Sustainability Policy

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

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

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

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

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

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

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

Our approach to Sustainability

- We are committed to operating responsibly, integrating sustainability into our business model in an increasingly structured manner. Being sustainable at F.I.L.A. means anticipating and managing risks and opportunities, both existing and future, under economic, social and environment areas. Such approach results into a competitive advantage and in the capability to create shareholders’, and stakeholders’, long term value.
- The **2021-2025 Sustainability Plan** is part of the Group’s Strategic Plan and sets out to include sustainability issues in every corporate activity, on the basis of eight pillars:
  - Robust, transparent governance
  - Financial sustainability
  - Respect for the environment and resources
  - Respect, development and recognition of employees and collaborators
  - Protecting occupational health and safety
  - Product quality and safety
  - Sustainable supply chain
  - Community support.
- The F.I.L.A. 2021-2025 Sustainability Plan was prepared through the analysis, integration and development of several elements, including the Group’s materiality analysis and the 17 Sustainable Development Goals (SDGs) for 2030 promoted by the United Nations (Agenda 2030), drawing
inspiration from the “Ten Principles” of the United Nations Global Compact (UNGC).

Scope of this Policy

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

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

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

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

General principles

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

Operating principles related to sustainability projects

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

- people: employees and external consultants
• **marketplace**: children, teen-ager, adults, customers, distributors, suppliers, project partners, representatives, competitors and institutional investors
• **environment**: local communities, next generations
• **governance**: shareholders, management and control bodies
• **community**: society, regulatory authorities, financial community, public administration, teachers and/or artists’ associations

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

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

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

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

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

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

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

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

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

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

   Main activities relate to:
   - definition of strategies and action plans relating to F.I.L.A. Group external and institutional communication with reference to sustainability, consistent with goals and priorities identified
   - preparation of Group guidelines on external and institutional communication relating to sustainability
6. **Stakeholders’ engagement:** The Stakeholders’ engagement process is aimed at defining methodologies, programs and operating instructions to manage the dialogue of F.I.L.A. with our relevant stakeholders on sustainability issues.

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

Such activities should be performed under the following rules:

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

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

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

- This Policy is communicated within the organization and made available online to all stakeholders on the web site www.filagroup.it.
- F.I.L.A. encourages anyone who becomes aware of facts or behaviors contrary to the Company’s Code of Ethics, policies and internal rules, laws or regulations, to make a report in the utmost confidentiality. Assuring confidentiality of the whistleblower’s identity, F.I.L.A. offers the following channels to file a report:
  - E-mail: whistleblowing.fila@gmail.com
  - Mail to: odv@fila.it Organismo di Vigilanza, F.I.L.A. Fabbrica Italiana Lapis ed Affini S.p.A. Via XXV Aprile, 5 20016 Pero (MI).

October 2021

GROUP CEO - Massimo Candela
Health & Safety Policy

Our approach to Health & Safety

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

Protecting people’s health, safety and welfare are core elements in conducting and developing our activities. We base our business activities on the respect of our Values, in the belief that business conduct cannot disregard ethics and the continuous improvement in occupational health and safety and welfare related aspects.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

F.I.L.A. Group activities are governed by our Ethics Code, by the 2021-2025 Strategic Plan inclusive of our Sustainability Plan and are inspired from the “Ten Principles” of the United Nations Global Compact (UNGC). We respect and protect the fundamental health and safety values laid down by the laws and regulations of each country where we operate.

Our approach to workers health & safety is inspired by international standards, including:

- the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and the relevant applicable conventions
- the United Nations Global Compact
- the Rio Declaration on Environment and Development.

Scope of this Policy

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

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

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

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

As a rule, the Group F.I.L.A. aims to provide and maintain a healthy, safe working environment and to minimize the risks to employees, contractors, visitors and others who may be affected by our activities, while fulfilling consumer and customer expectations of high quality and safe products.

Our operations are based on respect for global human rights, which are a non-negotiable fundamental value of our culture and corporate strategy.

The commitment to providing a healthy and safe working environment supports the following health and safety principles:

- compliance with applicable national and local laws, regulations and codes of best practice regarding occupational health and safety
- establishment and revision of occupational health and safety programs and other international benchmarks for health and safety applicable to our business
- identification of health and safety risks in the workplace and commitment to control and mitigate such risks to achieve continual improvement in our health and safety performance
- setting a reliable reporting on health and safety events such as accidents, near-misses cases, remediation actions, etc. in order to measure performances and reduce risks
- development of specific systems, practices and procedures to prevent accidents and, if they occur, to manage them responsibly and carefully investigate the causes with the aim of introducing measures to prevent them recurring
- making sure that employees take responsibility for their own safety and actions, including by providing relevant employees with training on health and safety issues and by making employees aware of their rights and responsibilities under applicable policies and procedures
- sharing health and safety knowledge and good practice across the Group.

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

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

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

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

October 2021

GROUP CEO – Massimo Candela
Product & Process Development Policy

Our approach to Product & Process Development

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

We are aware that all products and services have an environmental impact during production, use and final disposal. Likewise operational processes have environmental impacts, some also a social impact (mostly related to where facilities and operations are). We are committed to consider all impacts (i.e. quality, safety, environmental and social) that our products and processes may have, both for existing and the development of new ones, with a continuous improvement approach based also on cost effectiveness.

New Product Development is a comprehensive set of multi-disciplinary processes that transform a market opportunity into a marketable new product to satisfy customer requirements. From idea generation, screening and concept testing, we develop and test new products and processes of working taking into consideration our commitment to sustainability.

We are strongly committed to supplying safe products to our consumers and to understanding all the issues involving safety associated with our products. Management of control procedures related to Product Safety is therefore a key activity in all our operations, also considering that most of our products are intended for consumers in pre-school and school age.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

F.I.L.A. Group activities are governed by our Ethics Code, by the 2021-2025 Strategic Plan inclusive of our Sustainability Plan and are inspired from the “Ten Principles” of the United Nations Global Compact (UNGC). Our strategies pursue continuous improvement in Product Safety related aspects, taking into consideration laws and regulations of each country where we operate and contained in applicable international legislation and standards, including:

- the technical norm EN 71
- the Regulation 1907/2006/CE of the European Parliament and of the Council of 18 December 2006 on the registration, evaluation, authorization, and restriction of chemical substances (REACH)
- the Regulation 528/2012/CE of the European Parliament and of the Council of 22 May 2012 on the made available on the market and the use of biocidal products (BPR)
- the General Product Safety Directive (GPSD) 2001/95/CE
- the Regulation 795/2008/Ce of the European Parliament and of the Council of 9 July 2008 which lays down rules on the accreditation and supervision of the market as regards the marketing of products and repealing the CEE 339/93
- the Consumer Product Safety Act (CPSA) of the 12 August 2011 on the requirements for the context of certain materials
- BS 7272-1:2008 - Writing and marking instruments. Specification for caps to reduce the risk of asphyxiation
• BS 7272-2:2008+A1:2014 - Writing and marking instruments. Specification for end closures to reduce the risk of asphyxiation
• UNI EN ISO 22716:2008 – Cosmetics, Good Manufacturing Practices (GMP)
• Labeling of Hazardous Art Materials Act (LHAMA) - ASTM D4236
• Federal Hazardous Substances Act (FHSA)
• California Proposition 65
• DIRECTIVE 94/62/EC of 20 December 1994 on packaging and packaging waste.

Scope of this Policy

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

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

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

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

General principles

As a rule, F.I.L.A. is dedicated to providing its customers with safe products that meet their expectations for quality and safety, designed to comply at least with all statutory regulations and taking into consideration environmental and social impacts.

In our strategies and operations, we think of Product and Processes Development considering the following principles:

• quality of input, output, processes and working environment
• life-cycle thinking of products, with a focus on durable and less polluting solutions
• collaboration with the business partners and supply chain, in particular, encouraging the supply of greener and long lasting/durable products
• continuous improvement also in relation to a cost effectiveness.

Relating to Product Safety, in our strategies and operations, we consider the following principles:

• Leadership commitment and accountability: In order to fully comply with our Purpose, Vision, Mission and Values, our leadership champion Product Safety and prioritize it so that safety-related tasks get the right attention, time and resources. We make accountability for Product Safety clear and ensure people understand what they are accountable for

• Level of Product Safety: We develop and market products that can be manufactured and used safely as directed

• Conforming product: We are committed to comply with all regulatory requirements for Product Safety testing and labelling in all jurisdictions in which a product is developed, produced or marketed

• Maintaining and improving Product Safety: We continually assess products, packaging, labelling and raw materials to ensure the health and safety of the public and the Group’s consumers and employees

• Consistent approach: We apply consistent Product Safety standards across all regions and all countries in which we operate
• **Communication of Product Safety information:** We disclose Product Safety information on our products through the release of accurate, up-to-date and relevant information to appropriate governmental, professional and business organizations and to the Customers, as per our Responsible Marketing Policy.

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

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October 2021

GROUP CEO – Massimo Candela
Environmental Policy

Our approach to protect the environment

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

Protecting the environment is a core value of the F.I.L.A. Group in conducting and developing its activities: it’s our responsibility to operate with respect for the people we deal with and the natural environment in order to create sustainable value.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

F.I.L.A. Group activities are governed by our Ethics Code, by the 2021-2025 Strategic Plan inclusive of our Sustainability Plan and are inspired from the “Ten Principles” of the United Nations Global Compact (UNGC). Our strategies for sustainable development pursue continuous improvement in environmental related aspects, taking into consideration the laws and regulations of each country where we operate and contained in applicable international standards, including:

- the United Nations Global Compact
- the Rio Declaration on Environment and Development.

