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SUSTAINABILITY REPORT


CONSOLIDATED NON-FINANCIAL STATEMENT

As per Legislative Decree No. 254/2016

Issuer: *Fabbrica Italiana Lapis ed Affini S.p.A.* - Website: www.filagroup.it

Reporting period: **2023**

Report approval date: **March 19, 2024**



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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.

Let's colour the future. Since 1920.



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LETTER TO THE STAKEHOLDERS

Dear Stakeholders,

We are currently experiencing a period of significant uncertainty, within a global economic environment marked by geopolitical crises, loss of human life on multiple fronts, destruction, and unpredictability.

Our sympathy goes out to all those who are suffering and have suffered from the consequences of the ongoing conflicts. This year, we provided tangible assistance by donating colouring and drawing products to the Italian Red Cross for distribution to those in needs in Ukraine.

Even though the pandemic emergency has ended, the global situation remains complex. The war in Ukraine and the more recent one in the Middle East are influencing global dynamics, leading to inflationary pressures in most economies. These conflicts are also affecting globalisation, commodity and energy prices, security and operational logistics, but most importantly, people's safety.

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 Group has continued to allocate resources, including personnel and investments, towards achieving these goals.

We approved a multi-year investment plan that will reduce direct CO2 emissions by over 6,000 tonnes per year. This will be achieved through the construction of a biomass plant at our Canson SAS (France) paper mill. Additionally, the first phase of work began at our Rufina plant, which will be outfitted with a photovoltaic system once all necessary assessments are complete. These investments complement the energy efficiency projects outlined in the Sustainability Plan, demonstrating the Group's commitment to reducing CO2 emissions and water withdrawals, with initiatives scheduled to be fully operational by 2024. We continue to make progress obtaining certifications for our plants in the areas of health and safety (ISO45001) and the environment (ISO14001). Meanwhile,

our workforce remains almost unchanged compared to last year (11,352 in 2022 and 11,794 in 2023).

We remain committed to supporting education and culture through various initiatives. These include conferences with universities (Culture, Art, and Industry Conference organised by the Fondazione Maimeri in collaboration with the University of Milan), museum support (the Louvre Museum in Paris, Biennale Education Architettura, MU.BA Museo dei Bambini in Milan, Città della Scienza in Naples, and the Associazione MUS.E in Florence), and assistance for schools and teachers (e.g. Dixon Kunshan with the Cheng County Education Bureau, and Dixon Ticonderoga with the Kids In Need Foundation National Resource Center). We also support scientific research (Gold for Kids project with the Fondazione Umberto Veronesi), healthcare efforts (DOMS in India), sustainable fashion (designers such as VIN + OMI supported by Daler Rowney), and engage in institutional activities in Italy in partnership with organisations such as the Italian Red Cross and other volunteer groups.





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2023 came to a close with the successful listing of the Indian subsidiary, DOMS Industries Limited, on the National Stock Exchange of India. F.I.L.A. retained a 30.6% shareholding in the subsidiary's share capital. The effects of the Indian listing allowed the Group to significantly reduce the leverage ratio to support future growth objectives.

We continued to engage in open and constructive dialogue with our stakeholders, welcoming suggestions to further our path of continuous improvement.

The objective of the 2023 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”) 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 2023, 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 economic, environmental, and social performance.

F.I.L.A. S.p.A. prepares 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, 2023 to December 31, 2023. This Report also describes significant new developments that occurred before March 15, 2024.

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 19, 2024 and was subject to a limited assurance engagement by KPMG S.p.A., which expressed its conclusion in the “Independent Auditors’ Report” accompanying this document.

The limited assurance engagement does not cover the information required by the European Taxonomy Regulation (Regulation (EU) 2020/852), set out in “*E. The F.I.L.A. Group and the European Taxonomy*”. In addition, this limited assurance engagement does not cover “financial materiality” information.

Sustainability reporting is based on a materiality analysis, a process that helps identify the material topics in terms of the business profile, strategies, impacts, 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 significance, as required by applicable legislation and the GRI Standards.

The material topics identified cover environmental issues (the use of raw materials, consumption of energy resources, atmospheric emissions and water consumption), employment (equal opportunity and occupational health and safety), social issues (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 Report can be sent to info.dnf@fila.it



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2023 SUSTAINABILITY REPORT OVERVIEW

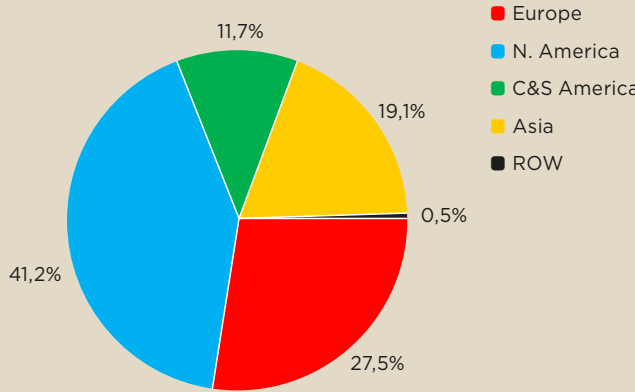
THE F.I.L.A. GROUP AT A GLANCE

We are 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.

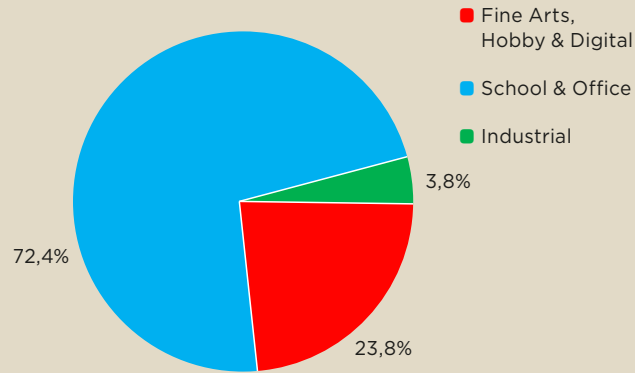
The Parent F.I.L.A. S.p.A. has been listed on **Euronext Milan, Euronext STAR Milan**, segment, since November 2015. The controlling shareholder is Massimo Candela, who, directly or indirectly, holds 27.147% of the ordinary shares and 53.699% of the voting rights.

Growth has always been in F.I.L.A.'s DNA. Since 1994, the Parent 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 Arts segment.

SALES BY GEOGRAPHICAL SEGMENT IN 2023



SALES BY STRATEGIC BUSINESS SEGMENT IN 2023



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 India¹
- 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

¹ 2023 came to close with the successful listing of the Indian subsidiary, DOMS Industries Limited, on the National Stock Exchange of India. F.I.L.A. will remain the largest shareholder with a 30.6% investment. The effects of the Indian listing allowed the Group to significantly reduce the leverage ratio to support future growth objectives.

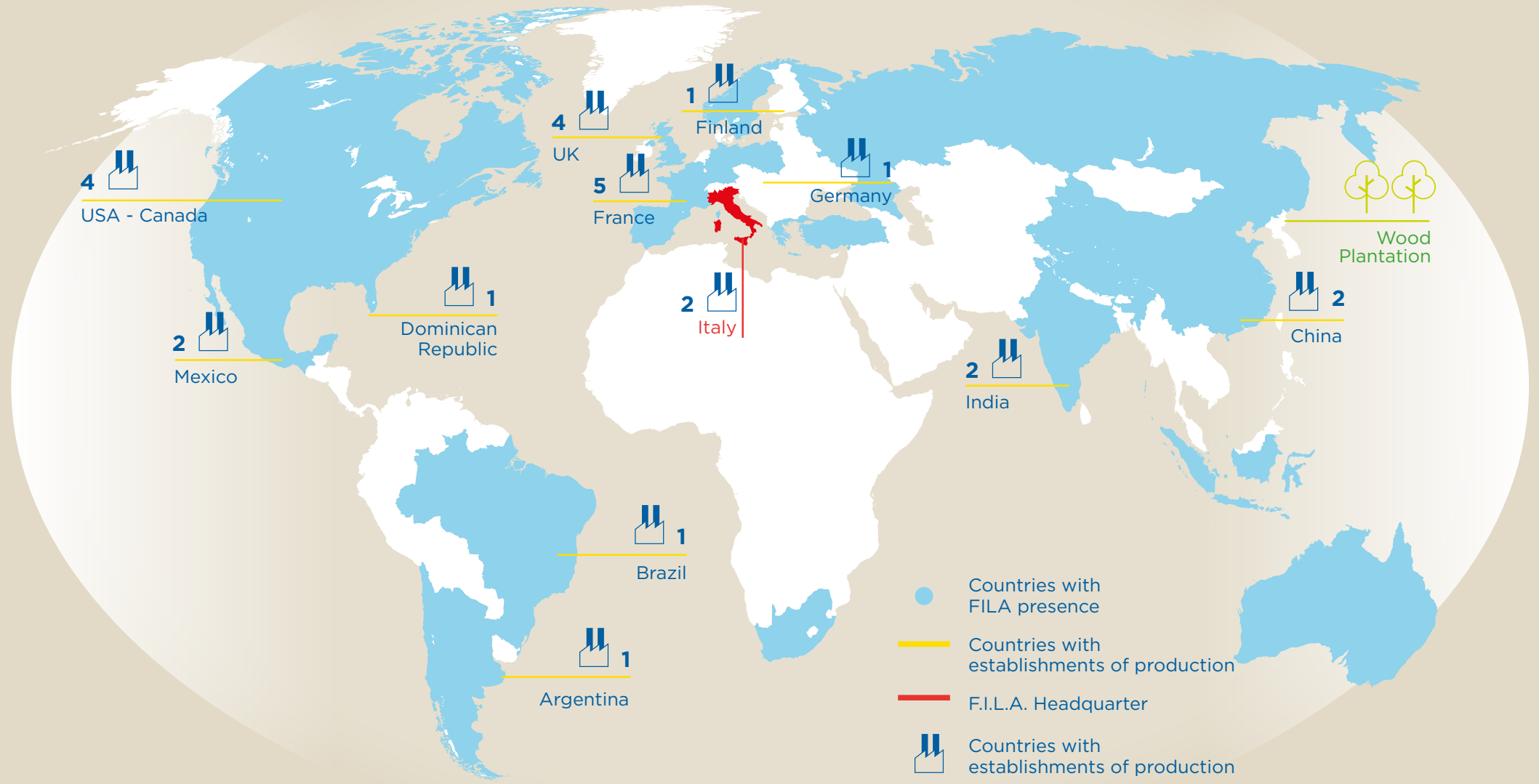
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A truly global presence
























































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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 Arts Paper for school Paper for leisure and craft Coloured paper Paper for traditional printmaking Digital Fine Arts 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 Play dough Modelling clay
	 School <hr/> pre-school primary school secondary school	 Art School Hobby and Artists	 Office	 Industry	CONSUMER CATEGORIES

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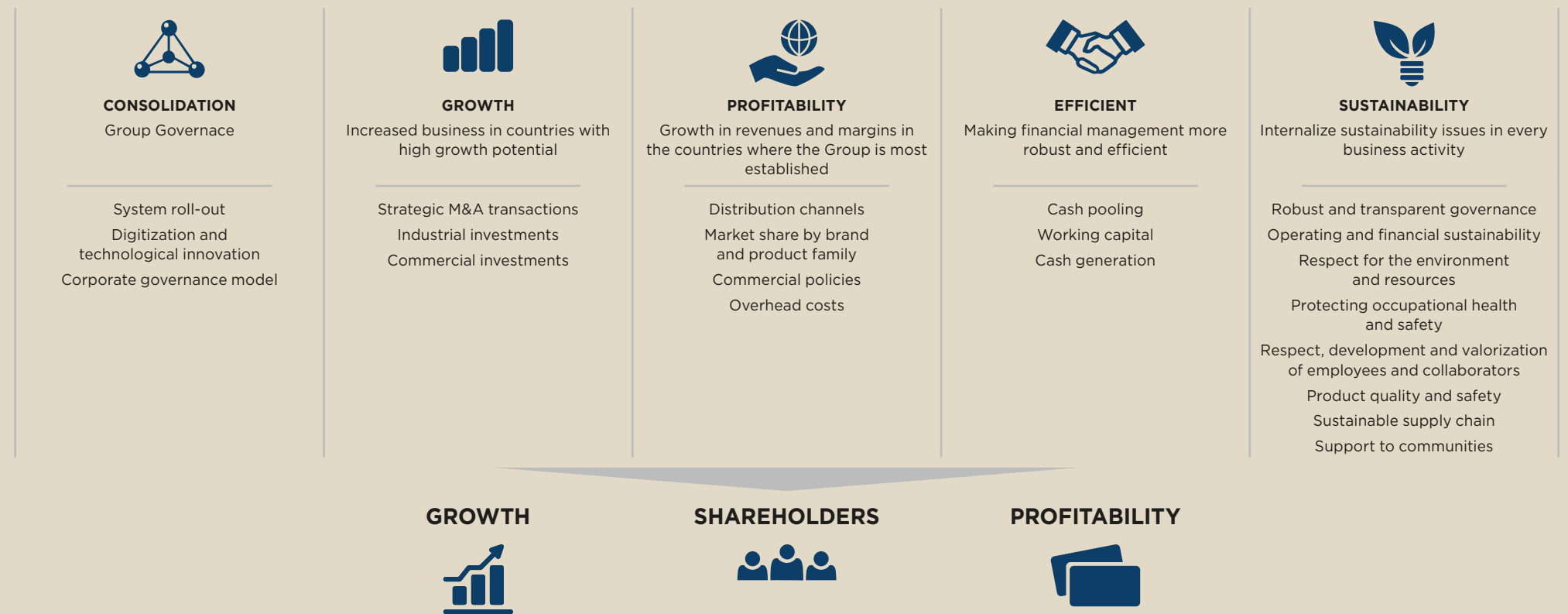


2021-2025 Strategic Plan

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 current situation and an assessment of the outlook for GDP, demographic trends, literacy and

education rates, market trends and the competitive scenario in order to lay down relevant strategic guidelines, which are divided into detailed projects and activities.



The 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”.





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:



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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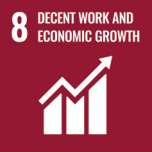
























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THE 2021-2025 STRATEGIC PLAN



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 sustainable policies to maintain and improve the quality and safety of our products.</p>   

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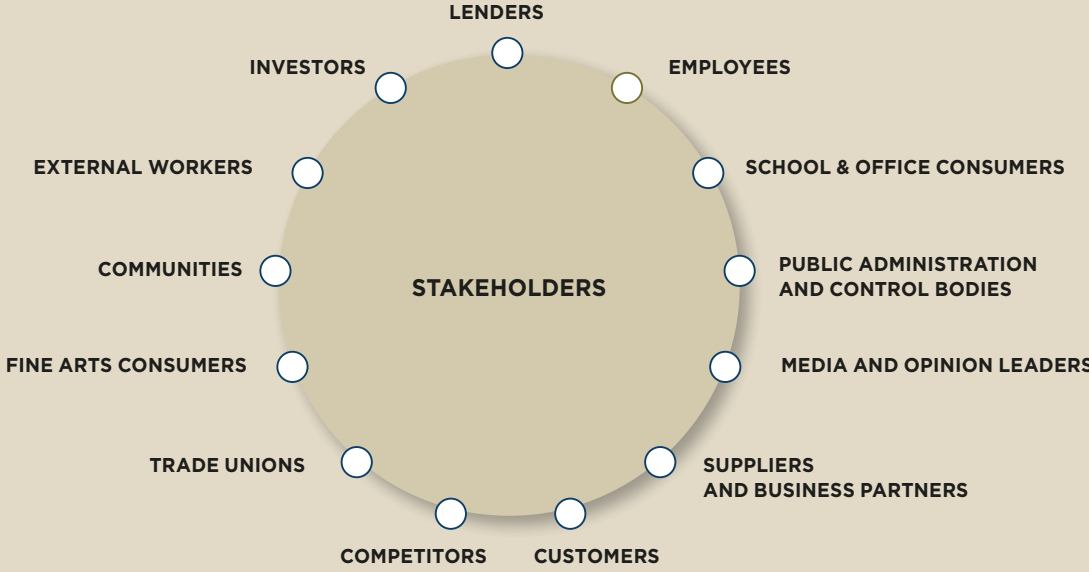
The Plan was prepared through the analysis, integration and development of several elements, including the Group's materiality analysis and the 17 Sustainable Development Goals (SDGs) for 2030 promoted by the United Nations, drawing inspiration from the "Ten Principles" of the United Nations Global Compact (UNGC).

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.

The F.I.L.A. Group is committed to maintaining open and transparent communication with all of the Company's key stakeholders. The practice of listening, conversing, and engaging is based on a more structured activity known as Stakeholder Engagement. The goal of this process is to allow companies to build mutual trust and gain access to 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 considers the following **material topics** to be important and essential 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





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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 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

Properly monitoring the risks associated with its business activities is key to maintaining stakeholder trust and ensuring business sustainability over time. To ensure an efficient control system is in place for all current and potential risks, the F.I.L.A. Group has equipped itself with the appropriate tools and procedures, and carries out supervisory activities with the help of technological and organisational resources. An overview of the **main potential non-financial risks** applicable to the Group, the controls, and the link with material topics can be found in Section. **2.5.5 Identifying and controlling risks.**



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STRUCTURE AND MAIN TOPICS OF THE SUSTAINABILITY REPORT

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

- **Identity and profile:** information on the Company's purpose, vision, mission, and values, as well as the Group's structure, size, production sites, the distribution of value added, and a summary of the Group's development over the years.
- **Strategy, business model and sustainability** - the Group's strategy and business, the 2021-2025 Sustainability Plan and the reference UN Sustainable Development Goals (SDGs), the Group's socio-environmental policies and guidelines, stakeholder engagement, the Organisational Model, corporate governance, 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 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 Nations².

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. However, energy resource consumption does result in greenhouse gas emissions from combustion processes.

² 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.

In line with its objectives, the F.I.L.A. Group launched a programme to obtain **environmental certifications** for its production plants. To date, F.I.L.A. S.p.A., Canson France (Grand Morier, Moulin du Roy, and St. Germain), Lyra Germany, Canson Art & Craft Yixing Co, Ltd, Dixon Kunshan, Canson Brasile, Fila Arches and F.I.L.A. Argentina have obtained certifications for their Environmental Management Systems according to ISO 14001: 2015.

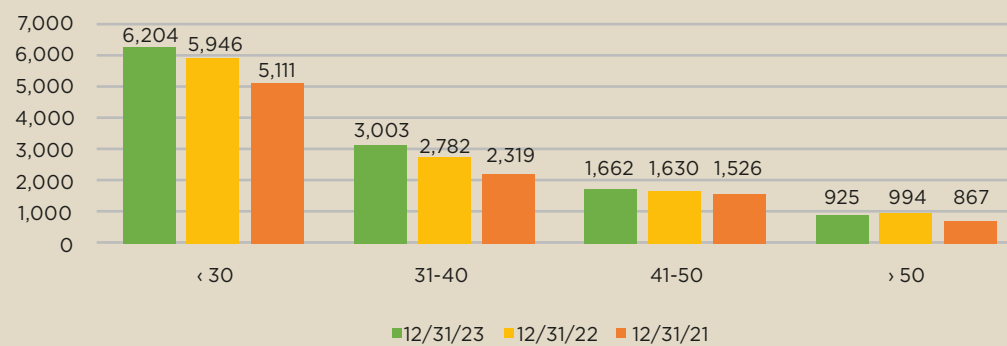




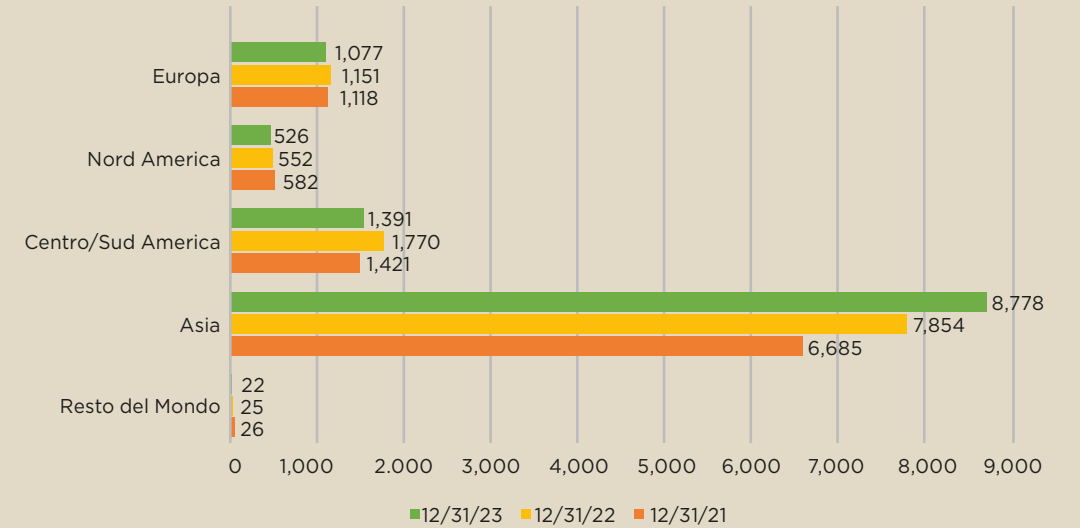
- **Material employment topics** - information on the approach to employees and business partners, along with material topics and the main risks generated and incurred in relation to equal opportunities and occupational health and safety.

At the end of 2023, the F.I.L.A. Group had 11,794 employees, of which 80% blue-collar workers, 19% white-collar workers, and 1% management. 50% of the workforce is composed of women, while 53% is under the age of 30.

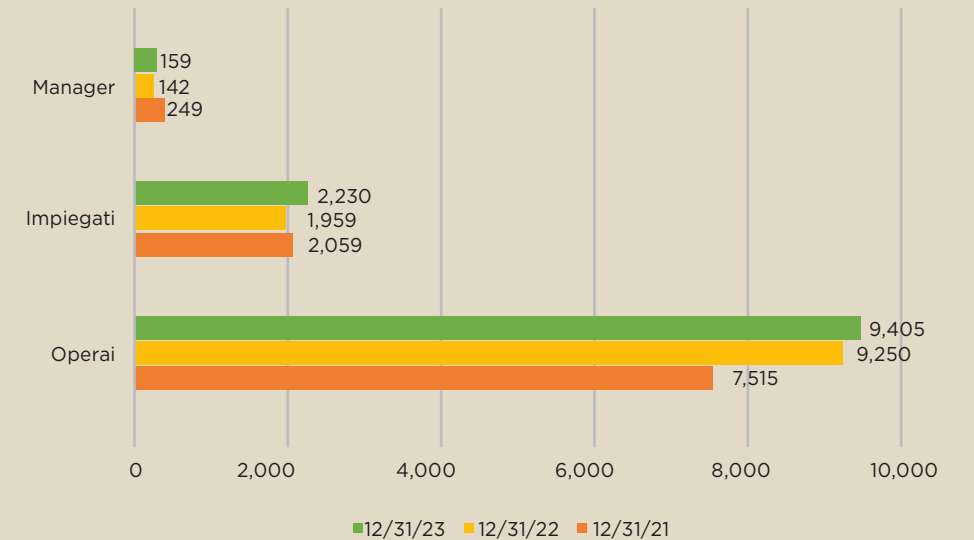
EMPLOYEES COMPOSITION BY AGE GROUP



EMPLOYEES BY GEOGRAPHICAL SEGMENT



COMPOSITION OF THE WORKFORCE BY PROFESSIONAL CATEGORY



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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. F.I.L.A. S.p.A., F.I.L.A. Argentina, Canson Art & Craft Yixing Co. Ltd, Dixon Kunshan, Canson Francia (Grand Mourirer, Moulin du Roy and St.Germain), F.I.L.A. Arches, Lyra Germania, and Canson Brasile 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.

In 2023, the total number of **work-related injuries** decreased at the Group level, falling from 180 in 2022 to 145, resulting in 2,131 lost work days. Two incidents had prognoses of more than 120 days, while 13 had prognoses between 40 and 120 days. There were no work-related injuries involving staff from outside the Company.

The rate of work-related injury was 1.15% (1.53% in 2022), while the rate of injuries with serious consequences was 0.01% (0.003% in 2022). In 2023, eight new instances of work-related ill health were recorded, six of which had prognoses of more than 120 days.

The Workforce Diversity and Inclusion Policy, the Health and Safety Policy, and the Skills Development Policy contain general principles of reference for the whole Group and have been communicated to all employees.

- **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. Canson Art & Craft Yixing Co,Ltd.,, Dixon Kunshan, and Canson France and F.I.L.A. Arches are ISO 9001:2015 Quality Management System certified.



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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 drew up a “**Code of Conduct for Suppliers and Business Partners**”, which was extended to the Group’s main subsidiaries and adopted by 91% of goods suppliers with a turnover exceeding Euro 10,000: 85% signed F.I.L.A.’s code of conduct and 6% submitted their own code to F.I.L.A.. F.I.L.A. also launched a **Green Procurement** project, which assesses the Group’s main suppliers and their commitment to environmental topics. The Sustainable Procurement Policy defines the general principles with which the Group complies.

As F.I.L.A. 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 every context in which it operates 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 based on respect for human rights and the **freedom of association and collective bargaining** as non-negotiable and fundamental values. In 2023, no instances of human rights violations were identified within the Group, but there were a limited number of reports 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.

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.**





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GROUP HIGHLIGHTS

GROUP	EMPLOYEES	SAFETY	ENVIRONMENT
1920 Year of incorporation	11,794 Number of employees at December 31, 2023	79% 62.095 training hours in 2023 focused on operating issues and occupational health and safety	101,969,610 MJ Renewable energy recovered from waste of wood dust equal to 14% of the energy consumed
33 Number of companies operating in the Group	50% Women	1.15% Work-related injury rate for the average workforce in 2023 (this figure also includes injuries lasting more than 120 days)	11,107 Scope 1 emissions: ton of CO ₂
5 Continents	80% Blue-collar workers		45.470 Scope 2 emissions: ton of CO ₂
150 Countries	19% White-collar workers		99% Of the solid waste produced by the Group is non-hazardous
779,2 Consolidated revenue	1% Managers		
25 Number of production facilities	53% Employees under 30		
+700 Million invested in acquisitions since 1994	78% Employees under 41		
25 Number of iconic brands			

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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 six specific short-, medium- and long-term objectives in 2022: The table below provides an update on the progress of the related activities.

