

CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

2022

Pursuant to Legislative Decree 254/2016

The Safilo logo features the brand name in a dark blue, sans-serif font. A small, stylized blue icon resembling a pair of glasses or a bridge is positioned above the letter 'i' in 'Safilo'.

SEE THE WORLD AT ITS BEST



SEE THE WORLD AT ITS BEST

**2022 CONSOLIDATED NON-FINANCIAL
INFORMATION STATEMENT PURSUANT
TO LEGISLATIVE DECREE 254/2016**

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SEE THE WORLD AT ITS BEST: THE KEY TO A SUSTAINABLE FUTURE IS OUR PURPOSE-LED STRATEGY

One of the main challenges we face as a business is to minimize our environmental impact, reducing consumption and preserving our planet's resources for generations to come.

At Safilo, we have a natural attitude, an intrinsic element of our DNA, which allows us to evolve and look to the future with a strong innovative spirit, while at the same time maintaining, with great pride, our centenary history. Sustainability is at the core of our Group's business strategies and is based on the development of projects and initiatives that contribute to addressing the global challenges of tomorrow.

In this context, in 2022 we presented our purpose-led strategy based on three sustainability pillars: Planet, Product, and People. Sustainability is, in fact, the guide for many corporate initiatives aimed at contributing to the achievement of the United Nations 2030 Sustainable Development Goals, sharing our commitment to building a better present and future.

We invest in innovation to grant the highest quality of our products while respecting the environment because this is the only way to concretely act to improve our planet and contribute to the development of a truly inclusive and sustainable economy.

Sustainability for us means, firstly, protecting the environment and the responsible use of renewable resources, materials, and greener production processes.

For this reason, in July 2022 we joined The Fashion Pact, a global coalition of companies, leaders in the fashion and textile industry (ready-to-wear, sport, lifestyle, and luxury), including their suppliers and distributors, all committed to a common core of key goals. Becoming a signatory of The Fashion Pact represents a further step in Safilo's sustainability strategy. Indeed, by joining this coalition, the Group has confirmed its commitment to developing projects and initiatives that address the global challenges of tomorrow in the areas of Climate, Oceans, and Biodiversity, as per The Fashion Pact's mission and priorities.

We also keep our commitment to reducing environmental impact in terms of energy consumption and greenhouse gas emissions.

During the year, the Group moved 100% of the electricity supplied to Italian facilities to renewable energy, for a total of 18 GWh. This amount, which is equivalent to more than 40% of the Group's electric consumption, allowed Safilo to reduce the emissions of its own operations by about 20%.

Furthermore, in 2022 Safilo renewed its commitment to the environment by conducting a screening of the impact generated by the indirect emissions (Scope 3) produced within the corporate value chain.

Our ongoing commitment and research to identify processes that contribute to reduce environmental impact have led us to introduce innovative solutions in terms of the production and development of new materials, also thanks to the digital transformation process that involves the entire business.

A new LCA (Life Cycle Assessment) study was carried out taking into consideration the Group's updated industrial footprint, the most representative eyewear products in the portfolio, and the new materials used in the production processes.

Our partnership with Eastman has enabled us to include three sustainable materials in our sunglasses and optical products collections: Eastman Acetate Renew, Eastman Tritan™ Renew, and, as of 2023, Eastman Tenite Renew. This allowed Safilo to become the first eyewear player to use all of Eastman's materials in its portfolio, across all types of applications and production processes.

In September 2022 we also announced the introduction of Eastman Tritan™ Renew in our polarized lenses, starting for the first time in the eyewear sector, a bilateral collaboration with Eastman regarding technical innovation.

Among Safilo's House Brands, Polaroid Eyewear is the brand that keeps distinguishing itself thanks to its offering of sustainable products. Indeed, in 2022, we invested increasingly in models realized with Eastman Tritan™ Renew and with Bio-Polyamide, a bio-based plastic composed of 40% renewable resources such as castor oil.

Beyond these initiatives, Safilo has also continued to sustain its long-time partner organizations. For 19 years we have been supporting Special Olympics, the non-profit organization dedicated to transforming the lives of people with intellectual disabilities. Thanks to this collaboration we actively contribute to improving the lives of athletes with intellectual disabilities. Over the course of several years, through the Special Olympics Lions Clubs International Foundation Opening Eyes® program, 1.3 million frames and sunglasses have been donated, including 36,000 in 2022. Furthermore, Safilo's house brands also play an active role in supporting the Group's path.

SMITH Optics supports the High Fives Foundation, a non-profit organization supporting the dreams of mountain action sports athletes by raising injury prevention awareness and providing resources and inspiration to those who suffer life-altering injuries.

With SMITH, we also support the Boarding for Breast Cancer, a non-profit foundation that advocates early detection and a healthy, active lifestyle as the best means for breast cancer prevention. Furthermore, Blenders Eyewear partnered for the fourth year with Keep a Breast, a non-profit organization based in California focused on education about breast cancer prevention.

It is therefore a source of pride for us to be able to present our achievements in 2022 in this new edition of our Consolidated non-Financial Information Statement, which we could not have achieved without the trust and direct involvement of all our stakeholders.

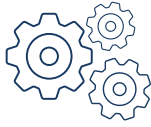
Thank you all for your contribution and commitment. We are confident that we can continue along this path with the aim to evolve further and find new solutions that will enable us every day to see the world at its best.

Angelo Trocchia
CEO Safilo Group

HIGHLIGHTS

OVER **140 YEARS**
OF EYEWEAR INDUSTRY TRADITION

Product Craftsmanship & Innovation



≈ 2,100 NEW MODELS IN THE MARKET IN 2022

NEW RECYCLED AND BIO-BASED MATERIALS USED FOR 175 NEW MODELS

Employee Learning & Development¹



MORE THAN 31,500 HOURS OF TRAINING IN 2022

7.1 AVERAGE HOURS OF TRAINING PER EMPLOYEE in 2022

Diversity & Inclusion



59% WOMEN IN THE TOTAL WORKFORCE IN 2022

45% FEMALE IN EXECUTIVES, DIRECTORS AND MANAGEMENT CATEGORIES IN 2022

10% OF THE TOTAL WORKFORCE UNDER 30 IN 2022

12 NATIONALITIES AT DIRECTOR LEVEL IN 2022

Health & Safety²



11 RECORDABLE WORK-RELATED INJURIES IN 2022

1.73 RATE OF RECORDABLE WORK-RELATED INJURIES IN 2022 VS 1.17 IN 2021

Industrial Relations and Supply Chain Responsibility



70% OF THE TOTAL WORKFORCE WAS COVERED BY COLLECTIVE BARGAINING AGREEMENTS IN 2022

115 SOCIAL AUDITS OF SUPPLIERS IN 2022³ (OF ~250 SUPPLIERS OF DIRECT MATERIALS)

Environmental Responsibility⁴



> 222,655 GJ ENERGY CONSUMED IN 2022
-21% VS 2021, AND
> 16,337 T CO₂ EMISSIONS IN 2022
-46% vs. 2021 (MARKET BASED).

FIRST PART OF PHOTOVOLTAIC PANELS HAS BEEN INSTALLED IN PADOVA HQ

1 For further details please refer to the chapter "5.1 Safilo people and The Safilo Way" (pages 50-53).
2 These KPIs are related to the Italian and Chinese manufacturing plants, and Padua headquarter, and do not include external collaborators' data (the Group has no direct control on data from the employers of workers who are not employees).
3 The majority of these audits included the review of social and environmental aspects following the SMETA 4 Pillar standard or, in the case of just a social audit, following the SLCP standard.
4 2022 energy consumption and CO₂ emissions included energy savings generated from specific energy saving and restructuring projects implemented and the Group's Italian legal entities signed an agreement to supply 100% of electric energy needs from renewable sources.
For Scope 2 CO₂ emissions the KPI is defined using the market-based calculation methodology. For further details please refer to the chapter "8.1 Energy consumption & CO₂ emissions" (pages 68-71).

Signature Social Responsibility Partnerships



SPECIAL OLYMPICS

MORE THAN 1.3 MILLION OPTICAL FRAMES AND SUNGLASSES DONATED OVER THE PAST 19 YEARS.



Save the Children

SAVE THE CHILDREN ITALIA

AGAIN IN 2022 WE CONTINUE THE COLLABORATION WITH SAVE THE CHILDREN ITALIA FOR THE “REWRITE THE FUTURE” CAMPAIGN. IT’S AN INTEGRATED PROJECT AIMED AT COUNTERACTING EDUCATIONAL POVERTY AND EARLY SCHOOL LEAVING IN ITALY TO ENSURE THAT SUPPORT IS PROVIDED TO FAMILIES AND UNDERAGE CHILDREN IN NEED IN CITY SUBURBS, DISADVANTAGED REGIONS AND DEPRIVED NEIGHBOURHOODS.

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

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), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life below Water), 15 (Life on Land), and 17 (Partnerships for the Goals). These prioritization of ESG goals are the result of an internal analysis performed by the Group during 2022



1. SAFILO

1.1 OUR ORIGINS AND HERITAGE

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

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

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

1.1.1 OUR ESSENCE

**Have you ever wondered who's behind a pair of glasses?
It's us, from Safilo.**

A company that, since 1878, has in its DNA a principle that,
more than anyone, it can call its own: looking ahead.
Looking ahead to allow millions of people to see the world at its best.
Without avoiding change, but reaching out to it.
Looking for innovative and responsible solutions,
and embracing digital transformation to redefine eyewear.
So innovation and sustainability are not just nice words,
but represent instead an inclusive path that involves us all.

And the ability to create value through this becomes our aim.
This is the Safilo Way.

Safilo.
See the world at its best.

Our values are what we believe in as a company.

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

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

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

We are:

People Centric: We believe people are at the heart of everything. For this reason, we strive to make the work environment also a place where, at any time, we can thrive and develop our skills, sharing experiences and collaborating with everyone. In this way we create relationships based on trust, competence, and loyalty. In this way we create value.

Purpose Led: We always look for the best balance between present and future. We believe in projects that are not limited to the short term, and that always have a powerful sense of environmental, cultural, and social responsibility. Only in this way we can work concretely to improve our planet and contribute to the development of a truly inclusive and sustainable economy. In this way we look forward.

Innovation Driven: We always look in one direction: beyond. Always starting from our roots entrenched in tradition, we work toward a new concept of innovation that unites beauty and functionality, that evolves based on a digital model, and that approaches the world in a clear and responsible way. Innovation that allows our never-ending passion to go beyond the ordinary. In this way we create the 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



Safilo is born

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)

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

2005



The shares of Safilo Group S.p.A. were listed on the Milan Stock Exchange

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

2021



New license partnerships and commercial expansion through a direct subsidiary in Poland
Share Capital increase
Launch of Smith "IMPRINT 3D" technology
Recycled and bio-based materials in eyewear collections
Certifications ISCC Plus and GRS

2022

TENITE™ RENEW
tritan™ RENEW



THE
**FASHION
PACT**

First player to adopt all Eastman Renew materials included Tenite Renew for optical and sun collections Innovative Eastman Tritan Renew in polarized lenses

FSC® certificate assures that products come from responsibly managed forests and provide environmental, social and economic benefits

Safilo signs The Fashion Pact: a global coalition of companies in the fashion and textile industry all committed to stop global warming, restoring biodiversity and protecting the oceans

1.3 WE ARE A KEY LEADER IN THE WHOLESALE EYEWEAR MARKET

The year 2022 was positive for the eyewear market overall, and it has been another year of top line growth and margin improvement for Safilo.

The wholesale market for frames and sunglasses, which was approximately EUR 21 billion in 2022, grew about 4% between 2016 and 2019. Safilo expects the markets to continue to grow around 3% annually in the next five years, underpinned by favourable demographics, premiumization, and an increasing level of education regarding vision correction and protection.

Safilo Group is one of the eyewear industry's principal players⁵. With an extensive global presence, our business model enables us to monitor the entire production and distribution chain: from research and development, with prestigious design studios in Padua, Milan, New York, Hong Kong and Portland, to production, with our own company-owned production facilities and network of qualified manufacturing partners, thanks to which the Group is able to ensure that every product can offer the right value proposition for the consumer and meets the highest quality standards, and distribution. Safilo is deeply committed to its Italian roots and its Made in Italy capabilities – from world-class design and product creation and its highly automated distribution centre in Padova, to its manufacturing sites in Santa Maria di Sala and Bergamo – which represent a competitive advantage.

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

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

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

⁵ Safilo operates in the industry defined by NACE code 32.50.

Our Brands

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

Own core brands are strategically crucial to the Group's development goals which is why alongside those already part of its portfolio - Carrera, Polaroid and Smith among the main ones – in 2020 there were two great new additions through direct acquisitions, Blenders Eyewear and Privé Revaux.

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

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

Own Core Brands

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

CARRERA
E Y E W E A R S I N C E 1 9 5 6

SMITH

Polaroid
The Original Polarized since 1937


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

PRIVÉ REVAUX
E Y E W E A R

SEVENTH STREET
by *Safilo*

Licensed Brands

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

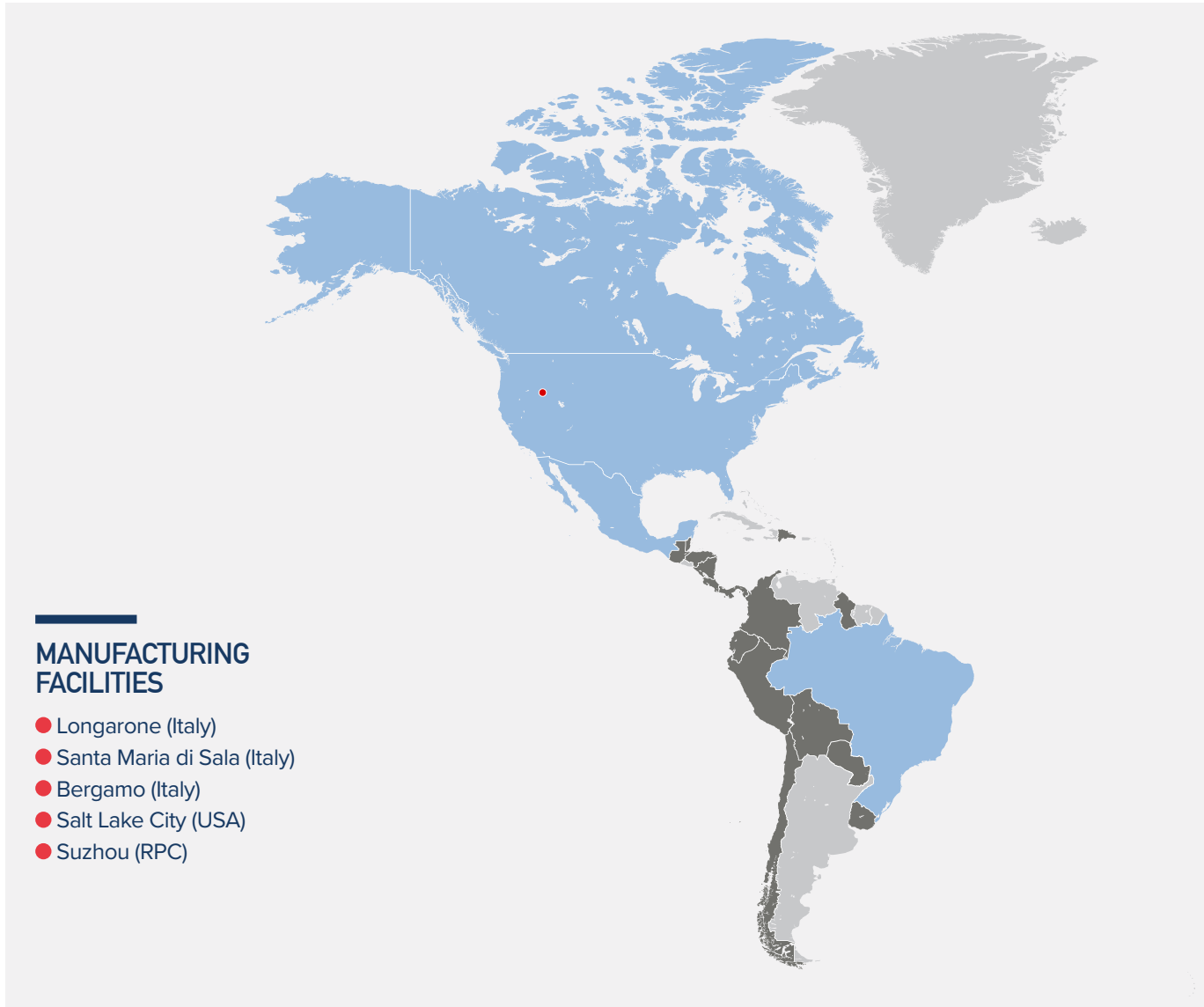


1.4 GLOBAL REACH IN THE EYEWEAR MARKET

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)
- Santa Maria di Sala (Italy)
- Bergamo (Italy)
- 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
Poland
Portugal

