

MOROCOLOR ITALIA SPA

SUSTAINABILITY REPORT YEAR 2021

ACCORDING TO STANDARDS UNI EN ISO 14001:2015, SA8000:2014, UN SDG 2030 AGENDA, GRI STANDARDS



- 1. GENERAL CONSIDERATION**
 - 1.1 Description**
 - 1.2 Stakeholders**
 - 1.3 Targets**
 - 1.4 Regulatory elements**

- 2. MOROCOLOR ITALIA SPA COMPANY PROFILE**
 - 2.1 History and Company profile**
 - 2.2 Organisational structure and responsibilities**
 - 2.3 Social performance team**
 - 2.4 Company Ethics Policy**
 - 2.5 Values**

- 3. STAKEHOLDERS**

- 4. REQUIREMENTS ANALYSIS**
 - 4.1 Child labour**
 - 4.2 Forced or Compulsory labour**
 - 4.3 Health and safety**
 - 4.4 Freedom of Association and Right to Collective Bargaining**
 - 4.5 Discrimination**
 - 4.6 Disciplinary Practices**
 - 4.7 Working hours**
 - 4.8 Remuneration**
 - 4.9 Environment protection and sustainable development**
 - 4.10 Management System**

1. GENERAL CONSIDERATIONS

1.1 Description

The Sustainability Report and Review is a public informative document on the social effects of the activities of MOROCOLOR ITALIA SPA.

It gives an overview on actions taken and on future targets of our company.

It is released every year and reports the values, the actual situation and the goals of MOROCOLOR ITALIA SPA in the field of social and ethical relationships.

It is developed by the Company Management, in cooperation with the Sustainability Team, in compliance with the requirements of SA8000 Standard, used as guidelines to deal systematically with all aspects of sustainability. The document includes the company Sustainability Policy and the Management Review, in order to define, check, correct and improve the engagement of MOROCOLOR ITALIA SPA.

The Sustainability Report and Review has, indeed, a double value:

- It's a tool for our company management, measuring our Sustainability Policy together with all the policies and procedures adopted to achieve full compliance with the Standard, as well as our performance, with the aim of continuous improvement.
- It's also a communication tool, informing stakeholders and collecting information from them, thus increasing their involvement. This document is submitted to all employees through display on the company notice board, through the training of the staff of MOROCOLOR ITALIA SPA and through display on our web site <http://www.morocolor.it>, which is also used to inform all stakeholders.

1.2 Stakeholders

The Sustainability Report and Review is addressed to subjects having significant relations with MOROCOLOR ITALIA SPA, in particular to:

- Employees;
- Customers;
- Local community;
- Suppliers
- Contractors
- Trade unions
- Consumers

Our company is applying to these subjects for their direct or indirect participation in this joint commitment to improve our sustainability.

1.3 Targets

The aim of the Sustainability Report and Review is to give an account of initiatives developed by MOROCOLOR ITALIA SPA and to communicate to all interested parties in a clear and transparent way.

More specifically, with a view to a continuous improvement, we are pursuing the following Core Values:

- Assess the sustainability values, the social engagements, the reference principles and rules, for continuous improvement
- Give information about the social effects of the company's choices
- Encourage the dialogue, the participation and approval of all stakeholders
- Fully achieve a Social Responsibility and Sustainability System

In developing our Sustainability Report we have taken into account the 17 goals of the UN 2030 AGENDA; the UN has defined these goals important and a framework for collective action to which we are all expected to direct our commitment and our efforts.

The Certification and Standards to which we subscribe (UNI EN ISO 14001:2015, SA8000:2014, UN 2030 AGENDA, GLOBAL REPORTING INITIATIVE, just to mention a few) have helped us to identify some actions towards achieving some specific goals.

The present Report gives an overview of the yearly progress related to these principles.

1.4 Regulatory elements

The organisation shall comply with local, national and all other applicable laws, prevailing industry standards and other requirements to which the organisation subscribes. When such laws, standards or other requirements to which the organisation subscribes address the same issue, the provision most favourable to workers shall apply. The organisation shall also respect the principles of the following international instruments:

SA8000:2014
 ETI CODE SEDEX / SMETA
 ECOVADIS REQUIREMENTS
 UNI EN ISO 14001:2015
 UNI EN ISO 9001:2015
 T.U. 81/2008 Legislative Decree concerning the protection of health and safety in the workplace
 Regulation (EU) 679/2016
 CCNL National Collective Labour Agreement
 Law 300/1970 (Workers' Statute)
 Law 68/99 employment of people with disabilities
 D.Lgs 66/2003 regulations on working time
 Dignity Decree D.L.87/2018
 Guidelines for the implementation of the management, organisation and control model Dlgs 231
 ILO Convention 1 (Hours of work - Industry) and Recommendation 116 (Reduction of hours of work)
 ILO Convention 29 (Forced Labour) and 105 (Abolition of forced labour)
 ILO Convention 87 (Freedom of association and Protection of the right to organise convention)
 ILO Convention 98 (Right to organise and collective bargaining)
 ILO Convention 100 (Equal remuneration) and 111 (Discrimination – employment and occupation)
 ILO Convention 102 (Social security – minimum standards)
 ILO Convention 131 (Minimum wage fixing)
 ILO Convention 135 (Workers' representatives)
 ILO Convention 138 and Recommendation 146 (Minimum Age)
 ILO Convention 155 and Recommendation 164 (Safety and Health)
 ILO Convention 159 (Vocational rehabilitation and employment - disabled persons)
 ILO Convention 169 (Indigenous and tribal peoples)
 ILO Convention 177 (Home work)
 ILO Convention 181 (Private employment)
 ILO Convention 182 (Worst forms of child labour)
 ILO Convention 183 (Maternity protection)
 ILO Standard on HIV / AIDS
 Universal Declaration of Human Rights
 International covenant on economic, social and cultural rights
 International covenant on civil and political rights
 Un Convention on the rights of the child
 UN Convention on the elimination of all forms of discrimination against women
 UN Convention on the elimination of all forms of racial discrimination
 UN Guiding Principles on Business and human rights
 OCSE Guidelines for International enterprises
 D.Lgs.152/2006 Code of the environment

2. MOROCOLOR ITALIA SPA COMPANY PROFILE

2.1 History and Company profile

COMPANY ORIGINS

The company founded by Moro Family in 1933, (by the grandparents of the current owners) in itially produces coloured chalks, is located in Vigodarzere, and for a certain period near Naples (where it was easier to dry out the chalks). The manufacturing process at that time was mostly handmade. After some years the son and his wife take over the company leadership. The couple has three children, who eventually take over the family business. The firstborn Anna is responsible for laboratory activities, (formulation, sector binding regulations, microbiological

analysis, management of analysis entrusted to competent laboratories); her brother Camillo becomes head of the enterprise and commercial director. In due time, the third brother, Marco, enters the family business and is in charge of production and purchasing. With this generation the company begins to grow and opens up to foreign customers, producing with their logos. With the early death of Camillo in 2010 the two brothers, Marco and Anna, take over the leadership. From that moment the company develops significantly its business. It starts to produce for an important Swedish brand, to expand considerably in some foreign countries (e.g. Germany) and to strengthen its logo "Primo". In 2016 the company has approximately one hundred employees, engaged in different departments, administration, commercial, logistics, purchasing, planning and production planning, graphic, laboratory activities, production control, labelling, quality check, warehouse, maintenance, watercolour production, crayons, acrylic paint, chalk (melting, pouring and packaging). The production facilities are two: the headquarters, located in via Bassa Prima, where following activities are carried out: melting, crayons production, filling tubes, different-size bottles, watercolour packaging, packaging for customers with their own logos, storage of raw materials and finished products, and a secondary site located in Via Galvani 7, Campodarsego. Here chinks and modelling clay are produced, watercolours are packaged and some of the finished products are stored; opposite (Via Galvani 5) is the warehouse for finished products. The majority of the staff works in the headquarters (employees, melting and production of watercolours and crayons, maintenance, a large part of pouring/packaging workers). Part of the packaging of the finished product is carried out by contractors, small companies or cooperative societies in the surrounding area. In 2020 the company, despite a temporary closing due to Covid-19 pandemic, has continued its process of growth and innovation. Automation, streamlining of the processes, efficiency, the improving of working environment and of operating procedures are key elements that have marked the recent years, with a constant focus on a correct management of workers and the respect of the environment.

