

SUSTAINABILITY REPORT 2019



SUSTAINABILITY REPORT 2019

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Designer: Antonio Citterio
2019

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Cover:
TRAMAE
Designer: unPIZZO
2019

B&B Italia Group has always been characterized by its ability to reflect contemporary culture and its capacity to respond quickly to ever-changing lifestyles, habits and needs. Our Group stands out in the market thanks to its distinctive design heritage combined with creativity, innovation and formidable industrial know-how. In this way, Design Holding is an important sharing platform that plays a central role in creating value through both financial and social capital, promoting positive synergies and sharing ideas and resources between Group companies.

2019 has been a dynamic year for B&B Italia Group, entirely devoted to the celebration of the 50th anniversary of the Gaetano Pesce iconic armchair Up5_6 around the world. Moreover, after almost twenty years, 2019 has been the year the Group returned to the Salone del Mobile in Milan, jointly with the other Design Holding companies. For the first time, the companies exhibited together, celebrating their design histories and their capacity to create new design icons. Furthermore, in 2019 we continued our growth process with the complete acquisition of Arclinea, consolidating the strategic partnership between the Group's companies, based on the complementary nature of their products and their common ability to combine design, tradition and innovation.

Over the years, the continuous quest for excellence and innovation, complemented by wholehearted attention to quality and sustainability, has led to enhancing our focus on eco-design products. Thus, in 2019 we continued to work on the inclusion of circular economy design principles in our production processes, introducing products characterised by superior recyclability and disassembly properties. In the same way, we continuously work on our commitment to sustainability, launching initiatives designed to reduce our operation's footprint, promoting valuable relationships with our employees and supporting our local communities. Moreover, we continued to foster cultural initiatives, by supporting design events and promoting cooking experiences.

In the early months of 2020, the outbreak of the Covid-19 global pandemic led to a severe health crisis worldwide. During this challenging period, thanks to our ability to innovate, to interlink manufacture and craftsmanship, combined with the extraordinary efforts of our men and women, who are the real strength of our companies and brands, we had the capacity to cope with this major global crisis, without compromising our clients' and employees' safety.

In our fourth Sustainability Report, we provide an overview of our sustainability achievements to our key stakeholders, as evidence of our firm commitment to adhere to the Principles of the United Nations Global Compact. We truly believe that the sustainability path adopted will lead to improvements in our environmental and social performance, contributing to the creation of value for our stakeholders.

Gabriele del Torchio
President

Gilberto Negrini
Chief Executive Officer

A MESSAGE TO OUR STAKEHOLDERS

B&B ITALIA GROUP DESIGN WORLD



EURO

218.5 MILIONS IN ECONOMIC VALUE GENERATED

646 PEOPLE EMPLOYED

DIESIS 40

Designer: Antonio Citterio, Paolo Nava
2019

18 NEW
PRODUCTS AND
10 EXTENSIONS
OF PRODUCT RANGE

7,104.8
tCO_{2eq} IN
GHG EMISSIONS

95%
EMPLOYEES WITH
A PERMANENT
CONTRACT

70%
OF EMPLOYEES
LIVE NO FARTHER
THAN 15km FROM
OUR PLANTS



B&B Italia Group at a glance

B&B
ITALIA

MAXALTO

Arclinea

AZUCENA

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

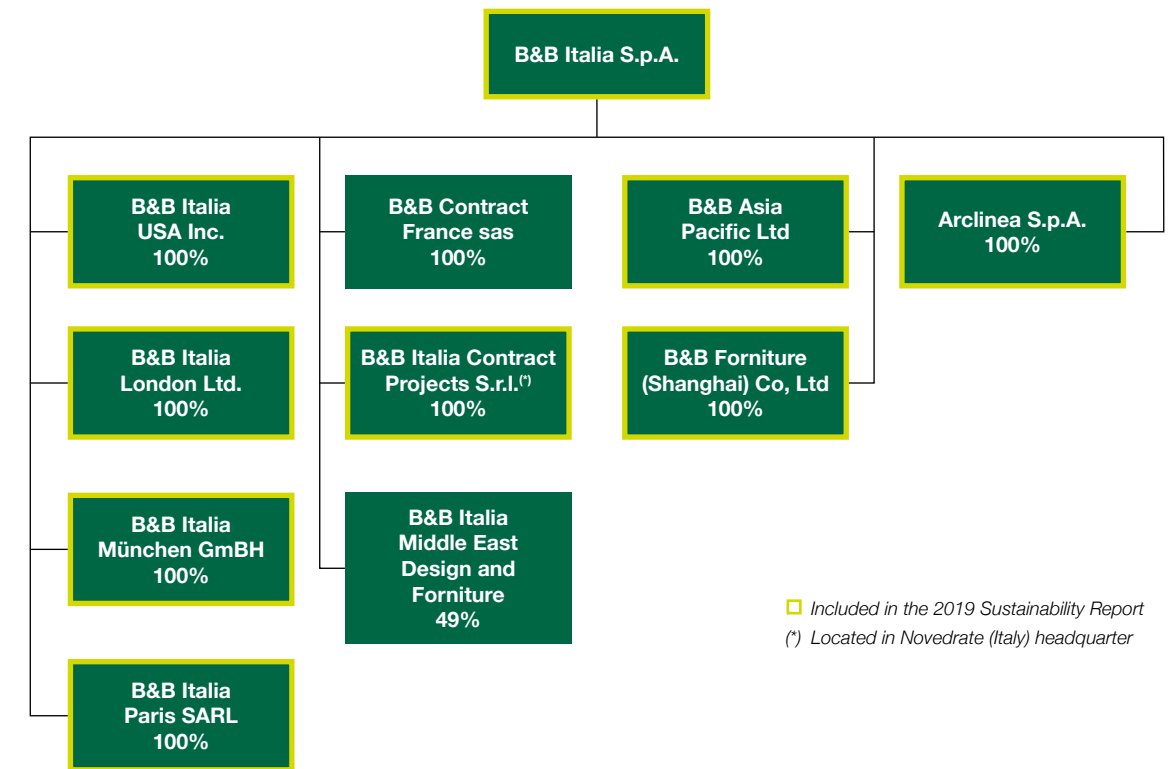
B&B Italia S.p.A. and its fully consolidated subsidiaries (hereinafter B&B Italia Group or The Group) share in the residential furniture market with the B&B Italia, Maxalto, Arclinea and Azucena brands. Each are characterised by their own individual identities and are associated with unique collections,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

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

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

At the end of 2017, the Group acquired the Italian brand Azucena, with the intention of preserving its rich heritage and relaunching a series of its classic iconic products, designed by the architect Luigi Caccia Dominioni. Azucena was founded in 1947 by Luigi Caccia Dominioni, Ignazio Gardella and Corrado Corradi Dell’Acqua, three visionary Italian architects of the post-war period. Since the beginning, Azucena has been a highly regarded Italian brand, whose collections, manufactured to the highest standard, combine elegance, luxury and aesthetic purity. Luigi Caccia Dominioni’s greatest iconic products include some of the most symbolic examples of Italian design history, such as the Catilina chair, the ABCD armchairs, the Toro sofa and pouf, the Cavalletto table and the Poltrona and Imbuto lamps.

With recorded revenue of approximately Euro 201 million in 2019, B&B Italia Group currently has a presence in more than 100 countries worldwide and employs 646 people, mainly located in the Italian manufacturing sites of B&B Italia (Novedrate and Misinto) and in the Arclinea plant (Caldogno). The remaining personnel are employed in various flagship stores and in smaller commercial subsidiaries of the Group, namely B&B Italia USA Inc., B&B Italia London Ltd., B&B Italia München GmbH, B&B Italia Paris SARL, B&B Italia Pacific Ltd. and B&B Furniture (Shanghai) Co., Ltd.



Over the years, the Group has built up an exclusive network of 800 highly professional dealers and over 50 monobrand stores, cementing its international presence with the opening of wholly owned flagship stores in leading capital cities around the world. Today, for instance, 9 B&B Italia Group flagship stores can be found in major design hotspots in Milan, London, Paris (2 owned and managed stores) Munich, New York (2 owned and managed stores), Dallas and Washington DC ^[102-3, 102-4, 102-6].

Among the various 2019 openings, B&B Italia Group inaugurated some new monobrand stores across Europe. In particular, in June 2019 B&B Italia inaugurated a new monobrand store in Nicosia, in partnership with local partner, Ergo Home Group Ltd. The three-floor showroom displays a selection of products from B&B Italia, Maxalto and Outdoor collections, becoming one of the leading furniture stores in the Cypriot capital. Moreover, in May 2019 Arclinea opened a new monobrand store in Hamburg, in an exclusive location in the centre of the city. The showroom focuses on the emotive aspects of conviviality, unveiling a new design culture intensely interlinked with culinary culture. In addition, at the beginning of 2019 Arclinea opened its first flagship store in the heart of Beaupassage, a prestigious residential and commercial district in Paris. The store, on two-floors, shows how cooking spaces have evolved and perfectly fits in with the Parisian building complex, characterised by prestigious houses and high-quality food boutiques.

B&B Italia Group international presence

Americas

B&B Italia

B&B Italia New York
 B&B Italia Madison Avenue
 B&B Italia Washington DC
 B&B Italia Los Angeles
 B&B Italia Chicago
 B&B Italia Miami
 B&B Italia Dallas
 B&B Italia San Francisco
 B&B Italia Seattle
 B&B Italia Sun Valley
 B&B Italia Mexico City
 B&B Italia Sao Paulo
 B&B Italia Belo Horizonte

Arclinea

Arclinea @ Piacere Mexico
 Arclinea Los Angeles
 Arclinea New York
 Arclinea Chicago

Maxalto

Maxalto Miami
 Maxalto Los Angeles
 Maxalto Chicago

Europe

B&B Italia

B&B Italia Milano
 B&B Italia Genova
 B&B Italia London
 B&B Italia Paris
 B&B Italia Saint-Tropez
 B&B Italia Lyon
 B&B Italia Berlin
 B&B Italia München
 B&B Italia Wien
 B&B Italia Athens
 B&B Italia Cyprus
 B&B Italia Istanbul

Arclinea

Arclinea Brussels
 Arclinea Paris - Boulevard
 Saint Germain
 Arclinea Paris -
 Rue De Grenelle Beaupassage
 Arclinea Frankfurt
 Arclinea Hamburg
 Arclinea Amsterdam
 Arclinea Breda
 Arclinea Barcelona
 Arclinea London

Asia

B&B Italia

B&B Italia Tokyo
 B&B Italia Beijing
 B&B Italia Shanghai
 B&B Italia Nanjing
 B&B Italia Chengdu
 B&B Italia Shenzhen
 B&B Italia Foshan
 B&B Italia Wenzhou
 B&B Italia Guangzhou
 B&B Italia Hangzhou
 B&B Italia Hong Kong
 B&B Italia Kaohsiung
 B&B Italia Taipei
 B&B Italia Taichung
 B&B Italia Seoul
 B&B Italia Busan
 B&B Italia Bangkok
 B&B Italia Ho Chi Minh City
 B&B Italia Manila
 B&B Italia New Delhi

Arclinea

Arclinea Beijing
 Arc Linea Hong Kong
 Arclinea Singapore
 Sif Korea

Middle East / Africa

B&B Italia

B&B Italia Dubai
 B&B Italia Beirut
 B&B Italia Tel Aviv
 B&B Italia Accra

■ B&B Italia, Arclinea and Maxalto
 ■ B&B Italia and Arclinea
 ■ B&B Italia
 ■ Arclinea

Design Holding

As from November 2018, B&B Italia S.p.A. has been fully controlled by Design Holding S.p.A., which is jointly controlled and owned by Investindustrial and the Carlyle Group. The new Design Holding Group. The Design Holding is the largest high-end global design group with a European heritage, encompasses three complementary companies with strong individual identities and significant design heritage: Flos and Louis Poulsen in lighting and B&B Italia Group in the furniture ^[102-5].

FLOS

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

ARRANGEMENTS

Designer: Michael Anastassiades
2018



LOUIS POULSEN

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

PH 5

Designer: Poul Henningsen
1958

Corporate governance

B&B Italia S.p.A. has implemented a control and governance system based on:

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

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

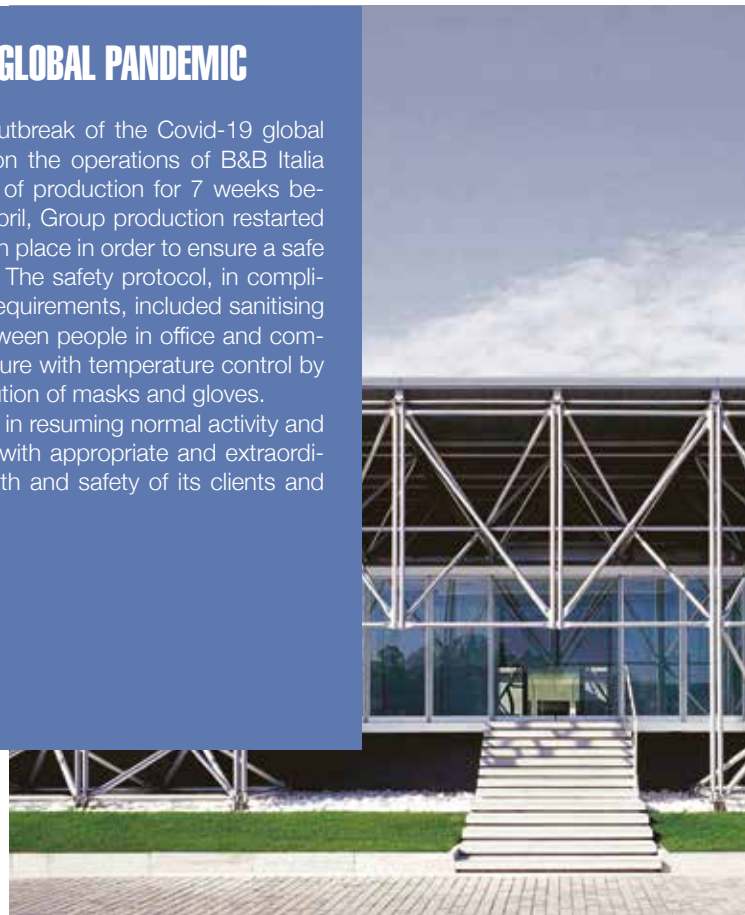
¹ Among them, two board members are between 30 and 50 years old, while two members are more than 50 years old. All board members are male.

