



2023

SUSTAINABILITY REPORT

Pettenon Cosmetics

Pettenon Cosmetics

Sustainability Report

Impact Report ex L.208/2015

2023

[GRI 2-1]

Pettenon Cosmetics S.p.A. Benefit Corporation
Registered at administrative office in Via del Palù 7/D, 35018, San Martino di Lupari, Padua (IT)
Fiscal Code, VAT no and Padua Business Registry Number: 04937500280
Fully paid-up share capital of € 7.500.000,00 i.v

Letter to stakeholder

With the desire to strengthen the path undertaken, the Pettenon Group is publishing its third Sustainability Report as a demonstration of the company's commitment to integrating ESG issues into its business model.

In a period of profound transformation, the Pettenon Group stands out in the cosmetics market for its deep-rooted and dynamic cultural imprint.

Our passion for beauty, which manifests itself through the creation of high-quality hair and skincare products, reflects a commitment to responsible and sustainable beauty—not just aesthetic, but deeply ethical.

Innovation, a pillar of our philosophy, drives our constant research for cutting-edge solutions, thanks to the integration of artificial intelligence into our processes. This approach aims not only to respond to customer expectations, but also to anticipate trends in a rapidly changing market.

The quality of our products and services is guaranteed by strict standards, which ensure safety and reliability, while our commitment to sustainability embraces a holistic vision that includes environmental protection, social responsibility and transparent governance. It is our responsibility to actively involve all stakeholders—customers, suppliers, collaborators and consumers—in our evolutionary path, sharing goals and visions for common and sustainable growth.

[GRI 2-22]

The beauty market, which is generally resilient even in unfavorable economic contexts, is now witnessing a transformation that is also accelerated by artificial intelligence. In this scenario, our strategy focuses on digitalization and applied innovation, strengths that allow us to stand out and excel in customer service.

The customer is always at the center of our mission: “Customer Centricity” is the compass that guides all our activities. We want to exceed our customers' expectations through customized products and services that enhance their overall experience and strengthen their trust in the Pettenon brand.

Our cultural and organizational vision, focused on innovation, digitalization, customer orientation and sustainability, drives the Pettenon Group towards sustainable growth and affirmation as a leader in the beauty industry. The goal of affirming our presence in both the European and North American markets, together with a production expansion

plan through strategic acquisitions, is an expression of our ambition to not only grow, but to inspire and positively influence the sector.

“Beauty made right” represents our commitment to enhancing beauty in all its forms, with a dedication that goes beyond aesthetics to touch the heart of ethics and responsibility.

It is this passion for detail and continuous improvement that characterizes the Pettenon Group, making us not only cosmetics manufacturers, but true promoters of a cultural change in favor of a more beautiful and sustainable future.

LUIGI AMBROSINI,
CEO of Pettenon Cosmetics



Letter from the members

We have become a Benefit Corporation because we believe that our duty is to unite people around a single, noble and widely shared cause: to generate a positive impact on society and the environment for the benefit of the community.

In an increasingly interconnected and ever-changing world, we believe it is essential that corporate values are in full harmony with those of all our stakeholders, which include not only customers and suppliers, but also partners and employees. In particular, our commitment to our stakeholders is manifested through the need to carefully assess the impact of our actions along the entire value chain. This includes considering the effects of our business practices on the ecosystem in which we operate, engaging in the fight against social and economic inequalities, as well as actively promoting the training and development of our employees.

In an economic and social context that requires increasing attention to the environment and the social fabric, we recognize the central

importance of basing our industrial activities on the principles of sustainability and ethics. These principles not only guide but inspire all our daily actions, with the ultimate goal of pursuing goals that go beyond mere financial results, promoting a responsible, sustainable and transparent business model.

With this in mind, Pettenon is committed to creating beauty in an ethical and sustainable way through the production of products that enhance the individual potential of those who use them, while ensuring compliance with strict environmental and social standards. This commitment is achieved day after day thanks to the synergy with the practices of our stakeholders, which contribute to the achievement of corporate objectives and lay the foundations for a common growth path.

Embracing this philosophy means committing to a continuous process of common improvement and innovation, which considers corporate social responsibility and aims to ensure a more responsible and prosperous future for all.

FEDERICO PEGORIN, Executive President

GIANNI PEGORIN, Vice President



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Pettenon Group

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Highlights 2023

Benefit Corporation since 2021

Regular turnover of
€ 145 million,
 equal to a consolidated turnover of
€ 175 million

Ebitda (EBTDA) of
€ 28,5 million

Production value of
€ 150,6 million

Net profit of
€ 13,9 million

Total personnel costs of
€ 23,2 million

Net worth of
€ 104,7 million

Support for **more than 20 local associations**

Carbon neutrality

of the San Martino di Lupari plant

of corporate events

68%
 of newly hired employees are women

97%
 permanent

460
 employees

54%
 of women in a middle management

60%
 female employees

56% employees in the 30-50 age group

Over **8 thousand** hours of **training** provided

Naturalness index of the 20 "top seller" products **more than 90%**

Carbon footprint calculator and achievement of **UNI EN ISO 14064:2015** certification

LCA analysis of the new **ALAMA shampoo powder**

56% reduction in waste compared to 2021

100% electricity from renewable sources

312 tons of plastic saved compared to 2021

About us

For over 30 years, we have distinguished ourselves as an international leader in the professional hair and skin care industry, promoting beauty in an ethical and sustainable way through excellent cosmetic products.

We are an organization that respects tradition, values and the territory, and at the same time offers quality and innovative products, the result of our expertise and know-how.

Recognized worldwide as a synonym of quality by professionals in the sector, we offer a wide multi-brand proposal entirely Made in Italy and a complete Custom Made service, which represents a fundamental component of our offer.

Our commitment is to enhance beauty in all its forms, with a dedication that goes beyond aesthetics to touch the heart of ethics and responsibility.

Our values

Our values, rooted in tradition, define our corporate culture and guide our business activity; This is what sets us apart and makes us unique in the market.

- **Passion for beauty:** we believe in ethical, conscious and responsible beauty. As also indicated in our Code of Ethics, we value beauty in all its forms, with a dedication that goes beyond aesthetics to touch the heart of ethics, embracing the values of integrity and responsibility towards stakeholders and the territory.
- **Reliability and Excellence:** we are recognized in the market not only for the excellence of our products and services, guaranteed by strict safety and quality standards, but also for our ability to satisfy consumers, even the most demanding. Our strength lies, in fact, in the ability to combine our “know-how” with the needs of our customers, even going beyond expectations. We want to create value for our stakeholders by providing products and services that can enrich their overall experience.
- **Customer centricity:** for us, customer satisfaction is at the heart of every business activity and choice and translates into the construction of long-lasting relationships of

trust with our stakeholders and sustainable growth for the company and the community.

- **Sustainability:** we promote sustainability, which goes beyond environmental protection and also embraces social and governance aspects, translating not only into the constant commitment to reduce the environmental impact of our industrial activities, but also into supporting the well-being of people and communities, as well as building transparent, respectful and shared value relationships with all our stakeholders. In fact, we believe that it is our responsibility to include customers, suppliers, collaborators and consumers in our transformation and evolution process, sharing our goals, our vision with them and committing ourselves together to achieve them.
- **Value of human assets:** our strength is our people, our employees, who represent the beating heart of the company and who have contributed significantly over the years to the growth of our Group. We create beauty, putting people at the center of our company policies, because the well-being and satisfaction of our employees also entails, as a result, the satisfaction of our customers.



Pettenon Cosmetics' strategy pillars

Innovation

Pettenon Cosmetics has always considered the commitment and investment in **research and innovation** as fundamental elements to introduce new design and production methods into the company, with the aim of offering the market products that are increasingly effective, high-performance and, above all, in line with the quality needs required by consumers. With this in mind, **research and innovation represent the core and soul of Pettenon Cosmetics' activity**, with the aim of promoting an innovative and holistic approach. At the same time, the company has always given priority to the **raining and specialization of its employees**, in order to expand their knowledge and skills. This makes it possible to develop new products that are not only the result of advanced scientific research, but also embody the fusion of knowledge and progress, testifying to Pettenon Cosmetics' commitment to excellence and constant innovation.

Digitalization

Digital transformation is one of the pillars behind Pettenon Cosmetics' business strategy. Thanks to the **integration of digital tools** into its activities, the company has achieved greater visibility, strengthened the relationship with its stakeholders and investigated more deeply the new needs of the beauty market. For the same purposes, Pettenon Cosmetics has decided to enhance the **digital footprint of individual brands**, also aiming to strengthen their relationship with the community of professionals and users and to raise awareness of sustainability and inclusivity issues. In particular, the company is introducing **innovative customer relationship management (CRM) software**, enriched with the support of artificial intelligence to ensure effective communications and personalized experiences. This strategy translates into building long-lasting relationships of trust with customers, contributing to the sustainable growth of the company and the community in which it operates.

Sustainability

Pettenon Cosmetics is firmly convinced that **there can be no development without sustainability**. For this reason, it has chosen to make sustainability one of the cornerstones of its corporate strategy, establishing a sustainability governance dedicated to the design, coordination and management of company activities. In particular, the **Sustainability Committee**, made up of the main corporate and business functions, meets periodically in order to evaluate strategic and operational proposals on sustainability. Integrating environmental and social factors into its modus operandi has allowed the company both to **limit the impact of its activities on the environment** thanks to a more effective management of resources and the reduction of waste, and to **forge a stronger bond with the territory, employees and collaborators, generating shared value in the long term**. As a demonstration of its commitment to sustainability, in 2021 Pettenon Cosmetics became a **Benefit Corporation**, a change that also led it to publish its first **impact report**, the 2021 Sustainability Report, which includes the company's sustainability indicators, results and objectives.

Customer centricity

Customer **satisfaction** is placed at the heart of every activity as a fundamental business strategy. The goal is to **understand customers' needs in depth** in order to develop customized solutions that exceed their expectations, allowing the company to stand out in the market. This principle drives every action, from production to sales, through logistics and after-sales service. In this context, the company is introducing innovative **Customer Relationship Management (CRM) software**, enhanced by the support of artificial intelligence, to ensure effective communications and personalized experiences.

In addition, Pettenon Cosmetics has implemented the **NPS (Net Promoter Score)** project, which allows it to measure the level of satisfaction of its customers. NPS, developed by Fred Reichheld in 2003, is a metric used to assess the level of customer satisfaction and loyalty to a company. It's a clear and quick tool for identifying areas for improvement and recognizing best practices, creating a continuous cycle of improvement based on customer feedback to deliver better and more satisfying experiences.

The Value Creation strategy, based on customer satisfaction, represents a commitment that involves and mobilizes the entire company. It translates into building **long-lasting relationships of trust with customers and sustainable growth for the company and the community**.

Cultural transformation

In order to achieve the **transformation of the company into an Italian multinational** with a significant presence in the European and North American markets, as well as a progressive penetration in developing markets, the company is adopting an **expansion strategy** that includes the opening of new branches, the expansion of production capacity and the execution of targeted acquisitions. This approach aims to **consolidate the company's position on a global scale, increasing its competitiveness and strengthening its role in international markets**.

Meanwhile, the company attaches great importance to **corporate social responsibility (CSR)**, committing itself to maintaining and strengthening **Pettenon Cosmetics' recognition as a Benefit Company**. This commitment reflects the company's ambition to not only pursue **sustainable growth**, but also to foster a **corporate culture** that encourages employees to spread shared values such as collaboration, innovation and sustainability.



Our Story

1946 Mario Pettenon founds Morgana	1988 The Year of change	2021 Evolving	2022 Sustainability Reporting	2023 New challenges
<p>From the Morgana artisan company of Mario Pettenon to an industrial group that looks towards the future, while preserving its history, tradition and values</p> <p>In 1946, Morgana was founded by Mario Pettenon, an entrepreneur, philanthropist and art lover. Thanks to the close collaboration of Arturo Pegorin and a skilful and tireless work in the research of formulations and artisanal creation of the products, the company immediately stands out for its competence and experience, a combination that still characterizes Pettenon Cosmetics today. In the early years of activity, the company's core business was mainly the production of lipsticks, nail polishes, powders and perfumes, and then specialized in professional products for hairdressers.</p>	<p>The ownership passes to the family Pegorin and from Morgana born Pettenon Cosmetics in honor of the founder of the company. The core business focuses on professional haircare and grows with a custom made service. the first brand is born: Alter Ego Italy</p> <p>In 1988, with the death of Mario Pettenon, Pettenon Cosmetics passed to the Pegorin family, Arturo and his two sons Gianni and Federico, who led the company on a path of rise and expansion. To date, Pettenon Cosmetics is one of the most established companies in the field of professional hair and skin care. Pettenon Cosmetics' ever-expanding product portfolio is diversified into eight brands, with the aim of ensuring innovative products that, at the same time, are accessible to diversified consumer segments.</p>	<p>Brands in the Pettenon portfolio increase, while the company promotes beauty in harmony with the environment and community, becoming a Benefit Company</p> <p>The transformation of Pettenon Cosmetics into a Benefit Corporation in 2021 marked a significant step in its evolution towards sustainability. This legal change underscored the company's commitment to pursuing goals that go beyond mere profit, focusing on making a positive contribution to people, communities, the environment and other stakeholders. Through this legal form, Pettenon Cosmetics is committed to operating in a responsible, sustainable and transparent manner, embracing common benefit goals declared in its Statute. In the meantime, two Sustainability Committees were established in 2021, highlighting the company's concrete commitment to promoting and implementing sustainable practices in all its activities. These committees have been instrumental in guiding the company in identifying and pursuing specific sustainability goals.</p>	<p>Pettenon Cosmetics publishes its first sustainability report, revealing its commitment and sustainability achievements to its stakeholders</p> <p>During 2022, Pettenon Cosmetics reached another significant milestone by publishing its first impact report in the form of a Sustainability Report. This document was an important tool for transparently communicating sustainability efforts and results to stakeholders.</p>	<p>Pettenon Cosmetics receives Carnon Footprint ISO 14064 certification, confirming the company's commitment to climate change mitigation</p> <p>In 2023, the company further deepened its environmental analysis by measuring the carbon footprint of its operations. This process has been validated through the Carbon Footprint ISO14064 certification, confirming Pettenon Cosmetics' commitment to reducing greenhouse gas emissions and mitigating climate change. Finally, the year 2023 brought important changes, including Pettenon Cosmetics' total control of Biocosm'Ethics s.r.l. and G&P Cosmetics s.r.l. and the introduction of a new CEO, Luigi Ambrosini.</p>

“From values and tradition to leaders in innovation and sustainability.”

Production sites: where Italian quality is born

The Pettenon Group presents itself as a dynamic and growing entity in the cosmetics sector, characterized by an organizational structure that includes three production sites.

The **production complex of Pettenon Cosmetics, located in San Martino di Lupari (PD)**, is constantly being developed and updated. This factory, specialized in the creation of exclusive treatments for the care and aesthetics of hair and skin, produces an average of 200,000 units daily, including shampoos, masks, styling products, hydrogen peroxide and other technical items.

All phases of the production process for the creation of Pettenon Cosmetics products are carried out internally, from the design and research phase, to the blow molding and silk screen printing phase of the packaging, with the aim of monitoring and guaranteeing high standards of quality and professionalism, consolidating Pettenon Cosmetics' reputation as a **reliable partner of professional beauty at a global level**.

Pettenon Cosmetics' **in-house laboratory** guarantees **high quality standards and constant innovation**. Thanks to the presence of highly qualified experts and significant investments who focus on research and development everyday. The laboratory stands out for the optimization of product performance and the search for originality, both in formulations and in holistic product design, reflecting a perfect balance between advanced technology and refined design.

Pettenon Cosmetics' Quality Control Department is in charge of the systematic monitoring of products through precise screening methods of raw materials, materials, semi-finished and finished products, in order to ensure the compliance of all production batches with high quality standards.

The **microbiological laboratory**, bio-safety class II, is structured to ensure the correct management of biological risk and preserve the **health of operators and the surrounding environment**. The laboratory, kept in vacuum, uses an automatic air filtration system. Microbiological analyses provide accurate product screening, for example, by counting bacteria, mold, and yeast. All analyses are carried out **in compliance with the guidelines** defined in the UNI EN ISO 16212:2017 and UNI EN ISO 21149:2017 standards and following the acceptability criteria expressed in the UNI EN ISO 17516:2015 standard. The laboratory is also equipped with an **advanced technology** instrument which, through flow cytometry, allows in-depth analysis of the products, to better guarantee and **protect the health and safety of the end consumer**.

The Alter Ego Italy Salon Akademy, an integral part of Pettenon Cosmetics, periodically organizes training courses for professionals in the sector, promoting the development of new skills and abilities through a wide range of training courses ranging from training courses dedicated to styles to the numerous techniques used.

Finally, Pettenon Cosmetics' **"Hair Innovation Space" Technical Center** makes use of the expertise of experienced hairdressers and professionals to test and develop the products. Through daily tests on models, the center verifies the effectiveness and performance of the products, developing protocols of use and professional advice to effectively meet the needs of customers, even the most demanding ones. **Pettenon Cosmetics has a quick time to market and a safety guaranteed approach to the end consumer and the groups offers excellent training by the academy**, reflecting the company's commitment to industry professionals and international stylists.



Headquarter: San Martino di Lupari (PD)

Here, Innovation, Tradition and Respect merge to create high quality products haircare for customer all over the world.



Sansepolcro (AR)

Here, Art & Science meets to give a shape to high quality and professional dye creams.



Cartigliano (VI)

Here Nature meets Science to give sustainable and innovative beauty solutions for skincare, bodycare and haircare.

