

#GREENCREATIVITY

CARiOCA[®]

OUR FIRST SUSTAINABILITY REPORT

I am delighted to share Carioca's first sustainability report. Carioca's primary audience are the children and their parents, which is why our determination to make our everyday activities more sustainable must be of the utmost importance.

We are aware of our social, environmental and economic responsibilities and want to fulfill our commitments to shift our impacts and seize opportunities to create shared value.

Creativity is the cornerstone of our mission and we believe that creative thinking is an essential value for current and future society, particularly for the development of fluid thinking and the ability to find unconventional solutions.

We believe that we can play an important role in helping to limit the influence of the digital world, at least in children's early years, when creative and cognitive functions develop to the greatest extent.

We have chosen to follow a path which is based on the ability to embrace change and turn it into something magical, thus ensuring positive environmental and social impacts.

To this end, we are committed to embedding sustainability into everyday aspects of our business, striving to create lasting and resilient value for all our stakeholders.

This document, that summarizes our ESG commitments to date, is our starting point. We have set out to define our goals to improve our impact on the world and the actions we intend to take to achieve them.

Creativity, like sustainability, requires passion, energy and an ongoing desire to learn and engage, and we're ready to bring it all in.

Read on and enjoy yourself!

Enrico Toledo
CEO & President CARIOCA Spa



TABLE OF CONTENTS

Governance letter	p.2
PT. 1 Who we are and where we come from	
Our story	p.6
An entrepreneurial journey	
Commercial presence in the world	p.8
Our beliefs	
Brand purpose & vision	p.9
Our manifesto	p.10
Our offer	
Our products	p.11
Innovation and development	p.12
Safety and quality of the products	p.13
Market and end users	
Consumers and end-users	p.14
Governance	p.15
PT. 2 Our journey towards sustainability	
Our manufacturing process	p.18
Plant and processes	
Production plant	p.19
Production processes	
Sustainability and materiality matrix	
Carioca's materiality matrix	p.20
Carioca and sustainability	p.21
Our stakeholders for sustainability and methods of engagement	p.23
Governance and organization for sustainability	p.25
Carioca responsible sourcing	
The supply chain	p.26

PT. 3 Our care for the planet

Our commitment to sustainable products	p.29
Product design and engineering	
Concept and design aimed at reducing packaging	
Product durability	p.30
Materials used for production	p.31
Assessment of the environmental impact of products, aimed at the circular economy	p.34
Waste management and reduction	p.35
Management and reduction of water consumption	p.37
Energy management	p.38
Energy consumption	
Reduction of energy consumption	p.39
Consumption of energy from renewable sources	p.40
Approach to climate change management	p.41
Carbon neutrality	

PT. 4 Carioca people

Our Employees	p.45
Health and Safety of workers	p.46
Human capital enhancement	
Carioca Human Capital	p.47
Training (Human Capital)	p.48
Training on the job	
Diversity and inclusion	p.49

PT. 5 Our community

Memberships	p.52
Connected with local community	p.53
Promoting creativity	
Methodological Note	p.54
Data Synthesis	p.56
GRI Index	p.66



ABOUT US, THEN AND NOW





**WE WERE BORN INNOVATORS IN THE MID-50s,
ALWAYS BELIEVING IN CREATIVITY AS A TOOL TO GROW AND LEARN.**

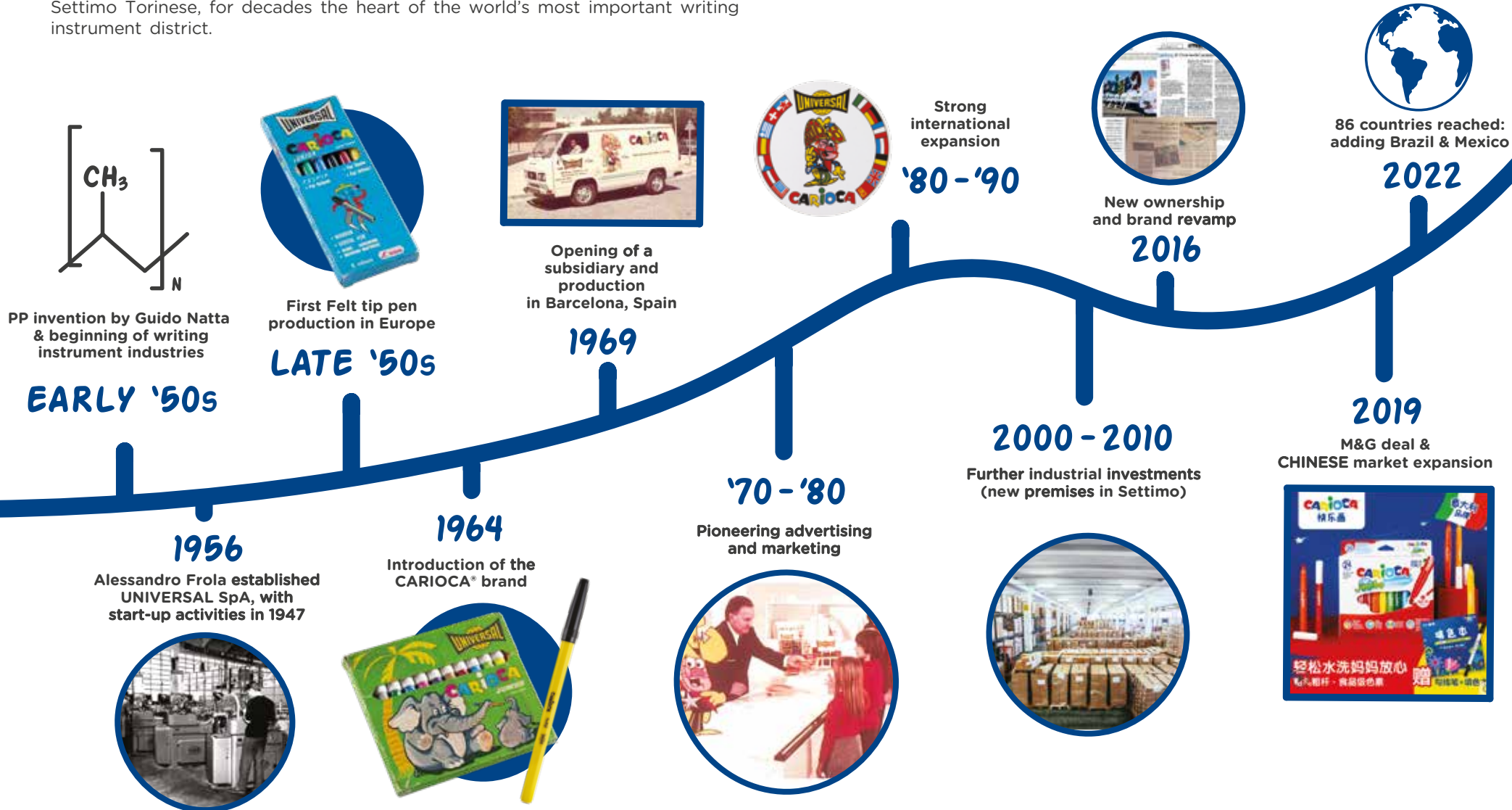
Today we develop that original vision with the same entrepreneurial spirit as those who preceded us, fully committed to making our footprint on Earth as light as possible, certain that we have a future ahead that we can build with passion, and always proud of what has already been done.

Our story

AN ENTREPRENEURIAL JOURNEY

Our story has its roots in an area with a strong Italian entrepreneurial vocation, Settimo Torinese, for decades the heart of the world's most important writing instrument district.

A new ownership turned the company around in 2016 with a major revamp of the CARIOCA brand and its solid industrial heritage and marketing excellence.



AN ENTREPRENEURIAL JOURNEY

From one entrepreneurial generation to the next, there has been a thread linking vision and founding values and it is represented by the base assets of our daily activities.

TECH AND KNOW-HOW

We proudly maintain the largest part of our production in Settimo Torinese, Italy, as well as the full in-house production of felt tip pens.

Ownership of production means strategic consistency and identity: this has always been a founding company asset and always will be.

Internal production excellence is manifest in four product categories: felt tip pens, markers, highlighters and ball pens.

Our unique water-based inks are produced internally in our own lab at the Settimo Torinese plant.

SAFETY AND QUALITY

We've never compromised on quality and safety in our products, hence qualifying the brand as a **global benchmark in the category**.

Our **internal R&D Lab** allows us to guarantee full control and traceability of the felt tip pens.

In addition, the company only deals with certified suppliers and monitors the whole production process with an accurate system of internal-external tests.

Our products are regularly tested by external labs in compliance with the latest toy rules and standards.



At Settimo Torinese, with our 20.000 m² plant, the production of felt tip pens and ballpens reaches a total of

1.2 million pieces per day

Commercial presence in the world

Carioca's global presence links children and teenagers all over the world.

Carioca nurtures its commercial partners worldwide, because we believe in loyal and fruitful long term relationships with our customers.

In 2023, Carioca products are available in more than 85 countries worldwide.



Our beliefs

BRAND PURPOSE & VISION

We promote children's creativity... starting from 1 year olds!

We believe in their diversity and self-expression, and help them **affirm their personality** with our tools.

And with them, we aim to help improve our planet.




As humans, creativity is probably the most important skill we start learning since our very first breath. CARIOCA targets its market focus on children and aims to empower them with creative, cognitive, and functional skills. Our brand payoff says it all: **create to learn.**

CARIOCA[®]
Create to Learn



Our beliefs

OUR MANIFESTO



Carioca is a story of inventions and ingenious attitude of brave people and creative minds devoted to **nurturing children's fantasy**, committed to exceeding parents' expectations. **Carioca was born an innovator in Italy** and has been **igniting passion** within generations of children for more than **50 years**. We will continue to sit next to them, inspiring the **creative child of today**, contributing to the **conscious adult of tomorrow**.

Our offer

OUR PRODUCTS

The **brand ecosystem** defines the scope of all **CARIOCA** products, including expansions and variations of the CARIOCA portfolio. The ecosystem is based on a use and age profile defined by the customer target and consistent with the brand promise.



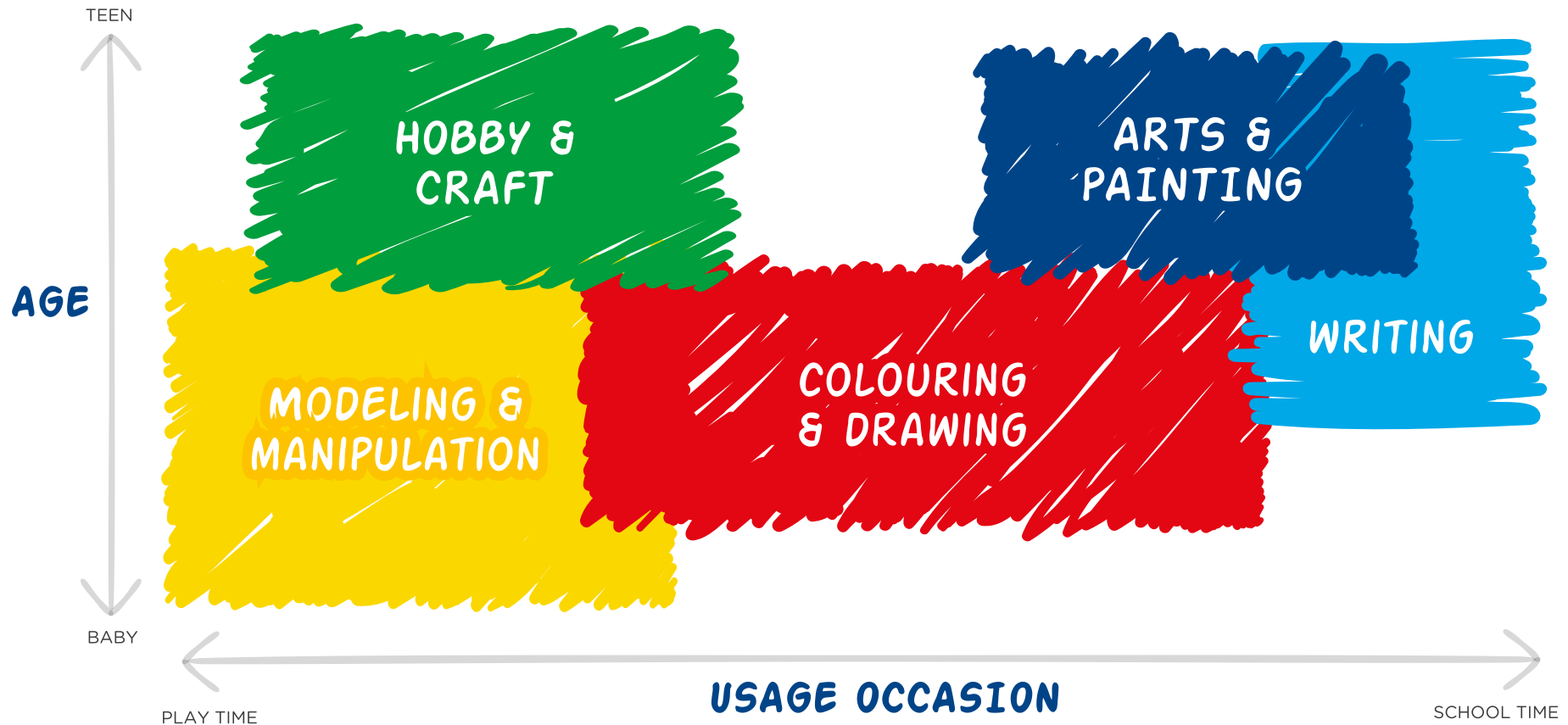
TOOLS TO

EMPOWER CHILDREN'S CREATIVITY

WRITE MODEL COLOUR CREATE

1-14 Y.O.

BY OCCASION AND AGE PROFILE



Our offer

INNOVATION AND DEVELOPMENT

Since the brand revamp in 2016, CARIOCA re-engaged its pioneering spirit of creation and began a new era of product innovation. The launch of new products or new lines is always aimed at occupying new segments and becoming a champion of appreciation and sales.



