

2023

S

USTAINABILITY_

REPORT





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BETTER — TO STAKEHOLDERS

A year of **groundbreaking sustainability progress** at KIKO Milano

AT KIKO MILANO, 2023 MARKED A TURNING POINT IN OUR SUSTAINABILITY JOURNEY.

We achieved a series of significant firsts that laid a **robust foundation for our KIKO Cares Sustainability program**, one upon which we will continue to build and evolve in the coming years.

A **cornerstone of this progress was our inaugural Sustainability Report, aligned with the Global Reporting Initiative (GRI) framework.** This framework empowered us to not only identify and manage sustainability-related risks and opportunities, but also to enhance our communication with stakeholders.

To further refine our strategy, we conducted our **first comprehensive Materiality Assessment.**

This collaborative effort, involving employees, leadership, customers, and more, **helped us pinpoint the most pressing Environmental, Social, and Governance (ESG) topics** for our organization.

This crucial step not only strengthened our existing sustainability strategy but also propelled it towards a more forward-thinking approach.

Anticipating the upcoming CSRD European regulation, we proactively included both the materiality assessment and **GRI alignment** in this report, ensuring we remain well-prepared for future regulatory requirements.

On the environmental front, we conducted our **first company-wide CO₂ footprint assessment.** Understanding our environmental impact is paramount as we make informed decisions that drive positive change, and it also allows to understand with humility both the limitations of our efforts and how much more work needs to be done.

Socially, **our commitment to our partners continues.** Through **Fondazione Veronesi**, we remain dedicated to supporting scientific research advancements. Additionally, **our work with AiBi empowers young mothers**, generating a positive social impact. We plan to sustain this support, demonstrating our unwavering dedication to socially relevant endeavours.

THESE ACHIEVEMENTS REFLECT OUR **STEADFAST COMMITMENT TO SUSTAINABILITY** AND UNDERSCORE OUR VISION FOR A MORE RESPONSIBLE AND SUSTAINABLE FUTURE. WE LOOK FORWARD TO THE JOURNEY AHEAD WITH CARE AND RESPONSIBILITY.



METHODOLOGICAL NOTES

With its 2023 Sustainability Report, KIKO celebrates its second year of ESG reporting, reflecting the company's philosophy of ongoing evolution and renewal.

This Sustainability Report has been drafted in accordance with the recognised international guidelines of the GRI (Global Reporting Initiative) standards, on the basis of the latest update, which came into force on 1 January 2023. This set of indicators represents specific guidelines for reporting information and content in terms of sustainability. The logic adopted in using the GRI standards is that of reporting "with reference to", with the aim of ensuring alignment with all regulatory indications and amendments.

The 2023 Sustainability Report was approved by the Board of Directors on 03.10.2024. The data and the information presented in the Report refer to the financial year that ended on 31 December 2023 and were obtained and validated through a process to identify and select the topics most important to the Company and its stakeholders. The Sustainability Report has been drafted in the wake of the Financial Report and is related to the entire perimeter of KIKO S.p.A., which is detailed in the dedicated chapter of the report.

The reporting process involved an interdisciplinary team comprised mainly of heads from the various company departments, with the support of the Global Audit and Brand Building departments. In line with the drafting process, the team managed the gathering, analysis and consolidation of the data and information presented.

COMMENTS AND OPINIONS ON THE SUSTAINABILITY REPORT CAN BE SENT TO: ESG@KIKOCOSMETICS.COM

REGULATORY FRAMEWORK:

- "Recommendations of the Task Force on Climate-related Financial Disclosure" (TCFD) published in June 2017.
- The complete series of Global Reporting Initiative (GRI) standards, published in Italy in January 2023.
- A set of specific sector-related risks published in May 2022 by the Sustainability Accounting Standards Board (SASB).
- Directive (EU) 2022/24647 regarding the Corporate Sustainability Reporting Directive (CSRD), which came into force in January 2023.
- "General Requirements for Disclosure of Sustainability-related Financial Information" of June 2023, drafted by the International Sustainability Standards Board (ISSB).
- Regulation (EU) 2020/85212 which makes reference to the indications of EU Taxonomy, which came into force in July 2020.

The final section of the document presents the GRI Content Index.



HIGHLIGHTS



SOCIAL



7,269
EMPLOYEES



116 EMPLOYEES
BELONGING TO PROTECTED CATEGORIES



32
AVERAGE AGE (60% UNDER 30)



33,219 HOURS
OF TRAINING PROVIDED



94%
FEMALE EMPLOYEES



5 AVERAGE HOURS
OF EMPLOYEE TRAINING

ENVIRONMENT



102,703 GJ
ELECTRICITY CONSUMPTION



38%
ELECTRICITY SOURCED FROM
GUARANTEED RENEWABLE SOURCES



2,557 tCO₂eq
SCOPE 1+2 EMISSIONS
(MARKET BASED)



35%
AVERAGE % OF SUSTAINABLE
INGREDIENTS IN NEW FORMULAS



-19%
REDUCTION IN EMISSION INTENSITY



100% OF PAPER PACKAGING
CERTIFIED AS SOURCED FROM
RESPONSIBLY MANAGED FORESTS

GOVERNANCE



1,085
STORES



€ 797.19 MILLION
SALES TURNOVER



66
COUNTRIES



92%
PERCENTAGE OF ECONOMIC VALUE
DISTRIBUTED



A JOURNEY — 1

OF INNOVATION AND PASSION



SUSTAINABILITY — MANIFESTO

At KIKO, **beauty lies at the heart of everything we do.** Our mission is to celebrate the art of beauty in all its forms, creating products that express our **passion for innovation and quality.**

ENVIRONMENT

KIKO CARES FOR THE PLANET

At KIKO, we constantly strive to **reduce our environmental impact** and promote sustainable practices.



REDUCE OUR EMISSIONS

We adopt technologies and processes that are energy efficient to reduce our carbon emissions.



RESPONSIBLE MATERIALS AND INGREDIENTS

We are increasing the proportion of products made with sustainable ingredients, reducing the use of ingredients that are harmful to the environment.

We are progressively adopting packaging made with recyclable materials, reducing waste to a minimum.



RESPONSIBLE WASTE MANAGEMENT

We support the reduction, re-use and recycling of materials throughout our supply chain.

We collaborate with partners and suppliers to ensure responsible waste management.



ENVIRONMENTAL POSITIVE IMPACT

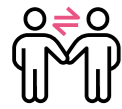
We adopt sustainable practices to preserve and optimise the use of natural resources, minimising waste and promoting ecological restoration.



SOCIAL

KIKO CARES FOR THE PEOPLE

At KIKO, we are committed to **improving people's quality of life** through social and community initiatives.



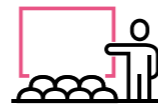
PROMOTE OUR PEOPLE'S WELL-BEING

We promote the physical and mental well-being of our employees through training programmes, professional development and health and safety initiatives.



CELEBRATE DIVERSITY AND INCLUSION

We promote an inclusive and diverse working environment, in which each and every employee can freely express their individuality.



SOCIAL POSITIVE IMPACT

We invest in local communities through social responsibility projects that promote education and independence.

We collaborate with non-profit organisations to support social issues and contribute to creating a better society.



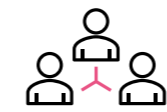


G OVERNANCE

KIKO CARES FOR ITS GOVERNANCE

At KIKO, we are committed to **governing with integrity**, transparency and innovation.

KIKO's Sustainability Manifesto represents our long-term commitment to a more sustainable future. **We believe that beauty can be a powerful tool for positive change**, and we are dedicated to creating a world in which beauty is accessible to all, in harmony with the environment and society. We are ready to continue along this path, working with stakeholders to **achieve our sustainability goals and create lasting positive impact**.



ENHANCE SUPPLY CHAIN PARTNERSHIPS

We support the research and development of innovative solutions that embrace both creativity and sustainability.

We collaborate with suppliers to create products that are not only beautiful, but also sustainable.



TRANSPARENT COMMUNICATION

We promote dialogue with our stakeholders, including customers, employees, suppliers and local communities, to understand their needs and expectations.



ROBUST ESG GOVERNANCE

We promote a company culture based on ethics and integrity, guaranteeing transparency in all our operations and communications.

We adopt strict governance practices, ensuring that our decisions are guided by principles of sustainability and social responsibility.

ALL BIG THINGS START FROM SMALL



M

MISSION AND GUIDING PRINCIPLES

1.2

KIKO has well-defined **beliefs, purpose and mission.** These three elements are an expression of **what guides our business** and, together with our values, dictates the direction of company activities on a daily basis.

BELIEF

We believe that colour, art and creativity have the power to transform our daily lives.

PURPOSE

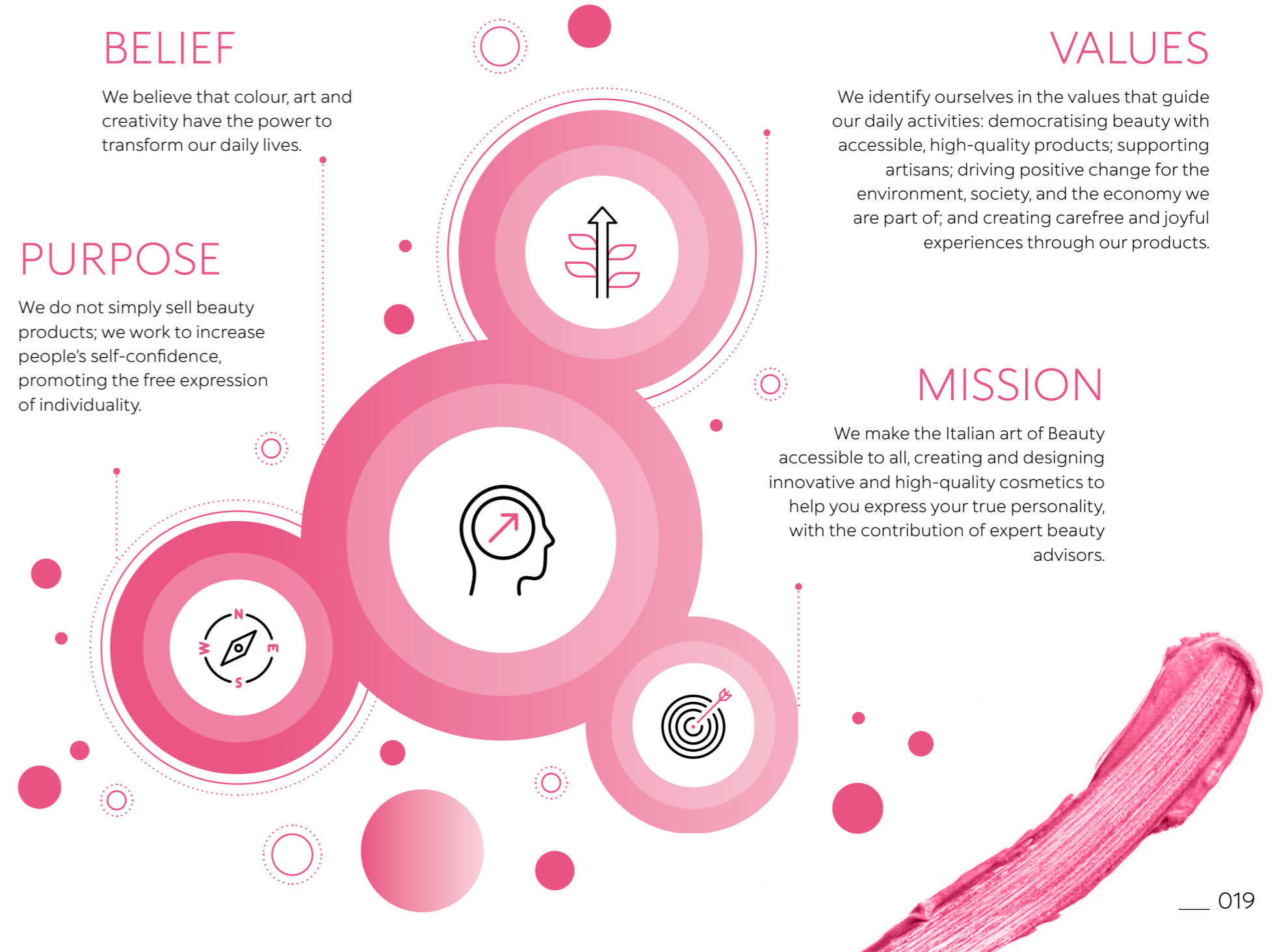
We do not simply sell beauty products; we work to increase people's self-confidence, promoting the free expression of individuality.

VALUES

We identify ourselves in the values that guide our daily activities: democratising beauty with accessible, high-quality products; supporting artisans; driving positive change for the environment, society, and the economy we are part of; and creating carefree and joyful experiences through our products.

MISSION

We make the Italian art of Beauty accessible to all, creating and designing innovative and high-quality cosmetics to help you express your true personality, with the contribution of expert beauty advisors.





THE BUSINESS MODEL

The KIKO Group operates in the cosmetics sector in 66 countries, exclusively distributing its own-brand products through directly operated **stores** (DOS), franchises and physical wholesale (WHS) sites. KIKO also operates through its **directly managed e-commerce channel** (the kikocosmetics.com website) and through the use of marketplaces.

In particular, the Group focuses on the following **cosmetics sector categories**:

COLOUR COSMETICS

facial make-up, eye make-up, lip products and nail products.

SKINCARE

products dedicated to facial, body and hand care.

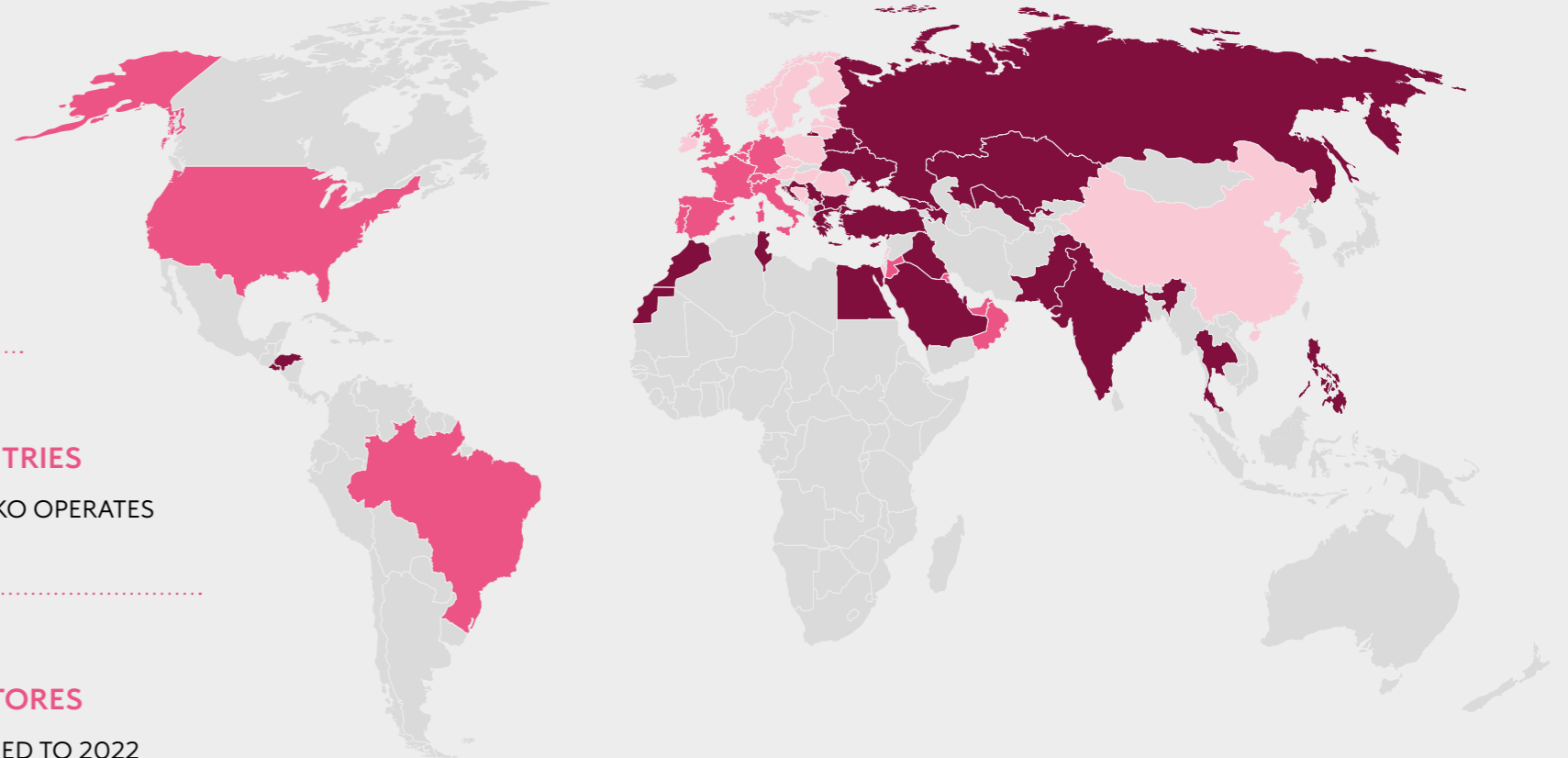
THE OVERALL NUMBER OF **KIKO GROUP STORES** AS OF 31 DECEMBER 2023 WAS **1,085** (866 DOS, 4 PHYSICAL WHS AND 215 FRANCHISES) **AN INCREASE OF 82 UNITS OVER 2022**, THE RESULT OF **112 STORES OPENED** (OF WHICH 79 FRANCHISES) AND 30 CLOSURES (OF WHICH 5 FRANCHISES).

LEGEND

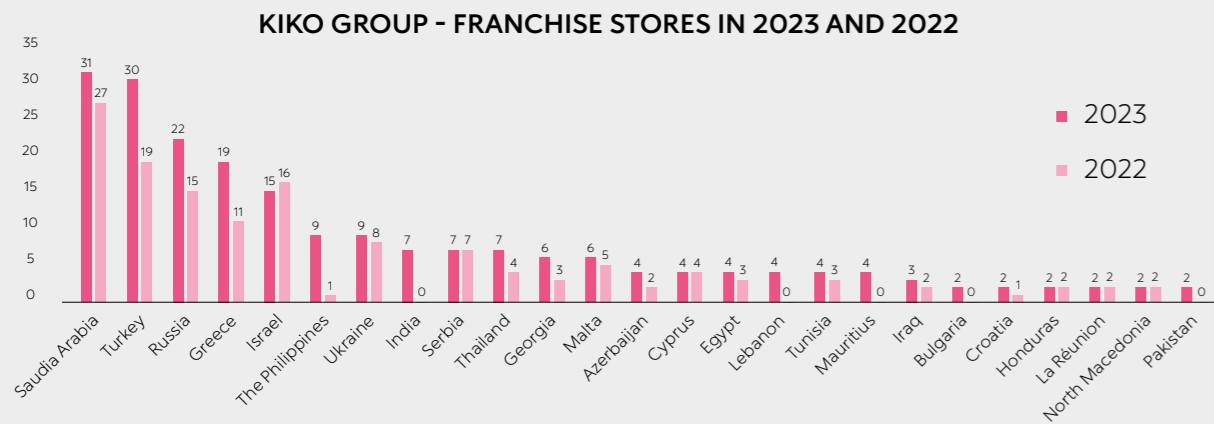
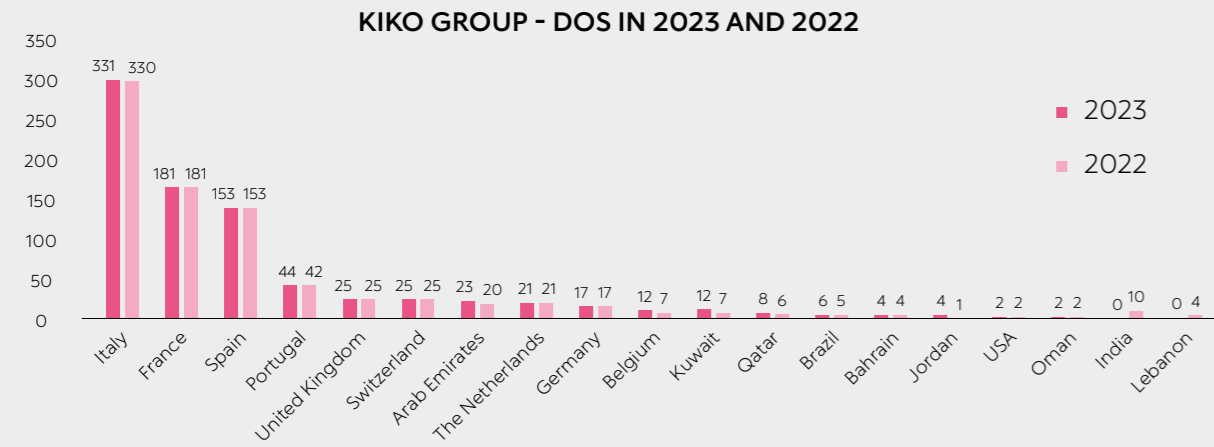
- ONLINE
- RETAIL
- FRANCHISING

66 COUNTRIES
IN WHICH KIKO OPERATES

1,085 STORES
+82 COMPARED TO 2022



THE FOLLOWING TABLES SHOW THE **GEOGRAPHIC DISTRIBUTION OF THE GROUP** COMPARED TO THE SITUATION IN 2022.



