BEAUTY THAT LASTS:

SUSTAINABILITY REPORT 2020









In February 2020, we launched our dedicated sustainability strategy, Beauty That Lasts. This report outlines progress made against the strategy and targets during our 2020 financial year, from July 2019 to June 2020, and shares plans for the year ahead. This report also outlines our commitment and progress in line with the Ten Principles of the UN Global Compact.

Selected data provided have been independently assured by KPMG; in this report, the verified data are indicated with the symbol \checkmark .

CONTENTS

INTRODUCTION

Message from our CFO	
Beauty That Lasts	
Our Response to Covid-19	5
BEAUTY OF OUR PRODUCT	
Product Impact	7
Supply Chain Responsibility	
BEAUTY OF OUR PEOPLE	
Diversity, Equity and Inclusion	16
Community Activity	
Ethical Behavior	
DEALITY OF OUR REALIET	
BEAUTY OF OUR PLANET	
Greenhouse Gas Emissions and Energy	
• Waste	
• Water	29
FUNDAMENTALS OF RESPONSIBILITY	
Product Safety	31
Associate Health, Safety & Wellbeing	
- 7 100001010 Fileditii, Ourety & Wellbellig	52
OUR REPORTING	33





Message from our CFO

For all of us, 2020 will go down in history as a pivotal year, from the health and economic impact of the Covid-19 pandemic, to the Black Lives Matter social justice movement sparking action to address systemic inequalities. The effects of climate change are also being felt – affecting our day-to-day lives and the lives of many vulnerable people around the world.

This is an important time for change. Businesses have a critical role to play, and the time for transformation is now. At Coty, 2020 has been a catalyst and a cultural shift has started. While the impact of the pandemic is still being felt, we are committed to building a business that recognizes the importance of individual, societal and planetary health. To achieve this, sustainability will drive innovation.

Earlier this year, we launched our sustainability strategy, Beauty That Lasts, to address the areas in which we can play the biggest role: through our products, with our people and communities, and for our planet. But there is much more that we can and will do as a business. With the arrival of our new CEO in September, our strategy and ambitions are being strengthened, and we plan to announce further commitments shortly.

Our iconic brands are the cornerstone of our business. They have a crucial role to play in defining the future of our industry and society. Beauty is fundamentally about embracing diversity and self-expression. I am proud that we now have a female majority leadership team and we are creating a business that is more representative of society as a whole. We also have a portfolio of loved brands that gives us a very powerful way to promote the values of diversity, inclusion and equality. This is a big responsibility.

Beauty and health are intertwined and many of our brands have pioneered innovation across the beauty industry for decades. They will now lead the mass beauty movement to provide healthier and more effective products. Our brands and entire portfolio will move towards clean beauty, reflecting the needs of the consumers of today and tomorrow, and at the same time help to elevate diversity and authenticity. One example is the COVERGIRL Clean Fresh range, the first mass beauty brand to be formulated without formaldehyde, phthalates, sulfates and talc, with a 100% vegan formula and cruelty free certification.

As we evolve into the new, modern Coty, I am confident that we will act courageously, do what is right for both our business and the world, and hold each other accountable to move further and faster. The progress shared in this report is a strong foundation from which we can build and accelerate towards a brighter future. We will continue to support the United Nations Global Compact ten principles as we shape our new business and work together with others to contribute to a more sustainable, more equal and more beautiful future – for everyone.





Beauty That Lasts

Since 1904, Coty has pioneered positive innovation across the beauty industry. As new challenges emerge, we will continue to drive positive societal, ethical and environmental change throughout our value chain and in society. We will achieve this by building a better business, with sustainability driving brand innovation.

We launched our dedicated sustainability strategy, Beauty That Lasts, in February 2020. It was guided by the United Nations Sustainable Development Goals (SDGs) to manage and reduce our environmental impact and accelerate positive change.

Our strategy is structured around three pillars: the Beauty of Our Product, Our People and Our Planet. These areas are important to our consumers, associates, investors, partners and stakeholders, and are where we can have the biggest positive impact. Our time-bound targets, which can be found throughout this report, will help us achieve our vision to become a more circular business and create a more sustainable, and inclusive, world.

Through our products and brands, we will drive positive societal and environmental change. We are building sustainability criteria into our innovation process, improving the sourcing of ingredients and creating better, simpler formulations that our consumers can trust. Our iconic brands – both legacy, and newer, direct-to-consumer, personality-led brands – have the influence and reach to champion more inclusive societies for all.

Throughout our own operations, we will build efficiencies to protect the precious resources of our planet and ensure we create a clean and safe environment. We are doing this by committing to reduce our carbon emissions by 30% across our value chain by 2030, and building a better understanding of our water footprint and waste generation across our supply chain.

To reflect our high level of ambition and the speed of change that is required to meet the global sustainable development agenda, we will review our targets and share our new vision. Strong governance will be essential to track our progress, hold ourselves accountable, and ensure sustainability is embedded into our business at all levels.

This sustainability report is structured according to the three pillars of our strategy and will demonstrate progress made against our existing commitments and targets.





Our action on the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were established in 2015 as a framework to solve the world's most challenging social and environmental issues by 2030. We want to ensure our efforts contribute to global progress and we have identified priority SDGs that we can have the biggest impact on.

See below for how our activities contribute to the SDGs and where you can find more information in this report.



We are committed to achieving gender equality and the empowerment of women. Our target is to achieve gender balance in our leadership positions by 2025. <u>Page 17</u>.



We are committed to providing a safe and positive working environment across our whole value chain. We work closely with our suppliers to understand where there are risks that need careful management. We also support responsible mica sourcing through the Responsible Mica Initiative. Pages 12 and 14.



We are working to make our manufacturing practices more resilient and sustainable. In our Granollers factory in Spain, for example, we have installed solar panels and, as a company, 100% of energy used will come from renewable sources by 2030. Page 24.



We are taking action to reduce inequalities within our organization and create a more inclusive society. Our brands are challenging stereotypes and championing individuality and self-expression through their advertising. Page 19.



Our goal is to ensure our products are manufactured and consumed sustainably. As part of this, we will send zero waste to landfill, and recycle 80% of waste generated by our factories and distribution centers by 2030. <u>Page 27</u>.

We also recognize the importance of using natural resources responsibly. Our new Beauty That Lasts Index assesses sustainability criteria for all new products from this year. Page 7.



As a business, we must reduce our carbon emissions to protect the planet from further warming due to greenhouse gases. Our target is to reduce our absolute carbon emissions by 30% and our total energy consumption by 25% by 2030. <u>Page 23</u>.

Governance

We recognize that sustainability needs to be integrated across our business, as well as being led from the top, in order to achieve our targets.

Prior to this year, our Vice President of Global Corporate Sustainability oversaw the sustainability team that works closely with functions, divisions, and brands across the globe, as well as external partners. As part of our company transformation and leadership changes, our Chief Financial Officer (CFO) has recently been responsible for our sustainability strategy. Going forward, the strategy will be led by our Chief Corporate Affairs Officer, with the sustainability team reporting into this role. The Sustainability Steering Committee, comprised of Executive Committee (EC) members, is the central governance mechanism responsible for overseeing the company's sustainability strategy, targets and progress. It is convened every two months and makes strategic and operational decisions to support the delivery of the strategy. Progress is reported to the EC, which has the responsibility of reviewing the strategy and allocating resources accordingly. Our Board of Directors receives regular updates on progress and has oversight on all sustainability policies, programs and reporting.

We have also updated our corporate governance at Board level to reflect Coty's deep commitment to fair representation. Our Remuneration and Nomination Committee Charter now includes diversity and inclusion as a key priority for leadership.





Our Response to Covid-19

This year, Covid-19 has had a devastating impact on lives around the world. It has also changed the way we live and interact, and will continue to do so for the foreseeable future. In this section, we provide an overview of our response to the pandemic to date, both in supporting local communities and managing its impacts across our business.

Our associates

The health and safety of our associates and their families has been the number one priority for our business. From the early stages of the pandemic, we encouraged our associates to work remotely wherever possible, in line with local public health guidelines. For those in our factories and distribution centers, we acted quickly in accordance with government guidelines to ensure these spaces were Covid-secure, reopening them slowly and only when safe to do so.

