



SUSTAINABILITY REPORT

2024

ALFAPARF
MILANO

SUSTAINABILITY
REPORT

2024

ALFAPARF
MILANO



CONTENTS

4

LETTER TO STAKEHOLDERS

7

GENERAL INFORMATION

- 8 General basis for the preparation of sustainability statements
- 10 Disclosures in relation to specific circumstances
- 12 Who we are
- 14 Our history
- 16 Awards and acknowledgements
- 18 Certifications
- 20 Governance
- 27 Strategy
- 28 Countries of presence
- 31 Brands
- 34 Sustainability strategy
- 37 Interests and views of stakeholders
- 40 Material impacts, risks and opportunities and their interaction with strategy and business model
- 55 Double materiality analysis

61

ENVIRONMENTAL INFORMATION

- 62 Fighting climate change
- 72 Water resource management
- 75 Resource use and circular economy
- 82 Entity-specific information. Packaging and recycled material
- 92 Entity-specific information. Innovation, research and development

95

SOCIAL INFORMATION

- 96 Human resources management
- 102 People
- 106 DE&I
- 109 Welfare
- 112 Remuneration
- 114 Training
- 117 H&S
- 119 Relations with the local community
- 128 Relations with customers

141

INFORMATION ON GOVERNANCE

- 142 Responsible business management
- 145 Responsible supply chain management
- 149 Creation and distribution of wealth

151

APPENDIX

LETTER TO STAKEHOLDERS

It is with great pleasure that we present this seventh edition of Alfaparf Milano's Sustainability Report, an important stage in a journey that began in 2018 and has continued to evolve year by year.

During 2024, we strengthened our commitment to sustainability by voluntarily choosing to adopt the new European ESRS – European Sustainability Reporting standards – under the CSRD Directive. We did so despite the fact that the obligation for companies such as ours has been formally postponed, confirming our desire to anticipate the requests of the European Community and to ensure ever greater transparency, accountability, and trust towards all our stakeholders.

As a further demonstration of this commitment, we have extended the reporting scope to include the recent acquisition in France, thus integrating new companies in the Group's Sustainability Report that share our values and actively contribute to our responsible growth strategy.

This year we have also continued our strategic path following the four drivers that guide our vision of sustainability: Sustainable Governance, Economic Sustainability, Environmental Sustainability and Social Sustainability.

In particular, I would like to draw attention to the further consolidation of the Alfaparf Foundation, a non-profit philanthropic institution founded in 2023 that is funded by the Group. Today, the Foundation represents one of the most practical expressions of our commitment to social sustainability, translating corporate values into tangible actions that have an impact on the local area.

In 2024, the Alfaparf Foundation further expanded its scope by promoting and funding a wide range of initiatives for collective well-being, inclusion and culture. Together with several third-sector organisations such as AIPD Bergamo, Dynamo Camp, Fondazione CBM Italy and Casa di Leo, the Foundation supported educational programmes, volunteering activities and awareness campaigns aimed at vulnerable groups. At the same time, it strengthened its support for important cultural institutions – including Fondazione Teatro Donizetti, Accademia Carrara, and BergamoScienza – helping to make art, culture, and scientific knowledge increasingly accessible to all citizens. With a deep belief in the power of sport as a lever for participation and inclusion, the Foundation also supported the Volley Bergamo 1991 – Special Team project, which directly involves people from the Group in inclusive sports activities with a high social impact.

All of these initiatives demonstrate our willingness to build a business model that is not limited to generating economic results, but creates shared value over the long term, contributing to collective well-being and the development of a more just, equitable and conscious society. We continue, with conviction and enthusiasm, to invest in our vision of sustainability, confident that only a company deeply rooted in its values can truly be ready for the challenges of the future.



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



GENERAL INFORMATION

GENERAL BASIS FOR THE PREPARATION OF SUSTAINABILITY STATEMENTS

This document is Alfaparf Milano’s Consolidated Sustainability Report, drawn up on a voluntary basis, based on the provisions of Italian Legislative Decree No 125 of 6 September 2024, as implemented by Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, or “CSRD”). The document has been prepared to the extent necessary to ensure understanding of the information relating to the Group’s activities, as well as the other qualitative characteristics of the company referred to in ESRS 1, Appendix B, of the aforementioned European Directive.

The document examines the qualitative and quantitative information relating to Alfaparf Milano according to the scope and reporting period of the 2024 Annual Financial Report (from 1 January to 31 December 2024). Any deviations with regard to the scope are indicated in the relevant data and tables. In accordance with the principle of data comparability, where possible, a comparison with the previous year has been included.

More specifically, the scope of the reported social and environmental data and information includes all the companies in the Group¹. Therefore, within the document, when Alfa Parf Group S.p.A. (or “Group” or “Alfaparf Milano”, brand company of Alfa Parf Group S.p.A.) is mentioned, reference is made to the companies listed on the opposite page.

It should be noted that data relating to raw materials (ingredients) refer to production facilities located in Argentina, Brazil, Italy and Mexico. If there are any limitations on scope, these are duly indicated in the text. Lastly, the data and information presented are derived from direct surveys; where it was not possible to obtain the data, estimates were made and are clearly indicated in the text.

This Consolidated Sustainability Report does not include information required by other regulations containing sustainability reporting requirements or generally accepted sustainability provisions. Given the voluntary nature of the scheme, this report currently covers only part of the value chain. The Group intends to pursue its commitment in the coming years to take due account, as required by law, of the entire value chain when carrying out its double materiality analysis, including information deriving from its direct and indirect commercial relationships along the value chain.

Alfaparf Milano has not exercised the option to omit specific information relating to intellectual property, know-how or the results of innovation, nor has it exercised the exemption from disclosing information concerning imminent developments or matters under negotiation.

In addition, the Group has included in this Sustainability Report certain disclosures specific to the entity, communicated in line with previous years. The set of additional disclosures is duly reported in the Content Index of the report (see Appendix to this document for further details).

¹ Compared to the previous reporting year, the scope of this document also includes the company Eugène Perma Professionnel SAS (FR), acquired during FY 2023.

COUNTRY	COMPANY	PRODUCTION BRANCH	SALES BRANCH
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		●
Chile	Cosmetica Chi.Cosm Ltd		●
Colombia	Sabama Ltda		●
Costa Rica	Costa Rica Cosméticos Cosdist SRL		●
Ecuador	E.Cos S.A.		●
France	Eugène Perma Professionnel SAS		●
Guatemala	Guatemala Cosmetics S.A. de C.V.		●
Ireland	Xpert Cosmetics Limited		●
Italy	Beauty & Business S.P.A.	●	●
Italy	D.E.A. 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 Veprocosc C.A.	●	

DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

This document is distributed to all stakeholders of the Group through publication on the institutional website of Alfaparf Milano at the following address: www.alfaparf milano.com. For more information in this regard, please contact the Global Sustainability Department at: sustainability@alfaparf milano.com.

In line with the requirements of Appendix C of the ESRS 1, this Sustainability Report has been divided into four main sections: 1. General information, 2. Environmental information, 3. Social information, 4. Information on governance. These chapters are preceded at the beginning by the Letter to Stakeholders.

The collected quantitative and qualitative information is derived from direct surveys. Where estimates have been used by the Organisation, they are duly indicated in the text. For this reporting year, no information or metrics have been included with reference to the Group's value chain, including indirect emissions generated along the Group's value chain (known as Scope 3), for the measurement of which the Organisation has undertaken preliminary screening analysis activities.



WHO WE ARE

THE ITALIAN HOUSE OF BEAUTY

Alfaparf Milano is the brand company of AlfaParf Group S.p.A., 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. It distributes its products all over the world, directly (through branches in 31 countries) and indirectly (through third-party distributors).



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 with whom we come in contact.
- **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.

OUR 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 Private Label project begins, allowing the Group to exploit its know-how to acquire additional market shares, especially in coloring products, 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 90'

2002

2008

2009

Since 2010

2015

2021

2022

2023

2024

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.

The Group is expanding in the United States with the acquisition of APHOGEE, a brand with over 30 years of history and success. APHOGEE has become a cult brand in the field of DIY hair treatments.

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.

AWARDS AND ACKNOWLEDGEMENTS

CORPORATE

BEST MANAGED COMPANIES. Alfaparf Milano was once again awarded the Best Managed Company Award, a recognition given to Italian companies that stand out for their managerial and entrepreneurial excellence. The award, promoted by Deloitte Private in collaboration with ALTIS (Graduate School of Sustainable Management at Università Cattolica del Sacro Cuore), ELITE (Euronext Group), and Piccola Industria di Confindustria, honours companies that are able to generate long-term value while addressing market challenges with vision, expertise and responsibility.

In 2024, Alfaparf Milano received this award for the fourth time in six years, following the 2018 (the award's debut year in Italy), 2019, 2022 and 2023 editions.

The panel's assessment considered various aspects: corporate strategy, innovation capacity, internal skills, culture and commitment to people, governance, performance measurement systems, corporate social responsibility, internationalisation and supply chain relationships. The award reaffirms the validity and continuity of a management model focused on excellence — one that successfully integrates growth, sustainability and managerial quality.

SUSTAINABILITY LEADER. In 2024, for the fourth consecutive year, Alfaparf Milano was included among the *Sustainability Leaders*, selected by Statista, a German company specialising in market research and analysis, in collaboration with *Il Sole 24 Ore*.

The initiative identifies Italian companies that have distinguished themselves through their commitment to the three key pillars of sustainability: environmental, social and governance (ESG). The selection is based on an analysis of 45 indicators taken from financial and sustainability reports. Out of a pool of 500 large companies, the top 240 with the highest overall scores were selected.

Alfaparf Milano's continued inclusion confirms the strength of its ESG strategies and its ongoing commitment to creating shared value — with careful attention to the environmental, social and economic impacts it generates over time.

WOMEN'S WEAR DAILY TOP 100. In the 2025 ranking of the world's top 100 cosmetics companies, compiled by the American magazine *Women's Wear Daily* (*www.wwd.com*) based on 2024 financial data, Alfaparf Milano ranks 82nd.



SKINCARE

CHINA

Winners of the awards organised by the SpaChina trade fair in the “**Star Product of the Year**” category with the product: DIBI MILANO White Science Supreme Light Uniforming Serum.

GREAT BRITAIN

Finalists of the “**Beauty Short List Award**” with:

- Procellular 365 – Procellular 365 Intensive Re-texturising Peeling Cleanser
- Filler Code – Filler Code “Miracle Filling” Cream.

Winners of the “**Best Beauty Buys 2024**” award from Irish magazine *Social&Personal* with the product Filler Code – Revitalising eye and lip filler patches.

Winners in the “**Skincare Awards 2024**” award by the British magazine *Top Santé* as Best Night Moisturiser with the product #Age Method Sumptuous Youth Cream - 24H with sun filters.

Winners of the “**Best New Professional Beauty Products or Treatment**” award at the Pure Beauty Awards organised by the British magazine *Pure Beauty*, with the product Collage System Lab Double Biofermented Collagen Programme.

MEXICO

SOLARIUM Brand

Spa & Wellness MexiCaribe Magazine

Winner in the “**Suncare products**” category: SOLARIUM invisible protection spray SPF 50.

TEN SCIENCE Brand

Spa & Wellness MexiCaribe Magazine

Winner in the “**Oily skin product**” category: TEN SCIENCE No Impurity Purifying Fluid Cream.

HAIRCARE

• **WOMAN&HOME HAIR AWARDS 2024:** SEMI DI LINO Thickening Conditoner won the “**Best for Thickening**” award.

• **MARIE CLAIRE HAIR AWARDS 2024:** SEMI DI LINO Illuminating Low Shampoo won the “**Best Shine Boosting Shampoo**” award.

CERTIFICATIONS

Alfaparf Milano is constantly committed to raising the quality of the products and services offered to beauty professionals (hairstylists and beauty centres) and end customers in all market sectors. Production takes place in facilities located in Italy, Brazil, Mexico, Argentina and Venezuela. All the divisions and production departments 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 Italy, Brazil and Mexico apply both international ISO standards and Good Cosmetic Products Manufacturing Practices as required by government authorities (e.g., Cofepris in Mexico, 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.

In 2024, this commitment resulted in the achievement and maintenance of several significant voluntary certifications.

Among these, the ISCC Plus (obtained from Tricobiotos) certifies the traceability and sustainability of raw materials, while the Certificado Industria Limpia, renewed in Mexico, recognises companies committed to reducing environmental impact and adopting responsible production practices. From a social perspective, the Mexico plant has obtained ESR – Empresa Socialmente Responsable® certification, which recognises organisations that are committed to human rights, gender equality and community involvement.

These certifications are in addition to system certifications such as ISO 9001, 14001, 22716, 13485, and AEO Authorisation, confirming the Group’s integrated approach to sustainability, efficiency and quality. In addition to being strategic, they lead the Group to adopt strict standards in both its business procedures and operations. Through efficient process management, these certifications are critical to ensuring high quality products that are safe for the end-user and delivered on time, while providing 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.

During 2024, in addition to surveillance audits by accredited Bodies, concerning certifications according to ISO standards, several of the Group’s production sites underwent successful “social audits”, which were conducted either in-person or through dedicated remote platforms with respect to their Responsible Sourcing Policy Standard. In particular, in February 2024, Beauty & Business was audited by LRQA based on the Sedex SMETA (Sedex Members Ethical Trade Audit) – 4 pillars scheme.

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.



The following table summarises the state of the art of the certifications obtained by the Group.

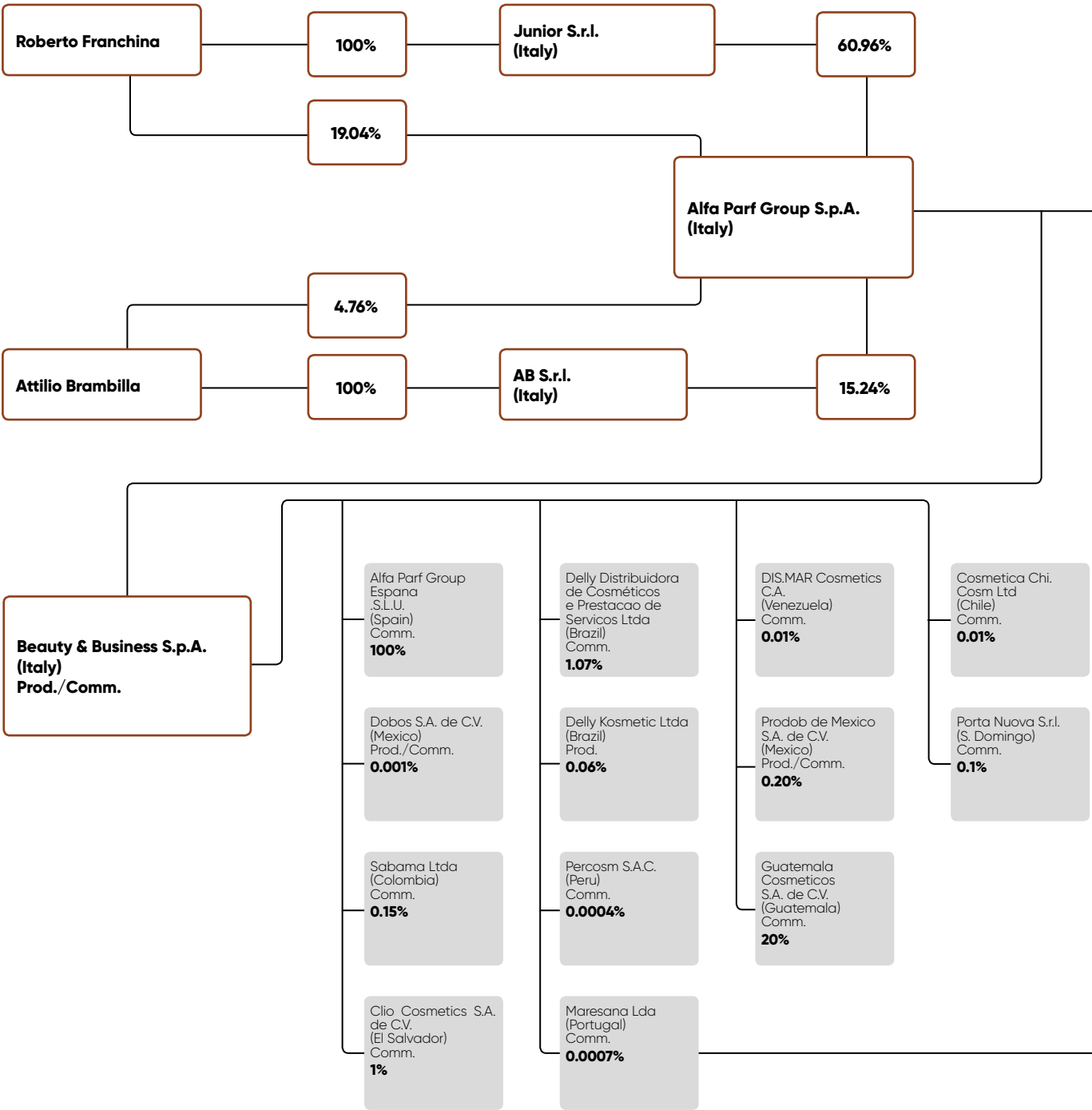
Production branches	Certification
Beauty & Business (Italy)	ISO 9001:2015 ISO 22716:2007 ISO 13485:2016 AEO authorisation
Tricobiotos (Italy)	ISCC Plus Certificate ISO 9001:2015 ISO 22716:2007 ISO 14001:2015
Iv San Bernard (Italy)	Safety Pet
Dobos (Mexico)	ISO 9001:2015 ISO 22716:2007 ESR Empresa socialy Responsable® 2024 Certificado Industria Limpia
Delly (Brazil)	ISO 9001:2015 ISO 22716:2007 Certificado de Boas Práticas de Fabricação de Cosméticos



GOVERNANCE

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

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. Administration is entrusted to the Board of Directors, while the supervisory function is the responsibility of the Board of Statutory Auditors. Both control 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, and 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. (hereinafter also “BoD”) 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, Elisa Pavanello and Simone Furian are the Alternate Auditors.

Sustainability Committee and Sustainability Department

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

COMPOSITION AND DIVERSITY OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

GOVERNING BODIES BY GENDER	2023			2024		
	Woman	Man	Total	Woman	Man	Total
Board of Directors	-	2	2	-	2	2
Shareholders’ Meeting	-	2	2	-	2	2
Board of Statutory Auditors	-	4	4	-	4	4
TOTAL	-	8	8	-	8	8
PERCENTAGE	0%	100%	100%	0%	100%	100%

All members of the administrative, management and supervisory bodies of the Group are male and fall within the over 50 age group.

Sustainability aspects subject to monitoring

The administrative, management and supervisory bodies play a central role in monitoring sustainability issues, ensuring that environmental, social and governance (ESG) aspects are fully integrated into corporate strategies and decision-making processes. This monitoring is not limited to formal checks, but results in a concrete and structured commitment to promote the company’s resilience and long-term value. Specifically, the bodies intervene systematically in the following areas:

- The Business Strategy and Model are continuously reviewed and, if necessary, adjusted to sustainability-related challenges and opportunities. The Board of Directors assesses how ESG principles influence business strategies and objectives.
- Material risks, opportunities and impacts associated with ESG issues are continuously monitored, particularly with regard to the Group’s exposure to environmental (e.g. climate change), social (e.g. workers’ rights, diversity and inclusion) and governance (e.g. business ethics, regulatory compliance) risks, including the potential opportunities stemming from a sustainable approach.
- Policies, objectives and dedicated resources: clear sustainability guidelines are established, with measurable objectives, specific action plans and adequate organisational, human and financial resources.
- Sustainability reporting: completeness, correctness and consistency of information in official documents are verified, ensuring that it is aligned with stakeholder standards and expectations.

Forms of surveillance

- Monitoring of the sustainability aspects referred to above can take different forms, depending on the subject matter and the level of involvement.
- Information: bodies receive regular updates and reports on the evolution of ESG performance and on the evolution of risks and opportunities to which the Group is (or may be) exposed.
 - Consultation: when policies and strategies are defined or reviewed, the management team consults the appropriate bodies to gather guidelines and guidelines.

In order to fulfil the role of managing and controlling sustainability issues, the persons responsible for overseeing the Group’s impacts, risks and opportunities, as well as those involved in the process of identifying and reporting them, participate annually in training on current regulatory developments with the support of external experts. Some of these meetings take place at the start of projects related to the identification of material sustainability issues and their impacts, risks and opportunities, so as to ensure proper identification and assessment.

The skills required include knowledge of environmental, social and governance issues, the ability to assess sustainability-related risks and opportunities, and an understanding of how these aspects are integrated into business strategy and processes. In this context, the Board of Directors, in exercising its functions, ensures that the impacts, risks and opportunities arising from sustainability issues are supplemented in the business strategy, governance, processes, procedures and internal control system. The directors are responsible for defining strategic ESG policies and guidelines, assuming responsibility for what is actually and concretely achieved in monitoring ESG risks, and for structuring an internal control system that enables the effective identification and management of risks for the Group, as well as the collection of non-financial information. The Board of Directors defines the roles and responsibilities regarding sustainability issues, mandating the company’s Departments to monitor compliance with the guidelines resulting from the analyses conducted. In particular, a document was developed concerning the assessment of business risks and their impact on the Group, which was distributed to all relevant departments.



This document identifies the control functions, areas of intervention and areas of potential overlap through which synergies are defined and developed for better coordination and collaboration between internal departments in joint risk control and mitigation activities. The methods for monitoring the impacts, risks and opportunities relating to sustainability issues are therefore carried out using a uniform methodology defined within the company’s operating procedures, which each department refers to for its own area.

In addition, in 2021, the Sustainability Department was created, which was then incorporated into the Human Resources Department in autumn 2022, creating the HR & Sustainability Department. The Sustainability Department, working closely with the Board of Directors, Management, and other Corporate Departments, defines the sustainability strategy at the corporate level. Specifically, it is responsible for:

- preparing the three-year Sustainability Plan;
- drawing up the Annual Sustainability Report;
- identifying business improvement objectives;
- coordinating ESG projects and activities;
- disseminating a culture of sustainability within and outside the Group;
- promoting dialogue and managing communication with internal (employees) and external (suppliers, customers, local communities, institutions, associations, organisations) stakeholders.

INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING’S ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

The administrative, management and supervisory bodies – including the Control and Risk Committee and the Sustainability Function – are informed on a regular and structured basis about the material impacts, risks and opportunities related to sustainability issues, as well as about the implementation of due diligence and the results of the policies and actions implemented. The information is provided periodically, usually on a quarterly or half-yearly basis, and in any case at the main meetings of the Board of Directors and the relevant com-

mittees. It includes updates on the environmental, social and governance impacts identified in the company’s activities and the assessment of material risks and opportunities related to sustainability, including future prospects. The Board of Directors is also responsible for approving the results of the double materiality analysis.

This process, with the active contribution of the Sustainability Department, enables management to take into account the impacts, risks and opportunities related to sustainability in the process of defining and monitoring corporate strategy, approving significant transactions and managing risks. These aspects are, in fact, integrated into the decision-making processes to ensure that the choices are consistent with the company’s ESG objectives and long-term vision. Moreover, trade-offs between economic performance and environmental or social sustainability are assessed, with the aim to balance accountability and performance, generating value for all stakeholders. The main aspects considered include climate change, regulatory and reputational risks, human rights along the value chain, working conditions, opportunities linked to sustainable innovation and the strengthening of corporate governance. These aspects have been assessed in the context of strategic planning, ESG performance monitoring and the updating of corporate policies, confirming the commitment to responsible management of environmental, social and governance issues.

STATEMENT ON DUE DILIGENCE

Due diligence is the process for companies to identify, prevent and mitigate their actual and potential negative impact and to account for how they address that impact². Due diligence can be included in broader corporate risk management systems.

Currently, the Group has not carried out a formal due diligence process with respect to sustainability issues, but these aspects are addressed at specific points in the non-financial reporting process.

Key elements of due diligence

Integrate due diligence into governance, strategy and business model

Paragraphs in the sustainability statements

Paragraph “The role of the administrative, management and supervisory bodies”
Paragraph “Information provided to and sustainability matters addressed by the undertaking’s administration, management and supervisory bodies”
Paragraph “Material impacts, risks and opportunities and their interaction with strategy and business model”
Paragraph “Description of the processes to identify and assess material impacts, risks and opportunities”

Involve stakeholders in all key stages of the due diligence process

Paragraph “Interests and views of stakeholders”
Paragraph “Description of the processes to identify and assess material impacts, risks and opportunities”

Identify and assess negative impacts

Paragraph “Description of the processes to identify and assess material impacts, risks and opportunities”

Take action to deal with negative impacts

No negative impacts requiring intervention have been recorded

Monitor the effectiveness of interventions and report

Alfaparf Milano reports on its due diligence systems and the results achieved in its annual Sustainability Report

² OECD Guidelines for multinational enterprises, Part II - General principles, p. 20.



STRATEGY

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

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

TECH

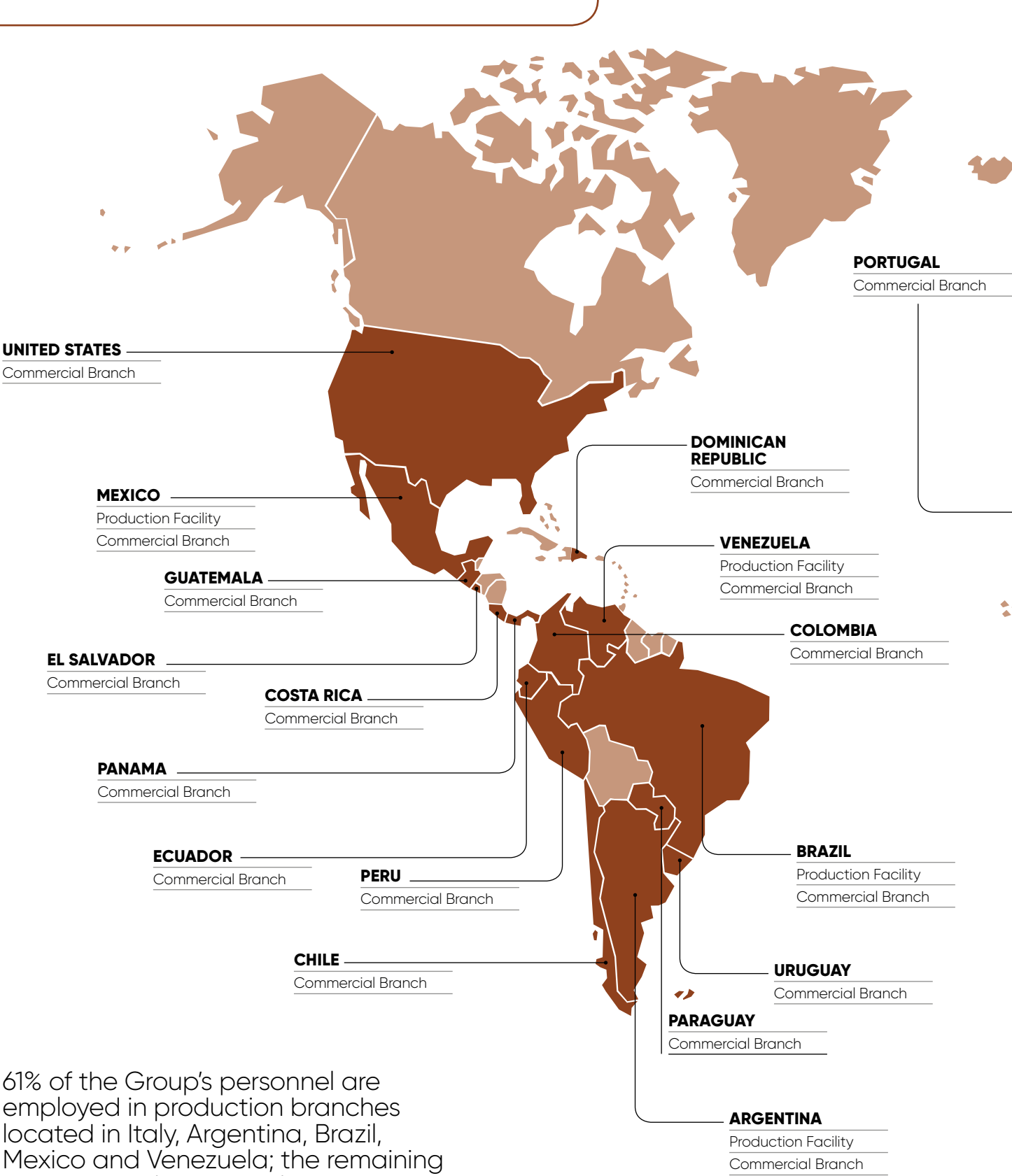
Made in Italy aesthetic/medical equipment for beauty: design, functionality and guaranteed safety. In-house research, development and production for cutting-edge technologies.

