



# CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

# 2021

Pursuant to Legislative Decree 254/2016

**Safilo®**



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## THE SAFILO WAY: THE KEY TO A SUSTAINABLE FUTURE IS IN OUR DNA

At Safilo we have a natural attitude, an intrinsic element of our DNA, which allows us to evolve, innovate and look to the future with a strong constructive spirit, while at the same time preserving, with great pride, our craftsmanship excellence, and our century-old history.

It is with this attitude that we are committed to building an increasingly sustainable future, to create value that does not fade away but brings to all our stakeholders – from our people to our customers, from investors to local communities, from suppliers to final consumers – a tangible benefit that will last over time.

In keeping with the path taken in previous years, in 2021 we increased our commitment to People, Product, and Planet, the three core pillars of our sustainability vision, with initiatives aimed at consolidating and strengthening their centrality within our business.

The sustainability strategy is, in fact, the guide for many corporate projects and initiatives aimed at contributing to the achievement of the United Nations 2030 Sustainable Development Goals, sharing our commitment to building a better present and future.

It was certainly not an easy year to face due to the continuation of the worldwide health emergency, but at Safilo we continued to tackle the pandemic thanks to the scrupulous application of the “Workplace Safety Protocol”, which allowed us to protect our people at sites around the world, minimizing the risks and impacts on customer service, and to ensure business continuity.

In addition, the implementation of the smart working project enabled us to continue the company’s evolution towards an increasingly agile and dynamic approach. We responded quickly and efficiently to all the contingencies of the pandemic while at the same time, we offered flexible working arrangements to our people, transforming the corporate culture and focusing on the trust that the Company and its staff have in each other.

To help fight Covid-19, we also supported health organizations and local associations with the donation of certified Personal Protective Equipment (PPE).

Amongst the many projects that form part of our wider strategy to create a sustainable future is our new collaboration with Save the Children Italy for the “Rewrite the future” campaign, an integrated project aimed at counteracting educational poverty and early school leaving to ensure that support is provided to families in need and underage children in city suburbs, disadvantaged regions, and deprived neighbourhoods. More specifically, Safilo supports the “Punti Luce” network, composed of high-intensity educational centres, contributing to the development and socio-cultural welfare of the community.

We are also very proud to have renewed our support of the non-profit organization Special Olympics until 2024 in this journey that, for 18 years, has allowed us to have a decisive impact on the lives of athletes with intellectual disabilities through the donation of our frames and sunglasses and specific programs aimed at correcting sight defects.

Furthermore, our ongoing commitment and research to identify processes that contribute to a lower impact on the environment have led us to introduce important innovative solutions in terms of production and development of new materials, also thanks to the digital transformation process that is involving the entire business.

2021 was a particularly important year for the significant number of materials and solutions with reduced environmental impact that we introduced in our collections and production processes.

We are extremely proud to be the first player in the eyewear sector to exclusively use “Metal X”, Conventya’s innovative patent that allows for a 90% reduction in the use of precious metals in galvanic treatments for the production of optical frames and sunglasses. In particular, “Metal X” significantly reduces the use and consumption of palladium, an extremely precious and rare metal due to its natural scarcity and represents a further step forward in its sustainable production processes initiated in recent years with the nickel-free galvanic treatments. In this way, we were able to eliminate the use of nickel, while guaranteeing even higher standards of product excellence thanks to the new technologies employed.

Thanks to our 20-year partnership with Evonik, we have introduced TROGAMID® myCX eCO, a sustainable high-performance crystal-clear polymer made from renewable energy and with a 50% lower carbon footprint, into our premium sun lenses.

In addition, our partnership with Eastman has enabled us to include two more sustainable materials in our sunglasses and optical product collections - Acetate Renew and Tritan Renew - two innovative, high-performance polyesters made with molecular recycling technologies from plastic waste, which have significantly lower greenhouse gas footprints compared to products made from fossil fuel-based raw materials.

Thanks to our commitment to sustainability, in the summer of 2021, on the occasion of Tokyo 2020, we represented one of the Italian excellences exhibited at Casa Italia, headquarters of the Italian National Olympic Committee, with the exhibition of our recycled plastic sunglasses made exclusively for The Ocean Cleanup, the Dutch non-profit environmental organization created to develop advanced technologies to extract plastic pollution from the oceans. It was a great honor to be selected by CONI as one of the key international players who were able to drive the Olympics’ storytelling about environmental protection and sustainability.

It is therefore a source of pride for us to be able to present our achievements in 2021 in this new edition of our Non-Consolidated Financial Statement, which we could not have achieved without the trust and direct involvement of all our stakeholders.

Thank you all for your contribution and commitment, we are confident that we can continue along this path to evolve further and find new solutions that will enable us to take a step forward towards a more sustainable future.

Angelo Trocchia  
CEO Safilo Group

# HIGHLIGHTS

OVER **140** YEARS  
OF EYEWEAR MANUFACTURING TRADITION

## Product Craftsmanship & Innovation



≈ **2,000**

NEW MODELS  
ON THE  
MARKET  
IN 2021

NEW RECYCLED AND BIO-BASED  
MATERIALS, 'METAL X'  
INNOVATIVE PATENT FOR  
GALVANIC PROCESSES  
IN THE LONGARONE PLANT

## Employee Learning & Development



more than  
**61,000**

HOURS OF TRAINING  
IN 2021 VS >64,000  
IN 2020

**14**

AVERAGE HOURS OF  
TRAINING PER EMPLOYEE  
IN 2021 VS 12 IN 2020

## Diversity & Inclusion



**59%**

WOMEN IN THE  
TOTAL WORKFORCE  
IN 2021

**15%**

FEMALE EXECUTIVES  
IN 2021

**10%**

OF THE TOTAL  
WORKFORCE  
UNDER 30 IN 2021

**11**

NATIONALITIES  
AT DIRECTOR LEVEL  
IN 2021

## Health & Safety <sup>1</sup>



**8**

RECORDABLE  
WORK-RELATED INJURIES  
IN 2021 VS 21 IN 2020

**1.17**

RATE OF  
RECORDABLE  
WORK-RELATED  
INJURIES

IN 2021 VS 3.25 IN 2020

## Industrial Relations and Supply Chain Responsibility



**73%**

OF THE TOTAL WORKFORCE  
WAS COVERED  
BY COLLECTIVE  
BARGAINING AGREEMENTS  
IN 2021

**138**

SOCIAL AUDITS  
OF SUPPLIERS IN 2021<sup>2</sup>

(OF ~350 SUPPLIERS  
OF DIRECT MATERIALS)

## Environmental Responsibility <sup>3</sup>



> **283,000 GJ**

ENERGY CONSUMED  
IN 2021

-1.0% VS 2020 CONSUMPTION, AND

> **26,000 T**

CO<sub>2</sub> EMISSIONS  
IN 2021

IN LINE WITH 2020 CONSIDERING A MANUFACTURING  
ACTIVITY INCREASE (BASED ON WORKED HOURS)  
AROUND 12% IN 2021 VS 2020

ISO 50001: 2018  
ENERGY MANAGEMENT  
SYSTEM CERTIFICATION  
FOR ALL ITALIAN  
ENTITIES

- These KPIs are related to the Italian and Chinese manufacturing plants, and Padua headquarters, and do not include external collaborators' data (the Group has no direct control on data from the employers of workers who are not employees). 2020 figures included also the data related to the Slovenian manufacturing plant that have been closed in July 2021.
- Each audit included the review of social and environmental aspects. The number of social audits has increased from 38 in 2020 to 138 in 2021 as a consequence of lower Covid-19 pandemic impacts and lockdown during 2021.
- 2021 energy consumption and CO<sub>2</sub> emissions included volume effects and energy savings generated from specific energy saving and restructuring projects implemented. For Scope II CO<sub>2</sub> emissions the KPI includes location-based emissions. For further details please refer to the chapter "8.1 Energy consumption & CO<sub>2</sub> emissions" (pages 66-70).



## Signature Social Responsibility Partnerships



### SAVE THE CHILDREN ITALIA

A NEW COLLABORATION HAS BEGUN ALONGSIDE SAVE THE CHILDREN ITALIA FOR THE "REWRITE THE FUTURE" CAMPAIGN, AN INTEGRATED PROJECT AIMED AT COUNTERACTING EDUCATIONAL POVERTY AND EARLY SCHOOL LEAVING IN ITALY TO ENSURE THAT SUPPORT IS PROVIDED TO FAMILIES AND UNDERAGE CHILDREN IN NEED IN CITY SUBURBS, DISADVANTAGED REGIONS AND DEPRIVED NEIGHBOURHOODS.

MORE SPECIFICALLY, SAFILO SUPPORTS THE "PUNTI LUCE" NETWORK, COMPOSED OF HIGH-INTENSITY EDUCATIONAL CENTERS WHERE CHILDREN AND TEENAGERS AGED BETWEEN 6 AND 16 CAN, ON A DAILY BASIS, PLAY AND TAKE PART IN A WIDE RANGE CULTURAL, RECREATIONAL AND SPORTING ACTIVITIES THAT PROVIDE OPPORTUNITIES FOR GROWTH AND EXCHANGE.



### SPECIAL OLYMPICS

MORE THAN 1.3 MILLION OPTICAL FRAMES AND SUNGLASSES DONATED OVER THE PAST 18 YEARS

## United Nations 2030 Sustainable Development Goals

Sustainability is at the heart of the Safilo's business strategies and is based on the development of projects and initiatives that can contribute to the achievement of the United Nations 2030 Sustainable Development Goals, and aim to create shared social, environmental and economic value in the communities in which we operate.

Safilo's attention is focused, in particular, on goals 3 (Good Health and Wellbeing), 4 (Quality Education), 5 (Gender Equality), 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 9 (Industry Innovation and Infrastructure), 10 (Reduced Inequalities), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life below Water), 15 (Life on Land), and 17 (Partnerships for the Goals).



# 1. SAFILO

## 1.1 OUR ORIGINS AND HERITAGE

**Safilo Group is one of the eyewear industry's principal players in the design, manufacturing and distribution of optical frames, sunglasses, sports eyewear, goggles and helmets.**

The origins of the Group's activities date back to 1934, when Guglielmo Tabacchi purchased the first Italian eyewear lens and frames production facility, which had been in business since 1878 in Calalzo di Cadore, and established the "Società Azionaria Fabbrica Italiana Lavorazioni Occhiali", the longest-standing eyewear manufacturer in the industry.

Safilo Group designs and manufactures its collections by blending stylistic, technical and industrial innovation with quality and skilful craftsmanship. Research, development and design have always been the Group's cornerstones: thanks to its constant experimentation with new materials and shapes, specific skills and savoir-faire, Safilo sets the latest eyewear fashion trends worldwide and plays a key role in the global eyewear industry.

### 1.1.1 OUR ESSENCE

**Our purpose** is the very essence of who we are.

We are a globally leading Italian eyewear creator and trusted partner.

Brand led, Design inspired. We are passionate about creating unexpected, innovative eyewear brands firmly rooted in our unmatched savoir-faire of craftsmanship, selling them across the world reflecting each brand's unique identity and inspiring people all over the world to desire and wear them with pride. We cultivate long-term partnerships built on trust to create mutual value and consistently exceed expectations among ourselves as employees and with our customers and stakeholders.

**Our values** are what we believe in as a company.

**Our competencies** define our unique contributions and where each of us must excel to realize our purpose.

Our purpose, values and competencies drive the vision of who we want to be: a sustainable leader.

We aspire to be a **trusted partner and premier eyewear creator**.

The **Group's values** guide us towards a more sustainable future.

## PEOPLE

For us, empowering people means listening to their needs, meeting their expectations, rewarding results, improving living conditions, delivering high-quality products, sharing ideas, asking for feedback, and ensuring transparent and reliable collaboration. In short, growing together.

## SUSTAINABILITY

Sustainability is about taking a responsible, forward-looking approach to every action and decision, so that our business is sustainable in the long-term and contributes to the wellbeing of the planet and people, who are always at the heart of our mission.

## RESPONSIBLE INNOVATION

We invest in innovation and digital technology, adopting an increasingly 4.0 approach in our industry, looking beyond the opportunities of new technologies, improving working conditions and productivity, and aiming to be at the forefront of sustainable growth.



## 1.2 THE PRODUCT AT THE HEART OF OUR HISTORY

<p><b>1878</b></p>  <p>First Italian manufacturing site in Calalzo di Cadore for lenses and frames</p>	<p><b>1934</b></p>  <p>Safilo is born</p>	<p><b>1970</b></p>  <p>Safilo opens sales offices in many European countries, patents the Elasta hinge and introduces the successful UFO model of sunglasses</p>	<p><b>1980</b></p>  <p>Acquisition of US eyewear company Starline Optical Corp (then Safilo USA)</p>
<p><b>1989</b></p>  <p>Industrial development with the new production facility in Longarone (Belluno), the largest Italian unit in the Group</p>	<p><b>1994</b></p>  <p>Opening of the first Safilo Far East legal entity</p>	<p><b>1996</b></p>  <p>Acquisition of Carrera and American Smith Sports Optics</p>	<p><b>2005</b></p>  <p>The shares of Safilo Group S.p.A. were listed on the Milan Stock Exchange</p>
<p><b>2012</b></p>  <p>Polaroid Acquisition</p>	<p><b>2015-2017</b></p>  <p>New license partnerships and commercial expansion through direct subsidiaries in emergin markets (Dubai and Turkey)</p>	<p><b>2018</b></p>  <p>2023 Strategic Business Plan, Share Capital Increase and New Refinancing Agreement, Launch of ChromaPop Lens Technology Made in Italy for Smith Goggles</p>	<p><b>2019</b></p>  <p>2024 Strategic Business Plan, New license partnerships and commercial expansion through a new joint venture in South Korea, Launch of ECONYL® regenerated nylon in eyewear collections, Recyclable, recycled and FSC certified marketing materials</p>
<p><b>2020</b></p>    <p>Acquisition of Privè Goods LLC and Blenders Eyewear LLC New license partnerships First sunglasses made with ocean waste plastic Polaroid Staysafe PPE products Certification ISO 45001 and ISO 50001</p>	<p><b>2021</b></p>   <p>New license partnerships and commercial expansion through a direct subsidiary in Poland Share Capital increase Launch of Smith "IMPRINT 3D" technology Recycled and bio-based materials in eyewear collections "Metal X" patent in Longarone plant to reduce the use of precious metals Certifications ISCC Plus and GRS</p>		

## 1.3 WE ARE A KEY LEADER IN THE WHOLESALE EYEWEAR MARKET

The year 2021 was positive for the eyewear market, marking a strong post-Covid recovery and bringing us above 2019 pre-pandemic levels.

The wholesale market for frames and sunglasses, which was approximately EUR19 billion in 2021, grew about 4% between 2016 and 2019. Safilo expects the markets to continue to grow in the next five years, underpinned by favourable demographics, premiumization, and an increasing level of education regarding vision correction and protection.

Safilo Group is one of the eyewear industry's principal players. With an extensive global presence, our business model enable us to monitor the entire production and distribution chain: from research and development, with prestigious design studios in Padua, Milan, New York, Hong Kong and Portland, to production, with our own company-owned production facilities and network of qualified manufacturing partners, thanks to which the Group is able to ensure that every product offers the perfect fit and meet the highest quality standards, and distribution.

The creation of shared value for all stakeholders is at the heart of Safilo's strategy and, thanks to its own brands and licensed brands, **Safilo covers all market segments**, from Fashion Luxury to more dynamic products for customers with a contemporary style and a focus on value for money, or for customers interested in sustainable and technological innovation.

Safilo designs and manufactures collections of optical frames, sunglasses, sports eyewear, goggles and helmets that combine research with innovation and style **to meet the expectations and needs of different brands, opticians and the end consumer.**

We are firmly convinced that the eyewear sector makes a positive contribution to people's quality of life by providing better eyesight.

### Our Brands

The Group's portfolio includes own core brands and licensed brands.

Own core brands are strategically crucial to the Group's development goals which is why alongside those already part of its portfolio - Carrera, Polaroid and Smith among the main ones - there have recently been two great new additions through direct acquisitions, Blenders Eyewear and Privé Revaux.

The Group's licensed brands are among the leading and most diversified in the eyewear sector.

A multitude of fashion houses turn to Safilo for their eyewear collections, recognizing the great expertise and knowledge that it has built over the years, its ability to best interpret and enhance every single brand's DNA, and the unique *savoir-faire* that enables it to create success stories in the eyewear industry.



## Own Core Brands

Safilo's Own Core Brands are of high strategic importance for the Group's future development and objectives, each playing a key role in the respective market segment.

**CARRERA**  
EYEWEAR SINCE 1956

**Polaroid**  
The Original Polarized since 1937

**PRIVÉ REVAUX**  
EYEWEAR

**SMITH**  
**SAFILO**  
MADE IN ITALY DAL 1934

  
**B L E N D E R S**  
E Y E W E A R

SEVENTH STREET  
by Safilo

## Licensed Brands

Safilo's portfolio of licensed brands is one of the most significant and diversified in the eyewear market. Each of the licensed brands is designed and positioned for a specific market segment and target consumer, and they are ruled by exclusive contracts that provide for royalties and marketing contributions to the licensors.

JIMMY CHOO

CAROLINA HERRERA\*

**BOSS**

ISABEL MARANT

**MISSONI**

TOMMY HILFINGER

MARC JACOBS

**MOSCHINO**

**DSQUARED2\***

**PORTS**

  
CHIARA FERRAGNI\*

**havaianas®**



kate spade  
NEW YORK

rag & bone  
NEW YORK

EYEWEAR by DAVID BECKHAM

  
UNDER ARMOUR

LIZ CLAIBORNE

  
MISSONI

**TOMMY**  
JEANS

REBECCA MINKOFF

**HUGO**

LOVE  
MOSCHINO

Juicy Couture

pierre cardin  
PARIS

**FOSSIL**

  
Levi's

BANANA REPUBLIC

(\*) From 2022

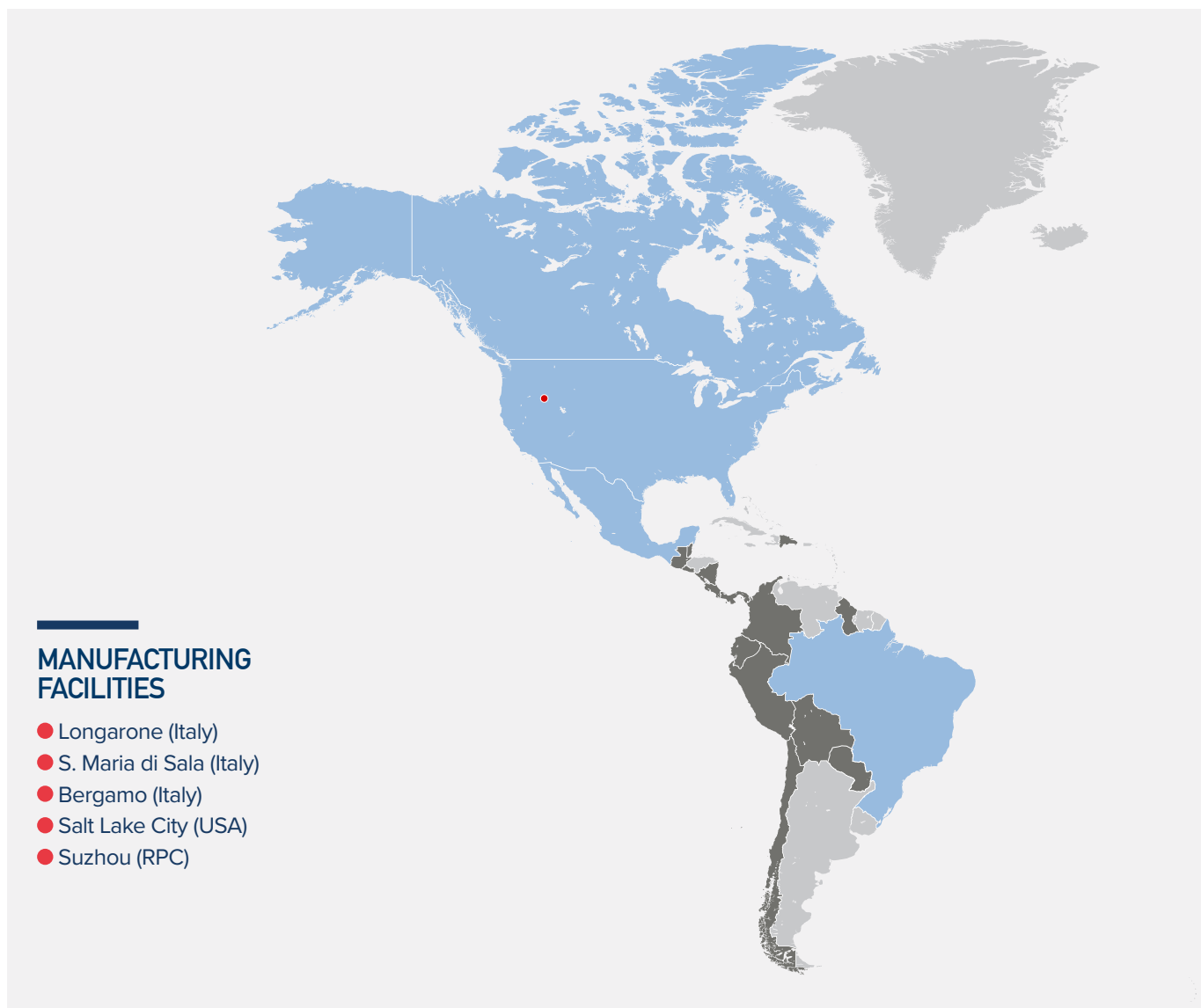
## 1.4 GLOBAL REACH IN THE EYEWEAR MARKET

With an extensive wholly owned network of subsidiaries in around 40 countries – in North and Latin America, Europe, Middle East and Africa, Asia Pacific and China – and more than 50 distribution partners in key markets, Safilo is committed to quality distribution of its products in nearly 100,000 selected points of sale all over the world, including opticians, optometrists, ophthalmologists, distribution chains, department stores, specialised retailers, licensors' own stores, duty free shops and sports shops.

Safilo's well-established wholesale distribution model is complemented by Direct-to-Consumer e-commerce platforms and Internet pure player customers, in line with the Group's development strategies.



# SAFILO IN THE WORLD



## Commercial network

### THE AMERICAS

Brasil  
Canada  
Mexico  
USA

### EUROPE

Austria  
Belgium  
Czech Rep.  
Denmark  
Estonia  
Finland  
France  
Germany  
Greece

Hungary  
Ireland  
Italy  
Latvia  
Lithuania  
Netherlands  
Norway  
Poland  
Portugal

Russia  
Slovenia  
Slovenska Rep.  
Spain  
Sweden  
Switzerland  
Turkey  
UK

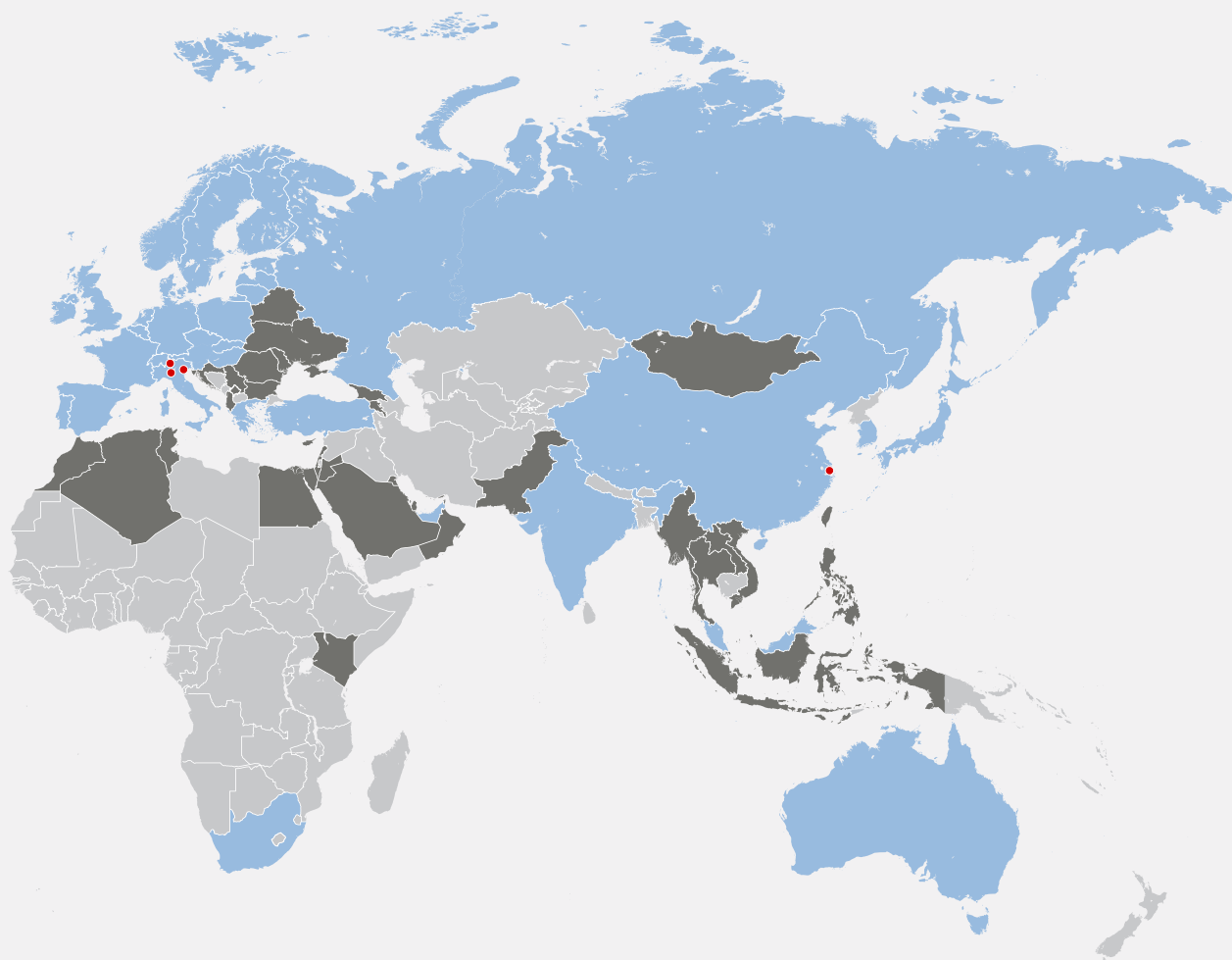
### ASIA PACIFIC

Australia  
China  
Hong Kong  
India  
Japan  
Malaysia  
Singapore  
South Korea

### REST OF THE WORLD

South Africa  
United Arab Emirates





### Independent distribution partners

#### THE AMERICAS

Aruba  
Belize  
Bolivia  
Chile  
Colombia  
Costa Rica  
Dominican Republic  
Ecuador  
Guatemala  
Guyana  
Nicaragua  
Panama  
Paraguay  
Perù  
Salvador

#### EUROPE

Albania  
Armenia  
Belarus  
Bulgaria  
Croatia  
Georgia  
Kosovo  
Moldova  
Romania  
Serbia  
Ukraine

#### ASIA PACIFIC

Indonesia  
Mongolia  
Myanmar  
Philippines  
Taiwan  
Thailand  
Vietnam

#### REST OF THE WORLD

Algeria  
Cyprus  
Egypt  
Gulf Cooperation Council  
Israel  
Jordan  
Kenya  
Lebanon  
Morocco  
Pakistan  
Saudi Arabia  
Tunisia

## 1.5 KEY FIGURES AND DISTRIBUTION OF 2021 ECONOMIC VALUE

### People and management

- **4,545** employees all over the world
- 20 Executives, 7 nationalities
- 78 Directors, 11 nationalities

### Structure and distribution

- **5 plants:** three in Italy (Longarone (BL), Santa Maria di Sala (VE), Bergamo (BG)), Salt Lake City in the USA, and Suzhou in China
- **3 main distribution centres:** Padua, Denver (Colorado, USA), Hong Kong
- **nearly 100,000** selected points of sale reached all over the world
- **Direct-to-Consumer e-commerce platforms and Internet pure player customers**

### Financials results

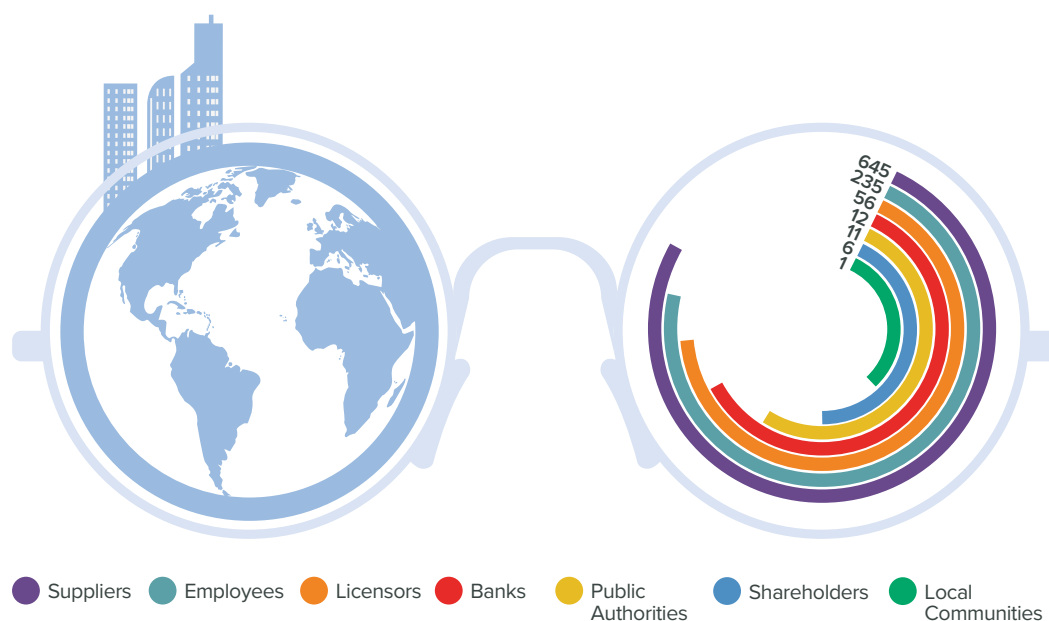
- Net sales at Euro **969.6** million
- Ebitda pre non-recurring items at Euro **81.5** million
- Group net result pre non-recurring items at Euro **27.4** million

As a consequence of its activities, Safilo contributes to the growth of the social, economic and environmental context it operates in.

