



October 2024

## Coty Environmental Policy Statement

### Introduction

This Environmental Policy Statement (“policy”) formalizes Coty’s commitment to the principles of environmental sustainability and recognizes the fundamental importance of the environment to our lives and our work. Coty is committed to compliance with applicable environmental legislation in the countries we operate. It sets out our commitments to monitor and manage our environmental performance, actively implement measures to prevent further degradation of these vital natural systems, and report on our progress annually. This policy covers the material impacts, risks, dependencies and opportunities related to climate change, pollution, biodiversity, waste and circular economy and resource use. We are committed to continuous improvement in environmental performance, including setting and achieving goals and targets. We also work to integrate environmental criteria, alongside other sustainability criteria, into the new products we develop and our innovation streams for existing products.

Our Environmental Management processes are key within our broader Health, Safety and Environmental (HS&E) Program, and central to our commitment to reducing environmental impacts and driving continuous improvement. We systematically assess and manage the environmental aspects of our operations, set measurable targets, and implement robust controls. We perform ENHESA internal audits annually at each Coty manufacturing site, to ensure legal compliance in line with local and regional regulations. We also conduct external third party audits every three years at each site. Our approach ensures strict adherence to local regulations, permits, monitoring and testing requirements. If a site is deemed non-compliant, an action plan is required. Our commitment includes comprehensive emergency preparedness and transparent communication with stakeholders, all supported by rigorous documentation and a focus on ongoing enhancement. We are piloting external certifications such as ISO 14001 for environmental management systems.

Our environmental policy is linked to our Deforestation Policy, Sustainable Sourcing Policy and [Code of Conduct for Business Partners](#), which set out the environmental considerations that we measure suppliers’ sustainability performance on.

The responsibility of delivering our environmental impacts is company-wide, with primary oversight driven by our Chief Scientific Officer, supported by Coty's Executive Committee and Senior Leadership Team for their respective areas of responsibility.

The role of our Environmental Policy

The objectives of this Policy are to set out how we will:

- Implement environmental actions within Coty,
- Mitigate and remediate our actual and potential environmental impacts,
- Monitor environmental actions and improvements internally, and
- Communicate environmental actions and progress Scope

of our Environmental Policy

This Policy applies to Coty's global operations including all consolidated Coty entities, own operations and value chain activities. There are no exclusions from the scope of this Policy. It also applies to Coty's own workforce, which includes both workers who are in an employment relationship with Coty ("employees"<sup>1</sup>) and non-employee workers<sup>2</sup> who are either individuals with contracts with Coty to supply labor ("self-employed workers"), or workers provided by undertakings primarily engaged in "employment activities". All of Coty's own workforce has a role to play in delivering our sustainability targets, addressing their role-specific responsibilities and considering how to engage with our partners to help them minimize their sustainability impacts.

Our commitment to minimize our impacts on and protect the environment also extends to partners in our value chain, both upstream and downstream. We use our relationships with our suppliers, third-party manufacturers and logistics other business partners to encourage and promote the principles of this Policy throughout their networks, in addition to the specific policies we have for suppliers, which are set out above (more on this can be found in our Sustainable Sourcing Policy on our website).

This policy aligns with the following international frameworks

- UN Global Compact
- Roundtable on Sustainable Palm Oil (RSPO)
- Responsible Mica Initiative (RMI)
- RE100

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<sup>1</sup> Employees: full-time, part-time, temporary workers, fixed-term contract employees

<sup>2</sup> Non-employee workers: agency workers, contractors (workers contracted through another entity), and freelancers and independent contractors

- CDP
- Science-Based Targets Initiative (SBTi)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Forest Stewardship Council (FSC)
- Programme for the Endorsement of Forest Certification (PEFC)
- We Mean Business

## 1. Greenhouse Gas Emissions and Energy

Greenhouse gas emissions and energy usage are material impacts of our business. We recognize that climate change is an environmental risk we face. We have developed a climate strategy to decarbonize our business operations and products by focusing on three emissions hotspots: products, transport emissions and operations. By taking steps to limit carbon emissions, we are also working to minimize pollution.