2019 Company Board and Officers

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

THE OUTBREAK COVID-19 GLOBAL PANDEMIC

At the beginning of 2020, the outbreak of the Covid-19 global pandemic had a major impact on the operations of B&B Italia Group, requiring the interruption of production for 7 weeks between March and April. On 27 April, Group production restarted with meticulous safety protocols in place in order to ensure a safe return to work for its employees. The safety protocol, in compliance with national Government requirements, included sanitising procedures, defined spacing between people in office and common spaces, a new entry procedure with temperature control by thermo-scanner and daily distribution of masks and gloves. B&B Italia Group is now engaged in resuming normal activity and making up the stoppage period with appropriate and extraordinary actions, preserving the health and safety of its clients and employees.



Recent facts affecting corporate governance and structure

In April 2019, B&B Italia concluded the Arclinea integration process by acquiring 100% of the subsidiary company, which is now wholly owned. In addition, in the same month, Gabriele Del Torchio was nominated as the new Chief Executive Officer (CEO) of Design Holding. The appointment was motivated by the extensive experience that Mr. Del Torchio gained by working for internationally renowned companies. Finally, in September 2019 Gabriele Del Torchio was appointed President of B&B Italia, while Gilberto Negrini was named as the new Chief Executive Officer of the Company, in recognition of his extensive experience in the design industry.

Corporate values and risk management activities

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

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

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

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

Thanks to the effective functioning of its compliance and ethics systems, B&B Italia Group did not incur any significant monetary or non-monetary penalties, including anti-corruption sanctions, during reporting years 2017-2019 ^[419-1].

Economic performance

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

Thanks to its strategy centred on product quality and durability, and by constantly investing in innovation and research, the Group has achieved positive commercial success over the past few years. In fact, B&B Italia Group economic value generated has increased by 3.4% in 3 years, from Euro 211.4 million to Euro 218.5 million in 2019: this exemplifies the continuous revenue growth the Group has been experiencing.

This resulted in a 5.5% increase in the value distributed to its major stakeholders between 2017 and 2019, from Euro 183.2 million to Euro 193.2 million in 2019. The increase in value distributed across different categories of stakeholders is also qualified by an increase in operating costs, in employees' wages and benefits and in payments to providers of capital, which have augmented in the last 3 years, in line with the Group's growth ^[201-1].

Value generated and distributed (all data are expressed in k€)	2017	2018	2019	Change 2019-2018 (%)
Direct economic value generated ²	211,432	208,548	218,531	4.8
Direct economic value distributed	183,151	191,186	193,157	1.0
Operating costs	134,900	146,451	143,442	-2.1
Employee wages and benefits	35,389	35,408	37,868	6.9
Payments to providers of capital	5,867	7,658	6,154	-19.6
Payments to government	6,958	1,647	5,664	243.9
Community investment	37	22	29	31.8
Economic value retained	28,281	17,362	25,374	46.1

²The economic value generated includes revenues and other income of B&B Italia Group.



AN ACTIVE MEMBER OF INDUSTRY ASSOCIATIONS

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

- **Altagama Foundation** brings together High-End Italian Cultural and Creative Companies, recognised as ambassadors of Italian style, operating in multiple sectors such as fashion, design, jewellery, food, hospitality, automotive, yachts and wellness. Altagama's main mission is to increase the competitiveness of the High-End industry, contributing to Italy's economic growth.
- **ADI - Associazione per il Disegno Industriale** (Association for Industrial Design), founded in 1956, brings together professionals, researchers, teachers, critics, journalists around the main themes of design to promote and implement the most conducive conditions for the design of goods and services.
- **Unindustria Como** represents and safeguards the interests of the associated manufacturing companies both as regards local bodies and at national and international level, through the Italian industrial confederation, Confindustria.
- Active in Italy and internationally, **INDICAM** (Centromarca Anti-Counterfeiting Institution) represents nearly 180 companies, industry associations, law and IP firms, security consultants and other organisations daily engaged in combating counterfeiting activities that affect branded products.
- A non-profit entrepreneurial association, **AICE** (Italian Foreign Trade Association), has for 70 years represented Italian companies that are engaged in business activities abroad: trading, export, import, countertrade, buying-offices, export management, small and medium enterprises, etc.; as well as services related to such activities.
- The **National Wool Trade Association** represents a wide number of companies active in the supply of textile raw materials from accredited sources, fostering their growth and development.

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

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

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

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

B&B Italia Group commitment to sustainability

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

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

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

Management set to work to define a set of sustainability key performance indicators (KPIs), which characterise the objectives the Group aims achieve in the years to come, and which cross-cut all its functions and operations.

To confirm its commitment to sustainability, in November 2016 B&B subscribed to the United Nations Global Compact initiative (UNGC). The UNGC is a call to companies voluntarily to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and combatting corruption, and to take action in support of UN goals, including the Sustainable Development Goals (SDGs) (for further details see § "Methodological note"). Participants in the UNGC are required to report annually on progress made in implementing the ten principles to inform and update Company stakeholders (i.e., investors, consumers, civil society, governments, etc.). This 2019 Sustainability Report represents B&B Italia Group's fourth Communication on Progress.

THE PERFECT BLEND OF HERITAGE AND INNOVATION

DIESIS 40
Designer: Antonio Citterio, Paolo Nava
2019



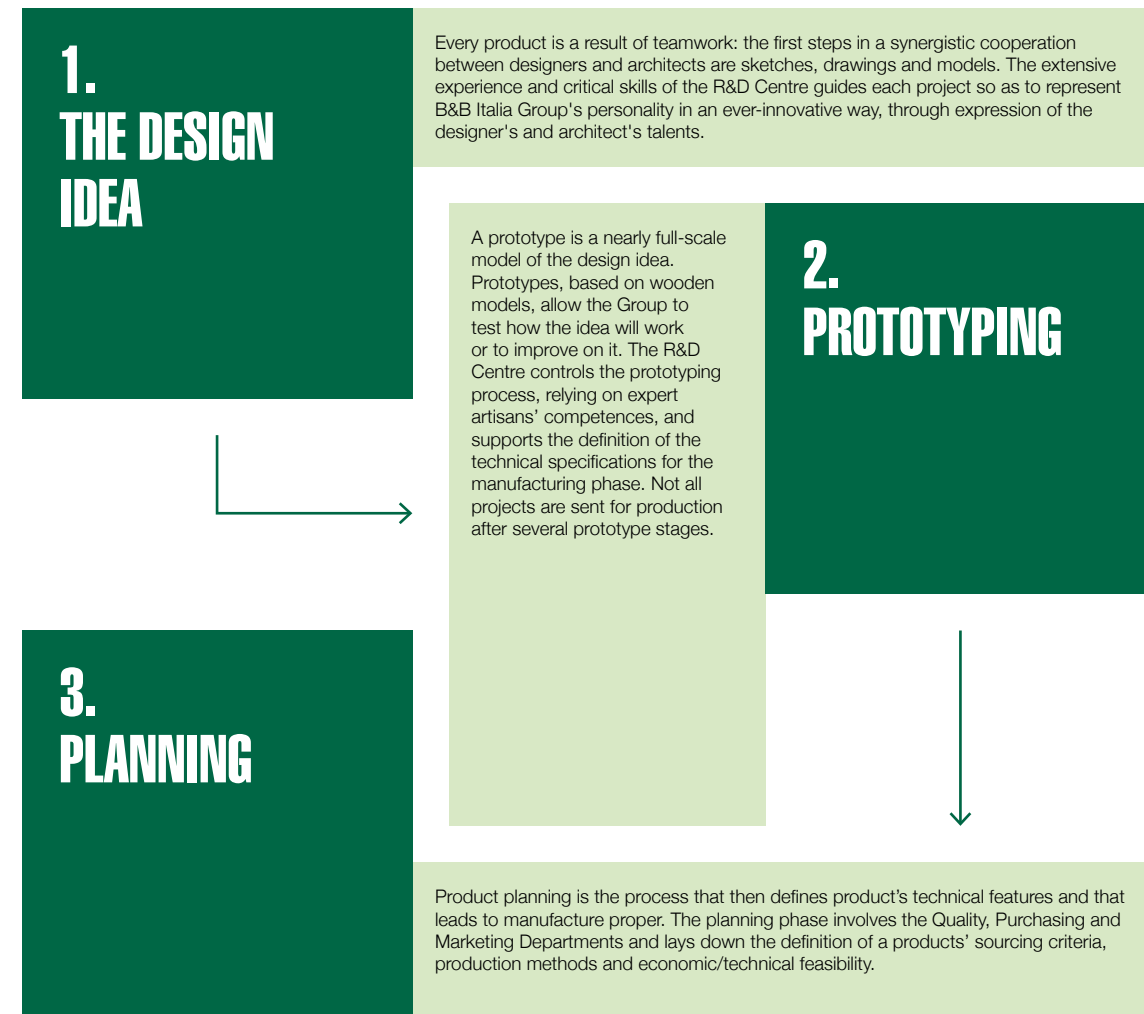
Exclusive design icons

Since its establishment, B&B Italia Group founded its successes on its strong relationships and cooperation with leading Italian and international designers and architects, fostering design heritage while exploring new innovative solutions.

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


	2017	2018	2019
B&B Italia	Piero Lissoni <ul style="list-style-type: none">- SAKé- Formiche	Antonio Citterio <ul style="list-style-type: none">- B&B Atoll	Antonio Citterio <ul style="list-style-type: none">- Diesis 40- Planura
	Naoto Fukasawa <ul style="list-style-type: none">- Harbor	Piero Lissoni <ul style="list-style-type: none">- Eda-Mame	Piero Lissoni <ul style="list-style-type: none">- Dock- Spool
	Antonio Citterio <ul style="list-style-type: none">- Alex- Jens	Naoto Fukasawa <ul style="list-style-type: none">- Belle- Bull- Colosseo	Michael Anastassiades <ul style="list-style-type: none">- Parallel Structure
	Mario Bellini <ul style="list-style-type: none">- Bolt	Paolo Piva <ul style="list-style-type: none">- Alanda	Vincent Van Duysen <ul style="list-style-type: none">- Pablo
	Monica Armani <ul style="list-style-type: none">- Madison	Michael Anastassiades <ul style="list-style-type: none">- Jack	Naoto Fukasawa <ul style="list-style-type: none">- Bull bench
Outdoor	Naoto Fukasawa <ul style="list-style-type: none">- Fiore	Antonio Citterio <ul style="list-style-type: none">- Ribes- Erica '19- Frank Outdoor	Antonio Citterio <ul style="list-style-type: none">- Hybrid- Ginepro
	Doshi & Levien <ul style="list-style-type: none">- Bay- Tabour Outdoor	Jeffrey Bennett <ul style="list-style-type: none">- Cosmos Outdoor	Naoto Fukasawa <ul style="list-style-type: none">- Ayana- Colosseo
	Barber & Osgerby <ul style="list-style-type: none">- Tobi-Ishi Outdoor	Patricia Urquiola <ul style="list-style-type: none">- Fat-Fat Outdoor	Philippe Starck <ul style="list-style-type: none">- Oh it Rains- Un Pizzo- Tramae
MAXALTO	Antonio Citterio (coordinator) <ul style="list-style-type: none">- Caratos- Astrum	Antonio Citterio (coordinator) <ul style="list-style-type: none">- Nidus- Otium- Caratos- Alcor	Antonio Citterio (coordinator) <ul style="list-style-type: none">- Apollo- Dike- Tesauros
	Antonio Citterio <ul style="list-style-type: none">- Principia		
ARCLINEA		Antonio Citterio <ul style="list-style-type: none">- Modus system- Era system	Antonio Citterio <ul style="list-style-type: none">- Beta

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



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

The four Compasso d'Oro

1979	 <p>Le Bambole With a new shape for upholstered furniture, Le Bambole never ages. What makes them special is the apparent absence of a load bearing structure, the extreme naturalness of their shape, and the combination of comfort, softness and elasticity that their appearance conveys. The series turned out to be an icon for the 1970s.</p>
1984	 <p>Sisamo It was designed as a container closely associated with concepts of functionality and practicality, aimed at blending with the walls of the room without any loss of continuity. The patented door opening and closing mechanism, with flush sliding doors, has been the peculiar feature of this system. A wardrobe that becomes invisible after use, transforming itself into a smooth and elegant wall with perfectly flush doors.</p>
1987	 <p>Sity A courageous step forward in the search for a seating system, Sity was conceived as a flexible and separable structure, capable of reorganising the new complexity of living space. An important characteristic has been that all the elements, while preserving their own form and functional autonomy, are conceived as parts of a modular scheme.</p>
1989	 <p>B&B Italia was the first Company to be given recognition with a <i>Compasso d'Oro</i> directly awarded to a design manufacturing Company.</p>

In recent years, B&B Italia Group has continued to collect awards all over the world. After winning the 2018-2019 *China EDIDA* in the category "Best furniture of the year" in 2018, B&B Italia daybed *Eda-Mame*, designed by Piero Lissoni, won two important awards in 2019: the *NYC xDESIGN Awards 2019*, in the category "Product – Residential Sofa", and the *Wallpaper* Design Awards 2019*, in the category "Best disco divas". *Eda-Mame* is a single piece which is a fusion of three types of seating – high-back chair, easy chair and pouf – whose particular shape is inspired by the form of a soybean, a typical ingredient of Oriental cuisine.

Moreover, in 2019 two major projects carried out by the B&B Italia Contract Division received important international awards: the *SFO Polaris Air Lounge* in San Francisco and the *Retreat at Blue Lagoon Iceland*. In particular, the *SFO Polaris Air Lounge* in San Francisco, the largest Business Class Air Lounge in the world located at Terminal C of the San Francisco International Airport (SFO), was awarded the prestigious *World Airline Awards 2019*. The B&B Italia Contract division furnished the lounge with pieces from B&B Italia and Maxalto collections and with a fine selection of custom furnishings (for further details see § "SFO Polaris Lounge"). By contrast, the *Retreat at Blue Lagoon Iceland* won the *Red Dot Award 2019*, "Best of the best". The Contract Division collaborated as overall consultant in the design, completion and furnishing of the interiors of the *Retreat*, the first luxury hotel located in the fascinating *Blue Lagoon Iceland* (for further details see § "The Retreat at Blue Lagoon Iceland").

