



2022
SUSTAINABILITY
REPORT



100+10
YEARS OF TRUE EVOLUTION

INDEX

6 LETTER TO OUR STAKEHOLDERS

- 6 Poltrona Frau: a sustainable future built in the present

10 HIGHLIGHTS 2022

12 POLTRONA FRAU AT A GLANCE

- 14 The history of Poltrona Frau
- 21 Geographical presence of Poltrona Frau
- 24 Global Partnerships
- 24 Prizes and awards

26 POLTRONA FRAU'S GOVERNANCE

- 32 Remuneration process
- 33 Business ethics and integrity
- 36 The attributes of Poltrona Frau

38 SHARED VALUE CREATION

- 38 Economic value generated and distributed

42 THE SUSTAINABILITY JOURNEY OF POLTRONA FRAU

- 44 The sustainability policy
- 45 Stakeholders
- 48 Material topics: materiality analysis
- 54 Sustainability Plan

66 PRODUCT

- 69 Product quality and safety
- 71 Circular design, sustainable materials and innovation
- 74 Responsible sourcing and supply chain
- 88 Sustainable packaging

94 PEOPLE

- 96 Employee's composition, talent attraction and retention
- 99 Training and development
- 100 Diversity, equity and inclusion
- 101 Employee welfare and well-being
- 104 Occupational health and safety

108 SOCIETY

- 110 Customer satisfaction
- 111 Customers' privacy and data protection
- 114 Community engagement

118 ENVIRONMENT

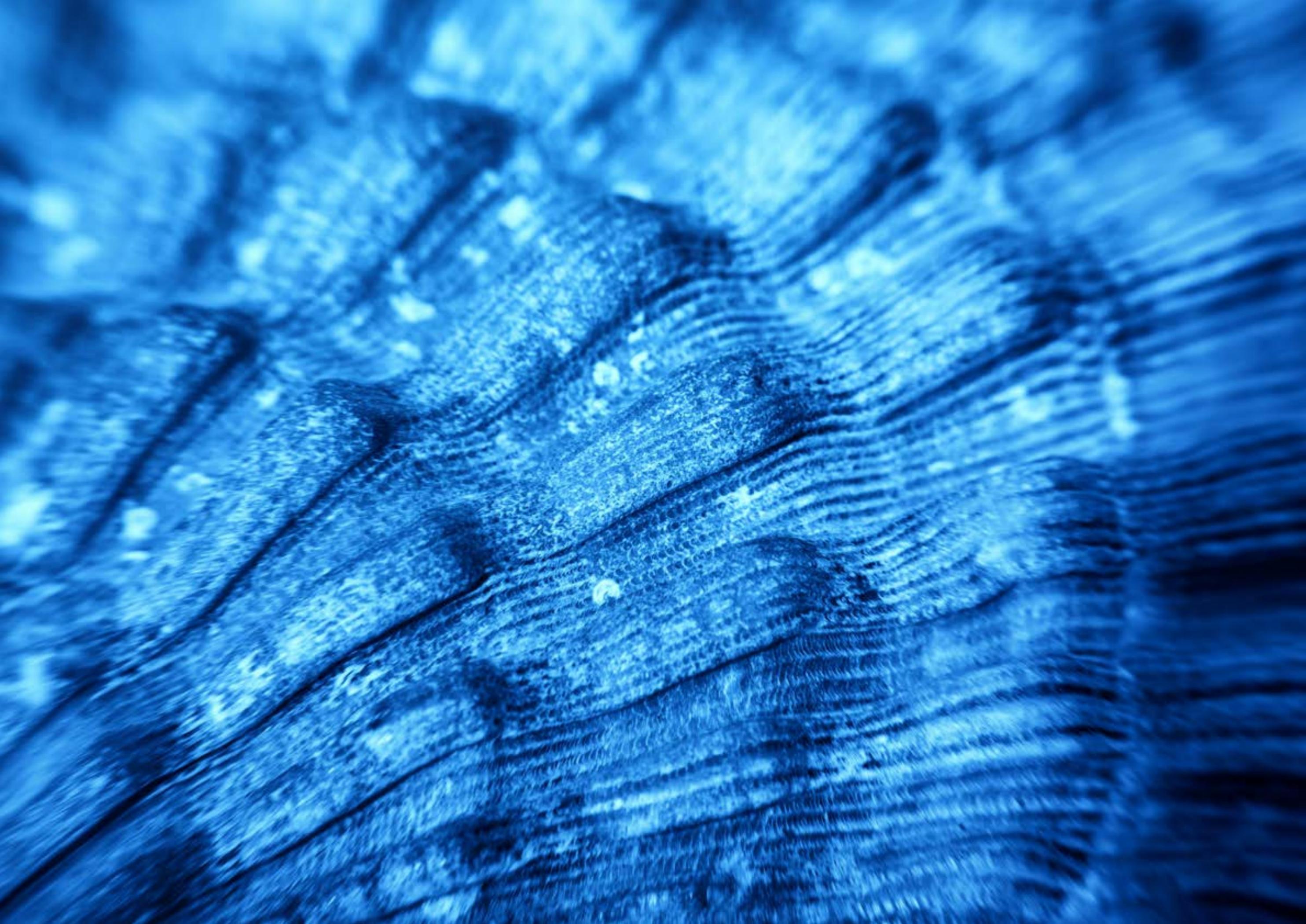
- 120 Energy efficiency and GHG emissions
- 124 Waste management
- 127 Water management
- 128 Biodiversity

130 ANNEX

- 133 Material topics definition
- 138 Performance Indicators

150 METHODOLOGICAL NOTE

154 GRI CONTENT INDEX



Letter to our stakeholders

Poltrona Frau: a sustainable future built in the present.

Dear Stakeholders,

As we look back on the past year, we acknowledge the substantial obstacles that have emerged due to the global pandemic. Nevertheless, we take pride in announcing that 2022 was a year of celebration and remarkable accomplishments for Poltrona Frau. We are privileged that the government has acknowledged Poltrona Frau as a historic brand of national significance, underscoring the enduring presence and influence of our brand both in Italy and globally. This recognition reaffirms our dedication to maintaining the utmost quality standards while also embracing emerging technologies and sustainable practices, ensuring our continued growth and success in the years ahead.

2022 marked our 110th anniversary, providing us with an opportunity to reflect on our journey, evolution, and legacy. Throughout the year, we commemorated this milestone through a series of collaborations that paid homage to our rich history, bringing together the best in design, innovation, and craftsmanship. One of the standout moments was the launch of the Archibald Anniversary Limited Edition, created in collaboration with the renowned artist Felipe Pantone. This iconic armchair has been completely reimaged with a captivating pattern digitally printed on leather. It serves as a testament to our ability to push the boundaries of creativity while remaining true to our identity, offering something truly exceptional for enthusiasts, customers, and collectors.

The Archibald Anniversary Limited Edition also introduced Poltrona Frau's new Impact Less leather, representing our ongoing commitment to sustainability. Pelle Frau® Impact Less leather is tanned using more environmentally friendly components and

is entirely chrome-free. This milestone represents the culmination of over 40 years of research and development aimed at reducing the environmental impact of leather production. With Pelle Frau® Impact Less, we can provide our customers with a more ethical and conscientious choice, continually improving our processes and technologies as part of our "Road to 2030" project to minimize the environmental impact of all Pelle Frau® leather. We take pride in being at the forefront of sustainable leather production, and we eagerly anticipate further innovations as we drive positive change in the industry and uphold our commitment to social responsibility and a more circular economy.

For the 2022 Christmas holiday season, we presented some of our closest stakeholders with a keychain crafted from Pelle Frau® scraps, produced by the social cooperative Cartiera. This exemplifies our unwavering commitment to making a positive impact. The keychain is more than just an accessory; it symbolizes our dedication to inclusivity, craftsmanship, and connection to the environment, values that we proudly share with Cartiera. We hope it serves as a reminder to our partners of the values we hold dear and the importance of collaborating towards a common goal.

We acknowledge that these achievements would not have been possible without the hard work and dedication of our team and the support of our stakeholders. Poltrona Frau Family Day provided a wonderful opportunity for us to share and convey the values that have always distinguished our company as an exemplar in the world. It was a joy to share these values with the families of our employees. We believe that through events like these, we can truly come together as a community and create brilliant new chapters for ourselves and our company.

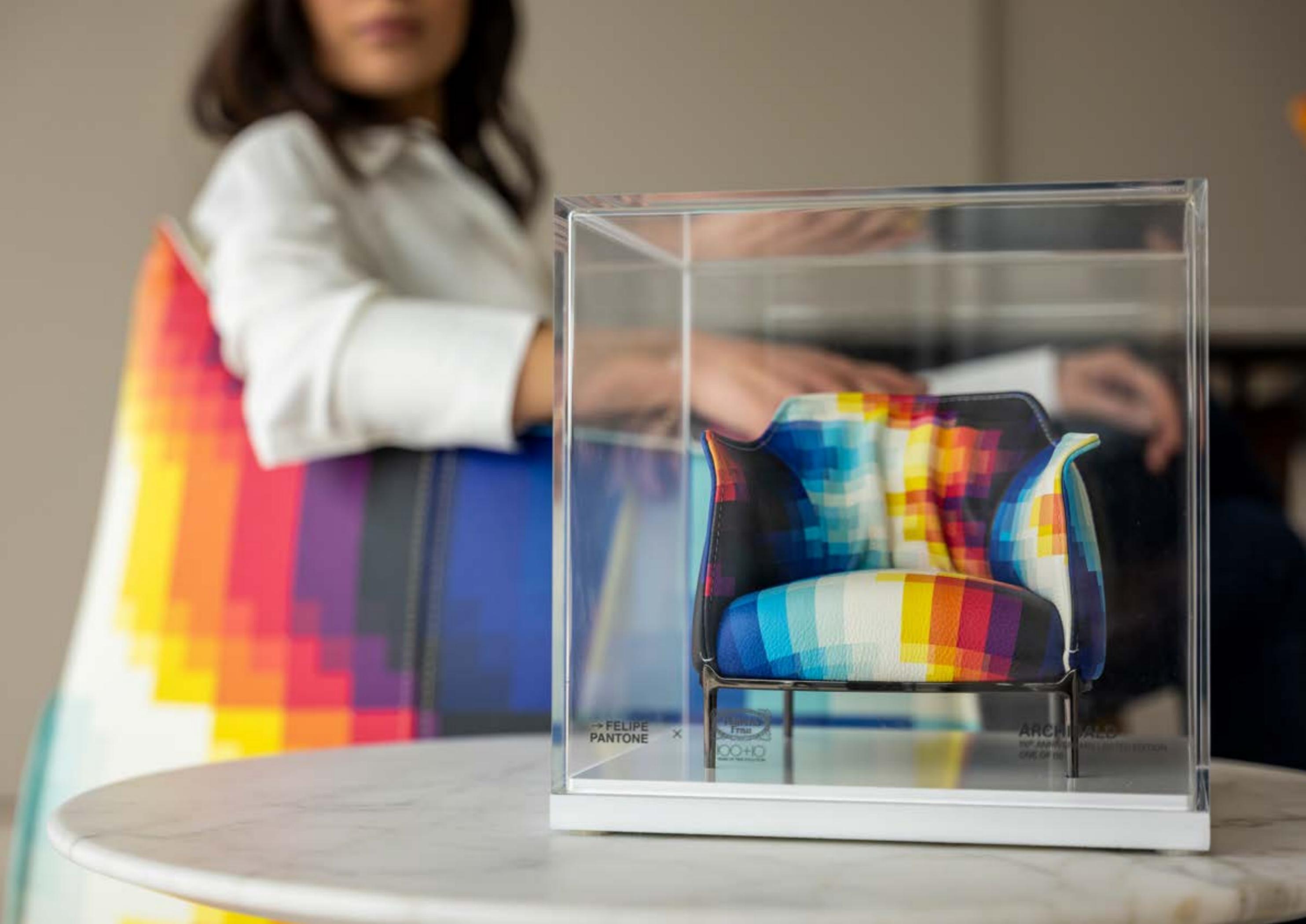
Looking towards the future, we are thrilled to build upon the strong foundation established during our 110th anniversary and further advance innovation, sustainability, inclusivity, and excellence across all our endeavors. With our devoted team and unwavering commitment to our values, we are confident in our ability to navigate challenges and seize future opportunities.

Once again, we thank you for your continued support and collaboration as we embark on this exciting new chapter of our sustainability journey.

Nicola Coropulis

CEO Poltrona Frau





→ FELIPE PANTONE x



ARCHITECTURE
100+10
ONE OF 100

Highlights 2022

PRODUCT

110 pieces

Of the Archibald armchair limited edition realized on the Poltrona Frau's 110th anniversary

+1.000

Keychains produced in collaboration with the social cooperative Cartiera with scraps of Pelle Frau®

PEOPLE

+670

(+4% vs. 2021)

Total number of employees, with 37% of female presence

+3.250

(-7% vs. 2021)

Training hours provided

SOCIETY

40

Number of participants in local and cultural initiatives of Poltrona Frau Museum's educational workshops

97%

Purchases from local suppliers

ENVIRONMENT

82%

(+15% vs. 2021)

Electricity consumption from renewable sources

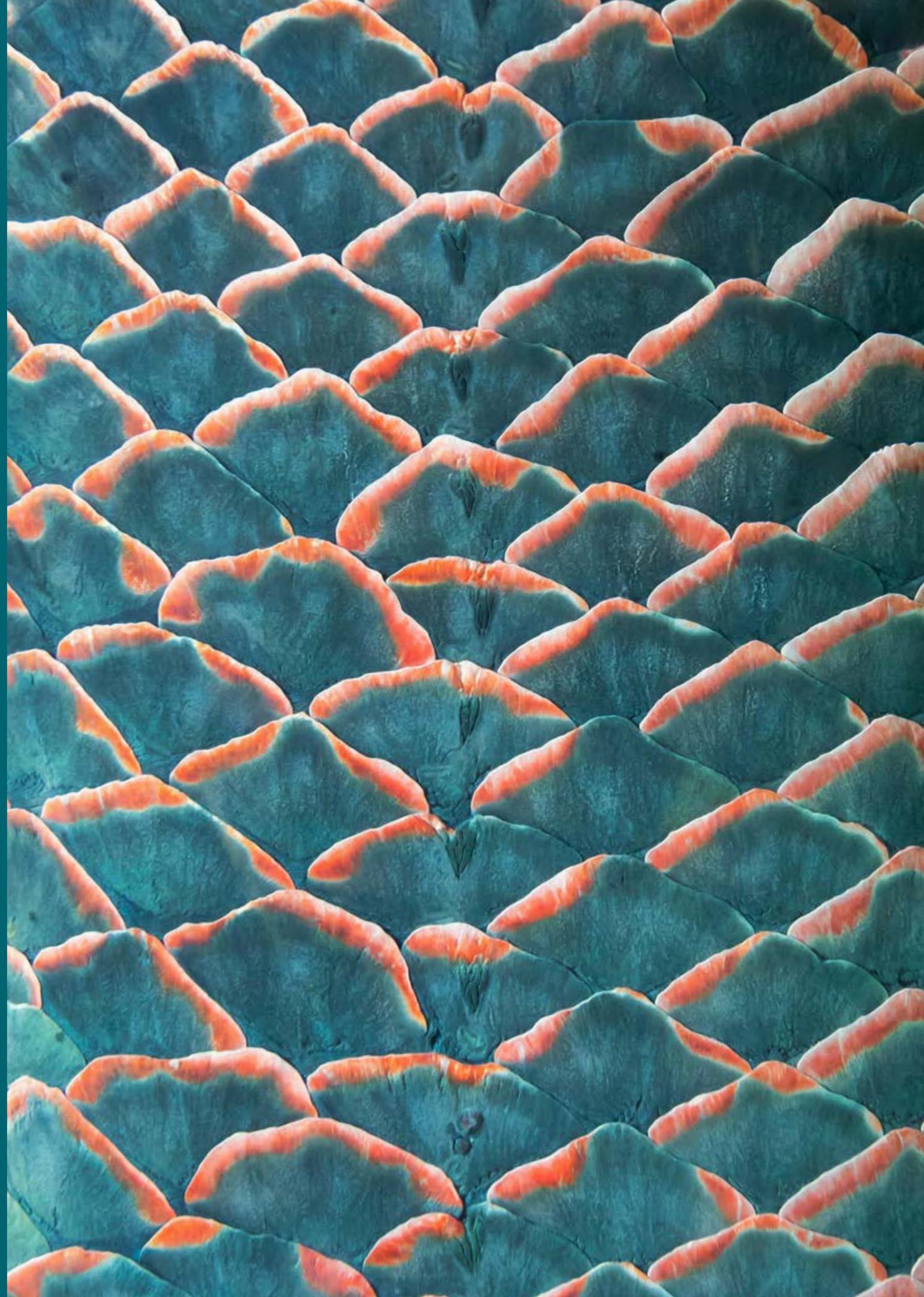
2.495

tCO₂

(+7% vs. 2021)

Scope 1 and Scope 2 Location-based emissions

Poltrona Frau
at a glance

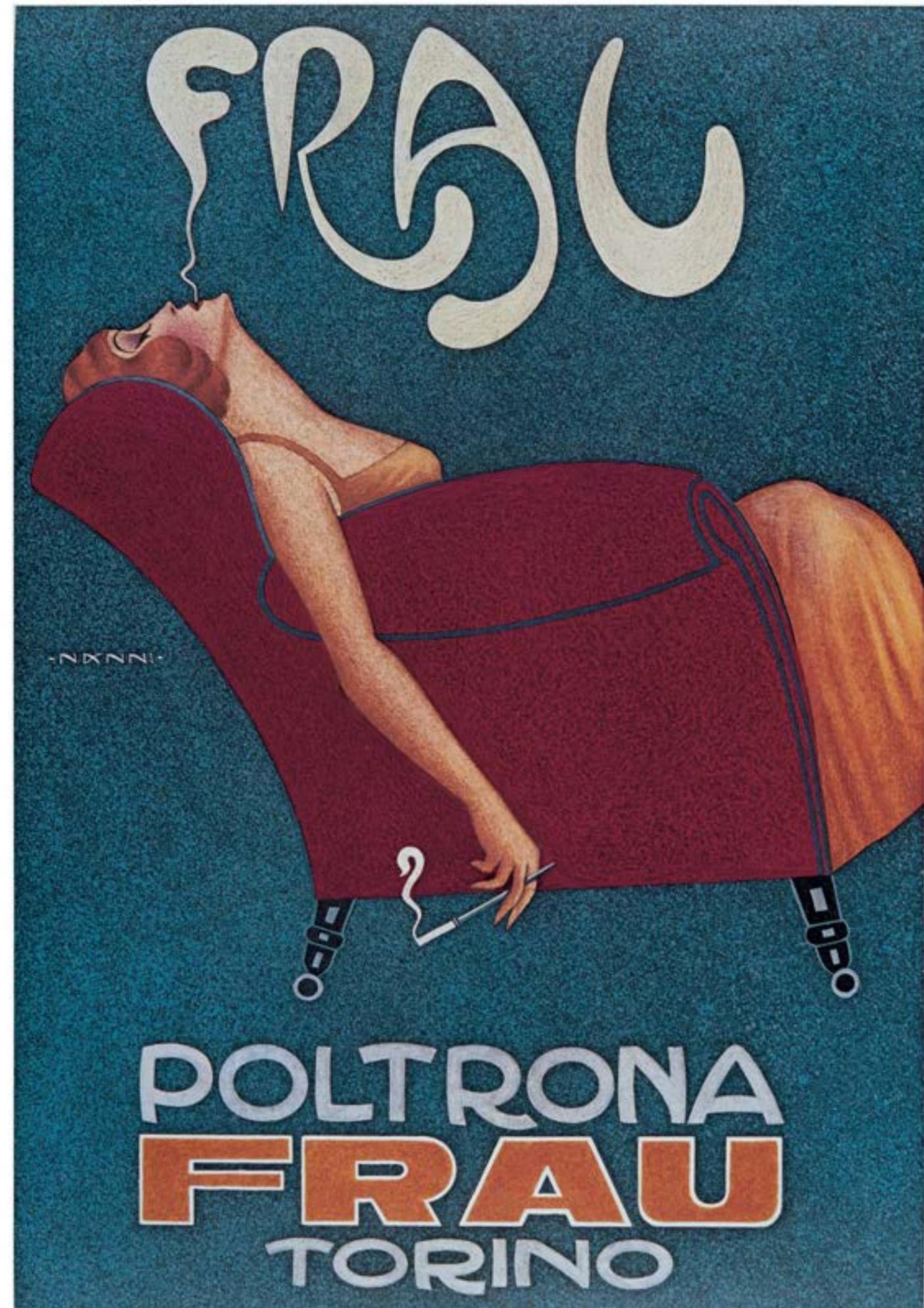


Poltrona Frau at a glance

The history of Poltrona Frau

Poltrona Frau S.p.A. was founded in Turin in 1912 by Renzo Frau, a visionary individual from Cagliari. He established an initial artisan workshop and registered the company's trademark. At the beginning, Frau's style drew direct inspiration from English armchairs like the Chesterfield, as well as the French and Central European design traditions.

Over time, the workshop evolved into a factory where original and contemporary designs emerged, with contributions from artists and intellectuals who frequented its salon. During the 1920s and 1930s, Poltrona Frau became a status symbol for the Italian upper middle class, leading the emerging cinema and automobile industries to collaborate with the company to elevate their own designs.



1926

Renzo Frau's handcrafted workshop comes to furnish the Savoy "Royal House", with all the drawing rooms, the great hotels, the spaces of the 1928 Turin Expo, cars and cruise ships such as the luxurious ocean liner Rex, pride of the Italian Navy

1962

with the acquisition by the Nazareno Gabrielli Group, the company was relocated to the Marche region in Tolentino, an area with a strong manufacturing vocation specialized in leather processing.

Under the leadership of the President Franco Moschini, the company gained new momentum and collaborated with the best Italian and international designers and architects, always creating new successful models to complement its great classics.

1984

the Interiors In Motion and Custom Interiors (Contract) divisions were established.

2004

the Charme Investments fund acquired Poltrona Frau, which brought within it, among others, the historic Cappellini and, in 2005, Cassina. Thus, Poltrona Frau Group was born, a true pole of reference in the luxury furniture sector.

2012

on the occasion of the company's 100th anniversary, the Poltrona Frau Museum, designed by Michele De Lucchi, was inaugurated inside the Tolentino production plant, marking the company's first century of life, devoted in the craftsmanship of the highest quality, research in leather as the material of choice and the ability to create contemporary icons of furniture.

2014

the US-based Haworth Inc. acquired a majority stake in Poltrona Frau Group, making it a world leader in high-end designer furniture.

2016

Ethiad Airways won the Crystal Cabin Award with First Class on the Boeing 787 thanks to cabins designed by Poltrona Frau Interiors In Motion.

2018

Ceccotti Collezioni, a Tuscan company founded in 1988 by Franco Ceccotti and operating in the high-end segment of solid wood furniture, entered Poltrona Frau Group

2020

Pelle Frau® ColorSphere® was born. It is an innovative system that designs through color, by adapting it into different elements of spaces and in the overall effect. In the same year, the Italian Forest Stewardship Council®, which rewards the most virtuous Italian companies operating in the wood-furniture sector, awards Poltrona Frau the FSC® FURNITURE AWARD in the Living and Accommodation category for its attention to the sustainable use of wood in its furniture.

2021

Poltrona Frau entered outdoor furniture by launching the Boundeess Living Outdoor Collections

2022

Poltrona Frau celebrated 110 years of history through a special collaboration with artist Felipe Pantone. The Archibald armchair limited edition is upholstered in the most sustainable Pelle Frau® Impact Less

Today, Poltrona Frau is composed of the following Business Units:

Residential

The Residential Business Unit is responsible for **designing, manufacturing, and distributing luxury furniture products**, catering to both retail and select business customers. With a strong presence in the retail market, the Business Unit ensures the production and distribution of high-quality furniture, featuring classic and contemporary designs, all under direct control of the entire production cycle.