MOROCOLOR PRODUCTS and MANDATORY REGULATIONS

Morocolor products are: watercolours, crayons, tempera paints (oil or acrylic), chinks, modelling clay both for children and adults (hobbyists or professionals). All manufactured products are carefully tested and comply with regulations. One of the most important activities is the preliminary check of the quality of raw materials: the suppliers send a pre-batch, so that it is possible to verify the compliance with mandatory regulations. The most important regulations to comply with are the Directive 2009/48/EC on the safety of toys, EN 71 European Standard and Regulation 1907/2006 (REACH). Tests during the production process are important to ensure the absence of contaminations, samples are taken at the beginning, in the middle and at the end of the tank (for mixtures). All products are also tested to verify specifications required by customers. The company often sends samples to accredited laboratories to verify the conformity of Morocolor production and products. The products are made for other brands (with customer's logo) or with the company's logo Primo. The company has always invested a lot in product safety, aware that Morocolor products are primarily intended for children and of the importance to safeguard their health.

MARKET

The company operates in an international market, with a presence in more than 60 countries, with its logo or with customer's logo. The main customers are wholesaler, large retailers or competitor brands. The company in fact produces for other brands. Morocolor is a worldwide leading company in watercolour production with an important presence in Italy and Germany. The company is specialized in producing with customer's logo, in customisation of products according to customer requests and in handling large batches. The market in which the company operates requires attention to regulations, product compliance and speed of response to customers. However, the market served so far is very limited compared to the potential of development, i.e. potential growth opportunities. Therefore, the company has set the target to develop products with its own logo, Primo, nationally and worldwide.

COMPETITORS

Competition is stiff. In Italy there are some important brands with a significant market share. It is not easy attempting to increase market share, taking it away from these important brands, but the company's target is to increase its presence worldwide by focusing on products quality, keeping the production on National territory and complying with sector regulations. The relationship between Morocolor and its customers is usually long-lasting and focuses on mutual growth. The retailer is supported in promotional activities, we try to meet customer needs, and clients satisfaction, as well as final user satisfaction, are in the first place. Extra-European competitiveness must be considered, but there can be no comparison with the quality of Morocolor products. This market vision and this method of approach has been very successful so far, therefore we want to maintain them over time. In several cases the competitors are Morocolor customers, since the company produces for other brands.

SUPPLIERS

Suppliers can be divided into: raw material suppliers, work suppliers, transport service suppliers, service suppliers (consultant, banks, insurance), etc. Suppliers are monitored and assessed over time: raw material suppliers are chosen among important and known companies and every supply is tested to verify the conformity to regulations of each batch. Work suppliers are local companies, some cooperatives that employ people with disabilities, or with drug addiction or migrants. The activities of outsourced workers are managed and controlled by the Contractor Manager and the Planning Manager. The consultants are trusted people selected by the Company Management. The company collaborators are considered part of the company itself, the targets are mutual growth and improvement over time. Outsourced work is within 50 km, the suppliers are European. Some supplies come from Asian countries. Some purchased products must meet specific certifications (i.e. FSC, Chain of Custody Certification for wood and paper). All suppliers, along with being monitored for product and service quality, are ethically qualified, by asking them compliance to SA8000 core values or by monitoring their compliance to ethical principles at their own facilities.

EMPLOYEES

Morocolor employees are approximately ninety, to which at times some temporary workers must be added. The workers are distributed in the production area, the office area and in the three sites (via Bassa Prima, Via Galvani 7 and via Galvani 5). In the production area there are workers in melting and pouring / assembling (poster paint tubes, pots, application of watercolour tablets in plastic boxes) warehouse staff, machine service and maintenance staff, quality control, contractors management, product labelling, waste management, production planning and control. All workers are trained for their role and monitored on their duties. The target is to improve their skills. The company also wants to improve mutual trust with its workers in their tasks and make workers aware of their importance to the company success.

FACTORIES: SIZE AND DEPARTMENTS

The company has two production plants and two warehouses: via Bassa Prima 224 and via Galvani 5 and 7 in Campodarsego (PD) – Italia. The production area is 9.100 sq m and the warehouse is 500 sq m with 400 sq m pallet spaces.

A maintenance team works daily, ensuring the efficiency of machines and plants, ready to operate promptly in case of failure.

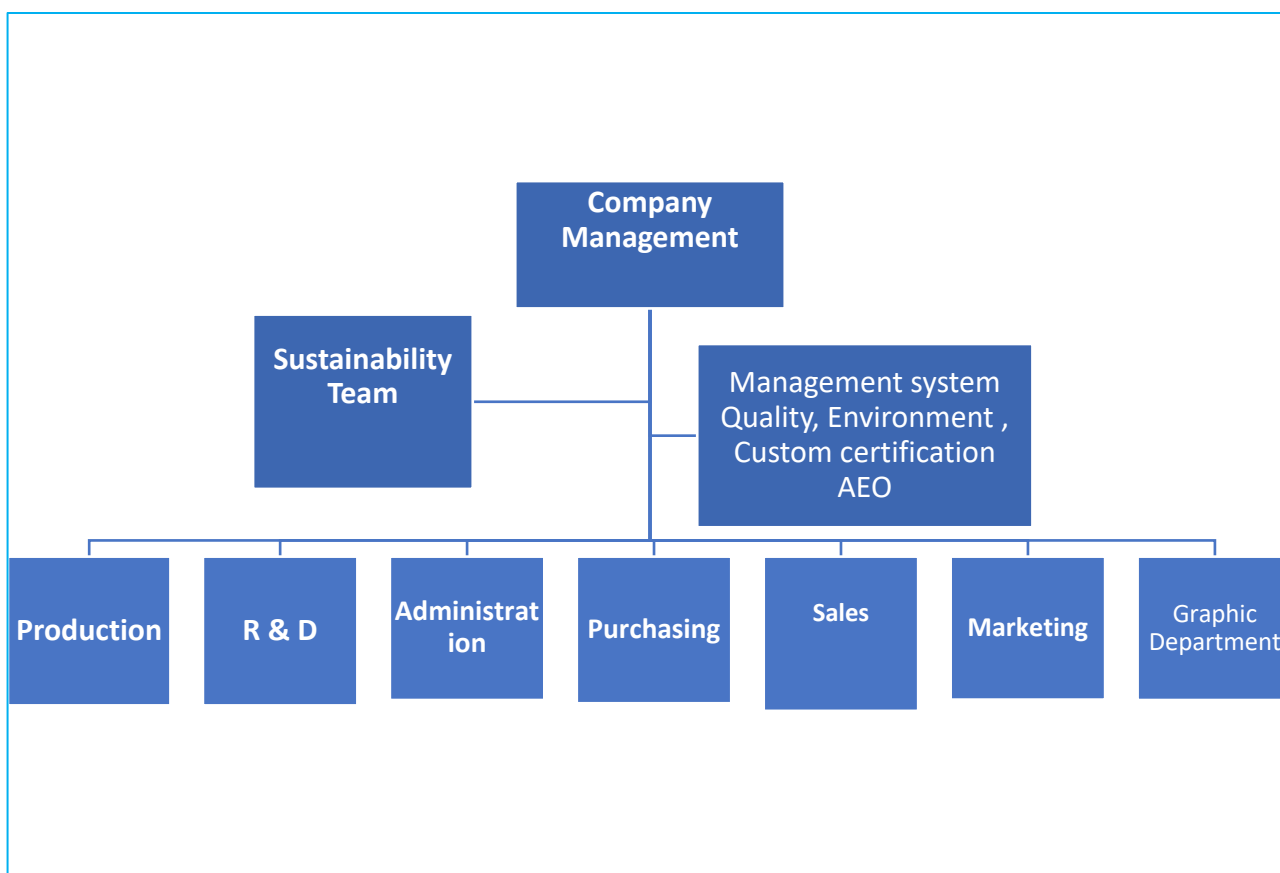
A PV system was installed a few years ago in via Bassa prima with an average yearly production of 200.000 kw/h.

