

# FLOS



Sustainability Report 2020

2020

## Sustainability Report

FLOS

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# A Message To Our Stakeholders

I am honoured to introduce you to the 2020 edition of Flos Group's Sustainability Report, the recurring appointment that unveils our past performance and future aspirations. This can only be achieved with a profound and intimate conscience of who Flos is and what its key strategic drivers are as insofar as sustainability is concerned. For this reason, we hereby reaffirm our commitments as showcased with the publication of our Sustainability Policy and our full adherence to the principles outlined by the United Nations Global Compact and our contribution to the 2030 Sustainable Development Agenda and its Goals.

This year's Report is made up of two fundamental components. The first one is continuity: we are picking up from where we left off, continuing with the document's structure as introduced in the last reporting period. Thus, the introduction is followed by three thematic chapters that directly recall our sustainability strategy and pillars – increasingly integrated into everyday operations. The environment and the impacts our operations can generate are dealt with in the first section, providing a glimpse of the legislative framework and how we are approaching responsibly and proactively the critical topics of our times – namely GHG emissions and circular economy. In particular, the latter is indeed one key aspect of our strategy, from the efficiency of processes to product innovation and the re-engineering of the icons that are an integral part of Flos' legacy. The second section is dedicated to our people, the true enablers of the Group's potential and the vital strength for its success and longevity across nations and generations. The last chapter entirely focuses on the role played by intangible resources, such as design and culture, to which we are inextricably intertwined.

The second essential component is vision – or in other words, the route we want to travel. An important update in the 2020 Sustainability Report is the establishment of transparent and accountable ESG targets we are committing to for the coming years. This constitutes a true watershed for our way of approaching sustainability topics, and it underpins the dedication towards our stakeholders and the call for a responsible business we have chosen to respond to years ago. Thus, we are disclosing objectives on emissions reduction, circularity, and waste management.

One of the most demanding commitments for Flos, and our focus, is the transition from a linear to a circular economy model, aiming at decoupling economic growth from the consumption of finite resources. We are continuously working on improving our work in all stages of design, engineering, and production across all connections and countries.

Last but not least, 2020 has been the year characterised by the Coronavirus pandemic that broke out in February and overnight revolutionised our way of working, behaving – and ulti-

mately, living. Europe's early stages of the pandemic were a confusing and challenging moment in terms of national regulations and restrictions. Nevertheless, Flos continued to support its entire network of suppliers, guaranteeing timely payments. On exiting lockdown, it also provided assistance for bureaucratic formalities to entities that were not equipped with adequate internal structures. These actions allowed our operations, people, and supply chain to recover following this unexpected setback and strengthen our foundations – allowing us to grow together. I could not be prouder of the Group's work during this unprecedented emergency, and I would like to thank all our employees for the tireless efforts devoted to daily operations.

*Roberta Silva, CEO*



Painting department



R&D department

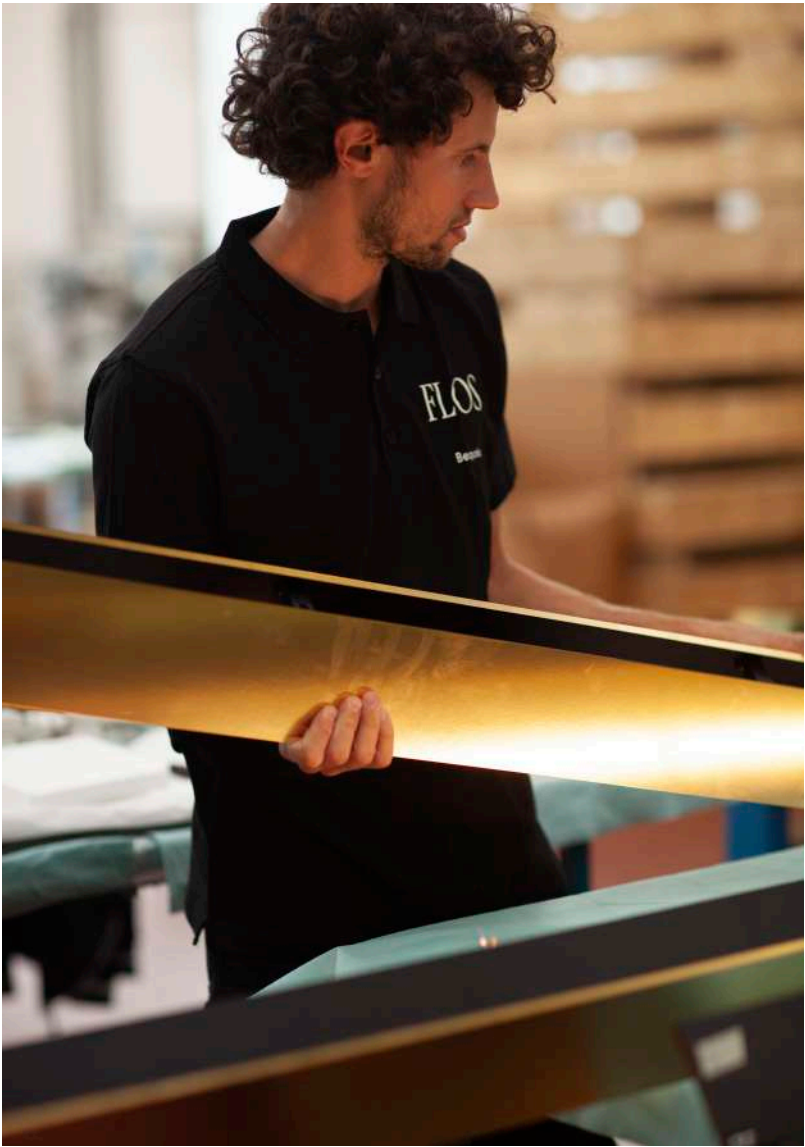




Electronic department



Polishing



Custom product department



LED assembly department





Finance department

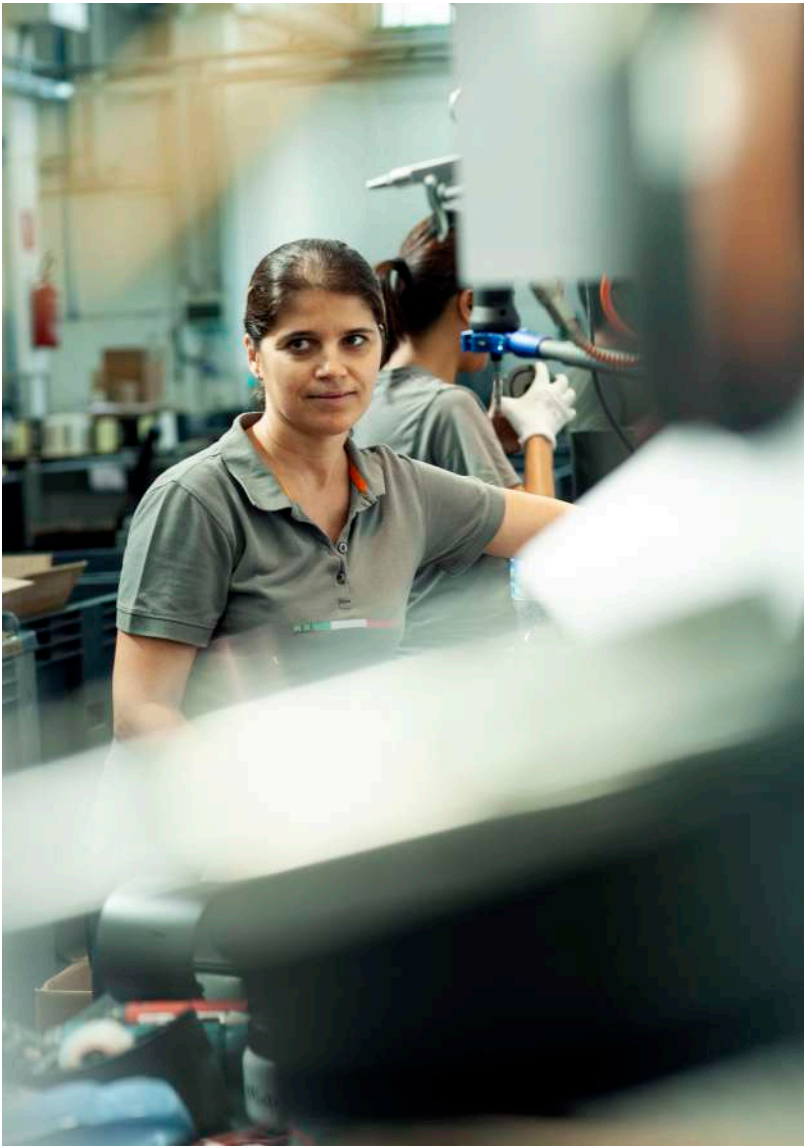


Logistic department





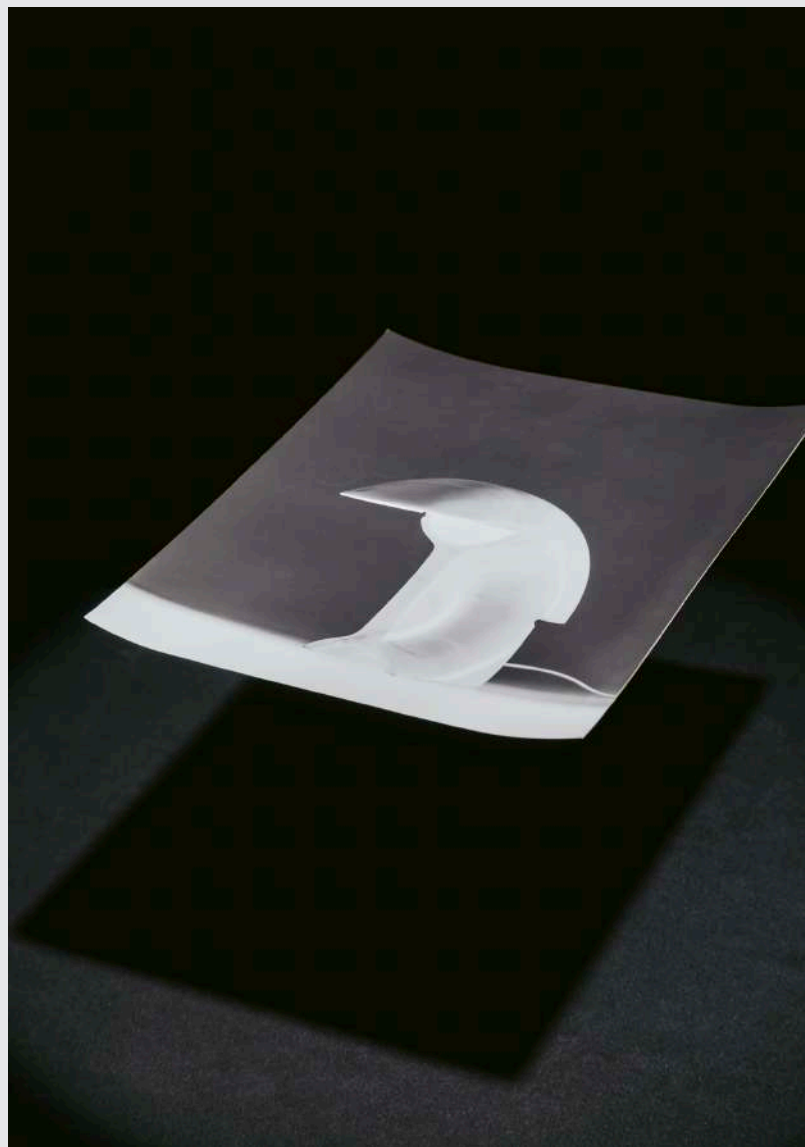
Biagio’s manufacturing, Italy



Outdoor production department

# Sustainability Highlights 2020

The Group	Revenues 205 M€	People 648
Value Chain	Local suppliers in Italy 87 %	Local suppliers in Spain 65 %
People	Employees Flos, Ares and Antares 437	Permanent contracts 98 %
Environment	Carbon offsetting 713 tCO <sub>2</sub> eq  GHG emissions compensated through the subscription to Go Green Program by DHL	Clean electricity 31 %  Electricity certified as produced from renewable sources
	Carbon neutrality 1,614 tCO <sub>2</sub> eq  Scope 1 + Scope 2 (Market based) emissions offset in 2020	GHG emissions reduction target -27.50 %  Scope 1 + Scope 2 target by 2030 in line with the WB2C scenario (Baseline 2019)



Biagio by Tobia Scarpa, ph. Alecio Ferrari

## Flos World

Since its establishment in 1962, Flos (“flower” in Latin) has been an industry leader, a standout company creating revolutionary, category-defining products that enhance any building or setting. From the outset, Flos has immediately gained – and maintained – a reputation for masterfully manufacturing poetic designs and forward-thinking inventions. Counting on solid foundations that are directly drawn from its renowned legacy, for nearly sixty years, Flos has pushed the boundaries by making timeless icons that link design and engineering with art and culture to profound effect.





“In Flos, you can’t find a uniform design model, but rather a strong desire to make design that can express broader meanings of the ‘sense of our time’, meanings that are often capable of adding cultural values even to expressions of taste.”  
— Achille Castiglioni

Today, Flos Group is still recognised as an international organisation and a world-leading manufacturer of innovative lighting solutions in the residential, outdoor and architectural sectors, featuring high-quality products and systems merging technology and emotions. Organised into four divisions - Flos Architectural, Flos Decorative, Flos Outdoor, and Flos Bespoke - the Group incorporates a holistic, human-centered lighting design philosophy.

Snoopy by Achille & Pier Giacomo Castiglioni



Achille Castiglioni with the lamp Brera, ph. J. B. Mondino

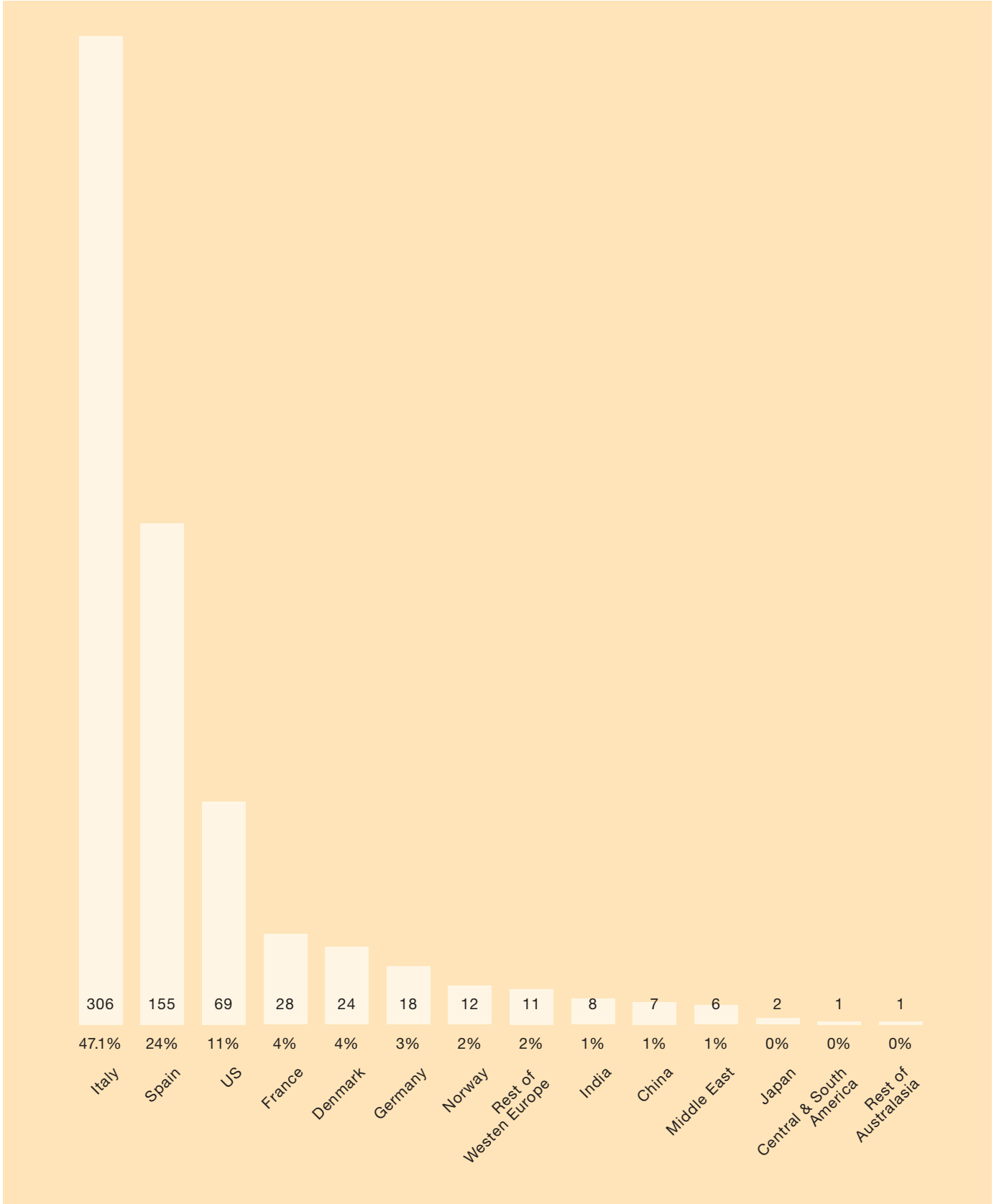
Group structure and global presence



Flos is one of the leading players in the Italian lighting industry, with consolidated revenues of more than €205 million in 2020. During the reporting year, Flos employed 648<sup>1</sup> people, mainly located in Italy and Spain. Starting from 2020, the reporting perimeter – that for 2019 comprised Flos S.p.A. (Decorative segment, headquartered in Bovezzo, Italy), Ares s.r.l. (Outdoor segment, Bernareggio, Italy) and Antares S.A.U. (Architectural segment, Valencia,

Spain) – extends to Flos Bespoke S.r.l. (formerly Light Contract S.r.l., Custom segment, Collebeato, Italy). The remaining people were employed in the Group’s smaller commercial subsidiaries and the custom product manufacturing subsidiary, Flos USA Inc. (Lukas Lighting division, Long Island City, NY-USA).

<sup>1</sup> Number of full-time equivalents (FTE) derived by taking into account employees employed under contracts of service, both permanent and temporary, at the end of the reporting period.



Employee Worldwide Distribution 2020

In December 2014, Investindustrial V L.P., one of Europe's leading independent investment groups, became the majority indirect shareholder of Flos S.p.A. From November 2018, Flos S.p.A. is entirely controlled by Design Holding S.p.A., while the latter is jointly (and indirectly) controlled by Investindustrial funds and the Carlyle Group. The Design Holding Group, the largest global high-end design group with a European heritage, brings together three complementary companies with strong individual identities and significant design legacy: B&B Italia Group in furniture, Louis Poulsen, and Flos in lighting.

The following table reports the economic impact that Flos' financial results have on its stakeholders. Direct economic value generated by Flos shows a proportional increase between 2018 and 2019. However, the Covid-19 pandemic caused a contraction in 2020, equal to 12% with respect to 2019; this applied almost identically to the vast majority of data inputs reported. Finally, the consistent increase in community investments is mainly attributable to donations made to assist with the Coronavirus pandemic.

Direct Value Generated, Distributed and Retained € in thousands	2018	2019	2020
Direct economic value generated	225,762	232,287	205,046
Direct economic value distributed	201,467	190,141	168,136
Operating costs	143,233	128,877	113,886
Employees' wages and benefits	39,212	42,146	38,764
Payments to providers of capital	13,791	8,866	9,143
Payments to the government	5,127	10,173	6,243
Community investment <sup>2</sup>	103	78	100
Economic value retained	24,295	42,146	36,910

<sup>2</sup> Value related to Community Investment excludes donations of lamps (e.g. donations to charity auctions).

Design Holding

FLOS

B&B  
ITALIA

louis  
poulsen

B&B Italia

B&B Italia is the leading Italian high-end furniture design brand, globally renowned for its iconic products and technological innovation. The Company has a unique product portfolio, marketed under the B&B Italia, MAXALTO, and Azucena brands for furniture and Arclinea for high-end kitchens. It has earned many design awards over the years. B&B Italia has developed longstanding partnerships with world-renowned designers and architects such as Antonio Citterio, Patricia Urquiola, Naoto Fukasawa, Gaetano Pesce, and many others whose contribution has positioned the company at the forefront of technological innovation and design. B&B Italia is headquartered in Como (Italy) and has ten flagship stores worldwide (one in Milan, London, Munich, Miami, Washington, Dallas, two in Paris, and two in New York) and over 40 mono brands. B&B Italia also signed commercial agreements in 80 Countries, developing a presence in over 800 specialised shops. The Company also operates in the Contract Division with complex "turnkey" realizations of furnishings and finishes in the hospitality, retail, office, and nautical areas.

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), which offers a high-end product range for 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, Verner Panton, and collaborations with leading modern designers 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.

The Design Holding Group



- Flos S.p.A. has implemented a control and governance system based on:
- A Board of Directors, comprising seven members<sup>3</sup>, which, together with the Design Holding Board of Directors, is entrusted with the powers to ensure the ordinary and extraordinary management of the Company;
  - A Board of Statutory Auditors comprising three standing statutory auditors and two substitute statutory auditors.