Through the CDP and annual sustainability reports we publicly disclose our climate strategy and address the management of Coty's GHG emissions, GHG removals and transition risks over different time horizons, in our own operations and/or in the upstream and downstream value chain. This also addresses the management of Coty's physical climate risks and transition risks related to climate adaptation.

### a) Greenhouse gas emissions GHG

#### Emissions targets and reporting

- Reduce absolute scopes 1 and 2 GHG emissions by 50% from a calendar year 2019 base year by 2030 (SBTi-approved target)<sup>3</sup>
- Reduce absolute Scope 3 GHG emissions 28% from a calendar year 2019 base year by 2030 (SBTi-approved target).

Our targets are aligned with 1.5C in line with the Paris Agreement. Guided by our emissions targets, we measure and report progress on our scope 1, 2 and 3 emissions in our annual reporting.

When calculating emissions, we follow the methodology set out in the Greenhouse Gas Protocol. Coty uses calendar year 2019 as its baseline for setting its science-based targets. The baseline can be recalculated when there are significant changes<sup>4</sup> of more than 5% threshold, in line with GHG Protocol.

We are working towards a carbon accounting policy, and we will calculate our emissions

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<sup>3</sup> Scope 1 and 2 target boundary: The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

<sup>4</sup> Significant changes are structural changes, methodology changes, discovery of erroneous calculation in the baseline

through an accredited 3rd party carbon accounting and ESG tool that will be fully implemented in FY25.

#### Our approach and actions on GHG Emissions

- Avoidance
  - Using our eco-design model, the Beauty That Lasts Index, to integrate design for lower emissions into our approach to innovation and new product development
  - Implementing processes that limit avoidable emissions in the way we manage our working practices
- Reduction
  - Identifying and engaging with the most emissions-intensive brands in our portfolio and aligning emissions reductions with their product strategies
  - Running a supplier decarbonization program to help our suppliers assess and reduce their own emissions
  - Managing transport logistics to identify efficiencies which reduce emissions, reduce the use of air freight and optimize the way we use transportation equipment
  - Reducing the weight of packaging to minimize resource use and create reductions in the carbon emissions associated with each product
  - Selecting less emissions intensive packaging materials
  - Improving formula and selecting less emissions intensive materials and ingredients
  - Encouraging the use of sustainable transport modes for employees where feasible (electric vehicles, train, bicycle)
- Substitution
  - Replacing high-emission processes and materials with alternatives that have lower or no emissions
  - Replace natural gas with renewable energy at Coty manufacturing sites and distribution centers
- Compensate/offset
  - We will compensate only 10% of our residual emissions, in line with SBTi Net Zero Standard, via carbon removals credits coming from high-quality projects. Coty may purchase carbon offset credits, but these will not count towards its science-based targets

#### b) Energy

#### Energy targets

- Increase annual sourcing of renewable electricity from 5% in calendar year 2019 to 100% by

2030 (SBTi-approved target)

- Reduce energy consumption by 20% by 2030 compared to our base year of calendar year 2019

Our approach and actions on Energy

- Avoidance
  - Designing processes, buildings, and systems to be energy-efficient from the outset
  - Implementing policies that reduce the need for energy use
  - Conducting regular preventive maintenance to ensure systems operate efficiently
- Reduction
  - Upgrading to energy-efficient appliances, lighting, and machinery
  - Implementing energy management systems to monitor and control energy use across Coty manufacturing sites and distribution centers. Each site has a roadmap for reducing electricity and fuel and integrating further renewable energy.
- Substitution
  - Transitioning to renewable electricity sources – we source 100% renewable energy in Coty manufacturing sites and distribution centers with the purchase of [Energy Attribute Certificates \(EACs\)](#)
  - Working with others - we are a member of RE100, a global initiative of over 300 influential organizations committed to 100% renewable electricity.
  - Implementing on-site renewable energy generation, including solar installation projects. This shift to renewable energy also helps to reduce air pollution.

