

# NIFES

2023

CONSOLIDATED  
NON-FINANCIAL STATEMENT

PURSUANT TO LEGISLATIVE DECREE No. 254/2016

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01

# INTRODUCTION

# INTRODUCTION

**Directive 2014/95/EU** of the European Parliament and of the Council entered into force on December 6, 2014 (hereinafter the “Directive”). The Directive **obliges specific organizations (identified by size and relevance) to disclose non-financial information and information on diversity policies**; these organizations include public interest entities such as banks, insurance companies, and listed companies – including the Intercos Group. The Directive demonstrates the EU legislator’s desire to contribute to the **transition to a sustainable global economy** that combines long-term profitability with social justice and environmental protection by attributing value to companies that implement transparent management policies geared towards improving both their financial and non-financial performance.

The Directive was introduced into Italian law by **Legislative Decree No. 254** of December 30, 2016 (hereinafter the “Decree”), which requires **public interest entities**, such as the Intercos Group, and large entities, to publish a **Consolidated Non-Financial Statement (NFS)**. To the extent necessary to guarantee readers an adequate understanding of the Company’s business operations, performance, results, and impact, information on environmental, social and personnel topics, respect for human rights, and the fight against active and passive corruption must be examined in this document. Specifically, the Decree requires companies to describe the main risks generated and/or incurred, the policies applied, the performance indicators, and the Company’s management and organizational model (Article 3, Paragraph 1).

As the Intercos Group is now **listed on the Euronext Milan** segment of the Italian Stock Exchange, it falls within the scope of companies subject to the obligation to publish an NFS pursuant to the aforementioned Decree for the 2023 reporting year. This NFS has been drafted to **analyze the non-financial performance** of the Intercos Group in 2023 and to compare its performance with previous years, where possible.

## HOW TO INTERPRET THE 2023 NFS

In compliance with the requirements of the Decree, this NFS includes a qualitative and quantitative description of the Company’s non-financial performance in the **five areas covered by the Decree**, which are examined in detail in this NFS in the following chapters:

- Combating active and passive corruption: “We live our Values” chapter;
- Personnel management: “We care for People” chapter;
- Human rights: chapters “We care for people” and “We believe in sustainable beauty – Along the value chain”;
- Environment: chapters “We believe in sustainable beauty - From product design” and “We believe in sustainable beauty - To process efficiency”;
- Social: chapters “We care for people” and “We believe in sustainable beauty – Along the value chain”.

02

# CHAIRPERSON'S LETTER

# CHAIRPERSON'S LETTER TO THE STAKEHOLDERS OF THE INTERCOS GROUP



**Dario Gianandrea Ferrari**

Founder and Chairperson of the Intercos Group



**Dear readers,**

*I am pleased to present to you the Non-Financial Declaration (NFD) of the Intercos Group for the year 2023.*

*This letter marks an annual event to introduce a document of great value, reflecting the Company's ongoing commitment to creating shared value with our stakeholders.*

*Despite 2023 being a year of ongoing evolution, characterized by uncertain balances caused by wars, natural disasters, and unpredictable events, the Group has shown great resilience, continuing to create value in both the short and long-term. Intercos remains a reference point in the Cosmetic Industry sector thanks to its ability to innovate daily through its products, meticulously researched raw materials, and careful internal processes.*

*Today more than ever, sustainability - in its various facets - is a key distinguishing element for the long-term growth of the Group and its stakeholders.*

*We have launched the DEI program: Diversity, Equity & Inclusion, involving people from various functions and countries within the Group. I am proud of this initiative, which demonstrates our people's interest in building a fairer and more inclusive world. We believe in the richness of diversity.*

*Furthermore, 2023 was the second year in which we calculated the GHG Scope 3 emissions inventory, enabling us to understand the indirect impacts of our business on the climate. This will allow us to set consistent mitigation targets and actions for our carbon footprint. Intercos is a leading Group in its sector, and we want to actively engage in contributing to the fight against climate change.*

*2024 will bring great challenges. We will work on several tracks, including: updating the Group's Sustainability Plan, which currently includes objectives to 2025; engaging the value chain in the fight against climate change, with the setting of "Science-Based" reduction targets; creating the first Integrated Report that meets the requirements of the new CSRD, by incorporating non-financial reporting within the Consolidated Financial Statement.*

*With the commitment of everybody, as always demonstrated, the Group will be able to meet all the challenges that the future offers, while continuing to create long-term shared value for all stakeholders.*



03

# ESG HIGHLIGHTS

# ESG HIGHLIGHTS

## ENVIRONMENTAL

TOPIC	2023 RESULTS	FUTURE ACTIVITIES
<p><b>Combating climate change</b></p>	<ul style="list-style-type: none"> <li>• Scope 1 emissions: <b>8,065 tCO<sub>2</sub>eq</b></li> <li>• Scope 2 emissions (market-based): <b>13,279 tCO<sub>2</sub>eq</b></li> <li>• Emissions - Scope 1 + 2 (market-based): <b>21,344 tCO<sub>2</sub>eq</b> - 18% on 2021</li> <li>• Scope 3 emissions: <b>201,745 tCO<sub>2</sub>eq</b></li> <li>• <b>45,067 MWh</b> of electricity purchased from the grid, of which <b>75%</b> from renewable sources</li> <li>• <b>71%</b> of production sites has installed a photovoltaic system</li> <li>• <b>50%</b> of production sites with an ISO 14001-certified Environmental Management System</li> <li>• <b>100%</b> of production sites subject to specific energy audits</li> <li>• CRB <b>carbon neutral</b> (Scope 1 + 2 market-based) from 2022</li> </ul>	<p>Implementation of energy efficiency projects</p> <p>Further increase in the share of grid-purchased electricity from renewable sources</p> <p>Further increase in self-generation of electricity from renewable sources</p> <p>Mapping and monitoring of Scope 3 emissions in line with GHG Protocol Standard</p> <p>Setting greenhouse gas emissions reduction targets, with a commitment to Science Based Targets.</p>
<p><b>Waste management</b></p>	<p><b>13,971 tons</b> of waste generated, of which:</p> <ul style="list-style-type: none"> <li>• <b>86%</b> non-hazardous</li> <li>• <b>65%</b> not directed to disposal (recycling, reuse, etc.)</li> <li>• Waste sent to landfill <b>near to 0</b></li> </ul>	<p><b>Sending zero waste to landfill</b></p> <p>Increase in the percentage of waste directed to disposal by encouraging more sustainable disposal methodologies such as recycling and recovery (including energy recovery)</p>
<p><b>Water resource management</b></p>	<p><b>415,785 m<sup>3</sup></b> of water withdrawn</p> <p>- <b>9%</b> on 2022</p>	<p>Introduction of water consumption awareness initiatives</p> <p>Mapping of water consumption and identification of opportunities for improved efficiency</p>

<p><b>Consumption of natural resources</b></p>	<p><b>14,644 tons</b> of raw materials purchased</p> <ul style="list-style-type: none"> <li>• Of which <b>57%</b> natural raw materials</li> <li>• Of which <b>44%</b> renewable (of plant origin)</li> </ul>	<p><b>Increase in percentage of natural raw materials used</b></p>
<p><b>Biodiversity</b></p>	<p><b>88%</b> of volumes of palm oil and derivatives purchased from suppliers certified by the Roundtable on Sustainable Palm Oil (RSPO)<sup>1</sup></p>	<p><b>Further increase in the percentage of purchases of RSPO-certified palm oil and derivatives</b></p>

**SOCIAL**

TOPIC	2023 RESULTS	FUTURE ACTIVITIES
<p><b>Collaborators</b></p>	<p>~ <b>5,500</b> collaborators across the world</p> <ul style="list-style-type: none"> <li><b>4,087</b> employees</li> <li><b>+9%</b> on 2022</li> <li><b>63%</b> female employees</li> <li><b>96%</b> permanent employees</li> <li><b>99%</b> full-time employees</li> </ul> <p>Launch of the <b>Diversity, Equity &amp; Inclusion (DEI) Program</b> with a defined governance structure and an agenda full of initiatives</p>	<p><b>Introduction of specific processes and plans to retain and attract top talent</b></p> <p><b>Continuous enhancement of diversity within the Group, through the implemented DEI Program.</b></p>
<p><b>Respect for human rights</b></p>	<p><b>2,032.5</b> hours of training on human right issues</p> <p><b>100%</b> of Indian mica purchased from suppliers who are members of the Responsible Mica Initiative (RMI)</p> <p>Progressive increase in new suppliers undergoing human rights compliance assessment (<b>82%</b>)</p> <p><b>62.5%</b> of production sites with ethical-social certification according to at least one dedicated international standard (SMETA, SA8000)</p>	<p><b>Expansion of the supplier qualification process to include all Group companies</b></p> <p><b>Increase in the number of production sites certified to an international ethical-social standard</b></p>
<p><b>Development of human capital</b></p>	<p><b>91,776</b> hours of training provided</p> <p><b>22.5 hours</b> of training per employee on average</p> <p>Provision of diversified training and development opportunities through the <b>Intercos Academy</b></p> <p><b>62%</b> of employees subject to performance evaluation</p> <p>Introduction of new <b>performance management system</b> common to all Group Companies</p>	<p><b>Continued investment in employee training</b></p>

<sup>1</sup> Intercos do Brasil e Intercos India are excluded from the reporting scope of this data.

<p><b>Customer health and safety</b></p>	<p><b>No reports</b> of serious undesirable effects received</p> <p><b>No incidents</b> of non-compliance in the communication of information and labeling of products</p> <p><b>81%</b> of production sites certified to the ISO 22716 standard</p> <p><b>75%</b> of Group production sites subject to ISO 9001 certification</p>	<p><b>Continued oversight of consumer health and safety</b></p>
<p><b>Worker health and safety</b></p>	<p>Work-related injury rate <b>1.72</b></p> <p>Serious injury rate <b>0</b></p> <p><b>15,023.5</b> hours of training on health and safety issues</p> <p><b>50%</b> of Group production sites certified to the ISO 45001 standard</p>	<p><b>Constant commitment to preventing injuries by modifying behavior</b></p> <p><b>Continued oversight of worker health and safety</b></p>
<p><b>Local socioeconomic impact</b></p>	<p><b>97</b> people joining the company through solidarity recruiting projects</p> <p><b>Living wage</b> mapping project</p>	<p><b>Mapping diversity and monitoring representation for each of them to strengthen existing solidarity recruiting projects and implement new ones where necessary</b></p> <p><b>Action plan to ensure a living wage for all employees, beyond the legal minimum living wage that the company already ensures in every country in which it operates</b></p>

**GOVERNANCE**

TOPIC	2023 RESULTS	FUTURE ACTIVITIES
<p><b>Business ethics</b></p>	<p><b>94%</b> of Group companies with production sites audited for compliance at least twice a year</p> <p><b>880</b> 231 Model training hours</p> <p><b>No instances</b> of corruption</p>	<p><b>Continuous oversight of legislative compliance and anticorruption issues, based on the provisions of the company's Ethics Code, Code of Conduct and 231 Model</b></p>
<p><b>Sustainability in governance</b></p>	<p><b>Internal committees</b> – Appointments and Remuneration Committee, Control and Risks Committee, Related Party Transactions Committee - composed of <b>independent Directors in the majority</b></p> <p><b>36%</b> female members of the Board of Directors</p> <p><b>Target of the 2023-2025 share-based incentive plan</b> for management related to the reduction of Scope 1 and 2 greenhouse gas emissions</p>	<p><b>Maintaining the targets related to the reduction of Scope 1 and 2 greenhouse gas emissions, within the share-based incentive plan</b></p> <p><b>Updating the Group's Sustainability Plan, after 2025</b></p>

04

THE GROUP  
TODAY

# THE GROUP TODAY

The Intecos Group (hereinafter also “the Group” or “the Company”) was founded in **1972**, product of the passion and ambition of its founder, **Dario Ferrari**. Today, it is one of the leading business-to-business operators internationally in the creation, production and marketing of cosmetics (**Makeup**) and **Skincare** products, in addition to hair and body care products (**Hair & Body**), for leading domestic and international brands, emerging brands and retailers serving the cosmetics market and the wider beauty sector.

For **over 50 years**, therefore, Intecos has interpreted **beauty**, creating cosmetic products and becoming a **trend setter** which predicts, anticipates and influences new cosmetic trends, meeting the demands of a range of customers with products for all price ranges.

## MISSION & VISION

The Group’s **mission** is broken down as follows:

01

**LASTING PARTNERSHIPS WITH THE MOST RELEVANT & ICONIC COSMETIC BRANDS**

03

**UNRIVALLED TECHNICAL EXPERTISE PROVIDE 360° UNMATCHED INNOVATION**

**TO AFFIRM OUR LEADERSHIP THROUGH A CONTINUOUSLY EVOLVING GLOBAL STRATEGY THAT ANTICIPATES MARKET CHANGES WITH AGILITY.**

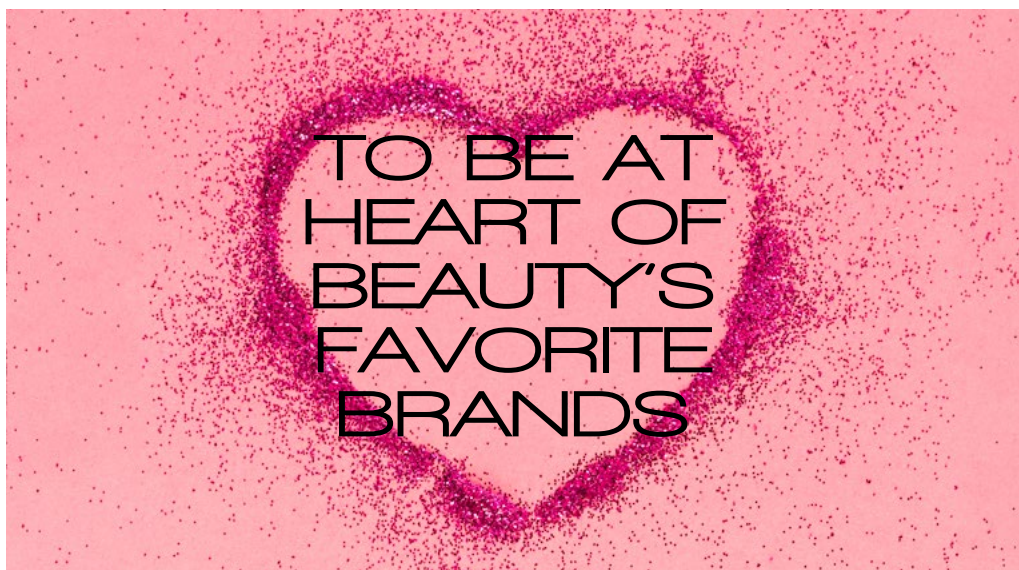
02

**PROFITABLE INNOVATION ENSURE THE BEST PROFITABILITY TO CLIENTS**

04

**MANAGE COMPLEXITY SIMPLIFY THE CLIENT EXPERIENCE**

Thanks to our ongoing pursuit of innovation when selecting and processing raw materials, creating product formulas, and developing new technologies and packaging, Intercos is able to reinvent itself time and time again, and to design and sell innovative products, thus cementing its role as a **strategic partner** and **full outsourcer**. Therefore, the vision of Intercos is:



Intercos owes its success to its unique strengths, such as:

### **Excellent technical knowledge and the ability to innovate**

Research and innovation activities are key to Intercos' business model and represent an area in which the Group invests significant resources. In fact, it is thanks to dedicated R&D activities that the Group is able to improve and expand its product portfolio, while rendering the entire production process more efficient.

### **An efficient and well-designed global production platform**

Intercos has a global production platform that manages production effectively by responding to peaks in demand and exploiting economies of scale while also consolidating the Group's presence in emerging markets. The Company's geographical proximity to its customers allows it to anticipate their needs quickly and easily.

### **Ability to anticipate consumer trends and demand**

Intercos is a strategic partner for its customers, able to oversee the entire value chain, from trend scouting, researching and selecting suppliers, to producing and marketing its own products.

The Group's tireless pursuit of innovation, combined with its extensive knowledge of the market, means it can adapt to meet consumer needs as they develop, thus anticipating trends and actively influencing them.

Intercos also owns the intellectual property for most of its formulas and for several manufacturing processes that customers and competitors find difficult to replicate. These factors have allowed Intercos to win the loyalty of its customers and consolidate business partnerships - some of which have lasted twenty years - with leading players in the cosmetics industry.

## THE COSMETICS SECTOR AND THE ROLE PLAYED BY INTERCOS

The **beauty sector** in which Intercos operates comprises: makeup and color cosmetics, skin care, and hair and body products.

**Makeup products** have a **short life cycle** as they are highly innovative and are closely linked to the fashion world.

Intercos' makeup products include:

- **powders**, including dry powders for the face (powder foundations, powders, blushes, bronzers, and highlighters) and eyes (eye shadows), and wet powders, including baked powders, i.e. powders set in an oven in special earthenware dishes, gel powders, i.e. powders that are soft to the touch thanks to a "prisma shine" gel component patented by the Intercos Group, and back injections, i.e. free-flowing powders injected into the bottom of products and dried via an automated production cycle to facilitate the production of multi-color pallets;
- **foundations and face products** such as lotions and gels in the form of sticks, liquids, set products, and pencils (chubby sticks), e.g. foundations, concealers, highlighters, bronzers, blushes, and primers. Belonging to this category are creams that fall somewhere between make-up and skin care products, so-called BB creams (beauty balms), CC creams (color correctors) and DD creams (daily defense or anti-smog creams);
- **lip products**, namely primers, lipsticks, lip glosses, pencils, and other lip products used for cosmetic purposes or for their beneficial properties, such as hydrating or antioxidant effects;
- **delivery systems** such as pencils (wood or plastic, automatic or mechanical) for eyes and eyebrows, pencil and liquid eyeliners and mascaras, for which packaging systems are essential to product application and performance, and therefore the need for innovation lies not only in the formula but the design and engineering of the packaging itself;
- **nail products** such as colored nail polishes (lacquered, matte, pearlescent, or glitter), clear nail polishes, nail care products (strengthening or smoothing, with active ingredients, or cuticle products, etc.) and finally, nail polish removers.

In the **skin care segment**, products are mainly divided into:

- **lotions**, i.e. oil/water emulsions that are water dispersible, easy to apply, or absorb rapidly, such as protective day creams, moisturizers, emollients, cleansing creams and milks, hair removal creams, and sunscreen products; water-repellent water/oil emulsions that form a lipid layer on the skin, such as night and anti-wrinkle creams, nourishing creams, cream masks, foundations, and creams for children;
- **oils**, which are waterless products that contain active antioxidant ingredients and fragrances in a carrier oil such as baby oils, sunscreen oils, massage oils, and treatment oils;
- **aqueous fluids**: tonics, i.e. micellar waters, spray deodorants, and hair sprays;
- **gels**: aqueous (serums, masks, hair sprays), waterless (for sun protection), and primarily foaming products, i.e. skin care products with a cleansing or foaming action.

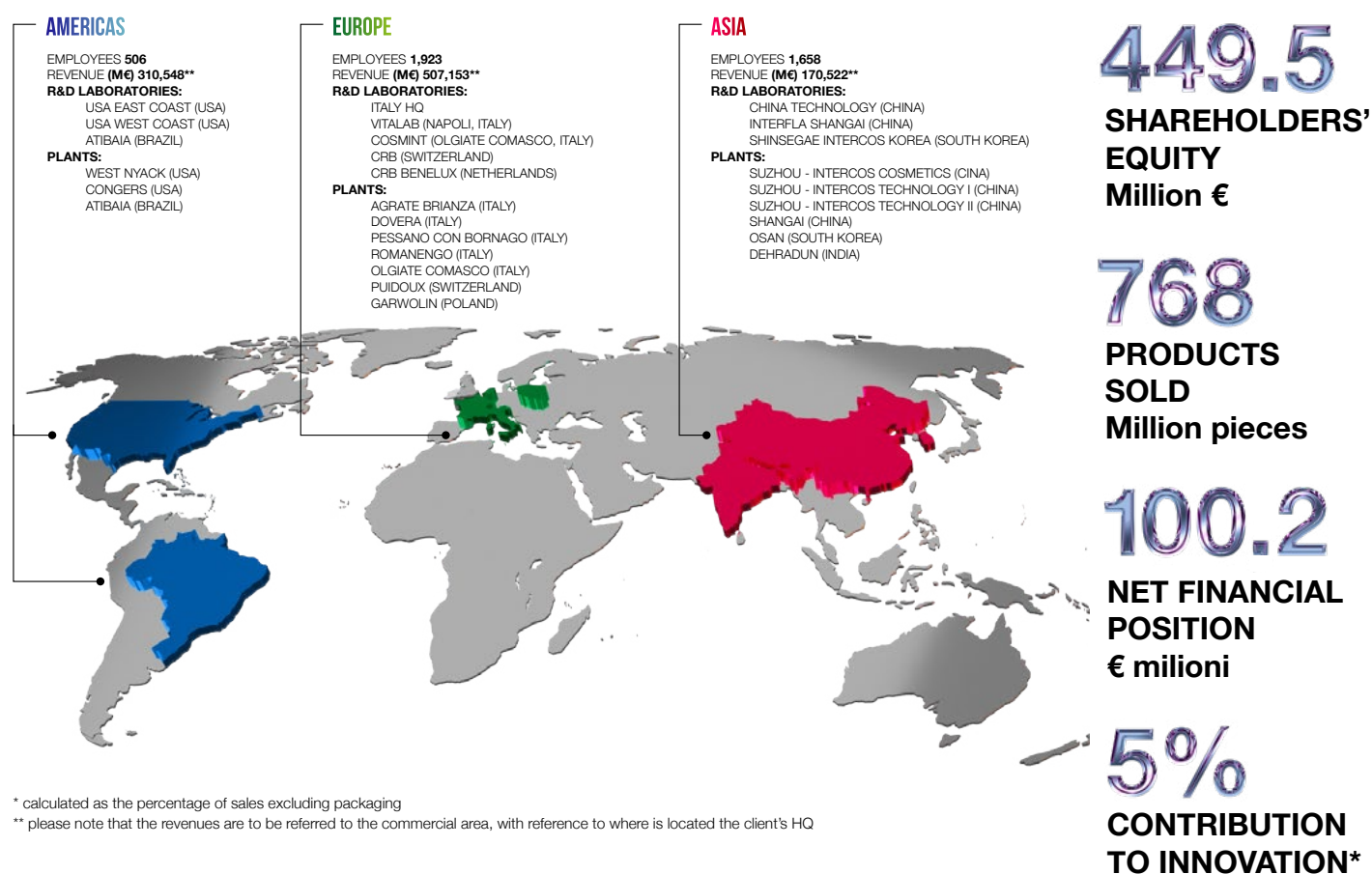
Finally, the **hair and body segment** includes shampoos, gels, bubble baths, body lotions, face and hand creams, aftershave, toothpastes, bar soaps, and perfumes.

## INTERCOS AROUND THE WORLD

The Group owes its success to its ability, on the one hand, to innovate all phases of its production processes, from researching and trialing raw materials to formulating and developing finished products, conducting compatibility and market studies, designing and manufacturing packaging, engineering and producing products on a global scale, and, on the other hand, to directly monitor **geographical areas with the greatest potential for growth**.

At December 31, 2023, the Intercos Group operates in **Europe, North and South America and Asia**, with **16** production facilities in Italy, Switzerland, Poland, China, India, the United States, Brazil and South Korea, and 11 research and development centers and various sales offices worldwide (Figure A).

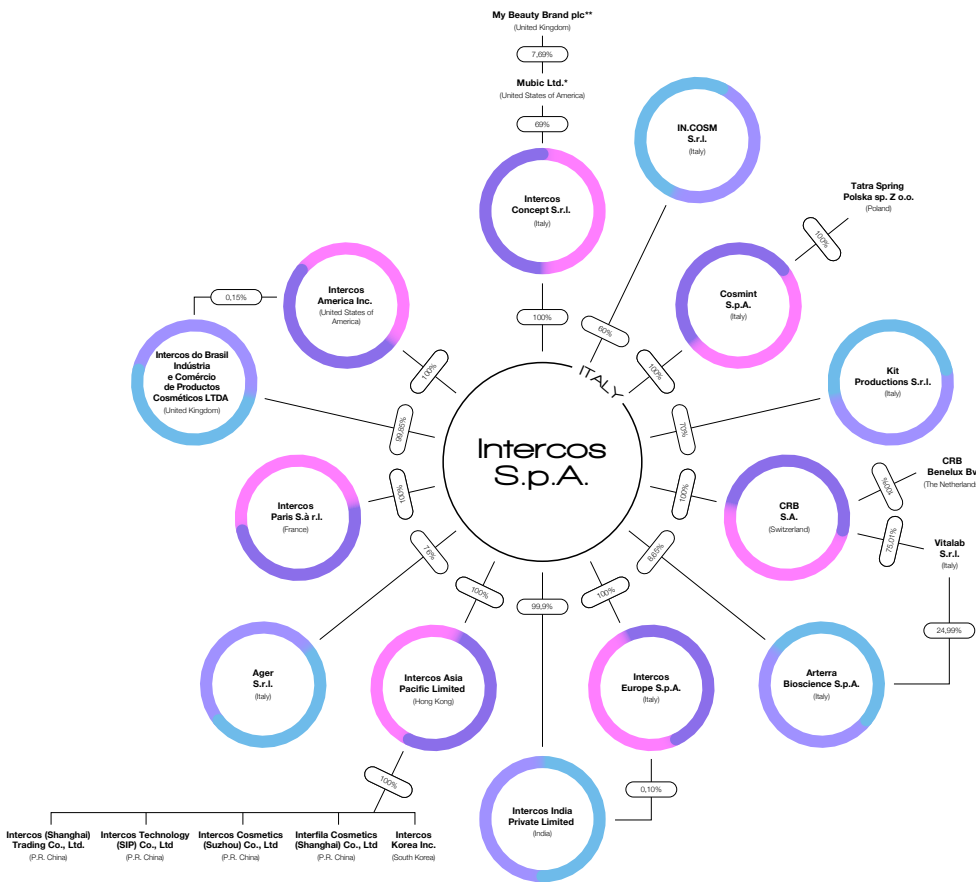
Figura A: Intercos Group's worldwide presence as of December 31st, 2023



At the organizational level, the Intercos Group comprises **23 companies**, directly or indirectly controlled by the parent company Intercos S.p.A., 21 of these companies are fully consolidated and two companies are held through minority interests (Figure B).

For reporting purposes, the consolidation scope of the non-financial statement coincides with that of the financial statement.

Figura B: Organizational structure of Intercos Group as of December 31st, 2023



(\*) On December 28, 2022, the “Certificate of Dissolution” of MUBIC Ltd was filed in the State of Delaware (the company’s incorporation state). The company was therefore formally cancelled in the State of Delaware from that date. The same procedure must also be carried out in the State of New York, in which the company operated. The necessary documents were filed and the Certificate of Dissolution shall be formally issued following the filing and approval of Mubic Ltd’s tax return. The company is however inactive and not authorized to engage in business transactions.

(\*\*) My Beauty Brand plc was in liquidation as of August 31, 2022

With regard to the composition of the workforce, at the end of 2023, the Intercos Group employed **4,087 people** (See Table 15 in the Appendix), which is a slight increase on 2022 (approx. **9%**).

We note a prevalent share of women, approximately **63%** of the total (Figure 1), mainly in **Brazil (73%)**, in the rest of Europe and in China<sup>2</sup> (69%).

All Group employees are covered by **collective bargaining agreements**, with the exception of CRB, Intercos America and Intercos India, where individual bargaining applies.

Almost all employees have permanent (**96%**) and full-time contracts (approx. **99%**) (Figure 2), while there are no employees on zero-hour contracts. See Tables 16 and 17 in the Appendix for further details.

In addition, during the year, the company employed on average around **1,445** temporary workers, interns and external consultants, fewer than in 2022 (1,630, -11%) and 2021 (1,863, -22%).

Figura 1: Percentage of employees by gender and percentage of women by region

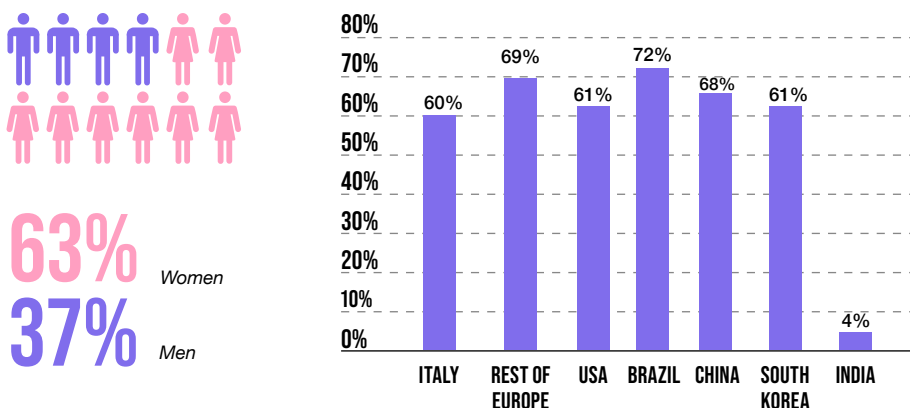
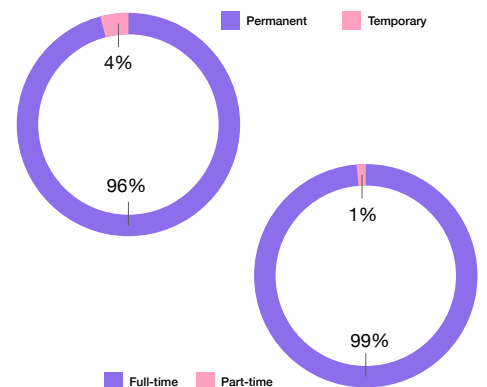


Figura 2: Percentage of employees, by type of contract



<sup>2</sup> The Group’s Chinese companies also include Intercos Asia Pacific Limited, which is located in Hong Kong.

## CORPORATE GOVERNANCE

Intercos S.p.A. is a company whose shares have been traded since November 2, 2021 on the **Euronext - Milan Italian Stock Exchange**.

From the trading commencement date, Intercos S.p.A. has implemented the corporate governance structure outlined in the “*Corporate Governance and Ownership Structure Report*” (“**Corporate Governance Report**”) prepared with reference to the “Format for the corporate governance and ownership structure report” issued by Borsa Italiana in January 2022.

Intercos adopts, as a reference model for its corporate governance, the provisions of the Corporate Governance Code for Listed Companies approved in January 2020 by the Corporate Governance Committee (“**Corporate Governance Code**”).

The 2023 Corporate Governance Report is available on the Company’s website at [www.intercos-investor.com](http://www.intercos-investor.com), in the “Governance” section.

The **corporate bodies** constituting the governance system of Intercos S.p.A. (the “**Company**”) are the Board of Directors, the Board of Statutory Auditors and the Shareholders’ Meeting.

For completeness, we also note that the Company’s Board of Directors appointed three internal committees:

- three internal committees, including **Appointments and Remuneration Committee**, the **Control and Risks Committee**, and the **Related Party Transactions Committee**. These committees possess investigative, propositional, and advisory functions, in support of the Board of Directors;
- the **Supervisory Board** supervises and controls the observance, effectiveness, implementation and updating, where necessary, of the Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001; and
- the Internal Audit Manager, appointed to verify if the Internal Control and Risk Management System is functional and adequate;

The **Board of Directors** is granted the broadest range of powers for the management of the Company and defines the Group’s strategic objectives and guidelines, undertaking all actions considered beneficial to achieve the corporate scope, excluding only those reserved by law to the Shareholders’ Meeting.

On July 20, 2021, the Ordinary Shareholders’ Meeting of Intercos set as 11 the number of members of the Board of Directors that would take office as of the Trading Commencement Date and appointed the members of the Board of Directors shown in Table 11 in the Appendix. Therefore, at the end of the reporting period, the Board of Directors was made up of 11 Directors, **7 men** and **4 women**.

The Executive Chairperson of the Board of Directors is Dario Gianandrea Ferrari, Company founder. In addition to the Executive Chairperson, the members of the Board of Directors include:

- Chief Executive Officer Renato Semerari;
- two Executive Directors, Ludovica Arabella Ferrari and Gianandrea Ferrari;
- seven Non-Executive Directors, including three Independent Directors pursuant to Legislative Decree No. 58 of February 24, 1998 (CFA) and the Corporate Governance Code.

Directors shall hold office for 3 financial years, unless a different, shorter period is established by the Shareholders’ Meeting at the time of their appointment, and may be re-elected. The Directors’ mandates expire on the date of the Shareholders’ Meeting called to approve the financial statements relating to their third year of office. Therefore, the current Board of Directors will remain in office until the Shareholders’ Meeting called to approve the 2023 Annual Accounts.

In addition, on convocation as per the By-Laws, the Board of Directors is called to approve the Consolidated Non-Financial Statement (NFS), following its preliminary examination by the Control and Risks Committee (see below for further information on the Control and Risks Committee).

Intercos S.p.A. has not adopted a diversity policy regarding the composition of the current Board of Directors in terms of aspects such as age, gender composition, and educational and professional background also relating to ESG factors and the topic of impacts generated by organizations on the economy, environment, and people. That said, the qualitative and quantitative composition of the Board of Board of Directors in office is deemed to ensure sufficient diversity in terms of skills, age and experience.

For more details on the role, appointment and composition of the Board of Directors, please refer to the chapter “Board of Directors” in the Corporate Governance Report.

On July 20, 2021, the Board of Directors resolved to establish the **following internal committees** (confirmed at the meeting of November 11, 2021) with investigative, proposal and advisory functions, with a term of office equal to that of the Board of Directors and, therefore, until the approval of the financial statements for the year ended December 31, 2023:

- the **Appointments and Remuneration Committee**, composed of three Directors, the majority of whom are independent, in the persons of the Directors Patrizia De Marchi (as Chairperson), Ciro Piero Cornelli and Michele Scannavini;
- the **Control and Risks Committee**, consisting of three Non-Executive Directors, the majority of whom are independent, in the persons of the Directors Nikhil Srinivasan (as Chairperson), Michele Scannavini and Ciro Piero Cornelli;
- the **Related Party Transactions Committee**, made up of three Independent Directors, in the persons of Michele Scannavini (as Chairperson), Patrizia De Marchi and Nikhil Srinivasan. Regarding conflicts of interest and related party transactions, we note that, on December 16, 2021, with the favorable opinion of the aforementioned Related Party Transactions Committee, the Board of Directors approved the final version of the Related Party Transactions (RPT) Policy, establishing rules for identifying, approving, managing and guaranteeing the transparency and propriety of transactions with related parties, whether carried out directly, via subsidiaries, as per Article 93 of the Italian Consolidated Finance Act, or, in any case, via parties subject to Intercos Group management or coordination activities.

The **Board of Statutory Auditors** comprises, according to the By-Laws, **three Statutory Auditors and two Alternate Auditors**, appointed by the Shareholders’ Meeting to ensure compliance with law and the By-Laws, and is supported by an independent audit firm. The Statutory Auditors remain in office for three years and may be re-elected. Therefore, the current Board of Statutory Auditors will remain in office until the Shareholders’ Meeting called for the approval of the 2023 Annual Accounts. For details on the composition of the Board, see Table 12 in the Appendix.

The **Shareholders’ Meeting** represents **all of the shareholders** and their motions, taken in accordance with law and the Company’s By-Laws. The Shareholders’ Meeting shall be called whenever the Board of Directors deems it appropriate or when it is required by law. The **Ordinary Shareholders’ Meeting** for the approval of the financial statements shall be called at least once a year, within 120 days from financial year-end, or within 180 days where the Company is required to draw up the consolidated financial statements, or when specific needs related to the structure and purpose of the Company so require, subject to the provisions of Article 154-bis of the Consolidated Finance Act and, in any case, any applicable regulatory provision.

The **Supervisory Board** oversees the observance, efficacy, implementation and updating, where necessary, of the **Organization, Management and Control Model**, as per Legislative Decree No. 231/2001, in order to prevent the commission of the offenses set out in the Decree. For the performance of such tasks, the Supervisory Board is invested with all powers of initiative and control of all company activities and personnel, and reports exclusively to the Board of Directors through its Chairperson. The Supervisory Board is composed as indicated in Table 13 in the Appendix of this document.

Finally, we report that the Board of Directors appointed an **Internal Audit Director** as its Internal Audit Manager on January 31, 2020, in compliance with the recommendations of the Corporate Governance Code. The **Internal Audit Manager** – who is independent of all operational areas and reports to the Board of Directors – is responsible for ensuring the effectiveness and adequacy of the Internal Control and Risk Management System. In addition, the Internal Audit Manager must ensure that the required information is collected and submitted to the Director overseeing the Internal Control and Risk Management System, the Board of Statutory Auditors, and the Control and Risks Committee. For further details, see the chapter on the Internal Control and Risk Management System - Control and Risks Committee in the Corporate Governance Report.

## REMUNERATION POLICY

The Intercos **Remuneration Policy** is closely related to its business strategy, which sees **ESG** as one of its founding elements essential for the creation of **long-term value** for the organization. The Policy is defined in accordance with the corporate governance model adopted by the Company and in line with the recommendations of the **Corporate Governance Code** and is summarized below:

PURPOSE OF THE REMUNERATION POLICY	REMUNERATION POLICY PRINCIPLES	COMPENSATION ELEMENTS
Value creation	Align management 's interests with corporate strategies by clearly linking Remuneration Policy to business results.	Short-Term Incentive Long-Term Incentive
Performance Enhancement	Ensure that remuneration systems contribute: a) to the achievement of the Company's strategic objectives, the pursuit of the Company's medium- to long-term interests and the sustainable success of the Company; and b) considered risk management, including by constantly monitoring the effectiveness and reviewing remuneration and incentive systems.	Short-Term Incentive Long-Term Incentive
Attractiveness and Motivation	Ensure a transparent compensation and incentive system designed to attract, motivate and retain key people for the organization with the skills and professionalism critical to the sustainable success of the Company.	Fixed remuneration Non-monetary benefits
Sustainability	Contribute to the pursuit of the Company's strategy, in a manner that is functional to the pursuit and achievement of the objective of creating value in the medium-long term for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Group.	Long-Term Incentive

Intercos applies the Principles of the Remuneration Policy **across the board** to all the resources that contribute to the Group’s work, in an inclusive manner at each level of the organization and with the aim of creating a corporate culture targeted at creating long-term sustainable value. At the same time it maintains a special focus on key people who can contribute to the achievement of the Company’s objectives, in line with the **Group’s values**. The preparation and approval of the Remuneration Policy involves the **Appointments and Remuneration Committee (ARC)**, the Board of Directors, the Board of Statutory Auditors and the Shareholders’ Meeting. The Remuneration Policy for the members of the Board of Directors is defined in accordance with the **regulatory and statutory provisions**, according to which:

- the **Shareholders’ Meeting** determines an overall amount for the remuneration of all Directors, including Executive Directors;
- within the limits of the remuneration established by the Shareholders’ Meeting, the determination of the remuneration due to each Director is carried out by the **Board of Directors**, taking into account the roles and powers assigned. The Board of Directors determines the remuneration of the Directors vested with special offices in compliance with the By-Laws and for their participation in the Board Committees, having heard the opinion of the **Board of Statutory Auditors**.

Specifically, the ARC, exercising its powers also as provided for in the Corporate Governance Code, assists the Board of Directors in the **elaboration of the Remuneration Policy** by formulating proposals regarding the structure and relative contents and, together with the Board of Directors, monitors its correct implementation, as well as the need to make any revisions. The Board of Directors is, therefore, the board responsible for approving the Remuneration Policy, based on the proposal made by the ARC. Subsequently, when approving the Financial Disclosure, the Shareholders’ Meeting is called to decide in favor or against the Remuneration Policy.

The table below summarizes the proposing bodies, decision-making bodies and supporting structures for each person covered by the Remuneration Policy.

(\*) The Shareholders’ Meeting determines the total amount of the remuneration for all Directors, including Senior Directors.

(\*\*) Within the limits of the total remuneration set at the Shareholders’ Meeting, the determination of the remuneration due to each Director is approved by the Board of Directors, having consulted the Board of Statutory Auditors, taking into account the offices and powers assigned.

PARTY REMUNERATED	PROPOSAL BODY	DECISION-MAKING BODY	SUPPORT STRUCTURE	INDEPENDENT EXPERTS
Chairperson	Board of Directors assisted by the Appointments and Remuneration Committee	<ul style="list-style-type: none"> <li>• Shareholders’ Meeting (*)</li> <li>• Board of Directors (**)</li> </ul>	Human Resources, Organization & SA and Public Affairs, Legal & Business Development	Independent consultant
Chief Executive Officer	Board of Directors assisted by the Appointments and Remuneration Committee	<ul style="list-style-type: none"> <li>• Shareholders’ Meeting (*)</li> <li>• Board of Directors (**)</li> </ul>		
Directors	Board of Directors assisted by the Appointments and Remuneration Committee	<ul style="list-style-type: none"> <li>• Shareholders’ Meeting (*)</li> <li>• Board of Directors (**)</li> </ul>		
Board of Statutory Auditors	Shareholders’ Meeting	Shareholders’ Meeting		
Senior Executives	Board of Directors assisted by the Appointments and Remuneration Committee	Board of Directors		

With reference to the **annual total compensation ratio** at December 31, 2023, we report that:

- the ratio of the total annual remuneration of the person with the highest salary, i.e., the Executive Chairperson of the Board of Directors, Dario Ferrari, to the median total annual remuneration of all employees (excluding the Chairperson) was equal to 66.14. For the purposes of this calculation, the following items, paid in 2023, were considered for all Group Companies: annual basic salary, performance bonuses, annual allowances, and long-term incentive plan compensation<sup>3</sup>; Compared to the 2022 ratio (67.1), a 1.5% decrease occurred due to the inflationary impacts of countries that revalued minimum wages, in addition to salary review initiatives, and, to some extent, the revision of the short-term incentive plan, leading to a reassessment of targets and eligible personnel;
- the ratio of the percentage increase in the total annual remuneration of the person who receives the maximum remuneration, i.e. the founder and current Executive Chairperson of the Board of Directors, Dario Ferrari, to the median percentage increase in the total annual remuneration of all employees (excluding the Chairperson), as in 2022, was equal to zero, given that the percentage increase in the Chairperson's total annual remuneration in 2023 was zero.