Baby
2016



MASKUP
2018



COPS
2020



SUPERCOLOR
2022

2017

TiTA



2019

Modelight



2021

METALLIC



Our offer

SAFETY AND QUALITY OF THE PRODUCTS

Virtuous product design adheres as closely as possible to the usage capabilities of the end-user. With CARIOCA, creative exploration is made fluid and suitable for all developmental ages.

Our little creatives can fully express themselves with CARIOCA products suited to their progression and can be accompanied throughout their growth in manual and cognitive skills.

FROM 12 MONTHS



2+ YEARS



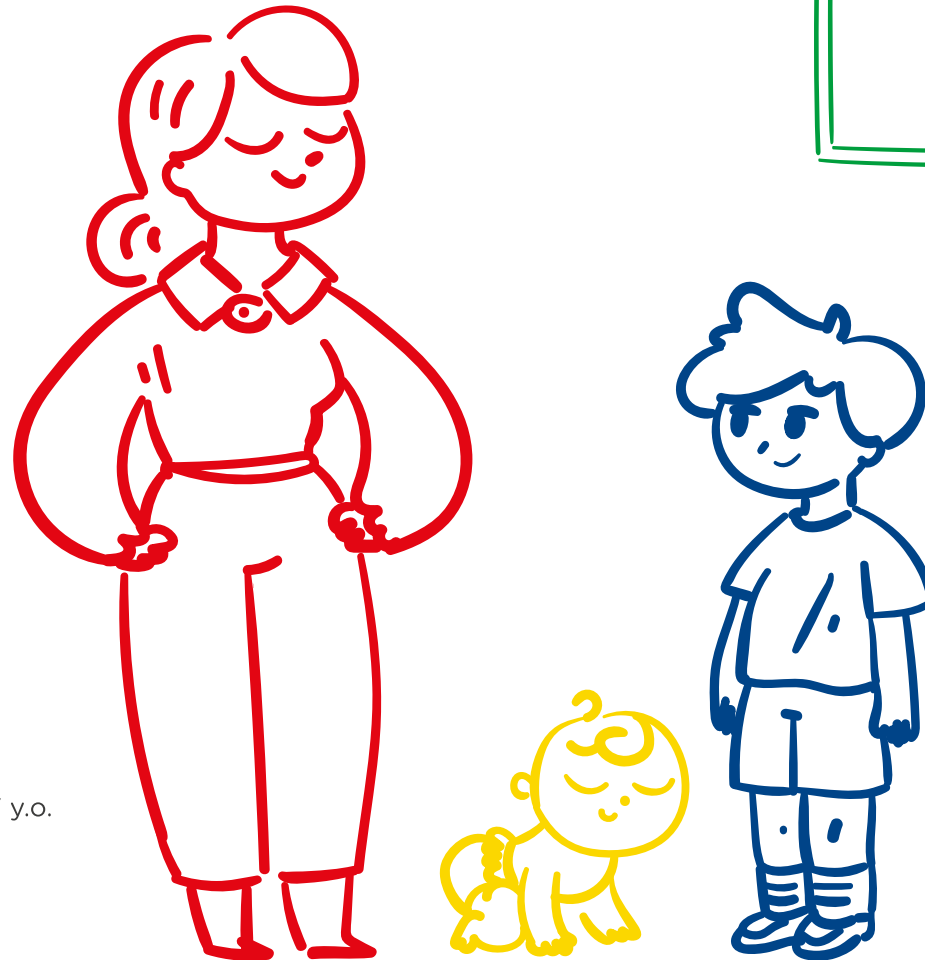
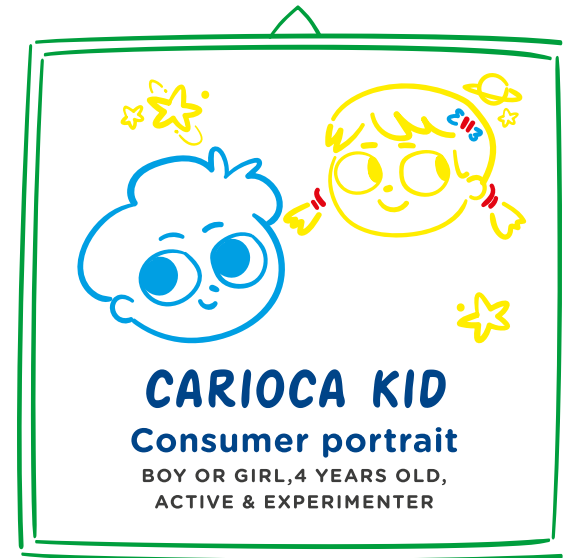
4 - 6 YEARS



LEARNING HOW TO WRITE



Market and customers



SHOPPER

PARENTS with kids less than 7 y.o.
&
KIDS from 7 y.o.

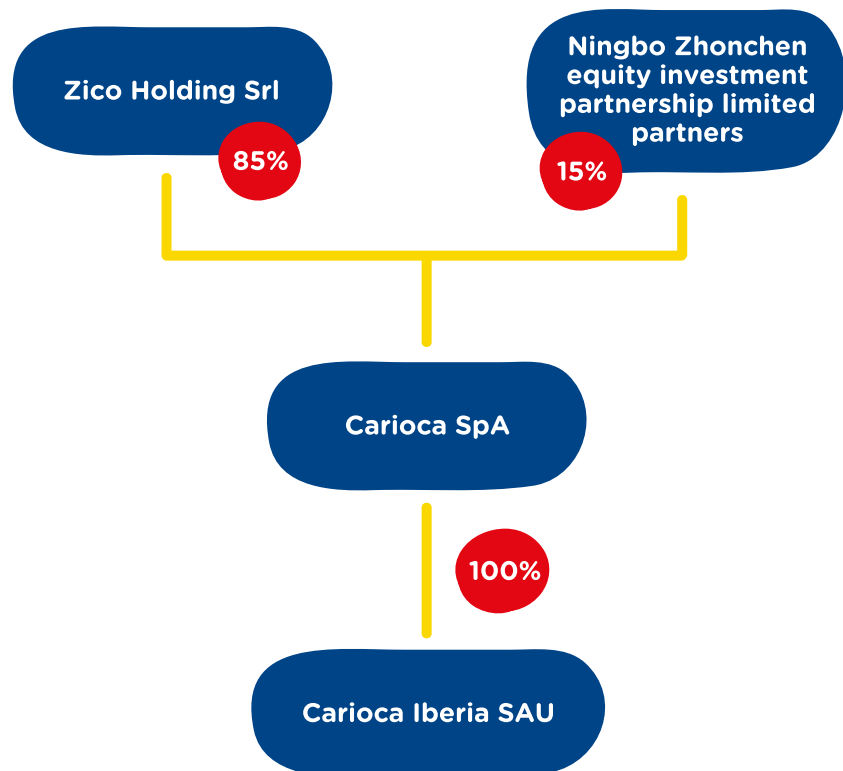
CONSUMER

Kids: from 1 to 14 years old
Baby: 1 - 4
Primary school: 5 - 9
Early teens: 10 - 14

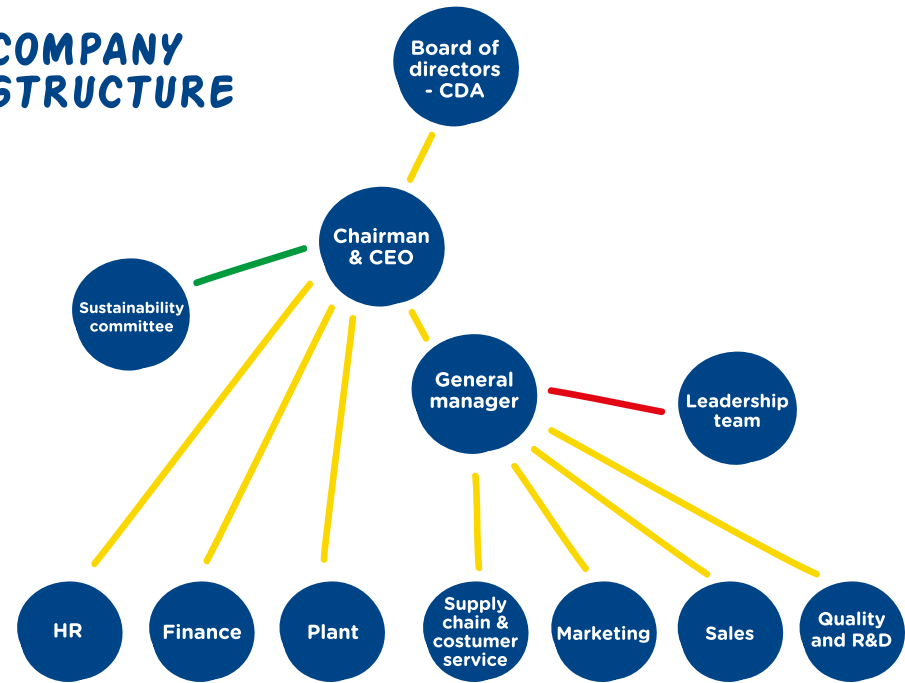
Governance

CORPORATE BODIES AND SHAREHOLDING STRUCTURE

Our corporate structure includes two partners: Zico Holding, unlisted company led by a group of Italian investors who hold 85% of the share capital and an important Chinese investment fund, Ningbo Zhongchen Equity Investment partnership Limited partners, linked to the leader of the stationery world in China: Shanghai M&G Stationery Inc., a company listed on the Shanghai Stock Exchange.



COMPANY STRUCTURE



The Shareholders' Meeting and the Board of Directors guide the company towards the long-term strategic objectives and meet regularly to review trends and, where necessary, correct and improve the strategic plans.

Our operating structure reports to the CEO, to whom the General Manager reports as directly responsible for all areas of business development such as commercial marketing, supply chain, customer service, R&D and Quality.

Otherwise, the production plant and staff functions such as Finance, HR, Legal and general services, as well as the manager of special projects, report directly to the CEO.

The CEO also leads the Sustainability Committee, in charge of promoting increasingly sustainable development policies in all the areas: environment and safety, social and governance while the General manager leads the Leadership Team, in charge of guiding the company towards short and medium-term objectives in the implementation of the guidelines dictated directly by the shareholders, the CEO and the Board of Directors.

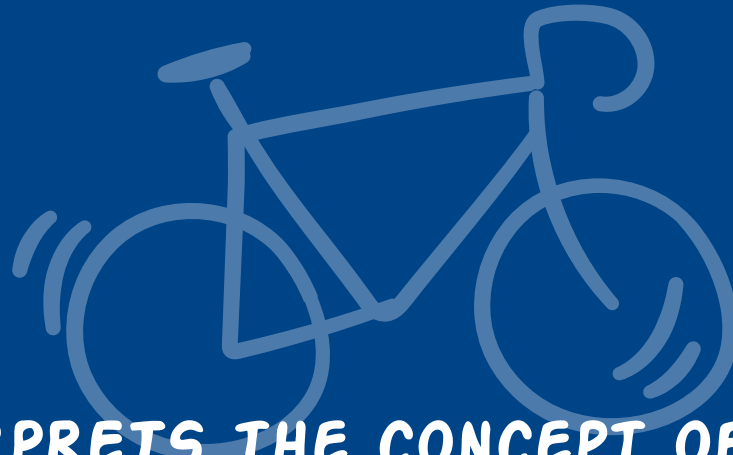
Governance defines the system and rules for the management and control of the company.

Our governance system is transparent with independent and non-executive directors and supervisory bodies.





**OUR PATH
TOWARDS SUSTAINABILITY**

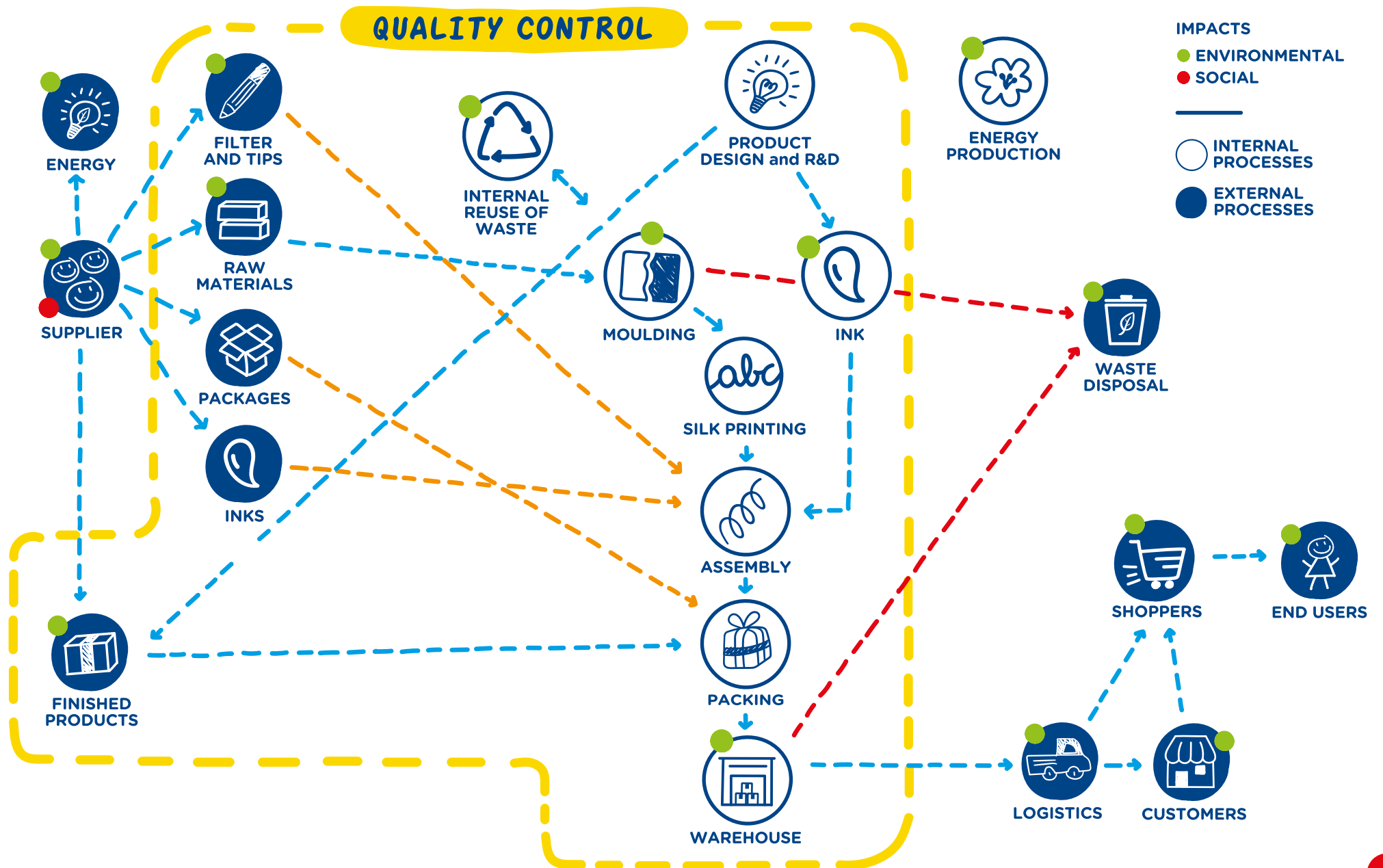


CARIOCA INTERPRETS THE CONCEPT OF SUSTAINABLE PRODUCTS IN THE BROADEST ALL-EMBRACING POSSIBLE WAY.

