

SUSTAINABILITY REPORT 2022



Italian Design Brands



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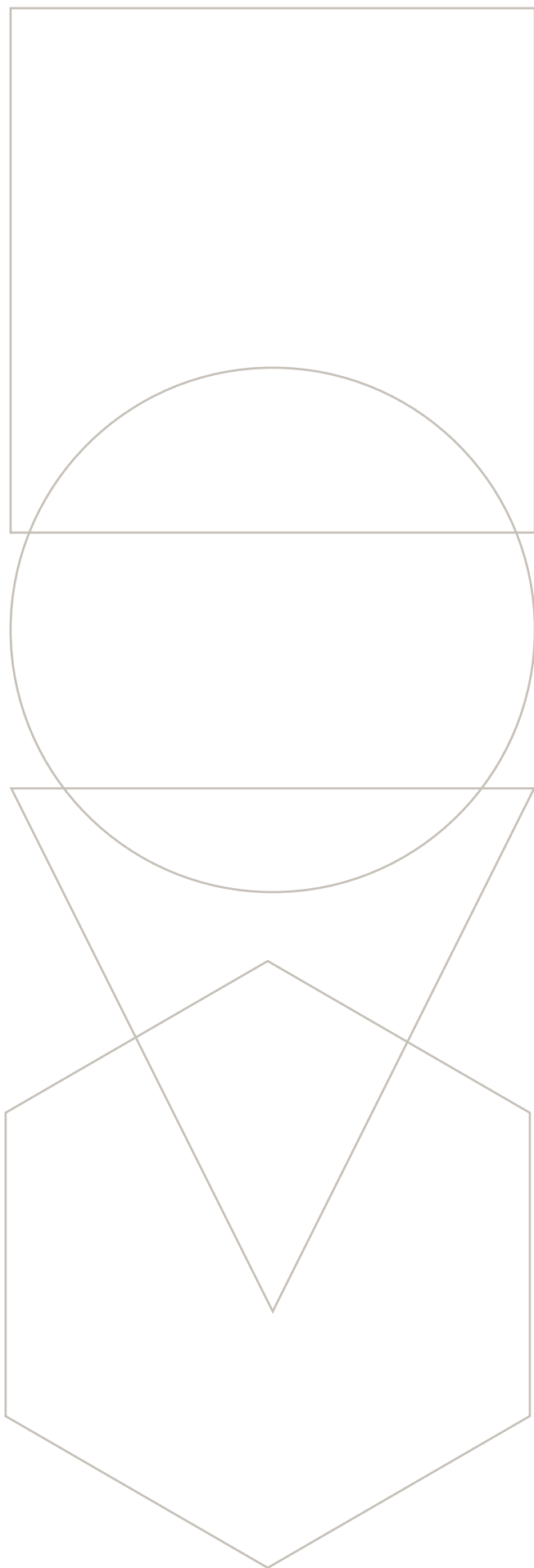
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SUSTAINABILITY REPORT 2022



Italian Design Brands



▽ Lighting

DAVIDE GROPPPI | Infinito Lamp
Design Davide Groppi 2016

Archiproducts Design Award 2017
People's Choice AZ Award 2017



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A MESSAGE TO OUR STAKEHOLDERS

**Dear partners and stakeholders,
The IDB Group was founded in 2015 as an Italian hub for the coming together of long-established companies, which maintain strong shared values and are deeply connected to the territory in which they were founded.**

This is the second edition of the IDB Sustainability Report, which aims **to continue sharing an account of the Group's numerous activities that look towards creating not only economic value**, but also social and environmental value for the entire Community where the Group operates.

The year 2022 was a year of complex and unpredictable events, such as the Russo-Ukrainian conflict, inflation, the energy crisis and the fallout of the pandemic - factors that created strong macroeconomic and geopolitical instability, as well as uncertainty for all families and people in our ecosystem. Despite this, **2022 was a year of strong growth for the IDB Group, the result of a solid and strategic project** that focuses on developing our team and our competence, passion and dedication to support the companies, as well as the growth of the organisations of all subsidiaries. Combined with the strength of the local supplier network and the devoted work of all people in the Group, this approach has allowed us to **continue to grow in strategic markets, investing in digitalisation, corporate organisation and new activities that look towards increasingly sustainable development** with the aim of sharing multi-faceted, high-quality, "Made in Italy" design all over the world.

We strongly believe that each IDB entity must **operate as a "virtuous island"**, respecting its

own ecosystem through group coordination that allows for a broader understanding of the surrounding environment. First of all, this means a **reduced environmental impact, circular economy and the efficient use of resources**, but also the adoption of a work ethic that characterises relations with all workers and stakeholders and that results in a strong bond with supply chains and workers of local districts, remaining deeply connected to our territories. These elements are essential for companies that want to keep growing and continue to be a benchmark in the market.

Italian creativity and artisan tradition permeate through the design and production of our products, which furnish and illuminate homes and settings for hospitality and conviviality all over the world. All of our entrepreneurs and CEOs love their work and reflect this passion in their attention to detail, quality and product safety, ensuring a trust-based relationship with our customers that allows us to continue to grow. Each company brings significant synergies to the Group, such as resources, experience, an entrepreneurial spirit and a global mentality and approach to business.

Our commitment continues to ensure the continuous improvement of the many aspects covered on different levels within this Report. On the basis of this significant path and by sharing what was set out by Member States in the 2015



Paris Agreement, we have decided **to contribute actively to the fight against climate change** by setting a target and a path for reducing GHG emissions from our operations in the medium-term. We strongly believe that by adopting what may seem like "small" changes in the way each company operates, we can actually build the foundations for making a "big" difference in the footprint we leave and will leave behind each day in the surrounding ecosystem.

Finally, I would like to add that since 18 May 2023, **IDB has been listed on Euronext Milan - a market regulated and managed by Borsa Italiana - and is the first Italian design group**

to be admitted on the national list. This achievement makes us especially proud - an objective of the Group since its foundation and the result of the great effort and work on the part of everyone in recent months. We strongly believe in the opportunities for visibility and transparency arising from access to the capital market, and we are sure that this important step will also help to increase our efforts in pursuing the virtuous path of development that sets us apart.

Enjoy reading and take care.

Andrea Sasso





IDB: OUR IDENTITY

Lighting

AXOLIGHT | Bell suspension lamp
Design Manuel e Vanessa Vivian

2010 "Elle Deco International Design Award"
in the lighting category

1.1 THE IDB PROFILE

1.1.1 The Group

The Italian Design Brands Group, hereinafter IDB, was founded in Milan in 2015 to promote Italian design in the field of high-quality furniture, furnishings and lighting, and to create synergies between individual operators, in order to compete internationally.

These companies are often recognised as par excellence due to their creative skills and products, but their limited size can penalise them in global competition. **The IDB Group was created to put into practice the notion of "creating synergies"**, which is much discussed in the context of our country, to support the Italian excellence of the sector to compete internationally. The Group aims to anticipate the process of aggregation to which Italian design will inevitably be subject, allowing companies to reach a critical mass to compete on international markets in an increasingly fast and competitive world.

IDB is thus positioned as a platform that **attracts talent and excellent businesses while preserving their DNA** and accelerating their development through a common strategic vision and the use of sharing as a tool for growth and comparison. The Group comprises a portfolio of high-end brands that allow exposure to different market segments, offering a wide complementarity of products, styles and specialisations.

In line with this project, the Group was formed in 2015 following its first corporate acquisition, namely **Gervasoni SpA** and, through the latter, IFA Srl¹. Subsequently, IDB continued to grow by means of the completion of additional corporate acquisitions: **Meridiani Srl** in 2016, **Cenacchi International Srl** in 2017, **Davide Groppi Srl** and **Saba Italia Srl** in 2018, Modar SpA in 2019, Flexalighting Srl in 2020, **Axo Light Srl**² in 2021, Flexalighting North America Ltd. in 2022, through Flexalighting³, **Gamma Arredamenti International SpA** and Gamma Arredamenti International Inc. and the establishment of Fincubo Srl, in order to acquire the majority of the capital of **Cubo Design Srl**⁴ completed in January 2023.

At the end of 2022, the Milan-based Group had a total of nine companies operating in three different sectors: "*Furniture*" - Furniture for inside and outside (Gervasoni, Meridiani, Saba Italia, Gamma Arredamenti), "*Lighting*" (Davide Groppi, Flexalighting, Axolight) and "*Luxury Contract*" (Cenacchi International, Modar). Following the completion of the acquisition of most of Cubo

1. IFA Srl was acquired by Gervasoni SpA with effect from 1 January 2021.
2. Please note that Axo Light Srl has not been included in the accounting of this Report, as IDB only has a minority share of 20% (company excluded from the scope of consolidation).
3. On 9 May 2022, Flexalighting Srl acquired 1% of the shares in Flexalighting North America Ltd and the subsequent control of the same over the previous joint control.
4. Note that Cubo Design Srl was not included in the accounting of this Report as the acquisition transaction was finalised in January 2023.



ITALIAN DESIGN BRANDS SPA IS THE ITALIAN HUB IN THE FIELD OF HIGH-QUALITY FURNITURE AND DESIGN.

Design Srl's share capital in January 2023, the Group's activity was divided to include a fourth operating segment called "*Kitchen & Systems*". This segment focuses on the design, production

and marketing of modular kitchen solutions and systems, within which the brands Binova and Miton Cucine will initially operate, attributable to Cubo Design Srl.

2015-2022 - Our history, our commitment

<p>2015</p> <p>IDB Group is established</p> <p>Gervasoni Spa Joins IDB Group</p>	<p>2016</p> <p>Meridiani Srl Joins IDB Group</p>	<p>2017</p> <p>Cenacchi International Srl Joins IDB Group</p>	<p>2018</p> <p>Davide Groppi Srl /Saba Italia Srl Join IDB Group</p>
<p>2019</p> <p>Modar Spa Joins IDB Group</p>	<p>2020</p> <p>Flexalighting Srl Joins IDB Group</p>	<p>2021</p> <p>Axo Light Srl Joins IDB Group</p>	<p>2022</p> <p>Gamma Arredamenti International Spa /Cubo Design Srl Join IDB Group</p>

The Group's mission and vision

The IDB Group aims to create an environment in which companies in the furniture sector can be part of an Italian group with a strong international presence, while maintaining their distinctive identity, creativity and entrepreneurial spirit.

To achieve this, **IDB works with companies to help them unlock their global potential** and improve their performance through synergies created by being part of a group. Furthermore, IDB is always looking for new partnerships with successful companies that offer high-quality

design products and benefit from a recognised brand. **The Group's vision** lies within the philosophy and values that unite and guide the different companies, and that together form the Group's identity, which can be summarised in seven key concepts:



Hub for the excellence of Italian design and craftsmanship

IDB Group operates in a resilient, growing market, which is exposed to an important and distinctive tradition of quality and craftsmanship, typical of the most excellent "Made in Italy" sectors.



Entrepreneurial DNA and distinctive group approach

A platform able to attract new talents while preserving their DNA and entrepreneurial vision and, at the same time, accelerating development through a common strategic vision and the use of sharing as a tool for growth and comparison.



High-end positioning and complementarity of styles and products

A portfolio of high-end brands that allows exposure to different market segments, offering a broad complementarity of products, styles and specializations.



Our mission

TO REPRESENT THE EXCELLENCE OF ITALIAN DESIGN AND CRAFTSMANSHIP WORLDWIDE, WORKING AS A VIRTUOUS ENVIRONMENT IN WHICH EACH BRAND CAN BOOST ITS COMPETITIVE STRENGTH WHILE MAINTAINING ITS DISTINCTIVE IDENTITY, CREATIVITY AND ENTREPRENEURIAL SPIRIT.



Global and diversified presence

The Group benefits from a significant international presence and a balanced exposure between different channels and geographical areas, with an eye to market developments and the ability to fully grasp the opportunities.



Managerial support and organizational development

The involvement of a high-profile management team allows the introduction of structured methods and processes aimed at improving business efficiency and effectiveness, providing support for organizational development and, where necessary, support in gradual generational transitions.



Solid economic results and efficient financial management

IDB boasts an excellent growth path, as well as excellent profitability and financial solidity, guaranteed by the primary standing of the Group companies and by centralized finance and control management, which allows an efficient use of resources to serve new investments for growth.



□ Furniture

GERVASONI | Flair Collection
Design Gabriel & Oscar Buratti



1.1.2 The companies

Preserving the culture, identity and DNA of each company has always been a priority for the Group.

This objective becomes even more important when the specific history and characteristics of each company are taken into account, as described in the table below.

GERVASONI™

Founded in 1882 and based in Pavia di Udine (Udine), Gervasoni SpA is managed by the brothers Giovanni and Michele Gervasoni - the third generation of the family. The company designs, manufactures and markets both indoor and outdoor furnishing solutions for the home and contract furniture sector (luxury hotels, restaurants and ships) through the brands Gervasoni, Gervasoni Outdoor and Very Wood. The Gervasoni

brands offer armchairs, sofas, beds, tables, chairs and storage in collaboration with international designers such as Paola Navone, Michael Sodeau and Jasper Startup. In May 2015, IDB acquired 100% of Gervasoni SpA. By immediately reinvesting in the Group's shareholding, Giovanni and Michele Gervasoni decided to pursue the objectives set for the company as part of a more ambitious strategic project.

MERIDIANI

Meridiani Srl was founded in 1996 in Misinto (Monza and Brianza) by Renato Crosti, an entrepreneur with over 40 years of experience in the sector, from a simple and passionate idea of Laura Ferraro Crosti, wife of the founder: to create, design, produce and distribute a new home collection. Thus the first collection was created. It was produced entirely in Italy and the result of the collaboration and enthusiasm of Laura and designer Andrea Parisio, who is still artistic director

of the brand today. The brand offers collections for living areas and bedrooms with a sophisticated and international design, composed of sofas in refined, precious fabrics and accessories that play with volumes of marble and brass, as well as a line of products dedicated to the outdoors. In June 2016, IDB fully acquired Meridiani Srl. Since 2021, the company has been led by Antonella de Martino, whose management is strongly focused on enhancing and developing the brand's identity.



CENACCHI INTERNATIONAL

Cenacchi International was founded in 2003 in Bologna. It was the initiative of Carl Gherardi and Eugenia Cenacchi, who, thanks to the experience gained in the Cenacchi family company, which had been working in high-end furniture since the eighties, decided to devote their work to prominent international clients.

Cenacchi specialises in the production and installation of luxury furniture for shops, showrooms, offices, hotels and prestigious homes all over the world. The furniture is

custom-made in collaboration with external and internal architects and designers. Over the years, the company has acquired a strong reputation for the quality of its products and its technical capabilities, which are essential for a market niche based on exclusivity.

Cenacchi International Srl has been part of the IDB Group since September 2017. Since the end of 2022, the company has been led by Filippo Assali, a manager with many years of experience in the bespoke furniture sector.

davide groppi

Since the late eighties, Davide Groppi has been inventing and producing lamps and lighting projects. Simplicity, lightness, emotion, invention and amazement: these are the five key components of every lamp and design. Over time, creative and entrepreneurial independence has helped to develop original and highly recognisable projects that are distributed all over the world. The company has collaborated on countless projects for homes, shops, museums and the world of hospitality: some of the most important starred restaurants have chosen the lighting of Davide Groppi.

This excellence is recognised through publications and awards such as, among others, two awards at the XXIII ADI Compasso d'Oro in 2014 for the Nulla lamp and the Sampei lamp and the ADI Compasso d'Oro Honourable Mention for the Tetatet lamp in 2016.

Davide Groppi Srl joined IDB in March 2018. In addition to having invested in the Group's shareholding, entrepreneur Davide Groppi remains at the helm of the company with the aim of fostering a path of growth combined with the company's strong personality.

saba

Saba Italia is based in S. Martino di Lupari (Padua), and since 1987 has dedicated its design research to the culture of relaxation.

Saba is a brand with a feminine outlook: from Amelia Pegorin at its core and a team focused on soft and welcoming collections, to the collaborations from which it draws inspiration. It is a design process in which products move and change configurations through graceful, feminine gestures. And the style of the sofas, dressed in vibrant colours and welcoming

textures, is nourished by this research.

Saba's design is "tailor-made", with the possibility of choosing from a vast and sought-after range of fabrics that give the end customer the opportunity to personalise their choice to the fullest.

In October 2018, IDB acquired 100% of Saba Italia Srl. Amelia Pegorin has reinvested in the Group's shareholding and remains at the helm of the company, as well as the brand's Artistic Department.



Modar, a company specialising in projects in the custom contract sector based in Barlassina (Monza and Brianza), was founded in 1971 by the entrepreneur Dante Malagola.

The company boasts 50 years of activity in the production of furniture for shops, homes, hotels and luxury offices, assisting customers from the design phase to the project's delivery and setting itself apart by the high quality of its products and

customer service. It has always collaborated with prestigious international architectural firms, offering a successful example of the synergy between design and industry.

Modar SpA joined IDB in June 2019. Founder Dante Malagola is still at the helm of the company and is steering it towards a new phase of development in the world of luxury and retail.



Lighting

AXOLIGHT | Liaison suspension lamp, design Sara Moroni



□ Furniture

SABA | New York Soleil Outdoor sofa
Design Sergio Bicego



FLEXALIGHTING

Based in Pontassieve (Florence), Flexalighting is a young and dynamic company founded by the architect and lighting designer Roberto Mantovani from Modena. After experience gained in product and lighting design, he founded the company according to his vision on the architectural use of LED technology.

In just 10 years, the company has developed rapidly, recording significant and constant growth with products distributed in more than

60 countries. A vocation for internationalisation led to the opening of its first foreign office in Vancouver in 2017: Flexalighting North America, which manufactures the Made in Italy range for the North American market.

In February 2020, IDB acquired a majority stake in Flexalighting Srl Founder Roberto Mantovani has maintained a significant share of the capital and continues to lead a rapidly expanding company.

Axolight

Axolight is a lighting company that designs, develops and manufactures high-end designer lamps.

Each Axolight product is unique, whether it comes from large-scale manufacturing or a bespoke request. It is designed, developed, tested and assembled by hand in Italy at its premises in Scorzè (Venice), or in the United States at its premises in Danbury, Connecticut.

