

CONSOLIDATED
NON-FINANCIAL
INFORMATION
STATEMENT

2020

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 believe that our tradition and our long-standing history in the Italian eyewear industry are the foundation on which we can build a common and sustainable future, committed to creating shared value for all of our stakeholders. From the start, Safilo has been committed to investing in environmental and technological innovation in order to achieve constant and sustainable growth, and to operate as a reliable partner of trust for all of its customers and suppliers.

Safilo is committed to protecting and improving the eyesight of people around the world. We actively endorse a vision of 'progress for all' that aims to prevent potential eyesight damage through a product offering of high-quality sunglasses and optical frames. Our Group actively sponsors awareness campaigns aimed at those who need help most in terms of eye care solutions. For this reason, Safilo is, for example, a historic partner of the non-profit organization Special Olympics, contributing to visual screenings and donating optical frames and sunglasses to athletes with disabilities.

During this last particularly difficult year marked by the Covid-19 pandemic, Safilo has taken all possible actions to implement the prevention and safety measures necessary to respond to the exceptional circumstances, scrupulously applying Safilo's "Workplace Safety Protocol" throughout its sites worldwide. The goals were to protect our people, minimizing the risks and impacts on service to our customers, and ensuring business continuity.

Since the beginning of the pandemic, Safilo has actively continued its commitment to support local communities, launching the #united4eyecare initiative and repurposing 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) - which were initially donated to Italian hospitals in difficulty. In the following months, Safilo continued to produce additional PPE to support healthcare workers in Italy and abroad on the front line in the fight against Covid-19. At the same time, Safilo also launched the new line of Polaroid Stay Safe products for protection and personal safety.

The smart working project, which started well before Covid but which was accelerated by the pandemic, is an important part of Safilo's evolution into an increasingly agile and dynamic company. We have embraced agile work, involving an increasing number of our people and making it even more flexible, with positive effects on productivity and employee satisfaction. Smart working has helped us to react with agility to moments of emergency, safeguarding the health of our employees without compromising business continuity.

Safilo's attention to the environment and materials led, in 2020, to the collaboration with The Ocean Cleanup, a Dutch non-profit association, for the creation and production of sunglasses made with plastic recovered from the Great Pacific Garbage Patch (GPGP). Safilo's innovation and design teams worked hard to combine our long manufacturing tradition with cutting-edge technological solutions in an innovative upcycling process capable of reusing heterogeneous plastics that have traditionally proved more difficult to recycle, transforming them into safe and high-quality products.

In search of increasingly sustainable and advanced materials, and with a view to contributing to the reduction of environmental impact by creating products without using new resources, in 2020 we also announced a pioneering partnership with Aquafil for the use of ECONYL® within our eyewear collections, a material obtained through regeneration processes of synthetic material waste (nylon) that can be recycled again at the end of its life.

Our commitment to the three fundamental pillars of our sustainability approach – People, Product and Planet – is outlined and continuously updated within our Worldwide Business Conduct Manual, which outlines the individual responsibilities of each of us and is aimed at supporting the Group’s commitments to responsible business. We stay true to our values and our history, rooted in the strength of our products, but at the same time we transform ourselves, balancing our portfolio, strengthening our proprietary brands and embarking on a strong path of digital transformation, to build a sustainable future in the long term for the company and for all our stakeholders.

We are therefore pleased to present this new edition of our Consolidated Non-Financial Statement, based on the reporting standards of the Global Reporting Initiative (GRI) applied to 16 topics organized into 6 areas: governance and compliance, craftsmanship and product innovation, integrity in the workplace, responsible partnerships, social responsibility and environmental responsibility.

We want to thank all our stakeholders for their continuous support and trust, without whom we could not be successful on our responsible journey that is involving each one of us, with great passion and determination. We are proud to be able to continue this journey together towards a more sustainable future by effectively contributing to sustainability goals and creating shared value for the communities in which we operate.

Angelo Trocchia
CEO, Safilo Group

HIGHLIGHTS

OVER **140 YEARS**
OF EYEWEAR MANUFACTURING TRADITION

Product Craftsmanship & Innovation



≈ **2,000** NEW MODELS ON THE MARKET IN 2020

FIRST SUNGLASSES MADE WITH OCEAN WASTE PLASTIC

Employee Learning & Development



more than **64,000** HOURS OF TRAINING IN 2020

Diversity & Inclusion



61% WOMEN IN THE TOTAL WORKFORCE IN 2020

21% FEMALE EXECUTIVES IN 2020

10% OF THE TOTAL WORKFORCE UNDER 30 IN 2020

13 NATIONALITIES AT DIRECTOR LEVEL IN 2020

Health & Safety ¹



21 RECORDABLE WORK-RELATED INJURIES IN 2020 VS 28 IN 2019

3.25 RATE OF RECORDABLE WORK-RELATED INJURIES IN 2020 VS 3.27 IN 2019

Industrial Relations and Supply Chain Responsibility



75% OF THE TOTAL WORKFORCE WAS COVERED BY COLLECTIVE BARGAINING AGREEMENTS IN 2020

38 SOCIAL AUDITS OF SUPPLIERS IN 2020² (OF ~350 SUPPLIERS OF DIRECT MATERIALS)

Environmental Responsibility ³



> **286,000 GJ** ENERGY CONSUMED IN 2020
-14.4% VS 2019 CONSUMPTION, AND
> **26,000 T** CO₂ EMISSIONS IN 2020
-15.9% VS 2019

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

¹ These KPIs are related to the Italian, Slovenian 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).


² Each audit included the review of social and environmental aspects.

³ 2020 energy consumption and CO₂ emissions included volume effects and energy savings generated from specific energy saving projects implemented. For Scope II CO₂ emissions the KPI includes location-based emissions. For further details please refer to the chapter "8.1 Energy consumption & CO₂ emissions" (pages 60-63).

Signature Social Responsibility Partnerships



KIDS by SAFILO
 PRODUCT LINE DEVELOPED WITH A MEDICAL-SCIENTIFIC APPROACH TO MEET CHILDREN'S SPECIFIC EYE NEEDS AND TO SUPPORT ENVIRONMENTAL SUSTAINABILITY



SPECIAL OLYMPICS
 MORE THAN 1.2 MILLION OPTICAL FRAMES AND SUNGLASSES DONATED OVER THE PAST 17 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

We are Safilo, one of the eyewear industry's principal players in the design, manufacturing and distribution of optical frames, sunglasses, sports eyewear, goggles and helmets for the global eyewear market.

Our history dates back to 1878, when a manufacturing facility to create lenses and frames was opened in Calalzo di Cadore (Belluno) in the Italian Dolomites. In 1934, the facility was bought and incorporated into Safilo by Guglielmo Tabacchi, making us the oldest global player in the eyewear industry.

Thanks to strong craftsmanship expertise, Safilo translates its design projects into high-quality products created according to the Italian tradition.

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.

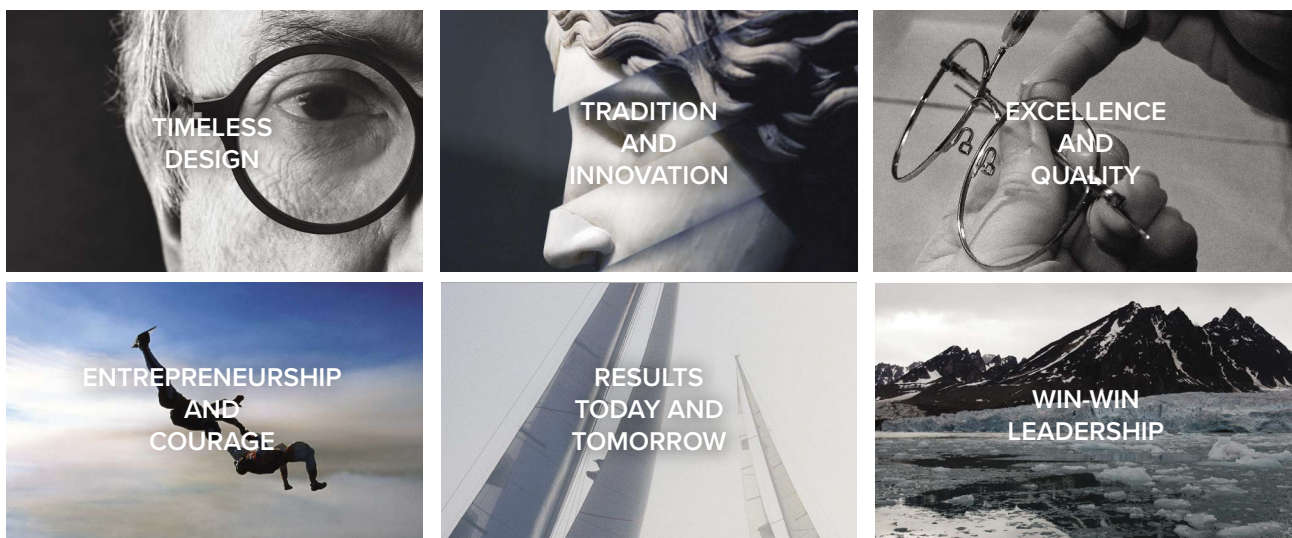
Our values are what we believe in as a company (timeless design, tradition and innovation, excellence and quality, entrepreneurship and courage, results today and tomorrow, win-win leadership).

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 Italian eyewear creator**.

The **Group's values**, which have guided Safilo from the start, will guide us to our sustainable future.



1.2 THE PRODUCT AT THE HEART OF OUR HISTORY

1878



First Italian manufacturing site in Calalzo di Cadore for lenses and frames

1934



Acquisition and incorporation as Safilo

1970



Safilo opens sales offices in many European countries, patents the Elasta hinge and introduces the successful UFO model of sunglasses

1980



Acquisition of US eyewear company Starline Optical Corp (then Safilo USA)

1987



Safilo is the first eyewear company to be listed on the Milan Stock Exchange

1989



Industrial development with the new production facility in Longarone (Belluno), the largest Italian unit in the Group

1994



Opening of the first Safilo Far East legal entity

1996



Acquisition of Carrera and American Smith Sports Optics

2012



Polaroid Acquisition

2015-2017



New license partnerships and commercial expansion through direct subsidiaries in emergin markets (Dubai and Turkey)

2018



2023 Strategic Business Plan, Share Capital Increase and New Refinancing Agreement, Launch of ChromaPop Lens Technology Made in Italy for Smith Goggles

2019



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

2020



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

1.3 WE ARE A KEY LEADER IN THE WHOLESALE EYEWEAR MARKET

The wholesale market for frames and sunglasses, which was approximately EUR19 billion in 2019, grew about 4% between 2014 and 2019. Safilo expects the markets to continue to grow in the next five years (after a post Covid-19 crisis recovery period expected within 2022), underpinned by favourable demographics, premiumization, and an increasing level of education regarding vision correction and protection.

Safilo is one of the **leading players in the eyewear industry** globally. Our business model is **end-to-end fully integrated**, which incorporates the entire business cycle of **product design, research and development, production, marketing and communication up to distribution**. Safilo plays in multiple market segments, from the mass produced to the very exclusive and handmade. Creating shared value for all stakeholders is at the heart of Safilo's strategy: whether it is about a luxury product, made by hand in the Safilo Atelier, or about a more dynamic product for customers with a contemporary style who pay attention to value for money, or even about satisfying customers who care about sustainable and technological innovation. Safilo **offers products for everyone** with the highest standards of quality, design and styles **to meet the most diverse consumer needs**. We are driven by the belief that the eyewear sector contributes positively to people's quality of life, by providing better vision.

Our Brands

The Group's brand portfolio encompasses a well-balanced set of Own Core Brands, with collections of optical frames, sunglasses, sports goggles and helmets, as well as licensed brands for prescription frames and sunglasses.

Safilo's brand portfolio management is consistent with the Group's strategy to diversify across all the different and strategic segments of the eyewear industry.

Safilo 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.

Polaroid

CARRERA
EYEWEAR SINCE 1956

SAFILO
MADE IN ITALY DAL 1934

SMITH

PRIVÉ REVAUX
EYEWEAR


BLENDERS
EYEWEAR

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.