## 2. Waste and circular economy

Resource outflows and inflows are material impacts of our business. We acknowledge the urgent need to address the depletion of non-renewable resources.

We are committed to reducing the waste we generate in Coty manufacturing sites and distribution centers, including solid and hazardous waste, maximizing the recycling of resources, and disposing of unavoidable waste in a way that has the lowest impact on the environment. As an industry, we have a responsibility to reduce our reliance on virgin materials and contribute to a circular economy. Within Coty, we are committed to increasing the amount of recycled content across our diverse packaging mix, which includes glass, plastic, metal and paper/wood.

We also reduce the environmental impact of our packaging by focusing on four 'Rs':

- Reduce the weight of packaging;
- Incorporate Recycled materials to the highest feasible level;
- Improve the Recyclability of packaging; and
- Promote Reuse and Refill.

We are implementing this strategy across our brands. As part of our approach, we monitor packaging material type, including glass, plastic, metal, and paper and use third party tools and guidance (e.g. SPICE) to help assess their relative impact.

Waste and circular economy targets

- Send zero waste to landfill from Coty factories and distribution centers by 2030
- Recycle 80% of waste generated by Coty factories and distribution centers by 2030
- Achieve a 20% reduction in packaging against our calendar year 2019 baseline by 2030
- Increase our use of post-consumer recycled materials to at least 30% by 2030 Our

approach and actions on waste

- Prevention
  - Using our eco-design model, the Beauty That Lasts Index, to ensure that designing to minimize waste is built into our approach to innovation and new product development.
  - Creating operational and production processes that minimize waste generation from the outset through efficient use of materials and resources.
  - Reducing excess secondary and tertiary packaging materials used for our products, and choosing less emissions intensive packaging materials.
  - Increasing the use of post-consumer recycled materials to help us transition away from the use of virgin resources, whilst promoting the use of responsibly sourced fiber-based materials that are FSC- or PEFC-certified.
  - Promoting reuse and refill solutions. We launched our first refill solutions in FY23, and we are continuing to implement design changes to develop refill solutions for fragrances and our other main product categories.
- Preparing for re-use
  - Finding new uses for by-products or waste materials. Solvents such as ethanol are the biggest portion of our hazardous waste. In our sites that manufacture fragrances, we collect the

- spent ethanol and recycle it for other industries' use through partnerships with third-party vendors, including for use as an alternative fuel source.
- Reuse of industrial wood waste as sustainable biomass to generate heat
- Recycling
  - Maximizing the recyclability of resources throughout our supply chain and promoting the recyclability of our packaging. The recyclability profile of our packaging is a key consideration during the conception phase for all new packaging design, and we are working to eliminate materials which do not have a recyclable workstream.
- Waste management and disposal
  - Disposing of waste appropriately, in particular hazardous waste, in accordance with applicable local legislations. Hazardous waste management is a key focus of Coty's waste management strategy and helps mitigate negative impacts including those related to the pollution of air, water and soil.

### 3. Water

We recognize the vital importance of water as a precious natural resource essential for life and fundamental to the ecosystems in which we operate, and we are committed to reducing water consumption in our daily operations. Our water consumption\* is monitored and managed through our Environmental Management System, and with measures such as on- site water recycling, equipment upgrades, and internal engagement with our associates, we are reducing our overall consumption and becoming more efficient in our water use.

We conducted an initial water stress review through Water Action Hub across all our Coty manufacturing sites to inform the development of a basic action plan. 7 out of 13 of our locations (Coty owned manufacturing sites and distribution centers) are in the 100 Priority Water Basins as defined by the [UN Global Compact Water Action Hub](#).

We conduct annual legal compliance assessments at our factories and distribution centers to monitor the quality of the water that we discharge.

