

# 20 21



## **SUSTAINABILITY REPORT**

## **CONSOLIDATED NON-FINANCIAL STATEMENT**

***As per Legislative Decree No. 254/2016***

*Issuer: Fabbrica Italiana Lapis ed Affini S.p.A. - Website: [www.filagroup.it](http://www.filagroup.it)*

*Reporting period: 2021*

*Report approval date: March 22, 2022*



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# FABBRICA ITALIANA LAPIS ED AFFINI

## F.I.L.A.'S MANIFESTO

Creativity is our challenge, colours and paper are our talents.

Proudly Italian, we have crossed the oceans, reaching 150 countries in five continents, and think of ourselves as citizens of the world. We have developed together with you, taking inspiration from diverse cultures, and visiting millions of homes, schools, offices and workshops with over 25 iconic brands.

Our history is built on our passion for art and creativity, taking consistency and transparency as guiding principles that we have never ceased to follow.

Excellence is our mission. Production is a vocation that takes place in over 20 facilities across the world.

We have been at your side for generations, with thousands of products for writing, designing, colouring, modelling and painting. These irreplaceable tools feed an enormous creative passion and transform your actions into ideas and visions, creating indelible marks of life.

Ours is a love story that has lasted a century, shaped by millions of hands. A blank page waiting to be written on.

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## LETTER TO THE STAKEHOLDERS

Dear Stakeholders,

For the second year running, 2021 was impacted by the COVID-19 health emergency, which significantly affected markets, people's lives, and the national and global economy.

The health and safety of all our employees has been a priority for the Group from the outset, which has had to traverse tough and unexpected situations.

Despite great uncertainty, in 2021, the Group successfully minimised the impact of the health emergency on its business and persevered with its commitment to sustainable development, despite the very heavy workloads involved in resolving critical issues caused by the pandemic.

It is within this context that we continue to be guided by the Strategic Plan approved at the end of 2020, which defines the Group management guidelines for 2021-2025 with a view to sustainable growth, which represents the foundation on which we have based our business and pursue growth, every single day.

In 2021, most of the projects and activities defined for the first year of the plan were completed through Group initiatives.

In 2022, the Group will continue to work towards achieving the strategic and sustainability objectives set for the second year of the plan. Additional objectives have also been added to both the planning and operational phases. We are well aware that the pandemic will continue to disrupt supply chains worldwide, that raw materials and utilities costs will remain unpredictable, and that crises will continue to affect some areas of the world (particularly Eastern Europe), to whom we wish to express our solidarity and compassion.

We are proud of what we achieved last year and are even more confident about the future thanks to new Group initiatives that will help us tackle the major global sustainability challenges that lie ahead.



**GIOVANNI GORNO TEMPINI**  
*Chairperson of the Board of Directors of F.I.L.A. S.p.A.*



**MASSIMO CANDELA**  
*Chief Executive Officer of F.I.L.A. S.p.A.*





## INTRODUCTION

The Sustainability Report (hereinafter also the "Report") of Fabbrica Italiana Lapis e Affini S.p.A. (hereinafter also "F.I.L.A. S.p.A.", "F.I.L.A.", "the Company", or "the Parent Company") also constitutes a "Consolidated Non-Financial Statement", hereinafter also the "NFS" or "Statement", which has been prepared in accordance with Legislative Decree No. 254/2016.

Based on even more structured engagement activities involving both internal and external stakeholders, this Report describes the innovations, projects, associated risks, approach, and policies adopted in terms of sustainability, in addition to the economic, environmental, and social achievements of the F.I.L.A. Group ("the Group") in 2021.

This Statement is separate from the Directors' Report. It was approved by the F.I.L.A. S.p.A. Board of Directors on March 22, 2022. This NFS, which is published once a year and contains comparative data for the two previous financial years, has been

prepared in accordance with Articles 3 and 4 of Legislative Decree No. 254/2016 and the GRI Standards ("core" option) of the Global Reporting Initiative ("GRI"). It has been audited by KPMG S.p.A., whose opinion is expressed in the Independent Auditors' Report accompanying this document.

The figures in this Statement refer to the financial year 2021 (January 1 to December 31). This Report also describes several significant new developments that occurred before March 18, 2022.

Non-Financial Statements describe the most important traits of a business based on a materiality analysis that identifies the material topics in terms of its profile, its strategies and risks, the expectations of its *stakeholders*, and the industry to which the Group belongs. As such, the information contained herein responds to the principles of materiality and relevance, as required by applicable legislation and the GRI *Standards*.

Material topics include: material environmental topics (the use of raw materials, consumption of energy resources, atmospheric emissions and water consumption), material employment topics (equal opportunity and occupational health and safety), material social topics (product quality and safety, supplier relations, protecting diversity), topics relating to human rights (respect for human rights, freedom of association and collective bargaining), topics relating to the fight against corruption, both active and passive, and information security. Reporting has been integrated with additional information on the Group's activities (where relevant) in the following chapters, to best address each topic analysed.

Requests for clarifications of any information contained in this Statement can be sent to [info.dnf@fila.it](mailto:info.dnf@fila.it)



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## 2021 SUSTAINABILITY REPORT OVERVIEW

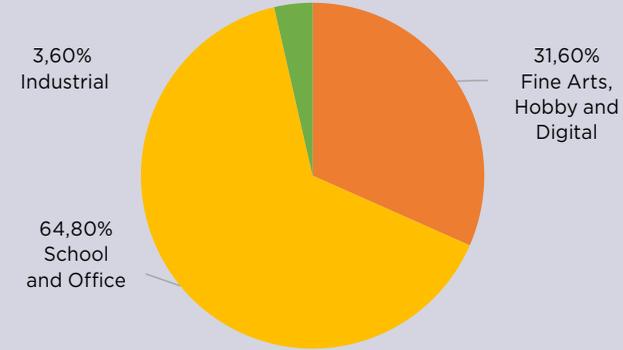
### THE F.I.L.A. GROUP AT A GLANCE

The F.I.L.A. Group is a leading global company that researches, designs, manufactures, and sells tools for creative expression. We design, produce, and package drawing, colouring, painting, and modelling tools and media for children, young people, and adults. We have more than 25 iconic brands and sell thousands of products around the world.

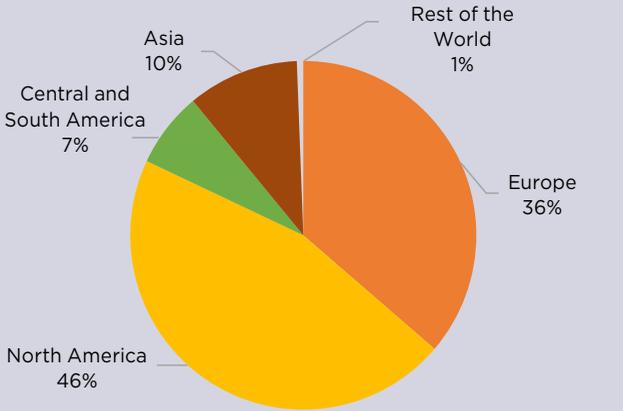
F.I.L.A. S.p.A. has been listed on the **Euronext STAR Milan** segment of the Italian Stock Exchange since 2015. The controlling shareholder is Pencil, with 31.87% of the ordinary share capital.

Growth has always been in F.I.L.A.'s DNA. Since 1994, the Company has embarked on a quest to internationalise its business thanks primarily to a prudent **M&A strategy**, which has led to some major acquisitions. The far-reaching geographical expansion has been accompanied by consolidation in mature markets through the extension of products in the Fine Art segment.

**SALES BY PRODUCT LINE 2021**



**SALES BY GEOGRAPHICAL SEGMENT 2021**



Today, the Group is present on five continents by way of 34 operating branches and 22 plants. The **most significant Group companies** in terms of production volume and turnover are:

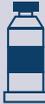
- F.I.L.A. S.p.A.
- Dixon Ticonderoga in Canada and the USA
- DOMS in India
- Dixon Ticonderoga in Mexico
- Canson in France
- Daler-Rowney in Great Britain and the Dominican Republic
- Lyra in Germany
- F.I.L.A. Dixon Kunshan in China.

The F.I.L.A. Group's **brand portfolio** is summarised in the following graph:





## THE F.I.L.A. GROUP'S BRAND PORTFOLIO

PRODUCT CATEGORIES					
 Paper	 CANSON® CANSON® CANSON®	ARCHES® <small>Premium art papers, since 1492</small> CANSON® DALER◆ ROWNEY Strathmore® <small>ST CUTHBERTS MILL</small>		ARCHES® <small>Premium art papers, since 1492</small> CANSON®	Paper for the Fine Art Paper for school Paper for leisure and craft Coloured paper Paper for traditional printmaking Digital fine art paper
 Fine Arts & Craft	 DALER◆ ROWNEY	PRINCETON <small>ARTIST BRUSH</small> MAIMERI DALER◆ ROWNEY LUKAS			Oil and acrylic colours Watercolours and gouache Canvases and brushes Accessories Basic craft
 Writing	tratto tratto TICONDEROGA® DOMS® DOMS®		tratto TICONDEROGA® DOMS®	 LYRA <small>Germany</small>	Graphite pencils Ballpoint pens, fineliners and gel link pens Highlighters and markers
 Drawing and Colouring	GIOTTO be-bè PRANG <small>LAPICES DE COULEURS</small> Mapita LYRA <small>Germany</small> Blanca Nieves DOMS® Vinci®		LYRA <small>Germany</small>		Coloured and graphite pencils Wax and oil crayons Felt-tip pens Paints and watercolours Chalks and glues
 Modelling	GIOTTO be-bè GIOTTO DAS®		DAS®		Plasticine Clay for play Modelling clay
	 School pre-school primary school secondary school	 Art School Hobby and Artists	 Office	 Industry	<b>CONSUMER CATEGORIES</b>

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# FABBRICA ITALIANA LAPIS ED AFFINI

## THE 2021-2025 STRATEGIC PLAN

The **2021-2025 Strategic Plan** – which was approved at the end of 2020 and shared with the Group’s senior management team – defines the Group’s sustainable management guidelines. Work started with an analysis of the Group’s current situation and an assessment of the outlook for GDP, demographic trends, literacy and education rates, market trends and the competitive scenario in order to lay down relevant strategic guidelines, which are

divided into detailed projects and activities. The Plan is divided into the following five strategic sections:

- consolidation in terms of Group governance;
- growth, with increased business in countries with high potential for development;
- profitability, with growth in revenues and margins in the countries where the Group is most established;

- efficiency, through more robust and efficient financial management;
- sustainability, by internalising sustainability topics in all business activities.

The F.I.L.A. Group has always adopted a **vertically integrated business model**, which is rare in the sector but enables it to oversee every stage of the production and distribution chain, both in the “School and Office” and “Fine Arts” sectors.



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## Our approach to sustainability

At the end of 2020, F.I.L.A. adopted a **Strategic Sustainability Plan** as part of the Group's 2021-2025 Strategic Plan, which contains initiatives relating to the following 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 Plan was prepared through the analysis, integration and development of several elements, including the Group's material topics and the 17 Sustainable Development Goals (SDGs) for 2030 promoted by the United Nations, drawing inspiration from the "Ten Principles" of the United Nations Global Compact (UNGC). 15 reference SDGs were identified for the F.I.L.A. Group.

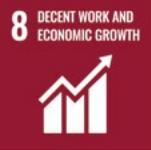
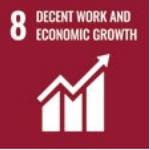
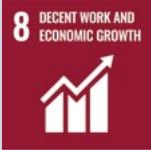


# FABBRICA ITALIANA LAPIS ED AFFINI

## THE 2021-2025 STRATEGIC PLAN



F.I.L.A. supports the Sustainable Development Goals

<p><b>ROBUST, TRANSPARENT GOVERNANCE</b></p> <p>Implementing sustainability governance in line with best practices and which permeates business processes, decision-making and operations, bringing together environmental, social and governance factors.</p>  	<p><b>OPERATING AND FINANCIAL SUSTAINABILITY</b></p> <p>Creating sustainable value in the medium-/long-term for all stakeholders, protecting and enhancing the Group's reputation</p>   	<p><b>RESPECT FOR THE ENVIRONMENT AND RESOURCES</b></p> <p>Protecting water-related ecosystems, optimising environmental impacts, increasing energy efficiency and the use of clean technologies in manufacturing operations, combatting climate change.</p>      	<p><b>PROTECTING OCCUPATIONAL HEALTH AND SAFETY</b></p> <p>Protecting health and promoting a safe and secure working environment for all employees</p>  
<p><b>RESPECT, DEVELOPMENT AND RECOGNITION OF EMPLOYEES AND COLLABORATORS</b></p> <p>Valuing people and fostering an inclusive culture of respect and equal treatment in the protection of all differences, not only those of gender</p>    	<p><b>PRODUCT QUALITY AND SAFETY</b></p> <p>Promoting sustainable policies to maintain and improve the quality and safety of our products</p>  	<p><b>SUSTAINABLE SUPPLY CHAIN</b></p> <p>Overseeing a supply chain which prioritises operators that guarantee inclusive employment and decent work and which promote the sustainable management of natural resources</p>   	<p><b>COMMUNITY SUPPORT</b></p> <p>Promoting inclusive and sustainable industrialisation, training, and cultural and artistic learning with educational and cultural activities in local areas and communities</p>   

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F.I.L.A. confirmed its **material topics** following structured engagement activities with external stakeholders, which are as follows:

**MATERIAL TOPICS**

- Use of raw materials
- Consumption of energy resources
- Atmospheric emissions
- Water consumption
- Equal opportunities
- Occupational health and safety
- Product quality and safety
- Supplier relations
- Protecting diversity
- Human rights
- Freedom of association and collective bargaining
- Measures against active and passive corruption
- IT security

With regard to sustainability reporting, topics that have a significant impact on the Company's economic, social and environmental performance and that

could significantly influence stakeholders' assessments and decisions are considered material, i.e. relevant.

**F.I.L.A.'S STAKEHOLDERS ARE:**

**INVESTORS:** investors, shareholders, rating agencies, institutional investors.

**PUBLIC ADMINISTRATION AND CONTROL BODIES:** supervisory authorities, public administration, policy makers.

**LENDERS:** financial institutions, banks.

**TRADE UNIONS**

**EMPLOYEES:** Management, staff, new hires, potential hires, employees who have left the company.

**FINE ART CONSUMERS:** beginners, amateurs, art students, artists, consumer associations, academies.

**EXTERNAL COLLABORATORS:** professionals.

**LOCAL COMMUNITIES AND COMMUNITIES:** neighbouring companies, charities, voluntary organisations, NGOs.

**CUSTOMERS:** retail, large-scale retail trade, wholesalers, e-commerce.

**MEDIA AND OPINION LEADERS:** social networks, TV, financial newspapers, local and national newspapers, publications.

**CONSUMERS SCHOOL & OFFICE:** pre-school, primary school, secondary school, high school, teachers, school headmasters, families, consumer associations.

**COMPETITORS**

**SUPPLIERS AND BUSINESS PARTNERS:** strategic suppliers, agents, suppliers, distributors, business partners.



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The F.I.L.A. Group is committed to establishing open and transparent communication with all of its stakeholders, involving them in material topics on a regular basis.

With the aim of further improving its sustainability work in 2021, this year, F.I.L.A. S.p.A. began a structured stakeholder engagement process using the methodology established by the AccountAbility 1000 standard, which is the most well-recognised global standard of its kind. As we explain in more detail in this document, lenders, investors, suppliers, trade union and employee representatives were asked to attend roundtables, meanwhile all employees were asked to complete an anonymous online questionnaire, and an opinion poll was conducted on consumers, customers, children, young people, and teachers, in partnership with DOXA. Other activities are already in the works for 2022.

To render the commitments of its Strategic Sustainability Plan more concrete, the Group has adopted the following social and environmental policies:

- Sustainability Policy
- Stakeholder Engagement Policy
- Environmental Policy
- Energy Saving Policy
- Sustainable Procurement Policy
- Workforce Diversity & Inclusion Policy
- Health & Safety Policy
- Skills Development Policy
- Product & Process Development Policy
- Human Rights & Labour Policy
- Responsible Marketing and Communication Policy
- Business Development Policy
- Anti-Bribery and Anti-Corruption Policy
- Responsible Lobbying Practices Policy
- Tax Compliance Policy
- IT Systems Policy
- IT Security Policy

Properly monitoring the risks associated with its business activities is key to maintaining stakeholder trust and ensuring business sustainability over time. To ensure an efficient control system is in place for all current and

potential risks, the F.I.L.A. Group has equipped itself with the appropriate tools and procedures and carries out supervisory activities with the help of technological and organisational resources.

An overview of the primarily potential non-financial risks applicable to the Group, the controls, and the link with material topics can be found in Section 2.5.5 *Identifying and controlling risks*.

## STRUCTURE AND MAIN TOPICS OF THE SUSTAINABILITY REPORT

In line with the requirements of the NFS, this document is structured as follows:

- **Identity and profile:** information on the Company's purpose, vision, mission, and values, as well as the Group's structure, size, production sites, the distribution of value added, and a summary of the Group's development over the years.
- **Strategy, business model and sustainability** – the Group's strategy and business, the 2021-2025 Sustainability Plan and the reference UN Sustainable Development Goals (SDGs), the Group's socio-environmental policies and





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guidelines, stakeholder engagement, the Organisational Model, corporate governance, and risk management, with a focus on managing the COVID-19 health emergency.

- **Material environmental topics** – information on the Group’s approach to the environment and related topics, including the main risks generated and incurred due to the use of raw materials, energy resource consumption, atmospheric emissions, water consumption and other environmental issues.

The Group conducts its business in a manner consistent with the *Precautionary approach* of Principle 15 of the Rio Declaration of the United Nations<sup>1</sup>.

The **main materials** used to produce many of the F.I.L.A. Group’s products are paper, cellulose, wood, plastic, chalk, calcium carbonate, dyes, graphite and, in some cases, semi-finished and finished materials, such as glues.

<sup>1</sup> This principle states that organisations must apply the precautionary approach whenever they can, and that if serious or irreversible damage threatens the environment, a lack of absolute scientific certainty is no valid reason for delaying action to prevent environmental damage, provided the measures proposed are cost-effective.

The F.I.L.A. Group’s manufacturing processes do not involve chemical reactions or processing phases likely to generate significant air pollution. Nonetheless, power consumption involves combustion processes that generate greenhouse gases.

The F.I.L.A. Group launched a programme to obtain **environmental certifications** for its facilities. To date, F.I.L.A. S.p.A. (the Rufina plant and Pero office), Canson France, Lyra Germany, and Canson Art & Craft Yixing have obtained certifications for their Environmental Management Systems according to ISO 14001: 2015.

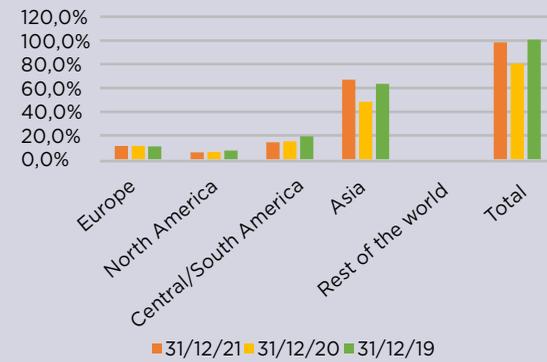




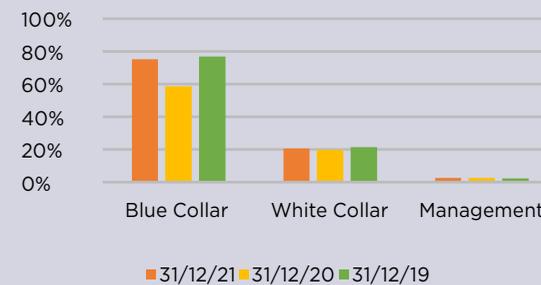
# FABBRICA ITALIANA LAPIS ED AFFINI

- **Material employment topics** - information on the approach to employees and business partners, along with related topics and the main risks generated and incurred in relation to equal opportunities and occupational health and safety .

EMPLOYEES BY GEOGRAPHICAL AREA



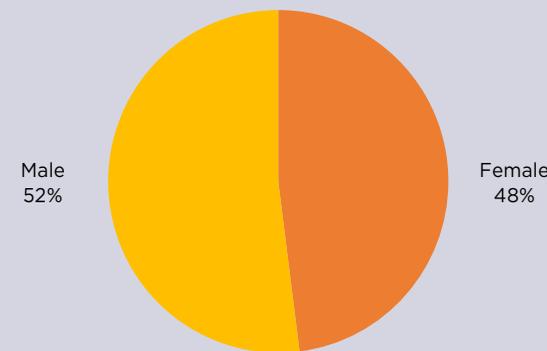
COMPOSITION OF WORKFORCE BY PROFESSIONAL CATEGORY



EMPLOYEE BREAKDOWN BY AGE



EMPLOYEE BREAKDOWN BY GENDER (2021)



The **protection of the health and safety and the well-being of employees** in the workplace is an important value by which the F.I.L.A. Group conducts and develops its operations. F.I.L.A. S.p.A., Canson China, and Canson France have

adopted an occupational health and safety management system that is certified according to the ISO 45001 (ex OHSAS 18001) Occupational Health and Safety Assessment Series.

144 **incidents** were recorded in 2021, which took the form of work-related injuries at Group level (compared to 166 in 2020). None of these incidents were fatal, and only one required a recovery period of more than 120 days, while one instance of work-related ill health was recorded in Mexico (involving a 39-day recovery period for tendonitis). The rate of work-related injury on the average workforce was 1,37% in 2021 (1,81% in 2020), while the rate of injuries with serious consequences was 0,01% (0,3% in 2020).

The *Workforce Diversity and Inclusion Policy, the Health and Safety Policy, and the Skills Development Policy* contain general principles of reference for the whole Group.

- **Material social topics** - information on the Group's approach to its social role, related topics and the main risks generated and incurred in relation to product quality and safety, supplier relations, protecting diversity within local communities, and the Group's main activities in the social sphere.





Selling products that are **safe and high in quality** is a core value of the Group's Ethics Code and is one of the pillars of its Sustainability Plan.

Given the importance that the F.I.L.A. Group places on this issue, the COVID-19 health emergency did not, despite the inevitable impact on company operations, lead to changes in production processes or in the management of product quality and safety.

At the **supply chain** level, the F.I.L.A. Group procures its raw and semi-finished materials from a limited number of selected suppliers, monitored constantly in terms of production capacity, average delivery times, solvency and quality standards. The Group generally relies on one main supplier for its primary raw materials and semi-finished products, having also identified at least one or two alternative suppliers.

To ensure it abides by its own value system when interacting with suppliers and business partners, in addition to its Ethics Code, the F.I.L.A. Group has drawn up a **Code of Conduct for Suppliers and Business Partners**, which has been extended to the Group's main subsidiaries. F.I.L.A. has also created a **Green procurement**

project, which assesses the Company's main suppliers and their commitment to environmental topics via a survey. *The Sustainable Procurement Policy* defines the general principles with which the Group complies.

As the Group operates in many countries, it seeks, within the scope of its own operations, to promote relationships with the local communities and to contribute to local development. It has supported several **cultural and local community causes** for a number of years.

- **Material human rights topics** - information on the approach to ensure respect for human rights, freedom of association and collective bargaining, and the main risks generated and incurred.

In operations and in everything the organisation does, F.I.L.A. is committed to **respecting human** rights as essential for the Group's long-term sustainability, just as it is for the communities where it operates. Our operations are founded on respect for human rights as a non-negotiable and fundamental value. The *Human Rights and Labour Policy* defines the general principles of conduct

for the Group, including in reference to the **freedom of association and collective bargaining**.

- **Material topics relating to combatting corruption** - information on the approach to the fight against corruption, related topics and measures to combat active and passive corruption, and the main risks generated and incurred.

F.I.L.A. Group promotes a responsible business model according to the principles enshrined in its Ethics Code on the assumption that "doing business" cannot be separated from business ethics. The *Anti-Bribery and Anti-Corruption Policy* and the *Responsible Lobbying Policy* define the principles of conduct for the whole Group.

The Annex contains *A. Methodological Note* (with details on the reporting model and process, a Reconciliation table listing topics required by the Decree, and Materiality analysis), a breakdown of *B. Group companies included in the reporting scope by reporting topic*, *C. GRI Content Index*, *D. Tables listing GRI indicators and information* and *E. Independent Auditors' Report*.



# FABBRICA ITALIANA LAPIS ED AFFINI

## OUR APPROACH TO THE COVID-19 PANDEMIC

Since the beginning of the pandemic, the F.I.L.A. Group has worked tirelessly to ensure maximum health and safety levels for its employees, customers and suppliers. The Group promptly implemented a set of employee protection measures, these included the adoption of a Crisis Management Protocol, the definition of a dedicated crisis response plan, and the timely implementation of a series of measures that applied to all levels of the organisation, including the head office, international offices, operational sites, and production plants.

With reference to the recommendations issued by ESMA (European Securities and Markets Authority - *European common enforcement priorities for 2021 annual financial reports*) on October 29, 2021 and Consob (Clarification No. 1/21 of February 16, 2021), we note that:

- the impacts on the individual non-financial areas and the mitigation actions taken are addressed in the paragraphs for each topic;

- risks linked to climate change are analysed in Chapter 2.5.5 *Identifying and controlling risks*;
- social issues and employment topics are addressed in Chapter 4. *Material employment topics* in particular in paragraphs 4.1 *Respect for the individual and relevant topics for F.I.L.A.*, 4.1.4 *Training*, and 4.3 *Occupational health and safety*.
- The impact of COVID-19 is analysed in chapter 2.6 *Impacts of the Covid-19 pandemic*;
- the business model, value creation and interconnection between financial and non-financial information are addressed in Chapter 2. *Strategy, business model and sustainability*;
- information on Article 8 of the Taxonomy Regulation is provided in the Annex E. *The F.I.L.A. Group and European Taxonomy*.



FILA GROUP | COLOURING THE FUTURE SINCE 1920.





## GROUP HIGHLIGHTS

### GROUP

**1920**

Year of incorporation

**34**

Number of companies operating in the Group

**5**

Continents

**150**

Presence

**+653**

Consolidated revenues

**22**

Number of production facilities

**120** managers

**101** Italian and international funds

Investors met

**+700**

Million invested in acquisitions since 1994

**25**

Number of iconic brands

### EMPLOYEES

**7%**

% of employees at sites with environmental certification

**9.823**

Number of employees at December 31, 2021

**48%**

Workforce composed of women

**76%**

The workforce comprises blue-collar workers

**21%**

The workforce comprises white-collar workers

**3%**

The workforce comprises managers

**52%**

Employees under 30

**76%**

Employees under 30

### SAFETY

**92%**

72,054 training hours in 2021, of which 23% focused on operating issues and occupational health and safety

**1,38%**

Work-related injury rate for the average workforce in 2021

### ENVIRONMENT

**183.000. 000 MJ.**

The amount of renewable energy recovered from sawdust waste

**33.834**

Scope 1 emissions: ton of CO<sub>2</sub>

**40.335**

Scope 2 emissions: ton of CO<sub>2</sub>

**99%**

of the solid waste produced by the Group is non-hazardous



# .1 IDENTITY AND PROFILE

## 1.1 THE F.I.L.A. GROUP

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, in addition to modelling clays, for use by children, youths and adults.

The F.I.L.A. S.p.A. Group wishes to pursue a new phase of growth based on an innovative strategy whose core focus is people and the planet, and which adopts a clear, transparent and efficient business model to increase profitability in a sustainable manner, while optimising capital and liquidity.

### 1.1.1 PURPOSE, VISION, MISSION AND VALUES

*Purpose* answers the question “Why does F.I.L.A. exist?”, *vision* explains “what we want to be”, and *mission* sets out “how we do it”. Values represent the foundation on which the Group has built its business. The Group’s values were approved by the Board of Directors on November 13, 2020.

#### 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.

#### VALUES

*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

The F.I.L.A. S.p.A. **Ethics Code** is a document that outlines the principles, values and rules of conduct observed by the Group, in addition to the ethical commitments and responsibilities which it undertakes and complies with in the course of business operations and which govern the conduct of all those working within or on behalf of the group. In the first quarter of 2021 F.I.L.A. completed an important update to the Group Ethics Code by adding specific values and aspects on Environmental, Social & Governance (ESG) topics, business sustainability and its commitment to stakeholders.

The Ethics Code is available on the Company website.



# .1 IDENTITY AND PROFILE

## 1.2 GROUP STRUCTURE AND SIZE

### 1.2.1 GROUP STRUCTURE: A TRULY GLOBAL PRESENCE

In addition to its Parent F.I.L.A. S.p.A., the F.I.L.A. Group includes companies subject to management and coordination, as well as the respective subsidiaries and associates. At the end of 2021, the F.I.L.A. Group was present on five continents with 34 operating branches and 22 production plants. The most significant Group companies in terms of production volume and turnover are:

- F.I.L.A. S.p.A.
- Dixon Ticonderoga in Canada and the USA
- DOMS in India
- Dixon Ticonderoga in Mexico
- Canson in France
- Daler-Rowney in Great Britain and the Dominican Republic
- Lyra in Germany
- F.I.L.A. Dixon Kunshan in China.

More information about the Group's investments is contained in the 2021 Annual Report. Annex " *Group companies included in the reporting scope by reporting topic*" provides information on the topics dealt with in the Statement with regard to the companies included in the reporting scope.



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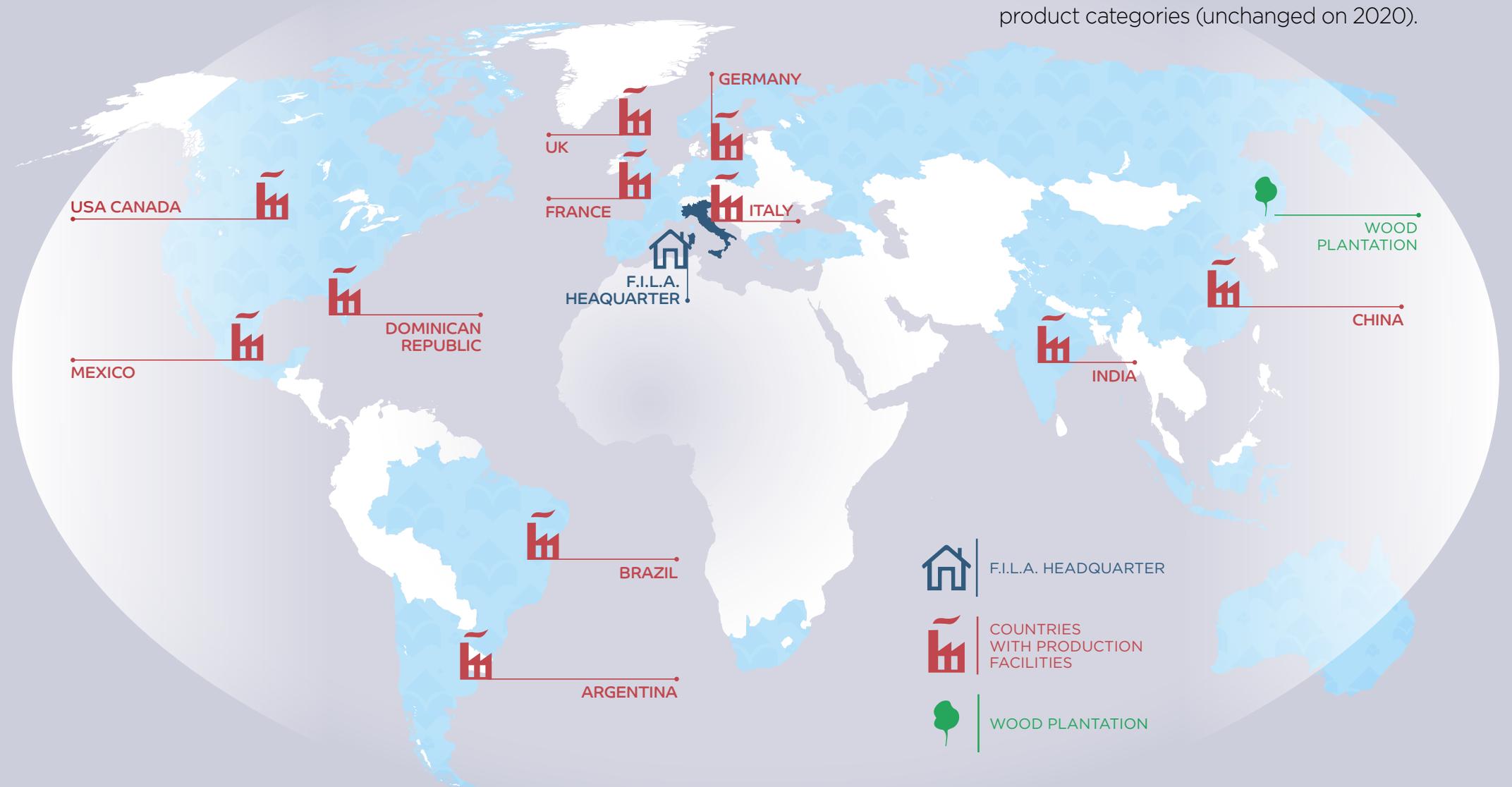


# .1 IDENTITY AND PROFILE

## A TRULY GLOBAL PRESENCE

At the end of 2021, the F.I.L.A. Group's numbers were the following:

- Total number of employees: 9,823 (8,070 at the end of 2020)
- Total number of branches: 51, of which 34 operational, on five continents, with 22 production facilities (unchanged on 2020), two of which in Italy
- Number of countries in which the Group does business: more than 150 (unchanged on 2020)
- Number of products and services provided: 25 iconic brands and over 50 product categories (unchanged on 2020).



**FILA GROUP** | COLOURING THE FUTURE SINCE 1920.



# .1 IDENTITY AND PROFILE

## 1.2.2 PRODUCTION SITES

The following table provides information regarding the F.I.L.A. Group's 22 production sites:

SUBSIDIARY	YEAR FOUNDED	EMPLOYEES AT 31.12.2021	PRODUCTION FACILITIES	PRODUCTS
<b>EUROPE</b>				
F.I.L.A.	1920	202	Rufina, Florence	Felt-tip pens, Modelling clay, Writing tools
INDUSTRIA MAIMERI	1923	49	Bettolino di Mediglia, Milan	Colours for the fine arts
CANSON	1557	336	St Germain La Ville, France	Chalk, School-use paints, Glues
			Baldershaim, France	Industrial tube-type markers
			Grand Mourier, Annonay, France	Paper for the fine arts, School-use paper
			Moulin du Roy, France	Paper rolls
ARCHES	1492	58	Arches, France	Paper for the fine arts
LYRA	1806	85	Norimberga, Germany	School pencils, Fine art pencils
DALER-ROWNEY	1783	248	Bracknell, Great Britain	Fine art colours
ST. CUTHBERTS	1700	51	Wells, Great Britain	High grade fine art paper
<b>AMERICAS</b>				
DIXON MEXICO	1953	911	Tultitlán, Mexico	Graphite and coloured pencils, Extruded pencils, School-use paints, Wax crayons, Modelling clay, Industrial use crayons, Chalk
			Oaxaca, Mexico	Timber slats for the production of pencils
DIXON TICONDE ROGA COMPANY	1975	510	Appleton, USA	School and hobby paper
DIXON TICONDE-ROGA ART ULC DALER-ROWNEY BRIDESHORE	1969	379	Neenah, USA	Paper for the fine arts
			Barrie, Canada	School-use paper
CANSON BRAZIL	2007	52	La Romana, Dominican Republic	Brushes and canvases
			Indaiatuba SP, Brazil	Paper for the fine arts, School-use paper, Modelling clay, School-use paints
F.I.L.A. ARGENTINA	1996	28	San Isidro, Argentina	Extruded pencils
<b>ASIA</b>				
F.I.L.A. DIXON KUNSHAN	2013	280	Kunshan, China	Graphite and coloured pencils
F.I.L.A. DIXON YIXING ART & CRAFT	2015	62	Yixing, China	School-use paints
DOMS	1974	6.273	Umargan, India	Graphite and coloured pencils, Extruded pencils, Sharpeners, Erasers, Felt-tip pens, School-use paints, Modelling clay, Compasses, Rulers and set squares, Wax crayons, Oil crayons, Writing tools, Glues,
			Jammu, India	Timber slats for the production of pencils

**FILA GROUP** | COLOURING THE FUTURE SINCE 1920.



# 1 IDENTITY AND PROFILE

## 1.2.3 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic value generated and distributed (or "Value Added") is the wealth produced by the F.I.L.A. Group during the financial year. It is the result of the difference between revenues and intermediary costs, accessory costs, and extraordinary items. This parameter measures the economic impact of F.I.L.A. Group activities on its main stakeholders, i.e., the Group's ability to generate value for its stakeholders.

	2021	2020	2019
<b>REVENUES: ECONOMIC VALUE GENERATED</b>	<b>660.101</b>	<b>616.349</b>	<b>689.432</b>
Shared between:			
OPERATING COSTS	400.255	393.834	445.898
PERSONNEL	134.165	130.350	142.439
FINANCERS	30.436	35.231	30.279
INVESTORS	-	6.587	269
GOVERNMENTS AND PUBLIC ADMINISTRATION	15.031	6.165	3.663
ENTERPRISE SYSTEM	80.214	44.182	66.884
Depreciation and provisions	40.789	42.646	41.047
Earnings transferred after tax and dividends	39.425	1.536	25.837
<b>TOTAL VALUE DISTRIBUTED</b>	<b>660.101</b>	<b>616.349</b>	<b>689.432</b>

The Group is committed to reporting on investments in the community from 2022 onwards.

## 1.3 HISTORY OF THE F.I.L.A. GROUP: SUCCESSFUL MERGERS AND ACQUISITIONS

The history of the Group, which is **over a century old**, encompasses growth and expansion through successful mergers and acquisitions that has enabled F.I.L.A. to become one of the leading global enterprises devoted to the research, design, manufacture and sale of tools for creative expression.



**FILA GROUP** | COLOURING THE FUTURE SINCE 1920.



# 1 IDENTITY AND PROFILE

## 1.3.1 HISTORY OF THE F.I.L.A. GROUP

### 1920

June 23rd. Fabbrica Italiana di Lapis & Affini is founded in Florence. Count Giuseppe Della Gherardesca is the first chairman of the company. Painter Severo Pozzati, Sepo in art, designs the first logo inspired by the lily, the emblem of Florence.



### 1921

The Tosca and Orion brands are registered for use on graphite pencils.

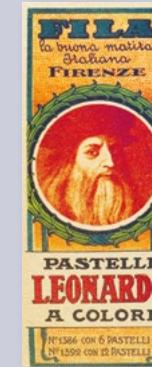


### 1922

This year, the first price list present in the FILA historic archive appears. The early price lists and catalogues include over 100 products: graphite pencils (the most important lines are Orion and Selecta), copying pencils (3 lines, in order of quality and price: Turandot, Tosca and Fiorenza), steno pencils, coloured crayons and carpenter or purse pencils, and complementary products such as brass and nickel tip protectors.

### 1925

The Giotto pencil range enters the market alongside the existing Tiziano and Raffaello lines; a few years later, the Leonardo line will follow.



### 1927

The first advertisement in a national newspaper is published in Turin's La Stampa.

### 1928

FILA holds the First National School Drawing Competition in colour and in black and white.

### 1929

A warehouse is opened in Milan, in viale Premuda 34.

### 1930

FILA presents its first catalogue of painting colours and supplies, which includes the Tiziano paints for artists.

### 1931

The Giotto range expands with 37 watercolours.



### 1933

The image showing Giotto drawing on a stone before master Cimabue is created (and registered). Since then, it has been present on all Giotto brand products and is an iconic reference and part on the collective imagination.



### 1938

The FILA catalogue is enriched by the offer of pencils and crayons, as well as related products such as mechanical pencils, leads and pencil cases.

### 1939

FILA takes over SIR (Stabilimenti Italiani Riuniti) based in Imola, whose main activity is chalk production.



### 1943

Renato Candela, future Chief Executive Officer, miraculously survives the bombing of the Presbitero factory in Via Farini, Milan, of which he was Chief Executive Officer and shareholder.

### 1944

The drawing by Sepo that depicts a head with a pencil behind one ear, from the early 1930s, is registered as a logo and will be used up until 1974.



**FILA GROUP** | COLOURING THE FUTURE SINCE 1920.



# 1 IDENTITY AND PROFILE

**1949**

FILA patents the Pronostico pencil, with the symbols 1, X and 2 at the top, and the Cruciverba pencil.



**1952**

FILA signs an agreement with Lyra Italiana, FIM (Fabbrica Inchiostri e Matite) and Presbitero for the sale of advertising pencils. FILA patents the Sferon ballpoint pencil.

**1956**

After acquiring Lyra Italiana in 1953, Renato Candela becomes a shareholder of FILA.

**1961**

The Tirone line is a huge success: the perfect pencil for shorthand. For the first time, FILA manufactures the "felt pens" Scrifix and Fibra-Fila, suitable for writing on ceramics.



**1962**

Penfix, FILA's first refillable felt pen, is marketed.



**1964**

Alberto Candela joins his father Renato, who had been leading the company for 8 years.

**1965**

The Giotto range expands with the Giotto Feltro marker in 12 different colours.

**1966**

Lyra Fabbrica Italiana Matite SPA and Fabbrica Italiana Lapis ed Affini SPA are merged, with the former incorporated by the latter. The administrative headquarters move from Florence to Milan, in via Alberto Mario 65.

**1971**

Production of the Giotto Fibra marker is launched, featuring a synthetic tip and a range of 24 colours.



**1973**

At the new Limbiate factory (Milan), FILA starts the production of cosmetic pencils. In the same years, the administrative headquarters move to Pero (Milan), where another factory from the previous decade is located, dedicated to moulding and the production of ballpoint tips and pens including the famous Lyretta 23 and Sferetta 03.



**1974**

Giorgio Macchi designs the new logo, characterised by the stylised lily.



**1975**

The Tratto Pen is launched on the market. The first marker pen sells 4 million pieces in 4 days.

**1976**

Marketing of the Giotto graphite pencils and the Schema graphite pencil begins.

**1979**

The Tratto line, with the addition of the Tratto Clip in 1977, wins the Compasso d'Oro, the first and most recognised industrial design award in the world, for design and functionality.



**1985**

The Giotto Turbo Color and Giotto Turbo Maxi range of markers enter the market.

**1986**

The Tema line is born. In addition to Tema Sfera, one of the most exemplary products is the Temagraph graphite pencil, defined "the perfect pencil". A product that will change its appearance over the years, still in production today.

**1991**

Massimo Candela becomes FILA Chief Executive Officer, taking over from his father Alberto, Honorary Chairman of the company since.



**FILA GROUP** | COLOURING THE FUTURE SINCE 1920.



# .1 IDENTITY AND PROFILE

## 1994

FILA acquires, the historical company Adica Pongo from Mondadori, established in 1960 and owner of the Pongo, Didò and DAS brands.

## 2000

In one year, the acquisition of the French company Omyacolor SA, the world's leading manufacturer of chalk for writing and colouring and big player in the field of drawing, colouring and modelling products, and the acquisition of 50% of CLAC Ltda (Compañia de Lapices y Afines Chile), Chilean joint venture specialised in the production of drawing supplies, are concluded..

## 2010

Mexican company Lapicera Mexicana, producer of crayons and pencils, Brazilian company Lycin, for modelling and painting products, and a minority share of Indian company Writefine Products Private (now DOMS Industries) are acquired. The latter will be completed with the acquisition of the majority stake in 2015.

## 2016

FILA acquires renowned British group Daler-Rowney Lukas, a key global player in fine art & craft, St. Cuthberts Holding Limited, an historic English paper mill located in the south-west that produces high quality drawing paper for artistic purposes, and the French company Canson. Founded by Jaques Montgolfier in 1557, it is the most prestigious company worldwide in the production and distribution of high value paper for fine arts, school and leisure.