KIKO's main markets are European countries (in particular, **Italy, France, Spain and Portugal**) and the Middle East (in particular the **Arab Emirates**).

In line with the strategy to transform KIKO into a Global Beauty Brand, the Group is continuing to develop, accelerating **the expansion of franchising (+79 stores)**.

At the same time, the strong drive to **develop digital channels** continues, not only **through the company website active in 27 countries**, but also through **the bolstering of digital wholesale channels with Amazon, Zalando and Flaconi**, increasing brand penetration with specific and complementary consumer categories.

The **physical wholesale channel**, launched in 2022 with the implementation of a chain of perfumeries **in Switzerland**, is comprised of **4 stores** and will see further expansion in other countries in the near future.

THE UNIFIED COMMERCE PROJECT

In the 2022-2023 period, **KIKO launched a Unified Commerce project with the aim of providing customers with a unified purchasing experience via all the brand's touchpoints**, in line with an omnichannel approach. The aim of this project is to further personalise customer service and the customer experience, and it includes the **launch of the global loyalty programme "KIKO ME"**. The optimisation of service both online and at physical stores, the improvement of deliveries and the management of warehouses and stock are central aspects of the project, which is being gradually implemented within the Group. Furthermore, the project also places particular focus on the protection of personal data in compliance with current regulations.

Unified Commerce represents a **complete transformation in terms of IT and customer approach**, allowing KIKO to offer an innovative multi-channel experience. The main benefits and services to be introduced include **the loyalty programme, in-store mobile POS services, the Endless Isle** (which allows integrated retail and online purchases, enabling customers to have a product that is unavailable in shops either delivered to their home or ordered for pick-up from the store), **and Click & Collect** (which allows products to be purchased online and picked up from a store).

2024 should see the completion of the **new Unified Commerce platform**, which integrates all channels and systems, significantly improving customer service and guaranteeing an increase in efficiency and capacity for growth for KIKO's business.





S

USTAINABILITY — 2

ACCORDING TO KIKO



THE PROCESS 2.1 OF IDENTIFYING IMPACTS

The **Corporate Sustainability Reporting Directive (CSRD)** sets out new requirements for companies in terms of their sustainability practices. In accordance with the CSRD, the first step in the process of identifying impacts is **an analysis of the context** in which companies operate, gaining an awareness of the main environmental, social and governance issues for their sector and geographic area. It is essential that this is followed by the **involvement of stakeholders**, including customers, suppliers, employees, local communities and investors, to **gather feedback** and to understand their concerns and expectations.

Companies are therefore required to **map all the potential ESG impacts of their operations, products and services throughout the value chain**. Once the impacts have been identified, their materiality needs to be assessed; i.e., the identification of the impacts that are most significant for the company and its stakeholders.





S TAKEHOLDER ENGAGEMENT 2.1.1

KIKO manages the proactive and strategic involvement of its primary stakeholders with a view to maintaining solid and positive relations. As a result, KIKO creates shared value in the communities in which it operates: **this takes the form of important social initiatives and collaborations**, which contribute to generating **a positive impact on the territory**.

Furthermore, **the willingness to attentively listen to** stakeholders' needs and feedback allows KIKO to constantly innovate and improve the quality of its products and services. This constant interaction with stakeholders stimulates the company to remain competitive and relevant on the market, effectively responding to the expectations of consumers and local communities.

Stakeholder engagement is therefore not only a key element for sustainability strategy; it **also represents a fundamental driver for ongoing growth and improvement**.

STAKEHOLDERS

INVOLVEMENT

EMPLOYEES	Training and development programmes, performance evaluation, regular meetings and feedback
CUSTOMERS	Surveys, online reviews, social media and loyalty programmes, audits and dedicated meetings
SUPPLIERS	Close relations through contracts, regular meetings and audits to guarantee quality and sustainability
LOCAL COMMUNITIES	Consultation and meetings with community representatives
FINANCIAL INSTITUTIONS	Ongoing relations with banks and investors, through financial reports and meetings.
TRADE ASSOCIATIONS	Active participation in trade associations sharing best practices and influencing sector policies
MEDIA AND PRESS	Public relations through press releases, media events and interviews



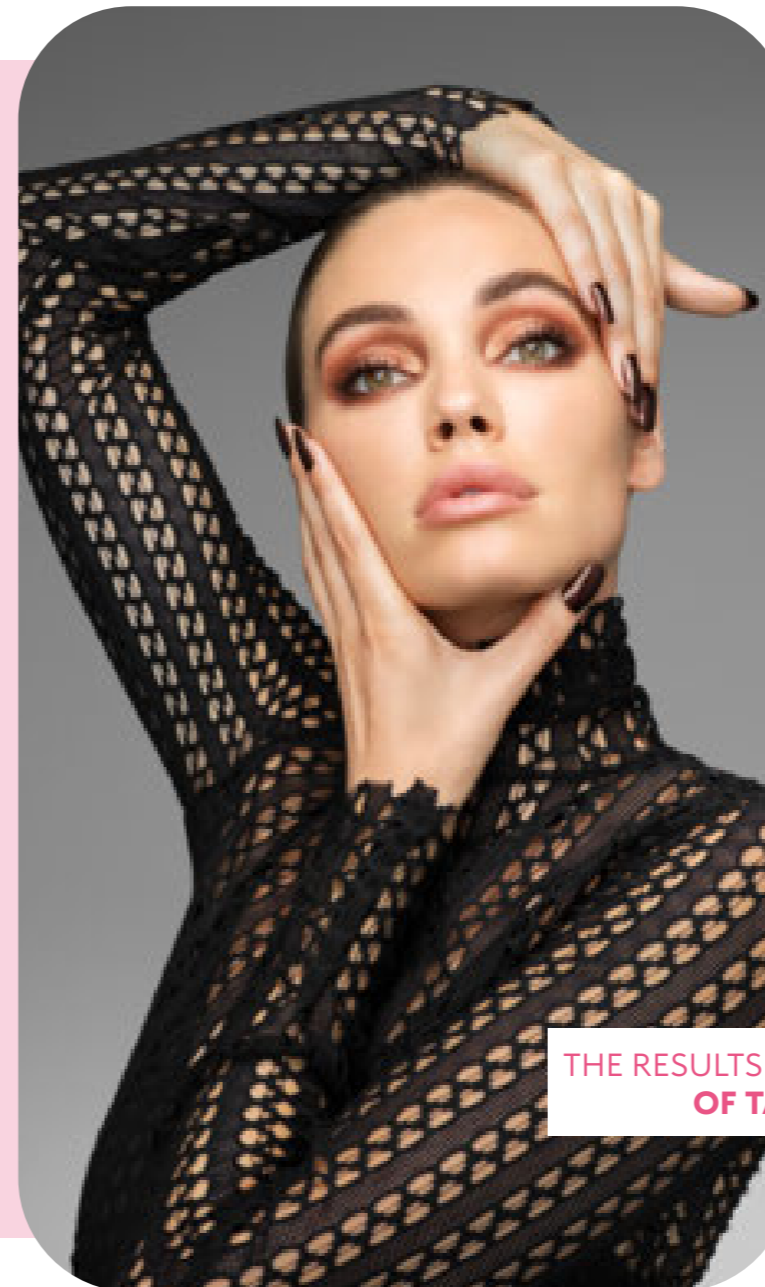


MATERIALITY ASSESSMENT 2.1.2

5 January 2023 marked the coming into force of the new European directive on company sustainability reporting, known as the **"Corporate Sustainability Reporting Directive" (CSRD)**.

This directive represents a significant advance in terms of corporate transparency and responsibility, imposing stringent requirements regarding the publication of environmental, social and governance (ESG) information.

In this regard, **KIKO chose to voluntarily draft its first Sustainability Report**, taking the lead over other companies in the sector and **demonstrating its commitment to transparency and to both environmental and social responsibility**, as well as its willingness to align with the new European regulations regarding reporting and compliance.



THE MATERIALITY SURVEY

In order to identify the topics directly correlated with the Company's activities, **a survey was sent to employees and to a number of stakeholder groups.**

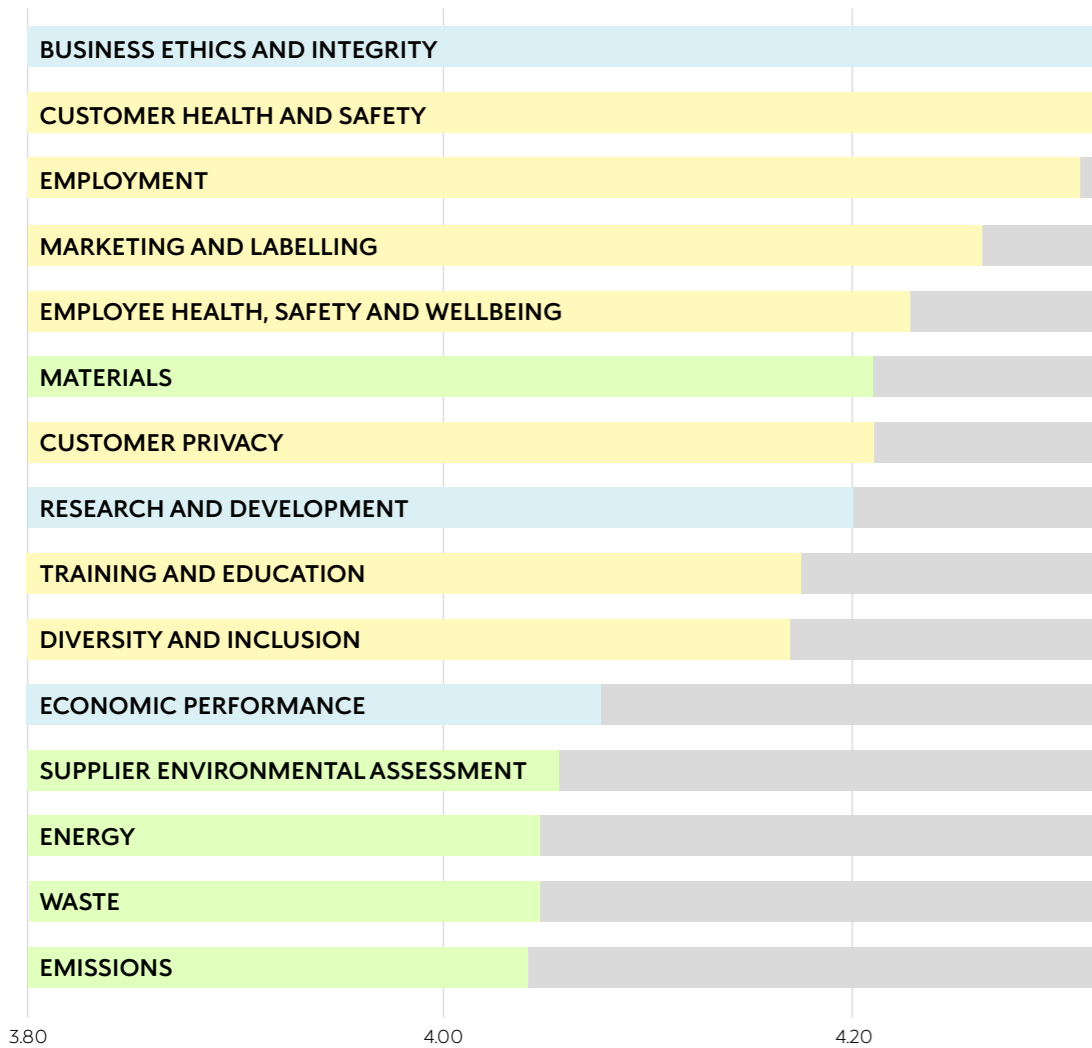
Stakeholders were asked to provide a detailed assessment of the **importance and the role played by certain specific ESG** characteristics within the company with regard to the target market. The assigning of a score on a numerical scale **from 1 (not important) to 5 (extremely important)** allowed KIKO to identify and prioritise its material topics, in terms of goals and strategies.

An interpretation of the results received allowed for an **understanding of KIKO's strategic priorities** and the most significant opportunities/criticalities faced by the business, and of how these could potentially influence shared value and sustainability, **thus identifying 15 material topics, each associated with a positive and a negative impact.**

Specifically, the distribution of the survey, the responses to which were processed anonymously, resulted in **616 replies**, of which **581 from management (4%) and other company employees (96%)**, and **35 from external stakeholders**, mainly suppliers, institutions and customers.

THE RESULTS OF THE MATERIALITY ASSESSMENT SERVED AS A GUIDE FOR THE **DEFINITION OF TARGETED STRATEGIES** FOR EFFECTIVELY MANAGING EXTERNALITIES.

PRIORITISATION OF MATERIAL TOPICS



- ENVIRONMENTAL TOPICS
- SOCIAL TOPICS
- GOVERNANCE TOPICS

The graph shows **the priority of material topics** for the Company ordered by points obtained (on a scale from 1 to 5).

On the basis of the internal assessment of management and employees and the external considerations received from stakeholders, it is clear that **the topics most important** for the Company are those related to **“Business ethics and integrity”, “Customer health and safety”** and **“Employment”**.

In order to offer a wider-ranging overview of company sustainability, KIKO has developed a **risk-management process** that also takes into account the material topics identified in the wake of this process.

The following table shows the **connection between the material topics identified and international regulations and standards**.

TOPICS	SDGs	SASB	ESG CERTIFICATION	EFRAG	GRI
BUSINESS ETHICS AND INTEGRITY	Goal 16: Peace, justice and strong institutions	Business Ethics	Code of conduct	ESRS G1 Business conduct	Related to all GRI standards
CUSTOMER HEALTH AND SAFETY	Goal 17: Partnership for the goals	Customer Welfare	Safety and quality of products/services	ESRS S4 Consumers and end-users	416 Customer health and safety
EMPLOYMENT	Goal 8: Decent work and economic growth	Employee Health & Safety	Productivity, skills and employee development	ESRS S1 Own workforce	402 Labour/management relations
MARKETING AND LABELLING	Goal 12: Responsible consumption and production	Product Quality & Safety	Safety and quality of products/services	ESRS G1 Business conduct	416 Customer health and safety
EMPLOYEE HEALTH, SAFETY AND WELLBEING	Goal 3: Good health and well-being	Labor Practices	Legal compliance	ESRS S1 Own workforce	403 Occupational health and safety
MATERIALS	Goal 12: Responsible consumption and production	Materials Sourcing & Efficiency	Greenhouse gas emissions	ESRS E5 Resources and circular economy	301 Materials
CUSTOMER PRIVACY	Goal 16: Peace, justice and strong institutions	Customer Privacy	Safety and quality of products/services	ESRS S4 Consumers and end-users	418 Customer privacy

TOPICS	SDGs	SASB	ESG CERTIFICATION	EFRAG	GRI
RESEARCH AND DEVELOPMENT	Goal 9: Industry, innovation and infrastructure	Business Model Resilience	Organisational capacity and competence	ESRS G1 Business conduct	202 Market presence
TRAINING AND EDUCATION	Goal 4: Quality education	Employee Engagement, Diversity & Inclusion	Productivity, skills and employee development	ESRS S2 Workers in the value chain	404 Training and education
DIVERSITY AND INCLUSION	Goal 10: Reduced inequalities	Employee Engagement, Diversity & Inclusion	Human rights	ESRS S1 Own workforce	405 Diversity and equal opportunities
ECONOMIC PERFORMANCE	Goal 8: Decent work and economic growth	Business Model Resilience	Environmental, social and governance policy	ESRS S3 Affected communities	201 Financial performance
SUPPLIER ENVIRONMENTAL ASSESSMENT	Goal 12: Responsible consumption and production	Materials Sourcing & Efficiency Materials Sourcing & Efficiency	Commitment from stakeholders	ESRS S2 Workers in the value chain	308 Supplier environmental assessment
ENERGY	Goal 7: Affordable and clean energy	Energy Management	Electricity consumption	ESRS E5 Resources and circular economy	302 Energy
WASTE	Goal 12: Responsible consumption and production	Waste & Hazardous Materials Management	Pollution and waste	ESRS E5 Resources and circular economy	306 Waste
EMISSIONS	Goal 13: Climate action	GHG Emissions	Greenhouse gas emissions	ESRS E2 Pollution	305 Emissions





MANAGEMENT OF RISKS AND OPPORTUNITIES

2.2

As a global company, KIKO is exposed to **external risk and uncertainty** caused by factors that are either exogenous or specific to the sectors in which it operates, as well as risks resulting from strategic decisions and internal management.

To face this complex issue, **KIKO has implemented a series of systems and control procedures** that have resulted in the creation of a map of company risks, a global risk-management policy and a method for identifying, assessing and monitoring these risks, reporting the results to the governance body.

THE FOUNDATIONS OF RISK MANAGEMENT

The **Committee of Sponsoring Organizations (COSO) of the Treadway Commission** has developed a widely recognised framework for risk management and internal control, known as the **"COSO Framework"**.

this framework is based on **five key components**, each of which contains a range of principles that provide guidelines for the implementation of an effective internal control system.



CONTROL ENVIRONMENT

The first component is the control environment, which establishes the basis of a solid internal control system, influencing the awareness of control of an organisation. The associated principles include demonstrating a commitment to integrity and ethical values, supervising the Board of Directors, establishing structures, authorities and responsibilities, demonstrating a commitment to competence and underscoring responsibility.



RISK ASSESSMENT

The second component, risk assessment, is the process of identifying and analysing material risks to the achievement of company objectives. This includes specifying suitable objectives, identifying and analysing risks, assessing the risk of fraud and identifying and analysing significant changes.





CONTROL ACTIVITIES

Control activities represent the third component and are the actions taken through policies and procedures that help to ensure that the directives issued by management are implemented. The principles include selecting and developing control activities, selecting and developing general controls over technology and implementing policies and procedures.



INFORMATION AND COMMUNICATION

The fourth component concerns information and communication, aspects that are necessary in order to facilitate the functioning of the internal control system. This component includes the use of relevant and quality information as well as internal and external communication.



MONITORING ACTIVITIES

Lastly, the fifth component, monitoring activities, ensures that internal controls continue to function over time. The principles include carrying out ongoing and/or separate evaluations, and assessing and communicating shortcomings.



THE REGULATORY FRAMEWORK TAKEN INTO CONSIDERATION AND USED IS THE 2017 UPDATE OF THE DOCUMENT PUBLISHED IN 1992, ENTITLED “**COSO - ENTERPRISE RISK MANAGEMENT - INTEGRATING WITH STRATEGY AND PERFORMANCE**”.

In line with the principles of COSO, **KIKO recognises the following as fundamental for risk management:**

I. TRANSPARENCY

Every single operation, transaction and action must be justified, demonstrable and reliable.

II. SEPARATION OF DEPARTMENTS AND POWERS

No-one should be able to autonomously manage an entire process or have unlimited power.

III. SUITABILITY OF INTERNAL REGULATIONS

Company regulations must be in line with the operations carried out and with the level of organisational complexity, in order to prevent the committing of offences as established by the Organisation, Management and Control Model.

IV. TRACEABILITY AND DOCUMENTATION

Every single operation, transaction and action, as well as correlated assessment and control activities, must be documented, and the documentation must be suitably traceable.



ENTERPRISE RISK ASSESSMENT

2.2.1

In 2022, **KIKO S.p.A. produced its first Risk Register**, which is due to be updated in the first quarter of 2024. The Enterprise Risk Assessment process involved all the organisational units, taking into consideration first- and second-line management, and allowed for information to be gathered that provides an up-to-date and comprehensive view of the various areas of risk.

By referring to COSO, it was possible to create a **Risk Catalogue integrated into the ERM policy**, which identified the following **categories of risk**:



INTERNAL RISKS

In this case, reference is made to the **irregular functioning of company processes**, in particular processes related to **Core Business and Business Support**.

With regard to Business Support activities, KIKO has prioritised the management of human resources **in terms of both the selection and the retention of personnel**.

KIKO has a well-articulated organisational and process structure, subdivided into departments with clearly defined responsibilities and tasks.

