

2021
SUSTAINABILITY
REPORT



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Letter to our stakeholders

Poltrona Frau: a sustainable future built in the present.

2021 was a challenging year for Poltrona Frau due to the global pandemic, but was also a year full of important achievements oriented to the future. To this end, in 2022 Poltrona Frau will celebrate 110 years of design, evolution and tradition thanks to long partnerships and a vision towards a more sustainable future.

The long history of Poltrona Frau witnesses the solidity of the Tolentino's company, shows the entrepreneurial vision of the brand, which evolved and strengthened during its history and in the last 10 years. As a leader of Made in Italy top range furniture and ambassador of Italian excellence in the world, the **Poltrona Frau Manifesto** is focused on the appreciation of beauty and craftsmanship. By looking not only the past but also the future, Poltrona Frau is working towards experimentation of new aesthetic languages and a more sustainable production.

Since sustainability is one of our seven brand attributes, we have recently promoted a **circular approach** to create durable and high-quality products. We aim at developing products of easy disassembly to be recycled at their end of life. Throughout the years, in order to strengthen our commitment against climate change, we invested in researching materials, like fabrics/textiles and FSC-certified wood, which could be alternative to leather. In addition, we are involved in the project "**Road to 2030**", consisting in plenty of activities and initiatives aimed at reducing environmental impact of processes and products at all stages of their life cycle. By using natural resources and optimizing energy consumption, harmful substances and pollutants would be gradually reduced. New implemented solutions will allow to move from a linear business model towards a circular one.

As a leader in the world of Made in Italy, Poltrona Frau has always been inspired by

certain core values that characterize its research, selection of raw materials and industrial processes. Sustainability is not only a driver of value, but rather an ethical perspective and a commitment that takes various shapes. By launching a **Zero Waste** project, we have optimized all production processes down to packaging and shipping. Furthermore, our brand uses only leathers that are derived from food industry waste, which would otherwise be disposed of.

Although Poltrona Frau is honored to share its first Sustainability Report, we know that we must continue the momentum towards our commitment to improve our environmental and social performance. During 2021 we laid the foundations for the launch of a new leather called **Pelle Frau® Impact Less®**, with sustainable and chrome-free components. This is the beginning of a business strategy that will see the gradual introduction of the chromium-free tanning process, the recycling of water used in the production process, and the recycling of all waste materials, which we hope to introduce for all leathers in our catalogue from 2030.

Not only at the product level, but also in its own activities, Poltrona Frau has been committed to reducing its carbon footprint for years. Since 2011, the company has been partly powered by a photovoltaic plant, and, in 2021, electric car charging stations for employees have been introduced. Poltrona Frau is going to continue its path towards energy efficiency aimed at achieving the targets of emissions reduction to 2025 (-50%) and carbon neutrality to 2050, in line with the objectives defined at the European level and the Paris Agreement.

For Poltrona Frau being a leader in employing all the features of leather means designing a constantly improving balance among ethics, technological innovation, design, craftsmanship and performance. The company has always pursued a balance with transparency and sustainability. These are the values Poltrona Frau has directly taken from Haworth, which bases its activities on honesty, compliance with laws and regulations, as well as best practices and procedures adopted within the company.

Nicola Coropulis

CEO Poltrona Frau





Highlights 2021

PRODUCT

56%

renewable materials used in the Residential segment

90.000

total product pieces for Residential

Studies for the implementation of

Pelle Frau[®]
Impact Less[®]

PEOPLE

+640

employees

63%

employees aged 30-50

+3.300

training hours provided

SOCIETY

+97%

acquired by local suppliers¹

48

participants in local and cultural initiatives of educational workshops of Poltrona Frau

ENVIRONMENT

Installation of a

photovoltaic plant

at the Tolentino plant

2.630
tCO₂e

emissions of GHG Scope 1 and Scope 2 Location-based

¹ Data do not include suppliers of Poltrona Frau India Private Ltd.

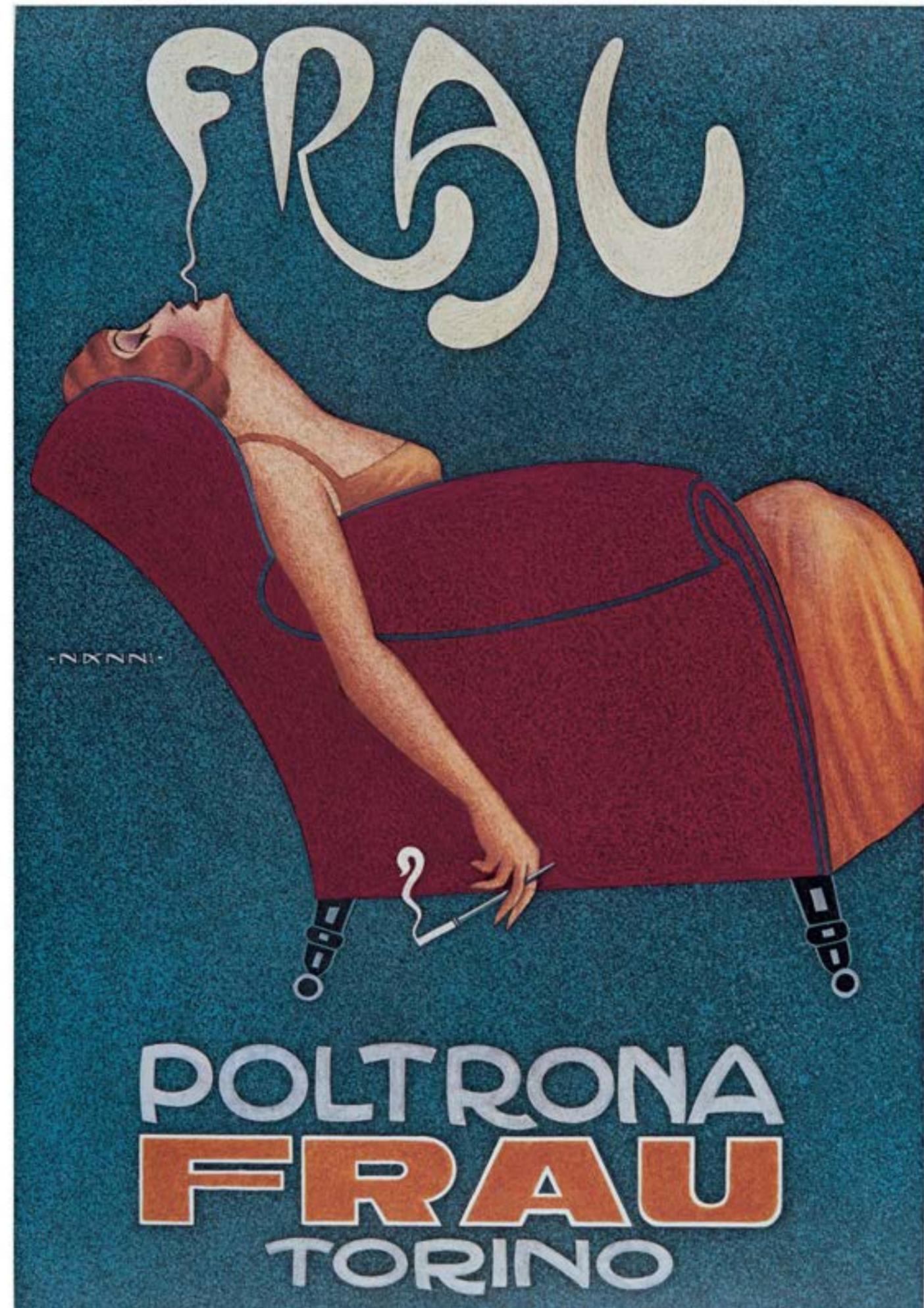
Poltrona Frau
at a glance



Poltrona Frau at a glance

The history of Poltrona Frau

Poltrona Frau S.p.A. was born in Turin in **1912** by a visionary man from Cagliari, Renzo Frau, who set up an initial craft workshop and registered the company's trademark. His style was initially influenced directly by English armchairs such as the Chesterfield but also by the French and Central European schools. Within a short timeframe, the workshop became a factory in which original, modern lines were gradually established, also the result of the contribution of artists and intellectuals who assiduously frequented his "living room". In the 1920s and 1930s, Poltrona Frau represented a status symbol for the Italian upper middle class and the rising film and automobile industries involved it to ennoble their designs.



1926

Renzo Frau's handcrafted workshop comes to furnish the Savoy "Royal House", all the drawing rooms that matter, 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 President Franco Moschini, the company gains new momentum and collaborates 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 welcomed within it, among others, the historic Cappellini brands 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 U.S.-based Haworth Group acquired a majority stake in Poltrona Frau Group, making it a world leader in high-end designer furniture.

2015

Poltrona Frau collaborated with the design department of Parsons School of Design to conduct a workshop with students to create luxury objects and accessories using Pelle Frau® derived by the manufacturing process.

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.

Today the brand Poltrona Frau has the following business units:

Residential

The Residential business unit refers to the design, production and distribution of standard catalogue products of high-end furniture for retail and selected business customers.

Poltrona Frau produces and distributes exclusive, high-quality furniture (of classic and contemporary design), has a strong retail presence, and controls directly the entire production cycle, which involves numerous handcrafted stages.

The catalogue consists of distinct but coherent collections:

- "Renzo Frau Archive" is made up of products designed from 1912 to the 1930s, including well known pieces of furniture such as Vanity Fair (1930), reviewed for its 90th anniversary with the new Vanity Fair XC, Chester (1912).
- "The Collection" is an important range of contemporary products with greater design content, with armchairs, sofas, tables, chairs, furniture and accessories but also pieces which were born in the company or were recovered from the archives of great architects such as Sanluca (1961), Intervista (1989), long sellers with which the company is identified worldwide.
- "The Office" follows and anticipates the new concept of work with the collection designed by Lievore - Altherr- Park, Trust, where the values of sharing and informality coexist together with the high-end Poltrona Frau executive office. A special emphasis on the Home-Office world with specific products. In addition, "La Notte" is a wide collection of leather beds, furniture, complements and accessories.

To complete a lifestyle approach to living, complements and accessories are crucial since they are the result of careful research on shapes, workmanship, and materials.

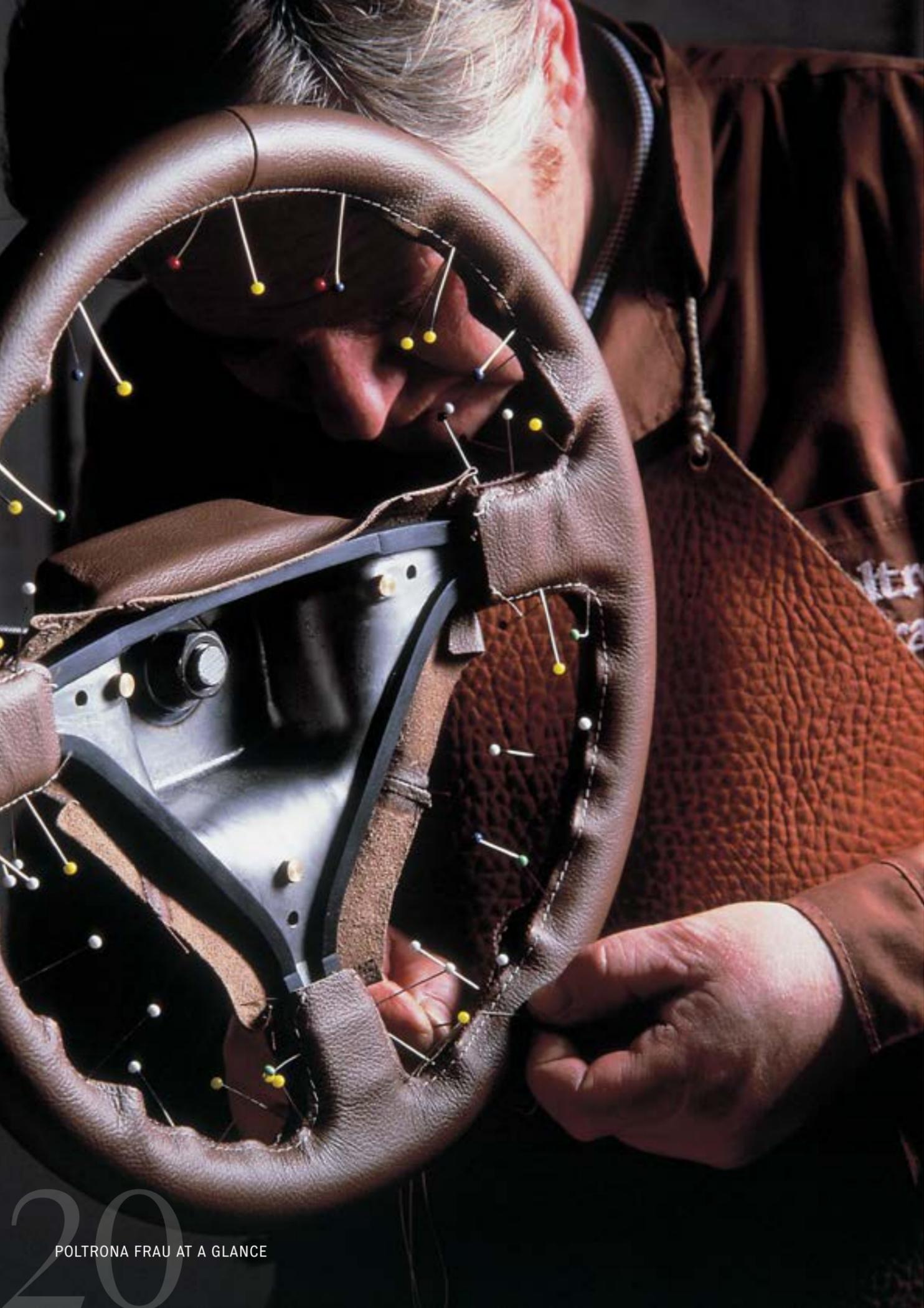
Custom Interiors

The Custom Interiors business unit refers to the supply of high-quality custom furniture for public and community spaces (theaters, auditoriums, cinemas, hotels, restaurants, and airports). The business unit provides comprehensive support and offers solutions for interior projects, with services ranging from design and technical assistance, through production and logistics, to installation and quality control throughout the process.

Today, Poltrona Frau's Custom Interiors is an outstanding international partner, which can follow the same design philosophy as an architect to meet all product, service and regulatory requirements.

About 1,000 projects have been completed, in more than 50 countries, with 20 customizable armchair collections, 1,200 compliance certifications, to meet dreams, ideas, challenges of demanding international architects.





Interiors in Motion

Poltrona Frau has developed over the past decades a very strong know-how in fitting leather interiors for high-end cars, yachts, trains and for the first class of some of the major airlines.

Poltrona Frau's debut in the Car-Interiors In Motion segment dates to 1984. It is based exclusively in the Tolentino plant and is involved in the development, production, and marketing of products, almost exclusively in leather, for interiors mainly in the automotive sector.

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 **first Sustainability Report**.

Geographical presence of Poltrona Frau

Poltrona Frau is based in Tolentino and is the ambassador of traditional Italian design craftsmanship. The company pursues a unified vision of growth and looks at international markets aiming at expanding with penetrating foreign commercial strategies. Poltrona Frau positions in the high-end market and distributes products by signing international projects and opening showrooms and flagship stores. The company is present in the markets in Italy, France, Germany, Switzerland, Belgium, Luxembourg, Netherlands, Spain, Portugal and Austria. In 2021, single-brand stores were opened for the Residential business unit in Spain (Barcelona), Morocco (Casablanca), and China (Hangzhou-Derlook, Hefei, Shijiazhuang, Taizhou, Zhengzhou). In addition, 12 new Branded Spaces were opened (10 in Italy, 1 in the US, 1 in India).