## 1998

The FILA factory in Firenze, operative since 1920, closes its doors. Production is transferred to the new factory in Rufina (FI)

## 2002

The Spanish company Papeleria Mediterranea SI is acquired, exclusive distributor for the Spanish market since 1996 and the Group's first foreign branch. There are now 35 FILA operating branches worldwide.

## 2002

Giotto be-bè is born, the line of colours dedicated to children aged 2 to 5, revolutionising the market of creative tools for early childhood.

## 2005

The acquisition of the US Dixon Ticonderoga Company takes place, which is also present in Canada, China and Mexico and owns Ticonderoga, an iconic brand of graphite and drawing pencils since 1913..



## 2008

FILA acquires the German company LYRA. Established in Nuremberg in 1806, it is one of the oldest colouring pencil brands in the world and absolute icon in the production of quality products.



## 2011

To celebrate the 150th anniversary of Italian unification, FILA produces Unita, the official pencil of Comitato Italia 150.

## 2014

Industria Maimeri is established, a joint venture by FILA and Maimeri, an Italian company active in the production and marketing of paints and supplies for fine arts since 1923.



## 2015

FILA celebrates EXPO Milano 2015 by launching a limited edition collection of its most iconic brands - FILA, Giotto, Tratto and Didò.

## 2016

FILA is listed on the STAR segment of the Milan Stock Exchange. This marks the start of a new strategic and global growth approach.



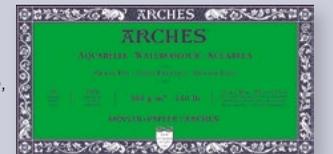
## 2018

FILA concludes the acquisition of 100% of the US group Pacon, a leading player in the educational and art & craft markets, which includes the iconic brands Princeton and Strathmore.



## 2020

In March FILA acquires, from the Ahlstrom-Munksjö Group, the company branch specialised in the production of premium papers for artists and operating under the trademark ARCHES®



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# .1 IDENTITY AND PROFILE

F.I.L.A. (Fabbrica Italiana Lapis ed Affini), founded in Florence in 1920 and managed by the Candela family since 1956, is an Italian company and one of the most solid, dynamic, innovative and growing industrial and commercial realities on the market.

Since November 2015, F.I.L.A.'s ordinary shares have been listed on EURONEXT MILAN, organised and managed by Borsa Italiana S.p.a. EURONEXT MILAN segment.

The F.I.L.A. Group, with a consolidated turnover of 653 million euros as at 31 December 2021, has recorded significant growth over the last twenty years and has pursued a series of strategic acquisitions, including the Italian Adica Pongo, the US Dixon Ticonderoga Company and Pacon Group, the German LYRA, the Mexican Lapiceria Mexicana, the English Daler-Rowney Lukas and the French Canson founded by the Montgolfier family in 1557.

F.I.L.A. is the icon of Italian creativity in the world with its products for colouring, drawing, modelling, writing and painting thanks to brands such as Giotto, Tratto, Das, Didò, Pongo Lyra, DOMS, Maimeri, Daler-Rowney, Canson, Princeton, Strathmore and Arches. Since its origins, F.I.L.A. has chosen to develop its growth on the basis of continuous innovation, both of technologies

and products, in order to give people, the opportunity to express their ideas and talent with excellent quality tools.

In addition, F.I.L.A. and the other Group companies collaborate with institutions by supporting educational and cultural projects to enhance the creativity and expressive capacity of individuals and to make culture an opportunity accessible to all.

Nowadays, the F.I.L.A. Group is active with 22 production plants (two of them in Italy) and 34 operating companies and employs 9,823 people.



**FILA GROUP** | COLOURING THE FUTURE SINCE 1920.



# .1 IDENTITY AND PROFILE

## 1.3.2 SUCCESSFUL MERGERS AND ACQUISITIONS

The graphic below shows how growth has always been in F.I.L.A.'s DNA. Since 1994 it has followed a constant process of internationalisation, thanks above all to

a prudent M&A strategy that has led to some key successful acquisitions. The far-reaching geographical expansion has been accompanied by consolidation in mature

markets through the expansion of products in the Fine Art & Crafts segment.

	1994	2000	2005	2008	2010	2012	2014	2015	2016	2018	2020
<b>Countries</b>	Italy	France	USA, Canada, Mexico, China	Germany	Mexico	India, Brazil	Italy	Italy	France, UK	USA	France
<b>Main Rationale</b>	Expansion of products for creativity and education	Internationalisation		Entrance in Fine Art segment	Entrance in Key Growing Markets		Increase presence in Fine Art	Admission to listing on the STAR segment of the MTA market	Increase presence in Fine Art	Increase presence in one of the most relevant markets in the world	Consolidate presence in Fine Art
											



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

## 2. STRATEGY, BUSINESS MODEL AND SUSTAINABILITY

The F.I.L.A. Group's global standing, its presence on five continents, and its 9.823 employees bring with them a responsibility to do business sustainably. The Group intends to adopt a balanced approach to topics that have an impact on climate change, and social topics (which affect employees, consumers, the supply chain, and local communities), in compliance with the regulations in force, and while also remaining competitive in its sector. This requires the Group to pursue a structured path towards sustainable success that combines business growth and financial stability with social and environmental sustainability.

The Group's **main strengths** are:

- recognised leadership in key markets
- global presence
- integrated business model
- diversified production within its core business
- extensive product range and brand identity
- successful acquisition track record
- financial performance
- solid management team
- one Group ERP system, which is currently being implemented
- single logistics hub in Annonay for central Europe.

We do business with an eye to the future and to all of those who will come after us. We are committed to communicating the value of being sustainable to all members of the Group so that they too promote these values every day, both inside and outside the Group.

Starting with the strategy adopted and formalised in the new 2021-2025 Strategic Plan, this chapter summarises the F.I.L.A. Group's business model and its approach to sustainability. It then addresses organisational aspects with a focus on corporate governance and risk management, including those relating to climate change, and provides a summary of the impacts of the COVID-19 health emergency on the Group.



**FILA GROUP** | COLOURING THE FUTURE SINCE 1920.



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

## 2.1 F.I.L.A. GROUP STRATEGY AND BUSINESS

### 2.1.1 INTEGRATED STRATEGIC PLAN

The Group's top priorities in recent years have been:

- managing the impact of the COVID-19 pandemic on people's health, in addition to the viability of business in view of the restrictions introduced in the countries in which the Group operates; and
- the comprehensive integration of the latest acquisitions, which have "doubled" the size of the Group, as part of a transformation project launched in 2016 (Drawing New Attitude - "DNA"). This includes streamlining the product portfolio, standardising the sales policy, and restructuring business divisions
- updating the Group's Organisational Model
- the continued implementation of the Group's management systems (Enterprise Resource Planning, integrated business planning, sales force automation, Manufacturing Execution System), in addition to the roll-out of Group infrastructure to subsidiaries

- the streamlining of the Group's business structure and the opening of a new warehouse in Central Europe
- The 2021 - 2025 Strategic Plan adopted at the end of 2020 integrates several elements, including the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda, and defines a set of Group management guidelines with a view to sustainable development:
- it is a tool that allows the Group to define and plan its medium-/long-term identity, its core goals, the actions required and the tools to achieve them
- it is an organisational management activity used to establish priorities, focus energy and resources, strengthen operations, and ensure that employees and other stakeholders work towards shared goals

All the Officers and the Vice-Chairpersons of the Parent were involved in the creation of the Strategic Plan. Under the coordination of the Chief Executive Officer they defined the strategies, levers, and projects and activities for the five-year period, keeping them in line with the Group's *purpose, vision, mission*, and values. Work began with an analysis of the Group's current situation and an assessment of the outlook for GDP, demographic trends, literacy and education rates, market *trends* and the competitive scenario, thus allowing the Group to lay down relevant strategic guidelines, which are divided into projects and activities.

The Strategic Plan was approved by the Parent Company's Board of Directors on December 10, 2020 and was subsequently presented to the senior *management* teams of its subsidiaries (Major Subsidiaries), who circulated the Plan within their organisations.



## PIANO STRATEGICO 2021-2025

The 2021-2025 Strategic Plan is organised into **five strategic lines and 22 levers:**



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

The **main challenges** the Group expects to face when implementing its Integrated Sustainability Plan in 2022 are:

- Updating the staff incentive system by expanding sustainability-related targets
- Defining a strategic training plan
- Analysing Company welfare initiatives
- Promoting post-consumer recycling, including in partnership with companies and organisations
- The waste reduction plan
- Assessing the waste generation process
- Identifying atmospheric CO<sub>2</sub> emissions reduction projects at Group level, linked to energy efficiency projects
- Defining projects to reduce water consumption

Investments in 2021 primarily involved new production machinery and industrial equipment, the SAP management system and tools related to it, and the Group IT infrastructure system, which were implemented according to a defined roadmap.

## 2.1.2 VERTICALLY INTEGRATED BUSINESS MODEL

F.I.L.A. has full control of all processes “from wood to pencil”. In fact, its business model is **vertically integrated**, which is rare for its sector and permits oversight of all stages of the production and distribution chain. F.I.L.A.’s global presence gives it considerable flexibility and interchangeability so it can minimise supply risks linked to any contractions in production capacity in specific sites and the potential impact of variations in customs duties in specific countries.

F.I.L.A.’s integrated business model allows it to:

- manufacture almost the entirety of its catalogue while maintaining a strong link with end users
- control costs in a timely manner
- ensure specific quality levels are met for each product
- consistently monitor its sales channels, thanks to balanced sales policies
- better control the market, promoting the consolidation and growth of its shares, while maintaining margins in line with expectations.

The F.I.L.A. Group operates in two main *business unit* (“School and Office” and “Fine Arts”), and is based, on the one hand, on a network of important relationships with *key partners* and, on the other, on the management of relationships with customers and end consumers.

F.I.L.A.’S INTEGRATED BUSINESS MODEL



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

The “**School & Office**” sector features the presence of:

- large global players, with *diversified* or *multi-business* production. The former are distinguished by a portfolio consisting of school and office products, as well as related products, such as educational children’s toys, whereas the latter are conglomerates with businesses in a range of sometimes very disparate segments.
- specialist companies with production focused on school and office products and a primarily local presence.

The “**Fine Arts**” sector is primarily characterised by operators specialising in two main product families:

- acrylic and oil paints, water colours, canvases, easels and brushes;
- paper for watercolour, acrylic and oil paints, albums and sketch pads, and photographic paper.

School products are sold mainly between the second and third quarters, in conjunction with the Group’s “school campaign,” while fine art products are sold towards the end of the year. Products sold by the F.I.L.A. Group guarantee the highest quality standards, whatever their intended use may be.

## 2.2 THE F.I.L.A. GROUP AND SUSTAINABILITY

### 2.2.1 SUSTAINABILITY PLAN AND SUSTAINABLE DEVELOPMENT GOALS - SDGs

The F.I.L.A. Group is committed to operating responsibly, integrating sustainability into its business model in an increasingly structured manner. The drafting of the 2021-2025 Sustainability Plan, part of the Group’s Strategic Plan, sets itself the primary aim of internalising sustainability topics within every corporate activity, organised into the following 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 Sustainability Plan drawn up by F.I.L.A.’s top management with the contribution of the major subsidiaries develops the Group’s commitment to sustainability topics and is designed to ensure constant improvement. It also clearly defines the Group’s strategic guidelines concerning all of its stakeholders, based on shared objectives, principles and values.

The FILA Group’s Sustainability Plan analyses, integrates, and develops several components, including the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda promoted by the United Nations, the Group’s materiality analysis, and the Ten Principles of the United Nations Global Compact (UNGC).

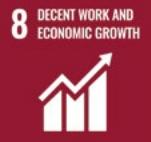
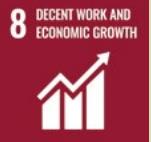
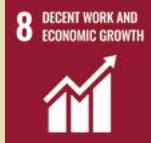
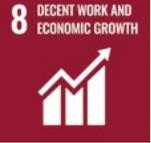


THE 2021-2025 STRATEGIC PLAN



F.I.L.A. supports the Sustainable Development Goals

2  
STRATEGY  
BUSINESS  
MODEL  
AND  
SUSTAINABILITY

<p><b>ROBUST, TRANSPARENT GOVERNANCE</b></p> <p>Implementing sustainability governance in line with best practices and which permeates business processes, decision-making and operations, bringing together environmental, social and governance factors.</p>  	<p><b>OPERATING AND FINANCIAL SUSTAINABILITY</b></p> <p>Creating sustainable value in the medium-/long-term for all stakeholders, protecting and enhancing the Group's reputation</p>   	<p><b>RESPECT FOR THE ENVIRONMENT AND RESOURCES</b></p> <p>Protecting water-related ecosystems, optimising environmental impacts, increasing energy efficiency and the use of clean technologies in manufacturing operations, combatting climate change.</p>      	<p><b>PROTECTING OCCUPATIONAL HEALTH AND SAFETY</b></p> <p>Protecting health and promoting a safe and secure working environment for all employees</p>  
<p><b>RESPECT, DEVELOPMENT AND RECOGNITION OF EMPLOYEES AND COLLABORATORS</b></p> <p>Valuing people and fostering an inclusive culture of respect and equal treatment in the protection of all differences, not only those of gender</p>    	<p><b>PRODUCT QUALITY AND SAFETY</b></p> <p>Promoting sustainable policies to maintain and improve the quality and safety of our products</p>  	<p><b>SUSTAINABLE SUPPLY CHAIN</b></p> <p>Overseeing a supply chain which prioritises operators that guarantee inclusive employment and decent work and which promote the sustainable management of natural resources</p>   	<p><b>COMMUNITY SUPPORT</b></p> <p>Promoting inclusive and sustainable industrialisation, training, and cultural and artistic learning with educational and cultural activities in local areas and communities</p>   

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# THE 2021-2025 STRATEGIC PLAN

# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY



An overview of the Plan is available on the Company's website <https://www.filagroup.it/piano-di-sostenibilita>

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## 2.2.2 SOCIO-ENVIRONMENTAL POLICY AND GUIDELINES OF THE GROUP

To render the Strategic Sustainability Plan commitments even more concrete, in 2021, the F.I.L.A. Group overhauled its policies on social and environmental topics, in line with the contents of its Ethics Code. The Group's Policies - which are available at [www.filagroup.it](http://www.filagroup.it), were approved by the Board of Directors of F.I.L.A. S.p.A. on November 12, 2021, and were subsequently adopted by all Group companies - include:

- Sustainability Policy
- Stakeholder Engagement Policy
- Environmental Policy
- Energy Saving Policy
- Sustainable Procurement Policy
- Workforce Diversity & Inclusion Policy
- Health & Safety Policy
- Skills Development Policy
- Product & Process Development Policy
- Human Rights & Labour Policy
- Responsible Marketing and Communication Policy
- Business Development Policy
- Anti-Bribery and Anti-Corruption Policy
- Responsible Lobbying Practices Policy
- Tax Compliance Policy
- IT Systems Policy
- IT Security Policy

These Policies, together with the Ethics Code and the Corporate Governance Model, form part of the Group's Organisation, Management and Control Model, in line with the principles and objectives of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001.

The F.I.L.A. Group is committed, starting with the **Sustainability Policy**, to continue to operate with respect for human rights, ensuring that it does not practice any form of discrimination or use forced or child labour.

The Group guarantees safe workplaces, product quality and safety, and maintains positive relations with stakeholders and local communities.

The **Stakeholder Engagement Policy** enshrines the Group's commitment to maintain transparent and proper relations with its stakeholders, based on mutual trust. This is based on the Company's understanding of its stakeholders, and its stance towards them, assessing relevant interests and topics for each stakeholder category, regularly sharing operational and financial results with stakeholders in relation to material topics of mutual interest, and

guaranteeing equal access to information. The **Environmental Policy** defines the F.I.L.A. Group's commitment to climate change and its ongoing focus on reducing the environmental impact of its business, including its supply chain and products.

In compliance with its **Energy Saving Policy**, the Group is committed to practising responsible energy management in all locations, and has the following objectives: complying with current and applicable legislation (including any energy requirements voluntarily met by the Company); reducing the environmental impact of business by using materials, products, services, and production processes with a limited energy impact, with a view to analysing the product life cycle and engaging in a circular economy; identifying the activities and/or areas responsible for energy consumption to identify potential ways to improve energy efficiency; promoting an awareness of energy usage and climate change among employees; monitoring and reporting on energy performance; and encouraging decisions that promote energy efficiency.

The **Sustainable Procurement Policy** requires suppliers and business partners



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to adhere to specific principles relating to sustainable sourcing in terms of working conditions, health and safety, a respect for the environment, and in dealings with the Public Sector and Institutions, in line with those adopted by the Group.

With its **Workforce Diversity & Inclusion Policy**, the F.I.L.A. Group is committed to promoting, fostering, and maintaining a culture of diversity and inclusion among its employees.

The **Health & Safety Policy** confirms the Group's commitment to providing and maintaining a healthy and safe working environment, and minimising risks to employees, contractors, visitors, and others who may be affected by its activities, while respecting the expectations of consumers and customers with regard to product safety and quality.

There are several dimensions to the **Skills Development Policy**: the effective management of recruitment and selection processes, adequate training, the creation of a working environment that promotes the exchange of professionalism and the presence of different cultures, the definition of performance-based pay systems, the appropriate management of remuneration, the performance of talent development

activities, a focus on recruitment, and the ability to retain valuable employees while identifying critical roles and devising promotion schemes. All of this is done in full compliance with the labour laws and regulations in force and while rejecting all forms of discrimination and paying the utmost attention to safeguarding the health of employees by adopting appropriate workplace safety prevention and protection measures.

With its **Product & Process Development Policy**, the Group is committed to providing its customers and consumers with safe products that meet their quality and safety expectations, that are designed to comply with all legal requirements, and that also take into account the related environmental and social impacts.

The F.I.L.A. Group's **Human Rights & Labour Policy** defines its commitment to respecting global human rights, a non-negotiable and core value of its corporate culture and strategy.

The **Responsible Marketing and Communication Policy** outlines the components of ethical, truthful and responsible communication, paying specific attention to communications for children, and to the risks of greenwashing,

transparent labelling regulations, and the protection of consumer privacy.

Aware that the Group has grown over the years thanks to numerous corporate transactions, the **Business Development Policy** defines the operating areas and principles of conduct to be considered during acquisitions and investments, taking into account market development policies, sales development policies, the production capacity and development plan, the organisational structure development plan, and the strategic alliance and relations development plan.

With its **Anti-Bribery and Anti-Corruption Policy**, the F.I.L.A. Group confirms its commitment to rejecting and opposing all forms of corruption.

The **Responsible Lobbying Practices Policy** contains the principles of conduct to be adopted by the Group in terms of compliance with the law, fairness, transparency, and disclosures.

With its **Tax Compliance Policy**, the F.I.L.A. Group confirms its commitment to handling tax issues honestly and with integrity, doing business transparently, being a good corporate citizen, making sure to comply with the laws and regulations



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in each jurisdiction, and finally, adopting an approach to managing tax risks that is compliant with the OECD Guidelines while avoiding aggressive tax planning actions and viewing tax as another cost of doing business.

In addition to the provisions of its Tax Compliance Policy, the correct fulfilment of the Group's tax obligations is monitored through internal procedures that identify roles and responsibilities, operational and control activities, and the required exchange of information. Tax returns and tax payments are checked by external auditors. The Parent has included in its Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01 the types of tax offences introduced in 2020 by Legislative Decree No. 75 of 2020, implementing the PIF Directive: changes to the Penal Code, the penalisation of certain attempted tax offences and the expansion of the list of offences included under the 231 Model.

The Sustainability Plan sets out specific actions for raising the awareness of the Group's main companies to the principles of fiscal transparency and the risks of tax offences.

The IT **Systems Policy** defines the Group's approach to the management of IT issues, listing essential requirements (confidentiality, integrity, security, availability, effectiveness, efficiency, reliability, and synergy) and defining general principles in terms of adequate user training, the continuous improvement of IT resources, adequate communication and control systems, and the ability to promptly identify faults and promote corrective actions.

The Group's **IT Security Policy** defines the general principles of conduct with reference to corporate IT systems, access to information, staff training on security, IT security incidents and faults, physical security, IT security, and periodic audits. Cybersecurity plays an important role in the management of FILA's business, ensuring that the Group's IT infrastructure remains resilient while strengthening its ability to prevent and manage cyber-attacks.



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

## 2.3 F.I.L.A. GROUP STAKEHOLDERS 2.3.1 OUR STAKEHOLDERS

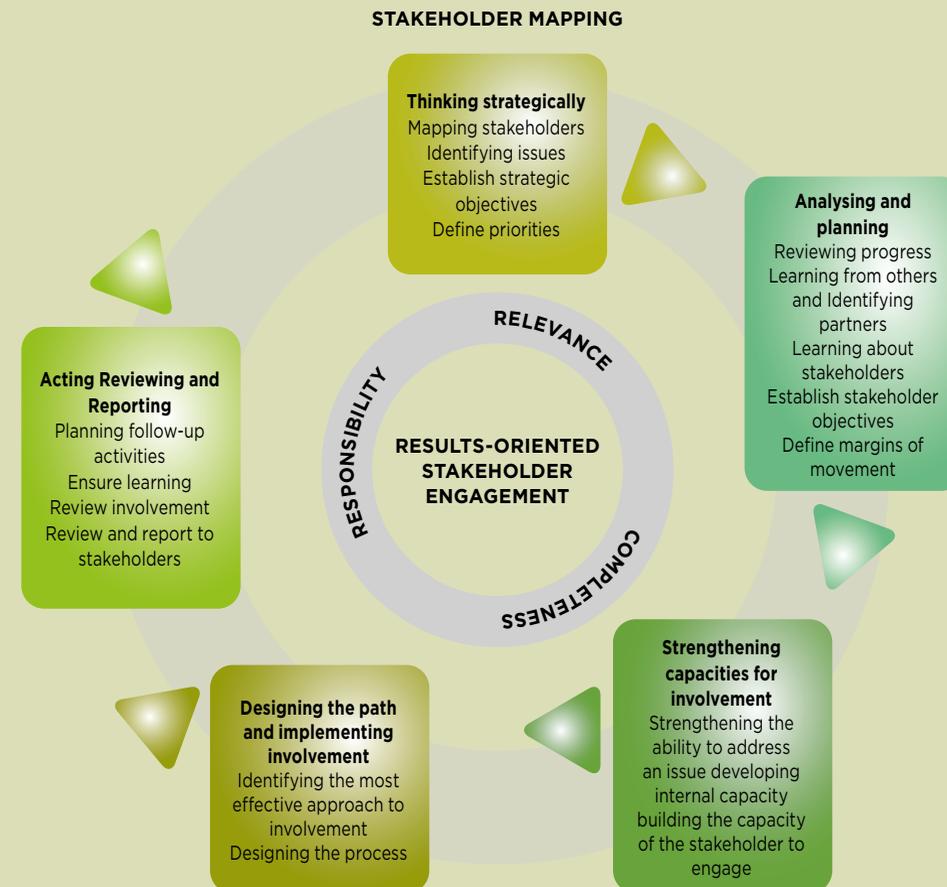
The F.I.L.A. Group is committed to maintaining open and transparent communication with all of its stakeholders, i.e., all those who contribute to the Company's business or are influenced by it. **Stakeholder engagement** is the systematic activity of engaging key stakeholders on relevant topics.

With the aim of improving its sustainability work, this year, F.I.L.A. S.p.A. began a structured stakeholder engagement process using the methodology established by the AccountAbility 1000 standard, which is the most well-recognised global standard of its kind. The activity phases included:

1. Mapping stakeholders
2. Defining strategic engagement objectives
3. Identifying relevant topics for stakeholders
4. Identifying the most effective engagement methods
5. Performing stakeholder engagement activities
6. Reviews and feedback

In particular, the strategic stakeholder engagement objectives were to:

- Develop and strengthen relevant relationships
- Build relationships based on mutual trust
- Improve corporate decision-making processes
- Improve risk management
- Strengthen competitiveness
- Boost the Group's reputation
- Learn from stakeholders
- Help inform, educate, and influence stakeholders and the external environment so that they improve all decision-making processes and actions that have an impact on F.I.L.A., the environment, and society
- Monitor new social needs, market demands, and emerging trends.



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Following these reflections, the stakeholder categories were updated, and the "Consumers" category was divided into "School and Office Consumers" and "Fine Arts Consumers".

**F.I.L.A.'S STAKEHOLDERS ARE:**

**INVESTORS:** investors, shareholders, rating agencies, institutional investors.

**PUBLIC ADMINISTRATION AND CONTROL BODIES:** supervisory authorities, public administration, policy makers.

**LENDERS:** financial institutions, banks.

**TRADE UNIONS**

**EMPLOYEES:** Management, staff, new hires, potential hires, employees who have left the company.

**FINE ART CONSUMERS:** beginners, amateurs, art students, artists, consumer associations, academies.

**EXTERNAL COLLABORATORS:** professionals.

**LOCAL COMMUNITIES AND COMMUNITIES:** neighbouring companies, charities, voluntary organisations, NGOs.

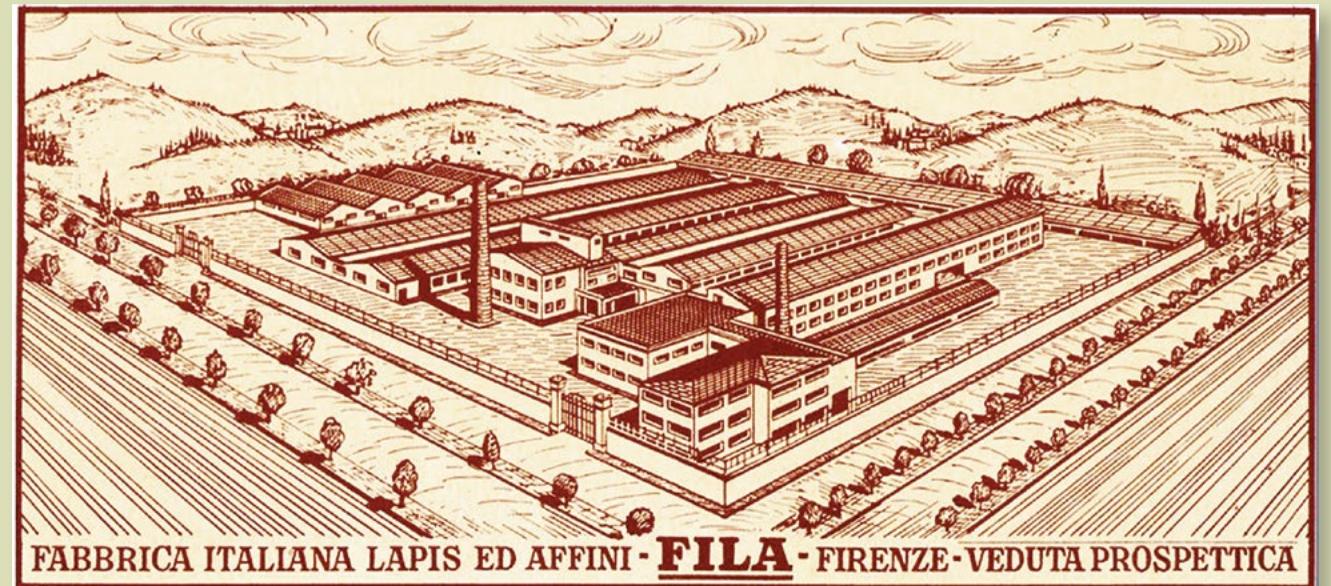
**CUSTOMERS:** retail, large-scale retail trade, wholesalers, e-commerce.

**MEDIA AND OPINION LEADERS:** social networks, TV, financial newspapers, local and national newspapers, publications.

**CONSUMERS SCHOOL & OFFICE:** pre-school, primary school, secondary school, high school, teachers, school headmasters, families, consumer associations.

**COMPETITORS**

**SUPPLIERS AND BUSINESS PARTNERS:** strategic suppliers, agents, suppliers, distributors, business partners.



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## 2.3.2 F.I.L.A. GROUP MATERIALITY

**Material topics** have a significant impact on socio-environmental and economic performance and could potentially influence stakeholder interests. Material topics are specific to each company/group and are important because they determine the information that should be reported in line with the standards on non-financial reporting. For further details on methodology, please refer to paragraph “A.3 *Materiality analysis in the Methodological Note a*” in the Annex.

Following stakeholder analysis and discussion activities, a material topic relating to cyber security was added to the 2020 NFS, which is explained in Section 2.5.7 *Cyber security*.

MATERIAL TOPICS
Use of raw materials
Consumption of energy resources
Atmospheric emissions
Water consumption
Equal opportunities
Occupational health and safety
Product quality and safety
Supplier relations
Protecting diversity
Human rights
Freedom of association and collective bargaining
Measures against active and passive corruption
IT security

## 2.3.3 STAKEHOLDER ENGAGEMENT INITIATIVES

A relationship based on communication, listening, and the systematic engagement of relevant stakeholders allows companies to build mutual trust and access information, ideas, and solutions that could help improve its internal decision-making processes and the management of current and future risks.

With this in mind, in 2021, the Parent Company F.I.L.A. S.p.A. began several structured and systematic stakeholder engagement initiatives in accordance with the **AA1000 Stakeholder Engagement Standard**. These activities will continue in future years.

During the year, communication activities involved investors, lenders, employees, suppliers, consumers, trade unions, and General Workers’ Representative Bodies (RSUs) in discussions about the material topics identified by the Company. More specifically, stakeholder engagement activities, launched in October, included:

- a roundtable with **Officers and Vice-Chairpersons** to analyse the stakeholder categories and material topics contained in the 2020 NFS. This meeting was followed by a stakeholder mapping process, in which the “Consumers” category was split into “School & Office Consumers” and “Fine Arts Consumers”, in line with the Group’s business model and mutual expectations; a new material topic (cyber security) was also added. All those involved in the roundtable took action to identify representatives for each stakeholder category who could



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be asked to participate in dedicated meetings.

- a (virtual) roundtable with **Trade Unions** and **RSUs**, during which it emerged that the macro material topic categories identified as priorities are: human capital (equal opportunities, workplace health and safety, a respect for human rights, supply chain relations, protecting diversity, the fight against corruption) and natural capital (use of raw materials, consumption of energy resources, atmospheric emissions, and water consumption), with an emphasis on the importance of respecting the environment and how these topics can also be addressed by stakeholders themselves. No critical issues emerged with respect to F.I.L.A.'s management of these topics, other than the need to outline a structured training plan in the future. In line with previous plans, F.I.L.A. S.p.A. will follow this up next year by preparing a strategic training plan for 2023, given that the Parent Company was busy implementing a new IT system and related tools in 2022, which required in-depth training
- a (virtual) roundtable with **investors and lenders**, where the importance of transparent and comprehensive communication around sustainability was discussed, as was the need to

continue to improve and expand the topics broached in public disclosures. In particular, participants stressed the importance of adding a Sustainability section to the Company website and communicating the Group's activities more widely. The most relevant topics in terms of stakeholder expectations concern the environment (i.e., material topics relating to the use of raw materials, consumption of energy resources, atmospheric emissions, and water consumption), social issues (human rights, workplace health and safety, freedom of association, equal opportunities, respecting diversity, and the fight against corruption), and the supply chain. In this regard, the Parent Company started the process of modifying the Investor Relations section of its website and creating a Sustainability section.

- a (virtual) roundtable with **suppliers**, during which participants expressed a willingness to participate in potential sustainability initiatives in partnership with F.I.L.A., both from an environmental standpoint, and with regard to people and the community. The most relevant topics concern the environment (use of raw materials, consumption of energy resources, water consumption, and atmospheric emissions) and human

rights. Respecting human rights was considered to be a material topic, however, all roundtable participants expected F.I.L.A. to be addressing this topic correctly and effectively in the present and future. Participants also stressed the importance of a respect for human rights in the various countries in which Fila operates, and especially in South America, Africa, India, and China. Participants also mentioned the ways in which F.I.L.A. communicates its sustainability commitments, which need to be improved so that it can better disclose information about the Group's activities

- an anonymous online questionnaire was sent to all F.I.L.A. S.p.A. employees (in Pero and Rufina). The questionnaire was divided into several sections (personal data, F.I.L.A. and sustainability, material topics, and the assessment of organisational well-being). Of the 113 responses (a response rate of 56%), 49,6% came from the blue-collar category, 38,1% from the white-collar category, and 12,4% from management. The material topics identified were also found to be relevant to respondents, and the importance of devising structured training plans was mentioned, as was the Company's commitment to the environment.



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- **Consumers, teachers, and local communities** were involved in research conducted by DOXA by means of individual interviews with parents, teachers, young people and children, in which questions on sustainability were asked. Parents of 5-13 year olds consider it very important for companies to take environmental action, although their propensity to pay more for sustainable products has fallen slightly since 2020. Almost half of respondents consider sustainability to be very important, especially companies operating in the children's toy and stationery sectors. 11-13 year olds and teachers of children aged between 5 and 13 feel that F.I.L.A. could be more active in terms of its environmental and social sustainability, and expect mainly long-lasting, high-performance, and non-toxic products.
- In addition to the above, in 2021, the F.I.L.A. Group continued its routine activities of communicating with **trade unions**, where present, and with **consumers and customers** through dedicated channels (points of sale, the Company website, web marketing, and through media relations).

Discussions with the **financial community**, continued, both with regard to the Group's obligations as a listed company, and

voluntary ones (*roadshows, conference calls*, conferences organised by the Italian Stock Exchange or by brokers monitoring the share price), with the aim of doubling down on information that has already been communicated through compulsory disclosures, and encouraging greater interaction between investors and the Company. Investor Relations are considered extremely important for the Group, and are managed directly by the Chief Financial Officer, with the support of a specialised consultancy company.

The Company participated in events organised by the Italian Stock Exchange, such as the Virtual STAR conference in May and October, Sustainability Week in June, several virtual roadshows, and virtual group and one-to-one meetings organised by various brokers.

In particular, in 2021 the Company ramped up its market activities by:

- participating in seven virtual conferences and roadshows, five conference calls to announce results (FY2020 preview, FY2020, Q1 2021, H1 2021, 9M 2021), and dedicated conference calls with non-conference investors
- meeting with 120 managers and 101 funds, both Italian and international (when counting some more than once during

the year, 335 contacts were established, including with financial analysts).

All meetings were attended by the CEO and CFO, as well as the IR function.

In addition, the Group approved the **shareholder and stakeholder communication policy**, on November 12, 2021 and made it available on its website. The policy applies to communications with stakeholders on certain matters and topics overseen by the Board of Directors of F.I.L.A. S.p.A., including through Board-appointed committees, as better specified in the document itself.

F.I.L.A. S.p.A. is still very willing to provide data and information in addition to the publicly available information to **sustainability rating agencies** asking it to do so, taking on board several ideas for improvement.

The following Group companies reported on the following stakeholder communication and engagement initiatives:

- Canson in France (whose industrial activities include a paper mill) maintains relations with the municipal government of Annonay and the local prefecture.
- Lyra in Germany - whose production



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

- processes generates noise that impacts residents in the vicinity of the plant - has organised two workshops to discuss environmental topics, per ISO 14001, and has formalised a protocol for managing communications with external stakeholders in emergency situations
- FILA Iberia carried out communication activities on green projects in relation to sales teams and consumers
  - Dixon Art & Craft Yixing in China has implemented an environmental emergency management system.

## 2.4 GROUP ORGANISATIONAL MODEL

### 2.4.1 Corporate Governance Model

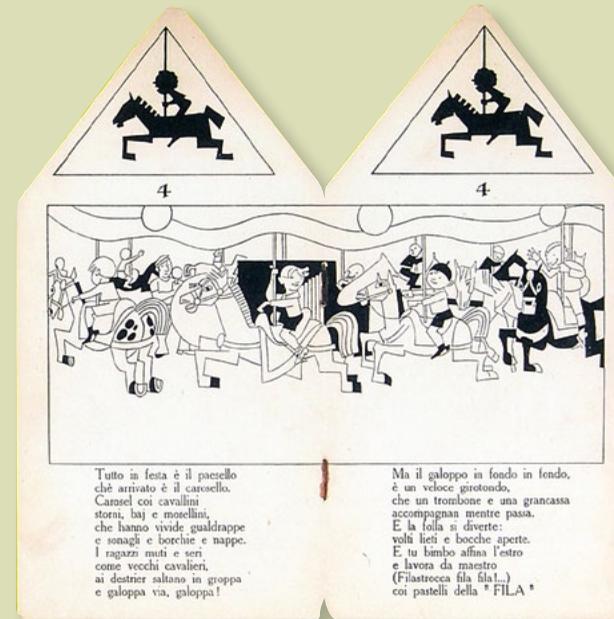
In May 2020, the F.I.L.A. Board of Directors adopted the **Group's new Corporate Governance Model**, to formalise organisational and governance decisions for all Group companies.

The *Governance Framework* defines the organisational structure of the Parent Company, Dixon USA, and those adopted by other Group entities (excluding minor subsidiaries) and, in particular, it:

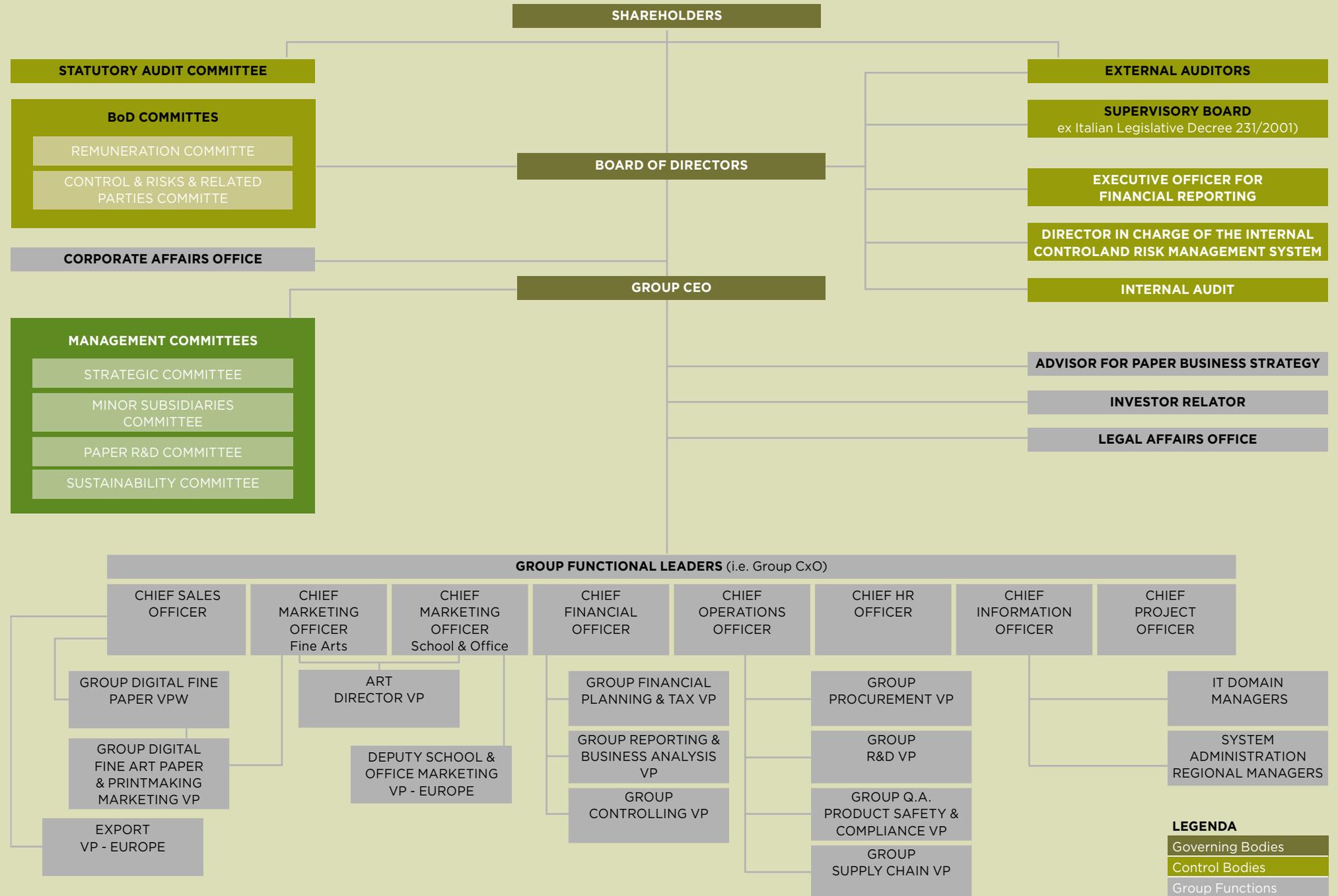
- describes the key responsibilities of the management and control bodies, and Local and Group divisions
- defines the operational reporting approach for the various companies, with a view to improving organisational uniformity
  - establishes various Management Committees:
  - Strategic Committee: made up of the Group CEO, Group COO and local CEOs
  - Minor Subsidiaries Committee: coordinated by a Supervisor, made up of the Group CFO and the Chief Marketing Officers (Fine Art and School & Office)
  - Managerial Sustainability Committee: comprising the Chief Operations Officer,

- Chief HR Officer, Chief Marketing Officers (Fine Arts and School & Office), the Group Procurement VC, and the Sustainability Manager.
- Paper Committee: comprising the Chief Marketing Officers and Heads of Marketing/R&D for Canson, Arches, and Saint Cuthberts, and R&D paper managers.

The Group's Corporate Governance Model forms part of its Internal Control and Risk Management System and should be understood as an integral part of the "231 Model" and the "262 Model", adopted at Group level for the purposes and effects of Law 262/2005.



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**LEGENDA**

- Governing Bodies
- Control Bodies
- Group Functions

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# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

## 2.4.2 GEOGRAPHICAL ORGANISATION

The Group mainly sells consumer goods, and its main products include pencils, crayons, felt-tip pens, pencil sharpeners, erasers, modelling clay, brushes, paints and paper for schools, the fine arts and hobbyists. Its products are manufactured by an integrated production chain that consists of 22 facilities, with limited use of outsourcing.

The F.I.L.A. Group distributes its products through various commercial channels and stores, making them available to consumers and other users, wherever they prefer to purchase them.

These channels include supermarkets, e-tailers, discount stores, corner stores/grocers and general stores, specialised vendors, stationery stores and hardware stores, independent retailers and hypermarkets.

The F.I.L.A. Group's products are sold in over 150 countries, with significant market shares in the U.S.A., Europe, India, Mexico and South America.

In countries where the Group has not historically had a direct presence, branches have been opened in collaboration with its main distribution partners, in order

to monitor the market, implement its business strategy, promote distribution, and consolidate and increase its share of the market.

For Group management, **geographical location** is the principal criterion for analysis and decision-making, and the firm's internal reporting is structured accordingly:

- Europe
- North America
- Central and South America
- Asia
- Rest of the World (South Africa and Australia).

Under the Parent's coordination, each company operating in the five geographical segments offers the market products created at Group facilities under known consumer brands in demand amongst end users and used in schools, homes and workplaces.

*Annex D. Tables listing GRI indicators and information* contains a table illustrating the Group companies present in each geographical segment at the end of 2021.