PRIVATE LABEL

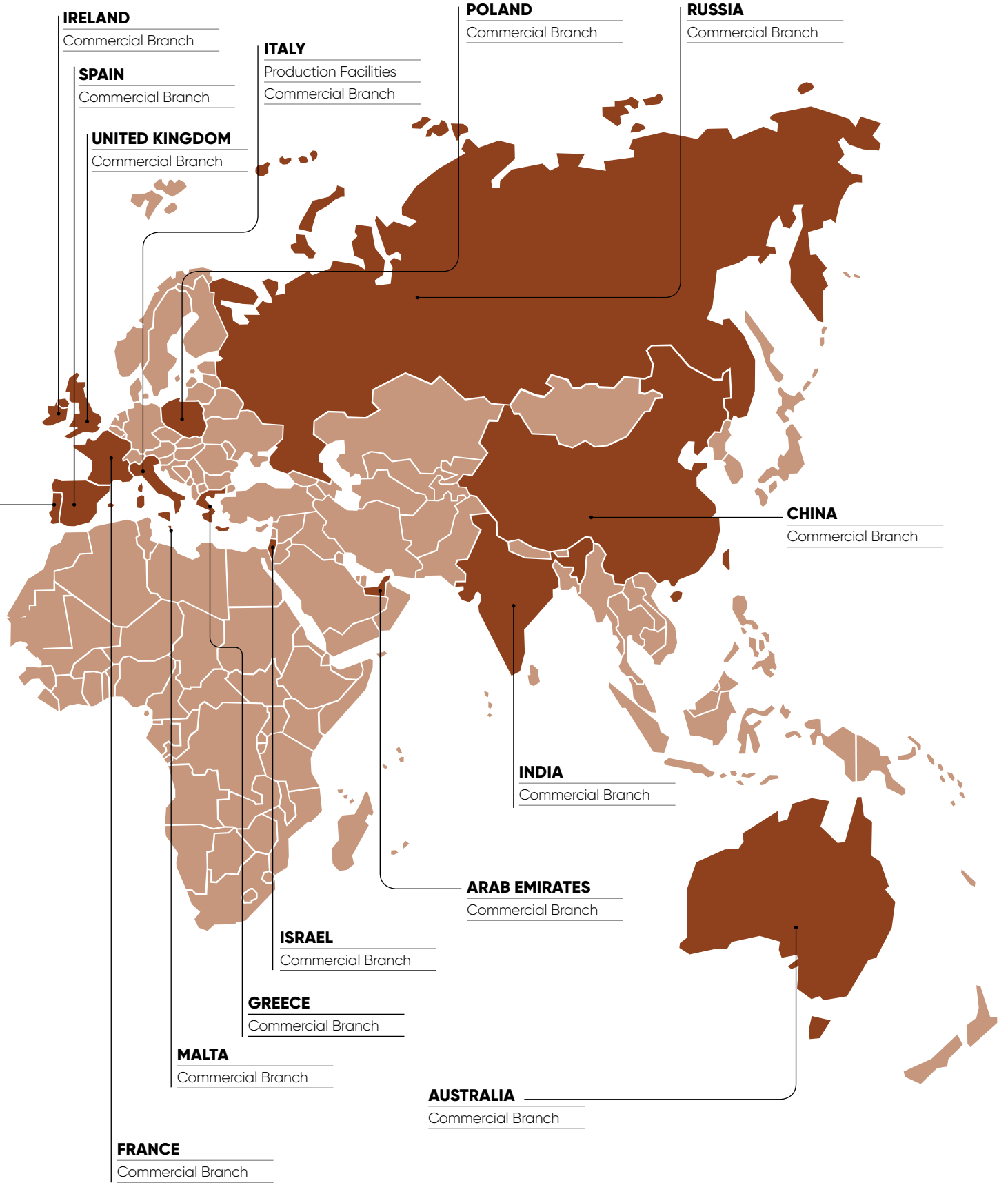
Development of products for companies that market them worldwide using the Group's expertise and know-how.



COUNTRIES OF PRESENCE



61% of the Group's personnel are employed in production branches located in Italy, Argentina, Brazil, Mexico and Venezuela; the remaining 39% are employed in sales branches located in other countries.





BRANDS

The Group owns 21 brands (eleven in Haircare, seven in Skincare, two in Tech equipment, one in cosmetics for pets) that have 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, creating 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 that reveals the beauty of your 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 most innovative technologies. It is a complete range that addresses all skin and hair needs through specialised lines and personalised services.



YELLOW PROFESSIONAL. EVERY MOOD. EVERY DAY. WE AMPLIFY. *Salon solutions, ready to be recreated.* With over 25 years of experience in professional salon solutions, YELLOW PROFESSIONAL presents a global collection of hair treatments designed to enhance colour, shape, care and styling. Formulations feature high-performance ingredients tailored to the specific needs of hair, highlighting every identity and expression — in the salon and beyond. An essential range created to accompany each person on their individual beauty journey. An accessible and easy-to-understand professional system that amplifies identity, supports creativity and celebrates the freedom to express one's authenticity every day.



IL SALONE MILANO is a *masstige*-positioned brand offering a complete range of products (hair care, colouring, and straightening treatments) for at-home use with guaranteed professional results. It is distributed through hair salons and via selected beauty retail partners.



COLORAMORE was born in Mexico as a commercial opportunity designed exclusively for Beauty Supply stores that cater to hair 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. Backed by professional Italian technology, ALTA MODA offers products for hair care and colouring.



BENVOLEO is the sustainable professional haircare brand that promotes a transparent, responsible and inclusive vision of beauty, 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 S.p.A. in 2022), is distributed worldwide and offers a complete range of exclusive professional products developed to meet the needs of consumers across all countries. A brand that is 100% Made in Italy, with 30 years of experience in the professional haircare sector. From treatments to styling, SELECTIVE PROFESSIONAL aims to transform products into services, supporting hair stylists in their most important mission: making every woman feel beautiful. SELECTIVE PROFESSIONAL provides reliable, professional-grade products that can support stylists in their daily work — with the assurance of a complete range, ideal for building lasting relationships of trust and loyalty with their clients.



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).



APHOGEE. In 2024, APHOGEE was acquired — a US brand with over 30 years of history and success, which has established itself as a cult favourite in the world of DIY hair treatments. APHOGEE offers reliable and affordable solutions that restore beauty, balance and a healthy appearance to even the most damaged hair.

SKINCARE



Beauty in a method

DIBI MILANO. Since 1976, it has been a benchmark for cosmetic excellence — the final frontier before aesthetic medicine. Its DNA is captured in the name: DIBI, Divisione Biotecnologica (Biotechnological Division), representing the synergy between Made in Italy research and technology, offering unparalleled results and a personalised method. The brand finds its fullest expression in the DIBI CENTER, the place where the soul of DIBI MILANO comes to life, with specialist beauticians acting as true beauty consultants.



Love your Beauty

BECOS. Since 1984, BECOS has brought together beauty and cosmetics — a professional skincare brand close to women, celebrating and enhancing femininity. Love and passion for beauty, combined with high-quality products and effective treatments, are the ingredients of a successful, exclusively Made in Italy recipe. The brand is reflected in BECOS CLUBS — spaces where beauty reigns and women feel empowered by professional aestheticians.



Technology and Nature

TEN SCIENCE was born in 2004 from the fusion of Technology, Nature and Science. It draws on nature's most precious active ingredients and enhances them to their fullest potential with cutting-edge cosmetic technologies — a winning alchemy of naturalness and performance, Made in Italy. The Ten Institute is where the spirit of TEN SCIENCE lives, allowing every woman to express her uniqueness.



Sustainable, natural, Italian

OLOS is a benchmark for sustainable skincare, offering face and body beauty treatments. Its cosmetics are based on a *eubiotic* approach (what is good for life), designed to respect both the skin and the environment. OLOS creates effective, transparent and safe formulas — for natural, authentic beauty and a more mindful approach to the future.



Sea lover

SOLARIUM is synonymous with a perfect tan, achieved in total safety. 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. Diving into the blue is a dream, protecting the seas must be a concrete reality.

(*) 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, exclusive and unique, was born from the perfect fusion of skincare and make-up, the result of cutting-edge cosmetic research. With state-of-the-art formulations, developed and produced in Italy, DECODERM guarantees maximum results and excellent application comfort. A make-up line that seduces with the timeless allure of colour and performance.



NAIL SYSTEM PRO is the new professional Made in Italy system for applying semi-permanent nail polish. The formulas are designed to be used with specially designed applicator brushes, featuring bristle cuts tailored to each product and ergonomic handles, ensuring easy and quick application. Perfect results in terms of wear and long-lasting shine, while respecting the nails.

TECH

The research, development and production of all aesthetic and medical devices are carried out by DEA Project, a Group company based in Mapello (BG).



APG TECH is the leading brand for the technologies developed and marketed by the Group to meet the full range of 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 pillars of DEA Project's research and development activities.



APG MEDICAL is the medical division for the distribution of next-generation, non-invasive, high-performance Made in Italy medical devices. The brand's mission is to support medical professionals by providing high-quality equipment that meets their needs and enhances patient well-being. Research, development and quality are the hallmarks of APG MEDICAL by DEA Project.

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.

SUSTAINABILITY STRATEGY

Aware that the ultimate goal of business cannot simply be maximising profit, Alfaparf Milano 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.

Aware of the Sustainable Development Goals (SDGs) of the 2030 Agenda and the objectives of the National Recovery and Resilience Plan (NRRP), the Group is contributing first-hand to supporting the implementation of a sustainable and responsible development plan through investments in research, innovation and development, and the establishment of partnerships and collaborations with stakeholders.

For Alfaparf Milano, innovation and attention to people’s well-being are the cornerstones around which ideas, projects, products and development processes revolve: innovation drives change, promoting sustainable and inclusive development at the service of people, businesses, communities and local areas; at the same time, attention to the well-being of both employees and customers places listening to people at the heart of the sustainability strategy. Starting from the concepts of innovation and attention to people’s well-being, Alfaparf Milano has developed a sustainability path that aims to pursue the following drivers, which also form the basis of its policies governing the Group’s processes and operations in line with sustainable development:



I&W 4 PRODUCT QUALITY	Research and development of innovative technological solutions and efficient and advanced methodologies to optimise production flows and limit waste, while ensuring high quality standards.
I&W 4 ENVIRONMENT	A firm commitment to choosing processes and technologies that help reduce its emissions through the adoption of practices that limit its overall ecological footprint. Research and use of cutting-edge, durable and environmentally friendly raw materials and products, favouring renewable or recyclable resources to promote a more responsible use of natural resources.
I&W 4 PEOPLE	Commitment to developing human capital and promoting a stimulating, safe and inclusive working environment, aimed at the well-being and growth of employees.
I&W 4 COMMUNITY	Impact on the well-being of the community and the local area where the Group's companies are located through collaboration with local authorities to improve the well-being of the community, as well as through the indirect economic impact generated by the availability of jobs.
I&W 4 CUSTOMERS	Commitment to improving customer well-being through the selection of a personalised range of products and services, with attention to every detail.

Sustainability is therefore a key element and a core value of our corporate culture. For Alfaparf Milano, this translates into a series of actions and projects aimed at achieving 13 Sustainable Development Goals, identified by the Group as priorities.



Based on the 13 priority SDGs, Alfaparf Milano has laid the foundations for its 2022-2024 Sustainability Plan (hereinafter Plan), which guides 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.

INTERESTS AND VIEWS OF STAKEHOLDERS

Stakeholders are those who, in various ways, can influence or be influenced by the activities of the Group. They represent the complexity of the organisational landscape, highlighting the network of relationships that characterise Alfaparf Milano's activities.

Through its Sustainability Report, the Group intends to provide its stakeholders with timely and transparent information about its sustainability performance and, where possible, to involve them directly in the definition of plans, measures and actions. Stakeholders have always been the main benchmark for Alfaparf Milano's business, and dialogue with them is an opportunity for the Group to grow and improve.

With this in mind, during 2025, the Group has started to define a Stakeholder Engagement Policy aimed at establishing a reference model for managing dialogue with stakeholders, in order to strengthen transparency, mutual trust, and the integration of their requests into decision-making processes. Specifically, the policy aims to:

- promote continuous, structured and consistent interaction with those who, in various ways, influence or are influenced by the company's activities;
- support the achievement of environmental, social and economic sustainability objectives;
- leverage comparison to improve performance, identify critical issues and co-design long-term solutions;
- align with national and international best practices to ensure a methodical, inclusive and transparent approach.

Alfaparf Milano therefore views stakeholder engagement not merely as a requirement or a consultative phase, but as a strategic component that is integrated into its governance and corporate culture. Therefore, in line with its values, the organisation is committed to maintaining open and accessible dialogue with all significant stakeholders through channels, tools and methods that facilitate their effective and informed participation.



Stakeholders	Method of engagement
Shareholders	<ul style="list-style-type: none">• Interviews and daily discussions on business management• Meetings on specific topics• Shareholders' Meeting• Board of Directors
People	<ul style="list-style-type: none">• Sharing the Code of Ethics• Corporate newsletters and announcements• Corporate intranet• Dialogue with the Workers' Representative for Safety• Training programmes• Performance evaluation process• Internal surveys• Reporting channels
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• Business meetings and company visits• Trade shows and events• Training activities• Collaboration on new product development and testing• Introduction of new lines and/or products
Suppliers and business partners	<ul style="list-style-type: none">• Periodic meetings with suppliers and on-site visits/audits• Sharing the Code of Ethics• Regular contact to define quality standards• Trade shows and events
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 activities in certain initiatives of local authorities and charitable and/or voluntary associations in the social and cultural field• Sharing and collaboration on issues related to the local area• Alfaparf Foundation
Local, national and international institutions and 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 situation with third parties• Collaboration with Universities and Colleges
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">• Relations with local and international press• Participation in round tables• Interaction through social networks
Unions	<ul style="list-style-type: none">• Regular meetings to analyse the current state of the company• Negotiation meetings on specific corporate issues

In addition to the methods listed above, interactions can also take place at the stakeholders’ discretion, through the listening channels established by the Group companies to report issues (whistleblowing) or to submit proposals/comments.

Furthermore, the interests and views of the main stakeholders were analysed and taken into due consideration during the double materiality assessment process, and the results of this activity were approved by the Board of Directors. For further details, please refer to the paragraph “Description of the processes to identify and assess material impacts, risks and opportunities”.



MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL³

Alfaparf Milano has identified material impacts, risks and opportunities for its Organisation and along the value chain through the double materiality analysis as prescribed by the ESRS Standard. The results of the analysis are set out in the summary table below.

ESRS RA 16			Characteristics of the material impact					Impacted stakeholders	Alfaparf Milano Rewording
ESRS Topical Standard	ESRS topic	ESRS sub-topic / sub-sub-topic	Impact	Positive/ Negative	Actual/ Potential	Activity generating the impact	Scope of impact		
ESRS E1	Climate change	Climate change mitigation	Generation of direct and indirect CO ₂ emissions (Scope 1, 2 and Scope 3), slowing down the achievement of the Paris Agreement objectives and alignment with the European Green Deal	Negative	Actual	Building energy efficiency level (e.g. LED lighting, auto-off lights, high-efficiency boilers) Presence/absence of initiatives for converting the corporate fleet and promoting low-impact mobility Volume of business travel Presence/extent of smart-working policies Presence/extent of CO ₂ offsetting operations	Alfa Parf Group (in particular, production sites)	Local community Banks and insurers Government agencies Employees Environment Customers Shareholders and investors	Fighting climate change
		Energy	Maintaining dependence on non-renewable energy sources, thereby contributing to climate change	Negative	Actual	Supply from fossil sources	Manufacturing sites	Environment Shareholders and investors Banks and insurance companies	Sustainable energy management
			Raising awareness in company staff and stakeholders of the responsible use of energy	Positive	Potential	Awareness campaigns for employees on energy saving	Alfa Parf Group (all locations)	Employees Environment	
ESRS E3	Water and marine resources	Water consumption	Identifying and implementing solutions that help promote a transition to responsible use of water resources	Positive	Actual	Definition of specific objectives and targets for reducing average water consumption, in full compliance with applicable "BAT" regulations	Manufacturing sites	Environment Local Community	Water resource management
		Water discharge	Possible inadequate management of water discharge and consequent deterioration of the resource, with negative impacts on the environment and local communities	Negative	Potential	Definition of the Group's objectives for the proper management of water resources	Manufacturing sites	Environment Local community Shareholders and investors	
ESRS E5	Circular economy	Resource inflows, including resource use	Consumption, exploitation and waste of natural resources due to excessive production and the predominant use of virgin materials	Negative	Potential	Resource purchasing & management Procurement activities (manager)	Manufacturing sites	Environment Shareholders and investors, Customers	Material management and waste reduction
		Resource outflows, including resource use, and waste management	Reduction of waste and optimisation of raw material use through the recovery and reuse of production waste and unused materials	Positive	Potential	Sustainable product design and engineering Product end-of-life management	Manufacturing sites	Environment Shareholders and investors, Customers	

³ This paragraph on DR SBM-3 of ESRS 2 also covers information requests for: ESRS E1 SBM-3, ESRS E4 SBM-3, ESRS S1 SBM-3, ESRS S2 SBM-3, ESRS S3 SBM-3 and ESRS S4 SBM-3.

ESRS RA 16			Characteristics of the material impact				Impacted stakeholders	Alfaparf Milano Rewording	
ESRS Topical Standard	ESRS topic	ESRS sub-topic / sub-sub-topic	Impact	Positive/ Negative	Actual/ Potential	Activity generating the impact			Scope of impact
Entity specific		Packaging and recycled material	Contribution to reducing environmental impact through the use of recycled and sustainable packaging materials, minimising waste and optimising the use of resources, with positive effects on ecosystem protection	Positive	Potential	Resource purchasing & management Procurement activities (manager) Sustainable product design and planning	Manufacturing sites	Environment Local community	Packaging and recycled material
ESRS S1	Own workforce	Secure employment	Guarantee of stable employment characterised by decent working hours, adequate wages and a positive work environment through the conclusion of permanent contracts and the creation and support of corporate welfare initiatives	Positive	Actual	Business conduct Personnel management	Alfa Parf Group (all locations)	Employees Shareholders and investors	Protection of workers and secure employment
			Creation of a workplace that ensures employee retention and attracts new talent	Positive	Actual	Personnel management	Alfa Parf Group (all locations)	Employees Shareholders and investors	
			Creation of a healthy and collaborative work environment by reducing internal tensions and conflicts, while mitigating reputational damage, sanctions and legal disputes	Positive	Actual	Business conduct Personnel management	Alfa Parf Group (all locations)	Employees Shareholders and investors	
		Work-life balance	Opportunity to positively influence the physical and mental well-being of employees, with subsequent impact on each employee's actual ability to fully realise their potential, by offering a positive, healthy work environment supported by a set of programmes designed to improve employees' work-life balance	Positive	Actual	Personnel management	Alfa Parf Group (all locations)	Employees Shareholders and investors	Work-life balance and corporate well-being
			Opportunity to promote a more healthy and collaborative working environment by reducing internal tensions and conflicts, while mitigating reputational damage, sanctions and legal disputes	Positive	Actual	Personnel management	Alfa Parf Group (all locations)	Employees Shareholders and investors	
		Health and Safety	Building safety through the implementation of appropriate procedures throughout the workplace	Positive	Actual	Management of health and safety aspects	Alfa Parf Group (all locations)	Employees Shareholders and investors	Occupational health and safety
		Diversity	Opportunity to create a healthier, more inclusive, attractive and high-performing work environment, in order to protect the mental well-being of employees, foster a sense of belonging and active engagement, and respect their personalities and professional skills	Positive	Actual	Personnel management	Alfa Parf Group (all locations)	Employees Shareholders and investors	Protection of diversity and equal opportunities
		Training and skills development	Possibility for each employee to fully realise their potential thanks to stimulating career paths and the opportunity to participate in creative projects such as the Limited Edition Semi di Lino	Positive	Actual	Personnel management	Alfa Parf Group (all locations)	Employees Shareholders and investors	Training and skills development for workers
		ESRS S3	Communities concerned	Local area-related impacts	Gradual improvement of social and economic conditions in the local area and communities (e.g. adequate housing, adequate nutrition, adequate health services, impact on human rights)	Positive	Potential	Meetings with representatives of local communities Social inclusion initiatives for the community Donations and sponsorships Support for initiatives aimed at disabled or elderly people	Alfa Parf Group (all locations)

ESRS RA 16			Characteristics of the material impact					Impacted stakeholders	Alfaparf Milano Rewording
ESRS Topical Standard	ESRS topic	ESRS sub-topic / sub-sub-topic	Impact	Positive/ Negative	Actual/ Potential	Activity generating the impact	Scope of impact		
ESRS S3	Communities concerned	Local area-related impacts	Creation of jobs and economic opportunities for the local population	Positive	Potential	Investments in infrastructure and long-term local projects	Alfa Parf Group (all locations)	Local communities Government agencies	Sustainable development for local communities
			Strengthening the social and cultural fabric through the promotion of civic and cultural initiatives, contributing to the vitality of the community and strengthening the company's role as a responsible player	Positive	Actual	Investments in infrastructure and long-term local projects	Alfa Parf Group (all locations)	Local communities Government agencies	
ESRS S4	Consumers and end-users	Responsible business practices	Protecting and satisfying customers through corporate behaviours, policies and actions that promote product quality and safety, sustainability, and respect for human rights	Positive	Actual	Customer engagement Product and sales management	Alfa Parf Group (all locations)	Customers and end-users Shareholders and investors	Transparency in communication with customers
		Health and Safety & Personal safety	Guarantee of the physical, chemical and biological safety of the products supplied	Positive	Actual	Design & Development team	Manufacturing sites	Customers and end-users Shareholders and investors	Health and safety of consumers and end-users
ESRS G1	Conduct of business	Business culture	Promote the establishment of sound ethical principles, including tax law practices, pursued by the Group throughout the value chain, in all contexts (e.g. geographical, social, etc.) in which it operates	Positive	Actual	All activities and initiatives carried out by Alfaparf Milano	Alfa Parf Group (all locations)	Customers Banks and insurance companies Shareholders and investors Government agencies Employees Local community Environment	Business culture
			Protection of legality and prevention of unlawful conduct (the reuse of profits from unlawful activities, extortion, etc.)	Positive	Actual	All activities and initiatives carried out by Alfaparf Milano Supervisory bodies	Alfa Parf Group (all locations)	Customers Banks and insurance companies Shareholders and investors Government agencies Employees Local community Environment	
		Supplier relationship management, including payment practices	Possibility to positively influence the ESG performance of players along the supply chain, thanks to adequate supplier selection and monitoring systems	Positive	Actual	Supply chain manager Purchasing Management	Alfa Parf Group (all locations)	Suppliers Customers Banks and insurance companies	Supplier relationship management
			Responsible and timely management of payments, thus ensuring that the supply chain is not disrupted, which could damage production	Positive	Actual	Supply chain manager Purchasing Management	Alfa Parf Group (mainly production sites)	Reputation Suppliers Banks and insurance companies	
Entity specific		Innovation, Research and Development	Across-the-board increase in efficiency and optimisation of business processes through the integration of digital technologies (digitisation of governance processes, monitoring, environmental impact, etc.), with positive effects also on public perception of the brand, strengthening the company's reputation and its relationship with local communities and institutions	Positive	Potential	Economic and financial management Team Design & Development	Alfa Parf Group (all locations)	Employees Customers	Technological development and innovation

ESRS RA 16			Characteristics of material risks/opportunities						Alfaparf Milano Rewording
ESRS Topical Standard	ESRS topic	ESRS sub-topic / sub-sub-topic	IRO	Risk/ Opportunity	Risk classification	Internal/External	Main benefits	Scope of risk/ opportunity	
ESRS E1	Climate change	Energy	Using lower-emission and more efficient energy sources, which reduces energy consumption and related costs	O	-	-	Technology innovation Access to more credit Energy efficiency of buildings resulting in reduced energy consumption Visibility and reputation	Manufacturing sites	Sustainable energy management
			Reduction of environmental impact and operating costs through investments in solar panels and new installations, resulting in improved energy efficiency	O	-	-		Alfa Parf Group (all locations)	
ESRS E3	Water and marine resources	Water discharge	Inadequate management of water discharges (e.g. exceeding the concentration limits of pollutants, inadequate purification systems, etc.) resulting in penalties and damage to reputation	R	Market risk (financial risk)	Internal risk	-	Manufacturing sites	Water resource management
ESRS E5	Circular economy	Resource inflows, including resource use	Fluctuations in the price of strategic raw materials for Alfaparf Milano (e.g. solvents, silicones, etc.) or shortages of these materials resulting in increased procurement costs	R	Operating risk	External risk	-	Manufacturing sites	Material management and waste reduction
			Use of recycled raw materials, resulting in reduced costs associated with the procurement of virgin materials and mitigation of risks related to potential supply shortages	O	-	-	Technological innovation Market share Visibility and reputation	Manufacturing sites	
			Risk of non-compliance with environmental management standards (e.g. ISO 14001), resulting in increased operational costs, sanctions and reputational impacts linked to ineffective waste and resource management	R	Compliance risk	Internal risk	-	Alfa Parf Group (all locations)	
		Resource outflows, including resource use, and waste management	R	Operating risk	Internal risk	-	Manufacturing sites		
Entity specific		Packaging and recycled material	Implementation of eco-design practices for packaging and cosmetic products, aimed at minimising waste and optimising the use of resources, promoting sustainability, improving the corporate image and contributing to operational cost efficiency	O	-	-	Technological innovation Development of more efficient processes Visibility and reputation Access to more lines of credit	Alfa Parf Group (all locations)	Packaging and recycled material
			Improved corporate reputation due to investments in the transition to sustainable packaging, in order to respond to increasing consumer demands for environmentally friendly products	O	-	-		Alfa Parf Group (all locations)	

ESRS RA 16			Characteristics of material risks/opportunities						Alfaparf Milano Rewording
ESRS Topical Standard	ESRS topic	ESRS sub-topic / sub-sub-topic	IRO	Risk/ Opportunity	Risk classification	Internal/External	Main benefits	Scope of risk/ opportunity	
ESRS S1	Own workforce	Secure employment	Low employee retention due to unstable and inadequate working and economic conditions, resulting in increased management and training costs for staff	R	Strategic risk	Internal risk	-	Alfa Parf Group (all locations)	Protection of workers and secure employment
			Greater difficulty in recruiting staff at all levels of the organisation chart (e.g. involuntary migration due to lack of economic advancement opportunities and/ or other factors)	R	Strategic risk	External risk	-	Alfa Parf Group (all locations)	
		Work-life balance	Increase in turnover	R	Strategic risk	Internal risk	-	Alfa Parf Group (all locations)	Work-life balance and corporate well-being
		Health and Safety	Risk of fines and/or legal action due to inadequate measures to meet health and safety regulatory requirements, including the upgrading of older installations to current standards and risks related to machine safety and regulatory compliance	R	Compliance risk	Internal risk	-	Alfa Parf Group (all locations)	Health and safety protection at work
			Ability to have a positive impact on the safety and health of staff by reducing injury rates within Alfaparf Milano and work-related stress levels	O	-	-	Quality of human resources Development of more efficient processes Productivity Innovation	Manufacturing sites	
			Reduced exposure to sanctions and legal disputes through successful implementation of health and safety systems	O	-	-		Manufacturing sites	
		Gender equality and equal pay for work of equal value	Risk of reputational and legal issues due to discriminatory and non-inclusive behaviours and practices not being addressed (e.g. gender mix, gender gap, mobbing, etc.)	R	Reputational risk	Internal risk	-	Manufacturing sites	Protection of diversity and equal opportunities
			Enhancement of resources through Diversity & Inclusion policies that foster the development of innovation and increase retention and equal pay	O	-	-	Quality of human resources Improved production processes Innovation Visibility and reputation Performance	Alfa Parf Group (all locations)	
		Training and skills development	Decline in business results due to the failure to develop and implement know-how, and reduced responsiveness to customer needs	R	Operating risk	Internal risk	-	Alfa Parf Group (all locations)	Training and skills development for workers
			Increased business attractiveness and retention through personal and professional development programmes, including investment in events and vocational training aimed at enhancing service quality	O	-	-	Professionalism of human resources Improvement of business processes Performance Productivity Visibility and reputation	Alfa Parf Group (all locations)	
			The ability for each employee to realise their full potential through challenging career paths	O	-	-		Alfa Parf Group (all locations)	

ESRS RA 16			Characteristics of material risks/opportunities						Alfaparf Milano Rewording
ESRS Topical Standard	ESRS topic	ESRS sub-topic / sub-sub-topic	IRO	Risk/ Opportunity	Risk classification	Internal/External	Main benefits	Scope of risk/ opportunity	
ESRS S1	Own workforce	Training and skills development	Improved productivity through the creation of an appropriate training catalogue aimed at encouraging multi-skilling, enhanced by creative collaborations	○	-	-	Professionalism of human resources Improvement of business processes Performance Productivity Visibility and reputation	Alfa Parf Group (all locations)	Training and skills development for workers
ESRS S3	Communities concerned	Local area-related impacts	Social commitment initiatives in the area where Alfaparf Milano operates and opportunities for partnerships, resulting in increased stakeholder confidence and enhanced reputation	○	-	-	Visibility and reputation Improvement of local social capital Business opportunities	Alfa Parf Group (all locations)	Sustainable development for local communities
			Partnership opportunities	○	-	-		Alfa Parf Group (all locations)	
			Development of leadership within the Group ensuring business growth and continuity	○	-	-	Improvement of local social capital Visibility and reputation	Alfa Parf Group (all locations)	
ESRS S4	Consumers and end-users	Access to quality information	Full and transparent communication of information to consumers, resulting in increased consumer confidence and less exposure to sanctions and legal disputes	○	-	-	Business opportunity Reputation Improved operational logistics flows	Commercial offices	Transparency in communication with customers
		Responsible business practices	Adopting responsible business practices and building long-term relationships with suppliers who share the same ethical standards, creating a stable, resilient and safer supply chain	○	-	-		Commercial offices	
			Opportunities to promote international diversification and growth through acquisitions and business integrations that meet shared ethical standards, ensuring responsible management of business synergies	○	-	-		Alfa Parf Group (all locations)	
		Health and Safety & Personal safety	Use of safe, high-quality raw materials, increase in consumer confidence, and sales growth	○	-	-	Business opportunity Reputation Market share	Manufacturing sites	Health and safety of consumers and end-users
			Increase in market share thanks to the quality of services offered as a distinguishing factor compared to competitors	○	-	-		Alfa Parf Group (all locations)	
ESRS G1	Conduct of business	Business culture	Minimising the risk of sanctions and legal fees	○	-	-	Visibility and reputation IP Protection Business opportunities	Alfa Parf Group (all locations)	Business culture
			Less difficulty in addressing regulatory changes, integrating sustainability into the business strategy and tending to continuously monitor developments in the regulatory framework	○	-	-		Alfa Parf Group (all locations)	

ESRS RA 16			Characteristics of material risks/opportunities						Alfaparf Milano Rewording
ESRS Topical Standard	ESRS topic	ESRS sub-topic / sub-sub-topic	IRO	Risk/ Opportunity	Risk classification	Internal/External	Main benefits	Scope of risk/ opportunity	
ESRS G1	Conduct of business	Supplier relationship management, including payment practices	Conduct of a qualified supplier or subcontractor that does not comply with Alfaparf Milano's quality and sustainability standards and applicable regulations (e.g. CSDDD, Critical Raw Materials Act), which adversely affects reputation	R	Reputational risk	Internal risk	-	Alfa Parf Group (all locations)	Supplier relationship management
		Active and passive corruption (prevention and detection including training)	Implement systems to prevent corruption, consequently reducing exposure to sanctions and legal liability, and improving the corporate image	O	-	-	Reputation Access to more lines of credit	Alfa Parf Group (all locations)	Fighting corruption
Entity specific		Innovation, research and development	Risk of cyber attacks and data security breaches, which can lead to reputational damage and legal sanctions	R	Operating risk	Internal risk	-	Alfa Parf Group (all locations)	Technological development and innovation
			Threats of data breaches and business continuity disruptions, considered critical especially for IT and administrative functions, with potential negative impacts on the ability to innovate and develop new products	R	Operating risk	Internal risk	-	Alfa Parf Group (all locations)	

DOUBLE MATERIALITY ANALYSIS

DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Assessing materiality is at the core of Alfaparf Milano's sustainability strategy, as it helps ensure that the Company's efforts remain focused on the areas of greatest impact, and maintain appropriate relationships with stakeholders.

