

NEW
STANDARDS.
NEW
CHALLENGES.
RENEWED
EFFORTS.

sustainability
report 2024



arper

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Letter to the stakeholders



Claudio Feltrin
Chairman of the Board

With the Sustainability Report 2024, we enter the third year of our journey to measure our responsibility ambitions and report on progress. 2024 was a year of focus: rather than multiplying initiatives, we concentrated on a specific set of high-impact priorities that move us forward in tangible ways. These priorities reflect our three pillars—improving the quality of life and wellbeing of people, transitioning to a circular economy, and reducing our environmental impact—and the continuous dialogue with our stakeholders that shapes our path. Sustainability for us is not an appendix to design; it is the way we generate value with discipline, transparency, and long-term intent. In 2024, we reached an important milestone with the launch of Catifa Carta—our iconic Catifa 53 reimaged in PaperShell—charting a concrete, measurable path in which design choices, material innovation, and end-of-life operations are developed together.

Catifa Carta's shell is crafted from PaperShell, a composite material made from kraft paper sheets, bonded together with a 100% biogenic resin. Throughout its life cycle, the shell retains the CO₂ captured by trees, significantly reducing its environmental footprint. At the end of its life, Catifa Carta can undergo pyrolysis, a burning process that prevents the release of CO₂ back into the atmosphere. Through pyrolysis, Catifa Carta's shell is converted into biochar—a charcoal that acts as

a tank of carbon and, when mixed with soil, acts as an enhancement, contributing to a regenerative economy. Catifa Carta's life cycle achieves an extraordinary result: the first carbon-negative shell in our industry.

Building on this pathway, Catifa Carta is also the first furniture shell made from PaperShell, extending Catifa's essential elegance into a new material era with a clear environmental intent: it fully embodies what responsibility means to Arper.

On climate and resources, we strengthened performance across key impact areas; we reduced Scope 3 emissions by 17.5% vs 2022 (baseline year) and total Scope 1–2–3 emissions by 14.3%. Water withdrawal is down 30.3% vs 2022; our TECLA Circularity Index reached 55% (up from 43% in 2022); and recycled input materials rose to 28.4%. Renewable electricity covered 39.7% of our demand in 2024, as we work toward full coverage by 2027. To embed continuous improvement in our design process, we published internal Ecodesign Guidelines so every new brief prioritizes durability, modularity, disassembly, and informed material choices.

For people and governance, we focused on safety, flexibility, and clear accountability. Arper Flow kept flexible work available to 100% of office staff; the S.M.O.G. car-pooling initiative supported lower-impact commuting; ESRS-aligned stakeholder engagement informed priorities; and sustainability performance is integrated into management routines and reported to the Board annually.

We believe beauty is a form of care. When material innovation drives change and strategy leads before form, design shows its power to improve everyday life. Design is not only what we make; it is the way we choose to live and work together. This is the horizon we pursue.

Looking ahead, our path is concrete: expand

renewable energy, strengthen supplier engagement, grow refurbishment and take-back, and keep ecodesign at the heart of every brief—while investing in the skills that make change possible.

We will continue to act with responsibility and care, opening our process to partners and communities as we design—not just products—but the project of living. We invite our community—clients, suppliers, and colleagues—to share this responsibility with us, because the future we design is a common project. Join us in designing the world we live in.



2.

WHO WE ARE AND HOW WE RELATE TO THE WORLD AROUND US



a. Our strategy to shape the world of tomorrow

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 (Honorary President 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.

Arper approaches design through the project of living, a dialogue that embraces change—at the scale of the world and of individuals alike. A sensitivity to the communities, relationships, environments, and people for whom the company designs underpins every choice.

We base our activities on our core values:

Responsibility

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

Openness

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

Courage

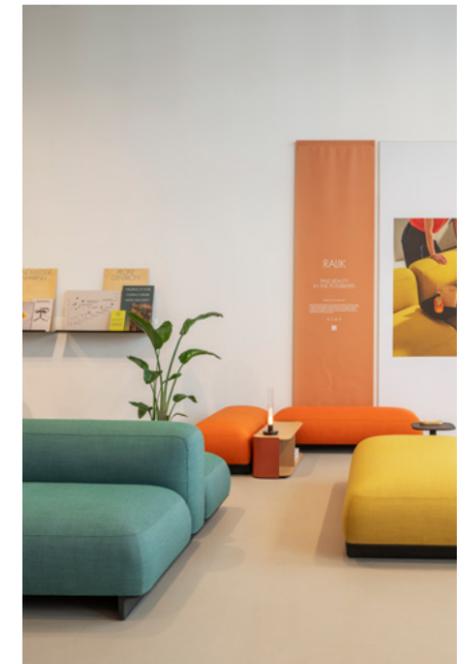
Daring to take on bold challenges

Care

To bring sensitivity and attention to detail in everything we do

Imagination

Delight in creativity, playfulness and joyful expression



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.

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 are committed to applying every insight we learn directly to our designs, always seeking 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 multifaceted economic, intellectual, and practical implications. Effective change requires sustainability to be integrated into the core of our brand and to become one of the foundations for the future growth of our company. We are therefore investing in shifting 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.

Our environmental approach: designing the world we live in

We have always explored design through our relationships with people, objects, and places. Today, we recognize that the most important relationship we must care for is the one with the planet. "Designing the world we live in" means planning sustainable growth—for people and communities—through business activities guided



Through creativity

as the sustainable vocation of design is defined above all in the conception phase. Together with designers, we can create products in which sustainability becomes an explicit and shared requirement in the creative path that leads to the (re)birth of an object.



By incorporating these principles into our work—applying them widely and consistently and sharing them with our partners—we can help establish new

by principles of honesty and transparency: environmental, social, and economic.

From this perspective, "putting people at the center" takes on new meaning: it makes us aware that, as manufacturers, we have a great responsibility in building an accessible and inclusive present and future. At the same time, it gives us the great privilege of being able to concretely influence the future we help shape. Design plays a central role in this process because it allows us to evolve by acting at all levels:

Through processes and services

which enable us to implement new models by considering the potential of end-of-life, reuse, and recycling management solutions, and by involving the entire value chain in a process of collective and shared growth.



Through the product itself

because in its best form—what we call "great design"—a product is made to last, to transcend trends, and to take, through its durability, the first essential step toward environmental, social, and economic sustainability. "Great design" becomes "design for sustainability."

aesthetic standards and redefine the concept of "beauty," including the value of respect for the planet.

The pillars of our responsibility

Achieving the objectives that we set to 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

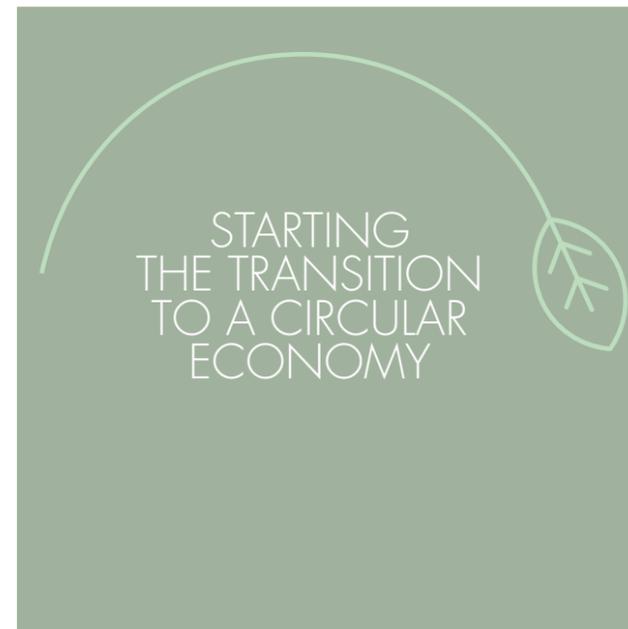
work on concrete short-term actions, which can both be preparatory to the achievement of more complex objectives and constitute interventions that give an immediate result.

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:



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.

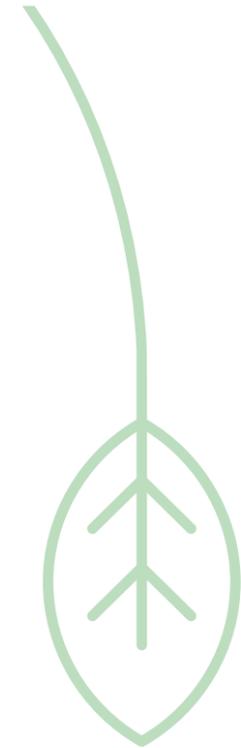


REDUCING OUR ENVIRONMENTAL IMPACT

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.

We will implement these pillars through several levers of change, which we believe can guide our evolution, enabling us to progressively realize concrete projects that will transform Arper into a leading example of responsible leadership.

Finally, we will focus on practical actions, drawing from our past experiences and projecting them into the near future through tangible and actionable initiatives.



b. ESRS 2: Basis for preparation

BP-1 | General basis for preparation of sustainability statements

Reporting framework and qualitative principles

Arper prepares its consolidated Sustainability Statement for the financial year 1st January – 31st December 2024, in alignment with the Group’s statutory reporting calendar. The scope mirrors the financial consolidation perimeter and therefore covers Arper Spa (HQ, Treviso) together with all fully controlled subsidiaries and branches, including Arper USA (New York, NY/High point, NC), Arper UK (London), Arper Japan (Tokyo), Arper LATAM (Mexico City), Arper Middle East (Dubai) and the recently incorporated furniture plants Corium and Iride. No entity has been exempted under the ESRS subsidiary-relief option.

The Statement is prepared in accordance with the cross-cutting European Sustainability Reporting Standards ESRS 1 – General Requirements and ESRS 2 – General Disclosures, together with all topical standards deemed material. ESRS require information to be relevant, faithfully represented, comparable, verifiable and understandable; these qualitative characteristics guide Arper’s data selection, narrative drafting and review process.

Materiality basis

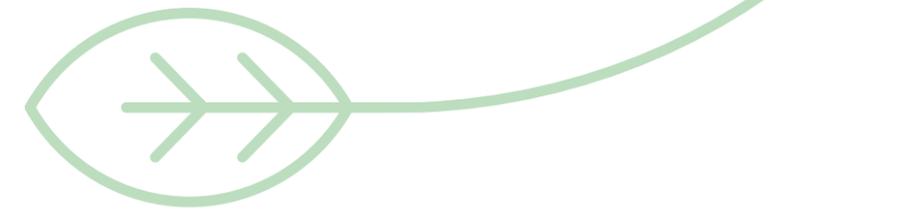
Disclosures are determined using the ESRS double materiality methodology:

- **Impact materiality:** actual or potential positive and negative impacts generated by the organization on people and the environment across Arper’s operations and value chain (inside-out perspective).
- **Financial materiality:** sustainability-related risks or opportunities reasonably expected to influence cash flows, financial position, or cost of capital over the short, medium, or long term (outside-in perspective).

The Group refreshed its impact-and-risk assessment in 2023, expanding coverage to all legal entities and principal supplier clusters. The results form the starting point for 2024 scoping and will be updated annually.

Reporting boundaries and value chain coverage

Where material impacts or dependencies arise upstream or downstream, Arper includes data, estimates, or narrative explanations for those value chain stages—using sector averages or proxies when primary information is not yet available—as permitted by ESRS 1 §5.2 and the transitional provisions for Scope 3 data. For 2024, the Group discloses full Scope 1, 2, and 3 emissions.



Estimates, comparatives, and restatements

When metrics rely on modelling, allocation keys, or third-party databases, the underlying methodology, assumptions, and level of uncertainty are described. Where available, 2023 figures are presented for comparison and will be restated only if methodological changes have a material effect, in line with ESRS 1 §7.4.

Time horizons

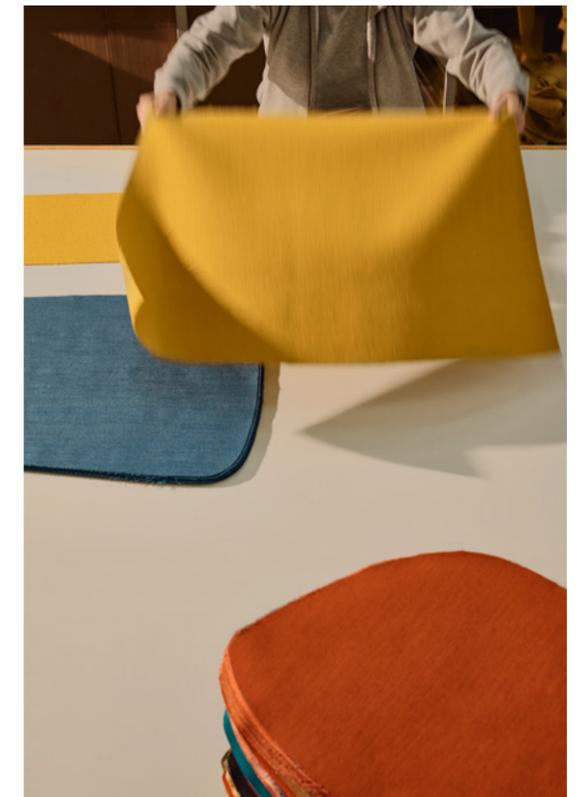
Unless otherwise stated, “short term” refers to the current and next financial year; “medium term” covers two to five years; and “long term” extends beyond five years, in line with Arper’s strategic planning cycle.

Internal control and governance

The Sustainability Statement is overseen by the Board of Directors, supported by the Sustainability Office and a cross-functional Data Owner network. A new internal control system, integrated into Arper’s ISO 9001/14001 management frameworks, documents data lineage and approval sign-offs. Once a final decision is reached regarding the ongoing changes to sustainability reporting at the European level, the Group will aim for limited assurance on the full Statement. Selected climate data have already undergone third-party verification (external verification by CSQA for 2021; proxy checks for 2022–2023).

Confidential or sensitive information

Where disclosures could prejudice commercial interests, relate to intellectual property, or breach confidentiality undertakings, Arper applies ESRS 1 §7.7: the data point is omitted, the reason is disclosed, and, where possible, a qualitative indication is provided.





3.

WHAT WE DO: BUSINESS MODEL AND STAKEHOLDER ENGAGEMENT



a. A glocal architecture made of a local business model and a global audience

At the core of Arper's business model is a design-driven approach that merges form, function, and environmental responsibility. Arper works closely with leading international designers to create furniture collections – chairs, tables, and complementary pieces – that are not only visually distinctive but also adaptable to a wide range of spaces, from office environments and universities to hotels and homes. The company emphasizes modularity and customization, allowing clients to tailor solutions to specific spatial and functional requirements.

Arper's operations are built around a global B2B network, with strong ties to architects, interior designers, and dealers who act as both customers and strategic partners. Direct sales are supported through flagship showrooms in design capitals such as Milan, London, and New York, as well as a robust digital presence that includes online configurators and detailed sustainability documentation. Revenue is generated primarily through product sales and project-based design solutions.

The company integrates ecodesign principles into every stage of product development, from material selection and lifecycle assessment to end-of-life recyclability. Arper's products often meet rigorous environmental certifications such as EPD, FSC, and GREENGUARD, making them suitable for green building standards like LEED and WELL. The organization also conducts regular carbon footprint assessments and actively pursues circular economy strategies, aiming to reduce waste and extend product longevity.

Stakeholder engagement is an essential aspect of Arper's governance and operational model. Internally, Arper invests heavily in employee well-being, offering training programs, inclusive hiring practices, and fostering a strong health and safety culture. Externally, the company maintains close

relationships with its suppliers, who are required to adhere to strict ethical and environmental criteria. Regular audits and assessments ensure compliance across the supply chain. Furthermore, proximity plays a fundamental role in production sites and quality assurance.

With clients, Arper fosters transparency and collaboration, often involving them in the co-creation of design solutions.

The company's commitment to social responsibility is reflected in its support for cultural, educational, and environmental initiatives within the communities in which it operates. This commitment is underpinned by a formal Code of Ethics and an ESG governance framework that aligns with international standards of corporate responsibility.

Despite being a family-owned business, Arper has adopted a modern governance structure that ensures transparency and strategic accountability. Sustainability reporting includes regular stakeholder dialogue, materiality assessments, and clear performance metrics. This integrated approach enables Arper not only to create value through design but also to operate as a responsible corporate citizen in a rapidly evolving global marketplace.

b. ESRS 2: Basis for preparation

BP-1 | General basis for preparation of sustainability statements

Arper's concept of responsibility has evolved from a compliance-based Corporate Social Responsibility approach to a more strategic model embodied in the concept of Corporate Shared Value, which integrates sustainability into every managerial decision. The transformation is steered by the "10 Jobs in 5 Years" change management program – launched in 2022 – which mobilizes the whole organization around concrete levers such as people-centered culture, circular design, digitalization and operational excellence along the value chain. Since 2021 a dedicated Sustainability Office, reporting directly to the CEO, has been translating these priorities into action plans and metrics.

Business model

Arper designs, manufactures, and markets timeless, modular furniture for contract and residential markets. Its value proposition combines Italian design with lightness, durability, and ease of disassembly, thereby reducing material intensity and enabling repair, refurbishment, and recycling. The core operating sector falls within NACE code C 31.09 – Manufacture of furniture, and in 2024 this translated into a turnover of €52.09 million in consolidated revenue, with an EBIT margin of -1.8%, as the company continued to invest in growth and sustainability initiatives.

Inputs

Key raw materials include certified wood, metals, plastics, and upholstery textiles. The company prioritizes secondary raw materials and low-impact alternatives, guided by an internal Ecodesign Charter that targets waste prevention, material reduction and design for disassembly. Energy inputs

are managed through a Facility Manager – who acts also as an Energy Manager – and a forthcoming ISO 50001 energy-management plan, while a Corporate Carbon Footprint monitors Scope 1-3 emissions.

Operations and enabling resources

Manufacturing is organized in agile, mixed-model lines that combine artisanal finishing with industrial efficiency, allowing customization without compromising scale. Digital transformation initiatives – one of the "10 Jobs" – streamline engineering, configure-to-order processes and after-sales service, aiming at full traceability across product life cycles. An internal Environmental Department, created in 2005, and cross-functional sustainability ambassadors foster continuous improvement and employee engagement.

Outputs and outcomes

Arper delivers versatile seating systems, tables and complementary furnishings designed for long life and multiple reuse cycles. New renting and refurbishment business models extend product life and pave the way to recurrent revenue streams, while circular economy workshops embed these principles in R&D.

Value-chain description

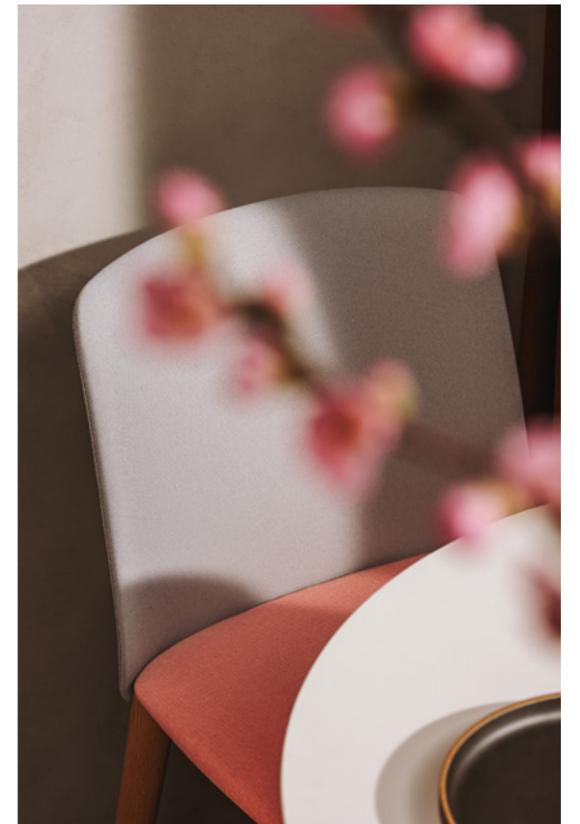
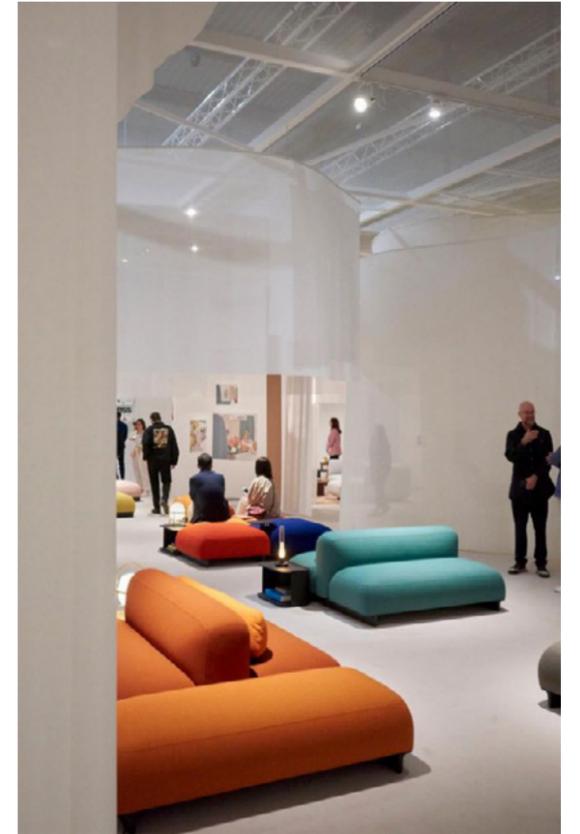
Upstream. The supply network comprises tier-1 component suppliers and tier-2 material processors. Due diligence assessments carried out over time have identified a possible exposure to child or forced labor in one Vietnamese tier-2 supplier, which led to successful mitigation actions in form

of supplier audits. Certified suppliers provide FSC-sourced timber over the whole range of wooden products, while the internal R&D Department continues to collaborate extensively with strategic partners to develop low-carbon materials. Core. Headquarters in Treviso hosts design, engineering, upholstery and – in some cases – final assembly. Lean principles minimize waste, while modular architecture simplifies end-of-life separation.

Downstream. Products reach international contract clients through wholly owned subsidiaries, showrooms and an authorized dealer network. The "Customer Centricity" program – also part of the "10 Jobs" architecture – reduces printed materials via digital catalogs and optimizes kraft-based packaging for lower environmental impact. Post-sales services include spare part availability, while take-back options support circularity.

Resilience and future orientation

Strategic roadmaps link climate targets, resource circularity and people well-being. Initiatives such as sustainable mobility (carpooling, e-bike sharing, EV shuttles) and "Packaging 2.0" directly address Scope 3 hotspots and strengthen resilience to regulatory and market shifts. Governance alignment, data traceability and stakeholder engagement ensure that material impacts and opportunities continually inform strategy, in line with ESRS 2 application requirements AR 12-16. By articulating how inputs are transformed into durable, low-impact products – supported by transparent governance, circular services and a responsible supply chain – Arper demonstrates a business model capable of long-term value creation for customers, investors and society.



SBM-2 | Interests and views of stakeholders

Design excellence at Arper is intentionally rooted in dialogue with the people, communities, and systems affected by every product. The 2024 stakeholder census identifies ten macro-categories and forty-seven distinct stakeholder types, including shareholders, employees, raw material and service suppliers, professional clients, financial institutions, media, competitors, associations, and local communities. Each constituency is profiled in terms of influence, exposure to impact, and preferred channel of engagement, ensuring balanced consideration across the value chain. Engagements in 2024 confirmed that Arper's own workforce remains the most influential stakeholder group, followed by designers and clients who demand sustainable solutions, and local communities that expect responsible growth. Key expectations from employees and their representatives cluster around four themes: secure employment, fair and transparent pay, professional growth, and a healthy work-life balance.

Engagement framework

Dialogue is led by the Sustainability Team under ESRS-aligned procedures. Workforce voices are collected year-round through open forums, protected grievance channels, and anonymous alerts. No incidents of discrimination or OECD complaints were recorded in 2024. External stakeholders are formally consulted on an annual basis: in 2024, the response rate dropped to 15%, compared to a baseline of 44.8% in 2023. This decrease is likely due to the nature of the questionnaire, which was based on ESRS 2 guidelines and a review of similar surveys received from peers. Nevertheless, the feedback proved instrumental in shaping the Double Materiality Assessment (DMA) in line with stakeholder expectations.

Stakeholder voice mechanisms

A formal engagement process covering the entire workforce is in place, and a dedicated channel for raising concerns operates alongside works council meetings and periodic pulse surveys. In 2024 the channel recorded zero discrimination incidents, zero labor rights complaints and zero related fines, confirming the effectiveness of preventive policies.

How insights shape the business model

Stakeholder expectations feed directly into Arper's three strategic pillars – People Well-being, Transition to Circular Economy, and Environmental Impact Reduction – ensuring that initiatives such as Arper Flow, gender gap remediation targets, and resource efficiency design briefs are embedded in budgeting and performance dashboards reviewed quarterly by top management.

How insights shape strategy

Stakeholder voice already influences strategy and operations, specifically on three main areas:

- Supply-chain decarbonization: a dedicated working group now covers suppliers responsible for roughly **75%** of total emissions, underpinning the **-42%** absolute Scope 1-2 and **-25-42%** Scope 3 targets set for 2030.
- Product data and certifications: stakeholder demand for comparability has accelerated the roll-out of digital product passports, and a pledge to issue at least one new Environmental Product Declaration each year.

Community value creation: consultations between HR, Operations and the local community have guided the expansion of "Arper Campus" partnerships with schools and social enterprises that nurture talent pipelines and inclusive employment.

Health, safety and well-being

The most frequently expressed priority among production staff is occupational health. Certification to ISO 45001 is complemented by targeted prevention plans. In 2024, Arper recorded three cases of work-related ill health, resulting in 30 lost workdays, with no fatalities. Employees also requested greater flexibility; uptake of family-related leave climbed to **7.06%** of eligible staff (**9.65% women, 4.96% men**), reflecting wider acceptance of remote working arrangements and the Arper Flow program.

Fair remuneration

Pay equity analysis highlighted a 38.7% gender pay gap on gross hourly pay and an annual total remuneration ratio of 3.44 between the highest-paid individual and the median employee. These findings triggered a management commitment to review reward architecture and launch dedicated mentoring paths (e.g. function-related ad hoc training, as well as extensive training in sustainability topics).

Learning and culture

Stakeholders consistently rate skill development as a critical enabler of both personal well-being and product innovation. In response, the company provided 709 hours of training in 2024, with sustainability modules embedded in every course offering. Qualitative feedback gathered through post-course surveys shows increased confidence in ecodesign competencies, directly supporting Arper's circular economy roadmap.

Environmental and mobility concerns

Designers, clients and employees converge on the need for low impact commuting and product stewardship. Insights collected during materiality workshops reinforced support for the S.M.O.G. car-pooling scheme and the extension of refurbished furniture services. These views informed capital allocation for 2025, with investment earmarked for electric vehicle infrastructure and a pilot take back project related to the Catifa Carta collection.

Voice of the workers in the value chain

Arper's business model depends on a tightly knit network of specialist manufacturers: 91.9% of tier-1 suppliers are based in Italy (405 companies), while the rest cover 17 additional countries. Among tier-2 partners, a die-casting plant in Vietnam is the only location flagged for a systemic child labor risk of 5.693% according to UNICEF data. Workers in these two groups – Italian subcontractors engaged in finishing and logistics, and Vietnamese casting operators – constitute the principal affected stakeholders for S2 disclosures.

Channels for capturing the views of value chain stakeholders

Direct worker dialogue remains limited, yet three proxy mechanisms are in place:

- third-party social audits mandated by the Supplier Code of Conduct, now rolled out to all strategic suppliers
- ESG self-assessment questionnaires on the Synesgy platform, first deployed in Q1 2024 and currently completed only by 4 suppliers (12% of those in scope)
- incident monitoring via the whistleblowing scheme, slated for extension to tier-2 entities by 2027, in line with the plan to expand on-site audits beyond Italy.

Analysis of 2023–24 feedback highlights two recurring expectations:

- Fair employment safeguards – explicit commitments on overtime limits, workplace safety, and information about company HR strategies.
- Stable local partnerships – multi-year contracts and capability building rather than purely price-driven sourcing, consistent with the “Arper District” localization strategy that already directs almost 60% of Italian supplier spend to companies within 100 km of the headquarters.

Prevailing expectations in 2024

Systematic engagement through online surveys, one-to-one interviews and co-design workshops converges on three transversal expectations:

- well-being and inclusivity in product and workplace design
- a verifiable trajectory towards climate neutral and circular operations
- radical transparency on governance, supply chain and product data.

These priorities anchor the refreshed sustainability roadmap and cascade into policy targets, metrics and – in the near future – leadership incentives.

Key performance indicators driven by stakeholder insight

Some of the KPIs identified by the organization are directly influenced by our main stakeholders. These are:

Focus area	KPI	Target	2024	Stakeholder link
Health & Safety	Workplace fatalities	0	0	Well-being & inclusivity
DE&I	Gender balance in top management	50% by 2027	25%	Well-being & inclusivity
Climate	Absolute Scope 1-2 GHG reduction vs 2022	- 42% by 2030	+47%	Climate neutrality
	Absolute Scope 3 GHG reduction vs 2022	- 25-42% by 2030	-17.5%	Climate neutrality
Supply Chain	Strategic suppliers with full ESG rating	100% by 2030	12%	Transparency & circularity
Product	New EPDs released	≥ 1 per year	1	Transparency
Community	Long-term local programs	≥ 3 per year	2	Shared value

Table 1: KPIs directly influenced by our main stakeholders.

Forward agenda (2025-27)

This initial feedback encourages us to further concentrate on the deployment of the sustainability strategy and the achievement of all goals we have set for 2030 and beyond. Specifically:

- Fine-tune weighting algorithms so that subject matter experts exert greater leverage in double materiality scoring.
- Extend the Ambassadorship network to tier-one suppliers and regional showrooms, broadening the sustainability coalition.
- Launch a real-time digital feedback loop enabling contributors to trace how their insights translate into actions and KPIs.

Furthermore, based on value chain stakeholder insights, following activities have been planned for the coming years:

- Audit perimeter expansion – an expansion of auditing to tier-2 suppliers of metals, textiles, and plastics is being considered for implementation by 2027.
- Supplier performance incentives – completion of Synesgy assessments should become a prerequisite for preferred-supplier status; results will be

integrated into the vendor rating tool that informs quarterly sourcing decisions (planned for 2026).

- Extensive targeted training – a structured round of training sessions on sustainability-related issues is set to start in 2025 and continue throughout H1 2026, covering topics such as impact reduction, environmental profit & loss, industrial symbiosis, circular business models, life cycle assessment, packaging design, and the implementation of innovative materials.

Embedding stakeholder intelligence into product, process, and governance design enables us to further shape “the project of living,” while responding to an increasingly demanding disclosure landscape. Continuous dialogue is therefore treated not as a compliance task, but as an intrinsic design choice that keeps the company aligned with the world it helps to shape.

C. ESRS: Double Materiality Assessment

IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities

Arper applies a double materiality approach compliant with ESRS 2 IRO-1 requirements. The procedure – updated in January 2024 to cover the entire Arper Group – aligns with the risk matrix developed in our previous analyses (see Sustainability Report 2023 for further details) and ensures that such matrix is embedded in the Enterprise Risk Management (ERM) system overseen by the HSE Department, which lies at the core of our ISO 9001 certification. The approach combines impact materiality criteria (severity and likelihood) with financial materiality filters (probability and EURO effect on cash flow, profit and cost of capital) to generate a single list of material Impacts, Risks and Opportunities (IROs).

Framework and phases

The methodology adopts the four-step sequence recommended by EFRAG: (a) Context definition; (b) Identification of IROs; (c) Assessment of IROs; (d) Reporting. Arper operationalized it as detailed in the above chart.

In the near future, we envisage material IROs driving three management processes: (i) Strategic planning – CAPEX requests should specify the affected IROs; (ii) Product development – ecodesign gates should block releases that exacerbate high-severity impacts; (iii) Remuneration – top management should carry a variable pay linked to the closure of IRO action plans.

Stakeholder input

Insights have been gathered over time and leveraged on three main occasions:

— 26 in-person workshops and focus groups held between March and September 2022 with senior managers and functional experts – an evolution of the 2021 sessions that first defined strategic sustainability “jobs to be done.”

— An external survey was sent in 2023 to 185 priority stakeholders – including suppliers, architects, dealers, workers, and community representatives – with a 47% response rate.

— An updated Stakeholder Engagement survey conducted in 2024, based on the provisions of ESRS 2, through which final material topics were selected.

Specifically, the 2024 survey followed a two-phase structure: (a) the definition of material and non-material topics, based on AR16 of Appendix A of ESRS 1; and (b) the consultation with a selected stakeholder group, aimed at potentially expanding the (sub-sub-)topic list.