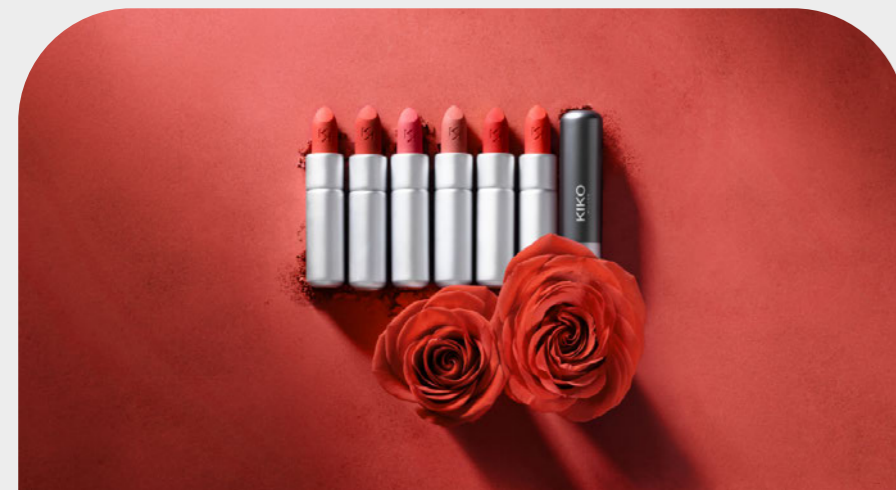
This aspect, and in particular **internal technical skills, plays a fundamental role** and allows KIKO to handle increasingly articulated risks such as **Cybersecurity** or operational obsolescence.

In terms of Core Business, KIKO attentively and proactively monitors market demand, consequently managing the various sales channels that it supplies on a daily basis.

Similarly, the international approach leads KIKO to monitor evolutions in specific regulations right down to a regional or local level.

EXTERNAL RISKS

These are risks deriving from elements that characterise the general macroeconomic environment. They are essentially **risks related both to the social, political and economic instability of various countries and to the availability of infrastructure and possible international sanctions**, as well as to **evolutions in the relative regulatory framework**, rather than to financial risks related to liquidity, the market and credit.



STRATEGIC RISKS

Exposure to **strategic risks** is inevitable. These risks derive from changes in the operational framework, from a failure to implement adequate and/or suitable decisions, and from poor reaction to variations in the competitive context.

Of particular significance for KIKO is a possible **reduction in inclination towards consumption**, the adoption and **intensification by rival companies of highly competitive pricing strategies** or a **change in consumer preferences** that result in a shift to alternative products.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

In line with the three-part approach that guides KIKO's sustainability strategy, **environmental risks have been identified in accordance with three verticals:**

ENVIRONMENTAL RISKS

The mitigation and adaptation of climate change impacts, animal welfare, availability and consumption of resources, product sustainability.

SOCIAL RISKS

Health and safety of consumers and employees, the sustainable management of the supply chain, respect for human and employee rights, employee training and development, customer experience, customer satisfaction and complaints, responsible marketing and transparent communication.

GOVERNANCE RISKS

Anti-corruption practices in line with relative laws and regulations, as well as corporate integrity and governance of corporate social responsibility themes.

SAFEGUARDS

The **Board of Directors, the Board of Statutory Auditors and the Supervisory Body** are informed of any strategic or operational criticalities by the relative departments during periodically planned meetings. In addition, the Global Audit department reports **the results of auditing projects** defined in the audit plan, **the results of risk monitoring**, follow-up activities and any other relevant information to be reported.

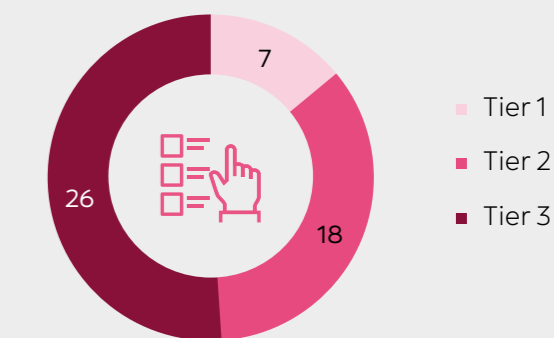
METHOD OF ASSESSMENT

Each risk is **assessed in terms of probability and impact**, in order to establish the materiality of the risk and to intervene in individual cases, implementing a series of actions overseen by the departments involved (the risk owners) with a view to its mitigation. Once the areas for rapid intervention have been identified and the necessary measures have been adopted, a **risk monitoring system is implemented with the aim of understanding the effectiveness of mitigation actions implemented by the department and therefore the company's exposure to risk.**

The activity of risk assessment has led to the **identification of 51 risks overall**. The bearing of probability and impact allow these risks to be positioned within a matrix, identifying those recognised as more significant, with mitigating factors and initiatives in place to identify residual risk also being taken into consideration.



NUMBER OF RISKS PER TIER ON A RESIDUAL LEVEL





KIKO'S

STRATEGIC PATH TOWARDS SUSTAINABILITY GOALS

2.3

"Beauty" is the key word in the **company's sustainability strategy**, in this case it is used in the broadest sense of the term, as a universal right of every single individual and as an intrinsic characteristic of the surrounding environment. Within this context of sustainability, the concepts of Art, Beauty and Joy perfectly describe what KIKO proposes to be and to offer the world through its activities.

The path taken by KIKO towards the creation of a solid sustainability strategy originates from the **"KIKO Cares" programme, created in 2021 with the aim of bringing together the many ESG initiatives already promoted by KIKO**, as well as future social, environmental and governance projects, under a single umbrella.

With the aim of placing sustainability at the heart of the company's decisions and strategies, in 2022 the programme was subject to updates and modifications that led to the creation of a true manifesto of the company's present and future commitment to protecting the planet and people, and aimed at guaranteeing transparent corporate governance. The document has been developed on the basis of **three main guidelines**: *KIKO Cares for the Planet*, *KIKO Cares for the People* and *KIKO Cares for its Governance*, thus embracing the three pillars of sustainability.

KIKO CARES

FOR THE PLANET

1. Reduce Our Emissions
2. Responsible Materials and Ingredients
3. Responsible Waste Management
4. Environmental Positive Impact

FOR THE PEOPLE

1. Promote Our People's Well-being
2. Celebrate Diversity and Inclusion
3. Social Positive Impact

FOR ITS GOVERNANCE

1. Enhance Supply Chain Partnerships
2. Transparent Communication
3. Robust ESG Governance

It should also be stressed that **the sustainability strategy has been conceived from the outset in global terms**: in line with specific company policy, the pillars and the goals in the Plan involve all the branches and the directly operated stores (DOS) in the countries in which KIKO operates.

In order to transform the goals into tangible actions, **the company has decided**, for each of the three verticals in the strategic plan, **to identify pillars and goals**, linking the latter to specific targets.

One or more targets have been indicated for each strategic pillar, with the aim of achieving the goals set for 2030, demonstrating the far-sighted vision of the company and the presence of wide-ranging planning.

Furthermore, each goal has been constructed with the dual aim of **contributing to the achievement of strategic company objectives** while, at the same time, **contributing to the achievement of the 17 Sustainable Development Goals set out in the UN 2030 Agenda**; a holistic vision that confirms KIKO's commitment to collective good and to the common journey towards sustainable development.



CHAPTERS	PILLARS	GOALS	INTERIM TARGETS	2030 TARGETS
FOR THE PLANET	Reduce our emissions	Increase the use of energy from renewable sources with Guarantees of Origin (GO)	50% of European DOS by 2025	>90% of European DOS
		Carbon Footprint Assessment	Scope 1 and 2 by 2024 Scope 3 by 2025	GHG emissions efficiency
	Responsible materials and ingredients	Responsible use of materials in stores	90% recycled plastic by 2024	>90% recycled plastic
		Increase the percentage of sustainable packaging	10% post-consumer recycled (PCR) plastic in packaging for 50% of products by 2025	30% of PCR plastic in packaging for 50% of products
			100% paper from sustainable forests by 2023	Maintain Target
		Increase the percentage of sustainable ingredients	>35% sustainable ingredients in new formulas by 2024	>60% sustainable ingredients
	100% sustainable MICA (and other raw materials at child labour risk) by 2023		Maintain Target	
	FOR THE PEOPLE	Promote our people's well-being	Valorise our employees	Guarantee training on ESG topics for 100% of employees by 2025
Share our culture			Actively promote internal communication by involving the entire company population on ESG themes by 2024	Company Wide Involvement

CHAPTERS	PILLARS	GOALS	INTERIM TARGETS	2030 TARGETS	
FOR THE PEOPLE	Celebrate diversity and inclusion	Guarantee inclusion for all individuals	Inclusion calendar by 2024	Company Wide Involvement	
			Psychological hotline by 2026	Company Wide Involvement	
	Social positive impact	Valorise and support women through specific projects	Reach 50+ women by 2025	Reach 300+ women by 2030	
			Actively support research	Support 4+ research projects by 2025	Support 20+ research projects by 2030
FOR ITS GOVERNANCE	Enhance supply chain partnerships	Increase the percentage of suppliers monitored through EcoVadis	Share the Code of Conduct with commercial partners	Present it to 100% of commercial partners by 2025	Confirm monitoring
			Map company suppliers on the basis of ESG parameters	100% of suppliers mapped by 2025	Confirm monitoring
	Transparent communication	Communicate company ESG performance in a transparent manner through effective internal and external communication	Publication of the first GRI-compliant Sustainability Report by 2024	Full alignment with the CSRD	
	Robust ESG governance	Build a system for the sharing, monitoring and updating of the ESG strategy	Create an ESG steering committee by 2025	Recurring involvement of the committee	

KIKO FOR THE PLANET



KIKO has implemented a wide range of **measures to mitigate and reduce the environmental impact of its business activities**. In particular, in terms of environmental issues, the company strategy follows four guidelines.

First and foremost, **the calculation and reduction of company emissions through precise analysis of Scope 1, 2 and 3 emissions** and the drafting of an emission-reduction plan. With regard to reduction, the company has, for a number of years, been moving in a positive direction, with the result that the electricity for all of the stores and offices in Italy and Belgium (since July 2023) is clean energy with Guarantees of Origin). The goal is to achieve 100% green energy purchased for at least **90% of European DOS by 2030**.

The second company goal regards an **increase in the use of sustainable raw materials and ingredients**. In this regard, in 2023, the company achieved significant results, including **the use of 100% paper from sustainable forests** in packaging and the selection of **100% child-labour-free ingredients** in its products.

The third aspect sees the company committed to **implementing a sustainable waste-management system** that provides for the setting up of partnerships with local organisations with the aim of reducing waste in all its forms, and valorising scrap and waste.

Lastly, the fourth guideline reflects the aim of KIKO to **generate positive environmental impact** and again, in this case, provides for the setting up of virtuous partnerships and collaborations aimed at generating common benefits for the entire community.

KIKO FOR THE PEOPLE



Aiming to generate positive social impact, KIKO has defined an ambitious **strategy set out along three streams**. First and foremost, **to valorise and favour the growth of its employees through dedicated** training courses and programmes aimed at promoting individual well-being. The second goal regards the **celebration of diversity in all its forms, and the promotion of inclusion** of every individual regardless of their ethnicity, religion or political ideals, both within and beyond the company. To this end, from 2024, KIKO will be implementing a series of initiatives, including the creation of an inclusive company calendar that embraces the celebrations and holidays of the varied company

workforce, and the setting up of a psychological consultation network available to employees. The final line sees KIKO seeking, **through virtuous partnerships with non-governmental organisations (NGOs), to reach out to those in difficulty**. KIKO's actions in this regard focus in particular on women in difficulty, with the aim of valorising and guaranteeing their well-being and protection. For many years the company has been a long-term collaborator with organisations operating in the field of female empowerment, including: The Amici dei Bambini (AiBi) Association and the Umberto Veronesi Foundation in Italy, Fundación Ana Bella in Spain and Agefip in France.

KIKO FOR ITS GOVERNANCE



KIKO's strategy in terms of ESG governance provides for significant action in terms of management of the **supply chain, the corporate structure and internal communication**. In particular, in 2022 KIKO launched a virtuous process to analyse its key suppliers through the EcoVadis platform, and it intends in the near future to use this tool to monitor 100% of direct suppliers as well as a number of categories of indirect suppliers. At the same time, the company intends **to create**

an ESG assessment to map suppliers who are not registered with EcoVadis and share all of the entities in the supply chain with the company Code of Conduct. In terms of internal communication and structure, many initiatives have been planned, all of which share the same goal: **to involve each and every person within the company in the ESG process undertaken**, both through sharing a common sustainability culture and through a system of attentive monitoring and control of the



CORPORATE

GOVERNANCE, ETHICS AND INTEGRITY

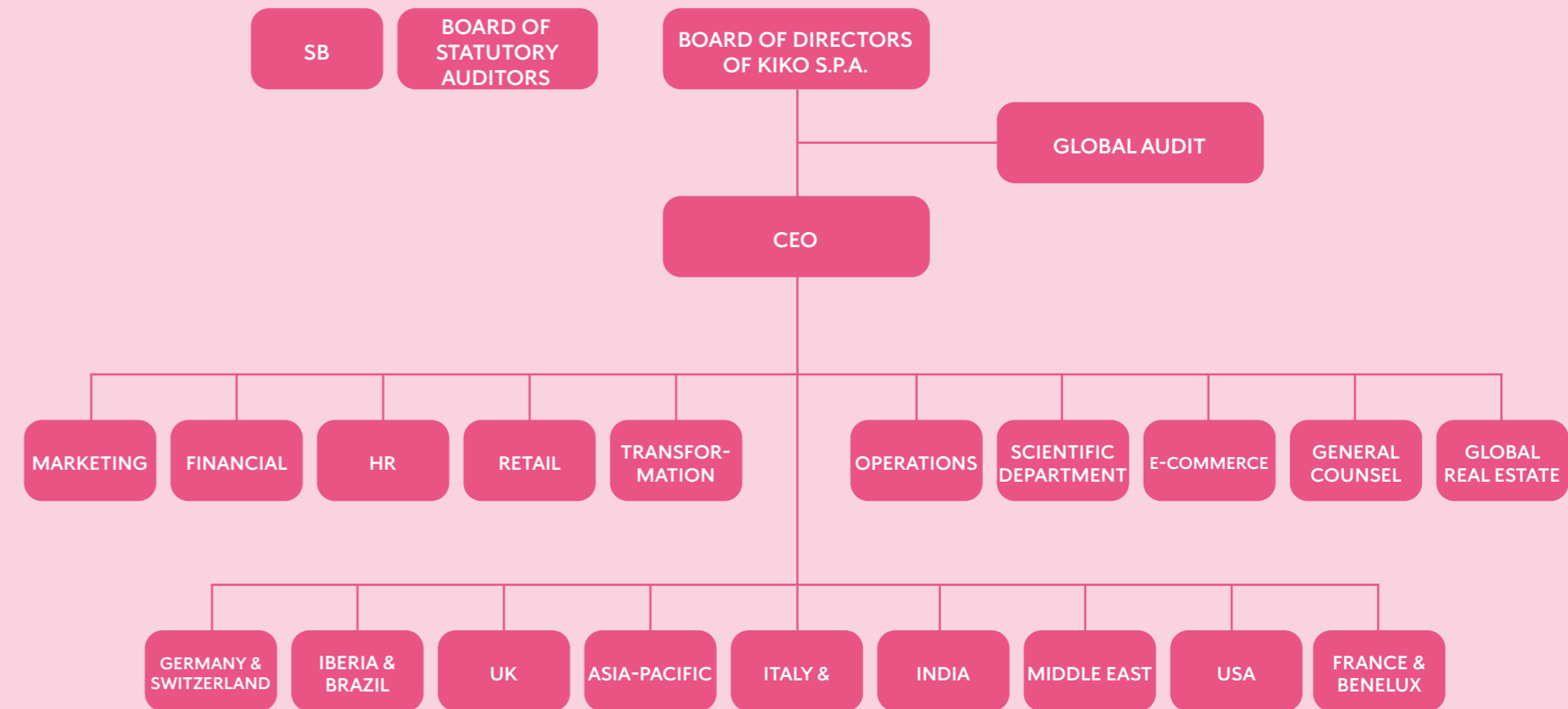
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KIKO's corporate governance has been set up to reflect the importance of the administrative bodies and demonstrate their effectiveness through a **strict and transparent control system** that guarantees compliance with the highest ethical standards.

This approach has been created not only to **protect the interests of shareholders and investors**, but also to **foster trust among all the stakeholders**. Therefore, every strategic and operational decision is backed up by a solid governance structure that ensures constant supervision of company activities and suitable management of risks.

KIKO's governance also promotes responsibility and accountability at all levels of the organisation.

The values shared by the Code of Ethics and company policies provide guidelines for the behaviour and the decisions made by each and every employee, guaranteeing cohesion and alignment with common goals. This inclusive and transparent method of operating is essential in maintaining a closely knit and performance-guided company culture, where **integrity and respect for ethical principles are cornerstones of every initiative**.





S

STRUCTURE

AND ROLE OF THE BOARD OF DIRECTORS

3.1

The **Board of Directors of KIKO**, composed of seven members, **plays a crucial role in the strategic management of the company**. The Board is responsible for defining and guiding the economic strategy, approving, adopting and implementing company projects, policies and procedures, including those related to ESG practices. The Board is also responsible for the supervision of company leadership and for approving the Sustainability Report.

The partners of the company have chosen the members of the Board of Directors on the basis of their experience in the financial, real-estate, retail, consumer, beauty and luxury sectors, respecting applicable regulations. Currently, **assessments are being made for the integration of women in the Board, as well as the inclusion of competences in emerging sectors, such as digital**, in response to the evolution of the group's business. Furthermore, the independence of certain members is considered fundamental, and is reflected in the current composition of the Board.

BOARD OF DIRECTORS OF KIKO S.P.A.

NAME AND SURNAME	GENDER	AGE	APPOINTED	POSITION
ANTONIO PERCASSI	M	70	28/06/2021	CHAIR
SIMONE DOMINICI	M	53	18/07/2022	MANAGING DIRECTOR
CLAUDIO TIERNO	M	50	28/06/2021	DIRECTOR
LUCA PERCASSI	M	43	28/06/2021	DIRECTOR
MARIO VOLPI	M	63	28/06/2021	DIRECTOR
NICOLA COLAVITO	M	45	05/12/2022	DIRECTOR
STEFANO PERCASSI	M	48	28/06/2021	DIRECTOR

The Board of Directors has appointed a **Chief Executive Officer (CEO)**, who has been granted far-reaching powers for the management of the company, with limits on spending. Specific authority has also been granted to the **Chair of the Board of Directors, Antonio Percassi**, who is not a senior executive of the company.

BOARD OF STATUTORY AUDITORS OF KIKO S.P.A.

NAME AND SURNAME	GENDER	AGE	APPOINTED	POSITION
MAURIZIO DALLOCCHIO	M	65	28/06/2021	CHAIR
ELENA VISTARINI	F	64	28/06/2021	STANDING AUDITOR
PIERO ALBANI	M	47	28/06/2021	STANDING AUDITOR
LINDA GAZZILLO	F	56	28/06/2021	ALTERNATE AUDITOR
MAURIZIO LOMBARDI	M	53	28/06/2021	ALTERNATE AUDITOR

The Board of Statutory Auditors is primarily responsible for supervising the actions of the members of the Board of Directors, ensuring that the company is managed and administered in compliance with the law and with the company's articles of association. This body is composed of three members with extensive and documented experience in all aspects of corporate governance. The Board of Statutory Auditors ensures compliance with the standards of corporate governance set out in the codes of conduct, and oversees the efficiency of the internal control and risk-management system.

T HE GLOBAL AUDIT DEPARTMENT

3.2

The Board of Directors coordinates and supervises the Global Audit department, which is responsible for internal auditing, internal controls and risk management. The Global Audit department operates in an objective and independent manner, and its mission is to assist the management of KIKO through the effective, systematic and orderly supervision of company processes. This includes risk management, internal controls and governance, as well as risks related to Italian Legislative Decree 231/2001.

In fulfilment of its mission, the Global Audit department issues audit reports complete with findings and verifies that the recommendations made are implemented. It supervises and analyses the processes, elements and areas within the company in order to guarantee the reliability of financial and operative information, the effectiveness and efficiency of processes, compliance with internal regulations and procedures, and the safeguarding of KIKO's resources.



LEADERSHIP TEAM AND COMPANY STRATEGY

3.3

The Leadership Team of KIKO, composed of the directors of the individual departments, plays a fundamental role in determining the direction of the company and guaranteeing the achievement of success and sustainability goals. This team is led by the CEO, who defines, implements and controls the company organisational plan, embracing the ESG strategy and efficiently communicating with all stakeholders.

The Leadership Team of KIKO is guided by a clear mission: to innovate, design and create responsible, high-quality beauty products, inspiring people to express their own individuality.

The strategic priorities of the Leadership Team include: the elevation of the brand, the achievement of commercial goals, an improvement in profitability and omnichannel expansion.



SUSTAINABILITY ___ 3.4 AND THE INVOLVEMENT OF THE DECISION-MAKING BODY

The **Board of Directors**, with the support of the **Leadership Team**, involves fundamental stakeholders in KIKO's processes, ensuring **the integration of ESG criteria in company strategies and processes**. Considering the expectations of stakeholders, identified as those who potentially influence or are influenced by the activities of the group, is a fundamental aspect in achieving company goals.