Poltrona Frau ensures its presence on the market thanks to:

• 96
Branded spaces

• 296
Multi-brand retailers

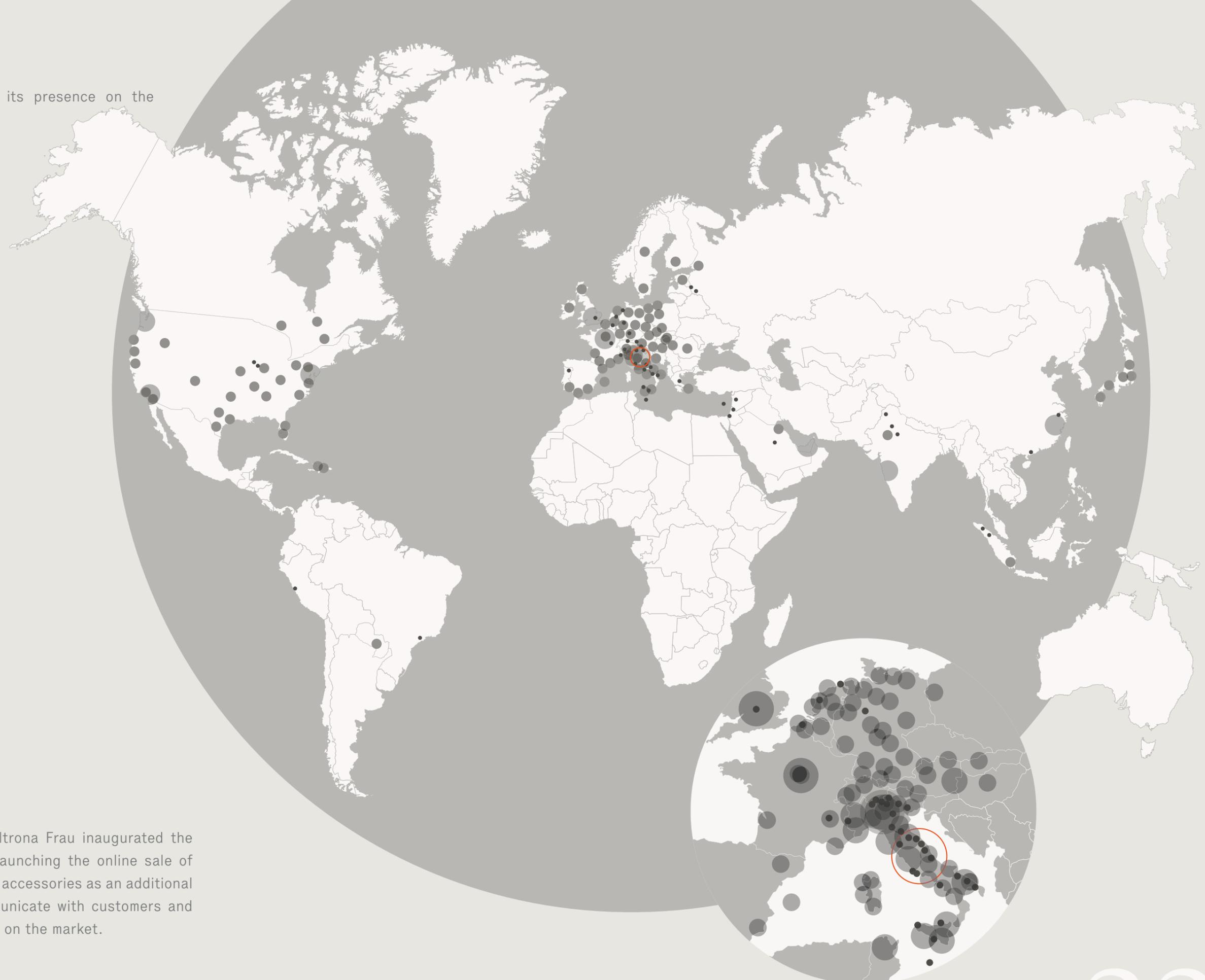
• 62
Single-brand

• 12
Flagship Store and DOS

• 1
Gallery Outlet

○ 1
Headquarter

Starting from 2020, Poltrona Frau inaugurated the **e-commerce channel**, launching the online sale of furniture and furnishing accessories as an additional way to reach and communicate with customers and strengthen its presence on the market.



Global Partnerships

Poltrona Frau recognizes the importance of collaboration and participation in important associations that play a central role in the sector in which the company operates.

In particular:

- **Associazione Italiana Archivi e Musei d'Impresa**, hereinafter Museimpresa, brings together over 100 museums and archives of large, medium, and small Italian companies. Since its foundation in 2001, at the behest of Assolombarda and Confindustria, Museimpresa has been committed to the creation of a system of archives and corporate museums, the spread of quality standards and the promotion of the concept of corporate cultural responsibility.
- **Fondazione Altagamma**, brings together companies of high cultural and creative industries that promote excellence, uniqueness and Italian lifestyle in the world. Since 1992, it has pursued the objective of contributing to the growth and competitiveness of Italian cultural and creative industries.

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 other awards Poltrona Frau has been included among the **Marchi Storici di Interesse Nazionale dal Governo**.

Here is a review of the most recent prizes won by Poltrona Frau.

2021

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

2020

ARCHIPRODUCTS DESIGN AWARD - KYOTO
WALLPAPER DESIGN AWARDS - KYOTO
INDIGO AWARDS - Poltrona Frau website
FSC® FURNITURE AWARD - Living and Accommodation category

2019

WALLPAPER DESIGN AWARDS - Soffi
INTERIORS DESIGN AWARD - COUPE' bed
ARCHIPRODUCTS - COUPE' bed

The governance of Poltrona Frau



The governance of Poltrona Frau

Poltrona Frau S.p.A. is an Italian company founded in 1912, whose registered office is in Meda (MB), Via Luigi Busnelli 1. The Company is the parent company of the Corporate Group consisting of Poltrona Frau S.p.A. and its subsidiaries. It is one of the main Italian groups and an international leader in the design and high-end furniture sector.

Since 2014 fiscal year, the company has been directly controlled by Haworth Italy Holding S.r.l., which is a wholly owned subsidiary of the English-registered company Haworth UK Holdings Ltd. managing and coordinating activities of Poltrona Frau S.p.A.

Poltrona Frau bases its business model on a structured governance system that makes possible the pursuit of medium- to long-term business objectives and the creation of sustainable and shared value, according to the principles of transparency and integrity of the company.

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

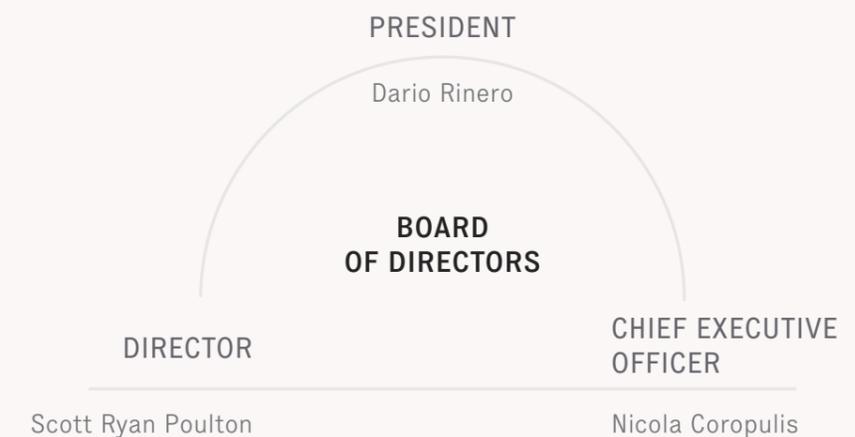
- Board of Directors (BoD);
- Board of Statutory Auditors;
- Legal auditor;

Currently consisting of three members, the Board of Directors manages both ordinary and extraordinary activities of the company and has the authority to perform all acts deemed appropriate to achieve the corporate purpose, excluding only those reserved to the shareholders' meeting by law.

The Board of Statutory Auditors is the body that defines and pursues the strategic objectives of the company and its subsidiaries. It consists of five auditors: three regular members and two alternate members.

To strengthen Poltrona Frau's commitment to an increasingly integrated sustainability

management approach, the Group is defining a **Sustainability Committee** aimed at identifying, preempting and managing the main opportunities at the environmental, social and governance levels.



Business ethics and integrity

Poltrona Frau inspires the conduct of its business by values that are considered priorities and uses a solid ethical system oriented to the highest ethical values of honesty and respect. The company affirms that fairness and lawfulness in work and business constitute and will always constitute an essential value.

All the company's relationships and activities are conducted in compliance with the **Code of Ethics**, hereinafter the "Code," which was drawn up with the aim of defining and expressing the fundamental values and ethical principles that Poltrona Frau follows while conducting business and corporate activities. The recipients of the Code are the corporate bodies and their members, employees, workers, including temporary workers, consultants and collaborators in any way, proxies and any other person who may act in the name and on behalf of Poltrona Frau.

The Code identifies and formalizes the values, principles and rules of conduct that underlie daily actions aimed at ensuring 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:** ensuring adequate transparency of decision-making processes and choices made;
- **Confidentiality:** protection of information acquired in the performance of one's work;
- **Collaboration:** cooperation among directors, employees and collaborators and development of synergies among the various individuals that take part in the company's activities;
- **Enhancement of human resources:** recognition of expertise and competence of individual employees, promoting the enhancement of human resources through training and refresher courses;
- **Transparency and information:** full transparency of the choices made, with the goal of keeping and developing 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 dignity with production. Poltrona Frau respects the environment as a resource to be protected, for the benefit of the community and future generations.

Proper compliance with the Code of Ethics is controlled by the **Supervisory Board**. The corporate bodies and their members, employees, consultants and coordinated and continuous collaborators, agents, proxies and third parties acting on behalf of the company are required to provide maximum cooperation in facilitating the performance of the functions of the Supervisory Board.

In addition, the company has executed an **Organization, Management and Control Model** in compliance with Legislative Decree No. 231 of June 8, 2001, which introduced administrative liability of entities into the Italian legal system.

The Model aims at ensuring the corporate bodies, employees as well as all those acting on its behalf always operate in compliance with legality and therefore do not commit offenses that could result in the application of one of the pecuniary and/or disqualifying sanctions that Legislative Decree No. 231/2001 provides for if such offenses are implemented to the advantage or in the interest of the Company itself. Poltrona Frau also implements principles aimed at the prevention of corporate crimes and bribery among private individuals within the values contained in the Code.

In 2021, this commitment takes the form of promotion and communication of policies and procedures adopted by Poltrona Frau to all members of the governance body, staff, business partners and external collaborators by providing **188 training hours** on the Code of Ethics and on preventing from corruption incidents.

Finally, Poltrona Frau provides employees with a **Whistleblowing System for reporting any potential infringements**, wrongdoings or frauds suffered or as a witness in their own work context. The company installed at each work location a "physical" mailbox dedicated to the collection of reports, guaranteeing the reporter confidentiality and protection from any form of retaliation.

The attributes of Poltrona Frau

Poltrona Frau's vision is to be recognized worldwide as an absolute and sustainable excellence in leather furniture and upholstery for home, public spaces and luxurious transportation interiors. To create a unique, original, handmade product, Poltrona Frau uses the world's most advanced technology - "the intelligence of the hands" - where each product is designed to "be beyond time" so that it will last for generations. The goal is to constantly innovate by designing products with a classic, contemporary, and cosmopolitan style thanks to the continuous research of new stylistic and technological solutions.

As part of the Haworth Italy Holding S.r.l. Group, Poltrona Frau is inspired by the same seven key values that guide the companies' and employees' actions.

CULTURAL HERITAGE

We have a great future behind.

TIMELESS PRODUCTS

Many people wrote our history. That's why it is unique.

DURABILITY

Every product is born from our hands, conceived to be durable throughout generations.

INTERNATIONAL APPROACH

Born in Italy. Grown all around the world.

RESEARCH AND INNOVATION

Precisely because we are over 100 years, we never stop innovating and thinking about the future.

ARTISANAL CULTURE

We use the most advanced technology in the world: the intelligence of the hands. Wise guarantee of attention to the details and unicity.

SUSTAINABILITY

We aim at enhancing every environment, including the one where we live in.

Born in Italy, but with an international vocation, Poltrona Frau looks to markets as a fundamental and aspirational brand. For Poltrona Frau, the most exclusive luxury is time. The company is distinguished by the excellence of its finishes, such as the 275 leather-covered tacks to be tapped one by one on the back of a Vanity Fair chair, and by aesthetic sensitivity in a design that combines beauty and comfort for a timeless product. The company is committed to creating functional, but at the same time elegant and evocative objects, inspired by tradition and designed by imagining the future. Solutions designed for everyday living and the result of the company's heritage to satisfy emotions and needs of demanding and sophisticated international clients.



Shared value creation



Shared value creation

Economic value produced and distributed

The economic value generated by Poltrona Frau in 2021 is 198.5 million euros, with an increase of 19% compared to 2020. However, it is necessary to point out that 2021 year was affected by the pandemic, which significantly impacted all the economic values. Therefore, from the comparison between 2021 with 2019, it emerges that Poltrona Frau returned the retained economic value to pre-pandemic levels. Specifically, the distribution of value to public institutions and employees increased from 10.9% in 2019 to 11.4% in 2021.

Information on the company's operating performance is reported below.

Direct economic value generated and distributed (thousands of euros)

	2019	2020	2021
Direct economic value generated*	205,973	166,825	198,469
Direct economic value distributed	183,429	151,919	175,900
Operating costs*	139,130	112,473	128,241
Employee wages and benefits*	39,234	35,400	41,485
Payments to providers of capital	849	328	296
Payments to government	4,216	3,718	5,877
Economic value retained	22,545	14,906	22,569

*They include the direct economic value generated 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

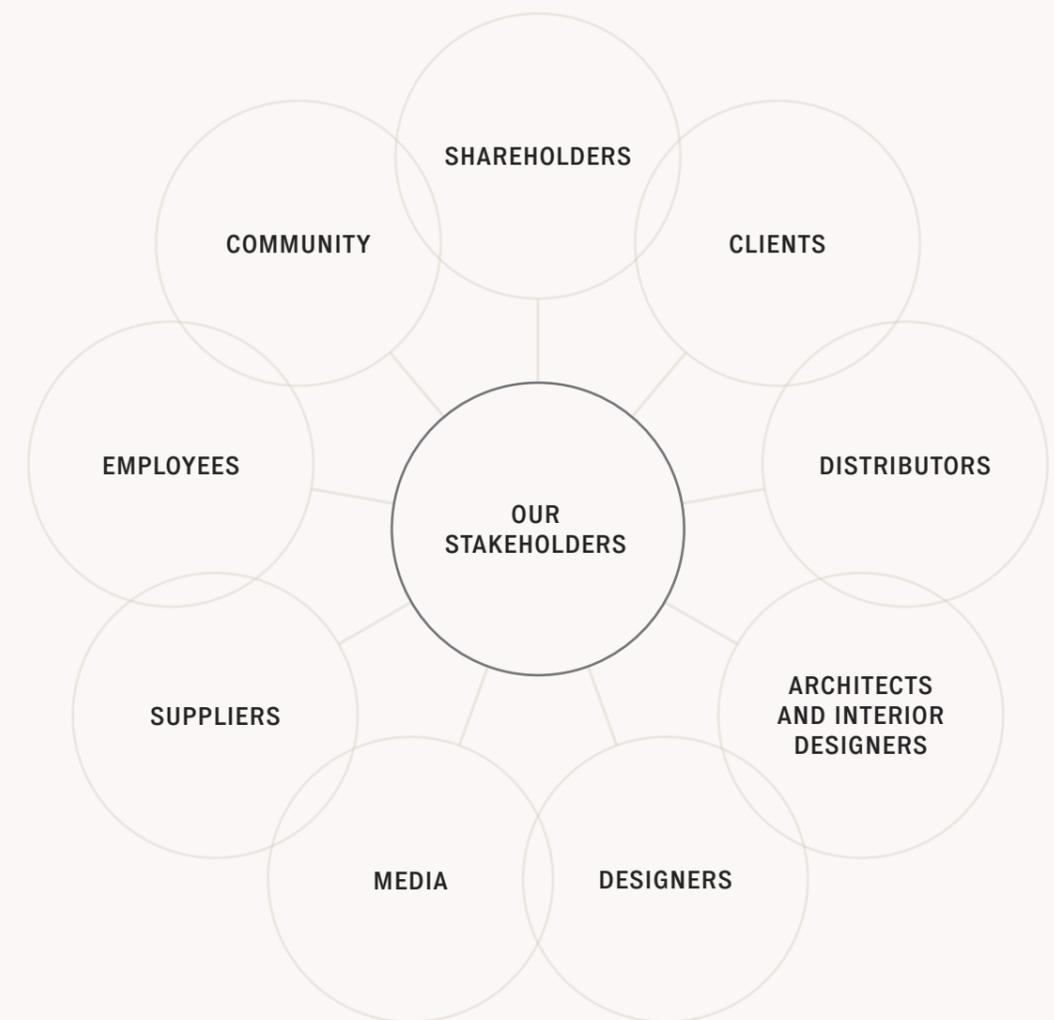
The company adopts a **Policy for Quality, Safety and Environmental and Social Sustainability** that is the main point of reference for those who work at Poltrona Frau.

The Policy aims to orient the company's growth model to the full satisfaction of customer and stakeholder expectations, environmental sustainability, and respect for the health and safety of employees, in the interests of the organization and its stakeholders.

According to the company, the activities prescribed by the Integrated Quality, Safety, Environmental and Social Sustainability System should be pursued by every employee and collaborator. In such regard, each contribution suitable for the improvement and evolution of the organization is considered valuable. Therefore, Poltrona Frau is committed to achieve the objectives set forth in the policy as well as to inform and involve all personnel and external stakeholders about the goals, objectives, tools, and procedures that enable the implementation of the Integrated Management System.

Stakeholders

Poltrona Frau builds stable and lasting relationships. The company aims at identifying and understanding the needs and expectations of stakeholders through a **process of dialogue and stakeholder engagement**, with whom the company has a relationship and identifies issues that are important for both the company and its stakeholders. Here below is a representation of Poltrona Frau's key stakeholders.



Material topics: materiality analysis

During 2022, Poltrona Frau initiated a **materiality analysis process** to identify the most relevant of the company's activities aspects in 2021 and that may have an impact within the context in which the company operates.

Poltrona Frau has taken as a reference GRI Standards, which are the most widely used reporting system internationally. According to GRI Standards, material topics are defined with respect to their ability to significantly influence the decisions and opinions of stakeholders, as well as in relation to their impact on the company's performance.

The materiality analysis process consisted of the following three stages:

1° IDENTIFICATION OF THE RELEVANT TOPICS

--> During this phase of identifying potential material topics, a benchmark analysis, research and desk analysis were conducted, in which internal and external sources were examined, taking into consideration sources such as reports and articles on context trends, sector trends and regulatory evolution. The result of this activity led to the identification of a long list of potentially applicable topics for Poltrona Frau.

