



SUSTAINABILITY
REPORT

2023

ALFAPARF
MILANO

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LETTER TO STAKEHOLDER

It is with great pleasure that we present this sixth edition of Alfaparf Milano's Sustainability Report, a new stage in a journey that began in 2018 and that has seen us evolve step by step, year by year.

This year, too, the scope of financial reporting has been broadened by including the latest acquisitions made earlier this year in Ireland and England, thus marking on the one hand the Group's constant desire for growth and on the other the precise desire to have all our situations aligned in a path of convinced and determined sustainability.

Alfaparf Milano's sustainability process continued in 2023, following the four main drivers identified in recent years: Sustainable Governance, Economic Sustainability, Environmental Sustainability and Social Sustainability.

However, I would like, for this year, to draw everyone's attention to an event that strongly characterised our commitment for 2023 and for which we had given some anticipation in last year's Sustainability Report: the birth of the Alfaparf Foundation.

The Foundation is a non-profit philanthropic body and is strongly linked to the values of our Group: it will pursue purposes of general interest, solidarity, social utility, education and human promotion in favour of disadvantaged groups, as well as the enhancement of art and culture. In this first phase, the Alfaparf Foundation has decided to promote its social, cultural, artistic and solidarity initiatives focusing on the Bergamo area, and then - in the future - will expand its activities first to a national and then to an international dimension.

In 2023, the Foundation launched its first project "Bergamaschi" to combine culture and solidarity. Firstly, the Bergamaschi photographic exhibition which, starting from the theme of Bergamo and Brescia European Capitals of Culture 2023 "The Illuminated City", wanted to highlight the people who are its true driving force. Secondly, simultaneous fundraising efforts supported two local organisations dedicated to the younger generation and those in need: the Papa Giovyears XXIII Paediatric Surgery Department Committee and Casa di Leo.

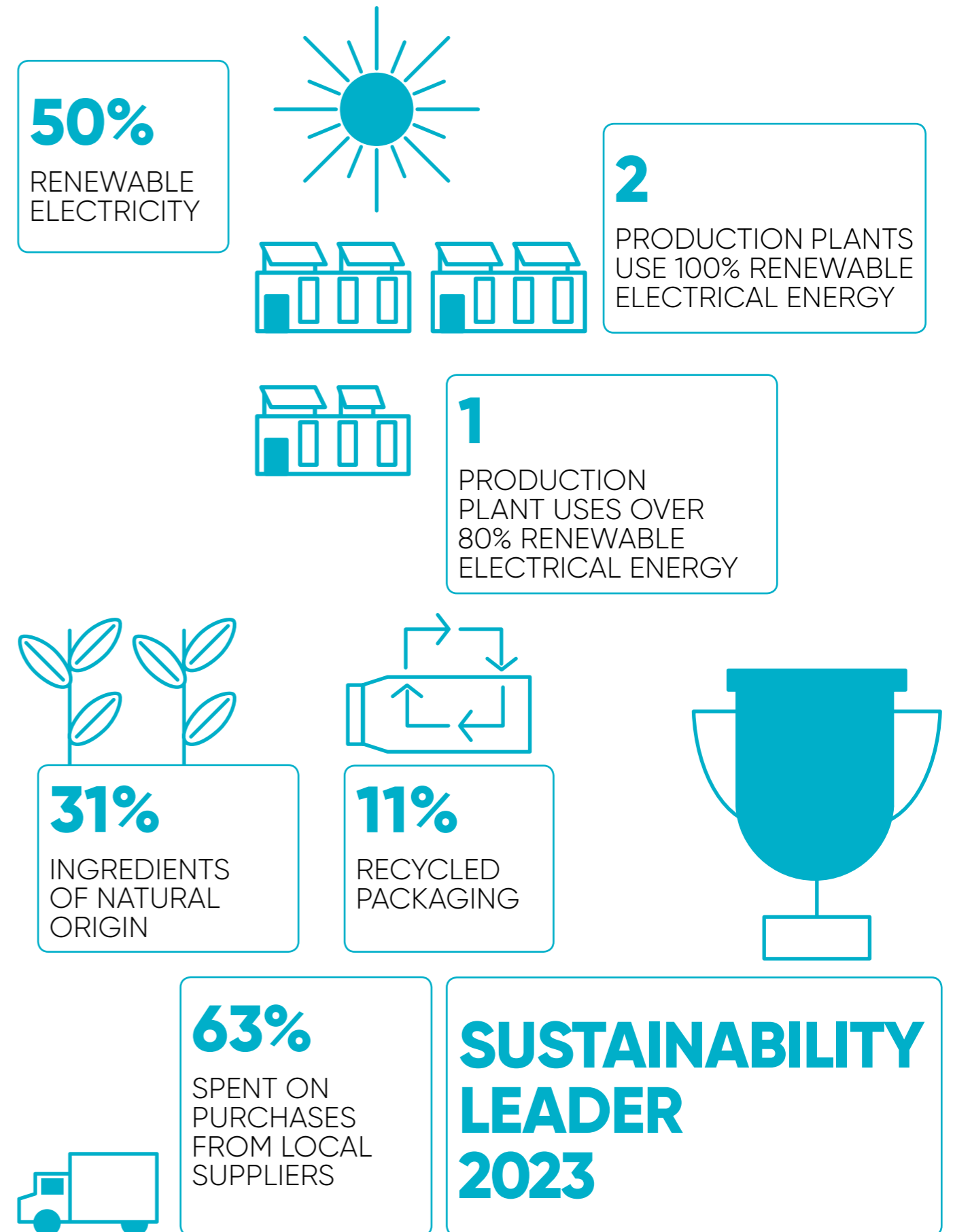
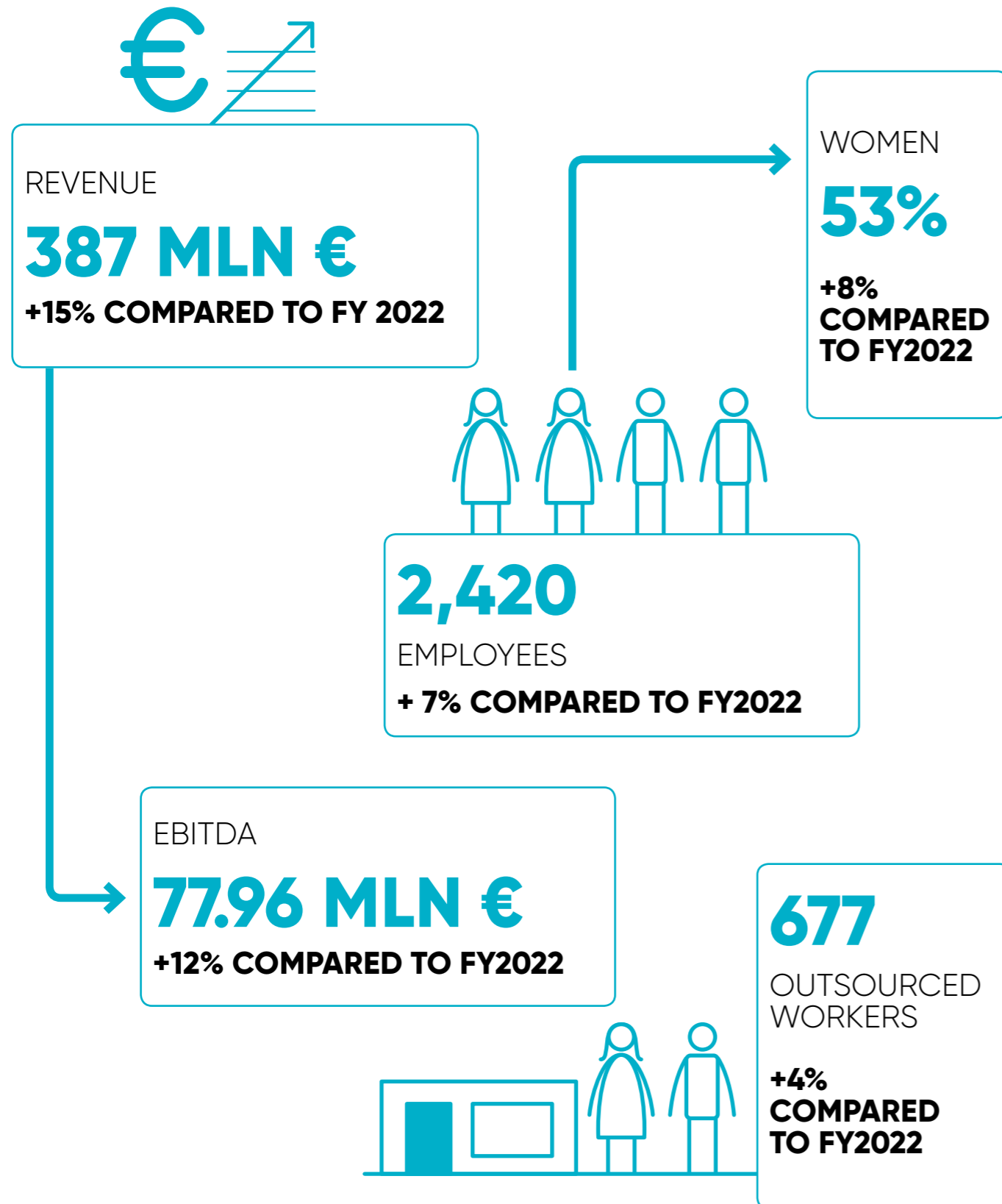
Alfa Parf Group finances the Foundation and its activities with a dedication to current initiatives while also focusing on supporting future generations.

We thus continue our journey with pride and energy, seeking to always do better and leave a tangible mark through the creation of a responsible business model capable of generating shared value in the long term, while respecting and protecting the environment, people, ecosystems and communities.



Roberto Franchina
Chairman
Alfa Parf Group S.p.A.

HIGHLIGHTS 2023



METHODOLOGICAL NOTE

REPORTING PRINCIPLES AND STANDARDS

This document is Alfa Parf Group's sixth Sustainability Report and contains all the information needed to understand the activities carried out by the Group and the impact produced by them, as well as to correctly interpret the results achieved. Like the previous versions, it is annual and describes the Group's economic, social, environmental and governance performance with reference to the financial year 1 January - 31 December 2023. In order to allow the comparison of data over time and the evaluation of the performance of the Alfa Parf Group's activities, data for the previous year are presented for comparative purposes.

The Sustainability Report was drafted by reporting on a selection of 'GRI Sustainability Reporting Standards' published by the Global Reporting Initiative (GRI 2021), as indicated in the GRI Content Index of this document, according to the 'With Reference' reporting option. It should be noted that Alfa Parf Group does not fall under the scope of Italian Legislative Decree 254 of 30 December 2016 which, in implementation of Directive 2014/95/EU, includes the obligation for public interest entities exceeding certain quantitative thresholds to prepare a Non-Financial Statement ('NFS'). This Sustainability Report is therefore drawn up on a voluntary basis and does not represent an NFS.

The general principles applied in drafting the Sustainability Report are those established by the GRI Standards: relevance, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability, clarity. The selected performance indicators are representative of the specific areas of sustainability and are consistent with the activities and impacts of Alfa Parf Group. The selection of these indicators was made on the basis of an analysis of their relevance, as described in the section 'Materiality Analysis' in Chapter 1.

In the course of 2023, a restatement of some information concerning energy consumption in 2022 was implemented following a recalculation and update of conversion and emission factors. In addition, the 2022 workforce figures have been revised and updated.

The drafting process of the Sustainability Report involved the heads of the Group's various corporate departments and the heads of all subsidiaries.

The Sustainability Report is published on the company's institutional website at: www.alfaparf milano.com. For more information in this regard, please contact the Global Sustainability Department at: sustainability@alfaparf milano.com.

SCOPE

The 2023 edition of the Alfa Parf Group Sustainability Report includes all Group companies*, including the two companies acquired during the year - Xpert Cosmetics Limited (IR) and Xpert Professional UK Limited (UK) - for the relevant months. Therefore, when reference is made within this document to the Alfa Parf Group or Group, reference is made to the Group companies listed in the next page:

Country	Company	Production Subsidiary	Sales Subsidiary
Italy	Alfa Parf Group S.p.A.	HOLDING	HOLDING
Argentina	Prodicos S.A.U.	●	●
Australia	Alfhair Ltd		●
Brazil	Delly Kosmetic Ltda	●	
Brazil	Delly Distribuidora de Cosméticos e Prestacao de Servicos Ltda		●
Brazil	Distribuidora Brasileira de Cosméticos e Participações		●
Brazil	Distribuidora do Rio Grande do Sul de Cosméticos		●
Brazil	Distribuidora do espirito santo de de cosmeticos		●
Brazil	Distribuidora carioca de cosmeticos		●
Brazil	Distribuidora Mineira de Cosméticos		●
Brazil	Distribuidora Paranaense de Cosméticos		●
Brazil	Distribuidora Santa Catarinense de Cosméticos		●
Brazil	Distribuidora Aparecida de Goiânia de Cosméticos		●
Brazil	DNDC – Distribuidora Nordestina de Cosméticos		●
Cile	Cosmetica Chi.Cosm Ltd		●
Colombia	Sabama Ltda		●
Costa Rica	Costa Rica Cosméticos Cosdist SRL		●
Ecuador	E.Cos S.A.		●
Guatemala	Guatemala Cosmetics S.A. de C.V.		●
Ireland	Xpert Cosmetics Limited		●
Italy	Beauty & Business S.P.A.	●	●
Italy	Dea Project S.r.l.	●	
Italy	Tricobiotos S.p.A.	●	●
Italy	Iv San Bernard S.r.l.		●
Mexico	Dobos S.A. de C.V.	●	●
Panama	Alfa Parf Panama S.A.		●
Peru	Percosm S.A.C.		●
Poland	Pol.Cosm Sp. Z.O.O.		●
Portugal	Maresana Lda		●
Dominican Republic	Porta Nuova S.R.L.		●
Russia	Alfa Parf Russia		●
Salvador	Clio Cosmetics S.A. de C.V.		●
Spain	Alfa Parf Group Espana S.L.U.		●
United Kingdom	Xpert Professional UK Limited		●
Uruguay	Alfa Parf American Division Distribution S.A.		●
USA	B.I.P. Inc.		●
Venezuela	DIS.MAR Cosmetics C.A.		●
Venezuela	Industrias Veprocsm C.A.	●	

The data on suppliers and raw materials (ingredients and packaging) refer to the production subsidiaries located in Argentina, Brazil, Italy, Mexico and Venezuela; the environmental data refer to all the companies included in the reporting scope with the exception of Iv San Bernard S.r.l., for which it was not possible to obtain precise data; the economic data refer to the Group's consolidated scope, which includes all the sales and production subsidiaries with the exception of Venezuela; all other data refer to the reporting scope. In the case of further limitations, these are duly indicated in the text. Lastly, the data and information presented are derived from direct surveys; where it was not possible to find the data, estimates have been made, which are indicated in the text.

* Only companies with employees were considered.

* Production of machinery for aesthetics.

The Italian House of Beauty

Alfaparf Milano is the brand company of Alfa Parf Group, a multinational professional cosmetics company with strong Italian roots, which develops, manufactures and distributes hair and body products and cosmetic machinery. The Group has seven production plants: three in Italy, the other four in Mexico, Brazil, Argentina and Venezuela, and distributes its products all over the world, directly in 29 countries* and indirectly (through third-party distributors).

*The 29 countries have been identified by considering the 23 countries defined in the table on page 9 with the addition of the non-operational and unstaffed companies located in Malta, Greece, the United Arab Emirates, India and China, as well as the French company assigned to the Group in December 2023.



ALFAPARF MILANO



ABOUT US

VISION

"Knowing people to understand the market"

We imagine a world in which, through the products and services of Alfaparf Milano, each person can experience beauty in their everyday life and thus achieve well-being and happiness.

MISSION

"Spreading beauty and making a difference in the lives of our customers, starting with small things"

Our mission guides our daily work and, to achieve it, we always keep four pillars in mind.

PRODUCT PERFORMANCE

We aim to create innovative products, services and technologies and to constantly improve their quality

AGILITY

We respond reactively to market developments, providing solutions quickly and effectively

TERRITORY

We combine the uniqueness of Made in Italy with needs and ideas from all over the world

SUSTAINABILITY

We implement concrete actions to reduce our environmental impact and protect people's rights

VALUES

"Bringing beauty into the lives of our customers"

The management of the business and the work of our people in achieving company objectives are driven by a strong system of values.

- **EXCELLENCE:** as in the best tradition of Made in Italy, we aspire to quality excellence and perfection in every detail, integrating concreteness and imagination.
- **AGILITY AND COURAGE:** we are not afraid to take risks to find our way and we do so by eliminating unnecessary complications in favour of speed of execution.
- **OPENNESS:** we move forward with our eyes, ears and hearts wide open, being especially attentive to understanding the different sensitivities of the people we come in contact with.
- **INTEGRITY AND RESPONSIBILITY:** as stated in our Code of Ethics, we embrace the values of integrity and responsibility towards Alfaparf people, stakeholders, the community and the environment.
- **PASSION FOR BEAUTY:** the sector in which we operate is unique and multifaceted, unleashes the imagination, creates positive experiences and helps people feel better in everyday life.

#ALFAPARFPEOPLE

From our roots as a family business, we have learned to keep people at the centre of our universe and to cultivate authentic relationships with those around us, our #alfaparfpeople: Employees, Customers, Hairstylists, Beauticians, Suppliers and Partners.

HISTORY



Roberto Franchina establishes the company Alfaparf S.N.C., which produces and markets professional products for hairstylists. The ALFAPARF brand is born.



Between the end of the 1990s and the early 2000s, Alfaparf confirms its position as a reference point for the European market and expands its borders, inaugurating production sites in Brazil, Mexico and Venezuela, and opening several sales branches in Latin America, United States and Australia.

The Third-Party Customer project was launched, allowing the Group to exploit its know-how and so gain additional market shares, especially in colouring products, by serving large third-party brands.



Alfa Parf Group has been pursuing a globalisation strategy, extending its export activities to Eastern Europe and Northern Europe (Russia, the Baltic, Scandinavian and Balkan countries), Africa (Tunisia, Morocco, Egypt, Senegal, South Africa) and Asian countries (India, Malaysia, Indonesia and the Middle East), making the Group increasingly international.



Thanks to the restage of the OLOS skincare brand, Alfa Parf Group launches its first line inspired by the Group's new sustainability philosophy. OLOS consciously and responsibly chooses every aspect of formulations, packaging, production and distribution.

Alfaparf Milano launches its first sustainable haircare brand: BENVOLEO. Benvoleo is the professional brand that brings to the haircare world a sense of transparent, responsible and participatory beauty, and that is proudly Made in Italy.



1980

1989-1990

Late 1990s

2002

2008

2009

Since 2010

2015

2021

2022

2023

Following the consolidation of production in Italy, the SEMI DI LINO (flaxseed) line was launched, closely followed the next year by the launch of the permanent coloring line EVOLUTION OF THE COLOR.



Alfa Parf Group is established. This international group, with wholly Italian capital, becomes a leader in its reference market, with a turnover of around € 60 million, of which over 80% was generated abroad.



Thanks to the acquisition of GTS Group S.p.A., Alfa Parf Group enters the market for the production and distribution of professional cosmetics and machinery used in beauty centers, becoming, in terms of size, the first wholly Italian-owned professional cosmetics company.



The path of globalisation does not only concern geographical boundaries but also market boundaries and, in 2015, Alfa Parf Group entered the retail market in Brazil thanks to the "ALTAMODA È..." brand with a line of hair care products distributed in stores, retail chains, para-pharmacies and pharmacies.



Alfa Parf Group, a brand that encompasses all the Group's brands, becomes Alfaparf Milano thanks to a rebranding activity and a new corporate identity. The Group's positioning is also strengthened by the acquisition of the majority stake in Tricobiotos S.p.A., specialised in the production and marketing of professional hair products, and of the company Iv San Bernard S.r.l., leader in the development and marketing of cosmetic products for animals.

In September, the Group applied to take over Eugène Perma, a French group specialised in hair care products, under controlled receivership. The Commercial Court of Paris entrusted Alfa Parf Group with the professional hair branch of the company. Since 20 January 2024, following the integration and thanks to intensive efforts to restart the business, Eugène Perma has resumed deliveries to salons.



BUSINESS MODEL

The Group's business model, aimed at creating value for all its stakeholders through a strong and widespread presence in the reference markets, is based on four business units: Haircare, Skincare, Tech and Private Label.

HAIRCARE

Hair colouring and care products and marketing through a network of direct agents and distributors operating in professional, retail and e-commerce channels.

SKINCARE

Skincare and make-up products and marketing through a network of direct agents and distributors operating in professional and e-commerce channels.

TECH

High technology Made in Italy at the service of beauty: design, functionality and guaranteed safety. In-house research and development for state-of-the-art technologies.

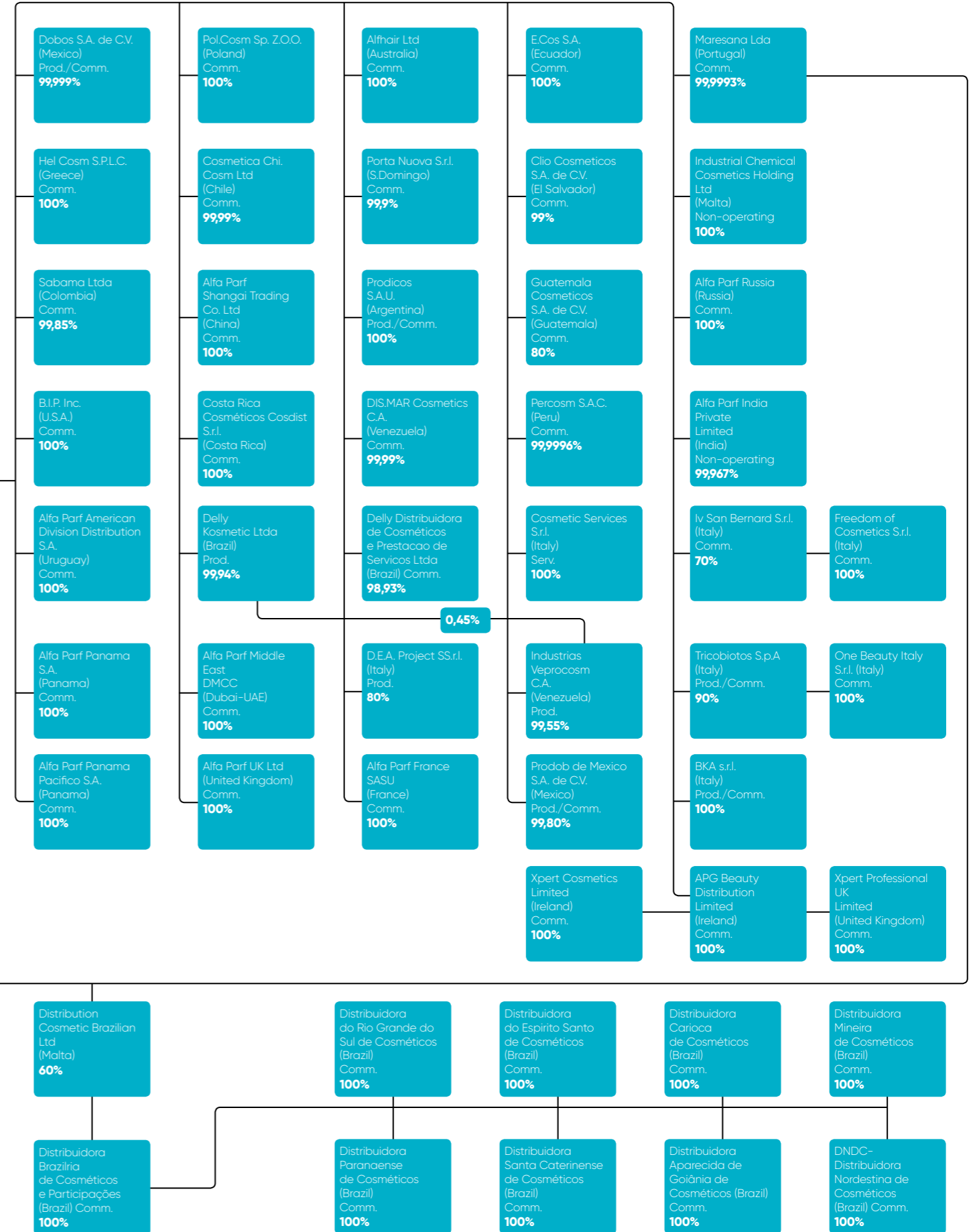
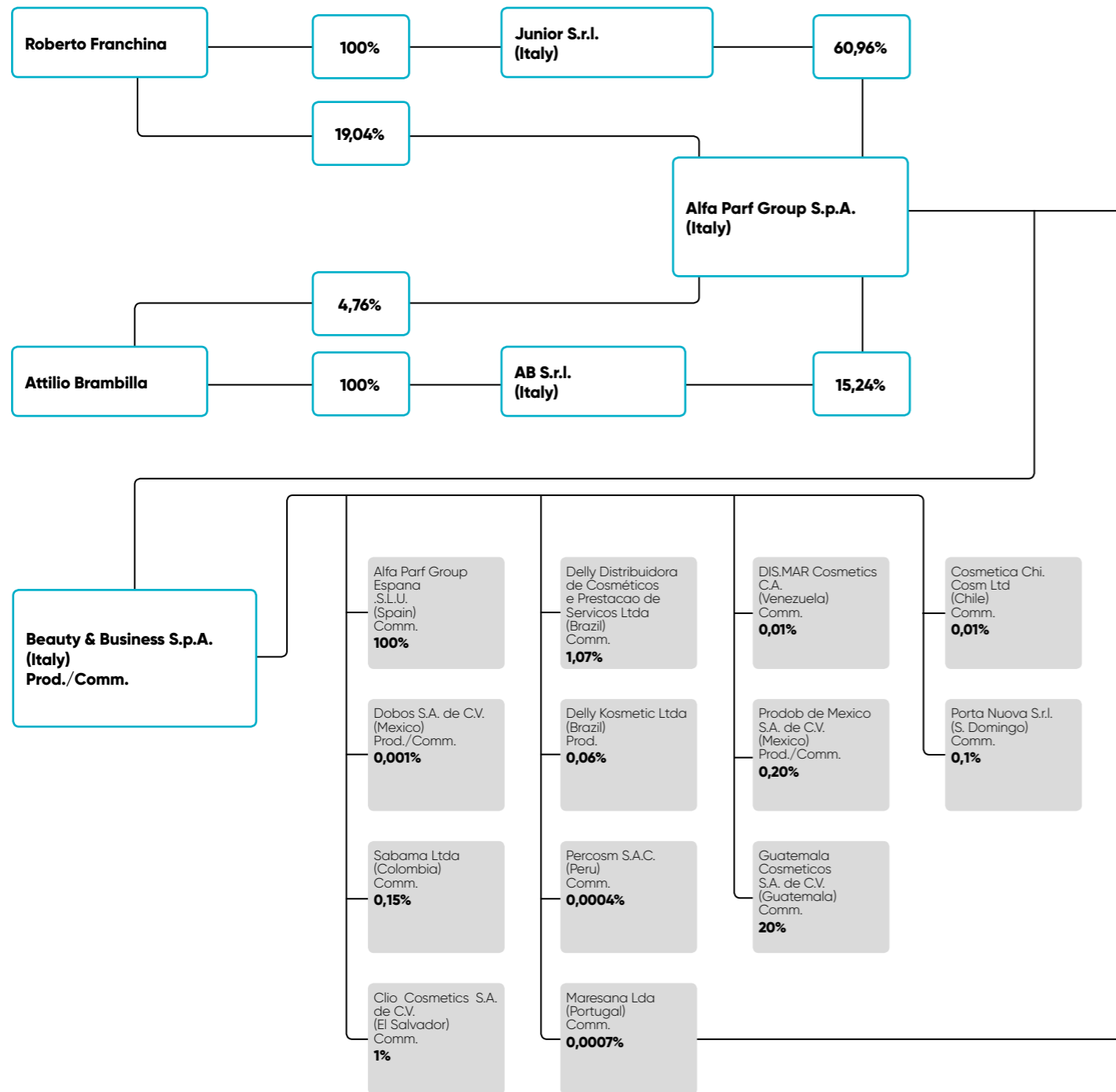
PRIVATE LABEL

Development of products for companies that market them worldwide using the Group's expertise and know-how.



ORGANISATIONAL STRUCTURE

Alfa Parf Group S.p.A. is an Italian multinational corporation made up of several companies that share values, quality and performance objectives, united by solid know-how.





In conducting its business, the Group has adopted a Corporate Governance model that provides for the clear separation between administrative and control functions. The administration is entrusted to the Board of Directors, while the supervisory function is the responsibility of the Board of Statutory Auditors. Both governing bodies are elected by the Shareholders' Meeting.

Shareholders' Meeting

The Shareholders' Meeting of Alfa Parf Group S.p.A., the Group's holding company, is responsible for deciding on the most important matters, approving the financial statements, appointing the Directors, the Statutory Auditors and the Chairman of the Board of Statutory Auditors.

Board of Directors

The Board of Directors of Alfa Parf Group S.p.A. is appointed by the Shareholders' Meeting and has the task of strategically guiding the Group by making the most important decisions regarding the management of its member Companies, the direction of the business and the exercise of control and performance monitoring activities.

Roberto Franchina is Executive Director and Chairman, Attilio Brambilla is Executive Director and Deputy Chairman.

Board of Statutory Auditors

The Board of Statutory Auditors has the task of supervising the activities of the Directors and ensuring that the management and administration of the Company are carried out in compliance with the law and the Articles of Association.

Andrea Casarotti is the Chairman, Alessandro Ricci and Fabio Gallo are the Standing Auditors; Camilla Camerini Porzi and Simone Furian are the Alternate Auditors.

Auditing company

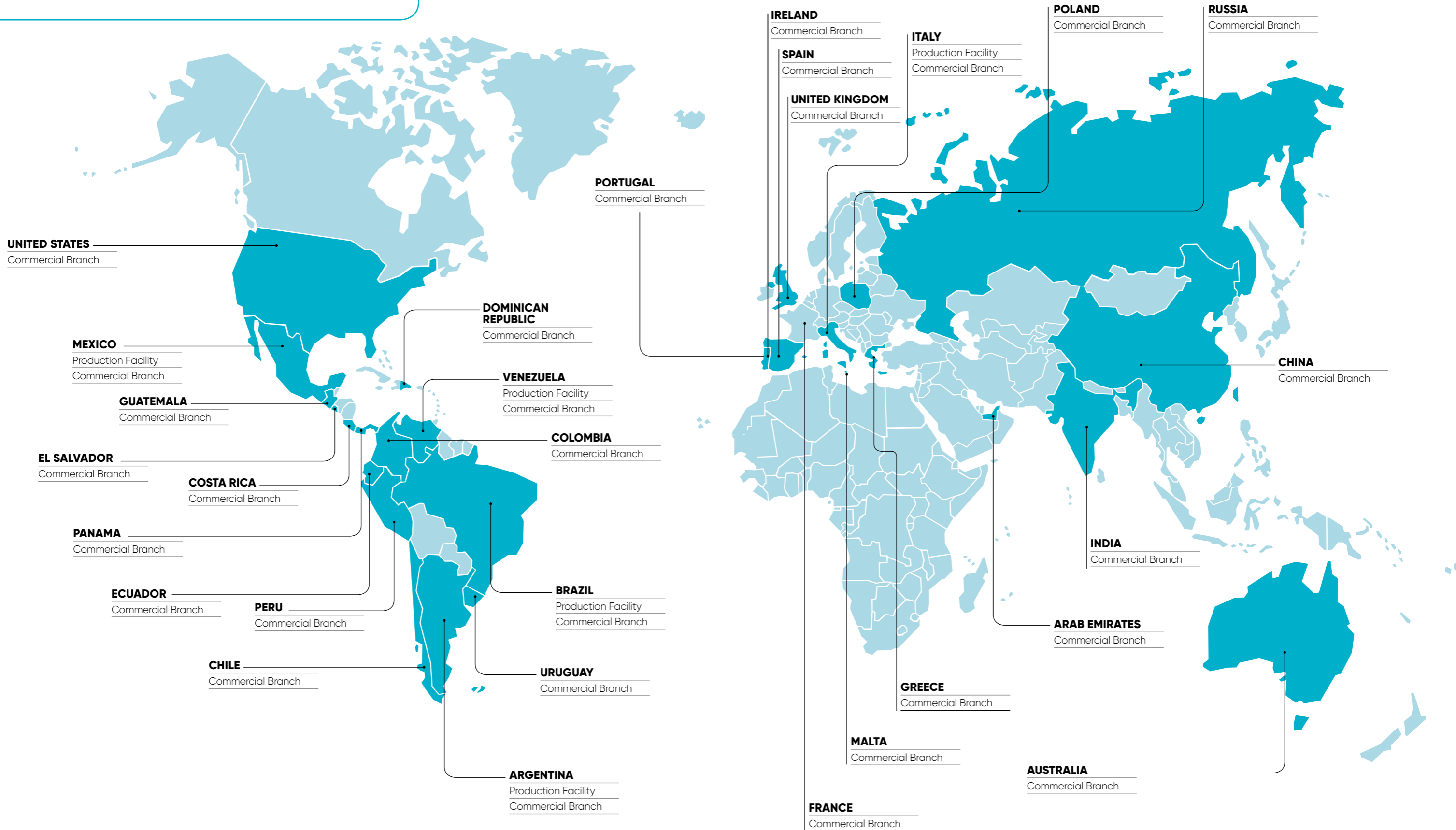
The Auditing Company is responsible for carrying out the statutory audit of the accounts and certifying the Group's financial statements with absolute autonomy and independence from the management bodies. This activity is carried out to ensure transparency to the market and protect stakeholders on the trend of the company's economic performance.

Auditing Company: Ernst & Young S.p.A.

Sustainability Committee

The Sustainability Committee was established in 2021 with the aim of supporting the Board of Directors through adequate preliminary and advisory activities and through the promotion of a continuous integration of environmental, social and governance factors into the Group's activities for the creation of value for the shareholders and other stakeholders in the medium-long term.

GEOGRAPHICAL PRESENCE





BRANDS

The Group owns 19 brands (ten in Haircare, six in Skincare, two in Tech equipment, one in cosmetics for pets) with a solid positioning both in Italy and abroad.

HAIRCARE



ALFAPARF MILANO PROFESSIONAL is the leading Italian brand in professional hair treatments. Founded in 1980, for over 40 years it has teamed up with professionals with effective and innovative products and services to meet any need. Inspired by Italian dynamism, innovation, openness to diversity, ALFAPARF MILANO PROFESSIONAL shares skills and results with a clear objective: to make the daily experience of beauty a source of pleasure and happiness for all. So that people, besides being beautiful, feel good.



SEMI DI LINO, the Haircare treatment to unveil the beauty of hair. SEMI DI LINO is the treatment line that keeps hair looking healthy, protected from root to tip and brighter than ever thanks to flaxseed extract and the latest technology. A comprehensive range that addresses all skin and hair needs through specialised lines and personalised services.