The economic value generated by Safilo in 2021 has been equal to Euro 986.7 million, of which:

- Euro 965.4 million distributed to the following stakeholders: employees (salaries, wages and benefits), suppliers (operating costs), licensors (royalties paid), public authorities (taxes), banks (interests and commissions), local communities (donations), and shareholders (interests on shareholder loan);
- Euro 21.3 million retained by Safilo as Group net result.

### DISTRIBUTION OF ECONOMIC VALUE (VALUES IN EURO MILLION)



The economic value generation and distribution have been calculated on the basis of the financial and economic results for the year ending on December 31, 2021.

The Group's economic and financial aspects are described in more depth in the Group document "2021 Annual Report", including the economic and financial impacts of Covid-19 and the conflict between Russia and Ukraine.

## 1.6 TAX TRANSPARENCY

### Approach to tax, tax governance, control, risk management, and stakeholders engagement

Safilo considers taxes as an integral part of its economic contribution in the countries in which it operates, and of the Group's social responsibility towards its stakeholders.

Safilo's approach to taxation is based on being compliant with the relevant tax laws and regulations in the different countries in which the Group has its presence, adopting interpretations consistent with a responsible management of tax risk. In addition, the Group establishes relationships of collaboration and transparency with local tax authorities and does not hinder their verification and control activities.

The governance of the Group's taxation is managed by the Group CFO, who also considers the relative tax matters when defining Safilo's business strategies.

In order to ensure adequate supervision of tax aspects in the individual countries in which the Group operates, taxes are managed by the local managers of each company, supported by external consultants.

Safilo annually monitors tax risk through specific reporting provided by the Group's companies, which includes the analysis of potential tax risks, the evolution of current regulations, any tax audits in progress or completed during the financial year, and the results of any tax inspections.

In addition, the Group annually prepares the Country by Country Reporting - CBCR, which is integrated into the reporting filed by the reference shareholder HAL Holding N.V. to the Dutch tax authorities.

### Country by Country Reporting

In the following table are reported the information relating to the Country by Country Reporting for the fiscal year 2020, for the main tax jurisdictions in which the Group is present, Italy and United States of America, which represent approximately 70% of the Group's revenues from sales to third parties and tangible assets (other than cash and cash equivalents).

In the non-financial information statements for the next years, the Group will integrate the information with the data of the other tax jurisdictions in which it is present.

The data shown in the following table are expressed on the basis of the IFRS accounting principles adopted by the Group as reported by the entities at a stand-alone level for the purposes of the consolidated financial statements, and subsequently aggregated by tax jurisdiction.

In order to report intercompany transactions, the data are represented according to a logic of aggregation by tax jurisdiction, and not of consolidation.

The values are expressed in euro, the parent company's reference currency. Since the IFRS accounting data are extracted in local currencies, the economic data (such as revenues, profit/loss before tax, accrued taxes and taxes paid) have been converted into euros at the average exchange rate of the currency, while the balance sheet data (tangible assets) were converted into euro at the year-end exchange rate.

Economic data and corporate income tax paid (on a cash basis) are related to the financial year from January 1 to December 31, 2020 (for Privè Goods LLC and Blenders Eyewear LLC from the related acquisition date, respectively on February 10, 2020 and June 1, 2020).

The number of employees refers to the full time equivalent (FTE) data of the fiscal year 2020.

Tangible assets other than cash and cash equivalents refer to December 31, 2020.

With reference to the reconciliation between the theoretical and effective tax rate in relation to the Group's corporate income taxes, please refer to the related disclosure in the "2021 Annual Report".

Tax jurisdiction	Italy	United States of America
<b>Names of the resident entities</b>	Safilo Group S.p.a. Safilo S.p.a. Safilo Industrial S.r.l. Lenti S.r.l.	Safilo America Inc Safilo USA Inc Safilo Services LLC Smith Sport Optics Inc Solstice Marketing Corp Privè Goods LLC Blenders Eyewear LLC
<b>Primary activities of the organization</b>	Design, manufacturing and distribution of optical frames, sunglasses, sports eyewear, goggles and helmets	
<b>Number of employees</b>	2,324	702
<b>Revenues from third party sales (in thousand of Euro)</b>	176,260	333,116
<b>Revenues from intercompany transactions with other tax jurisdictions (in thousand of Euro)</b>	253,290	14,323
<b>Profit (Loss) before tax (in thousand of Euro)</b>	(227,325)	(2,395)
<b>Tangible assets other than cash and cash equivalents (in thousand of Euro)</b>	148,292	136,266
<b>Corporate income tax paid on a cash basis (in thousand of Euro)</b>	(822)	3,613
<b>Corporate income tax accrued on profit/loss (in thousand of Euro)</b>	(159)	17,671

## 1.7 EU TAXONOMY (REGULATION EU 2020/852)

On the basis of Article 8 of EU Regulation 2020/852, non-financial companies are required to communicate several KPIs in the Consolidated Non-Financial Information Statement: from the share of turnover from products or services associated with economic activities considered environmentally sustainable, to the share of capital expenditure (Capex) and operating expenses (Opex) relating to assets or processes associated with economic activities considered environmentally sustainable.

In particular, an economic activity is considered environmentally sustainable if it contributes substantially to achieving one or more environmental objectives defined by the Taxonomy, such as mitigation or adaptation to climate change, sustainable use and protection of water and marine resources, or the transition to a circular economy and the prevention and reduction of pollution, up to the protection and restoration of biodiversity and ecosystems. Furthermore, to be considered sustainable, an economic activity must not cause significant damage to any of the environmental objectives, must be carried out in compliance with the minimum safeguards, and must comply with the technical criteria provided.

For 2021, the reporting relates to the environmental objectives of mitigation and adaptation to climate change in compliance with the following regulatory changes:

- June 2021: the EU Delegated Regulation 2021/2139 established the technical criteria according to which an economic activity is considered to contribute substantially to these objectives;
- July 2021: the EU Delegated Regulation 2021/2178 has been published and integrates the provisions of Article 8 of the Taxonomy, specifying the contents, methodology and presentation methods of the information that must be communicated. Non-financial companies have to disclose only the share of economic activities eligible or not eligible for the Taxonomy, in the context of their turnover, capital expenditures and total operating expenses, and the qualitative information referred to the section 1.2 of Annex I, relevant to this information.

In order to prepare the required information, the Group has considered the applicable legislation as specified above, in addition to the clarifications issued by the European Commission in the form of Q&A in the months of December 2021 and February 2022, adopting an overall prudent approach.

This disclosure has therefore to be considered as indicative, and could be subject to further analysis and revisions with the publication of the Consolidated Non-Financial Information Statement relating to the financial year 2022, on the basis of further regulatory interpretations that may occur in the coming months.

Therefore, it should be noted that the legislation is complex, recently implemented and constantly updated, it requires interpretation and its next evolution could give rise to more interpretative clarifications for its application.

The first step envisaged by the methodology adopted was to carry out a screening to identify the economic activities of the Group and verify whether they could be included among those currently eligible for the Taxonomy, based on the descriptions reported in the Annexes to the Delegated Regulation 2021/2139, and with reference to the objectives of mitigation and adaptation to climate change.

As a result of these analysis, **none of Safilo's economic activities are eligible, and therefore the total turnover, investments and operating costs of the year 2021 have to be considered as "non-eligible"**.

It is also noted that the limited review of this Consolidated Non-Financial Information Statement, performed by the Independent Auditors Deloitte & Touche S.p.A., does not extend to the information disclosed in this paragraph.

## 2. A SUSTAINABLE BUSINESS

### 2.1 OUR KEY STRATEGIES

In December 2019, we presented our key strategies which set the foundation for the Group's sustainable growth journey for the future.

The Group aims to deliver sales growth and margin expansion through a modern customer-centric and consumer-oriented business model, powered by a new digital transformation strategy.

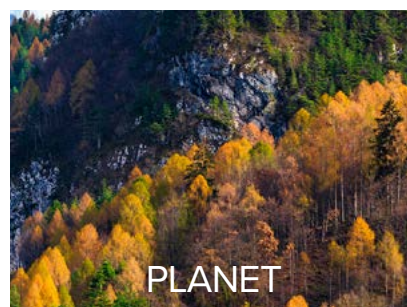
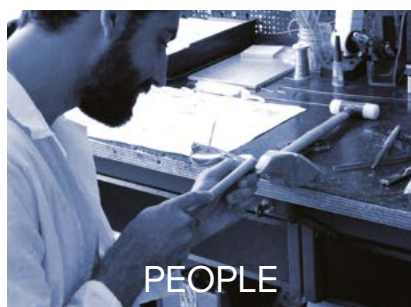
These strategies are:

**sales growth** through a new digital transformation strategy, with focus on core brands, market opportunities, product and channel balance, while we continue leveraging our strongholds such as our leadership in design, product development and innovation, our global commercial footprint, our know-how in brand management, embedding digital and e-commerce into our way of working and selling, and putting the consumer and customer at the heart of what we do;

**margin expansion** through a new industrial plan and ongoing costs optimization to enable economic and financial solidity and the ongoing recovery of higher margins, realigning the Group's industrial footprint to the new production scenario, and by driving margin improvement from cost of sales savings, and overhead reduction.

Sustainability is core to Safilo's strategy and our key strategies aim to transform the business and operations for a sustainable, profitable growth.

### 2.2 OUR 3 PS APPROACH - PEOPLE, PRODUCT, PLANET



To us, **sustainability means taking a long-term view and making business decisions that are a win-win for all our stakeholders**, contributing to the growth of the social, economic and environmental context in which we operate. Our approach to sustainability is strategically motivated and practically implemented.

**We focus on our 3 Ps - People, Product, Planet - to steer our business responsibly**, ensuring we deliver the best products in ways that protect the environment and enhance people's lives.

Underscoring this approach are fundamental beliefs and behaviours that are vital to achieving our sustainability vision while driving long-term value creation.

**We are driven by our heritage:** a history of longstanding passion, perseverance and reliability and outstanding craftsmanship that started in Cadore (Italy) more than one century ago.

**We look forward in ways that honour our past:** staying true to our origins while investing to modernize our products and processes. Through our Global Innovation Centre, design studios disseminated all over the world, and our manufacturing network, we are able to invest not only in technologies, but also in human capital, as our people are the key to the Group's long-term success.

**We act with integrity:** focused on our product excellence, with great attention to details and to changing styles and evolving market dynamics, striving to preserve and enhance our expertise and knowledge, we pass down our precious heritage through valuable apprenticeships. We carefully select our business partners to ensure we share long-term goals and can learn and grow together.

## 2.3 MATERIALITY ASSESSMENT

Through a materiality assessment, the Group identified the environmental, social and governance (ESG) issues most relevant for the organization and our stakeholders. **The issues considered material are those having a substantial impact on Safilo's economic, social and environmental performance** or that may substantially influence stakeholders' decisions. Therefore, as required by the Standards of the Global Reporting Initiative (GRI), we have defined and organised the contents of the Consolidated Non-Financial Information Statement in order to provide a disclosure on how Safilo manages sustainability.

In 2017, Safilo conducted its first materiality assessment through a process involving several representatives of the Group's management, taking into consideration the topics of the Legislative Decree 254/2016 and the European Commission guidelines on Non-Financial reporting. After an analysis of sustainability trends, sector and Safilo specific items, a set of relevant topics was selected and evaluated through a survey. Considering that this was our first materiality analysis exercise, the process did not involve external stakeholders. However, their views were taken into consideration by the managers involved in the assessment, who were, in turn, asked to evaluate the relevance of each topic from the perspective of Safilo's main stakeholders.

In 2019, Safilo performed a second stakeholder engagement process, involving both external and internal stakeholders, in order to update the materiality assessment analysing the related outcomes in terms of key topics and concerns raised. The survey was carried out using a google webform with a valuation scale from 1 ("not important") to 5 ("highly important"), and each sustainability topic was evaluated from two point of views: the relevance for Safilo and the relevance for stakeholders.

The stakeholder engagement process was performed in two phases:

- a) external stakeholders were involved at MIDO in February 2019 in Milan, gathering feedback on sustainability relevant topics from all stakeholder categories, such as customers and consumers, suppliers, licensors, Safilo employees, and shareholders;
- b) in the second half of 2019 the survey involved several representatives of the Group's management.

The feedback gathered confirmed as material and "highly relevant" all the topics already identified in the previous materiality assessment, while no additional relevant topics were highlighted.

Furthermore, the materiality matrix positioning for the sustainability topics was confirmed by the survey, with only a few changes in terms of a slight increase of relevance (mainly client satisfaction and licensor's trust) and a slight decrease of relevance (mainly industrial relations, diversity and inclusion, social impacts, governance & risk management).

For 2020 and 2021, considering that the Covid-19 emergency did not significantly alter the identified sustainability topics of the Group, Safilo confirmed the materiality analysis elaborated in 2019.

The materiality assessment allowed the Group to identify 16 topics across 6 areas: governance economic and compliance, product craftsmanship and innovation, integrity in the workplace, responsible partnerships, social responsibility and environmental responsibility. These are considered as highly relevant for Safilo, as illustrated in the materiality matrix below.



Safilo's ability to create value is profoundly interconnected with its ability to maintain an active dialogue with the stakeholders with whom the Group interacts in the regular performance of the business activities along the value chain, to gain a good understanding of their expectations and, as a consequence, build meaningful partnerships. In particular, our engagement with our main stakeholders - **employees, suppliers, customers, licensors, as well as shareholders, public authorities and local communities** – is vital to Safilo's long-term success.

Also in 2021, in line with normal practice for a listed company and in compliance with market regulations, Safilo actively interacted with shareholders through conference calls as per the corporate calendar published on the Safilo Group website, various ad hoc one-on-one and some group meetings, at the Group's Headquarters, in some of the core European financial markets, and via conference calls, with the purpose of maintaining a continuous dialogue with investors about the company.

Furthermore, as done in 2020, also in 2021 during the Covid-19 emergency Safilo actively interacted with its Stakeholders, mainly employees and customers, as better described in the following sections "5.3 Ensuring workplace health and safety" and "6.3 Our Customers".



## Safilo's Stakeholders



Safilo's **Sustainability** vision aligns the materiality matrix and stakeholder needs with the Group's key strategies and 3 Ps approach.

The **Safilo governance** structure provides the foundation for the Sustainability vision.



## Product Craftsmanship & Innovation

**“Excellence and quality”** is one of Safilo’s values, which is applied to every aspect of our business, and is an essential element of our products. Safilo aims to **provide superior products, constantly seeking out new technologies and leading-edge innovations**, applying rigorous safety standards and sharing accurate information about the origin of our products. In this context, the “Made In Italy” label is reflective of the excellence of Italian eyewear craftsmanship. Moreover, Safilo is focused on preserving the **Italian Eyewear craftsmanship heritage** by equipping future generations with the knowledge and skills needed to carry the traditions forward in innovative and sustainable ways.

## Integrity in the Workplace

**At Safilo**, we are focused on safeguarding the well-being of all employees, by **creating excellence in people management, fostering a climate of mutual trust and respect and valuing the input of each individual, respecting and promoting diversity and inclusion**. We invest in employee development and talent management programmes and ensure healthy employee relations.

## Responsible Partnerships

**Safilo cultivates long-term partnerships built on trust** to create mutual value and consistently exceed expectations, with its employees, customers, licensors and other stakeholders. To this end, Safilo is focused on **acting transparently, delivering on promises and providing reliable information about our activities**. Stewardship of this invaluable trust starts with our management and employees, who are expected to act openly and responsibly in all endeavours. Towards its business partners, Safilo complies with the aspects of its license agreement terms, protects confidential and proprietary information and operates transparently and fairly in commercial dealings.

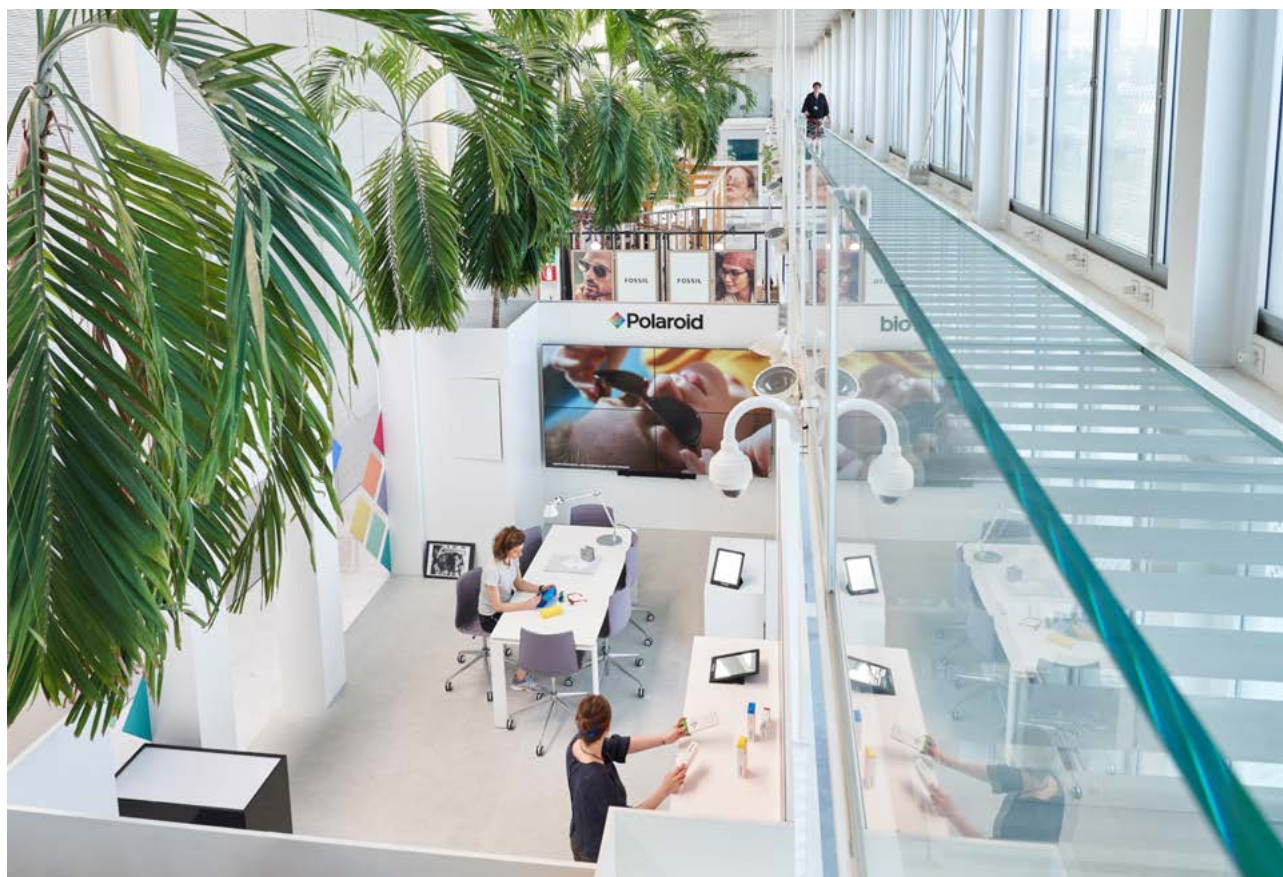
## Social Responsibility

**Safilo is focused on the development of the communities in which we operate**, striving to grow long-term partnerships that create opportunity and make a positive difference.

## Environmental Responsibility

**Safilo is committed to meeting all environmental laws and applicable regulations**, including rules governing the use, control, transportation, storage and disposal of regulated materials that may reach the environment as a part of wastewater, air emissions, solid or hazardous waste.

These pillars will be explored in further detail in subsequent chapters.



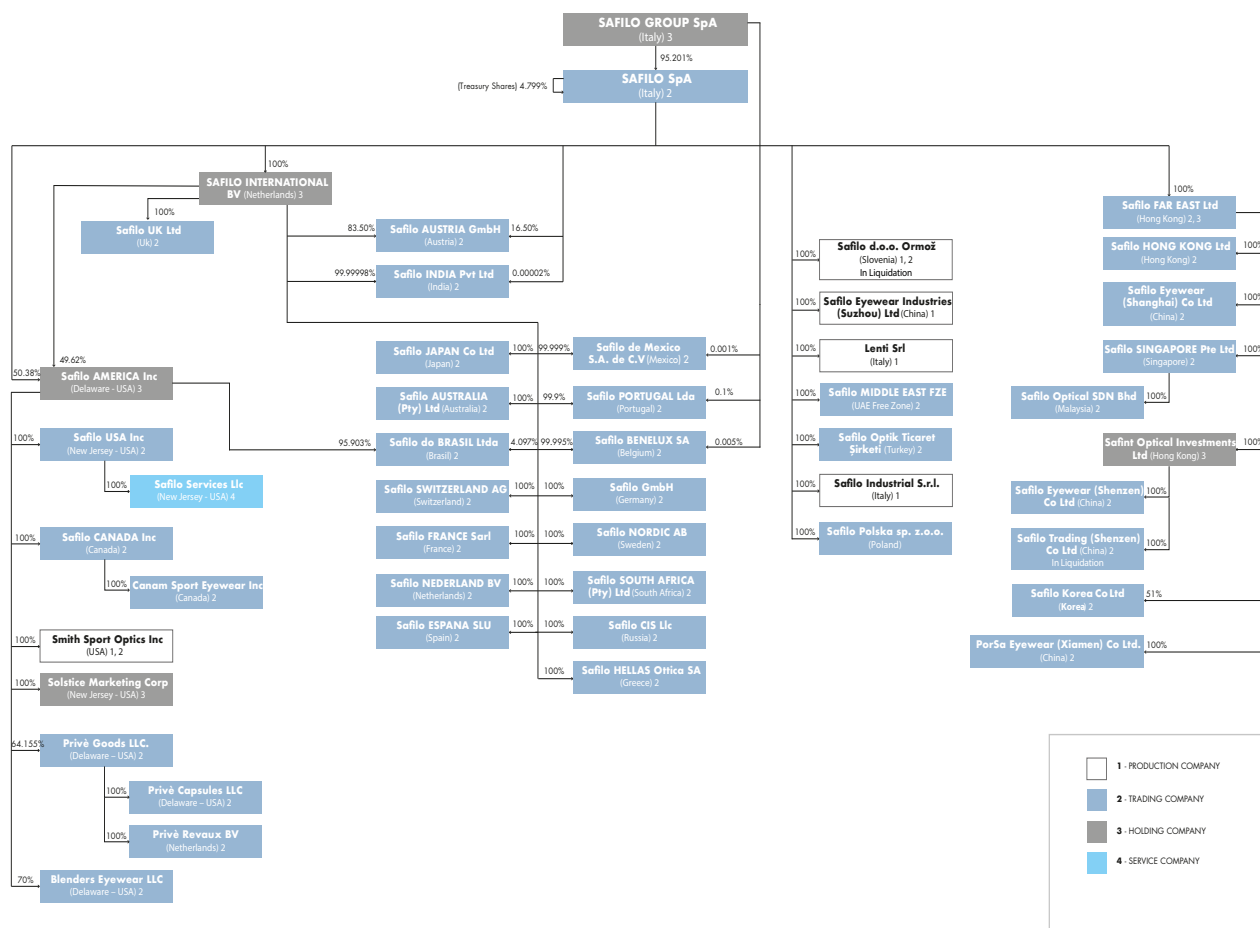
# 3. SAFILO GOVERNANCE

## 3.1 GOVERNANCE AND RISK MANAGEMENT

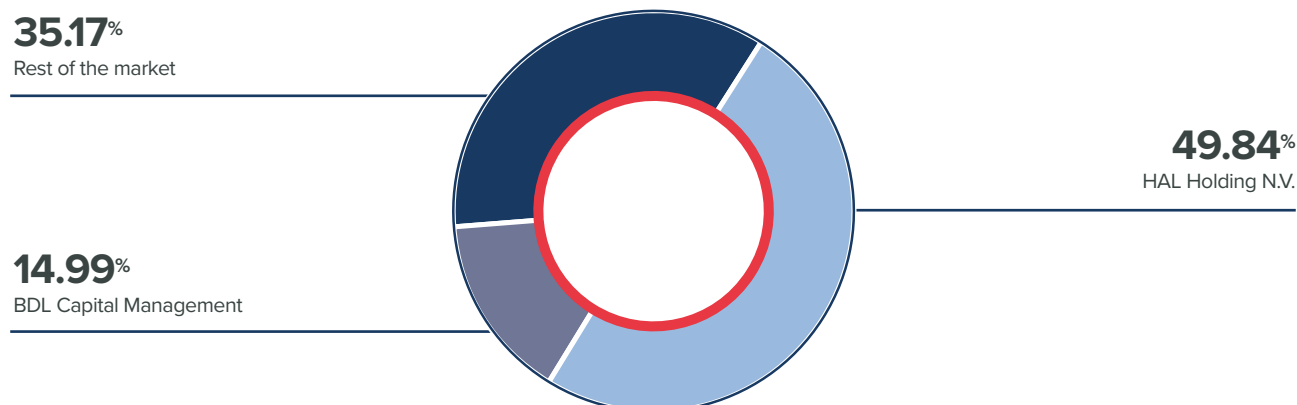
### Organizational Structure and Ownership

Headquartered in Padua, Safilo Group S.p.A. is listed on Euronext Milan of the Italian Stock Exchange.