Our operations

As the pandemic rapidly spread around the world, many countries faced shortages of hand sanitizer and essential protective equipment for medical professionals. In response, we switched some of our factory operations to produce hydro-alcoholic gel. We distributed these free of charge to medical and emergency services' staff and pharmacies, as well as to Coty associates.

In France, over five metric tons of gel were produced and donated to local hospitals, pharmacies and care homes. Hand sanitizer was also offered to other essential services, such as food production sites and medical laboratories, at production cost. Our US team donated over 400,000 units of sanitizer to hospitals and first responders in local communities. Many of our country offices also provided financial donations to local charities supporting vulnerable people during the pandemic including China, Singapore and Brazil.

Our brands

Our brands donated resources to front-line workers supporting the Covid-19 relief effort. Clairol donated protective gloves to New York hospitals, and philosophy donated care packages of skincare products to healthcare workers in the hardest hit areas. Sally Hansen diverted alcohol wipes from its beauty products to be used as single-use disinfectant wipes, and Wella donated beauty salon gloves and capes to medical centers in Madrid. Coty was also named among 50 US companies who stepped up during Covid-19 in a feature by **Newsweek**.

Donated

 $400,000 \, \text{units of hand sanitizer to} \\ \text{hospitals across the US.}$







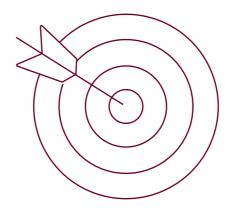
Product Impact 7 | **Supply Chain Responsibility** 12

Our products have an important role to play in building a sustainable future. To respond to evolving social and environmental challenges, we intend to keep sustainability at the heart of product innovation.



Product Impact

From the sourcing of raw materials to manufacturing, distribution, marketing, and consumer use and disposal, our products have an environmental impact across their entire lifecycle. Our ambition is to put sustainability at the heart of innovation and make products with circular principles in mind. We want to change the way we design, formulate and manufacture, in order to minimize our environmental impacts and create more innovative, cleaner products.



TARGETS

As of 2020, include sustainability criteria in the conception of all new products

> As of 2020, share progress on our High Profile Ingredient management process annually

100% of the packaging for any new product packaging will be recyclable, reusable or compostable, or include recycled material by 2025

Beauty That Lasts Index

Improving the footprint of our products is an important focus for Coty. We want all new products to be evaluated on their social and environmental profile.

Last year, we developed our internal Beauty That Lasts Index, a qualitative tool to integrate sustainability criteria into the packaging and formula development process for new products. The Index's framework has different areas of focus for packaging and formula (see Figure 1), which cover a range of social and environmental credentials. These include the use of naturally-derived and Fairtrade ingredients, reducing the consumption of resources and increasing the recycled content of our packaging, and driving positive social impact through brand partnerships.







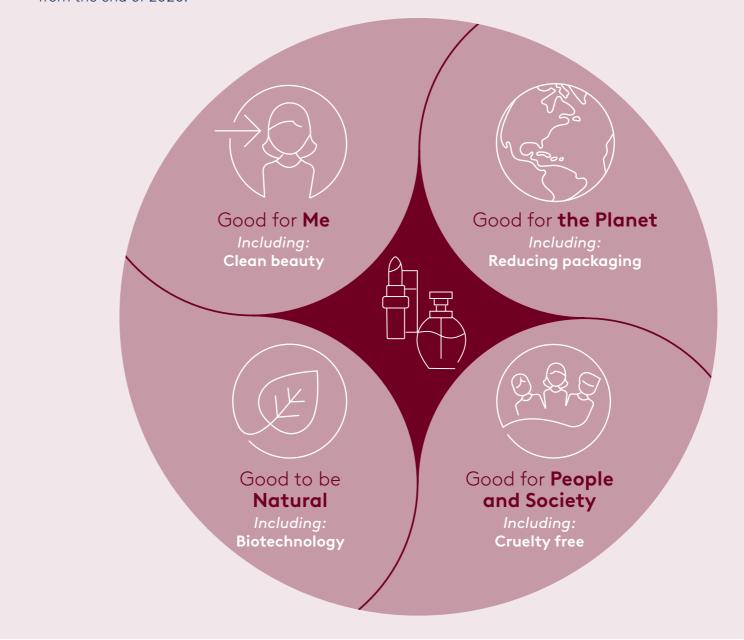
In 2020, we piloted the Index in the development of our CK EVERYONE fragrance. The Index initially relied on external data from across the beauty industry. We have embedded learnings from the pilot to simplify the tool and streamline the assessment process. It is now fully managed and owned by our internal R&D team. We also harmonized the formula and packaging sections to provide one overall score, which makes the Index easier to use and draw insights from.

We set a target to assess all new products against sustainability criteria from the end of 2020. We have refined the Index tool and it is now fully deployed across all categories. We will be applying it to all new initiatives from 2021.



FIGURE 1: Beauty That Lasts Index

The index is a qualitative tool that enables us to integrate sustainability criteria into the packaging and formula development process for new products from the end of 2020.





Packaging

Packaging is an integral part of our footprint. We aim to use less packaging and use better packaging. To that end we have committed that by 2025, 100% of any new product's packaging will be recyclable, reusable, compostable, or include recycled material. To achieve this target, we are focusing on four pillars: Reduce, Recycled, Reuse and Recyclable. We have integrated these into the Beauty That Lasts Index and evaluate new launches against them.

Reduce: We aim to remove unnecessary plastic where possible, while maintaining the safety and quality of our products. We also collaborate with external partners to reduce the weight of our packaging material.

Recycled: As we develop new products, we are increasing the amount of recycled material in our packaging. For example, in 2020, we have incorporated 30% recycled polypropylene, a thermoplastic, into new cosmetic packaging.

Reuse: We are conducting internal studies to identify the best options to reuse packaging, either through in store or at home refills.

Recyclable: We aim to use materials that can be reprocessed or transformed to be recyclable or compostable. We are researching mono-material packaging to improve recyclability.

To support the roll out of these pillars, we have created training materials and guidelines to upskill our internal teams on eco-design. We also work in partnership with other organizations facing similar packaging challenges.

We have been a member of the Sustainable Packaging Initiative for Cosmetics (SPICE) since its creation in 2018. This initiative aims to bring together the world's cosmetics organizations and move the whole industry towards more sustainable packaging through harmonized definitions, methodologies, and sharing best practice. The organization also helps members overcome technical packaging challenges, provides guidance on sustainable design and assesses the environmental impact of packaging solutions through a common, sector-specific, environmental database.

This year, SPICE launched a simplified life cycle assessment tool in June 2020 for members, which is now available publicly. We use this as a decision-making tool when we are comparing different packaging solutions at product development stage and it allows us to promote eco design during product conception. This new tool, specifically designed for the beauty industry, complements our internal Beauty That Lasts Index, and will enable Coty to further drive and strengthen our sustainability focus.

We are also part of the Ellen MacArthur Foundation. Through the Foundation, Coty associates from a range of functions and divisions are able to attend workshops and training sessions to better understand and learn about the exciting potential of circular economy principles. This year, as learning moves online in response to Covid-19, we plan to promote the training with as many associates as possible.







Clean Beauty

A growing number of consumers are paying close attention to the ingredients in their products. Many are looking to brands to help them make informed decisions and meet their needs. This movement towards clean beauty is gaining momentum, yet there are many different definitions and standards across the beauty industry. For Coty, clean beauty is about meeting consumers' desire for minimalist formulas with fewer irritants and more transparency. As an example, our "free-from" formulas cater to those who are concerned about specific ingredients. Our clean products can also offer social and environmental benefits, such as vegan or certified cruelty-free formulas, and may use natural ingredients. This is also an area of growing importance for our retail partners, who are helping consumers make more informed choices through clean selections.