Over time, Axolight has embarked on an industrial journey to synthesise, through its creations, the elements that underpin its corporate vision:

design, technology and functionality. From the small table lamp to the monumental suspension lamp, Axolight solutions work for any type of environment, using Italian artisanal know-how and the most advanced technologies in the lighting field, helping to illuminate and furnish public and private spaces of worldwide renown. In November 2021, IDB acquired a stake in Axolight Srl Giuseppe Scaturro, partner and CEO of the company since 2017, remains a reference shareholder of Axolight and continues to lead its ambitious growth plans with full management independence.



GAMMA

Gamma Arredamenti was founded in Forlì in 1974, the fruit of the friendship and common passion for design and furniture of Gabriele Ghetti and Carla Botti. A leader in the leather upholstery sector, the company can be found in the best showrooms and furniture studios all over the world.

Gamma's success is based on a careful search for exclusive leathers to create new combinations inspired by the world of design, fashion and art, which accentuate the character and image of the products by creating a well-defined concept for living that meets the needs of international designers. Moreover, several years

ago the company launched the brand "Dandy Home", a collection of upholstery and furnishing accessories coordinated by the artistic direction of Studio Viganò.

The main facilities of more than 15,000 m² are joined by a fully owned branch in North Carolina, USA, which promotes and distributes the products made in Italy in the North American market.

In June 2022, IDB acquired the majority of Gamma Arredamenti International SpA The two founders remain at the helm of the company, in which they reinvested while maintaining a significant share.

The Group's presence in Italy and worldwide

IDB operates both in Italy and abroad, with a widespread presence of more than 3.500 points of sale and 15 monobrand shops.

The latter are located in Europe, North America, Central and South America and Asia, and there are also points of sale in Africa and Oceania.

The global monobrand shops are branded by the individual companies; in particular, of the 15 monobrand shops, 3 are branded Gervasoni, 6 are branded Meridiani, 4 are branded Davide

Groppi and 2 are branded Saba. Modar and Cenacchi International operate in the design of luxury furniture mainly in B2B, and therefore they do not need direct sales shops. Flexalighting, on the other hand, despite having no monobrand shops, sells its products in more than 250 outlets on all continents.



€ 201 million
production value
in 2022



● EUROPEAN AREA (Italy excluded)

35,4%

● NORTH AMERICA

28,2%

● ITALY

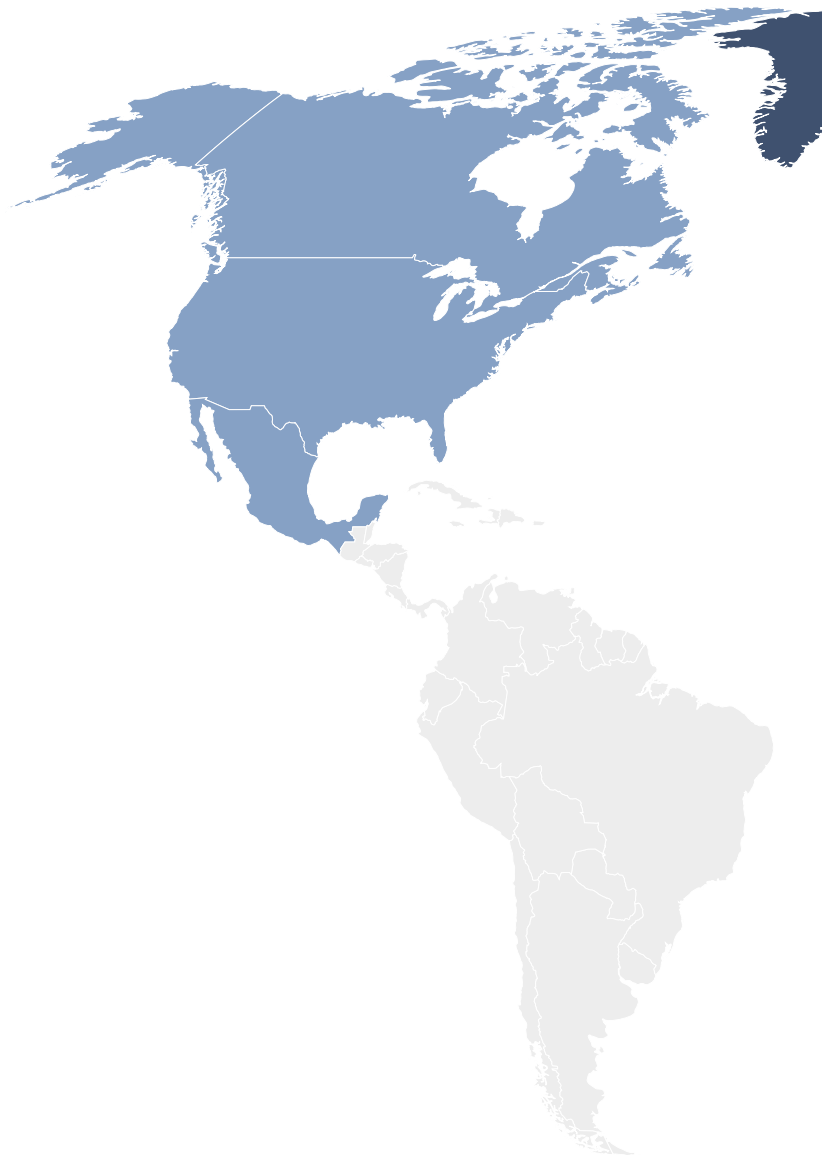
21,8%

● REST OF THE WORLD

11,3%

● CHINA

3,3%



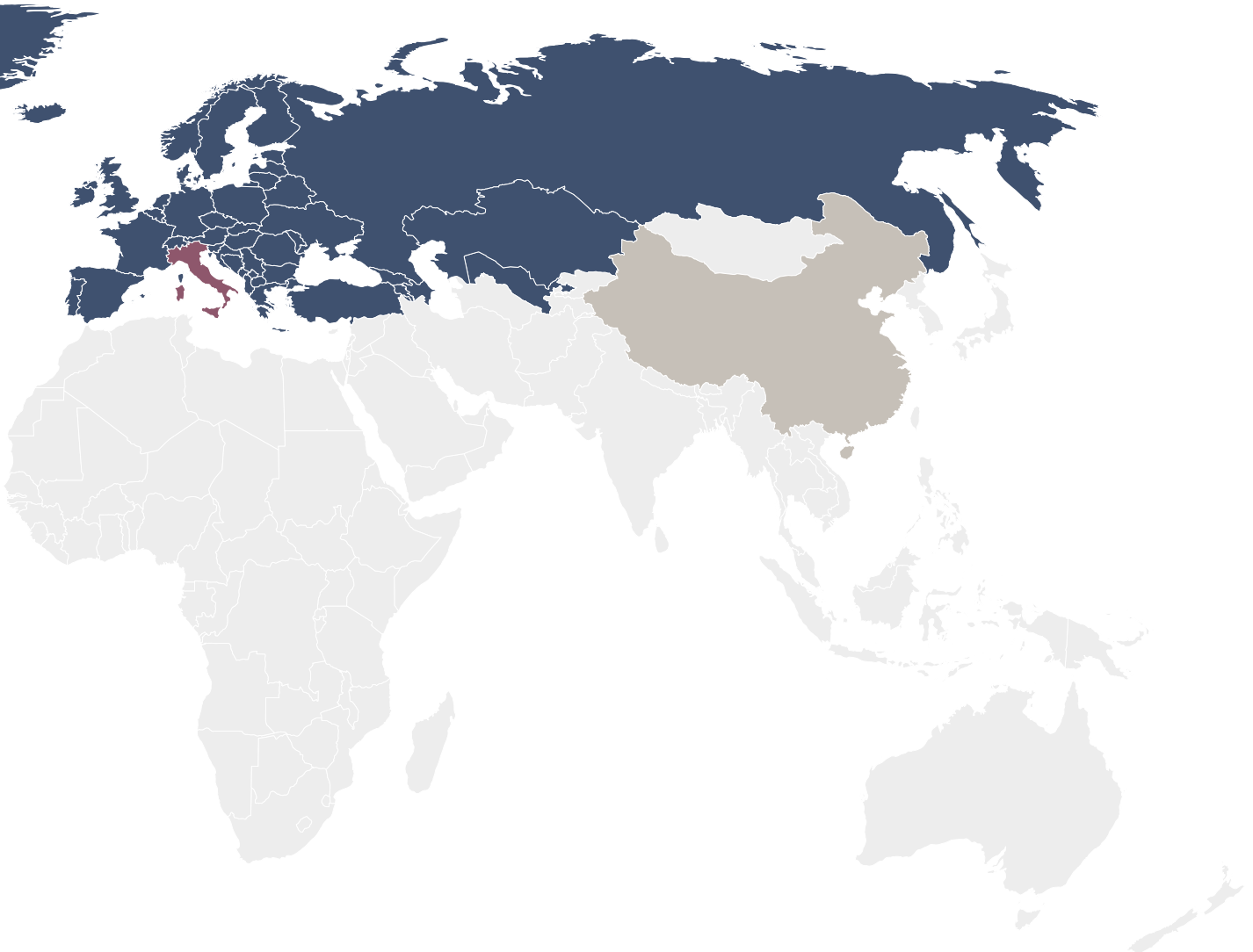


Group presence by number of locations per geographic area

In terms of production value, the Group generated more than €201 million in 2022, of which 21.8% was in the Italian market, an area that grew in absolute value but decreased by almost 5 percentage points compared to 2021. The largest share of turnover instead comes from the European area (excluding Italy), which stands at around 35.4%. North America is also an important market for IDB, accounting for 28.2% of revenues in 2022. The remaining annual revenue comes from territories under Chinese influence (about 3%) and from the rest

of the world, which generates about 11% of revenues.

In line with the past year, the Group is concentrated in Europe and Italy. However, the role of North America is becoming increasingly important, as is the contribution of sites around the world. Revenues almost doubled compared to 2021, thanks to the contribution of Gamma Arredamenti, the commitment of IDB and the recovery of the Luxury Contract business area after the pandemic crisis.



Group presence by revenue per geographic area

To further expand its global presence, IDB established a branch in Suzhou, near Shanghai, in March 2020. This branch, called IDB Suzhou Co. Ltd, acts as a commercial and cultural bridge for the Group's brands in the rapidly growing Chinese market.

In 2021, IDB also opened a branch in London, called **Italian Design Brands UK Ltd.**, to promote its brands in the UK - an important market not only for domestic demand, but primarily due to the importance of London as a global hub for the specification of furniture and lighting projects worldwide.

In May 2022, the Group opened a new commercial office in New York in the United States, named **IDB USA Corp.** Like the Suzhou branch, the company operates as a reference point for the commercial development of IDB

brands in the North American territory.

The Group's internationalisation strategy is further supported by the international activities of its companies. For example, Meridiani acquired control of **Meridiani France** in 2018 to manage its monobrand space in Paris. In 2017, **Flexalighting** opened its first overseas office in Vancouver (Flexalighting North America), which was integrated into the Group from May 2022 through the acquisition of control of the company. Furthermore, Gamma Arredamenti has a division in the United States - **Gamma Arredamenti International Inc.**

GROUP HIGHLIGHTS (2022)



€ 201 mln
Production value



>78%
Exports



554
People



90%
Permanent employees



1.11%
Accident rate that can be recorded



2,297 GJ
Electricity from photovoltaic panels



Furniture

MERIDIANI | Claud Open Air lounge bed, design Andrea Parisio

Sectors and main products offered

As explained above, the Group is mainly active in the furniture and lighting sector. The nine companies can be divided into three business areas: "*Furniture*", "*Lighting*" and "*Luxury Contract*".

Gervasoni, Meridiani, Saba Italia and Gamma Arredamenti work in the *Furniture* business area, offering a wide range of products for indoor and outdoor furniture; the *Lighting* business area includes the companies Davide Groppi,

Flexalighting and Axolight⁵; while the *Luxury Contract* business area carries out prestigious furniture projects for shops, showrooms, homes, hotels and luxury offices through Modar and Cenacchi International.



○ Kitchen & Systems

CUBO DESIGN | Miton, Menta_03 Kitchen

5. Axolight is not included in the scope of the Sustainability Report as IDB holds a minority stake.



□ Furniture

GERVASONI™

Furnishings, sofas, sofa beds, rocking chairs, lamps, beds, benches, armchairs, poufs, chairs, stools, tables, coffee tables

MERIDIANI

Sofas, armchairs, benches and poufs, chairs and stools, tables, low tables, desks and console tables, storage cabinets, beds, bedside tables, furnishings, outdoor products

saba

Sofas, armchairs, poufs, chairs, stools, beds and sofa beds, coffee tables and furnishings



Sofas, armchairs, poufs, beds, coffee tables, bedroom dressers, lamps, accessories

▽ Lighting

davide groppi

Suspension lamps, ceiling lamps, wall lamps, table lamps, floor lamps, lighting systems, recessed lights, outdoor lights

FLEXALIGHTING

Indoor lamps (suspension lamps, various types of recessed lights, steplights, spotlights, linear systems, ceiling and wall luminaires, RGB systems) and outdoor lamps (ceiling recessed lamps, floor recessed lamps, steplights, ceiling and wall luminaires, spotlights, bollards)

Axolight

Designer chandeliers, wall lamps, table lamps, suspension lamps, wall and ceiling lamps, floor lamps

⬡ Luxury Contract



Production and installation of luxury furnishing for shops, showrooms, offices, hotels and high-end homes



Furnishing projects for luxury shops, homes, hotels and offices

B2B and B2C markets

IDB aims to support the commercial structures of its companies and promote growth through the expansion into new territories and markets.

In 2022, **the majority of IDB revenues were generated from the B2C** market, thanks to the presence of the above-mentioned outlets distributed over 130 countries that offer the Group's brands.

The remaining revenue comes from the B2B sector, in which IDB companies have specific expertise in a variety of professional sectors, such as luxury retail, high-end hospitality and residential and boating.

A central B2B commercial structure was

created for the Group in 2017, which integrates with the commercial divisions of the individual companies to support them in generating and managing project opportunities.

The aim is **to achieve the opportunities offered by professional stakeholders in a more effective way**, which require a more technical and structured approach.

The dedicated team consists of two business developers, based in Milan and London.



 Furniture

GERVASONI | Kasane Chair
Design Nendo

1.2 GOVERNANCE

In order to respond effectively to the challenges posed by the market, IDB has developed an organisational structure that allows the Group companies to achieve maximum synergy and to pool certain competences and critical activities so as to compete internationally.

1.2.1 Group corporate structure

The shareholders of Italian Design Brands at the end of 2022 are Investindesign SpA holding 67.78%, Elpi Srl 14.52%, Fourleaf Srl 14.52%, Dr Giorgio Gobbi for 1.31% and Dr Amelia Pegorin holding the remaining 1.86%.

With regard to subsidiaries, IDB SpA fully owns IDB Suzhou Co. Ltd, IDB UK Ltd, IDB USA Corp., Gervasoni SpA and Saba Italia Srl, 61.1% of Meridiani Srl⁶, which fully controls Meridiani

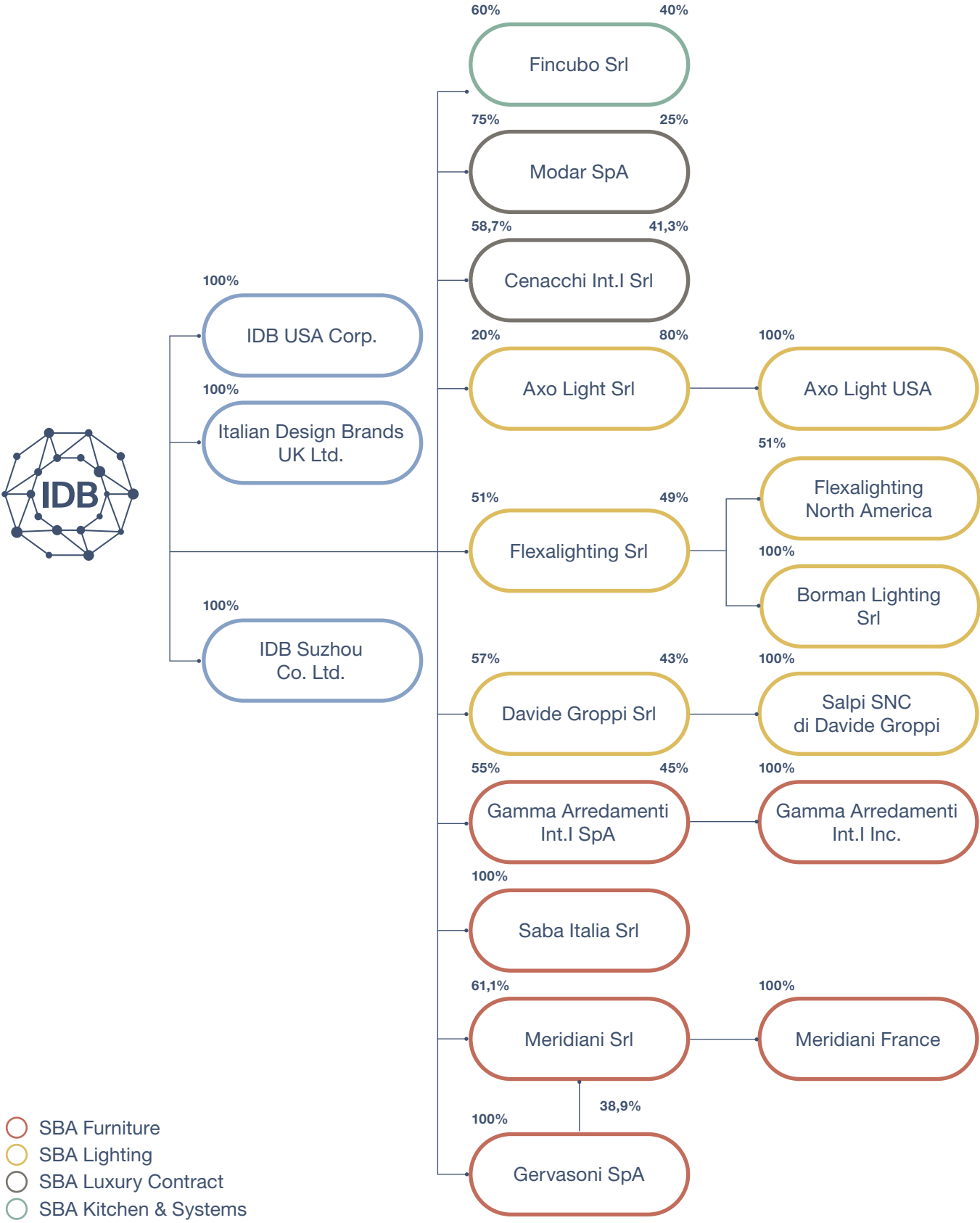
France, 55% of GammaArredamenti International SpA, which in turn holds the entire share capital of Gamma Arredamenti International Inc., 57% of Davide Groppi Srl, which owns 100% of Salpi SNC, 51% of Flexalighting Srl, which holds the entire share capital of Borman Lighting Srl⁷ and 51% of Flexalighting North America, 20% of Axo Light Srl, which in turn holds 100% of Axo Light USA, 58.7% of Cenacchi International Srl, 75% of Modar SpA and 60% of FinCubo Srl

6. 61.1% of Meridiani Srl is controlled by IDB, while the remaining 38.9% is controlled by Gervasoni SpA.