The Group structure as at 31 December 2021 was the following:



The following chart shows owners of Safilo Group S.p.A. ordinary shares with shareholdings exceeding 5% of the share capital as at 31 December 2021.



## Corporate Governance

The Corporate Governance model adopted by Safilo aims to ensure transparent and responsible business operations, significantly contributing to medium and long-term value creation. The Governance system complies with the principles of the Corporate Governance Code for Italian listed companies issued by Borsa Italiana.

The structure of the Corporate Bodies and Committees of Safilo Group S.p.A. at 31 December 2021 is represented below and includes the Board of Directors and four Committees:

- the **Remuneration and Nomination Committee**: submits to the Board of Directors the policy for the remuneration of the directors and of the managers with strategic responsibilities and periodically evaluates its adequacy, overall consistency and actual application; it also submits proposals or expresses opinions to the Board of Directors on the remuneration of the managing directors and of the other directors provided with special assignments; expresses opinions to the Board of Directors regarding its size and composition;
- the **Transactions with Related Parties Committee**: has a consultative role in favour of the Board of Directors concerning transactions with related parties;
- the **Control and Risk Committee**: supports the assessments and decisions of the Board of Directors relating to the internal control and risk management system, and the approval of periodic financial and non-financial reports;
- the **Sustainability Committee**: supports the Board of Directors, with proposing and consultative functions, in assessments and decisions relating to sustainability. Please refer to the below “Focus on the Sustainability Committee”.

The Corporate Governance model includes also:

- the **Board of Statutory Auditors** responsible for ensuring compliance with the law, the articles of association and correct administration principles;
- the **Supervisory Committee**: established pursuant to Legislative Decree 231/01, is responsible to supervise the effectiveness, efficiency, maintenance and update of the organization, management and control model under the same Legislative Decree 231/01;
- an **Independent Auditing Company** responsible for the audit on the financial statements.

As at 31 December 2021, Safilo Corporate Governance included 18 effective members, of which 39% women and 33% in the age group 30-50 years and the remaining 67% in the age group over 50 years.

In 2018 the Board of Directors adopted and approved a “Diversity Policy” for the Board of Directors’ composition and the Board of Statutory Auditors’ composition.

## Focus on the Sustainability Committee

With effect from 1 January 2021, the Board of Directors appointed the Sustainability Committee, composed of members of the Board of Directors of the Company and managers of the Group, taking into account the role held and the functions performed in relation to sustainability matters.

In particular, the Committee supervises sustainability topics related to the relevant business and to its interaction dynamics with all the stakeholders, supports the Board of Directors in the definition of a sustainability strategy, monitoring its actual implementation, and oversees the evolution of sustainability matters also in the light of the related international guidelines and standards. The Committee has, therefore, a functional role to integrate both business and sustainability priorities within the Group strategy and to identify emerging opportunities to gain competitive advantages.

The Committee also verifies the general layout of the consolidated non-financial information statement, and the presentation of its contents, as well as the completeness and transparency of the information provided through the same report, reporting the outcome of its assessments, through its Chairman, to the Control and Risks Committee, that assess the suitability of the periodic non-financial information to correctly represent the business model, the Group strategies, the impact of its activities and the performances achieved.

For further information regarding the composition of the Group committees and corporate governance in general, please refer to Safilo’s “Corporate Governance Report 2021” available on the Corporate Website.

## RISK MANAGEMENT

Safilo takes an integrated and transversal perspective of risks in order to implement effective mitigation actions.

Safilo developed an **Enterprise Risk Management (ERM)** framework, with the aim of identifying and monitoring critical areas of risk (business, operational and compliance). The results of these activities are discussed on a semi-annual basis with the Control and Risk Committee, as part of the assessments under the responsibility of this Committee with regards to the adequacy of the internal control and risk management system.

With reference to sustainability, the Group monitors the main ESG risks generated or incurred, deriving from the business, and is aware of the impacts it has on the environment and society, strives to reduce negative impacts, and implements instruments and actions aimed at mitigating themselves.

The spread of the Covid-19 pandemic led, in the last two years, to a focus on the risk related to the business impacts deriving from the pandemic and the redefinition of the scope of some risks previously already identified.

The main risk factors associated with sustainability topics and the related management methods implemented by the Group are disclosed below.

## Environment

With regards to environmental topics, the Group aims at protecting the environment and preserving natural resources.

The main environmental responsibility risks refer to possible cases of non-compliance with the environmental legislation in force in the countries in which Safilo operates.

Environmental responsibility is a goal that permeates all aspects of the Group's daily operations, which is why Safilo has included in the Worldwide Business Conduct Manual a section dedicated to respecting the environment and current regulations promoting a sustainable business model and has in place reporting mechanisms aimed at managing any critical topics arising in the context of environmental responsibility. Environmental risks are also monitored within the organization, management and control model under Legislative Decree 231/01 for Italian entities.

2021 was a particularly important year for the significant number of materials and solutions with reduced environmental impact that Safilo introduced in its collections and production processes, from the use of "Metal X" innovative patent to reduce the use and consumption of precious metals (like palladium) in galvanic treatments, to the introduction of recycled and bio-based materials in the eyewear collections.

In 2021, Safilo successfully completed the process to obtain the ISCC Plus certification (International Sustainability & Carbon Certification standard) for the Padua distribution center and for the production plant of Santa Maria di Sala, a sustainability certification which establishes the traceability of bio-based and recycled materials throughout the supply chain.

In addition, in 2021 Safilo also obtained the GRS certification (Global Recycled Standard) for the Padua distribution center, an important international standard for sustainable production using recycled materials and in compliance with environmental, social and ethical requirements.

Confirming the commitment to environmental risk prevention, in 2020 the Group obtained the ISO 50001:2018 certification for the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l., and headquarters of Safilo S.p.a. (expiration date on December 2023), and to contribute to the reduction of CO<sub>2</sub> emissions and promote a sustainable mobility, the Group started the renewal of the company car fleet in favour of hybrid vehicles. Safilo's sustainable change towards mobility is part of an energy efficiency plan and a progressive reduction of the ecological footprint of all the Group's activities, which has as its objective lower CO<sub>2</sub> emissions, a reduction in polluting consumption and, therefore, also greater protection of the environment and health.

In 2020, Safilo also announced the first sunglasses made with ocean waste plastic for The Ocean Cleanup, a Dutch non-profit environmental organization that develops advanced technologies to extract plastic pollution from the oceans, with the aim of turning the pollution of yesterday in the clean-up of tomorrow.

In 2019, Safilo adopted and approved a Group Environmental Policy based on five pillars: compliance with applicable environmental laws and regulations, minimisation of the environmental impact, supply chain awareness, encouraging employee participation and individual accountability for environmental actions, and transparency with stakeholders. The policy applies to all Safilo Group companies and employees worldwide, and to those acting on behalf of such companies.



Furthermore, Safilo is using eco-friendly and FSC certified marketing materials, and in 2018 performed a Life Cycle Assessment project in relation to a selected panel of frames and components, that will be re-performed in the coming years considering the updated Group industrial footprint, the actual eyewear products in portfolio and the new materials used in the production processes.

Finally, it should be noted that environmental risk is also monitored along the entire supply chain of the Group, through social audit activities of suppliers aimed at investigating numerous characteristics, including their approach to protect the environment and related certifications.

Any violations of the environmental legislation and principles included in the Worldwide Business Conduct Manual can be reported through the Group's whistleblowing service.



## Climate change

Safilo considers the relevance of the climate change in its management system and monitors the related risks.

The governance of climate change topics, as well as environmental matters, is entrusted to the Board of Directors with the consultative support of the Sustainability Committee in defining the related guidelines, as well as the Control and Risks Committee with reference to the management of related risks.

As illustrated in the previous paragraph regarding actions to mitigate environmental risks, the Group obtained sustainability and energy management system certifications, implemented initiatives aimed at improving the energy efficiency of Italian production plants and headquarters, and started the transition to a sustainable mobility of the company car fleet, with benefits in terms of lower energy consumption and the consequent costs and emissions reduction.

With reference to the metrics, the main indicators relating to energy consumption, emissions into the atmosphere, use of water resources and the production and management of waste, have been disclosed in the chapter "8 Environmental responsibility" and in the "Annexes". The metrics used refer to the most common practices in line with current GRI standards.

In the next years, the Group will continue to monitor the main parameters for measuring energy, emissions (scope 1 and scope 2), water resources and waste, and will manage the renewal phases of the ISO 50001 certification for the Italian production plants and headquarters.

As regards the risks related to climate change, in the short to medium term, there are no significant risks related to the production processes or markets in which the Group operates.

The Group is focused on the risks related to climate change with regards to the potential impacts in the medium to long term.

The climate change risks identified by the Group are related to the improper management of energy and emission sources, to transitory risks mainly related to regulation changes associated with the fight against climate change, and physical risks, such as risks arising from the progressive change of climate conditions related to long-term variations (chronic risks) and from extreme weather events (acute risks) that expose the Group to damage or destruction of "tangible capital" such as industrial buildings, machinery and infrastructure, potential interruptions of essential supplies, and potential reduction of production capacity.

With reference to physical risks, also monitored within the ERM framework, the Group's plants, located in different countries (Italy, China, and the USA), together with the extensive supplier network, guarantee an excess capacity to mitigate, if necessary, the production volumes of other sites impacted by extreme weather events or natural catastrophes, mitigating the climate change risks and related financial implications.



Regarding environmental responsibility risks and the transitory risks related to regulation changes associated with the fight against climate change, the Group monitors these risks and to mitigate them has implemented the actions described in the previous paragraph.



## **Human rights respect, social and people aspects**

With regards to human rights, Safilo monitors the risk of non-protection and non-promotion of fundamental human rights, and non-compliance with international human rights regulations and national labour laws. These topics are monitored by the Group both internally and along the supply chain.

As for people management, Safilo believes that respect for people and local communities is an essential pillar of its business model, at the workplace and in carrying out its activities.

Safilo's commitment to this topic is reflected in the Worldwide Business Conduct Manual, which defines the principles and standards of behaviour that all employees must adhere to, and the Group expects to be equally respected also by suppliers and business partners.

Safilo guarantees respect for diversity, a selection and hiring process in compliance with the principle of equal opportunities and ensuring personal data protection. Furthermore, the Group has always been committed to guaranteeing adequate industrial relations. Confirming the attention dedicated to these topics, in 2012 Safilo S.p.a. obtained the certification of the SA8000 Social Accountability Management System Standard (successively obtained also for Safilo Industrial S.r.l. and Lenti S.r.l.), which certified that Safilo's business system complies with the principles of social responsibility (freedom of association, human rights, refusal of forced labour, health and safety in the workplace, transparency). In 2018 the sites started a new certification cycle valid until 2021, and in October 2020 the renewal of the SA8000 certification has been successfully completed for the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l. (Longarone, Santa Maria di Sala, and Bergamo), and for the Milan showroom and Padua headquarters of Safilo S.p.a. (the certification will expire in January 2024).

As for diversity and equal opportunities, in 2018 Safilo adopted and approved a "Diversity Policy" for the governance bodies (Board of Directors and Board of Statutory Auditors).

With regards to health and safety, the main risks are related to possible injuries and occupational diseases involving the Group's employees. On this topic, the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l. (Longarone, Santa Maria di Sala, and Bergamo), the Chinese plant of Safilo Eyewear Industries Ltd (Suzhou), and the Padua headquarters of Safilo S.p.a., are certified according to the international standard ISO 45001:2018.

Furthermore, since 2020 Safilo is addressing the situation related to the Covid-19 pandemic with the utmost attention. From the outset, the Group's actions have been promptly focused on the health and safety of all its employees. The primary goal of protecting our people has been successfully achieved together with that of maintaining high service to our customers and ensuring business continuity.

To protect the health and safety of all employees and to ensure business continuity in compliance with all government protocols, Safilo has defined and implemented the "Protocol for the regulation of the measures to limit and contain the spread of the Sars-Cov-2 virus in the work place", while quickly implementing smart working solutions for office staff of Italian and foreign group companies.

Furthermore, a Covid-19 committee has been set up in each Italian plant, with the aim of reflect the government directives in the Safilo protocol, define the preventive measures to be implemented for the protection of employee health (in compliance with, and in addition, to the national protocol), monitor the epidemiological trend and redefine the most suitable regulations and measures in relation to the period, monitor and guarantee the application and compliance with the Safilo protocol.

The health and safety risks are also covered by the organization, management and control model under the Legislative Decree 231/01 for the Italian entities, as well as by the Worldwide Business Conduct Manual.

As for social aspects along the supply chain, Safilo monitors the risk of non-transparency and integrity in its business relations with suppliers. To prevent these risks, the Group adopted a Corporate Responsible Sourcing Supplier Manual which confirms the principle for the respect of human rights, monitored through social audit activities along the entire supply chain, based on social and environmental criteria. Safilo also guarantees the correct management and protection of business partners' confidential data, as defined in the Worldwide Business Conduct Manual.

Any violations of the human rights respect, social and people aspects, can be reported through the Group whistleblowing service.



## Active and passive corruption

Safilo promotes and monitors the responsible management of business activities. The main risks in terms of governance, business ethics and compliance are related to possible errors or fraud, or to non-compliance with laws and regulations at a national and international level.

Topics related to business ethics and compliance with laws and regulations in force, anti-corruption, fair competition, and anti-money laundering, are covered by the adoption of the organization, management and control model under Legislative Decree 231/01 for Italian entities, as well as by the application of the principles stated in the Worldwide Business Conduct Manual and those of the Anti-Bribery and Anti-Corruption Policy adopted by the Company in 2020.



## Cyber security

The main risks related to cyber security refer to possible cases of fraud and cyberattacks, which are generally conducted against companies with increasing frequency and complexity. The protection of the integrity, availability and confidentiality of data and information is a primary objective of the Group ICT function and digital strategy.

Following the emergency for the Covid-19 pandemic, Safilo accelerated the adoption of technologies and services that allowed users to work easily remotely, new digital services to customers while continuing the transformation plan of the Group core systems towards the adoption of SAP as single ERP, and the disposal of legacy systems in different European subsidiaries.

The Group continued the work undertaken to ensure the best protection of ICT systems and data, to monitor risks associated with cyber threats and to increase security through initiatives involving technology, systems, process and human resources.

In particular, in 2021 the Group focused on consolidating the safeguards and security technologies implemented globally since 2020, with projects and initiatives aimed at:

- consolidating the "detection and response" capability for malicious events through the extension of EDR (Endpoint Detection and Response) agents combined with the implementation of an external IRT (Incident Response Team) service active 24/7;
- continuing the awareness program with phishing campaign simulations to Group employees, to increase end-user awareness among security topics and periodically sending "information security pills" to provide advice, suggestions, recommendations and reminders, about security treats, the correct use of company devices, and good practices for the use and management of company data;
- reviewing internal security policies to better adapt them to the context of smart working;

- introducing new security technology layers and applications, such as the password vault for the protection of privileged administrator accounts, the introduction of Multi-Factor Authentication (MFA) as a second key step in the authentication process, and the extension of the use of encryption systems;
- scheduling a series of technological assessment initiatives defined within a security roadmap for 2022-2023, to execute activities aimed at identifying possible system vulnerabilities and related mitigation actions (“Vulnerability Assessment & Penetration Test”) or reduce possible fraud when using online service.

## 3.2 BUSINESS ETHICS AND COMPLIANCE

### Ethics and Integrity

In 2006, Safilo adopted a **Code of Ethics**, and resolved to confirm and adopt principles of fairness, loyalty, integrity and transparency to govern the Group’s behaviour, work methods, and management of relations, both within the company and with third parties.

In 2017 the Code of Ethics was substituted by a new Worldwide Business Conduct Manual. The “**Worldwide Business Conduct Manual - The Safilo Way**” translates the Group’s governance principles into standards of business conduct that guide the Group’s daily actions and decisions, internally and with customers, license partners, authorities and other stakeholders. The Safilo Way establishes the worldwide reference standards that are applied in each country.

**The Safilo Way underlines the importance the Group places on acting with integrity and responsibility towards employees, shareholders, business partners, governments and, in general, all people.**

### Anti-corruption and anti-bribery

Safilo does business in conformity with the highest standards and in compliance with applicable laws and regulations. In 2020 the Group adopted the Anti-Bribery and Anti-Corruption policy, which represents a further step forward in enhancing a general culture of compliance in the company and is in line with the ethical behavioural standards set out in the Worldwide Business Conduct Manual. The policy aims to:

- clearly state Safilo’s commitment to “**zero tolerance**” of **bribery and corruption**, in compliance with locally applicable anti-bribery laws;
- define principles which serve to detect and prevent potential acts of bribery and corruption; and
- ensure the effective application of Safilo’s “zero tolerance” approach.

In addition, the organization, management and control model under Legislative Decree 231/01, which applies to the Italian companies of the Group, includes general rules of conduct as well as more specific protocols, including control activities that must be respected when performing related activities, that have been defined to prevent the commission of crimes, inter alia, related to bribery and corruption.

Employees of the Italian Group’s companies participate on a regular basis to training sessions on the organization, management and control model under Legislative Decree 231/01.

## Whistleblowing

In 2017, following the launch of the Worldwide Business Conduct Manual a new whistleblowing process was implemented with the aim of providing a means for employees, customers, suppliers and business partners to communicate concerns of possible violations of the Worldwide Business Conduct Manual, the organization, management and control model under Legislative Decree 231/01, or the law, while protecting their identity should they so wish.

Any misconduct reports received are managed by the Internal Audit function and evaluated by the Assessment Committee as defined in the “Worldwide Business Conduct Manual Compliance Reporting Procedure” published on the Safilo Group website.

The whistleblowing programme is active at a worldwide level with two different channels:

- Dedicated email address available worldwide;
- EthicsPoint web and telephone reporting system available in some countries.

Possible breaches of the organization, management and control model under Legislative Decree 231/01 can also be reported to the email address of the Supervisory Committee.

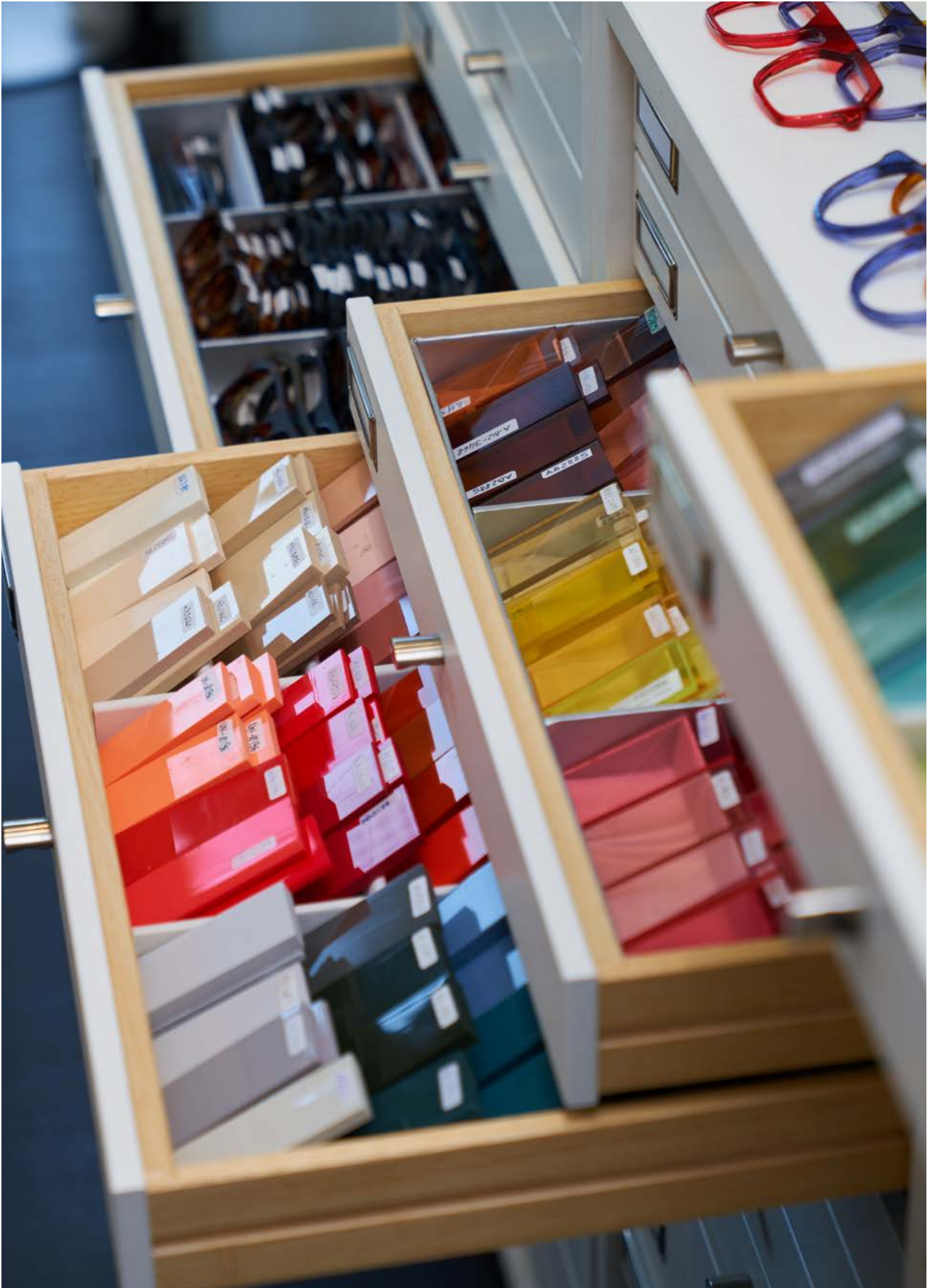
No corruption cases have been reported during 2021.

### Ethicspoint

**Safilo EthicsPoint website** represents a comprehensive and confidential reporting tool and supports the Safilo Way, providing a means for employees, customers, suppliers and business partners to communicate possible misconducts. In the first place, the employee is encouraged to raise concerns directly with the line manager or the next level manager or to directly contact the Head of Global Internal Audit.

The Safilo EthicsPoint is run by an independent company and is available through a 24/7 multilingual web-based service. The Company does not tolerate retaliation of any kind for reports made in good faith. Anonymous reporting is allowed where permitted by local law. The website even allows to follow-up on reports, even if anonymous.

The EthicsPoint system is active in Italy, France, USA, UK, Spain, Germany and Portugal.





## 4. PRODUCT CRAFTSMANSHIP & INNOVATION

### 4.1 HERITAGE OF OUR PRODUCTS



Safilo's products are an expression of the Group's identity, each of them representing, on the one hand, our connection to the past, tradition and craftsmanship, and, on the other hand, our vision for an innovative and sustainable future.

Calalzo di Cadore, in the Belluno District, is an area in the North East of Italy where the Italian eyewear industry was born. There, between 1877 and 1878, Angelo Frescura founded the artisan workshop that later became the first Italian industrial complex producing lenses and frames, making a start of Safilo's history.

This heritage provides the foundation for each product, providing a legacy of proven ideas, methods and innovations and offering inspiration for how to adapt to the present and anticipate the future.

## 4.2 MADE IN SAFILO

As part of its key strategies, Safilo has planned to gradually increase the percentage of glasses and components produced within Safilo's plants, behind a modernization of facilities and improvements in production lead-time, product quality, inventory, and cost management.

Furthermore, Safilo is focused on tracking and providing accurate information about the origin of its products and on complying with related applicable laws.

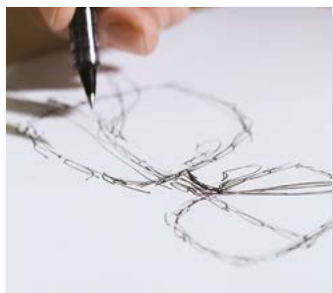
In this context, the **“Made In Italy” label** is core to Safilo. It confirms the product's authenticity and reflects the genuine product savoir-faire of Italian-origin manufacturing.



## 4.3 SAFILO CREATION PROCESS: A PRODUCT-MINDED PROCESS

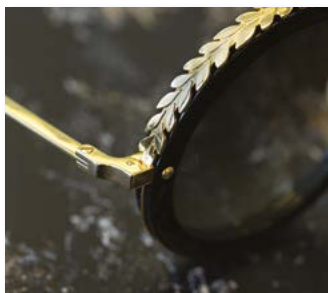
A consistent integrated process, that starts with the study of the relevant macro-trends and ends with the creation of sunglasses and optical frames.

Each and every pair of glasses is characterized by an attentive and detailed development process, in which a relevant part of the working process is handmade manufacturing.



#### From the first drawings...

Everything starts in Safilo's **Product Design and Creation Department**: designers express their creativity to develop new collections, based on the style concepts discussed with the Brands for the creation of each collection.



#### ... to hand-made prototypes

The results are 2D drawings, that are used to create renderings and then **prototypes**, which perfectly represent each detail of the original sketch. These handmade samples are finally selected and approved by the Brands.



#### Towards industrialization

Once the design aspects have been defined, a careful strategic analysis guarantees the **industrialisation of the product**. This is the start of a development process able to merge creative intuition and production requirements, through the definition of all technical aspects to finally launch the production.



#### Research for the best materials

Even if with different technologies and materials, Safilo applies to each and every product the same criteria of aesthetic and qualitative excellence, that starts with a careful examination of **the raw materials and semi-finished products**. The technical certification of materials, machinery and processes gives the green light to production.



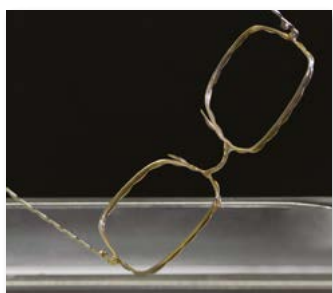
#### The supply chain

Safilo's production facilities are specialized in the four different production materials: **metal, acetate, injection moulded plastic, and Optyl**.



#### The first steps of production

The production cycle starts with the manufacture of the frontal sections and **temples**. The **tumbling process** then finishes the various elements of the glasses. Any flaw in the metal, acetate, injection moulded plastic and Optyl is eliminated.