We are committed to creating simpler, and more sustainable products across our portfolio, without compromising on our high safety standards. To do this, many of our brands are expanding or reformulating their product ranges, including Calvin Klein, COVERGIRL, Sally Hansen and philosophy (see page 11 for more information). Within our Beauty

Our Clean Beauty Philosophy

- Minimalist formulas
- Fewer irritants
- Increased ingredient transparency
- Improved product offering to meet consumer need

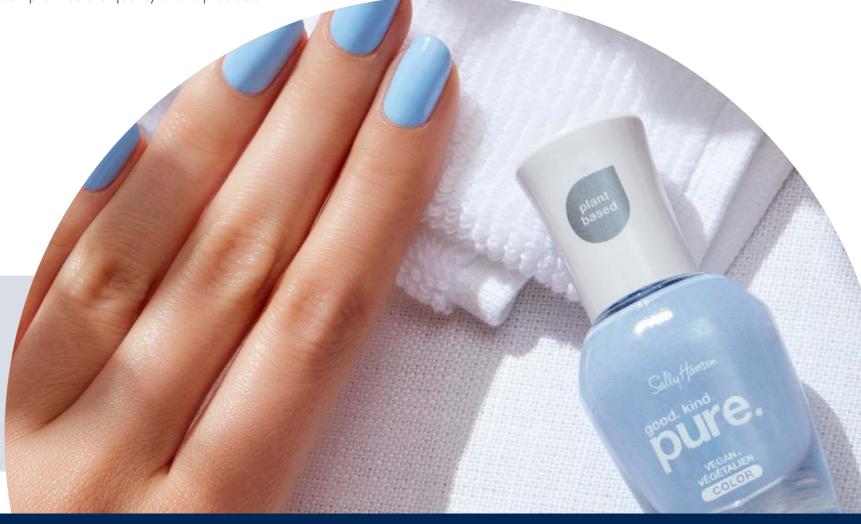
That Lasts Index, "Good for me" is a key assessment criterion ensuring our clean beauty principles are integrated into new product development.

Our clean beauty efforts are also underpinned by the tracking and monitoring of High Profile Ingredients (HPIs) or ingredient groups. We identify these potential issues at a market level, using data from both environmental and health research, and by tracking consumer concerns. Once an HPI has been identified, we seek to address the concerns associated with it, or replace it with an alternative ingredient if necessary, always ensuring it does not compromise the quality of the product.



LOOKING FORWARD

We intend to put sustainability at the heart of innovation as we move forward. We will continue to deploy the Beauty That Lasts Index to ensure environmental and social impacts are considered as part of all new product development. We plan to accelerate our focus on clean beauty by creating an internal guide of ingredients and formulas by consulting the latest scientific research in the cosmetics industry, while continuing to evaluate the human and environmental health impacts of ingredients.









ACCELERATING THE MOVEMENT IN CLEAN BEAUTY

Clean beauty and natural claims are an important, growing area of focus. Our ambition is to create simpler, more sustainable products, and help meet the needs of socially and environmentally conscious consumers.

Our brands have been leading the way. In January, Calvin Klein EVERYONE was the first fragrance to achieve a Material Health Certificate at the Silver level from the Cradle to Cradle Products Innovation Institute. It is formulated with vegan, naturally derived ingredients, with a recyclable bottle and outer packaging made from 30% post-consumer recycled materials. It also was the first product to be assessed through our new Beauty That Lasts Index.

New clean launches include Sally Hansen's plant-based nail polish collection, Good. Kind. Pure., an ingredient-conscious, vegan formula and first of its kind from a major mass brand; and COVERGIRL's Clean Fresh collection, also created with a simpler, vegan formulation. In the first half of 2020, Good. Kind. Pure. became the number one mass color cosmetics launch in the U.S., and Clean Fresh, the number one new mass foundation launch in the U.S., signaling a growing demand for clean products at accessible price points.

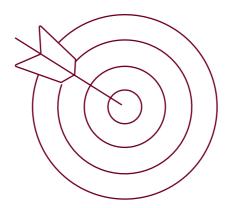
Reformulations are also part of our strategy. Building on the success of *Nature in a Jar* collection, philosophy's iconic *purity* facial cleanser has now been reformulated without any parabens, phthalates or sulphates. This approach is being rolled out across philosophy's full brand portfolio, with a target for all products to be clean by 2022.





Supply Chain Responsibility

With a complex global supply chain, it is essential that we work closely with suppliers to manage any potential risks and help build a better, more sustainable business. We are committed to reducing any negative impacts from our sourcing practices on human rights or the environment.



TARGETS

We aim to improve responsible sourcing and transparency in our supply chains by:

Purchasing 100% mass balance-certified palm oil for our production sites by 2022

Ensuring 100% of Indian Mica is responsibly sourced by 2022

Supplier assessments

The first step in our compliance process is for our key in-scope* suppliers to sign our Code of Conduct for Business Partners, which sets out our expectations. In 2020, we strengthened the Code to enhance standards for anti-corruption, data privacy and ethical business. We are in the process of rolling this out, and 187 suppliers have signed the new Code as of June 2020, representing a 95% completion rate.

We have also developed third-party due diligence tools and processes to ensure partners are conducting their business ethically and lawfully. We launched a pilot program in selected markets in early 2020 and plan to launch the program globally by the end of 2021. So far, 276½ business partners (which covers our suppliers and distributors) have completed the due diligence program.

To better understand the risks in our supply chain, in 2017, we undertook a mapping exercise to assess our suppliers at a higher risk of non-compliance to the Code of Conduct for Business Partners. It showed we have around 800 direct spend supplier sites in scope. We prioritized our suppliers considered at the highest risk of non-compliance using the Suppliers' Ethical Data Exchange (SEDEX) to comply via a third-party, ethical audit.

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







Our compliance verification process is a phased approach. Having largely completed

"Wave 1", we have now started "Wave 2", including some indirect supplier sites (suppliers of goods or services such as marketing and professional services). In total, approximately 350 sites have been engaged. Over the past year, we have assessed 98\(^\sigma\) suppliers, covering 149 sites, through the SEDEX self-assessment questionnaire or via an audit if necessary. To ensure that the audit process and the use of the SEDEX platform is embedded throughout our Procurement teams, we continue to train key users linked to the supplier program.

ecovadis

We continue to use the EcoVadis 360°

ESG assessments for suppliers within indirect spend categories. Both Coty and the supplier receive a report based on 100,000 data points and references including from governments, charities, trade associations and stakeholders. If areas of high risk are identified, a time-bound corrective action plan is put in place. In total, Coty has 198 suppliers assessed in EcoVadis, with 83^v assessed in 2020 receiving an average score of 56.9 out of 100, more than 14 points above the average EcoVadis score.

To further improve responsible sourcing and transparency, we work collaboratively with a number of organizations, including AIM-Progress, which is a network of businesses dedicated to sustainable supply chains. We are also a cofounder of the Responsible Beauty Initiative (RBI). RBI leverages the EcoVadis network to store and manage the corporate social responsibility details of mutual suppliers within the initiative. This helps to reduce the duplication of effort required to assess shared suppliers of members, and address issues such as human and labor rights within the beauty industry. RBI members now share more than 1,100 scorecards of common suppliers.



LOOKING FORWARD

Looking forward to 2021 and beyond, we will continue to work hard to achieve our supply chain responsibility targets. In particular, we will expand the training of the SEDEX platform to ensure it is used as part of new suppliers' onboarding process and assessment, as well as part of a robust process for existing suppliers to ensure continued compliance. We will also work with our supplier community and other stakeholders to explore additional ways in which we can deepen the relationships we have with suppliers and ensure we all move together to a more sustainable future.





Palm oil

Palm oil is found in many cosmetic products as it helps deliver moisture and texture, and acts as a preservative. However, rising demand for palm oil has led to increased deforestation and habitat loss in some of the world's most biodiverse areas, and is often associated with poor working conditions and human rights abuses.

As a purchaser of palm oil derivatives, and recognizing the impact of the palm oil supply chain on human rights, biodiversity and the environment, we joined the Roundtable for Sustainable Palm Oil (RSPO) in 2017. The RSPO works with buyers and producers to improve sustainability standards in the palm oil supply chain through audits. By sourcing through the RSPO certification scheme, we are helping to drive positive change by investing in growing methods that minimise the negative impact of palm plantations. Our target is to purchase 100% mass balance-certified palm oil and palm kernel oil derivatives for use in our factories by the end of 2022.



