

**COTY INC UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON
PROGRESS FY19 (July 1 2018 – June 30 2019)**

STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (CEO)

In adopting the Global Compact Principles, along with the Sustainable Development Goals, Coty is guided by the United Nations ethos to ensure that we perform to the highest ethical and professional standards at all times and that we incorporate sustainable practices into our decision-making and operational processes. To that extent I am proud to confirm that Coty supports the Global Compact's Ten Principles in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

Over the past year, we have focused on both stabilizing our operations and identifying a path towards turning around the company. Our Turnaround Plan will enable us to build a better, more profitable business, that is prosperous for all and recognizes the positive contribution that we can make in helping to achieve a more sustainable and equitable world.

The Plan focuses on three strategic pillars: rediscover growth, regain operational leadership and build a culture of pride and performance. Building a more sustainable business will help us to innovate, reduce cost and risk, and enable us to engage with our associates, customers and wider stakeholders throughout our entire value chain and create a more inclusive society.

In order to further support the commitments to the Ten Principles, and to build on the strength of our Turnaround Plan, Coty is committed to delivering a framework of sustainability commitments up to 2030 which, I am delighted to announce, are set out in detail within this communication on progress.

Whilst we have spent time making sure that our sustainability strategy is focussed on addressing and committing to improvements related to our material sustainability issues, at the same time have continued to make progress on our existing core KPIs demonstrated by the 3 years' data now included and assured in this report.

Once again, I am pleased to detail the efforts made by Coty Inc on behalf of all Coty entities and our progress in all areas of the Global Compact's Ten Principles along with a description of the processes, policies and actions taken to further progress our sustainability performance and integration into our plans, culture and daily operations.

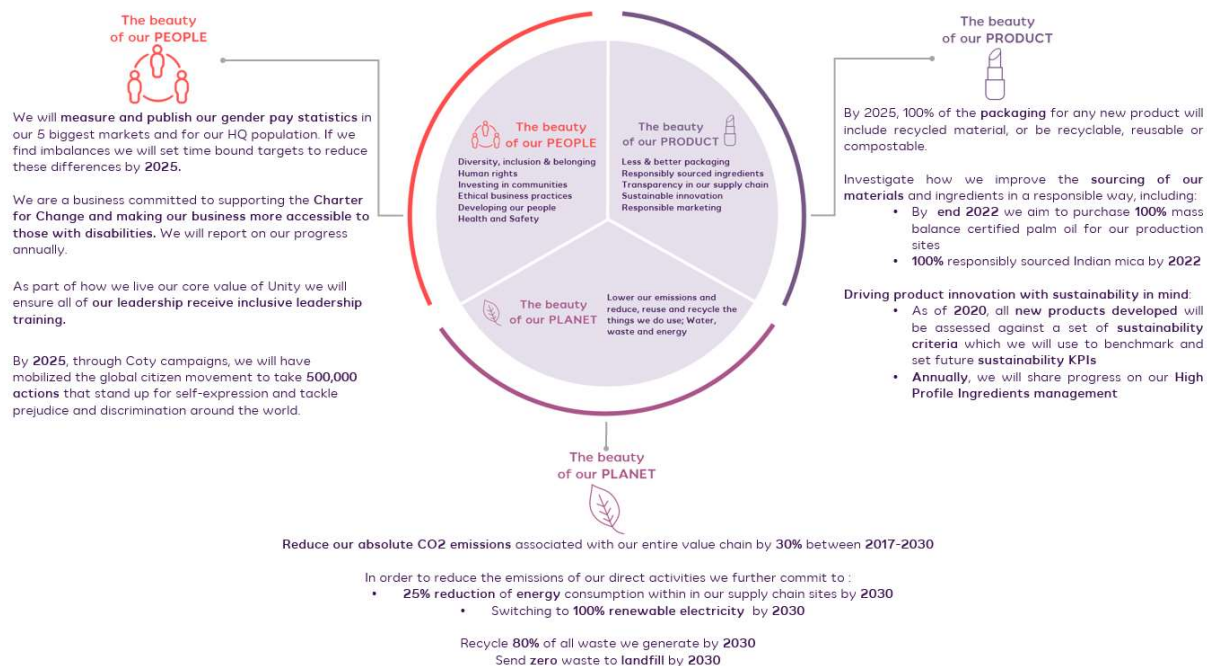
A handwritten signature in black ink, appearing to read 'P. Laubies', with a stylized flourish extending to the right.

Pierre Laubies, CEO, January 2020

Our Sustainability Strategy

We recognize the positive contribution that companies can make in helping to achieve a more sustainable and equitable world. In doing so, not only can we **increase our positive social and environmental impact** but also **strengthen our competitive position**.

To help us achieve our goals, we have developed a sustainability strategy and plan that covers all areas of our business and value chain.



Our commitment to uphold the Ten Principles of the UNGC, the Sustainable Development Goals (SDGs), and our materiality assessment, undertaken in 2016, has helped guide the evolution of our sustainability strategy.



To integrate the SDGs, we mapped the Goals against our sustainability strategy. In doing so, we have identified four priority goals, 5, 10, 12, 17, acknowledging that by contributing to them in the execution of our sustainability plans, we will directly or indirectly affect all the others.

Sustainability governance

Each year, our CEO confirms Coty's support for the UN Global Compacts (UNGC) Ten Principles on Human Rights, Labor, Environment, and Anti-Corruption. As such, all our sustainability efforts and plans, our business ethics, and related policies are signed off at the highest level.