#### Galvanic and coloring process

Glasses and metal accessories are first **galvanised** and the meticulous attention to quality continues with the **colouring process**. It is in this delicate phase that **Safilo** obtains the stylish finishes that make its products unique: shades, transparency, contrasts and exclusive treatments.



#### Shaping the lenses

Different materials are used for sunglass lenses - **glass, polycarbonate, nylon** - all of the highest mechanical, physical and optical quality. The **cutting phase** entails a series of operations, such as shaping and engraving the lens. All these operations call for great expertise in the design phase, skill during processing and experience in the control phase.



#### The final steps

The production cycle ends up in the **assembly phase**. The frontal section, temples and lenses are finally merged to complete the glasses. The process ends with the **finishing phase**: lenses and frames are examined, mechanics of the temples are checked and hinges are adjusted/oiled.



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≈ 2,000

NEW MODELS ON THE MARKET IN 2021

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The markets and industries where the Group operates are continuously changing. To maintain excellence, quality and heritage, Safilo created a **Trends Observatory** to select and analyse what is on trend and why, allowing for the combination of **brilliant design and innovative ideas with a solid market-based approach, all without losing the connection to our roots**. Similarly, in order to succeed as a global leader, Safilo has opened **design studios around the world** (Padua, Portland, Milan, NYC, and Hong Kong) to bring to life a **network of designers of different origins and styles**. This variety infuses diversity and eclectic inspirations into the process of creating different lines and styles of eyewear, allowing the Group to stay ahead of evolving consumer and market trends.

The Group's designers combine intelligence from the Trends Observatory together with market analysis and potential specific brand innovations and then **create model prototypes**. The Safilo Atelier produces prototypes leveraging on 3D Computer-aided Designs (CAD) and 3D printing, bridging craftsmanship and front-end technology.

A creative team of more than 150 designers and eyewear technicians give a fundamental contribution to release about 2,000 new models in 2021.

## 4.4 QUALITY OF RAW MATERIALS AND COMPLIANCE WITH BEST STANDARDS

Safilo leverages **quality as a competitive advantage by constantly and carefully checking that its products comply with national and international regulations**.

In order to ensure the quality of raw materials and semi-finished goods, the Group selects suppliers and evaluates them on an ongoing basis against their ability to ensure certain quality and sustainability standards, as well as on their available production capacity and delivery times.

The Group applies the industry's highest standards, in compliance with the Essential Health and Safety Requirements (EHSRs) set in the EU Regulation 2016/425 (sunglasses) and with the general safety and performance requirements laid down in the EU regulation 2017/745 on medical devices (spectacle frames, ready-to-wear and ophthalmic lenses). Thanks to Safilo's decades-long experience in the eyewear industry, we have developed our own internal standards that result in a final product that is often superior to its legal obligations. To guarantee the excellence of its eyewear, Safilo has invested in a Corporate Lab, as central point of reference in a quality system that takes advantage of controls both on raw materials and on finished products referring to the same standards and using the same equipment to ensure uniformity and consistency of data. Every year, more than 40,000 optical, mechanical and chemical tests are carried out to evaluate performance, functionality, comfort and durability of the glasses.

The quality system is a service to support all Safilo departments: from design, to verification of materials, to mass production, and across supplier relations. In addition, as a member of the national association (ANFAO), and through it of the EU association EUROM 1, Safilo actively works to anticipate future technical developments in order to implement them as soon as possible in own products. Through control gates during design and production processes and through audits of suppliers, the company ensures adherence to the defined specifications. By collecting and analysing market feedback and reviewing auditing activities required by the Public Authorities, Safilo confirms its decisions and processes, and initiates improvement actions where needed.

To guarantee a safe product, in terms of physiological compatibility and environmental impact, Safilo has developed a Restricted Substance List (RSL) which outlines the acceptable limits of potentially toxic or harmful substances which can be present in finished products.

Moreover, in order to efficiently guide consumers in their Eyewear choices, Safilo strives to always provide clear and accurate information about its products. Product information is accessible within the product packaging and available in Safilo's technical documentation.

To ensure our products are safe for consumers and the environment, when used as intended, all employees involved at any level of developing, manufacturing, handling, packing or storing products are expected to know applicable product safety and quality standards, policies and procedures and follow our defined related standards. This is true both for products manufactured in-house and those created by suppliers, whether they supply components, semi-finished goods or finished products.

**Safilo's Quality System is ISO 9001:2015 certified.** In 1996, Safilo obtained its first certification UNI EN ISO9001 standard "Quality Management Systems", an independent confirmation of the Group's ability to meet the needs of customers and other stakeholders while meeting statutory and regulatory requirements related to our products. In 2021 an integration process of the Quality Management System was carried out, involving the legal entities Safilo S.p.A., Safilo Industrial S.r.l., Safilo Eyewear Industries Suzhou Ltd and Smith Sport Optics Inc., who led to the release of a new certificate issued in December 2021 and valid until December 2024.

## 4.5 FORWARD LOOKING VISION

### Product and process innovation

**Innovation has always been a strategic value for Safilo:** the Group puts the product at the centre of the development process in order to exceed consumer and market expectations and to ensure we deliver value and sustainability with each product we make. We look for innovations that will improve the technical characteristics and speed to market of our products, as well as increase the effectiveness, efficiency and quality of our processes. Safilo uses sustainable solutions for its products' materials, such as recyclable and bio-based polymers. Key pillars for Safilo's approach to innovation are:

- **Global Innovation Centre** which focuses on **Product Innovation** to analyse trends, research new materials and develop new concepts and technologies, and on **Industrial Engineering** for testing specific solutions to create "best quality" products;
- **Research and development of new solutions** on ground-breaking lenses and treatments that will help protect eyes from solar or artificial rays;
- **Product Certification Lab** working together with certification centers for new products and materials.

The Group focuses on **proactive and collaborative research** activities to develop innovative solutions in partnership with stakeholders, such as universities, research centres, qualified suppliers, customers, sector experts, and associations. These partnerships ensure a more robust and efficient innovation process that considers and integrates diverse ideas and competencies.

## Innovative materials

The research for innovative materials has particularly focused on sustainability, to meet consumers' needs more and more, who are careful and aware of the product life cycle, introducing the following new materials in its eyewear collection, asserting the Safilo's commitment to sustainability and its efforts to bring more recycled and sustainable materials to the eyewear industry:

- Eastman Acetate Renew and Eastman Tritan™ Renew, part of a broad portfolio of sustainable resins now offered at scale by Eastman (a global specialty materials provider and pioneer in molecular recycling), introduced from January 2022 in Polaroid collections and then will be progressively rolled out across Safilo's broad brand portfolio. Eastman Tritan™ Renew is a high performance copolyester made of 50% certified recycled content. Crystal clear, durable and BPA-free, it offers sustainability without compromise, ensuring performance and safety. Safilo is the first eyewear player to introduce this renewable material in its product offer. Eastman Acetate Renew is composed of 60% bio-based and 40% certified recycled content. The resulting material is identical in performance to traditional acetate, meaning it can give the same premium "look and feel" to eyewear that wearers expect from traditional acetate.  
The recycled content is achieved by allocating the recycled waste plastic to Eastman Renew materials using a mass balance process certified by ISCC.  
Produced via Eastman's innovative Advanced Circular Recycling technologies – carbon renewal technology (CRT) and polyester renewal technology (PRT) – these new products are made from waste plastic and, as such, reduce consumption of fossil resources, and have significantly lower greenhouse gas footprints than traditional eyewear materials;
- the innovative high-quality material TROGAMID® myCX eCO of Evonik (specialty chemicals world leader) for premium sun lenses, a transparent polyamide introduced in sun lenses from January 2022 with the BOSS Spring Summer collection, and then will be progressively rolled out across Safilo's portfolio, especially in its Made in Italy brands.  
TROGAMID® myCX eCO is a sustainable high-performance crystal-clear polymer made from 40% biomass and 100% renewable energy, which results in a 50 percent lower carbon footprint. It offers a transparency of more than 90%, outstanding mechanical properties, resistance to stress cracking and breakage, thus also ensuring long durability and high safety of premium sun lenses or high-quality visors for ski and snowboard goggles, as well as excellent wearing comfort due to its low weight.  
Safilo is the first eyewear player to introduce this material, specially optimized for the optics industry;
- a unique plastic material, ECONYL®, thanks to a pioneering partnership with Aquafil (a globally recognized player with over half a century of expertise in creating synthetic fibres): a regenerated nylon obtained through the regeneration and purification process of plastic waste, such as fishing nets, old carpets, and fabric scraps. ECONYL®, obtained through a process of depolymerization and re-polymerisation, performs exactly the same as brand new nylon and it can be recycled, recreated and remoulded again and again, with no loss of quality. The choice of this material, never before used in the mass production of eyewear, is a tangible sign of Safilo's further progression in its sustainability strategy and its commitment to bring innovation to a consolidated industry. This sustainable material allow Safilo to make its contribution by creating products without using new resources, with the aim to expand the use of ECONYL® as much as possible in order to decrease the carbon footprint, and progressively introduce this material into all brands' collections;
- bio-based plastic materials: partially deriving from renewable sources, with consequent less dependence on oil. Materials from renewable sources differ by type of processing (numerical control milling, or injection moulding), and touch (rigid or softer);
- new materials with a low content of chemicals harmful to the environment, such as Bisphenol A (BPA) and phthalates, to fully comply with the California Proposition 65 law.

## ISCC Certification (International Sustainability & Carbon Certification) and GRS (Global Recycled Standard)

With the aim of achieving ambitious sustainability objectives, in 2021 a certification process has been undertaken for Safilo production plants and logistics center, which led to the ISCC Plus certification for Padua distribution center (certificate issued in July 2021) and for the production plant of Santa Maria di Sala (certificate issued in January 2022). The ISCC Plus certification process for the Chinese production plant of Safilo Eyewear Industries Ltd (Suzhou) is still in progress, completion expected within the first half of 2022.

The ISCC (International Sustainability & Carbon Certification standard) is a sustainability certification which establishes the traceability of bio-based and recycled materials throughout the supply chain.

In addition to the ISCC certification, in 2021 Safilo also obtained the GRS (Global Recycled Standard) certification for Padua distribution center (renewed in January 2022). GRS is recognized as one of the most important international standards for sustainable production using recycled materials, and in compliance with environmental, social and ethical requirements.

The management of ISCC Plus and GRS certified products represents an important milestone for Safilo. All stakeholders have a fundamental role by issuing sustainability declarations or transaction certificates verified by independent and reliable certification bodies as required by the related Standards.

The goal is to play a crucial role in the development of sustainable and circular economy models for plastics, according to the “Reduce, Reuse, Recycle” approach.

## Launch of Smith “IMPRINT 3D” technology

In December 2021, within the digital transformation process, Safilo has announced the debut of Imprint 3D Technology, developed and launched through Safilo’s proprietary brand, Smith.

Smith created the patent-pending Imprint 3D Technology to address the vast range of face shapes and features while eliminating the one-size fits all approach to sports gear. Continuing the brand’s legacy of disrupting design and innovation, the initial launch of Smith’s Imprint 3D Technology debuts with a first-to-market custom crafted 3D printed snow goggle delivering increased all-day comfort, elimination of light leak due to improper fit, removal of pressure points or hot spots, and an expanded field of view.

The new Smith I/O MAG Imprint 3D goggle is the first custom goggle built to the individual features of a person’s face. Utilizing Smith’s custom app, users scan their face to capture their unique details and contours, allowing an individualized frame to be automatically generated, 3D printed - using HP’s industrial Multi Jet Fusion platform – and, finally, hand assembled into the best-selling Smith I/O MAG goggle in Smith’s production plant.

The Smith I/O MAG Imprint 3D goggle features Smith’s proprietary ChromaPop™ branded lenses, uniquely tuned to deliver the ultimate in visibility and clarity beyond normal capabilities by amplifying natural color and enhancing definition.

The innovative Smith I/O MAG Imprint 3D google is currently available exclusively in North America through the website [www.smithoptics.com](http://www.smithoptics.com).



## First sunglasses made with ocean waste plastic

In 2020 Safilo announced the first eyewear product from recycled plastic especially made for The Ocean Cleanup, the Dutch non-profit environmental organization that develops advanced technologies to extract plastic pollution from the oceans. The Ocean Cleanup sunglasses are made with injected plastic deriving from the Great Pacific Garbage Patch (GPGP), using an innovative upcycling process able to include types of plastic that have traditionally been more difficult to recycle, turning them into a high-quality and safe material. Available in limited-edition, each pair of sunglasses has a unique QR code that directly connects the user to background information about the product, the project and the specific place where the marine plastic pollution was removed from.

Each pair of sunglasses is estimated to enable cleaning an equivalent of 24 football fields worth of the GPGP and when every pair from the first batch is claimed, that will equate to approximately 500,000 football fields of clean-up in the GPGP. The sunglasses are available exclusively on The Ocean Cleanup website, and 100% of the proceeds will go to the continuation of the clean-up mission.

Safilo's design team worked to combine the long history of eyewear manufacturing with material innovations to ensure the high quality, stylistic content and uniqueness of this final product. Safilo's investment in using recycled materials is aligned with its continued efforts towards promoting a responsible business and is part of Safilo's commitment to People, Product and Planet.

In the summer of 2021, on the occasion of Tokyo 2020, Safilo represented one of the Italian excellences exhibited at Casa Italia, headquarters of the Italian National Olympic Committee, with the exhibition of this recycled plastic sunglasses. It was a great honor to be selected by CONI as one of the key international players who were able to drive the Olympics' storytelling about environmental protection and sustainability.

## 4.6 LIFE CYCLE ASSESSMENT AND NICKEL-FREE PRODUCTION PROCESSES

### Life Cycle Assessment

In 2018 Safilo performed for the first time a Life Cycle Assessment (LCA) study, an assessment of the environmental impact of a product or set of products throughout their entire life cycle.

LCA analyses the environmental impact of the product at all stages, from pre-production (raw materials extraction and processing), manufacturing of the product and its components, packaging, transport and distribution, and subsequent re-use, recycling or disposal.

The assessment includes also a careful examination of materials used, the type of waste released as a result of the production and at the end-life of the product, emissions and the type and quantity of resources used.

For the analysis Safilo has applied the International Standards ISO 14040 and ISO 14044 that define the criteria to be observed for the LCA. The study has been performed with the support of an independent consulting company to guarantee the correctness and objectivity of the results.

This first LCA was focused on 5 different product models produced in the Italian facilities and foreign plants. These models were representative of the most common processes and with significant production volumes.

A new LCA study will be performed in the coming years considering the updated Group industrial footprint, the actual eyewear products in portfolio and the new materials used in the production processes.

### “Metal X” in Longarone plant

Safilo continues investing in sustainability and process innovation thanks to a strategic partnership, announced in September 2021, with Coventya, a global player with more than ninety years of experience in the development of specialty chemicals for surface finishing treatments.

Thanks to the joint efforts of the two companies, Safilo is the first player in the eyewear sector to exclusively use “Metal X”, a new innovative Coventya patent that allows the use of precious metals in galvanic treatments for the production of optical frames and sunglasses to be reduced by 90%.

“Metal X” has been introduced at Safilo’s Longarone plant and allow Safilo to significantly reduce the use and consumption of palladium, an extremely precious and rare metal due to its natural scarcity.

Consequently, the use of “Metal X” helps contribute to reducing exploitation of the ground for the sourcing of precious metals leading to a lower production impact in terms of environmental sustainability.

“Metal X” is used in Safilo’s eyewear collections produced in Italy, starting with the August 2021 release, and represents a further step forward in the Group sustainable production processes.



## Nickel-Free galvanic processes in Longarone plant

In 2018, Safilo introduced production processes with a nickel-free treatment at its Longarone facility, confirming its place at the forefront of technological innovation in terms of metal surface treatments. Only two years after the first nickel-free laboratory experiments, Safilo developed non-cyanide nickel-free galvanic processes. These have already been tested and are currently in use across all the production lines, from high-end to middle-segment eyewear products.

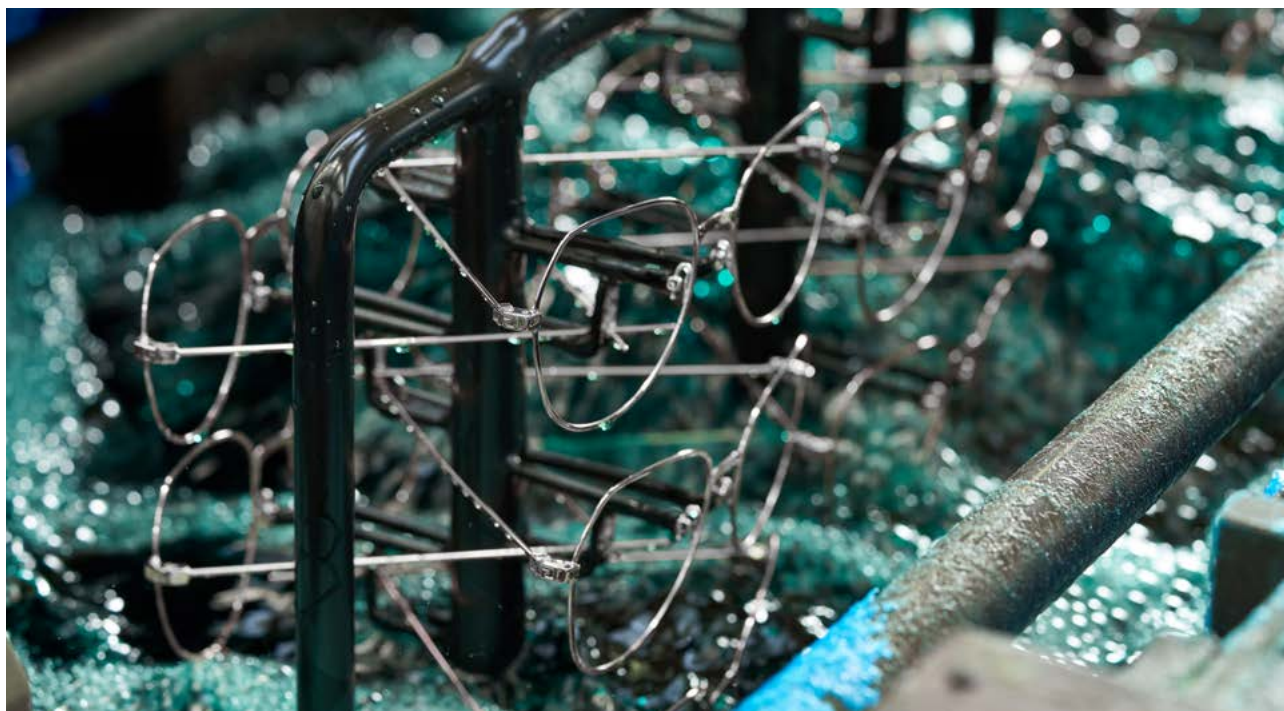
Thanks to the new galvanic process technology, metal frames currently manufactured at the Longarone facility boast the same features, in terms of sleekness, wear- and corrosion- resistance as before, and are nickel-free plated. Through quality controls performed on a regular basis by the recently restored in-house lab, now equipped with the most cutting-edge technology, Safilo can maintain more stringent and qualitative standards for coating processes than those required by law.

Developing nickel-free decorative galvanic finishes was a top priority for Safilo to ensure the safety of workers and consumers alike. Nickel is a silvery-white metal traditionally employed in the galvanic treatment of eyewear for its sleek, gloss finish or used as a basecoat for other surface treatments.

Over the past years, Safilo has invested in R&D and new technology, including metal surface galvanic treatments to ensure product excellence, developing and obtaining certification for its innovative nickel-free production process.

Safilo continues to invest in vocational training to ensure that its staff is constantly up-to-date with the latest developments in craft production techniques since most of the products manufactured here are handcrafted based on Safilo's over 140-year-old tradition in eyewear manufacturing.

Today, Safilo's goal is to continue to invest in its skill and labour-intensive craft production, staying committed to excellence and craftsmanship, yet, also implementing automation to increase productivity.



## 5. INTEGRITY IN THE WORKPLACE

### 5.1 SAFILO PEOPLE AND THE SAFILO WAY

**4,545** EMPLOYEES  
WORLDWIDE IN 2021

**15%** RATE OF NEW EMPLOYEES  
HIRED IN 2021

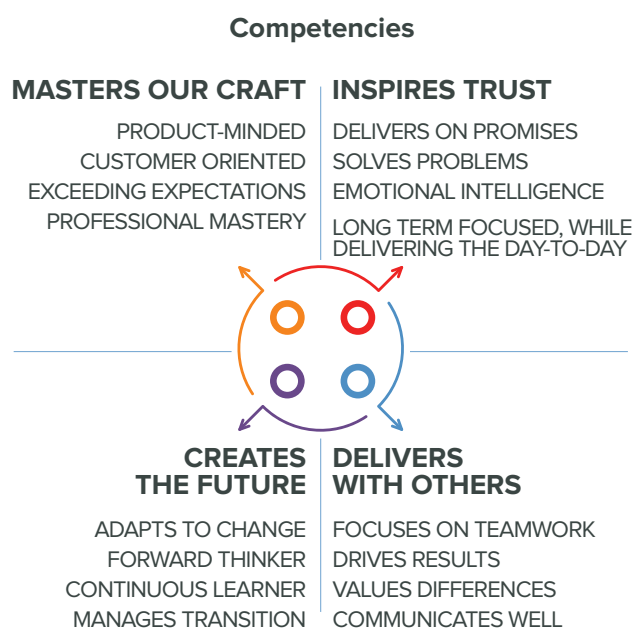
#### Safilo people

Safilo's people, our 4,545 employees, are at the heart of our culture and success.

Safilo believes that **people play a key role for the Group's long-term success and sustainable growth**. Essential to our organization is the integrity of our employees, clarified and supported by the **Principles and Competencies**, the primary compass for Safilo employees in all their activities.

**Principles**

INTEGRITY  
RESPECT  
ACCOUNTABILITY  
SIMPLICITY  
INTERDEPENDENCE  
SUSTAINABILITY



In 2016, the Group defined and shared the **Safilo leadership profile**, a modern leadership approach to deliver results in a globally integrated and multifunction interconnected business such as ours. The profile spells out leadership skills and personal grounding to orchestrate the delivery of results and to inspire high performance.

In 2017, Safilo introduced the **Worldwide Business Conduct Manual** that represents the translation of values, principles, competencies, and the leadership profile into the standards of business conduct that guide the Group's daily actions and decisions internally and in the marketplace with consumers, suppliers, license partners, authorities and other stakeholders.



## Talent acquisition

The talent acquisition strategy is set in accordance with Safilo's values and it aims at developing and nurturing a talent pipeline with a long-term view, to identify, attract, integrate and build loyalty among the best candidates who can contribute to the Group's growth and long-term success.

At Safilo, the talent selection process aims at guaranteeing the principle of equal opportunity, fostering diversity and inclusion. Discrimination is not tolerated. This process aims also at attracting and recruiting people from different backgrounds, capable of offering a high degree of expertise and international experience and who are highly motivated and leadership-oriented.

## Talent management

In Safilo, talent management strategy is designed to ensure the right people, with the right skills and experiences, occupy the right jobs to deliver the expected business goals and help drive long-term sustainable growth.

Safilo encourages career paths mainly from the inside, with the support of HR business partners dedicated to individual functions. An integrated system of activities aims at guaranteeing to the organization, with a perspective vision, attractiveness, permanence of key figures, widespread motivation and skills' development to ensure an adequate flow of competent, motivated and interested people to operate in an integrated manner.

The Safilo career development key principles are:

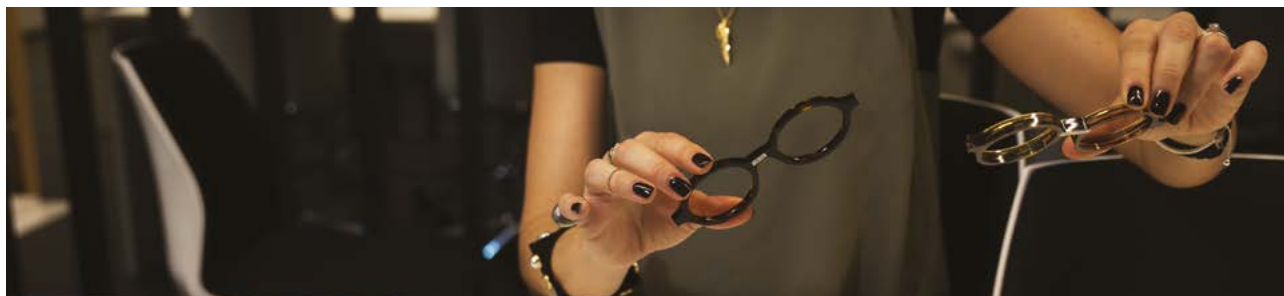
- Equity and meritocracy
- Satisfaction of both the needs of the company and the individual
- Employees co-responsibility with respect to their own development path
- Encourage internal career development (for this purpose, Safilo set up an open job posting).

At Safilo, each career path is as unique as the individual. There is no simple, one-size-fits-all formula for success. People grow professionally through different roles/levels within each function based on:

- Performance (results and contributions)
- Professional experiences to build strong functions, contribute effectively to business objectives, leadership capabilities and skills that enable the employee to meet business challenges
- Business needs (availability of positions and fit for the role).

## Performance management

Managers, as role models, are responsible for both their own development and that of their employees, by effectively overseeing the performance management process, by assigning clear objectives, monitoring their achievement, recognising the strengths and areas for improvement of their colleagues, defining consequent development plans, and providing coaching. Throughout the process, transparency and respect are the guiding principles.



## Learning and development

more than  
61,000

HOURS OF TRAINING  
IN 2021 VS >64,000  
IN 2020

14

AVERAGE HOURS OF  
TRAINING PER  
EMPLOYEE  
IN 2021 VS  
12 IN 2020

Our approach to **learning and development** is based on the following key drivers:

- training and development are an important part of professional growth
- each employee is responsible for his/her own learning
- teaching is an essential part of leadership
- centrality of on-the-job training
- building in-house capability is preferred to relying on external trainers.

Guidelines are shared globally to ensure that training programmes are carried out with traceability of training delivered, learnings' verification, and the effectiveness of trainings perceived by participants.

Our core training team at our headquarters is responsible for coordinating the tracking of training activities delivered globally, and for the end-to-end management of the corporate trainings designed and managed centrally. At a local level, each HR department is responsible for implementing both the corporate trainings and a local specific training plan that meets local business needs.

In 2021, Safilo delivered more than 61,000 hours of training, equal to 14 average hours of training per employee, continuing to use teaching methodologies that favored the use of e-learning, virtual classes and webinars. The main corporate training activities fall in the following categories:

**Safilo way training:** for all new hirings, both at the headquarters and locally, Safilo continued to carry out training initiatives for an effective induction into the company, aimed at spreading awareness of Safilo's purposes, values, and competencies, as well as the knowledge of Safilo's leadership profile, and the Worldwide Business Conduct Manual.

**Compliance training:** Safilo guarantees the trainings considered as compliance as required by local regulations and guidelines. In particular, at the headquarters, Safilo trains employees on the administrative liability of companies pursuant to Legislative Decree 231/01 (e-learning for people employees, on site for workers), corporate social responsibility – SA8000 (e-learning), privacy policy and the processing of personal data, health and safety "Accordo Stato-Regioni", and other regulations, in line with the agreement between the central government and regional authorities. In all locations, particular attention is paid to the emergency health management to ensure the well-being and safety for all employees.