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

ON SCHEDULE TARGET REACHED TARGET OVERDUE



1 IDENTITY AND PROFILE

1.1 THE F.I.L.A. GROUP

We are one of the leading global enterprises devoted to the research, design, manufacture and sale of 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 embarked on a new phase of growth based on an innovative strategy whose core focus is people and the planet, and which adopts a clear, transparent and efficient business model to increase profitability in a sustainable manner, while optimising capital and liquidity.

1.1.1 PURPOSE, VISION, MISSION AND VALUES

Purpose answers the question “Why does F.I.L.A. exist?”, *vision* explains “what we want to be”, and *mission* sets out “how we do it”. *Values* represent the foundation on which the Group has built its business.

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 Ethics Code is available on the Company website, and 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**”), which defines objectives for the pursuit of sustainable value over time, with the support of the Control, Risks and Related Parties Committee and the Remuneration Committee, which carry out advisory and exploratory activities.

The Parent’s **Management Sustainability**



1 IDENTITY AND PROFILE

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 and subsidiaries to enhance their understanding of material 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 2023. 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 2023 Annual Report. Annex "B. Group companies included in the reporting scope by reporting topic" provides information on the topics dealt with in the Report with

regard to the companies included in the reporting scope.



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1 IDENTITY AND PROFILE

COUNTRIES IN F.I.L.A.'S FOOTPRINT - a truly global presence

At the end of 2023, the F.I.L.A. Group's numbers were the following:

- Total number of employees: 11,794 (11,352 at the end of 2022).
- Total number of branches: 46, of which 33 operational, on five continents, with 25 production facilities (unchanged on 2022), two of which in Italy.
- Number of countries in which the Group does business: more than 150 (unchanged on 2022).
- Number of products and services provided: 25 iconic brands and over 50 product categories (unchanged on 2022).



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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	188	Rufina, Florence	Felt-tip pens
INDUSTRIA MAIMERI	1923	43	Bettolino di Mediglia, Milan	Colours for the Fine Arts
CANSON	1557	324	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	62	Arches, France	Paper for the Fine Arts
LYRA	1806	80	Nuremberg, Germany	School pencils; Fine Arts pencils
DALER-ROWNEY	1783	244	Bracknell, Great Britain	Fine Arts colours
			Dudley, Great Britain	School-use paper
			Middlewich, Great Britain	Paints; Crayons; Glue
ST. CUTHBERTS	1700	47	Wells, Great Britain	High grade Fine Arts paper
THE AMERICAS				
DIXON MEXICO	1953	1,013	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.	1827	462	Appleton, USA	School and hobby paper
			Neenah, USA	Paper for the Fine Arts
			Macon, USA	Personalised pencils
DIXON TICONDE- ROGA ART ULC	1931	64	Barrie, Canada	School-use paper
DALER-ROWNEY BRIDESHORE	1969	225	La Romana, Dominican Republic	Brushes and canvases
CANSON BRAZIL	2007	91	Indaiatuba SP, Brazil	Paper for the Fine Arts; School-use paper; Modelling clay; School-use paints
F.I.L.A. ARGENTINA	1996	26	San Isidro, Argentina	Extruded pencils
ASIA				
F.I.L.A. DIXON KUNSHAN	2013	248	Kunshan, Cina	Graphite and coloured pencils
F.I.L.A. DIXON YIXING ART & CRAFT	2015	42	Yixing, Cina	School-use paints, Paper for the Fine Arts, School-use paper
DOMS	1974	8,423	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.

	2023	2022	2021
ECONOMIC VALUE GENERATED	787,914	774,633	660,101
Distribution of economic value generated:	€/000	€/000	€/000
OPERATING COSTS	501,934	491,972	400,255
PERSONNEL	157,139	152,317	134,165
LENDERS	45,195	49,472	30,436
INVESTORS (*)	n,d,	6,127	12,722
GOVERNMENTS AND PUBLIC ADMINISTRATION	30,684	8,347	15,031
TOTAL VALUE DISTRIBUTED	734,952	708,236	592,609
ECONOMIC VALUE RETAINED (**)	220,556	72,525	67,492

(*) The 2023 dividend figure is not shown as it has not yet been declared.

(**) we note that the economic value retained for 2023 does not include the profit derived from the loss of control of the Indian subsidiary DOMS Industries Limited ("DOMS") listed on the National Stock Exchange of India on December 20, 2023, of which F.I.L.A. remains a shareholder at 30.6%.

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.



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1 IDENTITY AND PROFILE

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

1920

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



1921

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



1922

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

1925

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



1927

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

1928

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

1929

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

1930

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

1931

The Giotto range expands with 37 watercolours.



1933

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



1938

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

1939

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



1943

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

1944

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



FILA GROUP | COLOURING THE FUTURE SINCE 1920.



1 IDENTITY AND PROFILE

1949

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



1952

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

1956

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

1961

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



1962

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



1964

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

1965

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

1966

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

1971

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



1973

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



1974

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



1975

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



1976

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

1979

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

1985

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

1986

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

1991

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



FILA GROUP | COLOURING THE FUTURE SINCE 1920.



1 IDENTITY AND PROFILE

1994

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

2000

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

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.



1998

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



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.



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.



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.

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.



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®



FILA GROUP | COLOURING THE FUTURE SINCE 1920.



1 IDENTITY AND PROFILE

1.3.2 SUCCESSFUL MERGERS AND ACQUISITIONS

The graphic below shows how growth has always been in F.I.L.A.'s DNA. Since 1994 it has followed a constant process of internationalisation, thanks above all to a prudent M&A strategy that has led to some key successful acquisitions.

The far-reaching geographical expansion has been accompanied by consolidation in mature markets through the expansion of products in the Fine Art & Crafts segment.

On December 20, 2023, the listing of the Group's Indian subsidiary DOMS Industries Limited ("DOMS") on the National Stock Exchange of India was completed, with F.I.L.A. retaining a 30.6% shareholding.

	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	IPO 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 11,794 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 (involving employees, customers, consumers, the supply chain, and local communities), in compliance with the regulations in force, 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 managing the various risks that could potentially affect the Group, 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, Extended Warehouse Management), 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 Deputy 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 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's Board of Directors at the end of 2020 and was subsequently presented to the senior management teams of its major subsidiaries who circulated the Plan within their organisations.



2021-2025 STRATEGIC PLAN

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



GROWTH



SHAREHOLDERS



PROFITABILITY



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY



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, whose level of achievement at the end of 2023 is summarised below:

AREA	TARGET	DEADLINE	PROGRESS AT THE END OF 2023
	50% reduction in Scope 1 CO2 emissions	2027	
	20% reduction in water withdrawals	2027	
	ISO 14001 environmental certification for all production plants	2025	
	ISO 45001 health and safety management certification for all production plants	2025	
	10% increase in average hours of training provided to employees in the 2023-2025 period, compared to 2022	2025	
	Adoption of a Code of Conduct for Suppliers and Business Partners and Green Procurement for 90% of suppliers of goods with a turnover of more than Euro 10,000.	2024	

 ON SCHEDULE
  TARGET REACHED
  TARGET OVERDUE

2

STRATEGY BUSINESS MODEL AND SUSTAINABILITY



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

In 2023, we launched a monitoring plan to achieve these targets, while also refining the data collection process. Additionally, in 2023, we introduced half-yearly sustainability reporting.

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

To date, 10 out of 23 production plants possess ISO 45001 health and safety management certification, while 10 out of 23 production plants possess ISO 14001 environmental certification.

Training hours decreased in 2023 compared to 2022, with 62,095 hours recorded (114,977 hours in 2022) for 6,586 employees (8,068 employees in 2022). The significant increase in hours in 2022 was owed to the SAP Roll Out at Daler Rowney and Bridesore. In 2023, the Group decided to consolidate in order to focus on specific business efficiency initiatives such as eWN at Canson France and Dixon USA. 2024 will see a progressive increase in training hours, as Mexico and Chile will be included

in the SAP roll-out.

The “Code of Conduct for Suppliers and Business Partners” sets out the guidelines and general principles to be followed by suppliers, business partners, consultants, contractors, professionals, and any subcontractors. In 2023, 91% of suppliers adopted a code of conduct: 85% signed F.I.L.A. Group’s code, and 6% submitted their own code. The “Green Procurement” questionnaire, which sought to address key procurement process topics, was completed by 71% of in-scope suppliers, while 3% provided documentation related to their commitment to sustainable procurement, and 26% have not yet completed the questionnaire.

During the year, both internal and external communication efforts continued, along with ongoing stakeholder engagement activities. Training on sustainability and sustainability reporting also continued, and the risk analysis was updated.

In 2023, efforts to promote recycling and post-consumption activities under the “Second Life: Don’t Throw It Away, Reuse It” project remained a focal point of social engagement activities with teachers and parents. In addition, SAP Recycling Administration - REA - was introduced at

F.I.L.A. S.p.A., F.I.L.A. Hiberia, and Daler Rowney. This tool facilitates management of the composition details of packaging and products (such as percentages of recycled/regenerated material) placed on the market, ensuring compliance with legal reporting obligations to environmental authorities.

The **main challenges** the Group expects to face when implementing its Integrated Sustainability Plan in 2024 are:

- Ongoing monitoring of medium- and long-term objectives;
- Alignment with the principles of the European Sustainability Reporting Standards (ESRSs), to be used for sustainability reporting from 2024 onwards;
- Analysis of Company welfare initiatives and coordination within the Group;
- Analysis and evaluation of suppliers following the collection of Green Procurement questionnaires;
- Continuation of stakeholder engagement activities;
- Analysis of further projects to be adopted to reduce direct (scope 1 and scope 2) and indirect (scope 3) emissions.

More details concerning targets are provided in the following chapters

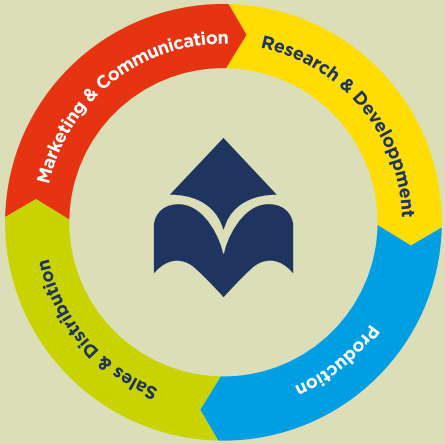


2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

2.1.2 VERTICALLY INTEGRATED BUSINESS MODEL

The F.I.L.A. Group 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
- precisely control costs
- 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 with key partners and, on the other, on the management of relationships with customers and end consumers.

The **“School and Office”** business unit 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”** BU 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.



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

School products are sold mainly between the second and third quarters each year (depending on geographical factors), in conjunction with the Group's "school campaign," while Fine Arts 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 eight pillars. The 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 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'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.



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THE 2021-2025 STRATEGIC PLAN



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

2
STRATEGY
BUSINESS
MODEL
AND
SUSTAINABILITY

<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>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 OTHER WORKERS</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 sustainable policies to maintain and improve the quality and safety of our products.</p>   

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2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

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 Key Management Personnel, 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 – available at www.F.I.L.A.group.it, and approved by the Board of Directors of F.I.L.A. S.p.A. on November 12, 2021, before subsequent adoption 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 model, in line with the principles and objectives of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001.

In 2023, the Group adopted communication and outreach initiatives to enhance the effectiveness of its Policies. These initiatives included adding an information note to the newsletter and sending out a targeted communication.

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.



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

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

The **Sustainable Procurement Policy** requires suppliers and business partners 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, and to the risks of greenwashing,



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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 Legislative Decree No. 231/01. 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 F.I.L.A.'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 reporting period of the 2023 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
IT 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

No new material topics came to light during the analyses and updates conducted in 2023.

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 material topics. With the objective of improving its sustainability work, in 2021, the Parent 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 material topics for stakeholders
4. Identifying the most effective engagement methods
5. Performing stakeholder engagement activities
6. Reviews and feedback

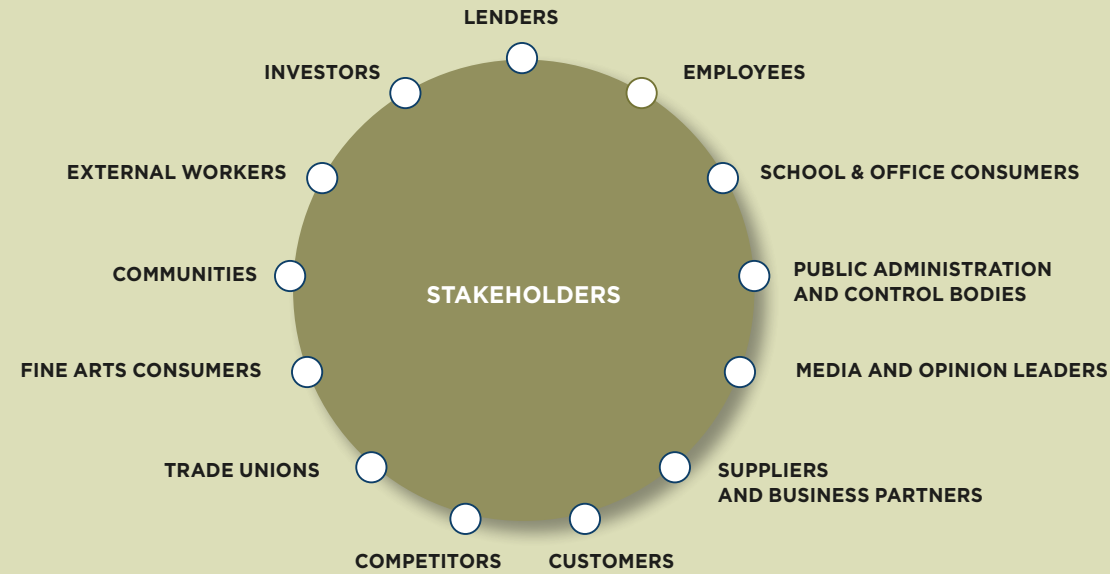
In particular, the strategic stakeholder engagement objectives were to:

- 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



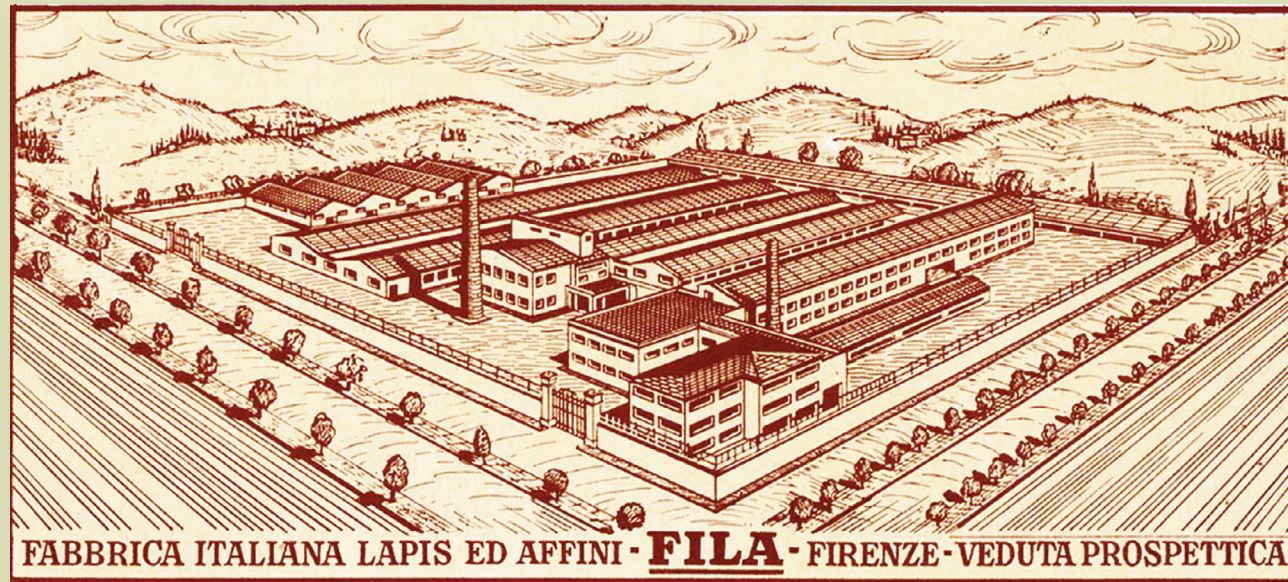
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The Group's stakeholders are:



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.

Over the last two years, the Parent'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, employee welfare and well-being, occupational health and safety, water consumption, and use of raw materials.



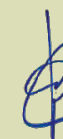
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STAKEHOLDER ENGAGEMENT ACTIVITIES 2023

STAKEHOLDER CATEGORY	ENGAGEMENT ACTIVITY	MATERIAL TOPICS DISCUSSED
INVESTORS	Roadshows Conference calls Results conference calls Conferences organised by the Italian stock exchange or by brokers who monitor the share price Investor Days	Q1 2023, H1 2023, 9M 2023, DOMS listing, ESG (Environmental, Social, and Governance) topics.
LENDERS	Conference calls Investor Days	Q1 2023, H1 2023, 9M 2023, DOMS listing, ESG (Environmental, Social, and Governance) topics.
EMPLOYEES	Engagement in sustainability-related topics through the quarterly internal newsletter Sending of an anonymous questionnaire	Training on the Sustainability Plan, company policies, and Sustainability Report, F.I.L.A. Group targets, and Group investments to reduce emissions. The questionnaire explored topics concerning: F.I.L.A. and sustainability, material topics, and the assessment of organisational well-being.
EXTERNAL WORKERS	Quarterly newsletter	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	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
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
COMMUNITIES	Virtual roundtables	Sustainability Plan, material topics, Sustainability Report, and partnerships



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More specifically, the outcome of the roundtable discussion with the local community was:

- Roundtable (organised remotely to ensure the maximum number of stakeholders located in various Italian regions could participate). The discussion highlighted the importance of communicating about sustainability while also addressing greenwashing and the growing wave of sustainability compliance on the market, emphasising the need to acquire an increasing number of certifications. Among the environmental topics discussed, the importance of produce reuse and recycling was emphasised. Specifically mentioned were F.I.L.A.’s “Second Life: Don’t Throw It Away, Reuse It” project and efforts to combat deforestation. With regard to social topics, human rights were discussed, including in relation to prejudices about how these topics are dealt with, primarily in India and China. In addition, the importance of inclusivity in schools was highlighted.

The following Group companies reported on 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.

- Dixon Art & Craft Yixing in China has adopted a system for managing environmental emergencies, with the support of a specialist environmental advisor.
- Daler Rowney, Industria Maimeri, Dixon Mexico, Canson Australia, F.I.L.A. Hellas, F.I.L.A. Nordic, F.I.L.A. Poland, F.I.L.A. Sud Africa, F.I.L.A. Turkey, and Lyra Akrelux trained employees on sustainability and sent them a questionnaire to assess the level of organisational well-being and request feedback on sustainability.

2.4 GROUP ORGANISATIONAL MODEL

2.4.1 CORPORATE GOVERNANCE MODEL

In 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, Dixon USA, and those adopted by other Group entities (excluding minor subsidiaries) and,

in particular, it:

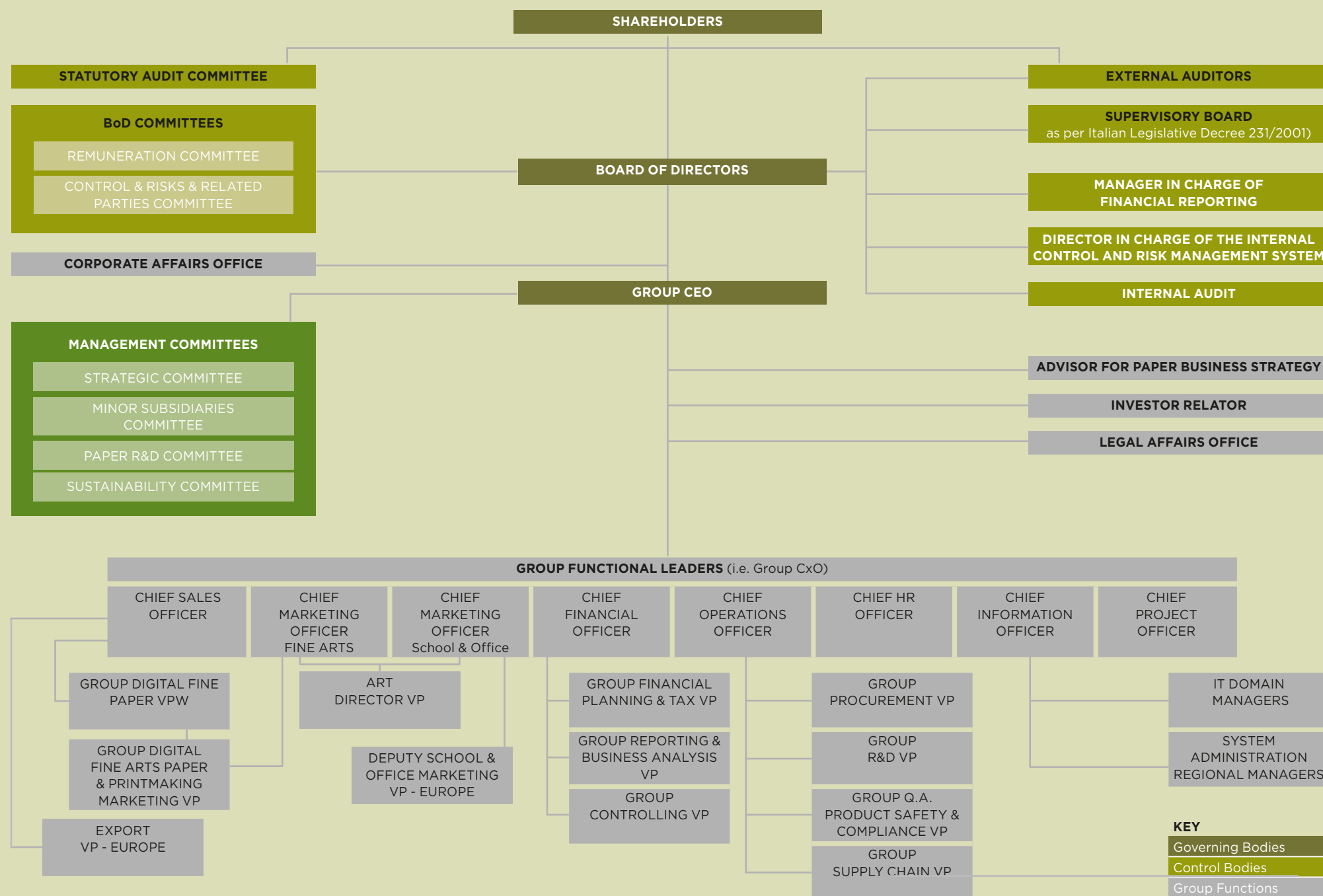
- describes the key responsibilities of the management and control bodies and Local and Group divisions
- defines the operational reporting approach for the various companies, with a view to improving organisational uniformity; establishes the various management committees:



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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2.4.2 GEOGRAPHICAL ORGANISATION

The Group mainly produces and 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 2023.



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2.4.3 THE VALUE CHAIN

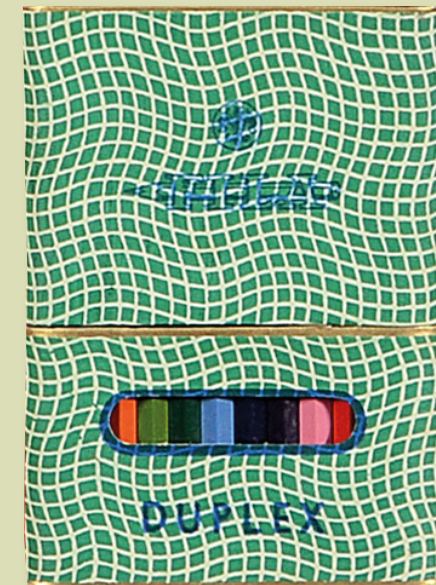
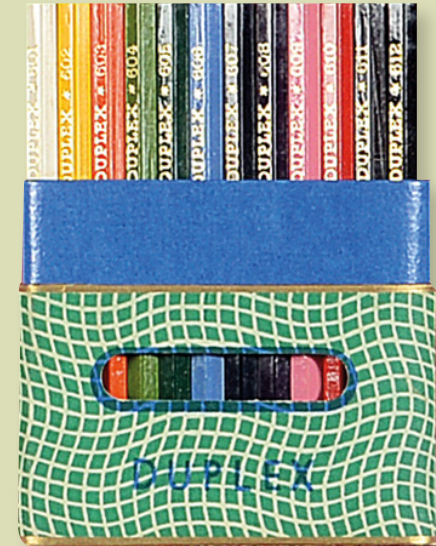
The F.I.L.A. Group's **value chain** comprises all the activities, both upstream and downstream, involved in taking its products or services from conception to end use. Upstream activities include the supply chain, while downstream activities involve customers, distributors, and end consumers.

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.

