

ESG Handbook

September 2024

Based on the FY 2023 Sustainability Report, NOT
reflecting the deconsolidation of DOMS Industries



Colouring the future Since 1920

“My grandfather’s business began in Florence and expanded to Sicily. My father’s stretched from Milan to Sicily. Today, our business operates from Shanghai to San Francisco, with India being our second largest market, after the USA.

However, our roots are firmly planted in Italy, despite the global journey we have made. Over the years, we have adapted to evolving times and technologies, incorporating sustainable materials and practices into our business, while holding true to our key values: colour and craftsmanship. We like to picture an artist climbing a hill with her tools, ready to capture the beauty of the landscape before her. At F.I.L.A., we believe our future lies on that hill.”



Massimo Candela, CEO of F.I.L.A.

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Our Group - June 2024

With a portfolio of 25 iconic brands and a comprehensive range of products for writing, drawing, colouring, modelling, and painting in the School and Fine Art & Crafts segment, the F.I.L.A. Group has become a major global player in the world of colour. Our products are distributed in 150 countries on five continents, with 32 direct subsidiaries and a workforce of over 3,400 employees.

Our company's vocation is production, with 22 specialised factories located across the world, including two in Italy. These factories boast high levels of interchangeability, and vertical integration, allowing us to have full control over the production process.

The parent company F.I.L.A. S.P.A. has been listed on the EXM – Euronext STAR segment of the Italian Stock Exchange since November 2015.