**Antitrust policy training:** Safilo trains employees on antitrust issues to guarantee the Group's alignment with the national and international competition law principles and with the Safilo antitrust policy. Through this training, employees are guided on how to behave when dealing with internal and external parties, especially when it comes to material issues. The training involves all Safilo employees who work in the following functions: corporate and legal affairs, communication, media and PR, finance and accounting, commercial (including Independent sales force, in this case the course is not mandatory), sourcing, marketing, HR business partners, and all Executives and Directors. As in recent years, the course has been provided internally with the involvement of local CFOs as trainers.

Both at a headquarter and local level, **linguistic, IT and technical training** initiatives have been carried out, also remotely.

In the Longarone plant, a training program was provided, financed by the **Fondo Nuove Competenze**, which made it possible to cover the cost of employees' labour for the hours spent in training. As part of this program, a series of **on-the-job technical training courses have been developed for all stages of production**, managed by internal teachers, involving 38 workers, for a total of almost 9,500 hours, with the aim of improving their professional skills with an approach based on the growth and enhancement of human capital.

Other significant training projects carried out in 2021 have been:

**Digital Leadership & New ways of working.** This program was born from the need to respond to the challenges that the prevalence of remote work has posed to all employees. On the basis of the needs collected through a survey directed at all employees and focus groups that involved a sample of managers, a personalized training program was created, developed in two parallel paths, one for managerial people and one for employees (for a total of about 500 people), with the aim of facilitating the development and diffusion of new practices functional to the new way of working, and supporting managers in the development of digital leadership.

**Training and coaching path on Agile Methodology.** This path was designed to respond to the need to build and spread a specific agile operating model for Safilo, as part of the B2B Digital Transformation program. The training, attended by around 30 people belonging to various areas (personally involved in Digital Transformation projects), alternated classroom and coaching sessions, with the aim of spreading knowledge of Safilo's agile operating model, consolidating the methodology to apply it concretely in operational practices and towards a full autonomy in the management of digital projects.

At the local level, training initiatives were implemented to improve managerial skills (effective communication, performance management, effective time management, team building) or to consolidate technical skills in the commercial area (based on the Safilo sales model).

In 2021 the **Sustainability training**, launched in 2020 with Italian employees, also involved some employees of the foreign subsidiaries. Through a team of internal trainers, 6 editions in webinar mode were carried out involving 182 employees, promoting the culture of sustainability also abroad, and raising employees' awareness of what Safilo is already doing to make its business sustainable.

## 5.2 DIVERSITY AND INCLUSION

**59%**  
WOMEN IN THE  
TOTAL WORKFORCE  
IN 2021

**15%**  
FEMALE EXECUTIVES  
IN 2021

**10%**  
OF THE TOTAL  
WORKFORCE  
UNDER 30 IN 2021

**11**  
NATIONALITIES  
AT DIRECTOR LEVEL  
IN 2021

**Safilo considers diversity and the value placed on diversity as essential to our culture.** We seek to foster an inclusive working environment in which the unique strengths of each individual are leveraged for the benefit of the Group.

**Safilo values differences** and strives to attract, hire and retain a workforce that reflects, represents and is able to connect with the globally diverse market and consumers we serve.

In accordance with our focus on corporate responsibility and respect of human rights, **Safilo protects and promotes the value of our human capital** and rejects any discrimination based on religion, sex, race, political or union opinion, gender, age, national origin, religion, marital status, citizenship, disability, political views, sexual orientation or any other legally protected status. Each employee is evaluated on his or her own professional qualifications and capabilities alone.

**Safilo is focused on providing equal opportunities in employment** and to offering qualified individuals the opportunity to reach their full potential and contribute to the Group's success.

Safilo's **global remuneration policy** is designed to develop and reward in a fair and meritocratic way. This is ensured by constant monitoring of the total compensation provided by the markets and by aligning it to our professional model, used to uniformly weigh all typical positions: technical, professional and managerial.

The Group pays individuals based on their performance, steered by a transparent performance assessment process that includes numerous criteria, such as managerial and technical skills, adherence to Group's values, and the achievement of specific KPIs.

Safilo is focused on providing a work environment that is free from physical, verbal, and sexual harassment, where all employees are respected and have the opportunity to reach their potential in contributing to the success of the company. The Group respects the right to freedom of association, the right of employees to choose to join a trade union, or to have recognized representation in accordance with local law. The use of child labour or any form of forced or compulsory labour is prohibited. Unacceptable treatment of workers is not tolerated in any of Safilo's global operation or facilities. The Group respects all applicable laws relating to the minimum age of employment.

## 5.3 ENSURING WORKPLACE HEALTH AND SAFETY<sup>4</sup>

**8** **RECORDABLE  
WORK-RELATED INJURIES**  
IN 2021 VS 21 IN 2020

**1.17** **RATE OF RECORDABLE  
WORK-RELATED INJURIES**  
IN 2021 VS 3.25 IN 2020

Safilo is focused on safeguarding the health and safety of its employees, temporary workers, visitors, clients and communities. Our health and safety procedures are designed to enable employees to work safely wherever they are, whether in the office, plant or warehouse.

The companies of the Group are committed to complying with the requirements of national regulations (in Italy, the Legislative Decree 81/2008) by adopting specific management systems that cover all employees, internal and external collaborators working in the Group's workplaces.

Safilo started the certification process of its "health and safety" management system in 2011.

Currently the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l. (Longarone, Santa Maria di Sala, and Bergamo), the Chinese plant of Safilo Eyewear Industries Ltd (Suzhou), and the Padua headquarters of Safilo S.p.a., are certified according to the international standard **ISO 45001:2018**.

<sup>4</sup> These KPIs are related to the Italian and Chinese manufacturing plants, and Padua headquarters, and do not include external collaborators' data (the Group has no direct control on data from the employers of workers who are not employees), nor in transit injuries. 2020 figures included also the data related to the Slovenian manufacturing plant that have been closed in July 2021.

This certification is proof of the company's goals to properly and carefully implement the requirements of the organization, management and control model under Legislative Decree 231/01, with specific regard to the Special Part "C" – occupational health and safety offences in the workplaces.

Since 2020 Safilo addressed the situation related to the Covid-19 pandemic with the utmost attention. From the outset, the Group's actions have been promptly focused on the health and safety of all its employees. The primary goal of protecting our people has been successfully achieved together with that of maintaining high service to our customers and ensuring business continuity.

To protect the health and safety of all employees in the headquarter offices, plants, commercial subsidiaries and distribution centres, and to ensure business continuity in compliance with all government protocols, Safilo has defined and implemented the "Protocol for the regulation of the measures to limit and contain the spread of the Sars-Cov-2 virus in the work place", constantly updated on the basis of regulation changes occurred during the year, and can be summarized in measures concerning:

- 1) Information:
  - preventive information addressed to all employees and workers on the preventive measures to comply with within the company;
  - information to third parties, by defining and sending an extract of the Safilo Protocol to suppliers, customers, consultants, etc.
- 2) Access and behavioural procedure in the Company:
  - temperature control
  - behavioural instructions for loading and unloading goods operations
  - access to the company internal rooms for delivery purposes
  - access to employees' offices
- 3) Cleaning, hygiene and sanitization:
  - cleaning and hygiene of the work environments
  - sanitization of the work environments
  - sanitization of ventilation and air conditioning systems
  - work equipment self-cleaning
- 4) Personal protective equipment
- 5) Room management (canteen, locker rooms, break area, toilets, meeting rooms, etc.)
- 6) Company organisation:
  - smart-working
  - Italy/abroad and abroad/Italy transfers
  - staff mobility between production sites and departments
- 7) Entry and exit management of employees and workers
- 8) Internal relocation, meetings, internal events and training
- 9) Management of symptomatic subjects in the company
- 10) Health surveillance

During the year, the correct execution of the Safilo Protocol has been assessed by the Internal Audit function on behalf of the Supervisory Board of Safilo Group S.p.a., Safilo S.p.A., Safilo Industrial S.r.l., and, in addition, by the competent local Prevention Departments (Prevention, Hygiene and Safety in Working Environments Service) in the production sites of Longarone and Santa Maria di Sala, and in the Padua headquarters. Internal Audit verifications have been carried out using standard checklists, which have been also adopted by the Supervisory Board for the monitoring of the functioning and compliance with the organization, management and control model under Legislative Decree 231/01.

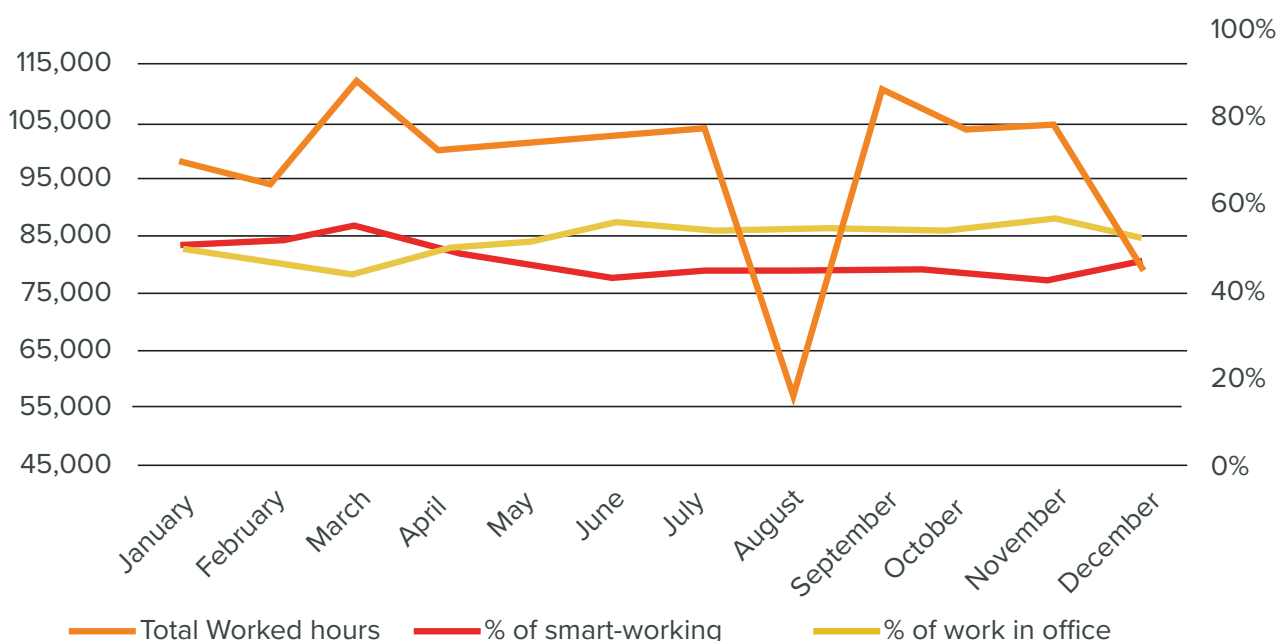
A Covid-19 committee has been set up in each Italian plant, in which the workers' representatives (RSU/RLS) actively participated. Covid-19 committees reflect the government directives in the Safilo protocol, define the preventive measures to be implemented for the protection of employee health (in compliance with, and in addition, to the national protocol), monitor the epidemiological trend and redefine the most suitable regulations and measures in relation to the period, monitor and guarantee the application and compliance with the Safilo protocol.

Also in 2021, smart-working has been one of the main prevention measures for employees. The offices' staff of Safilo Group S.p.a., Safilo S.p.a. and Safilo Industrial S.r.l. adhered to this work organization with an average percentage of adhesion equal to 48% of the hours worked, reaching peaks of around 69% of the hours worked (maximum peak recorded in March 2021 related to Padua headquarters' employees).

Smart-working has been the preferred means of prevention also for the office staff of other Group subsidiaries.

The implementation of the smart-working project enabled Safilo to continue the evolution towards an increasingly agile and dynamic approach. The Group responded quickly and efficiently to all the contingencies of the pandemic while at the same time, offered flexible working arrangements to our people, transforming the corporate culture and focusing on the trust that the Company and its staff have in each other.

### SMART-WORKING TREND JANUARY - DECEMBER 2021 (SAFILO GROUP S.P.A., SAFILO S.P.A., SAFILO INDUSTRIAL S.R.L.)



The Group is committed to safeguarding the health and safety of employees in the workplace through constant analysis, research and training. The goal is the creation of a safe and healthy working environment through the adoption of appropriate measures and procedures aimed at preventing accidents and damage to health, mitigating and reducing potential risks.

Group companies periodically carry out an analysis of their work activities, identifying the risks associated with them and the corrective actions to be implemented. The output of the analysis is a risk assessment document, updated at least every three years and in case of the introduction of new activities, processes, substances, organisational changes and stakeholder observations. This document is drawn up by the employer in collaboration with the members of the Prevention and Protection Service, the competent doctor and the workers' safety representatives.

The management models are revised whenever necessary due to significant changes in business processes and related regulations updates.

To improve the health and safety of workers, the necessary human, technical and economic resources are made available.



In order to prevent accidents, special attention is dedicated to the training and awareness of employees on health and safety matters. Safilo provides specific trainings for directors, supervisors, workers and specific ones, which are provided annually based on the role and job of the employee. In particular, are provided trainings about the handling of loads, repetitive movements of the upper limbs, chemical risks, the use of machinery (forklift trucks), emergency and fire-fighting plans, and the training of first aid personnel.

In order to identify possible dangers at work and assess the risks, an assessment is carried out for each type of activity. On this basis, the technical, organizational and procedural prevention and protection measures are defined, to be implemented in order to reduce the risk as much as possible and always bring it back to an acceptable level. The prevention and protection plan and its implementation are periodically verified in specific internal committees which see the involvement of the workers' safety representatives, the competent doctors, the company Prevention and Protection Service and the employer.

Some companies of the Group use the support of external body experts in risk prevention to improve the working environment.

The companies also provide Personal Protective Equipment (PPE) to employees for workstations where they are foreseen, and, on an annual basis, perform emergency simulations.

The companies of the Group encourage their employees to report dangers and dangerous situations related to work, mainly through formalized and structured procedures that include the ways to provide the notifications and their evaluation, analysis and closure process. Each worker has the right/duty to report dangers and dangerous situations: the notifications are evaluated in order to proceed with the suspension of any activity and the immediate removal of the risk. Workers can make notifications through the supervisors, trade union representatives, workers' safety representatives, or anonymously.

Injuries on the workplace, accidents and potentially dangerous situations are also carefully monitored and analyzed. Employees and their representatives are an active part of this analysis process.

In addition to the training, monitoring and any mandatory updates, each new employee and each external contractor are trained on specific company risks. Occasional external visitors are followed by an employee when they are in the company workplaces, while relationships with maintenance workers and contractor third party companies are managed with regular contracts in compliance with the law.

Group companies are committed to involve and consult workers in the development, implementation and evaluation of the occupational health and safety management system.

The relevant information on health and safety in the workplace (the personnel assigned to fire-fighting emergencies and first aid, the procedures relating to safety, the emergency numbers, the internal evacuation plan) are available for consultation by all workers on the company noticeboards and the company intranet.

Workplace health and safety training is planned annually and delivered based on legislative requirements, and on the specific working activities carried out by each individual worker. In addition to the mandatory training, specific trainings are provided based on the tasks of each individual worker.

All employees are trained, in particular directors, supervisors, emergency teams, workers' safety representatives, employees with specific tasks (forklift drivers). In addition to the mandatory trainings, are provided also trainings with expiration by law or at a higher frequency.

In order to facilitate the access of employees to medical and health care services, some Group companies have developed specific welfare programs and health insurance that include various agreements with third party private medical entities.

Furthermore, in compliance with Legislative Decree 81/2008, in all Italian companies, periodic mandatory medical visits are carried out by the competent doctor with employees, to assess their work suitability for the job.

The Group is committed to avoiding and mitigating the negative impacts on health and safety in the workplace directly connected to its activities and products, through product and component safety tests, the certification of its products and the selection of its suppliers also on the basis of environmental and social requirements, which include matters relating to the health and safety of workers.

In 2021 there have been 8 work-related injuries at a Group level (21 injuries in 2020), none were fatal or with high consequence for the employee (1 injury with high consequence for the employee in 2020), with a work-related injuries rate of 1.17 (compared to 3.25 of 2020).

The most frequent type of injury is accidental, such as trauma, bruises, muscle tears, joint pain, sprains and fractures, mainly linked to the activities of handling loads, repeated movements of the upper limbs, and the use of manual equipment in the mechanical processing, assembly and storage areas.

## 5.4 INDUSTRIAL RELATIONS

# 73%

OF THE TOTAL WORKFORCE WAS COVERED BY COLLECTIVE BARGAINING AGREEMENTS IN 2021

Safilo sees its relationship with trade unions as an important means of collaboration to improve working conditions and support employee needs.

In Italy, the relationships with trade union take place:

- on a **national level**, with the negotiation of the collective national contract in the eyewear industry, in which Safilo plays a key role as a leading company in this sector;
- on a **corporate level**, with a Group company agreement that involves both the production sites and Safilo's headquarters. The relationship with Trade Unions involves a continuous and open dialogue based on the specific performance of the considered site and on the Group's total performance in the wider international economic environment.

Safilo acknowledges the fundamental role of trade unions and is committed to maintaining stable and strong relationships with all the unions.

Each employee is free to exercise his/her rights to freedom of association and collective bargaining thanks to specific company agreements and according to the law and/or local practices.

The company and the trade unions negotiate specific KPIs and related targets aiming to improve the performance of each different site, with related annual rewards when performance targets are achieved.

In 2021, 73% of the Group workforce was covered by collective bargaining agreements.

In April 2021, Safilo announced that an agreement had been reached with the trade unions and the work council regarding the closure of the Ormož production plant (in Slovenia), then closed from July 2021.

The constructive spirit that characterized the negotiations and the contribution of trade unions and Slovenian institutions, with which have been established a transparent and fruitful dialogue, were fundamental for the outcome of this operation, which was important for local communities.

The closure of the Ormož production plant highlights the Group's commitment to optimizing the production footprint and represents a further important step in the strategy to recover a sustainable economic profile.

For further information on the Group's strategy and the reorganization of the production footprint, please refer to the "Annual Report 2021" and the Group Business Plan 2020-2024.



## 6. RESPONSIBLE PARTNERSHIPS

### 6.1 OUR LICENSED BRANDS

Safilo is **focused on being a trusted business partner**. We earn the trust of licensors, suppliers, marketing agencies, distributors, and customers by **acting transparently, delivering on promises and providing reliable information about our activities**. Stewardship of this invaluable trust is requested of all our partners, who are expected to act openly and responsibly in their dealings with us.

27 LICENSED  
BRANDS  
IN 2021

3 NEW LICENSED  
BRANDS  
IN 2021

Licensors are integral to Safilo's success, as they share our business objectives and contribute to our growth and performance.

The Group manages a portfolio of brand names, focusing on long-term brand partnerships as a licensee to leading fashion houses.

2021 was another year in which the Group continued to **sign new strategic agreements**.

#### DSQUARED2

In May, Safilo announced a five-year global licensing agreement for the design, manufacture and distribution of Dsquared2 branded eyewear collection, which has been launched in January 2022.

#### CAROLINA HERRERA

In July, Safilo announced a five-year global licensing agreement for the design, manufacture and distribution of Carolina Herrera branded eyewear collection, which has been launched in January 2022.



In September, Safilo announced a new multi-year global licensing agreement for the design, manufacture and distribution of the first Chiara Ferragni branded eyewear collection, which has been launched in January 2022.

## 6.2 OUR RESPONSIBLE SUPPLY CHAIN

≈350 SUPPLIERS  
OF DIRECT MATERIALS

138 SOCIAL AUDITS  
ON SUPPLIERS IN 2021  
(OF ~350 SUPPLIERS  
OF DIRECT MATERIALS)

The Group buys finished products, components and raw materials for use in its own production (direct materials). In addition, it buys products and services to support the business in all areas (indirect spending).

Finished products consist of **sunglasses and optical frames, sports helmets, ski goggles and cases**. Components consist mostly of **metal components (hinges, screws, etc.) and lenses**. Raw materials consist of **metal sheets, acetate sheets and plastics for injection mould production**.

Indirect products and services purchased consist mostly of logistics, marketing, ICT and general services.

Safilo purchases direct materials from about 350 suppliers. These suppliers are primarily located in China and Italy. The Group's largest suppliers are Chinese frame manufacturers.

### Conflict Minerals

Safilo buys **gold** and **palladium** from an Italian supplier that is a certified and audited member of the **Responsible Jewelry Council RJC**. The RJC is a not-for-profit standards-setting and certification body, whose members commit to and are independently audited against the RJC Code of Practices – an international standard on responsible business practices for diamonds, gold and platinum group metals.

Safilo's supplier only accepts **conflict-free gold** traceable from refiners or banks on the current London Bullion Market (LBMA) good delivery list, and only accepts **conflict-free palladium** traceable from RJC Chain of Custody, standard for the precious metals supply chain, applicable to gold and platinum group metals (platinum, palladium and rhodium) certified companies.

Eyewear today very much remains a “handmade” product and, as such, it is very **labour intensive**. Therefore, Safilo works together with its suppliers to **ensure fair, ethical and sustainable working conditions throughout the supply chain**.

Our suppliers are required to respect the Safilo Worldwide Business Conduct Manual, which has the following main principles:

- Prohibition of forced labour
- Freedom to join trade unions and right to collective bargaining
- Prohibition of child labour and exploitation
- Prohibition of employment discrimination
- Obligation to guarantee and maintain a safe and healthy working environment.

The Group manufacturing partners and suppliers are carefully selected based on rigorous criteria to ensure reliability and sustainability along the entire production process. The Group respects the terms and conditions of agreements with suppliers.

Safilo seeks to manage its relationships with suppliers in a responsible way, actively seeking business relationships with partners who comply with guiding international standards, share our values, and promote the application of these high standards.

In line with its principles and values, in 2017 the Group decided to adopt a **Corporate Responsible Sourcing Supplier Manual** to formally regulate its relationships with suppliers. The Manual captures and describes the principles and the non-negotiable minimum standards that the Group asks its suppliers to respect and adhere to in order to work together. Moreover, Safilo expects its suppliers to replicate these standards further down the supply chain.

**Compliance auditing** is a milestone in Safilo's responsible sourcing program since it provides effective oversight and better understanding of potential and current issues along the supply chain and allows for the identification of areas for improvement and, when needed, corrective actions. With this aim, Safilo performs periodic audits to cover an ever-growing area of its supply chain to check the compliance with its CRS Supplier Manual.

In 2021, a total of 138 social audits (11 in EMEA and 127 in Asia) have been carried out, of which 24 initial audits and 114 follow up ones, and all these audits have been conducted by a third-party audit company. Each audit included the review of social and environmental aspects.

The number of social audits has increased from 38 in 2020 to 138 in 2021 as a consequence of lower Covid-19 pandemic impacts and lockdown during 2021.

Out of 4 direct materials new suppliers with spending in 2021, 4 has been assessed through social audits (equal to 100%).

Since Safilo S.p.a. achieved the SA8000 Certification in 2012, an internal Supply Chain Committee, composed of the Director of Global Sourcing, the Management System Compliance Manager and the Global Quality Assurance Director, has monitored the conformity level of the supply chain at the global level with the social responsibility principles adopted by the Group.

The SA8000 Certification has been successively obtained also for the Italian production plants of Safilo Industrial S.r.l. and Lenti S.r.l..

All the Italian production plants of the Group, have a system in line with the **SA8000 Social Accountability Management System Standard**, which certifies that Safilo's business system complies with the principles of social responsibility (freedom of association, human rights, ban on forced labour, health and safety in the workplace, transparency).

In 2018 all the sites started a new certification cycle valid until 2021, with the planning of periodic surveillance audits as required by the standard.

In October 2020, the renewal of the SA8000 certification was successfully completed for the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l. (Longarone, Santa Maria di Sala, and Bergamo), and for the Milan showroom and Padua headquarters of Safilo S.p.a.. The new certificate will expire in January 2024.

Safilo aims to raise awareness of the CRS Supplier Manual and social responsibility standards throughout its supply chain and to auditing the compliance of its suppliers and, where necessary, implementing corrective actions.

Starting from 2017 a dedicated department has been established, the Corporate Responsible Sourcing, with the aims to monitor and increase the level of conformity with the CRS Supplier Manual and performances, against social responsibility practices.



## Supplier Assessment and Selection

- **Pre-Selection:** before entering into any business agreements with potential suppliers and as a first level check for existing ones, Safilo requires suppliers to complete the **Self-Assessment Questionnaire (SAQ)**, a tool designed to collect basic information related to macro-level, industry and factory specific risks and obtain an overall understanding of the Supplier's operating style.
- **Assessment:** each supplier might be required to undergo an audit. Scope, timing and extension of the audit is determined annually based on a risk grade assigned to each supplier based on elements extracted from SAQ data (including country, activity done, number of employees), purchase volume, contract size and, where applicable, the compliance level identified in any prior audit. The scope of assessment is grounded in applicable laws and regulations (including but not limited to laws related to labour practice, human rights, health and safety, environmental responsibility, anti-corruption, safety and quality of goods and services) in the countries where the supplier is located.

The assessment process consists of an initial **full on-site audit** and, where necessary, of a **follow-up audit**, which is a re-assessment carried out as a shortened version of the full audit process. The follow-up audit aims to identify whether the concerns of the initial assessment have been overcome or have become more serious. Timing of the follow-up audit is determined by the types of issues found and is carried out in line with the due dates agreed for implementing corrective actions.

Safilo has adopted a **scale grading system** to evaluate a supplier's compliance with the aim of:

- classifying individual violations under categories based on the level of severity of non-compliance
- measuring progress and achievement of remediation over time
- providing a final qualitative grade to the supplier.

## 6.3 OUR CUSTOMERS

**Safilo treats customers with respect and transparency, never engaging in unfair, deceptive or misleading practices.**

We want to be a preferred partner for our customers, offering differentiation, agility, adaptability and passion to bring our strategic business plans to life.

**Our main customers** are independent opticians and key accounts, global partners that distribute our own core and licensed brands in their territories, and global travel retail accounts.

The Group is focused on supporting our customers' business models with long-term partnerships based on trust and mutual advantage. Our relationships with customers are managed in an equitable manner, not giving unfair advantage to one customer over another competing customer.

Safilo follows specific principles for customer relations:

- company products are presented to customers in a transparent and clear way
- customers are eligible to purchase our products, unless selective distribution criteria or similar are in place
- customers can qualify for our trade investments in return for specific performance
- trade policies are fair and transparent, all customers easily understand what they need to deliver.

## Customer Care

**Safilo customer care** is devoted to excellence, promoting outstanding service to our customers including:

- pre-sales activities: supplying product information, details on promotions and commercial conditions
- sales: supporting its commercial counterparts through punctual order entry for finished products, spare parts and in store material, and taking part in dedicated sales events
- after-sales service: providing assistance on product and supply solutions to technical issues and managing returns and warranties.

**Its main goals** are measured with internal KPIs, which are compliant with commonly established ones in other sectors in the field of customer care, and are tracked on a very regular basis:

- 80% of calls answered within 20 seconds;
- at least 95% of customers' enquiries are managed within one working day.