Over the years, our focus on sustainability has transformed our technologies, energy sources, and our entire production cycle.

Today, CARIOCA continues to pursue further goals, with the strength of its own awareness and the knowledge capital acquired to date.

Our manufacturing process



Plant and processes

PRODUCTION PLANT

Total area: 20.000 m²

Covered area: 18.500 m², divided into two floors.

Production area: 6.500 m²

Storage/warehouse area ca. 12.000 m²

Maintenance area + one medium voltage electrical energy transformation cabinet.

GROUND FLOOR is divided into two wings:

- inbound of raw materials and imported finished products;
- outbound and delivery of customer orders;
- molding and ink departments.

FIRST FLOOR comprehends:

- assembly and packing departments;
- storage area of the semi-finished products.



PRODUCTION PROCESSES

MOULDING PROCESS



Virgin or regenerated raw materials are mixed with the color master batch directly in the moulding machine. After being moulded, components like barrels, caps, end plugs, valves and nib holders stabilize in size within 24 hours.

INK PREPARATION

The inks used in the assembly process are produced in two mixers, both of 1000 L capacity. The water coming from the public network flows through a demineralization unit, to remove the mineral ions, and is then sterilized using UV lamps, in order to kill any bacteria present.



SILK SCREENING PROCESS



The desired image is impressed on the barrel by applying paint on a personalized screen that touches the barrel while it rotates. The personalized barrel is left to rest for at least 4/6 hours, to avoid any damage in the next steps of the production.



ASSEMBLY PROCESS



This process involves the assembly of the felt pen, by combining together the plastic components, the filter, the ink and the nib. The process is completely automated. After the various stages of assembly, the ink will move from the filter to the nib through a capillary effect; the nib will release the ink gradually while writing.

PACKING PROCESS

Felt pens are divided by color and inserted in hoppers, from where they are transferred to a conveyor belt in the correct sequence. Single packages are put in bigger boxes that store 24 or 48 packages and put on pallets to prepare for shipment!



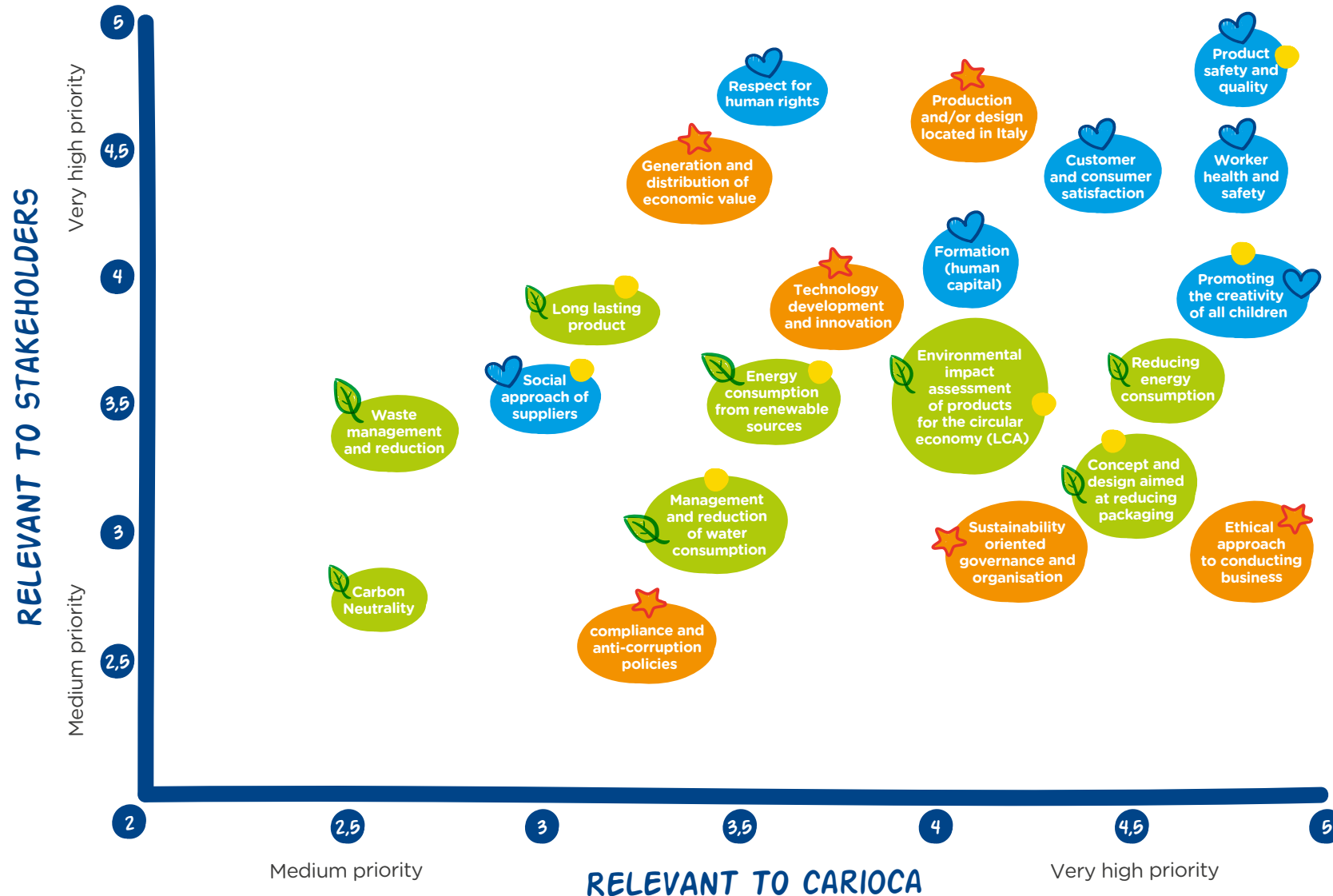
Sustainability and materiality matrix

CARIOCA'S MATERIALITY MATRIX

The importance of each material issue identified by the Sustainability Committee was measured by means of an internal and external survey.

The questionnaire was sent to management, to the Sustainability Committee and to some employees.

In addition, the questionnaire was presented at a meeting with all foreign agents, who were asked to rate each issue according to its importance for their customers.



Sustainability and materiality matrix

CARIOCA AND SUSTAINABILITY

ENVIRONMENTAL:

- 1. Reducing energy consumption:** Energy and efficiency is part of the measures we have taken to achieve climate and carbon neutrality.
- 2. Renewable Energy:** To improve our carbon neutrality, in 2020 we installed a photo-voltaic system able to produce about 500.000kWh. In 2022, we switched our energy supplier to take advantage of CVA's 100% renewable energy mix and we launched a feasibility study for the expansion of the existing photo-voltaic system.
- 3. Carbon neutrality:** We intend to implement procedures that, in addition to monitoring our emissions, allow their reduction and/or offsetting, also in line with the European Zero Net Carbon strategy.
- 4. Waste management and reduction:** We implement strategies to prevent and reduce the amount of waste produced to the minimum.
- 5. Managing and reducing water consumption:** At Carioca we feel that protecting water resources is an extremely urgent issue that requires immediate action. We are thus committed to reducing water consumption and managing water resources efficiently through ad-hoc technologies and internal best practices.
- 6. Product Environmental Impact Assessments for the circular economy:** The circular economy is a macro issue as well as a strategic resource. We are striving to achieve the goal of circular economy, but are dependent on current external contextual factors that limit its full achievement.
- 7. Durability of the product:** We consider the durability of our products to be a key feature, in line with our circular economy strategy.
- 8. Concept and design aimed at reducing packaging:** At Carioca we are committed to introduce recycled/reusable materials for the packaging of certain products.
- 9. Product safety and quality:** Having product quality and safety always in mind, we have created within the company structure a quality/regulatory function that closely monitors and verifies the quality and safety of each product.

SOCIAL RESPONSIBILITY:

- 10. Employee health and safety:** Carioca is a working environment where health and safety of workers are essential aspects.
- 11. Ethical approach to business:** Integrity, loyalty, freedom from conflicts of interest, transparency and confidentiality are the principles of our Code of Ethics.
- 12. Suppliers' social approach:** Our suppliers are selected on the basis of commercial criteria as well as of sustainability and social awareness.
- 13. Respect for human rights:** We share and adhere to the international core principles defined by the UN Universal Declaration of Human Rights and the International Labour Conventions and Recommendations issued by the ILO.
- 14. Encouraging creativity in all children:** Creativity is a pillar of our activity and one of our main objectives is to make it accessible. Carioca is alongside little creators also on social networks with short videos to unleash their imagination.

GOVERNANCE:

- 15. Consumer/customer satisfaction:** In the pursuit of customer and end-user satisfaction we require all directors, managers and employees to engage in all customer relationships with honesty, professional fairness and transparency.
- 16. Economic value creation and distribution:** In order to create value over time and share it with all stakeholders, we implement sustainable growth strategies and appropriate management policies.
- 17. Production and/or design in Italy:** The "Made in Italy" brand has always been a guarantee of quality for many products. For Carioca, production in Italy entails a strategic choice aimed at protecting Italian industry.
- 18. Management and organization for sustainability:** Our Sustainability Committee is chaired by the CEO and the General Manager and it is made up of the heads of the main business areas such as Quality/Regulatory Control, Research and development, Human Resources, Marketing, Supply chain, Production. The Committee outlines Carioca's industrial model consistently with sustainable growth.
- 19. Compliance and anti-corruption policy:** As explicitly stated in the Code of Ethics, there is zero tolerance for any form of bribery of public officials, legal entities or any other person as defined by the relevant laws.
- 20. Development and technological innovation:** Our operations are based on an innovation-oriented mindset aimed at ensuring the highest quality of products and services, therefore we support training and skill development programmes and investment in technology.

THE MATERIAL TOPICS WERE IDENTIFIED AFTER A CAREFUL ANALYSIS BY THE SUSTAINABILITY COMMITTEE.
THE SCOPE OF EACH TOPIC CAN BE TRACED BACK TO THE HEAD OFFICE IN SETTIMO TORINESE.
THE IDENTIFIED MATERIAL TOPICS ARE CONSISTENT AND PARTICULARLY RELATED TO ESG.

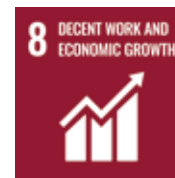


CARIOCA'S MATERIALITY MATRIX

CARIOCA identified 6 key goals within the Sustainable Development Goals promoted by the UN in Agenda 2030:



We are committed to facilitating the approach of all children and young people to the development of creativity and the enhancement of artistic skills and knowledge. Our products are designed and developed in order to accompany the personal growth and training journey of our users.



At Carioca, we are committed to ensuring a decent working environment and progressive economic growth by innovating our technology, and integrating ESG issues into our business strategy.



We are aware of how essential water is and the urgency of taking concrete action to protect it. At Carioca, our aim is to contribute to the target of efficiency and reduction of water consumption through the activation of a number of internal procedures.



As well as innovation and technological modernisation of our processes, we believe it is important to upgrade our infrastructure, and for this reason we have started to improve the efficiency of our plant in order to reduce our costs and impact on the environment.



Reducing energy consumption, combined with the use of renewable energy, is a concrete step towards reducing our environmental impact. In order to contribute to this goal, we have chosen a renewable energy mix. We have also implemented operational energy efficiency measures and internal best practices.



We aim to integrate sustainability into all our processes to achieve sustainable management and efficient use of natural resources, including waste prevention, reduction, recycling and reuse.



Sustainability and materiality matrix

OUR STAKEHOLDERS FOR SUSTAINABILITY AND METHODS OF ENGAGEMENT

Together we make a difference! We acknowledge our stakeholders and we engage with them through dialogue and exchange in order to achieve our common goals, especially those related to sustainability.

