

Sustainability Policy

Our identity and values

The F.I.L.A. Group is one of the leading global enterprises devoted to the research, design, manufacture, and sale of tools for creative expression. The Group designs, makes and packages tools and supports for drawing, colouring and painting, modelling, for use by children, youths and adults. Our product range includes more than 25 well-known brands and thousands of products sold on all continents.

To us **Sustainability** (also referred to as Corporate Social Responsibility, “CSR”, or “sustainable success”) means our engagement to a responsible behavior towards all our relevant stakeholders in operating business, in order to contribute to an economic development which creates wealth while not being harmful to the environment nor depleting natural resources, thereby supporting long-term ecological and social balance.

Sustainability combines respect of people, natural environment, and communities, and is therefore embedded with our Purpose, Vision, Mission, Values and day-to-day operations.

- **Purpose:** *Inspire and enrich the lives of everyone through creative and artistic thinking*
- **Vision:** *Become the go-to solution for all those seeking to express their creativity, offering the broadest portfolio of brands and products for art and creative education*
- **Mission:** *To produce and create everything needed to shape ideas, to offer appealing, accessible and safe products, to nourish simple gestures, but also great creative passions, allowing everyone to express themselves at every point in their lives and across the world.*

This policy, together with our Ethics Code and the Corporate Governance Model, should be adopted by all Group companies and form part of the Group Organization, Management and Control Model, in accordance with the principles and objectives of the Organization, Management and Control Model as per Italian Legislative Decree 231/2001.

Our values, set out in our Ethics Code approved by the F.I.L.A. S.p.A. Board of Directors, are:

- **Legacy** - *we have a great tradition and a long history that inspires our future and creates a sense of belonging*
- **Solidity** - *we focus closely on return on investment to ensure the Group's continual growth*
- **Integrity** - *we always act with transparency, fairness, honesty, and consistency*
- **Responsibility** - *we operate with respect for the people we deal with and the environment to create sustainable value*
- **Excellence** - *we are committed to high levels of quality, service, safety, and performance*

Our approach to Sustainability

We are committed to operating responsibly, integrating sustainability into our business model in an increasingly structured manner. Being sustainable at F.I.L.A. means anticipating and managing risks and opportunities, both existing and future, under economic, social and environment areas. Such approach results into a competitive advantage and in the capability to create shareholders', and stakeholders', long term value.

The **2021-2025 Sustainability Plan** is part of the Group’s Strategic Plan and sets out to include sustainability issues in every corporate activity, on the basis of eight pillars:

- Robust, transparent governance
- Financial sustainability
- Respect for the environment and resources
- Respect, development and recognition of employees and collaborators
- Protecting occupational health and safety
- Product quality and safety
- Sustainable supply chain
- Community support.

The F.I.L.A. 2021-2025 Sustainability Plan was prepared through the analysis, integration and development of several elements, including the Group’s materiality analysis and the 17 Sustainable Development Goals (SDGs) for 2030 promoted by the United Nations (Agenda 2030), drawing inspiration from the “Ten Principles” of the United Nations Global Compact (UNGC).

Scope of this Policy

This Policy applies to F.I.L.A. S.p.A., its subsidiaries, the entities in which it holds a majority interest, and the facilities that it manages. We are committed to working with and encouraging our business partners to uphold the principles in this Policy and to adopt similar policies within their businesses.

Locally each company should adopt more stringent rules and procedures, as needed and in accordance with local laws and regulations. While conducting its management, coordination, and supervision activities, F.I.L.A. S.p.A. respects management autonomy of each affiliate within its Group, managing and controlling the overall business, as per legitimate interests of majority and minority shareholders, considering confidentiality requirements and local applicable laws.

We firmly believe to have the responsibility to operate in compliance with the applicable rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the Values that permeate our actions, by promoting them in the communities where we operate. The purpose of this Policy is to provide guidance to F.I.L.A.'s directors, officers, employees, agents, consultants, intermediaries, controlled joint ventures, and other third-party representatives to ensure compliance with applicable regulation and our values and policies.

The F.I.L.A. Group is committed to a continuous improvement of its policies and its programs, facilitating the adoption at headquarter and local level of all procedures, rules, and instructions needed to have the principles set in this Policy applicable and monitored, in order to make a positive impact. By adopting this Policy, we believe to contribute to a better condition of existing and of next generations, providing tools for a better quality of life.

General principles

The F.I.L.A. Group is engaged/ committed:

- to operate respecting human rights of its employees, setting wages and compensations that comply with local regulations and cover at least minimum primary needs
- not to use nor sustain forced and/or underage work
- not to practice nor incentive bias due to gender, racial, sexual, religious, personal, or political beliefs
- to ensure health and safety measures in all its operations, in compliance with local laws and regulations, working towards higher and more stringent commitment in accordance with Group policies
- to provide equal opportunities to all employees in all roles, welcoming diversity and inclusion in the workforce
- to comply with product safety in accordance with international standards and to other relevant rules
- to operate respecting environmental regulations and waste management rules, also considering impacts on pollution and emissions related to its business operations'
- to keep on working to find new solutions to reduce environmental impact / footprint of its products all over their life cycle, also considering safer alternatives for hazardous substances used in company's products and to reduce water use
- to operate respecting responsible lobbying practices
- to avoid and not to tolerate / permit any form of bribery and corruption
- to operate following tax / fiscal good practice, granting transparency and exchange of information and fair fiscal competition
- to foster transparent communication with all relevant stakeholders, also through responsible marketing practices
- to develop and to transfer knowledge and goods to its stakeholders and local communities.