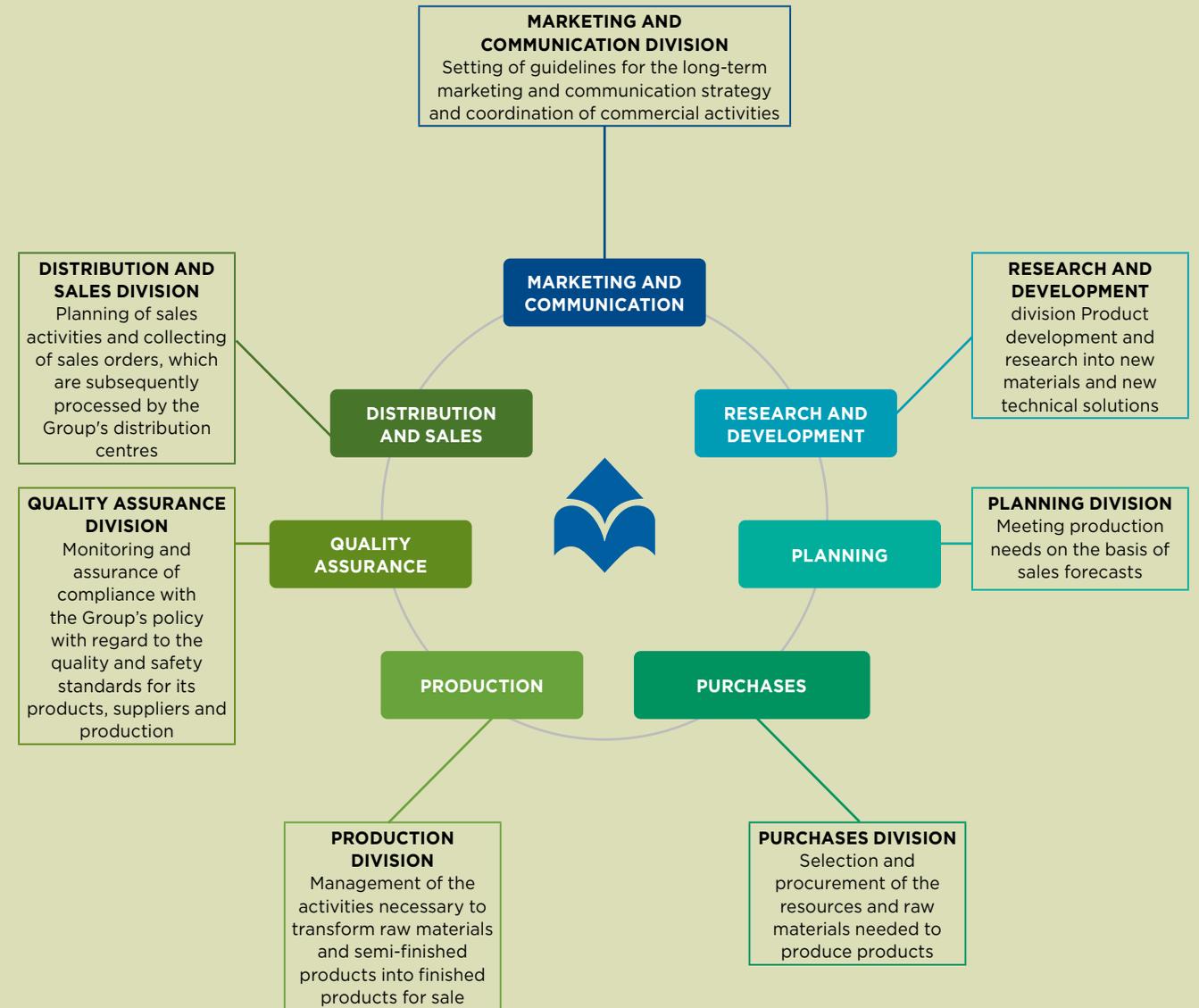
# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

## 2.4.3 THE VALUE CHAIN

The F.I.L.A. Group covers the entire value chain of its business model, except sales to end consumers, through marketing and communication, research and development, planning, supply, production, and sales and distribution.

Management of the **value chain** is particularly complex as it involves several production companies, specialised production companies, and distribution companies, and has to take into account numerous brands, a wide assortment of products, and significant vertical integration. The 2021-2025 Strategic Plan includes projects and activities that involve the entire value chain and comply with the Group's values.

Most of the Group's employees work in the **production** division, which inevitably impacts professional qualifications (mainly blue-collar workers) and the concentration of the workforce at F.I.L.A.'s main production sites. The Research and Development (R&D) and Quality Assurance and Product Safety & Compliance (QA PS&C) divisions are centrally coordinated and comprise local teams based at the various production plants, making use of the support of technical and production employees to implement and verify specific planned projects, where necessary.



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

Specifically, the **Research and Development** division's activities are coordinated by the Parent Company's Research and Development department and are carried out by dedicated teams at the Group's manufacturing companies in Europe, Central and South America, and Asia. The R&D divisions are run by experts, who regularly attend specific training and refresher courses.

The Group's strong commitment to understanding its end consumers and designing products that meet their expectations plays a significant role in the development strategy for the Group's products. The Group's R&D department comprises a team of 67 employees, who devote most of their efforts to the following activities:

- study and design of new materials and new technical solutions intended to drive innovation or create new products and/or packaging
- implementation of product quality based on prompts from the Marketing department
- performance of comparisons with competing products
- implementation of manufacturing processes jointly with the production research office, with a view to raising company efficiency.

Over the last few years, R&D activities have allowed the Group to create innovative projects and products using bio-plastics and recycled and industrial waste plastics (for example, bio-based plastic made from sugar cane used to produce containers for felt-tip pens, pencils, and crayons, including "schoolpacks", jars for communities, and play items such as plastic eggs for small children, which contain colours and play dough, as well as the total replacement of plastic from fossil sources with plastic made from recovered industrial waste, residues, and scraps, including Tratto1 Green ballpoint pens), in addition to new plant-based formulas and renewable sources for modelling clay, such as Giotto's new Pongo line, which has been rebranded to celebrate its 70th anniversary in 2022. Product design activities were also undertaken to improve functionality and performance (in industrial areas through to the manufacture of school products such as watercolours and pencil sharpeners), and research was conducted into new packaging options in the hope of completely eliminating plastic and reducing packaging.

The **Quality Assurance, Product Safety and Compliance**, department is coordinated by the Parent Company and employs approx. 131 staff. It is responsible for enforcing uniform quality and compliance standards

to ensure compliance with product quality and safety requirements. In smaller facilities the *Quality Assurance* department may form part of the R&D department. In order to comply with the laws governing the physical and chemical traits of products, the department constantly monitors legislative changes (such as those affecting use of preservatives in different formulations) and assists the R&D department in adjusting formulations to respect applicable or more stringent internal requirements. Further aspects of activities to guarantee product safety and quality are described below in paragraph "5.2, *Product quality and safety*".

## 2.4.4 BRANDS AND PRODUCTS

The F.I.L.A. Group brand portfolio is one of the most significant, comprehensive and diversified in the entire sector, particularly in terms of total number of trademarks and international coverage. These brands are firmly rooted in consumer tastes and preferences.

As at December 31, 2021, the F.I.L.A. Group owns approximately 600 brands, and over 1,800 trademarks. The following chart shows the **portfolio of main brands owned** by the F.I.L.A. Group divided into reference segments.



# 2

## STRATEGY BUSINESS MODEL AND SUSTAINABILITY

### THE F.I.L.A. GROUP'S BRAND PORTFOLIO

PRODUCT CATEGORIES					
 Paper	     	    <small>ST CUTHBERTS MILL</small>		 	<ul style="list-style-type: none"> <li>Paper for the Fine Art</li> <li>Paper for school</li> <li>Paper for leisure and craft</li> <li>Coloured paper</li> <li>Paper for traditional printmaking</li> <li>Digital fine art paper</li> </ul>
 Fine Arts & Craft	 	   			<ul style="list-style-type: none"> <li>Oil and acrylic colours</li> <li>Watercolours and gouache</li> <li>Canvases and brushes</li> <li>Accessories</li> <li>Basic craft</li> </ul>
 Writing	    		  	 	<ul style="list-style-type: none"> <li>Graphite pencils</li> <li>Ballpoint pens, fineliners and gel link pens</li> <li>Highlighters and markers</li> </ul>
 Drawing and Colouring	       				<ul style="list-style-type: none"> <li>Coloured and graphite pencils</li> <li>Wax and oil crayons</li> <li>Felt-tip pens</li> <li>Paints and watercolours</li> <li>Chalks and glues</li> </ul>
 Modelling	   				<ul style="list-style-type: none"> <li>Plasticine</li> <li>Clay for play</li> <li>Modelling clay</li> </ul>
	 <b>School</b> pre-school   primary school   secondary school	 <b>Art School</b> Hobby and Artists	 <b>Office</b>	 <b>Industry</b>	<b>CONSUMER CATEGORIES</b>

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# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

## 2.5 CORPORATE GOVERNANCE AND RISK MANAGEMENT

### 2.5.1 GOVERNANCE STRUCTURE

F.I.L.A. S.p.A. adopts a traditional governance model, with the appointment of a Board of Directors and a Board of Statutory Auditors by the Shareholders' Meeting. The Board of Directors draws up the Group strategy and oversees its implementation. The Chief Executive Officer, assisted by the Executive Director within his/her area of responsibility, is tasked with company management and implementation of the strategic guidelines. The Board of Statutory Auditors carries out a supervisory role.

On February 11, 2021, the Issuer adopted the Corporate Governance Code published on the website of the Italian Stock Exchange <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>. In accordance with the “comply or explain” principle underpinning the Corporate Governance Code, in the Corporate Governance Report an account is given of the recommendations with which the Company has not decided, at present, to comply, in whole or in part. In particular, where not

otherwise specified in said Report, during the Reporting Year, the Issuer adopted all the measures and requirements in order to guarantee the effective implementation by the Company of the recommendations of the Corporate Governance Code. For further details on the tasks and roles of the various bodies and corporate governance in general, reference should be made to the “2021 Corporate Governance and Ownership Structure Report as per Article 123-bis of Legislative Decree No. 58/1998”, available on the Company's website: <https://www.filagroup.it/governance/>

### 2.5.2 BOARD OF DIRECTORS

The Board of Directors comprises seven Directors, two of whom are Executive Directors (the Chief Executive Officer and the Executive Director). All Directors must satisfy the eligibility and good standing requirements established by applicable law and other provisions and the Board of Statutory Auditors oversees compliance.

To further encourage proper corporate governance, the Chairperson and three Directors qualify as independent. Alberto Candela is Honorary Chairperson.

The following committees have been set up within the Board of Directors, each

consisting of three Non-Executive Directors, the majority of whom are independent:

- Remuneration Committee
- Control, Risks and Related Parties Committee, which is responsible for sustainability topics



**BOARD OF DIRECTORS**

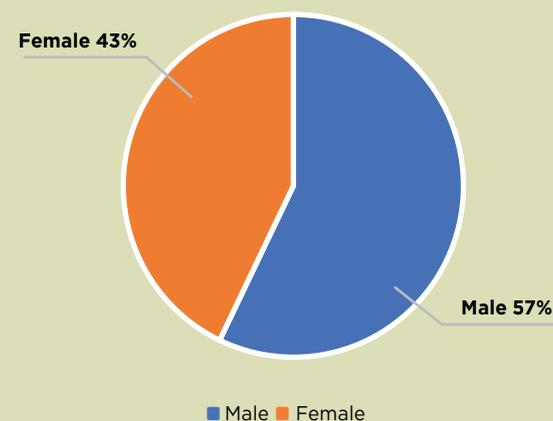
	<b>Giovanni Gorno Tempini</b>	<b>Massimo Candela</b>	<b>Luca Pelosin</b>	<b>Annalisa Barbera</b>	<b>Giorgina Gallo</b>	<b>Carlo Paris</b>	<b>Donatella Sciuto</b>
	Chairperson	Chief Executive Officer	Executive Director				
Year of birth	1962	1965	1966	1969	1960	1956	1962
Nationality	Italian	Italian	Italian	Italian	Italian	Italian	Italian
Professional background	Lecturing Manager	Entrepreneur	Manager	Solicitor:	Strategic consultant	Engineer	Teacher
Board committees				CR CCRPC	CR	CR (P) CCRPC	CCRPC (P)
Date of first appointment	August 6, 2019	June 4, 2015	June 4, 2015	July 22, 2015	April 27, 2021	April 27, 2021	April 27, 2021
In office until	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS
Independence	x				x	x	x
Executive		x	x				

CRRPC: Control, Risks and Related Parties Committee

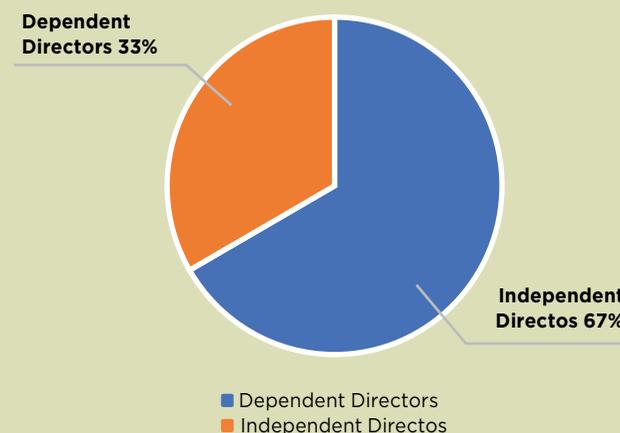
RC: Remuneration Committee

C: Chairperson

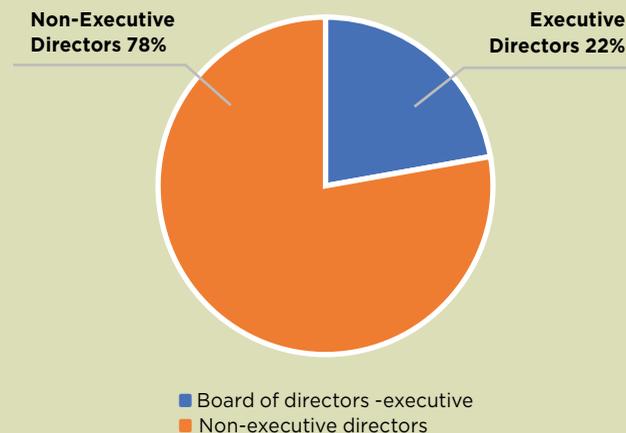
**BOARD OF DIRECTORS - COMPOSITION BY GENDER**



**BOARD OF DIRECTORS - COMPOSITION BY INDEPENDENCE**



**BOARD OF DIRECTORS - EXECUTIVE AND NON-EXECUTIVE DIRECTORS**



# 2

# STRATEGY BUSINESS MODEL AND SUSTAINABILITY



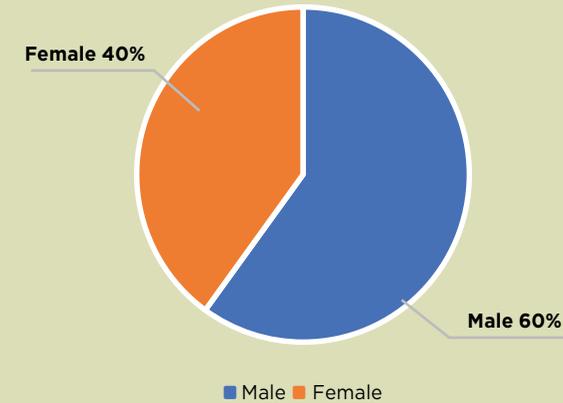
### 2.5.3 BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors comprises three Standing Auditors and two Alternate Auditors, appointed on the basis of slates presented by shareholders according to the procedures outlined in the By-Laws. Statutory Auditors shall hold office for three years, may be re-appointed, and their term expires on the date of the Shareholders' Meeting for the approval of the financial statements related to the third year of their term of office.

#### BOARD OF STATUTORY AUDITORS

	<b>GIANFRANCO CONSORTI</b>	<b>PIETRO MICHELE VILLA</b>	<b>ELENA SPAGNOL</b>	<b>STEFANO AMOROSO</b>	<b>SONIA FERRERO</b>
	Chairperson	Statutory Auditor	Statutory Auditor	Alternate	Alternate
Year of birth	1950	1967	1968	1964	1971
Nationality	Italian	Italian	Italian	Italian	Italian
Date of first appointment	April 27, 2018	July 22, 2015	April 27, 2018	July 22, 2015	July 22, 2015
In office until	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS

#### BOARD OF STATUTORY AUDITORS - COMPOSITION BY GENDER



The Chairperson of the Board of Directors ensured that the Statutory Auditors received adequate information on the sector in which the Group operates, on the business operations and their performances, of the principles of correct risk management as well as the relative regulatory framework. Specifically, during the Board of Directors meetings, the Statutory Auditors regularly received detailed information on the sector

in which F.I.L.A. undertakes its activities, in order to fully understand the underlying business operations and the relative developments during the period.

In addition, in 2021 the Board of Statutory Auditors participated with the Directors in all the meetings organised by the Company to learn more about the impacts on the Group of the innovations brought in by the Corporate Governance Code and the main legislative and regulatory changes that had been made.

### 2.5.4 INTERNAL AUDIT

The Internal Audit division is outsourced to Key Advisory S.r.l., in the person of Massimiliano Rigo as Internal Audit Manager. To further strengthen the Group's sustainability commitment, it should be noted that the **Audit Plan** for 2021, approved by the Board of Directors, provided for specific activities on ESG topics:



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

- a review of the process of reporting on the KPIs in the Non-Financial Statement;
- the monitoring of projects outlined in the Sustainability Strategy;
- assisting the Managerial Sustainability Committee with its investigations and the review of specific topics;
- an analysis of the KPIs adopted by F.I.L.A. concerning sustainability reporting so that it can detect areas for improvement with respect to the requirements of the GRI Global Reporting Initiative guidelines. The following aspects will be focused on specifically: waste management and GHG emissions.

### 2.5.5 IDENTIFYING AND CONTROLLING RISKS

The F.I.L.A. Group aims to properly monitor the risks associated with its business activities, which is indispensable for maintaining stakeholder trust and sustainable success over time. To ensure an efficient control system is in place for all current and potential risks, the F.I.L.A. Group has equipped itself with the appropriate tools and procedures, and carries out supervisory activities with the help of technological and organisational resources.

F.I.L.A. is committed to promoting a culture of risk awareness throughout the Group. As such,

the Board of Directors, senior management and branches are all actively involved in ensuring commitments are sustainable from an economic and financial point of view, and are consistent with a balanced risk profile. Updates to procedures and adjustments to the internal control system are carried out based on the results of the risk assessment activities, ensuring overall compliance with legislative and regulatory requirements and an efficient and effective system in line with operating conditions.

At the beginning of 2022, the Group's **risk assessment**, was updated with the support of a specialised consultancy company using the most advanced practices. The aim was to identify the risk profile associated with strategic risks and to support the spread of a culture of risk management within the Group. The final risk assessment document was reviewed to assess the material topics and non-financial risks mentioned in the Non-Financial Statement.

Following a *review* dellaof the underlying methodology (ERM - *Enterprise Risk Management*), used to assess probability (very unlikely, unlikely, likely and very likely) and impact (on the basis of economic, financial and operational issues, and reputation), the Group's primary risks were identified through interviews with senior and

*middle management* across the whole Group (30 meetings were attended by 19 Parent Company employees and 28 employees of the main subsidiaries). These risks were then assessed and prioritised in order to allow for the establishment of mitigating actions relating to the "top risks". The final phase of the process saw the preparation of an updated *risk assessment* report.

Analysis was also carried out from an ESG perspective, identifying risks, contacts and mitigating actions for the various categories. In-depth risk and sustainability analyses and *Internal Audit* department reports are periodically presented at specific sessions held by the Control, Risks and Related Parties Committee and the Board of Directors in order to shed light on the progress of activities carried out with respect to the Annual business Plan.

In addition to the risks described in the *Annual Report*, in the paragraph "Information and Management of Financial Risks", to which the reader is referred for further information, the Group's business is exposed to non-financial risks, either generated or incurred. The table below summarises the main potential non-financial risks applicable to the Group following updates to the risk assessment. The table lists the main controls in place, links with any material topics and where further details can be found in the Non-Financial Statement.



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TYPES OF THEORETICAL NON-FINANCIAL RISK	MAIN CONTROLS	MATERIAL TOPIC	FURTHER DETAILS IN THE NFS
<b>OPERATING RISKS</b>			
The risk of loss as a consequence of external events, inadequacy or a lack of functionality of procedures, human resources and internal systems. The risks may result in losses deriving from fraud, human error, operational interruption, unavailability of IT systems, contractual non-compliance and natural disasters. These include issues related to managing projects, production planning, the supply and sub-supply chain, managing sales, logistics and distribution, business continuity, and issues relating to quality, health and safety.	Adoption of a system of policies, procedures, instructions and operating practices with specific characteristics for the companies under the Parent's coordination; Classroom and on-the-job training to prevent and mitigate operational risks generated by Group activities; Activation of specific mitigation actions for individual risks; Monitoring by the Internal Audit department of areas at greatest risk; Projects aimed at optimizing energy consumption that result in the containment of greenhouse gases	Use of raw materials Consumption of energy resources Atmospheric emissions Water consumption Equal opportunities Occupational health and safety Product quality and safety Supplier relations Protecting diversity Human rights Freedom of association and collective bargaining agreements Anti-corruption measures IT Security	2.5 Corporate governance and risk management 3. Material environmental topics 4. Employment topics 5. Social topics 6. Human rights 7. Fight against active and passive corruption
<b>RISK OF NON-COMPLIANCE WITH REGULATIONS</b>			
Risks of judicial or administrative penalties, related financial losses or reputational damage as a consequence of infringement of mandatory rules (laws, regulations) or self-regulation provisions (e.g., by-laws, codes of conduct, codes of ethics). They may include risks related to quality, environmental, or occupational health and safety certification.	The Group has put policies, procedures and operating practices in place to manage the risk of non-compliance with laws and regulations; Group Environmental Policy; Workforce Diversity & Inclusion Policy; Human Rights & Labour Policy; Adherence to the Corporate Governance Code; Anti Bribery and Anti Corruption Policy; Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; Monitoring by the Supervisory Board; Monitoring by the Internal Audit department of areas at greatest risk.	Human rights Freedom of association and collective bargaining agreements Anti-corruption measures IT Security	2.5 Corporate governance and risk management 3. Material environmental topics 4. Employment topics 5. Social topics 6. Human rights 7. Fight against active and passive corruption 2.4.6 Organisation, Management and Control Model as per Legislative Decree. No. 231/01
<b>RISKS RELATING TO OCCUPATIONAL HEALTH AND SAFETY</b>			
Risks that result in workplace accidents or injuries, or situations that may compromise the physical and psychological performance of employees.	The Italian companies of the Group routinely check employee health and safety risks and list them in Risk Assessment Documents, as required by current legislation on protecting occupational health and safety (Legislative Decree No. 81/2008 and subsequent amendments); The UNI ISO 45001 certification, held by F.I.L.A. for its occupational health and safety management systems at its Pero offices and Rufina plant; UNI ISO 45001 certification, in the Canson France plants of Grand Mourier and Moulin du Roy and Saint Germain La Ville, as well as in the Yixing plant (Canson China); Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; Monitoring by the Supervisory Board; Monitoring by the Internal Audit department of areas at greatest risk	Occupational health and safety Product quality and safety Supplier relations Human rights IT Security	2.5 Corporate governance and risk management 4. Employment topics 5. Social topics 6. Human rights 1.1 Purpose, Vision, Mission and Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree. No. 231/01



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

TYPES OF THEORETICAL NON-FINANCIAL RISK	MAIN CONTROLS	MATERIAL TOPIC	FURTHER DETAILS IN THE NFS
<b>ENVIRONMENTAL RISKS</b>			
<p>Group risks linked to the potential to generate or encounter environmental issues, due mainly to the use of raw materials, the consumption of energy resources, atmospheric emissions, water consumption, compliance with environmental laws and regulations, and other minor areas (such as waste management, investments in environmental protection, and compliance with environmental regulations). The intensification of physical risks related to climate change constitutes a further element capable of affecting the correct performance of the Group's activities. The rapid worsening of the climate situation affects the frequency of so-called acute phenomena (e.g. storms, floods, fires or heat waves, etc.) that can damage company assets and/or interrupt value chains.</p> <p>Although there are no significant emissions deriving from production processes and there are no internal self-production plants of electric energy, in the current global and topical context, the Group considers it important to monitor greenhouse gas and other emissions in order to evaluate possible virtuous choices for a reduction of its "carbon footprint". With reference to its activities, the Group has identified the use of a mix of fuels with a high impact on greenhouse gases as the main risk linked to this area and the periodic monitoring of purchases and consumption as a management activity.</p>	<p>Group Environmental Policy; ISO14001 environmental certification, in place at F.I.L.A. S.p.A.'s production facilities (Rufina plant and Pero offices) and Canson France (plants in Grand Mourier and Moulin du Roy, in the phase of being rolled out at the S-Germain-La-Ville plant and the Yixing plant (Canson China); Sustainability Policy; Ethics Code; Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; Monitoring by the Supervisory Board; Monitoring by the Internal Audit department of areas at greatest risk.</p>	<p>Use of raw materials Consumption of energy resources Atmospheric emissions Water consumption</p>	<p>3. Material environmental topics 2.2.2 Socio-environmental policies and guidelines of the Group 2.5 Corporate governance and risk management 1.1.1 Purpose, Vision, Mission e Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree. No. 231/01</p>
<b>RISKS RELATED TO EMPLOYEE MANAGEMENT, DIVERSITY AND DIALOGUE WITH SOCIAL PARTIES</b>			
<p>Risks associated with employee relationships. In some cases, these risks can come about following the incorrect application of labour law regulations. In others cases, these risks are purely managerial in nature, such as organizational effectiveness, the management of key resources, and succession plans.</p>	<p>Workforce Diversity &amp; Inclusion Policy; Sustainability Policy; Human Rights &amp; Labour Policy; Ethics Code; Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; Monitoring by the Supervisory Board; Monitoring by the Internal Audit department of areas at greatest risk; Group Organisational Model; Corporate Remuneration Policy adopted in the major branches</p>	<p>Equal opportunities Occupational health and safety Respect for human rights Freedom of association and collective bargaining IT Security</p>	<p>2.5 Corporate governance and risk management 1.1.1 Purpose, Vision, Mission e Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree. No. 231/01 2.2.2 Socio-environmental policies and guidelines of the Group 4. Employment topics 5. Social topics 6. Human rights 2.4 Group's organisational model</p>



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

TIPOLOGIE DI RISCHIO TEORICI NON FINANZIARIO	PRINCIPALI PRESIDI DI CONTROLLO	TEMA MATERIALE	APPROFONDIMENTI NELLA DNF
<b>RISK RELATED TO CORRUPTION CRIMES</b>			
The risk of committing corruption crimes against the public sector and private entities, considered in their own right with respect to the wider risk of non-compliance with regulations.	Anti Bribery and Anti Corruption Policy; Ethics Code; Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; Monitoring by the Supervisory Board; Monitoring by the Internal Audit department of areas at greatest risk.	Anti-corruption measures Supplier relations	7. Fight against active and passive corruption 1.1.1 Purpose, Vision, Mission e Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree. No. 231/01 5. Social topics
<b>RISKS RELATED TO SUPPLY CHAIN MANAGEMENT</b>			
The supply chain is one of the areas most vulnerable to risk. Risk factors can be manifold, especially in companies with extensive supply chains. These risks may derive from a lack of the preventive and/or routine ethical, social and environmental screening of suppliers and sub-contractors. Risks may also include the interruption of supplies, an indiscriminate increase in prices, the supply of materials that do not correspond with the Group's defined quality standards, or materials that are non-compliant with applicable legislation.	Request for confirmation of commitment to values such as fairness, respect for the environment, product quality and protection of human rights from the main suppliers of F.I.L.A. S.p.A. and the main companies in the Group; Ethics Code; Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; Monitoring by the Supervisory Board; Monitoring by the Internal Audit department of areas at greatest risk.	Supplier relations Product quality and safety Respect for human rights IT Security	5. Social topics 1.1.1 Purpose, Vision, Mission e Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree. No. 231/01 2.5 Corporate governance and risk management
<b>REPUTATIONAL RISK</b>			
Current or future risk of profit losses due to a lack of commercial expansion or a lack of ability to take advantage of openings in new markets or sales channels; loss of economic value or damage to the Group's institutional role; deterioration of strategic position due to a negative view of F.I.L.A. or the Group held by customers, counterparties, shareholders, investors, Supervisory Authorities or other stakeholders.	Ethics Code; Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; Monitoring by the Internal Audit department of areas at greatest risk; Group Organisational Model.	Use of raw materials Consumption of energy resources Atmospheric emissions Water consumption Equal opportunities Occupational health and safety Product quality and safety Supplier relations Protecting diversity Respect for human rights Freedom of association and collective bargaining agreements Anti-corruption measures	1.1.1 Purpose, Vision, Mission e Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree. No. 231/01 2.5 Corporate governance and risk management 2.4 Group's organisational model



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

## 2.5.6 231 MODEL AND SUPERVISORY BOARD

To prevent the commission of the relevant crimes as per Legislative Decree No. 231 of 2001 (“Legislative Decree No. 231/2001”) and in compliance with the regulation adopted by Consob and the Corporate Governance Code, F.I.L.A. S.p.A.’s Board of Directors adopted its **Organisation, Management and Control Model** (“231 Model”), which is subject to routine updates in relation to regulatory or organisational changes.

The 231 Model was drawn up to respond to the following requirements:

- identify at risk activities
- set out protocols for the prevention of the relevant crimes
- identify the means for the management of financial resources and the prevention of relevant crimes
- establish disclosure obligations to the body checking the functioning and compliance of the models (Supervisory Board)
- introduce an internal disciplinary system to sanction failure to comply with the measures indicated in the 231 Model.

The criteria for the prevention of the commission of offenses is based on “acceptable risk” i.e. residually *“possibility to commit an offence only by fraudulently violating a preventative protocol”*. The key objective of the 231 Model is to ensure that all recipients are fully aware that F.I.L.A.’s operations are based on strict compliance with applicable laws and regulations and that such compliance is undertaken to ensure that the physical persons and the companies of the F.I.L.A. Group do not run the possibility of committing the cited crimes.

Compliance with the 231 Model is obligatory and any violations constitute non-fulfilment of mandate in terms of the members of the Board of Directors and the Statutory Auditors and violation of their employment contract obligations for employees, resulting in the application of the penalties established by the disciplinary system.

Except for application of the Ethics Code and the Group policies and procedures, the subsidiaries are not direct recipients of the Model adopted by F.I.L.A., but are required by the Parent to adopt adequate

management and control systems to ensure the legal and regulatory compliance and correctness of the respective activities. In 2021, the Parent Company drew up a Group Organisational Model to formally involve subsidiaries in the control and mitigation of the offences identified by Legislative Decree No. 231. This Model will be finalised and distributed to subsidiaries in 2022.

A key element of the 231 Model is the **Ethics Code**, which is a key point of reference that lies at the heart of all Group policies and outlines the general principles on which the conduct of all employees, Directors and Statutory Auditors should be based, in addition to those of the employees of the Parent F.I.L.A. S.p.A. and of the subsidiaries and all those who undertake contractual relations with the Group. .

In 2021, the Ethics Code (available on the Company website) was amended to integrate specific values and aspects relating to ESG topics, business sustainability, and commitment to stakeholders. More details can be found in Section 1.1.1 *Purpose, Vision, Mission and Values*.



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

The **Supervisory Board** - appointed by the Board of Directors, to whom it reports periodically - oversees the updating and correct functioning of the 231 Model.

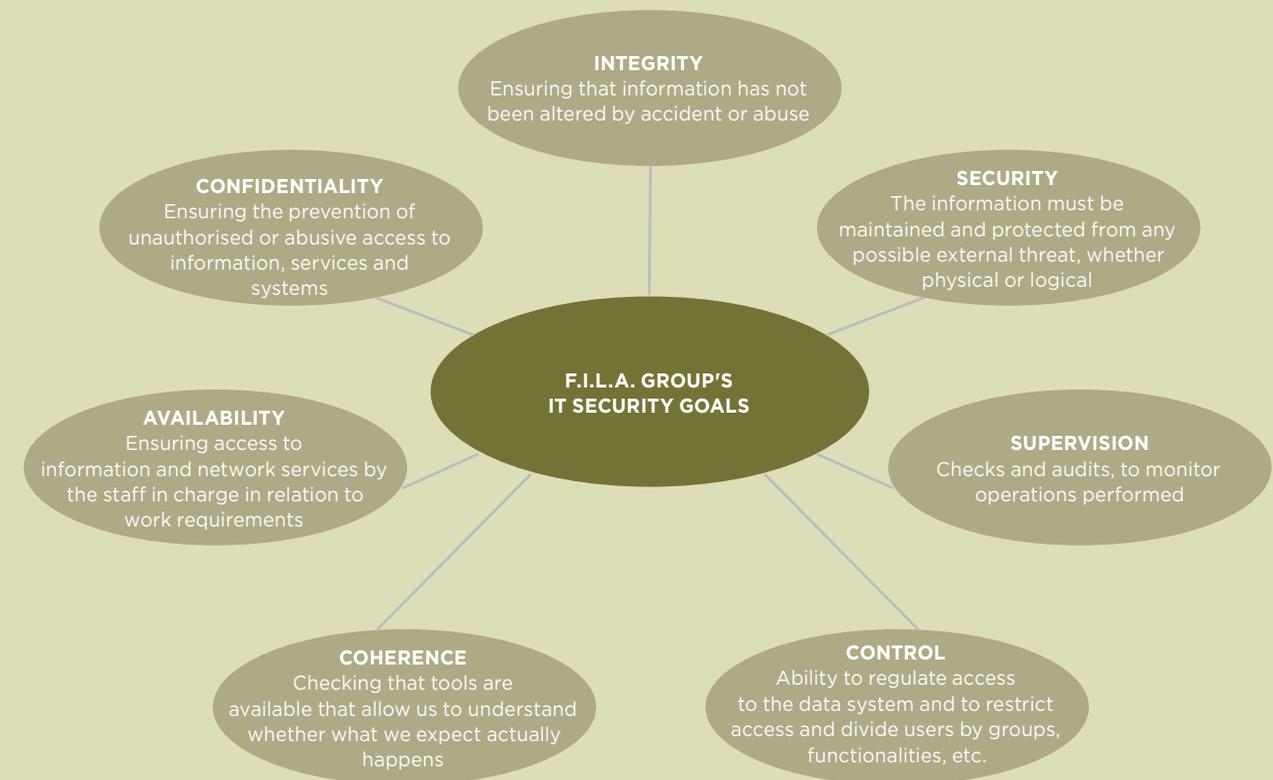
Compliance with the Ethics Code and the 231 Model are monitored through a specific procedure for the reporting of potential violations and internal audits on 231 compliance for all company areas, also with regards to environmental and occupational health and safety aspects.

## 2.5.7 INFORMATION TECHNOLOGY SECURITY

Awareness and attention to cyber security issues has progressively intensified due to the increasing frequency and complexity with which cyber attacks manifest themselves, also in view of the fact that the number and frequency of attacks increased, worldwide, during the COVID-19 pandemic.

For the F.I.L.A. Group, IT security is a fundamental requirement in order to guarantee the reliability of the information processed, as well as the effectiveness and efficiency of the services provided by the Group.

This is essential, as it allows us to protect our "assets" against cyber threats while minimizing the impact in the event of a vulnerability due to overcoming implemented defences.



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For the Group, the Information System (IT) (including technological resources - hardware, software, data, electronic documents, telematic networks - and the human resources dedicated to their administration, management and use) represents a tool of great importance for the achievement of strategic objectives, in view of the criticality of the business processes that depend on it.

Within the Group the security of the Information System is achieved by implementing a series of security measures, in particular procedures, technical mechanisms or practices that reduce the risks of exposure of the information assets as a whole.

With reference to its activities, the Group has identified email phishing (fraudulent messages created to appear authentic, generally requiring the provision of sensitive personal information), complex infection processes (malware), ransomware (a class of malware that renders computer data inaccessible and often requires payment of a ransom) and Internet of Things (IoT) environmental attacks as the **main cyber security risks**. In order to mitigate these risks, Group-wide policies of conduct have been issued and actions have been implemented to identify, protect, detect, respond to and restore any critical

situations that may arise, including specific communication and training activities.

In updating the Group's sustainability policy set during 2021 ("*2.2.2 Socio-environmental policy and guidelines of the Group.*" above), the **IT Systems Policy** and the **IT Security Policy** were issued.

The general principles of behaviour enshrined within the **IT Systems Policy** are:

- ensure user training and access to functions in accordance with security criteria that comply with the principles of sound and prudent management
- activate processes to enhance IT resources
- create a system for communicating the needs or criticalities of the Information System with the aim of activating a process of continuous improvement
- implement controls to assess the company's ability to comply with internal policies
- promptly identify deviations (anomalies, malfunctions, differences from what is known/approved/authorised)
- promote corrective action

The **IT Security Policy** recalls, among other matters, F.I.L.A. Group's general principles regarding information security:

- Company information systems: the tools and software applications provided (email systems, local/network file systems, as well as data

storage locations in the Cloud) are business tools, are considered company data and, therefore, company property; misuse of company systems is not permitted.

- Access to information: each user has limited access to the information they need to perform their tasks, both inside and outside the company; the setting of user profiles and rights is structured to limit the risk of deviation from this rule.
- Personnel and security: training and information activities aimed at personnel on IT security issues and the correct use of company equipment are planned and carried out; personnel (including internal and external consultants) are asked to sign appropriate confidentiality clauses.
- IT incidents and anomalies: employees are required to promptly report any problems relating to the security of the Group and its companies to the dedicated teams and to carefully manage company systems (email, Microsoft Teams, Microsoft Sharepoint, etc.) when carrying out work activities.
- Physical security: access to buildings and premises relevant to asset protection is restricted to authorised individuals.
- IT security: the identification and design of IT security countermeasures must consider the possibility of internal and external unauthorised access attempts and applicable legislation, as well as any other relevant constraints; users must not exploit any vulnerabilities in the IT security system, but are required to alert the system administrator to any malfunctions.
- Controls: Information systems should be checked periodically, as should operating procedures. IT security controls are implemented through the implementation of and compliance with policies in all organizational, procedural and



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

technological areas in a manner consistent with the defined objectives; through the appropriate assignment of tasks and responsibilities within the Group for the implementation of policies; and through verification of the level of effectiveness of the measures implemented, also using periodic vulnerability assessments carried out by independent external parties.

For the F.I.L.A. Group, information security has as its priority the protection of information, personal data, digital storage and the elements through which the data are managed by protecting them from threats, whether organisational or technological, internal or external, accidental or intentional, ensuring their confidentiality, integrity and availability and compliance with applicable current legislation. The measures taken in this regard are:

- Ongoing user training aimed at increasing awareness of the types of threats that exist and the behaviours that are correct/avoided.
- Multi Factor Authentication
- Minimum Privilege (users should only have access to what is necessary to perform their tasks).
- Constant updating of operating systems and applications (Patching)

For the adequate management of the information system, in recent years work has been carried out on the implementation of the Group's ICT (Information and Communication Technologies) infrastructure, in order to obtain complete traceability of the critical resources in use, also from a cyber risk point of view.

This has made it possible for the F.I.L.A. Group to reduce IT security incidents, such as the following, in previous years:

- In 2021, three attempts were made to acquire Office 365 credentials. These attempts were immediately detected and had a limited impact thanks to users raising the alarm early. Five phishing attempts were also detected, which were again thwarted thanks to user awareness
- 2019 and 2020 were largely similar to 2021, except for a few sporadic virus infections, which had limited effects.
- In 2018, prior to the introduction of multi-factor authentication, there were twice as many attempts (some of which were successful) to gain access to credentials. There was also one case of phishing, which had a limited impact.

As far as the F.I.L.A. Group is concerned, to date there have been no cases of ransomware or infection by malware worms.

The management of IT security is entrusted to qualified personnel who, thanks to their experience, ability and reliability, provide the guarantee of full compliance with internal and external regulations on the subject. The **team** includes a Group IT Domain Manager Cybersecurity, two Regional System Administration and several local IT liaisons for outreach efforts.



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

In 2021, FILA S.p.A. appointed a Data Protection Officer, who is responsible for monitoring technical and organisational measures to mitigate the risk of a data breach. During the year, there were no data breaches or complaints from the Company's customers reporting either the loss or theft of personal data.

#### Actions to manage the COVID-19 pandemic - Information Security

The Group had to manage an additional cyber security risk related to employees working from home due to the COVID-19 pandemic. By February 2020, the Group had already invested in personal IT equipment (PCs, laptops, desktops, etc.) for all of its companies, thus avoiding the harmful consequences experienced by other organisations that preferred (wholly or partially) to rely on the personal devices owned by its employees for remote working purposes. The devices given to employees - which were used to connect to the Company network remotely via a VPN - possessed the necessary protections required from the outset, meaning that connections to central systems were always controlled and secure.

## 2.6 COVID-19 IMPACTS

Since January 2020, on the Chinese market - and gradually from March 2020 across the rest of the world - the operating environment has been dominated by the spread of COVID-19 ("Coronavirus") and the resulting restrictive containment measures implemented by the public authorities of the countries affected. 2021 was impacted by the instability stemming from the outbreak of the Coronavirus and its variants, with direct and indirect repercussions on the general economy and with still significant restrictions on consumption and logistics and the propensity to invest, alongside major inflationary impacts on raw material and transport costs.

The vaccination campaigns and the consequent increase in the vaccinated population and the adoption of stricter virus control measures have supported a recovery of School & Office product sales, although with criticalities still evident in a number of geographical areas such as India and Mexico, although recovering in the final part of the year, due to the lower rate of

vaccinations and the greater difficulty in applying control measures to contain the virus.

The F.I.L.A. Group has always monitored the developing situation in order to minimise its social and occupational health and safety impacts, in addition to the operating, equity and financial situation, by drawing up and rolling out flexible and timely action plans, working tirelessly to ensure the health and safety of its employees, customers and suppliers.



# 2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

## 2. STRATEGY, BUSINESS MODEL AND SUSTAINABILITY 62/128

The Group has maintained a strict customer selection and debt settlement policy, which has succeeded in minimising financial difficulties and, in terms of suppliers, a focus continues to be placed on identifying alternative sources of procurement in the case of any critical logistical or financial situations. No significant criticalities have emerged to date however, despite generally rising

prices combined, in some cases, with supply shortages. No significant renegotiation of existing contracts with customers and suppliers is reported. The focus on the management on cash flows, together with better financial conditions, has resulted in an excellent level of cash generation in the year by all of the main Group companies.

It may be stated that COVID-19 to date has not therefore halted or changed any of the Group's development plans and strategy, only acting to slow them.

As regards the lockdown following the Coronavirus pandemic, at the date of this report, the Group's plant are fully up and running and at full capacity, in accordance with the regulations for each country.



# 3 MATERIAL ENVIRONMENTAL TOPICS

## 3.1 RESPECT FOR THE ENVIRONMENT AND MATERIAL TOPICS FOR F.I.L.A.

The F.I.L.A. Group operates 22 plants in a number of geographical areas (Italy, France, Germany, Great Britain, Argentina, Brazil, Canada, Mexico, Dominican Republic, USA, China, and India). Production activities at the sites are bound by environmental protection as well as occupational health and safety legislation in force in each country. The following paragraphs are devoted to analysing and reporting on various aspects of the Group's business and manufacturing operations.

In defending the natural environment through its business practices, the F.I.L.A. Group is not merely complying with the law, but is also applying one of its core values, since its Ethics Code expressly commands protection of the environment for the Group ("1.1.1 Purpose, Vision, Mission and Values" above).

### 3.1.1 ENVIRONMENTAL PROTECTION

*"The Company and the Group companies contribute to education upon environmental protection matters, managing operations in an eco-compatible manner, in compliance with applicable national and EU regulations, both at company facilities and offices and at any other location in which business operations are carried out.*

*The Group is committed to minimising both the direct and indirect environmental impacts of its production activities in order to preserve the natural environment for the benefit of future generations.*

*For these purposes, the operating management must refer to, in relation to environmental prevention and protection, the most appropriate environmental protection, disposal of waste and energy efficiency criteria.*

*The Management of each Group company carries out the necessary coordination and control for the implementation of legal provisions, both national and international, with regards to the environment, construction, urban planning, pollution and waste disposal etc. by all Group collaborators."*

F.I.L.A. conducts its business in a manner consistent with the "Precautionary approach" Principle 15 of the Rio Declaration of the United Nations. This principle states that organisations must apply the precautionary approach whenever they can, and that if serious or irreversible damage threatens the environment, a lack of absolute scientific certainty is no valid reason for delaying action to prevent environmental damage, provided the measures proposed are cost-effective.