7. It should be noted that Axo Light Srl is not included in the reporting period as IDB SpA acquired a minority stake in December 2021.



Below is the corporate structure of the IDB SpA Group as at 31 December 2022.



1.2.2 Corporate Governance

The corporate governance system adopted by the IDB Group aims to create synergies between various companies and aims to ensure a responsible and transparent management of the company, in order to create and distribute value to all stakeholders.

The governance model adopted sees the Board of Directors (BoD), the body responsible for managing the Company, supported by the Board of Statutory Auditors. This supervisory body is responsible for monitoring compliance with the law and company rules, as well as monitoring the adequacy of the internal supervisory systems and organisational structure of the company by inspecting the compliance of directors with the articles of association and laws. Meanwhile, the Board is responsible for decision-making and supervising the management of the company's impacts.

As at 31 December 2022, the Board of Directors of the Group consists of seven members (six men and one woman), of whom

14% are aged between 30 and 50 and the remaining 86% over 50. The Board of Statutory Auditors, on the other hand, is composed of five members⁸, all men. A total of 20% are between 30 and 50 years old and 80% are over 50.

Andrea Sasso heads the Board of Directors as Chief Executive Officer. This appointment was made unanimously following the vote by the Shareholders' Meeting consisting of the current directors, the members representing the entire share capital, the Chair of the Board of Statutory Auditors and the statutory auditors. It took place on 15 June 2021 at the offices of Gervasoni SpA. On this occasion the remaining members of the Board of Directors were also appointed. The composition of the Board can be found below.

IDB GOVERNANCE AT 31 DECEMBER 2022

The Board of Directors	Role
Sasso Andrea	Chair of the Board of Directors
Colonna Paolo	Director
Sattin Fabio	Director
Stea Alessandra	Director
Gervasoni Giovanni	Director
Gervasoni Michele	Director
Gobbi Giorgio	Director
The Board of Statutory Auditors	
Marzuillo Vincenzo Maria	Chair of the Board of Statutory Auditors
Ottolenghi Enrico	Auditor
Lippi Alberto	Auditor
Stefano Lodolo	Alternate auditor
Albani Adriano	Alternate auditor

8. The members include three statutory auditors and two alternate auditors, as reported in the table "IDB Governance at 31 December 2022".

The interests of stakeholders, diversity within the Board of Directors and the competences of members were judged by the above-mentioned Shareholders' Meeting in order to appoint the Board that will remain in office until the approval of the financial statements as at 31 December 2023. The same meeting also discussed the remuneration policies that apply to the Board of Directors. These were established by considering a total compensation for the Board of Directors amounting to a gross annual salary of €1,149,000.00, of which €875,000 as a fixed component and €274,000 as a variable component, depending on the achievement of the Company's objectives. In accordance with the law, the Board of Directors shall determine

within this amount the remuneration of directors holding special roles. Those provisions shall remain valid until 31 December 2023. The Chief Executive Officer is also subject to an incentive and loyalty plan that provides for a cash settlement, known as a phantom stock option (PSO), based on the CEO's involvement in the future economic and strategic development of the Company and the other IDB Group companies.

In accordance with market practice for such agreements, the purpose of the contract is to provide the Chief Executive Officer with variable remuneration linked to the increase in the value of the Company.



 Furniture

SABA | Wabi bed, design Alain Gilles

The Organisation and management model

For IDB, ethical, environmental and social sustainability and health and safety in the workplace are guiding principles that are becoming a part of all Group activities.

allowing it to maximise opportunities in innovation and sustainable technologies and predicting and mitigating risks in operational and business performance. In this context, IDB, as part of its corporate governance system, decided to adopt **the Organisation and Management Model⁹ (OMM)** in compliance with the requirements of Italian Legislative Decree No. 231/2001 (Model 231), which governs the administrative responsibility of legal persons and associations. The model was approved by the IDB Board of Directors on 13 May 2022, and subsequently adopted by the other Group companies.

The implementation of the OMM responds to the Company's conviction that any element assisting correct and transparent management is worthy of attention, and can **contribute positively to the Company's image and protecting stakeholder interests**. In addition, together with further elements of corporate governance, **the Model is considered to raise awareness that facilitates the dissemination**

of ethical and socially responsible conduct by all entities working on behalf of the Company.

In particular, the Model also seeks to identify and evaluate corporate risks in relation to the offences set out in the Decree, to set up a system of preventive control, to identify the rules to prevent illegal conduct contrary to the interests of the company and to establish a permanent supervisory body.

This guarantees the independence of the members of the Board of Directors and the Chief Executive Officer. In addition, within the context of the organisational model, improvement actions have been set out to ensure further mitigation of the risks referred to in Model 231, including the introduction of a task-sharing mechanism to better manage conflicts of interest.

9. Model 231: <https://www.italiandesignbrands.com/wp-content/uploads/Modello-di-Organizzazione-Gestione-e-Controllo-OGC-231.pdf>.



The Code of Ethics

In order to draw up the OMM, the Company has also drawn up a Code of Ethics, which identifies the general principles and rules of conduct that are given positive ethical value.

The four main values that inspire the company are:



ENHANCEMENT

development and protection of human resources



PRODUCT INNOVATION

quality and safety



PROTECTION OF HEALTH

and safety at work



SOCIAL

RESPONSIBILITY

“THE COMPANY IS COMMITTED TO THE PROTECTION OF THE ENVIRONMENT, WORKING TO ENSURE THAT PRODUCTION ACTIVITIES AND WORK TAKE PLACE IN FULL RESPECT OF THE TERRITORIES, AND IS COMMITTED TO THE IMPLEMENTATION, AS FAR AS POSSIBLE, OF A PROGRESSIVE REDUCTION OF ENVIRONMENTAL IMPACTS DUE TO ITS WORK.”

The administrative body of IDB undertakes to draw on the principles contained in the Code of Ethics that it approved when setting its business objectives. Its provisions shall be binding on the conduct of all company directors, managers, employees, consultants and any person who collaborates in any capacity. This means that the recipients of the Code of Ethics are obliged to respect professional rules and exercise due diligence and expertise, and **to act at all times in accordance with the criteria of transparency, integrity and fairness in carrying out actions**

performed in the interests of the Company.

According to the Code of Ethics, recipients are required to avoid situations in which conflicts of interest may arise, by refraining from promoting business opportunities that may result in personal gain. It is recommended that any person working in situations of conflict of interest should give immediate notice to the Chair, the Chief Executive Officer, the Board of Directors or its direct manager, refraining from performing such an activity with a conflict of interest until

further notice. The latter parties will be obliged to inform **the Supervisory Body (SB)** which, after carrying out the appropriate assessments and investigations, will evaluate the actions to be taken and the decisions to be made by the Board of Directors and the Company's management in order to maintain compliance with this Code and the Company's internal procedures.

The Code was approved by IDB's Board of Directors on 13 May 2022 and was subsequently adopted by the other Group companies. It is brought to the attention of all internal and external stakeholders involved in the Company's mission through specific communication and training activities. Compliance with the contents of this Code is an integral part of the general rules governing employment and therefore this **Code is published on the Company's website**¹⁰.

Any doubts regarding the application of the following Code must be discussed promptly with the Board of Directors and with the SB as the

body responsible for monitoring its application. Any amendments or additions to this Code, including upon proposal from the SB, must be made with the approval of the Company's Board of Directors, also after having consulted the Board of Statutory Auditors.

Any breach of the Code by its recipients must be reported promptly to the SB at its specifically created email address: odv@italiandesignbrands.com.

All procedures and instruments adopted have contributed to ensuring that no corruption occurred within the Company's scope **during the three-year period under consideration, nor any non-compliance with environmental laws and regulations.** With regard to compliance with laws and regulations in social and economic matters, there is a dispute with an agent of the company Davide Groppi on the subject of meritocratic compensation for 2020.

10. Code of Ethics: https://www.italiandesignbrands.com/wp-content/uploads/290623_IDB_Codice_Etico_ENG_WEB.pdf



1.2.3 Value generated and distributed

While the effects of the pandemic continued to affect IDB's activities during 2021, in 2022 the value generated and distributed by the Company significantly increased despite international tensions and energy price increases.



+11% di variazione vs 2021
del Macrosistema Arredamento
ed Illuminazione italiano



+9,2%
crescita del mercato italiano
+12,6%
crescita dei mercati esteri

In this context, the Italian furnishing and lighting macrosystem recorded a positive change of +11.0% compared to 2021¹¹. This growth was driven both by the internal market (+9.2%) and, even more so, by foreign markets (+12.6%), in particular the United States, France and Germany. It is important to underline that, after almost a decade of almost zero inflationary effect on production values, since the end of 2021, prices have steadily increased throughout the sector in order to cope with increases in transport costs, raw materials and energy recorded by all operators.

As regards the domestic market, **sales across the chain have continued to grow**, supported by the effectiveness of tax incentives and their effects on the market for sales and renovations in the residential sector, as well as by the centrality of the role of the home in the lives of Italians. However, also in remote and historically less home-focused markets such as the US and China, the search for a new living environment that responds better to the new welfare requirements following the pandemic, as well as the specific needs related to smart working, has stimulated **the purchase of new furniture for indoor and outdoor areas**.

Finally, it is worth recalling the positive effect of the global recovery bound to projects.

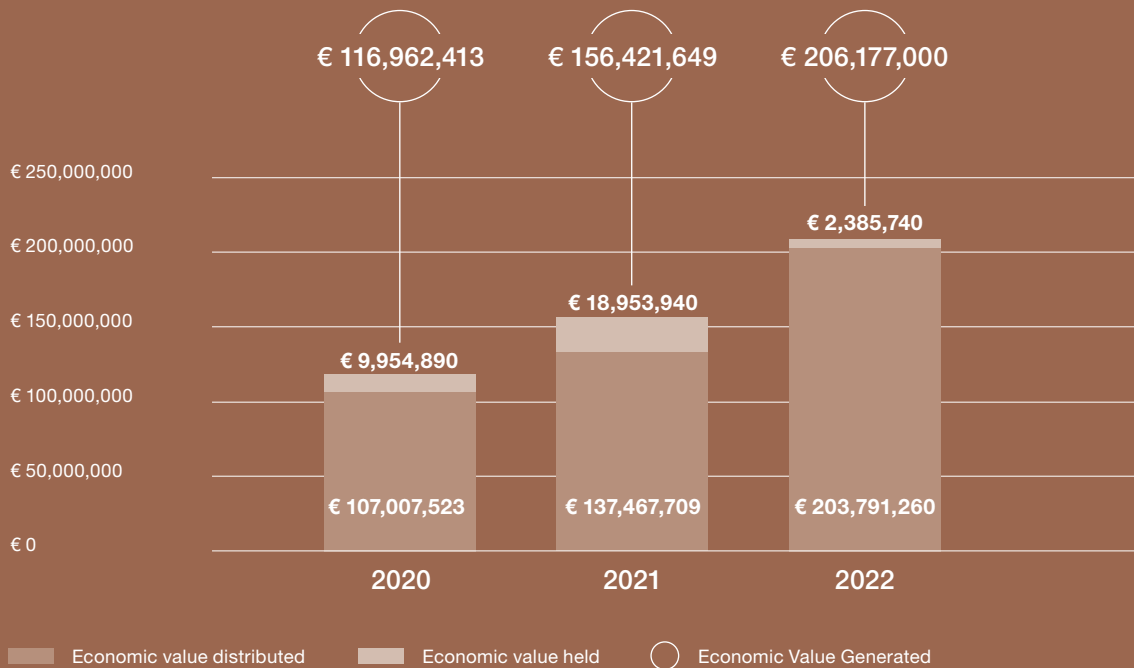
After the abrupt halt recorded during the two-year period 2020–2021, especially in the retail and hospitality sectors, 2022 finally saw the recovery of construction thanks to the lifting of pandemic restrictions, which gave a new boost to the tourism industry. This was also thanks to companies and brands, especially in the luxury sector, **picking up investments that improve the shopping experience in their shops and flagship stores around the world**, now more than ever seen as key to each brand's competitive and distinct advantage.

As mentioned above, the IDB Group also returned to normal in 2022 after the years of the pandemic. In the graph below, 2020 still reflects the effect of blocking production activities that impacted the Group from 16 March to 4 May 2020, while in 2021 activities were still only partially resumed and mainly linked to the Furniture and Lighting business areas, with an increase in total value generated of 33.74% compared with 2020.

In keeping with the positive trend in 2021, 2022 saw further growth in the economic value generated of €206,177,000, 31.81% higher than the previous year. It should be noted that the value held by the Group fell from around €18 million to €2 million.

11. Final 2022 data prepared by the FederlegnoArredo Research Centre.

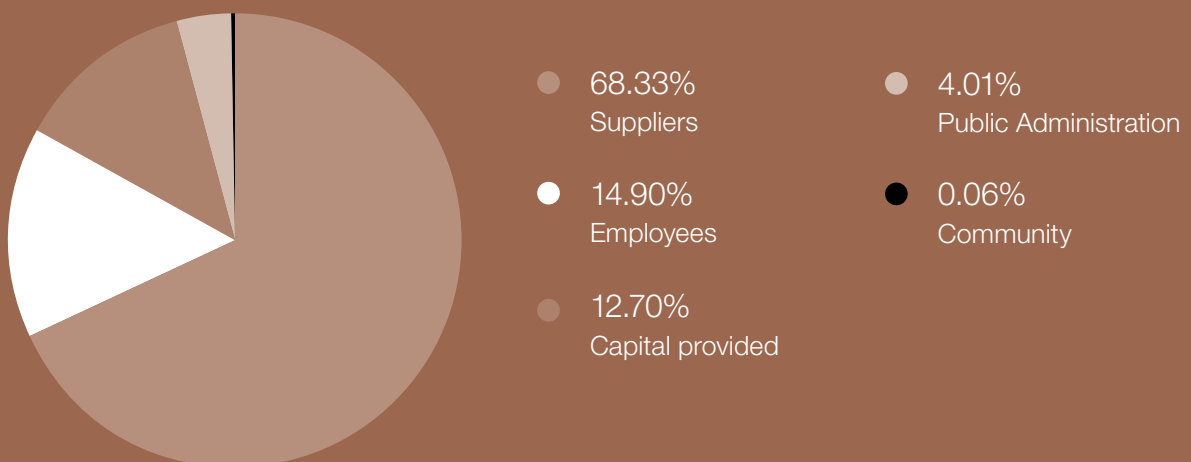
VALUE DISTRIBUTED, HELD AND GENERATED



In 2022, the items and distribution of economic value remained largely unchanged. **The most significant portion of economic value distributed refers to suppliers of raw materials, services and third-party goods** (68.33%, or more than €139 million), while the workforce has been allocated more than €30 million, including remuneration, benefits, social

security costs and severance payments. A total of 12.7% of the value generated was earmarked for the return on the capital provided, in the form of interest and other financial charges. Finally, the value of the Public Administration was around €8 million and a value of €117,506 was earmarked for community investments.

DISTRIBUTION OF GENERATED VALUE (2022)





▽ Lighting

AXOLIGHT | Mountain View suspension lamp
Design Dima Loginoff

Value creation in the territory

Although IDB offers partner companies an opportunity to be more competitive in the international orbit, relations with local communities and respect for the surrounding area have always been the cornerstones of the Group's companies.

Individual companies have long promoted and supported a variety of sponsorships for initiatives, donations or projects in their territories.

The interest and support for local communities is evidenced by the renewed engagement of several IDB companies in various social projects, in which they have also participated in previous years. This can be seen in Gervasoni and its collaboration with the Maravee cultural association, Cenacchi International and its support for the "2019 and 2020 Mobility Project", Saba and its collaboration with the social enterprise "I Bambini delle Fate" (Children of the Fairies), Modar and its collaboration with the non-profit organisation AVSI, Davide Groppi and its work with Cooperativa Lavoro e Solidarietà (CLS) and Meridiani and its renewed support for the cooperative "Il Volo" (The Flight) and Lega Italiana per la Lotta contro i Tumori (Italian league for the fight against cancer - LILT).

The Maravee cultural association organises a contemporary art festival to bring new horizons and approaches to architecture and the territories. Since 2011, Gervasoni has been a promoter, host and special guest of the Maravee Festival. Through its support, the company wants to support the commitment of the institutions, associations and the territory in bringing contemporary art to a wide audience through the staging of different artistic disciplines. Meanwhile, **Cenacchi International** has directed its efforts towards supporting the mobility of disadvantaged people. Through its sponsorship, the Emilia-Romagna company has supported the **"2019 and 2020 Mobility**

Project", an initiative of the Municipality of Ozzano dell'Emilia that ensures transportation for the elderly, disabled people and people who fall into difficulties.

