



**PETTENON
COSMETICS**

PROFESSIONAL HAIR & SKIN CARE

SUSTAINABILITY REPORT

Impact Report ex L. 208/2015

2022

SUSTAINABILITY REPORT

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2022

[GRI 2-1]

Pettenon Cosmetics S.p.A. Società Benefit
Registered office at Via del Palù 7/D, 35018, San Martino di Lupari, Padova (IT)
Fiscal Code, VAT no. and Padua Business Registry no. 04937500280
REA: PD 430007
Fully paid-up share capital of 7.500.000,00 euros



Letter to stakeholders

[GRI 2-22]

Today, the growth of a company cannot ignore the attention towards the environment and the community in which it operates: it is essential to respect and preserve them responsibly. To do this, we believe that the values of sustainability and ethics must be the foundation of our industrial activities so that they can guide our work. The continuous commitment we dedicate to research and innovation is driven by the desire to create new products that are increasingly effective and with a progressively lower environmental impact, always respecting the high-quality standards guaranteed by our laboratories. The recognized level of professionalism of Pettenon Cosmetics is confirmed by the results that the company has achieved a turnover of approximately 140 million euros, a presence in over 100 countries, and export volumes which amount to around 70% of the turnover total. Therefore, we are a company that looks at the world without neglecting the territory to which we belong: in fact,

Pettenon Cosmetics included among the five common benefits listed in its statute also community support, which is provided through active involvement in projects, initiatives and partnerships with over 20 local associations dealing with social solidarity. In 2021 we became a Benefit Company and published our first Sustainability Report; in 2022 we achieved carbon neutrality thanks to the offsetting of our emissions, and recorded significant growth. In 2023 we want to carry out substantial development projects, continue to invest in research and innovation, and optimize our production processes with a view increasingly oriented towards the achievement of our ambitious sustainability objectives.

Gianni Pegorin,
President of
Pettenon Cosmetics

Federico Pegorin,
CEO of Pettenon
Cosmetics





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1

NOTE ON
METHODOLOGY

1 Note on methodology

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

Law 28 December 2015 n. 208 (“**Stability Law 2016**”), in force since 1 January 2016, introduced a new corporate legal form in Italy: that of “Benefit Companies”, defined as those companies which *«in the exercise of an economic activity, in addition to the purpose of dividing the profits, they pursue one or more common benefit goals and operate in a responsible, sustainable and transparent way towards people, communities, territories and the environment, cultural and social assets and activities, organizations and associations and other stakeholders»*.

To meet the requirements of accountability, sustainability and transparency towards stakeholders, Benefit Companies are required to prepare a report concerning the pursuit of the common benefit in attachment to the corporate financial statements (“**Impact Report**”), which includes:

- the description of the specific objectives, methods and actions implemented by the directors for the pursuit of the common benefit goals and any circumstances that prevented or slowed it down;

- the evaluation of the impact generated using the external evaluation standard with characteristics described in annex 4 to the 2016 Stability Law and which includes the evaluation areas identified in annex 5 to the same law;

- a section dedicated to the description of the new objectives that the Company intends to pursue in the following year.

The Impact Report must be released through:

- the filing with the relevant Company Register, together with the financial statements;

- the publication on the Company’s website.

Pettenon Cosmetics S.p.A. Società Benefit (“**Pettenon Cosmetics**” or the “**Company**”) decided to prepare this Impact Report based on the requirements of the 2016 Stability Law, describing the impact generated by its activities in compliance with the international evaluation standards of the Global Reporting Initiative, the “GRI Standards”, initially published in 2016 and updated during 2021. This report is prepared adopting 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 2022 and 31 December 2022 and has not been subject to external assurance activities. During the reporting period, no restatements were carried out on the information relating to previous years.

To request further information about the contents of Pettenon Cosmetics 2022 Sustainability Report, please contact the Company at the following e-mail address: info@pettenon.it.



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ABOUT US

2 About us

[GRI 2-6]

Since 1988

Benefit Company

Since 2021

437

Employees

144

Countries served

Pettenon Cosmetics, under the management and coordination of the AGF88 Holding Group, is **an Italian company specialising in Professional Hair & Skin Care**, which has been supporting “Made in Italy” quality products for professional hairstylists and beauticians for 75 years, in Italy and abroad. **Serving 114 countries** with an extended track record in the main foreign markets, Pettenon Cosmetics is now a company capable of **delivering high-quality professional products which can be customized** to meet specific market needs and suit different hair types and conditions.

The **production facility located in San Martino di Lupari** (Padua), which is constantly expanding and evolving, specialises in specific care and beauty treatments for hair and skin, producing a daily average of 341,000 items including shampoo, face masks, styling products, hydrogen peroxide, and other technical products, making Pettenon Cosmetics a dependable partner for the global professional beauty sector.

Each phase of the production process used to make Pettenon products is carried out in-house, from design and research to blow moulding and silkscreen printing for packaging.

The **internal laboratory**, specialised in research and development, delivers **high standards of quality and continuous innovation**, thanks to the highly skilled professionals working there, the investments made to improve the performance of products and stimulate the search for original formulas, and in the meticulous care paid to the holistic creation of products, combining technology and design.

The **Quality Control department** is responsible for continuously monitoring products through screening processes for raw materials, equipment, and semi-finished and finished products, in order to ensure every production batch complies with the high quality standards.

The microbiology laboratory, classified biosecurity level II, is structured to ensure that the biological risk is correctly managed and to protect the **well-being of operators as well as the surrounding environment**. The laboratory, kept at negative pressure, uses an automatic air filtering system. Microbiological analysis ensures thorough screening of the product through, for example, bacteria, mould, and yeast counts. All analyses are carried out **in accordance with the guidelines** set out in UNI EN ISO 16212:2017 and UNI EN ISO 21149:2017 and according to the acceptability criteria set out in UNI EN ISO 17516:2015. The laboratory also features instruments with **state-of-the-art technology** which are capable of analysing products in detail using cytofluorometry, providing additional guarantees and **protecting the health and safety of the end user**.

Over

14k

training hours provided

54%

women in middle management

1

product testing technical centre

Support to more than

20

local associations

1

production plant

1

Alter Ego academy

Carbon neutrality

of corporate events

Organisational LCA

Carbon neutrality

of San Martino di Lupari's plant

20 top sellers' naturalness and biodegradability indexes over

90%

6

products (6,4% of turnover) undergone an

LCA

ISO

14001

environmental management system

Turnover of about

140 mln
euros

Net assets of about

61 mln
euros

Value of production of over

146 mln
euros

Total personnel expenses of

17 mln
euros



The “**Hair Innovation Space**” Technical Centre for product testing and development draws on technical professionals and experienced hairstylists who, every day, conduct several specific tests on models to demonstrate the performance and functionality results of the products, drawing up protocols for use and making professional suggestions to satisfy the needs of even the most demanding of customers.

Prompt responses to the market, safety for end-users, and professional training in the dedicated Academy offer additional guarantees to the professionals who daily use our products in their salons and the stylists who unveil their creative hairstyles on the catwalks of the international fashion circuit.

The **Alter Ego Italy Salon Academy** runs regular training courses for professionals working in the sector to support the acquisition of new skills and knowledge through a wide range of styling formats and techniques.

PETTENON COSMETICS' STRATEGY PILLARS

Digitization

*Digital transformation is one of the pillars underpinning Pettenon Cosmetics' corporate strategy. Thanks to the **integration of digital tools** into its activities, the company achieved greater visibility, strengthened the relationship with its stakeholders, and investigated the new needs of the beauty market in more detail. For the same purposes, Pettenon Cosmetics decided to enhance the **digital footprint of its individual brands**, also aiming at strengthening their relationship with the community of professionals and users, as well as raising their awareness of sustainability and inclusiveness issues. An example of the scope of this new approach is the fan base of the brand Fanola, which in 2022 exceeded 70,000 followers, **recording a growth of 26%**. Finally, the re-engineering and digitization of operating processes has given the company greater efficiency, also increasing its performance levels.*

Sustainability

*Pettenon Cosmetics is firmly convinced that there can be **no development without sustainability**; therefore, it chose to make the latter one of the cornerstones of its corporate strategy. Integrating environmental and social factors into its modus operandi has allowed **limiting the impact of its activities on the environment**, thanks to a more effective management of resources and the reduction of waste, as well as forging 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 Company**, a change that also led it to publish its first **impact report**, the 2021 Sustainability Report, which includes the indicators, results and the company's sustainability goals.*

Innovation

*Pettenon Cosmetics has always considered it essential to engage and invest in **research and innovation** to bring new design and production methods to the company with the aim of placing increasingly effective, high-performance products on the market and, above all, responsive to the quality needs required by consumers. To this end, the company has always supported the **training and specialization of its employees** to increase their knowledge and skills so that they can create new products integrating scientific research, knowledge and progress.*

The initiatives for the customer's brand



In addition to its own products, Pettenon places its production site and the technical and creative expertise of its internal teams at the disposal of its clients, to transform projects into finished products. Part of the work performed at the Pettenon production site is focused on creating private labels and private brands.

Offering a **complete service**, the team of professionals at Pettenon support customers with projects to customise wide ranges of professional hair care products, assisting them throughout

every stage of the process, from formulation and production of semi-finished products to the purchase of packaging at creation of the artwork for the product.

Pettenon also offers its own products to customers who already have containers, offering a refill service for these containers. Pettenon products can also be purchased in bulk, allowing customers to package them themselves.

Our suppliers

[GRI 2-6]

Pettenon Cosmetics disciplines its relationship with the supply chain through internal policies aiming at the implementation of the right commodities purchase procedure and the definition of a system to select, approve, monitor, and re-approve suppliers to ensure the security, legality, and quality of the materials.

In 2022 the company was provisioned by **318 suppliers**, mostly **Italian (88%)**, whose main products were commodities, packaging, accessories, and communication materials. Overall, the economic value distributed to suppliers was 50.054.088 euros.

[GRI 204-1]

Total number of suppliers	UdM	2020	2021	2022
Total number of suppliers	N	284	273	318
Suppliers in Northern Italy	N	231	220	252
Suppliers in Central Italy	N	18	18	23
Suppliers in Southern Italy and the islands	N	3	4	6
Suppliers from abroad	N	32	31	37
Total distributed monetary value	€	37.295.358	41.024.199	50.054.088

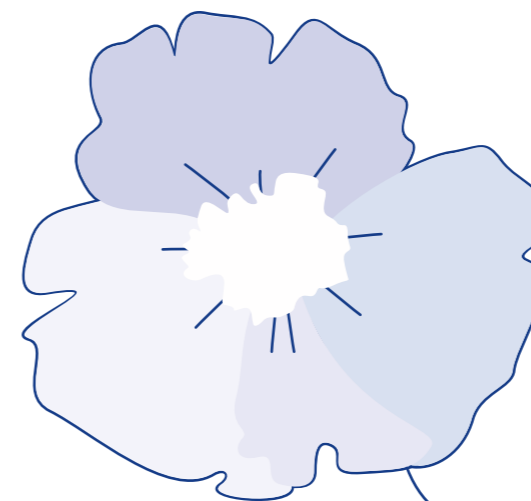
The sustainable procurement project

Starting from 2021, in consideration of the environmental, social and economic impacts procurement has on the territory to which the company belongs, Pettenon Cosmetics undertook a **path to raise awareness and collect information** on the environmental, social, and governance sustainability of its suppliers.

In order to guarantee the reduction of the environmental and social impact of the process of purchasing goods and services, and to maximize their value and quality, in 2022 the company launched the procedure of **integrating sustainability into the selection, evaluation and management processes of the supply chain**, with the aim of promoting responsible economic development and creating long-term shared value for all stakeholders.

Among the actions implemented, Pettenon Cosmetics provided a **training and awareness-raising course** on sustainability for the main internal functions responsible for the procurement process. The training course took place in **three laboratory**

meetings aimed at analysing how ESG factors can be integrated within the supplier selection, assessment, and management processes. Thanks to the direct involvement of the participants, the project made it possible to collect useful elements for updating and **defining the sectoral self-assessment questionnaires** useful for evaluating the main parameters influencing sustainability issues, like the presence of an environmental management, the methods of support to the community and local area, and the presence of defined policies for the reduction of greenhouse gas emissions. Finally, the laboratory process concludes the path with the **definition of the key elements of the sustainable procurement policy**, which will be adopted formally by the company in 2023, to communicate its commitment to sustainable procurement to all stakeholders.





3

OUR STORY

3 Our story: A long journey through beauty

“From the small artisan company Morgana founded by Mario Pettenon to an industrial group that looks to the future alongside history, tradition and values.”