Recent prizes awarded by B&B Italia Group

2017	
Award	Product / Company
NYCxDesign Award - Winner "Graphic & Branding"	Communication R-evolution project
International Design Store Award	
Oscar of European Tourism	
ELLE Russia Decoration Award - Best of the Year	
2018	
Award	Product / Company
Wallpaper Design Awards	Saké and Ginestra
American Great Design Award - Winner	
German Elle Decoration International Design Awards – Best seating of the year	Alex
China Elle Decoration International Design Awards – Best furniture of the year	
IDA Design 2018 Gold - Interior Design-Residential	B&B Atoll
German Design Award - Design Classics and Re-editions	
2019	
Award	Product / Company
NYCxDESIGN Award 2019 - Product – Residential Sofa	Eda-Mame
Wallpaper* Design Award 2019 - Best disco divas	
World Airline Awards 2019	Eda-Mame
Red Dot Award 2019 - Best of the best	
	United Airlines' SFO Polaris Lounge
	The Retreat at Blue Lagoon Iceland

An innovative DNA

Innovation is an intrinsic characteristic of B&B Italia Group's industrial and technological vocation, a commitment deeply rooted in the Group's DNA since its inception. The decision to establish a dedicated Research and Development Centre at B&B Italia headquarters and a Design Team in Arclinea has been a key factor in the Group's development strategy, as illustrated by annual investment in research, which usually exceeds 1% of B&B Italia Group's annual turnover and in 2019 amounted to Euro 2.8 million.

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

Innovation has traditionally been an essential driver for B&B Italia Group, both for products and in production processes. The partnerships with world-renowned designers and architects and the contribution of the R&D department have allowed the Group to launch several innovations, which represent a “silent revolution” that has contributed to the transformation of the furniture sector.



B&B ITALIA'S RESEARCH & DEVELOPMENT CENTRE

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



INNOVATION IN ARCLINEA

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

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

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

Amongst several innovative and new products developed over the years, in 2019 Arclinea introduced the new Beta model, characterised by an original handle that improves door functionality and design. Also during 2019 Arclinea brought out the Era peninsular tables, introducing novel applications such as the snack table perfect for a shared food experience. Finally, responding to market needs for small cooking units, in 2019 Arclinea continued to perfect the concept of the "hidden" kitchen, a kitchen that is set behind an easy-to-open architectural wall housing equipment and tools.

Also in 2019 Arclinea started a process of technological renovation of its production processes, drawing up an Industry 4.0 investment plan with the goal of replacing some outdated production machinery. The purchase of new highly technological machines, characterised by high energy efficiency, high automation and digital control will provide greater flexibility in production processes, expediting processing of orders and reducing the need to outsource production. For this reason, in 2019 Arclinea bought a 3D precision printer that not only facilitates the rapid production of prototypes, but also enables the internal production of small quantities of plastic pieces with high accuracy and repeatability, reducing outsourcing and warehouse inventory.

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

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

The "silent revolutions" of B&B Italia in the furniture sector

Upholstered furniture	Systems
1966	1970
Metal structures in upholstered furniture, substituting wood for increasing flexibility and resistance and reducing weight - <i>Coronado</i>	Polyester systems "100 gloss" to increase brightness - <i>Olinto</i>
Use of polyurethane for potentiating durability also in terms of shapes - <i>Coronado</i>	1980
Removable structures for increasing transportability and reducing volumes - <i>Coronado</i>	Use of cast iron structures to potentiate stability and holding - <i>Dape</i>
Insertion of leaf springs into structures, to increase comfort and flexibility - <i>Coronado</i>	1983
Use of fiberglass into structures to increase resistance - <i>Amanta</i>	Coplanar sliding doors for wardrobes reducing the encumbrance - <i>Sisamo</i>
1969	1989
Vacuum packed chair to achieve maximum contraction - <i>Up</i>	Use of extruded PVC 240 cm shelves allowing exceptional capacity and integration with lighting - <i>Domus</i>
10-year guarantee for padded structures	Vertical openings of 240 cm shutters reducing the encumbrance - <i>Domus</i>
1970	1990
Use of integral polyurethane - <i>Bonanza</i>	Fire-retardant HSC panel for marine environments - <i>B&B marine</i>
1976	1996
Rigid polyhuretane structures - <i>Lauriana</i>	Introduction of wengè finishings - <i>Maxalto</i>
1980	1998
Mechanisms to increase sofas comfort and modify seats' height - <i>Alanda</i>	PVC panels substituting office walls - <i>Abak</i>
1984	2008
Use of tubular fiberglass for enhancing folding properties - <i>Nena</i>	Aluminum modular library to increase lightness and stability - <i>Flat.C</i>
1986	2012
Multiple seating typology to enhance the flexibility of seating systems - <i>Sity</i>	Roto-shifting opening for wardrobes - <i>Backstage</i>
1995	2014
Use of die-cast pegs for increasing lightness - <i>Harry</i>	Shellac finishing - <i>Maxalto</i>
1997	
Introduction of peninsulas and chaise longues - <i>Charles</i>	
2003	
Use of preformed printed leather - <i>Mart</i>	
2007	
Weavings in polyethylene for outdoor use - <i>Canasta</i>	
2016	
Use of lightweight aluminum fusions - <i>Charlotte</i>	
2018	
Eco-friendly padding - Erica '19 and Ribes	
2019	
Disassembly structure - Hybrid	

For B&B Italia Group, innovating means impelling the market towards new solutions that are increasingly functional and aesthetically aligned with contemporary taste. The results of the Group's continuous efforts are demonstrated by the constant evolution of its product range: between 2018 and 2019, the Group launched over 30 new products and 13 extensions to existing product ranges. In addition to these new products, B&B Italia Group has, since the end of 2018, started to manufacture and commercialize several iconic Luigi Caccia Dominioni products under the Azucena brand, such as the Catilina chair, the ABCD armchairs, the Toro sofa and pouf, the Cavalletto table and the Poltrona and Imbuto lamps.

New products developed and launched

	2017	2018	2019
New products	12	15	18
Extension of products range	2	3	10

The B&B Italia Contract Division also interprets B&B Italia's innovative spirit in the development of new ideas in a customer-centric way. The Division conceives each single detail to satisfy specific customers' needs and invests in liaising with customers and architects, while co-ordinating research, testing and engineering for each element of a project. For instance, in 2019 the Contract Division participated in ambitious and high-profile projects like: the interior design of more than 200 apartments and offices of One Crown Place and furnishing of the One Bishopsgate Plaza Hotel, both in London and completed solely with FSC® certified wood components (license code FSC-C142045); the completion and furnishing of the new Joyce condo in Vancouver for Westbank; the furnishing and building of the Polaris Lounge at Washington Dulles International Airport, expected to open in 2020.

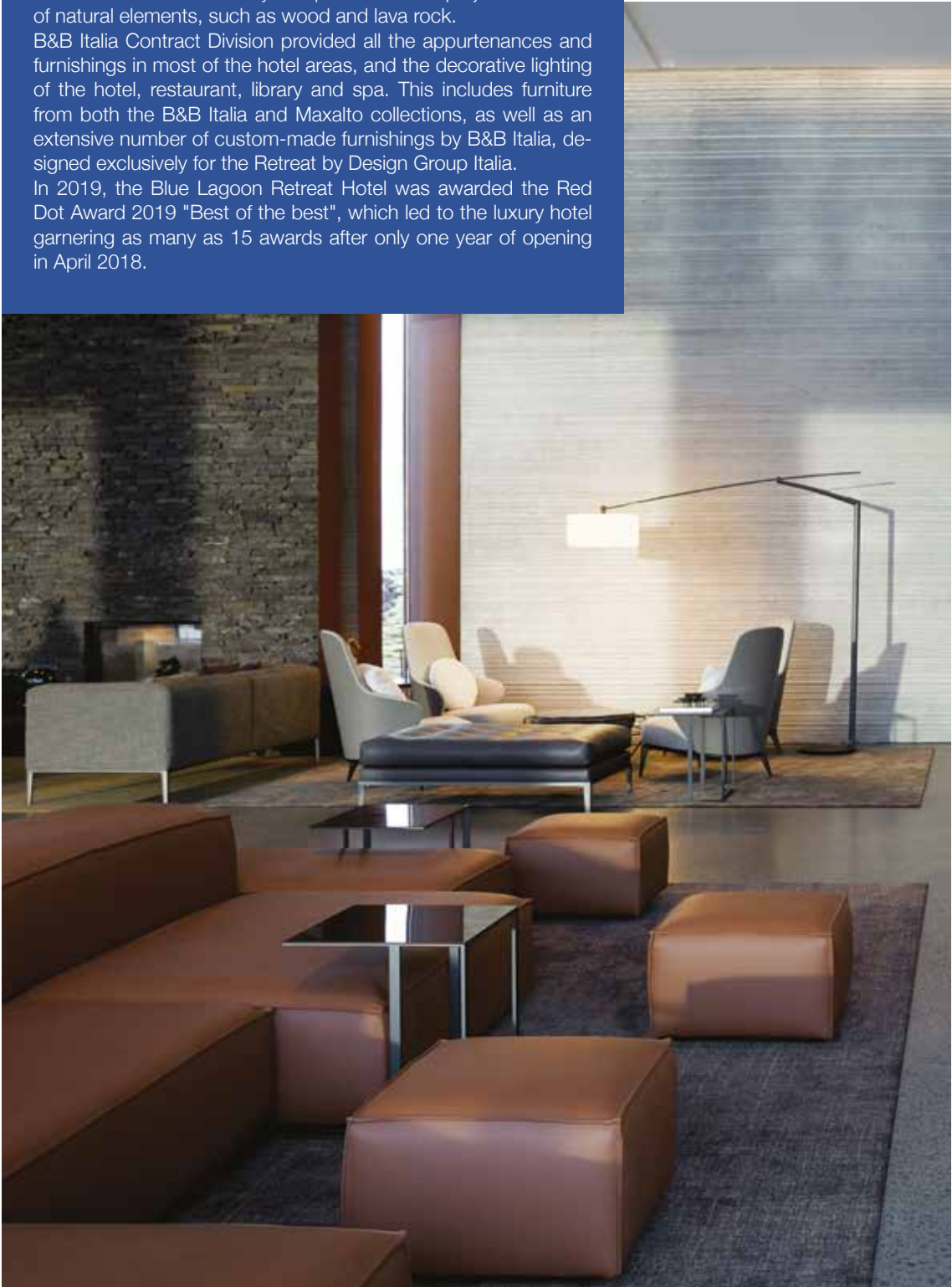


SFO POLARIS LOUNGE

In 2019, the SFO Polaris Air Lounge in San Francisco, opened in 2018 at the San Francisco International Airport (SFO), won the prestigious *World Airline Awards 2019*. This is the largest first-class air lounge in the world. For this project B&B Italia Contract Division provided all the furniture needed for the 2000 square meter lounge, including dining rooms and rest areas. More specifically, the Contract Division furnished the space with products from the B&B Italia and Maxalto collections, along with a selection of customised products, like sofas, armchairs and small tables for the lounge and tables, chairs and counters for the dining area. In addition, B&B Italia participated in the construction of the lounge, designing and building the partition wall systems complete with workstations with integrated lighting. In the same year, B&B Italia Contract Division begin to work on the interior decoration of the new Polaris Lounges at the Washington Dulles Airport, expected to open in 2020.

THE RETREAT AT BLUE LAGOON ICELAND

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



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

RIBES

Designer: Antonio Citterio
2019



³ ECONOMIA CIRCOLARE ED
USO EFFICIENTE DELLE RISORSE -
indicatori per la misurazione dell'economia
circolare (2017)

ASSESSING PRODUCTS' CIRCULARITY

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

In addition to the two products assessed in 2018, namely Ribes and Erica '19, both designed by Antonio Citterio, in 2019 the Company evaluated the circularity of two of its new products: Hybrid, designed by Antonio Citterio, and Ayana, designed by Naoto Fukasawa. The products' circularity was measured in accordance with the Italian guidelines³ set by the Ministry of Environment in collaboration with the Minister of Economic Development.

Through a set of indicators, including the recyclability of the input materials and of the products, B&B Italia assessed that Hybrid circularity is equivalent to 66%, whereas Ayana corresponds to 69%. These results can be ascribed to their disassembly properties and to the use of natural and recyclable components. In particular, Hybrid consists of a totally dismantlable structure made of aluminium, while Ayana's structure, also totally dismantlable, is made of wood.

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

Indeed, in its own stores, B&B Italia Group encourages visitors to undertake a journey of discovery where design meets sensation, involving all the senses. A sequence of thematic areas, designed with extreme care, highlights the story and contextualises products in an ambience of perfect harmony between products and the surrounding environment. Colour combinations, contrasts that enhance details, tactile materials and a wealth of subtleties please the eye, arousing curiosity and inviting visitors to touch and feel the products.

B&B Italia Group also benefits from the experience of its partners, and their ability to pursue the quest for excellence. The Group works closely with them to guarantee its superior product quality as well as a first-class purchasing experience. These aspects are managed through a specific policy of extensive after-sales support, which includes proper training for dealers' staff and architects. B&B Italia trains over 400 people each year at its own headquarters, while in 2019 Arclinea organized 29 training events for architects, clients and industry operators, involving 374 people from Italy, Europe and Asia in its newly inaugurated Showroom and Training centre. In fact, in July 2019, Arclinea launched its new Showroom and Training centre in the company's historic headquarters in Caldogno, to enhance training activities with clients and architects. The innovative space of 800 square meters was designed by Antonio Citterio to showcase Arclinea's innovative products and to display the characteristic attributes of new products. The showroom was built as a place for consultation, communication, training and project design.

Design ambassador since 1966

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

In 2019, the famous Up5_Up6 armchair, designed by Gaetano Pesce in 1969, was the focus of many cultural events at the occasion of its 50th anniversary celebration, such as the installation at the Salone del Mobile in Milan, the installation at La Défense in Paris and the 6th edition of the West Bund Art & Design Fair in Shanghai (for further details see § "Up 50th anniversary: celebration of an icon").