The catalog comprises distinct yet cohesive collections, with a standout being the "**Renzo Frau Archive**", which showcases products designed from 1912 to the 1930s. Notable pieces from this collection include the renowned Vanity Fair (1930), now reintroduced in a modern version called Vanity Fair XC, and the Chester (1912).

"**The Collection**" consists of contemporary products characterized by a high level of design, including armchairs, sofas, tables, chairs, furniture, and complements, as well as pieces created in the Company or retrieved from the archives of great architects, such as Sanluca (1961) and Intervista (1989), whose worldwide success contributed to the Company's identification.

"**The Office**" follows and anticipates the new concept of work with the Trust collection, designed by Lievore-Altherr-Park, in which the values of sharing and informality coexist with the quality of Poltrona Frau's executive office.

"**La Notte**" features leather beds, furniture, complements and accessories.

In addition, the Residential Business Unit has paid special attention to remote working furnishings, creating specific products to meet new needs, in line with the evolutions of recent years in the world of work. To complete the lifestyle approach to living, there are also complements and accessories that are the result of careful research into shapes, workmanship, and materials.

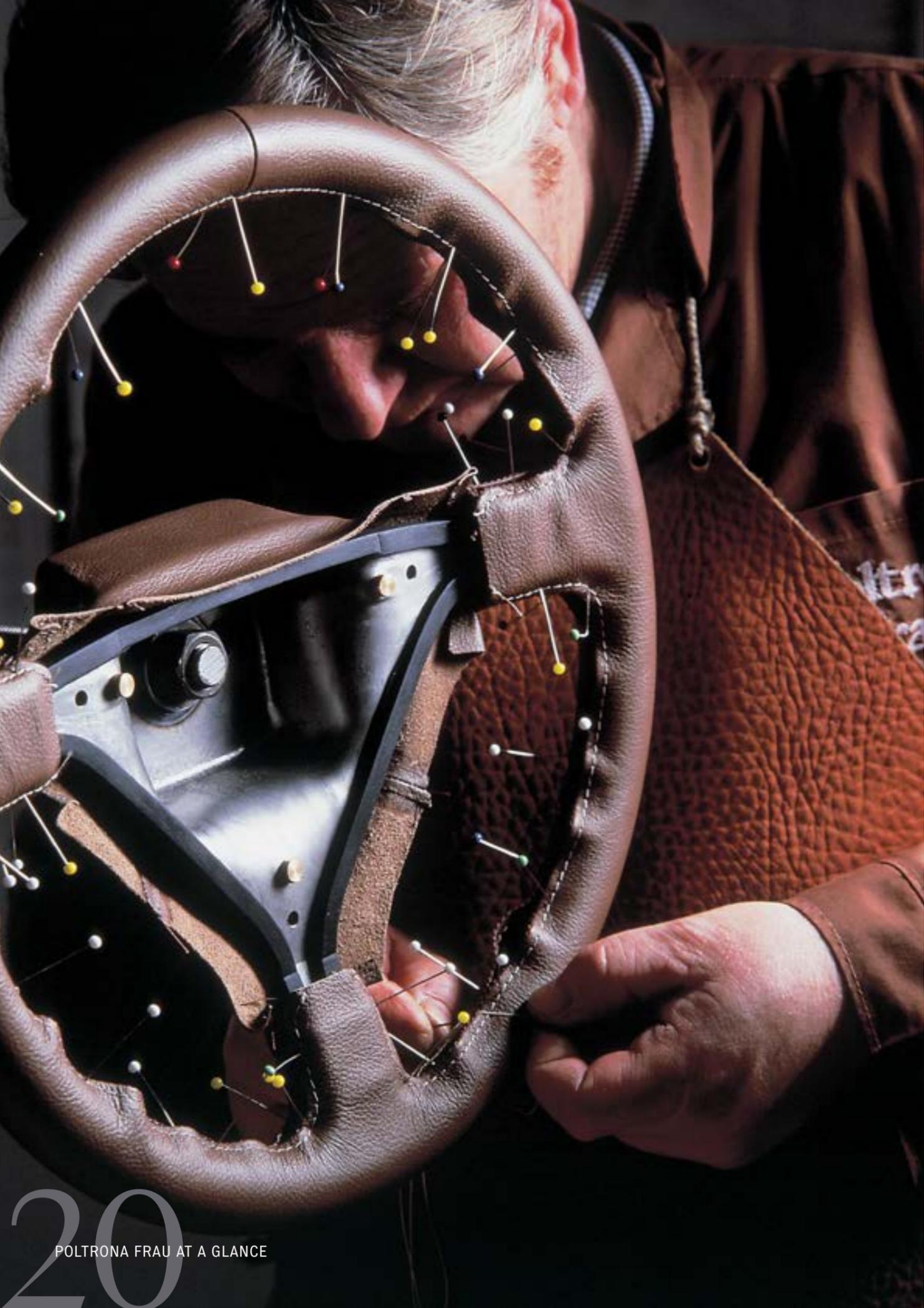
Custom Interiors

The company's Custom Interiors Business Unit focuses on **providing high-quality custom furniture for public and community spaces, such as theaters, auditoriums, cinemas, hotels, restaurants, and airports.**

This Business Unit offers comprehensive service, including design, technical assistance, production, logistics, installation, and quality control at every stage of the process. Currently, Poltrona Frau's Custom Interiors is a major international partner, able to follow the same design philosophy as the architects and meet all requirements in terms of product, service, and quality.

The Business Unit has completed about 1,000 projects in more than 50 countries, with 20 different customizable armchair collections and 1,200 compliance certifications, to meet the needs of the most demanding prestigious international architects and realize their dreams, ideas, and challenges.





Interiors in Motion

Since 1984, when Poltrona Frau entered the automotive sector with his Interiors In Motion Business Unit, the Company has gained **significant experience in leather interior design for luxury vehicles such as cars, yachts, trains and first class in some of the major airlines.**

In carrying out its activities, Poltrona Frau looks not only at design and aesthetic values. The company has always been concerned with combining the quality of its furniture with the health of those who produce them and the potential impact on the environment. This commitment is demonstrated on several fronts and communicated in this **second Sustainability Report.**

Geographical presence of Poltrona Frau

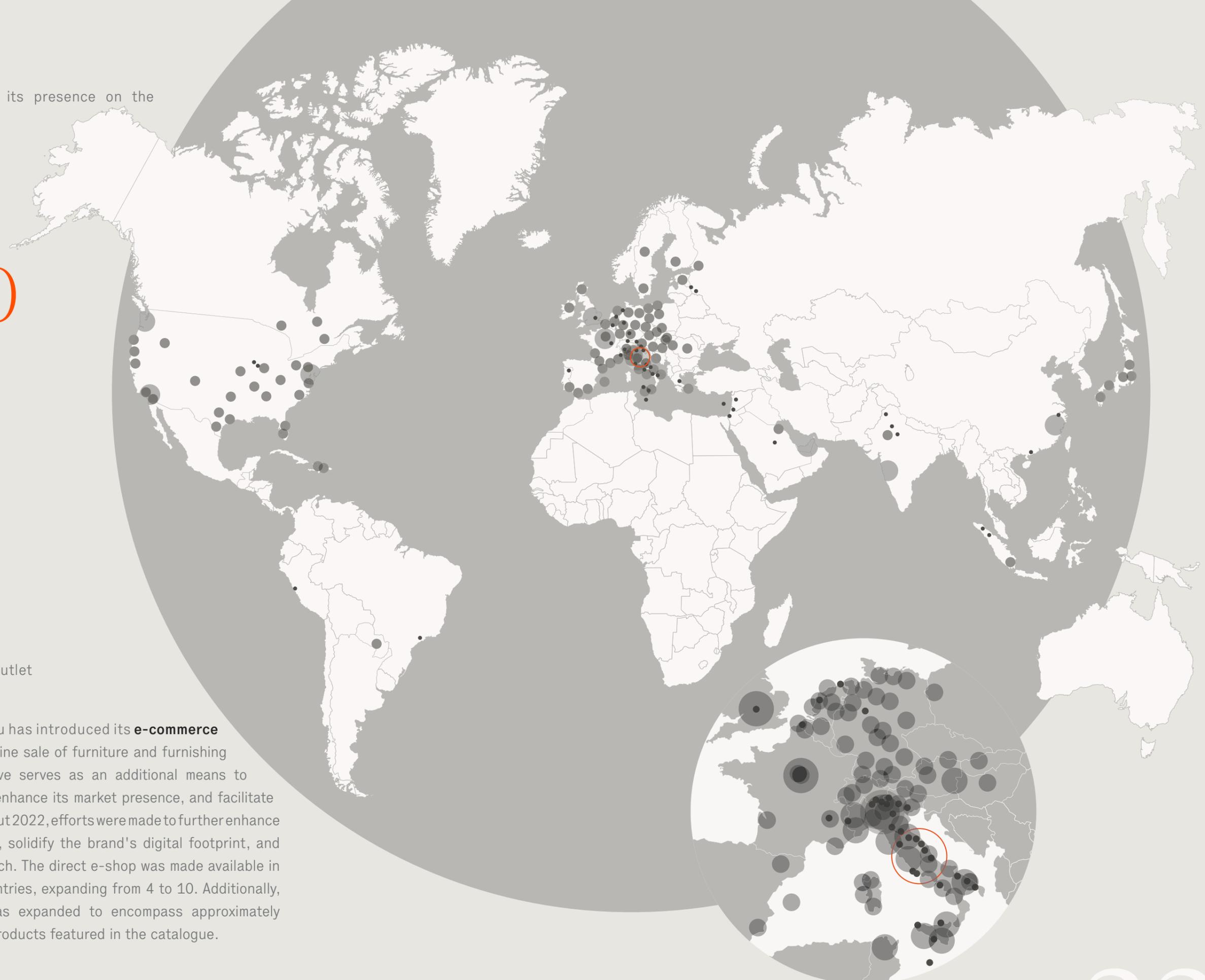
Poltrona Frau, headquartered in Tolentino, is renowned for its excellence in Italian craftsmanship. The company's primary objective is sustainable growth and an increased global presence by expanding its business strategies internationally. Positioned in the luxury market segment, the brand distributes its products through showrooms, single-brand stores, and prestigious international projects.

Poltrona Frau has a strong presence in key European markets, including Italy, France, Germany, the United Kingdom, Switzerland, Belgium, Luxembourg, the Netherlands, Spain, Portugal, and Austria. In 2022, the Residential Business Unit further solidified its international presence by opening four new single-brand stores (Jinan, Wenzhou, Harbin, Changchun), expanding two others (Chongqing and Nanjing), and inaugurating four new branded spaces in Australia (Melbourne), the United States (Chicago), and Italy.

Poltrona Frau ensures its presence on the market thanks to:

- **100**
Branded spaces
- **+300**
Multi-brand retailers
- **60**
Single-brand
- **12**
Flagship Store and DOS
- **1**
Headquarter & Gallery Outlet

Since 2020, Poltrona Frau has introduced its **e-commerce** channel, enabling the online sale of furniture and furnishing accessories. This initiative serves as an additional means to engage with customers, enhance its market presence, and facilitate communication. Throughout 2022, efforts were made to further enhance the e-commerce channel, solidify the brand's digital footprint, and expand the customer reach. The direct e-shop was made available in a greater number of countries, expanding from 4 to 10. Additionally, the online catalogue was expanded to encompass approximately 95 percent of the total products featured in the catalogue.



Global Partnerships

Collaboration and active participation in industry associations play a central role for Poltrona Frau. The Company is a member of:

- **Associazione Italiana Archivi e Musei d'Impresa**, (Museimpresa): founded in 2001 by Assolombarda and Confindustria, the association brings together more than 100 museums and archives of large, medium and small Italian companies committed to the creation of a system of corporate archives and museums, the dissemination of quality standards and the promotion of the concept of corporate cultural responsibility.
- **Fondazione Altagamma**, founded in 1992, Fondazione Altagamma aims at contributing to the growth and competitiveness of national high cultural and creative industry enterprises, which promote Italian excellence, uniqueness and lifestyle around the world.

Prizes and awards

Among the most prestigious prizes, Poltrona Frau received Compasso d'Oro in 1999 for the Titano table by Pierluigi Cerri. This prize was received also in 1954 for the DU30 chair by Gastone Rinaldi and President Franco Moschini received the Compasso d'Oro ADI Design Award for his lifetime achievement in 2016.

Among the other recognitions, Poltrona Frau has been included among the **Marchi Storici di Interesse Nazionale dal Governo**, from the Italian government.

Here a summary of the most recent prizes won by Poltrona Frau is proposed:

2022

EDIDA - Volare Due Bed design Roberto Lazzeroni
INTERIOR DESIGN BEST OF YEAR AWARDS FOR THE CATEGORY OUTDOOR LIGHTING - Lanterne Sparkler design Kensaku Oshiro
NXCxDESIGN AWARD - Archibald Anniversary Limited Edition
BOUNDLESS LIVING AI WEBBY AWARDS - Websites and Mobile Sites: Best Use of Video or Moving Image Nominee
ARCHIPRODUCTS DESIGN AWARD - Archibald Anniversary Limited Edition
WALLPAPER* DESIGN AWARD - Lanterns Sparkler design Kensaku Oshiro

2021

ARCHIPRODUCTS - Mi Cabinet design Neri&Hu, Plot Room Divider design GamFratesi
NC DIGITAL AWARDS - Platform The Future of Heritage
NXCxDESIGN AWARDS - Plot Room Divider design GamFratesi
FAVOURITE WEBSITE AWARD (FORD) SITE OF THE DAY

2020

ARCHIPRODUCTS DESIGN AWARD - small table KYOTO design Gianfranco Frattini
WALLPAPER* DESIGN AWARDS - small table KYOTO design Gianfranco Frattini
INDIGO AWARDS - Poltrona Frau website
FSC® FURNITURE AWARD - Living e Accommodation categories

Poltrona Frau's governance



Poltrona Frau's governance

Poltrona Frau S.p.A. is an Italian company that was established in 1912 and has its registered office located at Via Luigi Busnelli 1 in Meda (MB). The company is the controlling entity of the Poltrona Frau S.p.A. corporate group and its subsidiaries. It is recognized as one of the leading Italian groups and an international leader in the design and luxury furniture sector.

Since 2014, the company has been under the direct control of Haworth Italy Holding S.r.l., a subsidiary of Haworth UK Holdings Ltd., which is registered in the United Kingdom. Haworth UK Holdings Ltd. provides management and coordination activities for Poltrona Frau S.p.A.

Poltrona Frau has implemented a well-structured governance system that enables the pursuit of medium- and long-term corporate objectives while creating sustainable and shared value. The company is committed to upholding the principles of transparency and integrity, which form the foundation of its core values.

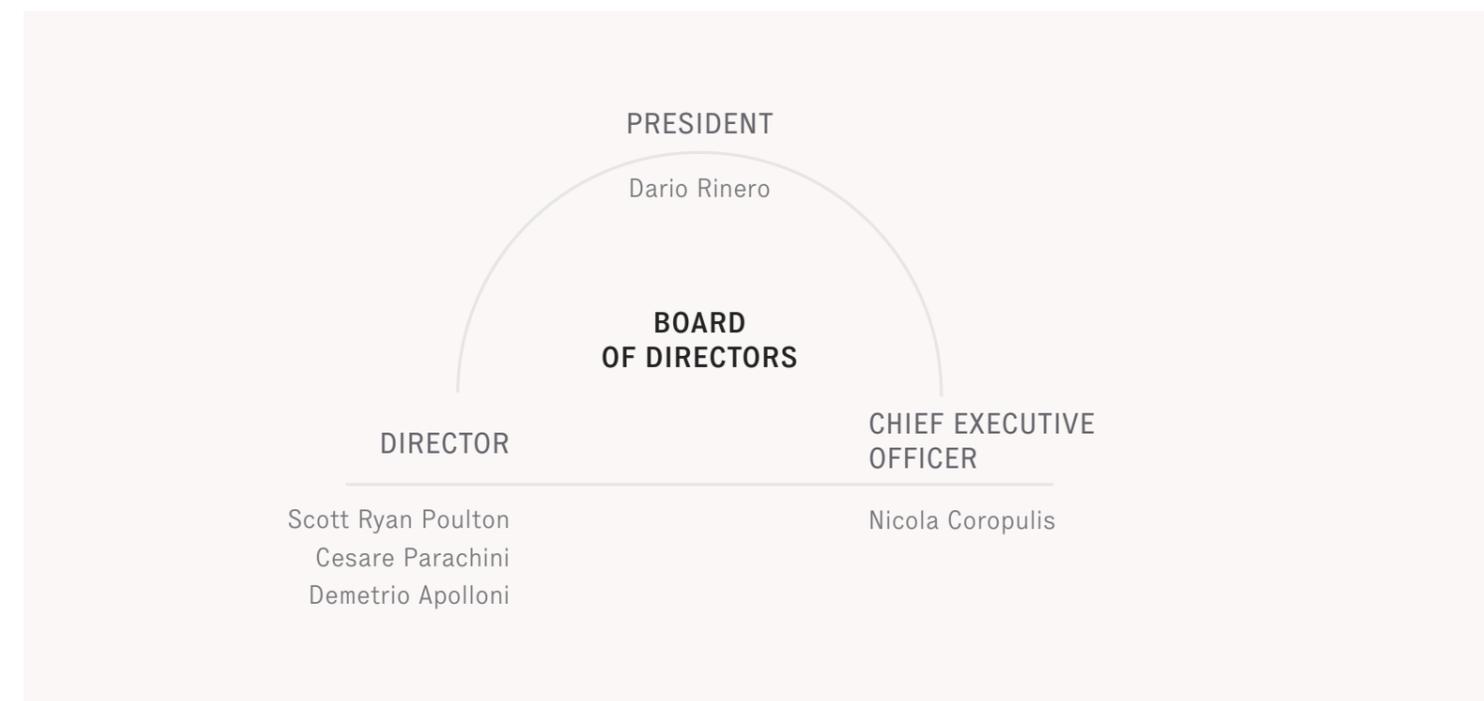
It complies with the so-called "traditional model" and consists of the following bodies:

- Board of Directors (BoD);
- Board of Statutory Auditors;
- Legal auditor;

The Board of Directors, composed of five members with an average age of 57, holds the authority to oversee the management of the company and make decisions necessary to achieve its objectives, except for those reserved by law for the Shareholders' Meeting. Annually, the Board evaluates the sustainability actions implemented throughout the year, validates the results obtained, and approves measures for continuous improvement in collaboration with Department Directors. Among its responsibilities, the Board evaluates and approves the Sustainability Report and Plan, including the Materiality Analysis.

Furthermore, some Board members participate in periodic meetings to discuss the Sustainability strategy with Haworth and the Lifestyle Design Group. The Board has allocated appropriate resources for managing environmental and occupational health and safety aspects as required by relevant laws. Each year, a review is conducted to assess the activities carried out, validate the achieved results, and define necessary actions for continuous improvement in accordance with the implemented management systems described in the document.

Additionally, Poltrona Frau's Board of Directors undergoes evaluation processes to ensure effective functioning and performance, including oversight of the company's impacts on the environment, economy, and society, as part of Haworth's assessment.



The highest governing body is appointed by the General Meeting of Shareholders (sole shareholder). The Shareholder selects and identifies candidates for the positions from industry managers of international standing with top-level expertise. All business decisions follow an internal authorization process regulated by a policy known as the Delegation of Authority. Only high-level decisions, both in terms of subject matter and amount, are validated by the President in conjunction with the other Directors.

The Board of Statutory Auditors is responsible for developing and achieving the company's and its subsidiaries' strategic goals. It consists of five auditors, three of whom are regular members and two are alternate members, with an average age of 50 years old¹



¹ The calculation considers the average age only of the actual directors.



Remuneration process

The remuneration of the members of the Board of Directors includes a fixed and a variable part linked to results and is defined taking into consideration the gained work experience and the role held within the Company. In addition, there is the possibility of integrating objectives related to environmental, economic, and social sustainability within the MbOs defined for Top Management. The remuneration process is overseen by the shareholder Haworth. There is currently no formalized procedure or policy for the remuneration of Board members.

The remuneration of Board members includes a fixed component and a variable component tied to performance, considering their work experience and role within the company. Additionally, objectives related to environmental, economic, and social sustainability can be integrated into the Management by Objectives (MbOs) for Top Management. The remuneration process is supervised by the shareholder Haworth. Currently, there is no formalized procedure or policy for Board member remuneration.

Regarding compensation for the entire corporate population, excluding executives, each year in April and May, Poltrona Frau's HR function and Department Directors analyze employee compensation based on the held position. The analysis is carried out by evaluating the remuneration referred to the individual position of an employee based on the following elements:

- Comparison of market pay analysis;
- Comparison against the internal pay distribution;
- Annual performance evaluation.

Upon completion of the salary analysis, individual employees may or may not be eligible for a salary review, based on the amount defined in the annual budget for salary increases.

Based on the conducted salary analyses and within the given constraints, the following salary revisions can be determined:

- Transitions to a different employment category and/or qualification;
- Base salary increase;
- Bonuses linked to the Management by Objectives (MbO) goals system;
- One-time bonuses.

At the end of the HR analysis process, a calibration is performed between the overall achieved results and the expected constraints, in collaboration with the CEO. If necessary, a salary analysis is conducted again to ensure consistent pay equity and compliance with the expected constraints.

Regarding the compensation process, the final step involves the CEO obtaining approval for the proposed offer or adjustment, which is then communicated to the employee.

Business ethics and integrity

Poltrona Frau, in its daily operations, is guided by fundamental values and follows a robust ethical framework based on the highest principles of honesty and respect. The company is dedicated to promoting fairness and legality in its work and business practices, considering these aspects essential. All of the company's activities and relationships are conducted in adherence to the Code of Ethics, which outlines and communicates the fundamental ethical principles that Poltrona Frau adheres to in its business conduct and corporate activities. The Code of Ethics applies to all members of corporate bodies, employees, temporary staff, consultants, and anyone acting on behalf of the company.

The Code, supervised by a specific **Supervisory Board** also pursuant to Legislative Decree No. 231/01, which introduced a system of administrative responsibility for companies in the Italian legal system, identifies and formalizes the values, principles and rules of conduct aimed at combating money laundering, receiving stolen goods, self-laundering, conflicts of interest, and to sanction any perpetrators of such violations. Poltrona Frau's Code of Ethics ensures that business activities are inspired by the principles of:

- **Honesty:** performance of work and professional activities according to honest conduct;
- **Fairness of the management system:** pursuit of one's corporate mission by ensuring adequate transparency of decision-making processes and choices made;
- **Protection of confidentiality of information & privacy:** protection of information acquired in the course of one's work;
- **Collaboration:** cooperation among directors, employees and collaborators and development of synergies among the various individuals participating in the Company's activities;

- **Enhancement of human resources:** recognition of the competence and ability of individual employees, promoting the enhancement of human resources through training and refresher courses;
- **Transparency and information:** full transparency of the choices made, taking as its goal to maintain and develop a constructive dialogue;
- **Safety and environment:** safety in the workplace as an essential value, committing itself to spreading and consolidating a culture of safety, considering the protection of workers' health and the environment of equal importance. Poltrona Frau respects the environment as a resource to be protected, for the benefit of the community and future generations.
- **Values related to Legislative Decree No. 231/01:** the Group's Corporate Bodies, employees and all those who act on its behalf, must always operate in compliance with legality and therefore must not commit offenses that could lead to the application of one of the pecuniary and/or disqualifying penalties that Legislative Decree No. 231/01 provides for in the event that such offenses are carried out to the advantage or in the interest of the Company itself.

The Supervisory Board monitors proper compliance with the **Code of Ethics**, while corporate bodies, employees, consultants, long-term collaborators, agents, proxies and third parties working on behalf of the Company are required to actively collaborate to facilitate this activity.

Poltrona Frau ensures that everyone is aware of anti-corruption policies and procedures, including business partners, and promotes specific training initiatives on the subject to all members of the Board of Directors and employees. In this regard, in 2022, the company provided a total of 196 hours of training on the Code of Ethics.