Board Member	
Vitaliano Borromeo Arese	Chairman of the Board
Roberta Silva	CEO
Gabriele Del Torchio	Vice president of the Board
Francesco Malvezzi	Board member
Massimiliano Caraffa	Board member
Roberto Maestroni	Board member
Giovanni Casali	Board member

An independent auditing firm has also been appointed.

To ensure transparency and responsible day-by-day operations, since 2015, Flos has an Organisational, Management and Control Model pursuant to Italian law 231/2001 (hereinafter "Model 231"), approved by the Board of Directors in March 2016. The drafting of Model 231 included an analysis of the main risks and the mapping of operating areas potentially subject to those risks.

As foreseen by Model 231 and applicable legislation, Flos has appointed a Supervisory Body (Organismo di Vigilanza) entrusted with the task of controlling internal implementation and corporate compliance with Model 231, as well as its updating process.

<sup>3</sup> BoD composition has varied from 2019, with Roberto Maestroni and Giovanni Casali replacing Maurizio Bottinelli and Davide Ambrogio Pelle. On the contrary, age composition has not changed, with no members under 30 years of age,3 members over 50 years of age and the rest in the middle age group.  
<sup>4</sup> During 2020, Flos Milano s.r.l. was incorporated in Flos S.p.A.  
<sup>5</sup> During 2020, Flos Roma s.r.l. was incorporated in Flos S.p.A.  
<sup>6</sup> During 2020, Euroformat s.r.l. was incorporated in Flos Bespoke s.r.l.



The Group Structure

The Supervisory Board comprises two external members, fulfilling the regulatory requirements regarding autonomy, independence, and continuity in addition to a secretary. Together with Model 231, Flos drafted its Code of Ethics, which describes the Company's missions and ethical principles and governs the relationship between Flos and all its counterparts, i.e., shareholders, employees and partners, suppliers, Public Administration, trade unions, political parties, and customers.

The implementation of Model 231 and the Code of Ethics, together with Flos' certified 9001 Quality Management System, represents the framework to ensure compliance with applicable national and international laws and regulations.

Flos firmly believes that acting under the principles of Model 231 and of the Code of Ethics is essential to promote responsible business conduct, i.e., enabling it to avoid the occurrence of corruption cases and unethical business practices. In this regard, in the 2018-2020 period, neither complaints from competitors and public authorities for anti-competitive behaviour nor corruption cases were either identified or reported.

Sales by Country

<b>Western Europe</b> 65.7%	<b>Asia Pacific</b> 10.1%	<b>Eastern Europe</b> 5.6%
<b>Americas</b> 14.4%	<b>Middle East</b> 3.6%	<b>Africa</b> 0.6%

Manufacturing Plants

Ares S.r.l. Bernareggio (MB), Italy
Flos S.p.A. Bovezzo (Brescia), Italy
Flos Bespoke S.r.l. Collebeato (Brescia), Italy
Antares Iluminación S.A.U. Valencia, Spain
Lukas Lighting (Flos USA Inc.) New York, United States

Showrooms - Flagship Stores - Offices

Flos Norge AS Oslo, Norway	Flos USA Inc. New York, United States
Flos Flagship Store Stockholm, Sweden	Flos Co Ltd. Tokyo, Japan
Flos Scandinavia A/S Copenhagen, Denmark	Flos Flagship Store & Showroom Milano, Italy
Flos BV Amsterdam, Netherlands	Flos Flagship Store Roma, Italy
Flos France Store and Showroom Paris, France	
Flos Flagship Store Lyon, France	



Flos Global Presence



Flos Decorative

Flos' original core business, the Decorative collection merges technical research and innovation with emotional and aesthetic design, thanks to the strong relationships existing between the Company and the designers.

All products belonging to Flos' Decorative collection are designed and developed in the Flos S.p.A. Italian headquarters in Bovezzo and include several product categories, such as table lamps, floor lamps, pendant lamps and wall & ceiling solutions.

Coordinates by Michael Anastassiades



Chiara Table and Chiara Floor by Mario Bellini  
Mayday Limited Edition by Konstantin Grcic







Flos Architectural

The Architectural collection includes indoor lighting systems both for domestic/residential use as well as for professional use.

This business segment designs and develops lighting solutions, often in cooperation with engineering and architectural firms, both for big retail networks (mainly fashion retail and hospitality) and for private customers. This business line focuses on professional and residential lighting systems, custom-made solutions and soft architecture products and it is based in Antares Iluminacion S.A.U.'s headquarter in Valencia, Spain.

Oblique by Vincent Van Duysen



Infra-Structure Episode 2 by Vincent Van Duysen



Flos Outdoor

The Flos Outdoor collection has been created to illuminate open spaces through a new design language, finding balance both by hiding in the natural landscape behind discrete objects, and by conversing with the architecture through designs with a unique identity.

At present, Flos Outdoor collection is mainly produced by Ares (Bernareggio, Italy).

In Vitro by Philippe Starck



Caule by Patricia Urquiola





Flos Custom

Born to satisfy customers' specific practical needs and their increasing desire for exclusivity, this collection focuses on the custom-made segment.

The custom-made business segment has been developed for over 20 years by Flos' Italian subsidiary, Flos Bespoke (formerly Light Contract), and it is currently growing following the acquisition of Lukas Lighting, later merged into Flos USA Inc., in December 2015.

Through this period of continuous change and development, the segment is becoming particularly important for Flos, on the one hand to guarantee a corporate identity and strong internal cohesion, and, on the other, to offer its products through a unique brand and image.

Casa Popeea Boutique Hotel



Naringi Café Eldorado  
Valextra Boutique, Milan





Value creation



Flos' intent of bringing to life inspired sketches and projects from lighting architects and designers demands an articulated production process involving the R&D department, highly specialised artisans, and an accurate quality control system. Within this process, Flos directly manages, in collaboration with designers, architects, and engineers, the conception and design of lighting systems, as well as monitoring activities and tests carried out to assess product quality and to ensure compliance with safety

requirements. Whereas, for most manufacturing, assembly and logistic activities, Flos relies on the expertise of a specialised and trusted network of suppliers. Finally, an integral part of Flos value chain is customer care, directly and internally managed with a unique contact for both the Decorative and the Architectural collections. The aim is to build a strong relationship with all customers and respond effectively and promptly to every customer's needs.



Product development

Creating iconic products and conceiving new languages around light require an articulated process involving Flos’ internal R&D department, as well as renowned and emerging designers, architects, and engineers.

The Development of New Lighting Solutions

Conception

Designers, architects and/or engineers submit the lighting solution idea and some preliminary sketches to Flos’ R&D Department. The top management then assesses these before starting the production of the prototype series.

Pre-series Production Process

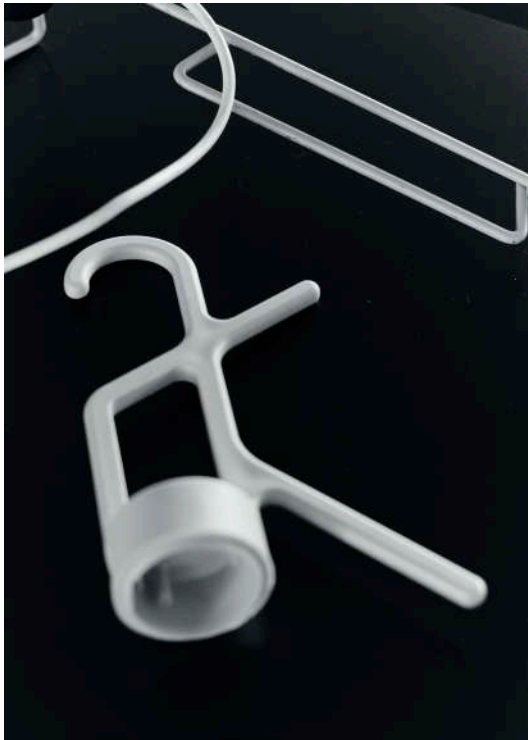
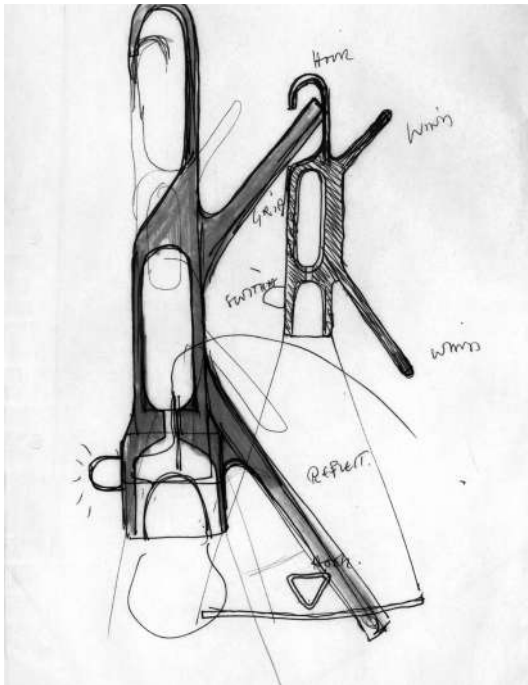
Once a product has been accepted, the R&D team collaborates with designers, architects, and engineers to create it. A pre-series is then produced to test the mechanical and electrical design, select the most appropriate materials, identify the best available suppliers, the production process, and incorporate any necessary improvements to the luminaires. During these stages, various assessments regarding construction, mechanical and electrical aspects are performed.

Quality and Compliance

The pre-series is tested to assess its adherence to quality and compliance requirements. For the design collection, final prototypes created from the pre-series production process are then sent to pilot customers. These customers are asked to fill in a report on the products, providing Flos with valuable feedback covering product functionality, finish, packaging, and the overall product emotion and experience.

Product Launch

Once prototypes simultaneously satisfy the pilot customers’ expectations (for the design collection), Flos’ internal quality standards, and the applicable regulatory requirements, the product is approved for sale, and the production stage is launched.



Mayday Anniversary project developemnt

The production chain of the Decorative collection is handled in Flos' Italian headquarters in Bovezzo for indoor lighting products, in Bernareggio, for outdoor products, and in Collebeato (Bespoke) for the assembling and production of custom products. In contrast, the Architectural collection is produced in Antares' Spanish headquarters in Valencia. Following the prototype and pre-series stages, the production process begins with the purchase of single components. Given the large extent of techniques and materials required for Flos' products, most manufacturing processes are outsourced.

This stage involves highly specialised techniques, including those deemed necessary for manufacturing hand-blown glass and technical textiles, in addition to coating processes and the processing of plastics and metals. Next, processed materials composing the lighting systems are sent to Flos headquarters for a quality check to ensure compliance with the Company's high quality and safety standards and all applicable regulations. Afterwards, the components are assembled as specified in the design and engineering plans.

The assembly process is predominantly outsourced to a network of selected artisans, mainly based in the Lombardy region and Valencia. One relevant exception is Bespoke, where the production and assembling of custom products are carried out directly within the plant in Collebeato. The production chain ends with a further quality assessment of the final product performed in the Group's on-site laboratories.

Over the last few years, production processes have been characterised by an increase in Flos' production volumes resulting in a saturation of the external network in charge of product assembly. To overcome this issue and to continue to respond to market needs, in 2018, Flos initiated a pilot project for setting up a new assembly line in its facilities in Nave, close to its Bovezzo plant.

The project, consolidated in 2019, aims to increase the ownership of the production process, thus enhancing the control over its supply chain, production capacity, and flexibility. Building on the vital strength derived from the successful experiment carried out in Nave, and despite the constraints generated by the Coronavirus pandemic on production volumes in 2020, the project was extended to become three times larger.

In order to design and manage the new production area, Flos management decided to implement lean manufacturing principles. Lean thinking is a systematic methodology that focuses on minimising waste within manufacturing processes while simultaneously maximising productivity. The key components and foundation are the so-called "5S program": Sort, Set in order, Shine,

Standardise, and Sustain. The 5S program focuses on having visual order, organisation, cleanliness, and standardisation of each workspace, resulting in improved profitability, efficiency, service, and safety. In line with its view of an integrated supply chain, Flos is also open to collaborations with its key suppliers aiming at supporting them in the integration of the lean principles in their production processes.

In 2020, Ares also continued implementing lean principles in its production processes, which began in 2019. The lean project, specifically, focused on integrating painting activities, consolidating existing KPIs while identifying new ones.

Quality as a Synonym of Safety and Durability

1.	2.	3.
First quality check	Statistical quality check	Routine test quality check
on raw materials and components coming from suppliers	on single components following the manufacturing /painting stages by suppliers	on final products. Carried out in the assembly department to ensure that all electrical items are checked to comply with safety regulations (including tests on the electrical safety of products detailed in the safety standards) and additional statistical tests

Beyond mere regulatory compliance, Flos' attention to quality is inherent in all stages of the production process. In addition, safety is continuously monitored throughout the product's lifetime by analysing complaints and communications by consumers. In the rare event of safety-related complaints, Flos has established procedures that allow for a timely reaction by recalling products and conducting tests to ensure customer safety. For instance, concerning the malfunction case of the halogen version of the Skygarden 1 and Skygarden 2 lamps and following a few complaints regarding the Romeo S2 Moon and Louis (manufactured until March 2006), Flos duly distributed safety kits and collaborated with the local authorities of the countries involved. Similar actions were taken concerning Bonjour unplugged's battery in 2020 (a kit is available to replace the original component).





Furthermore, Flos is authorised to use the ENEC Mark logo on many of its products. The ENEC logo is a voluntary mark that complements the mandatory CE marking, being a seal of compliance to all applicable European standards. While CE marking represents a self-declaration by the manufacturer and does not imply the approval of products by the European Commission or any other authority (i.e., Test Houses), the ENEC mark shows compliance with European standards. It is awarded by an independent third party, which is responsible for inspecting the production process as well. The ENEC mark can be granted only to Companies in which a Quality System is operating, either certified or qualified by a third party.

In addition to ENEC certification for the EU market, during the design of new products, Flos evaluates the need for other certifications (UL, CCC, EAC, Retilap, etc.) according to the reference destination market.

Finally, product labels include all information deemed necessary to ensure the safe use of luminaires, in compliance with the minimum safety requirements specified in the Low Voltage Directive and other applicable EU Directives. The products are also identified with a batch of production. Thus, it is possible to obtain access to the relevant routine test results and a list of the components used for their production. No incidents of non-compliance with regulations and voluntary codes concerning products have occurred during the last four years.

Supplier selection and management

Flos' products result from a long-lasting collaboration with top-quality Italian and Spanish suppliers, a fusion of craft heritage and experimentation. In addition to the electronic components, which are usually imported or purchased from multinational companies, the production of other semi-processed materials and components and the majority of assembly activities are outsourced to Italian and Spanish suppliers, mainly from northern Italy and Valencia's surrounding areas. This proximity is crucial, also in strategic terms, given the intensity and timeliness with which Flos performs quality control processes on semi-processed materials and finished products. Promoting local suppliers allows relying on a shorter supply chain, improving reliability and delivery times while supporting the local community. For both the Decorative and Architectural collections, the percentage of local suppliers is relevant both in terms of the number of suppliers and spending, showing a regular trend through the years, as reported in the following tables.

For the Decorative collection, Flos' preference for local suppliers is not a simple choice based on convenience but rather stems from its attention

and attachment to the "Made in Italy" concept – acknowledged as a symbol of expertise, artisanship, and innovation. Indeed, almost 87% of the Company's suppliers are located in Italy, mainly in the Lombardy region (approximately 68% out of the total number of suppliers, representing 63.3% of the total spent in 2020). During the pandemic crisis, the Group intensified the management and support to suppliers in order to help them out with legislative compliance and financial issues. Any significant changes as mapped in the table below are mainly attributable to the Coronavirus pandemic.

Suppliers' provenance by number and spending – Decorative and Outdoor collection

Suppliers Provenance	2018	spending	2019	spending	2020 <sup>7</sup>	spending
Italy	425	82.4%	497	85.4%	465	85.1%
Lombardy region <sup>8</sup>	341	69.1%	397	63.4%	366	63.3%
Italy (rest)	84	13.3%	100	22.1%	99	21.9%
Other Countries	64	17.6%	71	14.6%	72	14.9%
Total	489	100%	568	100%	537	100%

<sup>7</sup> 2020 data on suppliers count concerns Flos and Ares. The percentage on spending per supplier provenance includes Bespoke as well.  
<sup>8</sup> Data includes the Verona district. For the definition of "local suppliers", the Verona district was also considered, based on its proximity to the Bovezzo HQ.

For the Architectural collection, given the quality performance of all suppliers, the selection process is primarily based on their flexibility and capability to promptly react to Flos' requests, which adapt to the fluctuations and demand shifts characterising this branch of the lighting market. For these reasons, as shown in the table below, 65% of Company suppliers are located in Spain, more specifically, in Valencia and its surrounding areas (approximately 42% of the total number of suppliers and almost half of the total spent in 2020).

Suppliers' provenance by number and spending – Architectural collection

Suppliers Provenance	2018	spending	2019	spending	2020	spending
Spain	137	70.9%	129	67.8%	122	69.7%
Valencia and surrounding areas	79	51.3%	81	49.6%	80	48.8%
Spain (rest)	58	19.6%	48	18.2%	42	20.9%
Other Countries	67	29.1%	63	32.2%	67	30.3%
Total	204	100%	192	100%	189	100%



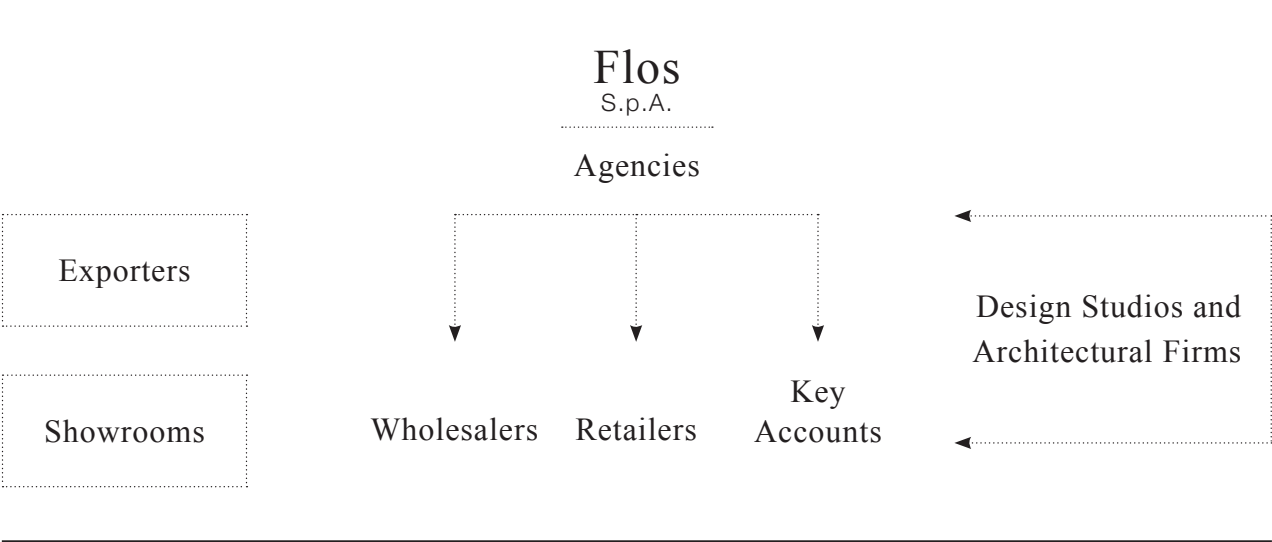
The sustainable management of the supply chain involves a long-lasting relationship between Flos and its suppliers, built on mutual trust and respect. Considering the critical role of the supply chain in Flos' business, the Company is committed to transferring its *modus operandi* and expertise to suppliers, providing technical support to guarantee product quality. Flos adopts a strict selection process and conducts audits at the suppliers' sites to evaluate the quality of the materials and services provided, their technical skills, and the tools and machinery used. Moreover, great attention is paid to the supplier's quality management system (QMS), preferring those who have obtained an ISO 9001 QMS certification. Flos' business model, focused on aesthetics and the functional durability of its products, implies greater attention devoted to quality and technical aspects during the assessment and selection of suppliers. Nevertheless, in its attempts to monitor and reduce its overall impacts along the supply chain, at the beginning of 2018, Flos released new contractual clauses based on a series of relevant national and international guidelines and regulations. In 2020, Ares introduced a new contract for suppliers amending the general conditions of purchase.

The contracts cover issues such as the safety of products and workplaces, the environmental impact of products and production processes, and workers' employment conditions. Moreover, in order to track their sustainability performance, these additional contractual clauses envisage the possibility of requesting suppliers' specific data related to environmental aspects (such as waste produced, raw materials, and energy consumption) or safety information (such as accident statistics). Similarly, these new contractual clauses envisage the opportunity to conduct environmental and social audits on suppliers' facilities and policies to test their compliance with Flos' requests.