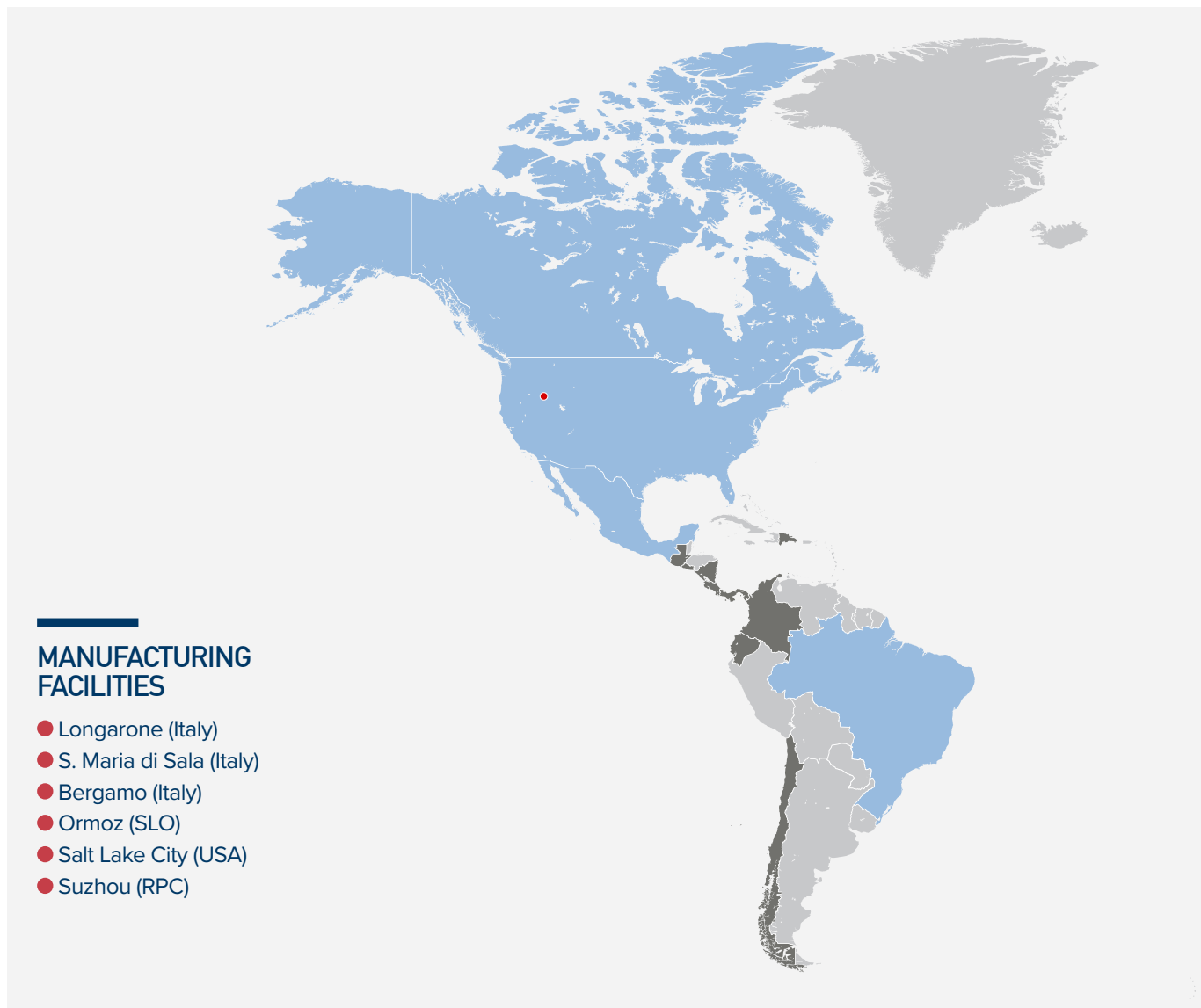
(*) From 2021

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



MANUFACTURING FACILITIES

- Longarone (Italy)
- S. Maria di Sala (Italy)
- Bergamo (Italy)
- Ormoz (SLO)
- Salt Lake City (USA)
- Suzhou (RPC)

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
Portugal
Russia

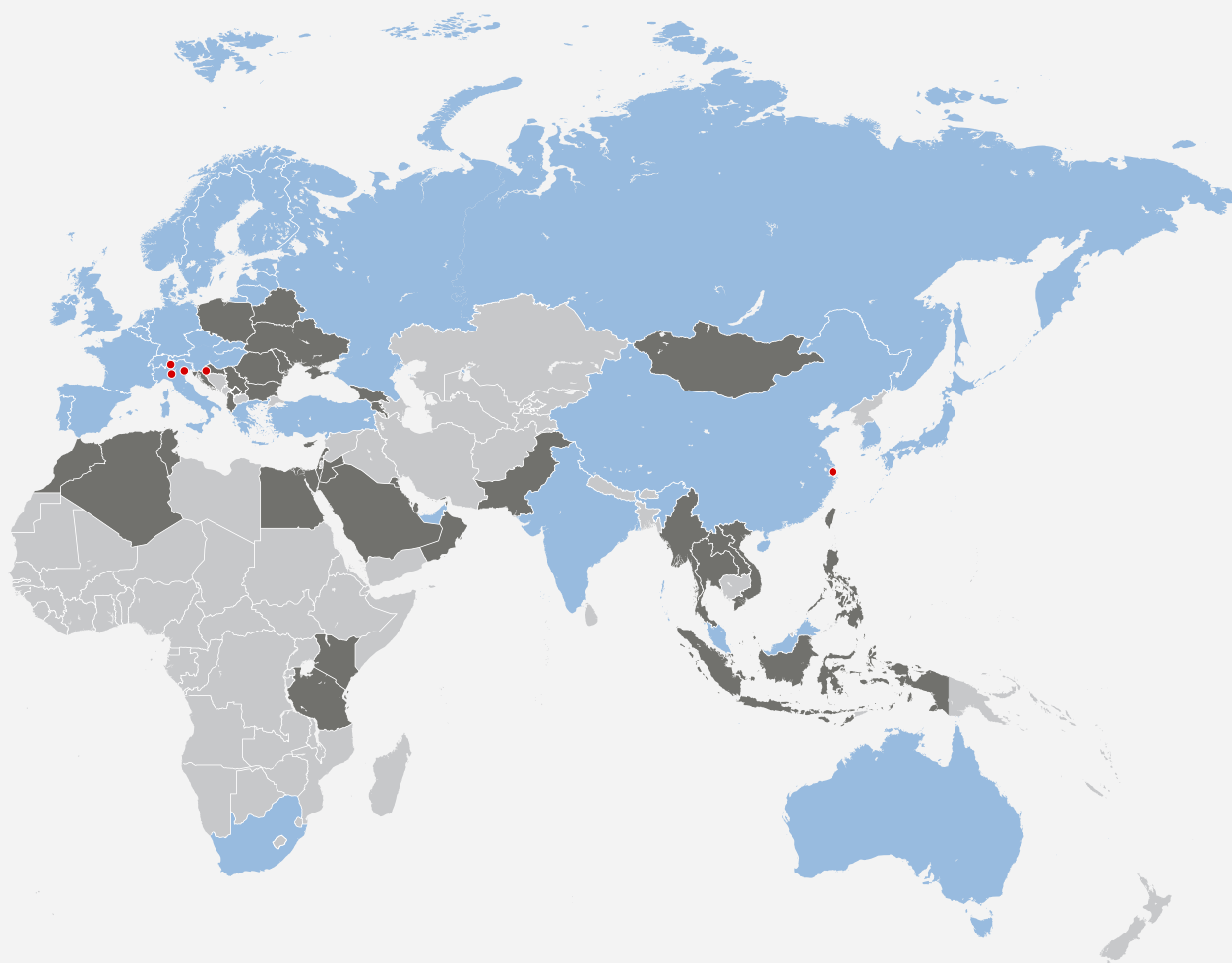
Slovenia
Slovenska Rep.
Spain
Sweden
Switzerland
Turkey
UK

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
Chile
Colombia
Costa Rica
Dominican Republic
Ecuador
Guatemala
Nicaragua
Panama
Salvador

EUROPE

Albania
Armenia
Belarus
Bulgaria
Croatia
Georgia
Kosovo
Moldova
Poland
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
Tanzania
Tunisia

1.5 KEY FIGURES AND ECONOMIC VALUE IN 2020

People and management

- **5,215** employees all over the world
- 19 Executives, 7 nationalities
- 85 Directors, 13 nationalities

Structure and distribution

- **6 plants:** three in Italy (Longarone (BL), Santa Maria di Sala (VE), Bergamo (BG)), Ormož in Slovenia, 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**

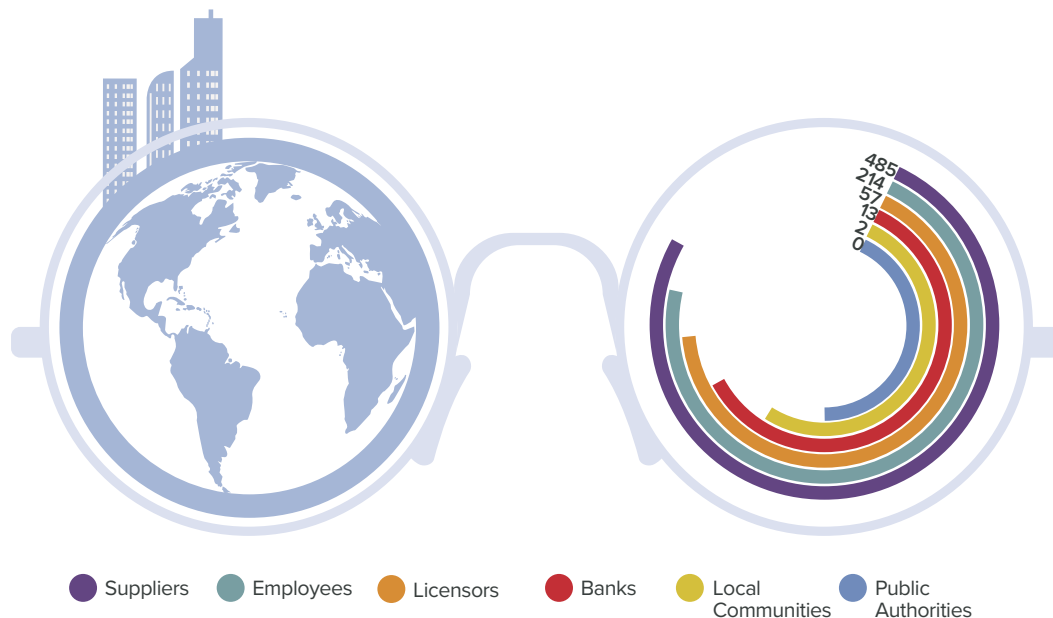
Financials results

- Net sales at Euro **780.3** million
- Ebitda pre non-recurring items at Euro **1.0** million
- Group net result pre non-recurring items at Euro **(46.5)** 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, as shown in the graph below, is distributed to employees (salaries, wages and benefits), suppliers (operating costs), licensors (royalties paid), public administration (taxes), banks (interests and commissions) and local communities (donations).

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, 2020.

The Group's economic and financial aspects are described in more depth in the Group document "2020 Annual Report", including the Covid-19 economic and financial impacts.

Tax governance, control, and risk management

Safilo considers taxes as an integral part of the 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 respecting the regulations in the different countries in which the Group operates, 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 the future years' reports, the Group will integrate its disclosures on tax information according to the GRI Standards' requirements.



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:

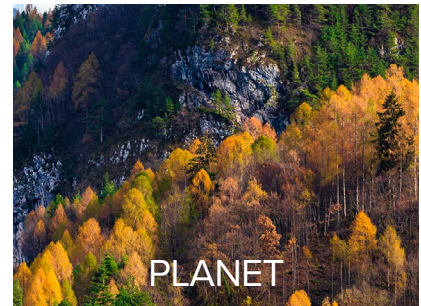
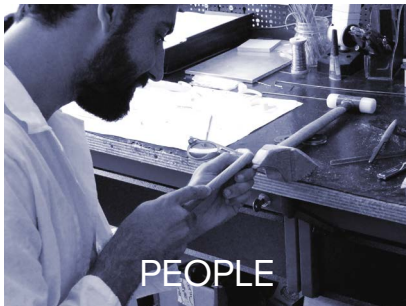
sales growth through a new digital transformation strategy, with focus on core brands, market opportunities, product and channel balance, while we continue leveraging our strongholds such as our leadership in design, product development and innovation, our global commercial footprint, our know-how in 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, 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 2020, 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 and in some of the core European financial markets and, during the pandemic, via conference calls with the purpose of maintaining a continuous dialogue with investors about the company.