Regarding the inclusion of ESG objectives in the **Remuneration Policy** and the senior management **Performance Share Plan** approved by the Board of Directors and the Shareholders' Meeting, we note that:

- in the **2022-2024 Plan**, a target has been included for an increase in **purchased and/or self-produced electricity** coming from **renewable sources**, the performance indicator of which is the percentage of electricity consumption from renewable sources compared to the total electricity consumption of the Group in the year 2024, based on the data published in the Consolidated Non-financial Statement (NFS) for the same year;
- in the **2023-2025 Plan** a target has been included for a **20% reduction in greenhouse gas emissions by 2025**, compared to 2019 values, the performance indicator of which is the percentage reduction in **Scope 1 and 2 emissions** (according to the market-based approach) per million pieces produced at Group production sites in the year 2025, compared to the year 2019, based on the data published in the NFS for the year 2025;
- in line with the 2023-2025 Plan, the goal to **reduce greenhouse gases by 26% by 2026** (using 2019 as a benchmark) was incorporated into the **2024-2026 plan**. The performance indicator used remains consistent with the one specified in the 2023-2025 plan.

For an exhaustive description of remuneration governance, of the purposes, principles, contents and addressees of the Remuneration Policy, and of the ESG objectives included in the Performance Share Plan, please refer to the "Remuneration Policy and Report" published on the corporate website [www.intercos-investor.com](http://www.intercos-investor.com) under the Governance section.

<sup>3</sup> Gross annual pay for part-time employees has been repositioned based on working hours.

## APPROACH TO TAX

Intercos Group acts according to the values of respect, integrity and transparency also in the management of its fiscal responsibilities. The Group pays close attention to tax compliance and acts responsibly in the jurisdictions in which it operates.

The management of taxation is shared between the tax division of the Parent Company, which reports to the **Global Finance Department**, and the various CFOs, to whom specific tax supervision duties may be assigned in selected countries (e.g., Italy, USA, and China).

The Group does not currently have a formalized tax and governance strategy, and as such, individual companies operate in compliance with **local tax regulations**.

At the same time, the Intercos Group is considering implementing a **tax risk management and monitoring system** (Tax Control Framework) in the coming years as an effective governance and monitoring tool.

Tax risks are analyzed and managed in accordance with the Company's overall **Risk Management** model (Law 262/2005).

Relations with the tax authorities are based on the principles of fairness and full compliance with the regulations applicable in the countries in which the Group operates.

With regard to the assurance process for disclosures on tax, the task of determining the tax charge forms part of the periodic certification process per **Law No. 262/2005** and falls within the scope of the independent audit firm's role.

Table 1 – Country-by-country Tax reporting

IN MILION EURO	YEAR	ITALY	USA	POLAND	BRAZIL	BENELUX	FRANCE	CHINA	SOUTH KOREA	INDIA	SWITZERLAND
Revenues from third-party	2021	398	88	38	8	0	0	144	46	0	42
	2022	502	120	54	9	0	0	150	68	2	47
	2023	553	120	49	11	0	0	130	76	2	44
Revenues from intra-group transactions with other tax jurisdictions	2021	30	1	2	0	0	0	10	2	0	3
	2022	41	1	5	0	0	0	9	3	0	5
	2023	14	1	5	0	0	0	58	78	0	4
Profit/loss before tax	2021	44	(6)	5	(2)	0.1	0.2	27	(2)	0.3	7
	2022	46	(9)	6	(1)	0	0.1	34	2	(0)	8
	2023	59	(6)	4	(3)	0	0	12	2	0	5
Tangible assets other than cash and cash equivalents	2021	108	12	21	1	0.1	0.1	29	25	4	11
	2022	110	15	22	1	0.1	0.1	25	25	4	13
	2023	120	27	27	1	0	0	22	24	3	15
Corporate income tax paid on a cash basis	2021	9	0.001	1	0	0	0.2	2	0	0	0.2
	2022	1	0.007	1.32	0	0	0.05	7.4	0.34	0.0003	1.05
	2023	24.2	0	0.69	0	0	0	5.4	0.14	0	1.27
Corporate income tax accrued on profit/loss	2021	4	0.3	1	0	0	0.1	3	0	0	1
	2022	13.5	0.2	1.1	0	0	0.022	3.7	0.12	0	0.9
	2023	18.7	0.011	1.3	0	0	0.008	2.4	0.16	0	0.4

## RUSSIA-UKRAINE WAR

The war between the nation states of Ukraine and Russia continues to generate a situation of uncertainty, whose impacts may not be fully assessed in the short term.

However, the increase in energy costs experienced in 2022 due to the outbreak of the conflict subsided in 2023, allowing the **trigeneration and cogeneration plants** managed per the ESCo formula at the Olgiate Comasco (Cosmint) and Dovera (Intercos Europe) sites to resume operations. These operations had been suspended due to the high costs of natural gas. This decision saw the **indirect Scope 2 energy emissions** linked to these plants and the **direct Scope 1 emissions** return to pre-shutdown levels. For further details, see the paragraph entitled "Combating Climate Change and Polluting Emissions".

In this context, it should be noted that the Group is not present in Russia and Ukraine with its own production plants, research centres or representative offices. It should be noted that at the closing date of the financial statements, business volumes with customers based in Russia are zero.

However, the war conflict between the national states of Ukraine and Russia continues to generate a situation of uncertainty that does not allow a clear picture of its effects in the short term.

05

SUSTAINABILITY  
FOR INTERCOS

# SUSTAINABILITY FOR INTERCOS

## SUSTAINABILITY POLICY

**Global challenges** require **joint action** from everyone who participates in the economy. As such, Intercos is aware that it has a responsibility to grow its business and the entire value chain in a **sustainable** manner while also **respecting the environment and people’s rights**.

In this regard, in 2019, Intercos finalized its **Sustainability Policy** with the aim of defining the Group’s **priorities and sustainability** commitments towards its stakeholders, in line with the values on which the Company’s bases its operations.

## OUR SUSTAINABILITY POLICY

### WE LIVE OUR VALUES OF RESPECT, INTEGRITY AND TRANSPARENCY



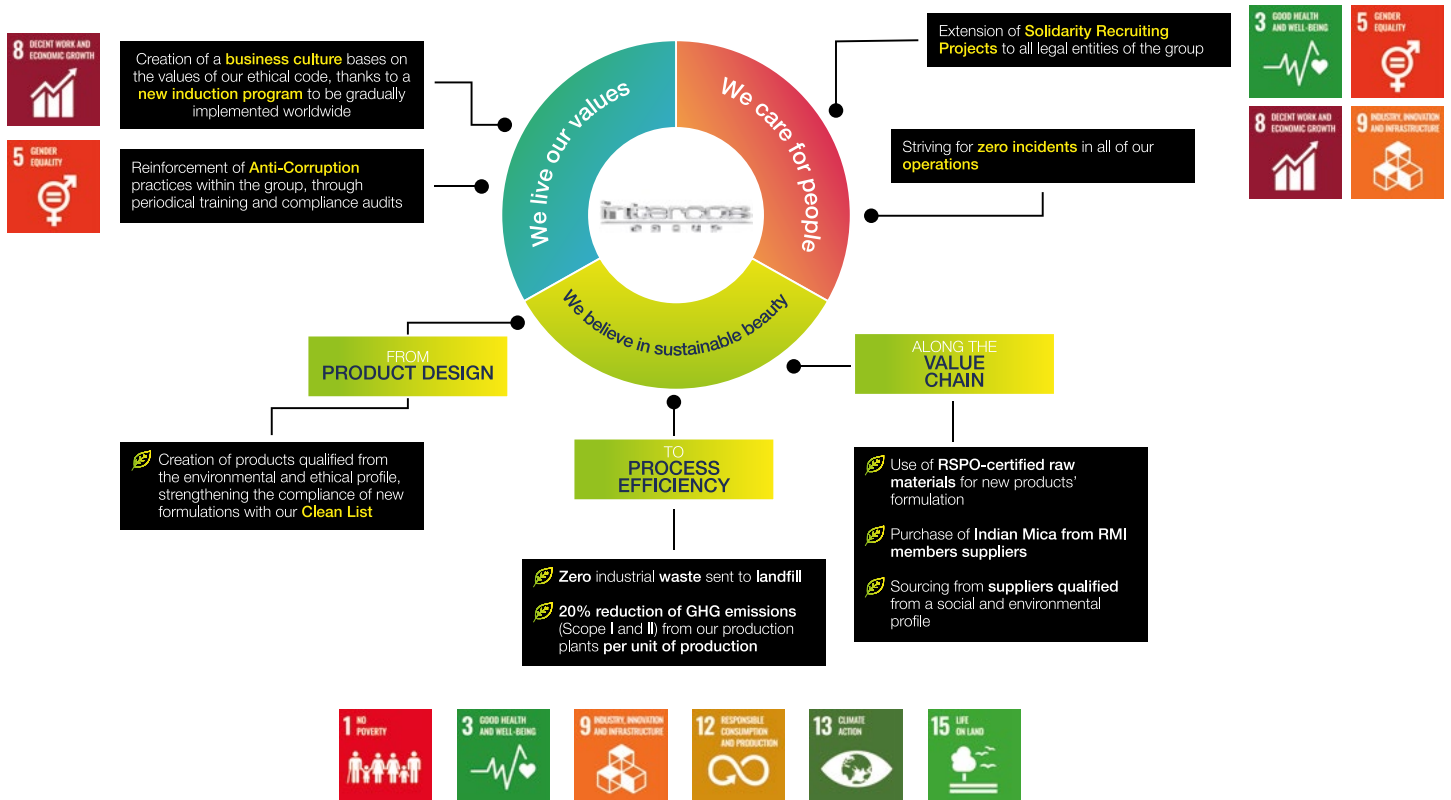
The three priority areas on which the Sustainability Policy is based are:

- **“We live our Values”**: which expresses Intercos’ desire to **combat corruption and promote a culture of transparency** among its employees, to guarantee respect for the principle of free competition and the values of good faith, honesty, and fairness, and to respect the privacy of customers and the health and safety of consumers.
- **“We care for People”**: which expresses Intercos’ commitment to **promoting safety** and well-being in the workplace, **investing in the professional development** of its employees, and **involving local communities** by creating opportunities for vulnerable groups.
- **“We believe in Sustainable Beauty”**: which expresses Intercos’ desire to **innovate its products** from an **environmental and social standpoint** when formulating and packaging products, **improve industrial processes**, reduce energy, water, and waste consumption, limit pollutant and climate-altering emissions, and **promote responsible behavior** along the supply chain.

## SUSTAINABILITY PLAN

Based on the pillars of its Global Sustainability Policy, the Intercos Group has established a **Strategic Sustainability Plan**, which it is committed to introducing by **2025**.

Actions undertaken as part of the 11 goals of Intercos' Sustainability Plan contribute to the achievement of several **Sustainable Development Goals (SDGs)** of the 2030 Agenda for **Sustainable Development** adopted by United Nations Member States in 2015.



## ESG LOAN

To give greater impetus to the achievement of these goals, we also note that in July 2021, Intercos S.p.A. signed a **revolving facility agreement** with **Intesa Sanpaolo S.p.A.** for a total of **Euro 30,000 thousand**, which may be used for the general needs of the Group, including **sustainability-related projects**.

The loan must be repaid by December 31, 2024 and the interest rate will be subject, from year to year, to **adjustments based on "ESG Targets"**, including:

- **Increasing** electricity purchased and/or self-generated from **renewable sources**;
- Continuing to purchase **Indian mica** solely from **RMI-certified** suppliers;
- Improving the score awarded annually by **EcoVadis S.A.S.** (see the "Recognition" section on page 56) in relation to the Group's sustainability performance.

## SUSTAINABILITY GOVERNANCE

The Group has developed a **governance model to manage sustainability**, which will **monitor and evaluate** the actions taken by Intercos over the coming years. A dedicated internal committee called the **Sustainability Global Steering Committee (SGSC)** plays a key role within this model. The SGSC is an **international, interdisciplinary body** responsible for managing the environmental and social topics most relevant to the Company and its global stakeholders. The divisions represented in the SGSC include Research & Innovation, HSE, HR, Quality Assurance, Legal, Finance, Sourcing & Packaging Development, Sales, and Strategic Marketing & Accounting Development.

The SGSC - which meets twice a year - **constantly oversees** implementation of the Sustainability Policy and Plan, ensuring that both the **sustainability and business strategies are aligned**. Some of its members also sit on the Board of Directors of the Parent Company Intercos S.p.A. - these are the Chief Executive Officer Renato Semerari and the two Executive Directors Ludovica Arabella Ferrari and Gianandrea Ferrari.

The **divisions** within the SGSC are responsible for implementing projects and initiatives at **legal entity, country, or business unit level**, depending on the organizational characteristics of the functions themselves.

The SGSC is supported by a **Sustainability Team**, whose role is to **coordinate and oversee** the projects and **sustainability initiatives** introduced.

For the purposes of sustainability reporting, the SGSC annually updates the **materiality analysis** conducted in line with the Global Reporting Initiative (GRI) Sustainability Reporting Standards. In 2022, the SGSC members took part in a workshop to **assess the most significant impacts** of the company and its business **on the economy, environment and people**, in order to define and validate the **material topics** reported in this document (for further information see the paragraph entitled "Materiality Analysis" in this chapter). The fact that some members of the Board of Directors sit on the SGSC ensures that the Board is regularly updated on sustainability reporting issues, including the assessment of impacts and identification of material topics.

Through its members, the SGSC is committed to monitoring the progress of the Group's Sustainability Plan and consistently supervising the management of the analyzed impacts over the coming years, at corporate, legal entity, country and business unit levels, wherever applicable. At the same time, the company will introduce mechanisms to assess the performance of the SGSC in **managing the impacts**, as already happens regarding remuneration (see the paragraph entitled "Remuneration Policy" for further details), and in mitigating **negative impacts** either directly or in collaboration with relevant partners.

As regards any critical issues in the company's negative impacts on stakeholders (for more information on stakeholders, see the section "Group Stakeholders" within this chapter), these are reported directly by the **Supervisory Board** to the **Board of Directors** of Intercos S.p.A. if they relate to offenses covered by the Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001. In other cases, critical issues are reported to the SGSC, which informs the Board of Directors through the SGSC members who are also part of the Board, namely Chief Executive Officer Renato Semerari and the two Executive Directors Ludovica Arabella Ferrari and Gianandrea Ferrari.

## PRINCIPAL RISKS AND HOW WE MANAGE THEM

On March 14, 2023, the Board of Directors of Intercos S.p.A voted to update the **Internal Audit & Risk Management Plan 2023**.

The **Risk Policy**, updated in 2022 and prepared by the Enterprise Risk Management Committee – which defined key points in consultation with the Internal Audit function – provides guidance on risk management, supports the achievement of business objectives, protects personnel and company assets, and ensures financial sustainability.

The Policy also covers **ESG risks**, which are mapped in the **Risk Register** and considered as transversal risks in relation to the macro-risks identified by the Risk Management Model, i.e., **strategic, operational, financial and compliance risks**. The ESG risks mapped and evaluated within the Register include specific evaluations linked to the achievement of the **strategic objectives** outlined in the Group's 2025 **Sustainability Plan**. In 2023, no significant changes were made compared to 2022.

The table below reports the risks associated with the Plan's goals and the areas referenced by Italian **Legislative Decree No. 254/2016** and reported in this document.

With reference to the issue of **climate change**, the Group annually reports on climate-related risks and opportunities in a qualitative-quantitative manner, according to the model of the **Task Force on Climate-related Financial Disclosures** (TCFD), through participation in the CDP (formerly the Carbon Disclosure Project) assessment dedicated specifically to Climate Change.

In the 2023 edition of the CDP questionnaire, the risks identified are mainly related to the effect climate change could have on:

- **rainfall trends and intensity** in the coming years - with potential consequences for the operation of certain sites in medium to high water stress areas (see the chapter "To process efficiency") and for the supply of natural raw materials (see the chapter "From product design");
- **reputational-commercial dynamics** with customers who are increasingly interested in the company's decarbonization process.

In terms of opportunities, however, those related mainly to:

- the **development of efficiencies** for a number of company processes and of the **energy consumption** of these processes, with consequent cost cutting;
- **growing demand for products** from production sites that have implemented **decarbonization projects** over the years, from customers who are particularly sensitive to the issue.

RISK	RISK DESCRIPTION	MANAGEMENT APPROACH
<b>ENVIRONMENTAL</b>		
<p><b>Waste management risks</b></p>	<p>Handling, collection, and disposal of waste, hazardous substances, or returns could result in the contamination of soil, surface water, or groundwater due to spills if proper management practices are not followed, in addition to impacts related to waste sent to landfill that could have otherwise been recovered.</p> <p>The Group's objective in this regard is to send zero industrial waste to landfill by 2025.</p>	<p><b>Governance</b></p> <p>The division responsible for achieving this Sustainability Plan objective is Industrial Operations and HSE, specifically. The division has a permanent seat on the Sustainability Global Steering Committee (SGSC), which oversees implementation of the Sustainability Policy and monitors the Plan's progress.</p> <p><b>Policies and procedures</b></p> <p>The Group has adopted a Sustainability Policy that addresses waste disposal, and an Environmental Policy that demonstrates Intercos' commitment to reducing its impact on the environment. In addition, specific waste management procedures have been adopted at local level.</p> <p><b>Monitoring</b></p> <p>Progress towards this objective is monitored at SGSC meetings twice a year.</p>
<p><b>Risks associated with the management of GHG emissions</b></p>	<p>The absence of an emissions management program could expose the Group to reputation-based or legislative risks when called upon to report on its environmental performance, and in view of the increasing international, European, and national pressure on the issue of climate change.</p> <p>The Group's objective in this regard is to reduce GHG emissions (Scope 1 and Scope 2) by 20% at its main production sites, per unit produced internally, by 2025.</p>	<p><b>Governance</b></p> <p>The division responsible for achieving this Sustainability Plan objective is Industrial Operations and HSE, specifically. The division has a permanent seat on the Sustainability Global Steering Committee (SGSC), which oversees implementation of the Sustainability Policy and monitors the Plan's progress.</p> <p><b>Policies and procedures</b></p> <p>The Group has adopted a Sustainability Policy that addresses the topic of GHG emissions, and an Environmental Policy that demonstrates Intercos' commitment to reducing its impact on the environment. In addition, specific procedures have been adopted at local level to manage energy consumption and the release of GHGs and other pollutants into the atmosphere.</p> <p><b>Monitoring</b></p> <p>Progress towards this objective is monitored at SGSC meetings twice a year.</p>

RISK	RISK DESCRIPTION	MANAGEMENT APPROACH
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**HUMAN RIGHTS**

<p><b>Supply chain risks</b></p>	<p>Working with suppliers who comply with applicable environmental and social standards, including a respect for human rights, could damage the Group’s reputation and/or compliance record.</p> <p>The Group’s objective in this regard is to source raw materials, packaging, and consumables exclusively from suppliers of raw materials whose conduct complies with the Intercos Group’s 2025 sustainability commitments.</p>	<p><b>Governance</b></p> <p>The division responsible for achieving this Sustainability Plan objective is Industrial Operations and Sourcing, in particular. The division has a permanent seat on the Sustainability Global Steering Committee (SGSC), which oversees implementation of the Sustainability Policy and monitors the Plan’s progress.</p> <p><b>Policies and procedures</b></p> <p>The Group has adopted a Sustainability Policy that addresses responsible purchasing, and a Policy for Sustainable Sourcing that outlines Intercos’ commitment to qualifying suppliers according to environmental and social criteria, including respect for human rights. It has also adopted procedures on qualifying new suppliers and monitoring the sustainability performance of existing ones.</p> <p><b>Monitoring</b></p> <p>Progress towards this objective is monitored at SGSC meetings twice a year.</p>
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**PERSONNEL MANAGEMENT**

<p><b>Risks associated with worker health and safety</b></p>	<p>Manufacturing activities (e.g. manual handling of loads, exposure to potentially hazardous chemicals) could impact employee health and safety.</p> <p>The Group’s objective in this regard is to achieve zero accidents across all operations by 2025.</p>	<p><b>Governance</b></p> <p>The division responsible for achieving this Sustainability Plan objective is Industrial Operations and HSE, specifically. The division has a permanent seat on the Sustainability Global Steering Committee (SGSC), which oversees implementation of the Sustainability Policy and monitors the Plan’s progress.</p> <p>The Group has also established the Global Safety Network, which is a working group comprising HSE managers from all companies.</p> <p><b>Policies and procedures</b></p> <p>The Group has adopted a Sustainability Policy that covers the topic of worker protection, and a Health &amp; Safety Policy that outlines the Group’s health and safety management commitments. In addition, specific procedures have been adopted at local level to correctly manage health and safety.</p> <p><b>Monitoring</b></p> <p>Progress towards this objective is monitored at SGSC meetings twice a year.</p>
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RISK	RISK DESCRIPTION	MANAGEMENT APPROACH
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**SOCIAL IMPACTS**

<p><b>Risks associated with the formulation of products that are not qualified according to environmental and social criteria</b></p>	<p>The use of controversial ingredients or those that are banned or restricted by EU and international regulations could result in reputation-based and/or compliance risks.</p> <p>The Group's objective in this regard is to achieve by 2025 a minimum percentage of Clean List compliant formulas for the Business Units (BU) Makeup, Skincare and Hair &amp; Body.</p>	<p><b>Governance</b></p> <p>The Research and Innovation division is responsible for achieving this Sustainability Plan objective for each of the BUs involved in the project (Makeup, Skincare and Hair &amp; Body). The division has a permanent seat on the Sustainability Global Steering Committee (SGSC), which oversees implementation of the Sustainability Policy and monitors the Plan's progress.</p> <p><b>Policies and procedures</b></p> <p>The Group has adopted a Sustainability Policy that covers the topic of product eco-design and has issued a Clean List for new formulas, which contains ingredients that are banned by current regulations or considered controversial. In addition, we note that activities relating to the composition, labelling, and packaging of cosmetic products are governed by specific internal procedures, in compliance with the European Cosmetics Regulation (Regulation (EC) No. 1223/2009) and other applicable regulations.</p> <p><b>Monitoring</b></p> <p>Progress towards this objective is monitored at SGSC meetings twice a year.</p>
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**COMBATING ACTIVE AND PASSIVE CORRUPTION**

<p><b>Risks associated with corruption (in its various forms)</b></p>	<p>Aspects related to corruption are relevant in view of the Company's nature and size, and the fact that it operates in different countries that do not always adopt a standardized approach to the topic, both at regulatory level, and with regard to individual acceptance of the practice.</p> <p>The Group's objective in this regard is to implement semi-annual compliance audits to strengthen anti-corruption practices within the Group by 2025.</p>	<p><b>Governance</b></p> <p>The Legal division is responsible for achieving this Sustainability Plan objective. The division has a permanent seat on the Sustainability Global Steering Committee (SGSC), which oversees implementation of the Sustainability Policy and monitors the Plan's progress.</p> <p><b>Politiche e procedure</b></p> <p>The Group has adopted a Sustainability Policy that covers the topic of corruption. In addition, it issued a Corporate Ethical Code in 2016, which formalizes the Group's commitment to complying with national and international laws and regulations by embracing the ethical values of "respect, integrity, and transparency."</p> <p>The Group's Italian companies have also adopted an organization, management, and control model (the "Model") in compliance with Italian Legislative Decree No. 231/2001. The Group has also issued Guidelines for International Companies, which embody the Model's principles.</p> <p><b>Monitoring</b></p> <p>Progress towards this objective is monitored at SGSC meetings twice a year.</p>
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## EUROPEAN TAXONOMY

### Introduction

(EU) Regulation 2020/852 – the EU Taxonomy Regulation (hereinafter also the “Taxonomy”, “EU Taxonomy”, or “Regulation”) adopted by the European Commission on July 12, 2020, establishes a unified classification system, or “taxonomy”, for defining economic activities that can be considered environmentally sustainable. This Regulation forms part of the European Union’s plan to achieve climate neutrality by 2050, which involves fulfilling the objectives of the European Green Deal and directing investments towards environmentally sustainable economic activities. It applies to all Companies that are required to prepare a Non-Financial Statement in accordance with Directive 2014/95/EU, which has been transposed into Italian Law by Legislative Decree No. 254/2016.

Specifically, the Regulation categorizes economic activities as:

- **eligible:** an economic activity is eligible<sup>4</sup> if it appears in the Delegated Regulations list under one or more of the Taxonomy’s six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems. If an activity is eligible, it has the potential to contribute substantially to the goal in question.
- **aligned:** an economic activity is aligned, and therefore environmentally sustainable, if, in addition to being eligible, it complies with:
  - the technical screening criteria, which break down into **substantial contribution criteria** - identified on a scientific basis and specific to each of the objectives - and the **DNSH** (Do No Significant Harm) criteria, which ensure that the activity does not cause significant harm to any of the remaining five objectives;
  - the minimum safeguards, i.e., the safeguards adopted by the Group to ensure compliance with human rights and international standards in the management of its organization and the supply chain.

Since it came into force in 2020, the Regulation has undergone several additions and expansions through Delegated Regulations that have gradually introduced additional economic activities and amended some criteria.

In 2021, the European Commission published the “Climate Delegated Act”<sup>5</sup>, which seeks to regulate economic activities that can make a substantial contribution to climate change mitigation or adaptation.

Meanwhile, the “Environmental Delegated Act”<sup>6</sup> was published in 2023. This governs the remaining four environmental goals and introduces some changes to the templates to be used when reporting key performance indicators (KPIs) of non-financial enterprises. The same year also saw the publication of Delegated Regulation 2023/2485, which made amendments to the Climate Delegated Act, both in terms of new economic activities and technical screening criteria.

<sup>4</sup> Economic activity eligible for the taxonomy: an economic activity as described in the Delegated Regulations, as per Articles 10 (3), 11 (3), 12 (2), 13 (2), 14 (2) and 15 (2) of EU Regulation 2020/852, regardless of whether that economic activity meets one or all of the technical screening criteria set out in those Delegated Regulations.

<sup>5</sup> Delegated Regulation (EU) 2021/2139

<sup>6</sup> The Environmental Delegated Act, European Commission, C (2023) 2486, adopted on June 27, 2023 and effective January 1, 2024.

For the 2023 reporting year, non-financial enterprises subject to the Regulation - including Intercos - are required to publish a disclosure<sup>7</sup> regarding the proportions of quantitative economic performance indicators (KPIs) - turnover, capital expenditures (CapEx) and operating expenditures (OpEx) - attributable to eligible economic activities and aligned (or not) with the Taxonomy, for activities relating to the first two climate objectives regulated before the June 2023 amendments. For the Environmental Delegated Act, however, for this first year of reporting, the Act requires non-financial enterprises to report on eligibility only.

As it is a recently applied international standard and is constantly being updated, all criteria and assumptions made and included in this section are based on currently available information and requirements, which may be subject to future reassessment.

## The Intercos Group and eligibility/alignment analysis

As per the regulatory requirements, to identify eligible activities in terms of the six Taxonomy objectives, an analysis of the Group's activities was carried out. This showed that there were no revenue lines that could be considered eligible in relation to these objectives. By contrast, on the basis of Annex 1 of Delegated Regulation (EU) 2021/2178, paras. 1.1.2.2 (c) and 1.1.3.2 (c)<sup>8</sup> regarding investments and expenditures related to the purchase of outputs from eligible economic activities and individual measures that enable activities to maintain low carbon emissions, the Group has identified the following activities related to expenditures and investments incurred during the reporting year and eligible in terms of the "Climate Change Mitigation" and "Sustainable Use and Protection of Water and Marine Resources" objectives.

Climate change mitigation:

- 6.5 – Purchase, leasing, and maintenance of vehicles (leasing of cars for the company vehicle fleet);
- 7.2 - Renovation of existing buildings (renovation and modernization work carried out at Group offices and production facilities);
- 7.3 - Installation, maintenance and repair of energy efficiency equipment (LED or solar technology lighting, air conditioning and ventilation systems, insulation systems);
- 7.4 – Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces assigned to buildings): installation of an electric vehicle charging station;
- 7.6 - Installation, maintenance and repair of renewable energy technologies (installation of photovoltaic panels at the Osan facility, Korea).

Sustainable use and protection of water and marine resources:

- 2.2 - Urban waste water treatment (work to modernize waste water treatment plants by legal entities Cosmint and Intercos Cosmetics at their factories in Olgiate Comasco and Suzhou, China, respectively).

<sup>7</sup> The Disclosure Delegated Act, European Commission, C (2021) 4987 final, 2021, adopted in July 2021 and effective as of December 30, 2021, defined the reporting procedures to be adopted by entities falling under the scope of the Regulation.

<sup>8</sup> Related to the purchase of products from economic activities aligned with the Taxonomy and to individual measures enabling the target activities to achieve low carbon emissions or greenhouse gas reductions, specifically the activities listed in Annex I, Points 7.3 to 7.6 of the Delegated Regulation, in addition to other economic activities listed in the delegated acts adopted in application of Article 10, Paragraph 3, Article 11, Paragraph 3, Article 12, Paragraph 2, Article 13, Paragraph 2, Article 14, Paragraph 2, and Article 15, Paragraph 2, of (EU) Regulation 2020/852, provided that these measures are implemented and operational within 18 months.

The assessments conducted to determine the alignment of eligible activities for the climate change mitigation objective are outlined below.

### Criteria for substantial contribution to climate change mitigation:

For each eligible economic activity, compliance with the substantial contribution criteria was verified. These criteria define quantitative and/or qualitative technical thresholds that must be met for the activity to be considered aligned with the Taxonomy.

- Activity 6.5: according to the analysis, the leasing of hybrid vehicles (classified under the M1 category) to the legal entities Intercos Europe, Intercos S.p.A., Intercos Korea and Intercos America in 2023 partially meets the requirements of the significant contribution criterion mentioned in point a), i.e., specific emissions under 50 gCO<sub>2</sub>/km; This criterion is met by only one of the vehicles (electrically powered).
- Activity 7.2: Renovation/restructuring carried out at the Agrate and Cometa sites of Intercos Europe and Osan (Intercos Korea) are eligible but not aligned with the substantial contribution criteria, as they have not been certified as reducing primary energy requirements by at least 30%.
- Activity 7.3: based on the Group's analysis, the activities undertaken by third parties to render the buildings more energy efficient are aligned with points a), d), and e) of the substantial contribution criterion. These are mostly activities to replace traditional lighting systems and lamps with energy-efficient systems (LED or solar technology) at facilities in Puidoux (CRB S.A.), Shanghai (Interfila), Garwolin (Tatra) and Osan (Intercos Korea), in addition to installation/maintenance work on air conditioning and ventilation systems at the Suzhou (Intercos Cosmetics and Intercos Technology), Shanghai (Interfila) and Osan (Intercos Korea) sites (item e), and finally the installation of new and efficient insulation to reduce heat dissipation in the steam, hot water and cold air transport systems at Intercos Europe's Agrate and Cometa facilities;
- Activity 7.4: The Group's analysis shows that the installation of an electric charging station at the Puidoux (CRB) site are aligned with the substantial contribution criterion;
- Activity 7.6: Intercos Korea's installation of a photovoltaic system at its Osan plant is aligned with the substantial contribution criterion as it corresponds to that described in point a).

### Do No Significant Harm (DNSH):

The analysis of compliance against the DNSH criteria made explicit in the Regulation's Delegated Act seeks to determine that the identified activities do not cause harm to any other environmental objectives. Analysis revealed the following:

- **Activity 6.5:**
  - *climate change adaptation*: the criteria set out in Appendix A require the organization carrying out the activity to conduct an analysis to identify the chronic and acute physical climate risks (listed in Section II of the Appendix) that have an impact on the business by performing a robust climate risk and vulnerability assessment based on a specific procedure defined in the Delegated Regulation itself. The Group considers the leasing investments made in relation to electric cars in 2023 to be unaligned when taking a conservative and precautionary approach due to the absence of sufficient evidence allowing for a full assessment of compliance with the criterion. In any case, we note that in 2022, the Intercos Group approved the Internal Audit & Risk Management Plan, a specific section of which is dedicated to climate change risks. For more information, please refer to the chapter on "Principal risks and how we manage them";
  - *transition to a circular economy*: with respect to activity 6.5, the stated criteria require vehicles in categories M1 and N1 to be (a) reusable or recyclable (at least 85% of their weight) and (b) reusable or recoverable (at least 95% of their weight). The criteria also

demand the existence of waste management measures during the use (maintenance) phase and at the end of the fleet's lifecycle, including through the reuse and recycling of batteries and electronic components (specifically raw materials), in accordance with the waste hierarchy. The Group considers the activity to be unaligned with this criterion when taking a conservative and precautionary approach due to the absence of sufficient evidence allowing for a full assessment of compliance with the criterion;

- ***pollution prevention and control***: with regard to activity 6.5, vehicles must abide by specific compliance, approval, emissions, and efficiency parameters. We consider the activity to be aligned with this criterion, as the parameters and characteristics under consideration are mandatory for all M1 and N1 category vehicles newly registered in the European Union.

- **Activity 7.2:**

- the Group considers the activity to be unaligned when adopting a conservative and precautionary approach due to the absence of sufficient evidence allowing for a full assessment of compliance with DNSH criteria related to climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy and pollution prevention and control.

- **Activity 7.3:**

- ***climate change adaptation***: as regards investments relating to the installation of energy efficient lighting systems, since an analysis of climate change-related risks and vulnerabilities has not been carried out, in accordance with the Regulation on activities subject to interventions, the criterion is considered not met;
- ***pollution prevention and control***: with regard to activity 7.3, the criteria set out in Appendix C of the Climate Delegated Act require that the activity does not involve the manufacture, placing on the market or use of certain types of chemical pollutants. In the absence of sufficient evidence to substantiate the precise analyses required by the criterion, the Group considers that this activity does not meet the DNSH criterion.

- **Activities 7.4 and 7.6:**

- ***climate change adaptation***: in terms of the expenses and investments relating to Intercos Korea's installation of a photovoltaic system at its Osan plant, since an assessment of climate change-related risks and vulnerabilities has not been carried out, as required by the Regulation on the asset subject to the intervention, the criterion is considered not met.

In addition to the information made explicit in reference to the DNSH criteria, we note that the Group is committed to operating in full compliance with local environmental regulations in all the countries in which it is present. For further information, please refer to the chapter on the "Mitigation of Environmental Impacts".

We also note that the aforementioned activities that are eligible for the climate change mitigation objective are not considered eligible for the climate change adaptation objective (though they are listed in Annex II of the Climate Delegated Act) as no climate risk assessment has been carried out (in line with the guidance provided in FAQ 18 of the Commission's Communication of October 2023).

As regards Activity 2.2 - "Urban waste water treatment" of the "Sustainable use and protection of water and marine resources" objective, as noted at the beginning of this chapter, the analyses regarding alignment were not carried out in line with the requirements of the Regulation for the first year of the Environmental Delegated Act.

## Minimum safeguards:

Finally, among the alignment criteria is respect for minimum safeguards. These refer to an organization's practices designed to ensure that an economic activity is carried out with respect for human rights and labor rights, in line with the OECD Guidelines for Multinational Enterprises and the United Nations

Guiding Principles on Business and Human Rights, including the International Labor Organization (ILO) Declaration, its eight core conventions, and the International Bill of Human Rights.

The Intercos Group pays particular attention to the aspects made explicit in these documents, especially consumer interests, anti-corruption, competition, taxation, and respect for human rights. With reference to this last aspect, the Group is committed to ensuring it does ethical business that complies with the various regulations applicable in the countries in which it operates, carrying out its activities in line with the principles contained in its Ethics Code and Code of Conduct. Accompanying this document is the Sustainable Procurement Policy, which adheres to international standards governing supplier qualifications. This policy ensures that suppliers respect human and labor rights and actively combat discrimination. Additionally, dedicated audits are conducted at supplier sites to evaluate their ethical and social performance. Please refer to the chapters “We live our values” and “Supplier selection and assessment” for further information. As described in the “Diversity, Equity & Inclusion” (DEI) section of this document, the Group also pays particular attention to issues of gender equality. This is evidenced by the launch of specific DEI programs and initiatives and the establishment of a specific Committee. Featuring a strong female presence at every level of the organization, the Group has traditionally been committed to monitoring the gender pay gap within its workforce (see Tables 3 and 4 in the “Diversity, Equity & Inclusion” section).

The Group’s Ethics Code formalizes its dedication to safeguarding consumers by ensuring continuous oversight of production processes, upholding high quality standards, and providing complete and accurate information. The Group operates in full compliance with the laws of each country in which it conducts business. Accompanying this document is the Code of Conduct, which forms an integral part of the 231 Model. It guides Intercos personnel in their relations with stakeholders and in the application of the company values and principles contained in the Ethics Code. In addition to its commitment to meeting the highest quality standards, the Intercos Group’s Code of Conduct communicates its commitment to combating all forms of corruption and fostering free competition. Please refer to the chapter “We live our values” for further information.

In addition, the Group operates on the national and international market in full compliance with tax regulations, acting responsibly in the jurisdictions in which it operates. Please refer to the chapter on “Approach to tax” for further information.

Despite the above, the Group does not consider the current practices adopted along the supply chain enough to meet the minimum safeguards criteria when taking a conservative and precautionary approach.

## **Accounting standards and contextual information**

The Group has calculated the three indicators of Turnover, CapEx and OpEx in accordance with the guidance of Annexes 1-5 of Delegated Regulation (EU) 2021/2178; in this regard, the Company identified the activities deemed eligible and assessed their specific weight in terms of their respective consolidated values.

The following sections explain the methodological approaches used to calculate each indicator, covering both denominators and numerators.

## Turnover KPI

To calculate the Turnover denominator, the Group's statutory chart of accounts for 2023 was analyzed. Specifically, this considered the consolidated item for Group revenues. In line with the provisions of § 1.1.1 of Annexes 1-5 of Delegated Regulation (EU) 2021/2178, revenues from the Group's core business were identified using the line item "Revenues from sales and services." As described by IAS 1 paragraph 82 and the definition of Net Turnover in Directive 2013/34/EU, these revenues represent income from the sale of goods and services net of sales refunds, VAT and other sales-related taxes. The 2023 Turnover denominator therefore amounts to Euro 988,233 thousand, as reported in the consolidated financial statements (Revenues from sales and services in the consolidated annual financial report).

For the numerator, on the other hand, as no activities carried out directly by the Group were identified as eligible, as per the requirements of Annexes 1-5 of Delegated Regulation (EU) 2021/2178 and in line with the 2022 fiscal year, for 2023 the Group's numerator was 0.

## OpEx KPI

When calculating the OpEx denominator, specific non-capitalized operating costs must be considered. Section 1.1.3.1 of Annexes 1-5 of Delegated Regulation (EU) 2021/2178 defines the scope of costs to be considered. Specifically, these are:

- Research and development;
- Building renovation measures;
- Short-term leases;
- Maintenance and repairs;
- Any other direct expenses associated with the ordinary maintenance of property, plant & machinery.

To identify these items, an in-depth analysis of the Group chart of accounts was conducted. In order to isolate only the items attributable to the above aspects, the Group carried out a comprehensive analysis of the line items in question. Specifically, as regards "Any other direct expenses associated with the ordinary maintenance of property, plant & machinery", expenses for cleaning facilities were taken into account, as suggested by FAQ No. 12 of Commission Notice C (2022) 385/01 dated 06.10.2022.

Based on the above, the denominator value resulting from this analysis is Euro 62,315.34 thousand.

To calculate the numerator, a more detailed approach was used. In this regard, the figures for the activities considered eligible were identified and extracted from the Group companies management system. As part of this activity, the Group ensured that the items relating to eligible activities corresponded to those items in the consolidated chart of accounts used to calculate the denominator.

All activities identified as eligible refer to point c of § 1.1.3.2; specifically, operational expenditure was identified in relation to work on buildings, vehicle fleets and energy efficiency. The main costs considered related to maintenance and short-term leasing fees.

Specifically, the following eligible activities were identified during the technical assessment:

- 2.2 - Urban waste water treatment (Water and marine resources)
- 6.5 - Travel by motorbikes, cars, and light commercial vehicles (Climate change mitigation)
- 7.2 - Renovation of existing buildings (Climate change mitigation)
- 7.3 - Installation, maintenance and repair of energy efficiency equipment (Climate change mitigation)
- 7.6 - Installation, maintenance and repair of renewable energy technologies (Climate change mitigation)

## CapEx KPI

Section 1.1.2.1 of Annexes 1-5 of the Delegated Regulation (EU) 2021/2178 specifies that the CapEx denominator must include increases in tangible and intangible assets incurred during the year before depreciation, amortization, impairment, and any revaluation, including those resulting from restatements and reductions in value, for the year in question, and excluding variations in fair value. The denominator must also include increases in tangible and intangible assets resulting from business combinations.

In line with the above, the Group took into account increases relating to intangible assets, tangible assets, and leased asset rights-of-use in its calculation of the denominator. The tables of changes in assets were used to obtain these data, isolating the “acquisitions” row only (“Property, plant and equipment” and “Intangible fixed assets”, items found in the relevant notes of the consolidated annual financial report).