Over the past two years, several standardisation and regulatory bodies have started to refine the concept of sustainability materiality. In particular, the Corporate Sustainability Reporting Directive (CSRD), adopted by the European Union, focuses on the concept of "double materiality".

For this seventh edition of Sustainability Reporting, Alfaparf Milano launched its first exercise of double materiality analysis, inspired by the mandatory requirements of European Sustainability Reporting standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG). It provided the necessary information to understand the company's impact on society and the environment and, conversely, how ESG aspects related to material sustainability issues affect its Enterprise Value.

According to this approach, a sustainability issue is material if it is considered a priority from the perspective of impact materiality, financial materiality, or both.

A sustainability issue is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-time horizons. Impacts include those related to the company's own operations and the upstream and downstream value chain, including through its products and services and its business relationships. Business relationships include those located in the enterprise's value chain, upstream and downstream, and are not limited to direct contractual relationships.

A sustainability issue is financially material if it triggers, or may reasonably be expected to trigger, material financial effects on the undertaking. This is the case when a sustainability issue generates risks or opportunities that have, or can reasonably be expected to have, a material influence on the development of the undertaking, its financial position, results of operations, cash flows, access to finance or cost of capital in the short, medium or long term. Risks and opportunities may arise from past or future events. The financial materiality of a sustainability issue is not limited to aspects under the undertaking's control, but includes information on material risks and opportunities attributable to business relationships that are outside the scope of consolidation used in the preparation of Sustainability Reporting.

Context analysis

The materiality assessment was carried out on the basis of a preliminary analysis of the context in which the Group operates, which included an assessment of internal documents, policies, management systems and the risk control system, as well as a cycle of interviews with the Management team to complement the documentary analysis.

Subsequently, a benchmark analysis was carried out to identify sustainability issues that could be material to the target sector. The benchmark analysis took into account the list of sustainability issues covered by the thematic ESRS, broken down into topics, sub-topics and sub-sub-topics (RA 16 ESRS 1 of Delegated Regulation (EU) 2023/2772).

For the impact materiality analysis, 15 competitors and comparables of Alfaparf Milano were identified and evaluated in relation to the topics identified as material in the 2023 Sustainability Report.

For the financial materiality analysis, the benchmark analysed reference ESG reporting frameworks in the sector (TCFD, TNFD, SASB), ESG-related observatories and research (Global risk Report 2024, Business & Human Rights Research Centre, Encore⁴) and the Group’s ESG plan.

Following this initial analysis, 20 sustainability issues emerged that are potentially material for Alfaparf Milano. They confirmed the Group’s areas of interest and defined the areas on which to focus attention with regard to the topics, sub-topics and sub-sub-topics listed by the standard itself and associated with the ESRS Topical Standards. In addition, Alfaparf Milano identified a number of “entity-specific” issues, on the basis of which it then drew up a specific disclosure for its organisation regarding the material impacts, risks and opportunities. For each entity-specific topic not covered by ESRS information requests, all minimum disclosure requirements were reported within the respective sections, drawing on the ESRS 2 requirements with respect to specific policies, actions and objectives.

The 20 issues that emerged from the benchmark analysis were then linked to impacts, risks and opportunities (IRO) directly attributable to the Group’s activities and were subsequently assessed.

As this is still a voluntary initiative, the assessment was conducted by an internal Working Group composed of sustainability managers with the active support of the relevant departments. The analysis focused mainly on identifying the material impacts, risks and opportunities for Alfaparf Milano, without delving too deeply into its value chain. In addition, although the direct involvement of external stakeholders was not envisaged for this first year, the results of the engagement activities carried out during 2022 were taken into account (through an online survey administered to a number of representatives of the stakeholder categories considered strategic for the Group).

⁴Platform recognised by the European Commission and promoted by the UN with the aim of identifying impacts and dependencies on natural and social resources for financial institutions and businesses. The platform allows the user to select the industry, sub-industry and activity type to narrow the scope of analysis and identify specific dependencies for a particular business. Please note that Encore only lists dependencies and potential direct impacts of production processes on ecosystem services and natural capital, excluding dependencies and impacts that occur through the supply chain.

Materiality of impact

With regard to impact assessment, the Working Group was provided with a special tool with a numerical rating scale, which asked them to rate severity, understood as a concept that encompasses the factors of magnitude, scope, and irremediable nature of the impact, and the likelihood of negative and positive impacts occurring. In addition, the time horizon was also taken into account, assessing how much the impact associated with a sustainability issue changes over a given period. More specifically, the assessment considered changes in the short to medium term (from now to 5 years’ time) and in the long term (beyond 5 years).

SEVERITY RATING SCALE

1	Low	Insignificant impact
2	Medium	Moderate impact, with minor damage/benefit
3	Medium-high	Significant impact, with obvious damage/benefits
4	high	Moderate impact, with widespread damage/benefit
5	Very high	Very significant impact

LIKELIHOOD OF OCCURRENCE RATING SCALE

1	Very low	Rare event
2	Low	Unlikely event
3	Moderate	Possible event
4	High	Likely event
5	Very high	Frequent event



Financial relevance

With regard to risks and opportunities, an assessment was requested of the magnitude of the possible financial effects and the likelihood of the risk/opportunity occurring, using the same numerical rating scale mentioned above.

Specifically, the magnitude was used to assess the extent to which the risk or opportunity has a significant influence on the Organisation’s development, its financial position, results of operations, cash flows, access to financing or the cost of capital in the short, medium or long term. With regard to risks, the inherent risk was taken into account for the assessment of materiality. In addition, the time horizon was also taken into consideration, assessing how much the risk/opportunity changes over a given period. More specifically, the assessment considered changes in the short to medium term (from now to 5 years’ time) and in the long term (beyond 5 years).

MAGNITUDE RATING SCALE

1	Insignificant risk/opportunity	Negligible damage/benefit
2	Moderate risk/opportunity	Minor damage/benefit
3	Material risk/opportunity	Potential for material damage/benefit
4	High risk/opportunity	Expected material damage/benefit
5	Maximum risk/opportunity	Highly significant damage/benefit

LIKELIHOOD OF OCCURRENCE RATING SCALE

1	Very low	Rare event
2	Low	Unlikely event
3	Moderate	Possible event
4	High	Likely event
5	Very high	Frequent event

Results of the analysis

Each IRO category was assigned a specific materiality threshold set close to the value obtained by calculating the average of “overall scores” achieved by the IROs belonging to that category. Each IRO with an overall score above the threshold defined above is considered material, and each sustainability issue with at least one impact, risk or opportunity considered material is also considered material.

Following the assessment, of the 20 potentially material issues identified through the benchmark analysis, 17 were found to be material, in relation to which the Group discloses information in accordance with the relevant disclosure requirements of the respective thematic ESRS.

Please refer to the section “Material impacts, risks and opportunities and their interaction with strategy and business model” to view the two tables describing, for each material issue, the related impacts (positive and negative), risks and opportunities that exceeded the materiality threshold and therefore made the issue material.

The final stage of the double materiality analysis determined which qualitative and quantitative information relating to the material issues should be reported in this Consolidated Sustainability Report. To this end, the Group followed the procedures set out in ESRS 1 (including Appendix E), the Implementation Guidance “EFRAG IG 1 – Materiality Assessment” and the additional paper “Links between AR16 and disclosure requirements”.

ESRS DISCLOSURE REQUIREMENTS COVERED BY THE CORPORATE SUSTAINABILITY STATEMENT

Please refer to the Appendix to this document for more information on the list of disclosure obligations and with reference to the EU Datapoint Table.



A close-up photograph showing several hands of different skin tones cupping a small green seedling with dark soil. The hands are positioned around the base of the plant, symbolizing collective care and environmental stewardship. The background is blurred, showing more hands and parts of people's clothing.

ENVIRONMENTAL INFORMATION

FIGHTING CLIMATE CHANGE

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

To date, Alfaparf Milano has not yet developed a Transition Plan for climate change mitigation. Despite this, the group has started a process to formalise a Plan by the end of 2025. This involved numerous measures aimed at reducing environmental impact, including energy efficiency initiatives, replacement of high-consumption equipment, optimisation of water consumption and improvement of production facilities. These initiatives are described in detail in the paragraph “Actions and resources in relation to climate change policies”. All these activities, together with the gradual strengthening of the monitoring system, form the basis for defining a Climate Transition Plan based on clear, measurable objectives that are aligned with European regulations.

POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Alfaparf Milano has not currently adopted a policy that specifically governs its commitments in relation to climate change mitigation and adaptation. However, the Group is committed to strengthening its environmental management and reporting tools, with the aim of gradually aligning itself with applicable regulatory and strategic requirements. The guidelines that outline the Group’s environmental strategy – including climate change mitigation and adaptation, water resource management, transition to circular economy models and energy efficiency – are defined by Beauty & Business, which operates as the Group’s corporate entity. Through its guidance and coordination role, Beauty & Business provides a common framework to ensure that Group companies adopt consistent policies and actions that are internationally harmonised and aligned with the Group’s sustainability values and objectives. As part of this transition phase, the Group has begun preliminary work on defining a structured Policy, which will be formalised by the end of 2025 and will include:

- a Climate Change Policy;
- an Operational Plan with environmental objectives, actions and indicators;
- monitoring tools for climate-related physical and transition risks.

The actions already undertaken demonstrate a growing focus on integrating climate factors into business processes, through a continuous improvement approach that is consistent with the Group’s strategic guidelines on sustainability.



ACTIONS AND RESOURCES IN RELATION CLIMATE CHANGE POLICIES

Alaparf Milano is committed to conducting its activities in an environmentally sustainable manner, reducing negative impacts, safeguarding biodiversity, protecting ecosystems and minimising resource consumption. This commitment translates into an operational approach to prevent, control and reduce environmental impacts through innovative technical solutions, proactive involvement of suppliers and business partners, and the promotion of environmental awareness among employees and customers⁵.

During 2024, the Italian Beauty & Business branch strengthened its contribution to climate change mitigation through the implementation of technical and managerial actions aimed at improving energy efficiency and streamlining consumption. Although there is no formal decarbonisation strategy, the initiatives launched represent the first operational steps towards a gradual reduction in environmental impact. The main actions implemented at the Italian production site⁶ include:

- revamping of steam generators to reduce natural gas consumption and Scope 1 emissions, making a decisive contribution to the modernisation and sustainability of the facility;
- replacement of heat pumps and overhaul of HVAC lines, with the aim of improving the energy efficiency of the plants while significantly reducing gas and electricity consumption; to support this process, the thermal power plant was upgraded and an advanced management system was introduced, allowing for more accurate and intelligent control of the installations;
- optimisation of the warehouse cooling system to reduce the electrical loads associated with logistics;
- extraordinary maintenance of electrical panels and MV/LV substations, to ensure greater safety and consumption control.

The actions carried out so far are part of the direct activities (Scope 1 and 2), with an operational focus on the national production site. The interventions mainly concerned industrial and logistical areas, related to production, air conditioning and storage. No specific actions have yet been implemented upstream or downstream of the supply chain, nor are external stakeholders involved to date. The activities were managed internally, coordinated by the Operations Department, and are planned for the short to medium term. Finally, the Company set up a structured internal monitoring system for the main environmental KPIs, with a specific focus on analysing energy and resource consumption in relation to the production volumes of the Group's three manufacturing branches (Italy, Mexico and Brazil). This approach allows for an objective assessment of the efficiency of production processes and the timely identification of any areas for improvement.

The indicators monitored shall specifically include:

- electricity consumption per ton of semi-finished goods and per number of pieces produced;
- natural gas consumption per ton of semi-finished goods produced;
- water consumption per ton of semi-finished goods produced;
- and other parameters related to the in-house production of semi-finished goods and packaging.

⁵ Currently, the Group has not identified any negative environmental impacts on its stakeholders.

⁶ The activities carried out in 2024 focused on Italy, particularly at Beauty & Business's main production site. No environmental actions have been implemented (or planned for the short term) at other locations or international branches of the Alfa Parf Group.

In addition to these specific indices, absolute energy consumption is also constantly monitored to ensure a complete overview of the direct environmental impact of production activities. The positive trend of these indicators over the year demonstrates the effectiveness of the measures taken to improve overall energy performance.

As proof of the Group's commitment to ecological transition and continuous improvement in industrial processes, during the year the Italian branch Tricobiotos continued its efforts to improve the energy efficiency of its plants and achieve more sustainable resource management, in line with an evolutionary approach towards Industry 5.0. In particular:

- an industrial compressor was replaced with a new, high-efficiency model with greater operating capacity, contributing to more optimised energy use in production plants;
- three new adiabatic coolers were installed to improve environmental comfort while maintaining low energy consumption⁷.

As far as lighting is concerned, since 2022 the entire facility – including production areas, warehouses and offices – has been equipped exclusively with low-power LED systems, helping to reduce the site's energy footprint.

The Brazilian branch has also implemented numerous technical solutions over time to increase the energy efficiency of its production processes and infrastructure. Specifically:

- all mixer motors have been equipped with frequency inverters since 2018, contributing to more efficient energy management and higher accuracy in production cycles;
- in 2022, the entire plant was equipped with LED lighting, which significantly reduced electricity consumption. In addition to this measure, translucent tiles were installed in production areas and warehouses in 2024, allowing natural light to enter and further reducing the need for artificial lighting during daytime hours;
- furthermore, in 2023, the branch achieved an important milestone: 100% of the electricity it uses comes from certified renewable sources, strengthening its commitment to a more responsible and environmentally friendly production model.

At the same time, as early as 2018, the Argentina branch started a gradual process of replacing all incandescent lamps with LED systems, with the aim of optimising the energy efficiency of its indoor lighting. This measure, which is still in the process of being completed, contributes to reducing electricity consumption and improving environmental conditions in production departments and offices.

In addition, the Mexico branch launched initiatives during 2024 to reduce its environmental impact and contribute positively to the management of climate change impacts, risks and opportunities. In particular, work started on replacing the boiler with a new unit equipped with more modern technology, capable of optimising gas consumption during production phases. The positive effect of this upgrade was reflected in the plant's increased energy efficiency. In addition, LED systems with twilight sensors were introduced, which automatically adjust light levels according to the amount of natural light. Finally, a cooling system pump was replaced with a more efficient solution, helping to reduce the plant's overall energy consumption.

⁷ This work will be completed in 2025 with the installation of three additional units, confirming the branch's gradual approach to improving the efficiency of its systems.

TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

In 2024, Beauty & Business embarked on a process to strengthen its environmental monitoring system, with the aim of more systematically assessing the effectiveness of its climate-related actions, and establishing a solid information base to support the future definition of environmental objectives. Although no measurable, results-oriented climate targets have yet been set, activities are already underway to collect, analyse and monitor environmental data, particularly relating to energy consumption and greenhouse gas emissions (Scope 1 and 2). The key monitoring processes are based on:

- the annual collection and comparison of data relating to energy consumption and GHG emissions;
- continuous monitoring of key environmental KPIs;
- oversight by Operations, Health, Safety & Environment (HSE) and Sustainability departments, also with a view to aligning with ESRS requirements.

Even in the absence of a formal system of climate targets, the company has adopted internal indicators to assess the efficiency of its activities and monitor the effectiveness of the measures implemented. In addition, for the two-year period 2025-2026, Beauty & Business has planned two significant investments to improve energy efficiency and reduce the environmental impact of its production processes.

The first project concerns the construction of a photovoltaic system at the new industrial warehouse currently under construction. The energy produced will be used directly by the plant, contributing concretely to the decarbonisation of industrial activities. The system will be sized on the basis of the plant's historical consumption and integrated with existing infrastructure, allowing significant energy autonomy and a reduction in emissions associated with electricity supply.

The second project involves the replacement of the current steam generation system with new high-efficiency boilers. The new solution will ensure more effective management of thermal consumption and advanced control through automatic supervision systems. This measure will significantly improve the facility's energy performance, promoting more sustainable and modern energy resource management.

Tricobiotos has also planned significant investments in 2025 for the technological renewal of various production equipment, as part of an integrated project inspired by Industry 5.0 principles. The measures will involve key machinery in the mixing, water treatment and packaging stages, with the aim of improving energy efficiency, reducing consumption and optimising the overall performance of the plants.

In this context, in 2024 the Argentina branch also started to define the technical and design-related tasks for new efficiency measures, with implementation planned for the two-year period 2025-2026. Among the actions currently being developed is the upgrading of the systems to increase the operating pressure of the steam boiler. The project involves installing safety valves – which have already been purchased – to enable the reactors to operate at higher pressures, thereby speeding up heating times and allowing the plants to operate simultaneously.

Once completed, the project will significantly reduce natural gas consumption, with benefits in terms of thermal efficiency and streamlining of production cycles, at a relatively low investment cost.

At the same time, the Mexico branch has planned further measures for the two-year period 2025-2026, including the modernisation of its mixer heating and cooling systems, the introduction of more efficient plant washing technologies and the exploration of opportunities for in-house energy production, such as solar or cogeneration solutions.

ENERGY CONSUMPTION AND MIX

In 2024, Alfaparf Milano consumed a total of 17,986 MWh⁸ of energy, 15.6% more than in 2023 (15,553 MWh). Although still mainly attributable to fossil sources, the share of renewable energy shows a slight increase due to the increased use of biomass. A significant share of consumption is attributable to the Group's production facilities – located in Italy, Mexico, Brazil, Argentina and Venezuela – which recorded a total consumption of 11,275 MWh in 2024, rising by 9.98% compared to 2023 (10,251 MWh).

A significant share of the reported energy consumption is due to the use of the company's fleet, consisting of vehicles supplied to executives, commercial and sales teams, and pooled cars available to operational staff. The vehicles are mainly powered by diesel, petrol and LPG. The energy conversion of these carriers corresponds to a total of approximately 9,780 MWh in 2024, including consumption from mobile combustion.

During the year, at the Beauty & Business premises, the process of improving company mobility efficiency continued. In particular, the charging stations for electric vehicles were upgraded and modernised. The Group also remains committed to gradually replacing its vehicle fleet with more environmentally friendly solutions, favouring hybrid or electric vehicles wherever possible.

The table below details the total energy consumption recorded by Alfaparf Milano during the financial year 2024. More specifically, energy consumption increased by 16% compared to the previous reporting period.

ENERGY CONSUMPTION AND MIX⁹
(MWh)

	2023	2024
Consumption of fuels from coal and coal products	-	-
Consumption of fuels from crude oil and petroleum products ¹⁰	8,049	9,780
Consumption of fuels from natural gas	7,499	8,166
Consumption of fuels from other non-renewable sources	2	2
Consumption of electricity, heat, steam and cooling from fossil sources, purchased or acquired	-	-
Total consumption of energy from fossil sources	15,550	17,948
Share of fossil sources in total energy consumption	99.25%	99.09%
Total consumption of energy from nuclear sources	-	-
Share of nuclear sources in total energy consumption	0%	0%
Consumption of fuels for renewable sources, including biomass	3	38
Consumption of electricity, heat, steam and cooling from renewable sources, purchased or acquired	-	-
Consumption of self-produced renewable energy without the use of fuels	114	127
Total consumption of energy from renewable sources	117	164
Share of renewable sources in total energy consumption	0.75%	0.91%
TOTAL ENERGY CONSUMPTION	15,667	18,112

⁸ With reference to the reporting period, the scope of the 2024 data also includes the recently acquired French commercial branch.

⁹ The conversion factors used to transform the different energy quantities into MWh are taken from the DEFRA 2024 (UK Department for Environment, Food and Rural Affairs) database.

¹⁰ Fuel from crude oil and petroleum products refers to the consumption of petrol, diesel and LPG for the company fleet and the consumption of diesel fuel for generators.

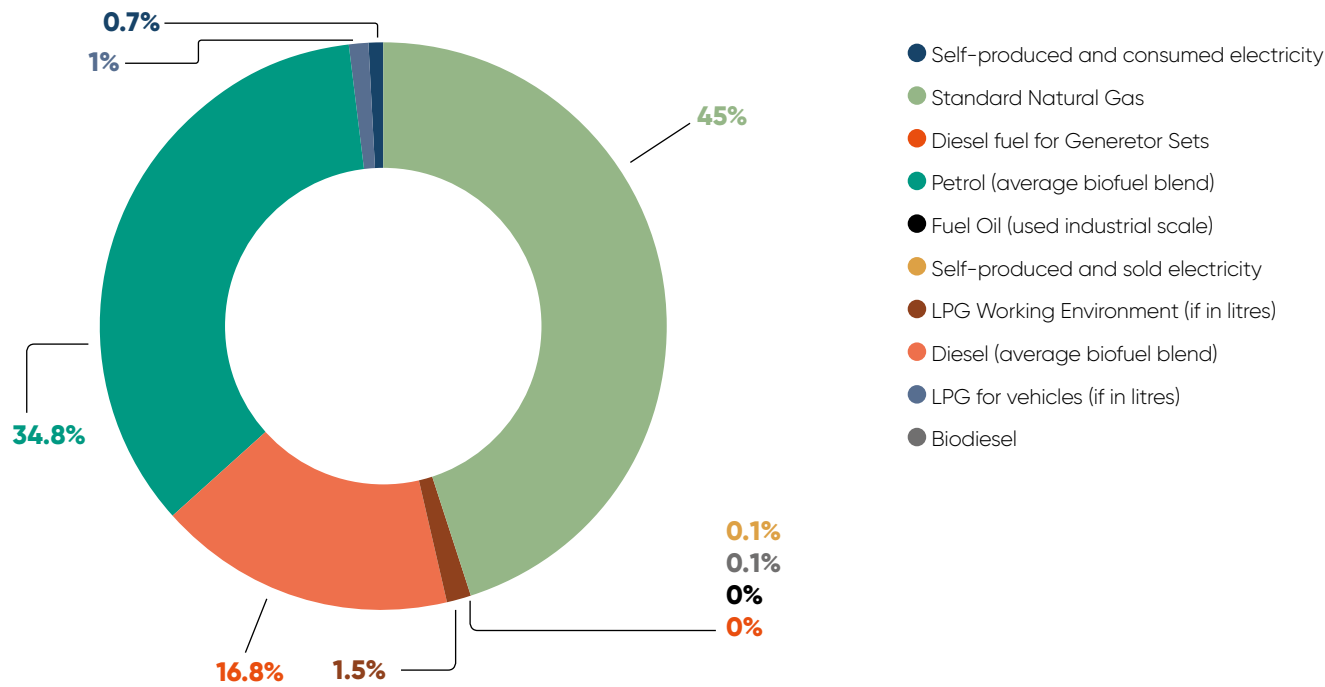
The initiatives and investments supported by the Group have enabled significant results to be achieved in terms of electricity consumption from renewable sources. The table below shows the positive trend in self-generated electricity from renewable sources (consumed and sold) compared to the previous reporting period (+10%).

SELF-PRODUCTION OF ELECTRICITY FROM RENEWABLE SOURCES (MWh)

	2023	2024
Self-produced renewable electricity: consumed and sold	135	149
Self-produced and consumed renewable electricity	114	127
Self-produced and consumed electricity from renewable sources	21	22

With regard to energy intensity linked to production activities – specifically, the MWh of electricity consumed in relation to net revenues generated – carried out in plants operating in sectors with a high climate impact¹¹, the 2024 data do not show any significant changes compared to the previous year. In 2024, the recorded value was 0.000033 (MWh/€)¹², in line with 2023 (0.000032 MWh/€). The indicator confirms the substantial stability of the group’s average energy efficiency¹³.

Energy Consumption 2024



¹¹ The “high climate impact sectors” are the sectors listed in sections A to H and section L of the NACE classification (as defined in Commission Delegated Regulation (EU) 2022/1288). Only the Group’s production sites included in the scope of consolidation operate in high climate impact sectors, as they are part of the following NACE sections: G - Wholesale and retail trade (Beauty & Business S.p.A.); (Dobos S.A. de C.V.); (Brazil ALL); (Prodicos S.A.); (Tricobiotos S.P.A.); (D.E.A. Project S.r.l.). It should be noted that, although it is a production site, the operating unit in Venezuela is not included in the reporting scope for high climate impact sectors.

¹² Energy intensity is calculated as the total consumption reported in MWh over the total net revenues associated with activities in high climate impact sectors. The denominator for intensity calculation therefore includes the value of the revenues reported in item A.1 (“Revenues from sales and performance”) of the 2024 Profit and Loss Account of the Group.

¹³ There are no significant deviations at individual facilities.



FOCUS ON

SUSTAINABLE MOBILITY: THE MOBILITY PROJECT WITH EDENRED

In 2024, Tricobiotos launched a sustainable mobility project in collaboration with Edenred. The aim of the project was to simplify and make employees’ commutes more environmentally friendly. The project was implemented using the Edenred Mobility digital platform, a modular solution that is easily accessible via an app (iOS and Android), which allows users to record their journeys and encourages them to use alternative means of transport to private cars. The platform was launched following a customised analysis of staff mobility habits through digital questionnaires, which allowed personal data to be cross-referenced with company locations and local public transport availability. Enabled features include:

- daily tracking of journeys via app;
- gamification system with rewards for the most commendable behaviour;
- company carpooling service, to share journeys with colleagues;
- monthly reports on CO₂ emissions saved, certified by Edenred;
- personal dashboard with commute history and individual statistics.

During the annual company party, employees who stood out for their consistent use of sustainable transport were rewarded based on the points they had earned on the platform. The initiative also had an educational and cultural value, encouraging users to reflect on the environmental impact of their everyday choices. The use of the platform made it possible to monitor and reduce Scope 3 emissions generated by commuting. Despite initial challenges related to habitual car use and infrastructure differences between regions, the experience highlighted the importance of engagement strategies for more conscious mobility. The project also fits into a broader vision of corporate well-being, working together with the company’s existing welfare policies.

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS¹⁴

Given the nature of Alfaparf Milano’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 facilities, which are responsible for 92.57% of the Group’s total emissions (Scope 1 and 2 market-based). In 2024, there was a 7.75% increase in CO₂e emissions (Scope 1 + Scope 2 market-based) compared to the corresponding 2023 figure. This is partly due to the extension of the reporting scope, which also takes into account the company acquired during 2024, i.e. the commercial office in France. 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. The table below shows greenhouse gas (GHG) emissions generated directly by the Group through its regular operations (Scope 1) and indirectly through the electricity purchased and consumed (Scope 2).

GROSS GHG EMISSIONS
(tCO₂eq)

	2023	2024
Gross Scope 1 GHG emissions ¹⁵	3,533	4,050
Gross Scope 2 GHG location-based emissions ¹⁶	2,176	2,211
Gross Scope 2 GHG market-based emissions ¹⁷	1,963	1,873
Total location-based GHG emissions (Scope 1 + Scope 2)	5,709	6,261
Total market-based GHG emissions (Scope 1 + Scope 2)	5,496	5,923

¹⁴ For this reporting year, GHG emissions generated along the value chain (Scope 3) were not calculated. The Group is committed to measuring and monitoring its total GHG emissions for the next reporting periods. During 2025, Alfaparf Milano will launch screening analysis activities and the calculation of Scope 3 emissions.

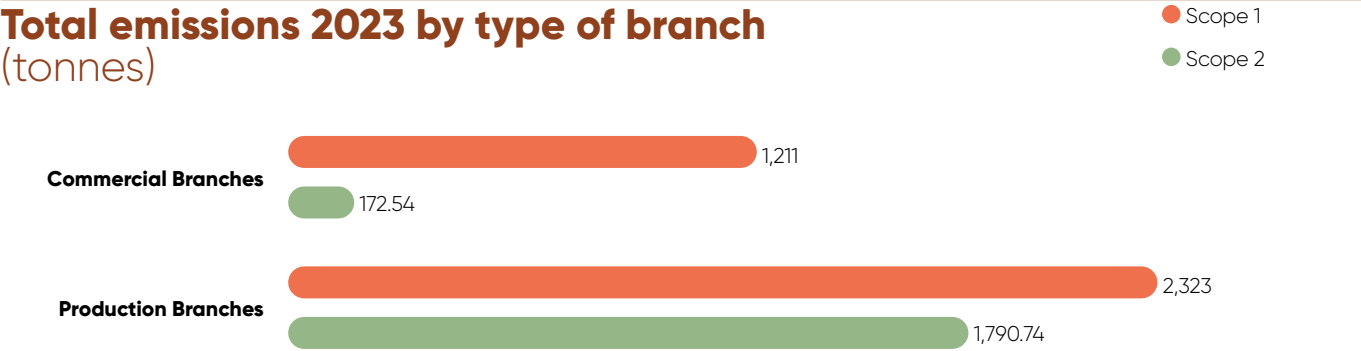
¹⁵ The emission factors used to calculate Scope 1 tCO₂e are taken from the UK Government GHG Conversion Factors for Company Reporting (version 2024) document published by the UK Department for Energy Security and Net Zero. There are no Scope 1 GHG emissions covered by regulated emissions trading schemes (ETS).

¹⁶ The emission factors used for the calculation of the TCO₂eq Scope 2 according to the location-based approach are taken from the 404/2024 Report published by ISPRA (2024). The data provided by ISPRA are expressed exclusively in CO₂ and do not include other greenhouse gases in carbon dioxide equivalent (CO₂eq). In the text, the CO₂eq unit of measurement has been retained to ensure consistency and clarity, given the negligible impact of greenhouse gases other than CO₂ in electricity production.

