

SOCIAL INNOVATION THROUGH LIGHTING

iGuzzini's commitments and goals
for a sustainable future

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We are an international Group at the service of architecture and the development of lighting culture, and we operate according to the principles of sustainable development.

Founded in 1959, today we are recognised as both a centre of excellence dedicated to the research, creation and management of light in all its forms, and a production centre with a strong, deep-rooted vocation for design and innovation. We produce indoor and outdoor lighting systems that use light to improve relationships between human beings, architecture and the environment in Cultural, Work, Retail and Urban locations, Infrastructures and the Hospitality & Living sector.

Lighting as an element of social innovation has always been our hallmark. For over sixty years, we have worked together with leading architects, lighting designers and engineering studios to create innovative, high performance, intelligent lighting designs that enhance architecture and spaces. Light allows us to create places that are safer, sociable and comfortable, and which help influence people's mood as well as the colours and forms of nature and art. This is why we have adopted four guidelines to develop our vision of Social innovation through lighting: **Connectivity; Culture; Design; Sustainability**.

Our values

Humanity, Integrity, Openness, Innovation and Beauty are the values on which our responsible commitment is founded.

1. **Humanity** - Our work plays an important role in promoting the well-being of mankind, the company and the environment. Caring for and appreciating people, empathy, working relationships and reciprocal trust are the foundations of all our activities.
2. **Integrity** - Ethics, morality, responsibility and playing by the rules are our guidelines for guaranteeing the sustainable growth of people, the local area and society. We invest daily in environmental safety and protection to safeguard our future.
3. **Openness** - We contribute to the development of an international community by maintaining strong bonds and solid roots with our history and homeland. We love operating in a network with no borders that sees differences as a way of growing.
4. **Innovation** - imagination, creativity and enterprise are essential components of our way of thinking, being and working. We are extremely proud of our research tradition, in both the concept of the company and the development of our industry.
5. **Beauty** - We use our sensitivity to enhance the beauty of the world through our conduct, the intelligence of our solutions and our services. We conduct research into continuous improvement and excellence with passion and care to stimulate emotion and wonder.

Our codes and our commitments to sustainability

Guided by the principles and behavioural guidelines of our **Code of Behaviour** (Leg. decree 231/2001) and the **Code of Conduct drawn up by the Fagerhult Group** - which we joined in 2019 - we operate as

a reliable and honest group that respects people and the commitments we have made. We believe in long-term business relationships, in which we - together with our partners - lay the foundations for **solid results that combine business growth and financial solidity with social and environmental sustainability.**



Ph. Sustainability Report 2020, Fagerhult Group

Our commitment to **sustainable and responsible company development** is in line with ONU's 2030 Agenda for Sustainable Development, from which we have chosen as our key priorities, four of the 17 **Sustainable Development Goals (SDGs)**:

- **Clean and accessible energy (SDG n. 7)** - Ensure everyone has access to affordable, reliable, sustainable and modern energy systems;
- **Sustainable cities and communities (SDG n. 11)** - Make cities inclusive, safe, resilient and sustainable;
- **Responsible consumption and production (SDG n. 12)** - Ensure sustainable consumption and production patterns;
- **Climate action (SDG n. 13)** - Take urgent action to combat climate change and its impacts.



Ph. Sustainability Report 2020, Fagerhult Group

Our people

People are the core of our business and the decisive factor behind our growth, both inside and outside the company. We invest daily in the training and well-being of our employees, and improving our working environments, especially in terms of the health and safety of the people who work with us on a daily basis (in addition to our employees, suppliers and customers) in order to benefit the geographical areas we operate in.

We are present in Italy and abroad with 3 production sites and 41 operational offices spread over 5 continents. We employ 1360 employees: 763 in Italy and 597 abroad. Our main production site is in Recanati, but we also have sites in Shanghai and Montreal - for the Asia Pacific and North American markets. All of these are perfectly integrated in a global logistic network designed to leverage local expertise and technologies within a centrally-coordinated framework. The other Group companies in their respective countries promote and sell iGuzzini brand products domestically.

For more information about our commitments, please refer to our 'Policy on Human Rights and Working Conditions', our 'Policy on Conflict Minerals', our 'Policy on Health and Safety in the Workplace', our 'Policy for a Sustainable Supply Chain' and our 'Quality Policy'.