In addition, during 2020, Ares continued to implement the new vendor rating system, launched back in 2019, that aims to strengthen the relationship with its suppliers and sustain the supply chain. This tool allows Ares to have in-depth monitoring of a set of KPIs, such as economic solidity, flexibility, and quality. In the future, it might also turn into a rewarding mechanism.

Although designed for collecting business-related supplier information, the tools above of Flos and Ares will also allow the introduction of ESG aspects in supplier screening. These, together with the new contractual clauses, will help the Company to further understand and minimise social and environmental burdens across its supply chain.

Client relationship	Flos demonstrates its attention to clients by offering exceptionally designed and technologically advanced lighting systems, close communication, and an efficient repairing/substitution service.
Flos' sales channels	



As for communication, Flos operates through various sales channels to better adapt its offer to customers' different expectations and technical requirements. The Group mainly relies on its own subsidiaries and sales team located worldwide as well as on agencies, as intermediaries that sell the products of the Architectural and Decorative collection to distributors. Flos' distributors comprise wholesalers of electric equipment and lighting specialists, which sell products to installers, and generalist retailers, mainly composed of family-run furniture or lighting shops, which predominantly serve end customers. Instead, key accounts are B2B customers and have direct contact with the Company through the distribution network, which represents an additional service and a market advantage compared to competitors.

By doing so, Flos operates closely with the key accounts both to meet their need of having the same lighting concept applied to their various stores and to help them better develop their project and business. Flos also relies on Agencies that operate through active sales by collaborating with design studios and architectural firms, proposing personalised and unique lighting solutions. In these cases, lighting products can be sold either directly to the end customer or via distributors. Furthermore, Flos relies on showrooms

146k

followers

715k

followers

for sales of its Architectural and Design collections. These showrooms are corporate shops operating either through B2C or through B2B models. Lastly, in markets where these sales channels are not available, Flos relies on exporters, which allow reaching end customers and intermediaries in Countries where a direct sales activity is not present.

During the 2020 pandemic, the Group had to reinvent communications and interactions with customers and resellers. The impossibility of hosting events and presentations in Flos' showrooms and offices was a problematic issue that the company had to face with utmost urgency. Indeed, the Group switched to remote, more diffused campaigns while re-imagining the concept of presentation fairs and exhibitions: these latter aspects will be discussed in depth in the last chapter of this Sustainability Report.

Customer Proximity in the Digital Era

Flos’ commitment to combine customer needs and technological innovation is directly linked to the continuous improvement of its digital channels. The Group’s ultimate goal is to offer new experiences to its customers, whether in the form of a product or by accessing Flos’ creations. Concerning the latter, 2019 and 2020 have witnessed the redesign and re-engineering process of its Professional website: through a multi-level and multi-purpose stakeholder survey, the primary needs of Flos’ customers and stakeholders were identified and translated into a new architecture and wireframing site. The launch of the Professional website, originally envisaged for 2020, was postponed to 2021 due to the Coronavirus pandemic.

As an actual result, the new website will separately address retail customers and professionals to build a user experience and the underlying structure in a way that allows users to find what they are looking for with

a suitable level of detail. The goal of Flos’ Professional website is to gradually implement new features to respond to the incoming needs and requests of a broad and assorted audience, used to interact with advanced services capable of understanding their needs easily and transparently. Furthermore, a series of new analytic instruments have been integrated into the new website structure to continuously respond to the needs of Flos’ customers following the on-going monitoring of their expressions’ flow. Thus, Flos believes that the new Professional website will help unleash its iconic creations’ true potential. In turn, this will impact the designs of many lighting professionals and strengthen the communications of its wide range of solutions and services.

To conclude, Flos, along with Design Holding, is working to achieve a unified e-commerce. The on-line platform launch is expected later in 2021.

Flos is also strongly focused on monitoring customers' complaints regarding product malfunctioning or defects to improve the overall process, thus enhancing customer satisfaction. In the event of claims, Flos evaluates, on a case-by-case basis, the best solutions in terms of both costs and customer satisfaction. For instance, the Company may either recall the product to analyse the causes of its malfunction, substitute it immediately or, in the event of widely installed systems, send a Flos technician from the internal quality department to carry out a site visit to identify more suitable solutions. Moreover, Flos' front office organises periodic meetings once every quarter involving specific departments – i.e., quality, production, and R&D – to report and analyse complaints received and evaluate corrective actions. The Group monitors the number of products returned due to faultiness reasons and the evolution of the quality indicator, which is calculated as the ratio between the cost of returned products due to faultiness reasons and the total costs of goods sold. This indicator, which includes the collections of Flos, Ares, Bespoke, and Antares, and contributes to establishing employees' yearly bonus, has significantly decreased over the last years.

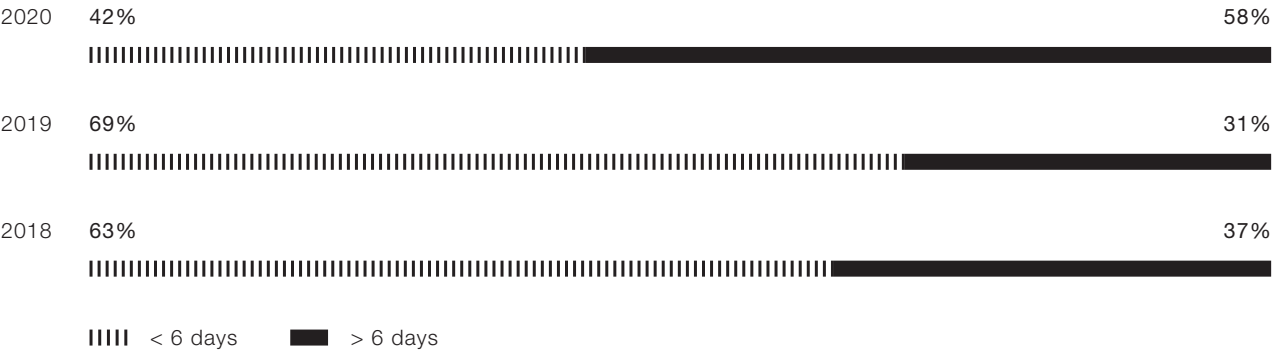
Quality Indicator	U.M.	2018	2019 <sup>9</sup>	2020
Cost of returned product for faultiness reasons on cost of goods sold	%	1.51	1.08	1.13

<sup>9</sup> 2019 data was updated due to a refinement in Ares’ data collection.

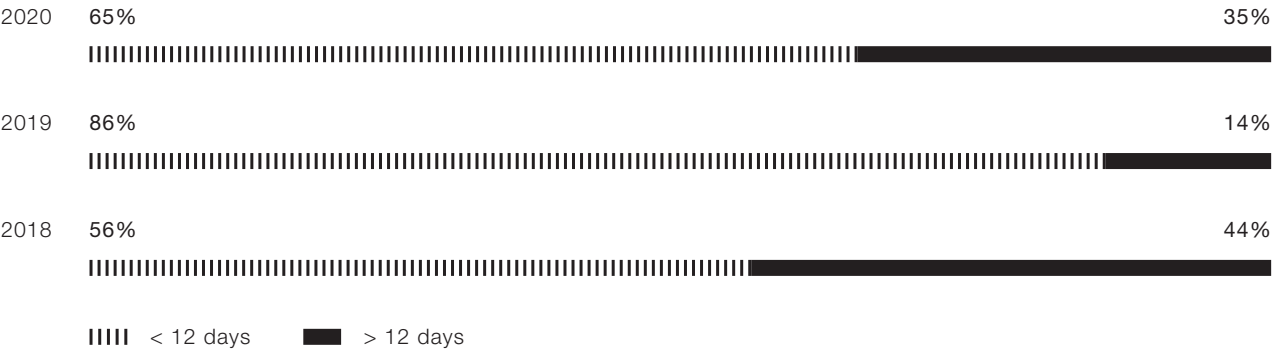
An additional relevant aspect, which demonstrates Flos' attention to its customers, is the importance of the timeliness of deliveries.<sup>10</sup> Regarding the Decorative collection, the time lag between orders and deliveries for 2020 was deeply affected by the restrictions related to the Covid-19 pandemic. In fact, 58% of orders were delivered with a time-lag of more than six days, against a much stable trend highlighted in 2018 and 2019. The Outdoor collection was affected accordingly: indeed, adding the pandemic on top of the standard variability based on customers’ requests, the time-lag's trend is different to that of 2019, with respectively a 14% and 35% of deliveries taking place in over 12 days for 2020. As already mentioned, these trends are entirely attributable to the Covid-19 pandemic.

<sup>10</sup> Due to intrinsic production processes concerning the Architectural and Custom segments which impede to present consistent figures concerning time-lag, data is reported on the Decorative and Outdoor collections.

Time lag - Decorative Collection



Time lag - Outdoor Collection



Coordinates installation, Flos Store Milan

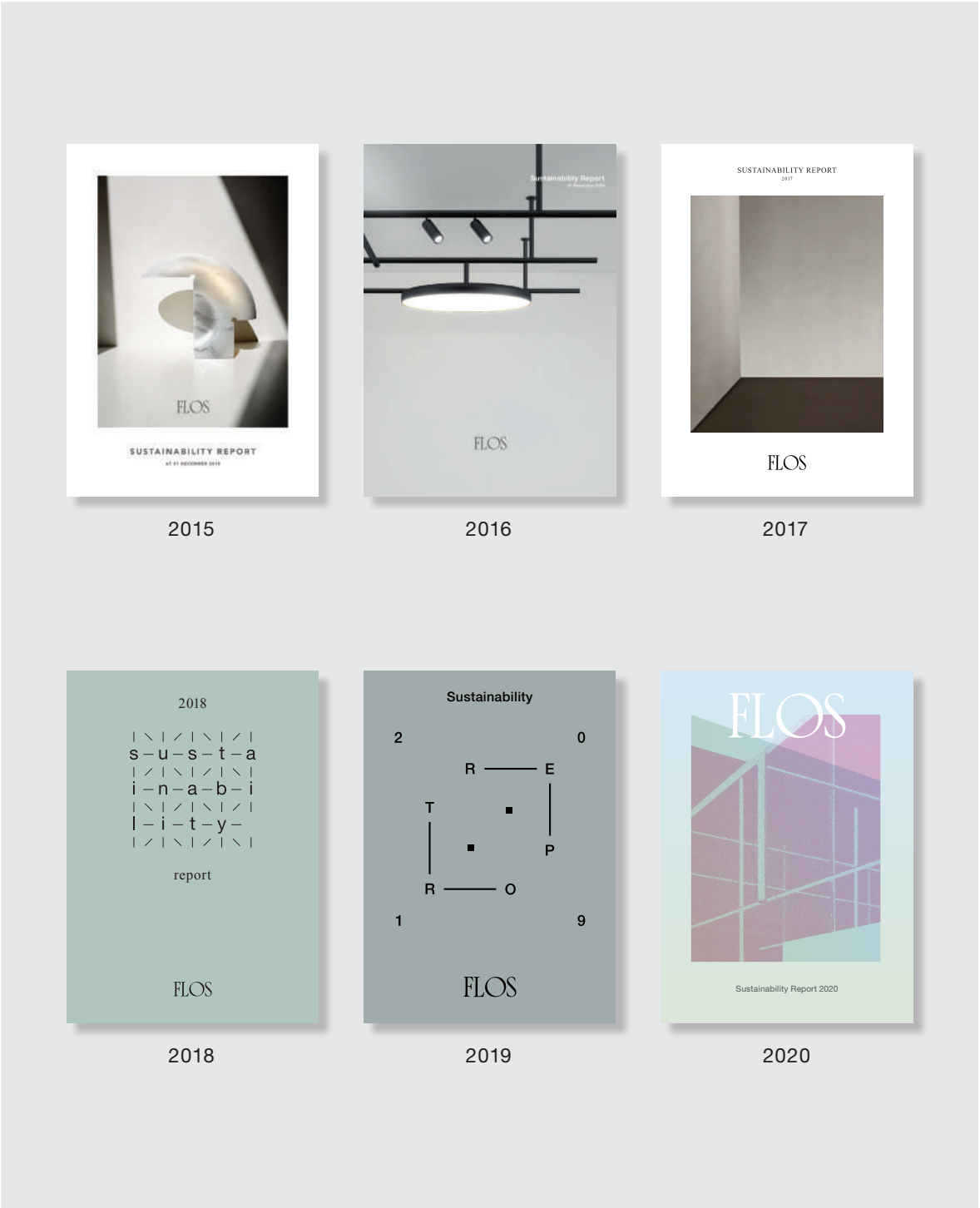
Sustainability path: from reporting to planning



In 2015, Flos strengthened its commitment towards its stakeholders by publishing its first Sustainability Report. Since then, Flos initiated a process to identify and prioritise its social and environmental impacts and monitor the process of the most significant key performance indicators with an increasing degree of awareness and knowledge. Furthermore, in November 2015, Flos subscribed to the United Nations Global Compact (UNGC), a global coalition of companies committed to voluntarily align their

operations and strategies with ten universally accepted principles in human rights, employment, environment, and anti-corruption. Companies participating in the Global Compact initiative must annually report on progress made by implementing the ten principles to inform the Company's stakeholders, such as investors, consumers, civil society, governments. This Sustainability Report represents Flos' Communication on Progress.

Plastic-free packaging



Sustainability Report covers

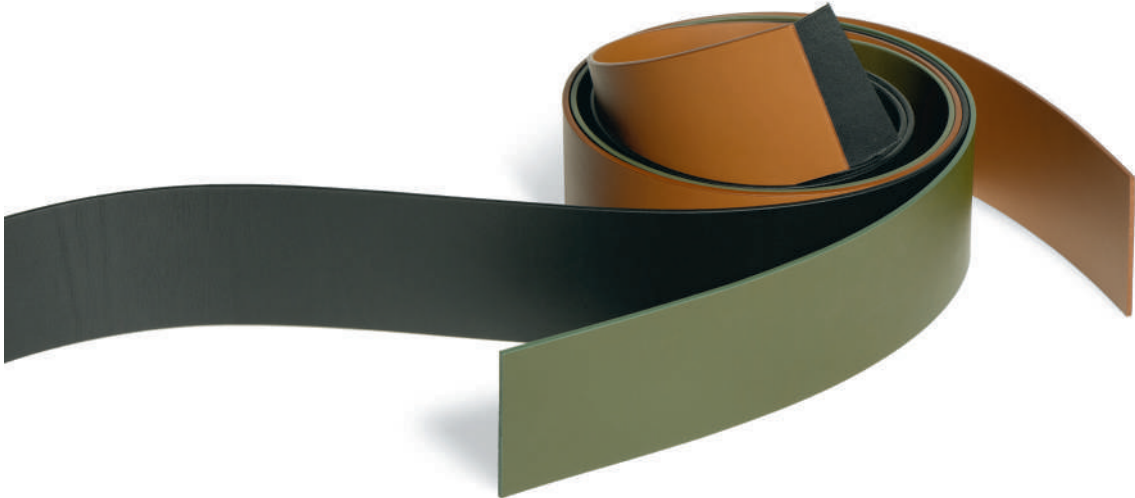


A giant leap was then taken in 2019 when Flos decided to further reinforce its commitment to sustainability by formalising its first Group Sustainability Policy that was integrated into last year’s Report with a complete restructuring of its contents. These key principles and values constitute the basis for Flos’ sustainability strategy and are the foundations for this new edition of the document.



Energy and Materials	Flos aims at improving its overall environmental footprint along the value chain. Aware that global challenges are closely linked to energy and materials, respectively interconnected to climate change and circular economy aspects, Flos strives to mitigate and optimise its direct and indirect consumption of these resources.
Development and Wellbeing	Flos believes that its employees, through their passion and expertise, represent the essence of its brand success worldwide. Flos puts its workforce, regardless of their role, at the centre of its strategies aiming at cultivating an inspiring, inclusive and motivating working environment.
Heritage and Know-How	Flos’ most valuable asset in the path towards sustainability is strongly related to its heritage of design icons and its technological know-how. Flos is therefore committed to actively exploiting its intangible resources to contribute to addressing the challenges that the lighting industry, both from an artistic and a technological standpoint, is facing.

Thus, starting from the sustainability pillars, Flos is shifting the focus from reporting to shaping its commitment for the future by identifying a set of ESG targets it is publicly committing to for the coming years. As a result of a shared process that witnessed the participation of various business functions and the direct involvement of the Group’s management, Flos shortlisted a selection of goals falling within the scope of its “Energy and Materials” pillar.

These were highlighted as the top priority for establishing clear actions and initiatives. Specifically, the three clusters identified concern emissions reduction, circular economy, and waste management. The process included the evaluation of the relevant SDGs, which are mapped against the targets presented – thus creating a clear link between Flos’ strategy and the United Nations’ 2030 Agenda for Sustainable Development. In addition, the Group undertakes to identify and publish other relevant ESG targets correlated with the Policy for the coming years.



Belt Architectural System, detail

Pillar	SDGs	Target	KPI	Baseline
Energy and Materials		-27.5% emissions reduction by 2030 <sup>11</sup>	% reduction of Scope 1 + Scope 2 – Market based GHG emissions	1,955 tCO2e (2019)
		100% of electricity from renewable sources consumed by 2022	% of electricity covered by Guarantees of Origin purchased and consumed over the total electricity consumed	31.4% (2020)
		At least 80% of new products' components can be disassembled and recycled by 2023 <sup>12</sup>	% of new products' components can be disassembled and recycled over the total	Varies depending on the collection <sup>13</sup>
		At least 90% of recyclable packaging by 2023	% of recyclable packaging over the total packaging	Varies depending on the collection <sup>14</sup>
		100% of new products with recycled textile by 2023 <sup>15</sup>	% of new products with recycled textile over the total of new products with textile	Not applicable <sup>16</sup>
		100% of new products based on bio-based resins by 2023 <sup>17</sup>	% of new products based on bio-based resins over the total of new products with resins	Not applicable <sup>18</sup>
		Progressively decrease the amount of waste classified as "mixed waste"	% of waste classified as "mixed" over the total waste produced	Qualitative

<sup>10</sup> The target on GHG emissions reduction has been defined based on the WB2C (Well Below 2°C) scenario according to the methodology outlined by the Science Based Targets initiative.

<sup>11</sup> The target does not refer to Flos Bespoke and refers to main components only. The Decorative collection's specific target is set at 100%.

<sup>12</sup> The baseline varies from one collection to the other and ranges from the Decorative's almost 0% to the Architectural's 80%.

<sup>13</sup> The baseline varies from one collection to the other and ranges from the Custom's 42% to the Decorative's 90%+.

<sup>14</sup> The target refers to Flos S.p.A. only.

<sup>15</sup> Currently, Flos has not developed products containing textiles.

<sup>16</sup> The target refers to Flos S.p.A. only.

<sup>17</sup> Currently, Flos has not developed products containing resins.

Thus, in line with the Sustainability Policy and with the UNGC commitment to take specific action in support of the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development, this document is divided into three main chapters, one for each strategic pillar: the chapters open with a new frontispiece made up of the reference pillars' definition and scope, and account for the material topics relevant for the pillars and the SDGs linked to them. Finally, a highlights section summarises the Chapter's main findings at a glance.

A significant change from last years' editions of Flos' Sustainability Report is the extension of the reporting scope to include Flos Bespoke's Collebeato plant, starting from 2020. Bespoke counts 18 permanent employees, and its headquarters are located in Collebeato (Brescia). The principal tasks carried out are mainly related to the logistics of Flos' products, comprising packaging and shipping to stores and customers. Moreover, Bespoke has a department dedicated to designing and producing custom products, dealing with all stages from initial scratches and pilots to engineering and custom crafting.

## Material Topics

- Sustainability of Lighting Systems
- Emissions and Climate Change
- Product Innovation
- Sustainability of Materials
- Product Quality and Compliance
- Logistics

## United Nations SDGs



## Highlights

80%

the share of recycled waste over the total

31%

the electricity certified as produced from renewable sources

24.461

the total energy consumption in GJ

## 1. Energy and Materials

Flos aims at improving its overall environmental footprint along the value chain. Aware that global challenges are closely linked to energy and materials, respectively interconnected to climate change and circular economy aspects, Flos strives to mitigate and optimise its direct and indirect consumption of these resources.

In this regard, Flos is committed to:

- continuously monitor its energy and materials consumption as well as the related greenhouse gas emissions generated;
- identify and carry out optimisation activities intended to progressively reduce environmental impacts related to energy and materials;
- balance product's quality, performance and durability with environmental burdens by implementing the best available technologies and solutions.

For Flos, improving its environmental footprint in its broader meaning – thus including both product manufacturing and product life – has always been a fundamental part of its sustainability mindset. This commitment is implemented into actions by the Group on a continuative basis while carrying out its core business activities, from R&D and product conception to the performance monitoring over the product's entire life cycle.

In 2020, Flos strengthened its foothold on sustainability and the circular economy: one of the most pressing aims for the Group is to develop new solutions that take advantage of innovative materials and renovated product conceptions to reduce the overall environmental impact. Among the most effective levers concerning these aspects is modularity; namely the possibility of disassembling the final product in all its main parts to separate the various components. This maximises its recyclability and potential for being repaired while extending the product's life. The above implies rethinking the entire business processes in order to deliver on the commitment by both imagining new products that embody circular economy principles from scratch and adapting iconic products to new priorities through the so-called regenerative design.