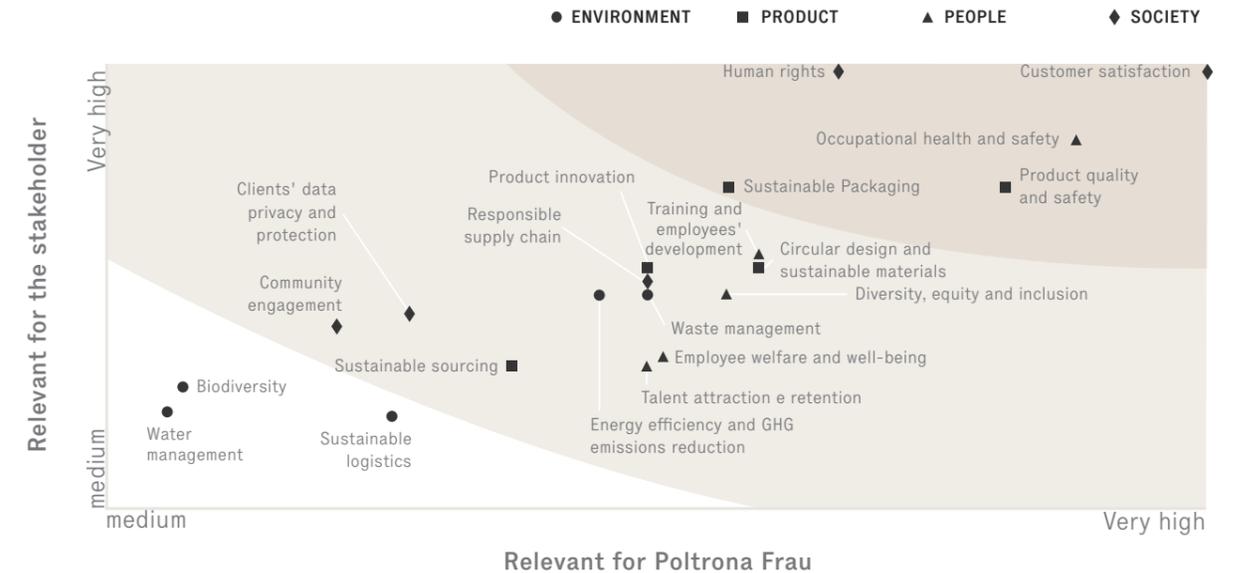
2° PRIORITISATION OF MATERIAL TOPICS

--> To identify the topics that can substantially influence the economic, social and environmental performance, a workshop was held with the key management team of Poltrona Frau. Being the first year of reporting, this group was called upon to assess the issues from two perspectives, the perspective of the company and that of its stakeholders. The identified topics materialized in the construction of the materiality matrix where:

- the x-axis shows the relevance of the topics for the management team of Poltrona Frau;
- the y-axis shows relevance of the issues for the stakeholders;

3° VALIDATION OF THE RESULTS AND THE MATERIALITY MATRIX BY THE BOARD OF DIRECTORS

--> The matrix that represents the topics identified as material are located in the upper right area of the matrix is illustrated below, divided into four macro areas: Environment, Product, People and Society.



The three topics with the highest priority for both Poltrona Frau and stakeholders are the following:

- **Customer satisfaction:** to establish trusting and transparent relationships with customers by providing more innovative and sustainable products and services that meet customers' demands and needs while ensuring a valuable customer experience throughout the entire product life cycle.
- **Employee health and safety:** to promote health and safety in the workplace, in line with the requirements defined by current directives, through an approach based on continuous improvement and ensure the highest standards of health and safety by increasing risk awareness and promoting responsible behavior among staff.
- **Human rights:** to prohibit any kind of human rights violations, child labor and/or forced labor, within the company's operations and along the supply chain.

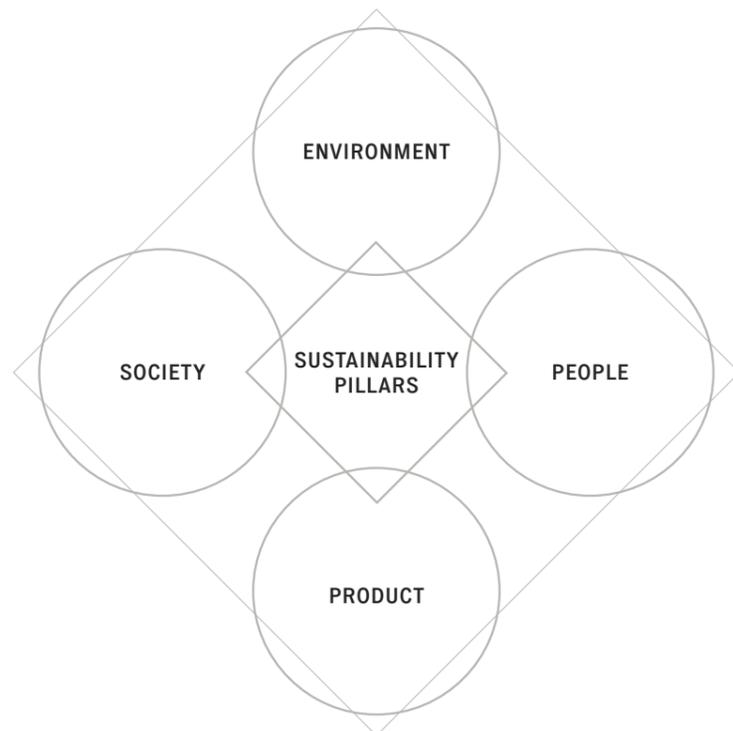
In addition, topics in the macro-category "Prerequisites" are necessary for good corporate governance and business management. They have been therefore included in the non-financial reporting, although not assessed within the materiality matrix. "Prerequisites" topics are shown below:



Sustainability pillars

Poltrona Frau incorporates the main areas of Haworth's sustainability strategy within its Plan ([Corporate Social Responsibility Report 2021](#)), since it is part of the Lifestyle Design Group (formerly Poltrona Frau Group) subject to the direction and coordination of Haworth.

The Sustainability Plan was approved by the Board of Directors in 2022. It has four pillars that reflect the company's commitments on each material topic and indicates concrete actions and activities towards a solid and long-term sustainable growth.



Sustainability Plan

The sustainability strategy is integrated into Poltrona Frau's business. The Sustainability Plan is based on the material topics that emerged from the materiality analysis and the corporate pillars. It allows to identify the relevant areas on which the objectives should be defined according to the business model of the company, its activities and the sustainability priorities that emerged from the discussion with stakeholders.

Poltrona Frau contributes to save planet and its resources, people and community by contributing to the **United Nations 2030 Sustainable Development Goals (SDGs)**. Namely, Poltrona Frau's targets contribute to the 2030 Agenda for Sustainable Development and the related 17 SDGs with 169 targets, which aim at fighting against poverty and inequalities and supporting sustainable development.

In the following table, for each material topics, all the SDGs to which the company contributes, the goals of the Sustainability Plan, the initiatives related to the goals and the target year by which they will be achieved are reported. Within the Plan, one or more targets and strategic initiatives have been defined for each material topic. 2021 is the base year for all identified targets.

MATERIAL TOPICS	SDGs	TARGETS	INITIATIVES		TARGET YEAR
			RESIDENTIAL CUSTOM INTERIORS	INTERIORS IN MOTION	
Energy efficiency and GHG emissions reduction		Cut greenhouse gas emissions in half	Charging stations for electric cars		2030
		Net-zero emissions	New policy on sustainable mobility		2050
	 	100% renewable energy sourcing for electricity for manufacturing facilities	Auto-generated renewable energy Purchase of renewable energy		2025

Waste management		Zero waste to landfill for manufacturing sites and world headquarters	Improve waste sorting Monitoring of waste recycled	2025	
		Maximize material efficiency and ensure the highest value use of production waste	Recover of leather scraps Installation of highly technological machines for minimizing production scraps (nesting) Leather recyclability pilot project	2025	
		Reduction of % of waste for incineration	Reduction of % of waste for incineration	2025	
		Water management	Raise employee awareness on responsible consumption of water	Installation of timed taps	2025
Biodiversity		Publication of a no-deforestation policy	Reach the 100% sustainable wood chain	2025	
		Implementation of initiatives for the reforestation	Implementation of initiatives for the reforestation	2025	
Circular Design and sustainable materials & Product innovation		Publication of Circular Design Guide	Publication of Circular Design Guide	2025	
		100% of new products designed according to the principles defined in the Circular Design Guide	Annual increase in the use of "Impact Less" leather Use of tools to measure products' circularity Promoting and favoring the use of sustainable materials	New products with Lifecycle Assessment (LCA)	2025
		100% of new products evaluated with a Lifecycle Assessment (LCA)	Implementation of a tool to measure products' environmental impact Creation of training modules on sustainability and LCA for employees	Monitoring the % of new products with Lifecycle Assessment (LCA)	2025
		Sustainable solutions for customers' used furniture, including repair, refurbish, reuse, recycle, and/or remanufacture	Creation of a product digital passport		2025

Responsible sourcing & Responsible supply chain & Human rights		Publish a Supplier Code of Conduct	Disclosure on human rights	2025
		Definition of a Responsible Sourcing policy	Definition of a Responsible Sourcing policy	2025
		100% of Tier 1 suppliers signed the Supplier Code of Conduct	<i>Initiatives under definition</i>	2025
		100% of new Tier 1 suppliers signed the Supplier Code of Conduct	Monitoring of the percentage of new suppliers who signed the Supplier Code of Conduct	2025
		100% of Tier 1 suppliers are screened according to responsible sourcing criteria	PG AS 07 system procedure for the socio-environmental qualification of suppliers Socio-environmental audits	2025
		100% of new Tier 1 suppliers are screened according to responsible sourcing criteria	Monitoring of qualified suppliers	2025
		100% of leather from sustainable sources	Purchase of leather from sustainable sources	2025
		10% of leather from sustainable sources	Collaborations with partners	2025
		Optimization of the leather cut	Nesting activities to reduce leather waste, i.e., leather cut geometrical optimization	2025

Sustainable packaging		100% renewable, reusable, recyclable, or compostable packaging	Creation of separable packaging Pilot program for a self-composed cardboard or polyethylene	Use of cardboard packaging Reusable packaging initiative Reusable packaging with Tier 2 suppliers	2025
		Definition of a policy to ban the use of certain chemicals	Reduction of galvanic treatment Development of a water-based biotape adhesive		2025
Product quality and safety		YoY reduction of the number of parts per million		Monitoring the defective rate	2025
		Set up a Diversity & Inclusion Committee that raises awareness and promotes initiatives about these topics		Workshop on D&I with Haworth	2025
Diversity, equity and inclusion	 	Foster and sustain diversity, equity, and inclusion of employees	Increase the number of women in the Board of Directors and/or management of Poltrona Frau	Set up initiative to spread D&I themes Creation of internal cross-functional team	2025
		100% of employees received training on diversity, equity and inclusion		Creation of a gender diversity dashboard	2025
		100% participation of employees in development programs to advance individual and organizational sustainability goals		Definition of development programs to support individual and organizational sustainability goals, involvement and participation of Poltrona Frau's employees	2025
Training and employees' development	   	Providing and promoting learning and career opportunities for employees		Mid-year and annual performance reviews	2025

Employee health and safety	  	Raise awareness through safety training addressed to employees		Raise awareness through safety training addressed to employees	2025
		Development of initiatives on health and safety (e.g. workshops, webinars, etc.)		Development of initiatives on health and safety	2025
		Zero injuries		Near miss and incident recognition	2025
Talent attraction and retention	  	100% of managers who received a periodical performance assessment		Yearly Performance appraisal for all managers	2025
		Implementation of training courses		Partnerships with technical and business schools and universities	2025
Employee welfare and well-being	  	Promote an inclusive welfare plan developed on different areas (e.g. Family, Health and Safety, Finance, etc.)		Drafting of welfare plans	2025
		Perform an annual employee engagement survey		Participation in the engagement survey	2025
Community engagement	 	Promote community engagement through volunteerism and educational opportunities		Selection of volunteering initiatives to support	2025
		Promote events in the museum at least once a year		Identification of activities and initiatives to be hosted in the museum	2025
Customer satisfaction		Allow 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		Product digital passport	2025

Customer data privacy and protection		Compliance with the regulations on data privacy and protection	Data mapping	2025
		Avoid to the maximum possible extent data breaches	Implementation of cybersecurity measures Data breach training	2025
		Maintaining and auditing cybersecurity policies already in place	Check cybersecurity measures	2025
		At least 80% of employees who work with systems of Poltrona Frau received annual training on data protection & cybersecurity practices	Organization of training	2025





PRODUCT



Product

Since its foundation, Poltrona Frau has been making products of high durability, intended to last over time and clearly marked by a remarkable consumption model, using natural materials such as leather, wood and natural yarns.

Poltrona Frau relies on the passion and experience of generations of expert craftsmen who have passed on from father to son their unique wisdom, rooted in the centuries-old tradition of high Italian craftsmanship, to recreate beautiful and exclusive artifacts every day and enrich everyday life with taste, quality and comfort.

The propelling center of Poltrona Frau is the Tolentino production site, in the Marche region, a factory that combines manual execution with the most sophisticated technologies and meticulous quality control. It is supported by a well-equipped **in-house Laboratory**, which explores and analyzes strategic materials used in the production process.

From residential to office, public space, outdoor and interior design for high-end automobiles, Poltrona Frau has developed over time specific capabilities in leather processing, for which it has defined its own quality standard arranged and shared with its selected suppliers and identified with the registered trademark "**Pelle Frau®**" with more than 21 steps in the tanning process, to make leather always alive and functional according to taste, design and intended use.

HOW PELLE FRAU WAS BORN

Since its beginnings, Poltrona Frau has based its production and manufacturing process on leather furniture. Leather is the focus of research seeking the lower use of energy resources and substances impacting environment and humans and aimed at animal welfare and worker safety.

As a leader in the material expression of leather, Poltrona Frau established the **in-house Department of Leather Research & Development**, an excellence among the sector's

companies, with the goal of being the sole reference in the leather research and development. Continuous research on alternative materials and treatments is conducted within the Department, with attention both to circular design of the product and to improving the real impact of the entire life cycle of products.

Poltrona Frau also conducts ad-hoc audits of the Pelle Frau® supply chain from the sourcing stage. Poltrona Frau chooses livestock exclusively from farms that comply with the European Directive 98/58/EC and the international animal health strategies promoted by the OIE - the World Organization for Animal Health - which define animal protection standards on living conditions, feeding and slaughter.

Pelle Frau® process:

- **Tanning**

Tanning is one of the most delicate steps in leather processing; it allows the dermal tissue to be stabilized and made indestructible, giving it the elasticity and strength characteristics that guarantee Pelle Frau®'s durability. The leather used comes from cattle hides only sourced in Europe and equipped with an ICEC TSPC 410-2 certified traceability system. Poltrona Frau's tannery-related partners are mainly located in Arzignano, in the province of Vicenza, and are Leather Working Group (LWG) certified.

Before being immersed in the tanning drums, in this stage the cattle coats are prepared with some preliminary steps that serve to bare the skin in order to begin the process of selecting the coats and the upper dermis layer, which in the case of Pelle Frau® is always "full grain".

- **Retanning**

After a careful selection of Pelle Frau leather, it is time for retanning. From the combination of chemical and mechanical actions aimed at defining the type of article, the final aspects of Pelle Frau hand, feel, texture, body, grain and luster are determined. Coats are dyed with anilines by dipping and through the mechanical action of the drum. To give greater elasticity, softness and resistance to tearing, the leathers are fat liquored. Palisading softens and mellows the hand of Pelle Frau® and gives a more or less distinct grain appearance to the surface. Pre-drying and drying remove the moisture from the leather. Drying completes the process and, by fulling, softens and rehydrates Pelle Frau to provide it its distinctive feel.

- **Finishing**

The finishing process is the combination of chemical and mechanical actions to even out the color and protect the surface layer. This stage concerns only pigmented and semi-aniline leathers and is aimed at improving the technical performance and the product's final look. Protection given by spray or by hand can have different compositions: pigmented, transparent, with oils and waxes, each giving a special aesthetic appearance to any of the collections.

Product quality and safety

Attention to quality marks each stage of the company's production. In each production step, from the acquisition of raw materials to the final product, Poltrona Frau researches the quality of products through constant checks and controls to guarantee products' uniqueness, functionality and ability to satisfy the most demanding customers.

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

In the Testing and Quality Control area, as evidence of Poltrona Frau's commitment to the excellence of its products and the satisfaction of its customers' present and future needs, the strength, safety and elasticity of all materials and products are tested to comply with the strictest international standards. The Quality Management System certification against the **UNI EN ISO 9001** norm guarantees high organizational and performance standards by planning and monitoring processes, methods, requirements and quality parameters.

QUALITY AND SAFETY IN THE RESIDENTIAL DIVISION

Poltrona Frau Residential has always been characterized by a high degree of craftsmanship, attention to detail and the use of high-quality raw materials.

Poltrona Frau Residential's approach focuses on product longevity, achieved by using high-quality materials, engineering and product testing, which consequently allows for less waste and pollution. In order to ensure products to meet expectations, an internal product design procedure is followed. Such procedure guarantees each product's durability and suitability for maintenance and repair.

Starting from the design stage of new projects to the production stage, the company makes a major safety commitment to consumers. Product testing for compliance is performed at internal or external laboratories, in line with the mandatory market quality requirements listed below.