Operating principles related to sustainability projects

At F.I.L.A. we operate in order to manage our social responsibility as employer, actual or potential, and as supplier of products to our customers and end users. Our operating principles set out how we think our relationships with all **stakeholders**, which we expect to be:

- **people:** employees and external consultants
- **marketplace:** children, teen-ager, adults, customers, distributors, suppliers, project partners, representatives, competitors and institutional investors
- **environment:** local communities, next generations

- **governance:** shareholders, management and control bodies
- **community:** society, regulatory authorities, financial community, public administration, teachers and/or artists' associations

This Policy defines the F.I.L.A. Group approach and governing principles related to **sustainability projects**, which comprise different phases:

1. **Planning and Execution:** Planning of sustainability activities at F.I.L.A., both at Group and local level, must be consistent with our Purpose, Vision and Mission, and may identify improvement areas and related sustainability projects as part of the F.I.L.A. 2021-2025 Sustainability Plan.

Sustainability projects include:

- Corporate projects approved and under the responsibility of Board of Directors of F.I.L.A. S.p.A. and the Risk and Sustainability Committee
- Group wide projects approved and under the responsibility of Group CEO
- Local projects approved and under the responsibility of local CEO, in coordination with Group Chief Operations & HR Officer

2. **Monitoring and Reporting:** Monitoring and reporting activities aim at controlling sustainability goals' achievement, re-stating them as needed and at preparing proper sustainability performance communication, both internal and external (such as Non-Financial Declaration, Sustainability Report, company's website, ...).

Monitoring and controlling activities are inspired by the Global Reporting Initiative Framework and relate to quality and quantitative sustainability data collection, comparison to set targets and related gap analysis. Local sustainability key performance indicators are to be linked to Group indicators, but also to local business and relevant stakeholders' information needs.

3. **Communication with the financial community:** The financial communication process is aimed at providing accurate and timely information to market community and to sustainable rating agencies on sustainability performance of F.I.L.A. S.p.A. and F.I.L.A. Group.

Main activities relate to:

- identification of key elements of the financial communication process in order to provide timely and appropriate information
- preparation of a set of information.

4. **Internal communication and deployment:** The internal communication and deployment activities are aimed at defining and executing internal communication programs, including specific training, and institutional deployment on sustainability issues.

Main activities relate to:

- definition of internal communication and deployment programs on sustainability issues at Group level, which is the minimum set to comply with under Group policies
- integration at local level of such deployment in order to consider any applicable local regulatory or requirements; any change that reduce the minimum set of internal communication and deployment programs should be discussed with the Group Chief Operations & HR Officer
- execution of internal communication and deployment activities on sustainability issues at central and local levels.

5. **External and institutional communication:** External and institutional communication is aimed at defining strategies and actions relating to external communication of F.I.L.A. on Sustainability issues.

Main activities relate to:

- definition of strategies and action plans relating to F.I.L.A. Group external and institutional communication with reference to sustainability, consistent with goals and priorities identified
- preparation of Group guidelines on external and institutional communication relating to sustainability
- preparation, at Headquarters' level, of press releases and briefings for media and press relating to sustainability activities of F.I.L.A. Group.

6. **Stakeholders' engagement:** The Stakeholders' engagement process is aimed at defining methodologies, programs and operating instructions to manage the dialogue of F.I.L.A. with our relevant stakeholders on sustainability issues.

Main activities relate to:

- Identification of relevant stakeholders' categories at Group level
- Identification of relevant stakeholders' categories at local level
- set up methodologies, programs, and operating instructions to manage the stakeholder engagement process on Sustainability issues
- execution / deployment of stakeholder engagement processes at central and local levels
- briefing (reporting) on major outcomes at central and local levels to be shared at Group's level.

Such activities should be performed under the following rules:

- traceability, fairness, and transparency of planning, monitoring, and controlling processes
- consistency of planned programs with the F.I.L.A. 2021-2025 Sustainability Plan
- consistency of sustainability goals with business and operations purposes, both at local and at Group level
- Sustainability Group methodological approach and consistent evaluation of sustainability initiatives all across F.I.L.A. Group
- consistency, transparency, and fairness in stakeholders' engagement activities.

Local Board of Directors are responsible to set out, in accordance with Group Sustainability strategies and under its over-all supervision, specific sustainability procedures and related actions.

F.I.L.A.'s Top Management has a strategic role in the full implementation of this Policy ensuring the involvement of all personnel and of those who collaborate with F.I.L.A. and the consistency of their behavior with the values embodied in this Policy.

This Policy is communicated within the organization and made available online to all stakeholders on the web site www.filagroup.it.

F.I.L.A. encourages anyone who becomes aware of facts or behaviors contrary to the Company's Code of Ethics, policies and internal rules, laws or regulations, to make a report in the utmost confidentiality. Assuring confidentiality of the whistleblower's identity, F.I.L.A. offers the following channels to file a report:

E-mail: whistleblowing.fila@gmail.com

Mail to: odv@fila.it Organismo di Vigilanza, F.I.L.A. Fabbrica Italiana Lapis ed Affini S.p.A. Via XXV Aprile, 5 20016 Pero (MI).

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GROUP CEO - Massimo Candela