In general, the lighting industry is joining many other industrial sectors in the growing interest for the transition from a linear to a circular economy model aiming at decoupling economic growth from the consumption of finite resources. In fact, sustainability awareness in the lighting sector has gradually increased in the last decades, mainly through improvements in energy efficiency regulations and the spread of voluntary certifications, thus stimulating the various players through the development and enhancement of more efficient lighting technologies. While some years ago the industry underwent a paradigm shift from conventional lighting to Light Emitting Diodes (LED) – which unleashed less energy consumption together with automated and intelligently controlled system opportunities – attention is now moving towards the so-called "human-centric lighting", which considers the impacts of artificial light quality on people's well-being and emotions.

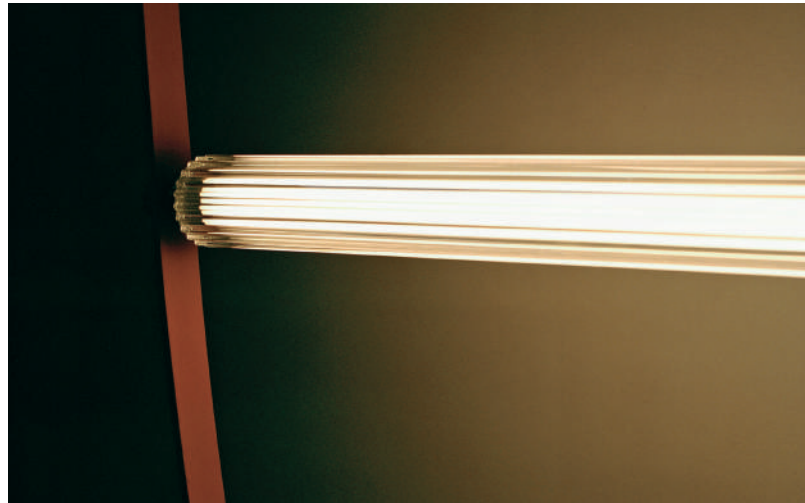
Finally, as part of the broader manufacturing sector, the lighting industry is also called upon to progressively reduce its direct and indirect greenhouse gas (GHG) emissions, closely linked to energy consumption and the circular economy to effectively address climate change. Willing to fully participate in this process, Flos is committing to a more sustainable world by contributing to emissions abatement with an emissions reduction target inspired by the Science Based Targets initiative methodology alongside new ESG targets ranging from product circularity and materials sustainability to electricity procurement and packaging.



Water-based painting



## 1.1 Balancing languages of light and environmental challenges



Flos profoundly believes that the transition towards a low carbon and circular economy requires joint efforts of all the industry players at a systemic level and that no single company, as innovative and disruptive as it may be, is able to make it on its own. For this reason, Flos is contributing to the development of new and more effective national and international regulations and standards regarding the lighting sector through tight cooperation with peers. Due to its participation in Assoluce and other industry associations' technical

departments, Flos is at the forefront of several working groups that aim to discuss new regulations and standards to safeguard both the lighting industry and final customers. Such working groups take place at the national (e.g., CEI – Comitato Elettrotecnico Italiano, Italian Electrotechnical Committee) and international level (e.g., IEC/CENELEC – International Electrotechnical Commission and European Committee for Electrotechnical Standardisation).

WireLine by Formafantasma

In 2020 Flos' activities continued, like in previous years, to focus on the new edition of the IEC/EN 60598-1 safety standard, published in 2020, specifically targeting the latest LED light sources. In addition, the Company kept on working and sharing its expertise towards the update and draft of various standards and regulations concerning the better coexistence between safety requirements and the evolution of the lighting sector. In this field, Flos participated in the amendment of the IEC/EN 60570 standard on the electrical supply track systems for luminaires, published at the end of 2019, and worked on aligning the two above-mentioned IEC/EN standards. Through Assoluce, Flos also closely collaborated with Lighting Europe, an entity with which the Group has been working for years now, to promote regulations embracing a circular economy perspective, mirroring and confirming the trend that sees the lighting industry as the leading actor in the diffusion of energy efficiency solutions. Additionally, the industry sector has a strong record in prolonging the product's lifetime and increasing recycling and reducing hazardous waste. Finally, in the next few years, Flos will be actively involved in the Electromagnetic Compatibility Directive, Low Voltage Directive, and General Product Safety Directive revision.

To cover the safety of furniture products with lighting devices and, in general, with electrical functions, a specific working group has been established within the IEC (Italian Electrotechnical Committee) with the aim of drafting a Guidelines paper. Flos managed the working group and provided the required inputs to involve the Technical Direction of CEI and all the various IT Technical Committees of the electrical products considered (CT 20, CT 23, CT 59/61, CT 64, CT 108). The draft proposal has been submitted for a public inquiry, and the Guidelines' publishing is planned for 2021. An aspect of fundamental and strategic importance to Flos is the work towards counterbalancing the potential inhomogeneity between regulations from one country to another where the Group operates; this may entail additional challenges concerning compliance with various rules and procedures applying to lighting products. In this sense, in recent years, further activities related to material efficiency were initiated in IEC (TC 34 AG 16 Standardisation Strategy) to provide a strategic plan, liaison coordination, and issuing deliverables to the benefit of global electronic industries. The entity's ultimate aim is to ensure that actions approved at the EU level are duly taken into consideration worldwide. Furthermore, in 2020 Flos took part in activities to define the standardisation framework on UV products (TC 34 AG 17 - UV-C radiation for disinfection and germicidal purposes).

Flos’ participation in industry associations



Flos is an associate of Assil, the Italian Association of Lighting Manufacturers founded in 1995, which includes about 80 Italian Companies representing over 50% of the Italian market turnover in the lighting segment.



Flos and Ares are members of Assoluce, the Italian national association comprising more than 150 luminaire manufacturers, part of FederlegnoArredo, the Italian wood, and furniture industry association.



Antares is an associate of Anfalum, the Spanish Association of lighting manufacturers that comprises 87 Spanish Companies active in the lighting industry.



Assil, Assoluce, and Anfalum are part of Lighting Europe, the industry association representing the lighting industry in Europe. Lighting Europe’s mission is to promote efficiency and sustainability of lighting systems, focusing on environmental challenges, human comfort, and customers’ health and safety. Lighting Europe is made up of four Working Groups (WG)<sup>19</sup>, in which Flos takes direct action, addressing topics such as products’ safety and quality, light impact on human life as well as sustainability issues.

Moving to the legislative changes of the last few years, in 2019, the European Commission adopted a new Circular Economy Action Plan for sustainable growth. This Action Plan covered initiatives along the entire life cycle of products, for instance, targeting design, promoting circular economy processes, fostering sustainable consumption, and ensuring that the resources used remain within the EU economy for as long as possible.

The European Commission has also requested that European standardisation organisations draft new European standards on efficiency aspects for energy-related products to support the implementation of Directive 2009/125/EC. Furthermore, it envisaged Mandate M/543 to develop generic standards that cover eco-design requirements related to material efficiency aspects (such as recyclability, recoverability, reusability, durability, reversible disassembly, and end of life extraction time) for any product covered by the Directive mentioned above. Following the Mandate, CEN-CLC TC/10 drafted generic standards on the various subjects related to material efficiency as required by the Commission.

The Eco-design Regulation for Light Sources, also known as the Single Lighting Regulation (SLR), published in December 2019 and entered into force in the same year, provides further input to the implementation of circular economy principles. As a direct consequence of the SLR, only products with removable light sources and control gears clearly labelled with disposal indications can be placed on the EU market.

The new Eco-design Regulation does not only introduce higher energy efficiency limits for light sources and requirements on “circularity”, but also specifies new minimum “performance” requirements, like, for instance, those on colour rendering, displacement factor, survival factor, colour consistency and flicker. Compliance with these requirements shall be ensured in due time to be ready for September 2021.

<sup>19</sup> - WG Better Enforcement: Better Enforcement is key to providing safe and quality products for people, and a level playing field for the industry.

- WG Sound Product Rules: this WG works with regulators to shape good rules that foster quality products and innovation, and works with the industry to help implement these rules.

- WG Value of Lighting: this WG works to spread the concept that light can have important consequences on people’s daily life (e.g. affecting mood, cognitive performance, sleeping patterns, and so on).

- WG Sustainability: this WG operates to support the lighting industry in taking the lead in sustainability, first and foremost by delivering significant energy savings for lighting products and systems. It also works to prolong the lifetime of products, to recycle and reduce hazardous substances.

Key applicable regulatory requirements for Flos	
<b>Low Voltage Directive</b> (2014/35/EU), on placing electrical equipment designed for use within certain voltage limits on the market to ensure the safety of low voltage electrical equipment on the EU market.	<b>Product labelling</b> in this respect in 2017, Flos took part in a working group with Lighting Europe and the European Commission to define obligations regarding energy labelling (and the relevant energy classes rescaling). In 2021 new labelling requirements for the lighting products will be in force (2019/2015/EU). Manufacturers of containing products, with integrated light sources (i.e., LED), will be required to provide the energy efficiency class of the light source. In addition, working groups tackled the European Registry for Energy Labelling (EPREL) database (Regulation 2017/1369/EU), which requires the European Commission to establish a product database where all new models, covered by an Energy Labelling regulation, have to be registered before they can be placed on the EU market for the first time.  Flos took part in Lighting Europe's working groups to propose amendments to the Eco-design Regulation and Labelling Regulations that aim to clarify specific requirements concerning DG Energy. The relevant updates of Eco-design Regulation and Labelling Regulations are expected to be published within the first half of 2021.
<b>Radio Equipment Directive</b> (2014/53/EU), on the harmonisation of the European Member States laws establishing a regulatory framework for placing radio equipment on the market.	
<b>Performance requirements</b> such as photometric tests, carried out according to international standards and used for lighting design.	
<b>Restriction of Hazardous Substances (RoHS) Directive</b> (2011/65/EU and 2015/863/EU) on the restriction of the use of certain hazardous substances in electrical and electronic equipment.	<b>Eco-design Directive</b> (2009/125/EU), adopted in October 2009 by the European Regulatory Committee, established a framework for adopting eco-design requirements for energy-related products.
<b>Electromagnetic Compatibility (EMC) Directive</b> (2014/30/EU) governing the electromagnetic compatibility of equipment.	<b>Eco-design Regulation</b> (2019/2020/EU), the main requirements of entering into force in September 2021, requires an improvement of energy efficiency of light sources and introduces new functionality and information requirements for light sources, control gears, and containing products.
<b>"Safe Drinking Water and Toxic Enforcement Act"</b> a Californian law known as Proposition 65, among other issues, was set out to inform the public with warning labels about the presence of toxic substances that may cause cancer and/or birth defects in consumer products. In order to check Flos products' compliance with the requirements of Proposition 65, during 2018, the Company, with a qualified external laboratory, started a program aimed at testing the possible exposure to toxic substances (e.g., lead, phthalates) with foreseeable use of the product, based on the most restrictive standard methods.	<b>Product disposal</b> such as EU WEEE Directive (2012/19/EU), Waste Electrical & Electronic Equipment). Specifically, in August 2018, the WEEE Directive changed the product categorisation to the so-called "Open Scope"; the existing ten product categories were reduced to six, and more products are now covered by the Directive, such as heat exchange equipment, monitors and lamps.

Besides improving energy efficiency, in 2020, Flos focused a vast amount of its efforts on implementing circular economy principles in its product design and production. Modularity and regenerative design are thus key to Flos’ approach to both its iconic and brand-new products – a matter which is being formalised by the publication of new ESG targets on the topic. Such philosophy touches upon all Flos' indoor lighting products for domestic use – also with the availability of spare parts –, an aspect that goes hand in hand with the products' renowned durability. In addition, Flos takes into consideration, throughout the conceptual design process and the selection of materials and suppliers, the durability of the materials composing the lighting systems. Indeed, in its R&D activities, Flos outlines a way to reconcile efficiency, sustainability trends, and requests with its identity and philosophy, as well as with customers' quality and aesthetics expectations. The continuous effort in researching and developing new solutions to reinventing iconic products and innovating with brand-new ones can lead to breakthrough outcomes insofar as the materials used in crafting and packaging are concerned.

In order to improve circularity, the use of recycled materials to produce parts of luminaires is increasing, not limited to metal components, glass, and easily recyclable materials but also considering plastic parts. One of the main topics is the quest for new materials, either recycled or recyclable, that can maintain the same quality and performance of already implemented solutions regarding compliance to electrical and mechanical characteristics specified by safety standards and business practice. The same approach is applied to materials used for product packaging by increasing the use of cardboard.

ESG Targets		
	At least	At least
	80 <sup>20</sup> %	90%
	of new products’ components can be disassembled and recycled by 2023	of recyclable packaging by 2023

<sup>20</sup> The Decorative collection’s specific target is set at 100%.



A further action ensured in the Bovezzo plant to manage Flos’ environmental impacts is related to implementing an environmental management system (EMS) certified according to ISO 14001 standard.

As previously mentioned, it is important to underline that in recent years, Flos has been centring its efforts on deepening the quest for innovative materials that will allow the Group to improve the way its products are crafted while also impacting the effect these have on the environment during their entire life cycle. One of the main purposes of R&D activities is to match the needs of reducing the environmental impact of products with quality aspects typical of an iconic brand: these can be summarised by the twofold concept of material and product innovation. This allows the Group to focus on materials as a way of finding new answers that enable it to properly respond to the need of reducing the environmental footprint of products – and in some cases, by redesigning Flos’ historical items as well.

Accordingly, in recent years, Flos explored 3D printing techniques as a way of manufacturing innovative bio-based materials such as polylactic acid (PLA) – a compostable thermoplastic polyester made up of renewable natural resources. Other environmental savings can also arise from filament 3D printing applications due to the possibility of significantly reducing scraps. Finally, the specific 3D printer module currently in use by Flos’ R&D department for these research activities does not emit hazardous substances during the printing process, making it perfectly suitable to be installed in offices and labs without exposing workers to dangerous air emissions.

Besides 3D printing and PLA applications, across 2019 and 2020, Flos has also been researching new plastics with reduced environmental impacts by collaborating with key industry players. The final aim of these activities is to try to overcome the potential technical limitations that in some cases characterise these new materials in order to guarantee the emotional quality inherent in Flos’ design. The main obstacle with currently available technologies is mechanical and performance-related constraints that ultimately undermine product quality output.

Furthermore, an important topic that gained particular resonance in 2020 is the work undertaken towards increasing Flos’ product modularity. The ease of dismantling into single components is of fundamental importance for recyclability and the product's resilience. As mentioned before, circularity principles apply both to Flos’ icons and new collections: as regards the former, the output is a renovated product that matches circular principles and engineering techniques with the renowned iconicity that is an integral part of Flos’ legacy. In order to facilitate the transition to fully modular products, the R&D department is also working on substituting glued components with dovetail solutions to guarantee an ever-higher level of ease of dismantling and thus recyclability. Another option under evaluation – which is mirrored by a specific ESG target – is the use of bio-based resins in new product lines.

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**Circular Principles in New Products: Oplight**

Oplight is a bidimensional applique that will be launched later in 2021. It consists of a perfect mixture of different aspects relating to product circularity and modernity: modularity, absence of glues, energy efficiency. In particular, finishes are made with powder coating without solvents, while the body is made with die-cast aluminium. The LED module can be substituted entirely and even updated in future years as technology

enhancements come to the market. A light refraction system allows to direct light at about 25 degrees in the centre of the room to avoid zenithal light. In addition, the elasticity of the materials used will enable Oplight to be disassembled and reassembled without any issue and without compromising mechanical resistance and characteristics.

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Finally, Flos’ R&D is carrying out work concerning high-quality, recycled textiles to be applied to new product collections. Specifically, the department is evaluating the possibility of using recycled nylon coming from abandoned fishing nets: the material is recovered, purified, spun, and made ready to be re-used.

ESG Targets<sup>21</sup>

100 %

of new products with recycled textiles by 2023

100 %

of new products based on bio-based resins by 2023

Product Quality Oversee

For Flos, quality epitomises the perfect blend of aesthetics, compliance, and attention to detail. To improve the production process and offer customers high-quality products, Flos and Antares implemented ISO 9001 Quality Management Systems, certified by independent third parties, covering the design, production, and sales activities of luminaires. In February 2020, Ares achieved the same Quality Management System certification.

In the meantime, Bespoke has been working to obtain the QMS certification within the coming year. In order to fulfil all requirements and standards, Flos has its own on-site laboratories, which are accredited to verify product safety compliance (few tests are carried out externally). Compliance with applicable regulations guarantees that all Flos' product categories are assessed concerning health and safety impacts across their life cycle.

<sup>21</sup> Targets are applicable in the event of, respectively, new products made with textiles and products with resins.



Oblique by Vincent Van Duysen



## 1.2 Monitoring and optimising resource consumptions



The most relevant environmental impacts from Flos' overall production process come from outsourced activities and, only to a limited extent, from the assembly and packaging activities carried out in Bovezzo and Valencia, as well as from manufacturing processes carried out in Bernareggio and, on a much smaller scale, in Collebeato. Impacts mainly relate to the following environmental aspects: material consumption, energy consumption, scraps, and waste from production and assembly (including discharged process water containing toxic substances employed in the coating and painting processes) and indirect greenhouse gas emissions from activities such as logistics and materials procurement.

Flos is conscious that, in order to be effective, a forward-looking sustainability strategy must encompass environmental footprint assessments and impact reduction initiatives along the entire value chain. Accordingly, beginning with the R&D and design stage, Flos focuses on selecting materials and production processes that align with the aesthetic profiles and quality requirements of products, ensure environmental compliance, and reduce its overall footprint. To do so, Flos actively monitors the environmental impacts generated by its activities continuously, progressively integrating those impacts occurring outside its organisational boundaries as well.

### Ares' Environmental Impacts

Ares' headquarters, located in Bernareggio (Monza and Brianza province, Italy), boasts 12,000 m<sup>2</sup>, including the R&D department, testing laboratories, and a painting and coating system. In addition, the plant also has a specific division fitted with an automatic assembly line for circuit boards and a production department for wiring and assembly activities. Ares' manufacturing activities entail both water consumption and air emissions, mainly related to painting processes and the work of the electronic circuit division, which comprises, for instance, welding activities and the use of chemical compounds. In line with current legislation, Ares' facilities are fitted with an air treatment system for the abatement

of particulate and other hazardous compounds and a water treatment plant authorised for effluent discharging in the sewage collection system. External specialists carry out wastewater and air quality analyses regularly to guarantee compliance with normative limits and the correct functioning of treatment plants.

In order to further strengthen its commitment towards environmental protection, in 2019, Ares initiated a process for aligning its Environmental Management System (EMS) with ISO 14001:2015 guidelines. All the procedures and guidelines were set up during 2020 and the certification was successfully obtained in the month of July.

### Materials and waste

Flos is addressing its most pressing environmental challenges by focusing on less impactful and more innovative techniques, reinventing, where possible, its iconic products, and committing to engineer modular products – therefore avoiding glued components and chemical products that can compromise sustainability of the item itself. In addition, the Group accurately monitors the amounts of materials and components purchased to produce its lighting systems and the relevant waste generated, undertaking to reduce the use of non-recyclable or toxic materials. However, as mentioned in previous sections of the Sustainability Report, 2020 data is not fully comparable to prior years as far as the reporting scope is concerned. In fact, the current period comprises Flos Bespoke as well, alongside Flos, Ares, and Antares.

### ESG Performance

68 %	3.135 tons
Decrease of polyurethane foam purchased with respect to 2013	of materials processed within Flos, Ares, Bespoke, and Antares facilities

Concerning the procurement and processing of raw materials, all materials showed either a moderate decrease or a stable absolute trend on a yearly basis – exception made for glass and marble/concrete. For all the classes considered, the trend is mainly attributable to the Covid pandemic, which indirectly impacted production volumes during 2020. The increase of the glass category is due to the inclusion of Bespoke in the reporting perimeter, while marble and concrete data highlight the fact that these are becoming more and more popular in Ares' Outdoor and Flos' Decorative collections.

Processed Materials <sup>22</sup>	U.M.	2018	2019	2020
Glass	t	209	208	236
	kg/k€	1.24	1.21	1.47
Plastics	t	380	355	296
	kg/k€	2.24	2.07	1.84
Aluminium and Zamak <sup>23</sup>	t	2,029	2,025	1,531
	kg/k€	11.97	11.81	9.52
Iron	t	626	585	557
	kg/k€	3.69	3.41	3.47
Gypsum	t	52	49	37
	kg/k€	0.31	0.29	0.23
Brass	t	51	38	38
	kg/k€	0.30	0.22	0.24
Rubber	t	4	10	7
	kg/k€	0.02	0.06	0.04
Marble/Concrete	t	371	424	433
	kg/k€	2.19	2.47	2.69

<sup>22</sup> Intensity ratios refer to net sales of Flos, Ares, Bespoke and Antares.