In the below chart, the questions asked and the answers received, with a special focus on financial materiality. Feedback led to the inclusion of two additional items in the double materiality assessment.

PHASES	KEY ACTIVITIES	MAIN OUTPUTS
A. Context	Update of business model map, value chain boundaries and geographic hotspots	Confirmed scope and time horizons (≤ 3 years short-term, 4-9 medium, ≥ 10 long)
B. Identification	Compilation of a “long list” of over 100 potential IROs	Consolidated IRO register
C. Assessment	Dual scoring: Impact = Scale × Scope × Irremediability (1-5 each), Risk/Opportunity = Likelihood (1-5) × Magnitude (€, five brackets), threshold for disclosure set at an average score of 2	38 material impacts 37 material risks and 13 material opportunities.
D. Reporting	Mapping of material IROs to ESRS topics	Disclosure backbone and action trackers

Table 2: Four-step sequence recommended by EFRAG.

QUESTIONS	ANSWERS
Based on your best knowledge and experience, would you agree that the topics in List A are material for Arper?	Yes (100.0%)
Which topics/subtopics from List A do you deem as not material?	-
Based on your best knowledge and experience, would you agree that the topics in List B are deemed as less material for Arper?	Yes (76.5%) No (23.5%)
Which topics/subtopics from List B do you deem as material?	Water and Marine Resources (17.6%) Biodiversity and ecosystems (17.6%) Water consumption (2.9%) Affected communities (5.9%)
Are there any topics that you believe are missing from the two lists, be it a material or non-material topic?	Impact assessment (2.9%) Diversity and inclusion (2.9%) Sustainable supply chain (2.9%)
Which ESG impacts, risks and opportunities do you believe can have the greatest financial impact on Arper?	See detailed answers below

Which ESG impacts, risks and opportunities do you believe can have the greatest financial impact on Arper?

ESRS TOPIC	ACTION TAKEN
Climate change mitigation	X
Business conduct	X
Circular economy (e.g. recycled materials usage, designing for longevity/modularity lead to cost reduction)	X
Circular supply chain management (selection of and collaboration with sustainability-oriented partners)	Added to Financial Materiality - E5
Own workforce engagement	X
Enhancement and the spread of a “sustainability” business culture	X
Opacity in the supply chain	X
Pollution	X
Corporate culture (investment in human capital and in knowledge, equal treatment and opportunities)	Included in Impact Materiality – S2
Energy costs/efficiency	X
Initial global higher financial impact for the company	X
Guarantee for major growth and competitive advantage when EU rules will be mandatory	X
Higher efficiency/long-term cost reduction	X
Talent acquisition and retention (Attract qualified people and important investors)	X
Brand reputation (influence on consumers and end-users)	X
Resource use (inflows and outflows related to products and services)	X
Reduction of waste	X
Impact of workers in the value chain	X
Regulatory compliance affecting turnover	X
Business model resilience (increase of product value and alignment with consumer preferences for sustainable products will foster refurbishment and lower new product sales)	Added to Financial Materiality - G1
Investments in research and development (e.g. material replacement, use of glues, etc.)	X

Table 3: Results of the stakeholder engagement survey



Impact list

Once the material topics were identified, a comprehensive list of impacts was compiled by a selected group of stakeholders, coordinated by the Sustainability Department. The list incorporated the feedback gathered during the stakeholder engagement sessions.

NEGATIVE IMPACT	POSITIVE IMPACT	DERIVED RISKS	DERIVED OPPORTUNITIES
ESRS E1 - Climate Change			
	Creation of a sense of urgency		Reduction of waste within the company premises
	Decrease of life cycle impact of products through ecodesign practices	Higher cost of ecodesign products not being fully accepted by the market	
			Decrease in energy consumption due to efficiency improvements
Limited use of renewables of the upstream supply chain		Energy waste	
		Higher cost of energy due to climate change	
		Increase in energy consumption	
ESRS E2 - Pollution			
Air pollution due to manufacturing activities		Enforcing legislation over zero tolerance about substances of concern could impact products in range	
		Enforcing legislation over zero tolerance about substances of high concern could impact products in range	
		Enforcing legislation over zero tolerance about microplastics could mean a plastic product ban	
Fossil-based energy used by suppliers		Increase in cost of product due to increases of cost of energy generated by possible bans on fossil sources	
Dispersion of products in the environment at end-of-life		Fines for not respecting EPR regulations	
ESRS E5 - Circular economy			
Scarce use of new low-impact materials		Slow material innovation will inhibit sales	
Older collections (cannot be completely redesigned)		Higher investments in R&D and materials	
	Impact of certification schemes on design decisions	Higher cost of certification scheme	
Missing of extended End-of-Life management		Costs arising from the need to use external services (e.g., consortia or state-owned organizations)	
Plastic pollution due to not yet implemented take-back systems		Taxes on plastic pollution	

NEGATIVE IMPACT	POSITIVE IMPACT	DERIVED RISKS	DERIVED OPPORTUNITIES
Low number of local sustainability-oriented suppliers		Difficulty in identifying and selecting (possibly local) sustainability-oriented partners could lead to higher costs of materials and services	
ESRS S1 - Own workforce			
	Very flexible smart working and part-time employment policy		Reduction in costs related to meals and fuel
Work-related injuries		Costs to upgrade the organization's facilities	
		Decrease in productivity	
Too wide gender gap in leading positions		Increased conflicts inside the organization can lead to unwanted resignations, including old and new talents	
		Reduced social cohesion	
Too wide age gap in leading positions		Difficulty to find appropriate local management	
	Variety of knowledge, skills and experience		Talent retention
			Student internship programs to reach out to young talents
Upgrade to new, more performing software causes more emissions		Higher costs of new technologies	
			Simplification of information flow and availability
ESRS S2 - Workers in the value chain			
Unethical conduct of the supplier		No direct control over possible issues could produce production stops	
Risk of child labor cases for tier 2 suppliers following impact valuation assessment (see sustainability report)		Production stop due to non-compliance of supplier	
No control over possible D&I issues at suppliers' sites		No direct control over possible issues could produce production stops	
ESRS S4 - Consumers and end-users			
	Positioning of the company as a forward-thinking, socially responsible leader in design		Brand reputation can lead to more sales
Expectations mismatch		Service level not up to the standards of the market leads to sales loss	
	Transparent and honest communication		Recognition as sustainability champions can lead to more sales
Risk of greenwashing		Higher investments in communication practices (inside and outside Arper)	
		Higher costs due to scientific backing of product performance statements	
Emissions related to the product		Possible introduction of carbon taxes (valuation based on the Social Cost of Carbon/impact valuation assessment)	

NEGATIVE IMPACT	POSITIVE IMPACT	DERIVED RISKS	DERIVED OPPORTUNITIES
ESRS G1 - Business conduct			
	Reputation as a good workplace		More engaged collaborators
	Mutual development of best practices with fellow Sustainability Managers		Avoided costs thanks to the leveraging of solutions suggested by fellow companies
	Development of shared innovative projects (e.g. Catifa Carta)		Increase in sales related to a unique product
Too little pressure on the upstream supply chain on environmental issues		Higher cost of R&D for new materials	
		Too large efforts to collect and manage supplier data	
Wrong partnerships		Negative reputation drives down sales	
Low degree of attention to correct and safe data management		Costs due to data retrieval after cyberattacks	
Difficulty in acknowledging and envisioning long-term priorities		New business models do not receive immediate support but are connected to short-term costs for setup	
	Development of new (circular) business models		Development of new avenues of revenue
Resilience of the linear business model		Increase of product value and alignment with consumer preferences for sustainable products will foster refurbishment and lower new product sales	
COMPANY-SPECIFIC TOPICS - ESG Compliance			
	Growth of confidence in low-impact products		Coverage of several certification schemes build trust in sales partners, hence more sales
Confusion for the end-user due to the high number of certification labels		High number of market-specific certification schemes could lead to missed sales	
"Certification jungle" (open market for new certifications)		High cost of compliance	
		Higher cost of products due to tracking issues generated by the EUDR regulation	

Table 4: Long list of IROs.

Impact materiality (Inside-Out perspective)

This perspective focuses on identifying and assessing the short-, medium-, and long-term impacts that the Company has - or could have - on people and the environment through its operations and business practices. In accordance with ESRS 1, section 3.4, all sustainability matters were examined at the sub-topic level and, where relevant, at the sub-sub-topic level.

Each impact was assessed based on whether it was actual or potential, positive or negative, and short-, medium- or long- term in nature, as well as the stage of the value chain at which it occurred.

- **For actual negative impacts**, materiality was evaluated based on the severity of the impact.
- **For potential negative impacts**, both severity and likelihood were considered.
- **Severity** was determined by analyzing the scale, scope, and irremediability of the impact.
- **For actual positive impacts**, materiality was based on scale and scope, while **potential positive impacts** were assessed based on scale, scope, and likelihood.

Financial materiality (Outside-In perspective)

This perspective identifies sustainability-related risks and opportunities that could affect the organization's financial position, economic performance, cash flows, access to capital, or cost of financing over the short, medium, or long term.

Following the ESRS-recommended methodology, we assessed financial materiality for each identified risk and opportunity across topic, sub-topic, and sub-sub-topic levels. Each sustainability matter was analyzed to determine whether it constitutes—or could constitute—a material financial risk or opportunity. This evaluation was based on the **likelihood of occurrence** and the **magnitude of potential financial impact** over time.

The scope of financial impacts considered includes effects on net income, cash flows, company reputation, employee health and safety, and potential legal or judicial outcomes.

Materiality scores

All factors were then synthesized into a **scale-based method** ranging from 1 (marginal impact) to 5 (significant impact), reflecting the importance of each item. The table below depicts the scoring system:

IMPACT MATERIALITY			
	Scale (gravity)	Scope (width)	Irremediability
1	Totally irrelevant	Very reduced	Very easy to remediate
2	Minimal	Reduced	Easy to remediate
3	Medium	Medium	Moderately difficult to remediate
4	Relevant	Large	Difficult to remediate
5	Very relevant	Very large	Very difficult to remediate
FINANCIAL MATERIALITY			
	EBITDA impacted up to	Magnitude	EBITDA (Baseline) 2.000.000,00
1	40.000,00	Totally irrelevant	2,0%
2	80.000,00	Minimal	4,0%
3	120.000,00	Medium	6,0%
4	160.000,00	Relevant	8,0%
5	200.000,00	Very relevant	10,0%

Table 5: Summary of scorings (Arper, 2025)

For each topic we calculated the average score and set a threshold of 2. This produced the following list of topics and the corresponding materiality:

TOPIC	AVERAGE SCORE AT TOPIC LEVEL	MATERIAL/NOT MATERIAL + NOTES
ESRS E1 - Climate Change	3,83	Material
ESRS E2 - Pollution	2,95	Material
ESRS E3 - Water and Marine Resources	0	Not Material
ESRS E4 - Biodiversity and ecosystems	1,93	Not Material
ESRS E5 - Circular economy	3,38	Material
ESRS S1 - Own workforce	3,17	Material
ESRS S2 - Workers in the value chain	1,13	Material (materiality induced by the impact valuation process)
ESRS S3 - Affected communities	1,23	Not Material
ESRS S4 - Consumers and end-users	2,54	Material
ESRS G1 - Business conduct	3,17	Material
ESG Compliance (company-specific)	3,53	Material (company-specific topic identified by the stakeholder engagement process)

Table 6: Material topic scorings.

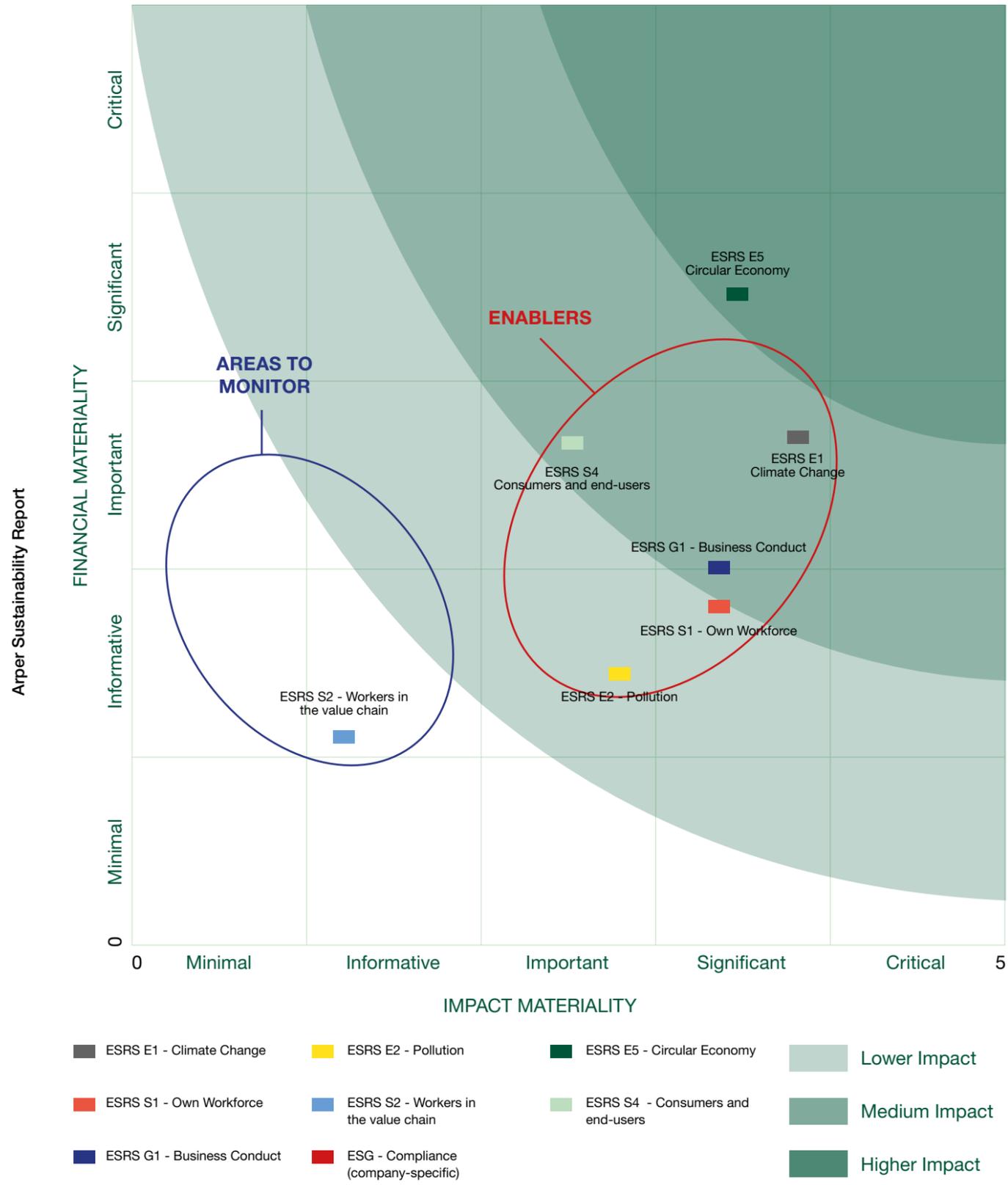
We then entered the impact and financial materiality scores into our double materiality matrix, which allowed us to more precisely pinpoint the extent of each impact:

	Impact M	Financial M		
ESRS E1 - Climate Change	3,8	2,6	Significant	Significant
ESRS E2 - Pollution	3,0	1,5	Significant	Significant
ESRS E5 - Circular economy	3,4	3,3	Significant	Significant
ESRS S1 - Own workforce	3,2	1,9	Significant	Significant
ESRS S2 - Workers in the value chain	1,1	1,1	Informative	Informative
ESRS S4 - Consumers and end-users	2,5	2,6	Important	Importat
ESRS G1 - Business conduct	3,2	2,0	Significant	Significant
ESG Compliance (company-specific)	3,5	2,3	Significant	Significant

Table 7: Recap of impact and financial materiality scorings.

Subsequently, the table was transformed into a graphic representation, **enabling the identification** of what we have defined as “Areas to Monitor” and “Enablers”.

DOUBLE MATERIALITY MATRIX



Picture 1: Recap of Double Materiality Assessment 2024 of Arper S.p.A.

Areas to Monitor

Topics currently assessed as non-material but flagged for continuous oversight, given their likelihood of becoming material in the near term and therefore requiring preventive measures.

Enablers

Topics that, if appropriately addressed, could shape future opportunities or evolve into significant risk areas.

Review cadence and future upgrades

The assessment is refreshed every two years, with interim triggers for significant events (e.g. M&As, regulatory shifts, etc.). While continuous improvement will align with forthcoming sector-specific ESRS once they are issued, a digital Excel-based dashboard will eventually automate severity calculations and scenario overlays ahead of the 2026 cycle. This structured process enables Arper to surface the IROs most likely to affect people, planet and performance, informing both strategy execution and transparent reporting.



IRO-2 | Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

The European Sustainability Reporting Standards (ESRS) are the EU's common language for corporate transparency. Each standard outlines data points – some universal, some topic-specific – that companies must either disclose or clearly explain. The current statement mirrors that architecture, enabling auditors to locate every required figure, while also helping non-technical readers understand what is included, what is not, and why.

Ground rules everyone must follow

All cross-cutting requirements have been addressed: data-preparation notes (BP-1, BP-2), governance oversight (GOV-1 to GOV-5), strategic alignment (SBM-1 to SBM-3) and the four blocks on policies, actions, metrics and targets.

Environment

- E1 Climate Change – Transition plan, energy mix and full Scope 1-3 GHG inventory now include all 2024 acquisitions, allowing for clear year-on-year comparisons toward the 2030 carbon-cut target.
- E2 Pollution – Air, water and soil emissions are also highlighted in the Corporate Carbon Footprint document, which is available on request.
- E5 Circular Economy – Inflows (materials, water, energy) and outflows (products, waste) track progress against circular design pledges.
- E3 Water and E4 Biodiversity – Screened as “Non-material” at Group level.

People and communities

- S1 Own Workforce – Headcount, zero lost-time incidents, pay equity ratios and training hours demonstrate how people are protected and developed
- S2 Workers in the Value Chain – Gender balance goals, grievance channels and supplier engagement KPIs extend visibility beyond factory gates
- S3 Affected Communities – Qualitative insights describe how new projects avoid land or cultural harm
- S4 Consumers & End Users – product safety and transparency metrics have been published.

Governance

- G1 Business Conduct – Board composition, whistleblower safeguards, and the link between executive pay and sustainability KPIs are disclosed in accessible language.

SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model

Arper's 2024 double materiality update reconfirms three impact clusters that shape value creation and risk exposure across the design-led business model.

Environmental

Aluminum, steel and polymers still dominate the footprint. Absolute reduction targets of -42% for Scope 1-2 and -25%/-42% for Scope 3 by 2030 remain unchanged; decarbonization levers formalized in 2024 span both **site-level efficiency measures** and **supply-chain engagement** through the “Arper District” program. Detailed 2024 GHG figures are published under data point E1-6, and project appraisal is now slowly beginning to prioritize payback scenarios aligned with the 1.5°C pathway set out in the delegated act on climate disclosures. Transition risks center on stricter EU ecodesign and product passport regulations, while circular opportunities are scaling up: 2024 marks the formal launch of Catifa Carta and its take-back scheme, converting pilot learning from 2023 into commercial service lines.

Social

Headcount stands at 257 (255 employees, 2 non-employees) with 100% coverage by a certified health-and-safety management system. In 2024, three recordable work-related injuries were reported (rate: 7.61 per 10⁶ h worked), compared to zero in 2023, prompting task-specific training. No fatalities occurred. Diversity road mapping continues toward a 50% gender balance and ≥10% representation of vulnerable groups by 2027. Beyond Arper's walls, the company is progressing too slowly towards the achievement of ESG rating for all strategic suppliers and 100% screening of new vendors on environmental and social criteria. Co-design workshops with architects and refurbishment services strengthen customer loyalty and open

revenue channels aligned with circular principles.

Governance

The Board comprises seven members, 85% of whom are independent, ensuring robust oversight of sustainability matters. Executive remuneration is not yet linked to ESG metrics, but alignment workstreams are scheduled ahead of the 2027 performance cycle. Risk registers now integrate ESRS-aligned indicators, and quarterly sustainability reporting to the CEO has been formalized, strengthening internal controls as required under ESRS GOV-5.

Strategic interaction

Material findings directly inform product and service strategy. Ecodesign criteria serve as a gatekeeper for all 2024 product briefs, aligning aesthetics with modularity, disassembly and recycled inputs. Budgeting incorporates double-materiality outputs, while social impact projects must demonstrate a contribution to retention and engagement KPIs. Literature-based scenario analysis suggests that adhering to the climate pathway protects EBITDA by up to 2 percentage points by 2030, whereas inaction could reduce margin by 5 percentage points due to higher carbon costs and stranded-asset risk (internal model aligned with the Delegated Act on climate-related financial effects).

Forward outlook 2024-2026

Key priorities include: (i) scaling circular services across the EU and US, (ii) enhancing supply-chain due diligence tools, and (iii) integrating ESG metrics into executive incentives. These actions aim to strengthen resilience, ensure compliance with upcoming CSRD layers and uphold Arper's commitment to responsible growth.

4.

HIGHLIGHTS 2024

While keeping in mind the five-year plan we designed in 2021, in 2024 we chose to focus on a few major projects, rather than launching smaller ones that we might have struggled to follow up on consistently. For this very reason, five key priorities were set: (a) The official launch of Catifa Carta; (b) The release of our internal Ecodesign Guidelines; (c) Integrating sustainability throughout

the organization, including the revision of our Sustainability governance; (d) The implementation of a monetary valuation of impacts; and (e) The delivery of extensive internal and external training (to both colleagues and clients). In parallel, business-as-usual activities continued in line with efforts from previous years.

While most of the projects mentioned above are presented in a dedicated section of this report, a brief overview of the “Business as usual” and the “Trainings” sections is provided below.

The business-as-usual activities include four main areas of intervention:

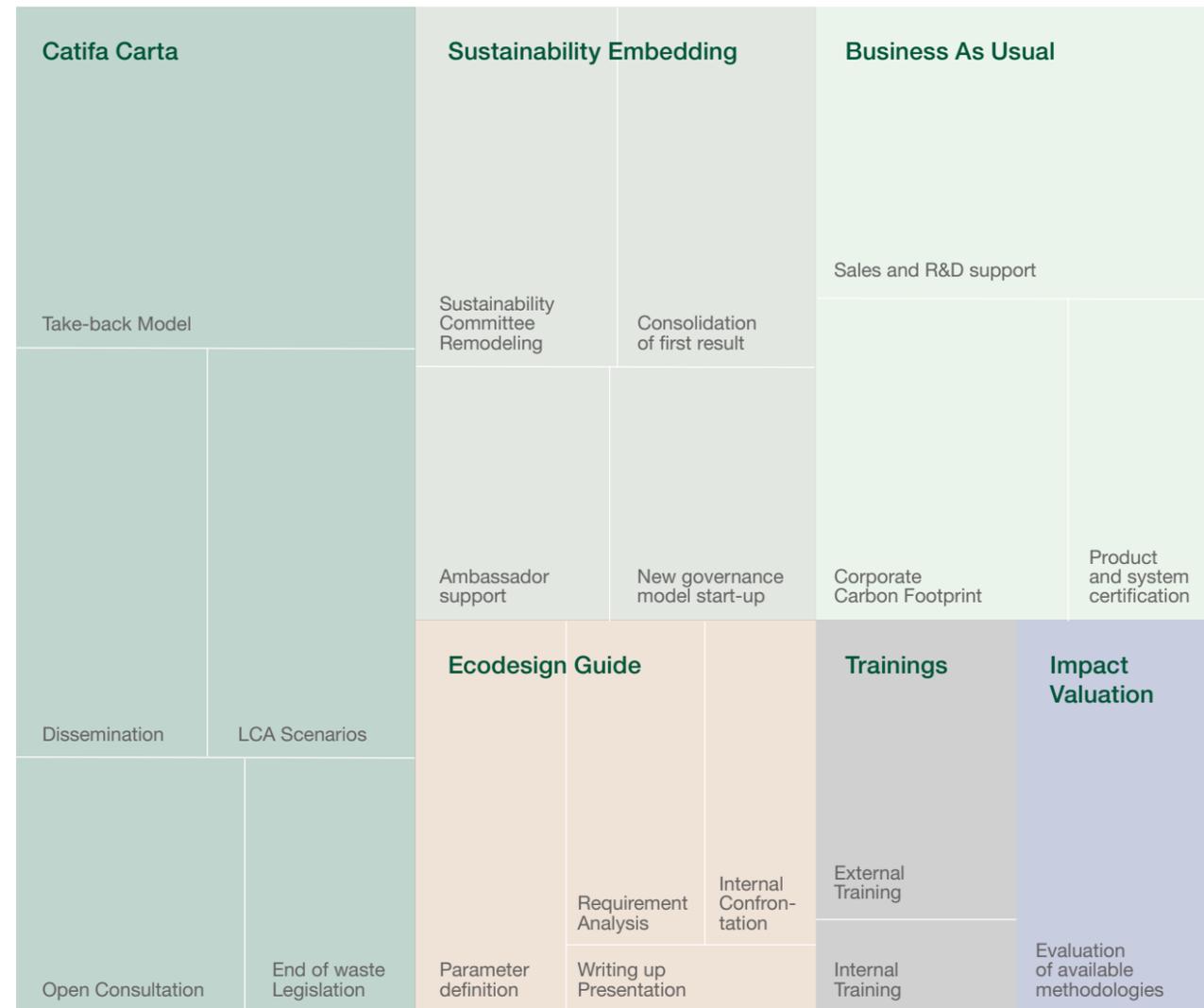
- a) Calculation of the Corporate Carbon Footprint (CCF)
- b) Update and management of the product and system certifications
- c) Support to the Sales and R&D Departments
- d) Technical writing of this report

to ensure consistency throughout the year. Furthermore, the Sustainability Department updates and manages all product-level certifications and declarations (e.g. EPD, GREENGUARD, GECA, LEED) and supports the Health and Safety Department for all third-party certifications at system level (e.g. ISO 14001). Finally, it supports Sales with all matters related to ESG scores, sustainability questionnaires, fire-retardancy, and compliance to CAM (Minimum Environmental Criteria defined by the Italian legislation), as well as R&D for all issues related to impact evaluation of new materials and processes.

Another activity falling under business as usual includes all training and dissemination initiatives related to sustainability topics. This encompasses internal training sessions on specific subjects, company inductions, as well as external events such as panel discussions and customer presentations related to sustainability topics.

The calculation of the Corporate Carbon Footprint involves collecting all data necessary for modeling and consolidation at the group level. Additionally, some data require a preliminary calculation performed by the Sustainability Department

WHAT KEPT US BUSY IN 2024



Picture 2: Visual impact of Sustainability-related activities. The dimension of each block mirrors actual effort spent on each activity.



5.
E AS IN
"ENVIRONMENTAL"

a. Our Perspective on the Environment

We are committed to the conservation of the natural heritage, embracing and applying global guidelines, with particular attention to the responsible sourcing of the materials we use and with an ethical approach in our production. We pursue initiatives that allow us to reduce our consumption and use resources more efficiently, using renewable sources wherever possible, with the ultimate goal of greater levels of eco-efficiency and the reduction of pollutants, emissions and greenhouse gases.

As already anchored in one of our pillars, we aim to actively contribute to **the shift from a linear economy to a circular economy**, applying the 5R strategy (Refuse, Reduce, Reuse, Repair, Recycle) wherever possible, in order to eliminate waste in all its forms. We achieve this through the development of products, services, and partnerships that support biodiversity and the preservation of ecosystems.

Specifically, the company has developed a comprehensive system to ensure the quality of input materials and facilitate their regranulation and reinjection in the production of new objects. In general, we prefer to adopt an open-loop recycling model, as demonstrated by our new Catifa (RE) 46 and Catifa (RE) 53 collections, but in 2024 we managed to push the boundaries to include a more advanced business model: the take-back system implemented for our Catifa Carta project. 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 their life. This system ensures proper end-of-life management and supports material circularity. We consider this as the natural evolution of one of our 2023 primary focuses, namely the design of a scalable refurbishment system in two pilot markets (The Netherlands and the Nordics), which now enables the efficient and effective refurbishment of chairs, extends their lifespan, and reduces waste overall.

Our 2025-2027 approach will focus on three main tasks: (a) use of secondary raw materials; (b) reducing waste; (c) increasing resource efficiency

by extending product lifespan, limiting energy consumption, and cutting packaging materials. Specifically, this will translate into the following key elements and activities:

- The search for new low-impact materials.
- The increased use of secondary raw materials.
- The focus on product quality and durability aimed at guaranteeing an extended product life cycle, as well as ease of repair and remanufacturing.
- The prioritization of aspects such as 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 proper management of secondary raw materials, avoiding the use of substances harmful to the environment during the processing or use of the product, and 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 products at the end of their life.

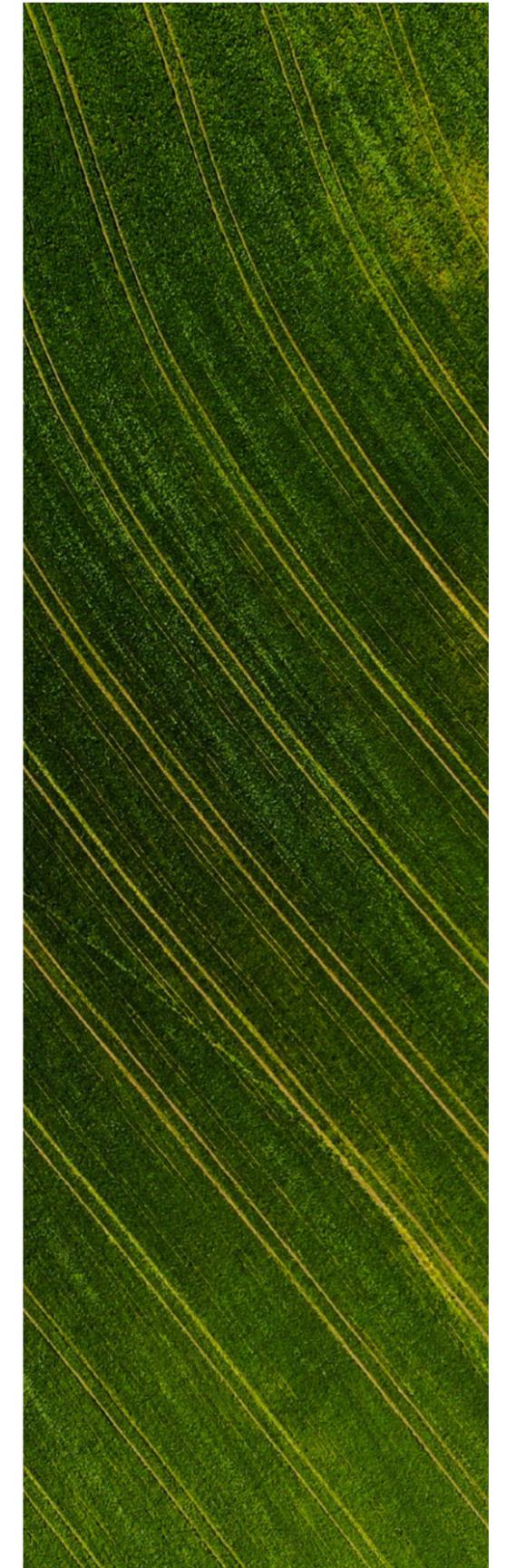
This approach requires the implementation of global guidelines that consider the origin of the materials and the impact of production choices. As a matter of fact, up to 80% of a product's environmental impact is defined at the design stage. It is therefore essential for us to guide design choices by making use of Extended Producer Responsibility and Life

Cycle Thinking, i.e., the analysis of the economic, environmental and social impacts of a product throughout its entire lifecycle and not only in a gate-to-gate fashion.

Sustainable design aims to minimize a product's social, environmental, and economic impacts. Ecodesign encompasses the entire lifecycle – conception, design, sale, and disposal – respecting the environment by reducing negative impacts on the ecosystem. Circular design focuses on creating products or services that generate no waste or pollution, ensuring that materials remain in use. It contributes to a closed-loop system in our economy where everything is shared, repaired, reused, or recycled. The ultimate goal is to achieve zero waste and thus zero impact. Arper's approach is to **concentrate on ecodesign as much as possible, as soon as possible**, to implement a more circular approach as we get further down our path.

