

EXAMPLE OF RESPONSIBLE BUSINESS  
TOWARDS A LEADING



sustainability  
report 2022

arper

**arper**

# CONTENTS

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1 A responsible business	5
2 Why we do this: our pillars	55
3 How we do this: the levers of change	81
4 What we do: acted and actionable	117
5 Methodology	169
6 Data appendix	193
Credits	205



1



# A RESPONSIBLE BUSINESS

# Letter to the stakeholders



**Claudio Feltrin**  
Chairman of the Board



**Roberto Monti**  
CEO

We are a global design brand, a family-owned and independent company driven by a deep sensitivity to those who use our products.

We approach design through the project of living, a dialogue that embraces change, whether it concerns the world as a whole or people as they evolve. We care. And this means we want to face the challenges of the present time with a long-term vision and with planned actions able to positively impact the world.

When discussing the topic within the company, we collectively feel that the word sustainability, although filled with meaning, somehow does not seem to suffice. That is why we prefer to talk about responsibility.

As an organization, we are responsible for creating a culture of knowledge and care.

As a design brand, we have the responsibility to contribute to defining new codes of beauty that also include the values of respect towards people and the planet.

As manufacturers, we are responsible for continually challenging ourselves for better innovation on processes and products.

**Our goal is to turn Arper into a leading example of responsible business.** This means being at the forefront, and sharing our results with the world so that others can benefit from shared innovation.

Our approach to responsibility has its foundation on three pillars, our main goals in achieving responsible practices. They speak for our core values and represent the milestones of our sustainability path into the future. We are committed to investing our energies in these areas in the coming years:

## Improving the quality and wellbeing of people

### Starting a transition to a circular economy

### Reducing our environmental impact

We have strived to do this since the beginning. In 2005, we established an internal Arper Environmental Department. Since then, we've focused on attaining the industry's top certifications, continually measuring our impact and sharing our successes and challenges along the way. Every insight we've learned, we've applied directly to our designs, always searching for better ways to reduce our impact. In the last two years, we shifted our focus from compliance to a more proactive approach that will invest time and financial resources on the development of initiatives derived from opportunities.

This Sustainability reports aims to measure our impact and outline our main goals. We have identified six areas of responsible development that will be translated into a project map aligning with our three pillars:

**Wellbeing of people, communities and company** including various projects aimed at creating a sustainable and supportive environment.

**Circular business models** aiming at incorporating circular principles into our products, services and collaborations, while also adopting policies to prevent, reduce and reuse waste generated by our products and packaging.

**Full Life-Cycle Traceability:** we aim to provide comprehensive information about the materials and producers involved throughout the life cycle of our products.

This information will facilitate reuse, repurpose, recycle and proper disposal of the product.

**Ambassadorship Program,** aimed at creating internal and external ambassadors, to help us transforming our business into a low-intensity activity. Ambassadors will also support the creation of a sense of urgency among our stakeholders regarding sustainability practices.

**GHG Reduction Plan:** we plan to reduce absolute CO2 emissions by 42% for Scope 1 and 2, and between 25% and 42% for Scope 3 compared to our 2022 baseline by 2030, by creating specific ownerships on energy management within the company, supported by plans, processes and certifications.

**Transparency of the organization:** our commitment to transparency is reflected in our reporting efforts, which include the drafting of a comprehensive sustainability report. We want to hold ourselves accountable for our commitment while contributing to a more sustainable future.

To make sure we steadily progress in our path, at the beginning of each year, we will create an action plan for the year ahead, outlining practical steps to implement projects. Additionally, a roadmap will be developed to guide the long-term goals and projects.

This is our strategy and we are committed to continuing investing, all together, on our present and future.

Together with our people, partners and clients, we are on a journey to design the world the live in.

## 1.2 Disclaimer

For the purposes of this report, the review period runs between January 1, 2022 and December 31, 2022 which coincides with the company's calendar year accounting period.

Given that this is the first report of its kind, and without any legal obligation to do so, Arper has not solicited an external third-party audit of its findings. Nonetheless, carbon data has been verified by proxy and the headquarters carbon footprint for 2021 has been certified by CSQA.

Moving forward, the carbon footprint for 2022 and beyond will include third party validation. Future reports will be submitted for assurance, since they will need to contribute to the drafting of an integrated report.

All indicators that are not represented in this report have been omitted due to lack of source data or for confidentiality reasons.





## 1.3 Our company

Arper is a global design brand that envisions products for the ways we live. Founded in 1989 as an evolution of a leather artisan enterprise launched by the Feltrin family in the 1980s, the company was created by the father Luigi (President of Honor until his passing in 2020), together with his sons Mauro and Claudio Feltrin, current Chairman of the Board. A family-owned and independent company driven by a deep sensitivity to those who use its products, Arper offers, through empathetic and enduring solutions,

a perspective on the contemporary way of life that expresses needs for fluidity and versatility.

We approach design through the project of living, a dialogue that embraces change, whether it concerns the world as a whole or people as they evolve. Underlying everything we do is a sensitivity towards the communities, relationships, environments, and individuals for whom we design. We base our activities on our core values:

### Responsibility

To act with ambition and accountability to one another and to our planet

### Care

To bring sensitivity and attention to detail in everything we do

### Openness

A curiosity for new inspiration, new ideas, and new perspectives

### Imagination

Delight in creativity, playfulness and joyful expression

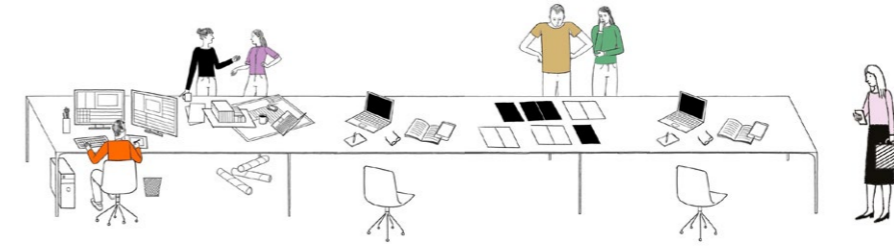
### Courage

Daring to take on bold challenges

Our vision is that of a beautiful, vital world, while our mission is to create spaces and solutions that shape the project of living. At Arper, we offer insights into the ways we live, expressed through responsive, enduring products and solutions.



The strong drive to succeed in the international markets has distinguished the company since its inception. Arper develops about 90 percent of its sales in international markets: in addition to Europe, the U.S., the Middle and Far East contribute to the total turnover of **62 million** in 2022. Arper is distributed in **90 countries**.



Arper employs a total of **280 people** in Italy and abroad.



Arper owns 15 spaces around the world.

① Of these, **six** are the **headquarters** of the Group's subsidiaries: New York (Arper USA), Dubai (Arp Middle East), London (Arper UK), Tokyo (Arper Japan), Shanghai (Arper China) and Mexico City (Arper LATAM).

② The **showrooms** in Milan, Cologne, Amsterdam, Oslo, Chicago and Los Angeles are used as exhibition spaces and meeting points for Arper's clients and the local design community to experience the full expression of the brand.

③ There is also an **in-house showroom** at the Treviso **Headquarters**.

④ Lastly the **meeting hub** in Munich (Germany) and the **branch** in Singapore complete the list.





The company is 100% owned by and operates under at the sole direction of Marco's S.r.l.

As of 31 December 2022, Arper SPA directly and/or indirectly controls the following companies including all related activities that are functional to the group's core business.

**Arper UK LTD**

with registered office in London – 11 Clerkenwell Road, London, United Kingdom, EC1M 5PA: 100% owned, share capital of 5,000,000.00 GBP, incorporated in 2016 for the purpose of distributing Arper products in the British market.

**Arper USA Inc**

with registered office in New York, 476 Broadway, Suite 2F, 100% owned, share capital of 3,300,002 USD, company active mainly in the distribution of Arper products for the US and Canadian markets.

**Arper Japan K.K.**

with registered office in Tokyo – HT Jingu Gaien Building, 8th Floor 2-7-22 Kita Aoyama, Minato-Ku, Tokyo 107-0061: 100% owned, share capital of 100,000,000.00 JPY, incorporated in 2016 for the purpose of distributing Arper products in the Japanese market.

**Arper Latam Sociedad De R.L. De C.V.**

with a registered office in Ciudad de México – Av. Paseo De La Reforma 404, Juarez, Ciudad de México: owned at 99%, share capital of 4,200,000 MXN, established in 2019 as an Arper products distributor in the Central and South American market.

**Arp Middle East Furniture Trading L.L.C**

with registered office in Dubai – Business Bay - U-Bora Tower, office 1901: 49% owned, share capital of 300,000 AED, company incorporated in 2010 for the purpose of becoming distributor of Arper products; since 2014 it has been active as exclusive agent for the CCG and MENA markets (as above). The company Arp Middle East Furniture Trading L.L.C., although officially owned at 49%, is in fact a wholly owned subsidiary by virtue of the existing shareholders agreements.

**Arper (Shanghai) Furniture Design Co. Ltd**

with registered office in Shanghai – Room A016, East Side, 4th Floor, No. 999 Changning Road, Changning District: owned at 100%, share capital of Euro 300,000 CNY, established in 2019 as an agent for the Chinese market.

**Iride S.r.l**

with registered office in Oderzo (TV), Via Callalta 55, 100% owned, share capital of 1,000,000 Euros, manufactures: nautical furniture and wood and carpentry work.

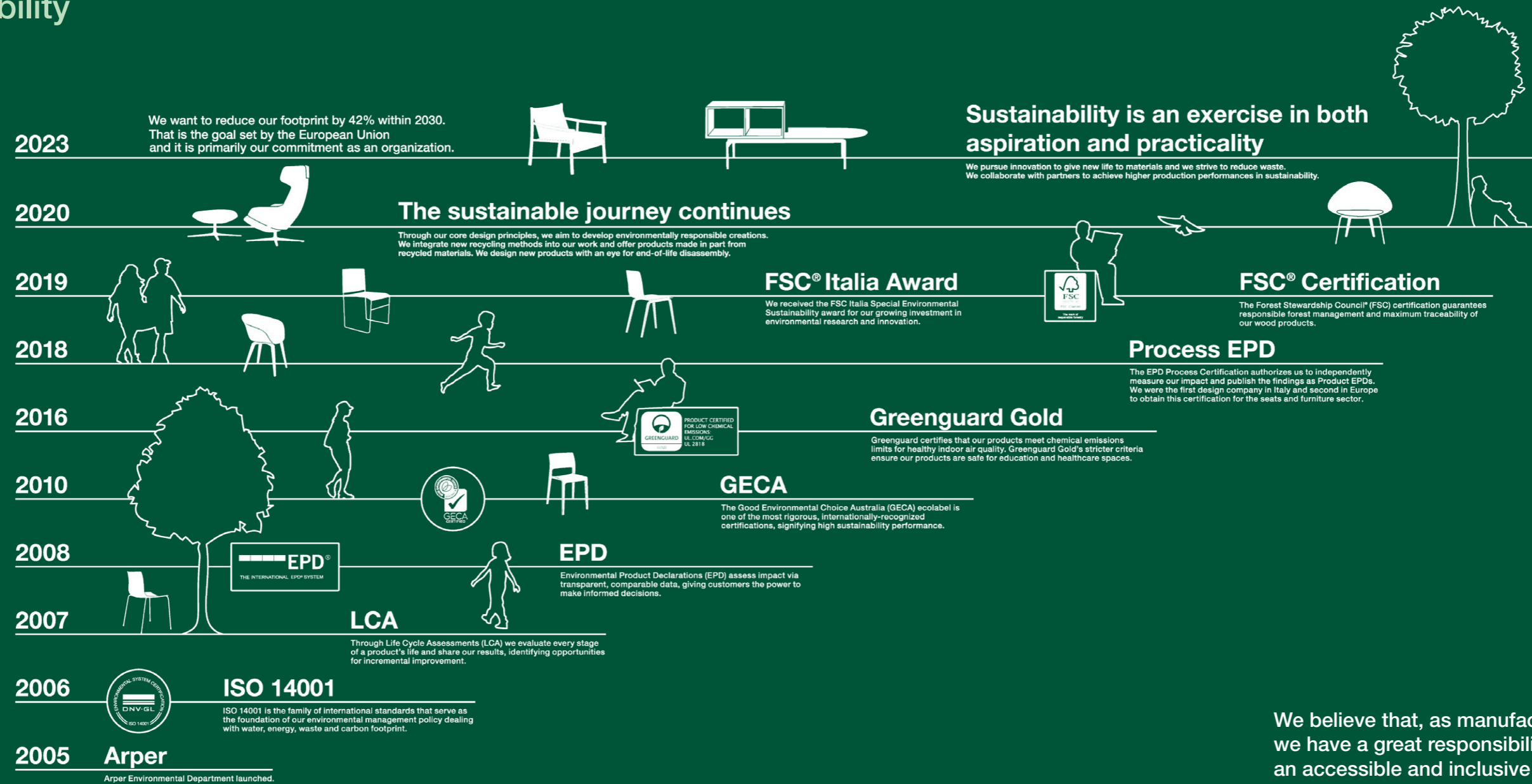
**Corium S.r.l.**

with registered office in Monastier di Treviso, Via Lombardia, 19, 100% owned, share capital of Euro 1,000,000, company active in the upholstery of the product on behalf of Arper SPA and Third Parties, as better indicated below, the company was merged into Arper SPA in January 2023.

**Branches**

Arper SPA also operates branches in the following countries: Belgium, Sweden and Singapore.

# Arper and sustainability



Our core values shape our approach to sustainability. Our brand ethos revolves around durable, timeless furnishings, intended to transcend trends and serve diverse purposes over their extended lifetime. We value lightness and simplicity, aiming to reduce materials to a minimum. We have a modular approach to construction that reduces production

complexity and creates opportunities for disassembly and component recycling. Finally, we weave soft technology, the subtle integration of intuitive ergonomic features, into every design, emphasizing natural interaction and improved functionality. Each of these is evocative in their own right of the minimal impact and intelligent design strategies essential to sustainability.

In 2005, we established an internal Arper Environmental Department. Since then, we've focused on attaining the industry's top certifications, continually measuring our impact and sharing our successes and challenges along the way. We committed to apply directly to our designs every insight we learn, always searching for better ways to reduce our impact.

We believe that, as manufacturers, we have a great responsibility in building an accessible and inclusive present and future. At the same time, we are aware that sustainability is a complex issue, with articulated economic, intellectual and practical implications. An effective change requires sustainability to be integrated at the core of our brand and become one of the foundations for the future growth of our company. We are therefore investing to shift from a proactive approach to a more strategic vision, moving from Corporate Social Responsibility (CSR) to Corporate Shared Value (CSV). Sustainability is part of our vision for the future.

## Significant events occurred during the financial year

In 2022, we continued to experience the long-term impact of the Covid-19 global health emergency.

Although we saw a gradual return to normality, particularly in the second half of the year, performance was negatively affected due to the overarching impact on commercial real estate and the contract furniture industry as a whole. The office, tourism, transport and hospitality segments were particularly hard-hit. It is worth noting that the contract sector represents a significant portion of Arper's business and, due to extended project cycles and other complexities, it did not benefit from the explosive growth recorded in the retail sector.

Global unrest, fueled by the Russia-Ukraine conflict, increased uncertainty about prospects for economic development, especially in the European markets, and caused a spike in energy and raw material costs. Despite this critical backdrop, Arper recorded a gradual recovery in business, which led to a modest growth in net sales compared to the previous year.

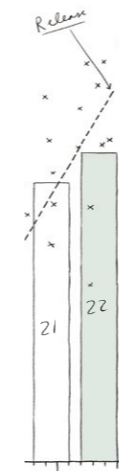
In January 2022 Roberto Monti took over as Chief Executive Officer and General Manager of Arper SPA. Our new CEO comes to Arper with a strong multicultural

and international background after a consolidated experience in the world of furniture and retail, gained during a successful professional career at IKEA, was entrusted with the definition and development of the company's strategic growth in the future.

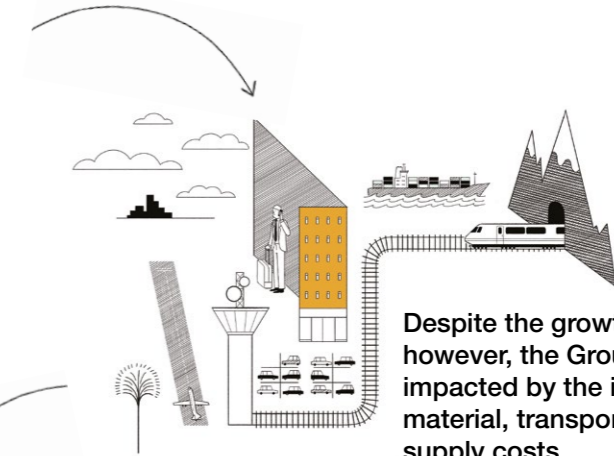
In July, it was decided to merge the subsidiary Corium S.r.l. into Arper SPA. The deed of merger was signed at the beginning of 2023 and the merger was implemented as part of the rationalization program of the corporate group, to streamline operating structures, technical and human resources, with a subsequent reduction in fixed, general and organizational costs.

In addition, the "Atelier" team was further developed. The aim of this department is to provide customers with a dedicated tailor-made products and services, still in keeping with the Arper's aesthetic standards as an addition to the standard catalog offer.

## Financial situation

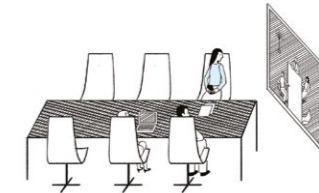
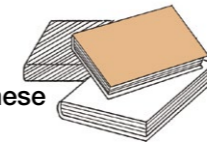


In 2022, the Arper Group recorded a significant increase in sales, with a turnover of **61.8 million euros**, an increase of approximately **+14%** over 2021.



Despite the growth in turnover, however, the Group was negatively impacted by the increase of raw material, transport and energy supply costs.

The price list increase implemented to counter these trends was not enough to mitigate these cost increases, because it took effect in June and thus only impacted the latter part of the year.



The Group made a concerted effort to further offset these cost increases by containing fixed expenses, while maintaining our commitment to safeguard employees and prioritize investments for future growth. We expanded our sales team to support this expected growth and went ahead with other previously planned sales and marketing initiatives which had a negative impact on overall margins in the early part of the year.

Our 2022 **EBITDA** was **3.7 million Euros** equivalent to 6% of net revenue, down from 6.1 million Euros in the prior year (equal to 11.2% of sales).

3.7



We recorded a decline in **operating income (EBIT)** of **-0.65 million Euros** (+1.5 million in 2021), corresponding to **-1.1%** of net revenue. (+2.8% in 2021).

The **net result** for the full year went from 0.9 million Euros in 2021 to a negative value of **-1.2 million** in 2022.

# 1.4 10 Jobs in 5 Years

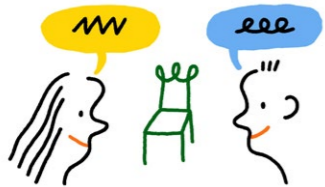
“10 Jobs in 5 Years” is a change management program, launched at Arper in 2022. It aims to unite everyone in the company under the same agenda to generate transformation - a tangible development that will lead to the “Arper of the future”. The program consists of annual action plans to be activated to support the desired change. It is measured by specific KPIs and is used to ensure extensive involvement along the value chain.

The 10 Jobs to be deployed over the next 5 years are:



### Job 1 | To secure a strong company culture, with People at the center

Our company culture springs from the way we act upon our wished company values, and how we place people in the center of what we do. Great challenges require great mobilizations, thus leading us to forge a strong alliance with our people, promoting the development of a people-centric culture that places them at the center of all company initiatives and making the company gain a great competitive advantage: their engagement and their active contribution to our success and to build a solid culture for the future.



### Job 3 | To place design at the center of everything we do

We want to create beautiful design for better living. And we want Arper to act as a true design company; the way we act, insight-led and research-based, is human centered. The way we work in problem-solving represents empathy, surprise, delight and beauty.



### Job 2 | To secure customer centricity throughout the organization

Arper needs to become a truly user- and customer-centric company, building insights from people's needs along their whole experience. This means working with a customer decision journey that addresses the right questions along the way, allowing us to mature relevant solutions to those needs, while being consistent and truthful to our own identity.



### Job 4 | To turn Arper into a leading example of responsible business

To develop the ability to understand and measure Arper's impact on the environment and on people's lives, to share it openly, and to act in ways that improve it, with the declared goal to set the standard for future generations and to be an inspiring example.



### Job 5 | To embrace innovation and attention to details, building high perceived value

To secure brand personality, strategic positioning and high perceived value, but also to meet sustainability requirements and new technological opportunities, we want to embrace our build in attention to details along with innovation thus creating a highly qualitative and tactile experience that require and allow for both artisan and industrial features to be part of our offer.



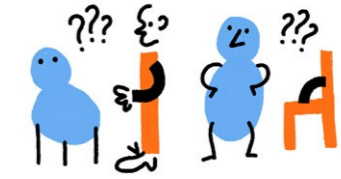
### Job 7 | To nurture and grow the Arper brand value

Arper has built a strong brand over the years but will now need to build new spark into the brand and to build a common ground for a mid-long term brand strategy. Desired outcome should also compass a process to build brand culture and competences across the organization. The job foresees a global marketing strategy and a relevant activation at local level, with clear identification of the main touchpoints, as well as the definition of related metrics/KPI. Within the identification of the new brand positioning and architecture, a focus shall be placed on the customers segmentation and needs - and on how to respond to these with a strong value proposition and market relevant plan.



### Job 9 | To create operational excellence throughout the whole value chain

By doing the right things we know that Arper will grow significantly, but in order to grow in a sustainable way and with high quality standards we will have to build processes and engineer our value chain in such a way that everything is connected and allows for aware choices upstream and strong implementation downstream.



### Job 6 | To enhance and develop the Arper offer

There is a need to decide what to offer, to whom and how to offer it, in order to create a distinctive value proposition, in line with our wished identity. This means we must build our offer starting from a clear style direction that is open to wider inclusiveness, along with a clear range and pricing direction that will allow us to meet the market with a relevant (and cultural) fit to who we decide to target.



### Job 8 | To secure digital transformation to meet today's and tomorrow's needs

The digital transformation of Arper will be vital to drive the strategic movement of our business and represents a cultural change that does not only consider the digital tool in itself, but the complex environment which includes everything from people and organizational set up, to business processes and technologies. It will require our organization to challenge the status quo and get used to change.



### Job 10 | To secure a healthy business over time

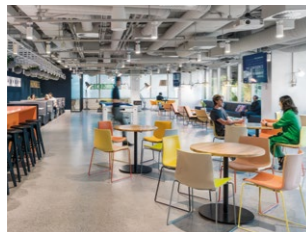
We want to build a strong Arper and steady results over time, both from a monetary and non-monetary point of view, creating value and satisfaction across stakeholders. And it should all build on a solid interpretation of the Arper values, in order to foster a strong culture and to generate a widespread wellbeing in line with our company vision.

The jobs are assessed through the use of metrics that will be tracked and concrete changes will be incentivized. The main KPIs are:



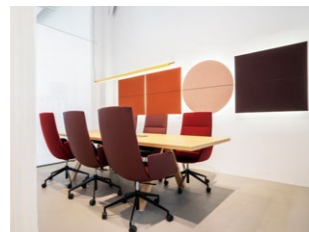
### People Satisfaction & Corporate Culture

We aim to measure the satisfaction of our co-workers and the presence of our corporate values in the company's culture.



### Customer Satisfaction

We intend to become customer-centric and consequently plan to measure satisfaction.



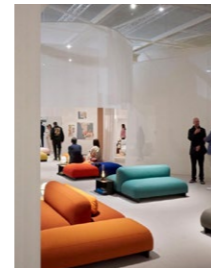
### Economic Performance

In order to ensure a healthy business, we need to drive value creation and commit financial resources that will enable a continued business development.



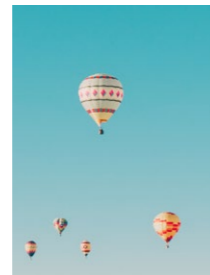
### Key Partner Satisfaction

Our most important partners, such as suppliers, upstream and downstream in our value chain, are key to our success, and we want to measure their satisfaction rate.



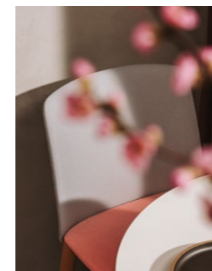
### Brand Awareness and Reputation

We want to analyze and measure the level of awareness and perceptions around our brand.



### Turnover

By doing the right thing, we anticipate a direct correlation to an increase in turnover.



### Responsible Business

We want to act responsibly, in order to become a leader and example for others – with the aim of measuring our progress over time, both through a social and environmental report and by evaluating the perception of our brand.

## 1.5 Our material topics

### Stakeholder engagement

A sustainability report aims to determine what KPIs and goals are relevant for a company to measure, in order to inform its stakeholders. In fact, not all aspects of a manufacturing activity are necessarily negatively impacting people and the planet. This is why, the below-mentioned material topics reflect only Arper's most relevant economic, environmental and social impacts.

Material topics have been identified by Arper's senior management and most strategic employees during three internal workshops and focus groups, whose goals were as follows:

- To identify the main strategic key impacts, risks and opportunities of the Arper Group in terms of sustainability and link them to United Nations Sustainable Development Goals (SDGs)
- To concretely contribute to the definition of a set of material topics to be used for benchmarking and reporting

In order to validate our material topics, we identified and categorized a list of stakeholders. The number of stakeholders chosen is enough to cover the broadest possible spectrum without exceeding the number normally found in the sector literature.

The selected interviewees were engaged by online survey. In some specific cases, we carried out a meeting to explain and anticipate the content of the incoming survey. Online survey was chosen as the preferred method in order to have a clearer and more consistent data collection. The total redemption rate was 44,8%.

The list of stakeholders was compiled by including the following departments in the identification and selection process:

- Purchasing (suppliers and consultants)
- Sales (dealers and architects)
- Marketing (media)
- HR (owners, managers, workers, talents and members of the Board of Directors)

The last stage involved an external market-leading consultancy that specializes in sustainability issues, whose job was to verify that the material topic selection process and the impact assessment were appropriate.

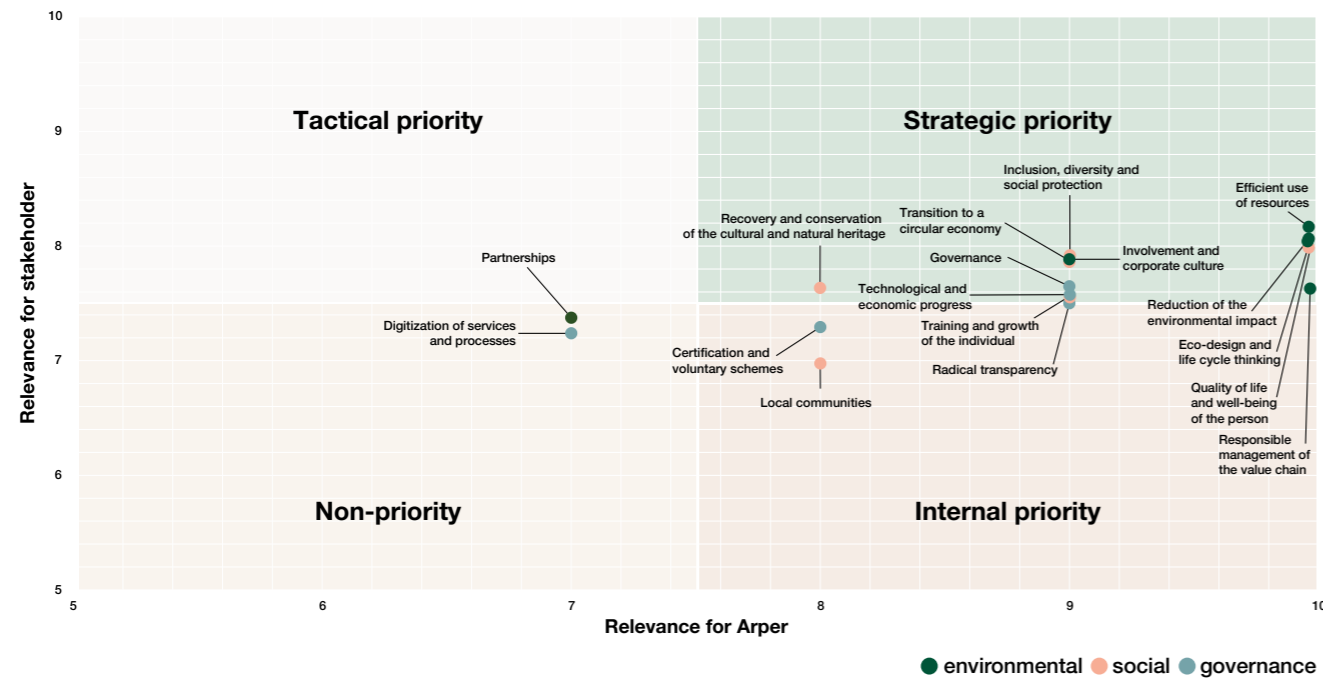
The next revision/update of the stakeholder list and the corresponding weighting scores is planned for 2024.

A more detailed description of the stakeholders involved can be found in the methodology section.

# Materiality matrix

Arper's commitment to continuous improvement in sustainability reporting is reflected in a comprehensive analysis. This considers a range of factors that have a significant impact on the company's performance and the concerns of its stakeholders. The analysis takes into account various environmental, social and governance (ESG) issues. The following materiality matrix provides a

visual representation of the key findings of this analysis and enables us to identify and prioritize the topics that are most relevant for both the company (X axis) and the stakeholders (Y axis). The matrix is designed to illustrate the alignment between the company's strategic priorities and the expectations and interests of its stakeholders.



In the upper right quadrant, the one where the priorities of the company and its stakeholders converge, we felt the need to insert a further level of definition, with the aim of better qualifying the various types of priorities:

- **Strategic priority** the topics that have received the highest scores from both the company and the stakeholders are positioned here
- **Internal priority** high score from the company, but less high from the stakeholders

- **Tactical priority** high interest from stakeholders, less from the company
- **Non-priority** issue considered to be of average importance for both the company and the stakeholders

In fact, while the matrix includes all topics originally selected during the workshop sessions, the feedback by the stakeholders helped us define a much better classification of importance.

At this stage, we established a link with the United Nations' Sustainable Development Goals (SDGs), in order to confirm that our sustainability vision and strategy is aligned with the worldwide community working towards a more sustainable society.

Selected Topic	SDG	
Quality of life and wellbeing of the person		
Training and growth of the individual		
Technological and economic progress		
Digitization of services and processes		
Inclusion, diversity and social protection		
Recovery and conservation of the cultural and natural heritage		
Local communities		
Transition to a circular economy		
Involvement and corporate culture		
Efficient use of resources		
Radical transparency		
Certification and voluntary schemes		
Responsible management of the value chain		
Eco-design and life cycle thinking		
Reduction of the environmental impact		
Partnerships		
Governance		

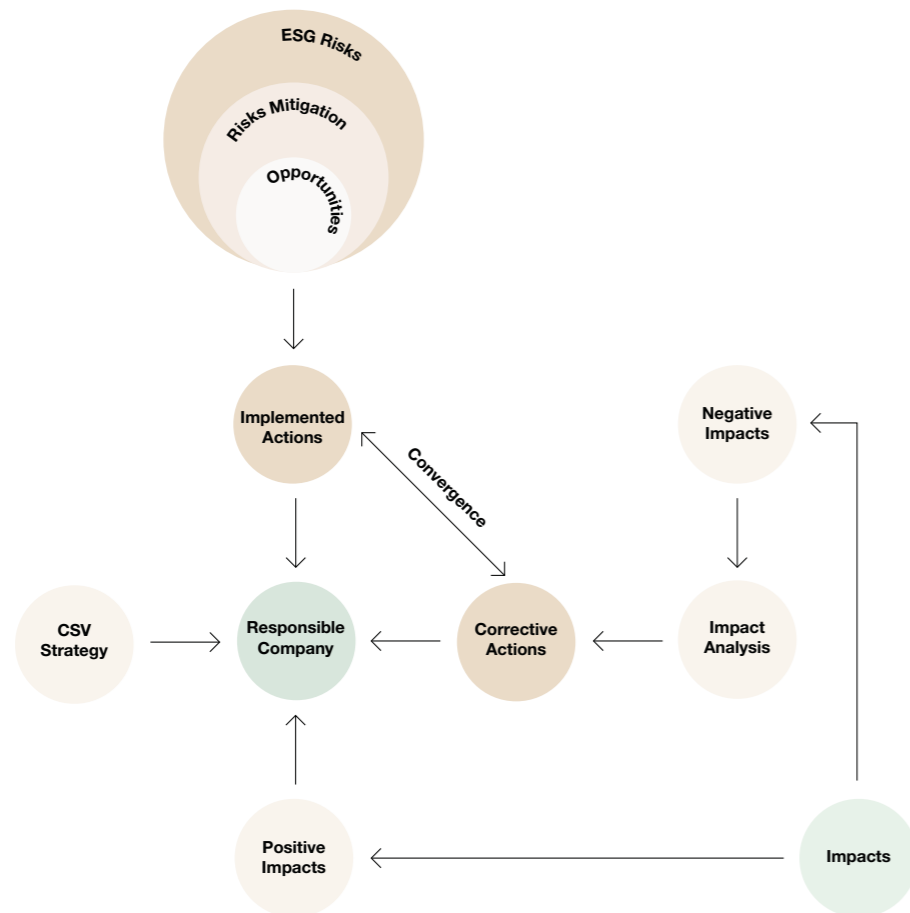
A complete description of the materiality matrix definition process is available in the methodology section.