<sup>23</sup> Zamak is a family of alloys with a base of zinc and alloying elements of aluminium, magnesium and copper.

In addition to the abovementioned raw materials, the Bernareggio plant also purchases chemical components for painting and coating activities. In 2020, these compounds, which include paints, artificial resins, and silicones, continued to decrease in terms of quantities purchased and used with respect to 2018 due to efficiency interventions that provide savings in material consumption while guaranteeing the same production levels.

Focusing on the electronic components purchased during 2020, it is worth noticing that the Group is continuing with the substitution of conventional lamps (in 2020, the value is set to 4.245 units against 5.545 of 2019) while the LED figure has increased (+11.5% with respect to 2019). This trend is entirely consistent with last year's, while it shows an opposite run when considering the decreases of other purchased materials related to the Coronavirus pandemic. As for the electrical and electronic components, it is possible to notice that both decreased as far as purchased quantities are concerned. These reductions are mainly attributable to the 2020 pandemic. For the Decorative collection, the downward trend of traditional lamps purchased is also attributable to Regulation 2015/1428/EU, which requires companies not to sell lamps together with traditional light bulbs, thus allowing the customer to buy the preferred solution among LED and traditional sources. It is essential to highlight that Bespoke's data on components and packaging materials is not available and thus not included: Bespoke undertakes to improve its data collection and to make the missing data available for the coming reporting years.

Electronic Components <sup>24</sup>	U.M.	2018	2019	2020
Transformers and power supply	units	706,722	646,025	623,824
	units/k€	4.17	3.77	4.16
Electrical components	units	6,658,154	5,674,954	4,230,000
	units/k€	39.28	33.08	28.18
LED and LED components	units	6,843,040	6,888,141	7,680,660
	units/k€	40.37	40.15	51.17
Traditional lamps	units	11,931	5,545	4,245
	units/k€	0.07	0.03	0.03

<sup>24</sup> Data is related to Flos, Ares and Antares plant. Intensity ratios are calculated on Flos, Ares and Antares' net sales.

Moreover, another relevant impact arising from Flos' business comes from packaging. Flos aims to reduce the amount of packaging materials used and to improve their recyclability while ensuring an adequate protective barrier during transportation. Since 2018, Flos is progressively replacing non-recyclable polyurethane foams with cardboard boxes, specifically studied and developed to deliver the same packaging protection standards during transport for all the new collections from the Bovezzo plant with a much lower environmental impact. The project allowed Flos to record a significant 68% decrease in the purchase of polyurethane foams in 2020 compared to 2013, the year the project was launched – with an outstanding -32% yearly.



Finally, Flos is continuously striving to find new, innovative solutions regarding substituting current packaging materials with alternatives that can either be recycled or guarantee a more negligible environmental impact. This is entirely in line with Flos’ ESG target of moving to at least 90% recyclable packaging by 2023 at the Group level.

Packaging Materials <sup>25</sup>	U.M.	2018	2019	2020
Paper and cardboard	t	1,133	1,049	1,031
	kg/k€	6.7	6.1	6.9
Plastics	t	78	70	67
	kg/k€	0.5	0.4	0.4
Wood	t	371	309	263
	kg/k€	2.2	1.8	1.8

<sup>25</sup> Data is related to Flos, Ares and Antares plant. Intensity ratios are calculated on Flos, Ares and Antares’ net sales.

Moving to the downstream of materials lifecycle, Flos' waste production mainly relates to faulty components that do not meet product aesthetics and quality requirements and are thus sent back to suppliers. Whenever possible, in the event of defective products, undamaged parts are separated and reused to minimise waste volumes and maximise resource recycling.

directly possible due to the close relationship between Flos and its supply chain, which gives this business model an inherent added value.

Furthermore, Flos offers its employees the opportunity of buying non-saleable, defective products at a discounted price, thus further reducing its total waste volumes. Waste produced during the assembly stage occurring in Flos' headquarters is collected and separated based on its composition to optimise recycling.

Lastly, in 2020, Flos continued to improve its waste management and recycling activities, entirely in line with trends of the past few years. Along with fostering a circular way of thinking and behaving among its employees through, for instance, the improvement of the recycling process in coffee areas, in recent years, Flos increased the separation of waste material in the plants of Bovezzo and Bernareggio. Specifically, in Bovezzo, a container divided into three parts to separately collect iron, brass, and aluminium waste was installed. In addition, Flos reviewed its suppliers' list to select the best providers to ensure the correct disposal and recycling of waste produced.

ESG Performance



Moreover, firmly believing that prevention is the most effective approach for eliminating waste, Flos is involved in training its suppliers in order to reduce cases of non-compliance of input materials. Specifically, Flos inspects and monitors the percentage of defective components coming from various suppliers and the reasons for their return to identify the suppliers experiencing more difficulties. Furthermore, it engages with them to identify the areas of improvement and set up potential corrective actions while providing them with the necessary tools and training to put them into practice. This aspect is made

ESG Target

Progressively decrease the amount of waste classified as “mixed” over the total waste produced

Through this approach, in 2020, the percentage of recycled waste over the total waste produced has peaked to 80% against 67% in 2019. This year’s data comprises Bespoke’s as well: Collebeato plant contributes almost 28 tonnes of recycled materials, amounting to 8% out of the total value at the Group level.

The significant increase of recycled waste is clearly related to Flos Group’s aim to reduce its environmental impact by applying circular economy and sustainability principles at all production levels. Concerning hazardous waste, in line with past years, the figure is mainly related to the Bernareggio plant: the plant hosts manufacturing stages, such as painting and coating, which require the use of chemical compounds.

It is also important to underline that in Bovezzo, the separated collection of polyethylene, introduced in 2017, continues to deliver results, always with the aim of reducing the Company’s overall impact.

Waste produced (tonnes)

Waste Produced	U.M.	2018	2019	2020
Non-hazardous waste	t	533	445	422
Hazardous waste	t	28	30	33
Total	t	561	475	455

Waste produced, by disposal method (tonnes)

Waste, by disposal method	U.M.	2018	2019	2020
Recycled	t	311	316	366
Not recycled	t	250	159	89
Total	t	561	475	455

Energy and GHG emissions

In addition to material consumption, Flos monitors its energy consumption and the related GHG emissions, which are mainly due to heating and cooling purposes and to fossil fuel consumption for the corporate fleet. Specifically, the production site in Bovezzo is supplied from the district heating network of Brescia, an integrated system providing energy to the city from waste incineration. Instead, natural gas consumption derives from Bernareggio and Collebeato plants, where it is used for heating purposes and painting activities. Nonetheless, given its dimensions and operations, Bespoke’s activities have no relevant impact in terms of energy consumption, GHG emissions, and in general, on the environment.

ESG Performance

24.461 GJ

the total energy consumption

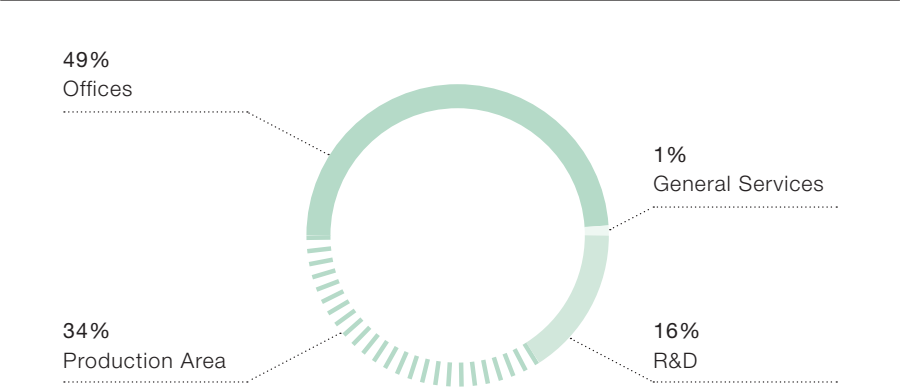
31 %

the electricity certified as produced from renewable sources

Flos has implemented a real-time monitoring system of its energy consumption levels in the Bovezzo plant to progressively optimise resource consumption. Since January 2018, the system has allowed monitoring of the energy demand of the various production processes within the plant, identifying the most energy-intensive processes and potential inefficiencies while reducing the latter, thus increasing the site’s overall efficiency. The final goal, beginning with consumption patterns, is to progressively implement mitigation or remediation activities to reduce the energy demand and increase the site’s overall efficiency.

The initiative, which began in 2018, is delivering also in 2020. In fact, Bovezzo’s energy consumption dropped by 15% with respect to last year. Nonetheless, Flos is well aware that if, on the one hand, this decrease can be attributed to the ever-increasing efficiency of the site, on the other hand, it is due to the reduced use of spaces and instruments caused by lockdown measures, as well as by remote-working. Specifically, in 2020, 49% of electricity was consumed in offices, while production-consumption amounted to 34%. Given the strong and specific results achieved, Ares is evaluating the possibility of implementing a similar mechanism in its Bernareggio plant to improve work quality, reduce energy waste, and have a lesser impact on the environment.

Bovezzo's Electricity Consumption



As expected last year, in 2020, Ares concluded the LED revamping in its plant, thus contributing to decoupling production volumes and energy demand: as a result of this substitution, savings generated in 2020 amount to around 15% at the plant level.

The total energy consumed in 2020 is equal to 24,461 GJ, showing a 3.8% decrease from 2019. This slightly downward trend is mainly attributable to the pandemic, which had a significant impact on the Group’s activities from

March onwards – especially when considering that 2020 data witnessed an enlargement of the reporting scope, thus also comprising Bespoke. More specifically, decreases are mainly due to the indirect decline in production volumes, to lockdown measures imposed by local and national governmental institutions, and to remote working implemented at the Group level for all tasks where possible.

Energy Consumption (GJ)

Energy Consumption	U.M.	2018	2019	2020
Energy consumption - for buildings	GJ	22,951	21,999	21,220
-of which: electricity purchased from national grid	GJ	9,168	8,352	7,860
-of which: district heating purchased from external waste-to-energy plant	GJ	5,892	6,277	5,177
-of which: natural gas for heating and production processes	GJ	7,890	7,370	8,183
Energy consumption - for fleet	GJ	3,593	3,425	3,243
-of which: for Company car fleet	GJ	3,342	3,143	3,034
-of which: for Company truck fleet	GJ	356	282	209
Total	GJ	26,649	25,424	24,463

Flos' commitment to reduce its overall environmental impact also encompasses monitoring its GHG emissions along the value chain for reduction and compensation purposes. Moreover, to strengthen its efforts, with the publication of this Sustainability Report, Flos undertakes to reduce its Scope 1 and Scope 2 – Market-based GHG emissions in line with the WB2C (Well Below 2°C) scenario as provided by the Science-Based Targets initiative's calculation methodology.<sup>26</sup> Expressly, the Group undertakes to reduce its GHG emissions by 27.5% by 2030.

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

<sup>26</sup> The Science-Based Targets initiative was created by the collaboration between the CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It is acknowledged to be one among the We Mean Business Coalition's commitments. The initiative supports companies in defining

Carbon Offsetting Projects

Flos Group's carbon neutrality is achieved by balancing carbon emissions with offsetting, thus using carbon credits coming from positive impact projects. Each credit is certified according to international standards and it corresponds to the reduction (or removal) of one ton of CO<sub>2</sub> equivalent. In particular, the two projects the Group bought the credits from are the "Great bear forest carbon" and the "Guatemalan conservation coast".

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

areas that were previously designated, sanctioned or approved for commercial logging. The project activities include changes in land-use legislation and regulation that result in the protection of forest areas and reduction of harvest levels. The second project is developed in the Guatemalan Conservation Coast region by addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. The project has also significant perks: over 400 species of birds have been documented in the project area and 120 species depend on the corridor to sustain their great journeys.

In accordance with the GHG Protocol Corporate Accounting and Reporting Standard and in line with recent years, Flos has identified and monitored all relevant direct GHG emissions (Scope 1) and those resulting from energy purchases (Scope 2). In 2020, Scope 1 emissions amounted to 757 tCO<sub>2</sub> eq, slightly decreasing yearly even with an enlarged reporting scope. This aspect is mainly due to the Covid pandemic, which impacted energy consumption and, as a consequence, emission patterns. In general, emissions related to the production process are quite limited in absolute terms: as already observed, this is mainly because, out of the plants falling within the scope of the reporting scope, only Bernareggio – and Bespoke for a much smaller share – have production processes.

emission reduction targets that enable to cap global warming well below 2°C (WB2C) aiming to stay within +1.5°C compared to pre-industrial temperatures, in line with what is envisaged by the Paris Agreement.

Moving to Scope 2, GHG emissions, resulting from electricity purchased from the national grid, have been calculated both by adopting the location-based and the market-based method. The first method reflects the average emissions intensity of grids from which energy consumption occurs, while the second reflects emissions from the electricity that the Company has purposefully chosen. Guarantees of Origin (GO) have covered the electricity purchased by Flos’ headquarter in Bovezzo since August 2018, thus certifying that it is produced from renewable sources, resulting in zero direct carbon emissions according to the market-based method. In this regard, all of Flos’ companies within the reporting scope are moving towards complete coverage of their entire electricity needs with certificates, aiming at 100% GO procurement by 2022.

ESG Targets

100 %

of electricity from renewable energy sources consumed

-27.5 %

Scope 1 and Scope 2 – Market-based emissions by 2030

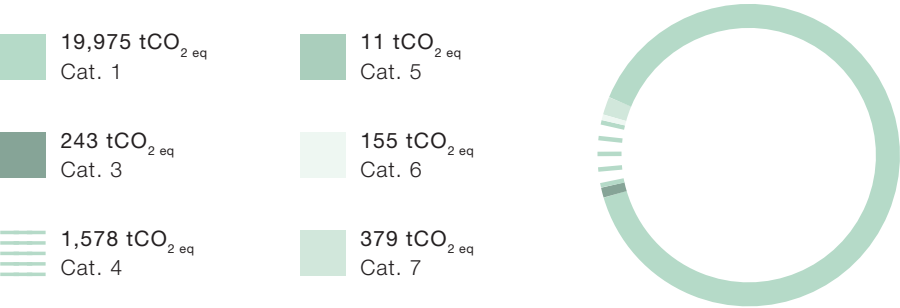
Moving to Scope 3, most GHG emissions generated in 2020 are grouped under this category. In order to strengthen its commitment towards reducing emissions and deepen its understanding of its own operations at all levels of the value chain, Flos decided to expand Scope 3 monitoring and reporting by adding new emissions categories to its Corporate Inventory. Thus, in addition to the transportation of purchased goods and business travels, already included in past periods, four additional categories have been added. These focus on purchased goods and services, fuel and energy-related activities, waste generated in operations, and employees’ commuting. Consequently, data comparability from 2019 to 2020 is not guaranteed insofar as Scope 3 emissions are considered. As shown, Scope 3 emissions are mainly composed by purchased goods and services that constitute 89% out of the total: this is relevant as it allows Flos to understand the significance of product design in terms of the Group’s performance. The table below shows the description of all emission categories that fall within 2020’s GHG Inventory’s Scope 3.

Reported GHG Scope 3 Emissions Categories <sup>27</sup>	Description
Cat. 1 - Purchased Goods and Services	Upstream emissions from the production of products purchased or acquired.
Cat. 3 - Fuel and Energy-Related Activities	Emissions related to the production of fuels and energy purchased and consumed.
Cat. 4 - Upstream Transportation	Emissions associated with the transportation and distribution of products purchased in the reporting year, between a company’s tier 1 suppliers and its own operations in vehicles not owned or operated by the reporting company. Emissions related to the transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company’s own facilities.
Cat. 5 - Waste Generated in Operations	Emissions from third-party disposal and treatment of waste generated by the Group’s owned or controlled operations.
Cat. 6 - Business Travel	Emissions from the transportation of employees for business-related activities.
Cat. 7 - Commuting	Emissions from the transportation of employees between their homes and their worksites.

<sup>27</sup> The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard – Revised edition.

GHG Emissions 2020	U.M.	Location-Based	Market-Based
Scope 1	tCO <sub>2</sub> eq	757	757
Scope 2	tCO <sub>2</sub> eq	923	857
Scope 3	tCO <sub>2</sub> eq	22,341	22,341
Total	tCO <sub>2</sub> eq	24,021	23,955

GHG Emissions 2020 - Scope 3 (tCO<sub>2</sub> eq)





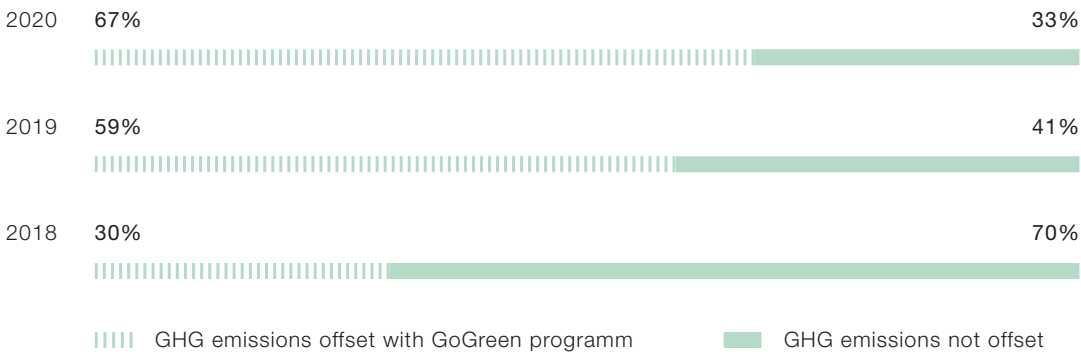
GHG Emissions by activity	U.M.	2018	2019	2020
<b>Direct Emissions (Scope 1)</b>	<b>tCO<sub>2</sub> eq</b>	<b>858</b>	<b>783</b>	<b>757</b>
-Natural gas combustion for heating and production processes	tCO <sub>2</sub> eq	448	418	463
-Diesel consumption for truck fleet	tCO <sub>2</sub> eq	27	21	16
-Diesel consumption for car fleet	tCO <sub>2</sub> eq	306	275	246
-Gasoline consumption for car fleet	tCO <sub>2</sub> eq	15	12	32
-Refrigerant gases from leakages of air-conditioning systems	tCO <sub>2</sub> eq	63	57	0
<b>Indirect Emissions (Scope 2) - Location Based</b>	<b>tCO<sub>2</sub> eq</b>	<b>1,123</b>	<b>1,090</b>	<b>923</b>
-Electricity purchased from the national grid	tCO <sub>2</sub>	816	783	675
-District heating purchased from external waste-to-energy plant	tCO <sub>2</sub> eq	307	307	248
<b>Indirect emissions (Scope 2) – Market Based</b>	<b>tCO<sub>2</sub> eq</b>	<b>1,342</b>	<b>1,029</b>	<b>857</b>
-Electricity purchased from the national grid	tCO <sub>2</sub> eq	1,035	722	609
-District heating purchased from the waste-to-energy plant	tCO <sub>2</sub> eq	307	307	248
<b>Other Indirect Emissions (Scope 3)</b>	<b>tCO<sub>2</sub> eq</b>	<b>3,590</b>	<b>2,021</b>	<b>22,341</b>
<b>Total Location Based</b>	<b>tCO<sub>2</sub> eq</b>	<b>5,571</b>	<b>3,894</b>	<b>24,021</b>
<b>Total Market Based</b>	<b>tCO<sub>2</sub> eq</b>	<b>5,790</b>	<b>3,837</b>	<b>23,955</b>

Focus: 2020's Scope 3 GHG Emissions	U.M.	2020
<b>Scope 3 Categories</b>	<b>tCO<sub>2</sub> eq</b>	<b>22,341</b>
Cat. 1 - Purchased Goods and Services	tCO <sub>2</sub> eq	19,975
Cat. 3 - Fuel and Energy-Related Activities	tCO <sub>2</sub> eq	243
Cat. 4 - Upstream Transportation	tCO <sub>2</sub> eq	1,578
Cat. 5 - Waste Generated in Operations	tCO <sub>2</sub> eq	11
Cat. 6 - Business Travel	tCO <sub>2</sub> eq	155
Cat. 7 - Commuting	tCO <sub>2</sub> eq	379

Logistics Carbon Offsetting

In addition to the full compensation of our Scope 1 and Scope 2 – Market based GHG emissions (for further information, see box “Carbon offsetting projects”), since 2017 Flos has adhered to the Go Green – Climate Neutral program organized by DHL<sup>28</sup>. The initiative allows customers to offset their emissions resulting from the transportation of goods, thus compensating the environmental impacts of outbound logistics activities. The methods used for calculating and offsetting greenhouse gas emissions are based on the Greenhouse Gas Protocol's Product Life Cycle Accounting and Reporting Standard. The calculation methodology includes carbon dioxide (CO<sub>2</sub>) and further GHG emissions such as methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) from transportation and logistics, as well as upstream emissions from fuel and energy production.