Our Vice President, Global Corporate Responsibility, oversees the Corporate Responsibility team that works closely with functions, divisions, and brands across the globe as well as external partners. The Sustainability Steering Committee, consisting of Executive Committee (EC) members, receives quarterly updates on progress and takes the operational decisions required to support the delivery of initiatives. Progress is reported to the Executive Committee twice (EC) a year and chaired by the CEO. The EC have the responsibility of setting the strategy and allocating resources accordingly. It is intended that our Board will review this progress on an annual basis at the very least.

Engagement with our associates

In FY21 we will communicate our sustainability strategy, intentions and updates internally and externally to support our on-going internal communication already embedded throughout our business. In doing so, we can leverage the passion and ability of our employees, stakeholders and customers to help bring our goals to life, to raise awareness and hold us to account.

WE SUPPORT THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT:

HUMAN RIGHTS PRINCIPLES:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses

LABOR PRINCIPLES

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor;

Principle 6: the elimination of discrimination in respect of employment and occupation

ENVIRONMENTAL PRINCIPLES

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

ANTI-CORRUPTION PRINCIPLES

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

ACTIVITIES, PARTNERSHIPS AND IMPLEMENTATION IN SUPPORT OF THE GLOBAL COMPACT PRINCIPLES

HUMAN RIGHTS AND LABOR (Principles 1 to 6)

In this section, we report on our progress, activities, partnerships, and outcomes on these two principles under the following headings:

- a) Our Codes of Conduct
- b) Health and Safety
- c) Equal opportunity, discrimination and harassment

A) Codes of Conduct

We believe that everyone has the right to be treated with dignity and respect. We are committed to respecting and promoting fundamental human rights throughout our own operations and extended supply chain. We adhere to numerous international standards relevant to corporate responsibility and ethical business conduct, including the Universal Declaration of Human Rights, the fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

We are committed to ensuring that all our employees work in a safe environment based on equal opportunity, free from discrimination or harassment. Our employee [Code of Conduct](#) sets out what our employees must do to ensure these high standards and outlines the reporting process and protocol if they have any concerns. All employees receive the [Code of Conduct](#) and must acknowledge both receipt of and adherence to it.

Our commitment to respecting human rights also extends throughout our supply chain to our business partners, suppliers, and contractors. We expect our partners to share our values and maintain the same high levels of ethical standards and to promote these within their organizations and throughout their business network. The standards, set out in both our [Code of Conduct for Business Partners](#) and our [Modern Slavery Statement](#), are to be followed in the daily business activities on behalf of Coty. Any suspected issues of non-compliance are escalated to appropriate senior leadership.

Achievements and outcomes

Our global compliance program, *'Behave Beautifully'*, is designed to detect and prevent violations of the law and promote a culture of ethical business practices. To date, Coty has not been the subject of material investigations, legal cases, ruling, fines or other events related to human and international labor rights violations.

Since our last progress report, our Global Compliance team, in collaboration with senior leaders, who are responsible for ensuring a robust global compliance program, have continued its efforts to enhance awareness of key compliance principles and rules. In addition to its suite of

mandatory e-learning modules on Anti-Bribery and Corruption, Competition Law, Conflicts of Interest, Data Privacy and Preventing Harassment and Discrimination, Coty has conducted live training to employees in multiple offices across the world, emphasizing the importance of ethical business practices and focusing on key risk areas in those markets.

In addition, 12,625[√] employees were trained in one or more compliance modules delivered through the Coty Academy during the period November 1 2018 - June 30 2019.

With regards to our supply chain, we request that any key, in-scope*, suppliers, sign our Code of [Conduct for Business Partners](#) as a first step of the compliance process. To date, 289[√] of these suppliers have signed our [Code of Conduct for Business Partners](#).

To facilitate the selection of business partners who are committed to conducting their business ethically and lawfully, we have spent significant time and resources on developing third-party due diligence tools and processes. We are launching the pilot program in selected markets in Q2 FY20 and will launch the program globally by the end of FY20.

Within the past year, we have integrated pre-selection sustainability criteria into our global category sourcing strategy training. The training has been deployed in key markets and will continue to be rolled out in the coming year.

Progress in supplier risk mapping and compliance verification

We have undertaken a supplier risk mapping exercise for all in-scope direct spend suppliers based on the risk of non-compliance to our [Code of Conduct for Business Partners](#). The risk profile was calculated, taking into consideration the risks associated with the material or service being purchased, the geographical region it is provided or sourced from, and the level of spend.

The result of this risk mapping is that we have around 800 direct spend supplier sites in-scope, and a ranking of these suppliers' risk of non-compliance to our Code. In the past financial year, we have prioritized our engagement with those suppliers who are considered to be at a higher risk of non-compliance using the SEDEX online platform. This platform provides us with the assurance that those suppliers, considered as a higher risk, are able to demonstrate compliance via a third party ethical audit.

This is a process focused on verifying individual supplier sites. We have engaged 82 sites within SEDEX as part of our "Wave 1" compliance verification process.

To ensure that the audit process and the use of the SEDEX platform is embedded into the Procurement function, specific training is being rolled out to key Procurement users in the coming year.

