment is positive, the supplier is included in the qualified vendors list ^[412-1].

To help maintain quality at all levels, B&B Italia's Quality Department undertakes both scheduled and unscheduled visits to supplier plants, in addition to quality checks on reception, allowing the Company to get to know partners' operating practices in depth. Similarly, Arclinea established quality check visits to new suppliers to verify compliance with Company quality standards. In specific cases, Arclinea works to enhance suppliers' quality levels by signing dedicated co-investment agreements, related to the development of customised moulds and prototypes. In these cases, the Company protects the individuality of its products by including confidentiality and exclusivity clauses in supply contracts.

Furthermore, for outdoor finished products, the production of which is mainly located in Bosnia, Indonesia, China and the Philippines, the Company provides precise tender specifications to its suppliers. Suppliers must comply with these specifications and, each time an additional production line is established, its inspectors take the opportunity to conduct specific controls on previously opened lines. Furthermore, B&B Italia implements additional controls concerning high quality raw materials such as leather and fabrics. Leather supplies, indeed, are usually checked when dispatched to the Company's facilities and, where they are particularly prestigious, through specific visits to suppliers' plants, in addition to the digital quality controls already mentioned above.

Finally, fabrics undergo a series of additional quality tests in the vendor qualification phase, evaluating their resistance to possible external conditions such as abrasion, traction, pilling, light, tear and rubbing. Subsequently, suppliers, that are responsible for stitching fabrics and are mainly located in Italy and Hungary, check their quality again against the specific requirements of B&B Italia, which trains suppliers' quality personnel directly.

Shelf X

Designer: Naoto Fukasawa
2005



ENVIRONMENTAL IMPACTS ACROSS OPERATIONS

B&B Italia and Arclinea’s emphasis on sustainability includes its corporate facilities, comprising three manufacturing sites and two storage warehouses.

- The Novedrate site (25,000 m²) houses the head office, the upholstered furniture production section, the R&D Centre and the showroom. The plant houses the polyurethane moulding line and a technological production centre equipped with two robots capable of changing the characteristics of foams in real-time by adjusting their density and resilience.
- The Misinto plant (22,500 m²) produces the Maxalto collections, with particular focus on wooden products. Since 2011, the plant has also produced wall systems and wardrobes. Misinto possesses the most modern technological equipment, ranging from modern machinery to cut panels to paintbrushes and assembly lines.
- The Caldogno plant (29,000 m²) is where Arclinea production activities take place. The factory is situated on the site where the original wood workshop, in which the Company started its activities in 1925, was located. In 2019, a new showroom and training centre was inaugurated at the site (for further details see “An innovative DNA”).
- Production organisation is complemented by two storage sites: an area of 8,000 m² houses semi-finished products, raw materials and components for outdoor products to be assembled in Carugo and at Arosio (5,500 m²) raw materials, semi-finished products and finished products are stored.

All plants are subject to evaluation and progressive interventions aimed at improving their operation and making them more modern and efficient. In 2020, for instance, Arclinea replaced part of the machinery with new ones, characterised by innovative digital technology and high energy efficiency (for further details see § “Innovation in Arclinea”).

The Company follows this approach from an environmental perspective, aiming to properly manage the environmental impacts of its industrial sites, in compliance with all applicable laws and regulations. Since 2013 Arclinea has implemented an Environmental Management System based on the ISO 14001, updated in 2018 to the new international standard UNI EN ISO 14001:2015 in line with this commitment. The new standards set out the requirements for management of environmental aspects in the Company, starting with an Integrated Environment, Health and Safety Policy, published on the Arclinea website, which indicates the internal policies covering these issues and defines the respective roles and responsibilities for environmental management at corporate level.

The environmental aspects currently monitored and managed by the Group represent the Companies’ most relevant environmental impacts including the use of raw materials, components and packaging consumed (as already highlighted in paragraph “The continuous quest for product quality”), energy consumption, Greenhouse Gas (GHG) emissions and waste management. The Group also monitors its footprint in terms of pollutant emissions and water usage (further details are provided in the Appendix). No incidences of non-compliance with environmental laws and regulations by the Group were recorded between 2018 and 2020 ^[307-1].

ENERGY CONSUMPTION

B&B Italia Group has started monitoring and rationalising its energy consumption through specific energy efficiency initiatives. Indeed, B&B Italia installed new energy monitoring systems in the Novedrate and Misinto plants, to monitor electricity consumption patterns continuously. Furthermore, in order to better analyse energy consumption patterns and identify opportunities for energy saving, B&B Italia conducted an energy audit at the Novedrate plant in compliance with the requirements of national law. As regards Arclinea, in 2020 the Company replaced the conventional lighting in an entire production line plant with LED lighting. In addition, in Novedrate plant, in 2020 replaced air conditioners with new systems characterized by high energy efficiency. The Group’s total energy consumption showed, between 2019 and 2020, an overall decrease in energy consumption of -17%. This value, which stands at 65,115 GJ compared with 78,520 GJ last year, is clearly discordant with previous years and is mainly due to the lockdown period imposed to contrast Covid-19 pandemic, which contributed to stop production, flagship store activities and business travels for several weeks.

The Group’s total energy consumption is directly supplied by different resources: natural gas (representing almost 50% of overall consumption), electricity (31%), wood offcuts (9%) and fuels like fuel oil and diesel (almost 10%). Arclinea relies mainly on fuel oil – given the lack of access to the municipal natural gas grid – and wood offcuts for its heating needs, whilst B&B Italia mainly relies on natural gas. ^[302-1] B&B Italia Group’s Energy Intensity Index, measured as the ratio between energy consumption and revenues multiplied by a factor of 1,000, slightly decreased between 2019 and 2020, amounting to 348 GJ/k€ ^[302-3].

| Energy consumption and energy index | Unit | 2018* | 2019 | 2020 |
|---|----------------|-----------------|-----------------|-----------------|
| Natural gas | GJ | 39,282.6 | 36,860.4 | 32,292.8 |
| Wood offcuts | GJ | 10,787.1 | 11,126.2 | 6,188.0 |
| Electricity | GJ | 22,817.2 | 23,599.3 | 20,268.4 |
| Gasoline | GJ | 31.8 | 42.2 | 28.9 |
| Fuel oil | GJ | 3,566.9 | 4,113.0 | 3,918.0 |
| Diesel (vehicles owned and leased) | GJ | 2,599.7 | 2,778.6 | 2,418.5 |
| Total energy consumption | GJ | 79,085.3 | 78,519.6 | 65,114.6 |
| Energy intensity index (energy/revenues) | (GJ/k€) | 364.9 | 389.8 | 348.4 |

*Data include B&B Italia, Arclinea, French and Northern American affiliates.

GHG EMISSIONS

In accordance with the GHG Protocol Corporate Accounting and Reporting Standard, B&B Italia Group identified and monitored all relevant direct GHG emissions (Scope 1) and indirect emissions resulting from energy purchased (Scope 2). As required by the GHG Protocol, emissions from biomass combustion (wood offcuts for heating in Caldogno) are separately reported. Furthermore, The Group estimated its indirect emissions occurring outside of its Companies (Scope 3). In 2020, in order to strengthen its commitment towards emissions reduction and to deepen its understanding of the emissions linked to the value chain, B&B Italia Group decided to expand Scope 3 emissions monitoring by including new categories in its GHG inventory. Thus, in addition to the business travel and goods transportation, already included in the past years, five additional categories were added, covering the main aspects of B&B value chain. The table below shows the description of all the Scope 3 emission categories that fall within 2020's GHG inventory. ^[305-1;305-2; 305-3]

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

Carbon offsetting projects

B&B Italia Group's carbon neutrality is achieved by balancing carbon emissions with offsetting, thus using carbon credits coming from positive impact projects. Each credit is certified according to international standards and it corresponds to the reduction (or removal) of one ton of CO2 equivalent. In particular, the two projects B&B Italia Group bought the credits from are the "Great Bear Forest Carbon" and the "Guatemalan Conservation Coast".

The **Great Bear Forest Carbon** project aims at improving forest management in the British Columbia (BC), the westernmost province of Canada, 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.

The second project is developed in the **Guatemalan Conservation Coast** region by addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. The project has also significant perks: over 400 species of birds have been documented in the project area and 120 species depend on the corridor to sustain their great journeys.

| Reported GHG Scope 3 emissions categories ⁹ | Description |
|--|---|
| 1 - Purchased goods and services | Upstream emissions from the production of products 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. |
| 5 - Waste generated in operations | 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. Emissions from third-party disposal and treatment of waste generated by the Group's owner or controlled operations. |
| 6 - Business travel | Emissions from the transportation of employees for business-related activities. |
| 7 - Commuting | Emissions from the transportation of employees between their homes and their worksites. |

⁹ The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard – Revised edition.