Percentage of GHG emissions resulting fromtransportation of sold products offset



On behalf of Flos and proportionally with the emissions resulting from the transportation service purchased, DHL invests in climate protection projects complying with the Clean Development Mechanism<sup>29</sup> (CDM) criteria set out in the Kyoto Protocol. In addition, Flos and Ares are studying the feasibility of extending this programme to other logistics suppliers. In conclusion, Flos and Ares' offset for 2020 amounted

to 713 tCO<sub>2</sub>eq, thus offsetting 67% of the GHG emissions resulting from the transportation of sold products. The increase with respect to 2018 is mainly related to the increase of the Go Green programme used by the group. In total, in 2020, Flos contributed to carbon savings equal to the CO<sub>2</sub>eq emitted by around 423 passenger cars, which travelled 10,000 km.

<sup>28</sup> DHL is an international company providing express deliveries worldwide and logistics services including freight transportation, warehousing and supply chain solutions.

<sup>29</sup> The Clean Development Mechanism certifies emissions reduction projects in developing countries as well as trading and selling certificates arising from projects in order to meet emissions reduction targets through off-setting under the Kyoto Protocol.

## Material Topics

- Occupational Health and Safety
- Diversity
- Employee Care

## United Nations SDGs



## Highlights

**477**

Flos, Ares and  
Antares Workforce

**2,843 h**

Training Hours

**1.1**

Injury Rate

## 2. Development and Wellbeing

Flos believes that its employees, through their passion and expertise, represent the essence of its brand success worldwide. Flos puts its workforce, regardless of their role, at the center of its strategies aiming at cultivating an inspiring, inclusive and motivating working environment.

To this extent, Flos undertakes to:

- invest in training activities and development programs dedicated to employee personal and professional improvement;
- promote a rewarding and inclusive working environment in order to recognise and empower employee talent, in line with everyone's potential and aspiration.

Flos has always strongly believed that when it comes to shaping strategies and business decisions, the role played by its employees is key to the brand's history and today's achievements. This commitment is built on the Group's daily operations by understanding its employees' personal and professional needs and by fulfilling them through cross-cutting initiatives and tailor-made activities.

These solid assets, which Flos has been working on for years and that are an integral part of its everyday life, proved to be a key strength during 2020, a year characterised by unprecedented challenges for the Group as a whole and more specifically for its employees. The outbreak of the Coronavirus pandemic called for extraordinary health-related and social measures: Flos' number one priority was to protect its employees while guaranteeing business resilience and continuity. As news of the pandemic spread, the Group promptly appointed an internal Task Force to handle the situation. At an operational level, following the prescriptions issued by the Italian national government, the plants of Bovezzo, Collebeato, and Bernareggio suspended production from March 13th, 2020, through March 22nd when the official suspension entered into force. The Prime Minister's Decree of April 10th, 2020 extended the containment measures, including the closure of production activities until May 3rd, 2020 – even though Flos resumed its activities on April 27th due to these being classified as being strategically relevant activities. Following this date, all production sites in Europe gradually reopened.

Capitalising on its intrinsic flexibility and agility, Flos has been able to implement drastic measures since day one of the pandemic outburst: more stringent health and safety protocols than the ones required by local law have been duly implemented; a vast mapping of the vulnerabilities of Flos' employees and greater exposure to the possibility of contagion has been carried out to foster remote working as a means of protection and direct support; actions implemented also concerned Flos' suppliers, who received direct assistance when facing both economic and operative challenges, for example through the supply of personal protective equipment. Moreover, the Group's management decided to take out Covid insurance for all employees – to be applied in the event of contagion and hospitalisation – and set up a detailed Covid protocol to contain as much as possible the spread of the virus. This protocol – still in force in 2020 – prescribes, among others, the need to wear masks, social distancing during working hours, and checkpoints for temperature measurement. All these measures have been implemented and monitored with a deep level of

coordination across Flos, Ares, Antares, and Bespoke: in fact, during 2020, all Group companies implemented similar measures engaging all their employees at all levels in the same containment actions as well as sharing best practices.

Nonetheless, and despite the Group's prompt action, which ensured continuity, it was necessary to avail of the furlough schemes launched by the national governments in both Italy and Spain. These ensured that employees and their families received financial support while saving their jobs and allowing Flos to offset the decline in production volumes due to the impact of the pandemic on the global economy.

One of the main changes of the past few years, as far as human resources structures and procedures are concerned, was the introduction, from the second quarter of 2021, of a new function: a Group Head of HR. The figure will deal with homogenising Flos' initiatives by centrally coordinating the various entities.

2.1 Employees as the essence of brand success



In 2020 Flos Group's workforce, including Flos USA Inc. and Flos' commercial branches, totalled 648<sup>30</sup> persons , showing a slight decrease with regard to the previous year (651).

As for the reporting perimeter, including people in Italy (Flos, Ares, and Bespoke) and Spain (Antares), in 2020, 64% of total employees were located in Bovezzo (179), Bernareggio (81), and Collebeato (18) for an overall 278 people, while the remaining 36%, located in the Valencia district, amount to

159 employees. Moreover, women and men were proportionally balanced as far as the employee population is concerned (44% and 56% respectively), with a slight increase in female presence with respect to the past year (43% and 57% respectively) and entirely consistent with a trend already highlighted between 2018 and 2019. Moreover, also in 2020, the most relevant category of workers considering age groups is the one between 30 and 50 years, with almost no changes with respect to last year.

<sup>30</sup> Number of full-time equivalents (FTE) derived by taking into account employees employed under both permanent and temporary contracts of service, at the end of the reporting period.

ESG Performance

477

Flos, Ares, Bespoke  
and Antares' workforce

92 %

Percentage of employees over the  
total workforce

Workforce, by Employee Category U.M. and Gender		2018	2019	2020
Total Workforce	n.	438	446	477
Employees	n.	401	414	437
Supervised workers	n.	28	24	37
Interns	n.	9	8	3
Workforce by Gender				
Women	%	43%	43%	44%
Men	%	57%	57%	56%

2020's Coronavirus pandemic has been polarising activities in human resources, standing out as a very challenging year for the Group. For example, during 2020, the total number of workers increased to 477 compared to 446 of the past year, with an increase of 31 employees, mainly attributable to the reporting scope enlargement regarding Bespoke. In 2020, Flos confirmed its strong commitment to retain its talents and enhance their sense of belonging by guaranteeing permanent contracts, increased by 9% yearly, and covering a 98% share of all contracts. In 2020 the percentage of part-time employees decreased by 31% (downsizing to a 4% share), showing Flos' attention to its workforce and the need for a personal and professional life balance. In line with previous reporting years, all Flos employees are covered by collective bargaining agreements, as required by Italian and Spanish national laws.

During 2020, the Group heavily relied on remote working to guarantee full adherence with lockdown and social distancing prescriptions issued by local and national governments in Italy and Spain. These measures follow Flos Group's intrinsic attitude towards safeguarding its people while embracing new opportunities and technologies. In fact, the pandemic turned out to be an effective lever for process updates and modernisation – entirely in line with a philosophy of workplace changes the Group is embracing and implementing in everyday operations.

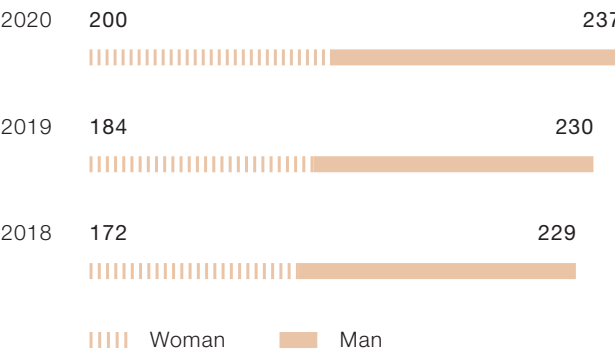


Antares’ ERTE

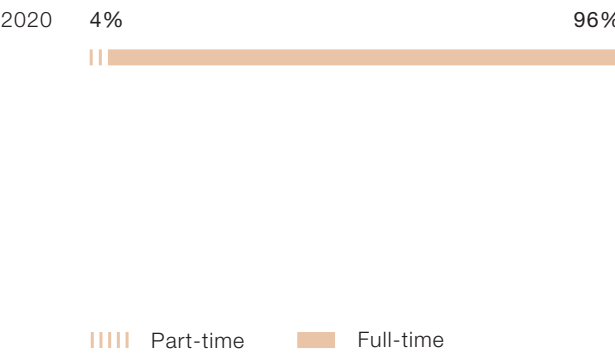
In Spain, as part of the initiatives implemented to face the Coronavirus pandemic, Antares introduced the Temporary Lay-off Plan (Expediente de Regulación de Empleo Temporal – ERTE). ERTE is a job retention scheme, a Spanish regulation that allows an employer to temporarily suspend employees’ contracts or reduce the working hours under certain severe conditions that cause issues during the normal working routine.

Consequently, Antares decided to adopt a flat reduction of both the payroll and working hours that involved every employee at all levels of the organisation’s hierarchy. Accordingly, given the flat payroll reduction purposefully established, Governmental subsidies allowed lower-wage workers to experience almost no changes in monthly compensation.

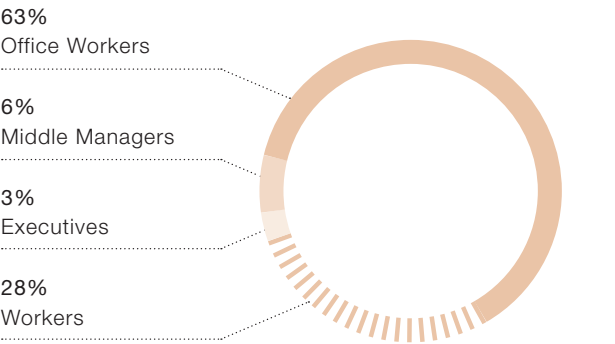
Employees, by Gender



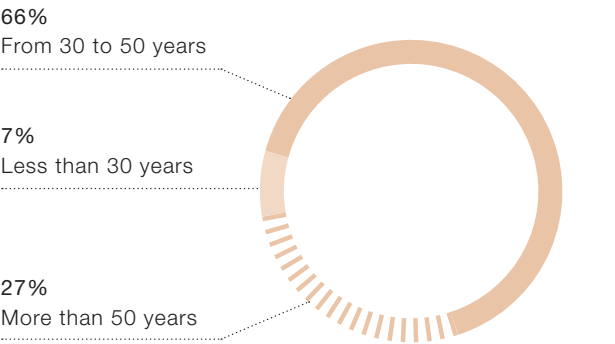
Full-time vs Part-time Employees



Employees, by Category



Employees, by Age



Employees, by Gender and Contract Type	U.M.	2018	2019	2020
Permanent	n.	375	395	429
Women	n.	165	174	197
Men	n.	210	221	232
Temporary	n.	26	19	8
Women	n.	7	10	3
Men	n.	19	9	5
Total	n.	401	414	437

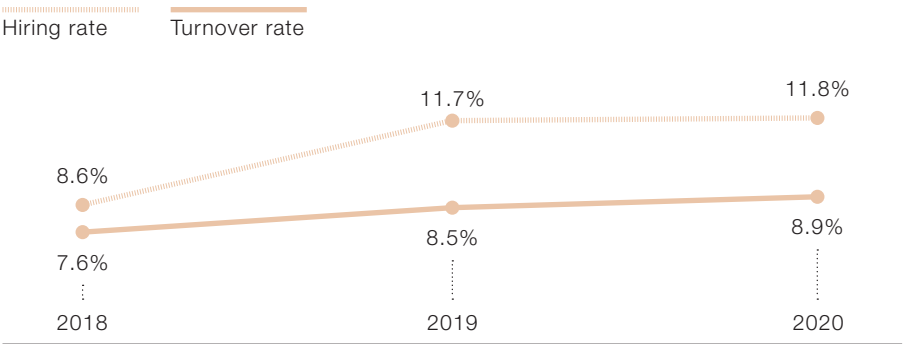
Concerning hires and terminations, the graph below shows the Group’s resilience when facing the difficulties and constraints correlated with the pandemic. Indeed, the 2020 hiring rate is fully in line with respect to 2019. The 2020 figures – the ratio between the number of hires and the total number of employees at the beginning of the reporting year – was equal to 11.8% against 11.7% of 2019.<sup>31</sup>

On the other hand, the turnover rate – the ratio between the number of job terminations and the number of employees at the beginning of the reporting year – followed the constant trend of the last two years, slightly increasing to 8.9% from 2019’s 8.5%.

In 2020, total hiring amounted to 49, of which 18 women and 31 men, while in 2019, the total figure was 47. On the contrary, the number of terminations was 37, of which 11 females (13 in 2019) and 26 males (21 in 2019). Among these, 21 were voluntary, amounting to 56% of total terminations in 2020, against the 34 of the past year. In absolute terms, the two dimensions showed a downward trend if we consider the same reporting perimeter as last year – a performance that can be mainly attributed to the Coronavirus pandemic.

<sup>31</sup> 2019 and 2018 ratios have been re-calculated using respectively 2018’s and 2017’s total number of employees. 2020 figures have been aligned accordingly.

Employee Hiring and Turnover Rates



Hires, by Gender and Age	U.M.	2018	2019	2020
Women	n.	19	24	18
Men	n.	15	23	31
Less than 30 years old	n.	11	16	11
From 30 to 50 years old	n.	22	29	27
More than 50 years old	n.	1	2	11
Total Hires	n.	34	47	49

Terminations, by Gender and Age	U.M.	2018	2019	2020
Women	n.	19	13	11
Men	n.	11	21	26
Less than 30 years old	n.	6	9	7
From 30 to 50 years old	n.	16	19	17
More than 50 years old	n.	8	6	13
Total Terminations	n.	30	34	37



## 2.2 Training for personal and professional improvement



In recent years, Flos has embarked on a journey of substantial investments in terms of financial and time resources aimed at upskilling its workforce. In 2020 the total amount of hours dedicated to training amounted to 2,843 compared to 3,644 in 2019. A decrease of the total training was actually expected due to periodical updates as far as health & safety, and technical courses are concerned. However, the difficulties caused by social distancing, lockdown measures, and more in general, the pandemic

deepened the differences with respect to 2019 – despite this, several hours of training were also provided in 2020. Indeed, due to on-line platforms and web meetings, it was possible to continue to guarantee appropriate training opportunities for Flos’ workforce. Of course, as mentioned, what has dramatically changed was the delivery of training: to ensure full compliance with all applicable legislation concerning Covid-19 containment measures, courses shifted to remote learning whenever possible.

Among the companies<sup>32</sup> falling within the scope of the figures, Flos and Ares show an upward trend as far as the overall training hours carried out is concerned, while Antares’ decreased due to the Coronavirus pandemic and consequent budget reviews.

In the coming years, Flos undertakes to deliver on the commitment of continuous investment on its own workforce by maintaining the steady level of training activities and by continuing to monitor both the market and employees’ needs.

### ESG Performance

2,843	6.8 h
Flos, Ares, and Antares total training hours	The average training hours per employee

To continuously funnel personal and organisational improvements, in recent years, Flos has designed and implemented a dynamic and personalised training programme aligned to the diverse needs of employees and corporate responsibilities. The programme was conceived to help employees realise their full potential, both in terms of soft and technical skills deemed necessary to meet the Group’s evolving business scenario and adapt to the technological national and international legislative changes. When designing the programme, Flos considered employees’ training needs and identified minimum training requirements for every cluster of functions. As a result, the training programme involves both ad hoc courses – e.g., e-commerce – and non-technical training ranging from legislative requirements – e.g., RoHS, Eco-design, import, and export – to public speaking and English, French and German lessons.

In addition, during the past year, Ares underwent a profound restructuring of its own training projects, thus embarking on a process that led to a significant increase in its capacity to track, value, and monitor employees’ academic and professional training background. This pathway, an integral part of ISO 9001:2015 certification process – successfully concluded in February 2020

<sup>32</sup> Data refers to Flos, Ares and Antares. Bespoke does not monitor training data and undertakes to disclose it from the next reporting period.



– aimed at identifying Ares’ people strengths and improvement areas with the goal of structuring ad hoc training opportunities: this continuous flow of information and training needs deep mapping and allows Ares to make better use of its employees’ expertise while continuing to duly invest in their upskill.

Technical Training for Leveraging Innovation

Along with continuing the courses on lean manufacturing, in the last few years, a set of new technical courses were carried out, responding to the need to broaden and sharpen Flos’ people and light designers’ vertical competencies. Thus, with the aim of ever-enlarging its capacity to respond to

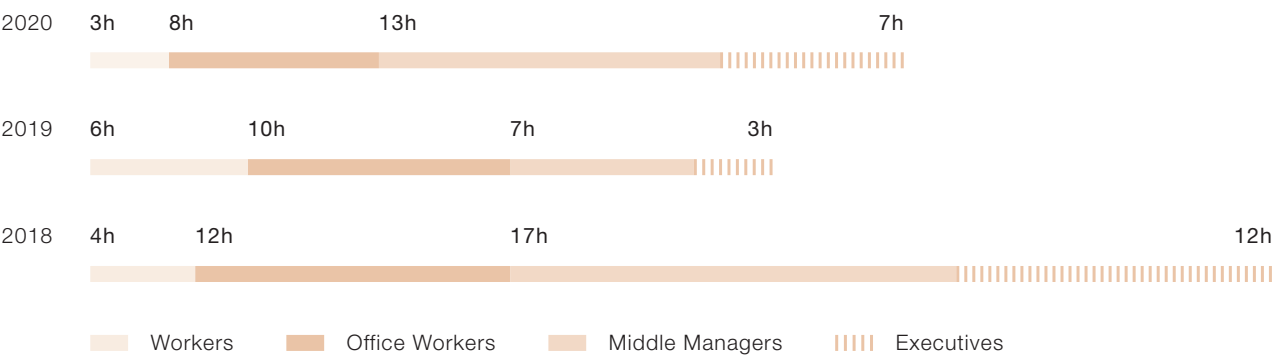
the most specific commercial requests and to follow through with its Heritage and Know-how commitment, these courses included, for example, lighting techniques and legislative requirements for residential areas, hospitality and wellness areas; school areas; workplaces; museums and churches.

In 2020, training hours provided to Flos’ employees corresponded to an average of 6.8 hours per employee<sup>33</sup>, showing a reduction compared to 2019’s 8.8. In addition, looking at the non-compulsory training – i.e., excluding training activities required by national regulations, such as health and safety training – the average training hours per employee amounted to 5.8 in 2020, equal to 85% of 2020 total training hours. Focusing on the average training per employee category, the only groups that show changes compared to 2019 are executives (from 3 to 7 hours in 2020) and office workers (from 10 to 8 hours in 2020). To conclude, training envisaged for supervised workers and interns, which amounted to a total of almost 70 hours in 2019, was postponed due to the Coronavirus pandemic. For the future and in line with recent years, Flos confirms its commitment to provide all employees with adequate training in the upcoming years, regardless of employee category and contract types.

<sup>33</sup> The average excludes Bespoke’s employees as data for 2020 on training delivered is not available.

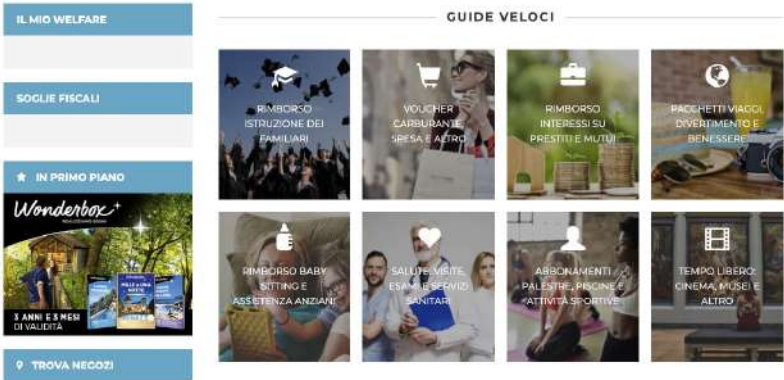
Training	U.M.	2018	2019	2020
Total Hours	h	3,885	3,644	2,843
Men	h	2,280	2,263	1,159
Women	h	1,606	1,381	1,684
Average Hours	h/employee	9.7	8.8	6.8
Men	h/employee	10.0	9.8	5.1
Women	h/employee	9.3	7.5	8.9
Non-Compulsory Training				
Percentage on total training	%	96	70	85
Compulsory Training				
Percentage on total training	%	4	30	15

Average Training Hours, by Employee Category





## 2.3 An inclusive and safe working environment



Work-life balance is one of the ways through which Flos rewards the talent and passion of its employees but also creates an inclusive working environment as a way of looking after everyone’s personal well-being. Flos has indeed translated this commitment into providing a benefits package that meets employees’ needs beyond mere basic compensation.

In line with 2019, in 2020, Flos continued to guarantee benefits such as meal vouchers, health insurance, invalidity coverage, fuel vouchers, and canteen services. In addition, due to the Coronavirus pandemic, Flos subscribed additional insurance that

covered all employees in the event of Covid positivity and relevant intensive care hospitalisation. Moreover, Flos continued to incentivise performance-based pay to acknowledge everyone’s contribution by offering performance bonuses related to product quality and business profitability. Specifically, even during such a dramatic year, Ares decided to provide a bonus to all employees in recognition of the extraordinary efforts poured into activities, guaranteeing business continuity. In general, Flos’ approach is to provide the same benefits to all full-time and part-time employees and, as insofar as possible, to temporary workers.