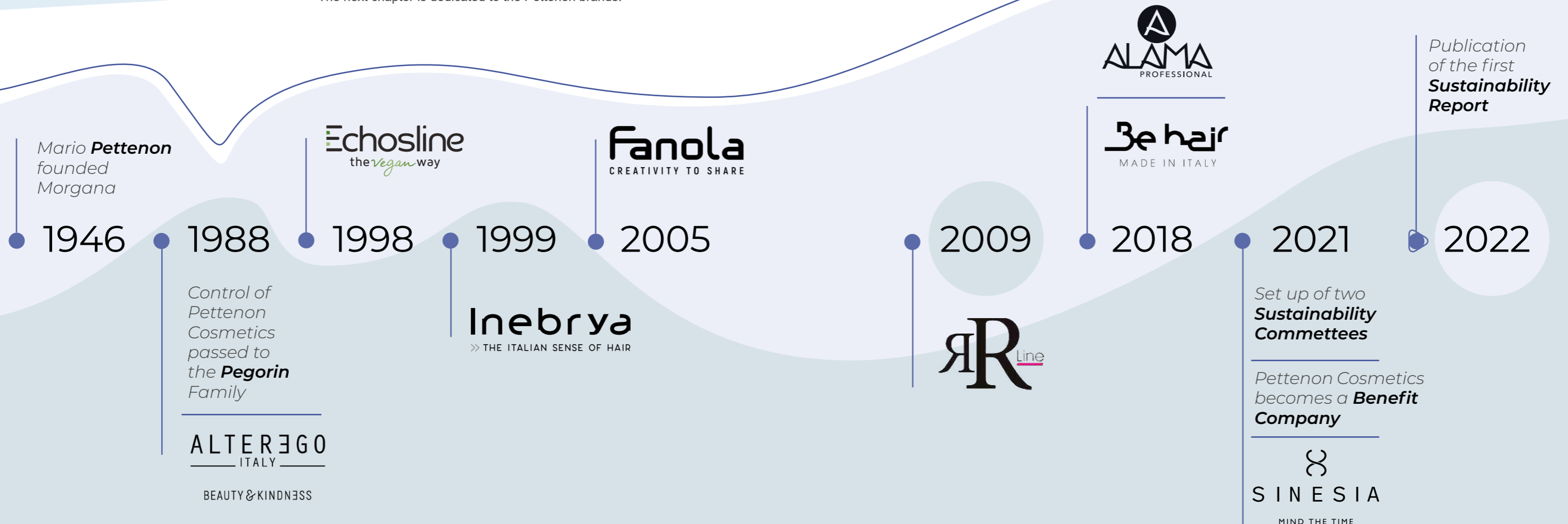
In 1946, **Morgana** was founded by Mario Pettenon, a businessman, philanthropist and art lover. Working in close partnership with Arturo Pegorin, skilfully and tirelessly to research formulations and create home-made products, the company immediately stood out for its **expertise and experience**, a combination which is still the hallmark of Pettenon. In the initial years of operation, the company’s core business was largely the production of lipstick, nail polish, face powder and perfumes before it later began to **specialise in professional products for hair stylists**.

In **1988**, when Mario Pettenon passed away, Pettenon Cosmetics was taken over by the **Pegorin** family, Arturo and his two sons, Giovanni and Federico, guided the company through a period of expansion and success. Today, Pettenon Cosmetics is **one of the most well-known companies** in the professional hair & skin care sector, with 437 employees and a turnover of about 140 million euros. Pettenon’s portfolio, which is always growing, has expanded to nine brands with the aim of delivering products that are innovative yet, the same time, accessible to diverse customer bases.

The next chapter is dedicated to the Pettenon brands.

In 2021, Pettenon Cosmetics officially became a **benefit company** crystallising, in its legal form, its commitment to operating **responsibly, sustainably and transparently** with people, communities, regions and the environment, cultural and social assets and activities, associations and bodies and other stakeholders. As a consequence, the company started pursuing the **common benefit goals** stated in its articles of association in addition to the goal of maximising and distributing profits. That same year the company established two Sustainability Committees.

In 2022 Pettenon Cosmetics published its first **Impact Report** in the form of **Sustainability Report**.



Top moments 2022

After two years of Covid-19 pandemic, 2022 was the year of recovery for the cosmetics industry, which even exceeded pre-pandemic turnover levels. For Pettenon Cosmetics it was a particularly important year also because it was marked by numerous milestones and awards in the field of sustainability:

Bilancio di sostenibilità e Relazione d'impatto 2021

Ispirati dalla sostenibilità, guidati dalla bellezza

Pettenon Cosmetics 2021 Sustainability Report among the 50 most accessible in the Index Future Respect 2022

ConsumerLab – a study centre integrating the experience gained in the consumer world with the expertise of a high-profile academic and professional team – included Pettenon Cosmetics 2021 Sustainability Report in the **Index Future Respect 2022**, where it is **among the 50 Sustainability Reports deemed most interesting and accessible** on a sample of over 1500 documents.

EcoVadis Silver Medal

During 2022 Pettenon Cosmetics was evaluated by **EcoVadis**, supplier of universal sustainability ratings, and included in the 25% of the best companies obtaining a **Silver Medal**.

ISO 14001

The company achieved the international standard UNI EN ISO 14001:2015, which certifies the implementation of an environmental management system.

GMP Certification

Pettenon Cosmetics has obtained the Good Manufacturing Practices (GMP) certification, confirming the use of good manufacturing practices for cosmetic products in accordance with ISO 22716:2007, which defines the guidelines to be followed in the various stages of production.

Adherence to the Global Compact of the United Nations

As proof of its intention to continue along the path towards sustainability and corporate social responsibility, 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 and corporate social responsibility through **Ten Principles** in the areas of human rights, labour, environment, fight against corruption, reduction of emissions and support to local communities, as well as support to actions and projects for sharing ethical values with workers and partners. The member companies are also committed to respecting the 17 SDGs of the United Nations.

WE SUPPORT





4

OUR
BRANDS

4 Our brands



[GRI 2-6]

Alter Ego Italy

The Alter Ego Italy brand, launched in 1988 and currently present in over fifty countries, stands out in the professional hair care market thanks to a range of **sophisticated products** which enjoy widespread international recognition. The exclusive Alter Ego products which form the basis for hair care and beauty treatments are the result of **constant research into innovative and high-performance technologies** as well as meticulous care and attention to the selection of ingredients to produce even more sustainable formulas. Alter Ego perfectly combines the concepts of efficiency and delicacy, performance, and sustainability; it was devised to meet the needs of modern women who want to be beautiful and sophisticated whilst at the same time recognising the urgency of taking more care of the environment.



Echosline

Created in 1998 and currently present in over sixty countries, Echosline was founded as a traditional brand with its own **"Clean Beauty"** philosophy. The word **"Echos"** in Italian evokes ideas of environmental sustainability, the bedrock of the brand's approach, whilst **"line"** refers to the journey still to take to achieve the goal of becoming a 100% vegan brand, with entirely natural products using high-quality eco-certified ingredients. With the goal of respecting professionals, consumers and the environment, the brand embarked upon *"The Vegan Way"*, a journey of product innovation and continuous research for **natural**

biodegradable ingredients, gaining recognition in the professional hair care market as an **ethical and sustainable brand**. Echosline represents the perfect combination of the concepts of **"smart beauty"** and **sustainability**. The brand's mission is to offer salons all over the world professional treatments that protect **essential beauty**, where simplicity represents the highest expression of authenticity.



Inebrya

Inebrya derives from the Italian word for “intoxicate” meaning to stimulate, celebrate, and exhilarate. This vision led to the brand’s philosophy when it was founded in 1999 in Italy with the aim of **meeting the needs of haircare professionals** across the globe and creating beauty in all aspects. Today, the brand is present in **over sixty countries**, and thanks to its exhaustive range and the effectiveness of its products, it stands out in the professional sector for its **Made in Italy quality**.

Through its irresistible fragrances and refined packaging playing with colours and soft textures, **Inebrya** combines high levels of product performance with their power of seduction capable

of transporting professionals and end users into an **ultra-feminine and highly sensory world**. Each product is designed to **expand the five senses** beyond normal horizons of perception through velvety fragrances and colours, creating “WOW” effects on hair and offering a seductive and stimulating charm, to deliver **pure pleasure**.



Fanola

Fanola is the brand based on the **power of colours, creativity, and the sharing of its own philosophy** which, through colours, expresses its personality, its positive attitude and its freedom to try new things. Fanola’s personality stands out for its **vivacity** and its **enthusiastic diversity**. It is a brand which loves to dare and to move the concept of beauty a little bit further forward every day, becoming an advocate for **unconventional beauty**, going beyond traditional interpretations of attractiveness, celebrating the beauty of every individual beyond stereotypes, applauding **inclusivity** and **multiculturalism**.

This **100% Made in Italy** brand, which was launched in 2005 and is currently found in seventy-five countries, **has exploded abroad thanks to the power of social media**, generating thousands of shares in on-line conversations all over the world. With these products, hairstylists are free to experiment, to express their creativity and create true “wow” effects, making Fanola one of the most distinctive brands in the beauty sector.

RR

RR is the line of professional products which can efficiently meet the needs of hairdressers, offering high quality and convenience. The brand was launched in 2009 and is currently **present in thirty-four countries**, offering a **simple but complete range of products** which combine optimum performance with remarkable ease of use.



Alama professional

Alama Professional was launched in 2018 with the objective of bringing Italian professional quality into people's homes, making **genuine salon quality accessible to everyone**, and guaranteeing, thanks to the ease-of-use of the product, the **best possible results**. The brand is aimed at large-scale retailers in Italy and is also **present in 15 countries**. The effectiveness of the results achieved with these products is the result of the **formulas tested by professionals in the sector**, carefully selected latest generation ingredients, and innovative products closely following the key trends in the international professional sector. "**Malama**", which in Hawaiian means "**taking care of yourself**" underpins the philosophy and the name of the brand, which combines **hair care** with the **care of the planet**, according to the motto: *«As we care for you, we care for our planet»*.



Be Hair Italy

Be Hair Italy, which was launched in 2018 and quickly spread to twenty-nine countries, is a notable brand for its **technical research and constant interaction with experts in the sector** to create **unique and innovative products** by selecting **technologically advanced ingredients** which deliver high performance standards. A forerunner of **Fast Cosmetics**, the brand has developed products that deliver high-performance in the shortest time possible, meeting the needs of professionals working in the sector and of customers. For example, Be Hair Italy Offers colouring products which are ammonia-free and highly effective treatments with below average waiting times (around 12 minutes). The motto of Be Hair is *«Simply Different»*, a mantra which reflects the desire, through research, to **reinterpret and rework hair care treatments in a way which is simply different, unique, and cutting-edge**. The basis of the brand's philosophy is the conviction that it is not enough just to formulate the right products, there need to be ways of working that are proven, tested, and efficient to allow professionals in the sector to express their art.

Sinesia

The brand Sinesia was launched in 2021 because of the company's desire to introduce a line of **premium professional products** onto the market which can promote **hair, scalp, and skin care**. Uniting beauty and wellness as part of a holistic concept, Sinesia products have been designed to allow people to take care of every aspect of their head, treating hair, face, and scalp, therefore **making it possible to take care of yourself and your time** in line with the *«Mind the Time»* philosophy. The revised texture and consistency of the products gives people a **true sensory experience**, one which can stimulate emotions and the deep feeling of pleasure and well-being. This is achieved thanks to the innovative formulas and an unwavering attention to selecting ingredients rich in active ingredients, products which incorporate the concepts of **multi-functionality, efficiency** and **sustainability**. The brand, rooted in the concept of **Greenrich Beauty**, is notable for formulations which largely comply with the parameter of **more than 90% natural ingredients** in accordance with the ISO 16128 guidelines and the parameters for the **biodegradability of ingredients**, defined using the OECD 301 method. **Safe, vegan formulas** are combined to offer products as part of a luxury range which is sensory and intensely effective. The brand is currently present in six countries.





GOVERNANCE

5

5 Governance¹

Pettenon Cosmetics is part of the ASGF88 Holding Group, an international market leader in professional hair & skin care with more than 30 years of experience under the management of the brothers Gianni and Federico Pegorin and their father Arturo (who passed away in May 2020).

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

[GRI 2-9]

Pettenon Cosmetics is managed by a **Board of Directors** comprising two members, Gianni Pegorin, Chair of the Board, and Federico Pegorin, CEO, who have been granted all powers of ordinary and extraordinary governance separately, with the exception of those which under law or the company's articles of association are reserved for the Board of Directors. They are both legal representatives of the company.

The company has appointed a Board of Statutory Auditors to oversee the company, comprising five members, the Chair, two statutory auditors and two deputy auditors. The external company Ernst & Young SPA is appointed as independent auditor.

under the set of predicate offences for the corporate responsibility of organisations, specified by legislative decree 231/2001.

In addition, the Pettenon Cosmetics Board of Directors – in a ruling dated 9 April 2019 – set up, pursuant to article 6 of legislative decree 231/2001, the **Supervisory Board** ("SB"), consisting of multiple members, appointed to oversee the implementation of the Model 231. The SB is composed by three individuals who perform their functions by periodically reporting to the administrative body, and who guarantee the requirements of autonomy, independence, professionalism and continuity of action in compliance with the provisions of the Decree and the Confindustria Guidelines

[GRI 2-24]

In accordance with the requirements of **legislative decree 231/2001** and with an awareness of the importance of introducing and effectively implementing a suitable system to prevent the commission of illegal acts within the company, the company has introduced – with the Board of Directors' ruling dated 9 April 2019 – an **Organisation, Management and Control Model pursuant to legislative decree 231/2001** (so-called "Model 231"). The model was subsequently updated with the ruling of the 29th of July 2021, on the grounds that said model constitutes a valid instrument to inform the intended audience of the need to behave correctly and transparently, in order to prevent the risk of criminal acts being committed, which fall

On the basis of the provisions of Law 179 of the 30th of November 2017 containing "provisions for the protection of whistleblowers reporting offences or unlawfulness which they have become aware through public or private employment" ("**Whistle-blowing Law**"), the company has provided multiple communication channels, whose access is reserved to members of the SB only for reporting any illegal behaviour, based on specific and consistent facts, or violations which the whistleblower has become aware of through their work. These reporting procedures are designed to ensure complete confidentiality for whistleblowers, in order to prevent retaliation or any other form of discrimination or penalisation against them.