FACILITIES: MACHINERY AND EQUIPMENT

The company's target has almost been reached: to achieve a complete technological innovation and automation in favour of upgrading the machinery, providing an increasingly efficient and prompt customer response as well as a safe and healthy workplace.

2.2 Organisational structure and responsibilities

The organisational structure is shown in the chart below. A Sustainability Team is in charge for the Sustainability System of MOROCOLOR ITALIA SPA.



2.3 Sustainability Team

The main responsibilities of the Sustainability management system are described below:

Sustainability Team

- Composed by workers' representatives and company management, is in charge of monitoring the correct functioning of the social responsibility and sustainability system
- Makes the communication between the workers and the management easier, because it includes workers' representatives, who play an active role as spokesperson
- Identifies and assesses the risks, giving priority to the areas that do not comply with the Sustainability policy
- Monitors activities in the workplace in order to control:
 - a) compliance with sustainability policy;
 - b) implementation of planned actions against the risks identified by the sustainability team;
 - c) effectiveness of the adopted methods to meet the company policies and the standard requirements
- Is involved in the drawing-up of the Sustainability Report and Review
- Grants the application of corrective actions in case of non-compliance and the implementation of remedies and preventive measures
- Takes part in the preparation of the training programme
- Is in charge of managing relations with the certification body
- Is in charge of managing relation with stakeholders.

2.4 Company Ethics Policy

Morocolor Italia SPA has therefore decided to develop and implement a Company Sustainability System consistent with SA8000:2014 and UNI EN ISO 14001:2015 standards, as well as Codes of ethics promoted from different stakeholders worldwide.

The company therefore is committed to comply with provisions contained within:

- requirements of sustainability policy that meet the SA8000:2014 and UNI EN ISO 14001:2015 Standards
- International Labour Organisation (ILO) Conventions
- United Nations Convention on the Rights of the Child (CRC)

- Universal Declaration of Human Rights
- Un Conventions on the elimination of all form of discrimination against women and all forms of racial discrimination
- International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights
- national and international laws on the same issues, including D.Lgs. 81/2008 and subsequent modifications (regulating workplace health and safety standards) and Regulation 679/2016 (General Data Protection Regulation)
- D.Lgs 152/2006 Code of the environment

Following the introduction of a Sustainability System MOROCOLOR ITALIA SPA sets as it main goals:

- Prevention of violation of human rights
- Increase efficiency of organisational structure and supply chain
- Diffusion of Sustainability culture by a permanent training process, involvement and responsibility of the staff
- Streamlining of the structure and of standards, through a clear and well-balanced definition of roles and responsibilities
- Creation of a positive work environment, challenging, satisfying and leading to professional growth
- Participation and support to social projects and solidarity initiatives
- Commitment to spread the principles of sustainability among the stakeholders
- Focus on the environment, by respecting all mandatory environmental requirements in the pursuit of continuous improvement
- Use of renewable sources
- Decrease of non-recoverable waste

The company is committed to respecting the principles of Sustainability System and, in conducting business, requests that employees, co-workers and suppliers respect compulsory standards, in particular regarding:

- Child Labour
- Forced or Compulsory Labour
- Health and Safety
- Freedom of Association and Right to Collective Bargaining
- Discrimination
- Disciplinary Practices
- Working hours
- Remuneration
- Environmental awareness
- Anti-corruption
- Loyalty / fight against fraud

2.5 Values

MOROCOLOR ITALIA SPA, therefore, considers basic human values such as:

- Honesty, intended as the quality of having strong moral principles, in particular in relationships with others;
- Loyalty, intended as fidelity to the principles and the identity of the company;
- Responsibility, intended as awareness of one's own actions and of their consequences;
- Commitment, intended as awareness of one's role and ability to carry it through;
- Transparency, intended as openness of actions and behaviours, without misrepresentations of reality
- Respect, intended as care and attention towards the others;
- Solidarity, intended as concern for others, sharing of commitments and responsibilities, as well as mutual assistance

3. STAKEHOLDERS

In the Sustainability System of **MOROCOLOR ITALIA SPA** stakeholders can be divided in two different groups:

INTERNAL STAKEHOLDES:	EXTERNAL STAKEHOLDERS:
------------------------------	-------------------------------

<ul style="list-style-type: none"> • Company management, Owners • Employees 	<ul style="list-style-type: none"> • Suppliers • Customers • Community • Regulatory bodies • Public authorities • Trade unions
---	--

Each group has different interests, expectations and needs towards the company.

General policy:

Corporate sustainability towards internal stakeholders involves the respect of the rules, the participation and mutual trust, the protection of workers and collaborators, the creation of a fair, challenging, rewarding and supportive work environment, where everyone can achieve their potential.

Corporate sustainability towards external stakeholders must meet the needs of different groups and can be summed up in the fact that sustainability inspires our action, certified by independent bodies and made explicit also through this report.

In particular:

Owners and Management:

The ethical need is to obtain a result in terms of financial profit and company growth without sacrificing social responsibility and sustainability, by not respecting human and environmental resources, as well as create and deliver wealth from the promotion and the spread of ethical principles.

Strategy:

Try to increase profits through a more and more attentive social responsible and sustainable business, producing benefits such as internal and external satisfaction, necessary to reach economic objectives and gratification for any single person and for the team.

Workers

Their most important needs are reward and recognition for the work they do, based on their skills, belief and aspirations, and a workplace where their safety, health and the protection of the environment are never at risk.

Strategy

Implement a management system that respects the inspiring ethical principles, monitoring that social and economic health and security requirements, as well as environmental requirements, are satisfied, constantly improving the efficiency of the methods used to achieve the established ethical targets.

Suppliers

Their need to establish a productive cooperation with the company and a profitable business, must not compromise sustainability, particularly the respect of human and environmental resources.

Strategy:

Establish a clear cooperation and partnership; suppliers must meet the same ethical standard, respect the rights of workers, minimize environmental footprint and cooperate to achieve the implementation of the actions planned together.

Customers and final consumers

Their interests are focused on product quality and price, on the environmental footprint of the purchased product and their production method, and on the rights of the workers; applying Sustainability enhances the company reputation, while irresponsible behaviours –ethically or from an environmental perspective- may damage the company reputation.

Strategy:

Satisfy customers' expectation, creating long-term relationships, and a line of communication to receive their suggestions and complaints.

Community

Community's interests include satisfaction of needs, safeguard and improvement of wealth and of the image of the community itself, including businesses and citizens.

Strategy:

Create over the years a model of social responsible and sustainable enterprise that can contribute to the development of the community's image; concretely inspire businesses and citizens, promote wealth, create employment and reduce environmental impact.

Regulatory bodies and public authorities

The ethical need is the compliance with mandatory regulations or agreements / commitments defined in order to ensure issues such as fairness, respect, loyalty, compliancy, reliability towards the community.

Strategy:

Compliance with mandatory regulations and regularly check through internal audits. Promotion of the above mentioned values in the company.

Trade unions

The ethical needs are the respect of workers' health and safety and the respect of the environment.

Strategy:

Respect labour law and all regulations regarding environment and workplace safety.