Electrical and electronic products

- The **Underwriters Laboratories (UL)** is an independent body active in the security industry, operating objectively and reliably in many areas. This certification meets the requirements stipulated by the U.S. market.
- The **China Compulsory Certification (CCC)** certifies the product's safety, electromagnetic compatibility and environmental protection standards. This certification is a mandatory requirement for all products manufactured in or imported into China.
- The **CE marking** is 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)** is a no-profit trade association for corporate and institutional furniture manufacturers. It sets standards for the stability, strength and fatigue performance of office furniture, educates on their importance and application and translates their necessary complexity into more easily understandable and implementable formats.

Upholstery

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

The entire internal function and external auditors are involved to plan and verify Poltrona Frau's mission. Bi-weekly alignment meetings are held between the Quality & Safety and the R&D functions for all the new products' research and development activities, while weekly meetings are carried out between the Quality & Safety function, the Supply Chain and the production team. During the inter-functional meetings, in the presence of new Regulations and non-conformities, the Quality & Safety function starts to:

- Understanding and studying the new Rules with specific advice;
- Delivering the tool to the Technical Office to move on to study new solutions;
- Approving the solution and strategy developed by the Technical Office;
- Carrying out monitoring test.

Poltrona Frau Residential is subject to product quality and safety monitoring tests by **TÜV Italia S.r.l.**, an independent certification, inspection, testing, auditing and training body, which offers quality, energy, environment, safety and product management certification services.

Although not mandatory in Italy, some products are **Volatile Organic Compounds (VOC)** certified. VOC test measures the amount of volatile organic compounds released by a product and labels it according to a series of classes of merit.

In the past three years, there have been **no cases of non-compliance with laws, regulations or self-regulatory codes.**

QUALITY AND SAFETY IN THE INTERIORS IN MOTION DIVISION

The context in which Poltrona Frau's Interiors In Motion division operates, tends to change with the evolution of the market and its expectations, technological innovations, applicable current regulations, company size and human resource base.

The commitment of the Poltrona Frau Interiors In Motion division is to fully compete in the international automotive market by ensuring customer care, excellent quality and long-lasting products. Its ultimate goal is to achieve a reduction in internal and external non conformities and, consequently, defects prevention and product waste production.

To this end, a **Quality Policy** is in place within the Poltrona Frau Interiors In Motion Division that complies with strategies and other corporate policies, identifying the specific objectives to be pursued in quality-related activities. Verification of effectiveness and efficiency is reviewed periodically by the management of Poltrona Frau's Interiors In Motion Division.

The Quality Management System complies with the requirements of **UNI EN ISO 9001:2015** and the automotive standard **IATF 16949:2016**, which is recognized by component manufacturers (OEMs) and major carmakers. The System is meant to:

- Showing the Company's ability to systematically provide products that comply with customer requirements, applicable regulatory requirements and those established by Poltrona Frau itself;
- Increasing customer satisfaction through the effective application of the Quality Management System, including the continuous improvement process.

In order to ensure the products quality and safety, Poltrona Frau identifies and tracks materials to identify the product that may contain a nonconformity through:

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

Poltrona Frau performs product analyses carried out by its own internal laboratory or accredited external laboratories. The company conducts annual **Internal Audits** on all shifts and business processes to verify the compliance of the Quality Management System with the contents of IATF 16949 and ISO 9001 standards using qualified assessors. In addition, Poltrona Frau audits its suppliers to assess and monitor supplier risks and to support suppliers' quality management system development. The personnel are trained whenever new activities or job changes may affect the quality of the Product and informed about the consequences of non-compliance with the customer's requirements.

Over the past few years, Poltrona Frau has strongly contributed to the reduction of environmental impacts in terms of decreasing production waste. The company reduced from a total of 1.02% of NQC (not quality cost - not compliance parts) on 2019 sales to 0.60% of waste on 2021 sales. To date, there have been **no instances of non-compliance with laws, regulations or self-regulatory codes**.

The company is committed to developing phased implementation programs of its suppliers' quality systems, having as their ultimate goal to comply with the IATF 16949:2016 technical specification.



Circular design, sustainable materials and innovation

Poltrona Frau counts on unrivaled craftsmanship and experience, attention to detail and selection of excellent materials to create objects designed for home, office, leisure places and vehicles furnishing. The experience has taught the Company to think, choose and wait in order to obtain contemporary furniture pieces that have the ambition to become and remain classics for generations. That is why the choice has always been to use durable materials and techniques, to guarantee a sustainable path and long-term reliability to the final customer.

At Poltrona Frau, the circular economy model has always been innate in the products design, which are conceived to be easily disassembled at the end of their life - in order to separate and recycle waste - as well as repaired and maintained during their lifetime. Each piece of Poltrona Frau furniture comes with a maintenance kit, containing products for proper care and cleaning, allowing customers to change old upholstery or receive special assistance from the company on any minor damage.

Research and development represent the main source of technological and stylistic innovation in the company's product range. R&D is mainly focused on achieving conscious production and purchasing procedures, ensuring less use of energy resources and environmentally impactful substances.

Specifically, research and development activities, carried out in full consistency with the respective business model, are focused on the following activities:

- Product portfolio analysis and benchmarking of major competitors;
- Definition of product development plan;
- Creation of style models both in-house and in collaboration with designers;
- Design and industrialization of products complying with defined styles and assigned cost and time targets.

New products development is carried out in accordance with quality requirements and international standards related to the industry.

Resources invested in the research and development process are aimed at continuously improving the company's specific competencies, being a distinguishing feature among other competitors, and in particular:

- Direct and complementary relationship with some of the most important designers,

which allows for the anticipation of engineering activities at the stage of creating style models;

- Craft expertise in the processing and use of 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 finishes).

The **Testing Laboratory** provides scientific validation to the work of the Pelle Frau Research and Development Center. Since 1986, Xenon tests, fleximeters, dynamometers, abrasimeters, climatic chambers and equipment for determining the structural strength and durability of seats have been carried out in the Tolentino laboratory, moving synchronously to always ensure compliance with specifications, safety and quality expected by the end customer before each project is validated.

CIRCULAR DESIGN, SUSTAINABLE MATERIALS AND INNOVATION IN THE RESIDENTIAL DIVISION

Poltrona Frau Residential's production process uses natural materials - leather, wood, marble, metal - treated as little as possible, to stress and emphasize their intrinsic beauty. These are made unique by technologically advanced finishes and processes specifically designed for the brand.

Uniqueness, beauty and good design are emphasized in each product. The knowledge and culture of making are transferred to the crafting of wood, marble, stone, glass and metals that express the same extraordinary quality and craftsmanship in its designer furniture.

Below the main materials used by the Residential division are reported:

- **Wood:** from the beech interior frames of the most historic furnishings, to the natural solid woods that make up indoor or outdoor designer furniture, the furnishings show the utmost attention to selecting quality woods and sourcing them from controlled sources such as **Forest Stewardship Council (FSC)**.
- **Marbles:** the beauty of this ancient material 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 according to the ancient tradition of Venetian masters, is celebrated in refined designer furnishings.

FOCUS: PELLE FRAU® IMPACT LESS

- **Stones:** the natural stones refinement embellishes interiors with 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, steel rods or die-cast aluminum structures are the building blocks of many of Poltrona Frau's designer furnishings for both indoor and outdoor use.

In the long and fascinating history of leather as the company's prime material, Poltrona Frau Residential has created a neologism called **Leathership®** that embodies the essence of a long experience on materials, continuous research and innovation. Leathership represents a registered trademark, today internationally recognized. A word that encloses the primacy in research and development of Pelle Frau®, since 1912 a material of choice with rich tactile and visual potential. Today, Leathership® encapsulates the meaning of a long experience on materials, leathers, fabrics, marbles and woods, combined with continuous research and innovation.

Beginning with studies performed over the past few years, Poltrona Frau plans to launch, during 2022, the innovative **Pelle Frau® Impact Less** as the result of a more ethical and conscious choice, representing the corporate identity through the concepts of innovation, design, craftsmanship and performance.

Pelle Frau® Impact Less entails the least possible impact that this area of production causes on the environment. It is a recycled material, tanned with sustainable components and without the use of chromium, which allows for a 15% reduction in total chemical use and a 10% reduction in total water consumption, thanks to cutting-edge technologies in wastewater recovery.

Poltrona Frau also subjected Pelle Frau® Impact Less to a Lifecycle Assessment, which established a 10% reduction in CO2 emissions.

Pelle Frau® Impact Less is a concrete sign of a strategic path in sustainability. By 2030, the company is committed to ensuring its entire Pelle Frau offering to become Pelle Frau Impact Less.

Pelle Frau® Impact Less means:

- Traceable and certified sourcing;
- Elimination of chromium in the tanning process;
- Compensation in CO2 emissions;
- United Nations Certified Emission Reduction (CER) projects.

Poltrona Frau Residential has issued a product design internal procedure. By following it, product compliance with durability requirements and suitability for maintenance and repair is ensured. Bi-weekly monitoring of the results, with a cross-functional meeting, is carried out.

Along with this procedure, the company has introduced a durability test monitoring check list and offers both factory and home maintenance service to all customers, with or without an active warranty.



FOCUS: LIFECYCLE ASSESSMENT FOR POLTRONA FRAU PRODUCTS

In recent decades, attention to environmental protection has led to the development of tools for assessing environmental impacts. Since 2019, Poltrona Frau Residential has been collaborating with the Polytechnic University of Marche in a number of projects. With the aim of assessing the materials-related environmental impacts, the leather-generated impacts and the waste released into the environment during the entire life cycle of the company's process, the following products have been the objects of Lifecycle Assessment (LCA):

- Let It Be sofa;
- Aida armchair;
- Vanity Fair armchair;
- Archibald armchair.

Within the LCA, the following environmental impact indicators were evaluated:

- **Acidification**, i.e. 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**, which is the disturbance of the nutrient balance in soil and streams/ water reservoirs due to increased nutrient emissions, e.g. nitrogen;
- **Global warming**, or the increase in global average atmospheric temperature caused by the increase in the concentration of greenhouse gases;
- **Photochemical ozone formation**, which is the generation of ozone (smog) in the lower part of the atmosphere with toxic traits for humans and vegetation;
- **Depletion of abiotic resources - elements**, i.e. 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.

LCA results showed that leather represents the most impactful material throughout the analyzed life cycle of the products. The structural components, after leather, determine the greatest environmental impacts. The use of wood impacts less compared to using polymeric materials.

The project collaboration with Polytechnic University of Marche has supported Poltrona Frau Residential in developing alternative design strategies, comparing materials and models to implement increasingly green projects. Possible upcoming activities include:

- Assess the impacts of leather with primary data;
- Assess the impacts related to more environmentally sustainable leathers;
- Evaluate the correlation between structures and end-of-life treatments (so as to potentially enable leather recovery at the end of life);
- Include benefits related to material recycling and leather reuse/recycling;
- Define alternative design strategies and evaluate environmental benefits on a reference product (e.g. poplar upholstery, leather quantity reduction, use of vegetable glues, etc.).





CIRCULAR DESIGN, SUSTAINABLE MATERIALS AND INNOVATION IN THE INTERIORS IN MOTION DIVISION

Poltrona Frau's Interiors In Motion segment deals with the development, production and marketing of interior components for the high-end segment of the automotive industry, almost exclusively in leather. Pelle Frau® leather represents the common thread of Interiors In Motion production. The business unit has developed exclusive cowhide processes over time, in a continuous exchange of ideas and experience with the furniture industry.

At Interiors In Motion, product design is programmed starting from design and development on the skin and supporting materials through production. The process involves the entire organization in a continuous improvement effort to meet customer needs. Each material is certified to meet automotive requirements and submitted for approval or modification according to customer requirements.

Poltrona Frau Interiors In Motion is currently implementing initiatives to develop specific materials, such as natural fiber and recycled carbon fiber, that will result in lower environmental impact through Carbon Footprint and Lifecycle Assessments.

Responsible sourcing and supply chain

Poltrona Frau considers strategic and essential to orient its supply chain toward increasingly responsible management.

About the 30% of the entire production is made in-house by Poltrona Frau within the Tolentino production site. Therefore, in the management of procurement and for the purposes of business collaboration and conduct, it is essential that every person and organization operating in the name or on behalf of Poltrona Frau accepts and respects its Code of Ethics, overcoming the sole compliance with current regulations by adopting sustainable synergy with the territory. Poltrona Frau's production process and final product are highly customized and oriented to the customer's needs. Each product can be made with different combinations of leather, hide and fabric, according to the needs of the end consumer.

Poltrona Frau monitors suppliers deemed strategic on a quarterly basis through a **Vendor Rating** procedure under the Purchasing, Logistics, Quality function, both in terms of volume of supply and type of material supplied in order to verify that qualification requirements are confirmed. Such monitoring activity is based on the

following parameters:

- **Quality**, in terms of the value of non-conforming parts delivered in a certain period, compared to the total value delivered. The parameter "Quality" also takes into account the value of customer complaints caused by the supplier;
- **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.

Considering the entire Group, Poltrona Frau spent a total of 79.8 million euros², of which 97% went to local suppliers. The commitment to local suppliers is linked to the desire to be able to work closely with expert craftsmen on complex, high-quality work and to foster an ongoing dialogue with them. More information on local sourcing can be found in "Performance Indicators".

RESPONSIBLE SOURCING AND SUPPLY CHAIN IN THE RESIDENTIAL DIVISION

Poltrona Frau Residential strives toward a responsible supply chain, sourcing sustainably from reliable and ethical suppliers. The Residential division is aware of its importance in the local context and the benefits it can provide to the local supply chain, as well as to the community as a whole.

The Purchasing Department, in collaboration with the Engineering Department, conducts the search for potential new suppliers of raw materials and their qualification. The evaluation of a supplier consists of an initial assessment of its technical and organizational requirements, plus the periodical verification of the qualitative performance of the provided products or services. When new tanneries are enabled, the control and evaluation phase is more articulated. In this case, the assessment of product quality is performed not only through verification in acceptance arrivals, but also through further assessment in terms of cuttability and workability.

Following these evaluations, a visit and related **audit** is carried out to confirm the collected quality-related information and indirectly referring also to its environmental and social responsibility.

Currently, Poltrona Frau does not have pre-established policies for selecting suppliers

²Data do not include suppliers of Poltrona Frau India Private Ltd.

according to social and environmental criteria. The company encounters limitations resulting from the forced selection of certain suppliers imposed by major customers, who determine from which companies to purchase materials without the possibility of derogation.

During 2021, considering the Residential division of Poltrona Frau S.p.A., the value of total spending is 35.4 million euros, of which nearly 35 million is to suppliers based in Italy, accounting for 99% of the total. More information on local sourcing is available in "Performance Indicators".

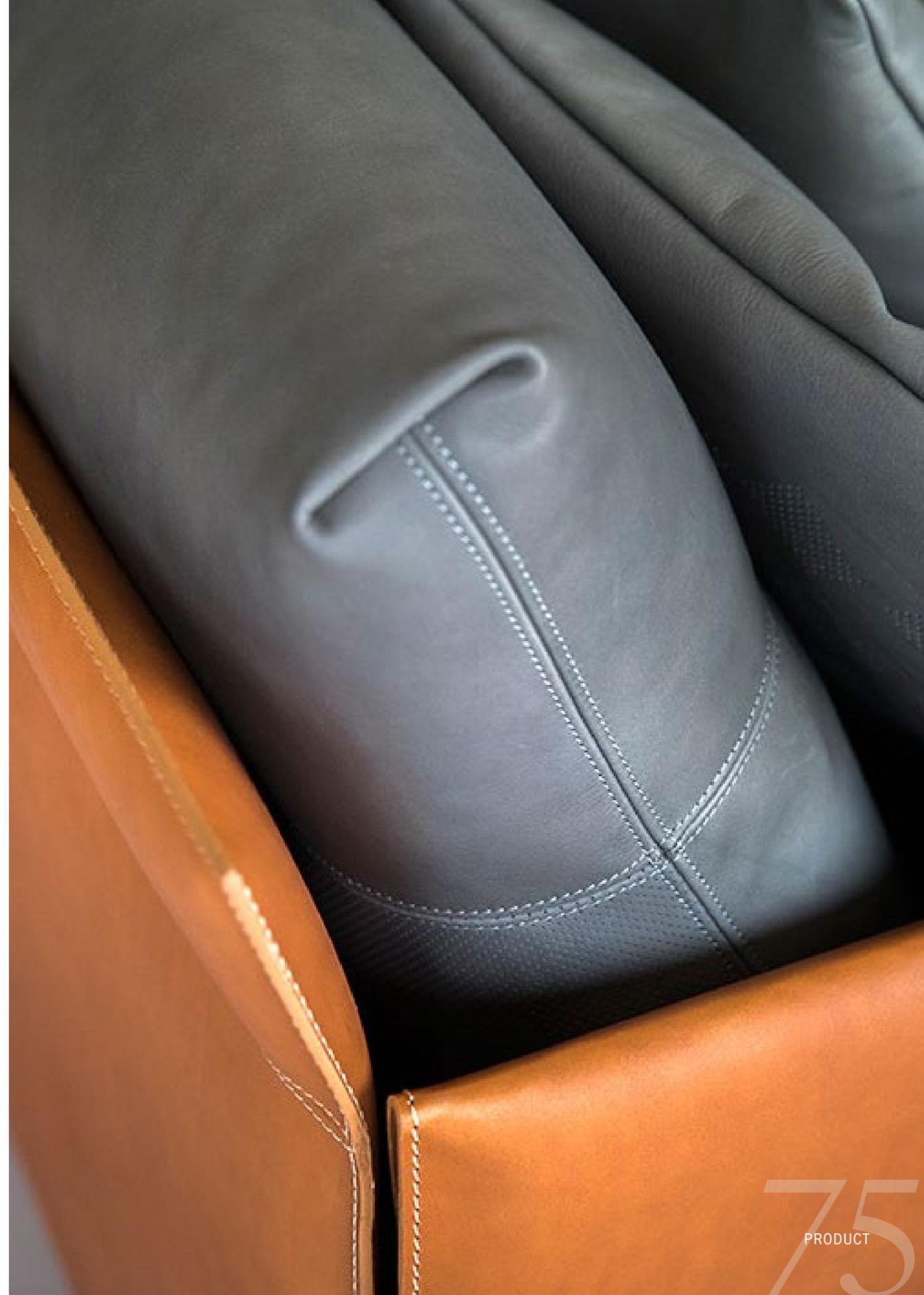
RESPONSIBLE SOURCING AND SUPPLY CHAIN IN THE INTERIORS IN MOTION DIVISION

The Interiors In Motion division closely collaborates with experienced craftsmen on complex, high-quality work in an ongoing and long-lasting relationship. However, there are some limitations arising from the suppliers selection imposed by major clients, who arrange for the purchase of materials from specified suppliers.