The **Pettenon company**, which acts as a coordinating entity, holds direct control over two other production sites **Sansepolcro (G&P) and Cartigliano (Biocosmetics)**, thus demonstrating its ability to effectively manage and integrate the different stages of production within the Group. In particular, **Sansepolcro** specializes in the production of hair dyes, a segment that requires particular attention to research and development to ensure high-performance and safe products

for consumers. At the same time, **Cartigliano** focuses on the production of skincare items, offering innovative and high-quality solutions for skin care.

The Pettenon Group aims to align its sustainability reporting with the directives of the Corporate Sustainability Reporting Directive (CSRD) with the goal of preparing its first Sustainability Report on the consolidated perimeter for the fiscal year 2024.

International Markets

[GRI 2-6]

Pettenon Cosmetics is a renowned Italian company active in the Professional Hair & Skin Care sector. For over 78 years it has been promoting the Made in Italy quality of its professional products for hairdressers and beauticians both in Italy and abroad. With **118 countries served** and a **consolidated experience** in the main international markets, Pettenon Cosmetics owns 11 proprietary brands - 9 of which in the professional segment and 2 in large-scale distribution. The company stands out for its ability to **offer quality professional products**, which can be customized according to the specific needs of the markets and the different types and characteristics of hair.

Let's go around the world

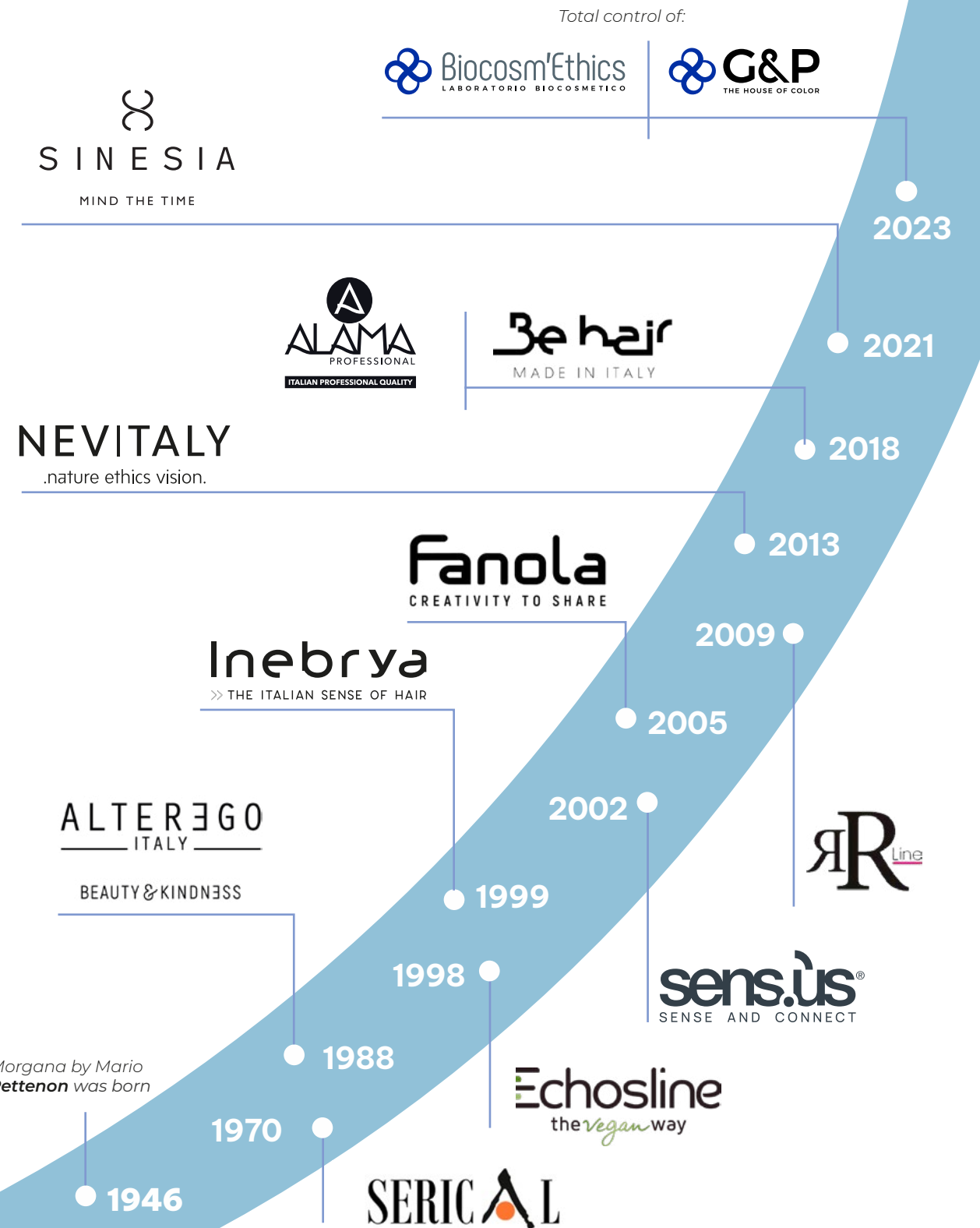
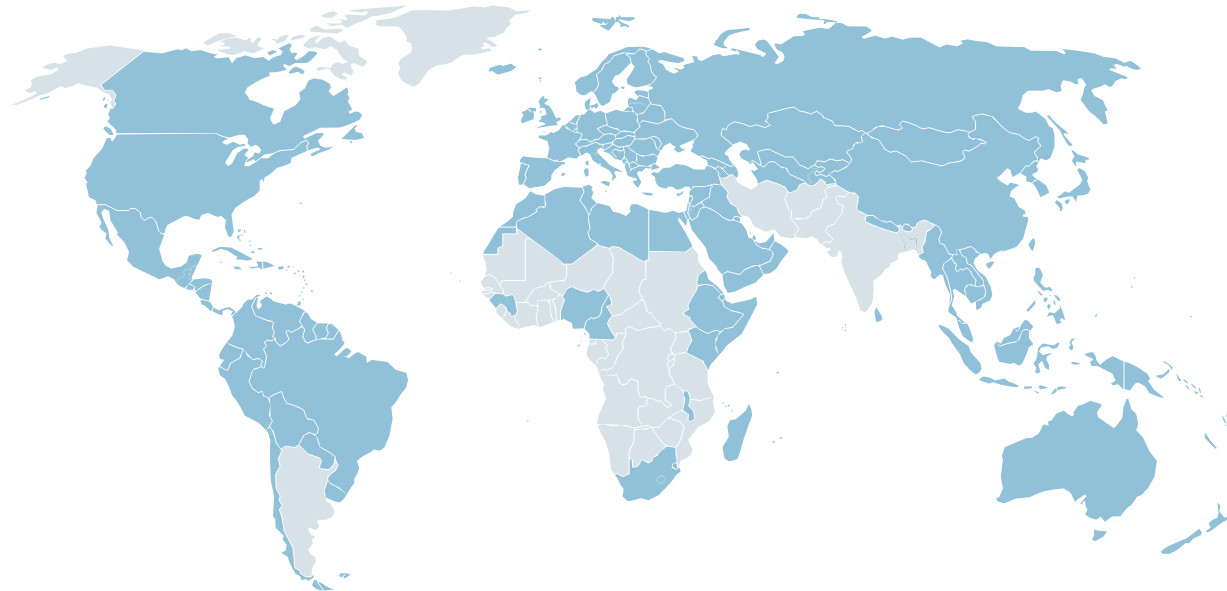
118 Countries

68% International Sales

Legenda:

● Countries served

● Countries not served



Initiatives for our customers

In addition to its own production, Pettenon Cosmetics provides its production site and the technical and creative skills of the company's in-house professionals to meet the needs of its customers, to transform projects into finished products. Part of the activities of the company's production site is therefore allocated to the creation of **private labels** and **private branding**.

Through the **complete service**, the Pettenon Cosmetics team of professionals supports its customers with customization projects of wide

ranges of professional hair products, following the process in all phases: from the formulation and production of the semi-finished product, to the purchase of packaging and creation of product graphics.

The company also supplies its products to customers who already own containers, offering a bottle filling service. Pettenon Cosmetics products can also be purchased in bulk, giving customers the opportunity to proceed with their own packaging.



The organizational structure

Pettenon Cosmetics, a leading industrial company in the international professional hair & skin care market, has over thirty years of experience under the direction of brothers Gianni and Federico Pegorin.

Following the **demerger of AGF Holding Srl in December 2022, Pettenon takes control of the two plants in Cartigliano and Sansepolcro**. In 2023, following the purchase of the minority stake, **Pettenon Cosmetics also assumes full control of the two plants**.



Governance of Pettenon Cosmetics S.p.A. S.B

[GRI 2-9]

The Management of Pettenon Cosmetics is entrusted to a **Board of Directors (BoD)** composed of three members: Federico Pegorin Chairman, Gianni Pegorin Deputy Chairman and Luigi Ambrosini Chief Executive Officer, who have been assigned separately all the powers of ordinary and extraordinary administration, with the exception of those which, which under law or the company's articles of association are reserved to the competence of the Board of Directors. Legal representation shall be vested in each member within the limits of their powers.

The company has appointed a **Board of Statutory** to oversee the company, comprising five members: the Chairman, two Standing Auditors and two Alternate Auditors. the external company Ernst & Young S.p.A. is appointed as independent auditor.

[GRI 2-24]

In accordance with the requirements of **Legislative Decree 231/2001** and with the awareness of the importance of adopting and effectively implementing a system suitable for preventing the commission of unlawful conduct in the corporate context, the Company has adopted - by resolution of the Board of Directors on 9 April 2019 - an **Organisational, Management and Control Model pursuant to Legislative Decree 231/01** ("Model 231"), subsequently updated by resolution of 29 July 2021 and resolution of 14 March 2024, on the assumption that it constitutes a valid tool for raising awareness among recipients to adopt correct and transparent behaviour, therefore suitable for preventing the risk of committing criminal offences included in the list of predicate offences for the administrative liability of entities provided for by Legislative Decree 231/2001.

In addition, the Board of Directors of Pettenon

Cosmetics - with resolution of 9 April 2019 - established, pursuant to Article 6 of Legislative Decree 231/01, the **Supervisory Body** ("SB"), with a collegial composition, responsible for supervising compliance with and functioning of Model 231. The SB is composed of three members, who carry out their functions. Periodically it reports to the administrative body, and guarantees the requirements of autonomy, independence, professionalism and continuity of action in accordance with the provisions of the Decree and the Confindustria Guidelines.

Model 231 establishes specific disclosure obligations - periodic and event-based - towards the Supervisory Body by the Company's Departments/Functions, aimed at allowing the Body to carry out its supervisory activities and verify the effective dissemination, understanding, validity and adequacy of the Model 231.

The Company's Board of Directors, on the basis of the provisions of Legislative Decree no. 24 of 10 March 2023 ("Implementation of Directive (EU) 2019/1937 of the European Parliament and the so-called **"Whistleblowing Decree"**"), with a resolution of 8 February 2024, adopted its own internal reporting channel through a specific IT "Platform", published and accessible from the Company's website at the following link <https://www.pettenon.it/it/whistleblowing>. Through the aforementioned internal reporting channel, it is possible to report violations, including well-founded suspicions, of national or European Union regulations, which harm the public interest or the integrity of the public administration or the Company, in compliance with the whistleblowing procedure available on the mentioned dedicated page of the Company's website.

Internal reports are analysed by an independent **appointed office** with specifically trained staff through the implemented reporting channel

(the **"Whistleblowing Committee"**). The methods of transmission of internal reports are aimed at ensuring the utmost confidentiality of whistleblowers, also in order to avoid retaliatory attitudes or any other form of discrimination or penalization against them.

In the event of internal reports with an impact on Legislative Decree 231/2001, the Code of Ethics and/or Model 231 adopted by the Company, the Whistleblowing Committee involves the Supervisory Body so that the latter can proceed with the assessment of the facts and order the investigations deemed necessary, also making use of the support of the Company's corporate control functions, in full compliance with the obligation of confidentiality and protection of personal data referred to in the Decree Whistleblowing.

[GRI 2-23]

Pettenon Cosmetics has introduced a Code of Ethics, highlighting the need to ensure corporate activities are performed in accordance with the rule of law. The code of Ethics sets out a series of principles, values and behavioural standards to be applied in the management of the business which the company recognises as being correct, and requires its corporate bodies and employees to comply with, as well as those of third parties which, for any reason, have business relations with the company.

The Company has made the Code of Ethics and Model 231 available on its website and on the company intranet, so that it can be viewed by all stakeholders.

In addition, in order to strengthen its control system and prevent the risk of non-compliance, the Board of Directors - with resolution of 22 March 2022 - established the **Compliance Function within its Legal and Corporate**

Affairs Department, with the aim of creating a cross-functional oversight of all business units to promote a corporate culture based on the principles of fairness and compliance with the law and to prevent risk of incurring judicial or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory rules or self-regulation.

[GRI 205-3]

All employees and business partners of the company are required to know and comply with the company's internal regulations on the fight against corruption by accepting the clause provided for in the contracts signed. During 2023, in line with previous years, **no cases of corruption were recorded.**

Our Suppliers

Pettenon Cosmetics regulates relations with the supply chain through internal policies that allow it to implement the correct procedure for the purchase of raw materials and to define a system of selection, approval, monitoring and re-approval of suppliers in order to guarantee aspects such as safety, legality and quality of materials.

During 2023, the company had **336 suppliers**, predominantly in the **Italian territory (88%)**, whose main products are: raw materials, packaging, accessories and communication materials.

Overall, the economic value distributed to suppliers amounted to €47,313,239.

[GRI 204-1]

Total number of suppliers	UoM	2021	2022	2023
Total number of suppliers	N	273	318	336
Suppliers in the North area	N	220	252	265
Suppliers in the Centre area	N	18	23	27
Suppliers in the South and Islands	N	4	6	4
Suppliers in the Foreign Area	N	31	37	40
Total Monetary Value Distributed	€	41.024.199	50.054.088	47.313.239

The Sustainable Procurement Project

As early as 2021, with the awareness that the procurement phase has an environmental, social and economic impact on the territory to which the company belongs, Pettenon Cosmetics has embarked on a **path of awareness and collection of information** on environmental, social and governance sustainability issues **towards its suppliers**. In fact, the company has started on a process of **integrating sustainability into the processes of selection, assessment and management**

of the supply chain, with the aim of promoting responsible economic development, creating long-term shared value for all stakeholders.

A significant step forward in the organization has been made with the introduction **of the use of self-assessment questionnaires** in procurement processes, to assess the main parameters that influence the sustainability performance of suppliers such as, for example, the presence of an environmental management system, the methods of support to the community and territory to

which they belong and the presence of policies to reduce greenhouse gas emissions. During 2023, questionnaires were sent **to suppliers** belonging to the following categories: raw materials, packaging, finished products and communication material. The processing of the results made it possible to group suppliers according to their ESG performance and to identify, for each category and based on their strategic relevance, the actions to be taken during FY 2024 to progressively improve the sustainability performance of the supply chain, but also to promote greater awareness of ESG issues. In particular, the results showed that **more than half of the business partners showed a high attention and respect for ESG criteria** in their production activities and daily performance; **42% showed an average coverage** of these principles, while only in one case the absence of positive ESG practices emerged.

During 2023, the company also adopted the **sustainable procurement policy**, which details the sustainability principles and practices of the phases of the purchasing process, in order to communicate Pettenon Cosmetics' commitment to sustainable sourcing to all stakeholders.

For the year 2024, the company has outlined **key goals to promote sustainability in its supply chain**.

First of all, the definition of a code of conduct for its suppliers, establishing clear standards and ethical guidelines to be followed, in order to ensure that all collaborations respect the fundamental values of sustainability and integrity of the company.

In addition, **the extension of the scope of applicability of the ESG questionnaire to all suppliers** working with Pettenon Cosmetics, including the Services, Consulting, Investment and Facilities sectors, in order to obtain a more

complete overview of suppliers' ESG performance and to identify priority areas of intervention. In addition, the company aims to integrate ESG assessments **into the Vendor Rating process** starting from fiscal year 2025 in order to consider the ESG performance of suppliers as a key criterion in assessing their suitability to collaborate with Pettenon Cosmetics on a regular basis. In particular, suppliers classified as **low to medium** will be subject to periodic audits every two years, to ensure constant monitoring of their performance and offering them the opportunity to implement improvements over time; otherwise, suppliers classified as having **excellent performance levels** will be sent a letter of thanks for their commitment and support in sustainable practices.

The **Sustainable Procurement** initiatives implemented reflect the company's commitment to sustainability and demonstrate a concrete desire to reward and incentivize responsible and sustainability-oriented corporate behavior.



Sustainability at Pettenon Cosmetics

Awards & Recognitions 2023

The sustainability strategy

Sustainability governance

The process carried out for the identification of material issues: the materiality analysis

Pettenon Cosmetics' value chain and the SDGs

Awards & Recognitions 2023

Sustainability Leaders 2023

Pettenon Cosmetics has been recognized as “**Sustainability Leader 2023**” by **Il Sole 24 Ore** and Statista, i.e. among the 240 Italian companies awarded as most sustainable through the analysis of public documentation, such as the Sustainability Report and the Published Financial Statements.

UNI EN ISO 14064:2015 Certification

Pettenon Cosmetics has obtained the **UNI EN ISO 14064:2015** certification, an important recognition of the organization’s commitment to the responsible management of greenhouse gas emissions generated by the company

Sustainability Report 2023

In continuity with the previous year and with the aim of ensuring increasingly transparent, exhaustive and accessible disclosure on environmental and social performance, the company has drawn up its **third Sustainability Report**.