KIKO believes that the sharing of and alignment with company decisions is fundamental for fostering engagement and a sense of belonging. In this light, **the ESG Company Profile**, the first strategic document published by KIKO in relation to sustainability, **was drafted as a manifestation of the brand's commitment to environmental and social protection**, while bearing in mind the satisfaction and involvement of stakeholders. This document was approved by the Board of Directors and communicated to the stakeholders.

Furthermore, **the Strategic Deployment Meeting (SDM) is organised every year, involving the senior leaders and the main global stakeholders**, with the aim of sharing strategic priorities, commercial launches and the main global projects.

Any criticalities concerning negative impacts on stakeholders are communicated by the Supervisory Board to the Board of Directors, if they are related to the offences covered by the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001. The results of this process guide strategic decisions, the sustainability of long-term company decisions, the management of opportunities and the revision of company policies and goals.



The Board of Directors ensures that ESG criteria are integrated into company strategies and processes through a range of measures:

ESG RISK ASSESSMENT

Alignment with company policies and procedures is guaranteed, including with those related to ESG, and with best practices and current regulations.

The Board examines ESG-related risks and opportunities for improvement for strategic planning.

SUPERVISION OF COMPANY POLICY

The Board monitors and reports on risks related to ESG aspects through the Enterprise Risk Management report, and on ESG results through the Sustainability Report.

MONITORING AND REPORTING

The effectiveness and transparency of organisational decisions, together with the supervision of business activities, strategic projects and the values expressed in the Code of Ethics, form **the foundation of KIKO's corporate governance**.



THE CORNERSTONES — 4

OF RESPONSIBLE BUSINESS MANAGEMENT

KIKO, in its role as a complex global company operating in the cosmetics sector, **places significant emphasis on the importance of ethical and controlled behaviour in all its activities**. This principle is no mere formality; rather, it represents the foundations on which the company bases its success and its reputation in the international market.

The fundamental values of KIKO - transparency, honesty, integrity and both social and environmental responsibility - are not only words on a page; they are experienced and promoted on a daily basis by every member of the team.

Transparency is crucial for KIKO, not only in interactions with consumers and commercial partners, but also within the organisation itself. It guarantees that information is clear, accessible and shared in an open manner, fostering trust and collaboration within the team and with external stakeholders. Honesty also permeates every one of the company's decisions and actions, ensuring that all activities are conducted with sincerity and respect towards all those involved.

Integrity is a non-negotiable principle for KIKO. It does not only take the form of strict respect for laws and regulations; it also means adopting ethical behaviour irrespective of regulatory and institutional objectives.

Social and environmental responsibility is another cornerstone of KIKO's commitment to sustainability and to the well-being of the communities in which it operates. In addition to the pursuit of profit, the company is committed to minimise the environmental impact of its operations and to make a positive contribution to local communities.

THESE VALUES FORM A COMMON THREAD THAT GUIDE EVERY COMPANY DECISION, POLICY AND PRACTICE, ENSURING THAT THE COMPANY MAINTAINS THE HIGHEST STANDARDS IN ALL ITS INTERACTIONS AND GLOBAL OPERATIONS.

2 31 MODEL 4.1

In 2022, **KIKO updated its Organisation, Management and Control Model (231 Model)**, adopted in 2016 in line with the requirements of Italian Legislative Decree no 231/2001.

This Italian law establishes the administrative responsibility of the entity for offences committed in the interests or for the benefit of the same by executives, managers, employees and third parties, including consultants, suppliers and partners. The purpose of the 231 Model is **to prevent offences through the definition of a structured system of control procedures and activities** for the management and monitoring of sensitive processes.

In line with the decree, **KIKO has set up a Supervisory Board (SB)**. This body is charged with monitoring the effectiveness of internal control mechanisms as established by Italian Law, and gathers any reports from stakeholders regarding the matters covered by the decree. the SB is **composed of an external member, the Chair, who has experience in criminal law, and of the Audit Manager, an internal member.**



TRAINING ON THE 231 MODEL

From 2019, a **compulsory training course has been held for all Italian employees**, which consists of an online course for employees at the headquarters and a brochure that summarises the most important aspects of the decree for store employees.



CODE OF ETHICS AND GLOBAL POLICIES

4.2

In 2016, KIKO adopted a Code of Ethics that formally sets out the fundamental ethical values from which it draws inspiration. The documented was last updated in March 2020.

This document, which is translated into all the languages spoken within the Group, is **available** both for all the employees, via the company intranet, and for external stakeholders on **kikocosmetics.com**.

The Code of Ethics defines the values and principles to be followed by all those working for and collaborating with the company, promoting respect in a stimulating and professional environment. Consequently, **employees are committed to working in compliance with the Code of Ethics**, knowledge of which is obligatory for every single person working for KIKO or its subsidiaries.



TRAINING ON THE CODE OF ETHICS

In March 2023, KIKO launched a compulsory training regarding the Code of Ethics via the company eLearning platform BeKIKO LH. All employees, including those working at the headquarters, in local offices and in stores, were asked to complete a specific course and pass a final test.

The Global Audit department periodically monitors the status of the test on a global level, communicating the results to local HR departments and also updating the SB.

As of 2021, a “Code of Ethics clause” has been available for inclusion in new contracts or terms and conditions (T&C), with the aim of ensuring that all the parties involved in commercial activities with KIKO respect the fundamental principles of integrity and transparency. Furthermore, the Global Audit department carries out ethical and reputation due diligence before entering into contracts with new commercial partners.



THE 13 PRINCIPLES OF CONDUCT FOR KIKO

KIKO DRAWS INSPIRATION FROM A SERIES OF PRINCIPLES OF GENERAL CONDUCT THAT MUST BE RESPECTED BY ALL THOSE WHO GOVERN, CONTROL, MANAGE AND COLLABORATE WITH THE GROUP.

01. INTEGRITY

KIKO's activities are managed in a professional and responsible manner in order to avoid potential conflicts of interest, ensuring behaviour characterised by honesty, morality and correctness.

02. TRANSPARENCY

In relations both within and outside the Group, KIKO is committed to providing clear, complete, prompt and truthful information.

03. IMPARTIALITY

The decisions and behaviour of KIKO respect the personal characteristics of individuals, encouraging and rewarding integrity and responsibility, and rejecting all forms of discrimination based on age, health, gender, sexual orientation, religion, race, political and cultural opinion, as well as personal or social standing.

04. PRUDENCE

KIKO's activities are managed with full awareness of risks, to ensure that they are properly handled.

05. HONESTY AND CORRECTNESS

Honesty is one of KIKO's founding principles. All actions and operations must be inspired by correctness, transparency, traceability, documentability and segregation of functions, in compliance with current regulations and internal procedures.

06. COMPLIANCE WITH TRADE REGULATIONS

KIKO ensures respect for the principles of transparency, honesty, correctness and good faith, requiring everyone to avoid any behaviour aimed at infringing trade regulations.

07. PRODUCT QUALITY

KIKO is committed to constantly improving the quality of its products, listening to customer requests and monitoring market demands in order to avoid the sale of counterfeit or nonconforming products.

08. RESPECT FOR COPYRIGHT REGULATIONS

KIKO protects intellectual property, including brands, patents, models, industrial secrets and copyright, forbidding all forms of illicit reproduction or commercialisation of the work of others.

09. RESPONSIBILITY - RESPECT FOR THE LAW

KIKO considers compliance with current law, regulations and procedures to be essential. Every individual is required to be aware of the legal implications of their role, and work in a professional, diligent, efficient and correct manner.

10. RESPECT FOR OBLIGATIONS ASSUMED WITH KIKO

Employees are required to work towards the goals and in the interests of the Group, avoiding any activity or behaviour that may compromise impartial judgement or create conflicts of interest.

11. CONFIDENTIALITY AND PROTECTION OF PRIVACY

KIKO collects and processes personal data and information in respect for laws on confidentiality, protecting information concerning employees, collaborators and customers.

12. ENVIRONMENTAL PROTECTION

KIKO is committed to respecting and protecting the environment, promoting sustainable behaviour and minimising negative environmental impacts.

13. SAFEGUARDING DIGNITY

At KIKO, all people have the right to be treated with dignity and respect. The company guarantees a working environment inspired by the principles of protecting the dignity and the rights of individuals, and will not tolerate any form of discrimination, exploitation or harassment. KIKO is committed to collaborating with partners that share its ethical values.

GLOBAL POLICIES

In addition to the **Code of Ethics**, KIKO has defined a set of **24 Global Policies**, subdivided into five groups:



7 policies concerning the **fight against corruption**.



8 policies concerning **external commitments**.



2 policies concerning **respect for individuals**.



4 policies concerning the **safeguarding of information**.



4 policies concerning **other aspects**, such as **Policies for Risk Management** and the **Smart Working Policy**.



All the policies have been **approved by the Board of Directors** and have been translated into all the local languages. **They can be accessed via the company intranet by employees in all global markets.** Furthermore, the Global Audit department sends periodical reminders to ensure awareness of and compliance with these policies.

WITH SPECIFIC REGARD TO ANTI-CORRUPTION, KIKO S.P.A. HAS ADOPTED 7 POLICIES:

1. The fight against corruption: **accuracy in relations, reporting and accounting** (last updated: November 2023)
2. The fight against corruption: **Anti-corruption** (last updated: November 2023)
3. The fight against corruption: **Anti-laundering** (last updated: November 2023)
4. The fight against corruption: **gifts and hospitality** (last updated: November 2022)
5. The fight against corruption: **protecting the physical and financial assets of KIKO and both intellectual property and advertising** (last updated: January 2019)
6. The fight against corruption: **Operations with associated parties** (last updated: January 2019)
7. The fight against corruption: **Conflict of interest** (last updated: September 2021)



WHISTLEBLOWING

AND MANAGEMENT OF CONFLICTS OF INTEREST

4.3

KIKO is committed to operating with honesty, integrity and respect for the highest standards of openness, correctness and responsibility. This includes expectations concerning all employees and the third parties with which the company interacts, requiring them to maintain elevated standards in line with the Code of Ethics, the policies and company procedures. To this end, in 2019 **the Whistleblowing channel was set up**, offering an official company channel **for reporting suspected offences**. The management of reports is detailed in a specific procedure, which was updated in September 2023 and that can be consulted on the company intranet.

The Whistleblowing channel aims to:

- **encourage employees and third parties to promptly report any suspected offences**, with the guarantee that their reports will be taken into consideration and investigated.
- **provide employees with a guide on how to formulate suitable reports.**
- **respect Directive (EU) 2019/1937 and local laws** applicable in the various countries in which KIKO operates, concerning the protection of the reporting party and the persons involved.

Reports must be submitted through official channels which are known to employees, consultants, collaborators, suppliers and other third parties with commercial relations with the company:

○ **VIA THE WEBSITE:** <https://kikomilano.whistlelink.com/>

○ **VIA EMAIL:** whistleblowing@kikocosmetics.com

In the event of reports received by means other than the official channels, recipients must immediately forward them to the Global Audit department via the official channels, respecting the principles of confidentiality. The Global Audit department is responsible for **guaranteeing the complete confidentiality and anonymity** of anyone submitting a report.

The responsibilities of the Global Audit department include management of the reporting channels, the carrying out of investigations and the communicating of the relative results to the company bodies responsible, including the Board of Directors, the Board of Statutory Auditors and the Supervisory Body (SB).

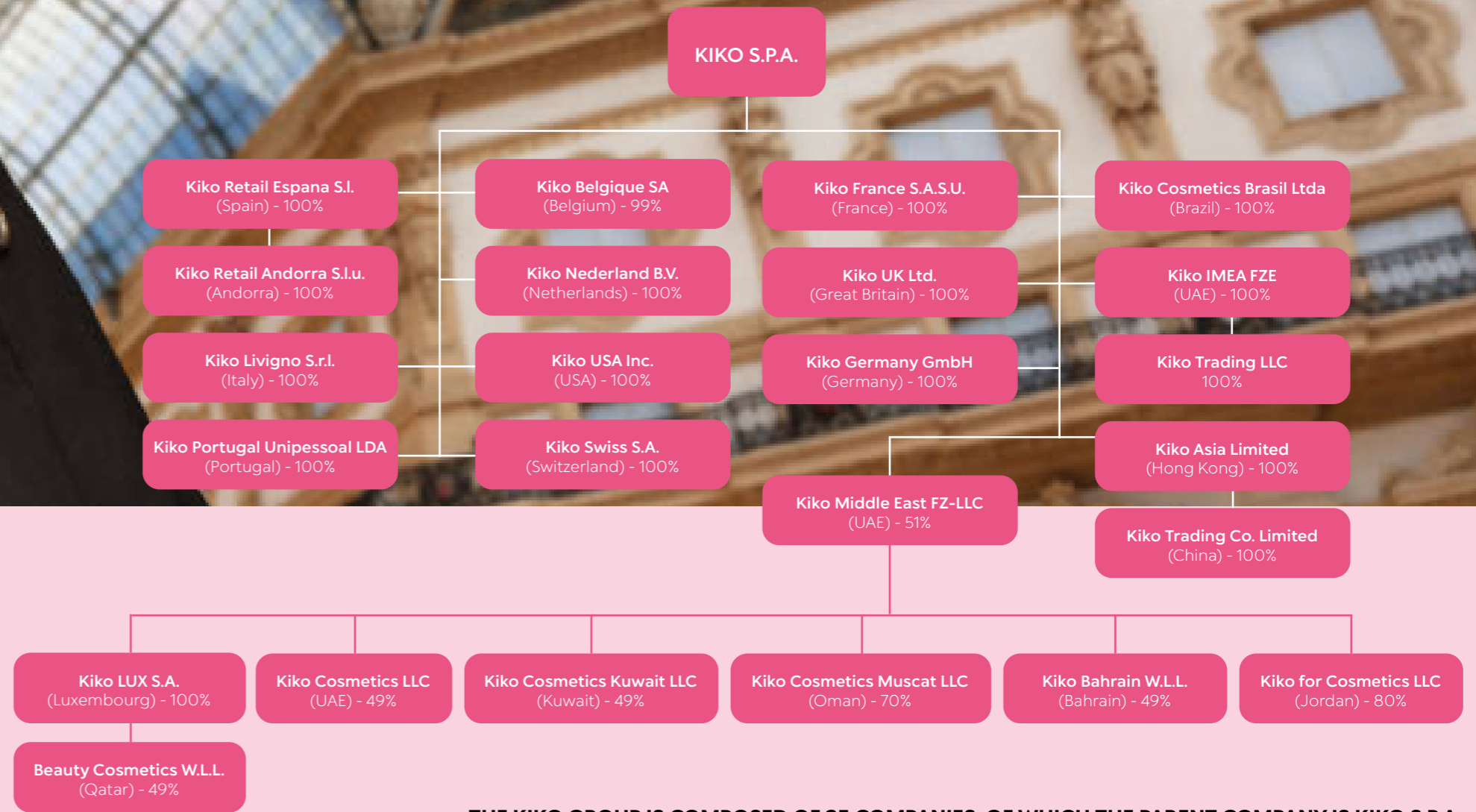
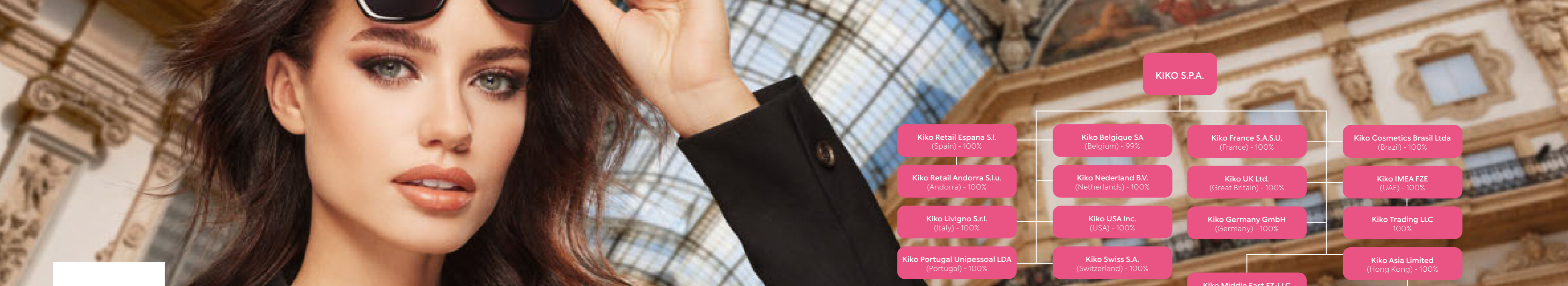
On a global level, **periodical reminders are regularly sent to all internal stakeholders** to inform them of the existence of these reporting channels. **For external stakeholders, all agreements with external collaborators contain specific references to ethics** that indicate how to conduct commercial activities with KIKO and the channels available to report any anomalies.

MANAGEMENT OF CONFLICTS OF INTEREST

The Board of Directors of KIKO has approved a series of policies to combat corruption, including a specific policy concerning conflicts of interest, which can be consulted by all employees via the company intranet.

This policy requires all employees to immediately report to their supervisor any personal, financial or political activities that may represent a real, perceived or potential conflict of interest with their role at KIKO. On employment, all members of personnel are also required to fill in a specific form regarding this theme.

It is reported that **during the 2023 financial year there were no atypical or unusual operations of note recorded**. For further details on the financial and commercial transactions between the Group companies and the entities affiliated with the partners and/or directors, the 2023 Consolidated Financial Statements provide information on the relative costs and revenue, as always with a view to compliance and transparency.



THE KIKO GROUP IS COMPOSED OF 25 COMPANIES, OF WHICH THE PARENT COMPANY IS KIKO S.P.A.
 THE COMPOSITION OF THE GROUP IS SHOWN AS OF 31/12/2023.

ECONOMIC RESPONSIBILITY

5

THE MACROECONOMIC CONTEXT¹

2023 was characterized by a complex macroeconomic context, marked by geopolitical challenges and slowed global economic growth. Political tensions in the Middle East and Ukraine contributed to inflationary pressures and a deteriorating global economic outlook. Despite a slowdown in inflation thanks to a decrease in energy prices, levels remained high, negatively influencing the purchasing power of families and slowing down consumption.

The Eurozone experienced a year of economic stagnation, with weakness in the manufacturing and construction sectors, **while the American economy slowed down in the fourth quarter** after strong summer expansion driven by family consumption. **In China on the other hand the crisis in the real estate sector** contributed to slowing down economic activity.

Despite these difficulties, **financial markets recorded strong growth, with the Nasdaq up 43% and the S&P 500 up by 24%**, highlighting a disconnect with the real economy.

A recovery in tourism accelerated in Europe, Asia and the Middle East in the first half of 2023, supported by a surge in tourist bookings, but saw a return to more normal levels in the second half of the year.

¹Source: Bank of Italy: Publications - Economic Bulletin



TRENDS IN THE COSMETICS INDUSTRY ON A GLOBAL LEVEL

In 2023, the Beauty market continued to be extremely dynamic, recording an increase of 8%, according to a study by L'Oréal. This increase was supported by high valuation in mature markets and significant gains in emerging markets, despite fluctuations in raw material prices and uncertainties on the geopolitical scenario.

The cosmetics industry therefore demonstrated great robustness and resilience, constantly adapting to new consumer expectations looking not only for quality, performance and innovation, but also meaning in what they buy. Furthermore, **the market was increasingly characterised by an omnichannel approach**, with growing complementarity between online and retail channels. **On a global level, around 27% of all beauty products were sold online**, significantly expanding beyond the traditional retail realm.

Among the different product categories, **skincare saw significant growth**, driven by two important trends: the search for health and safety, fuelled by the growing presence of skin disorders², and an increase in aesthetic procedures, along with wider use of skincare products prescribed by dermatologists. Factors such as ageing, climate change and stress further contributed to this trend.

Another factor that emerged from the global Beauty market was **the convergence between consumer demand for personalisation and the advent of advanced technological solutions**, such as artificial intelligence, augmented reality and machine learning. **91% of young people and millennials prefer personalised products and services**, and the number of connected consumers is expected to increase significantly from 5.3 billion in 2023 to 7.5 billion in 2030³.

²Source: Global burden of skin disease in 2010

³Source: Digital 2023: Meltwater / We Are Social





MANAGING

TRANSPARENCY AND FINANCIAL SOLIDITY

5.1

KIKO has always adopted a fiscal policy based on certainty, prudence and transparency, aimed at minimising the risk of non-compliance with tax legislation. The KIKO fiscal policy is based on a commitment to tax compliance and transparency, ensuring that all tax returns are accurate and timely and maintaining open communication with the tax authorities. **The tax team,** made up of qualified professionals, **regularly takes refresher courses** to quickly adapt policies to legislative changes and reduce the risk of errors.

KIKO has **mapped the main areas of fiscal risk, by implementing strategies to manage them,** such as tax management compliance with accounting records, managing transfer pricing in cross-border transactions and compliance with local tax regulations.



Particular attention is also paid to managing indirect taxes, tax compliance of e-commerce operations and optimising tax credits.

The BOD has ultimate responsibility for overseeing compliance with the company's tax strategy, approves the tax policies and receives regular updates on tax issues and associated risks.