* defined as 80% of our overall third party spend across packaging, raw materials, logistics and transport and logistics, gifts with purchases and Third Party Manufacturing facilities (TPMs)

EcoVadis 360° documentary ESG assessment of suppliers

With the increased use of the SEDEX audit platform in the last year, there has been a reduced use of EcoVadis for direct spend suppliers. However, Coty still assesses suppliers through EcoVadis and will continue to do so with more emphasis on indirect spend categories.

This assessment covers four key areas:

- Environmental Management
- Labor and Human Rights
- Sustainable Supply Chains
- Fair Business Practices

EcoVadis analysts assess our suppliers' documentation related to the four key areas listed above and analyze their performance through a thorough 360° process. This process includes over 800 data points and external references from governments, NGOs, trade associations, and stakeholder feedback. The assessment is scored, described in a written report, and made available to Coty and the supplier. If the score warrants it, a Corrective Action Plan (CAP) will be put in place by the supplier and a reassessment timeframe agreed by both parties.

EcoVadis supplier status update

Coty has 164[✓] suppliers assessed in EcoVadis with an average score of 59 out of 100, more than 17 points above the average EcoVadis score and higher than our 2018 average of 54. We have had 144 of the suppliers re-evaluated in the last year and the average performance increase has been +2.9 points, including a 3.2% improvement in the Labor and Human Rights pillar. 65% of our suppliers re-evaluated have shown an overall improvement in their performance score.

Coty is a founder member of the **Responsible Beauty Initiative (RBI)**, which uses the EcoVadis platform to store and manage the corporate social responsibility details of the mutual suppliers within the membership. This forum aims to reduce the disruption and duplication of the effort required to assess shared suppliers of members and to address specific issues such as human and labor rights within the beauty industry. The first pilot of the RBI shared assessment scores of over 42 mutual suppliers within the raw materials category, providing data on an additional 36 suppliers other than our own.

Partnerships and collaboration

We have joined several industry initiatives that aim to address specific issues related to respecting and advancing human rights.

Roundtable for Sustainable Palm Oil

Recognizing the impact of the palm oil supply chain on human rights as well as biodiversity and the environment, Coty became a member of the Roundtable for Sustainable Palm Oil (RSPO) in 2017. Coty purchases palm oil derivatives, which we use in a number of our products and we want to purchase from RSPO certified sources in the future.

In 2018 we committed to purchase 100% of the palm oil and palm kernel oil (PKO) derivatives used in our manufacturing sites, according to the RSPO Mass Balance certified chain of custody system by the end of 2022.

As per our plan, in FY19, we met our year one target to purchase 20% of the palm oil derivatives we consume in our factories as RSPO Mass Balance certified. Along with the necessary support required by RSPO certified suppliers, by implementing RSPO management

[✓] Limited assurance provided by KPMG

standards in two of our key factories and undertaking RSPO audits at our primary supply chain office in January 2018, we are now RSPO Mass Balance Certified.

AIM-Progress and SEDEX

We are members of AIM-Progress, a program for responsible sourcing, which includes a focus on the impact of sourcing strategies on human rights. We are also members of SEDEX, or Suppliers' Ethical Data Exchange, an online portal for storing suppliers' self-assessment and audit documentation focused on the four pillars of:

- Human and Labor Rights
- Health & Safety
- Environment
- Business Integrity

We are using the SEDEX platform to manage the data from third-party ethical audits of our suppliers deemed to be at a higher risk of non-compliance to our [Code of Conduct for Business partners](#) following our risk mapping exercise. The audit protocol we prefer to use is the SEDEX Members' Ethical Trade Audit (SMETA) 4 Pillar. To demonstrate compliance with our [Code of Conduct for Business Partners](#) through a third-party audit, we insist that the supplier remediates any significant or critical non-compliances through a corrective action plan.

Responsible Mica Initiative

Mica is a mineral found in many products across cosmetics, automotive, and electronics industries and provides a sparkle or sheen and is naturally occurring in many countries around the world. In India, mica sourced from the regions of Bihar and Jharkhand carries a high risk of instances of child labor and unsafe working conditions.

As members of the Responsible Mica Initiative (RMI), we belong to a multi-stakeholder effort aiming to achieve a 100% sustainable mica supply chain by eradicating child labor and unacceptable working conditions in the Indian mica supply chain. Coty has a role on the Board of RMI and is active in each of the three RMI work-streams – Traceability & Specifications, Community Empowerment and Legal Framework & Advocacy. The members are making progress in putting pilot projects in place on the ground in India to help shape a future legal, sustainable and child-labor free industry. Using the supply chain traceability tool developed by the RMI, we have worked with our suppliers of Indian mica to gain visibility of their supply chains.

Currently, the members of the RMI represent around 57% of the total mica exports from India, which is a volume of approximately 73,000 metric tonnes, 70% of which is traceable to the source mines and processing units.

B) Health and Safety

Coty is committed to protecting the health and safety of its employees, customers, and communities where we operate. Coty strives for continuous improvement of our health and safety actions, processes and management systems in pursuit of zero health and safety incidents.

Progress on employee safety

We aim to ensure that our employees can carry out their daily activities in a safe, compliant environment. Following the development of our safety principles in 2017, FY19 saw us deliver our enterprise-level, Health and Safety Policy. This global policy complements our Code of Conduct and Code of Conduct for Business Partners, which extends our Health and safety principles to our supply chain.

