

20 22



SUSTAINABILITY REPORT


CONSOLIDATED NON-FINANCIAL STATEMENT

As per Legislative Decree No. 254/2016

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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.

Colouring the future since 1920.



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LETTER TO THE STAKEHOLDERS

Dear stakeholders,

In 2022, the effects of the COVID-19 pandemic persisted for the third consecutive year, making it a challenging time. These difficulties were compounded by the Russo-Ukrainian War, which led to significant loss of life, destruction, and uncertainty.

Our sympathy goes out to all those who are suffering and have suffered from the consequences of the ongoing conflict.

Supply chains around the globe have been adversely affected by the cumulative impact of these events, resulting in a rise in inflation in most economies. As a consequence, the cost of raw materials has increased, along with energy and shipping transport costs for a significant portion of the year.

The F.I.L.A. Group has remained dedicated to accomplishing its Sustainability Plan objectives, as set out in its 2021-2025 Strategic Plan, despite the challenging circumstances. The Company has continued to allocate resources, including personnel and investments, towards achieving these goals.

We have expanded our stakeholder engagement categories in a transparent and collaborative manner, incorporating their suggestions into our continuous improvement efforts. Additionally, we have made progress in obtaining certification for our plants in the areas of health and safety (ISO45001) and the environment (ISO14001). Our workforce has also grown from 9,823 employees at the end of 2021 to 11,352 by the close of 2022, demonstrating our ongoing commitment to job creation.

We have defined a contingency succession plan for Executive Directors and Senior Executives, and adopted a strategic training programme for the Group that includes Environmental, Social, and Governance (ESG) topics. Additionally, we have incorporated social and environmental objectives into our Executive Director and Management remuneration policies.

The objective of the 2022 Sustainability Report is to improve awareness of the Group's environmental, social, and governance initiatives. This document presents an overview of the Consolidated Non-Financial Statement, along with other relevant information.



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 engagement activities that involved both internal and external stakeholders, this Report describes the results achieved for 2022, in addition to the innovations, projects, associated risks, approach, and policies adopted in terms of sustainability by the F.I.L.A. Group (hereinafter the “**Group**”) in relation to the impacts generated on the economy, environment, and people.

F.I.L.A. S.p.A. has prepared the Sustainability Report, including the NFS, in accordance with the GRI Standards and Articles 3 and 4 of Legislative Decree No. 254/2016 for the period from January 1, 2022 to December 31, 2022.

This Report also describes significant new developments that occurred before March 13, 2023.

The NFS is separate from the Directors’ Report. It was approved by F.I.L.A. S.p.A.’s Board of Directors on March 23, 2023 and was subject to an opinion on its compliance by KPMG S.p.A., which is expressed in the “Independent Auditors’ Report” accompanying this document.

Sustainability reporting describes the most important traits of a business based on a materiality analysis, a process that helps identify the material topics in terms of the Group’s profile, strategies, impact, risks, the expectations of its stakeholders, and the industry to which the entity belongs. The information contained herein adheres to the principles of materiality, accuracy, balance, clarity, comparability, completeness, the sustainability context, timeliness, verifiability, 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, climate change, and water consumption), material employment topics (equal opportunity, diversity, 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, making reference to other public documents for further details, where appropriate.

Questions about the reporting process or information contained in the Sustainability Report can be sent to info.dnf@fila.it





2022 SUSTAINABILITY REPORT OVERVIEW

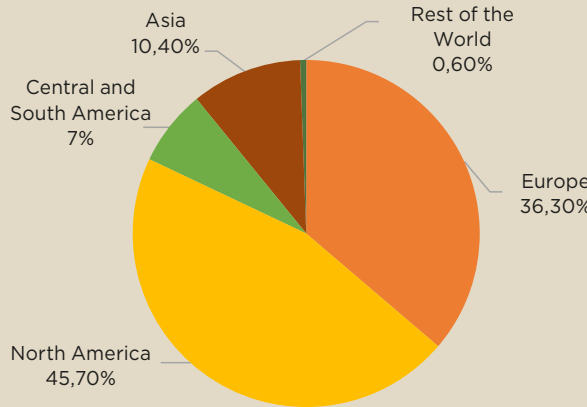
The F.I.L.A. Group at a glance

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.

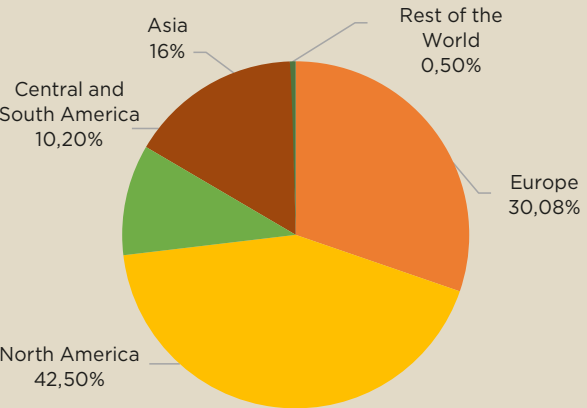
The Parent Company F.I.L.A. S.p.A. has been listed on the **Euronext STAR Milan** segment of the Italian Stock Exchange since 2015. The controlling shareholder is Pencil, which holds 27.147% of the ordinary shares.

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 GEOGRAPHICAL SEGMENT IN 2021



SALES BY GEOGRAPHICAL SEGMENT IN 2022



Today, the Group is present on five continents by way of 33 operating branches and 25 plants. The **most significant Group companies** in terms of production volume and turnover are:

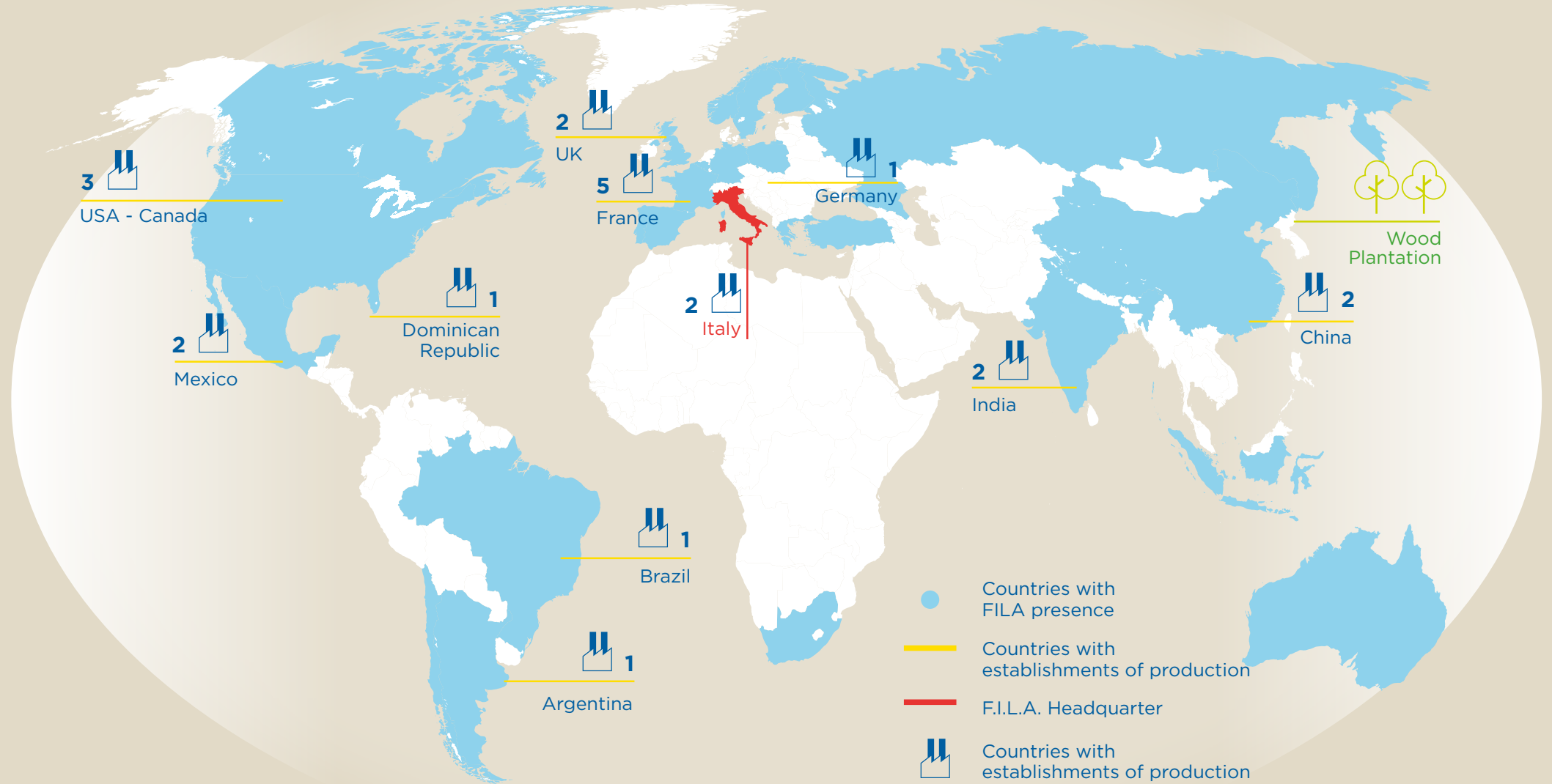
- F.I.L.A. S.p.A.
- Dixon Ticonderoga in Canada and the USA
- DOMS in India
- Dixon Ticonderoga in Mexico
- Canson in France
- Daler-Rowney in Great Britain and the Dominican Republic
- Lyra in Germany
- F.I.L.A. Dixon Kunshan in China
- Fila Hiberia in Spain.





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A truly global presence




















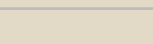








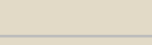







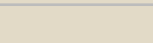



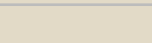













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The F.I.L.A. Group's **brand portfolio** is summarised in the following graph:

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

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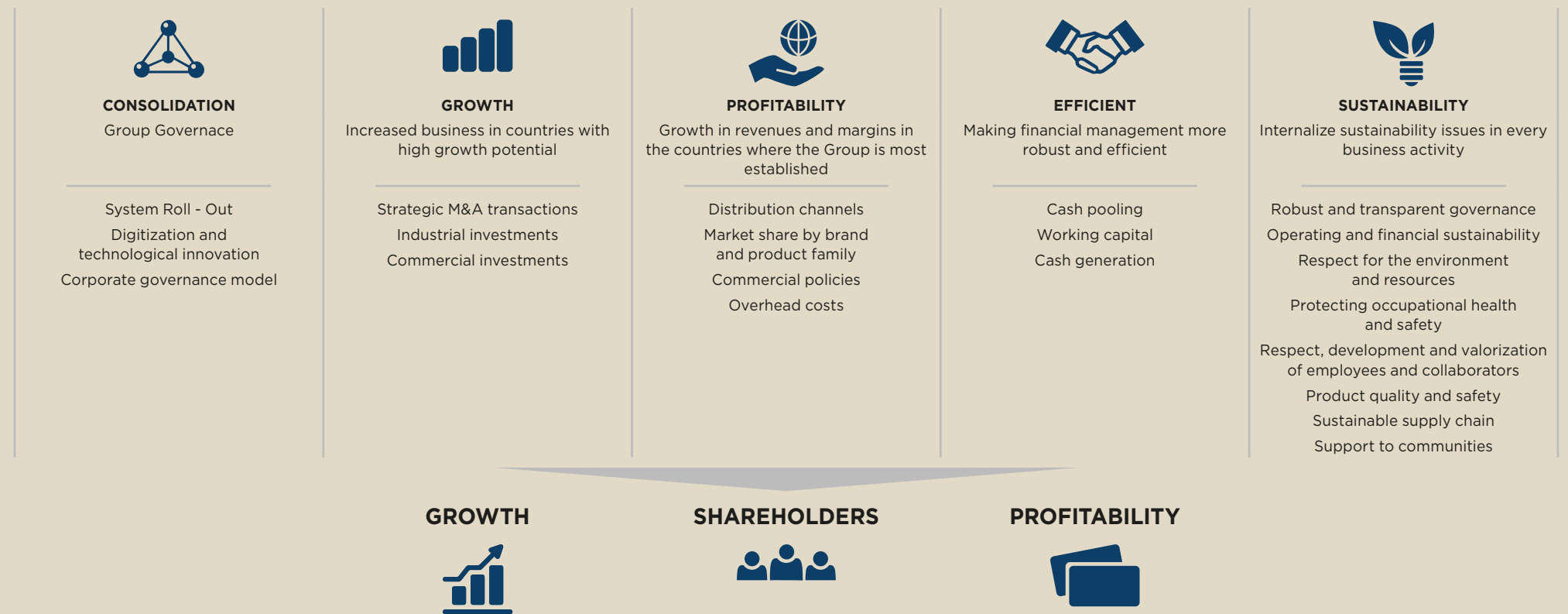


2021-2025 STRATEGIC PLAN

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 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 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

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.

The Group has adopted sustainability principles as part of a comprehensive governance approach, with key participants including:

- The Board of Directors
- The Control, Risks and Related Parties Committee
- The Managerial Sustainability Committee: comprising the Chief Operations Officer, Chief HR Officer, Chief Marketing Officers (Fine Arts and School & Office), Group Procurement VP, and the Sustainability Manager
- Local Sustainability Committees: coordinated by a Supervisor, made up of the Group CFO and the Chief Marketing Officers (Fine Arts and School & Office)

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:



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THE 2021-2025 STRATEGIC PLAN



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

<p>ROBUST, TRANSPARENT GOVERNANCE</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>OPERATING AND FINANCIAL SUSTAINABILITY</p> <p>Creating sustainable value in the medium/long-term for all stakeholders, protecting and enhancing the Group's reputation</p>   	<p>RESPECT FOR THE ENVIRONMENT AND RESOURCES</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>PROTECTING OCCUPATIONAL HEALTH AND SAFETY</p> <p>Protecting health and promoting a safe and secure working environment for all employees</p>  
<p>RESPECT, DEVELOPMENT AND RECOGNITION OF EMPLOYEES AND COLLABORATORS</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>PRODUCT QUALITY AND SAFETY</p> <p>Promoting sustainable policies to maintain and improve the quality and safety of our products</p>  	<p>SUSTAINABLE SUPPLY CHAIN</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>COMMUNITY SUPPORT</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 Plan was prepared through the analysis, integration and development of several elements, including the Group's materiality analysis and the 17 Sustainable Development Goals (SDGs) for 2030 promoted by the United Nations, drawing inspiration from the "Ten Principles" of the United Nations Global Compact (UNGC).

F.I.L.A considers the following **material topics** to be important for reporting purposes

MATERIAL TOPICS	
ENVIRONMENTAL	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

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.

The F.I.L.A. Group is committed to maintaining open and transparent communication with all of the Company's

key stakeholders. Since 2021, the Group has conducted a well-structured activity called Stakeholder Engagement, which involves listening to and engaging with relevant stakeholders. The goal of this process is to allow companies to build mutual trust and gain information, ideas, and solutions that could help improve its internal decision-making processes and the management of current and future risks.

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.	





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 and Labour Policy
- Responsible Marketing and Communication Policy
- Business Development Policy
- Anti-Bribery and Anti-Corruption Policy
- Responsible Lobbying Policy
- Tax Compliance Policy
- IT Systems Policy
- IT Security Policy

FILA S.p.A. established strategic training guidelines for the Group in 2022, which encompass Environmental, Social, and Governance (ESG) topics. The adoption of these guidelines will involve refining the training activities offered by Group companies.

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. A summary is provided of the **main potential non-financial risks** applicable to the Group. These risks relate to operations, compliance, occupational health and safety, climate change, the environment, HR management, diversity, communication with social partners, corruption, supply chain management, the Group's reputation, and society. In addition, controls and links with material topics are described 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, in addition to the Group's structure, size, production sites, the distribution of value added, responsibilities within the organisation, 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, the relevant UN Sustainable Development Goals (SDGs), the Socio-environmental policy and guidelines of the Group, Stakeholder Engagement activities, the Organisational Model, corporate governance, the value chain, and risk management.
- **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



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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 Nations¹.

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. 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 (Grand Mourirer, Moulin du Roy, and St. Germain), Dixon Kunshan, Lyra Germany, and Canson Art & Craft Yixing Co, Ltd have obtained certifications for their Environmental Management Systems according to ISO 14001: 2015. At present, 942 workers (compared to 685

in 2021), representing 8% of the Group's total workforce (compared to 7% in 2021), are employed at production plants that hold ISO 14001:2015 certification.

In addition, the Group has moved towards certifying timber ("Chain of Custody") in conjunction with the Forest Stewardship Council, in addition to 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.

- **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.

At the end of 2022, the F.I.L.A. Group had 11,352 employees (compared to 9,823 in 2021), of which 82% blue-collar workers, 17% white-collar workers, and 1% management. Women comprise 51% of the workforce. Turnover (i.e. the net effect of new hires and staff leaving) at Group level was equal to 15.6% in 2022.

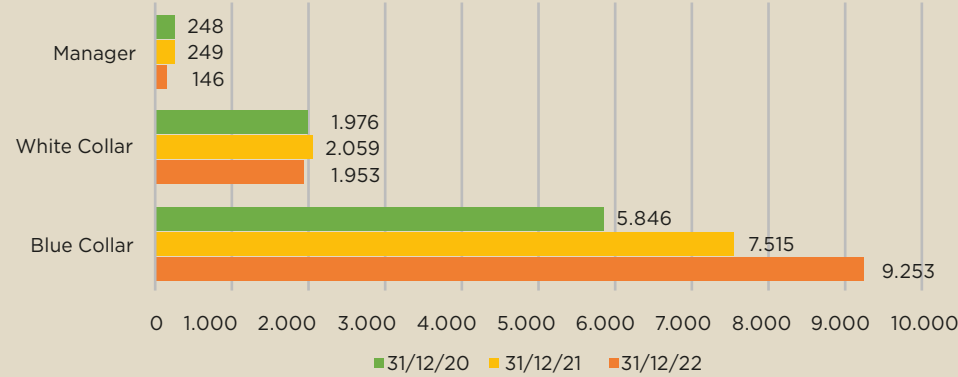
The F.I.L.A. Group has always been keenly aware of how production performance goes hand in hand with the well-being and valorisation of its people. Against this backdrop, the Group pays particular attention to its employees, which takes the form of several targeted initiatives: company welfare, remote working, and flexitime.

In 2022, the Group provided more training hours, with a total of 114,977 hours compared to 72,054 hours in 2021. This training was aimed at 8,068 employees (an increase from 3,756 people in 2021), of which 56% were men and 44% were women. The increase in training was due to the recruitment of new employee hires and the resumption of operations in Asia and South America after two years of COVID-19.

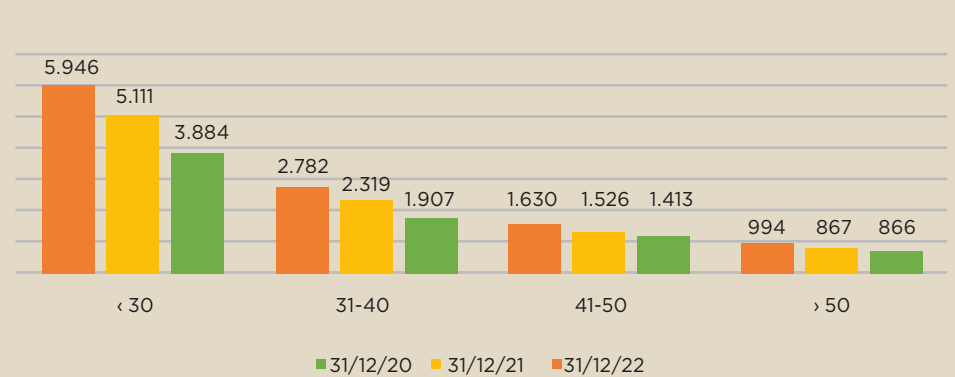
¹ This principle states that organisations must apply the precautionary approach whenever they can, and that if serious or irreversible damage threatens the environment, a lack of absolute scientific certainty is no valid reason for delaying action to prevent environmental damage, provided the measures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



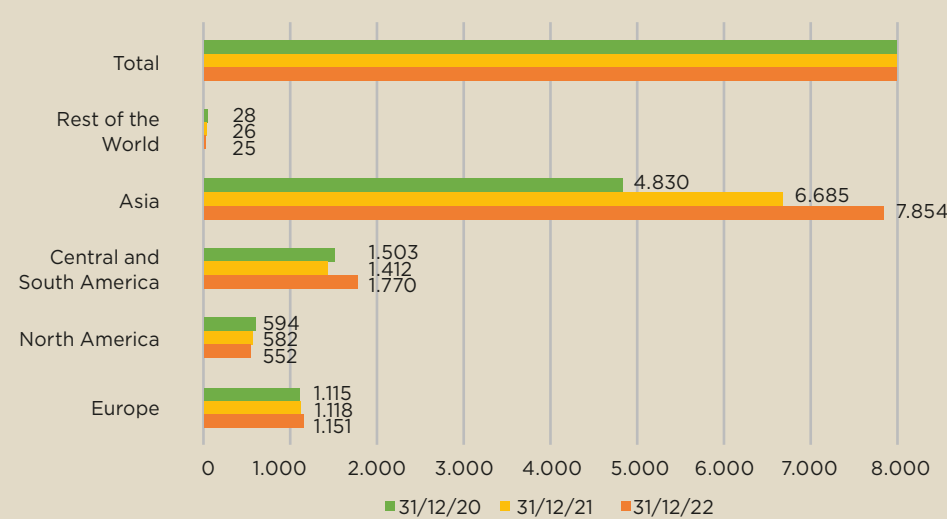
COMPOSITION OF THE WORKFORCE BY PROFESSIONAL CATEGORY



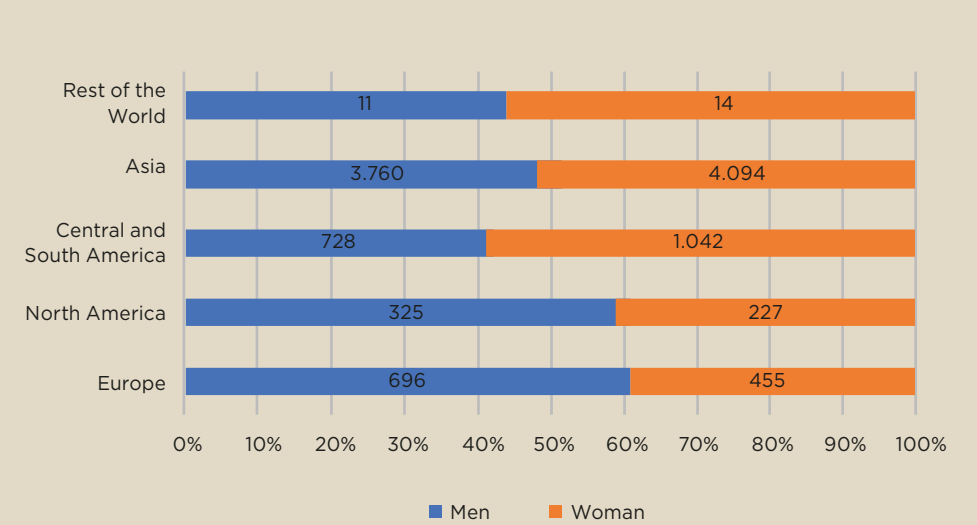
EMPLOYEES COMPOSITION BY AGE GROUP



EMPLOYEES BY GEOGRAPHICAL SEGMENT



LABOR FORCE COMPOSITION BY GENDER AND GEOGRAPHIC AREA





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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.

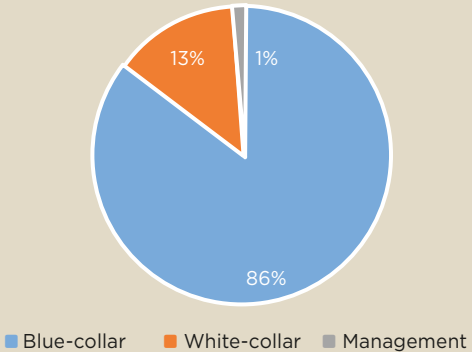
The Parent Company F.I.L.A. S.p.A., Canson Art & Craft Yixing Co., Ltd, Dixon Kunshan, Canson France (Grand Mourier, Moulin du Roy, and St. Germain), and Lyra Germany have adopted an occupational health and safety management system that is certified according to the ISO 45001 (ex OHSAS 18001) Occupational Health and Safety Assessment Series. The work-related injury rate was 1.53% in 2022, while the rate of serious work-related injury was 0.003%.

- **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 in local communities, and the Group's social responsibility efforts.

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.

The companies Art & Craft Yixing. Co. Ltd. and Canson France - Grand Mourier are 9001:2015 Quality Management System certified.

HOURS OF TRAINING PROVIDED IN 2022 ON HEALTH AND SAFETY TOPICS BY PROFESSIONAL CATEGORY



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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 Group’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 and the freedom of association and collective bargaining, as non-negotiable and fundamental values.

- **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.

The 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 F. Independent Auditors’ Report.



The objectives of the 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 objectives in 2022:

- 50% reduction in CO₂ emissions (Scope 1 emissions) by 2027
- 20% reduction in water withdrawals by 2027
- Adoption of ISO 14001 environmental certification by all production plants by 2025
- Possession of ISO 45001 health and safety management certification by all production plants by 2025
- 10% increase in average hours of training provided to employees in the 2023-2025 period, compared to 2022
- 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 by 2024.



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GROUP HIGHLIGHTS

GROUP	EMPLOYEES	SAFETY	ENVIRONMENT
1920 Year of incorporation	11.352 Number of employees at December 31, 2021	91% 114,977 training hours in 2022, of which 91% focused on operating issues and occupational health and safety	105.165.364 MJ Renewable energy recovered from waste of wood dust equal to 14% of the energy consumed
33 Number of companies operating in the Group	51% Workforce composed of women	1,53% Work-related injury rate for the average workforce in 2022 (this figure also includes injuries lasting more than 120 days)	11.410 Scope 1 emissions: ton of CO ₂
5 Continents	82% The workforce comprises blue-collar workers		50.529 Scope 2 emissions: ton of CO ₂
150 Presence	17% The workforce comprises white-collar workers		99% Rof the solid waste produced by the Group is non-hazardous
+765 Consolidated revenues	1% The workforce comprises managers		
25 Number of production facilities	52% Employees under 30		
120 managers 101 Italian and international funds Investors met	77% Employees under 40		
+700 Million invested in acquisitions since 1994			
25 Number of iconic brands			

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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. It designs, produces, and packages drawing, colouring, painting, and modelling tools and media for children, young people, 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 E VALORI

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.

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. The Group Ethics Code, available on the Company website, sets out values and aspects relating to Environment, Social, and Governance (**ESG**) topics, business sustainability, and commitments to stakeholders.

1.1.2 RESPONSIBLE BUSINESS CONDUCT

The F.I.L.A. Group **conducts itself responsibly** in its daily operations and business relationships.

Responsibility for adopting commitments is shared between the various organisational levels by the Board of Directors (“**BoD**”). The BoD defines objectives and strategic guidelines, including social, environmental, and governance aspects, with the support



1 IDENTITY AND PROFILE

of the Control, Risks and Related Parties Committee and the Remuneration Committee, which carry out dedicated advisory activities.

The Parent Company's Managerial Sustainability Committee is tasked with coordinating operational activities in accordance with the Board of Directors' guidance. This includes making recommendations for operating policies and procedures, providing sustainability training to employees at both the Parent Company and subsidiaries to enhance their understanding of relevant topics and ability to work independently and competently across all levels, and overseeing communication and engagement efforts with key stakeholder groups.

The various company departments then proceed to integrate sustainable practices into their daily activities.

The Sustainability Report contains detailed information on the Group's responsible business practices, including its strategies, policies, projects, and achievements.

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.

The F.I.L.A. Group was present on five continents with 33 operating branches and 25 production plants at the end of 2022. 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 2022 Annual Report. Annex "B. 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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COUNTRIES WITH F.I.L.A. PRESENCE

At the end of 2022, the F.I.L.A. Group's numbers were the following:

- Total number of employees: 11,352 (9,823 at the end of 2021)
- Total number of branches: 46, of which

33 operational, on five continents, with 25 production plants (a change compared to 2021 due to the closure of Lukas Nerchau (DE) and Nerchauer Malfarben in 2022), two of which are in Italy.