Our value chain

We believe in the importance of constructing long-lasting professional relationships. We invest constantly in improving processes, and our products and services, and we are actively committed to ensuring our company and business partners have due regard for environmental issues and social commitment. All three production sites use a local supply chain. For more information on this theme, please refer to our 'Policy for a Sustainable Supply Chain', our 'Policy on Conflict Minerals', our 'Policy on Human Rights and Working Conditions' and our 'Quality Policy'.

Our responsibility for the environment

Containing the environmental impact of our activities and solutions is one of our key priorities. Safeguarding the environment, reducing risks, and therefore protecting people's health and safety, as

well as energy saving, energy efficiency and improving overall energy performance are fundamental factors in guaranteeing the protection and development of the geographical areas we operate in and increasing the company's competitiveness. For more information on our commitments, please refer to our 'Environment and Efficient Energy Consumption Policy' and our 'Quality Policy'.

Policy on Human Rights and Working Conditions

Observing human rights and guaranteeing the best working conditions are the essential elements on which our company culture and strategy is based and which constitutes an absolute priority. This Policy therefore represents iGuzzini's public commitment to this issue and confirms the values (see operating principles below) that inspire the company's choices and conduct. In addition to the iGuzzini Code of Behaviour (Leg. decree 231) and the Fagerhult Group Code of Conduct, this Policy transposes the international treaties and conventions regarding human rights, like the International Bill of Human Rights, including the United Nations (ONU) Universal Declaration of Human Rights, and the basic conventions of the International Labour Organization (ILO). iGuzzini also helps achieve the 2030 Agenda Sustainable Development Goals (SDGs).

Fields for application:

This Policy applies to all iGuzzini production sites and operational offices. Each person, in the company is required to observe its principles and contents. This includes employees, managers and members of the Board of Directors. Any companies that work within our facilities are also required to observe it. The principles stipulated in the Policy also extend to our suppliers.

Operating principles

These principles are also part of our Charter of Values

1. **Humanity** - Our work plays an important role in promoting the well-being of mankind, the company and the environment. Caring for and appreciating people, empathy, working relationships and reciprocal trust are the foundations of all our activities.
2. **Integrity** - Ethics, morality, responsibility and playing by the rules are our guidelines for guaranteeing the sustainable growth of people, the local area and society. We invest daily in environmental safety and protection to safeguard our future.
3. **Openness** - We contribute to the development of an international community by maintaining strong bonds and solid roots with our history and homeland. We love operating in a network with no borders that sees differences as a way of growing.
4. **Imagination** - Curiosity, creativity and enterprise are essential components of our way of thinking, being and working. Innovation.
5. **Beauty** - We use our sensitivity to enhance the beauty of the world through our conduct, the intelligence of our solutions and our services. We conduct research into continuous improvement and excellence with passion and care to stimulate emotion and wonder.

Our commitments

Compliance and

legality

All iGuzzini production units must operate in full compliance of the laws and regulations governing the activities they conduct in the countries they are located in. No form of corruption, bribery or unethical company practice is tolerated.

No child or forced labour

iGuzzini respects international conventions regarding human rights. It supports and respects basic human rights in all its activities. It will not tolerate, in any circumstance, child labour and it respects the minimum employment age in compliance with local legislation. It also rejects any knowing use of forced or obligatory labour, including slave labour, forced labour for prison inmates and any form of harassment or physical, sexual, psychological or verbal maltreatment, intimidation or abuse.

Working hours and a fair wage

Employees cannot be requested to work beyond the limits established by the legislation in force in the local area. The salaries paid and the services supplied in compliance with the standards stipulated for the category in question, including overtime and other compensation, must be equal to or above the minimum level guaranteed by the law and collective labour agreements for the category.

Protecting health and safety in the workplace

iGuzzini is committed to offering high safety standards in the workplace for both its own employees and the people who work with us on a daily basis (e.g. suppliers, customers). Every production unit must adopt the provisions required for the prevention and management of potential occupational accidents and illnesses.

In accordance with the relevant national regulations, iGuzzini operates in such a way as to identify, assess and reduce all occupational health and safety risks. At the same time it works to continuously improve the working environment for its personnel. Our goal is to reach a stable level of 'zero accidents' and guarantee the operating conditions required to reduce the risk of occupational illnesses.

Diversity and equal opportunities

iGuzzini recognises and respects diversity and cultural differences, regardless of gender, family status, ethnicity, nationality, sexual orientation, religion, political opinions, age or disability. In every sphere of professional life (recruitment, promotion, remuneration, provision of benefits, training, dismissal and termination of employment) every employee will be considered and treated in a fair and non-discriminatory way.