The non-profit and cooperative "Il Volo" pursues social and health-related issues. It manages social health and educational services aimed at the prevention, intervention and social reintegration of people with psychiatric problems. **Meridiani** supports the cooperative by supplying products to be used in the auctions they organise, the proceeds of which are donated to work reintegration training within the therapeutic community. **Gamma Arredamenti** and **Flexalighting** are also part of the network of solidarity that supports "Il Volo". They contribute to rehabilitation projects for young guests at "Villa Ratti", a rehabilitation community accredited by the Lombardy Regional Administration.

The Group companies are distinguished by their contributions to two other associations. **Meridiani** offers its support through donations and financial contributions to **LILT, the Italian league for the fight against cancer**. It has around 400 clinics located throughout Italy. Meanwhile, **Gamma Arredamenti** is considering joining the **"Make a choice" project: a CO₂ offsetting project recognised by the UNC (Unione Italiana Consumatori – Italian Consumers' Union)**.

"I bambini delle fate" is a social enterprise that has been providing economic support to social projects and pathways for inclusion run by local partners for families with autism and other



disabilities since 2005. **Saba** also confirmed its support for this Veneto organisation in 2022 and obtained a statement of recognition and gratitude.

AVSI, a non-profit organisation founded in 1972, carries out development cooperation and humanitarian aid projects and operates in 38 countries, including Italy. Its vision is to work for a world in which every person can be the protagonist of their integral development, along with that of their community, even in emergency situations. This is the vision that embraces **Modar**, which contributes to the development of the carpentry shop at the St Kizito vocational school in Nairobi, supporting 25 children from different countries through the organisation. Children are supported on site by AVSI staff, who manage contributions, activities, educator training and the preparation of updates sent periodically to parties who decide to adopt a child.

The primary objective of **Cooperativa Lavoro e Solidarietà (CLS)** is to grant dignity in the workplace to persons with disabilities and to promote integration in a shared working

environment. **Davide Groppi** also renewed its support for CLS in 2022, contributing to its charitable objective. The company has also contributed to the "**Reggia contemporanea**" project which, following in the wake of the "**Quirinale Contemporaneo**" project by the General Secretariat of the Presidency of the Republic, aims to promote the Royal Villa of Monza as a place of culture and to bring its historical-artistic heritage to life, enriching it with important works of contemporary art and design. In 2022, Davide Groppi donated its Sampei lamp to the **Royal Villa of Monza** as part of the project, curated by architect Cristina Mazzantini.

IDB does not express its interest in the territory solely through its cooperation with local associations. The Group is also attentive to the inclusion of members of the local community among its senior managers, in order to better understand the territory in which it operates and increase the efficiency of its operations. Among the Group's senior executives, 50% were hired from the local community, confirming the positive trend of the three-year period.

	UoM	2020	2021	2022
Total number of senior executives	no.	10	11	10
Executives hired from the local community	no.	3	4	5
Percentage of senior executives hired from the local community	%	30%	36%	50%

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

In addition to its relations with the territory, IDB recognises the importance of membership and participation in associations that represent and cooperate in the sector to which it belongs. The following is a list of the associations to which the individual companies belong¹²:

Company	Industry associations
GERVASONI*	<ul style="list-style-type: none"> • FederlegnoArredo • Confindustria Udine
MERIDIANI	<ul style="list-style-type: none"> • FederlegnoArredo • Assolombarda
saba	<ul style="list-style-type: none"> • FederlegnoArredo • Confindustria
davide groppi	<ul style="list-style-type: none"> • FederlegnoArredo • Assil • Altagamma • ADI (Associazione Disegno Industriale-Industrial Design Association)
FLEXALIGHTING	<ul style="list-style-type: none"> • FederlegnoArredo • Assindustria Firenze • Consorzio Ecolight
 MODAR	<ul style="list-style-type: none"> • Assolombarda • FederlegnoArredo
 GAMMA	<ul style="list-style-type: none"> • SME network • CNA (Confederazione Nazionale dell'Artigianato e della piccola e media impresa — Italian Confederation of Craft Trades) • FederlegnoArredo

1.3 OUR PATH TO SUSTAINABILITY

1.3.1. Stakeholder engagement and materiality matrix

IDB has long recognised the importance of operating in a responsible and sustainable manner in both the medium- and long-term.

For this reason, it has decided to continue to show its commitment to sustainability through the drawing up of the second Sustainability Report, pursuant to the GRI Sustainability Reporting Standards - the most recent and widely used international non-financial reporting standards.

GRI Standards, the Report mainly focuses on a description of the Group’s environmental, social and governance (ESG) impacts and performance, providing a tool for communicating these to its stakeholders. IDB strongly believes in building fair and lasting relationships with all its stakeholders, with whom a shared approach and commitment to sustainable business plays a key role.

In accordance with the 2021 update of the

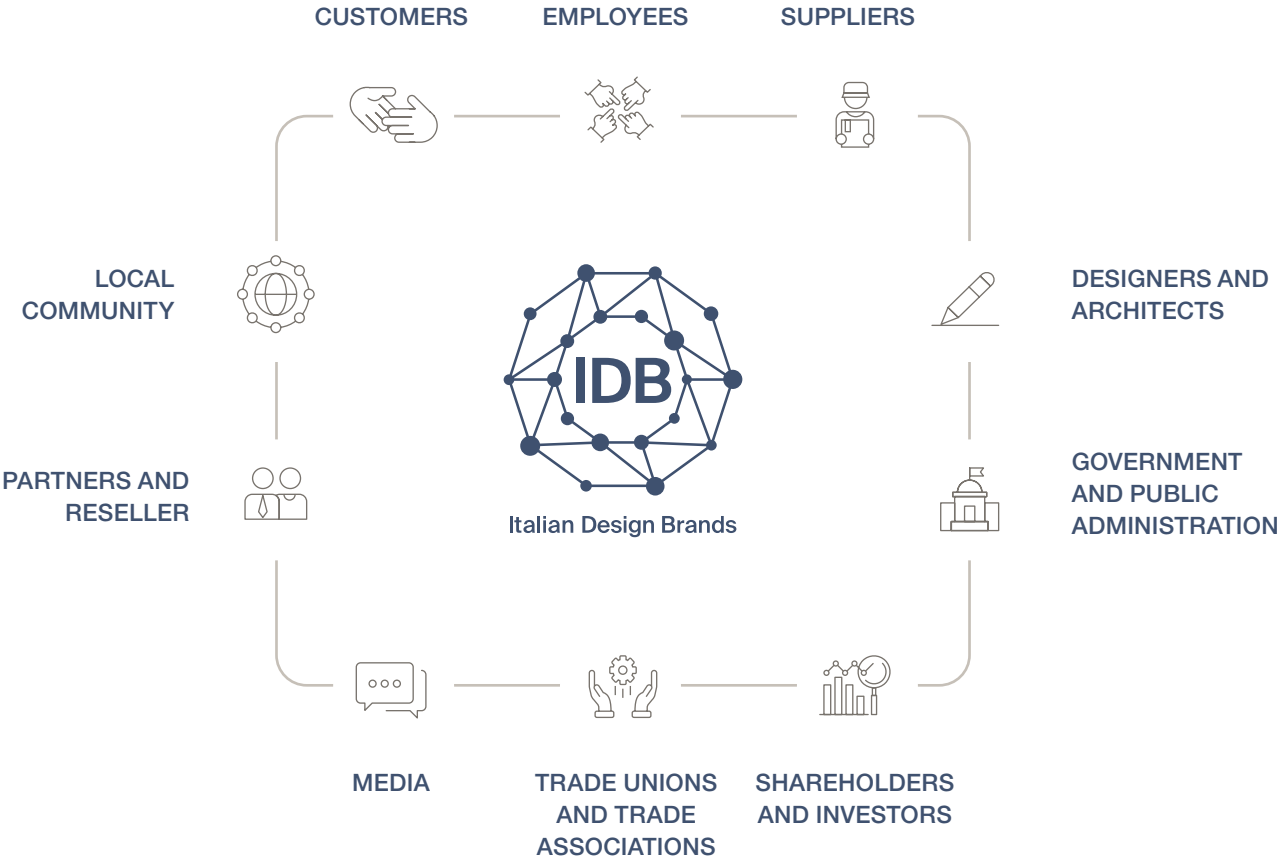
12. Cenacchi International is not a member of any industry association.



Significant stakeholders

IDB has identified its stakeholders based on a benchmark analysis carried out by considering a panel of companies operating in the same or similar sectors to those of the Group.

This process has been instrumental in recognising the stakeholders affected by IDB. The analysis revealed a first list of stakeholders, from which senior management selected the most significant based on the relevance and dependency that stakeholders have in relation to the organisation.



Subsequently, for each stakeholder category, the main channels and tools in place were identified to ensure transparent and timely dialogue.

Stakeholder Categories	Main channels of dialogue
 CUSTOMERS	<ul style="list-style-type: none"> • Company website and social media • Company profile • Events and trade shows
 EMPLOYEES	<ul style="list-style-type: none"> • Internal communications (newsletter, Intranet) • Company policies • Company meetings • Communication channels to the Supervisory Body under Model 231
 SUPPLIERS	<ul style="list-style-type: none"> • Direct contacts • Qualification and monitoring activities
 DESIGNERS AND ARCHITECTS	<ul style="list-style-type: none"> • Collaborations on specific projects • Continuous cooperation in the research and development of new products
 GOVERNMENT AND PUBLIC ADMINISTRATION	<ul style="list-style-type: none"> • Document exchange
 SHAREHOLDERS AND INVESTORS	<ul style="list-style-type: none"> • Shareholders' Meeting • Annual and half-yearly financial statements
 TRADE UNIONS AND TRADE ASSOCIATIONS	<ul style="list-style-type: none"> • Dialogue • Document exchange
 MEDIA	<ul style="list-style-type: none"> • Company website • Press releases
 PARTNERS AND RESELLERS	<ul style="list-style-type: none"> • Direct contacts
 LOCAL COMMUNITY	<ul style="list-style-type: none"> • Corporate website and social media • Donations and sponsorships



Lighting

FLEXALIGHTING | Jos Projectors

Process for defining the materiality analysis and materiality matrix

A materiality analysis was carried out to draw up the IDB Group’s second public Sustainability Report, i.e. the process of selecting and evaluating the relevant topics, or "materials".

Specifically, this analysis reflected the changes introduced by the 2021 GRI Standards, as reported below.

First, **the themes identified for the 2022 Sustainability Report reflect the organisation’s positive and negative impacts on the economy, the environment and people, including impacts on their human rights.**

In order to determine these impacts, a study was carried out to understand the business environment. Specifically, a benchmark analysis was carried out that considered a panel of companies operating in IDB’s sector or similar sectors, an analysis of industry trends, an analysis of global macro-trends and a media analysis focused on communicating the Group’s activities and impacts.

This process revealed a preliminary list of

current-and thus already occurring-and potential impacts that can be associated with the Group’s activities. Subsequently, the significance of the impacts identified was assessed through a quantitative and qualitative analysis, applying critical and professional judgement to classify impacts as negligible, moderate, significant or very significant. The assessments were carried out in line with the GRI Standards, which refer to factors such as: scale of severity, scope, irremediability and probability. In the light of these assessments, the impacts that were seen as moderate, significant or very significant were considered material and thus traced back to a list of material themes relevant to the Group.

Finally, the themes identified were submitted to the Group companies’ senior management, who acknowledged and approved them. The Board of Directors then has the further task of approving this Report.

The analysis revealed 11 material themes, consistent with the previous reporting year, which could be classified according to the following issues.



GOVERNANCE ISSUES

Business ethics, market presence, support for local communities.



ISSUES RELATING TO PRODUCTS

Product safety and sustainability, product marketing and labelling, supply chain management.



PEOPLE MANAGEMENT ISSUES

Health and safety in the workplace, empowerment and well-being of employees, diversity and equal opportunities.



ENVIRONMENTAL ISSUES

Circular economy and efficient use of resources, combating climate change.



MATERIAL THEMES OF THE IDB GROUP

BUSINESS ETHICS	Ensuring ethical conduct of business across the board, committing to anti-corruption and compliance with socio-economic and environmental regulations while guaranteeing business continuity.
MARKET PRESENCE	Contributing to the economic development of the local areas and communities in which the company operates, contributing to the generation of jobs.
SUPPORT FOR LOCAL COMMUNITIES	Supporting local communities through sponsoring local initiatives, projects and donations.
HEALTH AND SAFETY IN THE WORKPLACE	Ensuring a safe and healthy workplace by promoting structured health and safety management procedures and programmes.
EMPOWERMENT AND WELL-BEING OF EMPLOYEES	Establishing a welcoming, stimulating and positive working environment, ensuring work-life balance, providing employee welfare programmes and promoting appropriate training and skills enhancement programmes.
DIVERSITY AND EQUAL OPPORTUNITY	Ensuring equal opportunities and combating all forms of discrimination (i.e. based on gender, religion, political opinion, nationality etc.).
PRODUCT SAFETY AND SUSTAINABILITY	Ensuring product quality and safety by encouraging innovation and sustainable product development.
PRODUCT MARKETING AND LABELLING	Ensuring correct product information and labelling and engaging in accurate and suitable communication on the positive and negative economic, social and environmental impacts of products.
SUPPLY CHAIN MANAGEMENT	Promoting sustainable supply chain management, taking environmental and social criteria into account when selecting suppliers and favouring the sourcing of goods and services from local community suppliers.
CIRCULAR ECONOMY AND EFFICIENT USE OF RESOURCES	Guaranteeing transparency in the choice of materials used, ensuring compliance with quality standards and limiting environmental impacts, optimising production processes in order to promote efficient waste management, optimising water consumption and maximising recycling and reuse.
COMBATING CLIMATE CHANGE	Limiting energy consumption, promoting efficient solutions and the dissemination of an energy-saving culture in order to enable the reduction of the Group's overall impact on climate change.





OUR PRODUCTS

 **Furniture**

MERIDIANI | René sofa
Design Andrea Parisio

2.1 SAFETY, QUALITY AND SUSTAINABILITY OF OUR PRODUCTS

The mission of IDB is to represent the excellence of Italian design and craftsmanship around the world by creating a virtuous context in which each company can accelerate its competitive advantage, while keeping its distinct identity, creativity and entrepreneurial spirit intact.

The mission of the group is the central role that the product plays in the activity of each company. Every detail of the design and manufacturing phases is taken care of to create a product that is unique as well as high quality.

The products produced by the Group companies may vary considerably, but in any event the pursuit of excellence, quality of design and attention to detail throughout the value chain remains a common denominator.

In addition to quality, the Group pays increasing attention to product safety, using appropriate procedures to commit to ensuring compliance with the current legislation both in Italy and abroad. The following chapter summarises the

main initiatives taken and procedures adopted by the individual companies to ensure that their products are increasingly sustainable, without compromising the high quality and safety standards that set them apart.

As regards the "Furniture" business area, **Gervasoni** has an internal policy to monitor the risk of non-compliance of each individual product and a management process that directs actions to comply with both the regulations to which it is subject and the needs of customers. In particular, the management system analyses non-compliance daily to promptly correct errors, whether repetitive or random, and to ensure a swift and definitive solution.

THE QUALITY OF GERVASONI PRODUCTS

The General Management of Gervasoni considers the quality improvement of its products to be a primary success factor, by means of the enhancement of the craftsmanship accompanied by internal technical knowledge. The most important action taken to achieve this was to have a Quality Management System in accordance with ISO 9001:2015, which sets concrete objectives by monitoring their achievement and defines unambiguous responsibilities. The Quality Policy is another tool that helps to manage the issue, in which the company sets out its commitment and which contains the management system guidelines. The policy's core objectives include a commitment to periodically renew collections and products, the optimisation of customer service, with particular attention to the handling of complaints, collaboration with the main suppliers and the level of involvement and participation of staff in achieving these objectives.

For **Meridiani**, product safety corresponds to the attention and compliance with the various regulatory requirements of the numerous markets in which it operates. With regard to product quality, the company has always focused its efforts on the pursuit of excellence and high quality, for example through its choice of materials. This ongoing commitment is confirmed and met by the various awards received over the years: from 2016 to 2018, Meridiani received one of the most prestigious media awards in the design sector—the Wallpaper* Design Award—for three products designed by Andrea Parisio: in 2016, the Plinto table won the prize for the "Best of the rest"

category, in 2017 the Ludwig container won the "Best Colada Parlour" category, and finally, in 2018, the Zoe armchair won the "Best weaves" category.

For **Saba**, the safety assessment of the product is closely linked to the certifications required by the various EU and international regulations. In particular, the most influential regulations for Saba concern formaldehyde emissions, with particular reference to the US market, and flame retardants, with reference to the Italian, US and British markets. In order to verify compliance, the company carries out a number of tests, such as on the fire resistance of fabrics, static load and



Furniture

MERIDIANI | : Plinto table by Meridiani, winner of the Wallpaper* Design Award for the "Best of the rest" category in 2016



▽ Lighting

AXOLIGHT | U-light suspension lamp
Design Timo Ripatti



fatigue tests on structures. One of these tests is called "Crib 5" - also known as "Ignition Source 5" - and refers to materials or furniture that have been tested to exceed UK fire regulations. It is designed to determine the possible ignition risk and thus ensure the safety of the material or furnishing.

Customer satisfaction is the first factor that the company monitors to validate the quality of its products. This high standard of satisfaction is pursued by seeking to continuously develop the customisation of the consumer's homes and through the adaptation of all internal processes, with constant attention to the principles of quality and ergonomics. To pursue these objectives, the Company has implemented a Quality Management System in accordance with UNI EN ISO 9001:2015. It has adopted a Quality Policy that is not only disseminated across all company levels through a training and information process, but that provides for a series of internal audits, carried out to verify the correct functioning of production processes and to prepare a well-defined improvement plan in the event of any errors.

Also for **Gamma Arredamenti International SpA**, the assessment of product safety is closely linked to EU and international standards; for example, for the US market, materials with low formaldehyde emission rates are used, while in relation to fire-retardant certifications, the regulations in force in the various countries to which the products are exported are taken into account. In order to certify exports to the UK, for example, the company holds 1M certification, while for exports to California, it is TB 133-compliant.