1920

YEAR
FOUNDED



2015

LISTING ON STAR
SEGMENT



+3,400

EMPLOYEES



25

ICONIC
BRANDS



+20

PRODUCT
CATEGORIES



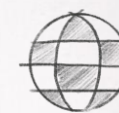
22

PRODUCTION
FACILITIES



32

BRANCHES
ON FIVE
CONTINENTS



+150

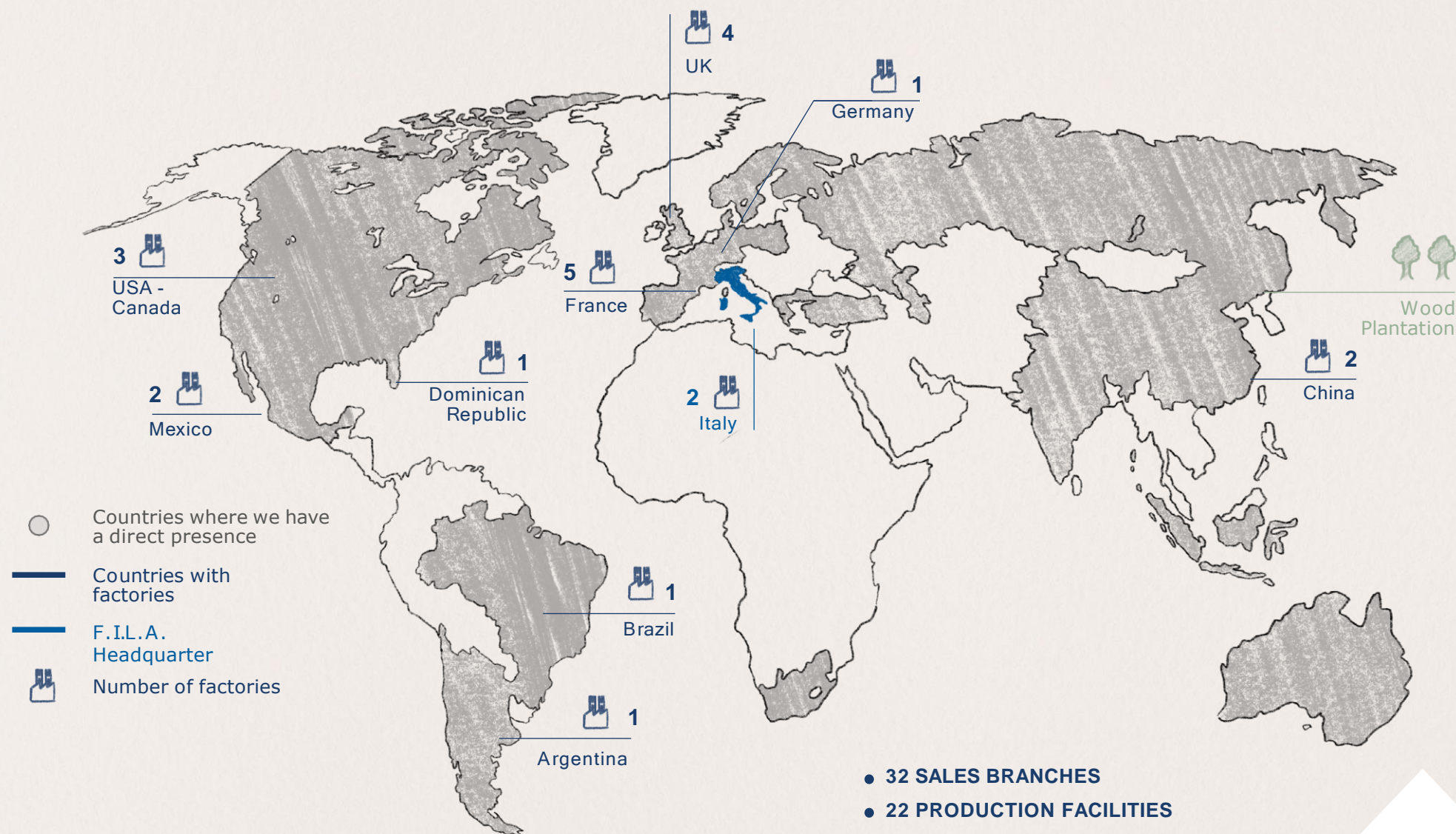
COUNTRIES