Furthermore, in 2020 during the Covid-19 emergency, Safilo also 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

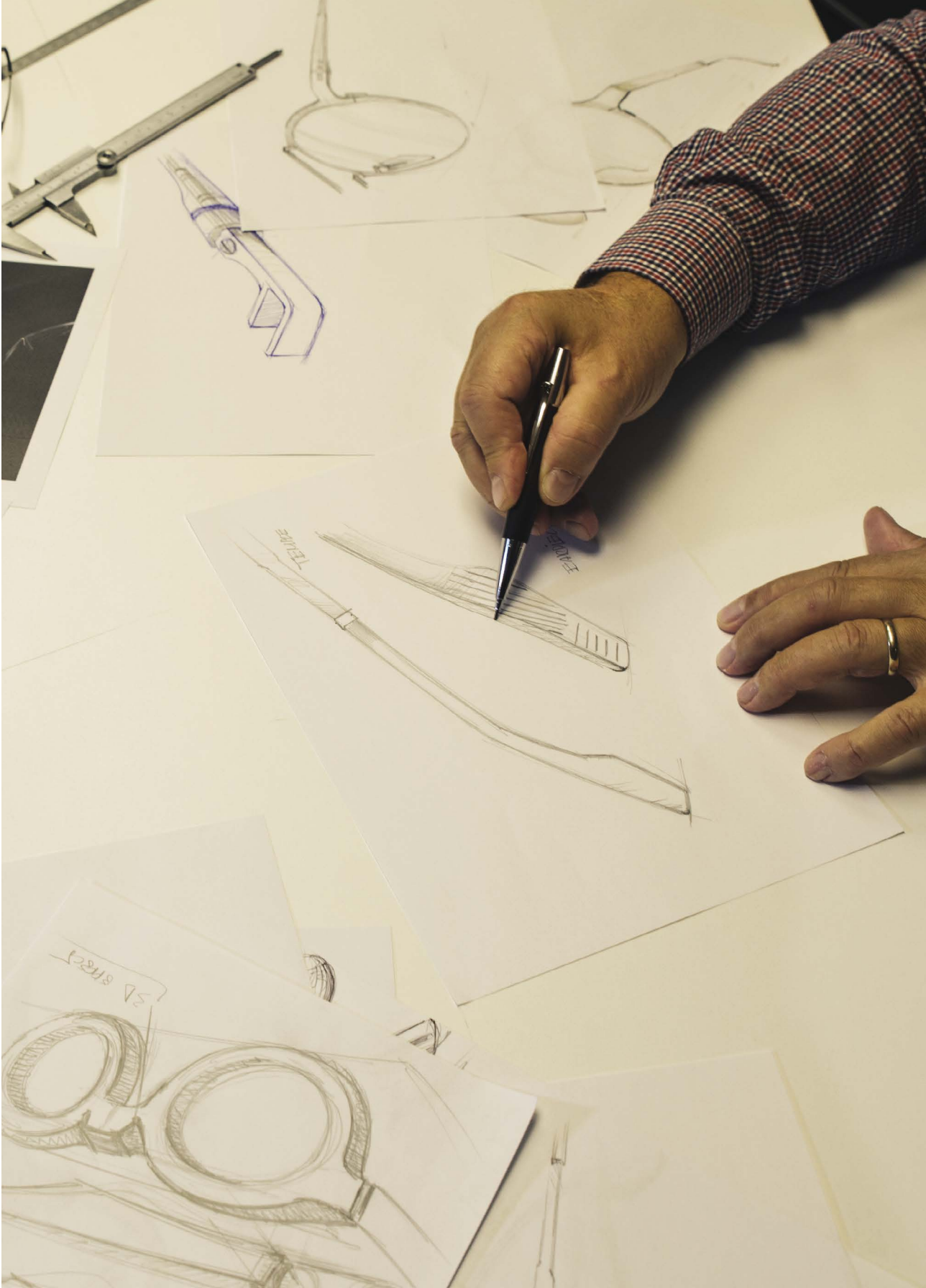
Safilo is focused on the development of the communities in which we operate, striving to grow long-term partnerships that create opportunity and make a positive difference.

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.



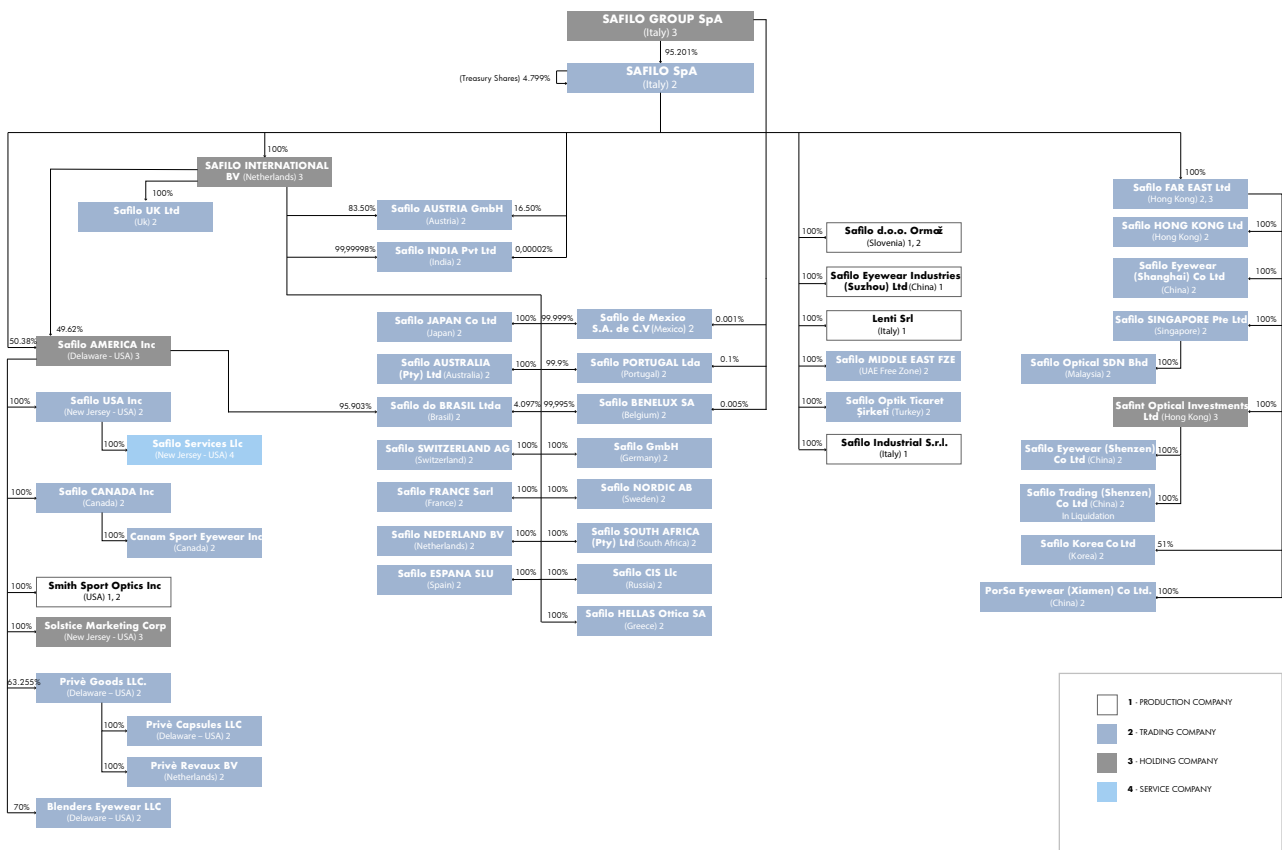


3. SAFILO GOVERNANCE

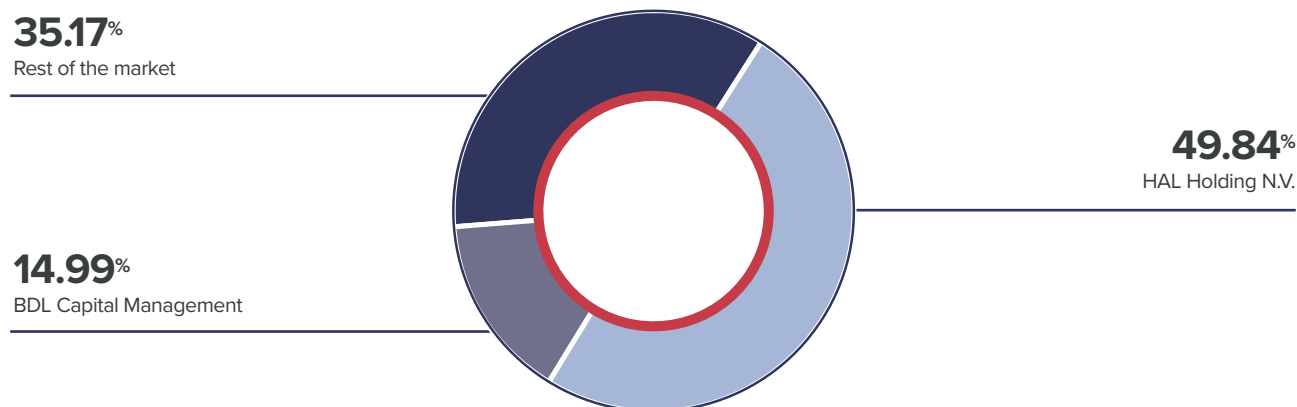
3.1 GOVERNANCE AND RISK MANAGEMENT

Organizational Structure and Ownership

Headquartered in Padua, Safilo Group S.p.A. is listed on Mercato Telematico Azionario (MTA) of the Italian Stock Exchange. The Group structure as at 31 December 2020 was the following:



The following chart shows owners of Safilo Group S.p.A. ordinary shares with shareholdings exceeding 3%⁴ of the share capital as at 31 December 2020.



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 December 31, 2020 is represented below and includes the Board of Directors and four Committees:

- 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;
- 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 Risk and Sustainability Committee**: supports the Board of Directors on the internal control and risk management. Since 2016, it has also been appointed to assist the Board of Directors with proposing and consultative functions, in assessments and decisions relating to sustainability matters. Please refer also to the below "Focus on the Control Risk and 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;
- an **Independent Auditing Company** responsible for the audit on the financial statements.

⁴ Reduced threshold compared to the minimum threshold of 5% by virtue of the transitional regime of enhanced transparency regarding changes in significant shareholdings established by Consob.

As at 31 December 2020, Safilo Corporate Governance included 13 effective members, of which 46% women and 15% in the age group 30-50 years and the remaining 85% 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 Control Risk and Sustainability Committee

The Control Risk and Sustainability Committee, having proposing and consultative functions, is in charge of supporting the evaluations and the decisions of the Board of Directors in relation to the internal control and risk management system. Starting from 2017, the Control Risk and Sustainability Committee supported the Board of Directors in the decisions relating to sustainability.

Starting from January 1, 2021 the Control Risk and Sustainability Committee has been renamed Control and Risk Committee and a new Sustainability Committee has been appointed, having the duty to support the Board of Directors, with preliminary, proposing and consultative functions, in the evaluations and the decisions relating to the pursuit of the Group’s sustainable success. In this regard, the Committee supervises sustainability issues 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 Control and Risk Committee continues to maintain, however, its support role to the Board of Directors in the assessment of the suitability of the periodic non-financial information to correctly represent the Company’s business model, its strategies, the impact of its business and the performance achieved, and in the examination of the content of the periodic non-financial information relevant to the internal control and risk management system.

For further information regarding the composition of the Group’s committees and corporate governance in general, please refer to Safilo’s “Corporate Governance Report 2020”, available on the Corporate Website.

RISK MANAGEMENT

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

Safilo implemented 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 Risk and Sustainability Committee, which provides its opinion on 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.

In 2020, the spread of the Covid-19 pandemic led 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.

Confirming the commitment to environmental risk prevention, in December 2020 the Group successfully completed the process to obtain the ISO 50001:2018 certification for all the Italian plants and headquarters of Safilo S.p.a., Safilo Industrial S.r.l., and Lenti S.r.l. (expiration date on December 2023), while in February 2020 Safilo announced that, in order to contribute to the reduction of CO₂ emissions and promote a sustainable mobility, the Group had begun to renew its 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 CO₂ emissions, a reduction in polluting consumption and, therefore, also greater protection of the environment and health.

In October 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 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.

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 ability 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.

Safilo considers climate change in its management system and monitors risks regarding environmental topics. 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 risks 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.

The Group’s plants, located in Italy, China, Slovenia and the USA, together with its extensive supplier network, have 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, its financial implications, and any new regulations.



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., Safilo D.o.o. Ormoz, Safilo Eyewear Industries Ltd, 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 all the sites started a new certification cycle valid until 2021, and in November 2020 the renewal of the SA8000 certification has been successfully completed for all the Italian plants of Safilo S.p.a., Safilo Industrial S.r.l. and Lenti S.r.l. (expiring 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, with the publication of the new international standard ISO 45001:2018 which replaces and supplements the previous BS OHSAS 18001: 2007, in 2020 Safilo has started the complex transition procedure to the new standard, which has been successfully completed for all the plants of the companies Safilo S.p.a., Safilo Industrial S.r.l., Safilo D.o.o. Ormoz and Safilo Eyewear Industries Ltd, while it is still ongoing for Lenti S.r.l. (to be completed within 2021).

Furthermore, during 2020 Safilo addressed the Covid-19 situation with the utmost attention. From the outset, the Group’s actions have been primarily focused on the health and safety of all its employees, for whom it had immediately and rigorously implemented the safety and prevention regulations provided by government protocols, both in Italy and at commercial offices and foreign plants, from manufacturing sites to the distribution network, adopting all the necessary safeguards to minimize any possible negative impact on employees.

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 COVID-19 virus in the work place”, while quickly implementing smart working solutions for office staff

of Italian and foreign group companies. Furthermore, Covid-19 committees have been set up in the Italian companies with the aim of monitoring and defining additional preventive measures with respect to national protocols, to be implemented for the protection of employee health.

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 the provisions of 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's 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 such as business ethics and compliance with laws and regulations in force, anti-corruption, fair competition, anti-money laundering, are covered by the adoption of the organization, management and control model under Legislative Decree 231/01 for Italian entities, 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's ICT function and digital strategy, increasing in importance also with the new ways of working in times of the Covid-19 pandemic.

In fact, Safilo reacted in a fast and structured way at global level when the pandemic spread at the beginning of 2020, and within a month the Group's ICT function delivered capability and resources to allow more than 90% of staff to smart-work. In addition, the Group ICT enhanced collaboration software (adoption of MS Teams), reviewed the connectivity of internal networks and provided extra equipment to support specific needs (providing wi-fi modems and data connectivity for employees without domestic internet connectivity). Specific global guidelines were defined and applied to all Group companies to standardize hardware and software choices during the pandemic, addressing and reducing related risks at global level.

The Group also works constantly 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.