**We track customer calls** in order to understand customer needs and provide the right expertise. Customers often enquire about materials, products, promotions, returns, spare parts and warranties.

The customer care function also takes care of the **relationships with end-user consumers**, through different channels, such as the e-commerce websites of the proprietary brands Carrera, Polaroid and Smith, and email.

Through dedicated quality monitoring tools, the quality of our customer care is then assessed through side-by-side supervision and dedicated tutoring of customer care representatives.

## Digital Transformation

During 2021 Safilo continued the consolidation of the digital transformation process of the touch points with customers, started in 2020 with the launch of the **CRM (Customer Relationship Management) platform** and the **You&Safilo B2B e-commerce website**.

New services to purchase our products, to access marketing content and after-sales assistance services, have been made available to opticians.

Some initiatives introduced in 2021 have been:

- **Digitization of the warranty returns process:** from March 2021 customers of all European subsidiaries are no longer required to send the physical return to complete the warranty process for a defective product, but by accessing You&Safilo or via QR code they can transmit photos relating to the defective product, that will be immediately available to our quality department;
- **Y&S Chat:** for Italian and Spanish customers, have been activated this new communication channel that allows us to assist the customers directly while they are browsing our e-commerce website;
- **Dedicated promotions:** all customers who access You&Safilo e-commerce website can find out promotions dedicated to them and use them at the time of purchase on the platform;
- **Safilo Compass:** introduced in the last quarter of 2021, this is a new tool for the salesforce, fully integrated with the CRM platform and the You&Safilo e-commerce website. In this first phase, the new tool will allow our sales representatives to better manage their portfolio of brands/products and customers, have a 360° view of the customers, communicate directly with the customer care, and other new functionalities. The first countries involved in the adoption of this new tool are Italy, Hungary, the Czech Republic, Slovakia, while other European markets will follow in 2022.

## Customer satisfaction survey

Safilo has launched the customer satisfaction survey in November 2021.

The aim of our customer satisfaction survey is to understand customers' 360° perspective on Safilo's main areas and services: product, commercial team, customer care, after sales service, service levels, trade marketing and B2B-website.

The scope was: independent opticians of EMEA countries (Italy, Spain, Portugal, France, Benelux, Netherlands, Germany, Austria, Switzerland, Nordic, UK, Greece, Hungary, Czech Republic, Slovakia, South Africa, and for the first time Turkey and Slovenia) and North America (US and Canada).

Main KPIs investigated were:

- **NPS (Net Promoter Score):** on a scale from 0 to 10;
- **CSAT (Customer overall Satisfaction):** on a scale from 1 to 5.

**Europe** overall results have been:

- **NPS: 83%** of customers responded with a ranking between 9 and 10 to the question if they would recommend Safilo as a business partner and this allowed Safilo to reach a **NPS Index of 73.7** (26 in 2020);
- **Overall satisfaction:** the result has been equal to **4.4** on a scale of 1 to 5 (4.2 in 2020).

**North America** overall results have been:

- **NPS: 56%** of customers responded with a ranking between 9 and 10, reaching a **NPS Index of 37** (32 in 2020);
- **Overall satisfaction:** the result has been equal to **4.1** on a scale of 1 to 5 (4.0 in 2020).

## EMEA customer care team

Our EMEA customer care team is composed of 126 people, speaking 21 languages and covering more than 25 markets and global channels. In 2021, the EMEA customer care team managed around 520,000 contacts – inbound calls, emails, webforms, chats – and answered, on average, **89%** of calls within 20 seconds.

Specific customer care KPIs were also measured through the **customer satisfaction survey**, that highlighted on a scale from 1 to 5, a satisfaction rating in relation to customer care equal to **4.3** (4.1 in 2020).

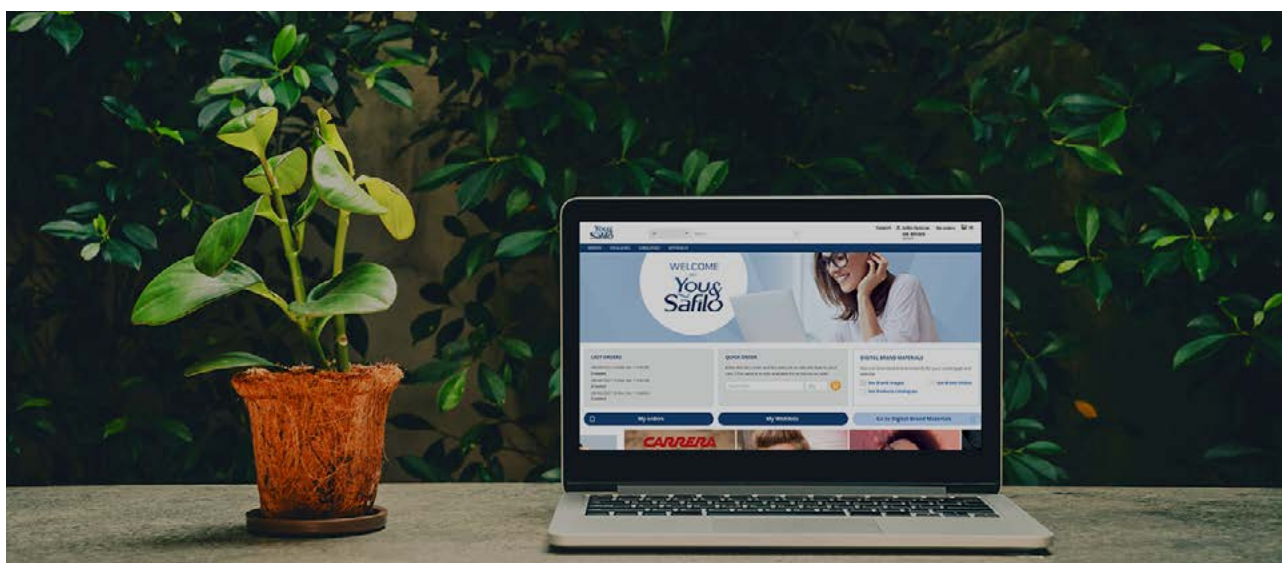
Furthermore, customer care proves to be one of the areas that most influenced the growth of Overall Satisfaction and NPS results, together with the after-sales service and the communication tools with opticians.

## North America customer care team

In 2021, our US customer care team supported 12 Markets, including independent 30's, key accounts, strategic accounts, and consumer relations. The team successfully supported these channels while ensuring the customer experience as top priority.

The customer care team managed and assisted these accounts via different channels. The total inbound calls assisted were 219,688 with a total service level of 90%, abandoned call level of 1.8% and an ASA level of 13 seconds. The total inbound chats assisted were 12,608 with a total customer satisfaction rating of 94% and missed chat level of 3.3%. There were additional 250,000 interactions assisted via electronic transmissions and emails.

In 2021, the customer care team implemented a new workforce management tool “Calabrio”, with important benefits for the contact center as well as for the entire Safilo organization, improving compliance, SLAs, and retaining talents. Benefits include: reduction of handling times, improvement of service levels and customer experience, reduction of operational costs, and effective performance management.



# 7. SOCIAL RESPONSIBILITY

## 7.1 SHARED VALUE



**Safilo's sustainability strategy is driven by our intent to create shared value and contribute to the UN 2030 Agenda for Sustainable Development.**

The eyewear sector plays a vital role for society, and, therefore, we understand how central shared value is to our business and to our employees and partners. We start first with our own core business and expertise in the protection and care of good eyesight. Then we build a sustainability approach that serves to help more and more people correct their eyesight defects and improve their vision. We are proud that we are able to serve so many different types of consumers and their needs with our product range, encompassing brands across all customer segments. Additionally, we meet the needs of athletes and sport practitioners through our range of safe, reliable products for children and adults, enabling them to stay active without risk to their eyes, as well as practicing their favourite sports in security and safety thanks to our glasses, goggles and helmets, designed with the most advanced technologies.

Eyesight is not only the main human sensory system, fundamental to discover the world around us, but it also allows each of us to define own perception of the world, its beauty and colours. Healthy eyesight is an essential part of our wellness and can contribute to a higher quality of life.

Safilo seeks to help protect and preserve eyesight for people around the world, not only through our eyewear, but also through the promotion of positive lifestyle and behaviour changes in society. We champion many initiatives that will make a real difference for people of all ages and their eyes through our broad vision that progress is for everyone:

- the prevention of potential eye damage through access to high quality frames and sun lenses;
- the usage of bio-based eco-friendly materials and processes to help protect the environment;
- awareness campaigns targeting the populations most at risk and most in need of eye care help and solutions.

## 7.2 SOCIAL INITIATIVES

### Special Olympics

Since 2003, Safilo has been actively supporting Special Olympics, a global non-profit organization, dedicated to transforming the life of people with intellectual disabilities.

In December 2021, Safilo re-committed its support of Special Olympics announcing a three-year partnership renewal. Thanks to this renewal Safilo and Special Olympics have further strengthened their relationship, now celebrating its 18th anniversary. It is an important milestone especially considering that over the years more than 1.3 million frames and sunglasses have been donated to Special Olympics athletes all over the world, as part of the Special Olympics Lions Clubs International Foundation Opening Eyes® programme.

Safilo's commitment is not only represented by the donation of optical frames, but also by the personal involvement of the Group's employees who, in recent years, have participated, as volunteers, in concrete initiatives linked to the organisation of Opening Eyes events for the benefit of athletes with intellectual disabilities.

In addition to donations of frames and sunglasses, the partnership also provides Special Olympics athletes with the opportunity to benefit from eye examinations and referrals for follow-up checks through Opening Eyes services supported by Safilo and other cooperate sponsors in the eye care community.

## Solidarity for territorially relevant initiatives

In consideration of the many natural disasters and unanticipated events that can affect our local communities, Safilo provides support in various forms either directly or indirectly through corporate channels and in partnership with aid organizations. As proof of our commitment to the territory, this year we have involved Giotto, a professional pastry workshop run by the local jailhouse "Carcere Due Palazzi" in Padua, for the Christmas gifts.

In 2021, Safilo has decided to support, through the donation of eyewear products, the "MILOVE" initiative, a charity temporary shop that supports the activities of "Visita Sospesa" for the provision of free health, psychological and rehabilitation services to families and children in difficulty who are unable to access the National Health Service in a timely manner.

Furthermore, in 2021 Safilo has supported, through the donation of eyewear products, also "NEVER GIVE UP", an Italian organization comprising a group of experts who work in centers of excellence in Italy and abroad in prevention, treatment and research on nutritional and eating disorders arena.

## #united4eyecare

In 2020, from the beginning of the Covid-19 pandemic, Safilo actively continued its commitment to support local communities launching the #united4eyecare initiative, a global corporate initiative that embraces all the activities put in place in different countries by Safilo and its brands for the production and donation of safety glasses, goggles and face shields for health care professionals.

In fact, in 2020 Safilo repurposed some manufacturing lines at its industrial sites in Santa Maria di Sala and Bergamo to produce protective eyewear and face shields, certified personal protective equipment (PPE): Polaroid Staysafe 1, a protective pair of glasses with a transparent and wraparound fitting, and Polaroid Staysafe 2, the first professional Polaroid face shield designed for complete protection of eyes, nose, and mouth.

The Group supported numerous health care facilities and hospitals in Italy, Spain and in the US by donating personal protection equipment to doctors, nurses, and health care workers on the frontline in the fight against the Covid-19 virus.

In addition to such donations, Safilo contributed by also supporting national institutions and associations.

At the same time, Safilo launched the new line of Polaroid Staysafe products for protection and personal safety.

In 2021, our support continued with further donations of certified personal protective equipment (PPE) to local health organisations and associations.



## Safilo with “SAVE THE CHILDREN ITALIA”

In November 2021 Safilo has announced a new collaboration with Save the Children, the international organization that for more than 100 years has been fighting to save children at risk and to guarantee them a better future.

This new collaboration originates from Safilo’s commitment to the Save the Children Italia campaign “Rewrite the future”, an integrated project aimed at counteracting educational poverty and early school leaving in Italy. The campaign intends to ensure that support is provided to families and underage children in need in city suburbs, disadvantaged regions, and deprived neighbourhoods.

More specifically, Safilo supports Save the Children’s “Punti Luce” network, composed of high-intensity educational centers, where children and teenagers aged between 6 and 16 can, on a daily basis, play and take part in a wide range cultural, recreational, and sporting activities. The children have the opportunity to grow, both on a personal and social level, by interacting with children of the same age, which is fundamental for stimulating creativity, reinforcing learning skills, and discovering and developing talents.

In 2020 alone, when the effects of the Covid-19 pandemic exacerbated situations of inequality and highlighted the challenging situations faced by many vulnerable children and teenagers and their families, the 26 “Punti Luce” centers, present in 20 cities throughout Italy, saw 11,000 children and teenagers take part in the activities offered – both in remotely and in person. The centers were able to help the children cope with isolation while continuing their social and educational development.

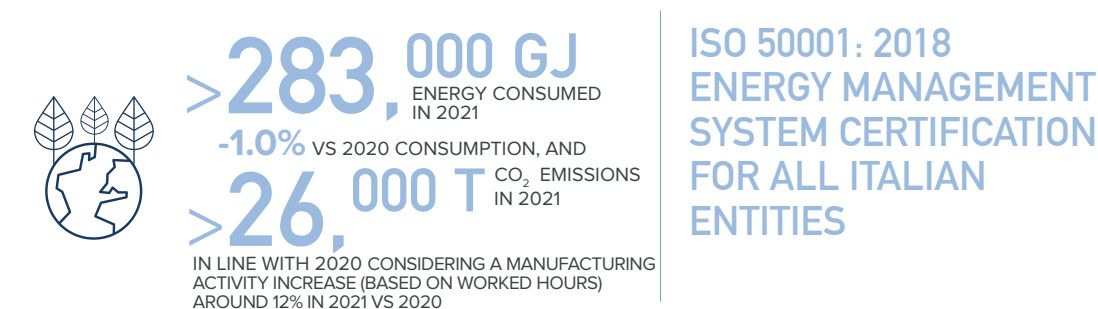






## 8. ENVIRONMENTAL RESPONSIBILITY

### 8.1 ENERGY CONSUMPTION & CO<sub>2</sub> EMISSIONS



Safilo acknowledges that respect for the environment is key both to protecting and preserving the areas in which it operates and for medium-long term business sustainability.

Safilo's long term aim is to create an **environmentally sustainable business model**, achieved by incorporating environmental considerations into its products, processes and operational decisions.

Safilo is committed to **continuously improving** its environmental performance by progressively **reducing the environmental impact** of its plants and facilities (offices, warehouses, showrooms), as well as that of its activities, services, products, and logistics.

Confirming the commitment to environmental risk prevention, Safilo has adopted a **Group Environmental Policy** based on five pillars:

- compliance with applicable environmental laws and regulations;
- minimisation of the environmental impact;
- supply chain awareness;
- encouraging employee participation and individual accountability for environmental actions;
- transparency with stakeholders.

The policy applies to all Safilo Group companies and employees worldwide, and to those acting on behalf of such companies.

The Group is committed to taking all measures necessary to meet the requirements of environmental laws and applicable regulations, including rules governing the use, control, transportation, storage and disposal of regulated materials that may be dispersed in the environment as a part of wastewater, air emissions, solid or hazardous waste.

Safilo aims to minimize its environmental impact and address climate change by reducing:

- energy and water consumption;
- the use of raw materials and potentially hazardous substances;
- waste generation;
- the emissions of greenhouse gases and other pollutants

through the implementation of technical innovations, the adoption of more efficient solutions, the promotion of the use of renewable energy sources, and the use of eco-friendly materials.

Environmental responsibility is a goal that permeates many aspects of Safilo's daily operations. The Group expects the same from its business partners, in order to source products that were manufactured in an environmentally responsible way, while maintaining our commitment to quality.

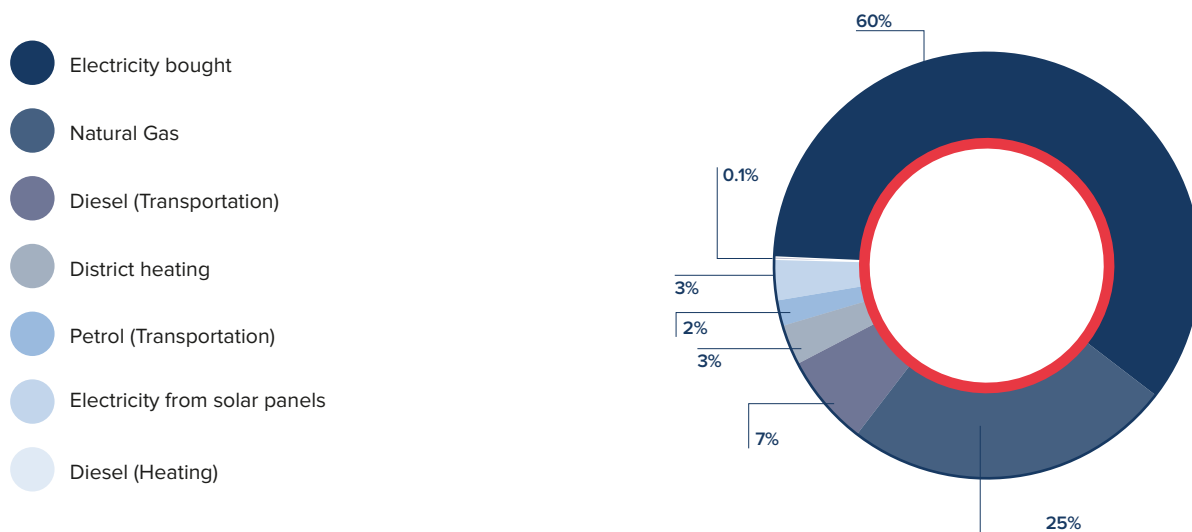
To this end, Safilo monitors environmental risks also along the entire supply chain, through social audit activities on suppliers aimed at investigating numerous characteristics, including their ability to reduce environmental impacts, and related certifications. When evaluating business relationships with potential strategic partners, Safilo takes environmental issues into account.

Furthermore, the Group believes that encouraging employee participation and individual accountability for environmental actions is crucial to its success. Therefore, Safilo aims to encourage employees to take an active part in the process by providing training and sharing information on sustainability and environmental matters. The Worldwide Business Conduct Manual includes a section dedicated to respecting the environment and current regulations.

Finally, the Group monitors and reports its overall environmental performance to all Stakeholders in a transparent way, through the annual publication of this Consolidated Non-Financial Information Statement in which it discloses environmental measures implemented and results achieved.

Safilo's energy drivers are electricity, natural gas, petrol and diesel fuel, heating. The main energy source used within the Group is electricity, which accounts for 63% of its total energy consumption.

## 2021 ENERGY CONSUMPTION BY TYPE OF FUEL



**TOTAL 283,376 GJ**

Starting from 2015, Safilo has implemented several energy saving projects in order to decrease energy consumption and CO<sub>2</sub> emissions. In 2018 the installation of the **first solar panel system of the Group** has been completed at the Chinese plant, which, in 2021, led to **electricity energy savings of 7,597 GJ** (around 4.3% of total 2021 electricity consumption) with a **saving in CO<sub>2</sub> emissions of 1,285 tonnes**.

In the last years, energy savings have been achieved through investments in energy efficiency solutions and through the implementation of energy efficiency practices aimed at a low energy consumption. Some of the implemented projects include:

- Light system revamping thanks to the implementation of LED instead of neon;

- Gradual replacement of obsolete compressors with new and more efficient ones, variable-speed drive air compressors with lower energy consumption;
- Ongoing replacement of the current heating systems and DHW (Domestic Hot Water) with natural gas boiler and heat pump;
- Installation of motion sensor and light automatic ignitions in low frequented areas;
- Adjustment of ignition and shutdown of air systems: the systems' ignition has been moved to be closer to the working day starting hour whereas the shutting down has been anticipated in order to exploit the thermic inertia of the working environment;
- Modification of the set point temperatures of the working place air system, in line with the DPR 74/13 (during working hours, in winter max temperature of 20°C and in summer minimum temperature of 26°C, for non-working hours, no limits to the temperature);
- Reduction of the ignition hours of the production facilities, by reducing work shifts and optimizing the industrial calendar;
- Placement of vending machines in standby mode during night time and holidays.

Other important energy saving projects implemented during last years in Padua headquarters have been:

- general replacement of light bulbs with more energy efficient ones;
- revamping, chiller replacement, and new air conditioning systems in specific areas;
- other management interventions (daily absorptions control through a software monitoring platform, punctual management of the mechanical systems' software with related optimization and monitoring of operating hours, implementation of procedures for daily preventive control of temperatures in relevant areas, and introduction of a register for the control of mechanical systems in the main technological areas).

Also in 2021 some energy saving projects and efficiency solutions have been implemented, such as the light system revamping with LED implementation in the Italian production plants of Bergamo and Santa Maria di Sala and in the offices of some commercial subsidiaries, the heating and cooling systems revamping in specific areas of Padua headquarters, the optimization of galvanic systems, the closing of compressed air valves at the end of the workshift, and a new transformer on the electrical cabin in the Italian production plant of Longarone.

In addition, Safilo invested in initiatives such as the introduction of **two electric cars** in Padua headquarters company's fleet, and to contribute to the reduction of CO<sub>2</sub> emissions and promote a sustainable mobility, since 2020 Safilo had begun to **renew its company car fleet in favour of** Toyota and Lexus **hybrid vehicles**, progressively converting the vehicle fleet towards sustainable mobility, and at the end of December 2021 around **60% of the Italian entities' company cars were new hybrids**.

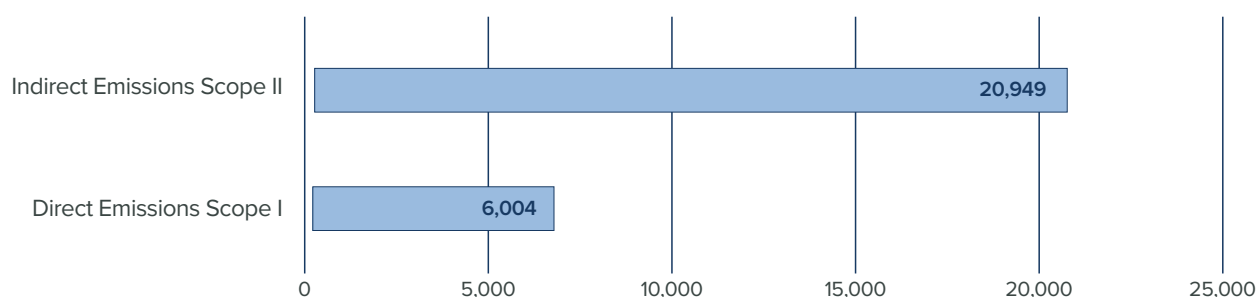
Safilo's sustainable change towards mobility is part of an energy efficiency plan and a progressive reduction of the ecological footprint of all the Group's activities, which has as its objective lower CO<sub>2</sub> emissions, a reduction in polluting consumption and therefore also greater protection of the environment and health. Topics that have always played a central role in Safilo's social responsibility programs, which put sustainability at the heart, not only as a safeguard of environmental resources but also as a guarantee of long-term social and economic growth.

Thanks to these energy efficiency practises and investments, the use of sustainable, low-environmental impact materials and the reduction of carbon emissions, which are constantly monitored by external parties on all the production methods and technologies used, in 2020 the Group obtained the **ISO 50001:2018 energy management system certification** for the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l., and the headquarters of Safilo S.p.a.. The certification will expire in December 2023.

Thanks to all these energy efficiency initiatives, and the restructuring initiatives implemented since 2020 within its industrial footprint, **in 2021 Safilo has reduced its total energy consumption by 1.0%, while CO<sub>2</sub> emissions were in line with 2020 (+0.7% compared to 2020)<sup>5</sup>**, considering a manufacturing activity increase (based on worked hours) around 12% in 2021 compared to 2020, and in particular:

- higher electricity consumption in the Chinese production plant due to the increase of its production volumes, which more than offset the reduction in CO<sub>2</sub> emissions of the Italian and Slovenian plants following the restructuring initiatives implemented;
- higher fuel consumption for company cars of commercial subsidiaries and headquarters.

## 2021 CO<sub>2</sub> EMISSIONS



**TOTAL 26,953 tCO<sub>2</sub>**

The Group looks to the future with particular attention paid to the development of a modern and successful business model, implemented thanks to a new digital transformation strategy. To this end, Safilo is investing in automation and digitalization processes which (among the various benefits) allow also for the reduction of the use of paper and primary resources, both in offices and factories.

An example is the introduction in the Padua headquarters of RPA (Robot Process Automation) technology, which allows the automation of the accounting process of a part of supplier invoice management, and an App dedicated to factory reporting, currently active in the Italian production sites, and that will be extended to the whole Group in the coming years.

## Recyclable, recycled and FSC certified marketing materials

Since 2019, all show cards supplied by Safilo are FSC (Forest Stewardship Council) certified, as well as most POP (point of purchase) marketing materials, namely counter cards or show cards.

FSC certification sustainability is becoming increasingly relevant at a global level and with consumers who are sensitive to products that are produced by eco-friendly brands. FSC certification ensures that items come from responsibly managed forests that provide environmental, social and economic benefits. The FSC, an acronym for Forest Stewardship Council, is an independent, non-profit organization that protects forests for future generations.

<sup>5</sup> 2021 energy consumption and CO<sub>2</sub> emissions included volume effects and energy savings generated from specific energy saving and restructuring projects implemented. For Scope II CO<sub>2</sub> emissions the KPI includes location-based emissions.