4. SUSTAINABILITY REQUIREMENTS



GOAL 1: NO POVERTY



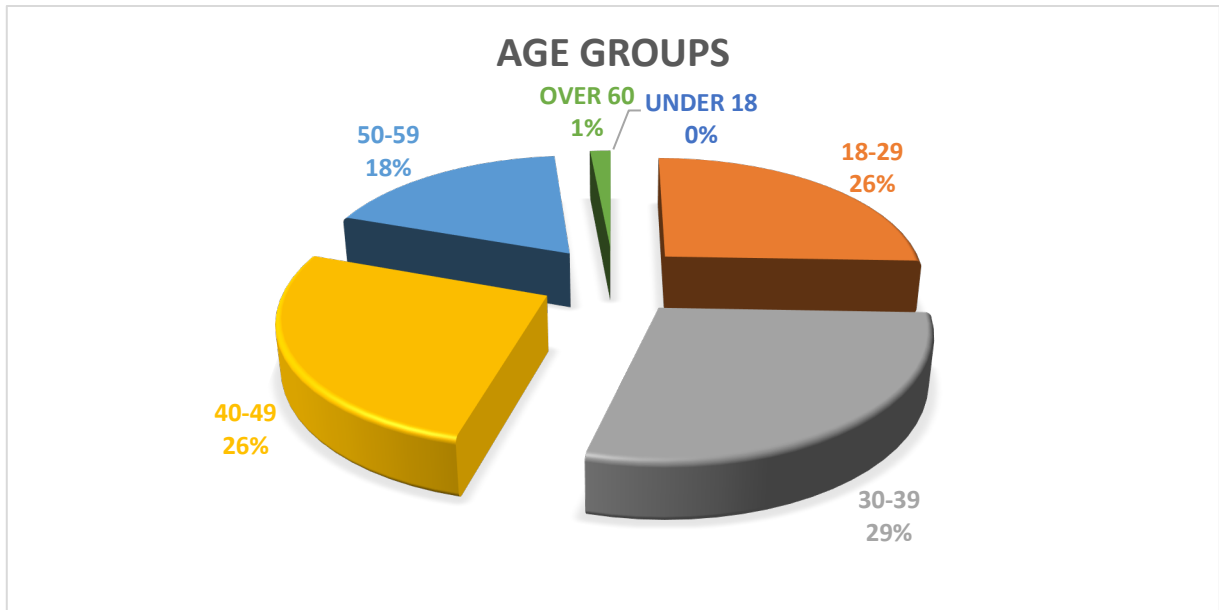
CHILDREN HAVE THE RIGHT TO PLAY AND ENJOY THEIR CHILDHOOD WITHOUT BEING FORCED TO WORK.

4.1 Child Labour

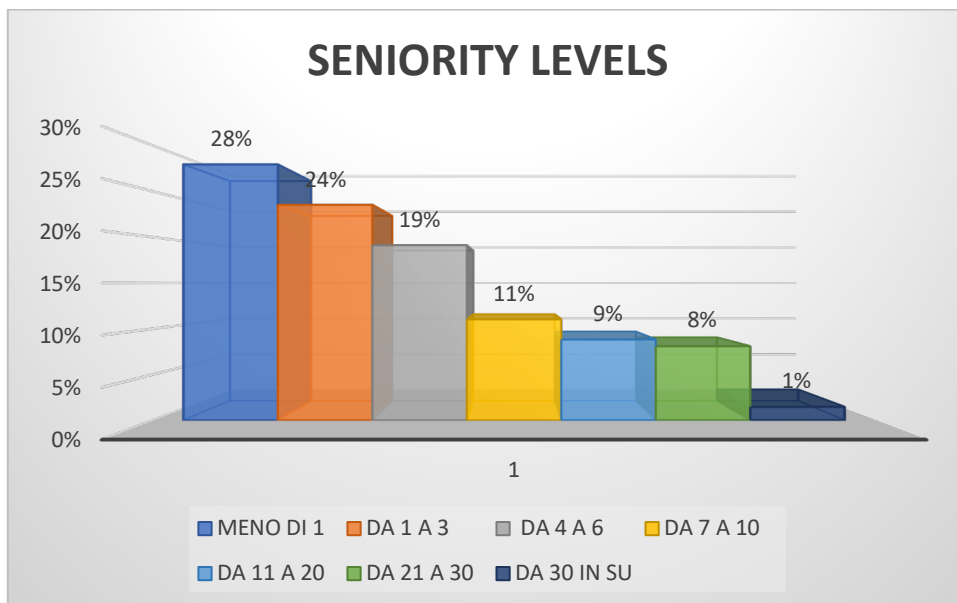
MOROCOLOR ITALIA SPA does not use or support the use of child labour. Nonetheless, as required by Standard SA8000:2014, our company has established a specific child or youth labour remediation programme, in order to provide adequate financial assistance and other forms of support necessary to enable these children to attend school until they can no longer be considered children.

The procedure regarding child labour has been made public in the company, posted on the company notice board and in its website.

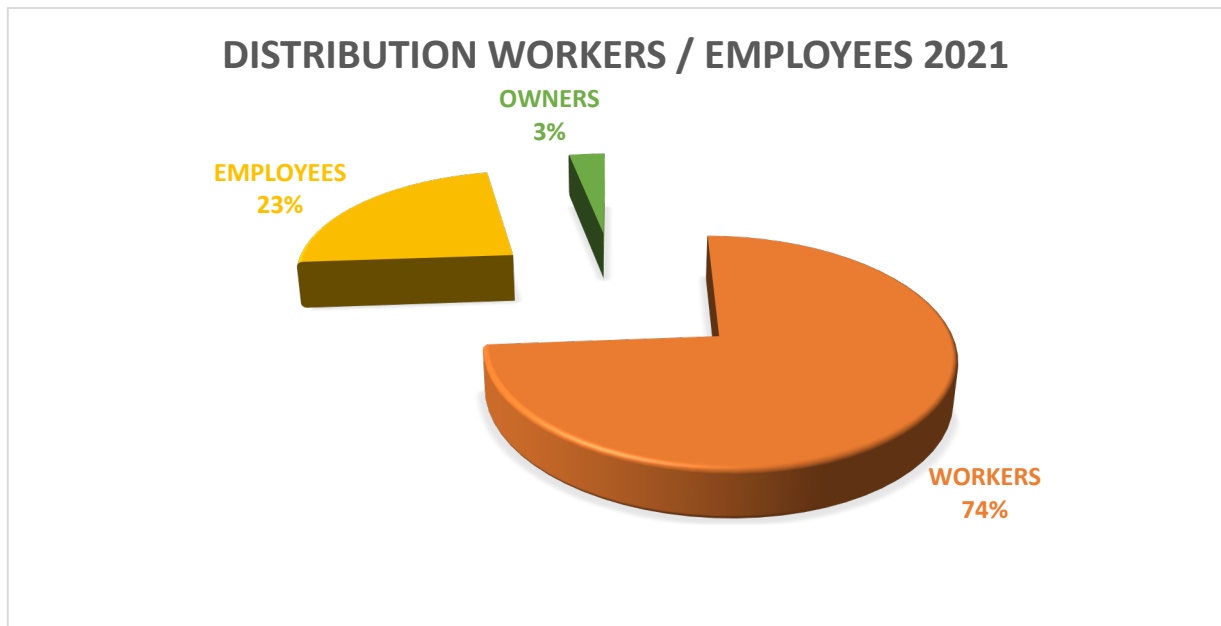
Should young workers be employed, they are subject to compulsory education laws and they shall work only outside of school hours. Under no circumstances shall any young worker's school, work and transportation time exceed a combined total of 10 hours a day, and in no case shall young workers work more than 8 hours a day. Young workers shall not work during night hours and in no case the company shall expose children or young workers to any situation – in or outside the workplace – that is hazardous or unsafe for their physical and mental health.



As can be noticed from the pie chart, 50% of the workers are under the age of 40. This is the result of a generational changeover, that has begun a few years ago, from retired staff, after having spent the entire working life in the company, to newly recruited young employees.



As a result of what we have mentioned above, the presence of recently recruited staff stands out. Again, more than 50% of the employees have been in the company less than 3 years. This doesn't depend on poor loyalty but on a company growth with young people recruitment, and on a generational changeover, with the retirement, in recent years, of many people who had spent their entire working life in our company.



The proportion of workers to employees remains stable over the years. Three quarters of the staff works in the production, one quarter is employed in office.



GOAL 2022

Avoid child labour. In case of wrong exploitation of child labour, implementation of the remediation procedures indicated in our specific programme.