- 

Shareholders
 Financial results disclosure
 Sustainability disclosure
 Code of Ethics
 Quarterly review
- 

Human resource
 Training, Development and Evaluation
 Code of Ethics
 Corporate Information
 Labour relations and union agreements
 Regular meetings
 Carioca insieme' communications
 Communication Box
- 


"Selected" partner suppliers
 Sharing and/or signing the code of ethics
 Survey of characteristics through a factory profile
 Direct contact with the relevant structures (logistics, sales, quality control)
- 

Bank & Lenders
 Financial disclosure
 Sustainability disclosure

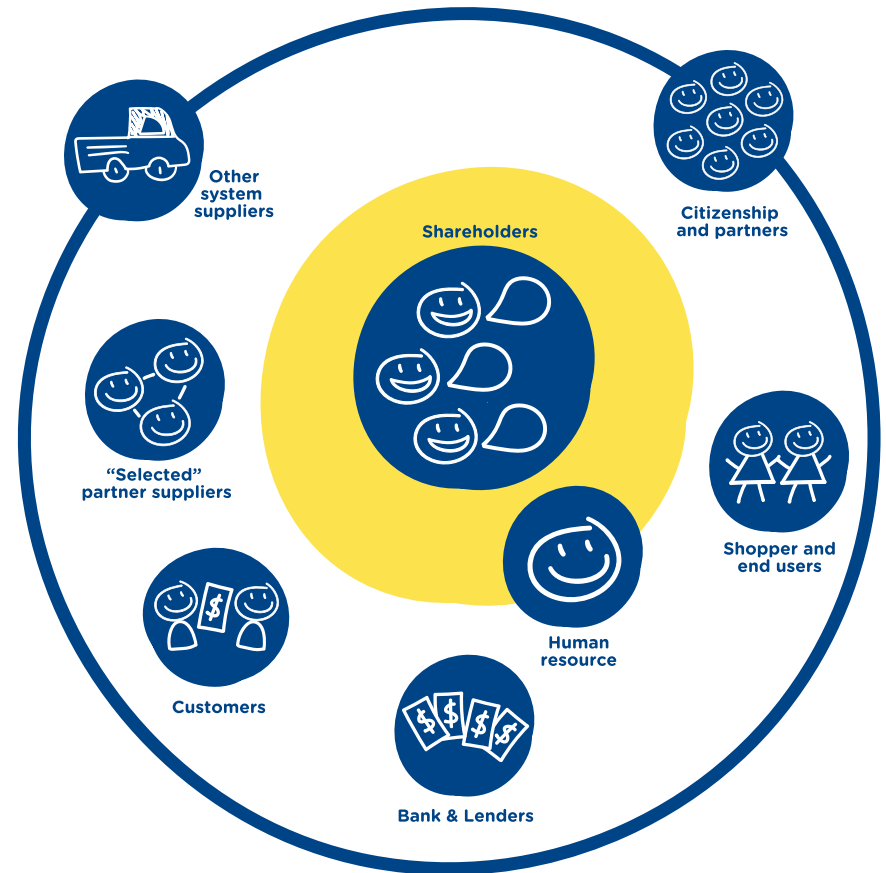
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Customers
 Participation in trade fairs and special events
 Direct contacts with the relevant structures (logistics, sales, quality control)
 Audits
 Product catalogue
 Code of Ethics
 Company website
- 

Shoppers and end users
 Company website
 Social media
 Customer Service
 Meetings and workshops
- 

Other system suppliers
 Sharing and/or signing the Code of Ethics
 Direct contact with relevant structures (logistics, sales, quality control)
- 

Citizenship and partners
 Sharing and/or signing the Code of Ethics
 Direct contacts with the relevant structures (logistics, sales, quality control)



Stakeholders	Expectations	Engagement
Customers	<ul style="list-style-type: none"> - Product quality, safety and competitiveness - Continuity and accountability of services - ESG engagement - Sustainable Supply Chain Management 	<ul style="list-style-type: none"> - Audit and product catalogue - Direct contact with the competent structures (logistics, sales, quality control) - Attending trade shows and special events - Code of Ethics and Web sit
Shoppers and End users (children & families)	<ul style="list-style-type: none"> - Product health and safety - Environmental impact of the product - Product Quality 	<ul style="list-style-type: none"> - Website and Social media - Customer service - Meeting initiatives and workshops
"Selected" partner suppliers	<ul style="list-style-type: none"> - Fairness, transparency and continuity of contractual arrangements - Communication of business strategy 	<ul style="list-style-type: none"> - Sharing and/or signature of the Code of Ethics - Survey of characteristics through a factory profiling - Direct contact with competent structures (logistics, sales, quality control)
Other system suppliers	<ul style="list-style-type: none"> - Fairness, transparency and continuity of contractual arrangements 	<ul style="list-style-type: none"> - Sharing and/or signature of the Code of Ethics - Direct contact with competent structures (logistics, sales, quality control)
Shareholders	<ul style="list-style-type: none"> - Value creation and distribution - Economic, social and environmental sustainability - Risk management - Sharing of mission and vision 	<ul style="list-style-type: none"> - Disclosure of financial results - Sustainability Disclosure - Code of Ethics - Quarter review
Human Resources	<ul style="list-style-type: none"> - Health and safety at work - Communication of business strategy - Fairness, transparency and continuity of contractual agreements - Enhancement of skills and Welfar 	<ul style="list-style-type: none"> - Training, development and evaluation - Code of Ethics and Company information - Industrial relations and trade union agreements - Regular meetings - "Carioca insieme" communications - Communication box
Banks and Lenders	<ul style="list-style-type: none"> - Value creation and distribution - Business continuity and risk management - Economic, social and environmental sustainability 	<ul style="list-style-type: none"> - Disclosure of financial results - Sustainability Disclosure
Citizenship and partners	<ul style="list-style-type: none"> - Transparent communication and accountability - Compliance with legislation and standards - Compliance with certification specifications - Use of local resources - Support for territorial initiatives - Creativity development initiatives 	<ul style="list-style-type: none"> - Sustainability Disclosure - Code of Ethics - Website - Plant visits



Governance and organisation for sustainability



CARIOGA's Sustainability Committee was established in 2022 and its primary role is to define and develop strategies that enable a simultaneous approach to ESG issues in all areas of our business.

Chaired by the CEO and the General Manager, it includes the heads of key functional areas: Production and Quality/Regulatory, Research and Development, Marketing, Logistics and Purchasing, Human Resources.

THE MAIN FUNCTIONS OF THE COMMITTEE CAN BE SUMMARISED IN:

- 1** Developing a sustainability strategy for each business area, integrating ESG targets;
- 2** Collecting sustainability data and overseeing performance/results;
- 3** Engaging stakeholders in a transparent dialogue on sustainability topics;
- 4** Drafting of a sustainability report;
- 5** Monitoring of international sustainability initiatives.

Carioca responsible sourcing

THE SUPPLY CHAIN

A sustainable supply chain integrates ethical/social and environmentally friendly practices into a successful competitive model.

Supply chain transparency is critical from top to bottom, while sustainability initiatives need to extend from raw material sourcing to last-mile logistics.

To do this, the collaboration of all the players involved in the supply chain is required - from the suppliers of raw materials, packaging and finished products, to the transport suppliers, in charge of the distribution of the goods: everyone must make a joint effort and promote concrete actions such as the use of raw materials of sustainable origin or the rationalisation of the resources used.

FOCUS

CARIOCA has embodied these principles, asking its suppliers to do the same in a common effort to achieve higher environmental and social standards.

This is why we carefully monitor the management approach of our suppliers in terms of Quality, Environment and Safety and require adherence to our Code of Ethics, inspired by the BSCI principles, or an acknowledged certification in the social domain.



GREEN SUPPLY CHAIN



TRASPARENT SUPPLY CHAIN



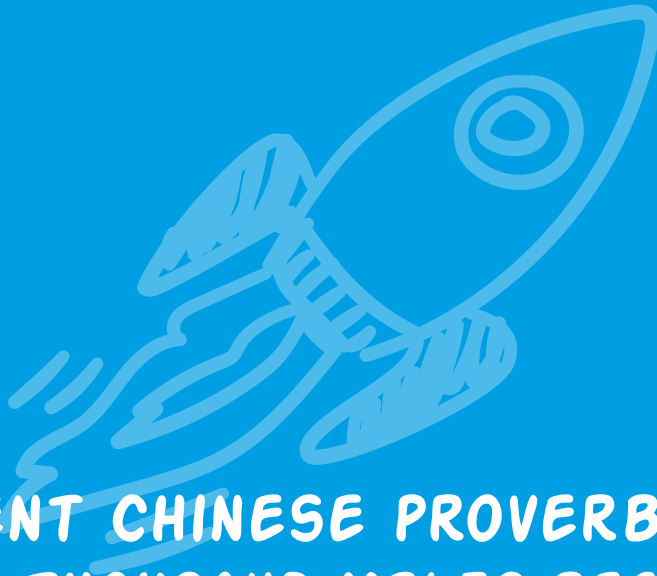
CIRCULAR SUPPLY CHAIN





OUR CARE

FOR THE PLANET



**AN ANCIENT CHINESE PROVERB STATES:
"A JOURNEY OF TEN THOUSAND MILES BEGINS WITH THE FIRST
STEP".**

CARIOCA carries on along the defined path with foresight and attention to every detail.

The common goal of safeguarding our planet can be achieved
as much with vision and planning as with simple everyday actions!

Our commitment to sustainable products

PRODUCT DESIGN AND ENGINEERING

When designing our products we immediately think of the packaging, trying to reduce the quantity and volume required.

The packaging, where possible, is thought as an integral part of the product.



FOCUS: ELIMINATION OF PLASTIC PACKAGING

Starting from 2020, our attention to the sustainability of packaging has focused on the gradual reduction of the use of plastic. Thanks to this commitment, in three years we have managed to avoid the use of:

PVC packaging (completely removed in 2022)

PVC (ton)* = 53

PET (ton)* = 18.5

Total plastic (ton)* = 80.5

*the data in the table has been estimated on the basis of consumption.

FOCUS: FSC

FSC certification - Forest Stewardship Council - is an international certification for forestry and forest based products such as wood and paper.

In October 2022, Carioca obtained the FSC Certification of its Chain of Custody Management System; we are therefore able to supply FSC certified products to our customers and end users.

CONCEPT AND DESIGN AIMED AT REDUCING PACKAGING

Our packaging strategy and reduction approach is concentrated on four principles of circularity.



For the packaging of our products we prefer to use 100% recyclable paper, but by their nature some products require plastic packaging.

POLITICS

We work on sustainable packaging by trying to replace the most impactful materials with more sustainable ones, moving towards greener packaging.

RESULTS

- Elimination of the use of PVC packaging from CARIOCA's brand products.
- 80.5 tons of plastics saved.

GOALS

Reduction of the use of virgin plastics in packaging.



Our commitment to sustainable products

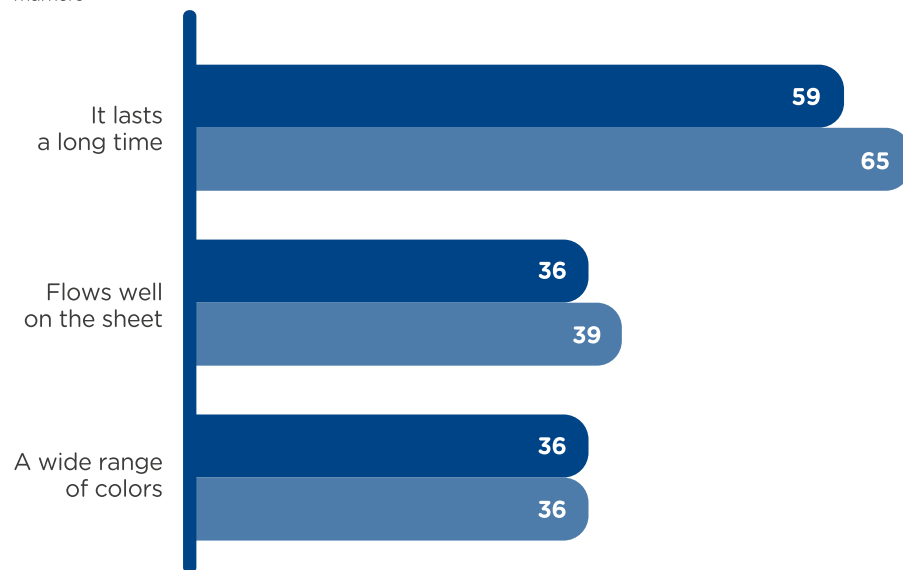
PRODUCT DURABILITY

The basis of long-term sustainability is the durability of a product: the more useful it will be to us over time, the later it will become waste.

Consumers and customers alike believe that the features that most determine the quality of products belonging to our market are: **durability**, **safety** and **performance**, as well as the **eco-sustainability** of the materials used.

Charateristics of markers

with which Carioca responds best to the request of parents, of children aged between 5 and 13, who buy markers



- Parental response at the question "Which of these elements that characterize the markers do you take into consideration when choosing wich ones to buy for your child?"
- Parental responses with respect to Carioca

Doxa's research (Doxa Kids 21/21) has shown that our markers largely meet parents' expectations in terms of long lasting, flowability and a wide range of colors.

FOCUS: CHECKING THE DURATION OF THE MARKERS

In our quality control department, one of the main aspects we pay attention to is the writing duration of each designed model.

Our experts then have the task of taking samples and submitting them to a writing test.

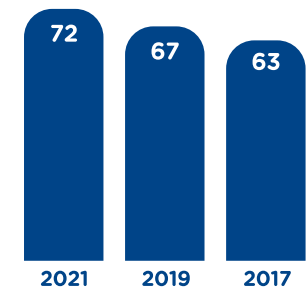
Using a special machine, the felt-tip pens are positioned on suitable supports in order to write on standard paper with a correct angle, which reproduces the typical writing angle, while continuously changing the support point of the tip, to avoid excessive wear of the tip itself.

The resulting trace is circular to minimize paper consumption: the equipment is able to automatically calculate the length of the trace, based on the number of circles traced and the paper sliding speed.

Parent % looking for a long lasting product

Source: Doxa

As part of our effort to reach a more sustainable product, we are striving to increase the duration of our products also to meet parent's growing request.



POLITICS

Even if we know that our products are not durable, we nevertheless try to give them the longest possible life.

RESULTS

- Average consumer perception of durability **59**
- CARIOCA's average **65**
- Long lasting of our markers than the average (source: Doxa)

GOALS

- Maintenance of high controls on the life of the markers
- Deliver better and longer performance by adding colors to the products: more lead in the pencils, more paint in the same tube, more ink in the markers.



Our commitment to sustainable products

MATERIALS USED FOR PRODUCTION

We use different materials such as various types of plastics, paints, inks and paper. The maintenance of the machines also requires the use of auxiliary materials, such as: ethyl alcohol, antifreeze, oils.