# 3 MATERIAL ENVIRONMENTAL TOPICS

## 3.1.2 ENVIRONMENTAL POLICIES

In 2021, F.I.L.A. updated and integrated its set of Group policies on sustainability (available on the Group website). In terms of combating climate change, the **Environmental Policy** has been updated and the **Energy Saving Policy** and **Sustainable Procurement Policy** have been issued. The F.I.L.A. Group carefully monitors the environmental aspects arising from its activities, despite the fact that the Group's business model has no significant impact on the environment.

All Policies are based on the fundamental principle that the Group's activities must be carried out in compliance with the provisions of the Ethics Code, with particular reference to environmental protection and compliance with applicable regulations.

The **Environmental Policy** enshrines the Group's commitment to climate change, its continuous attention to reducing the environmental impact of its activities, with increasing focus also on the supply chain, and of its products. The general principles are:

- taking a preventive and precautionary approach to the management of environmental topics, promoting the use of the best available technologies and raw

- materials with a limited impact
- reduction of the environmental impact
- assessing safer alternatives to hazardous substances
- continuous improvement
- compliance with law
- responsibility in operating the supply chain
- awareness-raising among personnel

With the **Energy Saving Policy** the Group is committed to strengthening responsible energy management at all locations, with the following objectives:

- complying with current and applicable legislation (including energy requirements voluntarily adhered to by the Company)
- reducing the environmental impact of activities, using materials, products, services, and production processes that minimise energy usage, with a view to analysing product life cycles and embracing a circular economy
- identifying the activities and/or areas responsible for energy consumption in order to pinpoint potential energy efficiency improvements
- promoting employee awareness around energy usage and climate change
- monitoring and reporting on energy performance
- encouraging decisions that promote energy efficiency.

The **Sustainable Procurement Policy** makes it clear that the Group expects suppliers and business partners to adhere to specific principles relating to sustainable sourcing in terms of working conditions, health and safety, respect for the environment, and in dealings with the Public Administration and Institutions, consistent with those adopted by the Group.

## 3.1.3 MATERIAL ENVIRONMENTAL TOPICS

The environmental topics relevant to the F.I.L.A. Group, resulting from the materiality analysis (described in detail in Annex "A.3 *Materiality Analysis*"), are:

- **use of raw materials**
- **consumption of energy resources**
- **water consumption**
- **atmospheric emissions**

The COVID-19 pandemic has not had significant impacts on the environmental risks faced by the Group.

The **main materials** used to produce many of the F.I.L.A. Group's products are paper, cellulose, wood, plastic, chalk, calcium carbonate, dyes, graphite and, in some cases, semi-finished and finished materials, such as glues.



# 3

## MATERIAL ENVIRONMENTAL TOPICS

The consumption of **renewable and non-renewable** raw materials as manufacturing inputs is an important factor in terms of the impact of the use of resources: consumption of some materials by the F.I.L.A. Group may have substantial environmental impact. Among them are for example wood for pencils and crayons, plastic for felt-tip pens, flour for modelling clay and cellulose fibres. F.I.L.A.'s facilities need power to operate, so its choice of energy sources affects the environment both in terms of the consumption of fossil fuels (e.g. natural gas) and in terms of **greenhouse gas emissions** from combustion (e.g. CO<sub>2</sub>). Industrial processes for manufacturing papers, paints, play dough and chalk consume water, and the F.I.L.A. Group is very aware that this raw material must be used responsibly. The F.I.L.A. Group's manufacturing processes do not involve chemical reactions or processing phases that are likely to generate significant air pollution. Nonetheless, power consumption involves (principally via indirect routes) combustion processes that generate greenhouse gases.

The following paragraphs discuss in greater detail and furnish examples of the aforesaid material aspects and the indicators chosen from the GRI Standards.

In the countries where they are located, the Group's facilities are subject to specific

environmental legislation on, for example, atmospheric emissions, soil, subsoil and water pollutants concentrations, water discharge and waste disposal. In Italy, such legislation is incorporated in Legislative Decree No. 152, of April 3, 2006 (the "Consolidated Environmental Act"), which, regarding industrial activities, includes legislative provisions on waste management, contaminated site reclamation, water and soil protection, protected area management, environmental damage compensation, environmental impact assessments, atmospheric emissions and noise pollution.

The F.I.L.A. Group launched a programme to obtain environmental certifications for its facilities. At the date of this Statement, the Parent Company F.I.L.A. S.p.A. (Rufina plant and Pero office), Canson France, Lyra Germany, and Canson Art & Craft Yixing are ISO 14001:2015 (Environmental Management System) certified. 685 employees currently working at production plants, equal to 7% of the Group's entire workforce, work on sites with ISO 14001:2015 certification.

### 3.2 USE OF RAW MATERIALS AND THE CIRCULAR ECONOMY

Over the years, the F.I.L.A. Group has focused its attention on **recycling** some

of the raw materials used in its production processes where technically feasible. The production of timber slats from which pencils are made requires re-using primary manufacturing rejects, such as, for example, joining below-standard size slats, or "finger joints", or low-width timber slats for the production of canvas frames.

The **main raw materials** used in the production process of the F.I.L.A. Group are:

- timber, in particular cedar, poplar and pine, in boards or slats, in order to produce coloured and graphite pencils in Mexico, India and China, in addition to canvas frames;
- plastics for the production of felt-tip pens, highlighters and markers, packaging, and other writing instruments (e.g. sharpeners and rulers), which are procured mainly in Italy and India.
- calcium carbonate and sulphate for the production of chalks, paints and modelling materials procured mainly from India and France, where the Group relies on a local supplier, mainly due to its proximity to the Saint Germain La Ville plant;
- flours used in the production of play dough;
- graphite used in the production of pencil leads;
- wax used in the production of wax crayons and in pencil leads;



# 3 MATERIAL ENVIRONMENTAL TOPICS

- paper for the production of paper sheets for school use in the North American market;
- cellulose fibres used in high quality paper production in France and the United Kingdom;
- clay used in the production of modelling clay;
- paraffin for the production of crayons, acquired in Mexico and India.

The Group recognised that the potential **main risks** were the consumption of raw materials, the uncontrolled use of resources and natural raw materials, an excessive consumption of energy from non-renewable sources, and the uncontrolled consumption of water. To mitigate these potential risks, action was taken to determine the levels of this consumption and to monitor it over time by comparing them to comparable scenarios across the various Companies within the Group.

**Timber** is the main raw material, after paper, and is used in the production of graphite and coloured pencils. Logs, slats and timber planks are purchased to manufacture pencils in the factories located in Mexico, India and China.

In recent years, the F.I.L.A. Group has moved towards certifying (see “Chain of Custody”) the timbers in conjunction with the *Forest Stewardship Council*, as well as joining the

*Programme for Endorsement of Forest Certification schemes* for economically sustainable forestry management. These certifications ensure that certified products are realised using timber from suppliers who abide by these certifications based on sustainable forestry management. Among the activities included in the Strategic Sustainability Plan is the performance of a feasibility analysis to increase the purchase of certified wood.



The *Forest Stewardship Council*® (FSC®) certification is an independent and third party international certification specifically for the forestry industry, for timber and non-timber products - sourced from certified forests.



The PEFC programme (*Programme for Endorsement of Forest Certification schemes*) is based on three fundamental principles:

- compliance with the Criteria and Indicators defined in the Ministerial Conferences for the protection of forests in Europe (Helsinki 1993, Lisbon 1998) which launched the so-called “Pan-European process”;
- its application at regional or Group level (individual membership is also possible);

- inspections and the certification process are allocated to an independent and accredited third party.

The F.I.L.A. Group purchases timber in Central/South America, where it is used in the facilities in Tultitlán and Oaxaca in Mexico, in Asia in the Kunshan factories in China and India and in the Gujarat and Jammu facilities. In addition, wood purchased in North America is also used in production plants in China. As there are only a few and highly concentrated timber producers worldwide, relationships with these companies are particularly important for those working in our sector.

The following Group companies currently use the following certified materials:

- Dixon Ticonderoga Mexico (wood)
- Dixon Ticonderoga USA (wood + paper)
- Fila Dixon Kunshan (wood)
- Bridesore (wood + paper)
- St. Cuthbert (cellulose)
- Canson (cellulose + paper)
- Dixon Ticonderoga Art (paper)
- Daler Rowney (paper)

51% of the timber used by the Group in 2021 came in the form of logs (57% in 2020), 39% came in the form of wooden slats (in



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## MATERIAL ENVIRONMENTAL TOPICS

### 3. MATERIAL ENVIRONMENTAL TOPICS 67/128

line with 41% in 2020) and the remaining 10% was timber (2% in 2020).

Regarding slats, of the total 16,855 cubic metres purchased in 2021 (18,985 in 2020), 18% (29% in 2020) are FSC certified (2,993 cubic yards in 2021, 5,520 cubic yards in 2020), purchased from:

- Dixon Ticonderoga Company USA: 1 cubic metre, equal to 100% of the material purchased by the Company;
- Bridesore S.r.l. (Dominican Republic): 1,885 cubic metres, i.e. 76% of the material acquired by the Company;
- Dixon Kunshan (China): 1,107 cubic metres, i.e. 76% of the material acquired by the Company;

Lumber purchased in 2021 (43,628 cubic metres) decreased compared to 2020 (46,875 cubic metres) as a result of:

- the decrease (of -28%) in log purchases by Grupo Fila Dixon, S.A. de C.V. (Mexico) due to a reduction in sales resulting from the COVID-19 pandemic
- the decrease (of -47%) in purchases of slats by Fila Dixon Stationery (Kunshan) due to a decrease in pencil orders
- the decrease (of -24%) in purchases by Bridesore S.r.l. following a reduction in production

The purchases of wooden planks during the period (10% of timber consumed by the Group in 2021) entirely for the Dixon Kunshan (China) plant, were 100% PEFC certified.

The table GRI 301-1 TIMBER ACQUIRED AND CERTIFICATIONS at Annex “D. Tables listing GRI indicators and information” provides information on the consumption of timber in the form of logs, planks and slats, and the related certifications.

To optimise purchases and the synergies between the companies within the Group, a portion of the processed timber from the facilities is sold to other companies with pencil production lines (for example Lyra in Germany for the Nuremberg facility). **Recovering timber** is a practice consolidated by the F.I.L.A. Group, and specifically numerous stages in the production of the timber slats involve the re-use of timber rejects to manufacture products using the “finger joint” technique whereby timber rejects are recovered to produce the eco-friendly pencil product ranges (e.g. The Ticonderoga Envirostik). The timber rejects from the timber slat production line in the Oaxaca factory in Mexico are used to manufacture the canvas frames which are then assembled in the Bridesore facility in the Dominican Republic.

As wood is one of the raw materials with most environmental impact in terms of Group manufacturing, in recent years significant investment has been made in a **plantation** approximately 250,000 poplar trees in Xianjiang in north-west China, with the aim of ensuring in future at least a partial use of timber from its own renewable forests. The initial plan expected investment to be fully operational, with the usage of the first cycle of trees, from 2021/2022, producing 40% of supplies required for the Chinese factory's production needs, (i.e. 15% of the F.I.L.A. Group's total supply requirements). The plan also envisaged the progressive harvesting of timber, with the subsequent planting of new trees for at least five cycles. However, as a result of the drought that has plagued the region in recent years and the scarcity of available water, which is allocated by the local government mainly to food crops, the growth times of the plantation have been set back. In 2021 the local authorities authorised irrigation of the plantation to resume.

Across all the timber processing factories, dust and woodchips aspiration systems are present to capture sawdust and woodchips which are then put to various uses.

Amongst the recycling techniques of the timber rejects it is worthwhile mentioning the Lyra facility in Nuremberg where wood



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## MATERIAL ENVIRONMENTAL TOPICS

dust impurities are separated out and once pressed and compacted are sold to third parties for various applications including the production of parquet floors. In 2021, this process allowed us to reuse 84,3 tonnes of sawdust from the process (54,7 tonnes in 2020). Also, the Oaxaca factory in Mexico uses log bark and saw dust as fuel to generate heat through two proprietary systems. Average annual energy production from this source was 183 million MJ in 2021, up from 119 million MJ in 2020.

In various factories of the Group, the production process involves, upstream to the various production phases, either the re-entry of the primary production rejects into the production process or their sale for use by third parties. These materials are not considered recyclable materials. It would be highly complex to assess the impact of this recycling process.

Plastics are purchased to produce writing and drawing materials in addition to packaging materials. Focus on the **recycling of plastic materials** is ongoing in several recovery processes across several production phases. 5% of the plastic raw materials (PHE/PP/PHEG/ABS) used in the Group's production processes in 2021 are made of recycled material (up from 4% in 2020).

In terms of the recovery of plastic materials, the Rufina factory, near Florence, recovers the plastic reject material derived from the production of pens and markers: in 2021, a total of 62.946 kg of plastic production rejects, for example ground plastic, containers, colour replacement scraps from injection presses, etc., an increase on last year (59,750 kg in 2020). The Parent F.I.L.A. S.p.A. also recovers production rejects which fail quality standards for re-use and sells them to companies for their use in their production processes in materials with the corresponding characteristics. In the Group's paper mills, primary production rejects from the paper production process are re-used in the same production process. As stated in the Strategic Sustainability Plan, a **project to reduce the amount of plastics in the development of new moulding parts** was completed in 2021.

An internal policy has been introduced to promote environmentally friendly solutions (such as the manufacture and sale of pencils made with recycled Newsprint paper by DOMS Industries or the "Gouache pigment filling" project under development by Fila Yixing), reduce our packaging and continuously improve product performance to increase product durability and further reduce waste. The consumption of plastic packaging is gradually being reduced to

only what is strictly necessary to ensure the product remains undamaged in transport and at the point of sale.

Again, we are progressively replacing fossil-sourced plastics with eco-friendly packaging and packaging such as recycled R-PET plastic for envelopes and blister packs or R-PET bottles to package our temperas and glues. We prioritise single-component packaging that is easy to recycle.

This rationalisation process has in recent months allowed us, for example, to achieve the goal of reducing and optimising the packaging of Giotto modelling clay. This has enabled us to reduce cardboard consumption by 4,7\* tonnes of cardboard per year (\*estimate refers to volumes placed on the market in 2021) and to eliminate about 300.000 plastic trays used to package the Giotto Decor line of markers, while reducing the use of recycled cardboard when developing new packs.

In line with the Strategic Sustainability Plan, functional analysis was completed in 2021 in order to implement a tool to **monitor the packaging tonnage sold** and to establish system requirements (SAP REA).

In the reporting period, the collection of data for monitoring the recycled component of products sold (SAP REA)



# 3 MATERIAL ENVIRONMENTAL TOPICS

was finalised and completed, and the system requirements were established. This tool will be rolled out over the next few years in Group Companies that already use the SAP management system, starting with the parent companies.



In 2021 the Arches paper mill, a pioneer and leader in sustainability standards since 1984, became the first paper manufacturer to achieve SCS Global Service "Recycled Content" certification for its entire range of art and printing papers. The Arches manufacturing hub has long incorporated socially and environmentally responsible practices, such as water management and treatment, into its manufacturing process. SCS certification measures the percentage of recycled content in an objective and logical manner, thus ensuring the accuracy of the information used to promote the product in the marketplace.

Consumption of unprocessed plastic raw materials (PHE/PHEG/ABS/ECC) increased by 26% during 2021 as a result of growth in production activity volumes following

the reduced impact of the COVID-19 pandemic; in India, in particular, plastics usage increased by 46% as plants resumed production.

Recorded paper roll consumption in 2021 decreased by 11% compared to 2020, primarily due to a decrease in Sketchbook and Jumbo Packs production by Dixon Ticonderoga Company USA (-15% drop compared to 2020). 83% of the paper rolls purchased by the Group in 2021 were PEFC and SFI (Sustainable Forestry Initiative) certified.

In the same period there was an increase in the consumption of calcium carbonate (up 18% compared to 2020) and calcium sulphate (up 83% compared to 2020), mainly due to the increase in production of the modelling clay segment (Das, Didò, Das Smart) by F.I.L.A. S.p.A.

Finally, it should be noted that 92% of the cellulose fibres purchased by the Group in 2021 (equal to 12.3 million kg) are also FSC certified.

The GRI 301-1 OTHER MATERIALS CONSUMED table in Annex D. *Tables listing GRI indicators and information* summarises purchases of primary raw materials by the F.I.L.A. Group over the past three years.

The **circular economy** is a model of production and consumption that involves sharing, leasing, reusing, repairing, refurbishing and recycling materials as well as products with a longer life cycle. The idea is that instead of taking resources from the earth, processing them to make them into products to be sold and used, and then disposing of them at the end of their use, we can find a way to rethink the production and management system for waste/rubbish in order to make good use of it and reintroduce it into processes.



Source European Parliament "Circular Economy: definition, importance and benefits"  
<https://www.europarl.europa.eu/news/en/headlines/economy/20151201STO05603/circular-economy-definition-importance-and-benefits>



# 3 MATERIAL ENVIRONMENTAL TOPICS

To continue on the path towards greater sustainability in its daily operations, for 2022 the Group's Strategic Sustainability Plan includes the assessment of the feasibility and sustainability of circular economy projects. One example is the promotion in Italy of post-consumer recycling of felt-tip pens through partnerships with institutions and private companies and by identifying partnerships with companies and bodies to promote post-consumer recycling in the countries in which the Group operates.

## 3.3 CONSUMPTION OF ENERGY RESOURCES

The resources and the natural raw materials used by the F.I.L.A. Group in the production process include non-renewable and renewable energy sources.

The **energy sources used** by the F.I.L.A. Group in its production processes are:

- electricity
- thermal energy
- system-cooling energy
- steam
- fuels
- diesel
- natural gas
- biomass (sawdust)

### CONSUMPTION OF ENERGY RESOURCES

Energy sources, which can be classified with reference to the available technology and by acquired scientific knowledge, are as follows:

fossil energy (or non-renewable energy) i.e. crude oil, carbon and natural gas reserves;

renewable energies, i.e. solar energy (photovoltaic), wind energy, (aeolian), hydropower (hydroelectric), geothermal energy and biomass energy (wood, biofuels, etc.);

nuclear energy which uses the energy produced from either splitting the atom (nuclear fission or) or from fusing atoms (nuclear fusion).

The major differences between fossil and renewable energy sources is mainly based on the length of the time it takes to create them. In the case of fossil energy, the timescales for their natural formation are very long (geological times) and for this reason they are considered "non-renewable resources". In contrast, renewable energy sources reproduce over short cycles and over very short periods of time (for example the rising of the sun, the tides, the wind, biomasses, etc). The formation periods for renewable energy sources are lower and for this reason they are called "renewable resources".

Energy sources can be also classified as primary and secondary energy sources. Primary energy sources are sources where the energy content is used directly in that it is already available naturally, such as fossil fuels (oil, carbon, and natural gas), water, the sun and the wind. Secondary sources are the result of a production process, such as the fuels produced by the refining of crude oil or the electricity produced by power stations using primary energy sources.

The Group recognised that the **main risks** associated with its operations were the consumption of energy resources, the uncontrolled use of natural raw materials (e.g. fuels) and an excessive consumption of energy from non-renewable sources. To mitigate such risks, action was taken to determine and monitor the levels of this consumption, also by comparing them to comparable scenarios across the various companies within the Group. As set out in the Strategic Sustainability Plan, a Group Energy Saving Policy was adopted in 2021 and work is in progress on a Group plan for improving energy efficiency (LED lights, heating and air conditioning, compressed air, production machinery).

The F.I.L.A. Group uses different **sources of energy** to operate its production sites, from the cooling of production systems to

the heating of its workplace environments. In Europe, in North America and in Central and South America, the main energy purchased is electricity. The main energy source in China is steam energy. The main source of energy purchased by the Group is thermal energy. Purchases of this form of energy increased by 29% compared to 2020 as a result of colder temperatures in Europe and North America during the year, given the increase in production and activities following the relaxation of restrictions to contain the pandemic.

The "GRI 302-1 ENERGY CONSUMPTION" table in Annex D. *Tables listing GRI indicators and information*, shows the F.I.L.A. Group's purchase of energy by type over the past three years.



# 3 MATERIAL ENVIRONMENTAL TOPICS

In line with the previous year, 95% of the Group's **fossil fuel consumption** came from natural gas, which is mainly used for heating and some production processes.

Significant deviations occurred in the use of diesel and fuel oil during the period. The Group does not use coal.

The "GRI 302-1 ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES" table in Annex D. *Tables listing GRI indicators and information* summarises the F.I.L.A. Group's purchase of fossil fuel energy over the past three years.

The table "GRI 302-3 ENERGY INTENSITY" in the Annex D. *Tables listing GRI indicators and information* sets out the relationship

between total energy consumption and Group gross revenues.

Overall, based on the information presented in the aforementioned tables, in 2021 the F.I.L.A. Group consumed 74.933 MWh of electricity (65.784 MWh in 2020), equal to 269.759.940 MJ, and utilised 454.281.861MJ of energy from other sources (378.982.085<sup>2</sup> MJ in 2020), for a total of 724.041.801MJ energy consumed (615.803.587<sup>3</sup> MJ in 2020). The increases are due to the resumption of activities mentioned above.

2 figure recalculated following revision of the fuel oil conversion factor from Litres to Mega Joules by DOMS Industries

3 figure recalculated following revision of the fuel oil conversion factor from Litres to Mega Joules by DOMS Industries.

The energy produced from **biomass**, a renewable source, in relation to the Mexican and Indian subsidiaries, amounted to 210.767.629 MJ, an increase of 44% compared to 2020 (146.561.280 MJ), as a result of the growth in production activity volumes in 2021.

The Group companies have pursued projects targeted at **improving their energy efficiency**, for example, by reducing lighting electricity consumption, combustion inefficiencies and optimising production facilities.

The main Group energy saving projects in recent years have focused on replacing energy-intensive machinery with more efficient alternatives; replacing "classic"



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# 3 MATERIAL ENVIRONMENTAL TOPICS

filament bulbs (no longer on the market in some countries) and fluorescent bulbs with LED lighting. This new lighting system provides for significant energy savings (about 90% compared to old bulbs and 70% compared to fluorescent bulbs), while also drastically decreasing the Group's environmental impact. In fact, LED bulbs have a significantly longer lifespan and do not contain harmful gases or toxic substances, such as mercury, thereby making their disposal easier.

Highlights for 2021:

- the saving of 8.429.760 MJ of steam by Dixon Kunshan (China), as a result of installing a new hot air storage system and building an indoor hot air circulation system
- Dixon Ticonderoga Company (USA) saved 1.573.200 MJ of electricity by installing an LED lighting system in the Company's warehouse in Wisconsin

As already stated, in order to reuse production rejects to generate energy, Dixon Mexico at its plant in Oaxaca operates a steam generation system which uses the sawdust generated from the production process as its fuel. The average annual self-generated power from this source is

approximately 183.259.201 MJ, up from approximately 119.118.480 MJ in 2020. For more information on the F.I.L.A. Group's main initiatives in this area over the past three years, please refer to the "GRI 302-4 REDUCTION IN ENERGY CONSUMPTION" table in Annex D. *Tables listing GRI indicators and information.*

### 3.4 ATMOSPHERIC EMISSIONS

The phenomenon of climate change is not only a global topic but is a constantly evolving phenomenon that encompasses all aspects of the environment, societies and the economic system, with potentially significant impacts on social dynamics and on future generations and consequently on the Group's overall operations.

#### ATMOSPHERIC EMISSIONS

The "greenhouse effect" is the manner in which the Earth's atmosphere captures and distributes solar energy in all directions, thus heating both the surface of the Earth as well as the lower part of the earth's atmosphere. Without it, life on Earth would be much more difficult. Scientists believe that industrial and agricultural activities increase this natural greenhouse effect: this phenomenon is known as global warming or *climate change*.

- The types of greenhouse gases are:
- carbon dioxide (CO<sub>2</sub>) from the use of fossil fuels, deforestation, and the decomposition of biomasses, etc.
  - methane
  - nitrous oxide
  - fluorinated gases.

Although there are no significant gas emissions arising from the production processes and there are no internal systems in order to self-generate electricity, in such a global and current context, the Group believes it is important to monitor greenhouse gas emissions and any other emissions to determine positive choices to curb its own *carbon footprint*. In its activities, the Group has identified as the main risk the use of a fuel mix having a high impact on greenhouse gases and management inefficiencies in the periodic monitoring of purchases and consumption.

The standard expression for greenhouse gas emissions is the CO<sub>2</sub> equivalent, to determine the contribution of the main gases directly responsible for the greenhouse effect as defined by the Kyoto Protocol; gases such as methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and carbon dioxide (CO<sub>2</sub>). These gases are categorised as a CO<sub>2</sub> equivalent under the specific GWP value (global warming potential value).

In 2017, the F.I.L.A. Group began collecting data and calculating **greenhouse gas emissions** to analyse possible operational areas where future performance could be improved. Specifically, the Parent F.I.L.A. collected and calculated CO<sub>2</sub> emission data



# 3 MATERIAL ENVIRONMENTAL TOPICS

based on the GRI 305-1 indicator for direct emissions (Scope 1), as well as the 305-2 indirect emission indicator (Scope 2) based on the emission factors obtained from the International Energy Agency - Energy and CO<sub>2</sub> Emissions in the OECD (2017) and from the Intergovernmental Panel on Climate Change (guidelines for National Greenhouse Gas Inventories). In 2021, the calculation of CO<sub>2</sub> emissions with was further refined, and applied at local level.

Direct greenhouse gas emissions (GHG) derived from internal combustion processes from fuels used in production operations are mainly from natural gas. Indirect emissions were calculated based on consumption of electrical energy, steam and heating energy purchased from third-party providers.

Greenhouse gas (CO<sub>2</sub>) emissions increased 19% in 2021. This was mainly as a result of growth in activity volumes following a year (2020) heavily impacted by production activities reduced to minimal levels due to the restrictions and economic environment resulting from the COVID-19 pandemic.

From 2022, the Strategic Sustainability Plan provides for the evaluation of projects to reduce CO<sub>2</sub> emissions into the atmosphere

coordinated at Group level, linked to energy efficiency projects.

The emissions factors used to calculate direct emissions refer to the methodology established by the GHG Protocol, which uses Global Warming Potential values taken from the IPCC's Fifth Assessment Report and those of the International Energy Agency (IEA). For more information on the F.I.L.A. Group's direct emissions (Scope 1), related biomass share, and indirect emissions (Scope 2) over the past three years, please refer to the "GRI 305-1, 305-2 GREENHOUSE GAS EMISSIONS" table in *Annex D. Tables listing GRI indicators and information*.

The F.I.L.A. Group does not purchase or use significant quantities of substances which deplete the ozone layer (better known as ozone-depleting substances (ODS)).

In terms of geographical segment, **other significant quantities of air pollutants** occur in regions where the production facilities are located.

The reduction in persistent organic pollutants (POP) recorded in recent years, which are now at modest levels, is the result of water-based paints used at

Dixon Kunshan's factories in China. Volatile Organic Compounds (VOCs) are due to the use of solvent-based varnishes for the production of pencils, particularly in India, South America and North America. The table found at *Annex D. Tables listing GRI indicators and information* shows the F.I.L.A. Group's other polluting emissions in 2021, 2020 and 2019, expressed in kilos. The Group's production processes do not generate any *hazardous air pollutants* (HAPs) nor any other category of air pollutants identified by local applicable regulations.

Significant pollutant emissions in 2021 concerned, as in the two previous years, Volatile Organic Compounds (VOCs) and Particulate Matters (PMs).

## 3.5 WATER CONSUMPTION

The term "**water resources**" commonly relates to all available forms of water, an indispensable element for human life and for the life of ecosystems.

In the F.I.L.A. Group's production process, water is mainly used in:

- the production of paper at the St Cuthbert's paper mills in Great Britain and at Canson/Fila Arches in France;



# 3 MATERIAL ENVIRONMENTAL TOPICS

- the production of paints, glues, etc., mainly at the Canson factory in France, F.I.L.A. Dixon Group in Mexico, the Daler-Rowney facility in England, Maimeri in Italy, F.I.L.A. Yixing in China, Doms in India and at Canson Brazil;
- the production of play dough mainly at the Rufina factory in Italy, at Canson in Brazil and at the Dixon Group in Mexico.

The Group identified the excessive use of water in the production process as one of the **main risks** of water consumption in our operations. To mitigate this risk, actions were taken to improve our estimates of water consumption, monitoring its consumption over time as well as benchmarking comparable scenarios across the different companies within the Group.

In 2021, the Group's **water supply** was mainly from groundwater, which accounted for 63% of the total water withdrawn (53%

in 2020), in addition to surface water equal to 33% (41% in 2020), while municipal water supplies remained at 4%, in line with 2020. The consumption of recycled water and waste water from other operators remains at very low levels.

All Group water withdrawals and discharges comply with the local legislative requirements and are periodically checked.

The increase in withdrawal of groundwater from aquifers compared to 2020 mainly relates to water resources used for the operation of the Xinjian site in China. This is used to cultivate the poplar plantation, where full irrigation of the plantation resumed in 2021, following restrictions imposed by local government to contain the COVID-19 pandemic that effectively limited water withdrawal for irrigation of the site in 2020. Water consumption linked to the poplar plantation is up 51% on 2020.

Surface water is mainly river water withdrawn at the Canson facility, France and used in the Moulin du Roy paper mill for the production process. These withdrawals have increased 7% compared to 2020. At the end of the production process, the paper mill carries out an internal purification treatment of the industrial effluents and the water is then discharged into the same water course in compliance with legal values. .

All the Group's water withdrawals concern freshwater sources.

The "GRI 303-3 WATER RESOURCE CONSUMPTION" table in Annex D. *Tables listing GRI indicators and information* summarises the F.I.L.A. Group's water consumption by source type over the last three years.



# 3 MATERIAL ENVIRONMENTAL TOPICS

Considering the importance of managing waste waters in the production processes, numerous initiatives have been taken over time at a local level. The effluents produced by the F.I.L.A. Group are constantly monitored on a regular basis, both internally and externally, to ensure compliance with the prescribed limits. In the majority of cases, industrial effluents are discharged

indirectly into local sewage systems and to external treatment plants. Nevertheless, there is no data on rainwater collected, as at present, there is no system to effectively collect data reliably.

In China, in the Kunshan facility, steam is used during processing and discharged into systems located on the factory roofs. There,

it is condensed and transformed into water to be used in civilian installations.

Currently, there are no methods to measure the quantity of steam and water recovered with this process.

For more details on investments made in various Group companies, refer to the paragraph entitled *3.6.2 Environmental protection investments*.



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# 3 MATERIAL ENVIRONMENTAL TOPICS

Internally recycled water at production facilities in the reference period remained essentially unchanged (increasing from 407.489 cubic metres in 2020 to 416.032 cubic metres in 2021, an increase of 2% increase on the previous year). Recycled water as a proportion of total water withdrawn by the Group (21%) decreased by 5% compared to 2020, as a result of the overall increase in water withdrawal by Group companies to meet higher sustained production levels, against an almost unchanged amount of internally recycled water.

In most cases, the Group's **effluents** are discharged into surface waters (92%, in line with 2020) and to external treatment plants (around 7%, compared to 3% in 2020). The remainder is discharged into the aquifer through internal treatment systems.

Among Group companies, only Dixon Mexico discharges untreated wastewater into sewage systems: at the Tultitlán plant, there is an internal sewage system, with siphons and wells where sludge and sediment accumulate. These are extracted by maintenance staff and disposed of as waste, and filtered water is discharged directly into the municipal sewage system. Annual monitoring is carried out to ensure

that the Mexican standards are met and that discharges are in accordance with local legislation.

In Annex *D. Tables listing GRI indicators and information* the "GRI 303-4 WATER DISCHARGE" sets out the F.I.L.A. Group's final data for 2021, compared with data from the previous two years (in cubic metres) for water discharge by quantity and quality.

With reference to the use of water at Group offices and premises, the Strategic Sustainability Plan includes a project to reduce the use of plastic bottles. This reduction has already been made in the Parent Company's Italian offices through the installation of treated drinking water dispensers operating by reverse osmosis. In 2021 an activity was launched to verify the consumption of plastic bottles within the Group. This will allow a plan to be drawn up to replace disposable bottles with water bottles and dispensers. Finally, in 2021 five Group Companies (Fila S.p.A., DOMS Industries, Canson SAS, Fila Yixing and Fila Xinjiang) adopted specific policies confirming their commitment to reducing water consumption.

## 3.6 OTHER ENVIRONMENTAL TOPICS

Other environmental topics for the Group are:

- waste management
- investments in environmental protection
- compliance with environmental rules

### 3.6.1 WASTE MANAGEMENT

A waste product is any solid or liquid material rejected during a process from a domestic, agricultural or industrial source. Waste is classified in accordance with local regulations as hazardous or non-hazardous.

The Group predominantly produces solid waste (90%, in line with 93% in 2020), as well as some liquid waste. Regardless of its type, the waste itself is both non-hazardous and hazardous, and must therefore be managed and treated according to specific regulations.

In terms of categories of **solid waste** (hazardous/special and non-hazardous wastes) and in terms of geographical segment, these are homogeneous across the various entities worldwide, with the prevalence of non-hazardous wastes.



# 3 MATERIAL ENVIRONMENTAL TOPICS

Overall, Group waste generated in 2021 increased by 31% compared to 2020, primarily as a result of growth in production activity volumes following the mitigation of the effects of the COVID-19 pandemic.

Solid waste products produced by the Group is almost entirely non-hazardous waste (99%, in line with the two previous years). Non-hazardous solid waste represented 89% of the total waste produced during the year (92% in 2020).

Trivial amounts of hazardous waste were generated in 2021 (1% of Group total waste, in line with 2020).

Liquid waste, almost entirely non-hazardous, in 2021 accounted for approximately 11% of total waste produced by the Group (7% in 2020).

In 2021, 17% of the hazardous waste and 54% of the non-hazardous waste generated by the Company was sent for recycling/reuse; overall, 54% of the waste generated by the Group was sent for recycling/reuse (7.4 million kg of waste).

In 2021, new indicators were introduced to analyse waste management, relating to the waste disposal method, the share sent to landfill and the share reused or recycled. As

this is the first year of data collection, data for the previous two years are not available.

The information collected showed that the waste recycled is predominantly non-hazardous and is recycled outside the Group's facilities. The main disposal methods for non-hazardous waste are landfilling, incineration or combustion with energy recovery.

The percentage of non-hazardous waste recycled is 54% of non-hazardous waste generated (60% non-hazardous solid waste recycled; 1% non-hazardous liquid waste recycled).

Hazardous waste generated by the Group remains an insignificant portion and is primarily liquid.

In Annex D. Tables listing GRI indicators and information the following tables are set out: "GRI 306-2 WASTE PRODUCED BY CATEGORY", "GRI 306-3; GRI 306-4; GRI 306-5 WASTE BY TYPE OF DISPOSAL (NON-RECYCLED/RECYCLED)", "GRI 306-3; GRI 306-4; GRI 306-5 NON-RECYCLED WASTE RATE", "GRI 306-3; GRI 306-4; GRI 306-5 WASTE RECYCLED OR REUSED BY TYPE OF RECYCLING/REUSE", and "GRI 306-3; GRI 306-4; GRI 306-5 NON-RECYCLED WASTE BY TYPE OF DISPOSAL".

The Strategic Sustainability Plan provides for a series of projects on waste monitoring and reduction to be phased in by 2022, including evaluating the waste production process and producing a report on monitoring the waste produced.



# 3 MATERIAL ENVIRONMENTAL TOPICS

## 3.6.2 ENVIRONMENTAL PROTECTION INVESTMENTS

The protection of the environment as well as compliance with environmental standards require a dedicated management approach and ad hoc investments, sometimes of a significant nature.

At the Canson facility in France, in 2017, in Grand Mournier a large rainwater decantation basin was built to separate any potential pollutants (such as hydrocarbons) before their controlled emission into the environment. Again the Canson facility, in Moulin du Roy, in France, uses a water purification system (effluent plant) to treat water before discharging it back into the water course. A feasibility analysis has been launched into the reduction of water withdrawal.

The Chalon en Champagne production facility is home to a purification system for industrial waste waters resulting from the production processes.

At the St Cuthbert's paper mill a new water treatment plant was built in 2019 to treat the water (effluent plant) before it is partially re-utilised for production and discharged back into the river.

The Dixon Mexico water purification plant in Oaxaca separates the water from the wax used in the production process.

The environmental protection investments in the USA include ongoing reclamation of no longer proprietary lands related to previous production operations carried out on the site before its acquisition by F.I.L.A. S.p.A.

## 3.6.3 COMPLIANCE WITH ENVIRONMENTAL STANDARDS

For the F.I.L.A. Group, compliance with applicable standards, including environmental standards, is paramount.

The Group believes that the internal control system to ensure environmental compliance must be capable of mitigating any risks of non-compliance as well as the lack of and/or incomplete knowledge of the applicable environmental standards and rules across every site where the Group operates. No fines were imposed during 2021 for non-compliance with applicable environmental legislation.

Rationalisation of production operations ensures compliance with environmental standards as well as seeking to reduce the environmental impact of the Group's operations.



# 4

## MATERIAL EMPLOYMENT TOPICS

### 4.1 RESPECT FOR THE INDIVIDUAL AND RELEVANT TOPICS FOR F.I.L.A.

At F.I.L.A. we are convinced that sustainable success is inextricably linked to the people who make it happen, as they are an important factor in the Group's competitiveness and development.

Until 2018, the strategy of growth through acquisitions pursued over the years, in addition to the organic growth of certain geographic areas of activity, led to a rapid and constant increase in the workforce. This has now stabilised following the drop in numbers due to the effects of the COVID-19 pandemic on the global workforce and the freeze on operations in many regions.

The F.I.L.A. Group is present on five continents, with 47 branches (of which 34 operative) where it operates with over 9.800 employees.

76% of the workforce are blue-collar workers, 21% white-collar workers and 3% managers.

The **main potential risks** identified in terms of employee management are low productivity and low-quality work (e.g. due to high levels of turnover or absenteeism), as well as little training or professional upskilling. In order to manage these risks, practices and procedures were

implemented as part of local Policies in line with the Group's guidelines to better manage the potential negative impacts and to propose solutions for improvements where required. The COVID-19 pandemic has inevitably increased the risk linked to occupational health and safety, and the Group has implemented all the safety protocols and measures and required to reduce risk (as described in more detail in paragraph *2.6 Impacts of the COVID-19 pandemic*).

The Group's directives and policies (described in paragraph *2.2.2 Socio-environmental policy and guidelines of the Group*) affecting staff are:

- the **Sustainability Policy**, which underlines the significance of the Group's commitment to valuing its own employees, respecting human rights, offering proper working conditions and *compliance* with the applicable standards as fundamental elements towards continuing to operate successfully;
- the **Human Rights & Labour Policy** (see chapter *6. Material human rights topics*) which describes, also for employees, the general behavioural principles in terms of respecting human rights, valuing

diversity, ensuring non-discrimination, providing suitable working conditions, combatting forced labour and human trafficking, respecting working times, salary and benefits, preventing child labour, providing safe and secure workplaces, ensuring freedom of association and entitlement to collective bargaining agreements, respecting privacy, safeguarding relations with the local community, and encouraging stakeholder engagement;

- the **Workforce Diversity & Inclusion Policy** which sets out a commitment to promote, nurture and preserve a culture of diversity and inclusion among employees, taking into account the fact that 48% of the workforce is female;
- the **Skills Development Policy** which has various dimensions: the effective management of recruitment and selection processes, adequate training, the creation of a work environment that promotes the exchange of professional skills and is sympathetic to the presence of different cultures, the creation of results-based remuneration systems, sound management of remuneration, organisational measures that encourage the development of talent, a focus on new hires and the ability to retain



# .4 MATERIAL EMPLOYMENT TOPICS

valuable staff, identifying critical roles, and succession schemes.

The Group's *Human Resources Management team* defines remuneration policy guidelines at local level, in compliance with the remuneration policy approved by F.I.L.A.'s Board of Directors. With the support of F.I.L.A. officers, and in agreement with local CEOs, it defines how branches are organised, in compliance with the Group's organisational model (see paragraph *2.4.1 Corporate Governance Model* above).

The HR team also provides all the companies with the tools and guidelines they need in terms of recruitment, reviews and employee development, such as training initiatives, in compliance with specific situations and locally-applicable regulations. All of this is done in full compliance with employment laws and regulations, rejecting all forms of discrimination, and paying the utmost attention to safeguarding the health of employees by adopting appropriate workplace safety prevention and protection measures.

From the materiality analysis (see Annex *A.3 Materiality Analysis*) and from the process of collecting non-financial type data and information, topics of relevance

for employees of the F.I.L.A. Group and on which information is provided in this document are the following:

- **Equal opportunities**
- **Occupational health and safety**

Before tackling in detail the employee-related topics, we outline below some data regarding the composition of the F.I.L.A. workforce in terms of turnover, remuneration and training programmes.

### 4.1.1 COMPOSITION OF THE WORKFORCE

The F.I.L.A. Group had 9,823 employees at the end of 2021 (8.070 at the end of 2020). The increase in the recorded workforce is linked to the easing of restrictions in place to contain the COVID-19 pandemic worldwide, and the effects on the economy, particularly in the countries with the largest production facilities (India and Mexico).

More than 80% of the Group's workforce is concentrated in two regions: Asia, with 68% of total employees, located mainly in India at DOMS (6.273 people at year-end 2021), and Central/South America, with 14% of the workforce, operating mainly in Mexico (911 people at year-end 2021), which is the site of the largest production plants.

Analysing the workforce with reference to employee **gender**, at the end of 2021, 48% of the workforce was made up of women - a slight increase on 46% in 2020. Females make up the highest proportion of the workforce in Central/South America (58%), and this is also where the highest absolute numbers of female workers are. The percentage of female employees in Asia is higher than within the rest of the Group, with 3.240 women employed at the end of the period, a significant increase compared with 2.206 at the end of 2020. In Europe, 39% of the workforce is female, unchanged from the previous year.

In terms of **contract type**, 99% of the Group's employees have a full-time employment contract, in line with 2020. Part-time work contracts are mainly signed by women (78% at the end of 2021), an increase on the previous year (67%). The share of non-permanent staff is 1%.

For more information on the composition of the workforce by contract type, divided between full-time, part-time, permanent, temporary, occasional and zero-hours contracts, for both men and women in 2021 (and for some data also the two previous years), refer to the "GRI 102-8 EMPLOYEE BREAKDOWN" table in Annex *D Tables listing GRI indicators and information*.

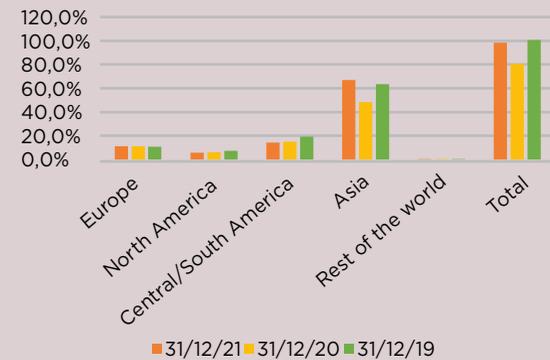


# .4 MATERIAL EMPLOYMENT TOPICS

In terms of **geographic presence**, the majority of the workforce is located in areas where the Group's largest plants are found (India, Mexico and China, see paragraph *1.2.2 Production sites*).

Asia accounts for 69% of the Group's workforce (60% in 2020), followed by Central and South America with 14% (19% in 2020), Europe with 11% (14% in 2020), North America with 6% (7% in 2020) and the Rest of the World with 0.23% (0.3% in 2020).