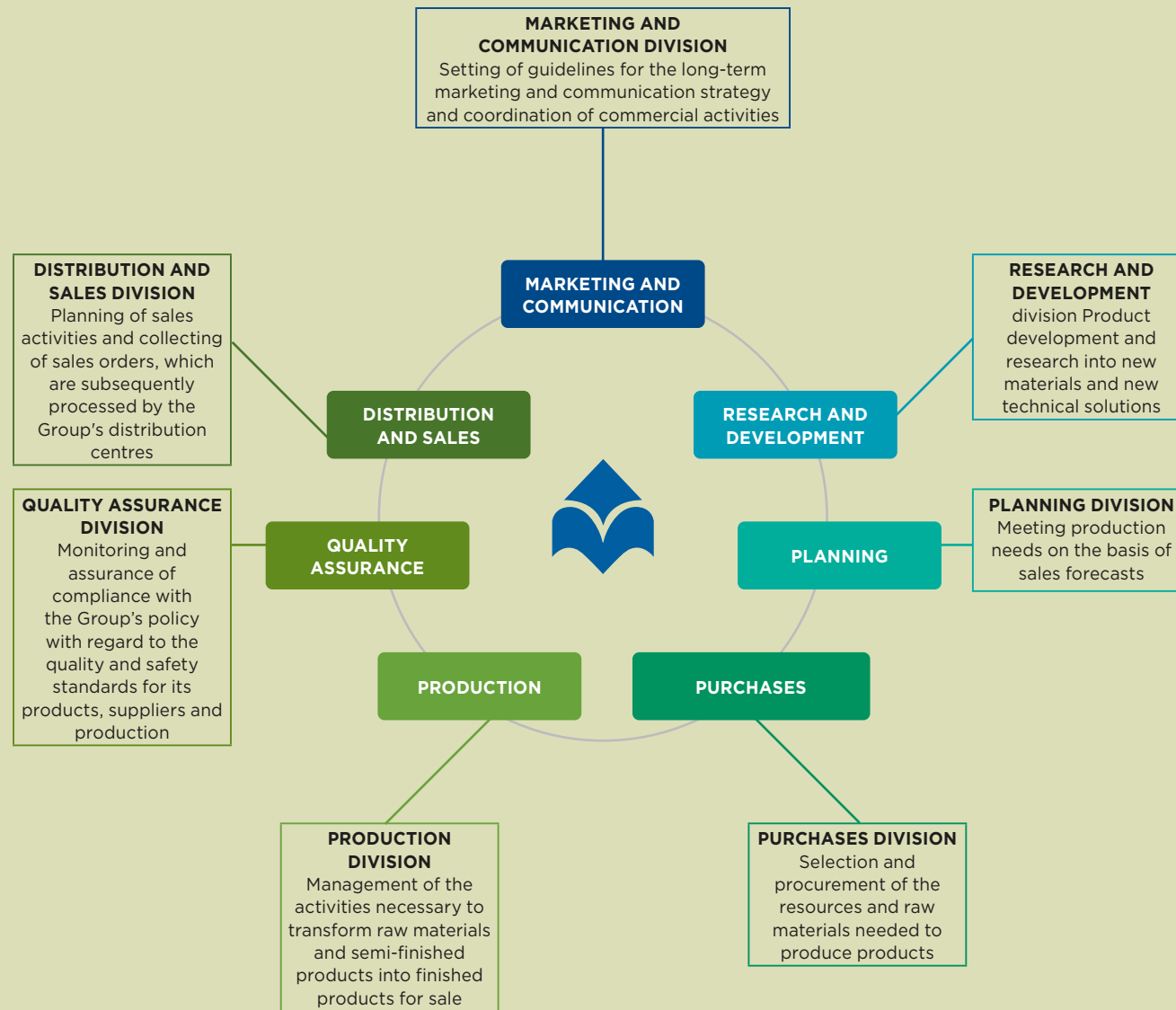
Management of the **value chain** is particularly complex as it involves several production companies, with certain specialised production lines and distribution companies, and has to take into account numerous brands, a wide assortment of products, and significant vertical integration. The 2021-2025 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's Research and Development department and are carried out by dedicated teams at the Group's manufacturing companies in Europe, Central and South America, and Asia. The R&D divisions are run by experts, who regularly attend specific training and refresher courses. The Group's strong commitment to understanding its end consumers and designing products that meet their expectations plays a significant role in the development strategy for the Group's products. The Group's R&D division comprises a team of 67 employees, who devote most of their efforts to the following



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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.

Research and development in the field of bio-plastics has progressed in recent years. In our research and development departments, we study and test bio-plastics to understand their potential application for our products, their sustainability in the industrial process and the performance of the finished product. In 2019, we began introducing bio-plastic for the industrial production of durable and semi-durable items; starting with our glue and poster paint pots, and then our Didò eggs and most recently, the first bio-based LYRA Graduate ART-TIP pen. These eco-friendly products retain their product-preserving qualities and can be recycled as plastic after use (in case of packaging).

As of 2020, research into technical solutions

with a view to circular economy - for the recovery of scrap materials and the reduction of waste - has experienced rapid growth. The result has been the introduction of regenerated plastics, in other words, plastics derived from salvaging industrial waste and by-products. These materials have replaced the fossil-based virgin raw materials used to produce all the barrels and caps of our Tratto1 and Tratto Matic ballpoint pens, our school packs and the pots used at school to hold felt-tips.

The **Quality Assurance, Product Safety and Compliance** division is coordinated by the Parent and is responsible for enforcing uniform quality and compliance standards to ensure compliance with product quality and safety requirements. In smaller facilities the Quality Assurance division may form part of the R&D division. 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 division 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, 2023, 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 following chart presents the **portfolio of the main brands** owned by the F.I.L.A. Group, broken down by segments:

PRODUCT CATEGORIES					
 Paper	   CANSON CANSON CANSON	ARCHES <small>Premium art papers, since 1492</small> CANSON DALER  ROWNEY  <small>ST CUTHBERTS MILL</small>		ARCHES <small>Premium art papers, since 1492</small> CANSON	Paper for the Fine Arts Paper for school Paper for leisure and craft Coloured paper Paper for traditional printmaking Digital Fine Arts paper
 Fine Arts & Craft	 DALER  ROWNEY	 MAIMERI DALER  ROWNEY 			Oil and acrylic colours Watercolours and gouache Canvases and brushes Accessories Basic craft
 Writing	<i>tratto</i> <i>tratto</i> TICONDEROGA DOMS DOMS		<i>tratto</i> TICONDEROGA DOMS	 	Graphite pencils Ballpoint pens, fineliners and gel link pens Highlighters and markers
 Drawing and Colouring	GIOTTO  <i>be-bè</i>    DOMS 				Coloured and graphite pencils Wax and oil crayons Felt-tip pens Paints and watercolours Chalks and glues
 Modelling	GIOTTO <i>be-bè</i>  GIOTTO DAS	DAS			Plasticine Play dough 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 2023 Corporate Governance and Ownership Structure Report pursuant to Article 123-bis of Legislative Decree No. 58/1998, (the “**Corporate Governance Report**” - please refer to the Company’s website for further details), F.I.L.A. S.p.A. adopts a traditional governance model, with a Board of Directors and a Board of Statutory Auditors appointed 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 the supervisory and control function required by law.

In February 2021, F.I.L.A. S.p.A adopted the Corporate Governance Code published on the website of the Italian Stock Exchange.

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 the Corporate Governance Report, in 2023, 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.

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.

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. On April 27, 2021, the shareholders also appointed Alberto Candela as Honorary Chairperson



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BOARD OF DIRECTORS

	Giovanni Gorno Tempini	Massimo Candela	Luca Pelosin	Annalisa Barbera	Giorgina Gallo	Carlo Paris	Donatella Sciuto
	Chairperson	Chief Executive Officer	Managing Director				
Year of birth	1962	1965	1966	1969	1960	1956	1962
Nationality	Italian	Italian	Italian	Italian	Italian	Italian	Italian
Board committees				CR CCRPC	CR	CR (P) CCRPC	CCRPC (P)
Date of first appointment	06-Aug-19	04-Jun-15	04-Jun-15	22-Jul-15	27-Apr-21	27-Apr-21	27-Apr-21
In office until	Approval of 2023 financial statements	Approval of 2023 financial statements	Approval of 2023 financial statements	Approval of 2023 financial statements	Approval of 2023 financial statements	Approval of 2023 financial statements	Approval of 2023 financial statements
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 2023 Corporate Governance Report, which is available on the Company’s 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 appoint the Board of

Directors on the basis of slates presented by the shareholders, in accordance with the procedure described in the 2023 Corporate Governance Report, except where otherwise established by obligatory laws or regulations.³

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

³ 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.

be appointed and dismissed by resolution of the Board of Directors. The Board 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**.



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- The **Remuneration Committee** operates under the Board of Directors and Committees Regulation, which has been approved by the Board of Directors⁴. 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 (and available on the Company website for consultation), some of the performance indicators for the long-term and short-term variable remuneration of Executive Directors and Key Management Personnel contain sustainability indicators (“ESG targets”). The intention is to further align individual interests with the Group’s Strategic Plan.

4 www.filagroup.it, “Governance/Governance Systems and Rules” section

The Remuneration Committee is composed as follows:

REMUNERATION COMMITTEE		
DIRECTOR	DATE OF APPOINTMENT	REQUIREMENTS
CARLO PARIS (Chairperson)	27-APR-21	Independent Director with knowledge and skills in accounting, financial matters and remuneration policies.
ANNALISA BARBERA	27-APR-21	Non-Executive Director with knowledge and skills in accounting, financial matters and remuneration policies.
GIORGINA GALLO	27-APR-21	Independent Director with knowledge and skills in accounting, financial matters and remuneration policies.

More specifically, the Remuneration Committee:

- presents proposals or expresses opinions to the Board of Directors on the remuneration of the Executive Directors and other directors with special duties in addition to establishing the performance targets related to the variable component of this remuneration;
- monitors the concrete application of the remuneration policy, verifying, in particular, the effective achievement of the performance objectives;
- periodically assesses the adequacy, overall consistency and application of the remuneration policy for the relevant Directors and Senior Managers.

In 2023, the Remuneration Committee met six 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 Directors⁵. 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 reports⁶.

5 www.filagroup.it, “Governance/Governance Systems and Rules” section

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



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

CONTROL, RISKS AND RELATED PARTIES COMMITTEE		
DIRECTOR	DATE OF APPOINTMENT	REQUIREMENTS
DONATELLA SCIUTO (Chairperson)	27-APR-21	(*) 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	27-APR-21	Non-Executive Director
CARLO PARIS	27-APR-21	(*) Independent Director with adequate accounting, financial and risk management knowledge and experience, as reviewed by the Board of Directors meeting of April 27, 2021.

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 2023, the Control, Risks and Related Parties Committee met 10 times, with 97% of its members attending the meetings.

Regarding sustainability topics, upon the proposal of the Board committees responsible for researching and investigating these aspects, the Board of Directors approves the Sustainability Plan, ESG indicator proposals for inclusion in the remuneration to be submitted to the shareholders for a vote policies, and the Sustainability Report, which includes the Consolidated Non-Financial Statement.

In 2023, 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*).

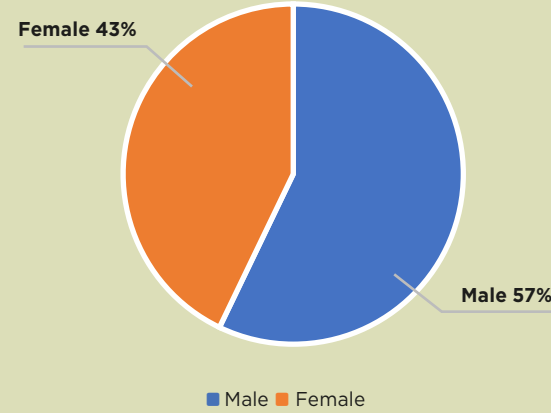
The Control, Risks and Related Parties Committee updated the Board of Directors on the sustainability activities and projects undertaken in 2023.



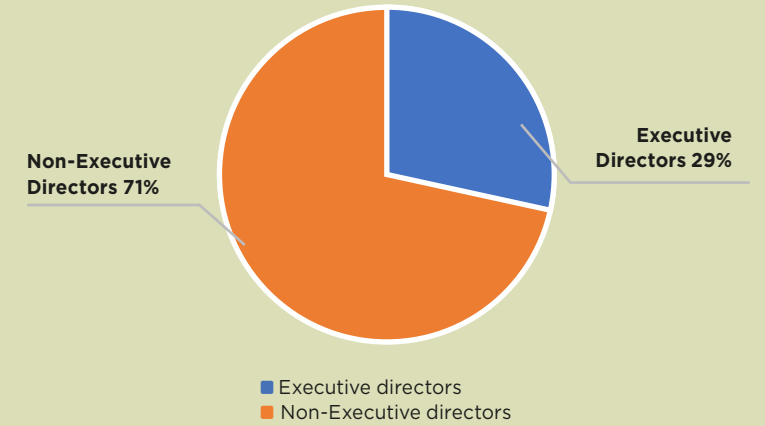
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With the assistance of specialised professionals, as outlined in the 2023 Corporate Governance Report, the Board of Directors conducted an annual self-assessment to evaluate its performance in management control of the impacts on the economy, the environment, and people.

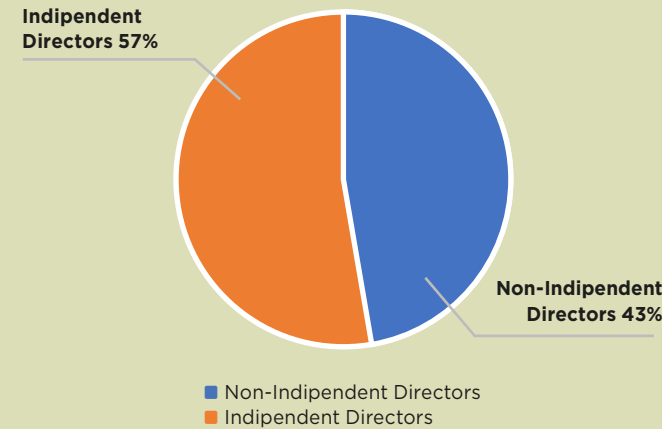
BOARD OF DIRECTORS
COMPOSITION BY GENDER



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, retain 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").



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

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: 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;

- i. definition of limits for the payment of variable components;
- ii. 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;
- iii. 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

- iv. 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;
- v. provision of an adequate delay - past the vesting period - for the payment of a significant part of the variable component, consistent with the underlying business activity and the related risk profiles.



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

2.5.3 BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors comprises three Standing Statutory Auditors and two Alternate Statutory Auditors, appointed on the basis of lists 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.

On April 21, 2023, the Shareholders' voted (i) to confirm the appointment of Sonia Ferrero as Statutory Auditor until the Shareholders' Meeting called to approve the 2023 Annual Accounts and (ii) to appoint Gianna Luzzati to the Board of Statutory Auditors as Alternate Auditor.

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 2023, 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 head of the division.

To further strengthen the Group's sustainability commitment, we note that the **Audit Plan** for 2023, approved by the Board of Directors, provided for specific activities on ESG topics;

- Participation in the Management Sustainability Committee, review of minutes, and identification of any critical ESG issues;
- Monitoring projects related to the preparation of the disclosures required by the European Taxonomy regulation and the transition to the requirements of the new CSRD Directive and ESRs to be issued by EFRAG;
- Analysis of the results from the assessment of the KPI detection process and the information collected for the 2023 Non-Financial Statement;
- Meetings with the auditors of the Non-Financial Statement to gather feedback on improving the reporting and control system for non-financial data and information;
- Review of Sustainability Rating Agency assessments and related areas for improvement;
- Analysis of indicators related to injuries

BOARD OF STATUTORY AUDITORS

	GIANFRANCO CONSORTI	PIETRO MICHELE VILLA	SONIA FERRERO	STEFANO AMOROSO	GIANNA LUZZATI
	Chairperson	Statutory Auditor	Statutory Auditor	Alternate Auditor	Alternate Auditor
Year of birth	1950	1967	1971	1964	1962
Nationality	Italian	Italian	Italian	Italian	Italian
Date of first appointment	27-Apr-18	22-Jul-15	22-Jul-15	22-Jul-15	21-Apr-23
In office until	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS	Approval 2023 FS



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and occupational health and safety, and improvement actions planned by management;

- Review of the progress of obtaining ISO 45001 certification.

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 risk management system, appropriate tools and procedures were adopted and supervisory activities were conducted with the help of technological and organisational staff.

The culture of risk awareness is widespread 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 also 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. Specifically, at the beginning of 2024, the Group's **risk assessment** was

updated with the support of a specialised consultancy company, using a methodology and the most advanced and well-structured practices available across successive phases. Initially, dedicated meetings with risk owners were held to identify events that could potentially pose significant risks. These events were then evaluated in terms of potential impacts (considering both qualitative and quantitative aspects) across five dimensions (economic, financial, operational, reputational, and HSE, the latter being newly introduced). Additionally, their likelihood of occurrence was evaluated. Following the identification of each "gross risk", the existing controls and risk management initiatives were analysed in collaboration with the risk owners to determine the remaining "net risk". The risk management strategy and potential mitigation actions were subsequently identified for each potentially high-risk event. Risk documents were then prepared to facilitate the analysis, encompassing the key elements under review. 26 meetings were held as part of the process, involving 17 individuals at the Parent level and 30 employees belonging to 13 company branches. The central Sustainability Team was also involved in the project set-up phase to ensure optimal coordination on relevant ESG topics.

The final risk assessment document, shared by the Board of Directors, after consultation with the Control, Risks and Related Parties

Committee, was reviewed to assess the material topics and non-financial risks mentioned in the Non-Financial Statement. In-depth risk and sustainability analyses and Internal Audit department reports were 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 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, associations with any material topics and where further details can be found in the Non-Financial Statement.

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2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

TYPES OF THEORETICAL NON-FINANCIAL RISK	MAIN CONTROLS	MATERIAL TOPIC	FURTHER DETAILS IN THE NFS
OPERATING RISKS			
<p>The risk of incurring losses as a consequence of the inadequacy or non-functioning of procedures, human resources and internal systems or external events, including risks of cyber attacks on the Group's systems.</p> <p>The risks may result in losses deriving from fraud, human error, operational interruption, and may be caused by having only one supplier, the unavailability of IT systems due to cyber attacks, contractual non-compliance, and natural disasters.</p> <p>These include issues related to managing significant projects, production planning, the misalignment between the Parent's guidelines and the decisions taken by the Procurement department at local level, the supply and sub-supply chain, the management of sales, logistics and distribution, higher costs and delivery times resulting from global tensions in supply chains, business continuity, quality, health, and safety aspects, and risks linked to a failure to formalise routine maintenance programmes at production plants.</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>2.5.7 Information technology security</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>
RISKS OF NON-COMPLIANCE WITH REGULATIONS			
<p>Risks of judicial or administrative penalties, significant financial losses or reputational damage as a consequence of violation of mandatory rules (laws, regulations) or self-regulation provisions (e.g. by-laws, codes of conduct, codes of ethics). Regulatory changes may necessitate revising product formulas and processes, leading to additional expenses (R&D investments and costs, changes of suppliers unable to meet new requirements, and inventory disruptions).</p> <p>They may include risks related to quality, environmental, or occupational health and safety certifications, in addition to the risk of reduced competitiveness associated with rising inflation, which could affect compliance with the forecasts outlined in the European Green Deal.</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>



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

TYPES OF THEORETICAL NON-FINANCIAL RISK	MAIN CONTROLS	MATERIAL TOPIC	FURTHER DETAILS IN THE NFS
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>This encompasses risk scenarios within production processes (e.g. paper production) that may result in potentially hazardous situations due to the nature of operations (e.g. printing machines).</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>UNI ISO 45001 certification, at the Group's Canson France plants in Grand Mourier, Moulin du Roy, and Saint Germain La Ville, and its Yixing, Dixon Kunshan, F.I.L.A. Argentina, Canson Brasile, F.I.L.A. Arches, and Lyra Germany 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 Product quality and safety Supplier relations Human rights Information Technology 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>
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 Group assets and/or interrupt value chains.</p> <p>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>This encompasses risks linked to a failure to meet targets for reducing water consumption and atmospheric emissions across the Group's paper mills. Additionally, there are risks associated with incurring additional expenses to achieve the target of manufacturing all pencils using FSC-certified wood, due to a shortage of wood available for purchase.</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 Key Management Personnel to strengthen these initiatives.</p> <p>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</p> <p>3. Material environmental topics</p> <p>4. Material employment topics</p> <p>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).</p> <p>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;</p> <p>ISO 14001 environmental certification, in place at F.I.L.A. S.p.A., Canson France (plants in Grand Mourier, Moulin du Roy, and S-Germain-La-Ville), and the Yixing, Dixon Kunshan, F.I.L.A. Argentina, Canson Brasile, F.I.L.A. Arches, and Lyra Germany production plants.</p> <p>Group Sustainability Policy;</p> <p>Ethics Code;</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>Use of raw materials Consumption of energy resources Atmospheric emissions and climate change Water consumption</p>	<p>3. Material environmental topics</p> <p>2.2.2 Socio-environmental policies and guidelines of the Group</p> <p>2.5 Corporate governance and risk management</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
RISKS RELATED TO EMPLOYEE MANAGEMENT, DIVERSITY AND DIALOGUE WITH SOCIAL PARTNER ORGANISATIONS			
<p>Risks associated with relationships with employees and social partner organisations.</p> <p>In some cases, these risks can come about following the incorrect application of labour law regulations. In other cases, these risks are strictly related to management issues, such as organisational effectiveness, the management/loss of key resources, including the misalignment of expectations, ineffective incentive systems, skills ageing - including in key roles - or the absence of succession plans.</p> <p>Risks arising from inconsistent communication regarding products and sustainability between the Parent and its subsidiaries, stemming from the partial adoption of standard tools across the Group.</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>
CORRUPTION RISK			
<p>The risk of engaging in corruption with the public sector and private entities, considered separately from 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, materials that don't meet quality standards or that are non-compliant with the applicable regulations.</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 at Group level, non-compliance with intellectual property laws and counterfeiting, inconsistent tax practices, inadequate evaluation of transfer pricing concerns, presence in regions experiencing geopolitical conflicts, or declarations concerning the independence of territories or regions that could impact Group sales.</p>	<p>Ethics Code; Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01; 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 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, geopolitical tensions with repercussions for individuals and logistics, 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 committing of the predicate 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 the **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 reporting 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 committing 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 duties by 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 prepared and distributed a Group Organisational Model to its production companies in 2021, formally including subsidiaries in the control and mitigation of the predicate crimes indicated 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. The Supervisory Board comprises external professionals and the Internal Audit Manager, with a view to the comprehensive management of risks.

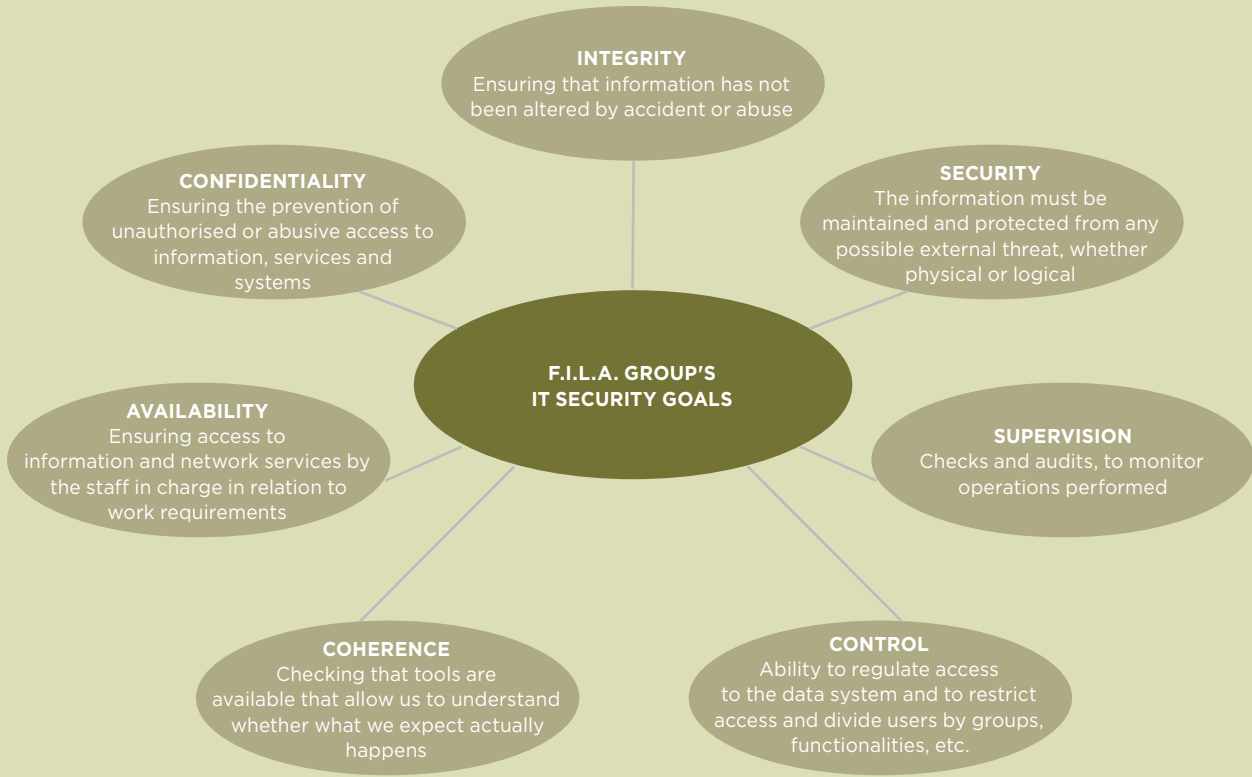
Compliance with the Ethics Code and the 231 Model is monitored through a specific procedure for the reporting of potential violations and internal audits on 231 compliance for all company areas, also with regards to environmental and worker health and safety aspects. No reports were received during 2023.

2.5.7 INFORMATION TECHNOLOGY SECURITY

The importance of awareness and vigilance of cyber security has grown exponentially, particularly in response to how cyber attacks have evolved to become more sophisticated. This trend, heightened further during the COVID-19 pandemic, saw an increase in both the number and the frequency of attacks around the world. Post-pandemic, it is now crucial to continue adapting defence strategies to combat rapidly-evolving cyber threats.

Now more than ever for the F.I.L.A. Group, cyber security is a key pillar in ensuring the integrity and confidentiality of information, while ensuring optimal performance in the services provided. In an era marked by increasingly sophisticated cyber threats, we are committed to both defending our

digital assets and adopting proactive strategies that take advantage of advanced technologies for identifying and neutralising risks before they can have an impact on our infrastructure, while minimising the impact of any security breaches.



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 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



2 STRATEGY BUSINESS MODEL AND SUSTAINABILITY

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);
- Adoption of an Endpoint Detection & Response system that includes advanced mechanisms for detecting, investigating and responding to potential security incidents in real time. The system is monitored by a Security Operation Centre (SOC);

- Web filtering: monitoring and managing access to potentially harmful websites or sites that are not relevant to work. Web filtering makes it possible to prevent access to content that could pose a threat to network security and limits exposure to malware, ransomware and other forms of cyber attack;
- Penetration testing, which entails simulating an attack with the goal of identifying potential vulnerabilities and better understanding potential weaknesses in the infrastructure. Adoption of corrective measures in response to penetration testing.

In 2023, four attempts were made to acquire Office 365 credentials (three in 2022). 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): 469 (184 in 2022)
- Daler Rowney: 141 (26 in 2022)
- Canson SaS and F.I.L.A. Benelux: 80 (1 in 2022)
- F.I.L.A. S.p.A.: 73 (19 in 2022)
- Bridesshore: 8 (9 in 2022)
- F.I.L.A. Arches: 2 (KnowBe4 not active in 2022)

The high number reported for Dixon does not necessarily mean it faced a higher number of threats, but suggests 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. Security Operation Centre (SOC) activities have been outsourced.