The CFO is responsible for executive oversight fiscal policies and tax risk management, **assisted by the Head of Global Tax** that heads the tax team in collaboration with other company functions, ensuring an integrated approach to tax management.

In 2023, **KIKO strengthened its oversight and control with a global tax compliance model,** aimed at improving tax risk management for subsidiaries. Using a single centralised consultant it is possible to manage all tax obligations in each country involved, with more thorough monitoring.

Furthermore, **in December 2023, KIKO signed two APA (unilateral Advance Pricing Agreements) with the Italian tax authority, to ensure fiscal certainty** relating to the group's main intercompany transactions.



TANGIBLE VALUE 5.2 FOR ALL STAKEHOLDERS

In the current business scenario, **it is crucial that businesses go beyond simply seeking maximum profit and instead focus on optimising benefits for all their stakeholders**, starting from the local community.

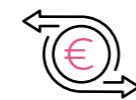
The theory of shared value takes on unprecedented importance today, since it involves solving social challenges through the actions of businesses themselves.

The economic value generated and distributed are essential indicators of the commitment of the company towards this theory, as it aims to create wealth for all parties involved.



€ 797.19 MILLION

SALES REVENUE



92%

% ECONOMIC VALUE
GENERATED AND DISTRIBUTED

In this context, **KIKO stands out as an example of a company that embraces the theory of shared value**, by integrating social and environmental sustainability into its operations strategies.

This is not just an ethical commitment, but a strategic approach that contributes to the competitiveness and long-term growth of the company.



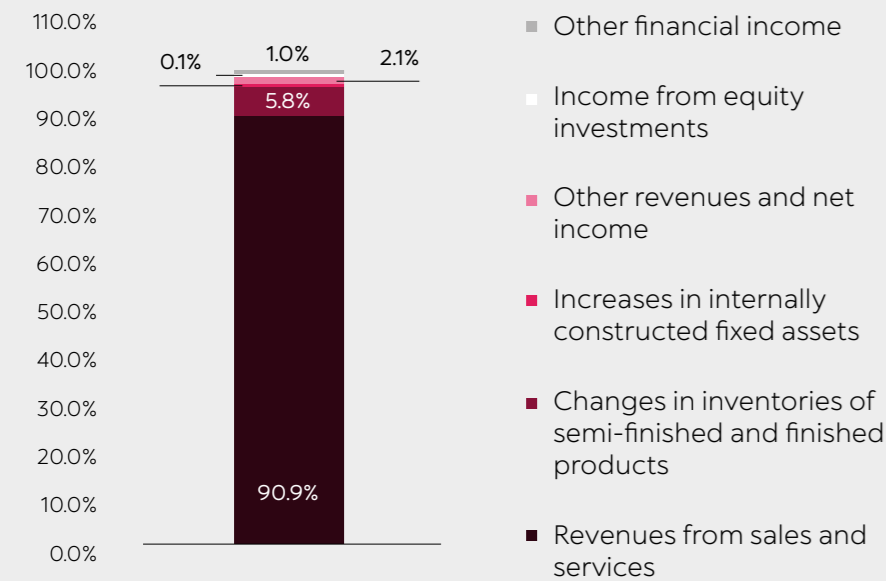
THE ECONOMIC VALUE GENERATED BY THE KIKO GROUP IN 2023 AMOUNTED TO AROUND **877 MILLION EURO**, OF WHICH **92%** WAS DISTRIBUTED TO STAKEHOLDERS.

KIKO provided a framework of the **economic value generated and distributed** by the company to its stakeholders such as suppliers, employees, financial backers and the Public Administration. This value is **the wealth produced by the company and the relative impact on the main categories of stakeholders**, in accordance with the requirements of the GRI standards.

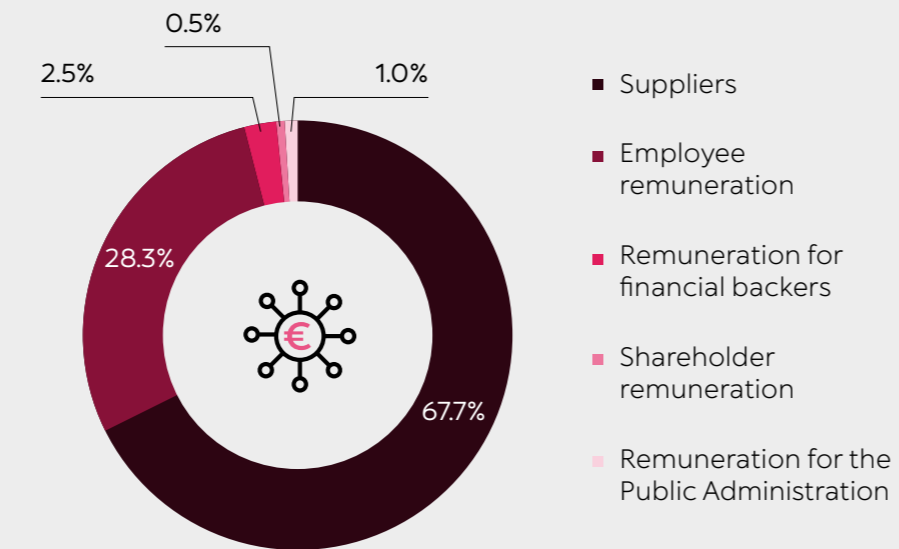


In the 2023 financial year, **92% of the corporate wealth produced was distributed to stakeholders**; in particular, **suppliers and employees** were the categories that benefited the most, receiving respectively around **67.7%** and **28.3%** of the overall distributed value.

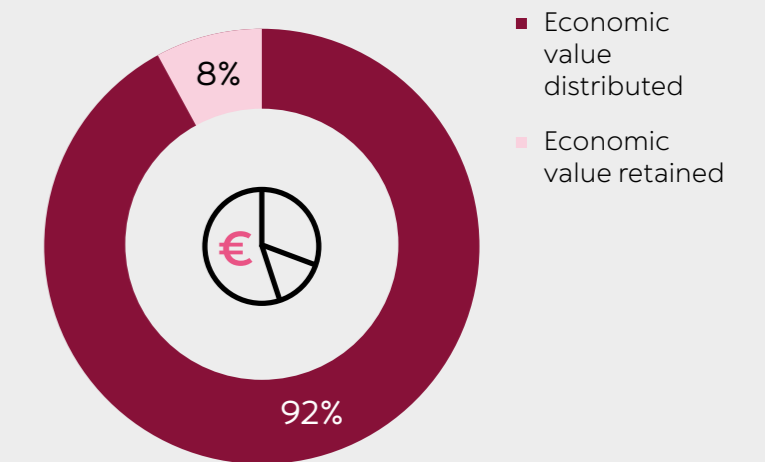
COMPOSITION OF THE ECONOMIC VALUE GENERATED



COMPOSITION OF THE ECONOMIC VALUE DISTRIBUTED



ECONOMIC VALUE GENERATED AND DISTRIBUTED





P

RESERVATION __ 6
AND ENHANCEMENT OF THE ENVIRONMENT



E

NERGY 6.1

RESOURCES USED IN HARMONY WITH THE ENVIRONMENT

KIKO has long been committed to reducing its environmental impact, carrying out specific initiatives and setting ambitious improvement objectives. Adopting these practices is a fundamental driver for the growth of the company by attracting new talent and resources from investors sensitive to environmental issues, as well as a duty to **contribute to building a new sustainable economic model** and protecting the environment for future generations.

Among the main topics of interest is **correct energy management in its various forms**. For this purpose, **in 2024, KIKO will start a process of reporting its energy consumption on a global level**. Like any company that takes its first steps in starting up an environmental data monitoring system, it was not possible to collect complete data in a uniform way for every geographical region. To date, primary information collected refers to consumption at the **Headquarters in Bergamo** and **most European stores¹**; for the rest of the world, reasonable assumptions have been made based on available data.

¹Consumption associated with the use of automotive fuels is also excluded, since it is currently not available and in any case considered negligible on the total.



102,703 GJ
ENERGY CONSUMPTION



-18%
ENERGY INTENSITY PER NET REVENUE BETWEEN 2022



38% OF THE SUPPLY
OF ELECTRICITY IS COVERED FROM RENEWABLE GUARANTEES OF

DUE TO THE NATURE OF THE BUSINESS, **THE CONSUMPTION RECORDED IS ALMOST ENTIRELY ATTRIBUTABLE (99.9%) TO ELECTRICITY**. DATA RELATING TO NATURAL GAS CONSUMPTION FOR HEATING, COLLECTED FROM A LIMITED NUMBER OF STORES IN ITALY IS MARGINAL.

On the electricity supply front, **as of 2022 KIKO started a progressive transition to supply contracts that are 100% covered by renewable Guarantees of Origin (GOs)**. Contracts of this nature are already active for supplies **across Italy and Belgium** (since July 2023); as of 2024 **this will be extended to France, the Netherlands, and Spain**, while Portugal will have to wait until the start of 2025. For all other countries, opportunities for new supply contracts are being evaluated.

On an absolute level, following analysis of the primary data and estimates made, **between 2022 and 2023 a slight contraction (equal to 2%) in total energy consumption was observed** in the Group, confirming a slightly declining consumption profile in the two-year period covered by the report. Considering on the other hand the relationship between energy consumption and economic performance, **compared to a 19% increase in sales revenue, there was a reduction in the energy intensity per net revenue equal to -18%**.

In light of the quality and uncertainty of the data collected, KIKO's commitment for the next few years will translate into a path aimed at improving and consolidating the monitoring system launched this year, to guarantee a correct and detailed analysis of the information, in preparation to identify potential initiatives to improve efficiency and reduce consumption.





NOTE ON THE TABLE

Consumption of stores located in Brazil, France, Belgium, the Netherlands and the Middle East (United Arab Emirates, Kuwait, Bahrain, Qatar, Oman, Jordan) was calculated starting from the average consumption per square metre found in stores located in Italy, Germany, Spain, Portugal, UK and the USA.

Primary data collected on offices relates exclusively to the Headquarters in Bergamo; data on offices on a global level is currently difficult to find and in any case negligible on the total.

DID YOU KNOW?

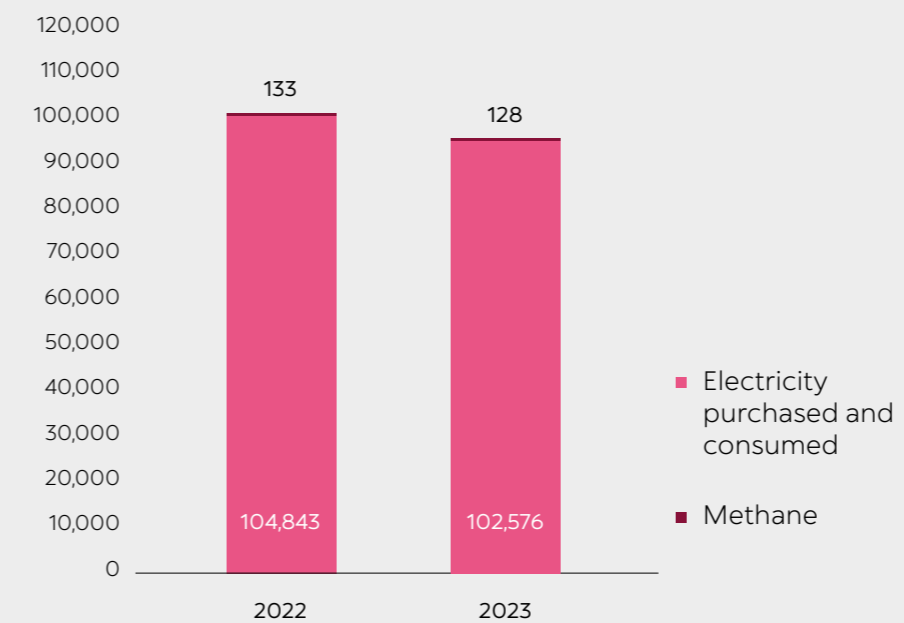


KIKO energy consumption in 2023 was comparable to the energy needed for **20 transcontinental flights** from New York to London in a Boeing 747.

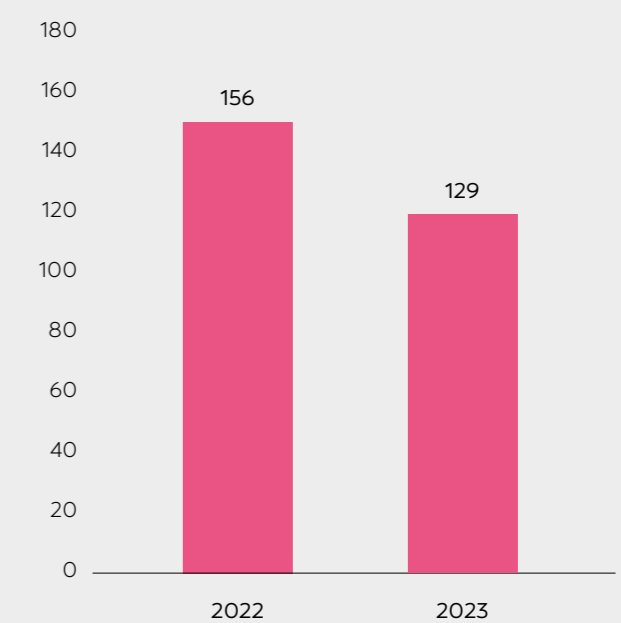
GRI 302-1 ENERGY CONSUMED WITHIN THE ORGANISATION		U.O.M.	2022	2023
ELECTRICITY	Total electricity purchased and consumed	GJ	104,843	102,576
	of which is covered by Guarantees of Origin	GJ	46,275	45,972
METHANE	Natural gas for heating	GJ	133	128
Total energy consumption		GJ	104,976	102,703

GRI 302-3 ENERGY INTENSITY OF INTERNAL CONSUMPTION		U.O.M.	2022	2023
Total energy consumption		GJ	104,976	102,703
Revenues		M€	671.0	797.2
Energy intensity		GJ/M€	156	129

ENERGY CONSUMPTION (GJ)



ENERGY INTENSITY PER NET REVENUE (GJ/M€)



KIKO'S 6.2 CARBON FOOTPRINT

Reporting greenhouse gas emissions is a fundamental component to manage the environmental impact of company activities. Accurately measuring and reporting emissions enables companies to **identify critical areas and develop effective emission reduction strategies**, by actively contributing to the fight against climate change. As defined by the GHG Protocol, international reporting standards, **greenhouse gas emissions are classified into three main "Scopes"**:

SCOPE 1 EMISSIONS

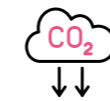
They are direct greenhouse gas emissions from sources that are owned or controlled by a company; these include, for example, emissions resulting from the combustion of fuels in company vehicles, in boilers or proprietary generators.

SCOPE 2 EMISSIONS

They include indirect emissions associated with the energy purchased by the company; these mainly concern electricity and heating purchased from external suppliers.

SCOPE 3 EMISSIONS

They correspond to indirect emissions associated with the company's value chain, both upstream and downstream of its direct activities (e.g., procurement, transport and distribution, waste management, etc.).



2,557 t CO₂eq
SCOPE 1+2 EMISSIONS (MARKET-BASED)



-19%
EMISSION INTENSITY

FOR THE CURRENT REPORTING YEAR **KIKO HAS CHOSEN TO QUANTIFY ITS SCOPE 1 AND 2 EMISSIONS**, BY STARTING A PRELIMINARY ANALYSIS OF THE MOST RELEVANT SCOPE 3 EMISSION CATEGORIES INSIDE ITS BUSINESS.

To calculate Scope 2 emissions there are two distinct approaches, which provide two different reporting perspectives:

- **According to the Location-Based method**, Scope 2 emissions are calculated using average emission factors of the electricity grid in the reference nation; in doing so, the general environmental impact of the local supply network is taken into account, without considering the company's specific supply choices.
- On the other hand, **following the Market-Based approach**, Scope 2 emissions are calculated considering the share of renewable energy certified with Guarantees of Origin resulting from the company's choice of energy supply; this method is therefore rewarding for "green" energy supplies.

In KIKO's case, **Scope 2 was calculated using both approaches**, but to enhance the company's choice to gradually source 100% renewable energy, the narrative will focus on the results obtained with the market-based approach.

The resulting emission framework for 2022 and 2023 followed what had already been observed for energy consumption, with **Scope 1 emissions (associated with natural gas consumption) limited to less than 1% of the total; 99.7% belonged to Scope 2, with emissions associated with the energy consumption** in offices and stores. The benefit deriving from the purchase of renewable electricity with Guarantees of Origin emerges very clearly from the comparison of **market and location based Scope 2 emissions: in 2023 the former amounted to the equivalent of 2,505 tons of CO₂, while the latter are more than double**. Extending to 100% renewable supply globally will guarantee a progressive reduction in associated emissions, until they reach zero.





OVERALL, AS FOR ENERGY CONSUMPTION, **BETWEEN 2022 AND 2023 TOTAL SCOPE 1 AND 2 EMISSIONS SAW A SLIGHT REDUCTION, EQUAL TO 4%, WHILE CARBON INTENSITY PER REVENUE SAW A SIGNIFICANT DECREASE, EQUAL TO -19%.**

Generally speaking, considerations made on the quality and accuracy of energy data also affect the related emission estimates; the systematisation of information that KIKO intends to guarantee for its environmental data, as a result will guarantee an improvement in the quality of its emissions inventory, allowing for more targeted assessments of reductions and compensation action to be planned over time.

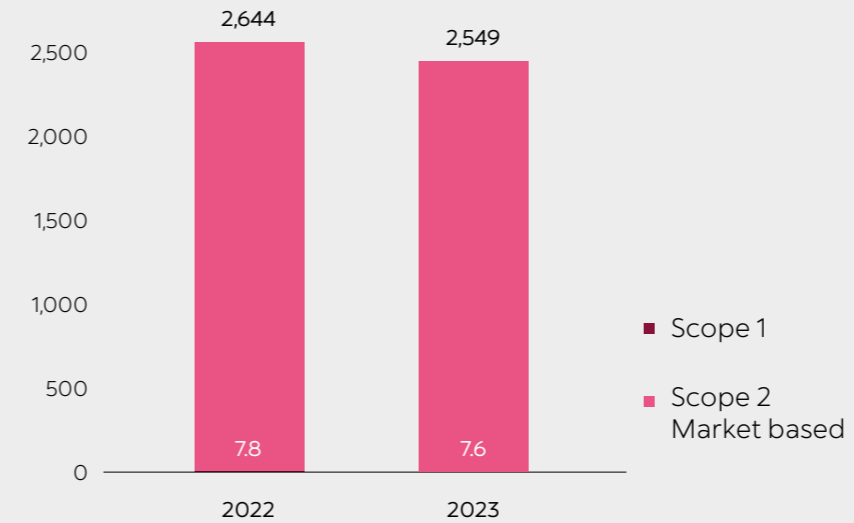
NOTE ON THE TABLE

Scope 2 emissions were calculated using emission factors from the International Energy Agency (IEA, Emission Factors for Energy 2022).

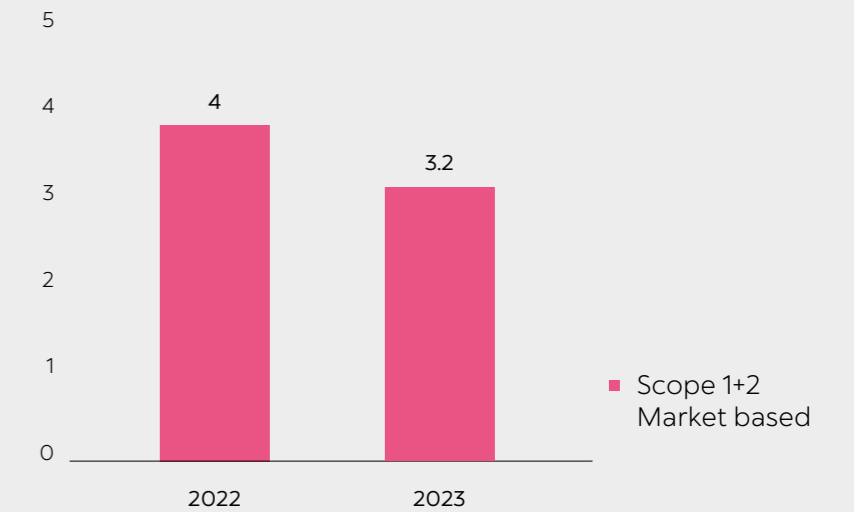
GRI 305-4 GHG EMISSIONS INTENSITY	U.O.M.	2022	2023
Revenue	€	671,017	797,187
Intensity Scope 1+2 Market based	g CO₂eq/€	4	3.2

GRI 305 EMISSIONS	U.O.M.	2022	2023
GRI 305-1 Direct (Scope 1) GHG emissions			
Methane	t CO ₂ eq	78	76
Total Scope 1	t CO ₂ eq	78	76
GRI 305-2 Energy indirect (Scope 2) GHG emissions			
From purchased electricity – Location based	t CO ₂ eq	6,884	6,692
From purchased electricity – Market based	t CO ₂ eq	2,644	2,549
Total Scope 1 + Scope 2 Location based	t CO₂eq	6,892	6,700
Total Scope 1 + Scope 2 Market based	t CO₂eq	2,652	2,557

SCOPE 1 AND SCOPE 2 EMISSIONS MARKET BASED



CARBON INTENSITY PER REVENUE (kgCO₂eq/K€)





EFFICIENT WASTE MANAGEMENT TO REDUCE WASTE

6.3

In the context of environmental sustainability, **waste management is one of the most crucial elements for minimising the ecological impact of daily activities**. KIKO's commitment is increasingly aimed at circular economy practices and aims not only to reduce the amount of waste sent to landfills, but also to **enhance resources through recovery and recycling**, thus contributing to protecting the environment and the well-being of local communities.