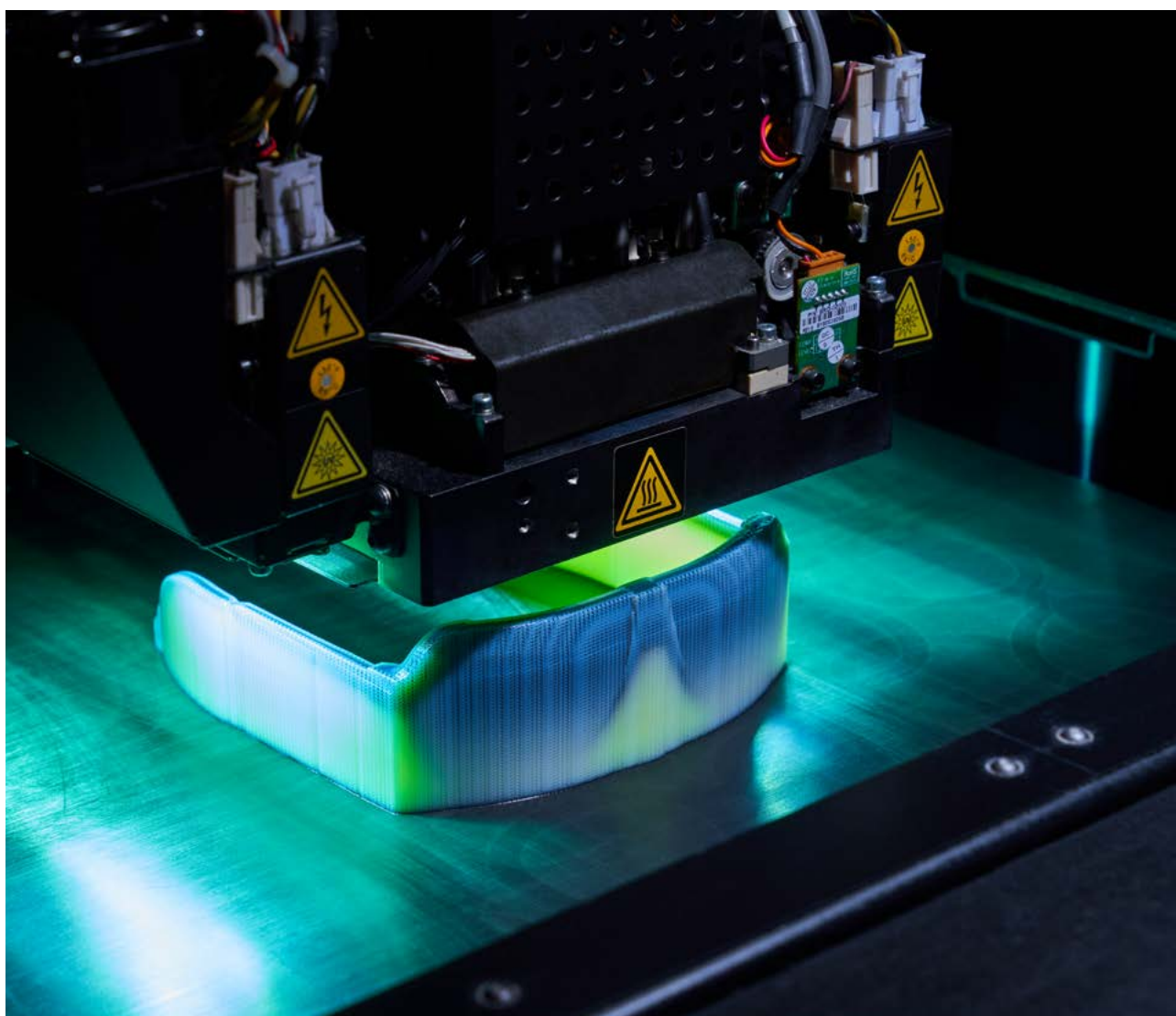


Starting from 2020, despite a lower production of seasonal materials following the Covid-19 emergency, Safilo has taken further steps towards environmental sustainability:

- extending the sustainable offer of marketing materials to a global level, some examples are: the complete offer of **Levi's** institutional materials are made of MDF FSC with packaging in recyclable material; **Tommy Jeans**' institutional materials are made with recyclable PMMA material; the **Tommy Jeans**' seasonal kit, consisting of 2 show card displays, is made with FSC materials; **M Missoni**'s "Welcome Kit", consisting of an institutional display and a seasonal marketing display, is produced using recyclable and recycled materials such as FSC cardboard, biodegradable plastic, MDF and Greencast plexiglass; 2021 seasonal **Polaroid** display has been totally made in cardboard FSC (internal structure included); 2021 **Missoni** seasonal display, linked to the "sustainable project" and inspired by the sustainable product packaging, has been made in recycled cardboard and PETG shelves;
- ensuring eco-sustainable cardboard packaging for both the exterior and the internal dividers of seasonal materials.

Safilo continues to work with its vendor partners to evaluate additional opportunities to support a circular economy aimed at minimizing waste and making the most of resources.

In this context, our suppliers submit a material board approved by Safilo, specifying the sustainable raw materials used.





## 8.2 WASTE GENERATION & RECYCLING, AND WATER CONSUMPTION

### Waste generation and recycling

Safilo wants to purposefully leverage its leadership position in the eyewear industry to initiate such changes across the value chain as to systematically reduce waste. Such reduction of waste will impact significantly and measurably the Group's own environmental footprint, as well as that of the industry as a whole.

Examples of chosen areas of intervention are inventory, returns, sku simplification, lean manufacturing, and logistics flows management, as well as driving towards a healthy balance between digitization and the actual need for prototypes and samples.

With an industrial footprint distributed in 5 production plants, in 2021 the Group generated about 5,764 tonnes of industrial waste.

Safilo has adopted a Group environmental policy, the objectives of which are the minimization of the environmental impact through, also, the reduction of waste generated. To this end, the Group is active in the research of more efficient solutions and the use of eco-friendly materials.

Whenever possible, waste are sent for recycling, if recycling or reuse is not possible, they are sent for disposal based on the type of waste.

The responsible management of hazardous and non-hazardous waste represents one of the most important topics of the Group environmental policy. Hazardous waste presents a greater risk to the environment and human health as well as higher operating costs to ensure compliance with regulations than any other type of waste.

The waste generated by the Group are mainly composed of:

- washing waters, sludge and residues deriving from production processes, galvanic and painting, and products washing;
- packaging of various materials (paper and cardboard, plastic, wood, mixed) used to cover the pallets that contain the products, or to divide the products within the pallets;
- plastic materials and mixed metals deriving from processing waste, disposal of materials, or products no longer usable;
- exhausted filters and filter materials;
- liquids deriving from oily emulsions for machine tools, and exhausted oil.

Most of the waste comes from the production processes in the Group plants, with the exception of packaging, plastic materials and mixed metals, which largely come from the supply chain.

In all the Group's production plants, particular attention is paid to the reuse of materials, in order to reduce the quantity of waste generated.

A continuous review of supply chain processes is promoted in order to optimize the incoming flow of raw materials and the reduction of waste materials, through solutions such as resizing the formats of raw materials and packaging materials used.

With reference to washing waters, the Group applies the most advanced management practices, respecting the environment and the territory. Where purification systems are in place, Safilo ensures continuous maintenance of the systems and periodic analyses, both internal and external, to control the quality of the waste water which therefore does not present a risk to the environment.

In addition, in 2019 the implementation of a new water purification system has been completed at the Italian plant in Longarone that allows for the recycling and reuse of over 90% of water, and in 2020 the implementation of a new water evaporation system has been completed at the Chinese plant in Suzhou.

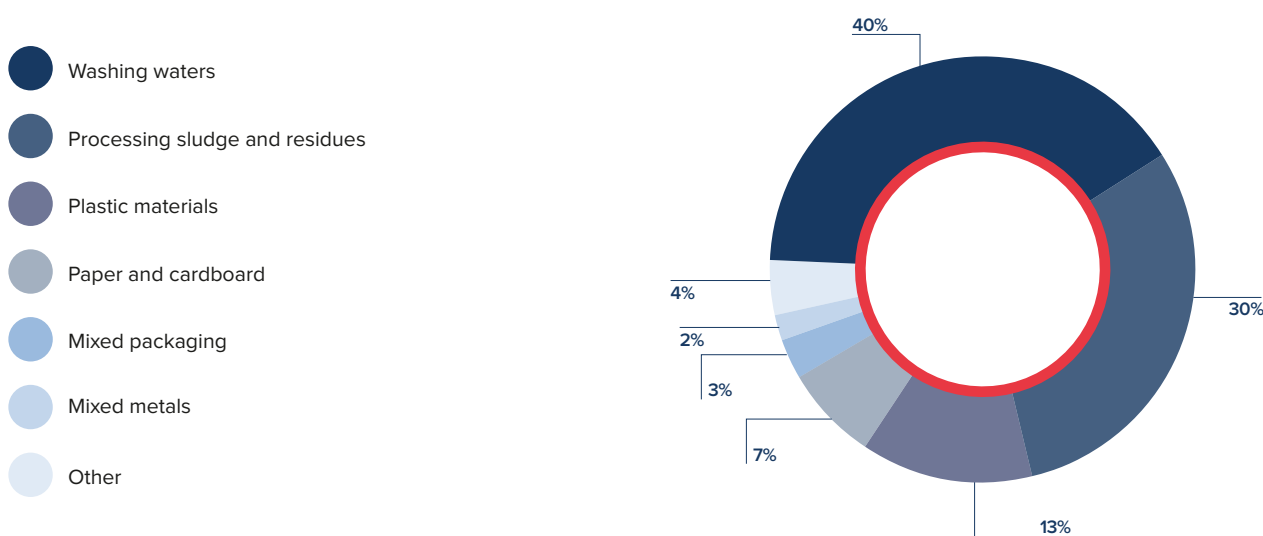
The waste management process involves their collection and storage in defined areas and specific containers according to the type of waste. The volumes managed are controlled by measuring the masses transferred to the recovery and disposal plants; the related data are stored in a specific database for each plant and shared at group level to allow monitoring by the EH&S central function, and all copies of the related documents (digital or paper) are filed according to the legal requirements.

All the waste generated by the Group are sent for recovery or disposal to external plants, and are therefore delivered to qualified and certified third parties who operate in compliance with the contractual or legal requirements.

The transport, delivery and final treatments of waste are carried out by qualified and certified third party suppliers in compliance with the local regulation of each country in which the Group operates.

The following chart reports the main types of waste generated by the Group in 2021.

#### WASTE GENERATED IN 2021 BY TYPE



**TOTAL 5,764 t**

The item “Other” mainly includes discarded equipment, exhausted batteries and toner, oily emulsions for machine tools, organic waste and other bulky waste.

In 2021, the waste generated by the Group have been equal to 5,764 tonnes, compared to 4,616 tonnes in 2020, with an increase around 25% mainly related to the higher quantities of washing waters and processing sludge due to the higher production volumes compared to 2020. <sup>6</sup>

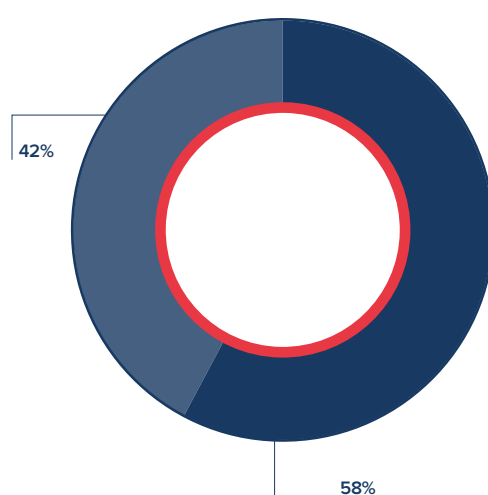
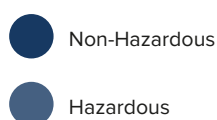
<sup>6</sup> 2021 waste generated, compared to 2020, included volume effects and benefits from specific saving and restructuring projects implemented.

Out of the waste generated in 2021, 53% was sent to landfill, 38% was recycled or recovered, and 9% was disposed of by incineration.

In 2021, non-hazardous waste were equal to 3,352 tonnes (58% of the total waste generated in 2021), compared to 2,752 tonnes in 2020 (60% of the total waste generated in 2020); of these, 1,500 tonnes were related to waste diverted from disposal, and 1,852 tonnes were related to waste directed to disposal.

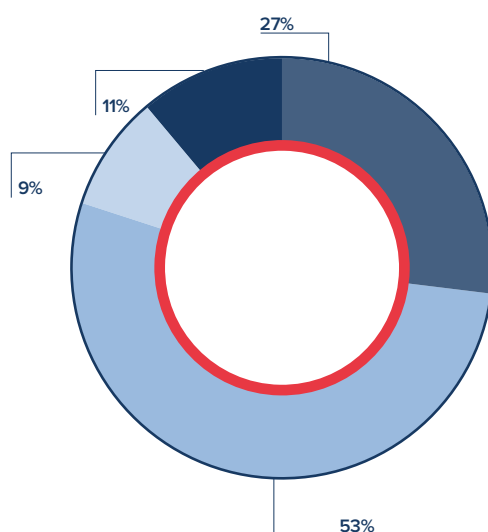
On the other hand, hazardous waste were equal to 2,412 tonnes (42% of the total waste generated in 2021), compared to 1,864 tonnes in 2020 (40% of the total waste generated in 2020); of these, 702 tonnes were related to waste diverted from disposal, and 1,710 tonnes were related to waste directed to disposal.

## 2021 WASTE (HAZARDOUS & NON-HAZARDOUS)



TOTAL 5,764 t

## 2021 WASTE BY DISPOSAL METHOD



TOTAL 5,764 t

## Water consumption

Safilo promotes a sensible and responsible use of water resources, and implements actions aimed at reducing and limiting its consumption in the medium-long term, also through constant monitoring.

Water can be used both for sanitary and production purposes, where it is mainly used in galvanic and related processes.

The primary source of withdrawal is the public network, while the Italian plant of Longarone uses also the groundwater, for production purposes, from the water well near the plant.

Water for sanitary use is usually discharged into the sewer system, while the waste water generated by the production plants is disposed of as waste by specialized operators.

The Italian production plants periodically carry out water analyses, through qualified external bodies, in order to verify that the water quality complies with the sector regulations.

In order to assess its impact in sensitive areas, the Group has identified companies that are in water stress areas based on the water stress indicator provided by the Aqueduct Water Risk Atlas of the World Resources Institute. It has emerged from this analysis that the only production plant of the Group located in areas with high water stress is the plant of Safilo Eyewear Industries Ltd in Suzhou (China), that exclusively uses water resources from the public network, coming from the Yangcheng and Taihu lakes near the factory.

In 2021, water withdrawal has been equal to 141.3 megalitres (of which 95% from third party municipal water and 5% from groundwater) with an increase of 22% compared to 115.8 megalitres in 2020.

The water withdrawal of the Group is only related to freshwater, including water withdrawal in areas with high water stress, that, in 2021, has been equal to 81.8 megalitres (53.1 megalitres in 2020) related to the plant of Safilo Eyewear Industries Ltd in Suzhou (China).

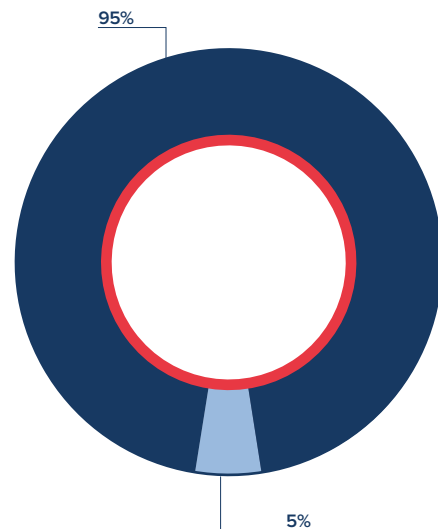
The increase in 2021 water withdrawal was strictly linked to the higher production volumes in particular in the Chinese plant of Safilo Eyewear Industries Ltd, compared to 2020.

To improve the water resources management, in 2019 the implementation of a new water purification system has been completed at the Italian plant in Longarone that allows for an important reduction of water withdrawal thanks to over 90% of recycling and reuse of water, while maintenance, monitoring and control activities are in place in the Italian plants of Longarone, Santa Maria di Sala and Bergamo with the aim of optimizing and making water withdrawal more efficient.<sup>7</sup>

<sup>7</sup> 2021 water withdrawal, compared to 2020, included volume effects and benefits from specific saving and restructuring projects implemented.

## 2021 WATER WITHDRAWAL BY SOURCE

- Third-party water
- Groundwater



TOTAL 141.3 megalitres



# ABOUT THIS REPORT

The Safilo Group, as a public interest entity (pursuant to Article 16, paragraph 1, of Legislative Decree 27 January 2010 no. 39) with size limits of employees, balance sheet and net revenues above the thresholds set in Article 2, paragraph 1, is subject to the application of the Legislative Decree 30 December 2016 no. 254 (hereinafter Decree 254) “Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU and subsequent updates Law no.145 published on December 30, 2018 as regards disclosure of non-financial and diversity information by certain large undertakings and groups”.

This document represents the fifth “Consolidated Non-Financial Information Statement” of the Safilo Group (hereinafter “NFS” or “Sustainability Report”) and refers to the period January 1 - December 31, 2021.

This Consolidated Non-Financial Information Statement has been drawn up to the extent necessary to ensure the understanding of the Safilo Group’s business, its performance, its results and the impacts from the same produced, and includes the data of the parent company and its subsidiaries consolidated at December 31, 2021 on a line-by-line basis, and covers the topics deemed relevant and provided for by the Article 3 of Decree 254. With reference to relevant changes in the Group scope during 2021, it should be noted that in July 2021 the Group completed the closing of the Slovenian production plant, while in November 2021 opened its Polish subsidiary. However, it should be noted that:

- 2021 employees figures include also the data related to the new subsidiary Safilo Polska sp. z o.o. incorporated in November 2021 by the Group;
- 2021 health and safety rates and injuries figures are related to the Italian and Chinese manufacturing plants, and Padua headquarters (2020 figures were also related to the Slovenian manufacturing plant);
- 2021 energy consumption and CO<sub>2</sub> emissions figures include the data of the Slovenian manufacturing plant till its closing date;
- water withdrawal figures are related to the Italian, Slovenian, Chinese and USA manufacturing plants, and Padua headquarters; 2021 figures include the data of the Slovenian manufacturing plant till its closing date;
- 2021 waste figures are related to the Italian, Chinese and USA manufacturing plants, and Padua headquarters (2020 figures were also related to the Slovenian manufacturing plant);
- 2021 training figures do not include the data related to the employees of the Slovenian manufacturing plant.

This report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards defined in 2016 from the Global Reporting Initiative (GRI) with the option “in accordance - Core”, as for the detection of fundamental key performance indicators. With regards to the specific Standards GRI 403 (Occupational health and safety) and GRI 303 (Water and effluents) the most recent versions of 2018 have been adopted, for GRI 207 (Tax) the version published in 2019, and for GRI 306 (Waste) the most recent version of 2020 has been adopted.

It has featured the support of a dedicated information system in order to be able to collect and consolidate quantitative and qualitative data and all the results that will be achieved thanks to the policies adopted in the various areas of sustainability.

This report has been prepared following the Regulators’ recommendations and in particular the ESMA guidelines published on 29 October 2021.

A GRI Content Index is provided at the end of the Report, to provide an overview of indicators disclosed and pages references.



The key performance indicators used are those required by the reporting standard adopted and are representative of the various areas, as well as consistent with the business and the impacts from the same produced. The choice of the key performance indicators to be reported has taken into consideration the first materiality assessment conducted in 2017 and the outcomes of the stakeholder engagement process performed in 2019 and approved by the Control Risk and Sustainability Committee in December 2019, which considered the topics defined by the Decree 254 and by the European Commission guidelines about the non-financial information reports.

For 2021, considering that the Covid-19 emergency did not significantly alter the identified sustainability topics of the Group, Safilo confirmed the materiality analysis elaborated in 2019.

For further information on the Covid-19 situation management and mitigation actions implemented, please refer to the paragraphs “5.3 Ensuring workplace health and safety” and “6.3 Our Customers”.

The Group’s economic and financial aspects and the Group’s Corporate Governance are described more in depth in the Group documents: “2021 Annual Report”, “2021 Report on Corporate Governance”, “2021 Report on the Remuneration”, all available on the Safilo Group website along with the present NFS ([www.safilogroup.com](http://www.safilogroup.com)).

Any disclosure methods of quantitative data that should differ from the foregoing, are expressly indicated through specific notes. Moreover, for the purposes of a correct performance representation and to guarantee the reliability of the data, the use of estimates has been limited as much as possible and, if present, is based on the best available methodologies and properly highlighted. Where possible, data and information within the NFS related to the fiscal year 2020 are provided for comparison purposes.

The Consolidated Non-Financial Information Statement is prepared on an annual basis, in compliance with the requirements of the Decree 254.

The document has been approved by the Board of Directors of Safilo Group S.p.A. on March 15, 2022.

This Report is subjected to a limited assurance engagement according to the criteria of the Standard “ISAE 3000 Revised” by an auditing company, which expresses, with a separate report, a certification regarding the compliance of information provided pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016 and the GRI Standards. The audit is carried out according to the procedures disclosed in the “Independent auditor’s report”, included in this document. The limited assurance engagement did not cover the information required by Article 8 of the European Regulation 2020/852.

During 2021, the Safilo Group continued its path of continuous improvement within the topics and procedures applied with respect to the reduction of environmental impacts, the development of social and personnel procedures, respect for human rights along the supply chain, acting against active and passive corruption, in order to adhere more and more virtuously to what is required by legislation and industry best practices.

In this regard, a detailed project overview is shown below.

## ENVIRONMENT

Considering the materiality matrix applied and the nature of the eyewear industry, the environmental topic has not resulted as being highly relevant for the Group.

Safilo has worked to structure a reporting system on the environmental KPIs, according to the GRI Standards.

In 2021, the Group continued with the analysis of the main risks generated or suffered deriving from the business, a significant number of materials and solutions with reduced environmental impact have been introduced in its collections and production processes, the ISCC Plus certification and the GRS certification have been obtained.

Furthermore, in 2020 the Group obtained the ISO 50001:2018 certification for the Italian plants and headquarters, started to renew its company car fleet in favour of hybrid vehicles, and announced the first sunglasses made with ocean waste plastic.

In 2019, Safilo adopted and approved a Group Environmental Policy, that applies to all Group companies and employees worldwide, and to those acting on behalf of such companies.

In addition, Safilo adopted eco-friendly and FSC certified marketing materials, and performed a Life Cycle Assessment project in relation to a selected panel of frames and components.

For further information on Climate Change risks, please refer to the paragraph “3.1 Governance and Risk management”.

## **SOCIAL AND PEOPLE ASPECTS**

Safilo operates with an extensive subsidiary network in around 40 countries, and production plants located in 3 countries. The Group has already developed several initiatives related to the enhancement of its human capital, with particular reference to the talent acquisition and development, diversity and inclusion, health and safety and industrial relations.

This topic is reflected in the Worldwide Business Conduct Manual, which defines the principles and standards of behaviour that all employees must adhere to. Furthermore, in 2018 Safilo adopted and approved a “Diversity Policy” for the governance bodies (Board of Directors and Board of Statutory Auditors).

With regards to the workplace health and safety, the adoption of safeguards to mitigate this risk through the adoption of the ISO 45001:2018 management system certification (obtained for the Italian and Chinese production plants and Italian headquarters), and the application of the organization, management and control model under Legislative Decree 231/01 for the Italian entities should be noted.

The Group has also always been committed to guaranteeing adequate industrial relations.

For further information on the Group’s strategy and the reorganization of the production footprint, please refer to the “Annual Report 2021” and the Group Business Plan 2020-2024.

## **HUMAN RIGHTS RESPECT**

With reference to the human rights respect, the topic is monitored by the Group both internally and along the supply chain. These are defined within the Worldwide Business Conduct Manual and the Corporate Responsible Sourcing Supplier Manual.

Furthermore, the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l. (Longarone, Santa Maria di Sala, and Bergamo), the Milan showroom and Padua headquarters of Safilo S.p.a, obtained the certification SA8000 Social Accountability Management System Standard, which certified that Safilo’s business system complies with the principles of social responsibility (freedom of association, human rights, refusal of forced labour, health and safety in the workplace, transparency).

## **ACTIVE AND PASSIVE CORRUPTION**

The Group has already adopted the organization, management and control model under Legislative Decree 231/01, and corruption topics are already covered within the Italian context.

Furthermore, the Group takes a zero-tolerance approach towards forms of bribery and corruption, as defined in the Worldwide Business Conduct Manual, and in the Anti-Bribery and Anti-Corruption Policy adopted by the Company in 2020.



# ANNEXES

## Safilo impact boundaries and types

The following table represents the impact boundaries and types of Safilo Group to understand to which extent the Group and its activities impact the different topics identified as material.

Topics	Boundaries	Types
Business Ethics and Compliance	Safilo Group	Caused by Safilo Group
Economic performance	Safilo Group	Caused by Safilo Group
Governance & Risk Management	Safilo Group	Caused by Safilo Group
Product Craftsmanship & Innovation	Safilo Group and Safilo supply chain	Caused by Safilo Group and directly connected to its activities
Diversity and Inclusion	Safilo Group	Caused by Safilo Group
Safety and Wellbeing	Safilo employees	Caused by Safilo Group
Industrial Relations	Safilo Group	Caused by Safilo Group
Employee Development	Safilo Group	Caused by Safilo Group
Licensor's Trust	Safilo Group	Caused by Safilo Group
Sustainable Supply Chain	Safilo Group and Safilo supply chain	Caused by Safilo Group and directly connected to its activities
Client Satisfaction	Safilo Group	Caused by Safilo Group
Human Rights	Safilo Group and Safilo supply chain	Caused by Safilo Group and directly connected to its activities
Social Impact	Safilo Group	Caused by Safilo Group
Energy Consumption & CO <sub>2</sub> emissions	Safilo Group	Caused by Safilo Group
Water Consumption	Safilo Group	Caused by Safilo Group
Waste Generation & Recycling	Safilo Group	Caused by Safilo Group

## Safilo people

### Workforce breakdown by gender and employee category [GRI 405-1b]

Employees by gender and employee category	December 31, 2021						December 31, 2020					
	Men	%	Women	%	Total	% on total	Men	%	Women	%	Total	% on total
Executives	17	85%	3	15%	20	0.4%	15	79%	4	21%	19	0.4%
Directors	56	72%	22	28%	78	2%	60	71%	25	29%	85	2%
Management	209	53%	189	47%	398	9%	223	55%	180	45%	403	8%
Employees	727	42%	988	58%	1,715	38%	801	43%	1,082	57%	1,883	36%
Workers	836	36%	1,498	64%	2,334	51%	931	33%	1,894	67%	2,825	54%
<b>Total</b>	<b>1,845</b>	<b>41%</b>	<b>2,700</b>	<b>59%</b>	<b>4,545</b>	<b>100%</b>	<b>2,030</b>	<b>39%</b>	<b>3,185</b>	<b>61%</b>	<b>5,215</b>	<b>100%</b>

### Workforce breakdown by age group and employee category [GRI 405-1b]

Employees by age group and employee category	December 31, 2021							
	< 30	%	30-50	%	> 50	%	Total	% on total
Executives	-	-	11	55%	9	45%	20	0.4%
Directors	-	-	57	73%	21	27%	78	2%
Management	6	2%	299	75%	93	23%	398	9%
Employees	200	12%	1,135	66%	380	22%	1,715	38%
Workers	264	11%	1,506	65%	564	24%	2,334	51%
<b>Total</b>	<b>470</b>	<b>10%</b>	<b>3,008</b>	<b>66%</b>	<b>1,067</b>	<b>24%</b>	<b>4,545</b>	<b>100%</b>

Employees by age group and employee category	December 31, 2020							
	< 30	%	30-50	%	> 50	%	Total	% on total
Executives	-	-	11	58%	8	42%	19	0.4%
Directors	-	-	67	79%	18	21%	85	2%
Management	12	3%	296	73%	95	24%	403	8%
Employees	218	12%	1,250	66%	415	22%	1,883	36%
Workers	281	10%	1,822	64%	722	26%	2,825	54%
<b>Total</b>	<b>511</b>	<b>10%</b>	<b>3,446</b>	<b>66%</b>	<b>1,258</b>	<b>24%</b>	<b>5,215</b>	<b>100%</b>

### Workforce breakdown by gender and employment contract [GRI 102-8a]

Employees by gender and employment contract	December 31, 2021						December 31, 2020					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
Permanent	1,788	97%	2,623	97%	4,411	97%	1,994	98%	3,137	98%	5,131	98%
Temporary	57	3%	77	3%	134	3%	36	2%	48	2%	84	2%
<b>Total</b>	<b>1,845</b>	<b>100%</b>	<b>2,700</b>	<b>100%</b>	<b>4,545</b>	<b>100%</b>	<b>2,030</b>	<b>100%</b>	<b>3,185</b>	<b>100%</b>	<b>5,215</b>	<b>100%</b>

**Workforce breakdown by employment contract and region [GRI 102-8b]**

Employees by employment contract and region	December 31, 2021				
	Europe	North America	Asia Pacific	Rest of the world	Total
Permanent	2,419	696	1,121	175	<b>4,411</b>
Temporary	21	2	111	-	<b>134</b>
<b>Total</b>	<b>2,440</b>	<b>698</b>	<b>1,232</b>	<b>175</b>	<b>4,545</b>

Employees by employment contract and region	December 31, 2020				
	Europe	North America	Asia Pacific	Rest of the world	Total
Permanent	3,111	727	1,119	174	<b>5,131</b>
Temporary	9	7	68	-	<b>84</b>
<b>Total</b>	<b>3,120</b>	<b>734</b>	<b>1,187</b>	<b>174</b>	<b>5,215</b>

**Workforce breakdown by gender and employment type [GRI 102-8c]**

Employees by gender and employment type	December 31, 2021						December 31, 2020					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
Full time	1,830	99%	2,338	87%	<b>4,168</b>	<b>92%</b>	2,006	99%	2,727	86%	<b>4,733</b>	<b>91%</b>
Part time	15	1%	362	13%	<b>377</b>	<b>8%</b>	24	1%	458	14%	<b>482</b>	<b>9%</b>
<b>Total</b>	<b>1,845</b>	<b>100%</b>	<b>2,700</b>	<b>100%</b>	<b>4,545</b>	<b>100%</b>	<b>2,030</b>	<b>100%</b>	<b>3,185</b>	<b>100%</b>	<b>5,215</b>	<b>100%</b>

**New employee hires & employee turnover [GRI 401-1] <sup>8 9</sup>**

Incoming employees by age group and gender	December 31, 2021						December 31, 2020					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
< 30	110	48%	127	53%	<b>237</b>	<b>50%</b>	84	34%	87	33%	<b>171</b>	<b>33%</b>
30 - 50	197	16%	201	11%	<b>398</b>	<b>13%</b>	134	10%	141	7%	<b>275</b>	<b>8%</b>
> 50	23	6%	26	4%	<b>49</b>	<b>5%</b>	24	5%	43	5%	<b>67</b>	<b>5%</b>
<b>Total</b>	<b>330</b>	<b>18%</b>	<b>354</b>	<b>13%</b>	<b>684</b>	<b>15%</b>	<b>242</b>	<b>12%</b>	<b>271</b>	<b>9%</b>	<b>513</b>	<b>10%</b>

Incoming employees by gender and region	December 31, 2021				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	51	116	132	31	<b>330</b>
%	6%	44%	20%	28%	<b>18%</b>
Women	56	147	128	23	<b>354</b>
%	3%	34%	22%	37%	<b>13%</b>
<b>Total</b>	<b>107</b>	<b>263</b>	<b>260</b>	<b>54</b>	<b>684</b>
%	<b>4%</b>	<b>38%</b>	<b>21%</b>	<b>31%</b>	<b>15%</b>

8 Percentage of new employee hires and employee turnover have been calculated on the respective number of employee (by age group, gender and region) at the end of the year.