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's 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

The companies within the F.I.L.A. Group conduct business in compliance with the sustainability policies issued by the Parent (available on the Group's website). Among the latest policies issued in 2021 are the Climate Change Policy, the Energy Saving Policy, and the Sustainable Procurement Policy.

While neither the Group's activities nor the sector to which it belongs tend to generate significant environmental impacts, F.I.L.A. carefully monitors the environmental aspects arising from its activities.

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**

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

- 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;
- Impacts on the environment and stakeholders in relation to compliance with the European Green Deal, specifically the CSRD Directive and application of the ESRSs;
- Impacts stemming from the waste management system and actions taken to promote the transition to a circular economy;
- Potential impacts associated with extreme climate events (e.g. drought, floods, hurricanes) due to climate change may include interruptions to production plant operations, environmental pollution, impacts on the health of workers, and impacts on local communities.
- The product life cycle, from the selection



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MATERIAL ENVIRONMENTAL TOPICS

and sourcing of raw materials to their production and disposal, could generate environmental impacts;

- The potential violation of environmental regulations where human-intensive production activities are located could result in environmental incidents;
- The impact of paper mills on water withdrawals from surface waterways;
- The reduction of impacts on the environment due to the decrease in solvent emissions at pencil lacquering plants following the progressive transition to water-based lacquering;
- The reduction of purchases of certified wood (FSC or PEFC) may have impacts on natural heritage, forests, and GHG emissions in terms of reduced absorption.
- 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.

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.

The F.I.L.A. Group'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 to use to present them in accordance with 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 is continuing its programme to obtain environmental certifications for its production plants. At the date of this Statement, the Parent F.I.L.A. S.p.A. (Rufina plant and Pero office), Canson France (Grand Murier, Moulin du Roy, and St. Germain), Lyra Germany, F.I.L.A. Arches, Dixon Kunshan, Canson Brasil, F.I.L.A. Argentina, and Canson Art & Craft Yixing are ISO 14001:2015 (Environmental Management System) certified. The Group intends to certify all production plants by 2025.



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MATERIAL ENVIRONMENTAL TOPICS

At present, 1,061 workers (942 in 2022) are employed at production plants, representing 9% of the Group's total workforce (8% in 2022 and 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 scraps, such as, for example, joining below-standard size slats, or "finger joints", or low-width timber slats for the production of canvas frames.

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

- timber, in particular cedar, poplar and pine, in boards or slats, in order to produce coloured and graphite pencils in Mexico, India and China, in addition to canvas frames;
- plastics for the production of felt-tip pens, highlighters and markers, packaging, and

other writing instruments (e.g. sharpeners and rulers), which are procured mainly in Italy and India.

- calcium carbonate and sulphate for the production of chalks, paints and modelling materials procured mainly from India and France, where the Group relies on a local supplier, mainly due to its proximity to the Saint Germain La Ville plant;
- flours used in the production of play dough;
- graphite used in the production of pencil leads;
- wax used in the production of wax crayons and in pencil leads;
- 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 one of the main raw materials, 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 is committed to timber certification activities ("Chain of Custody") in conjunction with the Forest Stewardship Council, and also joined the Programme for Endorsement of Forest Certification 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.



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MATERIAL ENVIRONMENTAL TOPICS



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



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

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

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

with these companies are particularly important for those working in our sector.

The following Group companies currently use the following certified materials:

- Dixon Ticonderoga USA (paper)
- F.I.L.A. Dixon Kunshan (wood)
- Bridesore (wood + paper)
- St. Cuthbert (cellulose)
- Canson SAS (cellulose + paper)
- Dixon Ticonderoga Art (paper)
- Daler Rowney (paper)

In 2023, the Group purchased 82,853 m³ of timber (77,725 m³ in 2022). 59% of the timber consumed in 2023 was in the form of logs (51% in 2022), 33% in the form of slats (27,031 m³, down from 36,541 m³ in 2022), and the remaining 8% was timber (6,640 m³, up from 1,775 m³ in 2022).

Regarding slats, of the total 27,031 m³ purchased in 2023 (36,541 m³ in 2022), 6% (7% in 2022) is FSC certified (1,638 m³ in 2023, compared to 2,538 m³ in 2022), purchased from:

- Bridesore (Dominican Republic): 389 m³ (1,936 m³ in 2022), equal to 64% of the material acquired by the Company;
- Dixon Kunshan (China): 1,249 m³ (602 m³ in 2022), equal to 100% of the material acquired by the Company;

With regard to the purchase of 6,640 m³ of timber, 97% (6,417 m³) was purchased by Dixon Kunshan (China) mill and 100% was 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 scraps to manufacture products using the “finger joint” technique whereby timber scraps are recovered to produce the eco-friendly pencil product ranges (e.g. the Ticonderoga Envirostik). The timber scraps from the timber slat production line in the Oaxaca factory in Mexico are used to manufacture the canvas frames which are then assembled in the Bridesore facility in the Dominican Republic.



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MATERIAL ENVIRONMENTAL TOPICS

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. 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.

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.

In various factories of the Group, the production process involves, upstream to the various production phases, either the re-entry of the primary production scraps 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. Out of the total 13,255,283 kg purchased across the Group (+17,361 kg compared to the 11,006,084 kg in the previous reporting period, restated due to a data entry error by Canson Brazil), 9% (1,166,260 kg) of the plastic raw materials (PHE/PP/PHEG/ABS) used in the Group's production processes in 2023 were made of recycled material, (5% in 2022, with 603,746 kg).

Purchases of unprocessed plastic raw materials (PHE/PHEG/ABS/ECC) increased by 20% compared to 2022 (+2,249,199 kg) as a result of the 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 F.I.L.A. 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 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.



3 MATERIAL ENVIRONMENTAL TOPICS

The SAP Recycling Administration Tool – REA – was introduced at F.I.L.A. S.p.A., F.I.L.A. Hiberia and Daler Rowney in recent years to **monitor the tonnage of packaging sold**. This tool enables the management of information on the composition of packaging and products (such as percentages of recycled/regenerated materials) on the market, ensuring compliance with legal reporting requirements to environmental authorities.

45,427,690 kg of paper rolls were consumed in 2023 (54,891,421 kg in 2022, down 9,463,731 kg on 2022). 89% (40,211,228 kg) of the paper rolls purchased by the Group in 2023 were PEFC and SFI (Sustainable Forestry Initiative) certified, primarily thanks to the purchase of 34,373,878 kg from Dixon Ticonderoga Company (U.S.A.).

In the same period, with 19,653,708 kg purchased, there was a 7% decrease in calcium carbonate (21,101,175 kg in 2022, a restated value of 105,400 kg due to a data entry error by F.I.L.A. S.p.A.) and calcium sulphate (-30% compared to 2022).

Finally, we note that 80% (10,613,714 kg) of cellulose fibres purchased at Group level (13,278,790 kg, compared to 16,509,862 kg in 2022) are FSC certified. The table GRI 301-1 OTHER MATERIALS CONSUMED in Annex D. *Tables listing GRI indicators and information* summarises purchases of primary raw materials by the F.I.L.A. Group over the past three years.

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



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



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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, 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 lie in their availability, environmental impact, and the way they are used to produce energy. 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”.

The combustion of fossil fuels releases large quantities of greenhouse gases, such as carbon dioxide (CO₂), contributing significantly to global warming and climate change. In addition, the extraction and transportation of these resources can have serious environmental impacts, including air and water pollution, damage to ecosystems, and oil spills.

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
- 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).



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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 total energy used at the Group level was 704,949,916 MJ, 6% less than 750,280,275 MJ in 2022 (up by 6,935,546 MJ compared to the previously provided figure due to a restatement). The reduced consumption is mainly attributable to the decreased use of natural gas by the Group's US and French companies. This is primarily owed to

better weather conditions and decreased plant usage in the USA, and reduced paper production in France.

In 2023, the F.I.L.A. Group consumed 93,663 MWh of electricity, equivalent to 337,185,174 MJ (+4% compared to 89,721 MWh in 2022, equivalent to 322,997,055 MJ).

The second largest energy source purchased by the Group is steam, amounting to 51,174,733 MJ (54,248,971 in 2022). In 2023, a restatement of 2022 data was published, resulting in the reclassification of 2,675,315 MJ from steam to diesel, used by the French company F.I.L.A. Arches to operate the infrared ovens used to dry paper.

Finally, the German company purchased 135,504 MJ of thermal energy (161,892 MJ in 2022). The thermal energy figure for the previous year was reclassified: the 58,655,006 MJ attributed to subsidiaries in North America, Canada, and Daler Rowney, was reclassified as natural gas.

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 line with the previous year, almost all of the Group's fossil fuel consumption came from natural gas, which is mainly used for



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heating and some production processes. During the year, no significant changes were recorded in the use of diesel and fuel oil, which accounted for 2% of fossil fuel consumption (3% and 2% in 2022).

The thermal energy figure for the previous year was restated to account for a reclassification error. 60,335,166 MJ, referring to Daler Rowney's US and Canadian subsidiaries, was allocated as Natural Gas.

Specifically, the consumption of fossil fuels at Group level decreased by 20% overall compared to the previous year. The main reduction in absolute terms can be attributed to the use of natural gas (-51,284,229 MJ or -20%). Please refer to the beginning of this section for more information. Another significant reduction relates to diesel fuel (-1,626,159 MJ or 26%).

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.

The energy produced from biomass, a renewable source, for the Mexican and Indian subsidiaries, amounted to 101,969,610 MJ, a decrease of 3% compared to 2022 (105,165,364 MJ). The 3% decrease is the net effect of a 15% increase in energy production by the Mexican company (52,632,330 MJ compared to 45,826,744 MJ in 2022) and a 17% decrease recorded by the Indian company (49,337,280 MJ compared to 59,338,620 MJ in 2022).

As already stated, in order to reuse production scraps 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 Mexican biomass energy production figure for the previous year was restated to account for a refinement in the calculation methodology used by the Mexican company.

The Group companies have pursued projects targeted at improving their energy efficiency, for example, by reducing lighting electricity consumption, improving combustion efficiency 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 2023:

- To decrease energy consumption, Canson Brazil replaced the majority of warehouse lighting with LED fixtures. The project will be completed during the course of next year;
- Canson France installed an LED lighting system, estimated to save 333,000 MJ of electricity. The Company also installed a variable-speed air compressor, which is expected to save 90,000 MJ;
- St Cuthberts installed motion sensor lights. In addition, the Company adopted the practice of replacing broken bulbs with LEDs and old motors with energy-efficient ones;
- Dixon Ticonderoga Company installed LED lights, which will save approximately 728,000 MJ in energy consumption.

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 table "GRI 302-4 REDUCTION IN ENERGY CONSUMPTION" 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.

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 greenhouse gas



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data in CO₂ equivalent emissions based on the GRI 305-1 indicator for direct emissions (Scope 1) and 305-2 indicator for indirect emissions (Scope 2). The emission factors used for Italy and Europe are those provided by the Ministry of the Environment, calculated by ISPRA (*Istituto Superiore per la Protezione e la Ricerca Ambientale*). While for non-EU countries, the following emission factors were used:

- 2023 DEFRA (Department for Environment, Food & Rural Affairs) emission factors for the UK
- local conversion factors defined by environmental authorities (latest available data)
- 2023 emission factors from the International Energy Agency and the Intergovernmental Panel on Climate Change (Guidelines for National Greenhouse Gas Inventories).

Direct greenhouse gas (GHG) emissions 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 2023, scope 1 greenhouse gas (CO₂)

emissions decreased by 20%, while scope 2 emissions increased by 14% on the previous year as a result of the following effects:

- Reduction in scope 1 emissions primarily linked to the reduced use of Natural Gas by some companies, including Dixon US and Canson France.
- Increase in scope 2 emissions following growth in business volumes, especially at the Indian subsidiary, which recorded an increase of over 41 million MJ of electricity.

In line with the Strategic Sustainability Plan and the Group's objective, a multi-year investment plan was approved during the year. The plan will allow for the reduction of over 6,000 tonnes per year of CO₂ emissions, once fully executed and when applying the same scope.

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 table "GRI 305-1, 305-2 GREENHOUSE GAS EMISSIONS" 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, have been separated from scope 1 and are reported independently.

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

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

The emission of persistent organic pollutants (POP), which is now at low levels, is the result of water-based paints used at Dixon Kunshan's plants in China. Emissions of 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 2023, 2022, and 2021, 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 2023 concerned, as in the two previous years, Volatile Organic Compounds (VOCs) and Particulate Matters (PMs).



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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/F.I.L.A. 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 2023, the Group’s **water supply** was mainly from groundwater, which accounted for 72% of the total water withdrawn (64% in 2022), in addition to surface water equal to 25% (32% in 2022), while municipal water supplies remained at 4%, in line with 2022. 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.

Specifically, the Group’s water withdrawals decreased by 5% in 2023 compared to the previous year. The main reduction in absolute terms can be attributed to the decrease in water withdrawals from surface water (-176,498 m³). An additional reduction is owed to the decrease in water withdrawals from third parties (16,424 m³). The increase in withdrawals from the groundwater aquifer in 2023 is mainly linked to water resources used for activities at the Xinjiang site in China, dedicated to growing a poplar plantation (95.74 m³).

Surface water is mainly river water withdrawn at the Canson facility, France and used in the Moulin du Roy paper mill for the production process. These withdrawals

have decreased 32% compared to the 2% decrease recorded in 2022. 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.



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In China, in the Kunshan facility, steam is used during processing and discharged into systems located on the factory roofs. There, it is condensed and transformed into water to be used in civilian installations. Currently, there are no methods to measure the quantity of steam and water recovered with this process. For more details on investments made in various Group companies, refer to the paragraph entitled *3.6.2 Investments for environmental protection*.

Internally recycled water at production plants decreased by 24% (from 479,002 m³ in 2022 to 366,136 m³ in 2023); recycled water accounted for 18% of total water withdrawn by the Group, down from 22% in 2022.

The Group's effluents decreased by 25% compared to 2022. The main reduction in absolute terms is owed to a decrease in discharges into surface waters (245,075 m³).

96% of the Group's effluents were discharged into surface waters, down 26% compared to 2022 (687,578 m³ in 2023, compared to 932,653 m³ in 2022) and to municipal sewers or other water services, down 8% compared to 2022 (46,634 m³ in 2023, compared to 50,725 in 2022); the remainder is discharged into groundwater after internal treatment (+10% compared to 2022) or reused in Company processes.



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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 2023, compared with data from the previous two years (in m³) 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’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, F.I.L.A. Yixing and F.I.L.A. Xinjiang) adopted specific policies confirming their commitment to reducing water consumption.

3.6 OTHER ENVIRONMENTAL TOPICS

Other environmental topics for the Group are:

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

3.6.1 WASTE MANAGEMENT

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

Compared to the previous reporting period, at the Group level, waste increased by 11% (17,519,048 kg in 2023 compared to 15,801,222 kg produced in 2022). The increase recorded in 2023 is due to the 2,066,889 kg rise in solid waste, in contrast to the 349,062 kg decrease in liquid waste.

In terms of composition, the Group predominantly produces solid waste (94%, in line with 91% in 2022), in addition to some liquid waste (6% in 2023, 9% in 2022). 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.



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Solid waste products produced by the Group are almost entirely non-hazardous waste (16,405,861 kg, corresponding to 99%, in line with the two previous years).

Insignificant amounts of hazardous waste were generated in 2023 (134,010 kg, or 1% of the Group's total waste, compared to 2% in 2022). 50% of hazardous waste was liquid (58% in 2022).

Liquid waste, of which 94% non-hazardous, in 2023 accounted for approximately 6% of total waste produced by the Group (9% in 2022).

In 2023, 39% of the hazardous waste (11% in 2022) and 39% of the non-hazardous waste (48% in 2022) generated by the Company was sent for recycling/reuse; overall, 39% of the waste generated by the Group was sent for recycling/reuse (48% in 2022), amounting to a total of 6.9 million kg of waste (7.5 million kg of waste in 2022).

The main disposal methods for non-hazardous waste are 57% incineration, almost all involving energy recovery (49% in 2022), and 30% landfilling (33% in 2022), while the remaining portion involves other disposal activities.

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 94% of the total waste produced during the year (91% in 2022).

Insignificant amounts of hazardous waste were generated in 2023 (1% of the Group's total waste, compared to 2% in 2022). 50% of hazardous waste was liquid (58% in 2022).

The information collected showed that the waste recycled is predominantly non-hazardous and is recycled outside the Group's facilities.

No waste spills were recorded in 2023.

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".

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.

In 2017, at the Canson facility in Grande Mournier, France, 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.



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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.

In 2023, a line of plastic bio-based felt-tip pens made from sugar cane was launched. Lyra Graduate Art Tip; Manufactured at the Rufina plant (Italy) and comprising at least 64% green polyethylene plastic (body, lid, and coloured sheath). The sugar cane used to make bio-based plastic is a renewable resource that helps to reduce greenhouse gas emissions.

The ART-TIP felt-tip pen represents another stride taken by the Group towards progressively using sustainable raw materials, all while guaranteeing product quality and performance.

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

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 2023 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 and 2023.

The F.I.L.A. Group is present on five continents, with 46 branches (of which 33 operative) and over 11,794 employees. 80% of the workforce are blue-collar workers (82% in 2022), 19% are white-collar workers (17% in 2022), and 1% are managers (no change on 2022).

The **main potential** risks identified in terms of employee management are low productivity and low-quality work (e.g. due to high turnover or absenteeism rates), as well as little training or professional upskilling. At a local level, Group practices and procedures were implemented to better manage potential negative impacts

and 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 principles of conduct 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 50% 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.

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



.4 MATERIAL EMPLOYMENT TOPICS

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**

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.

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

- 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 negatively impact employee well-being, human capital development, employee health and safety, diversity, and equal opportunities
- The consequences for the growth of human resources resulting from ineffective management of the ageing workforce, especially concerning the creation of appropriate backup and replacements 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 labour-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;
- Reduction of impacts on the environment and workers due to the decrease in solvent emissions at pencil lacquering plants following the transition to water-based lacquering;
- 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.
- Practices designed to restrict freedom of association and collective bargaining in developing countries may result in negative impacts on workers' rights.
- 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.



.4 MATERIAL EMPLOYMENT TOPICS

4.1.1 COMPOSITION OF THE WORKFORCE

The F.I.L.A. Group had 11,794 employees at the end of 2023 (11,352 at the end of 2022).

More than 85% of the company population is concentrated in the two regions where the largest production plants are located: Asia, with 74% of the total workforce, mainly located in India at DOMS (8,423 employees in 2023), and Central/South America, with 12% of the workforce, mainly in Mexico (1,013 employees in 2023)

With reference to employee **gender**, at the end of 2023, 50% of the workforce was made up of women (a slight decrease on 51% in 2022). Analysing the gender of the corporate population by geographical segment shows that the highest percentage of the female population is located in South America, where it is 57% (down from 59% in 2022). In Asia, 51% of the workforce is female (52% in 2022), while in Europe, 39% of the workforce is female (down compared to 40% in 2022).

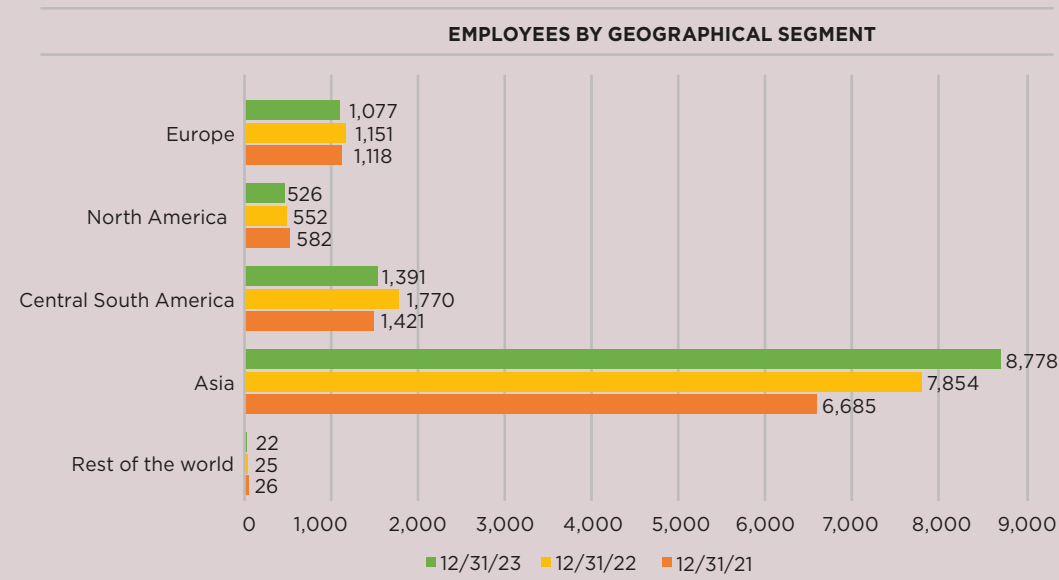
In terms of **contract type**, the majority of the Group's employees have a full-time employment contract (99%, in line with 2022). Part-time work contracts are mainly signed by women (66%, a decrease

compared to 68% in 2022). The share of non-permanent staff (i.e. with temporary contracts) is 1% (4% in 2022).

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, Dominican Republic, and the US, see paragraph 1.2.2 F.I.L.A. Group production sites).

Asia accounts for 74% of the Group's workforce (69% in 2022), followed by Central and South America with 12% (16% in 2022), Europe with 9% (10% in 2022), North America with 4.5% (4.9% in 2022) and the Rest of the World with 0.2% (0.22% in 2022).



4 MATERIAL EMPLOYMENT TOPICS

In terms of **Composition of the workforce by contractual category** at the end of 2023, 80% of employees were blue-collar, 19% white-collar, and 1% managers.

In terms of geographical distribution, **blue-collar workers** represent 83% of the workforce in Asia (85% at the end of 2022). Overall, they represent 78% of their category at a Group level (72% at the end of 2022). Blue-collar workers represent 82% of the workforce in Central/South America (88% in 2022), 69% in North America (67% in 2022), 53% in Europe (55% in 2022), and 27% in the Rest of the World (32% in 2022). 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 2023 (55%), as this is where the Parent F.I.L.A. S.p.A.'s headquarters are based, and in Asia (19%).

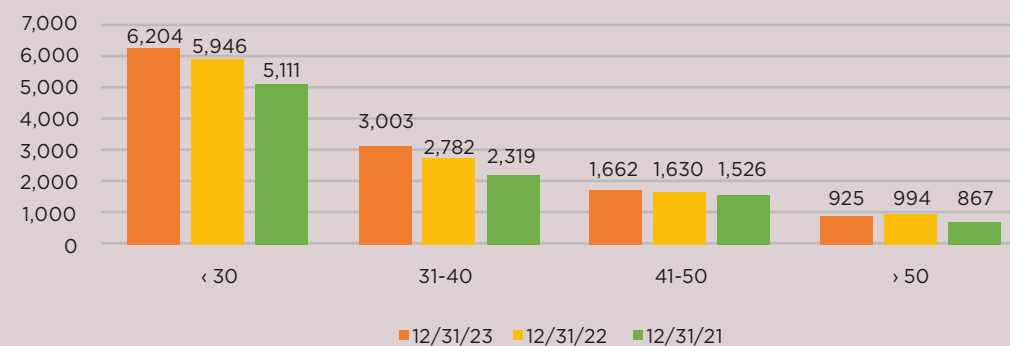
For more information on the composition of the workforce divided into blue-collar workers, white-collar workers and managers, for the five geographical segments, refer to the table "GRI 405-1 EMPLOYEE BREAKDOWN BY CATEGORY AND GEOGRAPHICAL SEGMENT" in Annex *D. Tables listing GRI indicators and information*.

In terms of the composition of the workforce by **age group**, 53% of employees at Group level were under 30 (in line with 52% in 2022) and 25% are aged between 31 and 40 (in line with 25% in 2022). As such, 78% of the total workforce is under 41 years old, in line with 77% in the previous year.

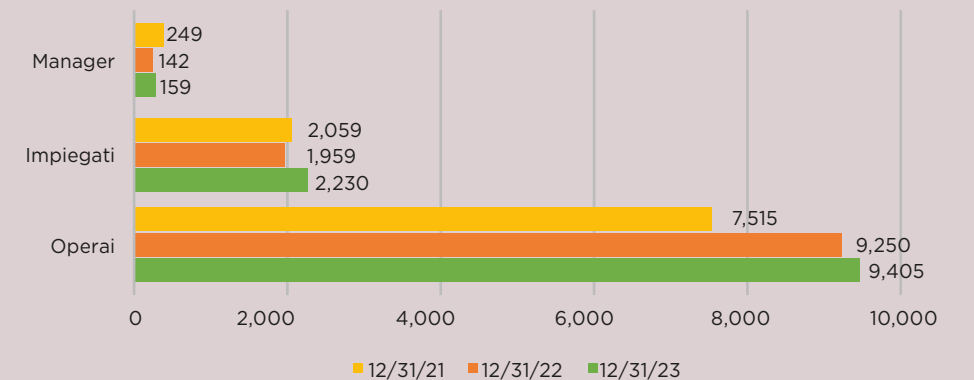
Geographically speaking, at the end of 2023, the majority of employees in absolute terms in Europe and Asia were over 41 years old. However, though the number of employees in Asia is significantly larger, as much as 62% of the corporate population is under the age of 30. In Central and South America, 61% of the corporate population is under 41 years old, while in the Rest of the World the distribution by age group is more even.

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 2023-2021, refer to the table "GRI 405-1 EMPLOYEE BREAKDOWN BY AGE AND GEOGRAPHICAL SEGMENT" in Annex *D. Tables listing GRI indicators and information*.

EMPLOYEES COMPOSITION BY AGE GROUP



COMPOSITION OF THE WORKFORCE BY PROFESSIONAL CATEGORY



.4 MATERIAL EMPLOYMENT TOPICS

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. This includes devoting particular attention to employees in the form of various targeted initiatives.

Since 2019, the parent 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 2023, as in 2022, the Parent 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; three days of paid leave covered by the company for employees with a dependent minor hospitalised provided that they have already used the reduced hours and comp time of the previous month, and greater night and day shift allowances compared to those envisaged under national collective bargaining agreements (CCNL).