GHG emissions from electricity purchased from the national grid have been calculated both according to location-based and market-based methods. The former reflects the average emission intensity of grids, taking into account both renewable and non-renewable production, whilst the latter reflects emissions from the electricity source that the Group has specifically chosen through, for instance, contractual arrangements.

During 2020, slight decreases in Scope 1 and Scope 2 emissions were also recorded. This was primarily due to the Covid pandemic, which impacted energy consumption and consequently emission patterns. Specifically, Scope 1 emissions amount to 2,336 tCO2 eq. compared with 2,645 tCO2 eq in 2019. This translates into a decrease of approximately 12% in 2020 emissions compared to 2019. Similarly, there is a comparable decrease in Scope 2 emissions, which stand at 1,900 tCO2 eq. in 2020 compared with 2,365 tCO2 eq. in 2019, using the location-based method, thus generate a 20% decrease between the two reporting years.

Moving to Scope 3, the majority of the GHG emissions generated in 2020 happen to be grouped in this category, equal to 84% of the total emission (from Scope 1, Scope 2 Location Based and Scope 3). As shown in the table below, Scope 3 emissions are mainly composed by purchased goods, while all the other categories cover only 22% of the whole Scope 3 emissions. Lastly, as a direct consequence, data comparability from 2019 to 2020 is not guaranteed as far as Scope 3 emissions are considered.

* Data include B&B Italia, Arclinea, French and Northern American affiliates
10 2018 and 2019 Scope 3 emissions data included only the Group outbound logistics and business travels.

| GHG Emissions* | Unit | 2018 | 2019 | 2020 |
|--|--------------------|---------|---------|----------|
| Direct Emissions (Scope 1) | tCO _{2eq} | 2,703.7 | 2,645.5 | 2,336.8 |
| Emissions resulting from natural gas heating | tCO _{2eq} | 2,197.4 | 2,062.1 | 1,816.0 |
| Emissions resulting from gasoline emergency generators | tCO _{2eq} | 2.3 | 3.1 | 0 |
| Emissions resulting from biomass (N2O and CH4 emissions not absorbed during growth) – wood offcuts for heating in Misinto and Caldogno | tCO _{2eq} | 39.3 | 42.1 | 31.1 |
| Emissions resulting from diesel used for the corporate vehicle fleet | tCO ₂ | 191.3 | 204.5 | 180.1 |
| Emissions resulting from fuel oil used for heating in Caldogno | tCO _{2eq} | 273.4 | 315.3 | 300.4 |
| Emissions of refrigerant gases resulting from leakages of air-conditioning systems | tCO _{2eq} | 0 | 18.4 | 9.3 |
| Indirect Emissions (Scope 2) – Location based method | tCO ₂ | 2,298.2 | 2,365.6 | 1,900.4 |
| Indirect Emissions (Scope 2) – Market based method | tCO ₂ | 3,013.8 | 3,143.0 | 2,610.0 |
| Emissions resulting from electricity purchased from national grid – Location based | tCO ₂ | 2,298.2 | 2,365.6 | 1,900.4 |
| Emissions resulting from electricity purchased from national grid – Market based | tCO ₂ | 3,013.8 | 3,143.0 | 2,610.0 |
| Other indirect Emissions (Scope 3) ¹⁰ | tCO _{2eq} | 2,041.5 | 2,093.7 | 22,743.5 |
| Total (Scope 1 + 2 + 3) – Location based method | tCO _{2eq} | 7,043.5 | 7,104.8 | 26,980.6 |
| Total (Scope 1 + 2 + 3) – Market based method | tCO _{2eq} | 7,559 | 7,882.2 | 27,690.2 |
| Outside of scope: emissions resulting from biomass combustion – wood offcuts for heating in Caldogno | tCO ₂ | 922.6 | 951.6 | 871.5 |

| | | |
|---|--------------------|----------|
| Scope 3 categories | tCO _{2eq} | 22,743.4 |
| Cat. 1 - Purchased goods and services | tCO _{2eq} | 17,672.4 |
| Cat. 2 – Capital Goods | tCO _{2eq} | 832.6 |
| Cat. 3 - Fuel and energy-related activities | tCO _{2eq} | 751.3 |
| Cat. 4 - Upstream transportation | tCO _{2eq} | 2,944.6 |
| Cat. 5 - Waste generated in operations | tCO _{2eq} | 76.9 |
| Cat. 6 - Business travel | tCO _{2eq} | 88.2 |
| Cat. 7 - Commuting | tCO _{2eq} | 377.4 |



Tobi-Ishi
Designer: Edward Barber and Jay Osgerby
2012

WASTE

B&B Italia Group monitors and manages its waste production and disposal, in compliance with all the requirements of the national law. The Group's waste production mainly results from packaging waste, such as paper, cardboard and mixed materials packaging and production residues as wood offcuts.

The total amount of B&B Italia Group produced waste in 2020 showed a decrease compared with 2019 (-24%) and to 2018 (-6%), as direct consequence of closing period due to Covid-19 pandemic.

Moreover, the percentage of B&B Italia Group's recycled waste has increased from 72% in 2018 to 92% in 2020, mainly due to the reduction of incinerated waste, passing from a total amount of 210 tons in 2018 to 7 tons in 2020. ^[306-2].

| Waste by disposal method* | Unit | 2018 | 2019 | 2020 |
|----------------------------|----------|--------------|---------------|--------------|
| Non-hazardous waste | t | 872.1 | 1066.2 | 819.4 |
| Recycled or reused | t | 629.3 | 957.3 | 778.5 |
| Incinerated | t | 197.8 | 38.3 | 6.9 |
| Sent to landfill | t | 44.9 | 70.6 | 34.0 |
| Hazardous waste | t | 56.5 | 77.0 | 46.7 |
| Recycled or reused | t | 34.7 | 54.2 | 19.1 |
| Incinerated | t | 12.7 | 0.5 | 0.0 |
| Sent to landfill | t | 9.1 | 22.3 | 27.7 |
| Total | t | 928.6 | 1143.1 | 866.1 |

* Totals include B&B Italia, Arclinea and its French affiliate.

Beverly '14

Designer: Antonio Citterio
2014



PROMOTION OF VALUABLE RELATIONSHIPS

PEOPLE OF THE B&B ITALIA GROUP

Emphasis on creating a working environment based on positivity and trust and building strong relations with the local community are key elements of B&B Italia Group's history. The capacity to build and maintain these ties over time reflects the Group's commitment to integrity and dialogue with its employees and to its contribution to the social and economic wealth of the areas in which the Group's companies are located. This is true both for the Monza and Brianza districts, where B&B Italia is based and for the Vicenza province, where the Arclinea plant is located, given that most employees live no farther than 30 kilometres from the plants.

| Local employees by provenance ¹¹ | 2018 | 2019 | 2020 |
|---|------|------|------|
| Within 15 kilometres | 70% | 70% | 71% |
| From 15 to 30 kilometres | 22% | 21% | 20% |
| More than 30 kilometres | 8% | 9% | 9% |

At the end of 2020, B&B Italia Group's employees totalled 638, recording an overall stable value compared with 2019. The majority of the Group's employees work in the Italian plants, being 90% of the employed personnel in 2020. ^[102-7; 102-8]

The contractual basis for company employees reflects B&B Italia Group's commitment to building stable and positive relationships with its employees. Indeed, in 2020, 96% of employees had a permanent employment contract, showing an almost stable figure in the three-year period. Similarly, the percentage of those with full-time contracts remained almost stable compared with the previous reporting year and overall, represents around 97% of the employment contracts signed by the Group.

| Total workforce by employment relation and region | Unit | 2018 | 2019 | 2020 |
|---|-----------|------------|------------|------------|
| Employees | n. | 626 | 646 | 638 |
| of whom in Italy | n. | 571 | 582 | 578 |
| of whom in foreign countries | n. | 55 | 64 | 60 |
| Interns ¹² | n. | 1 | 2 | 2 |
| Total workers | n. | 627 | 648 | 640 |

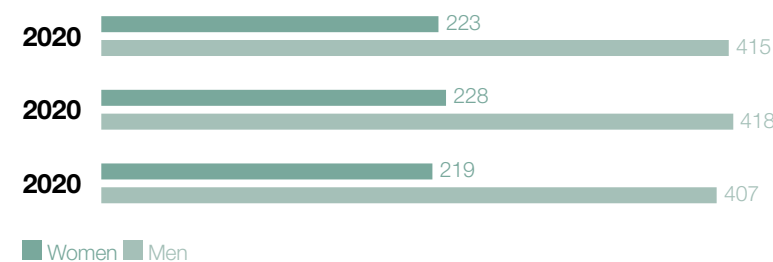
¹¹Data have been calculated as an average of B&B Italia and Arclinea data.