¹ This organizational structure refers to the reporting period of the document, i.e. 01/01/2022-31/12/2022.



[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 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 the General Section of the Model 231 available on its website, as well as publishing the Special Part of Model 231 on its company intranet, to facilitate stakeholders access to these documents.

In order to strengthen its compliance system and prevent the risk of non-compliance, the Board of Directors – in a ruling dated 22 March 2022 – introduced a **compliance department**

within its Legal and Corporate Affairs department, with the objective of ensuring cross-sectional oversight of all corporate activities. The aim is to promote a corporate culture based on intervals of correctness and compliance with law and prevent, in that sense, the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory regulations, in other words self-regulation.

[GRI 205-3]

All employees and commercial partners of the group must be familiar and comply with the company's internal anti-corruption regulations by accepting the clause contained in the contracts they sign. During 2021, in line with the previous financial year, no instances of corruption have been recorded.



Being green and clean
is not just an aspiration
but an action.



6

SUSTAINABILITY
GOVERNANCE

6 Sustainability governance

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

Pettenon Cosmetics, with a view to promoting the uptake of sustainability principles within the company, has introduced **sustainability governance** as described below.

In accordance with the provisions of the Stability Law 2016, Pettenon Cosmetics Board of Directors – in a ruling dated 15 December 2021 – has appointed an **“Impact Manager”**, who has been assigned the task and responsibility of ensuring that the company operates responsibly, sustainably and transparently as well as pursuing the common benefit goals identified in the company’s articles of association and the interests of the categories of stakeholders. Specifically, the impact manager will draw up a management plan for the common benefits; the manager will be responsible for the involvement of all corporate functions in the implementation of the plan; he/she will support the directors by providing information and data about the internal and external context in which the company operates; he/she will promote transparency of the impact results, ensuring they are published on the website and through the relevant channels.

In particular, the company created the position of **“Sustainability Director”**, responsible for developing company sustainability projects and promoting integration across all departments. The primary areas of responsibility include the coordination of all sustainability-related activities and the two managerial committees dedicated to the subject, ensuring that the strategy is applied in cooperation with all company departments.

The **Sustainability Technical Committee** is responsible for discussing, proposing, and assessing issues of sustainability relating to the environmental footprint of the company’s activity: in particular, activities relating to the research and development of formulas, energy consumption, the water footprint of the production side and the supply chain. The committee consists of: the R&D Director, the operations director, the formula area manager, the purchasing and contractor manager, the marketing managers, the facilities manager (design department), the blow moulding and silk screen printing manager, and the private label manager.

The **Corporate and Communications Sustainability Committee** discusses and assesses aspects relating to the company’s social sustainability and governance. In particular, the management of human resources in terms of health and safety, training, well-being of employees, external aspects regarding the local community, consumers, and the impact on the community in terms of significant aspects such as diversity and inclusion. The corporate and communications sustainability committee is made up of the legal and corporate affairs director, the human resources and contract manager, the communication director, the marketing managers, and the corporate communications manager. Both Committees meet monthly.

Pettenon Cosmetics has also introduced a **“Reporting Manager”**, to supervise the process of drawing up the sustainability report, including the

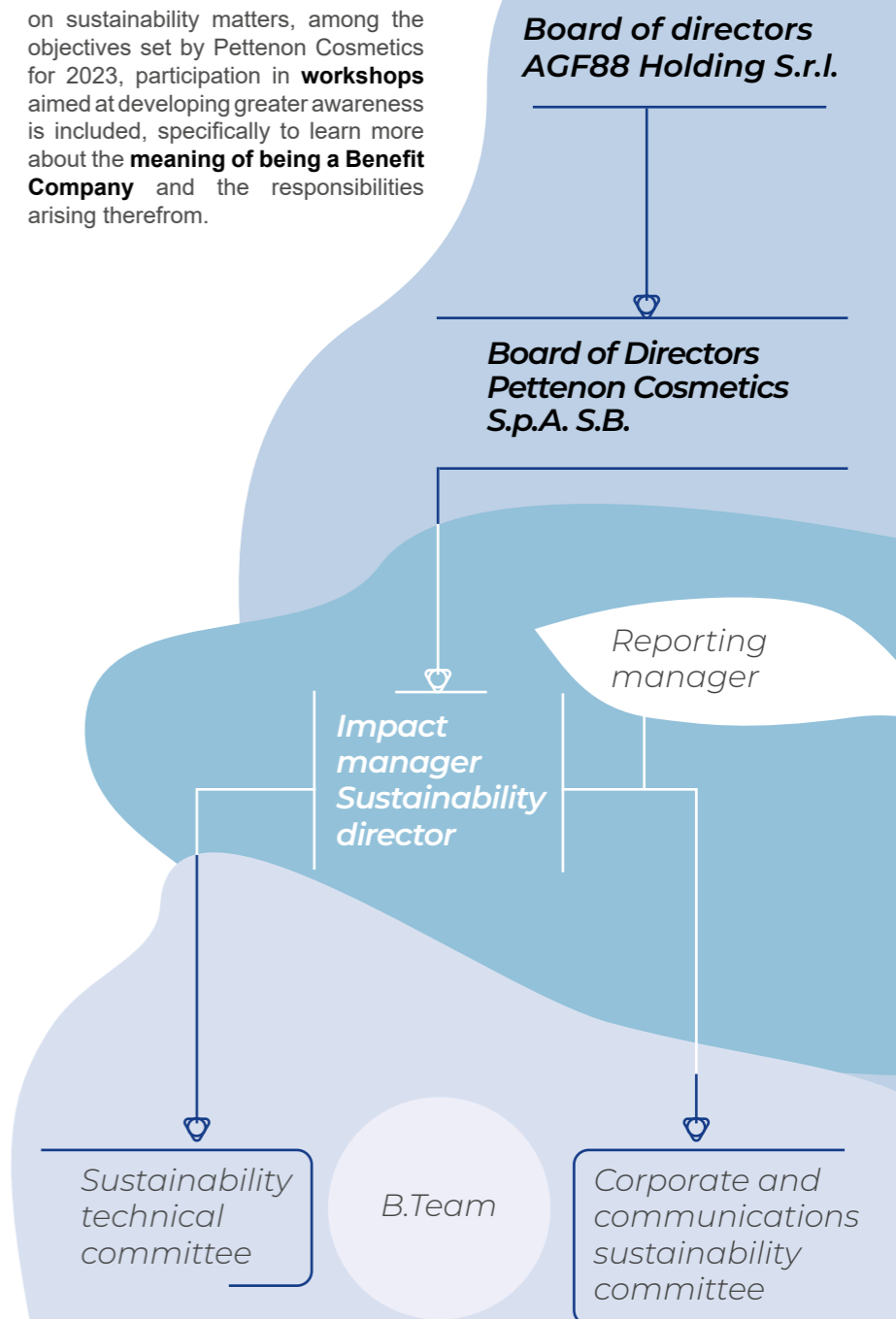
collection of data and processing to ensure fulfilment of the requirements relating to the company’s sustainability reporting.

In addition, Pettenon Cosmetics has introduced the **B. Team** with the goal of **raising awareness, informing and involving its employees and key local bodies** in the corporate sustainability project, through an internal and external communications plan and structured departmental activities. The work group has the goal of **spreading the corporate culture, with a particular focus on environmental and social sustainability values, and strengthening the involvement** of its employees, contractors and stakeholders, using communication tools such as:

- **surveys**, to obtain feedback on the perceptions of the various stakeholders regarding the company’s current commitment to sustainability;
- **focus groups**, to collect feedback and opinions in a timely manner;
- **training and information meetings**, to share the company macro-objectives with the stakeholders involved and define departmental micro-objectives;
- **workshops**, to inform the players involved about the main initiatives promoted by the Company;
- **newsletters**, to increase the dissemination of “green” messages and involve all company departments on sustainability issues.

In order to increase the level of knowledge of the **top management**

on sustainability matters, among the objectives set by Pettenon Cosmetics for 2023, participation in **workshops** aimed at developing greater awareness is included, specifically to learn more about the **meaning of being a Benefit Company** and the responsibilities arising therefrom.





**SUSTAINABILITY
STRATEGY**

7

7 Sustainability strategy

«We structured our sustainability project around five different common benefit goals with the transformation into a Benefit Company, a 360-degree cultural commitment and the construction of solid and strategic foundations also in industrial processes»

Federico Pegorin, CEO of Pettenon Cosmetics

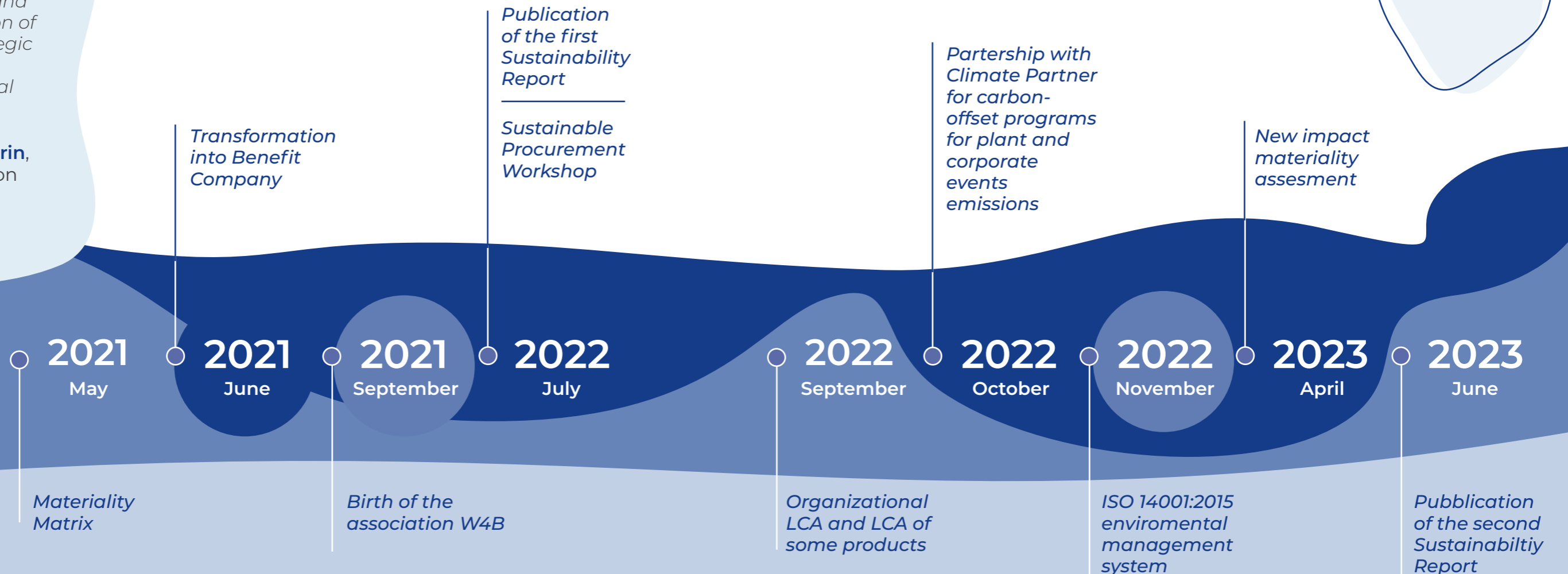
With the notarial deed dated 11 June 2021, Pettenon Cosmetics officially became a **Benefit Company** crystallising, in its legal form, its commitment to operating responsibly, sustainably and transparently with people, places, communities, the environment, social and cultural activities, organisations and associations and other stakeholders and pursuing, in addition to the goal of maximising and distributing profits, common benefit goals.

Benefit Companies must specify within the purpose section of their articles of association the common benefit goals to be pursued, through management which seeks to balance the interests of shareholders with those of everyone who may be affected by the company's business. This impact must be measured by means of an external assessment

standard and communicated through an annual report regarding the fulfilment of the common benefits.

- the most popular methodology in the world for environmental, social, and economic impact reporting.

In 2022 Pettenon Cosmetics published its first impact report, the **2021 Sustainability Report**, drawn up according to the unique international standards of the **Global Reporting Initiative** (so-called "GRI Standards")



The new articles of association of Pettenon Cosmetics have allowed the company's sustainability strategy to be formalised, incorporating **five specific common benefit goals** in the articles of association:



Reserch and innovation

Constant research and development activities into formulas, using innovative techniques with the aim of reducing the consumption and waste of resources.



Protection of the environment

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



Gender diversity e multiculturalism

Devising and developing communications and marketing projects with the aim of promoting and spreading the values of multiculturalism and gender equality.



Training and development of people

Support for training activities to assist with integration into the labour market.



Community support

Support for philanthropic initiatives for the benefit of the parties involved, directly or indirectly, in the company's activity.