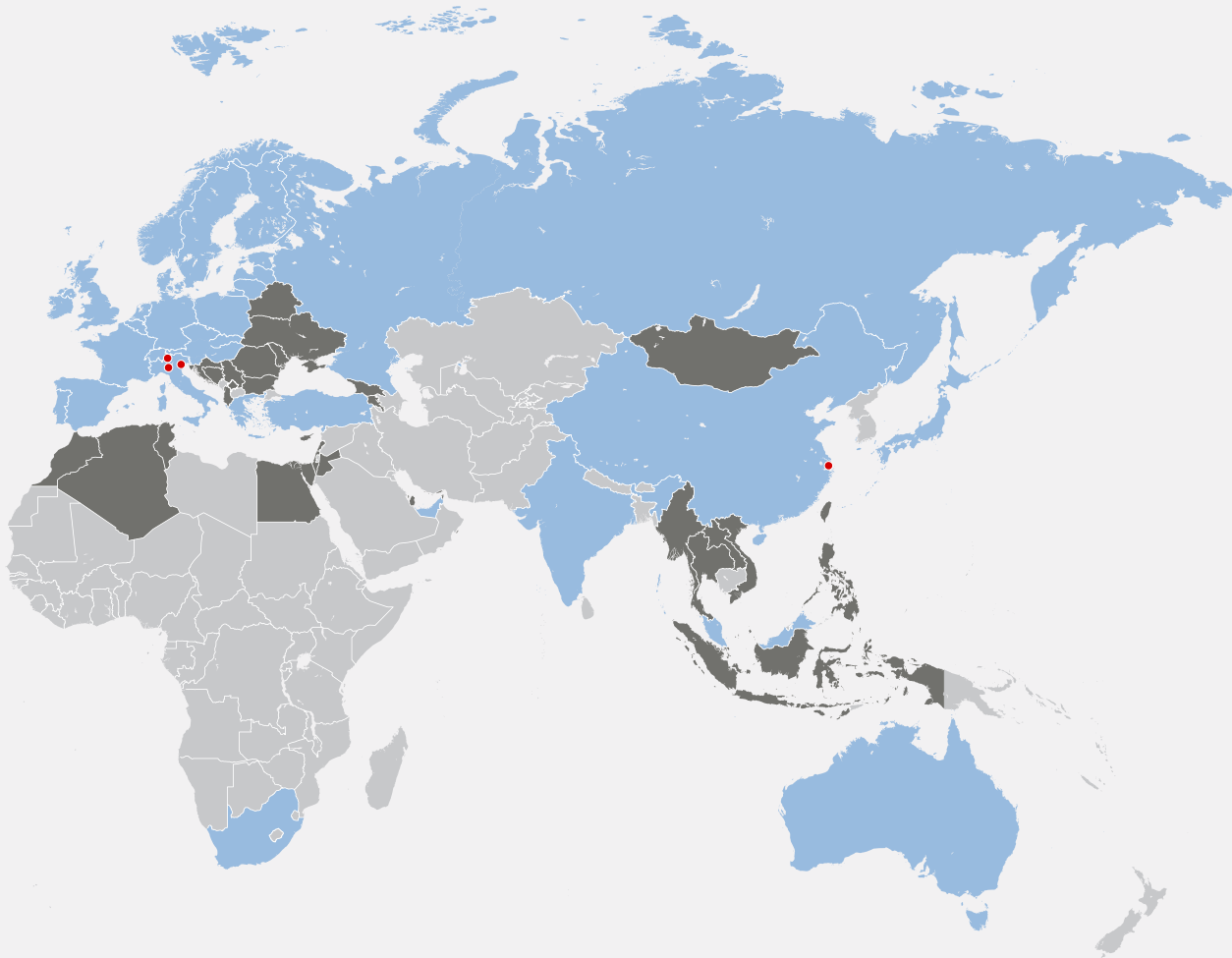
Russia
Slovenija
Slovenska
Spain
Sweden
Switzerland
Turkey
UK

ASIA

Australia
China
Hong Kong
India
Japan
Malaysia
Singapore

REST OF THE WORLD

South Africa
United Arab Emirates



Independent distribution partners

THE AMERICAS

Bolivia
Caribbean Dist
Chile
Colombia
Costa Rica
Dominican Rep.
Ecuador
Honduras
Guatemala
Nicaragua
Panama
Paraguay
Peru
Uruguay

EUROPE

Albania
Armenia
Belarus
Bulgaria
Croatia
Georgia
Kosovo
Malta
Moldova
Romania
Serbia
Ukraine

ASIA

Indonesia
Mongolia
Myanmar
Philippines
Taiwan
Thailand
Vietnam

REST OF THE WORLD

Algeria
Azerbaijan
Cyprus
Egypt
Israel
Jordan
Lebanon
Morocco
Quatar
Tunisia

1.5 KEY FIGURES AND DISTRIBUTION OF 2022 ECONOMIC VALUE

People and management

- **4,442** employees all over the world;
- 17 Executives, 7 nationalities;
- 76 Directors, 12 nationalities.

Structure and distribution

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

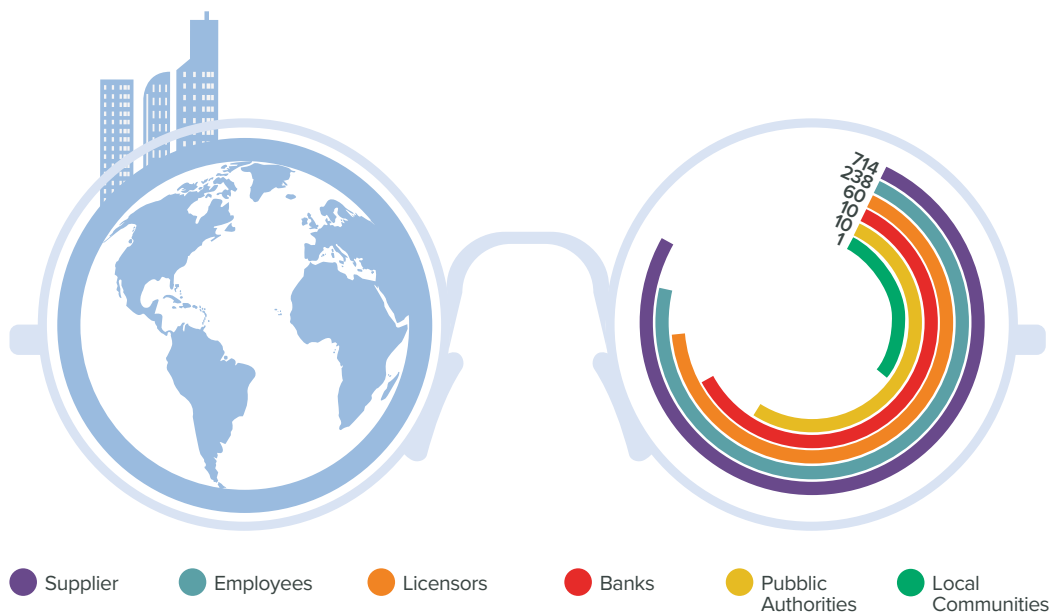
Financials results

- Net sales of **1,077** million euros;
- EBITDA pre non-recurring items of **101.2** million euros;
- Group net result pre non-recurring items of **58.3** million euros.

As a consequence of its activities, Safilo contributes to the growth of the social, economic and environmental context it operates in. The economic value generated by Safilo in 2022 has been equal to 1,086.9 million euros, of which:

- 1,032.7 million euros distributed to the following stakeholders: employees (salaries, wages and benefits), suppliers (operating costs), licensors (royalties paid), public authorities (taxes), banks (interests and commissions), local communities (donations);
- 54.2 million euros retained by Safilo as Group net result.

DISTRIBUTION OF ECONOMIC VALUE (MILIONS EURO)



Economic value generation and distribution have been calculated on the basis of the financial and economic results for the year ending on December 31, 2022.

The Group's economic and financial aspects are described in more depth in the Group's 2022 Annual Report, including the economic and financial impacts of the war between Russia and Ukraine.

1.6 TAX TRANSPARENCY

Approach to tax, tax governance, control, risk management and stakeholder engagement

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

Safilo's approach to taxation is based on being compliant with the relevant tax laws and regulations in the different countries in which the Group is present, 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 ethical principles and enterprise values of the Group are deployed also in the tax area in the correct fulfilment of tax obligations. The goals that Safilo sets forth in the tax area can be summarised as follows:

- ensure the prompt fulfilment of all tax obligations;
- safeguard the Group's proper taxation worldwide;
- monitor and mitigate tax risk.

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.

The economic contribution of Safilo in the various countries where it operates is also expressed at tax level and is divided into various types of taxes, which can be grouped into the following categories:

- income tax, such as corporation tax, and withholdings applied at source on compensations paid and remitted to the tax authorities;
- property taxes, levied on ownership, sale or lease of property;
- taxes on labour, which include taxes collected and paid to the tax authorities on behalf of employees;
- indirect taxes levied on the production and consumption of goods and services, such as VAT, customs duties, etc.

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

Country by Country Reporting

The following table depicts the information relating to the Country by Country Reporting for the fiscal year 2021, for the main tax jurisdictions in which the Group is present, Italy and United States of America, which represent approximately 70% of the Group's revenues from sales to third parties and tangible assets (other than cash and cash equivalents). In the non-financial information statements for the next years, the Group will integrate the information with the data of the other tax jurisdictions in which it is present.

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

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

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

Economic data and corporate income tax paid (on a cash basis) are related to the fiscal year from January 1 to December 31, 2021.

The number of employees refers to the full time equivalent (FTE) data of the fiscal year 2021.

Tangible assets other than cash and cash equivalents refer to December 31, 2021.

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

Tax jurisdiction	Italy	United States of America
Names of the resident entities	Safilo Group S.p.a. Safilo S.p.a. Safilo Industrial S.r.l. Lenti S.r.l.	Safilo America Inc Safilo USA Inc Safilo Services LLC Smith Sport Optics Inc Solstice Marketing Corp Privè Goods LLC Blenders Eyewear LLC
Primary activities of the organization	Design, manufacturing and distribution of optical frames, sunglasses, sports eyewear, goggles and helmets	
Number of employees	1,986	685
Revenues from third party sales (in thousands of euro)	200,924	457,854
Revenues from intercompany transactions with other tax jurisdictions (in thousands of euro)	299,313	20,172
Profit (Loss) before tax (in thousands of euro)	(16,600)	15,501
Tangible assets other than cash and cash equivalents (in thousands of euro)	151,671	163,827
Corporate income tax paid on a cash basis (in thousands of euro)	(752)	3,204
Corporate income tax accrued on profit/loss (in thousands of euro)	(455)	(6,605)

1.7 EU TAXONOMY (REGULATION EU 2020/852)

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

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

For 2022, exactly as 2021, the reporting relates to the environmental objectives of mitigation and adaptation to climate change in compliance with the following regulatory changes:

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

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

This disclosure has therefore to be considered as indicative and could be subject to further analysis and revisions with the publication of the Consolidated Non-Financial Information Statement relating to the fiscal year 2023, on the basis of further regulatory interpretations that may occur in the coming months.

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

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

As a result of these analysis, it has been concluded that **none of Safilo's economic activities is eligible, and therefore the total turnover of the year 2022 has to be considered as "non-eligible"**.

Moreover, specific Group's investments (Capex) and operating costs (Opex) contributes to economic and sustainable activities and those are therefore eligible, however these investments represent a small percentage considered not material. In 2022 Safilo has started its program for photovoltaic panels at its Italian sites. 2022 Capex first step on renewable energy has been 350K euro.

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

At the same time, the Group will be committed to provide further disclosure according to the indications set out in the **EU regulation 2019/2088** Sustainable Finance Disclosure.





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. In July 2022, the Company announced that the economic targets set out in our 2024 business plan had been reached.

On 9 March 2023, the Group approved its medium-term economic and financial targets, which the management presented to the market during the Capital Market Day held in Milan.

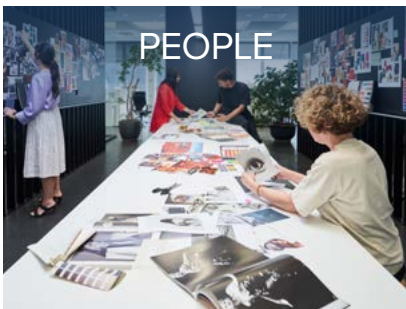
The main objectives and strategies underlying Safilo's 2023-2027 business plan are:

- Sales growth through a solid and balanced business portfolio by brand, geographical area and distribution channel, which maximizes customer service and meets the needs of the different consumer segments;
- Margin expansion behind further improvement in the gross margin, and a more flexible operating cost structure;
- Positive cash flow generation that feeds and supports the Group's organic and external growth.

The Group's strategies will continue to leverage two main enablers:

- the end-to-end Digitalization of its business model, with the aim of transversally enhancing data analytics, optimising processes, operations and time to market;
- a Sustainability roadmap in support of the Group's business targets, driven through an agenda of clear and shared objectives.

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 supply 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 detail 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 conducted 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:

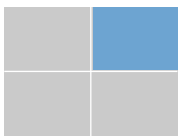
- a) external stakeholders were involved at MIDO in February 2019 in Milan, gathering feedback on sustainability relevant topics from all stakeholder categories, such as customers and consumers, suppliers, licensors, Safilo employees, and shareholders;
- b) in the second half of 2019 the survey involved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

Sustainability topics have not been materially impacted during 2022 compared to previous years, therefore Safilo confirms 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 highly relevant for Safilo, as illustrated in the materiality matrix below.



During 2022 we reviewed the materiality analysis to adapt to the requirements of the new GRI Standard 2021 and investigated the impact underlying the 16 material topics previously identified. Following this analysis, it should be noted that in 2022 the Group did not deem it necessary to update the process for determining material topics because it still considers them current and in line with the impact identified on the environment, economy, people, including those on human rights. The progress to identify the impact has followed two important steps:

(1) Sustainability context analysis and initial impacts identification

Safilo Group performed an analysis of its activities and commercial relationships relating to the sustainability context in which it operates in order to identify either main actual and potential impacts that could involve governance, social and environmental topics.

On one side, we refer to actual impacts as those which are already integrated within the Group's business strategy. On the other side, potential impacts are those that could occur, which the Company is trying to prevent and mitigate. Furthermore, these impacts have been divided into positive, those which can promote and make easier the ability of future generations to meet their own needs, and negative, those which can present obstacles to sustainable development. To complete this analysis, the Company has followed a UNEP FI publication which contains primary impacts of the business sector of reference.

(2) Reconciliation of the impacts with the material topics of the Group

Each single identified impact has been linked with a corresponding material topic of Safilo Group. Overall, the Company has identified 75 impacts represented by the 16 material topics⁶ taking in consideration the Fashion Pact objectives as well. In conclusion, the prioritization of topics has not changed, in fact the order of priority had already been adequately assigned by the materiality matrix elaborated in 2019.

For Safilo to create value it is important to maintain an active dialogue with all the stakeholders the Group interacts with in the regular course of business and 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 2022, 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 in core European financial markets, and via conference calls, with the purpose of maintaining a continuous dialogue with investors.

Furthermore, during 2022 Safilo continued to actively interact with employees and customers, as better described in section "6.3 Our Customers".