Poltrona Frau's commitment to anti-corruption has made it possible, again in 2022, to have no incidents of corruption.

In addition, in compliance with **Legislative Decree No. 231/01**, which introduced a system of administrative responsibility for companies in the Italian legal system, Poltrona Frau has established an **Organization, Management and Control Model**, which is constantly updated and verified through audits.

Poltrona Frau provides its employees, members and directors of corporate bodies, and non-employee third parties with a whistleblowing channel to report any instances

of violations, unlawful conduct, fraud, or violations of Model 231 or the Code of Ethics that they have witnessed or experienced in the workplace. Each workplace has a designated physical mailbox dedicated to receiving these reports, ensuring confidentiality and protection from retaliation for the whistleblower. The responsibility for handling whistleblowing cases is assigned to the Supervisory Board, which may involve other functions to conduct necessary investigations and follow the operational process outlined in the whistleblowing procedure.

The Company adopts a **Policy for Quality, Safety and Environmental and Social Sustainability**, which aims at guiding the Company's growth model to the full customer satisfaction and stakeholder expectations, environmental sustainability, and respect for the employees' health and safety, in the interests of the organization and stakeholders.

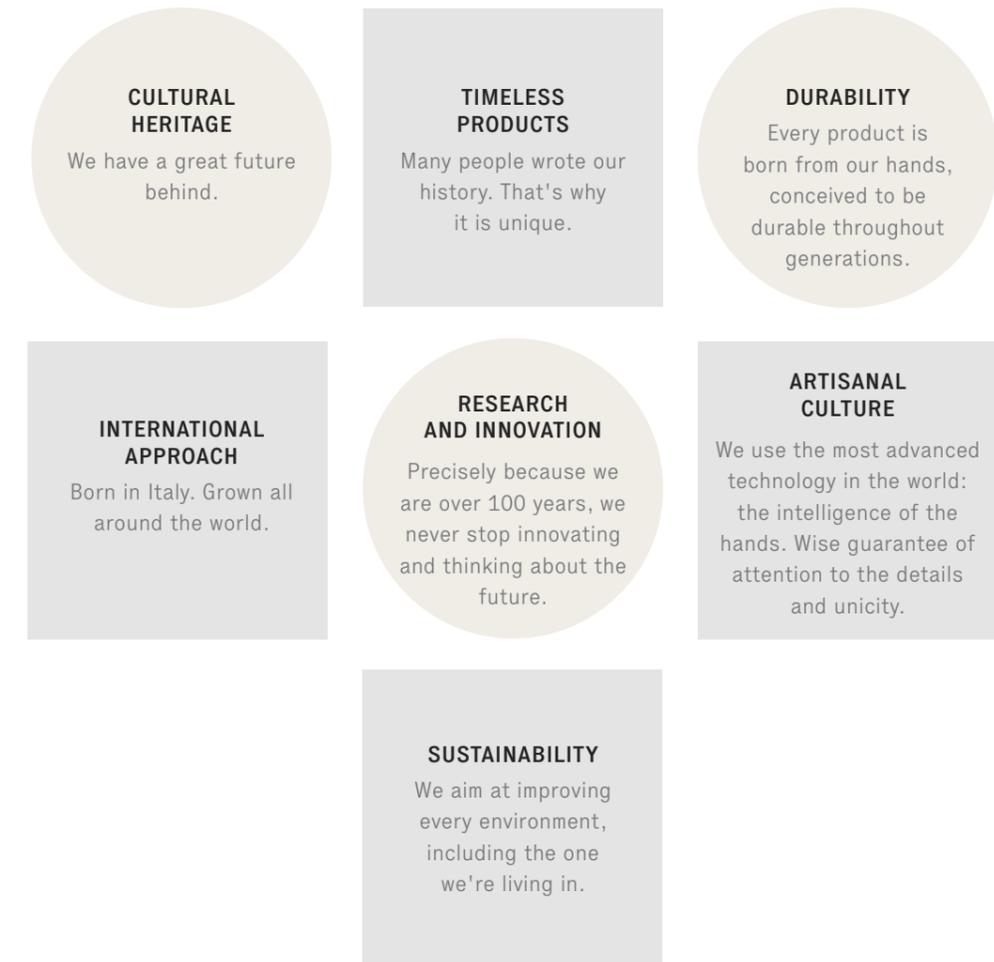
The Company considers the pursuit of the prescribed activities defined in its own by the **Integrated Quality, Safety and Environmental Management System** a precise commitment and a duty of every employee and collaborator, considering every contribution suitable for the improvement and evolution of the organization valuable. Therefore, Poltrona Frau is committed to the achievement of the objectives set forth in the policy, as well as to sensitize, inform and involve all personnel and external stakeholders about the goals, objectives, tools, and procedures that enable the implementation of the Integrated Management System.

Poltrona Frau, in addition, has also defined a Sustainability Strategy and adopted a Sustainability Plan, built based on the material issues that emerged from the Materiality Analysis and the corporate pillars. This approach allows Poltrona Frau to identify relevant areas on which to define priority objectives according to its business model, its activities and the sustainability priorities that have emerged

The attributes of Poltrona Frau

Poltrona Frau's vision is to establish itself as a globally recognized symbol of absolute and sustainable excellence in leather furniture and upholstery, catering to both residential and public spaces, as well as luxurious transportation interiors. Utilizing cutting-edge technology and the expertise of skilled artisans, known as "the intelligence of the hands", Poltrona Frau creates unique and original handcrafted products that are designed to withstand the test of time and embody the epitome of luxury. The company's constant pursuit of innovation combines classic and contemporary styles with an ongoing exploration of new stylistic and technological solutions. Poltrona Frau is dedicated to crafting functional yet elegant and evocative objects, drawing inspiration from tradition while envisioning the future. These solutions are meant to be experienced on a daily basis, satisfying the emotions and needs of a discerning and sophisticated international clients.

Poltrona Frau is inspired by the following **seven key attributes**, which reflect the company's principles and have always guided the work of the company and its employees.



Moreover, Poltrona Frau, being a company under Haworth Inc., shares and commits towards the respect of the Group's values:



Shared value creation



Shared value creation

Economic value generated and distributed

In 2022, Poltrona Frau generated an economic value of **238,9 million euros**, with an increase of 20% compared to 2021.

The **overall distribution of generated value** has grown by the same intensity, and it follows that its incidence remains stable at 11.6% in 2022 compared to 11.4% in 2021. However, differences can be captured in the various voices, where the distribution of value to public institutions grows by 33.9%, while that to employees grows by 10.8%.

Direct economic value generated and distributed (thousands of euros)

	2020	2021	2022
Direct economic value generated*	166,825	198,469	238,890
Direct economic value distributed*	151,919	175,900	211,194
Operating costs*	112,473	128,241	157,034
Employee wages and benefits*	35,400	41,485	45,959
Payments to providers of capital	328	296	327
Payments to government	3,718	5,877	7,872
Economic value retained	14,906	22,569	27,696

*They include the Economic value produced and distributed in Poltrona Frau S.p.A. and in all Poltrona Frau's direct operating stores.



The sustainability
journey of
Poltrona Frau



The sustainability journey of Poltrona Frau

The sustainability policy

Poltrona Frau has formulated a comprehensive **Policy for Quality, Safety, Environmental, and Social Sustainability**, which serves as a fundamental guide for all individuals working within and alongside the company. This policy serves as a roadmap for Poltrona Frau's growth, with a focus on meeting the needs of customers and stakeholders, promoting environmental sustainability, and prioritizing the health and safety of employees, all in the best interest of the organization and its stakeholders.

Poltrona Frau is dedicated to achieving the objectives outlined in the policy and aims to ensure that all employees and external stakeholders are informed and actively involved in the implementation of the Integrated Management System. This system, along with its associated goals, objectives, tools, and procedures, undergoes periodic reviews by the company's management to ensure its effectiveness and alignment with the policy.

Stakeholders

Poltrona Frau strives to establish strong and enduring relationships with its stakeholders, seeking to identify and comprehend their needs and expectations through a process of dialogue and engagement. This allows the company to address significant issues that are important to both Poltrona Frau and its stakeholders.

The following presents the main stakeholder groups of Poltrona Frau and the corresponding methods of engagement for each category. All stakeholder categories are engaged through email communications and direct interactions with the company, such as telephone and email.



Our stakeholders

Engagement methods

SHAREHOLDERS

- Meetings and conferences
- Internal communications
- Presentations of financial data and corporate performance

CLIENTS

- Poltrona Frau website and social media
- Newsletter
- Periodical audits
- Client's portal
- Industry events

DISTRIBUTORS

- Poltrona Frau website and social media
- Meeting
- Training events
- Product presentation events and new collection's launches

**ARCHITECTS AND
INTERIOR DESIGNERS**

- Partnership
 - Poltrona Frau website and social media
 - Press events and talks
 - Publications
 - Exhibitions
 - Meetings
-

DESIGNERS

- Partnership
- Meetings
- Press events and talks
- Publications
- Exhibitions

MEDIA

- Meetings and dedicated events
- Poltrona Frau website and social media
- Press releases
- Publications

SUPPLIERS

- Meeting
- Poltrona Frau website and social media
- Sharing of Poltrona Frau's Code of Ethics

EMPLOYEES

- Meeting
- Corporate notice boards
- Training
- Workshops

COMMUNITY

- Poltrona Frau website and social media
 - Partnerships with university institutions and participation to career days
 - Donations and sponsorships
 - Exhibitions
-

Material topics: materiality analysis

During 2022, Poltrona Frau launched its first **materiality analysis process**, aimed at identifying the aspects in which the company's activities are relevant and can have the greatest impact within the context in which it operates. According to the **GRI Standards**, i.e. the reporting system most widely used internationally and taken as a reference for the preparation of this report, material topics are defined with respect to their ability to significantly influence the decisions and opinions of stakeholders, also considering the potential positive and/or negative impacts that Poltrona Frau could have on the environment, economy and society, including impacts on human rights.

The materiality analysis process consisted of the following three stages:

1° IDENTIFICATION OF THE RELEVANT IMPACTS

→ Positive and negative impacts were defined through benchmark and external context analysis. These were subsequently validated through interviews with the contact persons of each material topic.

2° FINE-TUNING OF THE MATERIAL TOPICS

→ Following the identification of the most relevant impacts, a workshop was conducted with Poltrona Frau's Top Management to validate and refine the identified impacts related to the priority topics for Poltrona Frau.

3° LIST OF THE MATERIAL TOPICS

→ The results of the previous two phases led to the list of material topics and their positive and negative impacts considered most relevant to the activities and context in which Poltrona Frau operates. The prioritization of material topics identified for the 2021 Sustainability Report is confirmed for 2022 as well.

POLTRONA FRAU'S MATERIAL TOPICS

Below is the **list of prioritized material topics** for Poltrona Frau, with a brief explanation of the most relevant **impacts** related to each one, both positive and negative, divided into four macro-areas: Environment, People, Product, and Society.

MACRO-AREA	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS
 SOCIETY	Customer satisfaction	<ul style="list-style-type: none"> • Positive impact due to increased perceived customer involvement and listening by the Company • Positive impact generated by business continuity • Positive impact due to satisfaction of customer needs through an appropriate customer experience 	Potential loss of competitiveness if customers' needs and demands are not listened to in a timely manner
 PEOPLE	Occupational health and safety	<ul style="list-style-type: none"> • Increased employee productivity by maintaining workplaces in optimal safety, hygiene and comfort conditions • Positive impact from providing training courses that enable employees to be informed about specific safety procedures 	Possible negative impacts on employee health caused by occupational diseases, accidents, and/or injuries if the topic is not properly overseen
 SOCIETY	Human rights	Positive impact related to the protection and respect of human rights throughout the company's value chain	<ul style="list-style-type: none"> • Negative impact resulting from possible violation of human rights along the supply chain • Possible negative reputational impact, with potential legal consequences, if human rights violations occur
 PRODUCT	Product quality and safety	<ul style="list-style-type: none"> • Positive reputational impact derived by communicating the absolute craftsmanship of the product to increase the degree of acceptability of defects in natural materials (e.g. leather, wood, and marble) • Positive impact due to the selection of the best raw materials to ensure safe and quality products 	<ul style="list-style-type: none"> • Potential product defects due to faulty workmanship • Potential impact on customers' health from the potential presence within the products of chemicals that do not comply with regulations in the relevant markets

MACRO AREA	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS
■ PRODUCT	Sustainable packaging	<ul style="list-style-type: none"> • Positive environmental impact achieved by saving raw materials, using recycled material, and reducing single-use plastics for product packaging • Positive environmental impact related to the use of biodegradable plastics for product protection • Positive reputational impact related to the reuse of packaging in line with customer demands 	Negative environmental impact of placing single-use packaging on the market that is neither recyclable nor produced from recycled sources
▲ PEOPLE	Training and employees' development	Improving technical, managerial and soft skills of employees through upskilling and reskilling activities in line with new market demands	<p>Negative impact related to the lack of professional development of its employees resulting in loss of resources</p> <p>Potential lack of availability on the market of craft and technical skills necessary for the development of production activities</p>
■ PRODUCT	Circular design and sustainable materials	<ul style="list-style-type: none"> • Positive impact on the environment related to circular design and the study and use of more sustainable materials • Positive impact related to the high durability of the product and its potential recyclability at end of life • Positive impact related to the development of technical solutions that allow easy replacement of damaged components to increase the lifecycle 	<ul style="list-style-type: none"> • Negative reputational and environmental impact resulting from failure to manage and integrate circular economy initiatives in product design and manufacturing • Negative environmental impact resulting from a failure to virtuously manage the product at the end of its lifecycle
▲ PEOPLE	Diversity, equity and inclusion	<ul style="list-style-type: none"> • Positive impact due to the promotion of an inclusive work environment capable of creating a positive atmosphere among employees • Positive impact related to the company's promotion of equal opportunities and fair treatment for employees 	Negative impact on employees due to failure to create an inclusive, non-discriminatory and diversity-friendly work environment where equal opportunity is promoted
■ PRODUCT	Product innovation	Lower product environmental impact through the use of technological innovations that meet customer demands	Reputational impact and potential loss of competitiveness due to failure to introduce innovative solutions

MACRO AREA	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS
◆ SOCIETY	Responsible supply chain	<ul style="list-style-type: none"> • Positive impact on the local economy resulting from the selection of local suppliers • Improved awareness related to sustainability issues along the supply chain resulting from the spread of sustainability practices and policies 	<ul style="list-style-type: none"> • Potential disruptions in the Company's business continuity and operations due to unsustainable performance along the entire supply chain • Potential limitation in supplier selection due to socio-environmental requirements and/or in the case of customer imposed suppliers (IIM))
● ENVIRONMENT	Waste management	<ul style="list-style-type: none"> • Positive impact generated by responsible waste disposal and minimization of waste through recycling initiatives • Positive impact generated by the efficiency of materials chosen in design and production to minimize waste 	Negative environmental impact caused by inadequate waste management, particularly hazardous waste, with low percentage of waste going for recycling
● ENVIRONMENT	Energy efficiency and GHG emissions reduction	<ul style="list-style-type: none"> • Positive impact from consuming self-generated electricity through the photovoltaic system and obtaining warranty certifications for the use of electricity from renewable sources 	Negative environmental impact caused by the generation of GHG emissions from the Company's growing production activity and value chain
▲ PEOPLE	Employee welfare and well-being	<ul style="list-style-type: none"> • Positive impact due to increased productivity by employees incentivized by welfare and wellness policies developed by the company • Positive impact due to proper work-life balance of employees 	<ul style="list-style-type: none"> • Lower productivity and efficiency due to worsening employee welfare • Negative reputational impacts caused by the failure to value employees
▲ PEOPLE	Talent attraction and retention	<ul style="list-style-type: none"> • Enhancement and growth of human capital through professional figure-specific training plans and career paths • Improvement in productivity through meeting business and employee needs 	<ul style="list-style-type: none"> • Potential loss of talent and reduced attractiveness due to 'failure to value, protect and develop resources • Potential negative impact related to turnover in the company and subsequent loss of know-how
◆ SOCIETY	Customer data privacy and protection	Positive impact due to protecting the confidentiality of information acquired in the course of its business by providing up-to-date security measures and appropriate policies	Potential negative impact caused by the possible breach of sensitive customer and employee data (data breach)

MACRO AREA	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS
■ PRODUCT	Responsible sourcing	<ul style="list-style-type: none"> • Positive impact related to the selection of certified, responsibly sourced raw materials that ensure compliance with ethical and environmental standards • Compliance with current and future material sourcing regulations 	Potential negative impact on product quality from failure to supply certified raw materials
◆ SOCIETY	Community engagement	<ul style="list-style-type: none"> • Strengthening relationships with different stakeholders in the area and promoting community welfare and development by creating shared value through listening and engagement activities with the local community • Positive impact resulting from the employment of local staff 	Possible negative impact on brand reputation resulting from a lack of interest and involvement of the community in which it operates

In addition to the above material topics, a set of "**Prerequisite**" topics have also been identified. These are considered necessary for good business management. These have been included in this document although they are not subject to discussion and evaluation by Poltrona Frau's Top Management

PRE-REQUISITES	
Governance	Business ethics and integrity
Risk management and regulatory compliance	Shared value creation

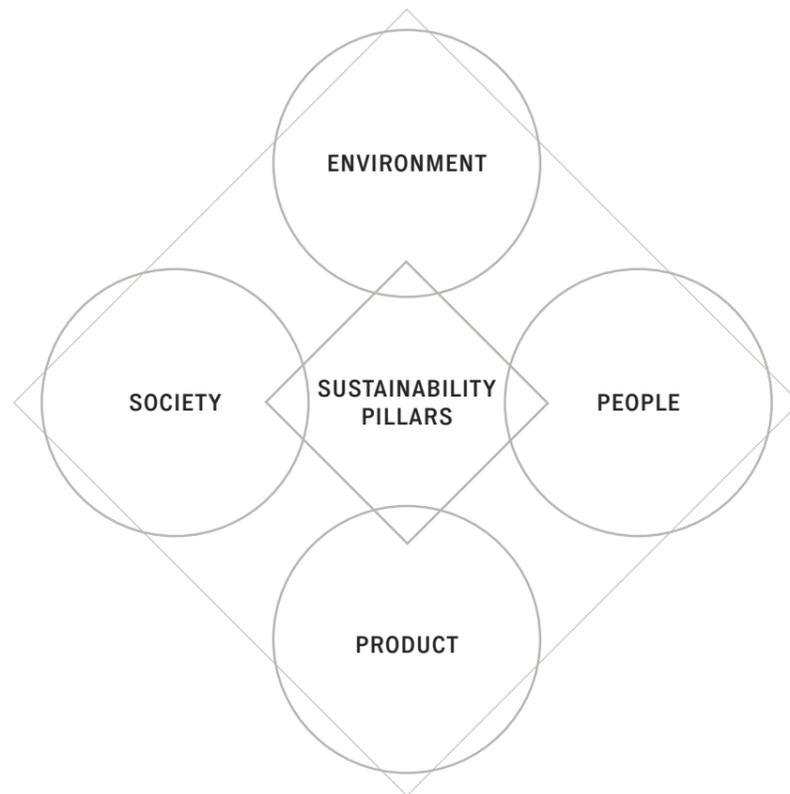


Sustainability Plan

Poltrona Frau's sustainability path was created with the aim of playing a positive role in the enhancement of the planet and its resources, people, and communities, actively contributing to the achievement of the SDGs of Agenda 2030.

This path was realized in 2022 with the publication of the first Sustainability Report (in 2021), within which the Sustainability Plan 2022-2025 was adopted and approved by the Board of Directors.

The Plan takes into consideration the main areas of Haworth Inc.'s sustainability strategy (see [Corporate Social Responsibility Report 2021](#) for more details) and is divided into the four macro-categories Environment, People, Product, Society, reflecting the company's commitments based on the topics found to be material, reporting specific actions and activities aimed at creating a robust foundation for long-term corporate sustainability.



The table below provides an update regarding the status of the goals and related strategic initiatives in the Sustainability Plan. For each material topic, the SDGs to which Poltrona Frau contributes, the targets to be achieved, the initiatives related to the targets, and the target year by which the company aims to achieve them are represented. The baseline year is to be considered 2021 for all identified targets.

LEGENDA:

- Initiative completed
- Initiative in progress
- Initiative on going
- Initiative not yet started

SDGS	TARGETS	KPI	INITIATIVES	STATUS	TARGET YEAR
Energy efficiency and GHG emissions reduction					
	Greenhouse gas emissions reduced by 50%	GHG emissions - Scope 1, Scope 2 and Scope 3	Increasing the number of charging stations for electric cars	●	2030
	Net-zero emissions	GHG emissions - Scope 1, Scope 2 e Scope 3	Defining a new policy on sustainable mobility	●	2050
			Other initiatives under development	●	2030
 	100% renewable energy sourcing for electricity for manufacturing facilities	% of energy from renewable sources / total energy	Increasing the share of self-generated electricity from renewable sources Increasing the purchase of electricity generated from renewable sources	●	2025

Waste management					
	Maintenance of zero waste to landfill for manufacturing sites and world headquarters	% of waste sent to landfill / total of waste	Improvement of separate waste collection	●	2025
			More accurate monitoring of the recycling of waste generated	●	2025
	Maximization material efficiency and ensure the highest value use of production waste	% of materials and production waste reused / total of production waste	Increase in the recovery of leather cut outs	●	2025
			Installation of high-tech machines to minimize production waste	●	2025
			Development of a pilot project on leather recyclability	●	2025
	Reduction of % of waste incinerated	% of waste incinerated / total of waste	Improvement of waste storing to reduce the % of waste incinerated	●	2025
Water management					
	Awareness-raising projects for employees on responsible consumption of water	no. of timed taps / total no. of taps	Installation of timed taps	●	2025
Biodiversity ²					
Residential - Custom Interiors					
	Achievement of 100% sustainable wood supply chain	% of FSC certified wood / total wood purchased	Publication of a deforestation policy	●	2025
	Implementation of reforestation initiatives	no. of reforestation initiatives	Assessment of the feasibility of reforestation initiatives	●	2025
Circular design and sustainable materials & Product innovation					
Residential - Custom Interiors					
	Increase in the circularity of products	Circular Design Guide published	Publication and implementation of a Circular Design Guide	●	2025

² Biodiversity targets are not applicable for Interiors in Motion.

	Design of 100% of new products according to the principles defined in the Circular Design Guide	% of m2 of Pelle Frau® Impact Less consumed / total of m2 of leather used	Annual increase in the use of leathers Impact Less	●	2025
		% of circular products in the collection / total of products manufactured	Use of tools for measuring product circularity	●	2025
		% of sustainable materials used / total of materials used	Promotion and dissemination in the use of more sustainable materials	●	2025
	Evaluation with a Lifecycle Assessment (LCA) of 100% of new products	no. of research and development projects for measuring the environmental impact of products	Implementation of a tool to measure the environmental impact of products	●	2025
		no. of hours of training provided on sustainability and LCA	Implementation of training modules on sustainability and LCA for employees	●	2025
Interiors In Motion					
	Design of 100% of new products according to the principles defined in the Circular Design Guide	% of new products made with LCA indications / total of new products manufactured	Implementation of new products with indications of environmental impacts	●	2025
	Evaluation with a Lifecycle Assessment (LCA) of 100% of new products	% of new products with LCA evaluation / total of new products manufactured	Monitoring of the % of new products with LCA assessment of environmental impacts	●	2025
Responsible sourcing & Responsible supply chain & Human rights					
	Suppliers' engagement in a sustainability journey	Supplier Code of conduct published	Publication of a Supplier Code of conduct including a human rights disclosure	●	2025
	Improvement of the responsible sourcing	Responsible Sourcing policy published	Definition of a Responsible Sourcing policy	●	2025
	Signature by 100% of Tier 1 suppliers of the Supplier Code of Conduct ³	% of Tier 1 suppliers which have signed the Code of Suppliers conduct / total of Tier 1 suppliers	Initiatives under development	●	2025

³ If not already existing.