Poltrona Frau documents its process to ensure that purchased products, processes and services - excluding from passing suppliers - comply with current applicable mandatory requirements in the country of receipt, the country of shipment, and the country of destination identified by the customer, if any. In addition, if the customer defines special controls for certain products, Poltrona Frau ensures that they are implemented and maintained as stipulated, including those at suppliers.

The customers' selection of suppliers is based both on the excellence and reliability of the technical performance and on the compliance with shared ethical values, financial statement disclosures, quality assurance and possession of ISO standards.

In terms of procured volume, in 2021, the Interiors In Motion division of Poltrona Frau S.p.A. purchased raw materials, packaging, and semi-finished goods worth approximately €30.1 million, 95% of which were purchased from suppliers based in Italy and when possible in the same geographic area as the division factories. More information on local sourcing is available in "Performance Indicators".



Sustainable packaging

Together with the careful selection of materials, Poltrona Frau studies solutions to favor lower environmental impact packaging that also guarantee protection and information to the best of its ability.

Saving raw materials, simplifying packaging, using recycled materials, facilitating recycling activities - these are just a few of the points at which sustainability and product management meet.

To date, packaging accounts for a small percentage of the production total value. The company's final goal is to give a second life to packaging materials in order to raise corporate sustainability and reduce the environmental impact, by obtaining a 100% renewable, reusable, recyclable or compostable packaging.

SUSTAINABLE PACKAGING IN THE RESIDENTIAL DIVISION

Poltrona Frau Residential creates long life products of excellent quality that must be delivered to the end customer without defects. Therefore, the packaging must be both optimal and durable. At the same time, since the packaging itself ends its purpose soon after delivery, the organization's purpose is to create separable packaging to facilitate responsible disposal of its individual components, which can then be recycled and have a second life.

Poltrona Frau Residential has a Technical Division department in charge of packaging, with the purpose of monitoring quality KPIs and timely feedbacks from customers, managing any problems and suggestions. The department combines these with the results of a continuous in-house research on new materials and alternative packaging models.

The Packaging Engineering team consists of six employees: a Technical Director, two Engineers and three units of Cost Engineering and Product Industrialization. The team's goal lies in decreasing the number of complaints out of the total number of pieces delivered, by implementing the strength and recyclability of packaging. Monitoring of the targets and their status is done through monthly meetings where useful actions and objectives are defined to design, develop and produce packaging for various types of goods. This process always considers customer's needs, efficient use of raw materials and cost optimization without compromising the level of quality.

FOCUS: PACKAGING PROJECT

Sofas and Armchairs

Poltrona Frau Residential has developed a new packaging proposal for all destinations. Specifically, actions are planned to:

- Elimination of wood internal reinforcements in sofas and manpower for molding, gluing and stapling;
- Inclusion of PET liners for all seating collections to reduce the use of non-recyclable materials such as polystyrene and polyurethane;
- Insertion of pallets on heavy products such as sofas and cabinets to reduce protective padding. Operations standardization on sofas shipped for all markets.

Implementations provide advantages such as:

- Elimination of bagged polyurethane bonding, thus providing single material for disposal;
- Reduction of warehouse space for rationalization of resources;
- Product presentation, given the opportunity to continuously put the logo on bags (it is not possible to put a central logo);
- Almost total elimination of Polystyrene and polyurethane adhesive, estimated up to 10,000 kg/year.

Furniture and Marbles

For materials such as furniture and marble, Poltrona Frau plans the insertion of draining trays that allow the properties of delicate materials, such as saddle or marble, to remain intact even in the presence of harmful weathering agents, like temperature and humidity changes. In the case of marble, the material covering with a sack is provided in order to create an internal microclimate. To complement this, Poltrona Frau is committed to improving the maneuverability and impact resistance of packages for certain furniture pieces that do not include pallets or special reinforcements.



In 2021, the quantities of raw materials and packaging were about 5,600 tons, 56% of which related to renewable materials, including paper, leather, wood and feathers.

Materials used (tons)	2019	2020	2021
Non-renewable materials	2,231.33	1,966.29	2,431.59
Polyethylene	41.19	34.89	88.61
Polyurethane Packaging	41.19	34.89	8.86
Polystyrene	41.19	34.89	26.58
Fabric	19.00	19.00	20.00
Aluminum	512.50	462.50	537.50
Metals	366.67	250.00	400.00
Marble	290.00	280.00	340.00
Polyurethane	666.67	641.67	736.67
Molded polyurethane	200.00	162.50	212.50
Plastic	32.50	28.75	40.00
Mixed materials	19.86	16.70	20.20
Glass	0.56	0.50	0.67
Renewable materials	2,916.69	2,650.65	3,155.81
Paper	659.00	558.26	691.17
Wood for packaging	41.19	34.89	70.89
Leather	640.00	660.00	720.00
Wood	1,449.00	1,275.00	1,530.00
Feathers	102.50	97.50	115.00
Horsehair	25.00	25.00	28.75
Total	5,148.02	4,616.94	5,587.40

SUSTAINABLE PACKAGING IN THE INTERIORS IN MOTIONS DIVISION

Poltrona Frau Interiors In Motion works for major OEMs throughout Europe to produce safe and reliable products to be delivered to the end customer without defects.

In this division, the company produces parts from third-party suppliers, 95% of which are chosen by major customers. This results in a limited choice of packaging materials. However, the packaging used is optimized, durable and traceable through special labels that make explicit the destination and content of the packaging itself, aimed at creating added value to meet customer expectations.

In 2021, the quantities of raw materials and packaging amounted to about 1,240 tons, of which 6% related to renewable materials, including cardboard and leather.

Materials used (m3)

2021

	Total	of which from recycling	% from recycling
Non-renewable materials	650	10	2%
Bubble wrap	650	10	2%
Renewable materials	590	70	12%
Leather	500	0	0%
Cardboard	90	70	78%
Total	1,240	80	6%

Poltrona Frau Interiors In Motions strives to increase the use of cardboard packaging and develop initiatives on reusable packaging.



PEOPLE



People

The success of a historic brand such as Poltrona Frau is based on the passion of the people who work there, as a fundamental element. This is the most powerful fuel for corporate growth and development. The company's values are closely interconnected and linked to the value of people, whether they are internal resources or external stakeholders, and the relationships' integrity.

Employee's composition, talent attraction and retention

Poltrona Frau enhances the value of each employee by building a serene and stimulating environment aimed at fostering personal growth, fulfillment, and team building principals to achieve company goals.

The Human Resources department uses tools for talent attraction, retention and development by structuring managerial and corporate resources training programs through developmental steps based on:

- **Attraction**

Poltrona Frau has excellent talents at each level of its selection and retention processes. The entire organization is committed to ensuring an inclusive and multigenerational representation that reflects the communities and customers compositions and brings new patterns of thinking.

- **Development**

Poltrona Frau is committed to hiring and managing people by leveraging development programs and Total Reward plans in order to rely on a large group of competent people and ensure the company's growth.

- **Optimization**

HR processes are optimized to best meet the business and people's needs, while balancing risk and regulatory compliance. The Talent Attraction activity is an integral part of the path talents take to enter the company. The selection process is activated to adjust skills and/or expand the workforce in line with organizational needs and company strategies.

Depending on changing operational needs, different search channels are used:

- Open applications;
- Resumes from schools, universities and training institutions;
- Direct listings of ads on job recruiting sites;
- Staffing agencies;
- Job search and talent selection companies.

Once the recruitment process is over, the person deemed suitable for the role is placed and receives all useful information through dedicated meetings with people belonging to the relevant company functions.

Alongside recruitment activities, Poltrona Frau is engaged in Talent Retention activities aimed at retaining deserving employees through the implementation of activities that enhance corporate culture and welfare, interpersonal relationships, career advancement plans and training paths. Below are reported some initiatives aimed at employee engagement and reward.

FOCUS: POLTRONA FRAU AWARDS 2021

At the end-of-year dinner, a Mini Vanity with a plaque and dedication, together with a shopping voucher, is delivered to the employee selected as "Employee of the Year", having distinguished himself/herself for special merits. For the award, performance criteria such as sense of responsibility, leadership, integrity, attention to people, ability to work as a team, readiness for change and innovation are considered.

FOCUS: SUGGESTION SYSTEM

Poltrona Frau encourages employee involvement, creative ability and the opportunity to contribute to company activities through the development of ideas and suggestions. The company has set up a system for reporting ideas and suggestions for the areas of health and safety, environment, corporate culture, process, and product. Reports can be made through specific paper templates or digitally using a QR code. Ideas will be selected by the Engineering and Safety team, evaluated by an evaluation committee, and quarterly awards will be given to the best ideas.

During the year, also considering the foreign subsidiaries, a total of 40 new entrants have been recorded (+6 units compared to 2020), of which 14 came from the foreign subsidiaries. The number of exits amounted to 52, of which 16 occurred abroad. More information on the composition of the corporate workforce can be found within the tables under "Performance Indicators".

Training and development

Poltrona Frau considers training and professional development and evaluation as fundamental to ensure the constant adjustment of skills, to encourage the consolidation of a new results-driven management culture, to improve the quality of work and the development of the organizational system.

To this end, Poltrona Frau conducts employee self-assessment sessions through the **Haworth Inc.'s Member Central platform** as an indispensable tool for managers to lead their teams and a concrete support for the personal and professional growth of all employees. The platform is based on continuous feedback, clarity in evaluations, constant dialogue, transparency and recognition of merit. Each employee provides for the identification and entry of his/her own development goals and business objectives, which will be subsequently evaluated by the manager as the result of all the feedbacks received and advancements made.

Training is not only a fundamental tool for developing, improving and consolidating each employee's skills, but also an important vehicle for transmitting and disseminating company values and corporate strategy. For this reason, Poltrona Frau implements specific training interventions, in addition to mandatory training, aimed at achieving improvements on a wide range of aspects: technical, managerial and soft skills.

In 2021, 25% of employees in Italy were involved in performance evaluation and professional development processes. In addition, also considering foreign subsidiaries, a total of 3,310 hours of training focused on the Code of Ethics, health and safety, managerial and specialized skills development were provided both in-person and in e-learning. Of these, 418 hours were devoted to induction initiatives to new hires and cyber security training.



Diversity, equity and inclusion

Poltrona Frau has always been a promoter of equality and inclusion values. The changing demographics of society and workforce, the increasing diversification of customers and markets, and new ways of working within companies, make it increasingly strategic to properly value existing cultural diversity.

The company is engaged in fostering a work environment based on diversity, inclusion, and equal opportunity, in order to incentivize programs that counter discrimination and recognize differences, as well as actively manage, value and leverage them to increase the company's competitiveness. During 2021, also thanks to the systems put in place, no incidents of discrimination were established.

Poltrona Frau operates, in fact, within the reference framework provided by the Universal Declaration of Human Rights and the ILO (International Labor Organization) Fundamental Conventions, the Constitution of the Republic of Italy and of the various countries in which it operates, the laws and regulations provided in the various states, and the sector CCNLs, promoting the protection of workers' rights and trade union freedoms.

Starting in 2022 and in line with Haworth's DE&I policy creation and development path, Poltrona Frau commits to re-evaluate the effectiveness of its actions during D&I Council meetings and establish a **Diversity & Inclusion Committee** aimed at raising awareness and promote initiatives on this issue.

During 2021, Poltrona Frau has 30 employees included within the protected categories and, thanks to the implemented measures, no incidents of discrimination.

Employee welfare and well-being

Poltrona Frau strongly believes in creating collaborative and positive atmospheres as a reflection of the brand's way of operating and works to increase initiatives aimed at employee engagement, satisfaction and well-being. Beginning with the new corporate **supplementary agreement for the three-year period 2021-2023**, the topic of Corporate Welfare is introduced, involving all the initiatives designed to provide employees with benefits and advantages in addition to salary as an important tool for improving the well-being and rewarding employee productivity.

This agreement introduces the **Solidarity Bank of Hours** as an important novelty

confirming the Company's high ethical and social value, the purpose of which is to support employees who find themselves in family situations of serious need, through the establishment of a fund where male and female colleagues can confer the hours of leave and additional holidays envisaged by law.

Furthermore, Poltrona Frau provides a series of benefits and incentives for employees, without distinction between part-time and full-time employees, such as:

- **Agile work**, as a response to an increasingly widespread reality in Italy and in the company. The Covid-19 pandemic has strengthened the belief that this method can contribute to an increase in productivity, facilitating the reconciliation between life and of work, promoting accountability, autonomy and orientation towards results on the part of the employees involved;
- **Transport**, the company undertakes to intervene with the Municipal Administration of Tolentino so that the cost of the urban transport service for employees who reach the plant by public transport is reduced or contained. Poltrona Frau pays, limited to the personnel who will carry out a specific monthly subscription, a cost contribution equal to 50% of the subscription itself for personnel residing in Tolentino;
- **One-off Wedding Bonus**, the company undertakes to recognize, on the occasion of the wedding, an amount equal to €500 as a one-off payment;
- **ChildBirth gift**, on the occasion of the birth or adoption of a child, the company undertakes to give the parent employee a precious object worth around €200 (e.g. a gold ingot);
- **Retirement Bonus**, on the occasion of the retirement of an employee with continuous company service of at least 20 years, the company provides for the assignment of a Mini Vanity armchair or other equivalent object;
- **Employee of the year**, on the occasion of the year-end dinner, the company undertakes to deliver a Mini Vanity with nameplate and dedication and a shopping voucher of 250 euros, to the employee who stands out for particular merits, such as, for example, sense of responsibility, leadership, integrity, attention to people, ability to work in a team, predisposition to change and innovation;
- **Traineeships for employees' children**, who are distinguished by particular academic merits, will be reserved every year, a total of n. 4 six-month extra-curricular internships reserved for high school and recent graduates (two for high school students and two for university students);

- **Holiday bonus**, the company confirms for the year 2021 and 2022 the payment to all employees of a gross holiday bonus of €800.00 calculated pro rata temporis in proportion to the monthly accruals accrued according to the criteria established for the accrual of the thirteenth month payment;
- **Performance Bonus**, defined for the two-year period 2021-2022, correlated to the achievement of specific agreed indicators and which translate into four components: Company Result, Quality, Absenteeism and Productivity. In order to measure the trend of the performance bonus reference indexes, periodic checks are necessary, on a monthly basis between the Company Management and the Unitary Union Representative, in Italian Rappresentanza Sindacale Unitaria (RSU);
- **Production bonus**, paid to the various employees in relation to the classifications envisaged by the CCNL in place;
- **Complementary pension**, starting from 2022, if the worker registered in the ARCO category fund raises or has already raised its voluntary contribution quota to the fund, the company undertakes to raise its contribution rate up to the overall limit at its discretion 2.5% load.

Furthermore, the company contributes to the promotion of employee health through annual anti-flu vaccination initiatives, agreements with public or private healthcare facilities, recognition of the health insurance provided for Executives, Managers, White collars and workers on a voluntary basis, health insurance life expectancy for executives and disability coverage for workers.

PARENTAL LEAVE

The number of employees with the right to parental leave remained substantially unchanged in the three-year period 2019-2021, standing at 634 in the reporting period, of which 38 took parental leave. Of these, 28 have returned to work at the end of the parental leave period, while the remaining 10 are still on leave. Therefore, the return-to-work rate is 100%. The retention rate in 2021, calculated as the ratio between employees who returned to work after parental leave and still employees of the company 12 months after their return (equal to 29 employees) and the number of employees returning to work after parental leave in 2020 (equal to 25 employees) is equal to 116%.

Occupational health and safety

Poltrona Frau pays special attention to the "human heritage" and considers it strategic to build and maintain workplaces in optimal conditions of safety, hygiene and comfort. Poltrona Frau employees are encouraged to safely use all instruments and equipment in in-house laboratories and construction sites, going beyond mere compliance with mandatory regulations.

Poltrona Frau obtained the certification for its occupational health and safety management system, moving from the Standard Safety Assessment Series (OHSAS) to **ISO 45001**. These certifications are a proof of commitment to providing safe products and healthy workplaces for employees, preventing occupational injuries and illnesses. All employees and all workers who are not employees whose work is controlled by the organization are covered by this system.