6 More details from page 83 to 85.

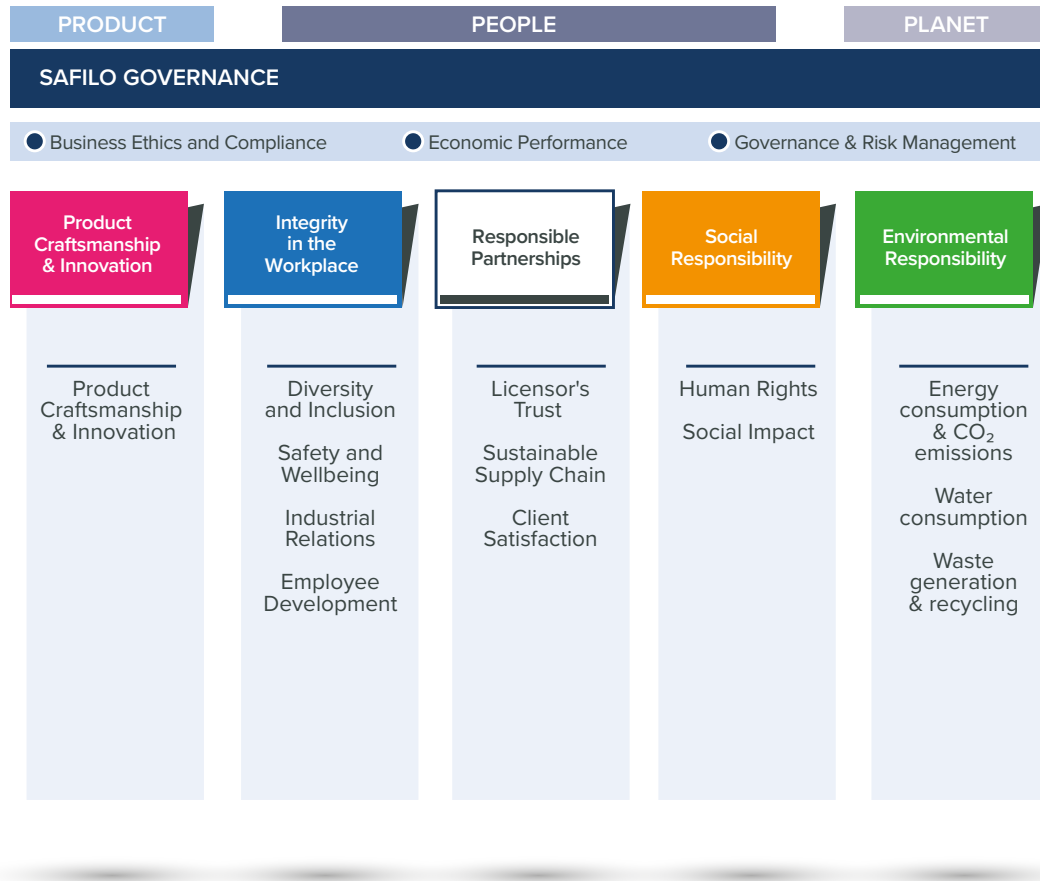
Safilo's Stakeholders and engagement



Stakeholder	Engagement	Goal of the Engagement
Employees	Safilo has been always committed to guarantee the principles of equal opportunity and the wellbeing in the working environment, considering its employees as one of the main assets to which encompass its future. Even after the slowing down of the pandemic situation, the Group has maintained the possibility for headquarter employees to have a flexible work-life balance thanks to the Smart Working project. Historically, Safilo has always been dedicated to its workforce, deploying a multitude of training programs to create personal and professional growth opportunities for its employees.	<ul style="list-style-type: none"> - Safeguard the safety and wellbeing of the workplace environment - Guarantee equal opportunities - Enhance personal and professional growth
Suppliers	As a Group, we incentivise the transparent behaviour through on-site visits and encouraging the adoption of our Code of Ethics, the Worldwide Business Conduct Manual.	<ul style="list-style-type: none"> - Build long-lasting collaborative relationships - Share value growth - Preliminary engagement in definition of sustainability journey
Customers	Safilo aims to be a preferred partner for its customers. Through high NPS (Net Promoter Score) and CSAT (Customer overall Satisfaction) KPIs we grant the deployment of an excellent Customer Care service. During 2022, the Group has pursued its growth of the touch points with customers continuing the implementation of CRM platform and You&Safilo B2B e-commerce website.	<ul style="list-style-type: none"> - Providing innovative and high-quality products - Assure a supportive relationship with its commercial counterparts - Develop new tools that facilitate communication - Grant excellent services
Licensors	Safilo is focused on conducting its activities with high level of transparency, providing reliable information and delivering on premises.	<ul style="list-style-type: none"> - Respect and enhance license brand values - Being a trusted business partner
Public Authorities	To maintain a positive working relationship and serve the interests of the community, the Group interacts with governmental and regulatory bodies as well as public administrations with respect, honesty and fairness, in accordance with the principles, roles, and responsibilities identified in applicable law.	<ul style="list-style-type: none"> - Avoiding corruption and bribery actions - Be aligned with the constantly evolving regulatory framework
Shareholders	Safilo commitment is to achieve an efficient sustainable business growth while securing the creation of added value for its shareholders. In this regard, the Group is actively focused on engaging third parties through the promotion high-frequency meetings and embracing best practices on Investor Relations matters.	<ul style="list-style-type: none"> - Added value creation strategy - Clarity in financial and non-financial information
Local Communities	The Group support its local communities through collaborations with key partnerships pursuing a positive social impact. Safilo's product design process is focused on attention to the specific needs of people to correct defects in vision and improve quality of life.	<ul style="list-style-type: none"> - Preserve and enhance eyesight to improve quality of life of people

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

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



Product Craftsmanship & Innovation

“**Excellence and quality**” are Safilo’s core values, which are applied to every aspect of our business and are 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. Moreover, Safilo is focused on preserving **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 engagement 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 its 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 all the key aspects of its license agreements, protects confidential and proprietary information and operates transparently and fairly in commercial dealings.

Social Responsibility

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

Environmental Responsibility

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

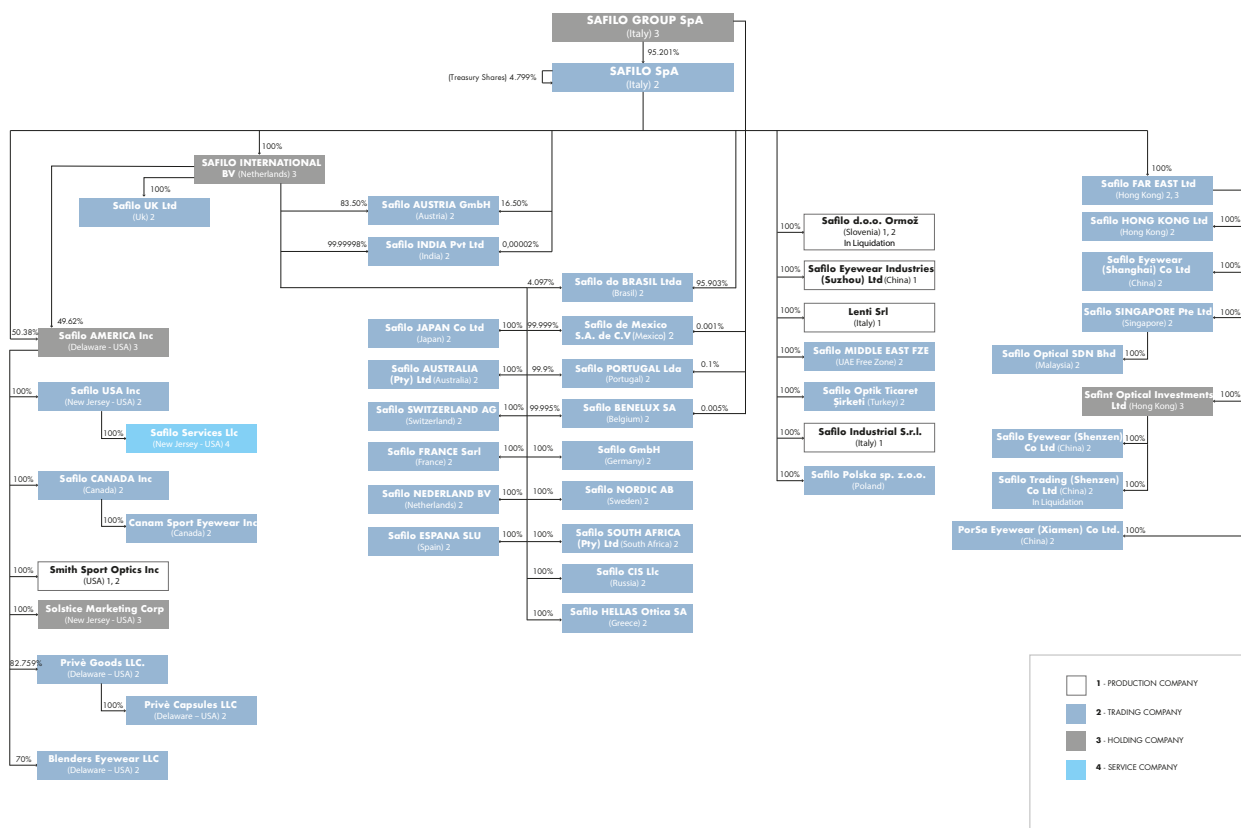
These pillars will be explored in further detail in subsequent chapters.

3. SAFILO GOVERNANCE

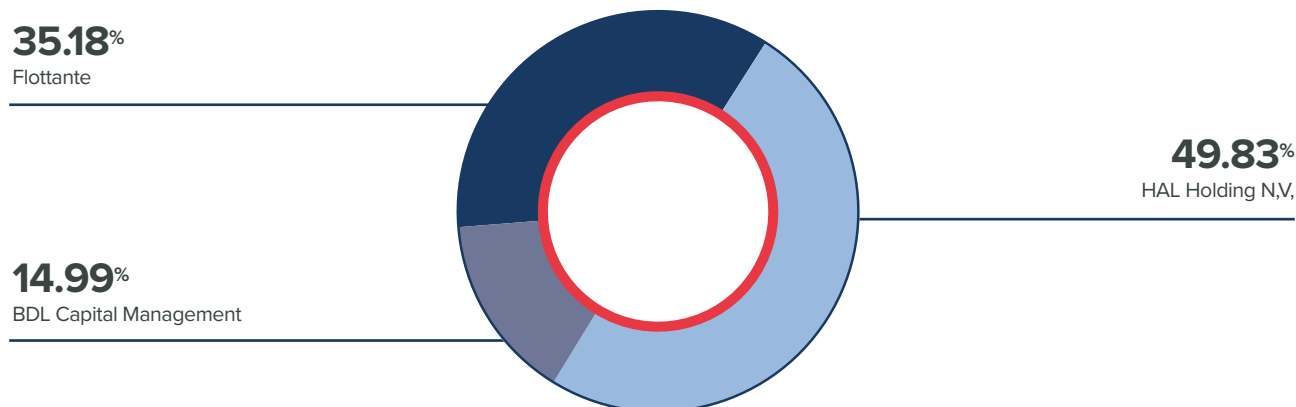
3.1 GOVERNANCE AND RISK MANAGEMENT

Organizational Structure and Ownership

Headquartered in Padua, Safilo Group S.p.A. is listed on Euronext Milan of the Italian Stock Exchange. The Group structure as of 31 December 2022 was the following:



The following chart shows owners of Safilo Group S.p.A. ordinary shares with shareholdings exceeding 5% of the share capital as of 31 December 2022.



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. on 31 December 2022 is represented below and includes the Board of Directors and four Committees:

- the **Board of Directors** is granted the widest possible powers for the ordinary and extraordinary administration of the Company, excluding only those powers that by law are the prerogative of the Shareholders' Meeting⁷;
- 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; and expresses opinions to the Board of Directors regarding its size and composition;
- the **Transactions with Related Parties Committee** has a consultative role towards the Board of Directors concerning transactions with related parties;
- the **Control and Risk Committee** supports the assessments and decisions of the Board of Directors relating to the internal control and risk management system, and the approval of periodic financial and non-financial reports;
- the **Sustainability Committee** supports the Board of Directors, with proposing and consultative functions, in assessments and decisions relating to sustainability. Please refer to the below "Focus on the Sustainability Committee".

The Corporate Governance model includes also:

- the **Board of Statutory Auditors** responsible for ensuring compliance with the law, the articles of association and correct administration principles;

⁷ The current Board of Directors has been appointed by the Shareholders' Meeting held on 29 April 2021, all the details are reported in Safilo – governance Website www.safilogroup.com/en/governance/shareholders-meeting.

- the **Supervisory Committee**: established pursuant to Legislative Decree 231/01, is responsible to supervise the effectiveness, efficiency, maintenance and update of the organization, management and control model under the same Legislative Decree 231/01;
- an **Independent Auditing Company** responsible for the audit on the financial statements.

As of 31 December 2022, Safilo's Corporate Governance included 18 effective members, of which 39% women and 28% in the age group 30-50 years and the remaining 72% in the age group over 50 years.

In 2018 the Board of Directors adopted and approved a "Diversity Policy" for the Board of Directors' composition and the Board of Statutory Auditors' composition.

Focus on the Sustainability Committee

Effective starting 1 January 2021, the Board of Directors appointed the Sustainability Committee, composed of members of the Board of Directors of the Company and managers of the Group, taking into account the role held and the functions performed with regard to sustainability issues.

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

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

In addition, the Committee is responsible for conducting induction sessions on sustainability matters for new hires and employees that need updating on ESG topics.

For further information regarding the composition of the Group committees and corporate governance in general, please refer to Safilo's "Corporate Governance Report 2022" available on the Corporate Website.

RISK MANAGEMENT

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

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

Environment

With regards to environmental topics, the Group aims to protect the environment and preserve natural resources.

The main environmental 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.

The Company has introduced a significant number of materials and solutions with reduced environmental impact in its collections and production processes, from the use of the 'Metal X' innovative patent to reduce the use and consumption of precious metals (like palladium) in galvanic treatments, to the introduction of recycled and bio-based materials in the eyewear collections. In 2022 Safilo has also introduced 'Eastman Tenite Renew' which is composed of at least 42% bio-based content and at least 20% recycled content. The resulting material offers the same premium feel and outstanding comfort of acetate with the adjustability that opticians need to create a perfect eyewear fit for the consumer.

Safilo has obtained the ISCC Plus certification (International Sustainability & Carbon Certification standard) in 2021 for the Padua distribution centre and for the production plant of Santa Maria di Sala, a sustainability certification which establishes the traceability of bio-based and recycled materials throughout the supply chain.

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

Confirming the commitment to environmental risk prevention, in 2020 the Group obtained the ISO 50001:2018 certification for the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l., and headquarters of Safilo S.p.a. (valid until December 2023). To further contribute to the reduction of CO₂ emissions and promote a sustainable mobility, the Group started the renewal of its company car fleet with 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 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, a significant part of Safilo's marketing materials is **FSC**[®] certified.

In 2022, Safilo performed an extensive Life Cycle Assessment on a representative set of its products, identifying in a quantitative manner the CO₂ footprint of its eyewear collections along with sources and drivers over the products lifecycle.

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

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



Climate change

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

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

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

Furthermore, during 2022, Safilo has continued to renew its effort in ascertaining climate change risks by performing an initial screening of the impact generated by indirect emissions (Scope 3) that occur in an organisation's value chain – so activities that they do not own or control. This first 'Scope 3' assessment will allow Safilo to analyse the CO₂ footprint of its broader supply and value chain and to define an action plan to reduce emissions over the coming years.

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

In the next years, the Group will continue to monitor the main parameters for measuring energy, emissions (scope 1, scope 2, scope 3), water resources and waste, and will manage the renewal phases of the ISO 50001 certification for the Italian production plants and headquarters.

During 2022 Safilo signed an agreement for 100% of energy supply to come from certified renewable sources for its Italian legal entities.

With regards to the risks related to climate change, in the short to medium term, there are no significant risks related to the production processes or markets in which the Group operates. The Group is focused on the risks related to climate change with regards to the potential impacts in the medium to long term.

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

With reference to physical risks the Group's plants, located in different countries (Italy, China, and the USA), together with the extensive supplier network, guarantee an excess capacity to mitigate, if necessary, the production volumes

of other sites impacted by extreme weather events or natural catastrophes, mitigating the climate change risks and related financial implications.

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



Respect of human rights, social and people aspects

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

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

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

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

In order to assure the full respect of ethics and environment principles in all Safilo's plants, Safilo Eyewear Industries Ltd (Suzhou) is subject to annual audits by recognized third-party audit companies as well, following the SMETA 4 Pillar standard.

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

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

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

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

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

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



Active and passive corruption

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

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



Cyber security

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

In these years, Safilo has accelerated the adoption of new technologies and services that allowed users to work remotely with ease, and new digital services and general enhancements at both the infrastructure and application levels. In addition, Safilo continues the transformation plan of the Group core systems towards the adoption of SAP S/4 HANA as cloud-based, unified and distributed ERP with the disposal of legacy systems in different European subsidiaries.

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

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

- consolidating the “detection and response” capability for malicious events through the extension of EDR (Endpoint Detection and Response) agents combined with the implementation of an external IRT (Incident Response Team) service active 24/7;
- continuing the awareness program with phishing campaign simulations to Group employees, to increase end-user awareness among security topics and periodically sending “information security pills” to provide advice, suggestions, recommendations and reminders, about security treats, the correct use of company devices, and good practices for the use and management of company data;
- reviewing internal security policies to better adapt them to the context of smart working;
- extending the current security technology layers in places such as the password vault for the protection of privileged administrator accounts (PAM) and the use of Multi-Factor Authentication (MFA) as a second key step in the authentication process;

- scheduling a series of technological assessment initiatives defined within a security roadmap for 2022-2023, to execute activities aimed at identifying possible system vulnerabilities and related mitigation actions (“Vulnerability Assessment & Penetration Test”) or reduce possible fraud when using online service.