Coty Employee Safety Principles

1. Safety starts with me. That is every one of us.
2. Nothing we do is worth getting hurt for. While performance is key, it must never be at the expense of safety.
3. All safety incidents are preventable. We must relentlessly target zero accidents.
4. Every incident will be investigated, and corrective measures implemented to avoid repetition (or reoccurrence). Let's make sure we share best practices as well as learnings from mistakes.
5. We care about doing the right thing and the impact of what we do on our people- we must always protect our community and reputation and strive to meet all our regulatory obligations.

Achievements and outcomes for employee safety

For employee safety, our FY19 Total Incident Rate* (TIR) in our factories and distribution centers was 0.23[✓] compared to 0.30[✓] the previous year. During FY19, we also implemented a TIR reporting and tracking process for our offices, studios and R&D facilities, so providing an overall Coty TIR.

Year ended 30 June	2019	2018	2017
Supply Chain TIR	0.23 [✓]	0.3	0.42
Corporate TIR	0.39 [✓]	-	-
COTY OVERALL TIR	0.33 [✓]	-	-

FY19 also saw dedicated resources put in place to support and embed new processes and procedures across 13 of our major corporate based locations, representing 50% of all corporate employees. We revised our *6 Key Elements Audits* (6 KEA) program with clear implementation guidelines which have helped to define and shape our approach to safety across Coty. We have also defined and introduced scorecards for all corporate sites, which are tracked and reviewed by our safety leaders on a monthly basis. Within our manufacturing sites and distribution centers, our pursuit of zero safety incidents continues. To help provide consistency in the way we investigate safety incidents, we deployed an Incident Investigation &

[✓] Limited assurance provided by KPMG

Communication Procedure and we have standardized the way we analyze root causes. Local campaigns have continued to drive areas of focus through investment into guidelines such as those on Safe Driving, Events Safety Management, Change Management & Machine Safety. In FY20, we intend to develop and deepen our health and safety capabilities by providing more rigor to our 6 KEA action plans and by continuing to develop guidelines concerning specific topics considered relevant to the general health and safety of all employees. In anticipation of our new Coty headquarters, we will build health and safety into our office and organization design in Amsterdam.

*Total number of Recordable Incidents** multiplied by (200000/total number working hours on a 12 month rolling average)

**We apply the US OSHA definition of a Recordable Injury

Safety of our consumers and beauty professionals

Delivering safe products is a core commitment to our consumers and beauty professionals. Human safety assessment is an integral part of our product development process, ensuring that all products are safe for their intended use. Our qualified safety experts assess all products as safe for use prior to marketing, which provides the application of consistent standards across the world. All our products are developed, manufactured and packaged in compliance with applicable human safety guidelines and regulations in each country in which they are sold.

In addition, we operate on the basis of precautionary principles meaning that we would never use anything within our products that we could not verify as being safe for our consumers or our planet.

Monitoring, assessment, and advice

Our R&D function is responsible for maintaining internal guidance on ingredient use and formulations. Our experts continually investigate and monitor scientific information to include the latest learnings into this guidance as well as incorporate insights from consumer studies and the latest industry and regulatory discussions. Our sources of information include Governmental resources, consortia, associations, scientific literature and consultants, as well as data from our Cosmetovigilance, Consumer Affairs, and Consumer Insights and trends processes.

We continually monitor the human safety of our products after they are placed on the market. Our Consumer Affairs team operates globally and has the responsibility to collect and analyze consumer feedback after the use of our products. In the event of health related complaints or potential concerns, our global Cosmetovigilance group provides expert medical case assessment, trend analysis and feedback for product development as well as reporting to competent authorities.

Regulatory Compliance

We have extensive processes in place to ensure our products are developed, manufactured and packaged in compliance with the strict guidelines and regulations that are relevant and applicable in every jurisdiction where they are sold.

Achievements and outcomes

In FY19, we implemented an audit system for our Cosmetovigilance process to assess and monitor its robustness. Our review of 22 KPIs indicated an improvement of 15% versus the previous year, testifying to the already high standard of COTY's Cosmetovigilance system and process.

In 2018 we implemented a company wide organizational structure for monitoring substances which may be perceived controversial by our consumers and professional users. Through this global process we have identified a series of High Profile Ingredients which we are actively monitoring and taking any precautionary action as required. In the next year, we intend to develop Key Performance Indicators (KPI) to monitor and track the robustness of our corporate chemical governance system.

Wellbeing

Last year we reported the launch of a new multi-country Employee Assistance Program (EAP) platform, under a single supplier, across 28 countries, designed to support employees with their general wellbeing, including mental health. Practical information and counselling is available on a variety of topics to employees, their partners and/or immediate family members. Help and information can be provided over the phone, via post or email; and where necessary counselling is offered at a time and location convenient to the employee. The EAP can provide support on a wide range of work and personal issues including how to manage stress, improving relationships, parenting, bereavement, maintaining physical health and work life balance.

In 2019, we trialled a number of new wellbeing related initiatives; including the launch of 'Headspace' and piloting new flexible working arrangements across specific countries. Headspace is an app designed to introduce our associates to the benefits of meditation and mindfulness with the aim of helping our associates manage their own stress, anxiety, improving sleep, mood, and achieving a better overall balance in their lives. We have offered paid subscriptions for up to 3,000 associates, across 10 countries. As at November 2019, we currently have 2,249 active headspace users.

Throughout FY19 we have also piloted some 'flexible working' initiatives across key sites, including our Paris, Geneva and Moscow offices. We are currently evaluating the success of these trials by how local initiatives have been utilized and received from an employee perspective and how and where flexible working practices could be implemented across other Coty locations. We continue to explore additional employee wellbeing initiatives and programs to further enhance and drive a culture of wellbeing across our organization.