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

- **Environmental data as a 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 strive to optimize our design in order to minimize waste and environmental impact, and a circular business model is an essential condition for circular design to work.



b. ESRS E1: Climate Change

E1-1 | Transition plan for climate change mitigation

Arper's transition plan charts a science-aligned pathway to a low-carbon business model while safeguarding design integrity and supply chain resilience. The roadmap translates neutrality objectives and the 1.5°C pathways referenced in the EU ESRS Delegated Regulation 2023/2772 into measurable milestones. Against a 2022 consolidated baseline, the Group commits to reduce absolute Scope 1 + 2 emissions by **42%** and Scope 3 emissions by **25-42%** by 2030. Although not yet validated by SBTi, the trajectory was stress-tested against the target curves of the Net Zero Emission by 2050 scenario of the International Energy Agency and found to be consistent with a cross-sector contraction pathway. Interim checkpoints (2026, 2028) are reviewed annually.

Decarbonization levers and operational actions

- **Energy efficiency & renewable self-generation** – ISO 50001 certification is targeted by 2027; phased installation of photovoltaic arrays has been planned, and profitability has been thoroughly calculated, but is currently on hold due to other CAPEX priorities.
- **Electrification of mobility** – A slow but consistent switch to a fully electric company fleet has been considered, together with parallel trials of low-emission milk-run logistics.
- **Circular product development** – Ecodesign guidelines and life cycle assessment (LCA) databanks are being deployed; from 2025 onwards, 100% of new products will undergo LCA gate reviews, made possible thanks to the

preparation work carried out in 2023 and 2024, such as investments in databases (around € 5k) and dedicated training

- **Supply-chain engagement (“Arper District”)** – A collaborative program targets renewable energy uptake and process optimization at tier-one suppliers, covering around 75% of Arper's total emissions
- **Materials & waste** – Progressive substitution of virgin aluminum and steel with certified secondary raw materials; the rollout of a take-back pilot for a selected number of legacy collections is planned for 2027.

Risk management & resilience

Climate-related risks – such as limited renewable capacity in the upstream chain, fossil-based inputs, and transport emissions – are assessed under short-, medium-, and long-term horizons. Physical risk exposure (heatwaves, flooding) is marginal given Arper's geographic footprint, yet contingency plans cover supply interruptions and facility downtime.

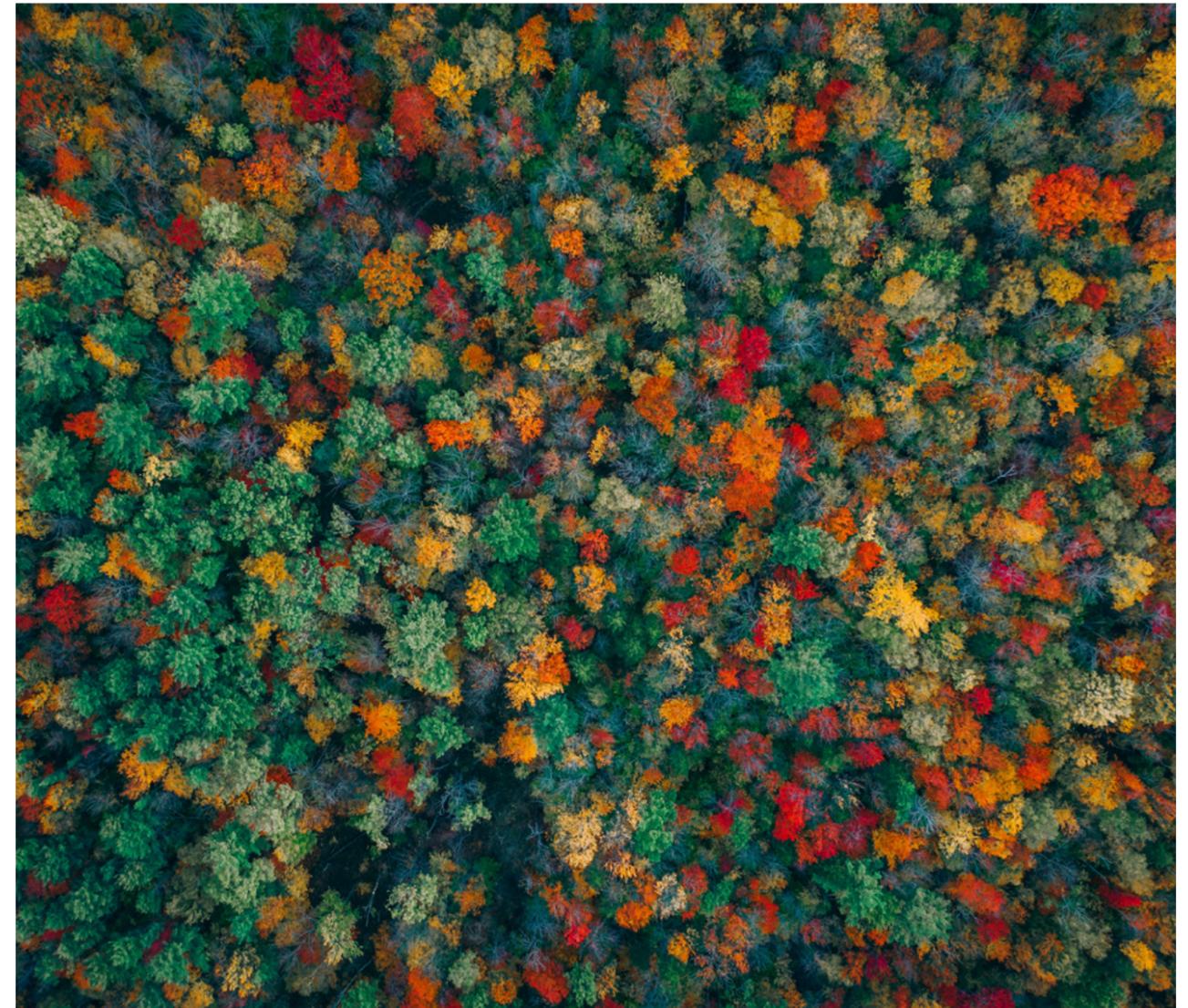
Monitoring & transparency

Performance is tracked via:

- Annual verified GHG inventory (Scopes 1-2-3) aligned with ISO 14064-1.
- Energy intensity (GJ/unit, GJ/M€, GJ/t) and renewable share metrics.
- Supplier scorecards linking purchase volumes to emission reduction targets.

- Control dashboards, to be integrated into the Enterprise Risk Management system, are on the priority list for 2026. Results are communicated to employees, suppliers, and clients through the Sustainability Report, the company's intranet and targeted workshops, reinforcing a culture of shared responsibility.
- Current challenges include data granularity for certain Scope 3 categories and the pace of infrastructure upgrades at smaller suppliers.

Mitigating actions – data-sharing agreements, pooled green energy contracts, and general/technical assistance on sustainability topics – are underway, with first results expected in 2027. Through disciplined execution, transparent governance and design-led innovation, Arper remains confident that it will meet its 2030 emission reduction commitments, and position itself for net-zero operations in 2050 as planned.



E1-2 | Policies related to climate change mitigation and adaptation

Arper operates a structured policy suite that translates climate commitments into binding rules across design, operations, and the upstream supply chain. The framework follows the disclosure logic of ESRS E1-2 in Commission Delegated Regulation 2023/2772 and has been confirmed as “adopted” for all Group entities.

Governance and scope

Responsibility for implementation rests with function-specific policy owners (Head of Sustainability, who in turn involves the Head of Product & Design, the R&D Director, and the Operations Director). Progress is reviewed annually and summarized in the Sustainability Report. No portion of 2024 variable remuneration is yet linked to climate metrics; integration into incentive schemes is under development for future cycles.

Mitigation policies

- **Ecodesign Guide** – Drafted in 2024 to embed ESPR principles and certification requirements (EU Ecolabel, GECA, LEVEL, CAM) in every new brief, it ensures low-impact material selection and disassembly-ready constructions.
- **Waste Management Policy** – Re-engineers production flows to reduce scrap and defines end-of-life routes for returned furniture; a full rollout roadmap is planned for completion in 2026.
- **CO2 Reduction Policy** – Establishes the “Arper District” supplier engagement program aimed at Scope 3 hotspots. Targets mirror the 2030 reduction trajectory disclosed under E1-4.
- **Life Cycle Assessment (LCA) Policy** – Requires cradle-to-gate LCAs for 100% of new products as of 2026.

Policy	Objective & Key Mechanisms	Boundary	Third-Party Anchors	Monitoring
Ecodesign Policy	Mandates the use of an Ecodesign Guide aligned with the ESPR and furniture standards to minimize the product footprint at the design phase	All new product developments from 2024	ESPR, ISO 14006	LCA gate review prior to industrialization
Waste Management Policy	Re-designs processes to reduce scrap and defines end-of-life solutions for returned products	Production & after-sales	ISO 14001, EU Waste Framework	Monthly waste-to-output ratio
CO2 Reduction Policy	Deploys the “Arper District” program to engage suppliers and cut Scope 3 emissions that account for ~75% of the total baseline	Tier-one suppliers, transport	SBTi guidance	Supplier scorecards, annual GHG audit
Life Cycle Assessment Policy	Requires cradle-to-gate LCAs for 100% of new products to inform material and process choices	Product development & marketing	ISO 14040/44	Compliance with the Ecodesign Guide

Table 8: Mitigation policies at Arper.

Adaptation policies

— **Technological & Economic Transfer** – Deploys selected digital tools to ensure business continuity during climate-related disruptions, reducing software redundancy and improving data exchange.

— **Health, Safety & Emergency Protocols** – Implements site-specific procedures covering heatwaves, flooding, and supply interruptions

Policy	Purpose	Adaptation lever	Overseen by:
Technological & Economic Transfer	Introduces a curated suite of digital tools to streamline data exchange and ensure business continuity during climate-related disruptions	Process digitalization & redundancy reduction	CIO
Health, Safety & Emergency Protocols	Describes in written form procedures to be followed in case of major climate-related adverse events	Personal safety	HSE

Table 9: Adaptation policies at Arper.

Resources and financial impact

Dedicated CAPEX/OPEX lines for climate actions were not material in FY 2024; investments were absorbed within ordinary budgets, and no expenditure related to fossil fuels was recorded. This conservative spending profile supports the commitment to finance future levers – energy efficiency upgrades, renewable self-generation, and supplier retrofits – without putting cash flow under extra stress.

In summary, Arper’s 2024 climate policy architecture provides consolidated objectives, clear accountability, and measurable controls, laying solid foundations for the Group’s decarbonization and resilience trajectory while remaining faithful to the brand’s design-led, pragmatic ethos.

Current challenges

Key limitations include incomplete primary data for certain Scope 3 categories and – most important of all – varying readiness among smaller suppliers. Remedial measures – data-sharing agreements, pooled green energy contracts, and supplier capability-building workshops – are scheduled for 2026, meaning they are already overdue by a couple of years already.

E1-3 | Actions and resources in relation to climate change policies

Arper's 2024 action portfolio translates climate policy commitments into four priority programs that address the principal decarbonization levers set out in Commission Delegated Regulation 2023/2772 (Annex E1-3). All actions were developed by the Sustainability Department, then reported to and validated by the Company CEO.

Program	Scope & time horizon	Decarbonization lever	Expected outcome FY 2024–2026*	Resources FY 2024
"Arper District" supplier program	Tier-one suppliers representing ~75% of Scope 3 emissions, roll-out 2023-2027	Supply chain decarbonization	~2,000 tCO2eq cumulative by 2027 (supplier energy efficiency and renewable-energy uptake)	Mobilization of existing procurement and quality budgets
Electrification of the company fleet	All corporate cars and light vans, phased renewal 2025-2027	Fuel switching	~200 tCO2eq over vehicle life cycle; 40% (PH)EV share by 2025	2024 additional lease cost absorbed in OPEX; no dedicated CAPEX booked
LCA intelligence & Ecodesign enablement	100% of new products, continuous	Product change	~1,000 tCO2eq avoided through material optimization and design-for-disassembly	Internal R&D labor reallocation; software licenses covered under dedicated sustainability budget lines
Lower-impact business travel	Global workforce, policy issued in Q1 2024	Behavioral/other	~50 tCO2eq per year from avoided flights and modal shift	No incremental cost; travel budgets reduced by around 6% year-on-year

*Expected reductions are internal estimations against the consolidated 2022 baseline and will be verified annually.

Table 10: Decarbonization levers

Adaptation actions complement the mitigation stack through the deployment of cloud-based data exchange tools to safeguard operations during extreme weather disruptions and site-specific emergency protocols aligned with TCFD physical risk scenarios, scheduled for completion by Q4 2025. These measures require no material CAPEX and rely on existing IT and HSE budgets.

Resource allocation and financial linkage

No significant climate-specific CAPEX or OPEX was recognized in FY 2024; expenditures were absorbed within ordinary investment envelopes, resulting in a recorded €0.00 m for both categories in the ESRS template. Future funding needs (e.g. fleet electrification premiums, supplier retrofits, photovoltaic assets) will be integrated into the

2025–2027 business plan.

Progress tracking

Each program is linked to a KPI set (e.g., supplier GHG intensity index, number of EV vs. total fleet, LCA completion rate). Yearly performance reviews feed into annual disclosures under E1-4 (targets) and E1-6 (GHG inventory). Legacy initiatives such as the "S.M.O.G." mobility project – launched in 2023 – have been folded into the corresponding 2024 program for continuity of impact.

Execution depends chiefly on:

- supplier readiness to invest in energy retrofits
- EV charging infrastructure at Italian sites
- completeness of primary data for certain Scope 3 categories

Mitigation measures – supplier capability workshops, pooled green energy contracts and phased infrastructure upgrades – are in the planning phase and will be reported in the 2025 statement. Generally speaking, by anchoring clearly quantified

actions to mainstream budgets and robust monitoring, Arper aims to underpin the reliability of its climate policies and lay the operational foundation for achieving the 2030 emission reduction trajectory.

E1-4 | Targets related to climate change mitigation and adaptation

Arper's climate-related target architecture is anchored to the 2030 horizon, aligned with the 1.5°C pathway required under ESRS E1-4 and the EU Climate Law (Commission Delegated Regulation 2023/2772). Two outcome-oriented, time-bound goals steer every mitigation and adaptation initiative:

- -42% absolute reduction of Scope 1 + 2 greenhouse gas emissions by 2030, versus the 2022 base year
- -25% to -42% absolute reduction of Scope 3 emissions over the same period, recognizing residual uncertainty across upstream categories.

The 2022 baseline (location-based approach) has been fixed at 651.23 tCO2eq for Scopes 1-2 and 12,206.63 tCO2eq for Scope 3. 2023 data show 663.13 tCO2eq (Scopes 1-2) and 11,634.75 tCO2eq (Scope 3), reflecting a perimeter expansion to two subsidiaries and an early impact of supply-chain engagement, respectively.

In 2024, Scopes 1-2 amounted to 954.96 tCO2eq, while Scope 3 stood at 10,071.44 tCO2eq.

Decarbonization levers and milestones

In order to achieve the Group's decarbonization targets, the organization has identified 5 levers to be actioned:

Lever	Coverage	Expected contribution to 2030 target	Status Q4-2024*
Energy efficiency upgrades & process optimization	Manufacturing sites (Italy, USA), office hubs	~9% (Scopes 1-2)	Completion rate currently difficult to estimate; ISO 50001 certification planned
Switch to renewable energy for all Group sites	All sites	~30% (Scopes 1-2)	39.7% at Group level
Electrification of fleet & low-carbon logistics	Corporate fleet, finished-goods transport	~4% (Scopes 1-3)	36% of European company cars are EV or PHEV; first e-truck pilot scheduled for 2027
"Arper District" supplier program	Tier-1 metal, plastic and upholstery partners	~12% (Scope 3)	12% of strategic suppliers engaged; ESG rating rollout underway
Ecodesign & material substitution	New product launches	~8% (Scope 3)	Catifa Carta launched with PaperShell; average recycled content at 28.4%, in line with 2023

*Percentages refer to quantitative data collected in 2025 by the Sustainability Department.

Table 10: Contribution of decarbonization levers

To underpin decision-making, an internal carbon price of **€110.26 per tCO₂eq** was introduced for capital expenditure appraisal in January 2024, covering all direct and energy-indirect emissions (E1-8 dataset). Currently, neither CAPEX appraisal nor the performance of each lever of the decarbonization plan is being reviewed regularly, but the foundations have been laid for a more structured approach to be implemented over the next 5-10 years.

Adaptation focus

While no standalone quantitative adaptation targets have yet been formalized, possible activities to be implemented in the near future include:

- Completing a site-level physical risk assessment, using at least one RCP 1.9-compatible scenario.
- Integrating climate resilience criteria into the Business Continuity Plan for all hubs worldwide.
- Establishing early-warning protocols for heatwave and flooding events across all sites.
- Tracking progress through a dedicated set of KPIs (e.g., downtime hours avoided, water-stress index, etc.).

Methodology, scope and governance

Targets are expressed in absolute terms and cover the full consolidated perimeter, applying the operational control approach and ISO 14064-1 accounting boundaries. Consistency between

inventory and target scopes is assured via annual calculation of GHG inventories and the monitoring of possible structural changes. Internal research carried out by the Sustainability Department has confirmed that, although not yet validated by SBTi, the reduction trajectories mirror the organization-wide convergence factors required for a 1.5°C science-based pathway.

Stakeholder input – captured through the 2024 Double Materiality Assessment – has led to rather precise conclusions: suppliers should be assigned clear Scope 3 milestones, while investors urged faster progress on the development of a methodology able to track the ROI of sustainable actions taken. Resulting feedback informed the interim milestones embedded in each lever.

By combining science-aligned ambition, granular decarbonization levers, and an emerging adaptation framework, the Group is positioning itself to deliver on its responsibility to mitigate climate impact while strengthening operational resilience - an essential step towards the wider vision of responsible design for the project of living.

E1-5 | Energy consumption and mix

Arper's energy strategy is centered on a progressive shift from fossil fuels to certified renewable electricity, coupled with systematic efficiency gains across plants, showrooms, and offices. In line with ESRS E1-5, the Group monitors all carriers – fuels, purchased electricity, and self-generated power – and reports them in megawatt hours (MWh).

Total energy use in 2024 amounted to **1,141.43 MWh**. Of this, **453.26 MWh (39.7%)** came from renewable sources, while **688.17 MWh (60.3%)** originated from fossil fuels, almost entirely natural gas for process heating and space conditioning. No nuclear energy was consumed.

The renewable share is in line with the 2022 baseline, when green electricity covered 61.55% of demand, albeit excluding the US site and Irìde, two major contributors to overall electricity needs.

Arper is not active in high-impact extractive sectors; nevertheless, the disclosure follows the extended breakdown recommended by the ESRS Delegated Regulation of 31 July 2023, distinguishing coal, oil, and gas streams. Coal has been entirely phased out.

Diesel is confined to a limited logistics fleet segment and is being replaced with hybrid or fully electric vehicles as part of the 2027 mobility roadmap.

Energy performance is managed through an approach comparable to ISO 50001 that prioritizes two levers:

- **Demand-side efficiency** – optimization of compressed air networks, boiler replacement with high-efficiency condensers, and LED retrofits covering 100% of the Italian HQ (to be possibly extended to other sites in the future).
- **Green procurement** – execution of long-term Power Purchase Agreements to bring the renewable electricity share to 100% by 2027, a milestone already formalized among the Group's public targets.

These actions are designed to deliver a 42% cut in Scope 1-2 emissions by 2030 versus 2022, fully consistent with a 1.5°C pathway, and to decouple energy demand from growth.



E1-6 | Gross Scope 1 GHG emissions

Arper quantifies direct (Scope 1) greenhouse gas emissions in line with the ISO 14064-1 standard and the calculation rules embedded in Disclosure Requirement E1-6 of Delegated Regulation (EU) 2023/2772. Organizational boundaries follow the financial control approach and include every production, logistics, and sales subsidiary, as well as leased showrooms. Category 1 sources comprise natural gas combustion for space heating and process ovens, diesel and petrol consumed by the corporate fleet, and fugitive refrigerant leaks. No removals, purchased credits, or biogenic CO2 are counted in Scope 1, consistent with AR 43(d) of the Standard. Verified inventory looks as follows:

Year	Gross Scope 1 (tCO2eq)	Δ YoY	Main driver
2021	290.80	+ 48.0%	First calculation with limited assurance
2022	196.43	-	Baseline year
2023	155.60	- 20.8%	First HVAC optimization; first wave of fleet renewal
2024	489.99	+249.4%	Gas consumption at Iride and Arper Spa was particularly high

Table 10: Scope 1 GHG inventory

The 2021 figure was assured at a limited level together with the full Corporate Carbon Footprint, in order to establish a consistent and verified methodology for carbon accounting. The 2024 figure is extraordinarily high due to higher booked gas consumption and more kilometers covered by the company fleet. No Arper installation currently falls under the EU Emissions Trading System, so the percentage of Scope 1 emissions covered by regulated schemes is 0%.

The decarbonization targets of -42% for Scope 1 + 2 emissions to be achieved by 2030 rest on the following levers:

- 1. Thermal efficiency** – Replacement of remaining atmospheric burners with condensing units and full insulation of the Italian headquarters. The conversion already started in 2024 with the substitution of a gas-propelled thermal unit (94 kWh) with a remote-controlled heat pump (2x16 kWh of energy usage, 102 kWh of chilling power) for a total CAPEX value of 80K.

- 2. Fleet electrification** – 60% of light-duty vehicles to be EVs or PHEVs by 2030; charging infrastructure already deployed at headquarters.
- 3. HFC phase-down** – Where not yet deployed, transition to R-410 chillers aligned with the F-gas regulation recast.

Outlook

The marked decline from 2021 to 2023 already demonstrates effective execution of low-carbon design principles – cutting direct emissions while safeguarding production capacity. Continued investment in electrification, efficiency and refrigerant management could counterbalance the increase registered in 2024, which seems at least discontinuous, and will be double-checked against 2025 data.

E1-6 | Gross Scope 2 GHG emissions

Indirect emissions from purchased energy continue to represent the largest controllable share of Arper's operational carbon footprint. Scope 2 accounting is performed in line with the ISO 14064-1 standard, applying the location-based method to national grid factors, while the market-based figure is used only for internal reference.

2024 performance (location-based)

464.97 tCO2eq, up +3.4% versus the 2022 baseline (449.46 tCO2eq), but down -8.4% compared to the 2023 performance (507.53 tCO2eq).

Electricity from renewable sources covers **39.7%** of corporate demand at Group level. This figure is very similar to the 2022 baseline, with the notable detail that the 2022 perimeter excluded the US facilities and Iride, which still run 100% on non-renewables. A dedicated project to switch these two entities to renewable energy sources is underway.

Scope 2 accounts for **48.7%** of combined Scope 1 + 2 emissions, highlighting the strategic relevance of power decarbonization.

Emission drivers

Residual Scope 2 emissions stem from:

- Grid electricity for production sites in Monastier di Treviso and High Point, where renewable supply contracts do not cover the entire demand.
- District heating purchased at the Monastier di Treviso hub, currently linked to a mixed-fuel contract.
- Office electricity in locations where renewable tariffs are not yet available or affordable.

Decarbonization levers (contributing to the -42 % Scope 1-2 target by 2030 vs. 2022 baseline):

- 100% renewable electricity procurement – group-wide transition to certified renewable tariffs or PPAs by 2027, prioritizing suppliers with hour-matching disclosure.
- Energy efficiency retrofits – LED relamping of Italian showroom completed in 2023, variable-speed compressors installed in 2024, yielding a projected 9% cut in purchased kWh.
- Digital monitoring – deployment of an IoT energy management platform enabling real-time load shifting and automated peak shaving.

By systematically pairing renewable sourcing with efficiency gains, we consider ourselves to be on track to reduce Scope 2 intensity as defined in our 1.5°C-aligned decarbonization roadmap.

E1-6 | Gross Scope 3 GHG emissions

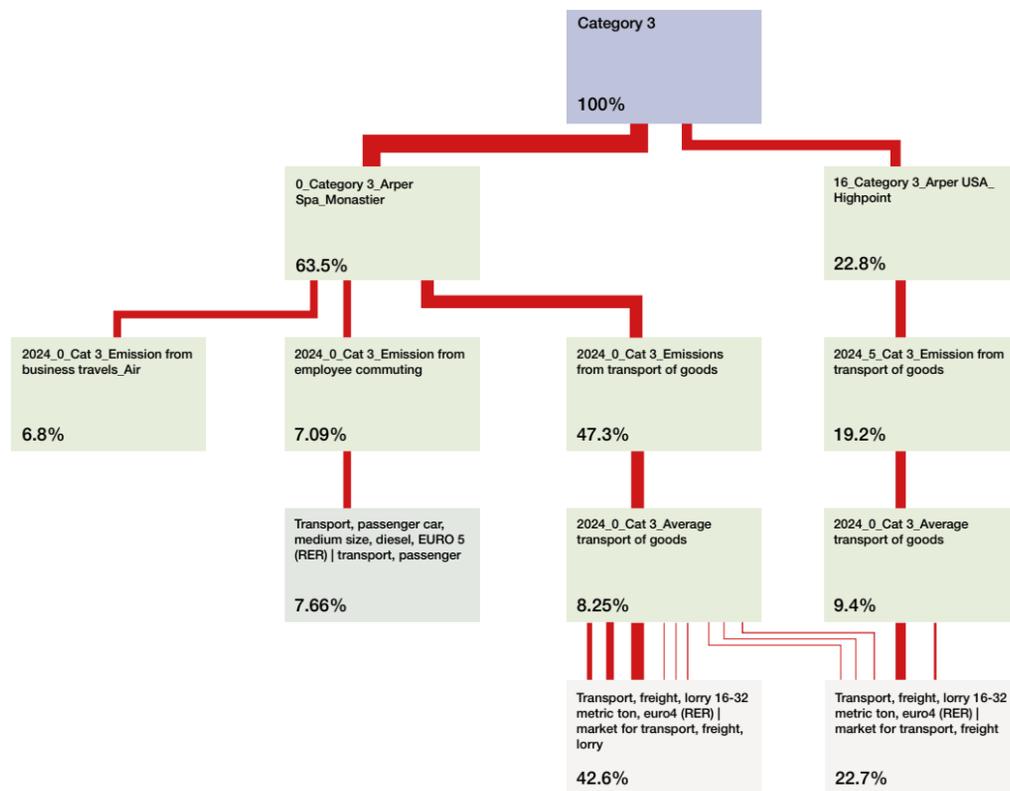
The Group quantifies Scope 3 emissions in accordance with the ISO 14064-1 standard and ESRS E1-6 / AR 46 requirements. Organizational boundaries follow the financial control approach and cover all consolidated subsidiaries plus upstream and downstream partners where activity data are material. Four categories (categories 3, 4, 5, and 6 as per ISO 14064-1 standard) are screened annually. No removals or carbon credits are included, as mandated by AR 46(k).

Category 3 – Indirect GHG Emissions from Transportation

For Arper S.p.A.'s goods transportation, 80% of the destination countries were taken into account based

on the weight transported and re-proportioned to 100%. For other Arper units, the primary destination was considered (>90% of the total weight), with the sole exceptions of Iride and Arper LATAM, for which all destinations were included due to their limited number. The transportation of goods was modeled based on the distance between the Arper unit in question and the capital of the destination country, plus an additional 300 km local road transport.

Compared to 2023, the impact of this category has **decreased by approximately 9%**. This change can be attributed to the fact that in 2024 the organization transported approximately 1,050 fewer tons of goods than in 2023.

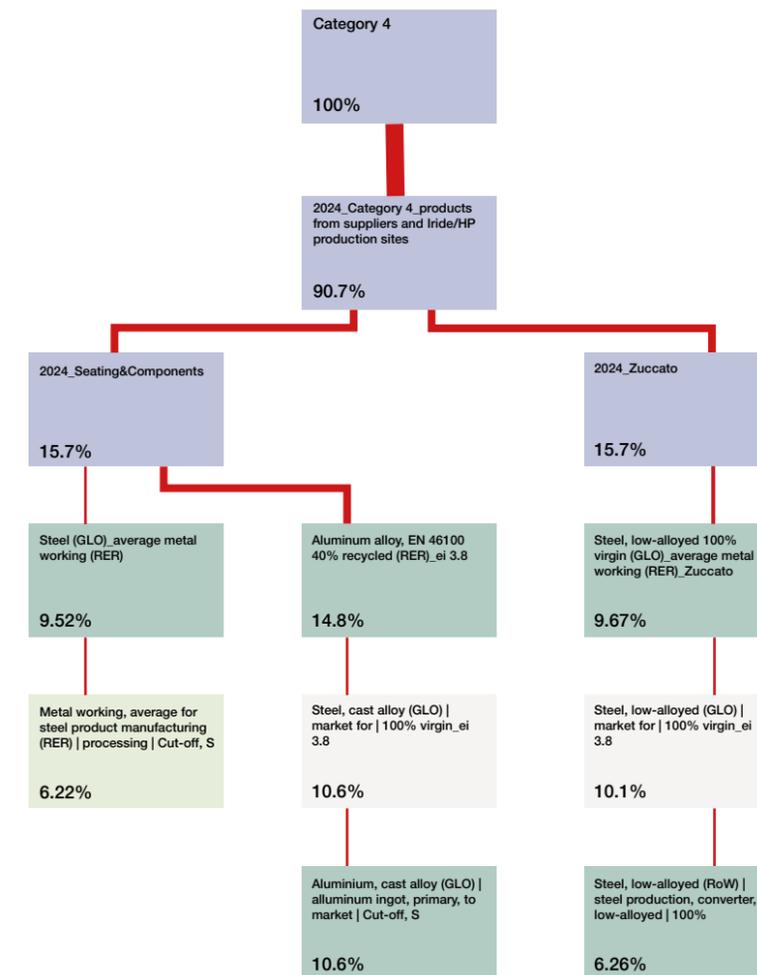


Picture 3: Corporate Carbon Footprint modeling of category 3

Category 4 – Indirect GHG Emissions from Products Used by the Organization

Capital goods purchased during 2024 were grouped into categories based on their primary materials. For the modeling of purchased goods, only suppliers closely related to production (raw materials, semi-finished products, finishing operations, storage) were considered. A cut-off of 80% of turnover was adopted for the initial supplier list. Fifty suppliers were selected – data were not collected for one of them, as it was a laboratory performing only small-scale manufacturing.

Compared to 2023, the impact of this category **decreased by approximately 18%**. This change is due to improved modeling of leather, which reduced its impact by 74%, as well as to the decrease of aluminum purchases – 73.5 tons in 2023 vs. 70.3 tons in 2024 –, and steel purchases – 282 tons in 2023 vs. 199 tons in 2024 – from key suppliers.



Picture 4: Corporate Carbon Footprint modeling of category 4

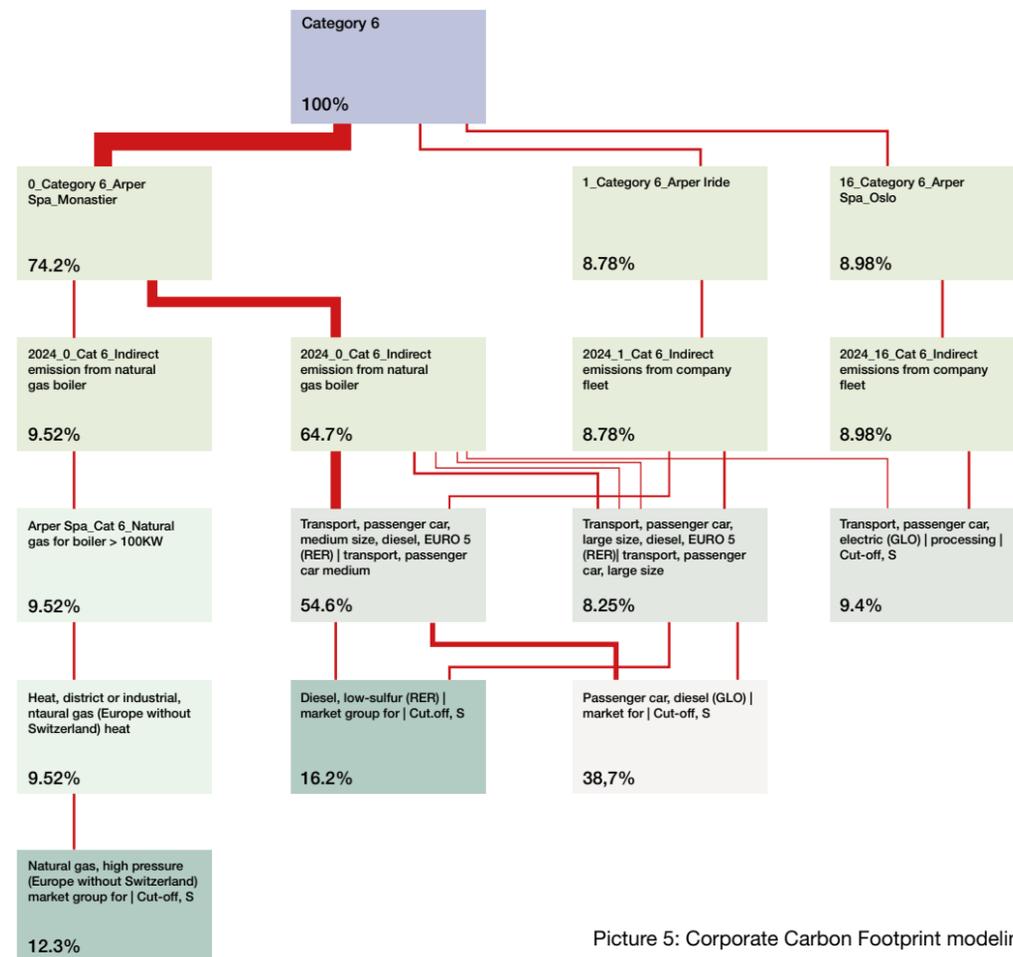
Category 5 and 6 – Indirect GHG Emissions Associated With the Use of Products from the Organization and Other Sources

Capital goods purchased during 2024 were grouped into categories based on their primary materials. Here too, only suppliers closely related to production were considered, and a cut-off of 80% of turnover was adopted.