Investment in generational changeover by promoting internship. Where possible, support work-based learning through agreements with schools.

4.2 Forced or compulsory labour

We do not engage in or support the use of forced or compulsory labour.

All overtime hours are voluntary and not compulsory.

We do not retain original identification papers or require workers to pay deposits to force them to continue working for us.

In our company there is freedom of expression and we do not support slavery or human trafficking.

To ensure compliance with these principles the company is committed to grant that all workers are aware of their rights and responsibilities, resulting from their employment contract through:

- Clear communication of the National Collective Agreement and employment contract
- Employee acknowledgement, having received a copy of the individual contract
- Availability of the Human Resources department to provide information regarding contract, pay check etc...

Overtime worked hours change from person to person. As set out in the National Collective Agreement, overtime work cannot exceed 8 hours weekly and 270 hours on an annual basis.

The average remaining days per person are 33,72. These days will be taken during summer holidays.



GOAL 2022

No forced or compulsory labour. Grant annual leave weeks, as provided in the National Collective Agreement.

GOAL 3: GOOD HEALTH AND WELL-BEING



WE ENSURE HEALTH AND SAFETY AT WORKPLACE.

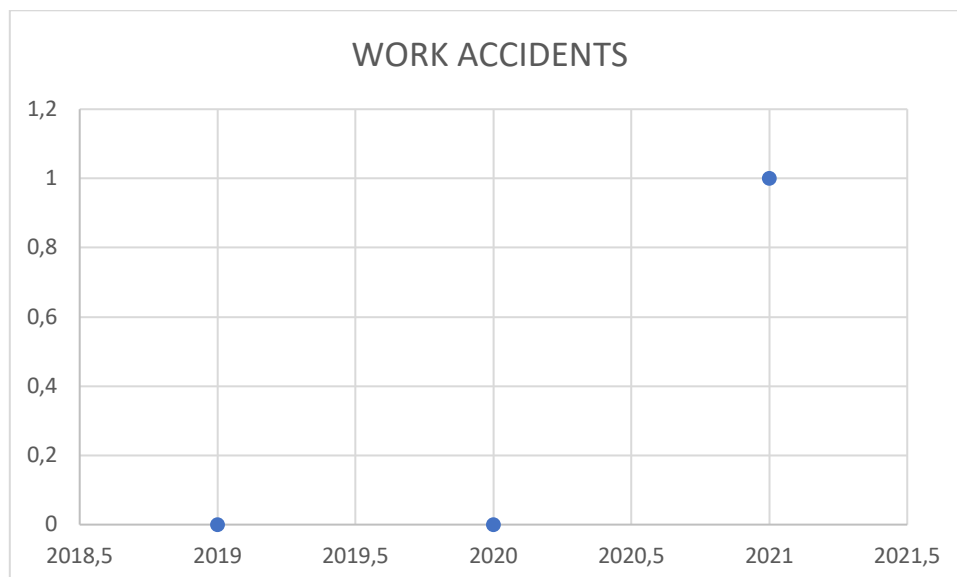
**WE PROVIDE TRAINING ON SUBSTANCE ABUSE.
WE PROTECT PREGNANT WORKERS AND WORKING MOTHERS.**

4.3 Health and safety

One of the main purposes of our management, together with the Prevention Manager (RSPP), and THE DOCTOR RESPONSIBLE for MOROCOLOR ITALIA SPA is to provide a safe and healthy work environment. Therefore procedures, provisions, control systems and information systems have been adopted to ensure that:

- Safety at work is considered of fundamental importance;
- A risk assessment has to be carried out in an objective manner, including not only the risks directly arising from work activities, but also those related to the workplace environment and company structures;
- Adoption of all necessary technical measures in order to prevent or limit any possible accidental event that can cause injuries or health damage;
- All staff members of different categories (executives, functional managers etc.) are involved in the achievement of health and safety goals set by the company;
- All staff members are trained on a regular basis, particularly job-specific training;
- Documented procedures are defined and implemented. Respect and compliance with these procedures are monitored.

All the provisions on health and safety at work, regulated by Law 81 – 2008, are carefully monitored on a regular basis.



GOALS 2022

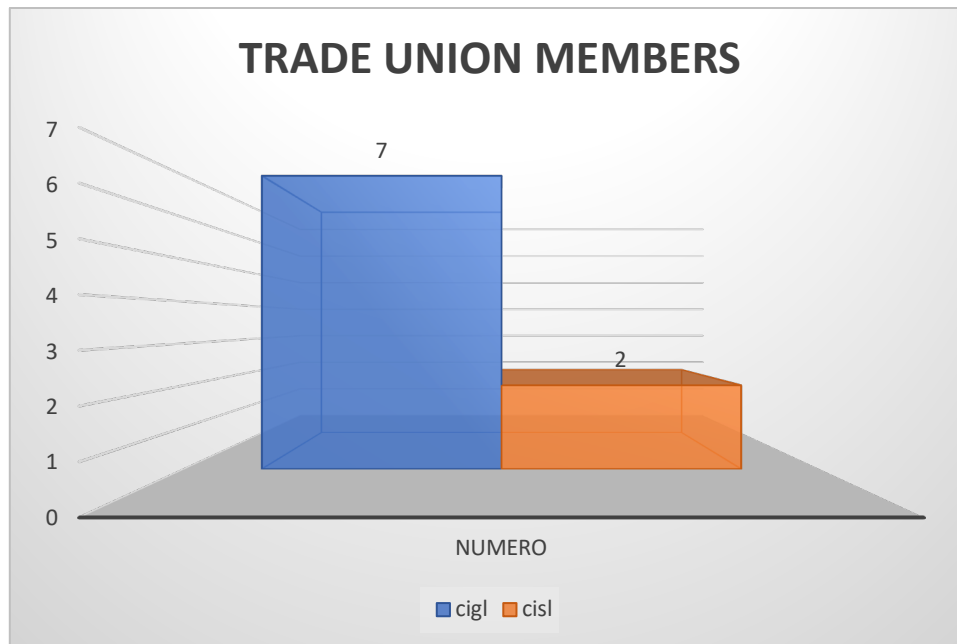
- Grant the correct and constant use of appropriate personal protective equipment to prevent or minimize all risks of work accidents;
- Conduct at least one emergency evacuation training exercise per year for each work shift. Set regular intervals of training and try to simulate different evacuation scenarios.
- Promote correct and safe behaviours at workplace.

4.4 Freedom of association and right to collective bargaining

All workers have the right to form and join organization of their choice, and the right to collective bargaining. The company respects the right of workers to join a worker organisation.

Trade Union meetings can take place periodically and freely inside the factory, according to Italian law, with a maximum per worker of 10 working hours paid every year, or outside working hours (with no limitation) as set by Workers' Statute, Act 300/1970

In the company there are some trade unions members and some trade unions representatives.



GOAL 2022

Promote freedom of association, trade unions' activities and collective bargaining.

GOALS 5 AND 10: GENDER EQUALITY AND REDUCED INEQUALITIES



We grant equality of treatment; gender equality, equal pay for equal work, equal training opportunities

4.5 Discrimination

In our company the principles of equality of treatment and non-discrimination are respected in hiring, remuneration, access to training, job promotion, termination of employment or retirement, without distinction of any kind, based on race, national or territorial or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, trade union membership, political opinions, age or any other condition that could give rise to discrimination.