€779.2m

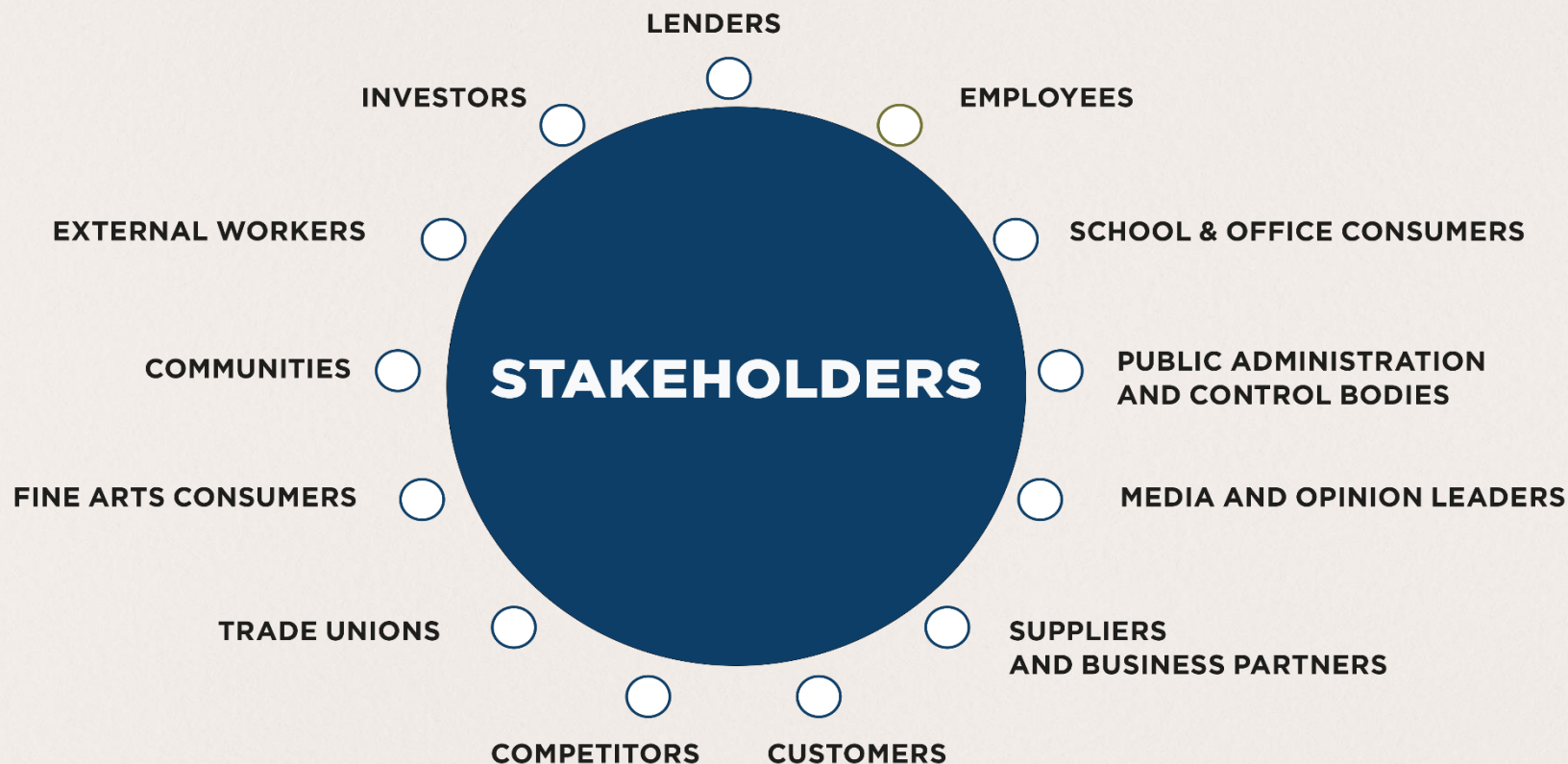
CONSOLIDATED
REVENUE AT DECEMBER
2023

Global Presence - June 2024



Our Stakeholders

The F.I.L.A. Group is committed to open and transparent communication with all of its stakeholders



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.