As suggested by § 1.1.2.1, the following were used for reference:

- IAS 16 Property, plant & equipment
- IAS 38 Intangible assets
- IFRS 16 Leases

The Group’s investments considered for the denominator therefore amounted to Euro 111,091 thousand, as shown in the notes to the consolidated financial statements. These investments were broken down by asset type, distinguishing between additions related to property, plant and equipment, intangible assets, and rights-of-use (according to IFRS 16) occurring during 2023. This led to the following values:

- Intangible assets Euro 20,665 thousand;
- Property, plant and equipment Euro 62,360 thousand;
- Leased assets (IFRS 16) Euro 28,066 thousand;

To calculate the KPI numerator, the Group carried out a detailed analysis of changes in assets to identify the aspects associated with the activities identified as eligible during the technical assessment. Specifically, since the Group operates in a number of areas, the approach involved the administrative-accounting resources of all plant and legal entities within the consolidation scope. Detailed figures were then obtained by extraction from management systems.

All activities identified as eligible refer to point c of § 1.1.2.1; specifically, capital expenditure was identified in relation to work on buildings, vehicle fleets and energy efficiency. The main expenditures considered were investments in property, plant and equipment.

Activities identified as a source of investment in 2023 include:

- 2.2 - Urban waste water treatment (Water and marine resources)
- 6.5 - Travel by motorbikes, cars, and light commercial vehicles (Climate change mitigation)
- 7.2 - Renovation of existing buildings (Climate change mitigation)
- 7.3 - Installation, maintenance and repair of energy efficiency equipment (Climate change mitigation)
- 7.4 - Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces assigned to buildings) (Climate change mitigation)
- 7.6 - Installation, maintenance and repair of renewable energy technologies (Climate change mitigation)

## Comparison with the previous year

As per Delegated Regulation (EU) 2021/2178, 2023 is the first fiscal year in which non-financial companies covered by the Regulation must provide comparative information from the previous year.

As such, please refer to the tables<sup>9</sup> below for details on the numerical and percentage changes in the KPIs required by the regulations.

Specifically, we note that the difference in the CapEx KPI compared to the previous year relates to a 2022 investment in buildings that did not affect capital expenditures in 2023.

<sup>9</sup> Please note that since the activities relating to the gas and nuclear sectors, included in the Complementary Delegated Act (Delegated Regulation 2022/1214), were not eligible, the relevant tables have not been published

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023 (data in k€)

Fiscal year 2023	Year			Substantial contribution criteria						DNSH criteria (“Does Not Significantly Harm”)									
	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		k €	%	S;N;/AM	S;N;/AM	S;N;/AM	S;N;/AM	S;N;/AM	S;N;/AM	S/N	S/N	S/N	S/N	S/N	S/N	S/N	%	A	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (aligned with Taxonomy) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
of which enabling																	0.00%	A	
of which transitional																	0.00%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover from activities eligible for the Taxonomy but not environmentally sustainable (activities not aligned with Taxonomy) (A.2)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
Total (A.1 + A.2)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
<b>B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY</b>																			
Turnover of activities not eligible for Taxonomy (B)		988,223.00 €	100.00%																
Total (A + B)		988,223.00 €	100.00%																

Proportion of turnover / Total turnover

	Taxonomy-alignment by objective	Taxonomy-eligibility by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Fiscal year 2023	Year			Substantial contribution criteria						DNSH criteria (“Does Not Significantly Harm”)									
	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic activities (1)		k €	%	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S/N	S/N	S/N	S/N	S/N	S/N	S/N	%	A	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (aligned with Taxonomy) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
of which enabling																		A	
of which transitional																			T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Urban waste water treatment	2.2 WTR	881.86 €	0.79%			AM													
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM	23.38 €	0.02%	AM													0.25%		
Construction of new buildings	7.1 CCM / 3.1 CE	- €	0.00%	N/AM	N/AM			N/AM									9.40%		
Renovation of existing buildings	7.2 CCM / 3.2 CE	86.66 €	0.08%	AM	N/AM			AM									0.00%		
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM	296.70 €	0.27%	AM	N/AM												0.31%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces)	7.4 CCM	8.62 €	0.01%	AM	N/AM												0.12%		
Installation, maintenance and repair of renewable energy technologies	7.6 CCM	65.06 €	0.06%	AM	N/AM												0.00%		

Fiscal year 2023	Year		Substantial contribution criteria							DNSH criteria (“Does Not Significantly Harm”)									
	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		k €	%	S;N;/AM	S;N;/AM	S;N;/AM	S;N;/AM	S;N;/AM	S;N;/AM	S/N	S/N	S/N	S/N	S/N	S/N	S/N	%	A	T
CapEx from activities eligible for the Taxonomy but not environmentally sustainable (activities not aligned with Taxonomy) (A.2)		1,362.27 €	1.23%	0.43%	0.00%	0.79%	0.00%	0.00%	0.00%								10.08%		
Total (A.1 + A.2)		1,362.27 €	1.23%	0.43%	0.00%	0.79%	0.00%	0.00%	0.00%								10.08%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of activities not eligible for Taxonomy (B)		109,728.73 €	98.77%																
Total (A + B)		111,091.00 €	100.00%																

Proportion of CapEx / Total CapEx

	Taxonomy-alignment by objective	Taxonomy-eligibility by objective
CCM	0.00%	0.43%
CCA	0.00%	0.00%
WTR	0.00%	0.79%
CE	0.00%	0.08%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Fiscal year 2023	Year		Substantial contribution criteria							DNSH criteria (“Does Not Significantly Harm”)									
	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic activities (1)		k €	%	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S/N	S/N	S/N	S/N	S/N	S/N	S/N	%	A	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (aligned with Taxonomy) (A.1)		- €	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
of which enabling																		A	
of which transitional																			T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Urban waste water treatment	2.2 WTR	5,47 €	0,01%			AM													
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM	167,40 €	0,27%	AM													0,00%		
Renovation of existing buildings	7.2 CCM / 3.2 CE	14,15 €	0,02%	AM	N/AM			AM									0,00%		
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM	525,43 €	0,84%	AM	N/AM												0,07%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking space attached to buildings)	7.4 CCM	- €	0,00%	N/AM	N/AM												0,00%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5 CCM	- €	0,00%	N/AM	N/AM												0,01%		
Installation, maintenance and repair of renewable energy technologies	7.6 CCM	0,93 €	0,00%	AM	N/AM												0,00%		

Fiscal year 2023	Year			Substantial contribution criteria						DNSH criteria (“Doesn Not Significantly Harm”)									
	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		k €	%	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S;N;/N/AM	S/N	S/N	S/N	S/N	S/N	S/N	S/N	%	A	T
OpEx from activities eligible for the Taxonomy but not environmentally sustainable (activities not aligned with Taxonomy) (A.2)		713.38 €	1.14%	1.13%	0.00%	0.01%	0.00%	0.00%	0.00%								0.08%		
<b>TOTAL (A1+A2)</b>		<b>713.38 €</b>	<b>1.14%</b>	<b>1.13%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>								<b>0.08%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of activities not eligible for Taxonomy (B)		61,601.96 €	98.86%																
<b>Total (A+B)</b>		<b>62,315.34 €</b>	<b>100.00%</b>																

OpEx proportion / Total OpEx

	Taxonomy-alignment by objective	Taxonomy-eligibility by objective
CCM	0.00%	1.13%
CCA	0.00%	0.00%
WTR	0.00%	0.01%
CE	0.00%	0.02%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

## GROUP STAKEHOLDER AND MATERIALITY ANALYSIS

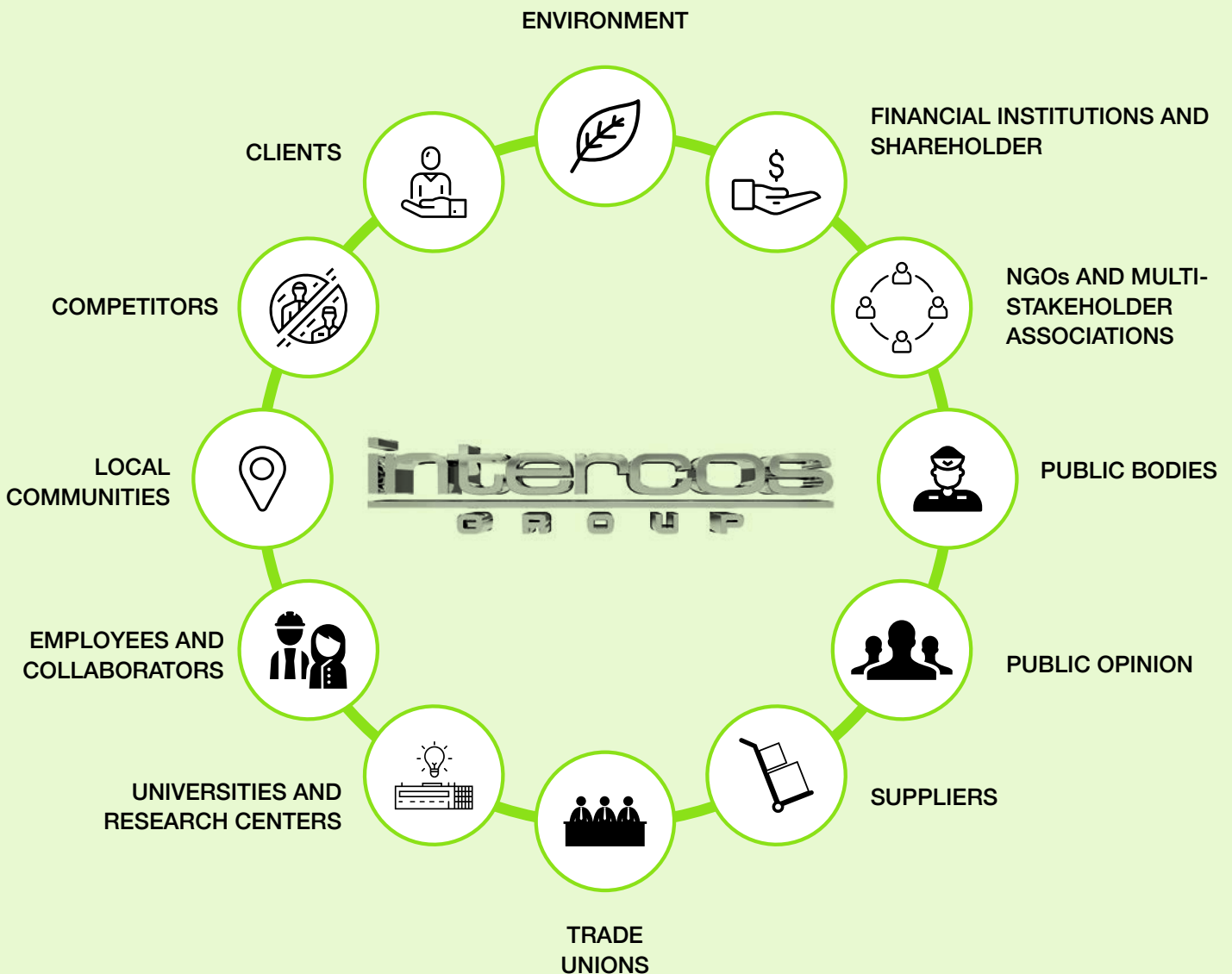
In 2022, Intercos updated its **materiality analysis** in line with the provisions of the new **Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021** (hereinafter also the “GRI Standards”). Doing so allowed the Group to identify priorities for both the Company and its stakeholders with reference to the five areas listed in Legislative Decree No. 254/2016.

### Group stakeholders

The Intercos Group believes that it will only be successful in the pursuit of its objectives if it takes into account the **expectations of its stakeholders**, i.e. individuals who could influence the Group’s activities and/or be influenced by them in turn.

In this regard, the diagram below **maps** the **main stakeholder** categories for the Intercos Group.

It was updated in 2021 and confirmed in 2023.



The table below illustrates the **main stakeholder engagement activities** conducted by Intercos.

STAKEHOLDER	COMMUNICATION AND ENGAGEMENT CHANNELS
Shareholders and financial institutions	<ul style="list-style-type: none"> <li>• Shareholders' Meeting;</li> <li>• Ongoing contact with financial institutions throughout the year;</li> <li>• Meetings with shareholders;</li> <li>• Quarterly publication of consolidated results;</li> <li>• Website, social media, press releases, and newsletter;</li> <li>• Non-Financial Reporting;</li> <li>• Periodic sustainability assessments (CDP, EcoVadis)</li> <li>• Dedicated meetings and participation in conferences with institutional investors.</li> </ul>
Public bodies	<ul style="list-style-type: none"> <li>• Inspections and audits;</li> <li>• Procedures for obtaining authorizations;</li> <li>• Requests for and exchange of information.</li> </ul>
NGOs and multi-stakeholder associations	<ul style="list-style-type: none"> <li>• Membership of Roundtable on Sustainable Palm Oil (RSPO);</li> <li>• Membership of Responsible Mica Initiative (RMI);</li> <li>• EcoVadis platform registration;</li> <li>• Carbon Disclosure Project (CDP) platform registration.</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• Solidarity recruiting projects and initiatives;</li> <li>• Provision of support to local associations and foundations.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Sector trade fairs;</li> <li>• Selection, assessment, and monitoring process;</li> <li>• Relationships with suppliers certified by the Roundtable on Sustainable Palm Oil (RSPO);</li> <li>• Relationships with vendors certified by the Responsible Mica Initiative (RMI).</li> </ul>
Trade Unions	<ul style="list-style-type: none"> <li>• Union meetings with external and internal representatives;</li> <li>• Workers' meetings.</li> </ul>
Universities and research centers	<ul style="list-style-type: none"> <li>• Recruiting and employer branding activities (career days);</li> <li>• Communication through social media;</li> <li>• Partnership agreements for joint research projects.</li> </ul>
Employees and collaborators	<ul style="list-style-type: none"> <li>• Welcome day induction project;</li> <li>• Training schemes;</li> <li>• Annual performance appraisals;</li> <li>• Welfare initiatives;</li> <li>• Internal comms;</li> <li>• Company webinars on various topics;</li> <li>• International workshops;</li> <li>• Communication through social media.</li> </ul>
Public opinion	<ul style="list-style-type: none"> <li>• Updates to website content;</li> <li>• Communication through social media;</li> <li>• Press releases;</li> <li>• Articles published in newspapers and magazines;</li> <li>• Non-Financial Reporting;</li> <li>• Periodic sustainability assessments (CDP, EcoVadis).</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• Sector trade fairs;</li> <li>• Membership of the EcoBeautyScore Consortium;</li> <li>• Trade associations.</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Regulatory compliance;</li> <li>• Environmental protection projects and initiatives;</li> <li>• Research and development projects;</li> <li>• Environmental certifications (ISO14001);</li> <li>• Periodic sustainability assessments (CDP, EcoVadis).</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Periodic performance assessment meetings (business reviews);</li> <li>• Meetings on specific topics and projects;</li> <li>• Sector trade fairs;</li> <li>• Membership of the EcoBeautyScore Consortium;</li> <li>• Company webinars on various topics.</li> </ul>

## Materiality analysis

As required by the GRI Standards 2021, the process that led to the **identification of material topics** was updated in 2022. In 2023, desk analyses were carried out to intercept any changes. This exercise did not result in any significant changes in the identification and assessment of material issues compared to the analysis carried out for 2022, which was divided into the following five stages:

1. understanding the context in which Intercos Group operates;
2. identification of the Group's current and potential negative and positive impacts on the economy, environment and people (including human rights);
3. evaluation of the relevance of impacts;
4. prioritization of the impacts;
5. identification of the material topics associated with the previously identified impacts and their validation at a special workshop organized by senior management members of the Sustainability Global Steering Committee (SGSC).

Specifically, during the first phase, a **desk analysis** of the Group's activities and commercial relations was conducted, in order to collect information useful for identifying the **Group's external impacts** on the economy, environment and people, along its entire value chain. Furthermore, analyses were conducted of **applicable regulations**, of **global sustainability and cosmetics sector trends**, of the sustainability reporting of peers, competitors and customers, and of other published reports and articles in the media and relating to Intercos Group. These analyses made it possible to identify **16 current or potential positive or negative impacts** of the Group along its value chain.

The impacts identified in this way were **prioritized** in separate procedures for positive and negative impacts, and **assessed by top management** and SGSC members at a special workshop, in order to identify a materiality threshold for the most significant impacts of the Group, and their grouping into material topics.

## Assessment of the relevance of impacts and the identification of material topics

The relevance of an existing **negative impact** was determined by its **severity**, while that of a potential negative impact also took into consideration its probability of occurrence. To determine the severity of each impact, the following variables were analyzed:

- **Scale:** severity of the impact;
- **Scope:** how widespread the impact is in the Group's value chain;
- **Irremediable character:** how difficult it is to remedy the damage caused.

The relevance of a **positive impact** was instead determined by taking into account only its scale and scope.

At the workshop, an assessment of the severity of each of the identified impacts was carried out. Having assessed the severity, together with the probability of occurrence where applicable, the **relevance** of each impact was defined.

All impacts with a moderate to high relevance, and therefore higher than the set materiality threshold, were grouped together in a **list of material topics**.

The table below shows the material topics associated with the confirmed identified impacts:

**NEGATIVE IMPACTS**

**THE ENVIRONMENT**

IMPACT	TYPE	DESCRIPTION	MATERIAL TOPIC
<p><b>Water scarcity in high water stress areas due to excessive water consumption</b></p>	<p>Actual</p>	<p>The hair &amp; body segment of the cosmetics sector uses a large amount of water, particularly as a product ingredient, and several Intercos Group plants operate in high water stress areas. Furthermore, various Group cosmetic product types involve the use of water during their life cycle, and may therefore generate water stress in areas with limited water resources. The Group undertakes to mitigate this impact through R&amp;D activities aimed at reducing both the water content in products and the quantity of water used in rinsing activities (particularly for rinse-off products), and through initiatives to reduce process water consumption, such as the installation of an ultrafiltration water recovery plant at the Agrate site.</p>	<p>Water resource management</p>
<p><b>Water pollution due to discharges of harmful substances</b></p>	<p>Actual</p>	<p>Water discharges associated with production contain polluting substances, which, in quantities exceeding the limits set by law, may impact water quality and ecosystems. The Intercos Group mitigates this impact by respecting the limits imposed by local regulations at each production site and by the installation of internal wastewater treatment and purification systems at its different production sites.</p>	<p>Water resource management</p>

IMPACT	TYPE	DESCRIPTION	MATERIAL TOPIC
<p><b>Depletion of natural resources due to excessive consumption of virgin materials</b></p>	<p>Actual</p>	<p>For the manufacture of its products, the cosmetics sector makes use of natural raw materials, reducing their availability and causing potential damage to the ecosystems of origin. Adding to this is the large amount of materials used for product packaging. Among the various initiatives of the Group to mitigate this impact, we highlight the preference, where possible, for sustainable types of packaging, made from recycled or recyclable materials, or facilitating reuse (e.g. refillable packaging).</p>	<p>Consumption of natural resources</p>
<p><b>Damage to ecosystems and biodiversity loss due to production facilities in green areas and palm oil farming</b></p>	<p>Actual</p>	<p>Palm oil farming for the manufacture of cosmetic products has led to progressive deforestation. This has an impact on biodiversity, that is, the variety of living organisms, which are essential for clean air, drinking water, good quality soil and helping combat climate change. In its commitment to reducing land and forest exploitation, Intercos Group is a member of the Roundtable on Sustainable Palm Oil (RSPO), an association aimed at developing international standards for sustainable palm oil.</p>	<p>Biodiversity</p>

IMPACT	TYPE	DESCRIPTION	MATERIAL TOPIC
<p><b>Climate change due to greenhouse gas emissions</b></p>	<p>Actual</p>	<p>The cosmetics sector contributes to climate change through the generation of direct and indirect greenhouse gas emissions. Direct emissions are generated by the combustion of fossil fuels in production processes at the Group's sites, while indirect emissions derive from the extraction, processing and transport of materials used. Logistics and the transport of finished products are a source of additional greenhouse gas emissions. The end-use of certain products also contributes indirectly to climate-changing gas emissions, for example, by requiring the use of hot water (e.g. hair products and make-up removers). To mitigate these climate-changing impacts, the Group has, for several years, pursued a strategy aimed at reducing direct emissions from production plants and at mapping and identifying opportunities to reduce indirect emissions.</p>	<p>Energy and climate change</p>
<p><b>Land occupation and pollution due to waste sent to landfill</b></p>	<p>Actual</p>	<p>Industrial waste sent to landfill causes land occupation and pollution issues, with consequent impacts on the environment and human health. Similarly, at the end of their useful life, products marketed by the Group generate waste which must be managed and treated in accordance with local regulations. Intercos Group undertakes to mitigate this impact by developing processes to cut waste wherever possible, by promoting materials recycling and recovery, and by developing refillable and reusable packaging types.</p>	<p>Waste management</p>

PERSONE

IMPACT	TYPE	DESCRIPTION	MATERIAL TOPIC
<p><b>Damage to consumers' health due to poor product quality</b></p>	<p>Potential</p>	<p>Any non-compliance of Intercos Group products with sector regulations can have impacts on consumer health, given the nature of the substances contained within them, which in incorrect concentrations can be harmful. The Group therefore ensures the highest standards of hygiene and quality throughout production, in order to guarantee the safety of the final products sold to consumers.</p>	<p>Customer health and safety</p>
<p><b>Discrimination and segregation in the labor market</b></p>	<p>Potential</p>	<p>In company processes and throughout the Group's value chain, in the absence of adequate and constant monitoring, equal opportunities for all workers and the absence of discrimination on the basis of gender, ethnicity, faith, disability, citizenship or sexual orientation may not always be fully guaranteed. Intercos has always actively promoted diversity, as demonstrated by its policies that condemn all forms of discrimination throughout the corporate lives of its employees.</p>	<p>Respect for human rights</p>
<p><b>Violation of human rights due to inappropriate working conditions</b></p>	<p>Potential</p>	<p>In such a varied and geographically complex value chain as that of the Intercos Group, without adequate and constant monitoring, it is possible that negative impacts might occur in relation to the human rights recognized by international standards. The Group therefore formalizes its commitment to the application of principles established by international standards on human and workers' rights through its Ethics Code and Code of Conduct.</p>	<p>Respect for human rights</p>

IMPACT	TYPE	DESCRIPTION	MATERIAL TOPIC
<p><b>Physical and psychological damage to workers</b></p>	<p>Actual</p>	<p>Production activities involving aspects such as the manual handling of loads or exposure to potentially hazardous chemical substances may have negative impacts on the health of workers, caused by inappropriate conduct or unsuitable working conditions. To manage this impact, in addition to regular prevention and mitigation activities, the company has established working groups of local industrial operations and health, safety and environment representatives, in order to define common procedures and metrics for occupational health and safety management throughout the Group.</p>	<p>Occupational health and safety</p>
<p><b>Damage to human health due to air pollution</b></p>	<p>Actual</p>	<p>Production-related activities generate polluting air emissions, including sulfur oxides (SOx), nitric oxides (NOx) and volatile organic compounds (VOCs), which may have a negative impact on human health. In all the countries in which it operates, the Intercos Group complies with mandatory air quality protection legislation, and conducts periodic monitoring to maintain compliance with set thresholds.</p>	<p>Local socio-economic impact</p>

**IMPATTI POSITIVI**

**PERSONE**

IMPACT	TYPE	DESCRIPTION	MATERIAL TOPIC
Development of new skills through training activities	Actual	The Intercos Group organizes numerous annual technical and soft skills training courses.	Development of human capital

**ECONOMIA**

IMPACT	TYPE	DESCRIPTION	MATERIAL TOPIC
Support and economic value creation for local communities	Actual	The Intercos Group has positive economic impacts on the local communities and different socio-economic contexts in which it operates. Fiscal transparency and direct engagement are examples of how the Group makes a contribution to the prosperity of local communities.	Local socio-economic impact
Professional development in the value chain	Actual	In the cosmetics industry, the Intercos Group plays an important role in the professional development of its value chain, through the promotion of continuous training and collaboration between the various parties involved in the manufacture, distribution and marketing of cosmetic products. This approach favors innovation and the quality of the products and services offered.	Local socio-economic impact

## RECOGNITION

The Intecos Group’s sustainability efforts have been **recognized and appreciated** by both customers and independent assessment bodies, which have rewarded its progress in recent years.

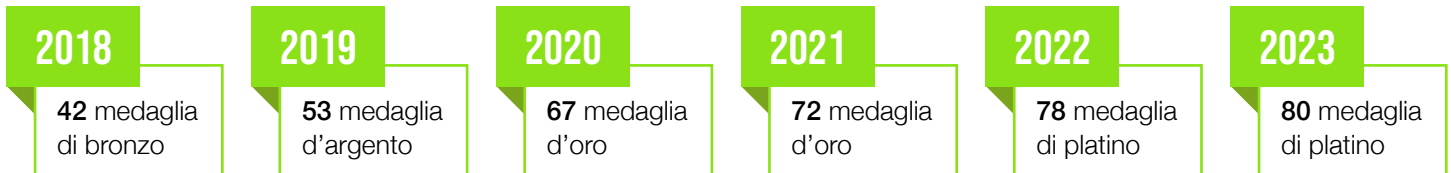
These bodies include **EcoVadis and CDP** (formerly the Carbon Disclosure Project), which are global leaders in assessing the sustainability and CSR performance of companies.

### EcoVadis

The Intecos Group ranks among the top 1% of companies in its sector according to EcoVadis; the Group received a score of 80/100 in February 2023, earning platinum status. At the time of this Non-Financial Statement’s publication, the updated score for 2024 has not yet been released. However, once available, it will promptly be published on our sharing platforms.



In recent years, the Group’s performance has featured progressive and consistent improvements:



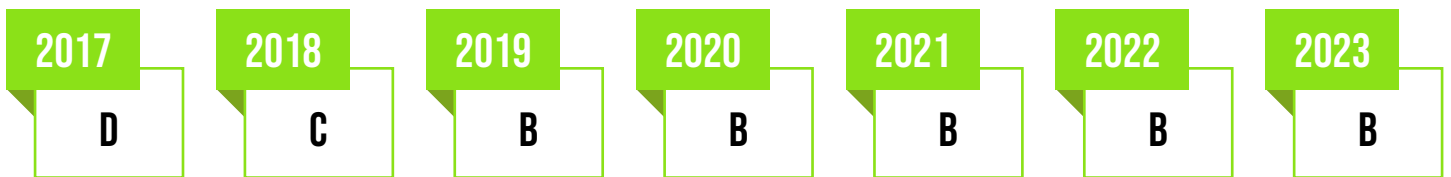
### CDP (formerly the Carbon Disclosure Project)

The Intecos Group has submitted two separate questionnaires through the CDP:

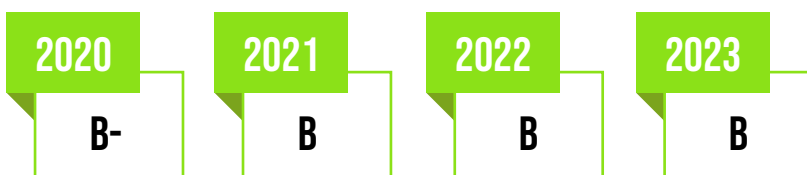
- The **Climate Change Questionnaire**, achieving a rating of B in 2022, referring to performance in 2021, a rating higher than both the sector and the global average (respectively B- and C).



This performance was an improvement on that of the first submission of the questionnaire, and has remained constant over the last four years:



- The **Forest Questionnaire**, which focuses on palm oil and derivatives, achieving a B rating in 2022 for performance in 2021, which is in line with last year, and is above the European and global average (C).



06

WE LIVE  
OUR VALUES

# WE LIVE OUR VALUES

Intercos Group bases its business on **research and development**, making innovation the primary value of its DNA and people and their talent the key to guaranteeing its ability to innovate and be a leader in the cosmetics market.

In this regard, the values and competencies enshrined in the Group's **new Leadership Model** represent clear guidance for all of its partners in carrying out their own activities.

*Our*  
**VALUES**

  
**RESPECT**  
We **genuinely care about people** and are always ready to listen to other opinions

  
**INTEGRITY**  
We encourage **fair business practices** and have **strong moral** and **ethical principles**

  
**TRANSPARENCY**  
We **facilitate access** to data and information, as well as **cooperative decision-making**

intercos  
GROUP  
PEOPLE

## VALUES

The **values**, **competencies** and **specific responsibilities** that guide the people of the Group in relations with its stakeholders are expressed in its Ethical Code, which establishes a shared vision requiring all Group companies to act responsibly.

## CORPORATE ETHICS

Intercos Group is committed to respecting the **highest possible standards of good business conduct**, combating active and passive corruption in all its forms, and taking action to prevent potential violations of its **integrity**.

This commitment to ensuring compliance with the highest standards of business conduct is enshrined in the **Ethical Code** and **Code of Conduct**, which act as benchmarks for all Intercos Group companies in Italy and abroad. As described below, the Group has devised policies based on the **principles of integrity and transparency** – which are two fundamental ethical values – and explicitly condemns all forms of active and passive corruption.

Meanwhile, the **Code of Conduct** has the purpose of **guiding Intercos'** personnel, be they employees or contractors, in all **relations with stakeholders**, in exercising company values and principles, and in the pursuit of the commitments enshrined in the Ethics Code. In fact, the Code of Conduct sets out in detail the **values and responsibilities** that guide the Group in its relations with customers, with its personnel, with suppliers, with the environment and, in general, with those who share a legitimate interest in Intercos (competitors, shareholders, finance, administration and control, public sector, trade unions and the community), **in all phases of its work**. Knowledge of and compliance with the Ethics Code and the Code of Conduct by all Group employees are decisive factors in ensuring innovation, competitiveness, the ability to anticipate market trends, quality and value creation.

Intercos S.p.A. and all of its subsidiary companies ensure they comply with the anti-corruption legislation in the countries in which they operate.

In Italy, the relevant legislation is Legislative Decree No. 231/2001, which governs the administrative liability of companies and other organizations. In Italy, Intercos S.p.A., Intercos Europe S.p.A., and Cosmint S.p.A. have adopted and routinely updated their **Organization, Management and Control Model** respectively in compliance with **Legislative Decree No. 231/2001** (the "231 Model"), with the aim of complying with legislative requirements and continuously improving the efficiency of the internal control and corporate governance systems. The basic principles contained in the 231 Model act as a benchmark for all other Intercos Group companies in Italy and abroad.

The primary goal of the 231 Model is to **provide a comprehensive, structured system** of supervisory procedures and principles targeted at preventing the offenses listed in Legislative Decree No. 231/2001, including **corruption**. It does so by **informing and training employees**, promoting a **company culture based on lawfulness**, promoting decision-making processes based on transparency and traceability, and empowering the employees tasked with making and enacting said decisions. In addition, the 231 Model foresees measures that seek to **protect whistleblowers** and encourage the prompt and non-abusive use of whistleblowing channels in general.

We note that the Parent Company Intercos S.p.A. has circulated guidelines containing the principles of organization and conduct with which its **international subsidiaries** are called upon to comply. These guidelines are **aligned with the 231 Model** adopted by the parent company and the regulations applicable in the countries in which individual companies are based.

These guidelines are the benchmark for promoting an **ethical and transparent corporate culture**. In fact, they give the governing bodies and/or senior management teams of the Group's companies the power to implement measures to enact these principles, with the aim of preventing business conduct that does not comply with the company culture.

In addition, a semi-annual internal audit plan was launched in 2020 for the Group's international companies to verify their compliance with the guidelines. Nine companies were audited in 2023: Tatra Spring, CRB, Intercos America, Intercos do Brasil, Intercos Technology, Intercos Cosmetics, Interfila Cosmetics, Intercos Korea, Intercos India.

These audits are performed in addition to those carried out on the Italian companies Intercos S.p.A., Intercos Europe S.p.A., and Cosmint S.p.A. by their respective **Supervisory Boards**, in accordance with Legislative Decree No. 231/2001. The areas usually assessed in compliance audits are

relationships with government agencies and authorities; internal signatories and authorizing powers; the management of consulting and service contracts; health and safety policies, procedures, and practices; and third-party gifts, donations, and sponsorships.

In addition, once a year, Intercos Group employees in Italy and abroad participate in **specific training sessions**, which usually take place online. The sessions cover the general principles of the Ethics Code and Code of Conduct of the Intercos Group, plus new information regarding topics relevant to the **231 Model**. In 2023, 725 Intercos Group employees participated in these training sessions:

- the course **completion rate in Italian** was **89.7%** (or 237 sessions completed by a total of 264 addressees). The course was delivered to employees of Intercos S.p.A., Intercos Europe S.p.A., Cosmint S.p.A., Ager S.r.l., Intercos Concept S.r.l., and Vitalab S.r.l.; and
- the course **completion rate in English** was **95.8%** (or 442 sessions completed by a total of 461 addressees). The course was delivered to employees of Intercos America, Intercos China, Intercos do Brazil, Intercos Korea, Tatra Spring Polska, CRB, and Intercos India.

In particular, the courses focused on: (i) the principles of Legislative Decree No. 231/2001, including offenses committed abroad; (ii) the principles contained in the Intercos Group's Ethics Code, the 231 Models, and the guidelines for international subsidiaries; (iii) the whistleblowing management system; and (iv) sexual harassment in the workplace.

We note that **no incidents of corruption were recorded** in the three-year period from 2021 to 2023.

Regarding socio-economic legislative and regulatory compliance, the following significant cases were reported in relation to the three-year period from 2021 to 2023:

#### **1. Disputes with two former employees of Intercos Korea Inc. due to unfair competition.**

In 2019, two Intercos Korea employees underwent penal proceedings at the local court of Suwon (South Korea) for violating professional duties under local unfair competition law (the Unfair Competition Prevention and Trade Secret Protection Act). The two employees (no longer employed at Intercos Korea) had been accused of transmitting electronic images containing information on cosmetic formulas and trade secrets of the company Kolmar Korea Co., Ltd., of which, at the time, one of the two was an employee, to the other former employee, who, at the time, was employed by another third-party cosmetics company. Subsequent to the above, both were hired by Intercos Korea Inc., which, therefore, was in turn sued together with the two defendants as their employer. Under Korean law, the illicit acquisition or use of third-party trade secrets relating to an employer's business may be charged against the employer, which may then be subject to a monetary fine, unless the employer can prove it has taken due diligence to prevent such conduct.

In its judgment dated August 12, 2021, the Court of Suwon ruled the two employees guilty of misappropriation and unlawful transmission of confidential information, and ordered Intercos Korea to pay a fine of WON 5,000,000 (approximately Euro 3,641.4). Following the appeal filed by Intercos Korea, the court of appeal upheld the conviction, deeming Intercos Korea's involvement in the attempted abuse of trade secrets to be valid, and doubling the fine to KRW 10,000,000 (equal to approximately Euro 6,955.23).

On February 17, 2023, Intercos Korea filed an appeal to the Supreme Court. In a ruling dated December 14, 2023, the Supreme Court partially modified the decision of the court of appeal, acknowledging the use of trade secrets in only two instances. All other alleged offenses were therefore excluded from the conviction as the Supreme Court did not consider them to be violations. The case was subsequently referred to the lower court for further consideration of its merits. In December 2023, the trial judge decided to transfer the case to the Court's Mediation Center, an authority that will appoint a mediator, who will be tasked with attempting to resolve the dispute via a settlement. The dispute is currently still ongoing.

## **2. Tax disputes filed by the Tax Agency against Intercos Europe S.p.A and Cosmint S.p.A.**

On June 24, 2021, the Large Taxpayers Office of the Italian Revenue Agency summarized in two separate reports, concerning respectively Intercos Europe S.p.A. and Cosmint S.p.A., the results of preliminary investigations for the 2016, 2017 and 2018 tax periods. The observations of the reports concerned, in particular, the tax regime applied to certain subcontracting contracts stipulated with contractors. Intercos Europe S.p.A. and Cosmint S.p.A. had various exchanges with the Revenue Agency. These were collected, on December 6, 2022, in a report in which Intercos Europe S.p.A. and Cosmint S.p.A. provided arguments and documentation to support the propriety of their conduct. On December 28, 2022, the Revenue Agency, partially acknowledging the argumentation presented by Intercos Europe S.p.A. and Cosmint S.p.A., issued tax assessment notices against the two companies for the 2016 fiscal year.

On January 25, 2023, Intercos Europe S.p.A and Cosmint S.p.A submitted a request for a tax settlement proposal in relation to the aforementioned tax assessment notices for the 2016 fiscal year.

On March 29, 2023, following a series of discussions with the Revenue Agency, Intercos Europe S.p.A and Cosmint S.p.A successfully concluded the settlement process, reaching an agreement with the Revenue Agency pursuant to Article 6, paragraph 2 of Legislative Decree No. 218/1997.

Specifically: (i) Intercos Europe complied with the assessment notice for the year 2016 and a series of summons, also related to VAT, concerning the 2017 to 2021 tax periods; and (ii) Cosmint complied with the assessment notice for the year 2016, a summons concerning the 2018 tax year, and a second summons regarding IRAP for the 2018 tax year. During these discussions, Intercos Europe S.p.A and Cosmint S.p.A expressed a desire to make use of the penalty settlement concessions pursuant to Article 1, paragraph 179, of Law No. 197/2022 (Budget Law 2023). These concessions consist of applying reduced penalties equivalent to one eighteenth of the minimum prescribed by law.

At the end of the trial, the total sums paid amounted to Euro 4,756,983.65, of which: (i) Euro 4,416,450.63 paid by Intercos Europe S.p.A.; and (ii) Euro 340,533.02 paid by Cosmint S.p.A.

## **3. Dispute related to objections filed by the A.R.P.A. (Regional Environmental Protection Agency) following an inspection of the Cosmint S.p.A. plant.**

On June 15, 2021, an inspection was conducted by Lombardy's Regional Environmental Protection Agency (A.R.P.A.) - Department of Como and Varese and certain objections were raised concerning the waste disposal methods employed at the Cosmint S.p.A. plant.

Following the inspection, on March 8, 2022, Cosmint S.p.A.'s delegated environmental protection executive was served a criminal conviction decree, sentencing him to pay a fine of Euro 8,500, including Euro 4,500 in lieu of imprisonment in relation to the offense under Article 256, paragraph 2 of Legislative Decree No. 152/2006 concerning the non-compliant disposal methods mentioned above.

The charge pertained to the offense under Article 256, paragraph 2 (related to Article 256, paragraph 1(B)) of Legislative Decree No. 152/2006. It involved the uncontrolled abandonment of hazardous waste packaging (residues from alcoholic products, used oils, iron and steel, and other by-products of chemical processes). The packaging had been disposed of in an area that was not adequately separated from raw materials and in conditions that did not comply with the provisions of Article 185-bis of Legislative Decree No. 152/2006. Specifically, the packaging lacked covers, was not protected from the weather, was at risk of liquid runoff, and was generically labeled instead of specifying the type of waste.

On July 19, 2023, following the first-instance criminal proceedings, the Court of Como found Cosmint S.p.A.'s delegated environmental protection executive guilty of the charges. Granting

general extenuating circumstances pursuant to Article 62-bis of the Code of Criminal Procedure, the Court issued a ruling sentencing the executive to four months in prison and a fine of Euro 1,750.00 as a conditional suspended sentence, in addition to the conviction's erasure from the individual's criminal record certificate.

On September 29, 2023, an appeal was filed to Milan Court of Appeal. The appeals process is currently ongoing.

#### **4. Dispute involving Intercos Europe S.p.A. regarding CITES certificates for the export of cosmetic products containing traces of orchid extract.**

On December 19, 2022, La Spezia Finance Police seized certain cosmetic products for further investigation concerning their compliance with the certificates required for their export to the United States of America. The seizure was carried out after ascertaining that the cosmetic products contained traces of *Phalaenopsis amabilis* and *Orchis mascula* orchid extracts, derivatives for which Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) certificates had not been requested. On January 18, 2023, Intercos Europe S.p.A.'s legal representative was served with a seizure validation decree and notified of the initiation of criminal proceedings at the Court of La Spezia. On September 11, 2023, the Preliminary Investigating Judge (GIP) for the Court of La Spezia dismissed the charges under Article 409 of the Code of Criminal Procedure concerning the proceedings against the legal representative of Intercos Europe S.p.A., also ordering the return of the seized items. On October 18, 2023, the Finance Police complied with the dismissal of charges, returning the seized items.

#### **5. Dispute against Intercos Korea Inc. concerning certain labor laws.**

In 2023, Intercos Korea was involved in a formal labor-related investigation by the local labor office. Said office launched the investigation following grievances raised by former employees of a temporary staffing agency used by Intercos Korea. Following the investigation, on May 12, 2023, the labor office issued a corrective order against Intercos Korea. The order addressed various issues and grievances, including those related to unlawful temporary staffing, workplace harassment, and minor concerns about working hours and the calculation of the minimum wage.

With regard to the grievances concerning unlawful temporary staffing, following the procedure provided for under Korean law with supervision from the labor office, Intercos Korea agreed to employ a total of 89 workers. This number is fewer than initially specified in the corrective order and is also lower than Intercos Korea's staffing needs. With regard to the other grievances, Intercos Korea has adopted all of the corrective actions provided for in the plan agreed with the labor office.

On October 16, 2023, the labor office informed Intercos Korea that the actions outlined in the agreed plan had been successfully adopted and, therefore, formally validated by the labor office. The labor dispute process is thus concluded. However, the case has been referred to the Korean prosecutor, leading to the formal initiation of related criminal proceedings. To date, the prosecutor has not taken any actions or requested additional information from Intercos Korea.

#### **6. Disputes against Intercos America Inc. concerning product liability.**

In 2023, and up to the date of this NFS, Intercos America Inc. has been involved, together with other industry and market players outside of the Beauty sector, in disputes related to product liability (including compensation claims linked to the alleged presence of asbestos in some cosmetic products containing talc).

Generally speaking, the compensation claims brought against Intercos America Inc. could be costly and time-consuming and may lead to settlements, injunctions, or damages payments. These outcomes could significantly impact the Intercos Group's business, its prospects, financial conditions, liquidity, operating results, and cashflow. Given the inherent uncertainty of the grievance, we cannot currently predict the final outcome of the cases (during this early stage), nor the impact that some of these disputes could have on the aspects mentioned above.