C) Equal opportunity, discrimination or harassment

We prohibit any form of employee discrimination or harassment based on race, color, religion, age, gender, sexual orientation, disability, national origin, citizenship, marital status, the veteran status of any other characteristic protected by applicable law. Our [Code of Conduct for Business Partners](#) also outlines our expectations in this regard with our suppliers.

Coty is committed to an inclusive environment free of discrimination and harassment. Manager training on harassment and discrimination and proper handling of employee complaints has been rolled out and in the next year, this will be extended across other management teams globally.

Inclusion and Diversity at Coty

We want to create a culture in which everyone can bring their whole self to work. Every one of us at Coty is an individual with a unique background, strengths, experiences, and perspectives. We believe that embracing these differences and furthering diversity throughout our organization makes it – and all of us – richer and better serves our diverse consumers.

We continue to work on our internal inclusion and diversity strategy having recently committed to the following targets:

- **We will measure and publish our gender pay statistics in our 5 biggest markets and for our HQ population. If we find imbalances, we will set time-bound targets to reduce these differences by 2025.**
- **We are a business committed to supporting the Charter for Change and making our business more accessible to those with disabilities. We will report on our progress annually.**
- **As part of how we live our core value of unity, we will ensure all of our leadership receive inclusive leadership training.**
- **By 2025, through Coty campaigns, we will have mobilized the global citizen movement to take 500,000 actions that stand up for self-expression and tackle prejudice and discrimination around the world.**

In the absence of any formal external commitments to date, we have continued to ensure that we are always moving forward and improving our position on inclusivity, regardless. Detailed below are some of the activities and improvements we have made on focus areas within diversity and inclusion. These build upon previous actions such as our *Unconscious Bias* and *Better Performance with Diversity* training modules, which we started to deliver through the Coty Academy in FY18.

Gender equality

Our workforce gender statistics remain consistent year on year, with slight variations in or Executive Committee and Board gender splits (please see website for up to date information). Looking forward to the next financial year, Coty will endeavour to review, and set accordingly, a target which relates to gender equality and reflects the spirit of our belief that equality and diversity makes our business stronger and better serves our customers.

Workforce Gender Statistics:

Year Ended 30 June	2019		2018		2017	
	F	M	F	M	F	M
Total workforce	59% [✓]	41%	57%	43%	56%	44%
Managers*	50% [✓]	50%	49%	51%	49%	51%
Leadership** positions	40% [✓]	60%	40%	60%	40%	60%
Executive Committee***	14%	86%	20%	80%	11%	89%
Coty Board***	18%	82%	11%	89%	11%	89%

* A manager is defined as "having at least one direct report"

** Internal definition: a leadership position is defined as "grade 1 to 5"

*** Please see Coty.com for interim updates in between formal YE figures.

In the week leading up to International Women's Day we supported our partner, Global Citizen's, gender equality campaigns to promote fundamental rights, skills, and opportunities for women. In providing our associates with the ability to have their voices heard, they sent a strong message that all girls and women should be empowered to get an education and to decide if and when to get married, start a family, and what's best for her health. We also used this moment to celebrate our inspirational females, past and present, and reflect on how every person can help to create a more gender-balanced and inclusive world. Offices across Coty celebrated in diverse ways. In Dubai, associates participated in an interactive quiz to develop their understanding of diversity issues whilst in other regions, senior leaders held sessions on topics such as women in leadership and how to create a better gender balance within our business.

This year, we introduced more equality into our UK&I Parental Leave policies. The introduction benefitted both male and female associates, and we will continue to review and improve the support we give to parents.

Disability

At Coty, we believe we are all differently-abled. In December 2018, Coty became a signatory to the Charter for Change to help ensure the rights, freedoms, dignity, and inclusion for all persons with disabilities. As part of our commitment as a signatory, we have committed to creating strong foundations to make Coty a more inclusive and accessible workplace for people with disabilities.

Over the past year, we have made progress in raising awareness and increasing understanding of disabilities through internal and external campaigns. Through an internal campaign launched on International Day of Persons with Disabilities in 2018, associates were encouraged to sign a

physical Charter for Change in their local offices to demonstrate their commitment. Externally, through our partnership with Global Citizen, we mobilized citizens around the world, and Coty associates, to support a new campaign to reduce stigma and discrimination against people with disabilities.

LGBTI

We are on a journey to make Coty a more open and inclusive workplace where everyone is treated with dignity and respect regardless of their sexual orientation or gender identity. Our first steps have included raising awareness of the inequalities facing many LGBTI people and how employees can be allies. In FY19, to mark International Day Against Homophobia, Transphobia, and Biphobia (IDAHO) and celebrate PRIDE, we held an internal panel session. Held at our New York office, Sally Hansen showcased their PRIDE collection and partnership with GLAAD. It also provided a forum to discuss how brands and businesses can be better allies and advocates for the LGBTI community. We also participated in a panel at the Human Rights Conference, as part of World Pride, alongside representatives from the World Bank and Global Citizen.

We Stand For You – tackling prejudice and discrimination

We Stand For You is the name of Coty's social impact program. It provides our associates with the tools and information required to take action on global issues such as prejudice and discrimination based on gender, disability, LGBTI and ethnicity. Launched in 2018, We Stand For You sits within the "People pillar" of our sustainability strategy, fitting closely with our internal diversity and inclusion ambitions. To date, we have focused on activities related to gender, disability, and LGBTI.