For companies belonging to the "Lighting" business area, the health of customers and product safety are closely linked to compliance with the EU regulations governing the sector. **Davide Groppi** performs all the risk analyses required by regulations in accredited laboratories, as well as tests for Class 3 products,

for which there is however no legal obligation. The products supplied to Davide Groppi are also compliant with REACH Regulation (EC) No. 1907/2006 and the provisions of Directive 2011/65/EU, RoHS II, which restricts the use of certain hazardous substances in electrical and electronic equipment.

Product quality is part of the very essence of Davide Groppi, which has processes in place to control the quality of the goods, the raw materials and the sample checks of the finished product, assembled by subcontractors. The work of Davide Groppi has been repeatedly recognised through publications and awards as a testament to this. In 2022, the FM lamp won the **Archiproducts Design Award 2022** in the Lighting category; the Anima lamp won the **AZ Award 2022** and the **People's Choice AZ Awards 2022** in the Lighting category.

In the same year, the Anima lamp was selected by the Permanent Design Observatory to be exhibited at the **ADI Design Index 2022** show. This annual publication of the ADI (Associazione per il Disegno Industriale - Industrial Design Association) collects the best in Italian design. Every year the selected products compete for the shortlist of the prestigious Compasso d'Oro Award, which is celebrated every two years. Since 2019, the company has also been part of the **Altagama Foundation**, a creative and cultural ecosystem that is the most important accelerator of "Made in Italy". As evidence of the excellence of Italian 'know-how', the company was selected for the **photographic exhibition created by the INTERNI magazine** for the Ministry of Foreign Affairs and International Cooperation at the Italian Design Day 2023, with the theme "Quality that illuminates – The energy of design for people and the environment". This was organised with the aim of promoting the "Made in Italy" brand.

As with Davide Groppi, for **Flexalighting** the issue of product safety falls within the EU legislative framework. This includes numerous regulations

that apply to the company, including Directive 2011/65/EU, RoHS II and Directive 2014/35/EU, known as the Low Voltage Directive, which help to unify the various laws of the Member States relating to electrical equipment designed for use within certain voltage limits. Regulations require that products undergo a series of laboratory tests and that these are carried out by an external accredited body. All of Flexalighting's products have been tested to assess health and safety impacts.

As regards quality, Flexalighting products are characterised by their care for optical quality and reliability, which translates into high-level solutions that can be innovated and are increasingly able to respond effectively to the needs of customers and their expectations. The success of the product in compliance with the company's high quality standards and customer satisfaction is also guaranteed by the choice to implement a Quality Management System according to the requirements of UNI EN ISO 9001:2015. Management has also drafted the Quality Objectives and Policy, with the aim of disseminating the guidelines and objectives among employees, as well as describing its commitment to the continuous improvement of the Quality Management System. It should be noted that all expected product requirements (mandatory, customer and company requirements) have been met, contributing to the achievement of the annual quality objectives. Furthermore, it should be noted that the continuous improvement of production activities and the maintenance on the market of a stand-out reputation for the quality of its products are the results of the effectiveness of the quality management system.

For the Luxury Contract business area, the nature of the custom market means that

companies must pay particular attention not only to the regulations in force in the country where the products are installed, but also to the specific requirements of the customer in terms of health and safety. For **Cenacchi International**, the regulatory requirements result in the timely verification during the acceptance phase of the substances, mixtures and articles in order to comply with REACH Regulation (EC) No. 1907/2006¹³. The purpose of this Regulation is to better protect human health and the environment from the risks and impacts that chemicals may pose on the same. In addition, a further focus for the company is the use of fire-retardant materials by suppliers, who are required to self-certify on the methods used to make wood panels flame-retardant.

In terms of quality, Cenacchi is recognised in its sector for the high quality of its accomplishments and for its high standard of technical know-how. The company aims to create products that combine an artisan-level finish, representative of the world-renowned Italian tradition, with an industrial approach that allows the success of multiple projects in parallel.

With regard to **Modar**, the most widespread requests for legislation concern the use of flame-retardant, low formaldehyde materials and the use of water-based paints, while customers are increasingly demanding the use of FSC®-certified wood (Forest Stewardship Council®¹⁴). Quality is assured at every stage of the project starting with the product design phase, in which customers and their designers are provided with all kinds of assistance and guaranteed active collaboration with architects and designers. This stimulates the search for new goals and fosters a continuous exchange and integration of knowledge and technical details. In the

13. Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) requires that all substances manufactured or imported into the European Union are registered in quantities of one tonne or more per year.
 14. The Forest Stewardship Council® (FSC®) is an international, non-profit NGO that provides an internationally recognised forest certification system. For more information please see the box "FSC® (FOREST STEWARDSHIP COUNCIL®) CERTIFICATION" on page 30.



production phase, however, the highest quality is guaranteed by the industrialised processes and rigorous controls, while in the assembly phase it is ensured through the direct management of logistics, with a view to optimising costs and timings. The final phase concerns the implementation of installation operations by specialised teams, trained by experienced personnel, and led by the project manager in

collaboration with local technicians and general contractors.

The correct and advanced management of the issue by the individual Group companies has meant that in the three-year period considered there have been no episodes of non-compliance related to the health and safety impacts of products and services.

Product labelling and marketing communications

The labelling of products is a matter that is increasingly subject to specific national and international laws and regulations. Therefore, Group companies not only comply with the relevant legislation on product labelling, but also pay a great deal of attention to the issue by providing clear communication on the product's characteristics when it is sold¹⁵.

The information provided to the customer regarding the sustainability of the products purchased must be clear and transparent, so that the purchase choice is informed and based on a relationship of mutual trust. In this regard, it is worth noting the initiative of Davide Groppi in this area: the company has implemented a product traceability system using a QR code, from which it is possible to trace the production order. This initiative has the potential to trace the entire value chain down to the raw materials. It is planned for the near future, but not yet implemented.

The Group companies also pay attention to the use of fair and responsible marketing, which communicates the impacts of the products sold in a transparent manner and thus avoids misleading, false or discriminatory statements.

This increasing focus has enabled the IDB Group to avoid non-compliance issues in terms of the information and labelling of products and services, as well as in terms of marketing communications in the three-year period 2020-2022.

15. The issue does not apply to companies in the "Luxury Contract" business area, which cannot by definition use standard product labelling because they are creating bespoke furniture at the customer's request.

2.2 MATERIALS USED

The careful selection of materials is the essential element in the search for the quality that characterises the IDB Group's DNA.

Each company carefully selects suppliers—mainly Italian—of raw materials and semi-finished products in order to produce articles of excellence, which help to maintain the reputation of quality and the "Made in Italy" brand all over the world.

Gervasoni's main activities include the production of furniture and furnishing accessories. The performance of these activities requires different areas for each phase: a dedicated carpentry area set up at different work centres; a painting area equipped with sanders; and an assembly, packaging and shipping area. As a result, the company's most widely used raw material is wood, which is combined with ceramics and other types of materials, both traditional and state-of-the-art, to bring Gervasoni's products to life. In 2021, the company obtained FSC® certification, demonstrating its focus on the responsible sourcing of raw materials from sustainably managed forests or plantations.

Meridiani focuses mainly on the purchase of raw materials and semi-finished products from suppliers that are selected for the quality of their products, thus recording a limited use of primary materials. The supplier then enters into the heart of its activities, taking on the craftsmanship that distinguishes Meridiani and giving the product the style and identity of the Meridiani brand.

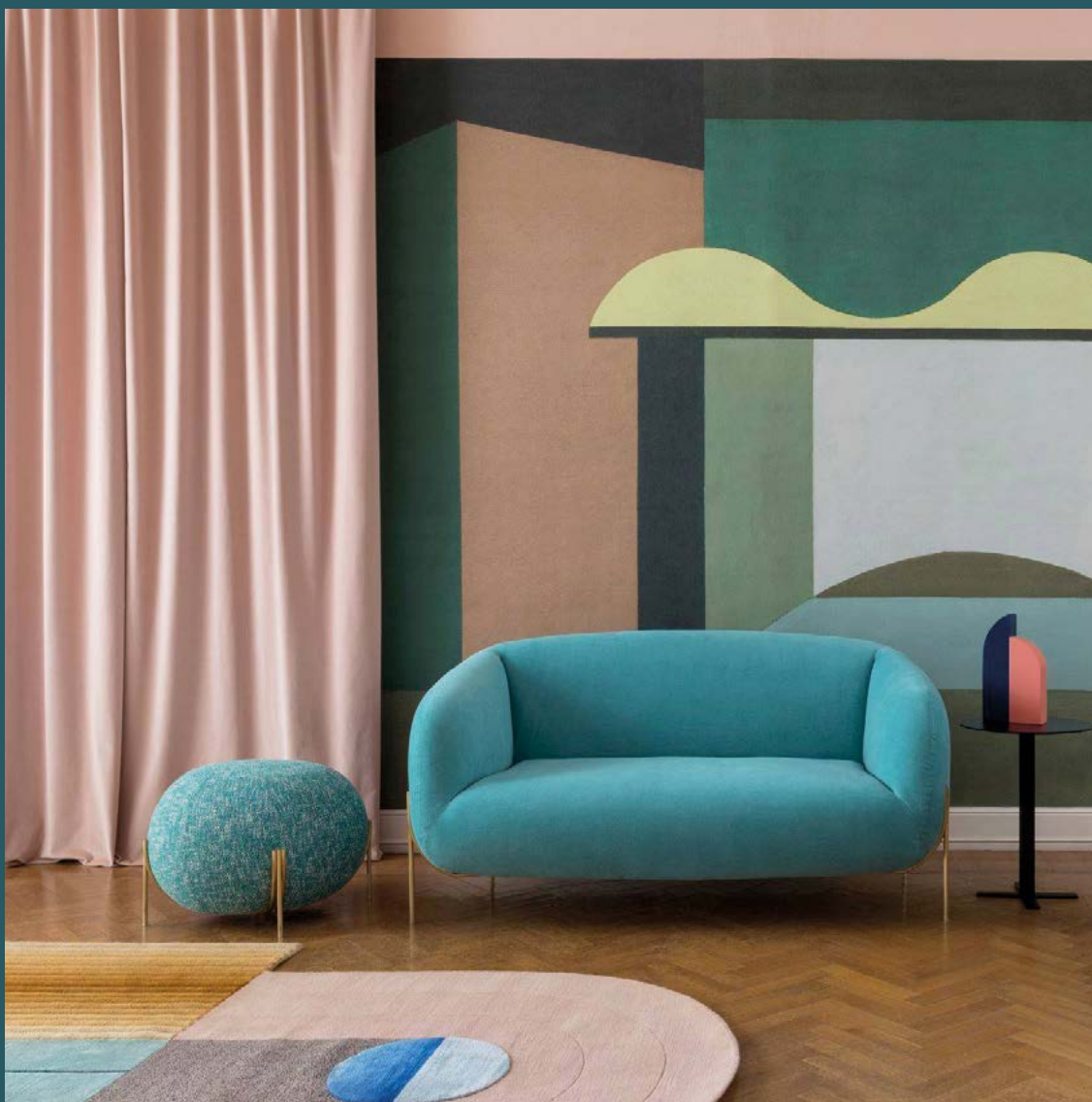
The raw materials purchased by **Saba Italia** consist mainly of wood, marble, iron, feather and leather, while the semi-finished products purchased consist of plastic and methacrylate parts, rubber, paints/galvanic finishes and

fabrics. In particular, as regards its textile collection, Saba has always favoured natural materials. For example, when first launching textile linen for the home, in partnership with the company Lanerossi, the company selected bed linen sets made from 100% linen using completely sustainable yarn.

Moreover, in recent years, Saba has also started to adopt sustainability criteria into its selection of raw materials, preferring recycled fabrics to complement the current textile collection.

Saba was also the first corporate customer of Superevo for the production of the "Valentine" product in Polimex®. This composite material is perfect for creating load-bearing structures of upholstered furniture, consisting mainly of expanded polystyrene and, to a lesser degree, structural polyurethanes. Compared to traditional padding, Polimex® products require less padding or foams, with a noticeable reduction in raw material consumption. The Polimex® material is currently used in the Valentine collection, which can be easily recycled thanks to the absence of any accessory components, and in the Geo collection (armchair and sofa), which are also widely used in Contract projects.

The raw materials purchased by **Gamma Arredamenti** consist mainly of wood, marble, iron, feather, leather and fabrics. In particular, with regard to leather, the choice was made to select suppliers who can provide an LWG certified product, which is the world's first environmental attestation for the leather manufacturing industry.



Furniture

SABA | Geo armchair and sofa in Polimex®, design Paolo Grasselli

As regards the sustainability of products by **Davide Groppi**, for a while now the company has been including increasingly efficient light sources in their designs and ensuring the easy replacement of components by end users. This commitment will be further strengthened following the entry into force of the new EU Ecodesign Regulation. This legislation, in addition to the introduction of requirements on light source efficiency, i.e. ensuring a luminous flux intensity of 110 lm/W, will contribute to the implementation of circular economy principles. The direct consequence of the Regulation on Davide Groppi products will be the release onto the EU market only of products with removable light sources and control gears, which are clearly labelled with instructions on disposal.

Material consumption by **Flexalighting** is very limited, as the company, created based on LED technology, focuses mainly on the design and planning phases. It only internalises the assembly phases of the products, lead-free tin wire soldering, resining and finishing, while

semi-finished products are purchased from external suppliers.

Cenacchi International mainly works with wood, metal, glass, plexiglas and upholstery; it also has experience in processing innovative materials such as carbon fibres and special resins. In general, the company has a changing selection of materials due to the nature of its business, which involves the purchase of different types of materials to meet the customer's requirements and needs.

Like Cenacchi, **Modar** has a diversified selection of materials as it also caters to the needs and requests of each individual customer. For this reason, the production phase is the meeting place of traditional and innovative materials, advanced technologies and classic workmanship, where specialised artisans transform and assemble wood, metal, glass, plastics, leather and fabrics to create original and exclusive furniture. Modar also supplies FSC®-certified wood materials.

FSC® (FOREST STEWARDSHIP COUNCIL®) CERTIFICATION

FSC® (Forest Stewardship Council®) is an international, non-profit NGO, established in 1993 to promote responsible forest and plantation management and offer an internationally recognised forest certification system. Its members include NGOs such as WWF and Greenpeace, social partners, forest owners, wood and paper trading and processing industries, large-scale retail groups, researchers and technicians, totalling almost 900 members.

The FSC® brand aims to guarantee the correct management of forests and the traceability of products made with this raw material. As such, it shall ensure that the raw material is sourced from forests managed according to defined principles of sustainable supply and chain of custody certification. The IDB Group pays increasing attention to the sourcing of sustainable wood raw materials, and among the Group's companies, Modar and Gervasoni use the FSC® brand on their wood products, with the aim of ensuring the sustainability of the sourcing of this material.



As described above and as shown in the table, furniture producers such as Gervasoni, Meridiani, Saba and Gamma Arredamenti predominantly use wood, textiles, plastics and metals. In the Luxury Contract segment, Cenacchi and Modar use the same materials as in the Furniture sector, excluding textiles, marble and plastics.

Finally, the Lighting business area, due to the nature of its products, mainly uses metals and glass. It should be noted that "Furniture" and "Luxury Contract" together represent 99% of the materials used. In an endeavour for continuous improvement, we are seeking to report on the use of materials in ever greater detail.

Materials used*	UoM	Total		Furniture		Lighting		Luxury Contract	
		2021***	2022	2021	2022	2021	2022	2021	2022
Wood	tonne	2163	2401	1330	1534	0	0	833	867
Glass	tonne	132	103	36	35	2	3	93	65
Iron/metal	tonne	352	429	259	308	37	40	56	80
Textiles	tonne	243	264	238	259	0	0	5	5
Leathers	tonne	23	31	23	31	0	0	0	0
Marble	tonne	167	183	167	178	0	0	1	5
Plastic**	tonne	805	951	793	932	0	0	11	19
Brass	tonne	46	49	46	49	0	0	0	0
Ceramic	tonne	19	22	19	22	0	0	0	0
Glues and paints	tonne	30	43	16	25	0	0	14	18
Feather	tonne	71	106	71	106	0	0	0	0
TOTAL	tonne	4050	4581	2997	3478	40	44	1013	1059

* Figures from the companies Davide Groppi, Gamma Arredamenti and Flexalighting North America are excluded because the data are unavailable.

** Plastic includes synthetic materials for padding.

*** The figures for 2021 have been restated compared to the previous accounting year following an improvement in the data collection process.



Furniture

GERVASONI | Loll Sofa
Design Paola Navone



Packaging

As regards the materials used for packaging the products, the Group companies primarily use wood, paper and cardboard, with the decreasing use of plastic.



6%

of plastic of the total materials used for packaging



-2 tonnes

of plastic in 3 years for the company Davide Groppi

In detail, compared with plastic consumption of 50 tonnes in 2022, the companies used 389 tonnes of paper and cardboard and 467 tonnes of wood. The consumption of plastic in 2022 is therefore in line with the three-year period in absolute terms and corresponds to about 6% of the total materials used for packaging in 2022. In particular, when analysing the values for each business area, it can be seen that the companies belonging to "Luxury Contract" have mainly used wood, which represents 91% of the total material used for packaging, while paper and cardboard have mostly been used by

companies in the Furniture (54%) and Lighting (95%) business areas. The Luxury sector has seen a strong increase in the use of wood for packaging, from 194 tonnes in 2021 to 263 tonnes in 2022.

The replacement of plastic packaging with renewable packaging such as paper and cardboard was a choice made by certain companies, such as Davide Groppi, in order to reduce the use of plastic. The company significantly reduced its plastic consumption from 2019 to 2022, from 3.6 tonnes to 1 tonne.

Packaging materials*	UoM	Total			Furniture			Lighting			Luxury Contract		
		2020	2021**	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Paper and cardboard	tonne	236	306	389	192	264	340	41	39	46	3	2	3
Wood	tonne	121	329	467	6	194	263	0	0	0	115	135	204
Plastic	tonne	33	47	50	23	30	31	2	3	2	8	14	17
TOTAL	tonne	391	681	907	221	488	635	43	42	48	127	151	224

* Figures from the companies Gamma Arredamenti and Flexalighting North America are excluded because the data are unavailable.