- Number of countries in which the Group does business: more than 150 (unchanged on 2021)
- Number of products and services provided: 25 iconic brands and over 50 product categories (unchanged on 2021).



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1.2.2 PRODUCTION SITES

The following table provides information regarding the F.I.L.A. Group's 25 production sites:

SUBSIDIARY	YEAR FOUNDED	EMPLOYEES AT DECEMBER 31, 2021	PRODUCTION SITE	PRODUCTS
EUROPE				
F.I.L.A.	1920	197	Rufina, Florence	Felt-tip pens
INDUSTRIA MAIMERI	1923	47	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	74	Arches, France	Paper for the fine arts
LYRA	1806	79	Nuremberg, Germany	School pencils; Fine art pencils
DALER-ROWNEY	1783	279	Bracknell, Great Britain	Fine art colours
			Dudley, Great Britain	School-use paper
			Middlewich, Great Britain	Paints; Crayons; Glue
ST. CUTHBERTS	1700	53	Wells, Great Britain	High grade fine art paper
THE AMERICAS				
DIXON MEXICO	1953	1.199	Tultitlán, Messico	Graphite and coloured pencils; Extruded pencils; School-use paints; Wax crayons; Modelling clay; Industrial use crayons; Chalk
			Oaxaca, Messico	Timber slats for the production of pencils
DIXON TICONDE ROGA COMPANY.	1975	485	Appleton, USA	School and hobby paper
			Neenah, USA	Paper for the fine arts
			Macon, USA	Personalised pencils
DIXON TICONDE- ROGA ART ULC		67	Barrie, Canada	School-use paper
DALER-ROWNEY BRIDESHORE	1969	408	La Romana, Dominican Republic	Brushes and canvases
CANSON BRAZIL	2007	97	Indaiatuba SP, Brazil	Paper for the fine arts; School-use paper; Modelling clay; School-use paints
F.I.L.A. ARGENTINA	1996	30	San Isidro, Argentina	Extruded pencils
ASIA				
F.I.L.A. DIXON KUNSHAN	2013	283	Kunshan, Cina	Graphite and coloured pencils
F.I.L.A. DIXON YIXING ART & CRAFT	2015	47	Yixing, Cina	School-use paints
DOMS	1974	7.455	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

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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.

	2022	2021	2020
ECONOMIC VALUE GENERATED	774.633	660.101	616.349
Distribution of economic value generated:			
OPERATING COSTS	491.972	400.255	393.834
PERSONNEL	152.317	134.165	130.350
LENDERS	49.472	30.436	35.231
INVESTORS (*)	-	12.722	6.587
INVESTMENTS IN THE COMMUNITY (**)	-	-	-
GOVERNMENTS AND PUBLIC ADMINISTRATION	8.347	15.031	6.165
TOTAL VALUE DISTRIBUTED	702.108	592.609	572.167
ECONOMIC VALUE RETAINED	72.525	67.492	44.182

(*) The 2022 dividend figure is not shown as it has not yet been declared.

(**) These figures have not been reported as they are the focus of a dedicated Group reporting project in 2023

1.3 THE 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.



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.



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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.



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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

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
											
Countries	Italy	France	USA, Canada, Mexico, China	Germany	Mexico	India, Brazil	Italy	Italy	France, UK	USA	France
Main Rationale	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 11,352 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 (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 adopted
- single logistics hub in Annonay for central Europe.

Our focus is on the future, and we seek to promote sustainability to our staff members, enabling them to promote these values every day, both inside and outside the organisation. This is how we ensure that we work with tomorrow and the generations that follow us in mind.

Starting with the strategy adopted and formalised in the 2021-2025 Strategic Plan, this chapter illustrates 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.



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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.
- 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 **2021 - 2025 Strategic Plan** adopted at the end of 2020 integrates several elements, including the 17 Sustainable Development Goals (SDGs) of the United Nations 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.



2021-2025 STRATEGIC PLAN

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



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

GROWTH



To date, several of the sustainability projects planned for 2022 in the Sustainability Plan have been completed, while other activities are still in progress. The completed initiatives include internal and external communication campaigns, sustainability-focused training programmes, Stakeholder Engagement activities, the development of a non-financial

SHAREHOLDERS



reporting guide, semi-annual internal non-financial reporting (at the “hard close” in October), updates to risk analysis, the adoption of strategic directives for company-wide training, the introduction of corporate well-being initiatives, and operational sustainability projects. In addition, targets were set to reduce CO₂ emissions (Scope

PROFITABILITY



1 Emissions) by 50% by 2027 and reduce water withdrawals by 20% by 2027. During the year, the topic of promoting recycling and post-consumption was explored in depth and subsequently suspended due to difficulties encountered with the competent entities. The plan to reduce production waste and evaluate



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

the waste production process has been postponed to make room for other priorities.

The **main challenges** the Group expects to face when adopting its Integrated Sustainability Plan in 2023 are:

- Greater harmony and collaboration with Local Sustainability Committees;
- Further expansion of stakeholder engagement initiatives;
- Monitoring of the recycled components of sold products;
- Analysis and definition of operational projects to reduce F.I.L.A.'s carbon footprint, with the objective of reducing CO₂ emissions by 50% (Scope 1 emissions) by 2027;
- Analysis and definition of operational projects to reduce F.I.L.A. water withdrawals by 20% by 2027;
- Adoption of a strategic training plan to increase average annual staff training hours for the three-year period 2023-2025 by 10% compared to 2022;
- Progressive extension of the Code of Conduct for Suppliers and Business Partners and Green Procurement to suppliers of Group companies, reaching 90% of suppliers of goods with a turnover of more than Euro 10,000 by 2024;
- Progressive extension of environmental

and health and safety management certifications to all Group plants, with the objective of ensuring all production plants are certified by 2025.

Investments in 2022 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”. 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. INTEGRATED BUSINESS MODEL



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

- manufacture almost all 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 units (“School and Office” and “Fine Arts”), and is based, on the one hand, on a network of important relationships



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

with key partners and, on the other, on the management of relationships with customers and end consumers.

The “**School and Office**” sector features:

- 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 primarily features 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 Senior Management with the contribution of the Group’s major subsidiaries, was approved by the Parent Company’s Board of Directors after receiving the favourable opinion of the Control, Risks and Related Parties Committee. The Plan develops the Group’s commitment to sustainability topics and is designed to ensure constant improvement. In addition, it clearly defines the Group’s strategic guidelines concerning all of its stakeholders, based on shared objectives, principles and values.

More specifically, 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

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<p>ROBUST, TRANSPARENT GOVERNANCE</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>OPERATING AND FINANCIAL SUSTAINABILITY</p> <p>Creating sustainable value in the medium/long-term for all stakeholders, protecting and enhancing the Group's reputation</p>   	<p>RESPECT FOR THE ENVIRONMENT AND RESOURCES</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>PROTECTING OCCUPATIONAL HEALTH AND SAFETY</p> <p>Protecting health and promoting a safe and secure working environment for all employees</p>  
<p>RESPECT, DEVELOPMENT AND RECOGNITION OF EMPLOYEES AND COLLABORATORS</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>PRODUCT QUALITY AND SAFETY</p> <p>Promoting sustainable policies to maintain and improve the quality and safety of our products</p>  	<p>SUSTAINABLE SUPPLY CHAIN</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>COMMUNITY SUPPORT</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 Board of Directors conducts regular evaluations of the Group’s sustainability progress and responsibilities, with support from the Control, Risks and Related Parties Committee and the Remuneration Committee, which oversee their respective areas of expertise. The BoD approves the yearly Sustainability Report, which includes a summary of these evaluations and the environmental, social, and governance (“ESG”) targets defined in the remuneration policy for Executive Directors and Senior Executives, as explained in greater detail in section 2.5 *Corporate governance and risk management* below.

2.2.2 SOCIO-ENVIRONMENTAL POLICIES 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, 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 and Inclusion Policy
- Health and Safety Policy
- Skills Development Policy
- Product and Process Development Policy
- Human Rights and Labour Policy
- Responsible Marketing and Communication Policy
- Business Development Policy
- Anti-Bribery and Anti-Corruption Policy
- Responsible Lobbying 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.

In 2022, the Parent Company adopted communication and outreach initiatives to enhance the effectiveness of its Policies. These initiatives included adding

an information note to the December employee newsletter and sending a targeted communication to external stakeholders (such as suppliers, business partners, collaborators, and customers) to extend holiday greetings.

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



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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 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 and 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 and 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 and 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 and 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,



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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 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 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 predicate 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. Cyber security 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.



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2.3 MATERIALITY ANALYSIS AND STAKEHOLDER ENGAGEMENT

2.3.1 F.I.L.A. GROUP MATERIALITY

In general, **material topics** are aspects that have an impact on the economy, the environment, and people, including human rights. The identification of material topics serves two purposes: firstly, so that they can be managed effectively within the Group, and secondly, so that F.I.L.A. can periodically report on the relevant goals, activities, and accomplishments in sustainability reporting, as required by relevant principles and regulations. This periodic information must be provided on topics that are relevant to both the Group and the external context.

As part of its ongoing improvement efforts, F.I.L.A. S.p.A. has updated its evaluation of material topics, in accordance with the reporting standards of reference (“GRI 3. Material Topics 2021”). This process ensures that the identified topics accurately reflect the most significant impacts for the period covered by the 2022 Non-Financial Statement. For further details on methodology, please refer to paragraph “A.3 (Materiality analysis)” in the “Methodological Note” in the Annex.

In light of the work carried out, the following 14 material topics were identified:

14 MATERIAL TOPICS
ENVIRONMENTAL
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
CORRUZIONE
Combatting corruption

Compared to previous years, two additional material topics were identified (employee welfare and well-being and resource and human capital development), while the topics of diversity and equal opportunities were merged and the topic “Atmospheric Emissions” was renamed “Atmospheric Emissions and Climate Change”.

The Board of Directors signs off the final list of material topics when approving the Non-Financial Statement, after receiving the favourable opinion of the Control, Risks and Related Parties Committee.



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2.3.2 STAKEHOLDER ENGAGEMENT INITIATIVES

The F.I.L.A. Group is committed to maintaining open and transparent communication with all its stakeholders, including those who have varying degrees of impact on the Company's business or are influenced by it in different ways.

Stakeholder Engagement is the systematic activity of engaging key stakeholders on relevant topics. With the objective of improving its sustainability work, in 2021, the Parent Company F.I.L.A. S.p.A., and subsequently the entire Group, began a structured stakeholder engagement process using the methodology established by the **AccountAbility 1000 (AA1000)** 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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The Group's stakeholders are:

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.

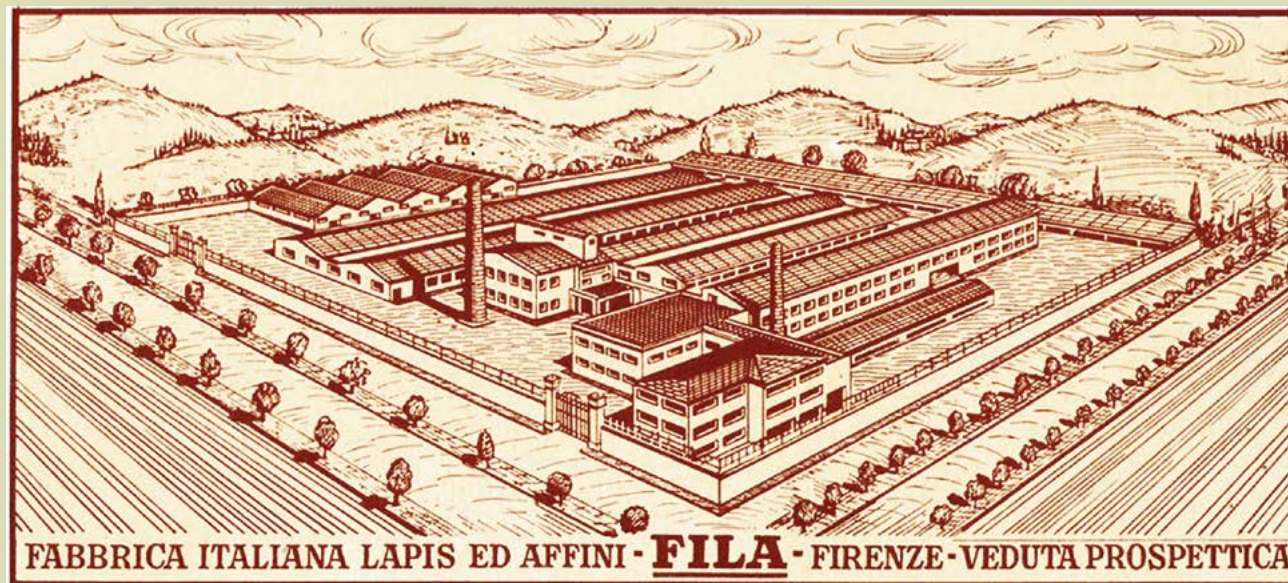
COMPETITORS

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

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 and extended the initiative to all Group companies in 2022. These activities will continue in future years.

Over the last two years, the Parent Company's engagement initiatives have focused on the material topics outlined in the preceding section "2.3.1 F.I.L.A. Group Materiality", while acknowledging that each category of stakeholder represents specific interests. The most critical topics, from a general standpoint, have been product quality and safety, respect for human rights, workplace health and safety, use of raw materials, and consumption of energy resources.



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STAKEHOLDER ENGAGEMENT ACTIVITIES 2022

STAKEHOLDER CATEGORY	ENGAGEMENT ACTIVITY	MATERIAL TOPICS DISCUSSED
INVESTORS	Virtual conferences Periodic conferences to present results	Q1 2022, H1 2022, 9M 2022, ESG (Environmental, Social, and Governance) topics.
LENDERS	Roadshows Conference calls Conferences organised by the Italian stock exchange or by brokers who monitor the share price	
EMPLOYEES	Training and involvement in sustainability topics Sending of an anonymous questionnaire Internal quarterly newsletter	Induction on the Sustainability Plan, company policies, and Sustainability Report. The questionnaire explored topics concerning: F.I.L.A. and sustainability, material topics, and the assessment of organisational well-being.
EXTERNAL WORKERS	Online questionnaire	Topics linked to sustainability and Group leadership
CUSTOMERS	Communication activities and customer satisfaction surveys (at points of sale, on the company website, and via web marketing and media relations) Participation in trade fairs and sector events Virtual roundtables	Product innovations, trends, industry challenges, sustainability, and supply chain processes
SCHOOL AND OFFICE CONSUMERS	Communication activities and customer satisfaction surveys (at points of sale, on the company website, and via web marketing and media relations)	Product innovations, trends, industry challenges, sustainability, and supply chain processes
FINE ARTS CONSUMERS	Virtual roundtables	Sustainability Plan, Material Topics, Sustainability Education and Culture
TRADE UNIONS AND RSUs (GENERAL WORKERS' REPRESENTATIVE BODIES)	Meetings	Ongoing dialogue with workers' organisations.
SUPPLIERS AND BUSINESS PARTNERS	Green Procurement Questionnaire Code of Conduct for Suppliers and Business Partners	Commitment to environmental topics
PUBLIC ADMINISTRATION AND GOVERNMENT CONTROL BODIES	Virtual roundtables Relations with local authorities	Sustainability Plan, material topics, Sustainability Report, and partnerships
MEDIA	Publishing events and initiatives	Sustainability Plan, material topics, products, and packaging.



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In more detail, the results of the roundtables were:

- (Virtual) roundtable at which consumers, painters, teachers, and artists agreed on the importance of product quality and the protection of workers. The importance of making a significant contribution to the process of education and culture (including outside school) was also highlighted. In addition, participants agreed that given the complexity and breadth of the topics involved in sustainable action, the policy should comprise small steps towards a consistent, ongoing, and transparent objective.
- (Virtual) roundtable attended by customers active in the school, wholesale, and retail sectors. The main important points that emerged were the price of the products on sale, transparency in communications about the Group's activities, the importance of Made in Italy products, the continuous training and education of buyers, ISO 14011 certification, and safety.
- (Virtual) roundtable discussion with regional institutions, which emphasised the need for effective communication and action to promote the various initiatives

adopted by the Group, in addition to exploring the potential of establishing procurement partnerships.

Moreover, F.I.L.A. S.p.A. remains highly committed to sharing data and information beyond what is publicly available with **sustainability rating agencies** upon request. The Company is also open to incorporating various improvement suggestions.

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, on the impact of company activities on water use.
- Lyra in Germany - whose production processes generates noise that impacts residents in the vicinity of the plant - has organised two internal and external workshops to discuss environmental topics, per ISO 14001, and has formalised a protocol for managing communications with external stakeholders in emergency situations.

- Dixon Art & Craft Yixing in China has adopted a system for managing environmental emergencies, with the support of a specialist environmental advisor.
- Canson France, Lyra Germany, Daler Rowney, Dixon Mexico, Bridesore, Dixon Ticonderoga USA, Dixon Ticonderoga Art, Dixon Kunshan, and DOMS sent out a questionnaire to employees to assess the level of organisational well-being and request feedback on sustainability.



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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.

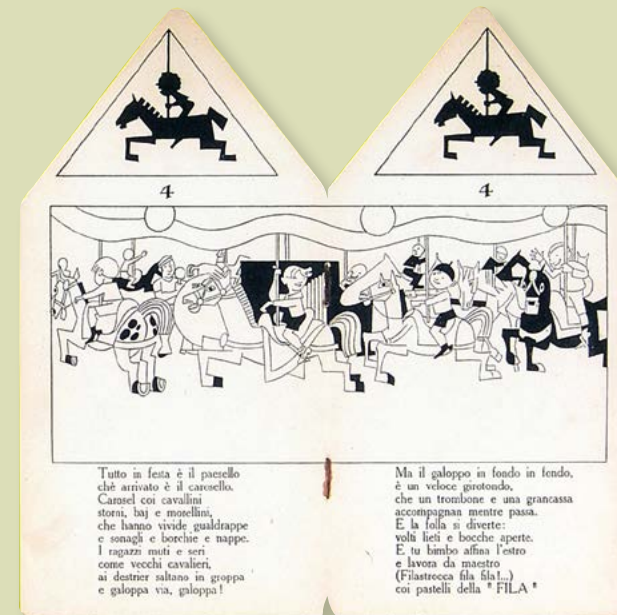
The Governance Framework defines the organisational structure of the Parent Company, Dixon USA, and those adopted by other Group entities (excluding minor subsidiaries) and, in particular, it:

- 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.

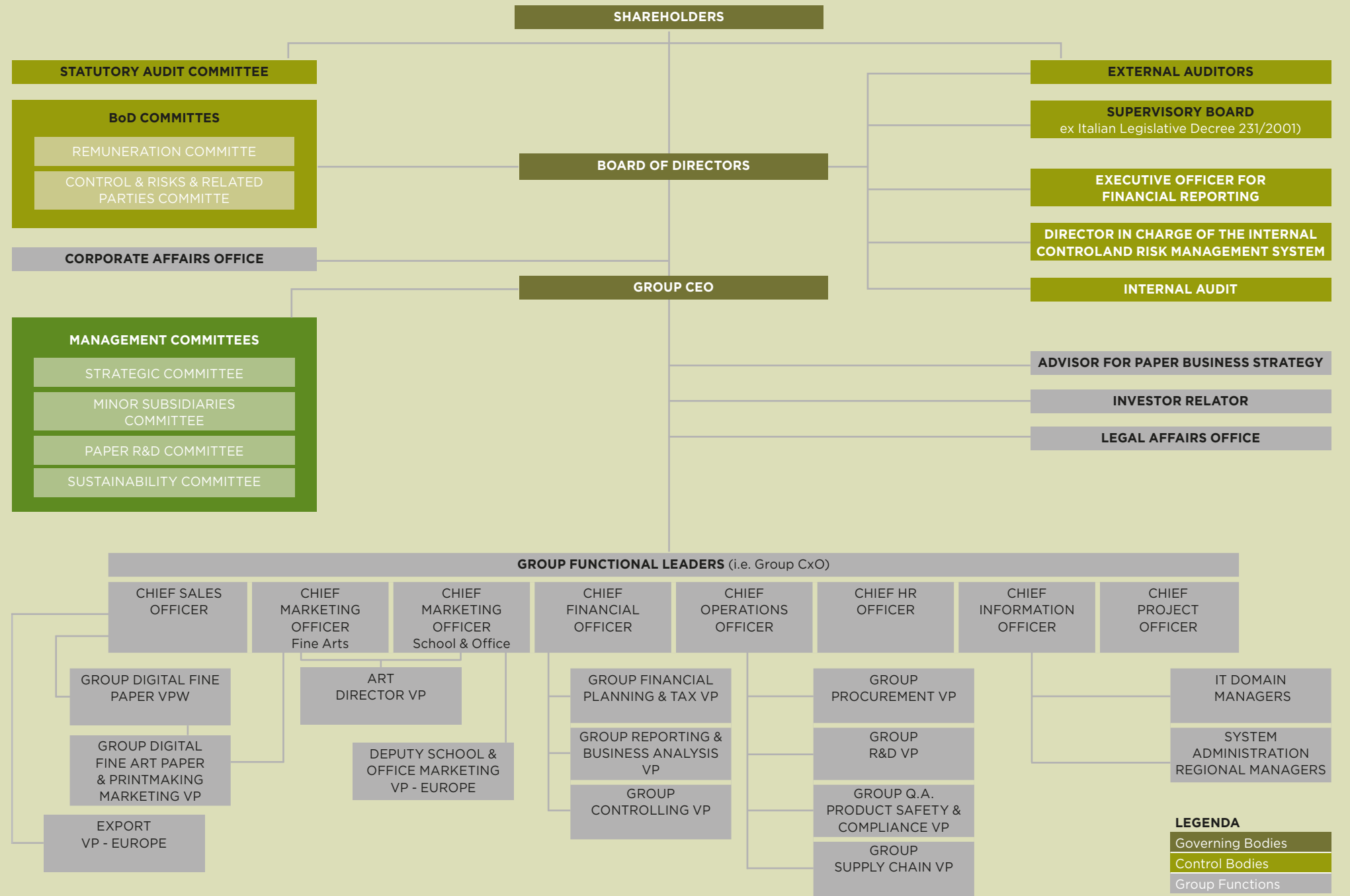
The Group's Corporate Governance Model forms part of its Internal Control and Risk Management System and should be understood as an integral part of the "231 Model" and the "262 Model", adopted at Group level for the purposes and effects of Law 262/2005.



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LEGENDA
 Governing Bodies
 Control Bodies
 Group Functions



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2.4.2 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 25 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 segment** 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 2022.



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2.4.3 THE VALUE CHAIN

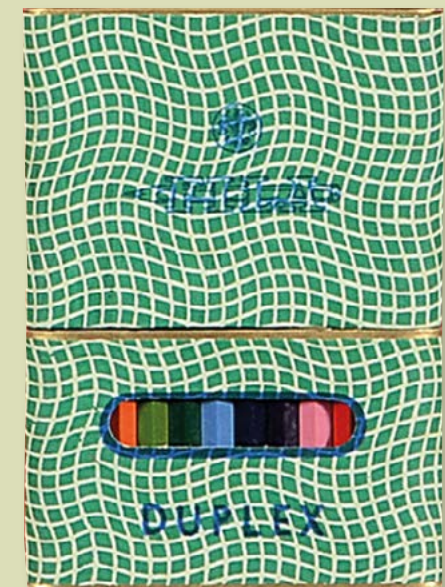
The F.I.L.A. Group's **value chain** comprises all the activities, both upstream and downstream, involved in taking its products or services from conception to end use. Upstream activities include the supply chain, while downstream activities involve customers, distributors, and end consumers.

Upstream, F.I.L.A.'s value chain features a **supply chain**: 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.

Downstream, F.I.L.A.'s value chain features very granular levels of end consumers who buy Group products (over 40,000 of them) on all continents.

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.

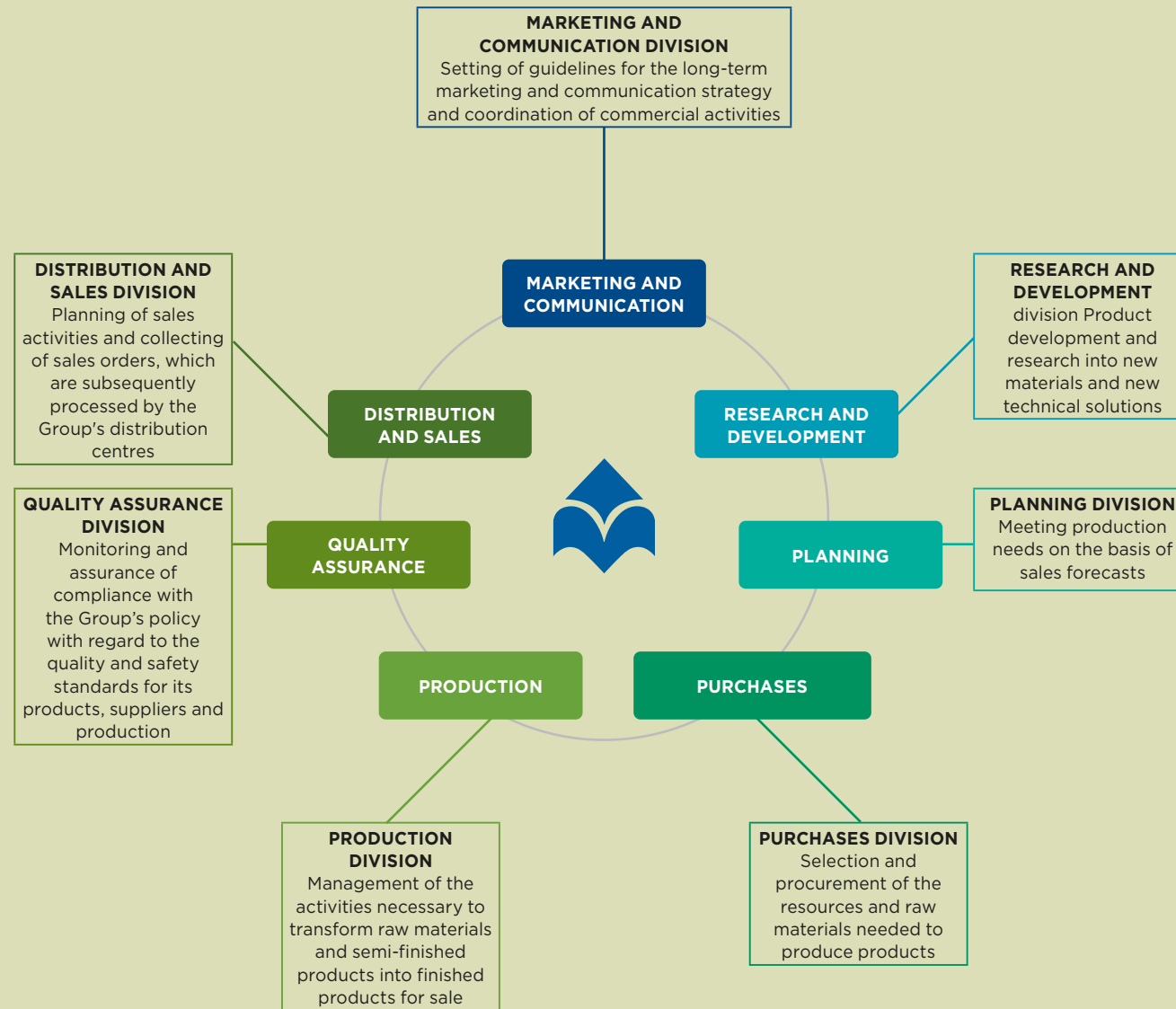
Management of the **value chain** is particularly complex as it involves several production companies, specialised production companies, and distribution companies, and has to take into account numerous brands, a wide assortment of products, and significant vertical integration. The 2021-2025 Strategic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



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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 plants.

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.