As part of We Stand For You, we partnered with the international advocacy group, Global Citizen, to challenge the norms, stereotypes, and policies that perpetuate prejudice and discrimination around the world. The initial focus of the long-term partnership is on those who face discrimination based on their gender, sexual orientation, and disability.

Our We Stand For You online platform, co-created by Coty and Global Citizen, gives our associates in over 40 countries a collective voice to advocate and campaign for social change. The platform was the first of its kind; an online experience that uses digital activism combined with local grass-roots and immersive action to create change. It moves beyond traditional forms of corporate community engagement and is a new form of employee activism.

By mobilizing and uniting our associates to create positive social change, we aim to help create a more sustainable and equitable world where everyone is free to express themselves.

We Stand for You engagement targets and campaigns

Over the past year, we have continued to drive adoption and engagement on the We Stand For You platform. We have prioritized key campaigning moments throughout the year to increase awareness of the platform and align our efforts with We Stand For You focus areas.

For example, following a successful International Women's Day celebration there was a significant uplift in the number of sign-ups and actions taken on the platform. We continue to work towards a target of engaging 25% of our online workforce through the platform. Between the period 1 February 2017 – 30 June 2019, there have been 12,013[✓] actions taken by 1,923[✓] employees. This represents an engagement score of 14%[✓] of all associates who have access to the platform.

Campaigns and impact

Our partnership with Global Citizen has expanded advocacy campaigning in the areas of disability and LGBTI rights. People with disabilities and members of the LGBTI community are amongst those at most risk of falling into extreme poverty. The overarching #LeaveNoOneBehind campaign aims to reduce these inequalities and create a more equal world.

Disability

Launched on International Day of Persons with Disability in 2018, the ongoing campaign aims to mobilize citizens around the world to tackle the stigma and discrimination faced by people with disabilities. The campaign launched with key digital actions including:

- A petition calling on Commonwealth Governments to affirm the principles of the Charter for Change so to tackle legal discrimination faced by people with disabilities and;
- A quiz to raise awareness of the inequalities persisting today and promote understanding of disability.

To date, approximately 70,000 actions have been taken by global citizens, including Coty associates, in support of the disability campaign. So far, in response to the action calling on Government to support the Charter for Change, South Africa announced its commitment to sign the Charter in December 2018. For the second year running, Coty sponsored the ADA accessible area at the annual Global Citizen Festival. This helped to ensure the event was accessible for all, including sign-language interpreters, a check-in center, and a team of dedicated support staff.

LGBTI

Launched in FY19, Coty supported Global Citizen's first campaign on LGBTI rights. This campaign aims to reduce inequalities in the workplace, in health care, and at school, and campaign for full participation in the global economy for the LGBTI community. The first digital actions included:

- Calling on the UN General Assembly to reaffirm the Independent Expert on Protection Against Violence and Discrimination Based on Sexual Orientation and Gender Identity.
- Educational LGBTI Quiz on how poverty affects members of the LGBTI community globally.
- Calling on world leaders to commit funding to collect data on LGBTI people through the Inclusion Index.

COTY

While many of the actions are part of the ongoing campaign, the action urging the UN to reappoint the independent expert was time-bound. Over 23,000 global citizens took this action ahead of the General Assembly in September 2019. This led to the UN General Assembly voting to reappoint the independent expert helping to ensure the universal protection of the rights of LGBTI people around the world, through continued support for critical services, support systems, and research.

Campaigns supported by Coty, and our associates, play a part in contributing to Global Citizen's overall impact. We continue to support Global Citizen's other campaigns on gender, including #LeveltheLaw, which aims to change the unjust laws that discriminate against girls and women. Further information on Global Citizen's impact to date can be found [here](#).

Looking ahead

As part of our Charter for Change commitment and making our business more accessible to people with disabilities, over the next 18 months, we plan to develop a new disability roadmap. We will begin this process by assessing any relevant internal policies and reviewing our recruitment processes to improve inclusivity & address the needs of differently-abled employees.

ENVIRONMENTAL PRINCIPLES (Principles 7 to 9)
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Coty recognizes that we have a responsibility towards the environment as detailed in our [Environmental Principles](#). We have also adopted *SDG 12 Responsible Consumption and Production* as one of our four strategic SDGs.

Coty acknowledges the scientific consensus reached at the Paris COP 21 when world leaders agreed to reduce carbon emissions to limit global temperatures to within 2°C above pre-industrial levels.

In recognition of the urgent action required, **our ambition is to reduce the absolute GHG emissions of our value chain by 30% between 2017-2030**. This includes reducing emissions from our own organisation and from those associated with our upstream and downstream activities, including reduction in emissions associated with sourcing our raw materials.

Further, we are committed to **recycling 80% of all waste we generate and sending zero waste to landfill by 2030**.

Energy and carbon emissions from our owned operations

In order to help us achieve a 30% absolute reduction in GHG emissions across our value chain, we further commit to reducing the energy consumption of our factories and distribution centers by 25% and to source 100% of our electricity supply for these sites from renewable sources by 2030.

So far, we have reduced the combined scope 1 & 2 emissions from our offices, factories and distribution centers by 21% and reduced our total building energy consumption by 19%.

Whilst the rationalization of our estate portfolio has largely contributed to this reduction, our approach is to minimize emissions through energy optimization and reduction within our buildings. At the same time, we want to increase the overall contribution of renewable electricity supply to 100% for our factories and distribution centers.