Within the company, everyone's cooperation is necessary to achieve the goals set to protect all employees' health and safety. Poltrona Frau aims to achieve goals such as to:

- Ensuring that employees' health and safety, environmental protection and environmental and social sustainability are integral elements of all operations and decisions within the scope of its business, through compliance with applicable regulations at both corporate and customer locations and positions;
- Preventing occupational injuries and illnesses while minimizing environmental impacts;
- Communicating to all personnel the contents of the corporate Policy as well as the goals, objectives, tools and procedures that enable the implementation of the Integrated Management System;
- Raising awareness, informing and involving all staff and external Stakeholders in the continuous improvement of quality, environmental conditions and occupational health and safety. The final goal is to ensure that everyone can commit themselves, whatever their role in the company and within the scope of their duties and competencies, to the system's functioning and the protection of customers, stakeholders, their own health and that of other employees.

The company periodically plans both internal and third-party audits to assess the effectiveness of the measures put in place within the organization. The results are discussed and commented at least once a year as part of the management review.

The Environment and Safety Manager, in collaboration with the RSPP, identifies processes and their stages considering the entire life cycle of the production process. The processes to be considered concern the activities carried out by Poltrona Frau personnel inside the Tolentino plant, worksite activities carried out externally at branch offices and ancillary activities over which the organization may exercise control or presumed influence (such as the activities of subcontractors, contractors, and visitors gravitating within the perimeter of Poltrona Frau's plant, and of Societies that share worksite activities managed by Poltrona Frau).

The **Hazard and Risk Analysis** aims to identify the risks and hazards to the health and safety of workers at each stage of the processes managed by Poltrona Frau under normal, abnormal and emergency conditions. This analysis also takes into account the incidences that Poltrona Frau may have on third parties. When necessary, it is reviewed and updated as a result of modifications or changes in the organization that may affect the health and safety of workers. For instance, the introduction of new processes, new technologies, substances and materials and significant changes to the layout and regulations.

Together with the processes managed by Poltrona Frau, an assessment of risks and hazards of external origin that may impact Poltrona Frau workers' health and safety has been performed, specifically:

- Possible hazards due to the presence of adjacent companies falling under the classification of unhealthy industries or the presence of major accident hazards, with particular reference to fire/explosion risk aspects;
- Possible hazards due to the presence of asbestos in adjacent plants and buildings;
- Incidence of hazards due to reaching workplaces.

Each worker, in order to be able to recognize situations that are harmful to his or her health, is subject to training courses that enable them to be informed and trained in specific safety procedures.

In 2021, the number of employees and non-employee workers whose work and/or workplace is controlled by the organization trained in health and safety is 385 (+256 units compared to 2020 and +176 units compared to

2019), of which 18 people have received first aid and firefighting training. Additional types of training provided, in line with current regulations, are:

- Basic safety courses;
- Specific safety courses;
- Safety updates;
- Forklift driver training;
- Use of special means or equipment;
- Safety officer training.

Moreover, the company constantly improves the medical unit to implement the periodic medical examination program of its employees. Regardless of the current regulation provisions, if an employee manifests incompatibility with his or her job and/or workplace due to occupational disease, and such incompatibility is in any case corroborated by the judgment of partial unfitness for the job by the Competent Doctor appointed - in accordance with Legislative Decree 81/08 - the Company undertakes, to the extent possible, to resolve such situations.

The population of Poltrona Frau is reserved the opportunity to take advantage of breast cancer risk screening on a voluntary basis and at no charge.





FOCUS: REDESIGN OF WORKSTATION COVERING

Poltrona Frau reevaluated its upholstery workstations to improve ergonomics for operators. This modification included the addition of an electric height adjustment system that stores working heights and provides for 360° rotation of the work surface via a pneumatic system controlled by the operator with a foot pedal.

FOCUS: INCREASED ACCESS TO VACCINATIONS

Poltrona Frau's Mumbai branch purchased 1,500 vaccines and donated them to support a COVID-19 prevention campaign with the goal of protecting Occupational health and safety in India.

During 2021, thanks to the risk analysis activities and audits carried out, the employee training and information and the Occupational health and safety supervision, only seven occupational accidents were recorded, with no serious consequences and/or deaths to employees, in line with the company's low trend. More information on accidents refer to the tables in "Performance Indicators".



SOCIETY



Society

Customer satisfaction

The client of Poltrona Frau is not only looking for the highest Made in Italy quality product, but also wants to have a unique and exclusive experience.

For these reasons, Poltrona Frau is constantly striving to improve the value perceived by the customer. One of the main objectives is to exceed compliance with specified requirements, intercepting the customer's feeling of experiencing the company's products and providing the widest flexibility in response for his or her changing needs. Technology is developed and employed by Poltrona Frau to create uniqueness, special finishes and special production processes specifically designed for the brand. Technology also provides unique solutions to:

- Developing customized interiors, ideal for public and private spaces, and luxurious vehicle interiors;
- Producing feelings and satisfying, in a sustainable way, the needs of demanding and sophisticated international customers.

Poltrona Frau has also a Digital Department function, aimed at managing the adoption and the set-up of long-term digital marketing programs that set up marketing strategies, enhancing the customer experience and supporting the achievement of company targets. During 2021, the company was engaged in developing an all-round strategy that would involve both the end customer and the retailer. Along with this strategy, the redesign of the entire e-commerce site, its integration with the new CRM platform and the implementation of a new photorealistic configurator represent the key points of a high quality user experience that ensures customer reliability and comfort, as well as the products' long life.





Customers' privacy and data protection

Poltrona Frau transparently manages, shares and takes care of its customers' personal data.

The Information Systems function is responsible both for ensuring the proper functioning of the technological infrastructure supporting business processes and for proposing and adjusting projects in response to changing business needs.

As made explicit in its **Code of Ethics**, **General Privacy Policy**, **Data Breach Policy** and **Information Technology Policy**, Poltrona Frau is committed to protecting the confidentiality of information acquired while conducting its business and to avoiding significant impacts by providing up-to-date security measures and appropriate policies.

Personal data are collected and processed in compliance with the principles of fairness, legality and transparency, always within the limits of the processing purposes described in the information notice and, in any case, in such a way as to ensure security and confidentiality. Data are managed in compliance with the principles of the **GDPR**, including non-discrimination, effectiveness and absence of harmful consequences for the data subject. In order to oversee the proper management and related monitoring, Poltrona Frau has appointed a **Data Protection Officer ("DPO")**. The user also has the right to express a complaint with the Control Authority, i.e. the Italian Data Protection Authority ("**Garante Privacy**") and/or other competent control authorities (art. 77 GDPR). Furthermore, the user can object at any time to the processing of his/her data, either immediately or subsequent to the provision of them, and has the right to revoke at any time the consent given for marketing and/or profiling purposes. Poltrona Frau also organizes **annual training courses** about customers' privacy and is subject to recurring **audits** conducted by the Data Protection Office to witness compliance. If further training and improvement of security measures are needed, specific **remediation plans** are prepared.

In the three-year period 2019-2021, Poltrona Frau had no substantiated complaint cases regarding customer privacy breaches and loss of customer data.

Community engagement

THE BRAND AND ITS ASSOCIATIONS

102-13 Memberships of associations

Poltrona Frau is strongly connected to the territory in which it operates, enhancing and supporting local, cultural and social initiatives.

Inaugurated in 2012 to mark the centenary of Poltrona Frau's birth, the **Poltrona Frau Museum** was conceived and set up thanks to a project by Michele De Lucchi.

The Poltrona Frau Museum is a private institution open to the public, whose main purpose is to preserve, conserve, communicate and enhance the company's testimonies. It is a place of cultural enrichment and entertainment, where the visitor can experience the product, raw materials and corporate communication.

With the definition of its Vision, the Poltrona Frau Museum aims to outline the idea of the museum to which it tends, through the implementation of activities consistent with the company's values. The museum hopes to become a point of reference for research in the field of high-end furniture design, as well as to be an active part in the dissemination of socio-cultural progress in the company's entrepreneurial and industrial history.

In carrying out its mission and vision, the Poltrona Frau Museum in Tolentino expresses its interest in sustainability through:

- The museum pathway with an exhibition area dedicated to the theme of "Leathership" and leather material as a sustainable and recovered material from the food industry;
- The expression of the life span of the ultra-centennial product displayed in the museum's history trail;
- The museum educational paths focused on the reuse of leather scraps with two workshops entitled: "Creative Families" and "Colored Leather".

FOCUS: THE MUSEUM ACTIVITIES

• Creative Families

It is a creative workshop for families that wants to raise awareness about craftsmanship and the value of raw materials. Parents and children, grandparents and grandchildren can visit the Poltrona Frau Museum and, once the visit is finished, work together to manufacture an object that they can take home as a memory of the day spent together.

• Logbook. Young reporters at the Poltrona Frau Museum

Museum Educational Workshop dedicated to 10-13 years old. The workshop aims to educate and stimulate the critical sense of young visitors, who can subjectively select the most interesting and emotional parts of the visit by creating their own storytelling in a notebook that remains as a memory.

• How I communicate the Museum!

Museum Educational Workshop dedicated to 14-18 years old. The workshop takes an in-depth look at the 20th century advertising strategies and conveys the values of good corporate communication. After a focus on the graphics displayed in the collection starting from the 10-20s to the latest 2000s, children are divided in 4/5 members groups. Each group is asked to come up with an advertising campaign that they can share on their official social channels. The best idea is awarded to be used in the company's communication channels.

• Colored leather

Museum Educational Workshop dedicated to 6-10 years old. The "Colored Leather" workshop is dedicated to elementary schools and aims to engage children in a creative process designed to understand the activities performed during a project development. Through the implementation of their own idea, they are able to establish a first connection with the unknown world of design. The designed activity is based on an emotional, creative and tactile approach.

Below is reported the total number of participants in the educational workshops, local and cultural initiatives implemented by Poltrona Frau over the past three years.

2019	2020	2021
302	-	48

ENVIRONMENT



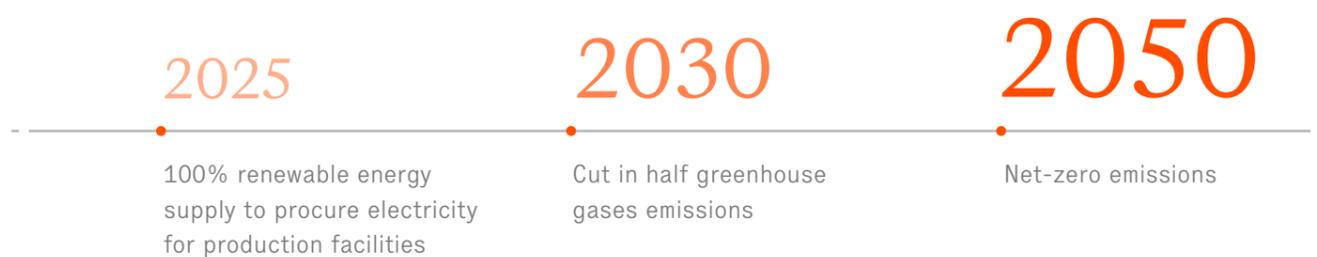
Environment

Energy efficiency and GHG emissions reduction

EMISSIONS AND ENERGY CONSUMPTION

From an environmental perspective and with the aim of properly managing the environmental impacts of its business activities, the company is certified according to **ISO 14001**, applied to the Residential, Custom Interiors and Interiors In Motion business units as a symbol of commitment, attention and evaluation of the environmental impacts related to the organization's activities.

The company monitors its carbon footprint in terms of pollutant emissions and in the fight against climate change, sets goals to implement energy efficiency and reduce the intensity of greenhouse gases emitted, setting itself the following goals:

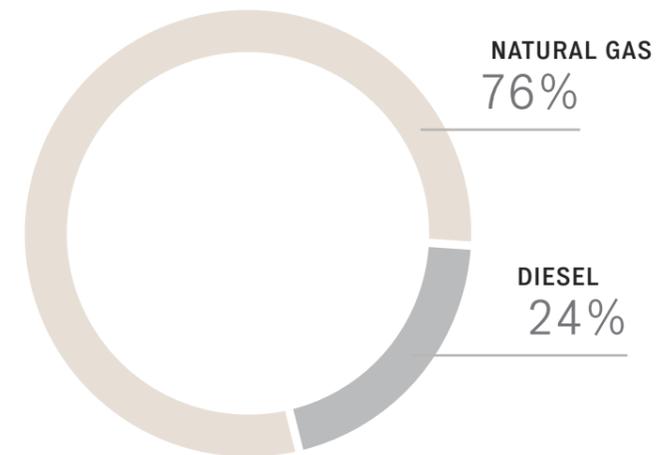


In accordance with the **Greenhouse Gas Protocol**, hereafter GHG Protocol, Poltrona Frau has identified and monitored direct GHG emissions (Scope 1)³ and indirect emissions from purchased energy (Scope 2)⁴. The Group's total energy consumption is directly supplied by various resources: natural gas (accounting for 51% of total consumption), diesel fuels (12%), electricity (29%), of which self-generated solar 15%. In 2021, this consumption results in direct emissions of 1,438 tons of CO₂e and indirect Scope 2 Location-based emissions of about 1,192 tons of CO₂e, while 556 tons of CO₂e under the Market-based methodology.

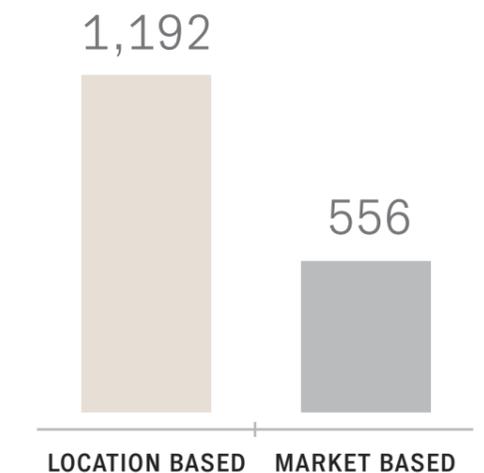
To date, in line with the GHG Protocol, the quantification of Scope 3⁵ emissions is recommended but not mandatory; therefore, Poltrona Frau has committed to including Scope 3 indirect emissions in its future reporting for greater transparency.

The company had no significant fines and non-monetary penalties for non-compliance with environmental laws and/or regulations in the reporting period.

SCOPE 1 GHG EMISSIONS (tCO₂e)



SCOPE 2 GHG EMISSIONS (tCO₂e)



³ Scope 1 emissions are direct GHG emissions from sources owned or controlled by the organization.

⁴ Scope 2 emissions are indirect GHG emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed by an organization.

⁵ 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.

During 2021, Poltrona Frau continued the path of containing its environmental impacts by intervening on the carbon dioxide emissions' reduction. In fact, the company has launched analyses and initiatives with the aim of gradually increasing the use of renewable sources, such as stipulating for its Italian offices the electricity supply coming from **renewable source plants**, as attested by the certification system managed by the GestoredeiServiziEnergetici and according to current regulations.

FOCUS: ENERGY EFFICIENCY

A photovoltaic system consisting of 18,000 photovoltaic modules has been installed at the Tolentino plant. The system is perfectly integrated with the roofs of the production site, in order to minimize the impact on the landscape. Further efficiency upgrades or revamping are being considered to increase the performance of the plant itself.

FOCUS: ELECTRIC MOBILITY

Poltrona Frau's involvement in fighting climate change also continues in the field of mobility. The Tolentino production site is now equipped with two charging stations for electric vehicles: one in front of the Residential Division's Production, the other in front of the Interiors In Motion division.

Waste management

Waste management and valorization represents a topic that Poltrona Frau oversees with a great sense of responsibility. Since its origin, Poltrona Frau has manufactured its products using materials of natural origin, in order to maximize the efficiency of the material used and to achieve the lowest impact in terms of waste.

Efforts to reduce waste are managed through the **ISO 14001** certified corporate system and through the **IATF16949** Automotive Quality Management System certification for the Interiors In Motion segment, to ensure a continuous improvement process focusing on defect prevention, waste reduction and supply chain management.

Therefore, procedures for managing product conformity are applied both on the sourced materials at the incoming acceptance stage and at the intermediate and final inspection stages. This allows to monitor the percentage of defective components from suppliers that do not meet aesthetic and quality requirements, as well as to ensure better monitoring of the waste generated.

Poltrona Frau implemented in-place initiatives that range from employees training about waste-related issues, to redesigning packaging as a key element in eliminating plastics, glues and components that are difficult to recycle. Where possible, the company tries to transfer production waste to subcontractors in order to recover and reuse material.

FOCUS: ZERO WASTE PROJECT

A "Zero Waste" project has also been launched at the Tolentino site to maximize the site-wide recycling collection process.

FOCUS: LIMITING PLASTIC CONSUMPTION

Reducing plastic consumption is one of the best ways to fight climate change. In December 2020, Poltrona Frau equipped all its employees with a sustainable water bottle, exclusively designed by Spalvieri and Del Ciotto. A simple and useful gift that highlights the importance of a greener future and Poltrona Frau's commitment to a more sustainable world. Thanks to this project, 15,000 kilograms of CO2 emissions and 4,000 kilograms of plastic produced have been avoided in one year.



In 2021, waste generated amounted to about 517 tons, increasing (+11%) from the previous year. The 98% of the waste produced is non-hazardous waste, which is mainly recycled. More information on waste generation and destination can be found in the chapter of "Performance Indicators".

Water management

Water is a finite and vital resource that needs to be increasingly safeguarded for the Earth and for human beings. At Poltrona Frau the respect for the environment is an integral part of the company's mission and Policy; transparent management is enacted to counter the effects of climate change such as water scarcity and desertification.

The company's water consumption within the production sites is supplied by plants for public drinking water service and is mainly related to sanitary services. Water quality standards based on local regulations are observed for each plant. Most wastewater is discharged through public sewer systems for treatment.