EMPLOYEES BY GEOGRAPHICAL SEGMENT



In terms of **Composition of the workforce by contractual category** at the end of 2021, 76% of employees were blue-collar, 21% white-collar, and 3% in management.

COMPOSITION OF THE WORKFORCE BY PROFESSIONAL CATEGORY



In terms of geographical distribution, blue-collar workers represent 84% of the workforce in Asia (80% at the end of 2020). Overall, they represent 75% of their category at a Group level (66% at the end of 2020). Blue-collar workers represent 64% of the workforce in Central/South America (67% in 2020), 68% in North America (unchanged from 2020), 52% in

Europe (unchanged from 2020), and 38% in the Rest of the World (39% in 2020). These data coincide with the location of the Group's largest production plants, namely Asia, North America and Central/South America.

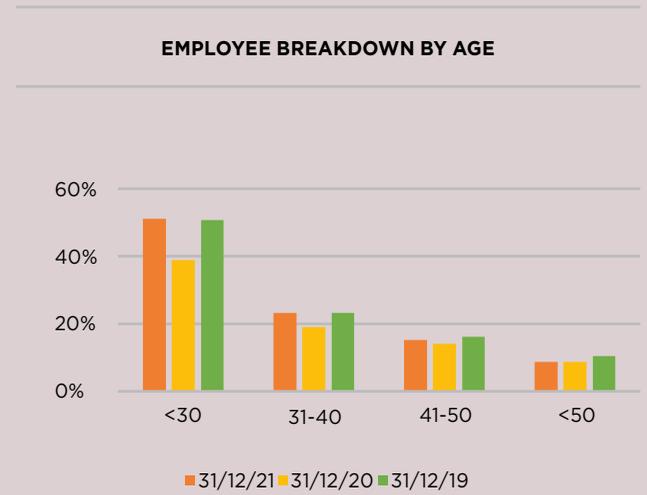
In absolute values, the number of managers was higher in North America and Europe in 2021, as this is where the Parent F.I.L.A. S.p.A.'s headquarters are based.

For more information on the composition of the workforce divided into blue-collar workers, white-collar workers and managers, for the five geographical segments in 2021 and the two previous years, refer to the table "GRI 405-1 EMPLOYEE BREAKDOWN BY CATEGORY AND GEOGRAPHICAL SEGMENT" in Annex *D. Tables listing GRI indicators and information*.



# .4 MATERIAL EMPLOYMENT TOPICS

In terms of the composition of the workforce by **age group**, 52% of employees at Group level were under 30 (48% in 2020) and 24% are aged between 31 and 40 (unchanged from 2020). As such, 76% of the total workforce is under 40 years old, up from 72% in the previous year.



In terms of geographical segment, while the majority of employees in Europe and North America were over 40 years of age at the end of 2021, a significant portion of the corporate population in Asia and Central/South America is under 40, while in the Rest of the World the distribution by age groups is more homogeneous.

For more information on the composition of the Group’s workforce by age group (i.e. 30 and under, 31 to 40, 41 to 50, and over 50) for the five geographical segments for the period 2021-2019, refer to the table “GRI 405-1 EMPLOYEE BREAKDOWN BY AGE AND GEOGRAPHICAL SEGMENT” in Annex *D. Tables listing GRI indicators and information*.

4 staff units were reclassified in the opening data (December 31, 2020) due to a more accurate representation consistent with 2021 reporting activity.

## 4.1.2 PERSONNEL TURNOVER

Il *turnover* (inteso come effetto netto di nuove assunzioni e di uscite di personale) a livello di Gruppo ha registrato un impatto positivo del 21,7%.

Turnover (i.e. the net effect of new hires and staff leaving) at Group level rose by 21.7%.

Employee-retention initiatives implemented by the F.I.L.A. Group specifically focused on potentially critical roles, whereas the Group does not believe it necessary to take action in relation to roles which have no impact on product quality and safety (for example manual packaging operations).

Testament to this is the increased stability in the European continent where due to the characteristics of the labour market, company loyalty is more widespread.

In Asia, there was a *turnover* of 38.4% (1.855 people) in 2021. This was because of the reduction in employee numbers in 2020 linked to the situation in India when factories closed in compliance with the regulatory provisions to counter the spread of the pandemic and, at the end of the harvest season, staff who had returned to their villages of origin did not return to the factory.

Central/South America saw reduced staff *turnover* in 2021, with 91 people leaving compared to 412 in 2020, a figure that was higher than the historical norm, due mainly to the departure of personnel in Mexico as a result of the temporary reduction in production.

In line with the previous year (75%), 77% of the Group’s staff *turnover* for the period occurred at the Indian branch of DOMS India in Asia. A total of 5.906 people were hired in Asia during the period (3.290 in 2020 of whom 5.577 blue-collar workers) and 4.051 resignations were recorded (3.799 blue-collar workers).



# .4 MATERIAL EMPLOYMENT TOPICS

In Central/South America, where total turnover in 2021 was 21.7%, 675 new hires were made (664 in 2020), 535 of whom were blue-collar workers, while 766 resignations were recorded (1.076 in 2020), 633 of whom were blue-collar workers.

Annex D. Tables listing GRI indicators and information includes the following data for the period 2021-2019:

- "GRI 401-1 EMPLOYEE TURNOVER BY CATEGORY"
- "GRI 401-1 EMPLOYEE TURNOVER BY GENDER"
- "GRI 401-1 EMPLOYEE TURNOVER BY GENDER AND GEOGRAPHICAL SEGMENT"
- "GRI 401-1 EMPLOYEE TURNOVER BY AGE"
- "GRI 401-1 EMPLOYEE TURNOVER BY AGE AND GEOGRAPHICAL SEGMENT."

### 4.1.3 REMUNERATION

Remuneration in each contractual category is established in compliance with

the local legislative standards in force, where existing, and according to national collective contracts and private contracts according to the features of the labour market in individual countries.

The remuneration policy seeks to recognise equally, and in a tangible manner, the employees' commitment and contribution to the company's success. Salary scales are based on employee roles and responsibilities and must reflect their experience and the requisite skills for the role, as well as a demonstrable level of excellence and overall contribution to the business, and shall not discriminate.

For employees with positions of responsibility, there are individual bonuses (variable remuneration components) linked to achieving qualitative and quantitative targets in line with the Parent's Remuneration Policy.

The Parent Company has also identified strategic personnel for the Group (Senior Executives and Senior Managers), for whom it has set up a share incentive plan.

In some Group Companies, performance bonuses are in place for all blue-collar and

white-collar workers and managers, on the basis of "second-level contracts".

There were no cases of remuneration below the minimum local wage for the reference category of new employee hires.

In a refinement to non-financial reporting in 2021, data were collected on employees (classified as white-collar and managers) covered by variable compensation plans (first table) and those covered by a periodic performance evaluation process (second table).

In 2021, at Group level 70% of management and 14% of employees had a variable compensation plan (MBO) with annual performance appraisal, mainly in Europe (46% of the total covered by appraisals with MBO) and North America (35%).

Gruppo F.I.L.A.	Managers	White-collar	Total
Employees with individual MBO plans subject to annual performance evaluation	174	288	462
Total employees	249	2.059	2.308
Evaluation rate	70%	14%	20%



# .4 MATERIAL EMPLOYMENT TOPICS

Group employees with management or white-collar status covered by a performance appraisal process that does not include short-term variable remuneration plans accounted for 4% of the total in their respective job categories and were mainly in Europe (58%) and Asia (30%).

Gruppo F.I.L.A.	Managers	White-collar	Total
Employees without individual MBO plans subject to annual performance evaluation	5	96	101
Total employees	249	2.059	2.308
Evaluation rate	2%	5%	4%

In 2021, 24% of Group staff in the professional categories of management (72% of the total) and white-collar workers (19%) were covered by MBO or periodic performance evaluation plans. They were mainly located in Europe (48%) and North America (29%).

In 2021, with reference to **basic salary equity** (i.e. fixed basic salary) between women and men by job category (management, white collar and blue collar), as the ratio of women's basic salary to men's basic salary by job category, a new indicator was reported:

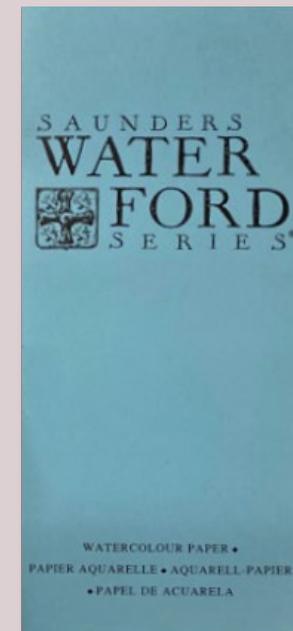
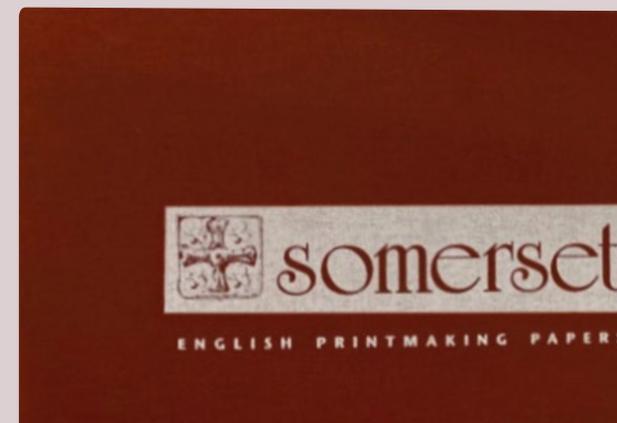
$$\text{Total salary equity between women and men by job category} = \frac{(\text{Women's basic salary} - \text{men's basic salary})}{\text{Men's basic salary}}$$

For each geographical segment, the indicator was calculated by weighting each company's indicator in line with their staff as a share of total staff in that geographical segment, in December 31, 2021.

The following table summarises the basic salary ratio between women and men by job category at Group level (taking into account that in the Rest of the World in South Africa there is only one manager, who is a woman, and conversely in Canson, Australia, where there is only one manager, a man).

Ratio of basic salary between women and men by job category	2021		
	Managers	White-collar	Blue-collar
Europe	-9,3%	-14,8%	-6,3%
North America	-15,5%	-19,5%	-9,2%
Central and South America	-4,8%	-8,2%	-12,5%
Asia	17,5%	-16,1%	-0,1%
Rest of the World	N/A	-36,3%	-22,2%

Female managers have lower average base salaries than their male counterparts in North America (-21.8%) and higher base salaries on average than their male counterparts in Asia (+17.5%). Women's base salaries are consistently lower than those of their male counterparts at the white-collar level (-36.3% in the Rest of the World, -24.3% in North America, -16.1% in Asia and -14.8% in Europe) and for blue-collar workers (with the greatest differences recorded in the Rest of the World (-22.2%), Central and South America (-12.5%) and North America (-10.1%).



# .4 MATERIAL EMPLOYMENT TOPICS

In 2021, with reference to **overall remuneration equity** between women and men by job category, as the ratio of women’s fixed and variable remuneration to that of men by job category, a new indicator was reported:

$$\frac{\text{Total pay equity between women and men by job category}}{\text{Total pay for men}} = \frac{(\text{Total pay for women} - \text{total pay for men})}{\text{Total pay for men}}$$

Again, this result was weighted in line with each company’s staff in a particular job category as a share of total staff in that category, at sub-consolidated level for each geographical segment.

The following table summarises the ratio of overall remuneration for women and men by job category at Group level. (Please note that in the Rest of the World this cannot be calculated due to the low number of managers.)

Female managers’ total pay is on average lower than that of their male counterparts in North America (-27.0%) and on average higher than that of their male counterparts in Asia (+19.5%). While at the white-collar level women are always paid less (-36.7% in the Rest of the World, -24.3%, -22.6% in Asia, -22.1% in North America, -18.1% in Europe and -12.9% in Central and South

America). The same applies to blue-collar workers (where the greatest differences are recorded in the Rest of the World (-22.2%) and in North America (-16.1%).

Ratio of overall remuneration between women and men by job category	2021		
	Managers	White-collar	Blue-collar
Europe	-9,4%	-18,1%	-7,0%
North America	-17,7%	-18,1%	-13,8%
Central and South America	-4,3%	-12,9%	-9,5%
Asia	19,5%	-22,6%	-0,3%
Rest of the World	N/A	-36,7%	-22,2%

### 4.1.4 TRAINING

In 2021 the Group reported a higher number of 72.054 training hours (up from 50.025 hours in 2020). Training was delivered to 6.302 people, of whom 51% were men and 49% were women.

In 2021, the F.I.L.A. Group invested Euro 391.757 in staff training. Specifically, the main costs were incurred in health and safety (Euro 149.792), operational training (Euro 83.208), diversity (Euro 61.829) and IT (Euro 38.905). 87% of training costs were incurred by European subsidiaries, followed by 8% by North American companies. In the Asian subsidiaries, 87% of training was on health and safety and operational

training, which by its very nature is mainly delivered in-house.

Most of the staff who attended **training and refresher courses** were in the operations and health and safety areas, which together account for 92% (95% in 2020).

The **geographical segments** providing the highest number of training hours per employee in 2021 were Central/South America (30 hours per capita, up from 18 in 2020) and Europe (14 hours per capita, up from 11 in 2020). Refer to the tables in the Annex for further details.

Annex D. Tables listing GRI indicators and information includes the following data for 2018 and 2019:

- “GRI 404-1 TRAINING BY GENDER AND TOPIC”
- “GRI 404-1 TRAINING BY GENDER AND GEOGRAPHICAL SEGMENT”
- “GRI404-1TRAININGBYPROFESSIONAL CATEGORY AND TOPIC”

In relation to the **training by professional category**, in 2021, 78% of the total training Group-wide was delivered to blue-collar workers (71% in 2020), 19% to white-collar workers (27% in 2020) and 3% to management (2% in 2020).



# .4 MATERIAL EMPLOYMENT TOPICS

In 2021, blue collar workers received training mainly on operational topics (78%) and on occupational health and safety (19%).

In 2021 white-collar workers received training mainly on operational topics (52%), health and safety (21%) and IT (18%).

Also at *management* level, training provided in 2021 mainly concerned operational topics (63% in 2021, down from 50% in 2020), occupational health and safety (17% in 2021, down from 37% in 2020) and foreign languages (11% in 2021, up from 2,4% in 2020).

### 4.1.5 INDUSTRIAL RELATIONS AND JOB PROTECTION

At the F.I.L.A. Group, industrial relationships are based on an effective collaborative relationship respectful of the reciprocal roles of the parties.

F.I.L.A. S.p.A., applies the national collective bargaining agreements (CCNL) for employees of companies manufacturing pens, pencils, detachable parts of pens and pencils and associated articles and for employees of companies manufacturing brushes, paintbrushes, sweeping brushes and raw material preparations, as well for employees of the other Italian Chemical

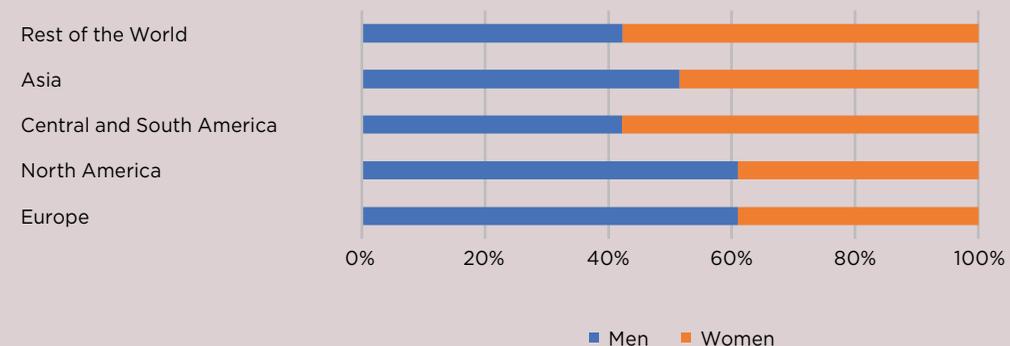
Industry subsidiary, thus by extension to all Italian companies. Thus, 100% of these employees are covered by the CCNL. In terms of the pre-notification limits for organisational change, the contracts of the Italian Companies' employees are in line with the collective contracts outlined above. In 2021, 1.984 people (975 men and 1.099 women) out of the total workforce had a collective bargaining agreement; specifically, 39% in Europe, 33% in Central and South America, and the remaining 14% in North America and Asia. During 2021, no changes in foreign company trade union activities were observed.

### 4.2 EQUAL OPPORTUNITIES

At December 31, 2021, F.I.L.A. Group personnel were 48% female, a slight increase on 46% in 2020, and 52% male (54% in 2020).

By geographical segment, Asia is the area with the highest absolute number of female employees at 48% (in 2020, 2,207 women out of 4,830 employees, or 46%), followed by Central/South America at 58% (with 857 women and 57% of the total in 2020).

COMPOSITION OF THE WORKFORCE BY GENDER AND GEOGRAPHICAL SEGMENT



# .4 MATERIAL EMPLOYMENT TOPICS

As described in the **Sustainability Policy** valuing employees is a fundamental requirement for the Group's continued operational success. In this context, gender diversity and diversity of opinion are considered elements that need to be taken into account as these are sources of cultural and professional enrichment. Within the scope of the 2021-2025 Sustainability Plan, there are specific projects aimed at ensuring operational consistency in the application of equal opportunities within the individual companies of the Group in coordination with the overall targets for the period of the plan.

The **main risk** identified by the Group in relation to equal opportunities is eliminating discriminatory practices that conflict with Group policy and with applicable legislation. In this regard, in 2021 the Group updated its **Workforce Diversity & Inclusion Policy**, which sets out the general principles of equal opportunity, non-discrimination and meritocracy.

Personnel are managed mainly via full-time employment contracts (part-time contracts account for 1% of the workforce, in unchanged from 2020), complemented by various contract options, including flexitime, seasonal work (for concentrated

periods less than 12 months a year), short working weeks (reduced hours spread over less days) and working time accounts.

The Group offers part-time contracts in all geographical regions. Regarding flexible employment arrangements, European personnel are offered all contract options, including flexitime, seasonal work, short working weeks and working time accounts, North American personnel are offered seasonal work and short working weeks, and Central and South American personnel are offered working time accounts. Seasonal work in Asia and short working weeks in the rest of the world are envisaged.

For more information on the composition of the workforce by **contract type**, divided between full-time, part-time and zero-hour contracts, for both men and women in 2021 and the two previous years, refer to the "GRI 102-8 EMPLOYEE BREAKDOWN" table in Annex *D. Tables listing GRI indicators and information.*



# .4 MATERIAL EMPLOYMENT TOPICS

As set out in paragraph *2.5 Corporate Governance and risk management*, above, the composition of the governing and supervisory bodies of the F.I.L.A. Group complies with the requirements of gender diversity and, as set out in paragraphs *2.5.2 Board of Directors and 2.5.3 Board of Statutory Auditors* the level of diversity in terms of educational and professional background is very wide and varied. In addition to the implementation of the internal disciplinary system on gender discrimination, the Parent introduced improved standards regarding women’s occupational safety, for example, by placing more stringent limits than current legislation on the handling of heavy objects.

### 4.3 OCCUPATIONAL HEALTH AND SAFETY

The protection of the health and safety and the well-being of employees in the workplace is an important value by which the F.I.L.A. Group conducts and develops its operations.

The **main risks** identified in relation to occupational health and safety are work-related injuries and risks of non-compliance with applicable legislative standards. To manage this risk, the Group has implemented *risk management* activities,

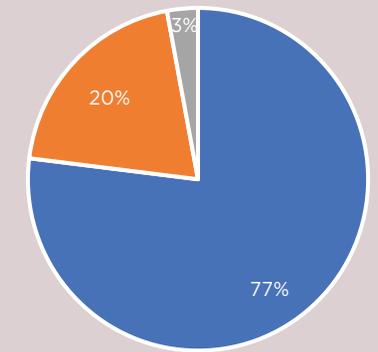
training for all those concerned and periodic monitoring of reference legislation. Health and safety training increased in 2021 (14.033 hours, compared to 11.504 in 2020) to help respond to the COVID-19 health emergency and mainly, in terms of total hours of training, targeted blue- and white-collar workers.

Indeed, by their very nature, occupational health and safety risks are transversal to practically all areas/departments of the Company, and specifically concern production areas where machines and systems are operated.

As noted in paragraph *4.1.4 Training* above, 20% of total training hours in 2021 were dedicated to occupational health and safety topics (23% in 2020). Group-wide health and safety training provided in 2021 was primarily for blue-collar workers (10.792 hours in 2021 compared to 9.569 hours in 2020).

In 2021 there were 144 **work-related injuries** (166 in 2020) at the Group, corresponding to 1.578 lost work days, none of which were fatal, and one with a prognosis of more than 120 days. There were no work-related injuries involving staff from outside the Company.

HOURS OF HEALTH AND SAFETY TRAINING PROVIDED IN 2021 BY OCCUPATIONAL CATEGORY



■ Blue Collar ■ White Collar ■ Management

Most of the injuries with a prognosis of fewer than 120 days (99%, 87% in 2020) involved injuries with a prognosis of fewer than 40 days, an improvement over the previous year despite increased production activity (87% in 2020). The work-related injury with a prognosis of more than 120 days occurred in the Mexican company, in the pencil department of the Tultitlan plant. The worker did not follow the procedures for the use of the machine and his index finger got stuck, resulting in amputation. For this incident, the prognosis was 143 days.

Incidents involving men decreased from the previous year (57%, compared to 62% in 2020).



# .4 MATERIAL EMPLOYMENT TOPICS

The work-related injury rate of 1.37 per 100 in 2021 indicates the number of work-related injuries with serious consequences per 100 full-time workers over a one-year period, assuming a full-time worker works 2.000 hours per year and using the figure of 20.897.173 hours worked in 2021. It was calculated as follows:

$$\text{Accident rate} = \frac{\text{Number of recordable work-related injuries}}{\text{Number of hours worked}} \times (200.000)$$

In Europe, injuries decreased from 77 to 59 in 2021. 98% of these injuries which had prognoses of less than 40 days. By individual company, the European subsidiaries recording the most injuries were the production companies Daler-Rowney UK (43), St. Cuthberts (6), Canson France (6), and Fila Arches (4).

In North America there were 7 work-related injuries in 2021, compared to 19 in 2020. Most of them (86%) involved incidents with prognoses of fewer than 40 days.

In Central and South America, there were 33 injuries during the period (37 in 2020), of which 73% with prognoses of less than 40 days. By individual company, the subsidiaries recording the most injuries were Dixon Mexico (21), Bridesshore (9), and Canson Brazil (3).

In Asia, 45 work-related injuries were reported in 2021, up from 33 in 2020 as the workforce and hours worked increased during the period. 96% of reported cases were minor (prognosis of fewer than 40 days); almost all cases were in the Indian company (39), where most of the area's workforce is employed.

The rate of work-related injuries with serious consequences (excluding deaths) of 0,010 per 100 in 2021 indicates the number of work-related injuries with serious consequences per 100 full-time workers over a one-year period, assuming a full-time worker works 2.000 hours per year, and is calculated as follows:

$$\text{Rate of with work-related injuries with serious consequences (excluding deaths)} = \frac{\text{Number of work-related injuries with serious consequences (excluding deaths)}}{\text{Number of hours worked}} \times (200.000)$$

During the period, there was one work-related ill health in the Mexican company (with 39 days prognosis), due to tendinitis.

In Annex *D. Tables listing GRI indicators and information*, tables "DAYS OF ABSENTEEISM BY REASON" and "DAYS OF ABSENTEEISM BY REASON AND GEOGRAPHICAL SEGMENT" provide

details, for 2021 and the two previous years, on days of absence due to accidents, illness and other reasons by gender and by geographical segment.

In 2017 the Parent F.I.L.A. S.p.A., Omyacolor and Canson France signed **social contract agreements** for the benefit of their employees, agreements still in place.

The Parent F.I.L.A. S.p.A. operates an **Occupational health and safety management** system that is certified according to the ISO 45001 standard (ex OHSAS 18001) - "Occupational Health and Safety *Assessment Series*". During the process of managing and improving its own Occupational Health and Safety Management System, the Parent identified and defined the following processes which it monitors regularly:

- definition of health and safety policies
- risk factors and legislative compliance
- assessment and significance of the implications of the risk factors
- definitions of targets and objectives
- review of the governance and the Occupational Safety Programme

The occupational health and safety system in place at the Canson France facility is also certified to ISO 45001.



# .4 MATERIAL EMPLOYMENT TOPICS

It should be noted that among the employee occupational health services activated during the period, a US-based physiotherapist is available to treat any ergonomic problems caused by repetitive movements. In 2021, 83 people worked with the therapist. A company nurse is also available to employees. In Mexico, various occupational medicine services are provided, such as those aimed at assessing the risks of work activities, by analysing factors and situations that have a negative impact on the health or well-being of workers within the work context, as well as information and advice on health, well-being, hygiene and ergonomics.

Initiatives to facilitate worker participation and consultation in the development, implementation and evaluation of the occupational health and safety management system include Safety Observation Tours in the USA, involving 305 people in distribution departments and 552 in production departments, aimed at assessing risk and developing mitigation plans, while at the same time increasing people's safety awareness. In Appleton, in particular, electrical safety has been reinforced by upgrading the panels to reflect the power input. To strengthen the security of the Neenah site building, work has been carried out to limit access,

installing cages at the shipping doors, hiring guards at the entrances to the plants and equipping employees with security keys, along with the repaving of the car park to improve drainage and updated employees training on industrial motor vehicles.

In Mexico, quarterly meetings are scheduled to review and discuss occupational safety and hygiene issues, as are tours of company facilities to verify compliance with occupational health and safety regulations, investigations into the causes of work-related ill health, and measures are proposed to prevent occupational hazards and monitor compliance.



**FILA GROUP** | COLOURING THE FUTURE SINCE 1920.



# 5 MATERIAL TOPICS SOCIAL

## 5.1 F.I.L.A.'S SOCIAL ROLE AND MATERIAL SOCIAL TOPICS

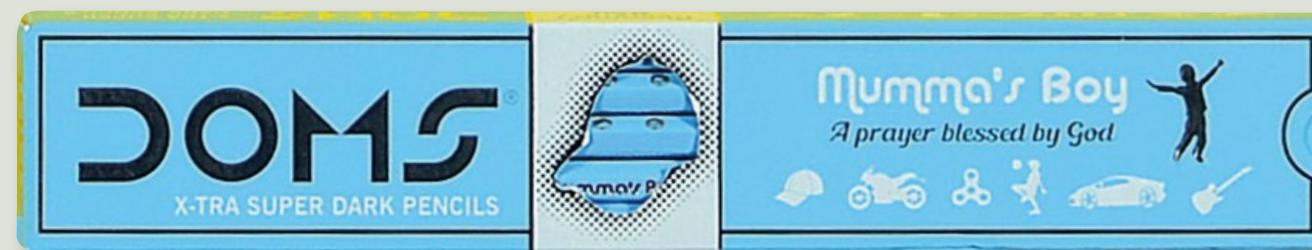
The F.I.L.A. Group has 9.823 employees - spanning 5 continents - and manufactures and sells products for children, teenagers and adults. Topics of social relevance for a Group such as F.I.L.A range from relationships with stakeholders, to the integrity and the rigour of the Company's conduct, from supplying quality and safe products, to the management of quality relationships with its supply chain as well as with the communities wherein we operate.

As part of 2021 **stakeholder engagement**, the Group conducted a survey with the support of DOXA - an agency specialising in market research and analysis - to understand the expectations of **consumers, teachers and local communities**, including several questions on sustainability issues arising in the Doxa Junior research.

Interviews showed that 30% of **parents of 5-13-year-olds** believe it is very important for companies to take pro-environmental sustainability measures, fairly important in 45% of cases, although their propensity to pay more to buy more sustainable products has declined slightly since 2020 (12% certainly yes in 2021, 14% in 2020; probably yes 40% in 2021, 45% in 2020). Companies are expected to pay attention mainly to the composition and origin of raw materials (one third of responses for the toys and stationery sectors), and to adhere to environmental protection projects (one quarter of responses for the toys and stationery sectors), followed by attention to packaging and communication to raise consumer awareness of correct behaviour. 44% of parents believe that F.I.L.A. could be more active on the level of environmental sustainability, producing products with a low environmental impact, and 36%, that it could be more active on the level of social sustainability, including defending people's economic, social, political and cultural rights. At the behavioural level, parents expect products that perform well, last longer, and are safe.

33% of **11-13 year-olds** surveyed would like products with low environmental impact, while 23% believe social sustainability is important. In terms of behaviours, sustainability for children is aligned with parental expectation and translates to long life, good performance and safety

For **teachers of 5-13 year-olds**, the expectation in terms of sustainability again responds to products that last a long time, perform well, and are safe.



From the analyses of the content and from the process of collecting non-financial data and information, material social topics for the F.I.L.A. Group are the following:

- **product safety**
- **integrity of the supply chain**
- **diversity.**

The section below presents an analysis of the following aspects:

- product quality and safety
- relationships with the supplier chain
- support for culture and the local communities
- protecting diversity.



# 5 MATERIAL SOCIAL TOPICS

## 5.2 PRODUCT QUALITY AND SAFETY

Providing safe products to consumers is a Group priority, as is analysing and understanding all associated safety issues, during new product development, as well as during production. The management of product safety control procedures is a fundamental activity in all of the Group's operations, also in view of the fact that most of the products marketed are intended for consumers of pre-school and school age.

The supply of quality products is a fundamental value under the Group's Ethics Code and is one of the pillars of the Sustainability Plan, which seeks to promote policies to maintain and increase product quality and safety.

It is essential that in the conduct of its business operations there is complete and timely knowledge of the standards applicable to product safety overall, and more specifically to the safety of toys/cosmetic toys, both in terms of their production and their sale. Given that the majority of the F.I.L.A. Group's products' end-consumers are school-age children, the risks associated with product non-compliance are closely monitored and managed.

The **main risk** related to the quality and safety of the products launched on the market are failed compliance with all of the product safety standards.

To mitigate this risk, the products manufactured by the Group are extensively assessed for safety and compliance before their market launch and periodically monitored, in addition to cases of non-compliance or flagging. Quality management is the subject of a specific Group policy, **Product and Process Development Policy**. This Policy, adopted by all Group companies worldwide, is committed to providing its customers and consumers with safe products that meet their quality and safety expectations, that are designed to comply with all legal requirements, and that also take into account the related environmental and social impacts.

We note that the COVID-19 health emergency did not, despite the inevitable impact on company operations, lead to changes in production processes or in the management of product quality and safety, reflecting the importance that the Group attaches to the subject.

Ongoing assessments are conducted at the product safety level to identify any deficiencies or points for improvement. This involves analyses not only of applicable laws and regulations, but also of voluntary product safety codes, and any incidents related to product safety issues are monitored.

The F.I.L.A. Group quality control process, managed by the Quality Assurance department, consists of two phases:

- statistical control, consisting of various tests performed at its internal laboratories for the analysis of materials and finished products. Its internal laboratories are also used to test its products in the research and development phase with the aim, inter alia, of assessing industrial product feasibility;
- the "control" process, which consists of various tests conducted on an ongoing and/or random basis throughout the stages of the production process by its production personnel. Visual and instrumental controls are performed directly at its facilities by machine technicians (for example, the fixing of labels on products, correspondence of



# .5 MATERIAL SOCIAL TOPICS

colours to the prototype, the range and combination of colours in each packet). Such tests are performed in addition to the technical tests required by national and international standards and/or the customer’s specifications.

In addition to internal tests to verify product safety, the F.I.L.A. Group also uses external, and fundamentally accredited laboratories to obtain third-party safety standard compliance certificates. Each of the Group’s production site liaises with and continues an ongoing relationship with its own historical reference institute, whilst subsidiaries outside the European Union obtain certificates issued by globally accredited institutes.

The management of product safety takes product category into account, i.e. products classified as toys, products classified as “cosmetic toys” and products classified neither as toys nor as cosmetics.

## PRODUCTS CLASSIFIED AS: TOYS

Launching any generic product on the market and launching products that come under the **standards required for toys**, requires, specifically, that they are designed and manufactured to avoid:

- exposure to hazards due to physical/mechanical properties. (e.g. pointed and sharp edges for all toys; small parts and dangerous conditions as above after misuse testing procedures, which are applicable to toys for children under 36 months) or
- chemical risks due to restricted substances that might cause adverse health effects in the consumer, such as heavy metal, phthalates and allergen.

The main factors taken into account to ensure product quality and safety are the production processes, the products’ physical and mechanical characteristics, their packaging and labelling, non-flammability, as well as their chemical and hygiene specifications..

Toy safety is standardised European-wide to comply with essential requirements required to be implemented during the manufacturing process prior to the products’ market launch. The **Directive on toy safety** (2009/48/EC) requires that the manufacturer, prior to the market launch of a toy, applies specific procedures to assess its safety. Moreover, the manufacturer must provide a technical sheet for each toy detailing all the information required to demonstrate the toy’s compliance with regulatory standards. The toy or similar product compliant with these requirements will bear the CE conformity marking. All products classified as toys by the F.I.L.A. Group and sold on the European market are compliant in relation to the relevant standards and bear the “CE” conformity marking.

Products launched on the US market are also required to be CPSA-compliant (Consumer Product safety Act), specifically in terms of their total lead content (under 100 ppm), as well as for the presence of phthalates. The AP-seal can only be applied once a Toxicological Risk Assessment complemented by a formula review, as well as documentation on the components and specific analyses based on the CPSA requirements have been carried out by Duke University.

For all other markets, reference is generally made to any potential specific requirements by local distributors, in addition to the European standards. A useful reference tool is the International Council of Toy Industries website detailing, nation by nation, the toy industry standards in effect as well as the accreditation Entities (<http://www.toy-icti.org/info/toysafetystandards.html>).

## “COSMETIC TOYS”

For products classified as “cosmetic toys”, Regulation 1223/2009/EC (“**Cosmetics Directive**”) applies, in addition to the toy regulation.

This Directive requires a toxicological assessment of the product’s safety, as well as compliance with good manufacturing practices (GMP), established under UNI EN ISO 22716:2008 for cosmetic products.

## PRODUCTS NOT CLASSIFIED AS TOYS OR COSMETICS

The safety of Group products not classified as toys or cosmetics is guaranteed by compliance with the general standards applicable to products or miscellaneous products launched on the market (i.e. REACH Regulation (EC) No. 1907/2006, CLP Regulation (EC) No. 1272/2008 and BPR Regulation (EU) 528/2012). Production and design measures also guarantee product safety by mitigating risks to consumers in products where no specific standards apply, in addition to the product safety assured by Parent F.I.L.A. and the Group itself through its application of British Standard 7272, a non-harmonised, and therefore, non-binding standard. Finally, product safety is also covered by the correct and timely identification of hazards, both by complying with applicable standards as well as providing correct consumer information.



# 5 MATERIAL TOPICS SOCIAL

There are numerous aspects that concern the labelling requirements of the F.I.L.A. Group's products, including component supply, composition, specifically in terms of substances potentially harmful to the environment and/or to the local communities, the safe use of the product, as well as product disposal requirements once the product has been used.

In 2021, as in the previous two years, no significant cases of non-compliance in terms of marketing were reported.

In 2021, the Group saw a limited number of cases of non-compliance with laws and regulations, partly of a voluntary nature, concerning product safety and labelling, all of which had modest impacts. Some involved the language of the label indications, the description of the origin or the composition of certain components; situations that were handled and resolved promptly.

An increasing number of Group companies have drawn up specific internal procedures for the management of health and safety topics, product information, labelling and marketing, in compliance with applicable regulations.

## 5.3 SUPPLIER RELATIONS

The F.I.L.A. Group procures its raw and semi-finished materials from a limited number of selected suppliers, monitored constantly in terms of production capacity, average delivery times, solvency and quality standards. More specifically, the Group generally concentrates its purchases of raw and semi-finished materials with a single primary supplier, while also identifying at least one or two alternative suppliers, with some exceptions such as calcium carbonate (used to produce chalk) and paraffin (used to produce wax crayons), which it currently procures from a single supplier.

The main materials used to produce many of the F.I.L.A. Group's products are paper, cellulose, wood, plastic, chalk, calcium carbonate, dyes, graphite, packaging and, in some cases, semi-finished and finished materials, such as glues. The Group has a central purchasing department that supervises and monitors the costs of its supply chain, primarily for international suppliers.

Even though the *business model* entails the verticalisation of production operations involving a high degree of inter-company

exchanges, the Group undertakes relations with various outside suppliers, always based on legality, correctness, transparency and equal treatment.

With regard to its own operations, the **main risks** identified by the Group in its relations with its own suppliers, are the risks of disruption to the supply chain, indiscriminate price increases or material supplies not complying with pre-defined qualitative standards or with regulatory standards, supplier non-compliance with ethical and social standards (e.g. for direct material suppliers, risks related to soil and water pollution due to the incorrect disposal of water and liquids for the cooling and maintenance of machinery, in addition to atmospheric pollution from fumes caused by plastic material processing).

The **Sustainable Procurement Policy** adopted in 2021 makes it clear that the Group expects suppliers and business partners to adhere to specific principles relating to sustainable sourcing in terms of working conditions, health and safety, respect for the environment, and in dealings with the Public Administration and Institutions, consistent with those adopted by the Group.



# 5 MATERIAL SOCIAL TOPICS

## 5.3.1 SUPPLIER ASSESSMENT AND MANAGEMENT

In order to maintain high product quality standards, supplier screening is based on the technical, qualitative and quantitative requirements of the purchased products as ordered, the reputation and the reliability of the third-party company (including an ability to comply with the supply-plan so as to avoid delays in production schedules), as well as finding the best quality/price ratio and avoiding any form of favouritism or discrimination. Selected suppliers are subject to constant monitoring of their production capacities, average delivery time, financial solvency and compliance with quality standards.

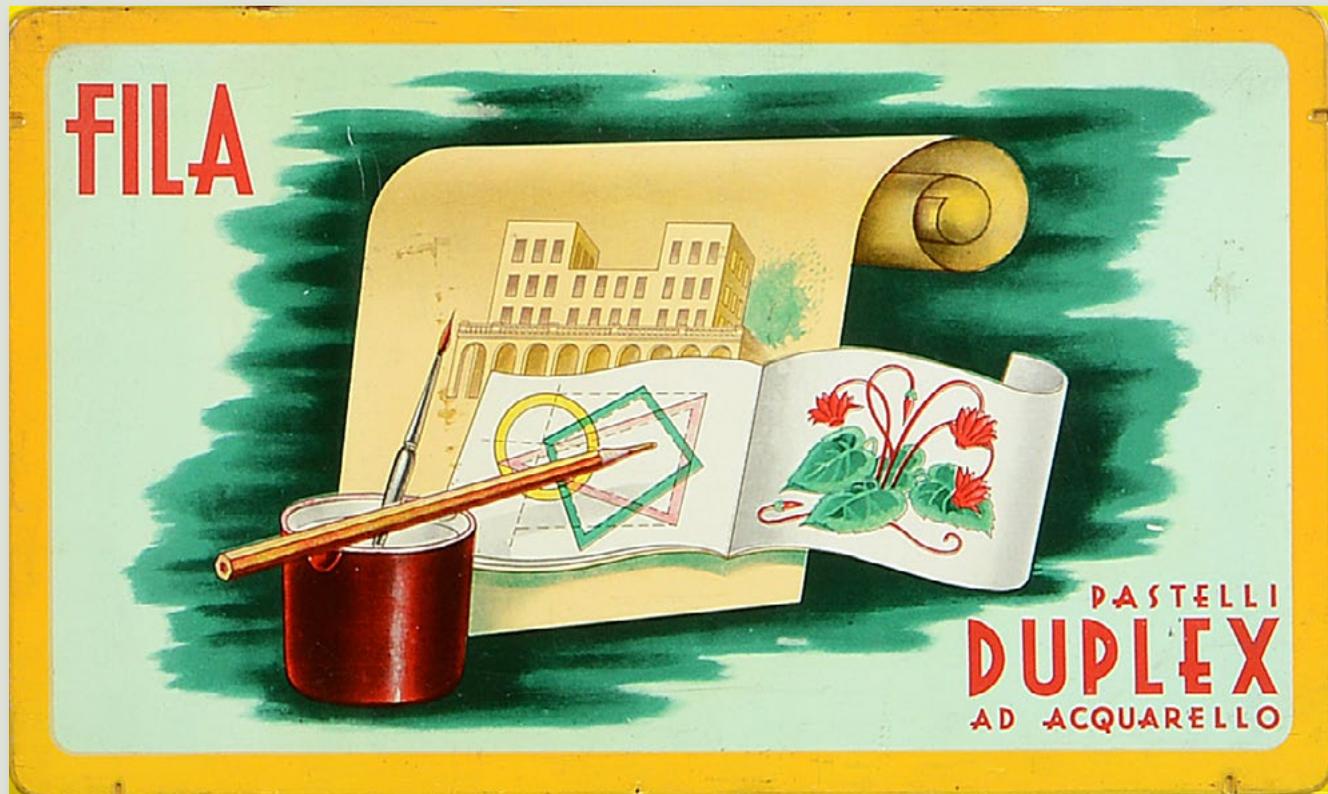
In order to manage the risk of any interruption in the production chain, the Group has adopted a practice of supplier diversification, according to which the main production raw materials are sourced from one main supplier and at least one or two alternatives, except for calcium carbonate (used in chalk production) and paraffin (used in wax crayon production), to date sourced from only one supplier.

Although F.I.L.A. Group has long-standing business relations with its suppliers, they

are generally not governed by fixed-term contracts. Raw materials and semi-finished products are therefore mainly procured via individual purchase orders, and any issues concerning their quality, quantity or specifications are raised on delivery.

In order to establish an increasingly well-structured and pervasive system for responsible governance, commercial relationships centred on

transparency and good business ethics can contribute to growth in business process efficiency and competitiveness, in addition to complying with sustainability requirements. The Group therefore wishes to establish and maintain relationships with its suppliers and business partners centred on transparency, correctness and good business ethics. In 2019 the Parent's management therefore launched an initiative to



# 5 MATERIAL TOPICS SOCIAL

engage its main suppliers in confirming their commitment to principles such as fairness, respect for the environment, product quality and the protection of human rights.

In order to guarantee that interactions with suppliers and business partners are consistent with its own value system, in addition to its Ethics Code, F.I.L.A. Group has established a “**Code of Conduct for Suppliers and Business Partners**” (hereafter “Supplier Code of Conduct”). This document sets out the general principles for management of the supply chain that the Group expects to be respected at every level. This document contains in-depth information on working conditions, health and safety, the environment, relations with the Public Administration and sets out the principles of business, in terms

of compliance with the law, prohibition of corruption, transparency of financial information, intellectual property, conflict of interest and management and conduct of operations. The sharing policy, which requires suppliers and business partners to formally accept the Code of Conduct, is applicable to all Group subsidiaries.

At parent company level, the involvement of suppliers in the Code of Conduct acceptance process, an activity that has become customary when each new supplier is accredited, continued in 2021. For the branches, in addition to Industria Maimeri S.r.l., Lyra KG, Dixon Ticonderoga Company USA, and Dixon China, which had begun this process of supplier and partner engagement in 2019 with excellent results, Canson Arts & Crafts, Daler Rowney UK, Dixon Mexico, Bridesore S.r.l. and Canson France have also taken steps in this direction

and continued in 2021. In addition to the various branches, there has been a move to extend the scope of suppliers involved and to see acceptance of the Code of Conduct as a major assessment parameter for acceptance of a new *business partner*.

In 2021, 20% of new suppliers for the Group were selected based on social parameters.

The global economy experienced an unprecedented disruption in 2020 triggered by the COVID-19 pandemic. 2021 was also marked by its effects and the reporting year featured a pronounced shortage of raw materials and drastic price increases that generated negative impacts on the supply chain. At the same time, we experienced strong tensions in the energy and logistics sectors, which increased pressure on the markets.