# 1.6 Our impacts, risks and opportunities

Job n. 4 aims at turning Arper into a leading example of a responsible business. But how do we become more responsible? Looking at the issue in a more holistic manner, we can say that there are four forces that drive change:

- A** The Company's Corporate Shared Value strategy (compared to CSR only)
- B** A risk/opportunity scenario and the actions that such a scenario generates
- C** The positive impacts of its activities
- D** The corrective actions generated by the impact analysis

Another aspect to consider is that there needs to be some sort of convergence between B and D in order to optimize implementation. We believe that this kind of alignment speaks for the consistency of the model, and therefore represents a core aspect of the model itself. See picture below for a clearer description.



This concept led us to develop a risk/opportunity matrix, showcasing Arper's efforts in terms of sustainability. In the table on the left, the focus over the last few years has been on risk mitigation, mainly in terms of compliance with existing programs and models. On a few occasions activities were developed (and implemented) starting from opportunities. This is mainly due to HR restrictions (over the last 15 years, only one person was in charge of

environmental constraints within the HSE Department) and to a strategy that, over the years, focused mainly on compliance. We are aware that more needs to be done, and are continuously working to increase our efforts. In the last two years, we shifted our focus from compliance to a more proactive approach that will invest time and financial resources towards the development of actions derived from opportunities. In order to facilitate this, two fundamental steps have been taken:

- The dedicated team was expanded, with the addition of one more person
- The team was transformed into a Department, reporting directly to the CEO

In this regard, it's worth noting that the primary activities of the recently established Sustainability Department are to guide and assist in the transition, while the overall decision-making authority remains with the entire organization. The risk analysis provided was developed by using valuable information, obtained from our main stakeholders, and drawing upon our internal knowledge of company processes and their associated impacts. This approach was chosen to ensure a complete assessment within the available time frame. Future developments entail expanding the analysis to encompass all stakeholders identified in the materiality matrix, with a particular emphasis on climate change. A dedicated survey will be developed for this purpose.

Furthermore, anticipating the forthcoming requirements of the upcoming Corporate Sustainability Reporting Directive (CSRD), we have begun developing a double materiality impact matrix. As we know, the CSRD is a regulatory framework that aims to enhance the transparency and consistency of sustainability reporting across European Union member states. It will introduce new guidelines and standards for reporting on environmental, social and governance (ESG) matters. Initial findings indicate the growing prominence of climate change impacts within our sustainability considerations. For further details on this topic, please refer to the information presented the following pages.

# Risk management matrix

Material Topics	Risks (Internal and External)	Risk Reduction Actions (Implemented)	Opportunities	Actions Derived From Opportunities (implemented)
Quality of life and well-being of people	Work-related injuries	Health & Safety Policy	Good work environment	
	Chemicals exposure	Training to Health & Safety coordinators	Being considered a leader in the field	
	Customer satisfaction	Health & Safety included in the induction program	Safe products	
	Bad reputation	Internal assessments	Good reputation	
		Certification policy (Greenguard Gold on all seating items)	No claims	
		Customer satisfaction survey	Talent retention	
		Adoption of Italian decree D.Lgs. 231/01	Talent attraction	
		ISO 45001	Low sick leave	
Transition to a circular economy	Material scarcity	Product brief based on ecodesign principles	Anticipate legislative obligations	Refurbishment project
	High price of raw material	Product Life Cycle Assessments	New business models	
	Bad reputation	Use of post-consumer polypropylene	New kind of partnership (e.g. recycling partners)	
	Internal barriers to full implementation of circular business models (e.g. refurbishment)		Global markets (e.g. market pressure for improvement)	
	Turnover loss due to changing perception of customers			
	Global markets (e.g. material compliance)			
Reduction of the environmental impact	Global warming produced by GHG emissions	Global footprint evaluation	Investment in new materials, including post-consumer polypropylene	Structuring of a detailed emission reduction plan
	Wasted energy	Environmental impact reduction strategy	Transformation of innovation-bound investments into applied research and development	Digital product presentations
	Fossil-based energy used by suppliers	Implementation of a company Code of Conduct (best practices)	Development of a new (circular) business models	
	Emissions generated by transportation	ISO 14001 (ISO 50001 planned for 2023)	Impact-conscious business travel policy	
	Emissions generated by business travel	Environmental & Energy Aspect Analysis		
	Unbearable air pollution	Supply Chain		
Engagement and corporate culture	Missing implementation signals	Development of a mixed-term strategy (long AND short term action plan)	Extension of training/information sessions to external entities (suppliers)	Creation of a sustainability ambassadors team
	Climate crisis denial	Internal sustainability training to all Arper People		
	Missing perception of the sense of urgency			
Efficient use of resources	Overconsumption	Introduction of post-consumer PP into new products and product revisions	Sale over product environmental performance rather than price	
	Material scarcity	Waste management policy	Optimized and environmental-conscious travel policy	
	Waste generation	Scaling up of current refurbishment partnerships	Transition from a linear to a circular thinking (life cycle thinking)	
	Biodiversity depletion	Arper District project		

Material Topics	Risks (Internal and External)	Risk Reduction Actions (Implemented)	Opportunities	Actions Derived From Opportunities (implemented)
Recovery and conservation of the cultural and natural heritage	Biodiversity loss	Sponsoring of cultural projects (museums)	Nature regeneration	Culture development program (Museum partnerships)
	Loss of artistic heritage		Well-being of people working in the nearby environment	
			Direct engagement with the local community	
Inclusion, diversity and social protection	Negligence of terms of employment	Code of Conduct	Development of a D&I conscience	
	Discrimination	Supplier's code of conduct	Improvement of working environment conditions	
	Harassment	Diversity Policy	Improvement of talent retention	
	Diversity	Employee surveys	Talent attraction	
		ESG rating for suppliers		
		ESG rating for Arper		
Radical transparency	Reduction of brand equity	Issue of Arper's (first) sustainability report	Enlargement of the client base	
	Credibility loss	Public talks about Arper's strategy and long-term view		
	Greenwashing			
	Non-compliance to EU reporting regulations			
Certification and voluntary schemes	National/regional regulatory obligations	Compliance to external market requirements	Access to new market sectors	Own test procedures tailored on specific product needs
	New market compliance	Internal pre-audits	Being perceived as a reliable company	Brief based on ecodesign principles
	Manage certifications (updates, follow-ups, extensions, etc.)	Internal strength tests extended over standard settings	Being perceived as a compliance leader	
	Reduced process flexibility (internal)	ISO 14001, ISO45001, ISO9001 certifications	Brand equity increase	
	Trade protectionism schemes	Implementation of an internal testing lab	Integration of more eco-design tenets into product development	
		Eco-design		
Training and growth of the individual		Acquisition of competence/knowledge		
	Decrease in productivity	Training sessions on different subjects	Discovery of new talents within the current population	
	Loss of (new and older) talents			
	New (more flexible) labour market peculiarities			
Responsible management of the value chain	Moral integrity of the supply chain	Code of conduct for suppliers	Development of a dedicated excellence cluster	Arper District project - partnership development
	Lack of acceptance of Arper's code of conduct	ESG requirements for suppliers (ESG rating)		
	Material scarcity	Supplier performance monitoring & supplier audits		
	Reliability of the supply chain	IT platform for supplier's management (JUNGO)		
	Restrictions due to D.Lgs. 231/01	Focus on local suppliers		
Geopolitical situation	Arper District project - company/supplier integration			



# Risk management matrix

Material Topics	Risks (Internal and External)	Risk Reduction Actions (Implemented)	Opportunities	Actions Derived From Opportunities (implemented)
Partnerships	Bad reputation due to wrong partnerships	Investment in long-term strategic partnerships	Enhanced visibility	
	Funds draining		Sales growth	
			Opening to new sales segments	
			Leverage investments on specific projects	
Governance	Insufficient investments	Enterprise risk management	Increase of client confidence	
	Wrong investments	Finance Policy	Sales growth	
	Negative reputation	Quality Policy	Good reputation	
	Lack of adequate risk management policies	Health & Safety Policy	Integrated reporting	
	Unwanted indirect involvement in legally or ethically questionable practices (e.g. supplier's side)	Environmental & Energy Policy	Implementation of best practices about policies and processes	
		Adoption of Italian decree D. Lgs. 231/01	Responsible investment	
		Code of conduct (internal and external)	Company stability in the long term	
		ISO 9001, ISO 14001 and ISO 45001 compliance	EU Taxonomy compliance	
	Internal audits	Enhanced stakeholder engagement		
Digitization of services and processes	Not Material			
Technological and economic progress	Low level of sector-specific innovation	Collaboration with material databanks	Development of own R&D research lab	Refurbishment project
	Scarce use of new low-impact materials	Detailed new material test process	Implementation of new business models	
	Implementation of technically incompatible new materials	New market segments		
	Challenges from competitors	new product segments		
	Geopolitical situation			
Local communities	Difficulty to find appropriate local management	Pursue of radical transparency on issues generating an impact (material topics)	Connection to the local administration	Partnership with the local school system
	Misalignment with local administration about local community development plans	Generation of opportunities to seek and find dialogue with the company about impacts	Creation of social value	
	Demonstrations from local groups		Pre-recruit future talents	
	Frictions on issues related to GHG emissions			
Eco-design and life cycle thinking	Waste generation	Frugal design approach (sobriety in the number of raw materials used)	Reduction of GHG emissions	Internal eco-design workshops (first-step implementation planned for 2023)
	Increase of end-of-life impact	Development of ecodesign best practices (Disassembly, Durability, Sourcing, etc.)	Better materials management (e.g. through frugality)	
	Higher cost of production		Lower cost of materials	
	Higher expenditure for raw materials			
	Increase of allocated warehouse space			



## Impacts

As previously stated, in alignment with the new CSRD, it will be mandatory for companies such as Arper to adopt a double materiality approach starting from 2025. Regardless of regulatory deadlines, we believe that conducting a thorough impact analysis is an essential prerequisite for any sustainable long-term strategy. Hence, we have started the review process without delay.

Internally, we will assess and disclose issues that significantly impact our operational and financial performance, strategic decision-making, and long-term viability. This involves evaluating risks and opportunities related to financial performance, operational efficiency, regulatory compliance, and other internal factors.

We will analyze and disclose the impacts of our activities on the external environment, society and the broader economy, recognizing the meaning of double materiality. This approach ensures that we consider not only the financial implications for our organization but also the social and environmental consequences. By adopting a double materiality approach, Arper aims to provide a comprehensive understanding of our sustainability performance, capturing the interdependencies between our internal operations and the external context. This includes evaluating our environmental footprint, social contributions and adherence to governance principles, taking into account stakeholder expectations, climate change, human rights, supply chain sustainability, and community engagement.

A fundamental decision we made early on in our reporting attempt was to ensure the compliance of our report in relation to the new GRI standards of 2021, even before their anticipated implementation. These updated standards introduced a revised concept of materiality, encompassing a comprehensive analysis of both positive and negative impacts associated with material topics.

In this report, the impacts of each theme have been identified through focus groups consisting of the CEO, the Sustainability Team, and a selected group of managers with a strong interest in sustainability. The process of identifying these impacts involved regular discussions and dedicated meetings. Our objective for the upcoming year is to extend the impact analysis to all stakeholders, enabling us to update the risk/opportunity matrix in greater detail.

The scope of the impact analysis in this report encompasses all entities within the Arper Group, including Arper SPA with its legal entities and branches (HQ), Arper USA, Arper LATAM, Arper Shanghai, Arper Japan, Arper Middle East and India, Arper UK, Corium (upholstery facility), and Iride (naval furniture production). The analysis considered both short-term and medium-to-long-term effects.

The significance of an actual positive or negative impact is determined by the severity of the impact in terms of scale, scope, and irreversibility. Similarly, the significance of a potential positive or negative impact is determined by both its

severity and likelihood. In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood, although we do not anticipate any risk of human rights infringements.

We prioritized impacts based on severity, with likelihood playing a secondary role. As this document represents Arper's first sustainability report, we deemed it essential to consider all potential implications of our activities.

Therefore, we have not established a formal

threshold. The severity of our perceived impacts can be inferred from the various actions and approaches outlined in the impact assessment.

We did not formally consult with key stakeholders regarding the selection of material topics since virtually all topics were evaluated, except for the digitalization of services and processes. The impact analysis for this topic has been postponed to the next year to align with the strategic planning of the IT Department.

For each material topic, the table on the following pages reports the following information:

- Positive impacts (in brackets E for Environment, S for Social, G for Governance, F for Financial)
- Negative impacts (in brackets E for Environment, S for Social, G for Governance, F for Financial)
- Actual vs. Potential
- Short vs. Long-term
- Systemic vs. Accidental
- Caused by own activities vs. Result of business relationships (in brackets a description of the impact source)
- Policies and/or commitments related to a specific impact
- Actions taken for actual impacts or approaches adopted for systemic impacts
- Status of the action (green for “implemented or in due course”, yellow for “delayed”, red for “aborted or suspended”)
- Lessons learned together with an explanation of the project's status

Material Topics	Impacts		Actual vs. Potential	Short vs. Long-term	Systemic vs. Accidental	Caused by own activities vs. Result of business relationships (description)	Policies / Commitments	Actions taken for actual / Approaches adopted for systemic		Status	Lessons learned / Explanation
	Positive	Negative						3-3-c	3-3-d		
Quality of life and well-being of people	Reputation as a good workplace (G)	Reputation as a bad workplace (G)	Actual	Long-term	Systemic	Own activities (Arper's way of managing its human resources contributes to its appeal as a good/bad employer)	Development of a structured stakeholder engagement policy			●	Need for a new compelling way to engage customers
	Talent retention (S)	Talent loss (S)	Actual	Long-term	Systemic	Own activities (see "Reputation as a good workplace")					
	More engaged collaborators (S)		Potential	Long-term	Systemic	Own activities (see "Reputation as a good workplace")					
		Work-related injuries (G/F)	Actual	Short-term	Accidental	Own activities (Health&Safety policies allow to mitigate the risk for work-related injuries)	ISO 45001 Certification	●			
Transition to a circular economy		Older collections (cannot be completely redesigned) (E)	Actual	Short-term	Systemic	Result of business relationships (old collections cannot always be reengineered due to time and cost constraints)		Product brief based on ecodesign principles	●	Project has been planned for 2023	
		Reconsideration of current supply chain (G)	Actual	Long-term	Systemic	Result of business relationships (Arper's Scope 3 carbon footprint in 2021 accounts for 91.6% of total emissions)	Development of an increasing number of circular products	Product Life Cycle Assessments	●	LCAs are time and money intensive, therefore a detailed certification strategy is needed	
		Plastic pollution due to still missing take-back systems (E)	Potential	Long-term	Systemic	Own activities (Arper's own take-back program is planned for implementation in 2026)		Use of post-consumer polypropylene	●	First product in PC polypropylene due in 2023	
		Higher investments in R&D and materials (G)		Actual	Short-term	Systemic	Own activities (circular products require a continuous, cost-intensive testing of new materials)	Inclusion of ESG factors in the supplier's selection process	Refurbishment project has been implemented for the Benelux area	●	Ramp-up phase. Quick deployment over DACH is expected
Reduction of the environmental impact		Air pollution (E)	Actual	Short-term	Systemic	Result of business relationships (see "Reconsideration of current supply chain")	Reduction of Scope 1-2-3 intensity by 55% vs. 2021 baseline by 2030	Corporate carbon footprint evaluation	●	Developed towards the end of 2022, implementation from 2023 onwards	
		Energetic waste (E)	Actual	Short-term	Systemic	Result of business relationships (see "Reconsideration of current supply chain")		Environmental impact reduction strategy	●		
		Fossil-based energy used by suppliers (E)	Actual	Short-term	Systemic	Result of business relationships (see "Reconsideration of current supply chain")		Implementation of a company Code of Conduct (best practices)	●		
		Emissions generated by transportation (E)	Actual	Short-term	Systemic	Result of business relationships (see "Reconsideration of current supply chain")		ISO 14001 certification	●		ISO 50001 planned for 2023
Engagement and corporate culture	Creation of a sense of urgency (S)		Actual	Short-term	Systemic	Own activities (training to all employees)	Alignment on the strategic role of sustainability throughout the whole group	Internal sustainability training to all Arper People	●	Annual training needs to be established as a routine procedure.	
		Difficulty in acknowledging and envisioning long-term priorities (G)	Potential	Short-term	Systemic	Own activities (the agreed 5-year strategic plan is very challenging)		Development of a mixed-term strategy (long AND short term action plan)	●		
Efficient use of resources		Current business model naturally leads to overconsumption (E)	Actual	Short-term	Systemic	Own activities (current business model needs to switch to a more circular/no waste approach)	Switch to a more circular no waste approach	Introduction of post-consumer PP into new products and product revisions	●	Not yet ready, but instrumental in order to implement a circular business model	
		Reduction of available raw material (E)	Potential	Long-term	Systemic	Result of business relationships (switch to a more circular design is currently being implemented)		Waste management policy	●		
		Increase in waste generation (E)	Potential	Long-term	Systemic	Result of business relationships (switch to a more circular design is currently being implemented)		Scaling up of current refurbishment partnerships	●		Geographical implementation needs to be clearly outlined
		Biodiversity depletion at supplier's sites (E)	Potential	Long-term	Systemic	Result of business relationships (switch to a more circular design is currently being implemented)		Arper District project	●		Currently limited to 32 suppliers. Focus in 2023 will be on how to expand the project to a larger target
Recovery and conservation of the cultural and natural heritage	Opportunities of "new heritage" creation (S)		Potential	Long-term	Accidental	Own activities (scouting of new opportunities to support cultural projects, e.g. A Lot With Little)	Continued investment in cultural projects	Sponsoring of cultural projects (museums, A Lot With Little Exhibition)	●	European markets are not yet fully ready for this business model.	
		Plastic pollution due to product typology (E)	Potential	Short-term	Systemic	Result of business relationships (a take-back system is still under development)	Development of a take-back system in 2025	Refurbishment project has been implemented for the Benelux area	●		
		Missing of extended End-of-Life management (E)	Actual	Long-term	Systemic	Own activities (a take-back system is still under development)	Tracking of entire product life-cycle		●		
Inclusion, diversity and social protection	Variety of knowledge, skills and experience (S)		Actual	Short-term	Systemic	Own activities (possible development of any hiring policy focused on a D&I approach)	Strict vigilance on the adoption of both the internal Code of Conduct and the supplier's Code of Conduct	Development of an internal Code of Conduct	●	knowledge about ESG topics boosts awareness about social aspects	
		Reduced social cohesion (S)	Potential	Long-term	Systemic	Own activities (possible development of any hiring policy focused on a D&I approach)		Supplier's Code of Conduct	●		
		Poor communication (S)	Potential	Short-term	Systemic	Own activities (possible development of any hiring policy focused on a D&I approach)		ESG rating for suppliers	●		
		Increased conflicts (S)	Potential	Long-term	Systemic	Own activities (possible development of any hiring policy focused on a D&I approach)		ESG rating for Arper	●		
Radical transparency		Higher investments in communication practices (G)	Actual	Long-term	Systemic	Own activities (reinforcement of the digital marketing team)	Structuring of an environmentally savvy communication policy	Issue of Arper's (first) sustainability report	●	Internal communication is key when spreading the sense of urgency throughout the whole organisation	
		Expectations mismatch (G)	Potential	Short-term	Accidental	Own activities (information spill-out could possibly lead to less clear statements)		Hiring of an Internal Communication Manager	●		
		Greenwashing (E)	Potential	Short-term	Accidental	Own activities (information spill-out could possibly lead to less clear statements)		Training to the marketing department on environmental issues	●		
Certification and voluntary schemes	Compliance with environmental and social standards (E, S)		Actual	Long-term	Systemic	Own activities (certification policy in place)	Recurring revision/implementation of certification policy at Group level	Compliance to external market requirements	●	Each market calls for its own certification scheme, therefore a certification policy at group level is highly desirable	
	Human rights protection (S)		Actual	Long-term	Systemic	Own activities (supplier's audit in place)		Internal pre-audits	●		
	Impact on design decisions (E)		Actual	Short-term	Systemic	Own activities (inclusion of ecodesign principles in design brief)		Implementation of an internal testing lab	●		
		High cost of compliance (G)	Actual	Short-term	Systemic	Own activities (certification policy in place)		Internal strenght tests extended over standards' compliance	●		
Training and growth of the individual		Decrease in productivity (G)	Actual	Short-term	Systemic	Own activities (training requires people to leave their daily tasks behind)	Increase training sessions about sustainability-related topics (currently 1 session per year to all employees)	Training sessions on different subjects	●		
		Loss of (new and older) talents (S)	Potential	Long-term	Accidental	Own activities (current business structure might not allow for professional upgrade)					
Responsible management of the value chain		Unethical conduct of the supply chain (G)	Potential	Short-term	Accidental	Result of business relationships (in some cases no full disclosure about sub-suppliers available)	Improvement of ESG standards for all strategic suppliers	Supplier's Code of Conduct	●	Knowledge about ESG topics boosts awareness about social aspects	
		Material scarcity (E)	Potential	Long-term	Systemic	Result of business relationships (core materials could become scarce when sustainable development will gain real traction)		ESG requirements for suppliers (ESG rating)	●		
		Emissions generated by the supply chain (E)	Actual	Short-term	Systemic	Result of business relationships (Still low impact on some suppliers concerning their emissions policy)		Supplier performance monitoring & supplier audits	●		
								IT platform for supplier's management (JUNGO)	●		
								Focus on local suppliers	●		
						Arper District project (company/supplier integration)	●	Currently limited to 32 suppliers. Focus in 2023 will be on how to expand the project to a larger target			

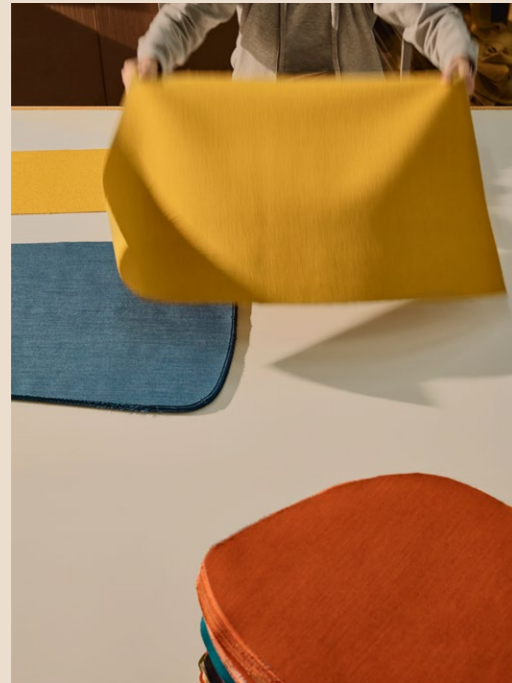
Material Topics	Impacts		Actual vs. Potential	Short vs. Long-term	Systemic vs. Accidental	Caused by own activities vs. Result of business relationships (description)	Policies / Commitments	Actions taken for actual / Approaches adopted for systemic	Status	Lessons learned / Explanation
	Positive	Negative								
Partnerships	Mutual development of best practices (G)		Actual	Short-term	Systemic	Own activities (partnership with local sustainability-led company groups for experience exchange)	Development of a set of best practices to be shared with the industry	Engagement with the local furniture Industry association Sustainability Group	●	Sharing of best practices and common goals. Mutual help on operational tasks
		Bad reputation due to wrong partnerships (G)	Potential	Long-term	Systemic	Own activities (choice about how to engage with is on Arper)				
Governance		Negative reputation (G)	Potential	Long-term	Systemic	Own activities (bad governance impacts on daily business decision processes)		Enterprise risk management	●	Update of ERM matrices need to be updated to include ESG risk
		Business fragility (G)	Potential	Long-term	Systemic	Result of business relationships (a lack of adequate risk management policies can lead to financial fragility)		Quality Policy	●	
		Service level not up to the request of the market (G)	Potential	Long-term	Systemic	Own activities (inconsistent organisation impacts on customer support processes)		Health & Safety Policy	●	
							Pursue of ethical and transparent governance throughout the Group	Environmental & Energy Policy	●	Energy policy will be consequent to the ISO 50001
								Adoption of D.Lgs. 231/01	●	
Technological and economic progress		Scarce use of new low-impact materials (E)	Actual	Long-term	Systemic	Result of business relationships (new materials properties are fundamental to reduce CO2 impact)		Collaboration with material databanks		Collaboration will be improved in the next years
		Less resources to invest into the local community (S)	Actual	Long-term	Accidental	Own activities (investments on R&D might divert financial support on social aspects)	Put innovation in the centre of future development	Detailed new material test process	●	When new materials enter the product development perimeter, a detailed testing process needs to be defined in detail. Currently under development
Local communities		Difficulty to find appropriate local management (S)	Actual	Long-term	Systemic	Result of business relationships (geographic location of Arper HQ could represent a hurdle)				
		Misalignment with local administration about local community development plans (G)	Potential	Short-term	Accidental	Result of business relationships (disagreement with local administration on specific issues could arise unexpectedly)	Engage with the local community to produce shared value	Generation of opportunities to seek and find dialogue with the company about impacts	●	Implementation started in the local school system
		Frictions on issues related to GHG emissions (E)	Potential	Long-term	Accidental	Result of business relationships (exponential attention to GHG emissions could not match the company's long-term reduction plan)		Pursue of radical transparency on all issues generating an impact (material topics)	●	Following to this impact analysis, a consistent communication strategy will need to be implemented
Eco-design and life cycle thinking		Waste generation (E)	Potential	Long-term	Systemic	Own activities (focus on no-waste design practices should be prioritized)		Frugal design approach (sobriety in the number of raw materials used)	●	Less materials = less waste
		Increase of end-of-life impact (E)	Potential	Long-term	Systemic	Result of business relationships (focus on end-of-life management should be prioritized)	Apply ecodesign tenets in order to facilitate the transition to a design-for-circularity approach	Development of ecodesign best practices (Disassembly, Durability, Sourcing, etc.)	●	Crucial activity for the decrease of GHG impact
Digitalization of services and processes								Where possible, revisit older collections to lower their GHG emissions	●	Very difficult task to implement, due to the large number of legacy collections and the impact of the activity in itself
		Simplification of information flow and availability (E)	Potential	Long-term	Systemic	Own activities (digital product passport and product life tracking)				
		Compliance with European regulations (E)	Potential	Long-term	Systemic	Result of business relationships (compliance required by the EU in terms of product information availability)	Digitalization of product materials and product life tracking throughout the supply chain (upstream and downstream) to enable correct EPR compliance			Current situation is consolidated and responding to the market needs. Since EU legislation on product data digitalization is not yet in place, we moved the implementation phase of the projects related to this specific topic to 2025. For these reasons, in 2022 we evaluated scale and scope like all other impacts, while likelihood has been kept to a minimum. In the 2023 report we will reevaluate the situation and possibly extend the disclosure to this topic as well
		Large efforts to collect and manage data (E)	Potential	Long-term	Systemic	Own activities (information not always directly available)				

The key take-outs of this impact mitigation analysis are as follows:

- A special focus needs to be given to **technological and economic progress**, since innovation is a key factor for companies like Arper
- **A waste management policy** will become instrumental for the development of circular business models, therefore we need to improve our waste-related processes
- **LCA**s will become crucial in product development, which means that we need to anticipate its implementation and incorporate it in an earlier phase
- **Eco-design** is a core competency that we want to expand on. Although our new products are already being developed following circular principles (e.g., 3D-knitting to avoid waste, no glues to allow separability of materials, etc.), we can still improve on several other aspects
- With our 2030 goal fast approaching, we need to focus on finding new and effective ways to **reduce our CO<sup>2</sup> emissions**

The reported information has been reviewed and approved by the highest governance body within the company, the Group CEO.





## Our sustainability plan

Achieving the objectives that we set ourselves implies implementing profound and important transformations at different levels: organizational, productive and cultural, establishing priorities for intervention.

This is why we approach this path by moving simultaneously in the short and long term: we plan long-term intervention strategies, while we also work on concrete short-term actions, which can both be preparatory to the achievement of more complex objectives and constitute interventions that give an immediate result.

Our sustainability plan is based on three **Pillars**, the foundations of our strategy: on these we have chosen to invest all our energies in the years to come.

We will implement it through some **levers of change**, which we consider able to guide us in our evolution, enabling us to progressively implement concrete projects, to transform Arper into a leading example of responsible leadership.

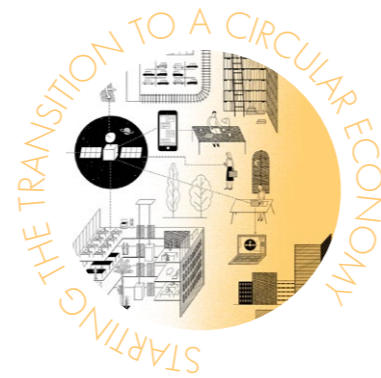
Finally, we will focus on practical endeavors, which we will take over from our past experiences and project into the next future through **acted and actionable** activities.

# The pillars of our responsibility



## Improving the quality of life and wellbeing of people

We want to put people at the center, whether they are employees, customers, or partners, integrating wellbeing into the company's development aims. We encourage the balance between work and private life, striving to increasingly meet individual needs. We provide tools and technologies that support flexibility. We apply our skills to the creation of products designed to improve individual and collective wellbeing, in people's projects of living, wherever they happen.



## Starting the transition to a circular economy

We support the transition from linear to circular economy, through the design of technologically innovative products and use of materials with low environmental impact. The activation of services based on reuse and recycling policies, end-of-life management, and collaborations with research centers will help us implement innovative solutions to improve our sustainability performance. We limit the production of waste whenever possible, through a policy of prevention, reduction and reuse of the product and its packaging.



## Reducing our environmental impact

We formally take steps to identify the critical issues connected to our activities, at every stage of the company's processes. We introduce analysis and measurement processes that allow us to know and understand the improvement areas on which to intervene. We research and are looking for solutions aimed at mitigating our environmental impact, seeking the continuous improvement of our performance.

## Social

Quality of life and wellbeing of the person



## Economic

Transition to a circular economy



## Environmental

Reduction of the Environmental impact



## The levers of change

The pillars of sustainability are built through fundamental levers, capable of enabling change, in which people are at the center.

### Engagement and corporate culture

We consider sustainability a priority in building the present and the future. We work to create this awareness within the company and build a shared culture of sustainability that gives space and prominence to this commitment and creates the conditions for the Arper of tomorrow. To do this, we organize meetings and training sessions, stimulating active participation in building a corporate sustainability strategy that is integrated with the brand values at the foundation of our company. We also promote the concrete applicability of these principles with virtuous examples.

### Efficient use of resources

We are committed to implementing initiatives that allow us to reduce our consumption and use resources more efficiently, using renewable resources wherever possible, with the ultimate goal of greater levels of eco-efficiency and the reduction of pollutants, emissions and greenhouse gases. We aim to apply the 5 R strategy (Refuse, Reduce, Reuse, Repair, Recycle) wherever possible in order to eliminate waste in all its forms.