Notice is hereby given that on February 23, 2024, Intercos S.p.A., its President, and Intercos Europe S.p.A., along with other parties, became the subject of a document acquisition procedure initiated by the Public Prosecutor's Office of Lodi, within the framework of an investigation pertaining to the utilization of substances and the disposal of waste by a subcontracting entity of the Group. Based on the available limited information, it has been ascertained that the investigations, which also implicate the aforementioned entities, do not appear to pertain to ongoing production activities but rather to operations that ceased in 2014. Additionally, the document acquisition decree fails to furnish specifics regarding the attributed conduct to the Group and its President, thereby precluding the formulation of reasonable assessments concerning the risks associated with the ongoing investigations. Intercos shall diligently monitor the progress of the ongoing inquiries and verifications in a cooperative spirit, steadfast in its conviction to demonstrate its non-involvement in any wrongdoing, maintaining that it has consistently operated with integrity and in strict adherence to environmental regulations.

## PRIVACY GUIDELINES

Intercos has drawn up a plan to update the personal data protection systems of all affected Group companies so that they comply with the provisions of the General Data Protection Regulation or GDPR (EU Regulation 679/2016). Specifically, the Company has adopted a series of specific guidelines on the protection of personal data, including the "**Privacy Guidelines**" and "**Authorized Persons Guidelines**", which are designed to raise awareness among authorized persons who process data and to train them on the provisions of the GDPR.

In compliance with Regulation (EU) 2016/679 ("GDPR"), the companies Intercos S.p.A., Intercos Europe S.p.A. and Cosmint S.p.A., in 2022 and 2023, updated their respective **Personal Data Processing Registers** as per Article 30 of the same regulation, to identify the individual responsible departments of each company, the types of data collected, the purposes of the data collection, the data retention times, and the processing methods. A **mapping of Data Processors** was also carried out regarding companies external or belonging to the Intercos Group providing certain services, or parts of services, involving the processing of personal data on behalf of the Data Controller.

## IT SECURITY

Again in 2023, the company also worked hard on the cybersecurity front, continuing with its **multi-year program** of initiatives to be consistently and uniformly applied across all Group companies.

The program has seen the Group embark on a path of improvement in various areas, including **IT risk management**, **third-party management**, data protection, **IT incident identification**, and access management, which are all subject to **periodic assessments** (at least annually), across all Group companies, of the effectiveness of adopted measures according to international best practices.

At the same time, the plan to develop the company's **IT platforms** continued, and the **training program on cyber security** topics for all employees issued with a company PC was improved.

Again in 2023, another focus for the IT department was **disaster recovery**, a topic related not only to cybersecurity, but also business continuity.

In emergency situation, involving particularly serious IT attacks and crises, a key role is to be played by the so-called "**war room**", which involves, among others, the CEO, CIO, CFO and Public Affairs and Legal & Business Development Global Sr VP, in assessing damage and making decisions on actions to return to normal operations.

We note that, on February 18, 2024, as part of this constant monitoring activity, an unauthorized access to our systems was detected, committed by unknown parties and not due to a malfunction of the systems themselves or human error. Intercos Group immediately started an investigation in collaboration with two leading global cybersecurity international firms and, with the support of IT security and legal experts, has undertaken the necessary measures aimed at containing the spread of the malware in the data and systems. The Company implemented a temporary suspension of IT services in order to allow the sanitisation and progressive restart under secure conditions for a timely resumption of ordinary operations, as soon as possible. Based on the information available as of today, the Company believes that the temporary suspension of IT systems will not have a significant impact on the Group's results. Intercos hereby informs that, in line with its own corporate policy, it will not accept any ransom requests that it may receive, as accepting such requests will result in funding criminal activities.

## CONSUMER PROTECTION

Intercos is committed to abiding by the **highest standards of hygiene and quality** during operations to ensure **only safe products are sold to customers** since although it is not directly responsible for choosing product formulas, it is fully responsible for the production process. With the same aim, i.e. to protect consumers, the Group considers it essential to **disclose comprehensive and accurate information** to its B2B customers, both through commercial communications and product labels.

Intercos also expresses its commitment to guaranteeing high product quality standards and to adopting adequate communication tools to inform the wider community of the impacts of its business activities in its **Ethical Code** and **Code of Conduct**.

To prevent product safety risks, Intercos ensures full compliance with the applicable laws in all countries in which it operates. In the cosmetic industry, the development, production, and marketing phases are governed by a particularly strict **regulatory framework**, guided **at the EU level by Regulation (EC) No. 1223/2009, (the “Cosmetic Regulation”)**. This Regulation governs, among other things, the composition, labeling, and packaging of cosmetic products to facilitate their free movement in EU markets. The Regulation also implements safety assessment criteria to ensure the wider protection of health and consumer information. Non-clinical safety studies on cosmetic products are conducted, where applicable, in accordance with the principles of **good laboratory practice pursuant to Legislative Decree No. 50 of March 2, 2007, which enacts Directive 2004/9/EC and Directive 2004/10/EC**.

In addition, in accordance with the aforementioned Cosmetic Regulation and a specific company policy, **no Legal Entity of the Intercos Group uses animals** to test its products, nor does it rely on third parties to conduct such tests on its behalf.

Although Intercos is not directly legally responsible for the impact of its products on end consumers, the Company is nonetheless required to comply with the restrictions imposed by applicable regulations, as well as with customer **blacklists** when **selecting ingredients and formulating products**.

### Consumer protection, from formulas to production and product packaging

Intercos pays close attention to **consumer protection** during all stages of the production process, from the choice of raw materials to the formulation of products, and from their production to packaging.

**Ingredients are chosen** in compliance with **current regulations** and the **highest quality standards**. In addition, the Company is committed to respecting requests from customers, who inform the Group of any ingredients they would prefer not to use in their products.

To be selected and purchased, all raw materials sold by suppliers must be accompanied by **extensive documentation** to guarantee their technical characteristics, quality and safety, and specifically: a material safety information document, a technical information document, composition details, a certificate of origin, a declaration of compliance with the **REACH Regulation**, in addition to specific information on material types (for example, a declaration of the purity of pigments, a declaration of the absence of asbestos for talc, etc.). New raw materials must be **laboratory tested and approved** before they can be coded and used in the production process.

During the formulation process and prior to the start of full-scale production, Intercos products must undergo a series of tests, depending on their product category or the specific tests requested by the customer:

- **A stability test**, which is performed on all new cosmetics and cosmetic products subject to modification. This test assesses how product quality varies under the influence of a number of environmental factors over time (e.g. temperature, humidity, and light) to establish storage life and to collect the data required for the Authorization for Product Release in the various export regions;
- **A challenge test**, where applicable. This test is performed according to the ISO method once a preliminary assessment of product stability has been successfully completed (after approximately one month) and evaluates the anti-microbial efficacy of preservatives;

- **A patch test**, which is performed to test for irritation of the product on the skin;
- **A microbiological in use test**, which is performed on certain product categories or at the request of the customer to determine the microbiological stability of a product if its use involves applications that could contribute to the growth of bacteria;
- **An ocular use test**, which is performed on products intended for use on the eye area, especially mascara, eyeliner, and kohl;
- **Dermatological use test** for applications to the lips and face, where applicable and/or upon customer request;
- **Sun protection factor (SPF) determination test**, which is performed on products that contain filters and require an SPF declaration (both UVB and UVA).

**Specific tests and studies** are also performed, depending on the claims the customer intends to make with the product.

### **Consumer protection: providing accurate information**

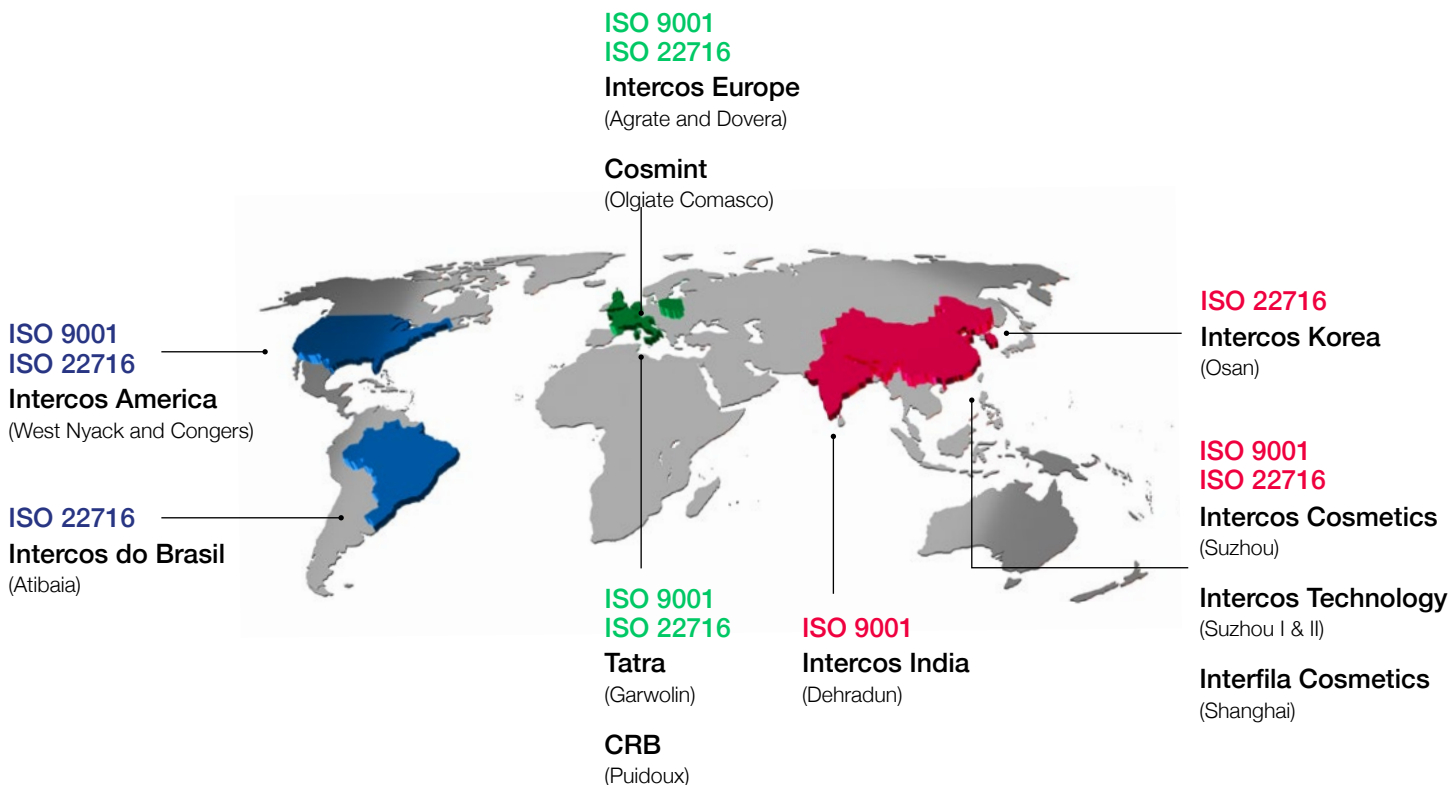
To ensure and document that products meet **EU and international regulatory requirements** in terms of their composition, safety, and stability, the **Regulatory Affairs Office** – present at both the corporate and local level – is responsible for collecting and assessing all data relating to the **compliance of raw materials and cosmetic products** with the regulations in force, in addition to preparing the technical documentation required by customers to sell products or to be submitted to the authorities in case of request.

The Regulatory Affairs Office publishes a **PIF (Product Information File)**, which compiles all available **technical information** about the product and comprises the following main documents: qualitative formulation and ingredients, (bulk) product specifications, raw material specifications, manufacturing methods, stability/compatibility results, safety tests (including the patch test, challenge test, in-use test if needed, ocular test if needed), the Cosmetic Product Safety Report (CPSR), and finally, any tests in support of particular claims (e.g. SPF test results, if needed).

Product quality is also linked to the topic of safety. To demonstrate the primary importance the Intercos Group attributes to quality in its business development strategies, the Company has set up a **Corporate Quality Management System (CQMS)** to standardize the management of the quality system across all Group companies. 75% of the Group's production sites are **ISO 9001 certified** in terms of **quality management** throughout the production cycle (see Figure C for more details).

Furthermore, 81% of the Group's production sites are **ISO 22716 certified** for compliance with the **Good Manufacturing Practices** for the cosmetics industry (see Figure C for more details).

Figure C: Production plants whose quality management system is certified according to ISO 9001 standard and that comply with Good Manufacturing Practices according to ISO 22716 standard



In the three-year period from 2021 to 2023, all tests required by the Intercos protocol were performed **on all formulas** (intended as a formula framework).

We also note that during the three-year period from 2021 to 2023 **no reports of serious undesirable effects were received** under Regulation (EC) No. 1223/2009, and no cases of non-compliance with product information circulation and labeling regulations were recorded.

07

WE CARE  
FOR PEOPLE

# WE CARE FOR PEOPLE

In 2023, Intercos continued its efforts to invest in **people management**, in line with its business strategy. Inspired by the business purpose, the **people strategy** has the purpose: “We connect people with their beauty”.

In a similar vein, Intercos is committed to **attracting, developing, retaining and engaging** the best people in all the countries in which it operates, in order to guarantee, on the one hand, effective long-term leadership, and, on the other, the continuity of skills and excellence, while always taking best market practices into consideration.

The Group’s people strategy has the following **goals**:

- To create a global HR organization supporting business excellence and acting as a business partner;
- To apply shared HR processes and tools to promote digitalization;
- To make managers responsible for managing and developing teams and individuals in the best possible way.

The people strategy leverages the following guiding principles and connected processes and initiatives:



These processes and initiatives respond to the people strategy’s priorities and for the organization and its people throughout the **various phases of the employee life cycle**:



With this vision, Intercos’ new **Leadership Model** identifies the critical success competencies needed to support the business strategy and the creation of a well-defined, **shared corporate culture**. The new leadership model, designed in collaboration with **management and employees**, represents an important turning point for the various **HR processes**.



## OUR PEOPLE, OUR KEY RESOURCE

The Group invests in **human capital** to ensure its employees have the capacity to innovate, respond to and anticipate customer needs, and contribute to the Company's sustainable success over time.

The Group promotes **diversity** in all its forms. This is made explicit in its **Ethical Code** and **Code of Conduct** (see chapter "We live our values", paragraph "Corporate Ethics") – adopted by the entire Group – which underline the centrality of people, and highlight the Group's commitment to promoting an **inclusive, fair work environment that guarantees human rights** and is focused on professional development across the world.

Interco's HR management system is built on processes and tools that provide **equal opportunities** and guarantee **non-discriminatory behavior** at all levels (selection processes, internal mobility, performance management, and training & development).

**Employees are managed by the HR department** in collaboration with individual Group managers, who ensure compliance with Company policies and guidelines and adopt the best possible **approach to the real needs of employees** and the business.

The Group invests heavily in tools and systems to promote internal growth and market competitiveness.

### Selection and onboarding

The selection process seeks to attract the best talent to an array of organizational roles, be they recent graduates from leading academic institutions or experienced professionals.

This process is guided by an **in-house team** that operates both centrally and locally and is assisted where necessary by **external partners** who specialize in identifying the best talent for the Company context and culture.

**Line managers** are also involved in the process, in order to identify the necessary requirements for the positions sought and therefore attract the **most suitable resources**.

Once new hires are selected to join the Company, special attention is dedicated to the **onboarding process**. New hires are engaged in a **formal induction** process focused on providing all the necessary information for effective onboarding.

In 2023, the onboarding process was redesigned to **improve its integration** at Group level and **digitalize systems**. Starting in 2024, this will provide new hires with an **overview of the company’s business**, priorities, organization, and Group Culture. This process foresees the use of an **interactive digital platform** comprising various sections (learning magazine) that provide information and opportunities to exchange knowledge through the **use of gamification**.

The platform will also be instrumental for **internal communications**, with the objective of **engaging employees** by circulating information at all levels.

The **digital onboarding process** will subsequently be supported by **regular virtual meetings**, during which the Group’s CEO and management will welcome new hires to the Group, introducing them to business content and the company culture.



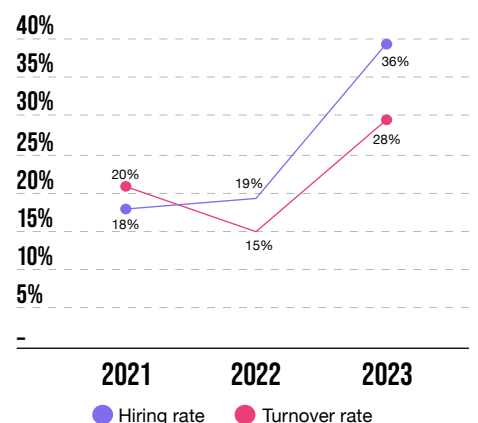
### TUTORING THE FUTURE

In 2023, the “Tutoring the Future” initiative was launched to **facilitate the integration and development of recent graduates**. The objective is to provide holistic support while they acclimate to the new company environment. The initiative comprises multiple stages over time, using tools conducive to the acquisition of self-awareness, training activities (effective communication, self-leadership, language learning), the appointment of a company mentor, and a specific professional development plan.

To better attract talent, Intercos also engages in **employer branding** to **strengthen its positioning** on the market through initiatives and **partnerships with major national and international schools and universities**. These initiatives seek to introduce Intercos and, more generally, the cosmetics industry to professionals with potential and expertise.

Figure 3 shows data on the **rate of new employee hires and employee turnover** over the three-year period from 2021 to 2023. In 2023, **1,486 new employees** were hired, while 1,152 individuals terminated their employment with the Group, equal to 36% and 28% of the total workforce respectively. The highest employee hiring rate was in **South Korea** (126%), followed by China (49%), and Brazil (22%). The highest employee turnover rate was also in South Korea (80%), followed by Brazil (22%) and the India (16%). The high variability of data for South Korea in 2023 is due to a staff restructuring and hiring program initiated during the year in response to production needs. See Tables 18 and 19 in the Appendix for more details on the total number and rate of new employee hires and employee turnover over the three-year period from 2021 to 2023, subdivided into region, gender, and age group.

Figure 3 – Hiring and turnover rate



## Organization

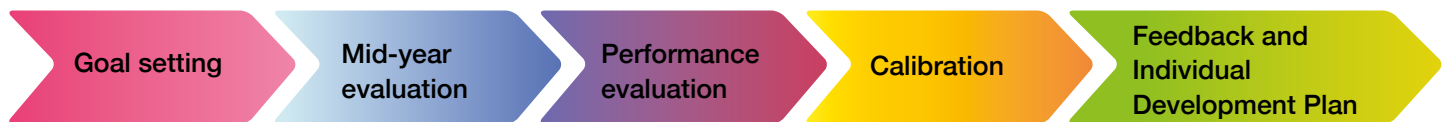
To better guarantee internal fairness and external competitiveness, Intercos has adopted an **organizational position banded weighting system** that analyzes several indicators, such as the contribution of the role to results, internal and external relations, innovation and know-how, to coherently and transparently identify how various management processes are connected.



## Performance and development

In 2023, there was a significant shift in the management of employee performance with the introduction of the **Intercos Performance Management (IPM)** initiative across all Group companies, involving approximately 1,600 individuals. IPM is a **key process** that seeks to guide the **professional development of employees** by aligning their individual goals with the Company's business strategy. Doing so creates a beneficial cycle that aligns performance assessments with key business decisions on employee **rewards and development**. The system consists of identifying, and subsequently **evaluating objectives** (what), and observing **demonstrated behaviors** (how) using the Leadership model outlined in the introduction to the "We Care for People" chapter as a point of reference.

### EVALUATION PROCESS



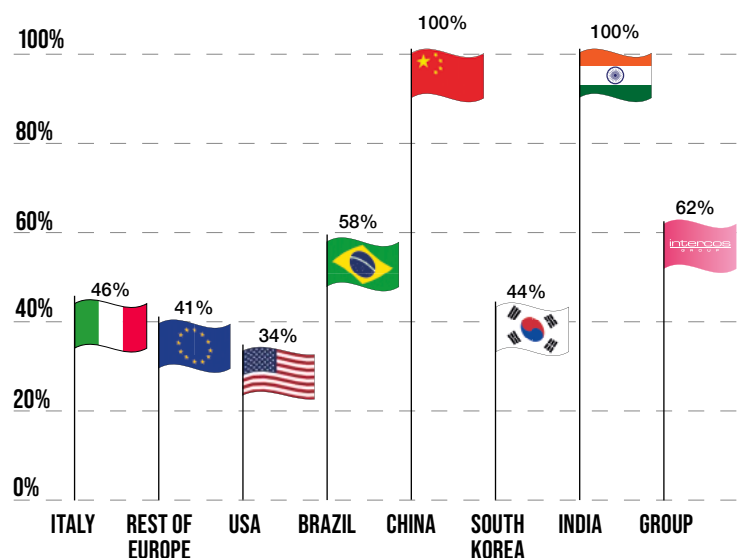
On the one hand, the process seeks to provide **greater transparency** and clarity on management and the priorities of individuals, teams, and companies. On the other hand, it **encourages the collaborative establishment** of coherent objectives.

During all phases of the process, close attention is paid to communication between managers and employees and the provision of feedback on performance.

**Feedback** concerns the results achieved during the year and the methods employed to achieve them. Meanwhile, the qualitative aspect is based on the behaviors outlined in the leadership model, which serve as a **common framework** for managers and employees, individuals and the company. This communication method not only facilitates better mutual understanding but also represents a key aspect of **defining personal development plans** that align with both individual and company expectations.

The figure opposite (Figure 4) shows the **percentage of employees out of the total workforce that received a performance appraisal** during the year, broken down by geographic area. In 2023, the performance appraisal process followed the methodology employed prior to the launch of the IPM. This led to a varied approach across all Intercos countries, which adopted different methods to identify the subjects of appraisals. In 2023, China and India had the most extensive review processes in place, with 100% of employees receiving feedback on their performance. We note that, in Italy, referring to eligible personnel, including executives, middle managers, office workers and key manual workers, such as maintenance technicians with a seniority of more than 6 months of service, the percentage who received performance evaluations was approximately 96%. More details are shown in the Appendix (see Table 23).

Figure 4 – Percentage of employees that received a performance review in 2023, by region



With a view to the **professional growth** of its people, Intercos actively promotes internal mobility.

Over recent years, **internal mobility** opportunities have been offered both nationally and internationally, as a lever of the Group’s diverse, open and inclusive culture.

Important investments are also made in employee **skills and knowledge development** through **training and development initiatives** across all levels of the organization.

Indeed, from their very first entry into the company, new employees are asked to participate in dedicated meetings and complete **specific training modules** depending on their role and responsibilities.

As regards **training activities**, each year the needs of employees across various Company divisions are analyzed to define priorities for that year at both Group and individual level. This analysis is conducted by the HR division in collaboration with line managers to ensure **that individual needs are aligned with business needs** where at all possible.

The learning & development offer was further enriched in 2023 with the launch of new Group level initiatives. The use of **digital methodologies** has made it possible to structure programs with a range of different tools, including virtual and face-to-face classes and e-learning, to address recipients across various Group companies, and to promote, in addition to training contents, **integration and networking** as key stimuli of the Group culture.

In 2023, the **Intercos Academy** was redesigned to offer a range of training and development opportunities.

INTERCOS ACADEMY				
 <b>DEVELOPMENT ACTIVITIES</b>	 <b>BEHAVIOURAL SKILLS ACTIVITIES</b>	 <b>ENABLING SKILLS ACTIVITIES</b>	 <b>DIGITAL AND TECHNICAL TRAINING</b>	 <b>ROLE-BASED LEARNING JOURNEYS</b>
LEADING THROUGH ENERGY, PASSION AND PEOPLE (LEPP) INNOVATION SHAPE THE FUTURE COACHING WORKING ACROSS CULTURES LEAD TUTORING THE FUTURE	EFFECTIVE COMMUNICATION EXECUTIVE PRESENTATIONS VIDEO CONFERENCING MANAGING THE BOSS CROSS-SILOS COLLABORATION AND ACCOUNTABILITY PROJECT AND TIME MANAGEMENT	TEAMS, SHAREPOINT AND ONEDRIVE EXCEL BASIC AND ADVANCED ALPHA MANUFACTURING LANGUAGES	MANDATORY TRAINING CYBERSECURITY DESIGN THINKING COSMETIC REGULATIONS ...	IFTS PRODUCT INDUSTRIALIZATION PACKAGING DEVELOPMENT ...

Training opportunities comprise programs **to develop soft skills and leadership skills**, programs to **teach industry** or role-specific technical knowledge, and language learning programs. Throughout 2023, a specific focus was placed on **people management**, both locally and internationally, and on topic areas such as innovation, shared leadership development, cross-cultural collaboration, and effective communication.

**Individual coaching pathways** were also launched with the support of specialized third-party coaches with extensive experience in business roles focused on personal development activities. These coaching pathways seek to address specific behavioral and leadership improvement needs, in addition to professional development support requirements. The coaches provide an independent point of view on organizational challenges.

In addition, programs dedicated to the **development of specialist skills in the cosmetic sector** were adopted, with specific attention paid to role-based pathways. This initiative takes place in a context marked by a generational shift and growing difficulties finding qualified individuals with the requisite skills for the market. Therefore, the program's objective is **to attract young talent** and train them up on specific key skills that contribute to company success, **exploiting and enhancing the experience and expertise** accumulated in house over the years. In 2024, this approach will be bolstered further, extending the program to both new hires and existing employees.

## TRAINING AND DEVELOPMENT PROGRAMS

**Leading through Energy, Passion and People (LEPP):** a development program addressing the Group's people managers, which sets the goal of providing employee and diversity management tools that promote leadership skills in the context of change.

The program, delivered both virtually and face-to-face, promotes the sharing of experiences between people from different parts of the Group. To guarantee the effective dissemination of shared tools and methods, the program is gradually being introduced across the various Group companies in the relevant local languages. To date, the program has involved 190 Group employees.

**InnovAction:** a program that seeks to strengthen leadership and collaboration across all levels of the organization, leveraging the potential of participants as facilitators of change, in order to generate innovation for the Group through proactivity, a sense of responsibility, decision-making, and cross-departmental collaboration.

**Working across culture:** a program with the objective of sharing tools, practices, and approaches deemed useful when working for a multinational corporation like Intercos, and developing relationships built on trust with colleagues and business partners from other cultures. At the same time, it provides the opportunity to gain a thorough understanding of one's own personal communication style and understand how to adapt it to ensure one's messages are received in the most effective manner.

**Shape your future:** : a program dedicated to improving self-awareness and the identification of strengths and areas for improvement. The program begins with a development center of simulations and feedback, facilitated by expert and third-party assessors. The structured sharing of the results of the development center with participants and their managers allows individual development plans and coherent priorities to be developed more effectively.

With regard to employee training and development, the figures and table below show **training hours** by subject and average training hours by region, gender, and employment category.

A total of approximately **91,776 hours of training** (approximately 22.5 hours of training per employee) were provided in 2023, primarily on the topic of improving technical/professional skills (hard and soft skills) and health and safety and environmental issues. Training activities involved many employees in Italy and Brazil, where an average of 30 and 25.5 hours of training per head were provided respectively. More details are shown in the Appendix (see Tables 20, 21 and 22).

Figure 5 – Training hours provided in 2023, by subject

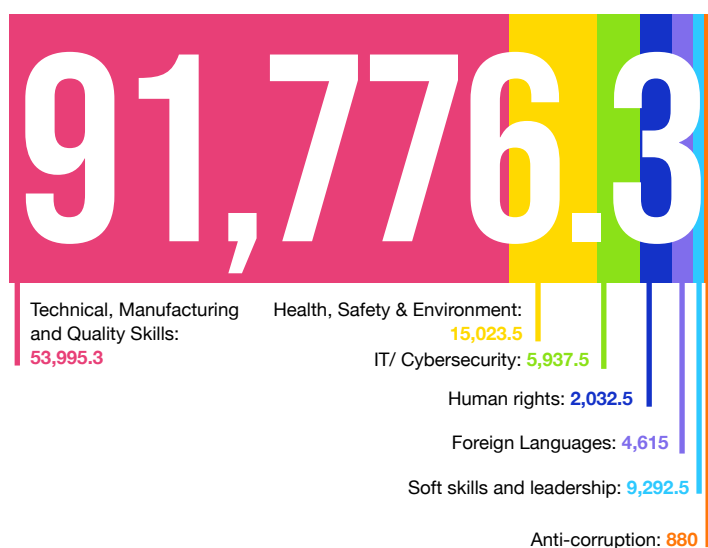


Figure 6 – Average training hours per employee, by gender

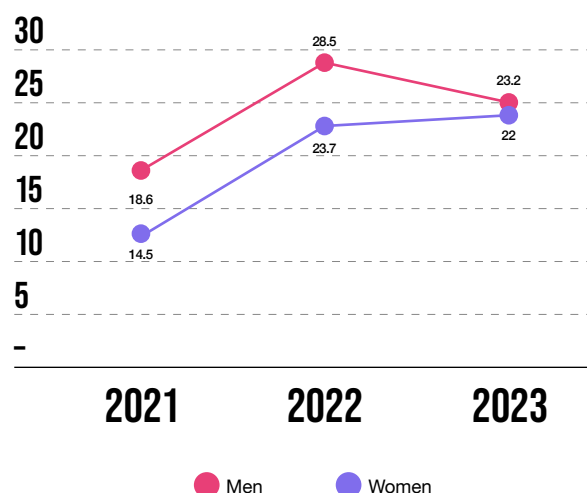


Table 2: Average training hours per employee and region

	2021	2022	2023
Italy	26	36.6	30
Rest of Europe	8.5	12.6	13.2
USA	6.8	3	7.5
Brazil	25.8	28.2	25.5
China	11.1	25.5	24.6
South Korea	3.5	18.7	12.6
India	N/D	34.9	12

In 2024, the objective will be to **further invest** in talent development, collaboration, and multicultural team management, with a focus on sharing specific expertise and building skills for the future.

## Welfare

Intercos promotes a positive and safe environment for its employees and makes sure to provide them with **welfare programs** that are as suitable as possible for their needs and aligned with best practices in the marketplace. In fact, welfare initiatives seek to promote well-being and a good work-life balance, and to appeal to future Group employees.

As an example, Intercos has implemented a specific **welfare plan** in Italy that provides access to a **flexible benefits** program, which can be used to obtain individual and family benefits, in the areas of education, transportation, health, social services, sports, and support for those looking to buy a home. Periodically, welfare plan enhancement meetings are held to provide more details and information, and gather additional staff insights towards improvement. In addition, Italian employees can benefit from **the VIP Program**, a **company benefits portal** that allows them to make discounted purchases and access coupons and cashback on over 250 brands providing a variety of goods and services. Each employee has the opportunity to extend participation in the initiative to five people outside the Company.

Employees in **China** benefit from **several welfare initiatives**, including activities for employee families, courses on specific topics of interest to workers, counseling services and sports activities.

In **Brazil**, Intercos do Brasil offers its employees **health insurance**, which can be extended to partners and children.

Finally, **Intercos America** offers employees the opportunity to allocate part of their salary to their **health expenses** and those of their families (tax free).

Between 2022 and 2023, as part of a review of the remuneration policies within the Intercos Group, a project was launched to gather detailed information about the **benefits offered by various legal entities**. The goal was to **identify potential gaps** compared to standard practice in local markets and make the necessary improvements. For example, in 2023, with a view to **improving inclusivity**, Intercos Americas updated its **Paid Parental Leave policy**, by providing two different forms of leave:

- Paid Maternity Leave for absences related to pregnancy or birth, which complements Short-Term Disability (STD) Leave;
- Paid Bonding Leave for employees who have recently become guardians through birth, adoption, or foster care, which complements Paid Family Leave (PFL).

In both cases, Intercos America will provide additional pay beyond the provisions for STD and PFL so that employees on leave receive 100% of their pre-leave base salary.

In addition, **CRB** has updated its **supplementary pension plan**, introducing significant changes, including a substantial increase in the company's contributions, enhanced pension and insurance coverage, and the introduction of new methods to access additional perks for employees. In 2024, the mapping of benefits offered in the remaining countries will be completed, and a Group policy will be formulated to ensure greater integration.

Since 2022, Intercos has collaborated with the **Fair Wage Network** and its **Living Wage** project. The objective of this initiative is to map employee remuneration across the Group, with the goal of providing a living wage at all levels, allowing employees to afford a dignified standard of living for themselves and their families. The concept of the living wage goes beyond the minimum wage provided by law. The analysis, concluded in 2023, involved around **3,500 employees** working in all countries in which the Group operates. The results highlighted that the Group provides a minimum wage that complies with local law in all companies involved in the analysis, and that, on average, its salaries sit above the living wage.



PEOPLE FOCUS



SUSTAINABILITY

## Diversity, Equity & Inclusion

Intercos has always actively **valued all types of diversity**, including gender, age, nationality, political beliefs, sexual orientation, and disability, promoting an inclusive working environment and guaranteeing equal opportunities for all its employees. At the same time, Intercos **condemns all forms of discrimination** and is committed to adopting key initiatives that seek to eliminate biases that could have a negative impact on the working lives and well-being of its employees.



We note that during the three-year period from 2021 to 2023, no incidents of discrimination of any kind were reported.

In 2023, Intercos consolidated its **Diversity, Equity, and Inclusion (DEI) values** with the launch of a dedicated program that seeks to strengthen the culture of inclusivity and respect that already defines the Group.

To achieve this objective, Intercos established a dedicated **DEI Committee**, responsible for sponsoring and supervising DEI projects. The Committee comprises representatives from various countries and company departments, whose diverse perspectives and experiences enable them to address the varied needs of employees, ensuring that each individual feels adequately represented.

**DIVERSITY. EQUITY. INCLUSION.**



**WE CARE FOR ALL**

The program comprises a series of initiatives, which encompassed the following in 2023:

- Employee **engagement** through workshops and focus groups;
- **Training and communication** activities;
- Definition and monitoring of **KPIs**;

As regards **gender diversity**, the Group has traditionally featured the **high presence of women** at all Company levels, including among managers and senior management.

The graph (Figure 7) shows the **distribution of employees** who identify as female in the contractual categories provided by the Intercos Group. There is a high percentage of women among Group employees and executives: 69% and 61% respectively. Table 3 below provides more detail on the percentage of women by category, broken down by region. The highest percentage of women in leadership roles was recorded in the United States, where it is equal to 67%, followed by China, and the rest of Europe, where it is equal to 58% and 56% respectively. For executives, the highest percentage, or 79%, was recorded in the US, followed by 69% in China, and 63% in the rest of Europe. For the employees category, Brazil and the rest of Europe recorded 77% and 76% women respectively, followed by China, with 70%.

Lastly, a strong presence of female workers (73%) is apparent in Brazil, followed by 67% in China, and 66% in the rest of Europe. More details are shown in the Appendix (see Table 24).

Figure 7: Percentage of women in 2022, by category

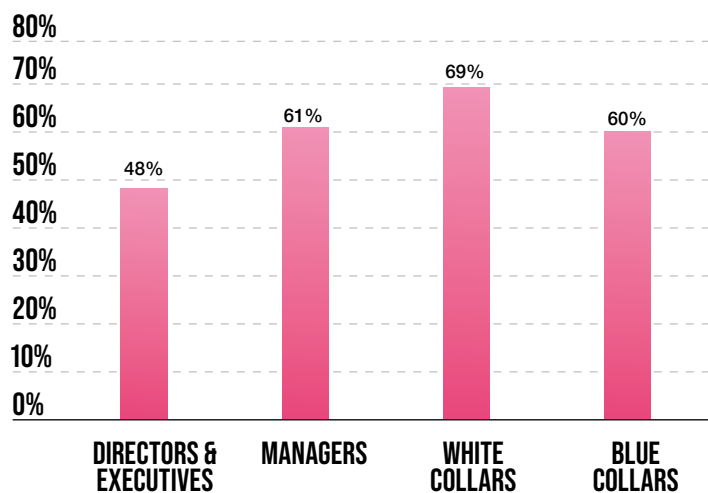


Table 3: Percentage of women by category and region

	YEAR	ITALY	REST OF EUROPE	USA	BRAZIL	CHINA	SOUTH KOREA	INDIA
Directors & executives	2021	31%	63%	55%	67%	53%	0%	N/D
	2022	40%	60%	60%	67%	59%	17%	0%
	2023	42%	56%	67%	50%	58%	17%	0%
Managers	2021	58%	67%	71%	73%	71%	36%	N/D
	2022	63%	63%	75%	75%	67%	42%	0%
	2023	61%	63%	79%	58%	69%	46%	8%
White collars	2021	71%	73%	62%	74%	80%	59%	N/D
	2022	71%	75%	66%	75%	68%	62%	6%
	2023	69%	76%	69%	77%	70%	61%	7%
Blue collars	2021	51%	64%	53%	81%	64%	7%	N/D
	2022	50%	66%	56%	80%	68%	13%	0%
	2023	50%	66%	56%	73%	67%	65%	0%

The table below (Table 4) shows the **ratio between the base salaries of men and women** by job category in the different geographical areas in which the Group operates. The highest variance, as far as executives are concerned, is found in China where the ratio is 0.64. For managers, however, the highest deviations were in India (0.71) and Italy (0.88). With regards to white-collar and blue-collar workers, the largest gaps are in India (0.38), where there is only one woman, and the rest of Europe (0.72), respectively. By contrast, female executives earn 23% more in Brazil, while in the rest of Europe female employees earn 31% more than male employees. Meanwhile, with regard to remuneration, female executives outperformed men in the rest of Europe (1.57) and Brazil (1.23).

Tabella 4: Rapporto dello stipendio base e della remunerazione delle donne rispetto agli uomini

	YEAR	RAPPORTO DELLO STIPENDIO BASE				RAPPORTO DELLA REMUNERAZIONE	
		DIRECTORS & EXECUTIVES	MANAGERS	WHITE COLLARS	BLUE COLLARS	DIRECTORS & EXECUTIVES	MANAGERS
Italy	2021	0.79	0.84	0.90	0.99	0.79	0.84
	2022	0.88	0.87	0.95	0.97	0.9	0.88
	2023	0.89	0.88	0.99	0.96	0.89	0.92
Rest of Europe	2021	1.07	1.11	0.79	0.76	1.07	1.11
	2022	1.42	0.93	1.12	0.49	1.23	0.92
	2023	0.74	1.38	1.31	0.72	1.00	1.57
USA	2021	0.99	1.10	0.92	0.81	0.99	1.10
	2022	0.91	1.01	1.01	0.77	0.96	1.11
	2023	0.87	1.01	0.97	0.88	0.85	0.86
Brazil	2021	1.08	1.21	0.73	0.83	1.08	1.21
	2022	1.08	1.13	0.79	0.85	1.14	1.13
	2023	0.82	1.23	0.68	0.86	0.82	1.23
China	2021	0.53	0.84	0.84	0.84	0.53	0.84
	2022	0.59	0.92	1.03	0.93	0.59	0.89
	2023	0.64	0.93	0.86	0.95	0.58	1.01
South Korea	2021	0	0.88	0.83	0.90	0.00	0.88
	2022	0.84	0.89	0.85	0.89	0.83	0.93
	2023	0.84	0.9	0.84	0.74	0.7	0.92
India	2021	N/D	N/D	N/D	N/D	N/D	N/D
	2022	0	0	0.02	0	0	0
	2023	0	0.71	0.38	0	0	0.71

The graphs below (Figures 8 and 9), however, show the **generational diversity** in the Group, broken down by year and category. The percentage of employees in the three age groups considered has remained constant over the past three years. More specifically, in 2023, the blue-collar and white-collar categories were the most generationally diverse, with 17% and 22% under 30, and 21% and 11% over 50 years old, respectively. Executive and middle management categories, however, featured a strong presence of people between the ages of 30 and 50. See Table 24 in the Appendix for more details.

Figure 8: Percentage of employees by age

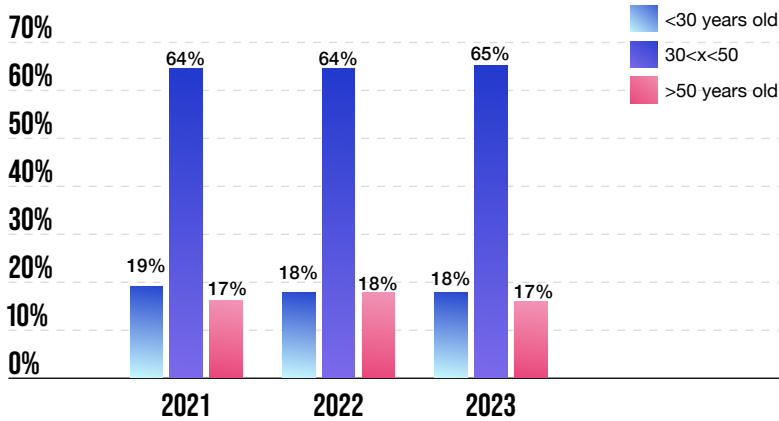
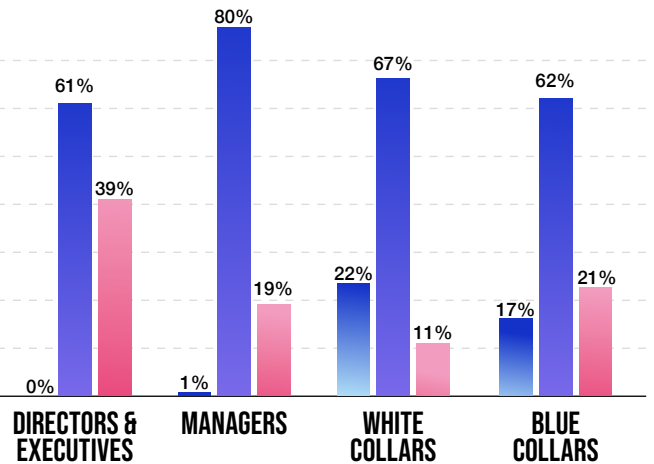


Figure 9: Percentage of employees by category and age in 2023



In addition, Intercos is committed to promoting **specific inclusion programs** by providing employment opportunities to those who may face greater challenges in accessing the job market, such as asylum seekers, veterans, and minorities. Examples include **solidarity recruiting** through which support is offered to **NGOs and local organizations** active on this front.