Scope of this Policy

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

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General principles

As a rule, in order to protect the natural environment, F.I.L.A. aims to reduce the environmental impact of its operations, supply chain and products.
In our strategies and operations, we consider the following principles:

- **Preventive approach:** We are committed to assessing the current and potential impact of our activities on the environment. We take a precautionary and preventive approach to managing environmental issues, to promote the use of the best available technologies and raw materials with lower environmental impact.

- **Reducing environmental impact:** We are committed to reducing the impact and extent of our emissions into the air, water and soil, to reducing our waste output, to managing waste correctly and re-using and recycling it before final disposal, to protecting biodiversity, and to containing greenhouse gas emissions.

- **Assessment of safer alternatives for hazardous substances:** We are committed to assessing safer alternatives for hazardous substances of concern in our operations and products, and to promoting their substitution. This requires each company of the Group mapping of the existing procedures to identify, review and manage the hazardous substances used in the company’s products, revision and integration of the procedures in place by a central team at F.I.L.A. S.p.A. and dissemination of the integrated set of procedures to relevant Group companies.

- **Continuous improvement:** We are committed, where technically possible and economically feasible, to promoting environmental protection and to reducing our operations’ environmental impact, by establishing improvement programs with short-, medium- and long-term objectives and targets.

- **Ensuring compliance with the law:** We are committed to keeping legal and regulatory developments in the environmental arena under continual review, to ensure that processes already on site or newly introduced there always comply with the applicable legal requirements. We constantly monitor our activities to ensure effective compliance with laws and regulations and to prevent any unlawful practices.

- **Responsible management of the supply chain:** We promote environmental protection and management throughout our entire production chain, involving our business partners and suppliers and our own contractors as key players in our sustainability policy.

- **Raising staff awareness:** We are committed to engaging our people at every level in implementing its environmental policy through all appropriate measures and initiatives. These include information and training efforts specifically aimed at promoting environmentally friendly conduct, compliance with legal requirements and with the most stringent internal rules/procedures, and ensuring that this policy is followed at all levels in the Group.

Furthermore, the Group adopted an Energy Saving Policy in order to set its approach and general principles towards the reduction of its environmental impact.

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

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October 2021

GROUP CEO – Massimo Candela
Human Rights & Labour Policy

Our approach towards respect of Human Rights

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

To us, respect for Human Rights is a non-negotiable fundamental value of our culture and strategy. We work to manage and reduce the potential risk of Human Rights violations, to avoid causing or contributing to causing adverse impacts on these rights within the international, multiracial, socially and economically diverse conditions in which the Group operates, in order to create sustainable value.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

F.I.L.A. Group activities are governed by our Ethics Code, by the 2021-2025 Strategic Plan inclusive of our Sustainability Plan and are inspired from the “Ten Principles” of the United Nations Global Compact (UNGC). We are committed to ensuring that all employees are treated with dignity and respect. We respect and protect the fundamental human rights laid down by the laws and regulations of each country where we operate. Our approach to human rights protection is inspired by international standards, including:

- the United Nations Declaration of Human Rights
- the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and the relevant applicable conventions

Scope of this Policy

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

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

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

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

General principles

A violation of the applicable Human Rights regulation potentially subjects both the F.I.L.A. Group and the individual(s) involved to severe criminal and civil penalties. This Policy contains principles of conduct that must be followed to comply with all relevant regulations.

As a rule, our activities are based on respect for global Human Rights, which are a non-negotiable fundamental value of our culture and corporate strategy. In conducting our business and operations, we consider the following principles:

- **Respect of Human Rights**: We respect human rights and are committed to identify, prevent, and mitigate adverse Human Rights impacts resulting from or caused by our business activities before or, if they occur, through appropriate mitigation processes,

- **Valuing diversity / Non-discrimination**: We value the diversity of the people with whom we work and the contributions they make and we are opposed to any form of direct or indirect discrimination on the basis of gender, marital status, sexual orientation, religious or political beliefs, union membership, race, ethnicity, nationality, age, social background and status, physical and mental disability, and we are committed to the prevention of discrimination in all areas of working life,

- **Adequate working conditions**: We promote a working environment based on trust, dialogue and mutual respect and protect the welfare and work-life balance of our employees, ensuring decent wages and fair working hours,

- **Opposition to forced labor and Human Trafficking**: We oppose all forms of labor exploitation, including child labor, forced or compulsory labor and all forms of abuse or mental or physical coercion towards both our workers and workers employed along the supply chain, and strongly condemn all forms of human trafficking and exploitation,

- **Work Hours, Wages and Benefits**: We compensate employees competitively relative to the industry and local labor market. We operate in full compliance with applicable wage, work hours, overtime and benefits laws,

- **Child Labor**: We prohibit the hiring of individuals that are below the local age requirement,

- **Safe and Healthy Workplaces**: We provide a safe and healthy workplace and comply with applicable safety and health laws, regulations and internal requirements. We consider the health and safety of workers a core value and proactively maintain a safe and healthy working environment by adopting high standards of prevention, assessment and management of related risks, and by fostering and constantly spreading a corporate culture geared towards occupational health and safety,

- **Workplace Security**: We are committed to maintaining a workplace that is free from violence, harassment, intimidation and other unsafe or disruptive conditions due to internal and external threats. Security safeguards for employees are provided as needed and will be maintained with respect for employee privacy and dignity,

- **Freedom of Association and Collective Bargaining**: We respect our employees’ right to join, form or not to join a labor union without fear of reprisal, intimidation or harassment and recognizes the right of its employees to form freely trade unions and to collective bargaining, and we engage in open and constructive dialogue with representatives of recognized trade union,

- **Privacy**: We are aware of the importance of ensuring adequate safeguards to the interested parties concerned with the personal data processing operations and respects the right to privacy of all of our stakeholders, undertaking to use the data and information provided in a correct manner,

- **Communities and Stakeholder Engagement / Local Communities**: we seek to disseminate and promote our core business Values, while respecting local cultures and indigenous people, protecting cultural and natural heritage and local traditions and customs.

The F.I.L.A. Group is engaged in the identification, prevention and mitigation of human rights violation risks, promptly implementing corrective actions if these events occur.

In particular we encourage:

- employees’ awareness in conducting corporate activities with respect for Human Rights
- managing our supply chain in a responsible manner
requiring to our suppliers deploying a similar management model.

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

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

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

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

October 2021

GROUP CEO – Massimo Candela
Anti Bribery and Anti Corruption Policy

Our approach to fighting corruption

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

We seek to disseminate and promote our core business Values, while respecting local cultures and indigenous people, protecting cultural and natural heritage and local traditions and customs.

All of us are committed to defending our Values every day. We reject and condemn recourse to illegal and improper conduct (including corrupt practices of any kind) in order to achieve business objectives. We are sincerely committed to fighting corruption and rejecting it in all the contexts, forms and ways that it may occur.

Familiarity with the environments where the risk of corruption is latent and speaking out in favor of exemplary conduct must continue to distinguish our daily commitment, which is aimed at protecting our most precious asset: our integrity.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

For the purposes of this Policy:

- by a bribe we intend the bestowing of a benefit in order to unduly influence an action or decision. An act of bribery will usually affect a few people, such as unsuccessful bidders for a contract, but also has an effect on the general integrity of the bidding system and hence on many future contracts, for example. The "benefit" in bribery can be virtually any inducement: money and valuables, company shares, inside information, sexual or other favors, entertainment, employment or, indeed, the mere promise of incentives,
- by active bribery we refer to the offering or paying of the bribe, while passive bribery refers to the receiving of the bribe,
- by corruption we intend dishonest or fraudulent conduct by those in power, typically involving bribery,
- by a Public Official we intend representatives of the public administration or those in charge with a public role and their foreign counterparts, as defined by the applicable laws,
- by a Private Subject we intend any other subject,
- by a Subject’s Family Member we intend their spouse, if not legally separated, domestic partner, parents, children, brothers and sisters and those of their spouse if not legally separated or their domestic partner.
- by a Politically Exposed Persons (PEPs) we intend political parties, member of a political party or candidate for political office by a Private Subject we intend any other subject

In recent years, numerous measures have been enacted at the national and international levels to fight corruption. At the global level, the regulatory trend is imposing ever-more severe penalties on forms of corruption that are based on international conventions and treaties. These in turn aim at defining a global strategy to reduce existing differences amongst various national legal systems.

In this context, many nations have already adopted laws that penalize not only the corruption of public officials but also corruption between private parties.

A violation of the Anti-Corruption Laws potentially subjects both the F.I.L.A. and the individual(s) involved to severe criminal and civil penalties. This Policy contains standards of conduct and practices that must be followed when interacting with Public Officials and Private Subjects and their families and to comply with all relevant regulations.
Scope of this Policy

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

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

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

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

General principles

As a general rule, any practice of corrupt nature is excluded.

As a multinational group under the control of F.I.L.A. S.p.A. and operating in over 150 countries, we are subject to the laws of many countries that forbid it to:

- offer or promise Italian or foreign representatives of the Public Administration, either directly or through an intermediary, any money, gifts or other benefits to induce them to omit or perform an act related to their official duties (active corruption in the public sector),
- offer or promise third parties, either directly or through an intermediary, any money, gifts or other benefits to induce them to omit or perform an act related to their assigned duties (active corruption in the private sector),
- request or receive from third parties, either directly or through an intermediary, any money, gifts or other benefits to omit or perform an act related to assigned duties (passive corruption in the private sector).