Our company promotes gender equality in all areas and functions, starting with personnel training and recruitment. We want to encourage the entire company population to choose educational and professional journeys in the technical sphere too. This is why we collaborate with schools, universities and other courses to present the opportunities and challenges our industry offers everyone, regardless of gender.

Our gender diversity policy is based on recognising the value and potential of every individual, regardless of gender. More specifically, our aim is to progressively increase the proportion of women in leadership roles in order to promote an inclusive culture.

Training staff and developing their careers

iGuzzini is committed to training its workers in order to encourage their development and make the company competitive with regard to business and market requirements. The training courses offered by the company are designed to adapt the knowhow and skills required by the role in question and to boost the professional development of iGuzzini workers.

iGuzzini respects all the legal obligations regarding mandatory training activities in the countries it is operating in. Every company in the Group is responsible for ensuring that the mandatory training legally required by the country they are operating in, is provided.

Freedom of association and collective bargaining

All employees are free to exercise their legal right to constitute organisations representing their interests and to become members of them or not. No employee must be subject to intimidation or harassment when exercising these rights. Every workers' right to collective bargaining must be respected.

Personnel data and information security

In compliance with the European Ruling 679/2016 (GDPR) and the regulations in force in each of the countries we operate in, iGuzzini is committed to protecting the integrity, confidentiality and availability of the personal data of each employee, worker (internal or external), consultant, supplier, customer and/or third party that works with the company continually and not temporarily.

Responsible supply chain management

iGuzzini believes that responsible supply chain management is indispensable for guaranteeing high product and service quality standards and achieving continuous process improvement. Quality, ethics, human rights and working conditions, health and safety, the environment and energy are all aspects that are carefully considered and assessed throughout our production and distribution supply chain, from our selection of suppliers to their systematic monitoring and the implementation of training and awareness raising initiatives.

Implementation and monitoring

All employees and suppliers are informed of this Policy, either through specific training sessions designed to suit the roles and responsibility of the employee and given when they first join the company, or by consulting the policy that is published on the company website and intranet. This is why it is available in the languages of the countries the production units are based in. The Policy will

also be regularly revised to ensure it is properly implemented, relevant, and ready to adapt to any changes in the external context.

The Management is responsible for implementing, diffusing and checking that all production units comply with this Policy. These units are also responsible for training employees, who, in turn, are responsible for acting in compliance with this Policy.

The Management also undertakes to regularly monitor that each iGuzzini unit complies with the Policy through prevention activities (training and information on the issues indicated in this Policy) and systematic reporting on the indicators defined in it

Violations and whistle blowing

Employees:

- may be subject to disciplinary action, depending on the facts and circumstances, if the following policy is violated;
- are encouraged and required to refer any problems or violations of this policy to their local HR representative or Chief People Officer and they will in no way be subject to reprisals or other negative consequences;
- can indicate violations by writing to this email address organismodivigilanza@iguzzini.com. Any communications will remain strictly confidential.



Cristiano Venturini

Chief Executive Officer

Quality Policy

We believe in the importance of constructing, through the combined commitment of iGuzzini and its suppliers, a set of processes for producing and marketing innovative products and services that ensure our customers' expectations are satisfied. This is why in our Quality Policy we have defined our commitment to applying and propagating our principles of **total quality** and **continuous process improvement** throughout the value chain.

Fields for application:

This Policy applies to all company processes that have an impact on our product/service quality, from purchasing to design and from production to marketing, in all our production sites and operational offices in Italy and abroad.

Operating principles

iGuzzini has always considered quality as a strategic company tool for achieving effectiveness and efficiency in all company activities, from a reactive, preventive and proactive perspective. It is well aware that the market - in the sense of all the customers in its distribution network - is demanding increasingly higher quality for products (in terms of design, performance, sustainability, reliability and safety) and services (in terms of on-time delivery, flexibility and cost containment). The company is convinced of the absolute need to provide positive responses to these demands and therefore to tackle quality issues in a global and dynamic way in order to achieve total quality and continuous improvement.

Our Quality Management System adopts a process-based approach in order to identify interfaces and achieve customer satisfaction downstream from every process, both on the market and within the organisation itself. It is founded on risk analysis that allows us to determine the factors that may deviate our processes from their planned goals and to implement preventive actions to minimise negative effects and exploit market opportunities by anticipating trends.