## SOLIDARITY RECRUITING

### Asylum seekers

In Italy, the program **Without Borders** strives to provide **asylum-seeking refugees** with training and **employment opportunities**. As part of the program, implemented at the Agrate, Dovera and Olgiate Comasco sites, Intercos delivers training in technical skills and abilities related to operator roles in production, warehousing, industrialization and technical services. Participants are supported by Company mentors and are given the opportunity to visit production sites during their training courses to watch tasks being performed in person. Information on safety and the Italian language is also provided during training sessions. In 2023, when the apprenticeship training course ended, **13 people** were hired on an official contract. These new hires are in addition to the 17 who joined the Company through the previous iterations of the project.

### Veterans

A total of **6 veteran** employees work for Intercos Technology and Intercos Cosmetics in China.

### People from disadvantaged areas

Intercos do Brasil has collaborated with a local recruitment agency to develop the **Contratar Legal** project, which selects and recruits people living in **economically vulnerable areas** of the city of Atibaia, where the company has a site. In 2023, **59 people**, 74% of whom women, were hired thanks to the project.

### Minorities

Interfila Cosmetics, Intercos Technology, and Intercos Cosmetics in China employ several workers belonging to minority groups, such as Zhuang, Miao, Yi, Dong, and Bai, for a total of 19 people in 2023.

During 2024, a significant initiative to **map diversity** within the Group will be launched as part of the DEI Program. The objective is to closely **monitor their representation** and fully understand the idiosyncrasies of each community so as to establish targeted goals. This approach not only strengthens solidarity recruiting projects already underway, but also develops new ones wherever specific needs emerge.

In addition to these programs, Intercos **supports local communities** and charities that help refugees and care for children with rare illnesses.

## SUPPORTING FOUNDATIONS AND ASSOCIATIONS

### Fondation Planètes Enfants Malades

In 2022, Swiss-based Company **CRB** established a partnership with **Fondation Planètes Enfants Malades**, dedicated to improving the daily lives of children and teenagers undergoing treatment at CHUV. Through its participation in the Avatar Kids program, CRB gifted the Foundation a Buddy robot, for use by a 9-year-old boy suffering from an extremely rare disease that prevents him from attending school regularly. Thanks to the remotely controlled Buddy, the child benefits from an avatar in the classroom, thus allowing him to pursue his education and stay in contact with his classmates and teacher.

### “Le Coccole” Nursery

In 2007, the Group contributed to the building of a nursery near its **Agrate** site, guaranteeing the admission of a minimum number of children of Intercos employees.

### Apples of Madaifu

The Group’s Chinese companies purchase apples from the Apples of Madaifu program, the proceeds of which contribute to financing the educations of orphaned children in villages in Shanxi Province.

### Firefly

For the second year running, the Group’s Chinese companies participated in the Firefly organization’s nut sale, in support of the local community. These nut sales contributed to farmers’ livelihoods in the mountainous area of Yunnan Province; proceeds from the sale also helped support students. These nuts were then distributed to all employees.

## PROTECTING HUMAN AND WORKERS' RIGHTS

**Respecting human and workers' rights** when conducting business is an absolute top priority for the Intercos Group, considering that it operates in geographical areas featuring varying socio-economic situations that are not always aligned with the highest international standards. In particular, Intercos **condemns child and forced labor** and is committed to ensuring the right to a safe and healthy working environment, both at the Company and along its supply chain. Indeed, employee well-being is not only a moral duty, but key to successful performance at individual and Group levels.

In its **Ethical Code** and **Code of Conduct**, Intercos declares its commitment to:

- promoting the Group-wide application of the **principles established by SA8000**, which is an international standard on respecting human and workers' rights, protecting minors against exploitation, and occupational health and safety;
- **safeguarding the physical and moral integrity** of its employees by providing a healthy and safe working environment that is both calm and motivating;
- **establishing a culture of safety** through awareness-raising, information, and training programs and by involving and empowering employees, or anyone else that works for the Company, regardless of their role;
- **striving to continuously improve health and safety performance** through goals and objectives that are periodically reviewed. This commitment is also formalized in the Group's Health and Safety Policy.

## GOVERNANCE HSE

To promote good practices, with a focus on health, safety and environment among Group Companies, in 2018, the Industrial Operations department, responsible for these aspects, established a **Global Safety Network**, a working group featuring the Companies' Health, Safety, Environment (HSE) managers, with the aim of:

- **developing and constantly improving** a Health and Safety Policy applicable Group-wide;
- **defining common indicators** related to health and safety, such as Total Incident Rate (TIR), and environmental issues, such as greenhouse gas emission intensity or the percentage of industrial waste sent to landfill, to compare different companies' performance, and target improvements based on the results;
- **developing procedures and guidelines** for the management of environmental, health, and safety aspects at the corporate level, while deferring more operational aspects to local management, in accordance with specific regulations and local mandatory requirements.

In 2021, a corporate figurehead was engaged to coordinate the local HSE teams, and establish a common framework for the management of environmental and worker health and safety aspects within the Group.

With the network consolidated, and monitoring procedures and KPIs established, **periodic reviews** were organized, starting in 2022, and coordinated by the corporate HSE executive.

Specifically, two opportunities for regular meetings and information sharing have been planned:

- **Global HSE review**, where HSE managers from various Group companies present KPI progress with respect to the defined targets and activities carried out to improve performance, highlighting both best practices and areas for improvement. Participants also have the opportunity to bring relevant matters and the most important projects to the attention of the corporate function;

## GOVERNANCE HSE

- **SuSHE (Sustainability, Safety, Health & Environment)** meeting convened once a quarter by the Global HSE Director, involving local HSE and Industrial Operations, in addition to the VP of Global Operations. This meeting includes two stages:
  - **General overview** in which the progress of KPIs is presented compared to the HSE objectives outlined in the Group's Sustainability Plan, in addition to the progress status of major HSE/ Sustainability Operations projects, and HSE-related highlights and lowlights for the quarter.
  - **Focus on three Group companies** to illustrate data and salient initiatives, making reference to each organization.

This meeting seeks to inform, share, and also define HSE and Sustainability Operations strategies.

Intercos complies with occupational health and safety laws and regulations wherever it operates. In Italy, the company complies with European regulations and national law on **health and safety management**, namely **Legislative Decree No. 81/2008** and subsequent amendments and supplements. As required by the Decree, the company conducts periodic analysis of the risks associated with its production activities and constantly monitors the effectiveness of the prevention and/or protection measures adopted, in addition to improvement actions. It also prepares a **Risk Assessment Document** and specific risk assessment documents. This document is periodically reviewed to integrate the contributions of various stakeholders. These stakeholders naturally include the employer, in addition to safety and environment executives, appointed individuals, the prevention and protection service, the company doctor, workers' representatives, and members of first aid and fire-fighting teams. A similar approach is adopted in other countries where the Group operates, in line with local regulations.

Regarding the introduction of new chemicals to the company, this involves the evaluation of raw materials prior to their entry into the company, in accordance with current regulations, such as **EC Regulation 1907/2006 (REACH)** and **EC Regulation 1272/2008 (CLP)** in Europe, and voluntary standards, such as UNI EN ISO 45001 and ISO 14001. The process is initiated by the Research and Development department during the scouting phase and concludes with the approval of the raw material by the HSE department, which assesses how hazardous a substance is for workers and the environment in relation to the risks associated with its use. If the substance is approved, the Company adopts all of the prevention and protection measures required for the health and safety of employees in the workplace. Priority is given to preventive measures, organizational and procedural measures, with the adoption of collective and personal protection equipment as a last resort. Preventive measures always precede protective measures at Intercos.

In 2023, the Group **continued its efforts to minimize health and safety risks** stemming from individual behavior. In this regard, the **Behavior Observation Safety System (BOSS) program**, focusing on the development of the corporate safety culture, was deployed. BOSS uses behavioral science to **increase injury prevention** actions and focuses on people's behavior, analyzing the motivations behind an action, and applying an intervention strategy to correct misbehavior and incentivize appropriate behavior. The approach was maintained by the company and ongoing awareness-raising programs were adopted.

At Intercos Europe, a document entitled "**HS Basics**" was also prepared. It acts as a company **manifesto** on workplace health and safety topics. The document outlines company safety pillars, values, key programs, and improvement measurement tools.

Concerning **third-party assessment** of Group Companies' ethical and social issues performance, including the protection of human rights and workers' health and safety, Intercos Europe, Cosmint, CRB, Tatra, Intercos America, Intercos Technology, Intercos Cosmetics, Interfila Cosmetics, Intercos do Brasil, and Intercos Korea are all members of the international Sedex network. Among these companies, in the three-year period 2021-2023, **SMETA** (Sedex Members Ethical Trade Audit) audited

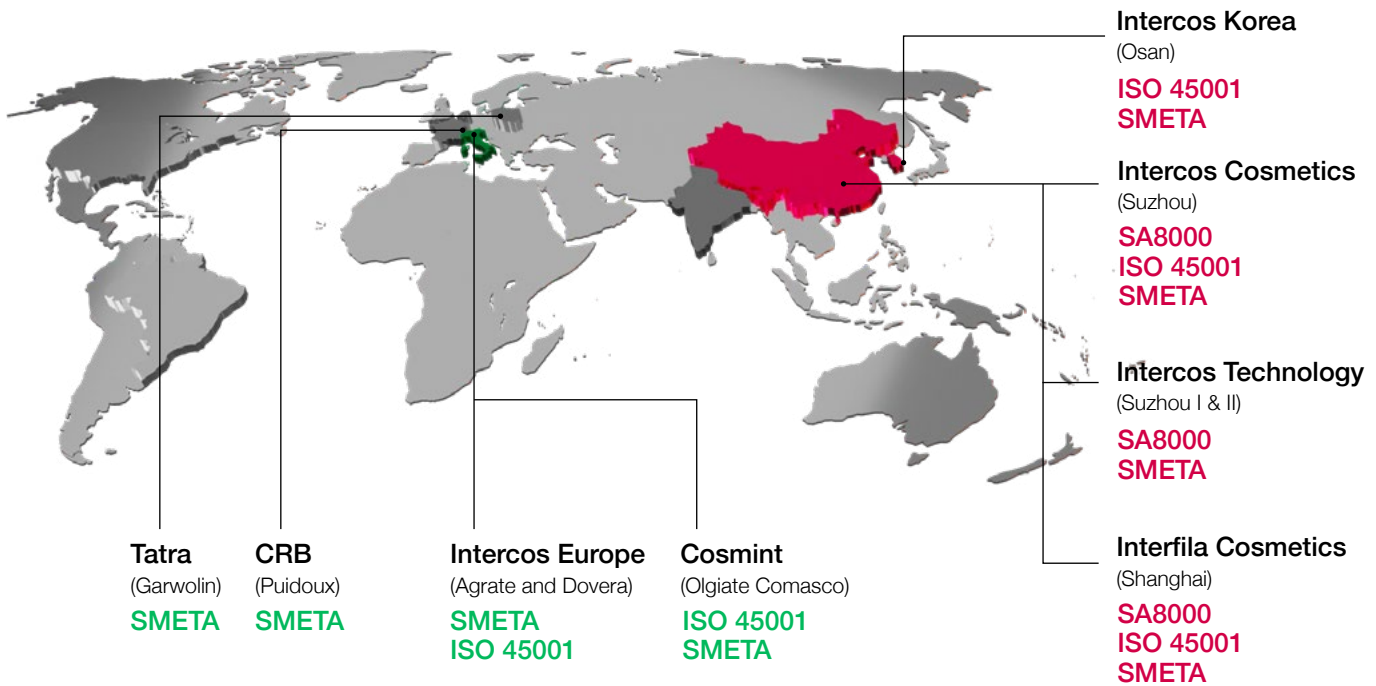
the following: Intercos Korea, Cosmint, Intercos Technology, Intercos Cosmetics and Interfila Cosmetics, CRB, and Tatra.

In China, however, where there is greater regulatory flexibility, Intercos has worked for several years towards achieving the highest international standards for human and workers’ rights in its subsidiaries. Intercos Technology, Intercos Cosmetics, and Interfila Cosmetics therefore operate a social responsibility management system that is certified according to the SA 8000 standard. This requires compliance with the main international standards on human rights.

In addition, Interfila, Intercos Cosmetics, and Cosmint possess ISO 45001 certification for their Occupational Health and Safety Management Systems. This certification was also obtained in 2023 by Intercos Korea, Intercos Europe, and Intercos S.p.A. HQ.

62.5% of the Group’s production sites have ethical-social certification according to at least one dedicated international standard (SMETA, SA8000, ISO 45001).

Figure D: Group’s production plants whose social and ethical performance is certified.



In 2023, Intercos Europe launched “**Safety Day**” at its offices. The initiative is **entirely dedicated to occupational safety** and comprises educational sessions, role-playing games, and group exercises to encourage discussion and the exchange of ideas. The objective of the initiative is to raise awareness about safety topics by involving all workers, from all departments, offices, and production divisions, thus encouraging them to actively participate in the cultural shift.

This initiative, initially launched by Intercos Europe, was also adopted by Interfila and Intercos India; it will be rolled out by other Group companies in 2024.

The following table (Table 5) shows **key health and safety performance indicators**, namely hours worked, total number of recordable work-related injuries, and rates of recordable work-related injuries, work-related injuries with serious consequences, and deaths. All indicators are reported for both employees and non-employees, i.e., workers whose job or workplace is under Company management. In 2023, **13 injuries were recorded** among Group employees (none of which resulted in death), **seven less** than in 2022, with a **frequency rate of 1.7** (2.8 in 2022). More details are shown in the Appendix (see Tables 25 and 26).

Table 5: Occupational health & safety – Employees and workers who are not employees

		EMPLOYEES			WORKERS WHO ARE NOT EMPLOYEES		
		2021	2022	2023	2021	2022	2023
Number of worked hours	h/000	7,386	7,044	7,547	2,755	5,662	5,046
Total number of recordable work-related injuries, including fatalities	No.	17	20	13	25	24	23
of which commuting incidents	No.	1	0	0	0	0	0
of which high-consequence work-related injuries (>6 months of absence), excluding fatalities	No.	1	1	0	0	0	0
of which fatalities	No.	0	0	0	0	0	0
Rate of recordable work-related injuries	-	2.3	2.8	1.7	9.08	4.23	4.56
Rate of high-consequence work-related injuries	-	0.14	0.14	0	0	0	0
Rate of fatalities	-	0	0	0	0	0	0

08

WE BELIEVE IN  
SUSTAINABLE  
BEAUTY

# WE BELIEVE IN SUSTAINABLE BEAUTY

...FROM PRODUCT DESIGN

Given the nature of its business, the Intercos Group handles thousands of different **raw materials and semi-finished products** each year, from various parts of the world, which are mined and processed in territories offering more or less stringent environmental regulations. As such, the procurement of raw materials and other product components, such as packaging materials and labels, and their handling, processing into finished products, and ultimately their disposal, constitute an **element of fundamental importance** for the Group.

## LA CLEAN REVOLUTION

An essential step in the Group's sustainability journey was the launch in 2019 of *Clean Revolution*, a line of sustainable makeup and skincare products.

The Clean Revolution is essentially based on three **fundamental pillars** that characterize what the products offer:

- **GOOD FOR YOU:**

the products of the Clean line are developed on the basis of a specific Clean List, which prevents the use of controversial ingredients, promoting the "less is more" philosophy and thus increasing trust and transparency towards the final consumer;

- **GOOD FOR LIFE:**

the products of the Clean line guarantee respect for the human rights of the communities where the materials are sourced, through the purchase of palm oil and mica from **Roundtable on Sustainable Palm Oil (RSPO)** and **Responsible Mica Initiative (RMI)** certified suppliers, but also by monitoring their ethical performance in terms of safety, human rights, and compliance with local regulations. In addition, these products are animal-friendly, as they are made from **100% vegan and cruelty-free ingredients**;

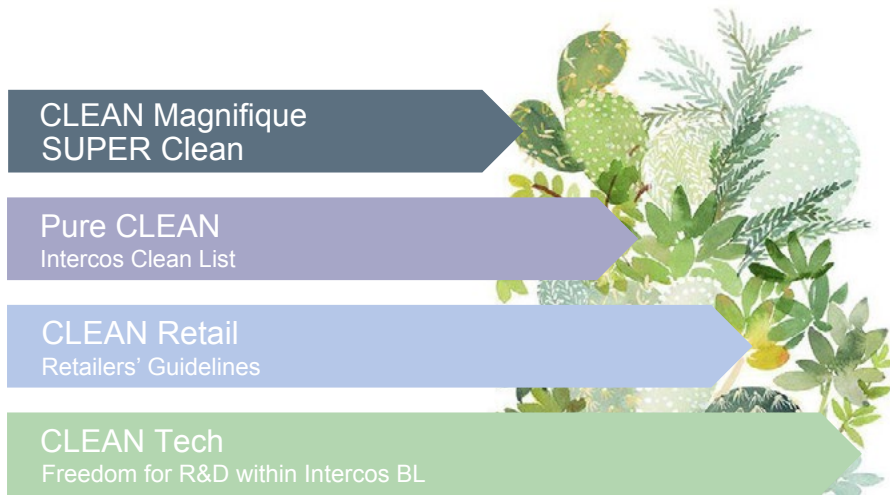
- **GOOD FOR THE PLANET:**

Clean Revolution means innovating and **reducing the carbon footprint** of products while safeguarding the environment. For this reason, the Clean line promotes the use of **recycled ingredients** (e.g. food chain waste), the **reduction of water consumption** and the selection of packaging materials that are locally sourced, alternative, **biodegradable, recycled, and/or recyclable**.

## SUSTAINABLE FORMULAS

The **guideline** applied by the Group's Business Units regarding sustainable formulation is represented by the **Clean List**.

The Clean List therefore contains both **ingredients that are prohibited** by national and international legislation and also **ingredients that are considered controversial** at a regulatory, industry or public opinion level, with respect to which the Company has proactively defined its own position, limiting or completely prohibiting their use.



Based on the Clean List, Intercos has developed **four different clean formulation** levels:

 **CLEAN MAGNIFIQUE**

The idea behind the **Clean Magnifique** level is to have products tailored to the most demanding markets. In fact, Intercos needs to **anticipate market trends**, monitoring the panorama of ingredients in order to propose formulations that adapt to a **constantly changing scenario** and at the same time respond to customer needs. Indeed, **consumer perception** has become an **important lever** influencing the reputation of ingredients and their use in cosmetic products. For example, growing consumer **interest in environmental issues** has led lawmakers to act quickly on issues such as **microplastics**. To keep up with this evolving scenario, additional potentially hazardous or controversial ingredients are expected to be introduced into the Clean Magnifique tier in the coming years.

- Safety**
- No “nanoparticles” in inhalable products
  - BHT Traces in raw materials
  - Phenoxyethanol
  - Some Mineral Oils
  - Fragrance Allergens

- Environmental**
- Microplastics
  - Chemical UV Filters
  - Cyclosiloxanes (D5, D6)

- Consumer Perception**
- No “nanoparticles” in inhalable products
  - EDTA chelating agent
  - Parabens
  - Talc
  - Some Mineral Oils

- CLEAN Concepts  
Cruelty Free - VEGAN**
- Animal Origin Ingredients

 **PURE CLEAN**

To be defined as **Pure Clean**, in addition to being free of all ingredients listed on the Group’s Clean List, a product must be: vegan, RSPO certified, sourced from RMI member suppliers, GMO-free, paraben-free, fragrance-free (including allergens), free of nanomaterials, D5 and cannabinoids, and coral reef-friendly (i.e. no chemical UV filters).

- Good for You**
- Intercos Clean List: no controversial ingredients

- Good for Life**
- Rispetto per le comunità locali
  - RSPO & RMI
  - *Vegan & Cruelty Free*

- Good for the Planet**
- Reduce carbon footprint
  - Promotion of recycled, recyclable or biodegradable ingredients
  - Water consumption reduction
  - Local sourcing

## CLEAN RETAIL

**Retailers** often define their own set of requirements that exceed regulatory requirements. Intercos, which works for some of the world's largest retailers, has to meet a number of compliance requirements to sell products to them.

In most cases, retailers require products that are free from sulfites, parabens, mineral oils, retinyl palmitate, aluminum salts, MIT, and nanomaterials. Including this level in its clean formulation strategy allows the Group to **adapt formulations to the retail world**.

## CLEAN TECH

Formulations that fall under the Clean Tech level are designed to achieve the **highest level of innovation and performance** by strictly adhering to the black list of ingredients and without neglecting the principles of clean formulations. To qualify as Clean Tech, the formula must meet at least one of the following: be vegan, RSPO, RMI, GMO-free, free of talc, fragrances, microplastics, silicones, D5 (Cyclopentasiloxane), PEG (polyethylene glycols), TEA (Triethanolamine), or chemical UV filters.

## SUSTAINABLE INGREDIENTS

Following the **principles of the Clean Revolution**, Intercos is committed to cosmetic ingredients that are safe, effective and sustainable, and reduce products' environmental footprint.

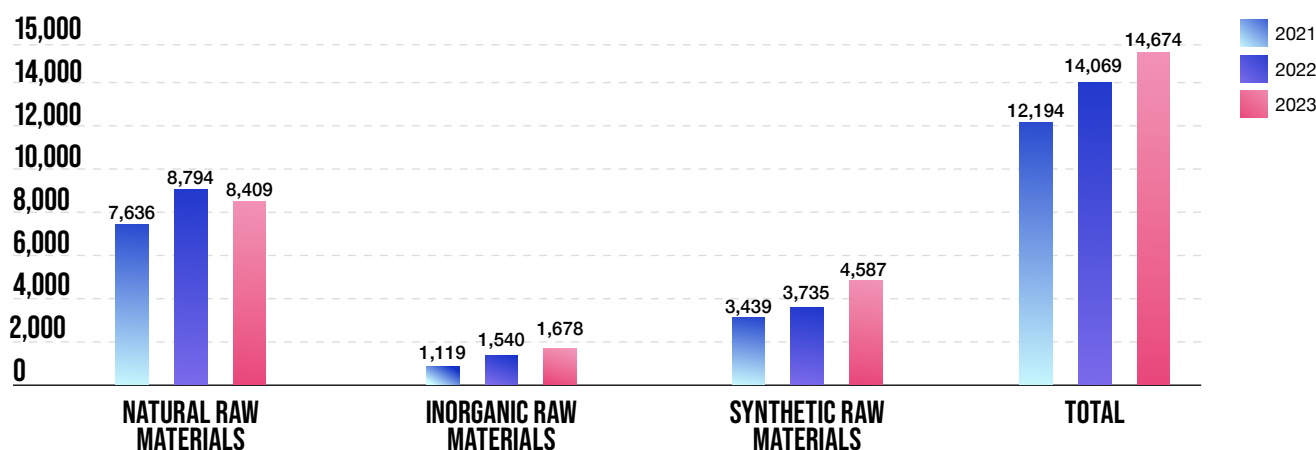
As regards procurement of raw materials from external suppliers, the Group-wide **selection and coding process** applies both to raw materials chosen by Intercos and, where possible, to those specifically requested by the customer. After receiving a request to purchase a specific raw material, the **Raw Materials Office** reviews the **possible suppliers** and requests a sample that must be accompanied by a set of documentation of various types including, in addition to technical and toxicological documentation, the REACH declaration of conformity, the MSDS (Material Safety Data Sheet) and the RSPO and RMI certifications, where applicable.

Once documentation is verified, the Raw Materials Office sends the material to the laboratory for any tests required, and, after approval, carries out the coding process, to add the specific raw material information to the company database.

In 2023, the Intercos Group purchased **14,674 tons** of raw materials<sup>10</sup>. The largest share (**57%**) comprised **natural raw materials**, including esters, emulsifiers, active ingredients, fatty alcohols and acids, among others. This was followed by **synthetic raw materials** for **31%**, including silicones, solvents, polymers, synthetic waxes, and viscosifiers, among others. Lastly, **11%** of raw materials purchased were **inorganic**, including inorganic fillers, natural mica-based beads, inorganic dyes, and physical sunscreen agents, among others. More details are shown in the Appendix (see Table 27).

With reference to renewable raw materials, Intercos considers natural **raw materials of plant origin** to be renewable, in line with the approach adopted by other players in the cosmetics sector. For the Makeup and Skincare Business Units, these accounted for **32%** of the raw materials purchased, and for the Hair & Body Business Unit, **50%**. Overall, about **44%** of the raw materials purchased by the Intercos Group in 2023 were renewable.

Figure 10: Raw materials used (tons)<sup>11</sup>



<sup>10</sup> Figures exclude intercompany purchases, materials on account and customer-mandated purchases from suppliers.

<sup>11</sup> With reference to the reporting scope, please note that Intercos do Brasil and Intercos India are excluded due to data unavailability.

In addition, Intercos invests in in-house raw materials production at its IRM Lab. This line of research focuses on the use of **reagents of plant origin**, whether they are derived from ad-hoc products or by-products of the food industry, in order to overcome the use of traditional reagents. More specifically, Intercos is committed to covering all families of raw materials with substitutes of vegetable origin and/or with high **NOI (Natural Origin Index)**<sup>12</sup>. The goal is to move towards more mindful and sustainable choices.

With regard to the family of fluids, two raw materials have been developed, called **Biowax and Biofluid** for which the reagents used are lactide (a material originating from the fermentation of biomass and therefore biodegradable) and alcohols of natural origin.

**Glossom**, on the other hand, is the name of the first member of the naturally occurring **filmogen** family. This raw material, with a high NOI, is in fact made using reagents such as succinic acid, derived from the fermentation of biomass, and **azelaic acid**, derived from the processing of milk thistle, and solvents of natural origin.

When it comes to the **family of gels and gelling agents**, Intercos is working on two fronts. The first concerns the use of **rheological modifiers** (organoclay) - i.e., substances that modify the density, viscosity, and smoothness of cosmetic products - of sustainable origin combined with **natural cosmetic** oils and the introduction of new process machinery that helps optimize production. On the second front, on the other hand, Intercos is studying a new line of gels based on different chemical substances that will lead to gels that are silicone-like, but totally silicone-free, with high NOI and at the same time high performance.

Lastly, Intercos is engaged in **optimizing** the production process of certain raw materials, towards greater sustainability. Specifically, for the raw materials that are part of the **coated powders family**, various machines have been installed that allow them to be produced **without the use of solvents**, and therefore ovens for drying, and without further treatment. As a result, process times are reduced, required operating temperatures are much lower, and emissions of solvent vapors into the environment are eliminated.

## JOINT LAB PROJECT



In March 2021, Intercos Group signed a five-year partnership with the University of Milan-Bicocca to conduct scientific research into raw materials and innovative and sustainable technologies, to develop unique cosmetic products.

A state-of-the-art joint laboratory was built on the university campus (building U28) in Vedano al Lambro. The Joint Lab started operating in September 2021, benefiting from an investment of more than Euro 1 million.

This university and industry research partnership enables both parties to share and develop their expertise and achieve technological progress across several lines of sustainability research, including:

- Replacing microplastics in cosmetic products;
- Studying recyclable packaging and bioderivation.

<sup>12</sup> The NOI (Natural Origin Index) is a naturalness index, pursuant to ISO16128 standard. A cosmetic ingredient falls under the NOI if it contains at least 50% raw materials of natural origin.

Concurrently, the Company is working on improving its active ingredients. In this regard, the contribution of **Vitalab**, a Group company specializing in the research and development of some of the most advanced and effective active ingredients of the entire global cosmetic market, deserves an in-depth analysis.

Taking inspiration from **biological mechanisms**, Vitalab offers a wide range of cosmetic ingredients, covering all skin needs and enhancing the effectiveness of beauty products by offering uniqueness and innovation with a focus on sustainability and responsibility.

Vitalab active ingredients:

- Are **science-based**, thanks to the development of a platform for the in vitro evaluation of the efficacy of active molecules for cosmetic application (skincare and makeup);
- Are **preservative-free**, thanks to advanced extraction technology that avoids the use of any kind of preservative in all products;
- **Do not affect the formula**, as the active ingredients are designed to ensure high compatibility with most cosmetic formulations;
- Are of **100% natural origin**, in harmony with Intercos' commitments to product eco-design.

These skills have resulted in the use of environmentally friendly biotechnologies and the self-regenerating potential of plants to develop high-quality products that are innovative in their approach to caring for skin and the environment. One such example is **EnergyCell**, an ingredient derived **from coffee beans**. Vitalab selects coffee beans and plants to grow in vitro cultures of undifferentiated, self-renewing plant cells. The **bioextraction** method is both sustainable and efficient, ensuring the production of a highly concentrated extract from Arabica coffee cell biomass that is rich in **bioactive compounds**.

Plant cell culture helps meet ever-growing demand for natural bioactive components without harming the environment, whilst preserving biodiversity and reducing water and energy consumption, thereby ensuring safe laboratory cultivation based on scrupulous quality principles.

Furthermore, process scaling-up ensures a continuous supply of ingredients, regardless of geographical area, seasonal variations, or plant reproductive cycle.

Growing the EnergyCell ingredient in the lab reduces reliance on traditional coffee chains, avoiding the associated environmental and social concerns.



## CIRCO: THE CIRCULARITY OF COFFEE

The constant drive for innovation has led Intercos to undertake an important **circular economy** project called "CirCo".

CirCo, a circular bio-economy program, was funded by Fondazione Cariplo and Innovhub; this research program has been promoted by ARC, in partnership with the University of Milan, EURAC Research academy of Bolzano, and Favini paper mill. Intercos took part in the program in 2018 on applying a circular economy approach, based on **industrial symbiosis** and a **waste-to-resource** vision.

The project studied waste **recovery** from coffee roasting; **silver skin**, which covers coffee beans, is usually disposed of as solid urban waste. This waste features low fat content with a particular chemical-physical composition and **molecules with high added value**, specifically **chlorogenic acid** with anti-aging properties, which can be used as a raw material in the cosmetic sector's production processes, replacing synthetic chemicals as an active ingredient.

By experimenting with upcycling as part of the CirCo project, the IRM lab was able to develop an innovative cosmetic raw material named **Coffee Butter**, currently used in some innovative formulas.

The consolidation of the CirCo projects is therefore a great example of how we can explore a wide range of different materials using by-products from other industrial processes such as the food industry. The **features** and potential **cosmetic applications** of these materials can be studied, both as they are and as ingredients for formulating new raw materials.



With regards to the ingredients in **leave-on products** (skincare), the areas of innovation on which the Group is working (through the companies Cosmint and CRB) are:

- **Biodegradable active** ingredients, in partnership with Vitalab;
- Ingredients of **natural origin**.
- Stick-conditioned products, due to their small size, reduce water consumption and optimize transportation, whilst limiting related greenhouse gas emissions. In addition, this format affords optimal application, thus extending the life of the product.

For **rinse-off products** (hair care, personal care & fragrances), given their nature, sustainable innovation seeks to:

- Reduce water consumption in the use of products through the use of **fast collapsing technologies** which, thanks to a special **mix of surfactants**, require less water to be rinsed off;
- Reduce the water content of products, such as **solid detergents**;
- Protect **biodiversity** by using **biodegradable actives** that do not pollute once dissolved in water.
- Reduce production-phase energy consumption, through formulations that allow for cold processing;
- Reduce cooling water use in hot manufacturing processes, through formulations supporting reduced processing time;
- Reduce water consumption associated with product use, and greenhouse gas emissions generated by transportation, by developing stick-format products that also offer greater durability.

## SUSTAINABLE PACKAGING

Packaging is another key product component for Intercos. In 2023, the Group purchased **32,198 tons of packaging**, marking a slight decrease compared to previous years for the first time (**down 13%** on 2022). The main materials involved are paper (42%), plastic (33%), and glass (15%). More details are shown in the Appendix (see Table 28)<sup>13</sup>.

Figure 11: Packaging purchased (tons)

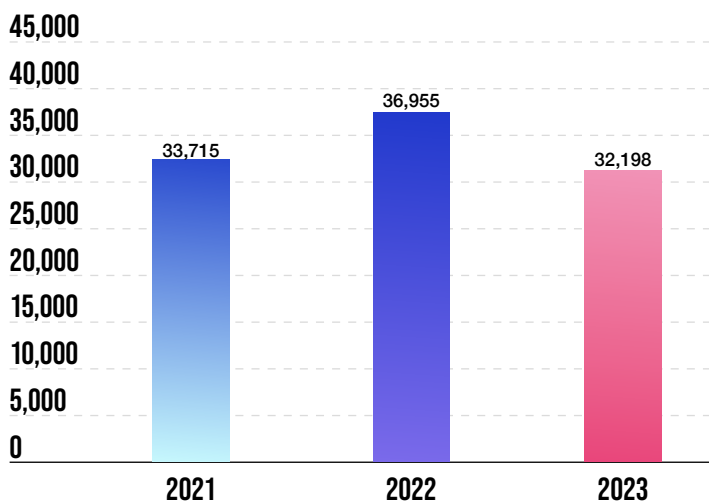
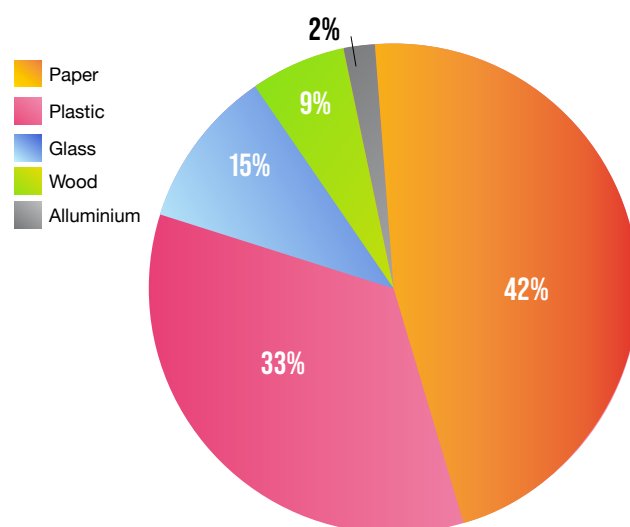


Figure 12: Types of packaging purchased in 2023



Developing **sustainable packaging** is one of the foremost trends in the cosmetics industry. The Group is working on this front, both internally as part of its own **Research and Innovation**, and externally by **collaborating with its suppliers**.

**Scouting for new materials** is undertaken by various technical departments, often drawing on outside companies' initiatives, bringing together different manufacturing partners, to network and benefit from know-how exchanges.

Most of the Company's projects related to new and more sustainable packaging formats, cover the following strands:

- **Replacement of styrene-containing materials** (Polystyrene - PS, Acrylonitrile Butadiene Styrene - ABS) with **bio-based or recycled materials**. The request for the replacement of styrene-containing resins came from several customers and served as the impetus to extensively test **alternative materials** that provide a reduction in **environmental impact**. Projects within this scope also pursue the goal that many customers have set for the coming years, which is to **replace plastics from fossil** (non-renewable) **sources** with naturally derived alternative materials - for example, PLA (polylactic acid) obtained from a **certified renewable source** - and with **recycled materials** - from mechanical recycling, post-consumer recovery (PCR) derived materials, and from polymers obtained through the newer chemical recycling process. The biggest challenge is validating alternative materials on existing pilot and industrial molds, as well as the fact that many recycled materials lose their food-safe certification, a key requirement for packaging parts in direct contact with the cosmetic product. The main formats that require validation of the new materials are the slim and jumbo sharpening pencil, the automatic pencil, the grids for Prisma, and the back injection pads.

<sup>13</sup> Figures reported exclude intercompany purchases, finished goods purchased from customers to be included in kits, materials on account and outsourced materials. Intercos do Brasil Company and Intercos Korea were excluded from the 2021 data, while Intercos do Brasil and Intercos India were excluded from the 2022 and 2023 data. In addition, we note that the Group changed its data collection methodology for paper in 2023, resulting in a significant reduction in the quantities expressed in tons compared to previous years.

**POPS RECOVERY**

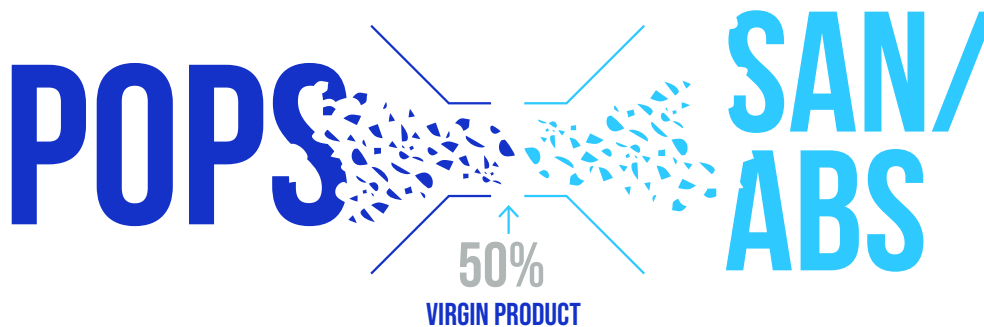
“Pops” are Prisma **plastic stencils** (see paragraph “The cosmetics sector and the role played by Intercos”, page 7) purchased from external suppliers and stored in the Cometa plant, Agrate, warehouses.

Since 2018, pops have been the subject of a dedicated project to recover the SAN/ABS (StyrololoAcridoNitrile / Acrylonitrile-Butadiene-Styrene) material of which they are composed.

Recovery begins with washing, grinding, and transforming the mold into granules. The **regenerated material** is mixed with about **50%** virgin product, to maintain the chemical and physical characteristics of the initial granule, then molded to obtain the original shape.

This process empties warehouses of obsolete materials, reduces plastic disposal requirements, lowers the cost of purchasing raw material for pops, and promotes a **circular economy**.

In addition, a research phase was launched to verify the compliance of products made from pops contaminated with cosmetic product residue. By omitting the initial washing stage, the use of water and associated disposal of effluents are eliminated, rendering the process even more sustainable in terms of water and energy consumption. This research phase will continue with additional tests on other packaging formats and formulas, with the goal of expanding the use of recycled pops.



• **Eco-design for new packaging formats.**

The new packaging formats under development are designed with the end-of-life of the product in mind and its disposal through established separate waste collection channels. Where possible, efforts are made to design the components so that the interior of the packaging is made of a **single material**. In cases where different materials are needed for functional or aesthetic reasons, the format is designed so that it can be easily separated by consumers or so that the packaging is **refillable**, i.e. it can be reused several times by changing only the refill, thus generating less waste. As far as pencils are concerned, Interfila Cosmetics, a Group company specialized in the production of pencils, uses its know-how to design automatic pencils or pencils of other formats, replacing plastic with **FSC-certified wooden parts**.

With regard to packaging purchased from external suppliers, Intercos favors the purchase of **sustainable packaging** which, in line with internal development projects and **customer requirements**, is made of recycled or recyclable materials, biodegradable raw materials or which allows waste production to be reduced through reuse (using refillable packaging).

## DIGITAL BEAUTY ATELIER

The product **digitalization** process gave rise to the *Digital Beauty Atelier*, consisting of the following interrelated initiatives:

- The **Digital Color Studio**, a major innovation in the cosmetic field, allows for **complete digitalization of colors and spectra**, for foundation, matte and pearlescent products. Thanks to this technology, the colors developed can be captured and reproduced with **realistic colorimetric rendering** so that customers can be presented with all the color proofs they need, without actually having to produce the cosmetic. In addition, with a database of phototypes, colors can be digitally applied to the ideal phototype. This technology renders part of the product conception and development process more sustainable, as it reduces the use of raw materials and, by avoiding physical shipment of products, the emissions and materials associated with shipping. The next step is extending this innovation to other Group Companies, thus avoiding the shipment of testers and ensuring real-time exchange of information.
- The **Digital Color Room**, a library of counter-types and bulk products developed over the past three years. It is widely used both by colorists, who thus do not need to produce additional bulk, and by the sales department, which can present products to customers while avoiding the counter-typing process. This library reduces the use of raw materials, packaging, and the need to ship physical products. In 2024, the development of a new Digital Color Room tool will begin. The tool will be integrated with the existing Digital Beauty Store and Digital Beauty Vault, with the goal of creating additional cohesion and connections between the systems. The new centralized management of all benchmarks, and the subsequent creation of a digital archive, will allow all transactions to be monitored, double purchases to be avoided, and expired benchmarks to be eliminated while maintaining an up-to-date and comprehensive database.
- The **Digital Beauty Store**, a repository of products presented during beauty events, consists of a user-friendly portal that allows customers to select and display products.



## ECOBEAUTYSCORE CONSORTIUM

In 2022, Intercos joined **EcoBeautyScore Consortium**, an initiative of cosmetics industry companies and associations, with the primary goal of defining a shared **scientific methodology for assessing products' environmental impacts**, in addition to developing a **scoring system**; the ultimate goal is guiding consumers toward sustainable purchasing choices.



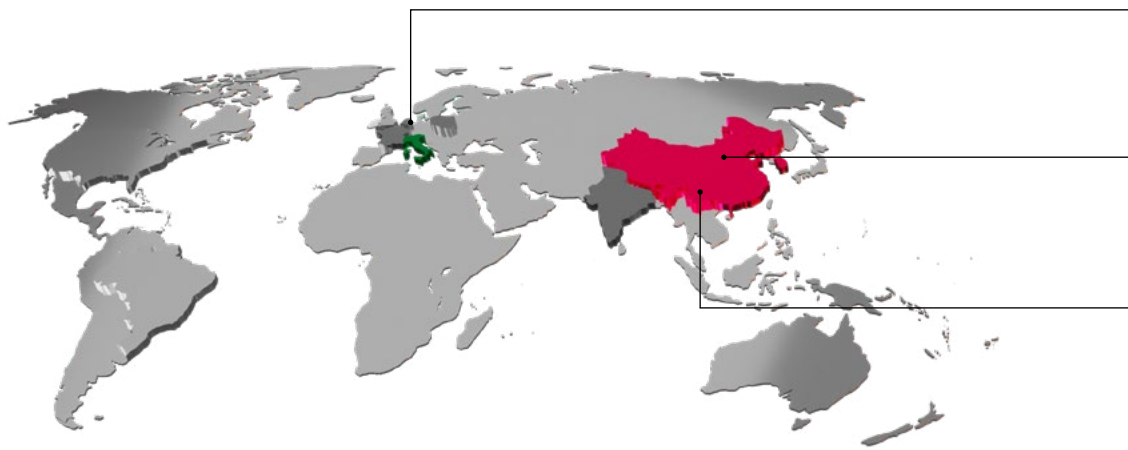
# ...TO PROCESS EFFICIENCY

The Intercos Group has long adopted an **Environmental Policy** focused mainly on reducing climate-changing emissions and waste, in addition to improving water use efficiency.