Compared to 2023, the impact of Category 5 increased by approximately 26%. Although the amount of material disposed of at end-of-life decreased compared to 2023, the impact of Category 5 increased due to the disposal rates applied in the destination countries for 2024 (recycling, incineration, and landfill). On top of this,

the amount of cardboard at end-of-life increased by 8%, as more suppliers provided primary packaging data in 2024.

Compared to 2023, the impact of Category 6 increased by approximately 376%. It includes indirect emissions from company-owned vehicles (e.g., related to fuel and vehicle production) and boilers (e.g., related to infrastructure production), so the increase in Category 1 in 2024 is reflected in Category 6.



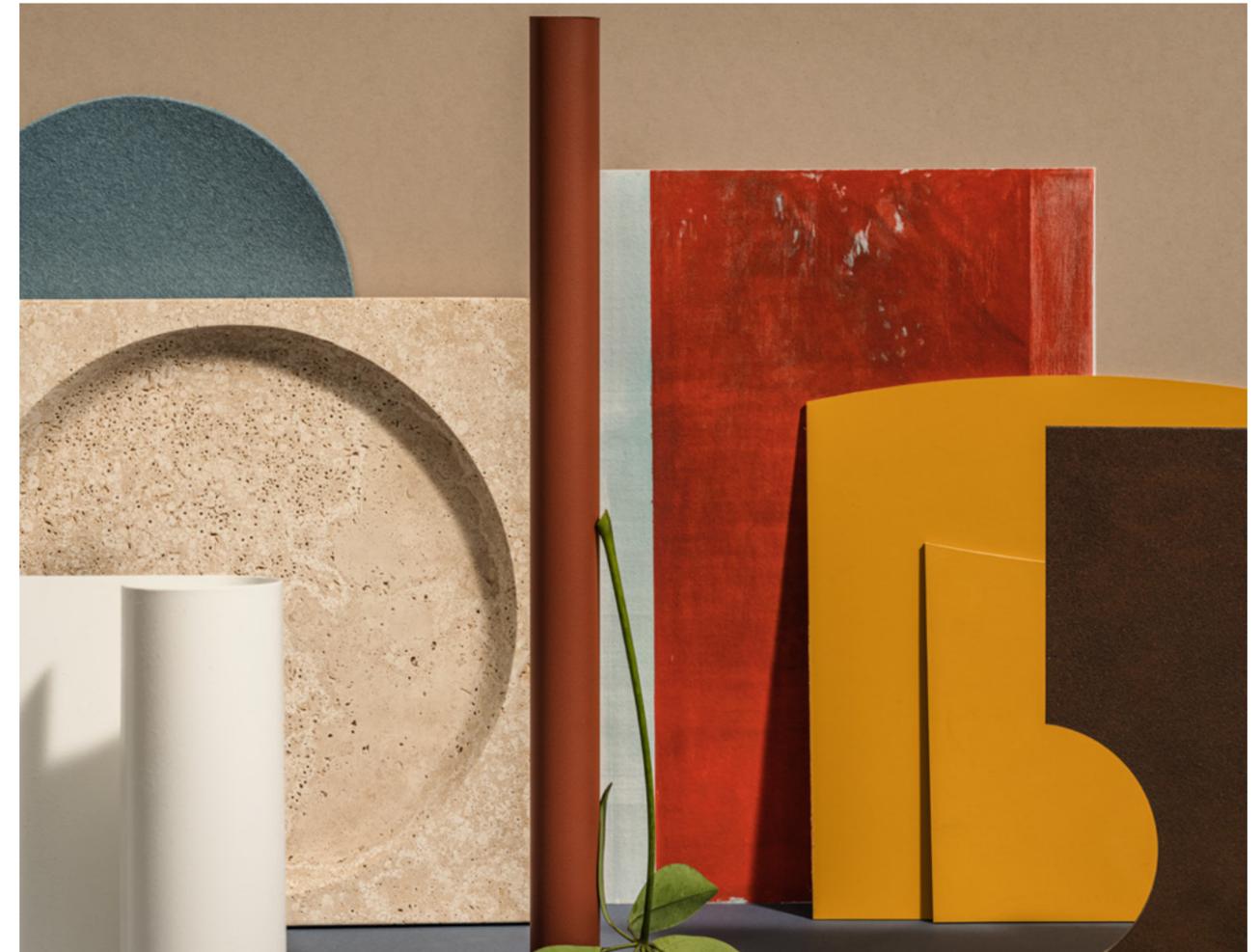
Picture 5: Corporate Carbon Footprint modeling of category 6

Hotspots and insights

- Material footprint:** Category 4 accounts for 69.4% of total emissions. Specifically, the materials that contribute the most are steel (12.9%) and aluminum (10.3%). Therefore, supplier engagement remains the pivotal decarbonization lever.
- Logistics:** the transportation of goods and people accounts for 16.0% of total emissions. We estimate that a switch to intermodal

shipping on short-leg Mediterranean routes, as well as on European routes (truck/train/truck) could deliver a cut in absolute emissions of around 10%.

- Behavioral factors:** The surge in travel-related emissions underscores the need for a 2025-2027 travel policy update that will hardwire travel behavior and Category 3 emissions.



E1-6 | Gross Total GHG emissions

Organizational boundaries and methods

The inventory covers all majority-owned production, logistics and sales subsidiaries plus leased showrooms. Scope 1 captures stationary and mobile combustion, process and fugitive refrigerants; Scope 2 includes purchased electricity under both location- and market-based methods; Scope 3 screening uses primary supplier data wherever obtainable. Global warming potentials are taken from IPCC AR6 100-year values.

GHG Inventory

The Group completed its 2024 corporate footprint inventory in March 2025, applying the ISO 14064-1 standard and the location- and market-based approaches prescribed by ESRS E1-6 and Delegated Regulation (EU) 2023/2772. No removals or carbon credits were accounted for, in keeping with paragraph 47 of the standard. The figures refer to the overall greenhouse gas inventory. A comparison between the location-based and the market-based approach follows below.

GREENHOUSE GAS INVENTORY										
GAS	QUANTITY (kgCO ₂ eq)							EMISSION FACTOR (kgCO ₂ eq / kg)	GWP	
	Cat. 1	Cat. 2	Cat. 3	Cat. 4	Cat. 5	Cat. 6	TOTAL		kgCO ₂ eq	%
									TOTAL	TOTAL
CO ₂ fossil	487,641	418,961	1,711,802	6,737,073	185,188	234,161	9,774,826	1	9,774,826	88.6%
CO ₂ land transformation	0	102	774	11,488	14,4	317	12,696	1	12,696	0.1%
CH ₄ land transformation	0	0.013	0.190	2.02	0.005	0.047	2.27	29.8	67.7	<0.1%
CH ₄ biogenic	0	152	28.3	5,756	7,069	14.3	13,020	27.2	354,152	3.2%
CO ₂ to soil or biomass stock	0	1.92	26.7	233	0.826	16.3	279	-1	-279	<0.1%
CH ₄ fossil	12.6	1,104	1,361	20,523	207	1,123	24,331	29.8	752,062	6.6%
N ₂ O	7.21	19.7	40.2	217	12.3	7.70	304	273	82,916	0.8%
SF ₆	0	0.134	0.036	0.936	0.001	0.022	1.13	25,200	28,448	0.3%
NF ₃	0	0	0	0.001	0	0	0.001	17,400	11.9	<0.1%
Other GHGs	5.72	32,5	29,5	333	0,510	28.1	429	-	48,502	0.4%
GWP [kgCO₂eq]	489,986	464,974	1,766,717	7,645,830	387,048	271,848	11,026,403	-	11,026,403	100%
kg BIOGENIC CO₂										
CO ₂ biogenic emissions	1,686,135									
CO ₂ biogenic uptake	1,636,289									

Table 11: Total GHG inventory

	GHG Inventory (location-based)			GHG Inventory (market-based)		
	2023	2024	Δ YoY	2023	2024	Δ YoY
Total	1.23E+07	1.10E+07	-10.3%	1.20E+07	1.08E+07	-10.4%
Cat. 1	1.56E+05	4.90E+05	214.9%	1.56E+05	4.90E+05	214.9%
Cat. 2	5.08E+05	4.65E+05	-8.4%	2.30E+05	2.04E+05	-11.1%
Cat. 3	1.94E+06	1.77E+06	-8.9%	1.94E+06	1.77E+06	-8.9%
Cat. 4	9.33E+06	7.65E+06	-18.1%	9.33E+06	7.65E+06	-18.1%
Cat. 5	3.07E+05	3.87E+05	26.2%	3.07E+05	3.87E+05	26.2%
Cat. 6	5.71E+04	2.72E+05	376.3%	5.71E+04	2.72E+05	376.3%

Intensity metrics

As required by ESRS E1-6 paragraphs 52-53, intensity metrics are disclosed. Arper decided to calculate three KPIs, namely emission intensity based on: (a) Number of units sold (tCO₂eq/unit); (b) Turnover (tCO₂eq/K€); and (c) Total weight of sold products (tCO₂eq/t).

As far as materials are concerned, both gross raw materials and packaging materials have

been considered, including processing waste. Raw materials related to capital goods were not considered, while the quantities of recycled raw materials were accounted for based on supplier declarations.

	GHG Emissions Intensity			
	Unit	2024	2023	2022 (B)
Total emissions (scope 1-2-3)	tCO ₂ eq	11,026.40	12,297.88	12,857.91
Total number of finished products	n.	157,135.00	198,425.00	228,975.00
Total revenue	K€	51,953.18	60,070.70	61,720.82
Total weight of finished products	t	2,272.55	2,567.07	2,355.95
EI ratio (Units)	tCO ₂ eq/u	0.070	0.062	0.056
EI ratio (Revenue)	tCO ₂ eq/€	0.212	0.204	0.208
EI ratio (Weight)	tCO ₂ eq/t	4.852	4.791	5.458

Table 12: Intensity metrics

Energy intensity (EI) per unit increased by 25% over three years. Even though total emissions decreased, the decline in production volume led to higher emissions per unit. This suggests that emissions reductions haven't scaled linearly with production output – perhaps due to fixed emission sources or less efficient operations at lower volumes. A further valid reason for this increase relates to the type of goods produced, which now focuses on larger (e.g. sofas) rather than smaller ones (e.g. chairs).

EI per revenue has remained relatively stable, fluctuating slightly. A minor increase in 2024 reflects falling turnover outpacing emissions reductions. This KPI suggests efficiency per euro earned is broadly flat.

As far as **EI per weight** is concerned, there was a notable improvement from 2022 to 2023, followed by a slight uptick in 2024. Still, the overall trend is positive. This suggests more efficient emissions performance relative to the mass of products, which is encouraging.

Some positive aspects include:

- Strong overall reduction in absolute emissions, in line with decarbonization plans.

- Improved EI per weight of products, suggesting material/process efficiency gains.
- Stable EI per revenue, showing resilience in carbon efficiency despite revenue drops.

Still, some concerns remain:

- The increase in EI per unit is a red flag: it implies production efficiency may be weakening or emissions sources are becoming more concentrated per product.
- A significant drop in production and turnover could be masking underlying inefficiencies.

Therefore, in the near future we will focus on:

- Analyzing fixed vs. variable emission sources: high fixed emissions could be hurting EI per unit as production drops.
- Examining product mix changes: a shift to heavier or more complex items might explain the increased intensity per unit.
- Continuing the decarbonization of energy and supply chains, with the overall aim of bringing down EI per weight.



E1-7 | GHG removals and GHG mitigation projects financed through carbon credits

The disclosure required by ESRS E1-7 concerns (i) greenhouse-gas removals achieved inside the value chain and (ii) mitigation projects outside the value chain that are financed through the purchase of high-quality carbon credits. As far as **removals in own operations and value chain** are concerned, no certified activity capable of withdrawing CO₂ from the atmosphere has yet been deployed; the consolidated amount therefore remains **0 tCO₂eq** for 2024. In relation to the **carbon credit portfolio**, the Group neither cancelled nor contracted any carbon credits in 2024, which means that the balance of credits held is **0 tCO₂eq**, and there are no forward commitments. Consequently, 100% of reported Scope 1-2-3 emissions remain unoffset. Still, a major removal initiative is under way – the **Catifa Carta project** – which is dealt with in more detail in a dedicated section of this report.

Key takeaways:

- No carbon credits or in-house removals have been recognized to date: decarbonization relies entirely on operational abatement.
- When the organization reaches its reduction targets, a structured pipeline and governance model for carbon offsets will be strictly considered as a complement – not a substitute – to the primary reduction trajectory.
- Quantitative disclosures (tCO₂eq removed, credits cancelled and planned, disaggregation by project type and standard) will commence once third-party verification is available, ensuring full ESRS compliance.

E1-8 | Internal carbon pricing

Arper has not yet instituted a group-wide internal carbon-pricing mechanism formally approved by the Board. Nonetheless, a **shadow price of € 110.26 per tCO₂eq** – calculated from the 2023 monetization of the Social Cost of Carbon (USD 185 × Purchasing Power Price of 0.596) – is already applied on a pilot basis to capital expenditure proposals and marginal abatement cost (MAC) calculations.

The level is broadly consistent with EU studies on the external cost of greenhouse gases and with the mid-range values cited in Delegated Regulation (EU) 2023/2772, Disclosure Requirement E1-8. Still, no internal carbon fee or fund has yet been introduced, and there is no carryover of notional carbon costs to divisional P&Ls.

More information about how the Social Cost of Carbon (SCC) is calculated can be found in the section on impact valuation included in this report.

Next steps

The shadow price underpins the reduction trajectory to 2030 already communicated in the climate action roadmap. Next steps include the integration of MAC calculations and the SCC into make-or-buy analyses for metal and polymer components, encouraging local sourcing when upstream emissions are material. Responsibility for maintaining assumptions rests with the Sustainability team, which will review external benchmarks annually and propose adjustments to the Sustainability Committee. Furthermore, because the scheme is still in shadow mode, the carbon price has no direct cash consequence and does not yet influence managerial incentives. The issue will be addressed in the years to come, when we will also assess whether a dual-track approach (shadow price for CAPEX, internal fee for operational emissions) can deliver stronger behavioral change.

C. ESRS E2 – Pollution

E2-1 | Policies related to pollution

The Group has not yet adopted a stand-alone, board-approved policy dedicated specifically to pollution prevention, control, and remediation.

Although formalization is pending, the future policy will consolidate current practice and build on three normative cornerstones already embedded in operations:

- **Code of Ethics and Supplier Code:** These documents require all Arper people and strategic partners to “conduct business in a responsible way”, explicitly covering chemical safety, emissions, and waste stewardship.
- **ISO 14001 Environmental Management System:** The Italian manufacturing site maintains certification; annual integrated HSE audits ensure continuous improvement and legal compliance, while ISO 50001 certification is scheduled for 2027 to reinforce energy-related emission controls.
- **Environmental & Energy Analysis:** Updated annually, this procedure identifies significant air, water and soil aspects, ranks inherent risks such as VOC leaks and aquifer contamination, and triggers preventive maintenance and emergency planning.



Gap assessment

A preliminary benchmark against ESRS E2-1 minimum disclosure criteria showed strong coverage on scope definition and governance but flagged the following topics that should be addressed in the near future:

- Quantitative, time-bound objectives (addressed via the E2-3 target-setting exercise).
- Better articulation of downstream responsibilities, notably end-of-life product stewardship.
- Increased focus on microplastics and the consequences of their release into the environment.
- These topics will be addressed through a cross-functional team and by referencing sectoral BAT documents for surface finishing and polymer processing.

Currently, the existing ISO 14001 system, Code of Ethics clauses, and maintenance protocols continue to govern pollution-related decisions, ensuring that design integrity and regulatory compliance are not compromised, thereby reinforcing Arper’s commitment to a design that is both aesthetically compelling and environmentally responsible.

E2-2 | Actions and resources related to pollution

Internal alignment with ESRS E2 confirms that – as of the 2024 reporting cut-off – no formal, board-approved pollution action plan has yet been adopted. Nevertheless, a series of operational and R&D initiatives already address the prevent-reduce-restore hierarchy described in the delegated act (Delegated Act 5303/2023, §§19-19c).

1. Pollution avoidance (phase-out and substitution)

- Low-toxicity finishes: GREENGUARD Gold certification was retained for all seating, ensuring that formaldehyde and phthalates remain below indoor air thresholds.

2. Pollution reduction (process optimization and BAT upgrades)

- Particulate capture: All workstations that generate emissions – solvents from glues and paints, wood and plastic dust – are equipped with extraction systems fitted with fiberglass filters to maintain legal limits both within the workplace and to the external environment.

- Energy and fleet measures: ISO 14001 continuity and the scheduled ISO 50001 certification (2027) underpin the migration to electric logistics vehicles and the roll-out of eco-driving programs for business travel.

3. Pollution control and incident preparedness

- Emergency planning: Updated joint drills are scheduled on a regular basis.
- General housekeeping: We regularly perform filter maintenance, monitor the quantities of processed raw materials that generate pollutants (glues, paints, wood, and plastics), and conduct annual chimney emission analyses to verify compliance with legal limits.

While the absence of a board-ratified action plan currently constitutes a gap against ESRS E2-2 paragraphs 16-18, the measures in place lay the groundwork for the future setting of quantitative targets and anticipated impact analyses, as required under E2-6.



E2-3 | Targets related to pollution

Monitoring and mitigation measures are already embedded in operations, but due to the intrinsic nature of manufacturing, emissions cannot be brought down to zero. For this reason, we continue to focus on the reduction/elimination of solvent-based glues in our products, both in the design phase of new items through the ecodesign guidelines, and through the revisitation of legacy products.

Because of the above-mentioned reasons, no formal, outcome-oriented pollution targets have been adopted to date. In alignment with ESRS E2-3 requirements, the Sustainability Committee aims to set up a phased target-setting program, which should draw on the Science-Based Targets Network (SBTN) hierarchy for pollution and on site-specific screening of material impacts, risks, and opportunities. The program should aim at the following macro-targets: VOCs and PM10 control

in the modeling department, and microplastics reduction.

Forward outlook

Pollution reduction targets are integrated with the Group's decarbonization pathway, namely the -42% Scope 1 + 2 GHG trajectory already communicated. They also underpin certification roadmaps for CAM, GREENGUARD and GECA projects, reinforcing market access in the contract segment. Once finalized, the target suite will be disclosed with baseline values, unit definitions, scientific alignment statements, and site-level allocations, as prescribed by ESRS 2 MDR-T. By adopting measurable, time-bound goals that convert qualitative commitments into quantified performance thresholds, the Group is positioning its operations and value chain on a trajectory aligned with the EU objective of zero pollution for air, water and soil.

E2-4 | Pollution of air, water and soil

Arper applies an integrated "prevent-control-remediate" hierarchy that frames every potential emission as a design parameter rather than an externality. As far as 2024 is concerned, only consolidated trends and targets are being disclosed below.

Air

Continuous monitoring of the prototyping lab confirms that stack concentrations for total VOCs and aldehydes remained below 0.2% of Italian regulation limits, with no exceedances recorded in either 2023 or 2024. The same applies to VOCs, where levels remained below 0.4% of Italian regulation limits. In production, over the last two years levels have averaged at 80% of the legal limits, while in the previous period they averaged at 90%. With the new glue-free products and the revision of legacy products, we expect to use less glue and therefore register a further reduction in emissions.

Water

Manufacturing conducted at the organization's premises is essentially a dry process, with sanitary discharges routed to the municipal discharge network and requiring no on-site treatment. Total 2024 withdrawal was **3,677 m³**, entirely from the local aqueduct, with **0 m³** discharged to surface water.

Soil

No spills, leaks, or soil remediation events were recorded in 2024, and routine third-party audits confirmed full compliance with ISO 14001 and local prescriptions.

Cross-media risks and controls

The annual Environmental & Energy Analysis identifies and ranks pollution scenarios; the highest inherent risks remain accidental solvent release,

accidental malfunction of filtration systems, and aquifer contamination from external suppliers.

Mitigation actions include the periodic maintenance of the industrial plants.

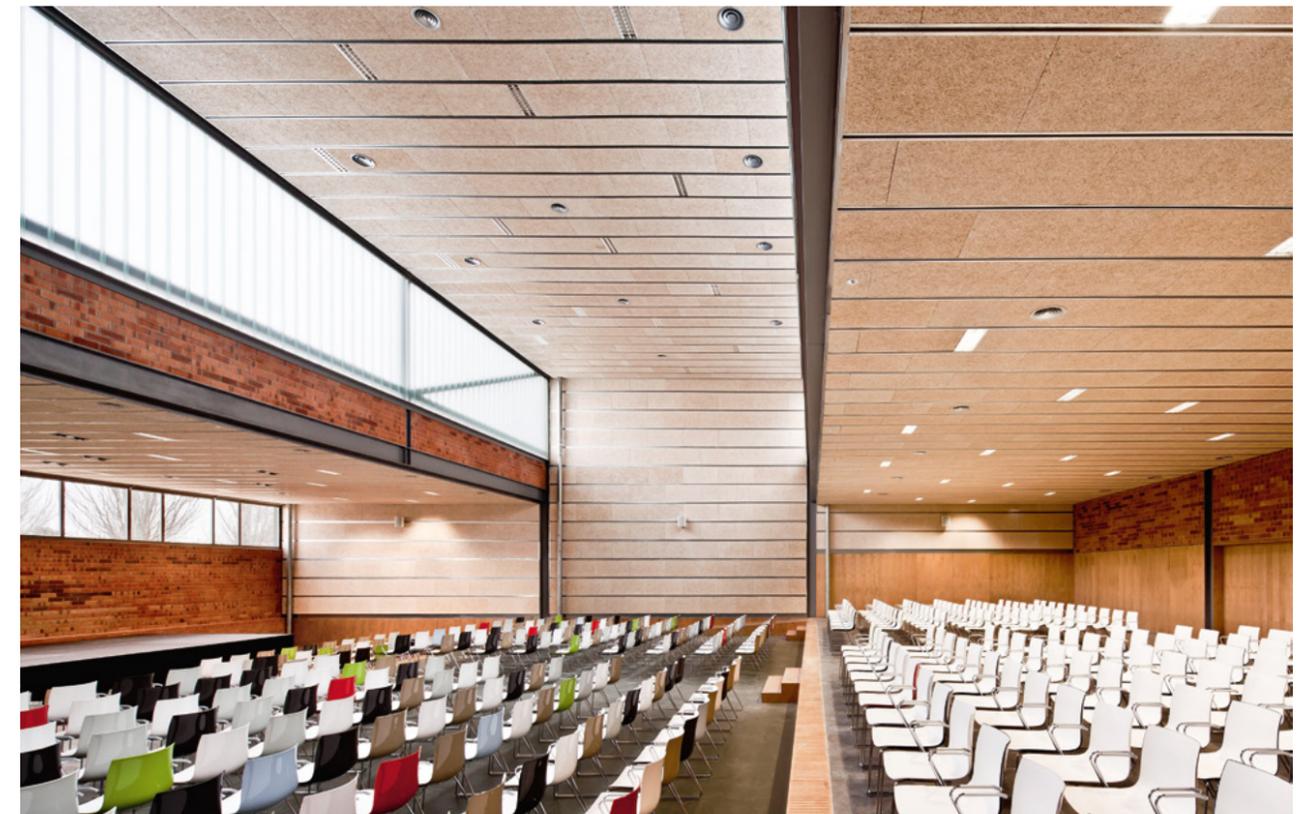
E2-5 | Substances of concern and substances of very high concern

The 2024 chemicals inventory was compiled in line with ESRS E2-5 and REACH guidance, screening every substance handled at Group plants and by tier-one suppliers against the regulatory definition of a "substance of high concern" (SHC) and of a "substance of very high concern" (SVHC). The review did not detect the presence of any SVHC substances.

By progressively substituting hazardous inputs, reinforcing supplier screening, and expanding product ecodesign, the Group continues to decouple growth from chemical risk while safeguarding compliance with forthcoming EU restrictions and customer health expectations.

Targets and next steps

Pilot projects for bio-based adhesives and water-based lacquers are scheduled for industrial validation in 2026. Furthermore, R&D and Product Development are constantly exploring technical solutions that completely avoid adhesives.



E2-6 | Anticipated financial effects from material pollution-related risks and opportunities

The double materiality screening outlined the main drivers through which pollution-related impacts may influence Arper's cash flows, capital allocation and earnings outlook over the short term (2026), medium term (2027-2030) and long term (post-2030).

Key risk pathways

- **Regulatory compliance and enforcement:** Operations relying on solvent-based glues, surface finishes, and VOC treatment systems face tightening emission thresholds; Non-compliance could trigger fines, mandatory abatement upgrades, or temporary shutdowns.
- **Accidental events:** Potential spillages of substances and gases, or aquifer contamination could generate immediate clean-up costs, production losses, and possible liability claims, matching the ESRS definition of "major incidents and deposits".
- **Value-chain exposure to substances of concern:** Upcoming EU restrictions on certain plastics, isocyanates, and formaldehyde may raise raw material prices, accelerate the need for reformulation, and create risks of inventory obsolescence.
- **Reputation and market access:** Clients in public procurement and corporate ESG programs increasingly require evidence of low-toxicity chemistry. Failure to substitute substances of very high concern could erode demand in key contract markets.

Indicative financial effects (risks)

- **Operating expenditure:** Routine maintenance of emission control equipment, periodic third-party audits, and extended environmental monitoring are expected to add a low single-digit percentage to annual operating costs over the next two years. Extraordinary OPEX linked to incident response has not been recorded in the reporting period, but contingency plans assume

a maximum exposure aligned with historical remediation benchmarks for comparable furniture producers

- **Provisions:** No provisions for environmental protection or remediation were booked as of 31 December 2024.

Opportunity areas

- **Product redesign and circular materials:** Initiatives such as Catifa Carta, the systematic revision of solvent use in the legacy range, the simplification of disassembly and the reduction of exposure to restricted substances could unlock savings related to emission-control consumables and avoid future compliance CAPEX.
- **Market positioning:** Early substitution of substances of concern strengthens eligibility for low-emission building schemes and governmental purchasing lists. Management estimates that the protected revenue share could reach a significant percentage of Group turnover once verification of bill of materials is completed.

Time horizons and uncertainty

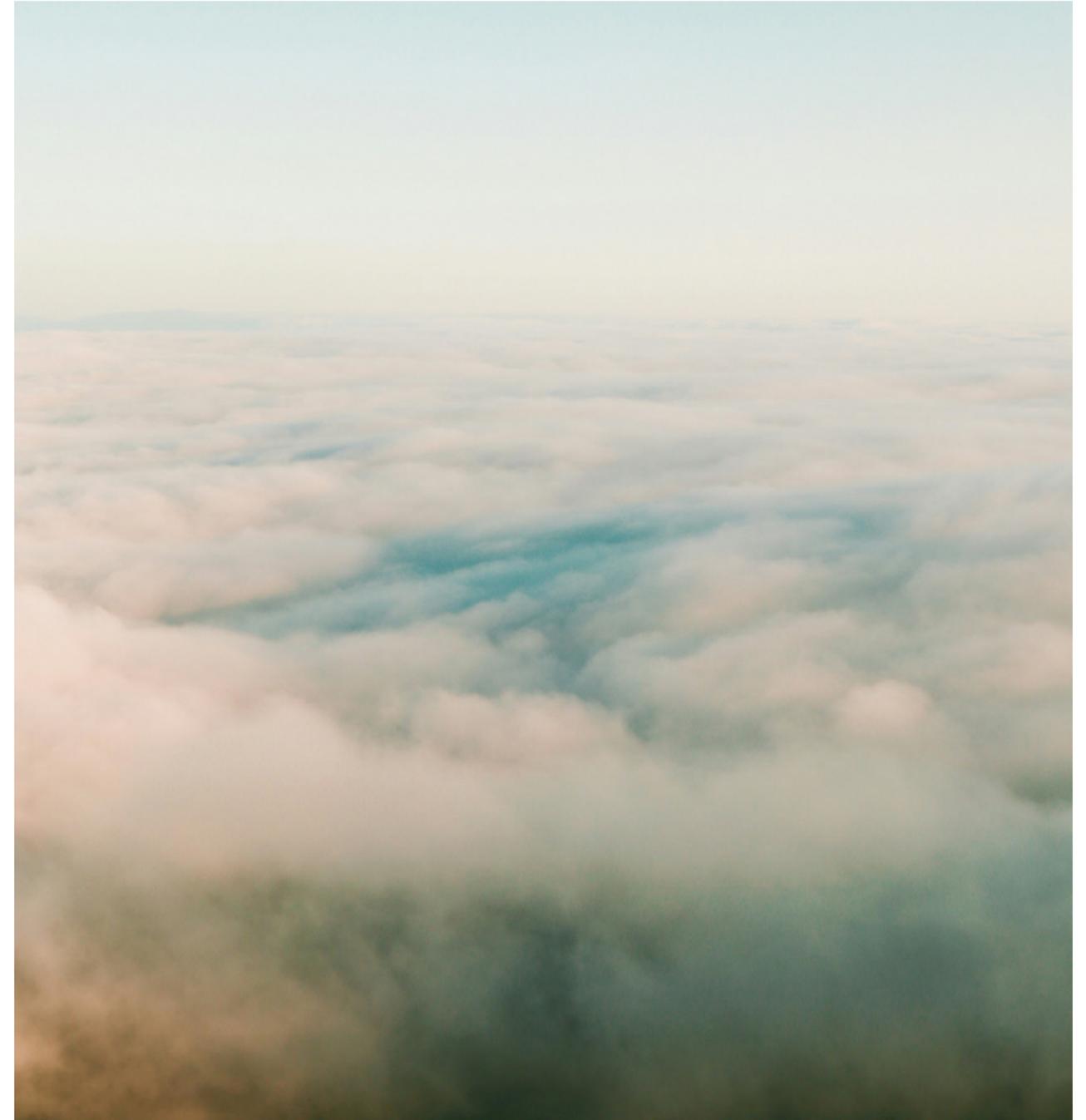
Most risk-related cash outflows are concentrated in the short to medium term, reflecting the scheduled plant upgrades and the EU's 2027 cut-off dates for several hazardous chemicals. Opportunity-related inflows – mainly cost savings and premium market access – are expected to materialize progressively from 2026 onwards. Critical assumptions include the successful scale-up of solvent-free technologies, the stable availability of alternative materials, and unchanged enforcement timetables.

In summary, while no material pollution-related financial effects have yet been recognized in the 2024 financial statements, the forward-looking assessment confirms that:

(i) incremental OPEX and CAPEX will be required to meet evolving standards;

(ii) incident-driven liabilities remain a latent but manageable exposure;

(iii) proactive substitution, ecodesign, and resource efficiency projects can partially offset risk-related costs and create new revenue opportunities.



d. ESRS E5 - Circular economy

E5-1 | Policies related to resource use and circular economy

Arper operates a cohesive policy framework that mainstreams circular economy principles and efficient resource use across design, manufacturing, logistics, and after-sales services. The framework aligns with ESRS E5-1 disclosure requirements and with the EU Circular Economy Action Plan, while reflecting Arper's long-standing emphasis on material elegance, durability, and responsible stewardship. Each policy is approved by the Board and overseen by the Sustainability Steering Committee, chaired by the Head of Sustainability, with implementation delegated to functional leaders under an ISO 14001-certified Environmental Management System.