YELLOW PROFESSIONAL offers smart & simple beauty, accessible and affordable for everyone: professional, immediate and high-performance solutions, based on advanced technologies and ingredients of natural origin, which enable our hairstylists to spread beauty around the world to be experienced with a smile. YELLOW. Smart professional beauty. Simple happiness



IL SALONE MILANO is a brand with masstige positioning with a complete range of products (hair care, colouring and straightening treatments) to use at home with the guarantee of a professional result. It is distributed through hairdressing salons and in the retail channel through selected beauty partners.



COLORAMORE was born in Mexico as an immediate response to the new market reality in the era of Covid-19. It is a brand intended for Beauty Supplies that supply stylists of all levels. It boasts formulas developed in Italy that guarantee renowned quality at a competitive and affordable price.



ALTA MODA, launched in Brazil and now distributed throughout Central America, South America and the Middle East, was created to be Alfaparf Milano's first brand for the retail market. With professional Italian technology, ALTA MODA offers products for hair care and colouring.



BENVOLEO, launched in March 2023, is the first sustainable professional haircare brand. It aims to bring a transparent, responsible and inclusive vision of beauty to haircare, proudly Made in Italy. It features a range of professional, customisable, high-performance and sustainable treatment products.



SELECTIVE PROFESSIONAL, a brand of Tricobiotos S.p.A. (acquired by Alfa Parf Group in 2022) is distributed all over the world. For over 20 years, it has offered the best solutions for the professional market in terms of quality, safety and effectiveness. From colour to treatments and styling, SELECTIVE PROFESSIONAL offers a complete range of exclusive professional products, developed to meet the needs of consumers all over the world.

KEZY, a brand of Tricobiotos S.p.A., offers a wide range of products for professional use and resale that satisfy every need in a simple and effective way (thanks to the use of high-quality raw materials and practical packaging made in Italy), guaranteeing the highest quality and best performance.

EUGÈNE PERMA PROFESSIONNEL, which joined the portfolio after the acquisition of the professional hair division of the Eugène Perma Group, is 105 years old and a long-standing French competitor of the market leader L'Oréal Professionnel. Distributed, in France, in over 3,000 salons and 400 professional stores and in more than 30 countries, it is the umbrella brand of a complete professional range, positioned at the top end of the market. EUGÈNE PERMA PROFESSIONNEL is the brand of product lines for colouring (Carmen, Carmen Rituel, Blush, etc.), bleaching (SOLARIS), haircare and treatment (ESSENTIEL with keratin, COLLECTION NATURE with natural ingredients) and styling (L'ARTISTE, developed in collaboration with well-known French hair stylists).

SKINCARE



Beauty in a method

Since 1976, DIBI MILANO has been the benchmark for professional aesthetics, a symbol of professionalism, reliability and experience.

DIBI MILANO's DNA is encapsulated in its name: DIBI, DIvisione BIotecnologica (Biotechnology DIvision), the latest scientific cosmetic frontier, a synergic combination of products, treatments and technologies to offer real results and speed of action.

The DIBI CENTER is the home of DIBI MILANO excellence, with specialised beauticians, true beauty consultants.

Love your Beauty

Since 1984, Beauty and Cosmetics have been merged into BECOS. Love and passion for beauty, combined with the effectiveness of the products, cutting-edge technology and the undisputed quality of Made in Italy, enable us to provide customised solutions and to address every need. A brand that finds its ultimate expression in the BECOS CLUB, the place par excellence where the essence of BECOS comes to life, where the professionalism of the beautician meets the needs of women who passionately embrace their beauty.



Technology and Nature

The greatest beauty secrets arise from the fusion of Technology and Nature. TEN SCIENCE achieves the perfect blend, ascending to the highest and most prestigious echelon: the realm of science. Since 2004, TEN SCIENCE has been dedicated to beauty, providing the best FACE & BODY solutions for every need. The place where the brand lives is the TEN Institute, mirror of the soul of TEN, where nature embraces technology, for true beauty.

Sustainable, natural, Italian

OLOS, from the Greek "everything", is the ancestral idea of the bond between human being and nature. It sets the standard for clean skincare, developing safe and effective formulas that respect both the skin and the planet while addressing their needs. For natural, authentic beauty and a more informed future.



Sea lover

SOLARIUM is the new generation of cosmetics for the sun that protect and love the skin and the sea. Latest-generation sun filters, combined with very water-resistant and saltwater biodegradable (*) formulas, contained in a pack made from recycled and recyclable materials, ensure maximum protection for the skin while reducing the impact on the marine environment.

* According to OECD 306 Test carried out on all products with SPF (excluding SPF30 fondotinta solare compatto-viso [SPF30 compact sun protection foundation - face]).

Beyond colour is performance

DECODERM, addressing women's needs for over 30 years, transcends the boundaries of colour. Make-up and skincare merge to form the perfect blend. Treatment formulations, multifunctional products, developed in synergy with hi-tech applicators, ensure a professional result and quick and easy application. A harmonious range of shades highlights each woman's individuality, satisfying her desire for beauty and protection with a glamorous look for any occasion.

TECH



Through APG TECH, the Group develops and markets state-of-the-art technology and equipment for all the needs of a modern beauty centre. Design, development, production and assembly: all Made in Italy to ensure the best certification and guarantees of quality for our partners. Performance and Safety are the fundamental principles that continuously drive APG Tech's research and development efforts.



APG MEDICAL is the medical division dedicated to the marketing of state-of-the-art, non-invasive, high-performance Made in Italy medical devices. The brand's mission is to improve the work of doctors by providing quality equipment that perfectly meets their needs in order to improve the well-being of patients. APG MEDICAL prides itself on its focus on research, development and quality.

PET

With the entry of Iv San Bernard S.r.l. into the Group, the brand portfolio was expanded with the eponymous Iv San Bernard brand, one of the best known international brands in pet cosmetics. Since 1995, Iv San Bernard has been developing high quality hair care products for dogs and cats, with over 200 references, exporting its excellence to over 40 countries and, thanks to the collaboration of professionals in the sector, it has also become a Grooming Institute that trains skilled groomers every year, passing on to them a passion for the care and well-being of our animal friends. Iv San Bernard also offers accessories for dogs and cats and grooming equipment.

AWARDS AND ACKNOWLEDGEMENTS

CORPORATE

BEST MANAGED COMPANIES. Alfaparf Milano was among the companies that received the Best Managed Company Award 2023, the award for entrepreneurial excellence of Made in Italy promoted by Deloitte Private, with the participation of ALTIS – Graduate School of Sustainable Management of the Università Cattolica del Sacro Cuore, ELITE – Euronext Group and Piccola Industria di Confindustria.

The award is given to Italian companies that have stood out for their performance and ability to pursue excellence in every aspect of management. The assessment considered several areas: strategy, skills and innovation, corporate commitment and culture, governance and performance measurement, corporate social responsibility, internationalisation and supply chain.

The prize was awarded to Alfaparf Milano for the fourth time in six editions of the award (2018, the year of the first edition, 2019, 2022 and 2023).



SUSTAINABILITY LEADER. In 2023, Alfaparf Milano was included, for the third consecutive year, among the 200 leading Italian companies in sustainability. The research was carried out by Statista for *Il Sole 24 Ore* and was based on the analysis of 40 KPIs in the environmental, social and economic macro-areas.

In 2024 Alfaparf Milano was confirmed among the 200 sustainability leaders.



WOMEN'S WEAR DAILY TOP 100. In the 2023 ranking of the top 100 global cosmetics companies, drawn up by the American magazine *Women's Wear Daily* (www.wwd.com), Alfaparf Milano ranks 87th.

HAIRCARE

• **WHO WHAT WHERE BEAUTY AWARDS 2023:** SEMI DI LINO Cristalli Liquidi won the Best Serum category at the first WWW Beauty Awards.

• **BEST FOR SENSITIVE SCALPS:** SEMI DI LINO Scalp Relief Calming Tonic for Sensitive Skin (according to *InStyle.com* website review).

• **UK HAIR AWARDS:**

- SEMI DI LINO Cristalli Liquidi won **Best Serum**; SEMI DI LINO Diamond Illuminating Low Shampoo and Conditioner won **Best Shampoo & Conditioner for Normal Hair**.

- BENVOLEO Nutricare Oil was a finalist in the **Best Hair Oil** category.

SKINCARE

DIBI MILANO

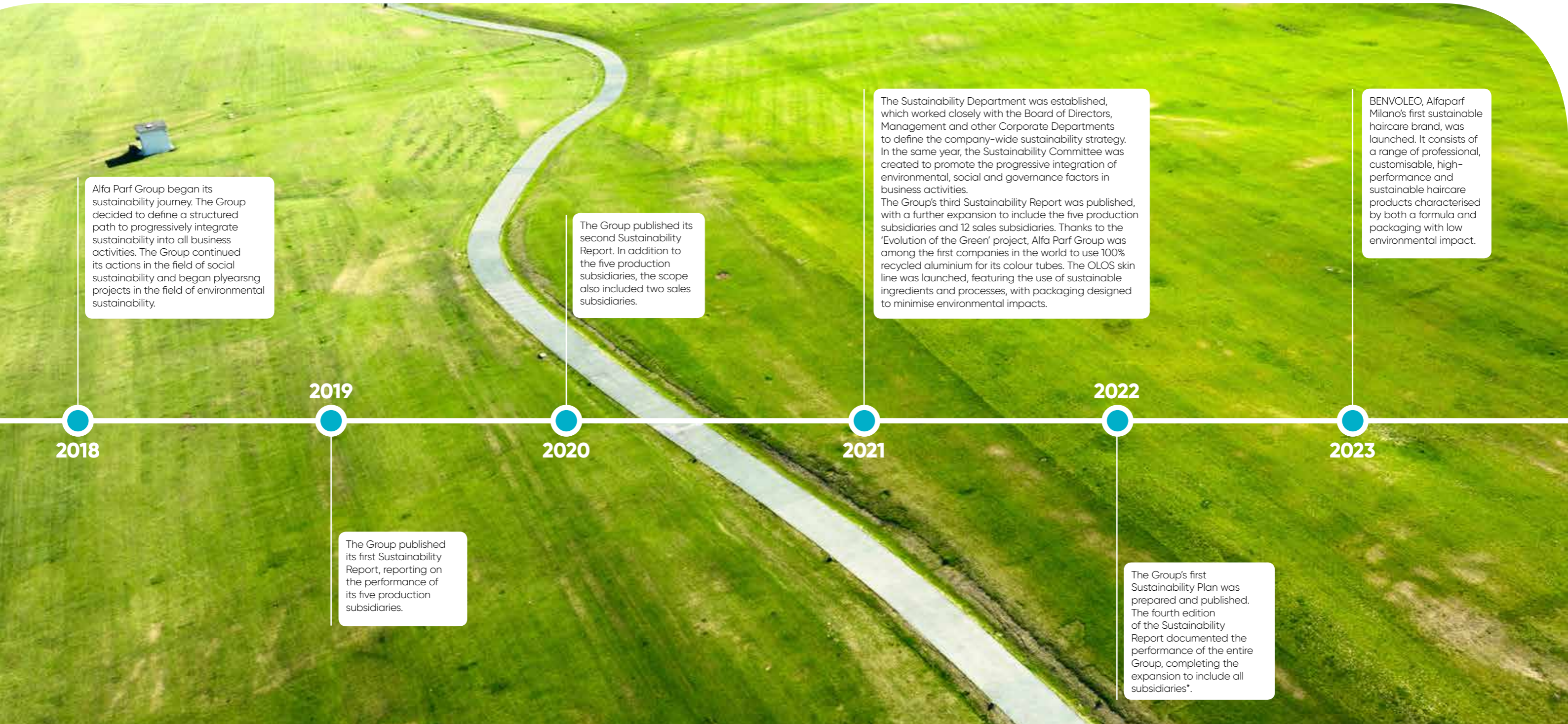
• **ELLE BEAUTY AWARDS 2023 ITALY FACE SKINCARE CATEGORY:** nomination for the #Age Method fluid youth cream for its nourishing and anti-ageing action.

• **SPACHINA "STAR PRODUCT OF THE YEAR":** winner of the award was the Supreme White Spot Correcting 12h Radiance Creme from the White Science line.

OLOS

• **PREMIOS DE PRODUCTOS 2023 SPA & WELLNESS MEXICARIBE:** winner as a professional concentrated purifying activated charcoal product.

SUSTAINABILITY JOURNEY



2018

Alfa Parf Group began its sustainability journey. The Group decided to define a structured path to progressively integrate sustainability into all business activities. The Group continued its actions in the field of social sustainability and began pioneering projects in the field of environmental sustainability.

2019

The Group published its first Sustainability Report, reporting on the performance of its five production subsidiaries.

2020

The Group published its second Sustainability Report. In addition to the five production subsidiaries, the scope also included two sales subsidiaries.

2021

The Sustainability Department was established, which worked closely with the Board of Directors, Management and other Corporate Departments to define the company-wide sustainability strategy. In the same year, the Sustainability Committee was created to promote the progressive integration of environmental, social and governance factors in business activities. The Group's third Sustainability Report was published, with a further expansion to include the five production subsidiaries and 12 sales subsidiaries. Thanks to the 'Evolution of the Green' project, Alfa Parf Group was among the first companies in the world to use 100% recycled aluminium for its colour tubes. The OLOS skin line was launched, featuring the use of sustainable ingredients and processes, with packaging designed to minimise environmental impacts.

2022

The Group's first Sustainability Plan was prepared and published. The fourth edition of the Sustainability Report documented the performance of the entire Group, completing the expansion to include all subsidiaries*.

2023

BENVOLEO, Alfa Parf Milano's first sustainable haircare brand, was launched. It consists of a range of professional, customisable, high-performance and sustainable haircare products characterised by both a formula and packaging with low environmental impact.

*Only companies with employees were considered.

SUSTAINABILITY STRATEGY

Aware that the ultimate goal of business cannot simply be maximising profit, Alfa Parf Group pursues a business model that is also based on the principles of sustainability, transparency and quality. It adopts specific management and organisational structures aimed at creating shared value for all its stakeholders, with full respect for the environment and in the interest of future generations.

With its Sustainable Development Goals (SDGs), the 2030 Agenda has highlighted the need for change for governments, individuals and businesses. As the main drivers of economic development, companies play a key role in this grand agenda for action. In order to achieve these goals by 2030, companies around the world are called upon to contribute through new responsible business models, investment in research, innovation and development, and the establishment of partnerships and collaborations with stakeholders.

Sustainability is a key element and a founding value of the corporate culture; for Alfa Parf Group, this translates into a series of actions and projects aimed at achieving the 13 Sustainable Development Goals identified by the Group as priorities.



Based on the 13 priority SDGs, Alfa Parf Group has laid the foundations for its multi-year Sustainability Plan (hereinafter Plan), which will guide the Group in its strategic development choices. The Plan is based on four key pillars representing the four dimensions of sustainability: sustainable governance, economic sustainability, environmental sustainability and social sustainability. One or more SDGs have been linked and one or more macro-objectives have been identified for each pillar, which will be translated into quantitative KPIs and concrete projects and actions aimed at achieving them.

ALFAPARF Group, as an entity subject to the Corporate Sustainability Reporting Directive (CSRD) for FY2025 (reporting in 2026), has launched a gap analysis process to understand its position in relation to the requirements of the new CSRD Directive, which entered into force on 5 January 2023, and the reporting requirements contained within the new European Sustainability Reporting standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG)

SUSTAINABLE GOVERNANCE

Being transparent and accountable



SDG target

- Promote peaceful and inclusive societies for sustainable development; provide access to justice for all and build efficient, accountable and inclusive institutions at all levels.

Actions

- Integrate sustainability into business strategies.
- Clear, reliable, accurate, complete and buyable communication to stakeholders.
- Proactive risk management.

Material topics

- Integrity and transparency in the conduct of business.

ECONOMIC SUSTAINABILITY

Creating long-term value through innovation



SDG target

- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- Build resilient infrastructure, promoting inclusive and sustainable industrialisation and foster innovation.

Actions

- Promote research and development activities.
- Responsible procurement and supply chain management.

Material topics

- Solidity, profitability and resilience.
- Product quality, safety and reliability.
- Research, development and product and process innovation.
- Brand reputation.

ENVIRONMENTAL SUSTAINABILITY

Mitigating climate change

SDG target

- Ensure availability and sustainable management of water and sanitation for all.
- Ensure access to affordable, reliable, sustainable and modern energy for all.
- Build resilient infrastructure, promoting inclusive and sustainable industrialisation and foster innovation.
- Make cities and human settlements inclusive, safe, resilient and sustainable.
- Ensure sustainable production and consumption patterns.
- Take urgent action to combat climate change and its impacts.

Actions

- Measurement, reduction and offsetting of CO₂ emissions from production activities and products.
- Assessment, monitoring and mitigation of environmental impacts.

Material topics

- Energy efficiency.
- Combat climate change and managing emissions.
- Raw materials, ingredients and packaging.



SOCIAL SUSTAINABILITY

Caring for employees, customers and local communities, promoting inclusion and empowerment

SDG target

- Ensure healthy lives and promote well-being for all at all ages.
- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- Achieve gender equality and empower all women and girls.
- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- Reduce inequality within and among countries.

Actions

- Promotion of knowledge acquisition, skills, development and training.
- Enhancing communication, information sharing and development.
- Promotion of human development and support in reaching and expressing one's potential.

Material topics

- Respect for human rights and protection of workers.
- Workers' health and safety.
- Customer satisfaction.



STAKEHOLDER ENGAGEMENT

Stakeholders are those who can influence or be influenced by the Group's activities, in various ways. They represent the complexity of the organisation, highlighting the set of relationships that characterise Alfa Parf Group's activities. The Sustainability Report allows the Group to inform its stakeholders about its sustainability performance in a timely and transparent manner, and where possible, directly engage them in the definition of plans, measures and actions. Stakeholders have always been the main benchmark for Alfa Parf Group's business, and dialogue with them is an opportunity for the Group to grow and improve.

Stakeholder	ENGAGEMENT METHOD
Shareholders	<ul style="list-style-type: none"> • Interviews and daily dialogue on corporate management • Meetings on specific topics
Employees	<ul style="list-style-type: none"> • Training and performance management programmes • Sharing the Code of Ethics
Customers and Consumers	<ul style="list-style-type: none"> • Customer Service • Interaction through social networks • Sales network as a channel for listening, mediation and communication • Interaction through the administration of questionnaires • Creation of working groups with teams of hairdressers/beauticians
Suppliers	<ul style="list-style-type: none"> • Periodic meetings with suppliers and on-site visits/audits • Sharing the Code of Ethics • Regular contacts to define quality standards
Local Communities	<ul style="list-style-type: none"> • Continuous relationships with local authorities and the community to manage the impact of production sites on the local system • Support with some initiatives of local authorities and charity and/or voluntary associations in the social and cultural field • Sharing and collaboration on topics linked to the local area
Local, national and international institutions, Trade associations	<ul style="list-style-type: none"> • Participation in local and national trade organisations • Participation in events such as conferences, seminars, etc. to share the company's experience and business environment with third parties
Financial Institutions	<ul style="list-style-type: none"> • Regular meetings to share developments in global financial market scenarios • Regular meetings to analyse the company's performance and development plans
Press and Social Media	<ul style="list-style-type: none"> • Local and international press relations • Participation in round tables • Interaction through social networks
Trade Unions	<ul style="list-style-type: none"> • Regular meetings to analyse the corporate situation • Negotiation meetings on specific corporate issues

MATERIALITY ANALYSIS

In order to define the areas to be reported in its Sustainability Report, Alfa Parf Group carried out a materiality analysis in 2022 to identify and prioritise the issues considered relevant, i.e., those that, in accordance with the GRI 2021 Standard (GRI 3 - Material Topics), reflect a significant economic, environmental and social impact of the organisation. No significant events occurred during 2023 that required a revision of the materiality analysis. For this reason, the company management considered the same ESG topics and impacts defined in 2022 to be ‘material’.

According to the European Union’s approach set out in the European Commission’s Communication published in June 2019 containing the guidelines on climate change reporting under the NFRD/Non-Financial Reporting Directive - Directive 95/2014, material topics are those areas of sustainability that can have significant impacts on a company’s development, performance and value. At the same time, material topics are defined in relation to the social and environmental areas and issues on which the company can have a relevant impact through its activities. The two ‘directions’ of materiality are interconnected.

The first step in the process for determining the material topics consisted of an analysis of the current context, which considered:

- analysis of existing company documentation;
- analysis of public documents, articles, statistics and findings of observatories on the type of international standards and frameworks adopted in sustainability reporting;
- analysis of the characteristics of the industry sector, in order to identify the main issues on which competitor and comparable companies also tend to focus.

With regard to this last point, considering the absence of a GRI Sector Standard, a benchmark analysis was carried out in which the websites and public documents of competitor and/or comparable companies considered ‘best-in-class’ in sustainability reporting were examined.

This analysis identified 24 potentially material sustainability issues, which can be traced back to the four pillars of the Group’s Sustainability Plan: Sustainable Governance, Economic Sustainability, Social Sustainability, Environmental Sustainability. For each potentially material topic identified, the most significant impacts (positive or negative, actual or potential, short or long term) that the company’s activities are (or could be) capable of generating on the economy, the environment and people, including impacts on human rights, were then associated.

Once the potentially relevant topics and their impacts were identified, they were subjected to quantitative assessment through an online questionnaire administered to Top Management and a representative sample of Group employees, who were asked to prioritise all the topics for each pillar while considering the level of relevance of the impacts.

In assessing the ‘materiality’ level of the ESG impacts related to each topic, the following elements were considered:

- **SCALE:** magnitude (in a positive or negative sense according to each case) of the impact generated directly or indirectly by the company’s activities;
- **SCOPE:** spread of the impact in geographical terms (e.g., local, national, etc.), considering the number of stakeholders engaged, etc.;
- **RECTIFIABILITY:** the extent to which the impact can be mitigated or rectified once it has occurred (to be considered only for negative impacts);
- **LIKELIHOOD:** probability with which this impact could occur in the short, medium and long term (to be considered only for potential impacts).

Once all the evaluations were collected, they were analysed and consolidated, and a weighted average was calculated for each topic. In order to identify the ESG topics and impacts that are truly ‘material’ for Alfa Parf Group, a materiality threshold was defined and 11 material topics were identified.

At the end of the whole process, the results were submitted for discussion and validation by the members of the Sustainability Committee.

The following table shows the impacts generated and the activities that generate those impacts for each of the material topics identified.

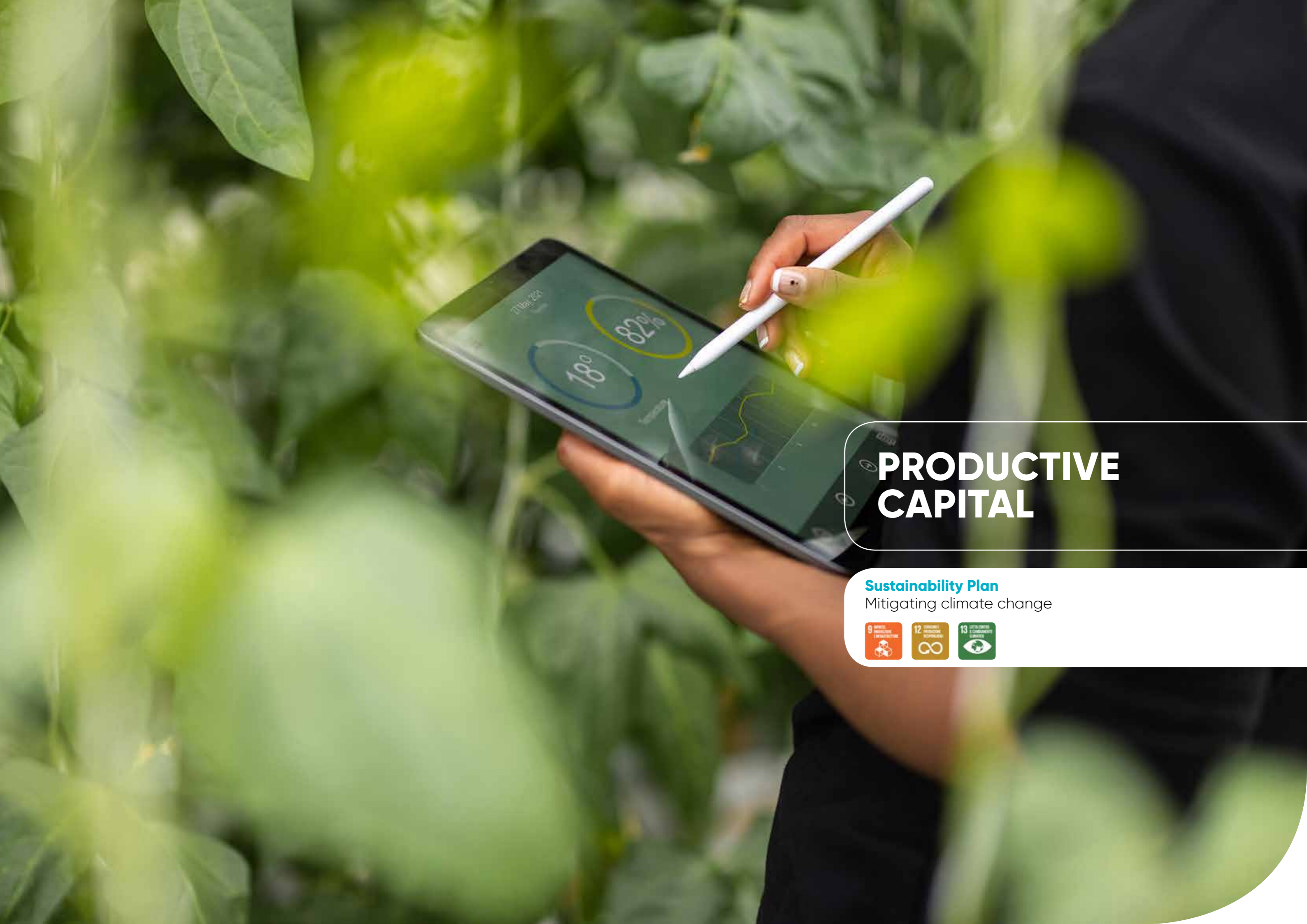
The Group has also decided to report on topics not included in the 11 identified as most rel-

MATERIAL TOPIC	TOPIC IMPACTS AND RELEVANCE	ACTIVITY GENERATING THE IMPACT
Integrity and transparency in the conduct of business	<p>Ability to positively or negatively impact economic and financial performance to the benefit of society and the economic ecosystem in which it operates.</p> <p>Ability to positively or negatively affect the reputation and degree of trust and maintenance of relations with the main stakeholders with which APG interacts.</p> <p>Ability to positively or negatively influence customer awareness at the purchasing stage.</p> <p>Ability to positively or negatively affect the availability of information on the characteristics of the products and services offered.</p>	Alignment with regulations and standards on business ethics and integrity to which the Group is subject in each country where it is present
Solidity, profitability and resilience	<p>Ability to positively or negatively impact economic and financial performance to the benefit of society and the economic ecosystem in which it operates.</p> <p>Ability to positively or negatively affect the reputation and degree of trust and maintenance of relations with the main stakeholders with which Alfa Parf Group interacts.</p> <p>Ability to positively or negatively affect attractiveness to investors and capital providers.</p> <p>Ability to positively or negatively affect the capacity to retain and attract and the employment stability of human resources.</p>	<p>Developing and strengthening stakeholder relations</p> <p>Production of products and provision of services aligned with the demands of different markets</p> <p>Widespread coverage of the distribution network</p>

<p>Respect for human rights and protection of workers</p>	<p>Ability to positively or negatively affect the protection of the fundamental rights of workers and collaborators with whom Alfa Parf Group works.</p> <p>Ability to positively or negatively affect the reputation and degree of trust and maintenance of relations with the main stakeholders with which Alfa Parf Group interacts.</p>	<p>Processes for monitoring and reporting breaches of human rights (Whistleblowing)</p> <p>Selection processes based on merit and skills</p> <p>Remuneration in line with the market</p>
<p>Raw materials, ingredients and packaging</p>	<p>Ability to positively or negatively affect product performance and customer safety.</p> <p>Ability to positively or negatively contribute to maintaining a high level of customer satisfaction and appreciation in terms of product offerings and service quality.</p> <p>Ability to positively or negatively affect environmental protection and safeguard natural resources.</p>	<p>Use of sustainable raw materials and recycled materials</p> <p>Calculation of the carbon footprint of the packaging of sustainable lines, creating environmentally-friendly products</p>
<p>Product quality, safety and reliability</p>	<p>Ability to positively or negatively affect product performance and customer safety.</p> <p>Ability to positively or negatively impact economic and financial performance to the benefit of society and the economic ecosystem in which it operates.</p> <p>Ability to positively or negatively affect the reputation and degree of trust and maintenance of relations with the main stakeholders with which Alfa Parf Group interacts.</p>	<p>Constant quality control of all products and packaging placed on the market</p> <p>Information transparency in the labelling of marketed products</p>
<p>Workers' health and safety</p>	<p>Ability to positively or negatively affect the health and safety of employees and external collaborators.</p> <p>Ability to positively or negatively affect the reputation and degree of trust and maintenance of relations with the main stakeholders with which Alfa Parf Group interacts.</p>	<p>Activities to prevent occupational accidents and illnesses, in compliance with current health and safety regulations</p> <p>Health and safety training activities</p>
<p>Energy efficiency</p>	<p>Ability to positively or negatively impact energy costs through energy efficiency actions and projects.</p>	<p>Monitoring energy consumption</p> <p>Implementation of process optimisation activities, with a view to energy efficiency</p>
<p>Combating climate change and managing emissions</p>	<p>Ability to positively or negatively affect the protection of ecosystems and safeguard biodiversity.</p> <p>Ability to positively or negatively affect the availability of products and services in the target markets.</p>	<p>Constant monitoring of impacts on the environment resulting from business activity</p> <p>Reducing product and packaging-related CO₂ emissions during product development</p> <p>Calculating CO₂ emissions of the packaging of sustainable lines</p> <p>Offsetting the CO₂ emissions of the packaging of sustainable lines</p>
<p>Brand reputation</p>	<p>Ability to positively or negatively impact economic and financial performance to the benefit of society and the economic ecosystem in which it operates.</p>	<p>Constant updating and monitoring of registered brands</p>

<p>Customer satisfaction</p>	<p>Ability to positively or negatively affect the reputation and degree of trust and maintenance of relations with the main stakeholders with which Alfa Parf Group interacts.</p> <p>Ability to positively or negatively influence the degree of customer sensitivity to ESG issues.</p>	<p>Monitoring customer satisfaction levels</p> <p>Marketing products in line with the trends and demands of the different markets in which the Group operates</p> <p>Transparency of the information available on the products offered</p>
<p>Research, development and product and process innovation</p>	<p>Ability to positively or negatively contribute to maintaining a high level of customer satisfaction and appreciation in terms of product offerings and service quality.</p> <p>Ability to positively or negatively impact economic and financial performance to the benefit of society and the economic ecosystem in which it operates.</p> <p>Ability to positively or negatively affect the reputation and degree of trust and maintenance of relations with the main stakeholders with which Alfa Parf Group interacts.</p>	<p>Research and development activities</p> <p>Constant product and process innovation activities</p>
	<p>Ability to positively or negatively impact economic and financial performance to the benefit of society and the economic ecosystem in which it operates.</p> <p>Ability to positively or negatively affect the availability of products and services in the target markets.</p> <p>Ability to positively or negatively affect the reputation and degree of trust and maintenance of relations with the main stakeholders with which Alfa Parf Group interacts.</p>	

evant, in order to provide a more complete and detailed overview of the impacts associated with the company's activities.



PRODUCTIVE CAPITAL

Sustainability Plan

Mitigating climate change



LAUNCHES AND MARKETING ACTIVITIES

Alfa Parf Group is committed to quickly and effectively responding to market developments, offering haircare, skincare and tech solutions that combine the uniqueness of Made in Italy with needs and insights from around the world. The Group's launches are intended to consolidate the Group's clear, distinctive and relevant identity, confirming Alfa Parf Group as a partner in beauty for both professional and end customers.

There were several highly innovative launches in 2023 as well as a restaging, with an increasing focus on sustainability. The main launches and marketing activities of the Alfaparf Milano brands in 2023 are briefly outlined below. In particular, with regard to Beauty & Business, the Alta Moda brand has carried out a complete renewal of its care lines, starting a path towards increasingly sustainable innovation first in the Italian market and then in the rest of the world. The products are now based on new vegan formulas, with natural ingredients which are not tested on animals. The packaging, with its new unique colour, has also been made from 50% recycled plastic. At the same time, the Salone Milano renewed its main care lines in 2023 with even better performing formulas, while paying attention to its sustainability, which translates into more sustainable vegan formulas and packaging.

Haircare ALFAPARF MILANO PROFESSIONAL EVOLUTION OF THE COLOR RESTAGE

2023 was the star player in the restage of Alfaparf Milano Professional's iconic colouring line: Evolution of the Color. Evolution of the Color is the long-lasting vegan permanent cosmetic colouring that makes innovation and technology its essence, allowing hairstylists around the world to keep up with the times and respond to the changing needs of consumers. The line is equipped with a patented technology, the Patented Color Guard Technology in the US and Italy, which allows even distribution and better deposit of the colour on the hair, prolonging the duration of the colour result and ensuring a greater hair radiance. In addition, the 360° colour protection system helps to counter damage caused by pollution, blue light and UV rays, which are the main causes of opacity, increased breakage and yellowing hair nowadays.

SEMI DI LINO RESTAGE

In a world where environmental challenges require radical change from each of us, it has become crucial to actively contribute to preserving the planet. Semi di Lino plays its part in sustainability with the 'Zero Metal' project, the process of eliminating metal from plastic bottle caps and jars. The result of this process was the creation of the limited edition Cristalli Liquidi THE ORIGINAL. With its hero product, Alfa Parf Group wanted to celebrate the distinctive elements of the brand: Italian spirit, premiumness and commitment to the planet.

SEMI DI LINO DENSITY

Semi di Lino expanded its portfolio in 2023 with a new line to meet the needs of thinning and mature hair, which gives thickness and revitalises the capillary fibres, for hair with a healthier, younger and fuller appearance. Thanks to Filler Complex, a complex of amino acids and peptides acts internally and externally to the capillary fibre, replenishing and giving thickness to thinning hair that has lost its natural body.

SEMI DI LINO HOLIDAY SETS COLLECTION

The Semi di Lino collection, a limited edition collection that celebrates the brand's image through collaboration with artists, is a regular appointment every year that is eagerly awaited by all of the Group's customers internationally.

FOCUS ON

BENVOLEO – TOGETHER WE CARE

Launched in March 2023, Benvoleo is Alfaparf Milano's most comprehensive and concrete response to the Sustainable Development Goals expressed in its Sustainability Plan.