Any violation of these rules would also expose F.I.L.A. to serious and irreparable damage to its reputation and specific penalties, even regardless of the local laws and regulations of the country where the act of corruption was committed. In certain cases, these penalties might even lead to a complete ban on all commercial activity by F.I.L.A. in that country.

We strictly prohibit the making of prohibited payments as described by the Anti-Corruption Laws to officials and others in all locations in which we operate. Such prohibited payments are illegal and place F.I.L.A. and its employees at risk of criminal and civil liability and reputational harm. It is the Company’s Policy to comply with the letter and the spirit of the Anti-Corruption Laws and to refrain from making gifts, payments, promises, or offers that violate, or even could appear to violate, the Anti-Corruption Laws.

It is specifically prohibited to receive, demand, give or offer, directly or indirectly, compensation of any kind, gifts, economic or other benefit from, or to, a Public or Private Subject and/or directly or indirectly represented that:

- exceed a modest value and the limits of reasonable courtesy and practice, and however
- are likely to be interpreted as intended to unduly influence the relations between the Group and the above-mentioned Subject and/or the entity that directly or indirectly is represented, regardless of the purpose of pursuing, even exclusive, the individual Company or Group interest or advantage.

Neither “facilitation payments”, are allowed, i.e. payments not official of modest value, made in order to speed up, favor or ensure the execution of a routine or however planned activity as part of the duties of the public or private subject with which the Group companies have relations.

Each activity carried out in the sensitive areas referred to in paragraph “Operating principles in sensitive areas” must be correctly and accurately reflected in the accounting documents. The Group subsidiaries have the responsibility to prepare the financial reports that accurately, correctly, and with a reasonable detail reflect all related transactions, as well as to establish and carry out adequate controls to provide reasonable assurance that:
• the transactions are actual and carried out only with the authorization of the management,
• the transactions are recorded in order to allow the preparation of the financial reports in accordance with the relevant accounting standards,
• the value of the assets included in the financial reports is encountered, with reasonable frequency, with inventories and appropriate measures are taken with regard to the differences encountered.

The use of personal funds or means in order to circumvent the application of this Policy is strictly prohibited.

Operating principles in sensitive areas

The obligations and limits set out in this Policy apply to Public and Private Subjects, and/or the entities directly or indirectly represented by them, with which the companies of the Group have or could have business relations.

If economic or other benefits are granted to relatives of the aforesaid subjects, or of top management or employees of Group companies, such benefits are considered potential indicators of corrupt activities and are therefore prohibited, except as provided for by internal procedures.

To counter corrupt practices, a specific monitoring is required, in particular in the following sensitive areas:

• business travel
• gifts and representation expenses
• events and sponsorship
• donations/membership fees/ non-profits
• consulting, intermediation, relationships with business partners and suppliers
• joint ventures, acquisitions and disposals
• human resources
• miscellaneous matters including facilitation payments.

Gifts and representation expenses to Public or Private Subjects

Without prejudice to the general prohibition of undue influence on relations with third parties as regards Group business, gifts and representation expenses (including meals, travel or other entertainment) offered to public or private subjects:

• must, in any circumstance:
  a) be carried out in relation to actual business purpose,
  b) be reasonable and in good faith,
  c) respect the applicable procedures and rules, including the specific authorization process,
  d) be registered and supported by appropriate documentation, and
• may never consist of sums of money.

With regard to travel on non-scheduled aircraft, it is specifically prohibited from use in favor of Public Subjects, and specific prior authorization is required in the event of use in favor of Private Subjects. Regarding the economic limits and types of gifts and representation expenses, and the related manners for performing and recording them, please refer to relevant internal procedures. The facilities and products/services provided by Group Companies are offered, without exception, at the same terms and conditions applied to customers with the same characteristics in the normal business activity.

Gifts, sale of F.I.L.A. products and representation expenses to employees and senior management

In addition, gifts and representation expenses (including meals, trips or other entertainment) offered to Group companies’ employees and to senior management:

• must, in any circumstance:
  a) be carried out in relation to actual business purposes
  b) be reasonable and in good faith
  c) be registered in appropriate documentation, and
• may never consist of sums of money.

Regarding the economic limits and types of gifts/sales and representation expenses and the related manners for performing and recording them, please refer to relevant internal procedures, which - in the case of non-compliance with the above and/or overcoming of the economic limits (and in any doubtful cases) - must also discipline the arrangements for returning gifts or devolving them to charities.

Events and sponsorship

Since corrupt acts can be carried out through the organization of events and the granting of sponsorship, in accordance with the relevant procedures, a real connection to the business purposes must however be preserved, within the criteria of reasonableness and good faith, as well as the respect for the specific authorization process, the registration and documentation requirements and the specific economic limits.

Donations/membership fees/ non-profits

Donations, gifts and/or participation in charitable organizations, foundations, non-profit organizations (“contributions”) have the risk that funds or assets of value are diverted for personal use or benefit of Public or Private Subjects.

All contributions must, therefore, be performed in accordance with internal procedures, however complying with the following minimum standards:

• can only be made in favor of institutions of proven reliability and recognized reputation for honesty and fair practices,

• the prior authorization process provides an adequate description of the nature and purpose of the contribution, a due diligence on the beneficiary institution could be required, and a review of the legality of the contribution in accordance with the applicable laws,

• these contributions can be made as long as they are in accordance with a budget drawn up on the basis of cost-effectiveness and reasonableness and approved in accordance with the authorization process established by the internal procedures.

F.I.L.A. Group does not make contributions, directly or indirectly, to political parties, or to their representatives or candidates.

Consulting, intermediation, relationships with business partners and suppliers

The process of selection of consultants (including agents, intermediaries, business partners and suppliers) must include an adequate due diligence, to at least:

• establish their identity, experience, qualification and reputation,

• ensure that the consultant has the necessary technical/professional/organizational requirements and the potential to provide by himself the service.

Contracts with consultants must be drafted in accordance with the instructions contained in the Ethics Code and in internal procedures and must provide for the right of the Group companies to terminate the relationship in case of violation, among others, of the applicable laws on countering corrupt practices.

The management responsible for the relationship with the consultants must verify that the service has actually been carried out and the adequacy of the fee.

Joint ventures, acquisitions and disposals

Joint ventures, acquisitions and disposals must be undertaken in accordance with the internal procedures. In any case, appropriate legal due diligence must be carried out in order to identify the main potential corruption risk factors of corruption and “red flags”.

Whenever an acquisition is carried out, a plan for compliance with this Policy must be activated as an essential part of the post-acquisition integration plan.

Human Resources

Our Human Resources recruitment and selection process complies, inter alia, with the principles of non-discrimination, absolute impartiality, autonomy and independent judgement, which are intended to guarantee that the final decision results in selection of the individuals most qualified to hold the position in question and include an offer that is competitive on the reference market, while guaranteeing equal access to job opportunities.
According to applicable laws and regulations, the candidates must declare:

- any relationships that they might have with Public Officials
- concluded court actions against them
- any civil and criminal court proceedings against them related to unlawful activities.

**Miscellaneous matters including facilitation payments**

F.I.L.A. promotes exemplary business conduct worldwide. Therefore, it does not allow the payment, offer, or acceptance of direct or indirect facilitation payments, i.e. payments and benefits of all kinds and types intended to accelerate the performance of mandatory services by parties outside of F.I.L.A.

No practice qualified as corrupt nature, including facilitation payments, may be justified or tolerated by the fact that it is “habitual/ consuetudinary” in the business sector or Country in which the activity is carried out.

It is not permitted to impose or accept any service, if it can be realized only compromising the values and principles of the Ethics Code or in violation of the applicable regulations and procedures.

None of the persons to whom this Policy is directed is discriminated against or punished in any way for having refused to carry out a corrupt or potentially corrupt act, even if this refusal has caused the loss of a business or other detrimental consequence for the business.

In case of violation of this Policy, of the internal procedures referred to herein and/or of the applicable law, sanctions are imposed against the responsible in accordance with the provisions by law, collective agreements and contracts.

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

This Policy is communicated within the organization and made available online to all stakeholders on the web site [www.filagroup.it](http://www.filagroup.it).

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

- E-mail: whistleblowing.fila@gmail.com

October 2021

GROUP CEO – Massimo Candela
Workforce Diversity & Inclusion Policy

Our approach to Workforce diversity & Inclusion

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

All employees at F.I.L.A. Group contribute to the company’s success. F.I.L.A. Group recognizes its talented and diverse workforce as a key competitive advantage. Our business success is a reflection of the quality and skill of our people. F.I.L.A. Group is committed to seeking out and retaining the finest human talent to ensure top business growth and performance.

The diversity of the workforce in terms of age, gender and ethnicity, for example, is an asset to the Company and the Group. We therefore strive for diversity at all job levels and at all F.I.L.A. Group’s workplaces.

For us workplace diversity means the variety of differences between people in an organization. Diversity encompasses acceptance and respect. It is an understanding that each individual is unique, and a recognition of our individual differences. These differences can include gender, ethnicity, sexual orientation, age, physical and mental abilities, family status, religious beliefs, perspective, experience, or other ideologies, thinking styles, experience, and education.