The process to identify material topics: The materiality analysis

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

Legislative Decree 254/2016, transposing Directive 2014/95/EU, introduced into the Italian legal system the **obligation to report** on the initiatives conducted and policies adopted in relation to environmental, social, personnel-related issues, compliance with human rights and the fight against active and passive corruption. In the light of the principles recalled by Art. 3 of the Decree, the topics included in the document must take into consideration both the specific company circumstances and the general evolution of the sector. Pettenon Cosmetics conducted its first **materiality analysis** as early as 2021, to identify the issues to be considered more relevant or "material". In the financial year 2022, Pettenon Cosmetics has launched a process of updating the materiality analysis in accordance with the provisions of the main European sustainability reporting standard, i.e. the Global Reporting Initiative (GRI), which in October 2021 published the **GRI Standard 3 – Material Topics**, entered into

force on 1 January 2023. The new standard defines "material topics" those generating the **most significant impacts on the economy, the environment, and people, including impacts on human rights**. Therefore, the process of evaluating the impacts relating to the material topics of Pettenon Cosmetics was performed in accordance with the provisions 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 for updating the 2022 materiality analysis was divided into the following **phases**:

1. *Internal and external contexts analysis;*
2. *External stakeholder engagement;*
3. *Internal involvement;*
4. *Assessment of the impacts generated;*
5. *Definition of materiality analysis.*

1 Internal and external contexts analysis

The first phase of the process to update the materiality analysis envisaged 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**, in relation to the material topics identified by the company during the previous year. The analysis of the internal context involved the assessment of the documentation supporting the activities and projects carried out over the years by Pettenon Cosmetics (e.g., Organizational Life Cycle Assessment for environmental issues), while for the analysis of the external context, benchmarking activities among the main players in the sector were carried out. This first phase led to the definition of a taxonomy of the impacts generated on the economy, the 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 involved 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 impacts actually perceived, each stakeholder was asked to **evaluate, on a scale from 1 to 5, the ability of Pettenon Cosmetics to generate impacts (positive or negative, current or potential) on the economy, the environment and society** in relation to the potentially relevant topics identified in phase 1. The activity of external stakeholder engagement was carried out through one-to-one interviews or surveys.

3 Internal involvement

The evidence emerged in the first two phases of the process of materiality analysis update underwent a **qualitative-quantitative assessment by Pettenon Cosmetics internal representatives**, by means of in-depth interviews. Each manager was asked to **consider the measures implemented by the company and evaluate, on a scale from 1 to 5, Pettenon Cosmetics' ability to generate**

impacts (positive or negative, current or potential) on the economy, the environment, and society in relation to the potentially relevant issues identified in phase 1. Internal involvement also made it possible to collect qualitative considerations on the overall relevance of the issues identified and to start thinking about the potential measures to implement to strengthen company's positioning and limit its impact.

4

Assessment of the impacts generated

Based on the evidence emerged during the activities involving external and internal stakeholders, the impacts generated by Pettenon Cosmetics were **classified and assessed according to the logic of "significance and probability"** of occurrence using an assessment tool consistent with the main reference framework.

Therefore, the **final impact materiality score** attributed to each individual topic reflects the qualitative-quantitative assessments collected throughout the engagement process, and is obtained by aggregation (weighted average) of the following contributions:

- the assessment carried out by the **internal representatives** involved through one-to-one interviews (weight assigned equal to 50%);
- the assessment carried out by the **stakeholders and external experts** involved through surveys and/or one-to-one interviews (weight assigned equal to 50%);
- the contribution of the **Sustainability Director** which made it possible, following an in-depth meeting, to perform a fine-tuning activity of the assessments expressed on the various issues to ensure overall consistency of the results that emerged. The weighting factor (+0.2) was attributed to the following topics: *welfare of workers, diversity and equal opportunities, research and innovation, energy and emissions and local community*;
- an **in-depth analysis** of the impacts, including the main evidence emerging from the **assessment of the 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 management of the supply chain*.

5 Definition of the materiality analysis

The results of the materiality analysis were connected to **five levels of impacts generated**: level 5 corresponds to “very high” evaluations; level 4 corresponds to “medium-high” evaluations; level 3 corresponds to “medium-low” evaluations; level 2 corresponds to “low” evaluations; level 1 corresponds to “very low” evaluations. The results were subsequently synthesized in the following table:

Common Benefit	Material topic	Impact assesment
Training and development of people	Health and safety of workers	☆☆☆☆☆
Training and development of people	Training and education	☆☆☆☆☆
Gender diversity and multiculturalism	Diversity and equal opportunities	☆☆☆☆☆
Protection of the environment	Water resources management	☆☆☆☆☆
Protection of the environment	Energy and emissions	☆☆☆☆☆
Research and innovation	Research and innovation	☆☆☆☆☆
Training and development of people	Welfare of workers	☆☆☆☆
Protection of the environment	Waste management	☆☆☆☆
Community support	Local community	☆☆☆☆
Research and innovation	Responsible packaging	☆☆☆
Protection of the environment	Sustainable management of the supply chain	☆☆☆
Research and innovation	Product responsibility and quality	☆☆☆
Research and innovation	Marketing and labelling	☆☆☆

The following table shows the association between Pettenon Cosmetics' common benefits, material topics and the impacts generated - positive and negative – that are most significant for the **topics that received a “very-high” level of impact**, as well as the contribution of these issues to the Sustainable Development Goals (SDGs) of the United Nations.

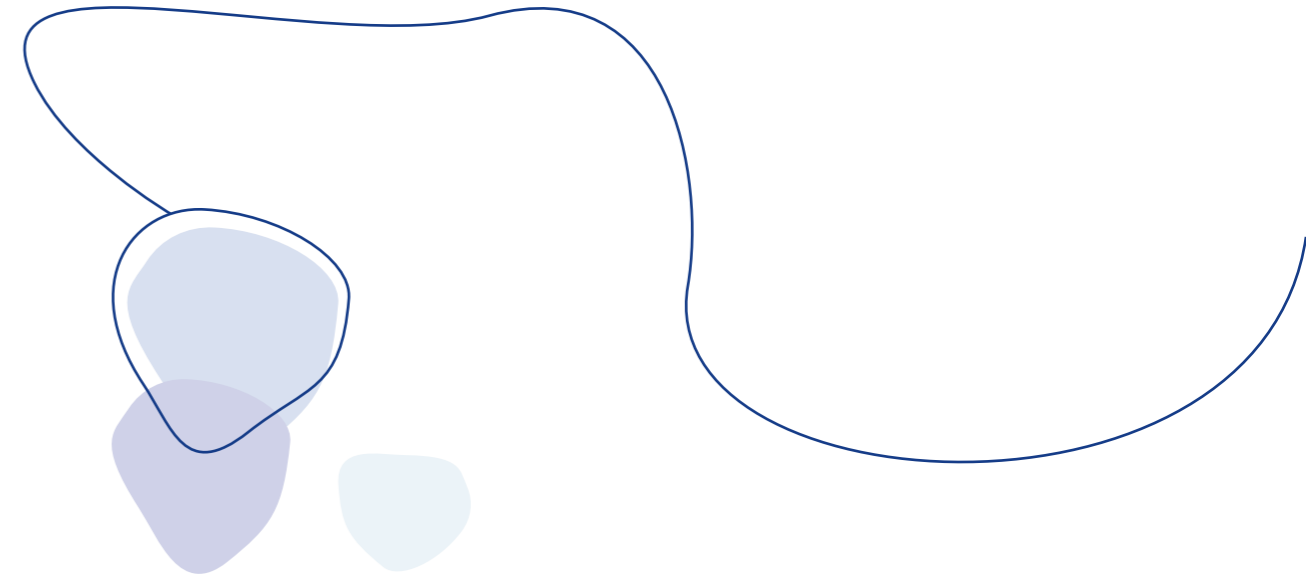
Common Benefit	Material topic	Description of the main impacts generated	SDGs
Training and development of people	Health and safety of workers	- Accidents and occupational diseases of employees deriving from an ineffective application of procedures and preventive actions	
Training and development of people	Training and education	+ Improvement of personnel skills and knowledge through specific training, upskilling and reskilling - Situation of employee skills mismatch due to the failure to update the training programs implemented by the company	
Gender diversity and multiculturalism	Diversity and equal opportunities	+ Promotion of female leadership towards employees and stakeholders thanks to initiatives promoting and enhancing female empowerment - Worsening of the quality of working life for employees belonging to underrepresented social groups due to failure to apply the practices to prevent and combat discrimination	
Protection of the environment	Water resources management	+ Reduction of impacts on water resources during the production and use phases of the products through the development of concentrated and/or waterless formulations - Impact on water resource generated during the use phase of the products by the customers	
Protection of the environment	Energy and emissions	- Generation of direct and indirect GHG emissions (Scope 1, Scope 2 and Scope 3) in the business processes and along the value chain	
Research and innovation	Research and innovation	+ Creation of economic, intellectual and environmental value thanks to research and development activities in product design	

For the details on the initiatives implemented with reference to the positive impacts and the mitigation actions undertaken with regard to the negative impacts, please refer to the contents of the following chapters.

Pettenon Cosmetics' value chain and SDGs

[GRI 2-6]

The issues emerged from the materiality analysis were traced back to the five common benefits defined by the company and, in parallel, to the **Sustainable Development Goals** (SDGs, the "Sustainable Development Goals") **of the United Nations** which Pettenon Cosmetics intends to support through the commitment throughout all phases of the life cycle of its products. The following table summarizes the connection between, on one hand, the common benefits of the company, the related SDGs and the material topics identified and, on the other hand, the various phases that make up Pettenon Cosmetics value chain.



Common Benefits	SDGs	Material topics	Commodities procurement	Production and packaging	Marketing and communication	Distribution	Customers and use phase	Product "end-of-life" management
Research and innovation		<ul style="list-style-type: none"> Marketing and labelling Responsible packaging 		✓	✓		✓	✓
		<ul style="list-style-type: none"> Research and innovation Product responsibility and quality 	✓	✓			✓	✓
Protection of the environment		<ul style="list-style-type: none"> Sustainable management of the supply chain Energy and emissions Waste management Water resources management 	✓	✓		✓	✓	✓
Gender diversity and multiculturalism		<ul style="list-style-type: none"> Diversity and equal opportunities 			✓		✓	
Training and development of people		<ul style="list-style-type: none"> Health and safety of workers Welfare of workers Training and education 		✓			✓	
Community support		<ul style="list-style-type: none"> Local community 		✓			✓	



8

THE FIVE COMMON
BENEFIT GOALS

8 The five common benefit goals

Pettenon Cosmetics, by adopting the **benefit company legal form**, has included in its articles of association the **common benefit goals** it intends to pursue alongside its business. The company has chosen to continue to promote a series of actions including research and innovation, caring for the environment, multiculturalism and gender equality, training and development of people, and social initiatives, to foster common benefits

and promote the positive impact of the business on its stakeholders. The subsequent sections of this report will set out, for each of the aforementioned common benefit goals, the key initiatives introduced by Pettenon Cosmetics, the KPIs used to quantify their impact, future objectives and the main highlights.



Inspired by **sustainability.**
Guided by **beauty.**



9

RESEARCH
AND INNOVATION

9 Research and innovation

20 top sellers' naturalness and biodegradability indexes over

90%

44%

of commodities derived from palm oil RSPO (Roundtable on Sustainable Palm Oil) certified

Implementation of the Ecodesign software

GABI

LCA

of Fanola Shampoo Antigiallo No Yellow, Alter Ego Color Care Shampoo, and Inebrya Restructuring Shampoo in 300 ml and 1l formats (6,4% of the company's turnover)

To ensure the highest degree of professionalism for its products, Pettenon Cosmetics makes continuous investments to support safety and quality, through highly qualified and expert people, continuous training, and specialist consultancy with international partners. Continuous monitoring and updating of European and non-EU cosmetics regulations protects professionals and customers across the globe, offering compliant products and increasingly customizable services.

The internal research and development laboratory works on creating new formulas to make products effectively meet the needs of different markets. The laboratory, which continuously cooperates with technical centres in the field, performs stability tests and analyses relating to both the quality and the harmfulness of products. The regulatory department provides 360° documentary support.

The quality and control laboratories,

with highly qualified personnel, are responsible for performing all necessary controls to guarantee product quality. Chemical tests are carried out at various stages of the production process: raw materials, semi-finished products, and final products. The microbiology laboratory has a biosafety level II, with an automatic inbound and outbound air filtering system. It is kept in depression to ensure the complete safety to the operators working there. In order to ensure product quality, a differentiating factor in the market, the laboratory was built using criteria much more similar to the pharmaceutical sector.

Pettenon's commitment is crystallized in the application of a quality management system compliant with ISO 9001 and a production process based on scientific and standardized methods.

The chemical and microbiology laboratories are brand-new; all surfaces are smooth and easily sterilized. As a further guarantee, the company uses external certification bodies for the calibration, maintenance and validation of the correct functioning of its tools. Thanks to the multi-disciplinary approach to the research carried out in the internal laboratories and to ensure the continuous development of its products, Pettenon Cosmetics invests in the internal development of patents which relate chiefly to cosmetic formulas and products composition, in addition to design and packaging. To date, the company holds four different patents.

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

All Pettenon Cosmetics products are the result of a detailed and thorough control process ensuring their compliance in terms of quality, consumer safety, labelling and marketing communication, in accordance with the applicable cosmetics regulations (in particular Regulation 1223/2009). As in previous years, in 2022 the company did not receive any sanctions, fines or warnings regarding end-user health and safety, product information labelling, and marketing communication.

Open Factory 2022

For the second consecutive year, Pettenon Cosmetics opened the doors of its plant in San Martino di Lupari on the eighth edition of Open Factory, the event of industrial tourism and manufacturing culture organized by ItalyPost which was held on the 27th of November 2022.