Since the use of smart working significantly increased during 2020, in addition to the security measures already in place, the Group began further initiatives aimed at:

- adopting new technology solutions and services such as Cisco Umbrella (active worldwide from the first quarter of 2020) for a DNS-level protection;
- performing, on an annual basis, a Vulnerability Assessment and Penetration Test, both on external and internal systems, also including the new smart-working scenario in which the vulnerability of Safilo's VPN infrastructure was tested;
- increasing 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 to manage real-time threats when detected (detection, alert, containment and eradication);
- carrying out specific phishing campaign simulations to Group employees to increase their awareness level;
- reviewing internal security policies to better adapt them to the context of smart-working;
- defining a Security Plan for the period 2021-2022 aimed at modernizing, centralizing and optimizing security solutions implemented and replacing the technologies expiring in 2021.

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. This 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 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 channels for reporting potential violations of the Worldwide Business Conduct Manual or the law:

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

In addition, a dedicated email address is available for reporting possible breaches of the organization, management and control model under Legislative Decree 231/01.

No corruption cases have been reported during 2020.

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.

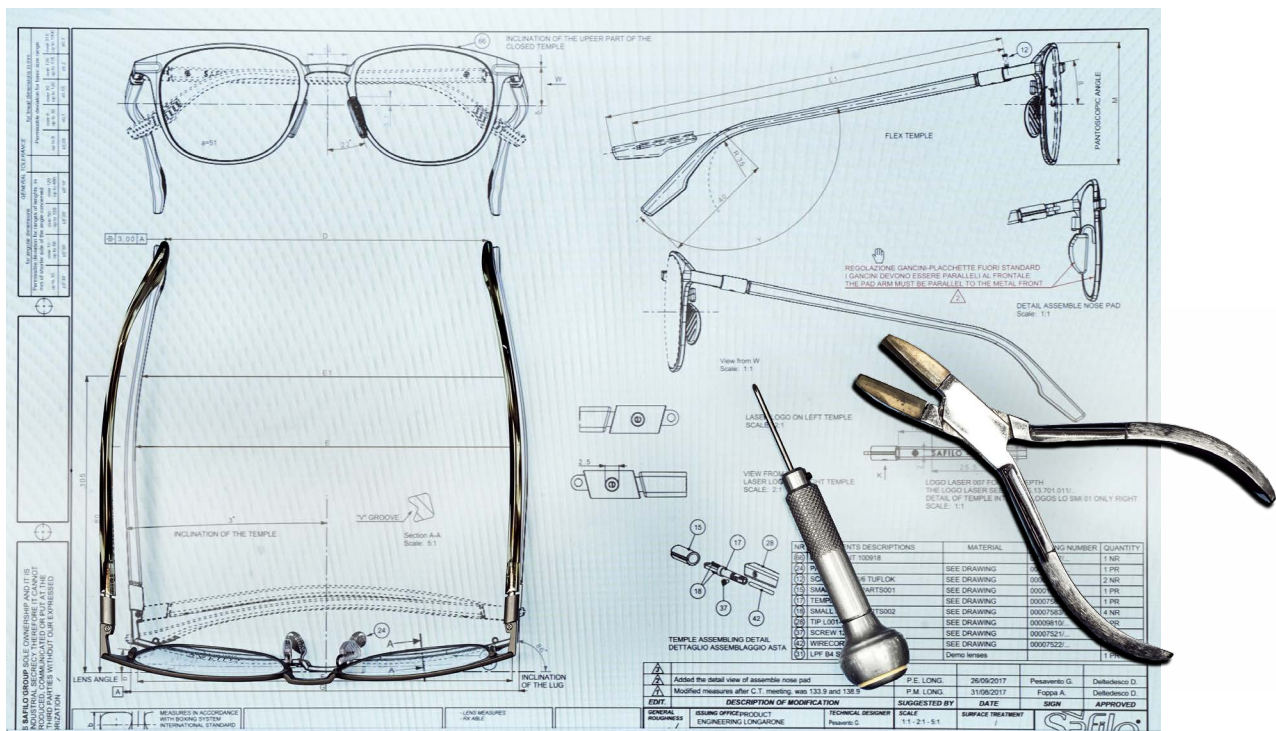
This heritage provides the foundation for each product, providing a legacy of proven ideas, methods and innovations and offering inspiration for how to adapt to the present and anticipate the future.

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.

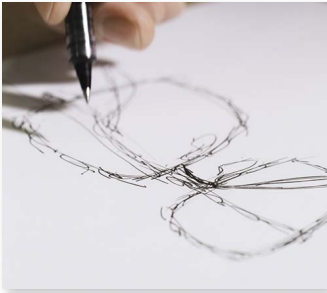
In this context, the “**Made In Italy**” label is core to Safilo. It confirms the product’s authenticity and reflects the genuine product savoir-faire of Italian-origin manufacturing.



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.



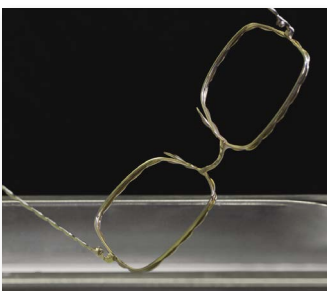
The supply chain

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.

≈ 2,000
NEW MODELS ON THE MARKET IN 2020

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 2020.

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 in the EU regulation 2017/745 on medical devices (spectacle frames 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 2018 the certification has been renewed for the period 2018-2021 for the legal entities Safilo S.p.A., Safilo Industrial S.r.l., Safilo Eyewear Industries Ltd, Smith Sport Optics Inc., while for Safilo D.o.o. Ormoz the certification has been renewed in 2020 for the period 2020-2023.

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 the 2020 eye-wear collection:

- 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 will 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.

First sunglasses made with ocean waste plastic

In October 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.



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 in the Slovenian plant. These models were representative of the most common processes and with significant production volumes.

The results of this first LCA have to be considered as an initial assessment, fundamental to identify all the possible aspects of the product and process on which to intervene in the future, with the aim of progressively reducing the impact on the environment.

Nickel-Free galvanic processes in Longarone plant

In November 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.

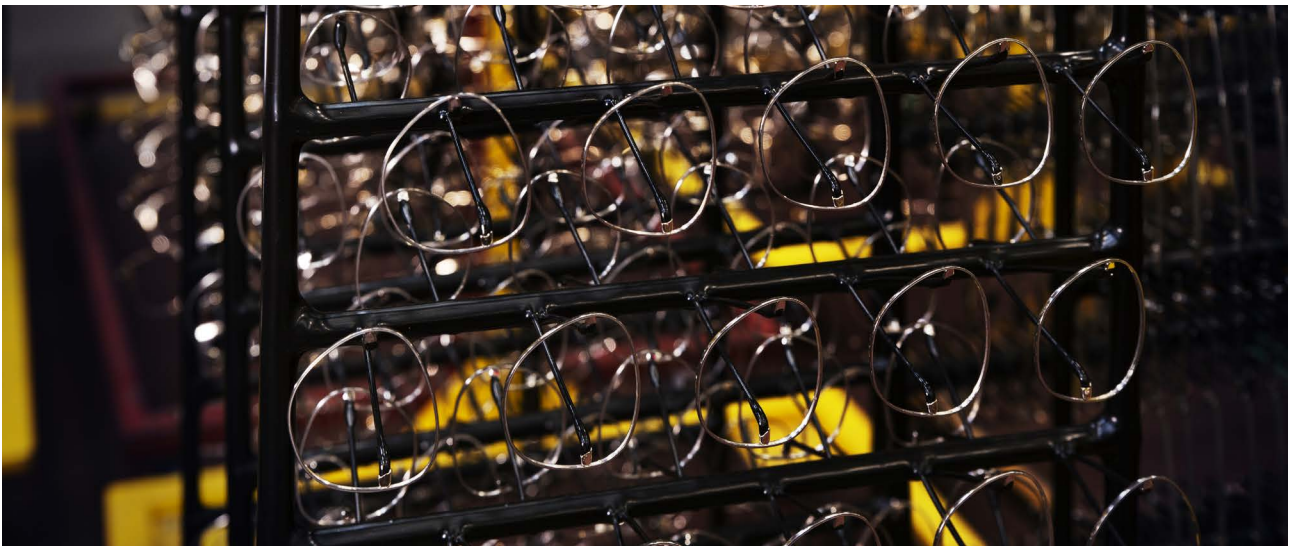
Thanks to the new galvanic process technology – a first in the eyewear sector – metal frames currently manufactured at the Longarone facility boast the same features, in terms of sleekness, wear- and corrosion- resistance as before, and are nickel-free plated. Through quality controls performed on a 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 three 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 – one of the most remarkable results recently achieved by the company. Safilo also implemented a series of sustainability, environmental impact and safety initiatives at the Longarone facility, including precious metal recycling, industrial water reuse – thus also reducing water usage and wastewater production – CO₂ emission reduction, and the improvement of workers' health and safety indexes.

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

5,215 EMPLOYEES WORLDWIDE IN 2020

10% RATE OF NEW EMPLOYEES HIRED IN 2020

Safilo people

Safilo’s people, our 5,215 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, defined in the PVPC**, the primary compass for Safilo employees in all their activities.



In 2016, the Group defined and shared the **Safilo leadership profile**. Deeply rooted in the PVPC, the Safilo leadership profile outlines 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**: it represents the translation of PVPC 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, based on PVPC and leadership profile, 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:

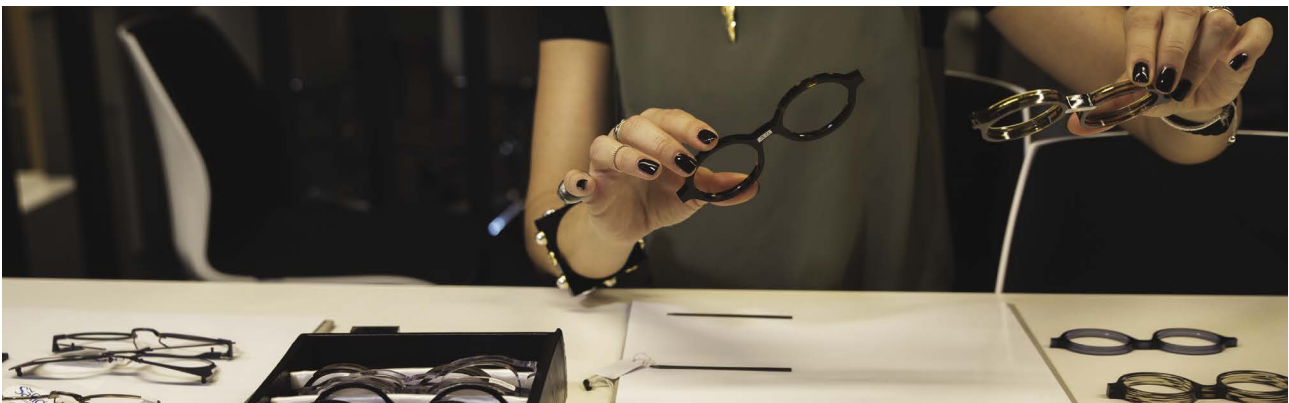
- Equity and meritocracy
- Satisfaction of both the needs of the company and the individual
- Employees co-responsibility with respect to their own development path
- Encourage internal career development (for this purpose, Safilo set up an open job posting).

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, based on the PVPC and the leadership profile, transparency and respect are the guiding principles.



Learning and development

more than 64,000

HOURS OF TRAINING 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 2020, despite the health emergency, Safilo delivered more than 64,000 hours of training, reacting in an agile and timely manner to ensure continuity in the training programmes planned for the year. The use of e-learning, virtual classes and webinars has been intensified, continuing to record high standards of effectiveness and participant satisfaction. 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), 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. 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 in 2020, also remotely, although not to the level initially planned for at the beginning of the year.

An important project for 2020 has been **Sustainability training**. The aim of this project was to promote a culture of sustainability and to raise employees' awareness of what Safilo is already doing to make its business sustainable. 731 employees in Italy have been involved in this training from all functions, with more than 1,000 hours of training. The training sessions, held via webinars, have been led by a team of internal trainers in collaboration with an external partner.

At a local level, the Safilo D.o.o. Ormoz plant continued the project started in 2019 on the **Polivalency training**, aimed at improving people skills to perform various working operations, allowing an increase in productivity and flexibility. In 2020 the project involved around 100 workers including new hires and existing employees, with more than 12,000 hours of training carried out. This training was entirely managed with internal production trainers, and through the on-the-job training methodology. The level of polivalency achieved after training has been certified accordingly.

5.2 DIVERSITY AND INCLUSION



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 SAFETY⁵



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.

In 2011, Safilo started the certification process of its occupational health and safety management system, in compliance with the international **BS OHSAS 18001:2007** standard, for all production plants and the headquarters. The certifications, obtained with leading accredited bodies (DNV GL Business Assurance) have been successfully renewed in 2017/2018 after passing the audits required by the regulations.

With the publication of the new international standard **ISO 45001:2018** which replaces and supplements the previous BS OHSAS 18001: 2007, in 2020 Safilo has started the complex transition procedure to the new standard, which has been successfully completed for all the plants of the companies Safilo S.p.a., Safilo Industrial S.r.l., Safilo D.o.o. Ormoz and Safilo Eyewear Industries Ltd, while the transition process is still ongoing for Lenti S.r.l. (to be completed within 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.

During 2020 Safilo addressed the Covid-19 situation with the utmost attention. From the outset, the Group's actions have been primarily focused on the health and safety of all its employees, for whom it had immediately and rigorously implemented the safety and prevention regulations provided by government protocols, both in Italy and at commercial offices and foreign plants, from manufacturing sites to the distribution network, adopting all the necessary safeguards to minimize any possible negative impact on employees.