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



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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 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
















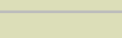



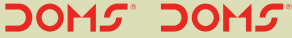
























The F.I.L.A. Group brand portfolio is one of the most significant, comprehensive and diversified in the entire sector, particularly in terms of total number of trademarks and international coverage. These brands are firmly rooted in consumer tastes and preferences.

As at December 31, 2022, 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.



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

PRODUCT CATEGORIES					
 Paper	 	    <small>ST CUTHBERTS MILL</small>		 	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	 	   			Oil and acrylic colours Watercolours and gouache Canvases and brushes Accessories Basic craft
 Writing	  		  	 	Graphite pencils Ballpoint pens, fineliners and gel link pens Highlighters and markers
 Drawing and Colouring	       				Coloured and graphite pencils Wax and oil crayons Felt-tip pens Paints and watercolours Chalks and glues
 Modelling	  				Plasticine Clay for play Modelling clay
	 School pre-school primary school secondary school	 Art School Hobby and Artists	 Office	 Industry	CONSUMER CATEGORIES

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2.5 CORPORATE GOVERNANCE AND RISK MANAGEMENT

2.5.1 GOVERNANCE STRUCTURE

As illustrated in detail in the **2022 Corporate Governance and Ownership Structure Report** pursuant to Article 123-bis of Legislative Decree No. 58/1998 (please refer to the Company’s website for further details: <https://www.filagroup.it/governance/>), 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** guides the Company by pursuing its success with a view to sustainable growth based on the guidelines of the 2021-2025 Strategic Plan, performing strategic supervision of the Group and monitoring its adoption. 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, F.I.L.A. S.p.A 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 that Report, in 2022, F.I.L.A. S.p.A adopted all the measures and requirements in order to guarantee the effective implementation by the Company of the recommendations of the Corporate Governance Code.

To further encourage proper corporate governance, the Chairperson and three Directors qualify as independent. Giovanni Gorno Tempini, Chairperson of the Board of Directors, does not hold senior management positions in the F.I.L.A. Group. The Shareholders’ Meeting of April 27, 2021 also appointed Alberto Candela as Honorary Chairperson.

2.5.2 BOARD OF DIRECTORS

The **Board of Directors** (“**BoD**”) 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. During the annual self-assessment, the skills of each Director and the Board of Directors as a whole were judged to be satisfactory, acknowledging their suitable expertise and experience in sustainability, accounting, finance, and risk management and control, including non-financial risks.



BOARD OF DIRECTORS

	Giovanni Gorno Tempini	Massimo Candela	Luca Pelosin	Annalisa Barbera	Giorgina Gallo	Carlo Paris	Donatella Sciuto
	Chairperson	Chief Executive Officer	Executive Director				
Year of birth	1962	1965	1966	1969	1960	1956	1962
Nationality	Italian	Italian	Italian	Italian	Italian	Italian	Italian
Board committees				DM CCRPC	DM	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
Independent	x				x	x	x
Executive		x	x				

CRRPC: Control, Risks and Related Parties Committee
 RC: Remuneration Committee
 C: Chairperson

Additional information concerning the professional experience of each Director, including the number and type of other significant positions and responsibilities they hold, can be consulted in the 2022 Corporate Governance and Ownership Structure Report, which is available on the Company website. By disclosing information on the Directors' additional appointments, the number of F.I.L.A. S.p.A. shares they hold, and their overall professional background, the Group is able to identify any potential conflicts of interest, take necessary mitigating actions, and identify any shareholders who possess extensive powers of control.

As per Article 11 of the By-Laws, the Shareholders' Meeting appoints the Board of Directors on the basis of slates presented by the shareholders, in accordance with the procedure described in the 2022 Corporate Governance and Ownership Structure Report, except where otherwise established by obligatory laws or regulations. The candidates elected at the end of the voting are those on the two slates that have obtained the highest number of votes as follows: (i) from the slate which obtained the highest number of votes (the "Majority Slate"), all the Directors shall be elected in progressive number, less 1 (one); and (ii) from the slate which obtained the second highest number of votes and that is not associated,

even indirectly, with the shareholders who presented or voted for the Majority Slate (the "Minority Slate") one Director shall be elected, being the first candidate indicated on the slate.

Upon the appointment of the Board of Directors, internal Board committees are established to provide advice and consulting services to the entire Board. The members of the Committees and their Chairs shall be appointed and dismissed by motion of the Board of Directors.

Except where otherwise decided by the BoD on appointment, the mandate for the committees is the same as that of the BoD, on which its members also sit. The Board

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of Directors shall define the responsibilities of the committees, giving preference to the expertise and experience of their members and - while Directors may serve on more than one committee - avoiding an excessive concentration of duties.

The following committees have been set up within the Board of Directors of F.I.L.A. S.p.A, each consisting of three Non-Executive Directors, the majority of whom are independent: **Remuneration Committee** and **Control, Risks and Related Parties Committee**.

- **The Remuneration Committee** operates under the Board of Directors and Committees Regulation, which has been approved by the Board of Directors². Its role is to support the Board of Directors by providing recommendations and advice and assisting in the evaluation and determination of the remuneration policy. As better illustrated in the Remuneration Policy, which is subject to annual approval by the Shareholders' Meeting (and available on the Company website for consultation), some of the performance indicators for the long-term and short-term variable

² www.filagroup.it
"Governance/Governance Systems and Rules" section

remuneration of Executive Directors and Senior Executives contain sustainability indicators ("ESG targets"). The intention is to further align individual interests with the Group's Strategic Plan.

Il Comitato per la Remunerazione è composto come segue:

REMUNERATION COMMITTEE		
DIRECTOR	DATE OF APPOINTMENT	COMPETENCES HELD
CARLO PARIS (Chairperson)	April 27, 2021	Independent Director with knowledge and skills in accounting, financial matters and remuneration policies.
ANNALISA BARBERA	April 27, 2021	Non-Executive Director with knowledge and skills in accounting, financial matters and remuneration policies.
GIORGINA GALLO	April 27, 2021	Independent Director with knowledge and skills in accounting, financial matters and remuneration policies.

More specifically, the Remuneration Committee:

- i. presents proposals or expresses opinions to the Board of Directors on the remuneration of the Executive Directors

and Senior Directors in addition to establishing the performance targets related to the variable component of this remuneration;

- ii. monitors the concrete application of the remuneration policy, verifying, in particular, the effective achievement of the performance objectives;
- iii. periodically assesses the adequacy, overall consistency and application of the remuneration policy for the relevant Directors and Senior Managers.

In 2022, the Remuneration Committee met eight times, with 100% attendance by its members.

- The **Control, Risks and Related Parties Committee** operates under the rules of the Board of Directors and Committees Regulation, approved by the Board of Directors³.

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It assists the Board of Directors through investigative, proposal and consultation duties, evaluations and decision-making concerning the Internal Control and Risk Management System and also in relation to the approval of the periodic financial, sustainability, and related party transactions reports⁴.

The Control, Risks and Related Parties Committee is composed as follows:

CONTROL, RISKS AND RELATED PARTIES COMMITTEE

DIRECTOR	DATE OF APPOINTMENT	COMPETENCES HELD
DONATELLA SCIUTO (Chairperson)	April 27, 2021	(*) Independent Director with adequate accounting, financial and risk management knowledge and experience, as reviewed by the Board of Directors meeting of April 27, 2021.
ANNALISA BARBERA	April 27, 2021	Non-Executive Director
CARLO PARIS	April 27, 2021	(*) Independent Director with adequate accounting, financial and risk management knowledge and experience, as reviewed by the Board of Directors meeting of April 27, 2021.

⁴ pursuant to the Related Party Transactions Regulation and Related Party Transactions Policy.

More specifically, the Control, Risks and Related Parties Committee is also assigned the following responsibilities with regard to sustainability, to be exercised in coordination with the Sustainability Management Committee:

- i. promoting guidelines, to be submitted to the Board of Directors for approval, which integrate sustainability into business processes so as to create sustainable value over time for the shareholders and for all other stakeholders;
- ii. disseminating sustainability culture among employees, shareholders, customers and stakeholders in general;
- iii. examining the environmental, economic, and social impacts of business activities;
- iv. expressing opinions concerning the annual and multi-year sustainability objectives to be achieved with specific reference to the management of medium- and long-term related risks concerning the Company and its subsidiaries, so that they are correctly identified and adequately measured, managed and monitored;
- v. monitoring the Company's positioning in the main sustainability indices;
- vi. expressing opinions on the initiatives and programmes promoted by the Company or its subsidiaries in the field

of sustainability and Health, Safety, and Environment;

- vii. at the indication of the Board of Directors, formulating opinions and proposals concerning specific sustainability issues;
- viii. reviewing, before the Board of Directors, the sustainability reporting submitted annually to the BoD;
- ix. coordinating with the Remuneration Committee regarding the profiles involved in the integration of ESG objectives into the remuneration policy.

In 2022, the Control, Risks and Related Parties Committee met 11 times, with 94% of its members attending the meetings.

Regarding sustainability topics, the Board of Directors approves the Sustainability Plan, ESG indicator proposals for inclusion in the remuneration policies, and the Sustainability Report, which includes the Consolidated Non-Financial Statement. These decisions are made based on proposals from the internal Board committees responsible for providing advice and recommendations on sustainability matters. The approved proposals are then submitted to the Shareholders' Meeting for a vote.



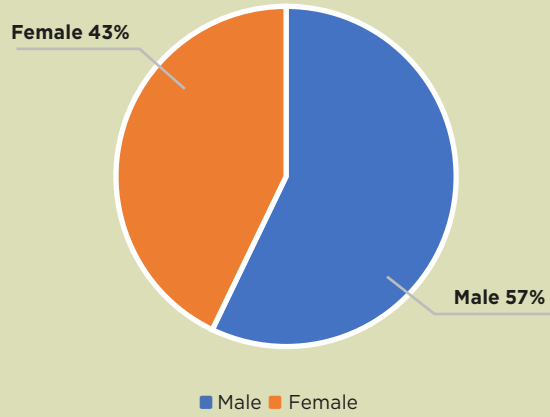
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In 2022, no significant complaints or issues were brought to the attention of the Board of Directors that could have had an adverse impact on stakeholders. This includes matters that were not addressed in the Sustainability Report, in addition to those that are considered to be material social topics, such as non-compliance concerns (5. *Material social topics*).

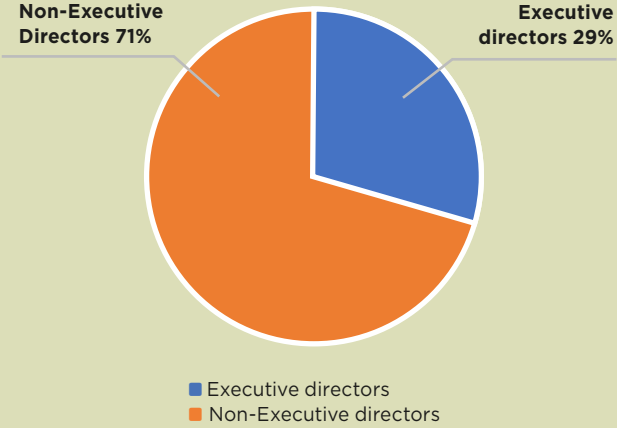
The Control, Risks and Related Parties Committee updated the Board of Directors on the sustainability activities and projects undertaken in 2022.

With the assistance of specialised professionals, as outlined in the 2022 Corporate Governance and Ownership Structure Report, the Board of Directors conducted an annual self-assessment to evaluate its performance and control over senior management's impacts on the economy, the environment, and people.

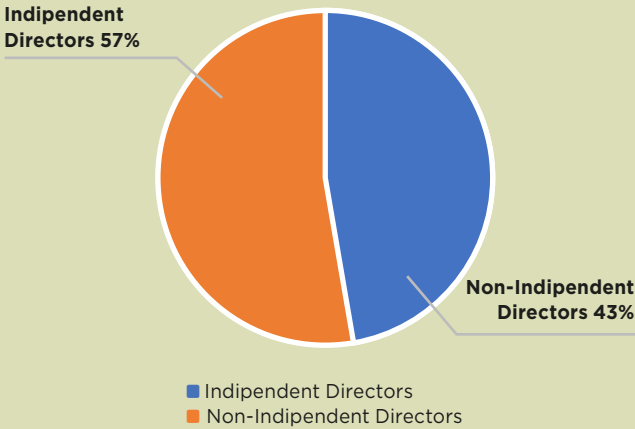
BOARD OF DIRECTORS
COMPOSITION BY GENDER



BOARD OF DIRECTORS -
EXECUTIVE AND NON-EXECUTIVE DIRECTORS



BOARD OF DIRECTORS -
COMPOSITION BY INDEPENDENCE



The **Remuneration Policy** contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the Company and the Group. It seeks to attract, maintain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, in addition to rewarding the achievement of the individual and company performance targets on the basis of the Company's economic-financial growth indicators and specific non-financial objectives (including those relating to "Environmental, Social, and Corporate Governance - ESG").



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The main purpose of the Remuneration Policy is to align the interests of the Company's management with the pursuit of the priority objective of creating sustainable value for F.I.L.A.'s shareholders and other stakeholders in the medium to long term. As such, the Board of Directors and the Remuneration Committee define the Remuneration Policy so as to ensure constant alignment between the short- and medium/long-term performance targets assigned to management and the main strategic drivers of the Company and the Group. These focus particularly on the pursuit of efficient business integration at the various Group companies, and the pursuit of a sustainable growth strategy in the medium/long term.

The Remuneration Policy, in line with the general objectives outlined above, is based on the following key principles and is defined according to the following criteria:

- (i). appropriate balance between the fixed and variable components according to the strategic objectives and the risk management policy of the Company,

taking account of the sector in which the Group operates and the operations carried out, in order to avoid conduct which does not serve the creation of sustainable value over the short and medium/long term, while providing that the variable component represents a significant part of the overall remuneration;

- (ii). definition of limits for the payment of variable components;
- (iii). determination of performance targets, to which the payment of variable components is linked, predetermined, measurable and linked in significant part to a long-term horizon. They must be consistent with the strategic objectives of the Company and/or the Group and are aimed at promoting its sustainable success, including, where relevant, non-financial parameters;
- (iv). creation of a direct link between remuneration and performance, through mechanisms which provide for the issue of differing levels of bonuses linked to the partial or total achievement of the targets; and
- (v). establishment of overall remuneration levels which recognise the professional

- value of individuals and their contribution to the creation of sustainable value over the short and medium/long-term period;
- (vi). provision of an adequate deferral period - with respect to the time of maturity - for the payment of a significant part of the variable component, consistent with the underlying business activity and the related risk profiles.

As the Remuneration Policy described is mostly a continuation, the Remuneration Committee did not seek independent experts' advice. For information on independent experts involved in the preparation of 2022 Remuneration Policy, please refer to first Section of report on remuneration for fiscal year 2022 and compensation paid in fiscal year 2021, available for public review at the Company's registered office (Via XXV Aprile No. 5, Pero), and on the Company's website (at www.filagroup.it), in the "Governance" section, and via the authorised storage mechanism "eMarketStorage" (www.emarketstorage.com).



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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.

Following the untimely death of Elena Spagnol, the Alternate Auditor Sonia Ferrero took over the position of Statutory Auditor on October 12, 2022, until the next Shareholders' Meeting. This meeting will be called, among other things, to supplement

the Board of Statutory Auditors pursuant to Article 2401 of the Civil Code. 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 2022, the Board of Statutory Auditors participated with the Board of Directors in induction meetings organised by the Company.

2.5.4 INTERNAL AUDIT

The Internal Audit division is outsourced to Key Advisory S.r.l., in the person of Massimiliano Rigo as manager.

To further strengthen the Group's sustainability commitment, we note that the **Audit Plan** for 2022, approved by the Board of Directors, provided for specific activities on ESG topics:

- 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.

	GIANFRANCO CONSORTI Chairperson	PIETRO MICHELE VILLA Statutory Auditor	ELENA SPAGNOL Statutory Auditor	SONIA FERRERO Statutory Auditor	STEFANO AMOROSO Alternate Auditor
Year of birth	1950	1967	1971	1971	1964
Nationality	Italian	Italian	Italian	Italian	Italian
Date of first appointment	April 27, 2018	July 22, 2015	July 22, 2015	22 luglio 2015	July 22, 2015
In office until	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	In office until the next Shareholders' Meeting	Approval 2023 FS

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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 of 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
OPERATING RISKS			
<p>The risk of loss as a consequence of external events, inadequacy or a lack of functionality of procedures, human resources and internal systems.</p> <p>The risks may result in losses deriving from fraud, human error, operational interruption, unavailability of IT systems due to cyber attacks, contractual non-compliance and natural disasters.</p> <p>These include issues related to managing projects, production planning, the supply and sub-supply chain, managing sales, logistics and distribution, business continuity, and quality, health and safety aspects.</p>	<p>Adoption of a system of policies, procedures, instructions and operating practices with specific characteristics for the companies under the Parent's coordination;</p> <p>Classroom and on-the-job training to prevent and mitigate operational risks generated by Group activities;</p> <p>Activation of specific mitigation actions for individual risks;</p> <p>Monitoring by the Internal Audit department of areas at greatest risk;</p> <p>Projects aimed at optimising energy consumption that result in the containment of greenhouse gases.</p>	<p>Use of raw materials</p> <p>Consumption of energy resources</p> <p>Atmospheric emissions and climate change</p> <p>Water consumption</p> <p>Diversity and equal opportunity</p> <p>Occupational health and safety</p> <p>Product quality and safety</p> <p>Supplier relations</p> <p>Human rights</p> <p>Freedom of association and collective bargaining</p> <p>Anti-corruption measures</p> <p>Information Technology</p> <p>Security</p>	<p>2.5 Corporate governance and risk management</p> <p>3. Material environmental topics</p> <p>4. Material employment topics</p> <p>5. Material social topics</p> <p>6. Material human rights topics</p> <p>7. Material topics relating to combatting corruption</p>
RISK OF NON-COMPLIANCE WITH REGULATIONS			
<p>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).</p> <p>They may include risks related to quality, environmental, or occupational health and safety certification.</p>	<p>The Group has put policies, procedures and operating practices in place to manage the risk of non-compliance with laws and regulations;</p> <p>Group Environmental Policy;</p> <p>Group Workforce Diversity and Inclusion Policy;</p> <p>Group Human Rights and Labour Policy;</p> <p>Compliance with Corporate Governance Code;</p> <p>Group Anti-Bribery and Anti-Corruption Policy;</p> <p>Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01;</p> <p>Monitoring by the Supervisory Board;</p> <p>Monitoring by the Internal Audit department of areas at greatest risk.</p>	<p>Atmospheric emissions and climate change</p> <p>Water consumption</p> <p>Diversity and equal opportunity</p> <p>Occupational health and safety</p> <p>Product quality and safety</p> <p>Human rights</p> <p>Freedom of association and collective bargaining</p> <p>Anti-corruption measures</p> <p>Information Technology</p> <p>Security</p>	<p>2.5 Corporate governance and risk management</p> <p>3. Material environmental topics</p> <p>4. Material employment topics</p> <p>5. Material social topics</p> <p>6. Material human rights topics</p> <p>7. Material topics relating to combatting corruption</p> <p>2.4.6 Organisation, Management and Control Model as per Legislative Decree No. 231/01</p>
RISKS RELATING TO OCCUPATIONAL HEALTH AND SAFETY			
<p>Risks that result in workplace accidents or injuries, or situations that may compromise the physical or psychological performance of employees, including as a consequence of the lack of routine maintenance of production facilities.</p>	<p>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);</p> <p>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;</p> <p>The UNI ISO 45001 certification, at the Group's Canson France plants in the Grand Mourier, Moulin du Roy, and Saint Germain La Ville facilities, and at its Yixing and Dixon Kunshan plants.</p> <p>Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01;</p> <p>Monitoring by the Supervisory Board;</p> <p>Monitoring by the Internal Audit department of areas at greatest risk.</p>	<p>Occupational health and safety</p> <p>Product quality and safety</p> <p>Supplier relations</p> <p>Human rights</p> <p>Information Technology</p> <p>Security</p>	<p>2.5 Corporate governance and risk management</p> <p>4. Material employment topics</p> <p>5. Material social topics</p> <p>6. Material human rights topics</p> <p>1.1.1 Purpose, Vision, Mission and Values</p> <p>2.5.6 Organisation, Management and Control Model as per Legislative Decree No. 231/01</p>



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TYPES OF THEORETICAL NON-FINANCIAL RISK	MAIN CONTROLS	MATERIAL TOPIC	FURTHER DETAILS IN THE NFS
CLIMATE CHANGE RISKS			
<p>The intensification of physical risks related to climate change is a further element capable of affecting the proper performance of the Group's activities. The rapid worsening of the climatic situation in fact affects the frequency of "acute phenomena" (e.g. storms, floods, fires or heat waves, etc.) that can damage company assets and/or interrupt value chains. This could bring about a risk to business continuity due to severe/extreme weather events, both in relation to offices and production plants and with regard to the interruption in procurement as a result of the impact on the natural environment (e.g. forest fires, floods, etc.).</p>	<p>The Group has identified a series of activities targeted at reducing its environmental impact as part of its Internal Control and Risk Management System and 2021-2025 Sustainability Plan. This includes setting specific targets linked to the variable remuneration of Executive Directors and Senior Executives to strengthen these initiatives. Alongside these efforts, it periodically assesses situations that could pose a risk to its operations.</p>	<p>Use of raw materials Consumption of energy resources Atmospheric emissions and climate change Water consumption Occupational health and safety Supplier relations</p>	<p>2.5 Corporate governance and risk management 3. Material environmental topics 4. Material employment topics 2.5.6 Organisation, Management and Control Model as per Legislative Decree No. 231/01</p>
ENVIRONMENTAL RISKS			
<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, and other minor areas (such as waste management, investments in environmental protection, and compliance with environmental regulations). 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.</p>	<p>Group Environmental Policy; ISO 14001 environmental certification, in place at F.I.L.A. S.p.A.'s production plants (Rufina plant and Pero offices), Canson France (plants in Grand Mourier, Moulin du Roy, and S-Germain-La-Ville), the Yixing plant, and Dixon Kunshan. Group 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 and climate change 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 and Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree No. 231/01</p>
RISKS RELATED TO EMPLOYEE MANAGEMENT, DIVERSITY AND DIALOGUE WITH SOCIAL PARTIES			
<p>Risks associated with relationships with employees and social partners. In some cases, these risks can come about following the incorrect application of labour law regulations. In other cases, these risks are purely managerial in nature, such as organisational effectiveness, the management/loss of key resources, including the misalignment of expectations, ineffective incentive systems, skills ageing, or the absence of succession plans.</p>	<p>Group Workforce Diversity and Inclusion Policy; Group Sustainability Policy; Group Human Rights and 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>Diversity and equal opportunity Occupational health and safety Respect for human rights Freedom of association and collective bargaining</p>	<p>2.5 Corporate governance and risk management 1.1.1 Purpose, Vision, Mission and 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. Material employment topics 5. Material social topics 6. Material human rights topics 2.4 Group organisational model</p>



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TYPES OF THEORETICAL NON-FINANCIAL RISK	MAIN CONTROLS	MATERIAL TOPIC	FURTHER DETAILS IN THE NFS
CORRUPTION RISK			
<p>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, resulting in sanctions against the Company.</p>	<p>Group 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.</p>	<p>Anti-corruption measures Supplier relations</p>	<p>7. Material topics relating to combatting corruption 1.1.1 Purpose, Vision, Mission and Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree No. 231/01 5. Material social topics</p>
RISKS RELATED TO SUPPLY CHAIN MANAGEMENT			
<p>The supply chain is one of the areas most vulnerable to risk. Risk factors can be manifold, especially in companies with extensive supply chains.</p> <p>Not screening suppliers and sub-contractors for ethical, social, and environmental standards may result in these risks, such as supply disruptions, price hikes, non-compliant materials that don't meet quality standards, and legal violations.</p> <p>Other risks include the misalignment of Group guidelines with local-level decisions and the loss of strategic single-source suppliers.</p>	<p>A request for confirmation from F.I.L.A. S.p.A.'s main suppliers and Group companies regarding their commitment to comply with certain values, such as fairness, a respect for the environment, product quality, and the protection of human rights; 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>Supplier relations Product quality and safety Respect for human rights Information Technology Security</p>	<p>5. Material social topics 1.1.1 Purpose, Vision, Mission and Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree No. 231/01 2.5 Corporate governance and risk management</p>
REPUTATIONAL RISK			
<p>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.</p> <p>Potential risks include inconsistent product-related communications within the Group, non-compliance with intellectual property laws and counterfeiting, inconsistent tax practices, inadequate evaluation of transfer pricing concerns, or presence in regions experiencing geopolitical conflicts.</p>	<p>Ethics Code; Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; 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 A request for confirmation from F.I.L.A. S.p.A.'s main suppliers and Group companies regarding their commitment to comply with certain values, such as fairness, a respect for the environment, product quality, and the protection of human rights.</p>	<p>Use of raw materials Consumption of energy resources Atmospheric emissions and climate change Water consumption Diversity and equal opportunity Occupational health and safety Product quality and safety Supplier relations Respect for human rights Freedom of association and collective bargaining Anti-corruption measures</p>	<p>1.1.1 Purpose, Vision, Mission and Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree No. 231/01 1.1.1 Purpose, Vision, Mission and 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 organisational model</p>
SOCIAL RISKS			
<p>Social risks associated with operating in unstable countries, the Group's potential inability to promptly respond to evolving consumer preferences, reduced household purchasing power, a potential resurgence of the COVID-19 pandemic and consequent lockdowns, and the risk of breaching privacy regulations.</p>	<p>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</p>	<p>Occupational health and safety Product quality and safety Supplier relations Human rights Freedom of association and collective bargaining Anti-corruption measures</p>	<p>1.1.1 Purpose, Vision, Mission and Values 2.5.6 Organisation, Management and Control Model as per Legislative Decree No. 231/01 2.5 Corporate governance and risk management 5. Material social topics 2.4 Group organisational model</p>



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

2.5.6 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. The Parent Company prepared and distributed a Group Organisational Model to its production companies in 2021, formally including subsidiaries in the control and reduction of offences outlined in Legislative Decree No. 231 during 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 Company.

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.

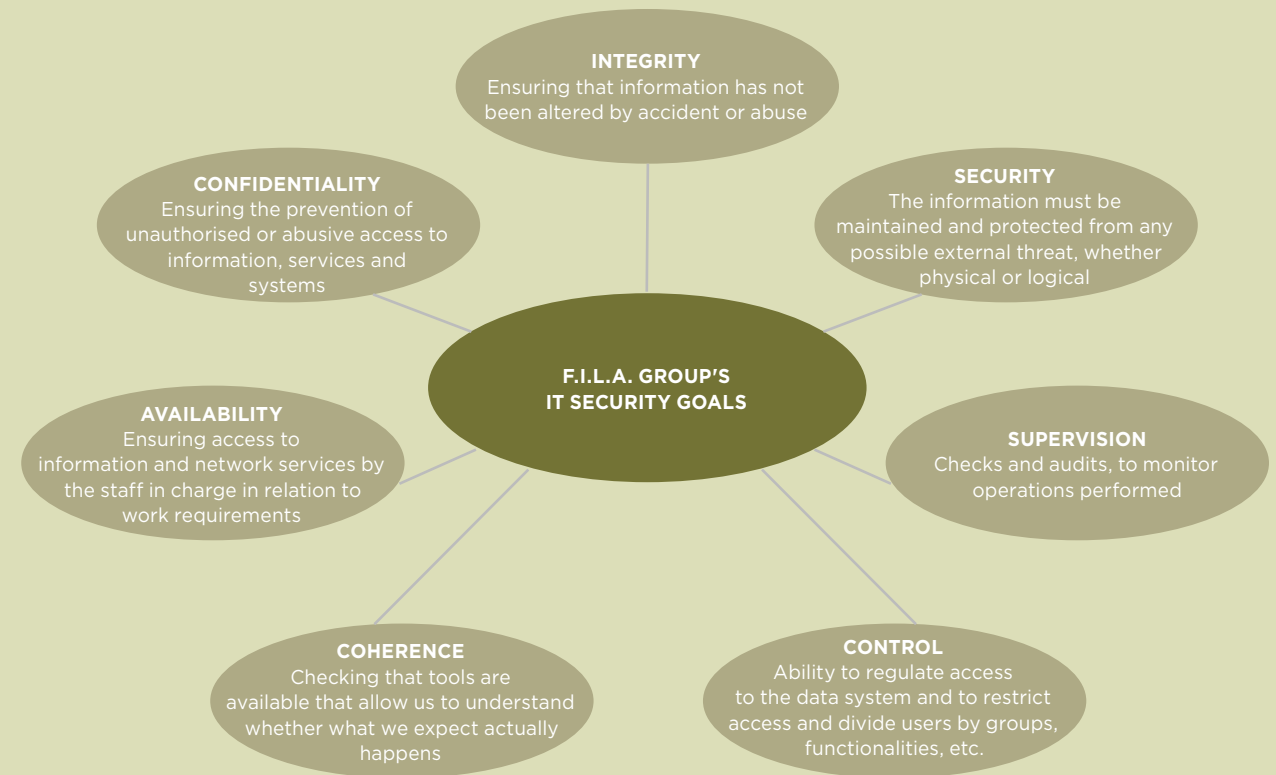
Compliance with the Ethics Code and the 231 Model are monitored through a specific procedure for the reporting of potential violations and internal audits on 231 compliance for all company areas, also with regards to environmental and worker health and safety aspects. No reports were received during 2022.