In 2020, 30% of the palm oil derivatives we purchased for our factories was RSPO Mass Balance certified, which is in line with our annual objectives. We recognize 4-0981-17-000-00 we need to go further and faster, and

are exploring ways to strengthen our responsible sourcing practices to ensure a sustainable palm oil derivative supply chain. As part of this process, in 2021 we will publish the full list of our direct palm oil derivative suppliers.

Coty primarily buys palm oil and palm kernel oil derivatives, and certifies its purchases using RSPO Mass Balance of custody. This means sustainably produced, RSPO-certified palm oil is mixed with conventional palm oil within the supply chain.

Mica

Mica is a key raw material used in many of our products to provide a pearlescent effect. Coty sources mica from different countries, including the US and India. Within India, and specifically the Eastern States of Bihar and Jharkhand, there are known risks of child labor in mining communities.

Coty is committed to sourcing mica responsibly and became a founding member of the Responsible Mica Initiative (RMI) in 2017. The RMI is a multi-stakeholder action group aiming to establish RESPONSIBLE a 100% sustainable Indian mica supply chain.

Coty is active in three of the RMI's workstreams: Traceability and Workplace Standards, Community Empowerment, and Communications. We support a range of projects within each area, working in partnership to tackle systemic issues and create a long-term, sustainable solution. For example, the RMI provides a local scholarship program that helps children attend school and strengthen the curriculum.

Traceability and greater transparency are critical to building a sustainable supply chain. We have traced 97% of our mica to country level and participate in the annual RMI data collection campaign to gain further visibility. Currently, 95% of our purchased mica comes from suppliers who themselves are members of the RMI. So far, approximately 53% of our Indian mica sources are traceable to mine level, and we are in the process of analyzing remaining volumes.

Looking forward, we will complete our traceability mapping to mine level and continue to support RMI's efforts. We will support the implementation and roll out of responsible workplace standards within processors and mines by encouraging our suppliers to take part in pilot projects.

people positively 30,000 impacted by RMI's work

RMI takes a holistic approach to address the challenges, by empowering local communities, promoting responsible workplace practices and supporting the development of legal frameworks."

Fanny Fremont, **RMI** Executive Director









Diversity, Equity & Inclusion 16 | Community Activity 20 | Ethical Behavior 21

As a beauty company with a rich heritage and many iconic brands, we are committed to creating a more inclusive business and society. By ensuring our business is made up of a diverse group of people, and building a culture that encourages individuals to be their true selves, we will drive creativity and innovation.



Diversity, Equity & Inclusion

We want to embrace and celebrate our differences, creating a business culture in which our associates feel accepted for who they are. We firmly believe this is essential for a successful and thriving business.

As part of this, we recognize the importance of diversity at a leadership level and throughout our whole organization – including diversity of gender, ethnicity, ability, background, gender identity and sexual orientation. We still have much to do but are making progress towards building a more inclusive business.



TARGETS BY 2025

To roll out diversity, equity and inclusion training for all associates by 2025

To achieve gender balance in our leadership positions* by 2025

To broaden the measurement and reduction of gender pay gaps** by 2025

To continue to support the Charter for Change initiative and make our business more accessible to those with disabilities by 2025

> *Senior Directors, VP and above **5 largest markets and functions

Achieving equality for everyone is central to many of the Sustainable Development Goals. The events of 2020, including the Black Lives Matter movement, have exposed the injustices that remain in our society and reinforced the need for action. As an organization, we are steadfast in our commitment to create change and work towards our goals.

For Coty, Diversity, Equity & Inclusion (DE&I) covers a wide range of interlinked areas across our whole value chain, from the composition of our workplace and our company culture, to how we reflect and respect the diversity of societies in our advertising and brands.

To accelerate progress, we established a Global DE&I project team in October 2020, which is responsible for developing and implementing a three-year roadmap with both global and local strategic objectives. The roadmap will take a holistic approach to create a more inclusive culture. It will identify clear actions across policies and systems to ensure any bias is eliminated and equality is promoted across the business.

DE&I teams in local markets play an essential role in determining country activities that align with the global strategy, whilst remaining sensitive to different cultures. This approach has been instrumental in driving progress within our North America office so far this year. See the DE&I awareness and advocacy section on page 18 for further information.





DE&I Training

We believe that training plays an important role in developing a culture that is inclusive and brings out the best in everyone. We have strengthened our target to reflect our ambition to roll out DE&I training across the whole business and all levels. We will prioritize unconscious bias training starting with our regional leadership teams, as we recognize the importance of removing bias at decision-making moments, such as hiring and promotion.

In addition, in August 2020, we strengthened a section of our online learning academy, renaming it as the Culture, Inclusion and Diversity (CID) Academy, and reviewing all content. The CID now hosts over 100 self-learning modules with further modules added to support online learning during the pandemic. We have also worked on the structure and frequency of the training opportunities, ensuring they match the learning journeys for individuals at different stages of their career paths. For example, all new hires now receive DE&I training as part of their onboarding process.

LOOKING FORWARD

Over the next year, we will develop and begin to roll out our DE&I curriculum. As well as developing our global DE&I roadmap, we will promote the formation of dedicated teams at a market level to create local strategies and action plans to maximize our diversity.

Gender Balance

As part of our overall efforts to increase the diversity of our leadership team, we set a target to reach a 50:50 gender balance in our leadership** positions by 2025. Currently, the proportion of women in senior leadership roles globally is 40%, which has remained consistent for the past three years. We recognize the need for accelerated action to improve this representation. Setting a new, time-bound target earlier this year and the creation of a new Global DE&I project team will help us drive targeted action.

The percentages of women at each level of the business are shown in Table 1.

40% gender balance in our leadership positions**

TABLE 1: Percentage of women in the business: Year Ended 30 June

	2020	2019	2018
Total Workforce	60%√	59%	57%
Managers*	51%√	50%	49%
Leadership** (Senior Directors, VP and above)	40%√	40%	40%
Executive Committee***	0%	14%	20%
Coty Board	42%	18%	11%

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

Gender Pay Gap

This year, we set a new target to measure and report the gender pay gap within our five largest markets and our headquarter population, according to numbers of employees. We are also expanding this target to include our five largest functions, such as Sales and R&D. Our initial analysis indicates a 7% pay difference across Coty, and a 5% difference at a leadership level** in 2020. We will continue our analysis and develop action plans to address gaps where they exist. We will share our progress next year.

In parallel, we follow all legal reporting requirements to disclose our gender pay gap at a country level where required by law, including in the UK, Australia and France. This may include additional metrics, such as the percentage of men and women receiving a bonus, and the proportions of men and women in each pay guartile of the workforce, as required in the UK.

This year, there have been a number of leadership changes at the Executive Committee (EC) level. While our 2020 EC figure reflects the gender composition on June 30th 2020 (the end of our financial year), the picture is now very different – most notably with the appointment of Sue Y. Nabi as Chief Executive Officer. Change starts from the top, and, since Sue's appointment as CEO in September 2020, there is now a majority representation of women at the EC level and almost equal representation on the Coty Board.





^{**} Internal definition: a leadership position is defined as Senior Directors, VP and above

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

DE&I Awareness and Advocacy

This year underscored the inequalities that still exist today. In particular, the killing of George Floyd in May highlighted the systemic nature of racism across our societies. At Coty, we stand against racism in all its forms. Many of us, as individuals and as a company, voiced support and made donations in solidarity to the Black Lives Matter movement. Our brands including COVERGIRL, Sally Hansen, philosophy and Clairol donated to the NAACP and Black Lives Matter. We know we need to do more to achieve diverse representation that better reflects our consumers and must work towards a shared vision for a better, more inclusive future.

We have since shared our intention and commitment to take action to improve diversity, equity and inclusion at Coty. Our teams in North America and Canada have started to engage colleagues and are creating short- and long-term plans to initiate change. By listening and learning, we will strive to take meaningful actions that will create lasting change - inside of Coty and beyond.

Throughout the year, we marked key moments to raise awareness and reinforce the responsibility that we all have to foster greater equity in the workplace and in our society.

International Women's Day

This year, we raised awareness of our new gender balance target by highlighting leaders and teams who have championed equality and how they overcame challenges. We also contributed to digital gender equality campaigns run by global advocacy organization, Global Citizen. We have worked with Global Citizen since 2018, challenging norms and policies that perpetuate inequality around the world. This year, we encouraged associates to use their voices to commit to "Generation Equality" - a campaign aimed at reinforcing the Beijing Declaration for women's rights.