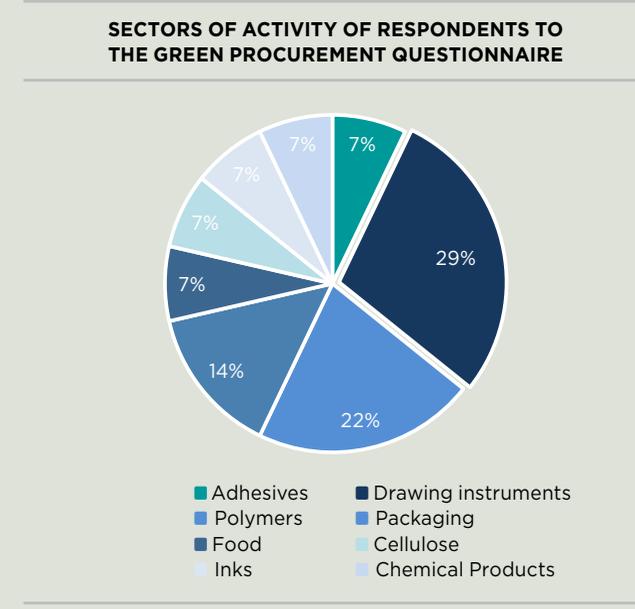


### 5.3.2 GREEN PROCUREMENT

During 2021 F.I.L.A. S.p.A. launched initiatives to also involve its key suppliers through structured stakeholder engagement activities. In particular, dialogue with suppliers During 2021 F.I.L.A. S.p.A. launched initiatives to also involve its key suppliers through structured stakeholder engagement activities. In particular, dialogue with suppliers.

A **Green Procurement** questionnaire focused on environmental and business sustainability issues was also administered to the 14 main suppliers. The objective was an in-depth examination of some of the main issues within the F.I.L.A. S.p.A. procurement process, including:

- adoption of environmental policies
- appointment of an Environmental Management Officer
- main environmental issues facing suppliers
- episodes of pollution and/or environmental problems
- energy sources used
- waste management.



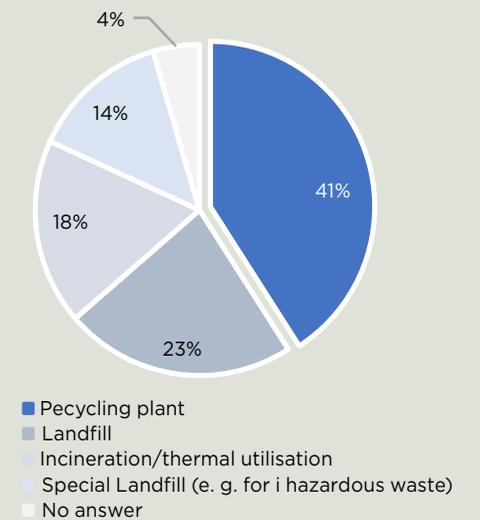
Analysis of the responses provided indicates a supply chain where no significant environmental risks are reported and more specifically:

- none of the respondents have experienced environmental litigation and/or pollution problems in the past 5 years
- almost all respondents (93%) have written procedures for waste-management and treatment
- 79% of respondents have an Environmental Policy that governs continuous monitoring and improvement of environmental performance
- half of the respondents have appointed an Environmental Manager (full- or part-time)
- more than a third of respondents monitor

- their compliance with environmental legislation through an Environmental Management System
- half of the respondents have been subject to audits by environmental authorities
- almost a third of respondents operate with a certified environmental management system
- 14% of respondents work in or near protected environmental sites
- 41% of respondents deliver their waste to recycling facilities and 23% to landfills

The primary energy resource used by respondents is electricity (57%), followed by natural gas (19%). Key environmental issues mentioned include waste management, fire management, energy consumption, and water discharge.

**MAIN DESTINATIONS FOR WASTE DECLARED BY RESPONDENTS TO THE GREEN PROCUREMENT QUESTIONNAIRE**



# 5 MATERIAL SOCIAL TOPICS

## 5.4 PROTECTING DIVERSITY IN LOCAL COMMUNITIES

The F.I.L.A. Group's approach in relation to its own stakeholders is based on the respect of the dignity of every individual, the respect of cultural, ethnic and gender diversity, and correctness and fairness as established under the Group's Ethics Code. Given its presence across the various continents, the Group's operations interact with, and impact on local communities, including ethnic and cultural minorities.

The F.I.L.A. Group is committed, starting with the **Sustainability Policy**, to continue to operate with respect for human rights, ensuring that it does not practice any form of discrimination or use forced or child labour. In fact, the Group guarantees safe workplaces, product quality and safety, and maintains positive relations with stakeholders and local communities. Moreover, with the **Stakeholder Engagement Policy** the Group undertakes to maintain transparent and proper relations with its stakeholders, based on mutual trust.

## 5.5 GROUP SOCIAL RESPONSIBILITY EFFORTS

As the Group operates in many countries, it seeks, within the scope of its own operations, to promote relationships with the local communities and to contribute to local development.

Group operations in 2021 did not have any significant negative impacts on local

communities in terms of environmental or employment impact.

In 2021, Lyra Germany paid Euro 17.000 to the Nuremberg Association of Writing Instrument Manufacturers (to ISZ/EWIMA). There were no other lobbying expenses incurred by the F.I.L.A. Group in 2021.

Below are summarised some of the cultural activities and support of the local communities where the Group operates.



# 5 MATERIAL SOCIAL TOPICS

## 5.5.1 F.I.L.A. S.p.A. SOCIAL RESPONSIBILITY IN ITALY

As in 2020, despite the difficulties linked to the impact of the COVID-19 pandemic on in-person activities dedicated to children, young people, families and schools, also in 2021, F.I.L.A. S.p.A. chose to support the collaborations developed over the years with high-profile institutional partners, providing support to entities/institutions.



### F.I.L.A. S.p.A.:

- with the common goal of creating value on a shared path guided by creative growth, together with the reduced in-person activities due to government regulations, digital-use content was added and enhanced, also published through the **Diario Creativo portal**, the F.I.L.A. S.p.A. platform available to schools and families. A mutually satisfying process that has generated video and text content related to sustainability, inclusion, education, and creative tutorials produced by artists, opening a new collaboration dynamic that we intend to continue, hopefully in a hybrid mode, integrated between online and in-person. Among the organisations involved are *MUBA Museo dei Bambini*, *Spazio WOW* and *Museo Diocesano in Milan*, *Istituto degli Innocenti* and *MUS.E* in Florence and *Città della Scienza in Naples*
- in October and December, following strict safety protocols, a number of days were organised with **MUBA of Milan**, dedicated to the DidòLab format, allowing 3-5 year-olds to enjoy carefree play together with their parents
- supplying products to partners has also made it possible to carry out - always in compliance with health protocols - some **in-person educational workshops** during periods when pandemic trends and restrictions made them possible
- in 2021 with the Giotto brand it also supported the **Umberto Veronesi Foundation Gold For Kids project**; created in 2014 to ensure that young cancer patients have immediate access to the best international therapies and to support research into childhood cancers, promoting accurate scientific information
- in February 2021, with the **Umberto Veronesi Foundation**, on the occasion of the World Childhood Cancer Day, it organised the distribution of complimentary kits containing Giotto paper and colours for all children and young people hospitalised in paediatric oncology wards
- it chose to actively support the projects of certain non-profit associations that operate in difficult contexts, by donating products, thus helping schools, children and young people in situations of hardship, in Italy and around the world. These include the **Francesco Rava Foundation** with the DHL Supply Chain Charity Club project, the **Lakay Mwen Foundation** and the **Italian School Fund**.
- 2021 was also the closing year of the schools' competition "**One hundred of these years**", launched on the occasion of the F.I.L.A. S.p.A. Centenary (2020) and extended following the pandemic. To make the most of the great work done by the schools, on the occasion of the start of the new 21/22 school year, F.I.L.A. S.p.A. chose to dedicate a communication campaign to the 100 winning works, both via the press office and by creating a partnership with La Repubblica, to create a virtual exhibition on the newspaper's website of all the works submitted. A well-deserved tribute, in this complex period, to the world of school and its participants; the engine of the future.



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# 5

## MATERIAL TOPICS SOCIAL

### 5.5.2 SOCIAL RESPONSIBILITY IN ITALY OF INDUSTRIA MAIMERI THROUGH THE MAIMERI FOUNDATION

The Maimeri Foundation was established in 1997 in the name of Gianni Maimeri (1884-1951), an artist from Lombardy, with the aim of promoting art and culture in all its expressions. The Foundation organises exhibitions targeted at highlighting the personality, style and research of Gianni Maimeri.

In 2021, despite COVID-19 pandemic restrictions, the Foundation continued to operate by supporting a number of events in various areas.



#### SOCIAL IMPACT

- *SAN VITTORE, SPAZIO ALLA BELLEZZA [SPACE FOR BEAUTY]*: organised by *Triennale Milano, Fondazione Maimeri* and the *Casa Circondariale Francesco di Cataldo* [Prison] with the support of Shifton, an ideas competition addressed to planners, architects, designers, urban planners and engineers, to redesign prison spaces, change their perception and improve their functionality.
- *ALMA (Arte Liberata, Musei Aperti) "L'ANIMA DI UN LUOGO [THE SOUL OF A PLACE], FROM SEGANTINI TO THE WRITERS"*: Urban Regeneration Project. At an event organised by *Associazione Corte Sconta* under the patronage of *Fondazione Maimeri*, an urban work will be performed by Davide Maria Tinelli, in Atomo art, pioneer of the Milanese Street Art and supported by a selection of boys from the Beccaria juvenile prison.

#### FESTIVALS AND CULTURAL ACTIVITIES

- *LIBRERIA BOCCA [BOCCA BOOKSHOP]*: An event curated and conceived by Giorgio Lodetti in collaboration with *Fondazione Maimeri*; 5 meetings:
  - o 40 years of Codex Seraphinianus (conducted by Giorgio Lodetti, guests Gianni Maimeri and Luigi Serafini)
  - o Il Colore perfetto [The Perfect Colour] (conducted by Giorgio Lodetti, guest Gianni Maimeri)
  - o Title "Il colore perfetto" (conducted by Gianni Maimeri, guest Sandro Baroni)
  - o Title "Il colore perfetto" (conducted by Gianni Maimeri, guest Andrea Dusio)
  - o Title "Il colore perfetto" (conducted by Gianni Maimeri, guest Paolo Manazza)
- *IN CODICE [IN CODE]*: Review organised by *Fondazione Maimeri* at the *Triennale di Milano*: 5 meetings curated by Andrea Dusio.
  - o 26/05/2021: The transformation of the Code. Moderator: Andrea Dusio.
  - o 10/06/2021: Inauguration of the monographic exhibition by Daniele Cima. *Ritratti fiscali* [Fiscal portraits] curated by Angelo Crespi (on display from June 11 to July 4, 2021), Catalogue edited by Angelo Crespi
  - o 24/06/2021: Museum and Digital Classics
  - o 15/07/2021: *Il codice del Pop* [The Pop Code] Moderator: Andrea Dusio
  - o 10/09/2021: *Il codice del digitale* [The Digital Code]. Moderator: Andrea Dusio
- *THE NEW MUSEOLOGY*: Presentation of the book by Domenico Piraina and Maurizio Vanni with Maddalena Mazzocut- Mis/ free piano performance by Giuseppe Califano, Igor Loddo on vocals, (Portraits in words and music) at MILANO PAINTING ACADEMY - Event organised by *Fondazione Maimeri*
- *MPA Milano Painting Academy* With the cultural patronage and scientific direction of the *Fondazione Maimeri*, the MPA Milano Painting Academy was born: an academy for advanced training in drawing and painting, highly professional and innovative, which offers a contemporary revival of the disciplines and principles used in the workshops of the great masters of the Renaissance.
- *PUNCTUM - Sinestesi cromatiche* [Chromatic synaesthesias] - Università Statale di Milano Scientific conference conceived and promoted by *Fondazione Maimeri* and the Università degli Studi di Milano
- *PORTRAITS - MULTISENSORY EXPERIENCES*. Event organised by *Fondazione Maimeri*, at MILANO PAINTING ACADEMY. The varied territories of portraiture through different interpretations and senses. *Portraits in words and music* (with Giuseppe Califano on piano and Igor Loddo on vocals), *Tasting portraits* (with Roberto di Pinto and Francesco Giattino of Vini Zonin 1821), *Fiscal portraits* (with Cristina Muccioli and Daniele Cima Omar Pedrini and guest star Saturnino). During the exhibition Elena Trailina, Alex Folla and Salvatore Alessi, painting teachers at the Milano Painting Academy, together with the students began to create a large painting inspired by "*Il quarto stato*" [The Fourth State] by Pelizza da Volpedo.

#### SCIENTIFIC RESEARCH

- *FUNDING FOR A RESEARCH POST*, temporary, type A, three-year in Aesthetics at the Department of Cultural and Environmental Heritage of the State University of Milan - Amount funded, Euro 153,000.00
- *PROBLEMI E SOLUZIONI NEL PERCORSO TECNICO-PITTORICO DI VIRGILIO Ripari*, [PROBLEMS AND SOLUTIONS IN VIRGIL'S TECHNICAL AND PICTORIAL JOURNEY] in *Le tecniche artistiche in Italia tra Otto e Novecento* [Artistic techniques in Italy between the 19th and 20th centuries] curated by Museo Fortuny and Università Ca Foscari, Padova 2021; an event featuring Sandro Baroni, Scientific Director of *Fondazione Maimeri*.
- *TECNICHE DELL'ARTE* [ART TECHNIQUES] edited by S.Baroni, M.Mander, Mursia, 2 vols., Milan 2021, A reworking of the famous text by Corrado Maltese of 1973. Curatorship and contributions by Sandro Baroni (Scientific Director of *Fondazione Maimeri*) and Maite Rossi (Industria Maimeri S.p.A.).

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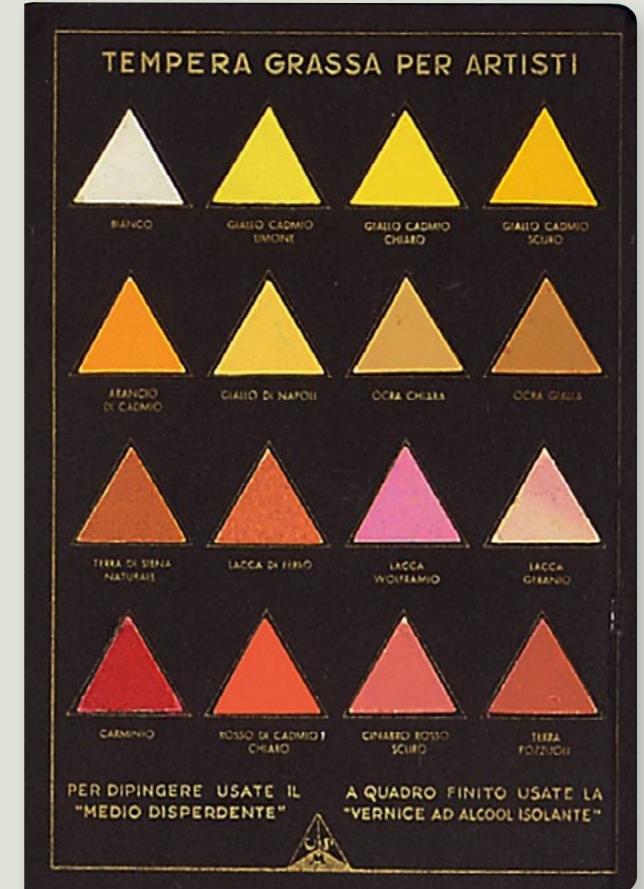
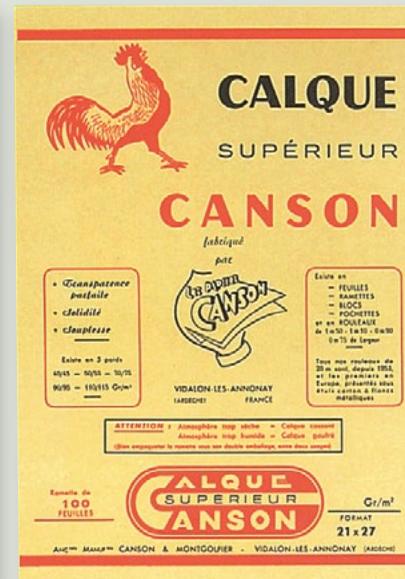
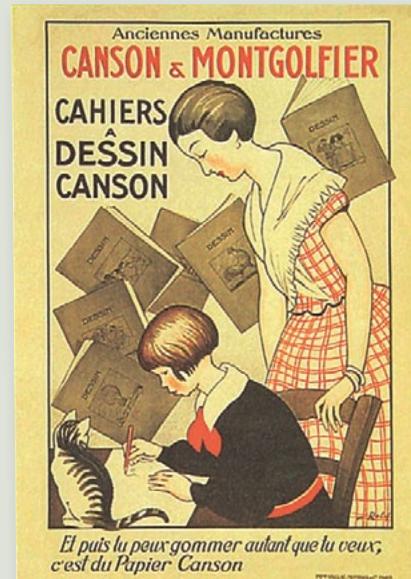
# 5 MATERIAL SOCIAL TOPICS

## COMPETITIONS

- **PUNCTUM - "SINESTESIE CROMATICHE" "CHROMATIC SYNAESTHESIA"** - Photographic Award; an event conceived and promoted by Fondazione Maimeri with the scientific patronage of the University of Milan with the collaboration of MIA Image Art Fair and the participation of the Association of Professional Photographers - TAU Visual, Authclick and Tuteli. Judges: Patrizia Asproni (Museo Marini Marini), Maria Vittoria Baravelli (Art sharer), Lorenza Bravetta (Triennale di Milano), Fabio Castelli (MIA Photo Fair), Angelo Crespi (curator), Gianni Maimeri (Fondazione Maimeri), Maddalena Mazzocut-Mis (Università degli Studi di Milano), Vincenzo Trione (Libera Università IULM). Catalog of Punctum National Photography Prize - Chromatic Synaesthesias

## EXHIBITIONS

- Exhibition at M.I.A di Milano of works selected in the Punctum competition by Fondazione Maimeri
- **WOPART** The 5th edition of the Wop Art / Work on Paper Fair dedicated to works on paper was held at the Lugano exhibition centre. Fondazione Maimeri exhibited 20 unpublished drawings by Maestro Gianni Maimeri (1884-1951) in charcoal and pastels and 9 oil paintings including his most famous work: *il Tabarin*
- Event organised under the patronage of the Municipality of Lugano, the exhibition of Gianni Maimeri's paintings was organised by Paolo Manazza and with the contribution of *Fondazione Maimeri*
- **RITRATTI FISCALI** by Daniele Cima Exhibition at the *Triennale di Milano* organised by *Fondazione Maimeri*, during the *Rassegna In Codice*



## FILA Art & CRAFT Yixing in Cina:

- donates tubes of paint to institutions located in underdeveloped regions of China, in order to contribute to the goal of poverty reduction



# 5

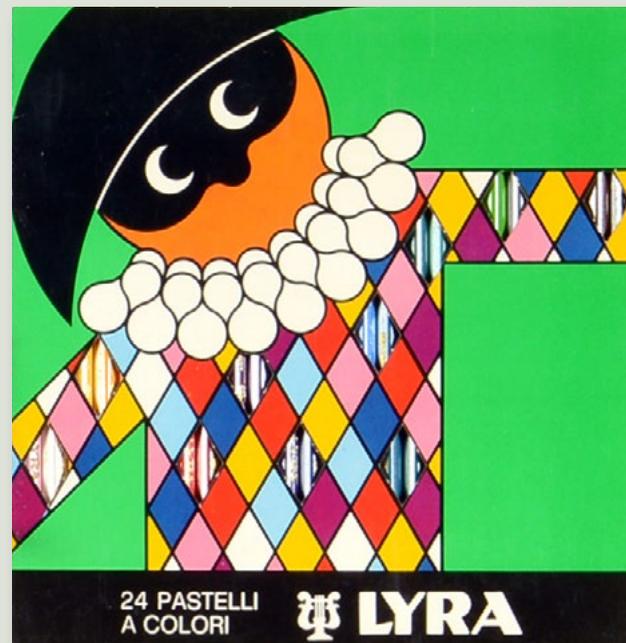
# MATERIAL

# TOPICS

# SOCIAL

## 5.5.3 SOCIAL ACTIVITIES AROUND THE WORLD

Social activities in the various countries housing the main F.I.L.A. Group companies in 2021 were inevitably affected by the restrictions due to the COVID-19 pandemic. Below is a summary of the most significant ones.



### CANSON IN FRANCE:

- since 2006 it has been a sponsor of the **Louvre Museum** in Paris, with whom it has also collaborated on the restoration of works of art. The sponsorship of goods in kind (top quality artists' notebooks) are part of the educational and social support programmes for artistic learning.
- since 2010 it has also been supporting the **Department of Graphic Arts** in the restoration of works of art and in scientific projects that help in the conservation and dissemination of works of art
- donates paper and drawing products to the **Musée en Herbe** for educational programmes for schools and individuals;
- provides paper products to the **Picasso Museum** to support activities for schools and families.
- regularly donates stock materials to **schools** or **associations** that organise events, such as competitions or end-of-year parties.

### LYRA IN GERMANY:

- donates materials to the "**Gift with the Heart Project**", promoted by Humedica, an NGO founded in Kaufbeuren in 1979 (Bavaria), which provides humanitarian assistance in 90 countries around the world. Humedica's mission is to assist people in crisis due to natural disasters or structural poverty
- supports the "**FLÜCHTLINGSHILFEERDING e.V.**" project by donating coloured pencils. FLÜCHTLINGSHILFEERDING is a German organisation, founded in 2015, which supports refugees
- supports local institutions with donations; mainly to nurseries, kindergartens, day-care centres and the Nuremberg family centre;
- supports <https://mybooghanaschool.de/> by donating coloured pencils (pictures attached). The facilitator of this project was Mr Martin Wolters

### DIXON TICONDEROGA, A UNITED STATES COMPANY:

aims to use creativity and inspiration in art and education in order to ignite the imagination, encourage enjoyment and enhance lives through shared creative expression. It supports causes, both local and national, that use its artistic and educational products to make a difference in people's lives by enabling employees to make an impact through volunteering. Specifically:

- in 2021, it strengthened its partnership with the **Kids in Need Foundation (KINF)**. KINF is a non-profit organisation whose mission is to help ensure that every child in America has equal opportunity and access to a Quality Education As the presenting sponsor of their national network of resource centres, it provides the necessary support for teachers to teach and students to learn, in under-resourced schools across the country. During the year, as the presenting sponsor of their #PostForPencils initiative, it donated more than USD 3 million in essential school supplies, including over 3 million pencils
- in 2021, in an effort to become more engaged in the communities in which they live and work, each Dixon employee was allowed to **volunteer** up to 16 hours per year with approved non-profit organisations. More than 50 employees donated more than 220 hours in the programme's first year, benefiting non-profits such as Feeding America, Harbor House (a local domestic abuse shelter) and Habitat for Humanity (an organisation that provides affordable housing for individuals and families). The project will continue in 2022
- continued to partner with **TerraCycle**, an organisation that offers free recycling programmes, funded by brands, manufacturers and retailers around the world, to help consumers collect and recycle hard-to-recycle waste. TerraCycle reached a milestone this year with more than 75,000 art materials recycled
- it financially supports **United Way** ([www.unitedway.org](http://www.unitedway.org)), an international network of more than 1,800 local non-profit fundraising affiliates whose mission is to improve lives by mobilising the caring power of communities around the world to advance the common good and promote education, income and health.



# 5 MATERIAL SOCIAL TOPICS

## DALER-ROWNEY, UNITED KINGDOM:

- sponsors artist Kerry Lemon and NHS Tonna Hospital in the creation of art for the opening of the first **Mother and Baby Unit** in Wales, to support women going through psychosis and postpartum depression
- sponsors various creative events, tutorials and online workshops with our artists, to support people around the world locked in their homes during the **COVID pandemic**;
- launched numerous projects to **support artistic talent**, such as the #paintloud programme, and is producing numerous tutorials created by artists and other emerging talent;
- provides support for more than 50 artists worldwide, with open access, along with Daler-Rowney's Studio in Bracknell;
- supports the **"STEM to STEAM"** initiative to promote the symbiosis of science and art with art education in the curricula of UK schools and universities;
- collaborates with **eco-pioneers VIN+OMI** in the fashion industry to raise awareness of sustainability issues and explore new ways to use art materials to reduce waste and also recycle art materials used in the fashion industry. VIN + OMI are reusing Daler-Rowney's industrial waste, such as packaging, giving it a second life on the Fashion Week runway. The VIN+OMI project won the 2019 Peta Fashion Innovation Award for Research, Development and Design ([www.vinadomi.com](http://www.vinadomi.com));
- is a partner in the **Certified Sustainable** initiative ([www.certified-sustainable.co.uk](http://www.certified-sustainable.co.uk));
- obtained **Forest Stewardship Council® chain of custody certification** ([www.fsc-uk.org](http://www.fsc-uk.org));
- is an active member of the European Council of the Paint, Printing Ink and Artists' Colours Industry, **CEPE** ([www.cepe.org](http://www.cepe.org)), the International Art Materials Association, **NAMTA** ([www.namta.org](http://www.namta.org)), and the **Fine Art Trade Guild** ([www.fineart.co.uk](http://www.fineart.co.uk)), to promote the exchange of ideas, standards and best practices in the art materials industry.



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# 5 MATERIAL SOCIAL TOPICS

**DIXON TICONDEROGA MEXICO:**

- sponsors the **Somos el Cambio** foundation ("We are the change") through the Dibujando un Mañana foundation ("A morning of drawing"). The Somos el Cambio project supports social entrepreneurship initiatives to positively transform communities. Over the years, 44,000 teachers and 220,000 students have participated in such transformative community initiatives in Mexico, having an impact upon as many as 10 million people

- sponsors the **Sanando Heridas Foundation**, which contributes to healthcare and health education in poor communities in the state of Chiapas
- organises workshops and sponsors events in the following museums and public institutions: **Museo de la Acuarela** and **Department of Culture of Mexico City**



**DOMS IN INDIA:**

- collaborates with **Swachh Bharat Kosh** established by the central government, for the promotion of sanitation and making drinking water available, safely.
- contributes to the improvement of education and job skills among children, women, the elderly and the disabled.
- is committed to gender equality, through the creation of homes and hostels for women and orphans, retirement homes and daycare centres for the elderly, and reducing the inequalities faced by socially and economically backward groups.
- protects environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and the maintenance of soil, air and water quality. It also contributes to the rejuvenation of the Ganges River.
- protects the national art and culture heritage of art through the restoration of buildings, sites of historical importance and works of art. It is committed to creating public libraries and promotes the development of traditional arts and crafts.
- Supports **Central Armed Police Forces (CAPF)** and **Central Para Military Forces (CPMF)** in helping veterans and war widows.
- Supports rural sports, nationally recognised sports, Paralympic and Olympic sports.
- Supports funds from the central government, **Prime Minister's National Relief Fund (PM-CARES)** in socio-economic development.
- Contributes to incubators or research and development projects in science, technology, engineering, and medicine funded by the central and state government, public sector enterprise, or any agency of the central or state government.
- Contributes public funds to universities that are committed to conducting research in science, technology, engineering, and medicine designed to advance the goals of sustainable development.
- Supports disaster management activities through relief, rehabilitation, and construction activities

**FILA ART & CRAFT YIXING IN CHINA:**

- donates tubes of paint to institutions located in underdeveloped regions of China, in order to contribute to the goal of poverty reduction

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# 6 MATERIAL HUMAN RIGHTS TOPICS

## 6.1 RESPECT FOR HUMAN RIGHTS

In all its operations and in all contexts, F.I.L.A. is committed to respecting human rights as being essential for the Group’s long-term sustainability, just as it is for the communities in which it operates. Our operations are founded on respect for human rights as a non-negotiable and fundamental value. F.I.L.A.’s commitment to protecting human rights is reflected in the management of people and the supply chain.

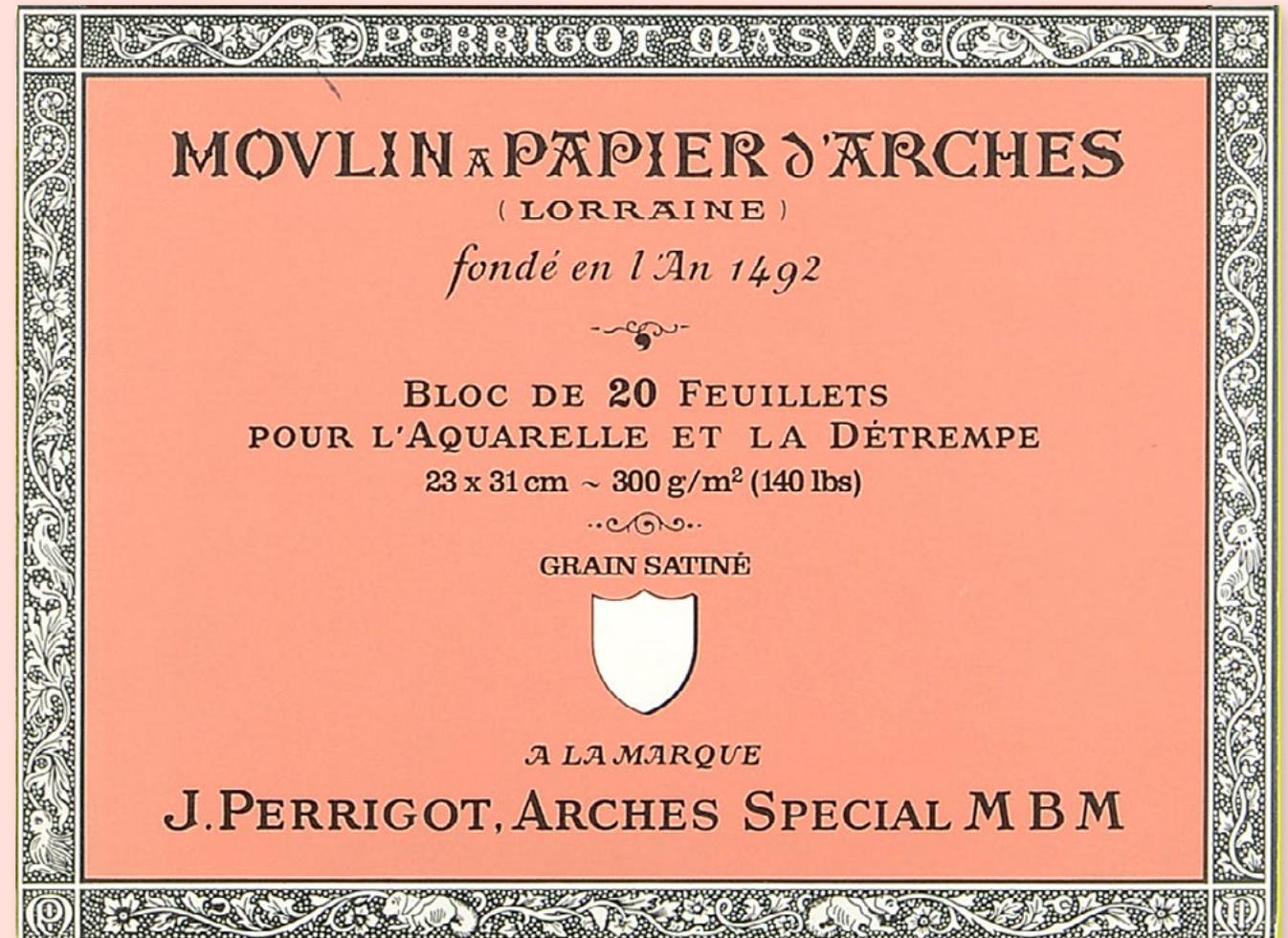
From the materiality analyses and from the process of collecting non-financial data and information, material topics regarding human rights for the F.I.L.A. Group are the following:

- **respect for human rights**
- **freedom of association and collective bargaining agreements**

Issues relating to non-discrimination and the protection and enhancement of diversity are dealt with in section “2.3 F.I.L.A. Group stakeholders” as regards relations with the Group’s external stakeholders, in paragraph “2.5 Corporate governance and risk management” regarding the corporate boards, paragraph “4.2 Equal

opportunities” regarding personnel, and in paragraph “5.3 Supplier relations” with regard to relationships with suppliers.

In its **Human Rights & Labour Policy** issued in 2017 and updated in 2021, the Group reiterates the importance of respect for human rights and the commitment to treating everyone with dignity and respect.



# 6 MATERIAL HUMAN RIGHTS TOPICS

The main principles stated therein are the respect for human rights, valuing diversity, ensuring non-discrimination, providing suitable working conditions, combating forced labour and human trafficking, compliance with working times, salaries and relative *benefits*, the provision of safe and secure workplaces, the freedom of association and entitlement to collective bargaining agreements, the respect of integrity, privacy, and the propriety of relations with local communities and *stakeholders*.

Furthermore, the Group's **Sustainability Policy** emphasises the commitment to operate with respect for the human rights of employees, setting wages and compensation that comply with local regulations and cover at least minimum basic needs, not to use or support forced and/or child labour, and not to exercise or promote prejudice due to gender, racial, sexual, religious, personal or political beliefs..

Employees make an indispensable contribution to F.I.L.A. Group's success. This is why F.I.L.A. protects its human resources and promotes their satisfaction in the workplace by ensuring responsibilities and management are exercised with equality and fairness, and by penalising any conduct

that may in any way harm the personal or professional dignity of subordinate workers. F.I.L.A. confirms its commitment to guaranteeing relations between colleagues built on the principles of loyalty, fairness, collaboration, honesty, respect and mutual trust, as well as the physical and moral integrity of individuals, working conditions that respect individual dignity, and safe and healthy work environments.

The **main risks** identified by the Group within this scope are risks of forced labour, child labour (pursuant to local and applicable legislative regulations), the presence of discriminatory behaviours (based on gender, sexual orientation, religious and political beliefs) or sexual harassment. The Group is also committed to preventing acts of violence or psychological or physical coercion, as well as any attitude or behaviour that may damage individual dignity. In order to promptly identify and manage violations, potential risks and negative impacts on human rights, the Group has reporting mechanisms, in qualified or anonymous form, as better specified in paragraph "2.5.6 231 Model and Supervisory Board".

Finally, aware of the direct and indirect influences its activities may have on the

communities in which it operates, the Group conducts its activities in compliance with universal human rights and respect for local and national communities.

Based on information gathered by the Group's central team, as of December 31, 2021, no risk areas for human rights violations were identified, but there were a limited number of reports in Dixon Ticonderoga Company (United States) and Fila Dixon Group, S.A. de C.V. (Mexico) of harassment or alleged harassment between colleagues. During 2021, at Dixon Ticonderoga Company (United States) the 15 reports of potential harassment in the workplace or between colleagues were the subject of in-depth investigations that led, where appropriate, in one case, to the activation of a specific assistance programme for employees, in seven cases to the issue of written reprimands and, in five cases, termination of employment, including one due to resignation.

The incident at Fila Dixon Group, S.A. de C.V. (Mexico) concerns discrimination and sexual harassment. This is a complaint from a former worker regarding an alleged incident that occurred in 2019. This person filed a formal complaint with the "National Council for the Prevention of Discrimination", the competent Mexican



# 6 MATERIAL HUMAN RIGHTS TOPICS

## 6. MATERIAL HUMAN RIGHTS TOPICS 107/128

authority. An internal investigation was then launched, with all parties involved, concluding that the complainant lied in all verbal arguments of her complaint. The case went to trial in 2021, is still ongoing and, due to the pandemic, is expected to last several months; the main defendant is the union representative (who is not a company worker).

In 2021, the Group did not operate in business areas, or deal with suppliers, having a high risk of incidents of forced labour. The monitoring tools adopted to detect any risks of forced labour include the reporting mechanism for the Group's activities and the introduction of the "Code of Conduct for Suppliers and Business Partners".

In developing its increasingly structured and widespread corporate responsibility management system, the Group has always been committed to maintaining commercial relations with its suppliers and *business partners* based on transparency, fairness and ethical negotiation. During 2021, as further described in paragraph "5.3 *Supplier relations*", the parent company developed a structured programme to engage principal suppliers in confirming their commitment to principles of fairness, respect for the environment, product quality and the protection of human rights.

In this regard, in addition to its Ethics Code, F.I.L.A. Group has established a "Code of Conduct for Suppliers and Business Partners" addressing the most important suppliers and business partners of the Group's main companies.

All orders issued to suppliers and any purchase agreements include a statement

by the supplier that they have read and agree to the Ethics Code available on the F.I.L.A. website.

In 2021, F.I.L.A. Group companies did not negotiate any significant investment agreements or contracts that include human rights clauses, or undergo human rights assessments.



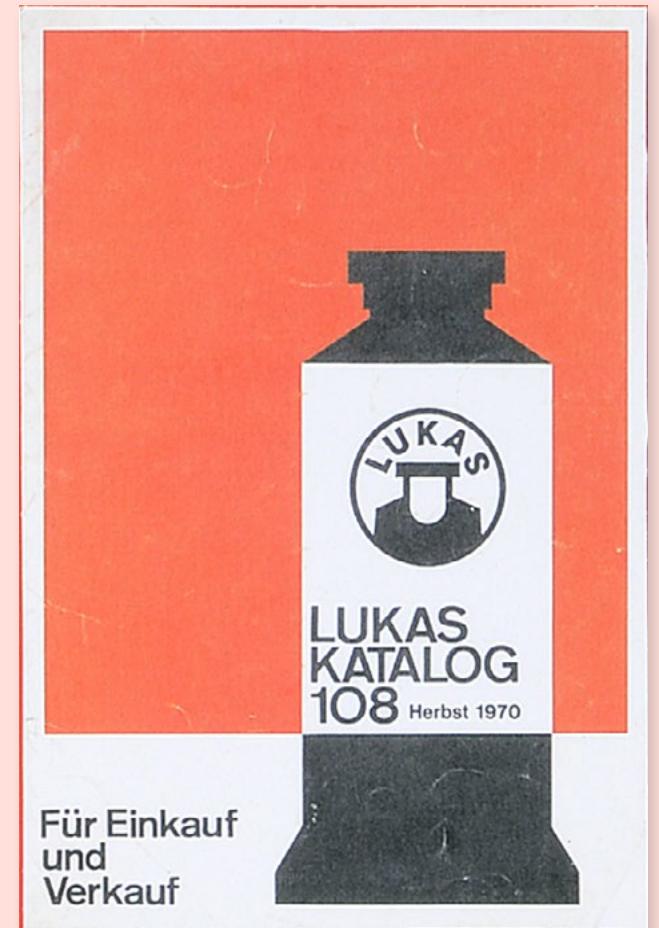
# .6 MATERIAL HUMAN RIGHTS TOPICS

## 6.2 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The **Human Rights & Labour Policy** reiterates the importance of disseminating and promoting the Group's core ethical values, which also relates to the employees' choice to join collective bargaining associations or trade unions without fear of intimidation or reprisal.

The **main risk** identified in relation to this aspect was of a lack of freedom of association and collective bargaining in compliance with applicable regulations. In order to manage this risk, in addition to issuing the above policy, the Group regularly monitors for any incidences of non-compliance in this regard.

Based on all available information to date, and in consideration of the project, involving the Parent and the Group's main companies, launched in 2019, to commit main suppliers and business partners to complying with the principles of F.I.L.A.'s "Code of Conduct for Suppliers and Business Partners", it is believed that the Group does not operate or interact with suppliers or partners that limit freedom of association. Further details are given in the preceding paragraph "5.3 *Supplier relations*".



# 7

## MATERIAL TOPICS RELATING TO COMBATTING CORRUPTION

### 7.1 ANTI-CORRUPTION

**Corruption** is a widespread phenomenon, to a greater or lesser extent, in many countries of the world. This is a major obstacle to development and can have severe impacts on both private and public sector economic growth. *Active corruption* is an offence whereby another party is persuaded, through promises, money or other benefits to act in breach of their duties. *Passive corruption* is an offence whereby an individual accepts promises, money or other benefits not due to them to carry out or not carry out their duties.

F.I.L.A. Group promotes a responsible *business* model according to the principles enshrined in its Ethics Code on the assumption that “*doing business*” cannot be separated from **business ethics**. F.I.L.A. acts with integrity, transparency, respect for rules and regulations and zero tolerance for any form of corruption, considering these essential elements for establishing relationships of trust and collaboration with employees, customers, suppliers and all other counter-parties, who are also requested to accept and apply the principles of the Ethics Code.

Combatting active and passive corruption is essential for the Group’s long-term sustainability as it is for the communities wherein it operates, also considering that our operations are based on the respect for human rights, considered a non-negotiable and fundamental value.

From the materiality analysis (Annex “*A. Methodological note*” and the comparison with Group companies, the measures to combat active and passive corruption is one of the material topics for the F.I.L.A. Group.

### 7.2 MEASURES TO COMBAT ACTIVE AND PASSIVE CORRUPTION

Compliance with the laws and the values defined in its Ethics Code (paragraph “*1.1.1, Purpose, Vision, Mission and Values*” above), including correctness in business relations and combatting corruption, are the fundamental elements of the Group’s *modus operandi*.

In particular, the **Ethics Code** explicitly refers to relations with the public administration and with the Supervisory Authorities.

#### RELATIONS WITH THE PUBLIC ADMINISTRATION (P.A.)

*The relations of the Company and of the F.I.L.A. Group, in Italy or in other countries, with public officials, those employed in the public service, public employees and outsourcers providing public services, are held to comply with the principles of legality, transparency, integrity and correctness. The management of relations, of any type, with the P.A. and/or of a public nature are reserved exclusively for the competent and authorised company departments.*

*In the management of relations with the P.A., any person acting in the name of and/or on behalf of FILA and the Group companies, is prohibited from aiding and abetting, applying pressure or engaging in other conduct to attain favourable provisions or other decisions for the Group, in an illegal manner or against the principles of the present Code.*

*The recipients of the Code are not authorised to offer, accept or promise to any party (public or private), on their own behalf or on behalf of others, any form of donation, compensation, benefit or service, of any nature, also of a non-financial nature, provided to influence, or, in any case, to gain favourable treatment in the course of their duties. Acts of commercial courtesy are permitted, as long as the relevant gifts are of a moderate value and which may not be interpreted as provided to obtain improper or illegitimate advantage.*

*In the course of operations, the Company and the F.I.L.A. Group – where fulfilling the necessary requirements – may request and employ loans, subsidies and grants, of any type, issued by national or EU public bodies, restricted to the specific use for which they were granted and/or requested. For these purposes, in each case transparent*



# 7 MATERIAL TOPICS RELATING TO COMBATTING CORRUPTION

and correct documentation on the Company and on the project and/or service subject to the disbursement must be provided.”

## RELATIONS WITH INSPECTING AND SUPERVISORY AUTHORITIES

“The Company and the FILA Group companies actively work with the judicial, tax and supervisory authorities, the police departments and public officials in the exercise of their duties in terms of inspections, controls, investigations or legal proceedings and its members must refrain from offering donations, money and other benefits, or from exercising undue pressure on the representatives of these authorities, who materially carry out inspections and controls, in addition to those persons called to testify in legal proceedings, with a view to influencing conduct or acting in a manner which seeks to impede the legal proceedings”.

The Parent Company, through its ESG indicator reporting system, obtains information on any events or incidents of corruption from subsidiaries that feed into specific indicators.

The **Organisation, Management and Control Model** of F.I.L.A. S.p.A. and Industria Maimeri S.p.A., in the Special Part dedicated to corporate offences, describes the controls aimed at mitigating the offences of corruption and incitement to corruption among private individuals. Specifically, this Special Part, in addition to examining the offences in question,

provides an indication of the procedures in force that stipulate internal controls aimed at preventing conduct that may fall within the types of offences indicated above.