The Group has no significant impacts on biodiversity since production sites are located in almost all cases in areas that are unprotected or of lower biodiversity value. The only exceptions are the production site in Atibaia, Brazil, whose 6,232m<sup>2</sup> building is located within a protected area<sup>14</sup>, and the production site in Dehradun, India, whose 21,688m<sup>2</sup> building is located in an area of high biodiversity value<sup>15</sup>.

Attention to environmental issues has led the Group’s main production sites to certify their environmental management systems in accordance with the **ISO 14001 international standard**. Currently, 50% of Group sites are ISO 14001 certified; see Figure E for more details.

Figure E: Production plants whose environmental management system is certified according to ISO 14001 standard.



- Intercos Europe**  
(Agrate and Dovera)
- Cosmint**  
(Olgiate Comasco)
- Intercos Korea**  
(Osan)
- Intercos Cosmetics**  
(Suzhou)
- Intercos Technology**  
(Suzhou I & II)
- Interfila Cosmetics**  
(Shanghai)

Among other activities, certified sites conduct periodic training, in accordance with the ISO standard. In 2023, Intercos Europe will introduce a project for environmental training through a webinar platform.

With regard to environmental compliance, in 2023, Intercos Europe's Agrate plant received an administrative fine amounting to Euro 3,000 due to the incorrect size of a sewer drain manhole.

2022 saw the Company notified that the average concentration of BOD (biochemical oxygen demand) in wastewater discharged at Intercos America's Congers production site exceeded established limits in 2021. The average BOD value allegedly exceeded the maximum limit allowed under the Company's discharge permit, issued by the local authority of Rockland County. The Company hired an environmental consultant who determined that the sampling procedure used by Rockland County did not comply with the sampling method specified in the permit. As such, Intercos America contested the penalty in 2022. In March 2023, the Company's appeal was successful and was resolved.

<sup>14</sup> Source: World Database on Protected Areas (WDPA).

<sup>15</sup> Source: WWF Biodiversity Risk Filter.

## HAZARDOUS CHEMICALS

### Management approach

To date, no centralized model for hazardous chemicals has been defined, with management **delegated to individual local units**, primarily at the manufacturing site level.

The majority of Group companies have specific **procedures for handling chemicals** that are potentially hazardous to the environment, in line with applicable laws and/or regulations in the various countries where Intercos operates.

By way of example, for companies based in Europe, the regulatory references are **European Regulations 1907/2006 (REACH), 1272/2008 (CLP) and 2015/830 (SDS)**. To comply with legal requirements, the introduction of chemical agents at plants follows a robust, computerized process that provides for approval from the representatives of various company departments. This ensures that multiple aspects and their respective impacts are taken into consideration. Among the expected evaluations is the approval of safety data sheets received from suppliers that guarantee the that substances comply with the CLP and the REACH regulations.

In 2023, Intercos S.p.A. and Intercos Europe S.p.A published a declaration concerning **Intercos CMR approach**, i.e., carcinogenic (C), mutagenic (M), and reprotoxic (R) substances and mixtures. Intercos is specifically committed to maintaining safe and healthy operational activities to protect the health of its workers, the natural environment, and the communities where its production plants are located. By publishing this statement, Intercos hopes to discourage the use of CMRs in cosmetic formulas, to the benefit of the entire value chain: from workers to the end consumer, playing an active part in finding innovative and clean solutions, starting with raw materials.

## WASTE

### Management approach

There is currently no centralized model for managing issues relating to **waste collection and management**, which are instead **delegated to individual local units**, mainly in sites where there are production facilities.

Group companies have adopted **specific procedures** for waste management based on the provisions of the regulations in force in the individual countries in order to minimize the quantity of waste produced and to carry out correct treatment and disposal where it is not possible to promote recycling/recovery. However, in pursuit of the common goal of **"zero industrial waste sent to landfill"** by 2025, all Group Companies in recent years have begun to choose **alternative waste disposal methods** to landfill, by reviewing their contracts with suppliers of such services or, where necessary, replacing the supplier. Suppliers are also required to ensure waste traceability and provide the necessary evidence.

For the Agrate and Dovera plants, for example, Intercos Europe has conducted an **annual tender** for the procurement of activities related to waste management in order to select the **best available suppliers**. The qualification process applies criteria not only of a legislative, authorization and economic nature, but also linked to **quality** and to **responsible management** of its activities, including the possession of **ISO 9001 and ISO 14001 certifications**, enrollment on the **White List of service providers** and executors of works not subject to attempted mafia infiltration, and the ability to periodically provide end-of-life waste reports that detail all processing steps applied up to the final recovery stage.

**Indicators**

The amount of waste generated in 2023<sup>16</sup> is consistent with that produced in 2022, with a slight increase of 1.37%. The increase recorded in the packaging category (7% compared to 2022) was almost all compensated for by a decrease in other types of waste (category “Other”, which includes, for example, sludge, urban waste from offices, registered a -11% decrease compared to 2022).

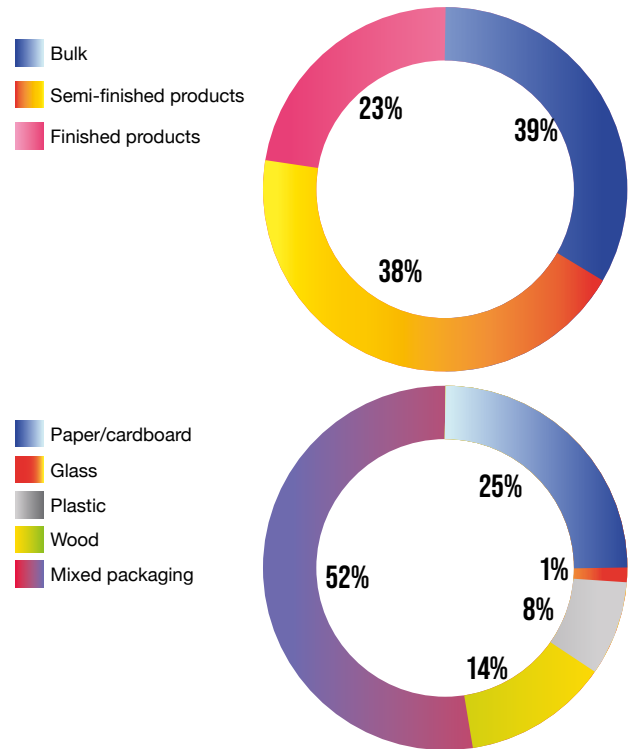
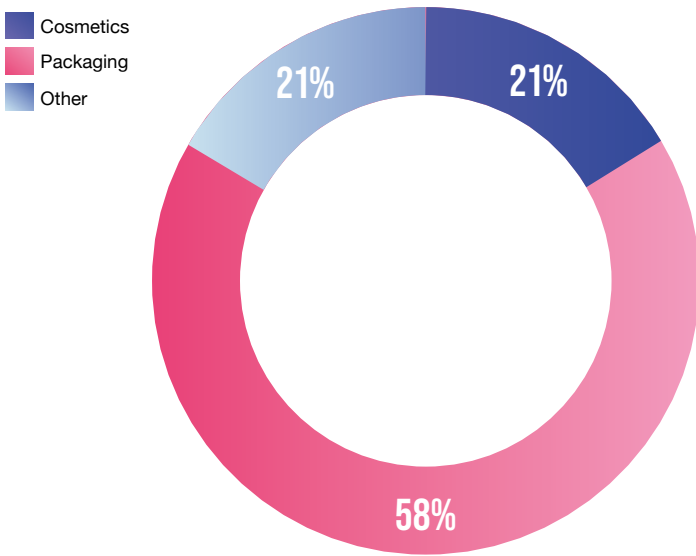
In 2023, the Intercos Group generated a total of **13,971 metric tons** of waste. This is (Figure 13), for the **most part, packaging-related waste (58%)**, followed by other waste (21%), and cosmetic waste (21%). The “Other” category mainly includes: washing water, sludge and carbons (7.8% of the total); consumables (e.g. gowns, masks, gloves, 7.3% of the total) and undifferentiated municipal waste from offices (2.8% of the total).

In terms of packaging (Figure 13), **mixed packaging** accounts for the largest share (52%), followed by **paper and cardboard** (25%), and **wood** (14%).

As for **cosmetic waste** (Figure 13), however, the largest share is **bulk** (39%), followed by **semi-finished products** (38%) and **finished products** (23%).

See Table 29 in the Appendix for more details.

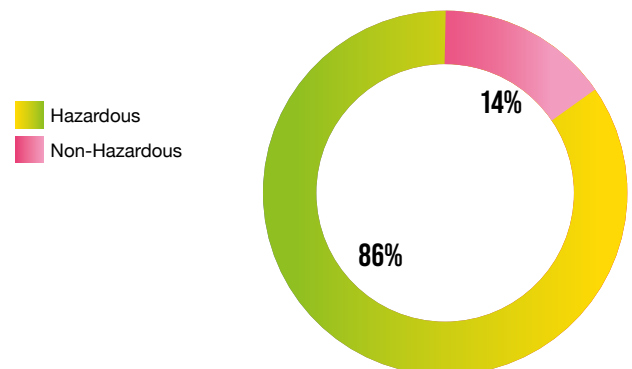
Figure 13: Waste composition in 2023



As regards the classification between hazardous and non-hazardous waste, almost all of the waste generated by the Group in 2023 is **non-hazardous (86%)**, which is substantially in line with the 2022 and 2021 figures. In relation to the **type of disposal**, 65% of waste is not destined for disposal (50% of which is recycled), while 35% of waste is destined for disposal (of which only 1% is directed to landfill).

Figure 14: Waste generated, by type

Considering the two-year period 2022-2023, there was a slight decrease in waste diverted from disposal (-0.7% on 2022), while waste directed to disposal increased (+6% on 2022)<sup>17</sup>. See Table 31 in Appendix for more details.

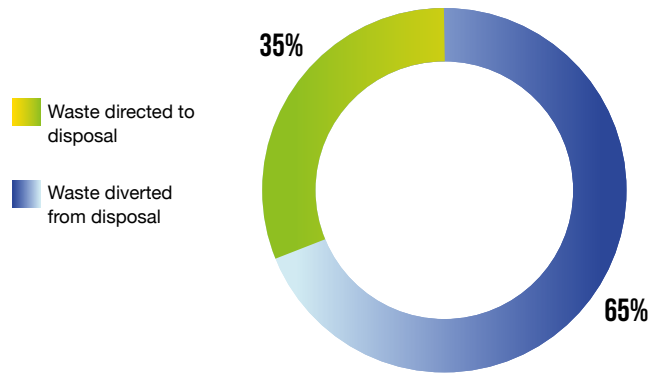


<sup>16</sup> It should be noted that from 2022 and 2023 more accurate data became available accurate data respectively for the plants in West Nyack and Congers of Intercos America and Suzhou and Shanghai of Intercos Technology, Intercos Cosmetics and Interfila.

<sup>17</sup> All waste generated is handled externally.

Finally, in 2023 we note that our **“0% waste to landfill” objective was reached ahead of the date outlined** in our Sustainability Plan. We were able to achieve this impressive result thanks to the adoption of waste recovery processes at plants that had not succeeded in reducing the percentages of waste directed to disposal prior to 2022, namely Intercos America, Intercos Brasile, and Intercos India. This objective was reached through a more precise classification process, the accurate separation of waste generated on-site, and the identification of specialized suppliers capable of guaranteeing processing with recovery, including outside the local region or county in which the industrial plant was located, in agreement with local authorities.

Figure 15: Percentage of waste by method of disposal



## COMBATING CLIMATE CHANGE AND POLLUTING EMISSIONS

The Intercos Group complies with compulsory legislation on **air quality protection** and contributes to the **fight against climate change**, aware that its production activities could generate significant environmental pressures associated with the emission of pollutants into the atmosphere and energy consumption and, consequently, climate-changing emissions.

The majority of the Group companies have adopted specific procedures for managing **atmospheric pollutant emissions** and **climate-changing gases**, based on the provisions of binding Italian and European regulations.

Regarding atmospheric emissions, the relevant technical departments of each plant identify **emission sources** to target and monitor the pollutants emitted during the production process. The monitoring activity is carried out through specific analyses, conducted by qualified third party laboratories and, in the event of anomalies, appropriate **corrective measures** are taken.

With regard to managing **fluorinated gases** present in refrigeration and air-conditioning equipment, the technical departments ensure compliance with the relevant regulatory obligations - for the Group companies in the EU, for example, **Regulation 517/2014** - in order to prevent any **gas leaks** and guarantee the timely intervention of qualified third-party companies in the event of anomalies. These functions provide for the census of facilities and equipment and their periodic maintenance. The Group companies with sites in Italy also ensure that company personnel working on equipment are **adequately trained through specific courses**, verify that third party companies involved in the management of fluorinated gases are regularly registered in the **National Fluorinated Gas Register** (F-GAS Register), as required by **Presidential Decree 43/2012**, and ensure the proper disposal of gases by certified personnel.

## SCOPE 3 EMISSIONS INVENTORY

The Intercos Group firmly believes that **collaboration and active engagement** play pivotal roles in **climate action** as they allow complementary actions to be taken to achieve the Group’s **decarbonization objectives**, in line with the European Union’s **climate neutrality** objective.

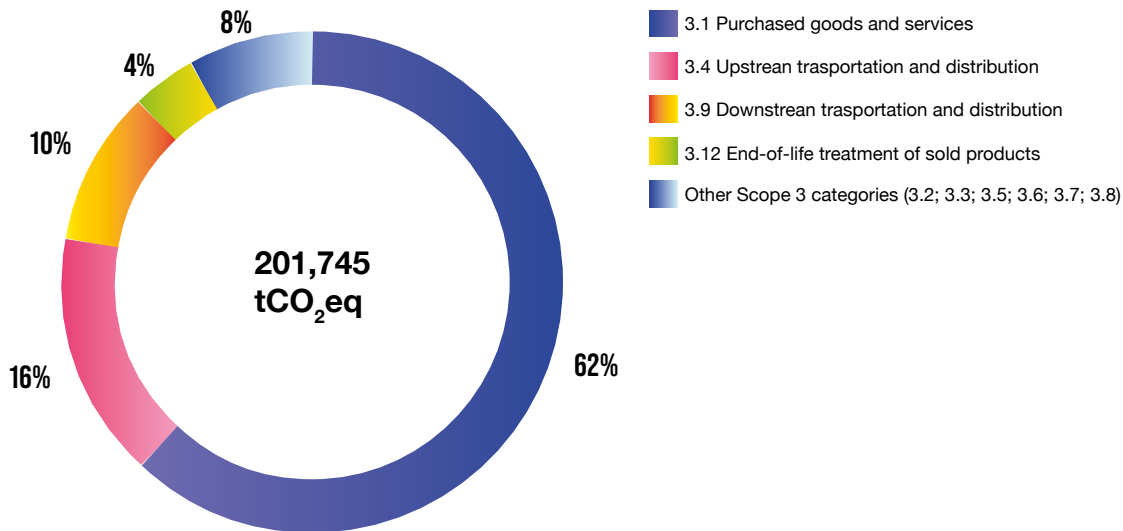
In 2022 we therefore conducted our first **mapping and monitoring exercise for the Group’s indirect GHG Scope 3 emissions**, i.e., climate-altering emissions produced along the company’s value chain as a result of its business activities.

By adopting **major international mapping and calculation standards**, such as the GHG Protocol, applicable and relevant reporting categories were identified in line with the nature of the business; the Group’s **main suppliers** were involved in data collection, in addition to **internal stakeholders**.

In 2023, we conducted a second inventory mapping and monitoring initiative, with the end goal of establishing a **robust foundation for inventory monitoring**. This allowed the Group to set its subsequent decarbonization objectives, complementing its existing Sustainability Plan (which comprises market-based Scope 1 and Scope 2 emissions reduction targets for 2025) and better align itself with the “**Science-Based Targets**”<sup>18</sup>.

The main results of the Scope 3 emissions inventory for 2023 are reported below<sup>19</sup>:

### GHG Scope 3 Emissions



In 2023, Scope 3 emissions amounted to **201.745 tons CO<sub>2</sub>eq**, representing **90.4%** of Intercos Group’s total emissions. The main contribution comes from indirect emissions related to the **purchase of goods and services** (Category 3.1 - Purchased goods and services, 62%), followed by emissions from **inbound and outbound logistics activities** (Categories 3.4 and 3.9 - Upstream/Downstream transportation and distribution, 26%) and emissions related to **end-of-life treatment of sold products** (Category 3.12 - End-of-life treatment of sold products, 4%). Specifically, concerning Category 3.1, the main emission sources are represented by the purchase of packaging and raw materials, which account for 48% and 39% respectively of the total category.

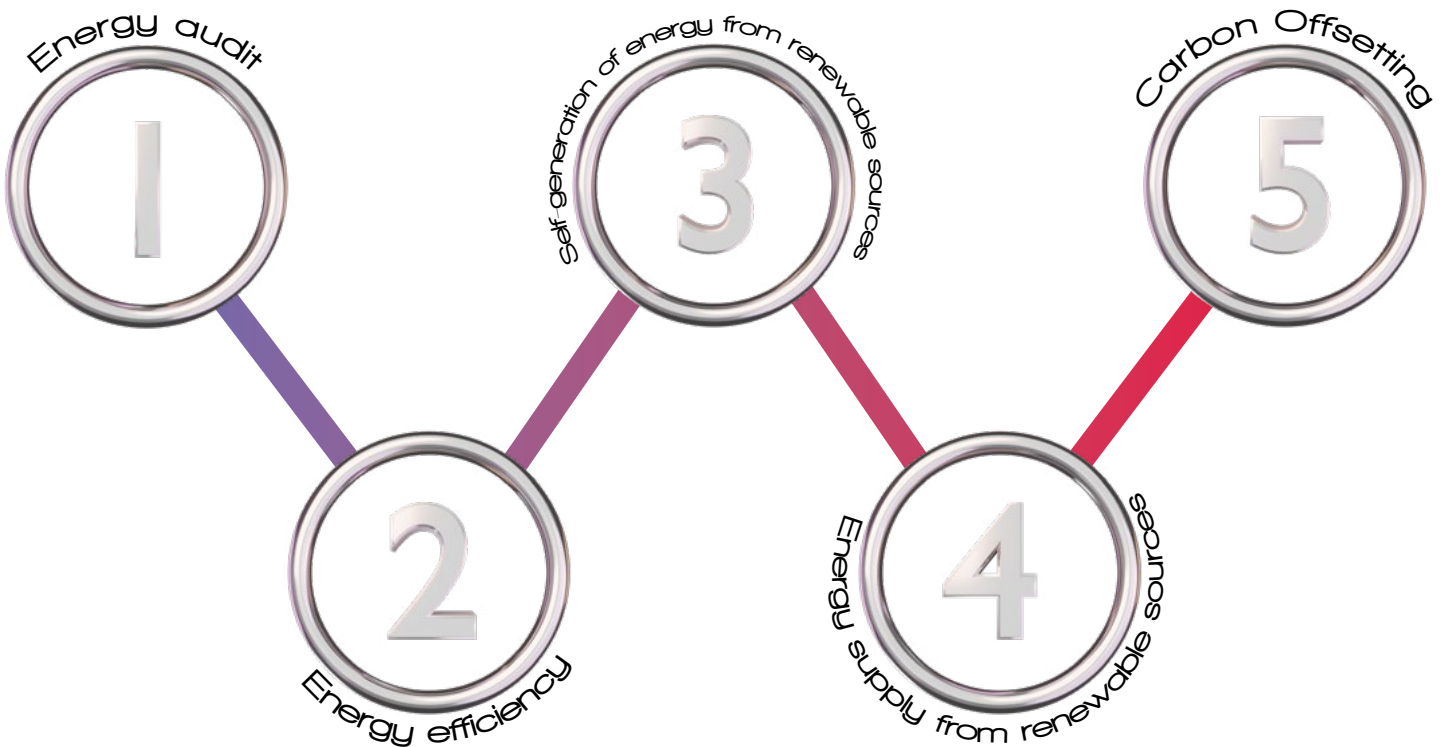
<sup>18</sup> Science-Based Targets is an ambitious global climate action initiative that brings together and helps companies set their GHG emissions reduction targets (1.5°C or well below 2°C), in line with scientific recommendations. More information is available here: <https://sciencebasedtargets.org/>

<sup>19</sup> For detailed information regarding the calculation methodology, assumptions, and limitations, please refer to the Methodological Note provided in the DNF. For detail of Scope 3 GHG emissions, please refer to Table 35 in the Appendix.

**Management approach**

In 2023, Intercos renewed its commitment to follow **corporate guidelines** for a sustainable approach to **energy management**, defined in 2022, in order to achieve its goal of reducing greenhouse gas emissions from its factories (Scope 1 and Scope 2 market-based) by 20% per unit produced by 2025 (compared to baseline year 2019). The strategy adopted is to achieve this goal through energy efficiency and use reduction, the adoption of self-production facilities (such as photovoltaic systems), increased green energy supply, and, as a last resort, the purchase of carbon credits to offset remaining emissions.

Guidelines are based on five steps, as described below in detail.



**Energy audit**

The first step in the guidelines is the **energy audit**, a qualitative and quantitative survey carried out by licensed companies. The goal is to map, measure and concurrently monitor **energy consumption**, to identify possible **areas for improvement**, and reduce energy waste to limit pollutant emissions where possible.

In 2022 and 2023, all Group companies conducted an energy diagnosis, the results of which supplied the Group with a foundation for adopting a series of tangible actions.



**Energy efficiency**

Following the energy audit, the second step is to **upgrade** or **replace equipment and machinery** that are found to have low energy performance or cause significant energy waste.

To support these actions, Intercos formalized a **Procedure** outlining the process for **defining and managing User Requirements (URs)** when purchasing plant and

equipment, in addition to defining and evaluating specific machines to purchase, including information on energy consumption.

Another area where all Companies take action is the **renovation of lighting systems**, which provides for the gradual replacement of incandescent lamps and bulbs with corresponding **LED models**, resulting in a reduction in annual electricity consumption.

In 2023, Intercos Europe, Intercos Technology, Intercos Cosmetics, Interfila Cosmetics, and Intercos India Companies adopted this strategy, and opted for LED lighting in all cases where replacement was required.

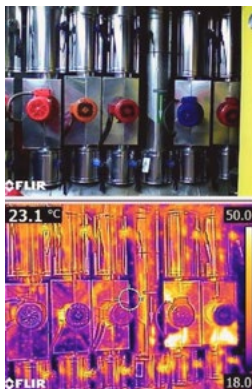
Other projects falling within the energy efficiency category include:

- the installation of a compact and **highly energy-efficient boiler** at Intercos Europe’s Cometa plant. Following a detailed analysis of its plants, which highlighted the inefficient use of one large boiler, the Company arranged for the installation of a second, more compact boiler dedicated solely to managing production rhythms. This installation guarantees the constant supply of hot water and heat throughout the year, while the larger boiler remains in place to provide heating, depending on the season. The new configuration therefore allows for the more efficient use of the primary fuel;
- the **replacement of compressors** at Intercos Europe’s Cometa and Dovera plants with cutting-edge machinery boasting better energy performance;
- the targeted intervention on the **insulation of valves and ducts** following a thermographic analysis of the facilities, resulting in reduced heat loss at the Intercos Europe and Tatra plants;
- the **installation of timers on process ovens** and dust and solvent abatement systems, allowing the machines to be suspended in case of prolonged inactivity along the production lines at Intercos Europe’s Agrate and Dovera plants.
- the **replacement of refrigerant gases** with high GWP (Global Warming Potential) with alternative fluids that have a reduced climate impact in some machines at Intercos Europe’s Agrate and Dovera plants.
- the **installation of a trigeneration plant** at Intercos Europe’s Dovera site, in operation since the end of 2019, and a **cogeneration plant** at Cosmint’s Olgiate Comasco site, installed in 2018. Both plants are managed by third parties per the ESCo (Energy Service Company) formula. These plants contribute to efficiency by allowing the production of electricity, thermal and - in the case of the trigenerator - cooling energy, from a single primary energy source, namely natural gas (methane).

Before the insulation intervention



After the insulation intervention



### Trigeneration Plant

Intercos Europe - Dovera, Italy



### Cogeneration Plant

Cosmint – Olgiate Comasco, Italy



## THE CONSOLIDATION PROJECT FOR INTERCOS CHINA

At the basis of the investment project lies the intention to **optimize the current processes** of the factories located in the **city of Suzhou** by consolidating operations into 2 facilities instead of the current 3 and phasing out operations at Intercos Technology “New” (currently leased). This operation will create **greater synergies**, improving efficiency and savings: the restructuring of the Intercos Technology “Old” building, with the expansion of current production lines, offices, and warehouse, will allow for the **consolidation and streamlining** of a significant portion of operational activities under one roof.



The investment launched in 2023, which will see the completion of works and full operation within two years, includes, among other things, the **LEED Building Design and Construction Platinum certification** for the new office portion, demonstrating the constant focus on sustainability in production processes, in line with the decarbonization objectives promoted by the Group.



### Self-generation of energy from-renewable sources

The third step toward reducing emissions is **self-generation of energy** from renewable sources. As a matter of company policy, where possible, **photovoltaic panels** should be installed on new buildings and factories undergoing significant renovations, whether operated under an ESCo formula or purchased directly by Intercos, or by the facility owner of the building, when not owned by Intercos.

To guide local Industrial Operations division managers in purchasing panels or opting for an ESCo formula, dedicated **corporate guidelines** have been issued, so all Group Companies follow a common approach in assessing minimum requirements, whilst paying attention to certain parameters.

In 2023, around 71% of production plants possessed a photovoltaic system. Specifically, existing Cosmint, Intercos Europe in Dovera, Tatra, Intercos Technology, and Intercos America in West Nyack plants were joined in 2023 by CRB, Intercos Cosmetics, Interfila and Intercos Korea plants, in addition to plant on a newly built facility at the Cosmint site.

### Photovoltaic Panels

Cosmint -  
Olgiate Comasco, Italy



Tatra Spring -  
Garwolin, Poland



Intercos Europe -  
Dovera, Italy



Intercos Technology -  
Suzhou, China



In addition, with the aim of reducing Scope 1 emissions related to fuel use, the company’s approach is to favor the installation of **heat pumps** over traditional gas boilers to power heating systems. One example is the installation of a **VRV air conditioning system** at the Parent Company’s Agrate plant.



**Energy supply from-renewable sources**

Where possible, Intercos supports the **use of electricity from renewable sources** with annual issuance of a certification, e.g., cancellation of Guarantees of Origin (GO) in Italy, Global Energy Certification (GEC) in China, and Renewable Energy Certificate (REC) in the US. However, in countries where this is not possible, the Companies favor suppliers who guarantee an energy mix that includes a greater share of energy from renewable sources.

As regards the purchase of energy from renewable sources, Intercos Europe, CRB, Cosmint, Intercos Technology, Intercos Cosmetics, Intercos America, Tatra, Interfila Cosmetics and Intercos Korea, which already had a procurement policy in place for all their sites - both for electricity and, in the case of CRB, also for biomass district heating, - were joined in 2023 by Intercos India.



**Compensation (carbon offsetting)**

To go further toward energy efficiency and reduction of greenhouse gas emissions, Group companies can ultimately purchase carbon credits to **offset remaining emissions**, by choosing projects in line with corporate principles and values.

This is the case for **CRB**, the first Group company to achieve **carbon neutrality** in 2022. After reducing its emissions by **90% since 2018**, through the purchase of energy from renewable sources, its remaining Scope 1 and Scope 2 (market-based) emissions were offset by supporting a project in Uganda headed by **social enterprise Simoshi**. The **Gold Standard-certified** project targets improvements in the livelihoods of low-income people through the **installation of stoves featuring improved technology** at schools and institutions. This improvement **significantly reduces** not only **greenhouse gas emissions**, but also **air pollution and health problems for children and cooks**; it also reduces **deforestation** through diminished firewood use, and improves the quality of life for women and children.



**SIMOSHI**

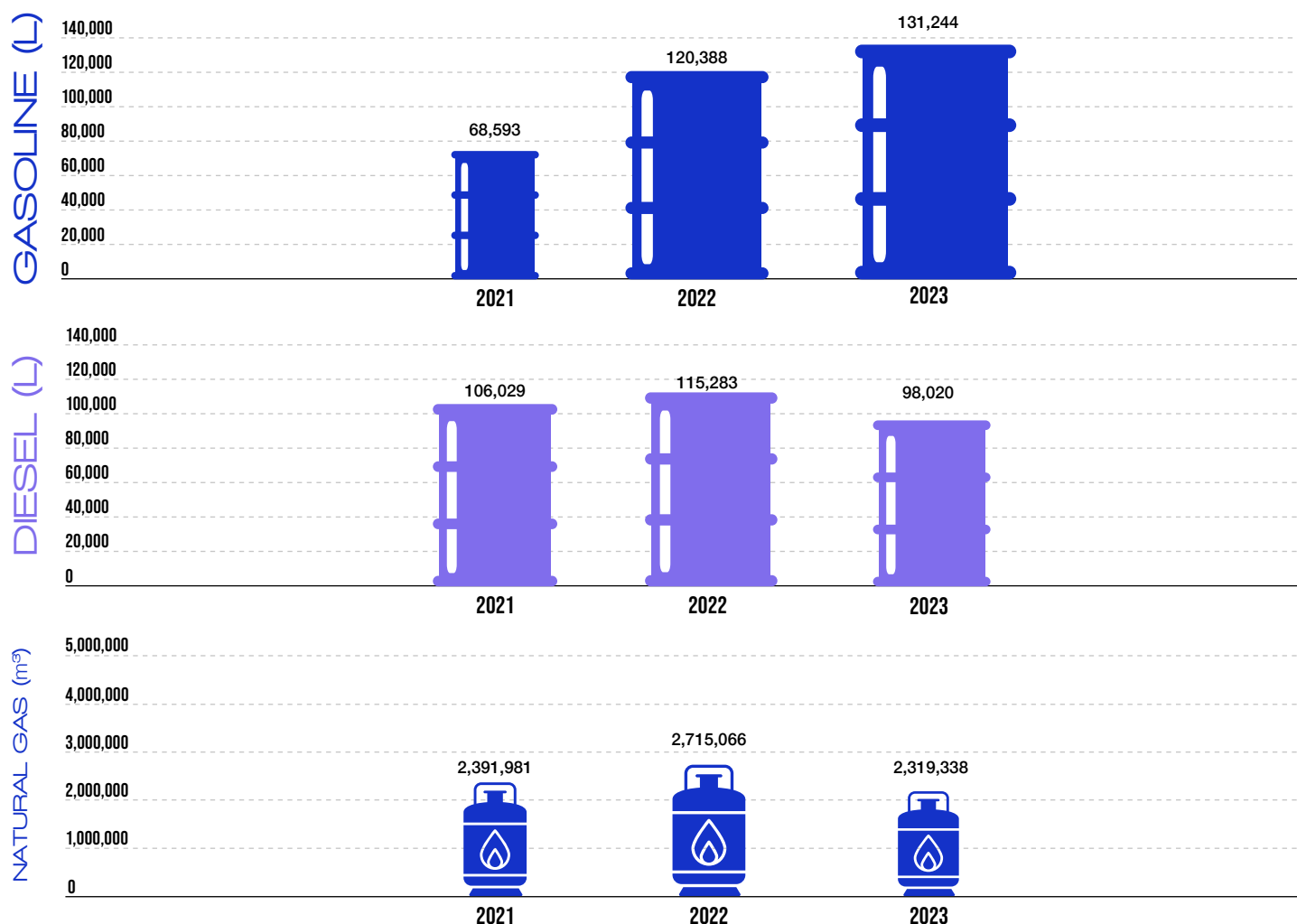
The implementation and use of new stoves allows both participating schools and Simoshi to **reinvest a percentage of the proceeds** from the sale of carbon credits and fund new investments in those same schools, by providing repayment plans throughout the school year, free annual maintenance of all installed stoves, staff training, and child educational campaigns on the environment and climate change. In 2023, CRB offset its remaining Scope 1 and Scope 2 (market-based) emissions for the year 2022, amounting to 27 tonsCO<sub>2</sub>eq. Additionally, emissions for 2023, equal to 24 tonsCO<sub>2</sub>eq., will be offset in 2024.

### Indicators

The graphs below (Figure 16) show data from the Group’s **energy consumption** and **direct** (Scope 1) and **indirect energy** (Scope 2) **greenhouse gas emissions**.

The Intercos Group’s energy consumption comes mainly from the purchase of energy for its production activities and from the **use of fuels** such as gasoline and natural gas for the company vehicle fleet and heating respectively, or the production of steam for production processes at some Group companies. In 2023, Intercos conducted a thorough analysis of the carbon footprint associated with the energy requirements of various energy providers and utilities within the Group companies. This mapping process allowed it to clearly outline decarbonization strategies for Scope 1 and Scope 2 emissions and define programs and objectives for subsequent years. In 2023, as shown in the graphs below (Figure 16), the Intercos Group used 131,244 liters of gasoline,<sup>20</sup> 98,020 liters of diesel<sup>21</sup>, and 2,319,338 m<sup>3</sup> of natural gas. In addition, consumption of 81 liters of LPG, and 1,922 kilograms of propane, attributable to Intercos India Company, which was included in the reporting scope in 2022, was recorded. See Table 32 in the Appendix for more details.

Figure 16: Energy consumption by fuels



The table below (Table 6) summarizes the Group’s consumption of electricity, heat and cooling energy by source.

In 2023, the Group consumed **58,221 MWh** of energy. **77%** of this was purchased from the grid, while 23% was self-produced through photovoltaic or cogeneration/trigeneration plants. Overall, 58% of the electricity consumed comes from renewable sources.

<sup>20</sup> Gasoline consumption data also includes company vehicle fleet data.

<sup>21</sup> Diesel consumption data also includes company vehicle fleet data.

In addition, the Group purchased **thermal energy** for a total of 6,521 MWh, of which 91% came from cogeneration and trigeneration systems, located in Italy respectively in Olgiate Comasco and Dovera and managed under the ESCo Formula, and 9% from **biomass district heating** purchased from CRB in Switzerland. We note that the **cogeneration** and **trigeneration systems** resumed full operation in 2023 after their suspension for most of 2022. This led to a subsequent decrease in the electricity purchased from the grid and consumption of natural gas.

Further details are shown in Tables 6 and 7.

Tale 6: Consumption of electricity, heating and cooling by type and source

		ELECTRICITY PURCHASED FROM THE GRID	OF WHICH FROM RENEWABLE SOURCES <sup>22</sup>	ELECTRICITY SELF-PRODUCED FROM RENEWABLE SOURCES	ELECTRICITY FROM CO/TRIGENERATION SYSTEMS	TOTAL ELECTRICITY	HEATING	COOLING
		MWh	MWh	MWh	MWh	MWh	MWh	MWh
Italy	2021	14,370	14,234	0	13,571	27,941	8,889	1,390
	2022	24,279	24,222	0	3,334	27,614	3,039	0
	2023	16,215	16,074	0	12,949	29,165	5,912	1,083
Rest of Europe	2021	2,271	587	28	0	2,299	881	0
	2022 <sup>23</sup>	2,638	2,624	53	0	2,691	731	0
	2023	3,028	3,014	46	0	3,074	609 <sup>24</sup>	0
USA	2021	6,119	2,148	0	0	6,119	0	0
	2022	8,362	7,552	0	0	8,362	0	0
	2023	7,430	7,430	0	0	7,430	0	0
China	2021	14,060	994	0	0	14,060	0	0
	2022	12,927	3220	0	0	12,927	0	0
	2023	12,927	5,284	0	0	12,927	0	0
Brazil	2021	672	538	0	0	672	0	0
	2022	667	0	0	0	667	0	0
	2023	740	0	0	0	740	0	0
South Korea	2021	4,085	0	0	0	4,085	0	0
	2022	4,288	500	0	0	4,288	0	0
	2023	4,382	1,500	158	0	4,540	0	0
India	2021	N/D	N/D	N/D	N/D	N/D	N/D	N/D
	2022	333	0	0	0	333	0	0
	2023	345	345	0	0	345	0	0
Total	2021	41,577	18,500	28	13,571	55,176	9,770	1,390
	2022	53,495	38,118	53	3,334	56,882	3,770	0
	2023	45,067	33,647	204	12,949	58,207	6,521	1,083

<sup>22</sup> It includes electricity covered by Guarantees of Origin (GOs) (in 2022 equal to 35,659 MWh, in 2023 equal to 28,592 MWh) and electricity produced by non-owned photovoltaic systems (in 2022 equal to 2,459 MWh, in 2023 equal to 5,116 MWh).

<sup>23</sup> Please note a change in the scope in 2022 and 2023 compared to 2021, which concerned the exclusion of the CRB Benelux based in a coworking space in Maastricht as these data were not available.

<sup>24</sup> The quantitative reported refers to CRB. Of the 609 MWh purchased, 571 come from renewable sources.

With regard to **electricity purchased from the grid** in 2023 (Figure 17), 75% comes from renewable sources, largely in line with 2022. We also note a slight decrease in electricity purchased from the grid thanks to a substantial increase in the self-consumption of renewable energy, electricity produced by non-owned photovoltaic plants, and energy from cogeneration/trigeneration, ensuring better energy efficiency of production plants.

As regards electricity purchased from the grid, in 2023, Italy had the highest consumption from this source (36%, of which almost 100% was from renewable sources), followed by China (29%, of which 41% was from renewable sources), and the US (16%, of which 100% was from renewable sources).

Figure 17: Electricity purchased from the grid

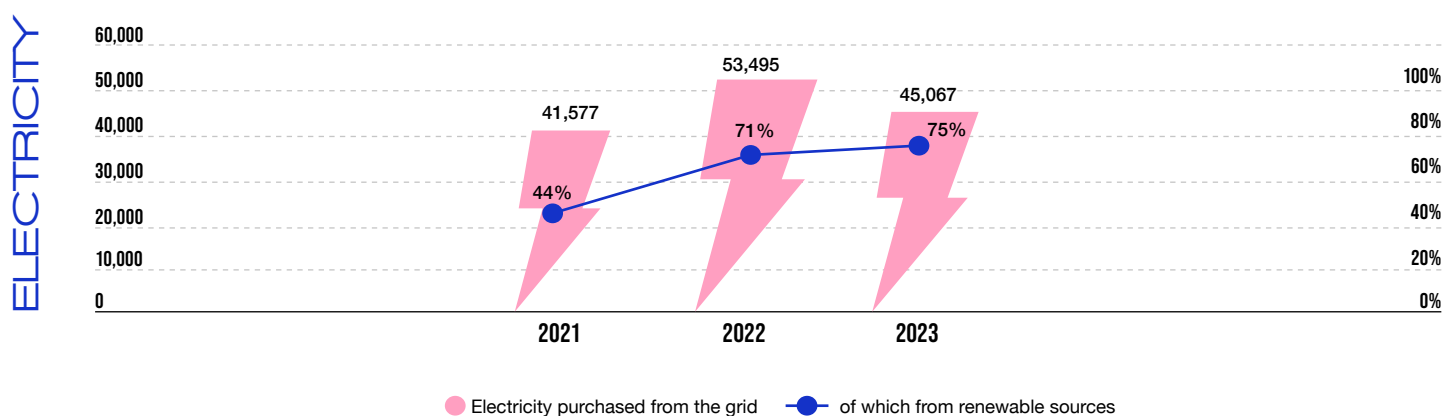


Table 7 shows Intercos Group’s total energy consumption, expressed in GJ, over the three-year period 2021-2023. In 2023, the largest contribution (71%) came from grid electricity, and from cogeneration/trigeneration systems and photovoltaic systems operated under an ESCo formula, followed by natural gas (25%). In 2023, compared with total consumption, these figures increased by 1.4% on 2022, and decreased by 1% on 2021.

Table 7: Total energy consumption (GJ)

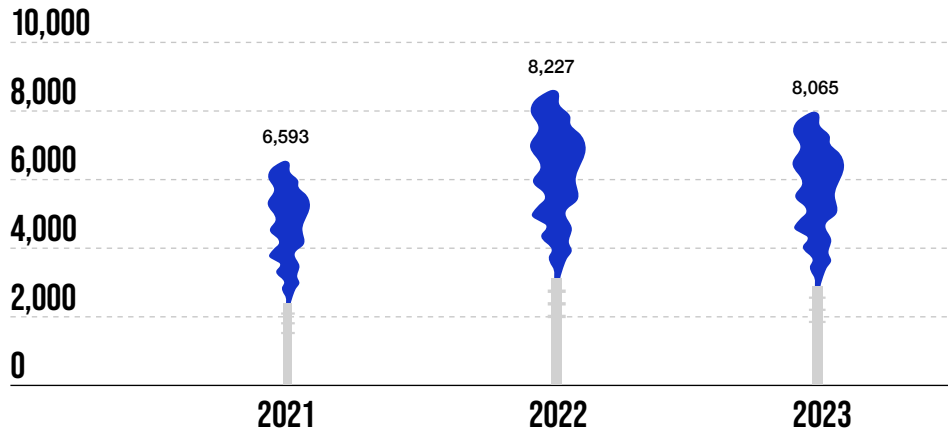
		GASOLINE	DIESEL	NATURAL GAS	LPG	PROPANE	ELECTRICITY PURCHASED FROM THE GRID AND THE CO/TRIGENERATION SYSTEMS	HEATING	COOLING	SELF-PRODUCED ELECTRICITY	TOTAL
Total	2021	2,195	3,833	84,391	0	0	198,535	35,172	5,003	100	329,228
	2022	3,866	4,168	95,942	3	56	204,585	13,570	0	193	322,383
	2023	4,208	3,487	82,237	2	89	208,860	23,477	3,898	737	326,996

Below (Figure 18) are data referring to Scope 1 emissions, which are derived primarily from fuel consumption, particularly natural gas (58%), and - to a lesser extent - the use of refrigerant gases (35%) in refrigeration and air conditioning systems. Specifically, Italy was the largest contributor to Scope 1 emissions (56%), followed by China (14%), South Korea (12%), and the USA (10%).