With a range of professional, customisable products and treatments with surprising results while respecting hair, people and the planet, Benvoleo is the professional brand that seeks to bring a transparent, responsible and participative idea of beauty to the haircare world, placing a clean, sustainable approach at the heart of its work, without ever compromising performance.

Benvoleo is a concrete example of integrating environmental and social sustainability into the business strategy: the packaging and formulations have been designed to reduce environmental impact from the design stage, and the project includes several CSR activities linked to initiatives with positive environmental and social impacts, including:

- **AGROCORTX PROJECT:** a project to protect the Amazon rainforest by combating deforestation to fight climate change, supported through the purchase of carbon credits precisely offsetting the CO2 emissions of the primary and secondary packaging of the products in the range;
- **PARKS FOR THE CLIMATE PROJECT:** a project to protect biodiversity and forest ecosystems in the Tuscan-Emilian Apennine Biosphere Reserve, an area where the range's main active ingredient, hyper-fermented oak bark, may be found.

In addition to CSR initiatives, the launch of Benvoleo is also accompanied by the creation of a seminar for professional customers to promote and support the culture of sustainability and provide hairstylists not only with up-to-date knowledge on exclusive products and treatments, but also with sustainability concepts and more practical elements, such as examples of good practice for a 'sustainable salon'.

Benvoleo's values are Transparency, Cooperation and Italianity: only through conscious, clear and responsible choices can we build a better future for our planet.

MINI CHOICES, BIG DIFFERENCE

MINI is the Benvoleo limited edition that wants to bring a sustainable approach to the travel-size category. The best-loved products in the current range in 3 kits containing refillable mini-formats to meet the needs of consumers who want to have their favourite products with them at all times, but in a more conscious way that is respectful of their skin, hair, the planet and the people on it.



Exclusive and luxurious boxed sets liven up the Holiday Season each year. They contain kits with specific products, perfect for every hair type routine, to give and receive as gifts.

In 2023 the Group celebrated its bond with Milan, the beating heart of design, fashion, art and style. A unique city, Milan has always been a source of inspiration for the AlfaParf Group, as well as the headquarters of the Alfaparf Milano Professional Academy.

This Limited Edition Semi di Lino unveils a new version of Milan that is both sought after and waiting to be discovered.

YELLOW PROFESSIONAL

YELLOW PROFESSIONAL NEW SHADES

In 2023 Alfaparf Milano launched 6 new colours that enrich 3 families: Cool Coppers, Mahogany Ash and Ultra Deep Violets. The vegan formula, enriched with Argan Oil and Aloetrix, guarantees 100% coverage, radiance and exceptional lasting results.

YELLOW PROFESSIONAL COLOR CARE & PIGMENTED MASKS

Color Care is the new care line that offers protection to coloured hair, acting as a shield against attacks from all types of daily external aggressions. Formulated with a complex obtained from White Radish, Magnolia and Rosemary together with a phytocomplex generated from Italian fruit extract, it protects the hair from fading.

In addition, Color Care presented a further innovation in 2023: a colour-enhancing treatment with an extra care effect, which is very easy to apply and has immediate and adjustable results.

Skincare

DIBI MILANO

Dibi Milano confirms its strategic positioning as the 'last frontier' before aesthetic medicine, a guide in the world of professional cosmetics for cosmetic excellence with extraordinary performance.

This is how System Lab was created, a new way of conceiving aesthetics close to the medical field in terms of concept, packaging, formulas used and communication. A radical change that can be felt in the style (prevalence of white and grey, essential, clean, uncluttered, impactful visuals) of all online and offline tools. The advertising and digital campaign to support the brand and launches at different times of the year also continues.

The year 2023 saw the launch of System Lab with the new Biostimulating System Lab, the BIOSTIMULATING cosmetics by Dibi Milano, which acts on skin rejuvenation by rebalancing the molecules needed by the skin. All products are formulated with no preservatives and are manufactured in a sterile environment. This cosmetic line makes the skin more resistant to the effects of ageing and oxidation damage: for future-proof, younger-looking and healthier skin.

For the first time, DIBI MILANO introduces Sonicato Hyaluronic Acid, a patented blend of three types of Hyaluronic Acid with different molecular weights that offers: a moisturising and elasticising action, for a fuller and firmer skin texture; a filling action from the outside that acts on wrinkles and imperfections and gives an immediate smoothing effect; and, finally, a restructuring action that stimulates physiological functions in the innermost layers.

BECOS

In 2023, Becos completed the rebranding that began in 2019 and confirmed its positioning as a professional aesthetics brand 'close to women' that enhances their femininity and delivers concrete and visible results. Lorella Boccia's testimonial used in the 2023 social campaign truly embodies a Becos way of being: engaging, spontaneous and passionate.

In 2023, the Viso asset was expanded with LIFT DEFINE, an extraordinary cosmetic texture with a tightening effect. The anti-ageing facial treatment counteracts the negative im-

part of tissue gravity: it lifts, redensifies and firms facial contours with an immediate and long-term firming effect. It combats sagging skin thanks to formulations that act as if they were forming a cosmetic texture with a tightening effect: features appear lifted, wrinkles smoother, the gaze more open, the oval redefined.

OLOS

The focus is on the world of the body and face to enrich both the retail and professional product range so that both the beautician in the booth and the consumer at home can find a valuable ally to combat blemishes. OLOS cosmetics strive for healthy skin, are environmentally friendly and sensitive to their impact on our planet, and provide inner and outer balance.

This coherent message stretches all the way to the advertising campaign (website and social channels and the confirmation of the CSR operation with lifegate).

The 'Sustainability Guide to the Galaxy' is an evolution of communication aimed at making the brand concrete and transparent, through a series of videos showing the different sustainable aspects of the brand. Each video is made to talk in a simple and clear way about the environmental problems that surround us, about certain daily, unsustainable behaviour and the associated negative repercussions that cause damage to the environment and to people. OLOS contributes effectively to protecting the environment in order to have a cleaner and more sustainable world. The key players in the OLOS Sustainability Guide to the Galaxy are the people who took an active part in developing the OLOS relaunch project.

In 2023 Olos expanded its body range and launched new professional treatments: Body Toning Treatment and Body Slimming Treatment. The at-home routine was also extended by including the Melting Body Cream and Elasticising Body Stretch Mark Cream in the range. OLOS also treats hands and feet thanks to the protection, hydration and softness provided by the new OLOS products: Moisturising Hand and Nail Cream and Nourishing Foot and Nail Cream.

TEN SCIENCE

The strategy of completing the range in the body and face lines continued, strengthened by a positioning that leverages the combination of technology and nature, two elements that are so on-trend in skincare. The range expansion also covered sectors very much felt abroad, such as the regenerating and renewing Age Lumina line. The micro-influencer strategy is being embraced with good results. The exclusive partnership with artist and influencer Lucia De Marco kicked off to liven up all the initiatives on the calendar.

The main launch in 2023 for the body launch was TONE ACTIVE, the toning body line enriched with precious active ingredients that help minimise the visibility of sagging skin by redensifying tissue to give the skin firmness and elasticity and the body a firm, toned and defined appearance.

DECODERM

In 2023, Decoderm continued to consolidate its basic range, the ideal mix of products for professional make-up that is not only colour but also facial care.

Decoderm launched the matt lipstick and perfect lip pencil combo in 2023, a great classic that expresses all the sensuality of a woman.

FOCUS ON

SOLARIUM – SEA LOVER

In 2023, Solarium revolutionised the world of sunscreens by launching SOLARIUM SEA LOVER, the new generation of sun protection cosmetics that protects and loves the skin and the sea. Products that contain a pool of innovative sun filters that ensure maximum protection and reduce the impact on the marine environment thanks to very water resistant and biodegradable formulas in salt water, contained in a pack made with recycled and recyclable materials. A complete line of sun care products to be used before, during and after sun exposure, featuring surprisingly sensory and pleasant textures combined with irresistible fragrances capable of evoking the warmth of summer.

A three-week radio advertising campaign supported the new positioning and increased brand awareness and brand recognition among consumers.



Tech

APG TECH

2023 was a commercially very satisfying year in the world of technology, which prompted the Group to invest again, with enthusiasm, in the development of new equipment. Specifically, in 2024, three new multifunctional body appliances will be created, which will support the daily work of the Dibi Milano, Becos and Ten Science beauticians to guarantee the best in terms of performance and results.

Alfa Parf Group has also worked to implement interconnection, which was created to benefit from the fiscal advantages of the Industry 4.0 standard, and which is now evolving into an increasingly sophisticated system, with great operational advantages for the Beauty Centre. The customer can be registered in the software agenda and it is also possible to schedule appointments and obtain a detailed report of the treatments carried out (settings, values entered, treatment time, etc.).

Interconnection also makes it possible to remotely receive software updates and technical support from the company in real time, with a simple wi-fi connection.

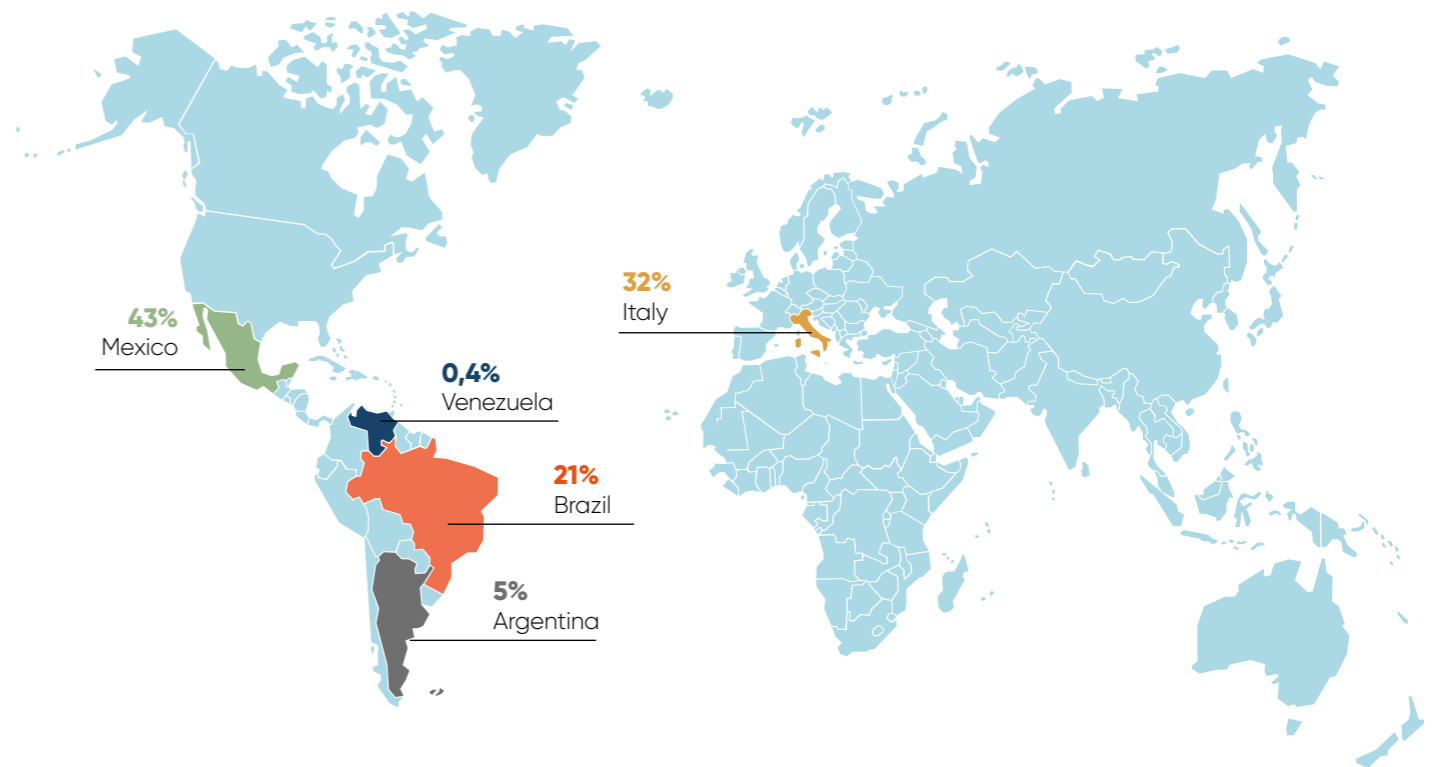
APG MEDICAL

In 2023, Alfa Parf Group made significant changes to all of APG MEDICAL's communication tools. It revised the website and all the visuals and printed materials giving them a more rigorous style, closer to the world of the doctor, the professional to whom the brand is dedicated.

PRODUCTION

The Group manages the entire production cycle of its lines in-house, from design, research and development to production and marketing. In addition to ensuring full control from a quality point of view, this represents a strength in terms of achieving product sustainability goals. The company's strategy is to focus on a product that is high performing and of excellent quality, capable of satisfying all types of customers, while seeking to minimise the environmental impacts of the production process and product, all while protecting the rights of people and communities.

Pieces produced in 2023 by production site



The production of 2023 was in line with that of 2022. In particular, the Italian plant recorded a -3% decrease in the number of units produced, compared to the previous year, while the plants located in Mexico and Argentina achieved an increase of 6% and 10% respectively compared to 2022. By contrast, the output of the Group's other production plants remained virtually unchanged.

The Mexican facility produced about 43% of the Group's total production (Alfaparf Milano and Third-Party Customers products), followed by the Italian plant (about 32% between own-brand and third-party products) and the Brazilian plant (21%).

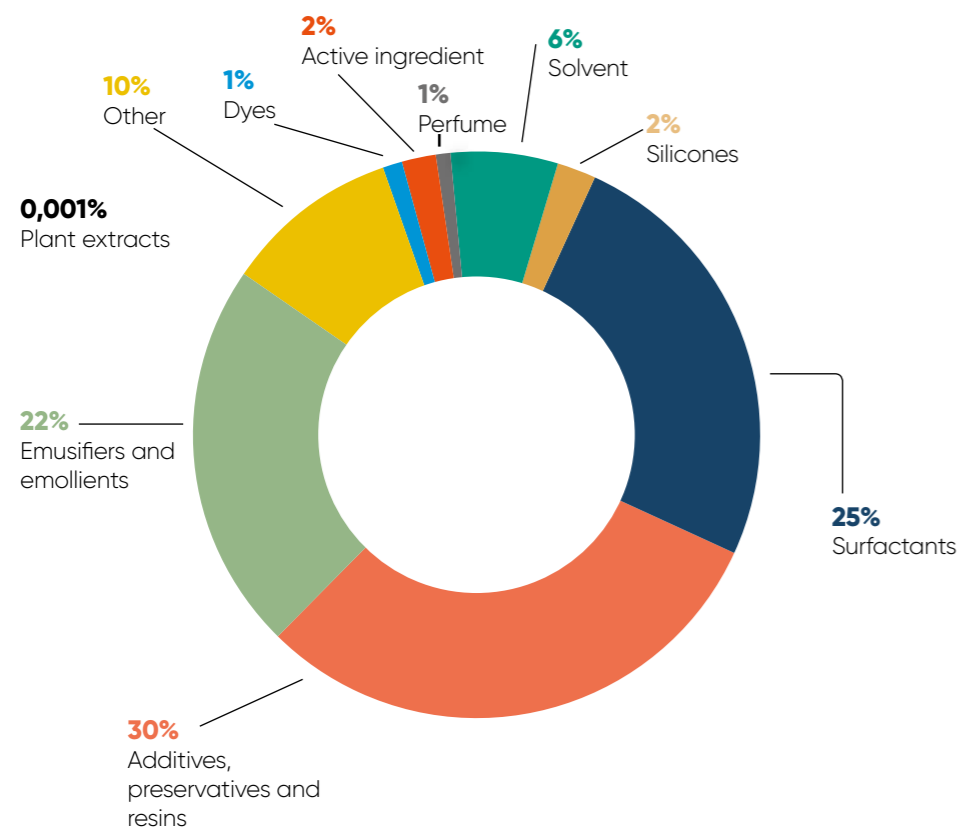
Ingredients

In order to offer the market products with high-performance, safe formulations and a high quality standard, Alfa Parf Group has made the research, selection and knowledge of raw materials one of its strengths. This distinctive feature is recognised by the reference markets, and is also due to the fact that the R&D laboratories conduct chemical and physical analyses on the ingredients, in order to better assess their composition and quality standards.

With regard to the classification of raw materials used in the production cycle, there are a large number of fragrances (perfumes) and active ingredients, which are key categories for the positioning and recognition of Alfaparf Milano products and brands. This leads to a natural increase in the number of codes belonging to these types of ingredients, in an amount proportional to the development of brands and Third-Party Customer business and thus constitutes an indicator of the development of new references and, secondarily, of the business itself.

The information and characteristics of all ingredients purchased, as well as the approval of alternative suppliers in order to ensure supply continuity, are constantly managed and monitored thanks to a database implemented since 2021. In addition to procurement, the database allows monitoring documentation, protocols and test management, including the results of analytical tests performed. In addition, in order to collect and analyse information regarding the CLP classification of substances and mixtures for the safety of the raw materials used, in 2022 Alfa Parf Group acquired licences and implemented specific software that allows the risks associated with certain raw materials to be monitored and that indicates the protective equipment needed to handle them. Analytical testing activities continued regardless, in order to support the classification of products and bulk in the cases where the CPL software did not provide a level of information deemed sufficient for full ingredient knowledge. Activities implemented in 2021 and 2022 were continued in the year 2023.

Ingredients in 2023 by type



Ingredients purchased, broken down by macro-category and origin (tonnes)

31.12.2023*	Ingredients derived from non-natural raw materials	Ingredients derived from natural raw materials	Total	Ingredients from certified resources (Natrue, RSPO, Cosmos)
Dyes	91.9	0.3	92.3	0.1
Active ingredient	169.3	57.2	226.5	22.6
Perfume	108.1	8.2	116.3	4.2
Solvent	417.7	106.7	524.4	55.4
Plant extracts	91	0.3	93	0.1
Silicones	151.7	1.4	153.1	0.1
Surfactants	1,417.2	953.6	2,370.9	647.5
Additives, preservatives and resins	2,328.3	521.7	2,850	65.6
Emulsifiers and emollients	860.5	1,245.3	2,105.8	242.9
Other**	970.1	-	970.1	-
TOTAL	6,524	2,894.7	9,418.7	1,038.4

31.12.2022	Ingredients derived from non-natural raw materials	Ingredients derived from natural raw materials	Total	Ingredients from certified resources (Natrue, RSPO, Cosmos)
Dyes	100.0	0.6	100.6	0.2
Active ingredient	236.3	80.6	316.9	24.6
Perfume	112.3	2.4	114.7	5.6
Solvent	540.2	127.4	667.6	79.6
Plant extracts	4.3	0.5	4.7	0.1
Silicones	211.2	2.4	213.6	-
Surfactants	1,306.9	1,067.3	2,374.3	1,053.5
Additives, preservatives and resins	2,765.1	915.6	3,680.7	70.7
Emulsifiers and emollients	1,030.1	1,501.9	2,531.9	374.6
Other	0.1	-	0.1	-
TOTAL	6,306.4	3,698.6	10,005.1	1,608.9

31.12.2023	Ingredients derived from non-natural raw materials	Ingredients derived from natural raw materials	Total	Ingredients from certified resources (Natrue, RSPO, Cosmos)
Dyes	94.6	0.5	95.0	-
Active ingredient	279.5	64.2	343.7	21.7
Perfume	99.7	0.5	100.2	7.7
Solvent	421.6	112.3	533.9	60.1
Plant extracts	4.0	0.4	4.4	0.1
Silicones	159.2	-	159.2	-
Surfactants	1,056.6	909.9	1,966.5	947.8
Additives, preservatives and resins	2,115.0	820.2	2,935.2	48.4
Emulsifiers and emollients	789.4	1,438.2	2,227.6	383.2
Other	-	-	-	-
TOTAL	5,019.6	3,346.1	8,365.7	1,469.0

* In line with the previous year, since the company Tricobiotos S.p.A. was acquired in 2022 and the company does not have all the required information on the naturalness of ingredients, as a precautionary measure it was decided to indicate all the ingredients purchased by the company as being of non-natural and non-certified origin also for 2023. The data for natural and certified ingredients reported are therefore directly comparable with those for 2022 and 2021. The Group is committed to implementing the database and the best practices adopted by the Parent Company in the near future, including in newly acquired companies, in order to ensure complete and comparable information, as well as economies of scale.

** With regard to the company Tricobiotos, the item 'Other' includes the following ingredients: buffering/pH regulating agents, organic chelators, mattifying/perlating agents, sunscreens, paraffins, film-forming/fix/cond. agents, proteins, reducing agents, antioxidants, oxidants, esterquats, consistency factors, lanolins and vegetable oils/butters.

A total of just under 10,000 tonnes of ingredients were purchased in 2023, a slight decrease of about 6% compared to 2022, due to the full resumption of production activities and the boost in business, which recorded a strong increase, as well as the inclusion of Tricobiotos in the reporting scope.

The Group’s commitment to the use of naturally derived and/or certified ingredients in skin and hair formulations continues. In 2023, the purchase of ingredients of natural origin dropped compared to 2022, which, considering the total purchase, represent 31% of the total ingredients purchased for the production of Alfaparf Milano products and Third Party Customers. Certified origin ingredients, which account for 11% of total purchases, also fell by 5 percentage points compared to 2022.

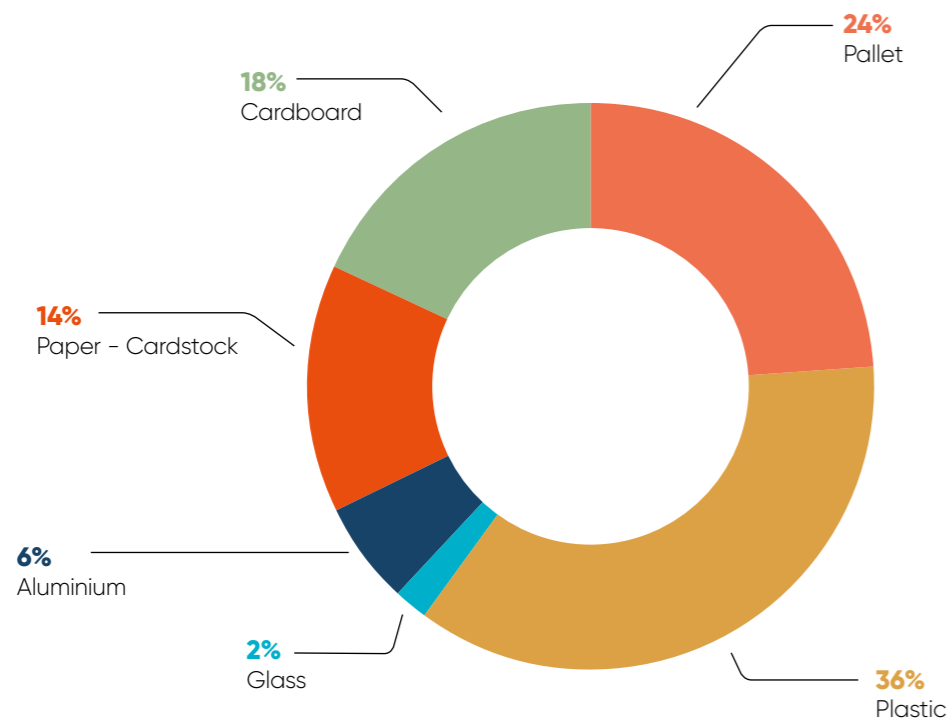
In particular, with regard to emulsifiers and emollients, additives, preservatives and resins, and surfactants, which account for about 75% of the total ingredients purchased in 2023, the proportion of natural and certified raw materials is 38% and 14%, respectively.

PACKAGING

All the materials that make up the packaging of Alfaparf Milano products fall into the macro-categories defined in the international environmental field and are considered recyclable at the end of their service life, in accordance with environmental recycling standards. All the packaging in contact with the product is in compliance with regulations in cosmetics and the laws and regulations of each country where the products are marketed.

As in 2022, a great deal of attention was paid to the use of sustainable packaging throughout 2023, in particular the use of recycled plastics (PCR and PIR) was increased, as well as aluminium from industrial recycling and FSC-certified paper and cardboard from recycling chains. In addition, the first compatibility studies were carried out for the use of post-con-

Materials used for packaging in 2023



Packaging materials purchased, broken down by macro-category and origin (tonnes)

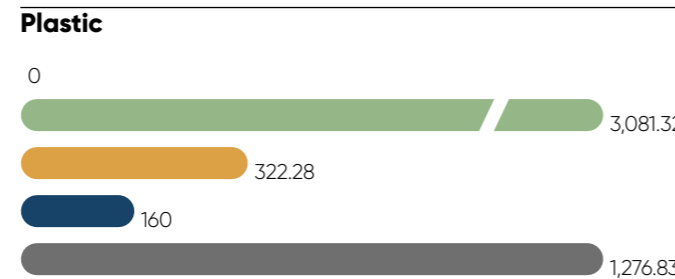
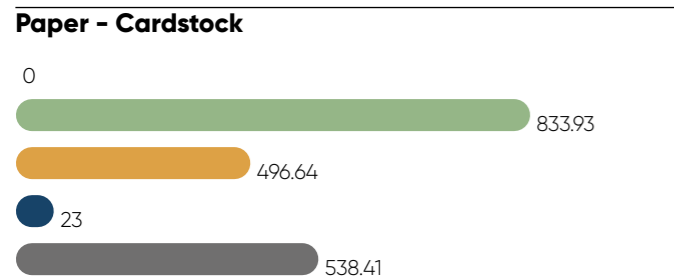
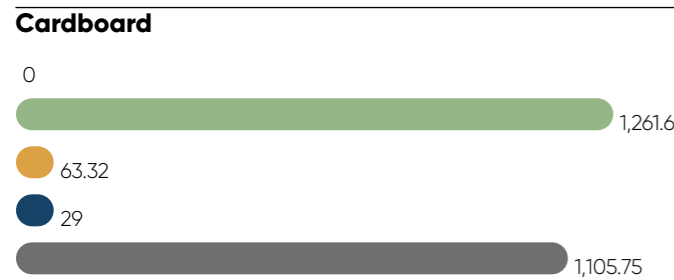
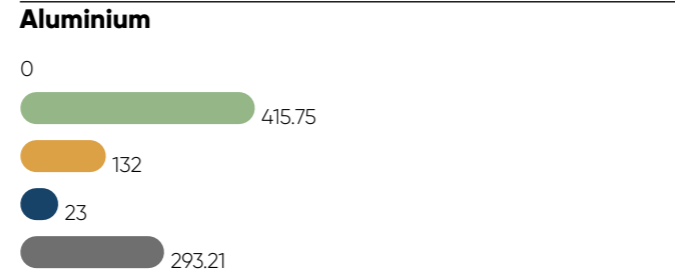
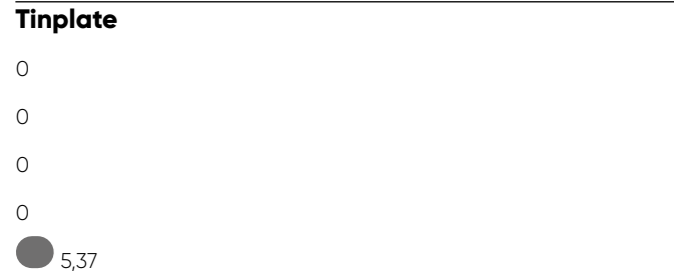
31.12.2023	Packaging derived from non-renewable materials	Packaging derived from recycled materials	TOTAL	Percentage of recycled materials purchased for packaging	Packaging from certified sources (PIR, PCR, FSC)
Plastic	4,720	124.1	4,844.1	3%	60.3
Glass	203.1	9	212.2	4%	-
Aluminium	581.9	283	864.9	33%	105
Paper - Cardstock	1,136	759.4	1,895.4	40%	392.9
Cardboard	2,130.1	334.2	2,464.3	14%	585.7
Tinplate	6.7	0.1	6.8	1%	-
Tubes in laminated material	-	-	-	-	-
Pallet	3,268.8	-	3,268.8	0%	-
TOTAL	12,046.6	1,509.8	13,556.4	11%	1,143.9

31.12.2022	Packaging derived from non-renewable materials	Packaging derived from recycled materials	TOTAL	Percentage of recycled materials purchased for packaging	Packaging from certified sources (PIR, PCR, FSC)
Plastic	6,942.3	121.6	7,063.9	2%	78.3
Glass	216.6	14.6	231.2	6%	-
Aluminium	467.8	218.5	686.3	32%	-
Paper - Cardstock	1,176.3	554.8	1,731.2	32%	943.8
Cardboard	906.9	865.7	1,772.5	49%	807.0
Tinplate	11.0	-	11.0	0%	-
Tubes in laminated material	0.2	-	0.2	0%	-
TOTAL	9,721.1	1,775.1	11,496.2	15.4%	1,829.1

31.12.2021	Packaging derivanti da materie prime non rinnovabili	Packaging derivanti da materie prime riciclate	TOTAL	Percentuale di materiale riciclato acquistato per il packaging	Packaging provenienti da fonti certificate (PIR, PCR, FSC)
Plastic	3,379.57	22.29	3,401.86	1%	-
Glass	172.00	14.59	186.59	8%	-
Aluminium	453.27	184.13	637.40	29%	-
Paper - Cardstock	888.50	585.62	1,474.12	13%	884.84
Cardboard	820.85	795.12	1,615.97	35%	731.48
Tinplate	0.91	0.00	0.91	0%	-
Tubes in laminated material	-	-	-	-	-
TOTAL	5,715.11	1,601.75	7,316.86	13.5%	1,616.3

Packaging materials in 2023 by type and production site (tonnes)

- Venezuela
- Mexico
- Brazil
- Argentina
- Italy



sumer aluminium. In support of this choice, quality, stability and compatibility tests were carried out in 2023 to verify the functionality of both aluminium and recycled plastic, at 50%, 70% and 100%, and 25% and 50% respectively. In addition, the Mexican subsidiary conducted all quality, stability and compatibility tests during 2023 to verify the functionality of using 25% and 50% recycled plastic in peroxide, shampoo and treatment bottles. In 2023, a total of about 13,500 tons of packaging materials were purchased, of which 1,174.7 tons were purchased by Tricobiotos S.p.A., an increase of 18% compared to 2022. The most commonly used materials are plastic for jars and bottles, accounting for 36% of the total weight purchased, followed by paper and cardboard (about 30%), used for most secondary packaging. As regards Dea, the size of the pallets was changed in 2023 in order to improve and increase warehouse capacity. This resulted in a significant increase in the

FOCUS ON

SEMI DI LINO NO METAL

Winner of the first prize at The Procurement Awards 2022 in the category 'Innovation in Procurement', the No Metal project involved the elimination of the metallised finish from the packaging closures of Semi di Lino retail products. The benefits associated with this project are tangible:

- A. Recyclability:** the mechanical recycling process of the product is facilitated thanks to the absence of metallised components, as mechanical recycling technologies do not universally allow the separation of multi-materials without compromising the quality of the regenerated granule.
- B. Reduction of consumption and CO₂ emissions:** the project drastically reduced consumption related to the transport (both intra-group and with suppliers) of metallised components, with a consequent reduction of connected greenhouse gas emissions.

The project continued during 2023 with the restage of one of the most recognisable and important packaging components among Alfaparf Milano products: the overcap of the Semi di Lino Cristalli Liquidi. The current capsule made of Polypropylene and fully metallised in Silver was replaced with a version made of PMMA. PMMA is a thermoplastic polymer that is highly transparent, has exceptional light transmission capacity and good resistance to atmospheric and chemical agents, it is recyclable and does not harm the environment. For these reasons, it can be

considered the 'light' alternative to glass. The choice of an alternative raw material that combines 'beauty' and improvement of the environmental impact of Alfaparf's flagship product, is the clearest example of what the Group means by commitment to pursuing all-round sustainability. As a result of the project's implementation, we estimate a reduction in lead time from 120 to 60 days, a reduction of 190 kg of plastic as well as a reduction in energy consumption of about 100 kWh and a reduction in CO₂ emissions of 3800 kg, water consumption of 2,000 litres and 35,000 litres of diesel.



FOCUS ON

OLOS WITH LIFE GATE TO REDUCE THE ENVIRONMENTAL IMPACT OF ITS PACKAGING

Thanks to its partnership with LIFE GATE, OLOS has chosen to implement concrete actions to reduce the environmental impact and compensate for CO₂ emissions from the production of the packaging of face and body products dedicated to the consumer. In three years OLOS has achieved total CO₂ emissions of 55,586 kg, which were compensated by funding certified projects for climate and environmental protection in Madagascar. With this initiative, OLOS has contributed to the conservation and protection of an area of 48,661 square metres with around 7,486 trees.

OLOS followed the steps below to participate in this project:

1. study of lightweight packaging made of recycled and recyclable raw materials;
2. estimation of greenhouse gas emissions generated by packaging using a scientific method based on life cycle assessment (LCA);
3. offsetting of calculated emissions with the purchase of carbon credits generated through the creation and protection of growing forests in Madagascar.

In 2024, OLOS will also be part of LifeGate's WATER DEFENDERS ALLIANCE, which is designed to protect and safeguard our waters. The floating Seabin, located at the Chiaiolella Yachting Club on the Island of Procida, can operate up to 7 days a week, 24 hours a day, and is able to collect plastics, microplastics and microfibres.



amount of packaging from non-renewable raw materials, with a 4 percentage point reduction in recycled materials used for packaging (compared to 15.4% in 2022).

Regarding certified materials, in general, 8% of the materials used for the primary and secondary packaging of Alfaparf Milano products are certified. In particular, 22% of paper and cardboard is FSC certified, a reduction from previous reporting periods. Furthermore, the Group is also starting to pay attention to the use of PCR (Post Consumer Recycling) and PIR (Post Industrial Recycling) certified plastics, an activity that will continue in the coming years.

The Group continues its efforts to reduce the environmental impact of its packaging by acting on four fundamental guidelines, in line with last year:

1. Elimination of unnecessary packaging. 2023 saw the continuation of activities related to the elimination of unnecessary packaging of a large part of the Alfaparf Milano brand lines and products through the replacement of physical components with digital solutions (e.g., leaflets containing all product information and how to use it are replaced by QR codes), or by eliminating plastic shrink wrapping.

2. Lower packaging weight and, in some cases, replacement of packaging. The best packaging is 'no-packaging'. The Group has focused on lowering the weight of primary packaging in recent years, together with the use of an increasing percentage of recycled materials. The project launched to ensure a reduction in the weight of plastic used for shampoo and conditioner bottles continued during 2023. Wherever possible, efforts have been made to remove 'superfluous' and unnecessary packaging, by introducing reverse printing or QR codes with descriptions instead of leaflets.