The goals were to protect our people, minimizing the risks and impacts on service to our customers, and ensuring business continuity.

The Italian plants, the plant in Ormoz (Slovenia) and the plant in Clearfield (USA) continued their activities even during the lockdown period in compliance with the protocols defined by local legislation, while the Chinese plant in Suzhou only remained closed in February 2020.

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 COVID-19 virus in the work place" (Safilo "Workplace Safety Protocol") that is summarised in measures concerning:

1) Information:

- preventive information addressed to all employees and workers on the preventive measures to comply with within the company;

⁵ These KPIs are related to the Italian, Slovenian 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.

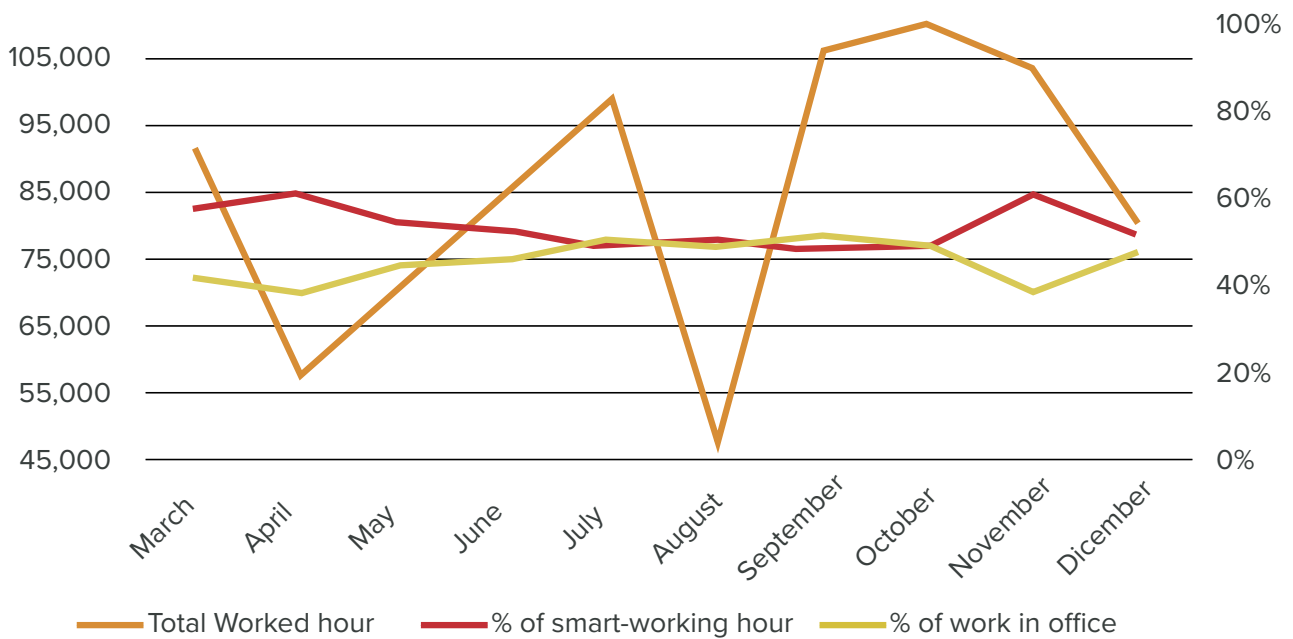
- information to third parties, by defining and sending an extract of the Safilo Protocol to suppliers, customers, consultants, etc.
- 2) Access and behavioural procedure in the Company:
 - temperature control
 - behavioural instructions for loading and unloading goods operations
 - access to the company 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 2020, 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.

Furthermore, Covid-19 committees have been set up in the Italian companies with the aim of monitoring and defining additional preventative measures with respect to national protocols, to be implemented for the protection of employee health.

Among the implemented measures, smart-working, a tool already adopted for employees at the headquarter offices, has been a useful and modular means of prevention for the office staff. It has been extended to all working days for all the office employees of Safilo Group S.p.a., Safilo S.p.a. and Safilo Industrial S.r.l., and reached peaks of around 75% of the hours worked in the months of April and November 2020 (mainly related to Padua headquarters' employees) with an average percentage of adhesion over the period from March to December 2020 equal to 54% of the hours worked. Smart-working has been the preferred means of prevention also for the office staff of the other Group subsidiaries.

SMART-WORKING TREND MARCH - DECEMBER 2020 (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.

Italian 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 (RSPP – Responsible of the Prevention and Protection Service), the competent doctor and the workers’ safety representatives (RLS).

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 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, identifying a starting risk, the measures implemented by the company to reduce the risk and the residual risk. The analysis results in an adaptation and improvement plan, in which new risks or new potentially dangerous situations (near misses) are constantly added by the person in charge of the Prevention and Protection Service, upon notifications from supervisors, workers’ safety representatives, or workers. The notifications and the consequent updating of the improvement initiatives are analysed during the periodic meetings between the person in charge of the Prevention and Protection Service, workers’ safety representatives, and the management.

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.

In order to implement improvement actions, accidents are also monitored by comparing the trend of previous years' injury rates. Workers are required to communicate situations of any accident or potentially dangerous situations that will be evaluated by the competent bodies, and possibly external consultants, to define the improvement and actions to be implemented.

Group production companies are committed to identifying and eliminating dangers and minimizing risks, for continuous improvement. To this end, various company functions are involved (for example the person in charge of the Prevention and Protection Service and workers' safety representatives), the competent doctor and professionals competent in the matter, who have the role of sharing the proposed improvement and actions, of highlighting any critical or new dangers or risks notified by workers, to disclose the progress of the improvement actions discussed in order to involve workers in safety and prevention measures.

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.

Most of the Group companies, mainly the production plants, have specific committees dedicated to health and safety matters, composed of (in the most extensive compositions) workers' representatives delegated for safety, the employer's delegate, production manager, and the HR manager. During the meetings, notifications and requests from workers are analysed, as well as the proposals for improvement, and the progress on planned activities regarding health and safety.

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. The companies mainly involved are the production plants, in consideration of the risks in their operations. In addition to the mandatory training, internal trainings are carried out to reduce any risk situations that may be highlighted, and specific trainings based on the tasks of each worker. All employees are trained, in particular supervisors, emergency teams, workers' safety representatives, forklift drivers, that receive training updates.

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 2020 there have been 21 work-related injuries at a Group level (28 injuries in 2019), none were fatal while 1 injury had a high consequence for the employee (an accidental injury with trauma consequence, not related to a lack of prevention measures), with a work-related injuries rate of 3.25 (compared to 3.27 of 2019).

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

75%

OF THE TOTAL WORKFORCE WAS COVERED BY COLLECTIVE BARGAINING AGREEMENTS IN 2020

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 2020, 75% of the Group workforce was covered by collective bargaining agreements.

In October 2020 Safilo announced that the process for the sale of the business branch of the Martignacco plant, closed starting from July 1, 2020, had been completed, transferring almost all workers to the buyer.

The constructive spirit that characterized the negotiations and the contribution of trade unions and regional institutions were fundamental for the outcome of this operation, which was important for local communities.

The sale of the Martignacco 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 2020" 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 2020

2 NEW LICENSED BRANDS IN 2020

1 KEY PARTNERSHIP CONFIRMED IN 2020

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.

2020 was another year in which the Group continued to **sign new strategic agreements** as well as **confirming key partnerships**.

ISABEL MARANT

In March, Safilo announced a ten-year licensing agreement for the design, manufacturing and distribution of Isabel Marant eyewear, which has been launched in January 2021.

PORTS

In May, Safilo announced a new licensing agreement for the design, manufacturing and distribution in China of the PORTS branded eyewear collections, which has been launched in January 2021.

pierre cardin PARIS

In October, Safilo announced the renewal until December 2026 of its licensing agreement for the design, manufacturing and distribution of the Pierre Cardin eyewear collections, a long-standing partnership that dates back to 1991.

6.2 OUR RESPONSIBLE SUPPLY CHAIN

≈350 SUPPLIERS OF DIRECT MATERIALS

38 SOCIAL AUDITS ON SUPPLIERS IN 2020 (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 2020, a total of 38 social audits (3 in EMEA and 35 in Asia) have been carried out, of which 24 initial audits and 14 follow up ones, and, of these 38 social audits, 31 have been conducted by a third-party audit company while 7 by an internal dedicated team. Each audit included the review of social and environmental aspects.

Out of 11 direct materials new suppliers with spending in 2020, 1 has been assessed through social audits (equal to 9%).

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 Safilo Industrial S.r.l., Safilo D.o.o. Ormoz, Safilo Eyewear Industries Ltd, and Lenti S.r.l..

All the production plants of the Group, except the one located in Clearfield, 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 November 2020, the renewal of the SA8000 certification was successfully completed for the Italian plants of Safilo S.p.a., Safilo Industrial S.r.l. and Lenti S.r.l., which includes Longarone, Santa Maria di Sala, Bergamo, the showroom based in Milan and Padua headquarters. 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.

Therefore, two internal dedicated teams, based in Padua and in Hong Kong, have been created 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 98% of customers' enquiries are managed in a "one call solution", without the need to escalate to the second level teams or other departments.

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 email and social media
- **Direct Email Marketing (DEM) activities** to support the business, commercial counterparts, brand management and trade marketing departments.

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 2020 Safilo has launched two new ambitious projects, which are part of its digital transformation strategy:

- the new **CRM (Customer Relationship Management)** platform, confirming that customer satisfaction and customer loyalty are and will continue to be Safilo's key priorities. At the end of 2020 the platform was successfully

launched in Italy, Spain, Portugal, France, Belgium, the Netherlands, Germany, Austria, Switzerland, Nordic countries, United Kingdom, Greece, Hungary, Czech Republic, Slovakia, Turkey and South Africa;

- **You&Safilo, the new B2B e-commerce site**, created with our customers and for our customers; in fact, more than 1,000 opticians contributed with their feedback to the design of the platform, created taking into account their needs, to offer the best possible shopping experience. At the end of 2020 the site was already active in Italy, Hungary, Czech Republic, Slovakia, Turkey, Belgium, the Netherlands, the UK, France, Spain, Germany, Nordic countries, with over 21,000 customers registered on the platform of which over 7,800 had already placed an order on You&Safilo.

Customer satisfaction survey

2020 was strongly marked at an international level by the presence of Covid-19, with lockdown measures in most European and North American countries until the end of the year. Safilo has decided to postpone the start of the third edition of Safilo's customer satisfaction survey to January 2021, to maximize customers' participation and collect statistically relevant data.

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. A strong focus was given to a new area, through which Safilo asked all the initiatives undertaken during the year to provide opticians with the tools to best cope with the period dominated by Covid-19 to be evaluated. Among these initiatives were:

- the development and distribution of informative leaflets on Safilo's hygiene protocol and instructions on how to properly sanitize glasses. Of the customers responding, 86% said they were satisfied, confirming the usefulness of the leaflets.
- the development of a procedure, in line with WHO directives, adopted by the entire sales force, to ensure visits to stores in total safety, and communicated to customers through video tutorials and information brochures. Of the customers responding, 87% said they were satisfied, confirming the usefulness of these materials.
- the creation of the Polaroid "Stay Safe" line of masks and visors, to ensure complete face protection for adults and children. Of the responding customers, 77% positively assessed the initiative.
- the communication via email, during the quarantine period, of training pills on trends in the world of eyewear and on Safilo's history, excellence and innovations. Of the customers responding, 86% said they were satisfied, confirming the usefulness of this initiative.

The scope was: independent active opticians of EMEA countries (Italy, Spain, Portugal, France, Benelux, DACH, Nordic, UK, Greece, Hungary, Czech Republic, Slovakia, and for the first time South Africa) 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: **85%** of customers responded with a ranking between 7 and 10 (**+58%** vs 2019 on average score);
- Overall satisfaction: **89%** were at least satisfied; of these **78%** were more than satisfied (**+3%** vs 2019 on average score).

Due to the postponed start of the survey, results of **North America** countries are not yet available.

EMEA customer care team

Our EMEA customer care team is composed of 130 people, speaking 22 languages and covering more than 20 markets and global channels. In 2020, the EMEA customer care team managed around 800,000 contacts - inbound calls, emails and faxes – and answered, on average, 83% of calls within 20 seconds.

Specific customer care KPIs were also measured through the **customer satisfaction survey**, that highlighted, as a main result, that **overall 84%** of customers were at least satisfied, and of these **76%** were more than satisfied.

North America customer care team

In 2020, our US customer care team supported 11 Markets, including independent 3O's, key accounts, and consumer relations. The team made great strides in leveraging resources and talents to better serve our business partners.

In 2020, the team managed around 400,000 interactions, a combination of calls, emails and electronic transmissions. In April, LiveChat has been introduced on the B2B platform mysafilo.com allowing customers to ask questions directly to our customer care agents via instant message on our website. Since the launch of LiveChat, the team has handled nearly 11,000 chat interactions with a customer satisfaction rating of 95%.

Additionally, as our customers began re-opening their businesses, following the temporary lockdowns in Spring of last year, the team organized an outbound campaign to contact nearly 5,000 of our customers to check in, stay connected and ask how they could support them during the difficult period.