We believe that the wide array of perspectives that results from such diversity promotes innovation and business success. Managing diversity makes us more creative, flexible, productive and competitive. We recognize that our people need to reflect our customers and local communities and that building a diverse and inclusive workforce will result in improved service for our customers and return for our shareholders. Additionally, research shows that the most engaged employees are those working in an open, fair and diverse environment.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

F.I.L.A. Group adopted and complies with the Corporate Governance Code since 2015. This requires, among other things, to provide in its Corporate Governance Report and Proprietary Shareholdings information on Board of Directors’ composition and evaluation of the performance of the Board and its committees, taking into account the professional competence, experience, gender of its members and number of years as directors. F.I.L.A. S.p.A. Board of Directors’ composition complies with applicable legislation and with the Corporate Governance Code requirements.

Scope of this Policy

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

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

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

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

General principles

F.I.L.A. Group is committed to fostering, cultivating and preserving a culture of diversity and inclusion in its Workforce.

Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company’s achievement as well.

We embrace and encourage our employees’ differences in gender, age, color, disability, ethnicity, family or marital status, language, national origin, physical ability, political affiliation, race, religion, sexual orientation, socio-economic status, and other characteristics that make our employees unique.

All employees of F.I.L.A. Group have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the company’s diversity policy should seek assistance from a supervisor or an HR representative.

Our Workforce Diversity & Inclusion Policy is based on the following key elements:

- equal opportunities
- non-discrimination
- meritocracy.

Diversity and Equal opportunities

We recognize that sexism, racism, ageism, and other forms of discrimination are potential problems both for our organization and society as a whole.

F.I.L.A. Group is committed to tackling cultural stereotypes both within and outside our organization. We have clear reporting procedures for any type of discrimination or harassment combined with follow-up procedures to prevent future incidents.

We are committed to eliminating all forms of unlawful discrimination, unlawful harassment, bullying and victimization of persons in the workplace. For us it is important to maintain a workplace where all employees can work without fear of unacceptable workplace conduct impacting them.

Non-discrimination

In keeping with our fundamental Values, we are committed to social justice in the elimination of organizational structures and actions that oppress, exclude, limit or discriminate on the basis of gender, race, ethnicity, financial ability, sexual orientation, religion, disability or age.

We will endeavor to ensure that the workplace, all policies, procedures and practices are free of deliberate or unintentional (systemic) barriers so that no one is disadvantaged.

Meritocracy

We reward excellence and all people are promoted on the basis of their performance. All managers are asked to ensure that all employees are treated fairly and evaluated objectively.

To achieve our business objectives through our commitment to a merit-based appointment process, it is essential that capable and diverse people are attracted, retained and deployed in roles that maximize their contribution and potential. A fair and effective process for appointment to roles is essential to ensure we can access the broadest pool of diverse
candidates, in keeping with our commitment to merit-based appointment.

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

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

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

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

October 2021

GROUP CEO – Massimo Candela
Business Development Policy

Our approach to Business Development

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

Business development is the set of activities that involve evaluating the Company business to fully realize its potential, using tools such as market trends analysis, Competitors’ benchmark, product’s marketing, marketing communication, R&D, production process, consumer engagement, sales, information management and customer service. It is an ongoing process, which takes place in parallel with the development of the organization, and which requires a multi-disciplinary approach, which goes beyond mere "sales to the customer."

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Scope of this Policy

This Policy applies to F.I.L.A., its subsidiaries, the entities in which it holds a majority interest, and the facilities that it manages.

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

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

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

General principles

The 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. Since 1994 we have followed a constant process of internationalisation, thanks above all to a prudent M&A strategy that has led to 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.

Our 2021-2025 Strategic Plan, organized into five strategic lines and 22 levers and available at https://www.filagroup.it/en/strategic-plan/, defines Group management guidelines with a view to sustainable growth:
• 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 organizational management activity used to establish priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders work towards shared goals, establish an agreement on the outcomes planned and assess and adjust the direction of the organization in response to a changing environment.

The line of “Growth” of our Strategic Plan is declined in three major levers: Strategic M&A Transactions, Industrial Investments and Commercial Investments.

The line “Profitability” of our Strategic Plan is declined in five major levers: Distribution channels, Market share by brand and product family, Commercial policies, Production efficiency and Structural costs.

The Business Development Policy represents the reference document for the activities that the F.I.L.A. Group puts in place to grow its business, fully realizing its potential.

Business development is the responsibility of each CEO, supported by F.I.L.A. S.p.A.’s Officers and Vice Presidents – different F.I.L.A.’s Committees, of each Major Subsidiary and of the Minor Subsidiaries Committee as applicable.

Business development is the set of activities which, starting from the Strategic Plan, the Business Plan and the Company budget, provide for the definition of:

• action plan of each Company of Group to achieve the defined targets
• business targets by Country, supervision of all distribution channels, market share by brand and product family
• organizational changes
• Capex and production plans to support commercial and sales plans.

Some of the tools used for business development are the evaluation of marketing opportunities and reference markets, the management of information on consumer trends, customers and competitors, the generation of contacts for possible sales, the sales follow-up activity and the drafting of formal offers.

**Operating principles**

The elements to consider and which contribute to setting up business development activities are:

• rules, regulations and laws applicable in the various countries where the F.I.L.A. Group operates
• results achieved in the previous period
• market research, conducted internally or by specialized subjects, sector trend analysis, study of information relating to competitors in the various sectors and countries in which the F.I.L.A. Group operates

The expected results of the business development activities are:

• definition of targets, in terms of product portfolio, BtoC engagement, marketing initiatives
• definition of targets, in terms of products and customers portfolio, brand and distribution channels market share
• definition of the offer, in terms of market approaches, product, price, etc.
• definition of capex to start new productions or to increase the capacity production
• definition / confirmation / reorganization of marketing and sale departments and function responsibilities
• periodic examination of the Company and function budget.

The main phases for the business development of the F.I.L.A. Group are:

• marketing policies development
• sales policies development
• production capabilities and plans development
• organizational chart policy development
• development of strategic relationships and alliances.
Marketing Policy development

A Marketing Policy is the set of coordinated activities to achieve the economic and financial objectives, detailed in the medium term by the Business Plan and in the short term by the Sales budget. The levers used are:

- definition of the most effective product offer by business unit and distribution channel in meeting the wishes and needs of the target consumers,
- recommended consumer price positioning and price list in order to guarantee, after the commercial policy and discount strategies, the correct and expected level of profit and margin for the Company
- implementation of the most appropriate promotional offer
- consumer engagement activities to increase the brand awareness, brand loyalty and products sell out
- communication strategy for business support purposes.

The definition of Marketing Policies is the responsibility of the Chief Marketing Officers.

Sales Policy development

A Commercial Policy is the set of coordinated activities to achieve the economic and financial objectives, detailed in the medium term by the Business Plan and in the short term by the Sales budget. The levers used are:

- definition of the most effective product offer in meeting the wishes and needs of the target customers,
- implementation of discount strategies by market, distribution channels and product family,
- definition of rebate programs, sales conditions, and payment guidelines
- efficiency of the sales force in order to optimize the dissemination of products also considering the structure of the different areas, of the different distribution channels or groups of reference customers,
- implementation of the most appropriate promotional offer and communication strategy for business support purposes.

The Group's ability to adopt the commercial policy that best meets the needs of customers and the market in which the business operates is of fundamental importance for achieving the economic and financial objectives that the company wants to achieve. The objectives, contained and detailed in the Sales Budget, are expressed in terms of:

- sales and turnover
- contribution margin, understood as revenues net of the cost of sales
- gross operating margin.

The definition of Sale Policies is the responsibility of the Chief Sales Officer.

Production Capabilities and Plans development

Business development can be achieved if the Production Plans support the defined commercial policies.

The Production Capabilities and Plan is a decision-making process through which production resources are organized in order to achieve certain objectives. The main stages are capex budget and capex business plan, planning, scheduling and control.

In the capex budget and in the capex business plan, production plants and machinery obsolescence together with new machines needed to produce new products are both considered with the aim of keeping the plants and machinery technologically up to date and capable to produce new products.

Pay-back, production efficiency and security of the employees are all considered while building the capex budget and capex business plan.

In the planning phase, the objectives are selected, the strategies, policies, programs and procedures necessary to achieve them are established. With programming, the quantities and production times are defined in more detail. In the control phase, the progress of the operations is supervised, highlighting any deviations from the production programs and implementing the appropriate corrections.
The main production capabilities, planning and programming tool is the Strategic Production Plan. The development of Production Plans is the responsibility of the COO at F.I.L.A. S.p.A. and locally of the CEO supported by the local COO.

**Organizational chart policy development**

Business development can be achieved if any needed position in the organizational employees’ chart is covered. The technological progress, the digitalization, the target of covering more distribution channels or increase the market share by brand or by product family and the distribution changes may require reorganize/reinforcing some departments.

An organizational chart Policy is the set of coordinated activities to achieve the economic and financial objectives, detailed in the medium term by the Business Plan and in the short term by the Sales budget. The levers used are:

- Targets defined by marketing and sales development policies
- Current and to be organizational chart supporting the achievement of the targets

The development of the organizational chart policy development is the responsibility of the Chief HR Officer at F.I.L.A. S.p.A. and locally of the CEO supported by the local HR.

**Development of strategic relationships and alliances**

Business development is also possible thanks to the creation and consolidation of business relationships with other companies in sectors similar to that of the F.I.L.A. Group and, in particular, thank you to the Vertical Integration in "upstream" or "downstream" markets and/or the creation and management of strategic relationships and alliances with third-party companies.