A study was also launched to reduce the weight of the cardstock used for the dye boxes of all Alfaparf Milano brands, moving from the current GD2 or GT2 320g/m² to a GD2 300g/m² of equal technical quality. The resulting benefits are multiple: from a reduction in the cost of raw materials to lower production costs for suppliers and, therefore, for customers, lower logistical and transport costs, and a roughly 7% reduction in the weight of cartons, equating to an estimated saving of at least 15,000 kg of paper each year (out of 20 million pcs).

3. Use of recycled and recyclable materials. During 2023, a process for standardisation of the primary and secondary pack sizes was started: aluminium tubes and cardboard cases (strictly all 100% recycled and, for paper, FSC). This initiative has allowed us to optimise several processes:

- **Design:** standardising the formats of aluminium tubes and cases allows us to proceed more quickly with the technical and graphic development of our own and third-party brands;
- **Negotiation:** a more effective economy of scale is very 'simply' implemented by significantly increasing the purchasing power of Corporate Procurement, which is enabled to negotiate efficient and effective global contracts, then cascading to local departments;
- **Supply:** suppliers can significantly reduce lead-times by expanding and optimising their production runs and, above all, manage a single type of raw material (aluminium pellets or cardboard) thus improving their supply, cost and production processes in the chain.
- **Flexibility:** suppliers can at any time move production from one brand to another, including between different subsidiaries, according to Alfaparf's needs and urgency without impacting cost and lead time;
- **Production:** operations can rely on standardised and fully compliant packaging in each subsidiary and for each brand, own or third-party, improving efficiency and consequently reducing costs and production time;
- **Quality:** the rate of non-conformity is reduced due to standardised formats, enabling suppliers to produce on a larger scale, optimise makeready, and correctly set up printing presses with low time and cost impact.

4. Offsetting CO₂ emissions from packaging where no further reduction is possible. For both of Alfaparf Milano's sustainable brands - Olos for skincare and Benvoleo for haircare - it was decided to calculate and offset the CO₂ emissions associated with the production of the packaging materials used for all the ranges.

Alfa Parf Group is therefore committed to a better future, moving forward in the process of eliminating cellophane and superstructures in packs. Wherever possible, choosing promotional items made of sustainable materials is highly crucial.

Technical and Promotional Items

The Group makes conscious and responsible choices when sourcing technical and promotional items, choosing recycled materials and certified partners for the supply of tools and accessories to its hairdressers and beauticians.

Starting in July 2022, the technical tools essential for colour services and beyond supplied to professional customers, such as bowls, brushes, bottles, colour aprons and capes under the Alfaparf Milano Professional and Yellow Professional brands, have been made of 100% recycled plastic, while the t-shirts and colour towels are made of cotton supplied by an Oeko-Tex Standard 100 certified partner.

As far as skincare is concerned, a Global Recycled Standard and Organic Content Standard-certified organic and recycled cotton smock was created for the OLOS brand in 2022. The organic cotton rules ban hundreds of toxic substances and lay down strict regulations to protect both the land where the cotton is grown and the conditions of the workers.

As for the gadgets that accompany the beauty routine of Alfaparf Milano brand products, the trend is to choose accessories that are functional but at the same time environmentally



friendly thanks to the use of recycled plastic, or the replacement of disposable accessories with reusable versions.

The use of recycled and recyclable materials is also favoured in communication and display materials. In particular, a technical format and structure was chosen for window and counter advertising signs, minimising the use of cardboard and saving around 1,500 kg of cardboard per year. Another popular communication tool is window decals with a double image on the front and back. Thanks to careful market scouting, a 100% recyclable polypropylene substrate was identified, replacing the multilayer polystyrene that must be disposed of as unsorted waste, which will reduce the weight of each item with an estimated saving of around 5,000 kg of plastic.

PRODUCT SAFETY AND COMPLIANCE

For Alfa Parf Group, product quality and safety are two fundamental pillars of the company's operations and essential requirements for maintaining and strengthening the Group's competitive market position and reputation.

The safety of the products developed and marketed under the Alfaparf Milano brand, as well as the products for Third-Party Customers, starts from in-depth knowledge of the raw materials and the substances of which they are composed. Product safety is guaranteed by complying with European legislation on the use of raw materials and by verifying external and independent studies specialising in cosmetic product safety (toxicology) and the base formulas of the product to be made. Furthermore, by marketing its products in markets other than Europe, the Parent Company's Regulatory Department works to ensure that the regulatory requirements of foreign markets are complied with and met.

To ensure cosmetic product safety, each new item undergoes skin compatibility tests (patch tests) and preservative system resistance tests (challenge tests), as well as an assessment of the potential impact on the health and safety of the end consumer, in order to ensure maximum safety during use, also through the specific presence of warnings and directions for use.

In order to ensure an ever-increasing level of product safety, licences were acquired in 2022 for the use of software that provides access to a database on the hazard classification of substances, bulk and finished products. This software, together with the introduction already in 2021 of a professional figure within the company who is in charge of assessing product safety, makes it possible, on the one hand, to have very specific skills and to be able to use them at all times with speed and reliability, and, on the other hand, to reduce the risk of a non-compliant product being developed, produced and marketed.

Thanks to the product development procedure adopted by the Group, the constant review of formulas, declarations and information in the graphics, and all the tools and controls adopted by the Group as described above, in 2023, there were no ascertained cases that resulted in a sanction or warning relating to the health and safety impacts of the products and services offered, as well as no cases of non-compliance concerning labelling and information about the products and services offered.

IMPROVEMENT OBJECTIVES

Objective	Action/project	Deadline	Status
Eliminate paper leaflets	Elimination of 100% of paper leaflets from the cartons of colours produced by Tricobiotos, aligning them with those of Alfaparf Milano.	December 2023	Reached in 2022 and 2023 for the brands Tricobiotos and Alfaparf Milano. To be done for other new acquisitions
Increase the use of certified and/or recycled paper and cardboard	Replacement of virgin cardboard in Tricobiotos branded colour cartons with 90% to 100% recycled and FSC-certified paper.	December 2023	Completed in 2023 for Tricobiotos
Reduce the use of plastic and unnecessary packaging components in skincare lines	Eliminate unnecessary packaging, resulting in a reduction in the use of plastic, from Becos and Ten Science brand products, such as cellophane and shrink-wrapping, and introduce more sustainable anti-burglary devices (application of anti-burglary stickers).	December 2023	Completed
Obtain PSV (Plastic Second Life) certification	Acquire, through cooperation with manufacturers and suppliers, PSV certification for the main primary packaging (bottles, jars, caps) in order to ensure the identification, traceability and percentage content of recycled plastics from post-consumer or pre-consumer waste or their blends for packaging production. Specifically, the PSV logo will certify that the packs subject to certification will be made from at least 30% polymers derived from separate waste collection.	December 2024	Underway
Use recycled plastic for cream activators	Study and identification of commercial partners capable of blowing multilayer HDPE bottles to make 30% to 50% recycled plastic bottles for oxygen/cream activators, without compromising product and end-user safety.	December 2024	Underway
Increase the use of recycled plastic	Create packaging with an increased percentage of PCR (Post Consumer Recycling) recycled plastic.	Medium to long term	Underway



INTELLECTUAL CAPITAL

Sustainability Plan

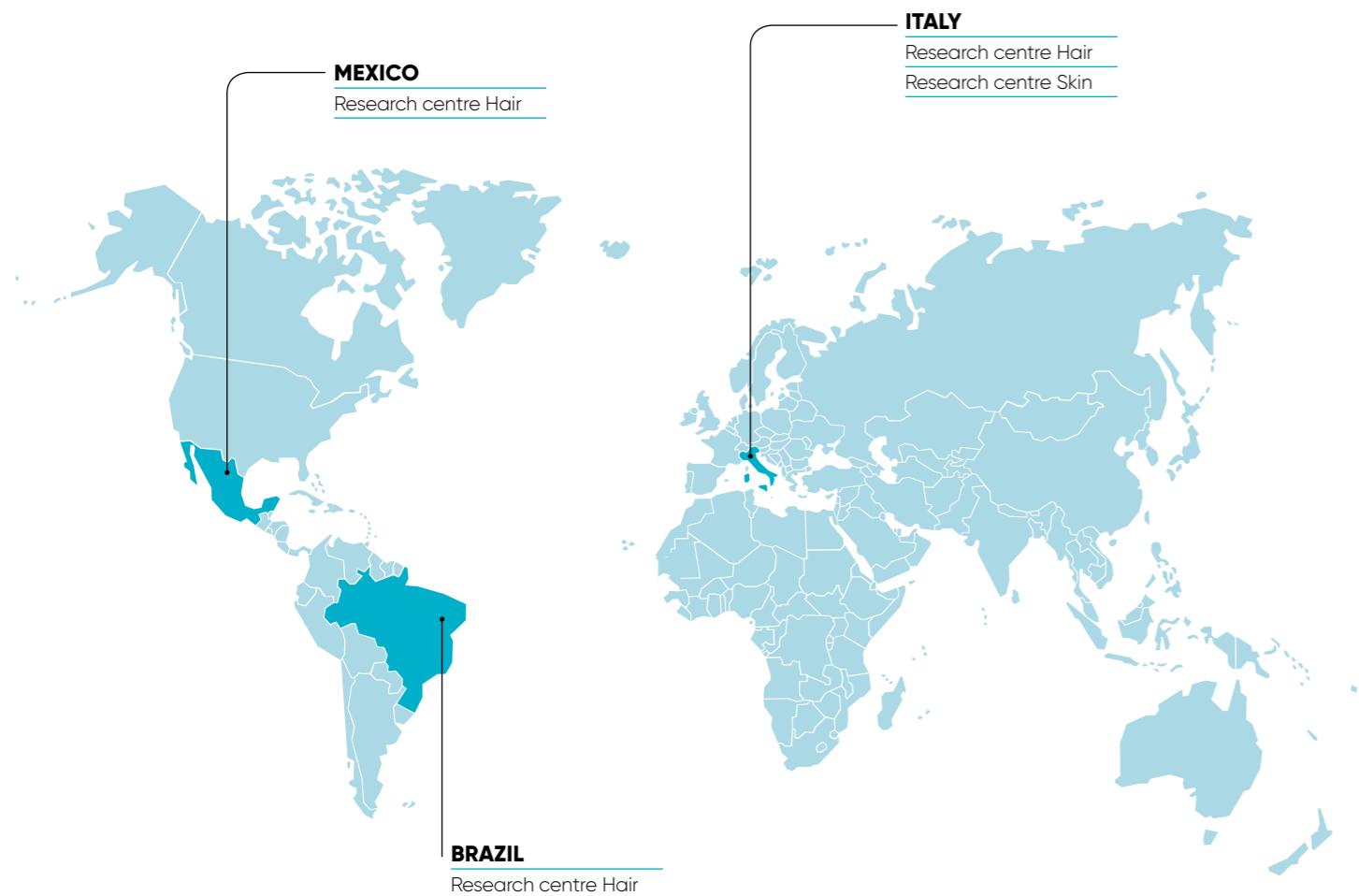
Creating long-term value through innovation



RESEARCH CENTRES

The Group's goal is to create safe, high-quality, high-performance products. Research and development, as well as an orientation towards innovation, are part of the Alfa Parf Group's identity and have always been distinctive features of the Group in its market.

Working alongside professionals from all over the world has allowed us to develop the ability to seize new trends and channel them into the research and development of new products, treatments and services to be offered to professional and non-professional customers. Moreover, the Third-Party Customer division has always been a powerful driver of growth and improvement for Alfa Parf Group: the search for evermore innovative, high-performance and sustainable proposals and solutions contributes to stimulating and strengthening the continuous improvement process that characterises the Group.



To date, the core of Research and Development is conducted at the laboratory in Osio Sotto (Bergamo), headquarters of the Parent Company, where raw materials are evaluated and selected, product formulas are studied, and tests are carried out through a technical centre for Haircare and a pilot centre for Skincare. In addition to the central laboratory, Alfa Parf Group has three further research centres, of which another located in Italy at the headquarters of the newly acquired Tricobiotos, one in Mexico and one in Brazil. In addition, the Group also conducts research on machinery for professional beauty centres through the company Dea Project S.r.L.



RESEARCH AND DEVELOPMENT

In addition to safety, quality and performance, consumer attention is also increasingly shifting to the search for products with clean, natural, organic, vegan and biodegradable formulations. To respond to these new needs, Alfa Parf Group's strategy focuses on two main activities: the expansion of its offer with the launch of new sustainable brands and lines - a clear example of this is the skincare brand OLOS, the restaging of which took place in 2021, and the launch in March 2023 of the haircare brand Benvoleo - on the one hand, and the gradual introduction of sustainability elements in the lines currently in the portfolio on the other - for example the use of natural ingredients, removal of metal in the Semi di Lino line or the use of high percentages of plastic for the jars and bottles of both skin and hair products.

One of the Group's strengths is the constant search for high-quality, high-performance and innovative formulations, without neglecting the protection of the planet. Precisely for this reason, starting in 2020 Alfa Parf Group decided to calculate the percentage of naturally derived ingredients (Natural Index) in its formulations using the criteria established in ISO 16128. In addition, in order to maintain the control and monitoring of ingredients and raw materials, a database has been implemented for all Group production plants indicating, for each item and supplier, whether the ingredient is of natural derivation, of renewable origin and has sustainability characteristics and certifications (COSMOS, NATRUE, RSPO, etc.). This database, which will also be implemented in the newly acquired companies in the near future, is an important tool to improve the management of the formulation process, to monitor the trend of raw material purchases at Group level, especially in relation to sustainability characteristics, and to calculate the natural index of products.

The most innovative projects developed in 2023 include the haircare product line of Benvoleo, a new Alfaparf Milano brand with a 'natural' positioning, and the skincare product line of Solarium.

All Benvoleo's assets are characterised by a low environmental impact thanks to biodegradable formulations



with a high natural index and reduced water impact, and essential, lightweight packaging made of recycled and recyclable raw materials.

Solarium Sun Lovers is the Alfaparf Milano sun protection product line that uses specially designed and selected screens to have the least possible impact on the marine environment. In addition to the impact of the sun screens, great attention has been paid to formulations that provide high UVB and UVA protection and offer high resistance to seawater, making the products very high-performance and designed to have a limited impact on the marine environment.

Research and development not only concerns formulations but also the identification and development of analytical methods to support new claims. Two new methods were developed in 2022 to investigate the properties of hair in terms of both the oxidative level of bonds and their cross-linking, including weak bonds, in the cortex of the hair fibre.

FOCUS ON

2023 PATENTS AND INTELLECTUAL PROPERTY

In order to protect research and development in the field of innovation, Alfa Parf Group carries out targeted patenting. Patents, in fact, are one of the Group's forms of protection, even if the quicker defensive tactic of publications is often preferred. In 2023, a new patent was filed to protect a chemical composition for hair colouring which includes a special, innovative ingredient that allows greater stability of the dyes in the formula over time.

IMPROVEMENT OBJECTIVES

Objective	Action/project	Deadline	Status
Strengthen the support of performance claims	Strengthen new instrumental protocols to study and support product development and performance claims	Underway	Achieved by 2023, but to be further enhanced



FINANCIAL CAPITAL

Sustainability Plan

Creating long-term value through innovation



OPERATING PERFORMANCE

The Group's second pillar of the Sustainability Plan - Economic Sustainability - has the macro-objective of creating long-term value through innovation. Alfa Parf Group pays particular attention to its ability to create value not only in terms of profit, but also in terms of generating wealth and employment within the social fabric where the Group is embedded.

INCOME STATEMENT*

(€/000)

	31.12.2023	31.12.2022	31.12.2021
Ordinary revenues	387,096	335,117	269,086
EBITDA	77,958	69,609	57,797
EBITDA %	20%	21%	21%
EBIT	52,433	54,555	50,634
EBIT %	14%	16%	19%
Financial charges	2,814	(6,024)	(3,370)
EBT	55,247	48,532	47,264
EBT %	14%	14%	18%
Taxes for the year	(19,672)	(18,891)	(16,521)
Profit (loss) for the year	35,022	29,299	30,660
Profit (loss) minority interest share	553	342	83
NET INCOME	35,575	29,641	30,743
NET INCOME %	9%	9%	11%

*The income statement has been reclassified according to IAS/IFRS international accounting principles.

Revenues by geographic area and by division

(€/000)

31.12.2023	HAIR*	SKIN**	OTHER	TOTAL
EMEA and Asia Pacific	136,956	30,074	7,489	174,519
USA	65,394	110	-	65,504
Latin America	146,569	504	-	147,073
TOTAL	348,919	30,688	7,489	387,096

31.12.2022	HAIR*	SKIN**	OTHER	TOTAL
EMEA and Asia Pacific	98,871	28,902	5,173	132,946
USA	59,163	182	-	59,345
Latin America	142,446	380	-	142,826
TOTAL	300,480	29,464	5,173	335,117

31.12.2021	HAIR*	SKIN**	OTHER	TOTAL
EMEA and Asia Pacific	132,946	77,767	29,107	106,874
USA	59,345	53,229	273	53,501
Latin America	142,826	108,349	362	108,710
TOTAL	335,117	239,345	29,741	269,086



*Includes the Haircare and Third Party Customers divisions.

**Includes Skincare and Tech divisions.

APPROACH TO TAXES

The Group maintains relations with local authorities and national institutions that are based on transparency and compliance with the various regulatory requirements. Task risk management is defined by taking into account the Organisation and Management Model pursuant to Italian Legislative Decree 231 adopted by the Italian subsidiary Beauty & Business S.p.A., which includes periodical communication to the Supervisory Body on compliance with tax deadlines and any communications received from the tax authorities.

Group tax management is carried out independently by the individual foreign subsidiaries with coordination by the Corporate Tax Department, in order to ensure compliance with tax regulations in all countries where the Group operates. The department oversees tax processes for the Group's Italian companies, including by updating procedures and policies, such as those relating to the issuance of credit notes, the distribution of assets or existing policies, working closely with the business and supporting it in managing the tax issues inherent in the business model. In addition, the tax authority is not involved in the definition of the tax system since there are no requirements as for joining the cooperative compliance regime.

Tax impacts are duly taken into account when drafting corporate strategic and operational plans and are an essential element in assessing the resulting economic and social impact. The Group's objective is to strengthen its tax control by improving governance and mitigating possible risks through risk assessment and gap analysis, developing optimisation tools with the aim of comparing the tax burden of the Group's companies, highlighting the relative deviations from the theoretical tax rate established by local regulations, and identifying the relative causes and any anomalies.

For the purposes of Italian Legislative Decree 231/01, which also includes tax offences, periodic communications are made to the Supervisory Board informing them of compliance with tax deadlines and any communications received from the Financial Administration. The aim is to strengthen tax supervision by improving governance through risk assessment and gap analysis to identify possible risks, and the development of mitigation tools such as, for example, the introduction of management reports to assess the tax burden. In fact, this tool makes it possible to compare the actual tax rates of the group companies. It highlights the relative deviations from the theoretical rates laid down by local regulations and identifies their causes and any anomalies.

In order to improve tax governance controls, a tool implemented by an external provider to manage the monitoring of tax compliance, with particular reference to direct taxes, was introduced for all Group subsidiaries in 2022. In the course of 2023, the tax tool was also extended to include the management of indirect tax due dates and will be extended to the newly acquired group companies.

CREATING VALUE FOR STAKEHOLDERS

The Economic Value generated by the Group in 2023 amounted to Euro 407.3 million and refers to the Production Value as per the Financial Statements (Revenues and Other Operating Revenues), net of credit losses and supplemented by financial income.

Most of the Economic Value generated was distributed to the various stakeholders with whom Alfa Parf Group came into contact in the course of its business. In fact, the Economic Value distributed in 2023 amounted to Euro 343.6 million, representing about 84% of the Economic Value Generated which, in addition to covering the operating costs incurred during the year, was used to remunerate employees, lenders, the public administration and the community, understood as donations made.

The Economic Value Retained, equal to Euro 63.8 million (16% of the Economic Value Generated), includes depreciation and amortisation of tangible and intangible assets as well as deferred taxation. It represents the total financial resources allocated to the Group's economic growth and asset stability.

Reclassification of the income statement

(€/000)

	31.12.2023	31.12.2022	31.12.2021
Revenues	387,096	335,117	269,086
Other income	5,125	6,784	4,928
Financial income	15,111	4,404	1,456
Total economic value generated by the Group	407,332	346,305	275,470
Operating costs	220,936	192,496	151,296
Staff remuneration	92,855	78,476	64,460
Remuneration of lenders	9,743	11,333	5,001
Remuneration of Public Administration*	19,672	18,891	16,521
Donations	370	294	178
Total economic value distributed by the Group	343,577	301,490	237,457
Economic value retained by the Group	63,755	44,815	38,013

* Public Administration remuneration also includes deferred taxes.

SUPPLIERS

Alfa Parf Group directly controls the entire value chain, from research and innovation to the production, marketing and distribution of its products worldwide. The Group is equipped with a management system that makes it possible to identify the percentage of expenditure concentrated on local suppliers, as well as the weight and volume of materials purchased.

The strategic management of the procurement process is ensured by the Global Procurement Department which, thanks to a dedicated team, guarantees transparent control of the supply chain and the efficiency and traceability of the purchasing and order management process. With the aim of greater transparency and traceability of the entire purchasing process, the Group changed its world-wide purchasing procedure and, thanks to the Long* portal, was able to automate the management of orders, assess supply chain performance and, at the same time, continuously monitor the life cycle of orders.

In addition to the Corporate Department, each subsidiary has an in-house purchasing department divided by product category: raw materials, packaging, general services. The Corporate Department coordinates the local purchasing departments, although there is also a logic of competition between the different subsidiaries.

The centralisation of procurement at corporate level has led to the achievement of the correct Total Cost of Ownership (TCO), which has enabled the procurement management process to be monitored more effectively and efficiently while maintaining the highest level of product quality and delivery accuracy. The consolidation of spending and the aggregation of volumes have allowed for better, more efficient monitoring of the entire Group purchasing process, and has made it possible to benefit from greater economies of scale, create synergies between the individual subsidiaries and increase the number of qualified suppliers, stimulating continuous improvement and process standardisation.

The main advantages obtained as a result of the centralisation and actions undertaken in recent years have been:

- greater added value obtained from the adoption of Group best practices (Group benchmarks);
- consolidation of spending and aggregation of volumes, with consequent economies of scale (in terms of greater discounts linked to greater volumes ordered);
- centralised professional skills (extension of know-how) and ‘contamination’ of skills among different subsidiaries (Group power);
- opportunities for synergies between subsidiaries;
- Group suppliers oriented to improving and standardising processes and to increasing qualified suppliers.

After the acquisition of the two Tuscan companies in 2022 (Tricobiotos and Iv San Bernard), the need/opportunity to integrate the existing know-how with the new businesses by sharing successful projects while maintaining the focus on sustainability, also continued for

* Communication portal between the Italian subsidiary and its suppliers.

FOCUS ON

PILLARS OF THE GLOBAL PROCUREMENT DEPARTMENT

The entire activity of the Global Procurement Department is based on four fundamental pillars, consisting of three core actions and an opportunity:

ACTIONS

BUY RIGHT

- Competitive, transparent and traceable offer
- TCO analysis, not merely price
- Product standardisation

BUY CHEAPER

- Framework agreements with selected suppliers
- Group sourcing of raw materials with higher yields and lower production costs
- Optimisation of the quantities ordered

BUY LESS

- Lower consumption due to better production output
- “Make or buy” (in sourcing)
- Less obsolescence of raw materials

OPPORTUNITIES

BEST PRACTICES

- Identification of best practices among subsidiaries
- Sharing and implementation thereof worldwide
- Consideration of the peculiarities of individual situations

the Procurement Department. Through the continuous exchange of information, the two acquisitions have made it possible to increase the supplier fleet, gain greater market visibility and increase the knowledge of the whole Group.

Although for different reasons, 2023 was also a particularly challenging year in terms of procurement. In the first part of 2022, the tensions on the energy markets, which had already led to unprecedented price increases on the wholesale gas and electricity markets in the last quarter of 2021, were further reinforced by the war in Ukraine and the sanctions imposed by Western countries on Russia, as well as subsequently by the outbreak of war in the Middle East in 2023. Moreover, the military crisis further exacerbated an already difficult situation caused by the upward pressure on the prices of various commodities and the general distress, in terms of procurement, of certain global supply chains. Indeed, the war amplified the difficulties in the procurement of raw materials and materials, particularly for those coming from the three countries involved. In late 2023, the Suez Canal, one of the most important and strategic waterways for world trade, was the scene of repeated attacks on cargo ships. These unexpected episodes not only caused immediate security problems, but also had a profound impact on logistics and the global economy, causing higher transportation costs and significant delays in the delivery of some products (in particular raw cosmetic materials such as natural extracts and silicones and basic chemical components such as phosphoric acid and chlorine). In order to deal with this type of problem for future projects, the Group will carefully consider the possibility of shortening the production chain by trying to promote local suppliers.

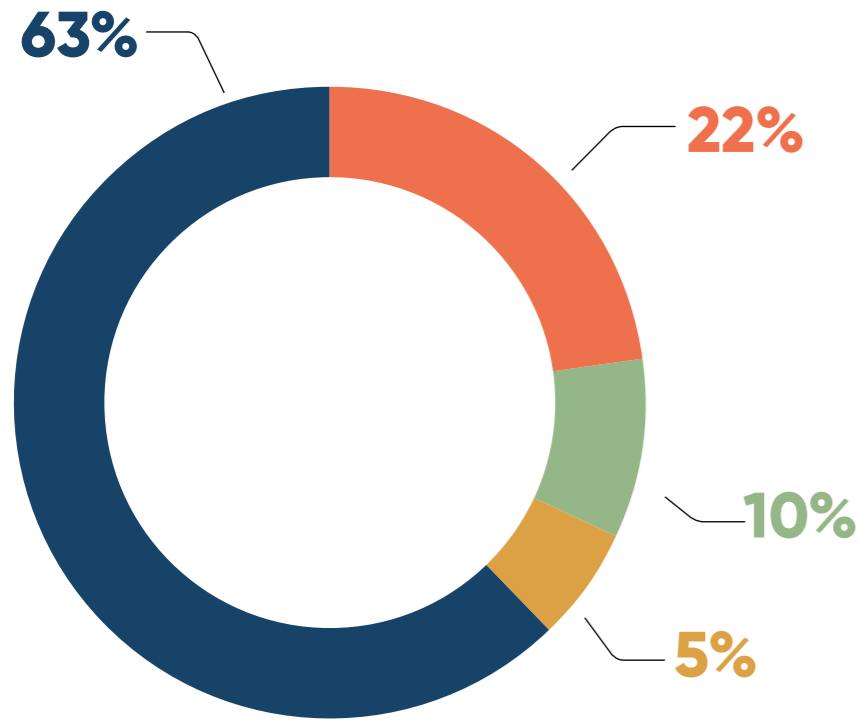
LOCAL PROCUREMENT

Although purchasing is centralised under the Global Purchasing Department, Group procurement is carried out by giving preferential treatment, with the same quality, performance and price, to local and national sales partners.

In 2023, Alfa Parf Group had business relations with more than 2,300 suppliers, with a total turnover of Euro 121.3 million (8% less than in 2022): of which 63% of the expenditure paid to local suppliers*, 22% spent on national suppliers**, 10% on continental suppliers*** and the remaining 5% on non-continental suppliers****.

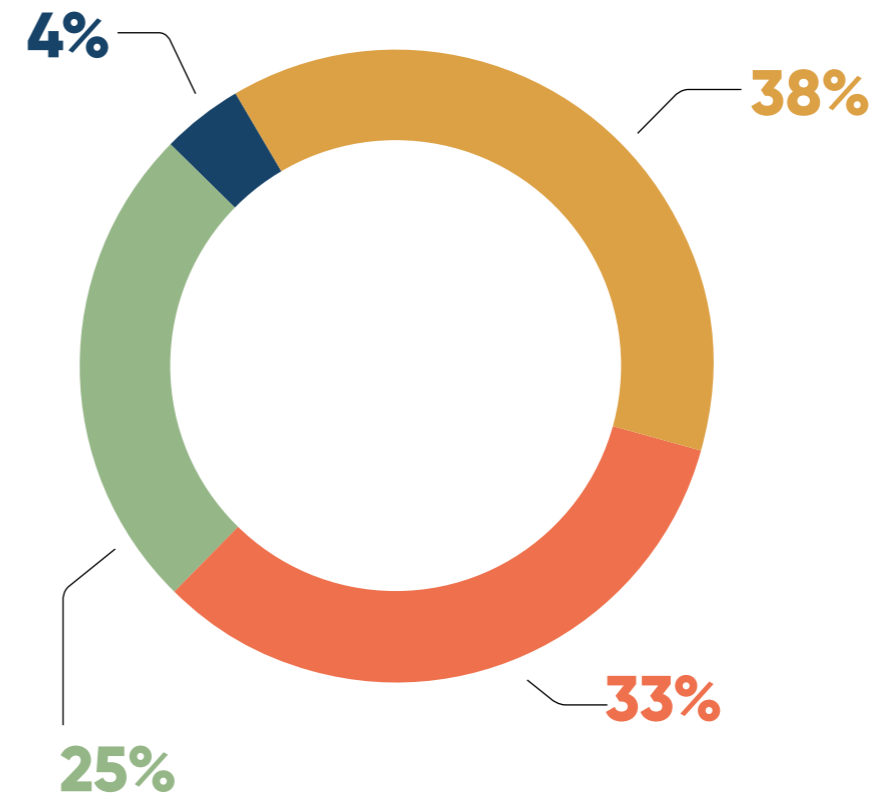
2023 Expenditure by Geographical Area

- Budget spent on local suppliers
- Budget spent on national suppliers
- Budget spent on continental suppliers
- Budget spent on suppliers located in the rest of the world



2022 Expenditure by Product Category

- Promotional materials
- Wrapping and packaging
- Raw materials
- Services and non-coded materials



* Local suppliers are suppliers who are based in the same Region/District as the site of the Group company that made the purchase.

** National suppliers are suppliers with headquarters in the same country as the site of the Group company that made the purchase.

*** Continental suppliers are suppliers with headquarters on the same continent as the site of the Group company that made the purchase.

**** Non-continental suppliers are suppliers with headquarters outside the continent in which the site of the Group company that made the purchase is present.



SUPPLIER SELECTION

Alfa Parf Group fosters and encourages business relations with partners who share the same values of ethical, social and environmental commitment. It only includes suppliers in its supply chain who have undergone a strict qualification process, in order to reduce any risks of non-compliance and be provided with guarantees of reliability, responsibility and quality. In fact, the Group pursues an all-round concept of sustainability that is effective, concrete, measurable and, where not feasible (due to technological or compatibility limitations), can be offset. The involvement of the supply chain is crucial, as it can become the most important factor in environmental issues. A sustainable supply chain makes it possible to assess the organisation as a whole, from the origin of the products to their sale.

In line with the market and economic-environmental requirements, Alfa Parf Group has chosen to adopt a proactive 4R approach when selecting its suppliers: Re-think, Re-use, Re-duce, Re-cycle. The Procurement Department thereby seeks, studies and promotes solutions in line with this guideline and selects suppliers and partners who, in the field of raw materials and industrial design, meet the fundamental requirements of:

- technological innovation, i.e., the use of state-of-the-art, low-consumption machinery, compatible technologies and the use of innovative and sustainable materials and techniques;
- packaging redesign through weight reduction, resulting in lower material consumption and improved product design, in order to reduce footprints and CO₂ emissions;
- use of raw materials with high percentages of recycled material or derived from renewable or reused sources;
- proposal of certified materials or processes (PSV Second Life Plastic, FSC paper and cardboard, etc.);
- achievement of environmental and social certifications (e.g., ECOVADIS, B-CORP, etc.).

Suppliers are not considered if they do not fulfil the above requirements; furthermore, in the contract phase all new suppliers are required to sign the Organisation Model pursuant to Italian Legislative Decree 231 that has been adopted by the Group, including the Code of Ethics.

The Group aims to improve its supplier base by selecting companies that are increasingly focused on sustainability and, where possible, certified. In particular, the aim is to procure from suppliers, at least those working in the papermaking industry, through which, in addition to the FSC standard, the following certifications can be claimed:

- **ECO PRINT:** one of the first ECO-friendly print process certifications. It aims to provide guidelines for graphic design companies that seek to reduce the impact of their printing activities on the environment by providing a clear and verifiable standard. The eco-print standard considers the entire production cycle from the raw materials used such as paper and inks, to the actual printing, finishing and packaging and transport of the finished packaging.
- **GREEN ENERGY:** certification of electricity produced from renewable sources. Electricity is certified through Guarantees of Origin (GO) as per ART-ELT Resolution 104/11 of 28/07/2011.

To make supplier selection even more effective, the existing qualification procedure includes two main steps when initial contact (economic bid) is made with a new supplier:

- sending a pre-qualification questionnaire containing a series of ethical-social questions in order to assess the supplier's approach to these issues from the very first contact;
- once the answers to the pre-qualification questionnaire have been assessed, the economic bid is evaluated and the financial position of the individual supplier, company organisation, certifications held, policies and activities in place in the area of sustainable development and safety are examined.

The implementation of a new 'e-procurement' portal is also underway in order to reach and monitor an increasing plethora of suppliers. The portal will allow for cross-level comparisons and simulations to identify and select the best suppliers. In addition, for each type of order, it will be possible to define the actions and return information that will need to be requested from each trading partner such as, for example, confirmation on quantities and delivery date.

Requests for quotations (RFQs) will also be sent through the e-procurement platform to suppliers involved in a tender or a purchase analysis*.

Business relations were established with 811 new suppliers in 2023, 96% of whom were evaluated according to ethical and social criteria.

IMPROVEMENT OBJECTIVES

Objective	Action/project	Deadline	Status
Implement the tax risk control system	Implementation of the TCF (Tax Control Framework), an internal control system for the identification and continuous monitoring of tax risks affecting administrative and business processes. The implementation of this tool will reinforce mitigation safeguards for tax offences relevant for the administrative liability of entities pursuant to Italian Legislative Decree 231 and will provide reputational benefits related to tax transparency measures and the prevention of tax fraud.	December 2024	The first phase of the preliminary check-up project, with reference to the existing procedures adopted by Corporate, is being carried out
Develop partnerships with suppliers	Develop partnerships with manufacturers and/or suppliers to promote the production and use of recycled materials in packaging development.	Ongoing	Achieved by 2023
Improve the supplier management process	Adopt a supplier management system that allows periodic verification of the performance (including sustainability performance) of supply chain actors, control of relevant documentation, and on-site audits.	December 2024	In progress

* In 2024, the e-procurement software Ivalua will be implemented (initially in Italy and later also in the various subsidiaries), allowing to enhance transparent communication with suppliers, information gathering and service assessment.



NATURAL CAPITAL

Sustainability Plan

Mitigating climate change



MANAGING ENVIRONMENTAL IMPACTS

Alfa Parf Group is committed to conducting its business in an environmentally sustainable manner, limiting the negative impacts of its activities, preserving biodiversity, protecting ecosystems and minimising the consumption of resources. To achieve this goal, the Group has taken steps to launch initiatives and projects aimed at preventing, controlling and reducing the environmental impacts of its activities, adopting the best possible practices, establishing proactive collaborations with its suppliers and business partners, and increasing the environmental awareness of its staff and customers.