¹²Foreign countries had no interns in the three-years period.

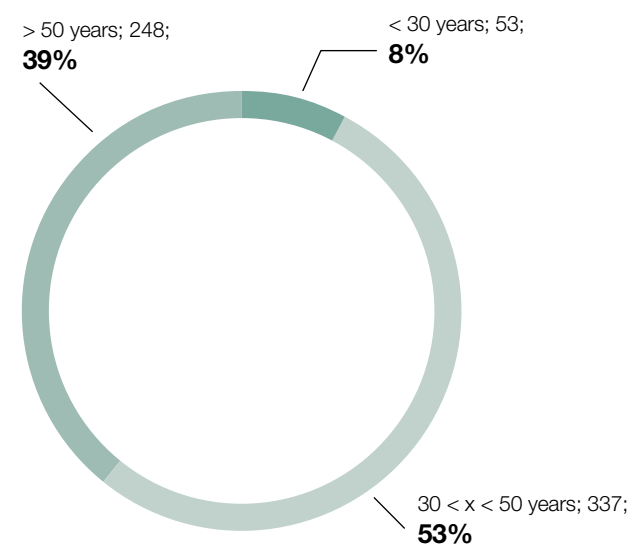
| Employees by type of contract | Unit | 2018 | 2019 | 2020 |
|------------------------------------|-----------|------------|------------|------------|
| Permanent Contracts - total | n. | 610 | 614 | 611 |
| women | n. | 212 | 220 | 218 |
| men | n. | 398 | 394 | 393 |
| Temporary Contracts - total | n. | 16 | 32 | 27 |
| women | n. | 7 | 8 | 5 |
| men | n. | 9 | 24 | 22 |
| Full-time Contracts | n. | 607 | 626 | 619 |
| Part-time Contracts | n. | 19 | 20 | 19 |

In the last three years, B&B Italia Group had a relatively stable workforce in terms of gender diversity, with a majority of male workers mainly corresponding to a preponderance of men in manufacturing activities (representing around 65% of total workers in 2020, whilst women account for the remaining 35%). Over the same period, the number of employees over 50 years old increased to 39% of the total workforce in 2020, indicating B&B Italia Group's commitment to retaining its best employees.

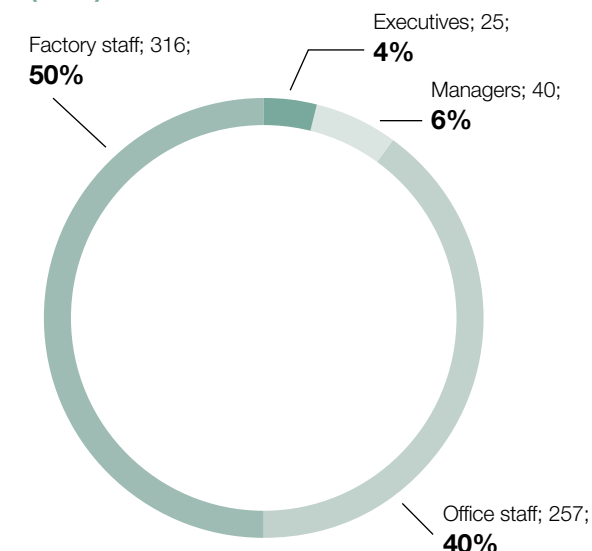
Employees by gender



Employees by age range, expressed in total amounts and percentages (2020)



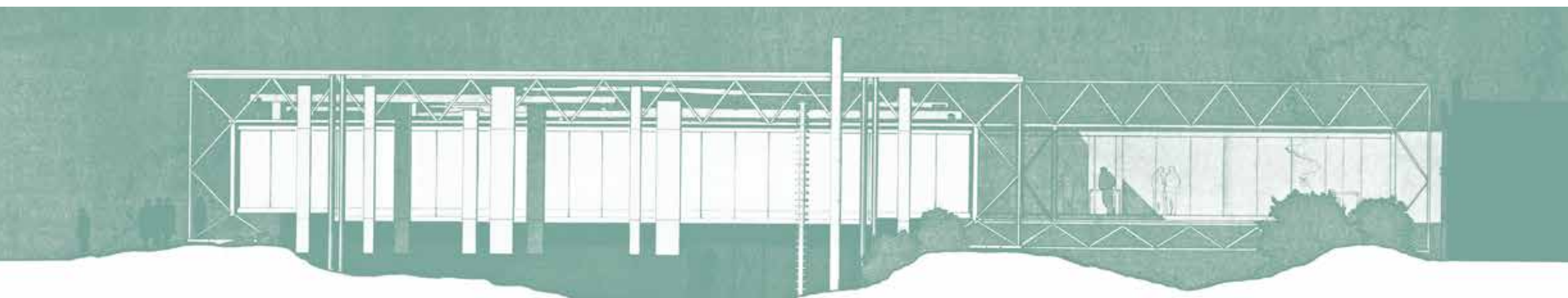
Employees by employment category, expressed in total amounts and percentages (2020)



| Employee diversity by employment category, gender and age range | | Unit | 2018 | 2019 | 2020 |
|---|-------------------|-----------|------------|------------|------------|
| Executives - Total | | n. | 29 | 24 | 25 |
| Women | < 30 years | n. | 0 | 0 | 0 |
| | 30 < x < 50 years | n. | 4 | 2 | 2 |
| | > 50 years | n. | 5 | 5 | 5 |
| Total | | n. | 9 | 7 | 7 |
| Men | < 30 years | n. | 0 | 0 | 0 |
| | 30 < x < 50 years | n. | 6 | 5 | 5 |
| | > 50 years | n. | 14 | 13 | 13 |
| Total | | n. | 20 | 17 | 18 |
| Managers - Total | | n. | 34 | 40 | 40 |
| Women | < 30 years | n. | 0 | 0 | 0 |
| | 30 < x < 50 years | n. | 8 | 12 | 12 |
| | > 50 years | n. | 4 | 7 | 7 |
| Total | | n. | 12 | 17 | 19 |
| Men | < 30 years | n. | 0 | 0 | 0 |
| | 30 < x < 50 years | n. | 13 | 14 | 14 |
| | > 50 years | n. | 9 | 9 | 7 |
| Total | | n. | 22 | 23 | 21 |
| Office staff - Total | | n. | 255 | 263 | 257 |
| Women | < 30 years | n. | 15 | 20 | 14 |
| | 30 < x < 50 years | n. | 109 | 106 | 101 |
| | > 50 years | n. | 29 | 32 | 37 |
| Total | | n. | 153 | 158 | 152 |
| Men | < 30 years | n. | 7 | 10 | 10 |
| | 30 < x < 50 years | n. | 61 | 63 | 63 |
| | > 50 years | n. | 34 | 32 | 32 |
| Total | | n. | 102 | 105 | 105 |
| Factory staff - Total | | n. | 308 | 319 | 316 |
| Women | < 30 years | n. | 1 | 3 | 3 |
| | 30 < x < 50 years | n. | 21 | 18 | 18 |
| | > 50 years | n. | 23 | 24 | 24 |
| Total | | n. | 45 | 46 | 45 |
| Men | < 30 years | n. | 26 | 26 | 26 |
| | 30 < x < 50 years | n. | 134 | 122 | 122 |
| | > 50 years | n. | 103 | 123 | 123 |
| Total | | n. | 263 | 273 | 271 |

Furthermore, between 2018 and 2020 B&B Italia Group's integrity and concern for its employees resulted in relatively low or stable turnover rates, calculated as the number of outgoing staff out of the total number of employees in the previous year, which was 10% between 2018 and 2020. Over 54% of the total number of terminations of employment in 2020 were voluntary resignations. The hiring rate – measured as the ratio between the number of new hires and total employees – slightly decreased in 2020 in comparison with 2019 and 2018 rates, reaching 9%, the decrease is correlated to the challenging period faced with the outbreak of Covid 19 pandemic^[401-1]. The B&B Italia Group usually sponsored several initiatives in collaboration with local and national schools and institutions with the aim of attracting new talent and facilitating young people's access to its companies. Indeed, since 2003, B&B Italia has collaborated with the Jean Monnet Technical & Commercial Institute at Mariano Comense, promoting an internship program to support final-year students in their first work experience. However, in 2020 this initiative was impeded by the outbreak of the coronavirus pandemic.