Vertical Integration strategies are those situations in which the company tries to gain control over its "inputs" (upstream integration) or its "outputs" (downstream integration) or both. Vertical integration has the following advantages:

- barriers to competition
- reduction of the risks of investments in plants
- specialization and greater efficiency
- protection of the quality of goods and services offered
- internalization of markets
- planning and coordination
- stimulation of demand
- investments of excess resources.
- acquisition and business combination processes.

In addition to Vertical Integration, other business development strategies are Strategic Alliances and Joint Ventures. These are long-term cooperation agreements between the company and one or more partners, which make it possible to exploit the expertise of each, or the reciprocal technologies or other intellectual properties to expand its offer of products, services, functions and/or markets without investing to build or acquire them with internal resources. Revenues are generally shared with royalty-based agreements.

Alliances can be:

- horizontal: collaboration between companies in the same sector
- vertical: collaboration between customer and supplier.

Joint ventures are a particular type of strategic alliance in which two or more companies provide the capital of a new independent organization and control its management.

Furthermore, important informal relationships can be created, including relationships based on long-term collaborations and delegations for the most critical activities with strategic subcontractors.
The development of strategic relationships, alliances and informal relationships with strategic suppliers is the responsibility of the CEO at F.I.L.A. S.p.A. and locally of the CEO.

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

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

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

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

October 2021

GROUP CEO – Massimo Candela
Responsible Lobbying Practices Policy

Our approach to Responsible Lobbying Practices

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

We are engaged in a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

Institutional Relations are all those communication activities implemented by an organization towards political bodies and public, private or international administrations. It is a professional activity that consists of defending the legitimate interests of groups and companies before public or private administrations and communicating information about a particular sector, activity or group in a transparent manner. Institutional Relations contribute to the creation of business value through an articulated and stable system of external relations. All the activities are based on criteria of legitimacy, fairness and transparency, with regard to both the information disseminated in public agencies and to the relationships established directly with institutional stakeholders.

This Policy intends to regulate the institutional relations of the Group and, in particular, corporate lobbying activities, in order to ensure that they are being performed in observance of the principles of our Ethics Code and in accordance with the laws and regulations in force in the countries where the F.I.L.A. Group operates.

The Directors, Statutory Auditors, executives, employees of the F.I.L.A Group and all those who work in Italy and abroad or on behalf of the F.I.L.A Group, particularly if they have relations with institutional representatives, are called upon to observe the principles and requirements of this Policy within the scope of their duties and responsibilities.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Scope of this Policy

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

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

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

Our Ethics Code is the basis of all our behaviors. Corporate lobbying is one of the Institutional Relations initiatives through which the Group participates in a public decision-making process by means of specific actions to protect its related company interests. This is performed through the transfer of detailed information and through qualified public decision-making bodies, in order to complete the cognitive framework of reference and contribute to creating guidance in reaching a decision.

The key principles to consider when conducting Corporate lobbying are:

- **Legality:** All Institutional Relations initiatives are to be conducted within the confines of the law, the regulations in force, the Ethics Code, and our Group Anti Bribery & Anti Corruption Policy,
- **Fairness:** Relations with institutional representatives are based on respect for the prerogatives, skills and decision-making autonomy of those involved and are conducted without exerting undue influence in the pursuit of corporate interests. F.I.L.A. does not tolerate activities aimed at pursuing personal and/or unrelated interests to those of the company.
- **Transparency and disclosure:** Where applicable, F.I.L.A. also adheres to the registers established by national and/or international institutions to ensure conditions of observance of the law and transparency, with specific reference to the activity of corporate lobbying. The F.I.L.A. Group staff convey the company’s corporate role and the nature of the interest represented using relevant and up-to-date information.

In any case, it is forbidden for any F.I.L.A. Group staff to conduct corporate lobbying activities in any other country in which F.I.L.A. Group operates without these activities having previously been evaluated and approved by the F.I.L.A. Headquarter as well as to make reference to the possible involvement of any third-party professionals in support of the institutional activities of F.I.L.A. Group in the countries in which it operates.

The F.I.L.A. Group does not impede private participation/for own account of employees and associates in initiatives of a political nature, or similar. We exert no pressure on employees and partners to support any political bodies.

Employees engaging in personal political activity must do so as private citizens, not during paid work hours, and without using company resources for political purposes.

Employees must comply with all applicable laws in this regard, and those individual efforts must not in any way suggest F.I.L.A. Group support. Any employee who believes that there is a conflict between applicable law and our policies, or who feels that a violation of a policy has occurred may report such through the F.I.L.A. Group procedures.

Any political donations and/or lobbying expenditures made by the F.I.L.A. Group is to be disclosed.

However, prior approval from F.I.L.A. Group CEO or Risk Committee is required before any F.I.L.A. Group funds might be used for lobbying purposes; F.I.L.A. Group complies with all applicable laws that require reporting on lobbying and related activities.

F.I.L.A. Group does not make contributions, directly or indirectly, to political parties, or to their representatives or candidates.

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

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

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

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

October 2021

GROUP CEO – Massimo Candela
Stakeholder Engagement Policy

Our approach to Stakeholder Engagement and Community consultation

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

It is not possible to achieve the social interest and develop a responsible and sustainable business model without the strong engagement of our Stakeholders, which are defined as those groups and entities whose decisions and opinions have an influence thereon and who, at the same time, are affected by the Group's activities.

Our Stakeholders also have a leading role in the F.I.L.A. Group reputation, which is understood as their set of perceptions regarding F.I.L.A. S.p.A. and affiliates. These perceptions are quite important, as they determine the decisions of the Stakeholders to invest, purchase or make recommendations, which directly affect the long-term sustainability of a company.

In pursuing our Purpose, Vision, Mission, Values, we recognize the central importance of Stakeholders as the beneficiaries of the value created through our activities, which is shared with them on the basis of individual prerogatives and expectations. Our stakeholders contribute their opinions, perspectives, skills and resources, which we take into consideration and are essential for our business activities.

The value chain made up of the activities carried out by the F.I.L.A. Group means that its Stakeholders are quite numerous. Therefore, for purposes of this Policy, the Stakeholders are grouped into the following categories:

- Workforce, including employees, unions, agents and external collaborators
- Shareholders and the financial community, including regulators
- Regulatory entities
- Customers, Consumers and Consumer associations
- Teachers
- Suppliers and Business Partners
- The media
- Communities and Society at large
- The environment.

These Stakeholders are in turn divided into other categories, the Sub-stakeholders, made up of various groups and entities, which allows the management of the relationships to be adjusted to specific and local realities, needs and expectations, in many cases relating to the Group’s facilities.

We continuously interact with our Stakeholders according to the criteria of transparency, honesty and impartiality, in compliance with the laws and regulations defined by the national regulatory system.

Shareholders and other relevant subjects (“Interested Parties”), including holders of other financial instruments issued by the Company, current institutional investors, potential investors, asset managers, financial market operators, the Italian and international business press, rating agencies and proxy advisors as well as trade associations, have an important role in our business. Therefore, the Board of Directors of F.I.L.A. S.p.A. issued a “Policy for the management of dialogue with shareholders and other interested parties”, which is available on our website.
We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

**Scope of this Policy**

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

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

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

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

**General principles**

Our stakeholder engagement is based on the following pillars:

- understanding the profile of stakeholders and the company’s position in their regard
- the in-depth evaluation of material interests and relevant issues for each category of stakeholder
- the periodic sharing with stakeholders of the operating and financial results in relation to material issues of mutual interest
- ensuring an equal access to information in the involvement of all stakeholders

All Group departments contribute to the various stakeholder engagement activities, each one in relation to their prerogatives, roles and responsibilities.

We accept and promote the following basic principles to engage and establish relations of trust with our Stakeholders:

- **Responsibility**: act responsibly and build relationships based on ethics, integrity, sustainable development, and respect for human rights and the communities affected by the various activities of the Group,

- **Transparency**: ensure transparency in relationships, and in financial and non-financial communications, sharing truthful, sufficient, relevant, complete, clear, reliable and useful information

- **Active listening**: practice active listening, encouraging bi-directional and effective communication as well as direct, fluid, constructive, diverse, inclusive and intercultural dialogue

- **Participation and engagement**: encourage the participation and engagement of the Stakeholders in all of the Group’s activities, promoting voluntary consultation processes or similar channels of interaction in application of the law of each country, and especially in the planning, construction and operation of the Group's facilities

- **Consensus**: work towards consensus with the Stakeholders, especially with local communities and indigenous populations, taking their viewpoints and expectations into consideration

- **Collaboration**: promote collaboration with the Stakeholders, in order to contribute to compliance with the Purpose, Vision, Mission and Values of the F.I.L.A. Group and the achievement of the 2021-2025 Sustainability Plan and related SDGs

- **Continuous improvement**: seek continuous improvement, regularly reviewing Stakeholder engagement mechanisms to ensure that they respond in the most efficient way possible to the needs of each moment.
The F.I.L.A. S.p.A. Board of Directors is vested with the power to approve and supervise the general strategy on engagement with the Group’s Stakeholders, endeavoring to ensure the proper coordination at the Group level.