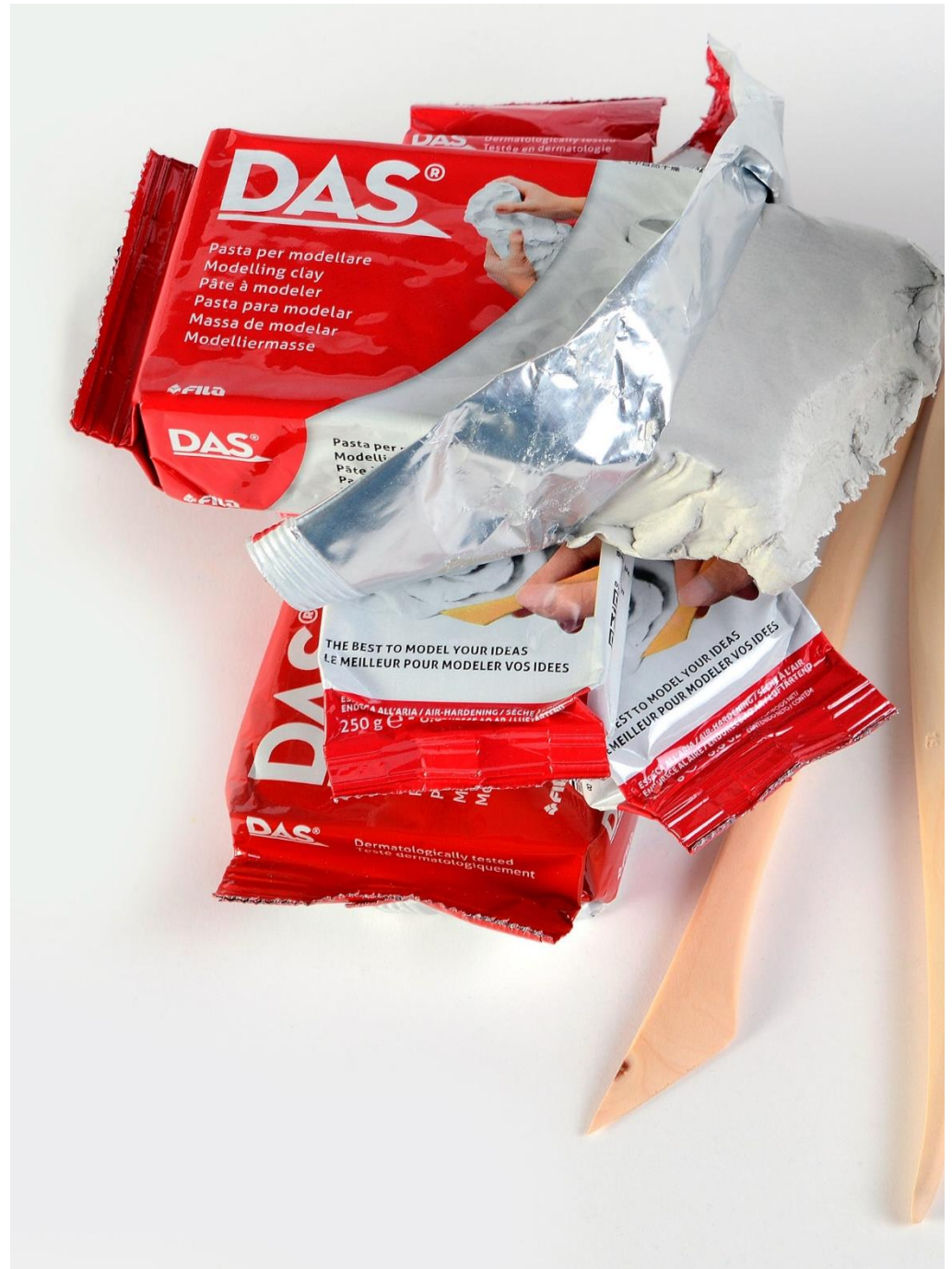
Mission

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.

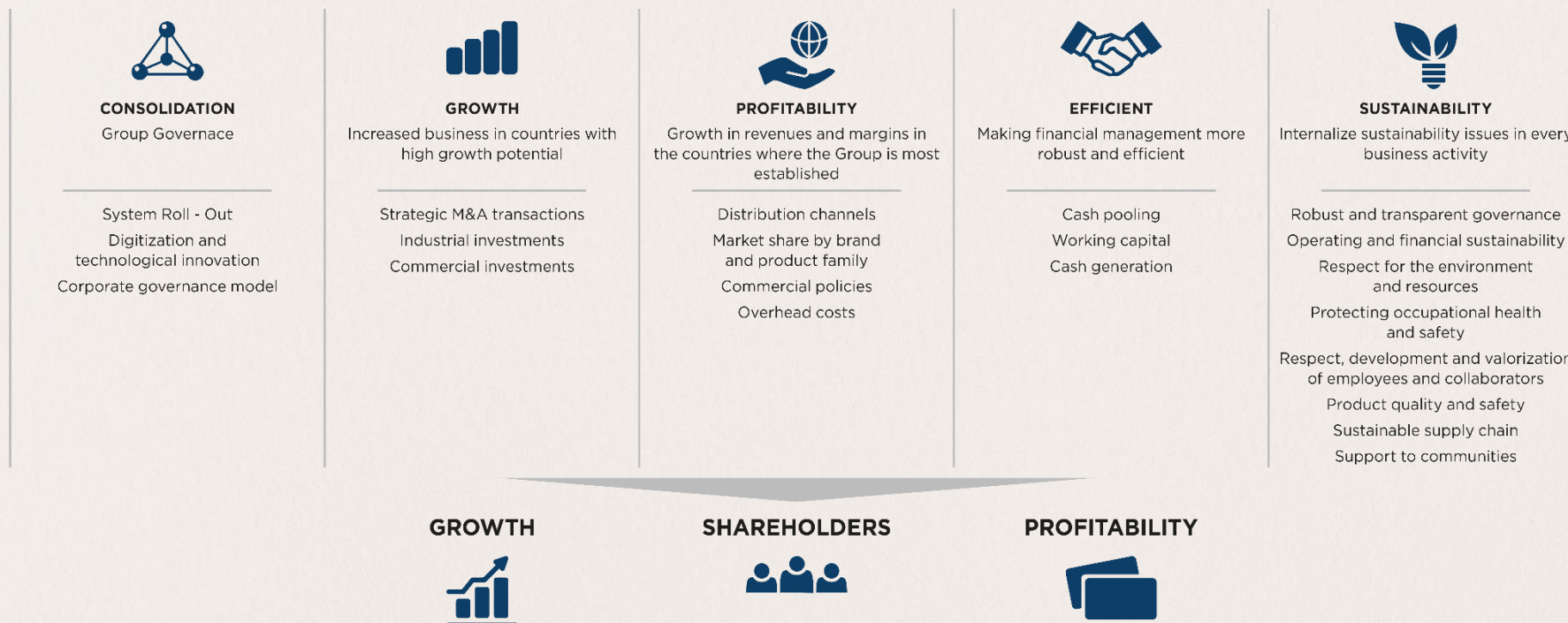


ESG Roadmap to 2023



Strategic plan 2021-2025

Our five-year Strategic Plan is based on five levers, among which - as testament to our comprehensive ESG vision - is the Sustainability Plan. The Strategic Plan was approved by the Parent's Board of Directors at the end of 2020 and was subsequently presented to the senior management teams of its major subsidiaries who circulated the Plan within their organizations.