Joining the United Nations Global Compact

In March 2023 Pettenon Cosmetics officially joined the United Nations Global Compact, a strategic corporate citizenship pact that promotes the adoption of sustainable policies and practices through **Ten Principles** in the areas of human rights, labour, the environment, the fight against corruption, the reduction of emissions and support for local communities, as well as support for actions and projects for the sharing of ethical values with workers and partners. At the same time, member companies are also committed to complying with the 17 SDGs of the United Nations.

During 2023, Pettenon Cosmetics has set itself a new important goal related to gender diversity, being among the companies selected for the “**Target Gender Equality**” accelerator of the UN Global Compact Network Italy: a key initiative to **promote gender equality in companies and organizations** at European level.

This 9-month training programme aims to provide the knowledge and skills needed to set and achieve ambitious corporate goals for the promotion of gender equality, thereby contributing to SDG 5 - Gender Equality - set out in the United

Nations 2030 Agenda. In this context, Pettenon and other companies, benefited from a deep understanding of the Women’s Empowerment Principles (WEPs), participating in workshops and peer learning meetings at the national level and having the opportunity to hear expert testimonies on strategies to accelerate progress towards gender equality.

EcoVadis Silver Medal

During 2023, Pettenon Cosmetics was evaluated by **EcoVadis**, supplier of universal sustainability ratings, and included in the top 25% of companies, obtaining a **Silver Medal**.

CONAI 2023 Award for ALAMA ecodesign

Thanks to ALAMA, a Hair Care brand, **Pettenon Cosmetics stands out for its commitment to packaging**, obtaining the prestigious **CONAI 2023 Award** for ecodesign in the circular economy.

Women Empowerment Principles (WEP)

CEO Luigi Ambrosini has signed the **Women’s Empowerment Principles (WEP)**, highlighting Pettenon Cosmetics’ commitment to promoting women’s empowerment within the organization and in its business practices.

The sustainability strategy

With the notarial deed dated June 2021 Pettenon Cosmetics officially became a Benefit Corporation, giving a legal form to its commitment to operate in a responsible and sustainable way towards environmental and social aspects, and in addition, pursuing common benefit goals, as well as maximizing and distributing profits.

Benefit Corporations must specifically indicate in the subject matter of their bylaws the common benefit goals that they intend to pursue, through management aimed at balancing the interests of shareholders with those of everyone

who may be affected by the company's business. The impact, measured through the use of an external evaluation standard, is communicated through an annual report on the pursuit of the common benefit.

The new Articles of Association of Pettenon Cosmetics have made it possible to formalize the company's sustainability strategy and incorporate **five specific common benefit goals** into its corporate purpose:

Research & Innovation



Constant research and development of formulas obtained through innovative techniques used to reduce consumption and waste of resources.

Gender Diversity and multiculturalism

Design and develop communication and marketing projects aimed at promoting and spreading the value of multiculturalism and gender equality.



Community support

Support for philanthropic initiatives towards categories of actors directly and indirectly involved in corporate activities.



Environment protection

Maximising the use of sustainable materials and packaging and encouraging the collection and recycling of products.



Training

Support for training activities aimed at integration into the working world.



"We believe that sustainability is at the heart of our corporate mission. Through innovation, social commitment and environmental responsibility, we drive change towards a better future for present and future generations".

Luigi Ambrosini,
CEO of Pettenon Cosmetics

Pettenon Cosmetics has embarked on a **significant transformation journey**, recognising the importance of **integrating sustainability as a key element of its business strategy**. This evolution is not only a response to **the growing regulatory requirements**, but also represents the result of a **profound corporate reorganization** aimed at increasingly enhancing sustainability.

Luigi Ambrosini promoted to the Chief Executive Officer, on October 1, 2023, marks a decisive turning point in Pettenon's growth, with a **renewed focus on innovation and diversification of product lines**. This new strategic dimension aims to coordinate the brands of the scope of consolidation, **adopting a unified approach and integrating sustainability into all aspects of the company's actions** - a principle that is now fundamental in the company's operations.

The path towards sustainability will involve the evolution of the organization and the activation of numerous projects, some already underway and others planned in the months to come, with the ultimate goal of **generating a positive and tangible impact** on environmental, social and governance pillars through the **definition of a clear and shared ESG roadmap**.

In this context, customer and employee centricity is key to Pettenon's approach. The company's new promise to customers is to offer products and services that meet their needs while fully respecting the environment. Similarly, the company recognizes the invaluable value of its employees as essential assets for business success and growth.

One of the most significant initiatives in this regard is the launch of the **"All employee meetings"** project, a series of bimonthly meetings that **promote an open and collaborative dialogue between the CEO and employees**. The goal is to actively involve every member of the company's population in the definition and implementation

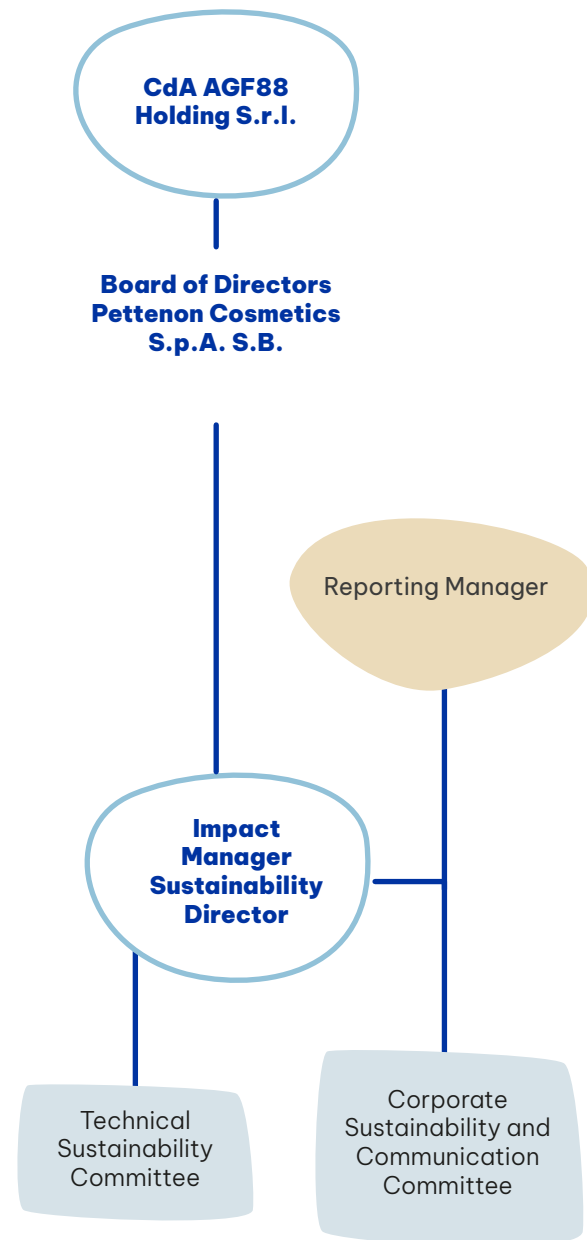
of ESG objectives, providing regular updates on project progress and company news. These **moments of discussion** will be characterized by interactivity and spaces dedicated to questions and clarifications, **reinforcing transparency and the active participation of all**.

Pettenon Cosmetics' Sustainability Report is not only a reporting document but also a **manifesto of a commitment to sustainable, ethical and responsible growth**. The company's vision in the field of sustainability is a continuous path of improvement and innovation, aimed at creating long-term value for all stakeholders, from the customer to the employee, from the community to the environment.

To this end, the **Strategic Sustainability Plan** aims to adopt a proactive approach to sustainable development, meticulously integrating the principles of sustainability within its business activities, from research and quality controls to the selection of raw materials, up to the production of the final product. During 2024 the sustainability strategy, will be made public and it will be perfectly **aligned with the common benefits** sought by the company and it will aim at a significant **reduction on impact**, thus consolidating the entire production process in the context of sustainability-oriented **business growth**. With determination and collaboration, **Pettenon Cosmetics is committed to being a model of excellence**.

Sustainability governance

[GRI 2-13]
[GRI 2-12] [GRI 2-14]



In 2022 Pettenon Cosmetics adopted a **sustainability governance** system for the first time, in order to promote the dissemination of sustainability-related principles within the company, as described below.

The **Board of Directors of Pettenon Cosmetics** plays a role of guidance and strategic supervision of the company’s activities, approving the materiality analysis and the Sustainability Report. The Board of Directors has established the figure of the **“Impact Manager”** with the task of ensuring that the organization operates in a responsible, sustainable and transparent manner, pursuing the common benefit goals defined in the corporate purpose and protecting the interests of stakeholders. In particular, the Manager is responsible for drawing up a plan for the management of common benefits, involving company functions in its implementation, and promoting the promotion of transparency of impact results. In July 2023, the interim Board of Directors has assumed the role of Impact Manager.

The **“Technical Sustainability Committee”** is responsible for evaluating and proposing improvements for the company’s environmental sustainability, focusing on research and development, energy consumption, water management and supply chain. The **“Corporate Sustainability and Communication Committee”**, on the other hand, discusses issues of social sustainability and governance, including employee health and safety, training, well-being and community impact. Both committees meet monthly and include key members of the organization.

Pettenon Cosmetics has also introduced the figure of the **“Reporting Manager”** to oversee the process of drafting the Sustainability Report, the collection of data and the processing of the

same, to ensure compliance with the obligations related to corporate sustainability reporting.

The **governance described above has changed starting from the 2024 fiscal year**, presenting the configuration shown below:

In particular, in December 2023, the two pre-existing committees were merged into the **Sustainability Committee (ESG Committee)**, under the chairmanship of the Chairman of the Board of Directors, who meets on a monthly basis. This new body includes all the Function Directors, the Head of Reporting and the Manager of Corporate Communication¹.



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¹ It should be noted that the Risk and Compliance Committee will also be active from 2024.

The **Sustainability Committee** has the task of **assisting the Board of Directors with investigative, propositional and advisory functions, in its assessments and decisions on sustainability matters** and in particular in relation to the various processes, initiatives and activities aimed at ensuring the Company's commitment to sustainable development along the value chain.

The Sustainability Committee carries out the following tasks **defining the sustainability strategy**:

- support the Impact Manager in the definition of a sustainability strategy through the assessment and formulation of proposals in the environmental, social and governance fields, also identifying the relevant issues for the creation of value in the long term and then defining the materiality analysis on these issues;
- identify the best strategies and functions to be involved in the implementation of the various projects related to sustainability, including in the medium to long term (3 years);
- ensure the involvement of all company functions in the implementation of the common benefits management plan;
- verifying the pursuit of the objectives of the Sustainability Plan, examining the guidelines and methods of implementation;
- draw up the Common Benefits Management Plan;
- intercept the main sustainability needs of the core business structures (Commercial and Investments) and staff structures for appropriate discussion and decision-making;
- provide information and data regarding the internal and external context in which the Company operates;

- promote the transparency of the results of the impact by ensuring their publication on the company website and through specific channels;
- express, at the request of the Board of Directors, opinions on issues that may have an impact on sustainability issues.

The Chairman of the Sustainability Committee periodically informs the Board of Directors on the development and implementation of its activities.

In addition, starting from 2024, the **Risk and Compliance Committee** will be operational, in charge of identifying, preventing and managing ESG risks, ensuring compliance with current legislation and promoting transparency. The Committee will play a crucial role in integrating sustainability principles into the company's operations, ensuring that they are conducted in an ethical and sustainable manner.

In order to increase the level of knowledge of **top management** on sustainability, a training session (**i.e. workshop**) was delivered in 2023 aimed at developing greater awareness of the meaning of being a Benefit Corporation and the responsibilities that come with it. The aim was to provide top management with an in-depth understanding of sustainability principles and practices in order to enhance their ability to lead the company towards a more sustainable future.



The process to identify material topics: the materiality assessment



[GRI 2-29]
[GRI 3-1] [GRI 3-2]

Legislative Decree 254/2016, implementing Directive 2014/95/EU, introduced into the Italian legal system **the obligation to report** on the initiatives carried out and policies adopted in relation to environmental, social, personnel issues, respect for human rights and the fight against active and passive corruption. In the light of the principles referred to in Art. 3 of the Decree, the topics to be included in the document must take into account both the specific business circumstances and the general developments in the sector. Pettenon Cosmetics carried out its first **materiality analysis** as early as 2021, to identify the issues to be considered most relevant or “material”.

Pettenon Cosmetics has started a process of updating the materiality analysis in accordance with the provisions of the main European sustainability reporting standard, the Global Reporting Initiative (GRI), which in October 2021 published the **GRI Standard 3 – Material Topics**, which came into force as of 1 January 2023. The new standard defines “material issues” as the issues that generate the **most significant impacts on the economy, the environment and people, including impacts on human rights**. Therefore, the process of assessing the impacts related to Pettenon Cosmetics’ material issues was carried out in accordance with the requirements of the reference standards, using a set of activities such as context analysis and the direct involvement of the company’s key stakeholders.

The process adopted to update the materiality analysis was divided into the following **phases**:



1. Analysis of internal and external contexts

The first phase of the process of updating the materiality analysis involved **an in-depth analysis of the internal and external contexts** of the company with the aim of **classifying all the potential impacts – negative and positive – generated by Pettenon Cosmetics through its business activities**, in relation to the material issues identified by the company during the previous year. For the analysis of the internal context, the documentation supporting

the activities and projects carried out over the years by Pettenon Cosmetics (e.g. LCA of organization for environmental issues) was evaluated, while for the analysis of the external context, benchmark activities were carried out of the main players in the sector. This first phase ended with the definition of a taxonomy of the impacts generated on the economy, environment and society and with the updating of the list of potentially relevant topics for Pettenon Cosmetics.

2. External stakeholder engagement

The second phase of the process was determined by the involvement of a **selected sample of Pettenon Cosmetics stakeholders** and external experts belonging to the following categories: customers, academia, trade associations and distributors. In order to verify the actual perceived impacts, each stakeholder was asked to **assess, on a scale of 1 to 5, Pettenon**

Cosmetics' ability to generate impacts (positive or negative, actual or potential) on the economy, environment and society in relation to the potentially relevant issues identified in phase 1. The activity of listening to the requests of stakeholders was carried out through one-to-one interviews or sending a survey.

3. Internal involvement

The evidence that emerged in the first two phases of the process of updating the materiality analysis was subjected to a **qualitative and quantitative assessment** by Pettenon Cosmetics' internal representatives through in-depth interviews. Each manager was asked to **take into consideration the safeguards implemented by the company and evaluate, on a scale of 1 to 5, Pettenon Cosmetics' ability to generate impacts**

(positive or negative, actual or potential) on the economy, environment and society in relation to the potentially relevant issues identified in phase 1. The internal involvement has also made it possible to collect qualitative reflections on the overall relevance of the issues identified. In addition it was possible to start the first reflections on the potential safeguards to be activated to strengthen the company's positioning and limit the impact generated.

4. Assessment of the impacts generated

On the basis of the evidence that emerged during the activities of involvement of external and internal stakeholders, the impacts generated by Pettenon Cosmetics were **classified and evaluated according to the logic of "significance and probability"** of occurrence using an assessment tool consistent with the main reference frameworks.

The **final impact materiality score** attributed to each individual topic therefore reflects the qualitative and quantitative evaluations collected throughout the engagement process and is given by the aggregation (weighted average) of the following contributions:

- the assessment carried out by the **representatives of the internal functions** involved through one-to-one interviews (assigned weight equal to 50%);
- the assessment carried out by the **stakeholders and external experts** involved through surveys and/or one-to-one interviews (50% assigned weight);

- the contribution of the **Head of Sustainability** which, following an in-depth meeting, made it possible to carry out a fine-tuning activity of the evaluations expressed on the various issues in order to ensure an overall consistency of the results that emerged. The weighting factor (+0.2) was assigned to the following topics: *worker well-being, diversity and equal opportunities, research and innovation, energy and emissions, and the local community*;

- **in-depth desk analysis** of the impacts, including the main evidence that emerged from the analyses for **the assessment of environmental impacts** carried out by Pettenon Cosmetics during 2022 (i.e. Organizational Life Cycle Assessment), which made it possible to assign a weighting factor (+0.2) to the following topics: *research and innovation, energy and emissions, water resources management and sustainable supply chain management*.

5. Definition of materiality assessment







The results of the materiality analysis were traced back to **5 levels of impact generated**: level 5 corresponds to “very high” ratings; level 4 corresponds to “medium-high” ratings; level 3 corresponds to “medium-low” ratings; level 2 corresponds to “low” ratings; level 1 corresponds to “very low” ratings. The results were then led to a **summary view** through the following table:

Common Benefit	Material Topic	Impact Assessment
Training and development of people	Workers' health and safety	*****
Training and development of people	Training & Education	*****
Gender diversity and multiculturalism	Diversity and equal opportunities	*****
Environmental protection	Water management	*****
Environmental protection	Energy & Emissions	*****
Research and innovation	Research and innovation	*****
Training and development of people	Workers' well-being	*****
Environmental protection	Waste management	*****
Community Support	Local community	*****
Research and innovation	Responsible packaging	***
Environmental protection	Sustainable Supply Chain Management	***
Research and innovation	Responsibility and product quality	***
Research and innovation	Marketing & Labeling	***

The table below contains the association between the common benefits of Pettenon Cosmetics, the material issues and the impacts generated – positive and negative – that are most significant for the issues

that have recorded a “very-high” level of impact, as well as the contribution of these **issues to the United Nations Sustainable Development Goals (SDGs)**.