### Inclusion, diversity and social protection

We promote open and democratic dialogue as a tool for finding shared solutions on issues that can have significant impacts on the organization and, in particular, on people and their wellbeing. We consider diversity a value that brings mutual benefits: to people, valued in their uniqueness, and to the company, nourished by everyone's individuality. We guarantee the promotion of non-discriminatory behavior within the Group and the enhancement of elements of diversity such as age, gender, sexual orientation, disability, nationality, political opinions and religious beliefs, which favor the development of an inclusive culture.

### Radical transparency

We aim to manage knowledge and information in an open manner, making objectives and processes visible at all levels, both to us and to our customers and other external stakeholders, in order to increase the perception of fairness, of involvement in company management and the responsibility of everyone's role, through transparency itself.

### Recovery and conservation of cultural and natural heritage

We are committed to the conservation of the natural heritage, embracing and applying global guidelines, with particular attention on the responsible sourcing of the materials we use and with an ethical approach in our production. We undertake initiatives that also guarantee respect for the cultural heritage, by actively participating and promoting projects and collaborations aimed at the protection, recovery and enhancement of works of artistic, cultural and collective importance. Our approach is global, but also focuses on local, on the people who share the land and culture with us.



We are committed to achieving the goal of making Arper an example of responsible leadership, towards people and the environment as a whole.

A **continuous commitment**, which will be implemented through concrete actions and interventions that will involve the entire company over time.

An **inclusive commitment**, in which the participation of each of us is necessary and fundamental, and represents the foundation on which to build the Arper of the future.

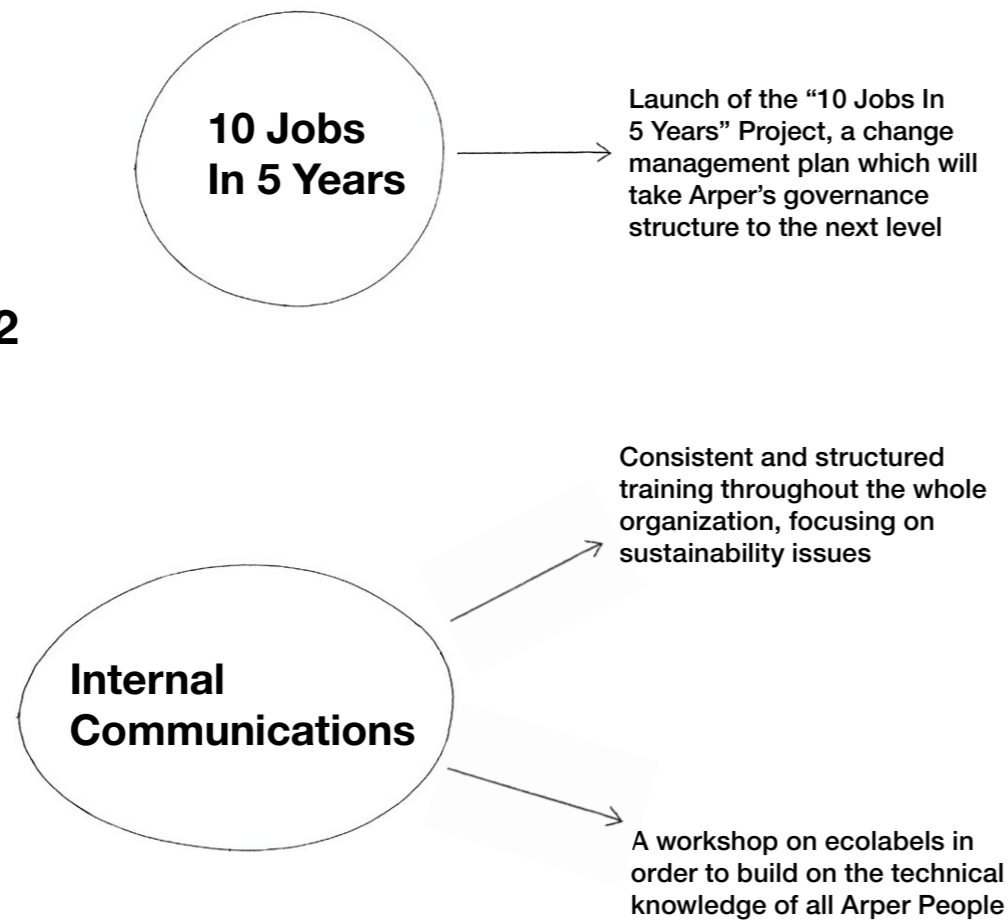


# 1.8 Key highlights for 2022

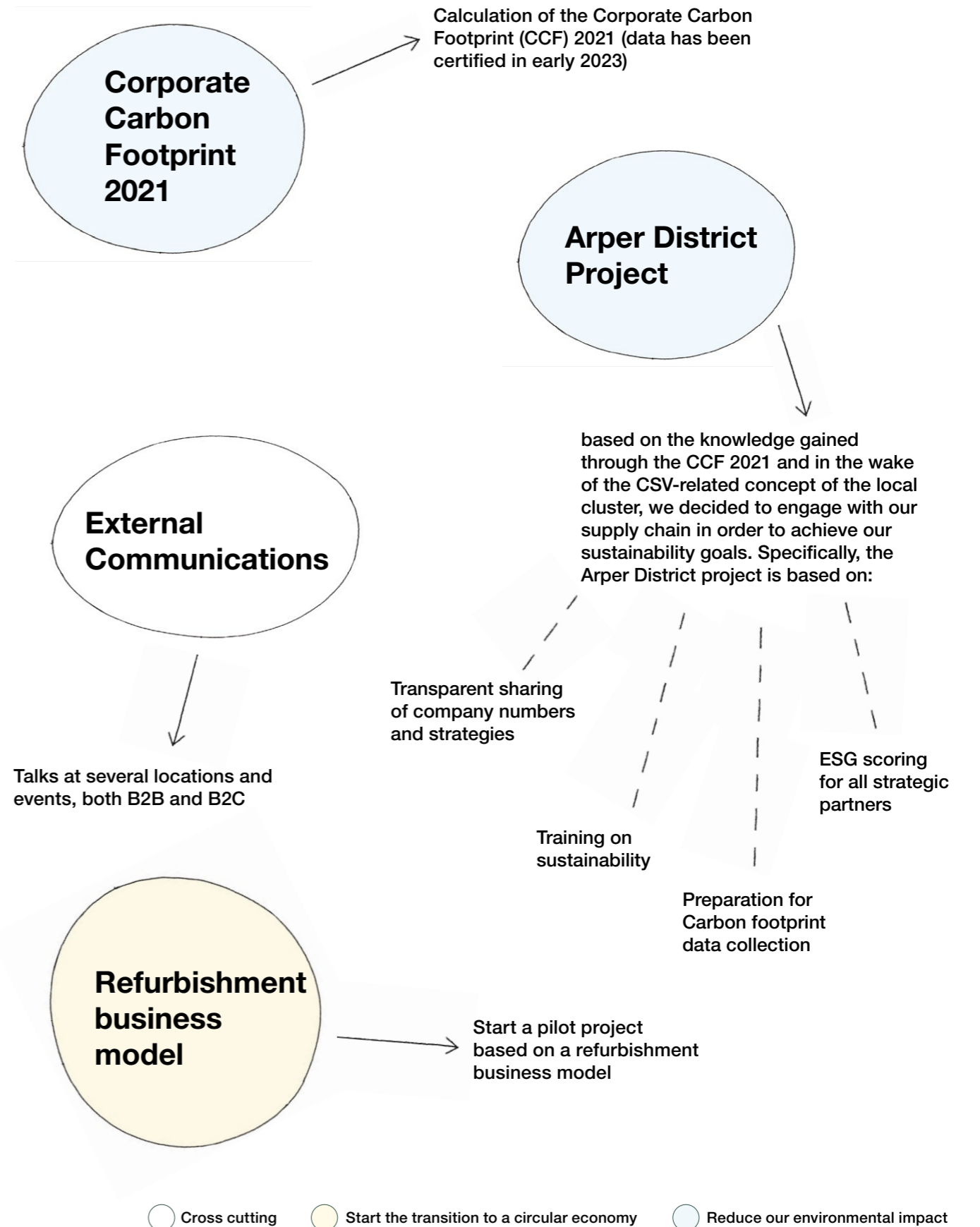
Arper's concept of responsibility has evolved considerably over time. We began with an approach based primarily on compliance, closer to the idea of a strategic Corporate Social Responsibility approach to sustainability as a whole, to a more strategic approach which translates into the concept of Corporate Shared Value.

Arper realizes that good governance has a fundamental impact on the achievement of sustainability goals, and therefore has decided to formalize the department dedicated to the sustainable development of the company.

The renewed Sustainability Office is in charge of defining the sustainability strategy of the group and implementing it, once approved by the Board of Directors and the CEO.



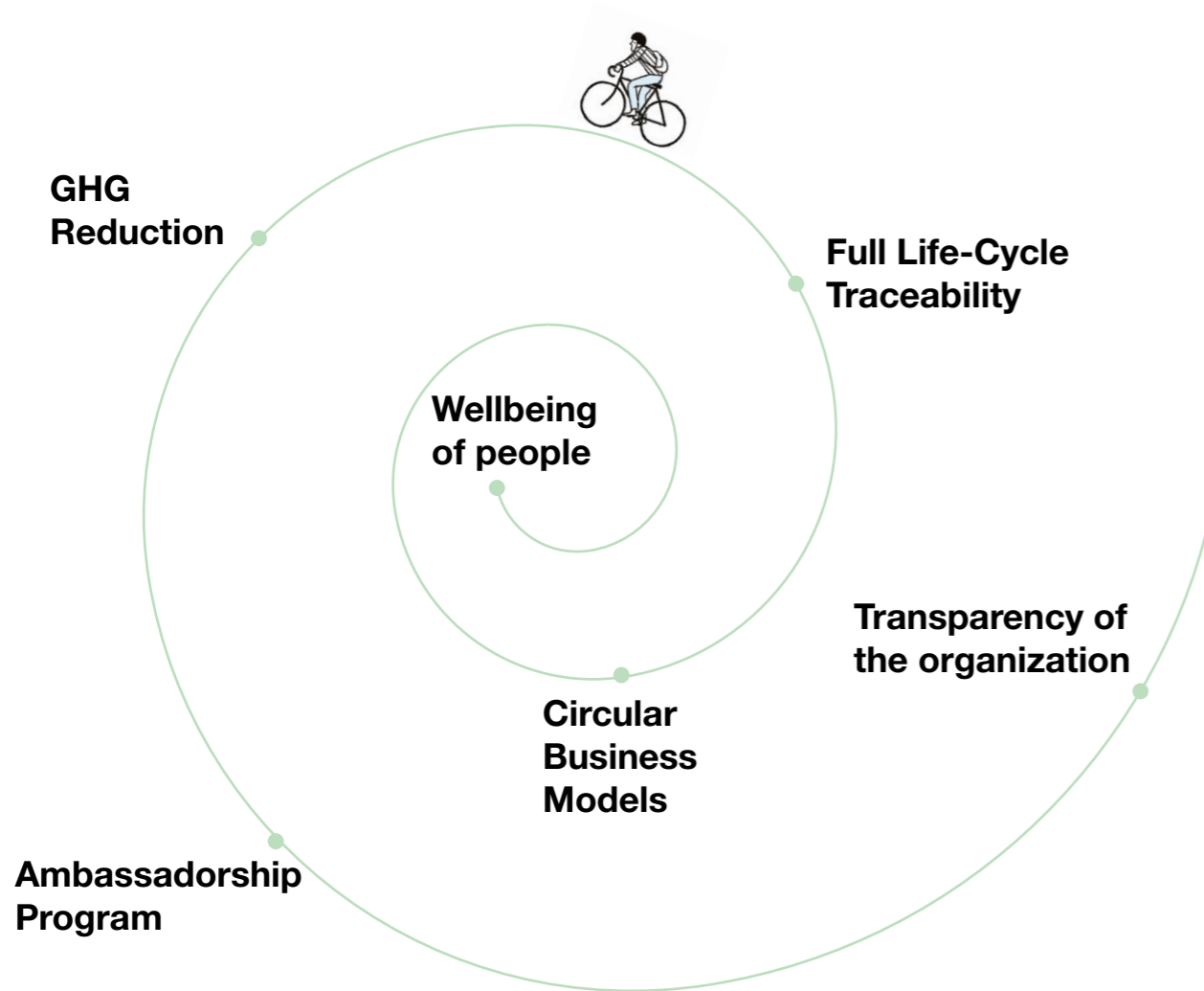
## Further 2022 highlights include:



# 1.9 Our goals for the future

Our objective is to transform Arper into a leading example of responsible business. To achieve this, we need to carefully select goals that will drive positive change. While Arper has been addressing environmental issues strategically for several years, we have recently shifted our focus from retrospective measures such as product compliance, to forward-looking initiatives like eco design.

Our primary focus areas include:



## 1

### Wellbeing of people, communities and company

In our pursuit of fostering the wellbeing of our people, communities and company, we have undertaken various projects aimed at creating a sustainable and supportive environment. These projects include: the “Give-And-Take” initiative; the “Sustainability Cashback” program; the cultivation of a “Sustainability culture”; the establishment of an “Information Exchange Bank”; “Green Area Repurposing”; “Local community Support”; “Partnerships with local schools”; “Benefits/BCorp” and “Social Certification”.

We also place a significant focus on mobility through various projects: our “Carpooling initiative” encourages shared rides with a reward system for both drivers and passengers. For employees coming from the local area, we offer “Bike Sharing” options with e-bikes to promote eco-friendly and slow mobility. Moreover, our “Electric product shuttle and company cars” facilitates transportation between locations using electric vehicles, gradually transitioning to an electric corporate fleet.

## 2

### Circular Business Models

We are committed to supporting the transition from a linear economy to a circular economy. This involves incorporating circular principles into our products, services and collaborations, while also adopting policies to prevent, reduce and reuse waste generated by our products and packaging. By embracing circular business models, we actively facilitate the “Implementation of enhanced Eco-Design Principles”. In fact, we have organized practical “Eco-design workshops” to apply sustainability in product development. Additionally, we are involved in “Circular Startup” initiatives, and we foster “Industrial Symbiosis” by creating virtuous circles within the Arper supply chain, recovering waste materials from other productions and integrating secondary raw materials into our products. Furthermore, we emphasize the importance of sustainability by integrating specific information related to sustainable aspects into our materials database.

### 3

#### Full Life-Cycle Traceability

With each product, we aim to provide comprehensive information about the materials and producers involved throughout its life cycle. This information will facilitate reuse, repurpose, recycle and proper disposal of the product. One initiative worth mentioning is the development of a “Product Passport”, which establishes a comprehensive database with sustainability data for each product. Additionally, we are implementing a “Product Traceability” system and a “Product LCA Databank”, which will generate internal LCAs for our key products and production processes, including new developments. Through Full Life-Cycle Traceability, our objective is to achieve “Enhanced Transparency”: we will develop a consistent and transparent information structure to communicate our goals and achievements. This transparency will help stakeholders understand our progress and foster accountability.

For a comprehensive understanding of these projects and their detailed implementations, please refer to the end of this report, where all initiatives are thoroughly explained.

In practical terms, these six areas of responsible development will be translated into a project map that aligns with our three pillars. We will also leverage focus areas to optimize project implementation in terms of human capital and financial resources. At the beginning of each year, the Sustainability Team will create an action plan for the year ahead, outlining practical steps to implement projects.

### 4

#### GHG Reduction

We have developed a GHG Reduction Plan with the goal to reduce CO2 absolute emissions by 42% for Scope 1 and 2, and between 25% and 42% for Scope 3 by 2030 compared to our 2022 baseline. Projects such as Energy Manager establishment, Energy management plans, ISO50001 certification, Energy Independence through photovoltaic systems, and a Packaging 2.0 initiative focus on sustainability and contribute to lowering our carbon footprint and fighting climate change.

### 5

#### Ambassadorship Program

Internal and external ambassadors will play a crucial role in transforming our business into a low-intensity activity. They will also help create a sense of urgency among our stakeholders regarding sustainability practices. Through projects such as “Responsible Partnerships”, we aim to create an extended sustainability network, forging partnerships with organizations like the Venisia Project, Assindustria, and schools. The “Widespread Ambassadorship” initiative seeks to establish a network of sustainability ambassadors, including main suppliers, to drive a movement throughout the entire supply chain, encompassing the Arper District. Additionally, to ensure commitment at the highest level, “Sustainability Key Performance Indicators (KPIs)” will be included in management's MBOs, further reinforcing our dedication to sustainability practices and creating a sense of urgency among stakeholders.

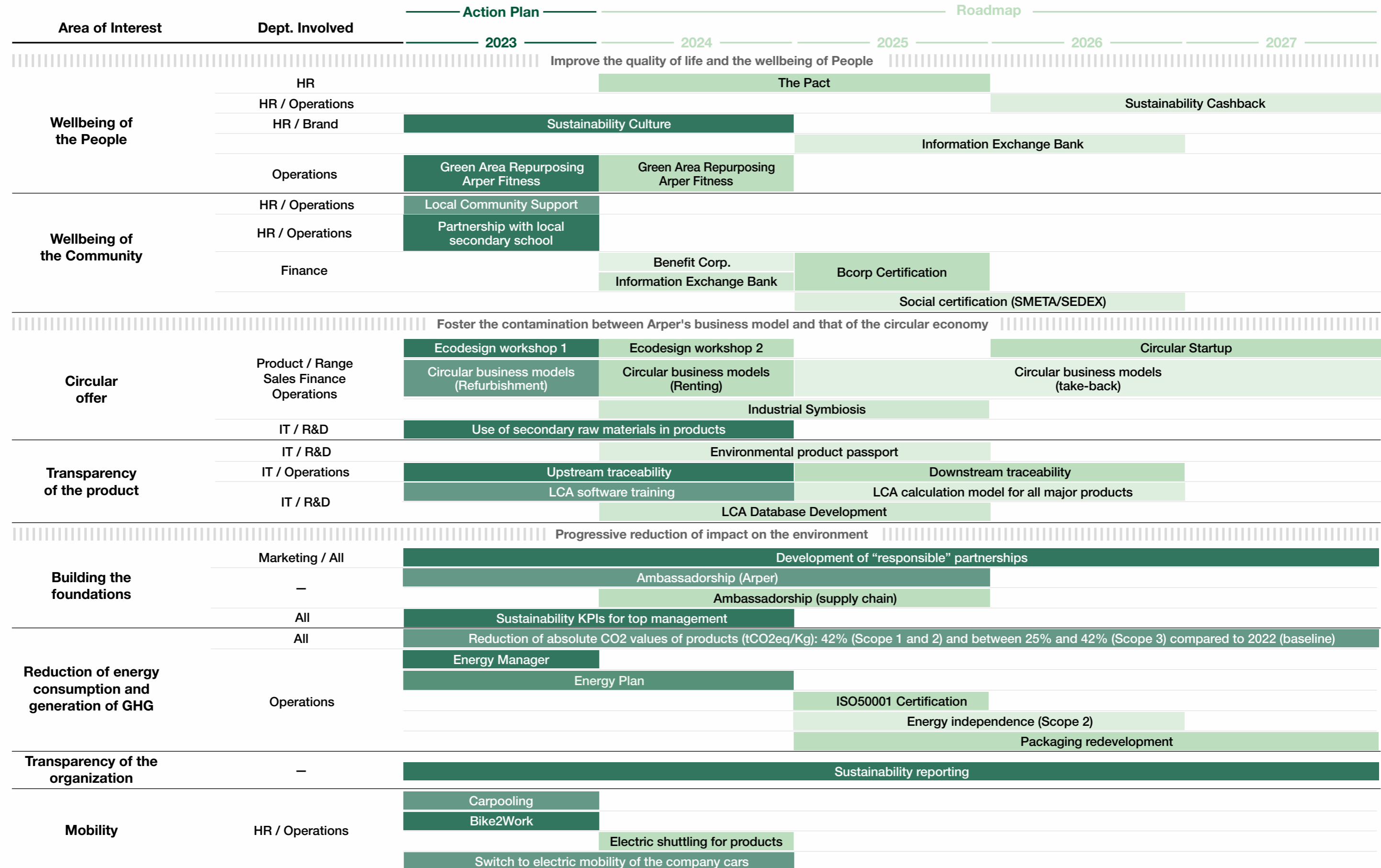
Additionally, a roadmap will be developed to guide the long-term goals and projects. However, the roadmap will remain flexible, subject to changes based on external factors and evolving priorities.

The plan developed in 2022 follows the approach reported in the table on the following pages. In here, you will also find an outline of all other departments involved, showcasing how sustainability really is an integrated and cross-functional topic that touches all employees.

### 6

#### Transparency of the organization

Our commitment to transparency is reflected in our reporting efforts, which include the drafting of a comprehensive sustainability report. Through this report, we aim to provide clear insights into our sustainability initiatives, progress, and impact on the environment and society. By openly sharing our efforts and challenges, we demonstrate accountability and foster trust among stakeholders, while contributing to a more sustainable future.





2



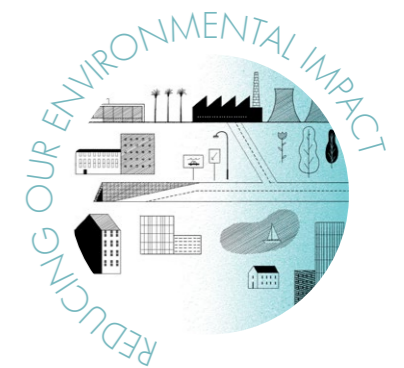
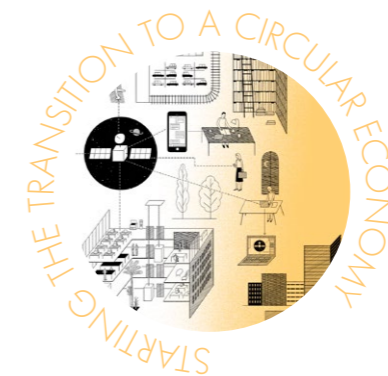
## WHY WE DO THIS: OUR PILLARS



## Introduction

The pillars are the foundation of Arper’s sustainability strategy, representing the company’s three main goals in achieving responsible practices. We are aware that becoming 100% sustainable is not realistic for any company, but we hold the responsibility to make every possible effort to reduce the environmental impact of our activities. This responsibility prompts us to question the necessity of producing

new items and explore alternative approaches to our long-standing practices. We recognize the importance of taking a proactive approach even before legislation comes into play. At Arper, responsibility means a proactive approach that shifts our focus from self-interest to the wellbeing of everyone, including the planet. This responsibility is reflected in our pillars:



These pillars are closely aligned with our core values and represent the milestones of our sustainability path into the future.

We are committed to investing our energies in these areas in the coming years.

## 2.1 Quality of life and wellbeing of people

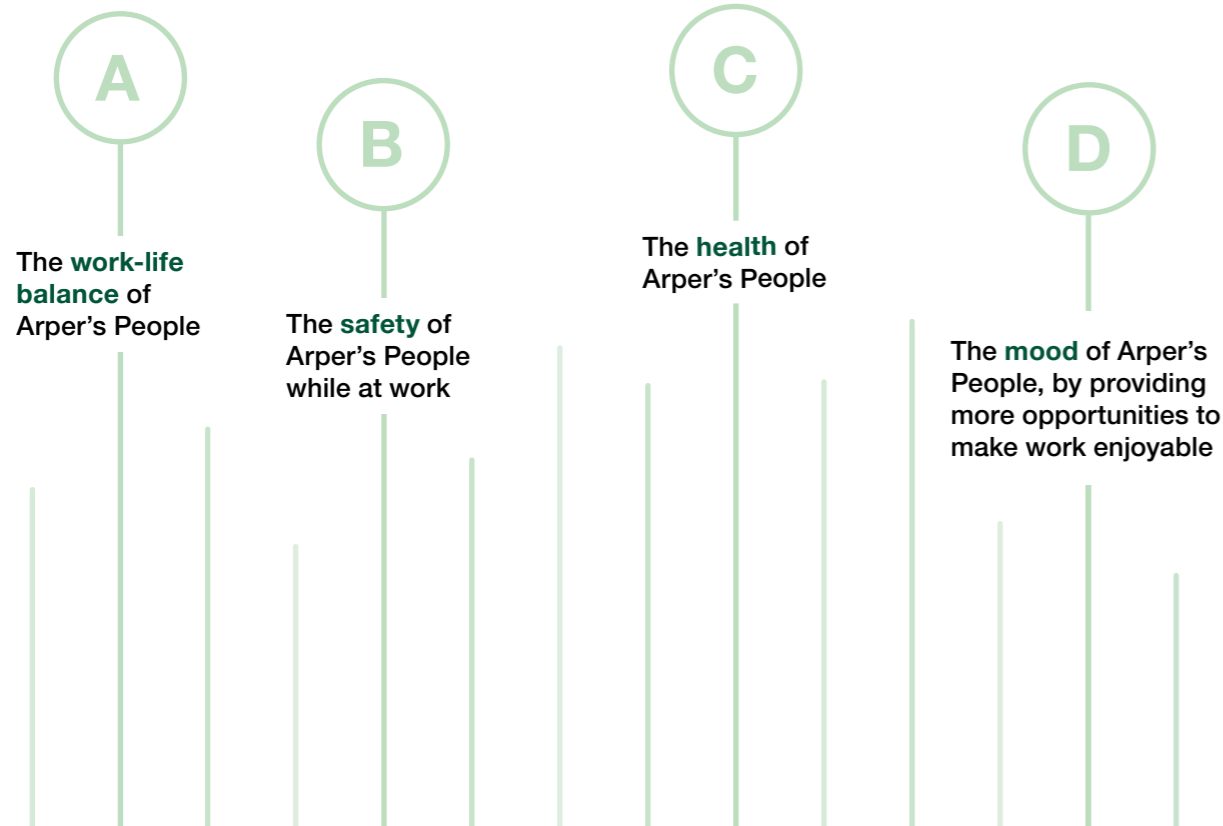
At Arper, our aim is to provide tools and work models that prioritize the expectations and needs of our employees, suppliers, customers and end users.

We strive to align these initiatives with the company's objectives while fostering a healthy work-life balance.

By doing so, we enable people to lead a well-rounded lifestyle through design.

### Main goals

We strive to improve:



## Indicators

Employee turnover				
401-1   New employee hires and employee turnover				
Total number of employees 2022				
	Under 30	30-50	Over 50	Total
Male	7	78	54	139
Female	7	92	23	122
Total	14	170	77	261
Terminations 2022				
	Under 30	30-50	Over 50	Total
Male	3	19	5	27
Female	2	10	5	17
Total	5	29	10	44
New hires 2022				
	Under 30	30-50	Over 50	Total
Male	6	10	10	26
Female	6	24	2	32
Total	12	34	12	58
Negative employee turnover (terminations)				
	Under 30	30-50	Over 50	Total
Male	1.1%	7.3%	1.9%	10.3%
Female	0.8%	3.8%	1.9%	6.5%
Total	1.9%	11.1%	3.8%	16.8%
Positive employee turnover (new hires)				
	Under 30	30-50	Over 50	Total
Male	2.3%	3.8%	3.8%	9.9%
Female	2.3%	9.2%	0.8%	12.3%
Total	4.6%	13.0%	4.6%	22.2%
KPI Benefits				
GRI Indicator   401-2   Benefits provided to full-time employees that are not provided to temporary or part-time employee				
All Employees are granted a health insurance, while Executives are granted extra benefits such as life insurance and accident insurance. Executives are employees who have a role in the company characterised by a high degree of professionalism, autonomy and power and carry out their functions in order to promote, coordinate and manage the achievement of the objectives of the enterprise.				
KPI Parental Leave				
GRI Indicator   401-3   Parental Leave				
Total number of employees that took parental leave				
	Units	Return to work	Retention rate	
Male	0	-	-	
Female	6	1	100%	
KPI Health and safety				
GRI Indicator   416-2   Incidents of non-compliance concerning the health and safety impacts of products and services				
Incidents of non-compliance with regulations and/or voluntary codes				
	2022	2021		
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0		
Incidents of non-compliance with regulations resulting in a warning	0	0		
Incidents of non-compliance with voluntary codes	0	0		
Total	0	0		
KPI	GRI Disclosure	Description	Target	
Employee turnover	401-1	Negative employee turnover (terminations)	< 15%	
		Positive employee turnover (new hires)	Pos > Neg	
Health and Safety	416-2	Incidents of non-compliance with regulations and/or voluntary codes	0	



## Our approach

The measurement of people’s wellbeing encompasses various aspects, and we have chosen to use five key performance indicators (KPIs) to assess it. Four of these KPIs are related to the working environment, and include turnover, wage, benefits, and parental leave, while the other focuses on working conditions, specifically health and safety.

Negative employee turnover tracks the number of people who have left the company, while positive employee turnover accounts for new hires. These quantitative data points must be complemented with qualitative data for a comprehensive analysis. Quantitative data, therefore, serves as an indication and acts as a threshold that triggers a warning signal.

When such a signal is raised, the matter is escalated for thorough analysis in collaboration with top management. Although we couldn’t identify an ideal GRI (Global Reporting Initiative) indicator that adequately represents work-life balance in its entirety, we decided to allow our employees to be evaluated based on the goals achieved rather than on the hours they work. This guiding principle forms the basis of an innovative smart working project currently under development at Arper. The project is set to be fully implemented in 2023, with significant progress made in shaping the underlying concept throughout 2022.

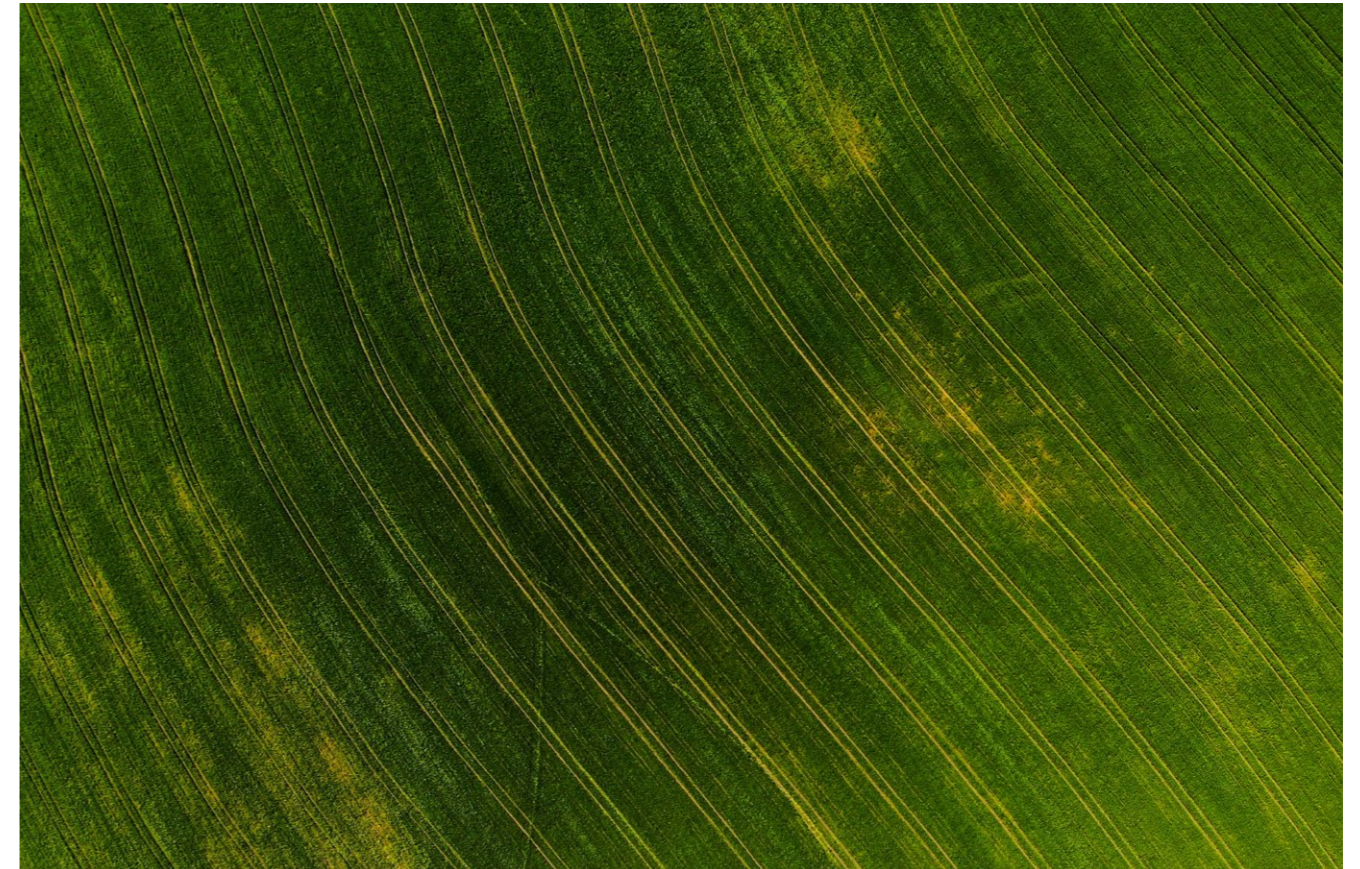


## Progress and activities in 2022

### Groundwork for Arper Flow, Arper's new remote working universe

Arper Flow, Arper's new innovative smart working program, represents a significant step forward in implementing an organizational culture that is increasingly focused on people centricity. It is in line with Arper's "10 jobs in 5 years" strategy and serves as one of our main responses to value and prioritize people within our company. Arper Flow is centered around the concept of free smart working, meaning its aim is to empower our teams by

providing them with the freedom to adapt their work methods to the evolving business landscape. The essence of Arper Flow lies in the ability to build a customized work approach that serves the specific needs of each team. By doing so, we can ensure that our work is aligned with the ever-changing demands of our business in a more efficient and responsible manner. Trust, responsibility, and autonomy are the key drivers of Arper Flow.