The event led all those interested in the hair & skin care sector to discover the heart of the company. In fact, the one hundred twenty-seven participants were able to follow all stages of the production process of a cosmetic product by visiting the internal research and development, microbiology, and quality control laboratory, the production and packaging areas, and the packaging blow molding and screen printing department. During the day, the thirty-one Pettenon Cosmetics volunteers accompanied the participants of the event divided into eleven tours of the company. It was an important opportunity to allow the community to get to know Pettenon Cosmetics from the inside as well and to show how the company pursues its goals of innovation, sustainability, and quality.



Constant activities of research and development of formulas, using innovative techniques to reduce the consumption and waste of resources.

Innovation of formulas

Fully aware of its responsibility to the environment, 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, protect the environment, generating shared and long-lasting value. The ongoing commitment to innovative research, scientific progress, and the will to continuously improve led to the development of a wide range of high-performing professional products with a growing focus on the **sustainability of formulas**.

The naturalness and biodegradability of the company's products are guaranteed by the strict application of international standards. In particular, the naturalness of Pettenon Cosmetics products is calculated by applying **the ISO 16128 guidelines**, which define the procedures to calculate the naturalness levels of cosmetics and/or their ingredients; whilst biodegradability

is assessed using the **OECD 301 guidelines** on the raw materials of products, whose weighted average, for some products, is over 85%. The **naturalness and biodegradability indexes** of the company's **20 top sellers** are **over 90%**.

In 2022, thanks to the purchase of 1337 tons of BASF (Badische Anilin und Sodafabrik, the largest German chemical company) sustainable products RSPO (Roundtable on Sustainable Palm Oil, organization for the sustainable transformation of palm oil production) certified, the company **saved 694 tons of CO₂ equivalent emissions** compared to purchasing the same products not certified.

Innovation in packaging

In 2022 Pettenon Cosmetics adopted 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 classify them according to their impacts, and then proceed towards the analysis of weights and shapes in order to identify those that allow the greatest savings in virgin raw materials (e.g. plastic).

What is Ecodesign?

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

- the preference for recyclable or low environmental impact raw materials;
- formulas allowing the minimization of the amount of materials used;
- the creation of products that can be easily disassembled into their components to recover them;
- the containment of the waste to be disposed of and of 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** in order to improve the energy efficiency and the overall environmental impact of the resulting products.



[GRI 301-2]

The commitment to innovation and sustainability is also reflected in **the choice of the materials used for packaging** Pettenon Cosmetics products. The company strives to minimize the use of high impact materials, favoring the use of **alternative materials** such as **recycled and recyclable plastic and recycled or FSC certified paper**.

During 2021, the company's internal Sustainability Committees have defined and approved specific recyclability parameters for the packaging of new products, such as the use of 50% minimum of recycled materials.

In 2022 the company used 12,5% of recycled plastic – against 3% in 2021 – which allowed it to save 85 tons of virgin plastic; Pettenon Cosmetics also used 7,9% FSC paper – a 55% increase compared to the previous year. The company also has an internal

silkscreen printing, blow moulding, labelling, and packaging department to best respond to the requirements of its clients and, at the same time, monitor consumption and the impact of these stages of the production process. The blow moulding department, which allows **100% of out-of-date bottles to be recovered and recycled** (around eight tons per year), covers 46% of the company's production of PE bottles and jars, of which 11% is recycled plastic – percentage increased more threefold compared to 2021 2,9%.

The product Life Cycle Assessment

In 2022, with the aim of knowing the real environmental impact of its products, Pettenon Cosmetics had **Fanola Shampoo Antigiallo No Yellow, Alter Ego Color Care Shampoo** and **Inebrya Restructuring Shampoo** in 300 ml and 1 l formats, which represent 6,4% of the company's turnover, undergo an **LCA**.

What is product LCA?

Product Life Cycle Assessment (LCA) is one of the main tools for **assessing the environmental footprint associated with a product throughout its entire life cycle** (i.e. «from cradle to grave»): from extraction of raw materials to production, use, and end-of-life disposal, including transport between the various stages. LCA often starts with the **Screening**: a preliminary phase useful to trace an initial profile of the product from an environmental point of view, which provides the first measurement of the main impact categories and a methodological introduction to the LCA. At the regulatory level, an LCA must be conducted in compliance with the international reference standards:

- ISO 14040:2006 Environmental management — Life cycle assessment — Principles and framework;
- ISO 14044:2006 Environmental management — Life cycle assessment — Requirements and guidelines.

The analysis of Pettenon Cosmetics products followed the guidelines for the LCA in the cosmetic sector PCR (Product Category Rule) 2015:07 version 2.0 of 27/10/2020, Cosmetics (soap, perfume, and toilet preparations), which are within the program of the International EPD (Environmental Product Declarations) System.

The LCA was divided into four phases:

- I. definition of the **objective** and **scope of the analysis**;
- II. compilation of an inventory of **system inputs** and **outputs** (i.e. quantification of material and energy flows over the entire life cycle of the products considered);
- III. assessment of the **potential environmental impact** related to these inputs and outputs (i.e. the flows of materials and energy previously identified are sorted, classified, and aggregated into certain groups called “impact aggregate indicators”);
- IV. interpretation of **results**.

The LCA of these products showed that the **main environmental impacts** derive from water consumption, especially during the use phase, from the contribution to climate change, and from the use of fossil energy sources. Excluding the use phase of the products, it was found that the **greatest impact on the life cycle of the products** lies in the phases of production of commodities, distribution of products, and packaging production.

Future goals

Extend

the **Life Cycle Assessment** to **new Pettenon Cosmetics products** also through the adoption of an internal software

Achieve

Product Life Cycle Neutralization

Continue

ecodesign studies for packaging also using a dedicated software

Develop

new products in accordance with the minimum parameters of **naturalness** and **biodegradability** defined by the company

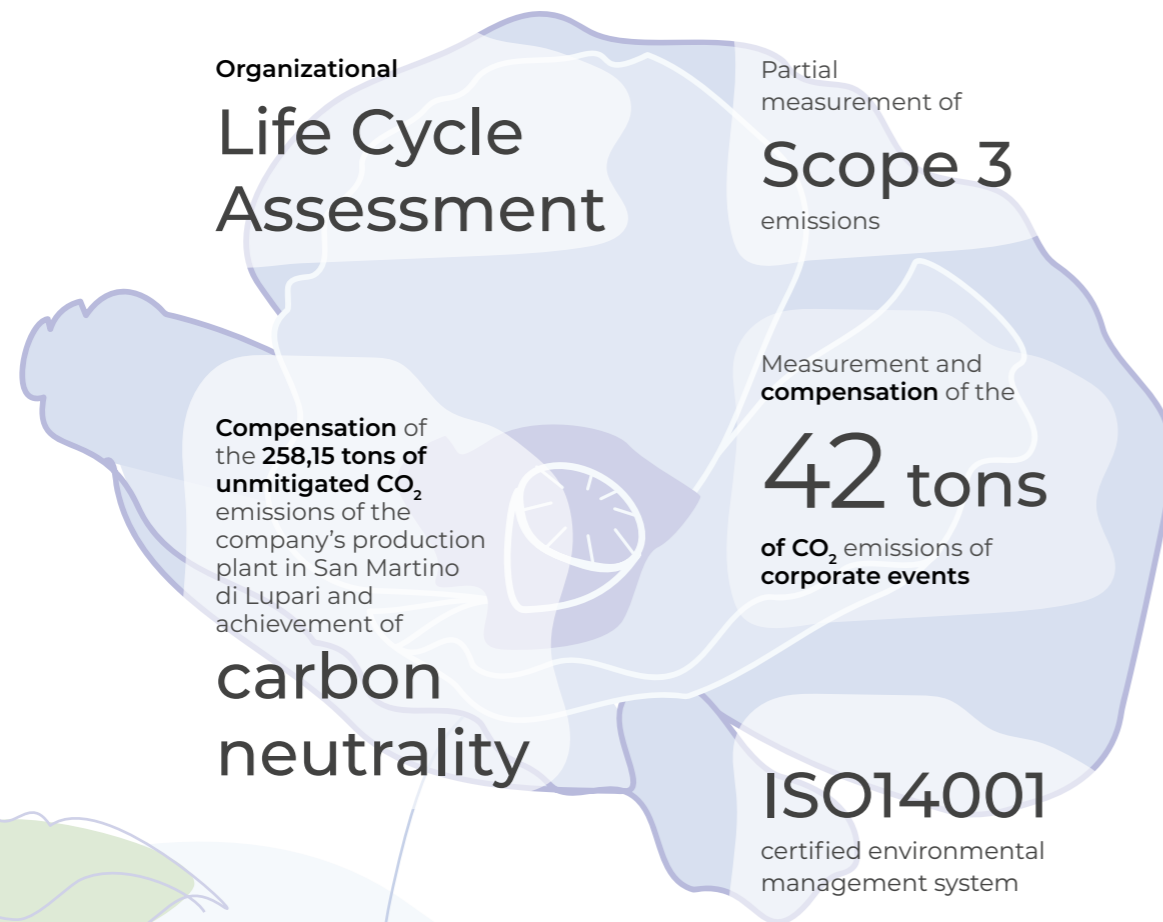




10

ENVIRONMENTAL
PROTECTION

10 Environmental protection



Reduction of the company's environmental impact

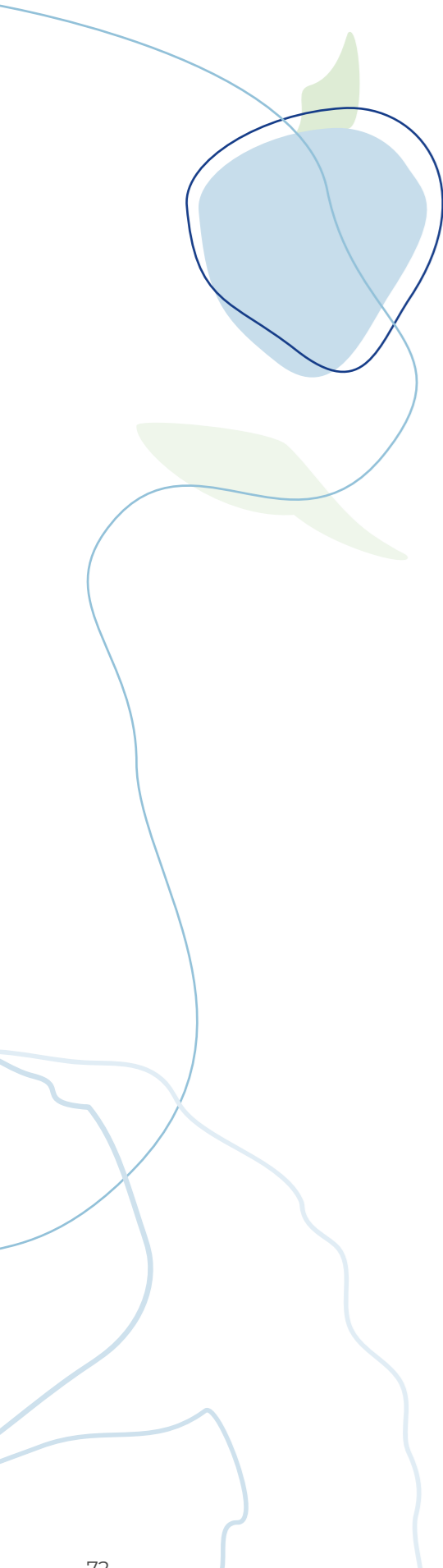


Protect the environmental system by maximizing the use of sustainable materials and packaging and favoring the collection and recyclability of products.

Pettenon Cosmetics is committed to spreading and consolidating the **culture of ecosystem protection** promoting responsible behavior and providing adequate information and training for energy saving, proper waste management, and recyclable materials. The company concretizes its commitment to raise awareness about environmental sustainability issues in its corporate program, which defines the **guidelines for the commitment to sustainability and the environment**.

The Organizational Life Cycle Assessment

In 2022 **Pettenon Cosmetics** underwent the **Organizational Life Cycle Assessment (OLCA)** in order to identify the main environmental impacts deriving from its activities, from which to define a strategic path towards corporate sustainability.



What is OLCA?

The **Organizational Life Cycle Assessment (OLCA)** is the tool to obtain the **complete quantification of the potential environmental impacts associated with the various activities of an organization**. In fact, the scope of analysis includes the acquisition of raw materials and their transformation, the transport of commodities and semi-finished products, the production of the product portfolio, the distribution, use, and end of life of the same. Through the OLCA it is thus possible to:

- identify the **most relevant environmental impact categories** for the company;
- identify the **phases of the life cycle** (both inside and outside the company gates) and the processes **that contribute most significantly to the overall environmental footprint** of the organization;
- identify the **main causes of impacts** (i.e. where they originate, which must be assessed by looking both within and outside the company);
- define a **baseline of the company's sustainability strategy** and identify potential environmental improvement actions.

Therefore, OLCA provides the essential information for **planning an accurate environmental strategy based on the real data of the company's production**. It is the starting point to structure a path towards carbon neutrality and to define ecodesign objectives and ESG targets, because the assessment gives the company a **complete picture of its environmental impacts**: that is, not only those falling within Scope 1 and 2 commonly accounted for, but also those belonging to **Scope 3**.

Pettenon Cosmetics' OLCA analysis showed that:

- The most relevant environmental issues for the company are: the use of **water resources, climate change** and the use of **fossil energy sources**;
- The stages of the life cycle with the greatest environmental impact are: the **production of ingredients and packaging** and **distribution**.