9 2021 outgoing employees data includes the employees of the Slovenian production plant closed in July 2021.



Incoming employees by gender and region	December 31, 2020				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	30	106	84	22	<b>242</b>
%	3%	43%	13%	19%	<b>12%</b>
Women	31	170	55	15	<b>271</b>
%	1%	35%	10%	26%	<b>9%</b>
<b>Total</b>	<b>61</b>	<b>276</b>	<b>139</b>	<b>37</b>	<b>513</b>
%	<b>2%</b>	<b>38%</b>	<b>12%</b>	<b>21%</b>	<b>10%</b>

Outgoing employees by age and gender	December 31, 2021						December 31, 2020					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
< 30	73	32%	104	43%	<b>177</b>	<b>38%</b>	106	43%	93	35%	<b>199</b>	<b>39%</b>
30 - 50	295	24%	460	26%	<b>755</b>	<b>25%</b>	241	18%	387	18%	<b>628</b>	<b>18%</b>
> 50	147	38%	275	41%	<b>422</b>	<b>40%</b>	87	19%	191	24%	<b>278</b>	<b>22%</b>
<b>Total</b>	<b>515</b>	<b>28%</b>	<b>839</b>	<b>31%</b>	<b>1,354</b>	<b>30%</b>	<b>434</b>	<b>21%</b>	<b>671</b>	<b>21%</b>	<b>1,105</b>	<b>21%</b>

Outgoing employees by gender and region	December 31, 2021				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	265	98	117	35	<b>515</b>
%	33%	37%	18%	31%	<b>28%</b>
Women	522	202	98	17	<b>839</b>
%	32%	46%	17%	27%	<b>31%</b>
<b>Total</b>	<b>787</b>	<b>300</b>	<b>215</b>	<b>52</b>	<b>1,354</b>
%	<b>32%</b>	<b>43%</b>	<b>17%</b>	<b>30%</b>	<b>30%</b>

Outgoing employees by gender and region	December 31, 2020				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	172	78	156	28	<b>434</b>
%	17%	32%	24%	24%	<b>21%</b>
Women	433	116	107	15	<b>671</b>
%	21%	24%	20%	26%	<b>21%</b>
<b>Total</b>	<b>605</b>	<b>194</b>	<b>263</b>	<b>43</b>	<b>1,105</b>
%	<b>19%</b>	<b>26%</b>	<b>22%</b>	<b>25%</b>	<b>21%</b>

### Employees covered by collective bargaining agreements [GRI 102-41]

	December 31, 2021	December 31, 2020
Employees covered by collective bargaining agreements	3,297	3,907
<b>Total workforce</b>	<b>4,545</b>	<b>5,215</b>
%	<b>73%</b>	<b>75%</b>

## Work-related injuries <sup>10</sup> [GRI 403-9]

Occupational Health & Safety Rates and Injuries	December 31, 2021			December 31, 2020		
	Men	Women	Total	Men	Women	Total
Number of recordable work-related injuries	4	4	8	8	13	21
Number of high-consequence work-related injuries (excluding fatalities)	-	-	-	-	1	1
Number of fatalities as a result of work-related injury	-	-	-	-	-	-
Number of hours worked	3,061,348	3,772,494	6,833,842	2,790,050	3,679,382	6,469,432
Rate of recordable work-related injuries	1.31	1.06	1.17	2.87	3.53	3.25
Rate of high-consequence work-related injuries (excluding fatalities)	-	-	-	-	0.27	0.15
Rate of fatalities as a result of work-related injury	-	-	-	-	-	-

## Average hours of training per year per employee [GRI 404-1] <sup>11</sup>

Average hours of training by gender and employee category	December 31, 2021					
	Men	Average hours of training	Women	Average hours of training	Total	Average hours of training
Executives	165	10	102	34	267	13
Directors	660	12	468	21	1,128	14
Management	2,404	12	2,299	12	4,703	12
Employees	6,915	10	9,985	10	16,900	10
Workers	15,753	19	23,066	15	38,819	17
<b>Total</b>	<b>25,897</b>	<b>14</b>	<b>35,920</b>	<b>13</b>	<b>61,817</b>	<b>14</b>

Average hours of training by gender and employee category	December 31, 2020					
	Men	Average hours of training	Women	Average hours of training	Total	Average hours of training
Executives	30	2	34	8	64	3
Directors	186	3	160	6	346	4
Management	2,141	10	1,280	7	3,421	8
Employees	7,512	9	8,034	7	15,546	8
Workers	18,922	20	25,914	14	44,836	16
<b>Total</b>	<b>28,791</b>	<b>14</b>	<b>35,422</b>	<b>11</b>	<b>64,213</b>	<b>12</b>

<sup>10</sup> "High-consequence work-related injuries" are work-related injuries that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

"Rate of recordable work-related injuries" is calculated as number of recordable work-related injuries divided by the number of hours worked, multiplied per 1,000,000.

"Rate of high-consequence work-related injuries" is calculated as number of high-consequence work-related injuries divided by the number of hours worked, multiplied per 1,000,000.

"Rate of fatalities as a result of work-related injury" is calculated as number of fatalities as a result of work-related injury divided by the number of hours worked, multiplied per 1,000,000.

These KPIs are related to the Italian and Chinese manufacturing plants, and Padua headquarters, and do not include external collaborators' data (the Group has no direct control on data from the employers of workers who are not employees), nor in transit injuries. 2020 figures included also the data related to the Slovenian manufacturing plant that has been closed in July 2021.

<sup>11</sup> 2021 training figures do not include the data related to the employees of the Slovenian manufacturing plant closed in July 2021.

Training hours provided by type of training	December 31, 2021	December 31, 2020
Health & Safety	13,218	22,441
Compliance	9,451	12,904
Professional	23,207	19,613
ICT	741	393
WBCM and onboarding	5,535	4,165
Managerial	7,896	1,499
Linguistic	831	1,675
Other	938	1,525
<b>Total</b>	<b>61,817</b>	<b>64,213</b>

## Environment

### Energy Consumption [GRI 302-1]<sup>12</sup>

Energy Consumption (GJ)	December 31, 2021	%	December 31, 2020	%	Change %
<b>From non-renewable sources</b>	<b>275,779</b>	<b>97%</b>	<b>279,239</b>	<b>98%</b>	<b>-1.2%</b>
Electricity bought	169,665	60%	171,801	60%	-1.2%
Natural Gas	71,763	25%	69,844	24%	2.7%
Diesel (Transportation)	19,363	7%	19,710	7%	-1.8%
Heating	7,620	3%	13,920	5%	-45.3%
Petrol (Transportation)	7,044	2%	3,660	1%	92.5%
Diesel (Heating)	324	0.1%	304	0.1%	6.5%
<b>From renewable sources</b>	<b>7,597</b>	<b>3%</b>	<b>6,929</b>	<b>2%</b>	<b>9.7%</b>
Electricity from solar panels	7,597	3%	6,929	2%	9.7%
<b>Total</b>	<b>283,376</b>	<b>100%</b>	<b>286,168</b>	<b>100%</b>	<b>-1.0%</b>

### Emissions<sup>13</sup> [GRI 305-1 and GRI 305-2]

Total Emissions (t CO <sub>2</sub> )	December 31, 2021	%	December 31, 2020	%	change %
<b>Direct Emissions - Scope I</b>	<b>6,004</b>	<b>22%</b>	<b>5,667</b>	<b>21%</b>	<b>6.0%</b>
– Natural Gas	4,034	15%	3,927	15%	2.7%
– Diesel (Transportation)	1,431	5%	1,450	5%	-1.3%
– Petrol (Transportation)	515	2%	268	1%	92.3%
– Diesel (Heating)	24	0.1%	22	0.1%	7.1%
<b>Indirect Emissions - Scope II<sup>14</sup></b>	<b>20,949</b>	<b>78%</b>	<b>21,110</b>	<b>79%</b>	<b>-0.8%</b>
– Electricity bought	20,367	76%	20,031	75%	1.7%
– Heating	582	2%	1,079	4%	-46.0%
<b>Total</b>	<b>26,953</b>	<b>100%</b>	<b>26,777</b>	<b>100%</b>	<b>0.7%</b>

<sup>12</sup> For electricity and heating consumption 1 kWh = 0.0036 GJ; for natural gas consumption 1 mc = 0.035281 GJ; for diesel (transportation and heating) consumption 1 litre = 0.03601332 GJ; for petrol (transportation) consumption 1 litre = 0.03105216 GJ.  
2021 energy consumption figures include the data of the Slovenian manufacturing plant till its closing date.

<sup>13</sup> These figures have been calculated using TERNA 2019 and Minambiente 2021 emissions factors, according to the GHG Protocol methodology. The consolidation approach for the Group's emissions is the operational control. Figures refer to CO<sub>2</sub> equivalent when available. 2021 CO<sub>2</sub> emission figures include the data of the Slovenian manufacturing plant till its closing date.

<sup>14</sup> Scope II CO<sub>2</sub> emissions reported in the table have been calculated with the location-based method. However, they have also been calculated with the market-based method, using the emission factors related to the "residual mix" (AIB-2021 European Residual Mix), where available. Otherwise, the same emissions factors used for the location-based method have been used also for the market-based method. In 2021, CO<sub>2</sub> equivalent emissions with market-based method accounted for 24,435 t (compare to 24,935 t of 2020).  
Some data may have been estimated or calculated.

**Waste <sup>15</sup> [GRI 306-3, 306-4, 306-5]**

Waste by disposal method (t)	December 31, 2021						
	Waste diverted from disposal			Waste directed to disposal			Total waste generated
	Total	Recycling	Recovery	Total	Landfill	Incineration	
Non-Hazardous	1,500	460	1,040	1,852	1,368	484	3,352
Hazardous	702	200	502	1,710	1,668	42	2,412
Total	2,202	660	1,542	3,562	3,036	526	5,764
%	38%	11%	27%	62%	53%	9%	100%

Waste by disposal method (t)	December 31, 2020						
	Waste diverted from disposal			Waste directed to disposal			Total waste generated
	Total	Recycling	Recovery	Total	Landfill	Incineration	
Non-Hazardous	1,475	329	1,146	1,277	834	443	2,752
Hazardous	496	101	395	1,368	1,272	96	1,864
Total	1,971	430	1,541	2,645	2,106	539	4,616
%	42%	9%	33%	58%	46%	12%	100%

Composition of waste generated in 2021 (t)	Waste generated	Waste diverted from disposal	Waste directed to disposal
Washing waters	2,308	459	1,849
Processing sludge and residues	1,728	211	1,517
Plastic materials	766	690	76
Paper and cardboard	387	373	14
Mixed packaging	182	182	-
Mixed metals	143	143	-
Other	250	144	106
<b>Total waste</b>	<b>5,764</b>	<b>2,202</b>	<b>3,562</b>

Composition of waste generated in 2020 (t)	Waste generated	Waste diverted from disposal	Waste directed to disposal
Washing waters	1,860	363	1,497
Processing sludge and residues	1,078	221	857
Plastic materials	669	505	164
Paper and cardboard	360	346	14
Mixed packaging	163	163	-
Mixed metals	159	159	-
Other	327	214	113
<b>Total waste</b>	<b>4,616</b>	<b>1,971</b>	<b>2,645</b>

15 Starting from 2021, it has been decided to report data related to waste based on the new GRI Standard 306, published by the Global Reporting Initiative (GRI) in 2020, replacing the previous version used so far and published in 2016.

2020 figures have been restated according to the new GRI 306 Waste (2020). For the figures previously published according to the GRI 306 (2016) please refer to the Consolidated Non-Financial Information Statement 2020.

These figures are related to the Italian, Chinese and USA manufacturing plants, and Padua headquarters. 2020 figures were also related to the Slovenian manufacturing plant closed in July 2021. Information has been collected by the waste disposal contractor.

**Water withdrawal <sup>16</sup> [GRI 303-3]**

		December 31, 2021		December 31, 2020	
	Water withdrawal by source (in megalitres)	All areas	Areas with water stress	All areas	Areas with water stress
<b>Water withdrawal by source</b>	<b>Surface water (total)</b>	-	-	-	-
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
	<b>Groundwater (total)</b>	<b>7.4</b>	-	<b>6.6</b>	-
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	7.4	-	6.6	-
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
	<b>Seawater (total)</b>	-	-	-	-
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
	<b>Produced water (total)</b>	-	-	-	-
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
	<b>Third-party water (total)</b>	<b>133.9</b>	<b>81.8</b>	<b>109.2</b>	<b>53.1</b>
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	133.9	81.8	109.2	53.1
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
<b>Total third-party water withdrawal by withdrawal source</b>	Surface water		81.8		53.1
	Groundwater		-		-
	Seawater		-		-
	Produced water		-		-
<b>Total water withdrawal</b>	<b>Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)</b>	<b>141.3</b>	<b>81.8</b>	<b>115.8</b>	<b>53.1</b>

<sup>16</sup> In order to assess and identified companies in water stress areas, it has been used the water stress indicator provided by the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). For the analysis, have been considered the results emerged in the "baseline water stress" column. These figures are related to the Italian, Slovenian, Chinese and USA manufacturing plants, and Padua headquarters, and data have been consolidated starting from the information of the resource providers.  
2021 figures include the data of the Slovenian manufacturing plant till its closing date.





# GRI CONTENT INDEX<sup>17</sup>

Safilo 2021 Consolidated Non-Financial Information Statement has been prepared in accordance with the GRI Standards: Core Option. The following index provides the qualitative and quantitative information disclosed during the materiality assessment, with related references to the document's chapters.

GRI Standards		Chapters - Paragraphs	Pages
<b>GRI 102: GENERAL STANDARD DISCLOSURES</b>			
<b>Organizational profile</b>			
<b>102-1</b>	Name of the organization	Safilo Governance – 3.1 About this Report	26 76
<b>102-2</b>	Activities, brands, products and services	Safilo – 1.3	11
<b>102-3</b>	Location of the headquarters	Safilo Governance – 3.1	26
<b>102-4</b>	Location of operations	Safilo – 1.4	13 – 15
<b>102-5</b>	Ownership and legal form	Safilo Governance – 3.1	26
<b>102-6</b>	Markets served	Safilo – 1.4	13 – 15
<b>102-7</b>	Scale of the organization	Highlights Safilo – 1.5	6 16
<b>102-8</b>	Information on employees and other workers	Safilo – 1.5 Integrity in the Workplace – 5.1 Annexes	16 46 81 – 82
<b>102-9</b>	Supply chain of the organization	Responsible Partnerships – 6.2	57 – 59
<b>102-10</b>	Significant changes to the organization and its supply chain	About this Report	76
<b>102-11</b>	Precautionary principle or approach	Safilo Governance – 3.1 and 3.2 Environmental Responsibility 8.1 and 8.2	26 – 34 66 – 75
<b>102-12</b>	External Initiatives	Product Craftsmanship & Innovation 4.4 Responsible Partnerships – 6.2	39 – 40 57 – 59
<b>102-13</b>	Membership of Association	Product Craftsmanship & Innovation 4.4 Social Responsibility – 7.2	39 – 40 62 – 64
<b>Strategy</b>			
<b>102-14</b>	Statement from senior decision maker	The Safilo Way	4 – 5
<b>102-15</b>	Description of key impacts, risks, and opportunities	Safilo Governance – 3.1	26 – 33
<b>Ethics and integrity</b>			
<b>102-16</b>	Values, principles, standards, norms of behaviour	Safilo – 1.1 Safilo Governance – 3.2 Integrity in the Workplace – 5.1 Responsible Partnerships – 6.2	8 – 9 33 – 34 46 – 49 57 – 59
<b>102-17</b>	Mechanisms for advice and concerns about ethics	Safilo Governance – 3.2	33 – 34
<b>Governance</b>			
<b>102-18</b>	Governance Structure	Safilo Governance – 3.1	26 – 33
<b>Stakeholder engagement</b>			
<b>102-40</b>	List of stakeholder groups engaged	A Sustainable Business – 2.3	21 – 25

<sup>17</sup> Management approach and topic-specific Standards used have been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards defined in 2016 from the Global Reporting Initiative (GRI), except for the specific Standards GRI 303 (Water and effluents) and GRI 403 (Occupational health and safety) published in 2018, GRI 207 (Tax) published in 2019, and GRI 306 (Waste) published in 2020.

GRI Standards		Chapters - Paragraphs	Pages
102-41	Collective bargaining agreements	Integrity in the Workplace – 5.4 Annexes	54 – 55 83
102-42	Basis for identifying and selecting stakeholders	A Sustainable Business – 2.3	21 – 25
102-43	Approach to stakeholder engagement	A Sustainable Business – 2.3	21 – 25
102-44	Key topics and concerns that have been raised through stakeholder engagement	A Sustainable Business – 2.3	21 – 25
Reporting Practice			
102-45	Entities included in the consolidated financial statement	Safilo Governance – 3.1 About this Report	26 76
102-46	Defining report content and topics boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
102-47	List of material topics	A Sustainable Business – 2.3	21 – 25
102-48	Restatement of information	About this Report	76
102-49	Significant changes in the list of material topics and topics boundaries	A Sustainable Business – 2.3 About this Report and Annexes	21 – 25 76 – 80
102-50	Reporting period	About this Report	76
102-51	Date of most recent previous report	About this Report	76
102-52	Reporting cycle	About this Report	76
102-53	Contact point for questions regarding the report	Contacts	96
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	76
102-55	GRI content index	GRI Content Index	90 – 96
102-56	External assurance	About this Report Independent Auditors’ Report	77 98 – 100
TOPIC-SPECIFIC STANDARDS			
CATEGORY: ECONOMIC			
Economic Performance			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Safilo – 1.1, 1.2, 1.3, 1.5	8 – 16
103-3	Evaluation of the management approach		
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	Safilo – 1.5  In 2021, direct economic value generated was equal to 986.7 million euro, the economic value distributed was equal to 965.4 million euro, and the economic value retained was 21.3 million euro.	16  91
Anti-corruption			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Safilo Governance – 3.2	33 – 34
103-3	Evaluation of the management approach		

GRI Standards		Chapters - Paragraphs	Pages
GRI 205: Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	In 2021 and 2020, no incidents of corruption have been registered	92
Tax			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Safilo – 1.6	17 – 18
103-3	Evaluation of the management approach		
GRI 207: Tax			
207-1	Approach to tax	Safilo – 1.6	17 – 18
207-2	Tax governance, control and risk management		
207-3	Stakeholder engagement and management of concerns related to tax		
207-4	Country-by-country reporting		
CATEGORY: ENVIRONMENTAL			
Energy			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Environmental Responsibility – 8.1	66 – 70
103-3	Evaluation of the management approach		
GRI 302: Energy			
302-1	Energy consumption within the organization	Environmental Responsibility – 8.1 Annexes	66 – 70 86
Water and Effluents			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Environmental Responsibility – 8.2	74 – 75
103-3	Evaluation of the management approach		
GRI 303: Water and Effluents			
303-1	Interactions with water as a shared resource	Environmental Responsibility – 8.2 Annexes	74 – 75 88
303-2	Management of water discharge-related impacts		
303-3	Water withdrawal		
Emissions			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Environmental Responsibility – 8.1	66 – 70
103-3	Evaluation of the management approach		

GRI Standards		Chapters - Paragraphs	Pages
GRI 305: Emissions			
305-1	Direct greenhouse gas emissions (scope 1)	Environmental Responsibility – 8.1 Annexes	66 – 70 86
305-2	Energy indirect greenhouse gas emissions (scope 2)		
Waste			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Environmental Responsibility – 8.2	71 – 73
103-3	Evaluation of the management approach		
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	Environmental Responsibility – 8.2 Annexes	71 – 73 87
306-2	Management of significant waste-related impacts		
306-3	Waste generated		
306-4	Waste diverted from disposal		
306-5	Waste directed to disposal		
CATEGORY: SOCIAL			
Employment			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Integrity in the Workplace – 5.1	46 – 47
103-3	Evaluation of the management approach		
GRI 401: Employment			
401-1	New employee hires and employee turnover	Annexes	82 – 83
Labour and industrial relations			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Integrity in the Workplace – 5.4	54 – 55
103-3	Evaluation of the management approach		
GRI 402: Labour and industrial relations			
402-1	Minimum notice period regarding operational changes	Regulatory issued and salary packages vary based on national collective labour agreements and law in force in the countries where the Group operates	93
Occupational Health and Safety			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Integrity in the Workplace – 5.3	50 – 54
103-3	Evaluation of the management approach		

GRI Standards		Chapters - Paragraphs	Pages
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	Integrity in the Workplace – 5.3 Annexes <sup>18</sup>	50 – 54 84
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on Occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
403-9	Work-related injuries		
Training and Education			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Integrity in the Workplace – 5.1	48 – 49
103-3	Evaluation of the management approach		
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	Integrity in the Workplace – 5.1 Annexes	48 – 49 84 – 85
Diversity and Equal Opportunity			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Safilo Governance – 3.1	28
103-3	Evaluation of the management approach	Integrity in the Workplace – 5.2	49 – 50
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	Safilo Governance – 3.1 Integrity in the Workplace – 5.2 Annexes	28 49 – 50 81
Human Rights Assessment			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Responsible Partnerships – 6.2	57 – 59
103-3	Evaluation of the management approach		
GRI 412: Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or human rights impact assessments	Responsible Partnerships – 6.2	57 – 59
Local Communities			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80

18 These figures do not include external collaborators (the Group has no direct control on data from the employers of workers who are not employees).



GRI Standards		Chapters - Paragraphs	Pages
103-2	The management approach and its components	Social Responsibility – 7.1 and 7.2	62 – 64
103-3	Evaluation of the management approach		
GRI 413: Local Communities			
413-2	Operations with significant actual and potential negative impacts on local communities	In 2021 and 2020 no significant actual or potential negative impacts on local communities have been registered	95
Supplier Social Assessment			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Responsible Partnerships – 6.2	57 – 59
103-3	Evaluation of the management approach		
GRI 414: Supplier Social Assessment			
414-1	New suppliers screened using social criteria	Responsible Partnerships – 6.2	57 – 59
Customer Health and Safety			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Product Craftsmanship & Innovation – 4.4	39 – 40
103-3	Evaluation of the management approach		
GRI 416: Customer Health and Safety			
416-2	Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	In 2021 and 2020, no incidents of non-compliance have been registered	95
Socioeconomic Compliance			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Safilo Governance – 3.2	33 – 34
103-3	Evaluation of the management approach		
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and/or regulations in the social and economic area	In 2021 and 2020, no significant fines or sanctions were reported	95
Product Craftsmanship & Innovation			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Product Craftsmanship & Innovation	36 – 45
103-3	Evaluation of the management approach		
Licensor’s Trust			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
103-2	The management approach and its components	Responsible Partnerships – 6.1	56
103-3	Evaluation of the management approach		

GRI Standards		Chapters - Paragraphs	Pages
<b>Client Satisfaction</b>			
<b>GRI 103: Management approach</b>			
<b>103-1</b>	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	21 – 25 80
<b>103-2</b>	The management approach and its components	Responsible Partnerships – 6.3	59 – 61
<b>103-3</b>	Evaluation of the management approach		

## Contacts

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# INDEPENDENT AUDITOR'S REPORT



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## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of  
Safilo Group S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Safilo Group S.p.A. and its subsidiaries (hereinafter "Safilo Group" or "Group") as of December 31, 2021 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 15, 2022 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph EU Taxonomy (Regulation EU 2020/852).

### Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Safilo Group as of December 31, 2021;
4. understanding of the following matters:
  - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
  - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;

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- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point [5], letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Safilo Group S.p.A. and with the employees of Safilo S.p.A., Safilo Industrial S.r.l., Lenti S.r.l. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the group level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the companies Safilo S.p.A., Safilo Industrial S.r.l. (Longarone) and Lenti S.r.l., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Safilo Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.





Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph *EU Taxonomy (Regulation EU 2020/852)*.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Carlo Pergolari**  
Partner

Padua, Italy  
March 18, 2022

*This report has been translated into the English language solely for the convenience of international readers.*

Concept and layout

**Redpoint.**





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The Safilo logo features the word "Safilo" in a dark blue, serif font. A small registered trademark symbol (®) is located at the top right of the letter "o". A small blue graphic element, resembling a stylized bird or a wing, is positioned above the letter "a".