Also in 2019 focusing on Bellini's creative activity over 60 years, B&B Italia promoted the first stage of the world tour of the exhibition "The Italian Beauty" in Moscow, after its first edition at the Triennale Museum in Milan in 2017. The exhibition was organized in collaboration with the Italian Cultural Institute in Moscow, the Russian Ministry of Culture and the Triennale Museum in Milan. Among the products shown there were several B&B Italia models, like the "Amanta" and "Camaleonda" sofas and the "Vol au vent" chair. The exhibition dedicated a section to "Le Bambole", Bellini's most iconic project for B&B Italia, which has become famous over the decades because of the irreverent and ironic advertising campaign featuring Donna Jourdan, a signature campaign by the world-famous photographer Oliviero Toscani.

UP 50TH ANNIVERSARY: CELEBRATION OF AN ICON

In 2019, B&B Italia celebrated the fiftieth anniversary of Gaetano Pesce's iconic armchair Up5_6. The armchair presents unmistakable anthropomorphic imprints and references to ancient statues of fertility goddesses, with a spherical ottoman tied to the armchair. Gaetano Pesce himself explained the project as being in the shape of a woman with a ball and chain, the traditional depiction of a prisoner.

Over the years, the Up5_6 armchair has become an international icon with different names, from "Big Mama" to "Blow Up" and it is still a very popular item, with over 750 armchairs ordered in 2019. To celebrate the fiftieth anniversary, B&B Italia has extended its range to include new solid colours (orange red, navy blue, petrol green, emerald green, cardamom) and also created a 50th Anniversary Special Edition, striped beige/petrol green, which refers back to the original colour palette of 1969.

On the occasion of the anniversary, B&B Italia promoted a year of celebrations around the world starting from London, where the famous Up5_6 armchair was one of the features of the exhibition route at Home Futures at The Design Museum in London. The 'home of the future' has long intrigued designers and popular culture alike and the exhibition Home Futures provided the opportunity to indulge in an imaginary journey through rooms designed by New York-based architects SO-IL and to explore yesterday's visions of the future – as an avant-garde spectacle displayed alongside contemporary objects and new commissions.

During the Salone week in Milan, the designer Gaetano Pesce celebrated the creation of the UP Series highlighting its social and political significance. A monumental sculpture *"Maestà Soffrente"* – 8 metres high, made in polyurethane foam and covered in pink fiberglass- was positioned in a unique location of the city: Piazza Duomo, in front of the famous cathedral. The artist clearly wished to provoke the audience and cause a reaction, either positive or negative, in order to direct attention to the treatment of women in a patriarchal society.

Meanwhile, B&B Italia devoted the entire ground floor of its store in Via Durini, Milan to a spectacular installation for the Celebration of the Up Series: an impressive space that started at the windows and extended to the store's central area as a tease on the Up50 striped theme. Part of the glazed area was dedicated to a celebration of the icon's history, displaying Up's advertising campaigns and looking back to the origins of the Up series and the most significant phases of its existence, while in the other part of the glazed area, the Up and the UPJ Series were on display in the new 2019 colours.

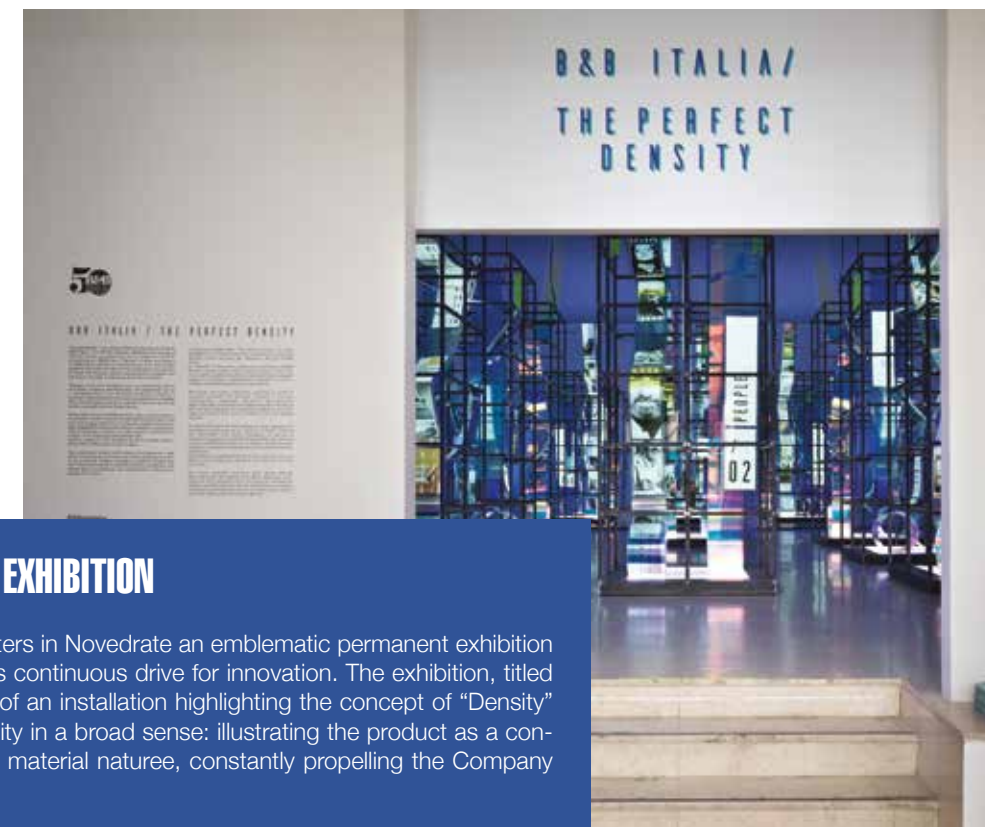
The Celebrations move to Paris, where B&B Italia, in collaboration with Fabrice Bousteau, Editorial Director and Editor in Chief of Beaux Arts Magazine, selected five international contemporary artists and invited them to talk about "Sensuality" in relation to art and design. Benedetto Bufalino, Orlan, Pangrok Sulap, Philippe Ramette and architect Jesus Torres Garcia frankly expressed their vision of love and sensuality, by referencing an Up5_6 armchair installation at La Défense, close to the Grande Arche. In the heart of this urban landscape, a unique, almost surreal atmosphere was created as a perfect setting to film the artists and display the Up chairs in different bright colours.

The whole year of celebrations around the world ended in China, at the 6th edition of the West Bund Art & Design Fair in Shanghai. The artist Chen Wei created a one-of-a-kind artistic project called [∞] (INFINITY), inspired by the sci-fi landscape of the advertising that launched the Up series in 1969, by Swiss photographer Klaus Zaugg, as well as by the iconic shape of the chair. The Chen Wei installation highlights the physicality, sociability and the imagined future which characterised the late 60s.



UP50

Designer: Gaetano Pesce
2019



"THE PERFECT DENSITY" EXHIBITION

B&B Italia hosts at its headquarters in Novedrate an emblematic permanent exhibition representative of the Company's continuous drive for innovation. The exhibition, titled "The Perfect Density", consists of an installation highlighting the concept of "Density" as a feature of B&B Italia's identity in a broad sense: illustrating the product as a concept as well as its physical and material nature, constantly propelling the Company towards the future.

As such, the installation presents a symbolic representation of the pulsating brain of a company that, over the years, has been capable of producing unique pieces, true icons of Italian design. At the centre 8 high vertical cages, vibrate creating surges of bright beams that project images and texts into the room: a sort of giant brain, whose synapses, stimulated by light pulses, enclose the visitor in an ongoing and layered narrative. Further awareness comes from the 8 themed towers, which project 8 different narrative videos. Two continuous bands scroll across the side walls, revealing an environmental video consisting of a sum of micro-stories: images of graphics, products, people who over time have helped to build the brand's excellence, and whose faces and gestures are reproduced to infinity by a system of mirrors.

The exhibition was originally conceived by Migliore+Servetto Architects to celebrate the 50th anniversary of B&B Italia and, before becoming a permanent exhibition in the Company headquarters, it was hosted at the Triennale di Milano during the Milan Design Week 2016.

During the Milan Design Week 2019, B&B participated in the fifth edition of the exhibition *"The Litta Variations-Opus 5"*, collaboration between Flos and Echo, which took place in the Courtyard of Honours in Palazzo Litta. Flos was technical partner for lighting Echo, an installation created by the Pezo von Ellrichshausen Studio which was the key feature of the exhibition; B&B Italia designed and built a series of benches of custom made light oak, situated all around the perimeter of the colonnade in perfect counter-balance to the distinctive lighting contrast designed by Flos.

Finally, B&B Italia took part in ADI index 2019 in Milan, at the Museo Nazionale Scienza e Tecnologia Leonardo da Vinci, and in Rome, at the Casa dell'Architettura - Acquario Romano. Every year, ADI (Association for Industrial Design) selected the best Italian designer eligible for the "Compasso d'Oro" prize.

Also in 2019 B&B Italia Group participated in a series of design fairs and events worldwide, such as *Salone del Mobile and MiArt in Milan*, *IMM Cologne Fair* and the *London Design Festival* which offered special opportunities to portray the Group image and its uniqueness to potential new clients and partners.

After almost twenty years, B&B Italia returned to exhibit its new products at the Salone del Mobile in Milan. Its presence also marked the debut of Design Holding, with an impressive 4000 square metre stand located inside the new S. Project pavilion showcasing the B&B Italia, Flos and Louis Poulsen collections. The joint stand was designed to reflect the philosophy of Design Holding by focusing on the common motifs of the companies' strong individual identities, which share legendary design histories and a unique ability to produce new iconic models.



**ARCLINEA DESIGN COOKING SCHOOL:
A CELEBRATION OF ITALIAN FOOD CULTURE**

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

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

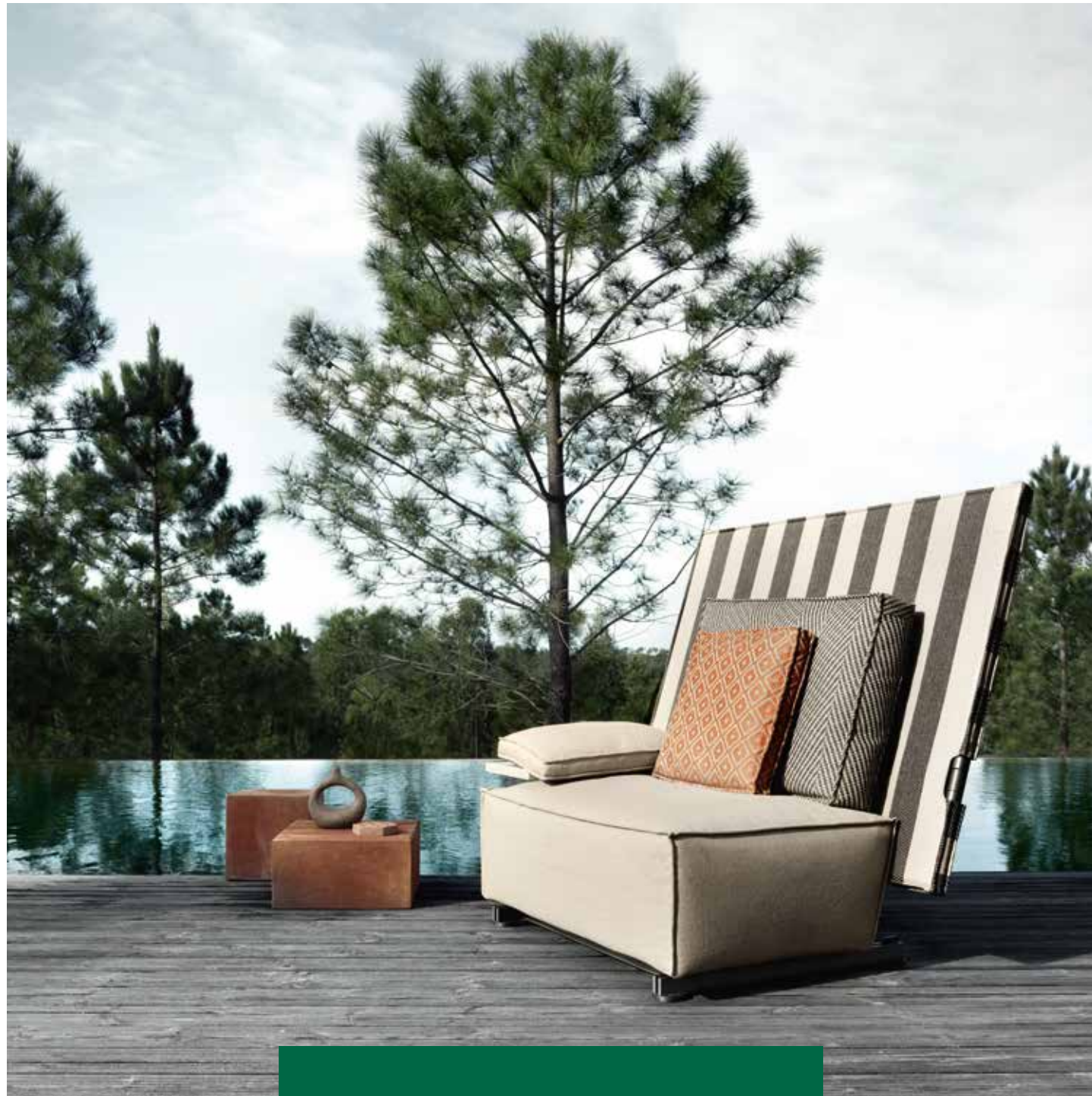
In 2019, as a means to communicate the Group's commitment to promoting cultural events and its iconic design, B&B Italia Group continued to enhance its communication and marketing strategy through a series of projects aimed at strengthening its presence on the main digital platforms for all its brands.

Consequently, B&B Italia Group drew up a communication plan designed to increase its number of followers and interactions with actual and potential users on social networks. The Group focused its efforts on progressively reinforcing its profile content and appeal on Facebook, Twitter, Instagram, Pinterest and LinkedIn. In 2019, B&B Italia began using the dedicated social channels WeChat and Weibo for the growing Chinese market and established a dedicated Instagram page for Maxalto in order to distinguish and promote the brand.