ENERGY CONSUMPTION

In 2023, Alfa Parf Group consumed a total of 63,155 GJ of energy*, 4% more than in 2022** (60,655GJ)***. Specifically, during 2023, the following were consumed:

- a total of 7,074,677.65 kWh of electrical energy, corresponding to 25,469 GJ of energy, a slight increase compared to 2022 (23,466 GJ), of which 51% from renewable sources and 2% from self-generated energy, largely due to the installation of photovoltaic panels at the Italian subsidiary of Tricobiotos S.p.A. during 2022;
- 618,578.72 Sm³ of natural gas, corresponding to almost 22,326 GJ of energy, about 5% less than in 2022;
- 800 litres of LPG for heating, a clear reduction compared to the previous two years. The group opted to use alternative sources such as LNG for heating during the year under review.

Energy consumption

	31.12.2023		31.12.2022		31.12.2021	
	Consumption	GJ	Consumption	GJ	Consumption	GJ
Hydrocarbons						
Natural gas for heating	618,578 Sm ³	22,326 GJ	654,621 Sm ³	23,486 GJ	558,631 Sm ³	20,021 GJ
Diesel for gen sets	130 lt	5 GJ	130 lt	5 GJ	18,200 lt	662 GJ
LPG for heating	800 lt	20 GJ	56,477 lt	1,375 GJ	38,275 lt	932 GJ
LPG for heating	37,000 lt	757 GJ	90 lt	2 GJ	-	-
Fuel for corporate fleet						
of which Diesel	221,665 lt	6,180 GJ	208,738 lt	7,499 GJ	223,447 lt	8,074 GJ
of which Petrol	308,452 lt	8,212 GJ	140,047 lt	4,548 GJ	1,389,538 lt	45,291 GJ
of which LPG	7,112 lt	174 GJ	11,179 lt	272 GJ	14,192 lt	289 GJ
of which Methane	-	-	39 kg	2 GJ	-	-
of which Biodiesel	366 lt	12 GJ	-	-	-	-
TOTAL HYDROCARBONS		37,686 GJ		37,189 GJ		75,269 GJ
Electricity purchased and consumed						
Electricity from non-renewable sources	3,396,365 kWh	12,226.91 GJ	2,946,328 kWh	10,606.78 GJ	1,907,542 kWh	6,867 GJ
Electricity from renewable sources	3,678,313 kWh	13,241.93 GJ	3,572,048 kWh	12,859.37 GJ	4,181,070 kWh	15,052 GJ
TOTAL ELECTRICITY		25,468.84 GJ		23,466.15 GJ		21,919 GJ
TOTAL ENERGY CONSUMPTION in GJ		63,154.84 GJ		60,655.15 GJ		97,188 GJ

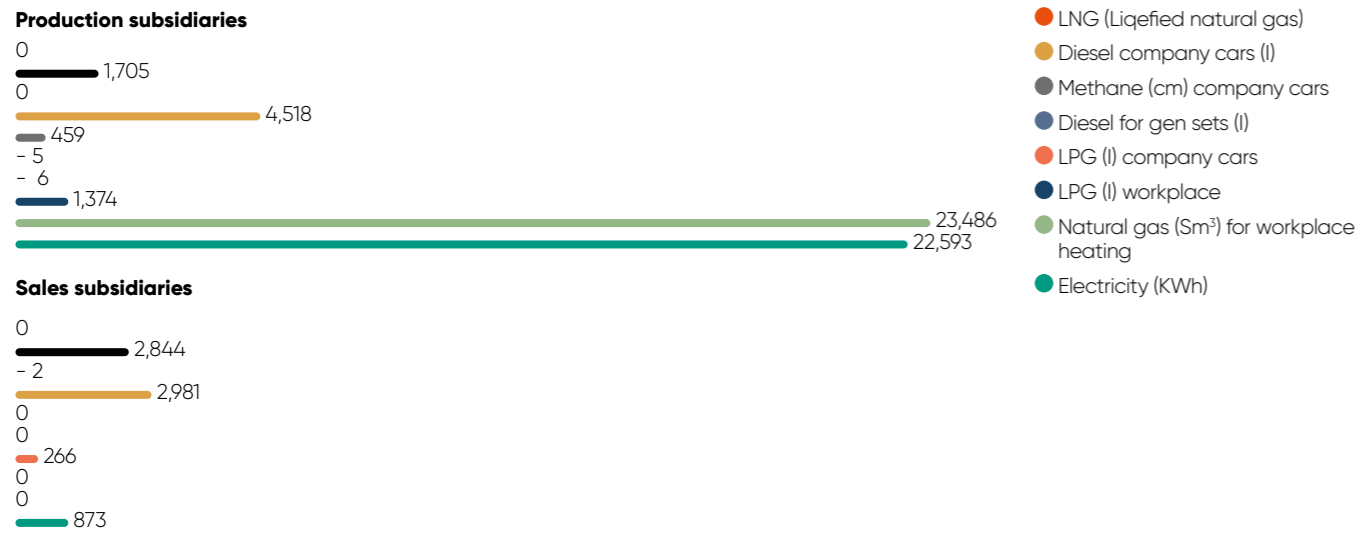
*The conversion factors used to transform the different energy quantities into GJ are taken from the DEFRA (UK Department for Environment, Food and Rural Affairs) database for the respective years (2021, 2022, 2023).

** Following an internal audit, a restatement of some 2022 information was implemented following a recalculation and updating of conversion and emission factors.

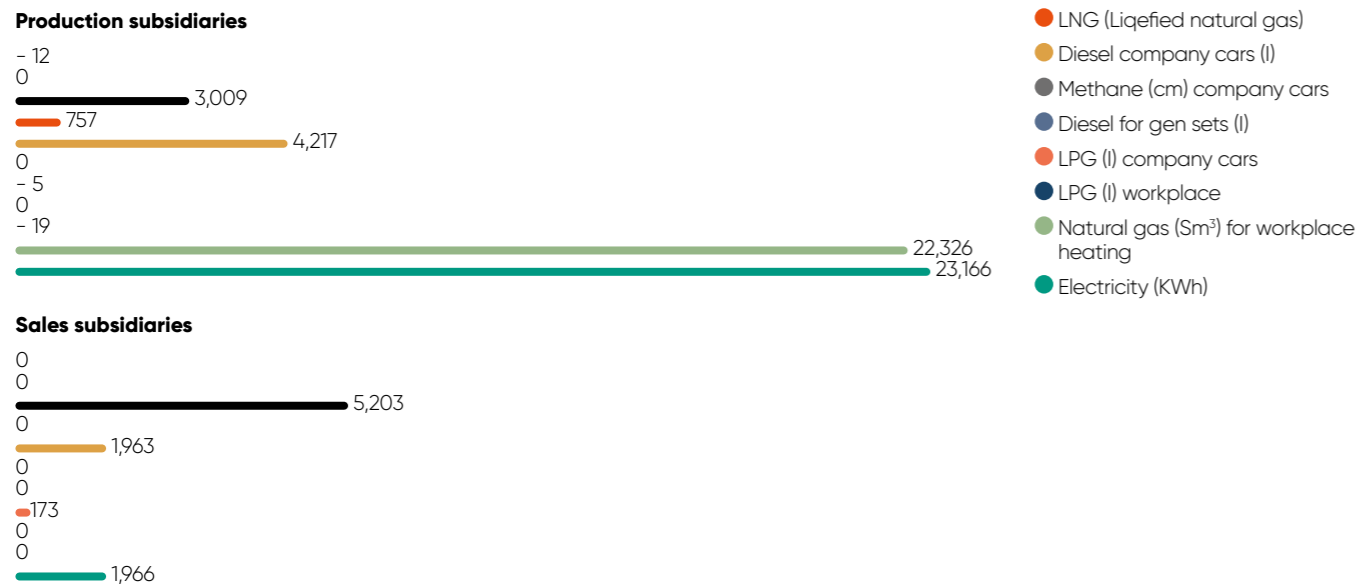
***With regard to the reporting period, the data perimeter also refers to the two companies in Ireland and the UK.

On the other hand, with regard to corporate mobility, consisting of company cars for managers and pooled cars for staff on duty, 221,665 litres of diesel, 308,452 litres of petrol and 7,111.5 litres of LPG were consumed in 2023, amounting to a total of approximately 14,565 GJ of energy (an increase over 2022 of 14%). During 2023, the Italian subsidiary of B&B replaced the charging stations of private and corporate electric cars with more efficient and modern stations. In addition, the company's campaign to replace company cars with environmentally friendly cars (hybrid, electric) wherever possible continued in 2023. Also in 2023, 32 kg of refrigerant gases (R410A and R22) were consumed, a marked reduction compared to 2022 when a total consumption of 148 kg of F-gas was recorded.

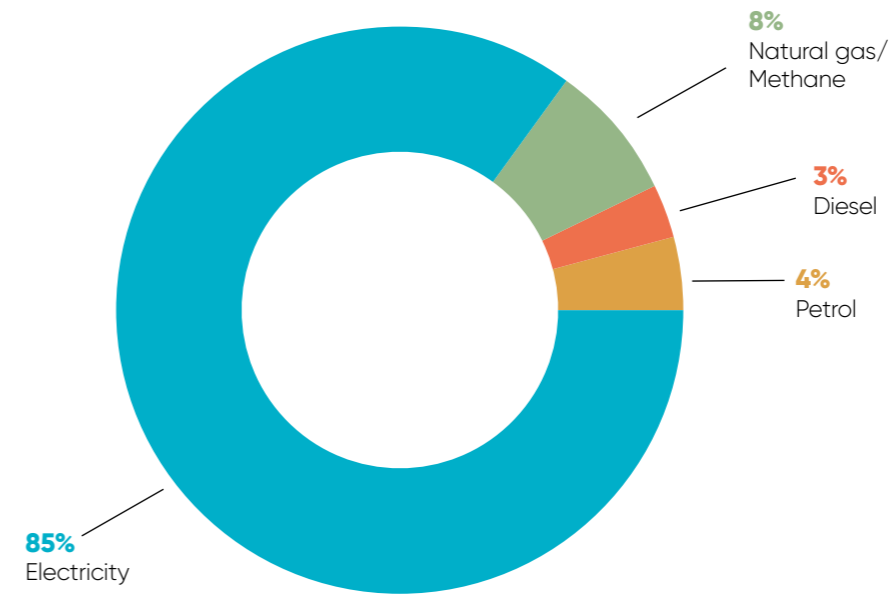
Energy consumption 2022 in GJ per subsidiary



Energy consumption 2023 in GJ per subsidiary



Energy consumption 2023



Considering the energy consumption of the production plants located in Italy, Mexico, Brazil, Argentina and Venezuela, there was an increase in electricity consumption of about 3% compared to 2022. Specifically, of the 6,435,259 kWh consumed by the production plants, 55% was electricity from renewable sources, of which 4% was self-generated electricity. With regard to natural gas consumption, in 2022 the production plants consumed a total of 616,578 Sm³, 6% less than in 2022.

ENERGY INTENSITY

As far as the energy intensity linked to production activity is concerned - specifically, the average kWh of electricity consumed per piece produced, including both Alfaparf Milano branded products and products for Third-Party Customers - at the production plants in Italy, Mexico, Brazil, Argentina and Venezuela, the overall figures do not show particular differences compared to the same figure for 2022. The Mexican subsidiary alone shows an increase of 50%. This increase can be explained by a 6% increase in the product volumes of the same subsidiary compared to 2022.

ENERGY INTENSITY (kWh/pc)

	31.12.2023*	31.12.2022**	31.12.2021	Change 2023-2022
Italy	0.07	0.07	0.06	0%
Mexico	0.03	0.02	0.02	+50%
Brazil	0.04	0.04	0.04	0%
Argentina	0.06	0.06	0.06	0%
Venezuela	0.07	0.06	0.06	+16%
TOTAL	0.05	0.05	0.04	0%

* The production and consumption data of Tricobiotos S.p.A. were not considered.

** The production and consumption data of Tricobiotos S.p.A. were not considered.

ATMOSPHERIC EMISSIONS

Given the nature of Alfa Parf Group’s business and the focus on environmental protection, energy consumption and the consequent production of greenhouse gases (GHG) are constantly monitored, with particular reference to the production plants, which are responsible for % of the Group’s total emissions (Scope 1 and 2 Market based).

Against an energy consumption of 63,154.84 GJ, divided into the various sources as reported in the previous paragraph, Alfa Parf Group emitted a total of tonnes of CO₂e (Scope 1 + Scope 2 Market based) into the atmosphere, broken down as follows:

CO₂e emissions

	31.12.2023	31.12.2022	31.12.2021
Natural gas for heating	1,389	1,320	1,129
Diesel for gen sets	0.36	0.36	50
LPG for heating	1.25	88	60
NGL for heating	43	0.10	-
Diesel for corporate fleet	557	563	605
Petrol for corporate fleet	647	303	3,251
LPG for corporate fleet	11	17	16
Methane for corporate fleet	-	26	-
Refrigerant gases (HFCs)*	96	293	96
TOTAL DIRECT GHG EMISSIONS (Scope 1)**	2,745	2,611	5,207
TOTAL INDIRECT EMISSIONS (SCOPE 2) MARKET BASED***	1,325	1,214	917
TOTAL INDIRECT EMISSIONS (SCOPE 2) LOCATION BASED****	2,012	1,882	914
TOTAL EMISSIONS SCOPE 1 + SCOPE 2 – MARKET BASED	4,070	3,825	6,124
TOTAL EMISSIONS SCOPE 1 + SCOPE 2 – LOCATION BASED	4,757	4,493	6,124

In 2023, there was a 6% increase in CO₂e emissions (Scope 1 + Scope 2 market based) compared to the corresponding 2022 figure. This is partly due to the extension of the reporting perimeter, which also takes into account the companies acquired during 2023, i.e. the two companies in Ireland and the UK.

All of the plants’ emission points did not exceed the limits of the respective permits, thanks in part to the monitoring and process control activities that resulted in high performance standards. Furthermore, in 2023, the process of replacing the main air emission reduction system in the Italian subsidiary Beauty & Business was started in order to increase its efficiency. In 2023, the Argentine subsidiary also started to purchase materials needed for implementing the gas consumption optimisation project.

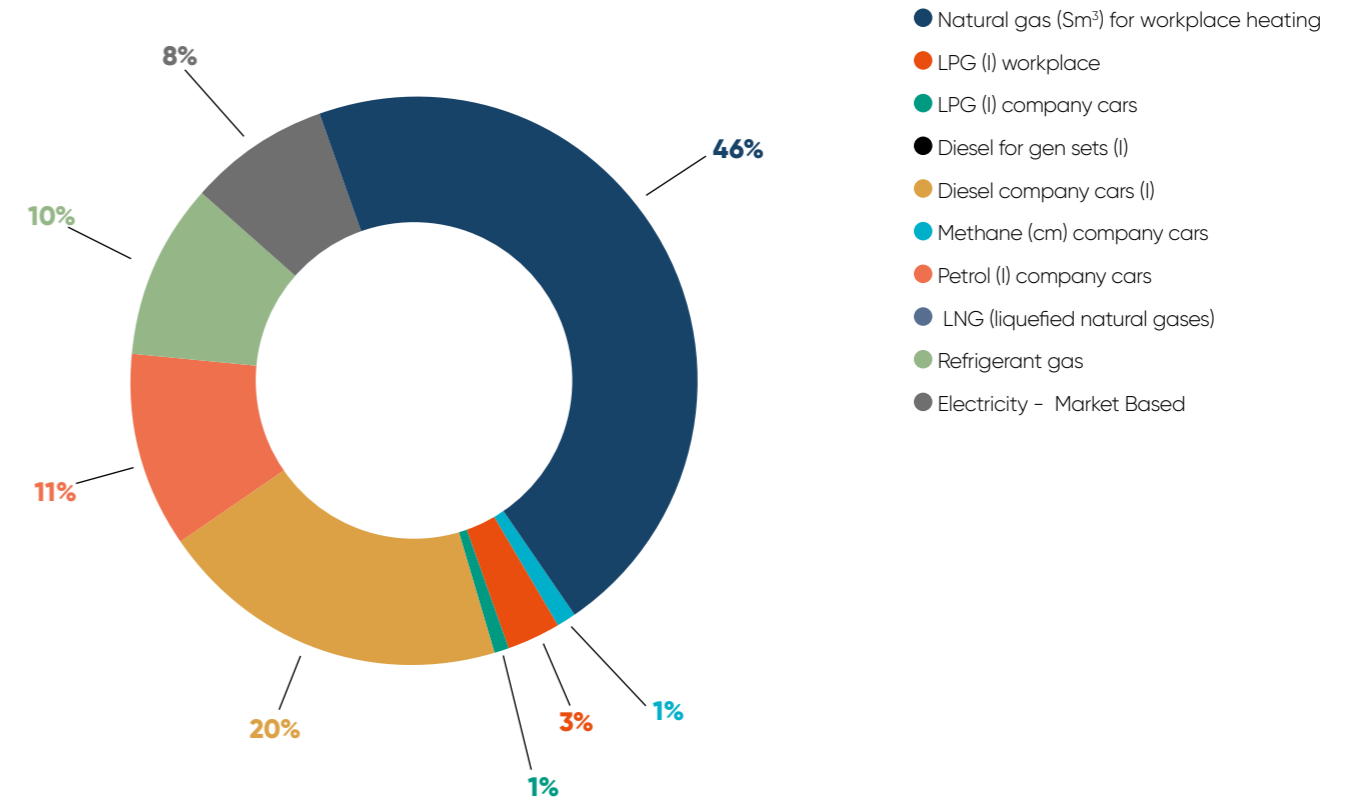
*The types of F-Gas consumed for cooling, chilling and refrigeration systems (including leaks) are R410A and R22.

**The emission factors used to calculate tCO₂e Scope 1 are taken from the DEFRA (UK Department for Environment, Food and Rural Affairs) database for the respective years (2021, 2022, 2023).

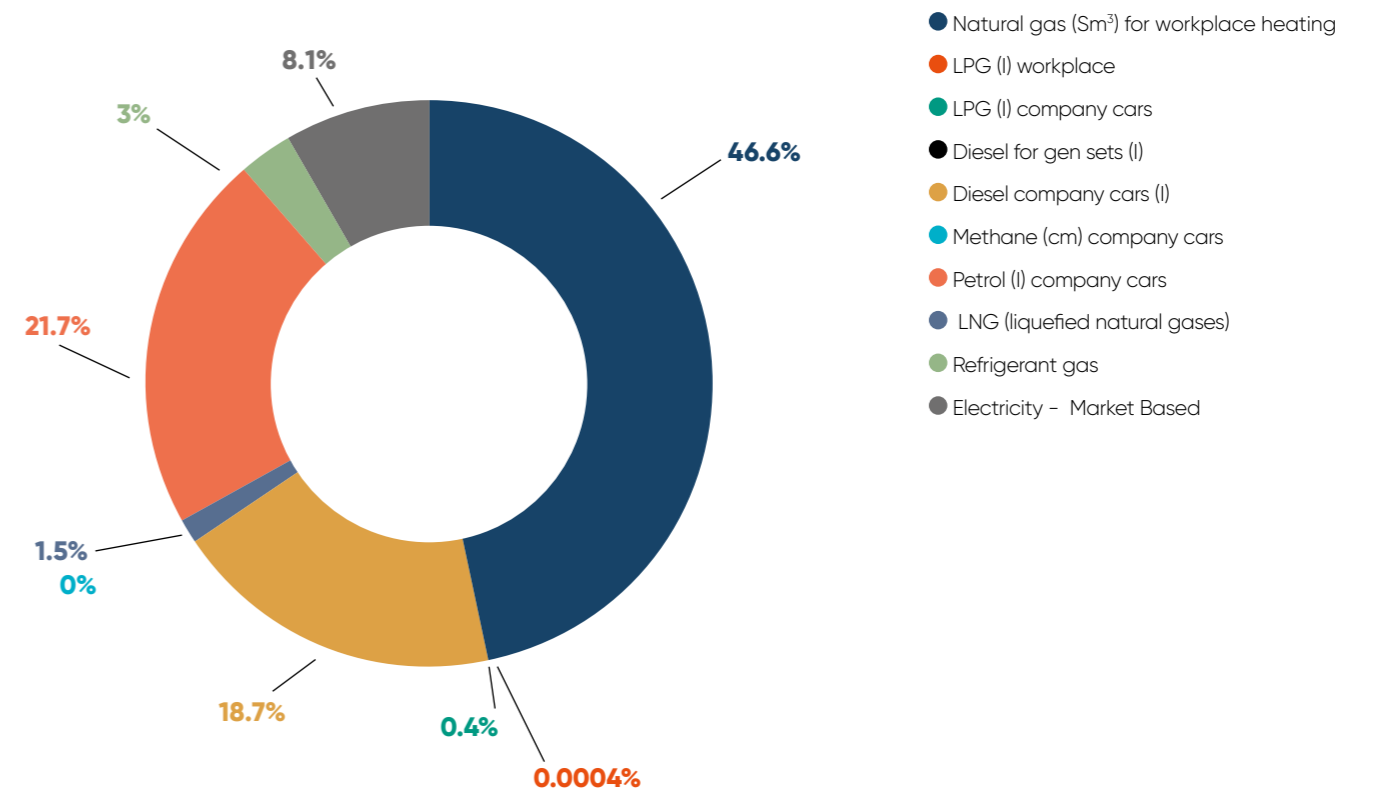
***The source of the emission factors used to calculate indirect Location Based GHG emissions for Italy is Terna International Comparisons 2019, while for the remaining countries in the reporting boundary, AIB’s ‘European Residual Mixes’ (last updated to 2022) and Terna’s ‘International Comparisons’ (2019) emission factors were used.

****The source of emission factors used to calculate indirect Market Based GHG emissions for European countries is AIB’s ‘European Residual Mixes’ (most recently updated 2022). For non-European countries for which residual mix factors were not publicly available from accredited sources at the time of drafting the report, the same emission factors applied in the Location Based calculation were used.

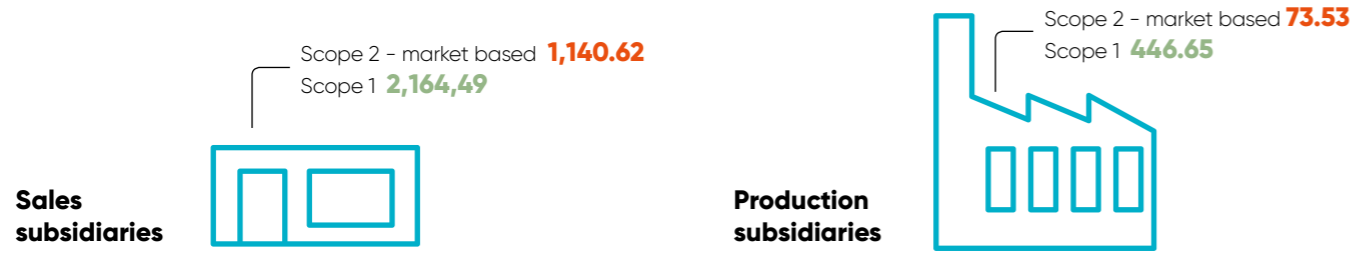
CO₂e emissions 2022 by type of consumption



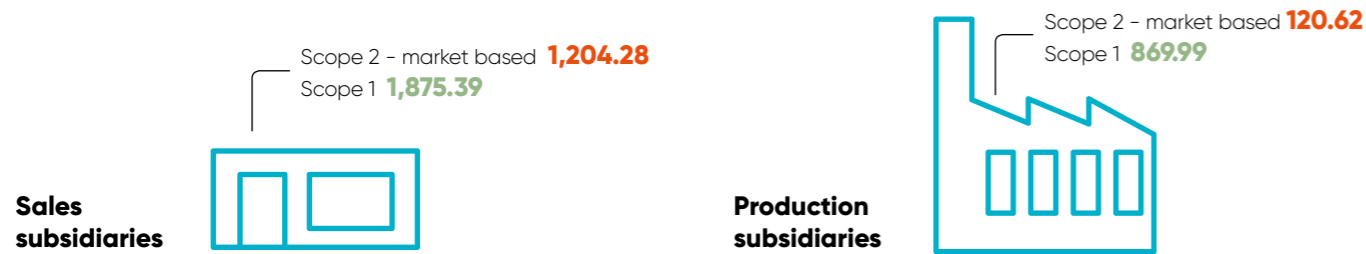
CO₂e emissions 2023 by type of consumption



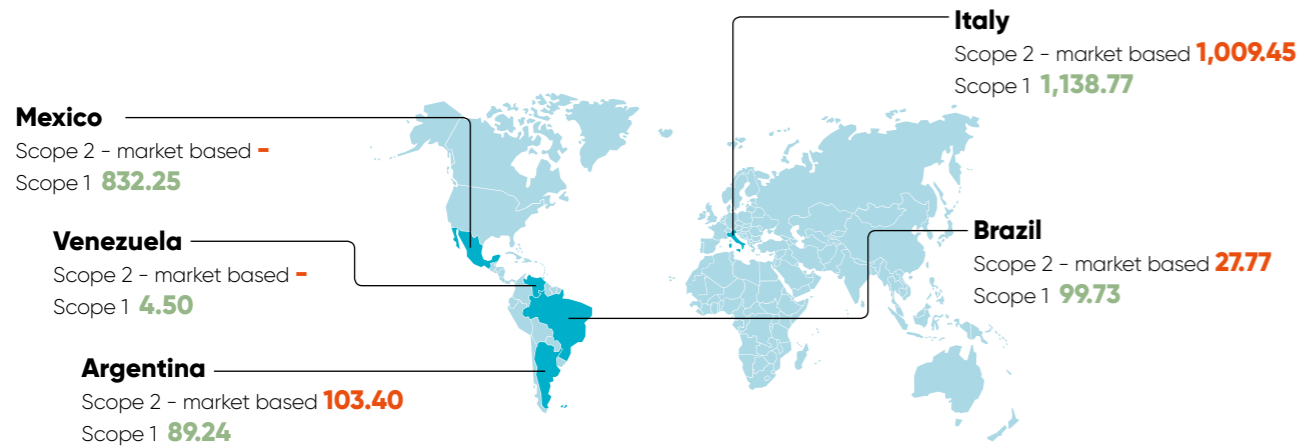
CO₂e emissions 2022 by type of subsidiary



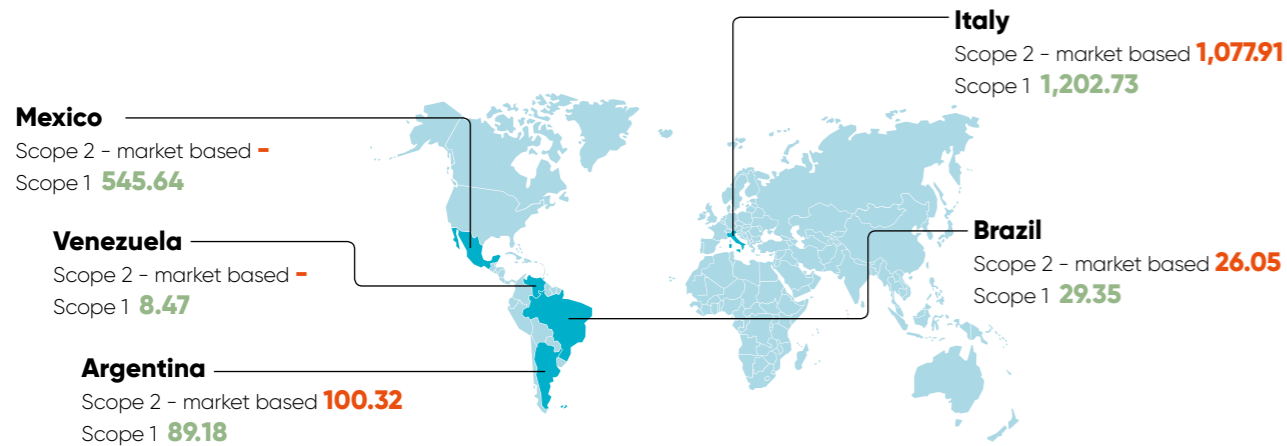
CO₂e emissions 2023 by type of subsidiary



Emissions from production plants 2022



Emissions from production plants 2023



WATER WITHDRAWALS AND DISCHARGES

A total of 113,475 m³ of fresh water was withdrawn in 2023, of which about 98.5% was withdrawn from the production subsidiaries for both the production process and sanitation. In general, water is withdrawn from the municipal water network, only the Argentinian subsidiary withdraws water from wells located at the plant (11% of the total water withdrawn). Given the Group's business, the responsible use of water resources during the production process is of paramount importance, as the activity of washing the tanks containing dyes has a dual environmental impact resulting from the high consumption of water and the consequent production of industrial waste to be disposed of. In 2023, 70,974 m³ of fresh water was discharged into the sewage system, mainly used for civil-sanitary purposes, and only a small part consists of eluate from reverse osmosis processes which, being within the legal limits, does not fall under hazardous industrial waste. Finally, a total of 38,205 m³ of fresh water was consumed in 2023 in the production of Alfa Parf Group and Third-Party Customer products. This 7% increase in water consumption by production subsidiaries, compared to 2022, may be justified by the increase in production by subsidiaries in Argentina and Mexico.

In this context, the Group's production plants continue to engage in reducing water consumption. One example is the Brazilian subsidiary Delly Kosmetics, which uses about 80% of water in industrial processes and 20% for human use. The objective is not to exceed 3.6 m³ of average annual water consumption per ton of products manufactured. Actions to reduce such consumption include weekly monitoring of consumption, monthly plyearnsng meetings and actions for such reduction, control of electrical power and maintenance of electrical substations.

In addition, the Brazilian subsidiary introduced several actions to reduce its water consumption, including work on electrical substations, replacement of LED lamps, and the reduction of cooling times in process reactors in order to reduce cooling times and energy consumption.



WATER INTENSITY

As far as the water intensity linked to production activity is concerned - specifically, the average litres of water consumed per piece produced, including both Alfaparf Milano branded products and products for Third-Party Customers - at the production plants in Italy, Mexico, Brazil, Argentina and Venezuela, the overall figures show a 13% reduction in water intensity in 2023 compared to the same figure for 2022.

A decrease in the volumes of water resources consumed has been recorded at plants in Italy, Brazil and Venezuela. For the subsidiaries in Mexico and Argentina, consumption has increased compared to the previous year, even in view of the increase in production.

In 2023, the declining trend in eluate production compared to the water consumed in the plant was confirmed. The result of continuous monitoring of parameters and plant efficiency with a series of technical interventions (KPI HSE 2023 – C12, C11).

Water intensity (lt/pc)

	31.12.2023*	31.12.2022**	31.12.2021	Variazione 2023-2022
Italy	0.11	0.13	0.13	-15%
Mexico	0.31	0.29	0.31	7%
Brazil	0.11	0.35	0.51	-69%
Argentina	1.16	0.06	0.60	+ 167%
Venezuela	0.07	0.10	0.63	0.3%
TOTAL	0.26	0.23	0.31	13%

*The production and consumption data of Tricobiotos S.p.A. were not considered.
 **The production and consumption data of Tricobiotos S.p.A. were not considered.



WASTE PRODUCTION AND MANAGEMENT

The group generated a total of 23,305 tons of waste during 2023, in line with the results of the previous period. Of the total waste produced, 92% is classifiable as hazardous waste (21,359 tonnes), mostly washing waste (about 97% of the total hazardous waste); while the non-hazardous waste, equal to 1,946 tonnes, mostly refers to various packaging (plastic, paper, glass, aluminium, wood or indivisible mixed materials).

(tonnes)

	31.12.2023			31.12.2022			31.12.2021		
	Recovered	Disposed of	Total	Recovered	Disposed of	Total	Recovered	Disposed of	Total
Hazardous waste	20,597	762	21,359	20,322	957	21,279	4,851	8,434	13,291
Non-hazardous waste	1,565	381	1,946	1,364	479	1,843	1,131	1,353	2,484
TOTAL	22,162	1,143	23,305	21,686	1,436	23,122	5,982	9,793	15,775

Waste generated by type and disposal method (tonnes)

● Recovered
 ● Disposed of

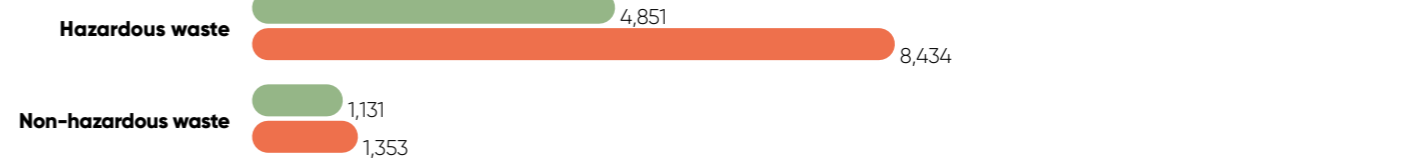
2023



2022



2021



As regards disposal methods, 95% of the waste produced by all the Group's subsidiaries was destined for recovery operations, of which 36% for reuse and 59% for recycling; the remaining 5% was destined for disposal operations, mainly incineration.

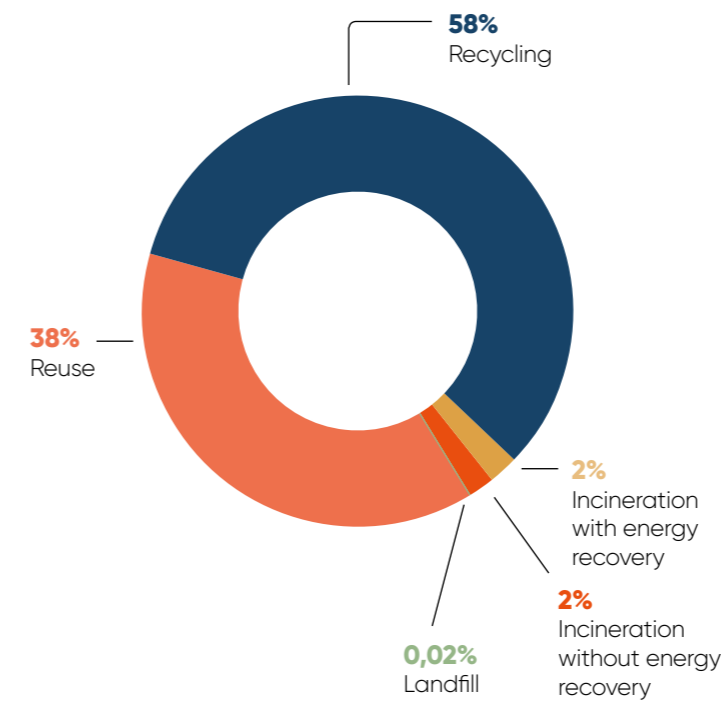
The Argentine subsidiary Prodicos started an efficiency process in 2023 by compacting industrial waste. This initiative has reduced the number of trucks required to transport waste and has also optimised and increased the life of the containers. In addition, the El Salvador subsidiary is actively engaged in waste reduction through practices such as reusing packaging boxes, sharing information material in digital format and raising awareness on issues such as single-use and plastic reduction. In addition, the Percosm office in Peru is engaged in handing over disused equipment in poor condition to a third party organisation in order to start the recycling process.

