

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 outmost 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.

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