| Employee turnover | | Unit | 2018 | 2019 | 2020 |
|-----------------------------|-------------------|-------------|-------------|-------------|-------------|
| Terminations - total | | n. | 62 | 62 | 63 |
| Women | < 30 years | n. | 4 | 3 | 3 |
| | 30 < x < 50 years | n. | 13 | 12 | 12 |
| | > 50 years | n. | 4 | 4 | 4 |
| Total | | n. | 21 | 19 | 19 |
| Men | < 30 years | n. | 12 | 8 | 12 |
| | 30 < x < 50 years | n. | 16 | 17 | 19 |
| | > 50 years | n. | 13 | 18 | 13 |
| Total | | n. | 41 | 43 | 44 |
| Turnover rate | | % | 10% | 10% | 10% |
| Employee hiring | | Unit | 2018 | 2019 | 2020 |
| New hires - total | | n. | 70 | 82 | 55 |
| Women | < 30 years | n. | 9 | 4 | 4 |
| | 30 < x < 50 years | n. | 17 | 7 | 7 |
| | > 50 years | n. | 1 | 2 | 2 |
| Total | | n. | 27 | 28 | 13 |
| Men | < 30 years | n. | 22 | 14 | 14 |
| | 30 < x < 50 years | n. | 16 | 22 | 22 |
| | > 50 years | n. | 5 | 6 | 6 |
| Total | | n. | 43 | 54 | 42 |
| Turnover rate | | % | 11% | 13% | 9% |



B&B Italia Group works at ensuring diversity and equal opportunities in employment and avoids any discriminatory practices. The Group has an inclusive approach to legally protected status and is committed to promote gender parity. As regard salary ratio between women and men, 2020 showed a substantially stable outlook compared with 2019.

The salary ratio across employment category ranged from 84% for executives, to almost equal salaries between women and men for factory staff (96%) and managers (93%). The situation is similar when considering employees' overall remuneration, i.e., their basic salary plus benefits and allowances. In 2020 managers' salary and remuneration ratios decreased mainly due to a change in the management structure, characterised by a relatively small number of employees in these categories ^[405-2].

Ratio Between Basic Salaries for Females and Males

| | Unit | 2018 | 2019 | 2020 |
|---------------|------|------|------|------|
| Executives | % | 90 | 88 | 84 |
| Managers | % | 104 | 98 | 93 |
| Office staff | % | 84 | 84 | 85 |
| Factory staff | % | 97 | 97 | 96 |

Ratio Between Overall Remuneration for Females and Males

| | Unit | 2018 | 2019 | 2020 |
|---------------|------|------|------|------|
| Executives | % | 95 | 87 | 88 |
| Managers | % | 104 | 97 | 91 |
| Office staff | % | 81 | 83 | 84 |
| Factory staff | % | 93 | 93 | 89 |



TRAINING AND WELFARE ACTIVITIES

B&B Italia Group considers the upskilling of its employees as vital to continue being up to date and to provide clients with durable and innovative solutions. Each year the Group conducts a series of training activities, from the purely technical (i.e. technical applications and design software, regulatory updates on national and international commercial practices, etc.) to soft skills such as courses in foreign languages or public speaking techniques. For instance, to support employees during their initial time in the Company, Arclinea organised a specific training programme lasting approximately 80 hours for all its new employees. However, it is important to notice that the outbreak of Coronavirus pandemic has hindered 2020 training activities. In order to comply with social distancing prescription, the Group postponed elective training activities and, when possible, replaced training in physical presence with remote online modules.

The total number of training hours has decreased by 10% compared with 2019, mainly due to the effect of the pandemic and by 58% compared with 2018, when a consistent number of mandatory training courses were held as required by national laws. Similarly, the training hours per capita slightly decreased, from 6.7 hours in 2018 to 3 in 2019 ^[404-1]. The majority of training courses in 2020 were mainly related to health and safety and technical training courses.

| Training per employee ¹³ | Unit | 2018 | 2019 | 2020 |
|---|-------------------|--------------|--------------|--------------|
| Total hours | h | 4,172 | 1,925 | 1,741 |
| Women | h | 1,250 | 515 | 383 |
| Men | h | 2,923 | 1,410 | 1358 |
| Average hours | h/employee | 6.7 | 3 | 2.7 |
| Women | h/employee | 5.8 | 2.3 | 1.7 |
| Men | h/employee | 7.2 | 3.4 | 3.3 |
| Training by category³ | Unit | 2018 | 2019 | 2020 |
| Training provided to Executives | h/employee | 2.9 | 1.8 | 1.8 |
| Training provided to Managers | h/employee | 17.4 | 1.2 | 5.0 |
| Training provided to Office staff | h/employee | 9.9 | 2.6 | 2.3 |
| Training provided to Factory staff | h/employee | 1.8 | 0.6 | 1.4 |

As regards welfare initiatives, B&B Italia has, since November 2017, offered its employees a transport and assistance service for disabled relatives or family members, in partnership with the Associazione Anteias Onlus. Furthermore, B&B Italia has in place an agreement with Synlab in Monza: this medical centre can now offer medical diagnosis and treatments at favourable rates to B&B Italia staff. The Company has also extended, above and beyond those stipulated in Italian collective agreements, the range of circumstances in which employees may draw upon severance indemnity.

¹³ The subdivision by employee category is not available for Arclinea, given the unavailability of relevant data.

HEALTH AND SAFETY AT WORK

Safeguarding employees’ health and safety is at the core of B&B Italia Group’s corporate culture. The Group has accordingly focused, over the past few years, on increasing employees’ awareness of potential health and safety risks connected to their work activities. Between 2020 and 2019, the number of injuries decreased, from 11 to 8 and the injury rate decreased from 10 to 7.3, whilst in the most recent three-year period, injuries with serious consequences and fatal injuries remain null and no occupational diseases have been recorded ^[403-9, 403-10]. B&B Italia’s Health & Safety Management System, as required in terms of Legislative Decree No. 105/15 on the Prevention of major-accident hazards involving dangerous substances (which governs both the Novedrate and Misinto sites, establishes the framework of internal rules and risk mitigation action plans. Every year the Company conducts a specific analysis related to the risk of relevant accidents related to polyurethane flammability, with the support of specialised external staff in compliance with this Decree. The focus is on polyurethane because it releases dangerous substances when burnt at high temperatures. For this reason, B&B Italia adopts strict preventative safety, storage and disposal measures (i.e. automatic and safety shutdown systems, containment tanks, fire barriers and special measures in case of accidental release).

| Health and safety indices | Unit | 2018 | 2019 | 2020 |
|--|----------|-----------|-----------|---------|
| Worked hours ¹⁴ | hours | 1,051,815 | 1,098,464 | 999.111 |
| Number of injuries ¹⁵ | n. | 6 | 11 | 8 |
| Occupational diseases | n. | - | - | - |
| Injury rate [number of injuries x 1,000,000/ hours worked] | n./hours | 5.7 | 10.0 | 8.0 |

¹⁴ Data included both B&B Italia Group employees and subcontractors.
¹⁵ No injury occurred to workers other than B&B Italia employees.

In order to increase employees’ awareness and provide them with specific information on the functioning of the overall safety system, B&B Italia has set up an internal info-point on safety procedures at the Misinto facility and, every four months, arranges a meeting with the Safety Representative for Workplace Safety including a training program. Since 2010, Arclinea has implemented a Health & Safety Management System certified according to OHSAS 18001:2007 certification, an internationally applied British Standard for occupational health and safety management systems. In 2019, the Company obtained certification and transitioned to the new UNI ISO 45001:2018 standard.

Furthermore, the management system enabled the Company to update the risk assessment of all the activities and processes along the production chain to prevent the occurrence of injuries and occupational diseases. This exercise has led to the substitution of a series of tasks involving repetitive actions which are potentially harmful to workers.

HANDLING THE COVID-19 PANDEMIC

The outbreak of the Covid-19 pandemic had a strong impact on B&B Italia Group activities, requiring the interruption of production for 7 weeks between March and April. From the first phases of the emergency, the Group strived to guarantee employee safety and business continuity, taking countermeasures to contain and combat the spread of the virus. In fact, in compliance with national requirements, an anti-Covid protocol with strict rules has been drawn up and, in addition, the Group has encouraged agile working wherever possible. If it was not possible to work remotely, plexiglass separators were installed in the offices and the hours and workstations were redistributed to ensure social distancing.

At the same time, as far as production is concerned, the anti-Covid protocol – still in force – provided for the use of masks throughout the Group’s companies, the use of alcohol-based disinfectants and the measurement of body temperature at the entrance to the changing rooms. In addition, a Monitoring Committee was set up, a group tasked with reviewing and implementing strategies and operations to contain the pandemic. Certain delegates were tasked with overseeing employee compliance with the new anti-Covid rules.