For details of the initiatives carried out with reference to the positive impacts and the mitigation actions taken in relation to the negative impacts, please refer to the contents of the following chapters.

Common Benefit	Material Theme	Description of the main impacts generated	SDGs
Training and development of people	Workers' health and safety	Occupational accidents and illnesses of employees resulting from ineffective application of preventive procedures and actions	
Training and development of people	Training & Education	<ul style="list-style-type: none"> Improvement of staff skills and knowledge through specific training, upskilling and reskilling Creation of a situation of mismatch of employees' skills due to the failure to update the training programs implemented by the company 	
Gender diversity and multiculturalism	Diversity and equal opportunities	<ul style="list-style-type: none"> Promotion of women's leadership towards employees and stakeholders through initiatives to promote and enhance women's empowerment Deterioration of the quality of working life for employees belonging to under-represented social groups due to the lack of application of practices to prevent and combat discrimination 	
Environmental protection	Water management	<ul style="list-style-type: none"> Reduction of impacts on water resources during the production and use phases of products through the development of concentrated and/or waterless formulations Impact on water resources generated during the use of products by customers 	
Environmental protection	Energy & Emissions	Generation of direct and indirect GHG emissions (Scope 1, Scope 2 and Scope 3) in business processes and along the value chain	
Research and innovation	Research and innovation	Creation of economic, intellectual and environmental value through R&D activities in product design	

Pettenon Cosmetics' value chain and the SDGs

[GRI 2-6]

Pettenon Cosmetics demonstrates a full awareness of the importance of its value chain, i.e. the complex flow of interconnected activities involved from product design to delivery to the end consumer. This awareness guides the company in understanding the interactions and connections present at every stage of the value chain, ranging from the procurement of raw materials and the relationship with suppliers, to the distribution of finished products and the management of their end-of-life. It is essential for the company to carefully evaluate its sustainability performance, considering each operational phase, to fully understand the impact on the environment and society and to constantly work on improving and mitigating any negative effects.

The table below summarizes the connection between the company's common benefits, material issues, the **United Nations** Sustainable Development Goals (**SDGs**) and

the **Ten Principles of the UN Global Compact** that Pettenon Cosmetics intends to support in every phases of the life cycle of its products, and in the various phases of value chain. In particular, the principles of the United Nations Global Compact (UNGC) are ten universal principles that **promote corporate responsibility in the areas of human rights, labor, the environment, and anti-corruption in all aspects of corporate conduct.**



Common Benefits	UNGC Principles	SDGs	Material Topics	Commodities procurement	Production & Packaging	Communication & Marketing	Distribution	Consumers and PHASE OF USE	"End-of-life" management of the product
Research and innovation	<ul style="list-style-type: none"> Principle IX - Encourage the development and deployment of environmentally friendly technologies 	 	<ul style="list-style-type: none"> Marketing & Labeling Responsible packaging 		*	*		*	*
			<ul style="list-style-type: none"> Research and innovation Responsibility and product quality 	*	*		*	*	
Environmental protection	<ul style="list-style-type: none"> Principle VII - support a preventive approach to environmental challenges; Principle VIII - take initiatives that promote greater environmental responsibility; Principle IX - Encourage the development and deployment of environmentally friendly technologies 	 	<ul style="list-style-type: none"> Sustainable Supply Chain Management Energy & Emissions Waste management Water management 	*	*		*	*	
Gender Diversity and Multiculturalism	<ul style="list-style-type: none"> Principle I - to promote and respect universally recognized human rights within their respective spheres of influence; Principle II - ensure that we are not, even indirectly, complicit in human rights abuses. Principle VI - elimination of all forms of discrimination in employment and occupation. 		<ul style="list-style-type: none"> Diversity and equal opportunities 			*		*	
Training and development of people	<ul style="list-style-type: none"> Principle III - uphold workers' freedom of association and recognise the right to collective bargaining; Principle IV - elimination of all forms of forced and compulsory labour; Principle V - elimination of child labour; Principle VI - elimination of all forms of discrimination in employment and occupation. 		<ul style="list-style-type: none"> Workers' health and safety Workers' well-being Training & Education 		*			*	
Community Support	<ul style="list-style-type: none"> Principle I - to promote and respect universally recognized human rights within their respective spheres of influence; Principle VI - elimination of all forms of discrimination in employment and occupation. 		<ul style="list-style-type: none"> Local community 		*			*	



3 The Five Common Benefits

Research and innovation

Environmental protection

Gender Diversity and Multiculturalism

Training and development of people

Community Support

Environmental protection



Research & Innovation



Training & Education



Gender diversity and Equal Opportunities



Community support



Pettenon Cosmetics, by adopting the benefit company legal form, has included **common benefit goals** it intends to pursue alongside its business. The company has chosen to continue to promote a series of actions such as research and innovation, environmental protection, multiculturalism and gender equality, training and enhancement of people and solidarity initiatives, to promote common benefits and promote the positive impact of the business on its stakeholders.

In the following sections of this report, for each of the above-mentioned common benefit purposes, the main initiatives promoted by the company are presented, as well as the performance indicators used to quantify their impacts, the main highlights and future objectives



Highlights

20 top sellers' **naturalness** and **biodegradability** indexes over **90%**

44% of palm oil derived from **RSPO** (Roundtable on Sustainable Palm Oil) **certified**

New **Product Lifecycle Management (PLM) Software**

Achievement of the CONAI 2023 (National Packaging Consortium) Award for ecodesign in the circular economy

Research and innovation

The constant research and development of formulas obtained through innovative techniques used in order to reduce consumption and waste of resources.

To ensure the maximum professionalism of its products, Pettenon Cosmetics makes continuous **investments to protect safety and quality**, through **highly specialized and qualified personnel, constant training and specialist advice** with international partners.

The continuous **monitoring and updating of European and non-European cosmetic regulations** protects professionals and customers all over the world, offering compliant products and increasingly customizable services.

In the process of developing new products, Pettenon Cosmetics follows a series of key steps to ensure the excellence and performance of the final product.

In the initial phase of **project definition**, the Marketing Department engages in generating innovative ideas for new products that meet the needs of different markets and customer expectations.

Subsequently, the **internal R&D** laboratory goes into action working to turn ideas into reality through the **design and implementation of new formulations and the**

management of Procurement to acquire the necessary raw materials most suitable for the creation of the final product.

In addition, the **Quality Department**, in collaboration with specialized departments, is responsible for ensuring the conformity of products and processes. The activities include internal audits in offices and production for compliance with regulations, qualification of suppliers according to the requirements of Pettenon Cosmetics S.p.A., optimization of business flows to ensure greater effectiveness, validation of industrial machinery and methods to ensure quality and efficiency, and support in the Inbound Marketing process towards the customer. This approach ensures that the products not only comply with current regulatory standards but also provide safe and quality products for consumers. Through these activities, the company is committed to making products that are both sustainable and of high quality, thus responding to growing consumer expectations and environmental regulations.

Subsequently, the Technical Center conducts a series of **line trials to evaluate the performance and reliability of the new product on a smaller scale**, offering a preliminary overview of the associated manufacturing process and identifying any necessary improvements or optimizations:

- **Compatibility test:** This test focuses on evaluating the interaction of the semi-finished product with other materials or products, ensuring that there are no negative reactions. It is carried out following a precise calendar that includes periodic checks, in order to monitor any changes over time.

- **Drop test:** this verification is crucial to ensure that the semi-finished product maintains its integrity and functionality after being subjected to impacts or physical stresses, simulating real-world conditions of use that could lead to falls or shocks.

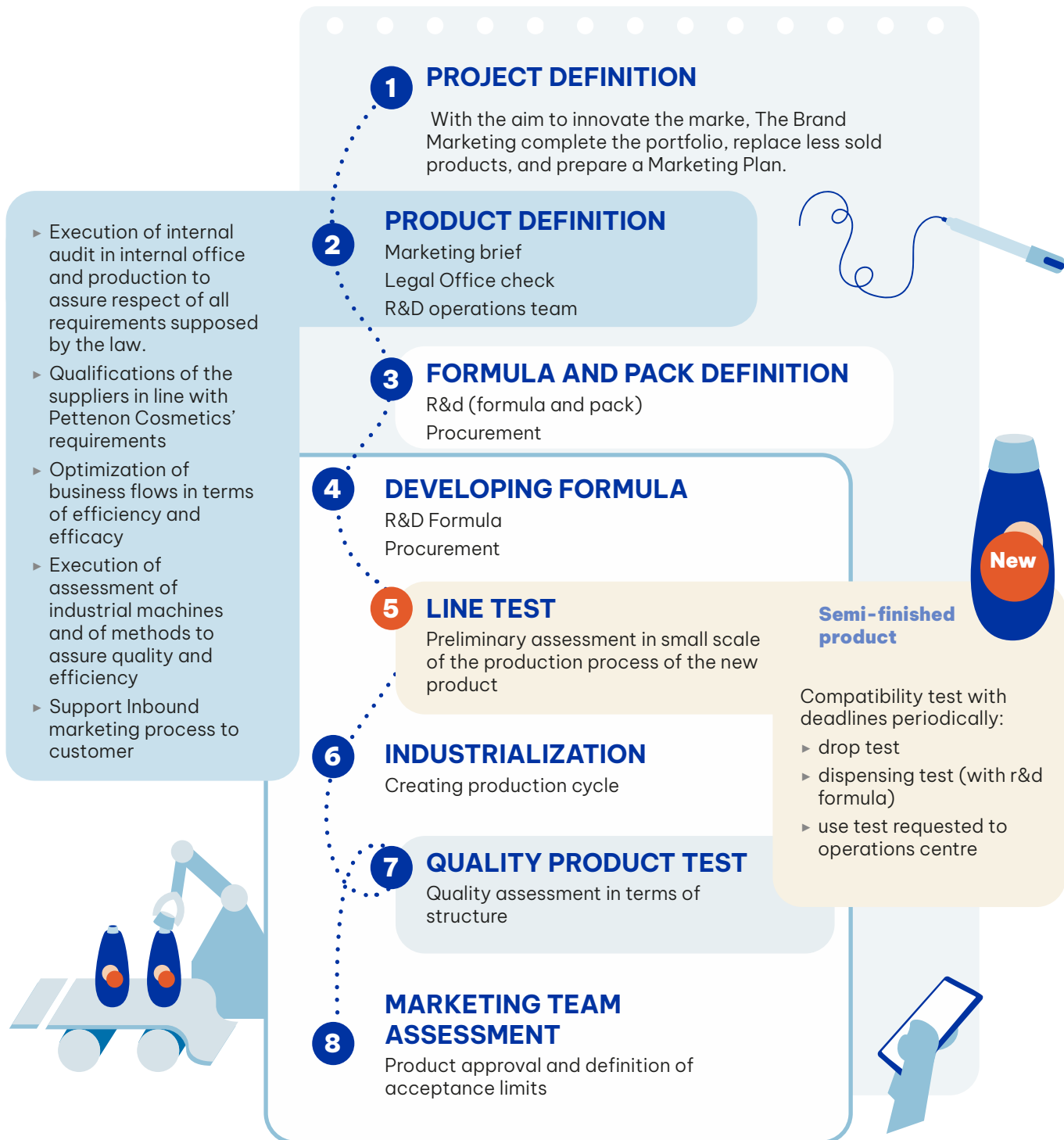
- **Dispensing Test:** Carried out in collaboration with the Formula R&D department, this test evaluates the

effectiveness with which the product is released or dispensed from its container, ensuring that the dispensing mechanism works correctly and efficiently.

- **Use tests:** finally, the collaboration of the Technical Center is requested to conduct practical use tests, in which the semi-finished product is used under normal consumption conditions to evaluate its performance and acceptability by the end user.



Development of a new product



This sequential and methodical approach ensures that every new product developed meets the highest standards of quality, sustainability and safety.

The process continues with the **industrialization phase** in which the production cycle is defined aimed at the application of the process on a large scale, which takes the form of an **initial production of the product that allows the evaluation of the effectiveness of production**. Evaluations are also carried out at this stage to ensure large-scale process optimization and adherence to quality standards. In particular, the **quality control of the product** evaluates the organoleptic and structural aspects to ensure compliance with pre-established standards.

Finally, the **Marketing Department evaluates the product for final approval** and defines the acceptance criteria. This ensures that the new product is aligned with the marketing strategy and customer expectations.

Pettenon Cosmetics' commitment is also **reflected in the application of an integrated management system, in accordance with ISO 9001, ISO 14001 and ISO 22716** standards, and in the use of production processes based on scientific and standardized methods.

The **chemical and microbiological laboratories** are newly built and have smooth and effectively sterilizable

surfaces. As a further guarantee of attention to quality and precision, the company makes use of external certification bodies for calibration, maintenance and validation of the proper functioning of the instruments supplied. Thanks to the multidisciplinary nature of the research carried out by the internal laboratories and with a view to continuous development of its products, the company invests in the development of **patents** that mainly concern the cosmetic formulation and composition of Pettenon Cosmetics products, as well as the design and packaging of the packaging. The company owns four of them.

The path to sustainability is recognized as a continuous and challenging journey, aimed at promoting a progressively sustainable business model and integrating environmental and social commitment directly into the crucial stages of Pettenon's production. Among the main challenges that the company will have to face in the near future is the importance of **optimizing the use of resources**, minimizing waste, and adopting efficient production processes. Reducing the **carbon footprint** is another crucial goal, which can be pursued through the transition to renewable energy and the review of logistics strategies. With this in mind, the company is committed to ensuring that the **supply chain**

is responsible and sustainable by partnering with suppliers who share the same standards of environmental and social sustainability. In particular, the adoption of **sustainable materials for products and packaging** is essential to reduce environmental impact. Therefore, the **involvement of all stakeholders**, from transparency with employees and customers, to staff education to fostering a corporate culture focused on sustainability, is essential in order to achieve effective progress. Finally, stimulating an **increasingly customer awareness**, by training and promoting sustainable choices for customer involvement, becomes a means of stimulating the demand for eco-friendly products and services. These efforts are considered essential in sustaining a positive impact on the environment and the community, reflecting the commitment to sustainability embedded in business practices.

[GRI 416-2] [GRI 417-2] [GRI 417-3]

All Pettenon Cosmetics products are developed following a careful and scrupulous control that guarantees quality **compliance, safety for the health of the consumer and compliance with labeling, information and marketing communications**, in compliance with current cosmetic legislation (Reg. 1223/2009). As in

previous years, in **2023 the company did not receive any sanctions**, fines or warnings relating to the health and safety impacts of its products or regarding the labelling, information and marketing communications reported on them.

Product Lifecycle Management (PLM)

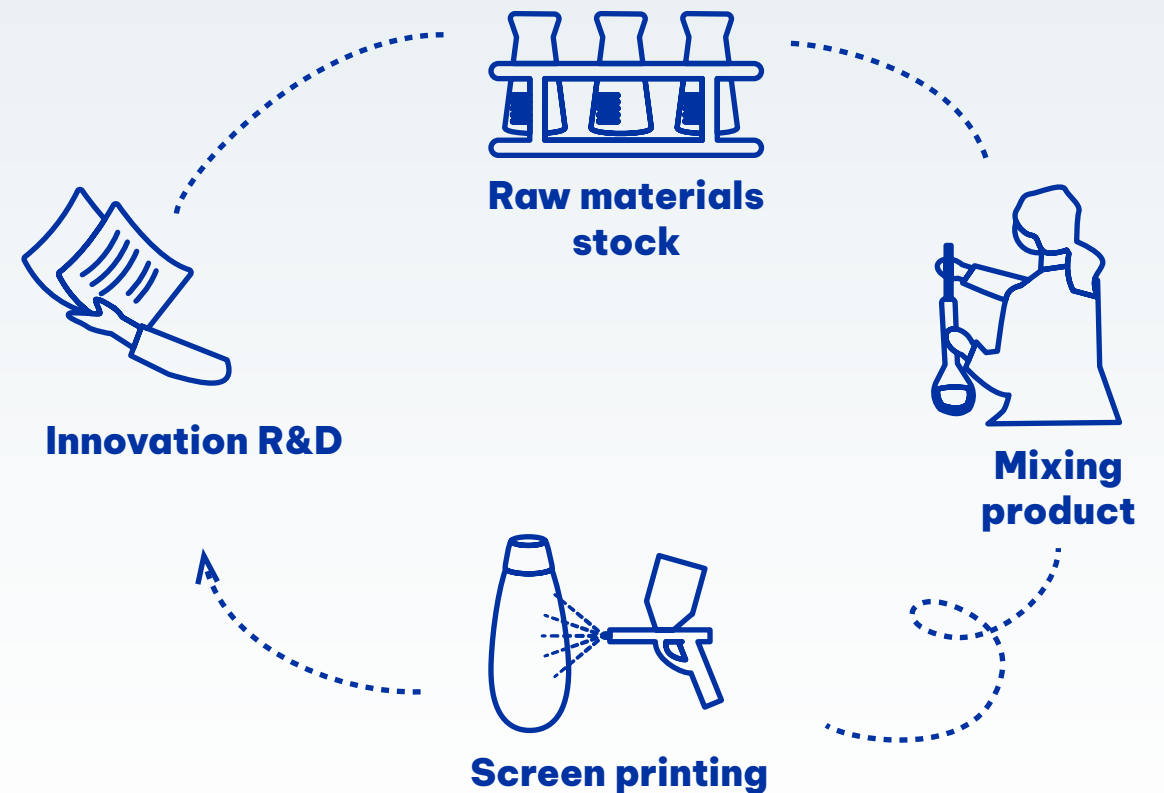
During 2023, Pettenon Cosmetics implemented the **new Product Lifecycle Management (PLM) software**, an innovative solution aimed at **optimizing the life cycle of new products**. With PLM, you can engage stakeholders at every stage of the development process, improving internal collaboration and optimizing time and resources. The use of CENTRIC software, which is already established in prestigious companies, ensures effective and transparent project management. The main goal is to improve product quality,

speed time to market, and provide greater visibility into the progress of projects. With the introduction of PLM, Pettenon Cosmetics aims to **reduce approval times and ensure a consistent and efficient workflow** across industries. This important step represents a tangible commitment to operational excellence and a greater focus on the customer within the company.