Sustainability plan 2021-2025

1. Robust, transparent governance

Implementing sustainability governance in line with best practices and which permeates business processes, decision-making and operations, bringing together environmental, social and governance factors.



2. Operating and financial sustainability

Creating sustainable value in the medium-/long-term for all stakeholders, protecting and enhancing the Group's reputation.



3. Respect for the environment and resources

Protecting water-related ecosystems, optimising water efficiency, reducing environmental impacts, increasing energy efficiency and the use of clean technologies in manufacturing operations, combatting climate change.



4. Protecting occupational health and safety

Protecting health and promoting a safe and secure working environment for all employees.



5. Respect, development and recognition of employees and collaborators

Valuing people and fostering an inclusive culture of respect and equal treatment in the protection of all differences, not only those of gender.



6. Product quality and safety

Promoting sustainable policies to maintain and improve the quality and safety of our products.



7. Sustainable supply chain

Overseeing a supply chain which prioritises operators that guarantee inclusive employment and decent work and which promote the sustainable management of natural resources.



8. Community support

Promoting sustainable policies to maintain and improve the quality and safety of our products.



Target of F.I.L.A. Group

In line with the 2021-2025 Strategic Plan and the 2021-2025 Sustainability Plan, the Group outlined the following specific short-, medium- and long-term targets in 2022:

AREA	TARGET	DEADLINE	PROGRESS AT THE END OF 2023
	50% reduction in Scope 1 CO ₂ emissions	2027	
	20% reduction in water withdrawals	2027	
	ISO 14001 environmental certification for all production plants	2025	
	ISO 45001 health and safety management certification for all production plants	2025	
	10% increase in average hours of training provided to employees in the 2023-2025 period, compared to 2022	2025	
	Adoption of a Code of Conduct for Suppliers and Business Partners and Green Procurement for 90% of suppliers of goods with a turnover of more than Euro 10,000.	2024	



ON SCHEDULE



TARGET REACHED



TARGET OVERDUE

Materiality Analysis

Impact materiality was determined in accordance with the GRI Standards (**GRI 3 – Material Topics 2021**), as the reference standard for reporting on the topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on human rights and their management.

The materiality analysis was carried out in **coordination with the 2023 Group Risk Assessment** activity, which included ESG type risks in the analysis, by allocating a rating that was taken into account in assessing **impacts in an outside-in or “financial materiality” perspective** (risks of the external environment on the F.I.L.A. Group). Subsequently, this analysis was broadened to take into account the **inside-out perspective**, i.e. the F.I.L.A. Group's business impacts on the environment, people, and stakeholders in general.

F.I.L.A. Group's material topics

ENVIRONMENT

Use of raw materials;
Atmospheric emissions and climate change;
Consumption of energy resources;
Water consumption;

SOCIAL

Human rights;
Product quality and safety;
Sustainable supply chain management; Information Technology Security;

PERSONNEL

Diversity and equal opportunity;
Freedom of association and collective bargaining;
Occupational health and safety;
Employee welfare and well-being;
Resource and human capital development;

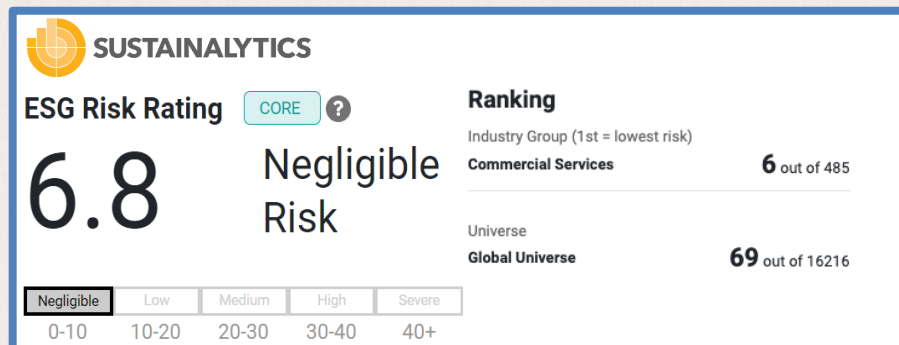
CORRUPTION

Combatting corruption.