The company is committed to promoting a responsible approach to water use and continues to invest in increasing the efficiency of water management, especially through training and awareness-raising events addressed to all the employees.

Moreover, Poltrona Frau constantly monitors water consumption during the year to check its trend and to intercept any leakage along the distribution network. In 2021, total water consumption corresponded to 8,100 liters, reduced by 12% from 2020. No water discharges are included within the count, since the only wastewater of the company is domestic and rainwater. More information on water resource management can be found in the chapter of "Performance Indicators".

Biodiversity

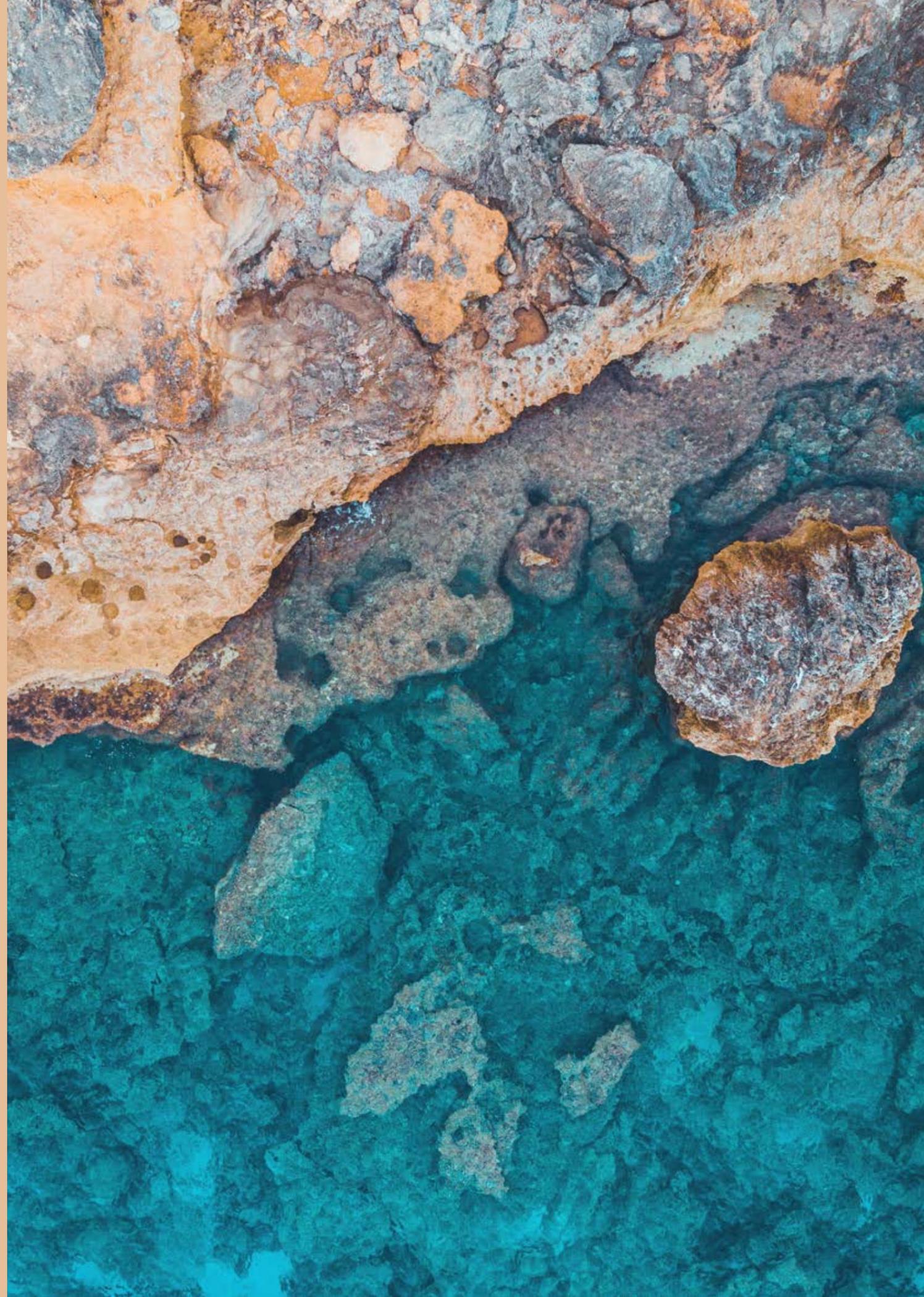
Regarding the protection and preservation of biodiversity, Poltrona Frau is committed to respecting forests by sourcing materials from certified suppliers and operates with high conservation values. In addition, Poltrona Frau's operating sites are not located near protected areas or areas of high biodiversity value.

The company is also committed to ensuring that all the wood used in products comes from well-managed and responsible forests that meet strict environmental, social and economic standards identified under the **FSC (Forest Stewardship Council)** label. Poltrona Frau has increased the number of suppliers that provide FSC certified wood from 11 to 17, representing 50% of the forestry component suppliers. Furthermore, two additional project-specific FSC certifications have been added to the company's list of responsible wood sourcing improvements.

The company promotes sustainable and transparent supply chains and is committed to achieve a 100% sustainable wood supply chain, as well as to implementing initiatives to support reforestation, reducing the environmental impact and CO₂ emissions.



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.
Employee 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.
Training and employees' development	Promote training activities to develop employees' technical, managerial and soft skills in order 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.
Responsible 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 reduction	Promote the fight against climate change by developing energy efficiency initiatives and reducing greenhouse gas emissions along the entire value chain through the use of energy from renewable sources.
Employee welfare and well-being	Ensure employees welfare by adopting a welfare plan that can meet their needs in order 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	Promoting responsible sourcing to help reduce the environmental impacts of the materials used, such as the purchase of certified wood from sustainable forests.

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 regulations.

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



Performance Indicators

102-8 Information on employees and other workers ⁶

Total number of employees by employment contract, gender, and region (no.)

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Open-ended contract	391	170	561	398	167	565	388	169	557
Fixed-term contract	8	3	11	5	4	9	1	6	7
Total	399	173	572	403	171	574	389	175	564
<i>% of permanent contracts</i>	98%	98%	98%	99%	98%	98%	100%	97%	99%
<i>% of fixed-term contracts</i>	2%	2%	2%	1%	2%	2%	0%	3%	1%

Total number of employees by employment type (no.)

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time	393	161	554	396	158	554	382	159	541
Part-time	6	12	18	7	13	20	7	16	23
Total	399	173	572	403	171	574	389	175	564

Total number of non-employee workers (no.)

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Temporary workers	37	29	66	26	19	45	46	33	79
Stage	1	1	2	4	2	6	3	2	5
Total	38	30	68	30	21	51	49	35	84
<i>Ratio of directly and indirectly employed labor force</i>	10%	17%	12%	7%	12%	9%	13%	20%	15%

Total number of employees by contract type and region (no.)

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
North Italy	3	3	6	4	4	8	5	5	10
Open-ended contract	3	3	6	4	4	8	5	5	10
Fixed-term contract	0	1	1	0	2	2	0	0	0
Central Italy	396	170	566	399	167	566	384	170	554
Open-ended contract	388	167	555	394	163	557	383	164	547
Fixed-term contract	8	3	11	5	4	9	1	6	7
Total	399	173	572	403	171	574	389	175	564
open-ended contract	391	170	561	398	167	565	388	169	557
Total fixed-term contract	8	3	11	5	4	9	1	6	7

102-41 Collective bargaining agreements

	2019	2020	2021
Number of employees covered by collective bargaining agreements	572	574	564
Total number of employees	572	574	564
Percentage of employees covered by collective bargaining agreements	100%	100%	100%
Number of employees represented by labor organizations	244	261	245

204-1 Proportion of spending on local suppliers

	um	2019	2020	2021
Expenditure from local suppliers	€	70,921,257	59,789,674	77,575,683
Total expenditure from suppliers	€	73,291,498	62,808,935	79,781,821
Percentage of spending from local suppliers	%	97%	95%	97%

Note: data do not include suppliers of Poltrona Frau India Private Ltd.

⁶ The scope refers to Poltrona Frau S.p.A.



302-1 Energy consumption within the organization

2021

Direct energy consumption within the organization by source (kWh)

From non-renewable sources

Natural gas 5,989,939

From corporate fleet

Diesel fuel 1,486,924

Total direct energy consumption 7,476,863

Indirect energy consumption within the organization by source (kWh)

Electricity 4,315,274

from non-renewable sources 1,424,832

from renewable sources 2,890,442

of which from other companies 1,946,406

of which self-produced 1,302,399

self-produced consumed 944,036

self-produced sold 358,363

Total indirect energy consumption 4,315,274

Total energy consumption 12,625,837

Source of conversion factors:

Natural gas - BEIS 2021

Gasoline - BEIS 2021

Electricity from nonrenewable sources - BEIS 2021

Electricity from renewable sources - BEIS 2021

305-1 Direct (Scope 1) GHG emissions

305-2 Energy indirect (Scope 2) GHG emissions

Direct (Scope 1) GHG emissions (tCO2e)

2021

From non-renewable sources 1,438

Heating 1,086

of which natural gas 1,086

Combustion 352

of which diesel fuel 352

Total direct (Scope 1) GHG emissions 1,438

Energy indirect (Scope 2) GHG emissions (tCO2e)

Location-based 1,192

Market-based 556

Source of conversion factors:

Natural Gas - EPA GHG Protocol Year 2021

Fuel combustion - BEIS 2021

Electricity - Location-based - IEA 2022, EPA GHG Protocol Year 2021

Electricity - Market-based - AIB 2021, TERNA 2019

303-3 Water withdrawal

303-4 Water discharge

303-5 Water consumption

Water consumption (megaliters)	2019	2020	2021
Water withdrawals by source	11	7	8
Groundwater	1	4	1
Freshwater	0	0	0
Other types of water	1	4	1
Third-party water resources	10	3	7
Freshwater	10	3	7
Other types of water	0	0	0
Water discharges by destination	0	0	0
Total water consumption	11	7	8

Note: data refer to all areas.

306-3 Waste generated

306-4 Waste diverted from disposal

306-5 Waste directed to disposal

Waste generated (t)	2019	2020	2021
Total waste produced	644.2	465.6	516.8
Hazardous	17.0	13.6	11.9
Non-hazardous	627.2	452.0	504.9
Waste diverted from disposal	636.4	462.1	515.7
Hazardous	16.4	10.1	11.2
Recycling	16.4	10.1	11.2
Non-hazardous	620.0	452.0	504.5
Recycling	620.0	452.0	504.5
Waste directed to disposal	7.8	3.5	1.1
Hazardous	0.6	3.5	0.7
Incineration with energy recovery	0.6	3.5	0.7
Non-hazardous	7.2	0	0.4
Incineration with energy recovery	7.2	0	0.4

Note: all waste generated is treated offsite.

401-1 New employee hires and employee turnover

Number of new hires (no.)	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total	38	41	79	17	17	34	23	17	40
< 30 years old	21	16	37	7	5	12	4	8	12
30-50 years old	16	22	38	9	11	20	17	9	26
> 50 years old	1	3	4	1	1	2	2	0	2

Turnover rate - incoming (%)	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total	9%	18%	12%	4%	8%	5%	5%	7%	6%
< 30 years old	48%	57%	51%	18%	22%	19%	13%	42%	24%
30-50 years old	7%	15%	10%	4%	7%	5%	7%	6%	6%
> 50 years old	1%	6%	2%	1%	2%	1%	1%	0%	1%

Number of terminations (no.)	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total	24	21	45	18	16	34	38	14	52
< 30 years old	3	3	6	1	1	2	5	4	9
30-50 years old	12	13	25	8	8	16	11	8	19
> 50 years old	9	5	14	9	7	16	22	2	24

Turnover rate - outgoing (%)	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total	6%	9%	7%	4%	7%	5%	9%	6%	8%
< 30 years old	7%	11%	8%	3%	4%	3%	17%	21%	18%
30-50 years old	5%	9%	6%	3%	5%	4%	5%	5%	5%
> 50 years old	6%	10%	7%	6%	14%	8%	15%	4%	12%

401-3 Parental leave

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

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	14	3	17	15	2	17	15	3	18
Managers	17	27	44	25	30	55	31	20	51
White collars	103	89	192	99	81	180	94	99	193
Blue collars	283	100	383	283	102	385	271	101	372
Total	417	219	636	422	215	637	411	223	634

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

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	0	0	0	1	0	1	0	0	0
Managers	0	0	0	0	1	1	0	2	2
White collars	4	12	16	2	7	9	6	9	15
Blue collars	12	8	20	11	8	19	10	11	21
Total	16	20	36	14	16	30	16	22	38

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

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	0	0	0	1	0	1	0	0	0
Managers	0	0	0	0	1	1	0	2	2
White collars	4	12	16	2	6	8	5	5	10
Blue collars	12	8	20	11	4	15	10	6	16
Total	16	20	36	14	11	25	15	13	28

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

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Of which still on parental leave	0	0	0	0	5	5	1	9	10
Of which have left the company	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	5	5	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.)

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	0	0	0	0	0	0	1	0	1
Managers	0	0	0	0	0	0	0	1	1
White collars	1	10	11	4	14	18	2	7	9
Blue collars	2	8	10	11	8	19	10	8	18
Total	3	18	21	15	22	37	13	16	29

403-5 Worker training on occupational health and safety

Employees trained in health and safety (no.)	2019	2020	2021
First Aid	23	25	25
Firefighting	30	30	40
Electrical compliance and safety	4	4	4
Total	57	59	69

403-9 Work-related injuries

Employees

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Recordable occupational accidents	9	2	11	5	1	6	7	0	7
<i>Of which at work</i>	8	2	10	5	1	6	7	0	7
<i>Of which commuting</i>	1	0	1	0	0	0	0	0	0
Deaths as a result of occupational injuries	0	0	0	0	0	0	0	0	0
Occupational accidents with serious consequences (excluding deaths)	0	0	0	0	0	0	0	0	0

	um	2019	2020	2021
Total hours worked	n.	1,084,060	876,189	1,012,455
Rate of recordable occupational injuries	%	9.2	6.8	6.9
Rate of deaths as a result of occupational injuries	%	0	0	0
Rate of work injuries with serious consequences (excluding deaths)	%	0	0	0

Notes:

Recordable work injury rate: (no. of recordable work injuries / no. of hours worked)*1,000,000

Rate of deaths as a result of occupational accidents: (no. of deaths as a result of occupational accidents / no. of hours worked)*1,000,000

Rate of work accidents with serious consequences (excluding deaths): (no. of work accidents with serious consequences (excluding deaths) / no. of hours worked)*1,000,000

There were no cases of injuries among non-employees during the three-year period.

404-1 Average hours of training per year per employee

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

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	3	8	11	3	7	10	4	7	11
Managers	6	4	10	4	5	8	8	10	18
White collars	5	3	8	2	2	4	10	8	18
Blue collars	3	3	6	2	2	4	2	3	6
Total	17	19	36	11	15	26	24	28	53

Note: for Frau France and Poltrona Frau UK, data refer only to 2021

Hours of training by topic (no.)

	2019	2020	2021
Code of Ethics	160	160	188
Health and Safety	1,536	813	1,242
Managerial	300	40	1,050
Technical-specialist, professional	0	0	412
Induction for new hires	0	0	30
Cybersecurity	360	360	388
Total	2,356	1,373	3,310

Note: For French and British subsidiaries, data refer only to 2021

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

Percentage of employees evaluated through performance management (%)

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	18%	0%	18%	18%	0%	18%	27%	0%	27%
Managers	0%	0%	0%	10%	20%	13%	31%	9%	24%
White collars	0%	0%	0%	33%	24%	29%	26%	35%	30%
Blue collars	16%	12%	15%	3%	0%	2%	23%	25%	23%
Total	12%	7%	10%	10%	9%	10%	24%	27%	25%

405-1 Diversity of governance bodies and employees

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

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	22	9	31	22	10	32	21	10	31
< 30 years old	1	2	3	0	2	2	0	0	0
30-50 years old	13	6	19	12	8	20	12	10	22
> 50 years old	8	1	9	10	0	10	9	0	9
Managers	17	16	33	25	18	43	31	21	52
< 30 years old	0	0	0	0	0	0	0	0	0
30-50 years old	10	11	21	16	12	28	23	15	38
> 50 years old	7	5	12	9	6	15	8	6	14
White collars	106	101	207	102	92	194	96	98	194
< 30 years old	6	18	24	4	11	15	2	11	13
30-50 years old	71	72	143	68	70	138	63	76	139
> 50 years old	29	11	40	30	11	41	31	11	42
Blue collars	283	100	383	283	102	385	271	101	372
< 30 years old	37	8	45	35	10	45	28	8	36
30-50 years old	148	58	206	149	60	209	146	62	208
> 50 years old	98	34	132	99	32	131	97	31	128
Total	428	226	654	432	222	654	419	230	649
< 30 years old	44	28	72	39	23	62	30	19	49
30-50 years old	242	147	389	245	150	395	244	163	407
> 50 years old	142	51	193	148	49	197	145	48	193

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

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Open-ended contract	407	208	615	417	204	621	410	208	618
< 30 years old	37	21	58	37	17	54	30	13	43
30-50 years old	228	137	365	232	138	370	235	147	382
> 50 years old	142	50	192	148	49	197	145	48	193
Fixed-term contract	21	18	39	15	18	33	9	22	31
< 30 years old	7	7	14	2	6	8	0	6	6
30-50 years old	14	10	24	13	12	25	9	16	25
> 50 years old	0	1	1	0	0	0	0	0	0
Total	428	226	654	432	222	654	419	230	649
< 30 years old	44	28	72	39	23	62	30	19	49
30-50 years old	242	147	389	245	150	395	244	163	407
> 50 years old	142	51	193	148	49	197	145	48	193

Note: For Poltrona Frau UK, data refer to 2021 only.