- **Objective:** Apply the waste hierarchy – prevention, reduction, reuse, recycling, recovery, disposal – to all material flows and packaging.
- **Scope:** Manufacturing and logistics sites in Europe, USA, and Asia; extends to tier-1 suppliers for packaging reduction.
- **Key focus:** Analysis and optimization of current product range, as well as the application of a design-out-waste approach to new products, and design-for-reuse guidelines for transit packaging.

Product Life-Cycle Responsibility Policy

- **Objective:** Close material loops by extending product life, enabling take-back and ensuring high-value recovery at end-of-life.
- **Scope:** All seating and table families launched from 2020 onwards; applies in the EU and progressively in North America.
- **Key focus:** Initial establishment of an authorized network of refurbishment hubs in Benelux, the Nordics and Italy (implementation started in Q4 2024). The policy was co-drafted with facility management clients and refurbishment partners to ensure economic viability.

Supplier Circularity Engagement Policy

- **Objective:** Embed circular economy metrics and improvement roadmaps into supplier performance management.
- **Scope:** 100% of strategic suppliers and all new vendors onboarded after January 2026.
- **Key focus:** Mandatory ESG self-assessment during contract tenders (through the Synesgy platform), inclusion of a circularity score in supplier scorecards.

Ecodesign & Low Impact Materials Policy

- **Objective:** The goal of the document is to integrate resource efficiency, enable disassembly for recycling, and reinforce low-carbon material choices in every product brief.
- **Scope:** Global product development pipeline, covering external designers, internal R&D, procurement, and quality.
- **Key focus:** The guide, which incorporates five main standards and regulations – the forthcoming EU Ecodesign for Sustainable Products Regulation (ESPR), Ecolabel, GECA, CAM and LEVEL – requires Life-Cycle Assessment (LCA) information to be provided at design gate 2, as well as the consideration of recycled or bio-based alternatives for all plastics and metals, wherever possible.

In 2024, Arper produced an internal **Ecodesign Guide**, which will be featured in a dedicated section of this report.

Resource Efficiency & Waste Hierarchy Policy

Transparency and review

yearly as part of the strategic planning cycle, with amendments submitted to the CEO.

As soon as all four policies are operational, they will be made accessible on the intranet portal via the Compliance hub. Policy effectiveness is reassessed

E5-2 | Actions and resources related to resource use and circular economy

The Group implements a structured action plan that embeds circular economy principles across product design, business models, supply chain, and end-of-life management, in line with ESRS E5-2 guidance and the waste hierarchy priorities set out

in the Delegated Regulation (EU) 2023/2772. The key actions and the resources enabling them are summarized below.

Product & Design

Key Action	Expected Outcome	Time Horizon	Coverage & Stakeholders
Ecodesign Guide rollout	Integration of durability, disassembly and material reduction rules in every new brief, systematic LCA at gate 2	Fully embedded in the 2026 development cycle	R&D, Product, external designers
Legacy range revision	Lowering CO2 emissions from production, >90% recyclability of top sellers	Initiated in Q4 2024, time horizon 2025-2030	Global production; key clients involved in pilots
Catifa Carta LCA & scenario analysis	Third-party reviewed evidence of emission savings from paper-based composites and pyrolysis valorization	LCA & scenario analysis certified in Q1 2025	Internal LCA team, external reviewers
New low impact materials	Qualification of post-consumer PP and bio-based polymers, >30% average recycled content in targeted families	Ongoing, new product launches 2025-2027	R&D, strategic material suppliers

Table 13: Actions related to the circular economy – Product & Design

Circular Business Models

Key Action	Expected Outcome	Time Horizon	Coverage & Stakeholders
Refurbishment service (Benelux, Nordics, Italy)	Extension of product life by ≥5 years, the creation of secondary-market revenue streams	Pilot live since 2023, scale-up in 2026	Local logistics partners, major contract clients
Furniture-as-a-Service (rental)	Shift from linear sales to a use-based model, with residual value capture	Pilot in Italy 2024, wider EU roll-out in 2026	Sales, Finance, leasing partners
Take-back system	100% end-of-life recovery for selected chair families; provision feedstock for Catifa Carta	Business model formalized in 2024, implementation 2025-2027	Operations, reverse logistics network

Table 14: Actions related to the circular economy – circular business models

Supply Chain Engagement

Key Action	Expected Outcome	Time Horizon	Coverage & Stakeholders
Arper District supplier program	ESG rating and ambitious decarbonization trajectory for 20% of strategic suppliers	Rating methodology live in 2026, individual roadmaps from 2026 onwards	Purchasing, 40+ suppliers
Partnership with PaperShell & Stena	Joint R&D on paper-fiber-composites and pyrolysis by-products, co-marketing of circular innovations	Active since 2023, milestones set for 2024-2026	Two technology partners and marketing teams

Table 15: Actions related to the circular economy – Supply chain engagement

Waste & Material Flow Optimization

Key Action	Expected Outcome	Time Horizon	Coverage & Stakeholders
Waste management policy finalization	Harmonized sorting, coding and outlet mapping, with a common platform to reduce waste intensity by 10% by 2027	Draft in Q1 2026, implementation in 2026	Operations, HSE, waste service providers
TECLA circularity scoring	Progressive improvement of corporate circularity index (baseline 43% in 2022)	Target 60% by 2027	FederlegnoArredo support and site teams

Table 16: Actions related to the circular economy – Waste and material flow optimization

Progress monitoring

Implementation status and KPI trajectories (e.g., recycled content share, waste intensity, circularity index) are reviewed annually by the Sustainability Committee and summarized at the annual top management meeting.



E5-3 | Targets related to resource use and circular economy

An internal review completed in 2024 translated the circular economy roadmap into a suite of measurable, outcome-oriented targets that comply with ESRS E5-3. All targets are voluntary yet

calibrated to anticipate forthcoming EU product and waste policy thresholds. The baseline year is 2022, while achievements will be verified annually and disclosed in the annual sustainability statement.

Focus area	Target	Baseline (2022)	2024	Value chain scope
Recycled material use rate	>20% by 2027	14.0%	28.4%	Prevention, own operations & tier-one suppliers
Waste intensity	-10% vs. 2022 by 2027	7.8%	16.3%	Prevention, recycling, factory operations
Reclaimed products & packaging	5% take-back rate by 2027	0 %	0%	Operations, downstream value chain
TECLA circularity score	>50% by 2025	43%	55% (2023)	Cross-life-cycle
ESG rating of strategic suppliers	100% rated by 2030	0%	0%	Upstream value chain
Product certifications	≥ 1 EPD y-1 100% FSC on wood collections 100% GREENGUARD on all seating by 2024	assorted	111 certificates logged through Q4-2024	Product design, sustainability

Table 17: Targets related to resource use

Governance, tracking and alignment

Targets are embedded in the Integrated Management System and overseen half-yearly by the Sustainability Committee. Progress is measured in absolute units first, with intensity ratios disclosed only as secondary metrics, in line with Delegated Act guidance. Each target is mapped to a waste hierarchy stage to prioritize prevention and reuse over downstream treatment, and to a specific segment of the value chain (own operations, upstream, downstream) to enhance accountability.

Forward outlook

Achievement of the headline targets is expected to:

- Cut virgin plastic and metal demand by ~400 tons between 2025 and 2027.
- Avoid disposal of ~100 tons of product and packaging waste annually once the take-back system is in place.
- Lift the TECLA circularity score to reinforce eligibility for green public procurement schemes.

By pairing absolute, time-bound goals with strengthened supplier requirements and product design protocols, the Group positions resource efficiency and circularity as core levers of value creation and risk mitigation throughout the entire life cycle.

E5-4 | Resource inflows

The inventory of resource inflows is compiled in accordance with ESRS E5-4 paragraphs 28-32 and covers all materials purchased to manufacture and package products across the Group's global sites.

Total material consumption

Overall inputs (technical + biological materials, packaging included) in 2024 amounted to 2,272.5 t, of which:

- 1,613.4 t were product and process materials
- 659.1 t were dedicated to packaging.

Composition highlights

Metals remain the single largest material family, with 199.0 t of steel and 70.3 t of aluminum purchased in 2024, both down from 2023 volumes (-30% steel, -5% aluminum).

Wood and paper certified under FSC or equivalent schemes supplied 100% of biological inputs for furniture frames and packaging.

Secondary (recycled) content

- Verified recycled input (packaging excluded) fell slightly to 255.1 t, equal to 15.8% of total

non-packaging inputs, mainly due to the 2024 upholstered product mix.

- Recycled packaging amounted to 390.2 t accounting for 59.2% of total packaging material.

All figures are derived from direct weight measurements and supplier specifications; allocation by value or estimates are used only where primary and physical allocation data are not available.

Strategic linkage

The resource inflow profile underpins two headline circular economy targets disclosed under E5-3:

- >20% recycled content by 2027, currently on track.
- -10% waste-intensity versus 2022, to be achieved through material efficiency and packaging redesign.

By systematically tracking mass flows, recycled shares and certification status, the Group advances its transition from virgin to circular inputs while creating a verifiable baseline for future reductions in embedded carbon and resource depletion.

E5-5 | Resource outflows

Products and materials designed for circularity

- All seating families meet GREENGUARD Gold low VOC emission criteria.
- The pilot refurbishment project launched in Benelux, the Nordics, and Italy extends product life and retains material value after first use.

- The Catifa Carta program pilots a take-back model that will allow it to be turned into biochar at end-of-life, thereby storing carbon in a stable form for more than 100 years.
- Internal ecodesign briefs emphasize disassembly as a key feature, anticipating possible future EU "right-to-repair" rating schemes.

Waste outflows

Waste outflows in 2024 were broadly aligned with 2023 data. The only discrepancies were due to the types of products manufactured during the year.

	Total (t)	%	Notes & dominant streams
Waste generated	371.24	100%	Leather offcuts, mixed packaging, machining scraps
Sent to recovery	221.44	59.6%	All non-hazardous, 100% via recycling/pre-reuse
Sent to disposal	149.80	40.4%	Mainly non-recyclable mixed residuum

Table 18: Waste outflows

Waste reduction and management strategy

In order to improve its waste management performance, in the near future the organization will focus on the following strategies:

- **Packaging redesign:** Lightweight FSC-certified cartons and the elimination of EPS corner blocks are forecast to avoid ~20 t of packaging waste annually once fully deployed.
- **Take-back system:** Scaling up the pilot to Italy and Germany in 2024 will enable systematic recovery of end-of-life chairs for refurbishment or material harvesting, directly lowering downstream disposal volumes.

Alignment with circular-economy targets

The 2024 results confirm the relevance of the goals to halve non-recycled waste by 2027 and to achieve a 20% circular material use rate, as disclosed under E5-3. Progress will be assessed against the absolute tonnes generated and diverted, as presented above. By integrating ecodesign, targeted waste segregation, and emerging take-back models, the undertaking advances from linear disposal toward closed-loop recovery, in line with EU Circular Economy objectives and the waste hierarchy mandate to prioritize prevention, reuse, and high-quality recycling.



FOCUS 2024: CATIFA CARTA

A New Approach to Design and Sustainability

Catifa Carta represents an ambitious step forward in combining design excellence with environmental responsibility. It is a chair defined by its shell, made of **PaperShell**, an innovative composite material consisting of layers of FSC-certified kraft paper bound with a resin that is 100% biogenic. The paper itself is sourced from Sweden and Finland, where sawmill byproducts are transformed into valuable input, ensuring that the raw material is renewable and circular rather than extractive. What makes PaperShell particularly significant is not only its renewable origin but also its density and durability, which give it a performance advantage in storing carbon. Unlike conventional fossil-based plastics used in many furniture shells, PaperShell embodies the principle of turning waste streams into carbon reservoirs.

The Guiding Framework: From Theory of Change to Life Cycle Thinking

The creation of Catifa Carta was guided by the **Theory of Change**, a method that begins with a long-term vision – in this case, harmony between human activity and the planet – and then works backward to identify the steps required to reach that goal. Every decision about materials, design, and the supply chain was made with this long-term ambition in mind. Equally important was the recognition that **design and end-of-life are the most influential phases in determining environmental impact**. Studies confirm that up to 80% of a product's footprint is determined during the design stage. However, the end-of-life phase plays an equally critical role. Catifa Carta was conceived with an integrated end-of-life plan for responsible disposal, ensuring that its ecological benefits extend well beyond its useful life.

Partnerships and Cross-Industry Collaboration

The development of the chair brought together three partners. **PaperShell AB** in Sweden created the innovative material, designed to mimic trees' natural ability to store carbon. **Arper**, as the design company, transformed this material into a refined, functional, and market-ready chair, while also committing to managing its collection at the end of its use. **Stena Recycling**, another Swedish partner, contributed its expertise in advanced recycling and recovery, ensuring the life cycle could be closed in practice. This collaboration across design, materials innovation, and recycling demonstrates the importance of a systemic approach. A sustainable material alone is not enough; it must be embedded within a business model that considers the entire life cycle.

Greenhouse Gas Emissions and the Role of Carbon Storage

One of the most important contributions of Catifa Carta is its potential impact on **greenhouse gas (GHG) emissions**. Compared to Arper's earlier model, the **Catifa 53**, which relies on a fossil-based plastic shell, the environmental benefits are substantial. Replacing fossil plastic with PaperShell already reduces reliance on fossil carbon and increases the potential for carbon storage.

For the **Catifa Carta 4-leg powder-coated**, when biogenic carbon is accounted for in a **non-neutral way** (i.e., including both sequestration and release), the results show clear improvements depending on whether pyrolysis is included at the end of life.

Product/Scenario	Approach	Pyrolysis included?	Total GHG emissions (kg CO2eq, cradle-to-grave)*	Notes
Catifa 53	Fossil-based plastic shell	Not applicable	26.5	Baseline model
Catifa Carta	Neutral biogenic carbon	No	17.5	Aligned with standard EPD accounting
Catifa Carta	Non-neutral biogenic carbon	No	14.2	Accounts for sequestration in PaperShell
Catifa Carta	Non-neutral biogenic carbon	Yes	12.4	~29% reduction vs. neutral baseline; stable carbon stored in biochar

* Results refer to the version with 4 powder-coated legs



These results illustrate a clear shift: whereas Catifa 53 contributed directly to fossil carbon emissions, Catifa Carta not only lowers the footprint under conventional accounting but also has the potential to become **carbon-negative** under scenarios that include stable storage of biogenic carbon in biochar.

The composition of PaperShell is central to this outcome. The shell contains approximately **41% carbon by weight**, corresponding to a sequestration potential of about **4.45 kg CO2 per unit**, embedded directly in the material. If managed responsibly at the end of life, this carbon can remain stored for well over 100 years, meeting the IPCC threshold for long-term sequestration.

From Sustainability to Regeneration

The ambition behind Catifa Carta is not limited to reducing impacts but extends to **regeneration**. This means shifting from the traditional goal of “doing less harm” to actively restoring ecosystems and enhancing biodiversity. The use of PaperShell exemplifies this philosophy: it does not merely replace a harmful material with a less harmful one, but rather transforms waste into a resource and enables carbon to be stored for the long term.

This regenerative perspective also acknowledges that true progress depends on systems thinking. Every stage of the chair’s life – from the forest byproducts supplying the paper, to the manufacturing of the composite, to the use of the chair in homes and public spaces, and finally to its recovery and treatment at the end of its life – is interconnected. Only by managing these stages as a coherent whole can the full environmental potential be realized.

Broader Implications for Industry and Society

Catifa Carta carries implications that go beyond the furniture industry. It demonstrates how a common object can embody systemic innovation, turning design into a medium for ecological action. By ensuring transparency in the calculation of impacts and planning for the end of life from the beginning,

the project establishes a model that can be applied across industries.

It also points to the possibility of **mainstreaming carbon-negative products**. While no furniture item has yet been officially recognized as carbon-negative within international frameworks, Catifa Carta illustrates how such a shift could become possible. With further refinement of standards for accounting for biogenic carbon and stable sequestration, products like this could transform entire value chains.

At the societal level, the chair helps to make climate responsibility tangible. It translates complex concepts like carbon storage, life cycle assessment, and regenerative economy into a physical object that people can see, touch, and use. In doing so, it connects everyday life with the global challenge of reducing greenhouse gas emissions and preserving biodiversity.

Toward a Replicable Model

The story of Catifa Carta is more than the story of a chair. It is a demonstration that a **new model of design and production is possible** – one that integrates material innovation, life cycle responsibility, and long-term ecological vision. By proving that carbon negativity is not just theoretical but achievable, it provides inspiration and a road map for other companies.

The significance lies not only in reducing emissions today but also in **building the foundations for regenerative practices tomorrow**. If replicated and scaled, such approaches could contribute to the systemic transformation required to address climate change and ensure the well-being of future generations.





FOCUS 2024: ECODESIGN GUIDELINES

In 2014, a study by the European Commission found that up to 80% of a product's environmental impact is determined at the design stage. This means the decisions made at this stage are critical to reducing its environmental impact over the product's life cycle.

To address this, in 2024 Arper published a document titled "Ecodesign Guidelines." It analyzes and promotes a sustainable design approach, with the goal of creating products with minimal environmental impact starting from the earliest design phase.

It also aims to help designers and internal teams develop systematic approaches to circular design, integrating sustainability principles from the earliest stages of development. Our primary goal is to provide practical, clear guidelines that enable the continuous improvement in the environmental performance of our products. We also aim to align purchasing specifications, supplier specifications, and all technical documentation with ecodesign principles, so that every new product is more sustainable than its predecessors.

To achieve this, we draw on recognized European and international standards, such as:

- **ESPR:** Ecodesign for Sustainable Products Regulation (EU) 2024/1781
- **CAM:** Minimum Environmental Criteria – Italy – Ministerial Decree of June 23, 2022
- **ECOLABEL:** European Union Ecolabel
- **GECA:** Good Environmental Choice Australia
- **LEVEL:** U.S. furniture industry ecolabel – FEMB EU furniture industry ecolabel
- **SVHC:** restrictions under the REACH Regulation (European Chemicals Agency)
- **LIFE CYCLE ASSESSMENT**

To make it more concrete, the document is

structured around a few key elements:

1) Design requirements, that is, evaluation of the product's environmental performance through impact analysis.

2) Technical specifications presented within a material balance, a tool that quantitatively assesses the environmental characteristics of the materials used to manufacture the product (material type, percentage of recycled content, renewable/non-renewable source, disassemblability, and end-of-life scenario of the relevant components).

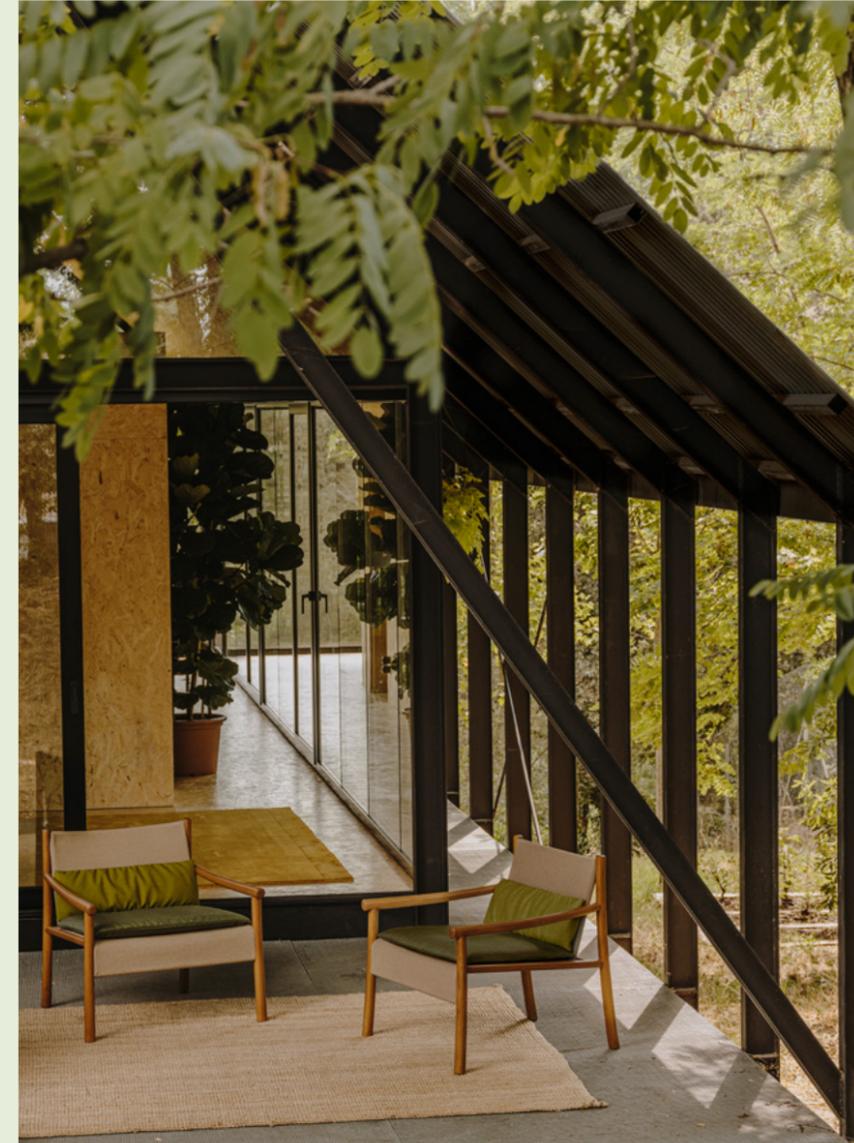
3) General requirements, for all materials and processes used in the furniture industry:

- Restrictions on hazardous substances
- Minimum recycled content percentage
- Limits on volatile organic compound (VOC) emissions
- Requirements for wood-based products
- Limits on formaldehyde emissions from wood-based panels
- Requirements for surface coatings on wood, plastic, and metal parts
- Requirements for plastic materials
- Marking of plastic components
- Upholstery requirements
- Requirements for padding and fill materials
- Requirements for adhesives and glues
- Requirements for glass
- Packaging requirements

The supporting document includes practical tools, such as:

- data on environmental impact expressed in kg CO₂eq,
- information on materials' end-of-life,
- a list of prohibited substances,
- and, most importantly, the **Ecodesign Checklist**.

This checklist is a simple, practical tool that translates the guidelines into concrete actions and allows for verification – throughout every stage of production – that sustainability requirements have been met, ensuring a more informed and responsible design process.



5.

S AS IN "SOCIAL"

a. Our Perspective on Social Sustainability

We engage with all stakeholders to find shared solutions to issues that materially affect the organization, especially our people. We promote non-discriminatory behaviors within the Group and embrace diversity across age, gender, sexual orientation, disability, nationality, political views, and religious beliefs, fostering an inclusive culture. Our main goals are:

- Help build a more inclusive society, starting within our company.
- Foster understanding of different cultures and weave them into our own.
- Embed Diversity & Inclusion (D&I) across our value chain—especially within our organization and our customer base.

The need to reflect on the issues of diversity and inclusion arises from the recognition that more inclusive economies can greatly benefit companies, providing access to new markets, unlocking greater innovation and greater social stability. Businesses lose when economies fail to fully leverage people's potential. Diversity and inclusion are, in fact, two closely related and interdependent concepts: the first refers to the characteristics that shape people, while the second is a corporate choice to consciously acknowledge and value these characteristics. Diversity refers to the differences between groups and individuals and defines 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, as well as psychological, emotional, cognitive, physical, social differences. Corporate policies and practices for the management of diversity offer guidelines on how to eliminate discrimination and ensure equal opportunity and fair treatment for all workers. As a result, conscious inclusion creates concrete value. Creating an inclusive working environment,

understood both as 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 – grounded in and inspired by human rights - take the form of:

- Equality
- Development of human potential
- Inclusive internal culture
- Value creation for the company

At Arper, Diversity & Inclusion is not confined to Human Resources; it is a key element of our broader corporate strategy, promoted by senior management. In fact, companies that embrace diversity and participation and that respect and recognize what makes people unique - whether age, gender, ethnic background, religion, disability, sexual orientation, education or national origin - perform better and, as a result, generate greater value.

b. ESRS S1 – Own workforce

S1-1 | Policies related to own workforce

Arper structures its social governance framework around a **Code of Ethics**, a **Health & Safety Policy**, and a set of topic-specific procedures covering remuneration, work-life balance, and social dialogue. Together, these documents address the minimum content requirement listed in ESRS S1-1, Appendix A.2: secure employment, adequate wages, working time, social dialogue, freedom of association, health and safety, equality, training, inclusion of people with disabilities, and protection from violence or harassment.

The **Code of Ethics** establishes zero-tolerance rules on corruption, discrimination and harassment, and requires every business decision to balance economic, environmental, and social value, thereby preventing reputational and compliance risks related to labor abuses.

The **Health & Safety Policy** focuses on preventing work-related injuries, chemical exposure and ill-health, which are identified as material negative impacts in the Group risk matrix; its performance targets are aligned with ISO 45001 certification and regularly audited.

The **Work-life Balance** procedure guarantees family-related leave for all employees.

Scope and exclusions

Policies apply to 100% of employees as well as to non-employees working under the Group's direct supervision (temporary agency staff and interns), and are based on local legal provisions. Supplier personnel are covered by a separate "Value Chain Worker Code", disclosed under ESRS S2. No geographic exclusions apply, and local legal minima are treated as floors, rather than ceilings.

Governance and accountability

Ultimate accountability rests with the HR Director,

while day-to-day implementation is delegated to the corresponding person in charge, supported by one of the HR managers. Annual compliance is assessed through integrated HSE and ethics audits, and severe breaches trigger escalation to the Supervisory Body established under Legislative Decree 231/01.

External standards referenced

All workforce policies reference the ILO Fundamental Conventions, the UN Guiding Principles on Business and Human Rights, and national collective bargaining frameworks. The Health & Safety Policy is aligned with the ISO 45001 standard.

Stakeholder considerations and communication

Workers' representatives are consulted before any substantive change to policy content, ensuring alignment with the social dialogue principles set out in the delegated regulation. Policies are available on the company intranet, included in onboarding packs, and summarized during mandatory induction. An anonymous whistleblowing system, available via a dedicated website link, enables concerns to be raised outside the line management chain.

Monitoring and review

Headline results are published in the Sustainability Report, while significant changes to current policies or legal requirements are explained in the narrative section to meet AR 10 guidance.

Progress in 2024 includes:

- No work-related fatalities or severe injuries; internal audits confirmed full ISO 45001 compliance.

- The gender pay gap methodology and the remuneration ratio formula have been calculated and disclosed under S1-16.
- Supplier-facing codes were extended to 100% of tier-one vendors, reinforcing consistency between the own workforce and value chain expectations.
- In summary, the policy framework provides comprehensive coverage of material workforce impacts, embeds international labor norms, and establishes a governance structure that couples Board oversight with measurable operational KPIs, reflecting Arper's ethos of clear responsibility and people-centered design excellence.

S1-2 | Processes for engaging with own workforce and workers' representatives about impacts

An integrated engagement framework ensures that every dialogue with Arper people is systematic, inclusive, and connected to decision-making. Accountability lies with the HR Department, supported by the Sustainability Office, which was created to embed responsible business goals into governance.

Scope and coverage

A structured due diligence process formally recognizes all employees and non-employees in the Group. Collective bargaining agreements currently cover **82.75%** of employees at Group level, and the same proportion works in establishments where elected worker representatives operate. Where collective bargaining does not apply (e.g. our US operations), individual contracts mirror the standards negotiated with unions, maintaining parity of treatment.

Dialogues occur at two levels:

1. Continuous information and consultation:

Recurring meetings, intranet updates and a dedicated helpdesk coordinated by HR allow real-time feedback on possible operational impacts of decisions (e.g., health and safety, work-life balance, reskilling needs).

2. Participation & co-design: Topic-specific working

groups (WG) – such as the Diversity and Inclusion WG or the One Arper WG – meet at least quarterly to shape action plans (e.g., emission reduction on legacy products, diversity policy rollouts).

Further engagement opportunities include a voice-and-remedy system, where employees may raise concerns through an anonymous whistleblowing portal or certified union channels. All routes converge in a central case management system overseen by HR Compliance, which guarantees non-retaliation and tracks remediation performance.

Planned improvements for the years to come include:

- Extending engagement metrics to non-employee workers in the value chain.
- Designing a real-time sentiment tool.
- Formalizing a company-wide policy to ensure consistent work-related standards across all geographies through the One Arper WG.
- This multi-layered approach, grounded in transparency and co-creation, enables Arper to anticipate social impacts, co-design solutions with its people, and strengthen a culture where responsibility is shared and measurable.

S1-3 | Processes to remediate negative impacts and channels for own workforce to raise concerns

A structured remedy system operates across the Group to ensure that any adverse impact on people is promptly addressed and that every member of the workforce can speak up without fear of retaliation. Overall governance rests with HR Compliance, supported by an independent Incident Review Committee whose members are separate from line management.

The remediation workflow follows five formal stages:

- Intake, via secure channels;
- Triage, in which risk and severity are assessed within 48 hours;
- Fact-finding, undertaken by trained investigators who act independently of the units involved;
- Decision-and-remedy, ranging from managerial action to restitution or policy change;
- Closure-and-learning, where root cause insights feed continuous improvement plans.

All steps are logged in a central case management platform that enables consolidated reporting to the CEO and the Board.

All remediation channels are communicated during onboarding and refresher training.

Performance in 2024

No incidents of discrimination, human rights breaches, or other complaints were registered during the reporting period; consequently, **€0** in fines or compensation was incurred. In 2023, the figures were likewise zero, underscoring a stable risk profile. The absence of cases is nevertheless monitored against industry benchmarks to detect potential underreporting.

By combining clear accountability, multiple trusted channels and data-driven oversight, the Group ensures that any negative social impact is not only remediated but also leveraged to strengthen policies and prevent recurrence, fostering a culture of shared responsibility.

S1-4 | Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Arper’s materiality analysis identifies four priority impact areas for its people: working conditions, skills & employability, diversity & inclusion, and health & safety.

Working conditions – flexibility and mobility

Action: The flexible working ecosystem “**Arper Flow**” was fully rolled out in 2023, giving teams autonomy to organize work around shared objectives; Arper Flow was paired with the Sustainable Mobility on the Go (S.M.O.G.) carpooling project, which incentivizes low-carbon commuting.

Scope & horizon: All European sites for Arper Flow; only the Italian HQ for S.M.O.G.

Effectiveness: 100% office staff are now eligible for flexible work, while the S.M.O.G. scheme logged 23,477 kilometers saved, reducing commuting CO2 emissions by an estimated 3.05 t.

Skills & employability – upskilling for the transition

Action: A learning path integrating sustainability, leadership, and technical modules. In 2024, the modules were designed for and delivered in the Italian and US subsidiaries.

Resources: In 2024, a total of **€12,700 OPEX** was allocated to training and upskilling, including €5K earmarked for dedicated Life Cycle Assessment training to internalize LCA expertise and embed ecodesign thinking in product teams.

Effectiveness: In 2024, average training hours per Italian employee reached **3.64**, while the US subsidiary averaged **5.48** hours per employee. Results are below the “+10% on Y-1” target, but an extensive sustainability training program has already been scheduled for 2025.

Health & safety – zero-harm culture

Action: ISO 45001 certification for the Italian subsidiary is audited annually by a third party, while the next safety leadership training program is planned for 2025 and will include 100% of appointed supervisors.

Scope: All production facilities worldwide.

Effectiveness: Zero regulatory non-compliances and zero work-related fatalities or severe injuries were reported in 2024. The lost-time injury rate remains below sector benchmarks.



Measuring effectiveness

Progress is monitored through a mix of quantitative and qualitative indicators, such as flexible working participation, carpooling trips, training hours, diversity ratios, incident rates, and workforce satisfaction.

Initial outcomes show:

Indicator	2022 (baseline)	2023	2024	Target / 2027	Trend
Average training hours/employee	11.57	17.50	3.64	+ 10% on Y-1	▼
Female share of total headcount	45.7%	45.7%	44.7%	50%	▼
Negative employee turnover	9.2%	11.7%	13.0%	< 10%	▲
Discrimination complaints	0	0	0	0	=

Table 19: Action outcomes related to the material impacts on our own workforce

Through this multi-layered program, Arper systematically anticipates social risks, seizes human capital opportunities, and tracks measurable outcomes, ensuring that responsible growth, and people’s well-being progress in line with the Group’s strategic ambition.

Implemented actions

During 2024, we invested significant effort in translating the approach described above into practical actions for our workforce. Some major projects included:

- The creation and monthly publication of organizational charts.
- The launch and completion of the Craft Map project, a census of company roles and professions that identified skills by role and responsibility.
- The rollout of Spritz Pills, our informal and voluntary training sessions on various day-to-day topics (e.g., introduction to artificial intelligence).