B&B Italia Group has performed well in its appeal, as is shown by the increasing number of fans and followers, increasing overall by over 25% between 2018 and 2019. Nonetheless in the upcoming years, the Group will continue to work to further improve social interaction, including via comments and references.

2019 followers

Facebook		Twitter		Instagram	
121,798		14,600		405,000	
Pinterest		LinkedIn		WeChat	
37,331		17,350		9,042	
				Weibo	
				250	



OH, IT RAINS!
Designer: Philippe Starck
2019

THE PROPER BALANCE BETWEEN PRODUCT QUALITY AND IMPACT

The continuous quest for product quality

2019 Sustainability Report

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

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

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

On customer service, the Group believes in the value of offering consumers a product as a long-term investment, and therefore it keeps working on increasing the lifecycle of its creations. In this context, all B&B Italia products include an identification code, which allows the Company and its customers to trace all technical documentation and product standards for each item sold. Customers' interest in and awareness of product safety and durability increases progressively. For this reason, B&B Italia Group goes beyond mere compliance and monitors these parameters through specific activities and tests, in accordance with various voluntary codes and regulations that can apply, depending on markets, national laws and clients' specific needs. Products are therefore subject to validation by conducting tests, for instance strength and durability tests, on the product family's most significant or representative article and/or on an item that is particularly key in terms of construction technique. Tests are carried out following the principal methods applied in the furniture industry. In addition, in Arclinea each product is subject to manual checks during and at the end of the manufacturing process. When any defects or problems are identified, remedial steps are taken as soon as possible by the factory staff, usually within two hours. Furthermore, Arclinea's Quality Function periodically organises a series of internal working groups to brainstorm how to continuously improve the production stream. This allows the Company to deliver high quality products, while acquiring replicable best practices learnt from previous production mistakes.

B&B Italia Group's product regulatory framework and standards	
Fire resistance	<div><div>Italian Ministerial Decree of 26/06/84 Concerns the classification of fire resistance and approval of materials for fire prevention purposes (I).</div><div>California Technical Bulletin 117-2013 – USA Sets flammability standards for upholstered furniture.</div><div>California Senate Bill SB1019 – USA Concerns the presence and labelling of flame-retardant chemicals used in upholstered furniture.</div><div>Furniture and Furnishings (Fire) (Safety) Regulations 1988 – UK Sets levels of fire resistance for domestic upholstered furniture.</div><div>Product quality assurance (Module D) B&B Italia's products are manufactured in compliance with the fire protection requirements of Council Directive 2014/90/UE on Marine Equipment (MED) and regulation (EU) 2017/306.</div></div>
Electrical equipment	<div><div>ANSI - UL 48 Portable electrical apparatus (Lamps) – USA and Canada B&B Italia certifies that its low-voltage electrical equipment is safe and complies with current laws, standards and regulations in force.</div><div>Directive 2014/35/EU On the harmonisation of the laws of the Member States relating to making available on the market electrical equipment designed for use within certain voltage limits.</div><div>Directive 2014/30/EU On the harmonisation of the laws of the Member States relating to electromagnetic compatibility (recast).</div><div>Directive 2012/19/UE On the harmonisation of the laws of the Member States relating to waste electrical and electronic equipment (WEEE).</div><div>Directive 2011/65/UE On the restriction of the use of hazardous substances in electrical and electronic equipment.</div><div>Directive 2006/42/CE Concerning machinery.</div></div>
Furniture standards	<div><div>UNI EN 16139 Furniture - Strength, durability and safety requirements for chairs.</div><div>UNI EN 15372 Furniture - Strength, durability and safety requirements for tables.</div><div>UNI EN 581 Outdoor furniture - general safety requirements for outdoor seating and tables.</div><div>UNI EN 16121 Furniture – safety, strength and durability requirements for storage furniture.</div><div>UNI EN 1116 Kitchen furniture - Coordinating sizes for kitchen furniture and kitchen appliances.</div></div>

Furniture standards	<div><div>UNI EN 14749 Furniture - Domestic and kitchen storage units and kitchen-worktops, safety requirements and test methods.</div><div>UNI EN 13986 Wood-based panels for use in construction - Characteristics, evaluation of conformity and marking.</div><div>ANSI-BIFMA X5.1 Chairs - USA Provides the standards for the evaluation of safety, durability, and structural adequacy of general-purpose office chairs.</div></div>
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PRODUCTS IN THE MAKING: FROM INDUSTRIALIZATION TO DELIVERY

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

Industrialization

Production begins with the industrialization phase, where all the possible technologies to be applied are analysed, to select the perfect mix between quality and design requirements, cost optimisation and technical solutions. The ultimate goal is to ensure that the product can be produced on a large scale, ensuring the same features and performance as was originally planned are achieved.

For example, when “cold-moulded polyurethane foam” technology is used for creating sofas, in the pre-production stage the metal load-bearing frame that guarantees the best results in terms of product durability and resistance is chosen. Then, the frames are integrated with various elements (elastic straps, springs, reinforcing, etc.) that enhance product performance in terms of comfort and functionality. Thereafter, frames are sunk in polyurethane injected into the mould, which allows reproduction of the exact shape of the chosen model.

↓

Validation & Production

The validation & production phase ensures, first, that the product meets planned requirements and specifications, and that all industrial aspects are consistent with same. B&B Italia effects further quality assessment through the various tests and checks described above, so that the final product fulfils its intended purpose and is ready for delivery.

The results of all these controls and technical documentation are entered into a product fact sheet, which is like an ID card for the product itself. The product is now ready to be produced. Inventory is held in the storage warehouses when production commences, and when a specific order has been commissioned by a client.

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Delivery

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

Furthermore, a document certifying authenticity, the *Product data sheet* – *Guarantee*, sets out the originality and uniqueness of the product, informs the customer about the materials, maintenance instructions, the warranty, manufacturer and designer of the product.

Moreover, B&B Italia Group demonstrates its commitment to quality offering more than the 2-year warranty prescribed by law. An example is B&B Italia's 10-year warranty for the frames of its padded furniture (sofas, armchairs, chairs and beds). The warranty covers original defects in the manufacture of the structural parts, providing for replacement or repair, free of charge, of the unusable or defective component identified and acknowledged as such by B&B Italia. Similarly, Arclinea provide a 5-year warranty on some products for production defects.

This approach has been rewarded by no product recalls between 2018 and 2019. As shown in the data set out in the table below, the ratio of overall complaints on invoiced orders, which measures the Group's actual quality of performance in terms of meeting customer demands, has recorded a decrease. Rejected complaints were mainly related to clients' errors in product installation and maintenance ^[102-43].

	2017	2018	2019
Rejected complaints	1,143	1,231	1,355
Actual complaints	1,790	1,716	2,285
Overall complaints	2,933	2,947	3,640
Ratio of overall complaints on invoiced orders	3.0%	3.6%	3.4%

B&B Italia' commitment to quality also includes careful selection of materials. When procuring raw materials and semi-finished products from suppliers and contractors, the Company adopts a series of thorough control practices, designed for the selection of the highest quality materials available, including in terms of sustainability in the supply chain and reduced health and safety risks for customers.

Once a product is deemed appropriate for starting manufacturing production, the Purchasing Department manages the sourcing of appropriate raw materials and components. The Department thus evaluates and selects the materials used for the internal structure (i.e. iron, steel, magnesium), as well as for external coating (i.e. type of leather or fabric, etc.) or finishing (i.e. type of base, possible accessories, etc.). Various assessments are also performed, both by the Technical Office in charge of production and by the Quality Department, in order to provide recommendations of their own and prevent possible issues in terms of products' technical features as well as quality, safety and durability.

The Group purchases a wide variety of materials, the principally wood, fabrics, leather, marble, metal and foam mixtures for padding. The amount of raw materials and packaging purchased increased from 5,224 tons in 2017 to 6,259 tons in 2019, mainly due to progressive increases in wood used both by Arclinea and B&B Italia ^[301-1].

Materials and packaging (ton)	2017	2018	2019
Iron/steel ⁴	930	909	998
Fabrics	274	268	297
Wood	1,797	2,081	2,648
Chemicals	307	292	307
Marble ⁵	221	226	251
Ceramic	0.4	0.4	0.6
Appliances	51	53	61
Aluminium	255	247	270
Leather	33	33	34
Paints	561	546	549
Paper	683	664	665
Plastic	13	16	29
Glue	10	10	13
Glass	15	23	25
Polystyrene	53	60	82
Polyethylene	21	17	28
Total	5,224	5,443	6,259

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

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

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

⁴ These data also include small amounts of wood.
⁵ These data also include small amounts of wood.

FSC® CERTIFIED WOOD

The Forest Stewardship Council® (FSC) is an international, non-profit NGO, offering a forest certification system recognised internationally. This certification aims at ensuring correct forest management and traceability of related products. As such, it guarantees that the product is made using raw materials from properly managed wood according to defined principles of sustainable procurement and chain of custody certification.

Since 2013, Arclinea* has implemented a Management System that complies with the principles and standards of the FSC. As a result, 100% of Arclinea's wood supply and products can be FSC Mix certified, thus guaranteeing that wood is supplied from FSC-certified forests, recycled material, or controlled wood.

In 2018, B&B Italia** started working on unique products produced only with FSC Mix certified wooden components. During 2019, the Company increased the certified product range: from one chair in 2018, the Belle chair, to four product lines: Ayana, Gio and Ravel of B&B Italia collection and Fulgens of Maxalto collection.

B&B Italia's goal is to further increase the application of the FSC Mix certification to its wooden products, by constantly integrating the list of parts subjected to the certification, with the goal of ensuring the sustainability of the supply of wood.

*License Code FSC-C118694, **License code FSC-C142045

AYANA

Designer: Naoto Fukasawa
2019



The importance of sourcing sustainably

B&B Italia Group relies on a network of about 2,000 suppliers of materials, finished and semi-finished products and contractors assembling finished products. Over 90% of these partners are based in Italy, and most of them are in the Lombardy, Veneto, Marche and Emilia Romagna regions. The suppliers' proximity enables B&B Italia and Arclinea to collaborate closely with artisanal experts for complex high-quality work and to foster a continuous dialogue with them. In terms of procurement volumes, in 2019, B&B Italia group purchased the 73,9% of its raw materials, packaging and semi-finished products from Italian suppliers ^[204-1].

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

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

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

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

Moreover, for outdoor finished products, whose production is mainly located in Bosnia, Indonesia, China and the Philippines, the Company provides precise tender specifications to its suppliers. Suppliers must comply with these specifications and, each time an additional production line is established, its inspectors take the opportunity to conduct specific controls on previously opened lines.

Furthermore, B&B Italia implements additional controls concerning high quality raw materials such as leather and fabrics. Leather supplies, indeed, are usually checked when dispatched to the Company's facilities and, where they are particularly prestigious, through specific visits to suppliers' plants, in addition to the digital quality controls already mentioned above.

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

Environmental impacts across operations

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

- The Novedrate site (25,000 m²) houses the head office, the upholstered furniture production section, the R&D Centre and the showroom. The plant houses the polyurethane moulding line and a technological production centre equipped with two robots capable of changing the characteristics of foams in real-time by adjusting their density and resilience.
- The Misinto plant (22,500 m²) produces the Maxalto collections, with particular focus on wooden products. Since 2011, the plant has also produced wall systems and wardrobes. Misinto possesses the most modern technological equipment, ranging from modern machinery to cut panels to paintbrushes and assembly lines.
- The Caldogno plant (40,000 m2) is where Arclinea production activities take place. The factory is situated on the site where the original wood workshop, in which the Company started its activities in 1925, was located. In 2019, a new showroom and training centre was inaugurated at the site (for further details see § “An innovative DNA”).
- Production organisation is complemented by two storage sites: an area of 8,000 m² houses semi-finished products, raw materials and components for outdoor products to be assembled in Carugo,; and at Arosio (5,500 m²) raw materials, semi-finished products and finished products are stored.

All plants are subject to evaluation and progressive interventions aimed at improving their operation and making them more modern and efficient. In 2019, for instance, Arclinea drew up an investment plan, designed for to the replacement of outdated machinery with new ones, characterised by innovative digital technology and high energy efficiency (for further details see § “Innovation in Arclinea”).

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

The environmental aspects currently monitored and managed by the Group represent the Companies’ most relevant environmental impacts including the use of raw materials, components and packaging consumed (as already highlighted in paragraph § “The continuous quest for product quality”), energy consumption, Greenhouse Gas (GHG) emissions and waste management. The Group also monitors its footprint in terms of pollutant emissions and water usage (further details are provided in the *Appendix*). No incidences of non-compliance with environmental laws and regulations by the Group were recorded between 2017 and 2019 ^[307-1].

Energy consumption

B&B Italia Group has started to monitor and rationalise its energy consumption through specific energy efficiency initiatives. Indeed, in 2019 B&B Italia installed new energy monitoring systems in the Novedrate and Misinto plants, to monitor electricity consumption patterns continuously. Furthermore, in order to better analyse energy consumption patterns and identify opportunities for energy saving, B&B Italia conducted an energy audit at the Novedrate plant in compliance with the requirements of national law. As regards Arclinea, in 2019 the Company replaced the conventional lighting in an entire production line plant with LED lighting. Moreover, the Industry 4.0 Investment Plan of aimed at replacing some old production machinery will contribute to reducing overall energy consumption by the Company (for further details see § “Innovation in Arclinea”).

B&B Italia Group total energy consumption decreased slightly between 2018 and 2019, with an overall decrease of 0.7%. As far as its energy mix is concerned, B&B Italia Group’s total energy consumption is directly supplied by different resources: natural gas (representing 46.9% of overall consumption in 2019), electricity (30.1%), wood offcuts (14.2%) and fuels like fuel oil and diesel (8.8%). Arclinea relies mainly on fuel oil (given the physical unavailability of connection to the municipal natural gas grid) and wood offcuts for its heating needs, while B&B Italia mainly relies on natural gas and wood offcuts. ^[302-1] B&B Italia Group’s Energy Intensity Index, measured as the ratio between energy consumption and revenues multiplied by a factor of 1,000, slightly increased between 2017 and 2019 ^[302-3].