Residential - Custom Interiors				
Selection of 100% of Tier 1 suppliers according to responsible sourcing criteria	% of Tier 1 suppliers qualified on the basis of sustainability criteria / Total of Tier 1 suppliers	Improvement of system procedure for socio-environmental qualification of suppliers	●	2025
	% Tier 1 suppliers subjected to socio-environmental audits / total of Tier 1 suppliers	Planning and implementation of socio-environmental audits		
100% of sustainably sourced leather	% of Pelle Frau® Impact Less / total of leather purchased % of leather purchased from sustainable sources / total of leather purchased	Purchase of leather from sustainable sources	●	2025
Interiors In Motion				
Selection of 100% of new Tier 1 suppliers according to sustainability criteria	% of Tier 1 suppliers screened on the basis of sustainability criteria / Total of Tier 1 suppliers	Monitoring of suppliers according to defined parameters	●	2025
Signature by 100% of Tier 1 new suppliers of the Supplier Code of Conduct	% of Tier 1 suppliers which have signed the Code of Supplier conducts / total of Tier 1 suppliers	Monitoring the percentage of new suppliers who have signed the Supplier Code of Conduct	●	2025
100% of sustainably sourced leather	% of leather purchased from sustainable sources / total of leather purchased % of reducing the environmental impact of leather	Collaboration with external partners to identify more sustainable leather purchases	●	2025
Sustainable packaging				
Residential - Custom Interiors				
Usage of 100% renewable, reusable, recyclable, or compostable packaging	% renewable, reusable, recyclable, or compostable packaging / total packaging	Creation of packaging more easily separable	●	2025
	% of plastic used in the packaging / total materials used for packaging	Programming of research and development activities on cardboard or self-compounded polyethylene		
Interiors In Motion				
Usage of 100% renewable, reusable, recyclable, or compostable packaging	% of cardboard packaging / total packaging	Use of cardboard packaging and develop an initiative on reusable packaging	●	2025
	% of Tier 2 suppliers involved / total of Tier 2 suppliers	Development of reusable packaging with Tier 2 suppliers		

Product quality and safety				
Residential - Custom Interiors				
 Definition of a policy to ban the use of certain chemicals	Policy to ban the use of certain chemicals released	Reduction of galvanic treatment	●	2025
	% of products manufactured using a galvanic treatment / total number of products manufactured	Development of a specific biotape		
	n. of research and development projects for the realization of a water-based biotape adhesive % of water-based biotape adhesive / total adhesives used	Increase in the use of water-based biotape adhesives to replace solvent-based adhesives		
Interiors In Motion				
Reduction in the number of complaints	% of ppm / total ppm received	Monitoring complaint rate and improving performance indicators	●	2025
Diversity, equity and inclusion				
 Set up of a Diversity & Inclusion Committee that raises awareness and promotes initiatives about these topics	% of participants in Diversity & Inclusion Committee meetings / Total members of the Diversity & Inclusion Committee	Workshop on D&I with Haworth	●	2025
	Workshop on D&I with Haworth conducted			
 Fostering and support of diversity, equity, and inclusion of employees	n. of awareness initiatives on D&I	Launch of at least one initiative to disseminate D&I issues.	●	2025
 Increase in the number of women in the Board of Directors and/or management of Poltrona Frau	% of women in the Board of Directors / total members of the BoD	Creation of an internal cross-functional team	●	2025
	% of women in the management / total management members Internal cross-functional team implemented	Creation of a gender diversity dashboard		
Training on diversity, equity and inclusion addressed to 100% of employees	% of employees trained in diversity, equity and inclusion / total employees	Training of diversity, equity and inclusion	●	2025

Employees training and development				
  	Participation of 100% of employees in development programs to advance individual and organizational sustainability goals	% of employees who have participated in training programs to achieve individual and organizational goals related to sustainability / total employees	Definition of development programs to support individual and organizational sustainability goals, increasing employee involvement and participation	● 2025
 	Creation and promotion of learning and career opportunities for employees	n. of development plans for employees % of employees evaluated annually	Periodic review of employees' performance	● 2025
Occupational health and safety				
  	Improvement in corporate culture on health and safety	n. of health and safety awareness and information activities % of employees trained in health and safety / total employees	Awareness raising through safety training aimed at employees	● 2025
 	Improvement in the Health and Safety Management System	n. of health and safety workshops and/or webinars	Development of health and safety initiatives (e.g. workshop, webinar, etc.)	● 2025
	Zero injuries	Monitoring of the near miss and injury recognition system	Improvement in the recognition of near misses and injuries	● 2025
Talent attraction and retention				
  	Periodical performance assessment involving 100% of managers	% of managers involved in performance evaluation / total managers	Annual performance review for all managers	● 2025
	Implementation of training plans	n. of development plans implemented n. of partnerships with technical and business schools n. of partnerships with universities	Definitions of partnerships with technical and business schools and universities	● 2025

Employee welfare and well-being				
  	Promotion of an inclusive welfare plan developed on different areas (e.g. Family, Health and Safety, Finance, etc.)	Welfare plans implemented n. of initiatives in implemented welfare plans	Definition of welfare plans	● 2025
	Conducting an annual employee engagement survey	% of participants in the annual engagement survey / total employees Score obtained in the annual engagement survey	Participation in the engagement survey	● 2025
Community engagement				
  	Promotion of community engagement through volunteerism and educational opportunities	n. of social and volunteer initiatives to be supported	Selection of volunteer initiatives to support	● 2025
	Promotion of events in the museum at least once a year	n. of social and volunteer initiatives to be supported	Identification of activities and initiatives to be hosted in the museum	● 2025
Customer satisfaction				
 	Residential - Custom Interiors			
	Creation of tools allowing customers to make their purchasing decisions based on detailed information as to where and how a product has been manufactured and which partners were involved	Digital passport implemented	Definition of the digital product passport	● 2025

Customer data privacy and protection				
	Compliance with the regulations on data privacy and protection	% of complete updating of data records	Improvement in data mapping	● 2025
	Absence of personal data breach	% of employees who have acknowledged phishing activities / total employees involved in the phishing campaign	Implementation of information security measures	● 2025
		% of employees trained on cybersecurity issues / total employees	Training aimed at employees on possible data breaches	● 2025
	Maintenance and auditing of cybersecurity policies already in place	n. of periodic requests to change passwords	Continuous monitoring of information security measures	● 2025
	Annual training on data protection and cybersecurity practices targeting at least 80% of employees working with company systems annually	% of employees working with company systems trained in personal data protection / total number of employees working with enterprise systems	Delivery of training on data protection and cybersecurity practices	● 2025





PRODUCT



Product

Since its founding, Poltrona Frau has been making highly durable products using materials such as leather, wood and natural yarns. Thanks to the passion of generations of expert craftsmen who have passed on their unique experience, rooted in the centuries-old tradition of high Italian craftsmanship, exclusive artifacts, characterized by quality and comfort, are recreated every day.

Through the specific skills developed in leather processing, Poltrona Frau has defined its own quality standard agreed and shared with suppliers and identified with the registered trademark **Pelle Frau®**. The standard features more than 21 steps in the tanning process to make the leather always lively and functional according to aesthetics, design and intended use.

HOW PELLE FRAU WAS BORN

Poltrona Frau's **Leather Research & Development Department** deals with the constant search for new frontiers on aesthetics and performance, with the aim of playing the role of best practice in leather research and development. Within the Department, from which all new Pelle Frau® collections are born, alternative materials and treatments are continuously studied, with attention both in terms of the circularity of the system and on the real impact of the entire products lifecycle.

Poltrona Frau performs audits on the Pelle Frau® supply chain since the sourcing stage: the Company chooses livestock exclusively from farms that comply with the European Directive 98/58/EC and the international animal health guidelines promoted by the OIE (World Organization for Animal Health), which define animal protection standards on living conditions, feeding and slaughter.

Pelle Frau® process:

- **Tanning**

Tanning, one of the most delicate steps in leather processing, stabilizes the dermal tissue and makes it indestructible, giving it the elasticity and strength characteristics that allow Pelle Frau® to last a long time. The used leather is derived from cattle hides of European origin only and has an ICEC TSPC 410-2 certified traceability system. Poltrona Frau's partner tanneries are located mainly in Arzignano, in the province of Vicenza, and certified Leather Working Group (LWG).

In this phase, the bovine coats, before being immersed in the tanning drums, are prepared by means of some preliminary steps, which serve to bare the leather to begin the process of selecting the coats and the upper layer of the dermis, which in the case of Pelle Frau® is always the so-called "full grain".

- **Retanning**

After careful selection of Pelle Frau, it is time for re-tanning.

From the combination of chemical and mechanical actions, aimed at defining the type of article, the final aspects of Pelle Frau® are determined: touch, feel, texture, body, grain, and luster. Coats are dyed with anilines by dipping and through the mechanical action of the drum.

To give greater elasticity, softness and strength, the hides are greased. Palisading softens and mellows the touch of Pelle Frau® and gives a grain appearance to the surface. Pre-drying and drying removes moisture from the leather, while fulling softens and rehydrates Pelle Frau® to give it its characteristic feel.

- **Finishing**

The finishing process is the combination of chemical and mechanical actions to brighten the color and protect the surface layer. This step, which concerns only pigmented and semi-aniline leathers, is aimed at improving technical performance and the final aesthetic result. Protection can have different compositions (pigmented, transparent, with oils and waxes), each of which gives a special aesthetic appearance to each of the collections.



Product quality and safety

Poltrona Frau constantly conducts audits and checks to ensure compliance with market requirements at every step of production, from the raw materials purchase to the final product, standing out for its quality and uniqueness.

As a first step, Poltrona Frau carefully selects the best leathers to achieve a flawless product. In addition to leather, other cutting-edge and technologically innovative raw materials are used, such as titanium or carbon fiber, to ensure ever greater lightness and comfort.

Aligned with Poltrona Frau's commitment to the excellence of its products, the Testing and Quality Control area is equipped with machinery that tests the strength, safety, and elasticity of all materials and products to make them conform to the strictest international standards. UNI EN ISO 9001 certification of the implemented Quality Management System guarantees high standards of organization and performance, supporting proper planning and efficient monitoring of processes, methods, requirements, and quality standards.

Thanks to the efforts and systems in place, there have been no cases of non-compliance with laws, regulations, or self-regulatory codes in the past three years.

QUALITY AND SAFETY IN THE RESIDENTIAL BUSINESS UNIT

The Residential Business Unit has always stood out for its attention to craftsmanship, details and the use of high-quality raw materials. To meet the customers' expectations, an internal procedure for product design is followed to ensure product durability and suitability for subsequent maintenance and repair. All internal departments and auditors are involved to plan and verify that the carried-out processes are aligned with the highest expectations.

Starting from the planning of new projects to the production phase, the Company makes a major safety commitment to consumers and performs, at the internal laboratory or at an external laboratory, product testing for compliance, in line with the quality requirements set by the market. The oversight of this issue is managed through internal meetings on new product development, which are held biweekly, and through a monthly alignment on

Quality, where the Technical, Commercial, Industrial, H&S, Quality and Purchasing Departments discuss point by point all outstanding projects.

During the cross-functional meetings, when there are new Regulations or any discrepancies, the Quality & Safety function deals with:

- Understanding new rules and requirements;
- Delivering the analysis to the Technical Office so that new solutions can be studied;
- Approving the solution developed by the Technical Office;
- Defining and implementing monitoring plans.

Although not mandatory in Italy, the Business Unit certifies the presence of **Volatile Organic Components (VOCs)** in its products by measuring the number of components released from a product, which is then labeled according to the different of classes of merit provided.

The following certifications are implemented in Poltrona Frau, depending on the product category and performance:

Electrical and electronic products

- **Underwriters Laboratories (UL)**, independent body active in the security industry, operating objectively and reliably in many areas. This certification meets the requirements stipulated by the US market;
- **China Compulsory Certification (CCC)**, body that certifies product safety, electromagnetic compatibility and environmental protection standards. This certification is a mandatory requirement for all products manufactured in or imported into China;
- **CE marking**, mandatory for all products covered by the EU low voltage and electromagnetic compatibility directives.

Stability performance

- The **Business and Institutional Furniture Manufacturer's Association (BIFMA)**, a no profit trade association for corporate and institutional furniture manufacturers and that sets standards for the stability, strength and fatigue performance of office furniture, educating on their importance and translating their necessary complexity into more easily understood and implemented formats.

Upholstery

- **Consumer Product Safety Commission (CPSC)**, for the flammability of upholstered furniture aimed at the entire US market.

QUALITY AND SAFETY IN THE INTERIORS IN MOTION BUSINESS UNIT

The Interiors in Motion Business Unit has assumed a prominent role in the international automotive market, ensuring coatings of excellent quality and durability.

To ensure the highest quality of its products, Interiors In Motion has a **Quality Policy** consistent with the Company's strategies and other policies, which identifies the specific objectives to be pursued in conducting quality-related activities. Assessment of the effectiveness and efficiency of this policy is monitored periodically by Business Unit management, including through the definition of specific indicators. For example, the KPI ppm (defective parts per million) is constantly monitored, which facilitates the performance improvement and the reduction of production waste. In 2022, there was a ppm of 6,981, which is in line with what was recorded in 2021 (6,989).

The Quality Management System complies with the requirements of **UNI EN ISO 9001** and the automotive standard **IATF 16949**, recognized as best standards by component manufacturers (OEMs) and major automakers. The implemented system aims at ensuring continuous improvement of business processes, with a focus on defect prevention, waste reduction and supply chain monitoring, consequently increasing customer satisfaction.

To ensure the products quality and safety, Poltrona Frau monitors and tracks materials with the aim of identifying those that could cause non-conformity through:

- Correlation between customer order and internal order number ("Product Stamp");
- Correlation on company information system between the "Product vignette" and the specific batch of leather used;
- Correlation between the "Product vignette" and the operators who performed the processing and controls.

The used materials must be certified to meet automotive requirements. Each customer is required to approve any changes in the made product. Employees are trained whenever new activities or task changes may affect product quality and informed of the consequences of nonconformities with respect to customer requirements.

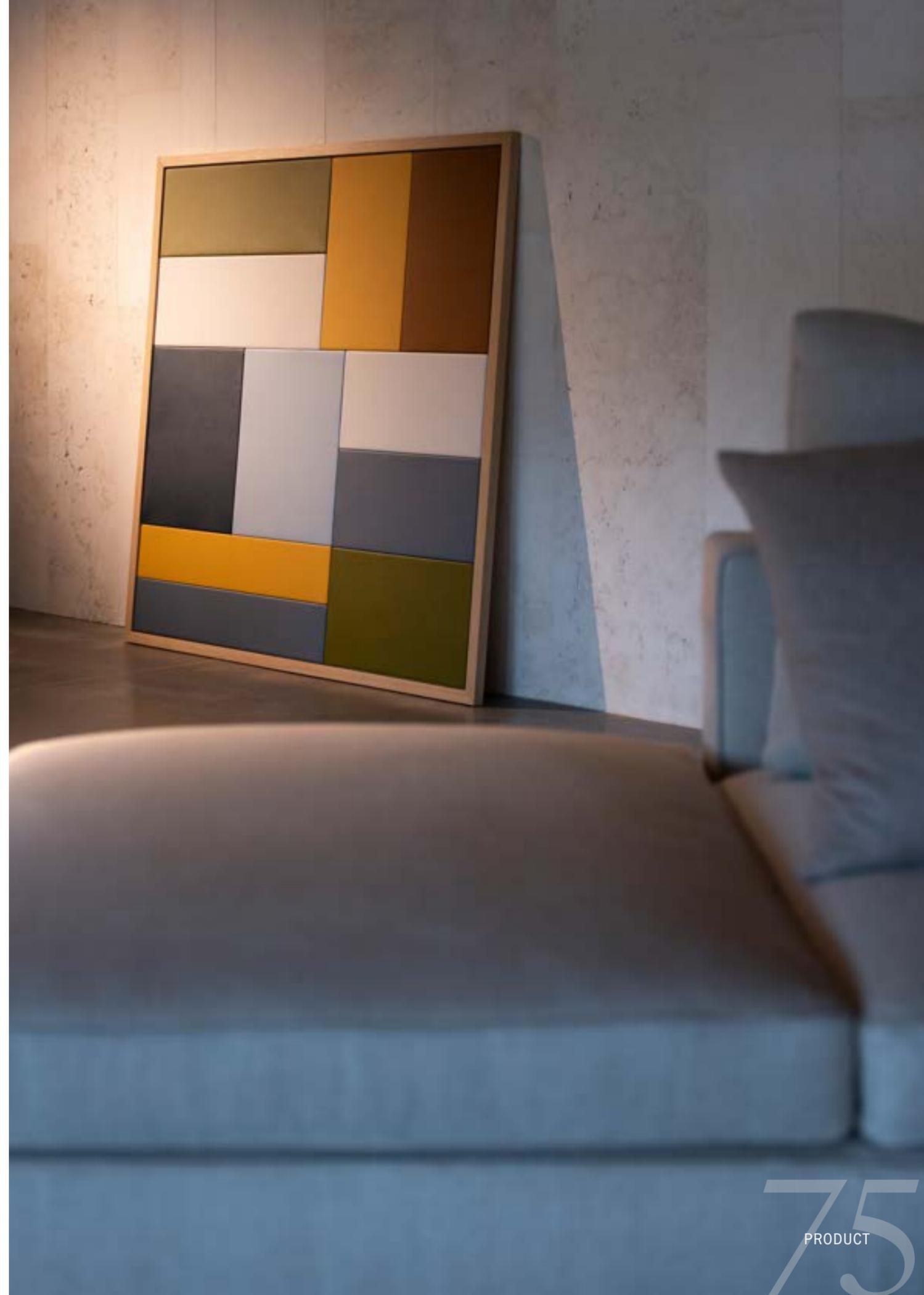
The Company conducts **periodic internal spot audits** of all business processes and all shifts to verify the compliance of the Quality Management System with reference standards, using qualified auditors. In addition, Poltrona Frau performs **second-party audits** to its suppliers to assess and monitor risks arising from the activities they perform and to support the development of the suppliers' Quality Management System.

Circular design, sustainable materials and innovation

Poltrona Frau is strong on craftsmanship and experience, attention to detail and the ability to select excellent materials. To ensure the long life of the products, the choice of using durable materials and techniques, functional to guarantee long-term reliability for the customer, has always been favored.

The in-house **Testing Laboratory** is responsible for ensuring the scientific testing and validation of the work of the Pelle Frau® Research and Development Center. The laboratory regularly carries out Xenon tests, through which it is possible to test the reaction of the upholstery to the light behavior and thus simulate the color stability of the upholstery. In addition, the laboratory is equipped with fleximeters, dynamometers, abrasimeters, climatic chambers and test equipment for determining the structural strength and durability of the seats, which move in parallel to always ensure compliance with the specifications, safety and quality expected by the end customer. Once the in-house testing is carried out on the product to be included in the catalog, it is sent to an external Laboratory, to have a third-party certification and validation prior to going into production.

Research and development activity represents the main source of technological and stylistic innovation in the Company's product range and is geared toward achieving conscious production. This ensures to use less energy resources and the reduced purchase of raw materials and semi-finished products that minimize the use of substances that potentially impact the environment.



Specifically, research and development activities are focused on the following activities:

- Product portfolio analysis and industry benchmarks;
- Defining the product development plan;
- Implementation of style templates, both in-house and in collaboration with designers;
- Design and industrialization of products in compliance with defined style forms and assigned cost and time targets.

The invested resources in the research and development process are aimed at continuously improving the company's specific skills, constituting a distinguishing feature, such as:

- Direct and complementary relationship with some of the most important designers, an activity that allows to anticipate the engineering stages already during the realization of style models;
- Craftsmanship skills in working with and using materials (leather, fabric, wood);
- Ability to combine high-quality product processing with continuous technological and process innovation, using the latest technologies and IT tools on the market (such as 3D modeling, rapid prototyping, injection, aesthetic finishing).

Poltrona Frau manages the topic of circular economy and sustainable materials from product design and development, in accordance with quality requirements and by applying international standards.

CARTIERA FOR POLTRONA FRAU

From a circular economy perspective, in 2022 Poltrona Frau supplied leftover leather to **Cartiera**, a social enterprise that produces small accessories using leftover leather and fabric donated by numerous Italian companies. The partnership allowed the recovery of these raw materials otherwise destined for disposal, from which about 1,000 merchandising products were made to be used as giveaways for the media during the holidays.

Cartiera offered a concrete response to Poltrona Frau's needs by focusing on:

- Economic integration of migrants and asylum seekers;
- Re-discovery of skilled craftsmanship.

CIRCULAR DESIGN, SUSTAINABLE MATERIALS AND INNOVATION IN THE RESIDENTIAL BUSINESS UNIT

Natural materials treated as little as possible are used in the Residential Business Unit's production process. These are made unique by technologically advanced finishes and processes designed specifically for the brand. The processing of such materials reflects Poltrona Frau's knowledge and culture of making, quality, and craftsmanship.

The following are the main materials used by the Residential Business Unit:

- **Wood:** from the beech interior frames of the most historic furniture to the natural solid woods that make up indoor or outdoor designer furniture, the furniture shows the utmost attention to selecting quality woods and sourcing them from controlled sources, such as **Forest Stewardship Council (FSC)** certification.
- **Marbles:** the beauty of such an ancient material as marble is enhanced through craftsmanship of impeccable quality, highlighting the diversity of veining and color, not only of each marble variety, but also of each individual block.
- **Glasses:** the transparency of glass, handcrafted or mouth-blown in the ancient tradition of Venetian masters, is celebrated in refined designer furnishings.
- **Stones:** the refinement of natural stones embellishes environments with a contemporary taste. Stone slabs, available in different colors and surface effects give Poltrona Frau's designer furniture a sophisticated yet personal elegance.
- **Metals:** multiform profiles and steel rods or die-cast aluminum structures are the supporting elements of many of Poltrona Frau's designer furnishings, both indoor and outdoor.

In the long and fascinating history of leather as the principal material of the Company, the Residential Business Unit has created a neologism called **Leathership®**, which encapsulates the sense of a long experience on materials and continuous research and innovation. Leathership® represents a registered trademark, internationally recognized and encapsulating the primacy of Pelle Frau® research and development. Today Leathership® expresses the sense of a long experience on materials, such as leathers, fabrics, marbles and woods, combined with continuous research and innovation.



PELLE FRAU® IMPACT LESS

Thanks to studies conducted over the past few years, Poltrona Frau launched the innovative **Pelle Frau® Impact Less** in 2022, the result of a more ethical, conscious choice that is representative of the concepts underlying the company's identity. Pelle Frau® Impact Less reflects the sustainability path initiated by the company, which intends to use it by 2030 in all products in which Pelle Frau® is currently present.

Pelle Frau® Impact Less specifically means:

- Traceable and certified procurement;
- Removal of chromium in the tanning process;
- Compensation of CO₂ emissions;
- United Nation CER (Certified Emission Reduction) projects.

Pelle Frau® Impact Less is a material that originates from a careful selection of cattle hides sourced primarily from Europe, by-products of the food chain that are optimized in the tanning stage to become a valuable, noble material, allowing a 15% reduction in total chemical use and a 10% reduction in total water consumption, thanks to state-of-the-art wastewater recovery technologies.

Pelle Frau® Impact Less was also subjected to a Life Cycle Assessment, which showed a reduction in CO₂ emission of about 10% compared to traditionally processed leather.

110° ANNIVERSARY OF POLTRONA FRAU – PANTONE

As part of its 110th anniversary celebration, Poltrona Frau invited artist Felipe Pantone to create a visually graphic treatment for the Archibald armchair, offering a new interpretation of the Company's iconic product.

The collaboration, presented at the 2022 Salone del Mobile, produced a limited edition of 110 pieces, demonstrating Poltrona Frau's ability to break out of traditional language and project itself into unexplored design horizons.

A concrete sign of the strategic path toward sustainability, the limited edition was upholstered with the new **Pelle Frau® Impact Less leather**, tanned with natural components and without the use of chromium, for a reduced environmental impact.