Prevention and the correct observance of the rules imposed in the plants allowed B&B Italia Group to contain the advancement of the virus inside the plants and, therefore, to avoid outbreaks and sudden plant closures.

ACTIVE CONTRIBUTION TO THE COMMUNITY

B&B Italia Group is determined not only to maintain its values of integrity and mutual trust that it fosters with its employees, but also to continue to support philanthropic initiatives and contributing to social progress. Since 2015, B&B Italia has supported several charity initiatives combating cancer, by donating to the Cancro Primo Aiuto Onlus, an association that helps cancer patients in Lombardy and establishing the Matteo Riboldi study bursary for young haematologists with the Paolo Belli Leukaemia Treatment Association.

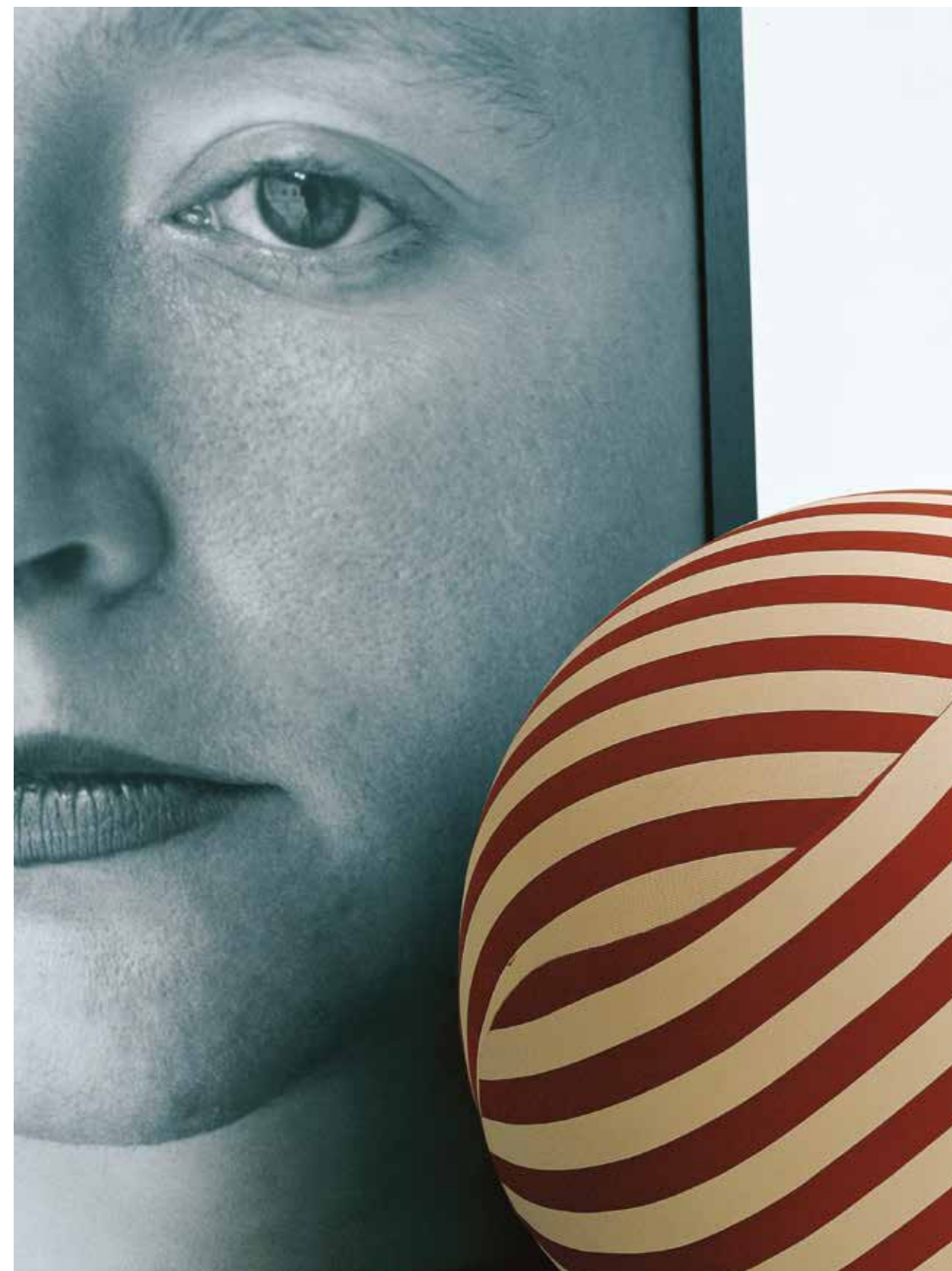
Furthermore, since 2018 B&B Italia has funded three scholarships for deserving students of the Misinto municipality in the interests of supporting its local community's social and cultural development. In 2020, B&B Italia Group made donations to support two organizations: ActionAid Italia and Airc. The first one is an international association committed to fighting poverty and injustice, improving the education system in poor areas and combating violence against women, ensuring access to resources and respect for fundamental rights. The second one is an Italian foundation committed to the fight against cancer by promoting scientific research for the treatment and prevention of the disease.

Given that the protection of Italian cultural heritage is at the core of the Group's ethical principles, B&B Italia is also a Corporate Golden Donor of FAI (Fondo Ambiente Italiano or National Trust for Italy), an Italian foundation with the objective of protecting and promoting the country's artistic, wildlife and landscape heritage. Finally, in order to help the local community in the strongest phase of the Covid-19 pandemic, B&B Italia supported the Monza Hospital through the association Cancro Primo Aiuto Onlus, whilst Arclinea purchased a ventilator for the Vicenza Hospital.



Serie Up

Designer: Gaetano Pesce
1969



METHODOLOGICAL NOTE

REPORTING PRINCIPLES AND CRITERIA

This report has been prepared in accordance with the GRI Standards: Core option. The contents of this report set out the results of B&B Italia Group's materiality analysis in line with GRI Standards.

As a signatory to the United Nations Global Compact (UNGC) Initiative as of 2016, this report represents B&B Italia Group's fourth Communication on Progress – a public disclosure providing valuable information to stakeholders regarding the implementation of the 10 principles of the UNGC. For ease of reference, the UNGC principles are clearly mapped alongside the GRI indicators in the GRI Content Index on page 74. As far as Human Rights are concerned, B&B Italia Group's 2020 Sustainability Report does not directly address the UNGC issues and principles, given that most of the Group's direct activities and suppliers are located where laws ensure the regulation of human rights. Nevertheless, B&B Italia Group includes clauses concerning labour conditions and on respect for human rights in its Code of Ethics in order to reduce risks in its value chain. Furthermore, relevant human rights issues related to the Group's activities, such as the protection of worker's occupational health and safety, are matters on which the Group is continuously committed to report.

Commitment to UNGC principles requires B&B Italia Group to foster sustainable development by supporting the 17 Sustainable Development Goals of the 2030 Agenda – adopted by world leaders in September 2015. The SDGs aim to end poverty and other deprivation, develop strategies that improve health and education, reduce inequality and spur economic growth, while tackling climate change and working to preserve oceans and forests. B&B Italia Group, through its activities and initiatives, contributes to meeting eight out of 17 SDGs, as highlighted in the figure below.