Our estate portfolio now consists of four offices with green building ratings and we have a number of on-site renewable energy sources including solar panels at our Cologne distribution center and at Morris Plains factory along with a biomass plant at our Senador Canedo site. In total, green electricity represents approximately 15% of our supply chain demand and 10.8% of our total energy needs.

Reductions in energy demand have also been a continued focus for our supply chain teams in FY19 who have now completed 70% of low energy lighting replacements and installed motion sensors in most of the key areas where safety allows. As opportunities have arisen, old equipment has been rationalized or replaced with more energy efficient equipment. For instance, at our Chartres factory we replaced three air compressor units with a single, more efficient compressor, optimized by reducing line pressure. In total, the energy savings are expected to deliver a €20,000 return whilst also reducing maintenance costs. Manufacturing sites still have significant opportunities to replace older, less efficient or oversized equipment. To address such issues and develop solutions, we set up an internal Supply Chain Sustainability

Network who, towards the end of FY19, started to develop a comprehensive roadmap to deliver further reductions.

Carbon footprint

Year ended 30 June		2019	2018	2017
Scope 1	Thousand tonnes of CO ₂ e	31.38 [✓]	32.12	40.41
Scope 2 (Location-based)	Thousand tonnes of CO ₂ e	50.97 [✓]	63.43	64.5
Scope 2 (Market-based*)	Thousand tonnes of CO ₂ e	43.14 [✓]	56.23	59.12
Scope 1 & 2 normalized by revenue ¹	Tonnes of CO ₂ e per US\$m	10.5	10.16	13.71 ²
Scope 3 ³	Thousand tonnes of CO ₂ e	40.35	46.62	54.07
Total emissions ¹	Thousand tonnes of CO ₂ e	122.70	142.17	158.98

*Supplier specific/contract specific renewable electricity emissions

¹ Using location-based emissions (country-specific, national average energy emission factors)

² FY17 revenue only includes three financial quarters of P&G Beauty Business acquisition

³ Scope 3 emissions include indirect emissions from business travel, water use, waste, and energy transmission losses

Continuous improvement is also an important part of energy management and environmental management at Coty. In FY19, our Rothenkirchen team achieved recertification of the factory's ISO 50001 energy management system and are now working on delivering the updates required to comply with the new 2018 standard. Looking ahead, they will seek re-certification during our next audit in November 2021. Over the last year, environmental legal assessments of our entire supply chain operation were undertaken as part of a regular review cycle. No major issues were identified and each site owns their respective action plan to ensure 100% compliance.

Waste

Waste, water consumption and transport emissions are also important issues that we are committed to tackling.

We intend to make sure that by 2030, **none of the waste generated by our factories and distribution centers will be sent to landfill**. Further, we have committed to reaching **a recycling target of 80%**, which we know will be very challenging but essential nonetheless.

Over the past year, we have been working hard to make sure that we work closely with all our waste partners across our organization to help us assess, plan and innovate. This collaborative effort is essential and without it we would clearly not be able to manage our waste management strategy successfully.

Over the past year, our recycling rate has remained consistent with previous years (64% in FY19 vs. 65% in FY18) but our overall waste volume has decreased by approximately 15% with nine out of 14 factories having achieved a recycling rate of 80% or more.

We have also made progress in pursuit of our zero waste to landfill target. Last year we reported that one of our main production sites was still unable to divert some of its waste streams away from landfill and was working hard to find solutions.

[✓] Limited assurance provided by KPMG

In FY19 our on-site teams worked alongside our waste vendors and put in place new processes and controls in a combined effort to divert waste away from landfill. The partnership focused on sorting waste on site by appointing a dedicated waste manager and waste operatives and installing a waste conveyor belt. By ensuring that waste streams were segregated they were able to implement new ideas, such as composting kitchen waste. This led to waste volumes decreasing, recycling rates increasing and, importantly, no waste from this site is sent to landfill.

Whilst we still have plenty of work to do, our FY19 progress means that only 1.6% of all waste from factories and distribution centers is being sent to landfill and we continue to work towards a complete eradication of this practice.

Water

Whilst we have yet to publicly commit to any firm commitments relating to water management, it remains an important issue for Coty. We are undertaking the necessary work required to establish a water related target which will become part of our overall sustainability commitments over time.

The absence of any such target does not reflect a lack of action in our approach to water management and in FY19 we reduced water consumption by 3% versus the previous year.

Water reduction in FY19 can mainly be attributed to a pilot water study project within one of our largest manufacturing sites, chosen to help identify process efficiencies, water management techniques and proof of concept that will be adopted across other relevant sites. In addition, we have recently joined a cross industry water benchmarking study group in which we are sharing and benefiting from others on the topic of best practice water management techniques.

Beyond our operational control, we also acknowledge a need to ensure that we are driving product innovation with sustainability in mind, including water management. In order to deliver more sustainable products and to adapt to the changing demands of consumers, from 2020, all new ingredient formulations will be assessed against a set of sustainability criteria which we will eventually use to benchmark and set relevant product sustainability KPIs. This will drive innovation in the sustainability of our products including but not limited to water impacts.

Transportation

The deliveries of our products and transportation of raw materials from suppliers to our sites is a costly and harmful impact of our value chain. During FY19 we started gathering and assessing the availability of our transportation data and seeking ways to improve its availability with the help of our suppliers and logistics teams.