- The official launch of Arper Noi, a discounted shopping platform extendable to family and friends.
- The organization of a webinar on D&I entitled “Making the Invisible Visible: Reflections on Microaggressions”
- An in-house event on the topic of domestic violence entitled “Making the Invisible Visible: Words Beyond Gender Stereotypes”, presented by the Donne Libere Antiviolence Association located in Quinto di Treviso (TV).
- Summer On Stage, a corporate introductory program for interns.

S1-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

A time-bound target framework translates Arper's people priorities into measurable outcomes and aligns them with ESRS S1 guidance. Targets are reviewed annually by the Sustainability Department and presented to the Sustainability Committee and top management for approval. Key objectives, baselines, and latest progress are summarized below.

1. Employment stability

- Negative employee turnover: **<10%** from 2024 onwards. Baseline 2022: **9.2%**; 2023: **11.7%** (off track). Corrective action: strengthened internal mobility and exit interview analytics, aim to restore compliance by FY 2027.
- Positive turnover (new hires > departures): from 2024 onwards. Target maintained in 2023 (on track), not met in 2024 due to the operational model change introduced in 2023.

2. Capability and learning

- Average training hours per capita: **+ 10%** versus 2022 baseline (**11.57 h**) by 2024. Achieved in 2023 with **17.50 h** (+51%) and reinforced through mandatory sustainability modules across all subsidiaries. 2024 is below target, but extensive training is planned for 2025 as compensation.
- Performance review coverage: extend annual reviews to 100% of managers and 80% of the remaining workforce by 2027. Pilot rollout reached 9 managers in 2024.

3. Diversity, inclusion and fair pay

- Gender parity: **50% male-female ratio** across all categories by 2027. Baseline (2022) was **45.7%**, unchanged in 2023, and substantially

stable in 2024. Revised recruitment targets and mentoring circles are expected to raise representation above 47% by 2026.

- Gender pay gap: **100%** pay parity across all professional categories by 2027, equal to 0% gender pay gap. At the end of 2024, the gender pay gap stood at 38.71%, leaving room for improvement. Still, this indicator refers to the Group average and can sometimes be misleading, as it does not take job roles and geographies into account.

4. Health, safety and well-being

- Regulatory non-compliances: **zero** across all sites each year. Maintained in 2022, 2023, and 2024.
- Recordable accident rate: cap at <5 incidents per million hours worked by 2026. In 2024, three accidents were recorded, corresponding to a rate of **7.61**; additional behavioral safety training was launched to accelerate reduction.

5. Work-life balance and flexibility

- Flexible working eligibility and family leave: **100%** of office staff reached by 2025, achieved on year ahead of schedule; Furthermore, in 2024, **7.06%** of all employees took family-related leave (11 females, 7 males).
- Low-carbon commuting: By 2026, 30% of Italy-based employees will be active on the S.M.O.G. carpooling platform, targeting a cumulative 50 tCO₂eq to be avoided. In 2023, uptake delivered 12,000 km and 2.8 tCO₂eq avoided, while in 2024 employees covered 23,477 kilometers and avoided an estimated 3.05 tCO₂eq.

6. Skills for the transition

- Life Cycle Assessment competency: certify at least three employees by 2025; €5K OPEX earmarked in 2024 for specialist training. Progress will be disclosed under S1-13 metrics.

Target setting methodology and governance

Targets derive from the single materiality assessment conducted in 2023 and have been

updated based on the output of the double materiality carried out in 2024. Baselines use 2022 data unless otherwise noted; interim milestones allow course correction. Collectively, this target framework provides a structured path to mitigate material negative impacts, unlock workforce-centered opportunities, and strengthen Arper's culture of shared responsibility.



S1-6 | Characteristics of the undertaking's employees

S1-9 | Diversity metrics

At the close of 2024, the Group's direct workforce numbered **255 employees** (headcount), of whom 114 were women (**44.7%**) and 141 men (**55.3%**). The average headcount during the year was 293, reflecting seasonal peaks in manufacturing and showroom activities.

Employment relationship. Permanent contracts remain the norm: 253 employees (**99.2%**) hold open-ended agreements, while only **two women** were on fixed-term contracts at year-end. No zero-hour arrangements were used.

Working time. Of the total workforce, 236 people work full-time (**92.5%**) and 19 work part-time (**7.5%**). Part-time roles are predominantly chosen by women (16 out of 19) to accommodate study or caregiving responsibilities.

Age profile. The organization benefits from a well-balanced age mix:

- **Under 30** years old: 22 employees (**8.6%**)
- **30-50** years old: 143 employees (**56.1%**)
- **Over 50** years old: 90 employees (**35.3%**)

Compared to 2023, when the median employee age was 41 years, the proportion of experienced staff (50+) has risen by four percentage points, supporting knowledge transfer while highlighting future succession planning needs.

Diversity and inclusion. Seven colleagues self-declared a disability (four women, three men), equating to **2.8%** of headcount and exceeding local legal thresholds for inclusion. At top management level (two tiers below the Board) **12 positions** are filled, **25%** by women, moving toward the Group's 50-50 gender-parity ambition for 2027.

Adequate wages. Internal checks confirm that

100% of employees and non-employees on site receive a wage that meets or exceeds the applicable benchmark, and no cases of inadequate pay were identified. In the Group's largest labor market (Italy), the entry-level annual package remains **€29,047**, representing a **1.71** multiplier of the reference living wage threshold of €17,006 (see the Impact Valuation section for details on data sources). Similar positive differentials were recorded across all other operating countries in 2023 and maintained in 2024.

Pay equity. Major indicators include:

- Gender pay gap (gross hourly pay): **38.71%**
- Annual total remuneration ratio (highest paid vs. median): **343.67%**

Social dialogue. Collective bargaining agreements cover **82.75%** of employees, exactly matching the share represented by elected works councils; the remaining staff receive individual contracts aligned with the negotiated standard.

Geographical scope. Operations are concentrated in Italy and the United States, with niche design and sales teams across nine additional countries. No single non-Italian site exceeds the ESRS materiality threshold of 50 employees. Regional detail is not shown to protect confidentiality.

Key year-on-year movements and general considerations

Key year-on-year parameters moved as follows:

Indicator	2023	2024	Δ	Comment
Headcount (end of period)	261	255	-2.3%	Productivity gains in logistics absorbed natural attrition
Female share	54.3%	44.7%	-9.6 pp	Future recruitment strategies will take this aspect into consideration
Part-time ratio	7.3 %	7.5%	+0.2 pp	Stable, flexible work scheme is planned to be extended to production pilot groups
Collective bargaining coverage	78.9 %	82.8%	+3.9 pp	Renewal of the industry-wide agreement in Italy

Table 20: Key year-on-year movements

In general, the organization's profile confirms a structurally stable, predominantly permanent workforce, with limited reliance on atypical contracts and a strong culture of social dialogue. The increase in senior talent and in collective agreement coverage strengthens operational resilience. Specifically, the 2024 snapshot confirms structural strengths – driven by high CBA coverage, a balanced age mix, and low reliance on atypical contracts – while spotlighting three material gaps, which are being addressed as follows:

1. Gender representation drift in technical and production hiring

Action: Gender-neutral job design and mentoring circles to raise female intake above 47% by 2026.

2. Leadership pipeline imbalance

Action: Succession plans will require at least one female candidate for each critical role.

3. Residual gender pay gap, driven by historical grade distribution

Action: Job evaluation review, with an interim target of ≤ 30% gap by 2026.

S1-7 | Characteristics of non-employees in the undertaking's own workforce

On 31 December 2024, the Group engaged two non-employees (one woman, one man) on site, representing 0.8% of the total workforce of 257 people and 0.9% of the 255 direct employees. Headcount, rather than FTE, is reported in line with ESRS guidance; figures are presented at period-end to mirror statutory disclosures.

Contractual profile and roles

Consistent with ESRS S1 definitions, non-employees fall into two categories:

- Individual contractors providing specialist knowledge (self-employed);
- Workers supplied by undertakings whose primary activity is the provision of labor (NACE N78).
- During 2024, only one individual in each category was retained, mainly to cover short-term peaks. No zero-hour or "non-guaranteed hours" arrangements were in place.

Employment conditions

- **Collective bargaining:** 0% of non-employees are covered by collective agreements, compared to 82.75% of employees.
- **Health & safety:** All non-employees are fully covered by the ISO 45001 management system, which is identical to all employees. No fatalities or recordable accidents involving non-employees occurred in 2024.
- **Training & development:** Eight training hours were delivered to non-employees (all completed by the female contractor), with no participation in formal performance reviews.

- **Social protection:** Internal checks confirm access to statutory sickness, unemployment, injury, and parental leave schemes for both individuals, mirroring employee coverage.

The 2024 figure is stable compared to the 2023 baseline (no non-employees recorded) and reflects a structural preference for direct, permanent hiring. Non-employee numbers rose temporarily, but never exceeded the materiality threshold (≥ 10 people) at any point in the reporting period; therefore, no average-period disclosure is required.

Reliance on non-employees is intentionally kept to a minimum to avoid:

- Operational continuity risks linked to third-party labor availability
- Potential gaps in social dialogue coverage
- Inconsistent safety behaviors.

Conversely, judicious use of external experts provides targeted upskilling opportunities for core teams and rapid access to niche competencies without long-term cost exposure. Finally, through rigorous oversight and parity of protection, Arper ensures that the small contingent of non-employees operates under conditions equivalent to those afforded to direct staff, safeguarding people while preserving organizational agility.

S1-8 | Collective bargaining coverage and social dialogue

Collective bargaining and structured social dialogue are the primary channels through which Arper and its people negotiate working conditions, anticipate organizational change, and embed sustainability commitments. In 2024, **82.75%** of employees – 211 out of 255 – were covered by collective bargaining agreements (CBAs). The same number of employees worked in establishments where elected workers' representatives operated, yielding an identical **82.75% workplace representation rate**. Coverage applies to all Italian sites, while the U.S. branch is governed by individual contracts benchmarked to sectoral CBAs to ensure parity of treatment.

Non-employees. At year-end 2024, Arper engaged two on-site contractors; none were covered

by CBAs, so the non-employee coverage rate remained **0%**. All other employment terms for these individuals mirror those of direct staff, and their health and safety protection is integrated into the ISO 45001 system.

Employees outside CBAs. The remaining **17.25%** of employees not formally covered by a CBA receive contractual conditions that replicate CBA wage grids, leave entitlements, and working time rules. This practice aligns with ESRS S1 application guidance on ensuring adequate standards for uncovered groups.

S1-12 | Persons with disabilities

At year-end 2024, the Group employed **seven people** with a self-declared disability, equivalent to **2.75%** of headcount (four women, three men). The share exceeds the statutory quota of 2% for undertakings of comparable size under Italian Law 68/1999 and is broadly in line with European Commission guidance, which urges parity with national prevalence rates. In 2023, the count stood at six people, evidencing steady progress rather than episodic compliance.

Representation by organizational tier. Colleagues serve in production, logistics, and office-based roles, while none currently occupy senior management positions.

Recruitment and outreach: Dedicated partnerships with social integration cooperatives, vocational schools, and disability employment agencies resulted in one hire against an unofficial target of three.

Retention and career development: All seven colleagues with disabilities remained in post throughout the year, yielding **0% turnover** and a **100% one-year retention rate**, compared with 13% overall employee turnover in 2024.

By combining quota compliance with proactive outreach, universal design, and capability building, the Group embeds disability inclusion into every stage of the employee life cycle and reinforces its commitment to a workplace where difference is both welcomed and enabled.

S1-13 | Training and skills development metrics

Continuous learning underpins Arper's competitiveness and its 2050 vision of a fully carbon-neutral, inclusively led enterprise. Training governance rests with the HR function, which aligns annual curricula with the organization's vision and mission.

Participation in performance and career development reviews

9 out of 255 employees received a documented review during the reporting year (two women, seven men). This equates to 1.8% of women and 5.0% of men, or an overall **coverage rate of 3.5%**. The low figure reflects the planned migration from an annual appraisal model to a continuous feedback model scheduled for launch in 2026; the legacy process

was therefore applied only on an exception basis and exclusively for sales managers.

Training volume

The register shows **709 completed training hours** (259 hours for women, 450 hours for men). On a headcount basis, this equals an average of 2.3 hours per woman and 3.2 hours per man, for a combined **2.8 hours per employee**. Although materially below the 2023 average of **17.5 hours** (all topics, full year), the 2024 data cover only courses closed and verified by 31 December. The full program, including a total of 1,800 hours of training focused solely on sustainability topics, will conclude in 2025, in line with the corporate calendar.

2024	Women	Man	Total	Source
Employees with documented review	261	255	-2.3%	Productivity gains in logistics absorbed natural attrition
Review coverage	54.3%	44.7%	-9.6 pp	Future recruitment strategies will take this aspect into consideration
Training hours	7.3 %	7.5%	+0.2 pp	Stable, flexible work scheme is planned to be extended to production pilot groups
Average hours / employee	78.9 %	82.8%	+3.9 pp	Renewal of the industry-wide agreement in Italy

Table 21: Training hours and review coverage

The two on-site contractors (non-employees) completed **eight training hours** (all undertaken by the female freelancer), while no performance reviews were held, keeping external worker coverage at **0%**.

Covered topics and conclusions

Despite the lower number of hours, content was concentrated on high-impact modules:

- A 12-hour **Life Cycle Assessment** sprint for product development teams.

- Mandatory **ISO 45001 refresher** sessions for 100% of H&S supervisors.
- The Learning Kit** - a catalog of 100 training courses across eight competence areas (finance, legal, IT, leadership & management, sales & marketing, operations, HR and strategy & innovation) - was made available to a selected group of employees.

Through sharper focus on content relevance, digital tracking and, equitable access, Arper will transform training from a quantitative indicator into a strategic catalyst for innovation and long-term employability.

S1-14 | Health and safety metrics

A certified health and safety management system aligned with **ISO 45001** covers the entire workforce located in Italy. Internal auditing and an external surveillance audit in 2023 confirmed full compliance

of the Italian production site. Accordingly, all 194 employees and 2 on-site contractors in Italy are included within the system's scope, procedures, and training plans.

Indicator	Employees	Non-employees	Total number of employees at Group level	Rate / 1,000,000 h
People covered by H&S system	194	2	255	76.3% coverage
Fatalities (injury + ill-health)	0	0	0	---
Recordable work-related accidents	3	0	3	5.79 (based on 1,000,000 h worked by the entire Group population)
Recordable ill-health cases	3	0	3	---
Days lost to injuries / ill-health	30	0	30	---

Table 21: Training hours and review coverage

Forward targets (see S1-5)

- Reduce the recordable accident rate below **5.0** by 2026 through behavior-based safety coaching.
- Expand workforce coverage to other subsidiaries and renew ISO 45001 certification without non-conformities at the 2025 audit.

With full-scope system coverage, zero fatalities, and transparent performance tracking, Arper sustains a zero-harm culture that embeds prevention, rapid remediation and continuous learning into everyday operations.

S1-15 | Work-life balance metrics

Work-life balance at Arper translates into universal family-leave rights, flexible work design, and targeted workload controls. The following metrics provide an evidence-based picture for 2024 and – where relevant – a comparison with 2023.

Family-related leave (core disclosure)

- **Entitlement:** 100% of employees are contractually entitled to maternity, paternity, parental, and carers' leave under national law and sectoral CBAs.
- **Uptake:** 18 employees made use of family-related leave (11 women, 7 men), equal to 9.65% of entitled women and 4.96% of entitled men; combined utilization stands at 7.06%.
- **Trend:** Female uptake declined from 18.5% in 2023 to 9.65% in 2024, and male uptake decreased from 10.1% to 4.96%. Overall utilization dropped from 17.4% to 7.06%. Return-to-work retention after leave remained at 100%.

Flexible working ecosystem

- **Arper Flow:** implemented across all office functions in 2023, Arper Flow continues to grant teams autonomy to organize hybrid or fully remote schedules. Trust, responsibility, and outcome-based management replace strict hour counting.
- **Part-time employment:** 19 employees (7.5%) work part-time, 84% of whom are women (16 out of 19). This arrangement provides an additional lever for balancing caregiving duties with professional growth.

Effectiveness and forward actions

Forward actions – KPIs	2023	2024	Expectations for 2025
Family leave entitlement	100%	100%	Maintain
Family leave utilisation – women	18.5%	9.65%	≥ 12%
Family leave utilisation – men	10.1%	4.96%	≥ 7%
Part-time share of workforce	6.8%	7.5%	8–10%

Table 22: Forward actions

S1-16 | Remuneration metrics

A transparent remuneration framework links fixed pay, variable incentives, and benefits to clearly defined roles, while ensuring consistency with the EU Pay Transparency Directive 2023/970 and ESRS S1-16 disclosure requirements.

Two headline indicators – the **unadjusted gender pay gap** and the **total remuneration ratio** – provide a pulse check on internal equity. When calculating the metric, we excluded three subsidiaries – Arper LATAM, Arper Middle East, and Arper Japan –, since all of them have very low employee numbers and geo-specific strategic setups that prioritize one-(wo) man-fits-all solutions, which would otherwise distort results.

1. Gender pay gap

Performance in 2024: The average gap in 2024 was **21.64%**. Reference to 2023 is made in the table below, although comparison is of limited significance given the diversity of HR strategies applied across entities. The pay gap is in favor of male employees, with the notable exception of Arper USA in 2023, where a minus sign in front of the value signals a gap in favor of female employees. The total number of employees for each entity is provided to aid interpretation. Because of the above-mentioned discrepancies, an objective data comparison is not feasible.

GENDER PAY GAP	Pay Gap 2024	Employees 2024	Pay Gap 2023	Employees 2023	Comments
Arper S.p.A. (HQ)	20.70%	194	22.75%	198	
Arper USA	26.39%	29	-68.31%	34	In 2023, Arper USA was led by a female CEO (indicated by the “-“ sign)
Arper UK	18.92%	5	-	5	Subsidiary with an all-female workforce in 2023
Iride	20.54%	17	8.18%	15	
Overall average	21.64%		33.08%		

Table 23: Gender pay gap

Methodology: Calculations follow Eurostat practice: (average male pay – average female pay) / average male pay. Values cover 100% of employees; non-employees are excluded since variable hours would distort comparability.

Drivers: Internal calculations suggest that 78% of the unadjusted gap stems from a concentration of men in higher technical grades and leadership roles, while 12% derives from longer tenure.

2. Total remuneration ratio

Performance in 2024: To ensure consistency, the same approach as above was applied. Data are disaggregated by the most material group entities. The overall average of total remuneration ratios across these entities in 2024 was **371.08%**. No data were tracked for 2023. Literature shows that Boards tend to maintain an internal ceiling of 5:1 between the highest-paid individual and the workforce

median: in our case, the average value remains well below this threshold. By combining rigorous measurement, public targets, and timely remedies, Arper anchors fair remuneration at the heart of its social value proposition, while sustaining a performance culture that rewards collective success.

Table 24: Total remuneration ratio

HIGHEST-PAID INDIVIDUAL / MEDIAN EMPLOYEE	2024	2023	Comments
Arper S.p.A. (HQ)	615.38%	No data available	Top Management at HQ also oversees some major functions across other entities
Arper USA	304.13%		
Arper UK	194.55%		
Iride	370.25%		
Overall average	371.08%		

S1-17 | Incidents, complaints and severe human rights impacts

A comprehensive due diligence framework – including the ISO 45001 health and safety system, the whistleblowing portal compliant with Directive (EU) 2019/1937, and social dialogue reviews – provides continuous coverage of potential labor and human rights breaches.

discrimination, occupational safety, and adequate wage. Allegations are recorded through any of the formal channels available (see S1-3) and logged into a secure case management platform. Severity scoring follows the ESRS S1 Application Guidance and the definitions of “severe impact” contained in Delegated Act 5303/2023. All metrics below relate to the calendar year 2024.

Scope and methodology

Monitoring covers all workforce categories (employees and on-site contractors) and the four salient rights identified during the 2024 double materiality refresh: freedom of association, non-

INCIDENTS AND COMPLAINTS	2024	2023	Target / policy	Comments
Substantiated complaints of labor or human rights violations	0	0	Zero tolerance	
Fines or financial settlements (€)	0	0	0	Verified against the legal register
Ongoing litigation cases	0	0	n/a	No new or pending cases
Severe human rights impacts recorded	0	0	0	No fatalities, trafficking, forced labor or child-labor findings.

Table 25: Incidents and complaints

Effectiveness review

Zero substantiated impacts for a second consecutive year confirm that structural risks remain low. By maintaining 100% channel availability, zero retaliation, rigorous root-cause analysis, and Board-level scrutiny, Arper ensures that incidents, complaints, and severe human rights impacts

are not merely recorded but actively prevented - reinforcing a culture where speaking up is safe and remedial action is swift and transparent.



C. ESRS S2 – Workers in the value chain

S2-2 | Processes for engaging with value chain workers about impacts

A tiered engagement framework brings the voices of workers in Arper’s upstream value chain—primarily furniture component manufacturers in Italy – into risk assessment and decision-making.

1. Supplier Code of Conduct cascade

Every purchase order incorporates the Code of Ethics and Supplier Code of Conduct, which require suppliers to comply with the same rules that govern Arper’s employees. Confirmation of cascade is a precondition for vendor qualification.

2. Multi-channel worker voice capture

- On-site social audits, particularly during GECA certification processes.
- Digital self-assessments, the Synesgy and Open-ES platforms require suppliers to answer questions on wages, overtime, and grievance mechanisms, adding a layer of peer verification.

3. Identified gaps

Internal mapping shows that, while individual tools exist and a general process is already in place, more consistent and systematic engagement across all geographies is required. This limits comparability of worker feedback and may obscure emerging risks outside Italy.

4. Road map 2025-2027

- Draft and adopt a Value Chain Worker Engagement Standard aligned with OECD Due Diligence Guidance.
- Expand Synesgy coverage to 100% of tier-1 suppliers and 50% of tier-2 by 2027.
- Integrate engagement-related ESG KPIs into buyer scorecards and make performance a criterion for contract renewal.
- Through the progressive deployment of audits, digital self-assessments, training, and grievance mechanisms, Arper aims to move from ad hoc engagement to a structured, risk-based dialogue that amplifies the perspectives of value chain workers and embeds their insights into responsible sourcing decisions.

S2-4 | Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

The double materiality refresh confirmed one major material negative impact: a systemic risk of child or forced labor in a tier-2 supplier, where direct data collection is limited. It also highlighted a potential pressure on wages and working hours among smaller Italian component makers. Conversely, the supply chain offers two strategic opportunities: (i) the co-development of low-carbon processes with “Arper District” partners and (ii) accelerating innovation cycles through close local sourcing.

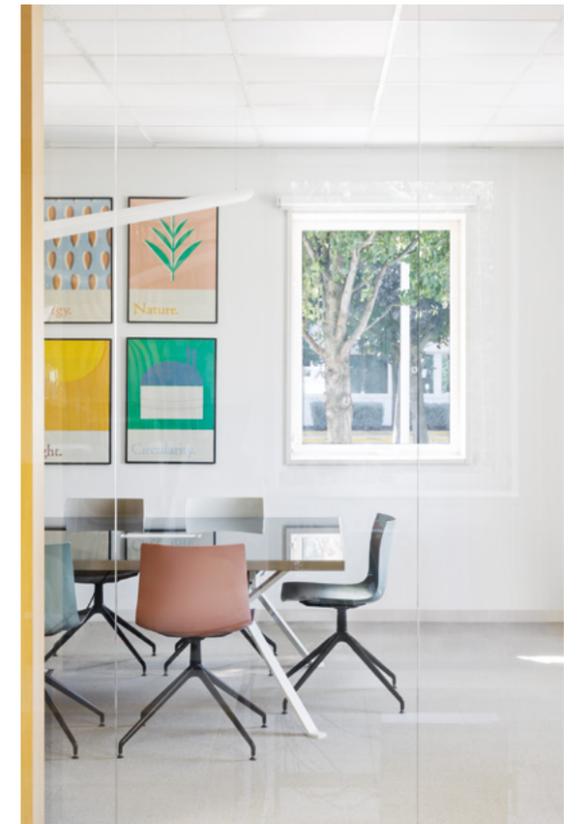
A shared Supplier Code of Conduct – embedded in every purchase order – remains the cornerstone of all activities performed in the upstream value chain.

Risk-management architecture and opportunity-driven programs

Supplier segmentation translates into a risk heatmap that ranks suppliers by country risk and labor intensity. Italian tier-1 partners represent low intrinsic risk but high business dependence, while international suppliers – even if they represent a clear minority – score higher on human and labor rights risk.

At the same time, this scenario also creates several opportunities, such as:

- **Arper District:** In 2026-2027, nine high-impact suppliers will co-design GHG reduction roadmaps and receive tailored training on ecodesign and process electrification.
- **Local sourcing accelerator:** In 2024, 91.9% of tier-1 suppliers were based in Italy (59% within 100 km of HQ), which contributed to shorter lead times and easier follow-up on social audits.



S2-2 | Processes for engaging with value chain workers about impacts

The target architecture below operationalises the findings of the 2024 double materiality refresh and translates them into measurable commitments

covering labor rights, capability building, and shared innovation across the upstream supply base.

IMPACT / OPPORTUNITY	KPI	2024	2026	2027	REFERENCE
Eliminate severe human rights breaches	Substantiated violations	0	0	0	Materiality Assessment
Transparent, engaged supply base	Tier-1 strategic suppliers completing ESG rating	12% (4/33)	50%	100%	Supplier portal
	Top 20 tier-2 suppliers completing ESG rating	0%	10%	25%	Materiality Assessment
Climate & innovation partnership	"Arper District" suppliers with joint GHG reduction roadmap	0	9	12	Sustainability Report 2023

Table 26: Management of material risks and opportunities

Target setting rests on the following rationale:

- **Zero-tolerance baseline:** Absolute targets reflect the Group's Code of Conduct and UNGP expectations.
- **Progressive coverage:** Staged ESG rating deployment ensures data quality before mass rollout and prioritises high-risk geographies first.
- **Opportunity lens:** Climate-related KPIs convert suppliers' collaboration into shared competitive advantage, including a social engagement dimension.

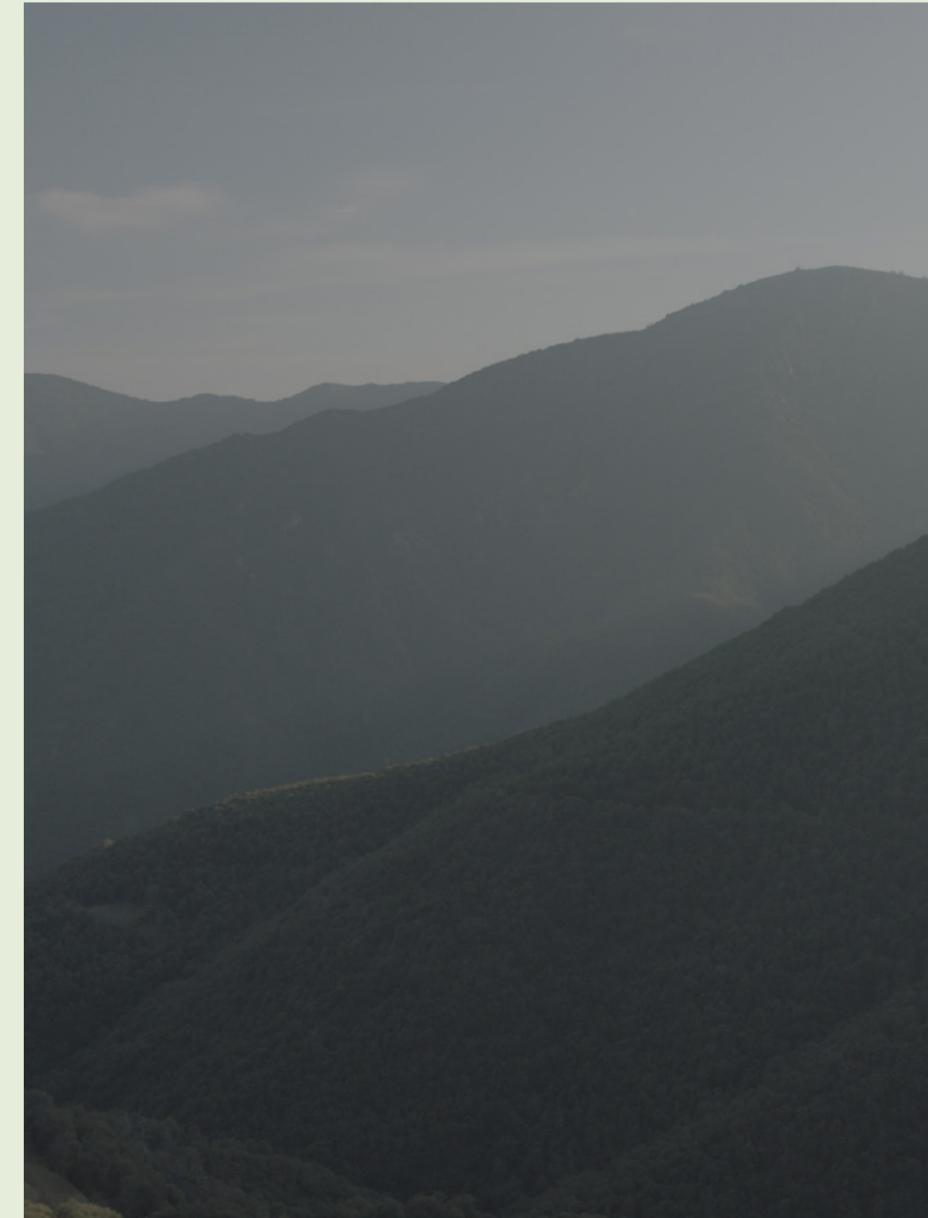
Expected impact

Achieving these targets will:

- Maintain zero severe human rights impacts, safeguarding brand integrity and license to operate.

- Bring 100% of strategic suppliers to a verifiable decent work standard, reducing operational disruption risk.
- Deepen collaboration on low-carbon innovation, accelerating product differentiation and time-to-market.
- Foster a culture of shared responsibility where value chain workers are informed, protected, and empowered to shape continuous improvement.

By pairing strict compliance thresholds with capability building and co-innovation incentives, Arper aims to transform responsible sourcing from a defensive requirement into a strategic lever for resilient, inclusive growth.



d. ESRS S4 – Consumers and end-userschain

S4-1 | Policies related to consumers and end-users

A coherent policy suite anchors Arper's relationship with consumers and end-users in transparency, safety, and circular design. The framework rests on three policies:

- **Customer Centricity:** Included in the “10 Jobs in 5 Years” program, this policy is designed to embed sustainability into the brand experience. Its main focus is the client and the end-user, and their interaction with the organization. It mandates training for sales partners on the responsible use of products, as well as innovative business models that reduce impact.
- **Product Quality & Safety:** Grounded in ISO 9001 and ISO 45001 certifications and the corporate Code of Conduct, this policy requires end-to-end risk assessments, GREENGUARD Gold certification for all seating, and annual customer satisfaction surveys.
- **Circular Design & Information:** Echoing EU Digital Product Passport ambitions, the policy commits to lifecycle thinking from the briefing phase, the integration of an internal Ecodesign Guide, and digital traceability tools for product life tracking. Packaging optimization during product development is likewise embedded to reduce material intensity and logistics emissions.

Scope and objectives

Policies cover the entire downstream value chain, from product ideation to after-sales support, and apply to all consumer segments in every country where the brand is distributed. Key objectives are to:

- Deliver safe, durable products and minimize health risks.
- Empower buyers with clear, traceable information.
- Reduce the environmental footprint across the use and end-of-life phases.
- Build long-term trust through responsive dialogue and remedy.

Recent enhancements

Some notable recent enhancements include:

- Extended QR codes now link end-users to real-time care guidance and product certifications for a selected range of products.
- A “sustainability factsheet”, published on Arper's website, now accompanies best-selling products, mapping overall carbon footprint (where available) and recyclability data.

S4-2 | Processes for engaging with consumers and end-users about impacts

An integrated engagement model combines real-time listening with structured dialogue, ensuring that insights from people who live with Arper products guide every stage of the value-creation cycle. The approach rests on three complementary pillars:

1. Proactive information and education – Dealer and architect meetings introduce circular design choices, care instructions, and end-of-life options. Printed collateral has been almost completely replaced by QR codes, which provide access to digital factsheets. Every newly launched product includes a QR link to certificates such as GREENGUARD Gold and forthcoming Digital Product Passport attributes, currently under development.

2. Continuous voice capture – End-user insight flows through three channels:

- A “Contact Sustainability” hotspot embedded in the corporate website.
- Social media listening that tags posts mentioning product quality, safety or circular features.
- An annual satisfaction survey distributed to purchasers, specifiers and facility managers (currently under development).