External Recognition



Rating



ISS ESG

ESG Corporate Rating



MSCI

ESG RATINGS



RATING ACTION DATE: October 23, 2023

LAST REPORT UPDATE: July 02, 2024

Sustainability Governance

F.I.L.A.'S BOARD OF DIRECTORS

CONTROL, RISKS AND RELATED PARTIES COMMITTEE

(responsible for sustainability)

MANAGEMENT SUSTAINABILITY COMMITTEE

(Head of Group sustainability)

LOCAL SUSTAINABILITY COMMITTEES

On April 27, 2021, F.I.L.A.'s Board of Directors assigned responsibility for sustainability topics to the Control, Risks and Related Parties Committee

COMPOSITION OF THE CONTROL, RISKS AND RELATED PARTIES COMMITTEE

Gianna Luzzati	Chairperson
Donatella Sciuto	Member
Annalisa M. Barbera	Member
Carlo Paris	Member

MANAGEMENT SUSTAINABILITY COMMITTEE COMPOSITION

Luca Pelosin	Group COO and Group CHRO (Lead)
Cristian Nicoletti	Chief Financial Officer
Piero Frova	Group Chief Marketing Officer Office & School
Nicoletta Marsi	Group Chief Marketing Officer Fine Arts
Raffaella Colombo	Group Procurement VP
Claudia Zucchetti	Sustainability Manager

GUEST PARTIES

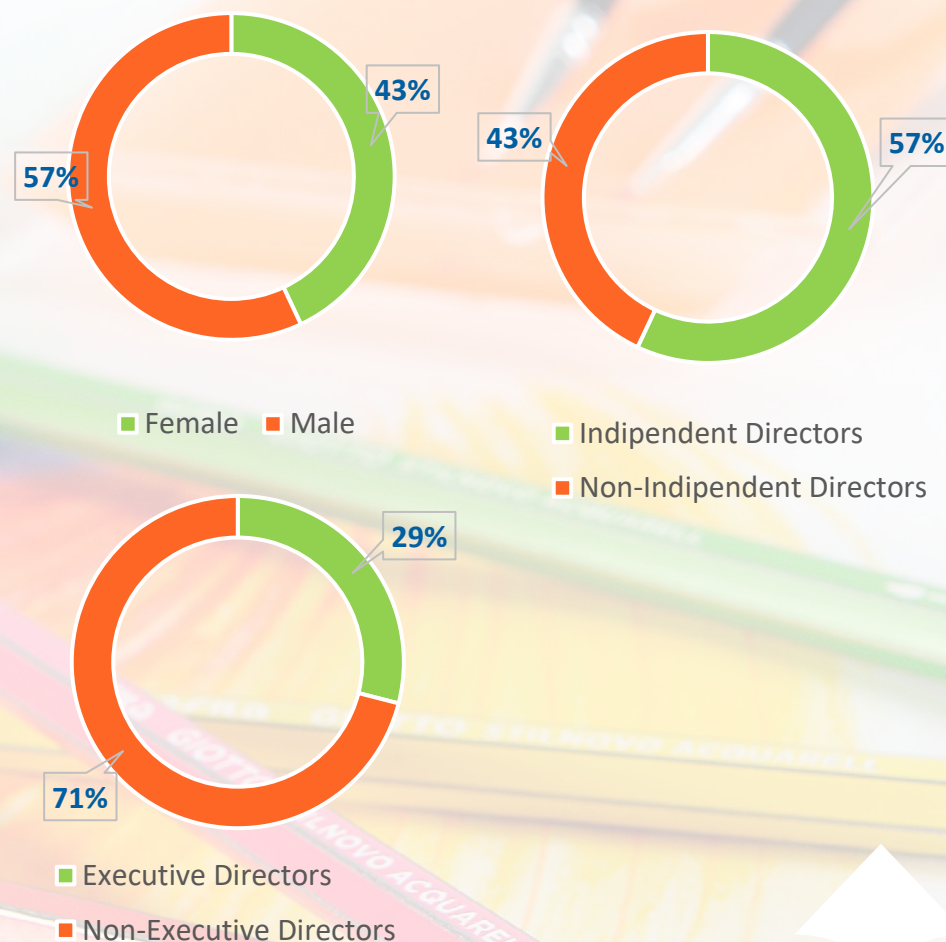
Orietta Casazza	Deputy School & Office Marketing VP Europe
Sara Fornasiero	Secretary