Given the nature of the operations carried out by the company and the type of buildings falling within the reporting perimeter (offices and stores), there is no regulatory obligation to monitor waste management data. In fact, **most of the waste produced is treated as urban waste and subject to collection by local municipal companies**, therefore it goes beyond the traceability and transparency requirements applied at national level.

The framework expands further considering the global dimension of the company, whose offices are located in countries with less stringent waste regulations, which makes the collection of information partial and fragmented.

THE STRENGTH OF RECOVERY

The Paris office is a virtuous example of waste management at KIKO, as, in collaboration with the company involved in collection and transfer operations, **all of the waste produced is destined for recovery operations**¹. During 2022 and 2023, this initiative made it possible to **recycle 387 kg of paper and 18 kg of toner**, with **overall savings of around 74 kg of CO₂**².

¹Classified with an R5 code.

²Data received from the company Le Joyeux Recycleurs in reports supplied to KIKO.

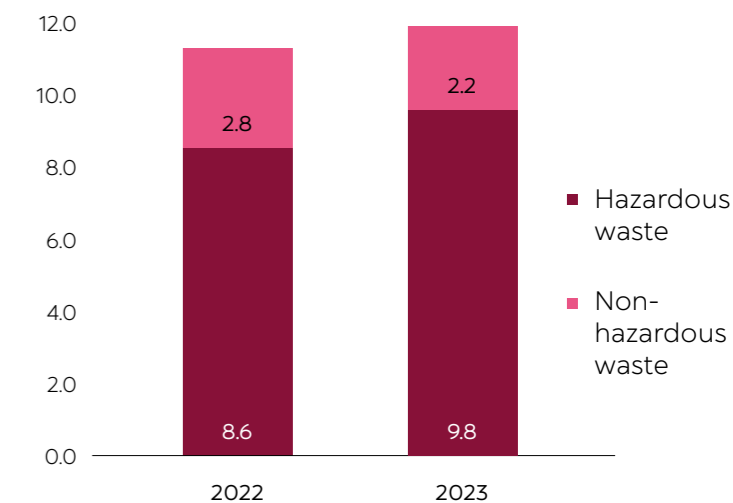


The data reported below therefore refers to the information available only for the offices in Bergamo and the stores in Italy.

As expected from the nature of KIKO's business, **the main waste flows traced correspond to those generated by stores**, with a contribution on the total **equal to 98% in 2023**. The vast majority of waste produced is from **off-specification batches and unsold products**, identified as a category of hazardous waste, **which in 2023 was 81% of the total**. To date, in normal industrial practice **this type of waste is mainly intended for disposal operations, with a quota equal to 79% in 2023**. In any case, between 2022 and 2023, there were no significant increases in the total volumes of waste produced, with an overall value limited to +5%.

In conclusion, also on the waste management front the company aims to proceed with developing special policies and procedures that make it possible to monitor more complete and homogeneous data across the entire reporting perimeter.

WASTE (tons)



NOTE ON THE TABLE

Data refers solely to the offices in Bergamo and stores in Italy.

GRI 306-3 WASTE GENERATED		U.O.M.	2022	2023
Hazardous waste		t	8.6	9.8
Non-hazardous waste		t	2.8	2.2
Total		t	11.4	12.0

GRI 306-4 | WASTE DIVERTED FROM DISPOSAL

U.O.M.

HAZARDOUS WASTE

	U.O.M.	2022			2023		
		ON SITE	OFF SITE	TOTAL	ON SITE	OFF SITE	TOTAL
Preparing for re-use	t	0	1.9	1.9	0	1.7	1.7
Recycling	t	0	0	0	0	0	0
Other recovery operations	t	0	0	0	0	0	0
Total	t	0	1.9	1.9	0	1.7	1.7

NON-HAZARDOUS WASTE

Preparing for re-use	t	0	1.6	1.6	0	0.8	0.8
Recycling	t	0	0	0	0	0	0
Other recovery operations	t	0	0	0	0	0	0
Total	t	0	1.6	1.6	0	0.8	0.8

GRI 306-5 | WASTE DIRECTED TO DISPOSAL

U.O.M.

HAZARDOUS WASTE

	U.O.M.	2022			2023		
		ON SITE	OFF SITE	TOTAL	ON SITE	OFF SITE	TOTAL
Preparing for disposal	t	0	6.7	6.7	0	6.7	6.7
Incineration with energy recovery	t	0	0	0	0	0	0
Incineration without energy recovery	t	0	0	0	0	0	0
Transfer to landfill	t	0	0	0	0	0	0
Other disposal operations	t	0	0	0	0	0	0
Total	t	0	6.7	6.7	0	6.7	6.7

NON-HAZARDOUS WASTE

Preparing for disposal	t	0	1.2	1.2	0	1.2	1.2
Incineration with energy recovery	t	0	0	0	0	0	0
Incineration without energy recovery	t	0	0	0	0	0	0
Transfer to landfill	t	0	0	0	0	0	0
Other disposal operations	t	0	0	0	0	0	0
Total	t	0	1.2	1.2	0	1.2	1.2



SUSTAINABLE RAW MATERIALS 6.4

KIKO is well aware that **is not enough to guarantee the natural origin of raw materials so they can be defined as sustainable.** In addition to the origin of the materials, it is necessary to take into consideration **procurement, extraction and processing procedures**, ensuring good practices with a reduced impact on the balance of ecosystems and local communities.

In light of this awareness inside KIKO a definition of sustainable raw materials has been coined which takes into consideration the concept of "impact" extended from the environmental to the social sphere.

Materials supplied are defined as "sustainable" if and only if:

- they are produced, cultivated or obtained through **a supply chain that reduces the direct and indirect consumption of natural resources and the environmental impact** on ecosystems;
- **they aim to improve social impact**, for example through the exclusion of GMO materials and potentially risky ingredients for the health of the planet and humans, **ensuring the absence of child labour** along the entire supply chain.



PALM OIL

USED ONLY IF RSPO (ROUNDTABLE ON SUSTAINABLE PALM OIL) CERTIFIED



35% ON AVERAGE

OF SUSTAINABLE INGREDIENTS IN ALL NEW FORMULATIONS



100% OF NEW PRODUCTS

ARE FREE FROM SOLID PLASTIC MICROBEADS



100% OF NEW PRODUCTS

FREE FROM SUBSTANCES OF VERY HIGH CONCERN (SVHC) FOR HUMAN HEALTH AND ECOSYSTEMS

Inside its Quality Guidelines, **KIKO requires its suppliers to ensure that new formulations are free from the prohibited substances on its Blacklist** and contain a minimum amount of sustainable ingredients equal to 30%.

In 2023, this requirement was largely satisfied, **with an average 35% of sustainable ingredients** in all new formulations; the goal for 2030 will see this percentage rise to 60%.

DID YOU KNOW?

PFAS are perfluoroalkyl substances contained in everyday objects, from non-stick tableware to water-repellent packaging, which in recent years have been the subject of investigation for their effects on health and the environment.

To date, studies on the impact of PFAS are looking deeper into **the potential negative effects on the atmosphere** (specifically, on the ozone layer) **and humans**, who ingest them by bioaccumulation in plants and water resources, with potential consequences on internal organs (such as the liver and thyroid).



CIRCULAR ECONOMY INITIATIVES FOR PACKAGING

6.5

In KIKO, **circularity means** maximising the useful life of assets, i.e., **recycling and reusing materials to create new products**, thus helping to reduce the use of natural resources and the resulting environmental impact. For this reason, **KIKO packaging favours the use of homogeneous, recyclable or recycled materials, equipped with sustainability certifications.** A path already embarked on in 2015, that saw the company **introduce important initiatives:**

REPLACING WHITE PAPER WITH KRAFT PAPER

sourced from responsibly managed forests for all secondary packaging.

CONSTANTLY INCREASING THE USE OF BIOPOLYMERS

(e.g. sugar based or PLA) to replace virgin plastic.

ELIMINATING INFORMATION LEAFLETS

from all packages to reduce paper consumption.

ELIMINATING MAGNETIC FASTENERS

replacing them with pressurised ones, promoting single-material packaging, which is easier to recycle.

REPLACING METAL FILMS

with off-set, less polluting prints.

REMOVING SECONDARY CAPS

from all nail polishes to reduce plastic content.

INCREASING THE PERCENTAGE OF PCR PLASTIC

(Post Consumer Recycled) in all new products.

ELIMINATING PLASTIC FROM DIRECT

e-commerce shipments worldwide.

Every sustainability initiative at KIKO on the one hand is implemented based on a growing sense of corporate responsibility, and on the other paying attention to an increasingly aware market and consumers increasingly sensitive to the impact of their lifestyle and their purchasing choices.

For this reason, **KIKO Customers are among the main sources of corporate inspiration** and listening and feedback channels are always active and open with a view to continuous improvement.



100%

% OF CERTIFIED PAPER PACKAGING FROM RESPONSIBLY MANAGED FORESTS





THE KIKO — 7 CORPORATE COMMUNITY

Over the years, KIKO has managed to establish **a relationship of mutual trust with its employees** based on the sharing of common values and on the active participation of each individual in achieving company objectives.

Just as happens in a community, what distinguishes KIKO employees all over the world is their adherence to a shared value system, in which each individual can recognise themselves.

The ability to involve its employees in building common values is without a doubt a strength of KIKO which has been able to **place its people at the centre of its growth strategy**, making them protagonists of the company vision and mission.



PEOPLE 7.1

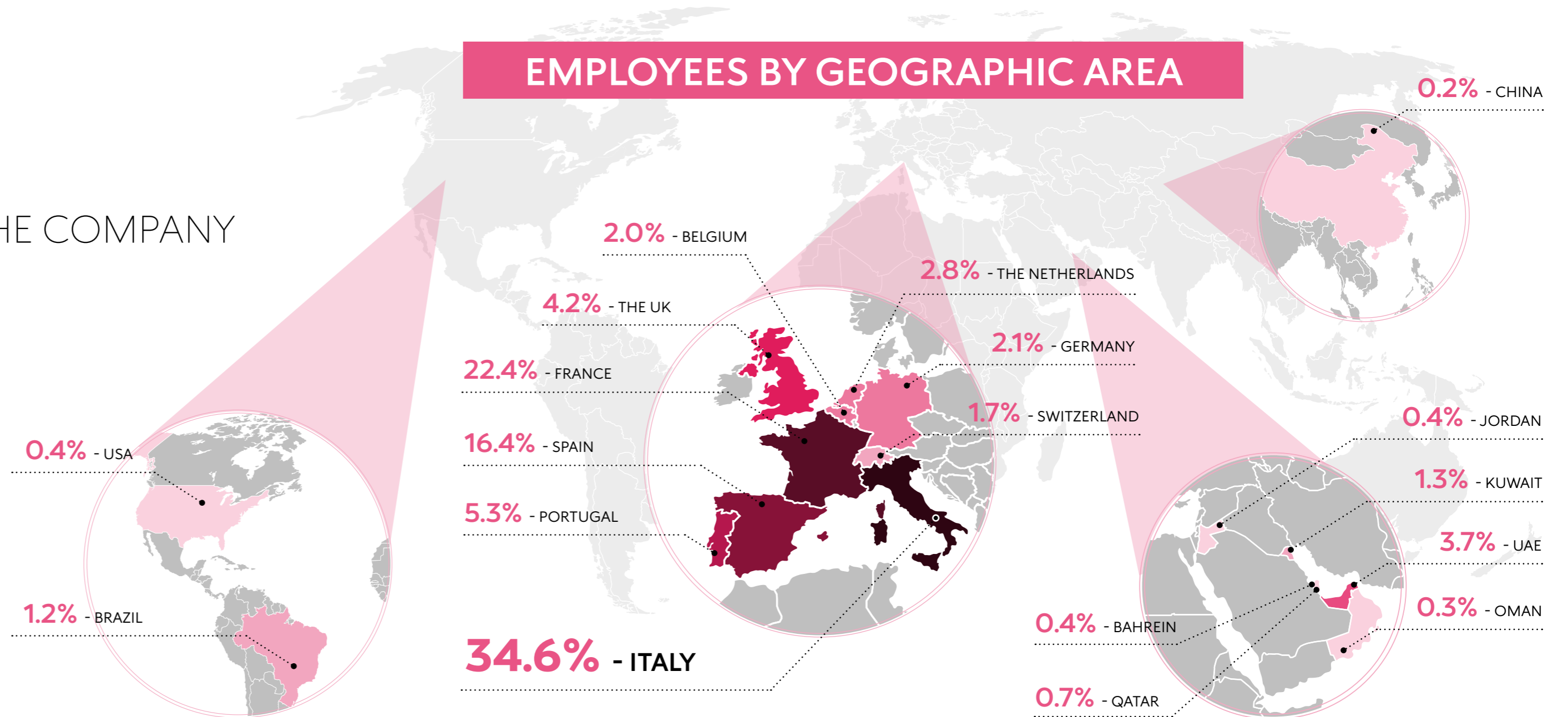
AT THE CENTRE OF THE COMPANY GROWTH STRATEGY

In 2023, KIKO had 7,269 employees, with an increase of around 4% compared to 2022. This change in staff, both to the Retail environment and to head office staff, is linked to strengthening the structure to support business development projects.



7,269

NUMBER OF EMPLOYEES





INDIVIDUAL 7.2

WELL-BEING AND PROFESSIONAL GROWTH

At KIKO, **human resource management is driven by the will to combine the individual well-being and professional growth of each resource**, in line with each person's aspirations and needs.

For this reason, from the moment of hiring, each employee is included within **an ad hoc growth path, based on 3 pillars:**

- **Accompanying and supporting the employee in all phases of their career path**, starting with onboarding, so everyone can experience an engaging work experience which sees them at the centre of a coherent project of growth and development
- **Promoting a culture of mutual and constructive feedback**, to facilitate solid relationships aimed at achieving results together
- **Building a tailor-made growth path**, aimed at enhancing the potential of each person and achieving individual and corporate objectives.



33,219 HOURS
OF TRAINING PROVIDED



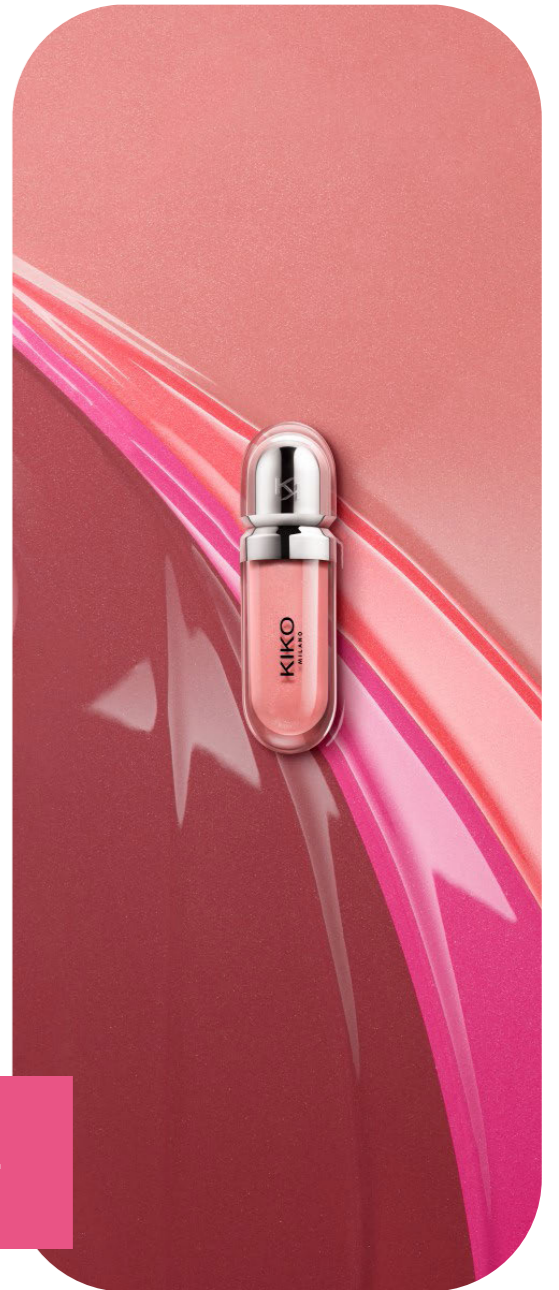
5 AVERAGE HOURS
OF TRAINING PER EMPLOYEE

In the framework described, the well-being of employees is a fundamental condition for the growth path to be achieved. For this reason, **KIKO set up a series of initiatives aimed at consolidating a culture of well-being in the company and promoting work-life balance.** Firstly, the company guarantees its employees in the offices **a flexible smart working policy** which includes the possibility for new parents to request an extension to the number of remote working days.

All Italian employees also have access to a corporate welfare package aimed at facilitating the purchase of goods and services of various kinds with special discounts. At the same time, employees have access to **a supplementary health fund** for screenings and medical visits at discounted prices and with shorter waiting times.

Finally, with the aim of spreading a culture of prevention, **in collaboration with the Fondazione Umberto Veronesi, KIKO organises training meetings at the headquarters aimed at raising awareness with employees.** Furthermore, in the field of welfare, every company in the KIKO Group can choose to activate packages and **ad hoc initiatives**, in line with the specific social and cultural needs of employees present in various areas around the world.

A VIRTUAL EXAMPLE IS KIKO UK WHICH HAS MADE "YULIFE" AVAILABLE TO ALL ITS EMPLOYEES: AN AN EMPLOYEE ENGAGEMENT APP FOCUSING ON SAFETY AND WELL-BEING ISSUES.



Since 2020, thanks to a partnership with “Crescere Insieme”, the company has started a series of meetings on topics related to well-being. Furthermore, the objective for the next three years is to strengthen training in this area, through thematic focuses on mental, physical and emotional well-being.

The well-being of employees is an integral part of the ambitious training programme which KIKO has implemented for its resources.

Through the BeKIKO Learning Hub (LH) platform, the company offers high-quality training courses to its employees, customised based on the role and position held and available in e-learning mode.

To guarantee equal rights and growth for all, the contents of the platform are aimed at all company employees: Retail staff, those at the Headquarters and branches.

As of 2023 a “ Data culture learning path”, has been implemented aimed at creating a common corporate culture regarding data management.

The goal of the entire training offering is to foster growth in people’s skills, whether they are “hard” or “soft” and managerial.

To confirm this, as of 2023, the BeKIKO LH platform also hosts the “Boost” programme: a training course on well-being and change management. The program addresses, through special content, the 4 dimensions of individual well-being: physical, mental, emotional and motivational and aims to provide participants with concrete tools to proactively manage change at a personal and work level, to fully achieve their potential.



The importance attributed to individual training is confirmed by the data highlighted in the table, relating to the hours of training provided in 2023 divided by employee category and type of course taken. In particular, the majority of training hours are aimed at the employee category which includes all the company employees in the stores. Staff in KIKO stores receive specific technical training on issues relating to the company's business at a retail level.

Given the great corporate attention towards the growth of its people, 21% of the training hours provided concern aspects related to soft skills and the acquisition of managerial skills. Employees, also receive specific training on safety at both store and retail levels. Furthermore, in 2023, 4,278 employees participated in the training course on the Code of Ethics, for a total of 1,283 hours (4% of total training hours). In 2023 every KIKO employee received an average of 5 hours of training.