** Figures for 2021 have been restated compared to the previous accounting year following an improvement in the data collection process.

2.3 SUPPLY CHAIN MANAGEMENT

The IDB Group bases relations with its suppliers on the principles of professionalism, cooperation and mutual fairness.

The Group is aware of the crucial role that suppliers play in the value chain and their impact on product quality standards and compliance with the legal requirements, which IDB aims to achieve and comply with. Therefore the Group has procedures in place for selecting and monitoring suppliers based on their expertise, cost-effectiveness and quality.

It should be pointed out that the companies in the Luxury Contract sector - Cenacchi International and Modar - are linked to suppliers that depend on the requests of individual customers and that therefore vary according to their needs. In any case, suppliers of products and services are still subject to the screening and analysis criteria described herein and must comply with the quality standards desired by both the customer and the companies.

One of the most important criteria in the selection of suppliers is their geographical origin. In order to maintain a high standard of quality and contribute to the development of the local communities in which it operates, the Group prefers to work with suppliers from the Italian production sector, so as to ensure the high quality for which the "Made in Italy" brand is known all over the world.

The IDB Group's expenditure on local suppliers, whereby local means suppliers in the companies' own region or adjacent provinces¹⁶, is down slightly compared to 2021, but remains higher than in 2020. The percentage stands at 46%, while for expenditure across Italy, the figure reaches 83%. The companies mainly target foreign suppliers for the procurement of non-standard products, such as special customer requests.

Proportion of expenditure to local suppliers*

	UoM	2022	2021	2022
Total supply budget spent on suppliers	€K	62,665	79,156	105,227
Total supply budget spent on local communities	€K	24,623	38,584	47,988
Total supply budget spent in Italy	€K	57,031	68,836	84,410
Total supply budget spent on local suppliers	%	39%	49%	46%
Total supply budget spent on Italian suppliers	%	91%	87%	82%

* The total supply budget spent on local communities does not include the data of Flexalighting North America and Gamma Arredamenti for the years 2020 and 2021; moreover, the figure from Gamma Arredamenti is not available for 2022.

16. Respectively: the Lombardy Region for Meridiani and Modar, Emilia-Romagna for Cenacchi International, the provinces of Piacenza (PC), Cremona (CR), Parma (PR), Milan (MI), Monza Brianza (MB), Reggio Emilia (RE), Lecco (LC) for Davide Groppi, Veneto for Saba and Tuscany for Flexalighting.



Looking at the individual business areas, you can also see that the largest proportion of expenditure on local suppliers is by companies belonging to the "Luxury Contract" sector, equal to 50% of the total, while if you consider the entire Italian scope, the largest share belongs to the "Furniture" business area, equal to 85% for 2022.

All original Meridiani products are certified as "100% Made in Italy". This means that high quality is guaranteed through a series of careful checks throughout the product value chain and the entire production cycle, which by definition must be carried out in Italy.

Proportion of expenditure to local suppliers	UoM	Furniture			Lighting			Luxury Contract		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Total supply budget spent on local suppliers	%	31%	40%	41%	64%	60%	49%	45%	57%	50%
Total supply budget spent on Italian suppliers	%	90%	88%	85%	97%	98%	68%	91%	81%	81%

In addition to the Group's initiatives, the individual companies continue to push for a more sustainable value chain. For example, Gervasoni collaborates with a supplier to make its best-selling sofa fully recyclable, and a related feasibility study is currently underway. Finally, Saba's commitment in its search for sustainable raw materials is exemplary, as explained in the box below.

Moreover, as proof of the constant care that the company gives to the issue of sustainability, Gamma Arredamenti pays particular attention to

the selection of its suppliers of raw materials. The main suppliers are Dani and Resina Forlivese. The first is a leather supplier and the first tannery in the world to have achieved the Environmental Product Declaration (EPD) and Carbon Footprint of Products certification, with a production that is completely "Made in Italy". The second is an expert in the supply of polyurethane padding, with CertiPUR certification covering the environmental sustainability, safety and health of the polyurethane foam used in the production of mattresses and upholstered furniture.

THE SELECTION OF SABA ITALIA SUPPLIERS

Saba Italia pays particular attention to sustainability when selecting its raw material suppliers, with whom it works constantly to design and create increasingly sustainable final products. Among the main collaborations, it is worth noting Italian rug manufacturer Sartori, which was selected as the main partner for the first collection of Saba rugs released in autumn 2021 using recycled PET. CC-Tapis, a supplier of recycled fabrics, was also selected as part of the same project. In the textile and chemical sector, suppliers also include Limonta, which uses certified fibres from pre-consumer and post-consumer recycled material as well as natural yarns such as cotton, linen, silk and wool.

The company's commitment to selecting suppliers of sustainable raw materials is not limited to textiles alone: leather is another material that needs special attention due to the high impacts it could have on the environment if diligent management in the production process is not implemented. Dani is a leather company that has obtained several product and environmental management certifications, including the Environmental Product Declaration (EPD) that provides information on the environmental impacts generated by its products and services. It also has "Leather from Italy – Full Cycle" certification according to UNI EN 16484, which certifies that all production processes are carried out in Italy.

Another supplier selected by Saba is ECOMAT Srl, a company specialising in the research and development and distribution of products for surfaces. Its inventions include ECOMALTA®, a water-based mono-component free from cement, epoxy resins and other substances that are toxic to humans and the environment. ECOMALTA has therefore been used for the finishing and coating of the Teo table, available to customers since 2022.

The supply chain and production processes are increasingly under the attention of the legislator (EU and national) and the end consumer. The impetus in this regard is to head towards a new productive and social paradigm that will allow negative impacts on the environment and on people to be reduced, thus making our coexistence, both with society and with nature, sustainable in the long-term.

In its own small way, each company seeks to

carry out this transformation, which rather than a dream must become a reality. In this regard, the Group's initiatives carried out in 2022, such as the drafting of the **IDB Group Code of Ethics** and the request for suppliers to adhere as a precondition for the initiation and continuation of a relationship, should be taken as proof of the will of the IDB leadership to address these issues.



○ Kitchen & Systems

CUBO DESIGN | Binova Bluna Kitchen





OUR PEOPLE

Furniture

SABA | Pan Flute Bench
Design Paolo Grasselli

3.1 EMPOWERMENT AND WELL-BEING OF EMPLOYEES

3.1.1. Human resources management

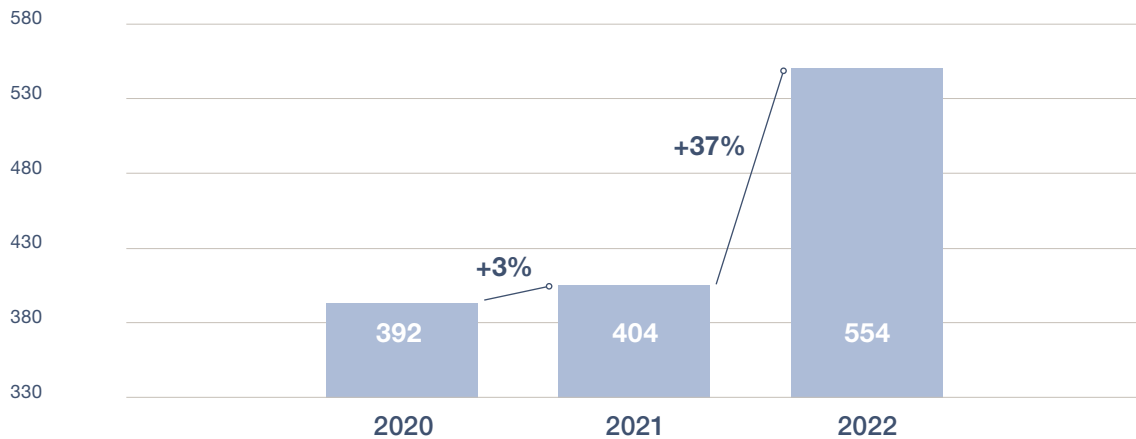
Attention to detail and product excellence are key parts of the IDB Group identity. However, neither of these would be achievable without the know-how and experience of individual employees, who are crucial to the Company’s success. That is why IDB devotes much attention to recruitment and people management, as well as creating a collaborative and motivating work environment.



554 employees
+37% vs. 2021

As at 31 December 2022, the workforce was made up of 554¹⁷ employees, up 37% year on year. This growth is mainly due to the integration of employees from Gamma Arredamenti, Gamma US and Flexalighting North America, of 104, 2 and 13 respectively, into the corporate scope. In any event, overall there has effectively been an increase in the workforce by all Group companies.

TOTAL WORKFORCE 2020, 2021 AND 2022¹⁸



17. No employees of Salpi SNC are included. The total number of employees also considering this company would be 568. For further information, see the methodological note on page 52.

18. The data were restated following a staff recount after the publication of the 2021 Sustainability Report.



46% employees
women



56% employees
between 30-50 years

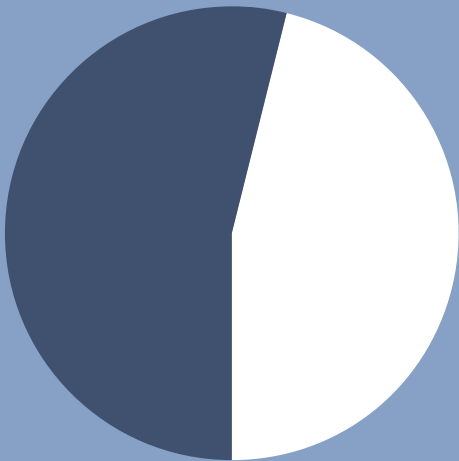
By joining the "Furniture" business area, Gamma Arredamenti has contributed to a further increase in the number of employees in the largest section of the Group. In fact, through its 333 employees, the "Furniture" business area employs 60% of IDB's workforce, while 14% is employed in the "Lighting" business area, which was joined by Flexalighting North America, 23% in the "Luxury Contract" business area and 4% in the "Corporate" business area.

women account for 46% of the total workforce, in line with the 2021 figures. This demonstrates the Group's continued desire to promote an inclusive work environment.

In terms of age, a majority of workers (56%) are in the 30–50 age group, confirming the trend of the previous year. Meanwhile, employees in the over-50 age group account for 32% of the total workforce, while employees in the under-30 age group account for 11% of the workforce.

With regard to the gender and age of employees,

WORKFORCE BY GENDER (2022)



● 54% Men
● 46% Women

WORKFORCE BY AGE GROUP (2022)



● 11% < 30 years
● 56% between 30-50 years
● 32% > 50 years

In terms of the breakdown of gender between the different employment categories, men represent the majority of employees in the "executives" (83%), "managers" (64%), and "manual workers" (65%) categories, while women account for 58% of clerical workers. However, in 2022, there was a significant increase in the proportion of women in the "manual workers" category, which rose from 25% in 2021 to 35% in 2022.

		2020*	2021*	2022
Executives	Men	88%	89%	83%
	Women	12%	11%	17%
Managers	Men	55%**	57%	64%
	Women	45%**	43%	36%
Clerical workers	Men	38%	37%	42%
	Women	62%	63%	58%
Manual workers	Men	75%	75%	65%
	Women	25%	25%	35%
		2020*	2021*	2022
Executives	<30 years	0%	0%	0%
	Between 30 and 50 years	75%	56%	67%
	>50 years	25%	44%	33%
Managers	<30 years	4%**	3%**	3%
	Between 30 and 50 years	73%**	60%**	67%
	>50 years	23%**	37%**	30%
Clerical workers	<30 years	12%	13%	14%
	Between 30 and 50 years	62%	60%	62%
	>50 years	26%	27%	24%
Manual workers	<30 years	15%	10%	10%
	Between 30 and 50 years	52%	49%	48%
	>50 years	33%	41%	42%

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

** The data were restated following a staff recount after the publication of the 2021 Sustainability Report.



95% employees

with permanent contract

As already shown, the Group has always invested in creating a positive and motivating work environment to promote the professional development of its employees and to enable them to appropriately develop their skills. More than 95% of the Group's workforce (529 employees) is on a permanent contract, which is testament to the Group's commitment to the enhancement of its resources.

This focus on employees also extends to workers outside Italy, such as the eight employees at the IDB Suzhou branches in China, three employees at IDB UK in the United Kingdom, two at Meridiani France and 17 at IDB US, Flexalighting North America and Gamma US in the United States, who are also on permanent contracts. The IDB Group believes in creating an inclusive working environment, empowering the skills of all workers regardless of their nationality or geographic location.

	2020*		2021*		2022	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Men	210	8	213**	6	291	10
Women	169	5	179	6	238	15
Total	379	13	392	12	529	25

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

** The figure was restated following a staff recount after the publication of the 2021 Sustainability Report.

	2020*		2021*		2022	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Italy*	368	13	379**	12	499	25
China	6	0	7	0	8	0
UK	3	0	3	0	3	0
France	2	0	2	0	2	0
USA*	0	0	1	0	17	0
Total	379	13	392	12	529	25

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

** The figure was restated following a staff recount after the publication of the 2021 Sustainability Report.

In line with the Company's policy, which is geared towards flexibility and the well-being of its employees, the Group has implemented several measures to help reconcile work commitments with the family and personal needs of its workers. One of these measures was to offer 39 employees part-time contracts, representing 7% of the total workforce and thus in line with 2021 figures.

	2020*		2021*		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Men	217	1	217**	2	298	3
Women	143	31	157	28	217	36
Total	360	32	374	30	515	39

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

** The figure was restated following a staff recount after the publication of the 2021 Sustainability Report.

As regards self-employed workers, the figures in the table below confirm a stable trend over the years, slightly down in 2022 due to actions to promote worker recruitment, as confirmed by the following.

	2020*		2021*		2022	
	Temporary workers	Trainees	Temporary workers	Trainees	Temporary workers	Trainees
Men	8	2	10	6	9	5
Women	10	9	5	7	4	1
Total	18	11	15	13	13	6

* The 2020–2021 data does not include Gamma Arredamenti as it was acquired at the beginning of 2022.

The process of attracting talent and selecting staff is entrusted to the individual Group companies, which rely on temping agencies and companies specialised in finding and recruiting staff to ensure the best performance.

In relation to these processes, in 2022 the Group experienced an increase in recruitment after the two-year period 2020–2021, which was particularly complex due to the COVID-19 pandemic. Specifically there were a total of 100 new starters, roughly double that in 2021, with a recruitment rate¹⁹ of 18% in 2022 compared to 12%²⁰ in 2021.

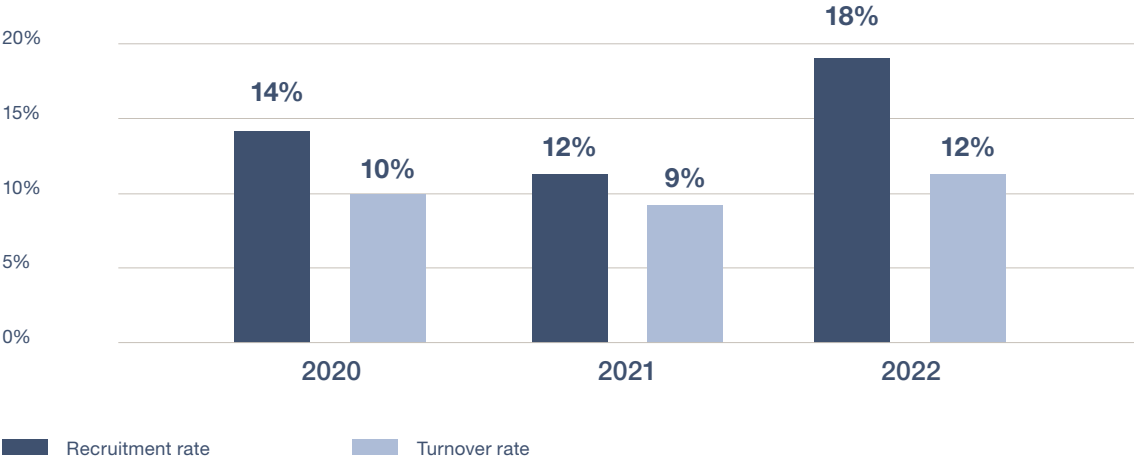
19. The recruitment (or termination) rate is calculated as the number of recruitments (terminations) that occurred during the year divided by the number of the workforce at 31 December.

20. This figure was updated following a recount of staff, which showed a slight deviation in the total number of employees in the Group.



With regard to employee retention, the Group companies experienced a low turnover rate despite a slight increase compared to the previous year; overall, the turnover rate in 2022 was 12% compared to 9% in 2021. The Group also decided to maintain some of the rules initially put in place to mitigate terminations during the pandemic, such as the adoption of smart working where possible.

RECRUITMENT AND TURNOVER RATES



Looking closely at business turnover by age group and gender, you can see that the category of employees under the age of 30 had the highest recruitment rate of 51%. Therefore, considering a total of 63 employees under 30, as many as 32 joined the Group during 2022, which is about three times higher than in 2021. Then, if you look at employees in the 30–50 age group, you can see that the recruitment rate

is 20%, with 61 new starters out of a total of 312 employees in this age group. These figures provide a deeper understanding of the Group's focus in terms of the different age groups and their inclusion in the workforce. In particular, having a high recruitment rate demonstrates the Group's appeal as a place to work, which is favourable to both new generations and more experienced professionals.

Gender recruitment data show a slightly higher recruitment rate for men than women, at 19% and 17% respectively. If you look at the turnover rate, you can see the same value for both categories (12%), while the highest value (29%) is for employees in the under-30 age group.