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 and following the Russo-Ukrainian War.

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 minimising the impact in the event of a vulnerability due to overcoming implemented defences.



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

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 e-mail 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.

The Group issued two policies in 2021: the IT Systems Policy and IT Security Policy:

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 IT 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 (e-mail, 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



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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 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.

In 2022, 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 and the intervention of Information Systems. Thanks to the more extensive use of the KnowBe4 tool, which allows users to report potential phishing attempts, we received the following numbers of possible phishing reports:

- Dixon (US & Canada): 184
- F.I.L.A. S.p.A.: 19
- Bridesore: 9
- Daler UK: 26

- Canson SaS and Fila Benelux: 1
The high number reported for Dixon does not necessarily mean it faced a higher number of threats, but that users are actively using the Phish Reporting System. 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 Cyber Security, two Regional System Administration and several local IT liaisons for outreach efforts.

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.



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 25 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."

The F.I.L.A. Group conducts its business in a manner consistent with the "**Precautionary approach**" of 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.

3.1.2 ENVIRONMENTAL POLICIES

In 2021, F.I.L.A. updated and supplemented its set of Group policies on sustainability (available on the Group website). In terms of climate action, 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.



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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 and climate change**

The impacts assessed by F.I.L.A. in the materiality analysis concerning environmental material topics are:

- Impacts resulting from actions under the Strategic Sustainability Plan
- Environmental and social impacts related to uncoordinated supply chain management
- The declining availability of certain raw materials, which could limit the supply of raw materials from sustainable and/or renewable sources
- The impact of energy saving actions in terms of availability of energy resources, the reduction of emissions, and the achievement of European and international treaty targets.
- The product life cycle, from the selection and sourcing of raw materials to their production and disposal, could generate environmental impacts.
- The violation of environmental and worker safety regulations in countries where human-intensive production activities are located could result in environmental incidents or injuries
- The impact of paper mills on water consumption
- The impact on the environment and workers of solvent emissions at pencil lacquering plants
- The non-renewal of environmental (ISO 14001) and worker health and safety (ISO 45001) certifications, which could have



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negative impacts in terms of injuries and environmental pollution resulting from the ineffective management of these aspects

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.

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. CO₂). 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 (Grand Mourier, Moulin du Roy, and St. Germain), Lyra Germany, and Canson Art & Craft Yixing are ISO 14001:2015 (Environmental Management System) certified. The Group intends to certify all production plants by 2025.

At present, 942 workers (compared to 685 in 2021) are employed at production plants, representing 8% of the Group's total workforce (compared to 7% in 2021), and operate at locations that hold 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.



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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;
- 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.

The F.I.L.A. Group has moved towards certifying timber (“Chain of Custody”) 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



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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 USA (wood + paper)
- Fila Dixon Kunshan (wood)
- Bridesshore (wood + paper)
- St. Cuthbert (cellulose)
- Canson SAS (cellulose + paper)
- Dixon Ticonderoga Art (paper)
- Daler Rowney (paper)
- Canson Brazil (paper)

51% of the timber used by the Group in 2022 came in the form of logs (no change compared to 2021), 47% came in the form of wooden slats (up from 39% in 2021), and the remaining 2% was timber (down from 10% in 2021).

Regarding slats, of the total 36,541 cubic metres purchased in 2022 (16,855 in 2021), 7% (18% in 2021) are FSC certified (2,538 cubic metres in 2022, 2,993 cubic metres in 2021), purchased from:

- Bridesshore Srl (Dominican Republic): 1,936 cubic metres, i.e. 79% of the material acquired by the Company;

- Dixon Kunshan (China): 602 cubic metres, i.e. 100% of the material acquired by the Company;

Timber purchased in 2022 (77,725 cubic metres) increased compared to 2021 (43,628 cubic metres). Wooden planks purchased during the period (2% of timber consumed by the Group, a decrease compared to the 10% recorded 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 Bridesshore 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** of 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.



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The local authorities permitted plantation irrigation in 2021. However, in 2022, due to strict COVID-19 control policies in Xinjiang, irrigation frequency decreased, resulting in slower tree growth once again.

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.

Among the techniques for reusing wood waste, we note that the Oaxaca plant 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 8.3 million MJ, up from 6.7 million MJ in 2021.

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 2022 (no change compared to 2021) are made of recycled material.

Consumption of unprocessed plastic raw materials (PHE/PHEG/ABS/ECC) increased by 56% compared to 26% in 2021 as a result of growth in production activity volumes following the reduced impact of the COVID-19 pandemic.

In line with 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.

During the last two years, functional analysis was completed in order to implement a tool to **monitor the packaging tonnage sold**



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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) 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.

54,891,421 paper rolls were consumed in 2022 (a 1% increase on 2021). 84% of the paper rolls purchased by the Group in 2022 were PEFC and SFI (Sustainable Forestry Initiative) certified, compared to 83% in 2021.

In the same period there was an increase in the consumption of calcium carbonate (up 44% compared to 18% in 2021) and a decrease in calcium sulphate (down 22% compared to 83% in 2021).

Finally, we note that 82% of the cellulose fibres purchased by the Group in 2022 (92% in 2021), equal to 13.6 million kg (12.3 million kg in 2021), 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.



3.3 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”.

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>



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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 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
- photovoltaic
- biomass (sawdust)

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 steam (56,924,287 MJ). The 2022 figure cannot be compared with the previous year as the French company (Fila Arches), who is the primary user of this energy source, only entered the reporting scope in 2022.

The second largest source of purchased energy is thermal energy (53,561,513 MJ), the purchase of which grew by 13% compared to 2021.

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.

In 2022, almost all of the Group’s fossil fuel consumption came from natural gas (96% in 2022 and 95% in 2021), which is mainly used for heating and some production processes. During the year, no significant changes were recorded in the use of diesel and fuel oil, which accounted for 3% and 2% of fossil fuel consumption respectively (same % in 2021).

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 *Annex D. Tables listing GRI indicators and information* sets out the relationship between total energy consumption and Group gross revenues.



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Overall, based on the information presented in the tables above, in 2022, the F.I.L.A. Group consumed 89,721 MWh of electricity (compared to 74,933 MWh in 2021), equal to 322,997,055 MJ (269,759,940 MJ in 2021), and utilised 420,347,673 MJ of energy from other sources, for a total of 743,344,729 MJ energy consumed (618,031,506 MJ in 2021). The increases are due to the resumption of activities mentioned above.

The energy produced from biomass, a renewable source, in relation to the Mexican and Indian subsidiaries, amounted to 105,165,364 MJ, an increase of 12%

compared to 2021 (94,084,812 MJ), as a result of the growth in production activity volumes in 2022.

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" 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.



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Highlights for 2022:

- To mitigate rising costs and decrease energy usage, F.I.L.A. S.p.A. has adopted several measures. These include: (i) lowering the temperature in its offices, (ii) limiting the duration of the heating system’s operation on weekdays from 7:30 am to 7 pm, and (iii) introducing a new remote work schedule. This schedule involves alternating office workers in Area A and Area B to work from home on Mondays and Fridays, respectively, every other month. In addition, responsible individual behaviours are promoted on the Group’s platform.
- Dixon Kunshan (China) saved 4,146,712 MJ by installing photovoltaic solar panels on the roofs of six plant buildings. The system is owned by a local energy provider. In 2022, the Chinese subsidiary started to purchase solar energy produced by this plant.
- Savings of 123,745 MJ of electricity in Canson France thanks to the installation of an LED lighting system.

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 about 45,826,744 Mega Joules, a decrease of 31% (66,576,384 Mega Joules in 2021). The Mexican company detected an error in the use of the calorific value parameter in its biomass energy production data for 2022. As a result, the figure for the previous year has been adjusted. Additionally, the calculation methodology was refined to record the actual operating hours of the boilers for 2021 and the current year. The 2020 figure was not adjusted as the company did not have access to the same detailed data recorded in subsequent years.

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 AND CLIMATE CHANGE

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.

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 (CO₂) from the use of fossil fuels, deforestation, and the decomposition of biomasses, etc.
- methane
- nitrous oxide
- fluorinated gases.



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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 CO₂ 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 (CH₄), nitrous oxide (N₂O) and carbon dioxide (CO₂). These gases are categorised as a CO₂ under the specific GWP (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 CO₂ emission data

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 CO₂ EMISSIONS IN THE OECD (2017) and from the Intergovernmental Panel on Climate Change (guidelines for National Greenhouse Gas Inventories). The greenhouse gas reported by the F.I.L.A. Group is CO₂.

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.

In 2022, scope 1 and scope 2 greenhouse gas (CO₂) emissions increased by 5% and 25%, respectively, over the previous year as a result of the following effects:

- Scope 1 emissions, due to the increase in the volume of production activities and the related energy sources required, mainly at the Group's Indian and Mexican companies. Activities at these plants recovered strongly after being impacted

in 2021 by COVID-19 restrictions and the subsequent economic fallout.

- Scope 2 emissions, due to the rise in business volumes, while scope 1 emissions contributed to 13% of this growth. In addition, the reporting scope was expanded to include FILA Arches' emissions, which accounted for 12% of the increase.

From 2022, the Strategic Sustainability Plan provides for the evaluation of projects to reduce CO₂ 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) 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*. As indicated by GRI Standard 305, emissions from the combustion of biomass, a renewable energy source,



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have been separated from scope 1 and are reported independently.

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 (ODSs)).

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

The elimination of persistent organic pollutant (POP) emissions, which are now at low levels, is the result of water-based paints used at Dixon Kunshan's plants 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 2022, 2021, and 2020, 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 2022 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;
- 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 impacts** 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.

As in the previous year, in 2022, the Group's **water supply** was mainly from groundwater, which accounted for 64% of the total water withdrawn (63% in 2021), in addition to surface water equal to 32% (33% in 2021), while municipal water supplies remained at 4%, in line with 2021. 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 withdrawals from the groundwater aquifer compared to 2022 is mainly linked to water resources used for activities at the Xinjian site in China, dedicated to growing a poplar plantation. Plantation irrigation resumed in 2021, but decreased again in 2022 due to COVID-19 policies.

Surface water is mainly river water withdrawn at the Canson facility, France and used in the Moulin du Roy paper



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mill for the production process. These withdrawals have decreased 2% on the 7% recorded in 2021. 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.

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



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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 *Investments for environmental protection*.

Internally recycled water at production plants increased 15% (from 416,032 cubic metres in 2021 to 479,002 cubic metres in 2022); recycled water accounted for 23% of total water withdrawn by the Group, up from 21% in 2021.

In most cases, the Group's **effluents** are discharged into surface waters, up 44% compared to 2021 (932,653 cubic metres in 2022, up from 647,353 cubic metres in 2021) and to external treatment plants (up 10% on 2021). The remainder is discharged

into the aquifer through internal treatment systems. In 2022, 94% of effluents derive from surface water (92% in 2021), 5% from external treatment plants (7% in 2021), and 1% from the groundwater aquifer (unchanged from 2021).

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 2022, 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. Over the last two years, 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. In addition, some Group Companies (F.I.L.A. S.p.A., DOMS Industries, Canson SAS, Fila Yixing and Fila Xinjiang) adopted specific policies confirming their commitment to reducing water consumption.



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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 (76%, decreasing from 90% in 2021), 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 wastes** (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.

Overall, Group waste generated in 2022 increased by 14% compared to 2021, 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 91% of the total waste produced during the year (90% in 2021).

Trivial amounts of hazardous waste were generated in 2022 (2% of Group total waste, in line with 2021). 58% of hazardous waste was liquid (64% in 2021).

In 2022, liquid waste (90% of which is entirely non-hazardous) accounted for approximately 9% of total waste produced by the Group (11% in 2021).

In 2022, 11% of the hazardous waste (17% in 2021) and 48% of the non-hazardous waste (54% in 2021) generated by the Company was sent for recycling/reuse; overall, 48% of the waste generated by the Group was sent for recycling/reuse (54% in 2021) (7.5 million kg of waste).

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 49% incineration, 47% energy recovery (39% in 2021), and 33% landfilling (42% in 2021).

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 - 2023, including evaluating the waste production process and producing a report on monitoring the waste produced.



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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..

In 2022, PONGO, which is a well-known brand of Italian plasticine produced in a factory in Rufina, Tuscany, celebrated its 70th anniversary by making its product fully sustainable. The plasticine is now made from 100% plant-based materials using natural ingredients from renewable sources. For further information, please refer to: <https://www.fila.it/it/it/greenproject/>.

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 2022 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 MATERIAL TOPICS FOR F.I.L.A.

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

The Company's growth strategy has focused on acquisitions and organic growth in specific geographic segments, resulting in a steady and rapid expansion of the Company's size over the years. The COVID-19 pandemic and subsequent shutdown of activities in various regions hindered this trend in 2020 and 2021, but growth resumed in 2022.

The F.I.L.A. Group is present on five continents, with 46 branches (of which 33 operative) where it operates with over 11,352 employees. 82% of the workforce are blue-collar workers (76% in 2021), 17% white-collar workers (21% in 2021) and 1% (3% in 2021) managers. The 2% change in management is attributable to the reclassification of professional categories, following the creation of the **Non-Financial Reporting Manual** adopted by the Group for reporting purposes.

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

- the **Sustainability Policy**, which underlines the significance of the Group's commitment to valuing its employees, respecting human rights, offering proper working conditions and compliance with the applicable standards. All of these elements are fundamental to the Group's future success as a business,
 - the **Human Rights and 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 and 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 51% 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 valuable staff, identifying critical roles, and succession schemes.



.4 MATERIAL EMPLOYMENT TOPICS

The Group's Human Resources Management team defines remuneration policy guidelines at local level, in compliance with the relevant sections of the remuneration policy approved by F.I.L.A.'s Board of Directors. In addition, 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](#)). 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. This is always 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:

- **Diversity and equal opportunity**
- **Employee welfare and well-being**
- **Resource and human capital development**
- **Occupational health and safety**

The impacts assessed by F.I.L.A. in the materiality analysis concerning employment material topics are:

- Impacts resulting from actions under the Strategic Sustainability Plan
- Impacts on employees and collaborators in terms of equal opportunities resulting from the Group's diversity policies and actions
- In the US and UK, human resource management policies and programmes seek to improve employees' skills and offer them training and welfare benefits. These policies also include well-defined career paths that make it easier to attract employees by promoting positive impacts on their personal growth and human capital development
- An ineffective Group organisational model could impact employee well-being, human capital development, employee health and safety, diversity, and equal opportunities
- Impacts on human resources development due to a failure to manage the ageing company population by training back-ups and devising adequate replacement plans
- Adequate incentive and performance appraisal processes positively impact the enhancement of merit and equal opportunities, in addition to employee well-being
- Impacts on workers' health and safety related to the outbreak of new pandemics

in the absence of an adequate protection and prevention system

- The violation of environmental and worker safety regulations in countries where human-intensive production activities are located could result in environmental incidents or injuries
- Impacts on workers' health due to work-related injuries at paper mills
- An ineffective Group organisational model could impact employee well-being, human capital development, employee health and safety, diversity, and equal opportunities
- The impact on the environment and workers of solvent emissions at pencil lacquering plants
- The non-renewal of environmental (ISO 14001) and worker health and safety (ISO 45001) certifications, which could have negative impacts in terms of injuries and environmental pollution resulting from the ineffective management of these aspects.

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 MATERIAL EMPLOYMENT TOPICS

4.1.1 COMPOSITION OF THE WORKFORCE

The F.I.L.A. Group had 11,352 employees at the end of 2022 (9,823 at the end of 2021). The increase in the workforce is linked to the progressive easing of restrictions in place to contain the COVID-19 pandemic worldwide, and the relative effects on economic recovery, particularly in the countries with the largest production plants (India and Mexico).

More than 80% of the Group's workforce is concentrated in the two regions where the largest production plants are located: Asia, with 69% of the total workforce, mainly located in India in DOMS (7,455 employees at the end of 2022), and Central/South America, with 16% of the workforce, mainly in Mexico (1,199 employees at the end of 2022).

Analysing the workforce with reference to employee **gender**, at the end of 2022, 51% of the workforce was female (an increase on 48% in 2021). The largest share, including in absolute terms, of the female population is located in Central/South America (59%, compared to 58% in 2021). In Asia, 52% of the workplace is female (48% in 2021), while in Europe, 40% of the workforce is female, compared to 38% in 2021.

In terms of **contract type**, the majority of the Group's employees have a full-time employment contract (99%, in line with 2021). Part-time work contracts are mainly signed by women (68%, a decrease compared to 78% in 2021). The share of non-permanent staff (i.e. with temporary contracts) is 4%, up from 1% in 2021.

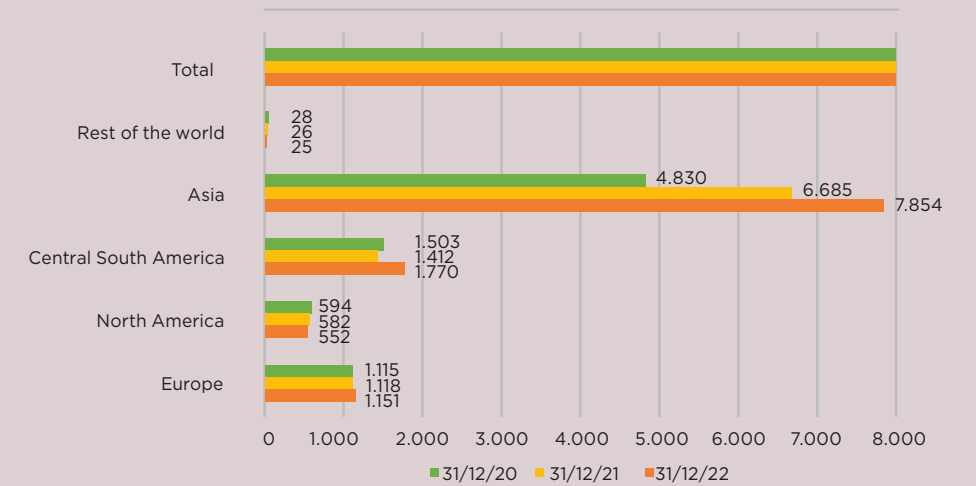
In Annex "D. Tables listing GRI indicators and information", the table "GRI 2-7 Employees 2-8 Workers who are not employees" contains details on the composition of the workforce by contract type,

divided between full-time, part-time, temporary, permanent, and zero-hours contracts, and broken down by gender and geographical segment.

As mentioned above, in terms of **geographic presence**, the majority of the workforce is located in areas where the Group's largest plants are found (India, Mexico, Bridesore, and Dixon Ticonderoga Company, see paragraph 1.2.2 F.I.L.A. Group production sites).

Asia accounts for 69% of the Group's workforce (no change on 2021), followed by Central and South America with 16% (14% in 2021), Europe with 10% (11% in 2021), North America with 4.9% (6% in 2021), and the Rest of the World with 0.22% (0.26% in 2021).

EMPLOYEES BY GEOGRAPHICAL SEGMENT



.4 MATERIAL EMPLOYMENT TOPICS

In terms of **Composition of the workforce by contractual category** at the end of 2022, 82% of employees were blue-collar, 17% white-collar, and 1% in management.

In terms of geographical distribution, **blue-collar workers** represent 85% of the workforce in Asia (84% at the end of 2021). Overall, they represent 72% of their category at a Group level (75% at the end of 2021). Blue-collar workers represent 88% of the workforce in Central/South America⁵

⁵ The change in 2022 is attributable to the reclassification of job categories, following the creation of the non-financial reporting manual adopted by the Group for reporting, which clarified how to classify each type of contract.

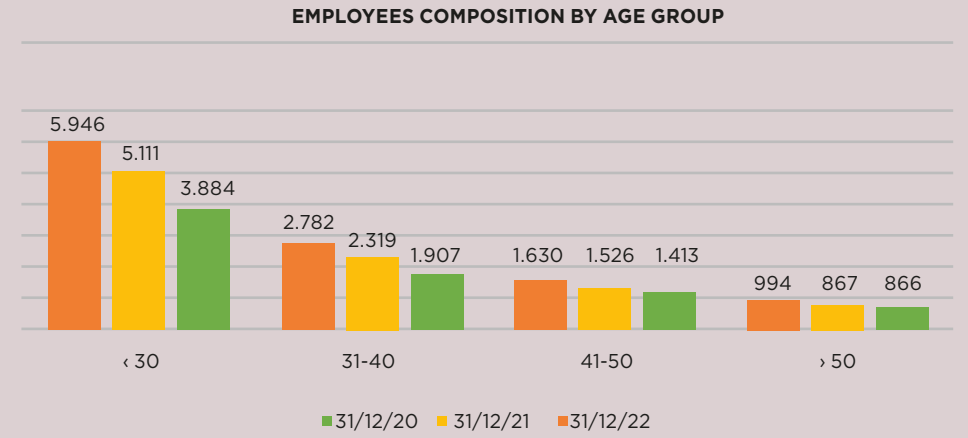
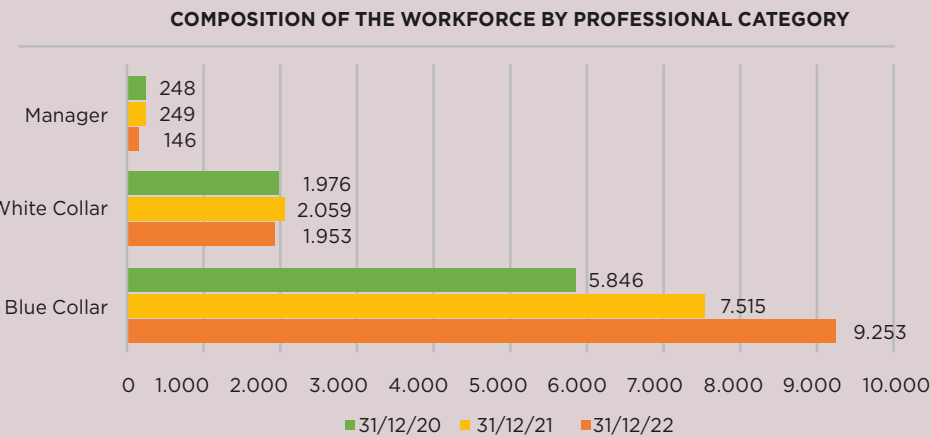
(64% in 2021), 67% in North America (in line with 68% in 2021), 55% in Europe (up from 52% in 2021), and 32% in the Rest of the World (down on 38% in 2021).

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 Europe in 2022 (71%), as this is where the Parent F.I.L.A. S.p.A.'s headquarters are based, and in Asia (30%).

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

In terms of the composition of the workforce by **age group**, 52% of employees at Group level were under 30 (in line with 52% in 2021) and 25% are aged between 31 and 40 (in line with 24% in 2021). As such, 77% of the total workforce is under 40 years old, in line with 76% in the previous year.



.4 MATERIAL EMPLOYMENT TOPICS

Geographically speaking, at the end of 2022, the majority of employees in absolute terms in Europe and Asia were over 40 years old. However, though the number of employees in Asia is significantly larger, as much as 63% of the corporate population is under the age of 30. In Central and South America, the majority of the corporate population is under 40 years old, while in the Rest of the World the distribution by age group 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 2022-2020, refer to the table "GRI 405-1 EMPLOYEE BREAKDOWN BY AGE AND GEOGRAPHICAL SEGMENT" in Annex D. *Tables listing GRI indicators and information.*

4.1.2 EMPLOYEE WELFARE AND WELL-BEING

The F.I.L.A. Group has always been keenly aware of how production performance

goes hand in hand with the well-being and valorisation of its people. In this context, particular attention to employees is included, which takes the form of various targeted initiatives.

Since 2019, the parent company F.I.L.A. S.p.A. has implemented a Corporate Welfare Plan for employees on permanent contracts, which targets a better work-life balance and the development of human capital and a sense of belonging through a set of services for workers and their families:

- Training;
- Family assistance;
- Sports and well-being;
- Culture and leisure;
- Caregiver support;
- Voucher schemes.

In 2022, as in 2021, the Parent Company allowed performance bonuses, awarded for profitability, productivity and quality,

to be converted into a welfare credit, supplemented by an additional contribution from the Company.

Furthermore, F.I.L.A. S.p.A. offers various social initiatives to all employees, including: the possibility to purchase the Group's products at discounted prices; extended leave to attend and accompany others to medical appointments; extended parental leave, beyond legal requirements, for the birth of children of same-sex couples; 3 days of paid leave in the event of hospitalisation with a dependent minor when working reduced hours and using the Hour Bank from the previous month; and greater night and day shift allowances compared to those envisaged under national collective bargaining agreements (CCNL).

In order to limit the spread of COVID-19 and guarantee worker safety and business continuity, several Group companies have adopted remote working. Flexibility, productivity, trust, digitalisation, work-life balance and environmental and social impacts are concepts on which the



.4 MATERIAL EMPLOYMENT TOPICS

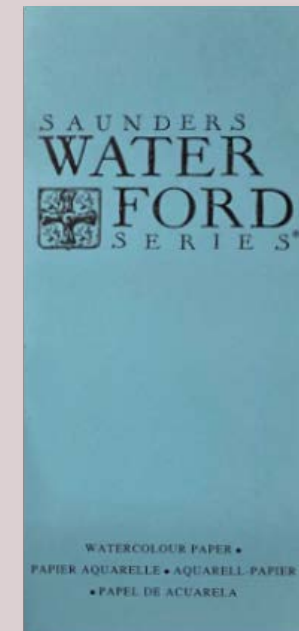
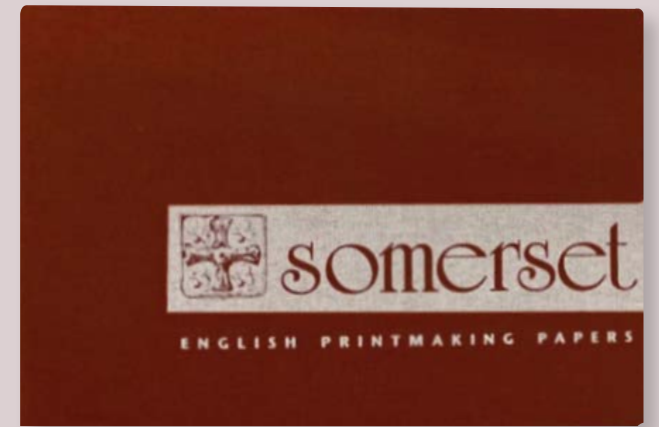
Company immediately focused in seeing remote working as a tool to help balance personal and family with professional and corporate productivity needs. In 2021, F.I.L.A. S.p.A. signed an exploratory trade union agreement on remote working, allowing a maximum of two remote working days a week for Pero and Rufina employees with suitable roles, which attracted a participation of almost 100% of eligible employees.