Furthermore, in 2020 the team answered 90% of calls within 20 seconds and resolved 7,500 research tickets within 24 hours, maintaining close relations with salespeople and our Denver DC that allows for a quick response time.



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 SAFILO FOR KIDS

For Safilo, childhood is about seeing the world through different perspectives. Children are not little adults: they have specific needs and their own unique point of view. The importance of serving the eyewear needs of kids emerged also thanks to some workers in our Italian plants, which lead to the creation of the KIDS BY SAFILO line.

KIDS BY SAFILO



Launched in 2015, the KIDS BY SAFILO eyewear collection is a ground-breaking eyewear project devoted to 0-8-year-olds and designed through a medical-scientific approach to meet children's specific eye needs.

The design of KIDS BY SAFILO eyewear was guided by a clear understanding of children's unmet needs. As a matter of fact, Safilo found that, on a global scale, one in every six children has visual defects, and that approximately 15% of those refractive errors require prompt correction. For this reason, Safilo decided to develop a unique collection designed to respond to the complex demands of children's eyewear, thereby improving children's quality of vision and their healthy development. As the ideal blend of innovation and comfort, the eyewear collection perfectly matches children's requirements and, at the same time, their parents' expectations.

100% Made in Italy, and developed in light, safe and eco-friendly materials, the glasses represent a uniquely sustainable offer that addresses with special care the specific needs of children with innovation in design and construction. These bio-compatible, hypoallergenic, and washable materials guarantee the safety of the product and its durability and are therefore perfectly suitable for use by infants and toddlers.

Through the collaboration with SIOP (Società Italiana di Oftalmologia Pediatrica) and in compliance with the consensus statement of WSPOS (World Society of Paediatric Ophthalmology and Strabismus), Safilo has created a specific product with the adoption of a medical-scientific approach to meet the key needs of children's eyewear:

- **Safety:** frames are flexible, safe, and free from sharp surfaces and edges
- **Comfort and Fitting:** frames are lightweight and stable, thanks to the presence of a lower bridge and to the special design of the temples with a horizontal bend. Moreover, thanks to the enhanced design of the front, the lenses cover the children's entire field of vision, ensuring effective correction
- **Resistance:** frames are made with flexible, stable and washable materials to prevent them from becoming deformed or weakened
- **Aesthetics:** frames are discreet on the child's face, appearing almost invisible, especially for the youngest ones
- **Eco-friendly:** this unique eyewear line is made of bio-based polymers, derived from natural renewable resources and engineered to replace fossil-oil based polymers. As part of Safilo's commitment to sustainability and continuous efforts to protect the environment, Safilo Kids eyewear uses two different bio-polymers, both made with bio-based contents derived from castor oil: a rigid one to give structural performance to the frame and the temples and a soft one to guarantee the best fit on the face, comfort and safety for the wearer.

7.3 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.

Over the years, through this partnership, Safilo has donated over 1.2 million optical frames and sunglasses to Special Olympics athletes all over the world. As part of the Special Olympics global health platform supplier the Special Olympics-Lions Clubs International Opening Eyes® program is the largest programme in the world dedicated to providing vision care for people with intellectual disabilities. The programme provides Special Olympics athletes all over the world with eye examinations, prescription eyewear and valuable referrals for follow-up care.

In November 2018, Safilo re-committed its support of Special Olympics announcing a three-year partnership renewal. The renewal came as a highlight in a momentous year for the Special Olympics movement, which was celebrating 50 years of tackling the inactivity, stigma, isolation and injustice that people with intellectual disabilities face worldwide.

In addition to the critical donation of optical frames and sunglasses, Safilo employees also actively contribute to the Special Olympics-Lions Clubs International Opening Eyes events organization as volunteers, donating time and knowledge to the athletes with intellectual disabilities.

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.

#united4eyecare

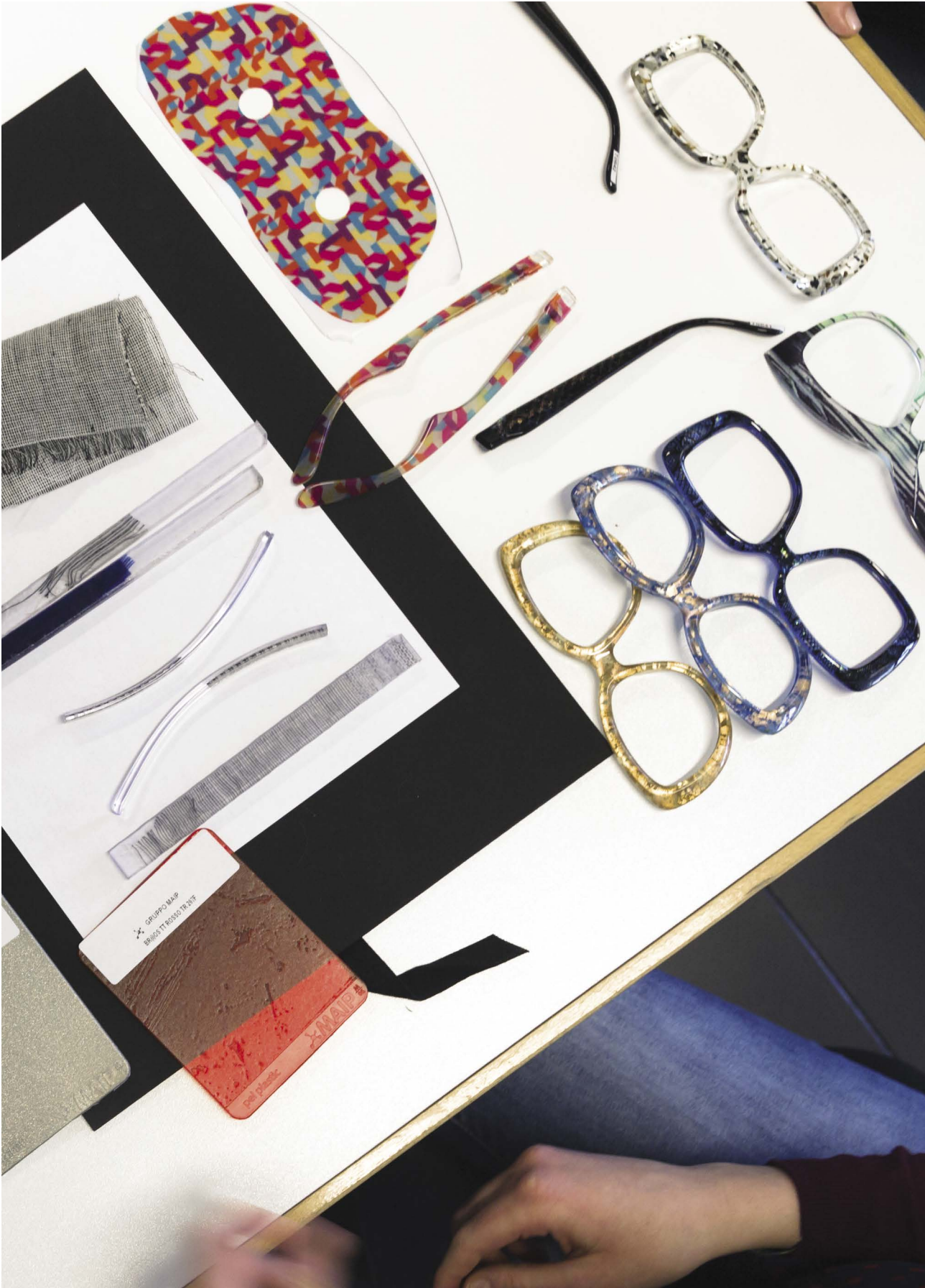
In 2020, from the beginning of the Covid-19 pandemic, Safilo actively continued its commitment to support local communities launching the #united4eyecare initiative, a global corporate initiative that embraces all the activities put in place in different countries by Safilo and its brands for the production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

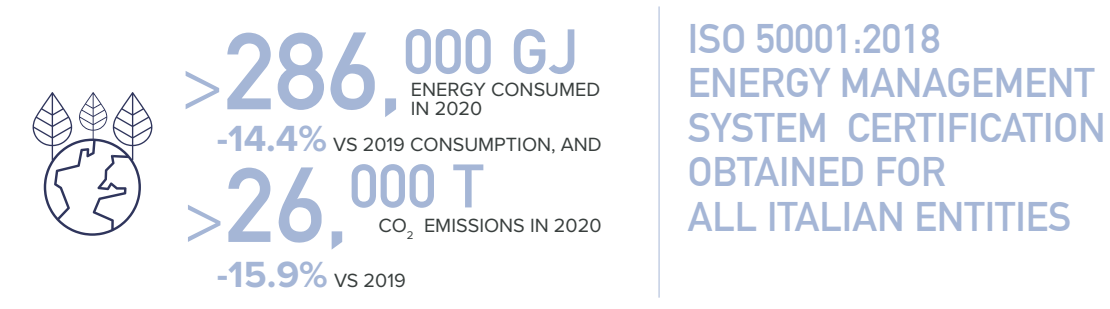
In addition to such donations, Safilo contributed by also supporting national institutions and associations.

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



8. ENVIRONMENTAL RESPONSIBILITY

8.1 ENERGY CONSUMPTION & CO₂ 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.

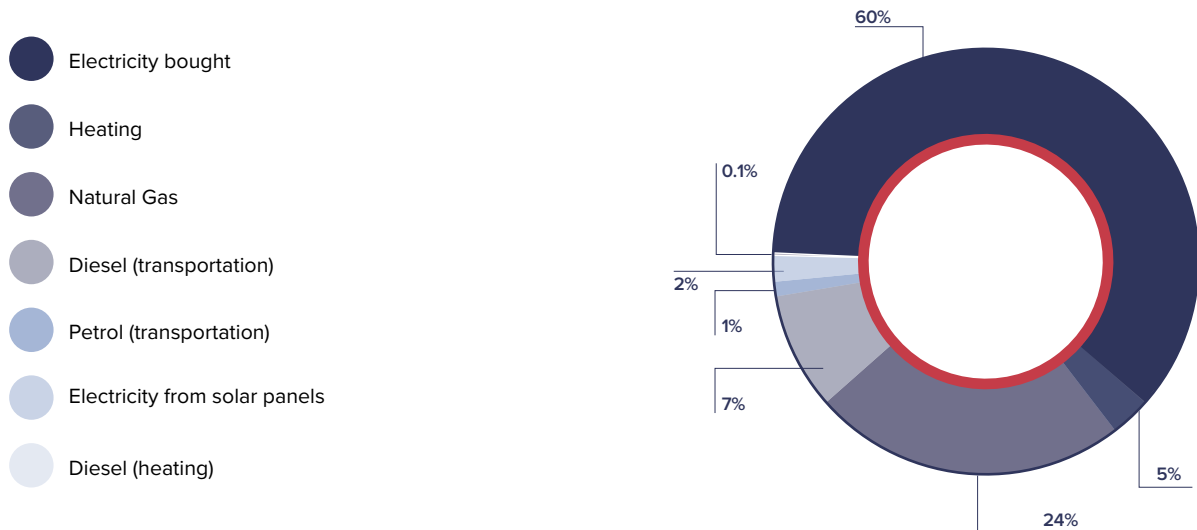
To this end, Safilo monitors environmental risks also along the entire supply chain, through social audit activities on suppliers aimed at investigating numerous characteristics, including their ability to reduce environmental impacts, and related certifications. When evaluating business relationships 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 62% of its total energy consumption.

2020 ENERGY CONSUMPTION BY TYPE OF FUEL



TOTAL 286,168 GJ

Starting from 2015, Safilo has implemented several energy saving projects in order to decrease energy consumption and CO₂ emissions⁶. In 2018 the installation of the **first solar panel system of the Group** has been completed at the Chinese plant, which, in 2020, led to **electricity energy savings of 6,929 GJ** (around 3.9% of total 2020 electricity consumption) with a **saving in CO₂ emissions of 1,201 tonnes**.

⁶ These projects have been implemented in the context of the EU 20-20-20 climate and energy package aiming at reducing by 20% emissions, at increasing by 20% the use of renewable energy sources and at improving by 20% the energy efficiency by 2020.

Firstly, 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.

Last year, other **energy saving projects** have been implemented **in the Padua headquarters**, including:

- 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).

In addition, in order to reduce CO₂ emissions in transportation, Safilo invested in initiatives such as the introduction of the **first electric car** (NISSAN LEAF) in 2016, in the Padua headquarter company's fleet, and in February 2020, the Group announced that, in order to contribute to the reduction of CO₂ emissions and promote a sustainable mobility, Safilo had begun to **renew its company car fleet in favour of Toyota and Lexus hybrid vehicles**. The entry of the first cars with full hybrid technology is part of a more extensive program for the total conversion of Safilo's vehicle fleet towards sustainable mobility, and already in 2020 around 14% of the Italian entities' company cars were new hybrids.