In particular, F.I.L.A. S.p.A. Board of Directors issued the “Policy for the management of dialogue with shareholders and other interested parties”, in order to:

- ensure a constant and open relationship, based on mutual understanding of roles, with current institutional investors, potential investors, asset managers, financial market operators, the Italian and international economic press, with rating agencies and the proxy advisors, with the Trade Associations and with the generality of its Shareholders as well as the holders or holders of other financial instruments issued by F.I.L.A. S.p.A., in order to increase the level of understanding about the activities carried out by the Company and the Group, its performance economic-financial and its strategies aimed at pursuing sustainable success in line with the recommendations of the Corporate Governance Code, as well as

- maintaining an adequate channel of information with these subjects, inspired by principles of correctness and transparency in compliance of the Law.

The “Policy for the management of dialogue with shareholders and other interested parties” applies to the dialogue with the Interested Parties regarding matters and issues falling within the competence of the Board of Directors (and its internal board committees), including in particular, by way of example and not exhaustively: (i) economic and financial results of F.I.L.A. S.p.A., and the Group and corporate strategies; (ii) extraordinary transactions of particular strategic importance for F.I.L.A. S.p.A., and / or the Group; (iii) corporate governance and, in particular, the appointment and composition of the corporate bodies (also in terms of size, professionalism, independence and diversity) and the composition, size and functions of the internal board committees; (iv) sustainability and ethical, social and environmental issues; (v) remuneration policies for the members of the Board of Directors and the Board of Statutory Auditors as well as for the managers with strategic responsibility of F.I.L.A. S.p.A.; (vi) internal control and risk management system; (vii) dividend distribution policy; is (viii) related party transactions.

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

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- E-mail: whistleblowing.fila@gmail.com

October 2021

GROUP CEO – Massimo Candela
Responsible Marketing and Communication Policy

Our approach to Responsible Marketing

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

We are committed to responsible marketing. This means understanding and respecting the needs of our consumers and striving to earn their trust through everything we do. As part of our purpose to inspire and enrich the lives of everyone through creative and artistic thinking, we aim to ensure that our marketing and advertising is socially responsible, in line with our values and does not exploit the vulnerabilities of any individuals or groups.

Our Group Responsible Marketing Policy describes the way we put our commitment into practice, serving as a statement of commitment from F.I.L.A. Group’s management and senior executives, a guideline for our marketing and communications teams, and a promise to our employees, business partners, suppliers and all others we interact with.

This Policy covers marketing communications including but not limited to television, radio, outdoor, digital including owned websites and third-party websites, social media, sponsorships and direct marketing and all other forms of communication, including packaging.

This Policy applies to the marketing communication in its entire content and form, including testimonials and statements, and audio or visual material originating from other sources. The fact that the content or form of a marketing communication may originate wholly or in part from other sources does not justify non-observance of the Policy rules.

This Policy refers to communication activities aimed at all Customers and Consumers, with added provisions for communications directed to children.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Scope of this Policy

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

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

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

General principles

Our Responsible Marketing and Communication Policy is based on the following pillars:

Ethical, Truthful and Responsible Communication

- Identification: the marketing communication should be clearly distinguishable as such, whatever their form and whatever the medium used. The true commercial purpose of marketing communications should be transparent and not misrepresent their true commercial purpose
- Honest claims: We always communicate about our products and their features honestly and accurately
- Transparency: We use clear marketing communications avoiding any statement, claim or audio or visual treatment which, directly or by implication, omission, ambiguity or exaggeration, might mislead the consumer, in particular, but not limited, to: characteristics and features of the product, value of the product, compliance with standards and regulations, copyright and industrial property rights. Our products are clearly and comprehensively labeled, beyond legal requirements where relevant, and always display accurate information relating to our products and their expected use. Product pictures on packaging reflect the product as accurately as possible. We make the boundary between content and commercial promotion clear and always identify commercial content as such.
- Respecting inclusion: Marketing communications should respect human dignity and should not incite or allow any form of discrimination, including that based upon ethnic or national origin, religion, gender, age, disability or sexual orientation. We avoid politically sensitive topics in our marketing such as failure to protect the environment, racism, social exclusion etc.
- Authenticity: Our marketing communications use real people to the greatest extent possible

Communication to children

Particular care is taken in the messages addressed to children, intended as minors up to 12 years, and to adolescents or that can be received by them. These messages must not contain anything that could harm them psychically, morally, or physically, and they must also not abuse their natural credulity or lack of experience, or their sense of loyalty.
- Fair communication: We provide marketing communications that do not contain misleading information or terminology. Marketing communications directed to children should be clearly distinguishable to them as such
- Respecting parental authority: We do not take advantage of children’s imagination or inexperience or undermine their parents’ authority through marketing messages

Environmental claims

- Commercial communication that declares or evokes benefits of an environmental or ecological nature must be based on truthful, pertinent and scientifically verifiable data. This communication must make it possible to clearly understand which aspect of the advertised product or activity the benefits claimed refer to
- Marketing communication should be so framed as not to abuse consumers’ concern for the environment or exploit their possible lack of environmental knowledge and should not contain any statement or visual treatment likely to mislead consumers in any way about the environmental aspects or advantages of products, or about actions being taken by the marketer in favour of the environment

Transparent labeling

- Transparent labeling: We comply with Product Labeling Laws in all the markets in which we operate, and where product packaging permits, we increase the size and content of our labels for increased ease of accessibility of critical information for consumers

Consumer Data Privacy

- We conform to F.I.L.A. Group’s Data privacy rules and policies covering all aspects relating to the collection and use of information of our consumers. We ensure that we will act transparently, protect and secure the data, respect the rights of our consumers and verify compliance with all legal requirements. For further information, please review the F.I.L.A. Group’s Data privacy Policy.
F.I.L.A.’s Top Management has a strategic role in the full implementation of this Policy ensuring the involvement of all personnel and of those who collaborate with F.I.L.A. and the consistency of their behavior with the values embodied in this Policy.

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

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

- E-mail: whistleblowing.fila@gmail.com

October 2021

GROUP CEO – Massimo Candela
Skills Development Policy

Our approach to Skills Development

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

At F.I.L.A. we firmly believe that the Group’s success is inextricably linked to the people who belong to it. They constitute an important element for F.I.L.A.’s competitiveness and development. We employ +8,000 people (2020 reporting), mostly located in Asia and Central/South America, and our workforce is composed mainly of blue-collar and white-collar.

The quality of people is a fundamental success factor for companies. It is therefore necessary to carefully select the personnel and ensure a constant adaptation of their professionalism throughout the period of stay in service, through appropriate skills development activities.

It is also of utmost importance the Group's commitment to valuing its own people, respecting human rights, offering proper working conditions and compliance with the applicable standards as fundamental elements towards continuing to operate successfully.

This requires activities to ensure, as far as possible, the constant adaptation of the staff to the needs deriving from new workloads, from the realization of production and from the placement of the product and a level of knowledge, skills and abilities capable of ensuring the achievement of customer satisfaction objectives.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Scope of this Policy

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

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

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

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

At F.I.L.A. we take care of our own personnel and collaborators, adopting general principles concerning:

- diversity and equal opportunity
- non-discrimination
- meritocracy
- respect for human rights
- decent working conditions
- the prohibition of forced labour and human trafficking
- sustainable working hours, minimum pay and benefits
- the prohibition of child labour
- safe, healthy workplaces
- workplace safety
- freedom of association and collective bargaining agreements
- privacy
- community and stakeholder engagement.

Therefore, the Skills Development of our people is based on the following general principles:

- effective management of the recruitment and selection processes, in order to gain a competitive position in the market, attracting and inserting the best candidates and professionalism
- the guarantee for F.I.L.A. Group employees both in Italy and abroad of adequate training for assigned tasks, favoring the enhancement of skills and development of individual professional skills
- the creation of a working environment suitable for the exchange of different professionalism and cultures in which a common training path is outlined in the objectives and results, which can create a Group identity by developing the professional skills of individuals
- the development of local resources through training courses that includes both theoretical and practical training, and the creation and development of a sense of belonging and a corporate culture
- the definition of the Performance & Compensation management, which includes the performance and compensation cycle timing, including MBO, mid-year review, annual review, merit increases, and compensation, based on which training programs capable of creating added value to the company system are oriented
- the correct remuneration management ensuring, in compliance with individual merits, fairness both internally, to avoid conflicts and conflicts between employees, and externally to ensure a level of economic compensation that maintains high standards competitiveness of the Group
- the Organizational & Talent Development / Acquisition – Retention, which includes the identification of critical roles, succession planning framework and the development of high-potential talents to be considered into the succession plan also considering the talent gap analysis and measurement
- punctual compliance, in Italy and abroad, with all laws and regulations on labor matters
- no discrimination for reasons of political, trade union, religious order or for reasons of race, gender and language and protection of employees' personal and sensitive data
- safeguarding the health of its employees through prevention and protection measures safety in the workplace and accident prevention, through the application of company procedures and information, education and training activities.

The main phases for the Skill Development Policy of the F.I.L.A. Group are:

- Recruitment process development
- Performance and compensation management
- Organizational & Talent acquisition / development / Retention
- Training programs.

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

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

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and internal rules, laws or regulations, to make a report in the utmost confidentiality. Assuring confidentiality of the whistleblower’s identity, F.I.L.A. offers the following channels to file a report:

- E-mail: whistleblowing.fila@gmail.com

October 2021

GROUP CEO – Massimo Candela
Tax Compliance Policy

Our approach to Tax Compliance

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

We are committed to respecting the ethical principles and rules on company integrity in the Ethics Code, including in the tax area. The Group is constantly engaged in implementing the principles of sound management of tax matters, ensuring that all Group companies comply with the tax legislation applicable in the all the countries in which it operates. Proper observation of tax obligations is monitored through internal procedures identifying roles and responsibilities, operating and control activities and the necessary information flows. Tax returns and tax payments are prepared with the support of tax advisor and checked by external auditors.