In addition to the Parent Company, the following companies also adopted remote working initiatives in 2022: Canson Australia, Canson France, Daler Rowney, Dixon Ticonderoga Art ULC, Dixon Ticonderoga Company, Fila Arches, Fila Benelux, Fila Iberia, Industria Maimeri, and Lyra Germany. To improve work-life balance, many Group companies allow flexible working hours, including via remote working: F.I.L.A. S.p.A., Canson Australia, Canson France, Dixon Ticonderoga Art ULC, Dixon Ticonderoga Company, Fila Arches, Fila Argentina, Fila Benelux, Fila Chile, Fila Iberia, Fila Nordic Sweden, Industria Maimeri, Lyra Germany, and St Cuthberts.

In 2021, along with updates to other Group policies, the Skills Development Policy was also updated (*2.2.2 Socio-environmental policies and guidelines of the Group*).

FILA S.p.A. established strategic training guidelines for the Group in 2022, which encompass Environmental, Social, and Governance (ESG) topics. The adoption of these guidelines will involve refining the training activities offered by Group companies.

In 2022, Canson France, Lyra Germany, Daler Rowney, Dixon Mexico, Bridesore, Dixon USA and Canada, Dixon Kunshan and DOMS administered an anonymous questionnaire divided up by the following sections: Personal Data; F.I.L.A. Group sustainability; Material Topics; and Organisational Well-being. 30% of employees took part in this engagement campaign. The questionnaire results highlighted that there is good collaboration, communication and a willingness to help each other in the workplace, that health and safety is adequately managed by the Company, and that employees believe they have professional development opportunities within the Company.



.4 MATERIAL EMPLOYMENT TOPICS

4.1.3 PERSONNEL TURNOVER

Turnover (i.e. the net effect of new hires and staff leaving) at Group level was 15.6% (21.7% in 2021).

F.I.L.A.'s employee retention initiatives are focused primarily on potentially critical roles. Once again in 2022 there was increased stability in the European continent where, due to the characteristics of the labour market, company loyalty is more widespread.

In a slight increase on the previous year (81%), 86% of the Group's staff turnover for the period occurred at the Indian branch of DOMS India in Asia. A total of 6,350 people were hired in Asia during the period (5,906 in 2021 of whom 5,986 blue-collar workers) and 5,181 resignations were recorded (4,051 in 2021).

In Asia, the corporate population began to increase again, following the previous two years (2020 and 2021) that were impacted by COVID-19, by the closure of factories in compliance with measures to prevent the spread of the disease, and by workers

returning home and not to factories at the end of the harvest season. As a result, turnover decreased, falling to 17.49% (1,169 people) compared to 38.4% in 2021 (1,855 people).

Central and South America reported an influx of 358 personnel (-91 in 2021), attributable to the recovery of production activities after two years impacted by the pandemic, which had led to a considerable outflux in Mexico.

In Central/South America, where total turnover in 2022 was 12%, 1,091 new hires were made (675 in 2021), 1,058 of whom were blue-collar workers, while there were 733 departures (766 in 2021).

During the year, three job categories were reclassified (Managers, White-collar Workers, and Blue-collar Workers) according to the refinement of definitions in the Non-financial Reporting Manual distributed to subsidiaries in the same year.

Annex *D. Tables listing GRI indicators and information* includes the following data for the period 2022-2020:

- "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."

4.1.4 REMUNERATION

Remuneration in each contractual category is established in compliance with the local legislative standards in force, where existing, and according to national collective bargaining agreements 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



.4 MATERIAL EMPLOYMENT TOPICS

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. Certain strategic figures for the Group were also identified (Senior Executives, and Senior Managers), in addition to F.I.L.A. S.p.A.’s Executive Directors, for whom a Share Incentive Plan was approved by the Shareholders’ Meeting.

Continued refinements have been made to non-financial reporting, which, from 2021, incorporated data on employees receiving performance appraisals.

In 2022, 8% of the corporate population received a performance appraisal, involving mostly management, 77% (70% in 2021) of which mainly in Europe and North America.

16% of Group managers and 63% of white-collar workers do not receive formal annual performance appraisals.

F.I.L.A. Group	2022				2021 ⁶			
	Management	White-collar	Blue-collar	Total	Managers	White-collar	Blue-collar	Total
Employees with a formal annual individual performance appraisal	113	403	359	875	174	288	349	811
Employees without a formal annual individual performance appraisal	33	1.550	8.894	10.477	75	1.771	7.166	9.012
Total employees	146	1.953	9.253	11.352	249	2.059	7.515	9.823
Evaluation rate	77%	21%	4%	8%	70%	14%	5%	8%

Again in 2022, 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, the following 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 as a weighted average of the coefficient of companies of the area according to the number of women employees at December 31, 2022.

The following table summarises the basic salary ratio between women and men by job category at Group level.

On average, female managers had lower basic salaries than male colleagues in Europe (-24.2%, compared to -9.3% in 2021), in the Rest of the World (-23.3%; the figure was not calculated in 2021), and in North America (-2.1%, compared to -21.8% in 2021). They had on average higher salaries than those of their male colleagues in Asia (+36.7%, compared to 17.5% in 2021), and in South America (+4.4%, compared to -4.8% in 2021). These data are open to interpretation, considering that for the main Group companies, with the exception of one Chinese subsidiary, local CEOs are men, thus significantly influencing the salary gap in the management category.

Women’s base salaries are consistently lower than those of their male counterparts at the white-collar level (-22% in North America, -21.6% in Central and South America, -18.9% Asia, -9.9% in Europe and -5.9% in the Rest of the World) and for blue-collar workers (with the greatest differences recorded in the Rest of the World (-41.1%), Central and South America (-23.1%) and North America (-8.4%).

⁶ In 2021, blue-collar workers were not assessed.



.4 MATERIAL EMPLOYMENT TOPICS

Difference in the basic salary of women compared to men by job category	2022			2021		
	Management	White-collar	Blue-collar	Management	White-collar	Blue-collar
Europe	-24,2%	-9,9%	-5,3%	-9,3%	-14,8%	-6,03%
North America	-2,1%	-22,0%	-8,4%	-21,8%	-24,3%	-10,1%
Central and South America	+4,4%	-21,6%	-23,1%	-4,8%	-8,2%	-12,5%
Asia	+36,7%	-18,9%	0,0%	+17,5%	-16,1%	-0,1%
Rest of the world	-23,0%	-5,9%	-41,1%	N/A	-36,3%	-41,1%

4.1.5 TRAINING

In 2022, the Group reported a higher number of training hours, equal to 114,977 hours (72,054 hours in 2021), delivered to 8,068 employees (3,756 people in 2021), of which 56% were men and 44% were women, considering new hires and the recovery of activities after two years impacted by COVID-19, particularly in Asia and South America. Furthermore, in 2022, more Daler Rowney and Bridesore IT training hours were allocated to the live training environment of the SAP management system, which were delivered in January 2023.

Over the period, the F.I.L.A. Group invested Euro 480,138 in personnel training (Euro 391,757 in 2021). Specifically, the main investments were on topics of: health and safety, Euro 174,544 (Euro 149,792 in 2021); operational training, Euro 213,625 (Euro 83,209 in 2021); diversity, Euro 7,936 (Euro 61,829 in 2021); and IT, Euro 5,269 (Euro 38,905 in 2021). 85% of training investments

were made by European companies (87% in 2021), 9% by South American companies (4% in 2021), and 4% by North American companies (8% in 2021).

Most of the staff who attended **training and refresher courses** were in the operations and health and safety areas, which together account for 85% of all training hours delivered (92% in 2021). The **geographical segments** providing the highest number of training hours per employee in 2022 were Central/South America (41 hours per capita, up from 30 in 2021) and Europe (14 hours per capita, same as in 2021). 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 2022, 79% of the total training hours Group-wide was delivered to blue-collar workers (78% in 2021), 18% to white-collar workers (18% in 2021) and 4% to management (3% in 2021).

In 2022, blue-collar workers were mainly provided with training on operational topics, 65% (78% in 2021) and occupational health and safety, 26% (19% in 2021). In the period, white-collar workers were mainly provided with training on operational topics, 50% (52% in 2021), IT, 19% (18% in 2021), and health and safety, 18% (21% in 2021). Training provided to management mainly concerned IT topics, 48% (4% in 2021), operational topics (34% in 2022, down from 63% in 2021), foreign languages, 8% (11% in 2021), and health and safety (6% in 2022, down from 17% in 2021).

Considering the importance of training for strengthening people’s skills, in 2022, F.I.L.A. defined a set of strategic guidelines for Group training on Environmental, Social and Governance (ESG) topics, in order to fine-tune the training activities already provided by Group companies. Furthermore, the Group has set itself the goal of increasing average annual training hours by 10% over the three-year period 2023-2025, compared to 2022.



.4 MATERIAL EMPLOYMENT TOPICS

4.1.6 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 bargaining agreements outlined above.

In 2022, 2,260 Group employees were covered by a national collective bargaining agreement, of whom 1,029 men and 1,231 women (1,984 in 2021, of whom 975 men and 1,009 women), and of whom 42% in South America (up from 33% in 2021), 33%

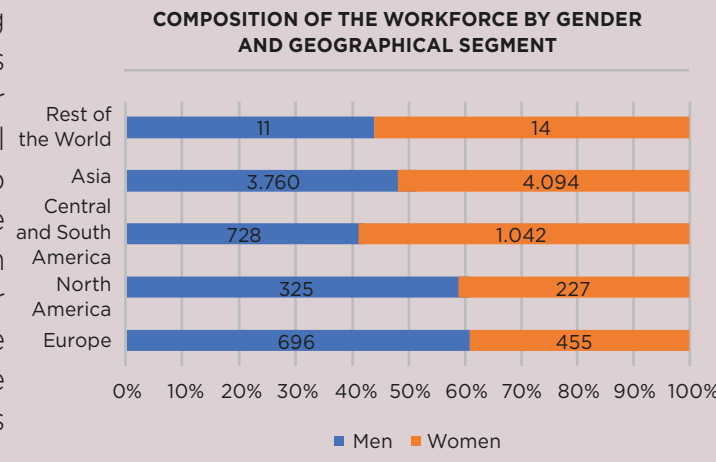
in Europe (down from 39% in 2021), and the remaining 24% in North America and Asia (up 14% from 2021).

Each Group company defines its contracts with personnel on the basis of local legislation and homogeneously for each job category. In 2022, there were no changes in foreign company trade union activities.

At December 31, 2022, F.I.L.A. Group personnel were 52% female (48% in 2021) and 49% male (down on 52% in 2021).

By geographical segment, Asia is the area with the highest absolute number of female employees at 52% (48% in 2021, with 3,241 women out of 6,685 employees), followed by Central/South America at 59% with 1,412 total employees in 2021, of whom 816 were women (58% of the total).

4.2 EQUAL OPPORTUNITIES



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.



.4 MATERIAL EMPLOYMENT TOPICS

In this regard, in 2021 the Group updated its **Workforce Diversity and 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 line with 1% in 2021), 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 fewer 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, short working weeks, working time accounts and remote working.

In Annex *D*, “*Tables listing GRI indicators and information*”, the table “GRI 2-7 Employees 2-8 Workers who are not employees” contains details on the composition of the workforce by **contract type**, broken down by full-time, part-time, temporary, permanent and zero-hours contracts, and by gender and geographical segment, for 2022 and the previous two years.

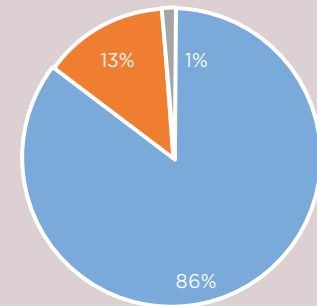
As set out in paragraph *2.5, Corporate Governance and risk management* above, the composition of the governing and supervisory bodies of F.I.L.A. S.p.A. complies with the requirements of gender diversity and the level of diversity in terms of educational and professional background is very wide and varied (see paragraphs *2.5.2, Board of Directors and 2.5.3, Board of Statutory Auditors*).

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, lying at the heart of the way that the F.I.L.A. Group conducts and develops its operations.

HOURS OF HEALTH AND SAFETY TRAINING PROVIDED IN 2022 BY OCCUPATIONAL CATEGORY



Blue Collar White Collar Management

The **main impacts** 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 periodically carries out risk management activities, training for all those concerned and periodic monitoring of reference legislation.



.4 MATERIAL EMPLOYMENT TOPICS

Health and safety training increased in 2022 (27,377 hours, compared to 14,034 in 2021) mainly - in terms of total hours of training - targeting 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 *4.1.5 Training*, 24% of total training hours in 2022 were dedicated to occupational health and safety topics (20% in 2021).

In 2022 there were 180 **work-related injuries** (144 in 2021) at the Group, one of which was fatal, and four of which had prognosis of more than 120 days, for a total of 2,153 lost days. In addition, one minor incident occurred involving non-company personnel.

The fatal accident occurred in Dixon Kunshan, involving an employee wearing earphones on his way to the canteen, who stepped off the pedestrian walkway into the roadway and entered the blind spot of a forklift truck carrying two pallets of goods that hit and crushed him, killing him on the spot. The forklift driver was wearing, as intended, full body protective

clothing and a face mask, which may have affected his line of sight to some extent. Most of the injuries with a prognosis of fewer than 120 days (97%, 99% in 2021) involved injuries with a prognosis of fewer than 40 days, an improvement over the previous year despite increased production activity. Accidents involved men in 74% (57% in 2021) and women in 26% (43% in 2021) of cases.

The work-related injury rate of 1.53 per 100 in 2022, compared to 1.37% in 2021, indicates the number of work-related injuries 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 23,395,592 hours worked in 2022. It was calculated as follows:

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

In Europe, in 2022, the number of injuries remained unchanged compared to 2021 (59 in 2022, and 59 in 2021), 98% of which had a prognosis of less than 40 days. By individual company, the European subsidiaries reporting the most injuries were the manufacturing companies

Daler-Rowney UK (49 in 2022, up from 43 in 2021), St Cuthberts (2 in 2022, down from 6 in 2021), and Canson France (6 in 2022, unchanged from 2021).

In North America, 17 injuries were reported in 2022, compared to 7 in 2021, attributable to a greater number of people involved in certain accidents and to the increase in total hours worked. Most of these (88%) involved incidents with prognoses of less than 40 days.

In Central and South America, there were 32 injuries during the period (33 in 2021), of which 84% with prognoses of less than 40 days. By individual company, the subsidiaries reporting the most injuries were Dixon Mexico (28 in 2022, up from 21 in 2021), Canson Brazil (3 in 2022, unchanged from 2021), and Bridesshore (1 in 2022, down from 9 in 2021).

In Asia, 72 work-related injuries were reported in 2022, up from 45 in 2021 as the workforce and hours worked increased during the period. 97% of reported cases were minor (prognosis of less than 40 days); almost all cases were in the Indian company (68 in 2022, compared to 39 in 2021), where most of the area's workforce is employed. The rate of work-related injuries with



.4 MATERIAL EMPLOYMENT TOPICS

serious consequences (excluding deaths) of 0.03 per 100 in 2022 (0.010 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:

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

In 2022, no new cases of work-related ill health were reported. However, 40 days of injury were recorded as the continuation of one case of work-related ill health (tendonitis) from the previous year.

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 2022 and the two previous years, on days of absence due to accidents, illness and other reasons by gender and by geographical segment.

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 (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

In addition to the parent, also the following companies had an occupational health and safety system in place certified to ISO 45001: Canson France (Grand Mourier, Moulin du Roy, and St. Germain), Lyra Germany, Dixon Kunshan, and Canson Art & Craft Yixing Co., Ltd. Considering the importance of workers' health and safety, the Group has set itself the goal of certifying all of its production plants by 2025. At present, 942 workers (compared to 685 in 2021), representing 8% of the Group's total workforce (compared to 7% in 2021), are employed at production plants that hold ISO 45001:2015 certification. These workers are duly engaged in the certification process.



5 MATERIAL SOCIAL TOPICS

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

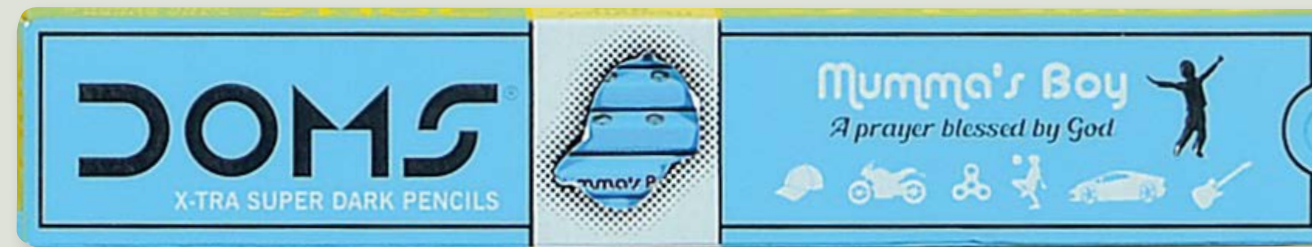
The F.I.L.A. Group has 11,352 employees - spanning five continents - and manufactures and sells products for children, teenagers and adults. Topics of social relevance for a Group such as F.I.L.A. range from relationships with stakeholders, to the integrity and rigour of the Group's conduct, from supplying quality and safe products, to the management of quality relationships with its supply chain and local communities.

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 quality and safety**
- **Sustainable supply chain management**
- **Diversity and equal opportunity**

The global economy experienced an unprecedented disruption in 2020 triggered by the COVID-19 pandemic. 2021 was 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. 2022, on the other hand, features strong tensions in the energy and logistics sectors, which increased pressure on the markets.

The following aspects are therefore analysed in the remainder of the chapter: product quality and safety, supply chain relations, local culture and community support, and the protection of diversity.



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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.

The **main risk** related to the quality and safety of the products launched on the market relates to 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 monitored routinely and in any cases of non-compliance or reports.

Quality management is governed by a specific Group policy, the **Product and Process Development Policy**, which underlines the Group's commitment to providing its customers and consumers with safe products that meet their quality and safety expectations, which are designed to comply with all legal requirements, and which also take into account the related environmental and social impacts.

The impacts that F.I.L.A. assessed in the materiality analysis of product quality and safety were:

- The speed of adapting to regulatory changes, in order to improve consumer product safety

- Environmental and social impacts related to uncoordinated supply chain management
- Impacts resulting from actions under the Strategic Sustainability Plan

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. In 2022, 29 products were subjected to product safety assessments and improvements.

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

- statistical control, using various tests performed at 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;



5 MATERIAL SOCIAL TOPICS

- the “control” process, using various tests conducted on an ongoing and/or random basis throughout the stages of the production process by 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 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, 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	“COSMETIC TOYS”
<p>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:</p> <ul style="list-style-type: none"> 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 allergens. <p>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.</p> <p>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.</p> <p>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.</p> <p>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).</p>	<p>For products classified as “cosmetic toys”, Regulation 1223/2009/EC (“Cosmetics Directive”) applies, in addition to the toy regulation.</p> <p>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.</p>

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.



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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. 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.

In 2022, as in the previous two years, no significant cases of non-compliance in terms of marketing were reported.

During 2022, the Group recorded 34 cases referring to situations of non-compliance with laws and regulations, including voluntary nature, regarding the topic of product safety and labelling. The cases occurred in Dixon Ticonderoga USA as a result of non-compliance of packaging and the composition of certain product components. All cases were taken care of and resolved promptly, and did not generate concerted impacts on people's health.

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 key 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, including as a result of the effects of climate change, 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).



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The impacts that F.I.L.A. assessed in the materiality analysis of sustainable supply chain management were:

- Impacts resulting from actions under the Strategic Sustainability Plan
- Environmental and social impacts related to uncoordinated supply chain management
- Impacts on workers from deficiencies in respect for human rights in terms of conditions and rights of the Group's suppliers' workers in developing countries

The **Sustainable Procurement Policy** adopted in 2021 makes it clear that the Group expects suppliers and business partners to adhere to specific principles 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 F.I.L.A.

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, compliance with quality standards, and social and environmental criteria.

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.



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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 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. The **“Code of Conduct for Suppliers and Business Partners”** (hereinafter the “Supplier Code of Conduct”) sets out the general principles for management of the supply chain that the Group expects to be respected at every level, and 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, since 2021 suppliers have been involved in the Code of Conduct acceptance process, an activity that has become customary when each new supplier is accredited. 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, Bridesshore S.r.l. and Canson France have also taken steps in this direction and continued in 2022. 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. The scope of application will be extended over the next two years, with the goal, by 2024, of having the Code of Conduct for Suppliers and Business Partners fully

adopted by 90% of those supplying goods or having a turnover worth more than Euro 10,000.

In 2022, 8% of new Group suppliers were selected according to social and environmental criteria, compared to 5% in 2021.

5.3.2 GREEN PROCUREMENT

Among the main stakeholders identified by the F.I.L.A. Group, Suppliers are of particular strategic importance. As part of the activities under the 2021-2025 Strategic Plan, from 2021, the Parent Company F.I.L.A. S.p.A. launched a series of initiatives, including structured stakeholder engagement activities, to involve its key suppliers. In particular, dialogue with suppliers highlighted their interest and willingness to collaborate on sustainability initiatives in partnership with the F.I.L.A. Group, both from an environmental standpoint and with regard to people and the community.

In 2022, supplier engagement activities were extended to several Group companies via the questionnaire entitled **“Green Procurement”** (already used by the Parent Company in 2021, involving 14 strategic suppliers),



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and focused on environmental and business sustainability issues. The questionnaire was sent to 204 of most strategically important suppliers - operating mainly in packaging, labelling, stationery, plastics and polymers, fibre-based materials and bookbinding sectors - of the following companies:

- Canson France, at the three production sites
- Lyra Germany
- Daler Rowney UK
- Dixon Mexico
- Bridesore Dominican Republic
- Dixon Ticonderoga USA
- Fila Dixon Kunshan

The objective of the 18-question survey was an in-depth examination of some of the main issues within the F.I.L.A. S.p.A. procurement process, including:

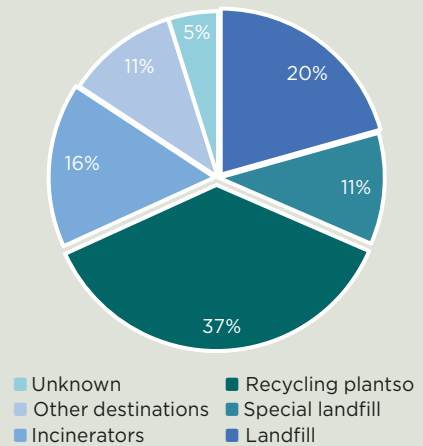
- adoption of environmental policies
- appointment of an Environmental Management Officer
- main environmental issues facing suppliers
- episodes of pollution and/or environmental problems
- energy sources used
- waste management.

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

- Only 5 of the suppliers (2%) stated that they had been involved in environmental litigation or disputes in the previous 5 years.
- 85% of the suppliers stated that they had adopted written procedures for waste management and/or treatment.
- Just 16% of suppliers interviewed work in or near protected environmental sites
- 77% of suppliers surveyed have formalised an Environmental Policy that governs continuous monitoring and improvement of environmental performance.
- 78% of the suppliers had appointed a full-time or part-time Environmental Management Officer.
- The main energy sources for production are electricity (65%) and natural gas (18%).

In particular, the questionnaire revealed that the suppliers can be divided into two main categories regarding the production of waste: 46% stated that they produce non-hazardous waste exceeding 76% of total waste; 47% stated that they produce

non-hazardous waste accounting for less than 25% of total waste. The graph below indicates the destinations of the suppliers' waste.



- 68% of the suppliers stated that they had taken action to reduce, reuse and/or recycle waste.
- 48% of suppliers reported generating wastewater.
- The questionnaire answers revealed the following main wastewater treatment methods: Water treatment plants (35%); Municipal sewers (23%).



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- 48% of the suppliers stated that at least one of their sites used a certified Environmental Management System.
- Only 11% of suppliers indicated that the Environmental Management System used is certified across all company sites.
- The results revealed that 36% of the suppliers had been inspected by authorities in relation to environmental laws and regulations in the previous five years.
- 61% of respondents stated that they operated through an Environmental Management System.

Other facts that emerged include: North America (Dixon Ticonderoga - 53%) is the geographical segment with the highest percentage of suppliers that make use of recycled raw materials; North America (Dixon Ticonderoga - 53%) and Europe (Canson, Daler and Lyra - 57%) are the geographical segments with the highest percentage of suppliers that make use of recycled packaging.

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 every location where it operates, the Group guarantees safe workplaces, product quality and safety, maintaining 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.

The impacts that F.I.L.A. assessed in the materiality analysis of local community relations were:

- Climate change related to extreme climate events (e.g. drought, floods, hurricanes) that may interrupt or jeopardise production activities, generate environmental pollution, or have impacts on the health of workers or local communities.
- Failure to support local communities through sponsorship, projects and donations or to prioritise goods and services from local suppliers, representing missed opportunities for local area and community development.



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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 2022 did not have any significant negative impacts on local communities in terms of environmental or employment impact.

The F.I.L.A. Group incurred no lobbying expenses in 2022.

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

5.5.1 F.I.L.A. S.P.A. SOCIAL RESPONSIBILITY IN ITALY

In 2022, F.I.L.A. S.p.A. carried forward various partnerships developed over the years with high-profile institutional partners, providing support to entities and institutions.

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

In 2022, the return of children, schools and families to face-to-face education allowed FILA to strengthen its relations by engaging stakeholders both off- and on-line.

The guiding principle of engagement was the creation of shared value through creative growth. The company therefore continued to develop quality projects and both video and text contents on its Creative Diary platform, in addition to supporting its partners in numerous workshop projects, which could finally be held face-to-face again.

This hybrid digital-physical approach was taken to schools, children and families, to explore cross-cutting topics related to education, teaching, sustainability and inclusion. Among the institutional partners of FILA developing national educational projects, we highlight: The Venice Biennale, the children's museum MUBA Museo dei Bambini of Milan, the children's institution Istituto degli Innocenti, the museums association MUS.E of Florence, and science museum complex Città della Scienza of Naples. Among social initiative partners, we highlight the medical research foundation Fondazione Umberto Veronesi and the Italian donations institute Istituto Italiano della Donazione. In particular:

- The ongoing focus in 2022 is sustainability education, hence both FILA's project for schools "Second Life Non ti Butto ti Riuso" (Re-use, don't throw away), featured in Diario Creativo, and the renewed partnership with the Venice Biennale. This centred on the theme, which runs through all of the art exhibition's educational activities, of recovering and reusing discarded objects to make art, and was in collaboration with GIOTTO, the Biennale's Official Colour of Educational Activities. In Venice, 1,000 schools and more than 79,000 total participants, including children, young people and teachers, attended the workshops.
- At the MUBA in Milan, the theme of recovery has always been an integral part of Remida programming, and with the Giotto brand FILA supports its activities as the Official Colour. For the very youngest children, the extremely popular Didòweek - the workshop project for children aged three to five and their families, and for playing together - also resumed, with more than 2,000 participants.
- Together with the Fondazione Umberto Veronesi, despite the difficulties associated with the lasting effects of COVID-19, on February 15, International Childhood Cancer Day, we met our target of sending creative kits with GIOTTO paper and colours to 500 paediatric cancer patients in hospitals across Italy. This activity is designed to provide a moment of respite for young patients, forming part of the partnership between the company and Gold for Kids (the Fondazione Umberto Veronesi project created to support childhood cancer research and promote accurate scientific information). This collaboration has been active since 2015 and also includes FILA's funding of a research grant in the field of paediatric oncology.

FILA also continues to provide ongoing support, where possible, to other organisations that work in the social field, either because they are specifically engaged in difficult contexts or because they are active in support, inclusion and awareness activities, with actions for children and young people. Collaborations in 2022 included the Dynamo Camp operation, sponsoring the Italian Institute of Donation and Donate Day, and the activities for struggling schools run by the Fondo Scuola association.



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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 2022, the Foundation supported a number of events in various fields.



SOCIAL IMPACT

SAN VITTORE, SPACE FOR BEAUTY: The Maimeri Foundation continues the ambitious project that began in 2018 with the Francesco di Cataldo Prison (San Vittore Prison). On the occasion of the live projections of the inaugural evening at La Scala, there was an exhibition of the works produced in the painting workshop organised by the Maimeri Foundation inside the prison with inmates and prison officers, and an exhibition of paintings including the works of Milan Painting Academy teachers Alex Folla, Elena Trailina, Maurizio Carriero, David Dalla Venezia and Salvatore Alessi.