LIFECYCLE ASSESSMENT FOR POLTRONA FRAU PRODUCTS

In recent decades, attention to environmental protection has led to the development of techniques for impact assessment. Starting in 2019, Poltrona Frau Residential has been collaborating with the Department of Industrial Engineering and Mathematical Sciences of the Polytechnic University of Marche to develop several projects on Life Cycle Assessment (LCA).

Within the LCA assessments, the following environmental impact indicators have also been evaluated to quantify product environmental impacts:

- **Acidification**, the effects of acidifying substances on the environment (soil and water) and subsequent decline in the pH value of terrestrial and water systems due to acids and acidifying substances emissions;
- **Eutrophication**, the disturbance of the nutrient balance in soil and streams/water reservoirs due to increased nutrient emissions, e.g. nitrogen;
- **Global warming**, the increase in global average atmospheric temperature caused by the increase in the concentration of greenhouse gases;
- **Photochemical ozone formation**, the generation of ozone (smog) in the lower part of the atmosphere with toxic traits for humans and vegetation;
- **Depletion of abiotic resources - elements**, non-renewable resources such as metals and minerals. Consumption is relative to the amount of available antimony reserves;
- **Depletion of abiotic resources - fossils**, which considers fossil fuels such as oil, gas and coal coming from the underground;
- **Resource depletion - water**, resulting from high water use and consequent risk of local water scarcity.

Collaboration with Polytechnic University of Marche has supported Poltrona Frau in developing alternative design strategies, through comparisons of materials and models to obtain guidelines for implementing increasingly sustainable designs. Possible upcoming activities include:

- Assessment of the impacts of leather with primary data;
- Assessment of the impacts related to more environmentally sustainable leathers;
- Evaluation of the correlation between structures and end-of-life treatments (so as to potentially enable leather recovery at the end of life);

- Inclusion of benefits related to material recycling and leather reuse/recycling;
- Definition of alternative design strategies and evaluate environmental benefits on a reference product (e.g. poplar upholstery, leather quantity reduction, use of vegetable glues, etc.).

In 2022, Poltrona Frau also began a collaboration with **Foster and Partners** through the design of a product that can be remodeled and disassembled, configured to fit different types of spaces, whose impact will be measured through an LCA

In addition, the Residential Business Unit has introduced a durability test monitoring check list and offers all customers a maintenance service, both at home and at the factory, where there is a dedicated area for restoring furniture, with or without an active warranty, to promote longevity and thus ensuring less waste production.





CIRCULAR DESIGN, SUSTAINABLE MATERIALS AND INNOVATION IN THE INTERIORS IN MOTION BUSINESS UNIT

Poltrona Frau's Interiors In Motion Business Unit is involved in the development, production and marketing of exclusively leather components for automobile, aircraft and boat interiors. Pelle Frau® leather is the material primarily used by the department for its products and, partly thanks to collaboration and shared experience with the Residential Business Unit, exclusive manufacturing processes have been developed.

Interiors In Motion conceives its products from the design and development of the leather on specific support materials, to production, according to a process that involves the entire organization with the objective of continuous improvement. Each material is certified to meet automotive requirements and submitted for approval or modification according to customer needs.

As part of **Innovation Day**, an event dedicated to its customers, initiatives to develop certain materials, which aim to enable a lower environmental impact, were presented, such as:

- Pre-consumer recycled leather: 60-70% leather from cutting waste materials;
- Buffed leather: development activities to buff the leather for the dashboard and panels and thus have improved cutting performance and a resulting lower life cycle impact;
- Natural fiber with recycled carbon fiber: lighter material than the current one with the same technical characteristics;
- Pelle Frau® Impact Less: more sustainable and automotive-compliant leather, which has lower environmental impacts than the current leather used in production, achieved by optimizing tanning and sourcing processes and measured through an LCA.

Responsible sourcing and supply chain

Poltrona Frau considers managing its supply chain in an increasingly responsible manner strategic and indispensable. In managing procurement, it is essential that every supplier working on behalf of or for Poltrona Frau accepts and respects the Code of Ethics defined by the Company. The commitment to local suppliers is linked to the desire to be able to work closely with experienced suppliers for complex work, fostering an ongoing dialogue necessary to ensure the highest quality.

Poltrona Frau monitors on a quarterly basis the suppliers considered strategic, considered as such both in terms of volume of supply and type of supplied material, through a **Vendor Rating** procedure aimed at ascertaining compliance with specific criteria.

This monitoring is done according to parameters such as:

- **Quality**, in terms of the value of nonconforming parts delivered in a certain period compared to the value of total parts delivered, where the value of any customer complaints caused by the supplier is also taken into account;
- **Punctuality**: in terms of orders fulfilled later than the agreed delivery date, with a tolerance of 10% of the required lead-time;
- **Service**: an overall supplier evaluation parameter that includes competitiveness, flexibility, responsiveness, availability, quality of responses, technical preparedness, and proactiveness. A one-level penalty has been introduced for suppliers who have not yet responded to REACH requests.

In addition to the parameters mentioned above, Poltrona Frau values the possible possession of environmental certifications, which represent an added value in the selection of its suppliers.

Poltrona Frau spent a total of nearly 92 million euros in 2022, of which 97 percent went to local suppliers. More information on local sourcing is available in "Performance Indicators".

RESPONSIBLE SOURCING AND SUPPLY CHAIN IN THE RESIDENTIAL BUSINESS UNIT

The Residential Business Unit is dedicated to maintaining a responsible supply chain by sourcing sustainably from ethical and viable suppliers, recognizing its significance within the local context and the benefits it can bring to the local supply chain and the entire community.

In this regard, the Purchasing function collaborates with the Engineering department to actively search for potential new suppliers of raw materials and evaluate them. When new tanneries are considered, the supplier evaluation process becomes particularly thorough and meticulous. The assessment of product quality extends beyond the verification during acceptance arrivals and includes additional checks for cuttability and workability.

Following these evaluations, a visit and an audit are conducted to verify the collected quality information and assess the environmental and social responsibility of the supplier under evaluation.

For the Residential Business Unit, the total value of purchases in 2022 amounted to approximately 43 million euros, with 42 million euros sourced from suppliers based in Italy, accounting for 97% of the total. Additional information on local sourcing can be found in the "Performance Indicators".

RESPONSIBLE SOURCING AND SUPPLY CHAIN IN THE INTERIORS IN MOTION BUSINESS UNIT

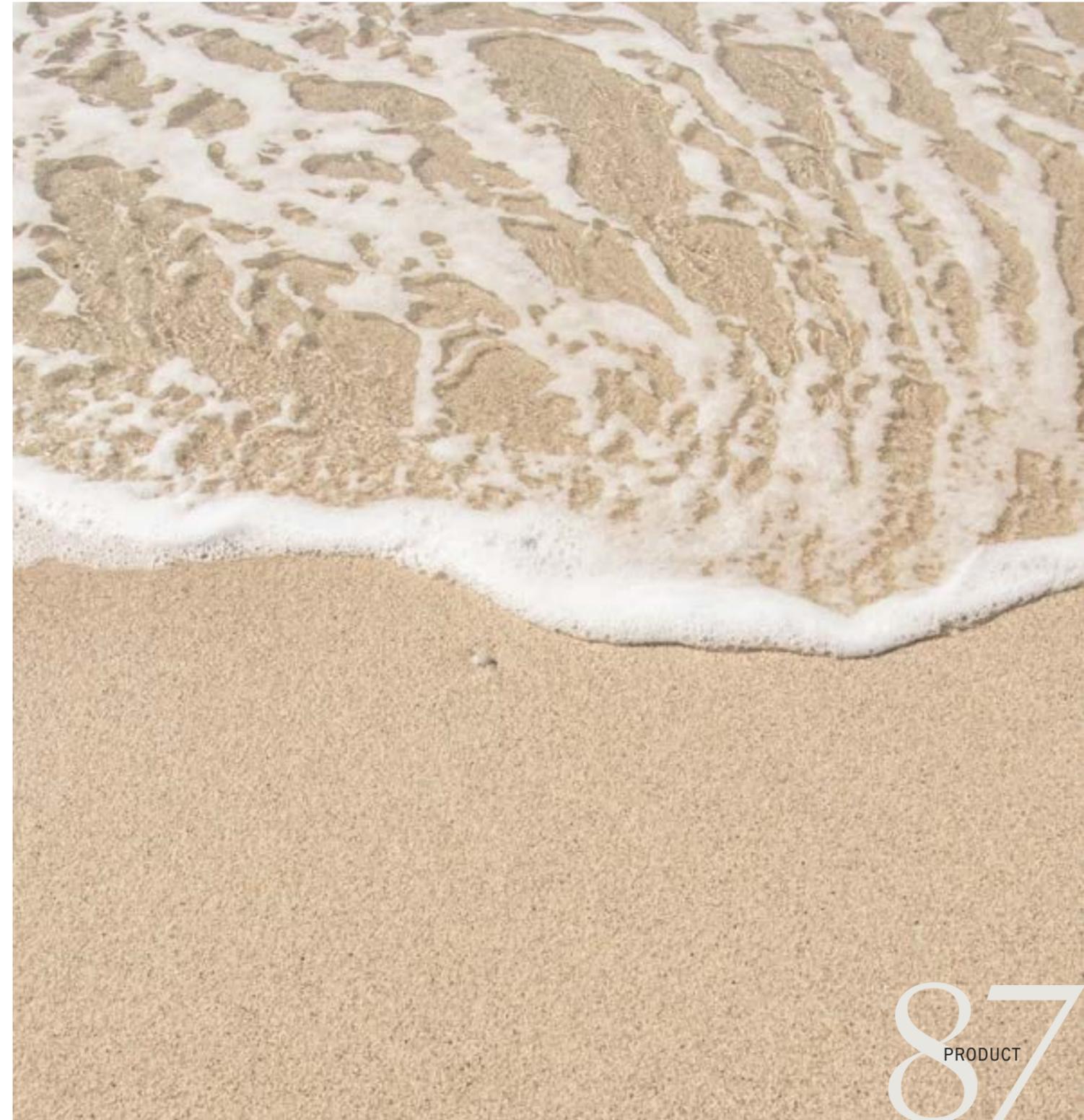
The Interiors In Motion Business Unit collaborates closely with its suppliers during the material selection process. In most cases, Poltrona Frau adheres to the customer-defined supplier selection (referred to as pass-through suppliers). However, the Business Unit verifies the supplier selection based on criteria such as quality, punctuality, adherence to ethical principles and values, financial statement disclosures, and possession of certifications in relevant ISO standards.

The Interiors In Motion Business Unit is actively implementing measures to manage the supply chain with a focus on sustainability. This includes ensuring compliance with its Code of Ethics through the General Conditions of Purchase presented to suppliers. The Business Unit also requires Life Cycle Assessment (LCA) from its tanneries to quantify the environmental impacts of its products.

Poltrona Frau has documented its process to ensure that purchased products, processes, and services (excluding pass-through suppliers) meet applicable requirements in the country of receipt, country of shipment, and country of destination as identified by the customer, where applicable. Moreover, if customers specify special controls for certain products, the Business Unit is committed to implementing and maintaining the established controls, including those at the suppliers themselves.

To enhance responsiveness to changes in orders, the Business Unit holds weekly meetings with customers. In cases of critical supply, such as unexpected spikes or external factors like the pandemic or conflicts, ad hoc meetings are scheduled.

Regarding the volume of purchases, in 2022, the Interiors In Motion Business Unit acquired raw materials, packaging, and semi-finished products valued at approximately 38 million euros. Out of this, 97% was sourced from suppliers based in Italy. Additional information on local sourcing can be found in the "Performance Indicators".



Sustainable packaging

Poltrona Frau is committed to exploring daily solutions that promote packaging with a potential second life, contributing to corporate sustainability and minimizing environmental impact. The company aims to achieve packaging that is 100 percent renewable, reusable, recyclable, or compostable.

In sourcing packaging materials, Poltrona Frau prioritizes sustainability while ensuring the materials fulfill their protective function. This involves optimizing the quantity of raw materials used, simplifying and reducing the variety of materials employed, incorporating recycled content, and facilitating end-of-life recycling activities. These measures represent some of the intersections between sustainability and product design.

SUSTAINABLE PACKAGING IN THE RESIDENTIAL BUSINESS UNIT

The Residential Business Unit focuses on producing high-quality, durable products that must be delivered to customers without any defects. Consequently, careful consideration is given to the design of packaging to ensure its durability and prevent any inconvenience to the product during transportation.

Simultaneously, recognizing that packaging serves its purpose only until delivery, the organization strives to create separable packaging, allowing each individual component to be reused or recycled. As part of the efforts to minimize potential negative impacts in 2022, a significant action taken was the permanent elimination of the practice of bonding polyethylene and polystyrene to cardboard and/or wooden crates.

Furthermore, the company develops **Work and Control Instructions (ILCs)** for packaging all new products. These instructions involve conducting tests to determine the most optimal procedures and materials for packaging, enabling operators to follow predefined packaging protocols for each product type.

Poltrona Frau has a dedicated Packaging department within the Technical Business Unit. This department oversees quality Key Performance Indicators (KPIs) and promptly collects feedback from customers. It handles any reports and suggestions, leveraging them alongside the findings from ongoing **internal research on new materials and alternative packaging designs**.

Poltrona Frau has a dedicated **Packaging department** within the Technical Business Unit. This department oversees quality Key Performance Indicators (KPIs) and

promptly collects feedback from customers. It handles any reports and suggestions, leveraging them alongside the findings from ongoing internal research on new materials and alternative packaging designs.

PACKAGING PROJECT

Sofas and Armchairs

The Residential Business Unit has planned to introduce new packaging for several products, which includes the following measures:

- Elimination of Likewood internal reinforcements in sofas that were previously mechanically attached, and their replacement with wooden slats secured using a semi-automatic strapping machine;
- Incorporation of PET liners in all seating collections, which will reduce the use of materials like polystyrene and polyurethane;
- Implementation of pallets for heavy products such as sofas and cabinets, resulting in standardized operations and a reduction in the amount of protective padding required.

These actions will enable the company to achieve the following:

- Replacement of non-recyclable packaging that was previously glued with a recyclable, single-material polyethylene bag;
- Reduction of packaging codes, leading to more efficient management of inventory rotation.

Nearly complete elimination of polystyrene and polyurethane adhesives.

Furniture and Marbles

For delicate materials like marble, Poltrona Frau incorporates draining trays that help maintain the material's properties, even in the presence of temperature and humidity variations or other atmospheric factors. Special covers are also provided for marble-based products to create an internal microclimate that helps preserve their unique characteristics.



About 6,000 tons of raw materials and packaging were purchased in 2022, of which 56% by weight related to renewable materials, including paper, leather, wood, and feathers.

Materials used (t)	2020	2021	2022
Non-renewable	1,966.3	2,431.6	2,645.5
Polyethylene	34.9	88.6	89.5
Polyurethane Packaging	34.9	8.9	8.9
Polystyrene	34.9	26.6	26.8
Fabric	19.0	20.0	25.0
Aluminum	462.5	537.5	587.5
Metals	250.0	400.0	433.3
Marble	280.0	340.0	400.0
Polyurethane	641.7	736.7	783.3
Molded polyurethane	162.5	212.5	225.0
Plastic	28.8	40.0	43.8
Mixed materials	16.7	20.2	21.7
Glass	0.5	0.7	0.6
Renewable	2,650.7	3,155.8	3,367.8
Paper	558.3	691.2	698.0
Wood for packaging	34.9	70.9	71.6
Leather	660.0	720.0	760.0
Wood	1,275.0	1,530.0	1,680.0
Feathers	97.5	115.0	128.8
Horsehair	25.0	28.8	29.4
Totals	4.616,3	5.587,4	6.013,3

Notes:

- Data were derived by taking into account revenue weight, net weight and gross weight. For some materials, an estimate was made based on information provided by suppliers, mainly by referring to the cost of materials. For the business in which Poltrona Frau operates, the use of recycled materials is limited to aluminum and glass.

- The percentage of recycled materials used by Poltrona Frau's Residential Business Unit is not available.

SUSTAINABLE PACKAGING IN THE INTERIORS IN MOTION BUSINESS UNIT

The Interiors In Motion Business Unit primarily relies on parts supplied by third-party vendors, with 95% of these suppliers being chosen by major customers. As a result, the selection of packaging materials is somewhat limited. However, the Business Unit is dedicated to increasing the utilization of cardboard packaging and implementing initiatives for reusable packaging. Currently, optimal, durable, and traceable packaging is employed, accompanied by special labels that clearly indicate the destination and contents of the packaging. This approach aims to create added value and better fulfill customer requirements.

In 2022, the Business Unit purchased approximately 1,581 tons of raw materials and packaging, with 8% of the total being composed of renewable materials such as cardboard, leather, and wooden pallets.

Materials used (t)	2021			2022		
	Total	of which from recycling	% from recycling	Total	of which from recycling	% from recycling
Non-renewable	650	10	2%	497	8	2%
Pluriball	650	10	2%	497	8	2%
Renewable	590	70	12%	1,084	122	11%
Leather	500	0	0%	586	0	0%
Cardboard	90	70	78%	106	84	79%
Wooden pallet	0	0	0%	392	38	10%
Total	1,240	80	6%	1,581	130	8%



PEOPLE



People

Employee's composition, talent attraction and retention

Poltrona Frau recognizes its employees as a vital asset for achieving corporate objectives and values the worth of each individual. The company takes great care in selecting, hiring, and training employees to ensure their alignment with the company's mission.

Poltrona Frau has a Selection Policy in place, which aims to effectively manage the recruitment and selection process and govern the authorization procedures. The objective is to appropriately size the workforce and deploy the best resources for the company's success.

The Human Resources Department's strategy focuses on implementing mechanisms for talent attraction, retention, and development. This includes establishing educational and training programs for employees, designed to enhance their skills and capabilities. The development path is based on:

- **Attraction**

Poltrona Frau's goal in its selection processes is to attract the best talent and make sure that they are valued, actively contributing to the company's reality.

- **Development**

Poltrona Frau is committed to hiring and managing its employees by leveraging development programs, Total Reward plans and communication, focusing on the growth of the organization.

- **Optimization**

HR processes are optimized to best meet business needs by adjusting skills and/or expanding headcount consistent with organizational needs and business strategies.

To meet evolving operational requirements, Poltrona Frau utilizes various research channels, including:

- Open applications;
- Resumes received from schools, universities, and training institutions;
- Direct advertisements posted on job recruiting sites;

- Collaboration with staffing agencies;
- Engagement with job search and talent selection companies;
- Participation in Career Days at universities.

After the recruitment process is completed, the onboarding of a new employee becomes a significant moment for Poltrona Frau. The company organizes induction meetings⁴ with relevant personnel from the respective business functions, tailored to the specific role, to provide comprehensive information to the new hire.

Poltrona Frau is committed to talent retention activities that aim to retain deserving employees. These activities include fostering corporate culture and interpersonal relationships, offering corporate welfare programs, providing career advancement plans, and offering training paths.

The company also conducts climate analysis to gauge employee satisfaction and actively collects suggestions for improvement. The analysis serves as the basis for developing an Action Plan, incorporating the results and suggestions provided by employees.

The following are some employee engagement and recognition initiatives implemented in 2022.

POLTRONA FRAU AWARDS 2022

At the year-end dinner, a Mini Vanity with a plaque and dedication, as well as a shopping voucher, is presented to the employee selected as "employee of the year," who may have distinguished himself or herself for special merits, including sense of responsibility, leadership, integrity, attention to people, ability to work in a team, and readiness for change and innovation. At the year-end dinner, Poltrona Frau recognizes an employee as the 'Employee of the Year' who has demonstrated exceptional merits such as a strong sense of responsibility, leadership, integrity, attentiveness to others, teamwork, and adaptability to change and innovation. The selected employee is honored with a Mini Vanity, accompanied by a plaque and dedication, as well as a shopping voucher.

SUGGESTION SYSTEM

In 2022, Poltrona Frau actively fostered employee engagement, creativity, and opportunities to contribute to company activities through the development of ideas and suggestions.

⁴ Induction hours are not currently tracked and reported on a timely basis.

The company established a system for reporting ideas and suggestions in various areas such as health and safety, environment, corporate culture, processes, and products. Employees can submit their reports using specific paper templates or digitally through a QR code. These reports are then reviewed by the Engineering and Safety team, evaluated by a committee, and the best ideas are recognized and awarded on a quarterly basis

Throughout the year, including the foreign subsidiaries, a total of 66 new hires were made, marking an increase of 24 compared to 2021. Out of these, 18 were recruited from the foreign subsidiaries. Additionally, there were 43 employee exits, with 12 occurring abroad. For detailed information on the composition of the corporate workforce, please refer to the tables available in the "Performance Indicators" section.



Employees training and development

Poltrona Frau recognizes training and professional development as crucial moments for employees to acquire new knowledge and enhance their professional skills.

Employees engage in self-assessment sessions facilitated by Haworth Inc.'s Member Central platform, which serves as an essential tool for managers to effectively oversee their teams and supports the overall growth of all staff members. The platform is built on continuous feedback, clear evaluations, ongoing dialogue, transparency, and recognition of merit. Each employee identifies and sets their own skill development goals and business objectives, which are subsequently evaluated by their manager based on the feedback received throughout the year and the progress made.

Training is viewed as not only a fundamental tool for individual skill development, improvement, and consolidation but also as an important means of conveying and disseminating the company's values and strategy. Consequently, Poltrona Frau implements targeted training interventions to facilitate improvements across various areas, including technical, managerial, and soft skills.

In this regard, training is delivered on three levels:

- Poltrona Frau Academy, which includes a visit to the Poltrona Frau Museum and in the company;
- Poltrona Frau Digital Academy, a new e-learning tool accessed by about 800 people, available in 7 languages;
- Training In Market, that is a field training.

The company diligently monitors the training hours delivered and the employees involved, aiming to have a comprehensive understanding of the staff's training framework.

To assess employees' satisfaction with the training sessions, they are requested to provide their evaluation at the conclusion of each activity by completing a satisfaction questionnaire.

In 2022, within the Italian perimeter, 27 percent of employees participated in performance evaluation and professional development, indicating a slight increase compared to the previous year.

Regarding training initiatives for employees, including those in foreign subsidiaries, Poltrona Frau offered a total of 3,253 hours of training, encompassing in-person and e-learning formats. This amounted to approximately 5 average hours per employee. The training focused on areas such as the Code of Ethics, health and safety, development of managerial and technical skills, language proficiency, and cybersecurity.

For more detailed information on the percentage of employees participating in performance evaluations and training provided throughout the year, please refer to the "Performance Indicators".

Diversity, equity and inclusion

Poltrona Frau has consistently upheld the principles of equality and inclusion, working diligently to cultivate an environment that acknowledges and embraces differences, thereby enhancing the company's competitiveness.

Poltrona Frau operates within the framework established by the Universal Declaration of Human Rights, fundamental conventions of the International Labor Organization (ILO), the Constitution of the Republic of Italy, as well as the respective laws, regulations, and sector-specific collective bargaining agreements (CCNLs) in the countries where it operates. The company actively promotes the protection of workers' rights and the freedom of trade unions.

In recent years, the concept of diversity, equity, and inclusion (DE&I) has gained wider recognition. In line with this, Poltrona Frau, along with Haworth and other companies within the Group, has embarked on a journey of raising awareness, starting with an initial workshop held in September 2022. The workshop focused on cultivating a DE&I culture and emphasized the importance of working in an environment that values diversity, equity, and inclusion. Such an environment enables the organization to tap into a broad talent pool to achieve its goals.

Since 2022, Poltrona Frau has initiated the development of Diversity, Equity, and Inclusion (DE&I) policies in alignment with those formulated by Haworth. The effectiveness of these initiatives is evaluated through **DE&I Committee** meetings.

In fact, the DE&I committee is responsible for:

- Meeting periodically to discuss what is being done on these issues, providing advice on actions to be taken in the future;
- Ensuring governance and oversight of DE&I initiatives;

- Contributing to the development and executing of short- and medium-term DE&I strategies.