Methodological note



Methodological note

This document represents the first edition of the Sustainability Report of the company Poltrona Frau S.p.A. and its subsidiaries (hereinafter "Group"). Its drafting and publication constitute the beginning of a voluntary path undertaken by Poltrona Frau S.p.A. to integrate ESG (Environment, Social, Governance) aspects.

In order to report and communicate the Group's sustainability performance in a transparent and comparable way, the Sustainability Report was prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (hereinafter "GRI Standards") issued in 2016 by the Global Reporting Initiative (GRI), according to the "Core" option.

The definition of material issues for the Group 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, adequate indicators to describe and report on the Group's reality. For such cases, only GRI 103: Management Approach 2016 is reported. For a better understanding of the Standard Disclosures used, please refer to "GRI Content Index".

The data reporting period corresponds to the fiscal year ended December 31, 2021. 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 U.S.A. Corporation, DieciDieciS.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 (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-3	Parental leave
403-8	Workers covered by an occupational health and safety management system
403-9	Work-related injuries
404-1	Average hours of training per year per employee
405-1	Diversity of governance bodies and employees
406-1	Incidents of discrimination and corrective actions taken

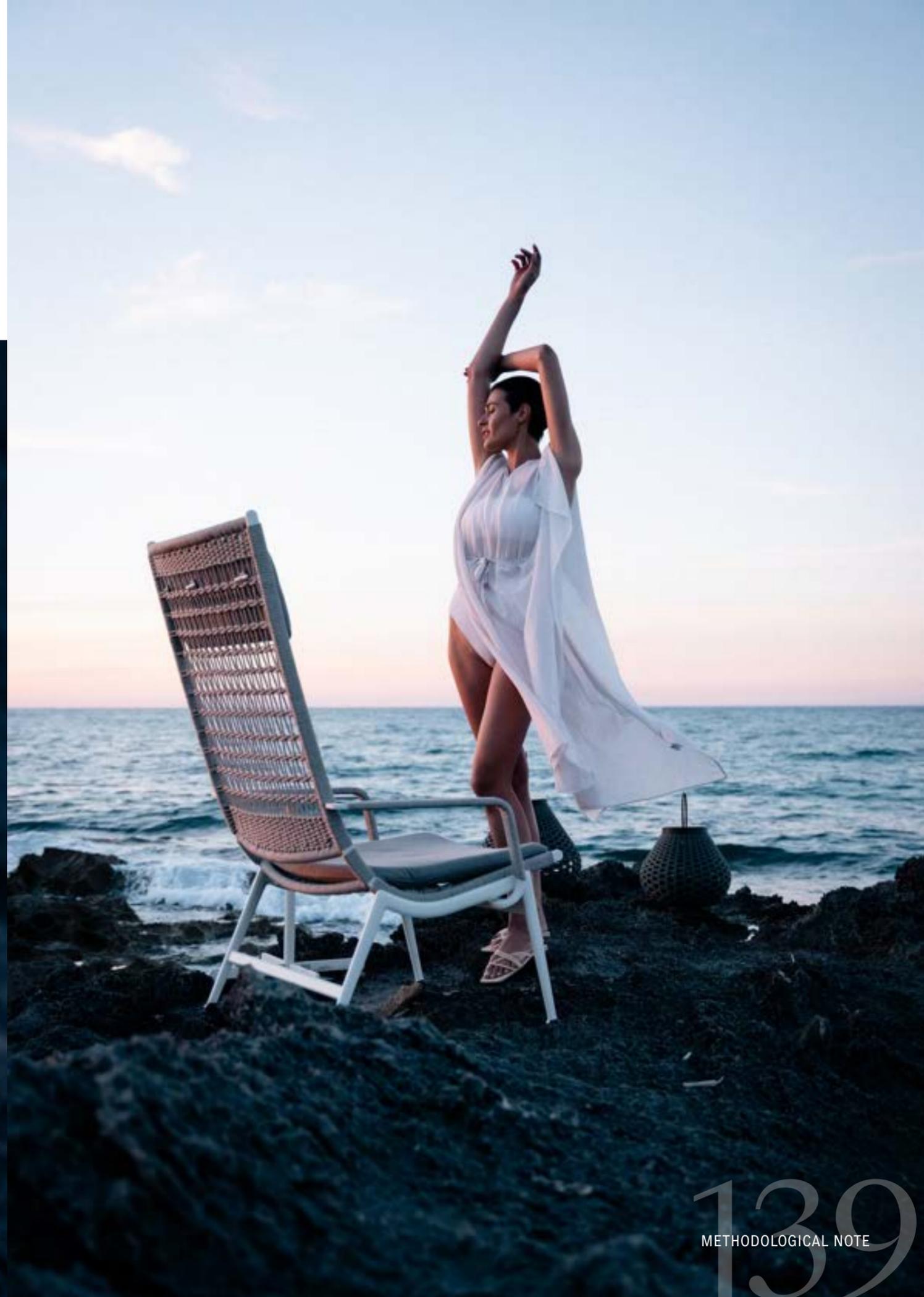
In order to present Poltrona Frau S.p.A.'s performance trends over a longer time-frame, the data and information reported refer to the three-year period 2019 - 2021. It should be noted that to ensure the reliability of the data, the use of estimates has been limited as much as possible, and, if present, are appropriately reported and based on the best available methodologies.

With particular reference to energy consumption and emissions, it should be noted that comparative data have been reported for Poltrona Frau S.p.A. alone. In addition, following the methodological approach of the GHG Protocol, GHG emissions for the year 2021 have been divided into Scopes 1, 2 calculated according to the "Location-based" approach and according to the "Market-based" approach.

This document was submitted for approval by the Group's Board of Directors on 05/12/2022.

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 pages 154–157 of that version.

The periodicity of this publication is set according to an annual frequency. For information regarding Poltrona Frau's Sustainability Report, please 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.ar.l., Poltrona Frau UK Ltd., Frau U.S.A. Corporation, DieciDieciS.r.l., Poltrona Frau PTE Ltd., Poltrona Frau India Private Limited.

GRI Index	Reference document and paragraph / Page	Notes / Omissions
102-1 Name of the organization	Poltrona Frau at a glance	Poltrona Frau S.p.A.
102-2 Activities, brands, products, and services	Poltrona Frau at a glance	
102-3 Location of headquarters	Poltrona Frau at a glance	
102-4 Location of operations	Poltrona Frau at a glance	
102-5 Ownership and legal form	Poltrona Frau at a glance	
102-6 Markets served	Poltrona Frau at a glance, Geographical footprint of Poltrona Frau	
102-7 Scale of the organization	Highlights	
	The creation of shared value, Financial performance People, Employee's composition, talent attraction and retention	
102-8 Information on members and other workers	Highlight People, Employee's composition, talent attraction and retention	
102-10 Significant changes to the organization and its supply chain		Not applicable. This is Poltrona Frau's first sustainability report

GRI Index	Reference document and paragraph / Page	Notes / Omissions
102-11 Precautionary Principle or approach	The governance of Poltrona Frau, Business ethics and integrity	
	Product	
	People, Diversity, equity and inclusion People, Occupational health and safety Society, Customers' privacy and data protection	
	Environment	
102-12 External initiatives		Poltrona Frau does not currently participate in external initiatives
102-13 Membership of associations	Poltrona Frau at a glance, Global Partnerships	
102-14 Statement from senior decision-maker	Letter to our stakeholders	
102-16 Values, principles, standards, and norms of behavior	The governance of Poltrona Frau, The attributes of Poltrona Frau	
102-40 List of stakeholder groups	The sustainability journey of Poltrona Frau, Stakeholders	
102-41 Collective bargaining agreements	Annex, Performance Indicators	In 2021, employees of Poltrona Frau S.p.A. covered by collective bargaining agreements correspond to 100 percent, and the number of employees represented by labor organizations is 245
102-42 Identifying and selecting stakeholders	The sustainability journey of Poltrona Frau, Stakeholders	
102-43 Approach to stakeholder engagement	The sustainability journey of Poltrona Frau, Stakeholders	
102-44 Key topics and concerns raised	The sustainability journey of Poltrona Frau, Material topics: materiality analysis	
102-45 Entities included in the consolidated financial statements	Poltrona Frau at a glance Methodological note	

GRI Index	Reference document and paragraph / Page	Notes / Omissions
102-46 Defining report content and topic Boundaries	Poltrona Frau at a glance Methodological note	
102-47 List of material topics	The sustainability journey of Poltrona Frau, Material topics: materiality analysis Annex, Material topics definition	
102-48 Restatements of information		Not applicable. This is Poltrona Frau's first sustainability report.
102-49 Changes in reporting		Not applicable. This is Poltrona Frau's first sustainability report.
102-50 Reporting period	Methodological note	01/01/2021 – 31/12/2021
102-51 Date of most recent report		Not applicable. This is Poltrona Frau's first sustainability report.
102-52 Reporting cycle		Annual
102-53 Contact point for questions regarding the report	Methodological note	
102-54 Claims of reporting in accordance with the GRI Standards	Methodological note	
102-55 GRI content index	GRI Content Index	
102-56 External assurance	Methodological note Report of the auditing Society	
PREREQUISITES		
Governance		
103-1, 103-2, 103-3: Management approach	The governance of Poltrona Frau	
102-18 Governance structure	The governance of Poltrona Frau	

GRI Index	Reference document and paragraph / Page	Notes / Omissions
102-22 Composition of the highest governance body and its committees	The governance of Poltrona Frau	
405-1 Diversity of governance bodies and employees*	The governance of Poltrona Frau People, Diversity, equity and inclusion Annex, Performance Indicators	
Business ethics and integrity		
103-1, 103-2, 103-3: Management approach	The governance of Poltrona Frau, Business ethics and integrity	
205-2 Communication and training about anti-corruption policies and procedures	The governance of Poltrona Frau, Business ethics and integrity People, Training and development	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 Confirmed incidents of corruption and actions taken	The governance of Poltrona Frau, Business ethics and integrity People, Training and development	In 2021, Poltrona Frau recorded no incidents of corruption.
Risk management and regulatory compliance		
103-1, 103-2, 103-3: Management approach	The governance of Poltrona Frau, Business ethics and integrity Product, Product quality and safety Environment, Energy efficiency and GHG emissions reduction	
307-1 Non-compliance with environmental laws and regulations	Environment, Energy efficiency and GHG emissions reduction	Poltrona Frau has not suffered any significant, non-monetary penalties for non-compliance with environmental laws and/or regulations.

GRI Index	Reference document and paragraph / Page	Notes / Omissions
416-1 Assessment of the health and safety impacts of product and service categories		In 2021, no Poltrona Frau Residential products were evaluated based on health and safety impacts. Information not available for Poltrona Frau Interiors In Motion.

Shared value creation

103-1, 103-2, 103-3: Management approach	The creation of shared value	
201-1 Direct economic value generated and distributed	The creation of shared value, Economic value generated and distributed	

■ PRODUCT

Circular design and sustainable materials

103-1, 103-2, 103-3: Management approach	Product, Circular design, sustainable materials and innovation	
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	

GRI Index	Reference document and paragraph / Page	Notes / Omissions
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Responsible sourcing Sustainable packaging

103-1, 103-2, 103-3: Management approach	Product, Sustainable packaging Product, Responsible sourcing and supply chain	
301-1 Materials used by weight or volume	Product, Sustainable packaging, Sustainable packaging in the Residential division Product, Sustainable packaging, Sustainable packaging in the Interiors In Motion division	
301-2 Recycled input materials used	Product, Sustainable packaging, Sustainable packaging in the Residential division Product, Sustainable packaging, Sustainable packaging in the Interiors In Motion division	

Product innovation

103-1, 103-2, 103-3: Management approach	Product, Circular design, sustainable materials and innovation	
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Product quality and safety

103-1, 103-2, 103-3: Management approach	Product, Product quality and safety	
416-1 Assessment of the health and safety impacts of product and service categories		In 2021, no products were evaluated based on health and safety impacts. Information not available for Poltrona Frau Interiors In Motion.
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product, Product quality and safety, Quality and safety in the Residential division Product, Product quality and safety, Quality and safety in the Interiors In Motion division	In the three-year period 2019-2021, Poltrona Frau has not recorded any incidents of non-compliance regarding health and safety impacts of products and services.

GRI Index	Reference document and paragraph / Page	Notes / Omissions
▲ PEOPLE		
Diversity, equity and inclusion		
103-1, 103-2, 103-3: Management approach	People, Diversity, equity and inclusion	
405-1 Diversity of governance bodies and employees	The governance of Poltrona Frau People, Diversity, equity and inclusion Annex, Performance Indicators	
406-1 Incidents of discrimination and corrective actions taken*	People, Diversity, equity and inclusion	In 2021, Poltrona Frau recorded no incidents of discrimination
Training and development		
103-1, 103-2, 103-3: Management approach	People, Training and development	
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		
103-1, 103-2, 103-3: Management approach	People, Occupational health and safety	
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	
403-4 Worker participation, consultation, and communication on occupational health and safety	People, Occupational health and safety	

GRI Index	Reference document and paragraph / Page	Notes / Omissions
403-5 Worker training on occupational health and safety	People, Occupational health and safety	
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	All workers and employees are covered by a certified health and safety management system.
403-9 Work-related injuries*	People, Occupational health and safety Annex, Performance Indicators	There were no cases of injuries among non- employees workers during the three-year period.
Talent attraction and retention		
103-1, 103-2, 103-3: Management approach	People, Employee's composition, talent attraction and retention	
401-1 New employee hires and employee turnover*	People, Employee's composition, talent attraction and retention Annex, Performance Indicators	
Employee welfare and well-being		
103-1, 103-2, 103-3: Management approach	People, Employee welfare and well-being	
401-2 Benefits provided to full-time employees that are not provided to temporary or part- time employees*	People, Employee welfare and well-being	There are no differences in access to company-provided benefits for part-time and full-time employees
401-3 Parental leave*	People, Employee welfare and well-being, Parental leave Annex, Performance Indicators	

GRI Index	Reference document and paragraph / Page	Notes / Omissions
◆ SOCIETY		
Community engagement		
103-1, 103-2, 103-3: Management approach	People, Community engagement	
413-1 Operations with local community engagement, impact assessments, and development programs	People, Community engagement	Poltrona Frau does not monitor activities that involve local community involvement, impact assessments, and/or development programs
Responsible supply chain		
103-1, 103-2, 103-3: Management approach	Product, Responsible sourcing and supply chain	
102-9 Supply chain	Product, Responsible sourcing and supply chain	
204-1 Proportion of spending on local suppliers*	Product, Responsible sourcing and supply chain Annex, Performance Indicators	Data for Poltrona Frau India Private Ltd are not available. Poltrona Frau is committed to making them available in future fiscal years
308-1 New suppliers that were screened using environmental criteria	Product, Responsible sourcing and supply chain	Not applicable. In 2021, no new suppliers were evaluated according to environmental criteria
414-1 New suppliers that were screened using social criteria	Product, Responsible sourcing and supply chain	Not applicable. In 2021, no new suppliers were evaluated according to social criteria
Customer satisfaction		
103-1, 103-2, 103-3: Management approach	Product, Product quality and safety Society, Customer satisfaction	
416-1 Assessment of the health and safety impacts of product and service categories		In 2021, no products were evaluated on the basis of health and safety impacts

GRI Index	Reference document and paragraph / Page	Notes / Omissions
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product, Product quality and safety, Quality and safety in the Residential division Product, Product quality and safety, Quality and safety in the Interiors In Motion division	In the three-year period 2019-2021, Poltrona Frau has not recorded any incidents of non-compliance regarding health and safety impacts of products and services.
Customer data privacy and protection		
103-1, 103-2, 103-3: Management approach	Society, Customers' privacy and data protection	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Society, Customers' privacy and data protection	In the three-year period 2019-2021, Poltrona Frau had no substantiated complaint cases regarding customer privacy breaches and loss of customer data.
Human rights		
103-1, 103-2, 103-3: Management approach	Product, Responsible sourcing and supply chain People, Diversity, equity and inclusion	
406-1 Incidents of discrimination and corrective actions taken	People, Diversity, equity and inclusion	In 2021, Poltrona Frau recorded no incidents of discrimination.
● ENVIRONMENT		
Energy efficiency and GHG emissions reduction		
103-1, 103-2, 103-3: Management approach	Environment, Energy efficiency and GHG emissions reduction	
302-1 Energy consumption within the organization*	Environment, Energy efficiency and GHG emissions reduction Annex, Performance Indicators	
305-1 Direct (Scope 1) GHG emissions*	Environment, Energy efficiency and GHG emissions reduction Annex, Performance Indicators	

GRI Index	Reference document and paragraph / Page	Notes / Omissions
305-2 Energy indirect (Scope 2) GHG emissions*	Environment, Energy efficiency and GHG emissions reduction Annex, Performance Indicators	
305-6 Emissions of ozone-depleting substances (ODS)	Environment, Energy efficiency and GHG emissions reduction	Information unavailable
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environment, Energy efficiency and GHG emissions reduction	Information unavailable

Waste management

103-1, 103-2, 103-3: Management approach	Environment, Waste management	
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	





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