### Slow mobility project (e-bikes)

The "Sustainable Mobility On the Go" (S.M.O.G.) project is an innovative initiative aimed at promoting sustainable transportation and at reducing carbon emissions. This project, developed by Arper, allows employees to use electric mountain bikes for their daily commute to and from work. By replacing traditional models of transportation with e-bikes, we aim to combat air pollution and foster a healthier lifestyle.

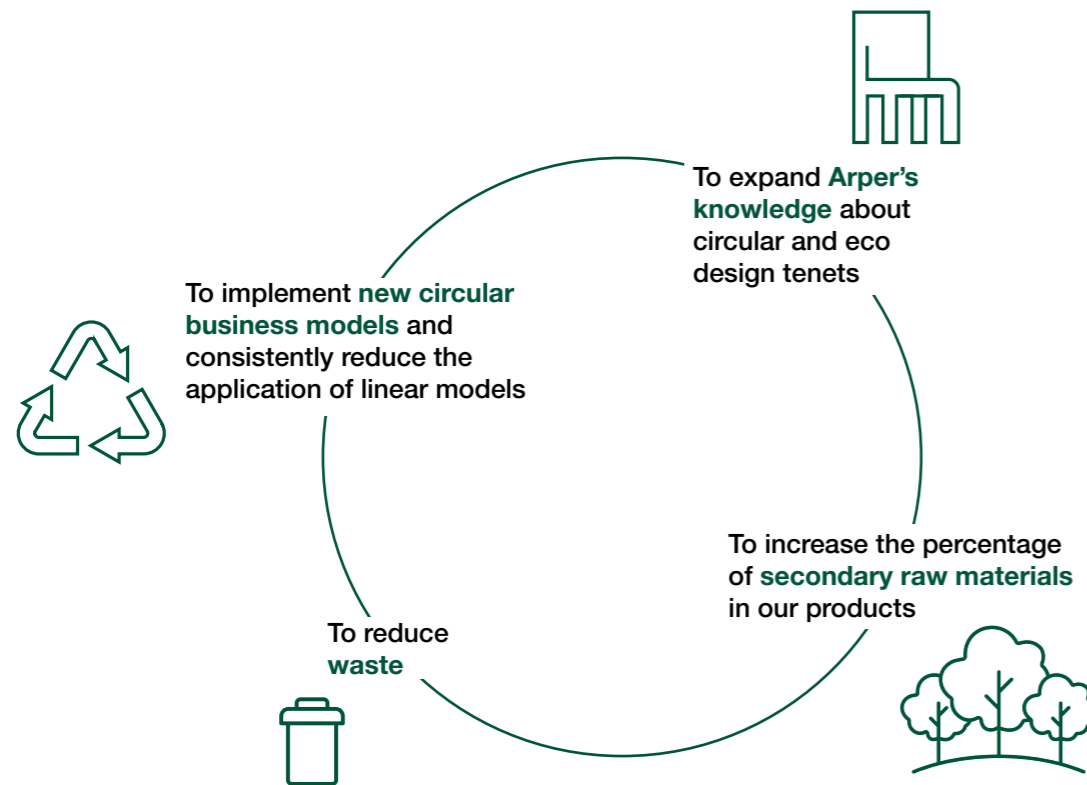
Furthermore, the S.M.O.G. project offers an exciting incentive. Participants can accumulate points through this initiative, which can be applied towards the Bike-To-Work program, endorsed by the Marca Trevigiana, the local council association, which rewards cyclists based on the distance they cover on their bikes. This project represents an important step towards a more sustainable future.

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
ISO 45001 certification	●	
Greenguard Gold certification on all seatings	●	

## 2.2 Transition to a circular economy

At Arper, our objective is to actively contribute to the shift from a linear economy to a circular economy. We achieve this by developing products, services, and collaborations that prioritize biodiversity and the preservation of the global ecosystem. Additionally, we are committed to minimizing waste generation through a comprehensive approach focused on prevention, reduction and reuse of both products and packaging materials.

### Main goals



## Indicators

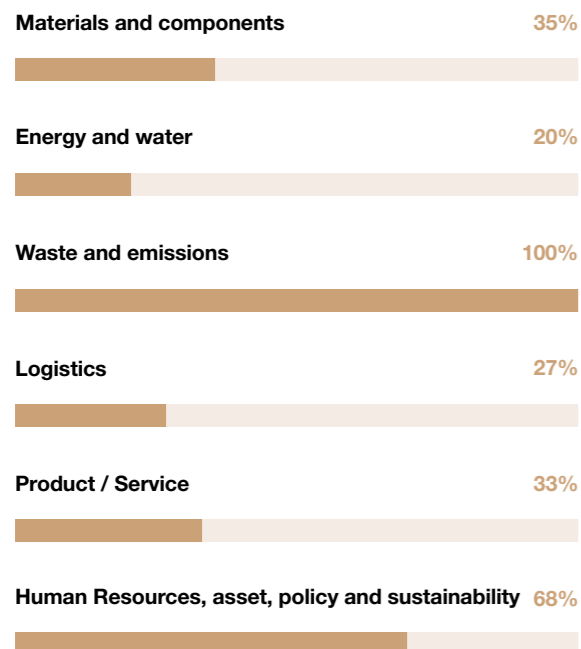
Secondary raw materials used							
301-1   Materials used by weight or volume							
Total weight of materials used to produce and package the organisation's primary products and services							
	U.m.	2022			2021		
		Non-Renewable	Renewable	Total	Non-Renewable	Renewable	Total
Raw materials	tons	0	0	0	0	0	0
Associated process materials	tons	0	0	0	0	0	0
Semi-manufactured goods or parts	tons	2,080.87	1,383.26	3,464.13	3,001.12	101.50	3,102.62
Materials for packaging purposes	tons	7.23	372.93	380.16	27.04	566.40	593.44
<b>Total</b>	<b>tons</b>	<b>2,088.10</b>	<b>1,756.19</b>	<b>3,844.29</b>	<b>3,028.16</b>	<b>380.16</b>	<b>3,696.06</b>
301-2   Recycled input materials used							
Percentage of recycled input materials used to manufacture the organization's primary products and services							
	U.m.	2022			2021		
Total recycled input materials used	t		275.95	N/A			
Total input materials used (packaging excluded)	t		3,464.13	3,102.62			
Percentage of recycled input materials used	%		7.96%	N/A			
301-3   Reclaimed products and their packaging materials							
Reclaimed products and their packaging materials							
	U.m.	2022			2021		
Products and their packaging materials reclaimed within the reporting period	n		0			0	
Products sold within the reporting period	n		196,807			187,803	
Percentage of reclaimed products and their packaging materials	%		0.0%			0.0%	
KPI Waste							
306-3   Waste generated							
Waste produced / Waste intensity							
	U.m.		2022		2021		
			Tons disposed	%	Tons disposed	%	
Paper/Cardboard	tons	Recovery	77.36	42.0%	84.32	39.7%	
Metal	tons	Recovery	2.75	1.5%	6.69	3.1%	
Plastics	tons	Recovery	10.92	5.9%	16.72	7.9%	
Fabric & Leather	tons	Recovery	2.80	1.5%	6.98	3.3%	
Wood	tons	Recovery	33.68	18.3%	45.46	21.4%	
Effluents	tons	Disposal	6.84	3.7%	11.05	5.2%	
Hazardous waste	tons	Disposal	1.25	0.7%	1.16	0.5%	
Other	tons	Disposal	48.75	26.4%	40.22	18.9%	
<b>Total</b>	<b>tons</b>		<b>184.35</b>	<b>100.0%</b>	<b>212.60</b>	<b>100.0%</b>	
Waste intensity (Waste produced/Materials used)				4.8%		5.8%	
KPI   Circularity index							
ARP-1   Circularity index							
TECLA Score							
TECLA circularity score							%
							43.0
KPI	GRI Disclosure	Description	Target	Year			
Secondary raw materials used	301-2	Percentage of recycled input materials used to manufacture the organisation's primary products and services	0,05	2027			
	301-3	Reclaimed products and their packaging materials	0,05	2027			
Waste	306-3	Waste produced/Waste intensity	-10%	2027			
Circularity index	ARP-1	TECLA score by Federlegnoarredo	45%	2025			

The TECLA (Tool Economia Circolare Legno-Arredo) - developed by FederlegnoArredo (federlegnoarredo.it) - measures the circularity of the processes of an organization based on the UNI/TS 11820 technical specification: "Measurement of circularity. Methods and indicators for measuring circular processes in organizations". The UNI/TS 11820 technical specification,

which entered into force on 30 November 2022, defines a set of indicators in order to evaluate, through a rating system, the level of circularity of an organization. This system does not provide minimum levels of circularity but gives an assessment of the level achieved. The circularity indicators are divided into six categories:

Material Resources and Components	Energy and water resources	Waste and emissions
Logistics	Product/Service	Human resources, assets, policies and sustainability

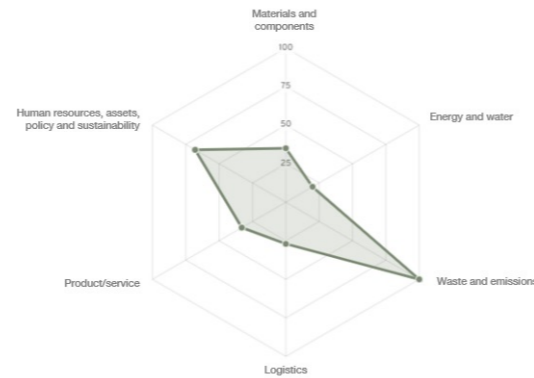
By completing a survey, companies are able to identify a level of circularity and the most suitable path for improvement towards the circular economy transition. Upon completion of the survey, TECLA returns a numerical percentage value which certifies the level of circularity of the organization, in accordance with UNI/TS 11820, through a first-party assessment activity, i.e., a self-assessment (type II environmental label). In addition, for each category of circularity indicator, a score with related feedback and possible improvement solutions is assigned.



TECLA (Tool per l'Economia Circolare nel LegnoArredo)  
Your circularity score is 43%, which corresponds to an Excellent level

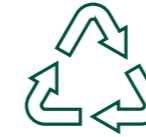
Last Save: 12/07/2023 | Andrea Mulloni | Arper spa

TOTAL EVALUATION



Tool available only in Italian language at www.fla-plus.it. Translation has been provided internally.

## Details for 2021



Total sent to recovery  
117.27 tons

categories: leather scraps, textiles, plastics, paper and cardboard packaging, wood packaging, mixed material packaging, organic waste, aluminum, iron and steel, insulation materials, mixed recyclables, cardboard



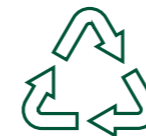
Total sent to disposal  
56.63 tons

categories: septic tank sludge, industrial waste, landfill waste

Corium has been excluded from the calculation in 2021

Fabric data includes textiles and leather scraps

## Details for 2022



Total sent to recovery  
60.76 tons

categories: leather scraps, textiles, plastics, paper and cardboard packaging, wood packaging, mixed material packaging, organic waste, aluminum, iron and steel, insulation materials, mixed recyclables, cardboard



Total sent to disposal  
138.06 tons

categories: septic tank sludge, industrial waste, landfill waste

Corium has been included from the calculation in 2022

Fabric data includes textiles and leather scraps

Source: Corporate Carbon Footprint 2022



## Our approach

The company has developed a policy that focuses on establishing a comprehensive system that the quality of input materials and facilitates the regranulation and reinjection of these materials for the production of new chairs. To achieve this goal, the company will implement various intermediate steps with a primary emphasis on adopting circular business models. In 2023, the company's primary focus will be on establishing a scalable refurbishment system, which will enable the efficient and effective refurbishment of chairs, ensuring their extended lifespan and reducing waste. In 2024, the company plans to formalize and implement a more sophisticated business model, such as the take-back system.

This is a process in which a company retrieves or collects its products or materials from customers after their use or at the end of life. The purpose of the take-back system is to ensure proper handling and management of these products or materials, allowing the circularity of materials. The company's ultimate objective is to transition from a linear model, which heavily relies on the production of new materials, to a circular model. By implementing the take-back system and promoting circularity, the company aims to limit waste and maximize the use of existing materials, thereby contributing to a more sustainable approach to product manufacturing.

## Progress and activities in 2022



### Increase of Post-Industrial PP and First Tests with Post-Consumer PP

As part of our ongoing commitment to sustainability, we have made significant strides in optimizing our material usage. We have successfully increased the utilization of post-industrial polypropylene (PP) in our production processes. By incorporating post-industrial PP, we reduce waste and minimize our environmental impact. Furthermore, we are proud to announce that we have started off the first tests with post-consumer PP. This development represents a significant step towards a circular economy. Our goal is to launch new versions of products featuring post-consumer PP in 2023, contributing to the reduction of plastic waste and promoting resource conservation.

### Focus Group on Extended Producer Responsibility Scheme

In line with our commitment to responsible product stewardship, we have joined forces with a focus group dedicated to the development of a collective extended producer responsibility (EPR) scheme. This scheme aims to extend the producer's responsibility for a product or service throughout its entire lifecycle, including its end-of-life phase. Through collaboration with Federlegno Arredo, the project owner, we actively contribute to shaping the future of sustainable product management. By participating in this focus group, we share our expertise, perspectives, and best practices, fostering the adoption of comprehensive EPR policies and driving industry-wide change.

### Arper District Project

We have launched the Arper District project to promote awareness and collaboration within our supply chain. This initiative aims to communicate our sustainability targets, as well as the processes we have implemented to achieve them. By engaging our suppliers, we encourage them to align their practices with our sustainability goals. Through knowledge sharing and cooperation, we strive to create a more sustainable value chain.



### Collaboration for Refurbishment Services

Recognizing the importance of product lifecycle management, we have established a collaboration with a major partner based in the Netherlands. This partnership enables us to provide a refurbishment service for our products, extending their lifespan and reducing waste.

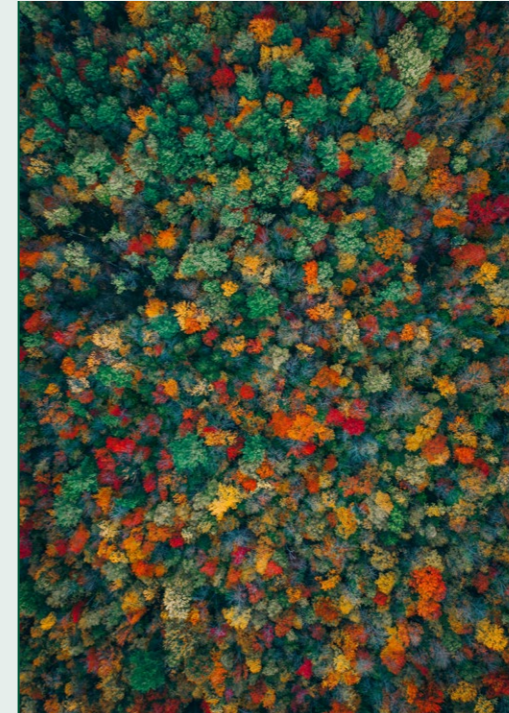
By refurbishing and repairing our items, we contribute to a circular economy model that prioritizes resource conservation over disposal. This initiative also helps us meet the evolving demands of our customers, who increasingly value sustainable and durable products.

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Product brief based on eco-design principles	●	Project has been planned for 2023.
Product Life Cycle Assessments	●	LCAs are time and money intensive, therefore a detailed certification strategy is needed.
Use of post-consumer polypropylene (PCP)	●	First product in PCP due in 2023.
Refurbishment project has been implemented for the Benelux area	●	Ramp-up phase. Quick deployment over DACH is expected.
ESG rating for all strategic suppliers	●	Meeting in person when explaining goals is a big boost.

## 2.3 Reduction of the environmental impact

Every production activity has a significant environmental impact. In addition to adhering to legal and regulatory requirements, we proactively engage in identifying the significant concerns associated with these activities and implement mitigation strategies to ensure continuous improvement. Our efforts are dedicated to identifying and organizing specific areas for development, with the aim of defining objectives and optimizing outcomes.

### Main goals



# Indicators

Corporate carbon footprint						
305-1/2/3   GHG Emissions (Direct / Energy indirect / Other indirect)						
GHG Emissions (Scope 1-2-3)						
		2022		2021		
		Value	Unit	Baseline		
Scope 1	Category 1	t CO2eq	196.43		290.80	
Scope 2	Category 2	t CO2eq	454.85		449.46	
	Category 3	t CO2eq	2,151.58		2,225.54	
Scope 3	Category 4	t CO2eq	13,393.03		9,077.10	
	Category 5	t CO2eq	330.88		253.11	
	Category 6	t CO2eq	28.19		45.17	
<b>Total</b>		<b>t CO2eq</b>	<b>16,544.95</b>		<b>12,341.19</b>	
<b>CO2 biogenic</b>		<b>t CO2eq</b>	<b>-1,925.54</b>		<b>6,41</b>	
305-4   GHG emissions intensity						
GHG emissions intensity						
		2022		2021		
		Value	Unit	Baseline		
Total emissions (Scope 1-2-3)		kg CO2eq	16,554,953		12,341,189	
Total number of finished products		n.	224,830		214,545	
Sales turnover		€	59,364,040		51,662,433	
Total weight of finished products		kg	3,844,293		3,696,064	
Emission intensity ratio (units)		kg CO2eq/unit	73.63		57.52	
Emission intensity ratio (turnover)		kg CO2eq/€	0.28		0.24	
Emission intensity ratio (weight)		kg CO2eq/kg	4.31		3.34	
KPI Energy						
302-1   Energy consumption within the organisation						
Total company vehicles						
		2022		2021		
		Baseline				
		Unit	Total	Total GJ	Total	Total GJ
Diesel	Renewable	liter	0	0	0	0
	Non-renewable	liter	77,451	2,793.18	61,664	2,644.16
Gasoline	Renewable	liter	0	0	0	0
	Non-renewable	liter	4,891	162.00	795	35.47
Electricity	Renewable	kWh	970	3.49	328	1.18
	Non-renewable	kWh	0	0	0	0
<b>Total fuel consumption</b>	<b>Renewable</b>	<b>GJ</b>		<b>3.49</b>		<b>1.18</b>
	<b>Non-renewable</b>	<b>GJ</b>		<b>2,955.18</b>		<b>2,679.63</b>

Total energy consumption						
		2022		2021		
		Baseline				
		Unit	Total	Total GJ	Total	Total GJ
Electricity	Renewable	kWh	839,512	3,022.24	852,982	3,070.73
	Non-renewable	kWh	287,297	1,034.27	274,592	988.53
Natural gas	Renewable	smc	0	0	0	0
	Non-renewable	smc	62,409	2,031.37	126,581	4,120.13
<b>Total energy consumption</b>	<b>Renewable</b>	<b>GJ</b>		<b>3,022.24</b>		<b>3,070.73</b>
	<b>Non-renewable</b>	<b>GJ</b>		<b>3,065.64</b>		<b>5,108.66</b>
302-3   Energy intensity						
Intensity of energy within the organisation						
		2022		2021		
		Value	Unit	Baseline		
Total Energy consumption		GJ	4,056.51		3,577.18	
Total number of finished products		n.	224,830		214,545	
Sales turnover		m€	59,364.04		51,662.43	
Total weight of finished products		t	3,844.29		3,696.06	
Energy intensity ratio (units)		GJ/unit	0.018		0.016	
Energy intensity ratio (turnover)		GJ/m€	0.068		0.069	
<b>Energy intensity ratio (weight)</b>		<b>GJ/t</b>		<b>1.055</b>		<b>0.967</b>
KPI Water						
303-3   Water withdrawal						
Water withdrawal sources						
		2022		2021		
		Baseline				
		Unit	Freshwater	Other water	Freshwater	Other water
Surface water		ML	0	0	0	0
Ground water		ML	0	0	0	0
Third-party water		ML	5,273	0	5,164	0
<b>Total freshwater</b>		<b>ML</b>	<b>5,273</b>	<b>0</b>	<b>5,164</b>	<b>0</b>
<b>Total other water</b>		<b>ML</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
KPI	GRI Disclosure	Description	Target	Year		
Corporate carbon footprint	305-1/2/3	GHG emissions	-42% (Scope 1/2) and between -25% and -42% (Scope 3)	2030		
Energy	302-1	Total energy consumption	100% electricity from renewable sources	2027		
Water	303-3	Water withdrawal sources	-20%	2027		

## Our approach

In 2022, overall emissions have increased both in terms of absolute values and intensity. This was clearly expected, due to two main factors: (a) turnover increase, and (b) a product mix shift from not upholstered to upholstered items (7.9% vs. 17.7% increase), and from seatings to sofas (13.5% vs. 28.1% increase). This change of direction will need to be further investigated and – if confirmed – the planned activities related to the implementation of recycled polyurethanes will need to be anticipated.

While Scope 3 has increased due to the reasons mentioned above, an overall decrease in Scope 1/2 was made possible by facility upgrades and a set of best practices implemented during the year. The supply chain and the transportation of products are currently responsible for the largest carbon footprint. Hence, our primary focus lies on these two areas to achieve our targets. Our main objective is to develop low impact products and to encourage our supplier network to make a transition towards a more responsible production process, particularly in critical external operations such as leather production, aluminum processing, and steel working. Some progress has already been observed in 2022 compared to 2021, primarily due to the collaboration with three key suppliers, from whom we collected primary data. In 2022, one of these suppliers made the decision to install a large-scale photovoltaic system, resulting in a significant reduction in non-renewable energy consumption. Nonetheless, the actions initiated in 2021 are not yet reflected in the 2022 data, instilling hope

for a more consistent reduction in emission intensity in the coming years.

Regarding transportation, we have been collecting data to assess the feasibility of transitioning to electric vehicles for milk-run transportation within the HQ-warehouse-suppliers triangle, covering approximately 200,000 kilometers annually. Currently, this opportunity is still undergoing evaluation. Furthermore, we firmly believe that the collective effort of the entire Arper community is fundamental to achieve our ambitious targets. Consequently, we have initiated a company-wide workshop, lined up to produce results in 2023, with the aim of identifying carbon reduction opportunities within individual departments. Each team will contribute practical ideas derived from their day-to-day activities. After collection and analysis of GHG data, 2022 has been chosen as a baseline instead of 2021 for three main reasons:

- 2021 data have been heavily biased by COVID, which was an unexpected and rather unique event
- In 2021 we familiarized for the first time with the corporate carbon footprint methodology, which led to some minor teething problems
- 2022 data delivers a more exhaustive extent of scope 3 emissions, since supplier's coverage has increased from 75.60% in 2021 to 79.54% in 2022, coming extremely close to the 80% threshold suggested by third-party experts.



## Progress and activities in 2022

### Corporate Carbon Footprint 2021

As part of our sustainability project, we have conducted a comprehensive assessment of our corporate carbon footprint for the year 2021. This evaluation provides us with a clear understanding of the greenhouse gas emissions generated by our operations, including manufacturing, transportation, and office activities. By quantifying our carbon footprint, we can identify the primary sources of emissions and develop targeted strategies to reduce our environmental impact. This assessment serves as a vital baseline for tracking our progress towards achieving carbon neutrality and supports our commitment to combat climate change.

### Workshop with Arper SPA for Impact Reduction

We have started a workshop with Arper SPA, to identify practical opportunities to reduce our environmental impact. Through this ongoing workshop, which extends into 2023, we analyze various aspects of our operations, such as energy consumption, waste management, and supply chain logistics, with the goal of implementing effective measures that align with our sustainability objectives. With this project we aim to enhance our collective knowledge and strengthen our commitment to sustainable business practices.

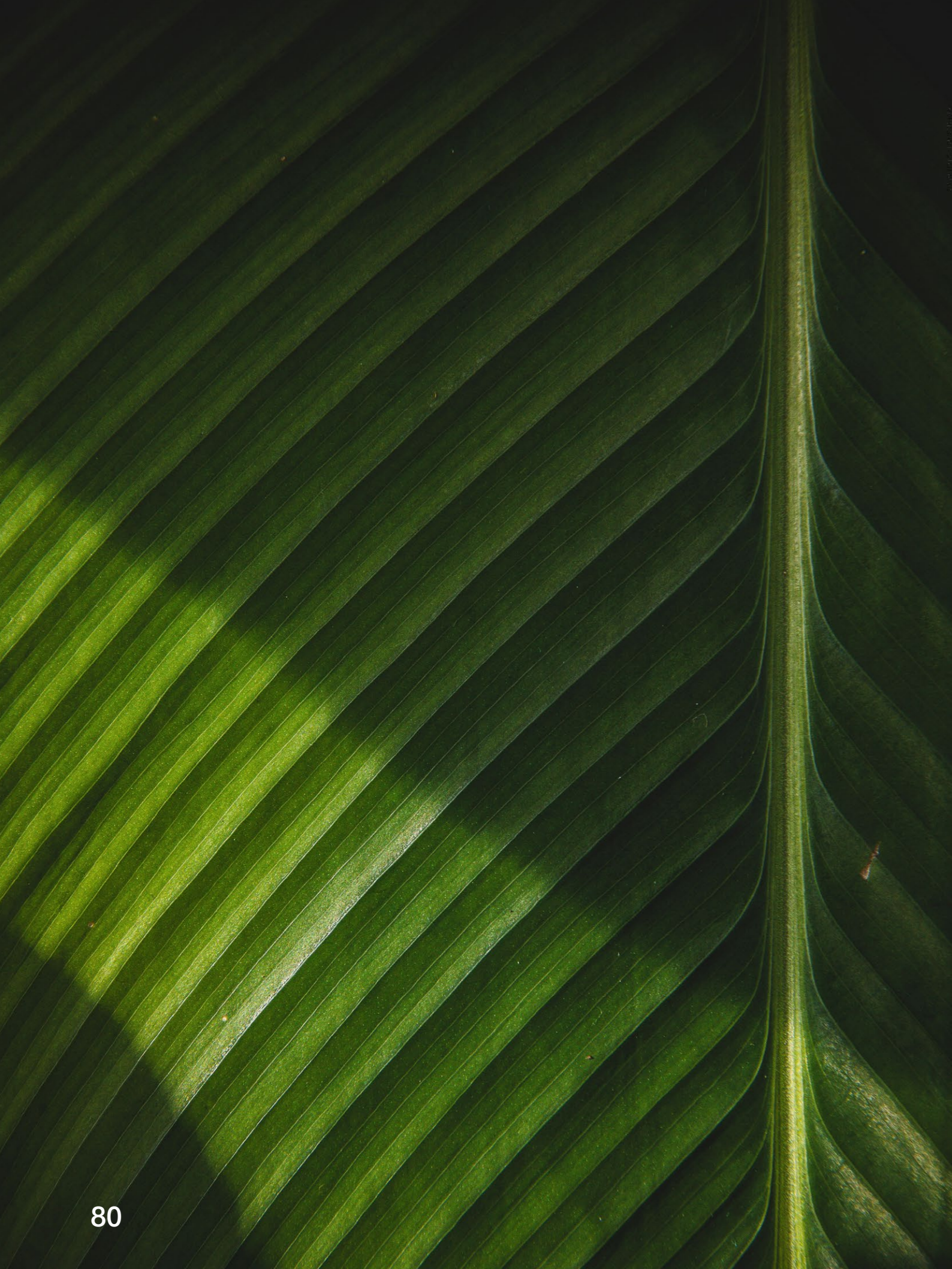


### Life Cycle Assessment (LCA) Training

As part of our dedication to integrating sustainability into all aspects of product development, we have invested in training our team members on Life Cycle Assessment (LCA). LCA is a systematic method that evaluates the environmental impacts of a product throughout its entire

life cycle, from raw material extraction to end-of-life disposal. By equipping our staff with LCA skills, we empower them to assess and optimize the environmental performance of our products during intermediate phases of development.

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Corporate carbon footprint evaluation	●	
Environmental impact reduction strategy	●	Developed in late 2022, implementation from 2023 onwards
Implementation of a company Code of Conduct (best practices)	●	
ISO 14001 certification	●	ISO 50001 planned for 2023



3



# HOW WE DO THIS: THE LEVERS OF CHANGE



## Introduction

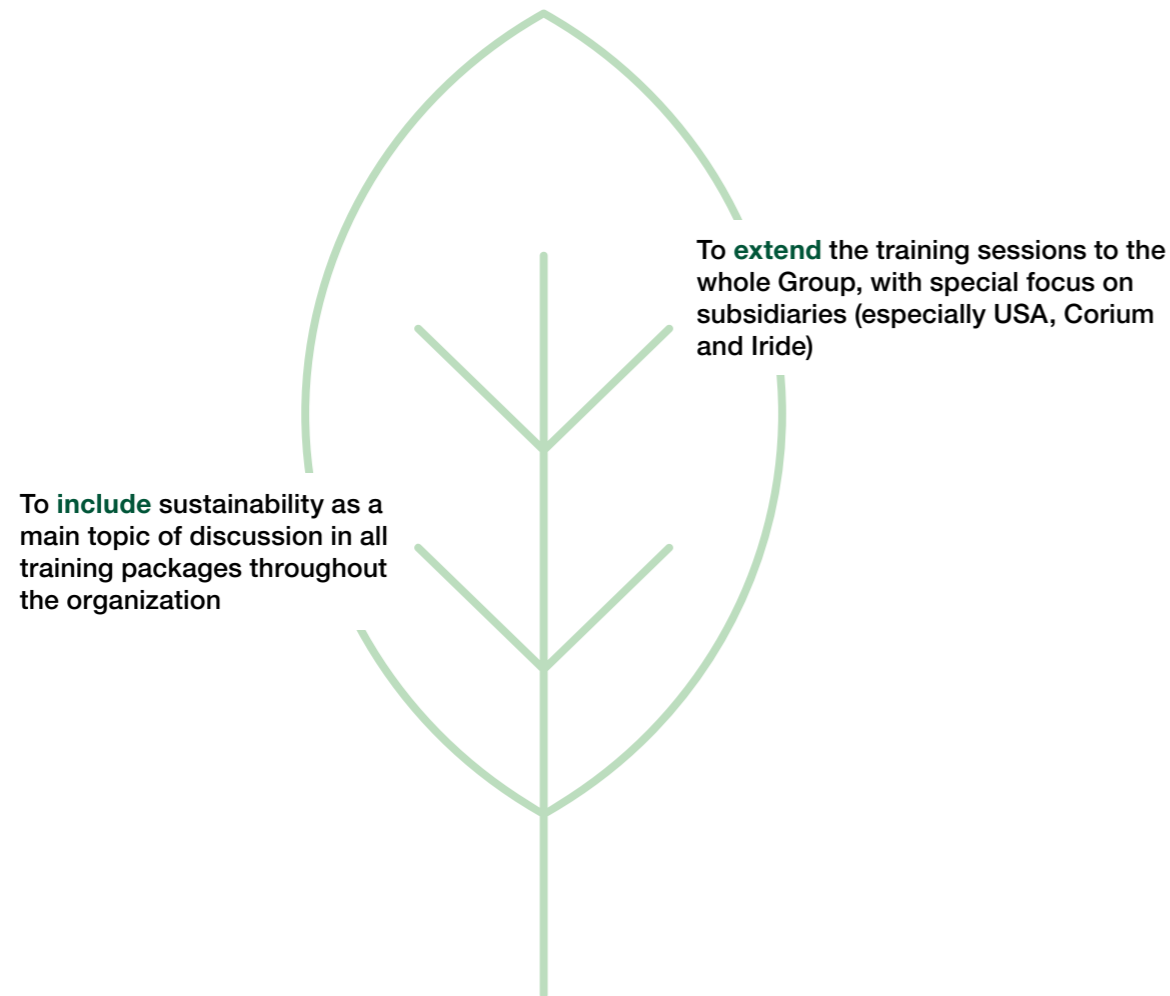
In order to achieve the three main goals of our strategy — which we named “the pillars” — we need to create a suitable infrastructure made of processes — but also mindsets - that allow projects and plans to be developed and executed. The levers of change, which in this report are being accounted for in terms of materiality topic, contribute to create the necessary ground for things to grow and settle.