Our commitments

iGuzzini undertakes to:

- **Observe all relevant product and system regulations and standards**, with a special focus on those that impact the health and safety of our customers;
- **Define customer requirements**, both implicit and explicit, **and satisfy them**;

- **Take responsibility for the quality of the company's products, processes and services**, directing the activities of all the company functions accordingly and verifying that these directions are correctly interpreted and applied;
- **Promote a culture of total quality** at all company levels and functions and with suppliers too;
- **Pursue continuous improvement** by regularly defining increasingly challenging quality goals with **zero safety defects** while consistently reducing other flaws too (zero defects concept);
- **Strive for maximum customer satisfaction** (customer care) with a goal of: **zero complaints**;
- **Assess the Quality System regularly**, at least once a year by the Management to ensure it is adequate, effective and improves over time.

Implementation and monitoring

All iGuzzini employees and suppliers are informed of this Policy, the iGuzzini Code of Behaviour and the Fagerhult Group Code of Conduct.

The Management is responsible for activating, monitoring and accounting the Policy as well as updating and reviewing it.



Cristiano Venturini

Chief Executive Officer

Environment and Efficient Energy Consumption Policy

We believe that safeguarding the environment, preventing pollution, conserving biodiversity and using energy sources efficiently are indispensable requirements for developing a sustainable business model that includes the entire product life cycle in its assessment.

Field of application of the Policy

This Policy applies to all the company processes performed in our production sites and operational offices, to all our product and service suppliers and to the impacts of our products during their use and at the end of their life.

Operating principles

1. **Compliance and legality** - Observing legal obligations through the robust monitoring of relevant requirements and process checks are the conditions on which to build a culture based on respect for the environment and responsible energy consumption.
2. **The local area and community** - A good relationship with the local community and safeguarding the area in which we live are fundamental conditions for the sustainable growth of the company, that has established itself as a guide for the local social fabric on issues, such as environmental protection and the safeguarding of natural resources in the sphere of local industrial production.
3. **Communication, culture and dialogue** - Training and involving all company staff, and all company stakeholders is fundamental for achieving any goal in the environment and energy sector.
4. **Risk management and prevention** - Correct and prompt risk analysis is essential for avoiding deviations from the processes required to reach company goals and potential emergency situations.
5. **Reliability and innovation** - Selecting products and services, and therefore technologies and reliable suppliers that are updated with the most advanced practices regarding their environmental impact and efficient consumption of resources, is a fundamental requirement for implementing processes that are efficient and effective in the long term, too.
6. **Continuous improvement** - A sustainable business model must be based on stimulating the organisation to continually develop by defining and achieving increasingly challenging goals and identifying opportunities linked to key environmental aspects.

Our commitments

iGuzzini undertakes to:

- **Contribute to the transition to a low-carbon economy** in both the short and long term through an **absolute reduction in greenhouse gas (GHG) emissions**:
 - **-70%** in Scope 1 and Scope 2, by 2030
 - **-30%** in Scope 3, by 2030
 - **Carbon Neutrality** by 2045 through the elimination or offsetting of all residual GHG emissions.

These targets are aligned with the policies of the Fagerhult Group, which has been validated and approved by the **Science Based Targets initiative (SBTi)**. See link for details:

[sbtigroup.com/sbti/sbti-approves-fagerhult-groups-net-zero-science-based-targets.pdf](https://www.sbtigroup.com/sbti/sbti-approves-fagerhult-groups-net-zero-science-based-targets.pdf)

- **Develop products that continuously reduce their environmental and energy impact measured over their entire life cycle** by applying the principles of ecodesign also by complying with recognised international standards like the **LCA, EPD** etc.;
- **Protect the environment through continuous risk analyses including the adoption of measures to prevent pollution and reduce waste and energy losses;**
- **Reduce the consumption of any drinking water** not used for that purpose, **minimize the consumption of chemical products, eliminate from products any components that cannot be recycled at the end of their life, reduce greenhouse gases and VOC emissions and water pollution, and eliminate the consumption of energy from non-renewable resources;**
- **Promote, through information and training, staff awareness on environmental protection and the responsible use of energy** and disseminate the information and tools required to achieve the goals and targets set;

In line with the Fagerhult Group's Sustainability Policies and the targets defined in the 2015 Paris Agreement (1.5°), the reference baseline is defined by the 2021 emission profile;