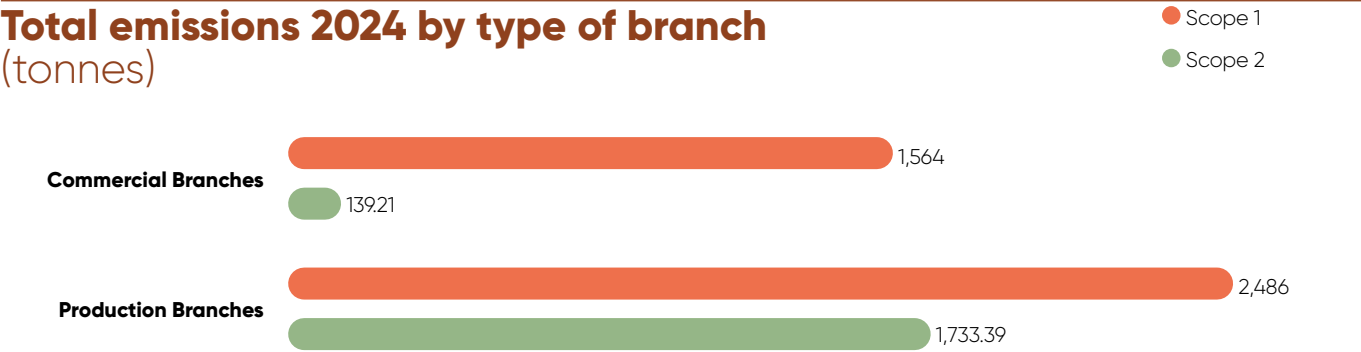
¹⁷ The emission factors used for the calculation of the TCO₂eq Scope 2 according to the market-based approach are taken from the AIB European Residual Mixes 2024 (published on 31/5/2025). It should be noted that the data provided by AIB are expressed exclusively in CO₂ and do not include other greenhouse gases in carbon dioxide equivalent (CO₂eq). In the text, the CO₂eq unit of measurement has been retained to ensure consistency and clarity, given the negligible impact of greenhouse gases other than CO₂ in electricity production.



Total emissions 2023 by type of branch
(tonnes)



Total emissions 2024 by type of branch
(tonnes)



WATER RESOURCE MANAGEMENT

POLICIES RELATED TO WATER AND MARINE RESOURCES

Currently, Alfaparf Milano has not yet adopted a formalised policy for managing the impacts, risks and opportunities associated with the use of water and marine resources.

The lack of a specific document on this topic is linked to the evolutionary phase of the Group's sustainability strategy, which in recent years has focused on consolidating environmental data and gradually aligning with regulatory requirements. However, some Group companies – including Beauty & Business – have already taken practical action to improve the efficiency and responsible management of water resources (for further information, see the section “Actions and resources related to water and marine resources”).

As part of the development process undertaken, a structured environmental policy is expected to be defined by the end of 2025, which will also include a section dedicated to water, with:

- quantitative targets for reducing water consumption;
- efficiency indicators for water use per unit of product;
- commitments to prevent pollution and protect water and marine resources.

ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

Water plays a central role for the Group, not only as the main raw material used in product formulation, but also for its essential function in the washing and sanitising of machinery and tanks, with a significant impact in terms of both water consumption and the generation of industrial waste water requiring management.

During 2024, the Group's production branches continued to implement measures aimed at reducing water consumption and improving the efficiency of water use and discharge systems. Among the most significant measures were weekly consumption monitoring, the organisation of regular meetings to analyse and plan reduction measures, electrical power control, and maintenance of electrical substations.

At the Italian Beauty & Business production site, the activities implemented in 2024¹⁸ focused on:

- accurate monitoring of water consumption, with the implementation of a more accurate tracking system for the volumes used in production processes, useful for identifying waste and rationalising use of this resource;
- the reduction of industrial waste water through the revision of internal procedures, with the aim of reducing the volumes discharged downstream of the production cycle and improving overall water efficiency;
- the integration of specific KPIs (“Water Consumption”, “Industrial Wastewater Consumption”) into environmental monitoring systems.

These operational activities are set within a short-term horizon, with consolidation expected by 2025 and subsequent ongoing maintenance. The initiatives implemented reflect an approach focused on the efficient use of water resources, with a view to rationalising consumption throughout the production process. In this context, in terms of water management, the company has also built a new plant for the sanitation and pasteurisation of process wa-

¹⁸ The activities specifically focused on the mixing, packaging and washing processes, as well as the management of industrial waste at the Italian facility, and were not extended to the upstream value chain or to the consumer use phase. As these are internal activities within the Organisation, the involvement of external stakeholders is currently limited.



ter, equipped with an automatic temperature control system. This intervention has enabled greater efficiency in the use of osmotic water, contributing to improved environmental performance. With the same goal in mind, the replacement of the pollutant abatement system (ammonia, volatile organic compounds and particulates) has also been completed, further reducing emissions into the atmosphere.

At the same time, the Brazilian branch has implemented a structured plan for the efficient management of its water resources: since 2020, all bulk goods have been unloaded directly into drums or pallets without the need for washing, thus eliminating a phase with high water consumption.

Furthermore, in production processes, chillers have been introduced on 100% of mixers, with the aim of reducing cooling times and, consequently, limiting the use of water in thermal cycles.

A loop circuit has also been created that allows hot osmotic water to be used during the processing phase, reducing mixer heating times and further containing water consumption. These measures are part of a broader programme that includes weekly consumption monitoring, regular planning meetings and checks on plant efficiency, all with the aim of not exceeding 3.6 m³ of water per tonne of product manufactured.

The Mexican branch also launched a major efficiency programme in 2024 aimed at improving the operational sustainability of its plants and reducing the environmental impact of energy and water consumption. Specifically, solutions have been implemented for more rational water use, including the installation of a new, more efficient osmosis system and sensor-activated taps in the toilets.

TARGETS RELATED TO WATER AND MARINE RESOURCES

At present, Alfaparf Milano has not yet defined and formalised specific environmental objectives related to water and marine resource management. However, the effectiveness of the actions taken is monitored through a structured internal system for collecting and analysing water data, aimed at promoting increasingly efficient and responsible use of this resource. In particular, Beauty & Business has launched an environmental assessment process involving the Operations, Maintenance, HSE and Sustainability Departments, which are responsible for monitoring and improving water flows. The process includes:

- continuous monitoring of industrial water consumption, as well as compliance with the discharge limits set out by existing authorisations (AUA);
- the integration of data into corporate environmental KPIs;

The current monitoring system, although operational, is being upgraded. In line with the definition of the environmental strategy planned by the end of 2025, the Group plans to:

- formalise water targets and associated indicators to be used to monitor future progress;
- carry out a technical assessment of water recovery and reuse projects;
- conduct a feasibility analysis of low-water (or water-free) formulations, already underway on some product lines.

WATER CONSUMPTION

In 2024, Alfaparf Milano withdrew a total of 117,664 m³ of fresh water, recording a reduction of about 7% compared to 2023 (126,551 m³). The water was used mainly for production and sanitation purposes, and came almost exclusively from the municipal water supply network. A small portion of water was drawn from wells, particularly at the Argentina production facility.

Efficient water management is a key issue for the Group, also considering the impact that water has on production cycles and the generation of industrial waste water.

In 2024, total water discharge amounted to 67,555 m³, down from 73,687 m³ in 2023. The volumes discharged derive mainly from water used for civil and sanitary purposes and treated through internal systems, while the portion from industrial processes was limited and within the authorised parameters.

As part of ongoing efficiency improvements, the Group also increased the volume of recycled and reused water, which rose from 535 m³ in 2023 to 751 m³ in 2024, demonstrating its commitment to more circular and sustainable practices.

Water intensity is calculated as the ratio between total water consumption and net revenues generated by the Group’s production facilities operating in climate-impacting sectors¹⁹, representing the volume of fresh water consumed per million Euros of turnover. In 2024, water intensity was 0.015%, slightly lower than the value recorded in 2023 (0.017%). The improvement is attributable to the increase in production turnover against practically stable water consumption.

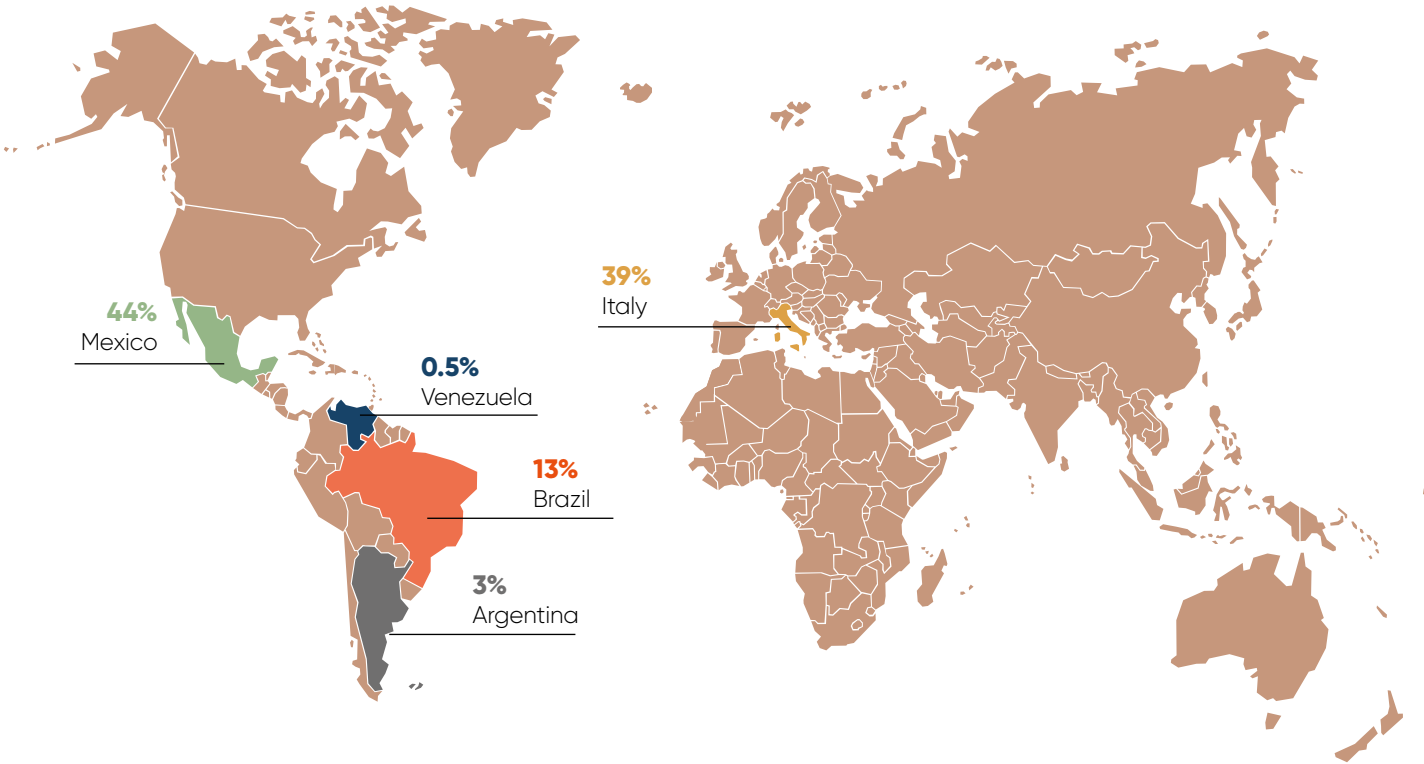
This figure confirms the effectiveness of the efficiency measures implemented in the Group’s production plants and the consolidation of the control systems already introduced in previous years.

¹⁹ The “high climate impact sectors” are the sectors listed in sections A to H and section L of the NACE classification (as defined in Commission Delegated Regulation (EU) 2022/1288). Only the Group’s production sites included in the scope of consolidation operate in high climate impact sectors, as they are part of the following NACE sections: G - Wholesale and retail trade (Beauty & Business S.p.A.); (Dobos S.A. de C.V.); (Brazil ALL); (Prodicos S.A.); (Tricobiotos S.P.A.); (D.E.A. Project S.r.l.). It should be noted that, although it is a production site, the operating unit in Venezuela is not included in the reporting scope for high climate impact sectors.

RESOURCE USE AND CIRCULAR ECONOMY

The Group manages the entire production cycle of its lines internally, from design, research and development to production and marketing. In addition to ensuring full quality control, this approach is a strong point in terms of achieving product sustainability objectives. 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 minimising the environmental impacts of the production process and protecting the rights of people and communities.

Pieces produced in 2024 by production site



The production of 2024 was in line with that of 2023. In particular, Italian facilities recorded a 13% increase in the production of parts compared to the previous year. The facilities located in Mexico and Argentina, on the other hand, achieved 32% more and 16% less than in the previous year, respectively. Venezuela also recorded a significant increase in production, albeit limited in relation to overall figures.

The Mexican facility produced about 44% of the Group’s total production (Alfaparf Milano and Third-Party Customers products), followed by the Italian facility (39% between own-brand and third-party products) and the Brazilian facility (13%).

POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Currently, the Group has not yet adopted a formalised, independent policy for managing the impacts, risks and opportunities associated with resource use and the circular economy. The Group has nevertheless launched operational initiatives consistent with the principles of the circular economy, such as optimising consumption, monitoring waste and improving resource efficiency. A structured policy is expected to be defined by the end of 2025, with the aim of fully integrating resource management into decision-making and reporting processes.

ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Although no independent policy on resource management and the circular economy has yet been formalised, during 2024 the Group’s production branches launched several initiatives aimed at optimising their processes. More specifically, Beauty & Business intensified its activities focused on efficient resource management and the transition to circular economy models, with a view to gradually reducing the environmental impact of its use of raw materials, energy and packaging.

Among these, work has continued on reducing waste along the production line and in packaging processes. Projects have also been launched to downsize packaging, use recycled materials and switch to recyclable single-material solutions. These initiatives will help us reduce our production of non-recoverable waste and achieve greater circularity in packaging.

In addition, the new brand in the “Yellow” line was launched. The launch focuses on the product’s new eco-design approach, using lighter dedicated moulds, recycled materials and more efficient processes.

The effectiveness of these actions is monitored, with increasing attention to material efficiency, waste management and packaging sustainability. The company has implemented an operational monitoring system that includes:

- periodic collection of environmental data on resource consumption (energy, water, materials), waste generation and packaging characteristics;
- direct involvement of the technical and purchasing departments, in collaboration with the innovation team, to assess the sustainability of the design solutions adopted;
- verification of industrial waste flows, distinguishing between waste intended for recovery, disposal or recycling;
- drafting of internal management reports and annual environmental reviews²⁰.

TARGETS RELATING TO RESOURCE USE AND CIRCULAR ECONOMY

At present, Beauty & Business has not yet set formalised targets to support a dedicated policy on resource use and circular economy. However, the Group has defined a number of actions for the two-year period 2025-2026, focusing particularly on:

- formalising a policy on resource use and the circular economy, which will include operational strategy, related actions and targets, and monitoring KPIs;
- conducting feasibility analyses on projects for the reuse or recovery of generated waste, including possible process by-products and washing water.

With regard to the Argentina branch, a project is under approval to improve the management of wastewater generated by the facility’s toilet facilities. The project involves the installation of two biological digesters capable of treating wastewater on site and producing water suitable for irrigating the company’s green areas. In addition to avoiding transport and external disposal, the project will help reduce operating costs and promote a circular and sustainable water management model.

²⁰ As per SGI documentation and in accordance with the Sustainability Report.

RESOURCE INFLOWS²¹:
INGREDIENTS

To guarantee products with high-performance formulations that are safe and meet the highest quality standards, Alfaparf Milano has placed research, selection and in-depth knowledge of raw materials at the centre of its development strategy. This distinctive expertise is one of the Group’s main strengths, and is widely recognised and appreciated in the markets in which it operates.

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 technical characteristics of all purchased ingredients, as well as the approval of alternative suppliers to guarantee continuity of supply, are constantly managed and monitored. One of the most complex but essential activities is the management of documents relating to the raw materials used, which is essential for promptly implementing updates from suppliers and responding effectively to regulatory changes. The IT system used for collecting and managing technical specifications and quality control tests – covering incoming raw materials, intermediate products and finished products – is fully integrated into the company’s management systems network, ensuring consistency and traceability of data throughout the supply chain. Documentary information relating to raw materials and finished products is also supplemented, when necessary, by external laboratory analyses, which help to strengthen the quality and safety of the final product. 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 Alfaparf Milano 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 CLP software did not provide a level of information deemed sufficient for full ingredient knowledge.

²¹ Please refer to the “entity specific” disclosure with reference to incoming packaging.



The data relating to ingredients purchased by the Group are shown below, broken down by macro-category and origin.

INGREDIENTS PURCHASED, BROKEN DOWN BY MACRO-CATEGORY AND ORIGIN (tonnes)

2023	Ingredients derived from non-natural raw materials	Ingredients derived from natural raw materials	Total	Ingredients from certified sources (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	9.1	0.3	9.3	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	2,850.0	65.6
Emulsifiers and emollients	860.5	1,245.3	2,105.8	242.9
Other ²²	970.1	-	970.1	-
TOTAL	6,524.0	2,894.7	9,418.7	1,038.4

2024 ²³	Ingredients derived from non-natural raw materials	Ingredients derived from natural raw materials	Total	Ingredients from certified sources (Natrue, RSPO, Cosmos)
Dyes	102.2	0.8	103.0	3.1
Active ingredient	200.9	77.6	278.5	23.4
Perfume	72.6	52.7	125.3	3.8
Solvent	437.7	110.3	548.0	40.3
Plant extracts	6.3	2.3	8.6	0.1
Silicones	210.5	1.1	211.6	0.0
Surfactants	1,526.5	1,063.9	2,590.3	901.8
Additives, preservatives and resins	2,546.5	738.4	3,284.9	110.7
Emulsifiers and emollients	910.7	1,284.8	2,195.5	216.4
Other ²⁴	1,108.1	0.1	1,108.2	0.1
TOTAL	7,122.0	3,331.9	10,453.9	1,299.8

²² 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.

²³ In line with the previous year, since the company Tricobiotos S.p.A. was acquired in 2022 and it 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 and 2024. The data for natural and certified ingredients reported are therefore directly comparable with those for 2023. 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.

²⁴ 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, vegetable oils/butters and sanitising agents.

In 2024, a total of almost 10,500 tonnes of ingredients were purchased, representing an increase of 11% compared to the previous reporting period. The Group’s commitment to the use of naturally derived and/or certified ingredients in skin and hair formulations therefore continues. In 2024, the purchase of ingredients of natural origin increased slightly compared to 2023, and these ingredients, considering the total purchase, represent 32% of the total ingredients purchased for the production of Alfaparf Milano products and Third Party Customers. Certified origin ingredients, which account for 12% of total purchases, also recorded a slight increase compared to the previous year. In particular, with regard to emulsifiers and emollients, additives, preservatives and resins, and surfactants, which account for about 77% of the total ingredients purchased in 2024, the proportion of natural and certified raw materials is 38% and 15%, respectively.

FOCUS ON

YELLOW PROFESSIONAL – INGREDIENTS (VEGAN APPROACH)

With its relaunch in 2024, Yellow Professional has reaffirmed its vegan approach: 98% of Yellow Professional products are currently formulated without ingredients of animal origin or animal derivatives. This choice meets its two-fold objective of achieving performance and ethical responsibility: vegan formulas that guarantee high-level professional results without resorting to animal-based raw materials, instead using equally effective plant-based or synthetic alternatives. For Yellow Professional, “vegan” means that nothing in the formula comes from animals – from honey to keratin, collagen to lanolin, etc. – proving that effectiveness and ethical values can be combined across virtually the entire product range. Almost all Yellow Professional products are vegan, confirming the brand’s ongoing commitment to increasingly innovative, ethical and sustainable cosmetic solutions.

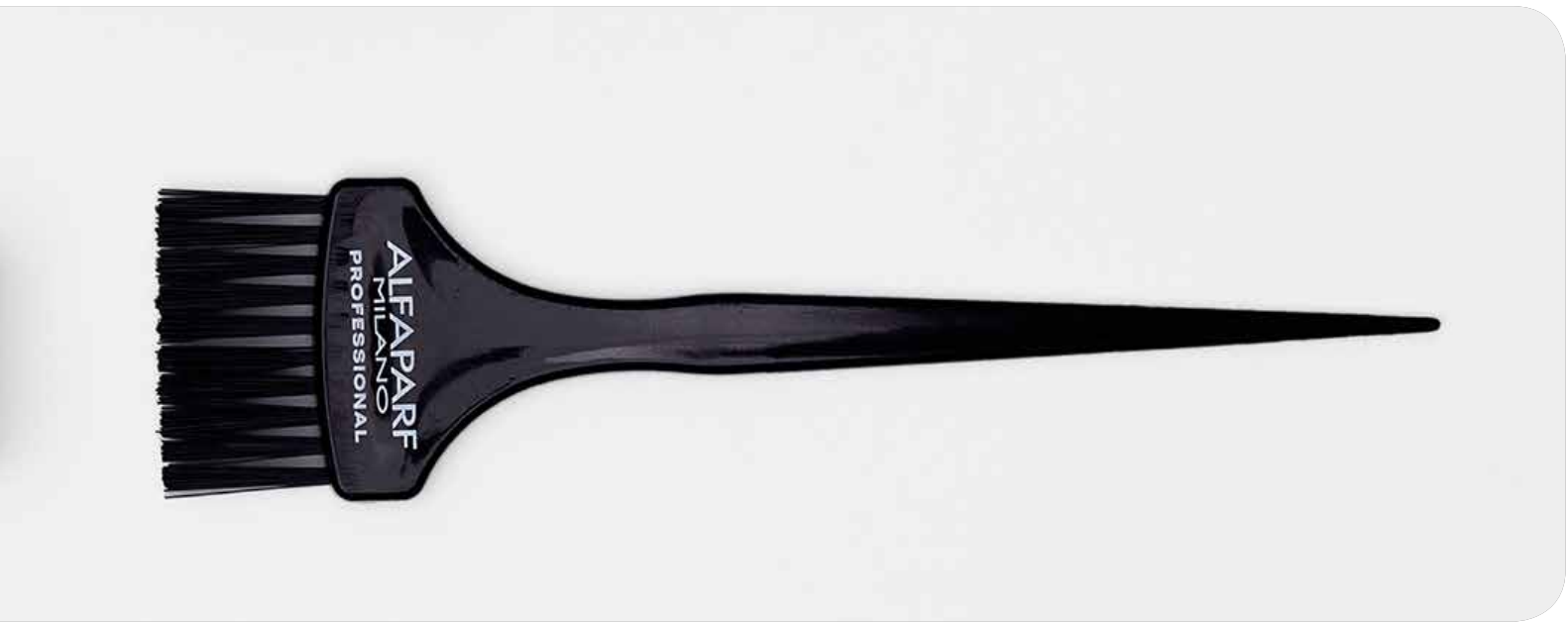


TECHNICAL AND PROMOTIONAL ITEMS

Even when selecting technical and promotional items, the Group makes conscious and responsible choices, 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 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.

Recycled and recyclable materials are also favoured in promotional and display materials. In particular, for window and counter advertising signs, a format and technical structure have been chosen that minimise the use of cardboard, saving approximately 1,500 kg of cardboard per year. Another widely used communication tool is window stickers with a double image on the front and back. Thanks to careful market research, a 100% recyclable polypropylene substrate has been identified to replace multi-layer polystyrene, which must be disposed of in non-recyclable waste. This will help reduce the weight of each individual product with estimated savings of approximately 5,000 kg of plastic.



RESOURCE OUTFLOWS

The total amount of waste produced by the Group in 2024 is shown below, broken down into hazardous and non-hazardous waste, with details of recovery or disposal operations. The group generated a total of 24,186 tons of waste during 2024, in line with the results of the previous period. 92% of total waste generated is classified as hazardous (equivalent to approximately 22,177 tonnes), with a very significant share represented by waste water from washing (98%), formally classified as “hazardous waste destined for disposal”²⁵. By contrast, 53% of non-hazardous waste (totalling approximately 2,009 tonnes) consists of empty packaging of various kinds (plastic, paper, glass, aluminium, wood or mixed materials that cannot be separated).

As regards disposal methods, 61% of the waste produced by all Group branches was destined for recovery operations. Of this, 87% was destined for re-use, while the remainder for other recovery operations, including recycling (6%). Of the 39% of waste destined for disposal, only 2% was for incineration and landfill operations respectively, while the remaining 96% was destined for other disposal operations.

The hazardous waste generated by the Group is largely relevant to its sector, consisting mainly of non-compliant or expired finished products containing hazardous substances (dyes, bleaches, hydrogen peroxide, hazardous lotions, etc.) and packaging containing or contaminated by hazardous substances, as well as organic waste containing hazardous substances (hazardous dyes, hazardous lotions, hazardous raw materials, hazardous bleaches, hazardous dyes) and gases in pressurised containers. All hazardous waste is delivered to specialised carriers and disposed of outside the Organisation’s boundaries.

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.

²⁵ By law, these cannot be recorded as “destined for recovery”, but are nevertheless sent to an authorised plant for treatment, allowing them to be purified and subsequently reintroduced into the system.

WASTE GENERATED
(tonnes)

2023	WASTE DESTINED FOR RECYCLING/RECOVERY				WASTE DESTINED FOR DISPOSAL				TOTAL waste generated
	Prep. for re-use	Recycling	Other recovery operations	Total waste recovered	Incine-ration	Disposal in landfill	Other disposal operations	Total waste disp. of	
Hazardous waste	12,677.8	360.9	129.6	13,168.3	193.2	3.2	7,925.6	8,122.0	21,290.3
Non-hazardous waste	87.3	1,048.1	474.8	1,610.3	12.8	74.8	107.0	194.2	1,804.5
Total waste generated	12,765.1	1,409.0	604.4	14,778.6	206.0	78.0	8,032.6	8,316.2	23,094.8
2024	WASTE DESTINED FOR RECYCLING/RECOVERY				WASTE DESTINED FOR DISPOSAL				TOTAL waste generated
	Prep. for re-use	Recycling	Other recovery operations	Total waste recovered	Incine-ration	Disposal in landfill	Other disposal operations	Total waste disp. of	
Hazardous waste ²⁶	12,921.8	2.1	272.4	13,196.3	116.4	7.2	8,856.6	8,980.3	22,176.6
Non-hazardous waste	86.7	922.2	668.2	1677.1	100.0	169.6	63.1	332.6	2,009.7
Total waste generated	13,008.5	924.3	940.6	14,873.4	216.4	176.8	8,919.7	9,312.9	24,186.3

²⁶ The Group does not generate radioactive waste as provided for in Article 3(7) of Council Directive 2011/70/Euratom.

ENTITY-SPECIFIC INFORMATION. PACKAGING AND RECYCLED MATERIAL

POLICIES ADOPTED TO MANAGE MATERIAL SUSTAINABILITY MATTERS

Although the Organisation has not formally adopted a sustainable packaging policy, it is committed to complying with specific nationally and internationally recognised third-party regulations and initiatives on packaging²⁷. Over the years, the Group has implemented a process for managing environmental impacts related to product packaging²⁸. The process pays particular attention to improving the sustainability of the packaging used and using more sustainable and recyclable materials to effectively meet the real, current and future needs of its stakeholders²⁹. In particular, the approach adopted focuses on integrating eco-design criteria right from the design and development stage, encouraging the selection and adoption of recycled or easily recyclable materials, and promoting the gradual reduction of virgin and non-biodegradable plastics. The Group has also undertaken awareness-raising and information activities on these issues, including during the distribution and marketing of products, in order to facilitate the correct disposal and recycling of packaging. In this context, risk management is addressed with close attention to standards and regulations, thus preventing any reputational or operational risks that could arise from non-compliance. At the same time, this approach allows us to respond effectively to the market's growing demand for sustainable products, while improving competitiveness and strengthening our corporate image as an innovative and responsible company. As proof of this commitment, all the materials used in Alfaparf Milano product packaging fall within internationally defined environmental macro-categories 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 cosmetic regulations and with the laws in force in each country where the products are marketed.

²⁷ These include the European Directive on Packaging and Packaging waste (94/62/EC and subsequent amendments, including the recent directives on single-use plastics) and the related European Union environmental standards. The company also adheres to the goals and guidelines outlined by the initiatives of the United Nations Global Compact and is committed, where relevant, to following international standards of environmental sustainability such as ISO 14001 and ISO 9001.

²⁸ The approach is applied uniformly across all territories in which the Group operates: in Italy, other European countries and international markets, maintaining consistency in the quality and environmental standards adopted. Any exclusions may relate to minor or marginal activities or outsourced activities that are not directly under the direct control of the holding. However, even in such cases, the Organisation shall encourage and monitor compliance with the defined minimum requirements for environmental protection.

²⁹ For more details on how we involve the Group's stakeholders, please refer to the Social Information chapter.

ACTIONS AND RESOURCES IN RELATION TO MATERIAL SUSTAINABILITY MATTERS

During 2024, the Group implemented several concrete actions to manage the impacts, risks and opportunities related to packaging and the use of recycled materials, allocating specific resources for their implementation. Among the main actions carried out are the systematic introduction of eco-design criteria during packaging design, a significant increase in the proportion of recycled and recyclable materials used in packaging³⁰ and the launch of pilot projects for the progressive replacement of plastic packaging with alternative and more sustainable solutions. In particular, following the integration with Eugène Perma, the Italian Beauty & Business branch launched a joint project involving the Purchasing, R&D, Innovation and Production departments to define a more sustainable and cost-efficient packaging standard. During 2024, the Group continued its commitment to reducing the environmental impact of packaging, consolidating its efforts initiated in previous years, especially 2023. Although no new large-scale structural projects were introduced, the activities undertaken ensured continuity and solidity in the packaging sustainability strategy, in line with the company's ESG objectives.

Use of recycled and recyclable materials

The use of recycled materials has continued systematically across numerous product lines, particularly the following:

- **PCR and PIR recycled plastics** in shampoo, conditioner and treatment bottles, with varying percentages (25%, 50%, 70% and 100%), already tested for stability and compatibility;
- **recycled industrial aluminium** and FSC-certified recycled cardboard in the boxes, in line with the post-consumer aluminium compatibility study launched in 2023;
- **lightweight paperboard**: the use of lower grammage paperboard (e.g. from 320 g/m² to 300 g/m²) for the dye boxes was confirmed in order to reduce the overall environmental impact and logistics costs while maintaining the required technical standards.

Format optimisation and standardisation

The process of standardising primary and secondary packaging formats, launched in 2023, has continued to deliver tangible benefits:

- improved production efficiency;
- optimisation of procurement and production lead times;
- reduced non-conformity rates through more controllable and repeatable processes;
- greater flexibility across brands and facilities, enabling the exchange of standardised materials and components.

Reduction/elimination of unnecessary packaging

Although no new activities were launched, such as removing metal from SDL caps or eliminating leaflets from the dye boxes (as in 2023), 2024 saw the consolidation of previously implemented practices:

- widespread use of QR codes to replace printed information materials;
- reduction of unnecessary decorative components;
- simplification of secondary packaging.

³⁰ This is also thanks to strict supplier selection criteria, with a particular focus on those able to guarantee recycled materials or materials with a lower environmental impact.

Emission offsetting

We continued to offset CO₂ emissions linked to the production of packaging for the Group’s sustainable brands, such as OLOS for skincare. The initiative focuses on residual emissions that cannot be eliminated upstream, while ensuring that environmental impact is neutralised through certified carbon credits.