Energy consumption and energy index	Unit	2017*	2018*	2019
Natural gas	GJ	38,176.9	39,282.6	36,860.36
Wood offcuts	GJ	8,985.6	10,787.1	11,126.2
Electricity	GJ	22,893.8	22,817.2	23,599.3
Gasoline	GJ	30.3	31.8	42.2
Fuel oil	GJ	3,957.7	3,566.9	4,113.0
Diesel (vehicles owned and leased)	GJ	2,626.6	2,599.7	2,778.6
Total energy consumption	GJ	76,799.9	79,085.3	78,519.6
Energy intensity index (energy/revenues)	(GJ/€ *1000)	382.5	364.9	389.8

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

GHG emissions

In accordance with the GHG Protocol Corporate Accounting and Reporting Standard, B&B Italia Group identified and monitored all relevant direct GHG emissions (Scope 1) and indirect emissions resulting from energy purchased (Scope 2). As required by the GHG Protocol, emissions from biomass combustion (wood offcuts for heating in Misinto and Caldogno) are separately reported. The Group estimated its indirect emissions occurring outside of its Companies (Scope 3), in particular those resulting from business travel (including travel by air and car) and from outbound logistics (including shipment by truck, air and ship) as shown in the table below. ^[305-1; 305-2; 305-3]

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

In line with energy consumption trends, Scope 1 and 2 emissions, in the context of the location-based method, remained constant from 2018 to 2019, and slightly increased from 5,002 in 2018 to 5,011 in 2019 (0.2%). Scope 3 emissions remained stable between 2018 and 2019, as well as overall emissions for 2019 that moved from 7,044 in 2018 to 7,105 in 2019, a slight increase of 0.9%.

GHG EMISSIONS	Unit	2017*	2018*	2019*
Direct Emissions (Scope 1)	tCO₂ eq	2,687.1	2,703.7	2,645.5
Emissions resulting from natural gas heating	tCO ₂ eq	2,134.1	2,197.4	2,062.1
Emissions resulting from gasoline emergency generators	tCO ₂ eq	2.2	2.3	3.1
Emission resulting from biomass (N ₂ O and CH ₄ emissions which are not absorbed during growth) – wood offcuts for heating in Misinto and Caldogno	tCO ₂ eq	27.6	39.3	42.1
Emissions resulting from diesel used for the corporate vehicle fleet	tCO ₂	192.9	191.3	204.5
Emissions resulting from fuel oil used for heating in Caldogno	tCO ₂ eq	303.3	273.4	315.3
Emissions of refrigerant gases resulting from leakages of air-conditioning systems	tCO ₂ eq	26.9	0	18.4
Indirect Emissions (Scope 2) – Location based method	tCO₂	2,403.3	2,298.2	2,365.6
Indirect Emissions (Scope 2) – Market based method	tCO₂	2,965.6	3,013.8	3,143.0
Emissions resulting from electricity purchased from national grid – Location based	tCO ₂	2,403.3	2,298.2	2,365.6
Emissions resulting from electricity purchased from national grid – Market based	tCO ₂	2,965.6	3,013.8	3,143.0
Other indirect Emissions (Scope 3)	tCO₂ eq	239.0	2,041.5	2,093.7
Emissions resulting from business travel (by air and car)	tCO ₂ eq	239.0	431.5	414.7
Emissions resulting from outbound logistics**	tCO ₂ eq	-	1,610.1	1,678.9
Total (Scope 1 + 2 + 3) – Location based method	tCO₂ eq	5,329.4	7,043.5	7,104.8
Outside of scope: emissions resulting from biomass combustion – wood offcuts for heating in Misinto and Caldogno	tCO ₂	768.5	922.6	951.6

* Data include B&B Italia, Arclinea, French and Northern American affiliates
** 2017 data do not include outbound logistics and business travel by car.

Waste

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

The percentage of B&B Italia Group’s recycled waste has increased from 74% in 2017 to 88% in 2019, mainly due to a reduction of incinerated waste. In 2019, total waste production was equal to 1,143 tonnes, of which 7% was composed of hazardous waste ^[306-2].

Waste by disposal method*	Unit	2017	2018	2019
Non-hazardous waste	t	792.1	872.1	1066.2
Recycled or reused	t	575.1	629.3	957.3
Incinerated	t	20.4	197.8	38.3
Sent to landfill	t	196.7	44.9	70.6
Hazardous waste	t	57.6	56.5	77.0
Recycled or reused	t	53.1	34.7	54.2
Incinerated	t	2.7	12.7	0.5
Sent to landfill	t	1.8	9.1	22.3
Total	t	849.7	928.6	1143.1

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

PROMOTION OF VALUABLE RELATIONSHIPS



People of the B&B Italia Group

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

Local employees by provenance ⁶	2017	2018	2019
Within 15 kilometres	76%	70%	70%
From 15 to 30 kilometres	18%	22%	21%
More than 30 kilometres	6%	8%	9%

At the end of 2019, B&B Italia Group's employees totalled 646, which corresponds to more than 99% of the total workforce, recording an overall increase of 3% compared to 2018. The majority of the Group's employees work in the Italian plants, being 90% of the employed personnel in 2019. ^[102-7; 102-8]

The contractual basis for company employees reflects B&B Italia Group's commitment to building stable and positive relationships with its employees. Indeed, in 2019, 95% of employees had a permanent employment contract, a 4% increase compared with 2017. In addition, the percentage of those with full-time contracts remained almost stable compared with the previous reporting year, and overall, represents around 97% of the employment contracts signed by the Group.

Total workforce by employment relation and region	Unit	2017	2018	2019
Employees	n.	618	626	646
<i>of whom in Italy</i>	n.	574	571	582
<i>of whom in foreign countries</i>	n.	44	55	64
Interns ⁷	n.	1	1	2
Total workers	n.	619	627	648

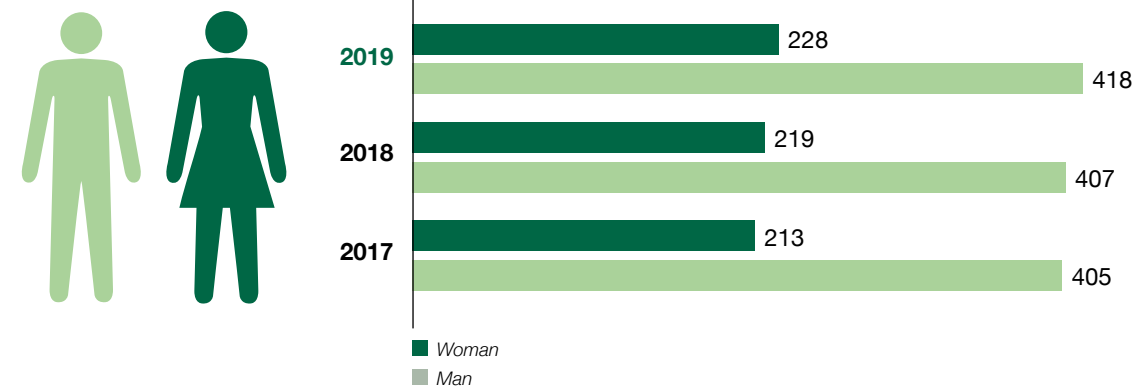
Employees by type of contract	Unit	2017	2018	2019
Permanent Contracts - total	n.	573	610	614
<i>Women</i>	n.	206	212	220
<i>Men</i>	n.	367	398	394
Temporary Contracts - total	n.	45	16	32
<i>Women</i>	n.	7	7	8
<i>Men</i>	n.	38	9	24
Full-time Contracts	n.	600	607	626
Part-time Contracts	n.	18	19	20

⁶ Data have been calculated as an average of B&B Italia and Arclinea data.

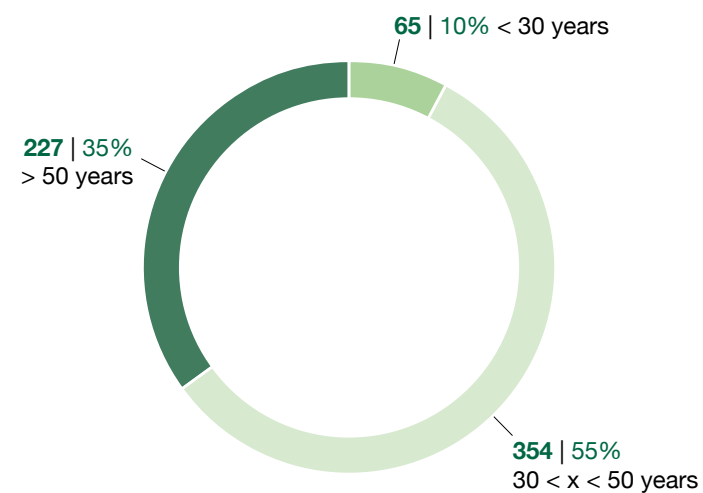
⁷ Foreign countries had no interns in the three-years period.

In the last three years, B&B Italia Group had a relatively stable workforce in terms of gender diversity, with a majority of male workers mainly corresponding to a preponderance of men in manufacturing activities (representing around 65% of total workers in 2019, while women account for the remaining 35%). Over the same period, the number of employees over 50 years old increased to 35% of the total workforce in 2019, indicating B&B Italia Group's commitment to retaining its best employees.

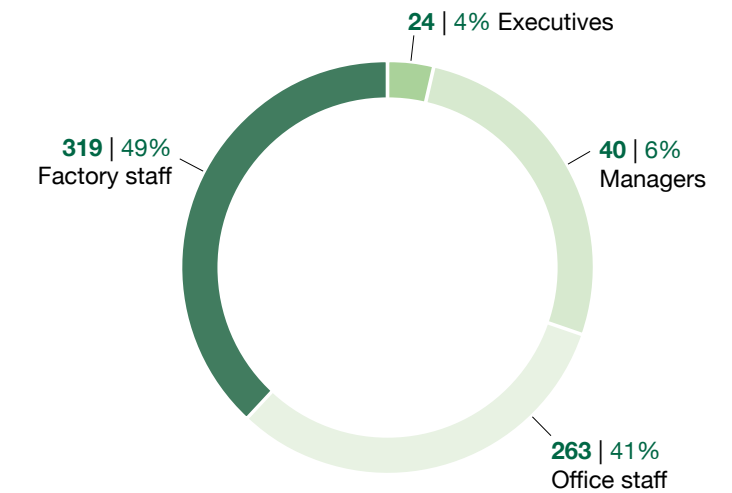
Employees by gender



Employees by age range, expressed in total amounts and percentages (2019)



Employees by employment category, expressed in total amounts and percentages (2019)



Employee diversity by employment category, gender and age range		Unit	2017	2018	2019
Executives - Total		n.	27	29	24
Women	< 30 years	n.	0	0	0
	30 < x < 50 years	n.	3	4	2
	> 50 years	n.	5	5	5
	Total	n.	8	9	7
Men	< 30 years	n.	0	0	0
	30 < x < 50 years	n.	6	6	6
	> 50 years	n.	13	14	11
	Total	n.	19	20	17
Managers - Total		n.	30	34	40
Women	< 30 years	n.	0	0	0
	30 < x < 50 years	n.	5	8	13
	> 50 years	n.	4	4	4
	Total	n.	9	12	17
Men	< 30 years	n.	0	0	0
	30 < x < 50 years	n.	14	13	14
	> 50 years	n.	7	9	9
	Total	n.	21	22	23
Office staff - Total		n.	255	255	263
Women	< 30 years	n.	18	15	20
	30 < x < 50 years	n.	108	109	106
	> 50 years	n.	25	29	32
	Total	n.	151	153	158
Men	< 30 years	n.	6	7	10
	30 < x < 50 years	n.	69	61	63
	> 50 years	n.	29	34	32
	Total	n.	104	102	105
Factory staff - Total		n.	306	308	319
Women	< 30 years	n.	0	1	1
	30 < x < 50 years	n.	24	21	21
	> 50 years	n.	21	23	24
	Total	n.	45	45	46
Men	< 30 years	n.	25	26	34
	30 < x < 50 years	n.	150	134	129
	> 50 years	n.	86	103	110
	Total	n.	261	263	273

Furthermore, between 2017 and 2019 B&B Italia Group's integrity and concern for its employees resulted in relatively low or stable turnover rates, calculated as the number of outgoing personnel out of the total number of employees, which was 10% in 2018 and 2019. Over 58% of the total number of terminations of employment in 2019 were voluntary resignations. The hiring rate – measured as the ratio between the number of new hires and total employees – increased slightly in the three-year period, reaching 13% in 2019 ^[401-1].

The B&B Italia Group, in particular, started several initiatives in collaboration with local and national schools and institutions with the aim of attracting new talent and facilitating young people's access to its companies. Indeed, since 2003, B&B Italia has collaborated with the Jean Monnet Technical & Commercial Institute at Mariano Comense, promoting an internship program to support final-year students in their first work experience. In addition, in the context of the Italian education system, B&B Italia hosted two students from high school institutes to promote the entry of young people in the labour market. In 2019, B&B Italia started collaborating with the Sole 24 Ore Business School, in the context of the Luxury Fashion Management Masters programme. More specifically, the Company allowed the students to develop digital marketing plans that will be finalised and presented in 2020. Finally, B&B Italia cooperates with the Art Academy of Latvia, in the context of the Italian Design week in Riga, organising a furniture exhibition and a lecture entitled *"Hi! It's B&B Italia – Engineered Design Space"*.