Flexibility, productivity, trust, digitalisation, work-life balance and environmental and social impacts are concepts on which the Company has focused from the start and that led it to see working from home as a tool to help balance personal and family with professional and corporate productivity needs. This tool is adopted by many Group companies.



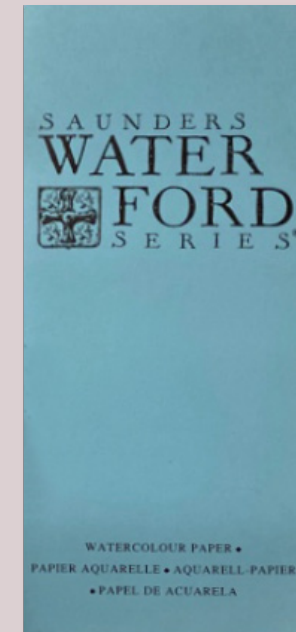
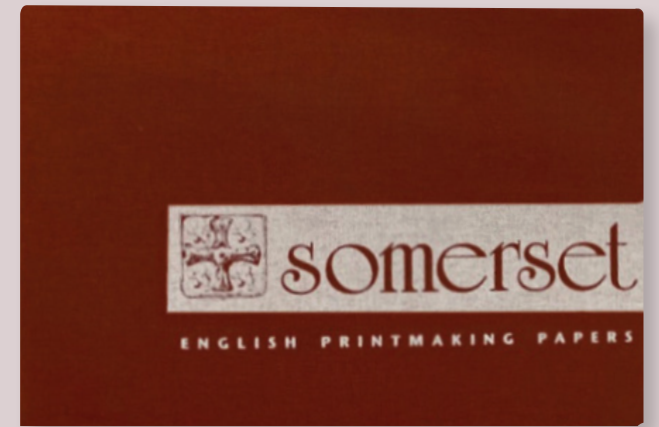
.4 MATERIAL EMPLOYMENT TOPICS

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*).

In the last two years, 15 Group companies administered an anonymous questionnaire divided into the following sections: Personal Data; F.I.L.A. Group sustainability; Material Topics; and Organisational Well-being. 56% of employees took part in this engagement campaign. 56% of the questionnaire results were provided by blue-collar workers, 38% by white-collar workers, and 6% by management. The analysis revealed the following findings: 77% declare that there is strong collaboration and communication within the workplace, with 81% noting a high willingness to help each other. 88% of respondents declare that health and safety is adequately managed by the Company, while 81% of employees believe they have professional development opportunities within the Company.

Employees with permanent contracts within the various Group companies also receive additional benefits, including healthcare services, life insurance policies, retirement contributions, and insurance coverage for disabilities or injuries.

Over the coming years, the Group will carefully assess innovative and strategic proposals, with the primary objective of enhancing corporate welfare quality and fostering the overall well-being of its employees.



.4

MATERIAL EMPLOYMENT TOPICS

4.1.3 PERSONNEL TURNOVER

In 2023, **turnover** (i.e. the net effect of new hires and staff leaving on the number of employees at the beginning of the year) at Group level was 3.9% (compared to 13.5% in 2022).

The F.I.L.A. Group's employee retention initiatives are focused primarily on potentially critical roles. Once again in 2023 there was increased stability in the European continent where, due to the characteristics of the labour market, company loyalty is more widespread.

The geographical segment with the highest turnover was Asia, where 5,664 employees

were hired during the period (6,350 in 2022), of which 5,074 were blue-collar employees. There were 4,740 terminations (down from 5,181 in 2022).

In Central and South America, 352 employees were hired in 2023 (1,091 in 2022), and there were 731 departures (733 in 2022).

In 2022, three job categories were reclassified (Managers, White-collar Workers and Blue-collar Workers) following 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 2023-2021:

- "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 PERFORMANCE APPRAISALS AND REMUNERATION

Remuneration in each contractual category is established in compliance with the local legislative regulations 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 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 (Key Management Personnel, 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.



.4 MATERIAL EMPLOYMENT TOPICS

In 2023, 7% of the corporate population received a performance appraisal (8% in 2022):

F.I.L.A. Group	2023				2022				2021			
	Management	White-collar	Blue-collar	Total	Management	White-collar	Blue-collar	Total	Management	White-collar	Blue-collar	Total
Employees with a formal annual individual performance appraisal	92	346	337	775	80(*)	403	359	844	174	288	349	811
Employees without a formal annual individual performance appraisal	67	1,884	9,068	11,019	66(*)	1,550	8,894	10,508	75	1,771	7,166	9,012
Total employees	159	2,230	9,405	11,794	146	1,953	9,253	11,352	249	2,059	7,515	9,823
Appraisal rate	58%	16%	4%	7%	55%	21%	4%	7%	70%	14%	5%	8%

(*) In 2023, management professional category data for 2022 was reclassified as the annual evaluation process at the English company Daler Rowney, involving 31 senior managers, had not been formalised.

42% of Group employees with management classification do not fall in a formal annual appraisal; the percentage of employees in the white-collar category rises to 84%.

(management, white collar and blue collar), as the ratio of women's base salary to men's base salary by job category, the following indicator was reported:

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, 2023.

Again in 2023, with reference to **base salary equity** (i.e. fixed base salary) between women and men by job category

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

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

Difference in the base salary of women compared to men by job category	2023			2022			2021		
	Management	White-collar	Blue-collar	Management	White-collar	Blue-collar	Management	White-collar	Blue-collar
Europe	-20.9%	-14.2%	-8.7%	-24.2%	-9.9%	-5.3%	-9.3%	-14.8%	-6.03%
North America	+0.1%	-18.2%	-7.9%	-2.1%	-22.0%	-8.4%	-21.8%	-24.3%	-10.1%
Central and South America	+37.3%	-24.5%	-22.9%	+4.4%	-21.6%	-23.1%	-4.8%	-8.2%	-12.5%
Asia	+24.0%	-14.2%	-0.1%	+36.7%	-18.9%	0.0%	+17.5%	-16.1%	-0.1%
Rest of the world	-22.1%	+38.8%	0.0%	-23.0%	-5.9%	-41.1%	N/A	-36.3%	-41.1%

Female managers had lower base salaries than male colleagues in Europe (-20.9%, compared to -24.2% in 2022) and the Rest of the World (-22.1%, compared to -23.0% 2022). Meanwhile, female managers had higher base salaries than male colleagues in Asia (+24.0%, compared to +36.7% in

2022), Central and South America (+37.3%, compared to +4.4% in 2022), and North America (+0.1%, compared to -2.1% in 2022).

Other than in the Rest of the World (+38.8%), women's base salaries were consistently lower than those of their male

counterparts at the white-collar level (-18.2% in North America, -24.5% in Central and South America, -14.2% in Asia, and -14.2% in Europe). Meanwhile, for blue-collar workers, the greatest differences were recorded in Central and South America (-22.9%) and Europe (-8.7%).

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.4 MATERIAL EMPLOYMENT TOPICS

4.1.5 TRAINING

In 2023, the Group reported a number of training hours equal to 62,095 (114,977 hours in 2022). Training was delivered to 6,586 employees (8,068 in 2022), of whom 52% were men and 48% were women. In 2023, the Group decided to consolidate in order to focus on specific business efficiency initiatives such as eWN at Canson France and Dixon USA. 2024 will see a progressive increase in training hours, as Mexico and Chile will be included in the SAP roll-out.

Over the period, the F.I.L.A. Group invested Euro 462,895 in personnel training (Euro 476,433 in 2022). Specifically, the main investments were in operational training, for Euro 223,536 (Euro 213,625 in 2022) and health and safety, for Euro 158,571 (Euro 174,544 in 2022). 78% of training investments were made by European companies (85% in 2022), 15% by South American companies (9% in 2022), and 5% by North American companies (5% in 2022).

Most of the staff who attended **training and refresher courses** focused on the operations and health and safety areas, which together account for 79% of all training hours delivered (85% in 2022).

The geographical segments providing the highest number of training hours per employee in 2023 were Central/South America (21 hours per capita, down from 41 in 2022) and Europe (16 hours, in line with 2022). 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”
- “GRI 404-1 TRAINING BY PROFESSIONAL CATEGORY AND TOPIC”

In relation to the **training by professional category**, in 2023, 65% of the total training hours Group-wide was delivered to blue-collar workers (79% in 2022), 30% to white-collar workers (18% in 2022) and 5% to management (4% in 2022).

In 2023, blue-collar workers were mainly provided with training on operational topics, 47% (65% in 2022) and occupational health and safety, 39% (26% in 2022). In the reporting period, white-collar workers

were mainly provided with training on operational topics, 50% (in line with 2022), health and safety, 21% (18% in 2022), and IT, 13% (19% in 2022). Training provided to management mainly concerned IT, 38% (48% in 2022), health and safety, 22% (6% in 2022), operational topics, 16% (34% in 2022), and foreign languages 7% (8% in 2022).

Considering the importance of training for strengthening people’s skills, in 2022, a set of strategic guidelines have been established for Group training on Environmental, Social and Governance (ESG) topics, in order to fine-tune the training activities already provided by Group companies.



.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”, while that of the other Italian Chemical Industry subsidiary applies for Industria Maimeri. Thus, 100% of employees at Italian companies 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.

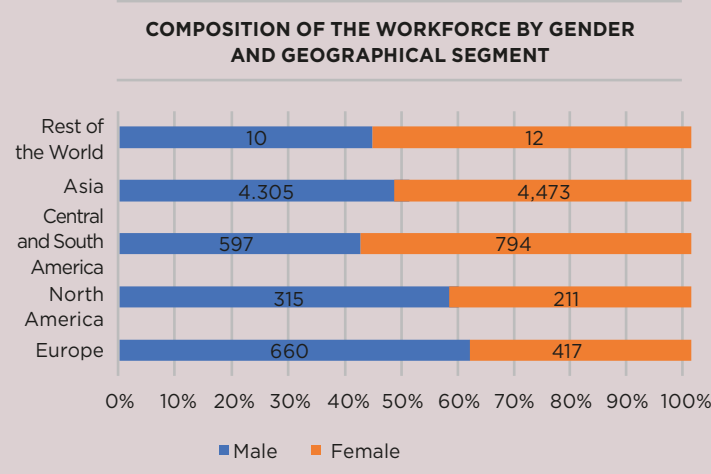
In 2023, 1,973 Group employees were covered by a national collective bargaining agreement, of whom 950 men and 1,023 women (2,260 in 2022, of whom 1,029 men and 1,231 women), and of whom 37% in South America (42% in 2022), 37% in Europe (33% in 2022), and the remaining 26% in North

America and Asia (24% from 2022).

Each Group company defines its contracts with personnel on the basis of local legislation and homogeneously for each job category.

In 2023, there were no changes in foreign company trade union activities.

4.2 EQUAL OPPORTUNITIES



At December 31, 2023, F.I.L.A. Group personnel were 50% female (51% in 2022) and 50% male (49% in 2022).

By geographical segment, Asia is the area with the highest absolute number of female employees at 76% (52% in 2022), followed by Central/South America at 13% (9% in 2022).

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

The **main risk** identified by the Group in relation to equal opportunities is eliminating discriminatory practices that conflict with Group policy and with applicable legislation. In this regard, in 2021 the Group updated its **Workforce Diversity 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 2022), complemented by various contract options, including flexitime, seasonal work (for concentrated periods less than 12 months a year), short working weeks



.4 MATERIAL EMPLOYMENT TOPICS

(reduced hours spread over fewer days) and comp time.

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 comp time, North American personnel are offered seasonal work, short working weeks, working time accounts and remote working. 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.

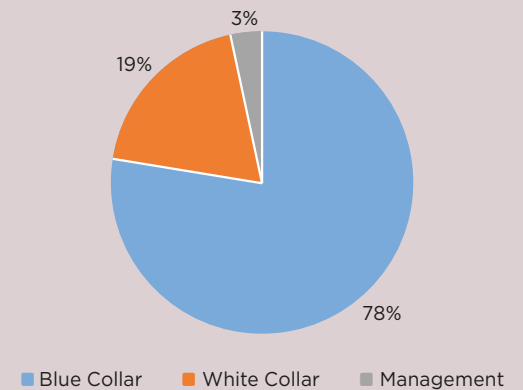
In Annex *D. Tables listing GRI indicators and information*, the table "GRI 2-7 Employees 2-8 Workers who are not employees" contains details on the composition of the workforce by **contract type**, broken down by full-time, part-time and zero-hours contracts, and by gender and geographical segment, for 2023 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 the F.I.L.A. S.p.A. Group 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*).

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 2023 BY PROFESSIONAL CATEGORY



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 decreased in 2023 (20,272 hours, compared to 27,377 in 2022) 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*, 33% of total training hours in 2023 were dedicated to occupational health and safety topics (24% in 2022).

In 2023, there were 145 **work-related injuries** (180 in 2022) at the Group, two of which had a prognosis of more than 120 days (four in 2022), for a total of 2,131 lost days (2,153 in 2022).

Most of the injuries had a prognosis of fewer than 120 days (98%, compared to 97% in 2022). Specifically, 88% of injuries had a prognosis of fewer than 40 days. Accidents involved men in 64% (74% in 2022) and women in 36% (26% in 2022) of cases.

The work-related injury rate of 1.15% in 2023, compared to 1.53% in 2022, 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 25,156,666 hours worked in 2023 (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 2023, the number of injuries decreased compared to 2022 (50, 59 in 2022), 88% of which had a prognosis of fewer than 40 days. By individual company, the European subsidiaries reporting the most injuries were the manufacturing companies Daler-Rowney UK (34, compared to 49 in 2022), St Cuthberts (in line with 2022), and F.I.L.A. S.p.A. (3 injuries, compared to 1 injury in 2022).

There were 13 work-related injuries in North America in 2023 (17 in 2022), 85% of which had a prognosis of fewer than 40 days (88% in 2022).

In Central and South America, there were 26 injuries during the period (32 in 2022), of which 92% with prognoses of less than 40 days (84% in 2022). All incidents occurred at the Mexican company Dixon Mexico (26, down from 28 in 2022).

In Asia, 57 injuries were reported in 2022

(compared to 72 in 2022). Of the reported cases, 91% were mild (lasting fewer than 40 days); all cases occurred at the Indian company DOMS (57, down from 68 in 2022), which accounts for most of the workforce in the region.

The rate of work-related injuries with serious consequences (excluding deaths) of 0.01 per 100 in 2023 (0.03 in 2022) 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 2023, eight new instances of work-related ill health were identified, with six having a prognosis of more than 120 days. Five of the reported cases were at Dixon Ticonderoga, where employees experienced hearing loss as indicated by audiometric tests. To mitigate this risk, the company remains committed to its hearing protection programme. There was one incident at Canson France involving a partial tear of the rotator cuff. In total, there were 446 days of recorded absence.



.4 MATERIAL EMPLOYMENT TOPICS

4. MATERIAL EMPLOYMENT TOPICS 97/168

In Annex *D. Tables listing GRI indicators and information*, tables “DAYS OF EXCUSED ABSENCE” and “DAYS OF ABSENCE BY REASON AND GEOGRAPHICAL SEGMENT” provide details, for 2023 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, the following companies had an occupational health and safety system in place certified in accordance with ISO 45001: F.I.L.A. S.p.A. (at the Pero plant and Rufina offices),

Canson France (Grand Murier, Moulin du Roy, and St. Germain), F.I.L.A. Argentina, Lyra Germany, Dixon Kunshan, Canson Brazil, F.I.L.A. Arches, and Canson Art & Craft Yixing Co., Ltd.

Considering the importance of occupational health and safety, the Group has set itself the goal of certifying all of its production plants by 2025. At present, 1,061 workers (942 in 2022), representing 9% of the Group’s total workforce (8% in 2022, 7% in 2021), are employed at production plants that hold ISO 45001:2015 certifications. These employees are involved in the certification process.



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5 MATERIAL TOPICS SOCIAL

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

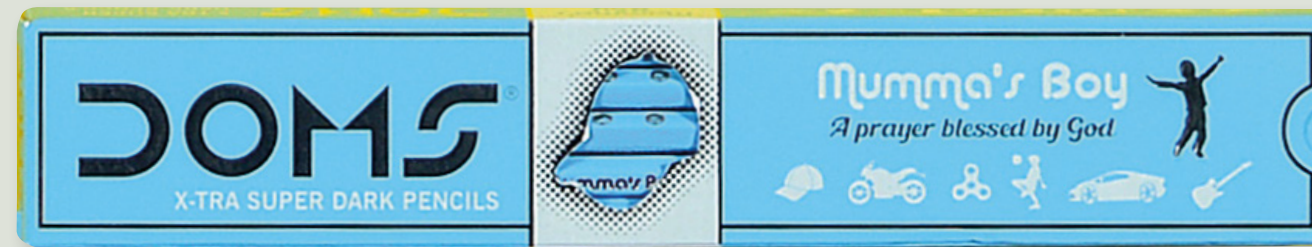
The F.I.L.A. Group has 11,794 employees - spanning five continents - and manufactures and sells products for children, teenagers and adults. Material social topics for a Group such as F.I.L.A. range from relationships with stakeholders, to the integrity and rigour of the Group's conduct, from supplying quality and safe products, to the management of quality relationships with its supply chain and local communities.

From the materiality analysis 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, featured strong tensions in the energy and logistics sectors, which increased pressure on the markets. 2023 remained a period of considerable uncertainty, set against a backdrop of numerous geopolitical crises in the global macroeconomic environment.

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.



5 MATERIAL TOPICS SOCIAL

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 2023, four products were subjected to product safety assessments and improvements (29 in 2022).

Quality control within the F.I.L.A. Group is managed by the dedicated Quality Assurance department, and is divided into two phases: "**Static control**" involves various tests conducted in the Group's internal laboratories, also used to test products in the research and development phase, whereas "**process control**" involves various tests carried out on an ongoing and/or scheduled basis throughout the stages of the production process by production staff and Quality Assurance. Such tests are performed in addition to the technical tests required by national and international standards and/or customer specifications.

In addition to internal tests to verify product safety, F.I.L.A. Group also uses external laboratories, primarily accredited ones, to obtain third-party safety standard compliance certificates. Each of the Group's production sites liaises and



5 MATERIAL TOPICS SOCIAL

maintains an ongoing relationship with its own historical reference institute, whereas subsidiaries outside the European Union obtain certificates issued by globally accredited institutes.

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

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 2023, as in the previous two years, no significant cases of non-compliance in terms of marketing were reported.

In 2023, the Group saw a limited number of cases of non-compliance with laws and regulations, partly of a voluntary nature, concerning product safety and labelling, all of which had modest impacts. Some involved the language of the label indications, the description of the origin or the composition of certain components; situations that were handled and resolved promptly and which did not concretely affect personal health.

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 <u>European-wide</u> 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 <u>US market</u> 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 the certifying entity.</p> <p>For all <u>other markets</u>, reference is generally made to any potential specific requirements by local distributors, in addition to the European standards.</p>	<p>For products classified as “cosmetic toys”, Regulation 1223/2009/EC (“Cosmetics Regulation”) applies, in addition to the toy regulation.</p> <p>This Regulation 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, Regulation 528/2012 BPR and Regulation (EU) 988/2023 on General Product Safety). Production and design measures also guarantee product safety by mitigating risks to consumers in products where no specific standards apply, in addition to the product safety assured by Parent F.I.L.A. and the Group itself through its application of British Standard 7272, a non-harmonised, and therefore, non-binding standard. Finally, product safety is also covered by the correct and timely identification of hazards, both by complying with applicable standards as well as providing correct consumer information.



5 MATERIAL SOCIAL TOPICS

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 integrity, correctness, transparency and fairness.

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).

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 regularly monitored to assess their production efficiency, delivery times, financial stability, and compliance with quality standards and social and environmental regulations.



5 MATERIAL SOCIAL TOPICS

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.

F.I.L.A. encourages its suppliers to adopt standards of ethical conduct, incentivising the attainment of environmental certifications (ISO 14001) and worker health and safety certifications (ISO 45001).

To establish transparent, fair, and ethical business relationships with its suppliers and business partners, F.I.L.A. has defined a **“Code of Conduct for Suppliers and Business Partners”** (hereinafter the “Code

of Conduct”), which F.I.L.A.’s suppliers are required to sign and adhere to. Specifically, the “Code of Conduct” sets out the guidelines and general principles to be followed by suppliers, business partners, consultants, contractors, FILA Group professionals, and any subcontractors.

The F.I.L.A. Group’s decision to develop this tool seeks to guarantee the adoption of conduct that is impartial and centred around the transparent evaluation of suppliers. In addition, addressees’ compliance is an essential requirement for establishing business relationships with F.I.L.A.

F.I.L.A. S.p.A.’s purchasing department requires all suppliers of goods and raw materials to sign the “Code of Conduct”. If the Code is updated, the document must be sent back to suppliers to be signed.

In 2019, the Parent began a supplier engagement project to confirm their commitment to the “Code of Conduct”. This code outlines 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 branches.

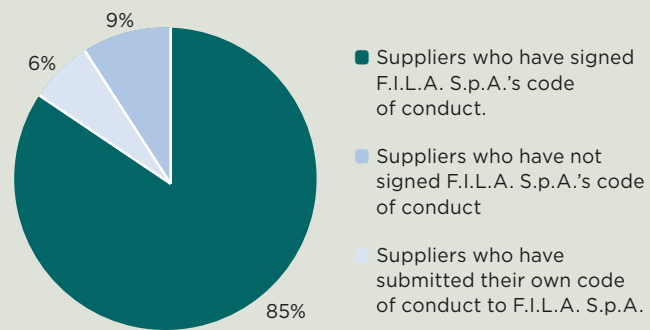
At parent level, since 2021 suppliers have been involved in the Code of Conduct acceptance process, an activity that became a Group objective in 2022: **Adoption of a Code of Conduct for Suppliers and Business Partners** for 90% of suppliers of goods with a turnover of more than Euro 10,000 by 2024.



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As shown in the graph below, in 2023:

- 91% of suppliers adopted a code of conduct: 85% signed F.I.L.A.'s code, and 6% submitted their own code to F.I.L.A.
- 9% of suppliers have not yet signed F.I.L.A.'s code or submitted their own.



In 2023, 12% of new Group suppliers were screened according to social and environmental criteria selected according to social and environmental criteria, compared to 8% in 2022.

5.3.2 GREEN PROCUREMENT

As part of its commitment to sustainability topics, F.I.L.A. vows to adopt responsible conduct towards all of its stakeholders by combining respect for individuals, the natural environment, and local communities.

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 F.I.L.A. S.p.A. has launched a series of initiatives, including structured stakeholder engagement activities, to involve its 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 2023, in line with the related objective (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), supplier engagement activities were extended to

21 Group companies via the questionnaire entitled "Green Procurement", with a focus on environmental and business sustainability topics. This questionnaire was sent by the Parent in 2022, with a limited scope, to 204 strategic suppliers.

In 2023, around 994 suppliers with a turnover of more than Euro 10,000 were sent the questionnaire.

The analysis was conducted to evaluate the results in aggregated form and by company type (manufacturing and trading). The scope of analysis is divided into three primary product sectors for manufacturing companies, as follows:

PAPER FOR THE FINE ARTS AND SCHOOL USE	Dixon Ticonderoga Company, Dixon Ticonderoga ART ULC (Canada), Canson Sas, Arches, Canson Brazil, St. Cuthberts
TOOLS FOR WRITING, DRAWING, COLOURING, AND MODELLING CLAY	F.I.L.A., Dixon Mexico, Lyra, F.I.L.A. Argentina, Dixon Kunshan
PAINTS FOR THE FINE ARTS AND TEMPERA FOR SCHOOL USE	Industria Maimeri, Daler-Rowney, F.I.L.A. Dixon Yixing Art & Craft, Daler-Rowney Bridesshore.
SALES BRANCHES	Lyra Akrelux, F.I.L.A. Polska, F.I.L.A. Nordic, F.I.L.A. Iberia, F.I.L.A. Chile, F.I.L.A. Art and Craft Israel.



5 MATERIAL SOCIAL TOPICS

The objective of the 25-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:

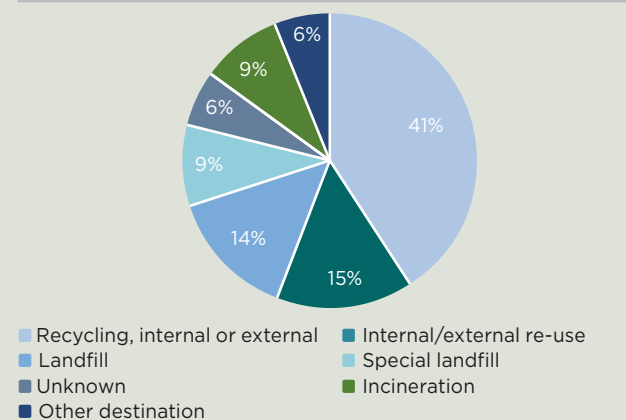
- adoption of environmental policies
- appointment of an Environmental Management Officer
- main environmental issues facing suppliers
- episodes of pollution and/or environmental problems
- energy sources used
- waste management.
- Analysis of the responses provided indicates a supply chain where no significant environmental risks are reported, and, specifically:
- 73% of suppliers have formalised an Environmental Policy that governs continuous monitoring and improvement of environmental performance.
- 70% of suppliers had appointed a full-time or part-time Environmental Management Officer.
- 60% of suppliers stated that their Environmental Management System was certified
- Just 9% of suppliers interviewed work in or near protected environmental sites
- The main energy sources for production are electricity (68%) and natural gas (16%).

- Only 3% of the suppliers stated that they had been involved in litigation and/or environmental disputes in the previous five years.

Specifically, with regard to waste management, the survey revealed that:

- 77% of the suppliers stated that they had adopted written procedures for waste management and/or treatment
- 46% stated that they produce non-hazardous waste exceeding 76% of total waste, while 47% stated that they produce non-hazardous waste accounting for less than 25% of total waste
- 70% of the suppliers stated that they had taken action to reduce, reuse and/or recycle waste.

The graph below indicates the destinations of supplier waste:



- 32% of suppliers reported generating wastewater.
- The questionnaire answers revealed the following main wastewater treatment methods: Water treatment plants (53%); Municipal sewers (22%).

Additional aspects to emerge included:

- The Paper for the Fine Arts and School Use sector has the highest percentage of suppliers (40%) who use at least 26% recycled raw materials (1/4 of their raw materials by volume).
- The Retail sector has the highest percentage of suppliers (78%) who use at least 26% recycled packaging.
- The results revealed that 51% of the suppliers had been inspected by authorities in relation to environmental laws and regulations.