An effective sound of governance structure

Group Sustainability Policies

- | | |
|----------------------------------------------------|---------------------------------------------|
| 1. Sustainability Policy | 12. Business Development Policy |
| 2. Stakeholder Engagement Policy | 13. Anti-Bribery and Anti-Corruption Policy |
| 3. Environmental Policy | 14. Responsible Lobbying Policy |
| 4. Energy Saving Policy | 15. Tax Compliance Policy |
| 5. Sustainable Procurement Policy | 16. IT Systems Policy |
| 6. Workforce Diversity and Inclusion Policy | 17. IT Security Policy |
| 7. Health and Safety Policy | |
| 8. Skills Development Policy | |
| 9. Product and Process Development Policy | |
| 10. Human Rights and Labour Policy | |
| 11. Responsible Marketing and Communication Policy | |

Board of Directors composition

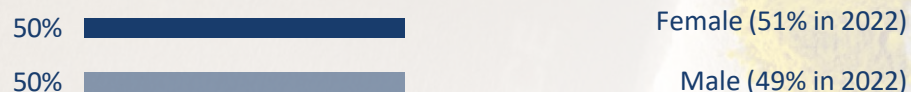


Employees

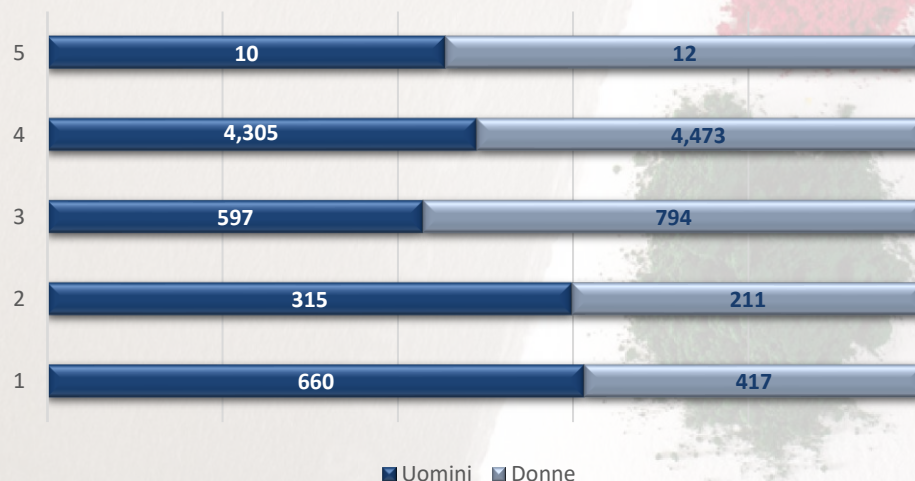
At F.I.L.A. we firmly believe that the Group's success is inextricably linked to the people who belong to it.

(The F.I.L.A. Group Team at the end of 2023)

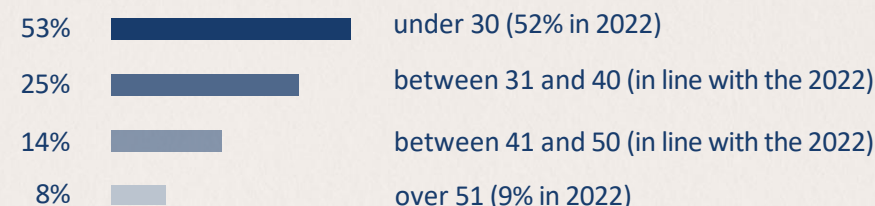
11,794 employees
(11,352 in 2022)