3.2 BUSINESS ETHICS AND COMPLIANCE

Ethics and Integrity

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

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

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

Anti-corruption and anti-bribery

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

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

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

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

Whistleblowing

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

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

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

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

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

No corruption cases were reported during 2022.

Ethicspoint

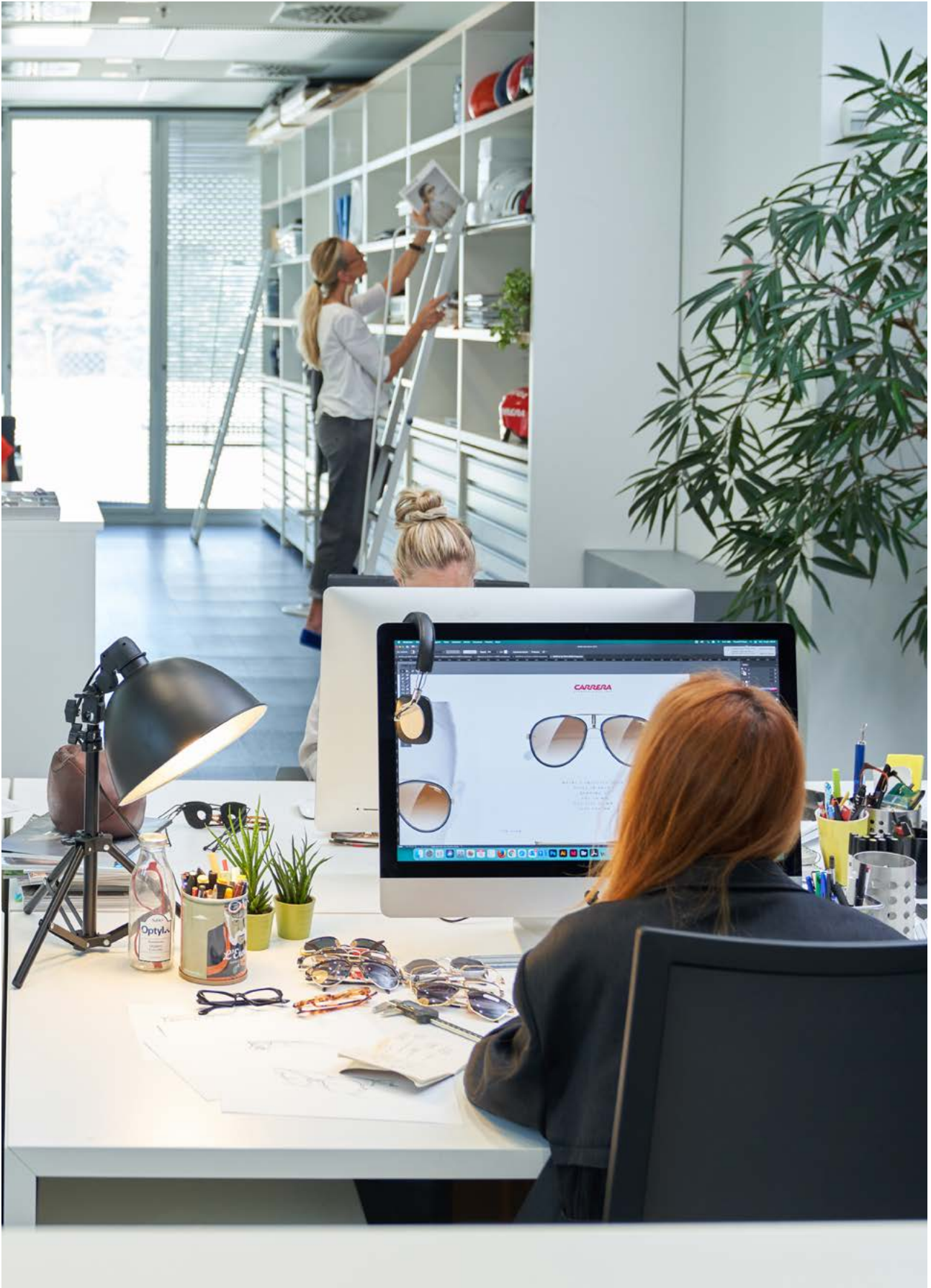
Safilo EthicsPoint website represents a comprehensive and confidential reporting tool and supports the Safilo Way, providing a mean for employees, customers, suppliers and business partners to communicate possible misconducts. In the first place, the employee is encouraged to raise concerns directly 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 follow-up on reports, even if anonymous.

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

Worldwide Business Conduct Manual, anti-bribery, anti-corruption policy and organization and management model (231) are detailed in the section Business Ethics in Safilo web site. Here below the details.

Policy	Link	Level of approval
Worldwide Business Conduct Manual	www.safilogroup.com/en/governance/business-ethics/WBCM-Whistleblowing	Board of Directors
Organizational, Management and Control 231 Model	www.safilogroup.com/en/governance/business-ethics/administrative-responsibility	Board of Directors
WBCM Compliance Reporting Procedure	www.safilogroup.com/en/governance/business-ethics/WBCM-Whistleblowing	CEO
Anti-Bribery & Anti-Corruption	www.safilogroup.com/en/governance/business-ethics/antibribery-anticorruption	CEO



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 Northeast 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 the 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 as to 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 maintain a 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.



4.3 SAFILO CREATION PROCESS: A PRODUCT-MINDED PROCESS

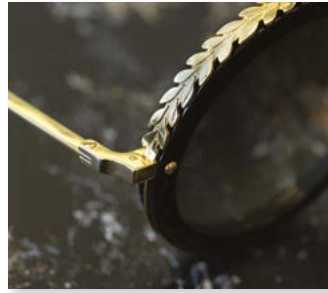
A consistent integrated process, which starts with the study of the relevant macro-trends and ends with the creation of sunglasses and optical frames.

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.



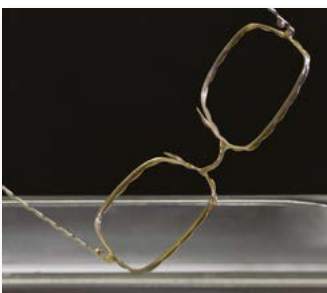
The supply chain

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.

≈ 2,100
NEW MODELS IN THE MARKET IN 2022

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 170 designers and eyewear technicians give a fundamental contribution to release about 2,100 new models in 2022.

4.4 QUALITY OF RAW MATERIALS AND COMPLIANCE WITH BEST STANDARDS

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

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

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

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

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

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

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

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

4.5 FORWARD LOOKING VISION

Product and process innovation

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

- **Global Innovation Centre** which focuses on **Product Innovation** to analyse trends, research new materials and develop new concepts and technologies, and on **Industrial Engineering** for testing specific solutions to create "best quality" products;
- **Research and development of new solutions** on ground-breaking lenses and treatments that will help protect eyes from solar or artificial rays;
- **Product Certification Lab** working together with certification centres 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 more and more meet the needs of consumers who are careful and aware of the product life cycle, by introducing the following new materials in its eyewear collection, asserting the Safilo's commitment to sustainability and its efforts to bring more recycled and sustainable materials to the eyewear industry:

- Eastman Acetate Renew, Eastman Tritan™ Renew and Eastman Tenite Renew, part of a broad portfolio of sustainable resins offered at scale by Eastman (a global specialty materials provider and pioneer in molecular recycling), have been introduced starting from January 2022 in Polaroid collections and then progressively rolled out across Safilo's brand portfolio. Starting with the January 2023 collections, Safilo announced it will begin also using Eastman Tenite Renew in its sunglass and prescription collections. Through this commitment, Safilo became the first player in the market to use all Eastman Renew materials for Eyewear in its portfolio, across all types of applications and production processes.

Eastman Tritan™ Renew is a high performance copolyester made of 50% certified recycled content. Crystal clear, durable and BPA-free, it offers sustainability without compromise, ensuring performance and safety. Safilo is the first eyewear player to introduce this renewable material in its product offer.

Eastman Acetate Renew is composed of 60% bio-based and 40% certified recycled content. The resulting material is identical in performance to traditional acetate, meaning it can give the same premium "look and feel" to eyewear that wearers expect from traditional acetate.

Eastman Tenite Renew is composed of at least 42% bio-based content and at least 20% recycled content. The resulting material offers the same premium feel and outstanding comfort of acetate with the additional unmatched fit adjustability that opticians need to create personalized eyewear fit.

The recycled content is achieved by allocating the recycled waste plastic to Eastman Renew materials using a mass balance process certified by ISCC.

Produced via Eastman's innovative Advanced Circular Recycling technologies – carbon renewal technology (CRT) and polyester renewal technology (PRT) – these new products are made from plastic waste and, as such, reduce consumption of fossil resources, and have significantly lower greenhouse gas footprints than traditional eyewear materials;

- the innovative high-quality material TROGAMID® myCX eCO of Evonik (specialty chemicals world leader) for premium sun lenses, a transparent polyamide introduced in sun lenses from January 2022 with the BOSS Spring Summer collection, and then to be progressively rolled out across Safilo's portfolio, especially in its Made in Italy brands.

TROGAMID® myCX eCO is a sustainable high-performance crystal clear polymer made from 40% biomass and 100% renewable energy, which results in a 50 percent lower carbon footprint. It offers a transparency of more than 90%, outstanding mechanical properties, resistance to stress cracking and breakage, thus also ensuring long durability and high safety of premium sun lenses or high-quality visors for ski and snowboard goggles, as well as excellent wearing comfort due to its low weight.

Safilo is the first eyewear player to introduce this material, specially optimised for the optics industry;

- a unique plastic material, ECONYL®, thanks to a pioneering partnership with Aquafil (a globally recognized player with over half a century of expertise in creating synthetic fibres): a regenerated nylon obtained through the regeneration and purification process of plastic waste, such as fishing nets, old carpets, and fabric scraps. ECONYL®, obtained through a process of depolymerization and re-polymerisation, performs exactly the same as brand new nylon and it can be recycled, recreated and remoulded again and again, with no loss of quality. The choice of this material, never before used in the mass production of eyewear, is a tangible sign of Safilo's further progression in its sustainability strategy and its commitment to bring innovation to a consolidated industry. This sustainable material allows 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).

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

With the aim of achieving ambitious sustainability objectives, in 2021 a certification process has been undertaken for Safilo's production plants and one of Safilo's distribution centres, which led to the ISCC Plus certification for Padua distribution centre (certificate issued in July 2021), for the production plant of Santa Maria di Sala (certificate issued in January 2022), for the Chinese production plant of Safilo Eyewear Industries Ltd (Suzhou) (certificate released in March 2022) and for Longarone and Lenti S.r.l. Italian production plants with certificates released in May 2022 and September 2022 respectively.

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

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

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

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

Launch of Smith "IMPRINT 3D" technology

In December 2021, Safilo announced the debut of Imprint 3D Technology, developed and launched through Safilo's proprietary brand, Smith.

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

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

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

The innovative Smith I/O MAG Imprint 3D goggle is currently available exclusively in North America through the website www.smithoptics.com.

Launch of Smith Zero Plastic waste

Starting in Fall 2022, Smith announced the discontinuation of single use plastic packaging across new packaging of winter sports & eyewear products, including the removal of plastic windows on goggle boxes and plastic polybags previously used for lens and goggle protection.

True to its legacy of design & innovation, Smith continues its efforts in sustainability in partnering with gogglesoc™. This partnership offers a sustainable solution to keeping lenses scratch-free. All 7 goggles in our MAG family will now ship with a gogglesoc™, a 2-in-1 lens protector + cleaning cloth made from post-consumer recycled water bottles. In summary: more protection, less waste, no added cost.



First sunglasses made with ocean waste plastic

In 2020 Safilo announced the first eyewear product from recycled plastic especially made for The Ocean Cleanup, the Dutch non-profit environmental organization that develops advanced technologies to extract plastic pollution from the oceans. The Ocean Cleanup sunglasses are made with injected plastic deriving from the Great Pacific Garbage Patch (GPGP), using an innovative upcycling process able to include types of plastic that have traditionally been more difficult to recycle, turning them into a high-quality and safe material. Available in limited-edition and completely sold out in February 2022, 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. In 2022, Safilo performed a further extensive Life Cycle Assessment on a representative set of its products, identifying in a quantitative manner the CO₂ footprint of its eyewear collections along with sources and drivers over the product's lifecycle.

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

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

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

A new LCA study has been performed considering the updated Group industrial footprint, the most representative eyewear products in portfolio and the new materials used in the production processes. In the coming years, the assessment will be extended also on the most representative goggle and helmet configurations.

Nickel-Free galvanic processes and Metal X

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

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

Safilo in September 2021 announced with Coventya, a global player with more than ninety years of experience in the development of specialty chemicals for surface finishing treatments.

'Metal X', a new innovative Coventya patent allows the use of precious metals in galvanic treatments for the production of optical frames and sunglasses to be reduced by 90%. Consequently, the use of 'Metal X' helps contribute to reducing exploitation of the ground for the sourcing of precious metals leading to a lower production impact in terms of environmental sustainability.

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



5. INTEGRITY IN THE WORKPLACE

5.1 SAFILO PEOPLE AND THE SAFILO WAY

4,442 EMPLOYEES WORLDWIDE
IN 2022

18% RATE OF NEW EMPLOYEES HIRED
IN 2022

Safilo people

Safilo’s people, our 4,442 employees, are at the heart of our culture and success.

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



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

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

Talent acquisition

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

At Safilo, the talent selection process aims at guaranteeing the principle of equal opportunity, fostering diversity and inclusion. Discrimination is not tolerated. This process aims also at attracting and recruiting people from diverse 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).

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

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

Performance management

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

Learning and development

MORE THAN 31,500 HOURS OF TRAINING IN 2022

7.1 AVERAGE HOURS OF TRAINING PER EMPLOYEE IN 2022

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 2022, Safilo delivered more than 31,500 hours of training, equal to 7.1 average hours of training per employee, continuing to use teaching methodologies that favoured the use of e-learning, virtual classes and webinars alongside in-person training. The main corporate training activities fall into the following categories:

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

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

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

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

Other significant training projects conducted in 2022 have been:

Data & Analytics Training Program. Safilo is a data-driven company focusing on a democratization of the access and usage of data to keep being efficient, competitive and innovative in a digitalized world. Starting from this premise, this program was born from the need to respond to the following main goals: raise awareness of Data & Analytics at every level, develop technical competences to leverage the opportunities of the D&A tools already available within Safilo, accompanying a cultural change towards a more fact-based approach. This learning path involved around 160 people coming from all company departments and the build-up of a talent pool of young individuals with a strong education in data analysis to internalize and train profiles that are hard to find in the market.

Training and coaching path on Agile Methodology. The goal of this path was to build and disseminate a specific agile operating model for Safilo in order to improve its ability to manage change and priorities, improve visibility on projects and customer satisfaction through timely delivery of features at scale and speed. The training, attended by people in various areas (directly involved in our digital transformation projects), alternated classroom and coaching sessions, with the aim of disseminating knowledge of Safilo's agile operating model, consolidating the methodology and its concrete application to the execution of digital projects.

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

In addition, Safilo in 2022 launched the "Digital Force" excellence centre in partnership with DOT "Digital On Things", a consulting firm and IT service specialized in the Salesforce ecosystem and recently incorporated in the Lutech Group. With this initiative, Safilo will create a strong internal academy which, in collaboration with DOT, will enable the identification of new profiles in the digital area, training them on the most relevant skills and the methodology of agile working. The "Digital Force" academy started in September 2022 offering an 8-month program of training, and onboarding. The selection phase is being conducted in collaboration with universities all over Italy. The "Digital Force" team will enable the growth of "Safilo Trailblazers" who will play a key role in the development of digital capabilities which the Group is implementing to increase the effectiveness and efficiency of its company processes.

Smart working

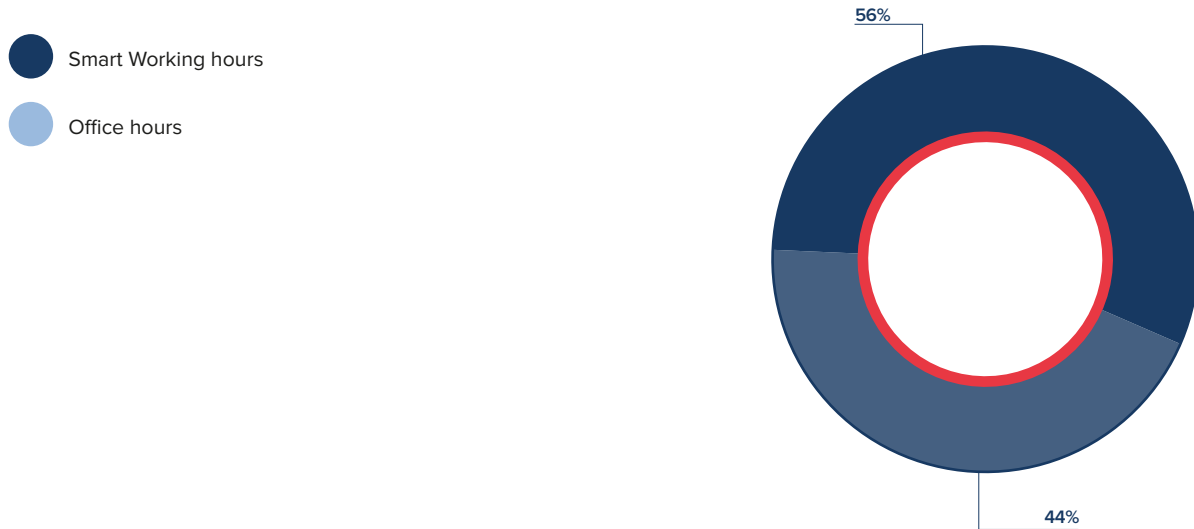
Safilo's smart working policy is a further step towards building together an agile and flexible organization and is an important development that has prompted us to transform our corporate culture. The initiative also stems from carefully listening to the needs of our people, an essential element in our formula for success.