A key issue in our category is that of inks. The production, the use (by children) and the disposal of inks are crucial steps in the application of conscious production policies. For this reason, all CARIOCA inks are water-based!

We are able to produce most of the inks we need for our products. Only a small percentage of inks is purchased by suppliers.

FOCUS: WATER BASED INK

CARIOCA's markers for children contain water-based inks, i.e., aqueous solutions of dyes and additives: the latter are able to provide the most requested characteristics, such as brilliance and intensity of the colours.

They feature a great ease of use, because the colour is absorbed by the tip of the marker and transferred uniformly onto the paper support.

The decision to adopt water-based inks reflects our desire to protect our customers and consumers by avoiding the use of harmful and/or toxic substances that other types of ink would imply.

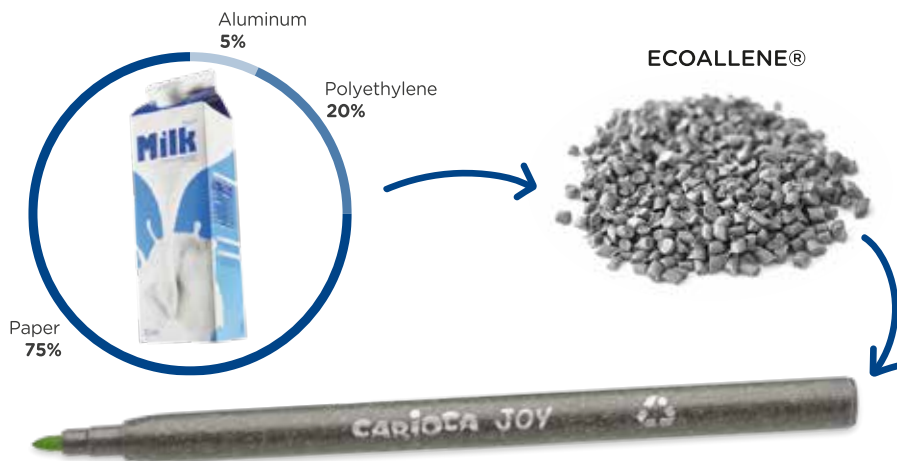
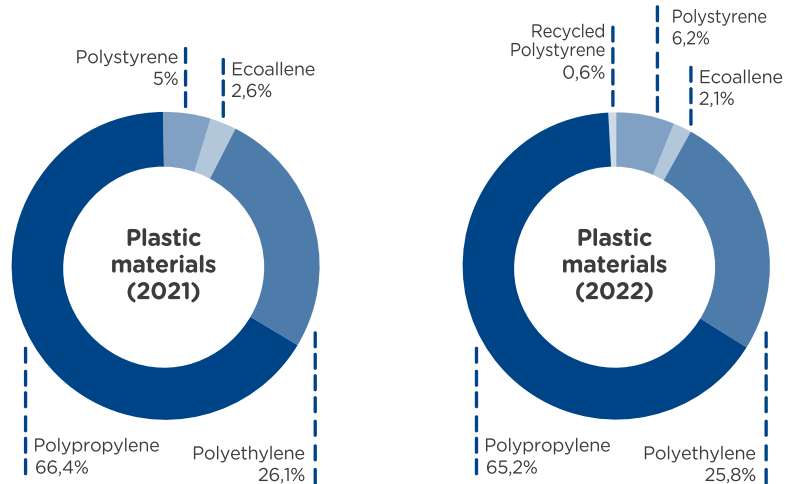
Our super-washable water-based inks are also easily washed off with soap and water from both skin and most fabrics!



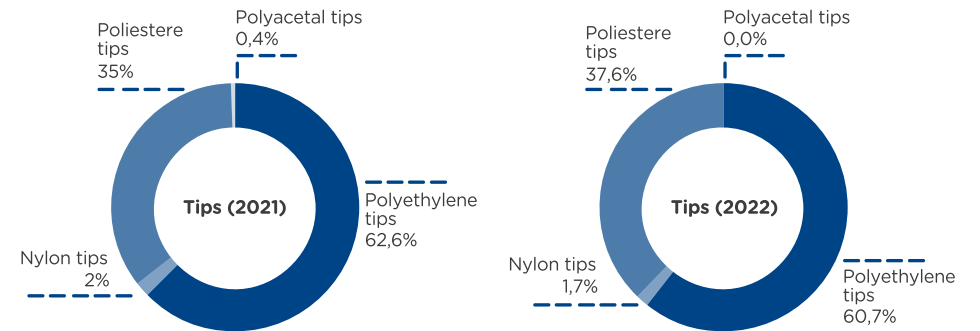
Our commitment to sustainable products

MATERIALS USED FOR PRODUCTION

Since 2022 we have been using not only virgin polystyrene, but also recycled polystyrene and we commit to increase the percentage of use of recycled plastics in the future, in order to reduce the impact on the environment and contribute to the recovery of materials that still have value.



CARIOCA makes a large quantity of different markers and pens, specific for every need therefore we use different kind of tips.



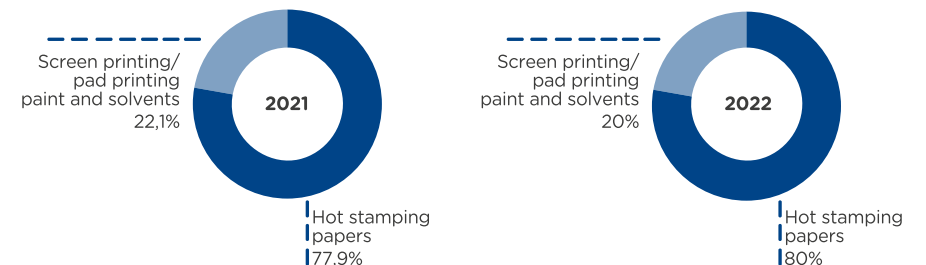
FOCUS: DIFFERENT METHODS TO PRINT WRITING ON MARKERS AND PENS.

The decoration of our markers can be done in 3 different ways: hot stamping, pad printing, screen printing.

Hot stamping is a process that takes place during the assembly phase: a thin metallic or colored foil is imprinted on the marker barrel by pressing a hot stamp which slightly melts the plastic surface, allowing the adhesion of the foil to the support.

Pad printing reproduces the classic transfer of paint from a more or less soft support to the plastic surface.

Silk screening, on the other hand, provides for the transfer of the paint with a micro-perforated frame that reproduces the desired design.



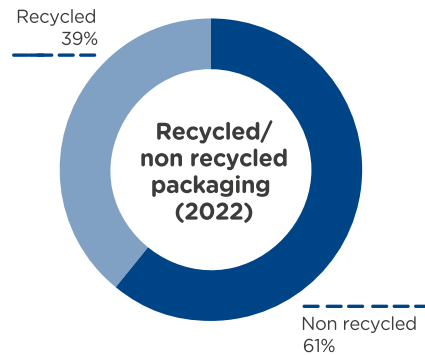
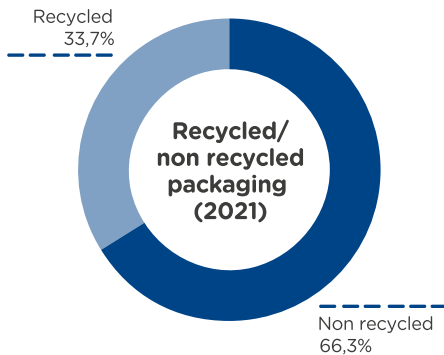
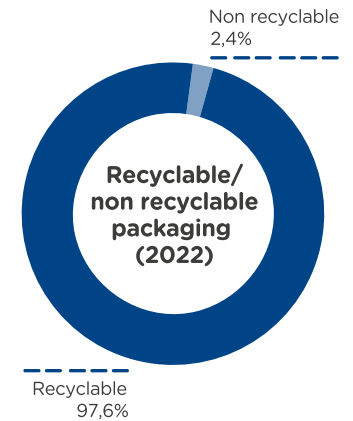
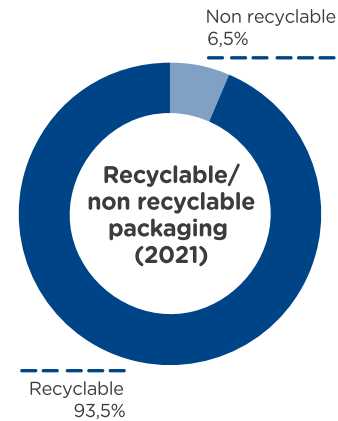
MATERIALS USED FOR PRODUCTION

PACKAGING

All of our packaging is semi-finished and it can be divided into three main categories:

- Paper products;
- Plastic packaging;
- Paper, plastic and adhesive label packaging.

Looking at the end of life phase of the packaging, it can be recyclable or non-recyclable based on its materials and components. In our packaging decision we consider recyclability as an important topic!



FOCUS: RPET

The acronym r-PET (recycled PET) refers to recycled polyethylene terephthalate (PET, i.e. plastic). It is obtained from recovery and recycling processes of ordinary PET, such as sorting, washing, shredding and melting.

In recent years, there has been an increase in the use of r-PET in the manufacture of various products as numerous studies have shown a reduction in carbon footprint levels associated with production.

In particular, the 2019 report 'The New Plastics Economy Global Commitment', the result of a collaboration between UNEP and the Ellen MacArthur Foundation, showed that the recycling of 1 kg of r-PET is equivalent to a reduction in emissions of around 3 kg of CO2.



Assessment of the environmental impact of products, aimed at the circular economy

Carioca is strongly focused on the durability of its products, because it is the process step that we can control in terms of product life. Despite the fact that every component of our products is recyclable after being properly separated, the absence of a proper disposal chain prevents us from managing it completely.

POLICIES

Be aware of the entire life cycle of products to reduce their environmental impact.

RESULTS

Analysis of production processes, materials, packaging and the supply chain of our products to identify critical issues and act where possible, reducing their impacts.

GOALS

Execute LCAs (Life Cycle Assessments) for the main product categories.



Waste management and reduction

We want to make sure we are using all resources as efficiently as possible. For us this means trying not to waste materials, reusing them internally or making sure that other subjects can reuse them. If disposal is the only possible alternative, we still try to ensure that the end of life of our waste materials is useful, at least for generating energy.

PLASTIC

	2022	2021
Plastics material used* (kg)	1.440.135	1.474.825
Plastics waste**(Kg)	4.680	4.680
Externally recovered plastics materials***(Kg)	57.300	73.000

*plastic materials purchased and used during the year to print the felt-tip pen components

**markers waste sent for disposal

***plastic waste linked to the moulding of felt-tip pen components sent for recovery

In 2021 thanks to the use of the sprues we recovered 51.671 kg of plastic, while in 2022 50.452 kg.

At the same time, all the polyethylene that we are unable to reuse internally we give it to our stakeholders who have the possibility to ensure that it is reused while maintaining its value.

FOCUS: REUSE OF WASTE

Our markers are made through injection moulding systems and the production of sprues is a consequence of the production process, since they consist of the injection attachments necessary for the molten plastic to fill the mould in all its parts.

Our moulding machines are equipped with a mechanism capable of shredding them and inserting them again at the beginning of the molding process as input material.

Furthermore, the step that has the greatest impact on polymer waste is the "colour set up", i.e., when you switch to printing pieces with the same moulding machines from one color to another.

In this case we can reuse the multi-coloured sprues in the moulding of black or dark grey products.

POLICIES

- In line with the circular economy: keep the value of material as high as possible
- Efficient and responsible use of resources

RESULTS

50.452 kg of plastics recovered through the reuse of waste in 2022.

GOALS

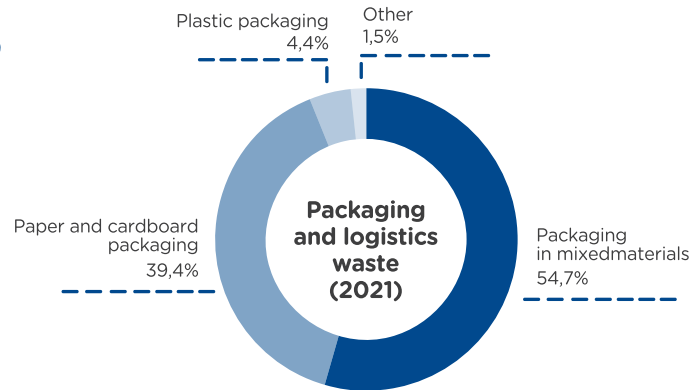
- Reduce the waste to landfill
- Promote the reuse of materials



Waste management and reduction

Our packaging and logistics are another source of waste generation, despite our attention to minimizing waste and to better managing the packaging itself and the pallets, by reusing where possible.

MIXED



The wooden pallets are sent to a recovery centre, where they are repaired and reused when possible or disposed of when not recoverable.

Other types of waste that we dispose of are related to our ink processing and use of machines in a more general way.

	2022	2021
Dirty drums (kg)	3.780	880
Iron and steel (Kg)	36.690	41.780

- Dirty drums are the worn containers of Carioca production inks and the empty containers of purchased inks / additives / solvents. Disposal is carried out through waste-to-energy.
- Iron and steel derive from obsolete machinery and equipment and disposal involves reuse as raw material, after appropriate sorting and disassembly.

	2022	2021
Paper and cardboard packaging (kg)	69.450	63.300
Plastic packaging (Kg)	800	7.020
Packaging in mixed materials (Kg)	86.060	87.960

Our paper and cardboard waste in both 2022 and 2021 was 100% recovered through recycling.

Regarding mixed packaging, waste management consists of sorting/differentiation at entry into the disposal centre, with the formation of fractions of paper, wood, plastic, iron, etc., which are sent for recovery. What cannot be recovered is sent to the waste-to-energy plant, but this is a minor amount compared to the total and it depends on the composition of the waste.