Each one of them will be treated in a similar way, with a definition that will introduce our policy and targets, which will be tracked by specific indicators. Finally, a recap of the activities finalized and/or started in 2022 will be produced.

## 3.2 Engagement and corporate culture

The role that sustainability plays in our daily actions must become the engine to generate awareness. Corporate culture has to guarantee space and prominence to this commitment, as well as building from our existing values, to align the Arper people on corporate sustainability goals.

### Main goals



## Indicators

Internal training on sustainability issues				
404-1   Average hours of training per year per employee				
Total hours of training per year per employee				
		2022		
	Unit	Male	Female	Total
Senior Management	Hours	172	108	280
Middle Management	Hours	342	284	626
Specialized Workers	Hours	260	236	496
Other Workers	Hours	558	632	1,19
<b>Total</b>	<b>Hours</b>	<b>1,332</b>	<b>1260</b>	<b>2,592</b>
Annual training hours per capita by professional category and gender				
		2022		
	Unit	Male	Female	Total
Senior Management	Hours	9.6	15.4	11.2
Middle Management	Hours	17.1	10.9	13.6
Specialized Workers	Hours	3.6	4.5	4.0
Other Workers	Hours	18.0	18.6	18.3
<b>Total</b>	<b>Hours</b>	<b>9.4</b>	<b>10.6</b>	<b>9.9</b>
404-2   Programs for upgrading employee skills and transition assistance programs				
The human resources office organises and executes training courses for the different categories of employees to improve technical and transversal skills. Major blocks include onboarding for new hires, leadership courses, sustainability initiatives and role-specific courses.				

KPI	GRI Disclosure	Description	Target	Year
Internal training on sustainability issues	404-1	Annual training hours per capita	Training on sustainability topics +10%	2023
		Total hours of training per year per employee	Extend to all subsidiaries	2023



## Our approach

Arper is strongly committed to creating opportunities for all its people to grow their skill sets. This is because we believe that better people can do a better job and contribute to maintaining the company's competitiveness and leadership, which is one of the main objectives of Job n. 4 (see chapter "10 Jobs in 5 Years" for a complete list of jobs). Training should be directed to all employees, regardless of their position or contract. Due to the particular structure of our business, choices need to be made in terms of priority when it comes to specific training.

Sustainability is a cross-department training topic being offered company-wide. Sustainability training activities shall aim to create a comprehensive corporate culture of sustainability, as well as a sense of urgency, engagement and belonging. In fact, it is only with the collaboration of all parties that a company can truly pursue environmental and social responsibility and accelerate the transition to a better world. Furthermore, cross-department training allows us to create a more inclusive and open working community, where people have chances to get to know each other better.

# Progress and activities in 2022

- The number of people engaged in environmental and social topics reached 150, indicating a growing awareness and interest within the company
- The focus of sustainability training in 2022 was twofold: creating a sense of urgency among employees and providing an in-depth understanding of ecolabels and Arper's compliance strategy
- A corporate ambassador team was established, consisting of 11 employees from different departments who volunteered their time and efforts to drive positive change within Arper
- The scope of sustainability training was expanded to include strategic suppliers, with a particular emphasis on fostering a sense of urgency, teaching sustainability fundamentals and explaining ESG ratings. This initiative was part of the larger Arper District Project
- As part of promoting sustainable transportation options, e-bikes were offered to employees for local commuting, encouraging a "bike to work" culture and reducing carbon emissions

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Internal sustainability training to all Arper People	●	Annual training needs to be established as a routine procedure
Development of a mixed-term strategy (long AND short term action plan)	●	

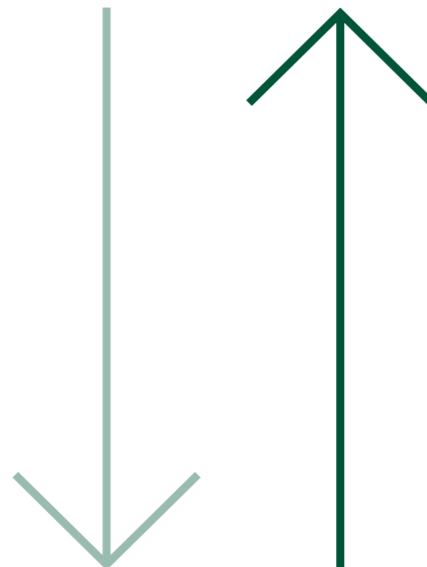


### 3.3 Efficient use of resources

We are committed to implementing initiatives aimed at improving efficiency and limiting our consumption, using renewable resources wherever possible, with the ultimate goal of pursuing higher levels of eco-efficiency and reducing pollution and greenhouse gas emissions. We want to apply the 5 R strategy (Refuse, Reduce, Reuse, Repair, Recycle) wherever possible and we aim to eliminate waste in all its forms.

#### Main goals

To **reduce** the waste generated by our own processes and those of our supply chain

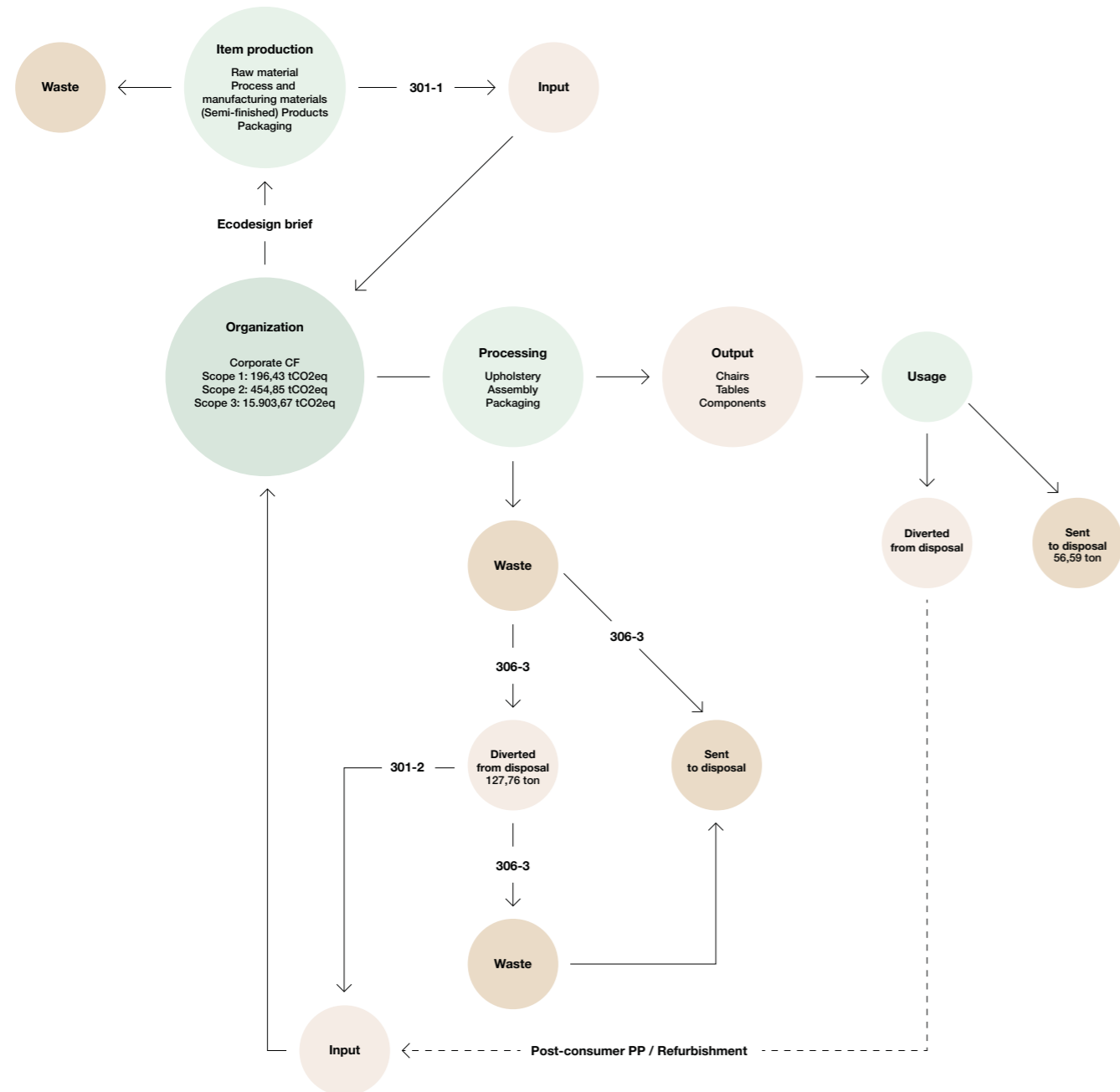


To **increase** the percentage of secondary raw materials used

### Indicators

Secondary raw materials used							
301-1   Materials used by weight or volume							
Total weight of materials used to produce and package the organisation's primary products and services							
	U.m.	2022			2021		
		Non Renewable	Renewable	Total	Non Renewable	Renewable	Total
Raw materials	tons	0	0	0	0	0	0
Associated process materials	tons	0	0	0	0	0	0
Semi-manufactured goods or parts	tons	2,080.87	1,383.26	3,464.13	3,001.12	101.50	3,102.62
Materials for packaging purposes	tons	7.23	372.93	380.16	27.04	566.40	593.44
<b>Total</b>	<b>tons</b>	<b>2,088.10</b>	<b>1,756.19</b>	<b>3,844.29</b>	<b>3,028.16</b>	<b>667.90</b>	<b>3,696.06</b>
Waste							
306-3   Waste generated							
Waste produced / Waste intensity							
	U.m.	2022		2021			
		Tons disposed	%	Tons disposed	%		
Paper/Cardboard	tons	77.36	42.0%	84.32	39.7%		
Metal	tons	2.75	1.5%	6.69	3.1%		
Plastic	tons	10.92	5.9%	16.72	7.9%		
Fabric & Leather	tons	2.80	1.5%	6.98	3.3%		
Wood	tons	33.68	18.3%	45.46	21.4%		
Effluents	tons	6.84	3.7%	11.05	5.2%		
Hazardous waste	tons	1.25	0.7%	1.16	0.5%		
Other	tons	48.75	26.4%	40.22	18.9%		
<b>Total</b>	<b>tons</b>	<b>184.35</b>	<b>100.0%</b>	<b>212.60</b>	<b>100.0%</b>		
<b>Waste intensity (Waste produced/Materials used)</b>			<b>4.8%</b>		<b>5.8%</b>		
306-1   Waste generation and significant waste-related impacts							
The following graphics explains Arper's production model. Black boxes represent waste outputs. This process modelling allows us to clearly identify the points where we have to take action.							
KPI	GRI Disclosure	Description			Target	Year	
Waste	306-3	Waste produced/Waste intensity			0,1	2027	

## Arper's Process Flow 2022 (GRI 306-1)



← - - - Full deployment in 2023

## Our approach

Our approach focuses on two main tasks: (a) use secondary raw materials and (b) reduce waste. We are lagging on both aspects, since we prioritized other activities in 2022 (e.g. first-ever corporate carbon footprint, development of strategic action plan deployment over the next 5 years). In the near future we will focus on – in addition to the two tasks mentioned above – increasing resource efficiency by extending the life of our products, as well as limiting energy consumption and reducing the number of materials used in packaging.

We will use a checklist divided into four macro-areas ranging from services, to design, to marketing tools and the use of materials. The key elements with respect to the latter are:

- The search for new materials that can push Arper toward the development of a circular economy
- The increased use of secondary raw materials
- The focus on product quality and durability aimed at guaranteeing the extension of the product life cycle, as well as ease of repair and remanufacturing
- The prioritization of aspects such as the disassembly and separability of the finished product in order to allow the recovery, reuse and recycling of raw materials

- The careful analysis aimed at minimizing the use of materials and resources, with the ultimate goal of avoiding waste
- The correct management of non-secondary raw materials, avoiding the use of substances harmful to the environment during the processing or use of the product, prioritizing compliance with international standards such as REACH and GECA
- The use of wood and paper from controlled and certified sources, aimed at guaranteeing the chain of custody
- Providing transparency and information to users regarding the management of the end of life of products

The checklist is constantly updated and aims to include additional aspects that support the evolution of the sustainability strategy outlined by the company.



## Progress and Activities in 2022

- Arper conducted internal assessments on specific collection items made from post-consumer polypropylene, aiming to evaluate their viability and sustainability
- Arper focused on strengthening its partnership with a producer of post-consumer polypropylene, emphasizing the importance of sourcing sustainable materials for their products
- The initial version of a waste management policy was developed, intending to analyze waste outlets and implement strategies to reduce waste across the company
- Arper's first refurbishment partnership was developed and launched in the Netherlands

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Introduction of post-consumer PP into new products and product revisions	●	
Waste management policy	●	Not ready yet, but instrumental in order to implement a circular business model
Scaling up of current refurbishment partnerships	●	Geographical implementation needs to be clearly outlined
Arper District project	●	Currently limited to 32 suppliers. Focus in 2023 will be on how to expand the project to a larger target.

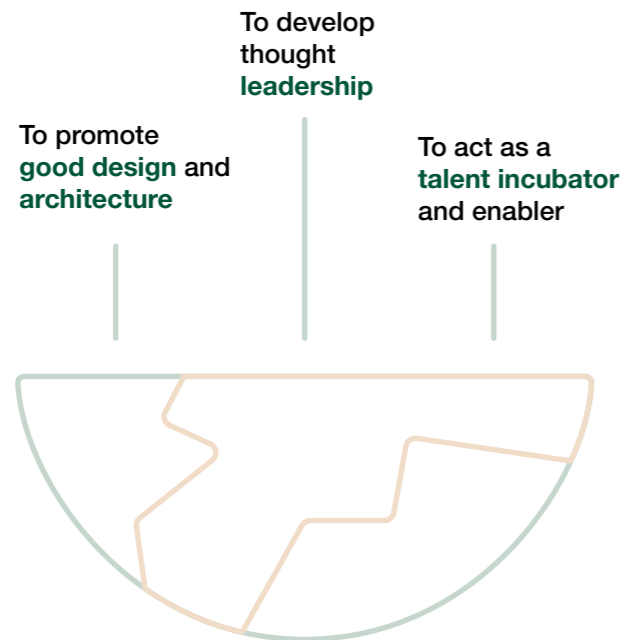


### 3.4 Recovery and conservation of the cultural and natural heritage

Taking care of our natural heritage is essential, and it requires the implementation of global guidelines that consider the origin of the materials and the impact of production choices. At the same time, Arper must commit to preserve and share the existing cultural initiatives and heritage through projects that benefit communities.

#### Main Goals

Aligned with the long-term priority “Enhancing Arper’s cultural identity”, Arper’s cultural initiatives and projects are focused on three main objectives:



Within the framework of corporate social responsibility, Arper supports the local stakeholders network and generates appreciation for cultural initiatives, using them as a tool to foster inclusion and social cohesion.

### Indicators

Cultural Heritage	
Internal Indicator - ARP-2   Cultural projects	
	2022
Projects and initiatives launched	2
Number of contacts/visits to web pages dedicated to Arper's cultural projects	9768
Benefits offered and used by Arper's People	279

#### Projects and initiatives launched



Launch of the “A Lot With Little” Project



Artist in Residence **Alessandro Calabrese**

#### Benefits offered and used by Arper’s People

208

Entrance cards to the **City Museums of Treviso** (“Musei Civici di Treviso”)

4

Guided tours of the **Bailo Museum** in Treviso (46 visitors in total)

42

Entrance tickets to the **Peggy Guggenheim Collection** in Venice

25

Visits to the exhibition held in **Villa Filanda Antonini** (“Residenze d’artista – Alessandro Calabrese”)

The following indicators will be tracked from 2023 onwards:

- Collateral events organized
- Number of new partnerships with institutions/cultural network
- Number of visitors of public exhibitions
- Number of press publications
- Overall degree of cultural readiness of our main stakeholders



## Our approach

'Culture' is a strategic resource for the development of organizations, especially in situations where significant changes in the environmental, economic, and social structures occur.

Arper 'produces culture' as a way of being and engaging in the marketplace: it offers not only solutions to functional problems, but also perspectives, meanings and symbols.

Arper believes that:

- Culture is the 'intangible capital' driving innovation and differentiation by identifying and interpreting the things that matter in the world in which we live
- Culture heritage is a lever in developing identity, reinforcing its pillars (values, beliefs, and behaviors), and striking a balance between stability and change

In addition to this strategic approach, the philanthropic orientation of the Feltrin family further supports cultural endeavors. The cultural goal of the Feltrin's family is expressed in a few key-points:

- Desire to 'go beyond the goals of the business'
- Project identity outward, at the meeting point between people and beauty
- Give concrete form to an inclusive need that is part of Arper's DNA; positively influencing the economic and social context in which it operates

- Promote design in its intangible aspects as well; "presenting ourselves as producers of ideas that embody both vision and meanings"

From this, The Arper Feltrin Foundation was established at the end of 2021.

### The Arper Feltrin Foundation

The Arper Feltrin Foundation's mission is to explore the culture of the territory to which Arper belongs, through contemporary art languages, providing renewed perspectives. Disciplines like art, design, and architecture are regarded as tools to better comprehend the present and ourselves.

### Villa Filanda Antonini

Villa Filanda Antonini is a space dedicated to artists, conceived and directed by Giulio Feltrin and supported by the Arper Feltrin Foundation. Cultural outcomes produced by VFA are shared with the local community through exhibitions, meetings, and debate events.

### Natural Heritage

As our impacts on biodiversity are minimal, we have yet to fully address this topic. However, we aim to keep an eye on this important issue to align with the new ESRS (Environmental and Social Responsibility Strategy). E3 will delve into biodiversity, enabling us to analyze our activities and supply chain's impact more carefully.

## Progress and activities in 2022

### Partnership with Guggenheim Intrapresae

Arper joined Guggenheim Intrapresae, a corporate membership project uniting companies with a passion for art. This provides an opportunity to enhance social and cultural commitments alongside one of Italy's most important museums. Arper has been a member of Guggenheim Intrapresae since 2017.

### Villa Filanda Antonini (a project sponsored by the Arper Feltrin Foundation)

Two Artist residences, three Exhibitions (open to the public and free of charge), one Publication "Il suo buio speciale". This project is the result of a five-month research by the photographer Mattia Balsamini and the writer Pietro Minto, exploring the connection between the digital and physical worlds. The work represents a visual and textual survey of the Veneto region, which is told through a selection of contemporary thinkers born in the area and working in a broad spectrum of science and thought.



### Sponsorship of the production of the exhibition "A Lot With Little"

Arper sponsored the production of the exhibition "A Lot With Little".

This exhibition will feature the works of international architects dedicated to sustainable solutions for homes, schools, the transformation of existing buildings, and disaster relief. The projects emphasize the social impact they have on communities, showcasing how creative ingenuity can overcome resource limitations. The exhibition will be presented through film installations, capturing selected projects in their current settings.

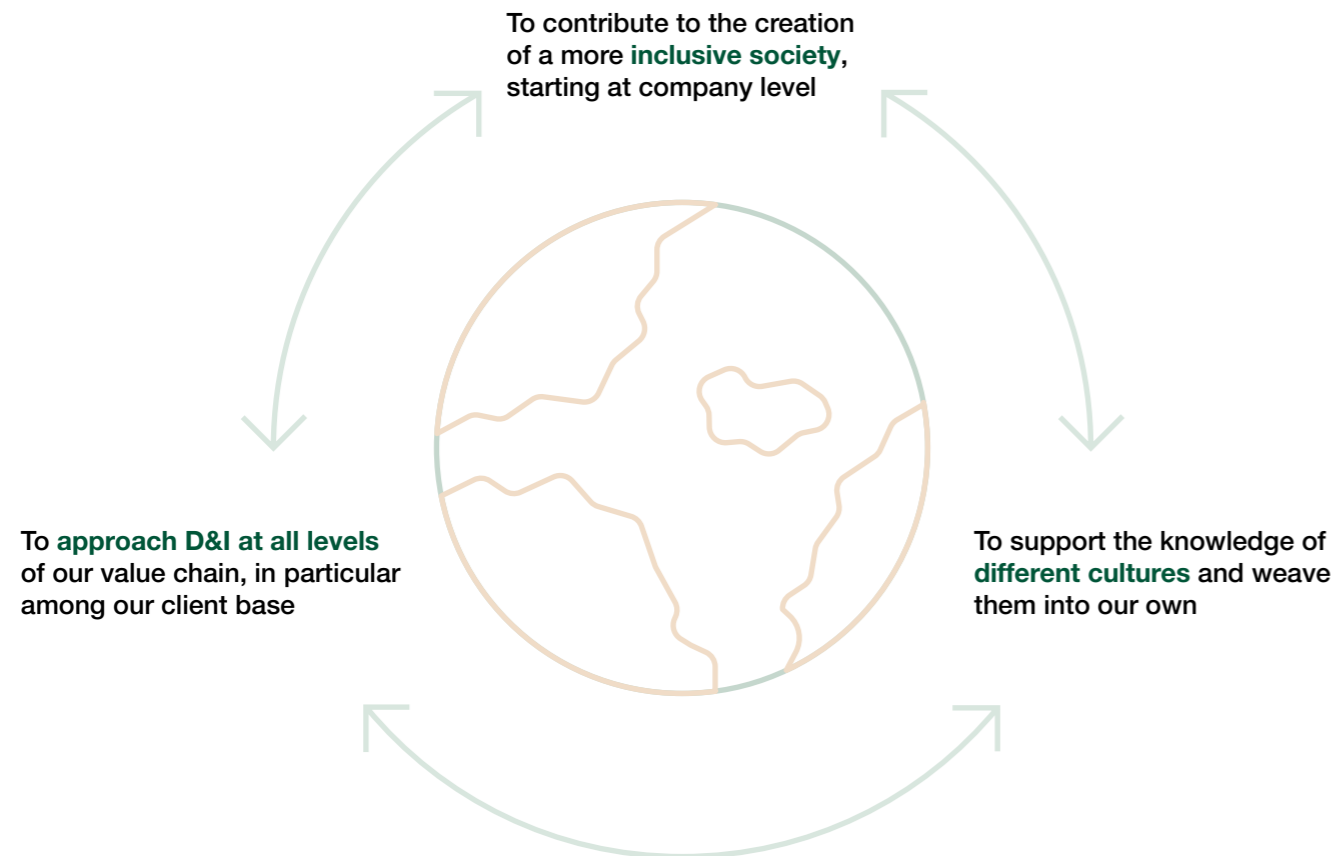
It aims to offer visitors a fully immersive experience, drawing them into each individual building or complex to understand the design challenges and feel what it's like to inhabit these spaces. The exhibition adheres to its principles of sustainability by avoiding the need to transport physical objects, thus generating no waste. Scheduled to launch in 2023, the exhibition will be hosted internationally by cultural institutions and will be accessible to visitors free of charge.

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Sponsoring of cultural projects (museums, exhibitions)	●	

### 3.5 Inclusion, diversity and social protection

We reach out to everyone in order to find shared solutions on issues that can have a significant impact on the organization and — in particular — on human capital. We encourage and foster non-discriminatory behaviors within the Group, as well as embrace and promote diversity (across factors such as age, gender, sexual orientation, disability, nationality, political opinions and religious beliefs), thus enabling the development of an inclusive culture.

#### Main goals



# Indicators

Category and gender					
405-1   Diversity of governance bodies and employees					
Total number of employees by professional category and gender					
2022					
	U.m.	Male	Female	Total by category	Percentage by category
Senior management	n.	18	7	25	9.58
	%	72.00	28.00		
Middle management	n.	20	26	46	17.63
	%	43.48	56.52		
Specialised workers	n.	73	52	125	47.89
	%	58.40	41.60		
Other workers	n.	31	34	65	24.90
	%	47.69	52.31		
<b>Total by gender</b>	n.	<b>142</b>	<b>119</b>	<b>261</b>	
<b>Percentage by gender</b>	%	<b>54.26</b>	<b>45.74</b>		<b>100</b>
Vulnerable groups					
405-1   Diversity of governance bodies and employees					
Total number of employees belonging to vulnerable groups by gender					
2022					
	U.m.	Male	Female	Total by category	Percentage by category
Senior management	n.	0	2	2	7.69
	%	0	100		
Middle management	n.	0	3	3	11.54
	%	0	100		
Specialised workers	n.	2	4	6	23.08
	%	33.33	66.67		
Other workers	n.	1	14	15	57.69
	%	6.67	93.33		
<b>Total by gender</b>	n.	<b>3</b>	<b>23</b>	<b>26</b>	
<b>Percentage by gender</b>	%	<b>11.54</b>	<b>88.46</b>		<b>100</b>
<b>Vulnerable group ratio</b>	%				<b>9.96</b>

Salary and remuneration*				
405-2   Ratio of basic salary and remuneration of women to men				
Remuneration ratio women to men				
2022				
	U.m.	Male (average)	Female (average)	Ratio women to men
Senior management	€	164,232	171,205	104.2
Middle management	€	60,896	53,476.50	87.8
Specialised workers	€	55,067.50	56,9	103.3
Other workers	€	34,332.50	31,396	91.4
<b>Total (average)</b>	<b>€</b>	<b>78,632</b>	<b>78,244.38</b>	<b>99.5</b>
* Significant locations of operation: Arper Spa (HQ and production site), Arper USA (production site). Senior management do not include the President and the CEO of the Group.				
KPI	GRI Disclosure	Description	Target	Year
Vulnerable Groups	405-1	Number of employees belonging to vulnerable groups by gender	Vulnerable group ratio >= 10%	2024
Salary and remuneration	405-2	Remuneration ratio Women to Men	100% in all categories	2027



## Our approach

The need to reflect on the issues of diversity and inclusion arises from the knowledge that more inclusive economies can greatly benefit companies, providing access to new markets, the release of more innovation and greater social stability. Business has much to lose from an economy that fails to fully leverage human capital. Diversity and inclusion are in fact two closely related and interdependent concepts: the first is an expression of the characteristics that shape people, the second is a corporate choice to adequately keep these characteristics in mind and value them. Diversity refers to the differences between groups and individuals and configures people as distinct identities from one another. In this sense, everything that makes us unique falls within the definition of diversity, including ethnicity, age, style, gender, personality, religious and political beliefs, experiences, sexual orientation, psychological, emotional, cognitive, physical, social differences and more. The corporate policies and practices for the management of diversity offer guidelines on how to eliminate discrimination and ensure fairness of opportunity and treatment for all workers. As a result, conscious inclusion creates concrete value. Creating an inclusive working environment, meant as both corporate culture and physical space, offers the opportunity for all employees to feel empowered and influence company performance.

The key principles and values that strengthen the culture of Diversity & Inclusion within the company, inspired by and related to human rights, take the form of:

- Equality**
- Enhancement of human resources**
- Inclusive internal culture**
- Value creation for the company**

Diversity and inclusion in Arper is not an area of expertise relegated to Human Resources, but it is part of a broader corporate strategy, promoted by the senior management. In fact, companies that embrace diversity and participation and that respect and recognize what makes people different, whether it be age, gender, ethnic background, religion, disability, sexual orientation, education or national origin, perform better, and therefore generate greater value.

## Progress and activities in 2022

- There were no discrimination incidents, and therefore no corrective actions undertaken (GRI 406-1)
- We developed the supplier's code of conduct
- We started working on an ESG rating for strategic suppliers

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Development of an internal Code of Conduct	●	
Supplier's Code of Conduct	●	
ESG rating for suppliers	●	
ESG rating for Arper	●	

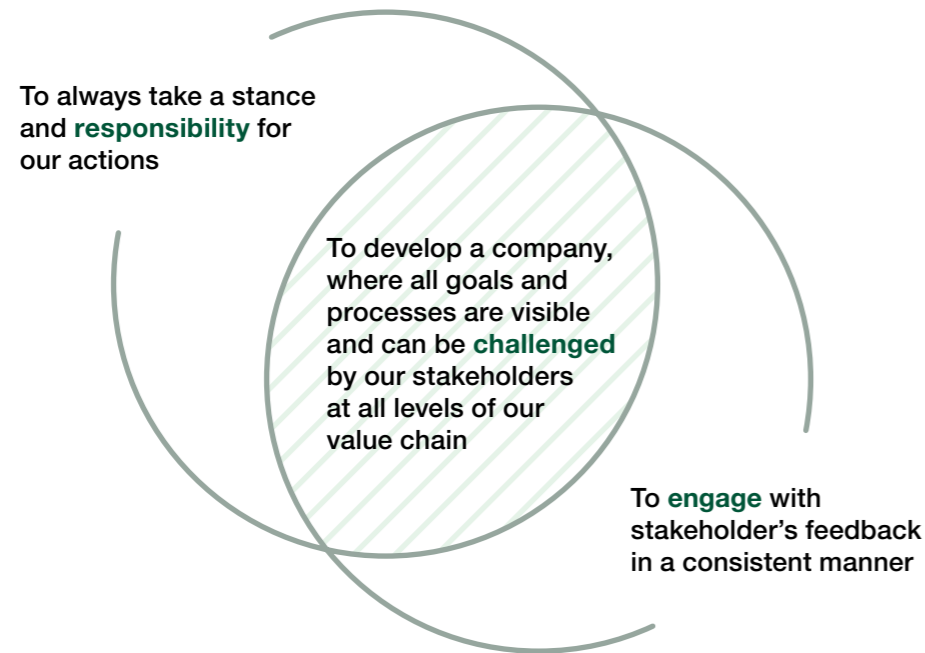




### 3.6 Radical transparency

We aim to manage knowledge and information in an open way, making objectives and processes visible at all levels, both to us internally and to our customers and other external stakeholders. We believe that radical transparency should act as a driving force to increase equity, involvement in the management of the company and should be everyone’s responsibility.

#### Main goals



### Indicators

#### EPD

We should be able to add one EPD per year, to be performed on the best-seller of each collection analyzed.

#### ESG Rating Open-ES

Focuses on commercial aspects.  
Score obtained: 86/100

#### ESG Rating Synergy

Focuses on operations and supply chain.  
Score obtained: B

#### B Impact Assessment

focuses on the overall impact.  
Score obtained 71.8  
(last performed on 31/12/21)

## Our approach

Our approach develops over three lines of action.

### Line 1 Overall transparency of our impact on the planet

If we had no climate emergency, we probably would not need a sustainability plan at all. Therefore, we think it is important to register and account for our impact on the environment. In order to do this, we need to measure ourselves every year, and analyze our improvements or the behaviors that we need to change.

Tool to do this → Corporate Carbon Footprint

### Line 2 Transparency at product level

When/How many: We try to expand on our EPDs as we progress. We currently have 10 EPDs, but we would like to integrate these into our best sellers. These EPDs will be supported by LCA calculations during new product development, which – even if not third-party verified – will deliver information to be shared with our stakeholders as we advance towards a lower impact.