Overall, 2024 was a year of consolidation of already initiated choices, with stable governance of sustainable packaging, focused on eco-design, waste reduction, increased circularity and increasingly systematic integration into product innovation processes.



FOCUS ON

OLOS WITH LIFEGATE TO REDUCE THE ENVIRONMENTAL IMPACT OF ITS PACKAGING

Thanks to its partnership with LifeGate, OLOS has chosen to implement concrete actions to reduce environmental impact and offset the CO₂ emissions from the production of the packaging of its face and body products for consumers. Over three years, OLOS has achieved total CO₂ emissions of 55,586 kg, which have been offset by funding certified projects for climate and environmental protection in Madagascar. Through this initiative, OLOS has contributed to the conservation and protection of an area of 48,661 m² with around 7,486 trees.

The steps OLOS followed to participate in this project were:

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 also joined the LifeGate’s “Water Defenders Alliance” project, which is designed to protect and safeguard our waters. A 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.

To measure the actual effectiveness of the initiatives launched, the Organisation constantly monitors specific KPIs relating to packaging (such as the percentage of recycled materials used) through periodic internal audits and in-depth analyses. The results are submitted annually to Management for review, thus ensuring utmost transparency and continuous improvement in environmental performance. The expected results therefore consist of a gradual and measurable reduction in the environmental impact of the packaging used, improved compliance with European and international environmental regulations, and a more effective response to consumers’ growing expectations in terms of sustainability.

FOCUS ON

YELLOW PROFESSIONAL – PACKAGING AND CIRCULAR ECONOMY

With its relaunch, Yellow Professional is reaffirming its commitment to sustainability through a circular economy approach to packaging. This commitment starts with a focus on resource use: paper leaflets have been replaced by digital versions (accessible via QR codes) and larger product formats help to reduce overall plastic consumption. All this is achieved while ensuring the functionality, performance and safety that professionals and consumers expect from Yellow Professional products. The use of recycled and recyclable materials such as PET, PE, aluminium and FSC-certified paper is also at the heart of this strategy: plastic bottles (PE) and jars now contain up to 30% recycled material; colour tubes contain up to 50%; paperboard boxes are made from 90% FSC-certified recycled paper. In addition, aluminium colour tubes have been chosen as this material is infinitely recyclable.



TRACKING EFFECTIVENESS OF POLICIES AND ACTIONS THROUGH TARGETS

The Group has set specific, clear and measurable targets for sustainable packaging and the use of recycled materials. In particular, the gradual reduction of virgin plastic used (for example, by introducing new packaging for Iv San Bernard and Semi di Lino, and single-material packaging for bleaches), the increase in the percentage of recycled materials, and the overall reduction in the volume of packaging placed on the market are all aimed at reducing the environmental impact associated with packaging.

The Organisation’s long-term goal is to focus on the gradual elimination of non-recyclable plastic packaging and its complete replacement with more sustainable and biodegradable solutions, in order to achieve a near-zero environmental impact and contribute significantly to the circular economy.

ENTITY-SPECIFIC METRICS

From a quantitative point of view, there has been a gradual increase in the percentage of recycled materials used in packaging, as well as a significant reduction in the use of virgin plastic in packaging compared to previous periods.

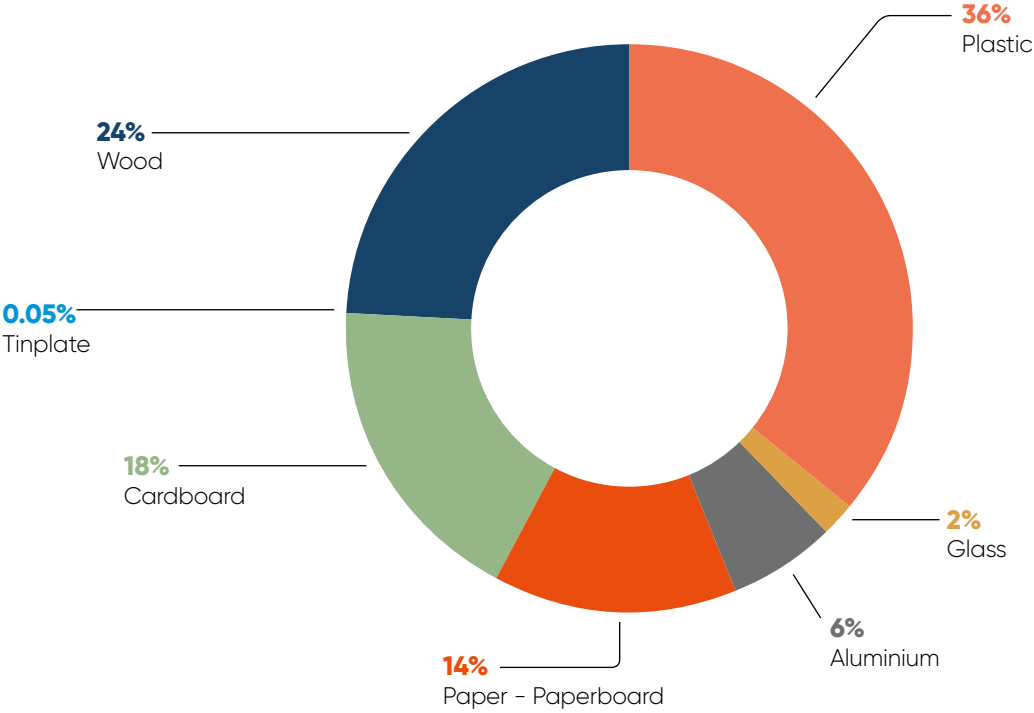
In 2024, a total of approximately 11,600 tonnes of packaging materials were purchased, a 14% reduction compared to the previous reporting period. The most commonly used material is plastic for jars and bottles, accounting for 49% of the total weight purchased, followed by paper and cardboard (about 14%), used for most secondary packaging.

PACKAGING MATERIALS PURCHASED, BROKEN DOWN BY MACRO-CATEGORY AND ORIGIN (tonnes)

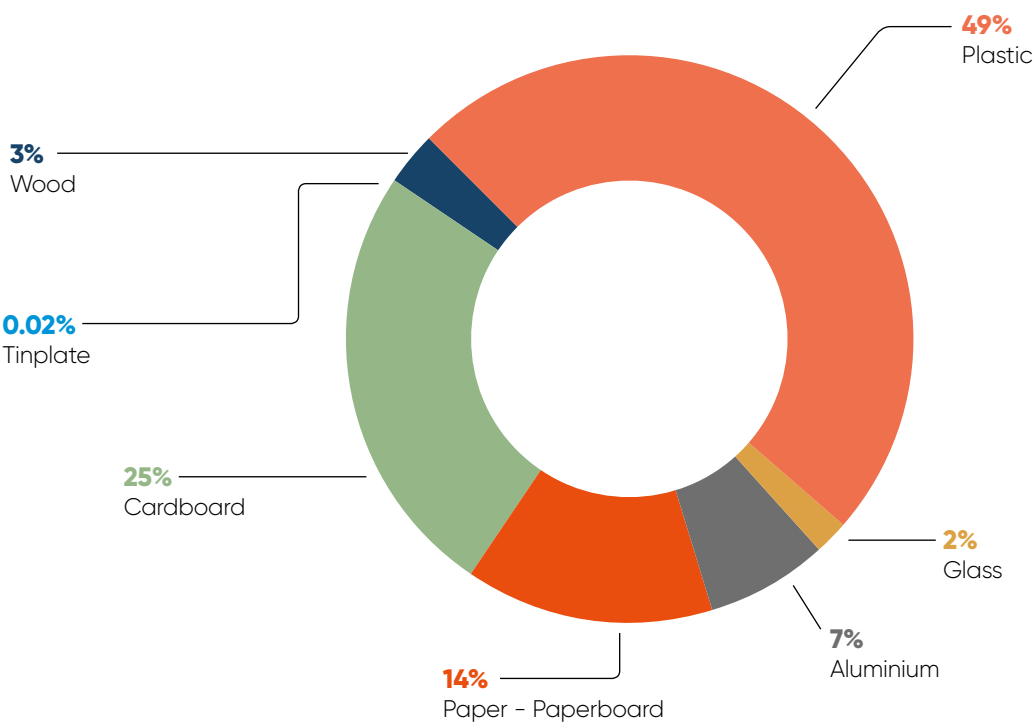
2023	Packaging from non-renewable raw materials	Packaging from recyclable raw materials	Total	Percentage of recycled material purchased for packaging	Packaging from certified sources (PIR/PCR, FSC)
Plastic	4,720	124.1	4,844.1	3%	60.3
Glass	203.1	9	212.2	4%	-
Aluminium	581.9	283	864.9	33%	105
Paper - Paperboard	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%	-
Wood	3,268.8	-	3,268.8	0%	-
Total	12,046.6	1,509.8	13,556.5	11%	1,143.9
2024	Packaging from non-renewable raw materials	Packaging from recyclable raw materials	Total	Percentage of recycled material purchased for packaging	Packaging from certified sources (PIR/PCR, FSC)
Plastic	5,398.9	235.8	5,634.7	4%	94.6
Glass	235.1	9.5	244.6	4%	-
Aluminium	392.7	433.7	826.4	52%	261.1
Paper - Paperboard	1,201.3	416.2	1,617.4	26%	534.1
Cardboard	2,323.4	622.2	2,945.7	21%	1,164.0
Tinplate	1.8	-	1.8	0%	-
Wood	339.8	-	339.8	0%	-
Total	9,892.9	1,717.4	11,610.3	15%	2,053.8

As regards certified materials, the initiatives launched have enabled the Group to record a sharp increase in the use of certified materials. In fact, 18% of the materials used for the primary and secondary packaging of Alfaparf Milano products are certified (compared to 8% in 2023). The percentage of FSC-certified paper and cardboard is particularly growing, reaching 37% in the current reporting period. Furthermore, the Group is paying considerable 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.

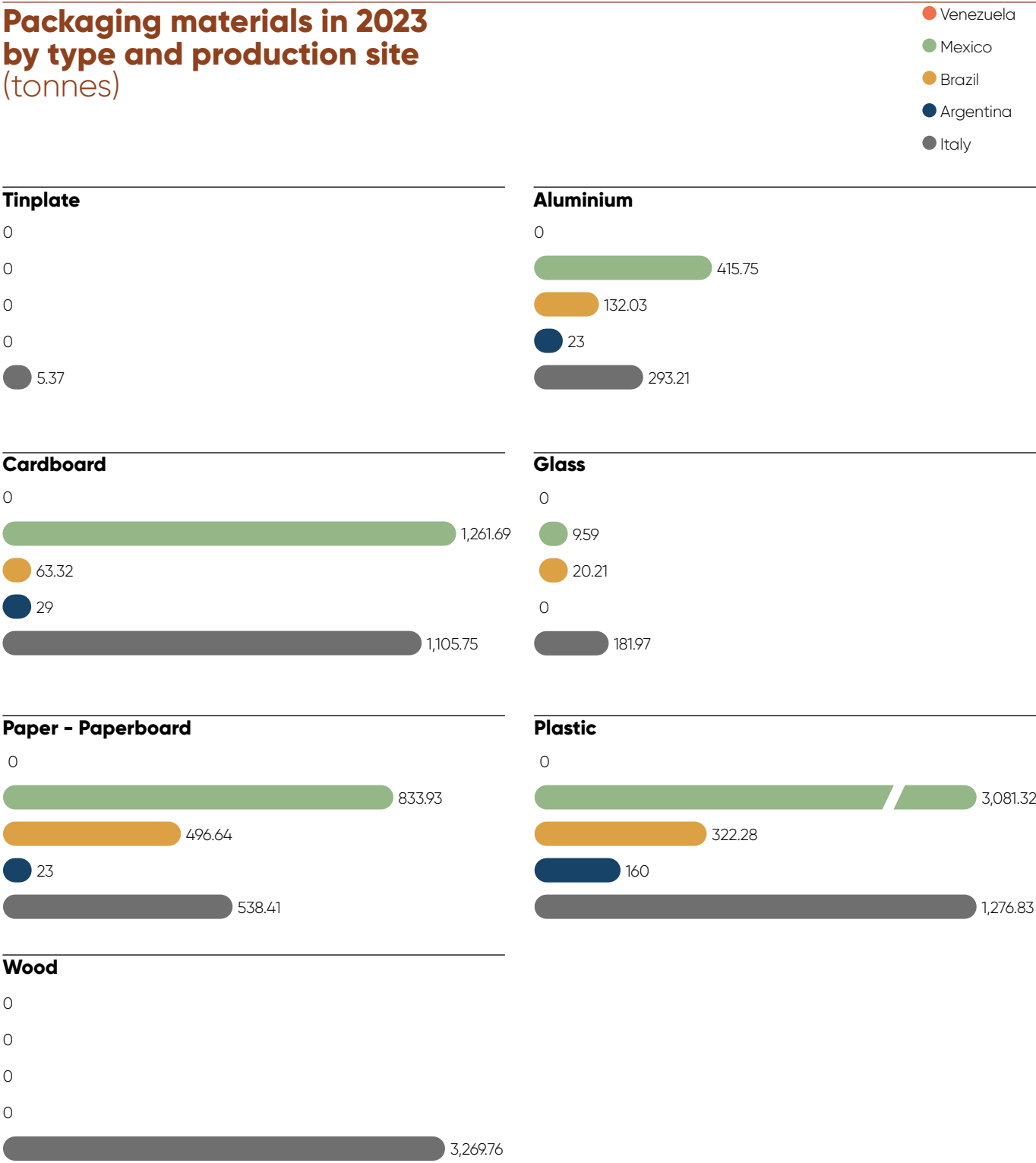
Materials used for packaging in 2023



Materials used for packaging in 2024



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



Packaging materials in 2024
by type and production site
(tonnes)

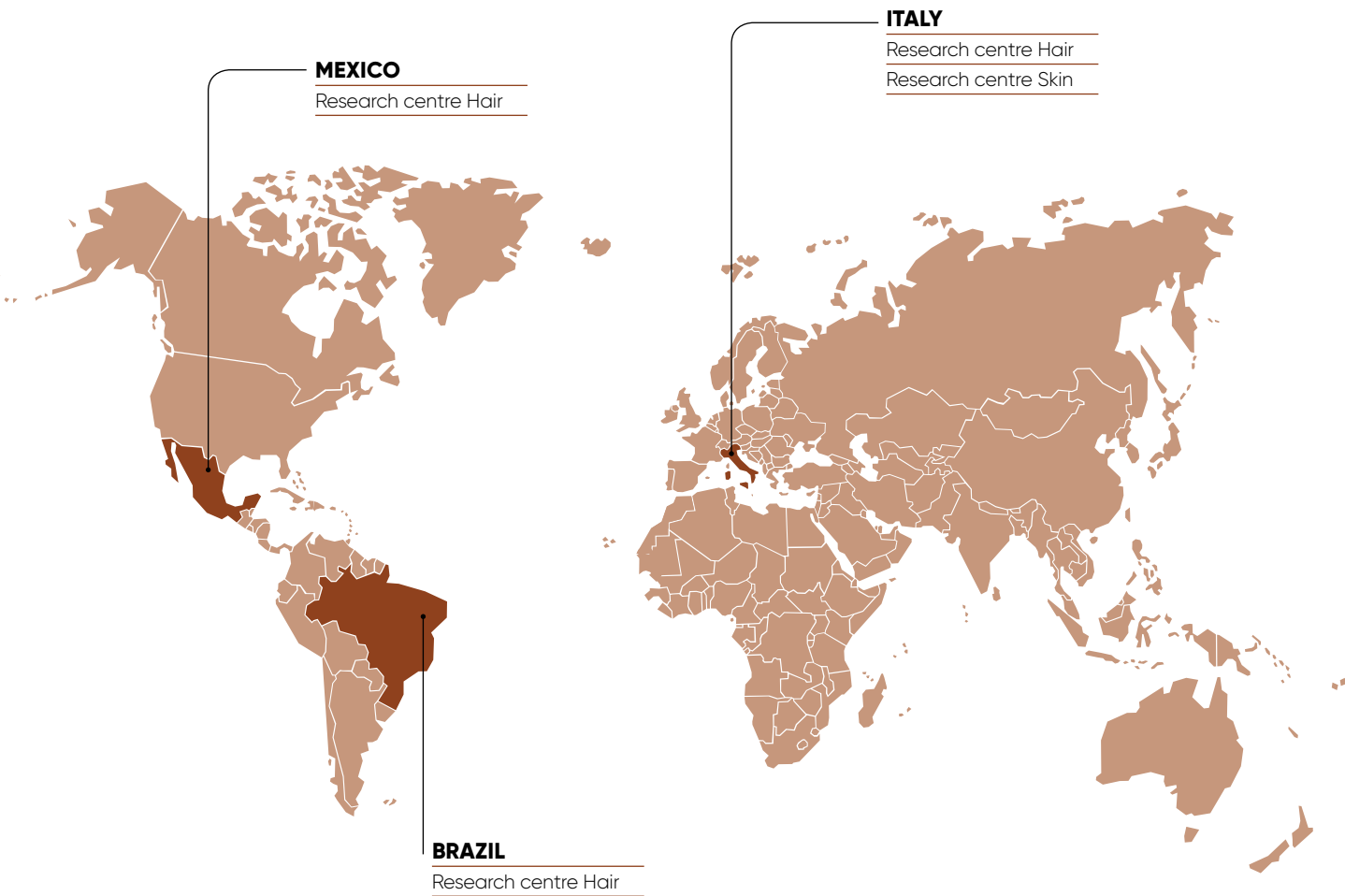


ENTITY-SPECIFIC INFORMATION. INNOVATION, RESEARCH AND DEVELOPMENT

ACTIONS AND RESOURCES IN RELATION TO MATERIAL SUSTAINABILITY MATTERS

The Group’s goal is to create safe, high-quality and highly performing products. Research and development, as well as a focus on innovation, are part of Alfaparf Milano’s identity and have always been distinctive features of the Group in its target market.

Working alongside beauty 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 Alfaparf Milano: the pursuit for increasingly innovative, high-performing and sustainable offers and solutions helps stimulate and strengthen the continuous improvement process that characterises the Group.



Today, the core of Research and Development is conducted at the laboratory in Osio Sotto (Bergamo), the headquarters of the Parent Company. Here, 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, Alfaparf Milano has three further research centres: one in Italy at the headquarters of the newly acquired Tricobiotos, one in Mexico and one in Brazil.

In addition, the Group also conducts research in professional beauty equipment through its branch D.E.A. Project S.r.l.

In addition to safety, quality and performance, consumer attention is increasingly shifting towards the search for products with clean, natural, organic, vegan and biodegradable formulations. To respond to these new needs, Alfaparf Milano’s strategy focuses on two main activities: on one hand, expanding its offer through the launch of new sustainable brands and lines - a clear example of this is the skincare brand OLOS, restaged in 2021, and the launch in March 2023 of the haircare brand Benvoleo - and on the other, gradually introducing sustainability elements in the lines currently in the portfolio - for example the use of natural ingredients, removal of metal in the Semi di Lino line and 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 its constant pursuit for high-quality, high-performing and innovative formulations, while never neglecting the protection of the planet. Precisely for this reason, since 2020 Alfaparf Milano has decided to calculate the percentage of naturally derived ingredients (Natural Index) in its formulations using the criteria set by the ISO 16128 standard. 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 each 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 for improving the management of the formulation process, monitoring the trend of raw material purchases at Group level, especially in relation to sustainability characteristics, and calculating the natural index of products.





SOCIAL INFORMATION

HUMAN RESOURCES MANAGEMENT

POLICIES RELATED TO OWN WORKFORCE

Alfaparf Milano considers people to be key resources in ensuring the long-lasting and consistent creation of shared value: it is through the professionalism and dedication of each employee that the company's objectives can be achieved.

The guidelines that outline the Group's strategy for the management of its resources as well as its relations with the community and customers are defined by Beauty & Business, which acts as the Group's corporate entity. Through its work, Beauty & Business provides a common framework to guide the development and implementation of harmonised initiatives on an international scale, encouraging widespread and coordinated dissemination of the Group's values and mission. In line with these principles, the Group companies strive to enhance their employees by organising training sessions to increase their personal and professional skills, and promote the growth of people in full respect of the principles of fairness and impartiality, avoiding favouritism and discrimination in the management of their employees.

Although a specific workplace policy is currently not in place, the Group - with a view to promoting a corporate culture built on the values of integrity, honesty and responsibility, and in order to ensure the proper and effective management of the impacts, risks and opportunities associated with the workforce - has adopted a Code of Ethics that 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 employees and collaborators, regardless of the country in which they operate.

The Code of Ethics³¹ is based on a strong commitment to enhance human capital, protect the dignity and health of workers, and adhere to the main international standards in the field of human rights. It stems from the need to create an inclusive, safe and growth-oriented work environment. In this context, the Group is committed to preventing and combating all forms of discrimination and violation of personal rights, while at the same time promoting the well-being and motivation of its staff. The most important aspects include continuous staff training, the creation of merit-based professional development paths and the constant focus on safety at work. This set of measures not only prevents internal conflicts and litigation risks, but also helps to create a climate of trust that, in the long run, brings benefits both in terms of organisation and of corporate reputation.

In order to monitor the effective application of these principles and to ensure constant monitoring, an internal control system has been set up. This includes a Supervisory Body responsible for handling any reports and assessing the need for corrective action, as well as whistleblowing procedures and internal audits. Constant engagement with workers, ensured by listening and training initiatives, makes it possible to quickly identify any critical issues and take corrective action, while generating a framework of trust that promotes the well-being of people.

The ultimate responsibility for implementing the principles set out in the Code of Ethics regarding personnel management lies with the Board of Directors, which defines the general guidelines and assesses their effectiveness. At the executive level, the Human Resources Department, in conjunction with top management, oversees the practical implemen-

³¹ The document is inspired by internationally recognised core principles on labour protection and human rights, including the International Labour Organisation (ILO) conventions and the UN guiding principles on Business and Human Rights. Although these regulatory references are not explicitly mentioned, the adherence to these standards is underpinned by all the human resources management procedures adopted by Alfaparf Milano. For more information, please refer to the document published on the company website https://www.alfaparf milano.com/sites/default/files/2022-09/Alfaparf_Milano_Codice_Etico_2022_ITA_Doppie.pdf.



tation of the principles outlined in the Code of Ethics, ensuring that they are understood and applied in all functions and in all locations where the Group operates.

The Code of Ethics is readily available to employees and whoever works with the company on an ongoing basis, mainly through the corporate intranet, the documentation delivered at the time of recruitment, and specific training meetings. In addition, the essential content of the Code is explained to all new hires and to anyone who, in various ways, needs to be aware of these principles for effective collaboration. This approach ensures that the persons involved have constant access to information that is essential for carrying out their tasks in compliance with ethical principles and workers' rights.

In addition, as part of the regulatory compliance path launched by the Group during 2024, policies on the management of impacts, risks and opportunities related to its workforce will be formalised by the end of 2025³²:

- **DE&I policy** designed to strengthen the commitment to promoting a culture based on diversity, equity and inclusion (DE&I) - principles considered fundamental for building a healthy, welcoming and pluralistic working environment, in which every person can feel respected, free to express their individuality and fully valued in their characteristics, ideas and aspirations;
- **Human Rights Policy** to define the Group's commitment to respecting and promoting human rights in all activities and throughout the value chain, consistent with the principles set out in the Corporate Code of Ethics. Alfaparf Milano recognises that respect for human rights is an essential element of responsible business conduct: respect for human rights, promotion of human dignity, enhancement of diversity, and improvement of the quality of life in the workplace and in the communities in which it operates are fundamental elements of the group's corporate culture and ethical business vision.

The **Human Resources Procedure** is currently being updated with the aim of integrating several key topics for the Group, such as the formalisation of the onboarding and organisational integration process, performance assessment, the definition of clear compensation and remuneration, etc.

³² In addition, the Group will structure a Stakeholder Engagement Policy (for more information, see the paragraph "Interests and views of stakeholders").

Furthermore, during 2025, Beauty & Business has decided to embark on a path towards compliance with UNI/PdR 125:2022, the national reference practice that defines a management system aimed at promoting gender equality within organisations. This is a concrete step towards strengthening the Group's commitment to diversity, equity and inclusion (DE&I) and building a fairer, more inclusive and more diverse working environment. Key actions include:

- the establishment of a DE&I and Equal Opportunities Committee with advisory and guidance function, which will oversee gender equality activities;
- the identification and monitoring of key performance indicators (KPIs) broken down by gender, in line with the six areas covered by the practice: culture and strategy, governance, HR processes, growth and inclusion opportunities, fair remuneration, protection of parenthood and work-life balance;
- the definition of a multi-year strategic plan for gender equality, which will guide the structured and measurable integration of these principles into business processes;
- the implementation of training and awareness-raising activities for all staff, designed to promote an inclusive corporate culture and combat unconscious stereotypes and biases;
- the active involvement of individuals through anonymous questionnaires to measure awareness of gender equality, perceived experience, and areas for improvement;
- the formalisation of responsibilities within the organisation in relation to gender equality, as well as the provision of monitoring systems and periodic reviews of the actions implemented.

The goal is to obtain management system certification by the end of 2025 for the head office, with the intention of gradually extending the application of UNI/PdR 125:2022 to the Group's other branches over the following years. This initiative is fully in line with the Group's sustainability strategy and represents an opportunity to promote lasting cultural change, enhance talent in all its forms and help reduce inequalities in the workplace.

PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

In developing its personnel management guidelines, the Group has taken particular account of the needs and expectations of its workforce. In this respect, dialogue with staff is an essential tool for understanding any critical issues. The Human Resources Department promotes listening initiatives, encouraging both formal and informal discussions to gather feedback both at team and individual level, the results of which help guide regular revisions of the Code of Ethics and the Personnel Management Guidelines. This process makes it possible to integrate staff members' views and define action priorities that reflect the interests of the Group's employees and staff members, with a view to continuous workplace improvement and the creation of shared value. Alfaparf Milano also considers dialogue with workers' representatives a key aspect of the organisation and management of its business activities: the Organisation 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.

Employee engagement, particularly at Beauty & Business's Italian branch, is achieved through various methods and at a frequency that reflects the company's ongoing commitment to promoting a participatory and improvement-oriented culture. In particular, from the moment they are hired, new employees are involved in a structured programme of information, education and training that enables them to become familiar with company rules, operating practices and safety-related issues. Induction takes place on the first day of work and continues with mandatory training, even before the assignment of duties and with direct support from the person responsible for on-the-job training.

Throughout their career, employees are engaged through regular training activities, organised both in person and remotely (webinars and asynchronous content), covering technical, managerial and soft skills topics. Another key moment of engagement is the Annual Review, the annual performance evaluation process that promotes dialogue and recognition of individual contributions. Finally, informal but highly effective initiatives, such as themed team-building activities, are used to strengthen the cohesion of working groups and stimulate transversal skills in experiential contexts, involving participants in an active and immersive way.

The highest operational responsibility for ensuring workforce engagement and the effective integration of results into business decisions lies with the Human Resources Department, working closely with General Management.

The results of the activities implemented and the quality of interactions between employees and management are carefully considered when assessing the effectiveness of engagement activities. The moments of exchange and dialogue organised allow the company to gather valuable insights on the effectiveness of the training courses offered and on the alignment between roles and individual potential, as well as on each person's engagement and motivation levels.

Active participation in training initiatives and team building events is also seen as an indicator of effective engagement: employees' spontaneous interest in the growth opportunities available to them, their willingness to get involved in experiential contexts and the collaborative atmosphere generated within working groups are, in fact, qualitative indicators that the company monitors closely.

Although the Group has not yet adopted a formal, structured system for listening to categories of workers who are potentially more vulnerable or at risk of marginalisation, in recent years it has nevertheless implemented a number of measures aimed at understanding their perspectives through observation, internal dialogue and targeted HR actions. The Organisation pays special attention to employees returning from maternity and other types of leave, with the promotion of flexible working hours and gradual reintegration plans. Although not formalised, this approach reflects the company's focus on working mothers. Onboarding and initial training programmes for new hires and apprentices are also designed to facilitate gradual integration. For migrants or people with language difficulties, content is adapted to ensure full comprehension and active participation. These activities promote inclusion, interpersonal collaboration and the appreciation of diversity in protected and stimulating environments that encourage self-expression and help overcome any relational or cultural barriers.

The vision for the future is to further structure these listening and monitoring practices, also with a view to obtaining UNI PdR 125 gender equality certification, which sets out specific indicators and measures to identify and reduce any forms of inequality or exclusion within the workplace.



PROCESSES TO REMEDIATE NEGATIVE IMPACTS
AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

The Group adopts a structured and systematic approach to managing and mitigating any negative impacts on its workers by adopting tools that ensure compliance with company standards and national and international regulations. Employee-related issues are handled with the support of an internal reporting system for the prevention and management of harassment, discrimination and other harmful situations. This system allows for rapid verification of the information received, listening to needs, gathering any supporting evidence or documents, and ensuring confidentiality. To address issues related to negative impacts, the Organisation uses specific procedures for handling complaints and reports in a transparent manner and in compliance with applicable regulations, with particular focus on timely resolution and prevention of future issues.

In addition to the reporting channel, with particular reference to potential negative impacts related to equal opportunities, the Group translates the principles expressed in the Code of Ethics into a series of mechanisms and practices to prevent, identify and handle any incidents of discrimination. Specifically:

- **dissemination and training:** the contents of the Code of Ethics and company guidelines are explained to all staff upon recruitment and, more generally, are made available to all employees via notice boards, the intranet and the website;
- **verification and sanctions:** in the event of reports or evidence of discrimination, the company launches an internal investigation and, if necessary, applies the measures set out in the disciplinary system;
- **recruitment and personnel management policies:** selection and career management processes are based on merit and competence, while actively monitoring any bias or unfair treatment.

To make sure these channels are effective, the Group ensures they are easily accessible and well understood by all those working within the company.

Alfaparf Milano undergoes regular social audits to verify compliance with international standards on social responsibility and working conditions. The Italian Beauty & Business facility has been audited according to the Sedex SMETA (Sedex Members Ethical Trade Audit) – 4 Pillars Standard, which includes the following areas:

- working conditions and respect for human rights;
- workers’ health and safety;
- environmental management;
- business ethics and transparency.

The positive outcome of these audits is recognition of our company’s ongoing commitment to responsible practices and helps strengthen trust in our business partners and the community.

TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS,
ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS
AND OPPORTUNITIES

In defining its business strategy, the Group has set a series of objectives relating to its workforce which are linked to ESG issues. These medium- to long-term time objectives include intermediate deadlines and timelines to ensure continuous alignment with the corporate strategy and the goals set. In defining the above objectives, the Group takes into account the opinions of its workforce (see the section entitled “Processes for engaging with own workers and workers’ representatives about impacts”).

In particular, the following actions have been planned for implementation:

- continuing with management training programmes (leadership training) to strengthen leadership skills and the ability to drive change, also with a view to adopting the right approach towards the younger generations;
- extending soft skills training to a wide range of employees, promoting skills such as adaptability and intercultural collaboration;
- continuing to invest in technical training to improve operational efficiency;
- developing targeted insights on artificial intelligence and new digital technologies;
- enhancing language training, including through more flexible and digital tools;
- developing activities aimed at obtaining UNI PdR 125/2022 and ISO 45001 certifications at the Beauty & Business facility in Italy and subsequently at other facilities.

PEOPLE

CHARACTERISTICS OF THE COMPANY'S EMPLOYEES

As of 31 December 2024, Alfaparf Milano had 2,628 employees, representing an 8 percentage point increase in the share of total employees compared with 2023³³. 75% of the employees have a permanent employment contract. Almost all staff (98%) have full-time contracts: part-time employees (the remaining 2%) are predominantly women.

EMPLOYEES BY TYPE OF CONTRACT BROKEN DOWN BY GENDER

2023	Woman	Man	Total
Permanent contract	1,223	1,103	2,326
Fixed-term contract	82	33	115
TOTAL	1,305	1,139	2,441
Full-time contract	1,261	1,130	2,391
Part-time contract	44	6	50
Variable time contract	-	-	-
TOTAL	1,305	1,139	2,441

2024	Woman	Man	Total
Permanent contract	1,350	1,168	1,979
Fixed-term contract	76	34	646
TOTAL	1,426	1,205	2,628
Full-time contract	1,380	1,196	2,576
Part-time contract	46	6	52
Variable time contract	-	-	-
TOTAL	1,426	1,205	2,631

³³ The increase in staff in 2024 was also influenced by the extension of the reporting scope following the acquisition of the French company Eugène Perma.

RECRUITMENTS AND TERMINATIONS 2024 BY GENDER

600 new people were recruited in 2024. 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 in various tasks for the entire duration of the contract. With regard to terminations, 489 people left the Group in 2024. Compared to 2023, when the workforce numbered 2,441 employees, the employment balance is positive: during the year, there was a positive turnover rate of 24%, exceeding the negative turnover rate of 19%.

NEW HIRES AND TURNOVER

2023	N. of employees	N. of new hires	N. of employees terminated	Positive turnover rate	Negative turnover rate
Total	2,441	605	599	25%	23%

2024 ³⁴	N. of employees	N. of new hires	N. of employees terminated	Positive turnover rate	Negative turnover rate
Total	2,552	600	489	24%	19%

³⁴ It should be noted that the final figure as at 31/12/2024 relating to the total number of employees does not include the French office, which was acquired during 2024.



TALENT ATTRACTION

Alfaparf Milano depends considerably on the professional contribution of key staff and highly specialised staff. Key personnel are considered to be those with strategic and/or operational responsibilities, whose skills and experience are decisive for innovation and research activities, the execution of operational projects, and the growth and development of Alfaparf Milano. Selection processes³⁵ 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 Alfaparf Milano.

With this in mind, selection is carried out in full respect of equal opportunities and without any form of discrimination, avoiding favouritism, patronage and preferential treatment of any kind, with every decision based exclusively on principles of professionalism and expertise. During selection interviews, it is strictly forbidden to ask questions concerning aspects of the candidates’ private lives, such as marital or relationship status, life plans, gender identity, sexual orientation, religious or political beliefs, pregnancy, or physical or psychological health. Furthermore, these elements may under no circumstances be used as evaluation criteria in the selection of personnel.

Alfaparf Milano’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 make working for the Group appealing.

CHARACTERISTICS OF NON-EMPLOYEE WORKERS
IN THE UNDERTAKING’S OWN WORKFORCE

During 2024, Alfaparf Milano employed 640 external collaborators, a slight increase compared to 2023 (+2%), attributable to the increase during the year in temporary and self-employed workers.

NON-EMPLOYEES BY TYPE OF CONTRACT BROKEN DOWN
BY GENDER

2023	Woman	Man	Total
Self-employed	70	137	207
Temporary workers	50	25	75
Interns and trainees	126	212	338
Other	1	7	8
TOTAL	247	381	628

2024	Woman	Man	Total
Self-employed	75	141	216
Temporary workers	52	72	124
Interns and trainees	112	178	290
Other	2	8	10
TOTAL	241	399	640

³⁵ The update of the Procedure, which will be completed by the end of 2025, relating to human resources management also concerned the staff selection process.



DE&I

Alfaparf Milano 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.

Alfaparf Milano intends to attract and develop talent regardless of any element of diversity, and to encourage everyone in the Group to express their full potential. Alfaparf Milano 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.

The guidelines set out in the Code of Ethics play a strategic role in applying the principles set out to the employee’s working life. This 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 activities 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;
- 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.

The Mexican branch also participated in the “diversity and equal opportunities” project, collaborating with an association that supports and educates young people with intellectual disabilities. Specifically, the project involved the creation of a process for selecting and subsequently integrating these resources within the Mexican staff. Three young people were placed in the Mexican branch in 2022, respectively employed in the HR, Marketing and IT departments.

DIVERSITY METRICS

The Group’s workforce is equally distributed between genders, with women accounting for around 54%.

In general, women continue to be well represented at all levels of employment: they account for 43% of senior management (defined as the sum of executives and middle managers), 59% of white-collar staff and 48% of blue-collar staff.

DISTRIBUTION BY GENDER OF THE WORKFORCE

2023	Woman	Man	Total
Executives	11	47	58
Middle Managers	94	111	205
White-collar employees	909	628	1,537
Blue-collar employees	291	350	641
TOTAL	1,305	1,136	2,441
PERCENTAGE	53%	47%	100%

2024	Woman	Man	Total
Executives	13	46	59
Middle Managers	105	113	218
White-collar employees	988	698	1,686
Blue-collar employees	320	345	665
TOTAL	1,426	1,202	2,628
PERCENTAGE	54%	46%	100%



DISTRIBUTION OF EMPLOYEES BY AGE GROUP

Considering the composition of the workforce by category, in 2024, 64% of the workforce falls into the white-collar category, followed by the blue-collar category, which accounts for about 25% of the Group’s employees. Managers account for about 9% of the total workforce and executives 2%.

In terms of age distribution, 64% of staff are aged 30 to 50, while 15% are under 30. The over-50s account for 21% of the total workforce. There is a higher incidence of young people among white-collar and blue-collar workers, while there are no managers under the age of 30.

EMPLOYEES BY AGE GROUP

2023				
	< 30 years	30-50 years	> 50 years	Total
Number of employees	394	1,566	481	2,441
2024				
	< 30 years	30-50 years	> 50 years	Total
Number of employees	407	1,672	549	2,628



WELFARE

Alfaparf Milano believes that employees are fundamental resources of any successful company and that taking care of their well-being represents an opportunity for improvement and growth for both the company and its employees.

For this reason, the Group is committed to ensuring that its employees receive market-based remuneration³⁶ and a range of benefits designed to meet their needs and increase their purchasing power.

In particular, all employees are entitled to the benefits provided for by the relevant National Collective Labour Agreements and by any supplementary agreements applied (if in place) or defined in individual contracts. These include life insurance, supplementary healthcare, supplementary pension funds, disability and invalidity cover, company cars and accommodation.

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

The Group also has an MBO incentive system in place, designed primarily for directors and managers. The system involves assigning both common objectives (normally represented by the turnover and Ebitda associated with their scope of responsibility) and individual objectives, both quantitative and qualitative, more directly linked to the role’s specific function and purpose.

On International Women’s Day, the company offered its female employees an extra 25% discount on the purchase of Group brand products made through the company’s employee ordering system.

In December 2024, the initiative to distribute fuel vouchers worth €250.00 to all employees and temporary workers at the Beauty & Business headquarters was confirmed for the third consecutive year (2022, 2023, 2024), for a total amount of €98,490.00.

At the same time, Tricobiotos 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 most urgent needs through new ways of approaching our activity and work role, while recognising that these new methods also require new relational approaches and tools more focused on strengthening different work teams. The corporate welfare plan also includes a project dedicated to sustainable mobility, which provides rewards for employees who adopt positive behaviour in this area.

The commitment of the Argentina branch is also worth mentioning: an employer branding programme was launched, with the aim of stimulating a sense of belonging and collective identity, and promoting employee retention. As part of the project, the branch has implemented structural and ongoing measures to support people’s well-being, such as flexible working hours, remote working and a company gym - tools that help balance personal and professional life, while strengthening trust and internal motivation.

³⁶ For more information, see the paragraph on “Remuneration”.

Together, these elements reflect the branch’s daily commitment to building an environment that attracts, enhances and retains talent, and which is perceived both internally and externally as a place where it is worthwhile to work.

In addition, several symbolic occasions were celebrated during the year, such as Women’s Day, Mother’s Day and Father’s Day, which gave the branch the opportunity to offer small gifts to its employees as a tangible expression of the branch’s closeness and gratitude towards its workers. The most heartfelt moment was the big end-of-year event organised at the Italian Club in Escobar: a day dedicated to sport, games and socialising, with five-a-side football, paddle tennis and table football tournaments, designed to encourage colleagues to get together outside the workplace. Occasions such as this help build a corporate culture based on relationships and the pleasure of working together.

FOCUS ON

COLOMBIAN BRANCH – CARE FOR PEOPLE, INCLUSION AND SOCIAL IMPACT

In 2024, the Colombian branch also strengthened its commitment to the well-being and development of human capital through a series of initiatives aimed at workers, their families and local communities. Particular attention was paid to promoting people and inclusion, with celebration of major events such as International Women’s Day, International Men’s Day, Mother’s Day and Father’s Day. These occasions provided an opportunity to recognise the daily contribution of employees and promote a working environment that is inclusive and respectful of all identities.

To support families, school kits were distributed to employees’ children and activities and gifts were organised for the younger ones, such as for Halloween, with a view to promoting work-life integration.

From an organisational well-being perspective, the team was relocated to new premises in Bogota, designed to improve ergonomics, lighting and comfort in the workplace. This initiative is part of a broader strategy that also includes awareness campaigns on health, nutrition, and stress management.

During Health Week, activities also involved employees’ families, helping to raise awareness of physical and mental well-being issues. In October, a breast cancer awareness campaign was held, accompanied by initiatives to support bereavement and suicide prevention.

In 2024, the Colombian branch also launched social responsibility initiatives for the community, collaborating with the Fundación Alianza Mujer, which supports women who are victims of violence, through the donation of personal care kits and the organisation of events focused on self-esteem and women’s dignity.

Another initiative involved the Fundación Por Amor a Rocky, an organisation that is involved in rescuing and caring for abused animals.

WORK-LIFE BALANCE METRICS

In 2024, the percentage of employees entitled to family leave stood at 98% of the total work-force. Of these, 6% actually took leave, with a higher incidence among women (8%) than men (4%).

LEAVE

2023	Woman	Man	Total
Number of employees	1,305	1,136	2,441
Employees who are entitled to family leave	1,253	1,037	2,290
Percentage of employees who are entitled to leave	96%	91%	94%
Eligible employees who have taken family leave	81	41	122
Percentage of eligible employees who have taken leave	8%	4%	5%
2024	Woman	Man	Total
Number of employees	1,426	1,202	2,628
Employees who are entitled to family leave	1,401	1,187	2,588
Percentage of employees who are entitled to leave	98%	99%	98%
Eligible employees who have taken family leave	108	51	159
Percentage of eligible employees who have taken leave	8%	4%	6%



REMUNERATION

ADEQUATE WAGES

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 agreements³⁷. Even in cases where not all employees are covered by national collective bargaining agreements, there are no workers receiving remuneration below the applicable reference parameters.

The same criteria used for direct employees are also applied to temporary staff, thus ensuring consistency in basic economic and regulatory conditions. For self-employed workers and consultants, remuneration is determined on the basis of individual agreements, taking into account the nature of the assignment, the level of specialisation required and market parameters.

COMPENSATION METRICS (PAY GAP AND TOTAL COMPENSATION)

The Group applies the principles of Diversity, Equity and Inclusion throughout all stages of the personnel life cycle and pays particular attention to these aspects in the area of compensation and remuneration³⁸. The Human Resources Department is responsible for ensuring that there is no discrimination of any kind in the definition of job classifications, remuneration, recognition, career advancement, awards, bonuses, benefits or other aspects, and that merit is the guiding principle.

The gender pay gap is determined at legal entity level on the basis of gross remuneration (including variable components) for male and female employees. The calculation subtracts the average gross remuneration of female employees from that of male employees; the result is then divided by the average gross remuneration of male employees and, finally, multiplied by 100. The values reported for each legal entity reflect the simple average recorded at each Group company.

³⁷ National collective bargaining agreements are not in place in all countries where the Group has branches, in particular in: Chile (Chi. Cosm Limitada), El Salvador (Clio Cosmetics S.A.), Guatemala (Guatemala Cosmetics S.A. de C.V.), Ireland (Xpert Cosmetics Limited), Poland (Pol.Cosm Sp. Z.O.O.), Spain (Alfa Parf Group Espana S.L.U.) and the USA (B.I.P. Inc.).

³⁸ This commitment will be formalised in the DE&I Policy by the end of 2025.

GENDER PAY GAP BY LEGAL ENTITY

	2023	2024
ITALY		
Beauty & Business S.p.A.	31.37%	29.13%
D.E.A. Project S.r.l.	25.14%	24.04%
Tricobiotos S.P.A.	22.58%	19.24%
Iv San Bernard S.r.l.	5.10%	3.52%
ABROAD ³⁹		
Argentina (Prodicos S.A.U.)	23.42%	27.23%
Australia (Alfhair Ltd)	19.44%	19.44%
Brazil (Delly Kosmetic Ltda) ⁴⁰	7.74%	7.32%
Chile (Chi.Cosm Limitada)	-7.15%	-21.43%
Colombia (Sabama Ltda)	-133.54%	-80.61%
Costa Rica (Costa Rica Cosméticos Cosdist SRL)	11.60%	20.61%
El Salvador (Clio Cosmetics S.A.)	19.77%	21.08%
Ecuador (E.Cos S.A.)	46.73%	22.56%
France (Eugène Perma Professionnel SAS)	-	18.84%
Guatemala (Guatemala Cosmetics S.A. de C.V.)	13.04%	8.00%
Ireland (Xpert Cosmetics Limited)	26.92%	18.84%
Mexico (Dobos S.A. de C.V.)	15.02%	15.38%
Panama (Alfa Parf Panama S.A.)	0.00%	0.00%
Peru (Percosm Peru S.A.C.)	22.11%	21.96%
Poland (Pol.Cosm Sp. Z.O.O.)	5.84%	4.59%
Portugal (Maresana Lda)	11.11%	15.88%
Dominican Republic (Porta Nuova S.R.L.)	31.11%	30.20%
Spain (Alfa Parf Group Espana S.L.U.)	38.80%	42.51%
UK (Xpert Professional UK Ltd)	13.04%	6.46%
Uruguay (Alfa Parf American Division Distribucion S.A.)	0.00%	9.09%
USA (B.I.P. Inc.)	29.06%	30.19%
Venezuela (DIS.MAR Cosmetics C.A.)	13.61%	1.13%

At the same time, the total remuneration ratio is determined by comparing the total annual remuneration of the highest-paid person in the company with the median annual remuneration of employees (excluding the highest-paid person).

In 2024, this ratio will be 1:9.11, slightly down from 2023 (1:9.34)⁴¹.

³⁹ No data is reported for the Russian branch (Alfa Parf Russia) as there were no male employees during the reporting period.

⁴⁰ With regard to Brazil, the figure includes all 11 companies located there.

⁴¹ The ratio refers to the Italian Beauty & Business branch.

TRAINING

The Group firmly believes that the quality of its products and services is inextricably linked to the quality, training and growth of its human resources. For this reason, Alfaparf Milano offers its employees a wide range of training and professional development opportunities. Training is considered an important and essential investment because it combines the needs of business growth with the professional development of individuals: the Human Resources Department defines the guidelines and tools for identifying training needs and the resulting training measures by drawing up an annual training plan. This plan includes:

- managerial training, focused on developing management skills and techniques, organisational behaviour and leadership;
- regulatory and governance training, with in-depth analysis of legislation and company regulations;
- technical, operational and professional training, aimed at acquiring skills related to organisational tasks and emerging technologies, especially artificial intelligence;
- health and safety training, consistent with technical-operational activities and specific regulatory obligations;
- other courses (including foreign languages to support the company’s increasingly international environment, marketing, communication, IT, etc.).

Besides being provided directly by the Group, staff training is also financed through inter-professional fund membership.

The development of professional skills is essential for the growth of the company and the achievement of industrial objectives. To facilitate this process, the Italian Beauty & Business branch launched a Leadership Training programme in November 2023, which continued throughout 2024. The programme was designed for personnel who manage resources and featured a diversified training approach with multiple formats, ranging from classroom and online training to workshops and group coaching. Its aim was to equip staff with innovative and strategic skills in response to emerging professional needs and to spread awareness of value, behavioural and leadership models consistent with the company’s vision and mission. The programme focused on developing the change management and leadership skills of the company’s managers and on effective communication with their teams.

In order to increase its effectiveness, training was carried out in a diversified manner, so that each person could link the illustrated values and behaviours to their daily work context. At the same time, the interactive approach ensured a more proactive and engaging experience and was useful in strengthening conduct aimed at achieving the strategic objectives. After these first editions, the goal is to make the pathway operational in the coming years for all newly promoted or newly recruited managers.

In addition to traditional training, experiential activities such as team building exercises were also organised to develop interpersonal skills, collaboration and problem-solving abilities in dynamic contexts.

TRAINING AND SKILLS DEVELOPMENT METRICS

In 2024, the Group provided a total of 32,587 hours of training, a significant increase compared to the previous year (+68%). The average number of training hours per employee rose to 12.4 hours, up from 7.9 hours in 2023, demonstrating the Organisation’s commitment to developing in-house skills.

Training involved all professional categories: more specifically, executives received an average of 15.9 hours of training (+1.9 compared to 2023), followed by middle managers, with 17.3 hours (+6.2), and white-collar workers, with 12 hours (+5). The average number of hours attended also increased for blue-collar workers, to 11.6 hours (+2.8).

AVERAGE TRAINING HOURS

	2023	2024
Total training hours	19,381	32,587.50
Total number of employees	2,441	2,628
Average hours of training per employee	7.94	12.40
Total number of training hours provided to female employees	11,295.50	17,500
Total number of female employees	1,305	1,426
Average hours of training per female employee	8.66	12.27
Total number of training hours provided to male employees	8,085.50	15,087.50
Total number of male employees	1,136	1,202
Average hours of training per male employee	7.11	12.55
Total number of training hours provided to Executives	813	940
Total number of Executives	58	59
Average hours of training per Executive	14.02	15.93
Total number of training hours provided to Middle Managers	2,275	3,763
Total number of Middle Managers	205	218
Average hours of training per Middle Manager	11.10	17.26
Total number of training hours provided to White-collar employees	10,712	20,204.50
Total number of White-collar employees	1,537	1,686
Average hours of training per White-collar employee	6.97	11.98
Total number of training hours provided to Blue-collar employees	5,581	7,680
Total number of Blue-collar employees	641	665
Average hours of training per Blue-collar employee	8.71	11.55

In order to enhance the skills and professional expertise of its staff, the Organisation has implemented a structured performance appraisal system aimed at monitoring and enhancing the individual contribution of staff, promoting professional development and supporting the achievement of company objectives. The process is divided into two main tools:

- **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. The process is essential for recognising people’s contributions, identifying development needs and strengthening equity in growth opportunities.
- **Management by objectives (MBO)**: this short-term (annual) incentive system is applied to certain professional categories, including executives, managers and sales staff, as well as other profiles selected according to business needs. This system entitles them to receive a monetary bonus based on the achievement of targets set for the year (upon exceeding the minimum threshold of at least 90% of the assigned objective). 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.

During 2024, across the entire Group, 48% of employees received a structured performance review, up from 44% in 2023. Performance review is one of the main tools for recognising merit and supporting professional growth through a structured system of continuous monitoring and feedback.

EMPLOYEES WHO HAVE RECEIVED A PERIODIC PERFORMANCE REVIEW BY CATEGORY AND GENDER

2023	Woman	Man	Total
Executives	1	13	14
Middle Managers	40	40	80
White-collar employees	346	329	675
Blue-collar employees	150	263	413
TOTAL	537	645	1,182
PERCENTAGE	41%	48%	44%

2024	Woman	Man	Total
Executives	2	12	14
Middle Managers	42	43	85
White-collar employees	404	377	781
Blue-collar employees	135	142	277
TOTAL	583	574	1,157
PERCENTAGE	41%	57%	48%

H&S

The protection of health and safety in the workplace is a strategic issue and involves both employees and non-employees. Improving behaviour and enhancing corporate culture to prevent accidents and damage to health is a commitment that Alfaparf Milano pursues with determination and continuity, in order to offer workplaces with the highest standards in the field.

The Italian branches Beauty & Business and Tricobiotos, as well as the foreign production branches have a dedicated HSE Department. Its main tasks include: identifying, measuring and assessing risk factors to which employees - and external workers - are, or could be, subject; identifying the best strategies and tools to prevent and mitigate such risks, including the organisation of information and training programmes for workers; and drafting and/or updating 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 branch Beauty & Business has been implemented to guarantee improved health and safety levels for workers, reduce costs deriving from accidents, injuries and work-related illnesses, and gradually reduce occupational risks through actions in the field. This procedure clearly defines responsibilities, reporting methods, event analysis and how to address the causes, promoting a systematic approach to prevention and protection. The PPSM (Prevention and Protection Services Manager) and PPSO (Prevention and Protection Services Officer) make up the Risk Prevention and Protection Service.

Although a Health and Safety Management System compliant with ISO 45001:2023 has not yet been formally adopted, the entire workforce is covered by prevention and protection systems, as each country in which the Group operates has national regulations that require the implementation of mandatory measures for the protection of workers’ health and safety. 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 associates 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 a fitness-for-work judgement, the Company Doctor applies restrictions and requirements where necessary to prevent any occupational illnesses. The company has also organised an in-house first aid and emergency management team, with training regularly updated through classroom sessions as well as simulated emergency situations.

The Brazilian branch Delly Kosmetic, furthermore, has implemented programmes seeking to directly prevent work-related injuries and illnesses by conforming to legislation with annual work plans, safe and healthy working environments, and reduced environmental impacts through waste management programmes.





HEALTH AND SAFETY METRICS

In 2024, a total of 21 injuries occurred among employees (8 fewer than in 2023). Among non-employees, instead, there was only one accident at the Colombia site. As regards occupational diseases, there were three cases in 2024, down from six in 2023, while no cases were reported among non-employees.

WORK-RELATED INJURIES AMONG EMPLOYEES

	2023	2024
Number of fatalities due to work-related injuries and illnesses	-	-
Number of recordable work-related injuries	29	21
Number of hours worked	4,516,376	4,864,368
Rate of recordable work-related injuries ⁴²	6.42	4.32

⁴² Rate of recordable work-related injuries: (Number of injuries / Number of hours worked) * 1,000,000.

RELATIONS WITH THE LOCAL COMMUNITY

POLICIES RELATED TO THE AFFECTED COMMUNITIES

Currently, the Group has not formalised a policy aimed at managing the impacts, risks and opportunities concerning the communities with which it interacts. Nevertheless, since its inception, the Group’s business has been inspired by a vision of a socially responsible enterprise that is attentive to integrating its economic development with the well-being and growth of the local areas in which it operates. Alfaparf Milano’s commitment can be gathered from the principles set out in public documents such as the Group’s Code of Ethics and the Organisation, Management and Control Model pursuant to Italian Legislative Decree No 231/2001 and the Consolidated Sustainability Report.

With the ultimate goal of creating shared value between the company and local communities, the initiatives implemented by the Group in its local area take shape through actions inspired by the values of:

- social inclusion and support for vulnerable groups (minors, families in difficulty, children in hospital);
- promoting access to culture and education (especially for disadvantaged people) through events and projects that enhance the local area;
- collaborating with local non-profit organisations, foundations and institutions to promote initiatives with a high social impact.

One of the most representative examples of the implementation of this commitment is the creation of the Alfaparf Foundation, a philanthropic organisation promoted by the Group to strengthen its bond with local communities. The Foundation aims to support initiatives in areas of social utility, education, culture and health, contributing to the well-being of the community, particularly in the Bergamo area, with a view to gradually extending its scope of action at national and international level (for further information, please refer to the section “Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions”).

In addition, as part of the definition of its Human Rights Policy⁴³, the Group is committed to respecting and promoting the rights of the local communities in which it operates, contributing to their economic, social and cultural development. The Organisation promotes continuous and constructive dialogue with institutions, non-governmental organisations and the communities themselves in order to identify priority areas for action and respond effectively to local needs.

⁴³ For further details, please refer to the section entitled “Policies related to own workforce”.

**PROCESSES FOR ENGAGING WITH
AFFECTED COMMUNITIES ABOUT IMPACTS**

The Group does not currently have a formalised and documented process for the structured engagement of affected communities and their representatives in relation to material impacts, risks and opportunities. Despite this, Alfaparf Milano pays close attention to the views of affected communities in identifying the impacts that concern them and recognises the importance of ongoing, structured dialogue with local communities, particularly in local areas where it has a significant production or distribution presence. To this end, the Alfaparf Foundation coordinates various activities involving the affected communities and local development programmes. These opportunities for discussion take place on an occasional and project-based basis, through social and philanthropic initiatives (e.g. donations, events, support for local authorities) with the aim of gathering the opinions of local communities, including on sustainability issues. The social and cultural projects shared with local communities and promoted by the Foundation create opportunities for meeting, collaboration and mutual listening. This approach not only supports initiatives with high social value, but also allows the timely identification of any critical issues that could have an impact on collective well-being. The Organisation also adopts a policy of openness and transparency in its relations with local institutions, fostering the development of relationships based on trust and the joint planning of initiatives for the benefit of the community.

In addition, with a view to building strong relationships with the local communities with which Alfaparf Milano interacts, some Group companies maintain relationships with schools and universities. The Italian branch 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 branch organised and conducted theoretical lectures in the field of cosmetic formulations and practical workshops on the use of raw materials and equipment. In 2024, the Argentina branch also renewed its collaboration with schools and the municipality of Escobar to help students learn about the company and support them in their approach to the world of work.

**PROCESSES TO REMEDIATE NEGATIVE IMPACTS
AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS**

With reference to this report, please refer to the section entitled “Processes to remediate negative impacts and channels for own workers to raise concerns”.

The Group has not currently formalised a structured and documented system for monitoring issues raised through reporting channels, nor for assessing the effectiveness of these tools through the direct involvement of potentially affected or impacted stakeholders, particularly with regard to affected communities. However, in line with the provisions of the Code of Ethics, a reporting channel is available to all stakeholders, allowing them to report potentially illegal situations, risks or violations of ethical principles. Reports are handled confidentially by the Supervisory Body, which ensures timely management in accordance with applicable regulations. The channel can also be used by external parties, including potentially impacted stakeholders.

**TAKING ACTION ON MATERIAL IMPACTS ON AFFECTED
COMMUNITIES, AND APPROACHES TO MITIGATING MATERIAL RISKS
AND PURSUING MATERIAL OPPORTUNITIES RELATED TO AFFECTED
COMMUNITIES, AND EFFECTIVENESS OF THOSE ACTIONS**

Alfaparf Milano supports Organisations, Associations and Institutions and is committed to promoting equality and defending the right of every human being 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. Alfaparf Milano 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.

As proof of the increasing attention paid to the environment and society both in Italy and abroad, in 2023, measures were implemented at the El Salvador branch to combat deforestation with the addition of sun terraces on the company premises, in order to raise awareness of this issue among employees. To this end, sunflower plants were given to employees so that they could take care of them with the aim of fostering the habit of caring for and looking after plants. The staff involved included both company employees and the general public and part of the surrounding community. Given the success of the initiative, in 2024 the activity was repeated with the aim of planting a tree in the homes of all employees.

The Portuguese branch also started a collaboration with the waste recycling agency “Lipor”: through this partnership, training on environmental issues was offered to both the company’s customers and the internal team.

VALUING DIVERSITY IN ALL ITS FORMS

Beauty in all its forms

One of the core principles of Alfaparf Milano’s corporate culture is enhancing uniqueness and promoting inclusion. We believe that diversity is a strength, and that inclusion fosters the dissemination of knowledge, strengthens a sense of belonging and generates continuous learning. The initiative that best represents Alfaparf Milano’s commitment in this field is “Beauty in all its forms”, entirely conceived, desired and implemented by people within the Group.

“Beauty in all its forms” is a social responsibility project that stems from the need to create training spaces and opportunities for young adults with intellectual disabilities to interact and integrate into the labour market. The project seeks to provide these young people with the opportunity to pursue and complete a training course leading to a diploma as Hair-stylist 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 sends a message of hope, portraying diversity as a value behind which unexpected qualities such as creativity, sensitivity, joy, enthusiasm, professionalism and kindness can be found.

The “Beleza em todas suas formas” initiative was launched in Brazil in 2013, together with the Brazilian NGO Instituto Meta Social. In 2015, the project also kicked off in Italy with several associations such as AIPD Bergamo, AGPD Milano and La Bussola Dalmine, and finally in Portugal in 2021. The trademark was registered in 2023. As a result of this initiative, more than 160 young people worldwide and 47 young people in Italy have obtained a diploma, with many currently employed. Alfaparf Milano repeated the project in 2024, awarding four diplomas to demonstrate its ongoing commitment to supporting local communities in Italy and identifying job opportunities for some students in Lisbon.

CONCRETE HELP FOR THE MOST FRAGILE

La Forza e il Sorriso

In 2024, Alfaparf Milano 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” [Strength and a Smile], 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, organised during Milan Beauty Week.

The initiative, which does not interfere with medical treatment nor is intended to replace it in any way, aims to provide information, ideas and practical advice on how to deal with the side effects of treatment. The workshops are aimed at all women undergoing cancer treatment who do not want to give up their beauty, allowing them to regain their sense of well-being and self-esteem. Each workshop is led by a skilled and sensitive volunteer beauty consultant, who shares practical make-up tips and teaches each participant how to enhance their appearance in just a few simple steps. In addition, the beauty workshops are attended by a psychotherapist who offers psychological support and assistance to women undergoing treatment.