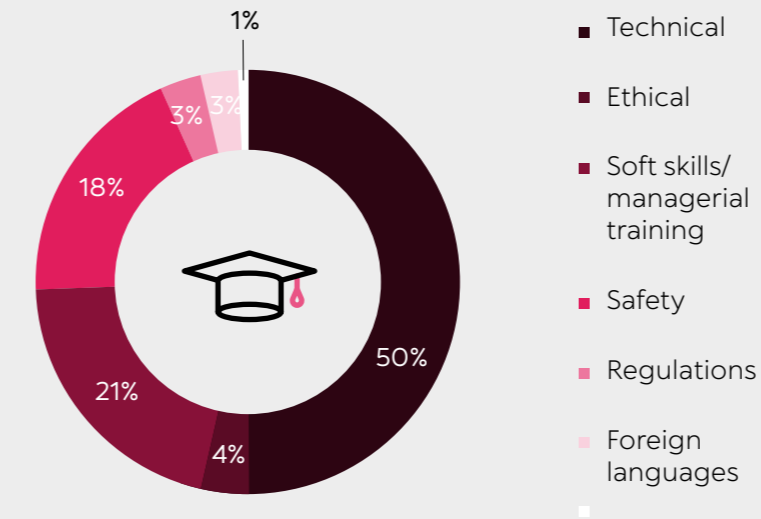


GRI 404-1 | AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER AND PROFESSIONAL CATEGORY

	2023
Total employees	33,219
Female	29,940
Male	3,279
Executives	357
Female	135
Male	222
Middle managers	7,034
Female	6,274
Male	760
Administrative staff	25,828
Female	23,531
Male	2,297

KIKO HAS STRUCTURED AN INTERNAL PERFORMANCE MANAGEMENT PROCESS WITH THE AIM OF ACCOMPANYING ITS PEOPLE ON A COHERENT AND PROGRESSIVE GROWTH PATH. THIS PROCESS INVOLVES THREE FUNDAMENTAL TOUCHPOINTS DURING THE YEAR.

TRAINING PROVIDED IN 2023



The first step is where individual SMART objectives are set, based on the role held and the employee's aspirations, in line with company objectives.

The second step is the Mid-Year Review, in which, in agreement with the employee, progress of the established objectives is evaluated to identify any gaps and, where necessary, redefine expected performance.

Finally, the process ends with the End of Year Conversation: a moment of mutual feedback aimed at final evaluation of individual performance and sharing ideas for improvement.

The Performance Management process ensures that employees, during their experience in the company, are accompanied on a path of continuous growth, aimed at fully enhancing everyone's potential.

With the aim of involving its employees not only in personal growth paths but also in the construction of common corporate objectives, KIKO holds monthly and annual meetings to share strategic company choices and future projects.

This is the case of the HQ Connect, a monthly event, led by the CEO aimed at aligning Headquarters staff on results and future strategic priorities. Instead the Strategic Deployment Meeting (SDM), is held annually, a meeting involving Senior Leaders and main stakeholders on a global level to share the projects being planned.



THE SAFETY OF OUR PEOPLE

7.3

In line with company principles, **the psycho-physical well-being of its people is an absolute priority for KIKO**. With the aim of defining global guidelines and regulating bans and duties regarding health and safety, **KIKO has drawn up a shared policy: "Respect People: Health and Safety at Work"**. Given the regulatory specificities of each country, the policy is a starting point to be integrated with additional rules and procedures, in compliance with national laws and regulations.

To ensure the protection of health and safety in the workplace, KIKO follows a dual strategic approach: firstly **by adopting measures and procedures in line with current legislation** on a national level and **nurturing a safety culture** in which each employee feels involved and directly responsible for their actions, aimed at ensuring their own safety and that of others.

ITALIAN LEGISLATIVE DECREE NO. 81/08 AND SAFETY EQUIPMENT IN ITALY

As established by Italian Legislative Decree No. 81/08, **KIKO has drawn up a Risk Assessment Document (DVR)** in which the dangers and risks associated with work activities are documented, including those affecting employees of external companies, customers and visitors. The document was **drawn up by the Employer and the Prevention and Protection Service Manager (RSPP), with the collaboration of the Company Doctor and Workers' Representatives (RLS)**. The company has also prepared an "Occupational Health and Safety Organisational Chart" to identify the figures responsible for supervising and managing health and safety. In the absence of substantial changes that require a review of the risks and measures associated with them, the risk assessment is updated annually.

With the aim of preventing and minimising the risk of injury, KIKO provides occupational health services for its employees. In particular, **periodic health surveillance visits are scheduled** for employees working in the offices which are carried out by the company doctor. Employees in stores have the possibility to consult the company doctor and request a visit whenever they deem necessary.

In stores applying the safety regulations and reporting any necessary improvements are the responsibility of Store Managers, supported by Area Managers. In general given the nature of the KIKO business, **the analysis conducted highlighted a very low risk of injury or the onset of occupational diseases**. In the event of injuries, they are investigated by the HSE and HR departments analysing the causes and thus defining the appropriate corrective action to prevent these incidents from happening again. Furthermore, to verify the adequate implementation of health and safety regulations, stores are periodically subject to internal audits by HSE and Area Managers and by external consultants.



Safety is also a fundamental criterion in the selection of suppliers, external maintenance workers and companies contracted to the company. Whenever a new commercial relationship is established with a third party, KIKO asks the Consolidated Interference Risk Assessment Report to be signed (DUVRI) aimed at identifying potential dangers arising from interaction between third party companies or freelance employees and KIKO personnel and defining the coordination measures necessary to guarantee the health and safety of workers.

Employees are encouraged to report any type of risky situation directly to Store Managers and Area Managers, if they are operational in the stores, or by sending a direct communication to the health and safety contact person if they are employed at head office level. To encourage employee engagement, the company has implemented a series of measures aimed at raising awareness among employees on the risks linked to a lack of safety in the workplace using a widespread training and information strategy.

In particular: at the time of hiring, each employee undergoes general and specific health and safety training in e-learning mode, and the same training course must be repeated every five years. In addition to these courses provided for by current law, in 2023 KIKO added specific training on risks related to air quality in the workplace and the risks related to carrying out operations in underground rooms.

For some employees involved in emergency management, ad hoc training on First Aid and Fire Prevention is also provided.



THE NUMBER OF ACCIDENTS RELATING TO THE TWO-YEAR PERIOD CONSIDERED IS SHOWN BELOW:

GRI 403-9 NUMBER OF ACCIDENTS INVOLVING EMPLOYED AND NON-EMPLOYED WORKERS	U.O.M.	2022	2023
Total number of recordable injuries	no.	164	216
Which occurred to employees	no.	164	216
Which occurred to non-employees	no.	0	0

INVOLVEMENT AND SUPERVISION

In 2024 two new courses on safety are scheduled to start: the first one relating to safe driving and the second for employees in stores focused on managing aggression in stores.

Furthermore, a meeting is called annually in which the Employer, the RSPP, the Company Doctor, the RLS and any other interested figures participate to monitor the injury situation and the quality of health and safety training, and any updates to the DVR. In 2024 a HSE Review session will be implemented which will involve the Country Director and the Retail Director, with the aim of creating a permanent communication and coordination channel on health and safety issues.

Finally, to ensure full integration of the company projects described above, in 2023 KIKO introduced a new corporate safety management system: Zucchetti Safety, where all initiatives on matters relating to HSE converge.





OUR COMMITMENT: 7.4

CELEBRATING DIVERSITY EVERY DAY

Respect for the rights of every individual, regardless of ethnicity, culture, gender, age, beliefs, sexual orientation, nationality, religion and opinions, is a cornerstone of the relationship between KIKO and its employees. For this reason, **the company is actively engaged in creating a working environment where diversity is a value to be celebrated every day**, through inclusion policies at all company levels.

These values are directly reflected in the company population where **women make up 94% of total employees**. Furthermore, **with an average age of employees of 32 and more than 60% of the company population aged between 20 and 30** KIKO confirms itself as a company capable of enhancing young resources by facilitating access to the job market.

With the aim of formalising its commitment to fighting all forms of discrimination, **KIKO has drawn up a Respect, Dignity and Fair Treatment Policy**. This document, together with the Code of Ethics, dictates the company guidelines regarding the protection of equality, meritocracy and transparency and must be shared and followed by the entire KIKO company population on a global level.



94%
FEMALE EMPLOYEES



60%
OF EMPLOYEES UNDER 30



32 YEARS
THE AVERAGE AGE OF EMPLOYEES



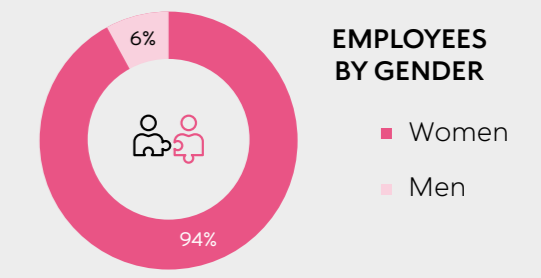
116 EMPLOYEES
BELONGING TO PROTECTED CATEGORIES

Furthermore, aware of the importance of building a common culture on the issues of diversity and inclusion, **KIKO activated an ad hoc training session, "Inclusive Mindset"**, addressed to all employees aimed at promoting the concept of diversity as a positive value and source of common growth. The commitments described are confirmed in the choice of **guaranteeing 116 jobs for vulnerable people** that fall into protected categories.

Through the Code of Conduct for Business Partners which will be published in 2024, **the company is committed to ensuring the principles of protecting diversity and combating discrimination are respected** not only within the company but **at all levels of the value chain**. Furthermore, from a future perspective, KIKO developed an ambitious program of initiatives aimed at promoting the inclusion and well-being of all employees. Among these, creating an inclusive company calendar that adapts to the holidays and anniversaries of the heterogeneous company population. Furthermore, the activation of a psychological support network is planned with the aim of guaranteeing a space for listening and discussion for all employees.

GRI 405-1 PROTECTED CATEGORIES	2022	2023
Female	114	114
Male	3	2
Total	117	116

GRI 405-1 EMPLOYEES BY SENIORITY	2022	2023
Average age of employees	33	32
Average length of service	6	5





R

RESPONSIBLE — 8

INTERACTION WITH THE VALUE CHAIN

KIKO believes that generating a positive impact for its stakeholders is one of the key values of the company's work. Through its mission, **the company aims to promote a positive transformation in environmental, social and economic terms**, encouraging the spread of the concept of universal beauty it advocates.

This transformation, from a company perspective, involves not only all customers, but also all those who operate along the company's value chain.

This chapter will address and look at the corporate strategies in detail which **KIKO has chosen to promote positive change with in its relationships with its suppliers, customers and the entire community.**



SUPPLY CHAIN MANAGEMENT 8.1

KIKO believes that **supply chain management and control are elements of fundamental importance for the stability of the company business.** Acting downstream of the supply chain, by monitoring the performance of its suppliers is essential **to ensure KIKO product quality and customer satisfaction.**

With **the objective of involving the entire supply chain in the ESG path undertaken,** KIKO chose to **evaluate its suppliers** not only on technical standards but also **on their sustainability performance.** This decision is perfectly in line with the company objective of mitigating the impact generated upstream and downstream of the supply chain, generating a positive impact on the entire value chain.

The KIKO corporate strategy on matters relating to **sustainable supply chain management** starts from an in-depth knowledge of its suppliers, the company has established stable and long-term relationships with. In particular, company suppliers can be divided into **two macro groups: direct or product suppliers, and indirect suppliers.**

76% OF DIRECT SUPPLIERS ARE IN EUROPE, AND BELONG TO THE FOLLOWING CATEGORIES



BULK SUPPLIERS



SHIPPING PACKAGING SUPPLIERS



PRIMARY PACKAGING SUPPLIERS

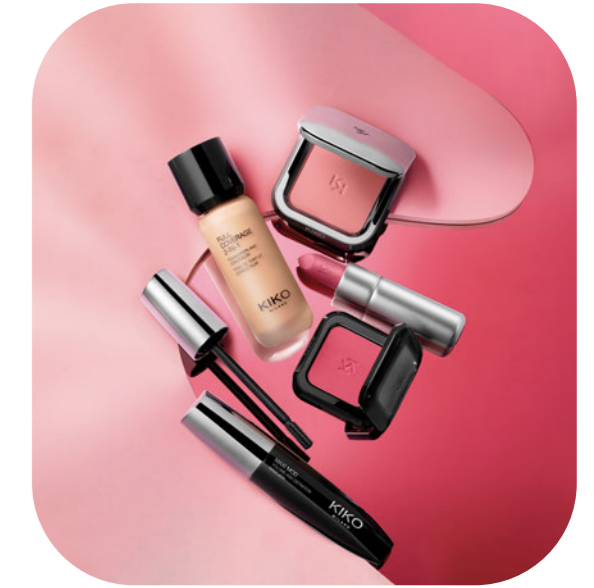


ACCESSORY SUPPLIERS



SECONDARY PACKAGING SUPPLIERS

WITH REGARD TO INDIRECT SUPPLIERS 96% ARE IN EUROPE.



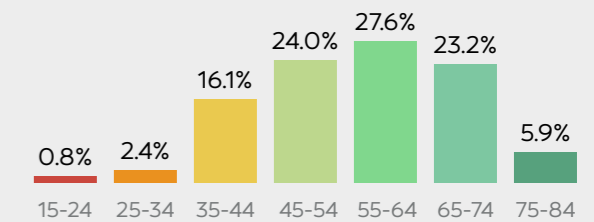
In the last few years, **KIKO asked a handful of key suppliers to certify their ESG performance using the EcoVadis platform,** a tool aimed at providing a score from 0-100 based on the environmental, social and economic results of companies.

In 2023, **61 suppliers answered the EcoVadis questionnaire and 81% of them received a score higher than 45.**

For 30 suppliers the EcoVadis evaluation process is still in progress and only 1 supplier declined the invitation to fill in the questionnaire.

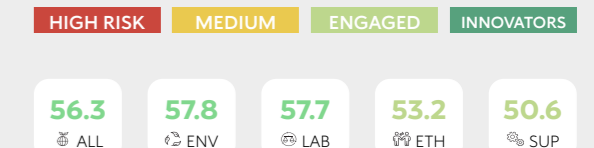
61 COMPANIES RATED

(BOTH BY KIKO INVITATION AND VIA SHARING)



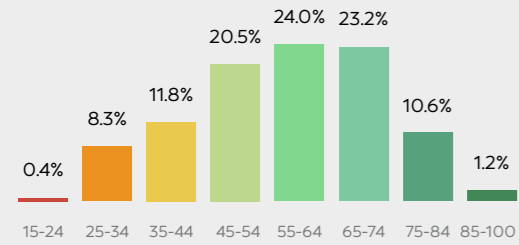
81%

OBTAINED A RATING OF 45+

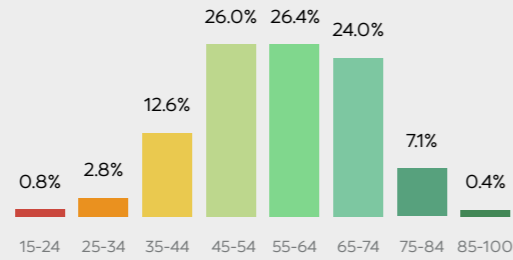


DISTRIBUTION OF RATINGS BY TOPIC

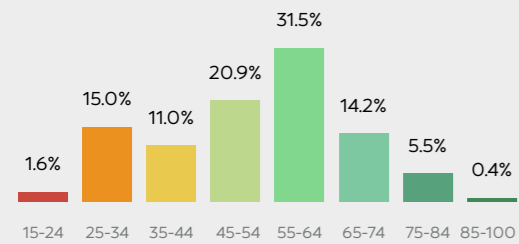
ENVIRONMENT



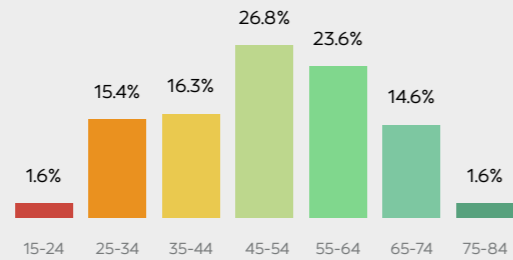
LABOUR & HUMAN RIGHTS



ETHICS



SUSTAINABLE PROCUREMENT



Considering the excellent results achieved KIKO chose to set increasingly challenging objectives and, **by 2024, the company aims to certify direct suppliers that fall into the following spending categories:**

- **BULK SUPPLIERS**
with expenditure greater than or equal to **1 million**;
- **SHIPPING PACKAGING SUPPLIERS**;
- **PACKAGING SUPPLIERS**
(primary and secondary) that generate **80% of the total expenditure** in the category;
- **ACCESSORY SUPPLIERS**
that generate **80% of the total expenditure** in the category.

By 2025 furthermore, **KIKO intends to implement a supplier mapping system based on ESG parameters.** This will be done with a qualification questionnaire in which the supplier will be asked to answer questions relating to relevant ESG aspects such as, for example, the presence or absence of a sustainability report and the calculation of its corporate emissions, EcoVadis registration, the presence of a sustainability manager within the company and any ESG targets.

To verify compliance with contractual conditions, **KIKO subjects its suppliers to specific audits and controls.** In particular, bulk suppliers, packaging (primary and secondary), accessories and logistics services are subjected to quality process audits **in compliance with ISO 22716 and ISO 9001.** The Technical Department, in agreement with Quality Control, also carries out **ethical audits** at the premises of its non-European suppliers. In particular, inspections are carried out on environmental and social issues (health and safety, child labour and young workers, working hours, wages and benefits and working standards).

With a view to formalising the adhesion of suppliers to ESG principles and logic, in 2023 some additional clauses **were introduced by KIKO into business contracts** that must be signed by suppliers. Among these, **an invitation to operate within the 2030 Agenda framework**, contributing to the achievement of the 17 Sustainable Development Goals; **a commitment to guaranteeing high standards in environmental and social fields, transparent communication on performance for the entire duration of the contract, as well as monitoring and evaluating the same using EcoVadis.**

THE FRANCHISE SELECTION PROCESS

Just like for suppliers, when choosing its commercial partners KIKO also applies a strict evaluation scheme aimed at ensuring reliability and compliance with ethical principles by franchisees on a global level.

Preliminary screening of partners is carried out on the basis of **6 parameters:**

1. **RETAIL EXPERTISE**
2. **REAL ESTATE EXPERTISE AND NETWORKING**
3. **COSMETICS PRODUCTS AND ACCESSORIES IMPORT AND DISTRIBUTION REGULATORY AND QUALITY**
4. **FINANCIAL SOLIDITY**
5. **LEGAL CHECK**
6. **PARTNER REPUTATION**





KIKO ALONGSIDE

ITS CUSTOMERS: QUALITY PRODUCTS AND TRANSPARENT COMMUNICATION

8.2

The concept of the “**democratisation of beauty**”, an integral part of KIKO values, means concretely placing the customer at the centre of company strategies, **guaranteeing high quality products at affordable and competitive prices**. It is precisely on the basis of careful analysis of the needs of its customers that KIKO undertook a path of continuous research and innovation, aimed at constantly improving products and to design new ones in line with the needs of its consumers, increasingly attentive to the quality and sustainability of the cosmetics they purchase.

This trend of research and product innovation is closely linked with **growing attention towards protecting the environment**. This is reflected in the continuous **search for sustainable raw materials that respect human rights** as well as in choosing packaging with a reduced environmental impact.

To guarantee high standards in terms of product quality and safety, the company has implemented solid internal procedures that involve the entire supply chain. In particular, through the **Quality Guidelines**, KIKO shares policies and company guidelines on quality and compliance with its suppliers. As an attachment to every supply contract, the Quality Guidelines have a binding value and every supplier is obliged to respect them.

WE CARE ABOUT YOU

KIKO takes care of its customers making sure all products are made exclusively **with safe ingredients**, avoiding dubious or suspicious raw materials. Anticipating, when possible, new regulations on ingredients under discussion that are not yet binding, subjecting them to clinical tests to the highest world standards. In 2022 and 2023, **the company carried out over 40,000 clinical, analytical and control tests** in all product categories. To ensure that products are not only safe, but also provide positive performance and benefits for the skin, the company adds ingredients in functional percentages to guarantee their effectiveness by testing them in finished products.

QUALITY AT THE CENTRE OF COMPANY BUSINESS



WE CARE ABOUT THE FUTURE

KIKO is engaged in a process of improving its overall environmental footprint, by choosing **sustainable ingredients** for products; increasing **recycled and recyclable materials** and reducing energy consumption by **using green energy in its stores**.

WE CARE ABOUT SCIENCE

The evolution of KIKO products is based on **solid scientific foundations**, as well as on a continuous research and development process aligned with the highest industry standards. The company objective is to **guarantee all customers a direct benefit from using KIKO products**.

In addition to defining the qualitative characteristics of product components with Quality Guidance, **KIKO, of its own volition, drew up a list of ingredients which are prohibited or limited as they are considered unsustainable and/or not respectful of human rights**. This “Black List” is shared with suppliers so they comply with instructions from the purchaser.

Verification of the standards described takes place following a strict internal protocol, in compliance with EU Regulation 1223/2019 on the quality of cosmetics.

In particular, each new product, before being placed on the market, is subjected to **a specific safety assessment as well as clinical trials, accelerated ageing tests and preservative effectiveness tests on products at potential risk of microbiological contamination.**

Only if the result is as expected production of the specific product is started, which upon arrival in the warehouse, will undergo further microbiological analysis (in case it falls among the products considered at risk).

Quality control of KIKO products does not end with sale in the stores. In line with Cosmetovigilance provisions, the company implemented internal procedures to monitor reports of any undesired effects related to the use of its cosmetics.