With this approach, we operate through a combination of office presence and agile remote working of up to a certain amount of time, accompanied by a location-free policy and flexible working hours to encourage accountability, empowerment and planning. Daily task planning is done together with managers, with a goal-driven approach.

Our approach is based on the trust that the company and its people place in each other. It also aims at promoting people's wellbeing by enabling a better balance between work and personal time. We are confident that we can all work together to make our work environment more dynamic, productive and innovative.

Overall, during 2022 and taking the Padua headquarters as an example, people worked physically at our headquarter offices for the 56% of the working time, the remaining part, of 567 thousand hours, were spent working from home, thus granting employees a high degree of flexibility.

SAFILO GROUP AND SAFILO S.P.A. OFFICE HOURS VS SMART WORKING HOURS



5.2 DIVERSITY AND INCLUSION

59%
WOMEN IN THE TOTAL WORKFORCE IN 2022

45%
FEMALE IN EXECUTIVES, DIRECTORS AND MANAGEMENT CATEGORIES IN 2022

10%
OF THE TOTAL WORKFORCE UNDER 30 IN 2022

12
NATIONALITIES AT DIRECTOR LEVEL IN 2022

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 SAFETY⁸

11 RECORDABLE WORK-RELATED INJURIES
IN 2022 VS 8 IN 2021

1.73 RATE OF RECORDABLE WORK-RELATED INJURIES
IN 2022 VS 1.17 IN 2021

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

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

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

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

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

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

To protect the health and safety of all employees in the headquarter offices, plants, commercial subsidiaries and distribution centres, and to ensure business continuity in compliance with all government protocols, Safilo has defined and implemented the “Protocol for the regulation of the measures to limit and contain the spread of the Sars-Cov-2 virus in the workplace”, constantly updated on the basis of regulatory changes occurred during the year.

⁸ These KPIs are related to the Italian and Chinese manufacturing plants, and Padua headquarters, and do not include external collaborators’ data (the Group has no direct control on data from the employers of workers who are not employees), nor in-transit injuries.

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

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

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

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

In order to prevent accidents, special attention is dedicated to the training and awareness of employees on health and safety matters. Safilo provides trainings for directors, supervisors, workers and specific ones, which are provided annually based on the role and job of the employee. In particular, trainings are provided for 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 hazards at work and assess the risks, an assessment is carried out for each type of activity. On this basis, the technical, organizational and procedural prevention and protection measures are defined, to be implemented in order to reduce the risk as much as possible and always bring it back to an acceptable level. The prevention and protection plan and its implementation are periodically verified in specific internal committees which see the involvement of the workers' safety representatives, the competent doctors, and the company's prevention and protection service. Safilo also provides personal protective equipment (PPE) to employees for workstations where they are foreseen, and, on an annual basis, performs 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 their supervisors, trade union representatives, workers' safety representatives, or anonymously.

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

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

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

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

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

All employees are trained, in particular directors, supervisors, emergency teams, workers' safety representatives, and employees with specific tasks (forklift drivers).

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 employee medical visits are completed by the qualified doctor to assess the employee's fitness for work.

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 2022, 11 work-related injuries were recorded at the Group level (8 injuries in 2021), none were fatal or with high consequences for the employee, with a work-related injuries rate of 1.73 (compared to 1.17 of 2021).

The most frequent type of injury is accidental, such as trauma, bruises, muscle tears, joint pain, 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

70%

OF THE TOTAL WORKFORCE WAS COVERED BY COLLECTIVE BARGAINING AGREEMENTS IN 2022

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 unions 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 2022, 70% of the Group workforce was covered by collective bargaining agreements. For employees not covered by collective bargaining agreements, the individual employment contract is drafted in such a way as to ensure clear identification and full compliance with all the rules provided for the protection of workers, both in terms of personal rights and remuneration.



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.

26 LICENSED BRANDS IN 2022

1 LICENSED BRAND RENEWAL IN 2022 AND KERING MANUFACTURING AGREEMENT EXTENTION

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.

During 2022 Safilo has announced:

- the renewal of the Rag & Bone multi-year global licensing agreement for men’s and women’s sunglasses and optical frames;
- the extension of the supply agreement with Kering Eyewear until 2026.

6.2 OUR RESPONSIBLE SUPPLY CHAIN

≈250 SUPPLIERS OF DIRECT MATERIALS

115 SOCIAL AUDITS ON SUPPLIERS IN 2022 (OF ≈250 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 250 suppliers, primarily located in Asia, the USA and Italy, in fact Group’s largest strategic 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 Jewellery 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.

During 2022, a process was undertaken to collect information about the sourcing of “conflict materials” namely, **tin, tantalum, tungsten and gold** as well as the identification of smelters and refineries. To date, the survey has involved part of the major finished product suppliers in Asia; the goal is to increase the administration of the CMRT to all finished product suppliers by 2023.

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. A process to revise the CRS Manual was undertaken in 2022 and is expected to be completed by the latter part of 2023. The update is aimed at aligning the supplier assessment process with new requirements from major licensors, addition of new policies related to Conflict Minerals, as well as specific assessments on supplier environmental sustainability.

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 2022, a total of 115 social audits (2 in Europe, 109 in Asia and 4 in U.S.A) has been carried out, of which 106 full on-site audits and 9 follow-up reviews, all of which have been conducted by a third-party audit company. The majority of these audits included the review of social and environmental aspects following the SMETA 4 Pillar standard or, in the case of just a social audit, following the SLCP standard.

Out of 5 new direct materials suppliers appointed in 2022, all 5 have been assessed through social audits, 4 of which through on-site assessment and 1 through a self-assessment.

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

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

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

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

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

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

Supplier Assessment and Selection

- **Assessment:** each supplier of direct material 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 evaluation elements such as the country, activities done, purchased 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.

- In case the supplier has a low level of criticality related to the country in which it operates, activities, business volume etc. Safilo might consider requesting the completion of a Self-Assessment Questionnaire (SAQ) instead of proceeding with an on-site audit.

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 straightforward 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 in line with commonly established ones in other sectors in the field of customer care, and are tracked on a very regular basis:

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

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

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

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

Digital Transformation

During 2022 Safilo continued the consolidation of the digital transformation process of the touch points with customers, started in 2020 with the launch of the **CRM (Customer Relationship Management) platform**, the **'You&Safilo' B2B e-commerce website** and the new tool for our sales representatives, called **Compass**.

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

New initiatives introduced in 2022 were:

- **Marketing Cloud:** this new tool is the key to drive communication to our Customers. We are now able to send more targeted communication tools and campaigns, leveraging the information that we have in our CRM;
- **Customer Care Quick Survey:** After each contact with Customer Care, customers receive an email with a very short survey in which we ask them if the Customer Care agent was able to solve the issue and the evaluation of the service that has been offered. This new service is key to constantly monitor how Customer Care is performing and to react immediately in case of an unsatisfied Customer;
- **WhatsApp service:** our Italian, Spanish, French, German, Portuguese and Greek customers can now interact with our Customer Care by means of the WhatsApp channel;
- **Safilo Compass:** introduced from the end of 2021, this is the new tool for our salesforce, fully integrated with the CRM platform and the You&Safilo e-commerce website. Compass allows our sales representatives to better manage their portfolio of brands/products and customers, to have a 360° view of the customers, to communicate directly with the customer care, to track their visits and other new functionalities. The countries live so far are Italy, Hungary, the Czech Republic, Slovakia, Slovenia, Poland, Portugal, Benelux and Austria, while other European markets will follow in 2023;
- **OMNIA by Safilo:** directly accessible via You&Safilo, Omnia is the repository of all the contents that we share with our Customers. Pictures, Gif, Video, specific tutorials: our Customers can find what they need to promote Safilo brands and boost their sell-out. Customers can browse resources by specific category and use (web, social or in-store), by season and asset type.

Customer satisfaction survey

Safilo has launched its latest annual Customer satisfaction survey in October 2022.

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

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

Main KPIs evaluated 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: 88%** of customers responded with a ranking between 9 and 10 to the question if they would recommend Safilo as a business partner and this allowed Safilo to reach an **NPS Index of 81** (74 in 2021);
- **Overall satisfaction:** the result has been equal to **4.5** on a scale of 1 to 5 (4.4 in 2021).

North America overall results have been:

- **NPS:** 61% of customers responded with a ranking between 9 and 10, reaching an **NPS Index of 46** (37 in 2021);
- **Overall satisfaction:** the result has been equal to **4.4** on a scale of 1 to 5 (4.1 in 2021).

EMEA Customer Care team

Our EMEA Customer Care team is composed of 125 people, speaking 21 languages and covering more than 25 markets and global channels. In 2022, the EMEA Customer Care team managed around 490,000 contacts - inbound calls, emails, webforms, chats, WhatsApp – and answered, on average, **96%** of calls within 20 seconds.

Specific customer care KPIs were also measured through the **customer satisfaction survey**, which highlighted on a scale from 1 to 5, a satisfaction rating in relation to customer care equal to **4.6** (4.3 in 2021).

Furthermore, Customer Care proves to be one of the areas that most influenced the growth of overall satisfaction and NPS results, together with the after-sales service and the product.

North America Customer Care team

In 2022, our US Customer Care team supported over 15 Markets, with new sectors being added. These markets include but are not limited to, independent 30's, key accounts, strategic accounts, e-commerce, sport, internet pure player Customers, and retail.

The Customer Care team managed and assisted these accounts via different channels. These channels include assistance via inbound phone calls, inbound chats, and inbound emails. A total of 169,254 inbound calls were assisted, with a total service level of 88% of calls answered. A total of 13,908 inbound chats were assisted, with a total customer satisfaction rating of 90% and a missed chat percentage level of 0.89%. There were an additional estimated 250,000+ interactions assisted via electronic transmissions and emails.

In 2022, the Customer Care team implemented a new ticketing system to gain visibility and insights on critical business matters. Fresh Desk is user-friendly with advanced workflow automation and it provides effective communication channels between the front-line agents, accounts, and the sales force.



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 diverse 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 for discovering the world around us, but it also allows each of us to define our 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 sustainable materials and processes to help protect the environment;
- awareness campaigns targeting the populations most at risk and most in need of eye care help and solutions.

7.2 SOCIAL INITIATIVES

Special Olympics

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

In December 2021, Safilo re-committed its support of the Special Olympics by announcing a three-year partnership renewal. Thanks to this renewal, Safilo and Special Olympics have further strengthened their relationship, now celebrating its 19th anniversary. It is an important milestone especially considering that over the years more than 1.3 million frames and sunglasses have been donated to Special Olympics athletes all over the world, as part of the Special Olympics Lions Clubs International Foundation Opening Eyes® programme. During 2022, Safilo has donated 36,085 pieces of eyewear with a total book value of about 2.65 million dollars.

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

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

Solidarity for territorially relevant initiatives

In 2022, Smith Optics has supported the High Fives Foundation, a non-profit organization supporting the dreams of mountain action sports athletes by raising injury prevention awareness and providing resources and inspiration to those who suffer life-altering injuries.

Another important initiative supported by Smith is related to Boarding for Breast Cancer, a non-profit foundation that advocates early detection and a healthy, active lifestyle as the best means for breast cancer prevention. For these two initiatives Smith Optics has created dedicated capsule collections.

Furthermore, Blenders Eyewear partnered for the fourth year with Keep a Breast, a non-profit organization based in California focused on breast awareness cancer.

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.

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

Safilo with “SAVE THE CHILDREN ITALIA”

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

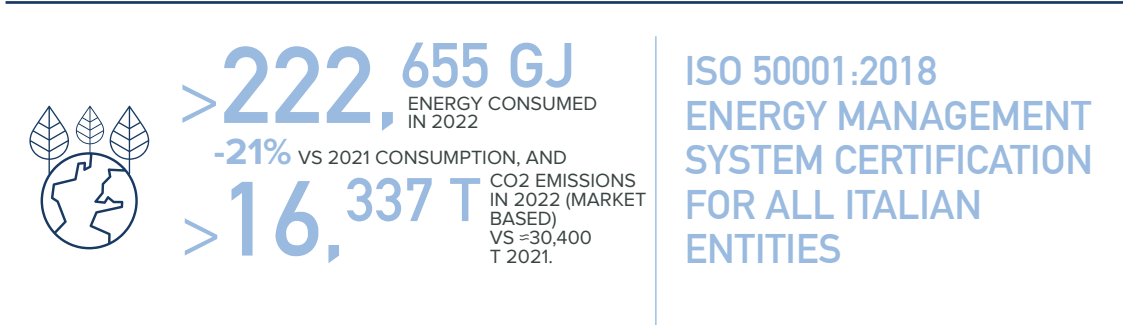
This new collaboration originates from Safilo’s commitment to the Save the Children Italia campaign “Rewrite the future”, an integrated project aimed at counteracting educational poverty and early school leaving in Italy. The campaign intends to ensure that support is provided to families and underage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

More specifically, in 2022 Safilo supports Save the Children’s “Punti Luce” network, composed of high-intensity educational centres, where children and teenagers aged between 6 and 16 can, on a daily basis, play and take part in a wide range cultural, recreational, and sporting activities. The children have the opportunity to grow, both on a personal and social level, by interacting with children of the same age, which is fundamental for stimulating creativity, reinforcing learning skills, and discovering and developing talents.

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

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. In fact, in 2022 the Group announced that it has joined The Fashion Pact, a global coalition of companies in the fashion and textile industry (ready-to-wear, sport, lifestyle and luxury) including their suppliers and distributors, all committed to a common core of key environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans.

Becoming a signatory of The Fashion Pact is part of Safilo's purpose-led strategy based on three sustainability pillars: planet, product, and people, and it represents a further step confirming the Group's commitment to develop projects and initiatives that address the global challenges of tomorrow in the areas of Climate, Oceans and Biodiversity, as per The Fashion Pact mission and priorities.

In addition, during 2022, the Italian legal entities have signed agreements to supply 100% of their **indirect energy needs from renewable sources**.

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. During 2022 Safilo signed an agreement with the Air France/ KLM project for SAF (Sustainable Aviation Fuel) which encourages the Company to have an active role in the future of sustainable aviation. Thanks to this collaboration the impact of each business trips made with these airlines will decrease by approximately 75%.

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.

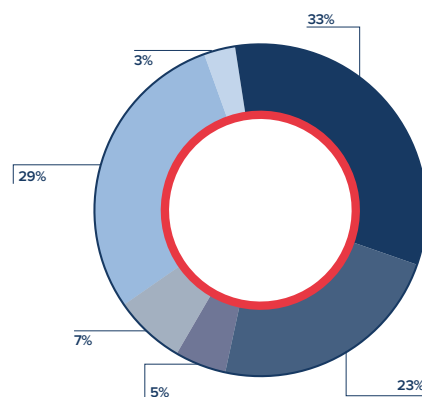
Finally, the Group monitors and reports its overall environmental performance to all Stakeholders in a transparent way, through the annual publication of this Consolidated Non-Financial Information Statement in which it discloses environmental measures implemented and results achieved.

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 65% of its total energy consumption.

Starting from this year, 32% of Group’s energy comes from renewable sources.

2022 ENERGY CONSUMPTION BY TYPE OF FUEL

- Electricity bought
- Natural Gas
- Petrol (Transportation)
- Diesel (Transportation)
- Electricity bought (green certificates)
- Electricity from solar panels



TOTAL 222,655 GJ

Starting from 2015, Safilo has implemented several energy saving projects in order to decrease energy consumption and CO₂ emissions. In 2018 the installation of the **first solar panel system of the Group** has been completed at the Chinese plant, which, in 2022, led to **electricity energy savings of 7,668 GJ** (around 3,5% of total 2022 electricity consumption) with a **saving in CO₂ emissions of 1,297 tonnes**.