The initiative is entirely free of charge, both for participants and for the host facilities. Each woman is given a beauty bag full of cosmetic products, allowing them to practice and apply the beauty consultants’ advice not only during the guided session but also at home, continuing to take care of themselves independently. 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).

Fair Values – CBM Italia

During 2024, the Group participated in the Christmas charity boutique organised by CBM Italia at the ADI Design Museum in Milan, donating 2,000 products - together with other organisations - which were sold in support of the “Fuori dall’ombra” (Out of the Shadows) campaign for the treatment of blindness in developing countries.

Dynamo Camp

Alfaparf Milano 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. In 2024, the Group participated in a relay race at the Milan Marathon to raise awareness and funds for the Foundation.

Initiatives to help vulnerable people overseas

The Group’s Argentina branch took part in the “A Different Christmas” initiative, an internal campaign designed to help people in the community who, for various reasons, spend Christmas away from home. The aim of this programme is to collect toys and gifts and distribute them to hospitals where children have to spend the festive season. Given the success of this programme and the children’s delight at receiving the gifts, the branch redoubled its efforts and on 24 December 2024, in collaboration with the Merendero Mis Amores community centre (Escobar municipality), many employees joined in, dressing up as Father Christmas and personally delivering gifts to more than 40 children.

In addition, the Portugal branch launched an initiative to support homeless people, offering hairstyling and other products in different areas of the country, while the Venezuela branch supported the organisation of a Christmas party and made donations to a group of young scouts.



PROMOTING WOMEN'S EMPOWERMENT

La Bellezza Oltre

Again in relation to promoting female empowerment, in collaboration with Confartigianato Imprese Bergamo, Caritas, Diakonia Onlus Foundation and the ACOF School for Hair-dressers in Bergamo, Alfaparf Milano supports the “La Bellezza Oltre” [Beyond Beauty] initiative: a project which supports the “Spazio Irene” of the Diakonia Onlus Foundation, the care service dedicated to caring for women living in particular situations of hardship. Periodically, the women of “Spazio Irene”, accompanied by operators and volunteers, are welcomed at the ACOF premises, which for the occasion is turned into a true beauty salon: students from the hairdressing course, assisted by professionals from the Wellness Area of Confartigianato Imprese Bergamo, have the opportunity to learn how to welcome and seat guests, listen to their needs and perform colour and styling treatments using products provided free of charge by Alfaparf Milano.

Donne in Rete contro la violenza (D.i.Re.) and “Io non sto zitta”

Alfaparf Milano has always promoted the protection of human rights, with a particular focus on one of the most terrible violations of these rights: violence against women. In this context, since 2021 Alfaparf Milano has given donations to D.i.Re. - Donne in Rete contro la violenza [Women Online against Violence], the first Italian association of non-institutional anti-violence centres run by women’s associations. In addition, on the International Day for the Elimination of Violence against Women (25 November 2024), the Italian Beauty & Business branch participated as a technical sponsor in the “Io non sto zitta” [I will not be silent] initiative, promoted by the Lombardy Region in collaboration with the State Police and other institutional and private partners. The company contributed by providing services and materials to support the setting up of an experiential stand in Piazza San Babila in Milan, designed to raise public awareness of gender-based violence. Through an interactive space that included walls for collecting thoughts, a symbolic make-up area and a magic mirror for sharing messages against violence on social media, the branch used its creativity to promote respect, the courage to report abuse, and solidarity with victims. The initiative is fully in line with the Group’s broader commitment to social responsibility and gender equality.

ENHANCING AND SAFEGUARDING HISTORICAL, ARTISTIC AND CULTURAL HERITAGE

Establishment of the Alfaparf Foundation

The Alfaparf Foundation was established in 2023 with the aim of pursuing 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. Among the various initiatives carried out during 2024, the Foundation offered its support to the women’s volleyball club Volley Bergamo 1991, promoting active employee participation. It also supported the ITS Academy in a project aimed at restructuring infrastructure, with a view to upgrading essential equipment for the training of future professionals. 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.

Carrara Academy Foundation

In 2024, Alfaparf Milano renewed and strengthened its support for the Accademia Carrara Foundation in Bergamo, of which it is also a co-founding member, by making a financial contribution. Accademia Carrara 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.

SUPPORT FOR MEDICAL SCIENTIFIC RESEARCH AND HEALTHCARE FACILITIES

Umberto Veronesi Foundation

Alfaparf Milano is committed to supporting scientific research in the medical field through its support for 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 2024, BECOS continued the “pink” adventure that began in 2021 and renewed its commitment to women’s health for the fourth 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.

Tuscany Motors

In 2024, the Italian branch Tricobiotos launched a fundraising campaign to support the “Tuscany Motors” project, aimed at purchasing two defibrillators for the Municipality of Vaiano to be installed in small central locations in the municipality’s smaller towns.

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

Bergamo Scienza

Since 2017, the Group has supported Bergamo Scienza, an annual science festival that offers a series of meetings, conferences, exhibitions and workshops throughout the province of Bergamo, with the aim of bringing 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, spark interest and foster the growth of a knowledge-based development culture, as well as to guarantee a method of dissemination based on cultural independence and use within the reach of all. In 2024, the Group sponsored the 22nd edition of Bergamo Scienza.

ITS New Life Technologies

The Group is actively committed to supporting training in the local area 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 (Higher Technical Institute for New Life Technologies) in Bergamo, a post-diploma technical school that is the only Higher Technical Institute in the chemical field in Italy. The Italian branch 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 technical school in Argentina was strengthened in 2024 through donations and by providing students with more learning tools. With the collaboration of the municipality and the school in Escobar, the Group's Argentine branch also organised several guided tours of the plant for students with the aim of familiarising young people and future professionals with what a plant looks like and how people work inside it. The branch 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.

TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

At present, no structured objectives have yet been defined with regard to the communities concerned, but they will form a central part of the strategic plan that the Group will define by the end of FY2025. Nevertheless, Alfaparf Milano's medium- to long-term objective is to strengthen its support to local communities, especially at its foreign branches. This will be achieved by continuing to fund ongoing projects and by identifying new projects to support through donations, direct volunteering, empowerment activities and the engagement of its employees and customers.

In addition, the Group intends to monitor the effectiveness of the actions taken by defining qualitative "indicators" tracked by the individual company departments involved in the projects. Specifically:

- the number and nature of projects implemented;
- the perceived quality of partnerships with local organisations (hospitals, foundations, associations);
- adherence to the company's values of solidarity and social responsibility.

Currently, no measurable level of ambition has been formally established, nor have standardised or comparable indicators been adopted to monitor progress over time. In the absence of a baseline reference period, it is not yet possible to objectively measure the evolution or growth of positive impacts.

RELATIONS WITH CUSTOMERS

The customer has always been at the centre of the Group's focus. Customer satisfaction – together with the high quality and innovation of products and services – forms the foundation on which Alfaparf Milano's growth strategy is based.

TYPE OF CUSTOMERS AND MARKETS

Alfaparf Milano deals with many different types of customers, depending on the distribution channel and their geographical location.

Currently, Alfaparf Milano brand hair products are mainly sold to the foreign market – although the Italian branch Beauty & Business is growing rapidly in terms of both turnover and distribution – through direct branches 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;
- offline distributors, online distributors and beauty supply retail chains;
- importers.

The hair business remains focused on service to salons, but hairdressers now request 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 notably from one geographical area to another: in continental Europe, the traditional direct-to-salon sales channel continues to be dominant, while in the US, stores and online sales are significant and growing strongly (also because more than half of hairdressers rent chairs or work from home).

The marketing of skin care products, together with professional beauty equipment, currently dominates the Italian market, but there is a strong focus on development abroad.

In Italy, the company operates directly through exclusive agents in the professional beauty market.

Abroad, thanks to a network of distributors, depending on the characteristics of each market, the company targets:

- beauty centres;
- spas and day spas;
- aesthetic medicine clinics;
- pharmacies;
- department stores.

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 meet the needs of multinational companies with global distribution in both the professional and retail channels, as well as companies, local distributors and large-scale retail, all increasingly seeking innovation both in formulations and eco-sustainable materials.

In recent years, the beauty market has evolved rapidly, with growing demand for increasingly simple, accessible purchases integrated across multiple sales channels, both physical and digital.

This transformation, accelerated in particular by the pandemic, has led to a significant expansion in the ways in which consumers – both professionals and end customers – choose and purchase beauty products.

Alfaparf Milano, which has always been attentive to identifying and interpreting these dynamics, has developed a comprehensive and flexible offering tailored to the specific needs of each consumer target and distribution channel. The Group leverages its broad portfolio of brands, targeting both its product offering and communication to effectively meet the needs of diverse markets.

The Retail channel is a key element of this multi-channel approach, including both physical stores and digital platforms. Here, the focus is on developing customers in the Beauty sector, who distribute mass market and professional products to end consumers and small professionals. The development of the retail channel therefore translates into both the enhancement of dedicated brands – ranging from mass market to professional lines – and the expansion of e-commerce, a strategic channel experiencing strong growth.

In the mass market segment, Alfaparf Milano has chosen a direct B2C strategy, with brands such as Alta Moda (Latin America) and Il Salone Milano (Eurasia and USA), which was further strengthened in 2024 with the acquisition of the Aphogee brand (USA), using a diversified channel network that includes beauty suppliers, fragrance stores, pharmacists, large-scale retail chains and digital marketplaces. The geographical areas with the greatest potential for development are Latin America, Europe and Saudi Arabia, while the company already has an established presence in the USA.

In the professional retail channel, the range is focused on the distribution of professional resale lines (mainly Alfaparf Milano Professional and Yellow Professional), intended for both end consumers and professionals, with B2B and B2C sales through beauty suppliers and specialised eShops. The fastest-growing areas are Latin America, the USA, Eastern Europe and Asia.

Special attention is paid to the quality and image of the physical and digital points of sale where the Group's products are marketed: maintaining a professional and qualified positioning is an essential value for Alfaparf Milano in order to preserve brand reputation and guarantee a shopping experience consistent with the industry's standards of excellence.

E-COMMERCE

In 2024, Alfaparf Milano's e-commerce strategy continued to evolve, consolidating its position as one of the pillars of the Group's digital growth. The main objective is still to ensure a consistent, expert and distinctive online representation of the brands in the portfolio, particularly the resale lines, offering end consumers a shopping experience comparable to that of a professional offline store, in terms of both advice and service.

The approach has remained multi-channel and synergistic, with the active involvement of branches, distribution partners and vertical e-tailers specialising in beauty. This has not only expanded the digital coverage of the brands, but also strengthened the consistency of the Group's identity across various markets.

During the year, significant progress was made in terms of content, user experience and online brand positioning. More specifically:

- Direct-To-Consumer (DTC) platforms in Italy and the United States were enhanced with new features, such as personalised consulting services and digital diagnostic tools for the Hair Care lines, designed to replicate the salon experience;
- intellectual property protection was extended to new markets – especially in Asia and America – to protect the value of the Alfaparf and Yellow brands online;
- digital content was enriched to communicate sustainability values more effectively, integrating them into product descriptions and brand narratives such as Benvoleo, Semi di Lino and Il Salone Milano.

The e-commerce presence of the brands has grown significantly. Semi di Lino has strengthened its visibility through digital campaigns in Europe and Latin America, with educational materials, tutorials and interactive tools. Lisse Design, the line dedicated to smoothing treatments, has found new strength in specialised marketplaces, while Yellow has consolidated its position in emerging markets through localised and consistent communication. Brands such as Eugène Perma, Alta Moda and Il Salone Milano have also undergone digital reorganisation, achieving better positioning in marketplaces and greater focus on end consumers.

The e-commerce channel continued its strong growth in 2024, recording double-digit percentage increases compared to the previous year. This performance confirms the soundness of the strategic choices made, in terms of both technological investment and attention to content and commercial synergies.

Alfaparf Milano is now looking to the future, keeping a close eye on new trends such as social selling, with the aim of further harmonising digital content and experiences at a global level, strengthening the communication of ESG values and increasingly integrating digital platforms with the professional world, in a spirit of mutual respect and enhancement of both channels.

POLICIES RELATED TO CONSUMERS AND END-USERS

The Organisation has adopted - currently only for Italian entities - an integrated approach to managing the material impacts, risks and opportunities associated with its consumers and end-users, through the adoption of a Quality Policy⁴⁴. This policy, which is based on the principles and requirements of ISO 9001:2015, ISO 22716:2007 and ISO 13485:2016⁴⁵, includes a careful analysis of the associated risks and opportunities, as well as constant monitoring of processes and performance. In drafting the document, the interests and expectations of the Group's key stakeholders (customers, suppliers, employees, supervisory bodies and local communities) have been taken into due consideration and integrated into the definition of the strategic priorities and objectives of the Integrated Management System. This analysis has been essential in defining a shared commitment to excellence, transparency towards customers and the protection of health and safety.

The scope of action extends across all areas in which the company operates, with a focus on operations in Italy and, where applicable, also on international markets, in line with the group's expansion strategy⁴⁶.

The policies adopted with regard to consumers and end-users are set out in the Guidelines of the Beauty & Business Integrated Management System (IMS) Manual, together with the applicable mandatory provisions and in full compliance with national and international regulations, including the United Nations Guiding Principles on Business and Human Rights and the OECD⁴⁷ Guidelines for Multinational Enterprises. The Integrated Management System incorporates these standards into all downstream stages of the value chain, from distribution to after-sales, through constant controls, audits and monitoring mechanisms.

⁴⁴ Available on the company website.

⁴⁵ In addition to Model 231 of Italian Legislative Decree 231/2001, it complies with AEO (Authorised Economic Operator) standards for customs simplification and security.

⁴⁶ Any exclusions only concern activities not related to the core business or outsourced activities that are not under the direct control of the Quality Management System. Such cases are handled in accordance with current regulations.

⁴⁷ The periodic checks carried out have not revealed any significant violations of the principles of the United Nations Global Compact or the OECD guidelines along the downstream value chain, in particular in relation to the protection of consumer and end-user rights.

PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

Alfaparf Milano is at the service of its customers, with the aim of supporting and accompanying their growth in terms of both turnover and technical and artistic skills, providing products with high quality standards, personalised services, training and advice.

The general approach for engaging consumers and end-users, as well as their representatives, is divided into several stages, with the goal of identifying Group customers' opinions on the impacts, risks and opportunities related to sustainability issues. Direct contact with customers is handled by the sales network and a network of beauty consultants, who at the Italian Beauty & Business branch report any requests and/or issues that cannot be handled through ordinary training activities.

With regard to the Haircare Business Unit, ongoing customer relations are managed by a network of direct sales representatives and/or agents with exclusive mandates and by a network of distributors. A commercial structure comprising Sales Directors and Sector Managers completes the organisation of this team. Abroad, contact with distributors is almost daily: discussions range from commercial issues (strategies, targeting, promotion) to customer service, order management and complaints. In addition, contact with professional customers is constant through education services, including technical and product training delivered directly in salons, at academies or remotely. Finally, Alfaparf Milano delivers an ever-increasing amount of training content on its social media channels and platforms, further expanding the points of contact with customers.

In the Skincare Business Unit, contact with professional customers in Italy is constant, thanks to a network of direct agents, dedicated Beauty Specialists and the Training Centre in Bergamo (Training Academy). Agents visit customers every two months to discuss commercial and marketing issues. Relations with customers and the foreign distributor network are managed by the Export Manager, who provides remote support on an almost daily basis. 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 is ensured not only by trade fairs but also by belonging



to the Group. Its globally recognised know-how and expertise have attracted and continue to attract customers seeking an industrial partner with high quality standards that is capable of developing and producing internationally compliant formulas and sustaining manufacturing capacities at global level. Sector trade fairs are a key meeting place: 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 its daily activities, the Group promotes an integrated and direct approach to identifying and understanding the needs, expectations and feedback of end consumers, ensuring constant and transparent dialogue that helps to continuously improve the products and services offered.

The main points of contact and listening points include:

- digital channels and social media, used to establish direct dialogue with consumers and gather opinions, suggestions and reports in real time;
- industry events and trade fairs, which provide strategic opportunities to interact directly with consumers and gather qualitative input that is useful for monitoring market trends and developments;
- customer care and after-sales services, available through dedicated call centres and online platforms, to ensure timely support, resolution of requests and effective complaint management;
- collaborations with distributors and retail outlets, acting as important “antennae” in the local area to capture the needs and critical issues of end consumers, both in physical and digital channels;
- targeted commercial initiatives, such as new product launches, promotional campaigns and engagement activities, to test market responses and refine offerings with a customer-centric approach.

These tools help consolidate the relationship of trust with consumers and support Alfaparf Milano’s mission to offer quality and innovative products.

In addition, direct feedback channels are used, such as satisfaction surveys, online questionnaires and customer service, which allow the Group to constantly monitor the actual and potential impact of the products and services it offers.

In Haircare, in particular, customer satisfaction levels are measured through timely product supply surveys and market studies before new brand and product launches or when presenting more advanced technologies.

In 2024, the Group conducted its first structured, large-scale survey to analyse perception of the Semi di Lino brand in Italy, Mexico and the United States. The study involved a significant number of consumers in each country (over 1,000 respondents per country), all users of professional hair products, and investigated key aspects such as brand awareness, trial purchase, repurchase propensity and loyalty, as well as overall brand perception.

This survey marks a key step for the Group in implementing structured listening tools aimed at the end consumer. In addition to supporting commercial and marketing strategies, the data collected may also be used in the future for ESG assessments. Parameters such as



perceived product naturalness, trust in the brand, and the value attributed to its messages can serve as useful indicators to understand the brand’s social and environmental impact. The project may also be extended to other brands and countries, making consumer involvement in the Group’s sustainability initiatives more systematic.

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 2024, for the Export Hair division, this ratio was 3.60%, which is in line with the 2023 value;
- OFR – Order Fill Rate: this KPI describes, in percentage terms, the number of fully handled and processed orders, 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 2024 was 69% compared to 71% in 2023;
- LFR – Line Fill Rate: an indicator that, although similar to OFR, 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 processed (without missing items or back orders) out of a total of 100. Here too, a 100% LFR identifies an optimal situation. In 2024, LFR increased to 97.45% compared with 98.02% in 2023.

Another field concerning customer satisfaction consists of feedback on social media during events such as: *Alternative Hair Show* or *Hairstyle, The Talent Show*.

In addition, to measure product appreciation, task forces with customers are planned about four times a year to test 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 Alfaparf Milano. 2024 evaluations focused on the area of satisfaction with products - which were particularly appreciated in terms of quality - and with equipment - which were appreciated for the clarity and usefulness of its user manuals, punctual deliveries, reliability of machinery and training. Abroad, customer satisfaction is monitored through surveys aimed at measuring customer satisfaction levels in different areas (product quality and performance, service offered).

In addition, the Group periodically organises opportunities for direct dialogue, such as workshops, round tables and consultation sessions with consumer representatives and other significant stakeholders. These meetings are aimed at gathering market views and needs, thus ensuring that this information is taken into account in the decision-making process and in the definition of corporate strategies. The data collected through these channels is analysed and integrated into internal audit processes and risk assessment activities to help identify any critical issues and opportunities for improvement through the identification of corrective actions. This integrated engagement and feedback structure ensures that the opinions of consumers and end-users are incorporated in a transparent and systematic manner throughout the entire product or service lifecycle⁴⁸, strengthening the Group's ability to meet market needs and ensure the quality and safety of the products and services offered. With this in mind, a strong focus is placed on the technical and managerial training of professional operators in the beauty sector. The Group is committed to supporting the growth of hairdressers and beauticians through a wide range of training courses, delivered in person at over 50 specialised sites and through digital channels, such as webinars, video tutorials and content created by hairstylists from Alfaparf Milano's global network of ambassadors. Training covers technical skills (colour, cutting, treatments), product knowledge, customised services and management aspects. Tailored programmes are also available for the sales force and end consumers.

In the field of professional beauty, training is provided at the "School of Beauty & Wellness" Academy in Bergamo, which has been operating since 1994. Every year, the facility welcomes over 2,300 participants, including customers, distributors, branch staff and sales managers, with courses dedicated to methods, product use and advanced technologies.

The network of international academies (Milan, Rome, London, Dublin, Barcelona, Orlando, Mexico City) allows Alfaparf Milano's global community to gain training experience that goes beyond national borders, combining work and opportunities for sharing. The Academy's training activities also focus on foreign markets to bring Italian professional beauty excellence worldwide and spread its quality standards. International trainers are involved throughout the year in courses, trade fairs and events (Europe, the Middle East, China, Central and South America are the areas where activity is most intense).

⁴⁸ Customer opinions are collected in different ways depending on the party involved and on specific needs, from the product design and development phase to the post-launch phase. These phases are integrated into a system that ensures the active participation of both consumers directly and their legitimate representatives or trusted delegates, ensuring that their point of view guides business decisions transparently.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

The Group has established specific procedures and mechanisms to identify, analyse and remedy any negative impacts that may affect consumers and end-users. The Group has adopted the following procedures for managing and monitoring complaints:

- **Cosmetic Product Complaint Management**, 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 the ISO 9001 standard for all devices intended for the aesthetic channel and ISO 13485 for medical devices. The **Complaint Management and After-Sales Reports Procedure** has also been implemented to define the methods for delivering after-sales support services for equipment sold on the Italian market.

Multiple channels have therefore been set up to enable customers express their concerns and receive assistance: telephone customer service, e-mail support and a dedicated section on the website where complaints can be submitted. In addition, during regular meetings and discussion forums, opportunities for direct dialogue with representatives and trusted delegates are established to share experiences and suggestions.

Any complaints collected through these channels give the Group the opportunity to review and improve, where necessary, its operational processes, procedures, systems, products and services, while also improving the relationship of trust with consumers and end-users. Each complaint is then handled by the branches using a specific form and, in all cases, is subject to an internal verification procedure. At the end of the procedure, appropriate corrective measures are taken and the customer concerned is informed. The corrective and improvement actions identified are monitored with specific performance indicators to verify their effectiveness and ensure timely response, in line with the requirements of the Quality Policy. The results of the actions taken are constantly monitored through audits and performance indicator (KPI) analyses, ensuring that the measures effectively mitigate negative impacts and prevent the recurrence of critical issues.

This approach, integrated into the Integrated Management System, ensures that every intervention is geared towards continuous improvement, in line with the quality and ethical standards set and with applicable international regulations. The Group has also incorporated specific processes into its relationships with counterparties and commercial agreements, to ensure the availability of communication and assistance channels for consumers and end-users. In particular, contracts with distributors, retailers and partners include clauses requiring:

- the adoption of assistance and communication systems that comply with company quality standards and enable consumers to report problems and receive support directly;
- the sharing of guidelines and best practices on transparency and complaint management, as outlined in the Group's Quality Policy and Code of Ethics documents;
- the organisation of training and refresher sessions for partners, aimed at ensuring that communication tools are always efficient and in line with Alfaparf Milano's expectations;



- periodic monitoring through audits and compliance checks to assess the effectiveness of these channels and their ability to gather useful feedback to guide the company’s strategic decisions.

These processes ensure that the Group’s commitment to quality and transparency extends throughout the entire value chain and that every business partner actively contributes to managing impacts on consumers.



TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS

Although the Group did not identify any material negative impacts on consumers or end-users during the reporting period, it has established a structured plan to ensure ongoing dialogue and clear, accessible information for all stakeholders, with a view to managing any such impacts appropriately.

The action plan designed to manage material impacts, risks and opportunities for consumers and end-users is based on an integrated approach that combines operational actions, technological investments and specific training, with implementation timelines defined according to the nature and complexity of each initiative. Some of the main actions⁴⁹ implemented during the reporting year are highlighted below⁵⁰:

- optimisation of feedback channels through the creation of a dedicated section on the corporate website and digital tools that allow consumers to submit complaints and reports directly and transparently. Supported by internal and external audits, these tools have reduced response times and improved the quality of the service offered;
- the implementation of standardised procedures for root cause analysis and identification of triggers for any negative impacts has enabled corrective and preventive action plans to be drawn up involving area managers and dedicated teams, ensuring a rapid and coordinated response in the event of reports of incidents or significant damage through transparent communication with consumers and, where necessary, with the competent authorities;
- continuous monitoring of the effectiveness of the actions taken, through performance indicators (KPIs) and follow-up audits to assess the impact of corrective measures and make further adjustments;
- the development of educational and awareness programmes for both professional users (e.g. hairdressers and partner salons) and end consumers to promote conscious, safe and sustainable use of cosmetic products;
- the launch of specific communication and training campaigns on proper product use and best environmental and social practices that contribute to improving personal well-being and social awareness among users;
- the development and introduction of more sustainable products (e.g. sustainable packaging, reduced environmental impact, safe and certified ingredients) to respond to consumers’ more deeply felt environmental and social needs;
- the launch of partnerships with associations and NGOs for charitable and social initiatives aimed at supporting local communities and vulnerable groups, strengthening the Group’s positive social contribution and consumer confidence.

⁴⁹ For further information on the measures implemented, please refer to the section “Processes for engaging with consumers and end-users about impacts”.

⁵⁰ The actions extend throughout the Group’s value chain and cover various operational and geographical areas. Alfaparf Milano’s facilities and commercial operations are present both nationally and internationally, with activities involving markets in Italy, Europe and other regions globally.



The results achieved through the implementation of these initiatives, such as improved response times, fewer repeated complaints and increased customer satisfaction levels, demonstrate the effectiveness of the measures taken. These actions are an integral part of the Group’s ongoing commitment to ensuring the quality and safety of its products and services, in line with its internal processes and adopted standards.

For the future, the Group has planned further actions, such as:

- the adoption of advanced digital platforms for real-time feedback monitoring and data analysis, which will enable critical issues to be anticipated and handled even more effectively;
- the further expansion of training programmes, involving consumer representatives and stakeholders to ensure that skills are constantly updated.

QUALITY AND SAFETY OF PRODUCTS ON OFFER

For Alfaparf Milano, product quality and safety represent two fundamental pillars of its business and are essential requirements for maintaining and strengthening the Group’s competitiveness and reputation in the market. Safety and compliance with European and international cosmetics regulations are guaranteed for all products developed and marketed under its brand, as well as those manufactured for third-party customers. This is made possible by a solid and skilled company structure, responsible for defining formulation guidelines and implementing rigorous controls throughout the production process. In-depth knowledge of the raw materials used, combined with the support of independent external laboratories, enables us to effectively accompany all stages of product development and evaluation.

Given the Group’s commercial presence outside the European Union, the Parent Company’s Regulatory Office works closely with regional teams to ensure full compliance with regulatory requirements in foreign markets. To guarantee the safety of cosmetics, where required, products undergo skin compatibility patch tests and challenge tests to verify the effectiveness of the preservative agent. A careful assessment of the potential impacts on the health and safety of the end consumer or professional for whom the product is intended is also carried out. Product warnings are drawn up in accordance with the European Cosmetics Regulation and, where applicable, supplemented by national regulations. The instructions for use are written clearly to avoid misinterpretation and ensure safe use of the product.

The Group relies on various professionals specialised in product safety assessment, who ensure high levels of technical expertise and timely intervention to minimise the risk of developing, manufacturing or placing non-compliant products on the market.

Thanks to its structured product development procedure, ongoing review of formulas, claims and graphic content, as well as the tools and safeguards in place, no confirmed cases of sanctions or warnings related to the health or safety of the products and services offered were recorded in 2024. Similarly, there were no incidents of non-compliance in terms of labelling or product information.

PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

The expected results aim to increase consumer satisfaction, achieve greater speed in handling reports, and seek ongoing improvement of business processes in order to achieve the goals and objectives of the Group’s quality and sustainability policies.

TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The Group is committed to ensuring transparency of information regarding the services it offers, in line with its policy and the health and safety of its consumers and end-users.

In order to prevent potential risks and negative impacts, in accordance with the Quality Policy and the Code of Ethics, the Group aims to inform and train its staff on the use of artificial intelligence in customer communications and to further strengthen contact with foreign branches. With regard to potential risks associated with the products offered, the Group aims to enhance information-sharing and direct communication with customers, focusing on the correct use of products and the provision of continuous remote training.

Furthermore, taking into due consideration the interests and views of its stakeholders⁵¹, the Group has defined the following strategic objectives⁵²:

- continuously reducing the number of complaints through the improved quality and safety of products and services;
- reducing average response time to consumer complaints and reports, strengthening the effectiveness of the issue management process;
- increasing overall customer satisfaction levels, measured through specific periodic surveys;
- strengthening transparency in communications by promoting direct access to dedicated assistance and reporting channels.

⁵¹ For further information on the measures implemented, please refer to the section “Processes for engaging with consumers and end-users about impacts”.

⁵² In order to monitor the actual achievement of objectives on an annual basis, the Group uses absolute measurements (e.g. absolute number of complaints, response days) and, in some cases, particularly with regard to customer satisfaction, relative indicators (percentage improvement compared to previous periods).



INFORMATION ON GOVERNANCE

RESPONSIBLE BUSINESS MANAGEMENT

BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

The Corporate Governance system adopted by Alfaparf Milano is a fundamental tool for ensuring effective business management and, in the long term, guaranteeing the creation of value for all stakeholders.

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

To monitor this conduct over time, the Group manages the related impacts and risks, including those relating to corruption, through the adoption and regular updating the Organisation Model pursuant to Italian Legislative Decree 231/2001⁵³ and the Code of Ethics. These documents set out a series of guidelines and principles designed to ensure efficient and ethically responsible business management, while promoting an internal culture based on mutual respect, team spirit and shared responsibility throughout the value chain.

The choice to voluntarily adopt an Organisation and Management Model 231 is part of the company's broader policy of raising awareness of transparent and fair management in compliance with current legislation and the fundamental principles of business ethics in pursuing its corporate purpose. The document is addressed not only to senior management, employees and collaborators, but also to all other stakeholders involved in various capacities, such as customers, shareholders, suppliers and partners⁵⁴. The aim is to encourage behaviour inspired by transparency, proper management, trust and cooperation in the performance of activities carried out in or with the Organisation.

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

With regard to the topic of anti-corruption, a control system is in place to prevent cases of corruption or any other types of relevant offence. This system is based on certain key control principles, such as 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 branch 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 Alfaparf Milano recognises, accepts and shares and the set of responsibilities it assumes internally and externally. 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.

⁵³ Relating to the Italian Beauty & Business branch.

⁵⁴ 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.

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 website⁵⁵.