SCOPE OF REPORTING

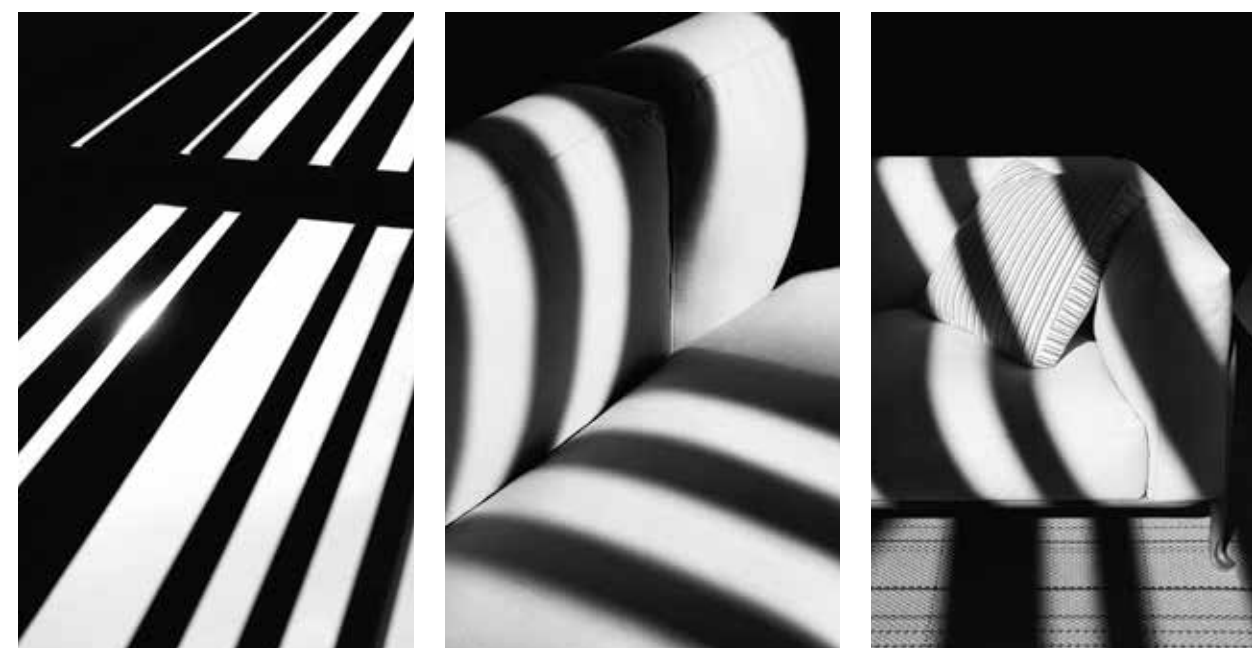
This Sustainability Report provides information on initiatives, activities and related key performance indicators and refers to the period from January 1st, to December 31st, 2020. In some cases, where available and as applicable, data were presented for the three years 2018, 2019 and 2020. Information refers to B&B Italia S.p.A., Arclinea Arredamenti S.p.A. and, where applicable, comprises data related to commercial branches and foreign affiliate companies: B&B Italia USA Inc., B&B Italia London Ltd., B&B Italia München GmbH, B&B Italia Paris SARL, B&B Asia Pacific Ltd. and B&B Furniture (Shanghai) Co., Ltd.

Exclusions from this reporting scope are explicitly reported in the text [102-45; 102-50; 102-51; 102-52]. As at the date of publication of this Report, no significant event took place in 2021 requiring to be reported, in addition to what has already been mentioned in the text.

This Sustainability Report confirms B&B Italia Group's commitment to monitor and optimise its sustainability performance and strengthen its activities in the social and environmental domains. By means of this Report, the Group aims not only to comply with social expectations and to bolster communication with stakeholders concerning results achieved, but also to improve internal awareness on sustainable development.

Borea

Designer: Piero Lissoni
2020



STAKEHOLDERS AND MATERIALITY

B&B Italia Group periodically performs an analysis to map and identify its key stakeholders, depending on both their dependence and their influence on the Group to better structure its sustainability commitment and actions.

The table below presents an overview of the results of the stakeholder prioritisation process. For each key stakeholder category, a description of existing engagement activities is provided. From this starting point, B&B Italia Group aims to improve its engaged attitude towards stakeholders and will evaluate the addition of further tools in the future [102-40, 102-42, 102-43, 102-44].

Stakeholder mapping and engagement

In 2020, due to the outbreak of the Covid-19 pandemic and the to consequent social distancing measure implement by national governments, most of the meetings with the Group stakeholders were digitally organised.

| Stakeholder category | Engagement tools and activities |
|---|---|
| Employees | Continuous dialogue with employees (i.e. internal communications, intranet, newsletter) |
| Suppliers | Continuous dialogue and periodic meetings |
| Dealers | Continuous dialogue and periodic meetings |
| Local communities | Website, press releases, social media |
| Customers | Website, catalogue, advertising campaign, exhibitions and installations |
| Clients | Website, catalogues, fairs, advertising campaigns, exhibitions and installations, training sessions |
| Designers, architects and interior decorators | Continuous cooperation on research and development of new products |
| Providers of financial capitals | Formal meetings and periodic management reports |

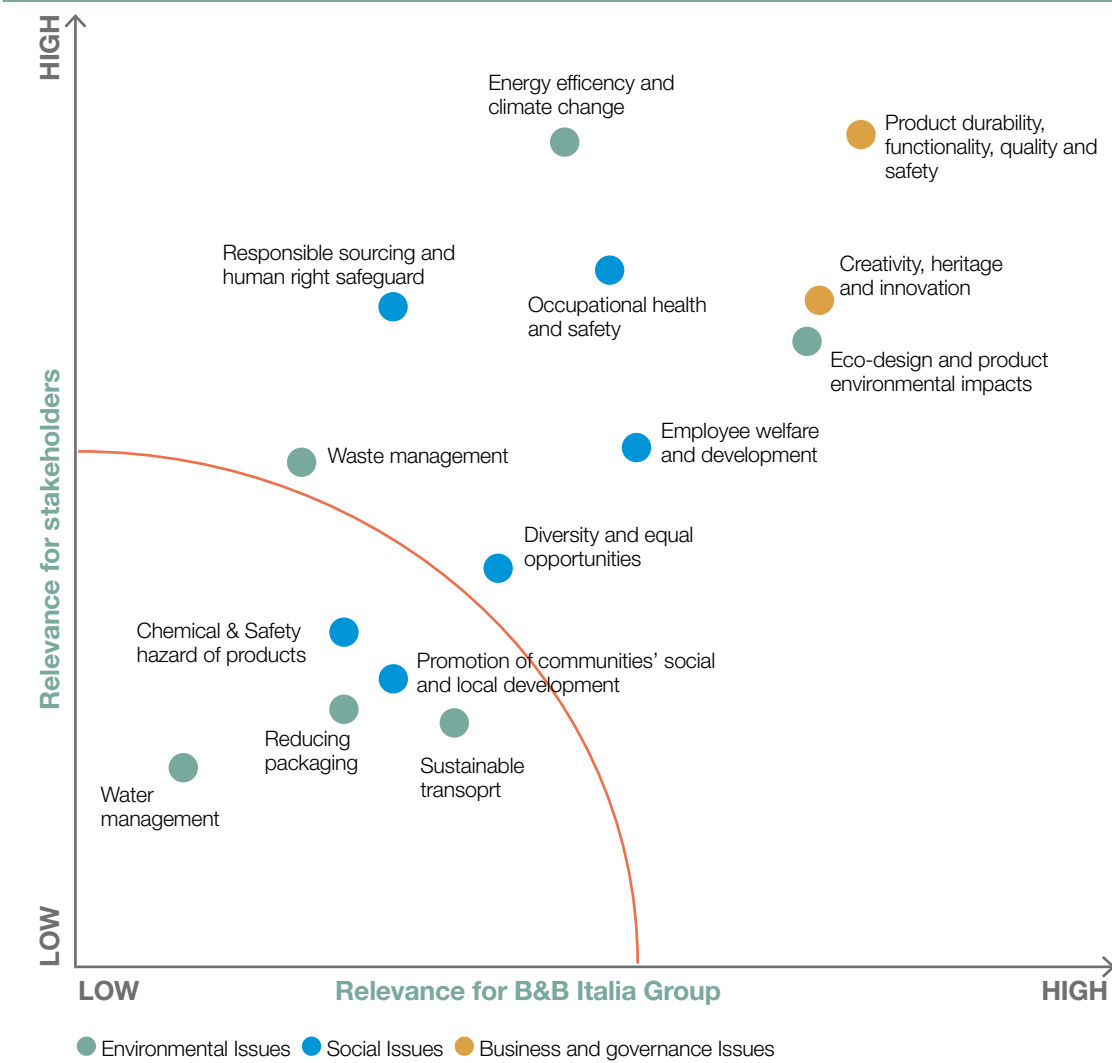
In accordance with the GRI Standards, B&B Italia Group has performed a materiality analysis to review and update those significant matters which reflect the Group's economic, environmental and social impacts and the issues that influence the decisions of its key stakeholders. In order to update the relevance of the sustainability issues from the stakeholders' perspective, B&B Italia Group conducted a desk-based analysis consisting of four main activities:

- an analysis of global sustainability trends, by mapping those sustainability issues most often considered by the international organisations (GRI, World Economic Forum, etc.), sustainability rating agencies (DJSI, MSCI, etc.), major stock exchanges and governmental institutions (EU, UN, etc.);
- a sector-specific analysis, identifying those sustainability issues most often included in the publications of several international organisations (RobecoSam, SASB, etc.);
- a benchmarking analysis of sustainability reporting documents of the Group's main competitors and peers;
- an analysis of the relevance of the media and of public opinion on sustainability issues related to B&B Italia Group activities [102-46].