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

- photovoltaic panels have been installed at the Padua headquarters, aiming to produce about 400 MWh in 2023;
- 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 nighttime and holidays.

Other important energy saving projects implemented during recent years in Italian plants and headquarters have been:

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

Also, in 2022 some energy saving projects and efficiency solutions have been implemented, such as:

- the revamping of our light system with LED in the Italian production plants of Bergamo and Santa Maria di Sala and in some commercial subsidiaries;
- the upgrade of heating and cooling systems in specific areas of the Padua headquarters;
- the closing of compressed air valves at the end of work shifts.

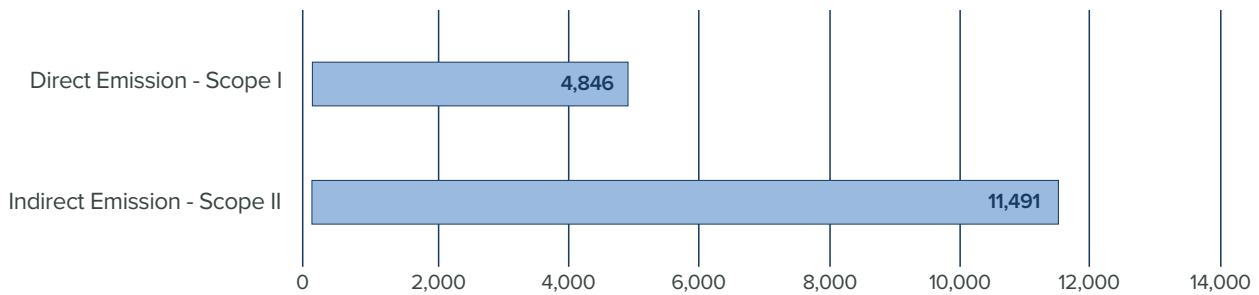
In addition, to contribute to the reduction of CO₂ emissions and promote sustainable mobility, Safilo began in 2020 to **renew its company car fleet with Toyota and Lexus hybrid vehicles**, progressively converting the vehicle fleet towards sustainable mobility such that by December 2022 around **74% of the Italian entities' company cars were new hybrids vs. 60% in 2021**.

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

Thanks to all these energy efficiency initiatives, and the restructuring initiatives implemented since 2020 within its industrial footprint, **in 2022 Safilo reduced its total energy consumption by 21.4%, while CO₂ emissions were decreased by 46.3% compared to 2021** using the market-based approach, considering also a manufacturing activity increase based on worked hours).

An important factor of this reduction is driven also by the agreements for Italian companies that progressively all of the energy supplied will be 100% from renewable sources.

2022 CO₂ EMISSIONS



TOTAL 16,337 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, also allow 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 part of the Group-s accounts payable processes, and an App dedicated to factory reporting, currently active in the Italian production sites, and that will be extended to the whole Group in the coming years.

This year, Safilo has started to also monitor Scope 3, which includes all the indirect emissions (not included in Scope 2) that occur in the organisation's value chain – so activities not under direct ownership or control. These are usually the greatest share of an organisation's carbon footprint, covering emissions defined by GHG Protocol.

In the following table we have depicted indirect emission figures for the two main categories relevant for the Group that are:

- category 1 related to Purchased raw materials, goods and services;
- category 4 related to upstream transport and distribution.

SCOPE 3 - CARBON FOOTPRINT ⁹	
	2022
Indirect emission attributable to raw materials, purchased goods and services (tCO ₂ e) ¹⁰	103,655
Indirect emission attributable to upstream transport and distribution (tCO ₂ e) ¹¹	11,092

FSC® certified marketing materials

Since 2019, a part of show cards supplied by Safilo are FSC®. The FSC (the Forest Stewardship Council) is an independent non-profit organization which safeguards forests for future generations.

During 2022, Safilo obtained an FSC® certification to market cases and promotional items made from materials sourced from responsibly managed forests in accordance with environmental, ethical and economic principles. The FSC® Chain of Custody certification provides a guarantee that products sold with an FSC declaration come from well-managed forests, controlled sources or reclaimed materials. Safilo is working with its vendors to identify additional opportunities in this space.



9 Indirect emissions have been calculated using emission factors extracted from Sphera's software and database GaBi 2022.2 GaBi 10. The respective data is evaluated with the impact measurement category GWP100 (according to IPCC AR5), excluding biogenic carbon, including climate carbon feedback. More information here: www.ghgprotocol.org/sites/default/files/ghgp/GlobalWarmingPotentialValues%20%28Feb%2016%202016%29_1.pdf

10 Category 1 emissions have been calculated for Italian legal entities, Safilo USA, Smith optics, Safilo Eyewear Industries, Blenders and Privé Revaux which depict Group's purchases.

11 Category 4 emissions have been calculated on Safilo S.p.A., Safilo USA, Smith optics, Blenders and Privé Revaux which represent the greatest part of the Group's inbound and outbound upstream transport and distribution.



8.2 WASTE GENERATION & RECYCLING, AND WATER CONSUMPTION

Waste generation & recycling

Safilo wants to purposefully leverage its leadership position in the eyewear industry to initiate changes across the value chain that help to systematically reduce waste. Such reduction of waste will significantly and measurably impact 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 flow management, as well as driving towards a healthy balance between digitization and the actual need for prototypes and samples.

With an industrial footprint of 5 production plants and 2 distribution centres, the Group generated about 4,760 tonnes of industrial waste in 2022.

In its Group environmental policy, one specific objective is also the reduction of waste generated. To this end, the Group is active in the identification of more efficient solutions and the use of eco-friendly materials.

Whenever possible, waste is sent to recycling, if recycling or reuse is not possible, it is sent for disposal based on the type of waste. The responsible management of hazardous and non-hazardous waste represents one of the most important topics of the Group environmental policy. Hazardous waste presents a greater risk to the environment and human health as well as higher operating costs to ensure compliance with regulations than any other type of waste.

The waste generated by the Group is mainly composed of:

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

Most of the waste comes from the production processes in the Group plants, with the exception of packaging, plastic materials and mixed metals, which largely come from the supply chain. In all the Group's production plants, particular attention is paid to the reuse of materials, in order to reduce the quantity of waste generated.

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

With reference to washing waters, the Group applies advanced management practices, respecting the environment. Where purification systems are in place, Safilo ensures continuous maintenance of the systems and periodic analyses, both internal and external, to control the quality of the wastewater which therefore does not present a risk to the environment. In addition, the implementation of a new water purification system in 2019 has been completed at the Italian plant in Longarone that allows for the recycling and reuse of over 90% of water, and in 2020 the implementation of a new water evaporation system has been completed at the Chinese plant in Suzhou.

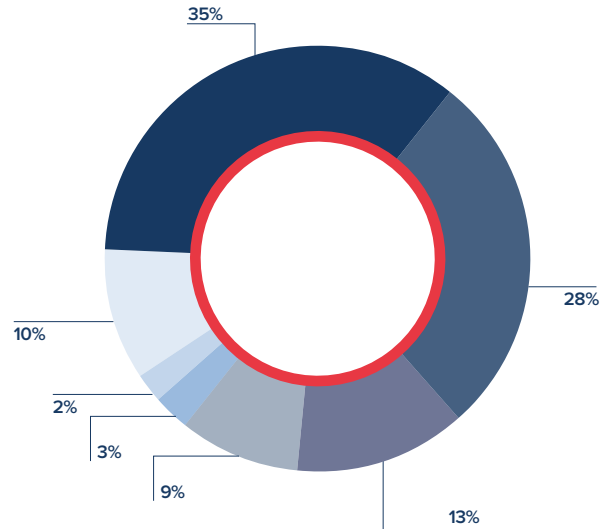
The waste management process involves collection and storage in defined areas and specific containers according to the type of waste. The volumes managed are controlled by measuring the mass transferred to the recovery and disposal plants; the related data are stored in a specific database for each plant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

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

The following chart reports the main types of waste generated by the Group in 2022.

WASTE GENERATED IN 2022 BY TYPE

- Washing water
- Processing sludge and residues
- Plastic materials
- Paper and cardboard
- Mixed packaging
- Mixed metals
- Other



TOTAL 4,760 t

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

In 2022, the waste generated by the Group has been equal to 4,760 tonnes¹², compared to 5,764 tonnes in 2021¹³, with a decrease around 17% mainly related to a lower production of Longarone washing water.

Out of the waste generated in 2022, 51% was sent to landfill, 39% was recycled or recovered, and 10% was disposed of by incineration.

In 2022, non-hazardous waste was equal to 2,975 tonnes (61% of the total waste generated in 2022), compared to 3,352 tonnes in 2021 (58% of the total waste generated in 2021); of these, 1,323 tonnes were related to waste diverted from disposal, and 1,652 tonnes were related to waste directed to disposal.

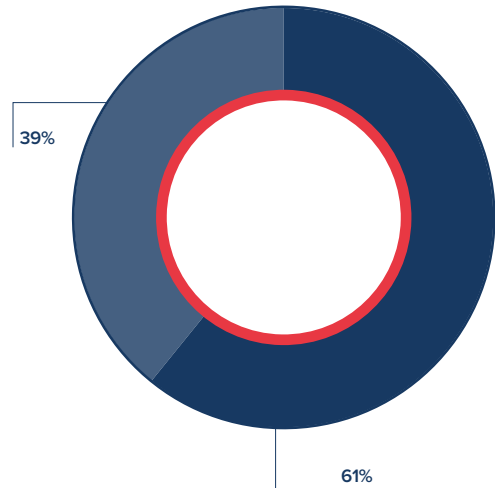
¹² Data are related 5 production plants and 2 logistic distribution centres, also US distribution centre that in 2021 has not been included.

¹³ With reference to 2021 figures the US distribution centre accounted for 395 tonnes were not included. Considering this amount, the 2021 total waste amount is 6,159 tonnes.

On the other hand, hazardous waste was equal to 1,785 tonnes (39% of the total waste generated in 2022), compared to 2,412 tonnes in 2021 (42% of the total waste generated in 2021); of these, 531 tonnes were related to waste diverted from disposal, and 1,254 tonnes were related to waste directed to disposal.

2022 WASTE (HAZARDOUS & NON-HAZARDOUS)

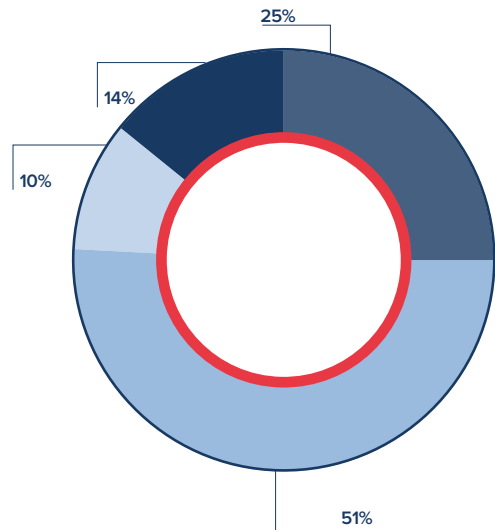
- NON-HAZARDOUS
- HAZARDOUS



TOTAL 4,760 t

2022 WASTE BY DISPOSAL METHOD

- Recycling
- Recovery
- Landfill
- Incineration



TOTAL 4,760 t

Water consumption

Safilo promotes a sensible and responsible use of water resources, and implements actions aimed at reducing and limiting its consumption in the medium-long term, also through constant monitoring. Water can be used both for sanitary purposes and production, where it is mainly used in galvanic and related processes.

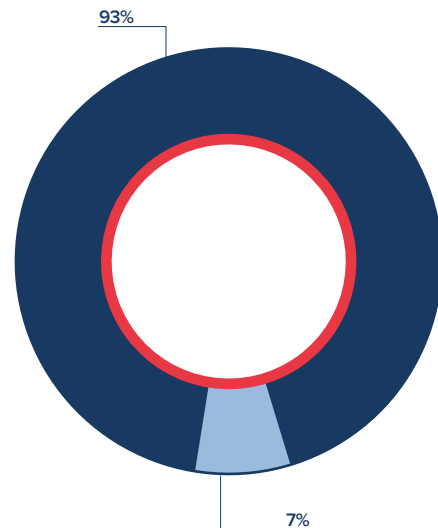
The primary source of withdrawal is the public network, while the Italian Longarone plant also uses groundwater for production purposes. Water for sanitary use is usually discharged into the sewer system, while the wastewater generated by the production plants is disposed of as waste by specialized operators. The Italian production plants periodically conduct 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. The only production plant of the Group located in an area with high water stress is the plant of Safilo Eyewear Industries Ltd in Suzhou (China), which exclusively uses water resources from the public network, coming from the Yangcheng and Taihu lakes near the factory.

In 2022, water withdrawal has been equal to 123.3 megalitres (of which 93% from third party municipal water and 7% from groundwater) with a decrease of 12,7% compared to 141.3 megalitres in 2021. The water withdrawal of the Group is only related to freshwater, including water withdrawal in areas with high water stress, which, in 2022, has been equal to 81.2 megalitres (81.8 megalitres in 2021) related to the plant of Safilo Eyewear Industries Ltd in Suzhou (China). To improve water resources management, the implementation of a new water purification system has been completed in 2019 at the Italian plants of Santa Maria di Sala and Bergamo with the aim of optimising and making water withdrawal more efficient.,¹⁴

2022 WATER WITHDRAWAL BY SOURCE

- Third-party water
- Groundwater



TOTALE 123.3 megalitri

¹⁴ 2022 water withdrawal, compared to 2021, included volume effects and benefits from specific saving implemented.

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 is the sixth “Consolidated Non-Financial Information Statement” of the Safilo Group (hereinafter “NFS” or “Sustainability Report”) and refers to the period January 1 - December 31, 2022, which is the same period as the Consolidated Financial Statement.

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, 2022 on a line-by-line basis, and covers the topics deemed relevant and provided for by the Article 3 of Decree 254. There does not exist any discrepancy from the Legal Entities included in the Consolidated Financial Statement and the Consolidated Non-Financial Information Statement. For the complete list of all entities included in the sustainability report, please refer to Consolidated Financial Statement 2022.

However, it should be noted that:

- 2022 employee figures include all the Group Companies (2021 figures were also related to the Slovenian manufacturing plant which has since been closed) and it is reported in headcount at the end of the reporting period;
- 2022 health and safety rates and injury figures are related to the Italian and Chinese manufacturing plants, and Padua headquarters;
- This year the Italian legal entities have signed an agreement that 100% of electric energy supply will be from certified renewable sources. For this reason, Scope 2 emissions reported in the table have been calculated with the market-based method using AIB-2021 European Residual Mix;
- 2022 Scope 3 figures include category 1 and category 4 CO₂ emissions. Category 1’s emissions have been calculated on Italian legal entities, Safilo USA, Smith optics, Safilo Eyewear Industries, Blenders and Privé Revaux which depict Group’s purchases while for category 4’s emissions the perimeter considered is Safilo S.p.A., Safilo USA, Smith optics, Blenders and Privé Revaux which are the greatest part of the Group’s inbound and outbound upstream transport and distribution;
- water withdrawal figures are related to the Italian, Chinese and USA manufacturing plants, and Padua headquarters; 2021 figures also include the data of the Slovenian manufacturing plant until its closing date;
- 2022 waste figures are related to the Italian, Chinese and USA manufacturing plants, the US distribution centre and the Padua headquarters. Note that in 2021 the US distribution centre figures were not included;
- 2022 training figures include all the companies of the Group.

This report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards defined in 2021 from the Global Reporting Initiative (GRI) as for the detection of fundamental key performance indicators. With reference to GRI not disclosed, more information is available in GRI Content Index at the end of the Report.

A dedicated information system for detecting fundamental performance indicators has been adopted in order 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 2022.

A GRI Content Index is included 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 produced by the same. 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 2022 Safilo has confirmed the materiality analysis elaborated in 2019. No significant changes in the organization's sectors, value chain, and other business relationships compared to the previous reporting period.

The Group's economic and financial aspects and the Group's Corporate Governance are described further in the Group documents: "2022 Annual Report", "2022 Report on Corporate Governance", "2022 Report on the Remuneration", all available on the Safilo Group website along with the present NFS (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 clearly marked. Where possible, data and information within the NFS related to the fiscal year 2021 are provided for comparison purposes. In addition, any restatements of information made from previous reporting periods, if any, are specifically indicated in related footnote.

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 9, 2023. The publication data will be consequently considering legal requirements.

This Report is subject to a limited assurance engagement according to the criteria of the Standard "ISAE 3000 Revised". The Dirigente Preposto of Corporate Accounting Document and the CEO, also in the behalf of CdA prepares the Attestation Letter as a prerequisite for the limited audit activity by the independent auditors about Safilo Group DNF by an auditing company, which expresses, with a separate report, a certification regarding the compliance of information provided pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016 and the GRI Standards. The audit is carried out according to the procedures disclosed in the "Independent auditor's report", included in this document. The limited assurance engagement did not cover the information required by Article 8 of the European Regulation 2020/852.