Pride

Pride is a moment of celebration, acceptance and individuality, as well as a time to fight the injustices experienced by the LGBTI community. This year's celebrations moved online. With Global Citizen, we launched a new LGBTI myth-busting guiz to raise awareness of the inequalities and disproportionate effects of Covid-19 on the LGBTI community. In June 2020, Coty associates took 3,698 actions through Global Citizen in support of our Pride-sponsored campaign. As an example of local activities, the US team promoted activities and resources including a "Coty Ally Guide".

Pride is also celebrated by our brands with products and campaigns designed to promote acceptance, challenge stereotypes and provide support. We continue to partner with GLAAD, a charity that

pushes boundaries and breaks barriers for the LGBTI community by provoking dialogue that leads to cultural change, through our Sally Hansen brand, and for the first time, through COVERGIRL. Both brands made financial donations, and Sally Hansen released a dedicated Pride nail polish collection.

International Day of People with Disability

We support associates with different abilities and are a signatory of the Charter for Change, which ensures the rights, freedoms, dignity and inclusion for all persons with disabilities. To mark International Day of People with Disability in December 2019, we encouraged associates to call on world leaders to support children with disabilities through taking online action via the Global Citizen platform. We also created an internal campaign to raise awareness of the variety of ways people are differently abled.











DIVERSITY AND AUTHENTICITY IN OUR ADVERTISING

Our brands have an important role to play in society by challenging stereotypes and championing individuality and self-expression. Our beliefs and values are also translated through our advertising, and the models we choose to use.

Responsible marketing is an important part of authentic advertising. We are taking action to challenge "business as usual" behavior in the beauty industry. This year, Coty brands COVERGIRL, Rimmel and Sally Hansen again played a leading role to support the 'Beauty Mark' campaign by retail partner CVS. The campaign asks brand partners like Coty to use the 'Beauty Mark' on all advertising imagery that is authentic and has not been materially altered, or to clearly indicate any images that have been digitally retouched. We committed to the program early on. Today, three years into our partnership and well ahead of the ambitious December 2020 timeline set by CVS, we are proud that 100% of Coty brand advertising meets CVS unaltered guidelines. In fact, we use the same unaltered in-store imagery across all U.S. retailers.

The importance of diversity and inclusivity was featured in a collaboration between Gucci Beauty and Vogue Italy, aimed at supporting emerging creative talents and promote the theme of unconventional and nonstereotypical beauty. Launched at the beginning of 2020, the digital editorial focused on "Unconventional Beauty" and showcased Ellie Goldstein, an 18-year-old beauty star who has Down's syndrome and passionate advocate for ensuring that more models with disabilities are represented in advertising. This became one of the most successful contents ever created for Gucci Beauty.

More recently, Perfect by Marc Jacobs launched a campaign in August to celebrate self-love, authenticity, and individuality. It challenged beauty stereotypes; it featured an inclusive cast of 42 individuals from varying backgrounds. This campaign supports our wider efforts to "unstereotype" our brands and promote diversity and authenticity in our advertising.





Community Activity

This year has continued to expose the urgent need of charities for support. Globally, we focus our charitable contributions on key strategic partners that reflect the nature of our business. as well as supporting local activities and efforts driven by our associates.



For more than 20 years, Coty has proudly partnered with DKMS, an international non-profit fighting

blood cancer and blood disorders, co-founded by the Executive Chairman, Peter Harf. Through corporate donations, we support the mission to end blood cancer and help patients build up their confidence and self-esteem - a cause linked closely with our beauty heritage. We also encourage stem cell donor registration activities to ensure DKMS continues to be the world's largest bone marrow donor center. This year, local efforts moved online. Coty Germany created the "Coty Power for DKMS" social media campaign to encourage blood donations. The US raised \$325,000 with partners through the annual DKMS gala, as well as hosting a virtual blood donation drive, with a particular focus on the BIPOC community who are underrepresented in the US national bone marrow registry.

We also support the charity Look Good Feel Better in several countries through product donations and fundraising initiatives to support their mission of boosting the physical and emotional wellbeing of cancer patients.

Our country offices have supported local organizations during times of crisis through fundraising, awareness raising and in-kind donations. Our Australia office fundraised for local organizations, residents and fire services during the Australian bushfires crisis, in addition to disaster relief charities in the US in response to the Californian wildfires.

For more information on our efforts to support the Covid-19 pandemic response, see here, and for information on our charitable support on diversity and inclusion, see here.

Supporting our Global Community

Since 2018, Coty has worked with global advocacy partner, Global Citizen, to tackle prejudice and discrimination around the world, by harnessing the power of digital activism. Through a dedicated internal platform, over the last year, 1,919 associates have signed up to the platform and taken online actions on a range of social issues. This represents 13%√ of our online workforce in more than 40 countries. We have also supported Global Citizen's campaigns on disability and LGBTI-rights, to drive systemic changes in society. We have championed these with our associates and the wider Global Citizen movement. Since the partnership launched, 17,731√ actions were taken by Coty associates.

In October 2019, Coty sent eight delegates to the annual One Young World summit for the third year running. The Summit brings together over 2,000 young leaders from 190+ countries with the ambition of tackling the most pressing social and environmental issues. The Coty ambassadors attended a range of sessions with influential political, business and humanitarian leaders. Since returning, our ambassadors have used what they have learned to champion sustainability in their part of the business.

256,406 actions taken by Global Citizen community on Coty Sponsored actions since 2018



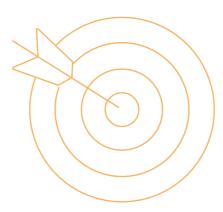
LOOKING FORWARD

We will continue to support our global charity partners, including DKMS and Look Good Feel Better, and local fundraising efforts for community activities.



Ethical Behavior

We believe that everyone has the right to be treated with dignity and respect, and we are committed to respecting and promoting human rights throughout our own operations and extended supply chain. Within our own business, we want to ensure that all our associates work in a safe environment that is based on equal opportunity and is free from discrimination or harassment.



TARGET BY 2025

95% of associates to complete annual compliance training by 2025

Our associate <u>Code of Conduct</u> sets out what our associates must do to ensure these high standards, and outlines the reporting process and protocol if they have any concerns. All associates receive the Code and must acknowledge both receipt of and adherence to it. In the past year, 10,743 of our in-scope associates completed the supporting e-learning on the Coty Academy – a completion rate of 73%.

Our Code of Conduct is also supported by our global Anti-Bribery and Anti-Corruption Policy and procedures, and provides clear guidelines that explicitly prohibit the corruption and bribery of both public and private officials.

73%<

of associates completed e-learning modules on the Code of Conduct in 2020

Our global compliance program, "Behave Beautifully", is designed to detect and prevent unlawful behavior and promote a culture of ethical business practices. With the support of our senior leaders, our compliance training sets out our standards across a number of areas, including anti-bribery and corruption, competition law, data privacy, preventing harassment and discrimination. Covid-19 has presented challenges when it comes to delivering this training, so we are reassessing the best way to ensure that associates have access to this remotely. By 2025, our goal is to ensure that 95% of associates complete compliance training on a yearly basis.

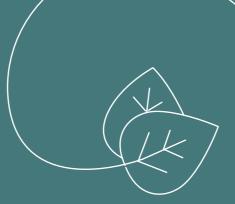
To date, Coty has not been the subject of material investigations, legal cases, rulings or fines related to human and international labor rights violations.



LOOKING FORWARD

We will continue our work on ethical behavior in 2021 and beyond, working to ensure that our policies, training and learning programs evolve to meet changing needs, and that we progress towards our targets for the uptake of training across the business.





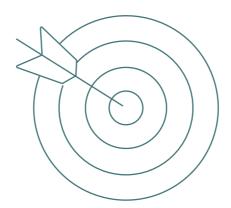
Greenhouse Gas Emissions and Energy 23 | Waste 27 | Water 29

We are committed to conserving and protecting the natural resources of our planet, which are increasingly under pressure. This is a vital part of our responsibility to the world we live in and for the generations of tomorrow.