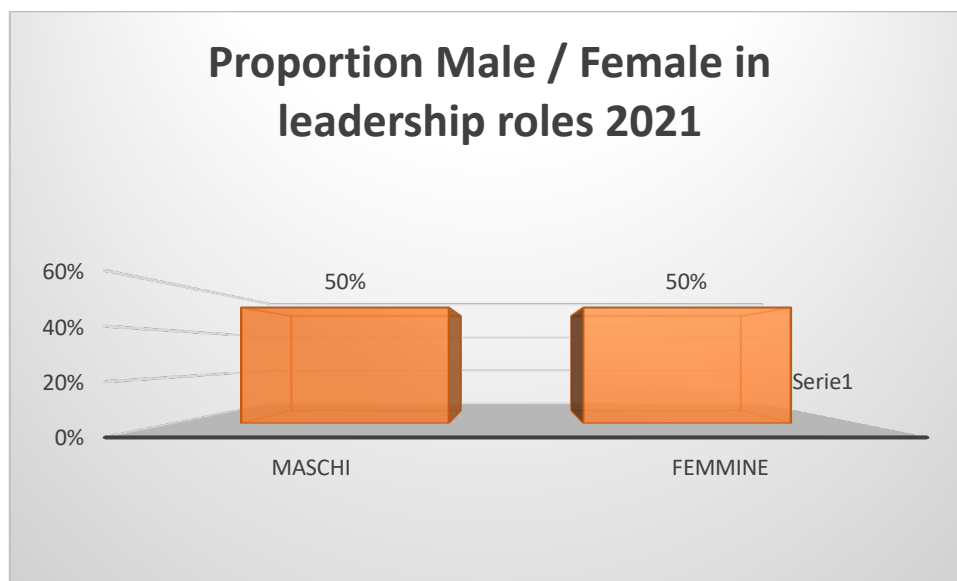
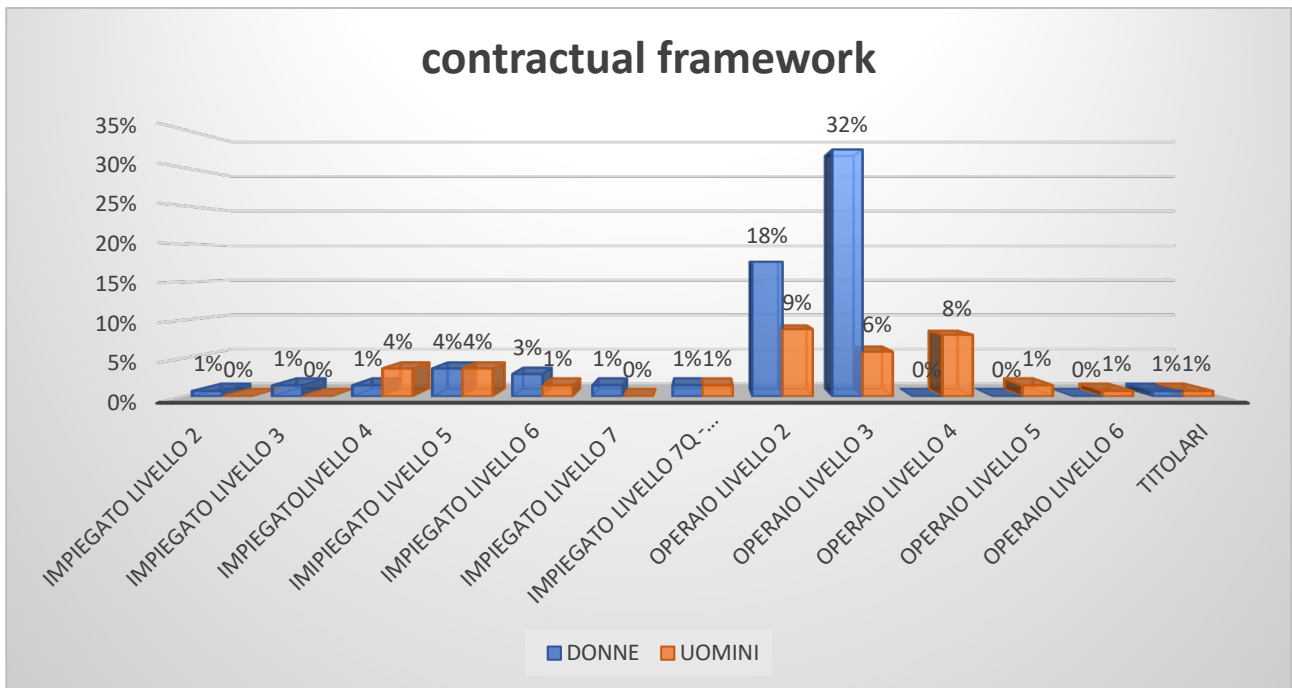
In no case MOROCOLOR ITALIA SPA interferes with the exercise of workers' rights to observe tenets or practices or to meet needs relating to race, national or social origin, religion, disability, gender, sexual orientation, family responsibilities, union membership, political opinions or any other condition that could give rise to discrimination.

The company follows a positive discrimination system in applying occupational requirements in favour of people with disabilities or sheltered groups, as provided by Italian law. Law 68/99 requires private employers with more than 15 employees to hire at least one person with disability, at least 2 in workplaces of 36 to 50 employees, and employers with more than 50 employees must meet a 7% disability employment quota.

MOROCOLOR ITALIA SPA constantly monitors to prevent physical or verbal abuse, offences, threats, exploitation and sexual harassment in the workplace.

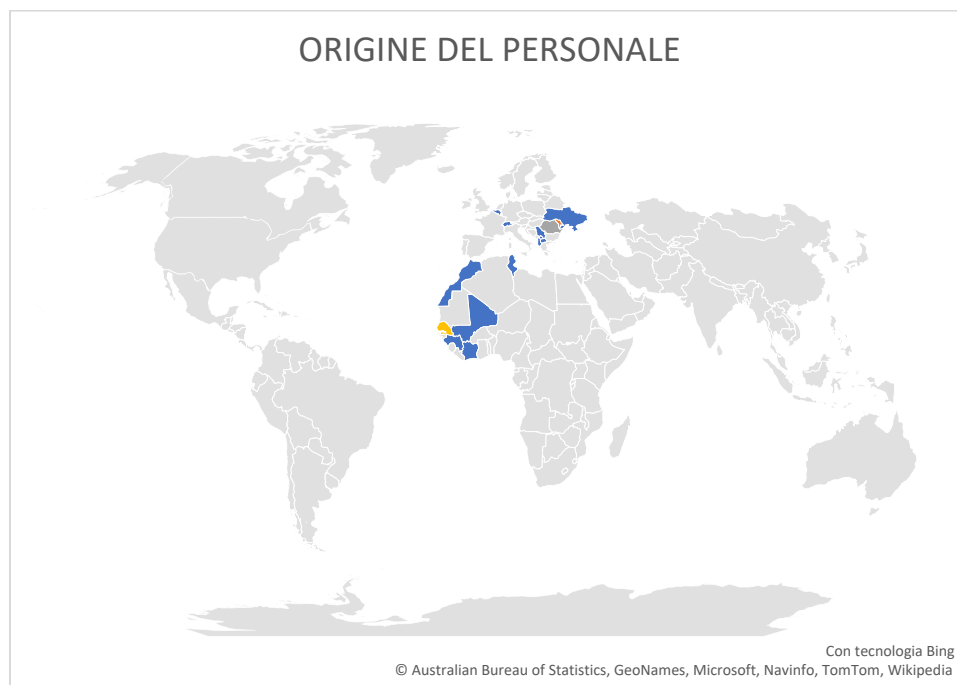
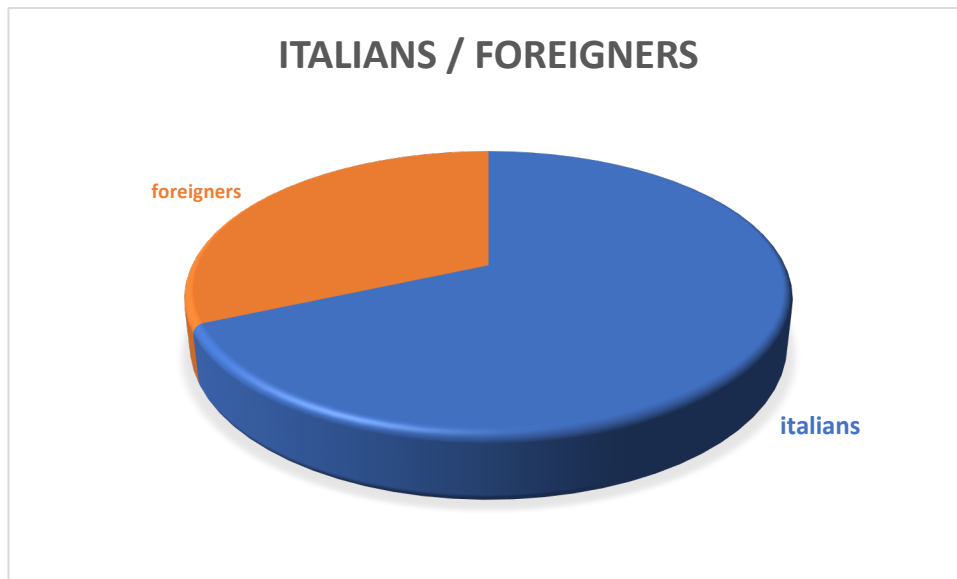
Our Sustainability Team constantly monitors the compliance with non-discrimination policies and, in circumstances where a discrimination issue arises, acts promptly to eliminate the offending conduct.