			Age group			Gender		Total
			<30 years	Between 30 and 50	>50 years	Men	Women	
2020*	New starters	Number	12	38	4	30	24	54
		Rate (%)	25%	16%	4%	14%	14%	14%
	Turnover	Number	4	17	17	26	12	38
		Rate (%)	8%	7%	15%	12%	7%	10%
2021*	New starters	Number	11	30	6	28	19	47
		Rate (%)	26%	13%	4%	12%	10%	12%
	Turnover	Number	5	18**	12	27**	8	35
		Rate (%)	12%	8%	9%	12%	4%	9%
2022	New starters	Number	32	61	7	56	44	100
		Rate (%)	51%	20%	4%	19%	17%	18%
	Turnover	Number	18	35	14	36	31	67
		Rate (%)	29%	11%	8%	12%	12%	12%

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

** The figure was restated following a staff recount after the publication of the 2021 Sustainability Report.

3.1.2 Training and the development of skills

The IDB Group has always believed in continuous training and growth as a fundamental force for developing employees’ skills and ensuring legislative compliance.

With this principle in mind, the training programmes are aimed at all company employees and are adapted to provide everyone with the level of knowledge best suited to their role and competencies. They enable employees to acquire the skills needed to do their jobs effectively and efficiently, thereby improving product quality and workplace safety.

The IDB Academy initiative is testament to the importance attributed to the training and engagement of people within the IDB Group. Although it was created to address the most critical phases of the COVID-19 pandemic, it is still going strong within the Group today, with several upgrades to promote better use of the platform.



IDB ACADEMY

The IDB Academy project was first launched in 2020 with the aim of providing a point of contact for Group members during a period of shared difficulty. The idea was to use the time available to foster reflection and help train employees.

In order to achieve these objectives, regular meetings have been planned that focus on issues of common interest and practical use. Topics have been selected based on the category to which the target employees belong.

As regards the normal training activities, in 2022 the individual companies provided different types of courses aimed at improving technical skills, such as courses on product and process quality, English, IT, specific programs such as Excel and AutoCAD or courses on specific subjects or business innovations based on the training needs identified. In addition, companies have ensured coverage of the activities required

by legislation in the field of health and safety in the workplace.

Following on from the previous year, in 2022 the Group also continued to provide certain training activities online. However, at the same time, it chose to reintroduce some of the in-person courses to ensure the provision of hybrid training. These activities increased to 5.72 hours in 2022, in line with 6.07²¹ hours in 2021.

	UoM	2020*	2021*	2022
Average hours of training by employment category				
Executives	man/hr	2.63	0.72	7.60
Managers	man/hr	1.84***	9.07***	3.91
Clerical workers	man/hr	7.07***	5.52***	7.64
Manual workers	man/hr	3.01	6.55	14.33
Average hours of training by gender*				
Men***	man/hr	4.85***	8.04***	8.13
Women	man/hr	2.74***	3.74***	8.15
Average hours of training by employee	man/hr	5.01***	6.07	8.14

* Gervasoni and IFA are excluded from the 2020 hours of training by gender.

** Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

*** The data has been restated compared to the previous Sustainability Report due to an improvement in the data collection process.

21. The figure has been updated due to an improvement in the data collection process.



▽ Lighting

DAVIDE GROPPI | Moon suspension lamp
Design Davide Groppi 2005



3.2 HEALTH AND SAFETY IN THE WORKPLACE

The protection of health and safety at work is fundamental for IDB, as demonstrated by the many initiatives and procedures adopted by the Group companies. These also ensure compliance with legal requirements and control any possible health and safety concerns.

As a result, IDB has developed a series of occupational health and safety prevention and control policies that aim to promote conduct that is responsible and respectful of the standards in force, with particular attention to risk management, accident prevention and the promotion of a climate of safety within the working environment.

As mentioned in Chapter 1, one important new feature in 2022 was the introduction of a "Model 231" applied to all Group companies, which addresses specific aspects related to the protection of health and safety. These include conduct around health and safety as prevention elements specific to the Model.

In addition, in order to ensure the safety and health of their employees in the workplace, the Group companies have drawn up a Risk Assessment Document (RAD) specific to their business situation. The system provides for constant monitoring by the employer, the occupational health and safety officer and the workers' health and safety representative. In addition, regular meetings are held to continuously evaluate and improve the processes implemented. If workers encounter work-related hazards or dangerous situations, they can report them to the workers' health and safety representative and managers. With regard to the initiatives implemented by the individual companies, in 2021 Gervasoni

voluntarily decided to implement an integrated "Quality, Safety and Environment" system, obtaining ISO 9001, ISO 45001 and ISO 14001 certifications, respectively. Among these, UNI ISO 45001:2018 defines the parameters for the implementation of Occupational Health and Safety (OHS) management systems, taking into account the minimum standards of good practice for the protection of workers. In 2022, Gervasoni was therefore subjected to certification maintenance checks, thus demonstrating its continued commitment to maintaining a management system that complies with ISO standards.

The principles relating to health and safety management have been included in the company's OHS management policy, wherein the company reiterates its commitment to periodically monitor the context in which it operates and plan actions to address identified risks. In addition, Gervasoni undertakes to comply with the legislation relating to the management of OHS, integrating any updates and being subject to audits by inspection bodies (DNV). Finally, the company reviews the OHS management system's functioning each year so as to optimise its results and, at the same time, organises meetings with employees to train them on emergency management and to involve them through their representatives.

Meridiani has instead implemented an OHS management system inspired by the principles of ISO 45001, to ensure compliance with the provisions of Italian Legislative Decree No. 81/2008. The company ensures a careful assessment of the tasks performed by workers, taking into account risk and repetition, and ensuring the quality of processes through the continuous training of employees.

Since September 2016, **Cenacchi International** has implemented an OHS management system to ensure compliance with Article 30 of Italian Legislative Decree No. 81/2008. Before the introduction of a Group Model 231, the company had already adopted a Model 231 based on the UNI ISO 45001 reference guidelines, in line with what was conducted by Gervasoni. In order to ensure the quality of processes and the competence of the persons performing them, the organisation carries out regular monitoring and provides ongoing education and training to staff. In addition, to continuously assess and improve the occupational health and safety management system, regular audits and an annual safety meeting are conducted to draw up a maintenance and improvement plan. The company also pays attention to the reporting of occupational hazards and hazardous situations by providing workers with the option to contact the Supervisory Body directly through the Whistleblowing channel. Finally, again with the aim of protecting workers, a check is carried out on raw materials and semi-finished products supplied by third parties to verify compliance with current regulations.

Since the beginning of its activities, **Modar** has implemented an OHS management system to ensure compliance with Italian Legislative Decree No. 81/2008, inspired by the principles of ISO 45001, to manage the risk of accidents related to woodworking, in order to minimise the likelihood of accidents at work. To achieve this goal, the company has developed a six-step process: collecting up-to-date information, investigating risks specific to the sector and the job, prioritising risk reduction actions, recording results, informing stakeholders and monitoring compliance. The quality of the process is managed through specific and periodic audits, staff training and the accountability of those in charge.

Like Cenacchi and Meridiani, **Flexalighting** implemented a management system in accordance with the legal obligation arising from Italian Legislative Decree No. 81/2008, inspired by the principles of ISO 45001. The system covers all employees, production and assembly activities, the office, company headquarters and the decentralised warehouse. In addition, the company has prepared a Risk Assessment Document (RAD) containing general information on the organisation of safety.

Specialised external consultants were employed to ensure the correct application of the system, while to ensure the quality of the processes, the company issued documents and guidelines and provided training for managers and employees.



Occupational health, worker consultation and accident services

In addition to the above, the Group companies are committed to promoting the health of workers through voluntary services and programmes, for example by encouraging access to non-professional medical and health services through contributions to funds such as Metasalute, Sanimoda or the Altea Fund. In addition, the Group companies offer occupational health services to identify and eliminate risks and to minimise the risks of occupational diseases. In addition, employees may schedule medical examinations with the occupational health doctor so that they can receive a consultation for any requirement. All of the above initiatives are carried out while ensuring the privacy of personal information.

As already mentioned, the Group companies consider the participation and consultation of workers in terms of health and safety at work to be a fundamental asset. In companies

with a management system, workers are represented by their workers' health and safety representative or trade union representatives. The latter communicate decisions and updates on occupational health and safety issues to workers.

In 2022, there were 4²² accidents at work, compared with 13 in 2021. The IDB Group has more than halved the number of accidents, while maintaining the number of accidents with serious consequences at zero. The injuries involved minor injuries and muscle pain due to the handling of loads. As a result, the accident rate²³ decreased to 1.11 in 2022, compared to 3.87 in 2021.

There have been five cases of occupational illnesses in the three-year period, of which four relate to the same employee.

Accident indices

	2020*	2021*	2022**
Hours worked	619,396	671,021	719,857
Total number of occupational accidents that can be recorded	1	13	4
Of which with serious consequences	0	0	0
Of which number of fatalities	0	0	0
Accident rate that can be recorded	0.69	3.87	1.11
Rate of work-related accidents with serious consequences	0	0	0
Rate of fatalities	0	0	0
Occupational illnesses	0	0	5

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022. In addition, the data for 2022 do not include Flexalighting North America.

** The data do not include accidents recorded at the headquarters of Gamma Arredamenti (three accidents, two of which with serious consequences), due to the non-availability of the figure relating to the hours worked.

22. This data does not include accidents that occurred at the offices of Gamma Arredamenti. Here there were three accidents, two of which resulted in the employee being off work for more than six months and therefore classified as accidents with serious consequences.

23. The accident rate is calculated as the number of accidents during the year over the total number of hours worked, multiplied by 200,000.





OUR ATTENTION TO THE ENVIRONMENT

Furniture

SABA | Sitar armchair
Design Enzo Berti

IDB considers that opportunities contributing to sustainable development are one of the success factors of the Group over the long-term. It therefore places increasing attention on the impact that its activities may have on the environment.

Focusing on the environmental profile of the Group and its companies, the first commitment is to ensure full compliance with the rules and regulations in force in all facilities, as well as to implement initiatives aimed at reducing the environmental impacts of its activities.

IDB's second Sustainability Report aims to continue to implement constant monitoring of the Group's environmental performance, with a view to continuous improvement and efficiency of the latter.

The Group has set itself the objective of achieving carbon neutrality through a clear path of reducing climate-changing emissions into the atmosphere by 2024 at the latest.

In line with the Group's vision, Gervasoni has adopted an Environmental Management System certified according to UNI EN ISO 14001:2015. This certification provides a reference framework for monitoring and constantly improving the management of environmental issues in the company, including by setting targets and responsibilities for managing their environmental impacts.

4.1 COMBATING CLIMATE CHANGE

The IDB Group is constantly monitoring energy consumption in order to keep greenhouse gas emissions from the companies' activities under control.

The monitoring of climate-changing emissions is the first step towards implementing a strategy to reduce them, and thus to comply with the international climate agreements set out in the 2015 Paris Agreement.



4.1.1 Energy consumption

During the three-year period, the Group companies implemented a series of initiatives aimed at energy efficiency. The main ones concerned the replacement of high-consumption lamps with LED technology in the office lighting system and in the production halls; the installation in 2011 of a photovoltaic system consisting of 2346 photovoltaic solar panels, capable of producing around 90% of Gervasoni's energy consumption; and the

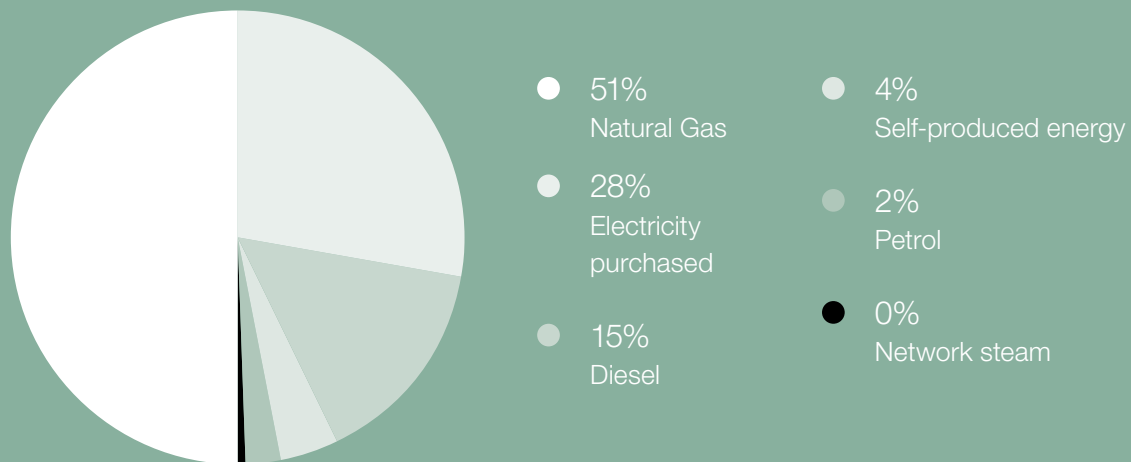
implementation of employee awareness actions to avoid unnecessary energy waste, which partially compensated for the significant price increase that occurred during the course of 2022.



51%

of consumed energy comes from natural gas

ENERGY SOURCES (2022)



Natural gas is the primary energy source that contributes the most to the Group's consumption. This fossil source, which provides 51% of energy, is mainly used to heat offices and production halls by all companies except Meridiani France, IDB UK and Flexalighting, which use heat pumps. Electricity consumption for lighting, heat pumps and the operation of production machines is 32%, of which 28% is purchased directly from the grid and 4% comes from photovoltaic sources. This consumption

grew by 22% compared to 2021, and by 57% when compared to 2020. This increase is due to the entry of new companies into the Group (Gamma Arredamenti and Gamma USA) and to an extension of the reporting scope²⁴. Moreover, this increase is related to a significant increase in revenues of 38.4% compared to 2021. Then there is the consumption of diesel (15%) and petrol (2%) for company cars and the purchase of steam, which is marginal.

24. In particular, it should be noted that the extension of the reporting scope led to the introduction of the "Corporate" category, which includes the energy consumption of commercial offices located in Italy, China and the United Kingdom. As a result of this expansion and the reporting of energy consumption also for the two-year period 2020 and 2021 for the Chinese offices, the values in the tables differ, albeit to a limited extent, from those in the Sustainability Report 2021.

In 2022, total electricity consumption was 9120 GJ, which increased sharply especially when compared to the pre-pandemic period. It is worth recalling that the value of 2020 is much lower than in 2021 (-30%) precisely because of the measures taken at national level to curb the spread of COVID-19, which led to a period of closure of activities and an inevitable drop in production.

Energy source*	UoM	Total***			Furniture		
		2020	2021	2022	2020	2021	2022
Diesel	GJ	2,116	2,690	4,220	1,271	1,462	2,725
Petrol	GJ	291	489	662	149	293	309
Natural gas	GJ	9,177	12,069	14,596	5,813	8,093	10,711
Electricity purchased	GJ	4,906	6,408	8,033	2,060	3,250	4,654
Heating purchased**	GJ	-	-	-	-	-	-
Cooling purchased**	GJ	-	-	-	-	-	-
Steam purchased	GJ	68	102	102	-	-	-
Self-produced energy	GJ	2,220	2,277	2,297	2,220	2,277	2,297
Of which consumed	GJ	897	1,072	1,087	897	1,072	1,087
Of which sold	GJ	1,323	1,205	1,210	1,323	1,205	1,210
Total	GJ	17,454	22,830	28,701	10,190	14,170	19,485

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

** The data for the supply of district heating and cooling for Flexalighting have been restated for 2020 and 2021 following a correction in the consumption allocation.

*** Changes in 2020–2021 figures are due to the inclusion of the "Corporate" business area, which led to the inclusion of data not reported in the previous reporting year and the repositioning of certain companies from "Furniture/Lighting/Luxury" to "Corporate".



<i>Lighting</i>			<i>Luxury Custom furniture</i>			<i>Corporate</i>		
2020	2021	2022	2020	2021	2022	2020	2021	2022
527	821	670	318	406	678	-	-	148
-	32	26	130	153	166	11	10	161
736	734	562	2,627	2,944	3,220	-	298	103
430	505	579	2,353	2,579	2,658	63	75	142
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	68	102	102
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,693	2,092	1,837	5,428	6,082	6,722	143	485	657

4.1.2 GHG emissions

As of 2020, the IDB Group monitors GHG emissions from its activities, which are calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

The Group reports both direct and indirect emissions. Direct refers to the use of natural gas for heating, fuels used by company cars and finally from climate-changing emissions caused by the dispersion of refrigerant gases into the

atmosphere (Scope 1), while indirect emissions are derived from the purchase of electricity from the national grid and the purchased steam (Scope 2).

GHG EMISSIONS




The tables relating to the Group's energy consumption and GHG emissions show the direct relationship between these indicators. Like energy consumption, emissions were impacted by the effects of the COVID-19 health crisis in 2020, while in 2022 they are increasing sharply for the reasons described in the previous paragraph. The main emission source is the combustion of natural gas, followed by the purchase of electricity from the national grid. Scope 1 direct emissions accounted for about 62% of total emissions in 2022, which remained

constant throughout the three years (60% in 2020, 61% in 2021).

The business area that contributes the most to the Group's emissions is "Furniture" (about 65% of scope 1 and scope 2 location-based emissions), followed by "Luxury Contract" (about 25% of scope 1 and scope 2 location-based emissions²⁵). Specifically, the companies in this area are those with the highest energy consumption due to their production processes of wood cutting, painting and the assembly of components

25. Location-based method: based on the average emission factors related to energy generation on a regional, sub-regional or national basis.
Market-based method: based on CO₂ emissions associated with electricity suppliers that companies have purposefully chosen or factors related to the relevant market.



 Furniture

MERIDIANI | Joseph Sofa
Design Andrea Parisio

CO _{2e} emissions*	UoM	Total**			Furniture		
		2020	2021	2022	2020	2021	2022
SCOPE 1	tonneCO_{2e}	700	917	1.172	435	587	821
Diesel	tonneCO _{2e}	159	201	301	95	109	194
Petrol	tonneCO _{2e}	21	35	48	11	21	22
Natural gas	tonneCO _{2e}	519	681	823	329	456	604
Refrigerant gases	tonneCO _{2e}	2	0	0,4	0	0	0

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

** Changes in 2020–2021 figures are due to changes in consumption.

CO _{2e} emissions*	UoM	Total**			Furniture		
		2020	2021	2022	2020	2021	2022
SCOPE 2 – Location-based	tonneCO _{2e}	459	565	710	187	280	405
SCOPE 2 – Market-based	tonneCO _{2e}	631	816	1.021	259	407	585
SCOPES 1+2 Location-based	tonneCO_{2e}	1.159	1.482	1.882	622	866	1225

* The 2020 and 2021 data do not include Flexalighting North America and Gamma Arredamenti as they were acquired at the beginning of 2020.