We maintain proper, collaborative and transparent relations with the tax authorities in the various countries in which the Group operates and we reply to requests received as quickly and transparently as possible and voluntarily adhere to the provisions regarding transfer pricing documentation, in compliance with the OECD Transfer Pricing Guidelines.

F.I.L.A. S.p.A. has included in its Organization, Management and Control Model (“231 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 so-called “PIF Directive”: changes to the criminal code, the penalization of certain attempted tax offences and the expansion of the list of offences included under the 231 Model.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Scope of this Policy

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

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

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

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

The Board of Directors has the role and responsibility of guiding the dissemination of a corporate culture based on the values of honesty and integrity and the principle of legality.

In our strategies and operations, we consider the following principles relating to Tax Compliance:

- Commitment to acting according to the values of honesty and integrity in the management of tax activities, being aware that the revenue deriving from taxes is one of the main sources of contribution to development economic and social of the countries in which we operate.
- Commitment to operating with transparency, including accurate disclosures to tax authorities and maintaining an open and co-operative relationship with tax authorities, ensuring that the latter, among other things, can acquire a full understanding of the facts underlying the application of tax laws.
- Commitment to acting as a good corporate citizen, maintaining shareholder value and ensuring the legally correct amount of tax is paid.
- Ensuring compliance with the tax laws in each jurisdiction in which the Group operates and ensuring that all tax positions have at least a reasonably arguable position, undertaking to interpret applicable tax regulations in such a way as to respect their substance as well as their form.
- Adopting a tax risk management aligned to the OECD guidelines. We ensure that the tax department (of the F.I.L.A. S.p.A. head quarter and of the subsidiaries, where applicable) has the necessary resources, both financial and human, as well as the organizational relevance to ensure compliance.
- Commitment to avoid aggressive tax planning and considering taxes as a cost of business activity, which as such must be managed, in compliance with the principle of legality, with the aim of safeguarding the corporate assets and pursuing the primary interest of creation of value for shareholders in the medium to long term.

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

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

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

- E-mail: whistleblowing.fila@gmail.com

October 2021

GROUP CEO – Massimo Candela
Energy Saving Policy

Our approach to Energy Saving

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

Energy efficiency policies and programs can help drive the implementation of projects that minimize or reduce energy use during the operation of a system or machine and/or production of a good or service. We are committed to preventing, managing and, where possible, reducing the environmental impact generated directly by our operations, in particular, from the use of plants and from logistics and transport activities, whether carried out directly or through suppliers and partners.

The F.I.L.A. Group is committed to the continuous improvement of energy performance, reaching and exceeding the minimum requirements set by law, aiming towards the constant reduction of energy requirements and CO₂ emissions.

In addition to our Environmental Policy, our approach towards Energy Saving is inspired by the principles of:

- efficient use of resources necessary to carry out business activities, both those carried out by the Group companies or through our suppliers and business partners
- innovation in support of a low-carbon economy, both in our processes and in our products
- prevention and reduction of the impact on the environment, both through the analysis of potential environmental risks important for F.I.L.A. Group, and through the reduction and disposal of waste produced, with a view of adopting a circular economy approach
- promotion of a culture of the environment, both encouraging employees, partners and, in general, all counterparts to adopt virtuous behaviors and collaborating with nationally recognised environmental associations by supporting targeted projects that may constitute reference practices.

In our business activities we consider, before taking energy planning and investment decisions, whether there are alternative energy efficiency measures that are sound from a technical, economic, environmental and cost-efficient point of view that still allow them to achieve the business objectives decisions. This applies to production processes, building and facility management, industrial equipment, company fleet, business travel.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Scope of this Policy

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

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

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

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

**General principles**

The Board of F.I.L.A. is committed to the continuous improvement of energy management throughout the organisation and the reduction of greenhouse gas emissions arising from energy consumption.

As part of its environmental strategy in minimising the environmental impact of the organisation as far as is affordable and practicable, the Group will aim to implement energy management measures, which will are at the leading edge of good practice.

The Group will endeavor to practice responsible energy management throughout all offices and aim to achieve the following objectives:

- to comply with current legislation (including any energy requirement voluntarily signed by the Company) and the relevant legislation
- to reduce the environmental impacts of our activities, using materials, products, services and production processes that minimize energy impacts, in a perspective of life cycle analysis and circular economy
- To identify the activities and / or areas responsible for energy consumption, in order to identify potentials interventions that allow for an improvement in energy efficiency
- To promote energy awareness amongst staff.
- To monitor and report energy performance to interested parties.
- To encourage decisions to be considerate to energy efficiencies.

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

This Policy is communicated within the organization and made available online to all stakeholders on the web site [www.filagroup.it](http://www.filagroup.it).

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

- E-mail: whistleblowing.fila@gmail.com
- Mail to [odv@fila.it](mailto:odv@fila.it): Organismo di Vigilanza, F.I.L.A. Fabbrica Italiana Lapis ed Affini S.p.A. Via XXV Aprile, 5 20016 Pero (MI).

October 2021

GROUP CEO – Massimo Candela
Sustainable Procurement Policy

Our approach to Sustainable Procurement

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

The F.I.L.A. Group procures its raw materials, materials and semi-finished products from a limited number of selected suppliers, monitored constantly in terms of production capacity, average delivery times, solvency and quality standards. In order to maintain high product quality standards, our 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 favoritism or discrimination.

In order to guarantee that interactions with suppliers and business partners are consistent with its own value system, in addition to its Ethics Code, F.I.L.A. Group has established a “Code of Conduct for Suppliers and Business Partners”. The Code sets out the general supply chain management principles that the Group expectations to be respected by all recipients at any level.

The F.I.L.A. Group expects that the following business principles are adopted by its suppliers and business partners:

- compliance with all applicable legal provisions
- prohibition of any form of corruption
- transparency of financial information
- protection of the intellectual property rights of others
- avoidance of conflicts of interest, requiring reporting, promptly and in writing, any relationship with an employee, director, legal representative, representative, agent or broker of the Group that may create a direct conflict of interest, however slight
- organisational management and operations, to ensure that all operations and transactions carried out for the Group are correctly recorded, authorised, verifiable, legal, coherent and appropriate.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Scope of this Policy

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

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

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

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

General principles

In our strategies and operations, we expect that suppliers and business partners adhere to the following principles relating to Sustainable Procurement:

- **Working conditions**: agreement to respect the fundamental rights of their workers, i.e. equal opportunities, personal dignity, privacy and individual rights, the right to the national minimum wage, adherence to legally defined working hours, the right to free movement of workers, where applicable, the prohibition of child labour, the prohibition of the use of narcotic drugs or alcohol at work, the prohibition of forced labour, the prohibition of employment of workers not in possession of the right to work, the social labour and inclusion policies to facilitate the employment of disadvantaged people
- **Health and Safety**: agreement to respect the legal requirements regarding workplace health and safety applicable in the areas in which they operate, encourage and reinforce a culture of workplace health and safety by promoting risk awareness, promote responsible conduct amongst all employees and strive to protect, particularly by preventative actions, employee health and safety
- **Environment**: agreement to abide by the environmental protection laws applicable in the countries in which they operate, in order to preserve these areas and promote the better use of natural resources and pursue energy saving practices, and to comply with regulations regarding the use of hazardous production process substances, compiling the technical documents and compliance certifications, maintaining them according to the manner and timeframe stipulated by the applicable regulations, while labelling products correctly
- **Relationships with the Public Administration and Institutions**, whether domestic or overseas: agreement to fully respect the applicable laws, regulations and company policies, according to the principles of correctness and loyalty, without inappropriately influencing counter-party decisions in any way for the purpose of obtaining favourable treatment, and without endorsing improper requests or any other form of influence from representatives of the Public Administration. Any activity conducted in connection with the Public Administration and Institutions, whether domestic or overseas, in the name of or on behalf of the F.I.L.A. Group, or in which the group or its activities may be implicated, must be documented and traceable

FILA Group companies are required to integrate sustainable criteria in its suppliers selection and accreditation process in order to achieve a preferential procurement of products and raw materials that have a low environmental and social impact. Each FILA Group company is committed to prefer:

- to procure products, parts, and raw materials that have eco-friendly features such as "reduction of substances of concern", "conservation of energy and prevention of global warming", and "recycling of resources and conservation of materials";
- to procure from suppliers that are positively active in reducing environmental impact

We share information on our activities related to ensuring people's safety and reduction of social and environmental impact with our suppliers.
F.I.L.A.’s Top Management has a strategic role in the full implementation of this Policy ensuring the involvement of all personnel and of those who collaborate with F.I.L.A. and the consistency of their behavior with the values embodied in this Policy.

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October 2021

GROUP CEO – Massimo Candela
IT System Policy

Our approach to Information Technology (IT)

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

The Information Technology (IT) System (including technological resources - hardware, software, data, electronic documents, telematic networks - and human resources dedicated to their administration, management and use) represents a tool of primary importance for the achievement of the strategic and operational objectives of the F.I.L.A. Group in consideration of the criticality of the business processes that depend on it.

This Policy concerns the management and use of the information system in all its aspects.