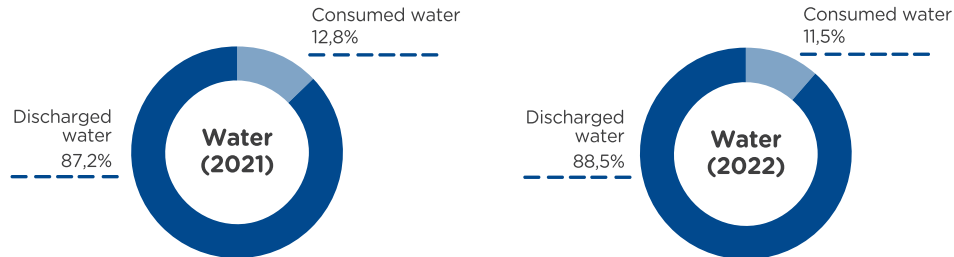
Management and reduction of water consumption

Our water consumption concerns the use of water both as an element in our production processes and for sanitation.

In production we use water as a raw material for the inks and as an element in the adiabatic cooling process of the oil in the press circuit of our moulding machines. All the water we consume comes from the water main.

	Year	Water withdrawn	Discharged water	Water consumed
SMAT (Società Metropolitana Acque Torino SpA)	2022	5.958 m ³	5.273 m ³	685 m ³
SMAT (Società Metropolitana Acque Torino SpA)	2021	5.017 m ³	4.376 m ³	641 m ³

In detail we refer to: **water withdrawn; water discharged ; water consumed.**



We calculate our water intensity by relating total water consumption to the markers produced.

Water intensity = Total water consumed / Number of markers produced*

*The number of markers produced is an estimate, calculated ..."

	Markers produced	Water intensity
2022	n° 244.839.346	0,0000028 m ³ /marker
2021	n° 264.000.000	0,0000024 m ³ /marker

POLITICS

Compliance with national water discharge policies.

RESULTS

- Water withdrawn 5.958 m³
- Discharged water 5.273 m³
- Water consumed 685 m³
- Water intensity 0.0000028 m³/marker

GOALS

- improve water intensity
- establish a rainwater harvesting system for garden irrigation

FOCUS: SLUDGE FILTERING AND WASHING WATER REUSE

We prepare our water-based inks by mixing them with other ingredients in special tanks that must be washed before each colour change.

Previously we stored the cleaning water and sent it for disposal. Since the end of 2022, we have implemented a filter stage that makes it possible to filter the water sludge.

Today, we reuse the water cleaned in the process and the sludge residue is properly stored for disposal, saving both water consumption and road transportation!

	2022	2021
Washing water and ink waste (kg)	166.050	261.640

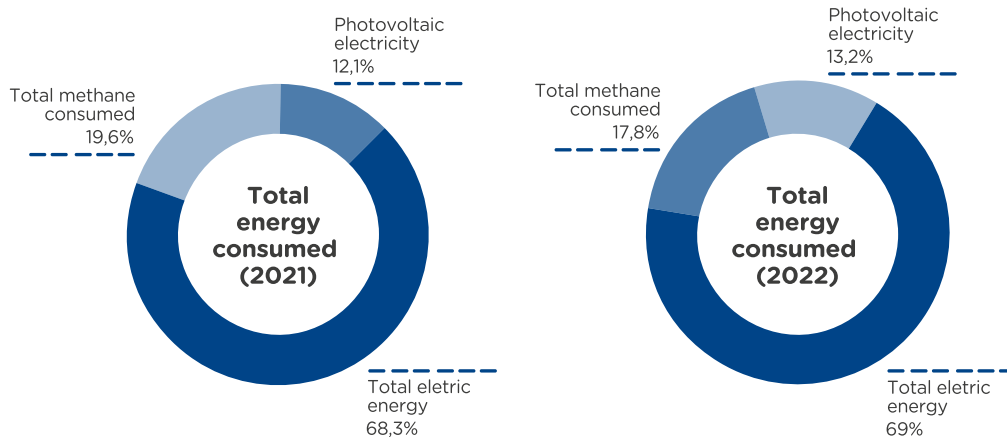
Energy management

Our energy management includes measuring consumption, defining and implementing strategies in order to reduce and optimize our energy consumption and making production processes more efficient.

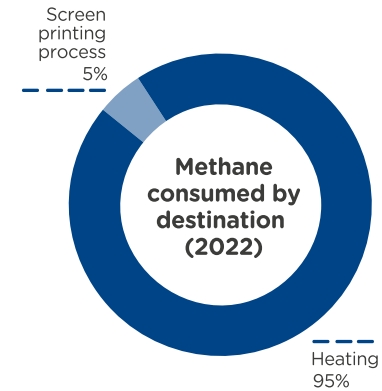
FOCUS: ENERGY MANAGER

Since 2021, our choices and actions are dealt by an energy manager. Specifically, he follows our energy diagnosis, advising us towards continuous improvements.

ENERGY CONSUMPTION ELECTRIC ENERGY



ENERGY CONSUMPTION METHANE



	2022		2021	
Total electric energy consumed	3.667.073 kWh	13.201 GJ	4.074.308 kWh	14.488 GJ
Total methane consumed	83.865 Sm ³	2.853 GJ	103.733 Sm ³	3.529 GJ
Total energy consumed	16.054 GJ		18.017 GJ	

	2022	2021
Methane consumed for the screen printing process	4.193 Sm ³	5.187 Sm ³
Methane consumed for heating	79.672 Sm ³	98.546 Sm ³
Total methane consumed	83.865 Sm ³	103.733 Sm ³

	Quantity 2021	Quantity 2022	Energy intensity 2021	Energy intensity 2022
Markers produced	n° 263.888.434	n° 244.839.346	0,000058 GJ/marker	0,000056 GJ/marker



REDUCTION OF ENERGY CONSUMPTION

POLICIES

- We are committed to improving the environmental impact of our processes (from our Code of Ethics).

RESULTS

- 384,0 GJ of energy use avoided through good practices and operational actions

GOALS

- evaluation of the feasibility of replacement of traditional presses with electric presses
- improve the efficiency of our energy use in operations and productions;

We acknowledge energy efficiency measures as a valid starting point for the implementation of further sustainability in our business practices. In order to reduce our energy consumption in 2021 we replaced traditional bulbs with LED lights, through a revamping procedure that allowed us to save 234 GJ of energy.

In 2022 we adopted a more structured energy strategy, which includes the activation of both good practices and operational actions.

In particular our commitment has meant:

- switching off our light sign on the roof and the lights in the courtyard;
- deactivating plastic shredding machines when not in use;
- shutdown of the electrical and compressed air parts of assembly and moulding machines when not in operation;
- use of a timer and opening selector for the doors of the moulding department;
- use of a blocking system for the electric gates during working hours;

Our 2022 operational actions aimed at energy efficiency includes:

- the control and optimization of the operation of a specific line dedicated to press suction;
- the shutdown of ½ transformers in order to stabilize the input voltage and avoid energy dispersion and wear of the machinery.

Through all these actions we have avoided consuming 384,0 GJ of energy.



CONSUMPTION OF ENERGY FROM RENEWABLE SOURCES

POLITICS
We are committed to improving the environmental of our processes (from our ethical code).

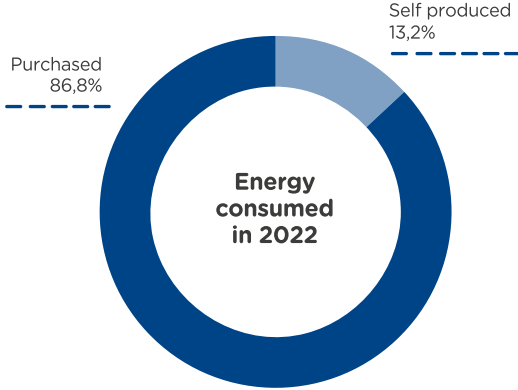
RESULTS
100% of energy consumed comes from renewable sources (13.201 GJ);

GOALS
Double our photovoltaic system

All the electric energy we consumed in both 2021 and 2022 comes from renewable sources and includes both purchased and self-produced energy. Thanks to our photovoltaic system we are able to self-produce energy, which we partly use and partly sell on the network.

	2022	2021
Purchased energy (kWh)	3.182.779	3.529.529
Self-produced energy (kWh)	622.206	621.451
Energy sold (kWh)	137.912	126.668
Energy consumed (kWh)	3.667.073*	4.074.308*

* energy consumed = purchased energy + (self-produce energy - energy sold)



In 2022 we were able to produce electricity of 2.240 GJ, using our photovoltaic panels. Of this energy we sold 496 GJ, while we consumed the rest. Specifically, 13,21% of our electric energy consumption was satisfied with self-production of energy, thanks to our photovoltaic panel (1.744 GJ).



Approach to climate change management

Aware of the challenges that climate change brings for society, in our business activities we take our carbon emissions into account and our decisions for the future are guided by:

- use of advanced and more sustainable technologies;
- production of items using less energy;
- improvement of our photo-voltaic panels;
- use of energy from renewable sources;
- collaboration with our suppliers to help them reduce their emissions.

CARBON NEUTRALITY

POLICIES

Compliance with Italian and European regulation

RESULTS

- 100% of energy consumed comes from renewable sources
- tCO₂e from our electric energy consumptions
- 158,63 tCO₂e from our consumption of methane for heating
- 8,35 tCO₂e from our consumption of methane for the screen printing process
- 4,7415 tCO₂e from our chimneys

GOALS

- implement emissions compensation actions;
- calculate our Scope 3 emissions.

Our pillars for managing the transition toward carbon neutrality are:

- A. Carbon footprint management
- B. Product
- C. People

A. CARBON FOOTPRINT MANAGEMENT

In order to do this we strive to use energy from renewable sources, as well as to exploit opportunities for greater efficiencies and energy saving.



Both in 2021 and in 2022 we used energy from 100% renewable sources, aware of the lower impact in terms of emissions guaranteed by this type of source. Furthermore, compared to 2021, we were able to cover a greater percentage of our energy needs through self-production with photo-voltaic panels, specifically from 12.29% in 2021 to 13.21% in 2022.

Based on our chimney stack emissions (data extracted from periodic sampling/analysis for ARPA) and methane consumption, we calculate our CO₂ emissions of Scope 1.

In calculating Scope 1 emissions we do not consider the emissions associated with the use of company vehicles because they are not relevant.

We also calculate emissions of Scope 2, related to our energy consumption.

	2022	2021
tCO2e from our methane consumption for heating	158,63	196,21
tCO2e from our methane consumption for the screen printing process	8,35	10,33
tCO2e from our chimneys	-	4,74
tCO2 from energy production (consumed or sold)	26,76	26,72
TOTAL emissions (tCO2e - Scope 1)*	193,74	238,00
tCO2 from our purchased energy consumption (market-based)****	0	0
TOTAL emissions market based (tCO2e - Scope 2)*	0	0
tCO2 from our energy purchased consumption (location-based)	827,52	917,68
TOTAL emissions location-based (tCO2e - Scope 2)*	827,52	917,68
TOTAL emissions (tCO2e - Scope 3)*	not available	not available
TOTAL EMISSIONS (tCO2e Scope 1 + Scope 2 market based)	193,74	238,00

*For technical details about the calculation please see the methodological note (Sources used to estimate emissions: NREL 2021; ISPRA 2020, 2022 and 2023; DEFRA 2022)

In 2022, considering only the electricity consumption of 3,667,073 kWh and considering that we partially self-produce it and buy it from 100% renewable sources, we estimate that we avoided emissions of 953.44 tons CO2e, based on the Italian location-based mix (in 2021 we avoided 1046.32 tons CO2e, as the total consumption of electricity was 4,024,312 kWh).

Measuring the emissions generated allows us to have greater awareness of our environmental impact and beyond that we are constantly looking for solutions to reduce our emissions, especially by reducing and optimizing our energy consumption.

In the future we would like to be able to calculate our scope 3 emissions as well. Our intention is to also commit to offsetting the emissions generated (Scope 1 and Scope 2).

B. PRODUCT

We aim to reduce our carbon (CO2) emissions from making and selling our products. We have planned to carry out a LCA on some major projects in 2023.

C. PEOPLE

We would like to calculate our emissions also including consumption related to our people commuting. We take to heart the pursuit of engagement actions with our employees and subordinate workers. Our future goals therefore include greater training, involvement and motivation of our employees towards the use of more sustainable means and modes of transport.





CARIOCA PEOPLE



**WE ARE WORKERS, COLLEAGUES, INDIVIDUALS, HUMAN BEINGS.
WE ARE CARIOCA.**

We are a community of individuals bound together by values, goals, awareness and pride.

Together we build a better CARIOCA every day.

Our Employees

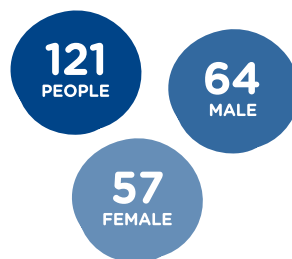
The beating heart of our business is the people who create our value every day. We recognize that a key factor in maintaining our competitiveness and ensuring customer satisfaction is the motivation and professionalism of our employees.

It's our daily aim to be a safe, stimulating and inclusive workplace where all employees can express their true selves and contribute to the Carioca identity with their unique personalities.

THE NUMBER OF OUR EMPLOYEES

Our company's population is based on a constant total of **121** people, of whom **64** are men and **57** are women.

Almost all of our employees are on permanent contracts, and below is detailed information on contract type, employment and gender.



Employees by contract type and employment	2021	2022
PERMANENT EMPLOYEES (OPEN-END ACCORDING TO GRI DEFINITIONS)		
Men	58	64
Women	50	56
TEMPORARY EMPLOYEES (OPEN-END ACCORDING TO GRI DEFINITIONS)		
Men	0	0
Women	1	1
TOTAL NUMBER OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING		
	100%	100%

We would also point out that all our employees are covered by collective labour agreements.

FULL TIME	2021	2022
Men	58	64
Women	46	53
PART TIME		
Men	0	0
Women	5	4

During periods of peak activity, our workforce is supplemented with additional resources, particularly in the Assembly and packaging area, machinery and logistics.

The following tables provide details of temporary workers as of 30th November.

Temporary workers	2021	2022
Men	6	8
Women	17	10

We would like to detail the composition of our employees (our employees + temporary workers) by professional category.