The new path at the Pettenon plant

Pettenon Cosmetics aims to enhance the company's excellence and know-how through the **creation of a new guided path within its Plant**. This initiative is designed to offer a varied audience, made up of the local community, business partners, distributors, customers and suppliers, an immersive experience that **highlights the skills, quality**

and innovation that characterize the company's work. Through this journey, the company intends not only to consolidate existing relationships, but also to open up new opportunities for collaboration, concretely showing the added value and commitment to excellence that guide every aspect of its business.



Innovation in formulations

Pettenon Cosmetics pays particular attention to the **innovation, quality, safety and sustainability** of its products designed to allow people to take care of themselves and, at the same time, preserve the surrounding environment by generating shared and lasting value. The constant commitment to research, scientific progress and the company's desire to continuously improve have led it to develop a wide range of professional products with high performance but with a growing attention to the **sustainability of the formulations**.

The naturalness and biodegradability of Pettenon Cosmetics products are guaranteed by the application of strict international standards. Specifically, the **naturalness** of the company's products is calculated by applying **the ISO 16128 guidelines**, i.e. the provisions that define the methods for validating the calculation of the naturalness indices of cosmetics and/or their ingredients; while to determine **biodegradability**, the **OECD 301** guidelines are considered applied to the raw materials that make up the product, whose average weight, for a part of Pettenon Cosmetics products, is more than 85%. In 2023, thanks to the purchase of 1400 tons of RSPO (Roundtable on Sustainable Palm Oil) certified products, which corresponds to **44% of the total palm oil-derived raw materials**, the company **saved about 700 tons of CO₂** emissions equivalent compared to purchasing the same non-certified products.

During 2023, a new research and development project was launched with the aim of **reformulating bleaching powders**, which contain substances that can be dangerous for people and the environment in the event of dispersion. Currently, they are expected to be

transported in accordance with **the Agreement on the International Carriage of Dangerous Goods (ADR)**². The main objective of this project is to develop products that are safer for use for both people and the environment, while reducing the need for transport in accordance with ADR regulations.

In addition, in the context of the **R&D department**, a new project has recently been launched focused on the **formulation of a base for oxidation colouring** characterized by a **high degree of biodegradability and naturalness**. This project aims to develop an innovative solution that is both effective in the hair coloring process and environmentally friendly. The main objective is to offer a range of products that meets the needs of modern consumers, who are increasingly sensitive to environmental issues, looking for sustainable and natural solutions also in hair care products.

In this context, **Pettenon Cosmetics**, through the ALAMA brand, **introduced a shampoo powder in its product range during 2023**. For this new product, a Life Cycle Assessment (LCA) was conducted in collaboration with Ambiente Italia, aimed at comparing different formulas to assess their environmental impact. This approach provides evidence-based decision support and underscores **Pettenon Cosmetics' commitment to the development of waterless products**, expanding its offering with additional powder products despite industry-wide challenges.

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² Per ulteriori informazioni si prega di fare riferimento alla normativa "Accord relatif au transport international des marchandises Dangereuses par Route" (ADR).

Innovation in packaging

Pettenon Cosmetics has equipped itself with an **Ecodesign software, GABI**, with the aim of reducing the environmental impact of the packaging of its products already in the design phase. GABI allows the company to compare the materials at its disposal in order to catalog and sort them according to the level of impact, and then proceed to the analysis of weights and shapes in order to identify those that allow the greatest savings in virgin raw materials (e.g. plastic).

Starting from November 2023, Pettenon Cosmetics, in addition to continuing the Ecodesign software project, has launched

a series of activities aimed at testing and validating environmental improvements on the most widely used bottles.

These activities involved testing on one of the most popular and rotating formats, exploring different options of recycled materials and weight reduction, in order to identify the most eco-friendly version. This project, acting as a pilot, will be the starting point for similarly analyzing other bottles of the company expanding its commitment to environmental sustainability. At the same time, tests on new types of recycled materials have been launched to expand the company's options and encourage the adoption of more sustainable materials.

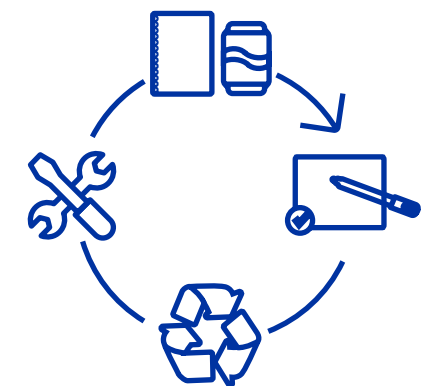
What is ecodesign?

Ecodesign, or design for sustainability, is a design model designed to **minimize the environmental impact of the entire life cycle of products**, focusing on the materials used, production process, durability and recycling. The implementation of the principles of Ecodesign involves:

- the preference for recyclable or low environmental impact raw materials;
- formulations that allow the amount of material used to be reduced to a minimum;
- the creation of products that can be easily broken down into their components in order to recover them;
- the containment of the volume of waste to be disposed of and the pollution caused by the product.

The application of this design model makes

it possible to rethink production processes **with a view to circularity and sustainability** to improve the overall energy efficiency and environmental impact of the products thus created.



Goals for the future

[GRI 301-1] [GRI 301-2]

Materials Used by Weight ³	UoM	2021	2022	2023
Total weight of materials used to produce and package the organization's products during the reporting period	t	2586	2505	2428
Total weight of non-renewable materials used to produce and package products	t	2538	2460	2396
Plastic	t	1541	1491	1374
Laminated cardboard	t	826	828	843
Glass	t	171	141	179
Total weight of renewable materials used to produce and package products	t	48	45	32
FSC Paper	t	2,34	3,50	0,76 ⁴
Paper	t	46	42	31

The commitment to innovation and sustainability is also reflected in **the choice of materials used for the packaging** of Pettenon Cosmetics products. The company is actively committed to minimizing the use of the most impactful raw materials by favoring the use of **alternative materials** such as recycled and **recyclable plastic and recycled or FSC-certified paper**.

The company's internal sustainability committees have defined and approved specific recyclability parameters for the packaging of new products, such as the use of a minimum percentage of recycled materials of 50%. In 2023, the company used 13.4% recycled plastic – compared to 5.5% in 2022 – which allowed it to save 185,000 kg of virgin plastic.



³ The total weight refers exclusively to the material intended for packaging, excluding that related to production.

⁴ During 2023, Pettenon increased its use of FSC paper; However, due to technical malfunctions of the management system, it was not possible to fully track the use, leading to an underestimation of the use of this material.

Of particular relevance is the commitment of **ALAMA**, a Hair Care brand, in the field of packaging for which Pettenon Cosmetics has received an important recognition with the attribution of the **CONAI 2023** (National Packaging Consortium) **Award for ecodesign in the circular economy**. This award, which sees ALAMA achieve one of the highest scores in the overall ranking and the best score in the “reuse” category, underlines the effectiveness of strategies oriented towards product circularity. The project focused on improving the packaging of the 500 ml shampoo, introducing a new 1000 ml eco refill format, and on various initiatives aimed at reducing the environmental impact:

- **significant decrease in the use of plastic** for packaging production.
- **Adoption of recycled plastic** for the bottles.
- **Introduction of 1000ml Eco-Refill**, which **reduces the use of plastic by 75%** compared to buying two separate bottles.

From 2020 to now, **this project has made possible to achieve savings in plastic consumption of 23,180 kg**, confirming the company's dedication to product innovation and packaging sustainability and highlighting how investment in circularity can actually make a difference.

In addition, the company has an in-house **screen printing, blow molding, labeling and packaging department** to better meet the needs of its customers and, at the same time, monitor consumption and the impacts of these phases of the production process. The blow molding department, which allows **100% recovery and recycling of obsolete bottles**, covers the production of 40% of the company's total PE jars and bottles, 7.7% of which is made up of recycled plastic – a value that has more than tripled compared to 2.9% in 2021.

Ensure the use of recycled plastic in the packaging of new products launched by brands

Reduce the amount of material used in packaging through the adoption of new techniques and tools (e.g. weight of materials)

Implement packaging design using the GABI Eco-design tool

Encourage the use of recycled aluminium in packaging components



Environmental protection

Highlights

Waste generated in 2023 **reduced by 39%** compared to 2022

75% of company cars converted to **hybrid power**

Integration of **water consumption supervision software**

Carbon neutral production site (344,000 kg of CO₂ offset for Scope 1 and 2 emissions)

Reduction of the company's environmental impact

Pettenon Cosmetics is committed to spreading and consolidating a **culture of ecosystem protection**, promoting responsible behavior, and providing adequate information and training for the purpose of energy saving and the correct management of waste and recyclable materials.

The company manifests its commitment to environmental sustainability through a program that establishes **corporate guidelines for sustainability and the environment**.

Protect the environmental system by maximizing the use of sustainable materials and packaging and promoting the collection and recycling of products.



Energy consumption

[GRI 302-4]

The company's industrial buildings adopt the most advanced technologies to reduce environmental impact: **3,600 m²** of state-of-the-art photovoltaic panels currently produce about 200,000 kWh of clean energy per year, which is flanked, in the San Martino di Lupari plant, **by the use of electricity from 100% renewable sources.**

Pettenon Cosmetics has equipped itself with an integrated LED lighting system with presence sensors and **energy voltage regulation** devices which, together with new energy-saving mixing systems, **allow energy efficiency and annual savings of about 2.1%.**

Among the projects developed to save energy, two significant initiatives stand out that demonstrate the commitment to energy efficiency and environmental sustainability. Firstly, the construction of a **new plant for the recovery of cooling water from production mixers.** This system not only allows the reuse of water, but also exploits the thermal power derived from the recovery process, thus contributing to a significant reduction in energy consumption. In addition, the plant provides for the elimination

of direct discharges thanks to the recovery of the water resource, which is no longer conveyed to the purifier but recirculated in the new system, further optimizing the production process in an eco-sustainable way.

At the same time, an **805 kWh photovoltaic system is being built, dedicated to the energy saving project and to power production activities,** including an electrical substation for the production departments and charging stations for electric vehicles. This project not only aims to significantly reduce the carbon footprint of the company's operations but also promotes the use of renewable energy within the production cycle, marking an important step towards energy efficiency and support for sustainable mobility. These initiatives represent a key pillar of Pettenon Cosmetics' sustainability strategy, reflecting its **ongoing commitment to reducing the environmental impact** of operations and promoting cleaner, more sustainable manufacturing practices.

[GRI 301-2]

Energy consumption by source	UoM	2021	2022	2023
Total	GJ	31.329	37.617	38.087
Methane gas consumption	GJ	14.850	18.123	18.177
Gasoline consumption for car fleet	GJ	725	1.510	2.200
Diesel consumption for car fleet	GJ	1.749	2.442	2.357
Energy consumption from purchased electricity (non-renewable)	GJ	0	0	0
Energy consumption from purchased electricity (renewable)	GJ	13.194	14.805	14.624
Energy consumption from photovoltaic panels (renewable)	GJ	811	737	730

[GRI 302-3]

Pettenon Cosmetics integrated **the energy intensity index** into its consumption analysis; it shows the energy used in the company's main plant per ton of production. In 2023, **while the company registered an increase in production of 7.2%** compared to the previous year, energy

consumption, that is the energy consumed compared to the total amount of annual production expressed in tons, decreased by 0.9 percentage points compared to 2022, and it **was equal to 1.13 GJ.**

Greenhouse gas emission

Pettenon Cosmetics reports its direct and **indirect greenhouse gas (GHG)** emissions in accordance with the provisions of the Greenhouse Gas Protocol, i.e. according to the distinction of emissions in Scope, where Scope 1 identifies emissions from sources owned and controlled directly by Pettenon Cosmetics and Scope 2 emissions indicates the production of electricity imported and consumed by the

company. In accounting for emissions, the specific Global Warming Potential (GWP) of each greenhouse gas has been taken into account, as it expresses the contribution to the effect of CO₂, whose reference potential is equal to 1. Emissions are measured in tons of CO₂ equivalent (tCO₂eq).

[GRI 305-1][GRI 305-2]

Greenhouse gas emissions	UoM	2021	2022	2023
Scope 1	Ton. CO ₂ eq.	1.190	1.247,78	1.401,65
Scope 2 (location based)	Ton. CO ₂ eq.	953	1.074,44	1.084,66
Scope 2 (market based)	Ton. CO ₂ eq.	0	0	0

Commitment to Carbon Neutrality

Pettenon Cosmetics is aware that the achievement of significant sustainability goals **requires a well-structured and progressive path**, marked by small daily goals and continuous commitment. In 2022 the company undertook an Organisational Life Cycle Assessment (OLCA) **to identify the main environmental impacts arising from its activities.**

The **LCA analysis of the organization** is the tool that allows to obtain the **complete quantification of the potential environmental impacts associated with the various activities of an organization**, from the procurement of raw materials and their transformation, the transport of materials and semi-finished products, the production of the product portfolio, the distribution, use and end-of-life of the same.

These analyses have been used by Pettenon Cosmetics to analyze the impacts of its activities at all stages of the life cycle and represent

a starting point to start a path towards the reduction of CO₂ emissions. The company aims to reduce and offset the CO₂ emissions deriving from the company's business. Considering that it is hard to fully achieve these goal sit, Pettenon Cosmetics is determined to develop further strategies to limit emissions and setting specific targets that will be monitored periodically.

With the support of **ClimatePartner** (a service provider that supports companies on the path to Net zero), the **production site in San Martino di Lupari** - Pettenon Cosmetics' main plant - has achieved **carbon neutrality**⁵ thanks to the use of electricity from 100% renewable sources, compensated methane and the offsetting of emissions from the company car fleet and fugitive refrigerant emissions. It was considered an important goal, achieved through a strategy based on three levels.

Measurement

The measurement phase made it possible, through the Carbon Footprint Calculation (CCF), to identify the main sources of scope 1 and 2 emissions at the San Martino di Lupari plant outlining the key areas to take action to implement effective emission reduction strategies. In particular, Scope 1 emissions, the organization's direct emissions, generated a total of 1,402 tons of CO₂ equivalent. The activities directly

managed by the organization responsible for this impact are the company car fleet, the use of methane for production processes and the heating of offices and company headquarters which cause 1,058 tons of CO₂ equivalent. On the other hand, Scope 2, linked to indirect emissions from the purchase of electricity, has been reduced through Pettenon Cosmetics' use of energy from renewable sources.

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 5 Carbon neutral certification is issued by ClimatePartner only to companies that measure scope 1.2 and partial scope 3 emissions.

Reduction

Subsequently, Pettenon Cosmetics took actions aimed at reducing emissions. This has been possible through **the energy efficiency of the plant and the adoption of energy from renewable sources.**

These measures have not only helped to **decrease CO₂ emissions** but have also **improved the overall efficiency of the plant**, demonstrating that sustainability and performance can go hand in hand.

Offsetting

For scope 1 and 2 emissions that were not reducible or eliminable through direct actions, Pettenon Cosmetics adopted a strategy of financing climate projects (or offsetting) through various initiatives aimed at offsetting the residual emissions of the San Martino di Lupari production site. This included support for the **Renewable Energy** in Asia project, an initiative with a significant environmental impact. Through

the purchase of carbon credits associated with this project, Pettenon Cosmetics has offset the plant's remaining carbon emissions, effectively making it CO₂ neutral for the current year, for a total of 344,000 kg of CO₂ offset. The project's ID Tracking ensures transparency and traceability, confirming the company's commitment to a credible and measurable decarbonization strategy.



Carbon Footprint of an Organization

An **organization's carbon footprint** is an essential measurement for **identifying and quantifying greenhouse gas emissions from business activities**, typically expressed in tons of CO₂ equivalent. The estimation of this footprint is done on an annual basis and provides a detailed overview of the organization's environmental impact along the entire value chain. This makes possible to establish a solid foundation for the development of emissions management and reduction strategies.

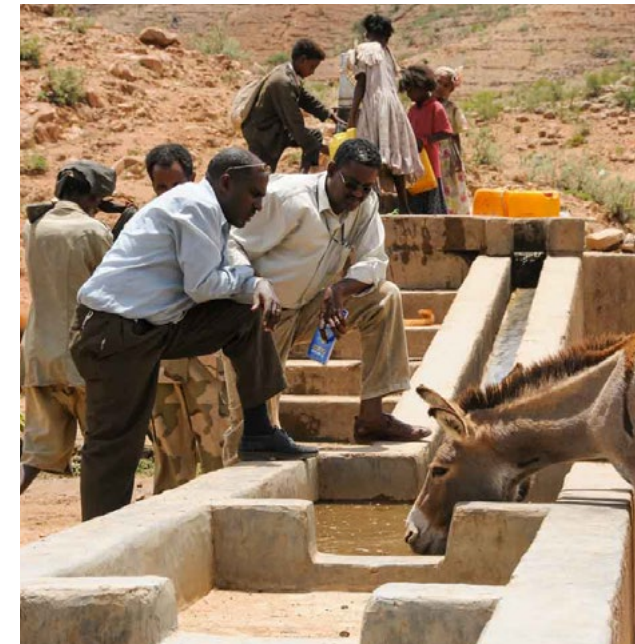
Emissions analyses fall into three main categories:

- **Scope 1:** includes all direct emissions originating from the company's operations,

such as those of the plants or company vehicles of Pettenon Cosmetics SpA Società Benefit.