Consistent with the previous year, Poltrona Frau has 30 employees who belong to protected categories. Through the implementation of oversight measures, the company has ensured the absence of any incidents of discrimination.

Employee welfare and well-being

Poltrona Frau recognizes employee welfare as a crucial factor in enhancing its workforce and improving overall company productivity.

In line with this objective, the new **corporate supplementary agreement for the 2021-2023** period introduced the concept of **Corporate Welfare**. This entails implementing initiatives to provide employees with additional benefits and advantages beyond their regular pay, serving as an important tool to enhance well-being and reward their productivity.

One significant addition introduced through this agreement is the establishment of the Solidarity Hour Bank, reflecting the company's strong ethical and social commitment. The purpose of this bank is to support employees facing family-related situations of need. It operates by creating a fund where employees can contribute their additional hours of leave and vacation entitlements as provided by law.

In addition, Poltrona Frau offers various incentives to both part-time and full-time employees, including:

- **Smart working**, recognizing the growing trend of remote work, Poltrona Frau supports and encourages smart working arrangements. This flexible work modality, further reinforced by the Covid-19 pandemic, contributes to increased productivity by promoting work-life balance, empowerment, autonomy, and results-oriented focus among employees;
- **Transportation**, the company actively engages with the Tolentino Municipal Administration to reduce the cost of urban transportation for employees who commute using public transportation. Poltrona Frau provides a subsidy equal to 50% of the monthly subscription cost for personnel residing in Tolentino;
- **One-off Wedding Bonus**, on an employee's marriage, the company grants a one-time bonus of €500;

- **ChildBirth gift**, to celebrate the birth or adoption of a child, Poltrona Frau presents the parent employee with a valuable item worth approximately €200, such as a gold ingot;
- **Retirement Bonus**, upon the retirement of an employee with at least 20 years of continuous service, Poltrona Frau rewards them with a Mini Vanity armchair or an equivalent item, along with a €2,000 bonus to be used in the company outlet;
- **Employee of the year**, at the year-end dinner, the company honors an outstanding employee with a Mini Vanity, a plaque, dedication, and a €250 shopping voucher. The employee is recognized for their exceptional merits, including a sense of responsibility, leadership, integrity, attention to people, teamwork, and readiness for change and innovation;
- **Traineeships for children of employees**, four six-month extracurricular internships are reserved each year for high school and college graduates who demonstrate exceptional academic achievements (two positions for high school students and two for college students);
- **Shopping voucher**, in response to high utility bills, Poltrona Frau, along with other Group companies, provides a one-time contribution of €200 to its employees;
- **Holiday bonus**, : the company continues to pay a vacation bonus to all employees in July, amounting to €800, calculated proportionally based on monthly accruals according to the criteria for the thirteenth month's pay;
- **Performance Bonus**, for the 2021-2022 period, a performance bonus is awarded based on the achievement of specific agreed-upon indicators, encompassing four components: Business Result, Quality, Absenteeism, and Productivity;
- **Production bonus**, employees receive a production bonus based on their classifications under the collective bargaining agreement (CCNL);
- **Supplementary pension plan**, starting from 2022, if an employee enrolled in the ARCO category fund increases or has already increased their voluntary contribution rate, the company matches their contribution up to the overall limit of 2.5% borne by the employee.



PARENTAL LEAVE

The number of employees eligible for parental leave remains consistent throughout the three-year period of 2020-2022, with a total of 643 individuals during the reporting period. Among them, 53 employees took parental leave, indicating a significant increase of 39% compared to 2021. Out of the 53, 43 employees returned to work after their leave period, while the remaining 10 are still on leave. This results in a return-to-work rate of 98%⁵, while the retention rate for 2022 stands at 86%⁶.

Occupational health and safety

Poltrona Frau recognizes the strategic importance of creating and maintaining workplaces that ensure optimal conditions of safety, hygiene, and comfort. The company goes beyond mere compliance with mandatory regulations by safely utilizing all instrumentation and equipment in its in-house laboratories and installation sites for its products.

The management of Occupational Health and Safety is governed by the Quality, Safety, and Environment policy, as well as through a continuous improvement management process. This process involves identifying relevant aspects, establishing timelines and responsibilities for actions, and continuously and periodically monitoring the management of the impact, while evaluating the effectiveness of implemented actions.

In 2022, Poltrona Frau successfully renewed the certification of its Occupational Health and Safety Management System in accordance with **ISO 45001**. This certification demonstrates Poltrona Frau's commitment to its workforce by ensuring the prevention and minimization of risks and the implementation of improvement plans to enhance employee health and well-being. Within the company, everyone's cooperation is necessary to achieve the set goals, protecting the health and safety of all employees.

Poltrona Frau aims at achieving specific goals, such as:

- Ensuring that employee safety and health, environmental protection, and environmental and social sustainability are fundamental aspects of all operations and decision-making processes within the business, while complying with relevant regulations at both corporate and customer locations;

⁵ The return-to-work rate is calculated as the ratio between employees who returned to work after taking parental leave and the total number of employees who should have returned to work after taking parental leave.

⁶ The retention rate is calculated as the ratio between employees still employed 12 months after returning to work at the end of parental leave and employees who returned to work at the end of parental leave in the previous reporting period.

- Preventing occupational injuries and illnesses;
- Communicating the contents of the Policy, as well as the goals, objectives, tools, and procedures that facilitate the implementation of the Integrated Management System, to all staff;
- Promoting awareness, providing information, and involving all staff and external stakeholders in the continuous improvement of quality, environmental conditions, and occupational health and safety. This includes encouraging everyone, within their roles and responsibilities, to contribute to the functioning of the system and the protection of customers, stakeholders, their own health, the health of their colleagues, and the environment.

The company regularly plans **internal and third-party audits** to evaluate the effectiveness of implemented measures within the organization. The results of these audits are discussed and reviewed at least once a year as part of the management review process. The Environment and Safety Manager, in collaboration with the Protection and Prevention Service Manager (RSPP), identifies processes and their stages, considering the entire life cycle of the production process.

These processes encompass activities carried out by Poltrona Frau personnel within the Tolentino plant, as well as worksite activities conducted externally at various branches. The organization has control or influence over auxiliary activities, such as those performed by subcontractors, contractors, and visitors within the boundaries of Poltrona Frau's plant, as well as companies participating in worksite activities managed by Poltrona Frau.

The **Hazard and Risk Analysis** aims to identify risks and hazards to the health and safety of workers at each stage of the processes managed by Poltrona Frau. It considers both normal and abnormal conditions, as well as emergency situations. This analysis also considers the potential impact of Poltrona Frau on third parties. It is periodically reviewed and updated, as needed, in response to organizational modifications or changes, such as the introduction of new processes, technologies, substances, materials, significant layout changes, or new regulations.

In conjunction with the processes managed by Poltrona Frau, an assessment of risks and hazards of external origin to the organization that may impact the health and safety of Poltrona Frau workers has been carried out, specifically:

- Possible hazards due to the presence of companies in the areas adjacent to the Poltrona Frau plant falling under the classification of unhealthy industries or major accident hazards, with particular reference to fire/explosion risk aspects;

- Possible hazards due to the presence of asbestos in facilities and adjacent buildings;
- Incidence of hazards due to reaching workplaces.

Each worker, to be able to recognize situations that are harmful to his or her health and prevent risks, is subject to training courses that enable them to be informed and trained in specific safety procedures. In this regard, the number of employees and workers (who are not employees but whose work and/or place of work is controlled by the organization) trained in health and safety is 485, among whom 12 have received training in both first aid and firefighting. Additional types of training provided, in line with current regulations, include:

- Basic safety courses;
- Specific safety courses;
- Security updates;
- Forklift driver training;
- Use of special means or equipment;
- Security Officer Training.

The training plan, which includes regular updates on regulations, allocated two hours of Safety Culture training to all employees in 2022 to enhance their awareness of this issue.

Furthermore, the company is continuously enhancing its medical supervision by implementing a periodic examination program for employees. In compliance with applicable regulations, if an employee demonstrates incompatibility with their job and/or position, and such incompatibility is confirmed by the Competent Doctor's assessment of partial unfitness for the job, the company commits to resolving the situation.

Poltrona Frau also offers its employees the opportunity to voluntarily and free of charge undergo annual breast cancer risk screening.

In 2022, there were 7 occupational accidents reported, all with no serious consequences and consistent with the company's low trend. For more information on injuries, please refer to the tables in the "Performance Indicators" section.

Starting in 2022, an internal reporting system for near misses and employee suggestions has been reintroduced. Employees can report any aspects that can be improved from an Occupational Health and Safety perspective using their cell phones or by completing paper forms. On a quarterly basis, a committee comprising Operations Management, Workers' Representatives, and the Quality, Safety, and Engineering departments evaluates the submissions and rewards the three best suggestions with payroll compensation.



SOCIETY



Society

Customer satisfaction

Customer satisfaction is of utmost importance to the company and requires a high level of attention and meticulousness throughout the entire production process. This encompasses the control of goods and raw materials, as well as the cutting, stitching, packaging, assembly, and final packaging stages of the products.

Poltrona Frau has a dedicated department responsible for developing and implementing long-term digital marketing programs. These programs aim to enhance the customer experience and contribute to the achievement of the company's business objectives. They work in conjunction with marketing strategies to optimize the customer experience and support the attainment of business targets.

Through its Customer Service department, Poltrona Frau:

- Interacts with customers, ensuring timely responses to inquiries regarding catalog products, services (such as customizations), orders, and delivery schedules.
- Manages the entire order process, including quoting, entering/registering orders in the management system, tracking, requesting payments, shipping, invoicing, exporting, and handling customs paperwork.
- Provides after-sales support to guide customers towards satisfactory solutions, and collaborates with the Quality team to contribute to continuous improvement.
- Ensures effective commercial credit management in coordination with the administrative offices.

In managing complaints, Poltrona Frau follows a defined management procedure that outlines responsibilities and operating methods for providing assistance to customers. Customers contact the company to report complaints or request assistance for damage restoration, even if the damage was caused by the customer themselves.

The flow of information related to customer reports within the organization is managed through dedicated Customer Relationship Management (CRM) software. Each report initiates the opening of a "file" that involves collecting relevant data

from the customer, specifying actions to address the non-compliance, and eventually closing the file with attribution codes for statistical analysis.

Upon receiving a complaint, the Quality Team conducts an analysis of the case, involving relevant departments, to determine the cause and define appropriate actions for resolution. They also suggest and encourage corrective actions to prevent similar incidents from recurring.

CUSTOMER SATISFACTION IN THE RESIDENTIAL BUSINESS UNIT

The Residential Business Unit conducts an annual customer satisfaction monitoring process between January and February. This process involves a **Customer Satisfaction Survey** that covers various aspects, including satisfaction with Customer Service, the website, product delivery time, quality of materials supplied, and product packaging. The survey results are subsequently analyzed, and key findings are presented during the Strategy Meeting, attended by Poltrona Frau shareholders. This presentation aims to identify potential improvement actions based on the gathered and processed information.

CUSTOMER SATISFACTION IN THE INTERIORS IN MOTION BUSINESS UNIT

Poltrona Frau is committed to continuously enhancing the perceived value of its products for customers by leveraging technology, special finishes, and unique manufacturing processes.

The Interiors In Motion Business Unit actively monitors customer satisfaction on a daily basis using a set of performance indicators, which primarily include:

- The quality of delivered products and any disruptions caused by customers;
- Delivery performance, such as meeting deadlines and quantities;
- Periodic feedback received from customers regarding Poltrona Frau's services.

Customers' privacy and data protection

Poltrona Frau handles its customers' personal data with transparency, ensuring responsible management and protection. The Information Systems function is responsible for maintaining the proper functioning of the technological and management infrastructure. It also proposes and manages change projects to address evolving business needs. The company is committed to safeguarding the

confidentiality of information obtained during its activities and implements appropriate security measures and policies to prevent any adverse impacts.

Poltrona Frau collects and processes personal data in compliance with the principles of fairness, legality, and transparency. The data is used solely for the specified processing purposes outlined in the notice. The company ensures data security, confidentiality, and adherence to the principles of the **General Data Protection Regulation (GDPR)**. These principles include non-discrimination, effectiveness, and the prevention of harmful consequences for the data subjects. Poltrona Frau explicitly outlines this commitment in its **Code of Ethics, General Privacy Policy, Data Breach Policy, and IT Policy**.

Users have the right to lodge a complaint with the relevant Supervisory Authority at any time and can object to the processing of their data. They also have the option to withdraw consent given for marketing and/or profiling purposes.

Poltrona Frau explicitly outlines the obligations that all its employees must adhere to regarding the processing of personal data in its **Group Data Protection Policy**. To ensure proper data protection management and monitoring, the company has appointed a **Data Protection Officer (DPO)** who also addresses employee inquiries related to the Data Protection Policy. The DPO organizes periodic meetings to conduct monitoring and verification activities outlined in the "Supervision and Activities Plan" to ensure the company's compliance with regulatory requirements and prevent potential negative impacts. Annual reports are prepared based on the audit outcomes.

In the event of a potential personal data breach, the company follows the **Data Breach Procedure** to manage and address the breach.

Furthermore, Poltrona Frau implements measures to maintain the IT security of its systems and conducts annual training courses for employees to reduce IT risks. The company undergoes audits conducted by the **internally-appointed Data Protection Officer**, and if necessary, remediation plans are prepared to enhance security measures and staff training.

Poltrona Frau also has an E-learning Privacy Policy in accordance with Article 13 of EU Regulation 2016/679 (GDPR) to fulfill regulatory obligations concerning the data of participants in online courses.

In the three-year period of 2020-2022, Poltrona Frau has not encountered any cases of customer complaints regarding privacy breaches or loss of customer data.



Community engagement

Poltrona Frau has a strong connection to its local community and actively supports and promotes local cultural and social initiatives.

As part of its centennial celebration in 2012, Poltrona Frau inaugurated the Poltrona Frau Museum in Tolentino, which was designed and curated by Michele De Lucchi. The museum is a privately-owned institution open to the public, with the main objective of preserving, communicating, and showcasing the company's heritage. It aims to become a reference point for research in the luxury furniture industry, while also highlighting the brand's products, raw materials, and communication strategies.

The Poltrona Frau Museum demonstrates a commitment to sustainability through the following initiatives:

- A museum tour that includes a section dedicated to Leathership® and leather material as a sustainable and recovered resource for the food industry;
- Demonstrating the durability of the product through the display of ultra centennial objects in the historical section of the Museum;
- The display of the Archibald Limited Edition armchair by Felice Pantone, upholstered in Pelle Frau® Impact Less leather, with less environmental impact;
- Museum education activities that focus on design through the reuse of leather scraps within the "Creative Families" and "Leather in Color" Workshops.

In 2022, Poltrona Frau celebrated its "100+10" year anniversary and organized the "Poltrona Frau Family Day" at the Tolentino site. This special day was dedicated to the company's employees and their families. It served as an opportunity to share and promote the values that have made Poltrona Frau a global leader in its industry. Visitors had the chance to explore the Poltrona Frau Museum, where the Archibald Anniversary Limited Edition armchair, designed by artist Felipe Pantone, was showcased. They also had the opportunity to discover the most successful products and new additions in the showroom, as well as witness the creation of Residential and Interiors In Motion pieces in the production departments

- **Creative Families**

The Poltrona Frau Museum offers a creative opportunity for families, aiming to raise awareness about craftsmanship and the significance of quality materials in a fun and educational way. Families can visit the museum and take part in a creative workshop at the end of the tour. During the workshop, they can collaborate to create an object to take home as a memento of their day spent together.

- **Logbook. Young reporters at the Poltrona Frau Museum**

The Museum Education Workshop, designed for children aged 10 to 13, aims to develop and enhance their critical thinking skills. Young visitors have the freedom to choose the aspects of the visit that interest them the most, creating their own personal narrative within a notebook. This notebook serves as a keepsake of their visit.

- **How I communicate the Museum!**

The Museum Education Workshop, dedicated to 14- to 18-year-olds, delves into the history of 20th-century advertising and emphasizes the value of effective corporate communication. After exploring the displayed graphics, spanning from the 1920s to the 2000s, the teenagers are divided into groups. Each group is tasked with developing an advertising campaign, which they can share on their social media channels. The most deserving idea is awarded and may also be used in the company's communication channels.

- **Leather in color**

The "Pelle a Colori" Museum Education Workshop targets children aged 6 to 10, aiming to engage them in a creative process that fosters an understanding of the activities involved in design development. Through the realization of their own ideas, children establish an initial connection with the world of design, focusing on emotions, expression, and tactile exploration.

The following is the total number of participants in the local and cultural educational workshop initiatives implemented by Poltrona Frau over the past three year.

2020	2021	2022
-	48	40

Fundraising for the Ukraine emergency

In 2022, Poltrona Frau participated in a fundraising initiative organized by Lifestyle Design Group to support the Ukrainian population affected by the devastation of the war. The initiative involved employees contributing the value of one hour of work to the International Red Cross-Ukraine Emergency. Additionally, the company made an additional donation equivalent to the total employee contributions.

“Adopt a school” project

The "Adopt a school" project, promoted by Fondazione Altagamma, aims to establish collaborations with technical and professional institutes in the local area. The project's objective is to promote knowledge related to the trades of "Italian savoir-faire" in the manufacturing and creative fields, and to train the next generation of artisans who can add value to waste materials. Poltrona Frau participated in the project by providing students in the fashion and furniture departments with an opportunity to develop a collection of objects that would be exhibited at the Poltrona Frau Museum.

ENVIRONMENT



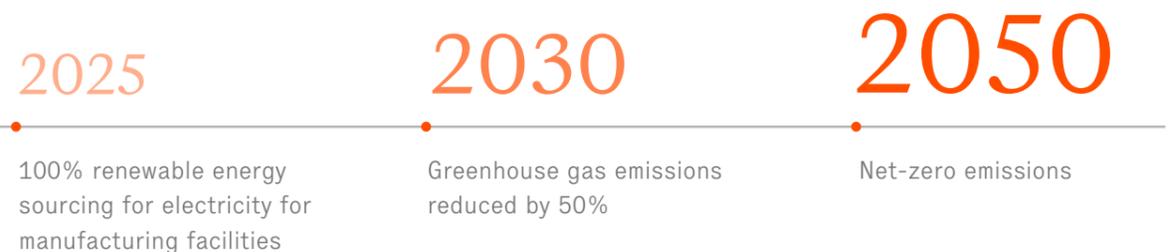
Environment

Regarding the environmental management of its operations, the company has decided to implement ISO 14001 as a means to ensure the effective management of the environmental impacts arising from its Residential and Interiors In Motion Business Units.

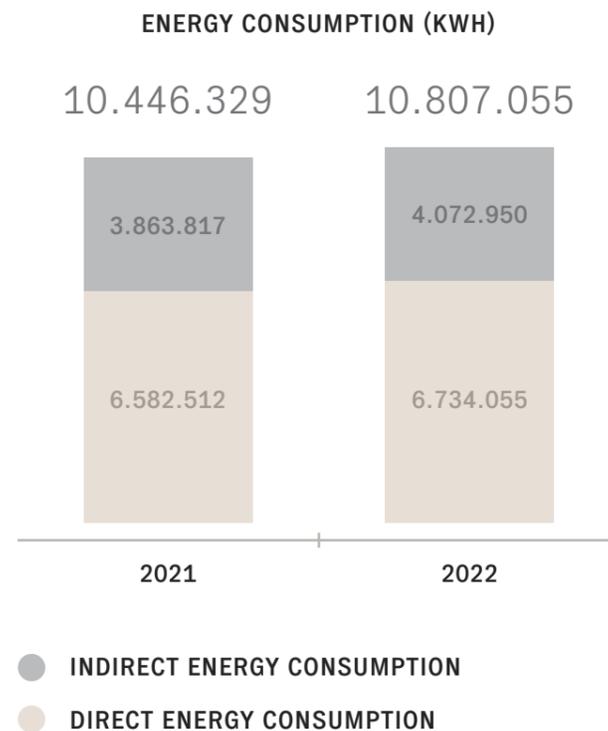
As a testament to Poltrona Frau's dedication in this field, an **Integrated Policy for Quality, Safety, and Environment** has been established. This policy aims to prioritize employee health and safety, environmental protection, and environmental and social sustainability in all business activities and decision-making processes.

Energy efficiency and GHG emissions reduction

The company is continuously striving to monitor its carbon footprint to minimize emissions and address the issue of climate change. In pursuit of this objective, the company has established the following goals to enhance energy efficiency and reduce the intensity of greenhouse gas emissions:



Poltrona Frau's energy consumption in 2022 amounted to 10.8 thousand MWh. This figure comprised 5.0 thousand MWh attributed to natural gas consumption for heating, 4.0 thousand MWh to electricity consumption, and the remaining portion to fuel consumption for the company's fleet. Throughout the year, Poltrona Frau experienced a significant increase (+15%) in electricity generated from renewable sources, particularly at its Italian site. The installation of a photovoltaic system on the roof of the Tolentino plant allowed for the self-generation of 1.3 thousand MWh of electricity, of which 74% was consumed on-site.



In accordance with the **Greenhouse Gas Protocol** (GHG Protocol), Poltrona Frau conducted calculations for direct GHG emissions (Scope 1 - natural gas for space heating and fuel for company cars)⁷ as well as indirect emissions from purchased energy (Scope 2 - electricity)⁸.

⁷ Scope 1 emissions are direct GHG emissions from sources owned or controlled by the organization.

⁸ Scope 2 emissions are indirect GHG emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed by an organization.

The energy consumption mentioned previously resulted in direct Scope 1 emissions of 1,335 tons of CO₂e, representing a 3% increase compared to 2021. The indirect Scope 2 Location-based emissions amounted to approximately 1,160 tons of CO₂e, reflecting a 6% increase from 2021. Under the Market-based methodology, which considers the share of electricity consumed from renewable sources, the emissions reached 1,726 tons of CO₂e, marking a 16% increase from 2021. This difference between Market-based and Location-based Scope 2 GHG emissions is attributed to the higher proportion of renewable electricity consumed compared to non-renewable sources. The slight increase in consumption and emissions is associated with the significant growth in production volumes and related activities across Poltrona Frau's sites.

To date, Poltrona Frau follows the recommendation of the GHG Protocol to quantify Scope 3 emissions⁹, which cover indirect emissions from sources outside the company's direct control, such as purchased goods and services, business travel, and waste disposal. Although not mandatory, Poltrona Frau is committed to including Scope 3 emissions in its future reporting to ensure a more comprehensive assessment of its environmental impact.

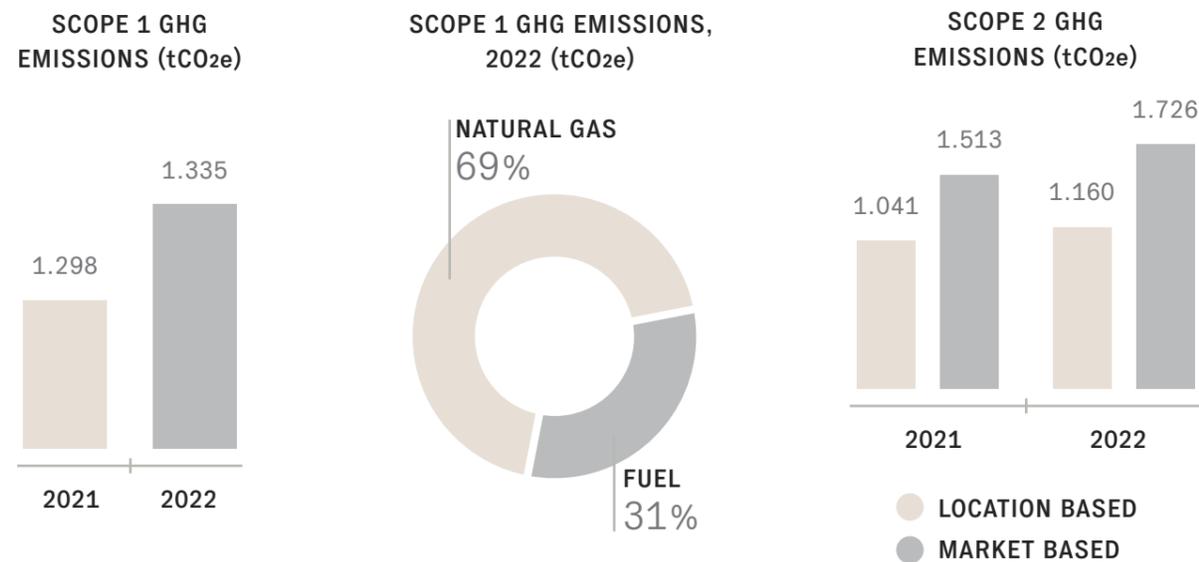
The company has maintained compliance with environmental laws and regulations and has not faced significant fines or non-monetary penalties for non-compliance.