All hazardous waste is delivered to specialised carriers and disposed of outside the organisation's boundaries. Of these, about 3.6% are disposed of, while the remainder are subject to reuse or recycling operations. As regards non-hazardous waste, about 20% is delivered to specialised carriers for disposal, 6% is reused and the remaining 74% is subject to recycling operations.

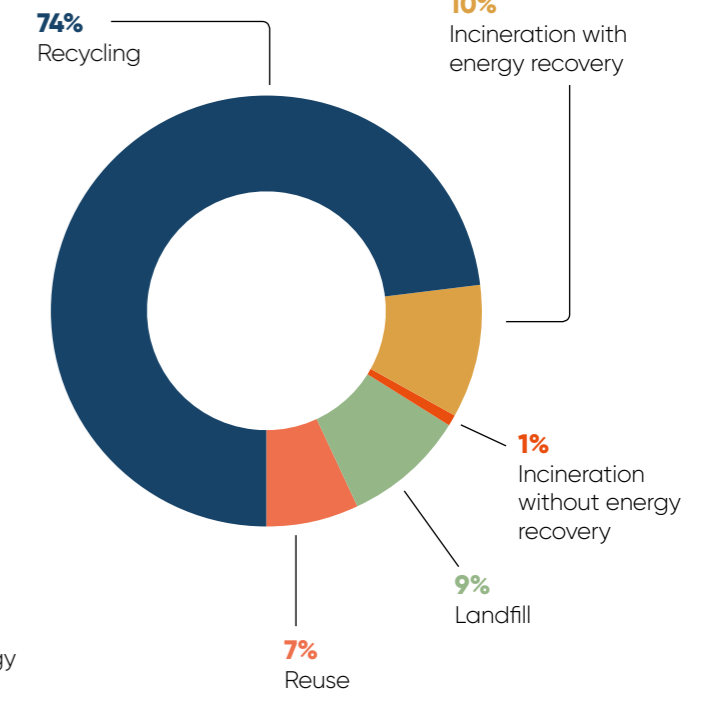
In relation to the management of special waste, a collection point has been set up at Beauty & Business for cosmetic products, equipment, paper, cardboard and bottles in order to enable non-factory visitors to start a separate upstream collection process of discarded products/samples. In addition, the system was refined on the packaging lines during 2023 to further reduce waste from semi-finished products.



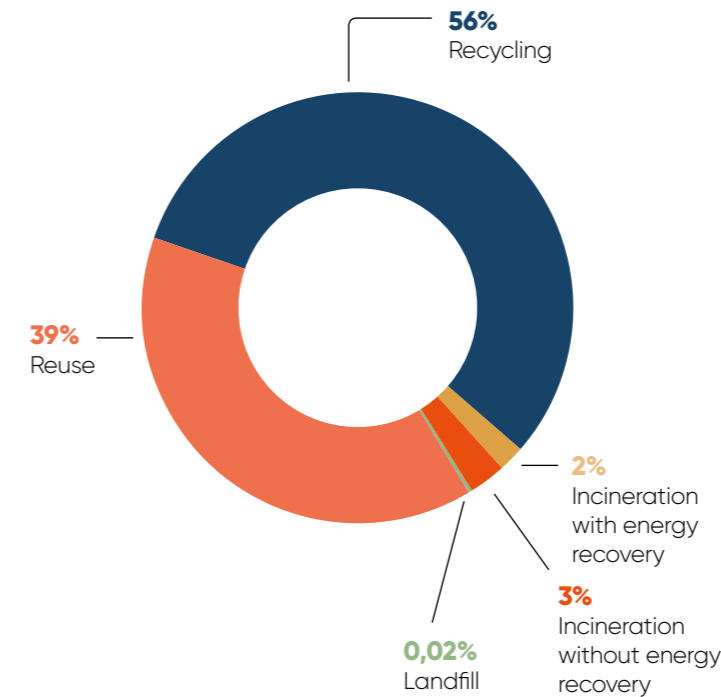
Hazardous waste 2023 by disposal method



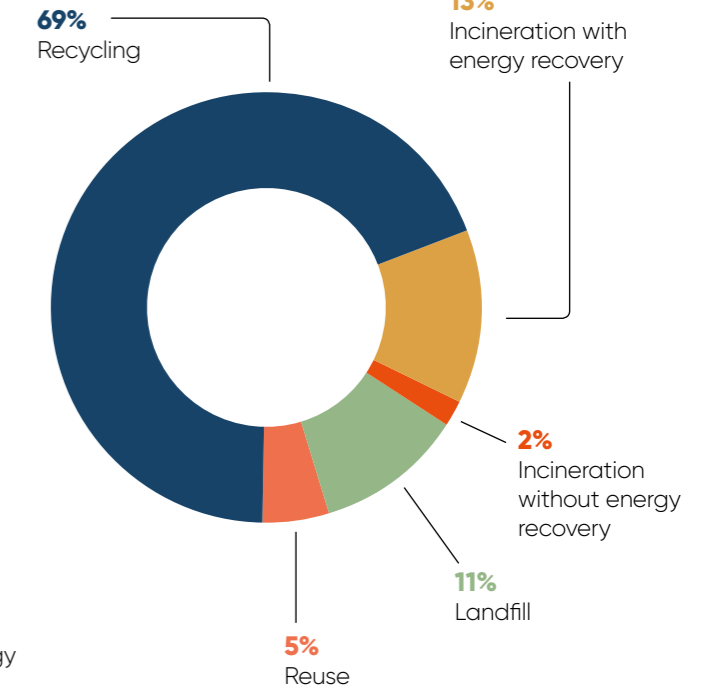
Non-hazardous waste 2023 by disposal method



Hazardous waste 2022 by disposal method



Non-hazardous waste 2022 by disposal method





FOCUS ON

COLOMBIA - ENVIRONMENT WEEK

The Colombian subsidiary of Alfa Parf Group organised the first edition of Environment Week in 2022, with the aim of educating employees about caring for the environment and preserving the planet. A series of activities and meetings were organised during the week, touching on various topics, including:

- **Water care and energy saving;**
- **Waste recycling;**
- **How to reduce the impact of emissions on the environment.**

In addition, the 'I want my tree' initiative was carried out at the end of the week: 45 employees, many of them with their families, participated in a planting day at an area near the plant. Thanks to this team building initiative, 48 trees were planted and donated to the 'Verde Vivo' Foundation.

Environment Week was very well received by all those involved (about 100 employees and family members), and will be repeated in 2023.

IMPROVEMENT OBJECTIVES

Objective	Action/project	Deadline	Status
Promote sustainable mobility	Gradual replacement of traditionally fuelled vehicles in the company car fleet at Italian sites with hybrid or full electric vehicles.	Medium to long-term	Underway
Improvement of filling processes	On the dyed packaging lines, efforts are being made to improve the filling process in order to reduce the residual intermediate product in the containment bags and thus reduce waste.	December 2023	Underway
Create an integrated environmental management system	Acquire ISO 14001:2018 certification in the Italian plant and subsequently in the plants in Mexico and Brazil	December 2026	Underway



HUMAN CAPITAL

Sustainability Plan

Caring for employees, customers and local communities, promoting inclusion and empowerment



EMPLOYEES

Alfa Parf Group considers its people fundamental resources in guaranteeing the creation of shared value in a lasting and constant way over time: indeed, it is only thanks to the professionalism and dedication of each employee that the company's objectives can be achieved. This is why the Group strives to enhance the value of its employees by organising training sessions aimed at increasing their personal and professional skills.

Alfa Parf Group promotes the growth of its people in full respect of the principles of fairness and impartiality, avoiding favouritism^F and discrimination in the management of its employees.

Furthermore, with a view to promoting a corporate culture characterised by the values of integrity, honesty and responsibility, the Group has adopted a Code of Ethics which forms an integral part of the 231/2001 Organisation Model and provides the guiding principles of conduct that must be observed and respected by all.

In order to provide an accurate overview of the workforce, in 2022 Alfa Parf Group decided to change the classification of contract types and job classifications compared to previous years. For this reason, the data comparison only refers to FY2023 and FY2022.

As at 31 December 2023, Alfa Parf Group had 2,420 employees, a 7% increase compared to 2022*. 95% of the employees have a permanent employment contract.

Almost all staff (98%) have full-time contracts: part-time employees account for about 2% of the total and are predominantly women.

All of the Group's employees are employed under a regular employment contract, in full compliance with the regulations in force in the various countries, and 75% are covered by national collective bargaining agreements**.

* A The increase in staff in 2023 is also influenced by the extension of the reporting scope following the acquisition of the Irish company Xpert Cosmetics Limited and the British company Xpert Professional UK Limited.

** National collective bargaining agreements do not exist in all countries where the Group's subsidiaries are located.

Employees by contract type¹

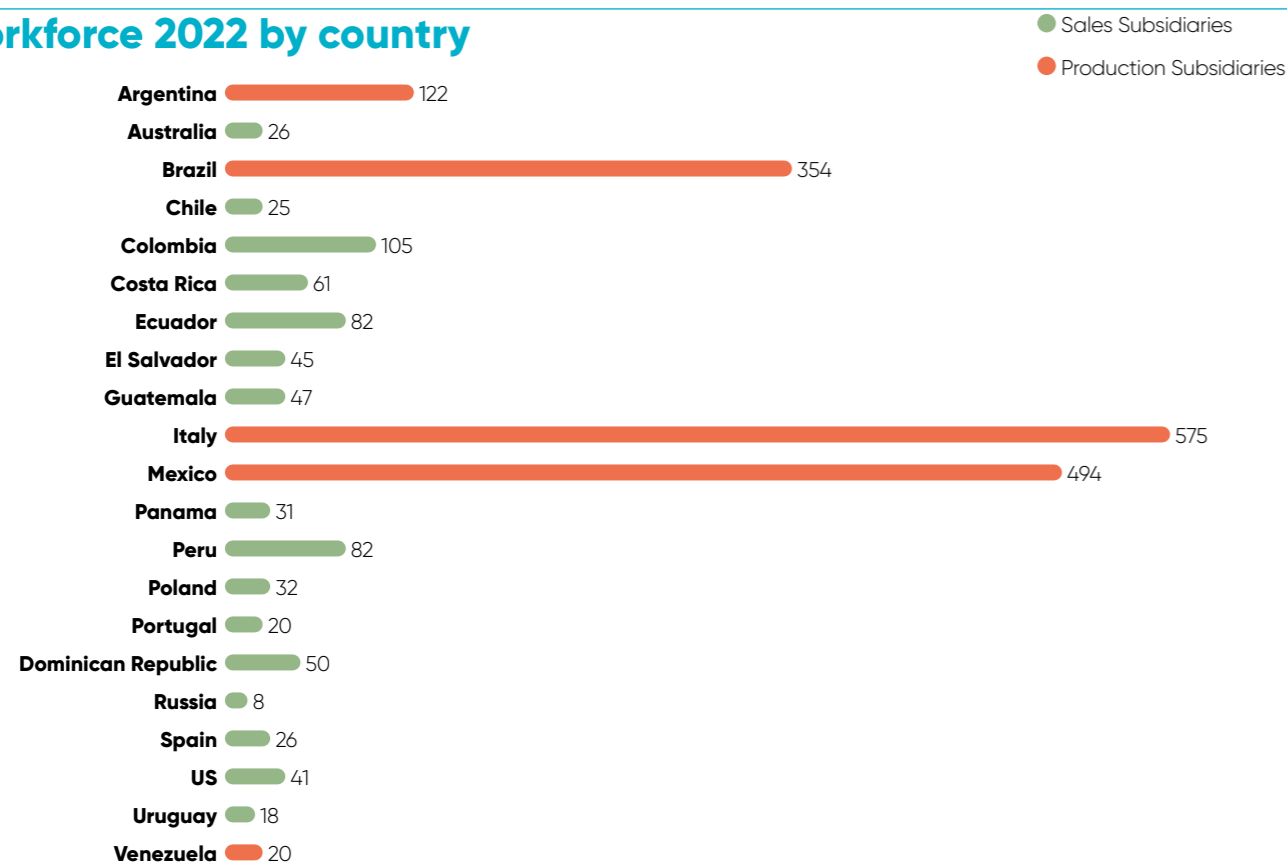
2023	Women	Men	TOTAL
Permanent	1,212	1,090	2,302
Fixed term	79	39	118
TOTAL	1,291	1,129	2,420
Full-time	1,254	1,117	2,371
Part-time	37	12	49
TOTAL	1,291	1,129	2,420

2022	Women	Men	TOTAL
Permanent	1,153	1,045	2,198
Fixed term	38	28	66
TOTAL	1,191	1,073	2,264
Full-time	1,164	1,067	2,231
Part-time	27	6	33
TOTAL	1,191	1,073	2,264

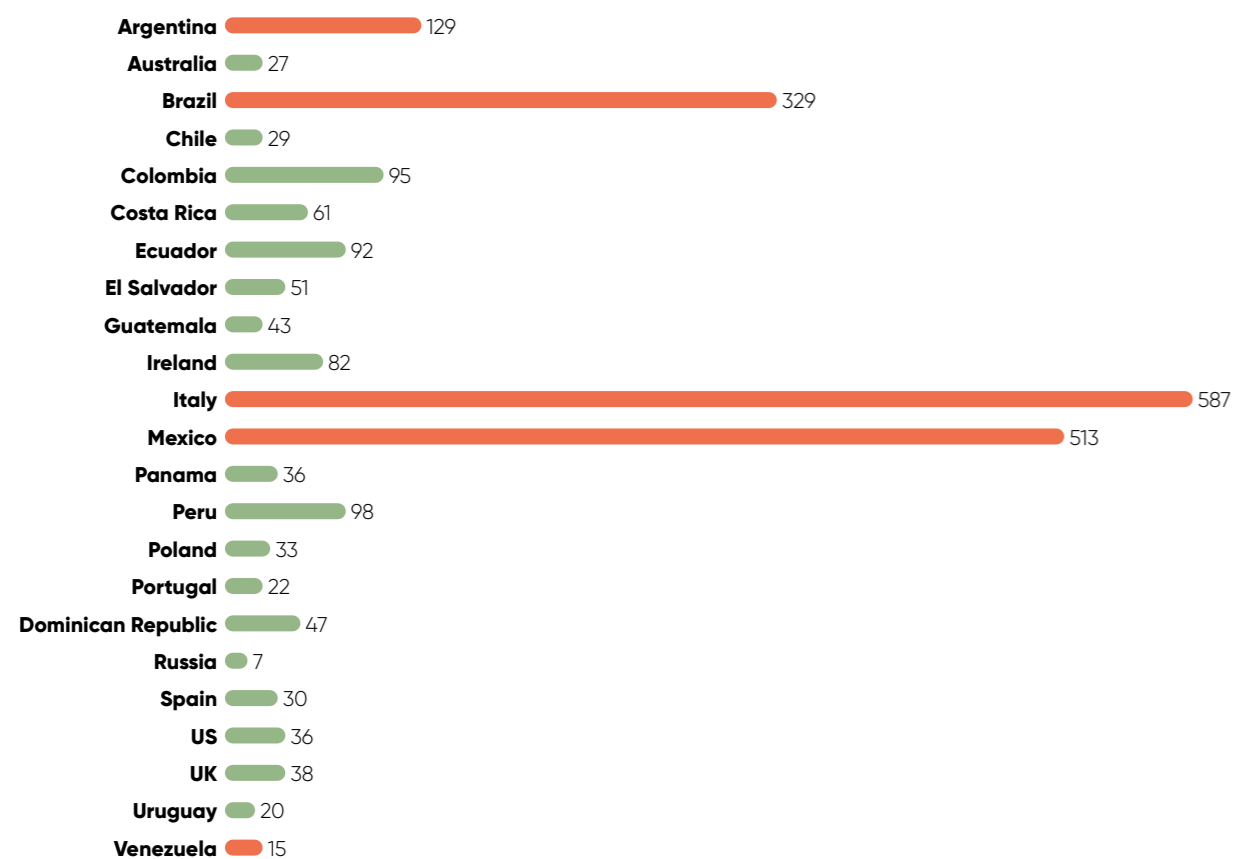


¹⁴ Following an internal audit, a restatement was carried out on the 2022 workforce data.

Workforce 2022 by country



Workforce 2023 by country



65% of the Group’s personnel are employed in production subsidiaries located in Italy, Argentina, Brazil, Mexico and Venezuela; the remaining 35% are employed in sales subsidiaries located in other countries.

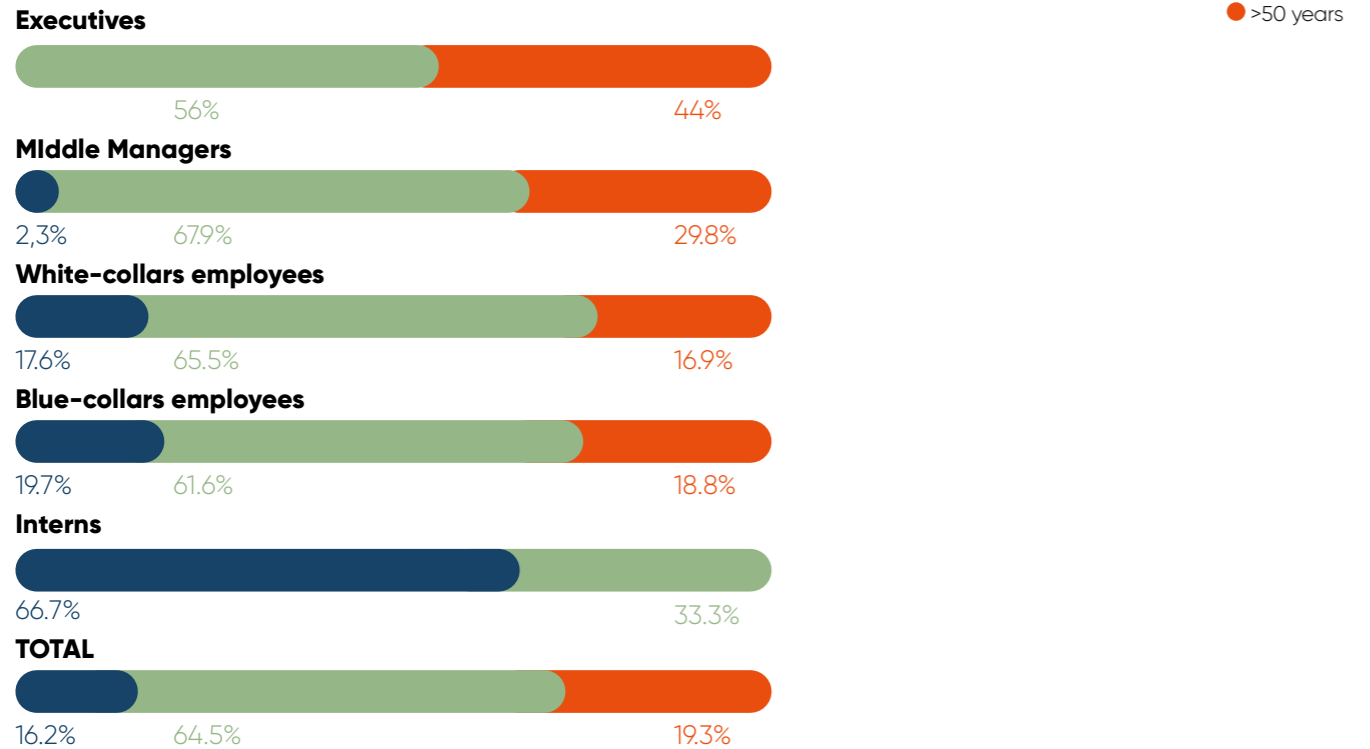
Employees by age and category

2023	<30 years	30-50 years	>50 years	TOTAL
Executives	0	28	22	50
Middle Managers	6	176	78	260
White-collar employees	259	960	248	1,467
Blue-collar employees	126	394	120	640
Interns	2	1	0	3
TOTAL	393	1,559	468	2,420
PERCENTAGE	16.2%	64.4%	19.3%	100%

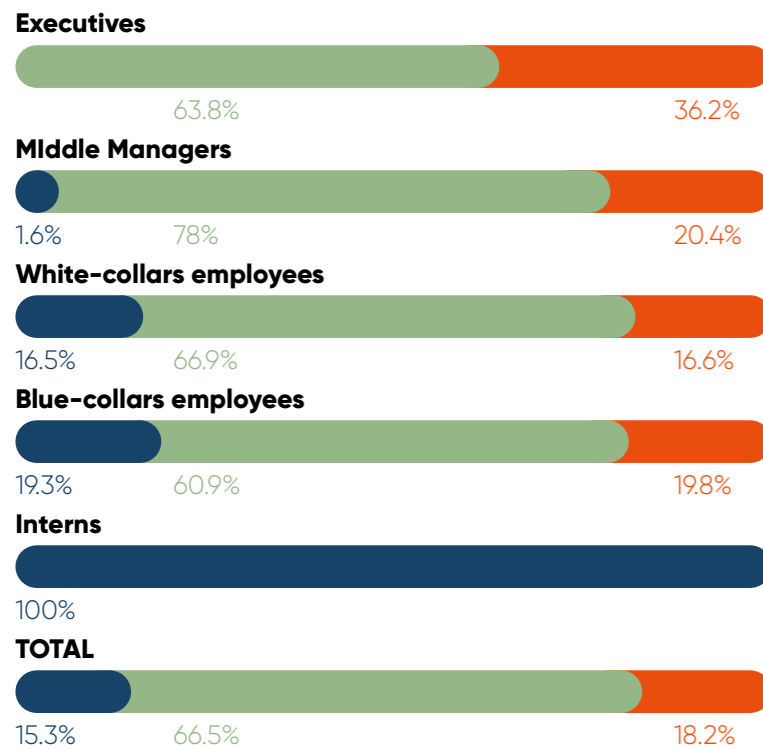
2022	<30 years	30-50 years	>50 years	TOTAL
Executives	0	30	17	47
Middle Managers	4	191	50	245
White-collar employees	233	943	234	1,410
Blue-collar employees	108	341	111	560
Interns	2	0	0	2
TOTAL	347	1,505	412	2,264
PERCENTAGE	15.3%	66.5%	18.2%	100%

Considering the composition of the workforce by category, in 2023, 61% of the workforce falls into the white-collar category, followed by the blue-collar category, which accounts for about 26% of the Group’s employees. Middle managers account for about 11% of the total workforce and executives 2%. Lastly, there is the category of interns, included in the workforce with a view to training and preparing for possible future needs and representing 0.1% of the Group’s staff (3 female interns). During 2023, Alfa Parf Group employed 677 external staff, a slight increase compared to 2022 (+4%).

Workforce 2023 by age and category



Workforce 2022 by age and category



More than 65% of the workforce is between 30 and 50 years old; this percentage rises to 68% when considering middle managers alone. Slightly more than 15% of the workforce is under 30 years of age, a percentage that falls to zero for the executive category. The remaining 19% are over 50 years of age, a percentage that rises to 32% when considering the categories of middle managers and executives together.

Recruitments and terminations by age

2023	Women				Men				TOTAL
	<30 years	30-50 years	>50 years	TOTAL Women	<30 years	30-50 years	>50 years	TOTAL Men	
Number of Employees	189	824	208	1,221	182	667	230	1,079	2,300
Number recruited	90	202	15	307	83	154	24	261	568
Number terminations	53	198	26	277	70	161	24	255	532
Recruitment rate	48%	25%	7%	25%	46%	23%	10%	24%	25%
Termination rate	28%	24%	13%	23%	38%	24%	10%	24%	23%

2022	Women				Men				TOTAL
	<30 years	30-50 years	>50 years	TOTAL Women	<30 years	30-50 years	>50 years	TOTAL Men	
Number of Employees	178	816	197	1,191	169	689	215	1,073	2,264
Number recruited	91	194	13	298	89	157	26	272	570
Number terminations	78	176	32	286	88	108	34	230	516
Recruitment rate	51%	24%	7%	25%	53%	22%	12%	25%	25%
Termination rate	44%	22%	16%	24%	52%	16%	16%	21%	23%

In 2023, 568 new people were recruited, of whom 30% are under the age of 30. In Italy, apprenticeships continue to be the main type of contract used to hire young people: the company assigns a tutor for each new employee, who has the task of following and training the apprentice for the entire duration of the contract.

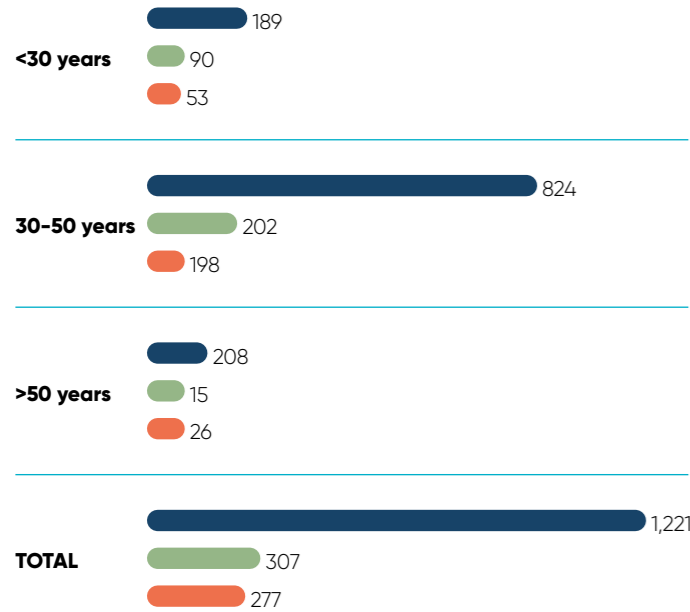
As regards terminations, 532 people left the Group in 2023, 23% of whom were under 30 years of age.

With regard to the turnover calculation 2023, the two subsidiaries in Ireland and the UK were not included because they were acquired during FY 2023.

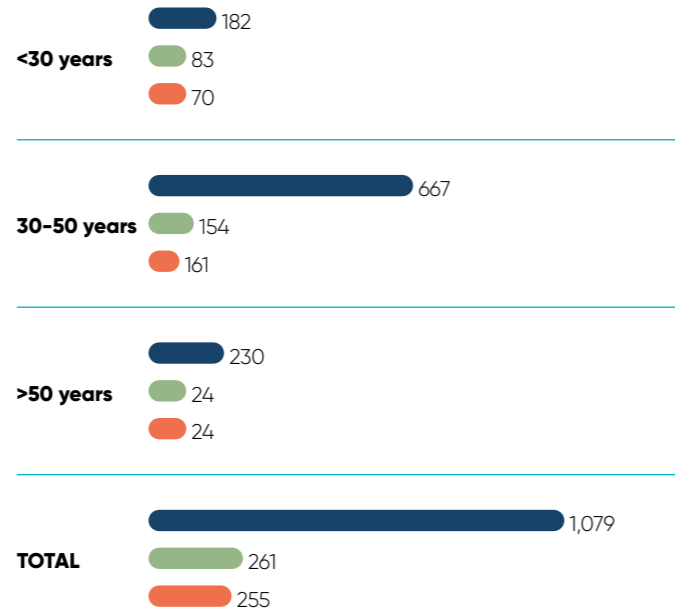
Recruitments and terminations by gender

2023

Women

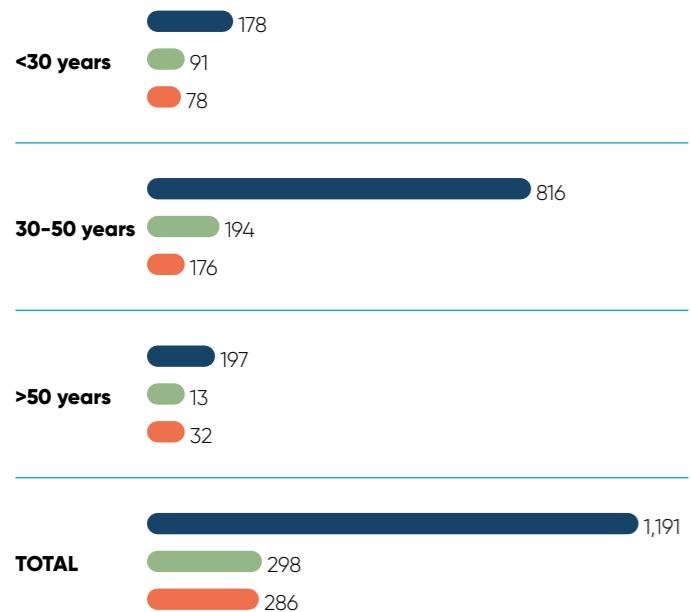


Men

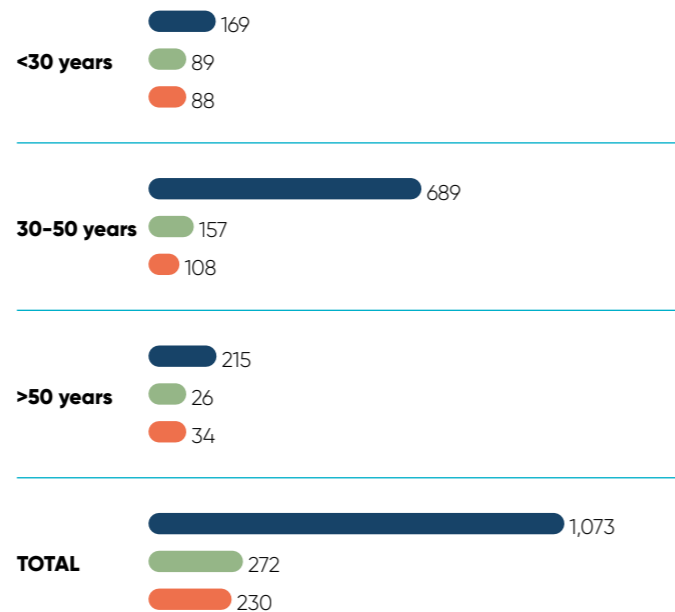


2022

Women



Men



- Employees
- Recruitments
- Terminations

DIVERSITY AND EQUAL OPPORTUNITIES

Alfa Parf Group is committed to defending the right of every human being to live and work in an environment that allows them to fully and legitimately express their individuality and realise their potential without any discrimination, with the aim of building a better society for the whole community.

Alfa Parf Group considers each individual unique, and uniqueness is enriching: it allows us to experiment with different perspectives, ideas and solutions. For this reason, the Group is committed to enhancing uniqueness, defending equal opportunities and promoting inclusion, inside and outside the company, through policies aimed at promoting a healthy working climate, gender equality and non-discrimination, as well as supporting the professional growth of its employees.

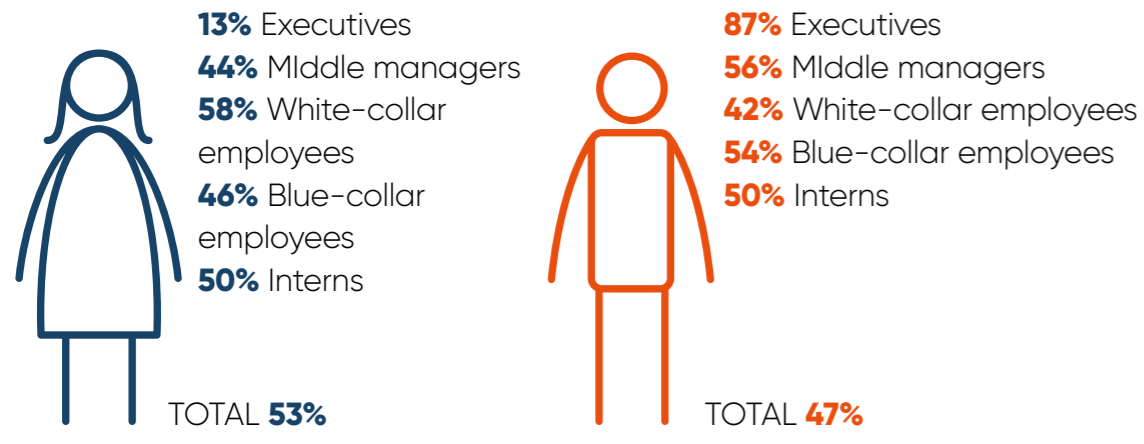
Alfa Parf Group intends to attract and develop talent regardless of any element of diversity, and to encourage everyone in the Group to express their full potential. Alfa Parf Group has always been committed to building a working environment where everyone is supported and empowered to actively participate in the creation of value, and where personal characteristics, ideas and orientations cannot give rise to discrimination, and equal opportunities are guaranteed in all aspects of professional life.

Employees by gender and category

2023	Women	Men	TOTAL
Executives	9	41	50
Middle Managers	124	136	260
White-collar employees	880	587	1,467
Blue-collar employees	275	365	640
Interns	3	0	3
TOTAL	1,291	1,129	2,420
PERCENTAGE	53%	47%	100%

2022	Women	Men	TOTAL
Executives	6	41	47
Middle Managers	107	138	245
White-collar employees	822	588	1,410
Blue-collar employees	255	305	560
Interns	1	1	2
TOTAL	1,191	1,073	2,264
PERCENTAGE	53%	47%	100%

Workforce 2022 by gender and category



Workforce 2023 by gender and category



The role of steering human capital policies to apply the principles set out in the employee's working life path is strategic. It is achieved by implementing actions aimed at ensuring respect for the principles of Diversity and Inclusion at all stages of the employee journey, in line with the principles of Social Sustainability, in particular:

- **in the selection, recruitment and reception processes**, through rules and policies that eliminate all kinds of discrimination and increase the Group's brand identity, with the aim of increasing the attractiveness towards available talent and facilitating the process of overcoming stereotypes linked to certain professional profiles. This ensures a heterogeneous composition of the organisational population as well as respect for the principle of equal opportunities and impartiality;
- **in the development processes**, training and active practices designed to foster role succession and internal mobility, through policies based on merit and equal and equitable access to individual pathways built on the basis of real needs and role specificities, consistent with the Group's objectives. The aim is to develop managerial and professional styles that

are increasingly consistent with a culture based on respect for diversity;

- **in the growth and remuneration processes**, through actions aimed at preventing pay gaps (including gender pay gaps), fostering fair career paths and allocating merit-based responsibilities and rewards, thus facilitating generational exchange and individual experience.

Any employee who believes they have been the victim of situations that are not in line with the corporate culture has the right to report it to the appropriate Supervisory Body, which will verify the merits of the report and take appropriate action, if necessary.

The Group's workforce is equally distributed between genders, with women accounting for around 53%. In the year 2023, 55% of new hires were female.

Generally speaking, there is an equal distribution in terms of diversity (men-women) for all occupations (women account for 48% of middle managers, 60% of white-collar employees, 43% of blue-collar employees and 100% of interns), with the exception of the executives category, in which 18% of women hold a position (+5% compared to the previous year).