Tool to do this → EPDs and LCAs

### Line 3 Transparency at company level

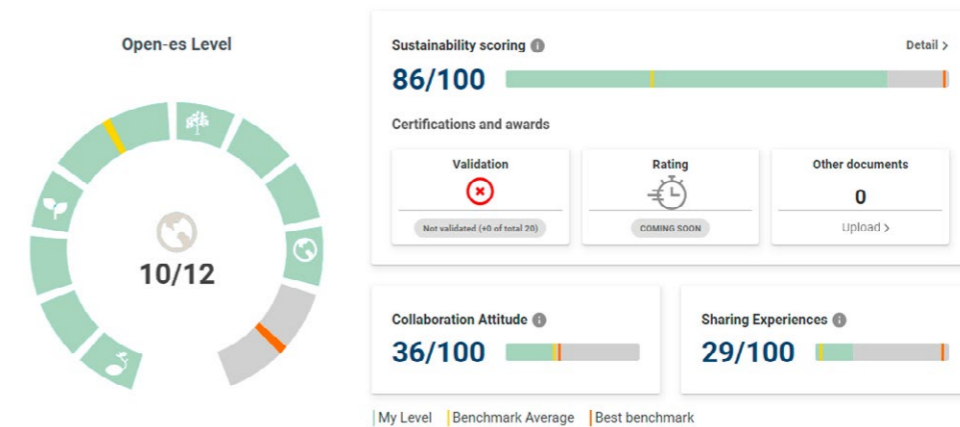
We believe that – on top of CCF – we need to expand the verification of our performance through the use of third-party ratings. We chose three ratings which focus on specific issues (see below) and produce a wider perspective on our activities, which also allows us to validate single values. In fact, ratings are very different from one another, and each one has its specific nuances and focus. We believe that these three ratings cover a wide spectrum that encompass our entire range of activities.

Tool to do this → Ratings ESG

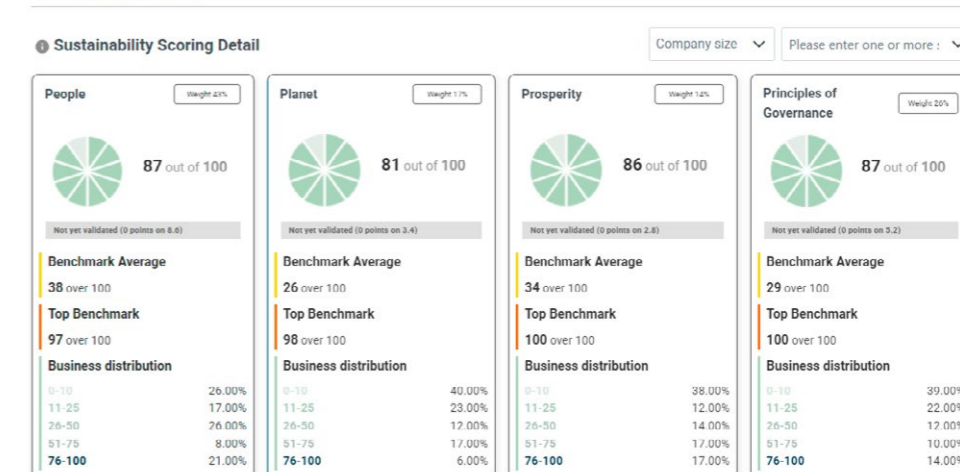
## Progress and activities in 2022

- Corporate Carbon Footprint 2021. See “Reduction of the Environmental Impact” for further information.
- Open-ES rating and Synesgy rating. See below for rating details.

### Open-ES rating



### Advanced reporting



Synesgy rating\*

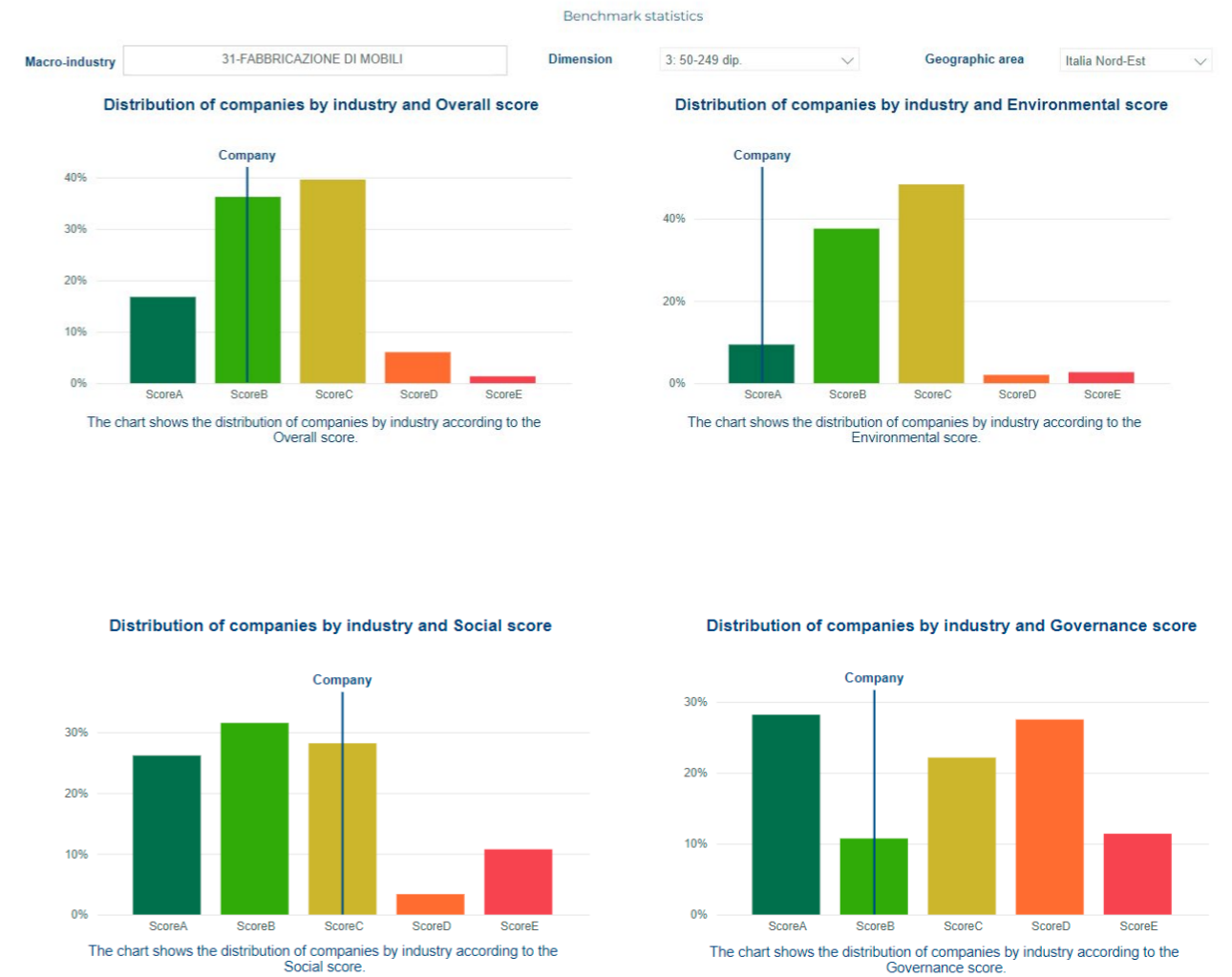


Distribution on thematic areas



\*Synesgy is a digital platform which enables companies to collect and manage sustainability information through an ESG self-assessment of their supply chain. The final results include an evaluation, benchmark information and guidance on the development plan to be undertaken. Synesgy currently covers around 60 countries, 150.000 manufacturing companies and 350 banks and insurance companies. Important Note: Assessment request has been officially forwarded to strategic suppliers only in 02/23 (see section on methodology for further details)

Benchmark



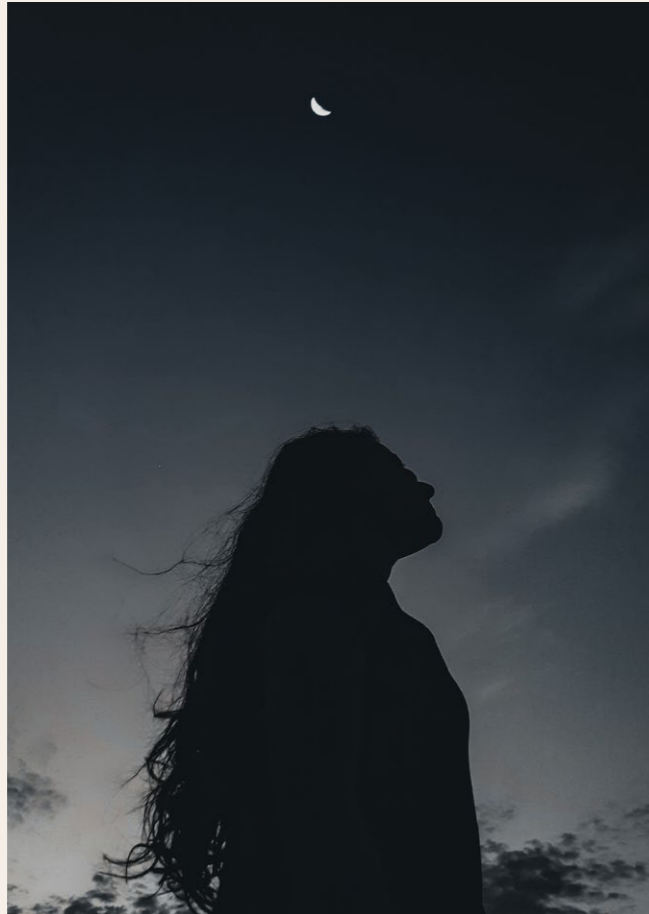
Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Issue of Arper's (first) sustainability report	●	
Hiring of an Internal Communication Manager	●	Internal communication is key when spreading the sense of urgency throughout the whole organization
Training to the marketing department on environmental issues	●	



4



WHAT WE DO:  
ACTED AND  
ACTIONABLE



## Introduction

Since the pillars and the levers have been identified and listed, this report will now focus on the practical implementations of the strategy.

The following section will outline the areas where we believe we can make a difference in the long term. These areas range from the training and professional development of the Arper people, to the development of a responsible supply chain that will reduce our upstream impact. Some will also focus on the positive impact we aim to deliver to the local community and the role it plays in our strategy, and on more institutional aspects like governance and strategic partnerships.

In fact, this section aims to showcase how a consistent strategy will have positive repercussions on our actions, every day. In order to facilitate its comprehension, we will use the same structure used in the previous chapters, starting with a description, and defining goals, indicators and policies.

The last section will highlight what we have been able to implement in 2022.

## 4.2 Certifications and voluntary schemes

Certifications – meaning the compliance with a standard declared and certified by a recognized third party – help us engage and protect our stakeholders, particularly our clients. At the same time, adhering to ambitious voluntary protocols guides us towards the optimization of efforts necessary to implement a more responsible plan.

### Main Goals



## Indicators

Supplier's screening using ESG criteria			
308-1   New suppliers that were screened using environmental criteria			
New suppliers assessed using environmental criteria			
	2022	2021	2020
Total new suppliers	4	5	3
Number of assessed suppliers	1	1	1
Percentage of assessed suppliers	0,25	0,2	0,33
414-1   New suppliers that were screened using social criteria			
New suppliers assessed using social criteria			
	2022	2021	2020
Total new suppliers	4	5	3
Number of assessed suppliers	1	1	1
Percentage of assessed suppliers	0,25	0,2	0,33
Internal indicator - ARP-3   ESG rating of suppliers			
Strategic suppliers assessed using Synesgy			
	2022		
Total suppliers included in the assessment	32		
Number of assessed suppliers	0		
Percentage of assessed suppliers	0		
Internal indicator - ARP-4   Certified products			
Certified products			
	Unit	2022	
EPD	SKU	10	
Greenguard Gold	Collection	32	
GECA	SKU	78	
FSC	Collection	7	
TÜV GS	Collection	4	

KPI	GRI Disclosure	Description	Target	Year
	308-1	New suppliers assessed using environmental criteria	New suppliers assessed using environmental criteria	2024
	414-1	New suppliers assessed using social criteria	New suppliers assessed using social criteria	2024
Supplier's screening using ESG criteria	ARP-3	ESG rating for all strategic suppliers	50%	2025
			100%	2030
	ARP-4	Certified products	1 new EPD per year	2024
			Greenguard certification on all seatings	2023
			FSC certification on all new wood items	2024

## Our approach

Arper has always strived to abide by the highest standards available. Information on our current certified standards can be found here:

[www.arper.com/en\\_GB/sustainability](http://www.arper.com/en_GB/sustainability)





The list includes both system standards (ISO 9001, ISO 14001, ISO 45001) and product certifications (TÜV GS, EPD, Greenguard, GECA, FSC). While the first group determines how things need to be done, the latter guarantees both end users' health and construction strength.

In 2023, we will work on the integration of the ESG rating into our internal supplier rating system. At the same time, we will work to ensure all our strategic partners are rated on the Synesgy Platform. Synesgy is a tool that enables the collection and management of sustainability information on the supply chain through an ESG self-assessment, which is completed with an evaluation, benchmarks and guidance on the development plan to be undertaken by the supplier.

Since energy is an extremely impactful aspect of production, in the near future we also plan to integrate the system standards palette with ISO 50001.

We do not currently have a group strategy for certifications, we rather consolidate achieved standard levels. One of our set goals for the next few years is to update and formalize a strategy, which will be shared with all Arper entities and clients, based on one or two specific standards and several compliance tables, whose aim is to assist when a certified third-party standard is not provided. We are currently focusing on understanding Ecolabels, which are slowly becoming the recognized standard within the European Union.

## Certifications and voluntary schemes





Certification	Description	Arper's Stance
	Document that allows companies to provide information on the environmental performance of its products on the basis of predetermined criteria in a fair and understandable manner. The reliability and accuracy of the information is guaranteed by external certification and registration by the body responsible.	Arper was the first Italian company to request and obtain the environmental certification for chairs, in 2008. Ten years later, in 2018, Arper became the first design company in Italy – the second in Europe – to obtain a process EPD from the International EPD System for its Chairs and Accessories product category. With a process EPD, the subject of the certification is the process whereby EPDs are issued internally to the organisation. This allows companies to issue their own EPDs for their products. Arper's EPD-certified products are: Catifa 46 and 53, in the versions with the polypropylene shell with four legs or with trestle legs, with painted or chrome-plated finish; Aava in the wooden version with polypropylene shell and steel base; Duna 02 with the shell in virgin or recycled polypropylene with wooden legs; Juno in the version with the open backrest; Babar with the exposed polyurethane seat; and Stacy.
	Voluntary certification program developed in the U.S.A. by the US Green Building Council (USGBC) to control indoor emissions.	The main purpose of the Greenguard program is to protect human health by improving air quality and reducing people's exposure to chemicals and/or pollutants. Greenguard is a mark recognized by international programs and rating systems such as LEED. All Arper chairs are Greenguard Gold certified. The Gold level includes more stringent criteria and lower levels of total VOC emissions in accordance with the California Department of Public Health (CDPH) requirements, which are considered safe for use in educational and healthcare environments.
	GECA is an internationally recognized Australian certification only independent, not-for-profit and is the only Australian member of the Global Ecolabelling Network (GEN). GECA aim is to encourage manufacturers to reduce the environmental impact of their products and consumers to buy eco-friendly products.	Arper obtained "Good Environmental Choice Australia" (GECA) environmental product certification for various models in the following chair collections: Leaf, Palm, Catifa 46 e Catifa 53 (not padded version with structure in wood or aluminium o powder-coated steel), Saya, Juno, Ginger, Gher, Duna 02 e Aava (not padded version with structure in wood or aluminium o powder-coated steel). Green Star products with GECA certification are automatically awarded credits for the Green Building Council of Australia's Green Star, the assessment scheme measuring the environmental impact of buildings – from their design to their construction and maintenance.
	FSC © is an independent, third-party certification which guarantees the traceability of wood and its derivatives. Checks are carried out through the supply chain for the materials, from forest through to consumer, with the certification stating that the supply chain uses no materials from controversial sources (i.e. from illegal deforestation).	In 2019, Arper obtained Forest Stewardship Council® (FSC®) certification from the international body of the same name which works to promote the responsible management of forests.

## Progress and activities in 2022

In 2022, we conducted the following audits:

Audit	Type of Audit	Date
Purchasing	Internal	April 2022
Facility	Internal	May 2022
Hr & Organization	Internal	May 2022
Logistics & Warehouse	Internal	July 2022
Sales	Internal	November 2022
Quality & Environment	Internal	November 2022
R&D	Internal	November 2022
FSC (multiple sites)	Internal	March 2022
	External (DNV GL)	April 2022
ISO 45001	Internal	May 2022
	External (RINA)	June 2022
ISO 14001	External (DNV GL)	May 2022
	External (DNV GL)	July 2022
ISO 9001	External (INTERTEK)	December 2022
EPD Process	External (CSQA)	Postponed to 2023 due to auditor's schedule

Following actions were also undertaken:

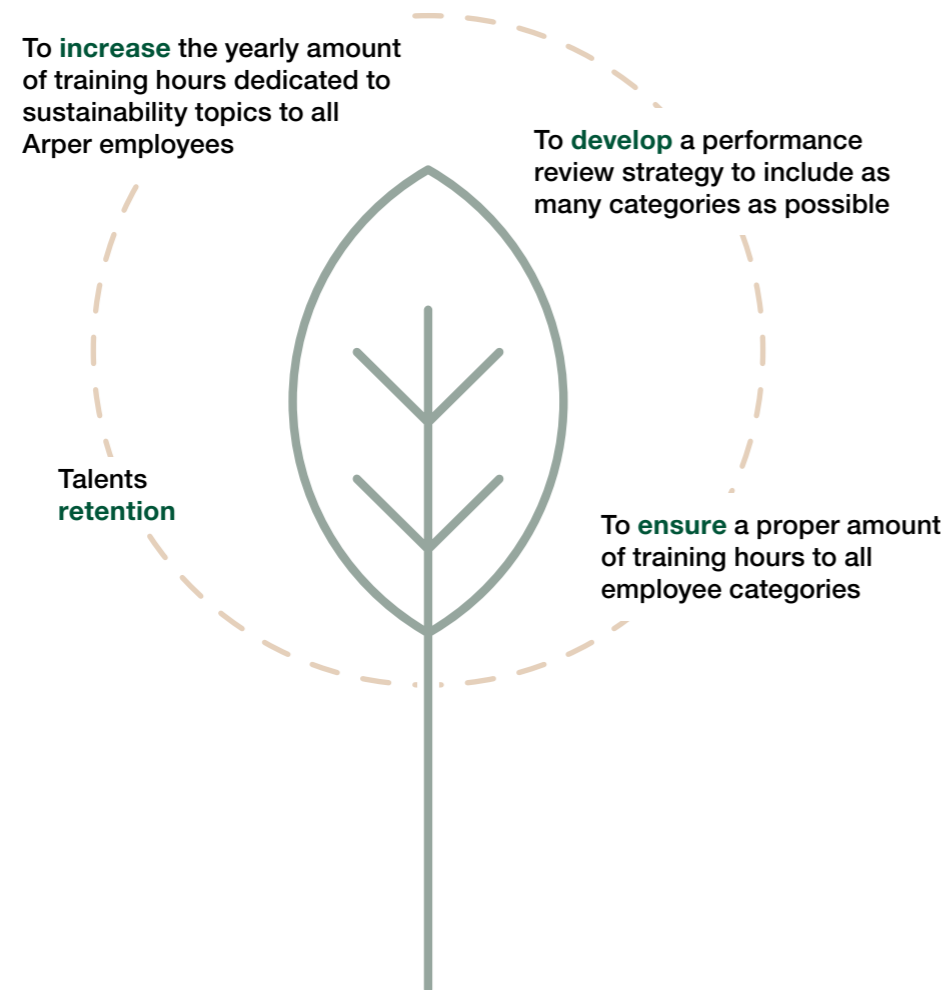
Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Compliance to external market requirements		Each market calls for its own certification scheme, therefore a certification policy at group level is highly desirable.
Internal pre-audits		
Implementation of an internal testing lab		
Internal strength tests extended over standards' compliance		



## 4.3 Training and growth of the individual

We strive to guarantee all Arper employees the continuous development of their knowledge and skills, as well as to offer them the opportunity to reach their full potential. This is achieved through training courses aimed at ensuring the growth and strengthening of their know-how – in line with the needs of the market of tomorrow –, thus increasing the intrinsic value of the company's internal resources. In the same way, we aim to extend growth opportunities to our stakeholders too, trying to become a development model for other companies similar to us.

### Main goals



## Indicators

People's training				
403-5   Worker training on occupational health and safety				
Worker training on occupational health and safety				
Total trainings conducted				104
Total number of employees trained				91
404-1   Average hours of training per year per employee				
Total hours of training and annual training hours per capita				
2022				
	Unit	Male	Female	Total
Senior management	hours	172	108	280
Middle management	hours	342	284	626
Specialised workers	hours	260	236	496
Other workers	hours	558	632	1,19
Total	hours	1,332	1,26	2,592
404-3   Percentage of employees receiving regular performance & career development reviews				
Employees that receive regular performance review				
2022				
	Unit	Male	Female	Total
Senior management	n	7	1	8
	%	38.89	14.29	32.00
Middle management	n	20	27	47
	%	100.00	100.00	100.00
Specialised workers	n	0	0	0
	%	0.00	0.00	0.00
Other workers	n	0	0	0
	%	0.00	0.00	0.00
Total	n	27	28	55
	%	19.01	23.33	20.99



## Our approach

The Human Resource department organizes and programs training courses for different categories of employees in order to teach technical and transversal skills (GRI Indicator 404-2). In the following years, the training packages will be enriched by:

- Leadership courses
- Sustainability initiatives
- Role-specific lessons

Our induction program, which includes training on all areas of the company is particularly important for us.

The sustainability training delivered an unexpected yet rewarding result. After our sessions, some colleagues felt they wanted to make a difference and asked us to become Arper's Sustainability Ambassadors.

As a consequence, we now have a group of Ambassadors that support us and the actions we plan within the organization. In terms of sustainable development within the company, this was probably one of the highlights of 2022.

## Progress and activities in 2022

- Delivered sustainability training on the sense of urgency and ecolabels, with a special focus on Arper's offering (all employees, duration of four hours)
- Provided an online platform to learn languages open to all employees and their families
- Organized first sessions of an extensive training project on generative management, open to all Arper managers
- Extended a structured training on brand positioning with a special focus on vision, mission and core values to the whole group, as well as to all agents

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Training sessions on different subjects	●	Ambassadors are hidden anywhere in your company, you just need to create opportunities for them to emerge.
The Generative People Manager	●	The project helped us get to know our managers better and support them in their daily routines, as well as making them aware of their responsibilities and tools at their disposal to do a better job. Project continues in 2023.



## 4.4 Responsible management of the value chain

We aim to analyze the life cycle of our products in every detail, in order to minimize their impact on the environment. We want to adopt procurement processes that are based on specific criteria to select, evaluate and monitor suppliers not only in terms of economic, but also social and environmental performance, contributing to the responsible development of the whole value chain.

### Main goals



## Indicators

Local suppliers		
204-1   Proportion of spending on local suppliers		
Country of purchased goods and services at GROUP level in 2022		
	Amount (€)	%
Italy	23,229,938.45	92,52%
United States	543,290.25	2,16%
Sweden	303,845.52	1,21%
San Marino	188,173.24	0,75%
Spain	178,927.57	0,71%
Taiwan	169,933.17	0,68%
Germany	152,238.76	0,61%
Japan	135,173.13	0,54%
Denmark	84,532.05	0,34%
Austria	4,922.4	0,20%
Netherlands	47,558.26	0,19%
Romania	11,378.2	0,02%
United Kingdom	5,189.77	0,02%
France	5,100.26	0,02%
Luxembourg	1,762.33	0,01%
Mexico	1,447.11	0,01%
China	27.78	0%
<b>Total</b>	<b>25.107.739,86</b>	<b>100%</b>

# Our Indicators

Country of purchased goods and services at SUBSIDIARY level in 2022		
	Amount (€)	%
<b>Arper SPA (Italy)</b>	<b>21,735,829.19</b>	<b>86.57%</b>
Italy	20,573,276.91	94.65%
Sweden	285,565.75	1.31%
San Marino	188,173.24	0.87%
Spain	178,927.57	0.82%
Taiwan	169,933.17	0.78%
Germany	150,665.66	0.69%
Denmark	84,532.05	0.39%
Austria	49,224.00	0.23%
Netherlands	47,558.26	0.22%
France	4,998.20	0.02%
United Kingdom	1,730.70	0.01%
Luxembourg	1,243.68	0.01%
<b>Arper USA (USA)</b>	<b>561,318.80</b>	<b>2.24%</b>
United States	543,039.03	96.74%
Sweden	18,279.77	3.26%
<b>Arper UK (UK)</b>	<b>3,175.07</b>	<b>0.01%</b>
United Kingdom	3,175.07	100.00%
<b>Arper Japan (Japan)</b>	<b>135,173.13</b>	<b>0.54%</b>
Japan	135,173.13	100.00%
<b>Arper Latam (Mexico)</b>	<b>1,447.11</b>	<b>0.01%</b>
Mexico	1,447.11	100.00%
<b>Corium (Italy)</b>	<b>1,048,276.24</b>	<b>4.18%</b>
Italy	1,046,703.14	99.85%
Germany	1,573.10	0.15%
<b>Iride (Italy)</b>	<b>1,622,520.31</b>	<b>6.46%</b>
Italy	1,609,958.40	99.22%
Romania	11,378.20	0.70%
Luxembourg	518.65	0.03%
United Kingdom	284.00	0.02%
United States	251.22	0.02%
France	102.06	0.01%
China	27.78	0.00%

Country of purchased goods and services at SUBSIDIARY level in 2022			
	Amount (€)	%	
<b>Total</b>	<b>25,107,739.86</b>	<b>100.00%</b>	
<b>Total number of suppliers located in Italy</b>	<b>400 out of 518 (77.22%)</b>		
<b>Total spending of Italian suppliers</b>	<b>23,229,938.45 (92.52%)</b>		
<b>Total Italian suppliers within 100 km from HQ</b>	<b>287 (71.75%)</b>		
<b>Total spending of Italian suppliers located within 100 km from HQ</b>	<b>16,979,008.09 (73.09%)</b>		
<b>Total Italian suppliers located in the Veneto region</b>	<b>269 (67.25%)</b>		
<b>Total spending of Italian suppliers located in Veneto region</b>	<b>12,669,174.20 (54.54%)</b>		
<b>Supplier's screening using ESG criteria</b>			
<b>308-1   New suppliers that were screened using environmental criteria</b>			
<b>New suppliers assessed using environmental criteria</b>			
	2022	2021	2020
Total new suppliers	4	5	3
Number of assessed suppliers	1	1	1
Percentage of assessed suppliers	25%	20%	33%
<b>414-1   New suppliers that were screened using social criteria</b>			
<b>New suppliers assessed using social criteria</b>			
	2022	2021	2020
Total new suppliers	4	3	3
Number of assessed suppliers	1	1	1
Percentage of assessed suppliers	25%	20%	33%
<b>ARP-3   ESG rating of suppliers</b>			
<b>New suppliers assessed using Synesgy*</b>			
	2022		
Total suppliers included in the assessment	32		
Number of assessed suppliers	0		
Percentage of assessed suppliers	0%		

\*Synesgy is a digital platform which enables companies to collect and manage sustainability information through an ESG self-assessment of their supply chain. The final results include an evaluation, benchmark information and guidance on the development plan to be undertaken. Synesgy currently covers around 60 countries, 150.000 manufacturing companies and 350 banks and insurance companies.  
Important Note: Assessment request has been officially forwarded to strategic suppliers only in 02/23 (see section on methodology for further details)



## Our approach

Our biggest environmental impact derives from the transportation of goods and our supply chain (see Categories 3 and 4 of indicator 305-1/2/3). Therefore, we have always given special attention to our suppliers and the way they operate.

We conduct several audits, both internal and external, which outline a fairly clear scenario of where impacts and risks lie. We approach these in a dedicated manner, aiming at a (climate change) risk mitigation and/or adaptation strategy, reviewed yearly.

For instance, we are aware of a sub-supplier located in Vietnam, specialized in die-casting production. Auditing is currently limited to our main suppliers located in Italy, who shall then report and guarantee the compliance of their entire supply chain. We envision we will extend auditing to sub-suppliers for selected entities within 2025. One further supplier, located in Taiwan, has been audited several times in the past and has been deemed compliant with the OECD Guidelines for Multinational Enterprises. Apart from these two instances, which we decided to take on board due to semi-product shortage, we strive to keep the supply chain as local as possible, as the indicators in the previous pages show. This is a major strategic choice that was made several years ago, which allowed us to shape our company sourcing accordingly.

While on the one side it might seem more challenging to explain to smaller entities the added value that sustainability could bring to their businesses, on the other hand, smaller and closer suppliers allow for a more consistent and better planned auditing.

Local production has to abide by our same regulations. In the future, we will continue on this path and will try to increase the number of local suppliers as much as possible. This produces several positive side-effects — for instance, the creation of real partnerships, which in turn lead to collaboration and innovation projects. Local suppliers are the foundation of the symbiosis network that we want to establish in the long term and is part of our sustainability strategy (in the previous pages).

## Progress and activities in 2022

- Launched the Arper District project, a thorough and long-term endeavor that incorporates the strategic portion of our supply chain into our sustainability strategy
- Started structured collection of environmental certifications of the supply chain through Synesgy
- Performed ISO14001 and FSC Multisite audit which also included part of the supply chain

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Supplier's Code of Conduct	●	
ESG requirements for suppliers (ESG rating)	●	Knowledge about ESG topics boosts awareness about social aspects
Supplier performance monitoring & supplier audits	●	
IT platform for supplier's management (JUNGO)	●	
Focus on local suppliers	●	
Arper District project (company/supplier integration)	●	Currently limited to 32 suppliers. Focus in 2023 will be on how to expand the project to a larger target.



## 4.5 Partnership

In order to promote a truly integrated culture around sustainability, we intend to proactively support external activities and projects aiming to protect the existence and wellbeing of our employees, their families and businesses. Specifically, we aim to build relationships with other companies with whom we share sustainability visions and goals.

### Main goals



## Indicators

Long-term partnerships		
Indicator - ARP-4   Ongoing long-term partnerships		
Partnership	Ongoing Since	Description
Royal Institute of British Architects (RIBA)	2016	Sponsoring of the Gold Medal that the Royal Institute of British Architects assigns to the most influential British architect of the year
International Interior Design Association (IIDA)	2016	Corporate membership and sponsoring of the regional chapters of New York, Northern California, Southern California and the Pacific Northwest
Guggenheim Intrapraese	2017	Patronage of one of the most iconic art collections in the world. Arper's People are granted free access to the Venice collection.
Museo Bailo	2018	Long-term relationship that ended up in Arper's financial support of the renovation of the new aisle of the museum
Villa Filanda Antonini	2021	Collaboration with an artistic residence which sponsors new talents in visual arts
Confindustria Veneto Est Sustainability Group	2022	Participation in the Sustainability Group of the local section of the local furniture manufacturers' association
Libera università di lingue e comunicazione (IULM)	2022	Partnership with the university for the Master in International Marketing





## Our approach

When we think about the world, we see a network of living systems that continuously interact with one another. The tiniest cells and the enormous planets are connected, just as—in our living spaces—smaller accessories are connected to bigger products to create homes, offices, and larger and more complex environments.

By nature, Arper is, and has always been, intrinsically inclined towards dialogue: Ar-per stands for “arredamento per” (furniture for). We exist if and because others exist. Our products are successful if those who use them feel comfortable.

Our work is based on the relationship between person and object. This is the reason why we seek partnerships that will add value both to us and the community we live in.

## Progress and activities in 2022

- Cultural partnerships have been confirmed (e.g., Guggenheim Intrapresae) and new have been established (A Lot With Little project)
- Arper became partner of the Sustainability Group of Confindustria Veneto Est  
[www.assindustriavenetocentro.it](http://www.assindustriavenetocentro.it)
- The legal representative of Arper SPA became the President of Federlegno Arredo and Arper Feltrin Foundation. Federlegno Arredo is the Italian Federation of Furniture Manufacturers  
[www.federlegnoarredo.it](http://www.federlegnoarredo.it)
- Sponsoring of the RIBA Gold Medal award  
[www.architecture.com](http://www.architecture.com)

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Engagement with the local furniture Industry association Sustainability Group	●	Sharing of best practices and common goals. Mutual help on operational tasks



## 4.6 Governance

We aim to implement a solid, transparent and shared governance. We aim to equip ourselves with effective and efficient management and supervisory bodies, a lean and orderly organizational model, as well as shared internal procedures, which aim to put sustainability at the center of every project we undertake.