Occupational categories of employees	2021	2022
MANAGEMENT AND WHITE COLLAR		
Men	19	23
Women	16	18
BLUE COLLAR		
Men	45	49
Women	52	49

HEALTH AND SAFETY OF WORKERS

For us at Carioca, health and safety in the workplace is recognised as a fundamental right of the workers and as a key element in the sustainability of the company.

In accordance with the principles of hygiene, industrial ergonomics and individual organizational and operational processes, our aim is to ensure appropriate working conditions at an industrial level.

We have developed an effective health and safety policy based on preventive, individual and collective measures to minimize potential workplace accident risks.

We firmly believe that spreading an accident prevention culture is a cornerstone of employee risk awareness: we therefore actively promote it, particularly through appropriate training and information courses.

In 2022, there were 2 accidents among our employees, one of which was an itinere accident, while the total number of accidents among the outsourced employees was 4.

The detailed tables are shown below.

*see methodologic al note to calculate used

Employee health and safety	2021	2022
EMPLOYEE ACCIDENTS		
Total number of accidents	3	2
Frequency index	8,0	4,1
Severity Index	0,05	0,01
OUTSOURCED EMPLOYEE ACCIDENTS		
Total number of accidents	3	4
Frequency index	11,9	16,5
Severity Index	0,14	0,38

There were no serious or fatal accidents in any category of employee. Furthermore, we report that no occupational diseases were found among employees and non-employees.

By the end of 2022, there are two defibrillators on site and by 2023, training courses will be in place for employees.



Human capital enhancement

CARIOCA HUMAN CAPITAL

Human capital is at the heart of our development strategy. Consistently with IIRC definition of Human Capital, we strongly believe that the skills, abilities and experience of all our employees are elements to be valued and developed.

In 2022 the average age of our employees is 46 (it was 47 in 2021)

JOB DESCRIPTION	2021			2022		
	18-35	35-50	>50	18-35	35-50	>50
Manager/ Executives	0	1	4	0	1	4
Middle manager	0	0	2	0	2	3
White collar	9	13	6	14	9	5
Blue collar	4	39	31	5	46	32
Total	13	53	43	19	58	44

Table - Distribution of employees by age and job description

In recent years, our workforce has evolved to include an increasing proportion of young graduates.

Below we detail the distribution of employees by age, qualification and job description.

QUALIFICATION	2021			2022		
	18-35	35-50	>50	18-35	35-50	>50
Secondary school diploma or certificate	3	22	24	3	25	24
High school diploma	3	23	12	4	27	12
Graduate degree	7	8	7	12	6	8
Total	13	53	43	19	58	44

Table - Distribution of employees by age and qualification

NEW EMPLOYEE HIRES AND TURNOVER

2021			2022		
NEW EMPLOYEE HIRES BY GENDER					
Men	6		7		
Women	13		7		
NEW EMPLOYEE HIRES BY AGE					
18-35	35-50	>50	18-35	35-50	>50
5	12	2	5	8	1

2021			2022		
OUTGOING EMPLOYEES BY GENDER					
Men	5		1		
Women	7		2		
OUTGOING EMPLOYEES BY AGE					
18-35	35-50	>50	18-35	35-50	>50
6	2	4	1	2	0



TRAINING (HUMAN CAPITAL)

In keeping with our strategy of developing skills, we believe that training plays an essential role in every activity carried out at Carioca.

This method allows us to train our employees directly while they are performing their tasks, supervised by a trainer. In our opinion, this type of experiential learning creates a better job acquisition and an improved integration of new employees.

Training topics for our employees cover various subjects, generally related to business and management, safety and sustainability.

We have also introduced more hours of foreign language training to improve our people's language skills.



Training hours

TRAINING TOPICS	2022
Safety and Security Training	548
ESG e Sustainability	160
Language courses	600
Management and administration training	64
Business and finance training	72
FSC Certification Training	100
HR Management Gender Equality Training	68

TRAINING ON THE JOB

On-the-job training is one of the most common training methods used in our production plant. This is especially true for machine operators. Each new resource is included in a personalized "on the job" training path. The corporate onboarding policy provides for a mandatory coaching period at the time of onboarding which is based on three steps:

- observation and learning of the operations required to carry out the activity by assisting an expert (tutor). This activity has a variable duration between 1 and 5 working days;
- operational test activity under the supervision of the tutor. This activity has a variable duration between 3 and 5 working days;
- activities in controlled operational autonomy.

Diversity and inclusion

AT CARIOCA WE AVOID ALL FORMS OF DISCRIMINATION

AND IN PARTICULAR DISCRIMINATION BASED ON RACE, COLOR, SEX, SEXUAL ORIENTATION, SOCIAL AND PERSONAL STATUS, PHYSICAL AND HEALTH CONDITION, PREGNANCY, PHYSICAL OR MENTAL DISABILITY, GENETICS, GENDER IDENTITY, PREVIOUS ACTIVITIES, AGE, NATIONALITY, RELIGION OR BELIEF AND ANY OTHER LEGALLY PROTECTED STATUS.

COMMUNICATION BOX

We have established internal procedures such as the Communication Box, which allows people to express their opinions, even anonymously, creating an environment open to discussion and dialogue, with the aim of protecting diversity and facilitating internal communication.

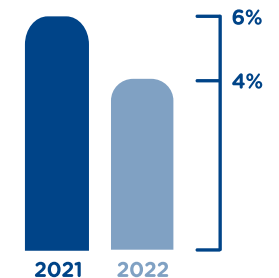
HARRASSMENT

As is explicitly stated in our Code of Ethics, we consider any form of harassment that is aimed at violating the dignity of a person, whether inside or outside the organization, to be absolutely unacceptable.

At CARIOCA, each department has a manager who ensures that in all aspects of the employment relationship, such as recruitment, training, remuneration, promotion, transfer and termination, employees are treated in a manner consistent exclusively with their ability to meet the requirements of the job.

GENDER PAY GAP

As a company, in line with PdR 125:2022, we are considering implementing practices to reduce the gender pay gap. The gender pay gap ratio for machine operators based on basic salary is null; however, considering remunerations (in terms of basic salary plus additional amounts paid to a worker) it amounts to 4% in 2022. This gender pay gap ratio is calculated as the relationship between the basic salary and remuneration of women to men for a specific category such as machine operators.



RESPECT FOR HUMAN RIGHTS

The protection of human rights is an integral part of our business ethics: in accordance with national and international legislation, we are committed to ensuring decent working conditions for all workers in our value chain, while respecting the fairness and freedom of the individual.

As explicitly stated in our Code of Ethics, we are opposed to all forms of forced labour and child labour, and we are committed to not establishing or maintaining business relationships with suppliers that use child labour in violation of local laws.



OUR COMMUNITY



**COMMUNITIES ARE LIKE CIRCLES THAT CONTAIN PEOPLE,
RELATIONSHIPS, LIFE STORIES.
CIRCLES THAT INTERSECT AND TAKE PART IN EVEN BIGGER CIRCLES.**

CARIOCA is a community itself: we join and promote initiatives that directly affect the everyday life of a large number of people.

We stand for social improvement and we aim to enhance and empower the children of today who are the citizens of tomorrow.

Memberships

CARIOCA Spa is an active member of the most important associations of its industry and local district, as well as of global international institutions and councils.



UNIONE INDUSTRIALI
Torino

Unione Industriali Torino is a voluntary association of local companies affiliated with Confindustria with the aim of representing, protecting, promoting and developing companies and their interests.



Forest Stewardship Council is an international certification for forestry and forest based products such as wood and paper.



EWIMA is the association of the leading writing instrument manufacturers in Europe.



United Nations
Global Compact

The United Nations Global Compact is the world's leading voluntary corporate citizenship initiative. It is a call to companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take actions in support of UN goals, including the Millennium Development Goals.



Memberships

CONNECTED WITH THE LOCAL COMMUNITY

Supporting our local community does not only mean financing charities and associations but also and above all sharing their mission and vision, being aware that we all can make a difference together both locally and globally.

CONNECTED WITH THE LOCAL COMMUNITY



SERMIG



**ASSOCIAZIONE
STEFANO MAZZA**



CIRCOLO S. PIETRO

CIRCOLO SAN PIETRO



**IL CIELO
ITINERANTE**



FONDAZIONE REGGIO CHILDREN



LABORATORIO ZANZARA

PROMOTING CREATIVITY

Here in CARIOCA we believe that creativity is the fundamental tool for learning and growth that every human being uses from their very early childhood and then on throughout their life. This is why we support creativity in all its forms and especially when it involves children whose cognitive learning may prove to be more complicated.

PROMOTING CREATIVITY



FONDAZIONE FORMA



LET'S G.O. DISLESSIA



TORINO COMICS



**DISEGNIAMO
L'ARTE**



EUREKA! FUNZIONA



ARTISSIMA - MADE IN

METHODOLOGICAL NOTE

The first Sustainability Report of Carioca Spa was prepared according to the GRI (Global Reporting Initiative) standards, updated to 2023.

The aim of the report is to provide information on the company's contribution to sustainable development and to report on its main economic, environmental and social impacts, based on a reasoned selection of indicators proposed by the GRI, in accordance with the company's operational and governance characteristics and in accordance with the GRI Standards.

In the preparation of the Sustainability Report, the approach of the International Integrated Reporting Council (IIRC) was followed wherever possible, with particular reference to the definition of human capital, other internationally recognized guidelines for non-financial reporting (Task Force on Climate-related Financial Disclosures - TCFD) were taken into account where applicable, and SASB industry standards were consulted. EFRAG exposure drafts were considered, as well as those of the ISSB (International Sustainability Standard Board), pending EU regulation on the subject.

In accordance with TCFD, Carioca's approach to Climate Change Management considers the four levels: Governance, Strategy, Risk Management, Metrics and Targets; for this first document we particularly considered Metrics and Targets point a).

The principles of content reporting (stakeholder engagement, sustainability context, materiality, completeness) and information quality (balance, comparability, accuracy, timeliness, clarity and reliability) have been applied in preparing the document.

The implementation of the project involved a defined group of people from within the company and included:

- Benchmarking with peers;
- A discussion with internal and some external stakeholders for the identification of material issues;
- Defining a material issues matrix aligned with the company's mission and key applicable SDGs;
- Defining a Content Index based on qualitative and quantitative information consistent with using GRI economic, environmental and social indicators;
- Collecting and systematizing qualitative and quantitative data related to FY2022 KPIs.

The Sustainability Report is prepared on an annual basis. Qualitative and quantitative data and information in this document refer to fiscal year 2022.

For any questions about the report or reported information please contact sustainability@carioca.it.

The summary table (Data Synthesis) at the end of this report is an integral part of the report. It relates to the topics discussed in the text to the specific performance indicators.

The working group that made this report possible is made up of: for Carioca, the Sustainability Committee and for the Management Department, Maurizio Cisi, Milena Gambardella and Chiara Orlando.

In this part of the report, we intend to explain the methods and calculations used in each chapter.

Paragraph: WASTE MANAGEMENT

The sources of data in this paragraph are taken from the invoicing and EWC (European Waste Code) declaration.

The data relating to the quantity of plastic recovered thanks to the reuse of the sprues was estimated based on the weight of plastic material which is eliminated in the form of sprues at each moulding.

Paragraph: ENERGY MANAGEMENT

The sources of the data used in this paragraph were taken from bills, GSE reporting and meter readings. The formula for the calculation of energy consumed is $\text{energy consumed} = \text{purchased energy} + (\text{self-produced energy} - \text{energy sold})$.

Paragraph : CARBON NEUTRALITY

The sources of the data used in this paragraph are taken from bills, GSE reporting and meter readings.

The calculation of emissions from Carioca's activities is made with a specific toolkit, designed by Center4sharedValue- University of Turin, using the following sources to estimate emissions: NREL 2021, ISPRA 2020-2022-2023 and DEFRA 2022.

Carioca's GHG inventory (also called "carbon footprint") was prepared for the year 2022. The elaboration of the company's GHG inventory is aligned with the GHG Protocol and considers the following categories of emissions:

- Scope 1 emissions: refer to Carioca's direct GHG emissions, i.e., emissions generated within its boundaries from sources owned or controlled by the organization;
- Scope 2 emissions: refer to Carioca's GHG emissions associated with the generation of purchased electricity for its own consumption.
- Scope 3 emissions: These are indirect GHG emissions that are reported to Carioca and are therefore a consequence of the company's activities, but come from sources not owned or controlled by Carioca. Scope 3 calculation is not available for this first report.



Referring to Scope 1 emissions, we highlight that we did not consider emissions from company vehicles because they are not particularly relevant. In calculating the emissions from electricity production we considered LCA-type emission factors, which consider the emissions deriving from the entire life cycle of the photo-voltaic panels. The slightly higher figure in 2022 is connected to the fact that in 2022 we managed to produce more energy from our photo-voltaic system.

By law our emissions from chimneys stacks are measured every two years. The estimation of the emissions from our furnaces is made through the sampling/analysis communicated to ARPA with the periodicity defined by law.

Referring to Scope2, emissions associated with purchased electricity are calculated using two different methods:

- Location-based: reflects the average emission intensity of national grids, including both renewable and non-renewable generation; GHG emissions are calculated using an average emission factor related to the national electricity mix: the higher the share of renewable energy used in a given country, the lower the relative emission factor;
- Market-based: considers the average emission intensity of the reference supplier's energy mix; the higher the share of renewable energy used by a specific supplier, the lower the relative emission factor;

The evaluation of the emissions avoided connected to the consumption of electricity is estimated by considering how many emissions we would have caused if we had bought electricity based on the Italian energy mix instead of buying energy from renewable sources and self-produced electricity.

Paragraph: MANAGEMENT AND REDUCTION OF WATER CONSUMPTION

The source of data presented in this paragraph is SMAT - Società Metropolitana Acque Torino S.p.A.