The results revealed that 51% of the suppliers had been inspected by authorities in relation to environmental laws and regulations.

In this regard, F.I.L.A. also assessed the presence of any environmental disputes concerning its suppliers and will weigh up the opportunity to conduct specific ESG audits of these suppliers, involving its Internal Audit function in the process.



5 MATERIAL TOPICS SOCIAL

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:

- 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 and 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.

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.

We remain committed to initiatives that

promote culture and education, including university conferences, museum support, assistance for schools and teachers, scientific research, healthcare, sustainable fashion, and partnerships with volunteer organisations.

Specifically, in 2023, we donated Euro 1,273,228 (the figure for 2023 cannot be compared to the previous year as this is the first year we are reporting this indicator). Donated funds were allocated as follows: 51% to vulnerable populations in Ukraine, 17% to institutional initiatives within Italy, both in partnership with the Italian Red Cross, and the remaining 32% to various other activities, as outlined below.

Group operations in 2023 did not have any significant negative impacts on local communities in terms of environmental or employment impact. The Group incurred no lobbying expenses.



5. MATERIAL SOCIAL TOPICS

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

In 2023, 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 2023, activities involving children, schools, and families continued. 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. 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 MUBA Museo dei Bambini in Milan, the MUS.E in Florence, and the Città della Scienza in Naples. Among social initiative partners, we highlight the medical research foundation Fondazione Umberto Veronesi and Fondazione Dynamo Camp. Specifically:

- In 2023, F.I.L.A. S.p.A. donated stationery to the **Italian Red Cross** for office-based activities (on Italian soil).
- Sustainability education continued again this year, hence both FILA's project for schools "Second Life Non ti Butto ti Riuso" (Second Life: Don't Throw It Away, Reuse It), 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.
- The Company continued to support educational activities at the **MUBA** in Milan, focusing on exhibitions and programmes for schools and families, including the newly established HUB 0/6 at Parco Trotter in 2023.
- The Company also continued its partnership with **Fondo Scuola Italia** - a non-profit association founded to bridge the gap between schools and businesses to support scholastic activities and schools in challenging situations - by donating goods and materials. F.I.L.A. has an annual membership and donates materials to schools at least twice a year.
- F.I.L.A. supports **Dynamo Camp**, Italy's first Recreational Therapy camp, by donating materials. The camp provides free trips and holidays to children and teens with serious or chronic illnesses, and their family members, inclusive of qualified assistance.
- F.I.L.A. S.p.A. funds the Gold For Kids research grant, established by the **Fondazione Veronesi**, to develop new treatment protocols for childhood cancers. The grant was awarded to Dr Michela Rossi, a researcher at the Bambino Gesù Children's Hospital in Rome. Her research focuses on osteosarcoma - a cancerous bone tumour that primarily affects children and adolescents. As part of its collaboration with the Fondazione Veronesi, F.I.L.A. S.p.A. launched a special initiative on International Childhood Cancer Day, distributing creative kits to children and teenagers hospitalised in oncology departments across Italy.



5 MATERIAL SOCIAL TOPICS

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 2023, the Foundation supported a number of events in various fields.



SOCIAL IMPACT

- **PROJECT ALMA - FREE ART, FREE MUSEUM ENTRY** - Granting of sponsorship and support to Project Alma - Free Art, Free Museum Entry, an initiative created by Corte Sconta and supported by the Fondazione di Comunità. The goal of the project is to bring art to unconventional venues like prisons or residential care homes, allowing people from all walks of life to appreciate artworks by some of the greats. Artworks from private collections expressing the concept of freedom will be exhibited at the Milano Painting Academy, Milano Opera prison, RSA Golgi Redaelli, and the former Paolo Pini (now the Olinda Association). The showcase opened with an exhibition of Patrizia Comand's work *La Scalata* at the Milano Painting Academy. Launch event: March 10, 2023, Milano Painting Academy, Via Francesco De Sanctis 34, Milan

FESTIVALS AND CULTURAL ACTIVITIES

- **BIOMUSEOLOGY - MUSEUMS AND THE CULTURE OF SUSTAINABILITY BY MAURIZIO VANNI** - Presentation of Maurizio Vanni's book, *Biomuseology - Museums and the Culture of Sustainability*, by Gianni Maimeri, President of the Fondazione Maimeri. Event organised by CELID in collaboration with the Royal Palace of Milan and Municipality of Milan, and with speeches by Domenico Piarnia, Director of the Royal Palace of Milan, and Sabrina Zuccalà, President of the company 4ward360. Launch event: January 19, 2023, 5 p.m., Royal Palace of Milan, Sala delle conferenze, 3rd floor, Piazza Duomo 14, Milan.
- **THREE OF A PERFECT PAIR** - Showcase comprising three events organised by the Fondazione Maimeri and the Milano Painting Academy, curated by Andrea Dusio and Stefano Boeri:
 - o January 13, 2023: first exhibition event organised by Fondazione Maimeri and the Milano Painting Academy. Andrea Dusio and Stefano Boeri present a key contributor to cultural transformation, Fabio Novembre, an architect and designer who is the artistic director of Driade and a member of the Design Museum's scientific committee for the Milan Triennale.
 - o March 3, 2023: second exhibition event organised by the Fondazione Maimeri and the Milano Painting Academy. Andrea Dusio and Stefano Boeri present Marco Balich, the creative director of Balich Wonder Studio, known for producing awe-inspiring Olympic ceremonies and large-scale events across the globe, alongside Chiara Ferrè, who oversees institutional relations at Balich Wonder Studios.
 - o March 17, 2023: third exhibition event organised by the Fondazione Maimeri and the Milano Painting Academy. Andrea Dusio and Stefano Boeri present Tommaso Sacchi, Culture Councillor for the Municipality of Milan and Maria Vittoria Baravelli, art and photography curator, ARTsharer and Contributor.

RESEARCH IN COLLABORATION WITH INSTITUTIONS AND UNIVERSITIES

- **CULTURE, ART, AND INDUSTRY CONFERENCE** - Conference organised by the Fondazione Maimeri in partnership with the University of Milan (Department of Cultural Heritage Sciences/Milan, University of Milan), to commemorate the centenary of Industria Maimeri's establishment. The conference concluded with a ceremony marking the release of a commemorative stamp by Poste Italiane. Conference date: May, 10 2023, 9.30 a.m., Università degli Studi di Milano, Via S. Antonio 12, Milan
- **TEODORICO BORGOGNONI'S FORMULARY** - The Fondazione Maimeri supports and promotes the study of published and unpublished texts dedicated to artistic techniques. In this book on the medieval formulary of anaesthetics and other preparations, Sandro Baroni, scientific director of Fondazione Maimeri, describes and comments on a manuscript and recipes found in the thirteenth-century writings of Teodorico Borgognone, in collaboration with V. Cavalloro, F. Soddu, F.S. Robustelli della Cuna, E. Tavazzi, E. Martino, S. Collina, V. Cavalloro, F. Soddu, S. Baroni, F.S. Robustelli della Cuna, E. Tavazzi, E. Martino, S. Collina, *Teodorico Borgognoni's Formulary for Thirteenth Century Anesthetic Preparations*, «Life» 2023, 13, 1913.DOI: <https://doi.org/10.3390/life13091913>. Academic Editor: Nkoana Ishmael Mongalo.

EXHIBITIONS

- **MAIMERI IN MOSTRA** - exhibition organised by Poste Italiane in collaboration with Industria Maimeri. This initiative features 30 reproductions of artworks by the painter Gianni Maimeri, displayed at three different post offices in Milan. The exhibition is divided into four sections: Music, Colours, City, and Navigli (Canals).
- **SACRO ROCK** - Exhibition by Alex Folla, curated by Angelo Crespi and organised by the Fondazione Maimeri in partnership with the Milano Painting Academy and Federico Rui Arte Contemporanea, under the patronage of the Municipality of Milan. With support from Arte.it, Big Ciaccio Broker, Industria Maimeri, and Rimani. The exhibition showcases over 30 large-format works by the artist, marking their first appearance in five years. Ex Saponificio, Via Carlo Boncompagni 57, Milano, from June 6 to 10.
- **THE WORLD OF THE MANDALORIAN and ZOOW24** - The Lucasfilm production touches down in Milan to celebrate the exclusive debut of the third season of *The Mandalorian* on Disney+. Street artist Zoow24 approaches Spazio San Babila as a blank canvas, reimagining the world of *The Mandalorian* in an artistic exploration curated by the Fondazione Maimeri. Launch event: March 2, 2023, Spazio San Babila (Corso Venezia 2, Milan), on display from March 3, 2023 to March 5, 2023.

FILA GROUP | COLOURING THE FUTURE SINCE 1920.



5

MATERIAL

TOPICS

SOCIAL

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 2023 are summarised below:



Canson in France:

- since 2006 it has been a sponsor of the **Louvre Museum** in Paris, with which it has also collaborated on the restoration of works of art. The sponsorship with 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, in the United States:

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



5 MATERIAL SOCIAL TOPICS

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 Arts Trade Guild** (www.fineart.co.uk), to promote the exchange of ideas, standards and best practices in the art materials industry.



5 MATERIAL SOCIAL TOPICS

Dixon Ticonderoga Mexico:

- sponsors the **Somos el Cambio** foundation ("We are the change") through the Dibujando un Mañana foundation ("A morning of drawing"). The Somos el Cambio project supports social entrepreneurship initiatives to positively transform communities. Over the years, 44,000 teachers and 220,000 students have participated in such transformative community initiatives in Mexico, having an impact upon as many as 10 million people;
- sponsors the **Sanando Heridas Foundation**, which contributes to healthcare and health education in poor communities in the state of Chiapas;
- organises workshops and sponsors events in the following museums and public institutions: **Museo de la Acuarela** and **Department of Culture of Mexico City**



Doms in India:

- collaborates with **Swachh Bharat Kosh** established by the central government, for the promotion of sanitation and making drinking water available, safely;
- contributes to the improvement of education and job skills among children, women, the elderly and the disabled;
- is committed to gender equality, through the creation of homes and shelters for women and orphans, retirement homes and day centres for the elderly, and reducing the inequalities faced by socially and economically disadvantaged 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.

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.6 MATERIAL HUMAN RIGHTS TOPICS

6.1 RESPECT FOR HUMAN RIGHTS

In operations and in 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.

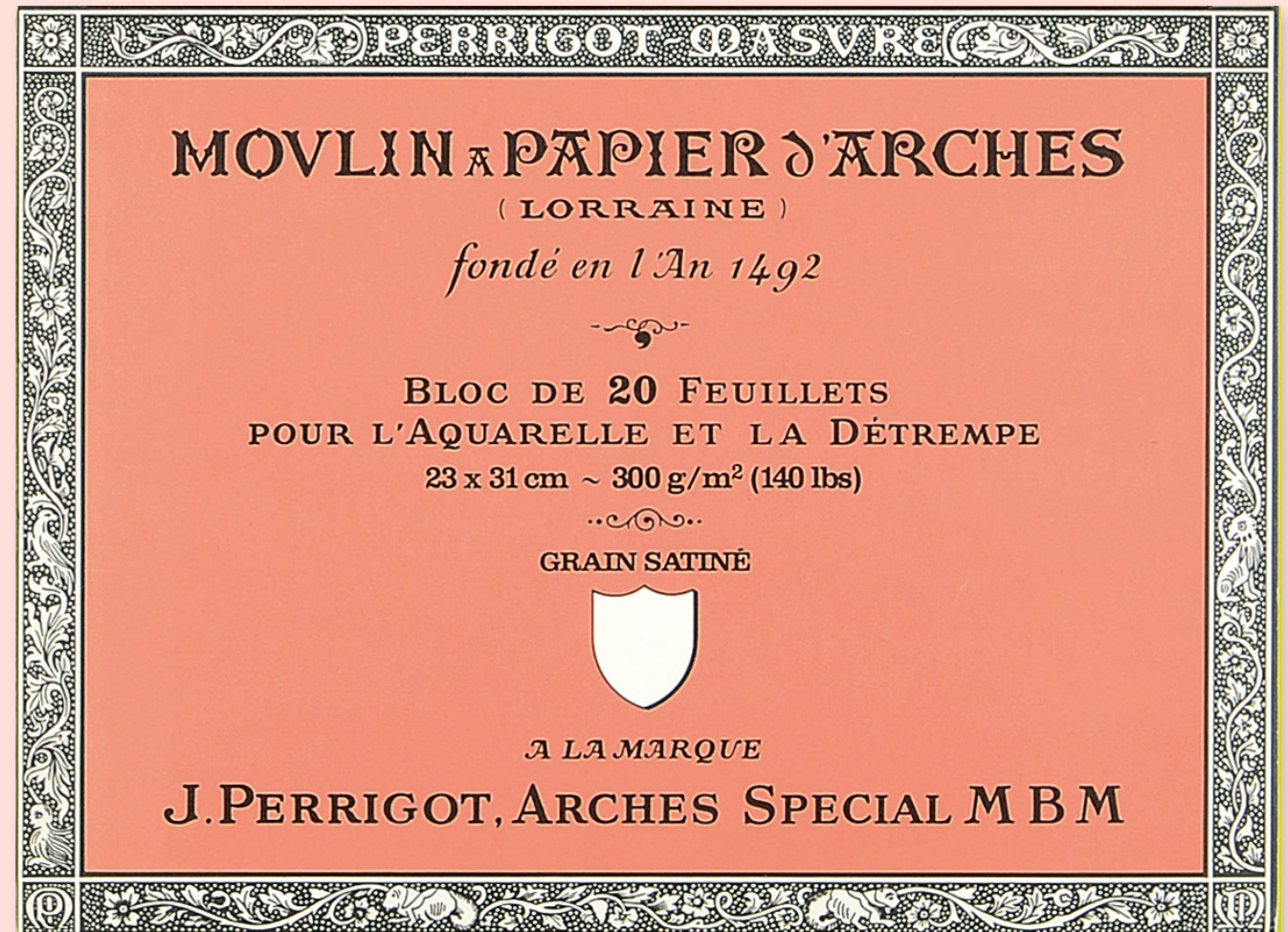
From the materiality analysis and from the process of collecting non-financial data and information, material topics regarding human rights for the F.I.L.A. Group are the following:

- **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, 2023, no risk areas for human rights violations were identified, but there were a limited number of reports in Dixon Ticonderoga Company (United States), Dixon Ticonderoga Art (Canada) and F.I.L.A. 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

In 2023 in Dixon Ticonderoga Company (U.S.), where 462 people work, 17 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 and training programme, with 10 cases involving the issue of written reprimands, two cases involving termination of employment, and two cases involving suspension. At Dixon Ticonderoga Art (Canada), which employs 64 people, one report of alleged workplace harassment was received. Following an investigation, the employment contract of the individual reported was terminated.

At the F.I.L.A. Dixon Group, S.A. de C.V. (Mexico), which employs 1,013 people, there were three incidents of sexual harassment following investigations by the company, resulting in two cases of suspension and one case of dismissal of the individuals reported. In 2023, 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 2023, as set out in more detail in chapter **"5.3 Supplier relations"**, some Group companies liaised with 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 2023, 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.



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.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 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 COMBATING CORRUPTION

7.1 ANTI-CORRUPTION

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

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 F.I.L.A. 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 Addressees 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 THE OVERSIGHT AUTHORITIES

“The company actively works with the legal and tax authorities, the police departments and public officials in the exercise of their duties in terms of inspections, controls, investigations or legal procedures 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 process.”

The Parent, 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’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 MATERIAL TOPICS 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 2023, 105 Group employees (491 in 2022) received training on active and passive anti-corruption topics and related procedures. Of these, 29% were white-collar workers (48% in 2022), 69% were blue-collar workers (48% in 2022), and 2% were managers (4% in 2022).

In 2023 at Group level, 56 hours of training

were provided (730 hours in 2022), on issues relating to the fight against active and passive corruption, as more fully indicated in section "4.1.4 Performance appraisal and remuneration" 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 2023, anti-corruption training activities mainly targeted blue-collar workers (38 hours of training provided in 2023, down from 343 in 2022).

The aforementioned Annex also includes the table "GRI 205-2 COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES", concerning people at corporate body, management, white-collar and blue-collar levels.

During 2023, 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 2023 Sustainability Report and is prepared in accordance with the provisions of Articles 3 and 4 of **Legislative Decree No. 254/2016**⁷ (il "Decreto").

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 FY2023 (January 1, 2023 - December 31, 2023),

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."

it covers the same reporting period as the financial statements and is published at the same time as the consolidated financial statements at www.fila.group.it. The Control, Risks and Related Parties Committee has reviewed the overall approach of the NFS, along with the completeness and transparency of the disclosures, expressing 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 applied in preparing the Sustainability Report are accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability or materiality, 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, the positive and negative impacts of its business, and the information required by the EU Taxonomy (Regulation 2020/852).

F.I.L.A. S.p.A.'s 2023 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 parent's Management Sustainability Committee, whose members include the Manager in Charge of Financial Reporting and the Group Chief Financial Officer, the Sustainability 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 2023. 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. 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. Over the last two years, the Group has adopted a **Non-Financial Reporting Manual**, which can be referred to when providing information and verifying sources.

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 2023.

As mentioned above, this NFS has been prepared by a special working group 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 attestation must explain how the NFS was compiled.

A.3 MATERIALITY ANALYSIS

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

The Group conducted a voluntary preliminary assessment to ascertain financial materiality, ahead of the adoption of the "double materiality" principle

envisaged by the CSRD from 2024 onwards, as described below.

For each reporting period, F.I.L.A. S.p.A. undertakes to continuously review its material topics. The 2023 periodic review activity sought to ensure that the material topics represent the most significant impacts in the 2023 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 significant, 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. A description of the identified impacts is provided in the paragraph dedicated to each topic.

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

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 scope 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, based on the Group’s own evaluation:

1 st	Human rights
2 nd	Consumption of energy resources
3 rd	Product quality and safety
4 th	Diversity and equal opportunity
5 th	Freedom of association and collective bargaining
6 th	Use of raw materials
7 th	Combatting corruption
8 th	Occupational health and safety
9 th	Atmospheric emissions and climate change
10 th	Sustainable supply chain management
11 th	Information Technology Security
12 th	Water consumption
13 th	Resource and human capital development
14 th	Employee welfare and well-being



The analysis did not reveal any additional material topics compared to the previous year. There were only some shifts in importance of certain material topics, most notably:

- the importance of “Consumption of energy resources” rose significantly, moving from seventh to second place, while “Freedom of association and collective bargaining” dropped from second to fifth place;
- the topic of “Atmospheric emissions and climate change” fell from sixth to ninth place.

In addition, in 2023, a stakeholder engagement initiative involving F.I.L.A. Group employees was conducted. Based on this, the following topics were identified by employees in order of significance:

1°	Product quality and safety
2°	Employee welfare and well-being
3°	Occupational health and safety
4°	Water consumption
5°	Use of raw materials
6°	Human Rights
7°	Diversity and equal opportunity
8°	Consumption of energy resources
9°	Resource and human capital development
10°	Atmospheric emissions and climate change
11°	Sustainable supply chain management
12°	Combatting corruption
13°	Information Technology Security
14°	Freedom of association and collective bargaining

The first topic listed ranks among the top five topics deemed most significant by the Group’s Management.

During the Stakeholder Engagement activities carried out in 2023, feedback from various representatives of F.I.L.A.’s “Community” Stakeholder highlighted three key material topics:

- Circular economy
- Deforestation, with regard to the use of raw materials
- Human rights

The results of these stakeholder engagement initiatives were also factored into the materiality analysis. They confirmed the accuracy and comprehensiveness of the analysis, revealing no additional ESG topics or sustainability issues requiring consideration and seeking to maintain consistency with the 2022 materiality analysis. This approach also takes into consideration the imminent changes to the analysis, scheduled for 2024, following the principle of double materiality outlined in the ESRs (EUROPEAN SUSTAINABILITY REPORTING STANDARDS). As a result, the materiality analysis methodology will undergo changes, taking into account stakeholder feedback.



A.4 RECONCILIATION TABLE WITH LEGISLATIVE DECREE NO. 254/16

The following table provides a summary, for each of the material topics, of the relevant indicators from the GRI Standards, the paragraphs of the Sustainability Report containing the NFS or other corporate documents in which the topic is discussed, the areas of the Decree and impacts on internal processes and external stakeholders:

MATERIAL TOPIC	GRI STANDARDS	NFS PARAGRAPH / OTHER REFERENCE DOCUMENTS	LEGISLATIVE DECREE NO. 254/2016 SCOPE
1 Use of raw materials	Materials used (301-1)	3.2 Use of raw materials	The Environment [come sotto]
2 Consumption of energy resources	Energy consumption (302-1)	3.3 Consumption of energy resources	The Environment
3 Atmospheric emissions and climate change	Emissions (305-1; 305-2)	3.4 Atmospheric emissions	The Environment
4 Water consumption	Water (303-3)	3.5 Water consumption	The Environment
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		4.1.2 Employee welfare and well-being	Personnel
10 Respect for human rights	Human rights assessment (412-3)	6.1 Respect for human rights	Human rights Local communities
11 Resource and human capital development		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 losses of customer data (418-1)	2.5.7 Information technology security	Personnel Social Supply chain

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** as detailed described in paragraph *2.5 Corporate governance and risk management*.



A.5 REPORTING SCOPE

The **scope of non-financial reporting** matches that of the Consolidated Financial Statements at December 31, 2023, and refers to all the 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.

In the second half of 2023, the parent F.I.L.A. S.p.A. began the process of publicly listing the Indian subsidiary DOMS Industries Limited on the National Stock Exchange of India. This process concluded successfully on December 20, 2023 with the sale by F.I.L.A. S.p.A. of 10,126,582 DOMS shares.

F.I.L.A. S.p.A. remained a shareholder of the company post-listing, with a total of 18,561,153 DOMS shares, going from a 51% interest in the company to 30.6%.

As such, this transaction resulted in a loss of control over DOMS Industries Limited.

As the sale of the shares by the Company and consequent loss of control took place near the end of the year, with an insignificant effect on cash flows between the date of the sale and December 31, 2023, the Group consolidated DOMS Industries Limited on a line-by-line basis until December 31, 2023, attributing the respective share to non-controlling interests.

On December 31, 2023, the investment in DOMS Industries Limited was deconsolidated, thereby eliminating the related assets and liabilities, the non-controlling interests, and the other components of equity related to the subsidiary, while recognising the profits resulting from the loss of control, in addition to the profit generated by DOMS.

The workforce numbers provided in the Sustainability Report include the employees of DOMS Industries Limited at December 31, 2023, given that control of the company ceased at the end of the year. As such, the company contributed to the financial performance of the Group for the full year under review.

The workforce of the associate DOMS Industries Limited at December 31, 2023, may be broken down as follows:

	Managers	Managers/ White-collar	Blue- collar	Total
December 31, 2023	13	1.314	7.096	8.423

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 size of subsidiaries in terms of their turnover, workforce, etc.

INDICATORS	ENVIRONMENTAL	SOCIAL	PERSONNEL	HUMAN RIGHTS	CORRUPTION
TYPE OF COMPANY					
Production	●	●	●	●	●
Distribution		●	●	●	●
Holding			●		●

● Indicators are fully material ● Indicators are partially material

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'.

The **independent audit firm**, KPMG S.p.A. (which is also tasked with the statutory audit of the Parent's annual financial statements), verifies that the Statement has been prepared and expresses an opinion on whether 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 report issued by KPMG S.p.A. is contained in the Annex to this Statement (*Annex F. Independent Auditors' Report*). The limited limited assurance procedures 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*." In addition, these limited assurance procedures do not extend to "financial materiality" information.

Specifically, the Board of Directors of the parent awards the engagement for the limited assurance procedures on the NFS, following consultation with the Board of Statutory Auditors.



B. GROUP COMPANIES INCLUDED IN THE REPORTING SCOPE BY REPORTING TOPIC

FILA GROUP COMPANY	COUNTRY	ENVIRONMENTAL	SOCIAL	PERSONNEL	HUMAN RIGHTS	ANTI-CORRUPTION
F.I.L.A. Argentina S.A.	Argentina	NO	YES	YES	YES	YES
Canson Australia PTY LTD	Australia	NO	YES	YES	NO	YES
F.I.L.A. 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	YES	YES	YES	YES
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China	NO	YES	YES	YES	YES
F.I.L.A. Dixon Stationery (Kunshan) Co., Ltd.	China	YES	YES	YES	YES	YES
F.I.L.A. Canson 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
F.I.L.A. Arches	France	YES	YES	YES	NO	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
F.I.L.A. Hellas SA	Greece	NO	YES	YES	NO	YES
Princeton Hong Kong	Hong Kong	NO	YES	NO	NO	YES
DOMS Industries Pvt Ltd	India	YES	YES	YES	YES	YES



B. GROUP COMPANIES INCLUDED IN THE REPORTING SCOPE BY REPORTING TOPIC

PT. Lyra Akrelux

F.I.L.A. Art and Craft Ltd.	COUNTRY	ENVIRONMENTAL	SOCIAL	PERSONNEL	HUMAN RIGHTS	ANTI-CORRUPTION
PT. Lyra Akrelux	Indonesia	NO	YES	YES	YES	YES
F.I.L.A. Art and Craft Ltd.	Israel	NO	YES	NO	NO	YES
Canson Italy	Italy	NO	NO	NO	NO	YES
F.I.L.A. S.p.A.	Italy	YES	YES	YES	NO	NO
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
F.I.L.A. 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
Creative Art Products Limited	United Kingdom	NO	NO	NO	NO	NO
Brideshore srl	Dominican Republic	YES	YES	YES	YES	YES
F.I.L.A. Stationary O.O.O.	Russia	NO	YES	YES	YES	YES
F.I.L.A. Hiberia S.L.	Spain	NO	YES	YES	NO	YES
Dixon Ticonderoga Company	USA	YES	YES	YES	YES	NO
F.I.L.A. SPECIALTY PAPERS LLC	USA	NO	YES	NO	YES	YES
F.I.L.A. SA PTY LTD	South Africa	NO	YES	YES	YES	YES
F.I.L.A. Nordic AB	Sweden	NO	YES	YES	NO	NO
F.I.L.A. Art Products AG	Switzerland	NO	YES	NO	NO	YES
F.I.L.A. Stationary and Office Equipment Industry Ltd. Co.	Turkey	NO	YES	YES	YES	YES



C. GRI CONTENT INDEX

NFS Consolidated Non-Financial Statement.