3. Feedback loops into governance – All touchpoint data feed into the Customer Centricity project, which is constantly monitored by the Sales Department. Outcomes are reported regularly during top-management meetings.

2024 engagement performance

Through social media listening, active community management, and the feedback and requests collected via the website, Arper monitors engagement and gathers insights from stakeholders across all digital touchpoints. These inputs inform product performance and foster circular innovation, reinforcing the company's commitment to responsible design, transparency, and sustainable progress.

S4-4 | Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Arper's commitment to dealer and end-user well-being is embedded in the Customer Centricity Policy, which guides every stage of the product life cycle. The policy is directly connected to two material impact areas, specifically **Access to Reliable Information** and **Health & Safety**, and is supervised at executive level.

Key actions delivered in 2024

- **Transparent information & digital enablement** – Continuous client visits deliver structured training on the responsible use, maintenance, and end-of-life options for priority product lines. Concurrently, printed collateral has been largely replaced by digital assets or QR-enabled content, reducing paper consumption and ensuring that updates reach stakeholders in real time.
- **Safer, lighter, and lower-impact packaging** – Kraft paper packaging is co-designed during product development to minimize weight and void space, lowering transport-related emissions and improving manual handling safety for end-users.
- **Design-in safety certification** – Products continue to undergo voluntary third-party testing against ISO 9001, ISO 14001, and ISO 45001 system standards, together with TÜV GS, EPD, GREENGUARD, GECA, and FSC product schemes. These certifications validate structural strength, indoor air quality, and traceable materials, directly safeguarding users' health and the reliability of product information. During 2024, the internal strength-testing laboratory continued to extend its protocols beyond

normative limits to anticipate evolving market requirements.

Managing material risks and opportunities

Risk mapping highlights reputational and compliance exposure linked to product safety claims, packaging waste, and data transparency. Mitigation combines third-party certification (see above), continuous life cycle assessments, and the expansion of a Product Information Management platform that will host Digital Product Passports for every collection. Opportunities arise from the shift towards circular business models: a scalable refurbishment system piloted in the Netherlands and Nordic countries in 2023 was formalized for pan-European launch in 2024, aiming to extend product life and strengthen customer loyalty.

Effectiveness monitoring

Progress is assessed through:

- **Audit coverage** – External audits across ISO, EPD, and FSC schemes were completed in 2024 with only minor non-conformities.
- **Resource efficiency indicators** – Packaging optimization contributed to the corporate Circularity Index, which rose from 43% (2022) to 55% (2023), supporting the 2027 target of >55%.
- **Stakeholder feedback** – Post-training surveys reported high satisfaction rates among staff regarding the clarity of sustainability guidance (internal monitoring data).

S4-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

As part of its commitment to sustainable design and transparent stakeholder engagement, Arper has developed a set of general targets focused on consumers and end-users, aligned with the overarching company strategy. These targets are time-bound, outcome-oriented, and reflect Arper's ongoing dedication to reducing negative impacts, enhancing positive contributions, and proactively managing risks and opportunities related to its consumer base.

In 2024, Arper conducted a review of its product portfolio, stakeholder expectations, and materiality analysis results. This informed the creation of clear sustainability and user-experience goals and targets that specifically address consumer safety, product accessibility, sustainability information, circular design benefits, and the promotion of responsible consumption through education and services.

Currently, no official target has been formalized, but key drivers include:

- **Product Safety:** Maintain zero product-safety incidents annually through rigorous design validation, quality control, and post-market monitoring.
- **Transparency:** Achieve 100% compliance with digital product-transparency disclosures (including life cycle impact, materials used, recyclability, and maintenance instructions) across all major product lines by the end of 2026.
- **Circular Value:** Increase the use of recycled or renewable materials to 50% of the top 10 product ranges by 2027, and expand

refurbishment services to cover a minimum of 40% of products reaching end-of-life by 2030.

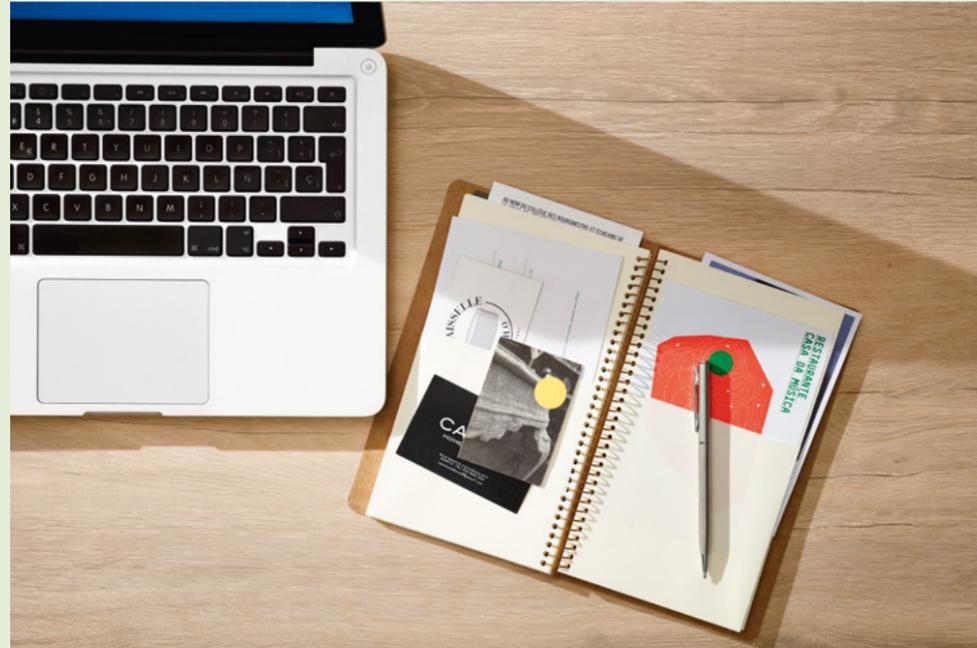
- **Consumer Education:** Develop and launch a digital education platform aimed at promoting product longevity, a repair culture, and sustainability awareness, with the goal of reaching at least 10,000 users annually starting in 2026.

Performance against these targets is tracked via internal audits, life cycle assessments, consumer feedback, and third-party evaluations. Each year, Arper collects progress metrics, lessons learned, and any corrective actions or revised approaches as part of its ongoing sustainability reporting. This process ensures accountability and adaptability, keeping Arper aligned with evolving expectations and best practices.

By adopting these ambitious yet realistic targets, Arper strengthens its long-term value proposition while deepening its social license to operate. The ESRS S4-5 strategy represents not only a compliance mechanism, but also a driver of innovation, inclusion, and environmental stewardship within the furniture and design sector.



FOCUS 2024: ARPER'S ROLE IN CULTURE AND EDUCATION



In 2024, Arper consolidated and strengthened its role as a cultural and educational partner, combining international sponsorships with research, training, and educational initiatives. These activities reflected our commitment to design as a cultural driver of sustainability and innovation, with direct impacts on employees, students, and communities.

Cultural sponsorships such as A Lot With Little, an international exhibition on sustainable architecture hosted across six venues worldwide and reaching more than 5,000 visitors, were complemented by educational programs including Italy in a Changing World (a partnership granting one full scholarship), and Art Adaptive – Agenda 2030, which engaged 15 students in sustainability-focused lessons.

Internally, Arper reinforced its cultural identity through the Arper Intangible Archive – a historical timeline, Intangible Capital Manifesto, and 12 interviews with employees and alumni – alongside

workshops such as Design Lessons with Alberto Lievore. Two major initiatives also advanced: PLA – Project of Living in Arper, a sustainability and wellbeing training program involving 43 employees with 250 hours of training over 16 months starting late 2024, and NCO2Factory, a PNRR/iNEST-funded research project on CO2-negative furniture, which secured funding in 2024 for activities spanning 2024–25.

Arper also contributed to academic research, participating in the IUAV project on the intangible heritage of enterprises, and joined events such as ARTIFICIALE at the Venice School of Management, with over 70 participants. Finally, the renewal of our partnership with the Peggy Guggenheim Collection through Intrapresæ and Art to Share reaffirmed our cultural commitment, involving more than 50 employees in dedicated visits and providing an annual contribution of €25,000.

All 2024 activities are summarized in the table below:

ACTIVITY	DESCRIPTION	IMPACT / REACH
“A Lot With Little” on Tour	International exhibition on sustainable architecture, hosted in 6 venues worldwide	5,000+ visitors
Italy in a Changing World	Partnership with Fondazione Imago Mundi, CentroMarca Banca, and Limes School	1 student supported with full scholarship
Arper Intangible Archive	Development of a historical timeline, Intangible Capital Manifesto, and 12 interviews with employees and alumni.	Strengthening cultural identity
PLA – Project of Living in Arper	Training program on sustainability and wellbeing (funding secured in 2024, started in late 2024)	43 employees, 250 training hours over 16 months
NCO2Factory	Research project for CO2-negative furniture (funded by PNRR/iNEST)	Funding secured in 2024; activities 2024–25
Art Adaptive – Agenda 2030	School program on sustainability	15 students, 12 teaching hours
IUAV Research Project – Intangible Heritage of Enterprises	Contribution of company data and case study to academic research	Knowledge sharing with academia
ARTIFICIALE – Venice School of Management	Participation as contributor in conference	70+ participants
Design Lessons	Internal workshop with designer Alberto Lievore	15 employees involved
Guggenheim Intrapresæ & Art to Share	Renewal of cultural partnership with Peggy Guggenheim Collection	€25,000 annual contribution; 50+ employees involved in visits

* Results refer to the version with 4 powder-coated legs



FOCUS 2024: THE ARPER AMBASSADORSHIP PROJECT

The Arper Ambassadorship Project is a strategic initiative at Arper designed to build internal awareness, advance sustainability, and embed environmental and social considerations in the company's governance. The Sustainability Committee oversees the project, underscoring Arper's commitment to integrating sustainable practices into its culture and day-to-day operations.

The Ambassadorship Project has three primary objectives:

- Raise internal awareness of sustainability issues.
- Retain and engage talent.
- Ensure sustainable practices are systematically embedded across the organization.

By empowering employees who volunteer to participate, the project taps into their enthusiasm and expertise, creating a companywide network of sustainability advocates.

Ambassadors play a pivotal role in the initiative, serving not only as communicators of sustainability goals but also as leaders of dedicated working groups. These groups are structured to address various dimensions of sustainability, from environmental impact reduction to social responsibility and corporate governance. Within their respective groups, Ambassadors facilitate discussions, coordinate activities, and drive projects that translate strategic sustainability objectives into tangible outcomes.

Furthermore, the development of a network of convinced supporters has changed the role of the Sustainability Department, creating, de facto, a virtual, expanded office that promotes:

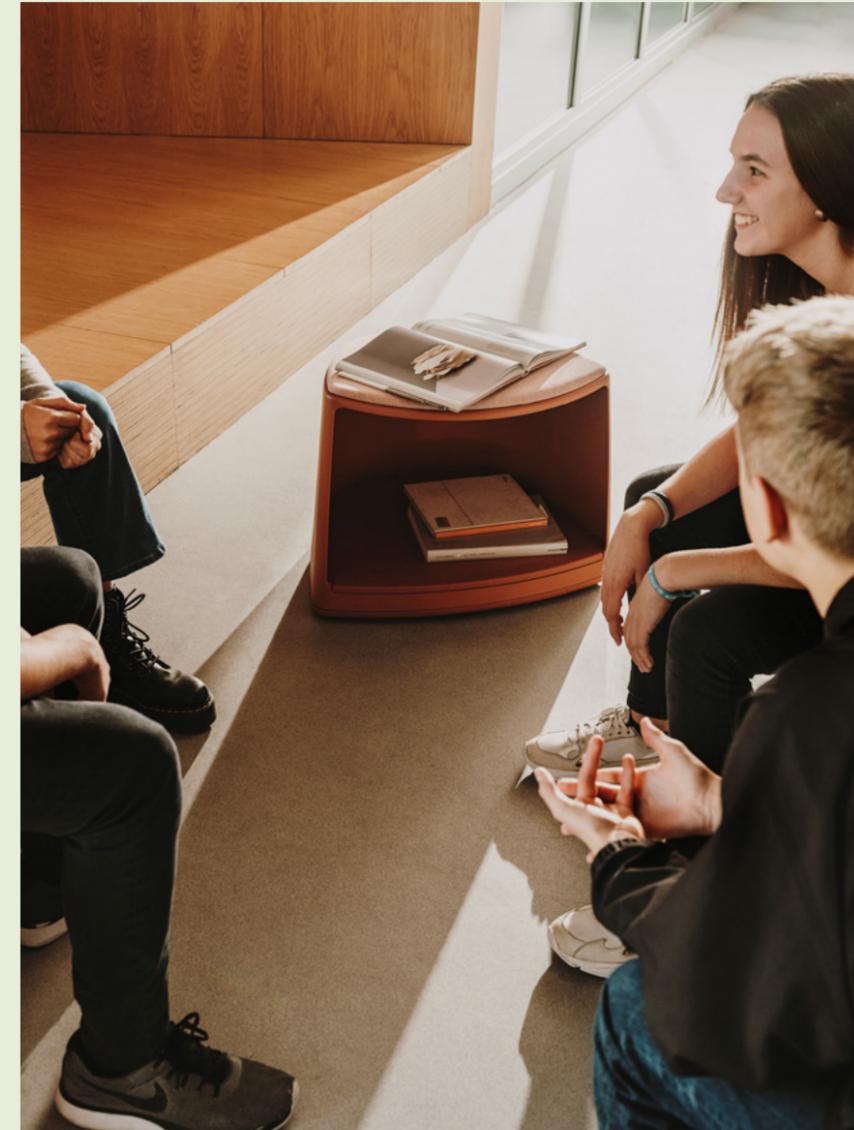
- **Inside-Out communication**
By having a Sustainability Ambassador in each department, the flow of information about sustainability projects and their progress is guaranteed. The Ambassador acts as an expert on ESG topics and translates the company's

stance on these topics into daily operations.

- **Outside-In communication**
Each Ambassador reports to the internal Sustainability Committee on all new developments and trends arising in each department, reinforcing synaptic connections and ensuring consistency and alignment with company goals.
- **Scalability of the sustainability function**
By delegating major topics to the working groups, the Sustainability Department has been able to switch to coordination mode and concentrate on the start-up of new projects, thereby pushing forward the overall Sustainability agenda and the corresponding implementation plan.

Through the Ambassadorship Project, Arper S.p.A. fosters a participatory approach to sustainability, enabling employees to contribute meaningfully to the company's goals while enhancing their own professional development. This collaborative model strengthens engagement, nurtures leadership skills, and embeds sustainability as a core value at all levels of the organization. By connecting individual initiatives to broader corporate strategies, the project ensures that sustainability is not only the responsibility of the Sustainability Department or Committee but also a shared commitment of every employee.

In conclusion, the Project exemplifies how structured, employee-driven initiatives can support corporate sustainability goals. By cultivating awareness, promoting active participation, and integrating sustainable practices into governance, Arper aims to put its dedication into practice by creating a resilient, responsible, and forward-looking organizational culture.



7. G AS IN "GOVERNANCE"

a. Our Perspective on Governance

GOV-1 | The role of the administrative, management, and supervisory bodies

The Group is governed by a single-tier Board of Directors composed of 7 members: 2 executive directors, who oversee day-to-day operations, and 5 non-executive directors, entrusted with strategic guidance and oversight. Independent directors represent 57% of the Board, ensuring balanced judgment and robust challenge. At present, the Board has no female representation, yielding a Board gender-diversity ratio of 0%.

Roles and responsibilities

The Board defines the company's ambitions connected to sustainability, approves long-term targets, and endorses materiality outcomes. Operational responsibility is delegated to the Chief Executive Officer, who chairs an inter-functional

Sustainability Steering Team that integrates Sales, Finance, Marketing, R&D, Operations, IT, HR, and Product Development. The CEO reports to the Board on climate metrics, circular-economy indicators, and social-capital trends.

Internal control and oversight mechanisms Governance is underpinned by the Code of Ethics and the Organizational Model pursuant to Legislative Decree 231/2001, which embeds anti-corruption, fair-competition, and human rights safeguards across all operations. All strategic projects undergo a double-materiality assessment prior to approval, and progress against ESG targets is reviewed annually within the Enterprise Risk Management cycle.

GOV-3 | Integration of sustainability-related performance in incentive schemes

At present, the Group has no formal incentive plan that links the remuneration of Directors or Statutory Auditors to environmental or social objectives. Accordingly, the share of variable pay tied to climate- and social-related metrics for 2024 stands at 0%. Although this means that ESRS 2 GOV-3 requirements are only partially met, a structured integration roadmap is in its design phase.

Indicative KPI set (under evaluation)

Even if not yet formally implemented, a sustainability-linked incentive scheme could be designed along the following lines:

Scope & beneficiaries: Chief Executive Officer, Group Leadership Team, and first managerial layer (~25 people).

Weighting philosophy: The climate scorecard should account for 15–20% of total variable remuneration for Executive Management and 10% for senior leaders. Precise percentages would be finalized after sensitivity testing on peer practices and financial affordability.

Suggested KPIs (2022 baseline year, based on area of responsibility):

- Absolute reduction in Scope 1+2 emissions: –42% by 2030, with interim milestones of –10% in 2027 and –25% in 2028.
- Share of recycled inputs in total material consumption: 20% by 2027.
- Supplier screening: 100% of strategic suppliers by 2028; 10% of top 20 tier-2 suppliers by 2026; 25% by 2027.

- Respect for social safeguards, represented by the 2024 baseline values of gender pay gap and total remuneration ratio indicators (no metric deterioration versus the prior year).

Performance corridor: Each KPI will be assigned a performance corridor (threshold–target–stretch). Failure to reach the threshold will zero out the sustainability multiplier; full achievement will release the target payout, while stretch performance will trigger an uplift capped at policy limits.

Review cadence: The KPI basket and weightings are re-evaluated each January against the double-materiality matrix.

Materiality and risk management

The absence of ESG-linked pay in 2024 is not deemed material to financial performance. However, Management recognizes that stakeholder expectations and regulatory pressure are

converging towards mandatory linkage. Embedding sustainability in remuneration is therefore viewed as a mitigation action against reputational and strategic-execution risks identified in the double-materiality assessment (see IRO-1 for more details). In other words, although the current incentive architecture is still in its design phase, Arper is taking measured yet decisive steps to ensure that value creation for the company is inseparable from value creation for people and the planet. The planned rollout will progressively align leadership rewards with the Group's responsibility ambitions, fostering a culture where long-term impact is the primary benchmark of success.

GOV-4 | Statement on due diligence

Embedding due diligence in governance, strategy, and business model

Oversight of sustainability matters is delegated to the Board of Directors, which receives annual updates on material impacts, risks, and opportunities, and validates the annual double-materiality assessment. Sustainability objectives – such as the transition to a circular product portfolio and the decarbonization roadmap – are embedded in corporate strategy and capital-allocation decisions.

Engaging with affected stakeholders

Continuous dialogue with employees, suppliers, clients, and community organizations is maintained through the Corporate Sustainability Ambassadors network, supplier workshops, and dedicated

consumer-feedback channels. In 2024, the Ambassadors team was expanded to include all company departments, reinforcing a holistic view of material and financial impacts. These engagements inform priority setting, notably in the areas of safe working conditions, material circularity, and product development.

Tracking effectiveness and communicating progress

Performance is monitored through a dashboard of metrics and targets, as previously disclosed. Examples include the Circularity Index, the Waste Intensity Ratio, training hours on sustainability topics, and incident-free safety records. Progress is disclosed annually in the Sustainability Statement and supplemented by thematic reports on carbon, circular economy, and human rights due diligence.

GOV-5 | Risk management and internal controls over sustainability reporting

Arper’s sustainability reporting is prepared on a consolidated Group basis and governed by an integrated risk-management framework that mirrors the requirements of ESRS 2 GOV-5. The framework is overseen by the Board of Directors through a Sustainability Committee chaired by the CEO. The Committee meets quarterly to review a dedicated risk dashboard and confirm the effectiveness of internal controls; its conclusions are relayed to the full Board at the following scheduled meeting.

cloud platform that records every entry, establishes user permissions, and keeps an immutable audit trail. Data owners in each function validate the figures; the Sustainability Department then consolidates and reconciles them against financial statements in line with ESRS connectivity principles. Segregation of duties separates data collection, consolidation, and approval, while automatic completeness checks flag missing or anomalous values before disclosure.

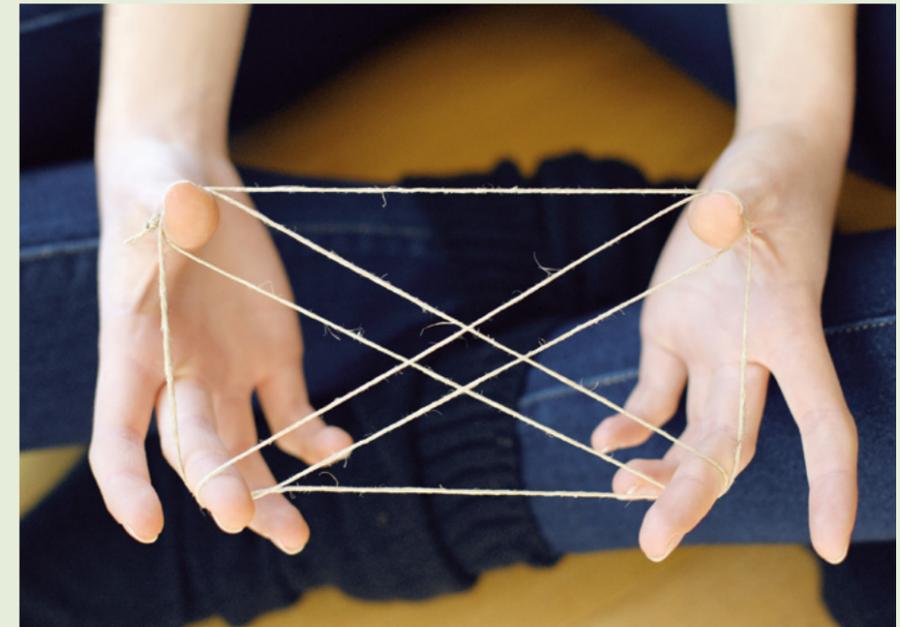
Scope and architecture of the control system

Key risks and mitigating controls

Sustainability data are captured through a single

RISK CATEGORY	ILLUSTRATIVE CONTROLS	STATUS 2024
Estimation uncertainty (Scope 3, LCAs)	Use of sector proxies documented in methodology; disclosure of sensitivity analyses	Operating
Timeliness of value chain data	Contractual clauses on data delivery, a supplier ESG portal with reminder workflow	Scaling
Cybersecurity of reporting systems	Penetration testing, multi-factor authentication, off-site backup infrastructure	Operating
Greenwashing / Reputational risk	Four-eye review of narratives, legal sign-off, alignment with external ratings (Open-ES, Synesgy)	Operating
Regulatory non-compliance (CSRD/ ESRS)	Continuous horizon scanning; peer review of regulatory landscape, staff training program	Operating

Table 28: Key risks and mitigation controls. Controls are classified as either Operating (fully in place) or Scaling (deployment in progress).



b. ESRS G1 – Business conduct

G1-GOV-1 | The role of the administrative, management, and supervisory bodies

Arper's governance framework assigns clear and complementary responsibilities to the Board of Directors, executive management, and the supervisory bodies established under Italian Legislative Decree 231/2001. The structure ensures that strategic direction, stewardship of resources, and oversight of sustainability impacts are fully integrated.

Board of Directors

The Board consists of seven members. It is entrusted with approving – among other matters – the long-term strategy, risk appetite, annual budgets, as well as monitoring progress against the sustainability targets set.

Executive management

Day-to-day execution rests with a **Top Management Group**, comprising all company functions –

Sales, R&D, Brand & Marketing, HR, IT, Finance, Operations, and Sustainability – which convenes monthly. Its remit covers all operational issues related to business management.

Supervisory and control bodies

The **Organismo di Vigilanza 231** is composed of three members – all external and independent – and conducts independent monitoring of the Organizational, Management, and Control Model. It reports semi-annually to the Board and has full access to whistleblowing files and audit work papers. No material deficiencies were identified in the 2024 cycle.

G1-2 | Management of relationships with suppliers

Arper's supplier-relationship system is designed to translate corporate sustainability goals into measurable expectations along the value chain. Because upstream activities account for approximately ~75% of total GHG emissions, the model combines rigorous entry requirements with collaborative capacity building to accelerate shared-impact reduction. The governance and policy framework includes:

- **Supplier Code of Conduct:** Integrates UN Global Compact principles, ILO core conventions, and zero-tolerance clauses on corruption, discrimination, and forced labor.

Signature is mandatory for all new vendors, while compliance is reflected in the purchase-order terms.

- **Human rights due diligence procedure:** Risk-based screening covers country, sector, and commodity factors, and triggers targeted audits for high-risk tiers.
- **ESG integration in sourcing:** Environmental and social criteria are embedded in the vendor master-data workflow. The JUNGO platform centralizes documentation and approval loops.

Onboarding and qualification are based on the following prerequisites:

- **100% screening of new suppliers** against environmental and social criteria will become effective for contracts signed from 2026 onwards.
- **The Synesgy self-assessment** returns an ESG score and a development plan. Coverage in 2024 declined to 12% of the strategic panel

compared with 31.25% in 2023, due to several certificates still pending renewal.

- **Local sourcing preference** is confirmed by the fact that almost 60% of overall spend is routed to partners located within 100 km of headquarters, supporting just-in-time logistics and audit frequency.

G1-3 | Prevention and detection of corruption and bribery

G1-4 | Incidents of corruption or bribery

Arper's integrity architecture draws on three binding instruments: the Code of Ethics, the Organizational, Management, and Control Model pursuant to Legislative Decree 231/2001, and dedicated Anti-Corruption & Anti-Bribery Guidelines.

All are aligned with the UN Convention against Corruption and apply to employees, directors, and business partners. A complementary Whistleblowing Policy provides multilingual, anonymous channels managed by an external ombudsperson and embeds explicit anti-retaliation safeguards.

No breaches related to corruption or bribery were recorded across the Group during 2022-2024. The consolidated register of incidents, kept in accordance with Article 24-ter of Legislative Decree 231/2001, shows zero values for convictions for violation of anti-corruption or anti-bribery laws, fines paid, incidents of corruption or bribery, workers dismissed, or contracts terminated.

Investigations and remedial action

If a suspicion arises, the Order of Investigation issued under the Organizational, Management and Control Model (Decree 231/2001) requires:

1. Immediate suspension of the implicated transaction.
2. Appointment of an investigator external to the management chain involved, ensuring procedural independence.
3. Reporting of findings to the Audit & Compliance Committee within 30 days, with simultaneous notification to the Supervisory Board.
4. Sanctions proportional to gravity, ranging from written warning to termination and supplier blacklisting; corrective measures are tracked until closure.

No such procedures were triggered in 2023 or in 2024. By maintaining zero confirmed incidents and zero financial penalties over the last three reporting cycles, Arper demonstrates the effectiveness of its prevention and detection mechanisms while aligning disclosure with ESRS G1-4 and Delegated Regulation (EU) 2023/2772 requirements. The robust control environment supports the Group's commitment to radical transparency and responsible design.

G1-5 | Political influence and lobbying activities

Policy and governance

The Code of Ethics and the Anti-Corruption & Anti-Bribery Guidelines prohibit any direct or indirect political contribution without prior Board authorization and a documented public-interest rationale. The register confirms that no monetary or in-kind political contributions were made in 2022, 2023, or 2024. Likewise, €0 was spent on internal or external lobbying services, and €0 on membership fees to lobbying associations over the same period.

Given the absence of lobbying expenditure, the Group is not registered in the EU Transparency Register or equivalent national registers. Annual due diligence confirms that the current activity profile remains below the statutory registration threshold.

Trade association engagement

Arper belongs to industry bodies such as FederlegnoArredo (Italian Federation of Furniture Manufacturers) and Confindustria Veneto Est (regional business confederation). Fees paid to these organizations are classified as standard membership dues and do not finance partisan advocacy. Participation focuses on technical working groups for circular design, extended producer responsibility, and product safety standards. Where the Group's legal representative holds honorary roles (e.g., current presidency of FederlegnoArredo), such activities are non-remunerated and confined to sectoral-development agendas.

G1-6 | Payment practices

Arper maintains a strict fair-payment policy that applies across the Group and its value chain, with an explicit commitment to avoid undue pressure on small- and medium-sized enterprises (SMEs). This principle – embedded in the Supplier Code of Conduct – was reconfirmed for 2024.

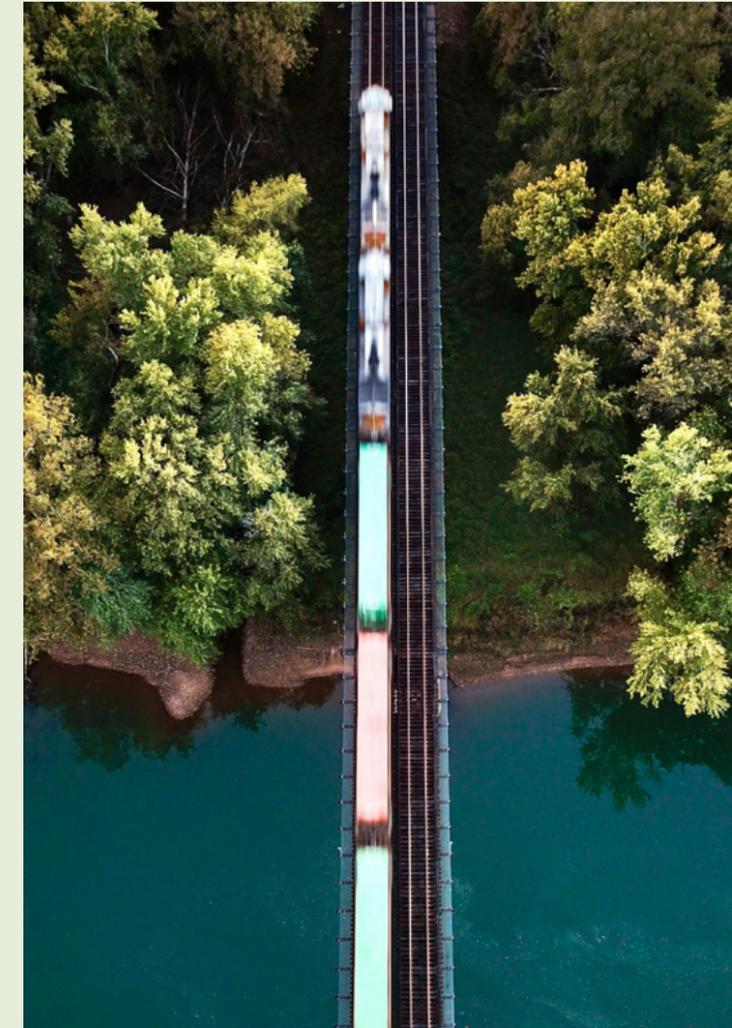
2024 performance snapshot

- Average effective payment time: 52.46 days from the start of contractual or statutory terms.
- Distribution of payment times:
 - 30 days or fewer – 40.32%
 - 31-60 days – 25.01%
 - 61-90 days – 17.55%
 - 91-120 days – 15.26%
 - 121 days or more – 1.86%
- Alignment with standard terms: 37% of all invoices were settled within the conditions contractually agreed with suppliers.

The data point to solid performance in short-cycle segments but also indicate residual friction with long-tail items, largely attributable to the nature of certain supplier relationships and documented nonconformities.

Dispute analytics

Continuous monitoring confirmed no legal proceedings for late payments in 2024, with no outstanding balances in litigation at the reporting date. Supplier surveys conducted during ISO 14001 recertification identified no critical feedback on payment behavior.