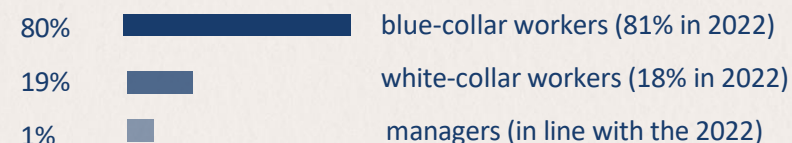
Workforce by gender and geographical segment



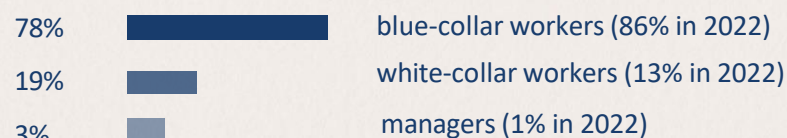
Age bracket



Workforce



Hours of health and safety training provide by professional category



11 out of 25 production plants

possess ISO 45001 health and safety management certification



Social

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.

We remain committed to initiatives that promote culture and education, including university conferences, museum support, assistance for schools and teachers, scientific research, healthcare, sustainable fashion, and partnerships with volunteer organizations.

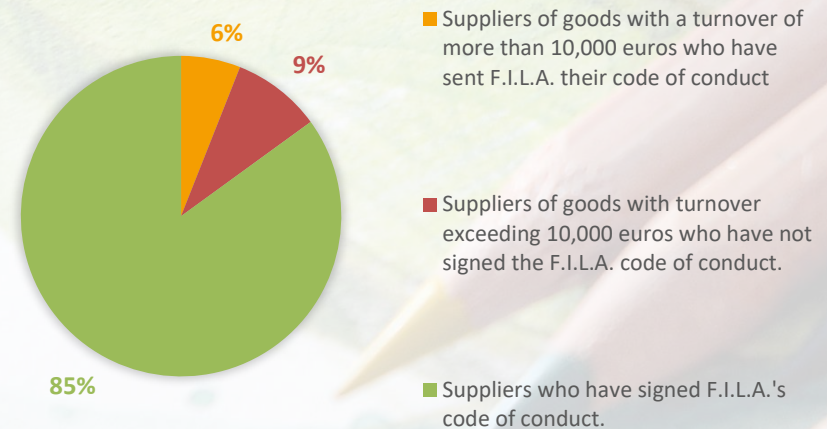
+1,2 mln euro

Donated funds were allocated as follows:

- 51% to vulnerable populations in Ukraine
- 32% to various other activities
- 17% to institutional initiatives within Italy

Supplier assessment and management

To establish transparent, fair, and ethical business relationships with its suppliers and business partners, F.I.L.A. has defined a “**Code of Conduct for Suppliers and Business Partners**” which F.I.L.A.’s suppliers are required to sign and adhere to.



Green Procurement questionnaire To track and examine, through the involvement of suppliers, the main environmental issues of the Supplier Companies.

994 Green Procurement questionnaire filled by suppliers with a turnover of more than Euro 10,000.

Environment

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 art canvases.

To manage the environmentally sustainable development of our products, we have introduced an internal protocol to promote environmentally sustainable solutions, reduce packaging materials, and incrementally improve product performance.

101,969,610 mln MJ
of renewable energy

recovered from waste of wood dust equal to 14% of the energy consumed.

99% of waste generated by the Group's production activities is classified as non-hazardous

The production of plastics made from plant-based or renewable resources to reduce emissions of CO₂, which is a major greenhouse gas. New durable containers for schools, Giotto schoolbags, Giotto jars, and the new Giotto bebé egg-shaped toy-container, made of 100% recyclable plastics of a plant-based or renewable origin: these are the first major steps we have taken towards progressively incorporating suitable materials into the Group's products.

Environment

11 out of 25 production plants
possess ISO 14001 environmental
certification.

11,107 Scope 1 emissions:
ton of CO₂

45,470 Scope 2 emissions:
ton of CO₂



In 2023, a multi-year investment plan was approved that will reduce CO₂ emissions by over 6,000 tonnes per year once fully executed, and a major investment was made at the end of the year designed to reduce water use at the Canson paper mill in France, the impact of which will become evident in 2024.



Consigliere delegato F.I.L.A.

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