Greenhouse Gas Emissions and Energy

Climate change is one of the defining issues of our time, with urgent and immediate action needed from all sectors. Throughout 2020, despite the decline in greenhouse gas emissions caused by pandemic lockdowns, concentrations of carbon dioxide (CO2) in the atmosphere have continued to increase, and the impacts on sea levels and rising temperatures have intensified. To help tackle this, we have made the following commitments.



TARGETS BY 2030

To reduce our absolute CO2e emissions across the entire value chain* by 30% by 2030

To reduce energy consumption* by 25% and switch to 100% renewable energy by 2030

*Baseline 2017



In 2017, we declared our support for We Are Still In and signed the open letter in support of the Paris

Agreement. Our target is measured against a 2017 baseline and is in line with a 2°C global warming scenario. It includes our own emissions and those associated with our upstream and downstream activities, covering Scopes 1, 2 and 3 of the Greenhouse Gas Protocol. This target also includes a minimum reduction of 30% for our combined Scope 1 and 2 emissions. In 2020, we exceeded this goal, by reducing these emissions by 34% compared to 2017. This includes reductions due to the impact of Covid-19 on our operations.

In addition, we publicly shared our progress on our climate strategy in the global environmental disclosure system, the CDP, for the first time this year and received an A- score in the Climate Change category. This includes our Scope 3 categories according to the Greenhouse Gas Protocol.

34%

reduction in Scope 1 and 2 emissions compared to 2017

The carbon emissions for our operations across the business are shown in Table 2. This data covers all Coty operations during 2020.



TABLE 2: Greenhouse Gas Emissions Year Ended 30 June

Tear Erided 50 Julie		2020	2019	2018	2017
Scope 1	Thousand Metric Tons CO2e	30.99√	33.65*	32.12	40.41
Scope 2 (Market-Based¹)	Thousand Metric Tons CO2e	34.48	43.23	56.23	59.12
Scope 2 (Location-Based)	Thousand Metric Tons CO2e	42.11√	51.05	63.43	64.50
Scope 1 & 2 Normalized by Revenue ²	Metric Tons of CO2e per US\$m	9.72	8.89	9.40	13.00³
Scope 3	Thousand Metric Tons CO2e	35.21	40.67	46.62	54.07
Total (Using Market-Based Scope 2)	Thousand Metric Tons CO2e	100.67	117.55	134.97	153.60

Scope 1: direct emissions from owned or controlled sources

Scope 2: indirect emissions from the generation of purchased energy

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

- *Natural gas consumption corrected for two sites.
- ¹ Supplier-specific and contract-specific renewable electricity emissions
- ² Using market-based emissions
- ³ FY17 revenue only includes three financial quarters of P&G Beauty Business acquisition

To reinforce our commitment to 100% renewable energy by 2030, in April we became a member of the RE100, a global initiative bringing together over 260 influential businesses committed to 100% renewable electricity. Together, we can help increase the demand for renewable electricity and accelerate change towards zero carbon grids at scale by reaching key stakeholders, such as electricity suppliers or landlords. Through RE100, we participated in the virtual NY Climate Week in September 2020.

As of July 2020, all our factories and distribution centers are using renewable electricity from the grid or have Renewable Energy Certificates (RECs) if renewable grid electricity is not available. Our German factories and distribution center remain under RECs for

their natural gas consumption.

RE100

Our 34% reduction in Scopes 1 and 2 emissions since 2017 is largely due to energy optimization and reduction efforts at our sites, as well as the rationalization of our real estate portfolio over the past four years. We are also progressing our transition to green energy.





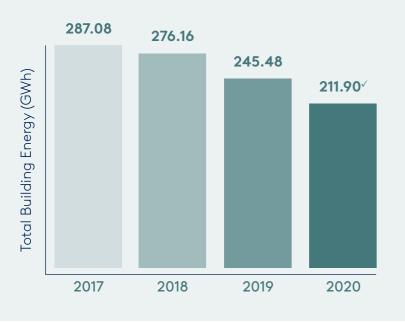
Energy Efficiency

Over the last year, we reduced our energy consumption in our factories, distribution centers and offices by 14% compared to 2019, with an overall decrease of 26% since 2017. A range of initiatives have contributed to this reduction. For example, we created a sustainability network for our factories and distribution centers. The network defined sustainability plans with long-term commitments and yearly targets, and became a forum to share monthly updates and best practice, such as workshops on optimizing energy-intensive equipment including boilers, air compressors, and heating, ventilation and air-conditioning equipment.

26%

energy reduction in our factories, distribution centers and offices since 2017.

TABLE 3: Total energy consumption





INVESTING IN RENEWABLE ENERGY

Our Granollers factory in Spain also began its renewable energy transition this year. It signed a contract for 100% renewable electricity in January 2020 and installed more than 1,000 solar roof panels in July, providing 4% of its electricity and an expected 50,000kg reduction of carbon dioxide per year. Looking forward, the panels are expected to also decrease sulfur dioxide emissions by 108kg and nitrogen oxide by 76kg each year.



OPTIMIZING ENERGY CONSUMPTION

Over the last six years, our historic factory and R&D center in Monaco has reduced its energy consumption by 1 million kilowatt hours. This progress was possible through the installation of light sensors, the development of more efficient shutdown procedures for night and weekend hours, and an optimization of energy-intensive equipment, such as compressors and boilers. The factory also transitioned to 100% renewable energy in January 2020.

Covid-19 has had a significant impact on our reductions. This year, the number of product units manufactured has decreased by 17%, leading to a 15% drop in energy use across our factories. Additionally, national lockdowns around the world led to a large proportion of our associates working from home, which in turn reduced our office-based energy use. Overall, our energy consumption has fallen by 14% in 2020 compared to 2019, with a reduction of more than 30% in the last financial quarter of our fiscal year ended on June 30, 2020.



LOOKING FORWARD

Earlier this year, we announced the sale of our Professional Beauty and Retail Hair Business (now referred to as "the Wella Business"), which is an important change to our business. As a result, we will be recalculating our carbon baseline to reflect the new structure of Coty, including an updated mapping of our Scope 3 emissions. We will calculate Coty's new carbon footprint and use this to review how we can strengthen our greenhouse gas reduction target by exploring both 1.5°C and net zero climate scenarios.

We expect to continue our active participation in RE100, and leverage learnings and activities with our energy suppliers. We aim to extend our regular reporting processes to key suppliers. We plan to identify the best options for renewable energy supply for our offices and R&D centers.









PROTECTING MARYLAND'S CHESAPEAKE BAY, USA

This year, we planted over 700 trees at our Hunt Valley manufacturing site to help protect the natural watershed, Chesapeake Bay. The nearby Bay is one of the world's most ecologically rich estuaries, but runoff from surrounding areas, contaminated with harmful substances, puts it at risk. Our Hunt Valley tree-planting project helps to absorb potential contaminates, and supports the state-wide effort in Maryland to protect the Bay.

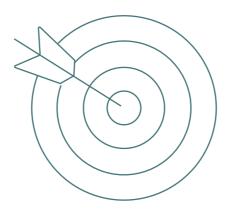
While a few options were considered for this project, we were keen to maximize the positive environmental benefits. The restoration of urban land around our factory with trees not only tackled the run-off, but it has also enabled carbon to be captured from the atmosphere. Adolescent trees, instead of seedlings, were selected to accelerate the carbon absorption process. To promote biodiversity as much as possible, we also mirrored the local environment. We planted a variety of tree species native to Maryland, including Maple, Birch, Oak, Dogwood and Magnolia.

The trees planted in May 2020 are predicted to capture 4.4 metric tons of carbon dioxide in the first year and 14 metric tons on average per annum within their first 10 years. They are also set to absorb over half of the nitrogen, phosphorous and suspended solids from the local area's run-off. Looking ahead, we will monitor the trees' growth and their carbon-sequestering impact to learn for future projects.



Waste

The world is now producing over 2 billion metric tons of solid waste each year, with numbers set to rise in the coming decades. A large and growing proportion of that waste is plastic, much of which ends up in the environment, particularly in seas and oceans. In recognition of the scale of this issue, we aim to further reduce, reuse and recycle our waste.