In order to help focus these efforts and establish a baseline to use as a starting point for setting reduction targets, a cross-functional project team has been set up and have started to standardize our transport emissions measurement methodology and to assess next steps. Some areas of our business have already begun to rethink how transportation can be optimized, emissions reduced and costs lowered. As an example, in FY19, our value optimization team started to look at the inputs and transportation of the raw materials associated with one

of our brands secondary packaging. In considering how transportation could be minimized within the process, the team were able to create a completely different end-to-end process leading to a CO2 saving of around 2000 tonnes of CO2 per annum.

Sustainability of our products and packaging

Whether it be social, environmental or economic, Coty has a duty to make sure that our products are sustainable across their entire lifecycle without compromising safety and performance.

In 2017 we conducted an environmental footprint study to cover our global value chain. From the sourcing of raw materials through to the end of life impacts of our products, every step of our product journey is important and requires careful consideration, and planning, with sustainability in mind.

Exploring the potential of circular innovation, both in ingredients and packaging, given the significant potential for innovation, partnership and collaboration, we have started to think about changing the way we make products to a way that is made to be made again.

In order to prioritize and address our product sustainability, we are committed to the following:

- **By 2025, 100% of the packaging for any new product will include recycled material, or be recyclable, reusable or compostable.**
- **Investigate how we improve the sourcing of our materials and ingredients in a responsible way, including:**
 - **By end 2022 we aim to purchase 100% mass balance certified palm oil for our production sites.**
 - **By end 2022 we aim to source 100% responsibly sourced Indian mica.**
- **Driving change through sustainably led new product innovation:**
 - **As of 2020, all new products developed will be assessed against a set of sustainability criteria which we will use to benchmark and set future sustainability KPIs**
 - **Annually, we will share progress on our High-Profile Ingredients (HPI).**

Eco-designed packaging is an important element of products that are made to be made again. We have started to develop our capabilities through internal training, innovation challenges and expert partnerships, as well as starting pilot programs for brands, categories and materials to inform actions for the future. Our packaging experts are actively working on plans to reduce unnecessary plastic use and reduce the overall environmental footprint of our packaging, in line with our aim to explore more circular design and production in our packaging. Our participation in the Ellen MacArthur Foundation's [CE100 program](#) is informing our approach to the reduction of plastic use and to addressing other material packaging impacts such as metal and glass. It includes:

- **Accelerated workshops:** Over the last year associates representing all our divisions and functions were given the opportunity to attend one of four accelerated workshops to

better help them understand the business opportunities associated with the circular economy.

- E-learning: 50 of our business leaders were engaged in five e-learning modules which focussed on a range of circular economy related topics such as innovation, business cases and new business models.

Since 2018, Coty has also been a member of [The Sustainable Packaging Initiative for CosmEtics](#) (SPICE). This initiative has brought together organizations from the cosmetics industry and their suppliers to work towards a common goal, 'to collectively shape the future of sustainable packaging'.

In an ambition to guide sustainable packaging policy and drive packaging innovation whilst meeting consumer expectation, in the past year SPICE members have been working towards publishing business-oriented methodologies and data to support resilient decision-making in order to improve the environmental performance of the entire packaging value chain.

Product sustainability index

Beyond our operational control, we acknowledge the need to ensure that we are driving product innovation with sustainability in mind. During FY19 we started to develop a consistent way of assessing new formulas and packaging in order to deliver more sustainable products and to adapt to changing consumer demand.

From 2020 onwards, all new product formulations and packaging will be assessed against a set of sustainability criteria, created with a longer-term view to drive change by establishing a sustainability benchmark. The sustainability index will help facilitate the creation of KPIs, used to track and measure the success of sustainability integration and to meet corporate and brand product targets.

Along with increased visibility and a commitment to report on the progress of our HPI strategy each year, the sustainability index created for new products will screen against a wide set of criteria, including life cycle assessment, sourcing strategies and recyclability. This will enable us to meet consumer demand and deliver more natural, clean, ecological and ethical beauty products in a credible and consistent way.

ANTI-CORRUPTION PRINCIPLES AND IMPLEMENTATION (Principle 10)

Our [Code of Conduct](#), supported by our global anti-bribery and anti-corruption policy and procedures, provides clear and strong guidelines relating to anti-corruption and bribery and explicitly prohibits the corruption and bribery of both public and private officials.

Achievements and outcomes

In FY19:

- We have launched additional guidance and education on gift-giving and related topics.
- We completed the roll-out of the global mandatory online anti-corruption and bribery training available in 12 languages.
- We continue to supplement this with face to face training on ethics and compliance, including anti-corruption principles, throughout the world.
- We have developed a Third Party Business Partner Due Diligence platform and process, which is being piloted in the first half of FY20, and which will be implemented fully by the end of FY20.
- We have begun the compliance verification process, using the SEDEX online platform, to ensure that those suppliers representing a higher risk of non-compliance to our [Code of Conduct for Business](#) Partners are able to demonstrate compliance via a third party ethical audit.

In the next year, we intend to:

- Launch our updated Code of Conduct for Business Partners which includes enhanced standards for anti-corruption, data privacy and ethical business
- Roll-out the second wave of the compliance verification program to the remaining direct spend supplier sites at a higher risk of non-compliance to our Code of Conduct for Business Partners.
- Extend our Code of Conduct for Business Partners risk mapping exercise to our key indirect spend categories, which will include verifying compliance for those suppliers at a higher risk of non-compliance.