Confirming the company's commitment to quality and safety, **in 2023 KIKO did not register any episodes of non-compliance regarding issues on the health and safety of its products.**

To ensure the effective application of the processes described, KIKO set up an internal Scientific Management team responsible for product quality control, that interfaces and collaborates with external laboratories and regulatory agencies. The team which includes the Quality Control Manager, the Global Regulatory Manager and the Product Engineering Manager, reports directly to the CEO. **Furthermore, in 2002 the company obtained ISO 9001:2015 certification for the sale and distribution of cosmetics and implemented a Quality Management**

With the aim of accompanying its customers on all phases of their customer journey, KIKO developed a series of internal procedures aimed at guaranteeing complete, correct and transparent information on KIKO cosmetics and to respond to any complaints from customers.

Regarding marketing strategies, every communication for advertising purposes undergoes an internal review process which involves the Legal Department, to verify that slogans and descriptive texts of products are in line with national and European regulations and the Quality Control Department is called upon to examine the texts and make any clarifications based on the results of tests carried out on the product.

The process described is subject to a specific annual audit aimed at verifying the conformity of the procedures adopted. **In 2023 KIKO did not register any episodes of non-compliance regarding product information.**

With the aim of establishing a transparent and lasting relationship with its customers, KIKO is close to consumers also in the after-sales phase thanks to the **creation of ad hoc channels aimed at collecting feedback, reports and monitoring any complaints**. For this purpose the **KIKO Customer Service** is active and available to consumers, both for any requests for information and reports. The activity and quality of the Customer Service are carefully monitored using post-contact surveys which has allowed the company to build real evaluation KPIs relating to the effectiveness of the service. These include the number of contacts needed to manage a single case; the percentage of complaints that require second level intervention by internal KIKO staff and the amount of time used to handle each complaint.

The introduction of ad hoc surveys in all physical stores is also being evaluated. Through the **KIKO Customer Survey** the company intends to measure the level of customer satisfaction in terms of products and the **customer experience in stores.**



TECHNOLOGY

Years of research and comparative analysis on high-tech ingredients, on formulas and active ingredients to offer distinctive and innovative products, in line with the latest advances in cosmetic research.



EFFECTIVENESS

We create intelligent and highly strategic products to respond to the specific needs of our customers, trying to satisfy them to the full.



TRANSPARENCY

The complexity of the cosmetics industry can be paralyzing for consumers. Our products are accompanied by detailed instructions and fulfil all promises made.



PRACTICALITY

The convenient formats and contemporary and functional packaging are developed with cool shapes and eye-catching designs.



SAFETY

Every formula undergoes a safety assessment by an expert (as required by EU Regulation 1223/2009) and clinical trials to test it dermatologically, ophthalmologically (for products relating to the eye area) and to ensure it is noncomedogenic.



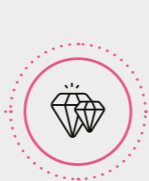
PERCEPTION

We create products with the aim of offering moments of well-being and pleasure with unexpected, soft and melting textures, as well as vibrant and elegant fragrances.



LUXURY

We carry out in-depth research to select the purest and highest quality materials to obtain the most effective, pleasant and safe combinations. Every aspect of product development, from formulation to packaging is managed with the utmost care.





P

RIVACY

PROTECTION

8.3

In 2018, KIKO implemented the necessary activities to **ensure compliance with EU Regulation 2016/679, also known as the General Data Protection Regulation “GDPR”**. In financial year 2022, KIKO continued with the necessary activities to ensure compliance with the Regulation. In particular, in a meeting on the 31 January 2023, the Board of Directors approved a new privacy organisational chart (“Model”), to take into account the new needs of the Group also in light of the Unified Commerce process undertaken, in which the processing of personal data plays a central role.

In line with the principles of defining roles and responsibilities imposed by the GDPR, within the Model, KIKO assigned all those who process personal data with precise data protection roles, skills and responsibilities, predicting – among other things – **the establishment of a Privacy Team** composed of representatives of the main departments that process data within the company (Legal, HR, CRM, Customer Care, IT and E-commerce), **with the role of organising, supervising and coordinating the implementation of the Model**, as well as the processing activities and related obligations required by the GDPR. Furthermore, KIKO and the European subsidiaries including Great Britain (“European Affiliates”), proceeded with the appointment of an external data protection officer (DPO).

As part of these activities, the Privacy Team, with the support of the DPO, reports periodically to the Managing Director. Below the Privacy Team, Internal Advisers were appointed in the persons of the company department heads and with the necessary authority and competence relating to the organisational and operational management of processing activities carried out within their area of competence and the related obligations envisaged by the GDPR.

All employees who process data are qualified as Authorised Persons for the Processing of Personal Data and are required to comply with the functional regulations pursuant to article 29 of the GDPR provided by the Company. The Company also appointed Data Processors pursuant to article 28 of the GDPR, by **drawing up Data Processing Agreements**, if it engages subjects outside the company to process the data on behalf of the Company (Data Controller), without acting under the authority or direct control of the same.

To guarantee constant monitoring of the level of compliance with the GDPR by the European Affiliates, subsidiaries of KIKO S.p.A., the respective country directors (and some directors of the most important departments, depending on the structure of the subsidiary) **were appointed as Internal Advisers** and report periodically to the KIKO S.p.A. Privacy Team, as well as contacting them for critical and/or urgent matters. Identification of Authorised Persons for the Processing of Personal Data and Data Processors of the European Affiliates followed the criteria adopted by KIKO S.p.A.

The new organisational chart guarantees active support in the monitoring activities of the DPO as well as the implementation of planning and evolutionary activities in the various departments of the Company (CRM, e-commerce, HR). Furthermore, the information as well as the methods and cases for collecting consent were reviewed to adapt the contents to the new data processing procedures with the gradual implementation of the Unified Commerce project in stores and online, in compliance with applicable legislation and jurisprudential and doctrinal evolution.

In terms of verification the DPO carries out periodic audits aimed at specific functions considered “privacy sensitive”. Currently these controls are limited to the headquarters, starting from the two-year period 2024-2025 they will also involve the European Affiliates. Once the audit is completed the DPO submits a report to the company in which any critical issues and improvement actions are highlighted. **In 2023 KIKO confirmed that it was not aware of any substantiated complaints on the subject of privacy** coming from external parties or regulatory bodies.

GENERAL DATA PROTECTION REGULATION

On the 25 May 2018 EU Regulation 2016/679 became directly applicable in European Union member States on the subject of “Protection of natural persons with regard to the processing of personal data as well as the free circulation of such data and repealing directive 95/46/EC”, also called the **“General Data Protection Regulation”** (hereafter the “Regulation”). The Regulation **protects the right to the protection of personal data, to guarantee that the processing of the same by third parties complies to regulations and principles established by law**. The Regulation also aims to adapt the current regulatory framework to the changed social and economic context and **to ensure a consistent level of protection of natural persons throughout the European Union**, as well as to prevent disparities that can hinder the free movement of personal data within the internal market.

COMMUNITIES

AT THE CENTRE OF KIKO'S SUSTAINABILITY

8.4

Art, Beauty and Joy are the perfect representation of what KIKO intends to bring to the world, for the benefit of the entire society and the individuals who are part of it. Among the company objectives is the desire to act in total harmony with the different cultural contexts KIKO is present in on a global level, giving life to cooperation logics and encouraging social well-being.

Based on these assumptions over the years **the company has established partnerships with numerous Nonprofit Organisations (NPO)**. At a procedural level **it is the ESG team who selects the organisations more in line with the KIKO values** and proposes partnerships first to the Managing Director and then subsequently to the entire Board of Directors. The choice of companies with whom solid relationships are established is guided by the ethical principles and values that inspire the company: first and foremost **to promote the well-being of women and fight all forms of discrimination**.

From the beginning, the brand chose to interpret **the concept of beauty in its broadest sense**: not only as an aesthetic element but **as a synonym of freedom, security, self-awareness and self-worth**. For this reason, KIKO is actively engaged in social projects aimed in particular at women, so that every woman can feel not only beautiful and confident but also free from any prejudice and discrimination.

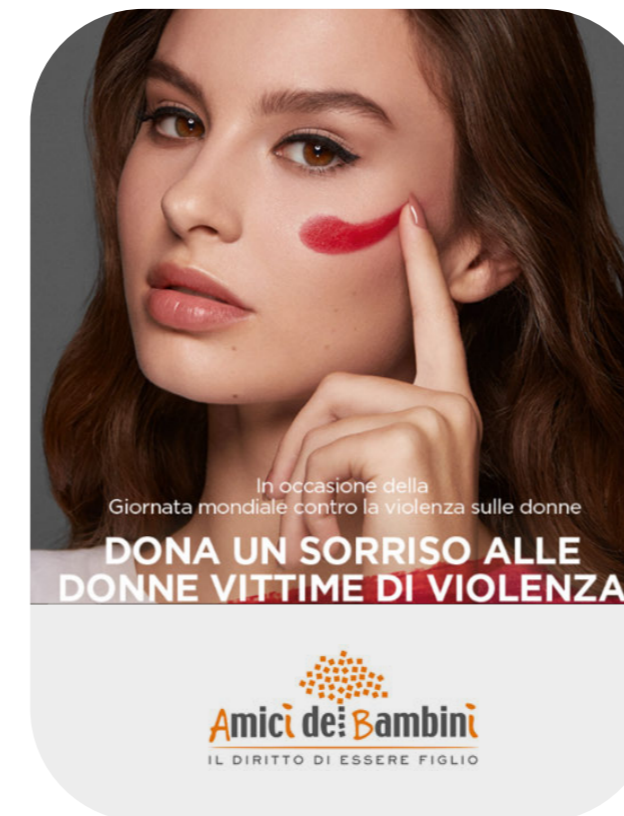
The **long-term partnership with the Amici Dei Bambini Association (Ai. Bi.)**, which KIKO supports as part of the multi-year project "Il trucco che fa bene" (Make-up that is good for you) is part of the framework described.

The programme, **dedicated to women in Ai.Bi. assistance centres**, aims to promote all-round female well-being, with make-up webinars, training meetings with human resources experts aimed at promoting the integration of participants into the world of work and individual psychological support paths.

In 2023, the psychological violence prevention desk "WOMEN'S WELL-BEING" was inaugurated thanks to KIKO which was set up with the support of the Municipality of Buccinasco in a building confiscated from the mafia and returned to the community.

WOMEN REACHED THANKS TO THE PARTNERSHIP WITH Ai.Bi.

- **48 women** participated in make-up webinars held by KIKO make-up artists.
- **5 women** took part in a series of webinars and one-to-one interviews aimed at promoting female employment inclusion.
- **8 women** started individual psychological support paths in Ai.Bi. assistance centres.
- **16 women** taken on by the WOMEN'S WELL-BEING desk to start psychological support paths.



The company acted as a spokesperson for the "Dona un sorriso" (Give a smile) project: a communication campaign against violence against women and contributed to the Ai.Bi. mission through the donation of products. **Furthermore, KIKO participated in the event "4 WEEKS 4 INCLUSION"** with a webinar entitled "The inclusion of women in the workplace: an antidote to violence".



During Beauty Week 2023, KIKO actively contributed to holding the event “Beauty Gives Back” organised by the Nonprofit Organisation La Forza e il Sorriso. The event, now in its seventh edition, focuses on holding **beauty workshops dedicated to women undergoing oncology treatments** at health facilities and voluntary associations throughout Italy, by providing a moment of lightness and comfort to patients undergoing invasive therapies and treatments.



Support for research is also at the heart of the **long-term partnership with the Fondazione Umberto Veronesi (FUV)** which also in 2023, started the campaign “Amati, scegli la prevenzione” (Love yourself, choose prevention). The proceeds of the fundraising campaign were donated to the FUV **to finance 2 scholarships lasting 1 year for the work of two researchers engaged in research on treatment and prevention of cervical cancer and other tumours caused by the Human Papillomavirus (HPV).**



WITH THE AIM OF GENERATING POSITIVE IMPACT ON A GLOBAL LEVEL, **KIKO ALSO STARTED AD HOC PARTNERSHIPS AND COLLABORATIONS OUTSIDE ITALY**, THUS EXPANDING THE TARGET OF BENEFICIARIES REACHED.

In particular, **in France KIKO collaborated with two different non-governmental organisations: Solidarité Femmes in support of women who are victims of violence and Agefiph, which was founded to promote work integration for people with disabilities.**

In Spain the company chose to support the Fundación Ana Bella, active on issues on the fight against violence against women and their reintegration into the work market.

In the Middle East, finally, KIKO established a partnership with the Al Jalila Foundation and the Dubai Foundation For Women and Children.

As already mentioned, all the initiatives described are part of long-term partnerships and **this confirms the company's concrete commitment to supporting the most vulnerable people**, on a path of common growth. From 2024, KIKO intends to consolidate active partnerships and implement timely monitoring of all projects with the aim of identifying the number of women reached by each initiative.
















GRI — CONTENT INDEX

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2-3	Reporting period, frequency and contact	Methodological Note	
2-4	Restatements of information	Methodological Note	
2-5	External assurance		This report is not subject the external assurance
2-6	Activities, value chain and other	1.3 Business Model	
2-7	Employees	8.1 Supply Chain Management	
2-9	Governance structure and composition	3 Corporate governance, ethics and integrity	
2-10	Nomination and selection of the highest governance body	3.1 Structure and functions of the Board of Directors	
2-11	Chair of the highest governance body	3.1 Structure and functions of the Board of Directors	
2-12	Role of the highest governance body in overseeing the management of impacts	3.4 Sustainability and involvement of the decision-making body	
2-14	Role of the highest governance body in sustainability reporting	3.4 Sustainability and involvement of the decision-making body	


GRI	INDICATOR DETAILS	PARAGRAPH	NOTE
2-15	Conflicts of interest	4.3 Whistleblowing and Managing Conflicts of Interest	
2-16	Communication of critical concerns	2.2 Risk and opportunity management	
2-22	Statement on sustainable development	2.3 A strategic step towards the future	
2-25	Processes to remediate negative	2.3 A strategic step towards the future	
2-26	Mechanisms for seeking advice and raising concerns	4.3 Whistleblowing and Managing Conflicts of Interest	
2-28	Membership associations	1.3 Business Model, 8.3 Community and the local area at the centre of KIKO sustainability	
2-29	Approach to stakeholder engagement	2.1.1 Stakeholder engagement	
2-30	Collective bargaining agreements		100% of employees covered by collective bargaining agreements in Italy
GRI 3 - MATERIAL TOPICS			
3-1	Guidance to determine material topics	2.1.2 Materiality assessment	
3-2	List of material topics	2.1.2 Materiality assessment	
3-3	Management of material topics	2.1.2 Materiality assessment	


GRI	INDICATOR DETAILS	PARAGRAPH	NOTE
FINANCIAL PERFORMANCE			
3-3	Management of material topics	5 Economic responsibility	
GRI 201 - ECONOMIC PERFORMANCE (2016)			
201-1	Direct economic value generated and distributed	5.3 Tangible value for all stakeholders	
PROCUREMENT PRACTICES			
3-3	Management of material topics	8.1 Supply chain management	
ETHICS AND BUSINESS INTEGRITY			
3-3	Management of material topics	3 Corporate governance, ethics and integrity	
GRI 205 - ANTI-CORRUPTION(2016)			
205-1	Operations assessed for risks related to corruption	2.2.1 Enterprise Risk Assessment	
205-3	Confirmed incidents of corruption and actions taken		No episodes of corruption present
RISK MANAGEMENT IN TAX MATTERS			
3-3	Management of material topics	5.1 Managing transparency and financial solidity	
GRI 207 - TAX (2019)			
207-1	Approach to tax	5.1 Managing transparency and financial solidity	
207-2	Tax governance, control, and risk	5.1 Managing transparency and financial solidity	

GRI	INDICATOR DETAILS	PARAGRAPH	NOTE
RESEARCH AND DEVELOPMENT			
3-3	Management of material topics	8.2 Kiko alongside its customers: quality products and transparent communication	
RAW MATERIALS			
3-3	Management of material topics	6.4 Sustainable raw materials	
ENERGIA			
3-3	Management of material topics	6.1 Energy resources used in harmony with the environment	
GRI 302 - ENERGY (2016)			
302-1	Energy consumption within the organization	6.1 Energy resources used in harmony with the environment	
302-3	Energy intensity	6.1 Energy resources used in harmony with the environment	
302-4	Reduction of energy consumption	6.1 Energy resources used in harmony with the environment	
EMISSIONS			
3-3	Management of material topics	6.2 KIKO's Carbon Footprint	
GRI 305 - EMISSIONS (2016)			
305-1	Direct (Scope 1) GHG emissions	6.2 KIKO's Carbon Footprint	
305-2	Energy indirect (Scope 2) GHG emissions	6.2 KIKO's Carbon Footprint	

GRI	INDICATOR DETAILS	PARAGRAPH	NOTE
305-4	GHG emissions intensity	6.2 KIKO's Carbon Footprint	
305-5	Reduction of GHG emissions	6.2 KIKO's Carbon Footprint	
WASTE			
3-3	Management of material topics	6.3 Efficient waste management to reduce waste	
GRI 306 - WASTE (2020)			
306-1	Waste generation and significant waste-related impacts	6.3 Efficient waste management to reduce waste	
306-2	Management of significant waste	6.3 Efficient waste management to reduce waste	
306-3	Waste generated	6.3 Efficient waste management to reduce waste	
306-4	Waste diverted from disposal	6.3 Efficient waste management to reduce waste	
306-5	Waste directed to disposal	6.3 Efficient waste management to reduce waste	
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS			
3-3	Management of material topics	8.1 Supply chain management	
POLICIES FOR HUMAN RESOURCE MANAGEMENT			
3-3	Management of material topics	7 The KIKO corporate community	
PROTECTING OCCUPATIONAL HEALTH AND SAFETY			 
3-3	Management of material topics	7.3 The safety of our people	

GRI	INDICATOR DETAILS	PARAGRAPH	NOTE
GRI 403 - OCCUPATIONAL HEALTH AND SAFETY (2018)			
403-1	Occupational health and safety management system	7.3 The safety of our people	
403-2	Hazard identification, risk assessment, and incident investigation	7.3 The safety of our people	
403-3	Occupational health services	7.3 The safety of our people	
403-4	Worker participation, consultation, and communication on occupational health and safety	7.3 The safety of our people	
403-5	Worker training on occupational health and safety	7.3 The safety of our people	
403-6	Promotion of worker health	7.2 Individual well-being and professional growth	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	7.3 The safety of our people	
403-8	Workers covered by an occupational health and safety	7.3 The safety of our people	
403-9	Work-related injuries	7.3 The safety of our people	
403-10	Work-related ill health	7.3 The safety of our people	
STAFF TRAINING AND EDUCATION			
3-3	Management of material topics	7.2 Individual well-being and professional growth	

GRI	INDICATOR DETAILS	PARAGRAPH	NOTE
GRI 404 - TRAINING AND EDUCATION (2016)			
404-1	Average hours of training per year per employee	7.2 Individual well-being and professional growth	
404-2	Programs for upgrading employee skills and transition assistance programs	7.2 Individual well-being and professional growth	
INCLUSION, DIVERSITY AND NON-DISCRIMINATION			
3-3	Management of material topics	7.5 Our commitment: celebrating diversity every day	
GRI 405 - DIVERSITY AND EQUAL OPPORTUNITY (2016)			
405-1	Diversity of governance bodies and employees	7.5 Our commitment: celebrating diversity every day	
IMPACTS ON THE LOCAL COMMUNITY			
3-3	Management of material topics	8.4 Communities at the centre of KIKO's sustainability	
GRI 413 - LOCAL COMMUNITIIES (2016)			
413-1	Operations with local community engagement, impact assessments, and development programs	8.4 Communities at the centre of KIKO's sustainability	
413-2	Operations with significant actual and potential negative impacts on local communities	8.4 Communities at the centre of KIKO's sustainability	
PROTECTION OF CUSTOMER SAFETY AND HEALTH			
3-3	Management of material topics	7.3 The safety of our people	
GRI 416 - CUSTOMER HEALTH AND SAFETY (2016)			

GRI	INDICATOR DETAILS	PARAGRAPH	NOTE
416-1	Assessment of the health and safety impacts of product and service categories	8.2 Kiko alongside its customers: quality products and transparent communication	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	8.2 Kiko alongside its customers: quality products and transparent communication	
ATTENTION TO PRODUCT COMMUNICATION			
3-3	Management of material topics	8.2 Kiko alongside its customers: quality products and transparent communication	
GRI 417 - MARKETING AND LABELING (2016)			
417-1	Requirements for product and service information and labelling	8.2 Kiko alongside its customers: quality products and transparent communication	
417-2	Incidents of non-compliance concerning product and service information and labelling	8.2 Kiko alongside its customers: quality products and transparent communication	
417-3	Incidents of non-compliance concerning marketing communications	8.2 Kiko alongside its customers: quality products and transparent communication	
PROTECTION OF CUSTOMER PRIVACY			
3-3	Management of material topics	8.3 Privacy protection	
GRI 418 - CUSTOMER PRIVACY (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		There are no substantiated complaints regarding breaches of customer privacy and loss of customer data

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