An internal whistleblowing mechanism is also in place for reporting and subsequently assessing any non-compliant behaviour. This mechanism allows both individuals inside and outside the Group to report alleged violations of EU and national laws, as well as internal regulations and codes. The whistleblowing channel uses IT procedures, both verbal and in writing, through dedicated software that guarantees the confidentiality of the whistleblower's identity and the facts reported (for more details, please refer to the section "Processes to remediate negative impacts and channels for own workers to raise concerns").

In the event of violations, the SB or the Committee established pursuant to Italian Legislative Decree 24/2023 is responsible for taking action and, through the Human Resources Department, proposing corrective measures, including disciplinary sanctions, against the responsible parties, proportionate to the severity of the alleged facts. This system is designed to cover both cases involving employees and those involving external collaborators and business partners. In addition, the conduct policy is subject to periodic updates to reflect any changes in legislation or respond to new challenges and emerging sensitivities, ensuring ongoing alignment with best practices and national and international standards.

Responsibility for implementing policies relating to corporate conduct lies with the Board of Directors, which is tasked with strategic guidance and overall supervision. The Board of Directors, in turn, has granted powers to individual members and executives with the aim of managing day-to-day operations in full compliance with the ethical guidelines. The Board of Directors is also kept up to date through regular quarterly or half-yearly reports⁵⁶.



⁵⁵ For more information, please refer to the Code of Ethics: https://www.alfaparf milano.com/sites/default/files/2022-09/Alfaparf_Milano_Codice_Etico_2022_ITA_Doppie.pdf.

⁵⁶ In serious cases, the SB issues an extraordinary communication, promptly informing the Board of Directors and, if necessary, the Board of Statutory Auditors.

PREVENTION AND DETECTION OF ACTIVE AND PASSIVE CORRUPTION

As previously explained, in order to prevent, identify and manage allegations or cases of active and passive corruption, the Group has adopted a Code of Ethics and an Organisation, Management and Control Model pursuant to Italian Legislative Decree No 231/2001 (for further information, please refer to the section “Business conduct policies and corporate culture”).

The company considers transparency and integrity to be essential values and, for this reason, provides new employees with practical tools to recognise and prevent any situations of risk: starting from when they are hired, the Italian Beauty & Business branch offers new employees a four-hour training course providing them with a clear overview of corporate practices and the core principles that govern work within the company. Among the topics covered, particular focus is placed on explaining the Code of Ethics, with the aim of ensuring that all employees immediately understand the rules of conduct, obligations and prohibitions, including those relating to the fight against corruption.

The course illustrates anti-corruption principles, with practical examples of how to avoid conflicts of interest and unlawful conduct, especially in interactions with suppliers, customers and public administrations. In addition, participants are informed about the whistleblowing system.

Through this structured training, Beauty & Business is committed to creating a working environment based on legality, responsibility and compliance with regulations, providing its employees with the tools to operate ethically and actively contribute to the prevention of corruption.

Some foreign branches also organise training sessions on ethics and integrity in business conduct to prevent any cases of active or passive corruption. Additionally, upon hiring, all new employees and collaborators are guaranteed access to the Group’s Code of Ethics.

INCIDENTS OF CORRUPTION OR BRIBERY

During the reporting period, there were no cases of corruption, either involving incidents for which employees were dismissed or subject to disciplinary measures, or incidents where contracts with business partners were not renewed due to corruption-related violations. Similarly, there are no pending and/or concluded legal proceedings concerning corruption practices against the Organisation or its employees.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Alfaparf Milano directly controls the entire value chain, from research and innovation to the production, marketing and worldwide distribution of its products. It has implemented a management system through which it identifies 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, through its dedicated team, guarantees transparent supply chain control and the efficiency and traceability of the purchasing and order management process. To ensure greater transparency and traceability of the entire purchasing process, the Group changed its world-wide purchasing procedure and, thanks to the long⁵⁷ 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 branch has an in-house purchasing department divided by product category: raw materials, packaging, promotional products. The Corporate Department coordinates the local purchasing departments, although there is also a logic of competition between the different branches.

The centralisation of the procurement department at corporate level has led to the achievement of the correct Total Cost of Ownership (TCO), enabling increasingly effective and efficient monitoring of the purchasing management process, 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 branches and increase the number of qualified suppliers, stimulating continuous improvement and process standardisation.

The main advantages achieved through centralisation and actions undertaken in recent years have been:

- consolidation of spending and aggregation of volumes, resulting in 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 branches (Group power);
- opportunities for synergies among branches;
- Group suppliers oriented to improving and standardising processes and to increasing qualified suppliers.

⁵⁷ Communication portal between the Italian branch 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:

ACTIONS

BUY RIGHT

- Competitive, transparent and traceable offering
- Analysis of TCO, not just price
- Product standardisation

BUY CHEAPER

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

BUY LESS

- Less consumption due to better yield in the production phase
- “Make or buy” (insourcing)
- Lower raw material obsolescence

OPPORTUNITY

BEST PRACTICES

- Identification of best practice among branches
- Sharing and implementation of these standards worldwide
- Considering the peculiarities of individual situations

In December 2023, the French group Eugène Perma, which specialises in hair care products, was acquired by a consortium of three companies: Naturopera, Alfa Parf Group and Superga Beauty. Alfa Parf Group acquired the professional division of Eugène Perma, including brands such as Eugène Perma Professionnel, Carmen, Essentiel, Artist(e) and Collection Nature. This acquisition marked Alfaparf Milano’s direct entry into the French market and further increased its knowledge and collaboration with new suppliers at European level. After two very challenging years for the supply chain, 2024 showed signs of improvement in the purchase of primary packaging. From a logistical point of view, the Suez Canal issues continued to impact import times and costs from Asia in 2024. As regards chemical raw materials, starting in Q3 2024, the entry into force of Regulation (EU) 2023/1115, known as EUDR, put severe strain on the market availability of palm oil-derived raw materials, leading to a sharp rise in prices. Although the European Union proposed a 12-month postponement of the application of the EUDR, extending the deadline to December 2025 for large enterprises and June 2026 for small and medium-sized enterprises, the economic impact was particularly significant and continued into the first quarters of 2025.

146

SUPPLIER SELECTION

Alfaparf Milano 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: a sustainable supply chain allows the organisation to be evaluated as a whole, from the origin of the products to their sale.

In line with the market and economic-environmental requirements, Alfaparf Milano has chosen to adopt a proactive 4 R approach when selecting its suppliers: *Re-think, Re-use, Reduce, 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-energy consumption machinery, technologies compatible with 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 footprint and CO₂ emissions;
- use of raw materials from renewable sources;
- use of packaging with significant percentages of recycled material;
- 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 fail to meet the above requirements; furthermore, in the contract phase, all new suppliers are required to subscribe to the Organisation Model pursuant to Italian Legislative Decree No 231 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 sustainable and, where possible, certified practices.

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

- sending a pre-qualification questionnaire containing a series of ethical and social questions to assess the supplier’s approach to these issues from the very first contact;
- once the answers to the pre-qualification questionnaire have been reviewed, the commercial offer 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.
- for suppliers who have a direct impact on the quality of finished products, inspections are conducted to ensure compliance with company standards⁵⁸;
- continuous monitoring of suppliers based on performance indicators (KPIs), such as compliance with delivery times, percentage of non-conformities found, supplier response time and compliance with quality certifications.

⁵⁸ If a supplier shows critical issues or levels of service below the required standards, the company may decide to place it in the “Qualified with Reservation (QR)” category, providing for further checks and corrective actions.

147



The implementation of a new e-procurement portal is also underway to reach out to and monitor an increasing number of suppliers. The portal will allow 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 feedback required from each business partner such as confirmation on quantities and delivery dates. Requests for quotations (RFQs) will also be sent through the e-procurement platform to suppliers involved in a tender or a purchase analysis⁵⁹.

In order to prevent and mitigate potential risks associated with the management of a global supply chain, in addition to the above, the Group diversifies its suppliers and favours local suppliers where possible, thereby reducing environmental impact and the risk of logistical disruptions.

During 2024, commercial relationships were maintained with 486 suppliers selected according to social criteria (an increase of 28% compared to 2023)⁶⁰.

⁵⁹ In 2024, the e-procurement software Ivalua was implemented (initially in Italy and later also in the various branches), through which the processes related to transparent communication with suppliers, information gathering and service assessment was strengthened.

⁶⁰ The social criteria for selecting suppliers are listed below: respect for human and labour rights (in line with ILO standards; guarantee of regular contracts for employees and social security contributions; provision of personal protective equipment (PPE) and compliance with occupational health and safety regulations (Italian Legislative Decree 81/08); no convictions for corruption or crimes against the Public Administration; implementation of a Code of Ethics, Organisation and Management Model 231 and, where possible, social responsibility certifications such as SA8000.

CREATION AND DISTRIBUTION OF WEALTH⁶¹

Alfaparf Milano 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 in which the Group operates.

CONSOLIDATED INCOME STATEMENT⁶² (Euro/000)

	2023	2024
EBITDA	82,726	106,576
EBITDA%	20%	24%
EBIT	52,433	84,602
EBIT%	14%	19%
Financial charges	2,814	(8,124)
EBT	55,247	76,478
EBT%	14%	17%
Taxes for the year	(19,672)	(21,875)
Profit (loss) for the year	35,022	52,094
Profit (loss) minority interest share	553	2,510
NET INCOME	35,575	54,604
NET INCOME %	9%	12%

REVENUE BY GEOGRAPHIC AREA (Euro/000)

2023				
	Hair	Skin	Other	Total
EMEA and Asia Pacific	136,956	30,074	7,489	174,519
USA	65,394	110	0	65,504
LATAM	146,569	504	0	147,073
Total	348,919	30,688	7,489	387,096
2024				
	Hair	Skin	Other	Total
EMEA and Asia Pacific	180,353	31,143	10,517	222,013
USA	64,021	92	0	64,113
LATAM	159,197	651	0	159,848
Total	403,571	31,886	10,517	445,974

⁶¹ The information provided in this section has been supplemented with indicators required by the GRI Standard that refer to issues not covered by the ESRS.

⁶² The Income Statement has been reclassified according to IAS/IFRS accounting principles.

The economic value generated and subsequently distributed by the Group to its stakeholders provides an understanding of how the Organisation produces wealth and redistributes it among the various parties it interacts with. The data are taken from the Consolidated Income Statement for financial year 2024, restated for the purpose of highlighting the value directly generated and its allocation among internal and external stakeholders.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED
BY ALFA PARF GROUP S.P.A.

(Euro/000)

	2023	2024
Revenues	387,096	445,975
Other financial	5,125	17,907
Financial income	15,111	13,553
Total economic value generated by the Group	407,332	477,435
Operating costs	220,936	248,328
Staff remuneration	92,855	108,797
Remuneration of lenders	9,743	18,553
Remuneration of Public Administration	19,672	21,875
Donations	370	535
Total economic value distributed by the Group	343,577	398,088
Total economic value retained by the Group	63,755	79,347

During 2024, the Group distributed an economic value of €398 million, corresponding to 83% of the total generated value. The distribution of wealth generated represents an important point of convergence between the economic and social dimensions of business activity, offering a concrete insight into how resources are reinvested in the socio-economic system in which the Group operates.

The **economic value generated** includes the Group’s net revenues, i.e. operating revenues and other operating income, net of any credit losses. The **economic value distributed**, on the other hand, is broken down by stakeholder category and includes not only operating costs but also the resources used to remunerate the main stakeholders, including:

- remuneration of **employees** (including direct remuneration, consisting of wages, salaries and severance pay, and indirect remuneration, consisting of social security contributions, for all employees;
- the remuneration of **lenders** (including interest expense and exchange losses);
- remuneration of **investors** (including dividends distributed);
- remuneration of the **Public Administration** (including all taxes paid, current and deferred);
- remuneration to the **Community** (including all donations in cash and in kind, and sponsorship).

The **retained economic value**, calculated as the difference between the value generated and the value distributed, includes amortisation/depreciation of tangible and intangible assets and provisions, representing resources that have been reinvested to support future growth and ensure the Group’s financial strength.

APPENDIX

The ESRS Content Index is provided below, listing the disclosure requirements that the Group has fulfilled in preparing its sustainability statement, based on the results of the materiality assessment.

Disclosure requirements	Page numbers
ESRS 2 - GENERAL INFORMATION	
BP-1 – General basis for preparation of sustainability statements	Page 8
BP-2 – Disclosures in relation to specific circumstances	Page 10
GOV-1 – The role of the administrative, management and supervisory bodies	Page 20
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Page 24
GOV-3 – Integration of sustainability-related performance in incentive schemes	At present, the incentive schemes and remuneration policies in place within the company do not address sustainability issues
GOV-4 – Statement on due diligence	Page 25
GOV-5 – Risk management and internal controls over sustainability reporting	The Group has not currently defined a structured internal controls process relating to sustainability reporting
SBM-1 – Strategy, business model and value chain	Page 27
SBM-2 – Interests and views of stakeholders	Page 36
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Page 40
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	Page 55
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Page 59
MDR-P – Policies adopted to manage material sustainability matters	Please refer to the MDR-Ps disclosed in the Topical Standards below
MDR-A – Actions and resources in relation to material sustainability matters	Please refer to the MDR-As disclosed in the Topical Standards below
MDR-M – Metrics in relation to material sustainability matters	Please refer to the MDR-Ms disclosed in the Topical Standards below
MDR-T – Tracking effectiveness of policies and actions through targets	Please refer to the MDR-Ts disclosed in the Topical Standards below
ESRS E1 – CLIMATE CHANGE	
ESRS GOV-3 – Integration of sustainability-related performance in incentive schemes	Currently, the company's incentive systems and remuneration policies do not address sustainability issues
E1-1 – Transition plan for climate change mitigation	Page 62
ESRS SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Page 40
ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Page 55
E1-2 – Policies related to climate change mitigation and adaptation	Page 63
E1-3 – Actions and resources in relation climate change policies	Page 64
E1-4 – Targets related to climate change mitigation and adaptation	Page 66
E1-5 – Energy consumption and mix	Page 67
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Page 70
ESRS E3 – WATER AND MARINE RESOURCES	
ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Page 55
E3-1 – Policies related to water and marine resources	Page 72
E3-2 – Actions and resources related to water and marine resources	Page 72
E3-3 – Targets related to water and marine resources	Page 74
E3-4 – Water consumption	Page 74

Disclosure requirements	Page numbers
ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY	
ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Page 55
E5-1 – Policies related to resource use and circular economy	Page 76
E5-2 – Actions and resources related to resource use and circular economy	Page 76
E5-3 – Targets related to resource use and circular economy	Page 76
E5-4 – Resource inflows	Page 77 – For this first year, only input ingredients are considered. With regard to packaging, please refer to the entity specific information
E5-5– Resource outflows	Page 80
ESRS ENTITY SPECIFIC – PACKAGING AND RECYCLED MATERIAL	
MDR-P Policies – Policies adopted to manage material sustainability matters	Page 82
MDR-A Actions – Actions and resources in relation to material sustainability matters	Page 83
MDR-T Targets – Tracking effectiveness of policies and actions through targets	Page 86
ESRS ENTITY SPECIFIC – INNOVATION, RESEARCH AND DEVELOPMENT	
MDR-P Policies – Policies adopted to manage material sustainability matters	The Group has not currently defined a specific policy for managing the impacts, risks and opportunities associated with innovation, research and development
MDR-A Actions – Actions and resources in relation to material sustainability matters	Page 92
MDR-T Targets – Tracking effectiveness of policies and actions through targets	The Group has not currently defined a system for monitoring the effectiveness of its actions by defining specific objectives associated with innovation, research and development
ESRS S1 – OWN WORKFORCE	
ESRS 2 SBM-2 – Interests and views of stakeholders	Page 36
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Page 40
S1-1 – Policies related to own workforce	Page 96
S1-2 – Processes for engaging with own workers and workers' representatives about impacts	Page 99
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	Page 100
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Please refer to the initiatives reported under the metrics significant for the Group
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 101
S1-6 – Characteristics of the undertaking's employees	Page 102
S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	Page 104
S1-9 – Diversity metrics	Page 107
S1-10 – Adequate wages	Page 112
S1-13 – Training and skills development metrics	Page 115
S1-14 – Health and safety metrics	Page 118
S1-15 – Work-life balance metrics	Page 110
S1-16 – Compensation metrics (pay gap and total compensation)	Page 112
ESRS S3 – AFFECTED COMMUNITIES	
ESRS 2 SBM-2 – Interests and views of stakeholders	Page 36
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Page 40
S3-1 – Policies related to the affected communities	Page 119
S3-2 – Processes for engaging with affected communities about impacts	Page 120

Disclosure requirements	Page numbers
S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns	Page 120
S3-4 – Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Page 121
S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 127
ESRS S4 – CONSUMERS AND END-USERS	
ESRS 2 SBM-2 – Interests and views of stakeholders	Page 36
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Page 40
S4-1 – Policies related to consumers and end-users	Page 130
S4-2 – Processes for engaging with consumers and end-users about impacts	Page 131
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Page 135
S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Page 137
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 139
ESRS G1 – BUSINESS CONDUCT	
ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies	Page 20
ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	Page 55
G1-1 – Business conduct policies and corporate culture	Page 142
G1-2 – Management of relationships with suppliers	Page 145
G1-3 – Prevention and detection of active and passive corruption	Page 144
G1-4 – Incidents of corruption or bribery	Page 144



Below is the EU Datapoint Table, a table of all information elements derived from other EU legislative acts listed in Appendix B of the ESRS 2 reporting requirement ("General information") of Delegated Regulation (EU) 2023/2772.

ESRS	Disclosure requirements	Description of disclosure requirements	SFDR reference ⁶³	Third pillar reference ⁶⁴	Reference regulation on benchmark indices ⁶⁵	EU climate legislation reference ⁶⁶	Status of disclosure requirements	Page numbers
ESRS 2	GOV-1, 21 (d)	Gender diversity on the Board	Annex I, Table 1, indicator No 13		Commission Delegated Regulation (EU) 2020/1816 ⁶⁷ , Annex II		Reported	Page 20
ESRS 2	GOV-1, 21 (e)	Percentage of independent members on the board of directors			Commission Delegated Regulation (EU) 2020/1816, Annex II		Reported	Page 20
ESRS 2	GOV-4, 30	Statement on due diligence	Annex I, Table 3, indicator No 10				Reported	Page 25
ESRS 2	SBM-1, 40 (d.i)	Involvement in activities related to fossil fuel activities	Annex I, Table 1, indicator No 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ⁶⁸ , Table 1 – Qualitative information on environmental risk and Table 2 – Qualitative information on social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II		Alfaparf Milano does not operate in the fossil fuel sector	NA
ESRS 2	SBM-1, 40 (d.ii)	Involvement in activities related to the production of chemicals	Annex I, Table 2, indicator No 9		Commission Delegated Regulation (EU) 2020/1816, Annex II		Reported	Page 27
ESRS 2	SBM-1, 40 (d.iii)	Participation in activities related to controversial weapons	Annex I, Table 1, indicator No 14		Article 12(1) of delegated regulation (EU) 2020/1818 ⁶⁹ and Annex II of Delegated Regulation (EU) 2020/1816		Alfaparf Milano does not operate in sectors related to controversial weapons	
ESRS 2	SBM-1, 40 (d.iv)	Involvement in activities related to tobacco cultivation and production					Alfaparf Milano does not operate in the tobacco cultivation and production sector	
ESRS E1	E1-1, 14	Transition plan to achieve climate neutrality by 2050				Article 2, paragraph 1, of Regulation (EU) 2021/1119	Not reported	

⁶³ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OJ L 317, 9.12.2019, p. 1).

⁶⁴ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation) (OJ L 176, 27.6.2013, p. 1).

⁶⁵ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

⁶⁶ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulation (EC) No 401/2009 and Regulation (EU) 2018/1999 (European Climate Law) (OJ L 243, 9.7.2021, p. 1).

⁶⁷ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

⁶⁸ Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the technical implementation standards laid down in Implementing Regulation (EU) 2021/637 with regard to disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p. 1).

⁶⁹ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to minimum standards for EU climate transition benchmarks and EU benchmarks aligned with the Paris Agreement (OJ L 406, 3.12.2020, p. 17).

ESRS	Disclosure requirements	Description of disclosure requirements	SFDR reference	Third pillar reference	Reference regulation on benchmark indices	EU climate legislation reference	Status of disclosure requirements	Page numbers
ESRS E1	E1-1, 16 (g)	Companies excluded from benchmarks aligned with the Paris Agreement		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking portfolio – Indicators of potential transition risk related to climate change; Credit quality of exposures by sector, issues and residual maturity	Article 12, paragraph 1, points a d) to g), and paragraph 2, of Delegated Regulation (EU) 2020/1818		Not reported	
ESRS E1	E1-4, 34	GHG emission reduction targets	Annex I, Table 2, indicator No 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking portfolio – Indicators of potential transition risk related to climate change: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818		Not reported	
ESRS E1	E1-5, 38	Energy consumption from fossil fuels broken down by source (only sectors with high climate impact)	Annex I, Table 1, indicator No 5 and Annex I, Table 2, indicator No 5				Reported	Page 67
ESRS E1	E1-5, 37	Energy consumption and mix	Annex I, Table 1, indicator No 5				Reported	Page 67
ESRS E1	E1-5, 40–43	Energy intensity associated with activities in sectors with high climate impact	Annex I, Table 1, indicator No 6				Reported	Page 68
ESRS E1	E1-6, 44	Gross Scopes 1, 2, 3 and total GHG emissions	Annex I, Table 1, indicators Nos 1 and 2	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking portfolio – Indicators of potential transition risk related to climate change; Credit quality of exposures by sector, issues and residual maturity	Article 5(1), Article 6 and Article 8(1) of Delegated Regulation (EU) 2020/1818		Reported	Page 70
ESRS E1	E1-6, 53–55	Intensity of gross GHG emissions	Annex I, Table 1, indicator No 3	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Bank portfolio – Indicators of potential transition risk related to climate change: alignment metrics	Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818		Reported	Page 70
ESRS E1	E1-7, 56	GHG removals and carbon credits				Article 2, paragraph 1, of Regulation (EU) 2021/1119	Not reported	

ESRS	Disclosure requirements	Description of disclosure requirements	SFDR reference	Third pillar reference	Reference regulation on benchmark indices	EU climate legislation reference	Status of disclosure requirements	Page numbers
ESRS E1	E1-9, 66	Exposure of the benchmark portfolio to physical climate risks			Annex II of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Not reported	
ESRS E1	E1-9, 66 (a), 66 (c)	Breakdown of monetary amounts by acute and chronic physical risk Location of significant activities exposed to material physical risk		Article 449a of Regulation (EU) No 575/2013; points 46 and 47 of Commission Implementing Regulation (EU) 2022/2453, template 5: Banking portfolio – Indicators of potential physical risk related to climate change: exposures subject to physical risk			Not reported	
ESRS E1	E1-9, 67 (c)	Breakdown of the carrying amount of its property assets by energy efficiency class		Article 449a of Regulation (EU) No 575/2013; point 34 of the Commission Implementing Regulation (EU) 2022/2453, Template 2: Banking book – Indicators of potential transition risk related to climate change: loans secured by real estate – Energy efficiency of collateral			Not reported	
ESRS E1	E1-9, 69	Degree of exposure of the portfolio to climate-related opportunities			Annex II of Delegated Regulation (EU) 2020/1818		Not reported	
ESRS E2	E2-4, 28	Quantity of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted into the air, water and soil	Annex I, Table 1, indicator No 8; Annex I, Table 2, indicator No 2; Annex 1, Table 2, indicator No 1; Annex I, Table 2, indicator No 3				Not reported	
ESRS E3	E3-1, 9	Water and marine resources	Annex I, Table 2, indicator No 7				Reported	Page 72
ESRS E3	E3-1, 13	Dedicated policy	Annex I, Table 2, indicator No 8				Reported	Page 72
ESRS E3	E3-1, 14	Ocean and sea sustainability	Annex I, Table 2, indicator No 12				Reported	Page 72
ESRS E3	E3-4, 28 (c)	Total water recycled and reused	Annex I, Table 2, indicator No 6.2				Reported	Page 74
ESRS E3	E3-4, 29	Total water consumption in m ³ compared to net revenue from own operations	Annex I, Table 2, indicator No 6.1				Reported	Page 74
ESRS 2	SBM-3 – E4, 16 (a.i)		Annex I, Table 1, indicator No 7				Not reported	
ESRS 2	SBM-3 – E4, 16 (b)		Annex I, Table 2, indicator No 10				Not reported	
ESRS 2	SBM-3 – E4, 16 (c)		Annex I, Table 2, indicator No 14				Not reported	

ESRS	Disclosure requirements	Description of disclosure requirements	SFDR reference	Third pillar reference	Reference regulation on benchmark indices	EU climate legislation reference	Status of disclosure requirements	Page numbers
ESRS E4	E4-2, 24 (b)	Sustainable agricultural/land use policies or practices	Annex I, Table 2, indicator No 11				Not reported	
ESRS E4	E4-2, 24 (c)	Sustainable sea/ocean use practices or policies	Annex I, Table 2, indicator No 12				Not reported	
ESRS E4	E4-2, 24 (d)	Policies aimed at tackling deforestation	Annex I, Table 2, indicator No 15				Not reported	
ESRS E5	E5-5, 37 (d)	Non-recycled waste	Annex I, Table 2, indicator No 13				Reported	Page 81
ESRS E5	E5-5, 39	Hazardous waste and radioactive waste	Annex I, Table 1, indicator No 9				Reported	Page 81
ESRS 2	SBM3 – S1, 14 (f)	Risk of forced labour	Annex I, Table 3, indicator No 13				No operations involving a serious risk of forced labour or compulsory labour were identified	
ESRS 2	SBM3 – S1, 14 (g)	Risk of child labour	Annex I, Table 3, indicator No 12				No operations involving a serious risk of child labour were identified	
ESRS S1	S1-1, 20	Political commitments on human rights	Annex I, Table 3, indicator No 9 and Annex I, Table 1, indicator No 11				Reported	Page 96
ESRS S1	S1-1, 21	Policies on due diligence regarding the issues covered by core conventions 1 to 8 of the International Labour Organisation			Commission Delegated Regulation (EU) 2020/1816, Annex II		Reported	Page 96
ESRS S1	S1-1, 22	Procedures and measures to prevent human trafficking	Annex I, Table 3, indicator No 11				Reported	Page 97
ESRS S1	S1-1, 23	Prevention policy or management system for work-related injuries	Annex I, Table 3, indicator No 1				Reported	Page 117
ESRS S1	S1-3, 32 (c)	Mechanisms for handling complaints/reports	Annex I, Table 3, indicator No 5				Reported	Page 100
ESRS S1	S1-14, 88 (b), (c)	Number of deaths and number and rate of work-related injuries	Annex I, Table 3, indicator No 2		Commission Delegated Regulation (EU) 2020/1816, Annex II		Reported	Page 118
ESRS S1	S1-14, 88 (e)	Number of days lost due to injuries, accidents, fatal accidents or illness	Annex I, Table 3, indicator No 3				Reported	Page 118
ESRS S1	S1-16, 97 (a)	Uncorrected gender pay gap	Annex I, Table 1, indicator No 12		Commission Delegated Regulation (EU) 2020/1816, Annex II		Reported	Page 113
ESRS S1	S1-16, 97 (b)	Excessive pay gap in favour of the chief executive officer	Annex I, Table 3, indicator No 8				Reported	Page 113
ESRS S1	S1-17, 103 (a)	Incidents related to discrimination	Annex I, Table 3, indicator No 7				Not reported	

ESRS	Disclosure requirements	Description of disclosure requirements	SFDR reference	Third pillar reference	Reference regulation on benchmark indices	EU climate legislation reference	Status of disclosure requirements	Page numbers
ESRS S1	S1-17, 104 (a)	Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines	Annex I, Table 1, indicator No 10 and Annex I, Table 3, indicator No 14		Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Not reported	
ESRS 2	SBM-3 – S2, 11 (b)	Serious risk of child labour or forced labour in the value chain	Annex I, Table 3, indicators Nos 12 and 13				There are no geographical areas where there is a significant risk of child labour, forced or compulsory labour among workers in the company's value chain	
ESRS S2	S2-1, 17	Political commitments on human rights	Annex I, Table 3, indicator No 9 and Annex I, Table 1, indicator No 11				Not reported	
ESRS S2	S2-1, 18	Policies related to workers in the value chain	Annex I, Table 3, indicator Nos 11 and 4				Not reported	
ESRS S2	S2-1, 19	Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines	Annex I, Table 1, indicator No 10		Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Not reported	
ESRS S2	S2-1, 19	Policies on due diligence regarding the issues covered by core conventions 1 to 8 of the International Labour Organisation			Commission Delegated Regulation (EU) 2020/1816, Annex II		Not reported	
ESRS S2	S2-4, 36	Human rights issues and incidents in its upstream and downstream value chain	Annex I, Table 3, indicator No 14				Not reported	
ESRS S3	S3-1, 16	Political commitments on human rights	Annex I, Table 3, indicator No 9 and Annex I, Table 1, indicator No 11				Reported	Page 113
ESRS S3	S3-1, 17	Failure to comply with the UN Guiding Principles on Business and Human Rights, ILO principles or the OECD Guidelines	Annex I, Table 1, indicator No 10		Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Reported	Page 113
ESRS S3	S3-4, 36	Human rights issues and incidents	Annex I, Table 3, indicator No 14				Reported	Page 121
ESRS S4	S4-1, 16	Policies related to consumers and end-users	Annex I, Table 3, indicator No 9 and Annex I, Table 1, indicator No 11				Reported	Page 130
ESRS S4	S4-1, 17	Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines	Annex I, Table 1, indicator No 10		Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Reported	Page 130
ESRS S4	S4-4, 35	Human rights issues and incidents	Annex I, Table 3, indicator No 14				No human rights problems or incidents were identified	

ESRS	Disclosure requirements	Description of disclosure requirements	SFDR reference	Third pillar reference	Reference regulation on benchmark indices	EU climate legislation reference	Status of disclosure requirements	Page numbers
ESRS G1	G1-1, 10 (b)	UN Convention against Corruption	Annex I, Table 3, indicator No 15				Reported	Page 142
ESRS G1	G1-1, 10 (d)	Protection of whistleblowers	Annex I, Table 3, indicator No 6				Reported	Page 142
ESRS G1	G1-4, 24 (a)	Fines imposed for violations of laws against active and passive corruption	Annex I, Table 3, indicator No 17		Annex II of Delegated Regulation (EU) 2020/1816		Reported	Page 144
ESRS G1	G1-4, 24 (b)	Rules for combating active and passive corruption	Annex I, Table 3, indicator No 16				Reported	Page 144



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