Present at the La Scala inaugural evening live projections were major city institutions and Carlo Nordio, Justice Minister.

FESTIVALS AND CULTURAL ACTIVITIES

- **Blue. The Colours of Art:** Grants for the production of the documentary “Blue. The Colours of Art” for Art Night, the RAI 5 documentary series (produced by Marc in video S.r.l.), a programme hosted by Silvia De Felice, Emanuela Avallone, Massimo Favia and Alessandro Rossi, directed by Andrea Montemaggiori.
- **CHANGES, COME CAMBIA L'ARTE CONTEMPORANEA (How contemporary art is changing)**, curated by Andrea Dusio and the Maimeri Foundation. Series of three events at the Milan Painting Academy supported by the Fila Group:
 - o October 7, 2022 - **Changes, how contemporary art is changing - Everything you ever wanted to know about NFTs**, a debate with Gloria Gatti, a lawyer specialising in rights. Live performance: UNTOUCHABLE, music and painting: Giuseppe Califano and Tom Porta.
 - o November 4, 2022 - **Changes, how contemporary art is changing - Digital art, the meeting of art and criticism**, a debate with Chiara Canali, contemporary art critic, curator and journalist, and Davide Maria Coltro, digital painting pioneer. Live performance: music, theatre and painting: Giuseppe Califano, Igor Loddo and Tom Porta.
 - o December 2, 2022 - **Changes, how contemporary art is changing - The Night of the Curators**, a debate with Carola Antonioli, Chiara Canali, Angelo Crespi and Maria Chiara Valacchi. Live performance.

RESEARCH IN COLLABORATION WITH INSTITUTIONS AND UNIVERSITIES

ART TECHNIQUES -Presentation of the publication by Sandro Baroni (published by Ugo Mursia, 2021). The event formed part of the Lexicon of Colour, France and Italy (13th-17th centuries), a study day held on February 4 and 5, 2022 at Piazza Navona 62, Rome.

EXHIBITIONS

- **“CHROMATIC SYNAESTHESIAS”** - May 4, 2022 - Exhibition of the winning entries in the first edition of the Punctum photography award. A presentation of the Dialogue on Photography event with Lorenza Bravetta, Gianni Maimeri and Maddalena Mazzocut-Mis, and with the extraordinary participation of Max Vadukul. Event sponsored by the Maimeri Foundation, with the scientific sponsorship of the University of Milan, the collaboration of MIA Image Art Fair and the participation of the Professional Photographers Association, at Spazio BIG SantaMarta.
- **“CHROMATIC SYNAESTHESIAS”** - December 12, 2022. From December 12 to 19, exhibition with a wide selection of the Punctum photography award works at the Ikonica Art Gallery space. Event sponsored by the Maimeri Foundation, with the scientific sponsorship of the University of Milan, the collaboration of MIA Image Art Fair and the participation of the Professional Photographers Association and Authclick.



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MATERIAL

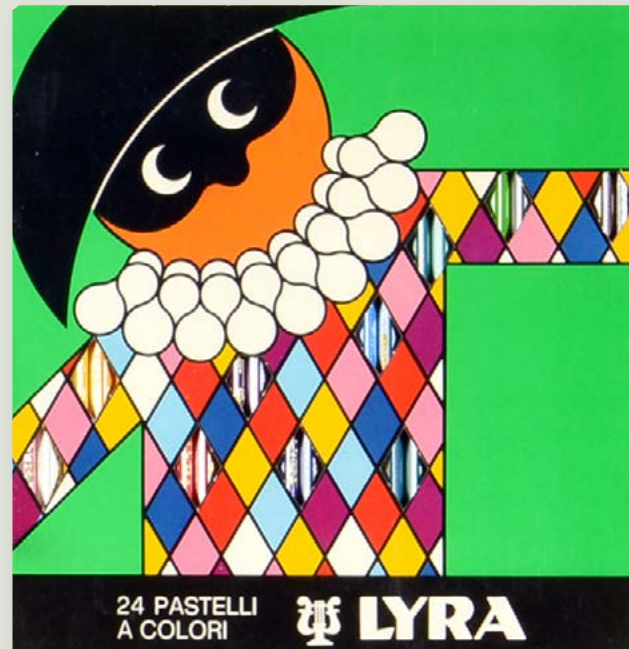
TOPICS

SOCIAL

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5.5.3 SOCIAL ACTIVITIES AROUND THE WORLD

The social responsibility activities carried out by the F.I.L.A. Group's main companies in 2022 are summarised below:



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 (artist notebooks with high quality paper) 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:

- supported more than 40 **independent social institutions**, such as nurseries, primary schools and public housing, with their creative projects;
- sponsors projects to combat **racism** with our inclusive skin tone sets;
- provided products to nearly 100 **small artists** for creative workshops or to support their projects;
- participated in projects by creative organisations such as Deutsche **Aquarellgesellschaft** (German watercolour association) and **Urban Sketching Dortmund**, by providing sponsored products;
- helped **Ukrainian refugee children** with equipment to continue their education in schools in Germany (pencils, rulers, erasers, paintbrushes and much more).

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. In particular:

- since 2021, it has 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 so teachers can teach and students can learn in under-resourced schools across the country. Over the year, it donated essential school supplies worth more than USD 3 million, including over 3 million pencils, as the presenting sponsor of their #PostForPencils initiative;
- since 2021, in an effort to become more engaged in the communities in which they live and work, each Dixon employee has been 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);
- it 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), 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;
- In 2022, in partnership with homeware retailer **Lowe's Companies, Inc.**, it obtained a USD 115,000 grant for Harbor House, a local agency helping victims of domestic abuse. This was the largest non-governmental grant in their history and the first Lowe's Hometown grant in Wisconsin.



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DALER-ROWNEY, UNITED KINGDOM:

- sponsors artist Kerry Lemon to support schools, universities and community projects through workshops and art installations, such as NHS Tonna Hospital's **neonatal unit**, NHS Stoke Mandeville Hospital and the Horatio's Garden initiative;
- sponsors various online creative events, tutorials and workshops with our artists, such as the Child Of Art community project, Patching's Art Festival and Art Battle, to help people around the world develop and maintain their **creative voices**;
- launched numerous projects to **support artistic talent**, such as the #paintloud programme, and is producing numerous tutorials created by artists for emerging talent;
- provides support for more than 100 artists worldwide, with open access to Daler-Rowney's Studio in Bracknell;
- supports the "**STEM to STEAM**" initiative to promote the symbiosis of science and art and improve the presence of art education in the curricula of UK schools and universities;
- collaborates in the fashion industry with **eco-pioneers VIN + OMI** to raise awareness of sustainability issues and explore new ways of using art materials to reduce waste and recycle art materials used in the fashion industry. The VIN + OMI project won the 2019 Peta Fashion Innovation Award for research, development and design and was named among the top five design studios by the Dezeen Awards 2022 in the "International Design Studio" category (www.vinadomi.com);
- is a partner in the **Certified Sustainable** initiative (www.certified-sustainable.co.uk);
- is an active member of the European Council of the Paint, Printing Ink and Artists' Colours Industry, **CEPE** (www.cepe.org), the International Art Materials Association, **NAMTA** (www.namta.org), and the **Fine Art Trade Guild** (www.fineart.co.uk), to promote the exchange of ideas, standards and best practices in the art materials industry.



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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.



.6 MATERIAL HUMAN RIGHTS TOPICS

6.1 RESPECT FOR HUMAN RIGHTS

In operations and in everything the organisation does, the F.I.L.A. Group is committed to respecting human rights as essential for the long-term business sustainability, just as it is for the communities where it operates. As a non-negotiable, fundamental value, F.I.L.A.'s commitment to protecting human rights is principally reflected in the management of people and the supply chain.

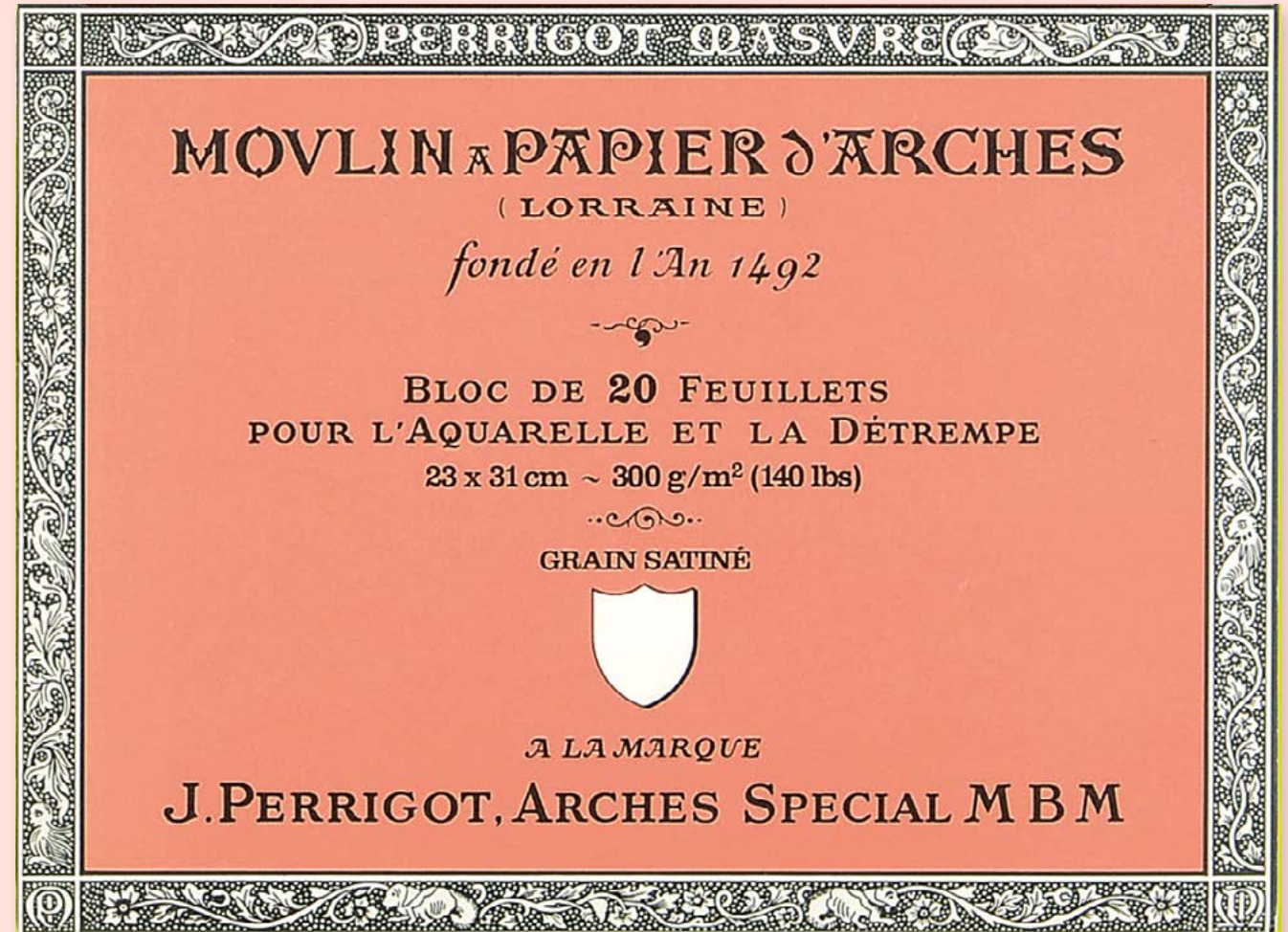
From the materiality analysis and from the process of collecting non-financial data and information, material topics regarding human rights for the F.I.L.A. Group are the following:

- **Human Rights**
- **Freedom of association and collective bargaining.**

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 and 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, in addition to the respect for human rights, are valuing diversity, ensuring non-discrimination, providing suitable working conditions, combating forced labour and human trafficking, compliance with working times, salaries and child labour regulations, the provision of safe and secure workplaces, the freedom of association and entitlement to collective bargaining agreements, the respect of integrity, privacy, and the correctness 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 the F.I.L.A. Group's success. Protection of human resources and promotion of satisfaction in the workplace means ensuring responsibilities and working autonomy are effected with equality and fairness, and penalising any conduct that may in any way harm the personal or

professional dignity of subordinate workers.

Of fundamental importance, then, is the Group's 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** that the Group has identified in the area of human rights are those 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. To prevent acts of violence or psychological or physical coercion, and conduct detrimental to individual dignity, and to promptly identify and deal with any violations, potential risks or negative impacts on human rights, mechanisms have been introduced for reports to be made by experts or anonymously, as specified in more detail in the section "*2.5.6 231 Model and Supervisory Board.*"

The impacts assessed by F.I.L.A. in the materiality analysis concerning human rights are:

- Impacts resulting from actions under the Strategic Sustainability Plan
- Data breaches and privacy violations of human rights caused by deficiencies in cyber security and personal data protection
- Practices aimed at restricting freedom of association and collective bargaining in developing countries can result in negative impacts on workers' rights
- Impacts on workers from deficiencies in respect for human rights in terms of conditions and rights of the Group's suppliers' workers in developing countries

Finally, aware of the direct and indirect influences its activities may have on the areas in which it operates, the Group conducts its activities in compliance with respect for the rights of local and national communities.

Based on information gathered by the Group's central team, as of December 31, 2022, 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. Each of these events was dealt with and managed by the competent figures with the maximum possible care.



6 MATERIAL HUMAN RIGHTS TOPICS

6. MATERIAL HUMAN RIGHTS TOPICS 110/162

In 2022 in Dixon Ticonderoga Company (U.S.), where 485 people work, 15 reports were received of alleged harassment in the workplace or among colleagues. These figures were in line with last year's records. As a result of investigations, some of these triggered a specific employee assistance programme, with six cases involving the issue of written reprimands and six cases involving termination of employment.

Following investigation by the company, the reported incident of sexual harassment in Fila-Dixon Group, S.A. de C.V. (Mexico), where 1,199 people work, led to the removal of the harasser.

In 2022, 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 in this area 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 is committed to maintaining commercial relations with its suppliers and business

partners based on transparency, fairness and ethical negotiation. In 2022, as set out in more detail in chapter "*5.3 Supplier relations*", some Group companies liaised with key suppliers to obtain confirmation of their commitment to values such as fairness, respect for the environment, product quality and protection of human rights.

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 Company's website. In 2022, 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

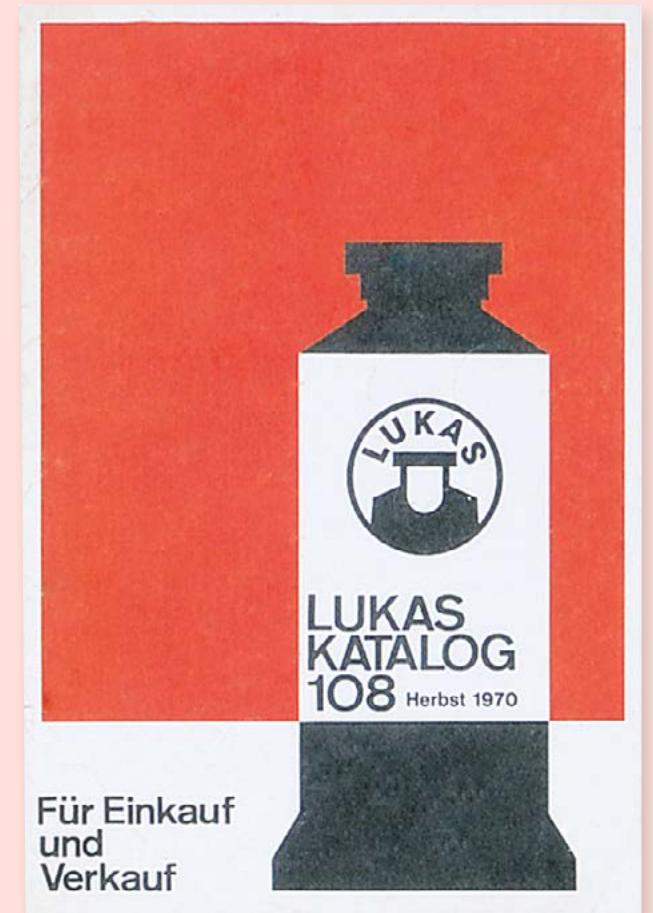
6.2 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The **Human Rights and 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 limitation on freedom of association and collective bargaining as provided for in applicable regulations. In order to manage this risk, in addition to adopting the Ethics Code and the aforementioned Policy, the Group regularly monitors for any incidences of non-compliance in this regard.

With regard to its staff, the Group operates in all its facilities worldwide in accordance with the applicable regulations and, where necessary, very rigorous internal provisions: no critical issues have been reported in this regard, as set out in more detail in the chapter *"4 Material employment topics"*.

Based on all available information to date, and considering the increasing engagement of the main suppliers to obtain confirmation of their commitment to the principles of F.I.L.A.’s “Code of Conduct for Suppliers and Business Partners”, which involved the Parent Company and the most significant companies, 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 paragraph *"5.3 Supplier relations"*.



7 MATERIAL TOPICS RELATING TO COM BAT TING CORRU PTION

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.

The 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 Group 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 well-being of the communities in which it operates, also considering that F.I.L.A.’s operations are based on the respect for human rights as a non-negotiable and fundamental value.

From the materiality analysis (Annex “*A. Methodological note*” and the comparison with Group companies, the fight against active and passive corruption emerges as 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 Company, 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 and correct documentation on the Company and on the project and/or service subject to the disbursement must be provided”.



7 MATERIAL TOPICS RELATING TO COMBATTING CORRUPTION

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 sustainability 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** pursuant to Legislative Decree No. 231/2001 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 designed to mitigate the offences of corruption and incitement to corruption among private individuals.

In addition to explaining what these offences consist of, it refers to the internal procedures for preventing corruption, through specific controls.

In addition, the **Anti-Bribery and Anti-Corruption Policy**, updated in 2021, contains general principles of conduct for the performance of corporate activities in areas particularly at risk of corruption; gifts and entertainment expenses to public and private entities, management of human resources (recruitment and hiring, bonuses, etc.), joint ventures, acquisitions and disposals, consultancy services, brokerage, relations with business partners and suppliers, donations, excess fees, non-profit, events and sponsorships, gifts and entertainment expenses, miscellaneous, including facilitation payments and business trips.

As regards combatting corruption, 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. For further details, see paragraph **“2.5.6 231 Model and Supervisory Board”**.

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.

The impacts that F.I.L.A. assessed in the materiality analysis concerning combating corruption are:

- Impacts resulting from actions under the Strategic Sustainability Plan
- The lack of a clear and formal system for delegating corporate powers could lead to the commission of fraud and corruption offences, with economic and reputational impacts
- Deficiencies in the Management, Organisation and Control Model pursuant to Legislative Decree No. 231 may have major impacts in terms of combating corruption.



7 MATERIAL TOPICS RELATING TO COMBATting CORRUPTION

7.3 OTHER TOPICS OF RELEVANCE IN COMBATting CORRUPTION

The Italian companies have adopted the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01 and delivered ad hoc training programmes. The Ethics Code forms part of the 231 Model and outlines the Group’s key principles and its values. It 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.

In 2022, 491 Group personnel (280 in 2021), including members of the corporate bodies, received training on active and passive anti-corruption topics and related procedures. Of these, 48% were white-collar workers (19% in 2021), 48% were blue-collar workers (79% in 2021), and 4% were managers (1% in 2021).

In 2022 at Group level, 730 hours of training were provided (107 hours in 2021), 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”). We note that, in 2022, anti-corruption training activities mainly targeted blue-collar workers (343 hours of training provided in 2022, compared to 72 in 2021).

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 2022, 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

F.I.L.A. S.p.A.'s Consolidated Non-Financial Statement (“**NFS**”) is included in the 2022 Sustainability Report and is prepared in accordance with the provisions of Articles 3 and 4 of **Legislative Decree No. 254/2016**⁷ (il the “**Decree**”).

The NFS 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.

F.I.L.A. S.p.A.'s Sustainability Report, prepared in accordance with the GRI Standards, refers to FY2022 (January 1, 2022 - December 31, 2022), covers the same reporting period as the financial statements and is published at the same time as the consolidated financial statements at www.filagroup.it.

⁷ Legislative Decree No. 254 of December 30, 2016, "Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October, 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups."

The Control, Risks and Related Parties Committee has reviewed the overall approach of the NFS, along with the completeness and transparency of the disclosures, issuing a prior opinion for approval by the Board of Directors.

The Group has identified the **GRI Standards** published by the Global Reporting Initiative (“GRI”) - currently the most widespread and commonly accepted sustainability reporting standards at the international level - as the “standards of reference” for discharging its obligations under the Decree. The GRI content index is available in Annex C, *GRI content index*. The reporting principles taken into account in preparing the Sustainability Report are accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability or relevance, in line with the requirements of the relevant regulations and GRI Standards.

The information is provided in line with the “comply or explain” principle (as set out in Article 3 of the Decree): therefore, if policies are not implemented in one or more of the relevant thematic areas, the NFS provides

the reasons for that decision.

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). F.I.L.A. S.p.A.'s 2022 Sustainability Report is communicated to the GRI as required by the relevant standards.

A.2 REPORTING AND CONSOLIDATION PROCESS

The NFS drafting process is co-ordinated by the parent company's Managerial Sustainability Committee and involved the Executive Officer for Financial Reporting and Chief Financial Officer, the Group Reporting Manager and local sustainability committees at the Group's main companies. Since this is a document referring to Group F.I.L.A. activities, any adjustments for intra-group transactions and the impacts of mergers, acquisitions or asset disposals in the period have been taken into account. The Internal Audit team carried out monitoring of the data collection process.



The **reporting process** is based on an analysis of the elements required by the Decree and of the indicators deemed applicable and relevant according to the GRI Standards. Details are provided in Annex *A.3 Materiality analysis*. The F.I.L.A. Group's NFS includes comparative figures for the previous two years, where available, in addition to new indicators introduced in 2022. For these it was not possible to provide comparative data.

Paragraph *5.3 Supplier relations* provides a qualitative description of the **supply chain**. The NFS 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. The process was supplemented 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 NFS area.

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 2022.

As mentioned above, this NFS 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 NFS was compiled.

A.3 MATERIALITY ANALYSIS

Materiality is the principle of the GRI - Global Reporting Initiative Standard (GRI 3 - Material Topics 2021), chosen by F.I.L.A. as the reference standard for reporting on the topics that represent the organisation's most significant impacts on the economy, environment and people, including impacts on human rights and their management.

For each reporting period, F.I.L.A. S.p.A. undertakes to continuously review its material topics. The 2022 periodic review activity sought to ensure that the material topics represent the most significant impacts in the 2022 NFS reporting period.

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.

The material topics analysis activity was carried out in coordination with the 2022 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 perspective (risks of the external environment on the F.I.L.A. Group).

Subsequently, the analysis was expanded to take into account the inside-out perspective, i.e. the impacts that the FILA Group's activities have on the environment, people and the economy. Through an

internal working group that also included representatives of its main subsidiaries, both in Italy and abroad, F.I.L.A. S.p.A. carried out the following phases of analysis in determining material topics, as required by GRI 3 - Material Topics 2021, set out in the diagram below:

- I. Understand the organisation's context
- II. Identify actual and potential impacts
- III. Assess the significance of the impacts
- IV. Prioritise the most significant impacts for reporting

The working group initially identified actual and potential impacts attributable to 18 topics, then prioritised impacts by evaluating the significance of the impacts and correlating each impact with the 18 topics. Finally, the following were considered as material topics with a rating at or above the identified threshold (3), calculated as the average of the ratings of individual impacts attributable to them.

The following are the F.I.L.A. Group's material topics:

ENVIRONMENTAL	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

The analysis revealed the following additional material topics within the reporting of the 2022 Non-Financial Statement compared with the previous year: "Employee welfare and well-being" and "Resource and human capital development". In addition, in changes from the previous year, the topics of diversity and equal opportunities were merged and the topic "Atmospheric Emissions" was renamed "Atmospheric Emissions and Climate Change."



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:

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 *2.5 Corporate governance and risk management*.

MATERIAL TOPIC	GRI STANDARDS	NFS PARAGRAPH / OTHER REFERENCE DOCUMENTS	LEGISLATIVE DECREE NO. 254/2016 SCOPE
1 Use of raw materials	Materials used (301-1)	3.2 Use of raw materials	Environmental
2 Consumption of energy resources	Energy consumption (302-1)	3.3 Consumption of energy resources	Environmental
3 Atmospheric emissions and climate change	Emissions (305-1; 305-2)	3.4 Atmospheric emissionsa	Environmental
4 Water consumption	Water (303-3)	3.5 Water consumption	Environmental
5 Diversity and equal opportunity	Diversity and equal opportunity (405-1)	2.5 Corporate governance and risk management 4.2 Equal opportunities“Corporate Governance and Ownership Structure Report”	Diversity
6 Occupational health and safety	Occupational Health and Safety (403-9)	4.3 Occupational health and safety	Personnel
7 Product quality and safety	Customer Health and Safety (416-2)	5.2 Product quality and safety	Social Local communities
8 Sustainable supply chain management	Supplier Social Assessment (414-1)	5.3 Supplier relations	Supply chain
9 Employee welfare and well-being	Employment (401-1); Training and education (404-1)	4.1.2 Employee welfare and well-being	Personnel
10 Respect for human rights	Lavoro minorile (408-1); Lavoro forzato o obbligatorio (409-1))	6.1 Respect for human rights	Human rights Local communities
11 Resource and human capital development	Market presence (202-1); Training and education (404-1)	4 Material employment topics	Personnel
12 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
13 Combatting corruption	Anti-corruption (205-3)	7.1 Anti-corruption topics 7.2 Measures to combat active and passive corruption	Corruption
14 Information Technology Security	Substantiated complaints concerning breaches of customer privacy and loss-es of customer data (418-1)	2.5.7 Information technology security	Personnel Social Supply chain



A.5 REPORTING SCOPE

The **scope of non-financial reporting** matches that of the Consolidated Financial Statements at December 31, 2022, 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 reporting scope 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. (which is also tasked with the statutory audit of the Parent Company's annual financial report), 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). The declaration issued by KPMG S.p.A. is contained in the Annex to this Statement (*Annex F. Independent Auditors' Report*).

The limited examination activity does not cover the information required by the Taxonomy Regulation (Regulation (EU) 2020/852), set out in "*E. The F.I.L.A. Group and the European Taxonomy*."

Specifically, the Board of Directors of the parent company awards the task of performing a limited review of the NFS, following consultation with the Board of Statutory Auditors.

INDICATORS	ENVIRONMENTAL	SOCIAL	PERSONNEL	HUMAN RIGHTS	CORRUPTION
TYPE OF COMPANY					
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	ENVIRONMENTAL	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 Brasil 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



B. GROUP COMPANIES INCLUDED IN THE REPORTING SCOPE BY REPORTING TOPIC						
Princeton Hong Kong	Hong Kong	NO	YES	NO	NO	YES
DOMS Industries Pvt Ltd	India	YES	YES	YES	YES	YES
PT. Lyra Akrelux	Indonesia	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.	Russia	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 2021 Annual Report.

RCG 2022 Corporate Governance Report
(2021 Financial Year).