### Employee welfare

Furthermore, concerning the abovementioned benefits, fuel vouchers were also extended to fixed-term employees.

Additionally, to provide a wider set of benefits to its employees, in 2019 Flos implemented an on-line platform developed to manage workers’ benefits and performance bonuses. The web platform was launched in September 2019, allowing an integrated and simplified way of discovering and accessing all the various benefits for both white and blue-collar workers. In order to help familiarise its employees with the platform – which has also been confirmed for 2020 – the Company offered dedicated training and one-to-one support sessions to all employees that needed it. Flos’ goal to extend the benefits package to all Group companies was implemented in 2019 by introducing the new second-level contract<sup>34</sup> in Ares.

In addition to employees’ welfare, Flos continuously pays the utmost attention to health and safety aspects by constantly monitoring the key indicators and fostering a safety culture across all roles and responsibilities within the Group. In line with these objectives, the Group carries out, on an on-going basis, several activities to improve occupational health and safety and raise employee's awareness on these topics.

At the core of the Group’s commitment to guaranteeing high safety standards are training and education activities. In 2020, a total of 421 hours of health and safety training was provided. The figure, which is evidently lower than in 2019, is mainly attributable to normal trends concerning H&S training updates to employees: in other words, the decrease is primarily due to the frequency of the activities that are carried out on a two to five-year basis depending on both training levels and safety regulation requirements.

Flos’ attention to the prevention and mitigation of work-related health and safety impacts also extends to supply chain management. Indeed, the Company takes advantage of the close relationship with its suppliers – above all, the smallest and nearest ones – by monitoring their performance and work conditions through frequent, commercial site visits. This aspect allows for deep integration within the scope of a long-lasting relationship based on trust, quality, and safety.

<sup>34</sup> The second level contract, as provided by the Italian regulatory framework, is a collective agreement signed between the employer and trade unions that allows derogations from national collective bargaining agreements.

Along with the continuous safeguard of its blue-collar workers with the purchase of shoes, gloves, glasses, and all other necessary personal protection accessories, and in full compliance with the applicable legislation, in 2020 Flos updated its Risks Assessment Document (DVR) to map the risks correlated to the Coronavirus pandemic.

ESG Performance

421

The number of training hours on Health and Safety topics

1.1

The injury rate

Training on Health and Safety Topics	U.M.	2018	2019	2020
Total hours	h	160	1,111	421

During 2020, the Group recorded four injuries – all of which occurred in Antares’ plant in Valencia: three out of four were minor injuries and resulted in no days lost. During the 2018-2020 three-year period, no high-consequence work-related injuries or fatalities resulting from work-related injuries were recorded. From 2020, Flos and Bespoke<sup>35</sup> joined Ares’ monitoring of workers whose workplace or activities are under the Company’s either complete or partial control: the trend showed a situation that perfectly mirrored the overall employees’ health and safety data, with 59,446 hours worked and no injury of any sorts recorded. The total hours worked by the Group’s employees in 2020 recorded a small decrease compared to the previous year, notwithstanding the enlargement of the reporting scope to include Bespoke. The downward trend is mainly attributable to the impact of the Coronavirus pandemic on production volumes.

<sup>35</sup> Antares has no workers that are not employees.

Health and Safety <sup>36</sup>	U.M.	2018	2019	2020
Total number of worked hours	h	686,009	714,284	705,691
Total number of recordable work-related injuries	n.	5	3	4
Rate of recordable work-related injuries <sup>37</sup>	n.	1.5	0.8	1.1
Lost time injury rate <sup>38</sup>	n.	0.3	0.6	0.3

<sup>36</sup> All data reported in the table refers to Flos, Ares, Bespoke and Antares’ employees.  
<sup>37</sup> Calculated by the total number of injuries multiplied by 200,000 and divided by overall number of hours worked in the reporting period.  
<sup>38</sup> Calculated by the total number of lost time injuries multiplied by 200,000 divided by overall no. of hours worked in the reporting period. 2018 and 2019 data have been aligned to the calculation methodology.

Health and Safety Management

Occupational health and safety aspects are directly managed at the plant level: Flos, Ares, Bespoke, and Antares implemented policies and management systems under local legislative requirements and sometimes applied at the Group level with the share of protocols and processes (for instance, this is the case for 2020’s Covid protocols). Health and safety monitoring and oversight are focused on the involvement of functions at different levels of the organisational chart with specific responsibilities for the application of safety procedures. Risk assessment procedures, for instance, are managed by health and safety managers, or equivalent, or in other words, in compliance with applicable local regulations. Managers carry out inspections and consult employees to detect risks on time, duly assess them, and propose mitigation efforts to prevent future accidents.

The same procedure applies to work-related injuries, depending on the severity of the event. As required by law, a risk assessment is carried out to identify the major risks for the health and safety of the Company’s employees. The most significant risks outlined are internal transit areas, fixed and portable ladders, object storage, means of transportation, fire and explosion risks, physical workload and load handling, vibrations, noise, and chemical risks. Furthermore, Flos and its subsidiaries have implemented an internal monitoring system to safeguard their own workforce from any health and safety whistleblowing-related repercussions. In accordance with legislative obligations, a doctor is an integral part of all H&S management practices and procedures.

## Material Topics

- Product Innovation
- Brand Protection
- Training to Clients

## United Nations SDGs



## Highlights

**163**

patents filed to protect  
Flos' products

**€ 100.000**

the monetary value  
of philanthropic activity

## Launch of Local Connection

a new way for experiencing Flos'  
new products' launch

## 3. Heritage and Know-How

Flos' most valuable asset in the path towards sustainability is strongly related to its heritage of design icons and its technological know-how. Flos is therefore committed to actively exploiting its intangible resources to contribute to addressing the challenges that the lighting industry, both from an artistic and a technological standpoint, is facing.

In doing so, Flos aims to:

- play an active role in the development of new innovative solutions that are able to enhance people's physical and emotional wellbeing through investing in research and technological innovation;
- promote and disseminate the art and design culture amongst the community as an integral part of its sustainability strategy.



Flos’ outer reach, and thus the relationship that ties the brand with its community, is the third essential element of the Group’s Sustainability Policy. In this sense, the safeguard of Flos’ know-how on the one hand and the dissemination of the Group’s heritage on the other represent the twofold strategy with which it interacts with the public.

This allows to deliver an ever-increasing level of quality by guaranteeing fresh initiatives while continuing to build a lasting relationship with the Group’s stakeholders. Indeed, with its sustainability commitment, Flos is dedicated to contributing to the creation of social value tied to the industry’s national and international artistic heritage through a continuously renovated legacy that enables the brand to be acknowledged as a market icon in the lighting design world.

During 2020, the Group’s activities – which usually heavily rely on public fairs and exhibitions – were impacted by the Coronavirus pandemic. The entire process was rationalised by both reducing these experiences and reinventing the presentation and enjoyment of Flos’ new products launched on the market.

The fundamental outcome that was achieved has been a constant foothold on key occurrences, with a significant development towards hybrid events that take advantage of new technologies to keep sharing Flos’ heritage and know-how.



Flos at the 26th ADI Compasso d’Oro Awards

3.1 Promoting the art and design culture



Contributing to disseminating the art and design culture amongst the community is one of Flos' key commitments in terms of social responsibility as it allows to deepen the relationship between the brand and its key stakeholders. In line with this goal, the Group offers its support to cultural events, exhibitions, and design festivals through donations, loans, light installations, and co-organisation efforts.

For over 60 years, Flos has collaborated with the most prestigious art, architecture and design museums worldwide. Many products have been donated or lent to such institutions and actually feature in the permanent collections of iconic museums, such as the MOMA (Museum of Modern Art) in New York, the Triennale in Milan, and the Centre National d'Art et de Culture Georges Pompidou in Paris.

“Designer(s) du design” exhibition



Local Connections Milan and Paris

As previously mentioned, the pandemic had a major impact on the fostering of culture: in fact, the number of physical events and exhibitions where Flos took part was significantly less compared to the previous year. The Group’s commitment is to guarantee the constant presence through sponsorships, featured exhibitions, and installations in events worldwide, allowing the Group to further develop its dedication to fostering design know-how and heritage.

In fact, Flos profoundly believes that the concepts of art and design are tightly intertwined and among the highest disciplines, united by the common goal of delivering a true social value to the benefit of the wider community. Consequently, Flos is constantly willing to be the enabler for the unfolding of talent of the most refined artists, who are able to combine outstanding materials with innovative ideas by creating something unique.

One relevant example of this overall attitude lies in the brand-new concept of “Local connections”: given the impossibility to travelling and attending physical events due to the pandemic, the Group came up with a hybrid solution that intertwines classic exhibitions with digital delivery. The outcome is a complete renewal of exposition spaces that, along with a wise representation of Flos’ ability in lighting design, allows for a completely new experience.

The new scenography of showrooms and the possibility to remotely book a dedicated appointment allow architects, interior designers, resellers, and even specifiers to better see and understand products and their peculiarities. Indeed, the “Elements of Light Tour” was carried out as an itinerant event all across Europe as a means to unveil the new collections and launch “Elements of Light”, a new brand book specifically destined to the contract segment.

The following represents a selection of art and cultural events in which Flos took part in during 2020.

Flos’ participation and support to art and cultural events		
“Nature Morte Vivante” exhibition	Feb. 2020	The city of Madrid placed the spotlight on international design with its third Madrid Design Festival. Among its many exhibitions planned, the festival wanted to acknowledge one of the best-known designers worldwide, Patricia Urquiola. The “Nature Morte Vivante” exhibition, which included well-known Flos’ designs, mainly focused on Patricia Urquiola’s work as a designer, showing her work for industrial production, occasionally for craft production, and frequently for a combination of both.
“Cambio” exhibition	Mar. – May 2020	Flos was the Supporting Sponsor of Cambio, a major exhibition by Formafantasma – the Italian art and design duo based in Amsterdam. Cambio (from the medieval Latin cambium, 'change, exchange') is an on-going investigation performed by Formafantasma into the extraction, production, and distribution of wood products. This exhibition, presented by the Serpentine Galleries in London, aims to question the role that design can play in translating emerging environmental awareness into informed, collaborative responses.
“Designer(s) du design” exhibition	Sept. – Nov. 2020	Produced in consultation with leading figures of contemporary design, the “Designer(s) du design” exhibition has presented more than seventy designers as well as their projects and business approaches. Flos supported the event, hosted within the Lille Métropole 2020 - World Design Capital, by providing Philippe Starck’s Guns collection of lamps.



Flos’ Relationship with the Community

In addition to supporting cultural events, Flos' relationship locally-speaking involves contributing to charity and fundraising events. The outburst of the Coronavirus pandemic hit northern Italy the hardest, where the Group has three of its production facilities. For this reason, Flos decided to contribute to the activities carried out by Fondazione della Comunità Bresciana ONLUS<sup>39</sup> by donating €100.000 to the fundraising programme #aiutiAMO Brescia (“Let’s help Brescia”), which aims to assist the Province’s healthcare system in facing the emergency. Among the fields of intervention, the Group contributed by purchasing sanitary apparel and personal protective equipment, covering sanitary transportation and intensive care costs, and other activities related to the vaccination programme.

An integral part of Flos' commitment in respect of the community is the long-lasting support to Fratelli dell'Uomo<sup>40</sup>, a non-governmental organisation for international cooperation working for local communities in developing countries. According to this partnership, initiated in 2015, 20% of the gross sales from the Gun Collection by Philippe Starck (Bedside Gun, Lounge Gun, and Table Gun lamps) is donated each year to Fratelli dell'Uomo. During the past few years,

due to Flos' contributions, several projects have been supported. For instance, since 2016, Flos has allocated its entire contribution to the project "Healthy childhood in the Totonicapán Maya Kiché community in Guatemala" carried out by the organisation "Asociación CDRO", with the purpose of reducing infectious diseases and complications arising from common pathologies spreading among child populations. The project involves four local communities belonging to the Santa Lucia la Reforma Municipality (which supersedes the villages of Pamaria, Pabaquit, San Luis Sibilia, and Arroyo San Juan) with the primary focus of improving the availability, accessibility, and overall quality of childhood health services. The project moved forward in 2019, during which more than 3,300 consultations were carried out between clinical and home medical visits, as well as the delivery of medicines and food supplements based on the pathologies identified. The project’s progress witnesses an on-going improvement of all the main monitored KPIs, including: access to specialised paediatric care, immunisation, and malnutrition. The project concluded in 2020.

Finally, in 2020 Flos sponsored Milan’s Politecnico’s Lighting Design and LED Technology Master by way of confirming its efforts in respect of academic education.

<sup>39</sup> A community foundation, FCB was established in 2001 according to the input provided by the Cariplo Foundation. FCB operates in the fields of social and socio-health assistance, the protection of the artistic and environmental heritage, education, and culture.

<sup>40</sup> Fratelli dell'Uomo, which is acknowledged by the Italian Foreign Ministry, was launched in Italy in 1969 and it is part of the Frères des Hommes Group. The organisation supports projects and initiatives, mainly located in Latin America and Africa, concerning access to food, environmental protection and protection of common goods, responsible economy, community health, as well as migration and co-development. From 2019, Fratelli dell'Uomo no longer exists as an independent entity, but has instead been integrated into Amref.



“Nature Morte Vivante” exhibition  
“Cambio” exhibition



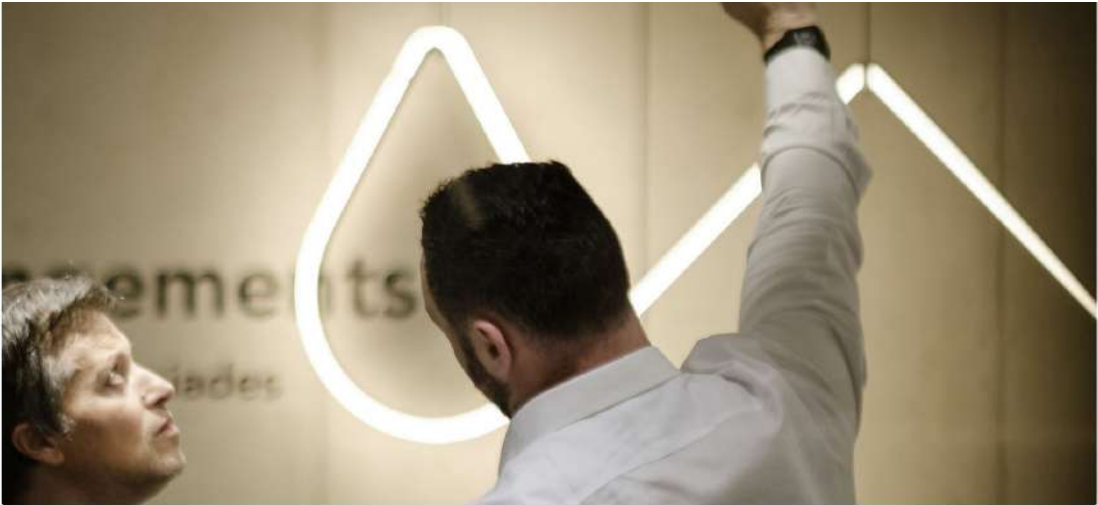
3.2 Fostering design know-how



In order to further disseminate the Group’s know-how by providing the opportunity of deeply understanding Flos’ products, both in technological and aesthetic terms, the Group offers several training programmes specifically designed to cover the needs of the various customers (e.g., agents, distributors, lighting designers). Flos delivers many courses on Architectural collection products, aimed at explaining their technical features and how to install them. As a way of sharing Flos’ know-how and brand heritage with all design professionals and customers, in 2020, Flos Light Academy was extensively used as

the primary tool for providing training. The Academy is an internal storytelling platform that supports all activities around sales moments to improve and strengthen the connection between Flos and its customers. Targeting the sales force together with retailers, professionals, and key accounts, Flos will invest in training before launching new products, engaging with buyers, supporting all information and key specifics concerning products and applications. In addition, it will foster the spread of lighting design culture and Flos’ breakthrough products.

Flos Light Academy platform



Analyse and research



Product



Visual & Store Experience

Risorse

[Vedi tutti](#)

Novità

Recenti

Più visti

FLA -Retail- Case history

Analyse and research

4 mesi

00\_TAB\_midbitrate

Product

4 mesi

Retail\_ Case studies\_IT

Analyse and research

4 mesi

Product - Tab\_industry\_en

Product

4 mesi

Retail\_ Case studies\_EN

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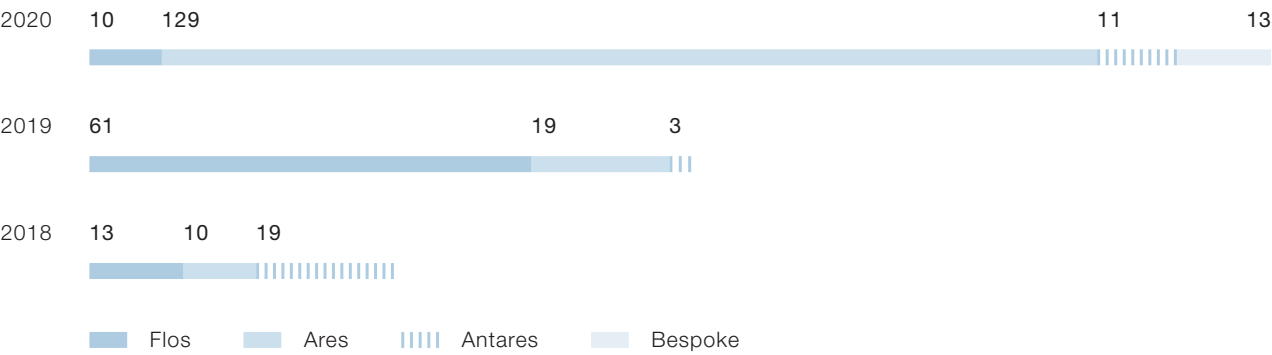
Webinar\_ Flos control App pow...

4 mesi

Flos webinars

The topics addressed through the platform vary depending on the customer target and on the intended applications: it is a way of meeting customers’ needs by fostering the Group’s know-how in terms of product specifics and appreciating product history and heritage.

Number of Patents Filed, by Year<sup>41</sup>



<sup>41</sup> Total number of patents filed by Flos, Ares and Antares during the last three years, including the first filing stage only and excluding following extensions. 2020 data comprises Bespoke as well.

Protecting Flos’ Ideas

To face the global and competitive environment in which the Group operates, Flos, Antares, and Ares have proceeded to file several patents to protect brands and innovations during the past years. In 2020, Bespoke joined the disclosure as well. Flos evaluates the best approach and solutions for each new product category to protect its creations across geographies. Among others, registered designs, patent applications for inventions or utility models, and registered copyrights are some of the methods currently applied. All patents are filed before presenting new products in international exhibitions or during web presentations

in view of the pandemic emergency. Given the nature of Flos' core business, most patents belong to the registered designs category, while patent applications for inventions represent the smallest share.

The latter mainly refer to the architectural and soft architectural business and, in an attempt to provide broader protection of rights, consider the original design and any significant aesthetic variation that the product may undergo in the future. Concerning the Decorative collection, patents are first filed in Italy and then extended to the European Union and other

foreign countries representing strategic regions in terms of business and sales volumes. Conversely, for the architectural collection, patents are filed directly at the EU level. Since 2017, Flos has extended its brand protection activities to the Outdoor collection as well. The wavy trend of filings during the years is mainly due to the biennial periodicity of Euroluce, which is where new lamps belonging to the Decorative collection are presented to the public. Consequently, 2017 and 2019 recorded a natural, higher number of patents filed compared 2018. Moreover, as Flos’ products are innovative both from materials and design viewpoints, additional challenges arise when approaching the topic of protecting the Group’s ideas: this is the case, for instance, with Michael Anastassiades’ Coordinates, a modular lighting solution launched during 2019 Milan Salone del Mobile that required more than 40 different design registrations to cover not only the single piece but also the main possible product combinations in terms of axis intersection.

As shown in the chart, the total number of patent files was impacted by the Coronavirus pandemic and the cancellation of 2020 exhibitions and fairs. Ares is the sole exception as in 2020, it submitted patents for eight multiple products, each consisting of different models. Flos took advantage of the juncture to restructure its processes from new product drafting and piloting to market launches by rationalising the number of patents

filed and items unveiled. Consequently, the indicator reported is expected to decrease its variability from one year to the other in the coming periods.

Registered designs have a limited duration: in Italy, for example, they only last 25 years. Therefore, to guarantee, safeguard, and protect some of the Group’s iconic products, Flos also filed applications for copyright registration in Italy and other strategic countries. Moreover, Flos is actively engaged in fighting on-line infringements and frauds, such as the sale of counterfeit products or the illicit use of images and texts from Flos’ website and social media. The latter are among the most widespread due to the rapid growth of on-line shopping. Since 2018, an external specialised company has supported Flos in the continuous process of identifying and suppressing worldwide e-commerce platforms, marketplaces, and social networks selling counterfeit products. To strengthen its fight against counterfeiting – carried out with the essential support of retailers – during 2020, Flos continued to register its most iconic products' trademarks in several countries. To enhance the "Made in Italy" concept and protect high-quality branded products from counterfeiting, Flos is also an active member of INDICAM. It represents nearly 180 companies, industry associations, legal and IP firms, security consultants, and other organisations committed to take a stand against counterfeiting activities affecting branded products.