Workers in our company are not subjected to pregnancy or virginity test.



Responsible recruitment follows a selection process that provides a fair and merit-based evaluation. Essential criteria for recruitment are in no way discriminatory.

The company aims to promoting a path of professional growth, through a yearly performance assessment and evaluation of workers' potential and ambitions.



68% of the staff is Italian. Foreigners are 32%.

There are no foreigners in leadership roles.



GOAL 202

Grant equal access to employment opportunities offered by MOROCOLOR ITALIA SPA, promoting equal opportunities in our company.

GOALS 8 AND 10: DECENT WORK AND REDUCED INEQUALITIES



4.6 Disciplinary practises

All employees are treated with dignity and respect. We have implemented a system of gradual communication of violations of the rules of conduct, in order to encourage the cohesion between workers and company management and to make workers understand their misconduct, which must not be repeated. The use of increasingly severe steps or measures is related to damage / violation and to their recurrence.

The company follows a specific progressive disciplinary procedure:

- verbal warning
- written warning
- monetary fine
- suspension
- dismissal

The application of these measures is regulated by Italian Law:

- T.U.81/2008;
- National Collective Agreement.

In the past year no disciplinary measures were taken.



GOAL 2022

Grant equal treatment in case of disciplinary practices to all MOROCOLOR ITALIA SPA employees, in compliance with the regulations of disciplinary procedures. Aim to a non-disciplinary approach, with the implementation of a collaborative and harmonious work environment.

GOAL 8: DECENT WORK



4.7 Working hours

For workers of MOROCOLOR ITALIA SPA the standard number of working hours per week is 40, per day is 8, 5 days per week.

Office work schedule is: 08.30-12.30; 13.30-17.30; employees in certain productions work on 3 shifts, while others work on a daily shift. Minimum length of lunch break cannot be less than 30 minutes for a complete workday.

The company complies with the restrictions on working hours contained in National Collective Agreement and D.Lgl. 66/2003.

According to the National Collective Agreement the normal workweek shall not exceed 40 hours. Overtime work cannot exceed 2 hours daily and 8 hours weekly. Furthermore:

- each worker has the right to at least 11 hours rest per day (every 24 hours);
- employees are entitled to one break for each daily shift longer than six hours;
- employees are entitled to a weekly rest day (24 hours in a seven-day period), which normally is a Sunday, in addition to 11 hours daily rest.
- paid holiday entitlement is at least four weeks a year.

Employees use a time clock badge to record work hours and overtime work.



GOAL 2022

Monitor the compliance with weekly and yearly overtime work.

Grant at least 4 weeks paid holiday every year and agree a plan for annual leave accumulated in the previous year.

GOALS 2 AND 8: ZERO HUNGER AND DECENT WORK



4.8 Remuneration

Wages meet legal standards set through National Collective Agreement applied in the company and are higher than living wage. A copy of the National Collective Agreement is always available to workers (HR department). Living wage was calculated according to National Institute for Insurance against Accidents at Work (INAIL) yearly calculation of poverty threshold (1096,87 €). Compared to the company minimum wage and to the provisions of the National Collective Agreement, no wage paid by our company is lower than this value. The wage includes all contributions fixed by law and is always related to worked hours and job role (tasks and skills). 100% of the workers are covered by healthcare.



GOAL 2022

Grant that all wages always meet the provisions of National Collective Agreement
 Guarantee that the employees are paid every month, with no delay.
 Properly pay overtime hours with additional compensation, as required by the National Collective Agreement.

GOALS 6 AND 12,13,14,15: CLEAN WATER, RESPONSIBLE CONSUMPTION AND PRODUCTION, LIFE ON LAND, CLIMATE ACTION AND LIFE BELOW WATER



4.9 Environment protection and sustainable development

MOROCOLOR ITALIA SPA has the main headquarters in Campodarsego, in an area classified both as private and artisan area, its branch is located in a mainly industrial area. MOROCOLOR ITALIA SPA has appointed an Environmental Management System Chief.

The company has obtained a Unique Environmental Authorisation for both sites, Via Bassa Prima 224 and via Galvani 7, Campodarsego (PD): in the first factory the Environmental Authorisation protocol 111519/16 of 26/08/2016 act 636/AUA/2016 concerns:

- land emissions (after purification, waste process water is discharged in the public sewage system),
- emissions into the atmosphere (through authorisation of a number of chimneys),
- noise emissions.

In the second location the Environmental Authorisation protocol 1718_2022 of 22/02/2022 act 1718/AUA/2022 concerns:

- emissions in the atmosphere (through authorisation of a number of chimneys)
- noise emissions.

In the analysis of relevant environmental issues we must consider:

WATER: MOROCOLOR ITALIA SPA operates in an industrial area.

Water consumption in the company is monitored, as shown in the table below;

AIR: MOROCOLOR ITALIA has an Unique Environmental Authorization (AUA) for emissions into the atmosphere.

Analytical tests conducted once a year grant the compliance with the limits on the emission imposed by the law.

WASTE: MOROCOLOR ITALIA SPA regularly presents the environmental declaration single form (MUD). The data on waste disposal are reported below. Data on waste recycling will be available soon.

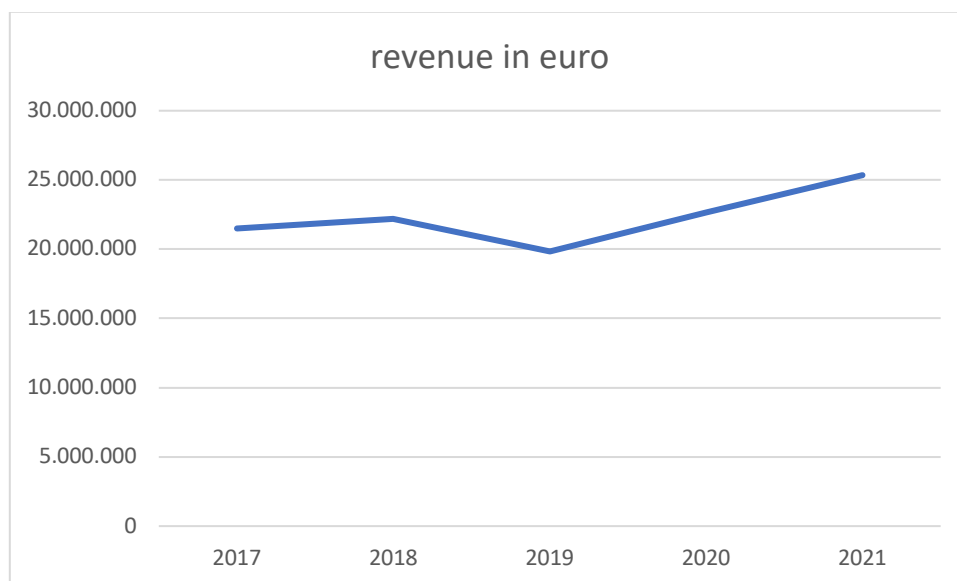
LAND: there are no significant environmental aspects.