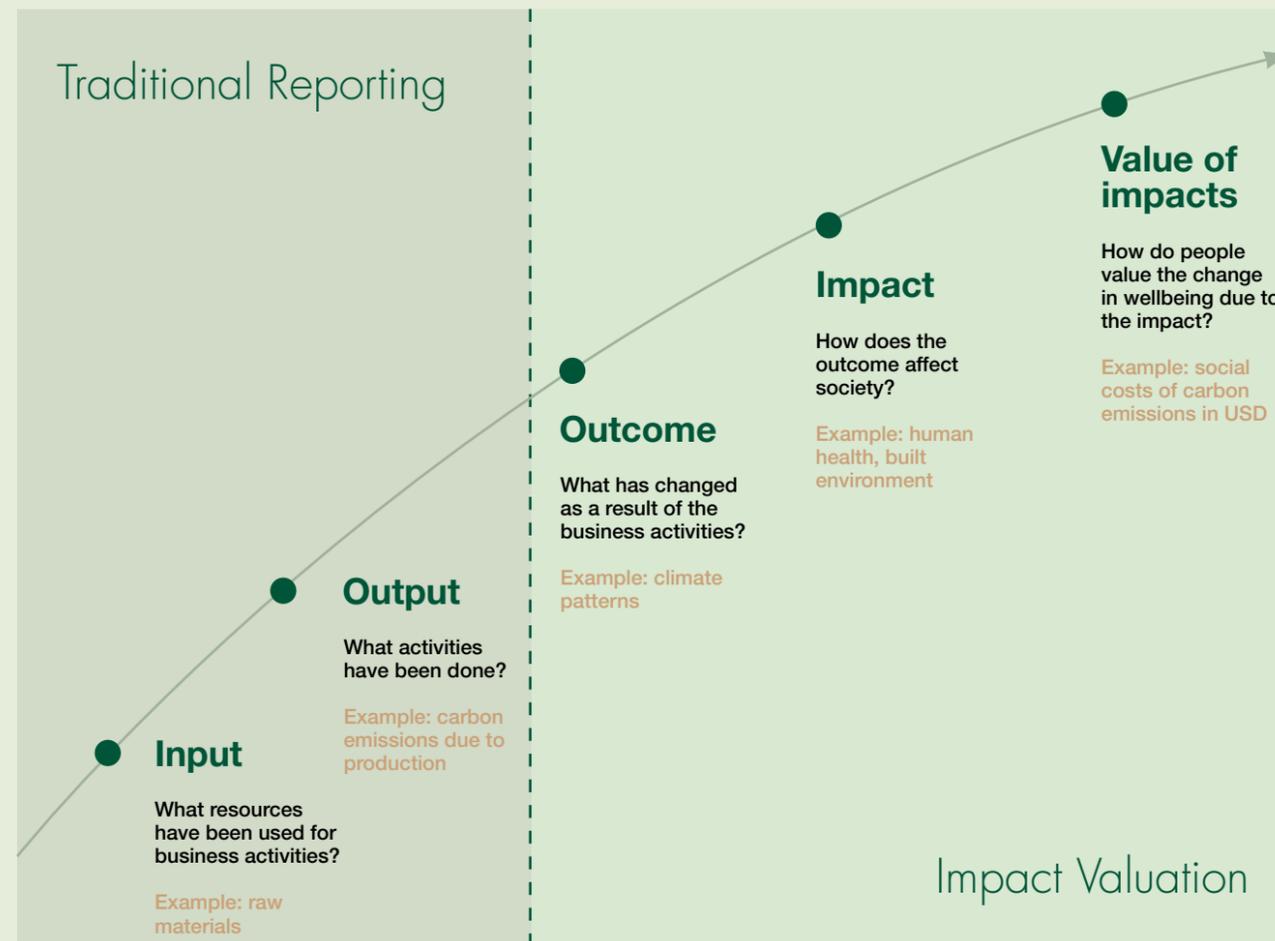
FOCUS 2024: IMPACT VALUATION

Impact valuation vs traditional reporting

The economic valuation of impacts (impact valuation) is a methodology that assigns a monetary value to social or environmental impacts, which have traditionally been assessed in qualitative, descriptive terms. Although it can still be considered a relatively new field, impact valuation is gaining popularity in the economic world, even though its practical application is not yet fully understood. Specifically, while the impact of the company's economic activities has a direct and tangible impact on the organization itself, the same activities often produce a much less evident effect outside of the company's boundaries. These impacts – known as externalities – are particularly significant because they often lack a clearly identifiable responsible party, frequently leaving the issues unaddressed.

The evaluation of the internal and external consequences of a business activity, therefore, leads to two important outcomes:

- it helps organizations broaden their perspective, leveraging the responsibility of each of them in relation to their entrepreneurial activities.
- it eliminates the excuses caused by the declared impossibility of quantifying the extent of the generated consequences.



Picture 6: Impact valuation compared to traditional reporting (Source: Schurr et al., 2017)

Since impact valuation is not included in the current financial and legislative systems, this practice is mainly used to support internal decision-making process. Nonetheless, it is quite evident that in the future – thanks to the increasing transparency requested by the market on sustainability issues – this approach will become an important lever for long-term value creation.

Obviously, one of the biggest challenges in impact valuation is to express impacts in terms of value. To

do so, we adopted the methodology published in 2022 by the Value Balancing Alliance (see <https://www.value-balancing.com>) as the calculation basis, albeit simplifying some procedural steps to obtain an easier-to-use methodology. This resulted in a new simplified calculation method, which is summarized in the following table.

SCOPE	PARAMETER	CHOSEN METHOD
Environmental	Greenhouse gas emissions	SCC per Rennert et al. (2022)
	Emissions of other gases	Social cost (own elaboration, see Sustainability Report 2023 for details)
	Water consumption	Excluded from the valuation process
	Water pollution	WTP as defined by Ahlroth (2009) (136 USD/ KgP for fresh water + 68 USD/ KgP and 9 USD per Kg/N for salty water)
	Land use	Excluded from the valuation process
	Waste	SCC multiplied by emissions produced at the end of life based on LCA data from the corporate carbon footprint
Social	Occupational Health & Safety	Total costs to workers and the community (excluding employer's costs) multiplied by the number of incidents (illness and injury) in each severity category. Costs are then adjusted to national levels using GDP per capita. Inflation adjustments are applied starting from the base year of the study (Safe Work Australia, 2015).
	Training	Excluded from the valuation process
	Child labor	Number of child labor cases from the company's operations and the supply chain by comparing the UNICEF database (data.unicef.org) and the number of suppliers' employees, estimate of the income loss (10% of gross national income per capita due to missed training for the subsequent 20 years of non-child labor). Division of the total by the average annual national income. The result represents the DALYs lost, which are then quantified as per VBA literature at 185,990 USD.
	Forced labor	Number of forced labor cases for one's own operations, estimation of the total number of incidents due to forced labor of one's own tier-1 suppliers using the Global Slavery Index, assignment of 50% of the DALY value per case.
	Living wage	Average positive/negative balance calculation between paid wage and minimum wage based on the data collected by Valuing Impact (Vionnet, 2020) for one's own operations and main suppliers.
Economic	Gross Value Added	Gross Value Added = production value – suffered costs for third economies (Income approach)

Picture 6: Impact valuation compared to traditional reporting (Source: Schurr et al., 2017)

Below, we share a short summary of the results of our second impact valuation attempt – compared with the one we delivered in 2023 – together with some of our findings and acknowledgments. This practice will be repeated annually – with a fully revised and more comprehensive edition in 2025 – with the ongoing goal of fine-tuning results and insights. We believe that impact valuation uniquely and effectively complements our ESG risk management by shifting discussions from mere qualitative assessments to an in-depth quantification of risks and opportunities in monetary terms, aligning with our day-to-day management discussions.

Further information about basic concepts, historical development, available methodologies, as well as detailed information about Arper's own simplified parameters can be found in our 2023 Sustainability Report, available on our website.

Assessment results (2024 vs. 2023)

The parameters considered in our methodology are:

- Greenhouse gas emissions
- Other gases
- Water pollution
- Waste
- Occupational Health and Safety
- Child Labor
- Forced Labor
- Minimum Wage
- Gross Value Added

Once calculated, they are translated from USD to EUR value using the Purchasing Power Parity value taken from the OECD Data Explorer databases, which is set to 0.611 for 2024^[1].

Greenhouse Gas Emissions

The total amount of GHGs generated by Arper in 2024 was equal to 11,026.40 t/CO₂eq. Rennert et al. (2021) set the SCC value at USD 185.00/t. Therefore, the negative impact generated by greenhouse gas emissions corresponds to the

following:

Total GHG impact = 11,026.40 x USD 185.00 = USD 2,039,884.00

USD – EUR/Ita via PPP = USD 2,039,884.00 x 0.611 = EUR 1,246,369.12

Emissions of Other Gases

Air pollutant emissions from the Arper Group and its supply chain in 2024 (scope 1, 2 and 3) are based on primary data – Arper S.p.A. is subject to a third-party auditing for emissions from its prototyping department – and secondary data collected using the corporate carbon footprint inventory, both expressed in tons. The total impact is calculated by multiplying the quantity of each air pollutant by the corresponding social cost.

PM10 : 2.165 x 545.89 = USD 1,181.85

PM2.5 : 0.655 x 3,480.00 = USD 2,279.40

SO₂ : 3.963 x 1,313.57 = USD 5,205.68

NH₃ : 0.060 x 2,296.74 = USD 137.80

VOC : 0.009 x 698.09 = USD 6.28

NO_x : 7.865 x 245.50 = USD 1,930.86

Total valuation = USD 10,741.87

USD – EUR/Ita via PPP = USD 10,741.87 x 0.611 = EUR 6,563.28

Water Pollution

The corporate carbon footprint inventory can also be used to calculate eutrophication potential, i.e., the undue increase in nutrients such as potassium, nitrogen, and phosphorus in freshwater and saltwater. These values are then multiplied by willingness-to-pay (WTP) factors as defined by Ahlroth (2009)^[2]:

Fresh Water

Potassium: 1,479.41 x USD 136 = USD 201,199.76

Nitrogen: 23.26 x USD 9.00/KgN = USD 209.34

Salt Water

Potassium: 6.86 x USD 68.00/KgP = 466.48

Nitrogen: 0.04 x USD 9.00/KgN = USD 0.36

Total valuation = USD 253,026.64

USD – EUR/Ita via PPP = USD 201,875.94 x 0.611 = EUR 123,346.20

Waste

The emissions classified as Category 5 in the corporate carbon footprint at group level correspond to 301.89 tons of CO₂eq, and in our case, all of them are generated at the product's end-of-life. Therefore, the calculation turns out to be as follows:

Total impact of waste = 371,24 x USD 185.00 = USD 68,679.40

USD – EUR/Ita via PPP = USD 68,679.40 x 0.611 = EUR 41,963.11

Occupational Health and Safety

In 2024, three minor accidents occurred, resulting in a total of 30 working days of absence. The total valuation, based on the Value Balancing Alliance (VBA) methodology, is the sum of costs to workers and the community- excluding the employer's costs- multiplied by the number of accidents, and then adjusted to national levels using GDP per capita and inflation from the study's base year (2012). The calculated amount is EUR 44,498.45.

Total cost = EUR 44,498.45

Child Labor

As in previous years, in 2024 no cases of child labor were reported within the Arper Group and its tier-1 suppliers.

However, the potential risk associated with a tier-2 supplier located in Vietnam still persists. To date, collecting primary data is not a viable option; therefore, we relied again on the UNICEF database, which reports a 5.7%^[3] risk of child labor in economic activities. Additionally, we developed an AI prompt to obtain a more reliable estimate of the number of employees at a Vietnamese aluminum foundry^[4]. The final estimate was 88 employees, which in turn implies a total of 5 potential cases of

child labor. The gross national income per capita of Vietnam for 2022 (the last known figure) is 15,850.00 USD^[5].

Loss of income = 5 cases (Vietnam) x USD

15,850.00 = USD 79,250.00

USD 79,250.00 x 10% x 20 years = USD 158,500.00

Calculation DALYs lost = USD 158,500.00 : USD

15,850.00 = 10 DALYs lost

Quantification of DALYs lost = 10 x USD 185,990.00

= USD 1,859,900.00

USD – EUR/Ita via PPP = USD 1,859,900.00 x 0.611

= EUR 1,136,398.90

Forced Labor

No cases of forced labor have been reported within the Arper Group. 91.9% of tier-1 suppliers are based in Italy (405 companies), while the other suppliers are located mainly in the United States (76), Japan (10) and Germany (7).

While Italian suppliers are subject to ongoing audits that allow us to rule out the risk of forced labor, international suppliers may pose a potential risk. The following table summarizes the countries from which the Arper Group sources its products and the corresponding forced-labor risk, estimated using data from – among other sources^[6] – The Global Slavery Index in 2023.

Country	N. of Suppliers (2024)	Total Population (2024)	% of Employed People on Total Population (2024)	Estimated Total Employed People (2024)	Average Employees per Employer (2024)	Total Employees Subject to Force Labor Risk (2024)	GSI Estimation of modern slavery (2023, per 1,000 people)	Estimated Forced Labor Cases (2024)
Austria	1	9,178,482	57.27	5,256,792	9	9	1.9	0.02
Denmark	2	5,976,992	60.15	3,595,400	23	45	0.6	0.03
France	2	68,516,699	51.37	35,196,343	11	21	2.1	0.04
Germany	7	83,510,950	58.81	49,112,790	15	103	0.6	0.06
Japan	10	123,975,371	61.57	76,334,115	38	379	1.1	0.43
Luxembourg	1	677,717	57.67	390,860	17	17	0.0	-
Mexico	3	130,861,007	60.03	78,561,097	11	34	6.6	0.23
Netherlands	1	17,994,237	65.03	11,702,372	19	19	0.6	0.01
Norway	1	5,572,272	62.56	3,485,735	119	119	0.5	0.06
Romania	1	19,069,340	48.65	9,276,471	42	42	7.5	0.32
San Marino	2	33,581	71.36	23,963	5	9	0.0	-
Spain	3	48,807,137	50.84	24,814,037	11	32	2.3	0.07
Sweden	2	10,569,709	59.41	6,279,887	18	35	0.6	0.02
Taiwan (Republic of China)	1	23,213,962	49.67	11,530,375	15	15	0.0	-
United Arab Emirates	1	10,876,981	76.05	8,271,944	20	20	13.4	0.27
United Kingdom	4	69,226,000	59.14	40,940,949	38	152	1.8	0.27
United States	76	340,110,988	59.40	202,025,927	25	1,881	0.0	-
TOTAL EXPOSED RISK								1,84

Our estimate indicates a total of 1.84 every 1,000 employees across the tier-1 supply chain, a 25% reduction compared with the previous year. The risk of forced labor was calculated as follows:

$$\begin{aligned} \text{Forced labor} &= (\text{DALY} \times 50\%) \times 1.84 = (\text{USD } 185,990.00 / 2) \times 1.84 = \text{USD } 171,111.00 \\ \text{USD} - \text{EUR/Ita via PPP} &= \text{USD } 171,111.00 \times 0.611 = \text{EUR } 104,548.82 \end{aligned}$$

Minimum Wage

The average net annual salary paid by Arper to its employees in 2024 is summarized by country in the following table. The methodology is based on

approaches developed by Anker & Anker (2017)^[7] and Vionnet (2020)^[8] and refers to the year 2024.

Country	LW Single individual (USD/year)	Average USD to EUR (2024)	LW Single individual (EUR/year)	Average Net Pay (Arper)	Delta	Number of employees	Positive/negative Balance
United Arab Emirates	20,431	0.9239	18,876	117,188	98,312	1	98,312
Germany*	19,153	0.9239	17,695	25,937	8,242	1	8,242
France*	17,388	0.9239	16,065	25,937	9,872	1	9,872
United Kingdom	21,720	0.9239	20,067	43,660	23,593	5	117,965
Italy (Arper + Iride)	18,389	0.9239	16,989	25,937	8,948	204	1,825,392
Japan	14,435	0.9239	13,337	34,125	20,788	6	124,728
Mexico	10,173	0.9239	9,399	15,268	5,869	3	17,607
Norway*	24,128	0.9239	22,292	25,937	3,645	2	7,290
Singapore*	48,850	0.9239	45,132	25,937	-19,195	1	-19,195
Sweden*	20,785	0.9239	19,203	25,937	6,734	2	13,468
United States	32,121	0.9239	29,676	60,826	31,150	29	903,350
TOTAL						255	3,107,031

* Employed through Italy (same average pay value)

Given the sensitivity of the data, we were unable to gather relevant information from tier-1 suppliers; therefore, tier-1 suppliers were excluded from the valuation. To convert USD to EUR, we used the

European Central Bank's average annual rate, as suggested by Vionnet (2020).

Total positive balance = EUR 3,107,031

Gross Value Added

There are two principal methods for calculating Gross Value Added (GVA) at the company level: the production approach and the income approach. Each approach is calculated as follows:

- **Production Approach:** revenues - purchases from third parties.
- **Income Approach:** sum of factor remunerations (personnel, depreciation, provisions, financial charges, taxes, net income).

In other words, the income approach directly calculates the components of the difference between outputs and intermediate inputs, considering the remuneration of the primary inputs of production (labor and capital) and other taxes, less subsidies on production. This is usually the preferred approach due to data availability. GVA based on the Income Approach can be calculated using the following P&L items:

GVA CALCULATION – INCOME APPROACH	
System of National Accounts definition	Corresponding P&L items
Net operating surplus	Profit (after taxes) plus interest expenses, net of financial income
Consumption of fixed capital	Depreciation/impairment expenses
Compensation of employees	Employee benefits expenses
Other taxes, less other subsidies on production	Tax expenses (less production subsidies)

To obtain the actual GVA, we deducted the total personnel cost from the official value, since the positive/negative impact of headcount has already been reflected in the Minimum Wage parameter, thus avoiding double counting^[9] and highlighting the value added generated beyond employee remuneration.

The differences in value calculated using the Income Approach and the Production Approach are usually due to accounting classifications and marginal items not detailed in the balance sheets. The following table confirms that both calculation methods return similar results:

Year	Production Approach (M€)	Income Approach (M€)	Personnel Costs (M€)	Production – Net of Personnel (M€)	Income – Net of Personnel (M€)
2023	20.32	19.96	16.62	3.70	3.34
2024	14.07	15.12	16.09	-2.02	-0.97

In 2023, GVA remained positive even net of personnel costs. In 2024, however, it turned negative, indicating that revenues net of external purchases were not sufficient to cover personnel costs.

Gross Added Value (GVA) = Gross Added Value OIC – Total costs of personnel

GVA = EUR 15,123,240.00 – EUR 16,087,149.00
GVA = EUR -963,909.00

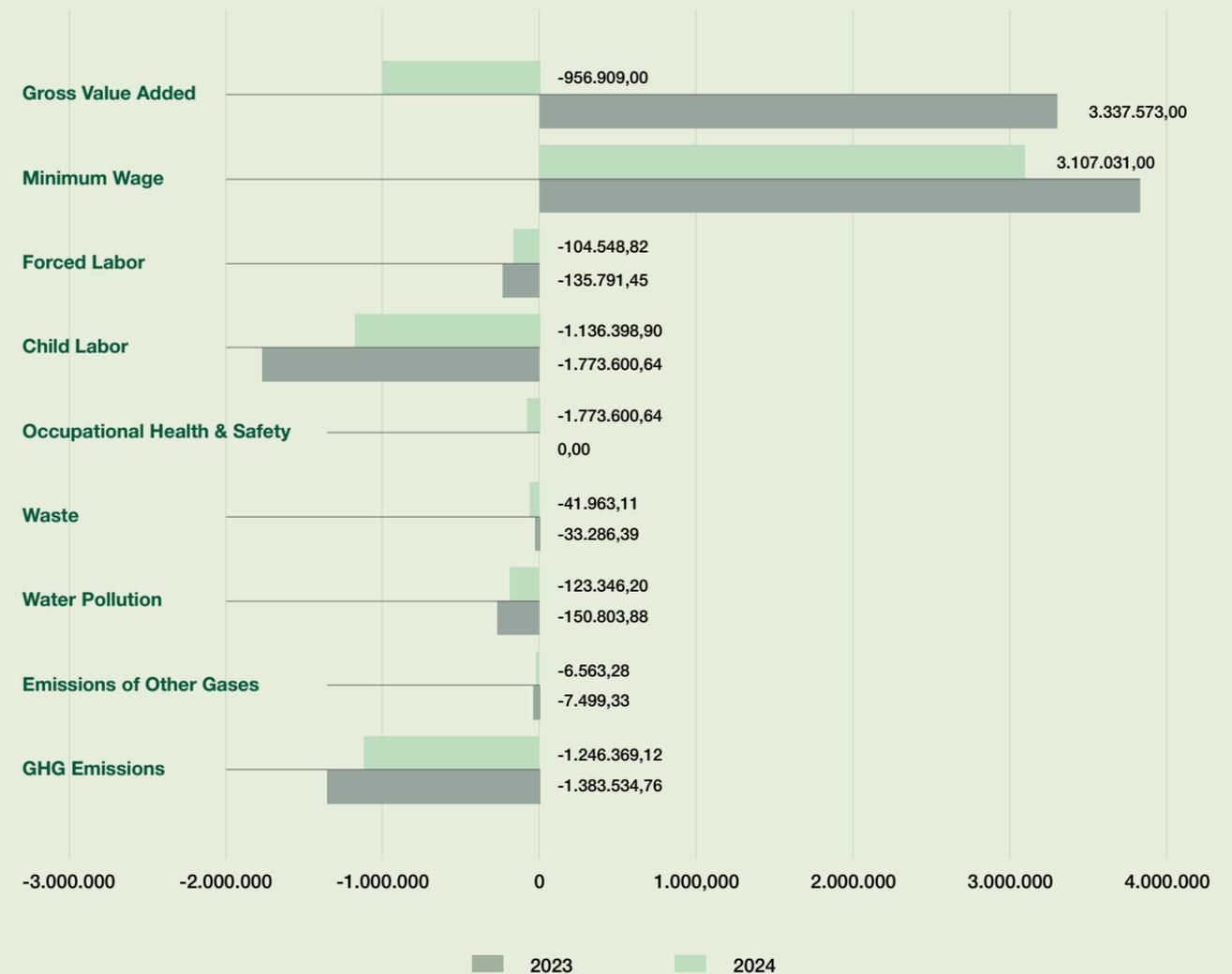
Gross Value Added

The impact valuation was performed using a revised version of the Value Balancing Alliance methodology^[10]. We opted for a simplified version mainly because of the extreme complexity of the calculations and the free availability of certain secondary data (e.g., databases and other external sources).

Consequently, the results might be less accurate than those produced by the original methodology, but this approach will still enable medium-to-large

organizations to initiate the assessment without diminishing their enthusiasm. A highly detailed explanation of how the original 12 parameters were adjusted and re-examined is provided in the Methodology section of the Sustainability Report issued in 2023. The results of the impact valuation analysis performed over the year 2024 are summarized in the following graphical representation, together with the corresponding achievement in 2023:

Impact Valuation of the Arper Group (2024 vs. 2023)



Picture 2: 2024 vs. 2023 impact valuation of the Arper Group

As the graphical representation clearly shows, the overall negative impact has decreased sharply, mainly due to lower production output, generated by both lower sales revenue and the slow but continuous shift toward a new product offering, which includes more and larger upholstered items. This shift is reflected in the amount of waste generated, which showed a slight, expected increase, even though the total number of items produced was lower than in the previous year.

Notably, the largest negative impact remains total GHG emissions, prompting the development of a much more detailed decarbonization plan that is shared extensively in this report.

On a positive note, the identification-and possibly overestimation- of child labor risk carried out in 2023 led to the application of strong risk-mitigation measures in product development, which has been geared toward a steady reduction in aluminum usage. The second action that we proposed last year – an extension of supplier-network monitoring to tier-2 manufacturers – has not yet been initiated, since we felt it should be integrated into the “Arper District” project. Finally, the most significant positive impact remains the value we share with our people

and society, primarily thanks to our average wage, which exceeds the national average.

The literature clearly shows that the identification and valuation of environmental and social impacts are a rather complex undertaking. The exercise becomes even more complex when the metrics used by Sustainability and Finance diverge: translating complex, topic-specific metrics into more practical financial terms helps increase the sense of urgency when tackling climate change and addressing the associated externalities.

Finally, undertaking a sustainability assessment compels the organization to address the efficiency puzzle. Companies tend to procrastinate on issues related to innovation and development because of higher costs, favoring short-term tactical actions instead. However, investing in sustainable development should be viewed not only as an incentive to assume responsibility for the environment and society, but also as an opportunity to foster internal growth. Impact valuation serves as the common denominator that enables the implementation of a broader, more forward-thinking vision for the organization.

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For the Global Slavery Index, see: <https://www.walkfree.org/global-slavery-index/downloads/>
For world population statistics, see: <https://databank.worldbank.org/reports.aspx?source=2&series=SP.POP.TOTL&country=>
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8. ESG COMPLIANCE

Our position on third-party certification and voluntary schemes

Under ESG compliance, Arper understands conformity to third-party voluntary certification standards related to the environment as well as to the governance of the organization. Certifications help engage and protect stakeholders, particularly clients. At the same time, adherence to ambitious voluntary protocols guides the optimization of efforts required to implement a more responsible strategy.

Arper has always strived to meet the highest available standards. Information on current certifications can be found here. 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 defines how processes must be managed, the latter guarantees both end-users' health and structural strength.

Up to 2023, Arper consolidated the certification levels achieved over the years. More recently, however, the Group recognized that a Group-wide certification policy is strongly recommended, since requests have often arisen randomly, mainly as ad hoc demands from individual markets. In 2024, a dedicated working group was therefore created within the Sustainability Committee, initially focusing on gathering information from internal and external sources in order to draw up a list of priorities and generate a specific budget line for the next three to five years. Work is in progress.

On the supplier side, in 2024 Arper continued working on the integration of ESG ratings into its internal supplier-rating system. At the same time, the Group worked to ensure that all strategic partners are rated on the Synesgy platform. Synesgy is a tool that enables the collection and management of sustainability information across the supply chain through ESG self-assessments, and also offers extended parameter evaluation, benchmarking, and guidance on the sustainability journey to be undertaken by the supplier, including decarbonization.

The overall certification strategy will be finalized in 2025 and will be based on a few specific environmental standards and several comparison tables, before being shared with all Arper entities and clients worldwide.

Our ESG compliance

Environmental labels currently managed in Arper include:

Environmental Product Declaration (EPD): Arper was the first Italian company to request and obtain environmental certification for chairs in 2008. Ten years later, in 2018, Arper became the first design company in Italy – and the second in Europe – to obtain a process EPD from the International EPD System for its Chairs and Accessories product category. A process EPD certifies the internal procedure by which EPDs are issued within the organization. This allows companies to issue their own EPDs for their products. Arper's EPD-certified products are:

- **Catifa Carta**
- **Catifa 46 and 53** (polypropylene shell with four legs or trestle legs, with painted or chrome-plated finish)
- **Aava** (wooden version with polypropylene shell and steel base)
- **Duna 02** (virgin or recycled polypropylene shell with wooden legs)
- **Juno** (open-backrest version)
- **Stacy**

GREENGUARD: This voluntary certification program was developed in the USA by the US Green Building Council (USGBC) to control indoor emissions. Its main purpose is to protect human health by improving air quality and reducing exposure to chemicals and pollutants. GREENGUARD is 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 thresholds for total VOC emissions, in line with the requirements of the California Department of Public Health (CDPH), which are considered safe for use in educational and healthcare environments.

Good Environmental Choice Australia (GECA):

GECA is an internationally recognized Australian certification. It is independent, not-for-profit, and the only Australian member of the Global Ecolabelling Network (GEN). GECA's aim is to encourage manufacturers to reduce the environmental impact of their products and consumers to purchase eco-friendly products. Arper obtained GECA environmental product certification for various models in the following chair collections: Leaf, Palm, Catifa 46 and Catifa 53 (unpadded version, with structure in wood, aluminum or powder-coated steel), Saya, Juno, Ginger, Gher, Duna 02 and

Aava (unpadded version, with structure in wood, aluminum or powder-coated steel). Green Star products with GECA certification are automatically awarded credits under the Green Building Council of Australia's Green Star rating scheme, which measures the environmental impact of buildings from design to construction and maintenance.

Forest Stewardship Council (FSC): FSC® is an independent, third-party certification that guarantees the traceability of wood and its derivatives. Checks are carried out throughout the supply chain, from forest to consumer. The certification confirms that no materials from controversial sources (e.g., illegal deforestation) are used. In 2019, Arper obtained FSC® certification from the international organization of the same name, which works to promote the responsible management of forests.

In order to keep up with the certification renewal plan, in 2024 we successfully completed the following audits:

AUDIT	INTERNAL/ EXTERNAL	WHO	WHEN
FSC (Multiple Sites)	Internal	Pre-audit support from external consultancy	01/03/24
	External	DNV GL	20/03/24
ISO 45001	Internal	Pre-audit support from external consultancy	06/06/24
	External	RINA	04/07/24
EPD + EPD Process	Internal	Pre-audit support from external consultancy	10/06/24
	External	CSQA	09/07/24
Environmental Management System	External	Pre-audit support from external consultancy	02/07/24
ISO 14001	External	DNV GL	15/07/24
ISO 9001	External	INTERTEK	04/12/24

Table 29: Audits carried out in 2024

Our Sustainability Timeline



9. SUMMARY OF KEY PERFORMANCE INDICATORS

Arper's target architecture translates material topics – identified through the double materiality assessment – into quantitative, time-bound goals that steer investment decisions. Each target is aligned with international frameworks (GRI, ISO, ESRS) and is regularly reviewed by the Sustainability Department.

1. CLIMATE MITIGATION AND RESOURCE EFFICIENCY

- **Absolute GHG reduction**
Reduce Scope 1-2 emissions by 42% and Scope 3 by 25% to 42% vs. 2022 by 2030.

Progress 2024: Scope 1-2: **+46.6%**; Scope 3: **-17.5%**; Total 1-2-3: **-14.3%**. vs. baseline (2022)
- **Renewable electricity**
Reach 100% coverage at Group level by 2027.

Progress 2024: share fell from 61.6% (2023) to **39.7%** (2024).
- **Water withdrawal**
Reduce by 20% by 2027 vs. 2022.

Progress 2024: already down **-30.3%**, (-41% in 2023).

2. CIRCULAR ECONOMY

- **Circularity Index (TECLA, based on UNI/TS 11820)**
Achieve > 55% by 2025.

Progress 2024: improved from 43% (2022) to **55%** (2024); new milestones to be set in 2025.
- **Recycled input materials**
>20% of total by 2027.

Progress 2024: up from 16.1% in 2023, to **28.4%** in 2024; new milestones to be set in 2025.
- **Reclaimed products & packaging**
5% by 2027

Progress 2024: baseline in 2022 was 0%, in 2024 rate remains unchanged at **0%**
- **Waste intensity**
Reduce by 10% by 2027.

Progress 2024: deteriorated from **7.8%** (baseline) to **16.3%** in 2024.

3. PEOPLE AND CULTURE

- **Employee turnover (exits)**
<10% by 2024.

Progress 2024: 9.2% in 2022; **13%** in 2024.
- **Training hours**
+10% vs. 2022 by 2024

Progress 2024: **2.8** hours per employee in 2024 vs. 17.5 hours per employee in 2023 (extensive program confirmed for 2025).
- **Gender parity**
50:50 across categories by 2027.

Progress 2024: stable at **45.7%**.
- **Vulnerable group representation**
>10% by 2024.

Progress 2024: close to target at **9.4%**.
- **Gender pay gap:**
0% across all categories by 2027

Progress 2024: down to **26.39%** from an all-time high in 2023.

4. PRODUCT STEWARDSHIP

- **Product certifications** – at least one new EPD annually; 100% FSC certification on new wood items and 100% GREENGUARD on all seating products by 2024.

Progress 2024: **1 new EPD** (Catifa Carta); GREENGUARD on all seating **completed**; FSC **completed**; New milestones to be set in 2025.

5. RESPONSIBLE VALUE CHAIN

- **Supplier onboarding**
Assess 100% of new suppliers against environmental and social criteria by 2024.

Progress 2024: no new major suppliers added, target met in 2023.
- **Strategic supplier ESG rating**
100% by 2027.

Progress 2024: rate fell to 12% due to missing renewals.
- **Community engagement**
Run three long-term projects per year by 2027.

Progress 2024: one program active since 2023, **two additional** initiatives in 2024.

Credits

Photos:

- Giovanni Gastel, 4
- Andrea Brusaferrri, 6
- Bob Coscarelli, 8
- Espen Grønli, 9
- Slowphoto.studio, 15
- Nemanja Jovanovic / EyeEm 16
- Bieffe Render, 18
- Alberto Sinigaglia, 18
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- Stefania Zanetti, 83
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- Salva Lopez, 87
- Shawn Kenessey, 88
- Slowphoto.studio, 94
- Architectural design: Kajima Design
- Construction company: Kajima Corp.
- Landscape design: Green Wise
- Interior design: Riccardo Daniel, Kajima Design
- Sigma Creative director: Ichiro Iwasaki
- Photographer: Lamberto Rubino, 97
- Peter Funch, 107
- Marcela Grassi, 109
- Pixels Lisa Fotios, 116
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- Salva Lopez, 123
- Buz Edward Wright, 124
- Wai Lin Tse, 129
- Sid Suratia, 133
- Liubov Ilchuk, 134
- Matthew Feeney, 146

Graphic Design:
– Giovanni Tosato

Copy:
– Arper

September 2025

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