Since the company has limited control over the use phase of its products – which generates a significant impact

on all relevant environmental issues – it can help limit the impact by favoring **formulations requiring less water** and **raising awareness among customers about the correct use of products** so that no resources are wasted. Pettenon Cosmetics had already undertaken both activities before 2022 through the creation of solid, powder, and waterless products and the accountability of its customers through the products information and directions of use shown on the label.

Energy consumption

[GRI 302-4]

The company's industrial buildings adopt the most advanced technologies to reduce their environmental impact: **3.600 m²** of latest generation **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 implemented a LED lighting system integrated with occupancy sensors and **energy voltage regulation** devices which, together with new energy-saving mixing systems, allow energy efficiency and an annual saving of about **2,1%**.

[GRI 302-1]

Energy consumption by source	UdM	2020	2021	2022
Total	GJ	23.688	31.329	37.617
Methane gas consumption	GJ	12.812	14.850	18.123
Gasoline consumption for car fleet	GJ	n.d.	725	1.510
Diesel consumption for car fleet	GJ	n.d.	1.749	2.442
Energy consumption from purchased electricity (non-renewable)	GJ	0	0	0
Energy consumption from purchased electricity (renewable)	GJ	10.080	13.194	14.805
Energy consumption from photovoltaic panels (renewable)	GJ	796	811	737

[GRI 302-3]

Pettenon Cosmetics integrated the **energy intensity index** into the consumption analysis; it shows the energy used in the company's main plant per ton of production. In 2022, while the company registered an **increase in production of 0,4%** compared to the

previous year, energy consumption, that is the energy consumed compared to the total amount of annual production expressed in tons, increased by 0,17 percentage points compared to 2021, and was equal to **1,21 GJ**.



Greenhouse gas emissions

Pettenon Cosmetics reports its direct and indirect emissions of **greenhouse gases (GHG)** according to the provisions of the Greenhouse Gas Protocol, which divides emissions into Scopes, where Scope 1 identifies the emissions from the sources owned and controlled directly by Pettenon Cosmetics, and Scope 2 indicates the emissions deriving from the production of the electricity imported and consumed by the company. In accounting for emissions, the specific Global Warming Potential (GWP) of each greenhouse gas has been considered, 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 (tCO₂e).

[GRI 305-1; 305-2]

Greenhouse gas emissions	UdM	2020	2021	2022
Scope 1	Ton. CO ₂ eq.	743	1.045	1.247,78
Scope 2 (location based)	Ton. CO ₂ eq.	782	1.016	1.074,44
Scope 2 (market based)	Ton. CO ₂ eq.	0	0	0



Commitment to Carbon Neutrality

What is Carbon Neutrality?

Carbon neutrality indicates a zero climate impact, i.e. that the **greenhouse gas emissions generated** by an organization's activities are **fully offset** by financing climate protection and preservation projects. Therefore, it is the result of a process of quantification, reduction and compensation of CO₂ emissions deriving from the company's business.



During 2022, with the support of **Climate Partner** (promoter of climate neutrality projects in compliance with United Nations SDGs), the **Pettenon Cosmetics main plant** achieved **climate neutrality** thanks to the use of electricity from 100% renewable sources, CO₂ free methane, and the offsetting of emissions from the company's car fleet. In detail, Pettenon Cosmetics supported a project for climate and ocean protection carried out by **Plastic Bank**, offsetting the emission of **258.150 kilograms of CO₂**. It was a combined project that, in addition to protecting the marine climate, for every ton of CO₂ saved involved the collection of 10 kilograms of plastic in coastal areas, intercepting it before it entered the sea and thus protecting marine ecosystems. In addition, by supporting a project for the protection of Matavén forests in Colombia, Pettenon Cosmetics offset

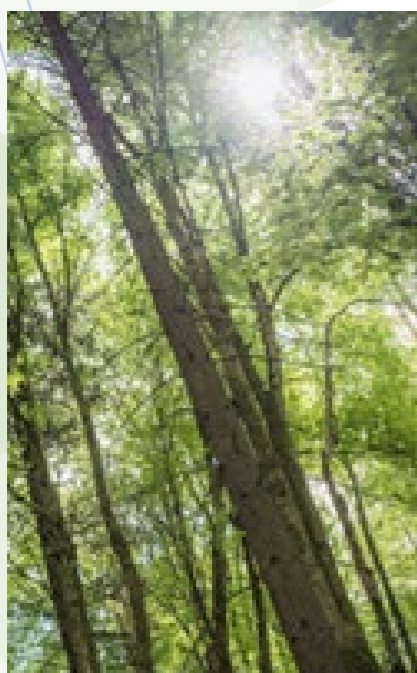
42 tons of CO₂ for the **emissions from its corporate events**.

Pettenon Cosmetics, aware that a company's carbon footprint depends largely on the emissions that are not under its direct control – such as employee business trips and commuting – decided to also calculate its **indirect emissions (Scope 3)** considering **employee commuting, business trips** and the **emissions generated by fuels to produce electricity**. The calculation showed that **approximately 58% of the emissions** generated by Pettenon Cosmetics are **indirect**.



[GRI 305-3]

Indirect emissions (Scope 3)	UdM	2020	2021	2022
Moving employees to and from the workplace	Ton. CO ₂ eq.	n.d	n.d	870,68
Business trips	Ton. CO ₂ eq.	n.d	n.d	468,24
Emissions from fuels for electricity generation	Ton. CO ₂ eq.	n.d	n.d	394,65



Knowing these data is the first step to identify the **most effective climate strategies** and the **most virtuous behaviors** to reduce emissions continuously and offset the environmental impact of the inevitable ones.

The Echosline Forest

Pettenon Cosmetics, through **Echosline**, actively supports **Treedom**, an organization committed to planting trees globally. In 2021, on the occasion of the World Environment Day, Echosline **donated 350 fruit trees**, 200 in Cameroon and 150 in Madagascar, in order to promote the food security of the local population, increase the protection of the territory's agricultural resources and, at the same time, protect and restore biodiversity, and combat desertification and soil erosion. It is estimated that the 350 trees selected for the Echosline forest have an **absorption capacity of about 34 tons of CO₂ equivalent**.

Waste management

Pettenon Cosmetics is committed to the **management and enhancement of waste materials** from the plant through their recovery and recycling. All material waste generated in the production site, such as waste materials used for product packaging, is **sorted** and, if possible, **recovered and reused within the production process**. Such materials are mainly plastic used for the bottles and packaging paper. In 2021, in the production site, a **filtering and purification plant** was installed on the one hand, to reduce the amount of liquid waste, and on the other, to reuse the resource before its final

disposal through filtration processes. In 2022 the plant made it possible to fully recover the amount of liquid waste produced. Finally, as already reported in chapter "9. Research and innovation", the **internal blowing department** allows the company to **recover and recycle 100% of obsolete bottles** to create new plastic elements, thus reducing waste materials.

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

Waste generated diverted from and directed to disposal	Unit	2020	2021	2022
Total	t	2.583,8	1.516,6	1382,4
Paper and cardboard packaging	t	147,9	166,7	167,3
Composite packaging	t	12,6	6,5	0
Plastic packaging	t	32,6	40,0	33,7
Wooden packaging	t	106,0	155,5	125
Packaging in mixed materials	t	112,0	107,0	142
Metal packaging iron - steel	t	40,0	32,8	38,7
Packaging containing residues of dangerous substances	t	190,4	826,0	730
Sludge produced by biological treatment				69,4
Aqueous washing solutions and mother liquors	t	1.928,5	32,0	0
Other waste	t	13,6	109,5	76,2
Total weight of waste diverted from disposal	t	644,4	1.429,6	1382,0
Total weight of hazardous waste diverted from disposal	t	192,4	827,3	730,3
Total weight of non-hazardous waste diverted from disposal	t	451,9	602,3	651,7
Total weight of waste directed to disposal	t	1.939,4	86,8	0,4
Total weight of hazardous waste directed to disposal	t	1.928,8	59,5	0,4
Total weight of non-hazardous waste directed to disposal	t	10,6	27,3	0

The waste generated by Pettenon Cosmetics, which in 2021 had already declined by 41% compared to the values of 2020, in 2022 further decreased by 8%.

Water consumption

[GRI 303-3]

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

During 2022, the company used 90.823 m3 of water, an 8% reduction compared to 2021. All water withdrawals refer to areas classified as at risk of medium water stress.

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

Collaboration with WAMI

«This project fits perfectly into our path as Benefit Company undertaken already in 2021 and allows us to intervene with concrete actions to safeguard our planet.»

Afsoon Neginy, Group Chief Operating Officer & Sustainability Director

The collaboration between Pettenon Cosmetics and **WAMI** ("Water with a Mission") continues, once again through **Alama Professional**, which, on the Cosmoprof 2023 fair, **donated 500.000 litres of water** offsetting the daily water footprint of about 2.000 people or 500 four-person or one-person households for nearly six years.



Alama loves Water

The first dry shampoo from a Pettenon Cosmetics brand

Alama Professional, which puts innovation and sustainability at the heart of its business, launched a new product that speaks of the future thanks to a great formula innovation: it is the brand's first **shampoo powder**, produced without water and with a reduced environmental impact. **Alama Professional Frequent Powder Shampoo** is also a vegan and concentrated product, which allows up to 50 washes in the 50-gram format. This **waterless product** lays the foundations for revolutionizing consumer habits, with the aim of contributing to the health of our planet.



Future goals

Measure

the carbon footprint of the organization and obtain the **ISO14064 Carbon Footprint Certification**

Increase

the self-production of electricity through the expansion of the existing **photovoltaic plant**

Reduce

water consumption through **cooling water recovery**

Continue

activities aimed at **offsetting** the **San Martino di Lupari plant** (Scope 1 and 2) and **corporate events**

Implement

initiatives aimed at **raising employee awareness** on **sustainable mobility**



11

GENDER
DIVERSITY AND
MULTICULTURALISM

11

Gender Diversity and multiculturalism

[GRI 406-1]

57%

of female employees

54%

of women in middle positions

65

members of Women4Beauty

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

As expressed in its **Code of Ethics**, Pettenon Cosmetics **promotes the 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 strongly reporting harassment or discriminatory practices** based on age, gender, sexual orientation, marital and family status, religion, language, ethnic or national origin, physical or mental disabilities, personal beliefs, political and trade union opinions, and other personal characteristics not related to work.

The policies adopted by the company guarantee the **correct and fair behavior** of all staff, from the highest offices to the individual operating units, for a working environment **inspired by the principles of freedom, equity, and loyalty**. Pettenon Cosmetics encourages its employees and collaborators to report any violations of these principles through the **Whistleblowing** tool, which ensures the protection of the personal data of the whistleblower and the alleged responsible for the violation. As in previous years, **no reports** of discrimination were received in 2022. 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] [GRI 405-1]

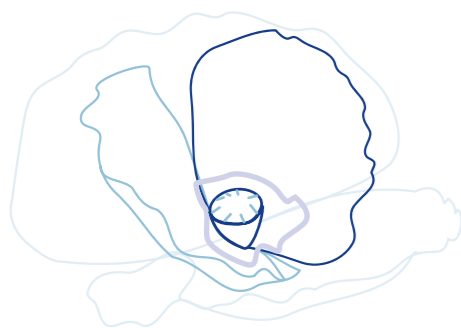
Composition of staff	Unit	2020	2021	2022
Total number of employees	N	330	386	437
Men	N	143	168	188
	%	43%	44%	43%
Women	N	187	218	249
	%	57%	56%	57%
Under 30 years old	N	77	90	104
	%	23%	23%	24%
Between 30 and 50 years old	N	188	223	256
	%	57%	57%	59%
Over 50 years old	N	65	73	77
	%	20%	20%	18%

In 2022 **96% of employees** (of whom 43% men and 57% women) were **permanent**, while the remaining 4% (of whom 35% men and 65% women) were **temporary**; the company did not employ non-guaranteed hours employees. In addition, **95% of employees** were employed **full-time**, while the remaining 5% were **part-time** (headcount).



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

Total number of employees by category and gender	Unit	2020	2021	2022
	N	330	386	437
Total top managers	N	9	10	13
Men	N	5	6	10
	%	56%	60%	77%
Women	N	4	4	3
	%	44%	40%	23%
Total middle managers	N	29	37	39
Men	N	14	17	18
	%	48%	46%	46%
Women	N	15	20	21
	%	52%	54%	54%
Total employees	N	152	182	207
Men	N	41	51	59
	%	27%	28%	29%
Women	N	111	131	148
	%	73%	72%	71%
Total workers	N	140	157	178
Men	N	83	94	101
	%	59%	60%	57%
Women	N	57	63	77
	%	41%	40%	43%



Total number of employees by category and age groups	Unit	2020	2021	2022
		330	386	437
Total top managers	N	9	10	13
Under 30 years old	N	-	-	-
		-	-	-
Between 30 and 50 years old	N	2	3	7
		22%	30%	54%
Over 50 years old	N	7	7	6
		78%	70%	46%
Total middle managers	N	29	37	39
Under 30 years old	N	-	-	-
		-	-	-
Between 30 and 50 years old	N	18	22	27
		62%	59%	69%
Over 50 years old	N	11	15	12
		38%	41%	31%
Total employees	N	152	182	207
Under 30 years old	N	48	55	62
		32%	30%	30%
Between 30 and 50 years old	N	88	107	120
		58%	59%	58%
Over 50 years old	N	16	20	25
	%	11%	11%	12%
Total workers		140	157	178
Under 30 years old	N	29	35	42
	%	21%	22%	24%
Between 30 and 50 years old	N	80	91	102
	%	57%	58%	57%
Over 50 years old		31	31	34
	%	22%	20%	19%

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

Women4Beauty

W4B, which today has about sixty-five members, thanks to the collaboration with women from different backgrounds and with heterogeneous experiences, offers activities for professional growth diversified on the basis of the needs and objectives related to professional fulfillment of the participating women.