RFA 2023 Annual Report.

CGR 2023 Corporate Governance Report
(2022 Financial Year).

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

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
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.			
	2-2 Entities included in the organization's sustainability reporting	NFS 1.2.1 Group structure: a truly global presence; 2.1.2 Vertically integrated business model; 2.4.4 Brands and products			
	2-3 Reporting period, frequency and contact point	NFS 1.3.2 Successful mergers and acquisitions; Annex A. Internal control and independent audit; Reporting scope; Annex B. Group companies included in the reporting scope by reporting topic			
	2-4 Restatements of information	NFS Introduction; Annex A.1 Reporting model; Annex A.5 Reporting scope			
	2-5 External assurance	3.2 Use of raw materials 3.3 Consumption of energy resources 4.1.4 Performance appraisal and remuneration NFS Annex D. Tables listing GRI indicators and information			
	2-6 Activities, value chain and other business relationships	NFS Annex A.6 Internal control and independent audit Annex F Independent Auditors' Report			



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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				NFS 4.1.1 Composition of the workforce; Annex D. Tables listing GRI indicators and information	
	3. Governance					
						NFS 2.5 Corporate Governance and Risk Management; Annex D. Tables listing GRI indicators and information
	2-9 Governance structure and composition					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
	2-10 Nomination and selection of the highest governance body					NFS 2.5 Corporate governance and risk management 2. Information on the ownership structure
	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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Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
GRI 2 - General Disclosures - 2021	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			
	2-17 Collective knowledge of the highest governance body	NFS 2.5.2 Board of Directors CGR			
	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			
	2-21 Annual total compensation ratio			Indicator not reported	Confidentiality agreements



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Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
GRI 2 - General Disclosures - 2021	2-22 Statement on sustainable development strategy	NFS 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			
	2-25 Processes to remediate negative impacts	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 2.5.6 231 Model and Supervisory Board; 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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Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
GRI 2 - General Disclosures - 2021	2-29 Approach to stakeholder engagement	NFS 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.; 4.1.6 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 D. Tables listing GRI indicators and information			
GRI 3 - Material topics - 2021	3-1 Process to determine material topics	NFS 2.3 Materiality analysis and stakeholder engagement; Annex A.3 Materiality analysis;			
	3-2 List of material topics	NFS 2.3 Materiality analysis and stakeholder engagement; Annex A.3 Materiality analysis			
	3-3 Management of material topics	NFS 2.3 Materiality analysis and stakeholder engagement			



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

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
GRI 301: Materials 2016	301-1 Materials used by weight or volume	NFS Annex D. Tables listing GRI indicators and information			
	301-2 Recycled input materials used	NFS 3.2 Use of raw materials and the circular economy			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information			
	306-2 Management of significant waste-related impacts	NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information			
	306-3 Waste generated	NFS 3.6.1 Waste management; Annex D. Tabelle con indicatori e informazioni GRI			
	306-4 Waste diverted from landfill	NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information			
	306-5 Waste directed to disposal	NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information			
GRI 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			
GRI 302: Energy 2016	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			
	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			



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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.; 3.4 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		
	305-2 Energy indirect (Scope 2) GHG emissions		NFS 3.4 Atmospheric emissions; Annex D. Tables listing GRI indicators and information;		
GRI 305: Emissions 2016	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;		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions		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		
GRI 3 - Material topics - 2021	3-3 Management of material topics		NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 3.1 Respect for the environment and material topics for F.I.L.A.; 3.5 Water consumption; Annex D. Tables listing GRI indicators and information		
	303-1 Interactions with water as a shared resource		NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 3.5 Water consumption; Annex D. Tables listing GRI indicators and information		
	303-3 Water withdrawal		NFS Annex D. Tables listing GRI indicators and information		
GRI 303: Water and Effluents 2018	303-4 Water discharge		NFS 3.5 Water consumption; Annex D. Tables listing GRI indicators and information		
	306-3 Significant spills		NFS 3.6.1 Waste management; Annex D. Tables listing GRI indicators and information		



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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; 2.4.1 Corporate Governance Model; 4.1 Respect for the individual and topics for F.I.L.A.; 4.2 Equal opportunities			
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	NFS 4.1.4 Appraisal and remuneration			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	NFS 4.1.3 Personnel turnover; Annex D. Tables listing GRI indicators and information			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	NFS 4.1 Respect for the individual and topics for F.I.L.A.; 4.1.5 Training; Annex D. Tables listing GRI indicators and information			
	404-3 Percentage of employees receiving regular performance and career development reviews	NFS 4.1.4 Staff appraisal and remuneration			
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 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 Appraisal and remuneration.			
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			



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Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION			
			Requirements omitted	Reason	Explanation	
GRI 403: Occupational Health and Safety 2018	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; 2.6 Impacts of the COVID-19 pandemic; 4.3 Occupational Health and Safety.				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 2.6 Impacts of the COVID-19 pandemic; 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; Annex D. Tables listing GRI indicators and information				
	403-10 Work-related ill health	NFS 2.2.2 Socio-environmental policies and guidelines of the Group; 4.3 Occupational Health and Safety; Annex D. Tables listing GRI indicators and information				
	GRI 3 - Material topics - 2021	3-3 Management of material topics	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			



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Relevant GRI industry standards	N/A

GRI standard/Other source	Disclosure	Location	OMISSION		
			Requirements omitted	Reason	Explanation
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			
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			
GRI 3 - Material topics - 2021	3-3 Management of material topics	NFS 2.2.2 Socio-environmental policies and guidelines of the Group;			
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	NFS 6.1 Respect for human rights			
GRI 413: Local communities 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			
	413-2 Operations with significant actual and potential negative impacts on local communities	NFS 5.5 Group social responsibility efforts			
GRI 415: Public Policy 2016	415-1 Political contributions	NFS 5.5 Group social responsibility efforts			



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 1/1/2023 - 12/31/2023
GRI 1 used	GRI 1 - Foundation - version 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; 6.1 Respect for human rights			
GRI 408: Child 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			
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 4.1.6 Industrial relations and job protection			
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			
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	NFS 7.2 Measures to combat active and passive corruption; 7.3 Other material topics in combatting corruption			
	205-2 Communication and training about anti-corruption policies and procedures	NFS 7.3 Other material topics in combatting corruption; Annex D. Tables listing GRI indicators and information			
	205-3 Confirmed incidents of corruption and actions taken	NFS 7.3 Other material topics in combatting corruption			
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			



D. TABLES LISTING GRI INDICATORS AND INFORMATION

This Annex contains tables and detailed information relating to aspects dealt with briefly in the various chapters or paragraphs of the Sustainability Report (the numbering of which is recalled for ready reference) in order to provide in-depth information of interest.

1. IDENTITY AND PROFILE

1.2 GROUP STRUCTURE AND SIZE

GRI 2-1							
DECEMBER 31, 2023							
Shareholders	Ordinary shares	Class B shares	Total share capital		Total votes = Voting capital		Ordinary capital
Pencil	11,628,214	8,081,856	19,710,070	39.000%	35,873,782	54.000%	27.0000%
Market	30,978,888	0	30,978,888	61.000%	30,978,888	46.000%	72.0000%
Total	42,976,441	8,081,856	51,058,297	100%	66,891,243	100%	100%
	84.000%	16.000%					
Total €	39,548,544.00	7,437,229.00	46,985,773.00				

GRI 2-1							
DECEMBER 31, 2022							
Shareholders	Ordinary shares	Class B shares	Total share 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, 2022							
Shareholders	Ordinary shares	Class B shares	Total share 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%
	84.000%	16.000%					
Total €	39,548,544.00	7,437,229.00	46,985,773.00				



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
- F.I.L.A. (IT)	- Arches (FR)	- Dixon Ticonderoga Company (USA)	- Grupo Fila- Dixon, (MEX)	- Beijing Fila- Dixon Stationery Company Ltd. (RC)	- Fila SA (ZA)
- Johann Froescheis	- F.I.L.A. Benelux (BE)	- Fila Specialty Papers (USA)	- Fila Chile (RCH)	- Xinjiang Fila- Dixon Plantation Company (RC)	- Canson Australia PTY (AUS)
Lyra Bleistift- Fabrik GmbH & Co. KG (DE)	- Daler Rowney (DE)	- Dixon Canadian Holding Inc. (CA)	- Fila Argentina (RA)	- PT. Lyra Akrelux (RI)	
- Lyra Bleistift- Fabrik Verwaltungs (DE)	- St. Cuthberts Holding (UK)	- Dixon Ticonderoga ART ULC (CA)	- Canson Brasil (BR)	- Fila Dixon Stationery (Kunshan) Co. (RC)	
- F.I.L.A. Nordic (SUE)	- St. Cuthberts Mill (UK)		- Bridesshore (DOM)	- Canson Art & Craft Yixing Co. (RC)	
- F.I.L.A. Stationery and Office Equipment Industry (TR)	- F.I.L.A. Iberia (ES)			- DOMS Industries (IND)	
- F.I.L.A. Stationery (RUS)	- Canson (FR)			- Canson Qingdao (RC)	
- Industria Maimeri (IT)	- Lodi 12 (FR)			- Pioneer Stationery (IND)	
- F.I.L.A. Hellas (GR)	- Canson Italy (IT)			- Uniwrite Pens and Plastics Pvt (IND)	
- F.I.L.A. Polska (PL)	- F.I.L.A. Art Products (CH)			- Princeton HK Co (HK)	
- Renoir Topco (UK)	- Creative Art Products Limited (UK)			- Fila Art and Craft (IL)	
- Renoir Midco (UK)					
- Renoir Bidco (UK)					
- Daler Rowney (UK)					



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 Manager in Charge of 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/Manager in Charge of 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@F.I.L.A..it).

For the Parent and the subsidiaries subject to auditing, the calculation of taxes, done with the support of the tax consultant, is subject to review by the related finance manager and to auditing by the independent audit firm. For subsidiaries not subject to audits, this verification is done by the finance manager.

GRI 207-2 Tax governance, control and risk management

The CEO and the CFO/Manager in Charge of 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 acquires (direct and indirect) tax data from the subsidiaries. This information is analysed by the Parent in order to prepare the consolidated financial statements and to assess the Group's tax 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, 2023							
<i>Euro thousands</i>	Europe	North America	Central and South America	Asia	Rest of the world	Consolidation	Group
Revenue	293,841	332,874	116,651	181,587	3,547	(149,317)	779,183
of which Inter-company	(79,667)	(11,319)	(25,479)	(32,849)	(2)		
Gross operating profit	23,045	54,201	14,281	30,790	124	(89)	122,352
Operating profit (loss)	5,650	40,399	10,456	22,715	(125)	(637)	78,458
Net financial income (expense)	65,707	(8,691)	(7,741)	554	(390)	81,424	130,863
of which Inter-company	88,753	(7,178)	562	(983)	271		
Current and deferred taxes	(16,596)	(6,626)	(1,756)	(5,300.066)	1.593	(407)	(30,684)
Profit for the year	54,761	25,081	959	17,969	(513)	80,380	178,637

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
Revenue	325,785	338,281	115,859	156,546	4,044	(177,935)	764,580
of which Inter-company	(92,637)	(13,235)	(38,140)	(33,923)			
Gross operating profit	43,904	44,930	14,773	22,076	96	(6,548)	119,231
Operating profit (loss)	27,114	30,618	11,262	13,585	(140)	(9,695)	72,744
Net financial income (expense)	6,852	(13,388)	(6,401)	1,249	(102)	(22,332)	34,122
of which Inter-company	(21,247)	(292)	697	(1,630)	139		
Current and deferred taxes	(5,707)	(2,279)	611	(3,221)	(22)	1,987	(8,632)
Profit for the year	27,792	14,937	5,472	7,629	(264)	(29,754)	25,272

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
Revenue	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)		
Gross operating profit	50,395	53,697	6,600	9,276	(10)	(31)	119,927
Operating profit (loss)	32,638	41,172	3,150	1,831	(207)	(37)	78,547
Net financial income (expense)	6,232	(9,030)	(5,851)	(998)	(64)	(14,380)	(24,091)
of which Inter-company	(14,172)	(1,116)	748	67	93		
Current and deferred taxes	6,556	8,450	(184)	103	2	104	15,031
Profit for the year	32,314	23,692	(2,517)	730	(273)	(14,521)	39,425



3. MATERIAL ENVIRONMENTAL TOPICS

3.2 USE OF RAW MATERIALS

GRI 301-1									
TIMBER ACQUIRED AND CERTIFICATIONS	2023			2022			2021		
	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*	49,182	0%	FSC	39,409	0%	FSC	22,505	6%	FSC
Slats*	27,031	6%	FSC	36,541	7%	FSC	16,855	18%	FSC
Planks*	6,640	97%	PEFC	1,775	100%	PEFC	4,268	100%	PEFC
TOTAL	82,853			77,725			43,628		

* Renewable materials

GRI 301-1			
OTHER MATERIALS ACQUIRED	2023	2022	2021
<i>Unit</i>	<i>kg</i>	<i>kg</i>	<i>kg</i>
Untreated plastic raw material (PHE/PHEG/ABS/ECC)	13,255,283	(**)11,006,084	7,033,227
Calcium carbonate	19,653,708	(**)21,101,175	14,755,472
Calcium sulphate	903,986	1,295,290	1,660,326
Clay	6,029,694	(**)8,201,957	7,585,079
Kaolin	429,352	460,780	469,321
Graphite powders	1,912,526	1,834,690	883,310
Cellulose fibre*	13,278,790	16,509,862	13,265,402
Paper rolls*	45,427,690	54,891,421	54,591,590
Paper sheets*	858,796	(**)770,268	1,044,435
Acrylic resins	461,455	694,362	692,325
Purchased Semi-processed inks	521,802	625,381	536,371
Talc	2,391,838	2,636,172	2,704,125
Corn starch*	851,474	(**)967,199	990,784
Flour*	550,766	(**)742,794	733,979
Pigments	1,373,072	(**)1,249,676	1,076,593
Mineral oil	14,940	(**)39,850	38,511
Total	107,915,172	123,026,961	108,060,850
<i>Unit</i>	<i>m³</i>	<i>m³</i>	<i>m³</i>
Water-based lacquers	2,679	(**)101,279	129,161
Solvent-based lacquers	178,232	235,554	130,387
Total	180,911	336,833	259,548

(*) Renewable materials

(**) The following materials were restated for the 2022 reporting year: Calcium carbonate (-105,400 kg due to a better understanding of calculation methods by Fila S.p.A.), water-based lacquers (-91.46 m³, composed of a 23.54 m³ increase by Dixon Kunshan and a 115 m³ decrease by Daler Rowney).

The company Canson Brazil, following a better understanding of the non-financial reporting manual, modified the following quantities: clay (-30,310 kg), untreated plastic raw materials (+17,361 kg), sheets of paper (-380,593 kg), cornstarch (-37,247 kg), flour (-278,929 kg), pigments (-4,606 kg), and mineral oil (-8,221 kg).

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3.3 CONSUMPTION OF ENERGY RESOURCES

GRI 302-1			
CONSUMPTION OF ENERGY FROM NON-RENEWABLE SOURCES			
Mega Joules	2023	2022	2021
Electricity	337,185,374	322,997,055	269,759,940
Thermal energy	135,504	(*)161,892	(**)47,322,218
Steam	51,174,733	(*)54,248,973	16,628,326
Fuel oil	4,838,040	5,318,813	4,808,653
Diesel	4,577,372	(*)6,203,531	3,757,218
Coal	0	0	0
Natural gas	200,753,707	(*)252,037,631	(**)181,670,339
Total	598,664,730	640,968,199	513,274,172

(*) The following energy sources were restated for the 2022 reporting year: Thermal Energy (-53,399,621 MJ, reclassified to Natural Gas and attributable to Daler Rowney, Dixon Ticonderoga Company, and Dixon Ticonderoga Art), Steam (- 2,675,315 MJ, reclassified to diesel and attributable to FILA Arches), Diesel (+2,675,315) and Natural Gas (+60,335,166 MJ, previously classified as thermal energy and attributable to Daler Rowney, Ticonderoga Company, and Dixon Ticonderoga Art).

(**) The following energy sources were restated for the 2021 reporting year: Thermal Energy (-47,128,682 MJ), reclassified to Natural Gas and attributable to Dixon Ticonderoga Company and Dixon Ticonderoga Art companies), Natural Gas (+54,260,725 MJ, previously classified as thermal energy and attributable to Dixon Ticonderoga Company and Dixon Ticonderoga Art companies for which the value had to be converted to the corrected UM, as was the case for the 2022 restatement.

GRI 302-1			
ENERGY CONSUMPTION FROM RENEWABLE SOURCES			
Mega Joules	2023	2022	2021
Biomass	101,969,610	(*)105,165,364	(**)34,231,788
Photovoltaic	4,315,575	4,146,712	0
Total	106,285,185	109,312,076	34,231,788

(*) figure recalculated following Dixon Mexico's revision of 2022 calculation

(**) Restatement was not possible for 2021 biomass data due to a lack of information.

GRI 302-3			
ENERGY INTENSITY Mega Joule / Euro	2023	2022	2021
Total energy consumption / Consolidated revenue	0.89	0.97	0.85

GRI 302-4				
REDUCTION OF ENERGY CONSUMPTION	Companies concerned	2023	2022	2021
Unit		Mega Joule	Mega Joule	Mega Joule
Savings on lighting	Dixon Ticonderoga Company	728,000	-	1,573,200
Reduction of steam usage	Dixon Kunshan	-	-	8,429,760
Photovoltaic solar panels	Dixon Kunshan	-	4,146,712	-
Installation of LED lights	Canson France	333,000	(*)986,147	-
Installation of a variable-speed air compressor	Canson France	90,000	-	-

(*) Restatement made concerning the installation of LED lights to reduce energy consumption by Canson France following a better understanding of the calculation methodologies.



3.4 ATMOSPHERIC EMISSIONS

GRI 305-1 305-2			
GREENHOUSE EFFECT GAS EMISSIONS			
Tonnes of CO ₂	2023	2022	2021
Direct (Scope 1) GHG emissions	11,107	(*)13,902	12,255
Indirect. (Scope 2) GHG emissions	50,054	(*)43,951	32,710
Total CO₂ emissions	61,162	57,853	44,965

(*) Recalculated based on 2022 figures following restatement (see GRI Table 302-1 Energy Consumption).

The emission factors used for Italy and Europe are those provided by the Ministry of the Environment, calculated by ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale). While from non-EU countries, the following emission factors were used: 2023 emission factors from DEFRA (Department for Environmental Food and Rural Affairs) for the UK, local conversion factors defined by environmental authorities (latest available data), and 2023 emission factors derived from the International Energy Agency and the Intergovernmental Panel on Climate Change (Guidelines for National Greenhouse Gas Inventories).

GRI 305-1 305-2			
GREENHOUSE GAS EMISSIONS FROM RENEWABLE ENERGY SOURCES			
Tonnes of CO ₂	2023	2022	2021
Emissions from biomass	11,421	(*) 11,779	(**) 3,834

(*) Recalculated based on 2022 figures following restatement (see table GRI 302-1 Energy consumption from renewable sources).

(**) Restatement was not possible for 2021 biomass data due to a lack of information.

GRI 305-7			
OTHER SIGNIFICANT EMISSIONS			
kg	2023	2022	2021
Persistent organic pollutants (POP)	0	0	0
Volatile Organic Compounds (VOC)	6,353	7,479	7,201
Hazardous air pollutants (HAP)	0	0	0
Particulate matters (PM)	39,957	26,863	24,435
Total other significant emissions	46,310	34,342	31,636

3.5 WATER CONSUMPTION

GRI 303-3			
WATER WITHDRAWAL			
Cubic meters	2023	2022	2021
Surface water (including rainwater collected directly and stored)	500,068	676,566	668,431
Groundwater	1,457,302	1,361,628	1,251,304
Sea water	0	0	0
Water produced	0	0	0
Third-party water supplies (municipal water supplies or water supplies from other suppliers)	75,094	86,720	84,658
Total withdrawn	2,032,464	2,124,914	2,004,393
Total water recycled and reused as a percentage of total water withdrawn	18%	23%	21%

GRI 303-4			
WATER DISCHARGE			
Cubic meters	2023	2022	2021
Groundwater	7,943	7,240	9,918
Aquifer	n.a.	n.a.	n.a.
Surface waters	687,578	932,653	647,353
Sea water	0	0	0
Waste water discharged into treatment plants	n.a.	n.a.	n.a.
Third-party water (municipal sewers or other water services)	46,634	52,891	48,293
Total water discharge	742,155	992,784	705,564

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:	2023					
	Water quantity	Water quality				
	Cubic meters	Quality standards used	Unit	Upper limit	Legal maximum limit	Internally-defined upper limit
CANSON SAS						
Surface waters	291,912	Ph / TSS	Ph / Mg/l	-	YES	-
Third-party water (municipal sewers or other water services)	1,491	-	-	-	-	-
Groundwater	9,324	Ph / TSS	Ph / Mg/l	-	YES	-
Total discharges	302,727					
LYRA KG						
Third-party water (municipal sewers or other water services)	453	-	-	-	-	-
Total discharges	453					
INDUSTRIA MAIMERI						
Groundwater	6,316	None	-	-	-	-
Third-party water (municipal sewers or other water services)	2,085	Domestic use	-	-	-	-
Total discharges	8,401					
F.I.L.A. S.p.A.						
Groundwater	136	-	-	-	-	-
Third-party water (municipal sewers or other water services)	987	-	-	-	-	-
Total discharges	1,122					
ST. CHUTHSBERT						
Surface waters	221,456	ATU BOD as O2	Mg/l	22	YES	-
Total discharges	221,456					
DIXON MESSICO						
Third-party water (municipal sewers or other water services)	17,626	NOM-002-SEMARNAT-1996	Mg/l	150	YES	-
Surface waters	5,676	-	-	-	-	-
Total discharges	23,303					
DIXON TICONDEROGA COMPANY USA						
Third-party water (municipal sewers or other water services)	3,306	-	-	-	-	-
Total discharges	3,306					
CANSON BRASILE						
Third-party water (municipal sewers or other water services)	280	-	-	-	-	-
Total discharges	280					
DIXON KUNSHAN						
Third-party water (municipal sewers or other water services)	9,091	-	-	-	-	-
Total discharges	9,091					
FILA ART & CRAFT YIXING						
Third-party water (municipal sewers or other water services)	213	National standard	TONNES	-	-	-
Total discharges	213					
DIXON TICONDEROGA ART						
Third-party water (municipal sewers or other water services)	378	-	-	-	-	-



GRI 303-4						
WATER RESOURCES / DISCHARGED WATER						
Cubic meter of sprinkler discharged to:	2023					
	Water quantity	Water quality				
	Cubic meters	Quality standards used	Unit	Upper limit	Legal maximum limit	Internally-defined upper limit
Total discharges	378					
F.I.L.A. ARCHES						
Surface waters	168,534	-	-	-	-	-
Total discharges	168,534	-	-	-	-	-
BRIDESHORE						
Third-party water (municipal sewers or other water services)	4	-	-	-	-	-
Total discharges	4	-	-	-	-	-
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	Internally-defined upper limit
CANSON SAS						
Surface waters	428,378	Ph / TSS	Ph / Mg/l	-	YES	-
Third-party water (municipal sewers or other water services)	3,392	-	-	-	-	-
Groundwater	1,317	Ph / TSS	Ph / Mg/l	-	YES	-
Total discharges	433,087					
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. S.p.A.						
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)	24,643	NOM-002-SEMARNAT-1996	Mg/l	150	YES	-
Surface waters	5,120	-	-	-	-	-
Total discharges	29,763					
DIXON TICONDEROGA COMPANY USA						
Third-party water (municipal sewers or other water services)	4,752	Public Utility processes	-	-	-	-



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	Internally-defined upper limit
Total discharges	4,752					
CANSON BRAZIL						
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	TONNES	-	-	-
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					

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	Internally-define 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	-	-	-	-	-



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	Internally-define upper limit
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	TONNES	-	-	-
Total discharges	765					
DIXON TICONDEROGA ART						
Third-party water (municipal sewers or other water services)	19	-	-	-	-	-
Total discharges	19					



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 Nuremberg	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 Mexico City	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	2023	2022	2021
Surface water (including rainwater collected directly and stored)	1,500	1,500	1,500
Groundwater	1,100,286	956,464	1,243,258
Sea water	0	0	0
Water produced	0	0	0
Water from third parties	49,586	55,584	54,534
Total withdrawn	1,151,372	1,013,548	1,299,292

GRI 303-4			
WATER DISCHARGE - HIGH WATER-RISK AREAS			
Cubic meters	2023	2022	2021
Groundwater	136	160	0
Aquifer	n.a.	n.a.	n.a.
Surface waters	5,676	5,120	0
Sea water	0	0	0
Waste water discharged into treatment plants	n.a.	n.a.	n.a.
Water from third parties (municipal sewers or other water services)	27,988	36,949	35,192
Total water discharge	33,800	42,229	35,192



3.6 OTHER ENVIRONMENTAL TOPICS

3.6.1 WASTE MANAGEMENT

GRI 306-2									
WASTE PRODUCED BY CATEGORY									
kg	2023			2022			2021		
	hazardous	non-hazardous	total	hazardous	non-hazardous	total	hazardous	non-hazardous	total
Solid waste	66.478	16.405.861	16.472.339	105.035	14.306.316	14.411.351	52.323	12.346.776	12.399.099
Liquid waste	67.532	979.177	1.046.709	145.846	1.249.925	1.395.771	91.937	1.367.509	1.459.446
Total waste	134.010	17.385.038	17.519.048	250.881	15.556.241	15.807.122	144.260	13.714.285	13.858.545

GRI 306-3; GRI 306-4; GRI 306-5						
BY DISPOSAL METHOD (NOT RECYCLED/RECYCLED)						
unit: kg	2023					
	Hazardous waste			Non-hazardous waste		
			Total hazardous waste generated	Waste directed to disposal	Waste reused and recycled	Total non-hazardous waste
Solid waste	57.295	9.180	66.478	9.861.111	6.544.750	16.405.861
Liquid waste	24.804	42.728	67.532	669.200	309.977	979.177
Total waste	82.102	51.908	134.010	10.530.311	6.854.727	17.385.038

GRI 306-3; GRI 306-4; GRI 306-5						
WASTE BY DISPOSAL METHOD (NOT RECYCLED/RECYCLED)						
unit: kg	2022					
	Hazardous waste			Non-hazardous waste		
	Waste directed to disposal	Waste reused and recycled	Total hazardous waste generated	Waste directed to disposal	Waste reused and recycled	Total non-hazardous waste
Solid waste	95.754	9.281	105.035	7.523.601	6.782.715	14.306.316
Liquid waste	127.412	18.434	145.846	548.192	701.733	1.249.925
Total waste	223.166	27.715	250.881	8.071.793	7.484.448	15.556.241

GRI 306-3; GRI 306-4; GRI 306-5						
WASTE BY DISPOSAL METHOD (NOT RECYCLED/RECYCLED)						
%	2021					
	Hazardous waste			Non-hazardous waste		
	Waste directed to disposal	Waste reused and recycled	Total hazardous waste generated	Waste directed to disposal	Waste reused and recycled	Total non-hazardous waste
Solid waste	39.906	12.417	52.323	4.998.394	7.348.382	12.346.776
Liquid waste	79.204	12.733	91.937	1.356.789	10.720	1.367.509
Total waste	119.110	25.150	144.260	6.355.183	7.359.102	13.714.285



GRI 306-3; GRI 306-4; GRI 306-5						
NON-RECYCLED WASTE RATE						
%	2023		2022		2021	
	Hazardous waste not recycled	Non-hazardous waste not recycled	Hazardous waste not recycled	Non-hazardous waste not recycled	Hazardous waste not recycled	Non-hazardous waste not recycled
Solid waste	86%	60%	91%	53%	76%	40%
Liquid waste	37%	68%	87%	44%	86%	99%
Total waste	61%	61%	89%	52%	83%	46%

GRI 306-3; GRI 306-4; GRI 306-5						
NON-RECYCLED WASTE BY TYPE OF DISPOSAL						
unit: kg	2023					
	HAZARDOUS WASTE			NON-HAZARDOUS WASTE		
	ON-SITE	OTHER	TOTAL	ON-SITE	OTHER	TOTAL
Incineration or combustion (with energy recovery)	0	34,500	34,500	5,692,191	218,952	5,911,142
Incineration or combustion (without energy recovery)	0	9,454	9,454	0	40,060	40,060
Landfill	0	7,691	7,691	0	3,141,485	3,141,485
Other disposal operations (e.g., dumping, open burning, deep well injection, etc.)	0	30,458	30,458	0	1,437,624	1,437,624
Non-recycled waste by type of disposal	0	82,102	82,102	5,692,191	4,838,121	10,530,311

GRI 306-3; GRI 306-4; GRI 306-5						
NON-RECYCLED WASTE BY TYPE OF DISPOSAL						
unit: kg	2022					
	HAZARDOUS WASTE			NON-HAZARDOUS WASTE		
	ON-SITE	OTHER	TOTAL	ON-SITE	OTHER	TOTAL
Incineration or combustion (with energy recovery)	0	38,147	38,147	3,559,920	239,415	3,799,335
Incineration or combustion (without energy recovery)	0	98,422	98,422	0	174,162	174,162
Landfill	0	20,720	20,720	(*) 0	(*) 2,683,083	2,683,083
Other disposal operations (e.g., dumping, open burning, deep well injection, etc.)	0	65,877	65,877	(*) 0	(*) 1,415,212	1,415,212
Non-recycled waste by type of disposal	0	223,166	223,166	3,559,920	4,511,872	8,071,792

(*) The 2022 quantities of Dixon Ticonderoga US's non-hazardous waste disposed of on-site through landfilling (-1,478,710 kg) and other disposal operations (-51,481 kg) were restated as they were disposed of elsewhere and through landfilling (+1,478,710 kg), and through other disposal operations (+51,481 kg), respectively).