During 2022, Poltrona Frau continued its efforts to mitigate its environmental impacts, focusing specifically on reducing greenhouse gas emissions. The company-initiated analyses and initiatives aimed at gradually increasing the use of renewable energy sources to meet its energy needs. In Italy, the company procured **electricity from renewable source plants**, as evidenced by certification managed by the Energy Services Manager in compliance with current regulations.

Poltrona Frau addresses energy efficiency and GHG emissions management through the continuous improvement of its business processes. Most of the company's energy consumption is attributed to product coating activities, which require significant technological efforts compared to other phases of the production cycle.

To manage this issue and its associated impacts, the company is evaluating the implementation of a consumption monitoring and measurement system. This system aims to identify priority areas for intervention through energy assessments.

Furthermore, Poltrona Frau is actively researching water-based adhesives as a substitute for solvent-based adhesives. This initiative aims to reduce the use of hazardous substances and associated emissions



⁹ Scope 3 emissions are indirect GHG emissions related to the business activity, but occurring beyond the boundaries of the organization, including upstream and downstream activities in the value chain.

ENERGY EFFICIENCY

At the Tolentino plant, Poltrona Frau has installed a photovoltaic system comprised of 18,000 photovoltaic modules. The system is integrated with the roofs of the production site to minimize its impact on the landscape. The company has set a goal to generate energy equal to 70% of its total energy needs through the photovoltaic system. A revamping of the plant is planned for 2023, which is expected to further improve its performance.

ELECTRIC MOBILITY

Poltrona Frau is also actively involved in addressing climate change in the field of mobility. The Tolentino production site is currently equipped with two charging stations for electric vehicles. This initiative demonstrates the company's commitment to promoting sustainable transportation options and reducing greenhouse gas emissions associated with traditional fuel-powered vehicles.

Waste management

Poltrona Frau has been dedicated to minimizing waste and implementing responsible waste management practices since its establishment. The company has adopted the **ISO 14001-certified Environmental Management System** and obtained the IATF 16949 Automotive Quality Management System certification for the Interiors In Motion segment. These certifications ensure a continuous improvement process, efficient defect and waste management, and ongoing monitoring of waste generation.

The company places a strong emphasis on monitoring defective components received from suppliers and implementing procedures to manage the waste generated from such situations. Employee training programs are conducted to promote waste separation and encourage packaging redesign, with the goal of phasing out materials that are difficult to recycle.

Poltrona Frau actively seeks opportunities to repurpose its production waste by collaborating with subcontractors for material recovery and reuse. This approach aligns with the company's commitment to sustainability and resource conservation, as demonstrated by its partnership with Cartiera in waste management initiatives.

ZERO WASTE PROJECT

A "**Zero Waste**" project has also been initiated at the Tolentino site, which has maximized the site-wide recycling collection process over time.

LET'S LIMIT PLASTIC CONSUMPTION

Reducing plastic consumption is one of the best ways to combat climate change. At the end of 2020, Poltrona Frau equipped all its employees with an exclusively designed **sustainable water bottle**, designed by Spalvieri and Del Ciotto. A simple and useful thought that highlights Poltrona Frau's commitment to a more sustainable world. The initiative, which continued into 2022, achieved excellent results during the year, avoiding the emission of about 16,500 kg of CO₂ into the atmosphere and producing about 4,500 kg of waste from plastic bottles.



The monitoring of indicators related to the management of special waste, including both hazardous and non-hazardous waste, is conducted periodically. Additionally, audits are carried out every six months to evaluate the effectiveness of the implemented actions, with the aim of moving closer to the target of zero waste going to incinerators or landfills.

In 2022, the total waste generated by Poltrona Frau amounted to approximately 613 tons, marking a significant increase of 32% compared to the previous year. This increase is consistent with the notable rise in production volumes at the plant. Of the total waste generated, 97% is categorized as non-hazardous waste, which is primarily recycled. Further details regarding the production and destination of waste can be found in the "Performance Indicators" section.



Water management

Water is a precious resource for the Earth and humanity, and it is crucial to preserve it due to its limited availability. Poltrona Frau is committed to reducing water consumption within its production sites, even though most of the usage is related to civil and sanitary purposes since the company does not utilize water as a resource in its production processes. The majority of wastewater is discharged into public sewer systems for appropriate treatment at consortium purification facilities.

Poltrona Frau promotes a responsible approach to water usage and continually invests in improving its efficiency through training and awareness-raising initiatives targeting all employees. The company closely monitors water consumption to track its trends throughout the year and promptly detect any leaks. In 2022, the total water consumption amounted to 10,900 liters, representing a 35% increase compared to 2021, primarily due to the increase in working hours. The water consumption count does not include water discharges, as the only wastewater generated is domestic or rainwater.

Water consumption (m ³)	2020	2021	2022
Water withdrawal by source			
Groundwater	3,800	1,100	1,300
<i>Other water</i>	3,800	1,100	1,300
Third-party water	3,300	7,000	9,600
<i>Fresh water</i>	3,300	7,000	9,600
Total water withdrawal	7,100	8,100	10,900
<i>Freshwater</i>	3,300	7,000	9,600
<i>Other water</i>	3,800	1,100	1,300

Notes:

Poltrona Frau does not withdraw water from water-stressed areas.

Poltrona Frau's water use is purely for sanitation purposes; therefore, water is discharged through public sewer systems for treatment.

Biodiversity

Regarding the protection and preservation of biodiversity, Poltrona Frau is dedicated to respecting forests and prioritizes sourcing materials from suppliers who adhere to sustainable forest management practices. The company ensures that its operating sites are not situated near protected areas or areas of high biodiversity value.

Poltrona Frau is committed to using wood from responsibly managed forests that meet stringent environmental, social, and economic standards for all its products. In 2022, the company expanded the number of suppliers providing **FSC Forest Stewardship Council (FSC)** certified wood from 11 to 17, accounting for approximately 50% of wood material suppliers. Furthermore, two additional FSC certification projects have been included in the list of initiatives aimed at sourcing wood from responsibly managed sources.

ANNEX





Annex

Material topics definition

Below is reported the table of material topics identified through the materiality analysis and their descriptions.

Customer satisfaction	Ensure customer satisfaction through engaging and listening, providing a valuable customer experience throughout the entire product lifecycle
Occupational health and safety	Protect the health and safety of all employees by ensuring a safe working environment
Human rights	Ensure respect for the human rights and fundamental freedoms of people within owned facilities and along the supply chain
Product quality and safety	Develop products with high standards of quality and reliability, ensuring customer safety while complying with applicable regulations, particularly concerning the use of chemicals
Sustainable packaging	Promote the use of sustainable packaging, encouraging its reuse and recyclability and the elimination of single-use plastic
Employees' training and development	Promote training activities to develop employees' technical, managerial and soft skills to ensure people's personal and professional growth
Circular design and sustainable materials	Integrate circular economy principles into product design by promoting the use of renewable, recyclable and/or recycled materials. Develop circular practices to prevent waste generation and facilitate the recovery and valorization of end-of-life products

Diversity, equity and inclusion	Foster an inclusive work environment that encourages respect for and value of everyone's diversity, ensuring equal treatment and repudiating any discriminatory behavior
Product innovation	Promote innovative solutions that can foster customer experience and new product development
Sustainable supply chain	Integrate criteria for selecting, evaluating and monitoring suppliers according to ethical, social, environmental and governance aspects, promoting the development of lasting and reliable relationships
Waste management	Promote the efficient management of waste, reducing its production and encouraging the reuse of materials used during production activities
Energy efficiency and GHG emissions	Promote the fight against climate change by developing energy efficiency initiatives and reducing greenhouse gas emissions along the entire value chain using energy from renewable sources
Employees' welfare and well-being	Ensure employees' welfare by adopting a welfare plan that can meet their needs to promote their mental and physical health and sense of belonging
Talent attraction and retention	Adopt talent attraction and retention practices, helping to create a stimulating work environment where employees can feel satisfied and motivated
Customer data privacy and protection	Ensure confidentiality of personal data and security of IT infrastructure by preventing illegal attempts to access sensitive customer information
Responsible sourcing	Promote responsible sourcing to help reduce the environmental impacts of materials used

Community engagement Promote social projects and initiatives aimed at engaging communities, while supporting local employment, including the supply chain, and strengthening integration in the local area

PREREQUISITES

Shared value creation Ensure long-term value creation for all stakeholders by guaranteeing economic and financial sustainability

Business ethics and integrity Adhere to integrity, professional ethics and honesty values in business management through internal control systems, ensuring reliable relationships with all stakeholders

Risk management and regulatory compliance Ensure proper management of all risks by providing appropriate mitigation actions. Ensure compliance with applicable regulation

Governance Ensure an effective and accountable corporate governance that applies a transparent approach and acts in line with international best practices.



Performance Indicators

2-7 Employees

Total number of employees by contract type and gender as of 31.12.2022 (n.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contact	398	167	565	388	169	557	387	182	569
Fixed term contract	5	4	9	1	6	7	5	7	12
Total	403	171	574	389	175	564	392	189	581

Note: The data refer to Poltrona Frau S.p.A.
Poltrona Frau has no guaranteed hourly employees.

Total number of employees by type of employment and gender as of 31.12.2022 (n.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	396	158	554	382	159	541	387	176	563
Part time	7	13	20	7	16	23	5	13	18
Total	403	171	574	389	175	564	392	189	581

Note: The data refer to Poltrona Frau S.p.A.

2-8 Workers who are not employees

Total number of workers who are not employees but whose work is controlled by Poltrona Frau as of 31.12.2022 (n.)

	2020	2021	2022
Temporary workers	45	79	137
Internship	6	5	3
Total	51	84	140

Note: the data refer to Poltrona Frau S.p.A.

2-30 Collective bargaining agreements

	2020	2021	2022
Number of employees covered by collective bargaining agreements	574	564	581
Total number of employees	574	564	581
Percentage of employees covered by collective bargaining agreements	100%	100%	100%

Note: Note: the data refer to Poltrona Frau S.p.A.

Working conditions and terms of employment of employees not covered by collective bargaining agreements shall be determined on the basis of collective bargaining agreements covering its other employees

204-1 Proportion of spending on local suppliers

	2020	2021	2022
Expenditure from local suppliers	€ 58,958,284	72,602,854	89,065,839
Total expenditure from suppliers	€ 61,977,546	74,808,992	91,970,929
Percentage of spending from local suppliers	95%	97%	97%

Note: The 2020 and 2021 data have been updated following an improvement in the calculation methodology.

302-1 Energy consumption within the organization

	2021	2022
From non-renewable sources	5,095,588	5,054,255
Natural gas	5,095,588	5,054,255
From corporate fleet	1,486,924	1,679,800
Gasoline	0	295,919
Fuel	1,486,924	1,382,466
GPL	0	1,416
Total direct energy consumption	6,582,512	6,734,055
Electricity	3,863,817	4,072,950
From non renewable sources	973,375	736,953
From renewable sources (A+B)	2,890,442	3,335,997
of which from third parties (A)	1,946,406	2,344,063
of which self-produced (B+C)	1,302,399	1,334,924
self-produced and consumed (B)	944,036	991,934
self-produced and sold (C)	358,363	342,990
Total indirect energy consumption	3,863,817	4,072,950
Total energy consumption	10,446,329	10,807,005

Notes: The 2021 data have been updated following an improvement in the calculation methodology. Source of conversion factors:

- Natural gas - EPA GHG Protocol
- Gasoline – DEFRA (UK Government GHG Conversion Factors for Company Reporting)
- Fuel – DEFRA (UK Government GHG Conversion Factors for Company Reporting)
- GPL – DEFRA (UK Government GHG Conversion Factors for Company Reporting)



305-1 Direct GHG emissions (Scope 1); 305-2 Indirect GHG emissions (Scope 2)

Direct GHG emissions (Scope 1) (tCO_{2e})

	2021	2022
From non-renewable sources	1,298	1,335
Heating	924	916
<i>of which natural gas</i>	924	916
Combustion	374	419
<i>of which gasoline</i>	0	71
<i>of which fuel</i>	374	348
<i>of which LNG</i>	0	0.33
Total indirect GHG emissions (Scope 1)	1,298	1,335

Indirect GHG emissions (Scope 2) (tCO_{2e})

Location-based	1,041	1,160
Market-based	1,513	1,726

Notes: the 2021 data have been updated following an improvement in the calculation methodology.

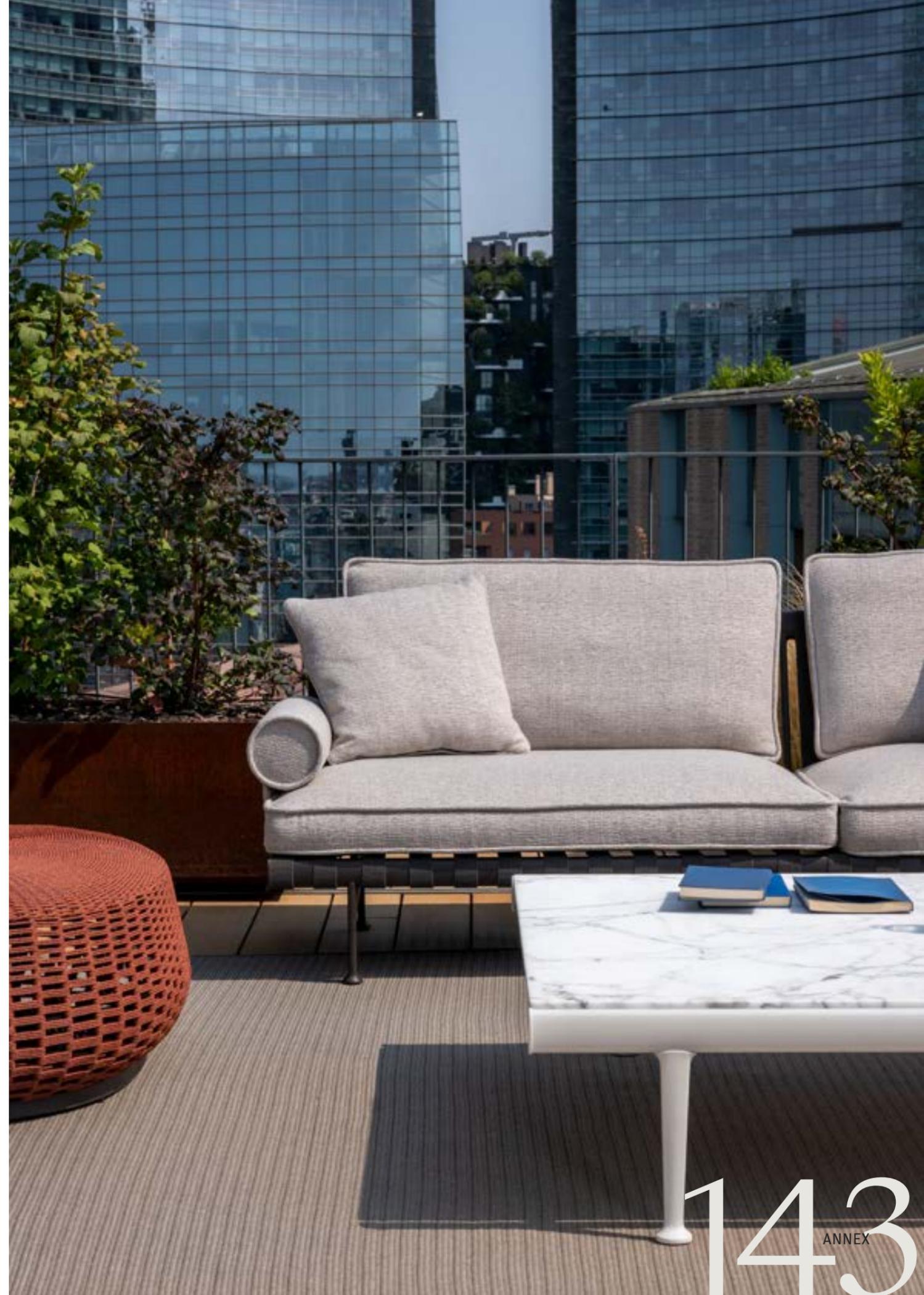
Source of conversion factors:

- Natural gas - EPA GHG Protocol Year
- Gasoline – DEFRA (UK Government GHG Conversion Factors for Company Reporting)
- Fuel – EPA GHG Protocol Year
- GPL – DEFRA (UK Government GHG Conversion Factors for Company Reporting)
- Electricity – Location-based – IEA, EPA GHG Protocol
- Electricity – Market-based – AIB, TERNA

306-3 Waste generated; 306-4 Waste diverted from disposal; 306-5 Waste directed to disposal

Waste generated (t)	2020	2021	2022
Total waste generated	465.6	516.8	613.4
Hazardous	13.6	11.9	17.1
Non-hazardous	452.0	504.9	596.3
Waste diverted from disposal	462.1	515.7	520.8
Hazardous	10.1	11.2	16.9
Recycling	10.1	11.2	16.9
Non-hazardous	452.0	504.5	596.2
Recycling	452.0	504.5	596.2
Waste directed to disposal	3.5	1.1	0.3
Hazardous	3.5	0.7	0.2
Incineration with energy recovery	3.5	0.7	0.2
Non-hazardous	0.0	0.4	0.1
Incineration with energy recovery	0	0.4	0.1

Note: all waste generated is treated offsite.



401-1 New employee hires and employee turnover

Number of new hires (no.)	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	14	20	34	24	18	42	32	34	66
< 30 years old	7	5	12	4	8	12	13	16	29
30-50 years old	7	13	20	18	10	28	17	15	32
> 50 years old	0	2	2	2	0	2	2	3	5

Turnover rate - incoming (%)	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	3%	9%	5%	6%	8%	6%	8%	14%	10%
< 30 years old	18%	22%	19%	13%	42%	24%	32%	55%	41%
30-50 years old	3%	9%	5%	7%	6%	7%	7%	9%	8%
> 50 years old	0%	4%	1%	1%	0%	1%	1%	6%	3%

Number of terminations (no.)	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	18	16	34	38	14	52	28	15	43
< 30 years old	1	1	2	5	4	9	2	4	6
30-50 years old	8	8	16	11	8	19	20	9	29
> 50 years old	9	7	16	22	2	24	6	2	8

Turnover rate - outgoing (%)	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	4%	7%	5%	9%	6%	8%	7%	6%	6%
< 30 years old	3%	4%	3%	17%	21%	18%	5%	14%	9%
30-50 years old	3%	5%	4%	5%	5%	5%	8%	5%	7%
> 50 years old	6%	14%	8%	15%	4%	12%	4%	4%	4%

Nota: 2020 and 2021 data have been restated following a refinement in the calculation methodology.

401-3 Parental leave

Employees who were entitled to parental leave, by gender (no.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	15	2	17	15	3	18	15	1	16
Managers	27	33	60	32	21	53	31	19	50
White collars	101	83	184	92	101	193	96	104	200
Blue collars	283	102	385	271	101	372	269	108	377
Total	426	220	646	410	226	636	411	232	643

Employees who took parental leave, by gender (no.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	1	0	1	0	0	0	0	0	0
Managers	0	2	2	0	2	2	3	1	4
White collars	2	7	9	6	9	15	5	14	19
Blue collars	11	8	19	10	11	21	18	12	30
Total	14	17	31	16	22	38	26	27	53

Employees who returned to work during the reporting period after taking parental leave, by gender (no.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	1	0	1	0	0	0	0	0	0
Managers	0	2	2	0	2	2	3	0	3
White collars	2	6	8	5	5	10	5	12	17
Blue collars	11	4	15	10	6	16	17	6	23
Total	14	12	26	15	13	28	25	18	43

Employees who did not return to work after taking parental leave, by gender (no.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Of which still on parental leave	0	5	5	1	9	10	0	9	9
Of which have left the company	0	0	0	0	0	0	1	0	1
Total	0	5	5	1	9	10	1	9	10

Employees who returned to work after taking parental leave and who are still employees of the organization in the 12 months after return, by gender (no.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0	0	0	1	0	1	0	0	0
Managers	0	1	1	0	2	2	0	3	3
White collars	4	14	18	2	6	8	4	4	8
Blue collars	11	8	19	10	8	18	7	6	13
Total	15	23	38	13	16	29	11	13	24

403-5 Worker training on occupational health and safety

Employees trained in health and safety (no.)	2020	2021	2022
First aid	25	25	12
Firefighting	30	40	12
Electrical compliance and safety	4	4	0
Other trainings*	0	0	461
Total	59	69	485

* The category "Other trainings" refers to: basic safety courses, specific safety courses, safety updates, forklift driver training, specialty vehicle training).

403-9 Work-related injuries

Employees	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Recordable occupational injuries	5	1	6	7	0	7	6	1	7
<i>at work</i>	5	1	6	7	0	7	4	0	4
<i>commuting</i>	0	0	0	0	0	0	2	1	3
Total hours worked	876,189			1,012,455			1,029,469		
Rate of recordable occupational injuries	6.8			6.9			3.9		

Notes:

- During the three-year period, there were no deaths as a result of work-related injuries or work-related injuries with serious consequences (excluding deaths) for employees.
- There were no injuries among non-employees in the three-year period.
- Hours worked are not available by gender.
- Recordable occupational injury rate: (no. of recordable occupational injuries occurred at work / no. of hours worked) 1,000,000
- Rate of deaths due to work-related injuries: (no. of deaths due to work-related injuries / no. of hours worked) 1,000,000
- Rate of occupational accidents with serious consequences (excluding deaths): (no. of occupational accidents with serious consequences (excluding deaths) / no. of hours worked) 1,000,000

404-1 Average hours of training per year per employee

Average hours of training per employee (h/no.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	4.1	35.0	7.4	5.3	35.0	8.6	6.5	35.0	9.5
Managers	3.7	4.5	4.0	7.6	10.5	8.7	8.4	11.4	9.6
White collars	1.9	2.1	2.0	10.7	8.3	9.5	5.0	8.2	6.7
Blue collars	1.7	2.1	1.8	2.4	3.1	2.6	3.3	1.7	2.9
Total	2.0	2.6	2.2	4.9	6.4	5.4	4.3	5.9	4.9

Hours of training by topic (no.)

	2020	2021	2022
Code of Ethics	160	188	196
Health and Safety	862	1,438	1,290
Management	40	1,050	1,028
Technical-specialist, professional	0	412	289
Language courses	0	0	90
Cybersecurity	360	388	360
Total	1,422	3,476	3,253

Note: 2020 and 2021 data have been restated following a refinement in the calculation methodology. For British and French subsidiaries, the data refer only to 2021 and 2022.

404-3 Percentage of employees receiving regular performance and career development reviews

Percentage of employees evaluated through performance management (%)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	18%	0%	18%	27%	0%	27%	15%	0%	15%
Managers	10%	20%	13%	31%	9%	24%	4%	36%	14%
White collars	33%	24%	29%	26%	35%	30%	22%	17%	20%
Blue collars	3%	0%	2%	23%	25%	23%	31%	31%	31%
Total	10%	9%	10%	24%	27%	25%	27%	26%	27%

Note: the data refer to Poltrona Frau S.p.A.