Water intensity is calculated considering the ratio of water consumed over two different denominators: the first one is net revenues and the second is the number of markers produced.

$$\text{Water intensity} = \text{Total water consumed} / \text{Net revenues}$$
$$\text{Water intensity} = \text{Total water consumed} / \text{Number of markers produced}$$

Paragraph: OUR EMPLOYEES

The sources of data in this paragraph are internal. The formula used to calculate Frequency index and Severity index are:
Frequency index: total number of accidents*1.000.000/ hours worked.
Severity index: [days of absence (excluding that of the accident) + days of permanent disability by convention / number of hours worked] *1000.



DATA SYNTHESIS

MATERIAL

SPI classification	Plastics type	Carioca application	Quantity used 2022 (kg)	Plastics origin		Waste destination		
				Virgin	Recycled	By-product reused internally	Sale for recycling	Disposal
1	PET PETE	Boxes Valve	8.620	8.620	0	-	-	X
2	HDPE PE-HD	Marker Components Marker tips (sintered)	418.685	388.735	29.950	38%	62%	-
4	LDPE PE-LD							
3	PVC V	Cans Envelopes Heat-sealable film	11.617	11.617	0	-	-	X
5	PP	Marker components Cans Flowpack	990.360	988.360	2.000	42%	58%	-
6	PS	Marker components	98.625	89.850	8.775	0%	100%	-
7	OTHER O	Filters and marker tips	57.302	57.302	0	-	-	X



MATERIAL

Material	Type	Quantity 2021 (Kg)	Quantity 2022 (Kg)	Renewable/ Not Renewable	Recycled/ Not Recycled	Recyclable/ Not recyclable
Production						
Hot stamping paper	Semifinished	2.000	2.008	Renewable	Recycled	NR
Inks purchased	Semifinished	30.770	17.225	Renewable	Not recycled	NR
Inks produced	Semifinished	437.775	390.279	Not renewable	Not recycled	NR
Coloring masters	Raw material	47.618	46.121	Not renewable	Not recycled	NR
Plastics (EcoAllene)	Raw material	38.050	29.950	Not renewable	Not recycled	NR
Plastics (Polyethylene)	Raw material	384.525	371.975	Not renewable	Not recycled	NR
Plastics (Polypropylene)	Raw material	978.000	939.585	Not renewable	Not recycled	NR
Plastics (Recycled Polystyrene)	Raw material	0	8.775	Not renewable	Recycled	NR
Plastics (Polystyrene)	Raw material	74.250	89.850	Not renewable	Not recycled	NR
Waste plastic materials - internal recovery	-	10.313	13.709	Not renewable	Not recycled	R
Waste plastic materials - external recovery	-	73.000	57.300	Not renewable	Not recycled	R
Fiber Tips (Nylon)	Semifinished	677	470	Not renewable	Not recycled	NR
Fiber Tips (Polyester)	Semifinished	11.834	10.376	Not renewable	Not recycled	NR
Fiber Tips (Polyacetal)	Semifinished	148	12	Not renewable	Not recycled	NR
Sintered tips (Polyethylene)	Semifinished	21.153	16.760	Not renewable	Not recycled	NR



MATERIAL

Refill (10 colours)	Semifinished	860	0	Not renewable	Not recycled	NR
Refill (WHT)	Semifinished	6.000	4.908	Not renewable	Not recycled	NR
Refill (Corvina 51)	Semifinished	12.000	14.676	Not renewable	Not recycled	NR
Refill (Teknomatic)	Semifinished	0	140	Not renewable	Not recycled	NR
Refill (Colibri)	Semifinished	0	75	Not renewable	Not recycled	NR
Tamponi (polyester)	Semifinished	172.894	46.926	Not renewable	Not recycled	NR
Screen Printing/ Printing Varnishes and Solvents	Semifinished	567	501	Renewable	Not recycled	NR
Packaging						
Paper (Envelopes/ Flowpacks)	Semifinished	241.000	250.000	Renewable	Not recycled	R
Paper (packaging components that are not outer and inner)	Semifinished			Renewable	Recycled	R
Paper (Display)	Semifinished	4.500	18.000	Renewable		R
Paper (Secondary packaging)	Semifinished	156.000	188.000	Renewable	Recycled	R
Paper (Puzzles, Boards, Stencils, etc.)	Semifinished	12.000	11.200	Renewable	Not recycled	R
Packaging (paper labels)	Semifinished	700		Renewable	Not recycled	R
Packaging (plastic labels/adhesive tape)	Semifinished	500	500	Renewable	Not recycled	NR



MATERIAL

Plastic Packaging (Jars - Polypropylene)	Semifinished	6.870	4.000	Not renewable	Not recycled	R
Plastic Packaging (Jars - PVC)	Semifinished	700	450	Not renewable	Not recycled	NR- RD
Plastic Packaging (Envelopes - PVC)	Semifinished	22.600	11.000	Not renewable	Not recycled	NR-RD
Plastic Packaging (Boxes - PET)	Semifinished	7.200	7.250	Not renewable	Not recycled	R
Plastic Packaging (Stretch Film)	Semifinished	5.000	5.500	Not renewable	Not recycled	R
Plastic packaging (Heat-sealable film- PVC)	Semifinished	6.600	167	Not renewable	Not recycled	NR-RD
Plastic Packaging (Valve -PET)	Semifinished	3.000	1.370	Not renewable	Not recycled	R
Plastic Packaging (Flowpack - PP)	Semifinished	1.340	2.000	Not renewable	Not recycled	R
Auxiliaries						
Ethyl Alcohol	Auxiliary	780	780	Renewable	Not recycled	NR
Antifreeze	Auxiliary	1.000	1.356	Renewable	Not recycled	NR
Oils - Molding Department	Auxiliary	3.400	540	Renewable	Not recycled	NR



WASTE

Waste	kg 2022	kg 2021
Markers waste sent for disposal	4.680	4.680
Paper and cardboard packaging	69.450	
Plastic packaging	800	7.020
Pallet	2.520	
Packaging in mixed materials	86.060	87.960
Dirty drums	3.780	880
Iron and steel	36.690	41.780



ENERGY

Energy source	Renewable/ Non-renewable	Consumption/Production 2022	
		kWh/Sm ³	GJ
Electric Energy (purchased)	Renewable	3.182.779	11.458
	Non-renewable	0	0
Electric Energy (self produced)	Renewable	622.206	2.240
	Non-renewable	0	0
Electric Energy (sold)	Renewable	137.912	496
	Non-renewable	0	0
Electric Energy (consumed)	Renewable	3.667.073	13.201
	Non-renewable	0	0
Electric Energy (mold cooling)	Renewable	368.206	1.326
	Non-renewable	0	0
Electric Energy (air conditioning)	Renewable	172.200	620
	Non-renewable	0	0
Methane (heating)	Non-renewable	83.865	2.853
Methane (screen printing process)	Non-renewable	79.672	2.710
Methane (total)	Non-renewable	4.193	143



ENERGY

Methane consumed		
	2022	2021
Methane consumed for the screen printing process	4.193 Sm ³	5.187 Sm ³
Methane consumed for heating	79.672 Sm ³	98.546 Sm ³
Total methane consumed	83.865 Sm³	103.733 Sm³

Energy consumed				
	2022		2021	
Total electric energy consumed	3.667.073 kWh	13.201 GJ	4.024.312 kWh	14.488 GJ
Total methane consumed	83.865 Sm ³	2.853 GJ	103.733 Sm ³	3.529 GJ
Total energy consumed*	16.054 GJ		18.017 GJ	

* energy consumed = purchased energy + (self-produce energy - energy sold)



ENERGY

Energy efficiency				
	2021		2022	
	kWh	GJ	kWh	GJ
Revamping LED	6.5000	234	-	-
Turning off rooftop light sign	-	-	850	3,1
Turning off lights in courtyard	-	-	1.250	4,5
Press suction	-	-	7.500	27
Turn off plastic grinders not in use	-	-	2.500	9
Shutdown molding and assembly machines when they not in operation	-	-	3.750	13,5
Use of a block for closing the electric gates during working hours	-	-	720	2,6
Timer and door opening selector switch molding department.	-	-	125	0,5
Turning off 1/3 transformers	-	-	25.000	90
Total electricity saved by energy efficiency	6.5000	234	41.695	150



ENERGY

Energy intensity						
Specific parameter	2021			2022		
	Quantity	Energy intensity kWh	Energy intensity GJ	Quantity	Energy intensity kWh	Energy intensity GJ
Markers produced	263.888.434 markers	0,0137 kWh/marker	0,000058 GJ/marker	244.839.346 markers	0,0135 kWh/marker	0,000056 kWh/marker

APPROACH TO MANAGING CLIMATE CHANGE

	2022	2021
tCO ₂ e from our methane consumption for heating	158,63	196,21
tCO ₂ e from our methane consumption for the screen printing process	8,35	10,33
tCO ₂ e from our chimneys	-	4,74
tCO ₂ from energy production (consumed or sold)	26,76	26,72
TOTAL emissions (tCO ₂ e - Scope 1)*	193,74	238,00
tCO ₂ from our purchased energy consumption (market-based)****	0	0
TOTAL emissions market based (tCO ₂ e - Scope 2)*	0	0
tCO ₂ from our energy purchased consumption (location-based)	827,52	917,68
TOTAL emissions location-based (tCO ₂ e - Scope 2)*	827,52	917,68
TOTAL emissions (tCO ₂ e - Scope 3)*	not available	not available
TOTAL EMISSIONS (tCO₂e Scope 1 + Scope 2 market based)	193,74	238,00



WATER

Water withdrawal						
Water withdrawal per source	2021			2022		
	Sm ³ withdrawn	Sm ³ discharged	Sm ³ consumed	Sm ³ withdrawn	Sm ³ discharged	Sm ³ consumed
SMAT (Società Metropolitana Acque Torino S.p.A.)	5.017	4.376	641	5.958	5.273	685

Water intensity				
Specific parameter	2021		2022	
	Quantity	Water intensity m ³ /marker	Quantity	Water intensity m ³ /marker
Markers produced	264.000.000	0,000019	244.839.346	0,00002



GRI INDEX

GRI STANDARDS	Disclosure	PARAGRAPH	PAG
FOUNDATION		2021	
GRI 1 - 1.	Purpose and system of GRI Standards	Methodological note	54 - 55
GRI 1 - 2.	Key concepts	Methodological note	54 - 55
GRI 1 - 3.	Reporting in accordance with the GRI Standards	Methodological note	54 - 55
GRI 1 - 4.	Reporting principles	Methodological note	54 - 55
GRI 1 - 5.	Additional recommendations for reporting	Methodological note	54 - 55
GENERAL DISCLOSURES		2021	
GRI 2-1	Organizational details	Our story Governance	7 - 8 15
GRI 2-2	Entities included in the organization's sustainability reporting	Methodological note	54 - 55
GRI 2-3	Reporting period, frequency and contact point	Methodological note	54 - 55
GRI 2-4	Restatements of information	Not applicable because first year of reporting	
GRI 2-5	External assurance	Not applicable: it was not carried out because it was not mandatory	
GRI 2-6	Activities, value chain and other business relationships	Our story Commercial presence in the world Our offer	6 - 7 8 from 11 to 13
GRI 2-7	Employees	Our employees	45
GRI 2-8	Workers who are not employees	Our employees	45
GRI 2-9	Governance structure and composition	Governance	15
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Governance	15



GRI 2-13	Delegation of responsibility for managing impacts	Governance	15
GRI 2-14	Role of the highest governance body in sustainability reporting	Governance and organization for sustainability	25
GRI 2-16	Communication of critical concerns	Diversity and Inclusion	45
GRI 2-22	Statement on sustainable development strategy	Governance Letter	2
GRI 2-23	Policy commitments	Diversity and inclusion	49
GRI 2-28	Membership associations	Memberships	52
GRI 2-29	Approach to stakeholder engagement	Sustainability and materiality matrix	23-24
GRI 2-30	Collective bargaining agreements	Our employees	45
MATERIAL TOPICS		2021	
GRI 3-1	Process to determine material topics	Sustainability and materiality matrix	20
GRI 3-2	List of material topics	Sustainability and materiality matrix	21
GRI 3-3	Management of material topics	Sustainability and materiality matrix	20 - 21
Materials		2016	
GRI 301-1	Materials used by weight or volume	Our commitment for sustainable products	from 31 to 33
GRI 301-2	Recycled input materials used	Our commitment for sustainable products	32 - 33
Energy		2016	
GRI 302-1	Energy consumption within the organization	Energy management	38 - 40
GRI 302-3	Energy intensity	Energy management	38



GRI 302-4	Reduction of energy consumption	Energy management	39
Water and Effluents		2018	
GRI 303-1	Interactions with water as a shared resource	Management and reduction of water consumption	37
GRI 303-2	Management of water discharge-related impacts	Management and reduction of water consumption	37
GRI 303-3	Water withdrawal	Management and reduction of water consumption	37
GRI 303-4	Water discharge	Management and reduction of water consumption	37
GRI 303-5	Water consumption	Management and reduction of water consumption	37
Emissions		2016	
GRI 305-1	Direct (Scope 1) GHG emissions	Approach to managing climate change	41 - 42
GRI 305 - 2	Energy indirect (Scope 2) GHG emissions	Approach to managing climate change	41 - 42
Waste		2020	
GRI 306-3	Waste generated	Waste management and reduction	35-36
Employment		2016	
GRI 401-1	New employee hires and employee turnover	Human capital enhancement	47
GRI 403-5	Worker training on occupational health and safety	Human capital enhancement	46 - 48
GRI 403-6	Promotion of worker health	Our employees	46
GRI 403-9	Work-related injuries	Our employees	46



Training and Education		2016	
GRI 404-1	Average hours of training per year per employee	Human capital enhancement	48
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Human capital enhancement	48
Diversity and Equal Opportunity		2016	
GRI 405-1	Diversity of governance bodies and employees	Our employees	46
GRI 405-2	Ratio of basic salary and remuneration of women to men	Diversity and inclusion	49
Child Labor		2016	
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Respect of human rights	49
Forced or Compulsory Labor		2016	
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respect of human rights	49
Local Communities		2016	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Memberships	53





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