- **Scope 2:** includes emissions from the purchase of energy, such as electricity and district heating used in business operations.
- **Scope 3:** refers to indirect emissions that are not under the company's direct control, such as employee business travel or the product disposal process.

The accurate classification and evaluation of emissions according to these areas allows the organization to effectively target sustainability initiatives and to adopt targeted measures for a reduced environmental impact.



In addition, by supporting a climate protection project in the Markel area of Eritrea, Pettenon Cosmetics offset an additional **63 tonnes of CO₂** for emissions **from its corporate events**.



In addition to this, Pettenon Cosmetics has implemented the **Rimba Raya Biodiversity Reserve Support Initiative**, a project aimed at **protecting 64,500 hectares of tropical peat swamp forest from deforestation and degradation**. This commitment preserves one of the last existing wild orangutan colonies, contributing significantly to the **protection of biodiversity**. Through this project, Pettenon Cosmetics aims to **offset direct emissions from the use of methane gas**, while promoting environmental conservation, support for local communities, and climate management.

The company's commitment to decarbonization and the numerous initiatives implemented are an example of how companies can **concretely contribute to the fight against climate change**. Through accurate measurement of emissions, implementation of reduction measures, and offsetting unavoidable emissions, Pettenon Cosmetics has demonstrated a tangible commitment to sustainability and the environment.

Being aware of the above-mentioned data is the first step for identifying the **most effective climate strategies** and the **most virtuous behaviors** capable of reducing emissions and offsetting the environmental impact of unavoidable ones.

The company car fleet

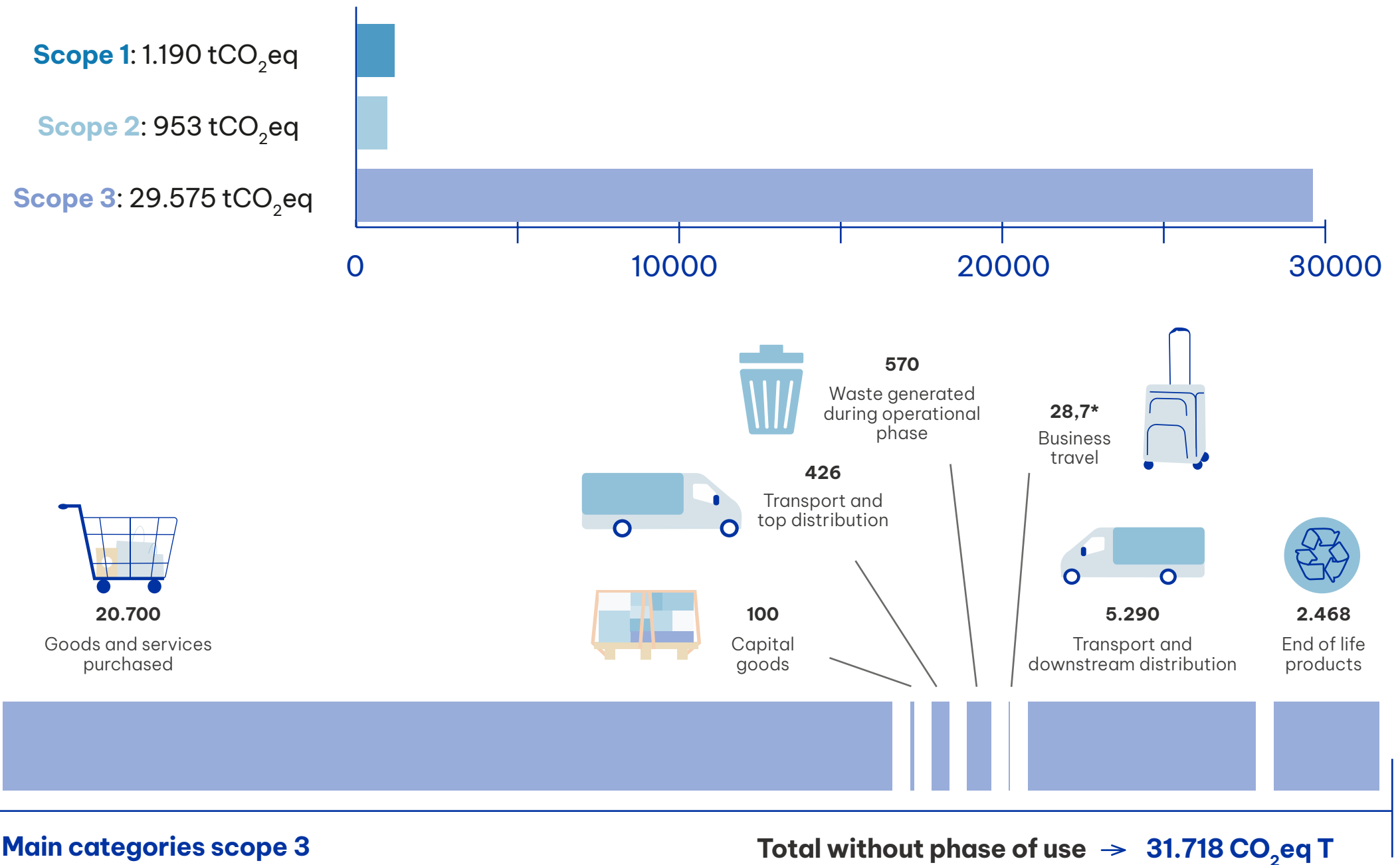
Pettenon Cosmetics has demonstrated an exceptional commitment to sustainability and innovation through significant environmental initiatives, particularly in **the management of the plant's infrastructure and its company's car fleet**, with **75% of company cars converted to hybrid power**. The company not only significantly reduces the company's CO₂ emissions and carbon footprint, but also demonstrates its dedication to promoting sustainable mobility. This commitment is further strengthened by the **installation of charging stations at its plant**, thus facilitating the use of electric and hybrid vehicles by employees and actively contributing to the spread of more sustainable practices.

Scope 1, Scope 2, Scope 3 Emissions

Pettenon Cosmetics has been committed to becoming fully aware of its Scope 3. During 2022, the company carried out the Organization's Carbon Footprint study following the ISO 14064 standard in collaboration with **Eco Innovazione**, starting the measurement of the carbon footprint, including the use phase, thus allowing it to precisely outline the key areas on which to intervene to implement effective emission reduction strategies (**Scope 3**).

As can be seen from the graph, in 2021, the total carbon footprint of Pettenon Cosmetics' organization was divided into the three scopes⁶. **Scope 1 emissions, equal to 1,190 tonnes of CO₂eq (3.8%), and scope 2 emissions, equal to 953 tonnes of CO₂eq (3.0%),** together account for 7% of the total. Therefore, part of the impacts comes from scope 3 emissions, which are out of the company's direct control and generated by its value chain. Among these, the most significant emissions come from purchased goods and services, which amount to **20,700 tons of CO₂eq (65.3%)** followed by **logistics equal to 5,290 tons of CO₂eq (16.7%)**. These categories therefore represent a starting point for acting and dedicating the company's commitment to optimize its efforts and make resources more efficient.

The main goal for the next fiscal year is to integrate this data with the two new sites, also to aligne with regulatory requirements and to establish an effective baseline for sustainability planning.



⁶ In order to clearly represent the different categories of scopes and the emissions generated, the graphs in the chapter do not include emissions from the use phase.

*In 2021, business travel was limited due to COVID-19, resulting in a total of 28.7 tons of CO₂eq.



Waste management

Pettenon Cosmetics is committed to the **management and enhancement of the plant's waste materials** through their recovery and recycling.

All material waste produced at the production site, such as, for example, waste from materials used for product packaging, is **sorted** and, if possible, **recovered and reused within production processes**. The materials in question are mainly the plastic used for the bottles and the packaging paper of the products. The production site is equipped with a **filtration and purification plant** that allows, on the one hand, to reduce the amount of liquid waste produced and, on the other, to reuse the resource before final disposal through filtration processes. In 2023, this plant made it possible to fully recover the amount of liquid waste produced.

Finally, as already reported in the "Research and Innovation" chapter, the **internal blow molding department** allows the company to **recover and recycle 100% of obsolete bottles** to create new plastic elements, so it could be possible to waste materials.

The waste generated by Pettenon Cosmetics, which in 2022 had already undergone a reduction compared to 2021 values (-8%), in 2023 further decreased by 39%.

[GRI 306-3] [GRI 306-4] [GRI 306-5]

Waste produced and not for disposal	UoM	2021	2022	2023
Total	t	1.516,6	1.382,4	846,3
Paper and cardboard packaging	t	166,7	167,3	178,3
Composite packaging	t	6,5	0	0
Plastic packaging	t	40,0	33,7	29,9
Wooden packaging	t	155,5	125	113,4
Packaging in mixed materials	t	107,0	142	141,7
Metal packaging iron - steel	t	32,8	38,7	15,4
Packaging containing residues of hazardous substances	t	826,0	730	66,6
Sludge produced by biological treatment	t	40,4	69,4	169,6
Aqueous washing solutions and mother liquors	t	32,0	0	0
Other wastes	t	109,5	76,2	131,5
Total weight of waste diverted from disposal	t	1.429,6	1382,0	846,0
Total weight of hazardous waste diverted from disposal	t	827,3	730,3	67,4
Total weight of non-hazardous waste diverted from disposal	t	602,3	651,7	778,6
Total weight of waste directed to disposal	t	86,8	0,4	0,3
Total weight of hazardous waste directed to disposal	t	59,5	0,4	0,3
Total weight of non-hazardous waste directed to disposal	t	27,3	0	0

Water consumption

Pettenon Cosmetics considers water a precious commodity, therefore it is committed to limiting water consumption as much as possible, encouraging, where possible, the reuse of the resource used during production processes. To this end, the company has integrated a **consumption supervision software** capable of monitoring the water consumption of the cooling and production processes and carries out direct consumption readings on a daily basis, with the aim of promptly identifying any critical issues and preserving the resource.

[GRI 303-3]

During 2023, the company used 106,364 m³ of water, an increase of 17% compared to the previous year. All water withdrawals are made in areas classified as at risk of medium water stress.

With a view to continuous improvement, the company has launched a series of **projects aimed at limiting the consumption of the resource in production** processes and during the use phase of Pettenon Cosmetics products. At the same time, **targeted awareness campaigns** were launched for both internal company staff and Pettenon Cosmetics employees.

WAMI Partnership



The collaboration between Pettenon Cosmetics and **WAMI** ("Water with a Mission") continues, once again through the **ALAMA PROFESSIONAL** brand which, on the occasion of the Cosmoprof Bologna 2023 fair, **donated 500,000 liters of water**, offsetting the daily water footprint of about 2,000 people or 500 families of four people or a single person for almost six years.

Goals for the future

Carry out **integrated assessments for the Sansepolcro and Cartigliano plants** to ensure control and efficiency of operations.

Expand electricity generation capacity through the installation of new photovoltaic systems.

Implement strategies for the **reduction of water consumption**, enhancing the recovery of cooling water.

Offsetting the CO₂ emissions generated by the plants and events organized, as part of the company's commitment to sustainability.

Develop an environmental roadmap based on the company's carbon footprint data, defining specific objectives for the reduction of greenhouse gas emissions in the medium and long term.



Highlights

60% female employees

54% women in middle management positions

CEO Luigi Ambrosini's **adherence to the Women's Empowerment Principles (WEP)**

Adoption of the short-week scheme for non-shift workers

Adoption of the Welfare Plan with a portal utilization rate of 68% of employees

Gender Diversity and Multiculturalism

Conceive and develop communication and marketing projects aimed at promoting and disseminating the value of multiculturalism and gender equality.

Pettenon Cosmetics' activity in the field of gender diversity and multiculturalism is mainly oriented towards two directions: the enhancement of the principles of diversity and multiculturalism in the company and the promotion of the same in society and in the territory of reference.

As expressed in its **Code of Ethics**, Pettenon Cosmetics **promotes a culture of diversity and inclusion by protecting the physical, cultural and moral integrity of all its employees and collaborators.** The company adopts a management system to guarantee individual freedom and personality **by firmly denouncing harassment or discriminatory behavior** based on age, gender, sexual orientation, marital and family status, religion, language, ethnic or national origins, physical or mental disabilities, personal beliefs, political and trade union opinions, and other personal characteristics not related to work.

[GRI 406-1]

The policies adopted by the company guarantee the **correct and equitable behaviour** of all staff, from the highest offices to the individual operating units, in favour of a working environment **inspired by the principles of freedom, fairness and loyalty.** Pettenon Cosmetics encourages its employees and collaborators to report any violations of these principles through the **Whistleblowing tool**, with a guarantee of protection of the confidentiality of the personal

data of the whistleblower and the alleged perpetrator of the violation. In compliance with the provisions of Legislative Decree 24/2023 (so-called Whistleblowing Decree), the Company has adopted a procedure for combating and preventing illegal phenomena in public and private organizations (Whistleblowing Procedure) through a dedicated reporting channel "Wozon" accessible through the Pettenon Cosmetics website and published on the company Intranet.

As in previous years, **no reports of discrimination were received in 2023.**

The commitment to diversity, inclusion and gender equality is expressed in the **initiatives** that Pettenon Cosmetics supports. In fact, the company is committed to promoting **female leadership** through the enhancement of women in every aspect of corporate life.

[GRI 2-7]

Composition of the workforce	UoM	2021	2022	2023
Total number of employees	N	386	437	460
Men	N	168	188	186
	%	44%	43%	40%
Women	N	218	249	274
	%	56%	57%	60%
Under 30 years old	N	90	104	111
	%	23%	24%	24%
Between 30 and 50 years old	N	223	256	258
	%	57%	59%	56%
Over 50 years old	N	73	77	91
	%	20%	18%	20%

In 2023, **97% of employees** (of which 41% men and 59% women) were hired **on a permanent basis**, while the remaining 3% (of which 12% were men and 88% women) were hired on a fixed-term basis; the company did not employ employees on a non-guaranteed hourly basis. In addition, **96% of employees** were hired full-time, while the remaining 4% were hired part-time (headcount).

Pettenon Cosmetics actively promotes women’s empowerment and gender equality at all levels of the organization and this commitment is reflected by CEO Luigi Ambrosini’s signature of the **Women’s Empowerment Principles (WEP)**. This act underscores the company’s dedication to integrating these critical issues into its business strategies and practices, with the goal of creating an equitable and inclusive work environment for all.

[GRI 405-1]

Total number of employees by category and gender	UoM	2021	2022	2023
	N	386	437	460
Total Top Managers	N	10	13	13
Men	N	6	10	10
	%	60%	77%	77%
Women	N	4	3	3
	%	40%	23%	23%
Total Middle Managers	N	37	39	41
Men	N	17	18	19
	%	46%	46%	46%
Women	N	20	21	22
	%	54%	54%	54%
Total Employees	N	182	207	224
Men	N	51	59	57
	%	28%	29%	25%
Women	N	131	148	167
	%	72%	71%	75%
Total Workers	N	157	178	182
Men	N	94	101	100
	%	60%	57%	55%
Women	N	63	77	82
	%	40%	43%	45%

[GRI 405-1]

Total number of employees by category and age groups	UoM	2021	2022	2023
	N	386	437	460
Total Top Managers	N	10	13	13
Under 30 years old	N	-	-	-
	%	-	-	-
Between 30 and 50 years old	N	3	7	4
	%	30%	54%	31%
Over 50 years old	N	7	6	9
	%	70%	46%	69%
Total Middle Managers	N	37	39	41
Under 30 years old	N	-	-	-
	%	-	-	-
Between 30 and 50 years old	N	22	27	24
	%	59%	69%	59%
Over 50 years old	N	15	12	17
	%	41%	31%	41%
Total Employees	N	182	207	224
Under 30 years old	N	55	62	60
	%	30%	30%	27%
Between 30 and 50 years old	N	107	120	138
	%	59%	58%	62%
Over 50 years old	N	20	25	26
	%	11%	12%	12%
Total Workers	N	157	178	182
Under 30 years old	N	35	42	51
	%	22%	24%	28%
Between 30 and 50 years old	N	91	102	92
	%	58%	57%	51%
Over 50 years old	N	31	34	39
	%	20%	19%	21%

“By embracing these principles, we recognize the importance of gender equality in fostering a more inclusive and prosperous society. We are committed to implementing and upholding these principles. We aim to create a workplace and a market where everyone, regardless of gender, has equal opportunities and can thrive. Together, we can create a world where gender equality is a reality, benefiting individuals, organizations and communities”

Luigi Ambrosini,
CEO of Pettenon Cosmetics

In addition, Pettenon Cosmetics supports projects and actively supports local associations engaged in the promotion of gender culture.

Associazione Libellule Onlus

Pettenon Cosmetics has committed to a sponsorship initiative with the aim of **supporting the Libellule Onlus Association**, which assists **women with cancer** in various aspects of their daily lives. This support ranges from the prevention and diagnosis of cancer, to the management of the side effects of therapies, up to psychological and emotional support, thanks to the advice of specialists in different fields. During 2023, the company contributed to the purchase of a **mammotome**, a crucial tool for the **early detection of breast cancer**. The company's support was concretized through the donation of products for the association's charity Christmas market, held in December 2023.