In addition, the **Anti-Bribery and Anti-Corruption Policy**, updated in 2021, establishes general principles of conduct with reference to the performance of corporate activities in areas particularly at risk of corruption; gifts and entertainment expenses to public and private entities, human resources, joint ventures, acquisitions and disposals, consultancy, brokerage, relations with business partners and suppliers, donations, accessorial fees, non-profit, events and sponsorships, gifts and entertainment expenses, miscellaneous, including facilitation payments and business trips.

In this area, the **main risks** identified are of a reputational nature (in terms of damage to F.I.L.A.’s image as a result of penalties and/or the interruption of commercial relations with important Group *partners*), the imposition of penalties, including those of a prohibitory nature, for offences falling within the scope of Legislative Decree no. 231 of 2001, *product safety*, etc. To manage these risks, monitoring is carried out at Group level, analysing any reports that

may have been made, and an annual plan of checks is carried out by the Supervisory Board, with the support of the *Internal Audit* department and according to a work plan agreed with the parent company’s Board of Directors.

In order to guarantee consistent and mindful conduct, the Group has defined a system of clear rules and of information flows between corporate governance and control bodies and internal structures.

## 7.3 OTHER TOPICS OF RELEVANCE IN COMBATTING CORRUPTION

The Ethics Code which outlines the Group’s key principles and its values was distributed to all employees and was included in training programmes in accordance with each individual company’s procedures. Specifically, at Parent level, all employees based at the headquarters and in the facilities received classroom training on Legislative Decree No. 231/01.



# 7 MATERIAL TOPICS RELATING TO COMBAT TING CORRU PTION

The Italian companies who adopted the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01 delivered *ad hoc* training programmes.

In 2021, 283 Group personnel (116 in 2020), including members of the corporate bodies, as described in the Annex, received training on active and passive anti-corruption topics and related procedures. Of these, 19% are white-collar workers (84% in 2020), 79% blue-collar workers and the remainder is divided between management 1% (13% in 2020) and members of governing bodies 1% (3% in 2020).

In 2021 at Group level, 108 hours of training were provided (141 hours in 2020), on issues relating to the fight against active and passive corruption, as more fully indicated in the paragraph “4.1.4 Training” of the chapter, “Material employment topics” above and detailed in the table “GRI 404-1 TRAINING BY PROFESSIONAL CATEGORY AND TOPIC” in Annex “D. Tables listing GRI indicators and information”).

Of particular note is that in 2021, anti-corruption training activities mainly targeted blue-collar workers (72 hours training).

The aforementioned Annex also includes the table “GRI 205-2 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES”, concerning people at corporate body, management, white-collar and blue-collar levels.

During 2021, there were no incidents of active or passive bribery or corruption, and no sensitive transactions related to bribery were identified.



## A. METHODOLOGICAL NOTE

### A.1 REPORTING MODEL

Since 2017, the F.I.L.A. Group has published a Consolidated Non-Financial Statement (“NFS”). From 2021, the NFS which constitutes the F.I.L.A. Group Sustainability Report reports to the various *stakeholders* regarding the new developments, projects and results achieved in 2021 with regard to economic, social and environmental *performance*, the Group’s approach to sustainability and policies, together with data and information helpful in representing the Group’s activities.

F.I.L.A. S.p.A., as a public interest company (pursuant to Article 16, paragraph 1, of Legislative decree No. 39 of January 27, 2010), with ceilings on the number of its employees, its statement of financial position assets and revenues above the threshold provided for in article 2 paragraph 1 of **Legislative Decree No. 254/2016**, is subject to application of Legislative Decree No. 254 of December 30, 2016, *“Implementation of Directive 2014/95/EU of the European Parliament and the Council of October 22, 2014, amending Directive 2013/34/EU regarding the disclosure of non-financial information and information*

*on diversity by certain companies and certain large groups”* as amended.

The NFS, drawn up in accordance with Articles 3 and 4 of the Decree, provides information regarding environmental, social, personnel, human rights and anti-corruption topics and of the related risks, helping the reader to understand the F.I.L.A. Group’s activities, its performance and results and the related impacts.

This Statement is prepared on an annual basis in accordance with the **GRI Standards**, published by the Global Reporting Initiative (“GRI”), according to the “Core” option. The Group has identified the GRI Standards – currently the most widespread and commonly accepted non-financial reporting standards at the international level – as the “standards of reference” for discharging its obligations under the Decree. The GRI Content Index is reported in *Annex C GRI Content Index*.

The reporting principles concerning content set forth in the GRI Standards selected for the preparation of this Statement are stakeholder inclusiveness, sustainability context, materiality and

completeness. The Reporting principles for defining report quality are accuracy, balance, clarity, reliability and timeliness.

As required by the Decree, information is furnished in accordance with the *comply or explain* principle as per Article 3 of the Decree. Accordingly, if no policy exists for any material topic, the Statement must explain this gap.

The Sustainability Report, prepared taking into account the results of the stakeholder engagement activity, includes information regarding the added value produced and distributed by the Group and the provisions of the EU Taxonomy (Regulation 2020/852).



## A.2 REPORTING AND CONSOLIDATION PROCESS

The process of drafting this Statement, coordinated by the Sustainability Management Committee, involved the Executive Officer for Financial Reporting in preparing the financial reports, the Chief Financial Officer, the Group Reporting Manager and the local Sustainability Committees at the main Group companies, and enabled the identification of the material topics (as part of a broader process of stakeholder engagement, including with external parties), the main risks, the methods of managing them, the projects carried out and the *performance* indicators. The Internal Audit team carried out monitoring of the data collection process.

The **reporting process** started with an analysis of the Decree's requirements and of the indicators deemed applicable and relevant according to the GRI Standards. Details are provided in Annex *A.3 Materiality analysis*. The Consolidated Non-Financial Statement of the F.I.L.A. Group includes comparative figures for the previous two years, where available, in addition to new indicators introduced in 2021.

For these it was not possible to provide comparative data.

Paragraph *5.3 Supplier relations* provides a qualitative description of the **supply chain**. In fact, the Statement does not include quantitative considerations, since the Group does not have *reporting* projects in this regard. However, the Company will, over the course of the Sustainability Plan, undertake a process of continuous improvement with respect to reporting on the supply chain, in order to present to its stakeholders an increasingly complete representation of the F.I.L.A. Group.

The reporting process is mainly structured on an information gathering system based on a **specific reporting template** developed using Tagetik software, which the Group uses for financial *reporting* among other matters. This process was integrated with the findings of the *risk assessment* carried out on all Group companies to assess their significance with regard to social and environmental issues, the results of which were used to identify the scope of reporting for each non-financial reporting topic.

Specific **guidelines and instructions**, regularly updated and circulated to all Group companies as part of the *reporting*

process, help make the gathering process more accurate, consistent and uniform. Any information that Tagetik does not handle comes from the F.I.L.A. Group's stakeholders and was obtained through interviews and questionnaires whenever suitable.

The information is broken down, where significant, by geographical segment, as is customary in financial reporting. For details by geographical segment, see Annex *D. Tables listing GRI indicators and information*, which contains a table illustrating the Group companies present in each geographical segment at the end of 2021.

As mentioned above, this Statement has been prepared by a special working team at the Parent, which is coordinated by the Managerial Sustainability Committee. Information on subsidiaries was usually supplied by their CEOs or their respective deputies, who must certify the accuracy of the reporting package in Tagetik. The declaration must explain how the Statement was compiled.

## A.3 MATERIALITY ANALYSIS

F.I.L.A. has selected **materiality**, as defined by the Global Reporting Initiative (GRI) in standard series GRI 101, as an underlying principle for the reporting of non-financial information and the determination of which topics are material enough that they need to be reported. Not all material topics are of the same priority. The material topics that could be worthy of inclusion in the Sustainability Report containing the NFS are those that could reasonably be deemed of relevance in explaining the economic, environmental, or social impact of F.I.L.A. or in the decision-making processes of stakeholders. In this context, the term “impact” refers to the (positive or negative) effect that an organisation has on the economy, the environment and/or society. An issue may be relevant, and therefore potentially material, based on only one of these dimensions, including with respect to a combination of internal and external factors, for example, the Company’s overall purpose, vision and mission, the strategy adopted, and concerns expressed directly by stakeholders.

The Sustainability Report containing the NFS must contain information that reflects the significant economic, environmental

and social impacts of the organisation and which may substantially influence the assessments and decisions of the stakeholders.

In 2021, in order to identify the relevant economic, social and environmental topics that (could) significantly influence the assessments, actions and decisions of the stakeholders, the F.I.L.A. Group updated its materiality analysis. This was carried out through structured engagement with relevant stakeholders, including external parties.

A topic may be considered material if it is important to internal or external stakeholders even if the relative materiality of the economic, environmental, or social impacts is less than that of other topics. Collectively, the topics covered in the Sustainability Report containing the NFS should be sufficient to reflect the material economic, environmental and/or social impacts of F.I.L.A. and to enable stakeholders to assess the F.I.L.A. Group.

At the conclusion of this activity, an additional material topic related to cyber security emerged. The following paragraph contains the table linking the material topics identified in relation to the F.I.L.A.

Group’s business model, risk assessment and stakeholder engagement findings.

## A.4 RECONCILIATION TABLE WITH LEGISLATIVE DECREE NO. 254/16

The following table provides a summary, for each of the material topics, of the relevant indicators from the GRI Standards, the paragraphs of the Sustainability Report containing the NFS or other corporate documents in which the topic is discussed, the areas of the Decree and impacts on internal processes and external stakeholders:



	MATERIAL TOPIC	GRI STANDARDS	NFS PARAGRAPH / OTHER REFERENCE DOCUMENTS	LEGISLATIVE DECREE NO. 254/2016 SCOPE	IMPACTS ON INTERNAL PROCESSES	IMPACTS ON STAKEHOLDERS
1	Use of raw materials	Materials (301-1)	3.2 Use of raw materials	Environment	Production	Environment Community
2	Consumption of energy resources	Energy (302-1)	3.3 Consumption of energy resources	Purchases	Environment	Environment Community
3	Atmospheric emissions	Emissions (305-1; 305-2)	3.4 Atmospheric emissions	Community	Produzione	Environment Community
4	Water consumption	Water (303-3)	3.5 Water consumption	Environment	Production	Environment Community
5	Equal opportunities	Diversity and equal opportunity (405-1)	2.4 Corporate governance and risk management 4.2 Equal opportunities "Corporate Governance and Ownership Structure Report"	Diversity	Personnel Governance	Individuals Trade unions
6	Occupational health and safety	Occupational Health and Safety (403-9)	4.3 Occupational health and safety	Personnel	Personnel	Individuals Suppliers
7	Product quality and safety	Customer Health and Safety (416-2)	5.2 Product quality and safety	Social Local communities	Marketing Production Purchases	Customers Consumers Community
8	Supplier relations	Supplier social assessment (414-1)	5.3 Supplier relations	Supply chain	Purchases Production	Suppliers Community
9	Protecting diversity	Non-discrimination (406-1)	5.4 Protecting diversity in local communities	Social Local communities	Commercial relations Trade Union Relations	Community
10	Respect for human rights	Human rights assessment (412-3)	6.1 Respect for human rights	Human rights Local communities	Personnel Purchases	Community
11	Freedom of association and collective bargaining	Freedom of association and collective bargaining (407-1)	6.2 Freedom of Association and collective bargaining	Social Local communities	Personnel	Trade unions
12	Combating active and passive corruption	Anti-corruption (205-3)	7.1 Anti-corruption topics 7.2 Measures to combat active and passive corruption	Corruption	Personnel Purchases Sales and distribution	Community Entities, institutions and the public administration Suppliers Customers
13	IT Security	Substantiated complaints concerning breaches of customer privacy and losses of customer data (418-1)	2.5.7 Information Technology Security	Personnel Social Supply chain	Personnel Purchases Sales and distribution	Individuals Community Entities, institutions and the Public Administration Investors Suppliers Customers



In addition to the risks described in the Annual Report, the paragraph “Information and Management of Financial Risks”, which should be referred to for further information, the Group’s business is exposed to the **non-financial risks** described in paragraph *2.4.5 Identifying and controlling risks*.

## A.5 REPORTING SCOPE

The **scope of non-financial reporting** matches that of the Consolidated Financial Statements at December 31, 2021, and refers to all the fully consolidated companies. This is so as to gather relevant, useful data that is comparable enough to illustrate the Group’s performance, its results, its current situation and the impact of its operations. Changes from the prior year are marked.

Unless otherwise indicated, the information refers to the F.I.L.A. Group.

However, the scope of reporting for each indicator was adjusted in accordance with the materiality analysis of the relevant aspects required by the legislation in question.

The table below summarises the materiality of each category of indicators by reporting topic (environment, social, personnel, human rights and corruption) and by type of company (manufacturing, distribution, holding): further details are provided in

*Annex B. Group companies included in the reporting scope by reporting topic.*

Finally, to determine materiality, an additional aspect was considered, namely the importance of subsidiaries in terms of their turnover, workforce, etc.

In the interest of providing an accurate account of the sustainability performance achieved, the use of directly measurable indicators has been privileged, while avoiding the use of estimates insofar as possible. Where necessary, estimates are based on the best available methods or sampling and their use is reported for each indicator.

## A.6 INTERNAL CONTROL AND INDEPENDENT AUDIT

As required by the Decree, in this Consolidated Non-Financial Statement two forms of control exist: internal control, which is conducted by the company’s **Board of Statutory Auditors**, and the independent audit, which is performed by an independent audit firm.

As part of its duties required by law, the Board of Statutory Auditors monitors compliance with the Decree’s provisions and reports thereon in its annual report to the Shareholders’ Meeting.

The **independent audit** firm, KPMG S.p.A., verifies that the Statement has been prepared and certifies that the information provided is compliant with the relevant provisions and the reporting standards adopted (the *International Standard on Assurance Engagements 3000 Revised - Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board). This certification is contained in an Annex to this Statement (*E. Independent Auditors’ Report*).

INDICATORS	ENVIRONMENT	SOCIAL	PERSONNEL	HUMAN RIGHTS	CORRUPTION
<b>TYPE OF COMPANY</b>					
Production	●	●	●	●	●
Distribution		●	●	●	●
Holding			●		●

● Indicators are fully material

● Indicators are partially material



**B. GROUP COMPANIES INCLUDED IN THE REPORTING SCOPE BY REPORTING TOPIC**

FILA GROUP COMPANY	COUNTRY	ENVIRONMENT	SOCIAL	PERSONNEL	HUMAN RIGHTS	ANTI-CORRUPTION
FILA Argentina S.A.	Argentina	NO	YES	YES	YES	YES
Canson Australia PTY LTD	Australia	NO	YES	YES	NO	YES
FILA Benelux SA	Belgium	NO	YES	YES	NO	YES
Canson BraYESI I.P.E. LTDA	Brazil	YES	YES	YES	YES	YES
Canadian Holding	Canada	NO	NO	NO	NO	NO
Dixon Ticonderoga Art	Canada	YES	YES	YES	YES	NO
F.I.L.A. Chile Ltda	Chile	NO	YES	YES	YES	YES
Canson Qingdao Ltd	China	NO	NO	YES	NO	YES
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China	NO	NO	YES	NO	YES
FILA Dixon Stationery (Kunshan) Co., Ltd.	China	YES	YES	YES	YES	YES
FILA Dixon Art & Craft Yixing Co. Ltd	China	YES	YES	YES	YES	YES
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd.	China	YES	YES	YES	YES	YES
Canson SAS	France	YES	YES	YES	NO	YES
Lodi 12 SAS	France	NO	NO	NO	NO	NO
FILA Arches	France	NO	YES	YES	YES	YES
Daler Rowney GmbH	Germany	NO	NO	NO	NO	NO
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Germany	YES	YES	YES	NO	YES
Lyra Bleistift-Fabrik Verwaltungs GmbH	Germany	NO	NO	NO	NO	NO
Lukas-Nerchau GmbH	Germany	NO	NO	NO	NO	NO
Nerchauer Malfarben GmbH	Germany	NO	NO	NO	NO	NO
FILA Hellas SA	Greece	NO	YES	YES	NO	YES
Princeton Hong Kong	Hong Kong	NO	YES	NO	NO	YES



**B. GROUP COMPANIES INCLUDED IN THE REPORTING SCOPE BY REPORTING TOPIC**

FILA GROUP COMPANY	COUNTRY	ENVIRONMENT	SOCIAL	PERSONNEL	HUMAN RIGHTS	ANTI-CORRUPTION
DOMS Industries Pvt Ltd	India	YES	YES	YES	YES	YES
PT. Lyra Akrelux	IndoneYESa	NO	YES	YES	YES	YES
FILA Art and Craft Ltd.	Israel	NO	YES	NO	NO	YES
Canson Italy	Italy	NO	YES	NO	NO	YES
FILA S.p.A.	Italy	YES	YES	YES	NO	YES
Industria Maimeri S.p.A.	Italy	YES	YES	YES	NO	YES
Grupo F.I.L.A.-Dixon, S.A. de C.V.	Mexico	YES	YES	YES	YES	YES
FILA Polska Sp.Z.o.o	Poland	NO	YES	YES	NO	YES
Daler Rowney Ltd	United Kingdom	YES	YES	YES	NO	YES
St.Cuthberts Mill Limited Paper	United Kingdom	YES	YES	YES	NO	YES
St.Cuthberts Holding Limited	United Kingdom	NO	NO	NO	NO	NO
Renoir Topco Ltd	United Kingdom	NO	NO	NO	NO	NO
Renoir Midco Ltd	United Kingdom	NO	NO	NO	NO	NO
Renoir Bidco Ltd	United Kingdom	NO	NO	NO	NO	NO
Brideshore srl	Dominican Republic	YES	YES	YES	YES	YES
FILA Stationary O.O.O.	RusYESa	NO	YES	YES	YES	YES
FILA Hiberia S.L.	Spain	NO	YES	YES	NO	YES
Dixon Ticonderoga Company	USA	YES	YES	YES	YES	NO
FILA SPECIALTY PAPERS LLC	USA	NO	YES	NO	YES	YES
FILA SA PTY LTD	South Africa	NO	YES	YES	YES	YES
Fila Nordic AB	Sweden	NO	YES	YES	NO	NO
FILA Art Products AG	Switzerland	NO	YES	NO	NO	YES
FILA Stationary and Office Equipment Industry Ltd. Co.	Turkey	NO	YES	YES	YES	YES



## C. GRI CONTENT INDEX

**DNF** Consolidated Non-Financial Statement.

**RFA** Annual Report.

**RCG** Corporate Governance Report (2021 Financial Year).

GRI STANDARDS			
DISCLOSURE	DOCUMENT		REFERENCE TO PARAGRAPH/ /NOTE
OMISSIONS			
ORGANISATIONAL PROFILE			
102-1	Name of the organization		Fabbrica Italiana Lapis e Affini S.p.A. - F.I.L.A. S.p.A.
102-2	Activities, brands, products, and services	NFS	2.1.2 Vertically integrated business model; 2.4.4 Brands and products
102-3	Location of headquarters	NFS	The Group's registered office and headquarters are in Pero (Milan), on Via XXV Aprile, where the offices of the Parent, F.I.L.A. - Fabbrica Italiana Lapis e Affini S.p.A. are located.
102-4	Location of operations	NFS	1.2.2 Production sites
102-5	Ownership and legal form	NFS	2.5 Corporate governance and risk management; Annex D. Tables listing GRI indicators and information
102-6	Markets served	NFS	2.1.2 Vertically integrated business model
102-7	Scale of the organization	NFS	1.2 Group structure and size
102-8	Information on employees and other workers	NFS	4.1 Respect for the individual and material topics for F.I.L.A.; 4.1.1 Composition of the workforce; Annex D. Tables listing GRI indicators and information
102-9	Supply chain	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 5.3 Supplier relationships; 5.3.1 Supplier assessment and management; 5.3.2 Green Procurement;
102-10	Significant changes to the organization and its supply chain	NFS	1.3 History of the F.I.L.A. Group: successful merges and acquisitions; 1.3.2 Successful mergers and acquisitions
		AR	Significant events in the year
102-11	Precautionary Principle or approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 3.1 Respect for the environment and material topics for F.I.L.A.; 3.1.1 Environmental protection; 3.1.2 Environmental policies
102-12	External initiatives	NFS	The Group does not adhere to external Codes of Conduct, initiatives or principles on economic, social or environmental matters.
102-13	Membership of associations	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 2.3 F.I.L.A. Group stakeholders; 2.3.1 Our Stakeholders; 2.3.3 Stakeholder Engagement initiatives; 4.1.5 industrial relations and job protection: data referring only to Italy



GRI STANDARDS			
DISCLOSURE	DOCUMENT		REFERENCE TO PARAGRAPH/ /NOTE
STRATEGY			
102-14	Statement from senior decision-maker	NFS	Letter to the stakeholders
102-15	Key impacts, risks, and opportunities	NFS	2.1 F.I.L.A. Group strategy and business; 2.2.1 Sustainability Plan and Sustainable Development Goals - SDGs; 2.5 Corporate governance and risk management; 2.6 COVID-19 impacts; 3.2 Use of raw materials; 3.3 Consumption of energy resources; 3.4 Atmospheric emissions; 3.5 Water consumption; 4.2 Equal opportunities; 4.3 Occupational health and safety; 5.2 Product quality and safety; 5.3 Supplier relations; 5.4 Protecting diversity in local communities; 6.1 Respect for human rights; 6.2 Freedom of association and collective bargaining; 7.2 Measures to combat active and passive corruption
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	NFS	1.1.1 Purpose, Vision, Mission and Values
102-17	Mechanisms for advice and concerns about ethics	NFS	2.5.6 231 Model and Supervisory Board
GOVERNANCE			
102-18	Governance structure	NFS	2.5 Corporate governance and risk management
		CGR	4 Board of Directors, 6. Internal Committees of the Board of Directors, 8.2 Remuneration Committee, 9.3 Control, Risks and Related Parties Committee, 11 Board of Statutory Auditors
102-21	Consulting stakeholders on economic, environmental and social topics	NFS	2.3 F.I.L.A. Group Stakeholders; 2.3.2 F.I.L.A. Group materiality; 2.3.3 Stakeholder Engagement initiatives; Annex A.3 Materiality analysis
		NFS	2.5 Corporate governance and risk management
102-22	Composition of the highest governance body and its committees	CGR	4. Board of Directors, 6. Internal Committees of the Board of Directors, 8.2 Remuneration Committee, 9.3 Control, Risks and Related Parties Committee
102-23	Chair of the highest governance body	NFS	2.5 Corporate governance and risk management
102-24	Nominating and selecting the highest governance body	NFS	2.5 Corporate governance and risk management
		CGR	2. Information on the ownership structure



GRI STANDARDS			
DISCLOSURE	DOCUMENT		REFERENCE TO PARAGRAPH/ /NOTE
102-26	Role of the highest governance body in setting purpose, values and strategy	NFS	1.1.1 Purpose, Vision, Mission and Values; 2.1 F.I.L.A. Group Strategy and Business; 2.5 Corporate governance and risk management
102-32	Highest governance body's role in sustainability reporting	NFS	Annex A.2 Reporting and consolidation process
102-37	Stakeholders' involvement in remuneration		As set out by the applicable regulation, the Shareholders' Meeting of F.I.L.A. S.p.A. is called to express a consultative vote on the Remuneration Report and a binding vote for Section I containing the remuneration policy
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 2.3 F.I.L.A. Group Stakeholders; 2.3.1 Our Stakeholders; 2.3.3 Stakeholder Engagement initiatives
102-41	Collective bargaining agreements	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 2.3 F.I.L.A. Group Stakeholders; 2.3.1 Our Stakeholders; 4.1 Respect for people and issues relevant to F.I.L.A.; 4.1.5 Industrial relations and job protection
102-42	Identifying and selecting stakeholders	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 2.3 F.I.L.A. Group Stakeholders; 2.3.1 Our Stakeholders; 2.3.3 Stakeholder Engagement initiatives
102-43	Approach to stakeholder engagement	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 2.3 F.I.L.A. Group Stakeholders; 2.3.11 Our Stakeholders; 2.3.3 Stakeholder Engagement initiatives;
102-44	Key topics and concerns raised	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 2.3 F.I.L.A. Group Stakeholders; 2.3.11 Our Stakeholders; 2.3.3 Stakeholder Engagement initiatives
REPORTING PROCESS			
102-45	Entities included in the consolidation financial statements	NFS	Annex B. Group companies included in the reporting scope by reporting topic
		AR	Consolidation scope
102-46	Defining report contents and topic Boundaries	NFS	Annex A.5 Reporting scope
102-47	List of material topics	NFS	Annex A.3 Materiality analysis
102-48	Restatements of information	NFS	Annex D. Tables listing GRI indicators and information
102-49	Changes in reporting	NFS	Annex A.2 Reporting and consolidation process



GRI STANDARDS			
DISCLOSURE	DOCUMENT	REFERENCE TO PARAGRAPH/ /NOTE	OMISSIONS
102-50	Reporting period	NFS 31.12.2021	
102-51	Date of most recent report	NFS 2020 Consolidated Non-Financial Statement	
102-52	Reporting cycle	NFS Annual	
102-53	Contact point for questions regarding the reports	NFS Introduction	
102-54	Claims of reporting in accordance with GRI standards	NFS Foreword; Annex A. Methodological Note	
102-55	GRI content index	NFS Annex C. GRI Content index	
102-56	External assurance	NFS Annex F Independent Auditors' Report	
GRI 201 ECONOMIC PERFORMANCE (GRI 2016)			
201-1	Direct economic value generated and distributed	NFS 1.2.3 Direct economic value generated and distributed	
GRI 205 ANTI-CORRUPTION (GRI 2016)			
103-1	Scope of the material topic	NFS Annex A. Methodological note	
103-2/3	Management Approach	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 7. Material topics relating to combatting corruption	
205-1	Operations assessed for risks related to corruption	NFS 7.3 Other topics of relevance in combatting corruption	
205-2	Communication and training about anti-corruption policies and procedures	NFS 7.3 Other topics of relevance in combatting corruption; Annex D. Tables listing GRI indicators and information	
205-3	Confirmed incidents of corruption and actions taken	NFS 7.3 Other topics of relevance in combatting corruption	
GRI 207 TAX (GRI 2020)			
103-1	Scope of the material topic	NFS Annex A. Methodological note	
103-2/3	Management Approach	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; Annex D. Tables listing GRI indicators and information	
207-1	Approach to tax	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; Annex D. Tables listing GRI indicators and information	
207-2	Tax governance, control and risk management	NFS Annex D. Tables listing GRI indicators and information	
207-3	Stakeholder engagement and management of concerns related to tax	NFS Annex D. Tables listing GRI indicators and information	
207-4	Country-by-country reporting	NFS Annex B. Group companies included in the reporting scope by reporting topic; Annex D. Tables listing GRI indicators and information	The activities reported are grouped by geographical segment and have not been reported on tangible assets other than cash and cash equivalents. F.I.L.A. will evaluate ways to present information relating to this indicator in 2022.



GRI STANDARDS			
DISCLOSURE	DOCUMENT	REFERENCE TO PARAGRAPH/ /NOTE	OMISSIONS
<b>GRI 301 MATERIALS (GRI 2016)</b>			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A. Methodological note; Annex A.3 Materiality analysis; 3.1 Respect for the environment and material topics for F.I.L.A.; 3.2 Use of raw materials
301-1	Materials used by weight or volume	NFS	Annex D. Tables listing GRI indicators and information
<b>GRI 302 ENERGY (GRI 2016)</b>			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 3.1 Respect for the environment and material topics for F.I.L.A.; 3.3 Consumption of energy resources
302-1	Energy consumption within the organisation	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 3.3 Consumption of energy resources; Annex D. Tables listing GRI indicators and information
302-3	Energy intensity	NFS	3.3 Consumption of energy resources; Annex D. Tables listing GRI indicators and information
302-4	Reduction of energy consumption	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 3.3 Consumption of energy resources; Annex D. Tables listing GRI indicators and information
<b>GRI 303 WATER (GRI 2018)</b>			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 3.1 Respect for the environment and material topics for F.I.L.A.; 3.5 Water consumption; Annex D. Tables listing GRI indicators and information
303-1	Interactions with water as a shared resource	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 3.5 Water consumption; Annex D. Tables listing GRI indicators and information
303-2	Management of water discharge-related impacts	NFS	3.5 Water consumption; Annex D. Tables listing GRI indicators and information
303-3	Water withdrawal	NFS	Annex D. Tables listing GRI indicators and information
303-4	Water discharge	NFS	3.5 Water consumption; Annex D. Tables listing GRI indicators and information



GRI STANDARDS			
DISCLOSURE	DOCUMENT		REFERENCE TO PARAGRAPH/ /NOTE
GRI 305 EMISSIONS (GRI 2016)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 3.1 Respect for the environment and material topics for F.I.L.A.; 3.4 Atmospheric emissions
305-1	Direct (Scope 1) GHG emissions	NFS	3.4 Atmospheric emissions; Annex D. Tables listing GRI indicators and information;
305-2	Energy indirect. (Scope 2) GHG emissions	NFS	3.4 Atmospheric emissions; Annex D. Tables listing GRI indicators and information;
305-6	Emissions of Ozone-Depleting Substances (ODS)	NFS	3.4 Atmospheric emissions
305-7	NOX, SOX and other significant air emissions	NFS	3.4 Atmospheric emissions; Annex D. Tables listing GRI indicators and information;
GRI 306 WASTE (GRI 2020)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 3.5 Water consumption; 3.6.1 Waste management
306-1	Waste generation and significant waste-related impacts	NFS	3.6.1 Waste management; Annex D. Tables listing GRI indicators and information
306-2	Management of significant waste-related impacts	NFS	3.6.1 Waste management; Annex D. Tables listing GRI indicators and information
306-3	Hazardous waste	NFS	3.6.1 Waste management; Annex D. Tables listing GRI indicators and information
306-4	Waste diverted from disposal	NFS	3.6.1 Waste management; Annex D. Tables listing GRI indicators and information
306-5	Waste directed to disposal	NFS	3.6.1 Waste management; Annex D. Tables listing GRI indicators and information
GRI 307 ENVIRONMENTAL COMPLIANCE (GRI 2016)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 3.6.3 Compliance with environmental standards
307-1	Non-compliance with environmental laws and regulations (Scope 2)	NFS	3.6.3 Compliance with environmental standards



GRI STANDARDS			
DISCLOSURE	DOCUMENT		REFERENCE TO PARAGRAPH/ /NOTE
GRI 401 EMPLOYMENT (GRI 2016)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 4.1 Respect for the individual and relevant topics for F.I.L.A.; 4.1.1 Composition of the workforce; 4.1.2 Personnel turnover
401-1	New employee hires and employee turnover	NFS	4.1.1 Composition of the workforce; 4.1.2. Personnel turnover; Annex D. Tables listing GRI indicators and information
GRI 403 OCCUPATIONAL HEALTH AND SAFETY (GRI 2018)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 4.3 Occupational health and safety
403-1	Health and Safety Management System	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 4.3 Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	NFS	4.3 Occupational health and safety
403-3	Occupational health services	NFS	4.3 Occupational health and safety
403-4	Worker participation, consultation, and communication on occupational health and safety	NFS	4.3 Occupational health and safety
403-5	Worker training on occupational health and safety	NFS	4.3 Occupational health and safety
403-6	Promotion of worker health	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 2.6 Impacts of COVID-19; 4.3 Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 2.6 Impacts of COVID-19; 4.3 Occupational Health and Safety
403-9	Work-related injuries	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 4.3 Occupational Health and Safety
403-10	Work-related ill health	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 4.3 Occupational Health and Safety
GRI 404 TRAINING AND EDUCATION (GRI 2016)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 4.1 Respect for the individual and relevant topics for F.I.L.A.; 4.1.4 Training



GRI STANDARDS			
DISCLOSURE	DOCUMENT		REFERENCE TO PARAGRAPH/ /NOTE
404-1	Average hours of training per year per employee	NFS	4.1 Respect for the individual and relevant topics for F.I.L.A.; 4.1.4 Training; D Tables listing GRI indicators and information; Average training hours per employee by gender in 2021 are: men 5.9 (5.7 in 2020, 5.3 in 2019) and women 9 (6.8 in 2020, 6.3 in 2019). Average training hours per employee by category are the following: blue-collar 7.5 (6 in 2020, 4.3 in 2019), white-collar 6.4 (6.9 in 2020, 10.3 in 2019), and management 9.7 (3.9 in 2020, 14.8 in 2019).
404-3	Percentage of employees receiving regular performance and career development reviews	NFS	4.1.3 Remuneration
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY (GRI 2016)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 2.4.1 Corporate Governance Model; 4.1 Respect for the individual and relevant topics for F.I.L.A.; 4.2 Equal opportunities
405-1	Diversity of governance bodies and employees	NFS	2.4.1 Governance structure; 4.1 Respect for the individual and relevant topics for F.I.L.A.; 4.2 Equal opportunities; Annex D. Tables listing GRI indicators and information
405-2	Ratio of basic salary and remuneration of women to men	NFS	4.1.3 Remuneration
GRI 406 NON-DISCRIMINATION (GRI 2016)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 5.4 Protecting diversity in local communities; 6.1 Respect for human rights
406-1	Incidents of discrimination and corrective action taken	NFS	5.4 Protecting diversity in local communities; 6.1 Respect for human rights
GRI 407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (GRI 2016)			
103-1	Scope of the material topic	NFS	Annex A. Methodological note
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 6.1 Respect for human rights; 6.2 Freedom of association and collective bargaining



GRI STANDARDS				
DISCLOSURE	DOCUMENT		REFERENCE TO PARAGRAPH/ /NOTE	OMISSIONS
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	NFS	6.2 Freedom of Association and collective bargaining	
GRI 409 FORCED OR COMPULSORY LABOR (GRI 2016)				
103-1	Scope of the material topic	NFS	Annex A. Methodological note	
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 6.1 Respect for human rights; 6.2 Freedom of association and collective bargaining	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	NFS	6.1 Respect for human rights	
GRI 412 HUMAN RIGHTS ASSESSMENT (GRI 2016)				
103-1	Scope of the material topic	NFS	Annex A. Methodological note	
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 6.1 Respect for human rights	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	NFS	6.1 Respect for human rights	
GRI 413 LOCAL COMMUNITIES (GRI 2016)				
103-1	Scope of the material topic	NFS	Annex A. Methodological note	
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 5.5 Group social responsibility efforts	
413-1	Formal system for identifying local stakeholders	NFS	2.3.1 Our Stakeholders; 2.3.3 Stakeholder Engagement initiatives	The Company does not report the percentage of activities that involve local community involvement, impact assessments, and/or development programmes.
413-2	Operations with significant actual and potential negative impacts on local communities	NFS	5.5 Group social responsibility efforts	
GRI 414 SUPPLIER SOCIAL ASSESSMENT (GRI 2016)				
103-1	Scope of the material topic	NFS	Annex A. Methodological note	
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group	
414-1	New suppliers that were screened using social criteria	NFS	5.3 Supplier relations	



GRI STANDARDS				
DISCLOSURE	DOCUMENT	REFERENCE TO PARAGRAPH/ /NOTE	OMISSIONS	
<b>GRI 415 PUBLIC POLICY (GRI 2016)</b>				
415-1	Political contributions	NFS	5.5 Group social responsibility efforts	
<b>GRI 416 CUSTOMER HEALTH AND SAFETY (GRI 2016)</b>				
103-1	Scope of the material topic	NFS	Annex A. Methodological note	
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality Analysis; 5.2 Product quality and safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	NFS	5.2 Product quality and safety	
<b>GRI 417 MARKETING AND LABELING (GRI 2016)</b>				
103-1	Scope of the material topic	NFS	Annex A. Methodological note	
103-2/3	Management Approach	NFS	2.2.2 Socio-environmental policies and guidelines of the Group; 5.2 Product quality and safety	
417-1	Requirements for product and service information and labeling	NFS	5.2 Product quality and safety	
417-2	Incidents of non-compliance concerning product and service information and labeling	NFS	5.2 Product quality and safety	
417-3	Incidents of non-compliance concerning marketing communications	NFS	5.2 Product quality and safety	
<b>GRI 418 CUSTOMER PRIVACY (GRI 2016)</b>				
103-1	Scope of the material topic	NFS	2.5.7 Information Technology Security	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	NFS	2.5.7 Information Technology Security	Survey conducted for the parent company only.



## D. TABLES LISTING GRI INDICATORS AND INFORMATION

This Annex contains tables and detailed information relating to aspects dealt with briefly in the various chapters or paragraphs of the Sustainability Report (the numbering of which is recalled for ready reference) in order to provide in-depth information of interest.

### 1. IDENTITY AND PROFILE

#### 1.2 GROUP STRUCTURE AND SIZE

GRI 102-5							
DECEMBER 31, 2021							
Shareholders	Ordinary shares	Shares Class B	Total Capital		Total votes = Voting capital		Ordinary capital
Pencil	13.694.563	8.081.856	21.776.419	42,65%	37.940.131	56,44%	31,87%
Market	29.281.878		29.281.878	57,35%	29.281.878	43,56%	69,13%
<b>Total</b>	<b>42.977.441</b>	<b>8.081.856</b>	<b>51.058.297</b>	<b>100,00%</b>	<b>67.222.008</b>	<b>100,00%</b>	<b>100,00%</b>
	84,171%	15,829%					
<b>Total €</b>	<b>39.548.543,62</b>	<b>7.437.229,06</b>	<b>46.985.772,68</b>				

GRI 102-5							
DECEMBER 31, 2020							
Shareholders	Ordinary shares	Shares Class B	Total Capital		Total votes = Voting capital		Ordinary capital
Pencil	13.694.563	8.081.856	21.776.419	42,67%	37.940.131	56,455%	31,879%
Market	29.263.628	0	29.263.628	57,33%	29.263.628	43,545%	68,121%
<b>Total</b>	<b>42.958.191</b>	<b>8.081.856</b>	<b>51.040.047</b>	<b>100,00%</b>	<b>67.203.759</b>	<b>100,00%</b>	<b>100,00%</b>
	84,16%	15,834%					
<b>Total €</b>	<b>39.530.525,10</b>	<b>7.436.998,58</b>	<b>46.967.523,68</b>			<b>43,545%</b>	<b>68,121%</b>

GRI 102-5							
DECEMBER 31, 2019							
Shareholders	Ordinary shares	Shares Class B	Total Capital		Total votes = Voting capital		Ordinary capital
Pencil	13.694.563	8.081.856	21.776.419	42,74%	37.940.131	56,5321%	31,947%
Market	29.192.376	0	29.172.376	48,86%	29.172.376	37,08%	68,0533%
<b>Total</b>	<b>42.866.939</b>	<b>8.081.856</b>	<b>50.948.795</b>	<b>100,00%</b>	<b>67.112.507</b>	<b>100,00%</b>	<b>100,00%</b>
	84,137%	15,863%					
<b>Total €</b>	<b>39.440.428,10</b>	<b>7.435.843,58</b>	<b>46.876.271,68</b>				



## 2. STRATEGY, BUSINESS MODEL & SUSTAINABILITY

### 2.4.2 GEOGRAPHICAL ORGANISATION

GRI 102-6					
GROUP COMPANIES BY GEOGRAPHICAL SEGMENT					
Europe		North America	Central/South America	Asia	Rest of the World
-Fila (IT)	-Fila Benelux (BE)	-Dixon Ticonderoga Company (USA)	-Grupo Fila-Dixon, (MEX)	-Beijing Fila-Dixon Stationery Company Ltd. (RC)	-Fila SA (ZA)
-Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (DE)	-Daler-Rowney (DE)	-Fila Specialty Papers, LLC (USA)	-Fila Chile (RCH)	-Xinjiang Fila-Dixon Plantation Company (RC)	-Canson Australia PTY (AUS)
-Lyra Bleistift-Fabrik Verwaltungs (DE)	-Lukas-Nerchau (DE)	-Dixon Canadian Holding Inc. (CA)	-Fila Argentina (RA)	- PT. Lyra Akrelux (RI)	
-Fila Nordic (SUE)	-Nerchauer Malfarben (DE)	-Dixon Ticonderoga ART ULC (CAN)	- Canson Brazil (BR)	-Fila Dixon Stationery (Kunshan) Co. (RC)	
-Fila Stationary and Office Equipment Industry (TR)	-St. Cuthberts Holding (UK)		- Bridesshore (DOM)	-Canson Art & Craft Yixing Co. (RC)	
-Fila Stationary (RUS)	-St. Cuthberts Mill (UK)			-DOMS Industries (IND)	
-Industria Maimer (IT)	-Fila Iberia (ES)			-Canson Qingdao (RC)	
-Fila Hellas (GR)	-Canson (FR)			-Pioneer Stationery (IND)	
-Fila Polska (PL)	-Fila Arches (FR)			-Uniwrite Pens and Plastics Pvt (IND)	
-Renoir Topco (UK)	-Lodi 12 (FR)			-Princeton HK Co (HK)	
-Renoir Midco (UK)	-Canson Italy (IT)			-Fila Art and Craft (IL)	
-Renoir Bidco (UK)	-Fila Art Products (CH)				
-Daler-Rowney (UK)	-Castle Hill Crafts (UK)				

### GRI 207 TAX GRI 103-2/3

The F.I.L.A. Group has made a commitment to respecting the ethical principles and rules on company integrity in the Ethics Code, including in the tax area. Although it has not formally set out a tax policy in a specific document, the Group constantly implements the principles of sound management of tax matters, ensuring that all Group companies comply with the tax legislation applicable in the countries in which it operates. Proper

observation of tax obligations is monitored through the Group's organisation model, which identifies roles and responsibilities, operating and control activities and the necessary information flows.

#### GRI 207-1 Approach to tax

The Group promotes awareness among Directors and employees with regard to tax risk with the support of the Executive Officer for Financial Reporting/Chief Financial Officer (CEO) and external consultants.

For the individual companies of the Group, responsibility goes to the Chief Executive Officer (CEO) supported by the finance manager and external tax consultants.

At the Group level, tax risks are monitored and analysed by the CFO/Executive Officer for Financial Reporting, supported by a tax consultant and related finance managers (for tax issues related to foreign subsidiaries). The most complex tax issues are directed to the Chief Executive Officer for assessment. The mechanisms for reporting tax issues are the same as those adopted by the Group



for other unethical or illicit conduct (i.e. by e-mail to the Supervisory Board using the address given to all those covered by the Model: [odv@fila.it](mailto:odv@fila.it)).

For the Parent Company and the subsidiaries subject to auditing, the calculation of taxes, done with the support of the tax consultant, is subject to review by the related finance manager and to auditing by the independent audit firm. For subsidiaries not subject to audits, this verification is done by the finance manager.

## GRI 207-2 Tax governance, control and risk management

The CEO and the CFO/Executive Officer for Financial Reporting are involved in strategic and operational decisions of a fiscal nature. They are responsible for monitoring the management of tax risk, the *performance* of the Finance function, and the resources allocated in order to reduce tax risk.

By way of the financial reporting system and tool, the Parent Company acquires (direct and indirect) tax data from the subsidiaries. This information is analysed by the Parent Company in order to prepare the consolidated financial statements and to assess the Group's fiscal strategy.

## GRI 207-3 Stakeholder engagement and management of concerns related to tax

The F.I.L.A. Group maintains proper, collaborative and transparent relations with the tax authorities in the various countries in which the Group operates and replies to requests received as quickly and transparently as possible. In order to consolidate transparency in its dealings with the tax authorities, F.I.L.A. voluntarily adheres to the provisions regarding transfer pricing documentation, in compliance with the OECD Transfer Pricing Guidelines.