** Changes in 2020–2021 figures are due to changes in consumption.

The Group companies are sensitive to the pressing issue of climate change and have implemented initiatives and strategies over the years to reduce their GHG emissions, or at least to buffer growth driven by robust revenue growth. In particular, Gervasoni’s photovoltaic panels allow the Group to avoid around 95 tonnes of CO₂ each year. The self-consumption of electricity from the photovoltaic system remained high also in 2022, as in 2021, and the proportion of self-consumed electricity stood at around 42%.

Cenacchi has been a pioneer in its activities, and from the end of 2020 has embarked on and achieved the path to obtaining ISO 14064 certification, having first set itself the objective of carbon neutrality in its activities. The company purchased carbon credits to offset its climate-changing emissions in both 2021 and 2022

through the purchasing tool managed by the Clean Development Mechanism (CDM). This is a flexible mechanism founded as part of the Kyoto Protocol, which aims to develop projects that guarantee a reduction in emissions in addition to the reduction that would already be achieved through social, economic or environmental development. The additionality feature gives the projects managed by the CDM the ability to generate additional carbon credits and thus effective reduction actions.

Following the Cenacchi initiative, and aware of the importance of climate change mitigation, the Group has set a clear objective for reducing greenhouse emissions; namely, to launch a pathway for reducing its GHG emissions that leads to a significant reduction in the impact of Group’s operations in the medium-term.



<i>Lighting</i>			<i>Luxury Custom furniture</i>			<i>Corporate</i>		
2020	2021	2022	2020	2021	2022	2020	2021	2022
83	105	82	182	207	242	1	18	28
39	62	48	24	30	48	0	0	11
0	2	2	9	11	12	1	1	12
42	41	32	149	166	181	0	17	6
1,7	0,0	0,4	0	0	0	0	0	0

<i>Lighting</i>			<i>Luxury Custom furniture</i>			<i>Corporate</i>		
2020	2021	2022	2020	2021	2022	2020	2021	2022
40	44	51	220	226	233	12	16	22
56	64	73	304	328	337	13	16	25
123	149	132	401	433	474	13	33	50

4.2 WATER RESOURCE MANAGEMENT

The Group’s water consumption is mainly linked to the use of support services (toilets and changing rooms) and for some companies to production activities: water is used as a means of dust abatement in the painting booths of companies managing painting processes and carpentry.

All companies draw water from municipal aqueducts - with the exception of IDB China, which supplies less than 10% of its requirement from surface water - and in areas not subject to water stress²⁶.

The "Furniture" business area accounts for 61% of the Group’s withdrawals, followed by "Luxury Contract", which accounts for 27%. The withdrawal of the "Lighting" business area is lower (12% of the total) because water is not used in production processes but only in support services.

Total water withdrawal was 10,222 m³ in 2022,

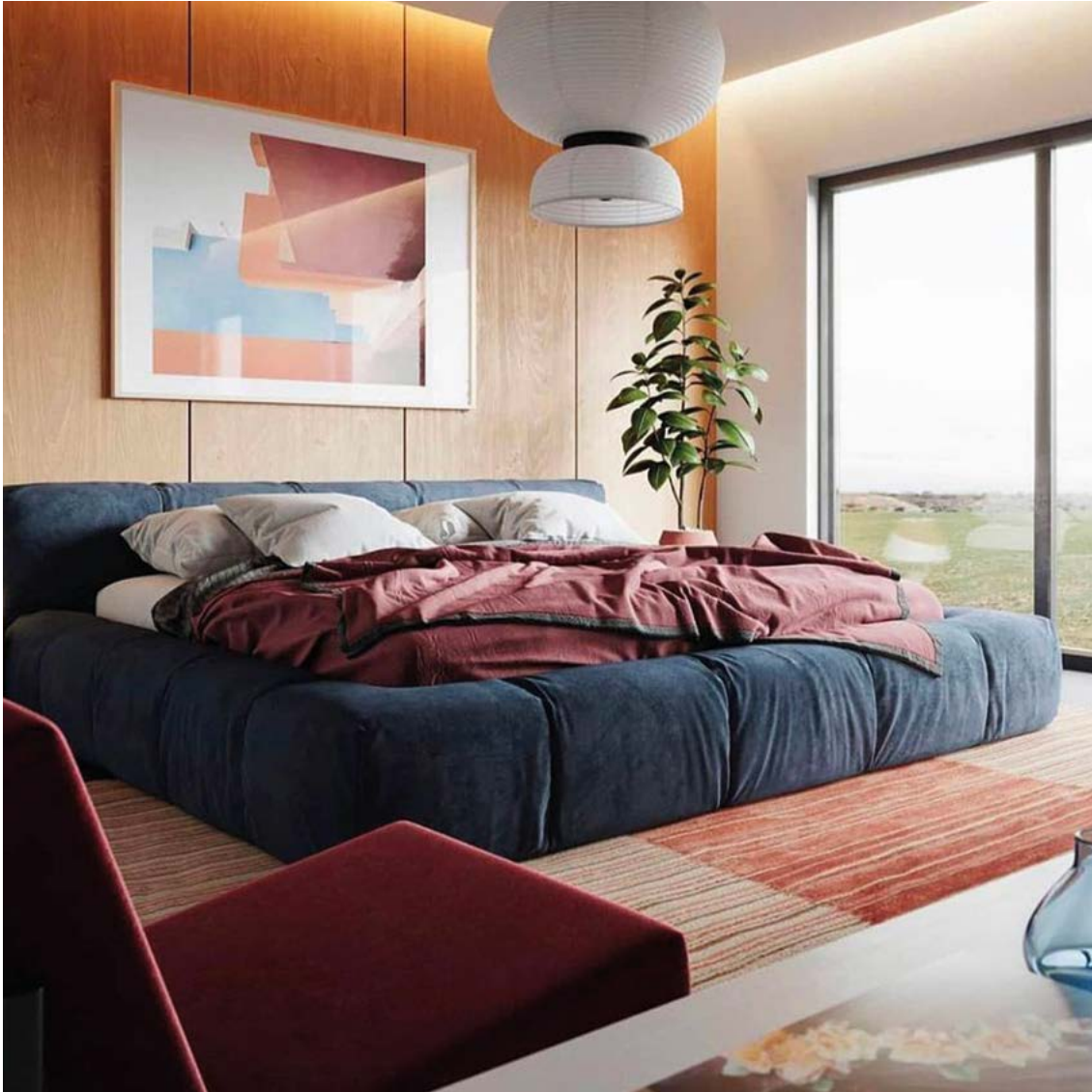
a slight increase of 2.1% compared to 2021. It is worth noting that two minor water leaks occurred - one in the Gervasoni fire protection system in 2020, and a hidden leak identified by Flexalighting in 2021. However, both leaks were promptly identified and repaired. Furthermore, in 2021, Saba's consumption was much higher (+100%) than in 2020 due to the construction of the new facilities near to the existing one, before recovering in 2022 to values similar to 2020. It should be noted, however, that consumption has remained almost stable despite the strong increase in turnover in 2022 and the improvement in the reporting scope, as already mentioned in previous paragraphs.

Water withdrawals*	UoM	Total**			Furniture		
		2020	2021	2022	2020	2021	2022
Total withdrawal	m³	8,481	10,138	10,361	4,672	5,323	5,440
From surface water	m ³	90	131	139	0	0	0
From groundwater	m ³	0	0	0	0	0	0
From municipal aqueduct	m ³	8,391	10,007	10,222	4,672	5,323	5,440

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.

** In order to make the data comparable over the three-year period, the figures for 2020–2021 have been restated with respect to the previous reporting year following an improvement in the data collection process and the inclusion of data from IDB Suzhou, which was previously not considered.

26. www.wri.org



Furniture

SABA | Pixel Box Large bed, design Sergio Bicego

<i>Lighting</i>			<i>Luxury Custom furniture</i>			<i>Corporate</i>		
2020	2021	2022	2020	2021	2022	2020	2021	2022
477	938	499	1,742	2,146	2,753	1,590	1,731	1,669
0	0	0	0	0	0	90	131	139
0	0	0	0	0	0	0	0	0
477	938	499	1,742	2,146	2,753	1,500	1,600	1,530

4.3 WASTE MANAGEMENT

All IDB Group companies monitor and manage the generation and disposal of waste, in full compliance with the requirements of national law. The companies responsible for the transport and disposal of waste shall be selected on the basis of both economic and technical assessments, taking into account the most appropriate means of disposal for each type of waste.



99%
is non-hazardous
waste

Almost all of the waste generated by the Group companies is non-hazardous waste (about 99%). The main type of waste, which unites all of the Group's business areas, is paper and cardboard packaging, followed by the types of waste strictly linked to the operations of furniture production, i.e. wood and chemical products.

Waste generated*	UoM	Total		
		2020	2021	2022
Wood	tonne	500	381	459
Mixed packaging	tonne	249	184	216
Chemicals	tonne	74	81	69
Paper	tonne	71	81	98
Plastic	tonne	21	23	23
Metals	tonne	35	12	11
Discarded equipment	tonne	3	4	1
other	tonne	1	2	19
Textiles	tonne	0	0	0
Glass	tonne	7	0	0
TOTAL	tonne	961	768	896

* Data referring to the two-year period 2020–2021 do not include Gamma Arredamenti and Flexalighting North America as they were acquired in 2022.



Wood is the largest waste produced at around 51% of the total, while the second largest category is "mixed packaging", in other words, a combination of mixed materials that unfortunately cannot currently be separated by material.

More than 99% of the waste produced by the Group is attributable to the "Luxury Contract" and "Furniture" business areas, and consists mainly of wood-processing waste and wood chips, metal waste or fabric scraps. Hazardous waste, which accounts for about 1% of the total, includes paint and solvent residues or containers or small discarded equipment.

The Group companies are making their reporting process more and more accurate to enable the distinction of each material produced, so they can report information with ever greater accuracy.

In addition, the companies Gervasoni and Cenacchi have implemented an environmental policy to guarantee effective practices for the management and disposal of waste in accordance with current legislation. Environmental policies are one of the benefits of having certified the environmental management system with ISO 14001 (14064 in the case of Cenacchi), which also contributes to the continuous improvement of waste management.

<i>Furniture</i>			<i>Lighting</i>			<i>Luxury Custom furniture</i>		
2020	2021	2022	2020	2021	2022	2020	2021	2022
67	48	49	0	0	0	433	333	409
76	82	95	0	0	0	173	102	121
36	25	29	0	0	0	39	57	40
70	81	98	0	0	0	1	0	0
21	23	23	0	0	0	0	0	0
21	2	2	0	0	0	14	10	9
0	3	1	0	0	0	3	1	0
1	1	19	1	1	1	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	7	0	0
291	265	314	1	1	1	669	502	580





METHODOLOGICAL NOTE

Furniture

GAMMA ARREDAMENTI | Smart sofa

METHODOLOGICAL NOTE

This document is the second public Sustainability Report of the Italian Design Brands SpA Group (hereinafter also "IDB Group"), with registered offices at Corso Venezia 29, Milan. It is drawn up on a voluntary basis and aims to provide ongoing and clear communication on the Company's commitment to sustainable development and to a business model that respects the social, environmental and economic context in which it operates.

The Report covers the financial year 2022 (1 January to 31 December) and the data are compared with the results of 2021 and 2020. The document, published annually, was prepared in accordance with the GRI Sustainability Reporting Standards (hereinafter GRI Standards), updated in 2021 by the GRI – Global Reporting Initiative, following the "in accordance" reporting option.

As regards the scope of reporting, the Sustainability Report of the IDB Group is aligned with the reference scope of the consolidated financial statements as at 31 December 2022, which includes the data of subsidiaries IDB Suzhou Ltd, IDB UK Ltd, IDB USA Corp., Gervasoni SpA, Meridiani Srl, Meridiani France Sarl, Cenacchi International Srl, Davide Groppi Srl, Saba Italia Srl, Modar SpA, Flexalighting Srl, Flexalighting North America Ltd²⁷, Gamma Arredamenti International SpA, Gamma Arredamenti International Inc. and Borman Lighting Srl. The figures for IFA Srl have been included within the figures of Gervasoni SpA from 2020, since the company became part of Gervasoni in 2021. Exceptions to the scope are specified within the Report.

As regards the scope of environmental data, the generation of waste and the purchase of materials related to Corporate offices and foreign entities IDB Suzhou, IDB USA, IDB UK, Gamma Arredamenti International Inc., Meridiani France and Borman Lighting Srl are excluded, given the purely commercial nature of the activity carried out. Similarly, data on water withdrawals was also not collected for the same companies, with the exception of IDB Suzhou, which undertook to collate these data in 2022. Finally, the environmental data attributable to the Flexalighting North America production unit are not included due to difficulties in obtaining the information, as this is the first year in which the company was included in the reporting scope.

As regards the scope of personnel data, Salpi SNC was not included as it was merged into Davide Groppi on 15 December 2022. In particular, data on age and gender were not available at the time of the data collection process. The company will, however, endeavour to refine the data collection for the next reporting cycle.

²⁷. On 9 May 2022, Flexalighting Srl acquired 1% of the shares in Flexalighting North America Ltd and the subsequent control of the same over the previous joint control.



Contents of the Report

This Report has been prepared in line with the principles set out by GRI Standards, such as the sustainability context, completeness, accuracy, balance, clarity, comparability, reliability and timeliness. It highlights IDB's results and performance in relation to the issues identified as material in the materiality analysis, representing the Company's impacts

on the economy, the environment and people, including impacts on human rights. For more details, please see the chapter "1.3 Our path to sustainability". The process leading to the preparation of the Sustainability Report 2022 involved the corporate management of all Group companies.

IDB MATERIAL THEMES

ISSUE	MATERIAL THEME	GRI DISCLOSURE
Governance	Business ethics	201: Economic performance
		205: Anti-corruption
	Market presence	202: Market presence
	Support for local communities	413: Local communities
People management	Health and safety of workers	403: Occupational health and safety
	Empowerment and well-being of employees	401: Employment
		404: Training and education
	Diversity and equal opportunity	405: Diversity and equal opportunity
Products	Product safety and sustainability	416: Customer health and safety
	Product marketing and labelling	417: Marketing and labelling
	Supply chain management	204: Procurement practices
Environment	Circular economy and efficient use of resources	301: Materials
		303: Water and effluents
		306: Waste
	Combating climate change	302: Energy
		305: Emissions

Main calculation criteria

Below you can find the methodological indications for calculating certain indicators reported in this Sustainability Report.

Energy consumption

The energy consumption of the IDB group (natural gas, electricity, diesel, petrol) was calculated in terms of gigajoules (GJ). To align the various energy carriers, the conversion factors in the table in "UK Government GHG Conversion Factors for Company Reporting – Fuel properties" of the UK Department for Environment, Food & Rural Affairs (DEFRA) were used for the years 2020, 2021 and 2022: "Average new car and light goods vehicle (LGV) fuel consumption: Great Britain, 1997–2020" of the Department for Environment, Food & Rural Affairs (DEFRA) under "litres per 100 km".

Direct (scope 1) and indirect (scope 2) emissions

Greenhouse gas emissions were calculated in line with the standard published by The Greenhouse Gas Protocol Initiative in terms of CO₂ equivalent.

The following sources for emission factors have been used to calculate **direct emissions (Scope 1)**:

- **Fuels (natural gas):** "UK Government GHG Conversion Factors for Company Reporting – Fuel properties" of the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2020, 2021 and 2022 from the table "Fuels".
- **Fuels (petrol):** "UK Government GHG Conversion Factors for Company Reporting – Fuel properties" of the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2020, 2021 and 2022 from the table "Fuels" and "Passenger vehicles".
- **Fuels (diesel):** "UK Government GHG Conversion Factors for Company Reporting – Fuel properties" of the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2020, 2021 and 2022 from the table "Fuels" and "Passenger vehicles".
- **Refrigerant gases (F-gas):** "UK Government GHG Conversion Factors for Company Reporting" of the UK Department for Environment, Food & Rural Affairs (DEFRA) for the years 2020, 2021 and 2022 from the table "Refrigerant and other".

To calculate **indirect emissions (Scope 2)**, electricity consumption has been converted according to location-based and market-based approaches, using the following sources for emission factors:

- For the **Location-based** approach, calculated on the basis of the percentage composition of the national mix of each country (Italy, France, the United Kingdom, China and the United States), the emission factor shown in Table 49 – Main socio-economic and energy indicators was used. This was published by Terna under International Comparisons, in the most recent version published in 2020 for data relating to the years 2022 and 2021, and in the 2019 version for data relating to 2020;



- For the **Market-based** approach: for European offices, the document "European Residual Mixes 2021" was used, published in 2022 by the Association of Issuing Bodies (AIB) for the 2022 data, and in 2021 and 2020 for the data of respective years. For US locations, "E-Grid", published in 2020 by the United States Environmental Protection Agency (EPA), was used for 2022 data. To calculate emissions for the Chinese headquarters, at the time of writing, the Residual Mix emission factors are not publicly available from accredited sources. Therefore, the same emission factors applied according to the location-based methodology, as published by Terna in the document "International Comparisons 2020", were used.
- To calculate emissions from purchases of network steam, it has been assumed that the combustion of natural gas is used to bring the water into gaseous state. The emission factor values used are therefore those for natural gas as reported in the document "UK Government GHG Conversion Factors for Company Reporting" of the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2022, 2021 and 2020 from the table "Fuels".

Health and safety

The accident frequency rate is calculated as the ratio of the total number of accidents recorded (excluding those while commuting to work) to the number of hours worked in the same period, multiplied by 200,000.

The serious accident frequency rate is calculated as the ratio of the total number of accidents with a number of days of absence greater than 180 to the number of hours worked in the same period, multiplied by 200,000.

Employees

Employee data are represented as the workforce as at 31 December of the reference periods, and not as FTE (full-time equivalent) data.

Information and contacts

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