“Io vivo sano in azienda” Project

Pettenon Cosmetics also implements its commitment to the issue of prevention within its company through the “**Io vivo sano in azienda**” project, with programs aimed at raising awareness of the importance of prevention regarding female cancers and guiding employees towards the adoption of healthy lifestyles. During 2023 the program took the form of a series of initiatives, including **informative webinars held by Dr. Chiara Segrè, Head of Scientific Supervision of the Veronesi Foundation**, in which an overview was presented about lifestyles that help in cancer prevention and the examinations and controls to be put in place to protect against cancers that specifically affect women (breast, uterus and ovaries).

In addition, the company provided its employees with access to three days of **mobile clinic with breast examinations, breast ultrasound and mammography, free of charge at the headquarters in San Martino di Lupari**. The initiative was well attended with a total of 97 visits, including 20 mammograms.

Pink is Good: a cream for research

Pettenon Cosmetics through the **Alter Ego Italy brand**, for the second consecutive year, is committed to supporting the Veronesi Foundation, established in 2003 by Professor Umberto Veronesi, supporting the **Pink is Good** project to promote **research on female cancers**: part of the proceeds from the sale of the cream, which can be purchased in AEI salons starting from October 2023 and it has been earmarked for the funding of a **scholarship to support scientific research**.

The **Pink is Good** program, launched in 2013, aims to promote the culture of prevention, which is essential for **early detection of the disease**, and to **actively support the work of researchers** who dedicate themselves to the study of these diseases every day.

The initiatives of Pettenon Cosmetics and the Veronesi Foundation testify to a deep sensitivity to social issues and a determination to **promote women's health through scientific research**.



Support for the Fontana Foundation

Pettenon Cosmetics has offered its support to the **Fontana Foundation**, acting as a sponsor for the charity show **“My 20 years plus 2”**, performed by **dancer and performer Simona Atzori**. The event was held on Sunday, November 26, 2023 at the Opsa Theater in Sarameola di Rubano (PD). The entire **proceeds of the show were donated** to the charitable initiatives promoted by the **Fontana L’Arche Kenya Foundation and Saint Martin**, aimed at supporting disadvantaged minors, street children and girls, as well as individuals with disabilities or mental health problems.



Donation of products for salons in Emilia-Romagna

The **Cinquezerocinque Foundation** aims to promote the profession of the **entrepreneur in the haircare sector**, transmitting not only the technique but also the philosophy and psychology behind the hairdressing profession. Another important objective of the Foundation is to **provide a job opportunity for women**, thus helping to increase their economic independence. In addition, the Foundation is committed to raising public awareness of gender issues through training courses and awareness-raising initiatives, in order to promote **gender equality** and the **enhancement of the role of women** in society.

During 2023, a solidarity initiative was activated **to support beauty salons in Emilia-Romagna affected by the floods**. The action saw the donation of **3 pallets of products** specifically intended for the salons damaged by the calamitous event, with the aim of **providing concrete support and facilitating the resumption of activities**. The total economic value of this donation amounts to **2,800 euros**, underlining the company’s commitment **to actively contribute to the reconstruction and support of the local professional community** at a time of difficulty.

At Milan Pride with the Fanola brand



Pettenon Cosmetics, with the **Fanola** brand, participated as **an Ambassador at Milan Pride 2023**, an event that represented an important opportunity to demonstrate its commitment to **diversity and inclusion**, values that are at the heart of Pettenon Cosmetics’ corporate culture and of which Fanola is the spokesperson. In fact, the company believes that it is essential to support the **fight against discrimination and intolerance** and to contribute to **the promotion of equal rights** for all. It was a great opportunity to connect with other companies and individuals who share the values of promoting diversity and inclusion.



Welfare e work-life balance



Pettenon Cosmetics identifies **work-life balance** programs as cornerstones of the company's policy, as well as welfare to support family needs, as they contribute positively to the well-being of employees, the reduction of the gender gap and counteracting career breaks.

With regard to targeted interventions in terms of work-life balance, Pettenon Cosmetics guarantees remote work for all employees in white-collar areas (up to 50% of working days), providing collaboration and team working tools, in line with the "work from anywhere" philosophy. This experimentation has made it possible to lay solid foundations for the definition of a more structured approach to smart working in order to ensure greater work flexibility and a better reconciliation of life and work. In addition, part-time **employment contracts** and the possibility of adopting flexible hours for some departments are operational. To support family needs, Pettenon Cosmetics adopts policies in favor of parental leave and other situations of family difficulty. As a further welfare measure for its employees, Pettenon Cosmetics has implemented electronic tickets that can be used at affiliated merchants.

Goals for the future

Obtain the UNI/Pdr125 gender equality certification as confirmation of the commitment to gender equality within the organization.

Develop and implement a code of conduct for employees, following the update of the organization's code of ethics, to ensure consistent and ethically responsible standards of behavior.



Highlights

More than **8,000 hours** of training provided

Entry turnover of 22%

Over 25 employees who have participated in **Masters or courses taught by business**

Retention rate of employees who have taken **parental leave is approximately 100%**

More than 150 people attended the **Innovation Days 2023 event**

Training and development of people

Pettenon Cosmetics and the world of professional haircare are going through important transformations, linked to the current political-economic situation and the progressive digitalization of the market. The company identifies the **training of its employees and collaborators** as the key tool to support its growth and preserve the quality of the service offered to its customers. The **training plan** developed by Pettenon Cosmetics makes it possible to facilitate the professional development and growth of all workers through continuous and targeted learning, dynamic management of knowledge and skills and the enhancement of the professional aptitudes of individuals, while ensuring that everyone can work to the best of their abilities, in a healthy and safe working environment.

The support of training activities aimed at increasing the competitiveness of its people.

People are our strength

[GRI 404-1] [GRI 404-2]

Annually, on the basis of the analysis of the identified training needs, Pettenon Cosmetics designs, plans and implements the **Training Plan** for all employees, proposed by the Human Resources Training and Development department and shared with the Board of Directors.

Training programmes can cover four **macro-areas**:

- **managerial training**, to ensure continuous updating and professional improvement, and to deepen the news of the sector and the aspects related to the surrounding context, such as the regulations in place, the strategies adopted by the main competitors and the new needs of the market. During 2023, courses were provided on managerial development, leadership and negotiation;

- **specific technical training**, to deepen specific topics and to ensure the acquisition of specific technical skills by employees;

- **professional training**, to develop and update employees' transversal skills and foster professional growth by improving the quality of the work done. During 2023, the company provided language training, communication, use of the Microsoft Office package, team building and Model 231 courses;

- **mandatory training**, in accordance with the requirements of current regulations. The company's staff participates in courses related to occupational health and safety, cybersecurity, data protection and anti-money laundering discipline.

Depending on the type of subject area to be explored and the level of knowledge that employees intend to achieve, the Human Resources Training and Development function identifies the most effective and efficient **teaching method** among those that can be activated, such as SAP

training, workshops, intensive training, targeted technical training (internal and external), e-learning courses, webinars, conventions and conferences.

For new hires, Pettenon Cosmetics provides specific **onboarding programs** aimed at providing all the appropriate

tools and knowledge so that new resources can fit in and integrate into the company in a timely manner. These programs include meetings with teams from various departments, plant visits, specific technical training, training on company procedures and policies, and sharing company culture.

Pettenon Cosmetics pays particular **attention to the skills and value of its employees**, believing it is essential not only to increase its attractiveness to young talents, but also to ensure a highly specialized and competent team. In this perspective, the company considers **external-facing training as a strategic lever for attracting talent**.

Therefore, during 2023, it organized targeted training initiatives that saw the **participation of over 200 students in 12 dedicated days**. This commitment clearly demonstrates the company's willingness **to invest in the future of its human capital**, promoting **professional development** and positioning itself as a

stimulating work environment full of opportunities for young professionals.

[GRI 401-1]

In 2023, Pettenon Cosmetics recorded inbound and outbound turnover rates of **22%** and **14%**, respectively, confirming the **overall positive trend of headcount growth** in recent years.

Total annual training hours per employee	UoM	2021	2022	2023
Total number of training hours by gender	h	7.000	14.364	8.256⁷
Men	h	n.d.	6.033	3.199
Women	h	n.d.	8.331	5.057
Total number of training hours by employee category	h	7.000	14.364	8.256
Top Managers	h	n.d.	956	373
Middle Managers	h	n.d.	3.009	1.374
Employees	h	n.d.	4.769	4.732
Workers	h	n.d.	5.630	1.777

Average annual training hours per employee	UoM	2021	2022	2023
Total average number of hours of training by gender	h	18,1	32,7	17,9
Men	h	n.d.	31,9	17,2
Women	h	n.d.	33,4	18,5
Total average number of training hours per employee category	h	18,1	32,7	17,9
Top Managers	h	n.d.	73,5	28,7
Middle Managers	h	n.d.	77,2	33,5
Employees	h	n.d.	23,0	21,1
Workers	h	n.d.	31,6	9,8

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7 The decrease in the number of training hours carried out in 2023 is due to a reduction in the need for mandatory safety training, which was largely delivered during the previous year.

New employees hired by age and gender	UoM	2021	2022	2023
Total number of new employees hired during the year	N	88	99	84
Men	N	41	45	27
	%	47%	45%	32%
Women	N	47	54	57
	%	53%	55%	68%
Under 30 years of age	N	31	40	36
	%	35%	40%	43%
Between 30 and 50 years of age	N	46	44	39
	%	52%	44%	46%
Over 50 years of age	N	11	15	9
	%	13%	15%	11%
Total number of employees who left the organization during the year	N	47	61	52
Men	N	25	30	26
	%	53%	49%	50%
Women	N	22	31	26
	%	47%	51%	50%
Under 30 years of age	N	15	15	18
	%	32%	25%	35%
Between 30 and 50 years of age	N	22	30	21
	%	47%	49%	40%
Over 50 years of age	N	10	16	13
	%	21%	26%	25%

[GRI 405-1]

In line with the previous year, in 2023 around 3.7% of the company's employees belonged to

protected categories (3.7% in 2022 and 1.8% in 2021).

Employees belonging to protected categories	UoM	2021	2022	2023
	N	7	16	17
Under 30 years of age	N	0	0	2
Men	N	0	0	0
Women	N	0	0	2
Between 30 and 50 years of age	N	1	6	5
Men	N	0	3	1
Women	N	1	3	4
Over 50 years of age	N	6	10	10
Men	N	4	6	4
Women	N	2	4	6

Parental leave	UoM	2021	2022	2023
Total number of employees entitled to parental leave	N	93	112	166
Men	N	46	47	100
Women	N	47	65	66
Total number of employees who took parental leave	N	26	28	45
Men	N	6	5	7
Women	N	20	23	38
Total employees who returned to work during the reporting period after taking parental leave	N	22	26	32
Men	N	6	5	7
Women	N	16	21	25
Total employees who returned to work after taking parental leave and who are still employees of the organization in the 12 months following their return	N	18	25	32
Men	N	6	5	7
Women	N	12	20	25

[GRI 401-3]

With regard to parental leave and other maternity institutions as per current legislation, in 2023 45 people took advantage of it, most of whom returned to work, resulting in a **return rate** of about **71%**; on the other hand, the **retention rate** of employees who took parental leave is about **100%**.

[GRI 405-2]

Pettenon Cosmetics' commitment to women's empowerment is reflected in the path towards reducing the Gender Pay Gap. The company has long paid particular attention to this issue, completely eliminating the gap in the company's managerial roles and continuing its commitment to improve its performance in other professional categories. In addition, on an overall level, there was a progressive increase compared to the previous year for both the basic salary and the salary for all professional categories.

Ratio of the basic salary and remuneration of women to men	UoM	2021	2022	2023
Ratio of the basic salary of women to men by category	%	84%	93%	112%
Top Managers	%	111%	122%	136%
Middle Managers	%	92%	85%	82%
Employees	%	88%	87%	91%
Workers	%	98%	97%	96%
Ratio of the remuneration of women to men, by category	%	87%	107%	110%
Top Managers	%	90%	135%	135%
Middle Managers	%	82%	90%	83%
Employees	%	84%	75%	89%
Workers	%	92%	87%	96%

La Salon Akademy

Pettenon Cosmetics, through the brand Alter Ego Italy, makes available to professional training its **internal academy, the Salon Akademy**, designed to inform and train employees through the organization of events, technical seminars and webinars about the main industry evolutions and sustainability practices. The activities are organized both by the company's internal staff and by external collaborators. The Akademy embraces the principles of sustainability and it is committed to the dissemination of good practices such as, for example, separate waste collection and the fight against waste.



Innovation Days

Innovation Days is a project that aims, through digital and/or face-to-face courses, to support the development of the knowledge and skills of Pettenon Cosmetics employees. The project provides for **the provision of several structured modules to deepen issues of relevance** related, for example, to the sustainability of products and production processes, to the personal and professional growth of individuals, to innovation and digitalization, so as to allow the users of the path to better face the challenges of the future.

The Innovation Days format, which takes place with the **collaboration of professionals from outside the company and prestigious universities and academies in the area**, is dedicated to the professional and personal growth of its talents, to strengthen the corporate culture and develop **forms of collaborative and responsible leadership** to face the challenges related to business evolution every day.

Particular attention is also given to training activities aimed at increasing the **transversal skills** of Pettenon Cosmetics employees such as, for example, problem solving, flexibility, teamwork, conflict management and effective communication, as they are considered essential to make a difference in any organization.

The **last edition of Innovation Days**, held in June 2023, was a training day dedicated to topics such as digital transformation, the power of words and the tools to face an ever-changing world. With the **participation of over 150 people**, the event was opened by President Federico Pegorin, followed by outstanding contributions from 5 renowned external speakers. This edition of Innovation Days offered an important opportunity to strengthen the knowledge and skills of the participants, promote inclusion among employees and deepen the value of effective communication in the business environment.



Growing Together x Talks

Through the **Growing Together** project, Pettenon Cosmetics organizes a training day aimed at customers, partners and distributors in order to promote **entrepreneurship in the area** and spread knowledge and information on the business world. The aim of the event is to present and update partners on the group's visions, communicate new projects and launches of the main brands, as well as create an **opportunity for meeting, dialogue and growth**.

In 2023, an in-person event was organized on March 10 with the participation of **Nicola Rizzoli**, one of the most important referees in the history of football. This edition was all about **leadership under pressure** and **addressing challenges in the most effective way**. In addition, space was dedicated to brands, presenting new **collections and products** with Alter Ego Italy, Echoline, Fanola, Inebrya, Sinesia.



Starting from 2021, Pettenon Cosmetics formally joins the **Bologna Business School**, as a Supporting Member with the aim of starting a synergistic, fruitful and lasting collaboration on issues such as sustainability, innovation, digital transformation, especially in the cosmetics sector, and in the Executive Program "Branding and Marketing Management in the Beauty Industry". During 2023, 25 Pettenon Cosmetics employees (specifically, 3 managers, 10 middle managers and 12 office workers) participated in the **Bologna Business School's Training Masters** or Open Programs.



Goals for the future

Promote the sharing of the sustainability path undertaken by Pettenon **among all levels of the organization**, in order to increase awareness and collective commitment.

Stimulate employee engagement with their personal contribution to sustainability by encouraging individual responsibility and active participation in corporate initiatives

During 2023, as it has been for many years now, Pettenon Cosmetics continued its collaboration, as a Supporting Member, with **CUOA Business School**, the Italian Business School with the **oldest tradition**.

Thanks to the partnership established with CUOA, 4 Pettenon Cosmetics employees participated in the **Business School's Training Masters**.





Highlights

Support to more than **20** local associations

More than 50 volunteer employees involved in the **Clean Up Day initiative** that led to the collection of over 200kg of waste

Donation of more than €59.000 to provide support to **Ukrainian refugee families** in Poland

Community Support

The support of philanthropic initiatives towards categories of subjects involved, directly and indirectly, in the company's activities.

[GRI 413-1]

Pettenon Cosmetics plays an active role in the development and promotion of the communities in which it operates, supporting numerous projects of national and local non-profit organizations and associations through sponsorships, donations and collaborations, as well as social solidarity initiatives. With these actions, the company aims to enhance beauty not only through professional cosmetics, but also through a concrete strengthening of the relationship with the territory and the involvement of all stakeholders.

Below there are the main collaborations carried out during 2023.

“Città della Speranza” Foundation Onlus

The “City of Hope” Foundation was founded on December 16, 1994 in memory of Massimo, a child who passed away due to leukemia. Foundation’ primary objective was to raise funds to build a new and modern paediatric oncohaematology department, because the existing one at the time was completely insufficient and unsuitable to accommodate sick children and their families in a dignified way.

Franco Masello, Virginio Zilio, Carlo Mazzocco and Prof. Luigi Zanesco, at the time Director of the **Paediatric Oncohematology Clinic** in Padua, promoted the project and managed to involve companies and private citizens in raising the capital necessary to build the new structure, which was inaugurated in 1996. Today the Paediatric Oncohematology Clinic, directed by Prof. Giuseppe

Basso, is connected to the most important Italian and world centres; thanks to **funding provided by Città della Speranza** it, is the national reference centre for the diagnosis of acute leukemia and for the molecular characterisation of lymphomas and sarcomas, as well as a coordination centre for national and European protocols for the diagnosis and treatment of lymphomas, sarcomas, brain and liver tumors, and rare tumors. Since 2014, the Clinic has also been the regional coordination centre of the Veneto paediatric oncology network. The Foundation invests about 2 million a year in Scientific Research and has an International Scientific Committee that evaluates the projects to be funded.