# Reporting Principles and Criteria

	<p>2020 Sustainability Report, in line with Flos’ established practice, has been prepared in accordance with the GRI Standards: Core option. The contents of this report reflect the materiality analysis as carried out according to the approach described in the following paragraph "Materiality analysis", in accordance with the GRI Standards. As a signatory to the United Nations Global Compact (UNGC) initiative since 2015, through the present report Flos is also fulfilling its commitment to producing an annual Communication on Progress – a public disclosure outlining its progress in implementing the Ten Principles of the UNGC. The UNGC Principles are clearly mapped against the GRI indicators in the GRI Content Index. At present, Flos' 2020 Sustainability Report does not directly address the UNGC issues and principles related to Human Rights, since the majority of the Group's direct activities and suppliers are located in Europe, where Human Rights are regulated by laws. To avoid any possible risk of complicity and as proof of its commitment, Flos introduced clauses on labour conditions and on the respect for human rights in its contracts. In addition, some of the most important human rights issues related to Flos' activity, such as the protection of workers' occupational health and safety, are already included among the "Labour" principles and issues the Group reports on.</p>
Scope of Reporting	<p>This document includes a description of initiatives and activities carried out during the 2020 calendar year as well as the related key performance indicators, presented for the entire 2018-2020 period, where available. The data collection process and the report publication activities are structured on an annual basis. The information included in the Sustainability Report refers to Flos S.p.A. and the fully controlled operating subsidiaries Antares Iluminacion S.A.U., Ares S.r.l and Flos Bespoke S.r.l. (for this latter, 2020 data only). All commercial branches and the other operating subsidiaries as of December, 31<sup>st</sup> 2020 are not included. Any exceptions to this reporting scope are explicitly indicated in the text. The Companies falling within the scope of the Sustainability Report have their registered headquarters in:</p> <ul style="list-style-type: none"><li>• Flos S.p.A. – Bovezzo (Brescia – Italy), Via Angelo Faini, 2;</li><li>• Antares Iluminacion S.A.U – Carrer Mallorca, Polígono Industrial Reva, Calle Turia, Ribarroja de Turia (Valencia – Spain);</li><li>• Ares S.r.l. – V.le dell'Artigianato, 24 (Bernareggio – Italy);</li><li>• Flos Bespoke S.r.l. – Via A. De Gasperi, 2 (Collebeato – Italy).</li></ul>

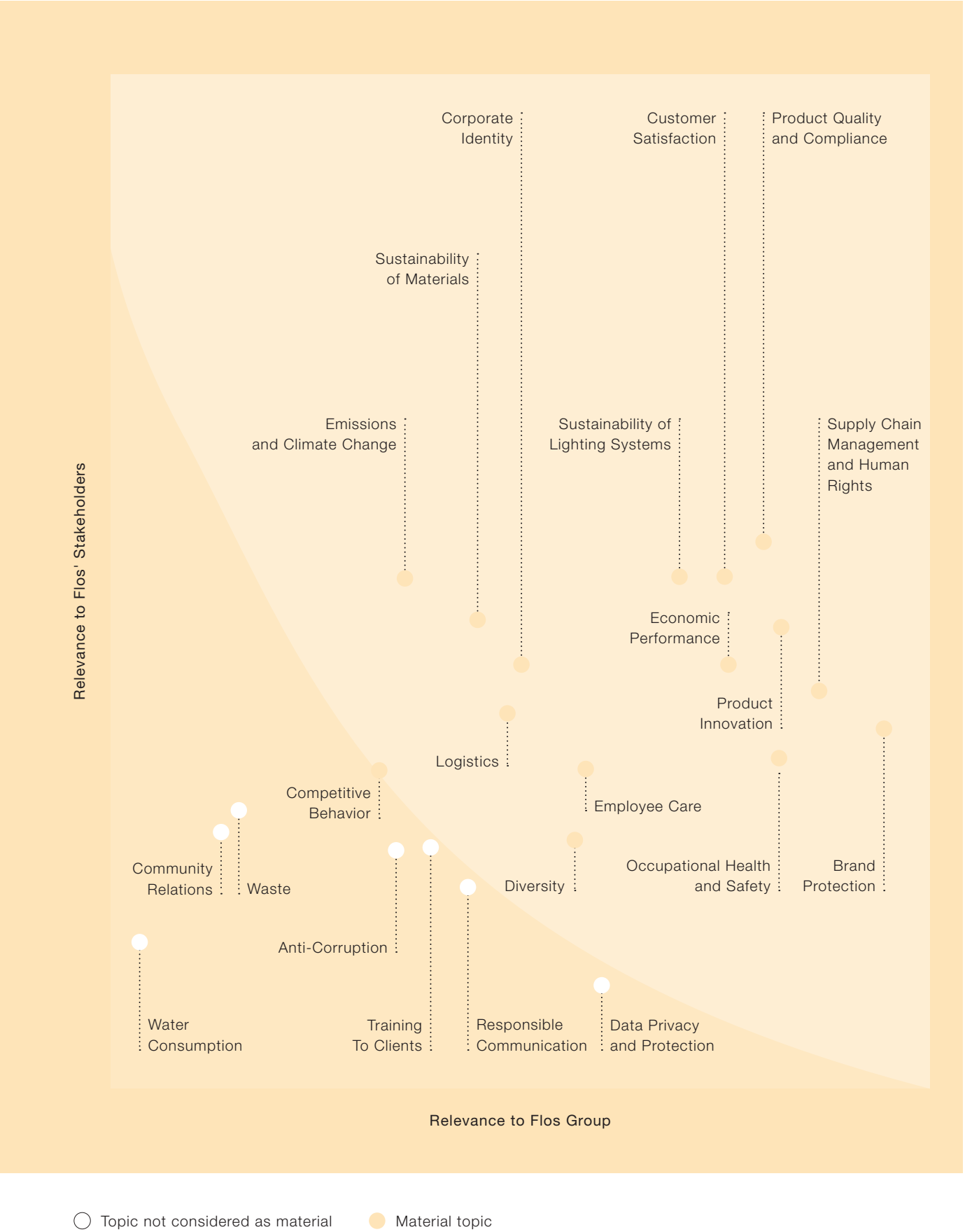
Materiality Analysis

As part of the process for defining the Sustainability Report contents, the materiality analysis has been updated for the current reporting year in order to map relevant topics, which reflect Flos' economic, environmental and social impacts and/or may influence the decisions of the key stakeholders identified. In line with the materiality review practice, a meeting with Flos' top management was carried out with the aim of evaluating possible changes and updates in terms of topics' relevance and priority.

This has been carried out considering different sources of information:

- The GRI Sustainability Reporting Standards;
- The ten principles of the UN Global Compact to which Flos adheres;
- Actual or potential requests coming from clients;
- Results of a sector specific media analysis that covered news regarding Flos;
- The Regulatory framework;
- Reports from industry associations;
- Flos' ESGs targets and priorities.

Below the updated Materiality matrix for 2020.





The following table provides the link between Flos' material issues and the corresponding GRI Standards topics (Topic-specific Disclosures), together with their scope and any eventual limitations on the reporting boundary, due to the unavailability of data and information on the external perimeter. In the coming years, Flos is committed to identifying and implementing specific actions aimed at gradually extending the scope of data collection and reporting for material aspects.

Flos' Material Aspects	GRI Material Aspects	Aspect Boundary		Limitations of Reporting on Boundary	
		Within the organization	Outside the organization	Within the organization	Outside the organization
Brand protection	-	Group	-	-	-
Competitive behavior	Anti-competitive behavior	Group	-	-	-
Corporate identity	-	Group	-	-	-
Customer satisfaction	Marketing and labeling	Group	-	-	-
Diversity	Diversity and equal opportunities	Group	-	-	-
Economic performance	Economic performance	Group	-	-	-
Emissions and climate change	Emissions	Group	Suppliers	-	Reporting scope partially extended to suppliers
Employee care	Employment	Group	-	-	-
	Training and education	Group	-	-	-
Logistics	Emissions	Group	Suppliers	-	Reporting scope partially extended to suppliers
	Energy	Group	Suppliers	-	Reporting scope partially extended to suppliers
Occupational health and safety	Occupational health and safety	Group	Suppliers	-	-
Product innovation	-	Group	-	-	-
Product quality and compliance	Customer health and safety	Group	-	-	-
	Marketing and labeling	Group	-	-	-
Supply chain management and human rights	Procurement practices	Group	-	-	-
	Supplier environmental assessment	Group	-	-	-
	Supplier social assessment	Group	-	-	-
Sustainability of lighting systems	Energy	Group	Suppliers, clients	-	Reporting scope not extended to suppliers
Sustainability of materials	Materials	Group	Suppliers	-	Reporting scope not extended to suppliers
Training to clients	Training and education	Group	Clients	-	-

Key Stakeholders

The following table reports an overview of Flos' key stakeholders, based on their influence on and the dependence from the Group; for each stakeholder category, a description of existing engagement activities is provided.<sup>42</sup>

Flos' Stakeholders Category	Engagement Tools and Activities
Employees and Trade Unions	Continuous dialogue between HR department and employees/trade unions, specific initiatives
Board of Directors	Formal meetings
Suppliers	Continuous dialogue and periodic meetings
Clients	Website, fairs, catalogues Training course organized for clients Preliminary analysis of customer satisfaction on a sample of clients
End-User	Social networks, communication campaigns, fairs and meetings
Competitors	-
Media	Press releases
Architects and Interior Designers	Continuous cooperation on research and development of new products
Providers of Financial Capital	Formal meetings and periodic management reports
Regulatory and Certification Bodies	Membership of working groups within regulatory bodies and industry associations (e.g. Assoluce, Lighting Europe, etc.)

Quality Reporting Principles

Flos' Sustainability Report is drafted in accordance with the principles of balance, comparability, accuracy, timeliness, clarity and reliability, as defined by the GRI Standards. The document highlights both strengths and weaknesses, as well as possible areas of improvement for the Group. The data collection and reporting processes are structured in a way to ensure information comparability over the years and to guarantee an accurate interpretation by the key stakeholders interested in Flos' performance evolution. Flos' 2020 Sustainability Report is not subject to external assurance.

<sup>42</sup> The engagement activities that require direct relationships and meetings as indicated in the table were all either hold remotely or postponed in 2020 due to the Coronavirus pandemic and the restrictions imposed by local and national governments as regards social distancing and safety measures put in place to mitigate the risk of contagion.

Calculation Methodologies

- The methodologies and assumptions used to calculate the performance indicators included in the Report are described below:
- Research & Development costs are calculated taking into account capital expenses and operating costs (e.g. personnel involved, costs for materials);
  - 2020 data related to injuries refer to the Group employees and contractors, while 2018 and 2019 refer to employees only. Commuting injuries for which the transportation was not organized by the Group and first-aid cases are not included;
  - Where environmental data were not available, conservative estimations have been used, resulting in the underestimation of the Group's environmental performance;
  - Energy consumption from the Group's fleet has been calculated starting from the following available data: Flos' car fleet (kilometres covered), Ares, Antares and Bespoke's fleet (fuel consumption);
  - Hiring and turnover rates have been calculated by using the total number of employees at the beginning of the reporting period as denominator;
  - Lost time injury frequency rate has been calculated with the total lost time injuries multiplied by 200,000 and divided by the overall no. of hours worked in the reporting period.

The following table shows the conversion factors that have been used to perform energy consumption calculations and distance estimates:

Typology	U.M.	Source
Average car fuel consumption	l fuel/100 km	UK Department for Transport, Fuel Consumption 2017
Fuel density	l/t	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2018, 2019, 2020
LCV (Lower Calorific Value)	GJ/t	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2018, 2019, 2020

All greenhouse gas emissions calculations have been carried out based on the principles included in the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 emissions have been calculated as follows:

GHG Emissions Scope 1			
Source	Activity Data	Emission Factor	GWP
Flos' car fleet	Kilometres covered	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2018, 2019, 2020	CO <sub>2</sub> equivalent.
Ares, Antares and Flos Bespoke's fleet	Fuel consumption (gasoline and diesel)	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2018, 2019, 2020	CO <sub>2</sub> equivalent.
Leakages from air-conditioning systems of refrigerant gases	Leakages (kg)	-	Global Warming Potentials (GWPs) are taken from IPCC Fifth Assessment Report (AR5).

Concerning Scope 2 emissions resulting from the consumption of electricity purchased from the national grid, two calculation methodologies have been implemented: the location-based and the market-based approaches. The first one reflects the average emission intensity of grids taking into account both renewable and non-renewable productions, while the second one reflects emissions from the electricity source that the Group has purposefully chosen through, for instance, contractual instruments. Scope 2 emissions have been calculated as follows:

GHG Emissions Scope 2			
Source	Activity Data	Emission Factor	GWP
Electricity purchased from the national grid (Location-based approach)	Electricity consumption	Terna international comparisons on Enerdata figures, 2017, 2018, 2019	Only CO <sub>2</sub> emissions have been considered.
District-heating purchased from the waste-to-energy plant	Heat consumption	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2018, 2019, 2020	CO <sub>2</sub> equivalent.
Electricity purchased from the national grid (Market-based approach)	Electricity consumption	AIB, European Residual Mixes, 2017, 2018, 2019	Only CO <sub>2</sub> emissions have been considered.

Scope 3, 2020 emissions comprise a selection of categories chosen according to criteria of relevance, data availability and improvement potential for future initiatives. The calculations carried out relied on the following assumptions: purchased goods and services (Cat. 1) data includes raw materials (e.g. copper, steel, marble) and packaging materials only, thus excluding the purchase of electrical and electronical equipment (e.g. LEDs, cables); Bespoke is not included in the packaging materials (Cat. 1) calculations since weight data were not available; inbound logistics (Cat. 4) include all data related to purchased goods of Flos, Ares and Antares (thus excluding Bespoke); outbound logistics (Cat. 4) include transportation of sold products for Flos, Ares and Antares and Bespoke; for Bespoke, transportation by ship (Cat. 4) is excluded; for Antares, transportations of sold products (Cat. 4) also include ex-works shipments. For further information about the categories involved in Scope 3 analysis please refer to the “Energy and GHG emissions” paragraph in Chapter I – Energy and Materials. Scope 3 emissions have been calculated as follows:

GHG Emissions Scope 3			
Source	Activity Data	Emission Factor	GWP
-Business travels by plane -Logistics	Kilometres	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Full set, 2018, 2019	CO <sub>2</sub> equivalent.
Business travels by train	Kilometres	Ferrovie dello Stato, “Rapporto di Sostenibilità”, 2018, 2019	Only CO <sub>2</sub> emissions have been considered.
Materials procured (Cat.1)	Weight of raw, process and packaging materials procured	Ecoinvent v.3.7.1  UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020	CO <sub>2</sub> equivalent.
Fuel and energy related activities (Cat. 3)	Fuel and electricity consumption	UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020	CO <sub>2</sub> equivalent.
Upstream logistics (Cat. 4)	Kilometres covered by air, truck or ship multiplied by shipped weight (ton)	UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020	CO <sub>2</sub> equivalent.
Waste disposal (Cat. 5)	Weight of waste disposed	UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020	CO <sub>2</sub> equivalent.
Business travel by air, train and car (Cat. 6)	Kilometres travelled	UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020  Ferrovie dello Stato Italiane, “Rapporto di Sostenibilità”, 2020	CO <sub>2</sub> equivalent.
Employees commuting (Cat. 7)	Kilometres travelled	UK Department of Environmental, Food & Rural Affairs (DEFRA), Conversion factor – Full set, 2020  Ferrovie dello Stato Italiane, “Rapporto di Sostenibilità”, 2020	CO <sub>2</sub> equivalent.

GRI Content Index

GRI Standard	Disclosure	Page number(s)
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	102-2 Activities, brands, products, and services	31-38
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	102-4 Location of operations	121
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	102-6 Markets served	31
	102-7 Scale of the organization	24-29;92-96
	102-8 Information on employees and other workers	UNGC92-96
	102-9 Supply chain	46-48
	102-10 Significant changes to the organization and its supply chain	*
	102-11 Precautionary Principle or approach	**
	102-12 External initiatives	54-59
	102-13 Membership of associations	66
	Strategy	
	102-14 Statement from senior decision-maker	UNGC6-7
	Ethics and Integrity	
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	Stakeholder Engagement	
	102-40 List of stakeholder groups	125
	102-41 Collective bargaining agreements	UNGC92-95
	102-42 Identifying and selecting stakeholders	125
	102-43 Approach to stakeholder engagement	125
	102-44 Key topics and concerns raised	64-69; 125; 110-119
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	28-29
	102-46 Defining report content and topic Boundaries	124
	102-47 List of material topics	123-124
	102-48 Restatements of information	***
	102-49 Changes in reporting	****
	102-50 Reporting period	121
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GRI Standard	Disclosure	Page number(s)
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	26;123-124
	103-2 The management approach and its components	26;123-124
	103-3 Evaluation of the management approach	26;123-124
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	26
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	46-48;123-124
	103-2 The management approach and its components	46-48;123-124
	103-3 Evaluation of the management approach	46-48;123-124
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	47
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	28-30;123-124
	103-2 The management approach and its components	28-30;123-124
	103-3 Evaluation of the management approach	28-30;123-124
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	28-30;123-124
Competitive Behavior		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	28-30;123-124
	103-2 The management approach and its components	28-30;123-124
	103-3 Evaluation of the management approach	28-30;123-124
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	28-30;123-124

\* No significant changes occurred in 2020.

\*\* Flos adapts its decision-making approach by taking into account the social and environmental issues according to the precautionary approach.

\*\*\* Restatements and related reasons for restatements are clearly identifiable within the text.

\*\*\*\* Whenever a change in reporting scope was carried out, it has been duly highlighted and is thus clearly identifiable within the text.

GRI Standard	Disclosure	Page number(s)
Material Topics		
GRI 300 Environmental Standards Series		
Materials		UNGC
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	75-78;123-124
	103-2 The management approach and its components	75-78;123-124
	103-3 Evaluation of the management approach	75-78;123-124
GRI 301: Materials 2016	301-1 Materials used by weight or volume	76-78
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	80-82;123-124
	103-2 The management approach and its components	80-82;123-124
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GRI 302: Energy 2016	302-1 Energy consumption within the organization	82
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	82-87;123-124
	103-2 The management approach and its components	82-87;123-124
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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	85-86
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Supplier Environmental Assessment		UNGC
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	46-48;123-124
	103-2 The management approach and its components	46-48;123-124
	103-3 Evaluation of the management approach	46-48;123-124
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken**	*****

\*\*\*\*\* No suppliers were assessed for environmental impacts.

GRI Standard	Disclosure	Page number(s)
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EmploymentUNGC		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	92-96;123-124
	103-2 The management approach and its components	92-96;123-124
	103-3 Evaluation of the management approach	92-96;123-124
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	96
Occupational Health and SafetyUNGC		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	102-105;123-124
	103-2 The management approach and its components	102-105;123-124
	103-3 Evaluation of the management approach	102-105;123-124
GRI 403: Management Approach 2018	403-1 Occupational Health and safety management system	102-105;123-124
	403-2 Hazard identification, risk assessment, and incident investigation	102-105;123-124
	403-3 Occupational health services	102-105;123-124
	403-4 Worker participation, consultation, and communication on occupational health and safety	102-105;123-124
	403-5 Worker training on occupational health and safety	102-105;123-124
	403-6 Promotion of worker health	102-105;123-124
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	102-105;123-124
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	104-105;123-124
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	98-101; 104; 123-124
	103-2 The management approach and its components	98-101; 104; 123-124
	103-3 Evaluation of the management approach	98-101; 104; 123-124
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	101-104;123-124
Diversity and Equal OpportunityUNGC		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	92-95;123-124
	103-2 The management approach and its components	92-95;123-124
	103-3 Evaluation of the management approach	92-95;123-124
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	94-95
Supplier Social AssessmentUNGC		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	46-48;123-124
	103-2 The management approach and its components	46-48;123-124
	103-3 Evaluation of the management approach	46-48;123-124
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	*****

\*\*\*\*\* No suppliers were assessed for environmental impacts.

GRI Standard	Disclosure	Page number(s)
Material Topics		
GRI 400 Social Standards Series		
Customer Health and Safety		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	40-45; 64-72;123-124
	103-2 The management approach and its components	40-45; 64-72;123-124
	103-3 Evaluation of the management approach	40-45; 64-72;123-124
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	46;123-124
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40-46; 64-72;123-124
	103-2 The management approach and its components	40-46; 64-72;123-124
	103-3 Evaluation of the management approach	40-46; 64-72;123-124
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	40-46; 64-72;123-124
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	116-119;123-124
	103-2 The management approach and its components	116-119;123-124
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64-72;123-124
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64-72;123-124
	103-2 The management approach and its components	64-72;123-124
	103-3 Evaluation of the management approach	64-72;123-124

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