2023 shows a trend largely in line with 2022 concerning Scope 1 emissions (-1.97%), consistent with industrial production.

More details are shown in the Appendix (see Table 33).

Figure 18: Direct GHG emissions (Scope 1), tCO<sub>2</sub>eq



Below (Figure 19) are data on Scope 2 emissions. In 2023, the Intercos Group emitted 24,549 metric tons of CO<sub>2</sub>eq under the location-based approach, mainly in Italy (48%) and China (24%), followed by South Korea (11%) and the USA (9%).

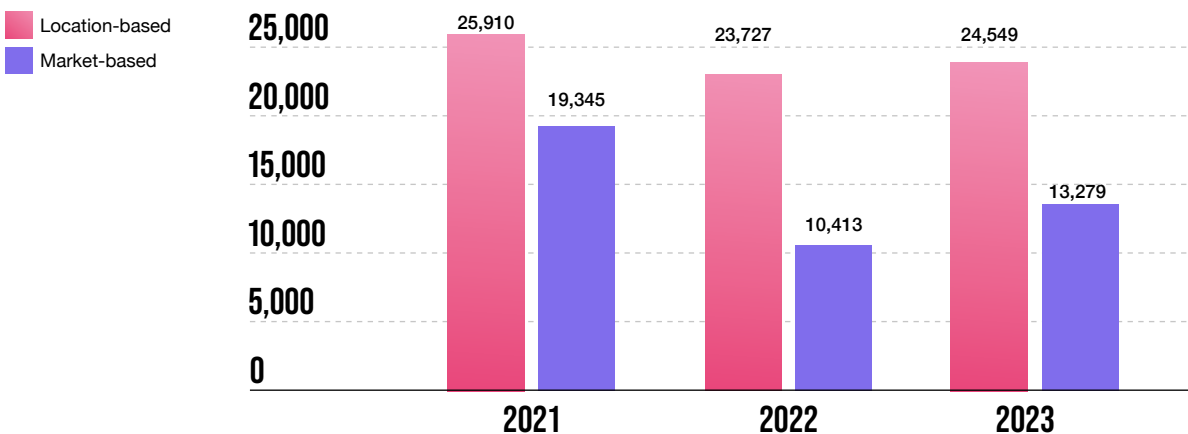
Using the market-based approach, 13,279 metric tons of CO<sub>2</sub>eq were emitted, with a slight increase on 2022 (+28%).

The decrease in Scope 2 emissions recorded in 2022 was largely due to the inactivity of Cosmint's cogeneration plant and Intercos Europe's trigeneration plant for the majority of the year. The shutdown of these plants meant the two companies had to purchase electricity from the grid from renewable sources, subsequently eliminating Scope 2 market-based related emissions. The companies also had to use natural gas for heating, thus increasing related Scope 1 emissions. In 2023, Cosmint's cogeneration plant and Intercos Europe's trigeneration plant resumed operations, resulting in an increase in natural gas consumption and the related direct and indirect emissions.

We also note that, starting in 2022, several Group Companies began sourcing electricity from renewable sources, further contributing to the reduction in Scope 2 market-based emissions. Over the three-year period 2021-2023, these were reduced by 31% overall.

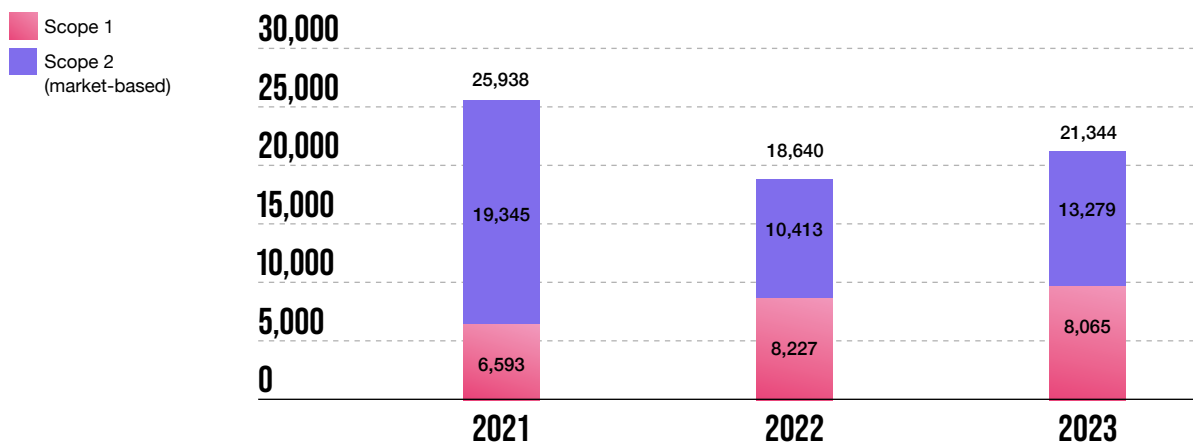
For more details, see Table 34 in the Appendix.

Figure 19: Indirect energetic GHG emissions (Scope 2) tCO<sub>2</sub>eq



Considering Scope 1 and Scope 2 market-based emissions together (Figure 20), in 2023, there was a 15% increase on 2022, and an 18% decrease on 2021, thus resulting in an overall decrease for the two-year period from 2021 to 2023.

Figure 20: Scope 1 and 2 (market-based) GHG emissions, tCO<sub>2</sub>eq



The air pollution emissions for 2023 are primarily associated with volatile organic compounds (VOCs), totalling 3 tonnes, carbon monoxide (CO), 1.6 tonnes, nitrogen oxides (NOx), 0.4 tonnes, and particulate matter (PM), 1.5 tonnes. Particularly in 2023, the largest contribution in terms of VOCs is attributed to Italy, accounting for approximately 2.7 tonnes. For more details, see Table 35 in the Appendix.

## WATER RESOURCES

### Management approach

**Water resources** and their wise use are an important concern for Intercos Group. In this context, management and **disposal of the water used** in the production process, which requires special chemical and physical treatments before it can be discharged into the sewer system, is particularly important.

As with other environmental aspects, there is currently no centralized model for the management of water supplies and discharges; operating decisions regarding the treatment of these aspects is left to individual companies or plants through specific procedures based on **local regulations**.

The Group’s various water management initiatives are designed to **reduce consumption**. For example, in 2022 Intercos Europe started up a **wastewater ultrafiltration plant** at the Agrate production site that will mean that this wastewater can be reused where possible in industrial processes. Specifically, filtered water is reused for cleaning and cooling machines and for backwashing equipment, thus reducing demand and consumption of potable water from the grid. In 2023, the ultrafiltration system enabled the recycling of approximately 6% of the water withdrawn at the Agrate plant.

Another example concerns Intercos India, which was able to reuse a large quantity of wastewater to **irrigate surrounding green areas** thanks to a **purification process**. Specifically, in 2023, 90% of withdrawn water was recycled.

In 2022, the Group introduced specific indicators related to the management of water resources within operations, launching a monitoring and optimization plan to improve performance. To this end, in 2023, meters were installed in various industrial and non-industrial areas of production plants. For example, at the Agrate Brianza operational site, Intercos Europe was able to map and accurately account for various withdrawal points, initiate monitoring, and adopt specific targeted actions to improve efficiency. Intercos Europe also adopted a continuous monitoring system by installing dedicated software that provides a real-time visualization of the cubic meters of water withdrawn.

Additional measures to reduce waste included **installing photocells** on faucets or **timed faucets** at Intercos Europe, Interfila Cosmetics and Intercos India plants. Intercos America, for its part, has invested in a training, engagement and monitoring program to raise awareness among operators, so that water waste avoidance behaviors are adopted.

Conversely, concerning quality of discharged water, several Group Companies use a wastewater treatment system, namely: Intercos Europe, Cosmint, CRB, Intercos India, Intercos Cosmetics and Intercos Technology.

## Indicators

Information regarding the Group’s water resource management in 2023 is set out below. It includes the total volume of water supplied by source and the total volume of water discharged by quality and destination.

In 2023, Group Companies withdrew a total of **415,785 m<sup>3</sup>** of water (-9% on 2022), **almost entirely from the water grid** (99.4%). The only exceptions are in India, where water is withdrawn from well, and in Dovera site, where water is partially withdrawn from the aquifer and used for irrigation and fire protection systems. This withdrawal in 2023 amounted to 1,098 m<sup>3</sup>. The highest water withdrawal was recorded in Italy (49%), followed by China (18%), and the rest of Europe (16%).

In 2023, the Group facilities operating in areas identified as **medium to high water stress<sup>25</sup>** are the following: Intercos India, Intercos Korea, Intercos Cosmetics, Intercos Technology, and Interfila Cosmetics. Namely, withdrawals from these areas totaled 106,227 m<sup>3</sup> in 2023, a decrease on 2022 (117,409 m<sup>3</sup>) and a slight increase on 2021 (103,255 m<sup>3</sup>).

Of the total water withdrawn in 2023, **84% is from freshwater** ( $\leq 1,000$  mg/L total dissolved solids); for 2022 and 2021, these percentages were 82% and 84% respectively. However, the remainder (16% in 2023, 18% in 2022, and 16% in 2021) comes from other types of water ( $> 1,000$  mg/L total dissolved solids).

Table 8: Water withdrawal (m<sup>3</sup>)

	2021	2022	2023
Italy	206,200	189,629	203,005
Rest of Europe	35,752	51,382	68,274
USA	154,740	98,656	36,253
Brazil	1,843	1,736	2,026
China	75,379	84,391	75,751
South Korea	27,852	31,716	29,115
India	ND	1,278	1,361
Total	501,766	458,788	415,785

<sup>25</sup> The Aqueduct Water Risk Atlas tool, developed by the World Resources Institute, was used to carry out these assessments and to identify water stress areas. Specifically, water stress areas are considered to be those classified as “medium-high”, “high”, and “extremely high”

With reference to discharges, in 2023, **nearly 100%** of wastewater was **discharged to sewers**, totaling **218,427 m<sup>3</sup>**. The largest contribution, in terms of volumes, comes from the rest of Europe and Italy.

Table 9: Water discharge by destination (m<sup>3</sup>)

		DISCHARGE IN SURFACE WATER	DISCHARGE TO THIRD PARTY WATER (E.G. YEAR MUNICIPAL SEWER)	OTHER	TOTAL
Italy	2021	0	127,678	78	127,756
	2022	0	122,825	50	122,875
	2023	0	87,897	62	87,959
Rest of Europe	2021	1,177	21,755	0	22,932
	2022	0	26,654	0	26,654
	2023	0	60,620	0	60,620
USA	2021	0	154,740	0	154,740
	2022	0	98,546	0	98,546
	2023	0	36,181	0	36,181
Brazil	2021	0	1,843	0	1,843
	2022	0	1,735	0	1,735
	2023	0	1,468	0	1,468
China	2021	0	19,064	0	19,064
	2022	0	19,712	4,403	24,115
	2023	0	14,168	0	14,168
South Korea	2021	0	11,130	8,885	20,015
	2022	0	21,166	0	21,166
	2023	0	18,093	0	18,093
India	2021	N/D	N/D	N/D	N/D
	2022	0	0	1,188	1,188
	2023	0	0	1,238	1,238
Total	2021	1,177	336,210	8,963	346,350
	2022	0	290,638	1,238	291,876
	2023	0	218,427	1,300	191,727

# ...ALONG THE VALUE CHAIN

## SUPPLIER SELECTION AND ASSESSMENT

Since 2018, the Group has adopted a **Sustainable Procurement Policy**, which constitutes its commitment to pursuing the development of a **sustainable supply chain**, based on the principles of international standards such as SA 8000, ISO 1 4001 and ISO 45001 (formerly OHSAS 18001) for supplier qualification, **respecting human and labor rights**, combating **discrimination**, and commitment to a **safe and healthy work environment**.

In light of this commitment, Intercos requires its suppliers to sign the Group's **Sustainable Procurement Policy** and **Code of Conduct** in conjunction with the signing of the trade contract.

The Company has also adopted procedures for **selecting and qualifying new suppliers** and **monitoring** existing ones<sup>26</sup>. In selecting new suppliers, Intercos focuses not only on commercial aspects and product quality, but also on the suppliers' **environmental and ethical-social performance** - compliance with health, safety and human rights regulations - and **assesses them through audits, document analysis** (e.g., certificates) and the completion of **questionnaires** depending on the supplier's specific **risk level**.

In 2022, following partial **updating** of the process for new suppliers' qualification and supporting tools, training involving all Group Companies was conducted, targeting buyers and local contacts of the business departments involved in the qualification process (Quality Assurance, HR, Legal, Finance, HSE).

Particular attention is paid to the assessment of suppliers in China, where the Group sources most of its packaging, and where environmental and ethical-social legislation is less stringent. Chinese suppliers are assessed **using a detailed checklist** which includes several questions on social responsibility issues, and **through audits** conducted at their facilities by a local team.

### Indicators

The table below (Table 10) shows data on the **selection of new suppliers** based on **sustainability criteria** (environmental, social, and safety/legal compliance). In 2023, the percentage of providers selected according to these criteria was 49%. This percentage rises to 82% when including suppliers (22 in total) for whom the qualification process according to sustainability criteria was initiated in 2023 but not yet completed.

If we consider the three-year period from 2021 to 2023, we can see a **progressive improvement** due to the alignment of the Group's companies in the adoption of the new supplier qualification process.

<sup>26</sup> The following companies are not currently included in the supplier assessment process scope, as defined at Corporate level, but are gradually coming into alignment: Cosmint, Tatra, Intercos do Brasil and Intercos Korea.

Table 10: Percentage of new suppliers selected according to environmental and social criteria<sup>27</sup>

	2021	2022 <sup>28</sup>	2023
Total number of new suppliers	24	49	67
Total number of new suppliers selected according to environmental and social criteria	6	15	33
New suppliers selected according to environmental and social criteria	25%	31%	49%

## GOING BEYOND: THE WHITEPAPER

The **Responsible Beauty Initiative (RBI)** is an industry initiative focused on **sustainable procurement**.

Founded in 2017 and coordinated by EcoVadis, it includes brands such as L'Oréal, LVMH, Clarins, Coty, Groupe L'Occitane, Cosnova and Groupe Rocher.

In 2020, Intercos was invited by RBI to participate in the **"Going beyond"** project. The goal of the project was to draft and publish a **white paper** in March 2021, on guidelines and best practices to help those companies in the **beauty sector** evaluated by Ecovadis (primarily **suppliers** and **partners** of RBI members) improve their **CSR and sustainability performance** and related **reporting practices**.

For each area of improvement identified by RBI in areas such as labor and human rights, environment and corruption, **top performers** and **fast-trackers** (including Intercos) were identified among more than **1,200 suppliers**.

The expectation is that the advice and insights shared by Intercos will serve as an inspiration to cosmetic companies, helping them adopt **more sustainable business practices**, whilst diffusing expertise along the value chain.

## SUSTAINABLE PROCUREMENT

### Palm oil and derivatives

Palm oil is a substance of vegetable origin that, in and of itself or as a derivative obtained by reaction or extraction of certain components, is used in the cosmetics industry for the production of **foaming surfactants**. It is particularly found in cleansing products, from soaps to bath foams, in almost all types of **emulsions** (such as creams and milks), in shaving products and in makeup, from lipsticks to pencils.

In the last thirty years the cultivation of oil palm has developed in **South-East Asia**, especially, where, together with the wood industry, it is considered the main driver of **extensive deforestation**.

The conversion of tropical forests to vast oil palm monocultures leads to the disappearance of valuable **rainforests**, the **deterioration of peatlands**, the suppression of unique **natural ecosystems** and, consequently, a loss of **biodiversity**. While the significant changes in land use cause **erosion** and **hydrogeological disruption** in the territories concerned, continuous deforestation and conversion of



<sup>27</sup> Data for raw material and packaging suppliers. The Companies Intercos do Brasil and Intercos India are excluded from the data.

<sup>28</sup> In 2022, the companies Intercos America and Intercos Korea adopted the new supplier qualification process outlined by the Parent Company, entering the reporting scope for this indicator.

forests into plantations also produce a sharp increase in **greenhouse gases** in the atmosphere, thus contributing to global **climate change**.

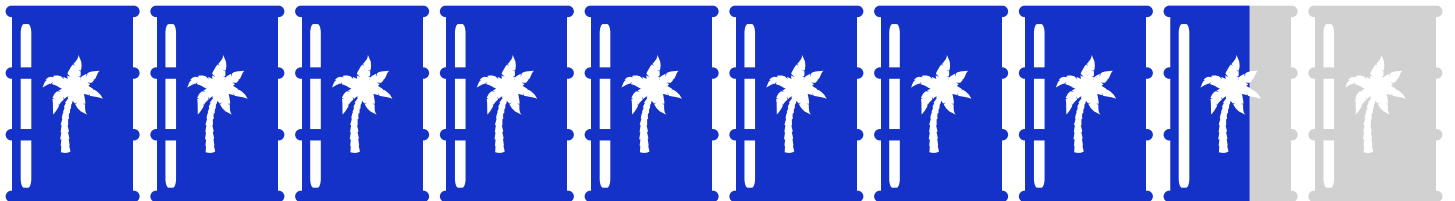
In order to contribute to the reduction of **land** and **forest exploitation**, and to address the potential risk of indirect involvement in **deforestation activities**, in **2017** the Intercos Group joined the **Roundtable on Sustainable Palm Oil (RSPO)**. This is a non-profit association which has defined specific environmental and social criteria to develop an **international standard** for sustainable palm oil, standards with which member companies must comply in order to produce and market **certified sustainable palm oil**.

The main objectives of RSPO association, which Intercos supports, are:

- carry out **research and development activities** to define criteria for the sustainable production and use of palm oil;
- undertake projects to facilitate the introduction of **sustainable best practices**;
- develop concrete solutions to problems encountered in adopting and testing best practices for **plantation establishment and management, procurement, trade, and logistics**;
- obtain financial resources from private and public funds to finance projects overseen by the RSPO;
- **communicate** the RSPO's work to all **stakeholders** and the general public.

From 2019, the Group's subscription as an **Ordinary Member of the RSPO association** constitutes a renewed commitment to traceability of purchased palm oil through a specific **Annual Communication on Progress (ACOP)**.

As reported in the CDP Forests 2023 questionnaire, **88% of the Intercos Group's raw materials** - by volume purchased and relative palm oil content - **are RSPO certified**.



**88% RSPO CERTIFICATED**

**Mica**

The extraction of **mica**, an **essential mineral** in the cosmetics industry (especially, thanks to its pearlescent effect, for the production of **eye shadows**), still sometimes **involves children**, especially in **India**. The mica supply chain is complex and globalized and involves a number of intermediaries, processors, and traders on different continents between mine and end user.

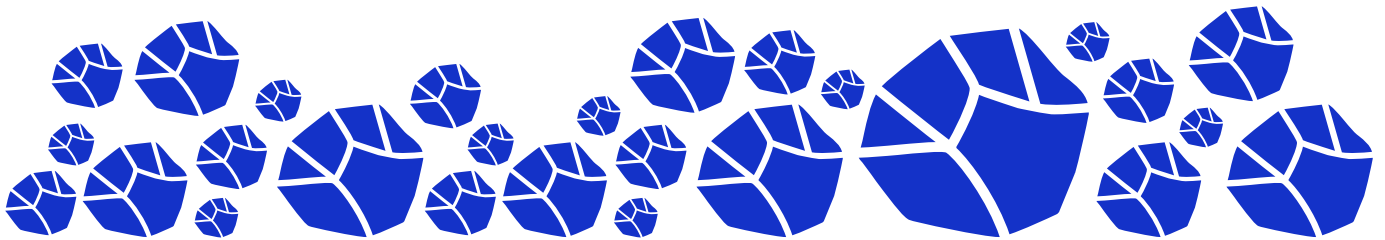


To address the potential risk of indirect involvement in **child labor**, in **2017** Intercos joined the "**Responsible Mica Initiative**", a **global, cross-cutting association** of different sectors, private, public and non-profit organizations, in order to promote proper and sustainable mica sourcing within the Group.

Key pillars of the initiative are:

- Implementing **fair and sustainable mica mining and processing practices** and improving traceability along the value chain;
- **Empowering local communities** to ensure long-term positive change through development programs;
- **Collaboration** with the **Indian government** and **local authorities** to ensure an appropriate legal framework.

As reported in the Supply Chain Data Collection Campaign 2023, approximately **100% of Indian mica volumes** were purchased from **RMI-certified suppliers**.



# 100% RMI CERTIFIED

09

APPENDIX

# WE LIVE OUR VALUES

Table 11: Composition of the Board of Directors

Name and last name	Office	Gender
Dario Gianandrea Ferrari	Executive Chairperson	M
Renato Semerari	Chief Executive Officer	M
Ludovica Arabella Ferrari	Executive Director	F
Gianandrea Ferrari (*)	Executive Director	M
Nikhil Kumar Thukral	Non-Executive Director	M
Ciro Piero Cornelli	Non-Executive Director	M
Nikhil Srinivasan	Independent Director pursuant to the CFA and the CG Code	M
Michele Scannavini	Independent Director pursuant to the CFA and the CG Code	M
Ginevra Ott	Non-Executive Director	F
Maggie Fanari (**)	Non-Executive Director	F
Patrizia De Marchi	Independent Director pursuant to the CFA and the CG Code	F

(\*) Executive Director identified as such in compliance with the provisions of the Corporate Governance Code, as holding the office of Chairman of the Board of Directors and Chief Executive Officer of Intercos Europe S.p.A., a subsidiary of Intercos S.p.A. with strategic importance, but without individual operating powers in Intercos S.p.A.

(\*\*) On February 29, 2024, Dr. Maggie Fanari resigned from her position as Non-Executive Board Member of Intercos S.p.A., effective March 1, 2024, following the termination of her professional relationship with "Ontario Teachers' Pension Plan," a shareholder of Intercos S.p.A.

On February 29, 2024, the Board of Directors of Intercos S.p.A., upon acknowledging the resignation, resolved not to proceed with the co-option of a replacement Board Member for Dr. Maggie Fanari, considering the approaching Shareholders' Meeting scheduled for April 11, 2024, which will decide on the appointment of the new board. It is understood that, until the Shareholders' Meeting on April 11, 2024, the Board of Directors of Intercos S.p.A. will remain composed of the current members in office.

Table 12: Composition of the Board of Statutory Auditors

Name and last name	Office	Gender
Matteo Tamburini	Chairperson Board of Statutory Auditors	M
Maria Maddalena Gnudi	Statutory Auditor	F
Giovanni Rossi	Statutory Auditor	M
Francesca Pischedda	Alternate Auditor	F
Maurizio Nastri	Alternate Auditor	M

Table 13: Composition of the Supervisory Body

Name and last name	Office	Gender
Giuseppe Schiuma	Chairperson Supervisory Board	M
Francesco Cimatti	Supervisory Board Member	M
Maria D'Agata	Supervisory Board Member	F

Table 14: Number of cases of non-compliance with laws and regulations

Field	Year	Number
Socio-economic	2021	1
	2022	3
	2023	2
Environmental	2021	4
	2022	1
	2023	1

# WE CARE FOR PEOPLE

Table 15: Number of employees by type of contract (permanent and temporary) and region

Type of contract	Year	Permanent	Temporary	Total employees
Italy	2021	1,318	15	1,333
	2022	1,339	22	1,361
	2023	1,446	22	1,468
Rest of Europe	2021	294	113	407
	2022	347	106	453
	2023	386	69	455
USA	2021	394	0	394
	2022	383	0	383
	2023	399	0	399
Brazil	2021	112	0	112
	2022	107	0	107
	2023	107	0	107
China	2021	1,143	0	1,143
	2022	1,209	0	1,209
	2023	1,260	0	1,260
South Korea	2021	172	0	172
	2022	187	2	189
	2023	256	92	348
India	2021	N/D	N/D	N/D
	2022	51	0	51
	2023	50	0	50
Total	2021	3,433	128	3,561
	2022	3,623	130	3,753
	2023	3,904	183	4,087

Table 16: Number of employees by type of contract (permanent and temporary) and gender

Type of contract	Men			Women			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Permanent	1,277	1,371	1,447	2,156	2,252	2,457	3,433	3,623	3,904
Temporary	40	31	50	88	99	133	128	130	183
Total employees	1,317	1,402	1,497	2,244	2,351	2,590	3,561	3,753	4,087

Table 17: Number of employees by type of contract (full-time and part-time) and gender

Type of contract	Total			of which men			of which women		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Full-time	3,523	3,708	4,042	1,313	1,401	1,494	2,210	2,307	2,548
Part-time	38	45	45	2	2	3	36	43	42
Total employees	3,561	3,753	4,087	1,315	1,403	1,497	2,246	2,350	2,590

Table 18: Total number and rate of new employee hires by age group, gender and region

Age group	Year	Men					Women					Total (%)
		< 30 years old	30 ≤ x ≤ 50	> 50 years old	Total (No)	Total (%)	< 30 years old	30 ≤ x ≤ 50	> 50 years old	Total (No)	Total (%)	
Italy	2021	7	26	6	39	7%	34	35	1	70	9%	8%
	2022	30	51	3	84	16%	67	49	6	122	15%	15%
	2023	38	62	11	111	19%	75	69	7	151	17%	18%
Rest of Europe	2021	8	13	3	24	18%	24	20	4	48	18%	18%
	2022	9	14	2	25	18%	33	30	0	63	20%	19%
	2023	13	12	1	26	19%	19	16	5	40	13%	15%
USA	2021	14	19	14	47	28%	15	55	8	78	35%	32%
	2022	4	11	8	23	15%	15	18	9	42	18%	17%
	2023	9	12	4	25	16%	19	26	3	48	20%	18%
Brazil	2021	0	4	1	5	22%	11	7	0	18	20%	21%
	2022	0	4	0	4	17%	5	7	0	12	14%	15%
	2023	5	5	0	10	33%	4	9	1	14	18%	22%
China	2021	46	61	1	108	30%	54	66	6	126	16%	21%
	2022	40	62	2	104	27%	70	84	2	156	19%	22%
	2023	112	130	1	243	61%	125	247	0	372	43%	49%
South Korea	2021	18	32	3	53	51%	26	14	1	41	60%	55%
	2022	9	17	1	27	25%	21	15	0	36	43%	33%
	2023	29	47	7	83	61%	57	201	98	356	167% <sup>29</sup>	126%
India	2021	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D
	2022	1	7	0	8	16%	1	0	0	1	100%	18%
	2023	0	6	0	6	13%	0	1	0	1	50%	14%
Total	2021	93	155	28	276	21%	164	197	20	381	17%	18%
	2022	93	166	16	275	20%	212	203	17	432	18%	19%
	2023	206	274	24	504	34%	299	569	114	982	38%	36%

<sup>29</sup> It should be noted that the high rate of new employee hires recorded in Intercos Korea in 2023 is due to a programme of recruitment and reorganisation of personnel over the course of the year in response to production needs.

Table 19: Total number and rate of employee turnover by age group, gender and region

Gender	Year	Men					Women					Total (%)
Age group		< 30 years old	30 ≤ x ≤ 50	> 50 years old	Total (No)	Total (%)	< 30 years old	30 ≤ x ≤ 50	> 50 years old	Total (No)	Total (%)	
Italy	2021	7	33	35	75	14%	16	69	39	124	15%	15%
	2022	12	46	18	76	14%	19	67	16	102	12%	13%
	2023	14	29	18	61	10%	31	52	11	94	11%	11%
Rest of Europe	2021	6	18	4	28	21%	19	30	5	54	20%	20%
	2022	6	9	1	16	11%	10	12	4	26	8%	9%
	2023	7	15	5	27	19%	20	15	2	37	12%	14%
USA	2021	9	12	9	30	18%	9	31	5	45	20%	19%
	2022	12	14	11	37	24%	17	18	4	39	17%	20%
	2023	11	5	7	23	15%	10	18	6	34	14%	14%
Brazil	2021	1	6	0	7	30%	2	12	0	14	16%	19%
	2022	0	3	0	3	13%	9	8	1	18	22%	20%
	2023	0	4	1	5	17%	4	15	0	19	25%	22%
China	2021	39	65	1	105	29%	54	108	0	162	21%	23%
	2022	23	51	1	75	19%	37	78	4	119	15%	16%
	2023	98	131	4	233	58%	99	225	7	331	39%	45%
South Korea	2021	3	23	2	28	27%	18	13	0	31	46%	34%
	2022	8	15	2	25	24%	13	9	0	22	27%	25%
	2023	18	34	4	56	41%	36	139	49	224	105%	80%
India	2021	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D
	2022	1	1	0	2	4%	0	1	0	1	100%	6%
	2023	5	2	1	8	17%	0	0	0	0	0%	16%
Total	2021	65	157	51	273	21%	118	263	49	430	19%	20%
	2022	62	139	33	234	17%	105	193	29	327	14%	15%
	2023	153	220	40	413	28%	200	464	75	739	29%	28%

Table 20: Training hours by subject

Subject	Year	HSE	Lan- guag- es	Human rights	Anti- Total corruption	Technical/ manufacturing/ Quality	Soft Skills/ Leadership	IT/ Cyber- security	Total
Italy	2021	8,511	354	0	64	21,003	4,704	0	34,636
	2022	12,426	1,632	0	433	30,971	4,374	0	49,836
	2023	8,367	1,632	0	232	23,667	5,050	5,043	43,991
Rest of Europe	2021	1,518	0	16	64	1,516	332	0	3,445
	2022	1,829	548	37	97	2,265	917	0	5,693
	2023	1,560	589	12	104	2,322	1,041.5	391.5	6,020
USA	2021	1,439	0	0	0	1,224	0	0	2,663
	2022	276	5	0	31	0	838	0	1,150
	2023	0	38	401	45	2,091	169	258	3,002
Brazil	2021	1,563	0	116	261	955	0	0	2,895
	2022	773	69	377	24	1,581	195	0	3,019
	2023	1,229	52	386	41	876	40	104	2,728
China	2021	3,398	0	278	139	6,415	2,462	0	12,692
	2022	8,882	942	282	155	9,506	11,102	0	30,869
	2023	3,411.5	1,446	896.5	400	22,807	2,060	31	31,052
South Korea	2021	69	444	0	0	85	4	0	602
	2022	186	1,149	187	83	105	1,821	0	3,531
	2023	328	858	314	43	1,953	852	34	4,382
India	2021	N/D	N/D	N/D	N/D	N/D	N/D	0	N/D
	2022	361	0	50	49	849	473	0	1,782
	2023	128	0	23	15	279	80	76	601
Total	2021	16,497	798	410	528	31,198	7,502	0	56,933
	2022	24,733	4,345	933	872	45,178	19,720	0	95,880
	2023	15,023.5	4,615	2,032.5	880	53,995.3	9,292.5	5,937.5	91,776.3

Table 21: Average training hours per employee by region and gender

	Year	Men	Women	Total
Italy	2021	32.1	22	26
	2022	40.9	33.8	36.6
	2023	30	29.9	30
Rest of Europe	2021	7	9.2	8.5
	2022	11.1	13.1	12.5
	2023	11.9	13.8	13.2
USA	2021	6.7	6.8	6.8
	2022	3.3	2.7	3
	2023	7.8	7.3	7.5
Brazil	2021	17.6	28	25.8
	2022	18.8	30.9	28.2
	2023	22.7	26.6	25.5
China	2021	13	10.2	11.1
	2022	30.2	23.2	25.5
	2023	26.1	24	24.6
South Korea	2021	3.1	4.2	3.5
	2022	18.7	18.6	18.6
	2023	19.2	8.4	12.6
India	2021	N/D	N/D	N/D
	2022	34.9	34	34.9
	2023	11.6	22	12
Total	2021	18.6	14.5	16
	2022	28.5	23.7	25.5
	2023	23.2	22	22.5

Table 22: Average training hours per employee, by gender and region

	Year	Category				Total
		Directors & Executives	Mangers	White collars	Blue collars	
Italy	2021	14.4	22.8	20.3	33.6	26
	2022	35.4	10.8	24.4	55	36.6
	2023	16.3	34.4	23	39.8	30
Rest of Europe	2021	6.3	23.4	8.9	6.7	8.5
	2022	18.9	17.6	17.6	8.5	12.6
	2023	10	25	17.4	9	13.2
USA	2021	1.2	17.0	18.8	1.5	6.8
	2022	28.9	15.2	0.3	1	3
	2023	12.1	5.1	5.5	8.2	7.5
Brazil	2021	11.6	11.6	11.6	33.5	25.8
	2022	38	14.5	12.1	37.4	28.2
	2023	27.5	15.9	15.5	32	25.5
China	2021	8.7	13.2	11.3	10.9	11.1
	2022	21.2	19.3	16.5	35.1	25.5
	2023	39.9	35.3	19.8	27	24.6
South Korea	2021	0	2.3	4.8	1.8	3.5
	2022	24.5	63.7	13.5	6.2	18.7
	2023	7.8	27	15.5	9.4	12.6
India	2021	N/D	N/D	N/D	N/D	N/D
	2022	6	21.8	30.1	44.5	34.9
	2023	6	6.5	16.4	12.5	12
Total	2021	9.2	16.7	15.5	16.6	16
	2022	29.9	20.2	18.7	32.3	25.5
	2023	18.7	28.9	19.7	24.2	22.5

Table 23: Percentage of employees receiving regular performance review, by gender, region and employee category

Region	Year	Gender		Category				Total
		Men	Women	Directors & Executives	Managers	White collars	Blue collars	
Italy	2021	32%	58%	100%	100%	74%	7%	48%
	2022	35%	48%	53%	48%	73%	6%	43%
	2023	42%	49%	71%	71%	73%	5%	46%
Rest of Europe	2021	41%	46%	50%	63%	77%	23%	44%
	2022	35%	36%	70%	70%	62%	13%	36%
	2023	50%	37%	78%	87%	76%	9%	41%
USA	2021	72%	67%	80%	65%	66%	70%	69%
	2022	62%	46%	80%	90%	70%	40%	52%
	2023	24%	40%	100%	100%	80%	5%	34%
Brazil	2021	83%	55%	100%	100%	96%	41%	61%
	2022	83%	49%	100%	100%	100%	28%	57%
	2023	67%	55%	100%	100%	100%	29%	58%
China	2021	100%	100%	100%	100%	100%	100%	100%
	2022	100%	100%	100%	100%	100%	100%	100%
	2023	100%	100%	100%	100%	100%	100%	100%
South Korea	2021	99%	100%	86%	100%	100%	100%	99%
	2022	68%	55%	33%	85%	63%	55%	62%
	2023	66%	30%	67%	96%	71%	23%	44%
India	2021	N/D	N/D	N/D	N/D	N/D	N/D	N/D
	2022	98%	100%	100%	89%	100%	100%	98%
	2023	100%	100%	100%	100%	100%	100%	100%
Total	2021	63%	73%	91%	92%	83%	57%	70%
	2022	61%	65%	67%	77%	81%	46%	63%
	2023	61%	62%	81%	88%	83%	39%	62%

Table 24: Percentage of employees per employee category by region, gender, age group and employee category

Category	Gender	Age group	Italy			Rest of Europe			USA			Brazil			China			South Korea			India			
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Directors & Executives	Men	< 30 years old	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	N/D	0%	0%	
		30 ≤ x ≤ 50	22%	35%	34%	0%	0%	11%	35%	25%	22%	33%	0%	0%	35%	29%	32%	0%	33%	33%	N/D	100%	100%	
		> 50 years old	33%	25%	24%	38%	40%	33%	10%	15%	11%	0%	33%	50%	12%	12%	10%	100%	50%	50%	N/D	0%	0%	
		<b>Total</b>	<b>69%</b>	<b>60%</b>	<b>58%</b>	<b>38%</b>	<b>40%</b>	<b>44%</b>	<b>45%</b>	<b>40%</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>	<b>50%</b>	<b>47%</b>	<b>41%</b>	<b>42%</b>	<b>100%</b>	<b>83%</b>	<b>83%</b>	<b>N/D</b>	<b>100%</b>	<b>100%</b>	
	Women	< 30 years old	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	N/D	0%	0%	
		30 ≤ x ≤ 50	17%	21%	23%	25%	30%	22%	40%	45%	61%	33%	33%	0%	41%	47%	47%	0%	17%	0%	N/D	0%	0%	
		> 50 years old	15%	19%	19%	38%	30%	34%	15%	15%	6%	33%	33%	50%	12%	12%	11%	0%	0%	17%	N/D	0%	0%	
		<b>Total</b>	<b>31%</b>	<b>40%</b>	<b>42%</b>	<b>63%</b>	<b>60%</b>	<b>56%</b>	<b>55%</b>	<b>60%</b>	<b>67%</b>	<b>67%</b>	<b>67%</b>	<b>50%</b>	<b>53%</b>	<b>59%</b>	<b>58%</b>	<b>0%</b>	<b>17%</b>	<b>17%</b>	<b>N/D</b>	<b>0%</b>	<b>0%</b>	
	Managers	Men	< 30 years old	0%	0%	0%	0%	0%	0%	13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	N/D	11%	0%
			30 ≤ x ≤ 50	20%	18%	24%	21%	27%	23%	10%	20%	16%	27%	17%	33%	29%	32%	30%	64%	58%	54%	N/D	78%	92%
			> 50 years old	22%	19%	15%	13%	10%	13%	6%	5%	5%	0%	8%	9%	0%	1%	1%	0%	0%	0%	N/D	11%	0%
			<b>Total</b>	<b>42%</b>	<b>38%</b>	<b>39%</b>	<b>33%</b>	<b>37%</b>	<b>37%</b>	<b>29%</b>	<b>25%</b>	<b>21%</b>	<b>27%</b>	<b>25%</b>	<b>42%</b>	<b>29%</b>	<b>33%</b>	<b>31%</b>	<b>64%</b>	<b>58%</b>	<b>54%</b>	<b>N/D</b>	<b>100%</b>	<b>92%</b>
Women		< 30 years old	3%	0%	1%	0%	3%	0%	6%	0%	5%	0%	0%	0%	0%	1%	1%	0%	0%	0%	N/D	0%	0%	
		30 ≤ x ≤ 50	37%	39%	39%	63%	53%	57%	39%	45%	42%	55%	67%	50%	71%	64%	66%	36%	42%	46%	N/D	0%	8%	
		> 50 years old	18%	24%	21%	4%	7%	7%	26%	30%	32%	18%	8%	8%	0%	1%	2%	0%	0%	0%	N/D	0%	0%	
		<b>Total</b>	<b>58%</b>	<b>63%</b>	<b>61%</b>	<b>67%</b>	<b>63%</b>	<b>63%</b>	<b>71%</b>	<b>75%</b>	<b>79%</b>	<b>73%</b>	<b>75%</b>	<b>58%</b>	<b>71%</b>	<b>67%</b>	<b>69%</b>	<b>36%</b>	<b>42%</b>	<b>46%</b>	<b>N/D</b>	<b>0%</b>	<b>8%</b>	
White collars		Men	< 30 years old	4%	5%	5%	6%	7%	6%	17%	9%	10%	12%	7%	10%	2%	2%	3%	7%	7%	6%	N/D	12%	7%
			30 ≤ x ≤ 50	19%	18%	19%	19%	18%	17%	14%	17%	13%	8%	18%	13%	18%	29%	27%	33%	31%	34%	N/D	82%	86%
			> 50 years old	6%	6%	6%	1%	1%	1%	7%	8%	8%	0%	0%	0%	0%	1%	1%	1%	1%	0%	N/D	0%	0%
			<b>Total</b>	<b>29%</b>	<b>29%</b>	<b>31%</b>	<b>27%</b>	<b>25%</b>	<b>24%</b>	<b>38%</b>	<b>34%</b>	<b>31%</b>	<b>20%</b>	<b>25%</b>	<b>23%</b>	<b>20%</b>	<b>32%</b>	<b>30%</b>	<b>41%</b>	<b>38%</b>	<b>39%</b>	<b>N/D</b>	<b>94%</b>	<b>93%</b>
	Women	< 30 years old	14%	17%	17%	25%	23%	22%	24%	17%	17%	24%	18%	20%	18%	15%	14%	39%	41%	34%	N/D	6%	7%	
		30 ≤ x ≤ 50	44%	41%	40%	46%	45%	48%	29%	33%	39%	56%	57%	57%	61%	52%	55%	19%	20%	27%	N/D	0%	0%	
		> 50 years old	14%	13%	12%	2%	6%	6%	9%	15%	13%	0%	0%	0%	0%	0%	1%	1%	0%	0%	N/D	0%	0%	
		<b>Total</b>	<b>71%</b>	<b>71%</b>	<b>69%</b>	<b>73%</b>	<b>75%</b>	<b>76%</b>	<b>62%</b>	<b>66%</b>	<b>69%</b>	<b>80%</b>	<b>75%</b>	<b>77%</b>	<b>80%</b>	<b>68%</b>	<b>70%</b>	<b>59%</b>	<b>62%</b>	<b>61%</b>	<b>N/D</b>	<b>6%</b>	<b>7%</b>	
	Blue collars	Men	< 30 years old	6%	5%	5%	11%	8%	8%	9%	8%	6%	3%	2%	8%	9%	11%	10%	43%	30%	10%	N/D	13%	0%
			30 ≤ x ≤ 50	25%	27%	29%	18%	19%	19%	22%	19%	23%	16%	19%	19%	26%	20%	22%	50%	57%	24%	N/D	83%	96%
			> 50 years old	18%	18%	15%	7%	8%	7%	16%	17%	15%	0%	0%	0%	1%	1%	1%	0%	0%	2%	N/D	4%	4%
			<b>Total</b>	<b>49%</b>	<b>50%</b>	<b>50%</b>	<b>36%</b>	<b>34%</b>	<b>34%</b>	<b>47%</b>	<b>44%</b>	<b>44%</b>	<b>19%</b>	<b>20%</b>	<b>27%</b>	<b>36%</b>	<b>32%</b>	<b>33%</b>	<b>93%</b>	<b>87%</b>	<b>35%</b>	<b>N/D</b>	<b>100%</b>	<b>100%</b>
Women		< 30 years old	3%	2%	3%	18%	18%	15%	10%	8%	11%	30%	25%	25%	10%	10%	10%	7%	8%	10%	N/D	0%	0%	
		30 ≤ x ≤ 50	25%	25%	24%	35%	38%	38%	29%	30%	28%	49%	50%	44%	53%	56%	55%	0%	2%	32%	N/D	0%	0%	
		> 50 years old	22%	24%	23%	11%	10%	13%	14%	19%	18%	1%	5%	3%	1%	2%	2%	0%	4%	23%	N/D	0%	0%	
		<b>Total</b>	<b>51%</b>	<b>50%</b>	<b>50%</b>	<b>64%</b>	<b>66%</b>	<b>66%</b>	<b>53%</b>	<b>56%</b>	<b>56%</b>	<b>81%</b>	<b>80%</b>	<b>73%</b>	<b>64%</b>	<b>68%</b>	<b>67%</b>	<b>7%</b>	<b>13%</b>	<b>65%</b>	<b>N/D</b>	<b>0%</b>	<b>0%</b>	
Total		Men	< 30 years old	5%	5%	5%	9%	7%	7%	11%	8%	7%	6%	6%	7%	4%	3%	6%	16%	12%	7%	N/D	12%	2%
			30 ≤ x ≤ 50	22%	22%	24%	18%	19%	18%	20%	19%	20%	24%	25%	19%	16%	18%	25%	40%	42%	29%	N/D	82%	92%
			> 50 years old	13%	12%	11%	6%	6%	6%	12%	14%	12%	1%	1%	2%	0%	2%	1%	5%	2%	2%	N/D	4%	2%
		Women	< 30 anni	40%	39%	10%	33%	31%	16%	43%	40%	11%	31%	32%	2%	21%	22%	11%	60%	56%	17%	N/D	98%	2%
30 ≤ x ≤ 50	8%	9%	33%	19%	18%	43%	13%	9%	33%	11%	11%	48%	25%	20%	56%	24%	25%	31%	N/D	2%	2%			
> 50 years old	34%	33%	17%	40%	42%	10%	30%	32%	17%	56%	55%	4%	51%	53%	2%	15%	18%	14%	N/D	0%	0%			