Employee turnover		Unit	2017	2018	2019
Terminations Total		n.	41	62	62
Women	< 30 years	n.	7	4	4
	30 < x < 50 years	n.	8	13	10
	> 50 years	n.	0	4	5
	Total	n.	15	21	19
Men	< 30 years	n.	6	12	8
	30 < x < 50 years	n.	9	16	17
	> 50 years	n.	11	13	18
	Total	n.	26	41	43
Turnover rate		%	7%	10%	10%
Employee hirings		Unit	2017	2018	2019
New hire Total		n.	59	70	82
Women	< 30 years	n.	6	9	9
	30 < x < 50 years	n.	11	17	17
	> 50 years	n.	0	1	2
	Total	n.	17	27	28
Men	< 30 years	n.	12	22	21
	30 < x < 50 years	n.	26	16	25
	> 50 years	n.	4	5	8
	Total	n.	42	43	54
New hire rate		%	10%	11%	13%

B&B Italia Group works at ensuring diversity and equal opportunities in employment and avoids any discriminatory practices. The Group has an inclusive approach to legally protected status and is committed to promote gender parity. About salary ratio between women and men, 2019 showed a substantially stable outlook as compare to 2018. The salary ratio across employment category ranged from 84% for office staff, to almost equal salaries between women and men for factory staff (97%) and managers (98%). The situation is similar when considering employees' overall remuneration, i.e. their basic salary plus benefits and allowances. In 2019 executives' and managers' salary and remuneration ratios decreased mainly due to a change in the management structure, characterised by a relatively small number of employees in these categories ^[405-2].

Ratio Between Basic Salaries for Females and Males	Unit	2017	2018	2019
Executives	%	93	90	88
Managers	%	89	104	98
Office staff	%	80	84	84
Factory staff	%	97	97	97

Ratio Between Overall Remuneration for Females and Males	Unit	2017	2018	2019
Executives	%	74	95	87
Managers	%	86	104	97
Office staff	%	80	81	83
Factory staff	%	102	93	93

Training and welfare activities

B&B Italia Group considers upskilling of its employees as vital to continue being up to date and provide clients with durable and innovative solutions. Each year the Group conducts a series of training activities, from the purely technical (i.e. technical applications and design software, regulatory updates on national and international commercial practices, etc.) to soft skills such as courses in foreign languages or public speaking techniques. For instance, to support employees during their initial time in the Company, Arclinea organised a specific training program of approximately 80 hours for all its new employees.

The total number of training hours has decreased by 54%, from 4,172 hours in 2018 to 1,925 in 2019, mainly due to the mandatory training courses held in 2018 with a two-year frequency, as required by national laws. Similarly, the training hours per capita decreased, from 6.7 hours in 2018 to 3 in 2019 ^[404-1]. With regards to B&B Italia, the majority of training courses in 2019 were mainly related to health and safety, risk management in compliance with the 231 model, and technical training courses, such as concerning Information Technology; in Arclinea, training courses were mainly related to health and safety topics.

Training per employee ^a	Unit	2017	2018	2019
Total hours	h	1,461	4,172	1,925
Women	h	438	1,250	515
Men	h	1,023	2,923	1,410
Average hours	h/employee	2.4	6.7	3
Women	h/employee	2.1	5.8	2.3
Men	h/employee	2.5	7.2	3.4
Training by category	Unit	2017	2018	2019
Training provided to Executives	h/employee	4.4	2.9	1.8
Training provided to Managers	h/employee	1.2	17.4	1.2
Training provided to Office staff	h/employee	1.7	9.9	2.6
Training provided to Factory staff	h/employee	2.2	1.8	0.6

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

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

Health and safety at work

Safeguarding employees' health and safety is at the core of B&B Italia Group's corporate culture. The Group has accordingly focused, over the past few years, on increasing employees' awareness of potential health and safety risks connected to their work activities. Between 2018 and 2019, the number of injuries increased, from 6 to 11, and the injury rate increased from 5.7 to 10, while in the most recent three-year period, injuries with serious consequences and fatal injuries remain nil and no occupational diseases have been recorded ^[403-9, 403-10].

Health and safety indexes	Unit	2017	2018	2019
Worked hours	hours	1,037,111	1,051,815	1,098,464
Number of injuries ⁹	n.	8	6	11
Occupational diseases	n.	-	-	-
Injury rate [number of injuries/ hours worked x 1,000,000]	n./hours	7.7	5.7	10.0

⁹ No injury occurred to workers other than B&B Italia employees.

B&B Italia's Safety Management System, as required in terms of Legislative Decree No. 105/15 on the Prevention of major-accident hazards involving dangerous substances (which governs both the Novedrate and Misinto sites, establishes the framework of internal rules and risk mitigation action plans. Every year the Company conducts a specific analysis related to the risk of relevant accidents related to polyurethane flammability, with the support of specialized external staff in compliance with this Decree. The focus is on polyurethane because it releases dangerous substances when burnt at high temperatures. For this reason, B&B Italia adopts strict preventative safety, storage and disposal measures (i.e. automatic and safety shutdown systems, containment tanks, fire barriers and special measures in case of accidental release). In order to increase employees' awareness and provide them with specific information on the functioning of the overall safety system, B&B Italia has set up an internal info-point on safety procedures at the Misinto facility and, every four months, arranges a meeting with the Safety Representative for Workplace Safety including a training program.

In 2010, Arclinea obtained OHSAS 18001:2007 certification, an internationally applied British Standard for occupational health and safety management systems. In 2019, the Company obtained certification and transitioned to the new UNI ISO 45001:2018 standard. The effectiveness of the Company health and safety management systems has led to its attaining certification without any non-conformity notifications. Furthermore, the health and safety management system enabled the Company to monitor and map all its potentially risky activities and processes along the production chain to prevent the occurrence of injuries and occupational diseases. This exercise has led to the substitution of a series of tasks involving repetitive actions which are potentially harmful to workers.

Active contribution to the community

B&B Italia Group is determined not only to maintain its values of integrity and mutual trust that it fosters with its employees, but also to continue to support philanthropic initiatives and contributing to social progress.

Since 2015, B&B Italia has supported several charity initiatives combating cancer, by donating to the Cancro Primo Aiuto Onlus, an association that helps cancer patients in Lombardy, and establishing the Matteo Riboldi study bursary for young haematologists with the Paolo Belli Leukaemia Treatment Association; furthermore, in 2019, the Company made a donation to Airc, an Italian foundation that supports cancer research.

Since 2018 B&B Italia has funded three scholarships for deserving students of the Misinto municipality in the interests of supporting its local community's social and cultural development.

On the occasion of Christmas 2019, the Company decided to make donations to support two important international organizations: Save the Children and Actionaid instead of giving Christmas gifts to employees. Both associations are engaged in saving and improving children's lives around the world, fighting against hunger, war and poverty.

The protection of Italian cultural heritage is at the core of the Group's ethical principles, and the Company is a Corporate Golden Donor of FAI (Fondo Ambiente Italiano or National Trust for Italy), an Italian foundation with the objective of protecting and promoting the country's artistic, wild-life and landscape heritage.

Arclinea has also been active in building strong bonds with its local area, by supporting local associations and sponsoring social and cultural initiatives. In 2019, the Company made a donation to the State Police in order to support the restoration of the forests adversely affected by storm in the mountain area of the Veneto Region.

Reporting principles and criteria

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

As a signatory to the United Nations Global Compact (UNGC) Initiative as from 2016, this report represents B&B Italia Group's fourth Communication on Progress – a public disclosure providing valuable information to stakeholders regarding the implementation of the 10 principles of the UNGC. For ease of reference, the UNGC principles are clearly mapped alongside the GRI indicators in the GRI Content Index on page 64.

As far as Human Rights are concerned, B&B Italia Group's 2019 Sustainability Report does not directly address the UNGC issues and principles, since the major part of the Group's direct activities and suppliers are located where laws ensure the regulation of human rights. Nevertheless, B&B Italia Group includes clauses concerning labour conditions and on respect for human rights in its Code of Ethics in order to reduce risks in its value chain. Moreover, relevant human rights issues related to the Group's activities, such as the protection of worker's occupational health and safety, are matters on which the Group is continuously committed to report.

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



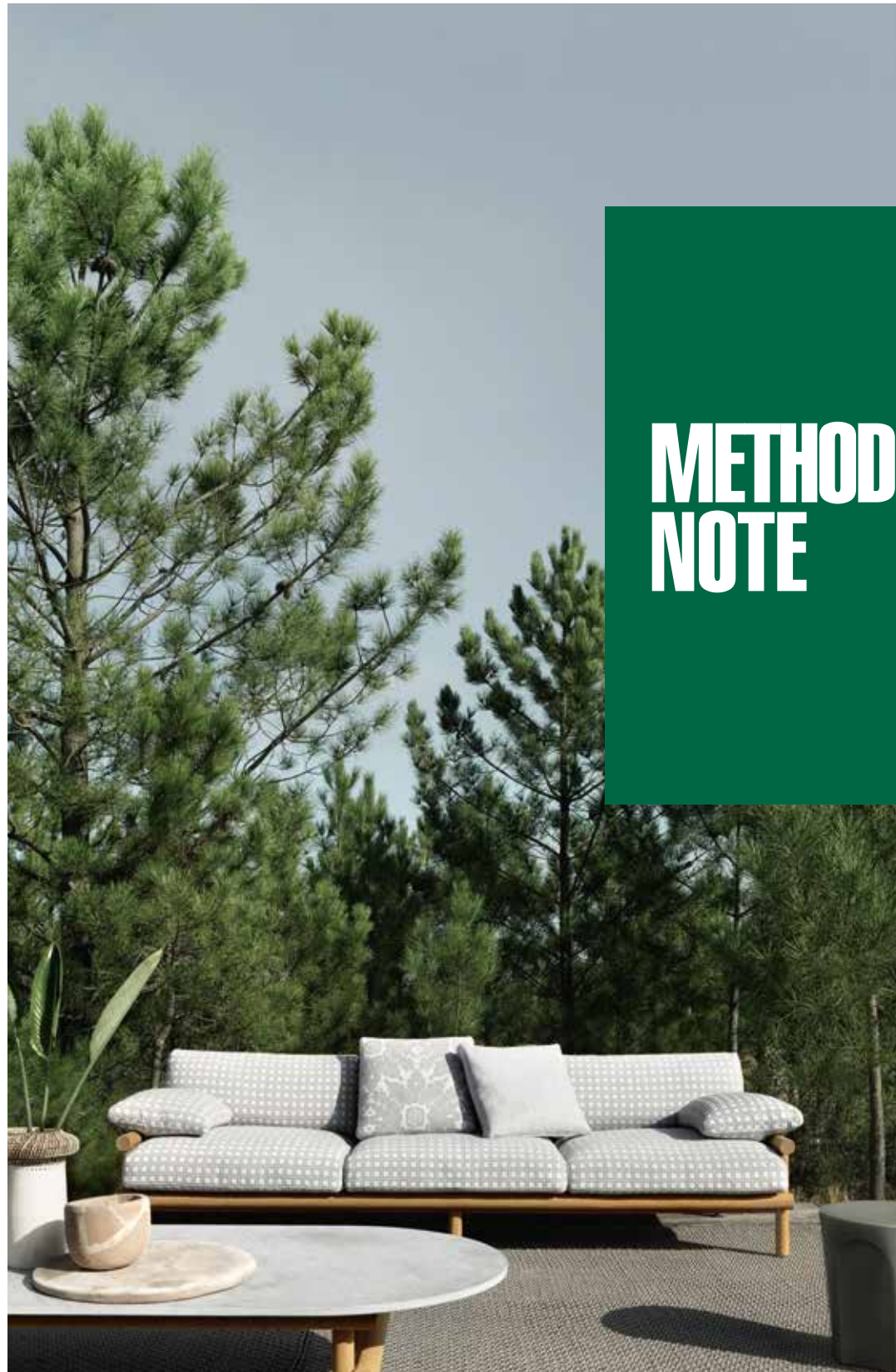
Scope of reporting

This Sustainability Report provides information on initiatives, activities and related key performance indicators and refers to the period from January 1st, to December 31st, 2019. In some cases, where available and as applicable, data were presented for the three years 2017, 2018 and 2019. Information refers to B&B Italia S.p.A., Arclinea Arredamenti S.p.A. and, where applicable, comprises data related to commercial branches and foreign affiliate companies: B&B Italia USA Inc., B&B Italia London Ltd., B&B Italia München GmbH, B&B Italia Paris SARL, B&B Asia Pacific Ltd. and B&B Furniture (Shanghai) Co., Ltd. Exclusions from this list are explicitly reported in the text ^[102-45; 102-50; 102-51; 102-52]. On the date of publication of this Report, no significant events took place in 2020 requiring to be reported, except for those referred to the recent Covid-19 pandemic.

AYANA

Designer: Naoto Fukasawa
2019

METHODOLOGICAL NOTE



Stakeholders and materiality

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

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

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

Stakeholder mapping and engagement

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

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

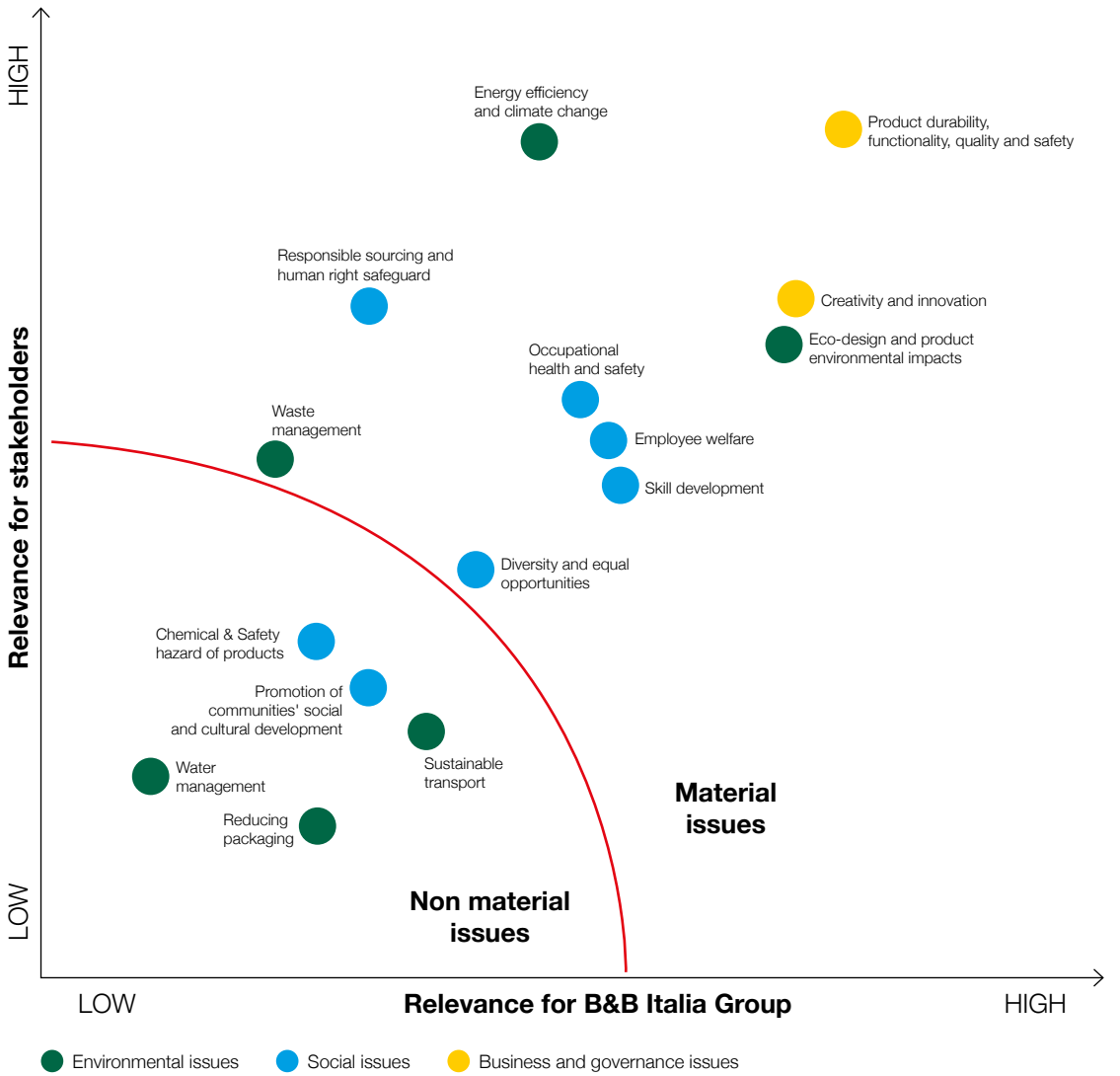
- an analysis of global sustainability trends, by mapping those sustainability issues most often considered by the international organisations (GRI, World Economic Forum, etc.), sustainability rating agencies (DJSI, MSCI, etc.), major stock exchanges and governmental institutions (EU, UN, etc.);
- a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