The Group has also always been committed to creating benefits for the local communities in which it operates, including the development of local talent. Testifying to this commitment, more than half of Alfa Parf Group's Top Management (executives and middle managers) come from the local community*.

Also in the context of valuing diversity, in 2023 Alfa Parf Group continued to develop the Dyslexia Friendly project in Italy that had already been launched in 2021, with the aim of promoting the job placement and professional growth of people with specific learning disorders within the company organisation. The project involved the Human Resources department in training and awareness-raising activities, testing good practices in staff selection and management processes, involving both people with learning disabilities already present in the company and young dyslexic candidates. At the end of the course, Alfa Parf Group directly employed a resource identified during the project.

The Mexican subsidiary also participated in the 'diversity and equal opportunities' project, collaborating with an association that supports and educates young people with intellectual disabilities. In detail, the project envisaged the creation of a pathway for the selection and subsequent entry of these resources into the Mexican staff. Three young people were placed in the Mexican subsidiary in 2022, respectively employed in the HR, Marketing and IT departments.

STAFF WELFARE

Alfa Parf Group believes that employees are fundamental resources of any successful company and that taking care of their well-being is not only a duty imposed by law but an opportunity for improvement and growth for both the company and its employees.

This is why the Group takes care to guarantee its employees remuneration in line with the market and a series of benefits aimed at satisfying their needs and increasing their purchasing power.

In particular, all employees are granted the benefits laid down by the relevant national bargaining agreement, by the various supplementary contracts applied - if any - or defined in individual contracts, including life insurance, supplementary healthcare, supplementary pension funds, disability and invalidity coverage, company cars and accommodation.

In most of its locations and for positions/functions where it is possible, the Group provides a series of benefits aimed at fostering work-life balance, including flexible start times, canteen service and measures to support parenthood, including parental leave and part-time, granted to most new mothers.

In 2023, the benefits to which Group employees were most entitled were health care, pen-

¹⁵ Local community is intended as the region or district where the subsidiary is located.

sion provisions and life insurance.

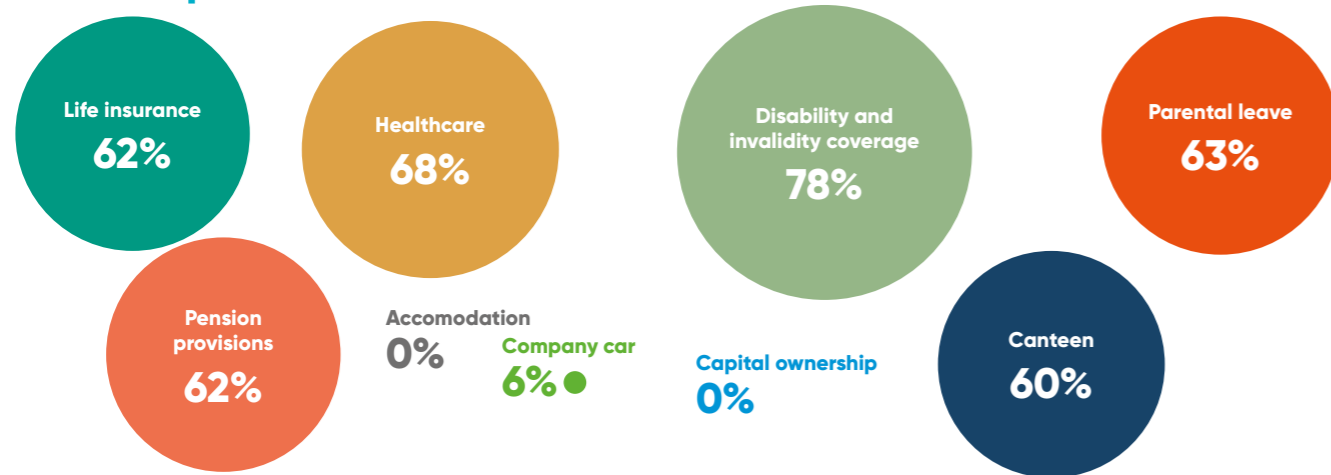
The Group also has an MBO incentive system in place, designed primarily for executives and middle managers, which includes the assignment of common objectives (normally represented by the turnover and Ebitda of the scope of responsibility) and individual objectives, both quantitative and qualitative, more directly linked to the specific function and purpose of the position.

The Italian subsidiary Beauty & Business S.p.A. introduced a number of initiatives that contributed to a more positive corporate climate in 2023. With the discontinuation of the use of agile working with simplified rules, from September 2022 all clerical staff were granted the possibility of continuing to use one day a week of smart working. This was formalised in 2023 in an agreement, with the aim of preserving organisational well-being. B&B also extended part time work for women with children who had applied for it in previous years and also recognised it for new mothers.

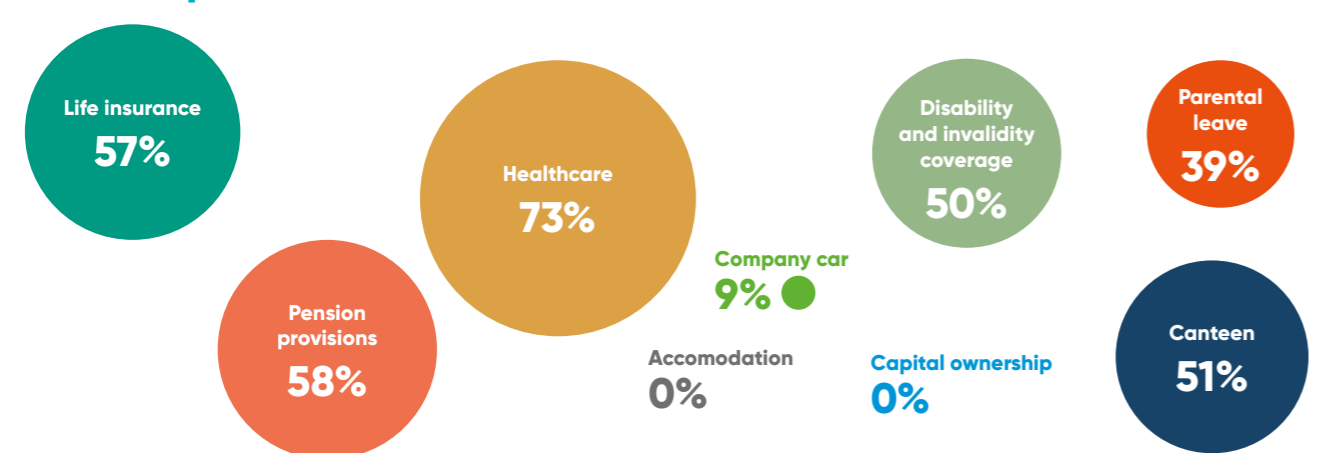
In addition, short-time and flexi-time working arrangements have been in place for years to increase flexibility and the ability for employees to effectively balance the demands of work with those of their personal lives.

On Women's Day - 8 March - the company gifted a hair styling session with specific hair treatment to all women as a gift. In December 2023, fuel vouchers worth €250.00 each were distributed to all employees and workers. The total value of the initiative was €97,250.00.

Benefits provided in 2022



Benefits provided in 2023



At the same time, Tricobiotos S.p.A. set up a 2023-2024 company welfare plan for all employees, which can be used on the basis of bonuses following the achievement of specific objectives, both corporate and for individual categories. The organisational restructuring also brought about changes in the most consolidated working practices and methods. This gave rise to the need to provide transversal tools aimed first of all at managing the needs perceived as more urgent through new ways of approaching our activity and work role but without neglecting the fact that new methods also require new relational approaches and tools more focused on strengthening different work teams.

The commitment of the Argentine subsidiary is also worth mentioning: an employer branding programme was launched, with the aim of strengthening employees' attachment to the company, stimulating a sense of belonging and collective identity and promoting employee retention. As part of the project, the subsidiary established an area called Work Life Balance in which it introduced a range of benefits such as gym membership, home office, flexible hours, etc. in order to promote a balance between the team's work and personal life.

Similarly, the company wished to demonstrate its interest in the well-being of all employees by promoting specific actions of communication and reflection on the importance of the health of all employees: among these initiatives, a conference dedicated to raising awareness of breast cancer prevention was of particular importance.

The Colombian subsidiary also implemented actions aimed at improving well-being in the workplace in 2023, with the belief that a healthy and stimulating workplace also improves employee productivity and the cooperation of all, which is essential to achieve corporate and individual goals. The subsidiary also started a short training programme for the entire team of employees with a government agency. Its aim was to strengthen skills such as English and office tools.

In addition, the Dominican Republic subsidiary renewed its commitment during 2023, which also continued in 2024, to carry out planting days, clean up coastal areas and continue with waste separation, thus increasing public awareness on caring for the planet. Initiatives for the well-being of both staff and the environment are also being carried out by the subsidiary in El Salvador, where in 2023 measures were put in place to combat deforestation by adding sun terraces in the company in order to raise awareness among employees on this issue.

With the aim of pursuing the wellbeing of employees and ensuring the protection of their rights, both during day-to-day management and in times of change in the company organisation, Alfa Parf Group has always considered dialogue with employee representatives to be a central aspect of organisation and management. For this reason, the company strives to maintain constant dialogue with trade unions, ensuring impartiality and independence in the promotion of relations in accordance with current legislation, while guaranteeing the protection of rights, freedom of association and collective bargaining. The concept of Corporate Social Responsibility is a fundamental principle for the company, through which it is possible to combine the Group's development objectives and economic results with respect for social and environmental values, while enhancing the continuous and constant contribution of human resources.

Collaboration with workers' representatives, together with procedures and internal control systems, has ensured that no violation or risk has been reported concerning the application of the Group's Social Responsibility policies, which protect fundamental labour rights and provide for multiple areas of discussion: economic and financial performance, employment policies, occupational safety, corporate welfare, promotion of diversity and inclusion, industrial policy and investment plans, performance bonuses, and working hours.

SELECTING AND ATTRACTING TALENT

Alfa Parf Group depends considerably on the professional contribution of key staff and highly specialised staff. Key personnel are considered to be those with strategic and/or oper-

ational responsibilities, whose skills and experience are decisive for innovation and research activities, the execution of operational projects, and the growth and development of Alfa Parf Group.

Selection processes play a strategic role for the Group, as they make it possible to identify candidates with specific skills, professionalism and technical competence, corresponding to the profiles actually required by the Group's needs and who also share the ethical principles and values that inspire Alfa Parf Group.

With this in mind, selection is carried out in full respect of equal opportunities and without any discrimination, avoiding favouritism, patronage and facilitations of any kind, inspiring each choice exclusively by criteria of professionalism and expertise.

Alfa Parf Group's ability to attract, develop and retain talent is central to a labour market characterised by high mobility in recent years and a sector with a limited number of comparable companies.

As regards the development and retention of internal talent, should the relationship between the company and these persons be interrupted for any reason, their succession and the maintenance of their skills within the organisation is a highly important issue. It is therefore essential to ensure that key players have the right levels of motivation, training and growth, and a work-life balance and comp&ben approach that will make working in the Group attractive.

Together with the need to work in a more structured and systematic manner on the Company's visibility and image, the Italian subsidiary of Beauty&Business is engaged in communication and partnership activities with several Universities in Lombardy and with Higher Education Institutes, in particular with the Istituto Nuove Tecnologie della Vita Academy in Bergamo, a highly specialised technical post-diploma school that prepares professional technicians in the chemical, cosmetic chemical, biotechnological, pharmaceutical, nutraceutical, environmental, health and polymers/elastomers fields. The subsidiary organised and conducted theoretical lectures in the field of cosmetic formulations and practical workshops on the use of raw materials and equipment.

With the collaboration of the municipality and school of Escobar, in 2023 the Argentine subsidiary repropose a series of guided tours of its plant in which final year students participated. This initiative gave today's students – tomorrow's future professionals – an insight into how a plant is organised and how activities are carried out inside it.

A number of lectures were also organised at local public high schools, during which students were given insights and information on the subject of job hunting, writing a CV and preparing for a successful job interview.

Lastly, an agreement was signed with Escobar's employment office to provide the subsidiary with the names of candidates meeting the technical requirements sought for the new positions.

TRAINING AND SKILLS DEVELOPMENT

The Group strongly believes that the quality of its products and services is inseparable from the quality, preparation and growth of its resources. For this reason, Alfa Parf Group offers its employees multiple training and professional development paths.

Training is considered an important and essential investment because it combines the company's growth needs with the professional development of its people: the Human Resources Department defines the guidelines and tools for identifying training needs, and subsequent training interventions, by drawing up an annual training plan. This plan includes:

- management training, relating to the development of management skills and techniques, organisational behaviour and leadership;
- regulatory and governance training, relating to legislative insights and corporate provisions;
- training of a technical-operational and professional nature, aimed at acquiring skills related to the organisational task;
- health and safety training, consistent with technical-operational activities and specific regulatory obligations;
- other courses (among which are foreign languages, marketing, communication, IT, etc.).

Besides being provided directly by the Group, staff training is also financed through membership in interprofessional funds. In 2023, Alfa Parf Group provided a total 14,940 hours of training, of which 8,228 related to compulsory training courses, i.e., required by the regulations in force in the various countries of presence, and 6,712 hours of non-compulsory training.

The development of professional skills is essential for the growth of the company and the achievement of industrial objectives.

To facilitate this process, in November 2023 the Italian subsidiary Beauty & Business launched a Leadership Training course for personnel who manage resources, characterised by a diversified training approach with multiple formats: including classroom and online training between Workshops and Group Coaching, which helps equip personnel with innovative and strategic skills, in response to emerging professional needs, and to disseminate knowledge of value, behavioural and leadership models that are consistent with the company vision and mission.

In order to increase effectiveness, training is carried out in a diversified manner, so that each person can link the illustrated values and behaviour to their daily working life, while the interactive approach ensures a more proactive and engaging experience, which is useful in strengthening conduct aimed at achieving the strategic objectives. The project, based on six different alternating steps, will be completed between the end of 2024 and the beginning of 2025.

After these first editions, the aim will be to make the pathway operative on a rolling basis in the coming years for all newly promoted or newly recruited managers.

In October 2023, the first module of an online course on cyber security issues was also organised and was attended by all users with a corporate e-mail. The aim was to provide an overview of the threat of phishing and make users more aware of their online behaviour when using devices.

In addition, in order to enhance the skills and professionalism of staff, the following are operational:

- **Annual Review**, the system of individual performance for employees, assessed by the direct managers on the basis of the level of achievement of the objectives assigned to the employees. In 2023, this process was extended to all employees of Alfa Parf Group and consists of a formal assessment in which a manager assesses the work performance of their employees, identifying the strengths and weaknesses of their work. The **performance review** includes all the actions that human resources managers within a company set up to give workers constant feedback on their work and to establish which goals are to be achieved with future performance and how to achieve them. A performance rating system can be regarded as a systematic way of examining an employee's performance in their work, through planned activities, in order to encourage positive performance and behaviour, satisfy employees' curiosity about the performance of their work and, more generally, develop their work.
- **Management by Objectives (MBO)**, the short-term (annual) incentive system is applied to top and middle management and entitles them to receive a monetary premium based on the achievement of targets set for the year. The system is broken down into Group objectives, which are the same for the whole workforce, Area objectives (transversal to the area they belong to) and individual objectives. The remuneration policy adopted includes fixed and variable short-term and long-term remuneration measures.

A training course was implemented that benefited all employees at the subsidiary in Colombia. The training courses were broken down by department and customised according to specific tasks. With this programme, 45 employees of the different administrative areas, representing 43% of the total staff, obtained the final certification.



HEALTH AND SAFETY

Protecting workplace health and safety is an issue of strategic importance for both employees and non-employees. Improving behaviour and enhancing corporate culture to prevent accidents and damage to health is a commitment that Alfa Parf Group pursues with determination and continuity, in order to offer workplaces with the highest standards in the field. The Italian subsidiary Beauty & Business and the foreign production subsidiaries have a dedicated HSE function, whose main tasks concern the identification, measurement and assessment of risk factors to which employees - and external workers - are, or potentially may be, subject, the identification of the best strategies and tools to prevent and mitigate such risks, including the organisation of information and training programmes for workers, and the drafting and/or updating of health, safety and environmental procedures.

The main health and safety procedures adopted are of two types:

- management and organisational procedures;
- operational procedures and instructions.

Although not certified, the Occupational Health and Safety Management System adopted by the Italian subsidiary Beauty & Business and implemented, with the necessary modifications, by the other production companies, guarantees the improvement of workers' health and safety levels, the reduction of costs deriving from accidents, injuries and work-related illnesses, and the gradual reduction of occupational risks with actions in the field. The PPSM (Prevention and Protection Services Manager) and PPSO (Prevention and Protection Services Officer) make up the Risk Prevention and Protection Service.

Each Group company has a risk assessment document (RAD), which is regularly updated when changes occur in the production process and/or work organisation. The RAD defines and lists a number of risks related to workers' health and safety and correlates them with each work task in the attached 'Task Sheets'. The Company Doctor supports risk assessment activities by defining health protocols for the profile of risks associated with particular tasks and monitoring any damage to workers' health; in addition, when issuing the a judgement of suitability, the Company Doctor applies restrictions and requirements to prevent any occupational diseases, where necessary. The company has also organised an in-house first aid and emergency management team, whose training is regularly updated through classroom training sessions as well as simulated emergency situations.

Injuries and occupational diseases

	31.12.2023	31.12.2022	31.12.2021
Number of fatalities as a result of work-related injuries	-	-	-
Number of work-related injuries with serious consequences (excluding fatalities)	2	6	6
Number of recordable work-related injuries	26	13	12
Hours worked	4,537,419.75	3,727,927	3,581,785
Rate of fatalities resulting from work-related injuries	-	-	-
Rate of work-related injuries with serious consequences (excluding fatalities)*	0.44	1.61	1.68
Recordable work-related injury rate**	5.73	3.49	3.35
Total number of fatalities caused by occupational diseases	-	-	-
Total number of recordable cases of occupational disease (excluding fatalities)	14	1	1

* The rate of severe work-related injuries was calculated as follows: number of severe injuries per total hours worked per 1,000,000.

** The rate of recordable work-related injuries was calculated as follows: number of work-related injuries per total hours worked per 1,000.

The Brazilian subsidiary Delly Kosmetic has programmes seeking to directly prevent work-related injuries and illnesses based on compliance with legislation with annual work plans, safe and healthy working environment, and reduction of environmental impacts with waste management programmes.

In 2023, a total of 28 injuries occurred among employees (9 more than in 2022). Of these, 5 were caused by slips and falls, 11 by accidents on the road, 2 by bumps, and 10 were due to other activities (such as cuts or bumps). However, there were no injuries among non-employees. With regard to occupational diseases, in 2023 there were 14 cases among employees of a physical nature, while among non-employees there were no cases.

HEALTH AND SAFETY TRAINING

FOCUS ON

COLOMBIA - SAFETY WEEK

The subsidiary in Colombia recognises the importance of its employees and is committed to the continuous improvement of their health by means of an occupational health and safety management system aimed at guaranteeing the maintenance of physical, psychological and social well-being, as well as providing safe and adequate workplaces through the identification of hazards, the assessment of risks and the determination of controls.

Health Week was organised at the Group’s Colombian subsidiary, during which various activities were held to promote the physical and mental health of employees.

The event was created in 2022, was appreciated by all the staff and re-launched in 2023. In particular, a number of events and activities were organised on a variety of topics, including the importance of mental and physical health, proper nutrition, first aid activities and pet therapies, which helped to increase employee motivation and satisfaction.

In addition, during Safety Week, activities were also carried out to promote health and well-being, occupational medicine, medical assessments and implementation of promotional and prevention cards in relation to the health and well-being of employees. In addition, in the field of occupational safety, hazard and risk assessment matrices were updated during this week. Staff were also trained on occupational health and safety, and protective equipment was handed out to them.

Alfa Parf Group assigns a central role to employee training, nurturing a safety culture in an effort to minimise work-related risks. In particular, the training courses provided are aimed at developing the knowledge and skills needed to safely manage work activities, depending on the tasks and processes in which the individual employee is involved.

In 2023, a total of 6,139 hours of health and safety training - both general and specific - were provided, down from the 2022 figure. The training courses provided in 2023 involved 1,015 employees and 209 non-employees and covered various topics, including: work-related stress management, use of PPE, high/low risk work safety, good manufacturing practices, First Aid, Safety Officers, Safety Managers, Workers’ Safety Representatives, etc.

An internal communication campaign was launched in 2022 at the Parent Company with the installation of a number of monitors in the company’s break rooms, aimed at providing short videos on certain topics of great relevance and impact on workers’ health/safety. The

Hours of health and safety training delivered

31.12.2023	Training hours delivered	Number of employees trained	Number of external workers trained
General training	4,722	681	141
Technical-specific training	1,417	334	68
TOTAL	6,139	1,015	209

31.12.2022	Training hours delivered	Number of employees trained	Number of external workers trained
General training	6,141.5	1,161	76
Technical-specific training	730.5	165	52
TOTAL	6,872	1,326	128

31.12.2021	Training hours delivered	Number of employees trained	Number of external workers trained
General training	8,091	779	-
Technical-specific training	2,668	1,048	-
TOTAL	10,759	1,827	-

campaign is aimed at all internal and external workers to make them aware of good practices to be implemented within the work areas.

During 2023, the Zucchetti management software module for the management of health and safety training requirements was also purchased. The module will allow the company to have a single database (also with a scheduling function) relating to all the training provided in various capacities to workers, with the added advantage of linking up with the existing master records already used for attendance recording purposes and allowing workers to have just one space where they can also find all the documentation they may need. During 2023, rationalisation work was also carried out with regard to supervisors, with the aim of re-inforcing the team of supervisors in relevant factory areas as well as identifying a ‘reference’ supervisor for each of the office macro-areas.

The subject of health and safety training is particularly important for Group companies. A number of initiatives were carried out during 2023. In particular, companies located in Ireland and the UK organised training sessions with a focus on mental health and wellbeing for all staff members as well as first aid courses, with the aim of ensuring the presence of



a first-aiders among employees. The office in Uruguay also used the services of a company specialising in occupational health and safety to assess its facilities and processes to ensure the safety and health of its employees. In 2023, it also organised two workshops on the topic of occupational health and safety. The US subsidiary also provided H&S training to its employees during 2023, specifically with reference to a hurricane preparedness plan.

FOCUS ON

MEXICO: 2023 NATIONAL DAY FOR CHEMICAL EMERGENCY PREPAREDNESS AND RESPONSE (DINAPREQ)

In order to minimise the damage to the population and the environment caused by chemical emergencies, the Federal Prosecutor for Environmental Protection (PROFEPA) of Mexico has been promoting the ‘National Day for Chemical Emergency Preparedness and Response’ (DINAPREQ) since 2012. Also in 2023, Dobos participated in DINAPREQ by conducting training on ‘Chemical Spillage Management’ and performing a simulation, where an ‘ammonium hydroxide spillage’ was reported to the highest environmental authority, the Federal Prosecutor’s Office for Environmental Protection (PROFEPA), and consequently gained recognition from the same, and secured its image as a caretaker of the environment. The training is aimed at all plant personnel, as well as the Federal Agency for Environmental Protection, with the aim of ensuring and maintaining the culture of environmental care, since personnel are trained and qualified to deal with chemical emergencies that, due to their aggression, could endanger the environment around us.

IMPROVEMENT OBJECTIVES

Objective	Action/project	Deadline	Status
Improve communication of corporate culture and a sense of belonging to the Group for new recruits	Develop an induction procedure, diversified according to the roles and needs of the different subsidiaries	December 2023	Completed
Improve the effectiveness of training	Develop a procedure for analysing training needs and verifying the effectiveness of training	December 2023	Completed
Improve the performance review process	Implementation of a structured performance review process for all employees of the Italian subsidiary Beauty & Business S.p.A.	December 2023	Completed
Under 35 Youth Development	Creation of a path to promote skills enhancement, increase engagement and foster intergenerational exchange and management development through various forms of interventions	December 2024	Underway
Team building on specific areas	Organise multiple team building moments on specific areas	December 2024	Underway
Create an integrated system for managing all aspects of health and safety	Acquire ISO 45001:2018 certification in the Italian plant and subsequently in the plants in Mexico and Brazil	December 2025	Underway
Improve corporate well-being, sense of belonging to the Group, employee empowerment	Achievement of Marca Empleadora Certification in the Argentine subsidiary	December 2027	Underway

SOCIAL AND RELATIONAL CAPITAL

Sustainability Plan

Caring for employees, customers and local communities, promoting inclusion and empowerment



CUSTOMERS

The customer has always been at the centre of the Group's attention and customer satisfaction, together with a high level of quality and innovation in products and services: these are the foundations on which Alfa Parf Group bases its growth strategy.

TYPES OF CUSTOMERS AND MARKETS

Alfa Parf Group interfaces with many varied types of customers, depending on their sales channel and geographical location.

To date, the production of Alfaparf Milano brand hair products is mainly destined for the foreign market - although the Italian subsidiary Beauty & Business S.p.A. is growing rapidly in both turnover and distribution - through direct subsidiaries and a network of distributors focused on the Eurasia region. The customer categories are divided into:

- hairdressing salons, professional chains or professional/mass market hybrid stores
- end consumers;
- supermarket chains;
- off-line distributors, online distributors and beauty supply retail chains;
- importers.

The hair business remains focused on service to salons, but hairdressers now demand products and services through alternative channels such as professional stores, hybrid stores (both professional and consumer), and both B2B and generalist beauty care-oriented online sites. The distribution of channels varies greatly from one geographical area to another: in continental Europe, the historical direct sales channel at the salon continues to be dominant, while in the US, shops and online sales are very important and are growing strongly (also because more than half of hairdressers rent chairs or work from home).

The production of skincare products, together with equipment for professional beauty applications, is instead mainly destined for the Italian market thanks to a network of exclusive agents. The clientèle is divided into:

- beauty centres, spas, day spas and clinics
- distributors;
- pharmacies.

Lastly, the Third-Party Customers offer is directed towards a global market: the geographic location of the Group's three production plants - Italy, Mexico and Brazil - allows it to satisfy the demands of multinational companies with global distribution in both the professional and retail channels, as well as companies, local distributors and large-scale retail, which are increasingly looking for innovation in terms of both formulation and eco-sustainable materials.

Over the years, there has been a clear need for increasingly easy and affordable purchases of beauty products, leading to a multiplication of both physical and digital sales channels (which exploded particularly after the pandemic). Alfa Parf Group, which has always been attentive to these trends, has embarked on a path of adapting its offerings to the specifics of each consumer target and channel, using its vast portfolio of brands and properly targeting both its product offerings and brand communication. Retail therefore focuses on the development of customers belonging to the beauty channels, which resell mass market and professional products in physical stores or digital shops (e-commerce) to end consumers and/or professionals. This clarification is important to understand that discussing the development

of the retail channel means addressing both the development of the dedicated brands (mass market and retail part of the professional brands) and the e-commerce channel.

In its approach to the traditional mass market, Alfa Parf Group has chosen a B2C type of distribution through the dedicated brands Alta Moda (in Latin America) and Il Salone Milano (in Eurasia and the USA), using beauty suppliers, perfumeries, drug stores, large-scale retail and digital channels such as e-shops and marketplace as sales channels. The areas of greatest development are Latin America, Europe, Arabia, with a presence in the USA and China as well.

The current offer in the professional retail channel instead focuses on marketing the professional resale lines (Alfaparf Milano Professional and Yellow Professional) aimed at end consumers and small professionals. The sales target is B2B and B2C and the sales channels are beauty suppliers and beauty e-shops. The areas of greatest development are Latin America, the USA, Eastern Europe and Asia.

In this context, the production site located in Brazil maintains relations with a purely 'inter-company' clientele, specifically targeting Brazil, Colombia and Argentina.

CUSTOMER CONTACT

Alfa Parf Group is at the service of its professional customers, with the aim of supporting and accompanying their growth both in terms of turnover and of technical and artistic skills, providing products with high quality standards, customised services, training and consultancy. As far as the Haircare Business Unit is concerned, the ongoing relationship with customers is managed by a network of salesmen and/or exclusive direct agents and a network of distributors. A sales management structure with Sales Managers and Area Managers completes the organisation of this team. Abroad, the frequency of contact with distributors is almost daily: discussions vary from sales issues (strategies, targeting, promotion) to customer service issues, order management and complaints. In addition, contact with the professional clientèle also takes place constantly through education services, by means of technical and product training done directly in the salon, in the academy or remotely. Lastly, Alfa Parf Group makes an increasing amount of training content available on its social channels and platforms, thereby multiplying its customer contact points.

As far as the Skincare Business Unit is concerned, there is constant contact with professional customers in Italy thanks to a network of direct agents, dedicated Beauty Specialists and the Bergamo Pilot Centre (Training Academy). Customers are visited every two months



to discuss sales and marketing issues. Relations with foreign customers and the foreign distributor network are instead handled by the Export Manager's activity, by means of almost daily remote support. In addition, each distributor is visited on site several times during the year both to provide training services for new lines and for sales support activities (seminars, master classes).

The Third-Party Customer Business Unit's approach to customer relationship management follows a specific and determined procedure. Visibility on the market, in addition to the trade fair channel, comes from belonging to the Group: globally recognised know-how and expertise have brought and continue to bring customers seeking an industrial partner with high quality standards, capable of developing and producing internationally compliant formulas and sustaining global manufacturing capabilities. Sector trade fairs are one of the main meeting events: it is in this context that the Group has its first commercial approach with potential customers. Afterwards, meetings are organised with the aim of presenting different types of formulas and products which can be customised according to needs.

In the Retail channel, the meeting between demand and supply is firstly expressed by identifying potential targets through a country and market analysis, and then selecting retailers (physical or online) in the Beauty world which meet the mass or professional positioning requirements of the Group's brands. Trade fairs also represent another possible meeting point with customers, as does the intermediation of specific distributors who, especially in countries where the Group is not present with its own subsidiary, support Alfa Parf Group in selecting local partners according to the best match between the positioning of the customers' offerings and those of the brands in the portfolio. Direct contact is then made with these prospective customers, aimed at verifying their intentions, and then proposing the most suitable brands and products for retail sale. These contact opportunities with retail customers are mostly concentrated at market highlights (recurrences, events, and promotions) as well as during sales discussions when introducing and launching new lines and/or products.



TRAINING AND ENGAGEMENT OF PROFESSIONAL CUSTOMERS

The training of professional customers plays a key role in providing fully professional services to the end customer; for this reason, Alfa Parf Group focuses on education activities in both haircare and skincare through the promotion of important initiatives.

OFFICINA DEL COLORE

The 'Officina del Colore' project continued in 2023. This ever-expanding initiative unites hairdressers from all over the world who share passions and dreams and who, as members of the programme, have access to high-level training courses, quality products and services designed to raise the salon's image to the highest industry standards. Depending on their business profile and their business and growth objectives, the hairdressers can benefit from exclusive advantages such as favourable business conditions, academies and training courses, exclusive images that identify their membership in Officina Del Colore, in-salon marketing operations, technical materials for daily use, visibility and subscriptions in trade magazines. This has allowed us to build a growing network of high-end salons, guaranteeing quality and excellence, always in tune with the latest trends.

YELLOW PROFESSIONAL CREW

This is a programme dedicated to best Yellow Professional customers, which offers them exclusive benefits to grow and develop their business:

- Customised policies and business proposals
- In-store visibility (salon set-up, clothing, technical and consumer equipment)
- Training programme
- Digital support for communication on social networks
- Exclusive events

Passion and dedication are celebrated in the Group's community, where experience is shared and a culture of growth and collaboration is promoted.

GLOBAL AMBASSADOR

The 'Global Ambassador' Project was launched in 2021 with the aim of creating a team of professional spokespersons for the Alfaparf Milano Professional brand both online through the creation of content to push key products, new product or service launches on social platforms, including Instagram, and off-line through shows, visuals and seminars both in their countries of origin and in other countries. The initiative continued in 2023 with the active participation of 12 members.

EVENTS FOR PROFESSIONALS

The Group promoted a series of Alfaparf Milano Professional branded events, with the aim of enhancing the brand and creating belonging. The main spokesperson is the Global Creative Director of Alfaparf Milano Professional, Rudy Mostarda, together with other local Ambassadors. Among the events in 2023 were the Cosmoprof in Bologna and the *Alternative Hair Show* in London.

In 2023, Alfaparf Milano Professional focused significantly on training through its training catalogue, which seeks to raise the quality of the services offered in the salon. In

FOCUS ON

TALENT SHOW

With the aim of combining training and entertainment on the big screen, a new TV programme dedicated to hairdressers – *Hairstyle, the Talent Show*, produced by Shine Iberia (Banijay Group) in collaboration with Alfaparf Milano Professional, was released in 5 countries worldwide in 2023: Italy, Spain, Brazil, Mexico and the United States.

For Alfaparf Milano Professional, the Talent Show was an extraordinary opportunity to introduce the profession to the general public and consolidate brand awareness among its customers.

Professional stylists demonstrated their talent, skill and creativity, facing some of the most spectacular tests and challenges to win a major prize and become the next big name in the world of hair.



particular, a world tour of the brand's creative director took the new collection around the world. Among the most relevant countries involved in the tour were: Argentina, Ecuador, Poland, Mexico, Portugal, Hungary and Serbia.

In 2023, Alfaparf Milano Professional was also confirmed for the second year running as the main sponsor of the international charity event 'Alternative Hair Show', the only event to unite hairstylist legends on stage and give voice to young talent. The event was organised to raise funds for leukaemia research.

'TRAINING & BEAUTY' ACADEMY

Training & Beauty is the training academy of the Skincare division of Alfa Parf Group, founded in 1994. Leaving behind the pandemic years during which it became essential to use online resources, the situation returned to normal at the beginning of 2022 with the re-establishment of in-person activities. At the Training Centre in Bergamo, an operational facility specifically equipped to hold training and refresher courses on the methods, products and technologies of the various skincare brands, more than 2,500 people were trained during the year, including industry professionals, both Italian and foreign (distributors and subsidiaries), and sales managers. Of paramount importance was the resumption of laser courses to ensure that this technology, which is one of the Group's pillars, is used competently and safely. Thirteen courses were held in 2023 in cooperation with the Group's scientific doctor, aimed both at customers who had purchased one of the lasers in the range and at all personnel who needed an in-depth update.

The Academy is an organisation that also offers courses in different areas and levels taught by qualified lecturers in the main subject areas: from the managerial area with a focus on management and tax, digital marketing and sales, to the medical-scientific area with a focus on the anatomy and physiology of the face and body, and lastly the technical area for massage and make-up courses. These courses are always intended for the Group's customers and are held in locations throughout Italy. Alfaparf firmly believes in the value of training as a means of disseminating know-how, which is why the courses were provided free of charge. And for customers who are unable to get to the Training Centre, a travelling team of expert trainers has been made available to ensure full customisation of training directly at the institution.