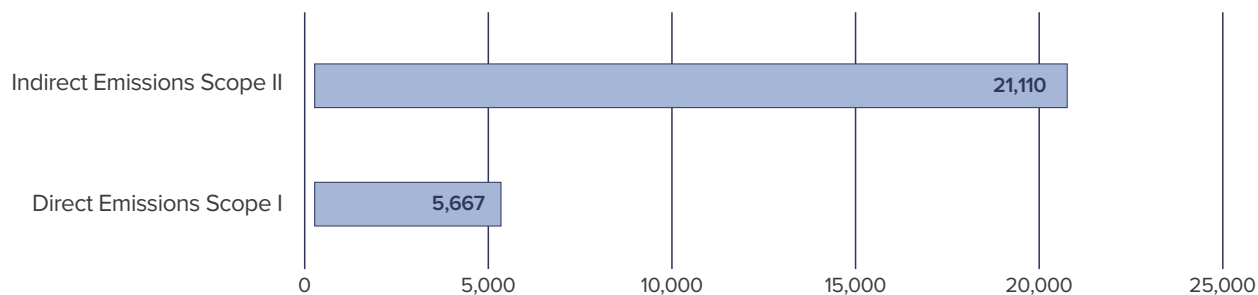
Safilo's sustainable change towards mobility is part of an energy efficiency plan and a progressive reduction of the ecological footprint of all the Group's activities, which has as its objective lower CO₂ emissions, a reduction in polluting consumption and therefore also greater protection of the environment 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 December 2020 the Group successfully completed the process to obtain the **ISO 50001:2018 energy management system certification** for all the Italian plants and the headquarters of Safilo S.p.a., Safilo Industrial S.r.l., and Lenti S.r.l.. The certification will expire in December 2023.

Thanks to all these energy efficiency initiatives, and to Covid-19 mitigation actions implemented during the emergency period, **in 2020 Safilo has reduced its total energy consumption by 14.4% with a saving in CO₂ emissions of 15.9% compared to 2019⁷.**

⁷ 2020 energy consumption and CO₂ emissions included volume effects, energy savings generated from specific energy saving projects, and Covid-19 mitigation actions implemented during the emergency period. For Scope II CO₂ emissions the KPI includes location-based emissions.

2020 CO₂ EMISSIONS



TOTAL 26,777 tCO₂

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, from 2022, will be extended to the whole Group.

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.

In 2020, despite a lower production of seasonal materials following the Covid-19 emergency, Safilo has further extended the sustainable offer of marketing materials to a global level, representing another significant step towards environmental sustainability.

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.

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.

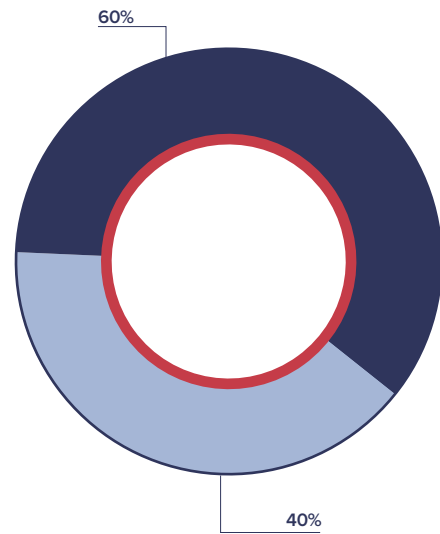
8.2 WASTE GENERATION & RECYCLING, AND WATER CONSUMPTION

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.

2020 WASTE BY TYPE

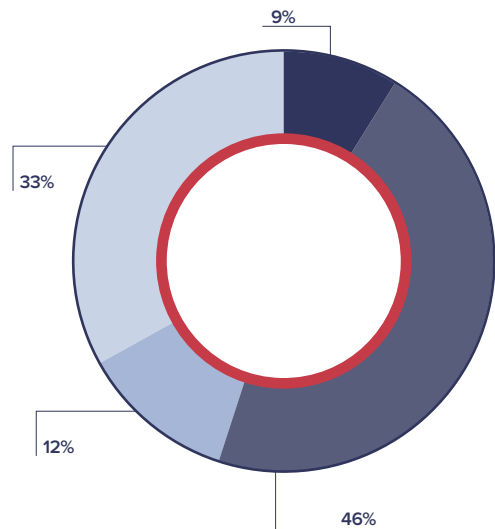
- Non Hazardous
- Hazardous



TOTAL 4,616 t

2020 WASTE BY DISPOSAL METHOD

- Recycling
- Landfill
- Incineration
- Recovery



TOTAL 4,616 t

In 2020, waste has been equal to 4,616 tonnes, compared to 6,428 tonnes in 2019, with a decrease around 28% mainly related to the lower quantities of waste water produced in 2020 after the implementation of the new water purification system in the Italian plant of Longarone that was completed in 2019 and was fully operative in 2020.

Furthermore, in September 2020 the implementation of a new evaporator system in the Chinese plant of Suzhou has been completed, already leading to a slight waste water reduction in 2020.

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.

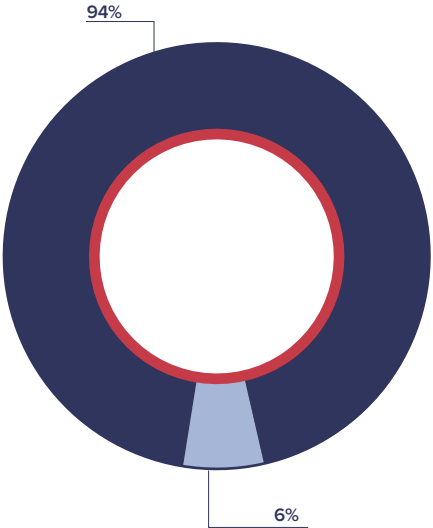
In 2020, water withdrawal have been equal to 115.7 megalitres (of which 94% from third party municipal water and 6% from groundwater) **with a reduction of 15%** compared to 136.5 megalitres in 2019. The water withdrawal of the Group is only related to freshwater, including water withdrawal in areas with high water stress, that, in 2020, has been equal to 53.1 megalitres (47.6 megalitres in 2019) related to the plant of Safilo Eyewear Industries Ltd in Suzhou (China).

The decrease in 2020 water withdrawal was mainly related to the new water purification system in the Italian plant of Longarone (completed in 2019 and fully operative in 2020) that allows for an important reduction of water withdrawal thanks to over 90% of recycling and reuse of water, to the maintenance, monitoring and control activities performed since 2019 in the Italian plants of Longarone, Santa Maria di Sala and Bergamo (aimed at optimizing and making water withdrawal more efficient), and to Covid-19 mitigation actions implemented during the emergency period⁸.

⁸ 2020 water withdrawal and waste generation, compared to 2019, included volume effects, benefits from specific projects implemented, and Covid-19 mitigation actions implemented during the emergency period.

2020 WATER WITHDRAWAL BY SOURCE

- Third-party Water
- Groundwater



TOTAL 115.7 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 fourth “Consolidated Non-Financial Information Statement” of the Safilo Group (hereinafter “NFS” or “Sustainability Report”), and refers to the period January 1 - December 31, 2020.

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, 2020 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 2020, it should be noted that on February 10, 2020 the Group completed the acquisition of the 61.34% stake in the Miami based Company Privé Goods LLC, and on June 1, 2020 the Group completed the acquisition of the 70% stake in the California company Blenders Eyewear LLC, while on October 1, 2020 the Group completed the sale of the business branch of the Martignacco production site. The data of the new subsidiaries have been consolidated at December 31, 2020 on a line-by-line basis. However, it should be noted that:

- incoming employees data does not include the employees incorporated following the two above-mentioned acquisitions completed during 2020, while the outgoing employees data includes the employees of the Martignacco production site;
- health and safety rates and injuries figures are related to the Italian, Slovenian and Chinese manufacturing plants, and Padua headquarters;
- water withdrawal by source figures are related to the Italian, Slovenian, Chinese and USA manufacturing plants, and Padua headquarters;
- waste by type and disposal method figures are related to the Italian, Slovenian, Chinese and USA manufacturing plants, and Padua headquarters.

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 version of 2018 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 28 October 2020 and the Consob “Richiamo di attenzione n. 1/21” published on 16 February 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 2020, 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: “2020 Annual Report”, “2020 Report on Corporate Governance”, “2020 Report on the Remuneration”, all available on the Safilo Group website along with the present NFS (<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 2019 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 11, 2021.

The Independent Auditor appointed for the limited assurance engagement of the present NFS is Deloitte & Touche S.p.A..

During 2020, 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 2020, the Group continued with the analysis of the main risks generated or suffered deriving from the business, successfully completed the process to obtain the ISO 50001:2018 certification for all the Italian plants, 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.

Furthermore, 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 4 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 in 2020 for the production plants (for Lenti S.r.l. to be completed within 2021), 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 2020” 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, in 2012 Safilo S.p.a. obtained certification of the SA8000 Social Accountability Management System Standard (successively obtained also for Safilo Industrial S.r.l., Safilo D.o.o. Ormoz, Safilo Eyewear Industries Ltd, 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).

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 ₂ 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, 2020						December 31, 2019					
	Men	%	Women	%	Total	% on total	Men	%	Women	%	Total	% on total
Executives	15	79%	4	21%	19	0.4%	10	63%	6	38%	16	0.3%
Directors	60	71%	25	29%	85	2%	65	71%	27	29%	92	2%
Management	223	55%	180	45%	403	8%	217	55%	180	45%	397	7%
Employees	801	43%	1,082	57%	1,883	36%	833	43%	1,084	57%	1,917	33%
Workers	931	33%	1,894	67%	2,825	54%	1,078	32%	2,254	68%	3,332	58%
Total	2,030	39%	3,185	61%	5,215	100%	2,203	38%	3,551	62%	5,754	100%

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

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%
Total	511	10%	3,446	66%	1,258	24%	5,215	100%

Employees by age group and employee category	December 31, 2019							
	< 30	%	30-50	%	> 50	%	Total	% on total
Executives	-	-	8	50%	8	50%	16	0.3%
Directors	-	-	76	83%	16	17%	92	2%
Management	10	3%	305	77%	82	21%	397	7%
Employees	220	11%	1,311	68%	386	20%	1,917	33%
Workers	413	12%	2,126	64%	793	24%	3,332	58%
Total	643	11%	3,826	66%	1,285	22%	5,754	100%

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

Employees by gender and employment contract	December 31, 2020						December 31, 2019					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
Permanent	1,994	98%	3,137	98%	5,131	98%	2,180	99%	3,488	98%	5,668	99%
Temporary	36	2%	48	2%	84	2%	23	1%	63	2%	86	1%
Total	2,030	100%	3,185	100%	5,215	100%	2,203	100%	3,551	100%	5,754	100%

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

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	5,131
Temporary	9	7	68	-	84
Total	3,120	734	1,187	174	5,215

Employees by employment contract and region	December 31, 2019				
	Europe	North America	Asia Pacific	Rest of the world	Total
Permanent	3,604	596	1,289	179	5,668
Temporary	60	2	23	1	86
Total	3,664	598	1,312	180	5,754

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

Employees by gender and employment type	December 31, 2020						December 31, 2019					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
Full time	2,006	99%	2,727	86%	4,733	91%	2,177	99%	3,010	85%	5,187	90%
Part time	24	1%	458	14%	482	9%	26	1%	541	15%	567	10%
Total	2,030	100%	3,185	100%	5,215	100%	2,203	100%	3,551	100%	5,754	100%

New employee hires & employee turnover [GRI 401-1]^{9 10}

Incoming employees by age group and gender	December 31, 2020						December 31, 2019					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
< 30	84	34%	87	33%	171	33%	130	41%	141	43%	271	42%
30 - 50	134	10%	141	7%	275	8%	138	10%	209	9%	347	9%
> 50	24	5%	43	5%	67	5%	19	4%	30	4%	49	4%
Total	242	12%	271	9%	513	10%	287	13%	380	11%	667	12%

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

9 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.

10 Incoming employees data does not include the employees incorporated with the acquisitions of the companies Privé Goods LLC and Blenders Eyewear LLC (completed during 2020), while the outgoing employees data includes the employees of the Martignacco production site sold in October 2020.

Incoming employees by gender and region	December 31, 2019				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	42	45	159	41	287
%	4%	23%	22%	33%	13%
Women	135	76	153	16	380
%	5%	19%	26%	29%	11%
Total	177	121	312	57	667
%	5%	20%	24%	32%	12%

Outgoing employees by age and gender	December 31, 2020						December 31, 2019					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
< 30	106	43%	93	35%	199	39%	98	31%	138	42%	236	37%
30 - 50	241	18%	387	18%	628	18%	181	13%	294	12%	475	12%
> 50	87	19%	191	24%	278	22%	68	15%	133	16%	201	16%
Total	434	21%	671	21%	1,105	21%	347	16%	565	16%	912	16%

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

Outgoing employees by gender and region	December 31, 2019				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	170	80	63	34	347
%	15%	41%	9%	27%	16%
Women	338	128	84	15	565
%	14%	32%	14%	27%	16%
Total	508	208	147	49	912
%	14%	35%	11%	27%	16%

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

	December 31, 2020	December 31, 2019
Employees covered by collective bargaining agreements	3,907	4,583
Total workforce	5,215	5,754
%	75%	80%

Work-related injuries¹¹ [GRI 403-9]

Occupational Health & Safety Rates and Injuries	December 31, 2020			December 31, 2019		
	Men	Women	Total	Men	Women	Total
Number of recordable work-related injuries	8	13	21	8	20	28
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	2,790,050	3,679,382	6,469,432	3,575,831	4,975,598	8,551,429
Rate of recordable work-related injuries	2.87	3.53	3.25	2.24	4.02	3.27
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]

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
Total	28,791	14	35,422	11	64,213	12

Average hours of training by gender and employee category	December 31, 2019					
	Men	Average hours of training	Women	Average hours of training	Total	Average hours of training
Executives	141	14	187	31	328	20
Directors	1,409	22	484	18	1,893	21
Management	4,468	21	2,346	13	6,813	17
Employees	7,755	9	12,419	11	20,174	11
Workers	13,203	12	46,680	21	59,883	18
Total	26,976	12	62,115	17	89,091	15

11 Starting from 2020, it has been decided to report data related to injuries based on the new GRI Standard 403, published by the Global Reporting Initiative (GRI) in 2018, replacing the previous version used so far and published in 2016.