TARGET

To send zero waste to landfill and recycle 80% of waste generated by our factories and distribution centers by 2030

We are focusing our efforts on better planning and donating excess products where possible, as waste created through excess and obsolete products are some of the most challenging waste categories to recycle. However, where they do occur, we partner with different organizations to find alternatives uses. For example, this year in France, we donated a range of consumer beauty products to Phenix, a start-up platform aiming to reduce waste from food and other finished products through donations. Through their network of charities, we were able to donate products from our third-party distribution center in France to two charity associations in Lille, helping to support the local community.

Recycling rate in 2020

Over the last year, less than 1% of the waste generated by our manufacturing and distribution sites has been sent to landfill, and we are actively working with our waste partners to find alternative treatment options for the remaining waste streams.

We have increased our average recycling rate across our factories and distribution centers to 68% of waste recycled, compared to 65% the previous year. We achieved this through better monitoring and separation of different waste streams across our sites.



LOOKING FORWARD

Many of our activities and innovations related to waste are expected to come to fruition in 2021, and we will continue to explore additional ways we can work towards our waste targets. One area of focus in the next year will be to identify additional partners who can facilitate the distribution of excess products that are nearing the end of their shelf-life.



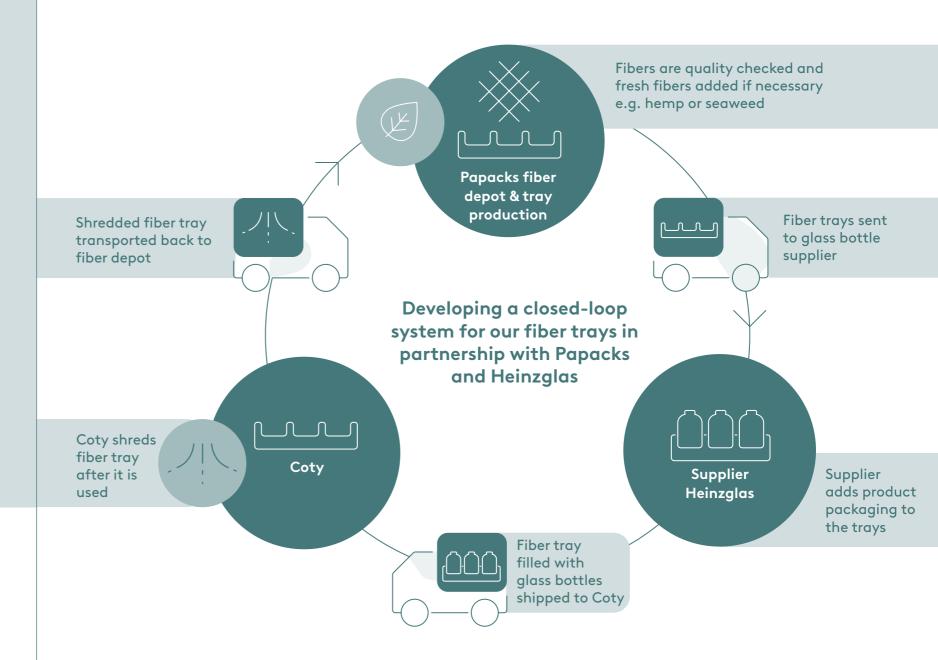


CASE STUDY: PAPACKS

Over the last four years, we have partnered with Papacks, a sustainable packaging company, to find a more sustainable alternative for transporting packaging and trays. Together, we have developed molded pulp pack-carriers for glass bottles made of scrapped cardboard and plant-based fibers, sourced from biogas plants. The resulting "mono-material" fiber-cast trays are fully recyclable and compostable in Europe. The trays will replace the traditional plastic trays, removing 1,800 metric tons of plastic per year at our Cologne factory. The material is completely reusable, therefore helping us move from a linear to an entirely circular system without any waste.

This innovation in packaging trays will not only improve our overall supply chain efficiency, we also expect a 85% reduction in carbon emissions compared to regular plastic trays. We are now in the final stages of testing the trays within our Cologne factory and hope to expand this solution to other sites. The project has also been highlighted as a key case study in a recent European Commission paper on packaging efficiencies and the circular economy.

FIGURE 2: Our Circular Economy Model





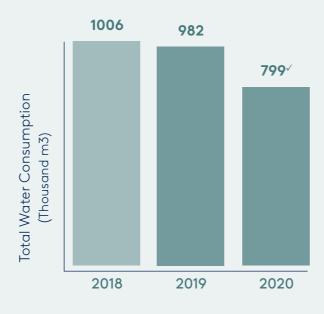
Water

Water is a precious planetary resource that sustains us and allows communities and ecosystems to thrive. It is also critical for us as a business, both in the manufacture and use of our products. We have a responsibility to reduce our water usage wherever possible.

To help us identify the areas within our business that are particularly water-intensive, we plan to undertake a new water footprint across our value chain in 2021. This will enable us to set water reduction targets to minimize our impact.

This year, our water consumption reduced significantly by 18% in 2020, compared to 3% in 2019. This reduction was due to the knock-on impacts of Covid-19. We identified a 16% decrease in water consumption in our factories as a result of an overall drop in production volumes.

TABLE 4: Water Consumption



We have continued to take action to improve water management and reductions across our sites. During periods of limited activity in our factories and distribution centers, and the shut-down of certain processes, we were able to identify our base water consumption and repair leaks at two sites, in Italy and the UK.



CASE STUDY: BRAZIL

At our Brazilian factory, located in a water-stressed area, we have continued to implement water reduction measures. Over the last year, we have implemented daily communication of our water target (relative to production) across the factory, as well as reviewing sanitization protocols and campaigns to reduce the amount of water needed. We also installed low-pressure spray balls to clean tanks. To further reduce our impact, we plan to install new hydrometers to deliver a complete water map of the site and continue to reduce the volume of water used to clean the facilities.

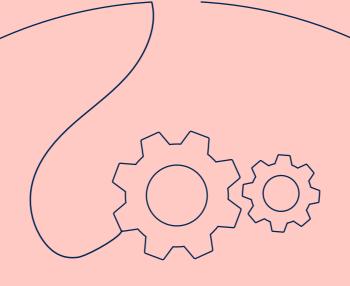


LOOKING FORWARD

To build an understanding of our impact relating to water, we will conduct a detailed water footprint to identify the areas with the largest potential for water reductions in 2021, following the Wella Business divestiture, and develop strategies to deliver them.







FUNDAMENTALS OF RESPONSIBILITY

Product Safety 31 | Associate Health, Safety & Wellbeing 32

To us as Coty, it is fundamental that we ensure the safety and integrity of our products and provide a safe working environment for our associates.



Product Safety

Ensuring products are made according to the highest safety standards is a fundamental priority for Coty, so that our consumers can use our products with confidence.

As we build sustainability into our innovation procedures, we will continue to follow our robust product safety processes to ensure our products retain the same high quality that our consumers know and love.

Human safety assessments are integral to our product development process, ensuring all products are safe for their intended use. Our qualified safety experts assess all products before marketing, and all products are developed, manufactured and packaged in compliance with human safety guidelines and regulations for the country in which they are sold.

Our Research & Development (R&D) function is responsible for maintaining internal guidance on ingredient use and formulations. We draw information from government sources, association recommendations, scientific literature and consultants, as well as data from our Cosmetovigilance, Consumer Affairs, and Consumer Insights and Trends processes.

Once on the market, we monitor the human safety of our products through consumer feedback. In case of health-related complaints or concerns, our global Cosmetovigilance group produces expert medical case assessments, trend analysis and feedback for product development, as well as reporting to authorities.





FUNDAMENTALS OF RESPONSIBILITY

Associate Health, Safety & Wellbeing

Protecting the health, safety and wellbeing of our workforce is essential, as they are what powers our organization.

With the emergence of Covid-19, we shifted our office-based associates across corporate, manufacturing and distribution sites to remoteworking where possible to ensure their safety. We are proud of the way our people managed this significant change, which demonstrated their adaptability and resilience. We plan to explore different opportunities for remote work and flexible working initiatives in the longer-term.

To support associates on sites where they are unable to work from home, we have introduced daily calls to assess any spread of infection on site, monitor quarantine cases and check the implementation of Covid-19 measures. Where short-term site closures are mandated by local regulations, we have defined a Return to Work Check List and Restart Plan to help guide the safe return of associates. This includes conducting risk assessments, and following guidelines for Covid-19 preventative measures.