### Main goals



## Indicators

Anti-corruption			
Indicator - 205-3   Confirmed issues of anti-corruption and actions taken			
	Confirmed issues of anti-corruption		
	Unit	2022	2021
Total number of confirmed incidents of corruption	n.	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	n.	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	n.	0	0

### Our approach

Our governance policy is based on two major documents that describe our approach to business.

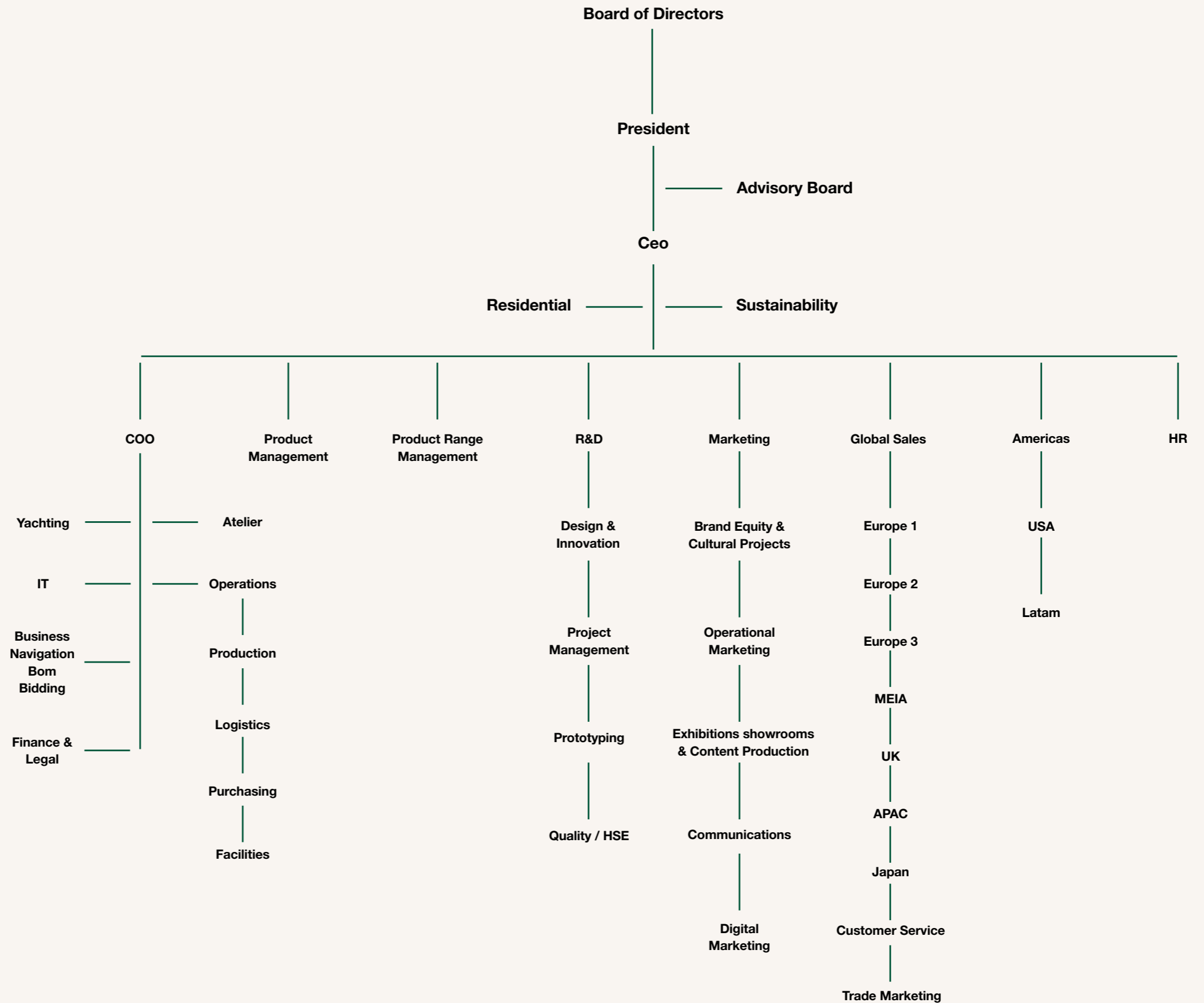
- The Ethical Code drives our daily activities and includes all the best practices that we request from our employees and our suppliers to guarantee that we conduct business in a responsible way.
- The Italian regulations pertaining to the “Administrative liabilities of legal entities deriving from offences” contained in Legislative Decree no. 231 of 8 June represent a pillar of the Italian criminal

and public framework. They state that legal entities, including limited companies, may be held liable in relation to certain crimes which are committed or attempted in Italy or abroad, in the interest or for benefit of the company. From this perspective, the company may adopt organizational, managerial and control models which are suitable for preventing the crimes themselves. Such models provide for the implementation of control activities at all operational levels, which make it possible to formally identify responsibilities, which can also be ascribed to the employee.

On top of this, we strive for a flat organization where inter-department meeting groups create a matrix organizational structure, in which team members report to a project manager and their respective department head.

Sustainability needs to be part of as many of these groups as possible, in order to guarantee consistency throughout all our activities.

Additionally, we strive to deliver clear information throughout our structure: minimum notice period for operational changes are 28 days in average in the whole Arper group (GRI Indicator 402-1).



## Progress and activities in 2022

- No legal actions for anti-competitive behavior, antitrust and monopoly practices were reported (GRI Indicator 206-1)
- Sensitivity analysis related to anti-corruption risks are not performed since this specific task is not included in the organizational model imposed by D.Lgs. 231/01 (GRI indicator 205-1)
- Started update of the governance model as per 231/01's new list of alleged crimes

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Enterprise Risk Management	●	Current ERM matrices need to be updated to include ESG risk
Quality Policy	●	
Health & Safety Policy	●	
Environmental & Energy Policy	●	Energy policy will be consequent to the ISO 50001 certification
Adoption of D.Lgs. 231/01	●	
Code of conduct (internal and external)	●	
Compliance to ISO 9001, ISO 14001 and ISO 45001	●	
Internal audits	●	



## 4.7 Technological and economic progress

We encourage and try to apply new ideas and technologies related to the production methodology and the materials used, in order to support sustainable development and generate the right balance between productivity and environmental impact.

### Main goals



## Indicators

Economic progress				
Indicator - 201-1   Direct economic value generated and distributed				
Direct generated economic value				
	Unit	2022	2021	2022 vs. 2021
Revenues	€	64,612,937.00	57,193,249.00	12,97%
Distributed economic value	€	61,043,465.00	53,460,334.00	14,18%
Operating costs	€	44,666,593.00	36,745,491.00	21,56%
Salaries and employee benefits	€	16,034,595.00	14,274,652.00	12,33%
Payments to capital providers	€	0	1,950,000.00	-100%
Payments to the Public Administration	€	202,013.00	395,345.00	-48,90%
Investments in the community	€	140,264.00	94,846.00	47,89%
Retained economic value	€	3,569,472.00	3,732,915.00	-4,38%

### Our approach

Economic results should naturally come from a correct set of actions, rather than being the only goal of the company. In other words, we strongly believe that if we do the right things the economic results will follow. The right things include – among other things – a strong focus on sustainability, a firm grip on governance and a clear outlook on what the future will bring.

Technological progress materializes into innovation. For Arper, innovation is the ability to apply new solutions, even if they have already been developed in other sectors, therefore not necessarily inventive, but capable of offering real advantages for the end user.

This may involve the use of new materials and new technologies and/or manufacturing processes or solving design problems for the combination of features and/or functions. To our inventors (in our case, the designers), we offer total openness towards the development of atypical solutions to well-known problems, while always monitoring and steering the sustainability aspect of every project.

## Progress and activities in 2022

- Increased sustainability presence to several internal processes
- Continued implementation of a material database in order to track all materials used in products (project lagging behind schedule, see red dot below)

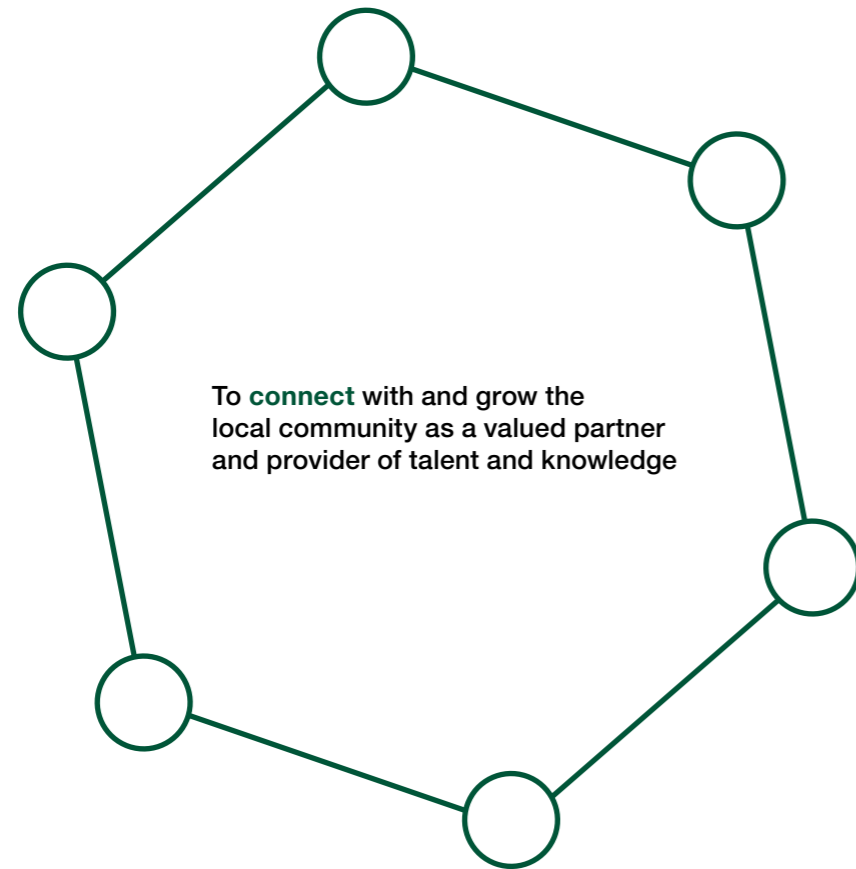
Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Collaboration with material databanks	●	Collaboration will be improved in the next years
Detailed new material test process	●	When new materials enter the product development perimeter, a detailed testing process needs to be defined in detail. Currently in development.



# 4.8 Local communities

We wish to cooperate with local administrations and communities to promote sustainable development initiatives related to environmental, social and cultural projects directly connected to the territories in which we operate.

## Main goals



## Indicators

Local management				
202-2   Proportion of senior management hired from the local community				
Executives and Managers hired from the local community				
	2022			
	U.m.	Male	Female	Total by category
Local executives (senior and middle management)	n.	27	30	57
Total executives (senior and middle management)	n.	31	35	66
<b>Percentage of locally hired executives</b>	<b>%</b>	<b>87.10</b>	<b>85.71</b>	<b>86.36</b>

Important notes:  
- "Local community" means the same country where the corresponding Arper subsidiary operates.  
- Senior management includes Executives and Managers

Local suppliers				
204-1   Proportion of spending on local suppliers				
See "Responsible management of the value chain" for details				
Local community engagement				
413-1   Operations with local community engagement, impact assessments and development programs				
	Operations with local community engagement			
	2022		2021	
	Operations	%	Operations	
Social impact assessments	0	0.00	0	
Environmental impact assessment	0	0.00	0	
Public disclosure of results	0	0.00	0	
Local community development programs	1	100.00	0	
Stakeholder engagement plans	0	0.00	0	
Local community consultation committee	0	0.00	0	
Representation bodies to deal with impact	0	0.00	0	
Formal grievance processes	0	0.00	0	

KPI	GRI Disclosure	Description	Target	Year
Local community engagement	413-1	Operations with local community engagement	3 long-term programs a year	3 long-term programs a year





## Our approach

We want to foster relationships with the local community, since it represents our roots and history. On top of this, the local community is strongly connected to some of our core values, like responsibility and care. We will not focus on financial support, but rather on the growth of the whole local ecosystem, starting from our local supply chain. In fact, the way we do business and contribute to strengthening the entrepreneurial structure of our neighborhood will shape our chances to mitigate the risks connected to climate (e.g., shortage of raw material) and markets (e.g., price of commodities).

We achieve this by structuring a sourcing policy that is respectful of our suppliers – the Arper District is only one example of partnership projects that we are developing – and our people. At the end of the day, companies are made of people, and people live and act in communities.

## Progress and activities in 2022

- We have started a collaboration with the Secondary School Directorate of Roncade, a city near our Headquarters, which is developing a working experience program for students who have to choose their future career, be it academic or not. Schools are a huge container of yet unexpressed talent. By connecting with the local community and engaging with local youth, we are able to share what we do and how we do it, while indirectly recruiting future talents. Expected outcomes are the support of the local community, the connection with the local school system, and the development of possible new talents. In 2023, we have launched Arper Campus, a project specifically created to leverage on this newly created knowledge base.
- We are involved with a local day-time community of mentally fragile people in a nearby town to carry out clerical work, which we hope to transform into a long-term collaboration.

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Generation of opportunities to seek and find dialogue with the company about impacts	●	Implementation started in the local school system
Pursue of radical transparency on all issues generating an impact (material topics)	●	Following to this impact analysis, a consistent communication strategy will need to be implemented



## 4.9 Eco-design and life cycle thinking

Up to 80% of a product's environmental impact is defined at the design stage. It is essential for us to guide design choices by making use of the Extended Producer Responsibility and the Life Cycle Thinking, i.e., the analysis of the economic, environmental and social impacts of a product during its entire lifecycle and not only in a cradle-to-gate fashion.

### Main goals



To **improve** on our eco-design practices

## Indicators

Environmental Product Declarations			
Internal indicator - ARP-4   Certified products			
EPD certified products			
	Unit	2022	TARGET
EPD	SKU	10	1 new EPD per year

### Our approach

Sustainable design indicates that a product has been designed in a way that tries to minimize its social, environmental, and economic impacts. Eco-design is an economic model that involves the entire process of conception, design, sale and disposal of a product and respects the environment, through the reduction of negative impacts it could have on the ecosystem. Circular design means designing a product or service that creates no waste and pollution and keeps products and materials in use. Circular design essentially contributes to a closed-loop system in our economy where everything is shared, repaired, reused, or recycled. The desired outcome is no waste, and therefore no impact. Arper's approach is to concentrate on eco-design as much as possible, as soon as possible, to then implement a more circular approach as we get further down our path.

In order to do so, we focus on the following aspects:

- **Environmental data as foundation**  
We use Life Cycle Assessment (LCA) results as the foundation to create improvement scenarios and test the environmental effects of new designs.
- **Full life cycle approach**  
We look at reducing the environmental footprint throughout the complete life cycle of a product – from production to the end of its life (waste, recycling, upcycling, reuse, etc.).
- **Circular business models**  
We need to optimize our design to minimize waste and environmental impact, and a circular business model is an essential condition for circular design to work.

All these efforts are summarized in our 10 Eco-design basics guide:

### Timeless and emotional design

Trends come and go, while a sustainable product must be designed to last. When a product creates an emotional bond with the user, throwing it away becomes more difficult, providing a reason to repair it and therefore increase the longevity of the product.

The shape represents the visual form of the product and is usually perceived as the main element of the design. Before designing a product layout, however, designers should ask themselves: how will its shape affect energy consumption, and how will its size affect packaging, transportation costs, and fuel emissions?

### Consideration of the entire lifecycle of a product

From production to transport, use and disposal. Literature agrees that 80% of a product's ecological impact is being decided at the design stage.

### Durable design solutions

To get as close as possible to zero waste, products must be durable enough to last a long time or be made entirely from recycled and recyclable materials so they can be turned into new products. Using both methods can help decrease dependence on the Earth's resources.

### Choice of materials

A carefully chosen material is the basis of any project and can have a significant impact on the biosphere. Prefer local purchases: shipping recycled plastic to the other side of the world will not make the

project sustainable. Like energy, materials also play an essential role in sustainable design: every designer should look for materials that are easily recyclable or that the planet can recreate in a short time.

### Function and usability

The function and usability of a product contribute to its sustainability, as they help consumers use the product correctly. People do not want to store difficult or inconvenient products, therefore lighter and more manageable products can help reduce waste.

### Cost effective solutions

Cost is one of the main barriers that prevents many consumers from overcoming their dependence on unsustainable products. Therefore, designers are responsible for reducing the cost of less impactful products.

### Move towards a circular economy

Embrace closed-loop production systems, considering the end-of-life of products from the outset. Waste is a design flaw. Design for disassembly and recyclability. Good design offers new opportunities, not waste.

### Energy consumption

Designers should choose materials and processes after taking into consideration the calculation of energy consumption. They should stop depending on carbon energy and think of products that depend exclusively on renewable energies.

### Product weight and dimensions

All products have to be moved and weight and size play a huge role in the carbon emissions caused by transportation.

### Transparency

Nothing is perfect and there is always room for improvement. Humbly declare your defects: to be solved, a problem needs truth and true innovation.

## Progress and Activities in 2022

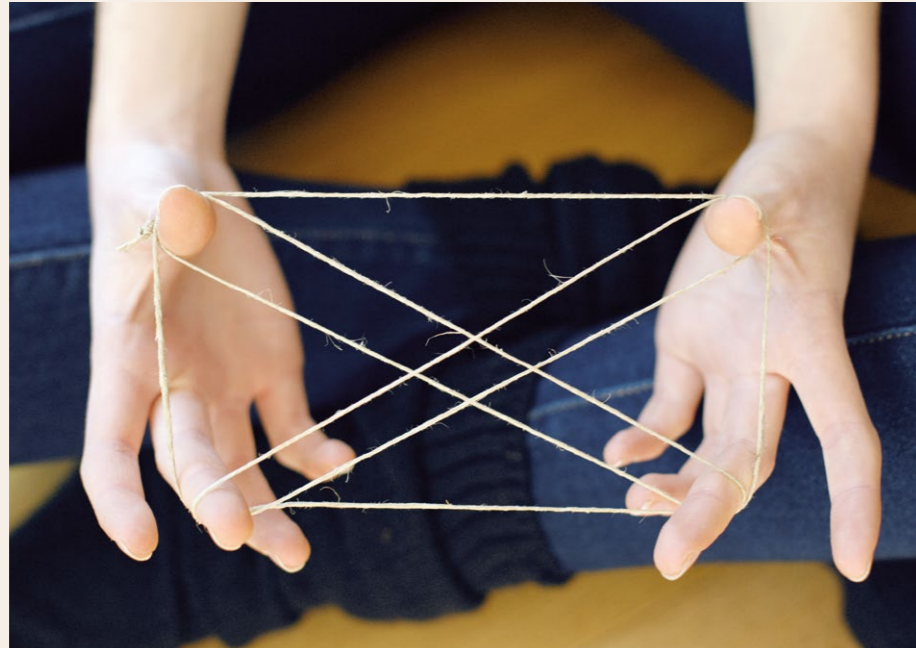
- Developed eco-design best practice book which now needs to be implemented with the technical support of external experienced eco-designers

Actions taken for actual Approaches adopted for systemic	Status	Lesson learned explanation
Frugal design approach (sobriety in the number of raw materials used)	●	Less materials = less waste
Development of Eco-design best practices (Disassembly, Durability, Sourcing, etc.)	●	Crucial activity in order to reduce GHG impact
Where possible, revisit older collections to lower their GHG emissions	●	Very difficult task to implement, due to the large number of legacy collections and the impact of the activity in itself. Still, the activity has been approached in a solid manner and the first results are already available to the market (Juno02 and Aava02).





5  
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METHODOLOGY



## How this document is built

The process of collecting data and information and drafting the Report is coordinated and managed by the internal Sustainability Department. The content of the document has been defined according to the principles of accuracy, balance, clarity, comparability, reliability, completeness, timeliness and verifiability. The data were processed and validated by the corresponding function managers across the entire Group. The reporting process was supported by a computer software that facilitated the collection, processing and consolidation of information, thus enabling greater traceability of data.

Since this is Arper's first sustainability report, many aspects of collection and reporting are subject to improvement: impact analysis, for instance, needs to become more structured and less qualitative, while evaluation needs to be extended to a wider range of stakeholders.

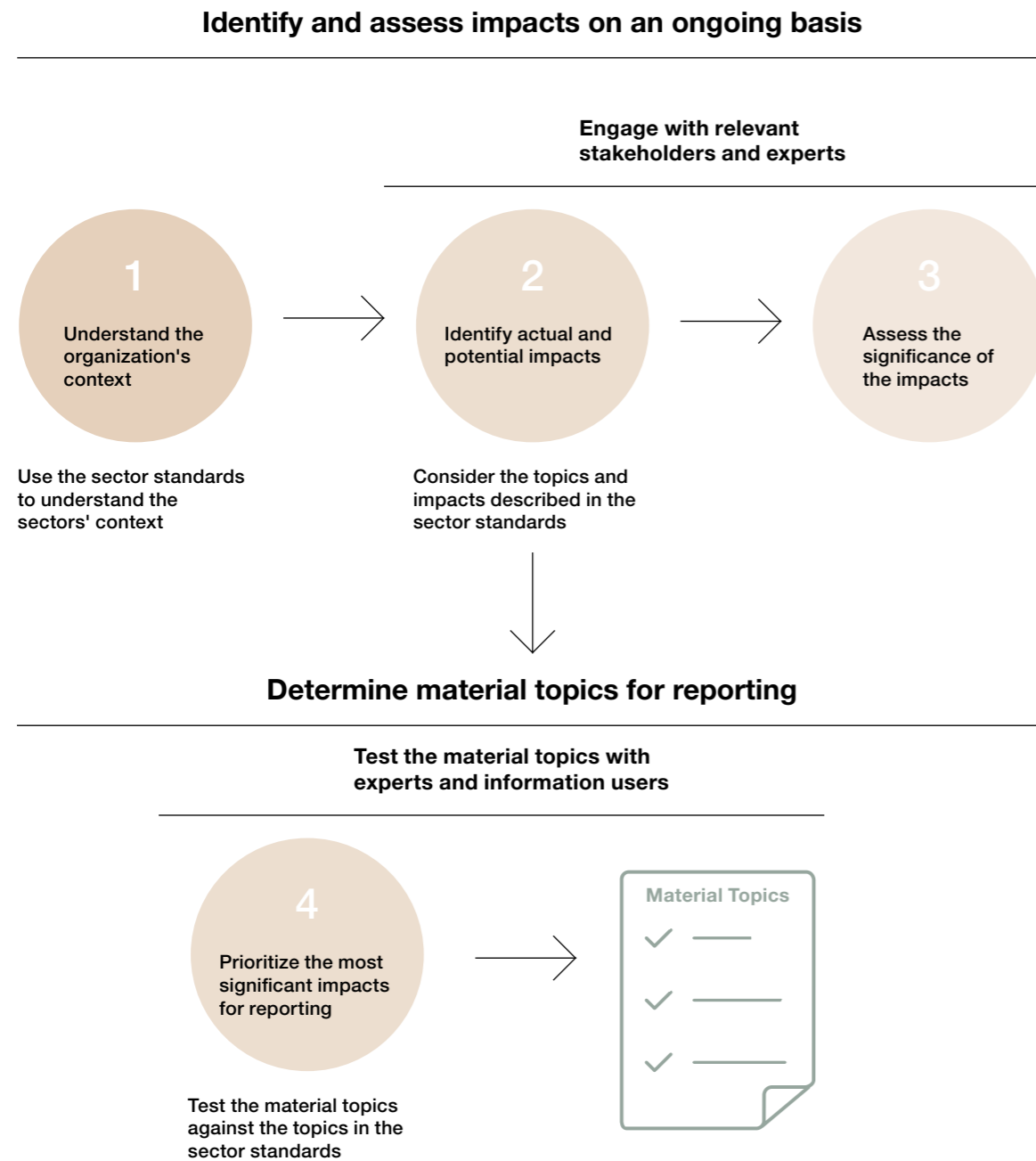
Where possible, we tried to simplify concepts in order to make the document as understandable as possible. For any detected incongruence or unclear content please refer to Arper's Sustainability Department at [sustainability@arper.com](mailto:sustainability@arper.com).

Economic values are expressed in Euros (thousands and/or millions of euros). Sometimes the data are rounded to one decimal point or to a round number, and therefore their sum may not coincide exactly with the total value.

The reporting boundary of the data presented in the Report relates to full consolidated entities. Any limitations or clarifications concerning the calculation method are indicated in the relevant sections of the document.

## 5.2 Identification of material topics (GRI 3.1)

In order to define our material topics, we decided to follow the indications of the new GRI standards 2021, one year ahead of formal implementation. The GRI 3.1 defines the topic identification as follows:



Nonetheless, at the time when the standards came out, we had already gone through a deep analysis phase that had led to the identification of 17 topics of importance for our company.

These topics were the result of the following steps, which took place in this precise order:

- 1 Creation of a spontaneous committee on Sustainability covering all company departments
- 2 Delivery of the first Arper's Sustainability Manifesto
- 3 Conceptualization and execution of The Windmill Workshops – three sessions named **Core, Non-Core and Group** – with the declared goal of:
  - Identifying the main strategic key possibilities and the corresponding key issues of the Arper group as far as sustainability is concerned
  - Linking the strategic key possibilities to the United Nations Sustainable Development Goals (SDGs) in order to be able to use them as benchmarking and reporting
  - Contributing concretely to the drafting of a strategic document to be used as a blueprint for all other departments

The three workshops included, respectively: (a) the members of the spontaneous committee (“CORE”, 5 people), (b) remaining top management and second lines of management (“NON-CORE”, 16 people) and (c) other pivotal people related to the rest of the group (“GROUP”, 5 people) (i.e. a member of the BoD, Iríde, etc.)
- 4 Identification of a first list of strategic topics
- 5 Production of a so-called “internal” materiality matrix, internally renamed into “Feasibility matrix”, which provides an outline of how difficult it is to approach the topic within the company
- 6 Reaching out to our stakeholders to produce a classic “external” materiality matrix
- 7 Production of a strategic document which delineates the company’s future sustainability direction

As far as point 6 is concerned, we identified 5 categories and 25 types of stakeholders, which resulted in 165 potential interviewees, to be interviewed on how they perceived our strategic topics. We chose to interact with them mainly through an online survey, while in some cases we conducted 1-to-1 calls. Still, using one single tool to collect information allowed us to deal with data in a more consistent manner.



The table below sums up categories, types, numbers and dialogue channels used.

Category	Type	Nr.	Dialogue Channel
Internal	Owner	1	1-to-1
Internal	CEO	1	1-to-1
Internal	Board of Directors	4	1-to-1
Internal	Top management	7	1-to-1
Internal	Talents	3	Online survey
Internal	Workers	6	Online survey
Suppliers	Raw material suppliers	4	Online survey
Suppliers	Semi-finished product suppliers	13	Online survey
Suppliers	Fabric suppliers	5	Online survey
Suppliers	Internal manufacturing	1	Online survey
Suppliers	External manufacturing	1	Online survey
Suppliers	Services suppliers	5	Online survey
Suppliers	Energy suppliers	1	Online survey
Suppliers	Consultants	2	Online survey
Suppliers	Designers	1	1-to-1
Customers	Clients B2B - Dealer	43	Online survey
Customers	B2B Clients - architects	39	Online survey
Customers	B2C Clients - corporations	6	Online survey
Customers	Generation Y (Millennials)	10	Online survey
Associations	Federlegno	1	1-to-1
Associations	Other associations	1	1-to-1
Associations	Academic organizations	1	1-to-1
Local communities	Local communities	3	Online survey
Media	Media	4	Online survey
Competitors	Competitors	2	1-to-1
		165	

All stakeholders had to rate specific topics on a scale from 1 to 10. However, we realized that not all stakeholder voices had the same weight. Therefore, we ranked them based on their ability to steer choices in Arper's social and environmental sphere and reported the following percentage ranges:

- A** They have an impact on decisions today (e.g., Top management, Customers, Suppliers) → 100%
- B** They will shift the balance tomorrow (e.g., Millennials) → 70%
- C** They proactively support the achievement of objectives (e.g., Associations) → <=50%

This process produced a weighted list of topics which reflected their importance for the stakeholders:

Material Topic	Weighted Preference
Reduction of the environmental impact	9.404
Eco-design and life cycle thinking	9.248
Efficient use of resources	9.237
Quality of life and wellbeing of the person	9.205
Transition to a circular economy	9.099
Involvement and corporate culture	9.097
Inclusion, diversity and social protection	9.026
Responsible management of the value chain	8.829
Governance	8.814
Recovery and conservation of the cultural and natural heritage	8.769
Training and growth of the individual	8.761
Technological and economic progress	8.740
Radical transparency	8.622
Partnerships	8.507
Certification and voluntary schemes	8.387
Digitization of services and processes	8.370
Local communities	8.117

This information has confirmed the validity of the chosen topics, as graphically depicted in the materiality matrix described in the corresponding chapter of this report.

On top of the assigned rating, stakeholders had to indicate their top 5 priorities, which in turn informed the Sustainability Team on the appropriate level of importance of each topic. This served as a confirmation that the priorities that we envisaged were actually consistent throughout the whole process. In fact, the first three topics have also become Arper's sustainability pillars.

Material Topic	Weighted Preference
Quality of life and wellbeing of the person	135
Reduction of the environmental impact	109
Transition to a circular economy	90
Eco-design and life cycle thinking	89
Training and growth of the individual	74
Involvement and corporate culture	65
Governance	61
Efficient use of resources	57
Responsible management of the value chain	51
Radical transparency	44
Technological and economic progress	41
Digitization of services and processes	38
Inclusion, diversity and social protection	36
Partnerships	26
Recovery and conservation of the cultural and natural heritage	23
Certification and voluntary schemes	17
Local communities	16

One improvement that we foresee for the future is to fine-tune the weight of each stakeholder based on the specific topic: stakeholders that bear more insights on specific issues should be granted more importance.

At this stage, we still had not considered the actual impacts, given that the process was designed based on GRI 2016 standards, which did not approach the impact issue as a whole. Since the main goal was to produce a report compliant with the new 2021 standards, we integrated what we already had as follows (indicated numbers refer to the GRI 3.1 picture at the beginning of this section):

### Understand the organization's context

We analyzed the topics included in the (sector) standards of other Boards/ institutions/assessment methods like SASB, MSCI, EFRAG, BIA, examined a selection of peers (9 competitors and partners) and consulted a third-party external expert to confirm the topic definition process.

### Assess the significance of the impact

This step was preceded by a first topic prioritization (see above for further details), for then being performed in both inside-out (impact) and outside-in (financial) fashion. The impact analysis produced a more refined prioritization which resulted in the exclusion of a topic that was initially included in the selection.

This process brought us to exclude one topic we had in the first list, the Digitalization of Services and Processes. This is mainly due to the fact that the actions we have in mind are planned for 2025 onwards, hence having a proper impact later in time. The dynamic materiality approach will ensure that we will not neglect to include this topic in our reporting activities in due time.