We systematically monitor the consumption of fundamental resources such as:

- ✓ water
- ✓ gas

✓ electricity

Morocolor Italia SPA has conducted an environmental analysis in early 2022.
All data must be related to economic growth and production development.



Di seguito alcuni indicatori ambientali elaborati.

Indicator			U.M.	2019		2020		2021	
				semi-finished	value	semi-finished	value	semi-finished	value
IA-01	electricity	Via Bassa Prima	MW/semi-finished	2.955.780	0,03%	3.510.931	0,03%	3.909.921	0,03%
		Via Galvani		739.243	0,05%	787.995	0,05%	1.114.726	0,05%
IA-02	natural gas	Via Bassa Prima	mc/semi-finished	2.955.780	0,0224	3.510.931	0,0283	3.909.921	0,0309
		Via Galvani	mc/kg produced chalk mixtures	503.000	0,1245	525.000	0,1194	570.000	0,1068
IA-03	water (per production)	Via Bassa Prima	Litres of water /Kg semi-finished	2.955.780	5,97%	3.510.931	15,31%	3.909.921	20,16%
		Via Galvani		739.243	5,24%	787.995	4,76%	1.114.726	5,18%
IA-04	Discharged water (Via Bassa)	Via Bassa Prima	Litres of water /Kg semi-finished	2.955.780	8,41%	3.510.931	9,09%	3.909.921	11,83%
IA-05	Sludge from waste water treatment	Via Bassa Prima	Kg sludge/kg semi-finished	2.955.780	1,66%	3.510.931	2,07%	3.909.921	2,45%
IA-06	Produced waste (recycling)	Via Bassa Prima	kg waste/Kg semi-finished	2.955.780	6,02%	3.510.931	5,99%	3.909.921	8,01%
		Via Galvani		739.243	1,67%	787.995	1,71%	1.114.726	2,83%
IA-07	Produced waste (disposal)	Via Bassa Prima	Kg waste/Kg semi-finished	2.955.780	0,91%	3.510.931	1,24%	3.909.921	4,14%
		Via Galvani		739.243	0,97%	787.995	2,49%	1.114.726	3,11%
IA-08	Recycled produced waste compared to Total produced waste	Via Bassa Prima	kg recycled /kg total waste	-	86,91%	-	82,88%	-	65,92%
		Via Galvani		-	36,66%	-	59,38%	-	52,40%
IA-09	Factory total waste	Via Bassa Prima	Kg waste/Kg semi-finished	2.955.780	6,92%	3.510.931	7,23%	3.909.921	12,15%
		Via Galvani		739.243	2,64%	787.995	4,20%	1.114.726	5,94%
IA-10	Flour	Via Bassa Prima	Tons/semi-finished	2.955.780		3.510.931		3.909.921	
		Via Galvani		739.243		787.995		1.114.726	
IA-11	Starches, renewable binders	Via Bassa Prima	tons/ semi-finished	2.955.780		3.510.931		3.909.921	
		Via Galvani		739.243		787.995		1.114.726	
IA-12	Fiber	Via Bassa Prima	tons/ semi-finished	2.955.780		3.510.931		3.909.921	
		Via Galvani		739.243		787.995		1.114.726	
IA-13	Chalk production waste (Via Galvani)	Via Galvani	kg/ semi-finished	503.000	1,41%	525.000	3,15%	570.000	2,97%
IA-14	Packaging production waste (Via Bassa) and modelling clay production waste (Via Galvani)	Via Bassa Prima	kg/ semi-finished	2.955.780	0,34%	3.510.931	0,31%	3.909.921	0,58%
		Via Galvani		168.300	not produced	322.300	0,96%	356.400	0,78%



ENVIRONMENTAL GOALS 2022

Constant monitoring of consumptions in order to find out over time any possible improvement in terms of sustainability.

4.10 Management System

MOROCOLOR ITALIA SPA has developed a sustainability management System according to standards UNI EN ISO 14001:2015 and SA8000:2014.

Hereafter some core elements of the Sustainability System:

Sustainability Policy: issued and posted on our notice board and website.

Review: every year our management considers the achievements of the sustainability system. On that occasion, the management verifies the compliance with the examined issues, takes possible corrective action and approves an improvement plan.

Planning and implementation: with the purpose of a continuous improvement of our staff's awareness of all aspects related to sustainability, MOROCOLOR ITALIA SPA implements training programmes which integrate issues related to social responsibility in training activities.

Suppliers are constantly monitored through a data collection system and check of certifications.

GOAL 17: PARTNERSHIPS FOR THE GOALS



In accordance with the requirements of standards SA8000:2014 and UNI EN ISO 14001:2015, MOROCOLOR ITALIA SPA has carried out a due diligence assessment of suppliers and customers, to highlight compliance with sustainability requirements included in the sustainability policy.

Supplier control: the aim of MOROCOLOR ITALIA SPA is to help improve sustainability throughout the whole production chain.

The company has established procedures for evaluating and selecting suppliers based on their capacity to meet the requirements of sustainability policy.

The requirements set out to achieve company targets are:

- Selection based on suppliers' reliability and compliance with ethical requirements
- Monitoring over time of the performances of the suppliers
- Adoption of corrective actions by the supplier in case of non-compliance with ethical issues
- Involvement of all suppliers in the process of improvement of a social responsibility system.

The procedure for monitoring and evaluation of suppliers, according to standards UNI EN ISO 14001:2015 and SA8000:2014 has been defined; implementation has started, asking our suppliers to comply with sustainability values. In operational terms, suppliers' assessment has been carried out with their adherence to sustainability requirements by sending them a Compliance Module.

Customer Control: MOROCOLOR ITALIA SPA carries out a due diligence assessment of its customers, being aware that a sustainability system can be effective only if all involved actors are striving to achieve common goals adopted by ISO 14001:2015 standard.

Reports, alerts and corrective actions: a written grievance procedure enables interested parties to make comments, recommendations, reports or complaints concerning the management of ethical system and/or non compliance with system requirements and standard. The written communications (on request, anonymity will be guaranteed to workers) may concern:

- Third parties (suppliers, customers etc.); communications may be submitted by mail, fax or e-mail. Contacts are available on the form on our website.
- Workers and internal collaborators. Communications can be submitted by contacting the sustainability team or in written form, following the instructions delivered to all workers.

Report of Ethical Code violations: to date we have no report of violation or non compliance from internal staff or stakeholders. With ethical issue we refer to reports related to social responsibility, (environmental) sustainability and corruption and fraud.



ETHICAL GOALS 2022

0 REPORTS OF ETHICAL CODE VIOLATIONS, PROMOTE IDEAS FOR IMPROVEMENT

Anti-corruption and fraud: The company has implemented a constant monitoring system of operating practises, to avoid corruption or fraud cases. During 2021 no case of non-compliance has been detected, moreover there have been no reports from internal or external stakeholders. The company has implemented a system, also anonymous, to report any violation of this kind.

Specific training on the subject of anti-corruption is organised every year for all professional figures who are particularly at risk.



ETHICAL GOALS 2022

0 CASES OF CORRUPTION AND FRAUD; 0 REPORTS OF NON-COMPLIANCE WITH ANTI-CORRUPTION AND ANTI-FRAUD RULES.

Internal communication: the company wants that the implementation of sustainability policy be effectively communicated and made accessible to all employees and co-workers.

This initiative, in line with the company communication policy and the release of information on the activities carried out, results from the awareness of the importance of the engagement of the staff on the issues of UNI EN ISO 14001:2015 and SA8000:2014. For this purpose a copy of our Sustainability Policy is publicly available on the company notice board; the company implements a training plan on ethical principles for its staff; a copy of the Sustainability Report is publicly available at the company reception.

External communication: a clear and detailed communication has always been a priority for MOROCOLOR ITALIA SPA. This need has increased, in recent years, with the development of new media.

The dialogue with customers and the attention to their needs give us the possibility to measure their satisfaction and to understand their perception of our company in a clear and accurate manner.

The Sustainability Report, available on our website, allows all external stakeholders to know the company goals as well as its performances in terms of sustainability.