During 2022, 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 2022, the Group continued with the analysis of the main risks generated or suffered deriving from the business, a significant number of materials and solutions with reduced environmental impact have been introduced in its collections and production processes, the ISCC Plus certification and the GRS certification have been obtained.

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

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

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

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

SOCIAL AND PEOPLE ASPECTS

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

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

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

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

For further information on the Group’s strategy and the reorganization of the production footprint, please refer to the “Annual Report 2022” and the Group Business Plan 2020-2024. The Group the 9 March 2023 approved its medium-term economic and financial targets, which the management presented to the market during the Capital Market Day held in Milan.

HUMAN RIGHTS RESPECT

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

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

ACTIVE AND PASSIVE CORRUPTION

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

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



ANNEXES

Perimetro e tipologia dell’impatto di Safilo

Each single identified impact has been linked with a correspondent material topic of Safilo Group. The prioritization of topics has not changed in fact the order of priority has been already assigned through the materiality matrix elaborated in 2019. Hereunder the list:

Material Topics ¹⁵
Business Ethics and Compliance
Economic performance
Governance & Risk Management
Product Craftsmanship & Innovation
Diversity and Inclusion
Safety and Wellbeing
Industrial Relations
Employee Development
Licensors’ Trust
Sustainable Supply Chain
Client Satisfaction
Human Rights
Social Impact
Energy Consumption & CO ₂ emissions
Water Consumption
Waste Generation & Recycling

Moreover, to each of 16 material topics has been associated at least other two impacts: overall the Company has identified 75 impacts represented by the 16 material topics. In the following table, impacts are classified into E=environment, S=social and G=governance pillars and their related nature that could be either positive or negative.

¹⁵ All of these topics have been considered as material for the Group.

Pillar	Nature of Impact	Impact ¹⁶	Safilo Group Material Topic
E	Negative	High intensity of use of the water resource	Water consumption
E	Negative	Contribution to climate change through direct/indirect greenhouse gas emissions	Energy consumption and CO ₂ emissions
E	Negative	Generation of plastic waste	Waste production and management
E	Negative	Environmental impact of the product	Craftmanship and product innovation
E	Negative	Environmental pollution due to the production of hazardous and non-dangerous waste	Waste production and management
E	Positive	Less consumption raw materials	Craftmanship and product innovation
E	Positive	Prevention on waste consumption	Waste production and management
E	Positive	Promotion of the efficiency of water withdrawals and control over water discharges	Water consumption
E	Positive	Promotion of initiatives related to energy efficiency	Energy consumption and CO ₂ emissions
E	Positive	Promotion of new technologies to reduce GHG emissions	Energy consumption and CO ₂ emissions
E	Positive	Promotion of recovery operations that deviate waste from sending to disposal, such as preparation for reuse, recycling and other recovery operations	Waste production and management
E	Positive	Promotion of ecological practices	Energy consumption and CO ₂ emissions
E	Negative	Water discharges/soil contamination and underground water	Water consumption
E	Negative	Processing waste deriving from the use of dated machinery	Craftmanship and product innovation
E	Positive	Use of recycled input materials	Craftmanship and product innovation
E	Positive	Use of regenerated packaging products and materials (collection, reuse or recycling of products and related packaging materials at the end of their useful life)	Craftmanship and product innovation
G	Negative	Anti-compliance, anti-trust and monopolistic practices with negative impacts on the economy and markets	Company ethics and compliance
G	Negative	Internal/external communication not aligned with the values of the group	Company ethics and compliance
G	Positive	Contribution to the growth of the national economy through compliance with applicable tax legislation	Economics and financial results
G	Positive	Creation of a sustainable supply chain	Sustainable supply chain
G	Negative	Deterioration of relations with unions and associations (for example, working conditions, freedom of association)	Social impacts
G	Negative	Erosion of the value of the organization and failure to redistribution of the value to the stakeholders	Economics and financial results
G	Positive	Direct generation of economic value and distribution related to the interested parties (e.g., employees, suppliers)	Economics and financial results

16 For more information relating to impacts management please refer to individual chapters of this Non-Financial Disclosure.

Pillar	Nature of Impact	Impact	Safilo Group Material Topic
G	Negative	Negative social and environmental impacts generated along the supply chain, with indirect disadvantages for workers and related communities	Sustainable supply chain
G	Negative	Corruption accidents	Company ethics and compliance
G	Negative	Investments and financial support to projects and companies that have violations in the environmental, social or governance fields (including violations of the Human Rights)	Governance and risk management
G	Positive	Improvement of ESG performance of suppliers	Sustainable supply chain
G	Positive	Non-compliance with laws, regulations, internal and external standards applicable with related social impacts/ environmental/economic negative	Company ethics and compliance
G	Positive	Promotion of Made in Italy and Italian excellence in fashion, technologies and crafts	Customer satisfaction
G	Negative	Roles and unclear responsibilities	Governance e risk management
G	Positive	Development of fair, transparent and constructive relationships with business partners, with direct effects on the continuous improvements of ESG performance	Trust of licensor
G	Negative	Violation of human rights along the value chain with repercussions on human dignity and on the development of the community	Human rights
S	Negative	High turnover of staff and loss of key knowledge with indirect impacts on stakeholders	Health and safety
S	Positive	Ethical, impartial and inclusive work environment	Diversity and inclusion
S	Positive	Increase in the number of customers and interactions with these	Customer satisfaction
S	Positive	Increase in the well-being of employees thanks to the implementation of benefits	Employee training and development
S	Negative	Bad management of complaints and the relationship with customers	Customer satisfaction
S	Negative	Conflicts with unions and failure to comply with the right to free association at the organization or along its value chain	Industrial relationships
S	Positive	Compliance with applicable legislation and optimal data management procedures for the benefit of stakeholder privacy	Governance and risk management
S	Positive	Awareness of the gangs about their rights	Industrial relationships
S	Positive	Contribution to the well-being of people	Employee training and development
S	Positive	Creation of jobs	Employee training and development
S	Positive	Growth of young people	Employee training and development
S	Negative	Dissemination of inaccurate, misleading or misunderstood information relating to the organization or its products	Customer satisfaction
S	Negative	Discrimination in remuneration between men and women	Diversity and inclusion
S	Positive	Diversity in government bodies and among employees with direct and indirect impacts on the affirmation of equality	Diversity and inclusion
S	Negative	Cases of child or forced work within the organization and its value chain	Human rights
S	Negative	Episodes of discrimination/abuse within corporate operations	Human rights

Pillar	Nature of Impact	Impact	Safilo Group Material Topic
S	Positive	Guarantee of the right to free association of employees of the organization	Industrial relationships
S	Positive	Indirect economic impacts generated on local communities	Social impacts
S	Negative	Discrimination/abuse accidents	Human rights
S	Positive	Inclusion of the most vulnerable social bands	Diversity and inclusion
S	Negative	Accidents in the workplace	Health and safety
S	Positive	Investments in infrastructure and services supported locally, as well as in events and initiatives in the social and cultural fields	Social impacts
S	Positive	Greater awareness and culture on ethics and the humans of managers, employees, commercial partners and other subjects	Company ethics and compliance
S	Negative	Diseases in the workplace	Health and safety
S	Negative	Failure to monitor and apply management systems in the Health and Safety field	Health and safety
S	Positive	Improvement of customer satisfaction	Customer satisfaction
S	Positive	Improvement of workers' skills through training activities	Employee training and development
S	Positive	Better dialogue with customers and consequent better reputation	Customer satisfaction
S	Positive	Safe and high quality product	Craftmanship and product innovation
S	Negative	Operations or projects and activities with actual and/or potential negative impacts on the development of local communities (e.g., environmental, social)	Social impacts
S	Positive	Promotion of employees and Well-Being activities, also through dedicated formations	Employee training and development
S	Positive	Promotion of customers' Health and Safety	Craftmanship and product innovation
S	Positive	Promotion of R&D activities for industrial development	Craftmanship and product innovation
S	Positive	Support of the local community	Social impacts
S	Positive	Competitive remuneration of workers	Employee training and development
S	Negative	Reduction of brand awareness	Trust of licensor
S	Negative	Risk for the health of consumers given by scarce controls on the quality of the product	Craftmanship and product innovation
S	Positive	Support to development and innovation programs	Craftmanship and product innovation
S	Positive	Local development support through contributions and donations	Social impacts
S	Positive	Development of employees' careers	Employee training and development
S	Negative	Direct violation of human rights within the group	Human rights
S	Negative	Security violations regarding customer privacy and customer data loss	Governance and risk management
S	Negative	Voluntary and/or involuntary security violations relating to reserved corporate information, to the detriment of the group and related indirect impacts on the internal and external context	Governance and risk management

Safilo People

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

Employees by gender and employee category	31/12/2022						31/12/2021					
	Men	%	Women	%	Total	% on total	Man	%	Women	%	Total	% on total
Executives	14	82%	3	18%	17	0.4%	17	85%	3	15%	20	0.4%
Directors	57	75%	19	25%	76	2%	56	72%	22	28%	78	2%
Management	207	50%	203	50%	410	9%	209	53%	189	47%	398	9%
Employees	717	41%	1,032	59%	1,749	39%	727	42%	988	58%	1,715	38%
Workers	801	37%	1,389	63%	2,190	49%	836	36%	1,498	64%	2,334	51%
Total	1,796	40%	2,646	60%	4,442	100%	1,845	41%	2,700	59%	4,545	100%

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

Employees by age group and employee category	31/12/2022							
	< 30	%	30-50	%	> 50	%	Total	% on total
Executives	-	0%	10	59%	7	41%	17	0.4%
Directors	-	0%	55	72%	21	28%	76	2%
Management	13	3%	297	72%	100	24%	410	9%
Employees	228	13%	1,124	64%	397	23%	1,749	39%
Workers	203	9%	1,445	66%	542	25%	2,190	49%
Total	444	10%	2,931	66%	1,067	24%	4,442	100%

Employees by age group and employee category	31/12/2021							
	< 30	%	30-50	%	> 50	%	Total	% on total
Executives	-	0%	11	55%	9	45%	20	0.4%
Directors	-	0%	57	73%	21	27%	78	2%
Management	6	2%	299	75%	93	23%	398	9%
Employees	200	12%	1,135	66%	380	22%	1,715	38%
Workers	264	11%	1,506	65%	564	24%	2,334	51%
Total	470	10%	3,008	66%	1,067	24%	4,545	100%

Workforce breakdown by gender and employment contract [GRI 2-7b.i and GRI 2-7b.ii]¹⁷

Employees by gender and employment contract	31/12/2022						31/12/2021					
	Man	%	Women	%	Total	%	Man	%	Women	%	Total	%
Permanent	1,731	96%	2,576	97%	4,307	97%	1,788	97%	2,623	97%	4,411	97%
Temporary	65	4%	70	3%	135	3%	57	3%	77	3%	134	3%
Total	1,796	100%	2,646	100%	4,442	100%	1,845	100%	2,700	100%	4,545	100%

Workforce breakdown by employment contract and region [GRI 2-7b.i and GRI 2-7b.ii]

Employees by employment contract and region	31/12/2022				
	Europe	North America	Asia Pacific	Rest of the world	Total
Permanent	2,223	753	1,151	180	4,307
Temporary	30	2	103	-	135
Total	2,253	755	1,254	180	4,442

Employees by employment contract and region	31/12/2021				
	Europe	North America	Asia Pacific	Rest of the world	Total
Permanent	2,419	696	1,121	175	4,411
Temporary	21	2	111	-	134
Total	2,440	698	1,232	175	4,545

Workforce breakdown by gender and employment type [GRI 2-7b.iv and GRI 2-7b.v]

Employees by gender and employment type	31/12/2022						31/12/2021					
	Man	%	Women	%	Total	%	Man	%	Women	%	Total	%
Full time	1,777	99%	2,291	87%	4,068	92%	1,830	99%	2,338	87%	4,168	92%
Part time	19	1%	355	13%	374	8%	15	1%	362	13%	377	8%
Total	1,796	100%	2,646	100%	4,442	100%	1,845	100%	2,700	100%	4,545	100%

Workforce breakdown by employment type and region [GRI 2-7b.iv and GRI 2-7b.v]

Employees by employment type and region	31/12/2022				
	Europe	North America	Asia Pacific	Rest of the world	Total
Full Time	1,906	729	1,253	180	4,068
Part Time	347	26	1	-	374
Total	2,253	755	1,254	180	4,442

¹⁷ Not-guaranteed hours employees are not a relevant category for the Group.

Employees by employment type and region	31/12/2021				
	Europe	North America	Asia Pacific	Rest of the world	Total
Full Time	2,071	693	1,231	173	4,168
Part Time	369	5	1	2	377
Total	2,440	698	1,232	175	4,545

New employee hires & employee turnover [GRI 401-1]

Incoming employees by age and gender	31/12/2022						31/12/2021					
	Man	%	Women	%	Total	%	Man	%	Women	%	Total	%
< 30	119	64%	162	63%	281	63%	110	48%	127	53%	237	50%
30 - 50	230	19%	223	13%	453	15%	197	16%	201	11%	398	13%
> 50	20	5%	37	5%	57	5%	23	6%	26	4%	49	5%
Total	369	21%	422	16%	791	18%	330	18%	354	13%	684	15%

Incoming employees by gender and region	31/12/2022				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	61	108	167	33	369
%	8%	39%	25%	30%	21%
Women	76	171	151	24	422
%	5%	36%	25%	35%	16%
Total	137	279	318	57	791
%	6%	37%	25%	32%	18%

Incoming employees by gender and region	31/12/2021				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	51	116	132	31	330
%	6%	44%	20%	28%	18%
Women	56	147	128	23	354
%	3%	34%	22%	37%	13%
Total	107	263	260	54	684
%	4%	38%	21%	31%	15%

Outgoing employees by age and gender	31/12/2022						31/12/2021					
	Man	%	Women	%	Total	%	Man	%	Women	%	Total	%
< 30	106	57%	100	39%	206	46%	73	32%	104	43%	177	38%
30 - 50	243	20%	253	15%	496	17%	295	24%	460	26%	755	25%
> 50	70	18%	122	18%	192	18%	147	38%	275	41%	422	40%
Total	419	23%	475	18%	894	20%	515	28%	839	31%	1,354	30%

Outgoing employees by gender and region	31/12/2022				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	126	93	166	34	419
%	17%	34%	25%	31%	23%
Women	200	128	130	17	475
%	13%	27%	22%	25%	18%
Total	326	221	296	51	894
%	14%	29%	24%	28%	20%

Outgoing employees by gender and region	31/12/2021				
	Europe	North America	Asia Pacific	Rest of the world	Total
Men	265	98	117	35	515
%	33%	37%	18%	31%	28%
Women	522	202	98	17	839
%	32%	46%	17%	27%	31%
Total	787	300	215	52	1,354
%	32%	43%	17%	30%	30%

Employees covered by collective bargaining agreements [GRI 2-30]

	31/12/2022	31/12/2021
Employees covered by collective bargaining agreements	3,128	3,297
Total workforce	4,442	4,545
%	70%	73%

Work-related injuries¹⁸ [GRI 403-9]

Occupational Health & Safety Rates and Injuries	31/12/2022			31/12/2021		
	Man	Women	Total	Man	Women	Total
Number of recordable work-related injuries	4	7	11	4	4	8
Number of high-consequence work-related injuries (excluding fatalities)	-	-	-	-	-	-
Number of fatalities as a result of work-related injury	-	-	-	-	-	-
Number of hours worked	2,844,450	3,528,295	6,372,744	3,061,348	3,772,494	6,833,842
Rate of recordable work-related injuries	1.41	1.98	1.73	1.31	1.06	1.17
Rate of high-consequence work-related injuries (excluding fatalities)	-	-	-	-	-	-
Rate of fatalities as a result of work-related injury	-	-	-	-	-	-

Average hours of training per year per employee [GRI 404-1]¹⁹

Average hours of training by gender and employee category	31/12/2022					
	Man	Average hours of training	Women	Average hours of training	Total	Average hours of training
Executives	78	6	67	22	145	9
Directors	1,083	19	254	13	1,337	18
Management	2,525	12	2,492	12	5,017	12
Employees	6,671	9	7,727	7	14,398	8
Workers	4,877	6	5,797	4	10,674	5
Total	15,234	8	16,335	6	31,569	7

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

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

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

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

These KPIs are related to the Italian and Chinese manufacturing plants, and Padua headquarters, and do not include external collaborators' data (the Group has no direct control on data from the employers of workers who are not employees), nor in transit injuries.