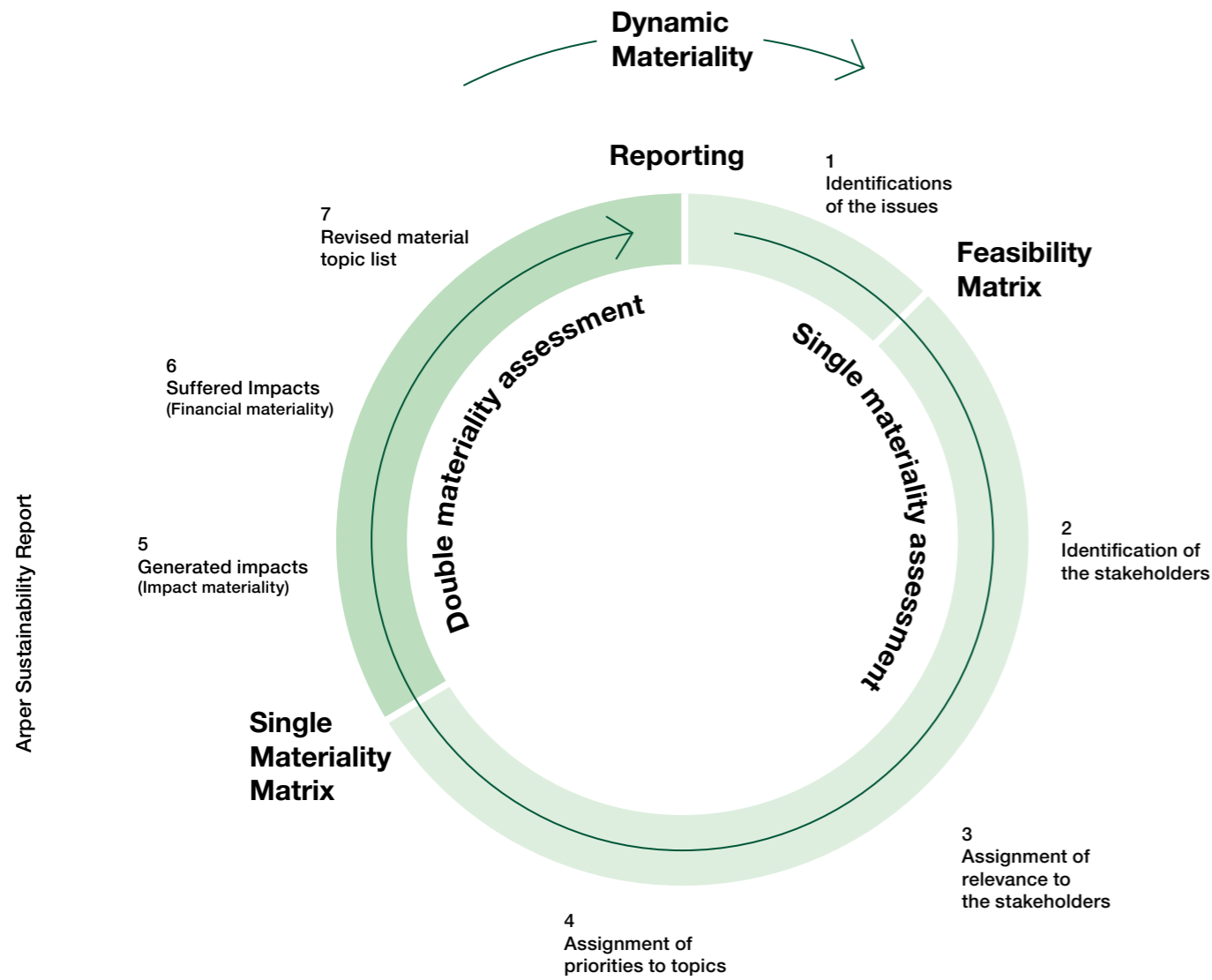
### Identify actual and potential impacts

We focused on the identification of actual and potential impacts of the topics that we delineated in the previous phase only, since we were quite confident that they were the most important ones for our business. We confirmed this analysis with an external consultant, as well. See next chapter for details.

### Prioritize the most significant impacts for reporting

We already had the priorities produced by our dialogue with our stakeholders. As a confirmation step, we tested them with a restricted pool of experts (third-party consultants), since no sector standards are currently available for the furniture sector.

# Our process in a nutshell



Arper Sustainability Report

A more detailed description of the format and information gathered during the workshops is available upon request from the Sustainability Department.

# Final list of material topics

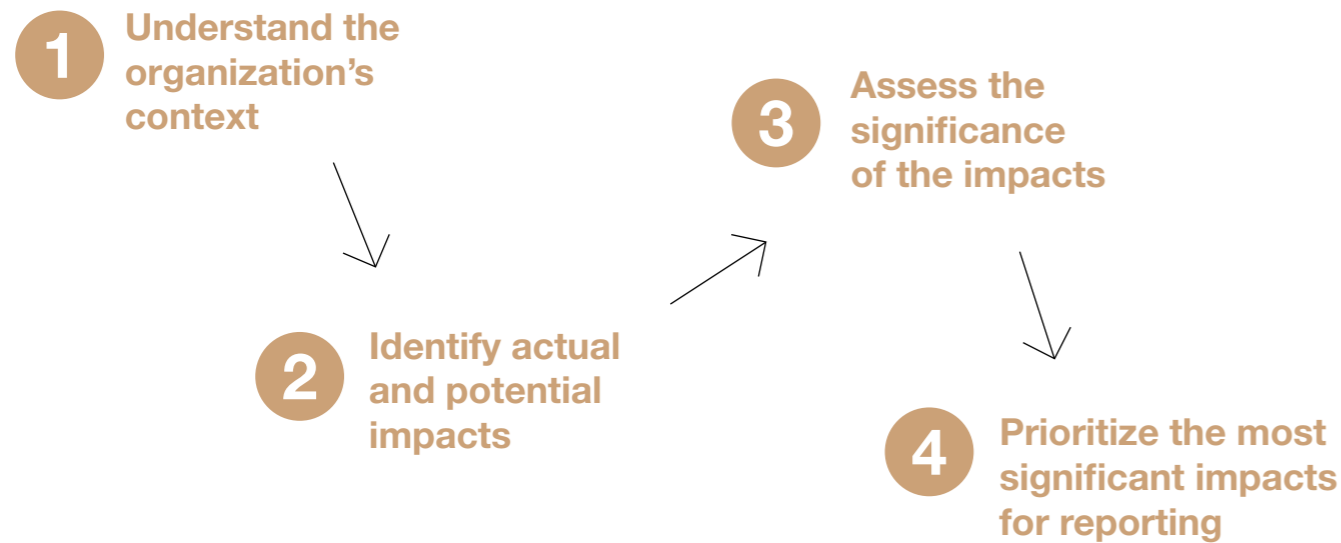
Our final material topics are:

- Quality of life and wellbeing of the person
- Reduction of the environmental impact
- Transition to a circular economy
- Eco-design and life cycle thinking
- Training and growth of the individual
- Involvement and corporate culture
- Governance
- Efficient use of resources
- Responsible management of the value chain
- Radical transparency
- Technological and economic progress
- Digitization of services and processes
- Inclusion, diversity and social protection
- Partnerships
- Recovery and conservation of the cultural and natural heritage
- Certification and voluntary schemes
- Local communities

These topics have been thoroughly discussed with and approved by the CEO of the company. They have then been presented to the Board of Directors for acknowledgement.

## 5.3 Management of material topics

The GRI 3 standard clearly defines the steps to be taken to identify the topics which should be disclosed in the report.



### Step 1: Understand the organization's context

In this step, the organization generates an overview of its activities and business relationships, the sustainability context in which these occur, and an overview of its stakeholders. This provides the organization with critical information for identifying its actual and potential impacts.

### Step 2: Identify actual and potential impacts

This step focuses on the identification of an organization's actual and potential impacts on the economy, environment, and people across the organization's activities and business relationships. Actual impacts are those that have already occurred, and potential impacts are those that could occur but have not yet. Impacts can be of negative and positive nature, as well as have a short-term and long-term implication on people and the planet.

### Step 3: Assess the significance of the impacts

As a third step, the organization assesses the magnitude of its identified impacts to prioritize them. Prioritization enables the organization to take action to address the impacts and also to determine its material topics for reporting. Prioritizing impacts for action is relevant, since very often it is not feasible to address all impacts immediately.

Assessing the significance of the impacts involves quantitative and qualitative analysis. How significant an impact is needs to be specified by the organization and will be influenced by several factors, including the sector of activity, its network of relations, and the lobbying activities they can implement. In any case, a substantial number of subjective decisions will be required. Such decisions cannot always be tracked down to a specific standard or

methodology, since perceptions may differ among decision makers. In our case, a consultation with external experts has taken place to strengthen evaluation consistency. As far as quantitative analysis is concerned, a very simple methodology to determine the significance of each impact was developed. The methodology is based on a mathematical formula that includes scale, scope and likelihood (see GRI 3 2021 for further details on the selected approach). The scale of an impact refers to how detrimental or beneficial the impact is or could be, while the scope refers to how widespread the impact is or could be (e.g., the number of individuals or the extent of environmental resources that are or could be positively affected). We assigned a value ranging from 1 to 5 as reported in the following table.

Scale	Scope
1 Totally irrelevant	Very reduced
2 Minimal	Reduced
3 Medium	Medium
4 Relevant	Large
5 Very relevant	Very large

Finally, for potential impacts, we defined the chance (likelihood) that such impact actually materializes. The likelihood was determined qualitatively by an internal pool of experts led by the Sustainability team and was described mathematically using probability values.

## Step 4: Prioritize the most significant impacts for reporting

In this step, to determine its material topics for reporting, the organization prioritizes its impacts based on their significance and arranges them from most to least significant, to then define a cut-off point (threshold) to determine which of the impacts it will focus its reporting on.

In our case, the formula used for the calculation is (Scale+Scope) Likelihood and the threshold has been set to 5. This analytical phase results in a list of the organization's material topics, which is being listed here below.

Material Topics	Weighted Preference
Reduction of the environmental impact	37
Quality of life and wellbeing of the people	32.3
Certification and voluntary schemes	30
Transition to a circular economy	25.9
Efficient use of resources	23.6
Recovery and conservation of the cultural and natural heritage	16.6
Responsible management of the value chain	14.8
Technological and economic progress	14
Radical transparency	12.9
Engagement and corporate culture	12.6
Governance	10.6
Inclusion, diversity and social protection	10.5
Local communities	8.3
Training and growth of the individual	8.2
Eco-design and life cycle thinking	7.6
Partnerships	6.6
Digitalization of services and processes	2.8

Finally, the revised list of topics has been presented and approved by the CEO of the company.

# 5.4 Project description

Below we provide a short description of the main idea behind the project listed in the sustainability plan for the next 5 years (2023-2027). For some of them, deployment has already started, while some others might be rescheduled based on overall progress. The degree of project definition may also vary depending on the implementation timeline.

<p><b>“The Pact”</b></p> <p>Activation of "Give-And-Take" projects for the Arper people with the aim of encouraging them to invest in their personal wellbeing (e.g. availability of zero-emission vehicles vs. "recommended" use, Friday afternoon free vs. season ticket at the pool, etc.).</p>	<p><b>Energy cashback</b></p> <p>Arper already has some guidelines (rules of conduct) in place that aim to reduce energy consumption. Energy saving as a global KPI for all employees becomes connected to a reward mechanism: if the annual target set by Ownership/Management is achieved, the delta accrued is deposited in a fund dedicated to the creation of works/services aimed at to people's wellbeing (attributable to the company agreement).</p>	<p><b>Sustainability culture</b></p> <p>Daily event during the year where Arper stops its operations and invests the day in approaching culture and sustainability.</p>
<p><b>Information bank</b></p> <p>Creation of a free knowledge trading system among colleagues where everyone can contribute with the things that they know/can do in exchange for other people's knowledge, where Arper makes company spaces available during extra-working hours.</p>	<p><b>Green area repurposing</b></p> <p>Repurposing of the outdoor spaces owned by the company dedicating them to people's wellbeing (e.g. synergic vegetable garden, dining space, outdoor fitness).</p>	<p><b>Local community support</b></p> <p>Further introduction of social cooperatives into the supplier network for daily routine jobs (packaging, marketing tools, etc.)</p>
<p><b>Partnerships with local schools</b></p> <p>Joint project with the Didactic Management and Education Department of Monastier di Treviso with the aim of opening the doors of the company to second/third graders.</p>	<p><b>Benefits/BCorp</b></p> <p>Transformation of Arper into a benefit company, with the option of obtaining the BCorp certification at a later step</p>	<p><b>Social certification</b></p> <p>SMETA is an audit which focuses on standards of labor, health and safety, environmental performance, and ethics at the supplier's site and is designed to help protect workers from unsafe conditions, overwork, discrimination, low pay and forced labor.</p>

<p><b>Eco-design workshop</b></p> <p>Increase of the eco-design conscience by organizing a series of hands-on workshops on eco-design principles.</p>	<p><b>Circular startup</b></p> <p>Spinoff project with focus on the creation of a 100% circular product by revisiting some of our legacy collection.</p>	<p><b>Industrial symbiosis</b></p> <p>Creation of virtuous circles for the recovery of waste materials from other production lines of the Arper supply chain</p>
<p><b>Use of secondary raw materials in products</b></p> <p>Recovery and upcycling project connected to the waste generated during the upholstery phase.</p>	<p><b>Product passport</b></p> <p>Development of the necessary infrastructure to produce a digital product passport which includes data on product sustainability.</p>	<p><b>Product traceability</b></p> <p>Development of a downstream and upstream product tracking methodology, making extensive use of new technologies.</p>
<p><b>Product LCA databank</b></p> <p>Implementation of a process aimed at producing internal LCAs on the main products/production processes of our range, as well as new developments</p>	<p><b>Responsible partnerships</b></p> <p>Creation of partnerships with organizations and companies to create an extended sustainability network which should help put forward sustainability goals (i.e., peer sustainability groups, universities, manufacturers' associations, etc.).</p>	<p><b>Widespread Ambassadorship</b></p> <p>Creation of a network of sustainability ambassadors extended to the main suppliers, with the aim of creating a movement across the supply chain (Arper District).</p>
<p><b>Sustainability KPI for top management</b></p> <p>Inclusion of KPIs related to sustainability aspects in the (top) management's MBO.</p>	<p><b>Identification and Reduction of GHG impact intensity</b></p> <p>Development of a plan to gradually reduce the group's overall GHG emissions. Part of this project has already started in 2022 with a series of workshops which have been extended to the whole Arper population with the aim of identifying possible areas of intervention at group level.</p>	<p><b>Energy Manager and Energy management plan</b></p> <p>Implementation of an Energy Manager and the corresponding specific energy-related targets, with the aim to improve energy efficiency and reduce scope 1 and scope 2 emissions. This process should then be formalized in a ISO50001 certification.</p>
<p><b>Packaging 2.0</b></p> <p>Reevaluation of Arper's packaging system and materials in order to reduce the impact of packaging as a whole and optimize transportation.</p>	<p><b>Sustainable mobility</b></p> <p>The "Sustainable Mobility on the Go" (S.M.O.G.) project aims to decrease the company's impact caused by the movement of people and goods. In order to achieve this, several programs will be launched at different points in time. The first three projects are: (a) a carpooling service, possibly extendable to other neighboring companies, which</p>	<p>includes a reward system for drivers and passengers; (b) an e-bike sharing plan, which will stimulate slow mobility for employees coming from the local area; (c) the electrification of the shuttle service between company locations and slow but steady transition to an electric corporate fleet.</p>



## 5.5 Direct economic value generated and distributed

The parameters used for the calculation included in this report are:

<b>Source of the data</b>	→	Is the Consolidated Financial Statement from January 1st, 2022 to December 31st, 2022
<b>Revenues</b>	— —	Total Revenues (revenues related to sales + other revenues)
<b>Operating costs</b>	— —	Cost of materials, cost of services and other operating expenses
<b>Wages and employee benefits</b>	— —	Payroll expenses of the year
<b>Payments to capital providers</b>	— —	Dividends paid to the shareholders
<b>Payments to the P.A.</b>	— —	Current income taxes of the year
<b>Investments in the community</b>	— —	Donation expenses, included under “Other Operating Expenses” in the Consolidated Financial Statement as of 31st December 2022
<b>Retained economic value</b>	— —	EBITDA - payments to PA - dividends
<b>Distributed economic value</b>	— —	Costs for services + cost for raw materials + donations + salaries and employee benefits + payments to the Public Administration + dividends

## 5.6 Corporate Carbon Footprint assumptions

### Methodological LCA choices

The adopted LCA approach is attributional. The LCA attributional model represents the evaluation of the actual, average or estimated supply chain of a product or process. The existing or estimated system is considered in a static technological context. The attributional approach is a type of modeling in which environmentally relevant inputs and outputs for each process involved in the product life cycle are attributed to the functional unit. The functional unit is the activity of a whole year of the Arper Group.



The reporting year is 2022. Organizational boundaries are defined as the whole Arper Group. A control approach has been adopted, meaning that the organization accounts for all GHG emissions and/or removals from facilities over which it has financial or operational control. With regards to end-of-life allocation, the “cut-off” approach is adopted. Raw materials and production processes are included for virgin resources. No allocation is made for materials subject to recycling. The recycling process is included for input of recycled resources. Outputs subject to recycling are regarded as inputs to the next life cycle. Reporting boundaries are defined according to ISO 14064-1:2019. The study includes direct GHG emissions (Category 1), indirect GHG emissions from imported energy (Category 2), indirect GHG emissions from transportation (Category 3), indirect GHG emissions from products used by the organization (Category 4) and indirect GHG emissions associated with the use of products from the organization (Category 5) of Arper Group in 2022. Indirect GHG emissions related to natural gas not included in Category 1 are reported as indirect GHG emissions from other sources (Category 6). A significance analysis is performed to evaluate indirect GHG emissions based on criteria indicated in ISO 14064-1 (Annex I).

“Category 1 – Direct GHG emissions” occur from GHG sources that are owned or controlled by the organization, distinguished in the following subcategories:

- Direct emissions from stationary combustion (ex. heaters, gas turbines, boilers);
- Direct emissions from mobile combustion (ex. company fleet);
- Direct emissions from industrial processes (ex. manufacturing, waste treatment);
- Direct fugitive emissions from the release of GHGs in anthropogenic systems (ex. refrigerant leaks);
- Direct emissions from land use, land use change and forestry (LULUCF).

Category 1 includes direct emissions from natural gas combustion for boilers, company vehicles, refrigerant leaks based on data provided by the company. Indirect emissions from imported energy (Category 2) include emissions only from purchased electricity because no energy other than electricity (for instance heat, steam, cooling and compressed air) was imported by Arper Group in 2022. Indirect emissions from transportation (Category 3) consist of business travels, employee commuting, clients and visitors transport, transportation of purchased

products from suppliers, capital goods and company waste. Indirect emissions from purchased products, capital goods, waste treatment, water consumption, and office cleaning are included in Category 4. For the sake of simplicity, purchased products are modeled based on primary data about material composition and product weight. There are no emissions from the use of assets. Indirect emissions from the use of services such as mail delivery, conference call, consulting, etc. are excluded from the study based on the significance analysis. Category 5 only includes the end-of-life stage of products. There are no emissions from downstream leased assets. Indirect emissions from the use stage of the products are excluded from the study based on the significance analysis. Category 6 comprises indirect emissions related to natural gas that are not included in Category 1 (i.e., emissions due to the fuel production, infrastructure and electricity consumption for auxiliary equipment).



**Main assumptions and simplifications**

- The SimaPro 9.3 software and Ecoinvent v3.8 are used for Carbon Footprint calculation.
- Iride Srl is only considered as supplier (and not as Arper company) in 2021 as the company became part of Arper Group from 15th December 2021.
- In 2021 production from Arper’s manufacturing plant in High Point is not considered due to lack of data.
- Showroom: waste production and visitors to shared spaces with other companies are neglected; Energy consumption in shared spaces with other companies are allocated based on the occupied floor surface area.
- Indirect emissions related to the purchase of electricity (Category 2) from the grid are reported considering the national energy mix as available in the Ecoinvent database v3.8. The location-based approach is used as indicated in the reference ISO standard 14064-1:2019 (par. E.2.1).

**Transportation (Category 3)**

- If not specified, vehicle fuel is assumed as petrol for America and diesel for Europe.
- If not specified, Euro 4 is assumed as vehicle emissions standard.
- If not specified, a medium size car is assumed for vehicles, cars, Uber cars, and taxi.
- If not specified, a 16-32 ton, Euro 4 truck is assumed for waste transport.

**Transport of goods (Category 3)**

- For Arper SpA, 80% of destination countries is considered based on the transported weight.
- For all other companies (Arper Japan, Arper LATAM, Arper UK, Arper USA, and Corium), only the major destination country is considered.
- Transport from the company to the capital of the destination country is assumed, with an additional local road transport of 300 km. If transport is intercontinental, transport by ship is considered (assuming the most popular port close to the capital of the destination country).
- For Arper USA, the average distance from the 4 locations (Chicago, High Point, Los Angeles, New York) to the capital of the destination country is considered.

**Capital goods (Category 4)**

- The entire impact related to raw materials and their production is attributed to the reporting year (2021). The impact is not spread over the useful life of the assets.
- Capital goods are grouped in 20 main categories (ex. steel products, air conditioning, workshop tools) with their respective weights.
- Only suppliers strictly related to manufacturing (ex. production of components, semi-finished products, finishing operations, product storage) are considered, excluding services such as logistics, consultancy, and IT (Category 4).
- 80% of total turnover from 400 suppliers to the Arper Group is considered to select the most relevant 35 suppliers of which 5 are excluded from the study due to lack of data (Category 4).
- As regards packaging of Arper products (Category 4), only final packaging intended to the consumer is considered.
- GHG emissions due to emails, credit transfers, and investments (Category 4) are not considered.
- The use stage of the products (Category 5) is not assessed.

**End of life stage (Category 5)**

- Starting from selected major destination countries for transportation, 90% of countries based on transported weight are considered to simplify product and packaging end-of-life scenarios.
- Waste scenarios are based on statistical data from Eurostat [8] and OECD [9] database respectively for European and non-European countries.

6

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# DATA APPENDIX

# 6.1 Goals recap

Area of interest	KPI	GRI Disclosure	Description	Target	Year
People	Employee turnover	401-1	Negative employee turnover (terminations)	< 15%	2023
			Positive employee turnover (new hires)	Pos > Neg	2023
	Internal training on sustainability issues	404-1	Annual training hours per capita	Training on sustainability topics +10%	2023
			Total hours of training per year per employee	Extend to all subsidiaries	2023
	Category and gender	405-1	Total number of employees by professional category and gender	50% male-female-ratio	2027
	Vulnerable groups		Number of employees belonging to vulnerable groups by gender	Vulnerable group ratio >= 10%	2024
Salary and remuneration	405-2	Remuneration ratio Women to Men	100% in all categories	2027	
Health and Safety	416-2	Incidents of non-compliance with regulations and/or voluntary codes	0	2023	
Product	Supplier's screening using ESG criteria	ARP-4	Certified products	1 new EPD per year	2024
				Greenguard certification on all seatings	2023
				FSC certification on all new wood items	2024
	Secondary raw materials used	301-2	Percentage of recycled input materials used to manufacture the organization's primary products and services	>15% (considering the whole current range)	2027
	Waste	301-3	Reclaimed products and their packaging materials	5%	2027
306-3		Waste produced/Waste intensity	-10%	2027	
Circularity index	ARP-1	TECLA score by FederlegnoArredo	45%	2025	
Emissions	Corporate carbon footprint	305-1/2/3	GHG emissions	42% reduction of Scope 1-2 and between 25%-42% reduction of Scope 3 emissions compared to 2022 (consistent with a possible futurealignment with the science-based targets)	2030
	Energy	302-1	Total energy consumption	100% electricity from renewable sources	2027
	Water	303-3	Water withdrawal sources	-20%	2027
Supply chain	Supplier's screening using ESG criteria	308-1	New suppliers assessed using environmental criteria	100% of new suppliers	2024
		414-1	New suppliers assessed using social criteria	100% of new suppliers	2024
	ARP-3	ESG rating for all strategic suppliers	50%	2025	
			100%	2030	
Community	Local community engagement	413-1	Operations with local community engagement	3 long-term programs a year	2027

## 6.2 Corporate Carbon Footprint

Gas	Quantity						Total	Emission Factor	GWP	
	Category 1	Category 2	Category 3	Category 4	Category 5	Category 6			kg CO2 eq	%
CO2 fossil	192796	410203	2082987	11893904	208203	16507	14804600	1	14804600	89,4%
CO2 land transformation	41,4	128,1	932,5	22186	14,9	9,5	23312,5	1	23313	0,1%
CH4 land transformation	0,006	0,013	0,225	3,747	0,007	0,002	4	29,8	119	0,0%
CH4 biogenic	1,8	146,3	31,1	6306,3	4052	0,8	10538,2	27,2	286639	1,7%
CO2 to soil or biomass stock	2,4	2,4	30,6	402,2	0,7	0,4	438,8	-1	-439	0,0%
CH4 fossil	86,4	1068,3	1694,9	35140,7	167,4	386,3	38543,9	29,8	1148609	6,9%
N2O	2,9	19	50,5	533,5	27,2	0,3	633,5	273	172948	1,0%
SF6	0,003	0,131	0,045	1,131	0,001	0,001	1,311	25200	33038	0,2%
NF3	6,81E-13	5,76E-11	1,46E-11	1,56E-04	2,85E-12	1,02E-13	1,56E-04	17400	3	0,0%
Other GHGs	0,7	20,7	14,8	402,6	0,4	11,3	450,5	-	86123	0,5%
GWP kg CO2-eq	196431	454852	2151577	13393029	330877	28186	16554953	-	16554953	100%

Gas	kg CO2 biogenic
CO2 biogenic emissions	3 463 255
CO2 biogenic uptake	5 388 794

# 6.3 GRI index

## GRI content index

### Statement of Use

Arper Group has reported in accordance with the GRI Standards for the period from 1st January 2022 to 31st December 2022.

### GRI 1 used

GRI 1: Foundation 2021

### Applicable GRI Sector Standard(s)

None

GRI standard/other source	Disclosure	Location/Information	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
	2-1 Organizational details	11-15			
	2-2 Entities included in the organization's sustainability reporting	32			
	2-3 Reporting period, frequency and contact point	8, 171			
	2-4 Restatements of information	8			
	2-5 External assurance	8			
	2-6 Activities, value chain and other business relationships		yes	Confidentiality constraints	Names and processes are covered by confidentiality constraints
	2-7 Employees	59	partly omitted	Information unavailable/incomplete	Information provided do not cover all standard requests
	2-8 Workers who are not employees		yes	Information unavailable/incomplete	Information has not been tracked in 2022
	2-9 Governance structure and composition	148-149	partly omitted	Confidentiality constraints	Omissions are due to confidentiality issues
	2-10 Nomination and selection of the highest governance body	Nominated by the owners			
	2-11 Chair of the highest governance body	Mr. Claudio Feltrin, President of the Board			
	2-12 Role of the highest governance body in overseeing the management of impacts	Overall strategic direction and control			
	2-13 Delegation of responsibility for managing impacts	Management of impacts have been delegated to CEO			
	2-14 Role of the highest governance body in sustainability reporting	Control and compliance			
	2-15 Conflicts of interest	None detected			
	2-16 Communication of critical concerns	No major concerns have been communicated to the BoD			
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	2 sessions dedicated to the progress of sustainable development activities			
	2-18 Evaluation of the performance of the highest governance body		yes	Confidentiality constraints	Omissions are due to confidentiality issues
	2-19 Remuneration policies		yes	Confidentiality constraints	Omissions are due to confidentiality issues
	2-20 Process to determine remuneration		yes	Confidentiality constraints	Omissions are due to confidentiality issues
	2-21 Annual total compensation ratio		yes	Confidentiality constraints	Omissions are due to confidentiality issues
	2-22 Statement on sustainable development strategy	41-45			
	2-23 Policy commitments		yes	Information unavailable/incomplete	A more detailed approach will be included in next year's report
	2-24 Embedding policy commitments		yes	Information unavailable/incomplete	A more detailed approach will be included in next year's report
	2-25 Processes to remediate negative impacts	34-37			
	2-26 Mechanisms for seeking advice and raising concerns		yes	Information unavailable/incomplete	A comprehensive stakeholder engagement approach is under development
	2-27 Compliance with laws and regulations	147	yes	Information unavailable/incomplete	Missing information available, but not included in this report
	2-28 Membership associations	141			
	2-29 Approach to stakeholder engagement	173-175			
	2-30 Collective bargaining agreements	57,47% For employees not covered by collective bargaining agreements, like employees abroad, the organization determines their working conditions and terms of employment according to the corresponding national legislation			

GRI standard/other source	Disclosure	Location/Information	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Material Topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	172-178			
	3-2 List of material topics	179			
	3-3 Management of material topics	180-182			
<b>Quality of life and well-being of people</b>					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	59			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	59			
	401-3 Parental leave	59			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	59			
<b>Transition to a circular economy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	65			
	301-2 Recycled input materials used	65			
	301-3 Reclaimed products and their packaging materials	65			
GRI 306: Waste 2020	306-3 Waste generated	65			
<b>Reduction of the environmental impact</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	74-75			
	302-3 Energy intensity	75			
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	75			
	305-1 Direct (Scope 1) GHG emissions	74			
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	74			
	305-3 Other indirect (Scope 3) GHG emissions	74			
	305-4 GHG emissions intensity	74			
<b>Engagement and corporate culture</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	85			
	404-2 Programs for upgrading employee skills and transition assistance programs	85			
<b>Efficient use of resources</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	91			
	306-1 Waste generation and significant waste-related impacts	91-92			
GRI 306: Waste 2020	306-3 Waste generated	91			
<b>Recovery and conservation of the cultural and natural heritage</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			

GRI standard/other source	Disclosure	Location/Information	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Inclusion, diversity and social protection</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	104			
	405-2 Ratio of basic salary and remuneration of women to men	105			
<b>Radical transparency</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
<b>Certifications and voluntary schemes</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	121			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	121			
<b>Training and growth of the individual</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	127			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	127			
	404-3 Percentage of employees receiving regular performance & career development reviews	127			
<b>Responsible management of the value chain</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	133-135			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	135			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	135			
<b>Partnerships</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
<b>Governance</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	150			
	205-3 Confirmed issues of anti-corruption and actions taken	147			
	402-1 Minimum notice periods regarding operational changes	148			
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	150			
<b>Technological and economic progress</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	153			
<b>Local communities</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	157			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	157			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	157			
<b>Ecodesign and life cycle thinking</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-182			

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## Italy

Monastier (TV) — Headquarters and showroom  
Arper SPA  
Via Lombardia 16  
31050 Monastier di Treviso (TV)  
T +39 0422 7918  
info@arper.com  
www.arper.com

Commerciale Italia  
T +39 0422 791905  
commerciale@arper.com

Export Office  
sales@arper.com

Milan — Showroom  
Via Pantano 30  
20122 Milan  
T +39 02 89093865  
milano@arper.com

## **EUROPE**

### UK

London — Subsidiary and showroom  
Arper UK LTD  
11 Clerkenwell Road  
London EC1M 5PA  
T +44 (0) 20 7253 0009  
london@arper.com

### Germany

Cologne — Showroom  
Design Post Köln  
Deutz-Mülheimer-Str. 22a  
50679 Köln  
T +49 221 690 650  
info@designpost.de

Fruchtof München — Meeting Hub  
2. Innenhof, 2. Etage  
Gotzinger Straße 52b  
D-81371 München  
T +49 171 1080976  
muenchen@arper.com

### Norway

Oslo — Showroom  
Drammensveien 130  
0277 Oslo  
T +47 908 202226  
norway@arper.com

### Sweden

Stockholm — Branch  
T +46 705 101216  
sweden@arper.com

## The Netherlands

Amsterdam — Showroom  
Design Post  
Cruquiusweg 111-L  
1019 AG Amsterdam  
T +31 (0)20 705 1555  
holland@arper.com

## **AMERICA**

### USA

New York — Subsidiary and showroom  
Arper USA Inc.  
476 Broadway, Suite 2F  
NY 10013 New York  
T +1 (212) 647 8900  
infousa@arper.com

Chicago — Showroom  
The Merchandise Mart  
Space#346 - 3rd Floor  
Chicago  
T +1 (336) 434 2366  
infousa@arper.com

High Point, North Carolina — Production and logistics site  
660 Southwest St  
High Point, NC 27260  
T +1 (336) 434 2370  
infousa@arper.com

Los Angeles — Showroom  
550 South Hope St., Suite 275  
90071 Los Angeles  
T +1 (336) 434 2382  
infousa@arper.com

### Mexico

Mexico City — Subsidiary and showroom  
Culiacan 123, Piso 9  
Col. Hipodromo Condesa  
Delegation Cuauhtémoc  
06170 – Ciudad de México  
Mexico  
T +52 1 62714417  
infofatam@arper.com

## **ASIA**

### Japan

Arper Japan K.K. — Subsidiary and showroom  
HT Jingu Gaien Bldg.8F  
Minato-ku Kita-Aoyama 2-7-22  
Tokyo 107-0061  
T +81 3 5775 0008  
carejpn@arper.com

### China

Shanghai — Subsidiary  
爱尔派 (上海) 家具设计有限公司  
2nd Floor, Unit N204-207,  
Building N1,  
The Bund Finance Center,  
558 Zhongshan NO.2 Road(E),  
Shanghai  
T +86 021 5466 7366  
china@arper.com

### Singapore

Singapore — Branch  
c/o 3 Lim Teck Kim Road, #01-01  
Genting Centre  
088934 Singapore  
singapore@arper.com

### UAE

Arper Middle East and India  
— Subsidiary and showroom  
U-Bora Towers - Unit 1901  
Business Bay  
Dubai  
T +971 529255633  
infome@arper.com

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