In particular, in recent years, the association has dedicated considerable effort to

improving the production of muscle tissues through the use of different biomaterials and stem cells. The primary objective of this research is the creation of materials intended to treat a series of neonatal malformations, including congenital diaphragmatic hernia, omphalocele and gastroschisis, diseases characterized by severe muscle defects that significantly compromise the quality of life of affected infants, when they are not fatal. The progress made in this study has not only made it possible to systematically develop and control the production of these materials, which can be customized using the patients’ own cells and successfully translated in the clinical setting, but has also contributed to the deepening of knowledge regarding the different biomaterials used.

Polis Group

In continuity with previous years, **Pettenon Cosmetics actively supports the Polis Group**, a consortium of 5 Paduan Social Cooperatives that have been dedicated to supporting people in difficulty for over 25 years. These Cooperatives provide educational, rehabilitative, residential and work services, promote the employment of disadvantaged people and enhance the culture of welcome, inclusion and solidarity. Among the initiatives, the following are worth mentioning:

- **Casa Viola:** a project that offers secret accommodation and support for housing and work integration to women victims of violence and their children. The name pays homage to Franca Viola, a pioneer in the fight against reparative marriage in Italy, with two apartments intended separately for women in social hardship and victims of domestic violence with minor children.
- **La Bussola:** Day Centre that provides support to the basic needs of the homeless, promoting social and work reintegration paths and actively involving guests in the management of the centre.
- **Mosaico and New Team Mosaico:** Day Centres that facilitate the social inclusion of people with disabilities through training and integration with the local network.



“I Bambini delle Fate” Foundation

“**I Bambini delle Fate**” is a non-profit foundation that **finances social projects** managed by parents’ associations, institutions or hospitals and **aimed at children and young people with autism and disabilities** thanks to the support of local businesses and citizens. The Foundation deals exclusively with financing projects of associations, organizations and hospitals whose beneficiaries are children and young people with autism and disabilities and their families. The funded projects carry out **rehabilitation and social inclusion interventions** that improve the lives of those with autism and disabilities and ensure relief for their families.



Pettenon Cosmetics supports:

- **CALEIDO**, Autism Center: Cà Leido, Day Educational Community for minors, adolescents with autism spectrum disorders. Cà Leido is a welcoming and familiar place where children can feel at home thanks to a psychoeducational project that allows them to develop cognitive and social skills to improve their quality of life.
- **Libero Onlus:** deals with school discomfort and learning difficulties. The non-profit organization welcomes young people with unconventional, non-clinical methods, following the principle of not being problem-oriented but going beyond. In an emotionally protected environment, children can discover and enhance their characteristics, learn to manage emotions and govern different situations and relationships.
- **F.A.R.C.E.L.A.:** a project that aims to socially integrate children with disabilities through the construction of different forms of autonomy, in line with the philosophy of “I know how to do it alone”. The project includes activities of different kinds, such as: art therapy, integrated basketball, music therapy, swimming and the “Farcela” theatre workshop.



Support for the Lupe Basket women’s team

From 2023, the ALAMA PROFESSIONAL brand is the new main sponsor of the **first women’s team of Lupe Basket**, a reality originally from **San Martino di Lupari** of great prestige in the world of national basketball. This collaboration highlights **the importance of commitment to gender equality, diversity and inclusion in the world of sport**. The decision to associate the ALAMA brand with a group of athletes who are as talented as they are determined is intended to be a strong sign of inspiration for the new generations.





CROSSabili

“It was a unique experience to have real professionals and style experts at our complete disposal, who were able to understand and value us. A real boost to self-esteem. It was great to model for a well-known brand like Fanola, proving that CROSSabili is not only sport, but also much more. A project that absolutely needs to be redone.”

Mattia Cattapan,
CROSSabili Founder

CROSSabili is a non-profit association that is committed to offering people with disabilities a series of activities that aim at **inclusion, sharing, fun, autonomy and sport**. Through its activities, CROSSabili makes sure that everyone can enjoy the fun and have unique experiences.

Pettenon Cosmetics provided support to the founder of CROSSabili, Mattia Cattapan, by sponsoring his new Kart Cross, with which he participated in the **2023 Italian Autocross Championship**, Kart Cross Formula Drive 2023 Category, and took the victory. In this competition, Mattia made history as the first rider with disabilities in Italy to compete against able-bodied athletes and emerge victorious. The Kart Cross, entirely branded Fanola, has been specially adapted and modified to allow it to be driven without the aid of the legs.



Clean Up Day

On May 19, 2023, Pettenon Cosmetics successfully promoted its first **Pettenon Clean Up Day** project, involving **53 volunteers from various company departments**, in order to carry out a cleaning operation of the area surrounding the Onara Marsh (PD). The project, organized in **collaboration with Legambiente**, was not only an opportunity to **clean up waste**, but also to focus on the **problem of littering**, i.e. the improper abandonment of small waste, such as cigarette butts, which contribute significantly to pollution.

During the event, it was possible to collect a total of **202 kg of waste**, as well as 1 kg of cigarette butts, thus demonstrating the company's commitment to **promoting the healthy environment and the social responsibility of all its employees** through team-building activities.

Similarly, a **Digital Clean Up Day** was organized to raise awareness among employees about the environmental impact generated by the use of digital, adopting a proactive approach that involves the entire company population.

The goal is to reduce the waste of digital resources by eliminating duplicate or

unnecessary files on company computers and servers. This action aims not only to optimize the efficiency of IT infrastructures but also to promote greater environmental awareness within the team, emphasizing **the importance of sustainable working practices in everyday life**. The initiative has enabled the company to eliminate more than 250 GB of unnecessary business data and reduce its CO₂ emissions by 63kg per year.



Goals for the future

Support for local events



Pettenon Cosmetics has demonstrated its commitment to **supporting the local community** by actively participating in several sporting and charity events in the area. Among the events supported are “**Castelfranco in Rosa**” on May 28, 2023, of which part of the proceeds were donated to charity in support of the “Prevenzione è Vitala” Association, “**Cross Country Run**” on February 3, 2023, and finally the “**Brenta and Rosa del Brenta Half Marathon**” on September 24, 2023. The company’s goal in these initiatives was to contribute through the donation of products, thus highlighting its support for events that promote sport, well-being and social engagement within the community. This participation reflects the company’s orientation towards the enhancement of local activities and the enhancement of a healthy and supportive lifestyle.

Pettenon Cosmetics also had the opportunity to be among the sponsors of **TEDx Padova**, a prestigious cultural event held on **April 15, 2023, at the Padova Congress**, on the occasion of its tenth edition. The event, which annually brings together thinkers, innovators and creatives, offered a platform for dialogue and sharing of revolutionary ideas, the company’s commitment to fostering a culture of innovation.



Support to the Ukrainian population

Since the beginning of the **war in Ukraine**, Pettenon Cosmetics has been actively supporting the population. In particular, the company donated €59.040 by providing support to Ukrainian refugee families in Poland through a partial contribution to the rental costs of the apartments in which they reside, as well as covering the costs of professional and language courses for them.



Activate **concrete support for charitable initiatives promoted by associations and local authorities**, while promoting the participation of employees in volunteer projects organized by the company.

Ensure a balance in company policies regarding employees and the relationship with the territory, in order to optimize the positive impact both inside and outside the organization



The Sustainable Development Goals (SDGs) are a set of 17 global goals established by the United Nations to address various social, economic, and environmental challenges and promote sustainable development worldwide.

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Note on methodology



Law no. 208 of 28 December 2015 (“**2016 Stability Law**”), in force since 1 January 2016, introduced a new legal form of business in Italy: that of “Benefit Corporations”, defined as those companies that “in the exercise of an economic activity, in addition to the purpose of sharing profits, pursue one or more common benefit goals and operate responsibly, sustainably and transparently towards people, communities, territories and the environment, cultural and social assets and activities, bodies and associations and other stakeholders”.

In order to meet the requirements of accountability, sustainability and transparency towards stakeholders, Benefit Corporations are required to draw up a report on the pursuit of the common benefit, to be attached to the company’s financial statements (“**Impact Report**”), which includes:

- a description of the specific objectives, methods and actions implemented by the directors in pursuit of the common benefit and any circumstances that prevented or slowed them down;
- the assessment of the impact generated using the external evaluation standard with characteristics described in Annex 4 annexed to the 2016 Stability Law and which includes the assessment areas identified in Annex 5 annexed to the same law;
- a section dedicated to the description of the new objectives that the Company intends to pursue in the following year.

[GRI 2-2] [GRI 2-4]
[GRI 2-3] [GRI 2-5]

The Impact Report must then be disseminated through:

- filing with the competent Register of Companies, together with the financial statements;
- publication on the Company’s website.

Pettenon Cosmetics S.p.A. Società Benefit (“**Pettenon Cosmetics**” or the “**Company**”) has decided to prepare this Impact Report on the basis of the requirements of the 2016 Stability Law, describing the impact generated by its activities in accordance with the international assessment standards of the Global Reporting Initiative, the “**GRI Standards**”, initially published in 2016 and updated in the course of 2021. The approach adopted to draw up this report is the “**with reference**” approach thanks to the methodological support of the company SCS Consulting (SCS Azioninnova S.p.A.). This document refers to the period between 1 January 2023 and 31 December 2023 and has not been subject to external assurance activities. During the reporting period, the company revised the GRI 305-1 and 305-2 information following a change in the measurement methodologies used compared to fiscal 2021.

To request further information about the contents of Pettenon Cosmetics’ 2023 Sustainability Report, you can contact the Company at the following email address: info@pettenon.it and sustainability@pettenon.it.



5 GRI Content Index

Declaration of Use	Pettenon Cosmetics S.p.A. Società Benefit has reported the information reported in this GRI content index for the period 01/01/2023 - 31/12/2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Fundamentals – Version 2021

GRI Standards referred to the Sustainability Report		Chapter / Direct Reference
GRI 2 General Information		
2-1	Organizational details	Cover
2-2	Entities included in sustainability reporting	4. Methodological note
2-3	Reporting period, frequency and point of contact	4. Methodological note
2-4	Reviewing Information	4. Methodological note; With reference to GRI 305-1 and 305-2, the company has introduced a revision of the quantitative data reported following a change in the measurement methodologies used compared to fiscal 2021.
2-5	External Assurance	4. Methodological note
2-6	Activities, value chain and other business relationships	1. The Pettenon Group; 2. Sustainability at Pettenon Cosmetics
2-7	Employees	3. The Five Common Benefits
2-8	Workers who are not employees	In 2023, Pettenon Cosmetics employed 22 non-employee workers whose duties are controlled by the company.
2-9	Governance structure and composition	1. The Pettenon Group
2-12	Role of the highest governance body in overseeing the management of impacts	2. Sustainability at Pettenon Cosmetics
2-13	Delegation of responsibility for sustainability reporting	2. Sustainability at Pettenon Cosmetics
2-14	Role of the top governance body in sustainability reporting	2. Sustainability at Pettenon Cosmetics
2-22	Declaration on the Sustainable Development Strategy	Letter to stakeholders

GRI Standards referred to the Sustainability Report		Chapter / Direct Reference
2-23	Policy commitment	1. The Pettenon Group
2-24	Embedding policy commitments	1. The Pettenon Group
2-28	Membership associations	The company is a member of the following trade associations: Assindustria Venetocentro, Federchimica and Cosmetica Italia.
2-29	Approach to stakeholder engagement	2. Sustainability at Pettenon Cosmetics
2-30	Collective agreements	All Pettenon Cosmetics' employees are governed by a national collective agreement.
GRI 3 Material topics		
3-1	Material topic determination Process	2. Sustainability at Pettenon Cosmetics
3-2	List of material topics	2. Sustainability at Pettenon Cosmetics
Impact Assessment Area: Corporate Governance		
204-1	Proportion of spending on local suppliers	1. The Pettenon Group
205-2	Communication and training on anti-corruption policies and procedures	The members of the Board of Directors, when approving the Organization, Management and Control Model pursuant to Legislative Decree 231/01, become aware of the anti-corruption policies and procedures adopted by the company. All employees are required to know and comply with the rules on the fight against corruption by accepting the clause present in the employment contract. Starting from 2022, Pettenon Cosmetics trains all its employees on the anti-corruption policies adopted by the Group through training on the Organization and Management Model pursuant to Legislative Decree 231/01 and the Code of Ethics adopted since 2019. All employees benefited from the above-mentioned training, except for the working population. All the company's business partners are subject to the obligation to comply with the Code of Ethics and the Organization, Management and Control Model pursuant to Legislative Decree 231/01, from the moment the contract is signed.

GRI Standards referred to the Sustainability Report		Chapter / Direct Reference
205-3	Established corruption incidents and actions taken	Also in 2023, as in the previous year, there were no cases of corruption or lawsuits involving employees of the organization or operators of external networks.
206-1	Anti-competitive behaviour	During 2023, as in the previous year, the organization did not record any legal actions related to unfair competition, antitrust or monopolistic practices.
418-1	Document complaints about privacy violations and loss of customer data	During 2023, as in the previous year, there were no substantiated complaints of leaks, theft or loss of sensitive customer data.
Impact Assessment Area: Other stakeholders (clients) Common benefit goal: Research and innovation		
301-1	Materials used by weight or volume	3. The Five Common Benefits
301-2	Materials used that come from recycling	3. The Five Common Benefits
416-2	Incidents of non-compliance regarding health and safety impacts of products and services	3. The Five Common Benefits
417-2	Incidents of non-compliance with information and labelling of products and services	3. The Five Common Benefits
417-3	Cases of non-compliance regarding marketing communications	3. The Five Common Benefits
Impact Assessment Area: Environment Common benefit goal: Environmental protection		
302-1	Energy consumption within the organization	3. The Five Common Benefits
302-3	Energy intensity	3. The Five Common Benefits
302-4	Reduction of energy consumption	3. The Five Common Benefits
303-3	Water withdrawal	3. The Five Common Benefits
305-1	Direct greenhouse gas emissions (Scope1)	3. The Five Common Benefits
305-2	Indirect greenhouse gas emissions (Scope2)	3. The Five Common Benefits
306-3	Waste produced	3. The Five Common Benefits
306-4	Waste not intended for disposal	3. The Five Common Benefits
306-5	Waste destined for disposal	3. The Five Common Benefits

GRI Standards referred to the Sustainability Report		Chapter / Direct Reference
Impact Assessment Area: Workers, Other Stakeholders (Territory and Community) Common benefit goal: Gender Diversity and multiculturalism		
405-1	Diversity in governance bodies and among employees	3. The Five Common Benefits
405-2	Ratio of basic salary and remuneration between women and men	3. The Five Common Benefits
406-1	Incidents of discrimination and corrective measures taken	3. The Five Common Benefits
Impact Assessment Area: Workers, Other Stakeholders (Territory and Community) Common benefit goal: Training and enhancement of people		
401-1	New hires and turnover	3. The Five Common Benefits
401-3	Parental leave	3. The Five Common Benefits
403-2	Hazard identification, risk assessment and incident investigation	The agency has developed a formal health and safety policy, detailed in the Risk Assessment Document. Procedures for identifying and analysing accidents and near misses have been defined and preventive and corrective actions have been prepared. All employees of the company have the opportunity to report any problems to the occupational physician through the dedicated communication channel.
403-3	Occupational health services	In order to protect the health of its employees, the company has implemented a health surveillance program that includes the obligation for workers to undergo fitness medical examinations, specifically tailored according to the task performed and the associated risk levels.
403-4	Participation and consultation of workers on and communication of occupational health and safety programmes	In the production departments, the company has installed the "Safety and Quality Board" as a tool for informing and involving workers, and a module has been set up to collect workers' suggestions on safety at work. In addition, the company maintains a constant dialogue with the three Workers' Safety Representatives, who actively participate in a series of coordination meetings.

GRI Standards referred to the Sustainability Report		Chapter / Direct Reference
403-5	Worker training on occupational health and safety	In the field of health and safety at work, the company organizes the following courses: General Training, Specific Low/High Risk Training, Supervisor Training, First Aid Training, AED Automatic Defibrillator Training, Fire Fighting Training, Trolley Training, Executive Training and Area-Specific Training.
403-6	Promotion of worker health	To facilitate workers' access to non-work-related medical and health care services, the company provides for the registration of its employees in the Health Care Fund for workers in the chemical, pharmaceutical, chemical fiber, abrasives, lubricants and LPG sectors (Faschim). It is a fund created for the needs of its members and their families, with the aim of helping them to meet their health expenses. This service aims to offer greater possibilities in the face of the need for care, coverage for normal needs but also for major unforeseen events and protection for the member and his family.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	The company assessed its employees' exposure to hazardous substances, outlining strategies for preventing and mitigating health and safety effects within the Risk Assessment Document (DVR) specifically dedicated to chemical hazards.
403-9	Accidents at work	During 2023, 13 incidents of non-serious workplace injuries were recorded. The accident rate, calculated as the ratio of the number of recordable accidents at work to the number of hours worked (637,712.33) multiplied by 1,000,000 hours worked, is equal to 20.
403-10	Work-related ill health	During 2023, in continuity with previous years, there were no cases of occupational diseases.
404-1	Average hours of annual training per employee	3. The Five Common Benefits
404-2	Employee upskilling programs and transition assistance programs	3. The Five Common Benefits

GRI Standards referred to the Sustainability Report		Chapter / Direct Reference
Impact Assessment Area: Other stakeholders (territory and community) Common benefit goal: Community Support		
413-1	Activities involving local communities, impact assessments and development programmes	3. The Five Common Benefits