19 For white collar employees, the training for 2022 is substantially in line with the previous year while for blue collar employees, the important reduction is due to less hours of extraordinary training in 2021 dedicated to Covid-19 prevention and technical training.

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

Training hours provided by type of training	2022	2021
Health & Safety	9,703	13,218
Compliance	4,322	9,451
Professional	7,519	23,207
ICT	1,247	741
WBCM & Onboarding	2,281	5,535
Managerial	5,776	7,896
Linguistic	697	831
Other	24	938
Total	31,569	61,817

Environment

Energy Consumption [GRI 302-1]²⁰

Energy Consumption (GJ)	2022	%	2021	%	change %
From non-renewable sources	150,855	68%	275,779	97%	-45.3%
Electricity bought	72,732	33%	169,665	60%	-57.1%
Natural Gas	52,090	23%	71,763	25%	-27.4%
Diesel (Transportation)	10,593	5%	19,363	7%	-45.3%
District heating	-	0%	7,620	3%	-100.0%
Petrol (Transportation)	15,225	7%	7,044	2%	116.1%
Diesel (Heating)	215	0,1%	324	0,1%	-33.6%
From renewable sources	71,799	32%	7,597	3%	845.1%
Electricity bought (green certificates)	64,131	29%	-	0%	100%
Electricity from solar panels	7,668	3%	7,597	3%	0.9%
Total	222,655	100%	283,376	100%	-21.4%

Emissions²¹ [GRI 305-1 and GRI 305-2] – Location-based

Total Emissions (t CO ₂)	2022	%	2021	%	change %
Direct Emissions - Scope 1	4,846	22%	6,004	22%	-19.3%
- Natural Gas	2,934	13%	4,034	15%	-27.3%
- Diesel (Transportation)	783	4%	1,431	5%	-45.3%
- Petrol (Transportation)	1,113	5%	515	2%	116.1%
- Diesel (Heating)	16	0.1%	24	0,1%	-33.6%
Indirect Emissions - Scope 2	17,090	78%	20,949	78%	-18.4%
- Electricity bought	17,090	78%	20,367	76%	-16.1%
- District heating	-	0%	582	2%	-100.0%
Total	21,936	100%	26,953	100%	-18.6%

20 For electricity and heating consumption 1 kWh = 0.0036 GJ; for natural gas consumption 1 mc = 0.035337 GJ; for diesel (transportation and heating) consumption 1 litre = 0.03601332 GJ; for petrol (transportation) consumption 1 litre = 0.03191472 GJ.

The 3 branches (included in Safilo SpA), Safilo Middle East FZCO, Safilo Singapore Pte Ltd are not included because the data are not material.

21 These figures have been calculated using TERNA 2019 and Minambiente 2022 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. 2021 CO₂ emission figures include the data of the Slovenian manufacturing plant till its closing date.

Emissions [GRI 305-1 and GRI 305-2] – Market-based

Total Emissions (t CO ₂)	2022	%	2021	%	change %
Direct Emissions - Scope 1	4,846	30%	6,004	20%	-19.3%
- Natural Gas	2,934	18%	4,034	13%	-27.3%
- Diesel (Transportation)	783	5%	1,431	5%	-45.3%
- Petrol (Transportation)	1,113	7%	515	2%	116.1%
- Diesel (Heating)	16	0.1%	24	0.1%	-33.6%
Indirect Emissions - Scope 2 ²²	11,491	70%	24,434	80%	-53.0%
- Electricity bought	11,491	70%	23,704	78%	-51.5%
- District heating	-	0%	730	2%	-100.0%
Total	16,337	100%	30,438	100%	-46.3%

Waste ²³ [GRI 306-3, 306-4, 306-5]

Waste by disposal method (t)	2022						
	Waste diverted from disposal			Waste directed to disposal			Total waste generated
	Total	Recycling	Recovery	Total	Landfill	Incineration	
Non-Hazardous	1,323	540	784	1,652	1,222	429	2,975
Hazardous	531	120	411	1,254	1,222	32	1,785
Total	1,854	659	1,195	2,906	2,445	461	4,760
%	39%	14%	25%	61%	51%	10%	100%

Waste by disposal method (t)	2021 ²⁴						
	Waste diverted from disposal			Waste directed to disposal			Total waste generated
	Total	Recycling	Recovery	Total	Landfill	Incineration	
Non-Hazardous	1,500	460	1,040	1,852	1,368	484	3,352
Hazardous	702	200	502	1,710	1,668	42	2,412
Total	2,202	660	1,542	3,562	3,036	526	5,764
%	38%	11%	27%	62%	53%	9%	100%

22 Scope 2 CO₂ emissions reported in the table have been calculated with the market-based method using AIB-2021 European Residual mix emission factors and TERNA 2019 and Minambiente 2022 factors when “Residual mix” emission factors were not available. Some data may have been estimated or calculated.

23 These figures are related to the Italian, Chinese and USA manufacturing plants, Padua headquarters and US Distribution Centre.

24 2021 waste figures do not include contribution of US Distribution Centre which accounted for 395 tonnes (179 tonnes diverted from disposal and 216 tonnes direct to disposal, all classified as non-hazardous).

Composition of waste generated in 2022 (t)	Waste generated	Waste diverted from disposal	Waste directed to disposal
Washing water	1,691	371	1,320
Other	464	147	317
Paper and cardboard	406	390	16
Processing sludge and residues	1,321	136	1,185
Mixed packaging	150	150	0
Plastic materials	615	548	67
Mixed metals	113	112	1
Total Waste	4,760	1,854	2,906

Composition of waste generated in 2021 ²⁵ (t)	Waste generated	Waste diverted from disposal	Waste directed to disposal
Washing waters	2,308	459	1,849
Processing sludge and residues	1,728	211	1,517
Plastic materials	766	690	76
Paper and cardboard	387	373	14
Mixed packaging	182	182	-
Mixed metals	143	143	-
Other	250	144	106
Total waste	5,764	2,202	3,562

25 2021 waste figures do not include contribution of US Distribution Centre which accounted for 395 tonnes (63 tonnes as paper and cardboard, 10 tonnes as plastic materials, 322 tonnes as others).

Water withdrawal²⁶ [GRI 303-3]

	Water withdrawal (in megalitres)	2022		2021	
		All areas	Areas with water stress	All areas	Areas with water stress
Water withdrawal by source	Surface water (total)	-	-	-	-
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Groundwater (total)	8.7	-	7.4	-
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	8.7	-	7.4	-
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Seawater (total)	-	-	-	-
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Produced water (total)	-	-	-	-
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-
	Third-party water (total)	114.7	81.2	133.9	81.8
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	114.7	81.2	133.9	81.8
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	
Total third-party water withdrawal by withdrawal source	Surface water		81.2		81.8
	Groundwater		-		-
	Seawater		-		-
	Produced water		-		-
Total water withdrawal	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	123.4	81.2	141.3	81.8

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

GRI CONTENT INDEX

Safilo 2022 Consolidated Non-Financial Information Statement has been prepared in accordance with the GRI Standards 2021. The following index provides the qualitative and quantitative information disclosed during the materiality assessment, with related references to the document's chapters.

Statement of use	Safilo Group has reported in accordance with the GRI Standards for the period 01/01/2022 - 31/12/2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not available

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	Safilo - 1.4 Safilo Governance - 3.1 About this Report	13 30 78			
	2-2 Entities included in the organization's sustainability reporting	Safilo Governance - 3.1 About this Report	30 78			
	2-3 Reporting period, frequency and contact point	About this Report Contacts	78 106			
	2-4 Restatements of information	About this Report For any information restated from previous reporting period, additional information is reported in the foot notes. No restatements in 2022	78 96			
	2-5 External assurance	About this Report Independent Auditors' Report	78 108			
	2-6 Activities, value chain and other business relationships	Highlights Safilo - 1.3 Safilo - 1.4 Safilo - 1.5 Safilo - 6.2 About this Report	6 11 13 16 60 78			
	2-7 Employees	Safilo - 1.5 Integrity in the Workplace - 5.1 Annexes	16 50 87 - 88			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-8 Workers who are not employees			2-8	Information unavailable/incomplete	At the moment, the Group do not have the control on workers who are not employees. For the next financial years, the Group will be committed to integrate this informative.
	2-9 Governance structure and composition	Safilo Governance - 3.1 Website: Governance/shareholders-meeting/2022/Report on Corporate Governance	30			
	2-10 Nomination and selection of the highest governance body	Website: Governance/system/articles-association/Article of Associations (with amendments) Governance/system/Diversity Policy of the Board of Directors				
	2-11 Chair of the highest governance body	Website: Governance/board-directors Governance/shareholders-meeting/2022/Report on Corporate Governance				
	2-12 Role of the highest governance body in overseeing the management of impacts	Safilo Governance - 3.1 Website: Governance/shareholders-meeting/2022/Report on Corporate Governance Governance/system/articles-association/Policy for the management of the dialogue with the generality of investors Governance/board-directors/Regulations of the Board of Directors Governance/committee/sustainability/Regulations of the Sustainability Committee	31			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-13 Delegation of responsibility for managing impacts	The Board of Directors has appointed one senior executive, member of the Sustainability Committee, as delegated responsible for managing the organization's impacts. Website: Governance/committee/sustainability/Regulations of the Sustainability Committee	98			
	2-14 Role of the highest governance body in sustainability reporting	Safilo Governance - 3.1 Website: Governance/board-directors/Regulations of the Board of Directors Governance/committee/sustainability/Regulations of the Sustainability Committee	32			
	2-15 Conflicts of interest	Website: Governance/board-directors/Regulations of the Board of Directors Governance/system/articles-association Regulation for transactions with Related Parties Governance/committee/related-parties/Regulations Transactions with Related Parties Committee				
	2-16 Communication of critical concerns	Safilo Governance - 3.1 Website: Governance/committee/sustainability/Regulations of the Sustainability Committee No case of critical concerns has occurred in 2022.	30 98			
	2-17 Collective knowledge of the highest governance body	Safilo Governance - 3.1	31			
	2-18 Evaluation of the performance of the highest governance body	Website: Governance/shareholders-meeting/2021/Illustrative Report of the Directors for the Ordinary Shareholders' Meeting on Item 3				
	2-19 Remuneration policies	Website: Governance/shareholders-meeting/2022/Report on Remuneration				
	2-20 Process to determine remuneration					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-21 Annual total compensation ratio	The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees is 116. The data refers to 2022 fiscal year and includes within its perimeter all Italian legal entities (Lenti excluded). The highest-paid individual is the CEO. Payroll considers: base salary, una tantum, bonus/incentive payout, stock option, employee director compensation, car benefits.	99	2-21a 2-21b	Information unavailable/incomplete	Information has been provided for Italian legal entities (Lenti excluded) and Safilo commits to deliver a Group's disclosure in the short-term as request by the GRI. Being the first reporting year of this GRI 2-21, the 2021 figures are not available therefore were not possible to calculate the percentage increase of the annual total compensation.
	2-22 Statement on sustainable development strategy	See The World At Its Best: The Key to a Sustainable Future is our Purpose-Led Strategy	4 - 5			
	2-23 Policy commitments	Safilo Governance - 3.2 Our responsible supply chain - 6.2 Website: Governance/business-ethics	37 - 38 60			
	2-24 Embedding policy commitments	Safilo Governance - 3.2 Our responsible supply chain - 6.2 Website: Governance/business-ethics	37 - 38 60			
	2-25 Processes to remediate negative impacts	Materiality Assessment - 2.3 Safilo Governance - 3.1 Annexes	23 30 - 37 82 - 85			
	2-26 Mechanisms for seeking advice and raising concerns	Safilo Governance - 3.2	37 - 38			
	2-27 Compliance with laws and regulations	No significant instances of non-compliance with laws and regulations or no fines were paid during the reporting period	99			
	2-28 Membership associations	Product Craftmanship & Innovation - 4.4 Integrity in the Workplace - 5.1 Social Responsibility - 7.2	43 53 66 - 67			
	2-29 Approach to stakeholder engagement	A Sustainable Business - 2.3	26 - 27			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-30 Collective bargaining agreements	Integrity in the Workplace - 5.4 Annexes	57 89			
Material topics:						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	A Sustainable Business - 2.3 Annexes	23 82			
	3-2 List of material topics	A Sustainable Business - 2.3 Annexes	23 83 - 85			
Material Topic: Economic performance						
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Safilo - 1.1, 1.2, 1.3, 1.5	8 - 17			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Safilo - 1.5 In 2022, direct economic value generated was equal to 1,086.9 million euro, the economic value distributed was equal to 1,032.7 million euro, and the economic value retained was 54.2 million euro.	16 100			
Material Topic: Business Ethics and Compliance						
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Safilo Governance - 3.1, 3.2 Annexes	23 36 - 37 82			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	In 2022 and 2021, no incidents of corruption have been registered	100			
Material Topic: Economic performance						
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	Safilo - 1.6	17 - 18			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 207: Tax 2019	207-1 Approach to tax	Safilo - 1.6	17 - 18			
	207-2 Tax governance, control, and risk management					
	207-3 Stakeholder engagement and management of concerns related to tax					
	207-4 Country-by-country reporting					
Material Topic: Energy Consumption & CO₂ emissions						
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3	23			
		Environmental Responsibility - 8.1	68			
		Annexes	82			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Responsibility - 8.1 Annexes	68 82			
Material Topic: Water Consumption						
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3	23			
		Environmental Responsibility - 8.2	77			
		Annexes	82			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environmental Responsibility- 8.2 Annexes	77 95			
	303-2 Management of water discharge-related impacts					
	303-3 Water withdrawal					
Material Topic: Energy Consumption & CO₂ emissions						
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Environmental Responsibility - 8.1 Annexes	23 70 - 72 82			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Responsibility- 8.1 Annexes	71 - 72 92 - 93			
	305-2 Energy indirect (Scope 2) GHG emissions					
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Responsibility- 8.1	72			
Material Topic: Waste Generation & Recycling						
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Environmental Responsibility - 8.2 Annexes	23 74 - 75 82			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Responsibility- 8.2 Annexes	74 - 75 93 - 94			
	306-2 Management of significant waste-related impacts					
	306-3 Waste generated					
	306-4 Waste diverted from disposal					
	306-5 Waste directed to disposal					
Material Topic: Social Impact						
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Integrity in the Workplace - 5.1 Annexes	23 50 82			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annexes	88 - 89			
Material Topic: Industrial Relations						
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Integrity in the Workplace - 5.4 Annexes	23 57 82			
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods 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	102			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material Topic: Safety and Wellbeing						
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Integrity in the Workplace - 5.3 Annexes	23 55 - 57 82			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Integrity in the Workplace - 5.3 Annexes	55 - 57 90 - 91			
	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					
Material Topic: Employee Development						
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Integrity in the Workplace - 5.1 Annexes	23 52 82			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Highlights Integrity in the Workplace - 5.1 Annexes	6 52 90 - 91			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material Topic: Diversity and Inclusion						
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3	23			
		Safilo Governance - 3.1	32			
		Integrity in the Workplace - 5.2	54			
		About this Report Annexes	80 82			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Safilo Governance - 3.1 Integrity in the Workplace - 5.2 Annexes	32 54 86			
Material Topic: Human Rights						
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3	23			
		Safilo Governance - 3.1 Integrity in the Workplace - 5.2 Responsible Partnership - 6.2 Annexes	35 54 60 - 62 82			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2022 no discrimination events were occurred	104			
Material Topic: Social Impact						
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3	23			
		Social Responsibility - 7.1 and 7.2 Annexes	66 - 67 82			
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	In 2022 and 2021 no significant actual or potential negative impacts on local communities have been registered	104			
Material Topic: Sustainable Supply Chain						
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3	23			
		Responsible Partnership - 6.2 Annexes	60 - 62 82			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Partnership - 6.2	60 - 62			
Material Topic: Product Craftmanship & Innovation						
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Product Craftmanship & Innovation - 4.4 Annexes	23 43 - 44 82			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGES	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2022 and 2021, no incidents of non-compliance have been registered	105			
Material Topic: Governance & Risk Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Safilo Governance - 3.1 Annexes	23 30 - 37 82			
Material Topic: Licensor's Trust						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Responsible Partnership - 6.1 Annexes	23 60 82			
Material Topic: Client Satisfaction						
GRI 3: Material Topics 2021	3-3 Management of material topics	A Sustainable Business - 2.3 Responsible Partnership - 6.2 Annexes	23 63 - 65 82			

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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, 2022 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 9, 2023 (hereinafter "NFS").

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

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

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

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

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

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

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

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

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Auditor's Independence and quality control

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

Auditor's responsibility

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

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

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Safilo Group as of December 31, 2022;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;

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

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

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

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

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

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Safilo Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.



Progetto creativo e impaginazione

Redpoint.



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Safilo
SEE THE WORLD AT ITS BEST