#### Water targets

We have set a target to achieve a 25% reduction in absolute water withdrawal (cubic meters) by 2030, versus a 2019 baseline.

Water withdrawal is an important metric for Coty because most of the water we consume is used for cleaning and sanitization purposes, rather than in our products, so this provides a focus for our water management practices and targets.

#### Our approach and actions on water

Our action is guided by the [UN Global Compact Forward Faster Action Guide](#).

- Reducing the amount of water generated/consumed by Coty owned Factories and distribution centers through investment, operating improvements and management and monitoring of water usage
- Implementing proven innovative technologies for water reuse, recycling and circularity, by working with [Corporate Water Leaders](#), an industry peer group facilitated by [Global Water Intelligence](#)
- Following best practice in water efficiency and wastewater management by
  - Investing in efficient water purification systems
  - Ensuring wastewater (through onsite treatment and/or monitoring) meets or exceeds local, regional discharge quality requirements
  - At our larger Coty owned and operated manufacturing sites, we have on-site wastewater treatment and remediation where needed to ensure water that leaves our sites meets or exceeds local regulatory and wastewater permitting requirements.
- Ensuring safe, resilient access to water, sanitation and hygiene (WASH) for employees
  - Coty provides water to employees for drinking/personal hygiene which meets or exceeds WHO drinking water standards.
- Implementing water-related standards
  - We ensure that water used in our products as raw material meets or exceeds regional quality criteria and market standards.
- Implementing practices that optimize climate-energy-water co-benefits and ensure ecosystem protection
- Following an initial analysis on water stress areas, we identified sites in high water stress areas. At these sites, we ensure water withdrawal does not exceed the limits, set targets for each site, enhance this analysis on a yearly basis and continue to prepare business continuity plans to mitigate the risks associated with it.

#### 4. Nature and biodiversity

We are working towards an assessment of Coty's impacts and dependencies on nature in line with the Science Based Targets Network (SBTN) guidance. Once completed, we would identify the impacts on biodiversity and ecosystems in our own operations and related upstream and downstream value chain. For example, we are considering the impact of our sourced materials and own operations on water and soil pollution. Once we have identified



the impacts, we will then start implementing a mitigation strategy to reduce and minimize our negative impacts on biodiversity and ecosystems in our operations and throughout the upstream and downstream value chain. We will also help restore ecosystems in impacted areas within our value chain and set nature-related targets as a result of this assessment.

More information on the traceability of our products, components and raw materials and the material or potential impacts on biodiversity and ecosystems along the value chain can be found in our Sustainable Sourcing Policy.

#### Employee engagement

At Coty, we regard the active participation of our employees as a fundamental component of our dedication to environmental sustainability. Through transparent communication and open dialogue between employees and management, we endeavor to empower everyone to actively influence our daily operations. We do this through training, campaigns and other communication formats which encourage them to fulfil their environmental responsibilities in their everyday roles. By cultivating this collaborative culture, we aim to integrate environmental stewardship into the very fabric of our company.

#### Grievance Mechanisms

We encourage employees, associates and third parties to use the Ethics and Compliance Hotline to raise questions or concerns. The hotline is available through multiple channels and many languages. Reporting can be made anonymously, and each report is investigated.

#### Governance and communication

This Policy is reviewed at least once every two years, and as necessary in response to significant internal or external changes. Oversight and approval of this Policy is the responsibility of the Executive Committee and ownership of the Policy's content, implementation and revision is the responsibility of the Sustainability Office.

Details of this Policy and our approach to sustainability are shared with employees and partners who are required to comply with its requirements. For employees, this will be shared through internal communication channels and training platforms and the Policy will be made available externally on our website.

Details of this Policy are also shared with our suppliers, who are required to comply with its requirements, through the code of conduct. We have regular engagements with strategic suppliers including bi-annual business reviews and our partner day.

Further information about our approach to sustainability can be found on our website and in our annual sustainability report.