The project is based on four strong pillars: **professional development activities, differentiated coaching paths, active participation in the associative life** in the cycles of meetings proposed by the association, and **increase in the value of women in the workplace** thanks to the involvement of professionals as mentors who guide the growth paths of the associates.

W4B accompanies women in paths of development of female skills and qualities, through activities of:

- **Talent coaching:** aimed at young women who want to be guided in the choice of their professional path;
- **Upskilling coaching:** aimed at professionals who wish to expand their leadership model or who want to strengthen it, as they are in a top professional transition;
- **Reskilling coaching:** aimed at supporting women who wish to get back into the game in the workplace or who want to plant new professional seeds.

In addition, W4B organizes **round tables**, or cycles of themed meetings designed to create, thanks to the support of key figures, circular dialogues, and moments of exchange between the members, so as to spread new points of view and opportunities to promote the female alliance and the art of resilience.

The association also coordinates **working groups**, held in the form of laboratories, workshops, and seminars designed to make the potential of the participants flourish through practical-experiential activities.

In 2022 the association held panel discussions and seminars on, for example, resilience, professional fulfillment, conflict management, motherhood and career, and humor and self-confidence.





Alter Ego Italy supports A.N.D.O.S. and the “Cicatrici” project

In October 2022, breast cancer prevention awareness month, **Alter Ego Italy** decided to contribute concretely to the Ferrara branch of **A.N.D.O.S.**, which means **National Association of Breast Operated Women**, non-profit organization. Between the 9th and the 17th of October, at the former Saint Paul’s Refectory in **Ferrara**, the exhibition “**Cicatrici**” (i.e. “Scars”) was held: **twenty-two photographs** taken by Stefano Pesaro and Federica Veronesi to **women who have undergone breast surgery** to raise public awareness on breast cancer prevention. Each shot, accompanied by a phrase summarizing the struggle against this enemy, also wanted to represent a message of **hope** through the testimony of women who fought with courage and decided to share their experience. From Ferrara, the exhibition then moved to **Rome**, at the Sala del Cenacolo of the Chamber of Deputies, from the 13th to the 22nd of July 2022.



Alter Ego Italy and Pink is Good: A cream for research

«We decided to collaborate with the Umberto Veronesi Foundation because we share its values and we have always believed that investing in scientific research is the best way to develop new knowledge and then use it at the service of the community»

Afsoon Neginy, Group Chief Operating Officer & Sustainability Director

Alter Ego Italy created a cream to take care of the beauty of the hands for the “**Pink is Good**” project of the **Umberto Veronesi Foundation** to promote research **on female cancers**: part of the proceeds from the sale of the cream, available in AEI beauty salons, will be used to finance a **scholarship to support scientific research**. To raise awareness among women about the prevention of breast cancer, during the Christmas period, AEI beauty salons gave the cream to their customers.

Pittarosso Pink Parade

In 2022 **Alama Professional** chose to support **Pittarosso Pink Parade** as Top Partner. Pittarosso Pink Parade is the amateur running event in favor of the **Umberto Veronesi Foundation** now in its ninth edition, committed to financing **scientific research against female cancer** and to raising awareness among women on the importance of **prevention**. Thanks to the registration to the event, donations, and contributions from partner companies, **over 800.000 euros** were collected, which in this edition were allocated to a project on cancer cells aiming to evaluate new tools for early diagnosis and targeted therapy to prevent recurrences in breast cancer.



Support to the Cinquezerocinque Foundation

Cinquezerocinque Foundation seeks to promote **entrepreneurship in the haircare sector**, transmitting not only the technique, but also the philosophy and psychology at the base of the hairdressing profession. Another important objective of the Foundation is **providing a job opportunity to women**, thus contributing to increase their economic independence. In addition, the Foundation is committed to raising public awareness on the issue of women through training courses and awareness-raising initiatives, in order to promote **gender equality** and the enhancement of the **role of women** in society.



At Milan Pride with Fanola

Pettenon Cosmetics, through its brand **Fanola**, participated as **Ambassador in the Pride of Milano**, an important opportunity to demonstrate its commitment to **diversity and inclusion**, values at the heart of Pettenon Cosmetics’ corporate culture and of which Fanola is the spokesperson. The company believes that it is essential to support the **fight against discrimination and intolerance** and 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 and work-life balance

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

Regarding the targeted actions for **work-life balance**, in 2021 Pettenon Cosmetics introduced 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 test made it possible to lay solid foundations for the definition of a more structured approach to smart working

in order to guarantee greater work flexibility and a better reconciliation of life and work. In addition, the company provides **part-time employment** contracts and offers the possibility to adopt **flexible hours** to some departments. To support family needs, Pettenon Cosmetics adopts policies in favor of parental leave and to address other situations of family difficulty. As a further welfare measure for its employees, the company implemented electronic tickets that can be used at affiliated merchants.

Commitment to support Iranian women's rights

Since September 2022, following the death of Mahsa Amini, women (but not only) in Iran have been fighting for the recognition and respect of their rights. Pettenon Cosmetics chose to support them by bolstering **My Stealthy Freedom**, a non-profit association founded in 2014 to oppose the obligation to wear the hijab in the Islamic Republic and which today contributes to strengthen the voice of **Iranian women** fighting for **freedom**.

**WE SUPPORT WOMEN
FROM ALL OVER THE WORLD**

Woman. Life. Freedom.
زن زندگی آزادی



Future goals

Continue

and further enrich the paths of **enhancement of diversity and multiculturalism** in the society and local territory, also through the company's brands and products

Obtain

UNI/PDR 125:2022 **gender certification**

Realize

a **workshop on diversity and inclusion** for the company's top management



TRAINING AND
DEVELOPMENT OF
PEOPLE

12

12

Training and development of people

Over **14k** hours of training provided

Entry turnover of **26%**

100% of employees engaged under national collective agreements

Retention rate of employees who took **Parental Leave** equal to **96%**

Pettenon Cosmetics and the world of professional haircare are going through important transformations, linked to the current political and economic situation and the progressive digitization of the market. The company believes that the **training of its employees** is the key to supporting its growth and preserving the quality of the service offered to customers. The **training plan** developed by Pettenon Cosmetics encourages the development and professional growth of all workers through continuous targeted learning, the dynamic management of knowledge and skills, and the appreciation of the professional aptitudes of each, while ensuring that everyone can work to the best of their ability, in a safe and healthy working environment.

People are our strength

[GRI 404-1; GRI 404-2]

Based on the analysis of the training needs identified, every year 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 courses may concern four **macro-areas**:

- **managerial training**, to ensure continuous updating and professional improvement and to explore the industry news and the surrounding context, such as the regulations in place, the strategies adopted by the main competitors, and the new needs of the market. During 2022, courses on managerial development, leadership, and negotiation were provided;
- **specific technical training**, to study certain issues and to ensure the acquisition of technical skills by employees;

- **professional training**, to develop and update employees' soft skills and promote professional growth by improving the quality of the work done. During 2022, the company provided courses about language, communication, use of the Microsoft Office suite, team building, and Model 231;
- **mandatory training**, in accordance with the requirements of current regulations. The staff participates in courses related to occupational health and safety, cybersecurity, data protection, and anti-money laundering regulations.

Depending on the type of subject to be explored and the level of knowledge that the company wishes its employees to achieve, the Human Resources Training and Development department 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 organizes specific **onboarding programs** aimed at providing all the appropriate tools and knowledge so that new resources can fit in and integrate promptly within the company. These programs include meetings with teams across departments, plant visits, specific technical training, company policies and procedures training, and sharing corporate culture.



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

20 employees participated in **Master courses** or programs delivered by **business schools**

Total annual training hours per employee	Unit	2020	2021	2022
Total number of training hours by gender	h	4.460	7.000	14.364
Men	h	n.a.	n.a.	6.033
Women	h	n.a.	n.a.	8.331
Total number of training hours by category	h	4.460	7.000	14.364
Top managers	h	n.a.	n.a.	956
Middle managers	h	n.a.	n.a.	3.009
Employees	h	n.a.	n.a.	4.769
Workers	h	n.a.	n.a.	5.630

Average annual training hours per employee	Unit	2020	2021	2022
Total average training hours by gender	h	13,5	18,1	32,7
Men	h	n.a.	n.a.	31,9
Women	h	n.a.	n.a.	33,4
Total average training hours by category	h	13,5	18,1	32,7
Top managers	h	n.a.	n.a.	73,5
Middle managers	h	n.a.	n.a.	77,2
Employees	h	n.a.	n.a.	23,0
Workers	h	n.a.	n.a.	31,6

[GRI 401-1]

In 2022 Pettenon Cosmetics recorded entry and outgoing turnover rates of 26% and 16% respectively, confirming the **overall positive growth trend of the workforce** in recent years.

New employees hired by age and gender	Unit	2020	2021	2022
Total number of new employees hired during the year	N	42	88	99
Men	N	22	41	45
	%	52%	47%	45%
Women	N	20	47	54
	%	48%	53%	55%
Under 30 years old	N	18	31	40
	%	43%	35%	40%
Between 30 and 50 years old	N	22	46	44
	%	52%	52%	44%
Over 50 years old	N	2	11	15
	%	5%	13%	15%

New employees hired by age and gender	Unit	2020	2021	2022
Total number of employees who left the organization during the year	N	62	47	61
Men	N	31	25	30
	%	50%	53%	49%
Women	N	31	22	31
	%	50%	47%	51%
Under 30 years old	N	26	15	15
	%	42%	32%	25%
Between 30 and 50 years old	N	26	22	30
	%	42%	47%	49%
Over 50 years old	N	10	10	16
	%	16%	21%	26%

[GRI 405-1]

In 2022 around 3,7% of the company's employees belonged to protected categories (1,8% in 2021 and 2,4% in 2020).

Employees belonging to protected categories	Unit	2020	2021	2022
	N	8	7	16
Under 30 years old	N	0	0	0
Men	N	0	0	0
Women	N	0	0	0
Between 30 and 50 years old	N	2	1	6
Men	N	0	0	3
Women	N	2	1	3
Over 50 years old	N	6	6	10
Men	N	4	4	6
Women	N	2	2	4



[GRI 401-3]

In 2022 28 people took parental leave and most of them returned to work, resulting in a **return rate** of around **93%**; on the other hand, the **retention rate** of employees who took parental leave is around **96%**.

Parental leave	Unit	2020	2021	2022
Total number of employees entitled to parental leave	N	84	93	112
Men	N	43	46	47
Women	N	41	47	65
Total number of employees who took parental leave	N	19	26	28
Men	N	4	6	5
Women	N	15	20	23
Total number of employees who returned to work during the reporting period after taking parental leave	N	17	22	26
Men	N	4	6	5
Women	N	13	16	21
Total number of 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	14	18	25
Men	N	4	6	5
Women	N	10	12	20

The Salon Akademy

Pettenon Cosmetics, through Alter Ego Italy, offers its **internal academy**, the **Salon Akademy**, to professional training in order to educate employees through events, technical workshops, and webinars about the main developments in the haircare industry and sustainability practices. The activities are organized by both the internal staff of the company and external collaborators. The Akademy embraces the principles of sustainability and is committed to the dissemination of good practices such as the separate collection of waste and the fight against waste.

Innovation Days

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

The Innovation Days took place with the **collaboration of professionals from outside the company and prestigious universities and academies in the area**: a moment dedicated to the professional and personal growth of the company's employees, to strengthen the corporate culture, and to develop **forms of collaborative and responsible leadership** to always be able to face the challenges related to the company's evolution.

Particular attention was also given to training activities aimed at increasing **soft skills**, such as problem solving, flexibility, teamwork, conflict management, and effective communication, as they are considered crucial to make a difference in any organization.



Growing Together x Talks

Through the **Growing Together** project, Pettenon Cosmetics organizes a training day for customers, partners, and distributors in order to promote **entrepreneurship in the local territory** and spread knowledge and information about the business world. The purpose of the event is to introduce and update partners on the group's visions, to communicate new projects and launches of the main brands, as well as to create an **opportunity for meeting, dialogue, and growth** through discussions about future challenges and the ongoing changes. In 2022 two in-person events called "**From Yesterday, to the Future**" and "**Extended Relations**" were organized. The first addressed market changes and new consumer demands, while the second dealt with relationships in changing and fast-growing environments.

In addition, two **Growing Together Pills** were also organized: shorter events, developed remotely, and with several speakers who explored specific themes.





Bologna Business School

In December 2021 Pettenon Cosmetics formally joined the **Bologna Business School** as a Supporting Member to start a synergistic, profitable, and lasting collaboration on issues such as sustainability, innovation, digital transformation - especially in the cosmetics industry - and in the Executive Program "Branding and Marketing Management in the Beauty Industry". During 2022, **seventeen employees** of the company participated in the **Master courses** or **Open Programs** held by the Bologna Business School (in detail: two top managers, nine middle managers, and six employees).