Declaration of use	Fabbrica Italiana Lapis e Affini S.p.A. - F.I.L.A. S.p.A. has submitted a report in accordance with the GRI Standards for the period 1/1/2022 - 12/31/2022
GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
1.The organization and its reporting practices					
GRI 2 - General Disclosures - 2021	2-1 Organizational details		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. NFS 2.1.2 Vertically integrated business model; 2.4.4 Brands and products		
	2-2 Entities included in the organization's sustainability reporting		NFS Annex B. Group companies included in the reporting scope by reporting topic		
	2-3 Reporting period, frequency and contact point		NFS Annex A.1 Reporting model; Annex A.5 Reporting scope		
	2-4 Restatements of information		NFS Appendix D. Tables listing GRI indicators and information 4.1.1 Composition of the workforce;		
	2-5 External assurance		NFS Annex A.6 Internal control and independent audit Annex F. Independent Auditors' Report		
2. Activities and workers					
	2-6 Activities, value chain and other business relationships		NFS 1.2 Group structure and size 1.3 History of the F.I.L.A. Group: successful mergers and acquisitions; 1.3.2 Successful mergers and acquisitions 2.1.2 Vertically integrated business model; 2.2.2 Socio-environmental policies and guidelines of the Group; 2.4.3 The value chain 2.4.4 Brands and products 5.3 Supplier relations; 5.3.1 Supplier assessment and management; 5.3.2 Green Procurement		



Declaration of use	Fabbrica Italiana Lapis e Affini S.p.A. - F.I.L.A. S.p.A. has submitted a report in accordance with the GRI Standards for the period 1/1/2022 - 12/31/2022
GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
GRI 2 - General Disclosures - 2021	2-7 Employees		1.2 Group structure and size 4.1 Compliance with individual and material topics for F.I.L.A.; 4.1.1 Composition of the workforce; Annex D. Tables listing GRI indicators and information		
	2-8 Workers who are not employees		4.1 4.1 Compliance with individual and material topics for F.I.L.A.; 4.1.1 Composition of the workforce; Annex D. Tables listing GRI indicators and information		
	3. Governance				
	2-9 Governance structure and composition		NFS 2.5 Corporate Governance and Risk Management; Annex D. Tables listing GRI indicators and information		
	2-10 Nomination and selection of the highest governance body		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		
	2-11 Chair of the highest governance body		NFS 2.5 Corporate governance and risk management		
	2-12 Role of the highest governance body in overseeing the management of impacts		NFS 1.1.1 Purpose, Vision, Mission and Values; 2.1 F.I.L.A. Group strategy and business; 2.3 F.I.L.A. Group Stakeholders; 2.3.2 F.I.L.A. Group materiality; 2.3.3 Stakeholder Engagement initiatives; 2.5 Corporate governance and risk management Annex A.3 Materiality analysis		



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GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
	2-13 Delegation of responsibility for managing impacts	NFS 2.2 The F.I.L.A. Group and sustainability			
	2-14 Role of the highest governance body in sustainability reporting	NFS Introduction 2.3.2 F.I.L.A. Group materiality Annex A.2 Reporting and consolidation process			
	2-15 Conflicts of interest	NFS 2.5.2 Board of Directors 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			
	2-16 Communication of critical concerns	NFS 2.5.2 Board of Directors			
GRI 2 - General Disclosures - 2021	2-17 Collective knowledge of the highest governance body	NFS 2.5.2 Board of Directors			
	2-18 Evaluation of the performance of the highest governance body	NFS 2.5.2 Board of Directors			
	2-19 Remuneration policies	NFS 2.5.2 Board of Directors CGR 8. Remuneration of Directors - Remuneration Committee PR			
	2-20 Process to determine remuneration	NFS 2.5.2 Board of Directors CGR 8. Remuneration of Directors - Remuneration Committee PR			



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GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
	2-21 Annual total compensation ratio		Indicator not reported	Confidentiality agreements	
4. Strategy, policies and practices					
	2-22 Statement on sustainable development strategy	DNF Letter to the Stakeholders			
	2-23 Policy commitments	NFS 1.1.1 Purpose, Vision, Mission and Values 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			
	2-24 Embedding policy commitments	NFS 1.1.2 Responsible business conduct			
GRI 2 - General Disclosures - 2021	2-25 Processes to remediate negative impacts	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 6. Human Rights 7. Combatting corruption			
	2-26 Mechanisms for seeking advice and raising concerns	NFS 2.5.6 231 Model and Supervisory Board			
	2-27 Compliance with laws and regulations	NFS 3.6.3 Compliance with environmental standards 5.2 Product quality and safety 6.1 Human rights 6.2 Freedom of Association and collective bargaining 7.2 Measures to combat active and passive corruption			
		Consolidated financial statement			
	2-28 Membership 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			



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GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
5. Stakeholder engagement					
GRI 2 - General Disclosures - 2021	2-29 Approach to stakeholder engagement		NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 2.3 F.I.L.A. Group Stakeholders; 2.3.1 Our Stakeholders; 2.3.3 Stakeholder Engagement initiatives 4.1 Respect for the individual and material topics for F.I.L.A.; 4.1.5 Industrial relations and job protection		
	2-30 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 the individual and material topics for F.I.L.A.; 4.1.5 Industrial relations and job protection		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed		NFS 1.2.3 Direct economic value generated and distributed		
	201-2 Financial implications and other risks and opportunities due to climate change		NFS 2.5.5 Identifying and controlling risks		
GRI 207: Tax 2019	207-1 - Approach to tax		NFS 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 2023.



.C ANNEX

Declaration of use	Fabbrica Italiana Lapis e Affini S.p.A. - F.I.L.A. S.p.A. has submitted a report in accordance with the GRI Standards for the period 1/1/2022 - 12/31/2022			
GRI 1 used	GRI 1 - Foundation - 2021			
Relevant GRI industry standards	N/A			
GRI standard/Other source	Disclosure	Location	OMISSION	
			Requirements omitted	Reason
Material topics				
GRI 3 - Material topics - 2021	3-1 Process to determine material topics		NFS Annex A. Methodological note; Annex A.3 Materiality analysis; Annex A.5 Reporting scope	
	3-2 List of material topics		NFS Annex A.2 Reporting and consolidation process Annex A.5 Reporting scope	
Use of raw materials and circular economy				
GRI 3 - Material topics - 2021	3-3 Management of material topics		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 Annex A. Methodological note	
	301-1 Materials used by weight or volume		NFS Annex D. Tables listing GRI indicators and information	
GRI 301: Materials 2016	301-2 Recycled input materials used		NFS 3.2 Use of raw materials and the circular economy Annex D. Tables listing GRI indicators and information	
	306-1 Waste generation and significant waste-related impacts		NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 3.5 Water consumption; 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts		NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information	
	306-3 Waste generated		NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information	
	306-4 Total waste directed to landfill		NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information	
	306-5 Total waste directed to landfill		NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information	
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations		NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information	



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GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION			
			Requirements omitted	Reason	Explanation	
Consumption of energy resources						
GRI 3 - Material topics - 2021	3-3 Management of material topics		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 organization		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			
	GRI 302: Energy 2016	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			
Atmospheric emissions						
GRI 3 - Material topics - 2021	3-3 Management of material topics		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 2.2.2 Socio-environmental policies and guidelines of the Group; 3.4 Atmospheric emissions Annex D. Tables listing GRI indicators and information			
	GRI 305: Emissions 2016	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; Annex D. Tables listing GRI indicators and information;			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions		NFS 3.4 Atmospheric emissions; Annex D. Tables listing GRI indicators and information;			



.C ANNEX

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GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
GRI 3 - Material topics - 2021	3-3 Management of material topics		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		
GRI 303: Water and Effluents 2018	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 306: Effluents and waste 2016	306-3 Significant spills		NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information		
Equal opportunities					
GRI 3 - Material topics - 2021	3-3 Management of material topics		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		
GRI 401: Employment 2016	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 404: Formazione e istruzione 2016	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; Annex 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		



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GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION			
			Requirements omitted	Reason	Explanation	
GRI 405: Diversity and equal opportunity 2016	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			
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	GRI 3 - Material topics - 2021	3-3 Management of material topics		NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 4.3 Occupational Health and Safety		
		403-1 Occupational Health and Safety Management System		NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 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; 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; 4.3 Occupational Health and Safety		
		403-8 Workers covered by an occupational health and safety management system		NFS 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		



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GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
Product quality and safety					
GRI 3 - Material topics - 2021	3-3 Management of material topics		NFS 2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality Analysis; 5.2 Product quality and safety		
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		NFS 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		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling		NFS 5.2 Product quality and safety		
	417-2 Incidents of non-compliance concerning product and service information and labelling		NFS 5.2 Product quality and safety		
	417-3 Incidents of non-compliance concerning marketing communications		NFS 5.2 Product quality and safety		
Supplier relations					
GRI 3 - Material topics - 2021	3-3 Management of material topics		NFS 2.2.2 Socio-environmental policies and guidelines of the Group;		
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria		NFS 5.3 Supplier relations		
	308-2 Negative environmental impacts in the supply chain and actions taken		NFS 5.3 Supplier relations		
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria		NFS 5.3 Supplier relations		
Protecting diversity					
GRI 3 - Material topics - 2021	3-3 Management of material topics		NFS 2.2.2 Socio-environmental policies and guidelines of the Group;		

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GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
Declaration of use	Fabbrica Italiana Lapis e Affini S.p.A. - F.I.L.A. S.p.A. has submitted a report in accordance with the GRI Standards for the period 1/1/2022 - 12/31/2022				
GRI 1 used	GRI 1 - Foundation - 2021				
Relevant GRI industry standards	N/A				
GRI 406: Non-Discrimination 2016	3-3 Management of material topics	NFS 2.2.2 Socio-environmental policies and guidelines of the Group;			
GRI 413: Local communities 2016	406-1 Incidents of discrimination and corrective actions taken	NFS 5.4 Protecting diversity in local communities; 6.1 Respect for human rights			
GRI 415: Public Policy 2016	413-1 Operations with local community engagement, impact assessments, and development programs	NFS 2.3.1 Our Stakeholders; 2.3.3 Stakeholder Engagement initiatives			
GRI 3 - Material topics - 2021	415-1 Political contributions	NFS 5.5 Group social responsibility efforts			
GRI 408: Child labor 2016	3-3 Management of material topics	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 6.1 Respect for human rights			
GRI 409: Forced or compulsory labor 2016	408-1 - Operations and suppliers at significant risk for incidents of child labor	NFS 6.1 Respect for human rights			
GRI 409: Forced or compulsory labor 2016	409-1 - Operations and suppliers at significant risk for incidents of forced or compulsory labor	NFS 6.1 Respect for human rights			
Freedom of association and collective bargaining					
GRI 3 - Material topics - 2021	3-3 Management of material topics	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			
GRI 402: Labor/management relations 2016	402-1 Minimum notice periods regarding operational changes	NFS 4.1.5 Industrial relations and job protection 6.2 Freedom of Association and collective bargaining	Partial information		
GRI 407: Freedom of association and collective bargaining 2016	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			



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GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
Combating active and passive corruption					
GRI 3 - Material topics - 2021	3-3 Management of material topics		NFS		
			2.2.2 Socio-environmental policies and guidelines of the Group; Annex A.3 Materiality analysis; 7. Material topics relating to combatting corruption		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		7.3 Other topics of relevance in combatting corruption		
	205-2 Communication and training about anti-corruption policies and procedures		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		7.3 Other topics of relevance in combatting corruption		
Information Technology Security					
GRI 3 - Material topics - 2021	3-3 Management of material topics		NFS		
			2.2.2 Socio-environmental policies and guidelines of the Group; 2.5.7 Information technology security		
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and loss of customer data		NFS		
			2.5.7 Information technology security		
Other reported information not linked to material topics					
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		NFS		
			3.1.1 Environmental protection		
	304-3 Habitats protected or restored		NFS		
			3.1.1 Environmental protection		



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 2-1							
DECEMBER 31, 2022							
Shareholders	Ordinary shares	Class B shares	Total capital		Total votes = Voting capital		Ordinary capital
Pencil	11.628.214	8.081.856	19.710.070	39,00%	35.873.782	53,000%	27,000%
Market	31.348.227	0	31.348.227	61,00%	31.348.226	0,000%	73,00%
Total	42.976.441	8.081.856	51.058.297	100%	67.222.008	100%	100%
	84,000%	16,000%					
Total €	39.548.544,00	7.437.229,00	46.985.773,00				

GRI 2-1							
DECEMBER 31, 2021							
Shareholders	Ordinary shares	Class B shares	Total capital		Total votes = Voting capital		Ordinary capital
Pencil	13.694.563	8.081.856	21.776.419	43,00%	37.940.131	56,00%	32,00%
Market	29.281.878	0	29.281.878	57,00%	29.281.878	44,00%	69,00%
Total	42.977.441	8.081.856	51.058.297	100%	67.222.008	100%	100%
	84,00%	16,00%					
Total €	39.548.544,00	7.437.229,00	46.985.773,00				

GRI 2-1							
DECEMBER 31, 2021							
Shareholders	Ordinary shares	Class B shares	Total capital		Total votes = Voting capital		Ordinary capital
Pencil	13.694.563	8.081.856	21.776.419	43,00%	37.940.131	56,00%	32,00%
Market	29.263.628	0	29.263.628	57,00%	29.263.628	44,00%	68,00%
Total	42.958.191	8.081.856	51.040.047	100%	67.203.759	100%	100%
	84,00%	16,00%					
Total €	39.530.525,00	7.436.999,00	46.967.524,00				

2. STRATEGY, BUSINESS MODEL & SUSTAINABILITY

2.4.2 GEOGRAPHICAL ORGANISATION

GRI 2-6 102-6				
GROUP COMPANIES BY GEOGRAPHICAL SEGMENT				
Europe	North America	Central/South America	Asia	Rest of the World
<ul style="list-style-type: none"> - Fila (IT) - Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (DE) - Lyra Bleistift-Fabrik Verwaltungs (DE) - Fila Nordic (SUE) - Fila Stationary and Office Equipment Industry (TR) - Fila Stationary (RUS) - Industria Maimeri (IT) - Fila Hellas (GR) - Fila Polska (PL) - Renoir Topco (UK) - Renoir Midco (UK) - Renoir Bidco (UK) - Daler Rowney (UK) 	<ul style="list-style-type: none"> - Arches - Fila Benelux (BE) - Daler Rowney (DE) - Fila Art Products (CH) - St. Cuthberts Holding (UK) - St. Cuthberts Mill (UK) - Fila Iberia (ES) - Canson (FR) - Lodi 12 (FR) - Fila Art Products (CH) - Creative Art Products Limited (UK) 	<ul style="list-style-type: none"> - Dixon Ticonderoga Company (USA) - Fila Specialty Papers (USA) - Dixon Canadian Holding Inc. (CA) - Dixon Ticonderoga ART ULC (CA) 	<ul style="list-style-type: none"> - Grupo Fila- Dixon, (MEX) - Fila Chile (RCH) - Fila Argentina (RA) - Canson Brasil (BR) - Bridesshore (DOM) 	<ul style="list-style-type: none"> - Beijing Fila- Dixon Stationery Company Ltd. (RC) - Xinjiang Fila- Dixon Plantation Company (RC) - PT. Lyra Akrelux (RI) - Fila Dixon Stationery (Kunshan) Co. (RC) - Canson Art & Craft Yixing Co. (RC) - DOMS Industries (IND) - Canson Qingdao (RC) - Pioneer Stationery (IND) - Uniwrite Pens and Plastics Pvt (IND) - Princeton HK Co (HK) - Fila Art and Craft (IL)
				<ul style="list-style-type: none"> - Fila SA (ZA) - Canson Australia PTY (AUS)



GRI 207 TAX

GRI 3-3

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).

For the Parent Company and the subsidiaries subject to auditing, the calculation of taxes, carried out 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, 2022							
<i>Euro thousands</i>	Europe	North America	Central and South America	Asia	Rest of the world	Consolidation	Group F.I.L.A.
Revenue from sales and services	327.785	327.785	115.859	156.546	4.044	(177.935)	764.580
of which Inter-company	(92.637)	(13.235)	(38.140)	(33.923)			
EBITDA	43.904	44.930	14.773	22.076	96	(6.548)	119.231
Operating Result	27.114	30.618	11.262	13.585	(140)	(9.695)	72.744
Net Financial Expense	6.852	(13.388)	(6.401)	1.249	(102)	(22.332)	(34.122)
<i>of which Inter-company</i>	(21.247)	(292)	697	(1.630)	139		
Current and deferred taxes	(5.707)	(2.279)	611	(3.221)	(22)	2.272	(8.347)
Profit for the period	27.792	14.397	5.472	7.629	(264)	(29.754)	25.271

GRI 207-4							
COUNTRY-BY-COUNTRY REPORTING AT DECEMBER 31, 2021							
<i>Euro thousands</i>	Europe	North America	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		
Current and deferred taxes	6.556	8.450	(184)	103	2	104	15.031
Profit for the period	32.314	23.692	(2.517)	730	(273)	(14.521)	39.425

GRI 207-4							
COUNTRY-BY-COUNTRY REPORTING AT DECEMBER 31, 2020							
<i>Euro thousands</i>	Europe	North America	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)	95.051
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		
Current and deferred taxes	311	(6.606)	283	(454)	(76)	376	(6.166)
Profit for the period	7.757	9.838	(5.898)	3.941	(1.035)	(6.481)	8.122



3. MATERIAL ENVIRONMENTAL TOPICS

3.2 USE OF RAW MATERIALS

GRI 301-1									
TIMBER ACQUIRED AND CERTIFICATIONS	2022			2021			2020		
	Amount	Certified percentage	Type of certificate	Amount	Certified percentage	Type of certificate	Amount	Certified percentage	Type of certificate
<i>Unit</i>	<i>cubic meters</i>	<i>(%)</i>		<i>cubic meters</i>	<i>(%)</i>		<i>cubic meters</i>	<i>(%)</i>	
Logs*	39.409	0%	FSC	22.505	6%	FSC	26.810	0%	FSC
Slats*	36.541	7%	FSC	16.855	18%	FSC	18.985	29%	FSC
Planks*	1.775	100%	PEFC	4.268	100%	PEFC	1.080	100%	PEFC
TOTAL	77.725			43.628			46.875		

* Renewable materials

GRI 301-1			
OTHER MATERIALS ACQUIRED	2022	2021	2020
<i>Unit</i>	<i>kg</i>	<i>kg</i>	<i>kg</i>
Untreated plastic raw material (PHE/PHEG/ABS/ECC)	10.988.723	7.033.227	5.598.360
Calcium carbonate	21.206.575	14.755.472	12.537.061
Calcium sulphate	1.295.290	1.660.326	906.862
Clay	8.232.267	7.585.079	4.905.418
Kaolin	460.780	469.321	584.558
Graphite dusts	1.834.690	883.310	1.013.102
Cellulose fibre*	16.509.862	13.265.402	11.249.828
Paper rolls*	54.891.421	54.591.590	61.363.206
Paper sheets*	1.150.861	1.044.435	821.994
Acrylic resins	694.362	692.325	600.881
Purchased Semi-processed inks	625.381	536.371	541.121
Talc	2.636.172	2.704.125	1.483.083
Corn starch*	1.004.446	990.784	692.311
Flour*	1.021.723	733.979	421.905
Pigments	1.254.282	1.076.593	836.998
Mineral oil	48.071	38.511	n.d.
Total	123.854.906	108.060.850	103.556.688
Unit	m2	m3	m3
Water-based lacquers	101.370	129.161	n.d.
Solvent-based lacquers	235.554	130.387	n.d.
Total	336.924	259.548	n.d.

*Renewable materials - Mineral oil, water-based lacquers, and solvent-based lacquers are subject to reporting from 2021 onwards



3.3 CONSUMPTION OF ENERGY RESOURCES

GRI 302-1			
CONSUMPTION OF ENERGY FROM NON-RENEWABLE SOURCES			
Mega Joule	2022	2021	2020
Electricity	322.997.055	269.759.940	236.821.502
Thermal energy	53.561.513	47.322.218	36.637.784
Steam	56.924.287	16.628.326	28.249.050
Fuel oil	5.318.813	4.808.653	4.334.708
Diesel	3.528.216	3.757.218	2.975.051
Coal	0	0	0
Natural gas	191.702.769	181.670.339	160.224.212
Total	634.032.653	513.274.172	469.242.307

GRI 302-1			
ENERGY CONSUMPTION FROM-RENEWABLE SOURCES			
Mega Joule	2022	2021	2020
Biomass	67.602.750	34.231.788*	146.561.280
Photovoltaic	4.146.712	0	0
Total	71.749.462	34.231.788	146.561.280

(*) figure recalculated following Dixon Mexico's revision of 2021 calculation

GRI 302-3		
ENERGY INTENSITY Mega Joule / Euro	2022	2021
Total energy consumption / Group gross revenues	0,97	0,85

The indicator referred to in the table is reported from 2021 onwards.

GRI 302-4				
REDUCTION OF ENERGY CONSUMPTION	Companies concerned	2022	2021	2020
Unit		Mega Joule	Mega Joule	Mega Joule
Savings on lighting	Dixon Ticonderoga Company	-	1.573.200	1.917.500
Heat produced by sawdust combustion	Doms India			
Reduction of steam usage	Dixon Kunshan		8.429.760	
Photovoltaic solar panels	Dixon Kunshan	4.146.712		
Installation of LED lights	Canson France	4.270.457		



3.4 ATMOSPHERIC EMISSIONS

GRI 305-1 305-2 GREENHOUSE EFFECT GAS EMISSIONS			
Tonnes of CO ₂	2022	2021	2020
Direct (Scope 1) GHG emissions	11.410	10.826	25.945
Energy indirect. (Scope 2) GHG emissions	50.529	40.355	36.173
Total CO₂ emissions	61.939	51.181	62.118

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 305-1 305-2 GREENHOUSE GAS EMISSIONS FROM RENEWABLE ENERGY SOURCES			
Tonnes of CO ₂	2022	2021	2020
Emissions from biomass	7.572	3.834	16.415

GRI 305-7 OTHER SIGNIFICANT EMISSIONS			
kg	2022	2021	2020
Persistent organic pollutants (POP)	0	0	0
Volatile Organic Compounds (VOC)	7.479	7.201	5.634
Hazardous air pollutants (HAP)	0	0	0
Particulate matters (PM)	26.863	24.435	20.560
Total other significant emissions	34.342	31.636	26.194



3.5 WATER CONSUMPTION

GRI 303-3			
WATER WITHDRAWAL			
Cubic meters	2022	2021	2020
Surface water (including rainwater collected directly and stored)	676.566	668.431	654.241
Groundwater	1.361.628	1.251.304	830.426
Sea water	0	0	n.d.
Water produced	0	0	n.d.
Third-party water supplies (municipal water supplies or water supplies from other suppliers)	91.518	84.658	86.856
Total withdrawn	2.129.712	2.004.393	1.571.523
Total water recycled and reused as a percentage of total water withdrawn	23%	21%	26%

GRI 303-4			
WATER DISCHARGE			
Cubic meters	2022	2021	2020
Groundwater	7.240	9.918	18.583
Aquifer	n.d.	n.d.	17.030
Surface waters	932.653	647.353	629.197
Sea water	0	0	n.d.
Waste water discharged into treatment plants	n.d.	n.d.	17.087
Third-party water (municipal sewers or other water services)	52.891	48.293	n.d.
Total water discharge	992.784	705.564	681.897

The categories of discharges to be reported were updated in 2021 according to GRI 303-4, which requires reporting of surface water, groundwater, seawater and third-party water. 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
CANSON SAS						
Surface waters	435.247	Ph / TSS	Ph / Mg/l	-	Yes	-
Groundwater	1.872	Ph / TSS	Ph / Mg/l	-	Yes	-
Total discharges	437.119					
LYRA KG						
Third-party water (municipal sewers or other water services)	554	-	-	-	-	-
Total discharges	554					
INDUSTRIA MAIMERI						
Groundwater	8.046	None	-	-	-	-
Third-party water (municipal sewers or other water services)	3.682	Domestic use	-	-	-	-
Total discharges	11.728					
DALER ROWNEY						
Third-party water (municipal sewers or other water services)	4.303	-	-	-	-	-
Total discharges	4.303					
ST. CHUTHSBERT						
Surface waters	212.106	ATU BOD as O2	Mg/l	22	Yes	-
Total discharges	212.106					
DIXON MESSICO						
Third-party water (municipal sewers or other water services)	21.120	NOM-002-SEMARNAT-1996	Mg/l	150	Yes	-
Total discharges	21.120					
DIXON TICONDEROGA COMPANY USA						
Third-party water (municipal sewers or other water services)	4.543	Public Utility processes	-	-	-	-
Total discharges	4.543					
CANSON BRASILE						
Third-party water (municipal sewers or other water services)	198	-	-	-	-	-
Total discharges	198					
DIXON KUNSHAN						
Third-party water (municipal sewers or other water services)	13.109	-	-	-	-	-
Total discharges	13.109					
FILA ART & CRAFT YIXING						
Third-party water (municipal sewers or other water services)	765	National standard	TON	-	-	-
Total discharges	765					
DIXON TICONDEROGA ART						
Third-party water (municipal sewers or other water services)	19	-	-	-	-	-
Total discharges	19					

The indicators referenced in the table are reported starting in 2021.



GRI 303-4						
WATER RESOURCES / DISCHARGED WATER						
Cubic meter of sprinkler discharged to:	2022					
	Water quantity	Water quality				
	Cubic meters	Quality standards used	Unit	Upper limit	Legal maximum limit	Internal upper limit
CANSON SAS						
Surface waters	428.378	Ph / TSS	Ph / Mg/l	-	Yes	-
Third-party water (municipal sewers or other water services)	2.864	-	-	-	-	-
Groundwater	1.317	Ph / TSS	Ph / Mg/l	-	Yes	-
Total discharges	432.559					
LYRA KG						
Third-party water (municipal sewers or other water services)	391	-	-	-	-	-
Total discharges	391					
INDUSTRIA MAIMERI						
Groundwater	5.763	None	-	-	-	-
Third-party water (municipal sewers or other water services)	2.304	Domestic use	-	-	-	-
Total discharges	8.067					
F.I.L.A. Italy						
Groundwater	160	-	-	-	-	-
Third-party water (municipal sewers or other water services)	1.264	-	-	-	-	-
Total discharges	1.424					
ST. CHUTHSBERT						
Surface waters	227.081	ATU BOD as O2	Mg/l	22	Yes	-
Total discharges	227.081					
DIXON MESSICO						
Third-party water (municipal sewers or other water services)	23.005	NOM-002-SEMARNAT-1996	Mg/l	150	Yes	-
Surface waters	5.120	-	-	-	-	-
Total discharges	28.125					
DIXON TICONDEROGA COMPANY USA						
Third-party water (municipal sewers or other water services)	4.752	Public Utility processes	-	-	-	-
Total discharges	4.752					
CANSON BRASILE						
Third-party water (municipal sewers or other water services)	250	-	-	-	-	-
Total discharges	250					
DIXON KUNSHAN						
Third-party water (municipal sewers or other water services)	10.489	-	-	-	-	-
Total discharges	10.489					
FILA ART & CRAFT YIXING						
Third-party water (municipal sewers or other water services)	299	National standard	TON	-	-	-
Total discharges	299					
DIXON TICONDEROGA ART						
Third-party water (municipal sewers or other water services)	21	-	-	-	-	-
Total discharges	21					
FILA ARCHES						
Surface waters	272.074	-	-	-	-	-
Total discharges	272.074					
BRIDESHORE						
Third-party water (municipal sewers or other water services)	4	-	-	-	-	-
Total discharges	4					

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GRI 303-3 WATER WITHDRAWAL BY WATER-STRESS AREA				
PRODUCTION SITE	COMPANY	COUNTRY	OVERALL RISK LEVEL BY COUNTRY	
1	San Isidro	FILA ARGENTINA	ARGENTINA	MEDIUM-LOW
2	Domingos Giomi	CANSON BRAZIL	BRAZIL	HIGH
3	Barrie	DIXON TICONDEROGA ART CANADA	CANADA	LOW
4	Kunshan	DIXON KUNSHAN	CHINA	HIGH
5	Xinjiang	DIXON PLANTATION	CHINA	VERY HIGH
6	Yixing	DIXON ARTS & CRAFTS	CHINA	HIGH
7	Annonay	CANSON SAS	FRANCE	LOW
8	Saint-Germain La Ville	CANSON SAS	FRANCE	MEDIUM-LOW
9	Baldershime	CANSON SAS	FRANCE	LOW
10	Arches	FILA ARCHES	FRANCE	MEDIUM-LOW
11	Norimberga	LYRA KG	GERMANY	MEDIUM-LOW
12	Umbergaom	DOMS INDIA	INDIA	VERY HIGH
13	Jammu	DOMS INDIA	INDIA	VERY HIGH
14	Rufina	FILA S.P.A.	ITALY	HIGH
15	Mediglia	INDUSTRIA MAIMERI	ITALY	LOW
16	Città del Messico	DIXON MEXICO	MEXICO	HIGH
17	Oaxaca	DIXON MEXICO	MEXICO	MEDIUM-LOW
18	La Romana	BRIDESHORE	DOMINICAN REPUBLIC	HIGH
19	Brecknell	DALER ROWNEY	UK	MEDIUM-LOW
20	St. Cuthbert Mill	ST. CUTHBERTS	UK	LOW
21	Appleton	DIXON USA	USA	LOW
22	Neenah	DIXON USA	USA	LOW

SOURCE: <https://www.wri.org/applications/acqueduct/water-risk-atlas>

GRI 303-3 WATER WITHDRAWAL - HIGH WATER-RISK AREAS			
Cubic meters	2022	2021	2020
Surface water (including rainwater collected directly and stored)	1.500	1.500	1.298
Groundwater	956.464	1.243.258	820.779
Sea water	0	0	n.d.
Water produced	0	0	n.d.
Water from third parties	60.382	54.534	6.889
Total withdrawn	1.018.346	1.299.292	828.966



GRI 303-4 WATER DISCHARGE - HIGH WATER-RISK AREAS			
Cubic meters	2022	2021	2020
Groundwater	160	0	0
Aquifer	n.d.	n.d.	0
Surface waters	5.120	0	0
Sea water	0	0	n.d.
Waste water discharged into treatment plants	n.d.	n.d.	0
Water from third parties (municipal sewers or other water services)	35.311	35.192	n.d.
Total water discharge	40.591	35.192	0

3.6 OTHER ENVIRONMENTAL TOPICS

3.6.1 WASTE MANAGEMENT

GRI 306-2 WASTE PRODUCED BY CATEGORY									
kg	2022			2021			2020		
	hazardous	non-hazardous	total	hazardous	non-hazardous	total	hazardous	non-hazardous	total
Solid waste	105.035	14.306.316	14.411.351	52.323	12.346.776	12.399.099	60.581	9.739.383	9.799.964
Liquid wastes	145.846	1.249.925	1.395.771	91.937	1.367.509	1.459.446	46.178	687.325	733.503
Total waste	250.881	15.556.241	15.807.122	144.260	13.714.285	13.858.545	106.759	10.426.708	10.533.467

GRI 306-3; GRI 306-4; GRI 306-5 WASTE RECYCLED OR REUSED BY TYPE OF RECYCLING/REUSE												
unit: kg	2022						2021					
	HAZARDOUS WASTE			NON-HAZARDOUS WASTE			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	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												
Waste recycled	0	18.034	18.034	0	6.864.676	6.864.676	0	9.293	9.293	0	6.712.507	6.712.507
Other collection operations	0	9.681	9.681	0	458.103	458.103	0	15.857	15.857	0	550.303	550.303
Total waste diverted from disposal through recycling or reuse operations	0	27.715	27.715	86.529	7.397.919	7.484.448	0	25.150	25.150	56.152	7.302.950	7.359.102

The indicators referred to in the table are reported from 2021 onwards.