Furthermore, in order to prioritise material issues from the Group's perspective, B&B Italia Group carried out a workshop involving the management team, which had an opportunity to evaluate the significance of issues for the Group in terms of their social, environmental and economic impact. The evaluation of sustainability issues by management was decided upon considering the commitment to and the policies adopted by B&B Italia Group concerning each issue and top management's point of view, as well as the potential impacts of each issue along its value chain.

In 2020, the Group chose to map material sustainability issues with a concave downward curve instead of an upward curve. This type of curve presents a more inclusive overview since it also encompasses issues that appear as being of particular importance to stakeholders but have little relevance to the Group and vice-versa.

By plotting the results of the evaluation onto a 2-axis matrix, material sustainability issues have been prioritised, as set out below [102-47].



The most relevant sustainability issues for both B&B Italia Group and its stakeholders are all related to business and governance issues and include “Product durability, functionality, quality and safety”, “Creativity, heritage and innovation”. The issues relating to human resource management both within the Group and along the supply chain are of medium-high importance for both the B&B Italia Group and its stakeholders. These comprise “Responsible sourcing and human rights safeguard”, “Occupational health and safety”, “Employee welfare”, “Skill Development” – these two, in 2020, were merged creating “Employee welfare and development” – and, relatively less important for the Group’s stakeholders, “Diversity and equal opportunities”. Lastly, the group of material sustainability issues is completed by “Energy efficiency and climate change”, “Eco-design and product environmental impacts” and “Waste management”.

The 2020 materiality analysis has generated few amendments to the matrix published in the 2019 Sustainability Report, namely:

- “Occupational health and safety” has a higher relevance for stakeholders and for the Group, due to the spread of Covid-19 pandemic and the relative countermeasures implemented by the Group in compliance with national government requirements.
- “Reducing packaging” has a higher relevance for stakeholders due to the higher awareness of the stakeholders in the importance of reducing the use of disposable plastic.
- The themes “Employees welfare” and “Employee development” were rationalized in one unique theme to underline the Group attention to maintain stable and valuable relations with its employees.

The following table outlines the connections between B&B Italia Group’s material issues and relevant SDGs and the corresponding GRI Standards (Topic-specific Disclosures). In addition, the table shows the aspect boundary, related to where the impact is felt (within or outside of the organisation) and by whom. The table also includes any potential reporting limitations due to the current unavailability of data and information.

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2020



| B&B ITALIA'S MATERIAL ASPECTS AND LINK TO SDGs | GRI STANDARDS TOPICS | ASPECT BOUNDARY | | LIMITATIONS OF REPORTING BOUNDARY | |
|---|---------------------------------|----------------------------|---|--------------------------------------|---|
| | | Within the organisation | Outside the organisation | Within the organisation | Outside the organisation |
|  Creativity, heritage and innovation | Economic performance | B&B Italia Group | Designers, architects and interior decorators | - | Designers, architects and interior decorators |
|  Eco-design and product environmental impacts | Environmental compliance | B&B Italia Group | Clients Suppliers | - | Clients Suppliers |
| | Socioeconomic compliance | B&B Italia Group | Clients Suppliers | - | Clients Suppliers |
|  Diversity and equal opportunities | Diversity and equal opportunity | B&B Italia Group | - | - | - |
|  Employee welfare and development | Employment | B&B Italia Group | - | - | - |
| | Training and education | | | | |
|  Energy efficiency and climate change | Emissions | B&B Italia Group | Suppliers | - | Suppliers |
| | Energy | | | | |
|  Waste management | Effluents and Waste | B&B Italia Group | Suppliers | - | Suppliers |
|  Responsible sourcing and human rights safeguard | Human rights assessment | - | Suppliers | - | Suppliers |
| | Procurement practices | B&B Italia Group | Suppliers | - | Suppliers |
| | Materials | B&B Italia Group | Suppliers | - | Suppliers |
|  Occupational health and safety | Occupational health and safety | B&B Italia Group | Suppliers | - | Suppliers |
| Product durability, functionality, quality and safety | Customer health and safety | B&B Italia Group | Clients Customers Dealers | - | Clients Customers Dealers |

QUALITY REPORTING PRINCIPLES

The drafting of B&B Italia Group's Sustainability Report is conducted in accordance with principles of balance, comparability, accuracy, timeliness, clarity and reliability, as defined by the GRI Standards. This document is a tool that allows for the identification not only of strengths and weaknesses, but also possible areas of improvement for the Group ^[102-54].

The data collection and reporting process is structured to guarantee the comparability over various reporting years and the clear interpretation of information by stakeholders. The EY Italian Climate Change and Sustainability Services team has supported B&B Italia Group in drafting its Sustainability Report since its first edition in 2016. B&B Italia Group's Sustainability Report has not been subjected to external assurance ^[102-56].



Borea
Designer: Piero Lissoni
2020

CALCULATION METHODOLOGIES

The methodologies and assumptions used to calculate performance indicators included in the Report are reported below. All data relating to injuries refer to B&B Italia Group employees, including contractors.

| | |
|--|--|
| Fuel density Rural Affairs (DEFRA), | UK Department of Environment, Food & Conversion factors - Full set, 2018, 2019, 2020 |
| LCV (Lower Calorific Value) | Italian Ministry for Environment, Tabella parametri standard nazionali, 2018, 2019, 2020 |

The following table shows the conversion factors used:
Emissions of greenhouse gas emissions have been calculated based on the principles included in the GHG Protocol Corporate Accounting and Reporting Standard. As regards the GHG emissions calculation, the Group adopted an operational control approach to consolidate its GHG emissions calculation and applied the following emission factors and their related assumptions.

GHG EMISSIONS SCOPE 1

| Source | Activity data | Emission factor | Global Warming Potential (GWP) |
|--|------------------|--|---|
| Natural gas for heating Gasoline for heating Fuel oil for production processes Car fleet (long term leasing) Biomass | Fuel consumption | Italian Ministry for Environment, Tabella parametri standard nazionali, 2018, 2019, 2020 | Only CO ² emissions were considered |
| Leakages of refrigerant gases from air-conditioning systems | Leakages | IPCC Fifth Assessment Report (AR5) | GWPs have been calculated considering the composition of refrigerant gases found on safety datasheets |

Given that B&B Italia Group does not have contracts of any kind for the sale and purchase of energy bundled with energy generation and emissions attributes as required for a market-based method, a residual mix emission factor has been used.

GHG EMISSIONS SCOPE 2 – LOCATION BASED METHOD

| Source | Activity data | Emission factor | Global Warming Potential (GWP) |
|--|-------------------------|---|--|
| Electricity purchased from national grid | Electricity consumption | Terna, Confronti internazionali, 2017, 2018, 2019 | Only CO ₂ emissions were considered |

GHG EMISSIONS SCOPE 2 – MARKET BASED METHOD

| Source | Activity data | Emission factor | Global Warming Potential (GWP) |
|--|-------------------------|---|--|
| Electricity purchased from national grid | Electricity consumption | Europe - AIB, European Residual Mixes, 2017, 2018, 2019 | Only CO ₂ emissions were considered |
| | | USA - Green-e Energy Residual Mix Emissions Rates, 2018, 2019 | |

GHG EMISSIONS SCOPE 3 (2018-2019)

| Source | Activity data | Emission factor | Global Warming Potential (GWP) |
|------------------------|---|---|---|
| Business travel by air | Kilometres travelled by air | UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2018, 2019 | CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4) |
| Business travel by car | Kilometres travelled by car | UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2018, 2019 | CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4) |
| Outbound logistics | Kilometres covered by air, truck or ship per shipped weight (tonne) | UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2018, 2019 | CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4) |

In 2020, Scope 3 emissions have been expanded and comprise, from this Sustainability Report onwards, a selection of categories chosen according to criteria of relevance, data availability and improvement potential for future initiatives.

The calculations carried out relied on the following assumptions:

- Purchased Good and services (Cat. 1): data includes raw materials (e.g., wood, steel, marble), packaging materials and an estimate of primary materials of which finished and semi-finished products. Data also includes water consumption emissions.
- Capital goods (Cat. 2): data includes new production line installed in Arclinea headquarter in Caldogno and have been estimated based on the cost of purchased goods.
- Inbound logistics (Cat. 4): include all data related to purchased goods of B&B Italia by road, thus not taking into account travel by sea and air and Arclinea data. Outbound logistics include transportation of sold products for both B&B Italia and Arclinea with all means of transportation.

For further information regarding the categories involved in Scope 3 analysis please refer to the “GHG emissions” paragraph in the Chapter “The proper balance between product quality and impact”.

In accordance with the GHG Protocol Corporate Accounting and Reporting Standard, out of scope emissions have been calculated in order to take into account the direct carbon dioxide (CO₂) impact of burning biomass.