GRI 306-3; GRI 306-4; GRI 306-5						
NON-RECYCLED WASTE BY TYPE OF DISPOSAL						
unit: kg	HAZARDOUS WASTE			NON-HAZARDOUS WASTE		
	ON-SITE	OTHER	TOTAL	ON-SITE	OTHER	TOTAL
Incineration or combustion (with energy recovery)						2,360,010
Incineration or combustion (without energy recovery)	0	46,764	46,764	0	143,631	143,631
Landfill	0	18,926	18,926	(**) 0	(**) 2,656,209	2,656,209
Other disposal operations (e.g., dumping, open burning, deep well injection, etc.)	0	57	57	(**) 0	(**) 1,195,333	1,195,333
Non-recycled waste by type of disposal	0	119,110	119,110	1,692,680	4,662,503	6,355,183

(*) The 2021 quantities of Dixon Ticonderoga US's non-hazardous waste disposed of on-site through landfilling (-1,507,000 kg) and other disposal operations (-31,419 kg) were restated as they were disposed of elsewhere and through landfilling (+1,507,000 kg), and through other disposal operations (+31,419 kg), respectively.

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									
EMPLOYEE BREAKDOWN									
Number of employees	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time employees	5,848	5,831	11,679	5,941	5,771	11,262	5,070	4,673	9,743
Part-time employees	39	76	115	29	61	90	18	62	80
Total	5,887	5,907	11,794	5,520	5,832	11,352	5,088	4,735	9,823
% of total	50%	50%	100%	49%	51%	100%	52%	48%	100%

GRI 2-8									
BREAKDOWN OF STAFF BY CONTRACT									
Number of employees	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent employees	5,788	5,793	11,581	5,338	5,544	10,932	5,012	4,667	9,679
Temporary employees	74	95	169	125	283	408	75	68	143
Employees with non-guaranteed hours	11	6	17	2	3	5	1	0	1
Total	5,887	5,907	11,794	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	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Internship	14	13	27	5	2	7			
Total	5,887	5,907	11,794	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	2023								
	Full-time			Part-time			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	639	360	999	21	57	78	660	417	1,077
North America	308	203	511	7	8	15	315	211	526
Central/South America	586	786	1,372	11	8	19	597	794	1,391
Asia	4,305	4,472	8,777	0	1	1	4,305	4,473	8,778
Rest of the World	10	10	20	0	2	2	10	12	22
Total	5,848	5,831	11,679	39	76	115	5,887	5,907	11,794

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GRI 2-7 EMPLOYEE BREAKDOWN BY GEOGRAPHICAL SEGMENT, GENDER AND CONTRACT TYPE									
Number of employees	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	7,840	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 405-1 EMPLOYEE BREAKDOWN BY CATEGORY AND GEOGRAPHICAL SEGMENT												
Number of employees	2023				2022				2021			
	White-collars	Blue-collars	Managers	Total	White-collars	Blue-collars	Managers	Total	White-collars	Blue-collars	Managers	Total
Europe	413	576	88	1,077	445	635	71	1,151	408	583	127	1,118
North America	143	364	19	526	162	368	22	552	123	393	66	582
Central/South America	228	1,145	18	1,391	189	1,562	19	1,770	482	910	20	1,412
Asia	1,434	7,314	30	8,778	1,144	6,680	30	7,854	1,034	5,619	32	6,685
Rest of the World	12	6	4	22	13	8	4	25	12	10	4	26
Total	2,230	9,405	159	11,794	1,953	9,253	146	11,352	2,059	7,515	249	9,823



GRI 405-1 EMPLOYEE BREAKDOWN BY AGE AND GEOGRAPHICAL SEGMENT															
Number of employees	2023					2022					2021				
	< 30	31-40	41-50	>50	Totale	< 30	31-40	41-50	>50	Totale	< 30	31-40	41-50	>50	Totale
Europe	147	160	276	494	1,077	160	170	307	514	1,151	162	191	370	395	1,118
North America	158	118	125	125	526	136	121	139	156	552	141	130	140	171	582
Central/South America	496	353	410	132	1,391	685	468	449	168	1,770	502	366	381	163	1,412
Asia	5,403	2,352	846	177	8,778	4,962	2,013	727	152	7,854	4,300	1,625	624	136	6,685
Rest of the World	1	10	4	7	22	3	10	8	4	25	6	7	11	2	26
Total	6,205	2,993	1,661	935	11,794	5,946	2,782	1,630	994	11,352	5,111	2,319	1,526	867	9,823

GRI 405-1 EMPLOYEE BREAKDOWN BY CATEGORY, GENDER, AND GEOGRAPHICAL SEGMENT									
Number of employees	2023								
	White-collars			Blue-collars			Managers		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	188	225	413	419	157	576	53	35	88
North America	47	96	143	256	108	364	12	7	19
Central/South America	130	92	228	456	689	1,145	11	7	18
Asia	1231	203	1,434	3,054	4,260	7,314	20	10	30
Rest of the World	3	9	12	5	1	6	2	2	4
Total	1,599	631	2,230	4,190	5,215	9,405	98	61	159

GRI 405-1 EMPLOYEE BREAKDOWN BY CATEGORY, GENDER, AND GEOGRAPHICAL SEGMENT									
Number of employees	2022								
	White-collars			Blue-collars			Managers		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	216	229	445	436	199	635	44	27	71
North America	48	114	162	263	105	368	14	8	22
Central/South America	108	81	189	610	952	1,562	10	9	19
Asia	952	192	1,144	2,787	3,893	6,680	21	9	30
Rest of the World	2	11	13	7	1	8	2	2	4
Total	1,326	627	1,953	4,103	5,150	9,253	91	55	146



4.1.2 PERSONNEL TURNOVER

GRI 401-1 TURNOVER BY CATEGORY												
Number of employees	2023				2022				2021			
	White-collars	Blue-collars	Managers	Total	White-collars	Blue-collars	Managers	Total	White-collars	Blue-collars	Managers	Total
Total number of employees at the beginning of the year	1,959	9,250	142	11,351	2,059	7,515	249	9,823	1,976	5,846	248	8,070
Hires in the year	725	5,605	10	6,340	486	7,417	11	7,914	543	6,435	21	6,999
Departures in the year	(433)	(5,444)	(20)	(5,897)	(390)	(5,979)	(16)	(6,385)	(458)	(4,756)	(32)	(5,246)
Career advancement	0	(2)	2	0	7	(10)	3	0	(2)	(10)	12	0
Reclassifications	(21)	(4)	25	0	(203) (*)	307 (*)	(105) (*)	0				
Total	2,230	9,405	159	11,794	1,959	9,250	142	11,352	2,059	7,515	249	9,823

(*) Following the adoption of the Non-Financial Reporting Manual, professional categories were reclassified in 2022.

GRI 401-1 TURNOVER BY GENDER									
Number of employees	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total number of employees at the beginning of the year	5,520	5,832	11,352	5,088	4,735	9,823	4,331	3,739	8,070
Hires in the year	3,622	2,724	6,346	4,292	3,622	7,914	3,815	3,184	6,999
Departures in the year	(3,255)	(2,649)	(5,904)	(3,860)	(2,525)	(6,385)	(3,058)	(2,188)	(5,246)
Total employees at year-end	5,887	5,907	11,794	5,520	5,832	11,352	5,088	4,735	9,823

GRI 401-1 TURNOVER BY GENDER AND GEOGRAPHICAL SEGMENT									
Number of employees	2023								
	Male			Female			Total		
	Hires	Departures	Total	Hires	Departures	Total	Hires	Departures	Total
Europe	71	(107)	(36)	46	(84)	(38)	117	(191)	(74)
North America	150	(160)	(10)	62	(78)	(16)	212	(238)	(26)
Central/South America	200	(331)	(131)	152	(400)	(248)	352	(731)	(379)
Asia	3,200	(2,655)	545	2,464	(2,085)	379	5,664	(4,740)	924
Rest of the World	1	(2)	(1)	0	(2)	(2)	1	(4)	(3)
Total	3,622	(3,255)	367	2,724	(2,649)	75	6,346	(5,904)	442



GRI 401-1 TURNOVER BY GENDER AND GEOGRAPHICAL SEGMENT									
Number of employees	2023								
	Male			Female			Total		
	Hires	Departures	Total	Hires	Departures	Total	Hires	Departures	Total
Europe	127	(113)	240	99	(80)	179	226	(193)	33
North America	154	(184)	338	92	(92)	184	246	(276)	(30)
Central/South America	533	(401)	934	558	(332)	890	1,091	(733)	358
Asia	3,477	(3,161)	6,638	2,873	(2,020)	4,893	6,350	(5,181)	1,169
Rest of the World	1	(1)	2	0	(1)	1	1	(2)	(1)
Total	4,292	(3,860)	8,152	3,622	2,525	5,832	7,914	6,385	1,529

GRI 401-1 TURNOVER BY GENDER AND GEOGRAPHICAL SEGMENT									
Number of employees	2021								
	Male			Female			Total		
	Hires	Departures	Total	Hires	Departures	Total	Hires	Departures	Total
Europe	114	(113)	1	64	(62)	2	178	(175)	3
North America	152	(156)	(4)	86	(94)	(8)	238	(250)	(12)
Central/South America	280	(340)	(60)	395	(426)	(31)	675	(766)	(91)
Asia	3,268	(2,447)	821	2,638	(1,604)	1,034	5,906	(4,051)	1,855
Rest of the World	1	(2)	(1)	1	(2)	(1)	2	(4)	(2)
Total	3,815	(3,058)	757	3,184	(2,188)	996	6,999	(5,246)	1,753

GRI 401-1 TURNOVER BY AGE															
Number of employees	2023					2022					2021				
	<30	31-40	41-50	>50	Totale	<30	31-40	41-50	>50	Total	<30	31-40	41-50	>50	Total
Total number of employees at the beginning of the year	5,946	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
Hires in the year	4,238	1,455	498	152	6,343	5,246	1,762	684	222	7,914	4,647	1,586	583	183	6,999
Departures in the year	(3,948)	(1,245)	(461)	(247)	(5,901)	(4,389)	(1,260)	(505)	(231)	(6,385)	(3,394)	(1,450)	(629)	(358)	(5,246)
Change in age group	(31)	1	(6)	36	0	(22)	(39)	(75)	136	0	(23)	1	(21)	43	0
Total	6,205	2,993	1,661	935	11,794	5,946	2,782	1,630	994	11,352	5,111	2,319	1,526	867	9,823

GRI 401-1 TURNOVER BY AGE AND GEOGRAPHICAL SEGMENT															
Number of employees	2023					2022					2021				
	<30	31-40	41-50	>50	Totale	<30	31-40	41-50	>50	Total	<30	31-40	41-50	>50	Total
Europe	(2)	(10)	(15)	(47)	(74)	(2)	(18)	(66)	119	33	22	(5)	(9)	(5)	3
North America	22	(3)	(14)	(31)	(26)	(5)	(9)	(1)	(15)	(30)	0	(7)	6	(11)	(12)
Central/South America	(171)	(115)	(52)	(41)	(379)	183	102	68	5	358	(48)	(23)	(6)	(14)	(91)
Asia	442	339	120	23	924	662	388	103	16	1,169	1,257	448	119	31	1,855
Rest of the World	(1)	(1)	(2)	1	(3)	(3)	3	(3)	2	(1)	(1)	0	0	(1)	(2)
Total	290	210	37	(95)	442	853	463	104	127	1,529	1,230	413	110	0	1,753

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4.1.3 TRAINING

GRI 401-1									
TRAINING BY GENDER AND TOPIC									
Hours	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Operator training	13,892	14,904	28,796	25,135	45,100	70,235	18,135	34,189	52,324
Health and Safety	11,428	8,859	20,287	18,094	9,283	27,377	8,695	5,338	14,033
Foreign languages	1,045	252	1,297	884	547	1,431	376	586	962
IT	2,989	2,967	5,956	3,770	3,999	7,769	1,454	1,053	2,507
Risk Management	418	340	758	1,046	1,374	2,420	283	323	606
Anti-corruption and Anti-bribery	26	30	56	346	384	730	44	64	108
Human rights	412	333	745	461	867	1,328	721	546	1,267
Diversity	24	27	50	1,179	583	1,762	126	121	247
Other	1,962	2,439	4,401	670	1,256	1,926	-	-	-
Total	32,195	30,150	62,345	51,585	63,393	114,978	29,834	42,220	72,054

GRI 404-1									
TRAINING BY GENDER AND GEOGRAPHICAL SEGMENT									
Hours	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	9,107	7,773	16,880	10,004	7,046	17,050	7,782	7,502	15,284
North America	2,587	1,047	3,634	4,486	2,659	7,145	1,618	1,017	2,635
Central/South America	14,355	14,927	29,282	28,278	44,283	72,561	14,245	27,947	42,192
Asia	6,146	6,403	12,549	8,817	9,405	18,222	6,189	5,754	11,943
Rest of the World	0	0	0	0	0	0	0	0	0
Total	32,195	30,150	62,345	51,585	63,393	114,978	29,834	42,220	72,054

GRI 404-1												
TRAINING BY PROFESSIONAL CATEGORY AND TOPIC												
Hours	2023				2022				2021			
	Managements	White-collars	Blue-collars	Total	Managements	White-collars	Blue-collars	Total	Managements	White-collars	Blue-collars	Total
Operator training	494	9,110	19,192	28,796	1,527	10,074	58,635	70,236	1,529	6,975	43,820	52,324
Health and Safety	670	3,902	15,715	20,287	281	3,638	23,458	27,377	411	2,830	10,792	14,033
Foreign languages	229	410	658	1,297	358	765	308	1,431	256	514	192	962
IT	1,169	2,320	2,468	5,957	2,134	3,830	1,805	7,769	87	2,345	75	2,507
Risk Management	63	270	425	758	46	636	1,738	2,420	35	173	398	606
Anti-corruption and Anti-bribery	1	17	38	56	23	364	343	730	2	34	72	108
Human rights	14	129	602	745	13	265	1,050	1,328	84	346	837	1,267
Diversity	1	13	36	50	44	252	1,466	1,762	24	73	150	247
Other	435	2,454	1,512	4,401	48	396	1,482	1,926	-	-	-	-
Total	3,075	18,623	40,646	62,345	4,474	20,220	90,285	114,979	2,428	13,290	56,336	72,054



4.3 OCCUPATIONAL HEALTH AND SAFETY

GRI 403-9 INJURY TYPES AND WORK-RELATED INJURY RATES												
Number	2023											
	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)	0	2	2	0	0	0	0	0	0	0	2	2
Injuries with prognoses between 40 and 120 days	10	3	13	0	0	0	0	0	0	10	3	13
Injuries with prognoses of up to 40 days	74	41	115	9	6	15	0	0	0	83	47	130
Totale	84	46	130	9	6	15	0	0	0	94	52	145

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	2023								
	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	5	3	8	0	0	0	5	3	8
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	5	3	8	0	0	0	5	3	8

GRI 403-10									
WORK-RELATED ILL HEALTH									
Number	2022								
	Employees on permanent contracts			Employees on temporary contracts			Total days 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 days 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

GRI 403-9 - 403-10									
DAYS OF ABSENCE BY CONTRACT TYPE AND BY GENDER									
Number	2023								
	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	1.288	591	1.879	158	94	252	1.446	685	2.131
No. days absence for work-related ill health	365	81	446	0	0	0	365	81	446
Total days of excused absence	1.653	672	2.325	158	94	252	1.811	766	2.577



GRI 403-9 - 403-10									
DAYS OF ABSENCE BY CONTRACT TYPE AND BY GENDER									
Numero	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

GRI 403-9 - 403-10									
DAYS OF ABSENCE BY CONTRACT TYPE AND BY GENDER									
Numero	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

GRI 403-9 e 403-10 REASONS FOR DAYS OF ABSENCE BY GEOGRAPHICAL SEGMENT									
Days	2023			2022			2021		
	Injuries	Work-related ill health	Total	Injuries	Work-related ill health	Total	Injuries	Work-related ill health	Totale
Europe	924	365	1.289	571	0	571	237	0	237
North America	54	0	54	324	0	324	67	0	67
Central/South America	560	81	641	795	40	835	841	39	880
Asia	592	0	592	463	0	463	433	0	433
Rest of the world	0	0	0	0	0	0	0	0	0
Total	2.131	446	2.576	2.153	40	2.193	1.578	39	1.617



7. MATERIAL TOPICS IN COMBATTING CORRUPTION

7.1 ANTI-CORRUPTION

GRI 205-2			
STAFF TRAINED IN ANTI-CORRUPTION ISSUES			
Number of people	2023	2022	2021
Corporate bodies	0	0	2
Management	2	20	4
White-collars	30	237	53
Blue-collars	73	234	224
Total	105	491	283



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 associated with environmentally sustainable economic activities aligned with the EU 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.



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:

- portion of turnover from economic activities aligned with the Taxonomy;
- 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 (Regulation 852/2020, Regulation 2021/2139, and Regulation 3851/2023) regulations relating, to date, to all of the environmental objectives of the Taxonomy. 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, 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 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 the remaining environmental targets. 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”).

Results of KPI analysis and reporting on the taxonomy

The analyses found that no economic activities included among those considered “eligible” and/or “eligible and aligned” under the Taxonomy Regulation were identified. 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.



Template 1 - Nuclear energy and fossil gas related activities

Activities related to nuclear energy		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating for industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO



Percentage of turnover deriving from products or services associated with economic activities aligned with the taxonomy - 2023

Economic Activities (1)	Code(2)	Absolute Turnover value (3)	Percentage of Turnover 2023 (4)	Substantial contribution criteria						DNSH criteria						Percentage of taxonomy-aligned turnover in 2022 (18)	Category (enabling activity) (20)	Category (transition activities) (21)
				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)	Adaptation to climate change (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)			
		K EUR	%	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES/No	YES/No	YES/No	YES/No	YES/No	YES/No	%	A	T
A.TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)																		
A.1. Eco-sustainable activities (taxonomy aligned)																		
<i>No eligible and aligned activities noted.</i>																%		
Turnover from eco-sustainable activities (taxonomy aligned) (A.1)	-	0%	0%	0%	0%	0%	0%	0%	0%	Yes	Yes	Yes	Yes	Yes	Yes	0%		
Of which enabling	-	0%	0%	0%	0%	0%	0%	0%	0%	Yes	Yes	Yes	Yes	Yes	Yes	%	A	
Of which transitional		0%	0%							Yes	Yes	Yes	Yes	Yes	Yes	%		T
Taxonomy-eligible but non-eco-sustainable activities (not taxonomy aligned)																		
<i>No eligible but not aligned activities noted.</i>																%		
Turnover of taxonomy-eligible but non-eco-sustainable activities (not taxonomy aligned) (A.2)	-	0%	0%	0%	0%	0%	0%	0%	0%									
Turnover taxonomy-eligible activities (A.1+A.2)	-	0%	0%	0%	0%	0%	0%	0%	0%									
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																		
Turnover non-taxonomy eligible activities	779,183	100%																
TOTAL	779,183	100%																



Of capital expenditures (Capex) deriving from products or services associated with economic activities aligned with the taxonomy - 2023

Economic Activities (1)	Code(2)	Percentage of Capex in 2023	Percentage of Capex in 2023 (4)	Substantial contribution criteria						DNSH criteria						Percentage aligned to taxonomy (18)	Category (enabling activity) (19)	Category (transition activities) (20)
				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) (Y/N)	Adaptation to climate change (12) (Y/N)	Water and marine resources (13) (Y/N)	Circular Economy (14) (Y/N)	Pollution (15) (Y/N)	Biodiversity and ecosystems (16) (Y/N)			
		K EUR	%	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES/No	YES/No	YES/No	YES/No	YES/No	YES/No	%	A	T
A.No eligible and aligned activities noted.																		
A.1. Eco-sustainable activities (taxonomy aligned)																		
<i>No eligible and aligned activities noted.</i>																		
CapEx of eco-sustainable activities (taxonomy aligned) (A.1)		-	0%													%		A
Of which enabling			0%	%	%	%	%	%	%							%		
Of which transitional			0%	%												%		
A.2 Taxonomy-eligible but non-eco-sustainable activities (not taxonomy aligned)																		
<i>No eligible but not aligned activities noted.</i>																		
Capex of taxonomy-eligible but non-eco-sustainable activities (not taxonomy aligned) (A.2)		-	0%	%	%	%	%	%	%									
A. CapEx of taxonomy-eligible activities (A.1+A.2)		-	0%	%	%	%	%	%	%							0%		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																		
CapEx non-taxonomy-eligible activities		30,000	100%															
TOTAL		30,000	100%															



Percentage of operating expenses (opex) deriving from products or services associated with economic activities aligned with the taxonomy - Information relating to year 2023

Economic Activities (1)	Code(2)	Currency	Percentage of Opex in 2023 (3)	Share of CapEx 2023 (4)	Substantial contribution criteria						DNSH criteria						Percentage of aligned (A.1) or eligible (A.2) Opex in 2022 (18)	Category (enabling activity) (19)	Category (transition activities) (20)
					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) (Y/N)	Adaptation to climate change (12) (Y/N)	Water and marine resources (13) (Y/N)	Circular Economy (14) (Y/N)	Pollution (15) (Y/N)	Biodiversity and ecosystems (16) (Y/N)			
		K EUR	%	%	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	%	A	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Eco-sustainable activities (taxonomy aligned)																			
<i>No eligible and aligned activities noted</i>																			
Of which enabling	-	0%																	
Of which transitional	-	0%																	
A.2 Taxonomy-eligible but non-eco-sustainable activities (not taxonomy aligned)																			
Opex of taxonomy-eligible but non-eco-sustainable activities (not taxonomy aligned) (A.2)	-	0%																	
A. OpEx of the taxonomy-eligible activities (A.1 + A.2)	-	0%																	
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
No eligible but not aligned activities noted	0%	0%																	
TOTAL	0%	0%																	





(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

2023 Consolidated non-financial statement
(with independent auditors' report thereon)

KPMG S.p.A.
28 March 2024



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 2023 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 19 March 2024 (the "NFS").

Our procedures did not cover the information set out in the *The F.I.L.A. Group* section of the NFS and the *European taxonomy* appendix thereto required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") 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.

Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano Monza Brianza Lodi
e Codice Fiscale N. 00709600159
R.E.A. Milano N. 512897
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Cagliari Como Firenze Genova
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F.I.L.A. Group
Independent auditors' report
31 December 2023

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) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. During the year covered by this engagement, our company applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained 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).



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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;
- through remote communication tools and on-site visits, we held discussions with the management of Canson SAS and Daler Rowney Ltd., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2023 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* section of the NFS and the *European taxonomy* appendix thereto required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 28 March 2024

KPMG S.p.A.

(signed on the original)

Annalisa Violante
Director of Audit





 **FILA**
Fabbrica Italiana Lapis ed Affini