GRI 306-3; GRI 306-4; GRI 306-5					
NON-RECYCLED WASTE RATE					
%	2022			2021	
	Hazardous waste not recycled	Non-hazardous waste not recycled		Hazardous waste not recycled	Non-hazardous waste not recycled
Solid waste	91%	53%		76%	40%
Liquid waste	87%	44%		86%	99%
Non-recycled waste rate	89%	52%		83%	46%

The indicators referred to in the table are reported from 2021 onwards.

GRI 306-3; GRI 306-4; GRI 306-5												
NON-RECYCLED WASTE BY TYPE OF DISPOSAL												
Unit: kg	2021						2021					
	HAZARDOUS WASTE			NON-HAZARDOUS WASTE			HAZARDOUS WASTE			NON-HAZARDOUS WASTE		
	ON-SITE	OTHER	TOTAL	ON-SITE	OTHER	TOTAL	ON-SITE	OTHER	TOTAL	ON-SITE	OTHER	TOTAL
Incineration or combustion (with energy recovery)												
Incineration or combustion (without energy recovery)	0	98.422	98.422	0	174.162	174.162	0	46.764	46.764	0	143.631	143.631
Landfill	0	20.720	20.720	1.478.710	1.204.373	2.683.083	0	18.926	18.926	1.507.000	1.149.209	2.656.209
Other disposal operations (e.g., dumping, open burning, deep well injection, etc.)	0	65.877	65877	51.481	1.363.731	1.415.212	0	57	57	31.419	1.163.914	1.195.333
Non-recycled waste by type of disposal	0	223.166	223.166	5.090.111	2.981.681	8.071.792	0	119.110	119.110	3.231.099	3.124.084	6.355.183

The indicators referred to in the table are reported from 2021 onwards.



4. MATERIAL EMPLOYMENT TOPICS

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

4.1.1 COMPOSITION OF THE WORKFORCE

GRI 2-7									
BREAKDOWN OF STAFF BY CONTRACT									
Number of employees	2022			2021			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time employees	5.491	5.771	11.262	5.070	4.673	9.743	4.298	3.671	7.969
Part-time employees	29	61	90	18	62	80	33	68	101
Total	5.520	5.832	11.352	5.088	4.735	9.823	4.331	3.739	8.070
% of total	49%	51%	100%	52%	48%	100%	54%	46%	100%

GRI 2-7						
BREAKDOWN OF STAFF BY CONTRACT						
Number of employees	2022			2021		
	Male	Female	Total	Male	Female	Total
Permanent employees	5.388	5.544	10.932	5.012	4.667	9.679
Temporary employees	125	283	408	75	68	143
Employees with non-guaranteed hours	2	3	5	1	0	1
Total	5.520	5.832	11.352	5.088	4.735	9.823

GRI 2-8						
BREAKDOWN OF STAFF BY CONTRACT						
Number of employees	2022			2021		
	Male	Female	Total	Male	Female	Total
Internship	5	2	7	-	-	-
Total	5.520	5.832	11.352	5.088	4.735	9.823

GRI 2-7									
EMPLOYEE BREAKDOWN BY GEOGRAPHICAL SEGMENT, GENDER AND CONTRACT TYPE									
Number of employees	2022			2022			2022		
	Full-time			Part-time			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	677	412	1.089	19	43	62	696	455	1.151
North America	320	216	536	5	11	16	325	227	552
Central/South America	728	1.041	1.769	0	1	1	728	1.042	1.770
Asia	3.756	4.090	7.846	4	4	8	3.760	4.094	7.854
Rest of the World	10	12	22	1	2	3	11	14	25
Total	5.491	5.771	11.262	29	61	90	5.520	5.832	11.352



GRI 2-7									
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
Total	5.070	4.673	9.743	18	62	80	5.088	4.735	9.823

GRI 2-7									
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	1.043	15	57	72	681	434	1.115
North America	346	227	573	15	6	21	361	233	594
Central/South America	656	846	1.502	0	1	1	656	847	1.503
Asia	2.621	2.208	4.829	0	1	1	2.621	2.209	4.830
Rest of the World	9	13	22	3	3	6	12	16	28
Total	4.298	3.671	7.969	33	68	101	4.331	3.739	8.070

GRI 405-1												
EMPLOYEE BREAKDOWN BY CATEGORY AND GEOGRAPHICAL SEGMENT												
Number of employees	2022				2021				2020			
	White-collar	Blue-collar	Manager	Total	White-collar	Blue-collar	Manager	Total	White-collar	Blue-collar	Manager	Total
Europe	445	635	71	1.151	408	583	127	1.118	414	584	117	1.115
North America	162	368	22	552	123	393	66	582	118	399	77	594
Central/South America	189	1.562	19	1.770	482	910	20	1.412	472	1.009	22	1.503
Asia	1.144	6.680	30	7.854	1.034	5.619	32	6.685	959	3.843	28	4.830
Rest of the World	13	8	4	25	12	10	4	26	13	11	4	28
Total	1.953	9.253	146	11.352	2.059	7.515	249	9.823	1.976	5.846	248	8.070



GRI 405-1															
EMPLOYEE BREAKDOWN BY AGE AND GEOGRAPHICAL SEGMENT															
Number of employees	2022					2021					2020				
	< 30	31-40	41-50	>50	Total	< 30	31-40	41-50	>50	Total	< 30	31-40	41-50	>50	Total
Europe	160	170	307	514	1.151	162	191	370	395	1.118	140	196	379	400	1.115
North America	136	121	139	156	552	141	130	140	171	582	144	138	131	181	594
Central/South America	685	468	449	168	1.770	502	366	381	163	1.412	550	389	387	177	1.503
Asia	4.962	2.013	727	152	7.854	4.300	1.625	624	136	6.685	3.040	1.176	508	106	4.830
Rest of the World	3	10	8	4	25	6	7	11	2	26	7	7	11	3	28
Total	5.946	2.782	1.630	994	11.352	5.111	2.319	1.526	867	9.823	3.884	1.907	1.413	866	8.070

4.1.2 PERSONNEL TURNOVER

GRI 401-1													
TURNOVER BY CATEGORY													
Number of employees	2022				2021				2020				
	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	2.059	7.515	249	9.823	1.976	5.846	248	8.070	2.151	7.677	239	10.067	
Hires in the year**	486	7.417	11	7.914	543	6.435	21	6.999	387	3.925	22	4.334	
Departures in the year	(390)	(5.979)	(16)	(6.385)	(458)	(4.756)	(32)	(5.246)	(557)	(5.752)	(22)	(6.331)	
Career advancement	7	(10)	3	0	(2)	(10)	12	0	(5)	(4)	9	0	
Reclassifications ⁸	(209)	310	(101)	0									
Total	1.953	9.253	146	11.352	2.059	7.515	249	9.823	1.976	5.846	248	8.070	

GRI 401-1										
TURNOVER BY GENDER										
Number of employees	2022			2021			2020			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Total number of employees at the beginning of the year	5.088	4.735	9.823	4.331	3.739	8.070	5.338	4.729	10.067	
Hires in the year**	4.292	3.622	7.914	3.815	3.184	6.999	2.474	1.862	4.336	
Departures in the year	(3.860)	(2.525)	(6.385)	(3.058)	(2.188)	(5.246)	(3.479)	(2.852)	(6.331)	
Total employees at year-end	5.520	5.832	11.352	5.088	4.735	9.823	4.333	3.739	8.072	

⁸ The change in 2022 is attributable to the reclassification of job categories, following the creation of the non-financial reporting manual adopted by the Group for reporting, which clarified how to classify each type of contract.



GRI 401-1									
TURNOVER BY GENDER AND GEOGRAPHICAL SEGMENT									
Number of employees	2022								
				Male					
	Hires	Departures	Total	Hires	Departures	Total	Hires	Departures	Total
Europe	127	(113)	14	99	(80)	19	226	(193)	33
North America	154	(184)	(30)	92	(92)	0	246	(276)	(30)
Central/South America	533	(401)	132	558	(332)	226	1.091	(733)	358
Asia	3.477	(3.161)	316	2.873	(2.020)	853	6.350	(5.181)	1.169
Rest of the World	1	(1)	0	0	(1)	(1)	1	(2)	(1)
Total	4.292	(3.860)	432	3.622	(2.525)	1.097	7.914	(6.385)	1.529

GRI 401-1									
TURNOVER BY GENDER AND GEOGRAPHICAL SEGMENT									
Number of employees	2021								
				Male					
	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)
Total	3.815	(3.058)	757	3.184	(2.188)	996	6.999	(5.246)	1.753

GRI 401-1									
TURNOVER BY GENDER AND GEOGRAPHICAL SEGMENT									
Number of employees	2020								
				Male					
	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
Total	2.472	(3.479)	(1.007)	1.862	(2.852)	(990)	4.334	(6.331)	(1.997)



GRI 401-1															
TURNOVER BY AGE															
Number of employees	2022					2021					2020				
	<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	5.111	2.319	1.526	867	9.823	3.881	1.906	1.416	867	8.070	5.079	2.330	1.607	1.051	10.067
Hires in the year	5.246	1.762	684	222	7.914	4.647	1.586	583	183	6.999	2.837	956	414	127	4.334
Departures in the year	(4.389)	(1.260)	(505)	(231)	(6.385)	(3.394)	(1.450)	(629)	(358)	(5.246)	(3.894)	(1.450)	(629)	(358)	(6.331)
Change in age group	(22)	(39)	(75)	136	0	(23)	1	(21)	43	0	(141)	70	24	47	0
Total	5.946	2.782	1.630	994	11.352	5.111	2.319	1.526	867	9.823	3.881	1.906	1.416	867	8.070

GRI 401-1															
TURNOVER BY AGE AND GEOGRAPHICAL SEGMENT															
Number of employees	2022					2021					2020				
	<30	31-40	41-50	>50	Total	<30	31-40	41-50	>50	Total	<30	31-40	41-50	>50	Total
Europe	(2)	(18)	(66)	119	33	22	(5)	(9)	(5)	3	11	3	11	9	34
North America	(5)	(9)	(1)	(15)	(30)	0	(7)	6	(11)	(12)	(3)	(34)	(29)	(57)	(123)
Central/South America	183	102	68	5	358	(48)	(23)	(6)	(14)	(91)	(122)	(96)	(68)	(126)	(412)
Asia	662	388	103	16	1.169	1.257	448	119	31	1.855	(1.085)	(297)	(107)	(12)	(1.501)
Rest of the world	(3)	3	(3)	2	(1)	(1)	0	0	(1)	(2)	3	0	4	(2)	5
Total	853	463	104	127	1.529	1.230	413	110	0	1.753	(1.196)	(424)	(189)	(188)	(1.997)



4.1.3 TRAINING

GRI 401-1									
TRAINING BY GENDER AND TOPIC									
Hours	2022			2021			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Operator training	25.135	45.100	70.235	18.135	34.189	52.324	16.460	19.515	35.975
Health and Safety	18.094	9.283	27.377	8.695	5.338	14.033	6.732	4.772	11.504
Foreign languages	884	547	1.431	376	586	962	461	724	1.185
IT	3.770	3.999	7.769	1.454	1.053	2.507	497	187	684
Risk Management	1.046	1.374	2.420	283	323	606	294	248	542
Anti-corruption and Anti-bribery	346	384	730	44	64	108	68	73	141
Human rights	461	867	1.328	721	546	1.267	0	0	0
Diversity	1.179	583	1.762	126	121	247	0	0	0
Other	670	1.256	1.926	-	-	-	-	-	-
Total	51.585	63.393	114.978	29.834	42.220	72.054	24.512	25.519	50.031

GRI 404-1									
TRAINING BY GENDER AND GEOGRAPHICAL SEGMENT									
Hours	2022			2021			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	10.004	7.046	17.050	7.782	7.502	15.284	7.446	4.379	11.825
North America	4.486	2.659	7.145	1.618	1.017	2.635	2.021	654	2.675
Central/South America	28.278	44.283	72.561	14.245	27.947	42.192	10.406	16.263	26.669
Asia	8.817	9.405	18.222	6.189	5.754	11.943	4.639	4.214	8.853
Rest of the World	0	0	0	0	0	0	0	8	8
Total	51.585	63.393	114.978	29.834	42.220	72.054	24.512	25.518	50.030

GRI 404-1												
TRAINING BY PROFESSIONAL CATEGORY AND TOPIC												
Hours	2021				2020				2019			
	Management	White-collar	Blue-collar	Total	Management	White-collar	Blue-collar	Total	Management	White-collar	Blue-collar	Total
Operator training	1.527	10.074	58.635	70.236	1.529	6.975	43.820	52.324	486	9.927	25.562	35.975
Health and Safety	281	3.638	23.458	27.377	411	2.830	10.792	14.033	360	1.575	9.569	11.504
Foreign languages	358	765	308	1.431	256	514	192	962	55	1.090	40	1.185
IT	2.134	3.830	1.805	7.769	87	2.345	75	2.507	33	609	42	684
Risk Management	46	636	1.738	2.420	35	173	398	606	11	247	284	542
Anti-corruption and Anti-bribery	23	364	343	730	2	34	72	108	17	109	15	141
Human rights	13	265	1.050	1.328	84	346	837	1.267	-	-	-	0
Diversity	44	252	1.466	1.762	24	73	150	247	-	-	-	0
Other	48	396	1.482	1.926	-	-	-	-	-	-	-	-
Total	4.474	20.220	90.285	114.979	2.428	13.290	56.336	72.054	962	13.557	35.512	50.031



4.3 OCCUPATIONAL HEALTH AND SAFETY

GRI 403-9												
INJURY TYPES AND WORK-RELATED INJURY RATES												
Number	2022											
	Employees on permanent contracts			Employees on temporary contracts			Non-employees			Total number of accidents related to the work environment		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
High-risk injuries (with prognoses of more than 120 days)	4	0	4	0	0	0	0	0	0	4	0	4
Injuries with prognoses between 40 and 120 days	2	2	4	0	2	2	0	0	0	2	4	6
Injuries with prognoses of up to 40 days	111	32	143	14	11	25	1	0	1	126	43	169
Total	117	34	151	14	13	27	1	0	1	132	47	179

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		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
High-risk injuries (with prognoses of more than 120 days)	1	0	1	0	0	0	0	0	0	1	0	1
Injuries with prognoses between 40 and 120 days	5	2	7	3	2	5	0	0	0	8	4	12
Injuries with prognoses of up to 40 days	72	56	128	1	2	3	0	0	0	73	58	131
Total	78	58	136	4	4	8	0	0	0	82	62	144

GRI 403-10									
WORK-RELATED ILL HEALTH									
Number	2022								
	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	0	0	0	0	0	0	0	0
Deaths from work-related ill health in the year	0	0	0	0	0	0	0	0	0
Total incidents of work-related ill health in the year	0	0	0	0	0	0	0	0	0

GRI 403-10									
WORK-RELATED ILL HEALTH									
Number	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	1	0	0	0	0	1	1
Deaths from work-related ill health in the year	0	0	0	0	0	0	0	0	0
Total incidents of work-related ill health in the year	0	1	1	0	0	0	0	1	1



DAYS OF ABSENCE BY REASON BY CONTRACT TYPE AND BY GENDER									
Number	2022								
	Employees on permanent contracts			Employees on temporary contracts			Total days of absence		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. days absence for work-related injury	1.486	279	1.765	143	245	388	1.629	524	2.153
No. days absence for work-related ill health	0	40	40	0	0	0	0	40	40
Total days of excused absence	1.486	319	1.805	143	245	388	1.629	564	2.193

DAYS OF ABSENCE BY REASON BY CONTRACT TYPE AND BY GENDER									
Number	2021								
	Employees on permanent contracts			Employees on temporary contracts			Total days of absence		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. days absence for work-related injury	845	418	1.263	198	117	315	1.043	535	1.578
No. days absence for work-related ill health	0	39	39	0	0	0	0	39	39
Total days of excused absence	845	457	1.302	198	117	315	1.043	574	1.617

REASONS FOR DAYS OF ABSENCE BY GEOGRAPHICAL SEGMENT						
Days	2022			2021		
	Injuries	Work-related ill health	Total	Injuries	Work-related ill health	Total
Europe	571	0	571	237	0	237
North America	324	0	324	67	0	67
Central/South America	795	40	835	841	39	880
Asia	463	0	433	433	0	433
Rest of the world	0	0	0	0	0	0
Total	2.153	40	2.163	1.578	39	1.617

7. MATERIAL TOPICS RELATING TO COMBATTING CORRUPTION

7.1 ANTI-CORRUPTION

GRI 205-2			
STAFF TRAINED IN ANTI-CORRUPTION ISSUES			
Number of people	2022	2021	2020
Management	20	4	15
White-collar	237	53	97
Blue-collar	234	224	0
Total	491	283	116



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 environmentally 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 aligned with the Taxonomy, i.e. those that jointly meet a set of conditions:

- 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, the “Climate Act”). Thus, an economic activity is considered eligible when it falls within the description of activities of one of the Delegated Regulations, and is considered aligned when it is not only eligible, but also meets the corresponding technical screening criteria, i.e. it contributes to at least one environmental objective without causing significant harm to any of the other objectives.

The information to be provided relates to three quantitative indicators:

- the amount and share of turnover from economic activities aligned with the Taxonomy;
- the amount and the portion of capital expenditure (CapEx) and operating expenditure (OpEx) relating to assets or processes associated with economic activities aligned with the Taxonomy.

Analysis methodology used

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.

With regard to methodology, the parent company F.I.L.A. S.p.A. conducted an analysis of its own activities and the activities of its subsidiaries in order to identify which among them could be considered eligible and, consequently, able to contribute to the targets of mitigation and/or adaptation to climate change in accordance with the European Taxonomy regulation. Subsequently, based on the analysis of the technical screening criteria (the “TSCs”) for each activity deemed eligible, it identified aligned activities, i.e.

those able to contribute substantially to the achievement of the first two targets relating to climate change (mitigation and adaptation) without causing significant harm to any of the environmental targets pursued by the European Union. Activities were also identified on the basis of the verification, for each activity, of compliance with the Do No Significant Harm principle (“DNSH”) and the Minimum Social Safeguards (“MSSs”).

Based on the guidance in Annex I to Delegated Regulation 2178/2021, the income statement and balance sheet data of eligible and aligned activities for the calculation of the various KPIs were extracted from the general and cost accounting systems.

As prescribed by the Annexes to the Delegated Act for Regulation (EU) 2020/852, the methods for defining and calculating the “Turnover,” “Capital Expenditure (CapEx),” and “Operating Expenditure (OpEx)” KPIs, based on the activities classified as eligible and aligned for the purposes of the Regulation, are described below.



Results of KPI analysis and reporting on the taxonomy

The analyses found that the economic activities included among those that considered "eligible" and/or "aligned" under the Taxonomy Regulation, for the two environmental targets of climate change mitigation, are as follows:

1.3 Forest management

Management of a poplar plantation by Chinese subsidiary FILA Xinjiang that produces benefits for climate change mitigation and adaptation targets, as it absorbs CO₂ and creates a barrier to counter the progressive desertification of the area, which is classified as suffering from very high water stress.

7.3. Installation, maintenance and repair of energy efficiency equipment

Individual renovation measures consisting of the installation, maintenance or repair of energy efficiency equipment. In 2022, FILA incurred costs for energy improvement in some production plants through the purchase and installation of LED light bulbs at plants run by Canson SAS (France) and Canson do Brasil (Brazil).

The analyses conducted revealed no significant harm caused to the remaining five targets set out in Article 9 of the Regulation by the above activities, and no exceptions emerged regarding compliance with the MSSs.

For both the above activities, only operating expenses (OpEx) were recorded, as summarised in the table below:



Share of operating expenses arising from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

Economic Activities (1)	Code(2)	Operating expenses in absolute value (3) Euro '000	Share of Operating Expenses (4)	Criteria for substantial contribution						Criteria for "Do no significant harm"						Share of Operating Expenses aligned with taxonomy year 2022 (18) %	Share of Operating Expenses aligned with taxonomy year 2021 (18) %	Category (enabling activity) (20) A	Category (transition activities) (21) T
				Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11) (S/N)	Adaptation to climate change (12) (S/N)	Water and marine resources (13) (S/N)	Circular Economy (14) (S/N)	Pollution (15) (S/N)	Biodiversity and ecosystems (16) (S/N)				
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)				1%	%	%	%	%	%	%	%	%	%	%	%	1%			
A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (Aligned with taxonomy)																			
Forest management	1.3	57	0,4%	0,4%	0,4%	#	#	#	#	-	-	S	S	S	S	0,4%		A	
Installation, maintenance and repair of energy efficiency devices	7.3	111	0,8%	0,8%	-	#	#	#	#	-	S	S	S	S	S	0,8%		A	
TOTAL OPERATING EXPENSES ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (Aligned with taxonomy)		168	1,2%	1,2%	0,4%	#	#	#	#							1,2%			
A.2 ELIGIBLE BUT MISALIGNED ACTIVITIES (Activities not aligned with the taxonomy)																			
Not detected eligible but misaligned activities	n/a	-	0%																
TOTAL OPERATING EXPENSES ELIGIBLE BUT UNALIGNED ACTIVITIES (Not Taxonomy Aligned activities)		-	0%																
B. INELIGIBLE ACTIVITIES																			
TOTAL OPERATING EXPENSES INELIGIBLE ACTIVITIES		13.912	98,8%																
TOTAL A + B		14.080	100%																



Turnover reporting

Share of revenue derived from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

Economic activities (1)	Code(2)	Absolute revenue (3) Euro '000	Share of turnover (4)	Criteria for substantial contribution						Criteria for "Do no significant harm"						Share of turnover aligned with taxonomy year N (18) %	Share of turnover aligned with taxonomy year N-1 (18) %	Category (enabling activity) (20) A	Category (transition activities) (21) T
				Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11) (S/N)	Adaptation to climate change (12) (S/N)	Water and marine resources (13) (S/N)	Circular Economy (14) (S/N)	Pollution (15) (S/N)	Biodiversity and ecosystems (16) (S/N)				
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)				0												0%			
A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (Aligned with taxonomy)																			
Not detected eligible and aligned activities	-	-	0%	-	-	-	-	-	-	S	S	S	S	S	S	0%		A	
TOTAL REVENUE FROM ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (Aligned with taxonomy)		-	0%	-	-	-	-	-	-							0%			
A.2 ACTIVITIES ELIGIBLE BUT NOT ALIGNED (Activities not aligned with the taxonomy)																			
Not detected eligible activities and but not aligned	-	-	0%																
TOTAL TURNOVER ELIGIBLE BUT MISALIGNED ACTIVITIES (Not Taxonomy Alligned activities)		-	0%																
B. INELIGIBLE ACTIVITIES																			
TOTAL TURNOVER INELIGIBLE ACTIVITIES		774.633	100%																
TOTAL A + B		774.633	100%																



Reporting CAPEX

Share of capital expenditures arising from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

Economic activities (1)	Code(2)	Absolute capital expenditures (3) Euro '000	Share of capital expenditures (4)	Criteria for substantial contribution						Criteria for "Do no significant harm"						Share of capital expenditures aligned with taxonomy year 2022 (18) %	Share of capital expenditures aligned with taxonomy year 2021 (18) %	Category (enabling activity) (20) A	Category (transition activities) (21) T
				Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11) (S/N)	Adaptation to climate change (12) (S/N)	Water and marine resources (13) (S/N)	Circular Economy(14) (S/N)	Pollution (15) (S/N)	Biodiversity and ecosystems (16) (S/N)				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (Aligned with taxonomy)																			
Not detected aligned activities		-	0%	-	-	-	-	-	-	-	-	-	-	-	-	0%	0%		
CAPITAL EXPENDITURES OF ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (Aligned with taxonomy)		-	0%	-	-	-	-	-	-	-	-	-	-	-	-	0%	0%		
A.2 CAPITAL EXPENDITURES OF ELIGIBLE ACTIVITIES BUT NOT ALIGNED WITH THE TAXONOMY (Not Taxonomy Aligned activities)		-	0%																
TOTAL A.1 + A.2		-	0%													0%	0%		
B. INELIGIBLE ACTIVITIES		13.969	100%																
TOTAL A + B		13.969	100%																

With reference to the disclosure pursuant to Article 8, paragraphs 6 and 7 of Delegated Regulation (EU) No. 2021/2178, which requires the use of the templates provided in Annex XII for the disclosure of nuclear and fossil gas-related activities, we note that all the templates have been omitted as they are not representative of the Company's activities.





(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

F.I.L.A. Group

2022 consolidated non-financial statement
(with independent auditors' report thereon)

KPMG S.p.A.
30 March 2023



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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 5.1.g) 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 2022 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 2023 (the "NFS").

Our procedures did not cover the information set out in the "The F.I.L.A. Group and the European taxonomy" section of 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.

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.

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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Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona





F.I.L.A. Group
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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 performed 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.
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).



F.I.L.A. Group
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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;
- we visited Canson SAS (Francia), Grupo F.I.L.A.-Dixon, S.A. de C.V. (Messico) and the respective Annonay Cedex and Tultitlán sites, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and 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 2022 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.

Our conclusion does not extend to the information set out in the "The F.I.L.A. Group and the European taxonomy" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 30 March 2023

KPMG S.p.A.

(signed on the original)

Annalisa Violante
Director of Audit