"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, Slovenian 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.

Training hours provided by type of training	December 31, 2020	December 31, 2019
Health & Safety	22,441	9,647
Compliance	12,904	2,120
Professional	19,613	64,021
ICT	393	789
PVPC	4,165	4,150
Managerial	1,499	5,301
Linguistic	1,675	3,064
Other	1,525	-
Total	64,213	89,091

Environment

Energy Consumption [GRI 302-1]¹²

Energy Consumption (GJ)	December 31, 2020	%	December 31, 2019	%	change %
From non-renewable sources	279,239	98%	327,007	98%	-14.6%
Electricity bought	171,801	60%	199,463	60%	-13.9%
Heating	13,920	5%	11,980	4%	16.2%
Natural Gas	69,844	24%	80,532	24%	-13.3%
Diesel (Transportation)	19,710	7%	30,647	9%	-35.7%
Petrol (Transportation)	3,660	1%	4,057	1%	-9.8%
Diesel (Heating)	304	0.1%	328	0.1%	-7.3%
From renewable sources	6,929	2%	7,218	2%	-4.0%
Electricity from solar panels	6,929	2%	7,218	2%	-4.0%
Total	286,168	100%	334,225	100%	-14.4%

Emissions¹³ [GRI 305-1 and GRI 305-2]

Total Emissions (t CO ₂)	December 31, 2020	%	December 31, 2019	%	change %
Direct Emissions - Scope I	5,667	21%	7,082	22%	-20.0%
- Natural Gas	3,927	15%	4,506	14%	-12.8%
- Diesel (Transportation)	1,450	5%	2,255	7%	-35.7%
- Petrol (Transportation)	268	1%	297	1%	-9.8%
- Diesel (Heating)	22	0.1%	24	0.1%	-7.3%
Indirect Emissions - Scope II¹⁴	21,110	79%	24,745	78%	-14.7%
- Electricity bought	20,031	75%	23,776	75%	-15.8%
- Heating	1,079	4%	968	3%	11.4%
Total	26,777	100%	31,827	100%	-15.9%

Waste by type and disposal method¹⁵ [GRI 306-2]

Waste by type and disposal method (t)	December 31, 2020				
	Recycling	Landfill	Incineration	Recovery	Total
Non-Hazardous	329	834	443	1,146	2,752
Hazardous	101	1,272	96	395	1,864
Total	430	2,106	539	1,541	4,616
%	9%	46%	12%	33%	100%

¹² 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 = 0.03601668 GJ; for petrol (transportation) consumption 1 litre = 0.03082824 GJ.

¹³ These figures have been calculated using TERNA 2018 and Minambiente 2020 emissions factors, according to the GHG Protocol methodology. The consolidation approach for the Group's emissions is the operational control. Figures refer to CO₂ equivalent when available.

¹⁴ Scope II CO₂ 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-2020 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 2020, CO₂ equivalent emissions with market-based method accounted for 24,935 t (compare to 30,815 t of 2019). Some data may have been estimated or calculated.

¹⁵ These figures are related to the Italian, Slovenian, Chinese and USA manufacturing plants, and Padua headquarters. Information has been collected by the waste disposal contractor.

Waste by type and disposal method (t)	December 31, 2019				
	Recycling	Landfill	Incineration	Recovery	Total
Non-Hazardous	465	973	573	1,289	3,300
Hazardous	158	2,362	100	508	3,128
Total	623	3,335	673	1,797	6,428
%	10%	52%	10%	28%	100%

Water withdrawal¹⁶ [GRI 303-3]

Water withdrawal by source (in megalitres)		December 31, 2020		December 31, 2019	
		All areas	Areas with water stress	All areas	Areas with water stress
Water withdrawal by source	Surface water (total)	-	-	-	-
	Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids)	-	-	-	-
	Other water ($> 1,000$ mg/L Total Dissolved Solids)	-	-	-	-
	Groundwater (total)	6.6	-	5.1	-
	Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids)	6.6	-	5.1	-
	Other water ($> 1,000$ mg/L Total Dissolved Solids)	-	-	-	-
	Seawater (total)	-	-	-	-
	Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids)	-	-	-	-
	Other water ($> 1,000$ mg/L Total Dissolved Solids)	-	-	-	-
	Produced water (total)	-	-	-	-
	Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids)	-	-	-	-
	Other water ($> 1,000$ mg/L Total Dissolved Solids)	-	-	-	-
	Third-party water (total)	109.2	53.1	131.4	47.6
	Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids)	109.2	53.1	131.4	47.6
Other water ($> 1,000$ mg/L Total Dissolved Solids)	-	-	-	-	
Total third-party water withdrawal by withdrawal source	Surface water		53.1		47.6
	Groundwater		-		-
	Seawater		-		-
	Produced water		-		-
Total water withdrawal	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	115.8	53.1	136.5	47.6

16 Starting from 2020, it has been decided to report data related to water withdrawal based on the new GRI Standard 303, published by the Global Reporting Initiative (GRI) in 2018, replacing the previous version used so far and published in 2016.

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.

GRI CONTENT INDEX¹⁷

Safilo 2020 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
GRI 102: GENERAL STANDARD DISCLOSURES			
Organizational profile			
102-1	Name of the organization	Safilo Governance – 3.1 About this Report	24 68 – 70
102-2	Activities, brands, products and services	Safilo – 1.3	10 – 11
102-3	Location of the headquarters	Safilo Governance – 3.1	24
102-4	Location of operations	Safilo – 1.4	11 – 13
102-5	Ownership and legal form	Safilo Governance – 3.1	24
102-6	Markets served	Safilo – 1.4	11 – 13
102-7	Scale of the organization	Highlights Safilo – 1.5	6 14
102-8	Information on employees and other workers	Safilo – 1.5 Integrity in the Workplace – 5.1 Annexes	14 40 73 – 74
102-9	Supply chain of the organization	Responsible Partnerships – 6.2	50 – 52
102-10	Significant changes to the organization and its supply chain	About this Report	68 – 70
102-11	Precautionary principle or approach	Safilo Governance – 3.1 and 3.2 Environmental Responsibility 8.1 and 8.2	24 – 31 60 – 66
102-12	External Initiatives	Product Craftsmanship & Innovation 4.4 Responsible Partnerships – 6.2	35 – 36 50 – 52
102-13	Membership of Association	Product Craftsmanship & Innovation 4.4 Social Responsibility – 7.2 and 7.3	35 – 36 56 – 58
Strategy			
102-14	Statement from senior decision maker	The Safilo Way	4 – 5
102-15	Description of key impacts, risks, and opportunities	Safilo Governance – 3.1	24 – 30
Ethics and integrity			
102-16	Values, principles, standards, norms of behaviour	Safilo – 1.1 Safilo Governance – 3.2 Integrity in the Workplace – 5.1 Responsible Partnerships – 6.2	8 30 – 31 40 – 43 50 – 52
102-17	Mechanisms for advice and concerns about ethics	Safilo Governance – 3.2	30 – 31
Governance			
102-18	Governance Structure	Safilo Governance – 3.1	24 – 30

¹⁷ 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 Standards		Chapters - Paragraphs	Pages
Stakeholder engagement			
102-40	List of stakeholder groups engaged	A Sustainable Business – 2.3	18 – 22
102-41	Collective bargaining agreements	Integrity in the Workplace – 5.4 Annexes	48 75
102-42	Basis for identifying and selecting stakeholders	A Sustainable Business – 2.3	18 – 22
102-43	Approach to stakeholder engagement	A Sustainable Business – 2.3	18 – 22
102-44	Key topics and concerns that have been raised through stakeholder engagement	A Sustainable Business – 2.3	18 – 22
Reporting Practice			
102-45	Entities included in the consolidated financial statement	Safilo Governance – 3.1 About this Report	24 68 – 70
102-46	Defining report content and topics boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
102-47	List of material topics	A Sustainable Business – 2.3	18 – 22
102-48	Restatement of information	About this Report	68 – 70
102-49	Significant changes in the list of material topics and topics boundaries	A Sustainable Business – 2.3 About this Report and Annexes	18 – 22 68 – 72
102-50	Reporting period	About this Report	68 – 70
102-51	Date of most recent previous report	About this Report	68 – 70
102-52	Reporting cycle	About this Report	68 – 70
102-53	Contact point for questions regarding the report	Contacts	85
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	68 – 70
102-55	GRI content index	GRI Content Index	80 – 85
102-56	External assurance	About this Report Independent Auditors' Report	68 – 70 86 – 88
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	18 – 22 72
103-2	The management approach and its components	Safilo – 1.1, 1.2, 1.3, 1.5	8 – 15
103-3	Evaluation of the management approach		
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	Safilo – 1.5 In 2020, direct economic value generated was equal to 702.5 million euro, the economic value distributed was equal to 771.8 million euro, and the economic value retained was negative for 69.4 million euro.	14 81

GRI Standards		Chapters - Paragraphs	Pages
Anti-corruption			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Safilo Governance – 3.2	30 – 31
103-3	Evaluation of the management approach		
GRI 205: Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	In 2020 and 2019, no incidents of corruption have been registered	82
CATEGORY: ENVIRONMENTAL			
Energy			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Environmental Responsibility – 8.1	60 – 63
103-3	Evaluation of the management approach		
GRI 302: Energy			
302-1	Energy consumption within the organization	Environmental Responsibility – 8.1 Annexes	60 – 63 78
Water			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Environmental Responsibility – 8.2	64 – 66
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	64 – 66 79
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	18 – 22 72
103-2	The management approach and its components	Environmental Responsibility – 8.1	60 – 63
103-3	Evaluation of the management approach		
GRI 305: Emissions			
305-1	Direct greenhouse gas emissions (scope 1)	Environmental Responsibility – 8.1 Annexes	60 – 63 78
305-2	Energy indirect greenhouse gas emissions (scope 2)		
Effluents and Waste			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Environmental Responsibility – 8.2	64 – 65
103-3	Evaluation of the management approach		

GRI Standards		Chapters - Paragraphs	Pages
GRI 306: Effluents and Waste			
306-2	Waste by type and disposal method	Environmental Responsibility – 8.2 Annexes	64 – 65 78 – 79
CATEGORY: SOCIAL			
Employment			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Integrity in the Workplace – 5.1	40 – 41
103-3	Evaluation of the management approach		
GRI 401: Employment			
401-1	New employee hires and employee turnover	Annexes	74 – 75
Labour and industrial relations			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Integrity in the Workplace – 5.4	48
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	83
Occupational Health and Safety			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Integrity in the Workplace – 5.3	44 – 48
103-3	Evaluation of the management approach		
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	Integrity in the Workplace – 5.3 Annexes ¹⁸	44 – 48 76
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		

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
Training and Education			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Integrity in the Workplace – 5.1	40 – 43
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	40 – 43 76 – 77
Diversity and Equal Opportunity			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Safilo Governance – 3.1	25 – 26
103-3	Evaluation of the management approach	Integrity in the Workplace – 5.2	43 – 44
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	25 – 26 43 – 44 73
Human Rights Assessment			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Responsible Partnerships – 6.2	50 – 52
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	50 – 52
Local Communities			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Social Responsibility – 7.1, 7.2 and 7.3	56 – 58
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 2020 and 2019 no significant actual or potential negative impacts on local communities have been registered	84
Supplier Social Assessment			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Responsible Partnerships – 6.2	50 – 52
103-3	Evaluation of the management approach		

GRI Standards		Chapters - Paragraphs	Pages
GRI 414: Supplier Social Assessment			
414-1	New suppliers screened using social criteria	Responsible Partnerships – 6.2	50 – 52
Customer Health and Safety			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Product Craftsmanship & Innovation – 4.4	35 – 36
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 2020 and 2019, no incidents of non-compliance have been registered	85
Socioeconomic Compliance			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Safilo Governance – 3.2	30 – 31
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 2020 and 2019, no significant fines or sanctions were reported	85
Product Craftsmanship & Innovation			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Product Craftsmanship & Innovation	32 – 39
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	18 – 22 72
103-2	The management approach and its components	Responsible Partnerships – 6.1	50
103-3	Evaluation of the management approach		
Client Satisfaction			
GRI 103: Management approach			
103-1	Explanation of material aspects and its boundaries	A Sustainable Business – 2.3 Annexes	18 – 22 72
103-2	The management approach and its components	Responsible Partnerships – 6.3	53 – 55
103-3	Evaluation of the management approach		

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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, 2020 prepared on the basis of art. 4 of the Decree and approved by the Board of Directors on March 11, 2021 (hereinafter "NFS").

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, 2020;
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;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

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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 remote 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 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 following companies Safilo S.p.A., Safilo Industrial S.r.l., 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 remote meetings, 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, 2020 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Carlo Pergolari
Partner

Padova, Italy
March 16, 2021

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



Concept and layout

Redpoint.



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Safilo[®]