CUOA Business School

As for many years now, in 2022 Pettenon Cosmetics continued its collaboration with **CUOA** Business School, the oldest Italian Business School, as a Supporting Member. Thanks to this partnership, **three employees** of the company participated in the Business School **Master courses**.

Future goals

Increase

the resources for sustainability training for employees and top managers (e.g. Innovation Days, Growing Together)



13

COMMUNITY
SUPPORT

13



The support to philanthropic initiatives for those involved, directly and indirectly, by corporate activity.

Community support

[GRI 413-1]

Pettenon Cosmetics plays an active role in the development and promotion of the community where it operates, actively supporting numerous projects of national and local non-profit organizations through sponsorships, donations, and collaborations and through social solidarity initiatives, with

the aim of enhancing beauty not only through professional cosmetics, but also through a concrete strengthening of the relationship with the local territory and the involvement of all stakeholders.

Below are the main collaborations carried out during 2022.

Gruppo Polis

Pettenon Cosmetics actively supports **Gruppo Polis** which brings together five Paduan **Social Cooperatives** that have been operating for over twenty-five years **in favor of people in need**. Social Cooperatives carry out educational, rehabilitative, residential, and occupational services, promote the job placement of disadvantaged people, and support hospitality, inclusion, and solidarity. For some years now, **protected reception services and social-work insertion have been active for women victims of violence and trafficking**.

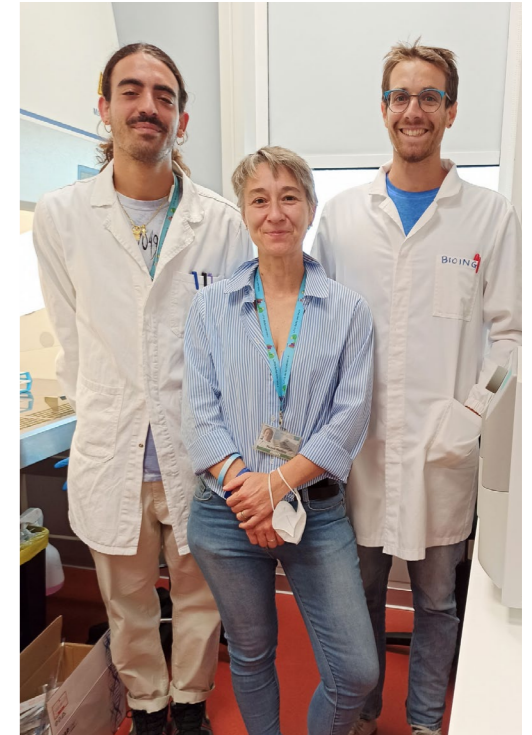
- **Casa Viola:** project born with the aim of offering women victims of violence and their children an accommodation with a protected secret address and a path of accompaniment to housing and work placement. The name "Casa Viola" was chosen in honor of Franca Viola, the first woman in Italy to refuse shotgun marriage. The building is divided into two apartments because it is designed to accommodate separately:
 - women in conditions of social hardship, for the beginning of a path towards autonomy and housing and work reintegration;
 - women victims of domestic violence, also accompanied by minor children, for the beginning of a path towards autonomy and housing and work reintegration.
- **La Bussola:** Day Centre to meet the primary needs of the homeless. A landmark that welcomes, but not only: at La Bussola they try to help people find their own way, with social and work reintegration paths and through an approach involving guests in the management of the centre to give them greater responsibility.
- **Mosaico e New Team Mosaico:** Day Centres to respond to the fundamental need for social inclusion of people with disabilities through training and relations with the local network.

"Città della Speranza" Foundation

"Città della Speranza" (i.e. "City of Hope") Foundation was born on the 16th of December 1994 in remembrance of Massimo, a child who died of leukemia. The Foundation's primary objective was to raise funds to build a new and modern pediatric onco-hematology department, because the existing one was then completely insufficient and unsuitable to accommodate sick children and their families in a decent way.

Franco Masello, Virginio Zilio, Carlo Mazzocco and Prof. Luigi ZanESCO, then Director of the Pediatric Onco-hematology Clinic of Padua, promoted the project and managed to involve companies and private citizens in raising the necessary capital to build the new structure, which was inaugurated in 1996. Today the **Pediatric Onco-hematology Clinic**, directed by Prof. Giuseppe Basso, is connected to the most important Italian and world centres. Thanks to the **funding received by Città della Speranza**, the Clinic is also the national landmark for the diagnosis of acute leukemia and for the molecular characterization of lymphomas and sarcomas, as well as the coordination of 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 the regional coordination of the pediatric oncology network of the Veneto region.

The Foundation invests about 2 million euros a year in Scientific Research and has an International Scientific Committee to evaluate the projects to be financed.



"I Bambini delle Fate" Foundation

"I Bambini delle Fate" (i.e. "Children of the Fairies") is a non-profit organization for **social projects** managed by parents' associations, institutions, and hospitals and **aimed at children and young people with autism and disabilities** and their families. It is supported by local companies and communities. The projects funded carry out **rehabilitation and social inclusion interventions** improving the lives of those with autism and disabilities and ensuring relief for their families.



Pettenon Cosmetics supports:

- **CALEIDO**, Autism Centre: Cà Leido, Daytime Educational Community for minors and teenagers with autism spectrum disorders. Cà Leido is a welcoming and familiar place where children can feel at home thanks to a psychoeducational project allowing them to develop cognitive and social skills to improve their quality of life.
- **Liberamente Onlus**: a non-profit organization dealing with school discomfort and learning difficulties. It welcomes young people with unconventional and non-clinical methods, following the principle of not being problem-oriented and

going beyond the issue instead. In an emotionally protected environment, children can discover and enhance their characteristics, learn to manage their feelings, and govern different situations and relationships.

- **F.A.R.C.E.L.A.**: project aiming at the social integration of children with disabilities and at building different forms of autonomy in line with the motto "I can do it alone". It includes different activities, such as art therapy, integrated basketball, music therapy, swimming, and the "Farcela" theatre laboratory

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:

- more than 39.000 euros for the rental of thirteen apartments to host more than seventy refugees in **Poznań**, a Polish city that welcomed numerous Ukrainian refugees;
- 12.500 euros to **Clinik Medok**, a medical practice located in Kiev;
- 18.000 euros to the **Italian Red Cross for Emergency Ukraine**, the fundraising to support the needs of millions of people in terms of humanitarian assistance, essential medicines, and medical care.

Future goals

Define

a **Corporate Citizenship** policy or manifesto

Continue

to actively support the initiatives of **local associations and authorities** and encourage employee participation in **corporate volunteering activities**



CROSSabili

Mattia Cattapan, founder of CROSSabili

"It was a unique experience to have real professionals and style experts at our disposal, who were able to understand us and improve our look. A real boost of self-confidence. It was nice to be a model for such a famous brand as Fanola, proving that CROSSabili is much more than sport. A project absolutely to be redone".

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





14

GRI
CONTENT INDEX



14 GRI content index

Declaration of use	Pettenon Cosmetics S.p.A. Società Benefit has reported on the information included in this GRI content index for the period 01/01/2022 – 31/12/2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards referred to in the Sustainability Report		Chapter / Direct Reference
GRI 2 General disclosures		
2-1	Organizational details	Cover
2-2	Entities included in the organization's sustainability reporting	1. Note on methodology
2-3	Reporting period, frequency and contact point	1. Note on methodology
2-4	Restatements of information	1. Note on methodology
2-5	External Assurance	1. Note on methodology
2-6	Activities, value chain and other business relationships	2. About us; 4. Our brands; 7. Sustainability strategy
2-7	Employees	11. Gender Diversity and multiculturalism
2-8	Workers who are not employees	In 2022, Pettenon Cosmetics employed 24 non-employees whose duties are controlled by the company.
2-9	Governance structure and composition	5. Governance
2-12	Role of the highest governance body in overseeing the management of impacts	6. Sustainability governance
2-13	Delegation of responsibility for managing impacts	6. Sustainability governance
2-14	Role of the highest governance body in sustainability reporting	6. Sustainability governance
2-22	Statement on sustainable development strategy	Letter to stakeholders
2-23	Policy commitments	5. Governance
2-24	Embedding policy commitments	5. Governance

GRI Standards referred to in the Sustainability Report		Chapter / Direct Reference
2-28	Membership associations	The company adheres to the following industry associations: Assindustria Venetocentro, Federchimica and Cosmetica Italia.
2-29	Approach to stakeholder engagement	7. Sustainability strategy
2-30	Collective bargaining agreements	All Pettenon Cosmetics employees are covered by collective bargaining agreements.
GRI 3 Material topics		
3-1	Process to determine material topics	7. Sustainability strategy
3-2	List of material topics	7. Sustainability strategy
Impact Assessment Area: Corporate Governance		
204-1	Proportion of spending on local suppliers	2. About us
205-2	Communication and training about 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. All business partners of the company must comply with the Code of Ethics and the Organization, Management and Control Model pursuant to Legislative Decree 231/01, from the time of signing the contract.
205-3	Confirmed incidents of corruption and actions taken	As in the previous year, in 2022 no cases of corruption or lawsuits involving employees of the organization or external networks operators were recorded.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	As in the previous year, in 2022 the organization did not register legal actions related to anti-competitive behavior, antitrust or monopolistic practices.
418-1	Document complaints about violations of privacy and loss of customer data	As in the previous year, in 2022 no substantiated complaints regarding incidents of leaks, theft or loss of customer sensitive data were recorded.

GRI Standards referred to in the Sustainability Report		Chapter / Direct Reference
Impact assessment area: Other stakeholders (customers) Common benefit goal: Research and innovation		
301-2	Recycled input materials used	9. Research and innovation
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	9. Research and innovation
417-2	Incidents of non-compliance concerning product and service information and labelling	9. Research and innovation
417-3	Incidents of non-compliance concerning marketing communications	9. Research and innovation
Impact assessment area: Environment Common benefit goal: Environmental protection		
302-1	Energy consumption within the organization	10. Environmental protection
302-3	Energy intensity	10. Environmental protection
302-4	Reduction of energy consumption	10. Environmental protection
303-3	Water withdrawal	10. Environmental protection
305-1	Direct (Scope1) GHG emissions	10. Environmental protection
305-2	Energy indirect (Scope2) GHG emissions	10. Environmental protection
306-3	Significant spills	10. Environmental protection
306-4	Transport of hazardous waste	10. Environmental protection
306-5	Water bodies affected by water discharges and/or runoff	10. Environmental protection
Impact assessment area: Workers, other stakeholders (territory and community) Common benefit goal: Gender Diversity and multiculturalism		
405-1	Diversity of governance bodies and employees	11. Gender Diversity and multiculturalism
406-1	Incidents of discrimination and corrective actions taken	11. Gender Diversity and multiculturalism
Impact assessment area: Workers, other stakeholders (territory and community) Common benefit goals: Training and development of people		
401-1	New employee hires and employee turnover	12. Training and development of people
401-3	Parental leave	12. Training and development of people
403-2	Hazard identification, risk assessment, and incident investigation	The company has a health and safety policy in the Risk Assessment Document. Procedures have been defined to detect and analyze accidents and near misses, and preventive and corrective actions have been prepared. All company employees can communicate any problems to the occupational physician through a dedicated communication channel.

GRI Standards referred to in the Sustainability Report		Chapter / Direct Reference
403-3	Occupational health services	To protect the health of employees, the company provides for health surveillance activities and the obligation to undergo medical examinations of suitability diversified by job and risk levels.
403-4	Worker participation, consultation and communication on occupational health and safety	In the production departments, the company installed the "Safety and Quality Board" as a tool for informing and involving workers and a form has been set up to collect workers' suggestions on safety. In addition, the company dialogues with the three Workers' Safety Representatives, who actively participate in a series of coordination meetings.
403-5	Worker training on occupational health and safety	The company organizes the following courses on occupational health and safety: General training, Specific low / high risk training, Training for those in charge, First aid training, Training for the use of the automatic AED defibrillator, Fire training, Forklift training, Executive training, and area-specific trainings.
403-6	Promotion of worker health	To facilitate workers 'access to non-work-related medical and health care services, the company registers its employees in the Health Care Fund for workers in the chemical, chemical-pharmaceutical, chemical fibers and abrasive segments, lubricant, and LPG industries (Faschim). The fund, created for the needs of its members and their families, aims to help them face health expenses. This service offers a better chance to answer the need for care, the coverage for normal needs, and major unexpected events.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The company assessed employees' exposure to hazardous materials and the measures to prevent and mitigate health and safety impacts are detailed within the specific Risk Assessment Document for chemical risk.
403-9	Work-related injuries	During 2022, eight non serious accidents in the workplace were recorded. The accident rate, calculated as the ratio between the number of recordable accidents at work and the number of hours worked (572,014.75) multiplied by 1.000.000 hours worked, is equal to 14.
403-10	Work-related ill health	As in the previous year, in 2022 no occupational diseases were recorded.
404-1	Average hours of training per year per employee	12. Training and development of people
404-2	Program for upgrading employee skills and transition assistance programs	12. Training and development of people
Impact assessment area: Other stakeholders (territory and community) Common benefit goal: Community support		
413-1	Operations with local community engagement, impact assessments, and development programs	13. Community support



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 **PETENON**
COSMETICS
PROFESSIONAL HAIR & SKIN CARE