GRI 207-4							
COUNTRY-BY-COUNTRY REPORTING AT DECEMBER 31, 2021							
<i>Euro thousands</i>	Europe	North The Americas	Central and South America	Asia	Rest of the World	Consolidation	Group F.I.L.A.
Revenue from sales and services	325.770	309.259	71.099	95.153	3.965	(151.968)	653.278
of which Inter-company	(88.734)	(10.734)	(25.251)	(27.243)	(5)		
EBITDA	50.395	53.697	6.600	9.276	(10)	(31)	119.927
Operating Result	32.638	41.172	3.150	1.831	(207)	(37)	78.547
Net Financial Expense	6.232	(9.030)	(5.851)	(998)	(64)	(14.380)	(24.091)
<i>of which Inter-company</i>	(14.172)	(1.116)	748	67	93		
<b>Current and deferred taxes</b>	<b>6.556</b>	<b>8.450</b>	<b>(184)</b>	<b>103</b>	<b>2</b>	<b>104</b>	<b>15.031</b>
<b>Profit for the period</b>	<b>32.314</b>	<b>23.692</b>	<b>(2.517)</b>	<b>730</b>	<b>(273)</b>	<b>(14.521)</b>	<b>39.425</b>

GRI 207-4							
COUNTRY-BY-COUNTRY REPORTING AT DECEMBER 31, 2020							
<i>Euro thousands</i>	Europe	North The Americas	Central and South America	Asia	Rest of the World	Consolidation	Group F.I.L.A.
Revenue from sales and services	297.426	322.177	61.105	85.927	3.369	(162.622)	607.382
of which Inter-company	(84.940)	(12.546)	(30.762)	(34.217)	(158)		
EBITDA	36.426	45.704	4.423	10.445	(368)	(1.579)	95.501
Operating Result	18.525	29.632	946	2.721	(1.076)	(1.230)	49.518
Net Financial Expense	(11.077)	(13.188)	(7.127)	1.673	116	(5.628)	(35.231)
<i>of which Inter-company</i>	1.611	(5.372)	156	(2.464)	99		
<b>Current and deferred taxes</b>	<b>311</b>	<b>(6.606)</b>	<b>283</b>	<b>(454)</b>	<b>(76)</b>	<b>376</b>	<b>(6.165)</b>
<b>Profit for the period</b>	<b>7.757</b>	<b>9.838</b>	<b>(5.898)</b>	<b>3.941</b>	<b>(1.035)</b>	<b>(6.481)</b>	<b>8.122</b>



## 3. MATERIAL ENVIRONMENTAL TOPICS

### 3.2 USE OF RAW MATERIALS

GRI 301-1									
TIMBER ACQUIRED AND CERTIFICATIONS	2021			2020			2019		
	Amount	of which certified	Type of certificate	Amount	of which certified	Type of certificate	Amount	of which certified	Type of certificate
Unit	metri cubi	(%)		metri cubi	(%)		metri cubi	(%)	
Logs*	22.505	6%	FSC	26.810	0%	FSC	42.228	8%	FSC
Slats*	16.855	18%	FSC	18.985	29%	FSC	27.276	40%	FSC
Planks*	4.268	100%	PEFC	1.080	100%	PEFC	289	0%	PEFC
<b>Total</b>	<b>43.628</b>			<b>46.875</b>			<b>69.793</b>		

\* Renewable materials



<b>GRI 301-1</b>			
<b>OTHER MATERIALS ACQUIRED</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Unit	kg	kg	kg
Untreated plastic raw material (PHE/PHEG/ABS/ECC)	7.033.227	5.598.360	8.009.576
Calcium carbonate	14.755.472	12.537.061	14.131.844
Calcium sulphate	1.660.326	906.862	494.169
Clay	7.585.079	4.905.418	4.313.378
Kaolin	469.321	584.558	421.210
Graphite dusts	883.310	1.013.102	1.281.078
Cellulose fibre*	13.265.402	11.249.828	13.928.063
Paper rolls*	54.591.590	61.363.206	70.012.570
Paper sheets*	1.044.435	821.994	1.238.264
Pre-dispersed acrylic resins	692.325	600.881	647.333
Purchased Semi-processed inks	536.371	541.121	514.719
Talc	2.704.125	1.483.083	1.421.025
Corn starch*	990.784	692.311	731.739
Flour*	733.979	421.905	775.379
Pigments	1.076.593	836.998	1.169.106
Mineral oil	38.511	n.d.	n.d.
<b>Total</b>	<b>108.060.850</b>	<b>103.556.687</b>	<b>119.089.453</b>
Unit	m3	m3	m3
Water-based lacquers	129.161	n.d.	n.d.
Solvent-based lacquers	130.387	n.d.	n.d.
<b>Total</b>	<b>259.548</b>	<b>n.d.</b>	<b>n.d.</b>

\*Renewable materials - Mineral oil, water-based lacquers, and solvent-based lacquers are subject to reporting from 2021 onwards.

### 3.3 CONSUMPTION OF ENERGY RESOURCES

<b>GRI 302-1</b>			
<b>CONSUMPTION OF ENERGY FROM NON-RENEWABLE SOURCES</b>			
<i>Mega Joules</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Electricity	269.759.940	236.821.502	294.746.400
Thermal energy	47.322.218	36.637.784	36.779.784
Steam	16.628.326	28.249.050	33.764.718
Fuel oil	4.808.653	4.334.708 (*)	4.634.095 (*)
Diesel	3.757.218	2.975.051	4.809.136
Coal	0	0	0
Natural gas	170.997.817	160.224.212	171.539.378
<b>Total</b>	<b>513.274.172</b>	<b>469.242.307 (*)</b>	<b>546.273.511 (*)</b>

(\*) figure recalculated following the revision of the fuel oil conversion factor from Litres to Mega Joules by DOMS Industries



GRI 302-1			
ENERGY CONSUMPTION FROM-RENEWABLE SOURCES			
<i>Mega Joules</i>	2021	2020	2019
Biomass	210.767.629	146.561.280	158.423.280
<b>Total</b>	<b>210.767.629</b>	<b>146.561.280</b>	<b>158.423.280</b>

GRI 302-3	
ENERGY INTENSITY Mega Joule / Euro	2021
Total energy consumption / Group gross revenues	1,10

*The indicator referred to in the table is reported from 2021 onwards.*

GRI 302-4				
REDUCTION OF ENERGY CONSUMPTION	Companies concerned	2021	2020	2019
<i>Unit</i>		<i>Mega Joules</i>	<i>Mega Joules</i>	<i>Mega Joules</i>
Savings on lighting	Dixon Ticonderoga Company	1.573.200	1.917.500	288.000
Heat produced by sawdust combustion	Doms India		-	39.304.800
Reduction of steam usage	Dixon Kunshan	8.429.760		

## 3.4 ATMOSPHERIC EMISSIONS

GRI 305-1 305-2			
GREENHOUSE EFFECT GAS EMISSIONS			
<i>Tonnes of CO<sub>2</sub></i>	2021	2020	2019
Direct (Scope 1) GHG emissions	33.834	25.945 (*)	28.067 (*)
Of which Biomass	23.606	16.415	17.743
Energy indirect. (Scope 2) GHG emissions	40.335	36.173	45.072
Total CO2 emissions	74.188	62.118 (*)	73.139 (*)

*(\*) figure recalculated following adjustment of the value of fuel oil consumption by DOMS Industries*

*The emissions factors used to calculate direct emissions refer to the methodology established by the GHG Protocol, which uses Global Warming Potential values taken from the IPCC's Fifth Assessment Report and those of the International Energy Agency (IEA).*

GRI 305-7			
OTHER SIGNIFICANT EMISSIONS			
<i>kg</i>	2021	2020	2019
Persistent organic pollutants (POP)	0	0	69
Volatile Organic Compounds (VOC)	7.201	5.634	33.080
Hazardous air pollutants (HAP)	0	0	0
Particulate matters (PM)	24.435	20.560	5.524
Total other significant emissions	31.636	26.194	38.673



## 3.5 WATER CONSUMPTION

GRI 303-3			
WATER WITHDRAWAL			
Cubic meters	2021	2020	2019
Surface water (including rainwater collected directly and stored)	668.431	654.241	679.415
Groundwater	1.251.304	830.426	1.130.429
Sea water	0	n.d.	n.d.
Water produced	0	n.d.	n.d.
Third-party water supplies (municipal water supplies or water supplies from other suppliers)	84.658	86.856	105.315
<b>Total withdrawn</b>	<b>2.004.393</b>	<b>1.571.523</b>	<b>1.915.159</b>
Total water recycled and reused as a percentage of total water withdrawn	21%	26%	22%

GRI 303-4			
WATER DISCHARGE			
Cubic meters	2021	2020	2019
Groundwater	9.918	18.583	0
Groundwater aquifer waters	n.d.	17.030	15.355
Surface waters	647.353	629.197	664.031
Sea water	0	n.d.	n.d.
Waste water discharged into treatment plants	n.d.	17.087	44.315
Third-party water (municipal sewers or other water services)	48.293	n.d.	n.d.
<b>Total water discharge</b>	<b>705.564</b>	<b>681.897</b>	<b>723.701</b>

The categories of discharges to be reported were updated in 2021 in accordance with GRI 303-4, which requires reporting of: surface water, groundwater, seawater, third-party waters. The items "groundwater" and "wastewater leading to treatment facilities" are no longer required to be reported. However, it was decided to include in the table the data collected in previous years in relation to the two items in question.

GRI 303-4						
WATER RESOURCES / DISCHARGED WATER						
Cubic meter of sprinkler discharged to:	2021					
	Water quantity	Water quality				
	Cubic meters	Quality standards used	Unit	Upper limit	Legal maximum limit	Internal upper limit
<b>CANSON SAS</b>						
Surface waters	435.247	Ph / TSS	Ph / Mg/l	-	yes	-
Groundwater	1.872	Ph / TSS	Ph / Mg/l	-	yes	-
<b>Total discharges</b>	<b>437.119</b>					



GRI 303-4						
WATER RESOURCES / DISCHARGED WATER						
Cubic meter of sprinkler discharged to:	2021					
	Water quantity	Water quality				
	Cubic meters	Quality standards used	Unit	Upper limit	Legal maximum limit	Internal upper limit
<b>LYRA KG</b>						
Third-party water (municipal sewers or other water services)	554	-	-	-	-	-
<b>Total discharges</b>	<b>554</b>					
<b>INDUSTRIA MAIMERI</b>						
Groundwater	8.046	None	-	-	-	-
Third-party water (municipal sewers or other water services)	3.682	Domestic use	-	-	-	-
<b>Total discharges</b>	<b>11.728</b>					
<b>DALER ROWNEY</b>						
Third-party water (municipal sewers or other water services)	4.303	-	-	-	-	-
<b>Total discharges</b>	<b>4.303</b>					
<b>ST. CUTHBERTS</b>						
Surface waters	212.106	ATU BOD as O2	Mg/l	22	yes	-
<b>Total discharges</b>	<b>212.106</b>					
<b>DIXON MEXICO</b>						
Third-party water (municipal sewers or other water services)	21.120	NOM-002-SEMARNAT-1996	Mg/l	150	yes	-
<b>Total discharges</b>	<b>21.120</b>					
<b>DIXON TICONDEROGA COMPANY USA</b>						
Third-party water (municipal sewers or other water services)	4.543	Public Utility processes	-	-	-	-
<b>Total discharges</b>	<b>4.543</b>					
<b>CANSON BRAZIL</b>						
Third-party water (municipal sewers or other water services)	198	-	-	-	-	-
<b>Total discharges</b>	<b>198</b>					
<b>DIXON KUNSHAN</b>						
Third-party water (municipal sewers or other water services)	13.109	-	-	-	-	-
<b>Total discharges</b>	<b>13.109</b>					
<b>FILA ART &amp; CRAFT YIXING</b>						
Third-party water (municipal sewers or other water services)	765	National standard	TON	-	-	-
<b>Total discharges</b>	<b>765</b>					
<b>DIXON TICONDEROGA ART</b>						
Third-party water (municipal sewers or other water services)	19	-	-	-	-	-
<b>Total discharges</b>	<b>19</b>					

The indicators referenced in the table are reported starting in 2021.



GRI 303-3 WATER WITHDRAWAL BY WATER-STRESS AREA			
PRODUCTION SITE	COMPANY	COUNTRY	OVERALL RISK LEVEL BY COUNTRY
San Isidro	FILA ARGENTINA	ARGENTINA	MEDIUM-LOW
Domingos Giomi	CANSON BRAZIL	BRAZIL	HIGH
Barrie	DIXON TICONDEROGA ART CANADA	CANADA	LOW
Kunshan	DIXON KUNSHAN	CHINA	HIGH
Xinjiang	DIXON PLANTATION	CHINA	VERY HIGH
Yixing	DIXON ART & CRAFT	CHINA	HIGH
Annonay	CANSON SAS	FRANCE	LOW
Saint-germain La Ville	CANSON SAS	FRANCE	MEDIUM-LOW
Baldershime	CANSON SAS	FRANCE	LOW
Arches	FILA ARCHES	FRANCE	MEDIUM-LOW
Nuremberg	LYRA KG	GERMANY	MEDIUM-LOW
Umbergaom	DOMS INDIA	INDIA	VERY HIGH
Jammu	DOMS INDIA	INDIA	VERY HIGH
Rufina	FILA S.P.A.	ITALY	HIGH
Mediglia	INDUSTRIA MAIMERI	ITALY	LOW
Mexico City	DIXON MEXICO	MEXICO	HIGH
Oaxaca	DIXON MEXICO	MEXICO	MEDIUM-LOW
La Romana	BRIDESHORE	DOMINICAN REPUBLIC	HIGH
Brecknell	DALER ROWNEY	UK	MEDIUM-LOW
St. Cuthberts Mill	ST. CUTHBERTS	UK	LOW
Appleton	DIXON USA	USA	LOW
Neenah	DIXON USA	USA	LOW

SOURCE: <https://www.wri.org/applications/aqueduct/water-risk-atlas>

GRI 303-3 WATER WITHDRAWAL - HIGH WATER-RISK AREAS			
Cubic meters	2021	2020	2019
Surface water (including rainwater collected directly and stored)	1.500	1.298	1.274
Groundwater	1.243.258	820.779	1.115.685
Sea water	0	n.d.	n.d.
Water produced	0	n.d.	n.d.
Third-party water supplies (municipal water supplies or water supplies from other suppliers)	54.534	6.889	11.522
<b>Total withdrawn</b>	<b>1.299.292</b>	<b>828.966</b>	<b>1.128.481</b>



GRI 303-4 WATER DISCHARGE - HIGH WATER-RISK AREAS			
Cubic meters	2021	2020	2019
Groundwater	0	0	0
Groundwater aquifer waters	n.d.	0	0
Surface waters	0	0	0
Sea water	0	n.d.	n.d.
Waste water discharged into treatment plants	n.d.	0	0
Third-party water (municipal sewers or other water services)	35.192	n.d.	n.d.
<b>Total water discharge</b>	<b>35.192</b>	<b>0</b>	<b>0</b>

## 3.6 OTHER ENVIRONMENTAL TOPICS

### 3.6.1 WASTE MANAGEMENT

GRI 306-2 WASTE PRODUCED BY CATEGORY									
kg	2021			2020			2019		
	hazardous	non-hazardous	total	hazardous	non-hazardous	total	hazardous	non-hazardous	total
Solid waste	52.323	<b>12.346.776</b>	<b>12.399.099</b>	60.581	9.739.383	<b>9.799.964</b>	48.724	11.483.356	<b>11.532.080</b>
Liquid wastes	91.937	1.367.509	1.459.446	46.178	687.325	<b>733.503</b>	45.446	626.752	<b>672.198</b>
<b>Total waste</b>	<b>144.260</b>	<b>13.714.285</b>	<b>13.858.545</b>	<b>106.759</b>	<b>10.426.708</b>	<b>10.533.467</b>	<b>94.170</b>	<b>12.110.108</b>	<b>12.204.278</b>

GRI 306-3; GRI 306-4; GRI 306-5 WASTE BY DISPOSAL METHOD (NOT RECYCLED/RECYCLED)						
Unit kg	2021					
	Hazardous waste			Non-hazardous waste		
	Waste directed to disposal	Waste reused and recycled	Total hazardous waste generated	Waste directed to disposal	Waste reused and recycled	Total non-hazardous waste
Solid waste	39.906	12.417	<b>52.323</b>	4.998.394	7.348.382	<b>12.346.776</b>
Liquid wastes	79.204	12.733	<b>91.937</b>	1.356.789	10.720	<b>1.367.509</b>
<b>Total waste</b>	<b>119.110</b>	<b>25.150</b>	<b>144.260</b>	<b>6.355.183</b>	<b>7.359.102</b>	<b>13.714.285</b>

The indicators referenced in the table are reported starting in 2021.



GRI 306-3; GRI 306-4; GRI 306-5		
NON-RECYCLED WASTE RATE		
2021		
%	Hazardous waste not recycled	Non-hazardous waste not recycled
Solid waste	76%	40%
Liquid wastes	86%	99%
<b>Non-recycled waste rate</b>	<b>83%</b>	<b>46%</b>

The indicators referenced in the table are reported starting in 2021.

GRI 306-3; GRI 306-4; GRI 306-5						
WASTE RECYCLED OR REUSED BY TYPE OF RECYCLING/REUSE						
2021						
Unit kg	HAZARDOUS WASTE			NON-HAZARDOUS WASTE		
	ON-SITE RECYCLING OR REUSE	OFF-SITE RECYCLING OR REUSE	TOTAL	ON-SITE RECYCLING OR REUSE	OFF-SITE RECYCLING OR REUSE	TOTAL
Waste prepared for reuse	0	0	<b>0</b>	56.152	40.140	<b>96.292</b>
Waste recycled	0	9.293	<b>9.293</b>	0	6.712.507	<b>6.712.507</b>
Other collection operations	0	15.857	<b>15.857</b>	0	550.303	<b>550.303</b>
<b>Total waste diverted from disposal through recycling or reuse operations</b>	<b>0</b>	<b>25.150</b>	<b>25.150</b>	<b>56.152</b>	<b>7.302.950</b>	<b>7.359.102</b>

The indicators referenced in the table are reported starting in 2021.

GRI 306-3; GRI 306-4; GRI 306-5						
NON-RECYCLED WASTE BY TYPE OF DISPOSAL						
2021						
Unit kg	HAZARDOUS WASTE			NON-HAZARDOUS WASTE		
	ON-SITE	OTHER	TOTAL	ON-SITE	OTHER	TOTAL
Incineration or combustion (with energy recovery)	0	53.363	<b>53.363</b>	1.692.680	667.330	<b>2.360.010</b>
Incineration or combustion (without energy recovery)	0	46.764	<b>46.764</b>	0	143.631	<b>143.631</b>
Landfill		18.926	<b>18.926</b>	1.507.000	1.149.209	<b>2.656.209</b>
Other disposal operations (e.g., dumping, open burning, deep well injection, etc.)	0	57	<b>57</b>	31.419	1.163.914	<b>1.195.333</b>
<b>Non-recycled waste by type of disposal</b>	<b>0</b>	<b>119.110</b>	<b>119.110</b>	<b>3.231.099</b>	<b>3.124.084</b>	<b>6.355.183</b>

The indicators referenced in the table are reported starting in 2021.



## 4. MATERIAL EMPLOYMENT TOPICS

### 4.1 RESPECT FOR THE INDIVIDUAL AND RELEVANT TOPICS FOR F.I.L.A.

#### 4.1.1 COMPOSITION OF THE WORKFORCE

GRI 102-8									
EMPLOYEE BREAKDOWN									
Number of employees	2021			2020			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time employees	5.070	4.673	9.743	4.298	3.671	7.969	5.315	4.658	9.973
Part-time employees	18	62	80	33	68	101	23	71	94
<b>Total</b>	<b>5.088</b>	<b>4.735</b>	<b>9.823</b>	<b>4.331</b>	<b>3.739</b>	<b>8.070</b>	<b>5.338</b>	<b>4.729</b>	<b>10.067</b>
% of total	52%	48%	100%	54%	46%	100%	53%	47%	100%

GRI 102-8									
EMPLOYEE BREAKDOWN BY GEOGRAPHICAL SEGMENT, GENDER AND CONTRACT TYPE									
Number of employees	2021								
	Full-time			Part time			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	669	383	1.052	13	53	66	682	436	1.118
North America	352	222	574	3	5	8	355	227	582
Central/South America	596	815	1.411	0	1	1	596	816	1.412
Asia	3.444	3.240	6.684	0	1	1	3.444	3.241	6.685
Rest of the World	9	13	22	2	2	4	11	15	26
<b>Total</b>	<b>5.070</b>	<b>4.673</b>	<b>9.743</b>	<b>18</b>	<b>62</b>	<b>80</b>	<b>5.088</b>	<b>4.735</b>	<b>9.823</b>

GRI 102-8												
EMPLOYEE BREAKDOWN BY GEOGRAPHICAL SEGMENT, GENDER AND CONTRACT TYPE												
Numero di dipendenti	2021											
	Permanent employees			Temporary employees			Employees with non-guaranteed hours			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	671	434	1.105	11	2	13	0	0	0	682	436	1.118
North America	353	225	578	2	2	4	0	0	0	355	227	582
Central/South America	543	753	1.296	53	63	116	0	0	0	596	816	1.412
Asia	3.436	3.240	6.676	8	1	9	0	0	0	3.444	3.241	6.685
Rest of the World	9	15	24	1	0	1	1	0	1	11	15	26
<b>Total</b>	<b>5.012</b>	<b>4.667</b>	<b>9.679</b>	<b>75</b>	<b>68</b>	<b>143</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>5.087</b>	<b>4.735</b>	<b>9.823</b>



GRI 102-8 EMPLOYEE BREAKDOWN BY GEOGRAPHICAL SEGMENT, GENDER AND CONTRACT TYPE									
Number of employees	2020								
	Full-time			Part time			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	666	377	<b>1.043</b>	15	57	<b>72</b>	681	434	<b>1.115</b>
North America	346	227	<b>573</b>	15	6	<b>21</b>	361	233	<b>594</b>
Central/South America	656	846	<b>1.502</b>	0	1	<b>1</b>	656	857	<b>1.503</b>
Asia	2.621	2.208	<b>4.829</b>	0	1	<b>1</b>	2.621	2.209	<b>4.830</b>
Rest of the World	9	13	<b>22</b>	3	3	<b>6</b>	12	16	<b>28</b>
<b>Total</b>	<b>4.298</b>	<b>3.671</b>	<b>7.969</b>	<b>33</b>	<b>68</b>	<b>101</b>	<b>4.331</b>	<b>3.739</b>	<b>8.070</b>

GRI 102-8 EMPLOYEE BREAKDOWN BY GEOGRAPHICAL SEGMENT, GENDER AND CONTRACT TYPE									
Number of employees	2019								
	Full-time			Part time			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	648	358	<b>1.006</b>	18	57	<b>75</b>	666	415	<b>1.081</b>
North America	433	273	<b>706</b>	5	6	<b>11</b>	438	279	<b>717</b>
Central/South America	801	1.111	<b>1.912</b>	0	3	<b>3</b>	801	1.114	<b>1.915</b>
Asia	3.425	2.904	<b>6.329</b>	0	2	<b>2</b>	3.425	2.906	<b>6.331</b>
Rest of the World	8	12	<b>20</b>	0	3	<b>3</b>	8	15	<b>23</b>
<b>Total</b>	<b>5.315</b>	<b>4.658</b>	<b>9.973</b>	<b>23</b>	<b>71</b>	<b>94</b>	<b>5.338</b>	<b>4.729</b>	<b>10.067</b>

GRI 405-1 EMPLOYEE BREAKDOWN BY CATEGORY AND GEOGRAPHICAL SEGMENT												
Number of employees	2021				2020				2019			
	White-collar	Blue-collar	Manager	Total	White-collar	Blue-collar	Manager	Total	White-collar	Blue-collar	Manager	Total
Europe	408	583	127	<b>1.118</b>	414	584	117	<b>1.115</b>	420	551	110	<b>1.081</b>
North America	123	393	66	<b>582</b>	118	399	77	<b>594</b>	159	479	79	<b>717</b>
Central/ South America	482	910	20	<b>1.412</b>	472	1.009	22	<b>1.503</b>	526	1.375	14	<b>1.915</b>
Asia	1.034	5.619	32	<b>6.685</b>	959	3.843	28	<b>4.830</b>	1.033	5.266	32	<b>6.331</b>
Rest of the World	12	10	4	<b>26</b>	13	11	4	<b>28</b>	13	6	4	<b>23</b>
<b>Total</b>	<b>2.059</b>	<b>7.515</b>	<b>249</b>	<b>9.823</b>	<b>1.976</b>	<b>5.846</b>	<b>248</b>	<b>8.070</b>	<b>2.151</b>	<b>7.677</b>	<b>239</b>	<b>10.067</b>



GRI 405-1 EMPLOYEE BREAKDOWN BY AGE AND GEOGRAPHICAL SEGMENT															
Number of employees	2021					2020					2019				
	< 30	31-40	41-50	>50	Total	< 30	31-40	41-50	>50	Total	< 30	31-40	41-50	>50	Total
Europe	162	191	370	395	1.118	140	196	379	400	1.115	128	192	373	388	1.081
North America	141	130	140	171	582	144	138	131	181	594	147	172	160	238	717
Central/South America	502	366	381	163	1.412	550	389	387	177	1.503	672	485	455	303	1.915
Asia	4.300	1.625	624	136	6.685	3.040	1.176	508	106	4.830	4.128	1.474	612	117	6.331
Rest of the World	6	7	11	2	26	7	7	11	3	28	4	7	7	5	23
<b>Total</b>	<b>5.111</b>	<b>2.319</b>	<b>1.526</b>	<b>867</b>	<b>9.823</b>	<b>3.884</b>	<b>1.907</b>	<b>1.413</b>	<b>866</b>	<b>8.070</b>	<b>5.079</b>	<b>2.330</b>	<b>1.607</b>	<b>1.051</b>	<b>10.067</b>

## 4.1.2 PERSONNEL TURNOVER

GRI 401-1 TURNOVER BY CATEGORY												
Number of employees	2021				2020				2019			
	White-collar	Blue-collar	Manager	Total	White-collar	Blue-collar	Manager	Total	White-collar	Blue-collar	Manager	Total
Total number of employees at the beginning of the year	1.976	5.846	248	8.070	2.151	7.677	239	10.067	1.948	7.370	242	9.560
Hires in the year**	543	6.435	21	6.999	387	3.925	22	4.334	760	5.364	27	6.151
Departures in the year	(458)	(4.756)	(32)	(5.246)	(557)	(5.752)	(22)	(6.331)	(557)	(5.056)	(31)	(5.644)
Career advancement	(2)	(10)	12	0	(5)	(4)	9	0	0	(1)	1	0
<b>Total</b>	<b>2.059</b>	<b>7.515</b>	<b>249</b>	<b>9.823</b>	<b>1.976</b>	<b>5.846</b>	<b>248</b>	<b>8.070</b>	<b>2.151</b>	<b>7.677</b>	<b>239</b>	<b>10.067</b>

GRI 401-1 TURNOVER BY GENDER									
Number of employees	2021			2020			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total number of employees at the beginning of the year	4.331	3.739	8.070	5.338	4.729	10.067	5.072	4.488	9.560
Hires in the year**	3.815	3.184	6.999	2.474	1.862	4.334	3.863	2.288	6.151
Departures in the year	(3.058)	(2.188)	(5.246)	(3.479)	(2.852)	(6.331)	(3.597)	(2.047)	(5.644)
<b>Total employees at year-end</b>	<b>5.088</b>	<b>4.735</b>	<b>9.823</b>	<b>4.331</b>	<b>3.739</b>	<b>8.070</b>	<b>5.338</b>	<b>4.729</b>	<b>10.067</b>



GRI 401-1 TURNOVER BY GEOGRAPHICAL SEGMENT									
Number of employees	2021								
	Male			Female			Total		
	Hires	Departures	Total	Hires	Departures	Total	Hires	Departures	Total
Europe	114	113	1	64	62	2	178	175	3
North America	152	156	-4	86	94	-8	238	250	-12
Central/South America	280	340	-60	395	426	-31	675	766	-91
Asia	3.268	2.447	821	2.638	1.604	1.034	5.906	4.051	1.855
Rest of the World	1	2	-1	1	2	-1	2	4	-2
<b>Total</b>	<b>3.815</b>	<b>3.058</b>	<b>757</b>	<b>3.184</b>	<b>2.188</b>	<b>996</b>	<b>6.999</b>	<b>5.246</b>	<b>1.753</b>

GRI 401-1 TRAINING BY GENDER AND GEOGRAPHICAL SEGMENT									
Number of employees	2020								
	Male			Female			Total		
	Hires	Departures	Total	Hires	Departures	Total	Hires	Departures	Total
Europe	134	(118)	16	87	(69)	18	221	(187)	34
North America	103	(180)	(77)	47	(93)	(46)	150	(273)	(123)
Central/South America	263	(408)	(145)	401	(668)	(267)	664	(1.076)	(412)
Asia	1.965	(2.770)	(805)	1.325	(2.021)	(696)	3.290	(4.791)	(1.501)
Rest of the World	7	(3)	4	2	(1)	1	9	(4)	5
<b>Total</b>	<b>2.472</b>	<b>(3.479)</b>	<b>(1.007)</b>	<b>1.862</b>	<b>(2.852)</b>	<b>(990)</b>	<b>4.334</b>	<b>(6.331)</b>	<b>(1.997)</b>

GRI 401-1 TRAINING BY GENDER AND GEOGRAPHICAL SEGMENT									
Number of employees	2019								
	Male			Female			Total		
	Hires	Departures	Total	Hires	Departures	Total	Hires	Departures	Total
Europe	91	(79)	12	51	(58)	(7)	142	(137)	5
North America	100	(100)	0	65	(53)	12	165	(153)	12
Central/South America	469	(465)	4	515	(464)	51	984	(929)	55
Asia	3.202	(2.938)	264	1.650	(1.468)	182	4.852	(4.406)	446
Rest of the World	1	(15)	(14)	7	(4)	3	8	(19)	(11)
<b>Total</b>	<b>3.863</b>	<b>(3.597)</b>	<b>266</b>	<b>2.288</b>	<b>(2.047)</b>	<b>241</b>	<b>6.151</b>	<b>(5.644)</b>	<b>507</b>



GRI 401-1															
TURNOVER BY AGE															
Number of employees	2021					2020					2019				
	< 30	31-40	41-50	>50	Total	< 30	31-40	41-50	>50	Total	< 30	31-40	41-50	>50	Total
Total number of employees at the beginning of the year	3.881	1.906	1.416	867	<b>8.070</b>	5.079	2.330	1.607	1.051	<b>10.067</b>	4.760	2.170	1.543	1.087	<b>9.560</b>
Hires in the year	4.647	1.586	583	183	<b>6.999</b>	2.837	956	414	127	<b>4.334</b>	4.324	1.211	479	137	<b>6.151</b>
Departures in the year	(3.394)	(1.174)	(452)	(226)	<b>(5.246)</b>	(3.894)	(1.450)	(629)	(358)	<b>(6.331)</b>	(3.992)	(1.055)	(406)	(191)	<b>(5.644)</b>
Change in age group	-23	1	-21	43	<b>0</b>	(141)	70	24	47	<b>0</b>	(13)	4	(9)	18	<b>0</b>
<b>Totale</b>	<b>5.111</b>	<b>2.319</b>	<b>1.526</b>	<b>867</b>	<b>9.823</b>	<b>3.881</b>	<b>1.906</b>	<b>1.416</b>	<b>867</b>	<b>8.070</b>	<b>5.079</b>	<b>2.330</b>	<b>1.607</b>	<b>1.051</b>	<b>10.067</b>

GRI 401-1															
TURNOVER BY AGE AND GEOGRAPHICAL SEGMENT															
Number of employees	2021					2020					2019				
	< 30	31-40	41-50	>50	Total	< 30	31-40	41-50	>50	Totale	< 30	31-40	41-50	>50	Total
Europe	22	(5)	(9)	(5)	<b>3</b>	11	3	11	9	<b>34</b>	7	(10)	4	4	<b>5</b>
North America	0	(7)	6	(11)	<b>(12)</b>	(3)	(34)	(29)	(57)	<b>(123)</b>	26	10	3	(27)	<b>12</b>
Central/South America	(48)	(23)	(6)	(14)	<b>(91)</b>	(122)	(96)	(68)	(126)	<b>(412)</b>	41	45	(12)	(19)	<b>55</b>
Asia	1.257	448	119	31	<b>1.855</b>	(1.085)	(297)	(107)	(12)	<b>(1.501)</b>	249	121	72	4	<b>446</b>
Rest of the world	(1)	0	0	(1)	<b>(2)</b>	3	0	4	(2)	<b>5</b>	(4)	(6)	(3)	2	<b>(11)</b>
<b>Total</b>	<b>1.230</b>	<b>413</b>	<b>110</b>	<b>0</b>	<b>1.753</b>	<b>(1.196)</b>	<b>(424)</b>	<b>(189)</b>	<b>(188)</b>	<b>(1.997)</b>	<b>319</b>	<b>160</b>	<b>64</b>	<b>(36)</b>	<b>507</b>



## 4.13 TRAINING

GRI 401-1									
TRAINING BY GENDER AND TOPIC									
Hours	2021			2020			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Operator training	18.135	34.189	<b>52.324</b>	16.460	19.515	<b>35.975</b>	17.165	22.435	<b>39.600</b>
Health and Safety	8.695	5.338	<b>14.033</b>	6.732	4.772	<b>11.504</b>	7.242	3.642	<b>10.884</b>
Foreign languages	376	586	<b>962</b>	461	724	<b>1.185</b>	2.132	2.109	<b>4.241</b>
IT	1.454	1.053	<b>2.507</b>	497	187	<b>684</b>	989	442	<b>1.431</b>
Risk Management	283	323	<b>606</b>	294	248	<b>542</b>	320	435	<b>755</b>
Anti-corruption and Anti-bribery	44	64	<b>108</b>	68	73	<b>141</b>	706	770	<b>1.476</b>
Human rights	721	546	<b>1.267</b>	-	-	<b>-</b>	-	-	<b>-</b>
Diversity	126	121	<b>247</b>	-	-	<b>-</b>	-	-	<b>-</b>
<b>Total</b>	<b>29.834</b>	<b>42.220</b>	<b>72.054</b>	<b>24.512</b>	<b>25.518</b>	<b>50.030</b>	<b>28.554</b>	<b>29.833</b>	<b>58.387</b>

GRI 404-1									
TRAINING BY GENDER AND GEOGRAPHICAL SEGMENT									
Hours	2021			2020			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	7.782	7.502	<b>15.284</b>	7.446	4.379	<b>11.825</b>	8.653	5.593	<b>14.246</b>
North America	1.618	1.017	<b>2.635</b>	2.021	654	<b>2.675</b>	4.340	4.849	<b>9.189</b>
Central/South America	14.245	27.947	<b>42.192</b>	10.406	16.263	<b>26.669</b>	10.300	14.599	<b>24.899</b>
Asia	6.189	5.754	<b>11.944</b>	4.639	4.214	<b>8.853</b>	5.261	4.792	<b>10.053</b>
Rest of the World	0	0	<b>0</b>	0	8	<b>8</b>	0	0	<b>0</b>
<b>Total</b>	<b>29.834</b>	<b>42.220</b>	<b>72.054</b>	<b>24.512</b>	<b>25.518</b>	<b>50.030</b>	<b>28.554</b>	<b>29.833</b>	<b>58.387</b>



GRI 404-1												
TRAINING BY PROFESSIONAL CATEGORY AND TOPIC												
Hours	2021				2020				2019			
	Managers	White-collar	Blue-collar	Total	Managers	White-collar	Blue-collar	Total	Managers	White-collar	Blue-collar	Total
Operator training	1.529	6.975	43.820	<b>52.324</b>	486	9.927	25.562	<b>35.975</b>	1.971	14.845	22.785	<b>39.600</b>
Health and Safety	411	2.830	10.792	<b>14.033</b>	360	1.575	9.569	<b>11.504</b>	585	2.134	8.165	<b>10.884</b>
Foreign languages	256	514	192	<b>962</b>	55	1.090	40	<b>1.185</b>	548	3.442	252	<b>4.242</b>
IT	87	2.345	75	<b>2.507</b>	33	609	42	<b>684</b>	345	992	94	<b>1.431</b>
Risk Management	35	173	398	<b>606</b>	11	247	284	<b>542</b>	67	193	495	<b>755</b>
Anti-corruption and Anti-bribery	2	34	72	<b>108</b>	17	109	15	<b>141</b>	24	523	930	<b>1.476</b>
Human rights	84	346	837	<b>1.267</b>	-	-	-	<b>-</b>	-	-	-	<b>-</b>
Diversity	24	73	150	<b>247</b>	-	-	-	<b>-</b>	-	-	-	<b>-</b>
<b>Total</b>	<b>2.428</b>	<b>13.290</b>	<b>56.336</b>	<b>72.054</b>	<b>961</b>	<b>13.557</b>	<b>35.512</b>	<b>50.030</b>	<b>3.539</b>	<b>22.128</b>	<b>32.720</b>	<b>58.387</b>

## 4.3 OCCUPATIONAL HEALTH AND SAFETY

GRI 403-9												
INJURY TYPES AND WORK-RELATED INJURY RATES												
Number	2021											
	Employees on permanent contracts			Employees on temporary contracts			Non-employees			Total number of accidents related to the work environment		
	Uomini	Donne	Totale	Uomini	Donne	Totale	Uomini	Donne	Totale	Uomini	Donne	Totale
High-risk injuries (with prognoses of more than 120 days)	1	0	<b>1</b>	0	0	<b>0</b>	0	0	<b>0</b>	1	0	<b>1</b>
Injuries with prognoses between 40 and 120 days	5	2	<b>7</b>	3	2	<b>5</b>	0	0	<b>0</b>	8	4	<b>12</b>
Injuries with prognoses of up to 40 days	72	56	<b>128</b>	1	2	<b>3</b>	0	0	<b>0</b>	73	58	<b>131</b>
<b>Total</b>	<b>78</b>	<b>58</b>	<b>136</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>62</b>	<b>144</b>

GRI 403-10									
WORK-RELATED ILL HEALTH									
Numero	2021								
	Employees on permanent contracts			Employees on temporary contracts			Total cases of work-related ill health		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Cases of work-related ill health in the year	0	1	<b>1</b>	0	0	<b>0</b>	0	1	<b>1</b>
Deaths from work-related ill health in the year	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
<b>Total incidents of work-related ill health in the year</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>



GRI 403-9 - 403-10 DAYS OF EXCUSED ABSENCE									
Number	2021								
	Employees on permanent contracts			Employees on temporary contracts			Total absentee days		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. days absence for work-related injury	845	418	<b>1.263</b>	198	117	<b>315</b>	1.043	535	<b>1.578</b>
No. days absence for work-related ill health	0	39	<b>39</b>	0	0	<b>0</b>	0	39	<b>39</b>
<b>Total days of excused absence</b>	<b>845</b>	<b>457</b>	<b>1.302</b>	<b>198</b>	<b>117</b>	<b>315</b>	<b>1.043</b>	<b>574</b>	<b>1.617</b>

GRI 403-9 and 403-10 REASONS FOR ABSENT DAYS BY GEOGRAPHICAL SEGMENT			
Days	2021		
	Injuries	Work-related ill health	Total
Europe	237	0	<b>237</b>
North America	67	0	<b>67</b>
Central/South America	841	39	<b>880</b>
Asia	433	0	<b>433</b>
Rest of the world	0	0	<b>0</b>
<b>Total</b>	<b>1.578</b>	<b>39</b>	<b>1.617</b>



## 7. MATERIAL TOPICS RELATING TO COMBATTING CORRUPTION

### 7.1 ANTI-CORRUPTION

GRI 205-2			
COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES			
<i>Number of employees</i>	2021	2020	2019
Corporate bodies	2	4	2
Managers	4	15	15
White-collar	53	97	155
Blue-collar	224	0	56
<b>Total</b>	<b>283</b>	<b>116</b>	<b>228</b>



## E. THE F.I.L.A. GROUP AND THE EUROPEAN TAXONOMY

### Regulations

In 2018, the European Commission adopted the Action Plan for Financing Sustainable Growth, aimed at improving the contribution of the financial sector in supporting the European Union's climate and sustainable development agenda based on:

- 3 goals: directing capital flows towards sustainable investments, integrating sustainability into risk-management, promoting transparency and the long term
- 6 stakeholders involved: companies and projects; banks; institutional investors, asset managers, insurance companies; rating agencies, data providers; investment consultants and private investors
- 10 actions: Taxonomy of Sustainable Assets; Standards and labels for sustainable financial products; Investing in sustainable projects; Integrating sustainability into financial advice;

Sustainability benchmarks; Sustainability in rating and market research; Institutional investor obligations; Sustainability in pension requirements; Sustainability communications; and Promoting sustainable corporate governance

At the end of 2019, the European Commission approved "The European Green Deal," in which it reformulated Europe's commitment to addressing climate and environmental issues. Its main ambition is to make Europe the first carbon-neutral continent by 2050.

By profiling companies and investment portfolios, the EU Taxonomy (Regulation 2020/852) seeks to allocate more capital to sustainable assets. It is a tool that helps investors understand whether an economic activity can be defined as "environmentally sustainable". Specifically, six environmental objectives are established through which an economic activity can be classified as sustainable:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Therefore, all companies subject to the requirement to publish the NFS that carry out the activities specified in the legislation, from 2022 onwards, must provide information on how and to what extent the activities carried out are associated with environmentally sustainable economic activities, i.e., those that jointly meet a set of conditions:

- fall into a macro-sectoral category of one of the environmental objectives
- contribute substantially to at least one of the six environmental objectives
- cause no significant harm to any of the other environmental objectives
- be carried out in compliance with minimum social safeguards



To date, reference technical legislation is only available for the first two environmental objectives of the Taxonomy, climate change mitigation and climate change adaptation (Delegated Regulation (EU) 2021/213942, so-called Climate Act). Thus, an economic activity is considered eligible when it falls within the description of activities of one of the technical acts (Delegated Regulations), and is considered aligned when it is not only eligible, but also meets the corresponding technical screening criteria (and thus meets at least one environmental objective without causing significant harm to any of those objectives).

The information to be provided relates to three quantitative indicators:

- turnover derived from products or services associated with environmentally sustainable economic activities
- the portion of capital expenditure (CapEx) and operating expenditure (OpEx) relating to assets or processes associated with environmentally sustainable economic activities.

## THE POSITION OF THE F.I.L.A. GROUP

The F.I.L.A. Group has reviewed the list of economic activities included in the technical reference regulations relating, to date, to the first two environmental objectives of the Taxonomy (Climate Change Mitigation and Climate Change Adaptation). The economic activities carried out by the Group were compared with those defined by the available technical reference documentation, taking into account the ATECO/NACE codes and assessing each activity in concrete terms.

From the investigations carried out, the F.I.L.A. Group has found that its industrial and commercial activities are not included among those identified to date by the reference legislation for the two environmental objectives mentioned above, and consequently cannot be considered as "eligible" under the taxonomy regulation. However, the Group has nevertheless planned a number of actions for 2022 to strengthen its revenue reporting system for operating costs and sustainable investments in accordance with the taxonomy regulation. Further considerations may be made following the publication of the technical reference standard for the additional environmental objectives or further developments in the interpretation of the Regulation.





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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

**Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018**

To the board of directors of  
F.I.L.A. S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2021 consolidated non-financial statement of the F.I.L.A. Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 22 March 2022 (the "NFS").

Our procedures did not cover the information set out in Annex E "The F.I.L.A. Group and European Taxonomy" to the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

**Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of F.I.L.A. S.p.A. (the "parent") for the NFS**

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

**Auditors' independence and quality control**

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditors' responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.





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3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
  - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
  - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
  - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).
5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.
 

Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

  - at parent level
    - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
    - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
  - through remote communication tools, we held discussions with personnel of Doms Industries Pvt. Ltd. and Daler Rowney Ltd., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

**Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 consolidated non-financial statement of the F.I.L.A Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.



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Our conclusion does not extend to the information set out in Annex E "The F.I.L.A. Group and European Taxonomy" to the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 30 March 2022

KPMG S.p.A.

(signed on the original)

Annalisa Violante  
Director of Audit