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

The analysis described above, in updating B&B Italia Group’s materiality matrix 2019, has been carried out without taking into account the influence of the recent Covid-19 pandemic.

In 2019, the Group chose to map material sustainability issues with a concave downward curve instead of an upward curve. This type of curve presents a more inclusive picture since it also encompasses issues that appear as being of particular importance to stakeholders but have little relevance to the Group and vice-versa.

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











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

Combating bribery and corruption constituted a relevant topic for B&B Italia Group in 2019, though it was excluded from the materiality matrix because this is considered by the Group as an essential precondition for it to operate. As a consequence, it has been included in the 2019 Sustainability Report.

The 2019 materiality analysis has generated a number of amendments to the matrix published in the 2018 Sustainability Report, namely:

- Environmental issues such as “Energy efficiency and climate change”, “Waste management”, “Water management”, “Sustainable transport” have been attributed higher relevance for stakeholders, given the growing concern on the matter at an international level.
- For the same reason, “Eco-design and product environmental impacts” has become increasingly relevant over the years both for B&B Italia Group and its stakeholders.
- “Employee welfare” and “skills development” are considered less relevant for B&B Italia Group as compared to other material topics but remain important issues for the Group.

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

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

Quality reporting principles

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

The data collection and reporting process is structured in order to guarantee the comparability over various reporting years and the clear interpretation of information by stakeholders. The EY Italian Climate Change and Sustainability Services team has supported B&B Italia Group in drafting its Sustainability Report since its first edition in 2016.

B&B Italia Group's Sustainability Report has not been subjected to external assurance ^[102-56].

Calculation methodologies

The methodologies and assumptions used to calculate performance indicators included in the Report are reported below.

All data related to injuries refer to B&B Italia Group employees and exclude contractors. Commuting injuries and first-aid cases are not included.

The following table shows the conversion factors used:

Fuel density	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2017, 2018, 2019
LCV (Lower Calorific Value)	Italian Ministry for Environment, Tabella parametri standard nazionali, 2017, 2018, 2019

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

GHG EMISSIONS SCOPE 1			
Source	Activity data	Emission factor	Global Warming Potential (GWP)
Natural gas for heating	Fuel consumption	Italian Ministry for Environment, Tabella parametri standard nazionali, 2017, 2018, 2019	Only CO ₂ emissions were considered
Gasoline for heating			
Fuel oil for production processes			
Car fleet (long term leasing)			
Biomass	Leakages	IPCC Fifth Assessment Report (AR5)	GWPs have been calculated considering the composition of refrigerant gases found on safety datasheets
Leakages of refrigerant gases from air-conditioning systems			

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

GHG EMISSIONS SCOPE 2 – LOCATION BASED METHOD			
Source	Activity data	Emission factor	GWP
Electricity purchased from national grid	Electricity consumptions	Terna, Confronti internazionali, 2017, 2018, 2019	Only CO ₂ emissions were considered
GHG EMISSIONS SCOPE 2 – MARKET BASED METHOD			
Source	Activity data	Emission factor	GWP
Electricity purchased from national grid	Electricity consumptions	Europe - AIB, European Residual Mixes, 2017, 2018, 2019	Only CO ₂ emissions were considered
		USA - Green-e Energy Residual Mix Emissions Rates, 2017, 2018, 2019	
GHG EMISSIONS SCOPE 3			
Source	Activity data	Emission factor	GWP
Business travels by air	Kilometers travelled by air	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2017, 2018, 2019	CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4)
Business travels by car	Kilometers travelled by car	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2017, 2018, 2019	CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4)
Outbound logistics	Kilometres covered by air, truck or ship per shipped weight (tonne)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2017, 2018, 2019	CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4)

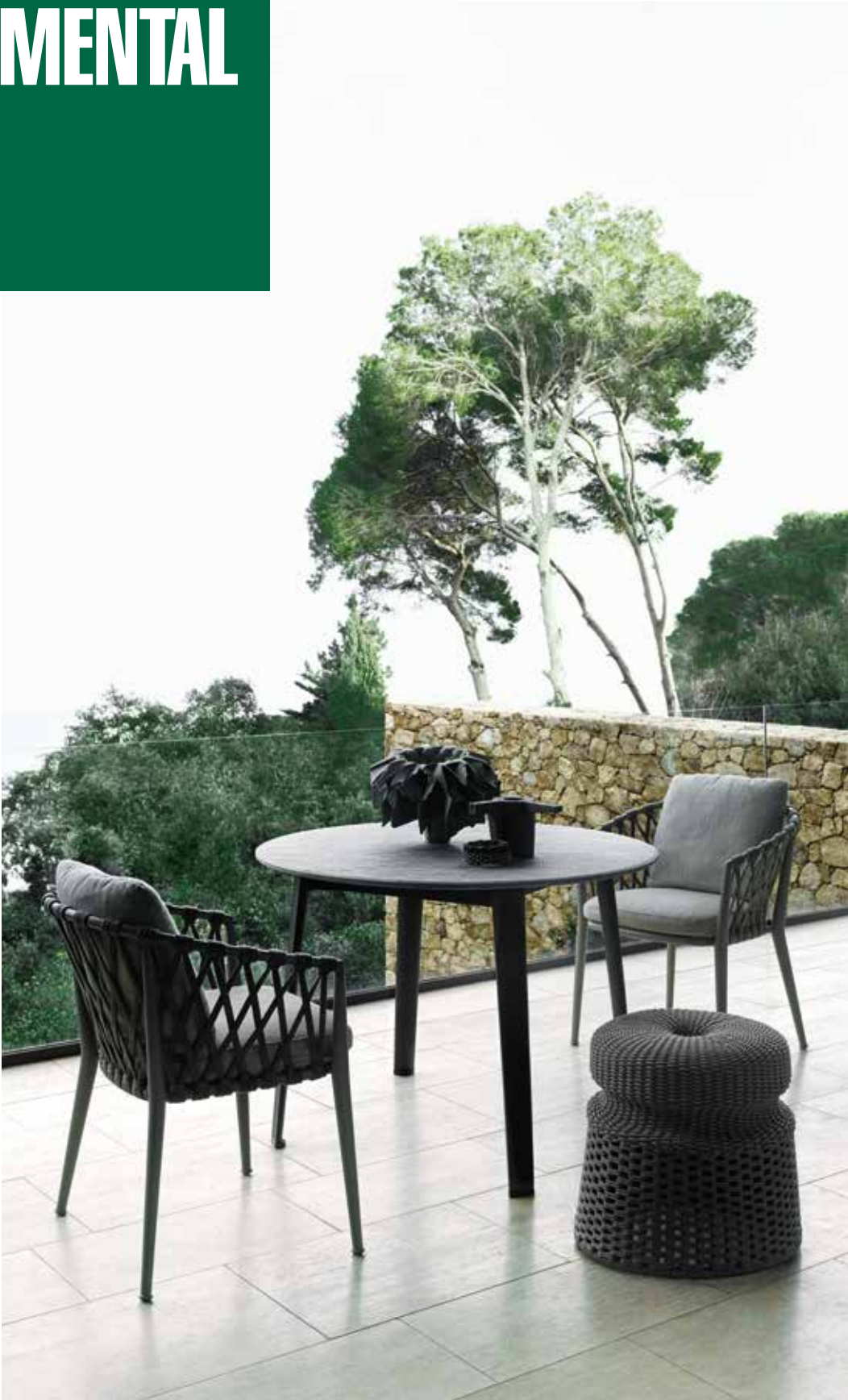
In accordance with the GHG Protocol Corporate Accounting and Reporting Standard, out of scope emissions have been calculated in order to take into account the direct carbon dioxide (CO₂) impact of burning biomass. The emissions are labelled “outside of scopes” because the Scope 1 impact of these fuels has been determined to be a net zero since the fuel source itself absorbs an equivalent amount of CO₂ during its growth phase as the amount of CO₂ released through combustion.

OUTSIDE OF SCOPE EMISSIONS			
Source	Activity data	Emission factor	GWP
Biomass combustion – wood offcuts for heating in Misinto	Fuel consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2017, 2018, 2019	CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4)

Air emissions are calculated taking into account all pollutants relating to industrial processes (for more information, see the Appendix), with the exception of those deriving from biomass and where the natural gas boiler is used to provide heating. The calculation is based on detection of pollutant concentrations, multiplied by estimated annual flows.

Some data have been restated with respect to those included in the 2018 Sustainability Report. In particular, the values related to GHG Scope 3 emissions have been updated with the addition of B&B Italia and Arlinea outbound logistics.

APPENDIX -
OTHER
ENVIRONMENTAL
DATA



GINEPRO (table)
ERICA (chairs)
Designer: Antonio Citterio
2019

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

Air emissions

Every year, B&B Italia carries out an analysis of its air emissions, as required in terms of the environmental legislative framework in accordance with Legislative Decree No. 152/06. In the three-year period between 2017 and 2019, the values recorded for all emissions examined and in all sampling performed were lower than the set limits. B&B Italia's air emissions from the industrial processes of the Novedrate and Misinto sites mainly relate to the polyurethane foaming phase.

Air emissions from industrial processes*	Unit	2017	2018	2019
NOx	t	n.a.	n.a.	1.6
Particulate matter	t	1.8	1.0	0.3
T.O.C.	t	10.5	6.9	9.6
Ammonia	t	0	0.3	0.02
Aliphatic amines (triethylamine)	t	0	0	0
Isocyanate	t	0	0	0

* Data reported refer to B&B Italia only

Water

Annual water consumption is reported in the following table. Total water consumption increased by 31% between 2018 and 2019. The increase in water consumption is mainly due to Arclinea, which in 2019 used more ground water for the cooling process in its painting department and for irrigation of the headquarters green areas, which were expanded during the year. In fact, Arclinea's consumption has almost tripled over the same period, whereas B&B Italia consumption increased by 19%.

Water withdrawal*	Unit	2017	2018	2019
Third-party water (Municipality)	m³	32,169	37,052	29,999
Ground water	m³	23,245	12,238	34,330
Total	m³	55,414	49,290	64,329

* Totals take into account B&B Italia, Arclinea and its French affiliate

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	102-8 Information on employees and other workers	UN GC 47
	102-9 Supply chain	
	102-10 Significant changes to the organization and its supply chain	
	102-11 Precautionary Principle or approach	As of today, B&B Italia does not formally adhere or adapt its decision-making approach in accordance to the precautionary principle
	102-12 External initiatives	
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GRI Standard	Disclosure	Page	Omission
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	103-2 The management approach and its components	UN GC	
	103-3 Evaluation of the management approach	UN GC	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	UN GC	44
	305-2 Energy indirect (Scope 2) GHG emissions	UN GC	44
	305-3 Other indirect (Scope 3) GHG emissions	UN GC	44
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	UN GC	
	103-2 The management approach and its components	UN GC	
	103-3 Evaluation of the management approach	UN GC	
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	UN GC	45
Environmental Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	UN GC	
	103-2 The management approach and its components	UN GC	
	103-3 Evaluation of the management approach	UN GC	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	UN GC	42

GRI Standard	Disclosure		Page	Omission
GRI 400 Social Standards Series				
Employment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	UN GC		
	103-2 The management approach and its components	UN GC		
	103-3 Evaluation of the management approach	UN GC		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	UN GC	50	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	UN GC		
	103-2 The management approach and its components	UN GC		
	103-3 Evaluation of the management approach	UN GC		
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	UN GC	52	
	403-10 Work-related ill health	UN GC	52	
Training and Education				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	UN GC		
	103-2 The management approach and its components	UN GC		
	103-3 Evaluation of the management approach	UN GC		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	UN GC		The subdivision by employee category is not available for Arclinea, given the impossibility of gathering the corresponding data
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	UN GC		
	103-2 The management approach and its components	UN GC		
	103-3 Evaluation of the management approach	UN GC		
	405-2 Ratio of basic salary and remuneration of women to men	UN GC	51	
Human Rights Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	UN GC		
	103-2 The management approach and its components	UN GC		
	103-3 Evaluation of the management approach	UN GC		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	UN GC	41	The information needed to cover this indicator are currently unavailable

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Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	35	
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	15	

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