405-1 Diversity of governance bodies and employees

Total number of employees by gender, classification and age group (no.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	17	2	19	16	2	18	17	2	19
< 30 years old	0	0	0	0	0	0	0	0	0
30 - 50 years old	7	2	9	7	2	9	9	1	10
> 50 years old	10	0	10	9	0	9	8	1	9
Managers	26	18	44	32	21	53	34	21	55
< 30 years old	0	0	0	0	0	0	0	0	0
30 - 50 years old	17	12	29	24	15	39	26	16	42
> 50 years old	9	6	15	8	6	14	8	5	13
White collars	106	100	206	100	104	204	102	116	218
< 30 years old	4	13	17	2	9	11	7	18	25
30 - 50 years old	72	76	148	67	84	151	64	86	150
> 50 years old	30	11	41	31	11	42	31	12	43
Blue collars	283	102	385	271	101	372	270	108	378
< 30 years old	35	10	45	28	8	36	34	11	45
30 - 50 years old	149	60	209	146	62	208	141	64	205
> 50 years old	99	32	131	97	31	128	95	33	128
Total	432	222	654	419	228	647	423	247	670
< 30 years old	39	23	62	30	17	47	41	29	70
30 - 50 years old	245	150	395	244	163	407	240	167	407
> 50 years old	148	49	197	145	48	193	142	51	193

Total number of employees by gender, age group and contract type (no.)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Open-ended contract	417	204	621	410	207	617	410	223	633
< 30 years old	37	17	54	30	12	42	39	19	58
30 - 50 years old	232	138	370	235	147	382	229	153	382
> 50 years old	148	49	197	145	48	193	142	51	193
Fixed term	15	18	33	9	21	30	13	24	37
< 30 years old	2	6	8	0	5	5	2	10	12
30 - 50 years old	13	12	25	9	16	25	11	14	25
> 50 years old	0	0	0	0	0	0	0	0	0
Total	432	222	654	419	228	647	423	247	670
< 30 years old	39	23	62	30	17	47	41	29	70
30 - 50 years old	245	150	395	244	163	407	240	167	407
> 50 years old	148	49	197	145	48	193	142	51	193

Notes:

- for Poltrona Frau UK, the data refer only to 2021-2022
- for Poltrona Frau India, 2020 and 2021 data have been restated following a refinement in the calculation methodology.

Methodological note



Methodological note

This document constitutes the second edition of the Sustainability Report of Poltrona Frau S.p.A. and its subsidiaries. Its drafting and publication constitute the continuation of a voluntary path undertaken by Poltrona Frau to integrate ESG (Environment, Social, Governance) aspects into its business and to report on them to its stakeholders.

To transparently and comparably report and communicate its sustainability performance, the Sustainability Report has been prepared in accordance with the Global Reporting Initiative Universal Standards (hereafter "GRI Standards") reporting standards, issued in 2021 by the Global Reporting Initiative (GRI) and effective January 1st, 2023.

The definition of material issues for Poltrona Frau and its stakeholders followed a materiality analysis process, in line with the GRI Standards and industry best practices, as described within the chapter "Poltrona Frau's sustainability journey".

To this end, various indicators were selected to describe the performance of material issues and stakeholder relations. For some of the material issues, it was not possible to identify within the GRI Standards appropriate indicators to describe and report on the company's reality. For such cases, only GRI 3: Material Issues is reported. For a better understanding of the Standard Disclosures used, please refer to the "GRI Table of Contents" section.

The data reporting period corresponds to the fiscal year ended December 31, 2022. The scope of data and disclosures includes Poltrona Frau S.p.A and its subsidiaries.

Specifically, for Poltrona Frau S.p.A., all GRI indicators reported in "GRI Content Index" related to material issues have been reported. For the companies: Frau France S.a.r.l., Poltrona Frau UK Ltd., Frau US Corporation, DieciDieci S.r.l., Poltrona Frau PTE Ltd. and Poltrona Frau India Private Limited, data related to the following GRI indicators were reported:

GRI Indicator

204-1	Proportion of spending on local suppliers
302-1	Energy consumption within the organization
305-1	Direct GHG emissions (Scope 1)
305-2	Energy indirect GHG emissions (Scope 2)
401-1	New employee hires and employee turnover
401-3	Parental leave
404-1	Average hours of training per year per employee
405-1	Diversity of governance bodies and employees

To present Poltrona Frau S.p.A.'s performance trends over a longer time horizon, the data and information reported refer to the three-year period 2020 - 2022. It should be noted that to ensure the reliability of the data, the use of estimates has been limited as much as possible, which, if present, are appropriately reported and based on the best available methodologies.

With reference to energy consumption and emissions, it should be noted that comparative data have been reported for Poltrona Frau S.p.A. alone. Furthermore, in accordance with the methodological approach of the GHG Protocol, GHG emissions for fiscal year 2022 have been divided into GHG Scope 1 emissions and GHG Scope 2 emissions, the latter calculated according to the Location-based approach and according to the Market-based methodology.

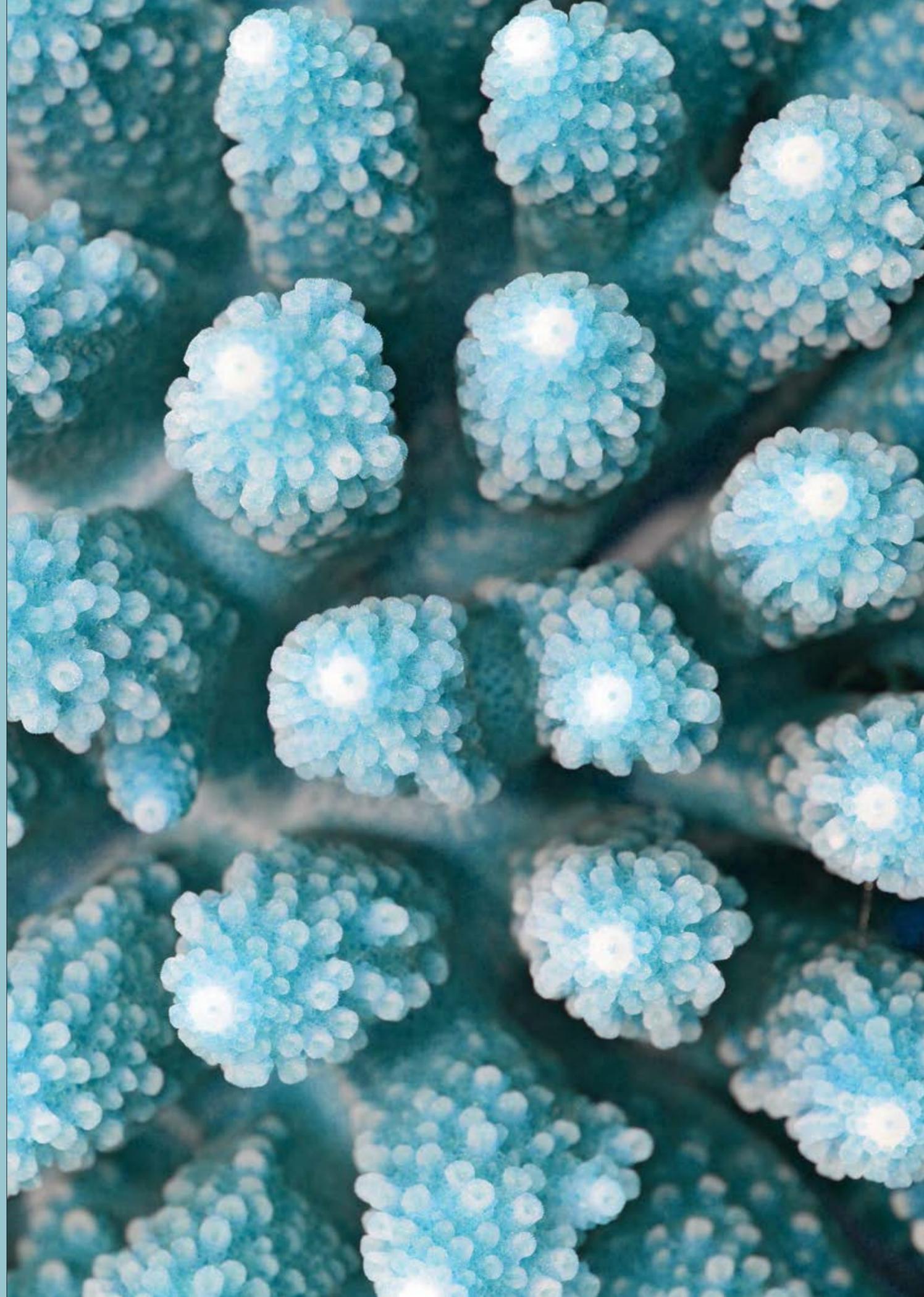
This document was submitted for approval by the Group's Board of Directors on 09/12/2023.

The original Italian version of the Sustainability Report has been subject to limited assurance by KPMG S.p.A.; the audit report is available on final pages of that version.

The periodicity of this publication is set according to an annual frequency. For information related to Poltrona Frau's Sustainability Report, it is possible to contact:

press@poltronafrau.it.

GRI Content Index



GRI Content Index

Please note that for the marked indicators only, the reporting of the data is extended to the following companies: Frau France S.a.r.l., Poltrona Frau UK Ltd., Frau US Corporation, DieciDieci S.r.l., Poltrona Frau PTE Ltd., Poltrona Frau India Private Limited

Statement of Use	Poltrona Frau S.p.A. has reported in accordance with the GRI Standards for the period 01/01/2022 – 31/12/2022
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No GRI Sector Standard is applicable

GRI Standard	Disclosure	Location	Omission	Note
GENERAL DISCLOSURES				
GRI 2: General disclosures 2021	2-1 Organizational details	Poltrona Frau at a glance – Geographical presence of Poltrona Frau		<p>Registered name and legal form: Poltrona Frau S.p.A.</p> <p>Headquarter: Meda (MB), Via Luigi Busnelli 1</p> <p>Countries of activities: Italy, France, Germany, Switzerland, Belgium, Luxembourg, Netherlands, Spain, Portugal, Austria, Spain, Morocco, China, US, India</p>
	2-2 Entities included in the organization's sustainability reporting	Methodological note		There are no differences in the scope of consolidation between the Sustainability Report and the consolidated financial statements.
	2-3 Reporting period, frequency and contact point	Methodological note		<p>Reporting period: 01/01/2022-31/12-2022</p> <p>Frequency: Annual</p> <p>Date of publication: 09/29/2023</p> <p>Contact point: press@poltronafrau.it</p>

GRI Standard	Disclosure	Location	Omissions	Note
	2-4 Restatements of information			Any revisions to the information have been appropriately indicated within the document.
	2-5 External assurance	Methodological note		
	2-6 Activities, value chain and other business relationships	Poltrona Frau at a glance Product – Responsible sourcing and supply chain		
	2-7 Employees	Highlights 2022 People – Employee's composition, talent attraction and retention People – Diversity, equity and inclusion Annex – Performance Indicators		
	2-8 Workers who are not employees	People – Employee's composition, talent attraction and retention Annex – Performance Indicators		
	2-9 Governance structure and composition	The Governance of Poltrona Frau		
	2-10 Nomination and selection of the highest governance body	The Governance of Poltrona Frau		
	2-11 Chair of the highest governance body	The Governance of Poltrona Frau		The President is a senior executive of Poltrona Frau. All decisions go through an internal authorization process governed by the "Delegation of Authority" policy, and only top-level decisions (by subject and amount) are validated by the Chairman together with the other Directors.
	2-12 Role of the highest governance body in overseeing the management of impacts	The Governance of Poltrona Frau		

GRI Standard	Disclosure	Location	Omissions	Note
	2-13 Delegation of responsibility for managing impacts	The Governance of Poltrona Frau		
	2-14 Role of the highest governance body in sustainability reporting	The Governance of Poltrona Frau Methodological note		
	2-15 Conflicts of interest	The Governance of Poltrona Frau – Business ethics and integrity		
	2-16 Communication of critical concerns	The Governance of Poltrona Frau Society – Customer satisfaction		Critical issues are communicated during Board meetings and at weekly/monthly Lifestyle Design Board meetings, which are attended by Function Directors.
	2-17 Collective knowledge of the highest governance body	The Governance of Poltrona Frau		
	2-18 Evaluation of the performance of the highest governance body	The Governance of Poltrona Frau – Business ethics and integrity		
	2-19 Remuneration policies	The Governance of Poltrona Frau – Remuneration process		The compensation process is not formalized in a policy
	2-20 Process to determine remuneration	The Governance of Poltrona Frau – Remuneration process		
	2-21 Annual total compensation ratio		Point (b), disclosure not available.	Point (a): • 2022: 16 • 2021: 9 • 2020: 9
	2-22 Statement on sustainable development strategy	Letter to our stakeholders		

GRI Standard	Disclosure	Location	Omissions	Note
	2-23 Policy commitments	The Governance of Poltrona Frau – Business ethics and integrity		<i>Poltrona Frau Code of Ethics</i> https://www.poltronafrau.com/it/it/code-of-ethics.html
	2-24 Embedding policy commitments	The Governance of Poltrona Frau – Business ethics and integrity		
	2-25 Processes to remediate negative impacts	Society – Customer satisfaction		
	2-26 Mechanisms for seeking advice and raising concerns	The Governance of Poltrona Frau – Business ethics and integrity		
	2-27 Compliance with laws and regulations			In the three-year period 2020-2022, Poltrona Frau did not record any significant cases or receive fines for cases of non-compliance with laws and regulations.
	2-28 Membership associations			
	2-29 Approach to stakeholder engagement	The sustainability journey of Poltrona Frau – Material topics: materiality analysis		
	2-30 Collective bargaining agreements			In 2022, Poltrona Frau S.p.A. employees covered by collective bargaining agreements correspond to 100%.
MATERIAL TOPICS				
GRI 3: Material topics 2021	3-1 Process to determine material topics	The sustainability journey of Poltrona Frau – Material topics: materiality analysis		
	3-2 List of material topics	The sustainability journey of Poltrona Frau – Material topics: materiality analysis Annex – Material topics definition		

GRI Standard	Disclosure	Location	Omissions	Note
Governance				
GRI 3: Material topics 2021	3-3 Management of material topics	The Governance of Poltrona Frau People – Employee’s composition, talent attraction and retention		
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governance bodies and employees	The Governance of Poltrona Frau People – Employee’s composition, talent attraction and retention People – Diversity, equity and inclusion Annex - Performance Indicators		
Business ethics and integrity				
GRI 3: Material topics 2021	3-3 Management of material topics	The Governance of Poltrona Frau – Business ethics and integrity		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	The Governance of Poltrona Frau – Business ethics and integrity	Poltrona Frau has communicated and provided training on anti-corruption policies and procedures to all governing bodies and employees. It has also communicated about anti-corruption policies and procedures to all business partners.	
	205-3 Established incidents of corruption and actions taken	The Governance of Poltrona Frau – Business ethics and integrity	In 2022, Poltrona Frau recorded no incidents of corruption.	
Risk management and regulatory compliance				
GRI 3: Material topics 2021	3-3 Management of material topics	The Governance of Poltrona Frau – Business ethics and integrity Product - Product quality and safety Environment - Energy efficiency and GHG emissions		
GRI 416: Customer health and safety 2016	416-1 Assessment of health and safety impacts by product and service categories	Product - Product quality and safety		

GRI Standard	Disclosure	Location	Omissions	Note
Shared value creation				
GRI 3: Material topics 2021	3-3 Management of material topics	Shared value creation - Economic value produced and distributed		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Shared value creation - Economic value produced and distributed		
■ PRODUCT				
Circular design and product innovation				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis Environment – Waste management		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environment – Waste management		
	306-2 Management of significant waste-related impacts	Product – Circular design, sustainable materials and innovation		
Responsible sourcing and sustainable packaging				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis Product – Sustainable packaging		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Product – Sustainable packaging		
	301-2 Recycled input materials used	Product – Sustainable packaging	The percentage of recycled materials used by Poltrona Frau's Residential Business Unit is not available	

GRI Standard	Disclosure	Location	Omissions	Note
Product quality and safety				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	Product - Product quality and safety	
GRI 416: Client's health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product - Product quality and safety Annex - Performance Indicators		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product - Product quality and safety		In the three-year period 2020-2022, Poltrona Frau has not recorded any incidents of noncompliance regarding health and safety impacts of products and services.
▲ PEOPLE				
Diversity, equity and inclusion				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	People – Employee's composition, talent attraction and retention People – Diversity, equity and inclusion	
GRI 405: Diversity and equal opportunities 2016	405-1 Diversità negli organi di governo	People – Employee's composition, talent attraction and retention People – Diversity, equity and inclusion Annex - Performance Indicators		
GRI 406: Non discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	People – Diversity, equity and inclusion		In 2022, Poltrona Frau recorded no incidents of discrimination.

GRI Standard	Disclosure	Location	Omissions	Note
Training and development				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	People – Training and development	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	People – Training and development Annex - Performance Indicators		
	404-3 Percentage of employees receiving regular performance and career development reviews	People – Training and development Annex - Performance Indicators		
Occupational health and safety				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	People - Occupational health and safety	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	People - Occupational health and safety		
	403-2 Hazard identification, risk assessment, and incident investigation	People - Occupational health and safety		
	403-3 Occupational health services	People - Occupational health and safety		

GRI Standard	Disclosure	Location	Omissions	Note
	403-4 Worker participation, consultation, and communication on occupational health and safety	People - Occupational health and safety		
	403-5 Worker training on occupational health and safety	People - Occupational health and safety Annex - Performance Indicators		
	403-6 Promotion of worker health	People - Occupational health and safety		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People - Occupational health and safety		
	403-8 Workers covered by an Occupational Health and Safety Management System	People - Occupational health and safety		100% of employees and workers who are not employees but whose work and/or workplace is controlled by the organization are covered by the ISO 45001-certified Occupational Health and Safety Management System, which applies to the company's Italian perimeter.
	403-9 Work-related injuries	People - Occupational health and safety Annex - Performance Indicators	Hours worked by gender not available.	Poltrona Frau is committed to making this information available in future fiscal years.

GRI Standard	Disclosure	Location	Omissions	Note
Talent attraction and retention				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis People – Employee's composition, talent attraction and retention		
GRI 401: Employment 2016	401-1 New hires and turnover	People – Employee's composition, talent attraction and retention Annex - Performance Indicators		
Employees welfare and well-being				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis People – Employees welfare and well-being		
GRI 401: Employment-2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People – Employees welfare and well-being		There are no differences in access to benefits provided by the company for part-time and full-time employees.
	401-3 Parental leave	People – Employees welfare and well-being Annex - Performance Indicators		The return-to-work rate, calculated as the ratio of employees who returned to work after taking parental leave to the Total number of employees who should have returned to work after taking parental leave, is 98%. The retention rate, calculated as the ratio of employees still employed after 12 months the return to work at the end of parental leave to employees who returned to work at the end of parental leave in the previous reporting period(s), is 86%.

GRI Standard	Disclosure	Location	Omissions	Note
◆ SOCIETY				
Responsible supply chain				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	Product - Responsible sourcing and supply chain	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Product - Responsible sourcing and supply chain	Annex - Performance Indicators	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria			Not applicable. In 2022, no new suppliers were evaluated according to environmental criteria.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria			Not applicable. In 2022, no new suppliers were evaluated according to social criteria.
Customer satisfaction				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	Product - Product quality and safety People – Customer satisfaction	
GRI 416: Client's health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product - Product quality and safety	Annex - Performance Indicators	In 2022, no products were evaluated on the basis of health and safety impacts.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product – Product quality and safety		In the three-year period 2020-2022, Poltrona Frau has not recorded any incidents of noncompliance regarding health and safety impacts of products and services.

GRI Standard	Disclosure	Location	Omissions	Note
Customer data privacy and protection				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau – Material topics: materiality analysis	Society - Customer data privacy and protection	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Society - Customer data privacy and protection		In the three-year period 2020-2022, Poltrona Frau did not receive any complaints about violations of customer privacy.
Human rights				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	Product - Responsible sourcing and supply chain People – Diversity, equity and inclusion	
GRI 406: Non discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	People – Diversity, equity and inclusion		In 2022, Poltrona Frau recorded no incidents of discrimination.
Community engagement				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	People – Community engagement	
GRI 413: Local communities 2016	413-1 Activities involving local community involvement, impact assessments and development programs			Not applicable. Poltrona Frau does not monitor activities that involve local community involvement, impact assessments, and/or development programs.

GRI Standard	Disclosure	Location	Omissions	Note
● ENVIRONMENT				
Energy efficiency and GHG emissions				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	Environment - Energy efficiency and GHG emissions	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environment - Energy efficiency and GHG emissions	Annex - Performance Indicators	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environment - Energy efficiency and GHG emissions	Annex - Performance Indicators	
	305-2 Energy indirect (Scope 2) GHG emissions	Environment - Energy efficiency and GHG emissions	Annex - Performance Indicators	
	305-6 Emissions of ozone-depleting substances (ODS, "ozone-depleting substances")	Environment - Energy efficiency and GHG emissions		Poltrona Frau mainly uses R410A refrigerant gas. No ODS gas leakage occurred during 2022.
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environment - Energy efficiency and GHG emissions		
Waste management				
GRI 3: Material topics 2021	3-3 Management of material topics	The sustainability journey of Poltrona Frau - Material topics: materiality analysis	Environment – Waste management	

GRI Standard	Disclosure	Location	Omissions	Note
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environment – Waste management		
	306-2 Management of significant waste-related impacts	Environment – Waste management		
	306-3 Waste generated	Environment – Waste management	Annex – Performance Indicators	
	306-4 Waste diverted from disposal	Environment – Waste management	Annex – Performance Indicators	
	306-5 Waste directed to disposal	Environment – Waste management	Annex – Performance Indicators	

Material topics of Poltrona Frau that are not covered by GRI Topic Standards

GRI Standard	Disclosure	Location	Omission	Note
Product innovation				
GRI 3: Material topics 2021	3-3 Management of material topics		The sustainability journey of Poltrona Frau – Material topics: materiality analysis Product - Design, circular materials and innovation	

Other GRI performance indicators

GRI Standard	Disclosure	Location	Omission	Note
Water management				
GRI 3: Material topics 2021	3-3 Management of material topics		The sustainability journey of Poltrona Frau – Material topics: materiality analysis Environment – Water management	
GRI 303: Water and effluents 2018	303-3 Water withdrawal	Environment – Water management		Poltrona Frau has no withdrawal sources in water-stressed areas.
	303-4 Water discharge	Environment – Water management		Poltrona Frau's water use is purely for civil purposes; therefore, water is discharged through public sewer systems connected to municipal sewage treatment plants.
	303-5 Water consumption	Environment – Water management		Poltrona Frau has no withdrawal sources in water-stressed areas.



→ FELIPE
PANTONE

x



100+10
YEARS OF TRUE EVOLUTION

INDICE

6 LETTER TO OUR STAKEHOLDERS

6 Poltrona Frau: a sustainable future built in the present

10 HIGHLIGHTS 2022

12 POLTRONA FRAU AT A GLANCE

14 The history of Poltrona Frau
21 Geographical presence of Poltrona Frau
24 Global Partnerships
24 Prizes and awards

26 POLTRONA FRAU'S GOVERNANCE

32 Remuneration process
33 Business ethics and integrity
36 The attributes of Poltrona Frau

38 SHARED VALUE CREATION

38 Economic value generated and distributed

42 THE SUSTAINABILITY JOURNEY OF POLTRONA FRAU

44 The sustainability policy
45 Stakeholders
48 Material topics: materiality analysis
54 Sustainability Plan

66 PRODUCT

69 Product quality and safety
71 Circular design, sustainable materials and innovation
74 Responsible sourcing and supply chain
88 Sustainable packaging

94 PEOPLE

96 Employee's composition, talent attraction and retention
99 Training and development
100 Diversity, equity and inclusion
101 Employee welfare and well-being
104 Occupational health and safety

108 SOCIETY

110 Customer satisfaction
111 Customers' privacy and data protection
114 Community engagement

118 ENVIRONMENT

120 Energy efficiency and GHG emissions
124 Waste management
127 Water management
128 Biodiversity

130 ANNEX

133 Material topics definition
138 Performance Indicators

150 METHODOLOGICAL NOTE

154 GRI CONTENT INDEX