Table 25: Occupational health and safety - Employees

Indicator	UoM	Italy			Rest of Europe			USA		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Year		2021	2022	2023	2021	2022	2023	2021	2022	2023
Worked hours	h/000	2,160	2,160	2,272	672	730	742	876	878	828
Total number of recordable work-related injuries, including fatalities	No.	8	14	8	5	4	4	0	0	0
• of which commuting incidents	No.	0	0	0	0	0	0	0	0	0
• of which high-consequence work-related injuries (>6 months of absence), excluding fatalities	No.	0	1	0	1	0	0	0	0	0
• of which fatalities	No.	0	0	0	0	0	0	0	0	0
Rate of recordable workrelated injuries	-	3.7	6.5	3.5	7.4	5.5	5.4	0	0	0
Rate of high-consequence work-related injuries	-	0	0.5	0	1.5	0	0	0	0	0
Rate of fatalities	-	0	0	0	0	0	0	0	0	0

Indicator	UoM	Brazil			China			South Korea			India		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Year		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Worked hours	h/000	320	231	214	3,138	2,578	2,867	220	370	523	N/D	97	101
Total number of recordable work-related injuries, including fatalities	No.	0	1	0	4	1	0	0	0	1	N/D	0	0
• of which commuting incidents	No.	0	0	0	1	0	0	0	0	0	N/D	0	0
• of which high-consequence work-related injuries (>6 months of absence), excluding fatalities	No.	0	0	0	0	0	0	0	0	0	N/D	0	0
• of which fatalities	No.	0	0	0	0	0	0	0	0	0	N/D	0	0
Rate of recordable workrelated injuries	-	0	4.3	0	1.3	0.4	0	0	0	1.9	N/D	0	0
Rate of high-consequence work-related injuries	-	0	0	0	0	0	0	0	0	0	N/D	0	0
Rate of fatalities	-	0	0	0	0	0	0	0	0	0	N/D	0	0

Table 26: Occupational health and safety – Workers who are not employees

Indicator	UoM	Italy			Rest of Europe			USA		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Year</b>		2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Worked hours</b>	h/000	1,184	1,527	1,871	483	571	619	862	1,018	750
<b>Total number of recordable work-related injuries, including fatalities</b>	No.	19	21	20	4	1	2	2	1	1
• of which commuting incidents	No.	0	0	0	0	0	0	0	0	0
• of which high-consequence work-related injuries (>6 months of absence), excluding fatalities	No.	0	0	0	0	0	0	0	0	0
• of which fatalities	No.	0	0	0	0	0	0	0	0	0
<b>Rate of recordable workrelated injuries</b>	-	16.1	13.8	10.7	8.3	1.8	3.2	2.3	1.8	1.3
<b>Rate of high-consequence work-related injuries</b>	-	0	0	0	0	0	0	0	0	0
<b>Rate of fatalities</b>	-	0	0	0	0	0	0	0	0	0

Indicator	UoM	Brazil			China			South Korea			India		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Year</b>		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Worked hours</b>	h/000	0	85	125	143	2,066	1,429	83	336	189	N/D	58	63
<b>Total number of recordable work-related injuries, including fatalities</b>	No.	0	0	0	0	1	0	0	0	0	N/D	0	0
• of which commuting incidents	No.	0	0	0	0	0	0	0	0	0	N/D	0	0
• of which high-consequence work-related injuries (>6 months of absence), excluding fatalities	No.	0	0	0	0	0	0	0	0	0	N/D	0	0
• of which fatalities	No.	0	0	0	0	0	0	0	0	0	N/D	0	0
<b>Rate of recordable workrelated injuries</b>	-	0	0	0	0	0.5	0	0	0	0	N/D	0	0
<b>Rate of high-consequence work-related injuries</b>	-	0	0	0	0	0	0	0	0	0	N/D	0	0
<b>Rate of fatalities</b>	-	0	0	0	0	0	0	0	0	0	N/D	0	0

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Table 27: Raw materials used

Raw materials <sup>30</sup>	Quantity (tons)		
	2021	2022	2023
<b>Total natural raw materials</b> (include esters, emulsifiers, active ingredients, fatty alcohols and acids, etc.)	7,636	8,794	8,409
<b>Total inorganic raw materials</b> (include inorganic fillers, natural mica-based pearls, inorganic colorants, sunscreen physical agent, etc.)	1,119	1,540	1,678
<b>Total synthetic raw materials</b> (include silicones, solvents, polymers, synthetic waxes, rheological mods, etc.)	3,439	3,735	4,587
<b>Total</b>	<b>12,195</b>	<b>14,069</b>	<b>14,674</b>

Table 28: Types of packaging purchased

Types of packaging <sup>31</sup>	Quantity (tons)		
	2021	2022	2023
Glass	3,642	3,998	4,877
Paper	17,936	19,445	13,448
Plastic	9,099	10,471	10,490
Wood	2,613	2,595	2,888
Steel	29	0	0
Aluminium	397	446	490
<b>Total</b>	<b>33,715</b>	<b>36,955</b>	<b>32,198</b>

<sup>30</sup> The figures reported exclude intercompany purchases and outsourced purchases. The figures reported exclude intercompany purchases, finished products purchased from customers to be put into kits, materials on account and free issues. With regard to exclusions from the reporting boundary, it should be noted that Intercos do Brasil and Intercos Korea are excluded from the 2021 data, while Intercos do Brasil and Intercos India are excluded from the 2022 and 2023 data. It should also be noted that for the year 2023, data became available that allowed for the application of a more accurate estimation methodology accurate for the tonnes of paper purchased.

<sup>31</sup> Data exclude intercompany transfers, finished products purchased by customers to be put into kits and free issue materials. Moreover, suppliers used only for sampling, customer-nominated suppliers and suppliers already existing but extended to a new company are excluded from the scope, as well as the legal entities Intercos do Brasil and Intercos Korea.

Table 29: Waste generated by composition and disposal method

Quanty (tons)	Waste diverted from disposal			Waste directed to disposal			Total waste generated		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>COSMETICS</b>	<b>1,662</b>	<b>1,122</b>	<b>1,198</b>	<b>932</b>	<b>1,817</b>	<b>1,759</b>	<b>2,594</b>	<b>2,940</b>	<b>2,957</b>
of which bulk	876	135	36	153	833	1,124	1,030	968	1,159
of which semi-finished products	747	987	750	152	408	378	898	1396	1,128
of which finished products	39	0	412	627	576	257	666	576	669
<b>PACKAGING</b>	<b>6,964</b>	<b>6,534</b>	<b>6,708</b>	<b>1,324</b>	<b>994</b>	<b>1,348</b>	<b>8,288</b>	<b>7,528</b>	<b>8,056</b>
of which paper/cardboard	2,141	2,329	2,044	418	386	0	2,559	2715	2,044
of which glass	31	22	66	41	5	0	72	27	66
of which plastic	1,026	693	660	94	63	20	1,120	756	680
of which wood	1,269	1,653	868	220	181	223	1,489	1835	1,090
of which undefined	2,497	1,836	3,071	552	359	1,105	3,049	2196	4,176
<b>OTHER</b>	<b>1,009</b>	<b>1,526</b>	<b>1,208</b>	<b>459</b>	<b>1,788</b>	<b>1,750</b>	<b>1,468</b>	<b>3,314</b>	<b>2,958</b>
<b>TOTAL</b>	<b>9,635</b>	<b>9,182</b>	<b>9,114</b>	<b>2,715</b>	<b>4,600</b>	<b>4,857</b>	<b>12,351</b>	<b>13,782</b>	<b>13,971</b>

Table 30: Waste by type

		2021	2022	2023
Hazardous waste	t	1,483	1,438	1,925
Non-hazardous waste	t	10,868	12,344	12,046
<b>Total</b>	<b>t</b>	<b>12,351</b>	<b>13,782</b>	<b>13,971</b>

Table 31: Waste by type and disposal method

		2021	2022	2023
<b>Hazardous</b>	<b>t</b>	<b>1,483</b>	<b>1,438</b>	<b>1,925</b>
Preparation for reuse	t	38	0	0.16
Recycling	t	335	376	514
Incineration (with energy recovery)	t	81	483	651
Incineration (without energy recovery)	t	0	3	3
Landfilling	t	0	1	0
Other	t	1,030	574	756
<b>Non-hazardous waste</b>	<b>t</b>	<b>10,868</b>	<b>12,344</b>	<b>12,046</b>
Preparation for reuse	t	183	419	544
Recycling	t	5,400	5,251	4,039
Incineration (with energy recovery)	t	623	3,111	3,318
Incineration (without energy recovery)	t	112	173	160
Landfilling	t	32	72	40
Other	t	4,518	3,318	3,946
<b>Total</b>	<b>t</b>	<b>12,351</b>	<b>13,782</b>	<b>13,971</b>

Table 32: Energy consumption by fuel

Region	Year	Gasoline	Diesel	Natural gas	LPG	Propane
UoM		l	l	m <sup>3</sup>	l	Kg
Italy	2021	11,550	94,214	1,844,961	0	0
	2022	62,097	89,062	2,011,234	0	0
	2023	69,865	74,003	1,639,700	0	0
Rest of Europe	2021	14,177	5,024	169,757	0	0
	2022	18,252	1,951	178,518	0	0
	2023	22,789	1,047	195,436	0	0
USA	2021	0	5,071	126,189	0	0
	2022	0	6,517	197,528	0	0
	2023	0	6,140	192,968	0	0
Brazil	2021	12,702	0	0	0	0
	2022	16,299	0	0	0	0
	2023	17,694	0	0	0	0
China	2021	18,964	560	250,860	0	0
	2022	13,474	260	219,354	0	0
	2023	13,990	60	207,101	0	0
South Korea	2021	11,200	1,160	214	0	0
	2022	10,266	8,334	108,432	0	0
	2023	6,906	11,556	84,133	0	0
India	2021	N/D	N/D	N/D	N/D	N/D
	2022	0	9,159	0	138	1,198
	2023	0	5,215	0	81	1,922
Total	2021	68,593	106,029	2,391,981	0	0
	2022	120,388	115,283	2,715,066	138	1,198
	2023	131,244	98,020	2,319,338	81	1,922

Table 33: Direct GHG emissions (Scope 1)

Region	Year	Gasoline	Diesel	Natural gas	LPG	Propane	F-Gas	Total
UoM		ton CO <sub>2</sub> eq.	ton CO <sub>2</sub> eq.	ton CO <sub>2</sub> eq.	ton CO <sub>2</sub> eq.	ton CO <sub>2</sub> eq.	ton CO <sub>2</sub> eq.	ton CO <sub>2</sub> eq.
Italy	2021	27	252	3,659	0	0	825	4,762
	2022	146	238	4,004	0	0	253	4,641
	2023	164	195	3,286	0	0	901	4,546
Rest of Europe	2021	33	13	337	0	0	0	383
	2022	43	5	355	0	0	0	403
	2023	53	3	392	0	0	17	465
USA	2021	0	14	250	0	0	349	613
	2022	0	17	393	0	0	251	662
	2023	0	16	387	0	0	386	789
Brazil	2021	30	0	0	0	0	4	34
	2022	38	0	0	0	0	138	176
	2023	41	0	0	0	0	76	118
China	2021	44	1	497	0	0	104	648
	2022	32	1	437	0	0	1,098	1,567
	2023	33	0.2	415	0	0	707	1,155
South Korea	2021	26	3	0	0	0	125	155
	2022	24	22	216	0	0	471	733
	2023	16	30	169	0	0	757	972
India	2021	N/D	N/D	N/D	N/D	N/D	N/D	N/D
	2022	0	24	0	0.2	4	15	44
	2023	0	14	0	0.1	6	0	20
Total	2021	160	283	4,743	0	0	1,406	6,593
	2022	283	308	5,406	0.2	4	2,226	8,227
	2023	308	258	4,648	0.1	6	2,845	8,065

Table 34: Indirect energetic GHG emissions (Scope 2)

Typology	Year	Location-based	Market-based
		ton CO <sub>2</sub> eq.	ton CO <sub>2</sub> eq.
Italy	2021	11,518	7,125
	2022	9,298	1,776
	2023	11,722	6,758
Rest of Europe	2021	1,269	1,337
	2022	1,463	12
	2023	1,686	9
USA	2021	1,979	418
	2022	2,588	85
	2023	2,249	0
China	2021	8,563	7,957
	2022	7,446	5,912
	2023	5,884	4,665
Brazil	2021	93	19
	2022	93	93
	2023	103	103
South Korea	2021	2,488	2,488
	2022	2,611	2,307
	2023	2,669	1,755
India	2021	N/D	N/D
	2022	228	228
	2023	236	0
Total	2021	25,910	19,345
	2022	23,727	10,413
	2023	24,549	13,279

Table 35: Other indirect GHG emissions (Scope 3)

CATEGORY	ton CO <sub>2</sub> eq
Purchased goods and services	125,118
Capital goods	2,878
Fuel- and energy-related activities	3,759
Upstream transportation and distribution	33,303
Waste generated in operations	4,212
Business travel	849
Employee commuting	3,978
Upstream leased assets	361
Downstream transportation and distribution	19,338
End of life treatment of sold products	7,950
<b>TOTAL GHG SCOPE 3 EMISSIONS</b>	<b>201,745</b>

Table 36: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant emissions, 2023 (kg)

	Nitrogen oxides (NOx)	Sulfur oxides (SOx)	Volatile organic compounds (VOC)	Hazardous Air Pollutants (HAP)	Particulate Matter (PM)	Carbon Monoxide
	Kg	Kg	Kg	Kg	Kg	Kg
<b>Italy</b>	45.63	0	2,675	0	75.5	1,609.1
<b>Rest of Europe</b>	127.4	1.3	0	0	2.1	0
<b>USA</b>	127.5	0	0	0	0	0
<b>Brazil</b>	0	0	0	0	0	0
<b>China</b>	0	0	292	0	1,340	0
<b>South Korea</b>	139	0.9	0	0	81.9	0
<b>India</b>	5.1	1.7	0.05	0	3.98	0
<b>Total</b>	<b>444.5</b>	<b>3.9</b>	<b>2,967</b>	<b>0</b>	<b>1,503.4</b>	<b>1,609.1</b>

Tabella 37: Other sustainability indicators - not GRI

Scope	Indicator	Performance 2023
Environmental	Carbon intensity	Plants tCO <sub>2</sub> eq / million units internally produced 20.7
Social	Total Incident Rate (TIR)	No. of injuries (employees) * 200,000 / Total No. of worked hours (employees) 0.41
Environmental	% Industrial waste to landfill	Industrial waste produced sent to landfill / Total industrial waste produced Near to zero (0.004%)

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METHODOLOGICAL  
NOTE

# METHODOLOGICAL NOTE

The Consolidated Non-Financial Statement (hereinafter also referred to as the “Non-Financial Statement” or “NFS”) of the Intercos Group complies with the requirements of Legislative Decree No. 254/2016 (hereinafter also referred to as the “Decree”), as amended and supplemented.

The NFS provides information on material environmental and social aspects, personnel, respect for human rights, combating active and passive corruption, taking into account the activities and characteristics of the company, to the extent necessary to ensure an understanding of its activities, its performance, its results and the impact it produces (Articles 3 and 4 of Legislative Decree No. 254/2016). This document was approved by the Board of Directors of Intercos S.p.A. on February 29, 2024 and published on March 21, 2024.

The Non-Financial Statement is subject to limited examination, in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised) by the independent audit firm EY S.p.A.

Quantitative indicators not referred to any general or topic-specific disclosure of the GRI Standards, reported on the pages indicated in the Content Index, are not subject to limited assurance by EY S.p.A.

## Reporting scope and standard

The reporting scope, as per the requirements of the Decree, is the same as that of the Consolidated Financial Statements, i.e. it includes the companies consolidated on a line-by-line basis for financial reporting purposes, with the exception of some indicators for which the limitations of the reporting scope are illustrated in the text.

The reporting year, to which the information and data included in this consolidated non-financial statement relate, is 2023. The performance indicators and information included in the NFS were collected on an annual basis (January-December) for the years 2021, 2022, and 2023, and the reporting frequency is annual. This document constitutes the third edition of the Intercos Group’s NFS.

The reporting standard adopted by Intercos for the preparation of this NFS is the GRI Sustainability Reporting Standards published by GRI - Global Reporting Initiative, according to the “in accordance” option.

The principles used to define the content and ensure the quality of this Report are the Reporting Principles defined by GRI Standard 1: Foundation (completeness, sustainability context, accuracy, clarity, comparability, balance, timeliness, verifiability).

For the sake of clarity of exposition, the following table shows the material and non-material issues in correspondence with the areas of Legislative Decree No. 254/2016.

Reported topics	GRI Aspect	Legislative Decree No. 254/2016
<b>Energy and climate</b>	GRI 302 – Energy	Environment
	GRI 305 – Emissions	
	GRI 308 – Supplier environmental assessment	
<b>Consumption of natural resources</b>	GRI 301 – Materials	Environment
<b>Water resource management</b>	GRI 303 – Water	Environment
	GRI 308 – Supplier environmental assessment	
<b>Biodiversity</b>	GRI 304 – Biodiversity	Environment
<b>Waste management</b>	GRI 306 – Waste	Environment
	GRI 308 – Supplier environmental assessment	
<b>Occupational health and safety</b>	GRI 403 – Occupational health and safety	Human Rights
	GRI 414 – Supplier social assessment	
<b>Respect for human rights</b>	GRI 405 – Diversity and equal opportunity	Human Rights
	GRI 414 – Supplier social assessment	
<b>Development of human capital</b>	GRI 401 – Employment	Personnel management
	GRI 404 – Training and education	
<b>Customer health and safety</b>	GRI 416 – Customer health and safety	Social Impacts
	GRI 417 – Marketing and labeling	
<b>Local socioeconomic impact</b>	GRI 305 – Emissions	Environment
	GRI 207 – Tax	Social Impacts
	Proximity to the local community (Non-GRI topic)	
	Professional development in the value chain (Non-GRI topic)	
<b>Business ethics and integrity</b>	GRI 205-3 – Anti-corruption	Combating active and passive corruption

## The reporting process and calculation methodologies

The qualitative and quantitative information contained in this Non-Financial Statement has been collected through specific interviews with the heads of the main company departments and functions.

The main calculation methodologies and assumptions used, in addition to those already stated in the text of the NFS, are:

- the ratio between female and male remuneration was calculated by adding basic salary to the figure relating to Management By Objectives (MBO) paid during the year on the cash basis. The value for remuneration has been calculated for Directors and Executives and managers only, since these are the only categories eligible for the full bonus. Some individuals in the white-collar category are also covered by the incentive plan but are not representative of the entire category;
- The injury frequency rate is the ratio between the total number of injuries with an absence of more than one day and the total number of hours worked, multiplied by 1,000,000, and commuting injuries are excluded from the injury rate calculation;
- For environmental data, where not available, conservative estimation approaches were used, resulting in the selection of assumptions based on the least positive Group environmental performance;
- the emissions factors used to calculate the CO<sub>2</sub> emissions reported in this NFS are the following:
  - Direct Scope 1 emissions: emission factors taken from the table of national standard parameters (valid for calculating emissions from January 1, 2022 to December 31, 2022) published by the Ministry for the Environment and Protection of the Land and the Sea were used for heating offices and plants with natural gas and for fuel used by company cars (owned or leased). For refrigerant gas losses from air conditioners, emission factors from the UK Department for Environment, Food & Rural Affairs (Defra) database for the years 2021, 2022 and 2023 were used.
  - Indirect Scope 2 energy emissions: for electricity purchased from the national grid, for the location-based approach, the emission factor taken from Terna International Comparisons on Enerdata data - 2019 data was used. For the market-based approach, the Residual Mix factors published in 2022 by the Association of Issuing Bodies (AIB) were used for European countries, while the factors published by the Center for Resource Solutions (“2022 Green-e Energy Residual Mix Emissions Rates”) were used for the USA. For countries for which residual mix factors were not at the time of writing publicly available from accredited sources, the same emission factors applied for the location-based approach were used.

With reference to the methodology for calculating indirect GHG scope 3 emissions for the year 2023, we the following information is provided:

### Company and inventory Boundaries:

- The Company's GHG emissions inventory (hereinafter “GHG inventory” or “Statement”) has been drafted according to the GHG Protocol Corporate Accounting and Reporting Standard – Revised Edition, and references Disclosures from GRI 305: Emissions of the GRI Standards.;
- The following Scope 3 emission categories have been calculated for the whole Group reporting perimeter:
  - Cat. 3.1 – Purchased goods & services
  - Cat. 3.2 – Capital goods
  - Cat. 3.3 – Fuel and energy-related activities
  - Cat. 3.4 – Upstream transportation and distribution
  - Cat. 3.5 – Waste generated in operations
  - Cat. 3.6 – Business travel

- Cat. 3.7 – Employee commuting
- Cat. 3.8 – Upstream leased assets
- Cat. 3.9 – Downstream transportation and distribution
- Cat. 3.12 – End-of-Life treatment of sold products
- The consolidation approach adopted is consistent with the one used for the reporting of the 2023 Non-Financial Disclosure, that is Intercos S.p.A. and its subsidiaries consolidated on a line-by-line basis, unless specifically stated

### Greenhouse gases reported and Global Warming Potentials applied:

- GHGs considered are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and refrigerant gases. GHG emissions reported by the Intercos Group are expressed in CO<sub>2</sub>e, unless specifically stated.

### Fonti di emissione e categorie:

The methodologies used for the calculation of each category varied according to the activity data used as input for the calculation. Some categories have been calculated starting from the collection of activity data (e.g. kilograms, kilometres) multiplied by the corresponding emission factor; other categories were instead calculated starting from the amount spent on goods and services multiplied by a proper emission factor. In particular:

- **Cat. 3.1. Purchased goods and services:** all the Group's purchased raw materials and packaging materials (kg) have been considered<sup>32</sup>, plus the emissions related to outsourced services. Consequently, a proper emission factor was associated to each cluster. The emission factors source is Ecoinvent (LCI database internationally recognized); As for the calculation of emissions related to purchased services, a spend-based methodology was used. Emissions attributable to the outsourced services consist of the Scope 1 and 2 emissions of each supplier, repropotioned on the share of turnover attributable to the activities carried out for the Intercos Group.
- **Cat.3.2. Capital Goods:** the amount spent in Capital Goods by each legal entity was considered and clustered based on different typologies. The source of the emission factors, on spent-basis, is provided by DEFRA database.
- **Cat. 3.3. Fuel and energy-related activities:** Primary data for the calculation of this category are the ones used for calculating Scope 1 and 2 emissions. The emission factors used are taken from DEFRA, related to diesel, gasoline, LPG and electricity.
- **Cat. 3.4. Upstream transportation and distribution:** the category consider every inbound, outbound and intercompany transportation paid by Intercos Group, including intercompany. For each route (both coming from Tier 1 suppliers and directed to clients), primary data considered are: the weight of transported goods (km) and distance travelled by each means of transport. DEFRA emission factors have been used.
- **Cat. 3.5. Waste generated in operations:** proper emission factors were chosen based on the information provided by each legal entity in terms of the type of product disposed and the disposal method. The emission factors used are either from Ecoinvent or DEFRA databases, depending on waste type and disposal method.
- **Cat. 3.6. Business Travel:** emissions (related to business trips made by train, plane and car, as well as overnight stays in hotels) were calculated for the 2022 year from primary data (km, no. of nights spent in hotels) obtained from business travel booking/tracking software, to which emission factors published by DEFRA were applied. Emissions for 2023 year were calculated by repropotioning the previous year's emissions on the total number of employees in force at 31/12/2023.

<sup>32</sup> It is specified that goods and services purchased from customer-nominated suppliers are excluded from this category as they are not under the direct control of Intercos and the Group Companies.

- **Cat. 3.7. Employee Commuting:** emissions were calculated for the 2022 year using home-work distances (km) and the types of means of travel (car, public transport, etc.) used by employees as primary data. This information was collected through a special survey shared with all Group employees; emission factors published by DEFRA were applied. Emissions for 2023 year were calculated by re-proportioning the previous year's emissions on the total number of employees in force at 31/12/2023.
- **Cat. 3.8. Upstream leased assets:** for this category, the calculation considers electricity consumption and the area covered by the Intercos Group in leased assets, whose emissions have not already been accounted for in Scope 1 and 2. The same factors used to calculate the Group's Scope 1 and 2 emissions have been applied.
- **Cat. 3.9. Downstream transportation and distribution:** the category considers emissions generated by transport and distribution activities for products sold that are not controlled or paid for by the Group. For each route travelled (outbound to customers), the primary data considered were the distance (km) and the total weight transported along that route during the year (kg). Emission factors published by DEFRA were applied.
- **Cat. 3.12. End of life treatment of sold products:** To calculate the emissions from this category, the quantity of products sold during the year by the entire Group, the composition of their packaging and their respective weight (kg), as well as the sales geographies were considered as primary data. Assuming that the product is completely consumed once it has reached the end of its life, emissions related to the treatment of packaging only have been considered, applying emission factors published by Ecoinvent and DEFRA.

### Calculation methodologies and emission factors:

The main estimation method for the quantification of GHG emissions is based on the formula:

$$GHG\ Emission = Primary\ data * Emission\ Factor * GWP$$

where:

- **GHG emission:** is the quantity of GHGs (expressed in CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) measured in metric tons of CO<sub>2</sub> equivalent;
- **Primary data:** is the activity data, which measures burned fuel (Kg), (m<sup>3</sup>), (l) or (tons), energy consumed (kWh), amount of refilled refrigerant gases (Kg), weight of purchased goods and materials (Kg), amount of water withdrawn (m<sup>3</sup>), amount of money spent (£), distance related to logistic operations (Km), weight of transported goods (Kg), weight of generated waste (Kg), distance travelled for employee commuting and business travels (Km), hotel stay (number of nights), weight of packaging composition (Kg), sold products (units);
- **Emission Factor (EF):** is the quantity of GHG emissions per every unit of activity data and represents a ratio calculated by relating GHG emissions to a proxy measure of activity at an emission source;
- **GWP:** Global Warming Potential (IPCC, 4AR and 6 AR).

Data and information included are consistent with best practices for GHG inventory development and they are derived from guidance provided by:

- Intergovernmental Panel on Climate Change (IPCC), Guidelines for National Greenhouse Gas Inventories;
- WBCSD/WRI GHG Protocol Initiative, A Corporate Accounting and Reporting Standard;
- Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard and Technical Guidance for Calculating Scope 3 Emissions.

The main sources of the emission factors used are from the databases already used for Scope 1 and Scope 2 and from:

- ECOINVENT: its database is one of the world's leading Life Cycle Inventory (herein after also "LCI") database which delivers both in terms of transparency and consistency and provides well documented process data for thousands of products. Its database contains EFs for Scope 3 categories such as Category 3.1 (Purchased Goods and Services), Category 3.5 (Waste generated in operations) and Category 3.12 (End-of-Life Treatment of Sold Products).

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# GRI CONTENT INDEX

# GRI CONTENT INDEX

All Standards used refer to the version of the GRI Standards published in 2022.

Statement of use	Intercos has reported in accordance with the GRI Standards for the period 1 <sup>st</sup> January 2023 – 31 <sup>st</sup> December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	-

GRI Standard	Disclosure	Description	Page	Omission		
				Requirement(s) Omitted	Reason	Explanation
The organization and its reporting practices	2-1	Organizational details	Pag. 16-17			
	2-2	Entities included in the organization's sustainability reporting	Pag. 16-17			
	2-3	Reporting period, frequency and contact point	Pag. 4, 146			
	2-4	Restatements of information	Pag. 135-140			
	2-5	External assurance	Pag. 148			
Activities and workers	2-6	Activities, value chain and other business relationships	Pag. 13-15			
	2-7	Employees	Pag. 17			
	2-8	Workers who are not employees	Pag. 17			
Governance	2-9	Governance structure and composition	Pag. 17-20			
	2-10	Nomination and selection of the highest governance body	Pag. 18-19			
	2-11	Chair of the highest governance body	Pag. 18			
	2-12	Role of the highest governance body in overseeing the management of impacts	Pag. 28			
	2-13	Delegation of responsibility for managing impacts	Pag. 28			
	2-14	Role of the highest governance body in sustainability reporting	Pag. 19			
	2-15	Conflicts of interest	Pag. 19			
	2-16	Communication of critical concerns	Pag. 28			
	2-17	Collective knowledge of the highest governance body	Pag. 19			
	2-18	Evaluation of the performance of the highest governance body	Pag. 28			
	2-19	Remuneration policies	Pag. 20-22			
	2-20	Process to determine remuneration	Pag. 20-21			
	2-21	Annual total compensation ratio	Pag. 22			
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Pag. 6			
	2-23	Policy commitments	Pag. 26			
	2-24	Embedding policy commitments	Pag. 26-28			
	2-25	Processes to remediate negative impacts	Pag. 48-54			
	2-26	Mechanisms for seeking advice and raising concerns	Pag. 28, 58			
	2-27	Compliance with laws and regulations	Pag. 59-62, 116			
	2-28	Membership associations	Pag. 47			
Stakeholder engagement	2-29	Approach to stakeholder engagement	Pag. 46-47			
	2-30	Collective bargaining agreements	Pag. 17			

GRI Standard	Disclosure	Description	Page	Omission		
				Requirement(s) Omitted	Reason	Explanation

## MATERIAL TOPICS

### GRI 3 Material topics

Materials topics	3-1	Process to determine material topics	Pag. 48
	3-2	List of material topics	Pag. 48-54

## GRI 200 Economic Standards Series

### TAX

GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 23-24
GRI 207 – Tax	207-4	Country-by-Country Reporting	Pag. 23

## GRI 300 Environmental Standards Series

### MATERIALS

GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 86-94
GRI 301 – Materials	301-1	Materials used by weight or volume	Pag. 88, 92, 127

### ENERGY

GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 98-103
GRI 302 – Energy	302-1	Energy consumption within the organization	Pag. 104-106, 130

### WATER

GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 108-109
GRI 303 – Water	303-3	Water withdrawal	Pag. 109
	303-4	Water discharge	Pag. 110

### BIODIVERSITY

GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 95, 112-113
GRI 304 – Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pag. 95

### EMISSIONS

GRI 305 – Emissions	3-3	Management of material topics	Pag. 26-27, 48-54, 98-103
	305-1	Direct (Scope 1) GHG emissions	Pag. 107-108, 131
	305-2	Energy indirect (Scope 2) GHG emissions	Pag. 107-108, 132
	305-3	Other indirect (Scope 3) GHG emissions	Pag. 99, 133
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pag. 108, 133

### WASTE

GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 96
GRI 306 - Waste	306-1	Waste generation and significant waste-related impacts	Pag. 97-98
	306-2	Management of significant waste-related impacts	Pag. 97-98

GRI Standard	Disclosure	Description	Page	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 306 – Waste	306-3	Waste generated	Pag. 97-98, 128			
	306-4	Waste diverted from disposal	Pag. 98, 129			
	306-5	Waste directed to disposal	Pag. 97-98, 129			
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>						
GRI 3 – Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 111			
GRI 308 – Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	Pag. 111-112			
<b>GRI 400 Social Standards Series</b>						
<b>EMPLOYMENT</b>						
GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 68-70			
GRI 401 – Employment	401-1	New employee hires and employee turnover	Pag. 70, 118-119			
<b>OCCUPATIONAL HEALTH AND SAFETY</b>						
GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 81-83			
GRI 403 – Occupational health and safety	403-1	Occupational health and safety management system	Pag. 81			
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pag. 84, 125-126			
	403-3	Occupational health services	Pag. 81-83			
	403-4	Workers participation, consultation, and communication on occupational health and safety	Pag. 16, 81-83			
	403-5	Worker training on occupational health and safety	Pag. 74, 120			
	403-9	Work-related injuries	Pag. 84, 125-126			
<b>TRAINING AND EDUCATION</b>						
GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 71-74			
GRI 404 – Training and education	404-1	Average hours of training per year per employee	Pag. 74, 120-122			
	404-3	Percentage of employees receiving regular performance and career development reviews	Pag. 71, 123			
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>						
GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 49-54, 76			
GRI 405 – Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Pag. 76-77, 79, 124			
	405-2	Ratio of basic salary and remuneration of women to men	Pag. 78			
<b>SUPPLIER SOCIAL ASSESSMENT</b>						
GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 111			
GRI 414 – Supplier social assessment	414-1	New suppliers that were screened using social criteria	Pag. 111-112			

GRI Standard	Disclosure	Description	Page	Omission		
				Requirement(s) Omitted	Reason	Explanation
<b>CUSTOMER HEALTH AND SAFETY</b>						
GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 64-66			
GRI 416 – Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	Pag. 64-65			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Pag. 66			
<b>MARKETING AND LABELING</b>						
GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 65-66			
GRI 417 – Marketing and labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	Pag. 66			

<b>Non-GRI topics</b>						
-	-	Proximity to the local community	Pag. 46-47, 79-80			
-	-	Professional development of the value chain	Pag. 46-47, 79, 111-113			
-	-	Carbon intensity	Pag. 133			
-	-	Total Incident Rate (TIR)	Pag. 133			
-	-	% Industrial waste to landfill	Pag. 133			

<b>Other non-material topics reported</b>						
<b>GRI 200 ECONOMIC STANDARD SERIES</b>						
<b>ANTI-CORRUPTION</b>						
GRI 3 –Material topics	3-3	Management of material topics	Pag. 26-27, 48-54, 58-59			
GRI 205 – Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Pag. 59			

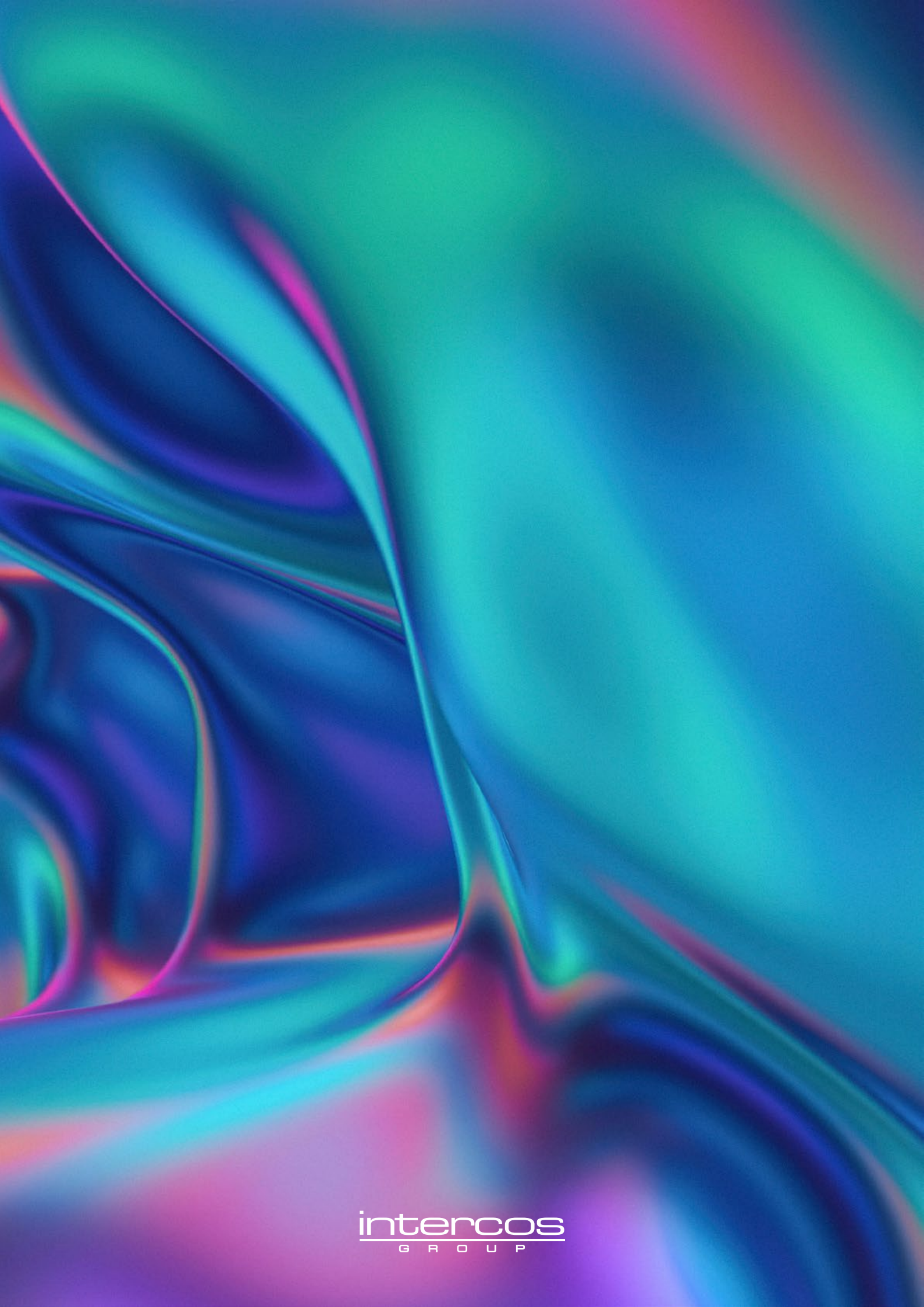
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## Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of Consob Regulation adopted with Resolution n. 20267 of January 18<sup>th</sup>, 2018 (Translation from the original Italian text)

To the Board of Directors of  
Intercos S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (Decree) and article 5, paragraph 1 item g), of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Intercos S.p.A. and its subsidiaries (Group) for the year ended on December 31<sup>st</sup>, 2023 in accordance with article 4 of the Decree and approved by the Board of Directors on February 29<sup>th</sup>, 2024 (DNF).

Our limited assurance engagement does not cover the information included in the paragraph "*European Taxonomy*" of the DNF, that is required by art.8 of the European Regulation 2020/852.

### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative (GRI Standards), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

## Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applied the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintained a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

## Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised (reasonable assurance engagement) and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Group's consolidated financial statements;
4. understanding of the following aspects:
  - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
  - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
  - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.  
In particular, we have conducted interviews and discussions with the management of Intercos S.p.A. and with the personnel of Intercos Technology Co. Ltd, Intercos Cosmetics Suzhou Co. Ltd and Interfila Cosmetics (Shanghai) Co. Ltd and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at group level:
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- For the production sites of Suzhou of Intercos Technology Co. Ltd and of Intercos Cosmetics Suzhou Co. Ltd and of Shanghai of Interfila Cosmetics (Shanghai) Co. Ltd, that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Group for the year ended on December 31<sup>st</sup>, 2023 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our above conclusions do not refer to the information included in the paragraph “*European Taxonomy*” of the DNF of the Group, that is required by art.8 of the European Regulation 2020/852.

Milan, March 20<sup>th</sup>, 2024

EY S.p.A.  
Signed by: Agostino Longobucco, Auditor

*This report has been translated into the English language solely for the convenience of international readers.*