

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 directly 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.

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