This year we continued to implement and adhere to our global Health and Safety Policy. This policy complements our Code of Conduct and Code of Conduct for Business Partners, and applies to our manufacturing and distribution sites. We assess our employee safety progress year on year through a Total Incident Rate* (TIR).

TABLE 5: Total Incident Rates (TIRs)

	2020	2019	2018
Coty Supply Chain TIR*	0.46	0.23	0.3
Coty Corporate TIR*	0.24√	0.39	_
Coty Global TIR	0.32	0.33	_

*(200000/total no. working hours on a 1 year rolling average)

This year, our TIR was lower than in previous years for Coty Corporate, which covers employees in our offices, R&D centers and salons. It was also lower for Coty Global, which covers all sites and employees across the business.

For Coty Supply Chain, covering associates in our manufacturing and distribution sites, we saw an increase in the number of recorded incidents. To address this as quickly and effectively as possible, we created new focus teams to address the most frequently occurring incident: material handling and machine safety. We defined new standards, carried out additional risk assessments and put in place action plans across all sites. This activity has been supported by local campaigns on focus areas, including safe driving, events safety management, change management, machine safety, material handling equipment, and slips, trips and falls.

In 2019, 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 also introduced a scorecard that tracks our results at a global level; these are reviewed by our safety leaders on a monthly basis.



LOOKING FORWARD

In 2021, we intend to develop and deepen our health and safety capabilities by strengthening our 6 KEA action plans and continuing to develop guidelines to improve the general health and safety of all associates. We expect that Covid-19 will likely impact our business and people over the next year. We will continue to monitor sites, manage cases and continually evolve and adapt our guidelines and processes to best protect and support our workforce.



Our Reporting

REPORTING

In 2015, we became a signatory to the UN Global Compact (UNGC) and have published "Communication on Progress" reports annually. Our past disclosures are available here. In recognition of formalizing our strategy and publishing new social and environmental targets earlier this year, we will now be publishing a standalone sustainability report annually to capture all progress, whilst meeting our reporting commitment to the UNGC. This is our first report in this format.

This report covers our Fiscal Year 2020, spanning from July 1st 2019 to June 30th 2020. The report relates to the performance of the business as a whole, unless otherwise indicated. See the Business Change section on page 34 for more information.

The content covers the parts of our business in which we have operational control during the period, and does not include joint ventures or outsourced operations, except where noted. As described in our other public filings with the U.S. Securities and

Exchange Commission, we divested from the Wella Business at the end of November 2020, and our future sustainability reports will exclude that data set except as otherwise noted. Please see below for a discussion of the reporting methodology used in this report.

CAUTIONARY NOTE REGARDING DIVERSITY AND SUSTAINABILITY INFORMATION

This report contains information about our diversity and sustainability goals and efforts, including forward-looking statements reflecting our Company's current views with respect to, among other things: our diversity and sustainability goals and efforts; our strategic priorities; our business operations and organizational structure; future innovation; and research and development priorities. These forward-looking statements are generally identified by words or phrases such as "anticipate", "are going to", "estimate", "plan", "project", "expect", "believe", "intend", "foresee", "forecast", "will", "may", "should", "outlook", "continue", "temporary", "target", "aim", "potential", "goal" and similar words or phrases. These goals and efforts, and related forward-looking statements, involve: certain risks and uncertainties. such as changes in our business and strategic priorities (e.g. products and portfolio changes, acquisitions, divestitures, or new manufacturing or distribution locations); the standards by which achievement is measured; and the assumptions underlying a particular goal and our ability to accurately report particular information. Actual results could differ from our stated goals or the results we expect. We also may change or decide not to pursue certain goals or initiatives. Moreover, the standards by which diversity and sustainability efforts and related matters are measured are developing

and evolving, and certain areas are subject to assumptions. The standards and assumptions could change over time. In addition, statements made about our Company, business or efforts may not apply to all business units (e.g. ones that have been recently acquired). We assume no responsibility to update the information contained in this report or to continue to report any information.

ASSURANCE

We engaged KPMG to provide limited assurance on selected data in this report, using the International Standard on Assurance Engagement (ISAE) 3000. Assured data is indicated with the symbol ✓.

METHODOLOGIES AND STANDARDS

We are committed, and adhere, to numerous international standards relevant to sustainability and ethical business conduct, including:

- The United Nations' Universal Declaration of Human Rights
- The fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises

Reporting on our greenhouse gas emissions follows the GHG Reporting Protocol. The emissions declared in this report are linked to our direct operations over which we have control. Our reporting for Scope 1 relates to the combustion of fuels from controlled sources and fugitive gases. Our reporting for Scope 2 relates to emissions from the generation of purchased electricity or heat. It excludes emissions from our retail sites and hair salons. Scope 2 emissions factors are extracted from the International Energy Agency





for location-based emissions and used as a default if we do not have supplier-specific data. As part of this report, Scope 3 emissions data is limited to indirect emissions from:

- Category 1 Purchased goods and services for our water consumption
- Category 3 Energy transmission and losses
- Category 5 Waste from operations
- Category 6 Business travel

Our remaining Scope 3 emissions are reported through the CDP.

BUSINESS CHANGE

In spring 2020, we announced the sale of a majority in our Professional Beauty and Retail Hair Businesses including the Wella, Clairol, OPI and ghd brands (together the 'Wella Business'). Beginning December 1, 2020, the Wella Business is a standalone company, and Coty retains a 40% interest in the standalone entity referred to in this report as The Wella Company. This report, covering our financial year 2020, includes Wella Business operations and associates.

As an important change in our business, it will require us to review and re-baseline some of our targets, in particular, our greenhouse gas emissions target. However, we will continue to account for our 40% stake in The Wella Company as part of our Scope 3 greenhouse gas emissions in the investment category.

The Covid-19 pandemic has had a significant impact on our business operations and the communities in which we operate. We recognize that progress on some of our targets has also been impacted by the Covid-19 crisis. We have shared in this report, and expect to continue to share going forward, details of these impacts where known.

PARTNERSHIPS

To support our sustainability strategy and commitments, we are engaged in a number of partnerships and initiatives. These help to deepen our knowledge and work with other stakeholders on key topics that require collective action. For more information on our partners, please visit the following links:

United Global Compact -

https://www.unglobalcompact.org/

Sustainable Packaging Initiative for Cosmetics (SPICE)

- https://open-spice.com/

Ellen MacArthur Foundation -

https://www.ellenmacarthurfoundation.org/

Roundtable for Sustainable Palm Oil (RSPO) -

https://rspo.org/

Responsible Mica Initiative (RMI) -

https://responsible-mica-initiative.com/

Global Citizen - https://www.globalcitizen.org/en/

DKMS - https://www.dkms.org.uk/en

RE100 - https://www.there100.org/

For additional information on Coty, including our Annual Report on Form 10-K and governance documents, please visit our website: coty.com





Alignment with UNGC Ten Principles

"Coty stands in full support of the Ten Principles of the United Nations Global Compact (UNGC) in the areas of Human Rights, Labor, Environment and Anti-Corruption. For the last five years, we have communicated our progress to stakeholders through dedicated UNGC reports. This year, our sustainability report details our social and environmental performance in line with our Product, People and Planet priorities and reinforces our support of the UNGC Principles. Looking forward, we will continue to align our work with these Principles, and strengthen and accelerate our sustainability efforts."

Sue Y. Nabi, Chief Executive Officer

Our alignment with the UNGC Ten Principles

Area	Principles	Where to find aligned action in this report
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure they are not complicit in human rights abuses.	Product Impact: pages 7-9 Clean Beauty: pages 10-11 Supply Chain Responsibility: pages 12-14
Labor	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; and Principle 6: the elimination of discrimination in respect of employment and occupation.	Diversity, Equity & Inclusion: pages 16–19 Product Safety: page 31 Associate Health, Safety & Wellbeing: page 32
Environment	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.	Greenhouse Gas Emissions and Energy: page 23–26 Waste: pages 27–28 Water: page 29
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Supplier Assessments: pages 12–13 Ethical Behavior: page 21





Coty Inc.

350 Fifth Avenue

New York 10118

United States

press@cotyinc.com