CUSTOMER SATISFACTION AND COMPLAINT MANAGEMENT

In general, direct contact with customers is handled by the sales network and a network of beauty consultants, who at the Italian Beauty & Business subsidiary report any requests and/or anomalies that cannot be handled through ordinary training activities.

In Haircare, customer satisfaction levels are measured through timely product supply surveys and market surveys prior to the launch of new brands and products or the presentation of more advanced technologies.

With regard to the B2B export business, where the interlocutor is a distributor or importer and not a beauty salon, beautician or end customer, customer satisfaction levels are not monitored through the survey method, but are taken from and determined by a monthly analysis of the following KPIs:

- Value of Back Orders/Value Ordered: the ratio between turnover value and value of orders received is an important indication of the effectiveness of stock cover in meeting the quantity of orders received from customers. Ideally, this indicator should be as close to 0% as possible to show optimal stock management. In 2023, for the Export Hair division, this ratio was 3.60% compared to 13.38% in 2022;
- OFR - Order Fill Rate: this KPI describes, in percentage terms, the number of orders handled and filled completely, i.e. without even a single order line being omitted. An OFR tending to 100% is a symptom of optimal customer service, where every customer receives all the quantity and all the references ordered. For the Haircare division, OFR 2023 was 71.14% compared to 51.90% in 2022;
- LFR – Line Fill Rate: Although similar to OFR, it differs in that the database is not the number of orders but the number of order lines. It expresses the percentage of order lines fully executed (without missing items or back orders) out of a total of 100. Here too, a 100% LFR identifies an optimal situation. In 2023, LFR increased to 98.02% compared with 92.14% in 2022.

Another field concerning customer satisfaction relates to feedback on social media during events such as: Alternative Hair Show or Hairstyle Talent.

In addition, with regard to measuring product appreciation, task forces with customers are planned about four times a year to test our formulas (new developments or catalogue formulas), giving the Group the opportunity to measure itself against benchmarks in the market. Product formulas are refined based on user feedback.



In Skincare, a specialised company sends an annual survey to assess the satisfaction index of the products and services offered by Alfa Parf Group. 2023 evaluations focused on the area of satisfaction with products - which were particularly appreciated in terms of quality - and with equipment - which was appreciated for the clarity and usefulness of its user manuals, punctual deliveries, reliability of machinery and training. Abroad, customer satisfaction is monitored through surveys, which aim to measure the level of customer satisfaction in different areas (product quality and performance, service offered).

The Group has adopted the following procedure for the management and monitoring of complaints:

- **complaint management of cosmetic products**, regulated by ISO 9001, which allows complaints to be divided according to whether they concern a service or a product;
- **equipment complaint management**, regulated by ISO 9001 for all devices targeting the aesthetic channel and ISO 13485 for medical devices. The **Complaint Management and After-Sales Reports Procedure has been adopted**, whose purpose is to define the service delivery methods of after-sales support for equipment sold on the Italian market.

Each complaint is handled by the subsidiaries using a special form and is subject to an internal verification procedure in all cases. At the end of this procedure, appropriate corrective measures are taken and the customer concerned is informed.

E-COMMERCE

The main objective of the e-commerce strategy is to ensure the best online representation of the Alfaparf Milano brands, and more specifically of the lines intended for resale, so as to ensure an informative online shopping experience for the end customer which is equivalent to the professional one in the offline world. The medium- to long-term objective involves gradual direct management of the e-commerce channel, in agreement with the most relevant Beauty e-tailer players in the relevant markets.

In 2023, there was an expansion of the E-commerce strategy with a multi-channel approach aimed at the enhancement and online sale of the AlfaParf Milano brands, targeting not only the subsidiaries, but also the distribution and professional channel, in order to ensure consistency and synergy. Projects include:

- **enhancement of our professional brands in the E-commerce channel**, in particular with vertical e-tailers in the beauty sector for the Hair and Skin brands. This is achieved using digital communication targeted at the end consumer and its promotion through Online Trade Marketing plans shared with these customers, in order to increase the visibility of



the group's product brands and continue the path of revenue growth;

- **expansion of the online IP protection service** for the Hair Alfaparf and Yellow brands not only in Europe, but also in Asia;
- **consolidation of Direct To Consumer projects in Italy** (www.alfaparfmilanostore.it) and the United States (www.shopalfaparfusa.com) to increase the knowledge of customers who are enthusiastic about the Hair Care lines and to create an engaging experience, such as offering a consultancy service equal to the professional service in the offline world through online consultation.

Overall, the E-commerce channel achieved a total turnover in 2023 of more than Euro 10.5 million with a growth of about 19% compared to 2022, taking into account the different market types and aimed at creating synergy and protecting the professional offline channel. The main objective of the E-commerce strategy continues to be **to ensure the best online representation of the APM brands** (Hair and Skin), focusing specifically on retail lines for online resale.

In 2023, work was done to harmonise and enhance the content on the E-commerce channel for new brands (such as Benvoleo) and new lines (such as Semi di Lino Density), through a synergy-based approach with the Marketing, Digital and Graphic Design departments. The medium to long term objective involves gradual communication of brand values (such as the commitment to developing environmental sustainability) consistent across all E-commerce channels, whether managed directly by subsidiaries or managed by customers (distributors, salons or beauty centres).



COMMUNITY

Alfa Parf Group supports organisations, associations and institutions both through its own brands and through Corporate and is committed, on the one hand, to promoting equity through the elimination of poverty and the creation of decent living conditions for all, and on the other, to defending the right of all human beings to live in an environment that allows them to fully and legitimately express their individuality, with a view to building a better society for the whole community. Alfa Parf Group intends to pursue this important objective by supporting a series of projects and initiatives aimed at enhancing uniqueness, promoting inclusion, providing concrete help to the most fragile, promoting women's empowerment, enhancing and safeguarding historical, artistic and cultural heritage, promoting scientific dissemination, supporting research in the medical field and health facilities, collaborating with training institutes and promoting the employment of youth and people from the local community.

Demonstrating its increasing attention to the environment and society, during the year 2023 the Group allocated a contribution towards the Emilia-Romagna communities affected by the floods by joining the solidarity initiative promoted by Confindustria together with CGIL, CISL and UIL.



ENHANCING INDIVIDUAL UNIQUENESS AND PROMOTING INCLUSION

BELLEZZA IN TUTTE LE SUE FORME

One of the cardinal principles of Alfa Parf Group's corporate culture is enhancing uniqueness and promoting inclusion, in the belief that diversity is an asset and that inclusion fosters the dissemination of knowledge, strengthens a sense of belonging and generates continuous learning. The initiative that best represents Alfa Parf Group's commitment in this field is 'Bellezza in tutte le sue forme', entirely conceived, desired and carried out by the people of the Group. 'Bellezza in tutte le sue forme' is a social responsibility project which seeks to provide young people with learning disabilities the opportunity to pursue and complete a training course aimed at obtaining a diploma as Hairstylist Assistant. The goal is to offer these young people the opportunity to develop new professional skills, increase their personal and social autonomy and help them enter the working world. The project is a message of hope that seeks to represent diversity as a value, capable of unveiling unexpected features such as creativity, sensitivity, joy, enthusiasm, professionalism and sweetness.

The initiative was launched in Brazil in 2013 together with the Brazilian NGO Istituto Meta Social, in Italy in 2015 together with multiple associations such as AIPD Bergamo, AGPD Milan and Bussola Dalmine, and most recently in Portugal in 2021. As a result of this initiative, more than 160 young people worldwide and 47 young people in Italy have obtained a diploma and many of them are currently in a working environment. Alfa Parf Group repeated the project again in 2023. In addition, during 2023, the brand was registered in Italy and five diplomas were awarded to young women, demonstrating further commitment to supporting the local community.

CONCRETE HELP FOR THE MOST FRAGILE

LA FORZA E IL SORRISO

In 2023, Alfa Parf Group renewed the commitment it launched in 2013 to concretely support highly fragile individuals by making a contribution and donating its products to 'La forza e il sorriso', an Italian non-profit organisation that organises beauty workshops for women undergoing cancer treatment at hospitals and voluntary associations throughout Italy. This is the only collective social responsibility project in the national cosmetics sector, sponsored by Cosmetica Italia.

The initiative, which does not interfere with their medical care and does not in any way intend to replace it, seeks to provide information, ideas and practical advice for facing the side effects of therapies. The workshops are aimed at all women who, having undergone cancer treatments, do not want to give up their beauty and want to regain their sense of well-being and self-esteem. Each workshop is led by a competent and sensitive volunteer beauty consultant who reveals useful make-up secrets and teaches each participant how to enhance their appearance in a few targeted gestures. In addition, the beauty workshops are accompanied by the presence of a psychotherapist ready to offer psychological support to the women in treatment.

The initiative is totally free of charge for both the participants and the host facilities. Women are given a beauty bag full of cosmetic products to put the advice of the beauty consultants into practice, not only during the guided meeting, but also at home, where they can continue to take care of themselves on their own. All this is possible thanks to the support of around 29 participating cosmetics companies, 4,000 beauty workshops and 500 volunteers (beauty consultants and hospital staff).

DYNAMO CAMP

Alfa Parf Group also financially supports Dynamo Camp, a Foundation that offers specific recreational therapy programmes free of charge to minors suffering from serious or chronic illnesses, giving them and their families the opportunity to spend a period of holiday and fun at the Limestone Campus in the province of Pistoia, where they can take part in activities aimed at boosting their self-confidence and their abilities.

UNIVERSITÀ 21

The first association in Italy that allows students with intellectual disabilities to live the university life, today Università 21 operates in agreement and cooperation with several departments of UNIMORE. The placed students are supported by graduate educators who experience the everyday life of university with them and support them in preparing for examinations and acquiring new independence. During 2023, Alfa Parf Group made a donation to support the association in its activities.

PROMOTING WOMEN'S EMPOWERMENT

LA BELLEZZA OLTRE

Again in relation to promoting female empowerment, in synergy with Confartigianato Imprese Bergamo, Caritas, Diakonia Onlus Foundation and the ACOF School for Hairdressers in Bergamo, Alfa Parf Group supports the 'La bellezza oltre' initiative: a project for women, with women, which supports the 'Spazio Irene' of the Diakonia Onlus Foundation, the care service dedicated to caring for women living on the streets or in particular situations of hardship, and aims to provide them with the opportunity to look after their own well-being. The women of 'Spazio Irene', accompanied by operators and volunteers of the Diakonia Onlus Foundation, are periodically welcomed at the ACOF premises, which becomes a real beauty salon for the occasion: the students of the hairdressing course, assisted by professionals of the Area Benessere di Confartigianato Imprese Bergamo, have the opportunity to learn how to welcome and accommodate the guests, listen to their needs and perform colour and hairstyle treatments using products provided free of charge by Alfa Parf Group.

FOCUS ON

ARGENTINA – 'UN NATALE DIVERSO'

The Group's Argentine subsidiary participated in the initiative 'Un Natale diverso', an internal campaign designed to help all those in the community who, for various reasons, spend Christmas away from home. The goal of this programme is to collect toys and gifts and then distribute them to the various hospitals where the children are forced to spend the festive period. Many employees participated by leaving gifts on the Christmas tree set up in the reception area of the subsidiary. On 24 December, two employees personally brought the presents to the hospital to distribute them. Given the success of this programme and the satisfaction of the children involved, the subsidiary doubled its efforts in 2023, adding a toy collection to be distributed in hospitals and homes for orphaned children on Children's Day.

DONNE IN RETE CONTRO LA VIOLENZA (D.I.RE.)

Alfa Parf Group has always promoted the protection of human rights, with a special focus on one of the most terrible violations of these rights: violence against women. In this context, since 2021 Alfa Parf Group has given donations to D.i.Re. - Donne in Rete contro la violenza -, the first Italian association of non-institutional anti-violence centres run by women's associations.

EMPOWERMENT INITIATIVES ABROAD

In 2023, the Panama subsidiary of Alfa Parf Group, together with the Panama en Positivo Foundation, continued the 'Yellow New Star Programme', which was launched in 2022. The programme was designed by the Yellow Professional brand involving girls imprisoned in the Cecilia Orillac de Chiari Women's Rehabilitation Centre. The aim of the programme is to train and develop the potential of these women for their future, giving them a chance when they return to freedom.

In addition, the Portuguese subsidiary with its sales promotion called Pink October generated a donation to the Portuguese League Against Cancer, in order to support women suffering from breast cancer.

Another initiative aimed at women's empowerment was carried out by the US subsidiary, where a collaboration with a non-profit organisation was set up to offer and promote education on hair management in the African American female community, with a focus on women with limited financial resources.



ENHANCING AND SAFEGUARDING HISTORICAL, ARTISTIC AND CULTURAL HERITAGE

ESTABLISHMENT OF THE ALFAPARF FOUNDATION

In 2023, the Alfaparf Foundation, a non-profit philanthropic institution, was established. The Foundation is strongly linked to the values of the Group: it pursues purposes of general interest, solidarity, social utility, education and human promotion in favour of disadvantaged groups, as well as the enhancement of art and culture. The Alfaparf Foundation therefore promotes social, cultural, artistic and solidarity initiatives in the area, focusing initially on the Bergamo area and then expanding nationally and internationally.

In 2023, the Foundation launched its first 'Bergamaschi' initiative to combine culture and solidarity. Firstly, the Bergamaschi photographic exhibition which aimed to highlight the people who are the true driving force behind Bergamo and Brescia as European Capitals of Culture 2023, focusing on the theme of 'La Città Illuminata' (The Enlightened City).

Secondly, simultaneous fundraising efforts supported two local organisations dedicated to the younger generation and those in need: the Papa Giovanni XXIII Paediatric Surgery Department Committee and Casa di Leo.

The Foundation is also a partner in the GEA EDU project on sustainability, sponsored by the Ministry of the Environment and Energy Security and promoted by the Article 49 Foundation, a non-profit organisation, with the technical contribution of the GEA - Green Economy Agency. This project is dedicated to secondary school students and its aim is to make them more aware of and engaged in the topic of sustainability, through teaching materials focused on different modules and learning methods.

By financing the Article 49 Foundation, the Alfaparf Foundation confirms that it is aware of how important it is to educate the new generations, providing them with all the tools they need, helping them to fulfil themselves and bring about positive change in society.



BIOSTIMOLATORE
DI GIOVINEZZA

Applicatori cosmetici
di precisione
per uso esterno

LAB

BIOSTIMULATING SYSTEM

Dalla ricerca DIBI MILANO, nasce la nuova cosmesi biostimolante che agisce sul ringiovanimento cutaneo. Le formulazioni sono senza conservanti e realizzate in ambiente sterile, arricchite da un attivo brevettato, l'Acido ialuronico Sonicato.

DIBI
MILANO

LA BELLEZZA IN UN METODO

ALFAPARF
MILANO

CARRARA ACADEMY FOUNDATION

Alfa Parf Group renewed and strengthened its support for the Accademia Carrara Foundation in Bergamo, of which it is also a co-founding member, by making a contribution again in 2023.

Accademia Carrara is above all a challenge, and represents the desire to entrust the management of immensely valuable public heritage, such as the Bergamo Art Gallery, to a governance with a markedly private vocation. It is the desire to combine conservation and enhancement policies in a balanced way and to focus on virtuous management consisting of cultural planning, scientific investigation, protection, marketing, communication and museum development, all through careful, budget-conscious management. Dibi Milano supports the world of Fine Arts, a highly significant commitment in 2023, the year in which Bergamo became the Italian Capital of Culture together with Brescia. In support of the local area and community, Dibi Milano renewed its collaboration with Accademia Carrara, becoming one of its main supporters. Specifically, Dibi Milano presented two special 'Art&Go' Travel Sets, one moisturising and one anti-aging, which feature the works of Marenzi and Canaletto on the pack.



DONIZETTI AMBASSADORS

Nothing communicates Made in Italy like opera, a universally recognised language. Supporting the Donizetti Theatre during this phase of radical innovation and renovation of the Theatre means supporting the entire Bergamo community, in which large internationalised companies and a great tourism potential that has not yet emerged coexist. The companies and individuals that join this project become 'ambassadors' of the Theatre and of Donizetti around the world, and are invited to participate in special moments and events. In particular, in 2023 Alfa Parf Group switched from the role of supporter to that of ambassador, increasing its commitment to supporting the Donizetti Theatre.

SUPPORT FOR MEDICAL SCIENTIFIC RESEARCH AND HEALTHCARE FACILITIES

UMBERTO VERONESI FOUNDATION

Alfa Parf Group is committed to supporting scientific research in the medical field through its support of the Umberto Veronesi Foundation. In particular, through the BECOS brand, the Group supports the Umberto Veronesi Foundation's Pink is Good project launched in 2013 with two major objectives: to promote prevention, which is essential for detecting the disease in its earliest stages, and to give concrete support to research against breast and other female cancers by funding scholarships and research projects for doctors and scientists involved in the study and treatment of breast cancer in Italian centres of excellence. In 2023, Becos continued the 'pink' adventure that began in 2021 and renewed its commitment to women's health for the third year running by funding six months of work by a researcher studying breast cancer, through proceeds from the sale of its new promotional kit, the Tone Body Set.

PROMOTING SCIENTIFIC DISSEMINATION, COLLABORATION WITH TRAINING INSTITUTIONS AND PROMOTING JOB PLACEMENT

BERGAMO SCIENZA

The Group has supported Bergamo Scienza [Bergamo Science] since 2017. The annual science festival offers a series of meetings, conferences, exhibitions and workshops spread throughout the province of Bergamo, with the aim of disseminating science to the general public. The Bergamo Scienza Association has set itself concrete goals: to create a new culture of spreading science, which is able to 'educate' the younger generations towards knowledge, to drive interest and growth towards a culture of knowledge-based development, and to guarantee a method of dissemination based on cultural independence and use within the reach of all. In 2023, the Group sponsored the 21st edition of Bergamo Scienza.

ITS NEW LIFE TECHNOLOGIES

The Group is actively engaged in supporting local education for the benefit of local communities, collaborating with and supporting schools and training institutes. An important initiative in this regard is the collaboration that began in 2017 with ITS - Istituto Tecnico Superiore per le Nuove Tecnologie della Vita in Bergamo, a post-diploma technical school and the only Higher Technical Institute in the chemical field in Italy. The Italian subsidiary Beauty & Business supports the Institute by actively participating in educational lectures in the field of cosmetic formulations and organises educational workshops on the subject of raw materials and equipment.

TRAINING INITIATIVES AND PROMOTING JOB PLACEMENT ABROAD

The connection with the Escobar community in Argentina was strengthened in 2022 through donations to the Escobar Technical School, which continued in 2023, providing students with more learning tools. With the collaboration of the municipality and the school in Escobar, the Group's Argentine subsidiary also organised several guided tours of the plant for final year students with the aim of familiarising young people and future professionals with what a plant looks like and how people work inside it. The subsidiary also actively participated in conferences in public high schools, explaining to participants how to search for jobs, which sites or tools to use, how to create CVs and conduct interviews.

In addition to the relationship with the schools, great importance was also given to the community. More specifically, technical hair care training sessions were organised for hairdressers in the community, which enabled the positioning of the Alfaparf Milano brand and the creation of business links with all local businesses.

Finally, also in Argentina, an agreement was reached with the employment office of Escobar for the presentation of profiles in line with the job searches opened by the subsidiary.

The Brazilian subsidiary implemented a young apprentice programme in 2023, which aims to develop the skills of young apprentices in their first contact with the corporate world and promote their professional growth. The aim of this programme is to provide an opportunity for training and labour-market orientation for young people aged 14 to 24. The ultimate goal of the programme is to reduce the number of missed job opportunities for individuals with little job experience.

The Dominican subsidiary also provided Colour application courses aimed at young people in the south of the country, an area with scarce resources.

IMPROVEMENT OBJECTIVES

Objective	Action/project	Deadline	Status
Creation of info-training snippets on sustainability issues related to OLOS product launches	Each new OLOS launch in 2023 will be accompanied by a short video starring company representatives who are at the forefront of OLOS skincare product development. They will address a specific sustainability topic linked to the product/brand. The aim is to consolidate the reputation of the OLOS brand as a sustainable brand and to educate professional and end customers in the field of sustainability through valuable content and concrete advice on daily life, to respect not only one's own skin but also the planet.	December 2023	Completed
Strengthen support to local communities, especially abroad	Continued funding of ongoing projects and identification of new projects to be supported through donations, direct volunteering, empowerment activities and involvement of employees and customers.	Medium- to long-term	Underway



GOVERNANCE

Sustainability Plan

Being transparent and accountable



RESPONSIBLE BUSINESS MANAGEMENT

The Corporate Governance system adopted by Alfa Parf Group is a fundamental tool for ensuring the effective management of the company's activities, guaranteeing the creation of value for all stakeholders in the long term.

The Group is constantly committed to maintaining and strengthening the quality of its corporate governance system. It firmly believes that adequate governance aligned with national and international best practices is a key element in improving its performance in the economic, environmental and social spheres, as well as in increasing competitiveness and consolidating its ability to attract and retain the best resources.

The Italian subsidiary of the Group, Beauty & Business S.p.A., has adopted an Organisation and Management Model (hereinafter also 231 Model). The Model applies to both internal relations and relations with stakeholders outside the company and aims at preventing offences punishable under Italian Legislative Decree 231/2001.

The choice to voluntarily adopt an Organisation and Management Model is part of the company's broader policy of raising awareness of transparent and correct management in compliance with current legislation and the fundamental principles of business ethics in the pursuit of the corporate purpose.

To verify the concrete application of the Model's operational principles and the presence and/or application of formalised procedures for process management and the application of the Model's operational principles, the company's internal Supervisory Body periodically checks the Special Section of the Model, especially through interviews with those responsible for the relevant activities.

Since the adoption of the 231 Model, 100% of the contracts and investment agreements made by Beauty & Business S.p.A. include a note requesting compliance with the company's Code of Ethics and 231 Model, while pre-existing suppliers have been informed of the adoption of the 231 Organisation Model, and have been asked to read it.

With regard to the topic of anti-corruption, a control system is in place with the goal of avoiding cases of corruption or any other relevant offence. This system is based on certain basic control principles, for example, process ownership, according to which each business process must be managed by a specific process owner, while powers and responsibilities must be clearly defined and recognised. The Model, which also regulates the offences of corruption and unfair competition, is made available to all staff of the Italian subsidiary Beauty & Business S.p.A. on its website, and a copy is provided with a request to view it upon recruitment.



The orientation towards ethics is essential to guarantee the reliability of the Group's behaviour towards its stakeholders, and more generally towards the entire civil, economic and social context in which the Group operates. In this context, the Code of Ethics defines the set of values that the Alfa Parf Group recognises, accepts and shares and the set of responsibilities it assumes internally and externally.

The Group Code of Ethics, first drafted in 2016, was updated in 2022. The revision stemmed from the awareness that, at national and international level, there is a process that is bringing the company closer to society generated by the increasing attention to ethics and social responsibility. The company must adopt ethical conduct, which not only means complying with the law, but also establishing a healthy relationship with the environment, adopting policies that respect the individual, and more generally playing a positive role in the economic context and social area in which it operates. The new Code of Ethics has been translated into the four main languages of the Group and is made available to all employees on the website.

CERTIFICATIONS

Alfa Parf Group is constantly striving to raise the quality of its products and services for professionals (hairstylists and beauty centres) and end customers in all market segments. Production takes place in plants located in Italy, Brazil, Mexico, Argentina and Venezuela. All the divisions and production facilities operate synergistically through the application of a Quality Management System which guarantees the conformity of the products and services and also supports the continuous management of activities, in full respect of the environment, people, customers and local communities. Furthermore, by offering quality products conforming to EEC and non-EEC standards, it is able to meet professional needs for different market segments, distributing its products in more than 100 countries. The production sites in Brazil, Mexico and Venezuela apply both international ISO standards and Good Cosmetics Manufacturing Practices standards as required by government authorities (e.g., Cofepris in Mexico, Anmat in Argentina, Anvisa in Brazil) and are subject to periodic inspections by them.

Over the years, hand in hand with its commitment to sustainability, the Group has voluntarily decided to comply with international social, ethical and environmental standards and, in some cases, to pursue certification. The production site in Mexico obtained the voluntary Industria Limpia certification in 2021 (renewed in 2023) for the promotion of the Federal National Environmental Protection Programme. The Programme is designed for companies that seek to make their production processes more efficient, reduce waste production, prevent environmental accidents, consolidate good practices and continuously improve their processes.

The following certifications were obtained or renewed in 2023:

- UNI EN ISO 9001:2015 - Quality Management System (QMS) (Italy, Mexico and Brazil)
- ISO 22716:2007 Cosmetics - Good Manufacturing Practices (GMP) (Italy, Mexico and Brazil)
- UNI EN ISO 13485:2016 - Medical Devices - Quality Management System (Italy)
- Authorised Economic Operator (AEO) Certification (Italy)
- Industria Limpia (Mexico)
- Buenas Prácticas de Manufactura para la Fabricación de Productos Farmacéuticos (BPM) (Venezuela)

In addition to being strategic, these certifications require the Group to follow a certain quality standard both in terms of company procedures and operational activities. Through efficient process management, these certifications are essential to guarantee that products have high quality standards, are safe for the end consumer, are supplied to the market in a timely manner, and maintain excellent customer service. Furthermore, the Group's 'Responsible Sourcing Policy Standard' is always present in the Group's business programmes, confirming its commitment not only to quality but also to economic and social sustainability, the growth and professionalism of its resources and the health and safety of its employees.



9001:2015



22716:2007



13485:2016



In addition, Beauty & Business renews its commitment to achieving ISO 14001 'Environmental Management Systems' and ISO 45001 'Occupational Health and Safety Management Systems' certification. These are two important objectives that the Group hopes to implement over the next two years.

During 2023, in addition to surveillance audits by accredited BODIES, concerning certifications according to ISO standards, all the Group's production sites underwent successful 'social audits' by their Third-Party Customers, which were conducted either in-person or through dedicated remote platforms with respect to their Responsible Sourcing Policy Standard.

FOCUS ON

IV SAN BERNARD S.R.L. SAFE PET COSMETICS® CERTIFICATION

Iv San Bernard is the first company in the world to be Safe Pet Cosmetics® certified for the compliance of its products, since 2018.

The Safe Pet Cosmetics® Programme is a voluntary protocol adhered to by companies that are committed to protecting the health and dignity of animals, apply the same standards that regulate cosmetics for humans, and strive to spread the culture of animal protection with a special Certificate of Compliance.



IMPROVEMENT OBJECTIVES

Objective	Action/project	Deadline	Status
Authorized Economic Operator Certification for the Mexican plant	Given the large number of international trade operations carried out and the desire to make them increasingly secure and standardised, the Mexican subsidiary undertook the process of obtaining the certification: Authorized Economic Operator (AEO)	March 2025	Underway
ISO 22716 Certification for the Brazilian plant	The Brazilian plant has embarked on the path to ISO 22716 Certification following increasing demand from customers, especially third party.	June	Completed
Obtain new ISO Certification for the Italian plant	• ISO 14001:2015 - Environmental Management System • ISO 45001:2018 - Occupational Health and Safety Management System	December 2025	Underway

GRI CONTENT INDEX

Declaration of use

Alfa Parf Group has reported the information mentioned in this GRI content index for the period 1 January 2023 - 31 December 2023 with reference to the GRI Standards

Used GRI 1

GRI 1 - Fundamental Principles - Version 2021

Relevant GRI sector standards

N.a.

GRI 2: GENERAL DISCLOSURES - VERSION 2021

GRI DISCLOSURE	LOCATION AND NOTES
The organisation and its reporting practices	
2-1 Organisational Details	Parent Company: Alfa Parf Group S.p.A. Joint-stock company (legal form of the Parent Company) Registered office: Via Cesare Cantù 1, 20123 Milan (MI) Operating office: Via Ciserano snc, 24046 Osio Sotto (BG)
2-2 Entities included in the organisation's sustainability reporting	p. 8
2-3 Reporting period, frequency and contact point	p. 8
2-4 Restatements of information	p. 8
2-5 External assurance	The Group has opted not to subject this Sustainability Report to external assurance, as the Group is not subject to the requirements of Italian Legislative Decree 254/2016 and drafts this document on a voluntary basis. Alfa Parf Group will consider the possibility of limited assurance for the document in the foreseeable future.
Activities and workers	
2-6 Activities, value chain and other business relationships	pp. 18-19; 22-23
2-7 Employees	pp. 94-96
2-8 Workers who are not employees	During 2023, Alfa Parf Group employed 677 external employees.
Governance	
2-9 Governance structure and composition	p. 21
2-10 Nomination and selection of the highest governance body	p. 21
Strategy, policies and practices	
2-14 Role of the highest governing body in sustainability reporting	p. 37
2-22 Statement on sustainable development strategy	p. 5
2-27 Compliance with laws and regulations	There were no cases of non-compliance with environmental laws and regulations in any of the Group companies in 2023.
2-28 Membership associations	Confindustria Bergamo; Cosmetics Italia; Federchimica; Confindustria Toscana Nord
Stakeholder Engagement	
2-29 Approach to stakeholder engagement	p. 35
2-30 Collective bargaining agreements	p. 103

APPENDIX

GRI 3: MATERIAL TOPICS - VERSION 2021

GRI DISCLOSURE	LOCATION AND NOTES
3-1 Process to determine material topics	pp. 36-37
3-2 List of material topics	pp. 36-37

MATERIAL TOPICS REPORTED IN THE SUSTAINABILITY REPORT

GRI STANDARD	GRI DISCLOSURE	LOCATION AND NOTES
Integrity and transparency in the conduct of business		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 56, 134
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	There were no violations of the 231 Model and no incidents of corruption were detected in 2023.
GRI 417 - Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	During 2023, there were no incidents of non-compliance with regard to product information or labelling.
	417-3 Incidents of non-compliance concerning marketing communications	During 2023, there were no incidents of non-compliance concerning marketing communications.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Group pays great attention to the protection of sensitive data of both its collaborators (employees, representative agents, distributors) and of its customers, both professional and non-professional. Privacy management is aligned with the General Data Protection Regulation (GDPR) 2016/679 and is also guaranteed and protected through the adoption of specific internal procedures, including the Code of Ethics. During 2023, an employee was dismissed for stealing company data at the Tricobiotos site in Italy.
Solidity, profitability and resilience		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 66-67
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 69

Respect for human rights and protection of workers		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.101; 103-106
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pp. 103-105
	401-3 Parental leave	p. 104
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination were recorded in any of the companies of the Alfaparf Milano Group in 2023.
Raw materials, ingredients and packaging		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 47-50
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pp. 51-52
	301-2 Recycled input materials used	pp. 51-52
Product quality, safety and reliability		
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 56
GRI 416: Employee Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service	p. 56
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	During 2023, there were no incidents of non-compliance concerning the health and safety impacts of products and services.
Workers' health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 109-110
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pp. 109-110
	403-5 Worker training on occupational health and safety	p. 111
	403-9 Work-related injuries	p. 109
	403-10 Work-related ill health	p. 109
Energy efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 79-81
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	pp. 79-81
	302-3 Energy intensity	p. 81

Combating climate change and managing emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 82-84
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pp. 82-84
	305-2 Energy indirect (Scope 2) GHG emissions	pp. 82-84
Brand reputation		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 62-63
Customer satisfaction		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 120-121
Research, development and product and process innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 60-61
OTHER ASPECTS ADDRESSED IN THE DOCUMENT*		
GRI STANDARD		
Diversity, inclusion, and equal opportunity		
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	p. 103
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	pp. 99-100
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	The Board of Directors of the Parent Company consists of two men, both over 50 years of age. The Board of Statutory Auditors of the Parent Company consists of five men, one of whom is between 30 and 50 years old and four of whom are over 50 years old. pp. 101-102
Training and skills development		
GRI 404: Training and Education 2016	404-1 Average annual hours of training per employee	pp. 107-108
Employee welfare and work-life balance		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pp. 103-104
Waste management		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pp. 87-89
	306-3 Waste generated	pp. 87-89
	306-4: Waste diverted from disposal	pp. 87-89
	306-5: Waste directed to disposal	pp. 87-89

* Although not strictly material from the materiality analysis carried out, certain aspects have nevertheless been reported in order to provide greater disclosure and a broader overview of the Group's impact and its management of key sustainability issues.

Water resource management		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	pp. 85-86
	303-3 Water withdrawal	pp. 85-86
	303-4 Water discharge	pp. 85-86
	303-5 Water consumption	pp. 85-86
Responsible supply chain management		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	p. 72
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	pp. 74-75
GRI 414: Supplier Environmental Assessment 2016	414-1 New suppliers that were screened using environmental criteria	pp. 74-75
Protection of trademarks and patents		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 25-27; 63

CONNECTION TABLE

Sustainability plan	Aspects addressed in the document	GRI specific topics reported	Scope of impacts	
			Internal	External
SUSTAINABLE GOVERNANCE Being transparent and accountable	Integrity and transparency in the conduct of business	205-3 417-2 417-3 418-1	Group	Suppliers Customers Investors Bodies and Institutions
ECONOMIC SUSTAINABILITY Creating long-term value through innovation	Solidity, profitability and resilience	201-1	Group	Suppliers Customers Investors Bodies and Institutions Community
	Product quality, safety and reliability	416-1 416-2	Group	Customers Suppliers Bodies and Institutions
	Research, development and product and process innovation	3-3	Group	Customers Suppliers
	Brand reputation	3-3	Group	Suppliers Customers Investors Bodies and Institutions Community
	Protection of trademarks and patents*	3-3	Group	Customers Investors
	Responsible supply chain management*	204-1 308-1 414-1	Group	Suppliers Customers Investors
	ENVIRONMENTAL SUSTAINABILITY Mitigating climate change	Energy efficiency	302-1 302-3	Group
Combating climate change and managing emissions	305-1 305-2	Group	Suppliers Customers Bodies and Institutions Community	
Raw materials, ingredients and packaging	301-1 301-2	Group	Suppliers	
Waste management*	306-1 306-3 306-4 306-5	Group	Customers Suppliers Community	
Water resource management*	303-1 303-3 303-4 303-5	Group	Suppliers Community	

*Non-material themes are identified with an asterisk.

Sustainability plan	Aspects addressed in the document	GRI specific topics reported	Scope of impacts	
			Internal	External
SOCIAL SUSTAINABILITY Caring for employees, customers and local communities, promoting inclusion and empowerment	Respect for human rights and protection of workers	2-30 401-2 401-3 406-1	Group	Suppliers Customers Investors Bodies and Institutions
	Workers' health and safety	403-1 403-5 403-9 403-10	Group	Suppliers Investors Bodies and Institutions
	Customer satisfaction	3-3	Group	Customers Suppliers Investors
	Training and skills development*	404-1	Group	Customers
	Diversity, inclusion, and equal opportunity*	202-2 401-1 405-1	Group	Suppliers Customers Investors Bodies and Institutions Community
Employee welfare and work-life balance*	401-2	Group	Community Bodies and Institutions	



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