GHG EMISSIONS SCOPE 3 (2020)

| Source | Activity data | Emission factor | Global Warming Potential (GWP) |
|---|---|---|--|
| Materials purchased (Cat. 1) | Weight of raw, process and packaging materials procured | Ecoinvent v.3.7.1 UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020 | CO ₂ equivalent emissions were considered |
| Capital goods (Cat. 2) | Weight of purchased production machinery | UK Department of Environmental, Food & Rural Affairs (DEFRA), Table 13 - Indirect emissions from the supply chain | CO ₂ equivalent emissions were considered |
| Fuel and energy related activities (Cat. 3) | Fuel and electricity consumption | UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020 | CO ₂ equivalent emissions were considered |
| Upstream logistics (Cat. 4) | Kilometres covered by air, truck or ship multiplied by shipped weight (ton) | UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020 | CO ₂ equivalent emissions were considered |

| | | | |
|--|--------------------------|--|--|
| Waste disposal (Cat. 5) | Weight of waste disposed | UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020 | CO ₂ equivalent emissions were considered |
| Business travel by air, train and car (Cat. 6) | Kilometres travelled | UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020 Ferrovie dello Stato Italiane, “Rapporto di Sostenibilità”, 2020 | CO ₂ equivalent emissions were considered |
| Employees commuting (Cat. 7) | Kilometres travelled | UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020 Ferrovie dello Stato Italiane, “Rapporto di Sostenibilità”, 2020 | CO ₂ equivalent emissions were considered |

The emissions are labelled “outside of scope” as the Scope 1 impact of these fuels has been determined to be a net zero since the fuel source itself absorbs an equivalent amount of CO₂ during its growth phase as the amount of CO₂ released through combustion.

Air emissions are calculated by taking into account all pollutants relating to industrial processes (for further information, see the Appendix), with the exception of those deriving from biomass and where the natural gas boiler is used to provide heating.

OUTSIDE OF SCOPE EMISSIONS

| Source | Activity data | Emission factor | Global Warming Potential (GWP) |
|---|------------------|---|---|
| Biomass combustion – wood offcuts for heating in Caldogno | Fuel consumption | UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2018, 2019, 2020 | CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4) |

The calculation is based on detection of pollutant concentrations, multiplied by estimated annual flows.

APPENDIX OTHER ENVIRONMENTAL DATA

In addition to the information required by the GRI Standards with respect to each indicator linked to B&B Italia material topics, the Group closely monitors other environmental aspects connected to its industrial processes from a regulatory compliance perspective.

Air emissions

Every year, B&B Italia carries out an analysis of its air emissions, as required in terms of the environmental legislative framework in accordance with Legislative Decree No. 152/06. In the three-year period between 2018 and 2020, the values recorded for all emissions examined and in all sampling performed were lower than the set limits.

B&B Italia's air emissions from the industrial processes of the Novedrate and Misinto sites mainly relate to the polyurethane foaming phase.

| Air emissions from industrial processes* | Unit | 2018 | 2019 | 2020 |
|--|------|------|------|------|
| NOx | t | n.a. | 1.6 | 1.7 |
| Particulate matter | t | 1.0 | 0.3 | 0.3 |
| T.O.C. | t | 6.9 | 9.6 | 6.1 |
| Ammonia | t | 0.3 | 0.02 | 0 |
| Aliphatic amines (triethylamine) | t | 0 | 0 | 0 |
| Isocyanate | t | 0 | 0 | 0 |

Water

Annual water consumption is reported in the following table. Total water consumption decreased by 27% between 2019 and 2020. The decrease in water consumption is mainly due to Arclinea, which in 2020 used less ground water in its painting department and for cooling the plant. In fact, Arclinea's consumption has almost halved in 2020 (-47%), whereas B&B Italia consumption remained stable during the same year.

| Water withdrawal* | Unit | 2018 | 2019 | 2020 |
|----------------------------------|-----------|---------------|---------------|---------------|
| Third-party water (Municipality) | m3 | 37,052 | 29,999 | 28,849 |
| Ground water | m3 | 12,238 | 34,330 | 18,322 |
| Total | m3 | 49,290 | 64,329 | 47,171 |

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General Disclosures

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| GRI 102: General Disclosures 2016 | Organizational profile | | |
| | 102-1 Name of the organization | | 5 |
| | 102-2 Activities, brands, products, and services | | 5 |
| | 102-3 Location of headquarters | | 7 |
| | 102-4 Location of operations | | 7 |
| | 102-5 Ownership and legal form | | 9 |
| | 102-6 Markets served | | 7 |
| | 102-7 Scale of the organization | | 52 |
| | 102-8 Information on employees and other workers | UNGC | 52 |
| | 102-9 Supply chain | | |
| | 102-10 Significant changes to the organization and its supply chain | | |
| | 102-11 Precautionary Principle or approach | | As of today, B&B Italia does not formally adhere or adapt its decision-making approach in accordance to the precautionary principle |
| | 102-12 External initiatives | | |
| | 102-13 Membership of associations | | 13 |
| | Strategy | | |
| | 102-14 Statement from senior decision-maker | UNGC | § "A message to our stakeholders" |
| | Ethics and integrity | | |
| | 102-16 Values, principles, standards, and norms of behavior | | 11 |
| | Governance | | |
| | 102-18 Governance structure Stakeholder engagement | | 10 |
| | 102-40 List of stakeholder groups | | 64 |
| | 102-41 Collective bargaining agreements | UNGC | All B&B Italia Group's employees in Italy are covered by collective bargaining agreements, as prescribed by national laws |
| | 102-42 Identifying and selecting stakeholders | | 64 |
| | 102-43 Approach to stakeholder engagement | | 64 |
| | 102-44 Key topics and concerns raised | | 64 |
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| 102-56 External assurance | | This report is not subject to external assurance |

Material Topics
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Economic Performance

| GRI Standard | DISCLOSURE | | PAGE | OMISSION |
|---|--|------|------|----------|
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | |
| | 103-2 The management approach and its components | | | |
| | 103-3 Evaluation of the management approach | | | |
| GRI 201: Economic Performance 201 | 201-1 Direct economic value generated and distributed | | 12 | |
| Procurement Practices | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | |
| | 103-2 The management approach and its components | | | |
| | 103-3 Evaluation of the management approach | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | | 41 | |
| GRI 300 Environmental Standards Series | | | | |
| Materials GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | UNGC | 38 | |
| Energy | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |

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|--|--|------|----|--|
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | UNGC | 45 | |
| | 302-3 Energy intensity | UNGC | 45 | |
| Emissions | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | UNGC | 46 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | UNGC | 46 | |
| | 305-3 Other indirect (Scope 3) GHG emissions | UNGC | 46 | |
| Effluents and Waste | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| GRI 306: Effluents and waste 2016 | 306-2 Waste by type and disposal method | UNGC | 50 | |
| Environmental Compliance | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| GRI 307: Environmental Compliance 2016 | 307-1 Non-compliance with environmental laws and regulations | UNGC | 44 | |
| GRI 400 Social Standards Series | | | | |
| Employment | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | UNGC | 55 | |
| Occupational Health and Safety | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| GRI 403: Occupational health and safety 2018 | | | | |

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|--|--|------|----|--|
| | 403-9 Work-related injuries | UNGC | 58 | |
| | 403-10 Work-related ill health Training and Education | UNGC | 58 | |
| Training and Education | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | UNGC | 57 | The subdivision by employee category is not available for Arclinea, given the impossibility of gathering the corresponding data. |
| Diversity and Equal Opportunity | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | UNGC | 56 | |
| Human Rights Assessment | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | UNGC | | |
| | 103-2 The management approach and its components | UNGC | | |
| | 103-3 Evaluation of the management approach | UNGC | | |
| GRI 412: Human Rights Assessment 2016 | 412-1 Operations that have been subject to human rights reviews or impact assessments Customer Health and Safety | UNGC | 42 | The information needed to cover this indicator is currently unavailable. |
| Customer Health and Safety | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | |
| | 103-2 The management approach and its components | | | |
| | 103-3 Evaluation of the management approach | | | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | | 34 | |
| Socioeconomic Compliance | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | |
| | 103-2 The management approach and its components | | | |
| | 103-3 Evaluation of the management approach | | | |
| GRI 419: Socioeconomic Compliance 2016 | 419-1 Non-compliance with laws and regulations in the social and economic area | | 11 | |

For further information about this Sustainability Report,
please contact:

B&B Italia S.p.A.

Strada Provinciale 32, 15
22060 Novedrate (CO) - Italy
Tel. +39 031795111
e-mail: sustainability@bebitalia.com

www.bebitalia.com