To pursue our business objectives, information must meet certain requirements:

- **Confidentiality**: the information must be known only by those who have the relative right, respecting the principle of the least privilege ("need to know") based on the duties covered ("need to operate")
- **Integrity**: information must be accurate and complete, must respect company values and expectations, and must be protected from unauthorized changes and deletions. To meet this requirement, the information must be accurate, up-to-date and legible
- **Security**: the information must be maintained and kept secure from any possible external threat, either perpetrated physically (direct access to places or technologies where the information is stored and managed) or logically (Cyber Attacks of any kind), implementing the proper hardware infrastructure, configuration and software solutions able to provide proper and up-to-date, state of the art, countermeasures.
- **Availability**: information must be available when required by company processes, in an efficient and effective manner
- **Effectiveness**: the information must be relevant and relevant to the business process and, at the same time, must be available promptly, without errors and provided in a way that can be used by the user
- **Efficiency**: information must be provided through the optimal use of resources both from the point of view of productivity and economy
- **Reliability**: the information must be appropriate, in order to allow top management to manage the company and ensure the correct decision making; in the same way, the information provided to the heads of the various Group companies and head of functions must allow them to carry out their functions, the obligations to produce the financial statements and all the reports and reports required by internal and external regulations.
- **Synergy**: the information must be organized and provided to give a complete and cross-company picture of the business to Group Level Management. This must be gained through implementation of Management Systems with a Group Level scope and approach, wherever applicable. The same way, Group Level Management Systems must be maintained and developed ensuring the stability and reliability of information considering all inter- and cross-company interactions.

The management of the Group Information System is carried out by qualified personnel who, thanks to their experience, ability and reliability, provide a guarantee of full compliance with internal provisions and external regulations on the subject.

In order to manage the Information System adequately, an effective monitoring process is essential to facilitate the prompt identification and correction of any shortcomings relating to policies, processes and procedures. This can considerably reduce the frequency and / or severity of harmful events.
We direct our activities to comply with current legislation, with particular reference to applicable Codes regarding the protection of personal data in all the countries where we operate, not only in order to avoid the risk of company involvement, but above all to guarantee an adequate level of security of personal data of the Group and its information system.

We are committed to maintaining the highest possible ethical standards and to complying with all applicable laws in all countries in which we do business. We firmly believe to have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Scope of this Policy

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

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

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

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

General principles

In our strategies and operations, we activate internal organizational units that ensure the execution of processes aimed at:

- ensure users training and access to functions according to security criteria adhering to principles of sound and prudent management or in any case to Group IT Security Policy
- activate processes aimed at enhancing IT resources, intended as a lever for achieving the Group’s objectives
- create a communication system of the needs or criticalities of the Information System with the aim of activating a process of continuous improvement
- implement controls aimed at assessing the company’s ability to comply with internal policies
- promptly identify deviations (anomalies, malfunctions, differences with respect to what is known / approved / authorized)
- promote corrective actions.

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

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

F.I.L.A. encourages anyone who becomes aware of facts or behaviors contrary to the Company’s Code of Ethics, policies and internal rules, laws or regulations, to make a report in the utmost confidentiality. Assuring confidentiality of the whistleblower’s identity, F.I.L.A. offers the following channels to file a report:
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October 2021

GROUP CEO – Massimo Candela
IT Security Policy

Our approach to Information Technology (IT) Security

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

We are engaged to a responsible behavior towards all our relevant stakeholders in operating business, combining respect of people, natural environment, and communities, and sustainability is therefore embedded with our Purpose, Vision, Mission, Values set out in our Ethics Code, and day-to-day operations.

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

The Group protects its corporate assets at the highest level of its technical capabilities and available resources, broken down into the following fundamental elements: people, assets (assets) and information. The necessary condition for the performance of all activities of the F.I.L.A. Group is the protection of the information managed by means of criteria, measures and security controls proportional to the risks and value of the information itself.

The IT Security of the F.I.L.A. Group is a fundamental requirement to ensure the reliability of the information processed, as well as the effectiveness and efficiency of the services provided by the Group. The IT Security has as its primary objective the protection of information, personal data and digital preservation and the elements through which the data are managed from all threats, be they organizational or technological, internal or external, accidental or intentional, guaranteeing their confidentiality, integrity and availability, and compliance with current applicable legislation.

We are committed to IT Security, which means both to protecting “assets” such as a site, a computer or a car, against cyber threats, and at the same time to minimizing the impact in the case of vulnerabilities that exceed the defenses implemented.

At F.I.L.A. Group the IT Security objectives can be summarized as follows:

- **Confidentiality**, i.e. ensuring the prevention of abusive or unauthorized access to information, services and systems
- **Integrity**, meaning ensuring that information has not been altered by accident or abuse
- **Security**: the information must be maintained and kept secure from any possible external threat, either perpetrated physically or logically.
- **Availability**, or ensuring access to information and network services by the staff in charge in relation to work needs
- **Consistency**, i.e. to check that there are tools that allow us to understand if what we expect really happens
- **Control**, i.e. having the ability to regulate access to the data system and to limit access and partition users by groups, functionalities, etc.
- **Supervision** of the operations that are carried out, i.e. checks or audits.

The lack of an adequate level of data security, in terms of Confidentiality, Availability and Integrity, can have as consequences the loss of competitive advantage, image, customers, turnover and a consequent significant financial loss. To all this we must also add the risk of incurring penalties linked to violations of the regulations in force.

Therefore, the security of the information system is obtained by implementing a series of adequate security measures, or procedures, technical mechanisms or practices that reduce the risks to which the information assets are exposed.

We direct our activities to comply with current legislation, with particular reference to applicable Codes regarding the protection of personal data in all the countries where we operate, not only in order to avoid the risk of company involvement, but above all to guarantee an adequate level of security of personal data of the Group and its information system.

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General principles

In our strategies and operations, we consider the following principles relating to IT Security

- **Business information systems**: employees and internal collaborators are provided with all the tools necessary to carry out the tasks assigned. Tools and software applications provided are work tools and must be used for these purposes: the data present within the work tools (including e-mail systems and local/network file systems, as well as data storage locations in the Cloud) are considered corporate data and as such owned by the Company. Consequently, the company can have complete access to them and users will not be able to have expectations of privacy with respect to the information sent, received or stored. Improper uses of Company systems include processing, transmission, retrieval, access, display, storage, printing and in general the dissemination of fraudulent, harassing, threatening, illegal materials and data, racist, of sexual orientation, obscene, intimidating, defamatory or otherwise not congruent with professional behavior. Therefore, no data of this kind must be present on the F.I.L.A. network, on Personal Computers, within the applications (such as e-mail, Intranet portals, etc.). Furthermore, users of company systems must not use the infrastructures to do business, sell products, or for any other commercial activity other than those expressly envisaged by the company management.

- **Access to information**: Access to information by each individual user must be limited to only the information they need for the performance of their duties (“need to know” principle). The disclosure and transmission of information internally, as well as externally, must be based on the same principle. FILA Group will enforce this policy setting up proper user profiles and rights, to restrict the ability to access information accordingly with the principle stated above. Sharing user access information, such as accounts and password, with other employees or individuals, not keeping them properly and safely stored or not updating access information regularly and accordingly with IT Security Operational Guidelines, are considered improper use of Company Systems and Information and, as such, sanctioned.

- **Personnel and security**: The F.I.L.A. Group plans and carries out training and information activities aimed at personnel, with a focus on information security and the correct use of Company equipment. Personnel must be required to ensure a minimum level of safety for assigned equipment. The theft, damage or loss of work tools must be promptly reported. The staff (including consultants and external collaborators) must sign confidentiality clauses.

- **Cyber incidents and anomalies**: All employees are required to detect and notify whoever is responsible for any problems related to Group and Company safety. All employees are required and expected to carry on daily business and use Company Systems (with special reference, but not limited to Collaboration Tools like E-Mail, Microsoft Teams, Microsoft Sharepoint) with proper care and attention to suspicious messages, attachments,
requests for contact.

- **Physical security**: Access to buildings and premises relevant to the protection of assets must take place only after identification of the authorized parties. The identification and design of physical security countermeasures must consider both the possibility of physical threats and the applicable legislation. The maintenance of the equipment must be performed in accordance with the manufacturer's instructions or with documented procedures to ensure service availability and integrity.

- **IT Security**: The identification and design of IT Security countermeasures must consider both the possibility of internal and external unauthorized access attempts, as well as the applicable legislation and any other relevant constraints. Users must not exploit any weaknesses or deficiencies of the IT Security system to damage systems or data, obtain resources for which they are not authorized, steal resources from other users or have access to systems for which they do not have the necessary authorizations. On the contrary, users must take care to communicate to the system administrator, in writing, any malfunction of the system that may suggest the possible loss of stability or reliability of the same.

- **Checks**: The information systems must be periodically checked as well as the application of operating procedures. The personnel in charge who work in the IT division is authorized to carry out interventions in the Group IT system aimed at guaranteeing the safety and protection of the system itself, as well as for further technical and / or maintenance reasons (e.g. updating / replacement / implementation of programs, hardware maintenance etc.).

The security checks to be carried out to protect the IT resources that make up its assets are achieved through:

- implementation and compliance with policies in all organizational, procedural and technological areas in a homogeneous way with respect to the defined objectives
- the adequate assignment of tasks and responsibilities within the Group for the implementation of policies
- verification (as part of the IT risk analysis) of the level of effectiveness of the measures implemented, also resorting to periodic vulnerability assessment run by external, independent parties.

Failure to comply with the provisions of this IT Security Policy will be subject to disciplinary sanctions as appropriate.

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